

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the December 13, 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 (GOAP), 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 10:22 a.m. (EST).

Roll Call

The following members were present: John McCauley (designee for Commissioner Quarles), Donna Amburgey, John Brady (designee for Secretary Holly M. Johnson), Dr. Kenny Burdine, Wayne Hunt, Larry Jagers, Frank Penn and Jonathan Noe.

Members absent: Doug Lawson, Linda Rumpke, Westy Adams and Donald Mitchell.

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.

Approval of Minutes

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

Mr. Penn moved to approve the minutes; Mr. Noe 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 reviewed his schedule since the last meeting.

Loan Review Committee Report

Mr. McCauley called on Mr. Noe to give the Loan Review Committee report.

Mr. Noe asked that the loans be discussed in the order of the agenda.

Deputy Executive Director's Report

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

Mr. McCloskey referenced the Kentucky Agricultural Development Fund State Pool Tobacco Funds (*on file*) as of November 18, 2019.

Mr. McCloskey reviewed the Kentucky Agricultural Development Fund Cash Flow (*on file*) as of November 18, 2019.

Mr. McCloskey reviewed Kentucky Agricultural Development Fund County Balances (*on file*) as of November 26, 2019.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of November 30, 2019.

K AFC Statement of Financial Position	
As of November 30, 2019	
Assets	
Cash K AFC Accounts	\$ 15,314,032
Loan Payments Due K AFC	
Category A	\$ 72,371,696
Category B	\$ 813,900 (Foothills, Monroe, Weekly Juicery, Ellis & Bevins)
Category C	\$ 0
	\$ 73,185,596
Total Assets	\$ 88,499,628
Liabilities	
K AFC loans approved not closed	\$ 10,992,929
Principal Outstanding	\$ 73,185,596
Total Liabilities	\$ 84,178,525
Unobligated Assets	\$ 4,321,103
Total Liabilities & Unobligated Assets	\$ 88,499,628

Mr. Brady moved to accept the K AFC financial report; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

Agricultural Infrastructure Loan Program (AILP)

AF19-0125 Grant, Nathan (Nathan Grant Farms, LLC)

Applicants requesting \$45,000 for the construction of a grain bin in Daviess County. Independence Bank in Owensboro, KY is the participating lender.

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

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

Agricultural Processing Loan Program (APLP)

AF19-0108 Bryant, Robert (Best Buds Botanicals)

Applicants requesting \$150,000 for the purchase of hemp processing equipment in Barren County. South Central Bank in Glasgow, KY is the participating lender.

Referred to Loan Review Committee.

Mr. Noe, representing the Loan Review Committee, moved to approve the loan with the condition that the applicant would need to pledge additional collateral to get to an 85% C/LV, with a 25% discount on equipment. In addition, co-applicants must sign personal guarantees and provide personal balance sheets; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF19-0106 Layton, Hank

Applicant is requesting \$200,000 for the purchase of 185 acres in Metcalfe 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 and KAFC funds, with C/LV no greater than 100%.

Mr. Jagers made a motion to approve the staff recommendations, as presented; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0121 Anderson, Jesse (Jesse Anderson Farms, LLC)

Applicants are requesting \$250,000 for the construction of two (2) Pilgrim's Pride breeder barns in Carlisle County. Citizens Deposit Bank in Bardwell, KY is the participating lender.

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

Mr. Penn made a motion to approve the staff recommendations, as presented; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0122 Vernon, Jacob

Applicant is requesting \$92,500 for the purchase of 65 acres in Allen 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 and KAFC funds, with C/LV no greater than 100%.

Dr. Burdine made a motion to approve the staff recommendations, as presented; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0123 Decker, Melissa

Applicants are requesting \$63,750 for the purchase of 61 acres in Pendleton County. Farm Credit Mid-America in Lexington, KY is the participating lender.

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

Mr. Hunt made a motion to approve the staff recommendations, as presented; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0124 Treas, Mary

Applicants are requesting \$250,000 for the purchase of ten (10) acres and twenty (20) acres with four (4) Tyson broiler barns in Graves County. The Citizens Bank of Hickman in Hickman, KY is the participating lender.

Referred to Loan Review Committee.

Mr. Noe, representing the Loan Review Committee, made a motion to approve contingent upon the approval and obligation of a 90% FSA guarantee on The Citizens Bank and KAFC funds, with C/LV no greater than 100%. In addition, the applicant must do the following; 1). Utilize the services of the University of Kentucky Farm Records Analysis; 2). Pay all outstanding collections reported by the credit bureau; 3). Utilize KCARD or similar vendor to develop a business plan; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0126 Dame, Wesley

Applicant is requesting \$90,976 for the purchase of 67 acres in Hopkins County. Independence Bank in Livermore, KY is the participating lender.

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

Mr. Jagers made a motion to approve the staff recommendations, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0127 Woods, Derrick

Applicant is requesting \$154,375 for the purchase of 80 acres in Harrison County. Central Kentucky ACA in Paris, KY is the participating lender.

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

Mr. Penn made a motion to approve the staff recommendations, as presented; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0128 Devries, Desiree

Applicant is requesting \$150,000 for the purchase of 14 acres in Woodford County. Farm Credit Mid-America in Lexington, KY is the participating lender.

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

Mr. Hunt made a motion to approve the staff recommendations, as presented; Mr. Noe seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0129 Mefford, William B.

Applicants are requesting \$142,500 for the purchase of 117 acres in Scott County. Central Kentucky ACA in Lexington, KY is the participating lender.

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

Mr. Brady made a motion to approve the staff recommendations, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0130 Hawes, Jonathan

Applicants are requesting \$122,400 for the purchase of 97 acres in Green County. First & Farmers National Bank in Colombia, KY is the participating lender.

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

Ms. Amburgey made a motion to approve the staff recommendations, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0131 Carrillo, Humberto

Applicants are requesting \$250,000 for the purchase of 142 acres with two (2) Pilgrim's Pride breeder barns in Graves County. Community Financial Bank Services in Mayfield, KY is the participating lender.

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

Mr. Noe made a motion to approve the staff recommendations, as presented; Ms. Amburgey seconded the motion.

VOTE: Motion Passed; Unanimous

AF19-0132 Allen, Kelly

Applicants are requesting \$109,500 for the purchase of 41 acres in Marshall County. Community Financial Services Bank in Mayfield, KY is the participating lender.

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

Ms. Amburgey made a motion to approve the staff recommendations, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous

Old Business:

Extensions/Modifications

AF15-0010 Smith, David "Brent"

This request is for the board to re-amortize his existing KAFC debt back to a fifteen (15) year term with a twenty-five (25) year amortization.

Loan Review Committee recommends approval.

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

VOTE: Motion Passed; Unanimous.

AF19-0039 Ebelhar, Scott

This request is for a sixty (60) day extension to allow adequate time for the loan to be closed. The new expiration date will be February 12, 2020.

Staff recommends approval.

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

VOTE: Motion Passed; Unanimous.

Loan Review Committee

Meeting Minutes



Meeting Date:	December 13, 2019
Meeting Location:	Franklin County Extension Office, Frankfort, KY Room C
Meeting Chair:	Jonathan Noe
Attendees:	Wayne Hunt, Kenny Burdine, John McCauley, Jonathan Noe, John Brady, Larry Jagers Staff: Shelby Wade, Ali Hulett, Bill McCloskey, Warren Beeler, Rob Goff Guests: Todd Lockett, Owen Lambert
Minutes Issued By:	Ali Hulett, Loan Programs Manager
Meeting Call to Order:	9:05 AM
Meeting Adjourned:	10:20 AM

Agenda Items:
<p>Old Business</p> <ol style="list-style-type: none"> 1. Review of AF15-0010—Smith, David B. <ol style="list-style-type: none"> a. On behalf of Mr. Smith, the loan officer requested re-amortization of existing KAFC debt due to yearly flock decrease. b. Recommend approval. <p>New Business</p> <ol style="list-style-type: none"> 2. Review of AF19-0124—Treas, Mary <ol style="list-style-type: none"> a. Discussion of credit score concerns. b. Recommend approval, contingent upon approval and obligation of 90% FSA guarantee, financial analysis from UK Farm Business Analysis, documentation that all debt collections are paid, and a business plan from Kentucky Center for Ag and Rural Development or a similar third party. 3. Review of AF19-0108—Best Buds Botanicals <ol style="list-style-type: none"> c. Discussion of cash flow and business plan concerns. d. Recommend approval, contingent upon the applicant pledging additional collateral to get to 85% loan to appraised value, based on putting a 25% discount on all equipment. In addition, receive a personal guaranty on Dr. Miller and a balance sheet on all guarantors.

AF18-0090 Wood, Cory

This request is for a six (6) month extension to allow time for construction to be completed. The new expiration date will be July 13, 2020.

Approved by Operations Committee.

AF19-0103 Cash, Nicholas

This request is for a three (3) month extension to allow time for FSA documentation to be finalized. The new expiration date would be March 20, 2020.

Approved by Operations Committee.

AF18-0065 Goode, Greg

This request is for a sixty (60) day extension to allow time for documentation to be finalized. The new expiration date will be January 11, 2020.

Approved by Operations Committee.

Closing Remarks

Mr. McCauley informed the board that the next meeting would be on January 10, 2020 at the Franklin County Extension Office.

Adjournment

Mr. McCauley entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:21 a.m. (EST)

APPROVED DATE: 1-10-2020

PRESIDING OFFICER: [Signature]

BOARDS COORDINATOR: [Signature]

Tracey Park