

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the May 12, 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
May 12, 2017**

Call to Order

John McCauley, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:04 a.m. (EDT).

Roll Call

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

Members absent: Westy Adams, Doug Lawson and Aaron Miller.

Notification of Media

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

Welcome

Mr. McCauley welcomed everyone to the meeting.

Mr. McCauley discussed reorganization within the U.S. Department of Agriculture under Secretary Perdue, as it affects agriculture in Kentucky.

Approval of Minutes

Mr. McCauley entertained a motion to approve the minutes of the April 7, 2017 KAFC board meeting.

Mr. Penn moved to approve the minutes; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. McCauley yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler referenced the MSA payment flowchart (on file).

Mr. Beeler updated the board on his activities since the April 7, 2017 board meeting.

Mr. McAninch mentioned that he attended the 2017 Kentucky Green Living Fair. He discussed the diverse group of agricultural producers and businesses that were represented at the fair, and the potential for the KADF to influence that group.

Mr. Beeler responded that GOAP would look into having a presence at the 2018 fair.

Deputy Executive Director's Report

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

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of May 3, 2017.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of April 26, 2017.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of April 30, 2017.

Ms. Mobley reviewed the Request for Transfer to be presented to the KADB at their meeting on May 19, 2017 (*on file*).

The board discussed issues facing the large animal veterinary industry and opportunities to assist those wishing to enter the field.

K AFC Statement of Financial Position	
As of April 30, 2017	
Assets	
Cash K AFC Accounts	\$ 17,296,866
Loan Payments Due K AFC	
Category A	\$ 46,165,868
Category B	\$ 586,443
Category C	\$
	\$ 46,752,311
Total Assets	\$ 64,049,177
Liabilities	
K AFC loans approved not closed	\$ 14,669,009
Loans Outstanding	\$ 46,752,311
Total Liabilities	\$ 61,421,320
Unobligated Assets	\$ 2,627,857
Total Liabilities & Unobligated Assets	\$ 64,049,177

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

VOTE: Motion Passed; Unanimous.

Poultry Discussion

Ms. Mobley invited Dr. Stout, KDA, and Jamie Guffey, KY Poultry Federation, to the table to update the board on issues and regulations affecting the poultry industry in Kentucky.

Mr. Guffey thanked the K AFC for the assistance they provide to the poultry industry through the low interest loans.

Dr. Stout discussed surveillance, detection, depopulation and prevention protocols in Kentucky and the cooperation between KDA, USDA, the UK Veterinary Diagnostic Laboratory, the MSU Breathitt Veterinary Center, private veterinary practitioners, integrators and producers.

Dr. Stout discussed indemnity for producers should their flocks become infected.

Mr. Guffey discussed insurance policies available to producers.

Mr. Guffey mentioned issues other than disease that could cause loss of income for poultry producers, including structural damage to the poultry barns.
Mr. McCauley thanked Dr. Stout and Mr. Guffey for participating in the discussion.

Loan Review Committee Report

Mr. McCauley 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 to review two loans (below).

AF17-0031 Ladd, Chadley

Applicants requested \$46,000 for the purchase of breeding livestock in Hopkins County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

The Loan Review Committee recommended loan approval due to the nonrecurring nature of a portion of the applicant's income, which forced off-farm income to be above the BFLP threshold, as set forth in the guidelines.

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

VOTE: Motion Passed; Unanimous.

AF17-0041 Miller, Tony

Applicants requested \$150,000 for the purchase of 34 acres with improvements in McLean County. Independence Bank in Livermore, KY is the participating lender.

The Loan Review Committee recommended loan approval contingent on the C/LV being no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

Ms. Rumpke also noted the committee's discussion on portfolio diversification and request that Mr. McCauley discuss further with the Commissioner.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF17-0030 Arnold, T. Randy

Applicant requested \$150,000 for the construction of a grain bin system in Christian County. Planters Bank, Inc. in Hopkinsville, KY is the participating lender.

Staff recommended loan approval contingent on the C/LV being no worse than 85% and the aggregate balance of KAFC loans with the applicant not to exceed \$150,000.

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

VOTE: Motion Passed; Unanimous.

AF17-0032 Miller, Bradley

Applicants requested \$50,000 for the construction of a dual purpose 60' x 100' building in Muhlenberg County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Mr. McAninch opposed.

AF17-0038 Conyea, Ronald

Applicants requested \$65,000 for the construction of a dark fired tobacco barn in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

Staff recommended loan approval.

Mr. Penn moved to approve staff recommendation, as presented; Mr. Begley seconded the motion.

VOTE: Motion Passed; Mr. McAninch opposed.

AF17-0039 Shocklee, Thomas

Applicant requested \$150,000 for the construction of two Tyson breeder 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.

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

VOTE: Motion Passed; Unanimous.

AF17-0040 Mattingly, William

Applicants requested \$75,000 for the construction of a 70' x 200' barn in Marion County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended loan approval contingent on the aggregate balance of KAFC loans with the applicants not to exceed \$150,000 and the C/LV be no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF17-0029 Broadbent B & B Foods

Applicants requested \$75,000 for the expansion of curing and storage facilities in Lyon County. Fredonia Valley Bank in Fredonia, KY is the participating lender.

Staff recommended loan approval contingent on the aggregate balance of KAFC loans with the applicants not to exceed \$150,000.

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

VOTE: Motion Passed; Unanimous.

AF17-0045 Central KY Grain

Applicants requested \$150,000 for the construction of a commercial granary in Marion County. Central Kentucky ACA in Lebanon, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF17-0024 Pottinger, Quint

Applicants requested \$220,000 for the purchase of 80 acres with improvements in Nelson County. Town & Country Bank in Bardstown, KY is the participating lender.

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

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

Ms. Rumpke noted that she is no longer affiliated with Town & Country Bank.

VOTE: Motion Passed; Unanimous.

AF17-0033 Henderson, David

Applicant requested \$77,400 for the purchase of 35 acres with improvements in Henry County. United Citizens Bank and Trust in New Castle, KY is the participating lender.

Staff recommended loan approval contingent on the C/LV being no worse than 85% or the approval and obligation of a 90% FSA guarantee on the KAFC funds, such that C/LV is no worse than 100%.

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

VOTE: Motion Passed; Unanimous.

AF17-0035 Hunter, John Eric

Applicants requested \$250,000 for the construction of four Pilgrim's Pride broiler barns in Graves County. River Valley AgCredit in Mayfield, 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%.

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

VOTE: Motion Passed; Unanimous.

AF17-0036 Hunter, Skyler

Applicant requested \$250,000 for the construction of four Pilgrim's Pride broiler barns in Graves County. River Valley AgCredit in Mayfield, 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%.

Ms. Rumpke asked why the credit score is not included on the package. Ms. Mobley responded that the applicant did not have a credit history.

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

VOTE: Motion Passed; Unanimous.

AF17-0037 Hayes, Timothy

Applicants requested \$110,000 for the purchase of 66 acres with improvements in Grayson County. Magnolia Bank in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0042 Gross, David Brent

Applicants requested \$215,200 for the upgrading of four Tyson breeder barns in McLean County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0043 Cochran, Michael

Applicant requested \$250,000 for the construction of one swine finishing barn in Hardin County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0044 Mattingly, Joseph

Applicant requested \$237,500 for the purchase of 94 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%.

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

VOTE: Motion Passed; Unanimous.

AF17-0046 Hildabrand, James

Applicants requested \$137,500 for the purchase of 68 acres with improvements in Logan County. Magnolia Bank in Hodgenville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF17-0047 Rock, Kelcey

Applicants requested \$250,000 for the construction of two Equity broiler barns in Metcalfe County. Bank of Columbia in Columbia, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of 90% FSA guarantees on the Bank of Columbia and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

Old Business

Amendment Requests

AF15-0072 Wheeldon, Martin

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a second approval modification to eliminate the FSA guarantee contingencies and lower the C/LV to no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

Extension Requests

AF15-0072 Wheeldon, Martin

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow for appraisals and title work on additional property to be completed and permanent financing in place. The new expiration date would be August 6, 2017.

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

VOTE: Motion Passed; Unanimous.

AF16-0040 Beasley, Benjamin

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 November 13, 2017.

Approved by the Operations Committee on May 4, 2017.

No action necessary.

AF16-0044 Putty, Donald

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time permanent financing to be in place. The new expiration date would be August 13, 2017.

Approved by the Operations Committee on May 4, 2017.

No action necessary.

AF17-0006 Hensler, Meagan

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for amended documents to be drafted, executed and filed appropriately. The new expiration date would be July 13, 2017.

Approved by the Operations Committee on May 4, 2017.

No action necessary.

AF17-0008 Brown, Sheldon

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for documents to be returned to the Lender and for the purchase to be completed. The new expiration date would be August 6, 2017.

Approved by the Operations Committee on May 4, 2017.

No action necessary.

Closing Remarks

Mr. McCauley stated that the next KAFC Board meeting will be on Friday, June 9, 2017 beginning at 10:00 a.m. (EDT) at the Franklin County Extension Office in Frankfort.

Mr. McCauley invited KAFC members to attend the State Ag Council meeting at the FFA Convention on June 2, 2017 at 12:30 a.m.

Mr. McAninch invited guests to address the board.

Adjournment

Mr. McCauley entertained a motion to adjourn.

Mr. Penn moved to adjourn the KAFC board meeting; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 12:04 a.m. (EDT).

APPROVED DATE:

PRESIDING OFFICER:

BOARDS COORDINATOR:

 6-9-17
 [Signature]
 [Signature]