

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the February 10, 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
Franklin County Extension Office
Frankfort, Kentucky
February 10, 2017**

Call to Order

Commissioner Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:07 a.m. (EST).

Roll Call

The following members were present: George Begley, Kenny Burdine, Wayne Hunt, Larry Jaggars, Doug Lawson, Frank McAninch, Aaron Miller, Linda Rumpke, John Brady (designee for Secretary William M. Landrum III) and Commissioner Ryan Quarles.

Members absent: Westy Adams and Frank Penn.

Notification of Media

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

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles recapped Governor Bevin's State of the Commonwealth address on February 8, 2017.

Commissioner Quarles mentioned legislation affecting agriculture including weight variance on trucks, tax credits and food immunity.

Commissioner Quarles and other KDA staff attended the National Association of State Departments of Agriculture Winter Policy Conference in Washington D.C. General priorities for the 2018 Farm Bill were discussed.

Commissioner Quarles remarked that the new USDA Secretary of Agriculture was still pending and would likely be one of the last appointments since it was the final cabinet post to be nominated by President Trump.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the January 13, 2017 KAFC board meeting.

Mr. Miller moved to approve the minutes; Dr. Burdine 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 January 13, 2016 board meeting.

Commissioner Quarles mentioned a recent fire that destroyed Harper’s Country Hams in Hickman County and the severity of the loss to that community. He stated that he had reached out on behalf of KDA to express support and offer assistance as the operation looks to re-build.

Commissioner Quarles yielded the chair to Keith Rogers (designee) at 10:28 a.m.

Deputy Executive Director’s Report

Mr. Rogers yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey referenced a list of members on the Tobacco Settlement Agreement Oversight Committee (*on file*) and thanked John Brady for attending the January oversight meeting.

Mr. McCloskey directed to boards attention to information regarding an application from KYAgricultural Opportunities, Inc. to the KADB (*on file*).

Mr. McCloskey directed the boards attention to a list of KADF state funds by recipient (*on file*).

Mr. McCloskey reviewed KADF County Balances (*on file*) as of January 24, 2017.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of February 7, 2017.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of January 31, 2017.

K AFC Statement of Financial Position	
As of January 31, 2017	
Assets	
Cash KAFC Accounts	\$ 16,877,109
Loan Payments Due KAFC	
Category A	\$ 44,842,959
Category B	\$ 587,743
Category C	\$
	\$ 45,430,702
Total Assets	\$ 62,307,811
Liabilities	
KAFC loans approved not closed	\$ 11,954,453
Loans Outstanding	\$ 45,430,702
Total Liabilities	\$ 57,385,155
Unobligated Assets	\$ 4,922,656
Total Liabilities & Unobligated Assets	\$ 62,307,811

Mr. McAninch moved to approve the KAFC Statement of Financial Position; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Mr. Rogers yielded the floor to Linda Rumpke to report to the board.

Ms. Rumpke reported that the Loan Review Committee met at 9 a.m. in Room C of the Franklin County Extension Office. Ms. Rumpke requested the reviewed loans be presented in the order of the agenda (*on file*).

New Business

Agricultural Infrastructure Loan Program (AILP)

AF17-0009 Hong, Loi

Applicant requested \$75,000 for the upgrading of eight Tyson broiler barns in McLean County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the FCMA and KAFC funds and the C/LV being no worse than 85%.

Mr. Hunt made a motion to approve the staff recommendation, as presented; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Mr. McAninch opposed.

AF17-0012 Mattingly, Richard

Applicants requested \$100,000 for the purchase and installation of three robotic milkers in Barren County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Loan Review Committee recommended loan approval, with additional collateral being taken to further secure the KAFC loan.

Ms. Rumpke made a motion to approve the committee recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF16-0110 The Cattle Group

Applicant requested \$1,000,000 for the reconstruction of Bluegrass Stockyards Lexington facility in Fayette County. Farm Credit Mid-America in Louisville, KY is the participating lender.

The Loan Review Committee recommended loan approval contingent on the GOAP legal counsel obtaining all information needed to assess the current lawsuit involving the stockyards.

After discussion, Ms. Rumpke made a motion to approve the committee recommendation, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed, Mr. McAninch opposed.

Beginning Farmer Loan Program (BFLP)

AF17-0007 Riley, Bradley

Applicant requested \$175,000 for the purchase of 137 acres in Daviess County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

Staff recommended loan approval contingent on the aggregate balance of KAFC loans with the applicant not to exceed \$250,000.

Dr. Burdine moved to approve staff recommendation, as presented; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0008 Brown, Sheldon

Applicant requested \$180,000 for the purchase of 29 acres with five poultry barns and other improvements in Graves County. River Valley AgCredit in Hickman, KY is the participating lender.

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

Mr. Miller moved to pend the application due to the liquid position and net worth of the applicant; Ms. Rumpke seconded the motion.

After discussion, all motions and seconds were withdrawn.

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

VOTE: Motion Passed; Ms. Rumpke opposed.

AF17-0010 Wright, Martin

Applicants requested \$182,500 for the purchase of 223 acres with improvements in Monroe County. South Central Bank of Monroe County in Tompkinsville, KY is the participating lender.

Staff recommended loan approval contingent on the applicants providing documentation of Kentucky residency, verification of Kentucky employment with annual income of at least \$60,000 and C/LV no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

AF17-0011 Adams, Derek

Applicants requested \$104,000 for the purchase of 58 acres in Madison County. Central Kentucky ACA in Richmond, 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. Begley moved to approve staff recommendation, as presented; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business

Administrative Procedure

Ms. Mobley referenced a memo (*on file*) regarding the proposed graduation requirements for the BFLP and DEAL mentor programs.

After discussion, Mr. Hunt moved to accept the graduation requirements, as presented; Mr. Begley seconded the motion.

VOTE: Motion Passed; Unanimous.

Amendments

AF14-0049 Spurrier, Wesley

Mr. McCloskey referenced a memorandum (*on file*) regarding the above referenced loan. The loan officer requested permanent amortization of the remaining balance (\$139,825.15) over 25 years, with a balloon payment after year 15. The original maturity date of August 19, 2030 will not change.

The Loan Review Committee recommended approving this request contingent on the submission of quarterly financial reports..

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

VOTE: Motion Passed, Unanimous.

Extension Requests

AF15-0015 Bray, Derick

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 equipment to be installed and permanent financing to be in place. The new expiration date would be April 10, 2017.

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

VOTE: Motion Passed; Unanimous.

AF15-0058 Vincent, Joshua

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for all invoices to be paid, permanent financing to be in place and KAFC funds disbursed. The new expiration date would be May 7, 2017.

Ms. Rumpke moved to approve the staff recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0010 Beagle, Jeffrey

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, all necessary equipment/fixtures installed and permanent financing in place. The new expiration date would be August 12, 2017.

Approved by the Operations Committee on January 31, 2017.

No action necessary.

Expired

AF16-0109 Byler, Matthew

No action necessary.

Closing Remarks

Mr. Beeler announced that GOAP was approved to hire two college interns for the summer of 2017.

Mr. McCloskey stated that the next KAFC Board meeting will be a joint meeting with the KADB on Friday, March 17, 2017 beginning at 9:00 a.m. (EST) at the UK South Farm in Lexington.

Adjournment

Mr. Rogers entertained a motion to adjourn.

Mr. Begley moved to adjourn the KAFC board meeting; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:26 a.m. (EST).

APPROVED DATE: 3/17/17
PRESIDING OFFICER: [Signature]
BOARDS COORDINATOR: Jannah Ford