

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the January 13, 2017 regular business meeting. This is provided in summary form; an official record of the meeting is available in the permanent records of the Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Finance Corporation Board
Summary Minutes of the Regular Business Meeting
State Capitol Building
Frankfort, Kentucky
January 13, 2017**

Call to Order

Commissioner Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFCC) regular business meeting to order at 10:02 a.m. (EST).

Warren Beeler yielded the floor to Secretary Scott Brinkman, Secretary of the Executive Cabinet, to greet the board on behalf of the Office of the Governor.

Secretary Brinkman thanked board members for their service and dedication to the agriculture industry.

Roll Call

The following members were present: Westy Adams, George Begley, Wayne Hunt, Larry Jagers, Frank McAninch, Linda Rumpke, John Brady (designee for Secretary William M. Landrum III) and Commissioner Ryan Quarles.

Members absent: Kenny Burdine, Doug Lawson, Aaron Miller and Frank Penn.

Notification of Media

Commissioner Quarles received verification from Emily Milam, GOAP Public Information Officer, that the media had been notified of the KAFCC board meeting.

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles discussed agricultural legislation in the 2017 session.

Commissioner Quarles announced the Hunger Task Force would reconvene after a successful first year.

Commissioner Quarles stated that the Kentucky Proud program continues to grow and improve, and thanked the KADB for supporting the program.

Commissioner Quarles recapped the 2017 Fruit and Vegetable Conference.

Commissioner Quarles announced that KDA approved 209 applications from growers and 11 applications from new processors, and 12,800 acres of industrial hemp for 2017. This is a significant increase from 2016.

Commissioner Quarles announced a new social media campaign from KDA called KYAg365 as a reminder of the importance of Kentucky agriculture. The campaign can be found at #KYAg365.

Commissioner Quarles introduced two new KDA employees, Kelsey Thickett who will be working in Public Relations and John McCauley, Director of Agriculture Policy.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the December 9, 2016 KAFC board meeting.

Mr. McAninch requested the minutes reflect that he was present at the board meeting.

Mr. Adams moved to approve the minutes, with revision; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Commissioner Quarles yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler updated the board on his activities since the December 9, 2016 board meeting.

Mr. Beeler reviewed his upcoming schedule.

Mr. McAninch asked if farm security could be considered as an additional investment area in CAIP. Commissioner Quarles mentioned that KDA does have personnel specifically to monitor ginseng activities during harvest. GOAP staff will forward the suggestion to the Director of KADF Programs.

Mr. McAninch inquired about the possibility of developing a producer marketplace on the KDA Facebook page. KDA commented that there might be limitations because it is a state government agency, but they would look into it.

Deputy Executive Director's Report

Commissioner Quarles yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey referenced the January 2017 Beeler Report (*on file*).

Mr. McCloskey referenced a memo from Steve Doan, GOAP General Counsel, regarding the legality of selling KAFC assets (*on file*). There was discussion regarding the potential advantages and disadvantages of this option.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of December 21, 2016.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of January 5, 2017.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of December 31, 2016.

K AFC Statement of Financial Position	
As of December 31, 2016	
Assets	
Cash K AFC Accounts	\$ 14,794,540
Loan Payments Due K AFC	
Category A	\$ 47,580,083
Category B	\$ 595,139
Category C	\$
	\$ 48,175,222
Total Assets	\$ 62,969,762
Liabilities	
K AFC loans approved not closed	\$ 11,717,624
Loans Outstanding	\$ 48,175,222
Total Liabilities	\$ 59,892,846
Unobligated Assets	\$ 3,076,916
Total Liabilities & Unobligated Assets	\$ 62,969,762

Mr. Brady moved to approve the K AFC Statement of Financial Position; Mr. Jaggars seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Commissioner Quarles yielded the floor to Linda Rumpke to report to the board. Ms. Rumpke stated the committee met earlier that morning to review the following loan:

AF17-0006 Hensler, Meagan

Applicant requested \$170,000 for the purchase of a 30+/- acre horse farm with improvements in Shelby County. Citizens Union Bank in Shelbyville, KY is the participating lender.

The Loan Review Committee recommended loan approval.

Ms. Rumpke moved to approve the committee recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

New Business

Beginning Farmer Loan Program (BFLP)

AF17-0001 Gatton, Charles "Brent"

Applicant requested \$160,000 for the partial purchase of 221 acres and the installation of a subsurface drainage system in Muhlenberg County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

Staff recommended loan approval contingent on the aggregate balance of K AFC loans with the applicant not to exceed \$250,000 and the C/LV being no worse than 86.26%.

Ms. Rumpke moved to approve staff recommendation, as presented; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0002 Ihler, Timothy & Kimberly

Applicants requested \$250,000 for the construction of four (4) Perdue broiler barns in Ohio County. AgriFinancial Services in Louisville, KY is the participating lender.

Staff recommended loan approval contingent on the C/LV being no worse than 85%.

Mr. Hunt moved to approve staff recommendation, as presented; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0003 Butcher, James & Shawna

Applicants requested \$172,615 for the purchase of 158+/- acres in Scott County. Central Kentucky ACA in Lexington, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the CKACA and KAFC funds and the C/LV being no worse than 100%.

Mr. Jagers moved to approve staff recommendation, as presented; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0004 Cottrell, Jared

Applicants requested \$81,600 for the purchase of 80+/- acres with improvements in Hart County. PBI Bank, Inc. in Munfordville, KY is the participating lender.

Staff recommended loan approval contingent on the C/LV being no worse than 85%.

Mr. McAninch moved to approve staff recommendation, as presented; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0005 Luckett, Alex

Applicant requested \$86,050 for the purchase of 47+/- acres in Marion County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the CKACA and KAFC funds and the C/LV being no worse than 100%.

Mr. Jagers moved to approve staff recommendation, as presented; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business

Extension Requests

AF15-0010 Smith, David Brent

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 5-month extension to allow time for electrical work to be completed, equipment installed and KAFC funds disbursed. The new expiration date would be June 10, 2017.

Mr. McAninch moved to approve the staff recommendation, as presented; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

AF15-0016 Yoder, Elwood

Ms. Mobley presented a memorandum *(on file)* regarding the above referenced loan. The loan officer requested a 6-month extension to allow time for an alternative integrator to be secured, closing to be complete and permanent financing in place. The new expiration date would be July 10, 2017.

Mr. Adams moved to approve the staff recommendation, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

AF15-0046 Rutherford, Blake

Ms. Mobley presented a memorandum *(on file)* regarding the above referenced loan. The loan officer requested a 6-month extension to allow time for construction to be completed and the K AFC funds disbursed. The new expiration date would be July 17, 2017.

Mr. Adams moved to approve the staff recommendation, as presented; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

AF15-0047 Vincent, Huey

Ms. Mobley presented a memorandum *(on file)* regarding the above referenced loan. The loan officer requested a 6-month extension to allow time for construction to be completed and K AFC funds disbursed. The new expiration date would be July 17, 2017.

Ms. Rumpke moved to approve the staff recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF15-0074 Revlett, John

Ms. Mobley presented a memorandum *(on file)* regarding the above referenced loan. The loan officer requested a 6-month extension to allow time for construction to be completed and permanent financing in place. The new expiration date would be July 2, 2017.

Mr. Adams moved to approve the staff recommendation, as presented; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0001 Chaney, Carl

Ms. Mobley presented a memorandum *(on file)* regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for remaining documents to be processed and permanent financing in place. The new expiration date would be April 8, 2017.

Approved by the Operations Committee on January 10, 2017.

No Action Necessary.

AF16-0002 Taylor, CW

Ms. Mobley presented a memorandum *(on file)* regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for remaining documents to be processed and permanent financing in place. The new expiration date would be April 8, 2017.

Approved by the Operations Committee on January 10, 2017.

No Action Necessary.

