

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the April 12, 2019 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 Business Meeting
101 Lakeview Court
Frankfort, KY 40601**

Call to Order

John McCauley, (designee for Commissioner Quarles), presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:00 a.m. (EST).

Roll Call

The following members were present: John McCauley, (designee for Commissioner Quarles), Donna Amburgey, John Brady, (designee for Secretary William M. Landrum III), Dr. Kenny Burdine, Wayne Hunt, Larry Jaggars, Doug Lawson, Frank Penn, Linda Rumpke and Jonathan Noe.

Members absent: Frank McAninch and Westy Adams.

Notification of Media

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

Welcome

Mr. McCauley welcomed everyone to the meeting.

Mr. McCauley discussed the hemp forum in Louisville with USDA Undersecretary for Marketing and Regulatory Programs (MRP), Greg Ibach, and Senator Mitch McConnell earlier in the week. Also in attendance of the forum was USDA Risk Management Administrator, Martin Barbe, to discuss hemp and crop insurance.

EPA Administrator Andrew Wheeler is in Kentucky for a roundtable discussion with Congressman Andy Barr and Commissioner Quarles.

Farm Credit Mid-America sponsored a farm bill discussion in Versailles, Ohio where Kentucky and Indiana Departments of Agriculture were represented as well.

Mr. McCauley updated the board on activities at Kentucky Department of Agriculture (KDA).

Approval of Minutes

Mr. McCauley entertained a motion to approve the minutes of the March 8, 2019 KAFC board meeting.

Dr. Burdine 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.

Mr. Beeler introduced Representative Brandon Reed in attendance of the meeting.

Mr. Beeler recognized Aleta Botts, Executive Director of the Kentucky Center for Agriculture and Rural Development (KCARD).

Mr. Beeler reviewed his schedule since the last meeting.

Deputy Executive Director's Report

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

Mr. McCloskey addressed the update packet.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of March 31, 2019.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of March 29, 2019.

Mr. McCloskey referenced the Kentucky Agricultural Development Fund State Pool Tobacco Funds (*on file*) as of March 29, 2019.

Mr. McCloskey reviewed Kentucky Agricultural Development Fund County Balances (*on file*) as of March 19, 2019.

Mr. McCloskey reviewed the Category B loans as of March 31, 2019.

K AFC Statement of Financial Position	
As of March 31, 2019	
Assets	
Cash K AFC Accounts	\$ 15,521,308
Loan Payments Due K AFC	
Category A	\$ 65,996,273
Category B	\$ 883,605 (Foothills, Karsner, Monroe, Palmer, Weekly Juicery, Ellis & Bevins)
Category C	\$ 0
	\$ 66,879,878
Total Assets	\$ 82,401,186
Liabilities	
K AFC loans approved not closed	\$ 12,904,268
Principal Outstanding	\$ 66,879,878
Total Liabilities	\$ 79,784,146
Unobligated Assets	\$ 2,617,040
Total Liabilities & Unobligated Assets	\$ 82,401,186

Mr. McCauley called on Sadie Middleton, Loan Programs Manager, to report to the board.

Ms. Middleton presented a memorandum (*on file*) requesting K AFC staff authority to extend payment due dates at the request of lenders.

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

VOTE: Motion Passed; Unanimous.

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

VOTE: Motion Passed; Unanimous.

Guidelines Committee Report

Mr. McCauley yielded the floor to Mr. Hunt to report to the board.

Mr. Hunt called on Steve Doan, General Counsel, to report to the board.

Mr. Doan explained the committee recommendation to discount defined contribution plans from net worth calculations in the Beginning Farmer, Diversification through Entrepreneurship in Agriculture, and Large/Food Animal Veterinary loan programs.

Mr. Hunt moved to approve the Guidelines Committee Report; Ms. Rumpke 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 requested that the remaining reviewed loans be presented in the order of the agenda (*on file*).

New Business

Agricultural Infrastructure Loan Program (AILP)

AF19-0033 Humphrey, Bradley (Handyville Poultry)

Applicants requested \$34,926 for upgrades to existing poultry barns in Daviess County. Independence Bank in Owensboro, KY is the participating lender.

Staff recommends approval with a C/LV no greater than 50%.

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

VOTE: Motion Passed; Unanimous.

AF19-0041 Hayden, Kevin (Hayden Farms & Ag, LLC)

Applicant requested \$54,000 for the construction of an equipment shed in Carlisle County. Community Financial Services Bank in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0046 Greer, William "Todd"

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

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

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

VOTE: Motion Passed; Unanimous.

AF19-0047 Bednarski, Jon (Sherwood Acres, LLC)

Applicants requested \$65,000 for the construction and renovation of barns in Mercer County. Central Kentucky ACA in Danville, KY is the participating lender.

Staff recommends approval with a C/LV no greater than 50%.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF19-0032 Collins, Melissa (Collins Sporthorses, LLC)

Applicants requested \$35,000 for the expansion of existing saddle bred barn in Graves County. Community Financial Services Bank in Mayfield, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0034 Unruh, Philip

Applicants requested \$250,000 for the purchase of four (4) Keystone broiler houses and 86 acres in Monroe County. Citizens Bank in Hiseville, KY is the participating lender.

Staff recommends approval contingent upon the approval and obligation of a 90% FSA guarantee on Citizens Bank and K AFC funds with a C/LV no greater than 75%.

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

VOTE: Motion Passed; Unanimous.

AF19-0035 Armour, Jackson

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

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

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

VOTE: Motion Passed; Unanimous.

AF19-0036 Toon, Sumittra (Toon Poultry, Inc.)

Applicant requested \$250,000 for the purchase of three (3) Pilgrim's Pride pullet barns in Graves County. River Valley AgCredit in Bardwell, KY is the participating lender.

The Loan Review Committee recommends approval under the AILP for up to \$100,000 with a C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF19-0037 Reed, Sarah

Applicants requested \$187,500 for the purchase of 69 acres in Shelby County. Farm Credit Mid-America in Shelbyville, KY is the participating lender.

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

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

In response to a question from Ms. Rumpke, staff stated they will obtain a credit score for the co-applicant.

VOTE: Motion Passed; Unanimous.

AF19-0038 Bowman, M. Elliot

Applicants requested \$64,000 for the purchase of 25 acres in Barren County. South Central Bank of Barren County in Glasgow, KY is the participating lender.

Staff recommends approval contingent upon the approval and obligation of a 90% FSA guarantee on South Central Bank of Barren County and K AFC funds with a C/LV no greater than 100%.

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

VOTE: Motion Passed; Unanimous.

AF19-0039 Ebelhar, M. Scott

Applicant requested \$250,000 for the purchase of 223 acres in LaRue County. Farm Credit Mid-America in Elizabethtown, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0040 McCarty, Keaton

Applicants requested \$142,500 for the purchase of 89 acres in Montgomery County. Traditional Bank in Mt. Sterling, KY is the participating lender.

The Loan Review Committee recommends approval with a C/LV no greater than 85%.

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

VOTE: Motion Passed; Unanimous.

AF19-0042 Latham, Egan

Applicant requested \$127,382.50 for the purchase of 122 acres in Clinton County. Farm Credit Mid-America in Somerset, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0043 Gilles, Brandon (Gilles Land Company, LLC)

Applicant requested \$198,467 for the purchase of 86 acres in Daviess County. Central Kentucky ACA in Lebanon, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF19-0044 Bennett, Zachary

Applicants requested \$250,000 for the purchase of 103 acres in Shelby County. Citizens Union Bank in Shelbyville, KY is the participating lender.

Staff recommends approval with a C/LV no greater than 80%.

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

VOTE: Motion Passed; Unanimous.

AF19-0045 DiGiannantonio, Heather (BellaVia Farm, LLC)

Applicant requested \$200,000 for the purchase of 20 acres with a horse barn in Shelby County. Citizens Union Bank in Shelbyville, KY is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Old Business:

Extensions

AF17-0035 Hunter, John Eric

This request is for a six (6) month extension to allow adequate time for the project to be completed. The new expiration date will be October 12, 2019.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF19-0006 Alford, Andy

This request is for a three (3) month extension to ensure adequate time for the title work to be completed. The new expiration date will be July 14, 2019.

Approved by the Operations Committee.

Modifications

AF18-0090 Wood Farms Poultry

This request is for the combined loan-to-value limit to be increased to 85%.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF18-0114 Twin Lakes Poultry

This loan officer has indicated that the KAFC Letter of Commitment incorrectly indicated a UCC would be filed and a Kenergy contract would be made to the customer. A mortgage and final title will be provided. The request is for the Board to waive these two requirements.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF19-0129 Woodruff, Heather

This request is for the Board to waive the FSA requirement.

Staff recommends approval.

In response to a question from Mr. Lawson, staff stated that the C/LV is less than 85% and credit scores and income are sufficient.

Ms. Amburgey moved to approve staff recommendation with a C/LV no greater than 85%, pending availability of funds; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous.

Closing Remarks

Mr. Beeler brought to the Board's attention the request for \$5 million from the KADB in April.

Ms. Rumpke asked that the KAFC communicate with loan officers that there may be delay in approval of loans due to lack of funds.

Mr. Hunt stated there will be significant discussion at the KADB meeting regarding the request.

Ms. Rumpke asked how the Board will prioritize applications if the request is not met by the KADB. The KAFC Strategic Planning Committee may potentially look at other funding sources for KAFC.

Mr. Penn stated the KADB County funds can be available for regional processing projects. Mr. Penn stated the future of agriculture will rely on leveraging money and vertical integration.

Mr. Hunt asked that the Board consider inviting a group of bankers and lenders who have utilized KAFC funding to testify to the Board and other organizations in the future regarding the impact of these loans.

Adjournment

Mr. McCauley entertained a motion to adjourn.

Ms. Amburgey moved to adjourn the KAFC board meeting; Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous.

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

APPROVED DATE:

5-10-2019

PRESIDING OFFICER:

Bob Zank

BOARDS COORDINATOR:

Judy Park for Marielle McElmurray
Marielle McElmurray

APPENDIX A: Guidelines Committee Meeting Minutes



Meeting Date:	April 12, 2019
Meeting Location:	Franklin Co. Extension Office, Room C, Frankfort
Meeting Chair:	Wayne Hunt
Attendees:	Wayne Hunt, Frank Penn, Donna Amburgey, Kenny Burdine, Doug Lawson, Larry Jagers. Staff: Sadie Middleton, Ali Hulett, Grace Ragain, Steve Doan, Bill McCloskey, Warren Beeler.
Minutes Issued By:	Sadie Middleton, Loan Programs Manager
Meeting Call to Order:	9:34 AM
Meeting Adjourned:	9:44 AM

Agenda Items:
<ol style="list-style-type: none">1. Review current net worth guidelines for BFLP, DEAL, and VET programs.2. Discussion of KAFC purpose, and identification of needs, market state, and program history.3. Discussion of defined contribution plans.4. The Committee recommends discounting defined contribution plans from net worth calculations for BFLP, DEAL, and VET loan programs.5. Motion to Adjourn

APPENDIX B: Loan Review Committee Meeting Minutes



Meeting Date:	April 12, 2019
Meeting Location:	Franklin County Extension Office, Room C, Frankfort, KY
Meeting Chair:	Doug Lawson
Attendees:	Doug Lawson, Wayne Hunt, Larry Jagggers, Jonathan Noe, Kenny Burdine, John Brady, Frank Penn, Donna Amburgey. Staff: Sadie Middleton, Warren Beeler, Bill McCloskey, Steve Doan, Ali Hulett, Grace Ragain.
Minutes Issued By:	Sadie Middleton, Loan Programs Manager
Meeting Call to Order:	9:45 AM EST
Meeting Adjourned:	9:54 AM EST

Agenda Items:

Applications

1. Review of AF19-0036—Toon, Sumittra
 - a. Loan officer requests an exception to the net worth and AGI limits, under the BFLP program.
 - b. Committee recommends approval under the AILP program for \$100,000.
2. Review of AF19-0040—McCarty, Keaton
 - a. Loan was referred to the Loan Review Committee as the applicant's credit score is below 600, and Board policy requires that all applicants with a credit score below 600 are reviewed by the LCR. Applicant has a 589 credit score and limited credit history. There is a cosigner.
 - b. Committee recommends approval, as presented.