

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the September 14, 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 10:10 a.m. (EDT).

Roll Call

The following members were present: Donna Amburgey, Natalie Brawner for John Brady (designee for Secretary William M. Landrum III), Kenny Burdine, Wayne Hunt, Larry Jaggars, Doug Lawson, Frank McAninch, Frank Penn.

Members absent: Westy Adams, Jonathan Noe, Frank Penn and Linda Rumpke,

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 introduced Natalie Brawner, proxy for Secretary Landrum to the board.

Commissioner Quarles welcomed Representative Brandon Reed to the meeting.

Commissioner Quarles mentioned that he was recently named the Vice-President of the National Association of State Departments of Agriculture.

Commissioner Quarles discussed the Farm Bill may be up for a vote in October.

Commissioner Quarles suggested that the GOAP staff and General Counsel Steve Doan meet with Kentucky Department of Agriculture to discuss strategy for the Right to Farm law before October.

Commissioner Quarles stated there needs to be a plan in place for hemp before the two-day conference in Louisville, KY.

Commissioner Quarles stated that the Sun Belt Conference is in October and Kentucky is hosting this year.

Mr. McAninch asked a question regarding the health inspection of cattle and what we can do to protect the producer.

Commissioner Quarles stated this was a federal issue.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the August 10, 2018 KAFC board meeting.

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

VOTE: Motion Passed; Unanimous; Amburgey abstained.

Executive Director's Report

Commissioner Quarles yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler welcomed everyone to the meeting today.

Mr. Beeler introduced new staff member Renee Laurent, Compliance Manager to the board.

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

Mr. Beeler mentioned the GOAP annual report.

Mr. Beeler addressed questions regarding the Vet Spaces Working Group Program in Kentucky.

Deputy Executive Director's Report

Commissioner Quarles called on Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey addressed the updated agenda; the only change was the addition of Compliance Committee report.

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

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of August 31, 2018.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of September 7, 2018.

Mr. McCloskey reviewed KADF County Balances (*on file*) as of August 24, 2018.

K AFC Statement of Financial Position	
As of August 31, 2018	
Assets	
Cash K AFC Accounts	\$ 19,745,250
Loan Payments Due K AFC	
Category A	\$ 60,331,754
Category B	\$ 654,600 (Foothills, Karsner, Monroe, Palmer & Weekly Juicery)
Category C	\$
	\$ 60,986,354
Total Assets	\$ 80,731,604
Liabilities	
K AFC loans approved not closed	\$ 12,784,572
Principal Outstanding	\$ 60,986,354
Total Liabilities	\$ 73,770,926
Unobligated Assets	\$ 6,960,678
Total Liabilities & Unobligated Assets	\$ 80,731,604

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

VOTE: Motion Passed; Unanimous.

Compliance Committee Report

Commissioner Quarles yielded the floor to Doug Lawson to report to the board.

Mr. Lawson referenced five (5) loans from Sacramento Deposit Bank that were presented to the Compliance Committee.

Three of the loans were in good standing and required no vote.

AF17 – 0042 David Brent Gross

The Compliance Committee recommends that the C/LV be no greater than 85% or require an FSA guarantee.

Mr. Lawson moved to approve the committee recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF16 – 0088 Joshua Ayer

The Compliance Committee recommends an indemnification agreement be made from the Sacramento Deposit Bank to K AFC.

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

VOTE: Motion Passed; Unanimous.

Mr. Lawson stated that going forward the committee recommends The Sacramento Deposit Bank is to have the CEO/President of the bank to sign off on all loan applications made to KAFC for two (2) years, ending on September 1, 2020.

Mr. Lawson moved to approve the committee recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Finally, Mr. Lawson stated the Compliance Committee recommends that all applicants, seeking an FSA guarantee, sign an information release waiver to allow KAFC to have access to annual FSA reports and guarantee status.

Mr. Lawson moved to approve the committee recommendation, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Commissioner Quarles yielded the floor to Doug Lawson to report to the board.

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

New Business

Agricultural Infrastructure Loan Program (AILP)

AF18-0106 Four Rivers Sport Horse Center, LLC

Applicants requested \$100,000 for the purchase of an equine facility and forty (40) acres in McCracken County. River Valley AgCredit in Kevil, KY is the participating lender.

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

VOTE: Motion Passed; Unanimous.

AF18-0113 Critchelov, Andrew

Applicants requested \$150,000 for the construction of two (2) Tyson megabroiler barns in Breckinridge County. Farm Credit Mid-America in Hardinsburg, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF18-0114 Twin Lakes Poultry, LLC

Applicants requested \$88,995 for the construction and installation of two (2) solar panels in McLean County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

The Committee recommends a contingency of total MSA funds not to exceed 50% of total project cost and the loan to value not to exceed 50%.

Mr. Lawson moved to approve the committee recommendation; Mr. McAninch seconded the motion

VOTE: Motion Passed; Unanimous.

AF18-0115 Cobb Farms, Inc.

Applicants requested \$75,000 for the construction of grain facility and purchase of equipment in Madison County. Central Kentucky Agricultural Credit Association in Richmond, KY is the participating lender.

Staff recommends approval, contingent on the C/LV no greater than 75%.

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

VOTE: Motion Passed; Unanimous.

AF18-0123 Showalter, Daniel

Applicants requested \$17,500 for the construction of a cheese processing facility in Barren County. Farm Credit Mid-America in Glasgow, KY is the participating lender.

Approved by Staff on August 31, 2018, with C/LV no greater than 65%.

No action necessary.

AF18-0127 Davis, Adam

Applicants requested \$150,000 for the purchase of four (4) Keystone broiler houses in Green County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

The Loan Review Committee recommends pending this loan.

Mr. Lawson moved to pend this loan and return it to the lender for modifications; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Agricultural Processing Loan Program (APLP)

AF18-0124 Wunderlich, Dustin

Applicant requested \$77,000 for the construction of a greenhouse, office and retail location in Jessamine, South Central Bank of Barren County in Glasgow, KY is the participating lender.

The Loan Review Committee recommends approval with a combined loan to value no greater than 75% and moving the loan to the Agricultural Infrastructure Loan Program.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF18-0111 Heimgartner, Mark

Applicants requested \$51,000 for the purchase of (147) acres in Caldwell County. Independence Bank in Madisonville, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Independence Bank and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF18-0112 Murphy, Caleb

Applicant requested \$250,000 for the purchase of four (4) Perdue broiler houses in McLean County. Independence Bank in Owensboro, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Independence Bank and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF18-0116 Zimmerman, David

Applicant requested \$250,000 for the construction of a Handsome Brook layer barn in Logan 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 Citizens Bank and KAFC funds, with C/LV no greater than 100%.

Mr. Lawson moved to approve staff recommendation, with the FSA providing a letter of commitment for operating line loan in writing; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0117 Layman, Paul

Applicants requested \$50,000 for the purchase of two (2) poultry barns in Daviess County. Independence Bank, in Owensboro, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Independence Bank and KAFC funds, with the C/LV no greater than 100%.

Dr. Burdine moved to approve staff recommendation; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0118 Miller, Katherine

Applicant requested \$89,250 for the purchase of 70 acres in Henderson County. Farm Credit Mid-America in Owensboro, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0119 Bilbrey, Daniel

Applicants requested \$250,000 for the purchase of four (4) Equity broiler houses and 25 acres in Metcalfe County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the South Central Bank of Barren County and KAFC funds, with the C/LV no greater than 90%, at the recommendation of the loan officer.

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

VOTE: Motion Passed; Unanimous.

AF18-0121 Corbin, Glenn

Applicants requested \$46,500 for the purchase of 115 acres in Green County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Approved by Staff on 8/31/18, with C/LV no greater than 85%.

No Action Necessary.

AF18-0122 Brockman, Allison

Applicant requested \$250,000 for the purchase of 89 acres and two (2) Equity megabroiler barns in Adair County. Bank of Columbia in Columbia, KY is the participating lender

Ms. Lawson moved to approve the committee recommendation as presented, with the C/LV no greater than 85 %, pending availability of funds; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0125 Thompson, William "Payton"

Applicant requested \$100,000 for the purchase of 207 acres in Green County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Staff recommends approval, with C/LV no greater than 65%.

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

VOTE: Motion Passed; Unanimous.

AF18-0126 Stamper, Cory

Applicants requested \$79,800 for the purchase of 69.94 acres in Nicholas County. Central Kentucky Agricultural Credit Association in Richmond, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Central Kentucky Agricultural Credit Association and KAFC funds, with C/LV no greater than 100%, and mother as a co-signer on the loan.

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

VOTE: Motion Passed; Unanimous.

AF18-0128 Davis, Adam

Applicants requested \$250,000 for the purchase of four (4) Keystone broiler barns in Green County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

The Loan Review Committee recommends pending this loan.

Mr. Lawson moved to pend this loan and return it to the lender for modifications; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF18-0131 Kurtz, Larry

Applicants requested \$54,500 for the purchase of 30 acres in Hart County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommends approval, with C/LV value no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF18-0132 Bennett, Joshua "Trey"

Applicants requested \$207,500 for the purchase of two (2) Cobb-Vantress layer barns in Wayne County. Farm Credit Mid-America in Somerset, 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 with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF18-0133 Leonard, Abraham

Applicants requested \$250,000 for the purchase of four (4) Tyson broiler barns and (58) acres in Hickman County. River Valley Ag-Credit Association in Clinton, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the River Valley Ag-Credit Association and KAFC funds, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF18-0134 Nordheim, John

Applicants requested \$225,000 for the purchase of 250 acres in Pendleton County. Farm Credit Mid-America in Lexington, 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, with C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF17-0049 Clark, Gerry

This request is for a three (3) month extension to allow time for construction to be completed. The new expiration date will be January 13, 2019.

Staff recommends approving this request.

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

VOTE: Motion Passed; Unanimous.

Requests

AF18-0027 Newswanger, Sheldon

This request is to change the C/LV limit.

Staff recommends approving this request, with a C/LV no worse than 100%.

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

VOTE: Motion Passed; Unanimous.

Closing Remarks

Adjournment

Commissioner Quarles entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 12:05 p.m. (EDT).

APPROVED DATE: _____

PRESIDING OFFICER: _____

BOARDS COORDINATOR: _____

Tracey Park

Sheldon Newswanger 10/16/18
Tracey Park