

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the April 13, 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 Ct.
Frankfort, KY 40601**

Call to Order

Commissioner Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:12 a.m. (EDT).

Roll Call

The following members were present: Commissioner Quarles, chair, Westy Adams, John Brady (designee for Secretary William M. Landrum III), Kenny Burdine, Larry Jagers, Frank McAninch, Aaron Miller, Tonya Phillips, Linda Rumpke and Frank Penn.

Members absent: Wayne Hunt and Doug Lawson.

Notification of Media

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

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles mentioned Kentucky Cattlemen's Ground Beef is now being sold in 85 Kroger stores across Kentucky.

Commissioner Quarles stated that KDA hosted Senator Mitch McConnell regarding legislation to change the classification of industrial hemp.

Commissioner Quarles recapped USDA Secretary of Agriculture Sonny Perdue's visit to Kentucky.

Commissioner Quarles stated that David Beck, Kentucky Farm Bureau, has been appointed as the State Fair and Expo Center CEO, effective July 1, 2018. The new convention center is opening on August 1, 2018.

Commissioner Quarles discussed the impact of the KY Hunger Initiative in relation to the Farm Bill and nutritional regulations.

Commissioner Quarles discussed the proposed tariff on agricultural goods with China.

Mr. McAninch asked the price point of the Kentucky Cattlemen's Ground Beef.

GOAP staff responded that it is currently sold at \$4.99 / lb.

Mr. McAninch inquired about the possibility of timber being added to the KDA Commodity Report.

The Commissioner yielded the floor to John McCauley at 10:30 a.m.

Approval of Minutes

John McCauley entertained a motion to approve the minutes of the March 16, 2018 KAFC board meeting.

Mr. Miller 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 welcomed everyone to the meeting today.

Mr. Beeler discussed the state budget.

Mr. Beeler gave update on his activity since that last board meeting.

Deputy Executive Director's Report

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

Mr. McCloskey reminded everyone that there is an update packet.

Mr. McCloskey called on Steve Doan, GOAP General Counsel, to explain the On-Farm Water Management program.

Mr. Doan explained that KADB allocated \$1 Million in State funds for Research, Development and Demonstration (RD&D) farms and Practical Implementation Projects (PIP) farms.

The RD&D farms will have multiple water management and water quality practices, and the PIP farms will have one of the practices from RD&D farms, with the hope that these practices end up in CAIP.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of March 20, 2018.

Mr. McCloskey discussed the list of entities that receive state KADF money on an annual basis. He stated that every project has an accountability piece that requires periodic reporting.

Mr. Penn inquired about unpaid grants column on the County Account Balances Sheet (*on file*).

Mr. McCloskey explained this is money for a project that has been committed by the county but not disbursed.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of March 20, 2018.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of March 31, 2018.

Mr. McCloskey reviewed the Quarterly Delinquency Report as of April 1, 2018.

K AFC Statement of Financial Position	
As of March 31, 2018	
Assets	
Cash K AFC Accounts	\$ 18,059,196
Loan Payments Due K AFC	
Category A	\$ 56,388,824
Category B	\$ 641,117
Category C	\$
	\$ 57,029,941
Total Assets	\$ 75,089,137
Liabilities	
K AFC loans approved not closed	\$ 12,551,645
Principal Outstanding	\$ 57,029,941
Total Liabilities	\$ 69,581,586
Unobligated Assets	\$ 5,507,551
Total Liabilities & Unobligated Assets	\$ 75,089,137

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

VOTE: Motion Passed; Unanimous.

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 8:30 a.m. in Room C of the Franklin County Extension Office. Ms. Rumpke requested that the reviewed loans be presented in the order of the agenda (*on file*).

New Business

Agricultural Infrastructure Loan Program (AILP)

AF18-0041 Buchanan, Darrin

Applicants requested \$37,000 for the construction of a tobacco barn in Webster County. Planters Bank in Sebree, KY is the participating lender.

Staff approved as of 4/3/18.

AF18-0046 Yoder, Roman

Applicants requested \$100,000 for the construction of two (2) Perdue breeder barns in Grayson County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

Staff recommends approval, contingent on the C/LV being no worse than 85% and documentation of Kentucky residency as evidenced by driver's licenses.

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

VOTE: Motion Passed; Unanimous.

Mr. Jagers moved to amend the motion to require a valid State identification card; Mr. Adams seconded the motion.

VOTE: Amendment Passed; Unanimous.

AF18-0051 Wiggins, Kerry

Applicants requested \$150,000 for the construction of six (6) Tyson mega- broiler barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0055 Brockman, Brent A.

Applicant requested \$80,000 for the purchase of farm facilities in Lincoln County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

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

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

VOTE: Motion Passed; Miller abstained.

AF18-0056 Brockman, Brent A.

Applicant requested \$30,000 for the construction of a multi-purpose building in Casey County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

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

Mr. Adams moved to approve staff recommendation, as presented, pending availability of funds; Ms. Phillips seconded the motion.

VOTE: Motion Passed; Miller abstained.

Agricultural Processing Loan Program (APLP)

AF18-0019 Case, Russell

Applicant requested \$150,000 to equip a malt house in Harrison County. Kentucky Bank in Cynthiana, KY is the participating lender.

The Loan Committee recommended approval.

Mr. Penn asked if the applicant has long-term contract with producers for supply.

KAFC clarified that the applicant would be growing his own product.

Ms. Rumpke moved to approve the committee recommendation, as presented, pending availability of funds; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF18-0035 Jury, Joseph

Applicants requested \$68,000 for the purchase of thirty-one (31) acres in Nelson County. Independence Bank in Madisonville, KY is the participating lender.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0036 Johnson, Lance

Applicants requested \$35,000 for the purchase of twenty-five (25) acres in Grayson County. The Cecilian Bank in Leitchfield, KY is the participating lender.

The Loan Review Committee recommended approval contingent on the approval and obligation of a 90% FSA guarantee on the Cecilian Bank and KAFC funds.

Ms. Rumpke moved to approve the committee recommendation, as presented, pending availability of funds; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0038 Bevins, Jacob

Applicants requested \$250,000 for the purchase of six (6) Tyson broiler barns in Hickman County. The Citizens Bank of Hickman in Hickman, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Mr. Penn commented on the price of purchasing versus constructing poultry barns.

AF18-0039 Ryan, Kyle

Applicants requested \$170,000 for the purchase of seventy-seven (77) acres in Boone County. Farm Credit Mid-America in Dry Ridge, KY is the participating lender.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0040 Parham, Robbie

Applicants requested \$250,000 for the purchase of forty-six (46) acres and construction of four (4) Perdue broiler barns in McLean County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

Ms. Rumpke stated that past exceptions to the off-farm income cap have been for temporary situations, and stated that this would be an ongoing exception based on W2's.

The Loan Review Committee recommended approving this application under AILP for up to \$100,000.

Ms. Rumpke moved to approve; Dr. Burdine seconded.

Mr. McCauley called on Jeremy Graham, loan officer, to provide background on the request.

Ms. Rumpke moved to withdraw her original motion and table this loan; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0042 Winfield, "Tyler" Joseph

Applicant requested \$32,000 for the purchase of forty-eight (48) acres in McLean County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF18-0043 Schrock, Elvin

Applicants requested \$250,000 for the construction of four (4) Perdue breeder barns in Grayson County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

Staff recommends approval contingent on the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds.

Mr. Adams moved to approve staff recommendation, as presented, pending availability of funds; Ms. Phillips seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0044 Travis, Christopher

Applicants requested \$250,000 for the construction of three (3) Keystone pullet houses in Allen County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Miller abstained.

AF18-0045 Ellegood, Cory

Applicants requested \$250,000 for the construction of four (4) Tyson broiler barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

The Loan Review Committee recommends approval contingent on the approval and obligation of a 90% FSA guarantee on the River Valley AgCredit Agency and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF18-0047 Homegrown Direct, LLC.

Applicants requested \$100,000 for the purchase of twenty-five (25) acres with improvements in Scott County. American Farm Mortgage in Louisville, KY is the participating lender.

The Loan Review Committee recommends approval contingent on the approval and obligation of a 90% FSA guarantee on the River Valley AgCredit Agency and KAFC funds and documentation that the State tax lien has been State satisfied.

Ms. Rumpke moved to approve, the committee recommendation, as presented, pending availability of funds; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0048 Zoellick, Barry

Applicants requested \$65,000 for the purchase of forty (40) acres with improvements in McLean County. Sacramento Deposit Bank in Sacramento, KY is the participating lender.

Staff recommends approval, contingent on the C/LV being no worse than 87%.

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

VOTE: Motion Passed; Unanimous.

AF18-0050 Matheny, Johnny

Applicants requested \$250,000 for the construction of six (6) Tyson mega-broiler barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**Old Business
Amendments**

AF14-0100 McCarron, Stephanie

Ms. Forte presented a memorandum (*on file*) regarding the request to release the co-signer.

Staff Recommends approving the request.

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

VOTE: Motion Passed; Unanimous.

Extension Request

AF16-0058 Miller, Ryan

Ms. Forte presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 1-month extension to allow time for construction to be completed. The new expiration date would be May 15, 2018.

Staff recommends approving this request.

Ms. Rumpke moved to approve a 90 – day extension; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0059 Miller, Robert

Ms. Forte presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a third extension. This request is for a 1-month extension, to allow time for construction to be completed. The new expiration date would be May 15, 2018.

Staff recommends approving this request.

Ms. Rumpke moved to approve a 90 – day extension; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16-0077 Miller, Ronnie

Ms. Forte presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a third extension. This request is for a 1-month extension, to allow time for construction to be completed. The new expiration date would be June 12, 2018.

Ms. Rumpke made a motion to amend this loan to a 90 - day extension; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF17-0047 Rock, Kelcey

Ms. Forte presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a six (6)-month extension to allow time for construction to be completed and an updated appraisal obtained. The new expiration date would be November 12, 2018.

Approved by the operations committee on April 4, 2018

No action necessary.

AF18-0010 Guinn, Dennis

Ms. Forte presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for the FSA loan to be approved. The new expiration date would be July 19, 2018

Approved by the operations committee on April 4, 2018.

No action necessary.

AF18-0015 Hancock, Travis

Ms. Forte presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 6-month extension to allow time for necessary paperwork to be completed. The new expiration date would be November 9, 2018.

Approved by the operations committee on April 4, 2018.

No action necessary.

Closing Remarks

Mr. Beeler commented on the state of the dairy industry.

Adjournment

Mr. McCauley entertained a motion to adjourn.

APPENDIX A: Loan Review Committee Meeting Minutes



Meeting Date:	April 13, 2018
Meeting Location:	Franklin Co. Extension Office, Frankfort
Meeting Chair:	Linda Rumpke
Attendees:	John Brady (OFM Proxy), Kenny Burdine, Hannah Forte (staff), Bill McCloskey (staff), Aaron Miller, Linda Rumpke, Dana White (SBA), Allen Johnson (Kentucky Bank), RT Case (applicant), Jacob and Beckham Sharpe (applicants), Jeremy Graham (Sacramento Deposit Bank).
Minutes Issued By:	Hannah Forte
Meeting Call to Order:	8:30 am
Meeting Adjourned:	10:02 am

Agenda Items:	
1.	Review AF18-0019—Russell Case / South Fork Malthouse LLC <ul style="list-style-type: none"> a. Presentation from Dana White on SBA guarantees; b. Applicant discussed the project; c. Recommend approval.
2.	Review AF18-0036—Lance Johnson <ul style="list-style-type: none"> a. Recommend approval contingent on FSA guarantee.
3.	Review AF18-0040—Robbie Parham <ul style="list-style-type: none"> a. Jeremy Graham, loan officer, explained his request for exception to the off-farm income cap; b. Recommend approval for \$100,000 under AILP.
4.	Review AF18-0045—Cory Ellegood <ul style="list-style-type: none"> a. Discussion of collateral position structure and the FSA guarantee; b. Recommend approval contingent on FSA guarantee.
5.	Review AF18-0045—HomeGrown Direct, LLC <ul style="list-style-type: none"> a. Discussion of credit score; b. Applicants discussed the project; c. Recommend approval contingent on FSA guarantee and satisfaction of prior tax lien.
6.	Motion to Adjourn

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:50 a.m. (EDT).

APPROVED DATE:

May 11, 2018

PRESIDING OFFICER:

Tracy E. Hinkle *Proxy for Commissioner Ryan Quarlen*

BOARDS COORDINATOR:

Tracey Park
Tracey Park