

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the January 19, 2018 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
101 Lakeview Court
Frankfort, KY 40601**

Call to Order

John McCauley, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 9:04 a.m. (EST).

Roll Call

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

Members absent: Frank Penn, Westy Adams, Linda Rumpke, Tonya Phillips and Larry Jagers.

Notification of Media

Mr. McCauley received verification from Marielle Manning, Public Affairs Manager, that the media had been notified of the KAFC board meeting.

Welcome

Mr. McCauley welcomed everyone to the meeting.

Mr. McCauley discussed the KY commodities conference and other activities KDA has been involved with since the December 8, 2017 meeting.

Approval of Minutes

Mr. McCauley, entertained a motion to approve the minutes of the December 8, 2017 KAFC board meeting.

Dr. Burdine moved to approve the minutes; Mr. Miller 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 introduced, Greg Ladd and Andrew Shatner from Department for Local Government to the meeting.

Mr. Beeler introduced Meagan Pinkston, UK student, and Mercer County graduate shadowing him for the day.

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

Mr. Beeler updated the board on his activities since the December 8, 2017 board meeting. Mr. Beeler recognized Beth Mobley for her service to Governor's Office of Agricultural Policy, KAFC and KADB.

Deputy Executive Director's Report

Mr. McCauley called on Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey recognized Dr. Will Snell.

Mr. McCloskey asked Dean Nancy Cox to introduce Barry Barnett, the new Chair of the Kentucky Department of Agricultural Economics.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of December 22, 2017.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of December 22, 2017.

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

KAFC Statement of Financial Position		
As of December 31, 2017		
Assets		
Cash KAFC Accounts	\$	19,086,956
Loan Payments Due KAFC		
Category A	\$	54,999,196
Category B	\$	614,485
Category C	\$	
	\$	55,613,681
Total Assets	\$	74,700,636
Liabilities		
KAFC loans approved not closed	\$	11,873,150
Loans Outstanding	\$	55,613,681
Total Liabilities	\$	67,486,831
Unobligated Assets	\$	7,213,806
Total Liabilities & Unobligated Assets	\$	74,700,636

Mr. Hunt moved to approve the KAFC Statement of Financial Position; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

Compliance Committee Report

Mr. Miller reported that the Compliance Committee met at 8:00 a.m. in Room C of the Franklin County Extension Office. Mr. Miller stated 37 loans were disbursed in the 3rd quarter of 2017. All loans were closed and disbursed according to KAFC guidelines and protocols. Based on the internal procedures in place, staff and committee feel semi-annual meetings would effectively accomplish the committee's responsibilities, while increasing efficiency of the process and maximizing staff's time and resources.

Mr. Miller stated a memo would be presented later in the agenda to amend the meeting schedule.

Mr. McAninch move to approve the committee report; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

Loan Review Committee Report

Mr. Lawson reported the Loan Review Committee met at 8:45 a.m. in Room C of the Franklin County Extension Office, to review a loan, which will be presented in order of the agenda.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF18-0001 Wright, Marie

Applicants requested \$95,000 for the construction of a livestock feeding facility in Marion County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Staff recommends approval contingent on the submission of acceptable yearend financials.

Mr. Hunt moved to approve committee recommendation, as presented, pending availability of funds; Mr. Lawson seconded.

VOTE: Motion Passed; with dissent; Mr. Miller abstained.

AF18-0005 Edwards, Justin

Applicant requested \$100,000 for the construction of a livestock feeding facility in Marshall County. Community Financial Services Bank in Benton, KY is the participating lender.

Mr. Lawson reported the Loan Review Committee, reviewed the above referenced loan due to the applicant not meeting the GFI requirement of the Ag Infrastructure Program.

The committee recommends granting an exception, based on the applicant exceeding the GFI requirement upon completion of the proposed project, as well as this project meeting the intent of the AILP, by enhancing the profitability of the farming operation.

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

VOTE: Motion Passed; with dissent.

Mr. McAninch inquired about the applicant's net worth, based on the cap that was approved at the December Board meeting. Ms. Mobley explained the implementation of the new cap was effective January 1, 2018.

All applications being presented today were submitted prior to that date.

AF18-0007 Shockley, Christopher

Applicant requested \$150,000 for the construction of a two (2) Keystone breeder barns in Allen County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

Staff recommends approval.

Mr. Hunt moved to approve staff recommendation, as presented, pending availability of funds; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

John McCauley discussed the impacts of the KAFC BFLP and FSA's programs.

Beginning Farmer Loan Program (BFLP)

AF18-0002 Wright, William

Applicants requested \$86,190 for the purchase of 58 acres with improvements in Marion County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Staff recommends approval contingent of submission of acceptable yearend financials.

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

VOTE: Motion Passed; Mr. Miller abstained.

AF18-0003 Campbell, Nathan

Applicant requested \$225,000 for the purchase of 20 acres and the construction of six (6) Tyson broiler barns in Fulton County. River Valley AgCredit Association in Hickman, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of 90% FSA guarantee on River Valley AgCredit Association and KAFC funds and the C/LV being no worse than 100%.

Mr. Lawson moved to approve staff recommendation, as presented, pending availability of funds; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0004 Herndon, William

Applicants requested \$250,000 for the purchase of farm equipment. River Valley AgCredit Association in Murray, KY is the participating lender.

Staff recommends approval contingent on the approval and obligation of 90% FSA guarantee on River Valley AgCredit Association and KAFC funds and C/LV being no worse than 90%.

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

VOTE: Motion Passed; Unanimous.

AF18-0006 Carrico, Daniel

Applicants requested \$63,000 for the purchase of 70 acres in Washington County. Central Kentucky AgCredit Association in Lebanon, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of 90% FSA guarantee on the Central Kentucky AgCredit Association and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0008 Brookshire, Bradley

Applicants requested \$250,000 for the purchase of 52 acres in Todd County. Magnolia Bank Elizabethtown, KY is the participating lender.

Ms. Mobley introduced the lender and the applicants to the board.

Mr. Brookshire expressed his gratitude for the KAFC loan programs.

Staff recommends approval contingent on the approval and obligation of a 90% FSA guarantee on the KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0009 Brookshire, Brent

Applicants requested \$250,000 for the purchase of 52 acres in Todd County. Magnolia Bank Elizabethtown, KY is the participating lender.

Staff recommends approval contingent on the approval and obligation of a 90% FSA guarantee on the KAFC funds.

Mr. Hunt moved to approve staff recommendation, as presented, pending availability of funds; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0010 Guinn, Dennis

Applicants requested \$99,655 for the purchase of 98 acres in Boyle County. Magnolia Bank in Elizabethtown, KY is the participating lender.

Ms. Mobley introduced Mrs. Guinn.

Mrs. Guinn expressed her gratitude for the KAFC loan programs and explained how they have impacted their farming operation.

Staff recommends approval contingent on the aggregate balance of KAFC loans with the applicants not to exceed \$250,000 and C/LV be no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

Old Business

Amendments

Administrative Procedures

Compliance Committee Meeting Schedule

Ms. Mobley presented a memorandum (*on file*) regarding the Administrative Procedures, pertaining to the Compliance Committee Meeting schedule.

Based upon the revised reporting protocols, staff and the Compliance Committee feel semi-annual meetings would effectively accomplish the committee's responsibilities while increasing efficiency of the process and maximizing staff's time and resources.

Staff recommends amending the Administrative Procedures.

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

VOTE: Motion Passed; Unanimous.

AF17-0020 Baldwin, James Approval Modification Request

Ms. Mobley presented a memorandum (*on file*) regarding the request to reduce LTV to 85%, in order for FSA guarantee requirement to be waived.

Staff recommends approving the request.

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

VOTE: Motion Passed; Unanimous

Extension Requests

AF15-0046 Rutherford, Blake

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for final invoices to be paid and permanent financing in place. The new expiration date would be April 17, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF16-0060 Cooper, Jeremy

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 corrections to be completed and KAFC funds disbursed. The new expiration date would be February 12, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF16-0067 Hicks, Matthew

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for construction to be completed and permanent financing in place. The new expiration date would be April 15, 2018.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0064 Riley, Catherine

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time to allow time for loans to be closed and KAFC funds disbursed. The new expiration date would be January 14, 2018

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

AF17-0002 Ihler, Timothy

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time for closing to take place and KAFC funds disbursed. The new expiration date would be February 13, 2018.

Approved by the Operations Committee on January 5, 2018.

No action necessary.

AF17-0089 Stoltzfus, Levi F.

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for closing to take place and KAFC funds disbursed. The new expiration date would be April 6, 2018.

Approved by the Operations Committee on January 9, 2018.

No action necessary.

AF17-0093 Stoltzfus, Levi M.

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for closing to take place and KAFC funds disbursed. The new expiration date would be April 6, 2018.

Approved by the Operations Committee on January 5, 2018.

No action necessary.

AF17-0094 Benton, Christopher

Ms. Mobley presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 2-month extension to allow time for price negotiations and possible closing. The new expiration date would be March 6, 2018.

Approved by the Operations Committee on January 5, 2018.

No action necessary.

Closing Remarks

Mr. McCauley stated the next KAFC Board meeting would be on February 9, 2018 beginning at 10:00 a.m. at the Franklin County Extension Office in Frankfort.

Mr. McAninch requested an update on staff's research, pertaining to the cigarette taxation amounts of surrounding states and how the pending legislation to increase KY's cigarette tax may affect sales.

Mr. Beeler provided the tax amounts for surrounding states and noted the MSA payments are based on a national average, so any increase in KY's cigarette tax would have minimal impact on future MSA funds.

Mr. McAninch also commented on other pending agricultural legislation and the need for Kentucky to be proactive towards crop diversification.

Mr. McCauley thanked Ms. Mobley for her time at Governor's Office of Agricultural Policy.

Adjournment

Mr. McCauley entertained a motion to adjourn.

Mr. Hunt moved to adjourn the KAFC board meeting; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 10:04 a.m. (EST).

APPROVED DATE:

2-9-2018

PRESIDING OFFICER:

John J. [Signature]

BOARDS COORDINATOR:

Tracey Park

Compliance Committee Meeting Minutes



Meeting Date:	January 19, 2018
Meeting Location:	Franklin Co. Extension Office, Frankfort
Meeting Chair:	Aaron Miller
Attendees:	John Brady (OFM Proxy), Kenny Burdine, Doug Lawson, John McCauley (KDA Rep) Aaron Miller, Beth Mobley (staff).
Minutes Issued By:	Beth Mobley
Meeting Call to Order:	8:03 am
Meeting Adjourned:	8:35 am

Agenda Items:

1. Review Loan Disbursement Checklists
 - a. 37 loans disbursed July-September 2017
2. Discussion to move quarterly Compliance Committee meetings to semi-annual
 - a. Committee concurred based on internal protocols and procedures in place
 - b. Memo Action Item to be presented during board meeting for official action to amend Administrative Procedures
3. Discussion on internal tracking documents and specific items to be provided to committee members
 - a. Add the following to "Post Disbursement Checklist" (excel doc)
 - i. Loan program
 - ii. UCC/fixture filing
 - iii. Revise identifiers as follows:
 - n/a – not applicable to loan
 - n/r – not required per LOC
 - X – Received & filed
 - b. Send the following documents for each loan disbursement during the review period, prior to committee meeting (email/board book depending on size/number)
 - i. "Post Disbursement Checklist" (excel doc)
 - ii. "KAFC Loan Disbursement Checklist" (word doc w/ signatures)
 - iii. Bill Hearn's "Request for Disbursement of Proceeds" (w/ signatures)
 - iv. "Loan Summary Sheet" (crystal—colored)
 - v. Executed "Letter of Commitment"
4. Motion to Adjourn

Loan Review Committee Meeting Minutes



Meeting Date:	January 19, 2018
Meeting Location:	Franklin Co. Extension Office, Frankfort
Meeting Chair:	Doug Lawson
Attendees:	John Brady (OFM Proxy), Kenny Burdine, Hannah Forte (staff), Wayne Hunt, Doug Lawson, John McCauley (KDA Rep), Bill McCloskey (staff), Aaron Miller, Beth Mobley (staff).
Minutes Issued By:	Beth Mobley
Meeting Call to Order:	8:35 am
Meeting Adjourned:	8:46 am

Agenda Items:
<ol style="list-style-type: none">1. Review AF18-0005—Justin Edwards<ol style="list-style-type: none">a. LRC recommends granting an exception to the GFI documentation based on:<ol style="list-style-type: none">i. Applicant will exceed the 20% GFI guideline upon completion of the proposed project<ul style="list-style-type: none">• Projected cattle income more than justify the exception• Project meets intent of AILP (increase net farm income)• Applicant to provided completed 2017 tax returns2. Motion to Adjourn