

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the June 8, 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**

John McCauley, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:09 a.m. (EDT).

**Roll Call**

The following members were present: John McCauley, chair, John Brady (designee for Secretary William M. Landrum III), Larry Jagers, Doug Lawson, Aaron Miller, Frank Penn and Tonya Phillips.

Members absent: Commissioner Quarles, Westy Adams, Kenny Burdine, Frank McAninch and Linda Rumpke.

**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 noted that the Commissioner was in Iowa for the Farm Foundation Round Table.

Mr. McCauley mentioned the roundtable discussion at Keeneland on June 6, 2018, with the Ted McKinney, USDA Undersecretary for Trade and Foreign Agricultural Affairs.

Mr. McCauley introduced the Kentucky Department of Agriculture's 2018 summer interns in attendance: Shayla Burton, Taylor Burnett and Deborah Myers.

**Approval of Minutes**

Mr. McCauley entertained a motion to approve the minutes of the May 11, 2018 KAFC board meeting.

Mr. Miller moved to approve the minutes; Mr. Hunt 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 asked the board members to complete forms regarding tickets and accommodations for the August meeting and return them to Tracey Park, Boards and Special Events Manager.

Mr. Beeler referenced the transfer of \$5 million from KADF to KAFC following the May 2018 KADB meeting.

Mr. Beeler welcomed Sadie Middleton, Compliance Manager, as a full-time GOAP staff member.

Mr. Beeler called on GOAP 2018 Summer Interns Anna Arthur, Andrew Glass and McKaylee Copher to introduce themselves.

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 also referenced the \$ 5 million transfer from KADB to KAFC.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of May 30, 2018.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of May 23, 2018.

Mr. Penn inquired about the use of county funds.

Mr. McCloskey clarified that the County Agricultural Development Councils determine how county funds are utilized.

Mr. McCloskey also commented on the variety of investment opportunities available to counties.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of May 31, 2018.

<b>K AFC Statement of Financial Position</b>	
<b>As of May 31, 2018</b>	
<b>Assets</b>	
Cash K AFC Accounts	\$ 21,713,828
<b>Loan Payments Due K AFC</b>	
Category A	\$ 58,009,285
Category B	\$ 631,683 (Foothills, Karsner, Monroe, Palmer & Weekly Juicery)
Category C	\$
	\$ 58,640,968
<b>Total Assets</b>	<b>\$ 80,354,796</b>
<b>Liabilities</b>	
K AFC loans approved not closed	\$ 12,082,048
Principal Outstanding	\$ 58,640,968
<b>Total Liabilities</b>	<b>\$ 70,723,015</b>
<b>Unobligated Assets</b>	<b>\$ 9,631,781</b>
<b>Total Liabilities &amp; Unobligated Assets</b>	<b>\$ 80,354,796</b>

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

VOTE: Motion Passed; Unanimous.

#### **Loan Review Committee Report**

Mr. McCauley yielded the floor to Doug Lawson to report to the board.

Mr. Lawson reported that the Loan Review Committee met at 9:00 a.m. in Room C of the Franklin County Extension Office.

Ms. Lawson requested that the reviewed loans be presented in the order of the agenda (*on file*).

#### **New Business**

##### **Agricultural Infrastructure Loan Program (AILP)**

**AF18-0073**                      **Hall, Charles**

Applicants requested \$60,000 for the purchase of 198 acres with improvements in Pendleton County. Farm Credit Mid-America (Lexington) in Lexington, KY is the participating lender.

The Loan Review Committee recommended approving this request contingent on the approval and obligation of a 90% FSA on the FCMA and K AFC funds, based on the projected farm income exceeding the 20 % requirement under AILP as a result of this purchase.

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

VOTE: Motion Passed; Unanimous.

##### **AF18-0068**                      **Tri-County Milk Products, LLC**

Applicant requested \$150,000 for the construction of a cheese processing facility in Todd County. Planters Bank in Hopkinsville, KY is the participating lender.

The Loan Review Committee recommended approving this request contingent on the C/LV being no worse than 80%.

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

VOTE: Motion Passed; Mr. Lawson abstained.

**AF18-0072 Kentucky American Seeds, LLC**  
Applicant requested \$1,437,500 for the purchase, construction and renovation of a seed cleaning and treatment business in Christian County. Farm Credit Mid-America in Hopkinsville, KY is the participating lender.

The Loan Review Committee recommended approving this request for the reduced amount of \$ 500,000 due to limited availability of KAFC funds

Mr. Lawson clarified the KAFC loan will have a 7-year term.

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

VOTE: Motion Passed; Hunt abstained.

**Beginning Farmer Loan Program (BFLP)**

**AF18-0069 Walker, Clay**  
Applicants requested \$100,000 for the purchase of seventy-six (76) acres in Mercer County. Central Kentucky Ag Credit Association in Danville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF18-0070 Ellegood, Seth**  
Applicants requested \$250,000 for the purchase of twenty-five (25) acres and construction of four (4) Tyson 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 River Valley AgCredit and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

**AF18-0071 Perry, Jesse**  
Applicant requested \$105,000 for the purchase of sixty (60) acres in Graves County. Community Financial Bank Services in Benton, KY is the participating lender.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

**AF18-0074 Shrock, Samuel**  
Applicants requested \$163,080 for the purchase of fifty (50) acres in Hart County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF18-0075 Decker, Bradley**  
Applicants requested \$250,000 for the purchase of forty-eight (48) acres with 4 Keystone breeder barns and poultry equipment in Allen County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**AF18-0076**

**Adams Farms**

Applicants requested \$200,000 for the purchase of eighty-seven (87) acres in Ballard County. Community Financial Services Bank in Benton, KY is the participating lender.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

**AF18-0067**

**Imbruglio, Christopher**

Applicants requested \$210,000 for the purchase of one-hundred (100) acres in Grayson County. Magnolia Bank in Elizabethtown, KY is the participating lender.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

**AF18-0078**

**Lawless, Michael**

Applicant requested \$66,750 for the purchase of 18.5 acres in LaRue 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 Farm Credit Mid-America and KAFC funds.

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

VOTE: Motion Passed; Miller abstained.

**AF18-0079**

**Riley, Catherine**

Applicant requested \$57,500 for the purchase of fifteen (15) acres in Henry County. Central Kentucky Ag Credit Association in Frankfort, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**Old Business:**

**Amendments**

**AF18-0005**

**Edwards, Justin**

Ms. Forte presented a memorandum (*on file*) regarding the request for an approval modification the above referenced loan. This request is for an approval modification to allow the C/LV to be no worse than 76%.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

**AF18-0047**

**HomeGrown Direct, LLC**

Ms. Forte presented a memorandum (*on file*) regarding the request for an approval modification for the above referenced loan.

This request is for an approval modification to remove the FSA guarantee and to require that the C/LV to be no worse than 85%.

John Sharpe spoke on behalf of the applicants.

Mr. Lawson asked who the members of the LLC are.

Mr. Sharpe responded that Jacob and Beckham Sharpe are the only members of the LLC.

Mr. Lawson suggested that Jacob and Beckham Sharpe purchase the land as individuals, in order to be eligible for a 90% FSA guarantee on the American Farm Mortgage and KAFC funds, as a condition of the original approval.

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

Mr. Lawson asked GOAP staff why this loan had originally been referred to Loan Review Committee.

Ms. Forte clarified the application was referred to Loan Review Committee due to low credit scores and poor credit history.

Mr. Penn commented on the structure of the LLC.

Mr. Hunt emphasized that KAFC has established guidelines and loan standards.

Mr. Lawson restated that this project could be eligible for an FSA guarantee if the purchased as individuals.

Mr. Penn asked staff to restate their recommendation.

Ms. Forte stated that staff recommended approving this request.

VOTE: Motion Passed; with dissent.

**Closing Remarks**

Mr. McCauley thanked GOAP for all the work they do.

**Adjournment**

Mr. McCauley entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:30 a.m. (EDT).

APPROVED DATE:

7-8-18

PRESIDING OFFICER:

BOARDS COORDINATOR:

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*Tracey Park*  
\_\_\_\_\_  
Tracey Park