

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the December 5, 2014 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
Galt House Hotel
Louisville, Kentucky
December 5, 2014**

Call to Order

Steve Kelly, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 1:07 p.m. (EST).

Roll Call

The following members were present: George Begley; Dr. Kenneth Burdine; Wayne Hunt; Larry Jagers; Aaron Miller; Frank Penn; Linda Rumpke; Tom Midkiff (designee for Secretary Lori Flanery); and Steve Kelly (designee for Commissioner James R. Comer).

Members absent: Westy Adams, Doug Lawson, Frank McAninch

Notification of Media

Mr. Kelly received verification from Angela Blank, Director of Public Affairs/Public Relations that the media had been notified of the KAFC board meeting.

Welcome

Mr. Kelly welcomed everyone to the meeting.

Approval of Minutes

Mr. Kelly entertained a motion to approve the minutes of the October 17, 2014 KAFC board meeting.

Mr. Midkiff moved to approve the minutes, as presented; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous

Executive Director's Report

Mr. Kelly yielded the floor to Roger Thomas, Executive Director, Governor's Office of Agricultural Policy (GOAP) to give his report to the board.

Mr. Thomas updated the board regarding GOAP staff changes. Biff Baker, Project Manager, will begin working part-time at the beginning of 2014. Dr. Luther Hughes has been hired and will be working to assist Mr. Baker. Dr. Hughes is a retired university administrator who spent much of his career as the head of Western Kentucky University's Department of Agriculture.

Mr. Thomas reported to the board that Angela Blank and Sandra Gardner are taking on new roles at the Governor's Office of Agricultural Policy. Ms. Gardner is now the GOAP Director of Compliance and Outreach. Ms. Blank is now the GOAP Director of Public Affairs/Public Relations.

Mr. Thomas informed the board that the Kentucky Agricultural Development Board (KADB) voted at its November meeting to allow GOAP to hire a new staff member charged with the coordination of Kentucky agricultural exports.

Mr. Thomas updated the board on a study to be conducted in 2015 by the University of Kentucky evaluating the impact of KADB and KAFC investments on Kentucky agriculture.

Director of Financial Services Report

Mr. Kelly called on Bill McCloskey, Director of Financial Services, to give his report to the board.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (on file with the Board Coordinator) as of November 30, 2014

KAFC Statement of Financial Position	
As of November 30, 2014	
Assets	
Cash KAFC Accounts	\$ 13,354,914
Loan Payments Due KAFC	
Category A	\$ 35,186,249
Category B	\$ 168,314
Category C	\$ -
	\$ 35,354,563
Total Assets	\$ 48,709,476
Liabilities	
KAFC loans approved not closed	\$ 6,751,022
Loans Outstanding	\$ 35,354,563
Total Liabilities	\$ 42,105,585
Unobligated Assets	\$ 6,603,892
Total Liabilities & Unobligated Assets	\$ 48,709,476

Mr. Kelly entertained a motion to approve the KAFC Statement of Financial Position.

Mr. Midkiff moved to approve the KAFC Statement of Financial Position; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

Agricultural Infrastructure Loan Program (AILP)

AF14-0092 Patterson, Jason and Tonya

Applicants requested \$150,000 for the construction of four broiler houses in Green County. Farm Credit Mid-America in Campbellsville, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF14-0093 Jones, Ethan and Michelle

Applicants requested \$45,000 for the purchase and installation of a grain bin and installation of tile drainage system in Lincoln County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

This loan was approved by staff on 11/24/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF14-0095 Rattner, Daniel and Martha

Applicants requested \$100,000 for the renovation and construction of equine facilities in Scott County. Farm Credit Mid-America in Lexington, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF14-0091 Hopkins, Brian

Applicant requested \$250,000 for the purchase of four broiler houses on 10 acres in Hickman County. River Valley AgCredit in Clinton, Kentucky is the participating lender.

Staff recommended loan approval, contingent on FSA approval and obligation of funds.

Mr. Hunt moved to approve the staff recommendation, as presented, pending fund availability; after discussion Mr. Hunt withdrew his motion.

Ms. Rumpke moved to table the application and refer it to the Loan Committee for evaluation; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF14-0094 Lockman, Aaron and Sabrina

Applicants requested \$50,000 for the purchase of 47 acres in Scott County. Central Kentucky ACA in Lexington, Kentucky is the participating lender.

Staff recommended loan approval, contingent on FSA approval and obligation of funds.

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

VOTE: Motion Passed; Unanimous.

AF14-0096 Boaz, Greg and Amy

Applicants requested \$250,000 for the purchase and upgrading of four Pilgrim's Pride barns in Hickman County. First Community Bank of Western Kentucky in Clinton, Kentucky is the participating lender.

Staff recommended loan approval, contingent on FSA approval and obligation of funds.

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

VOTE: Motion Passed; Unanimous.

AF14-0097 Thomas, Mark

Applicant requested \$250,000 for the purchase of 120 acres with improvements in Hardin County. Central Kentucky ACA in Lexington, Kentucky is the participating lender.

Staff recommended loan approval, contingent on C/LV being no worse than 85%.

Ms. Rumpke moved to approve the staff recommendation, as presented, pending fund availability; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

AF14-0099 Ranes, Barrett and Abby

Applicants requested \$50,000 for the purchase of 23 acres in Webster County. Independence Bank in Sebree, Kentucky is the participating lender.

Staff recommended loan approval, contingent personal guarantee of parents or securing additional collateral so that C/LV will be no worse than 85%.

Mr. Hunt moved to approve the staff recommendation, as presented, pending fund availability; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business

AF14-0055 Miller, Henry

Mr. McCloskey presented a memorandum (on file with the Boards Coordinator) regarding the above referenced loan. The loan officer requested an amended approval on the behalf of Mr. Miller to negate the FSA guarantee requirement. FSA would not accept the certified appraisals supplied by Farm Credit on the behalf of Mr. Miller and concluded that their own appraisals would need to be conducted in order for Mr. Miller to receive his \$600,000 in direct loans and his 90% guarantee; they noted this could take 30-60 days to complete. Mr. Miller is in jeopardy of losing the property, and his Cobb contract, if he does not secure financing within the next couple of weeks. Mr. Miller's father-in-law, Abe Miller has agreed to cosign/guarantee the project cost in lieu of the FSA guarantee.

Given the extenuating circumstances that have transpired since initial approval and the proposed loan restructure, staff recommends approval of this request, contingent upon the personal guarantee of Mr. Abe Miller in the amount of \$1,765,000 for the life of the loan.

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

VOTE: Motion Passed; Unanimous.

AF14-0087 Wilson, James

Mr. McCloskey presented a memorandum (on file with the Boards Coordinator) regarding the above referenced loan. The loan officer requested an amended approval on the behalf of Mr. Wilson to negate the FSA guarantee requirement. Since the time of initial application, the applicant and Lender worked with Perdue to obtain an in-house guarantee provided by Perdue. This avenue was less expensive and less time consuming then pursuing the FSA guarantee.

Upon review of the Perdue guarantee, staff is satisfied with the proposal and recommends approving this request.

Mr. Jagers moved to approve the staff recommendation; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

AF13-0011 Tackett, Amos

Mr. McCloskey presented a memorandum (on file with the Board Secretary) regarding the above referenced loan. The loan officer requested a 3 month extension on behalf of Mr. Tackett. Loan closings have been delayed due to unforeseen construction issues, changes in facility plans, ongoing contractor difficulties, and FSA funding. This extension will allow adequate time for all issues to be resolved and closing completed. The new expiration date would be April 5, 2015. This is the 4th extension request for this applicant.

Staff recommends approval of this request.

Mr. Midkiff moved to approve the staff recommendation; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous.

Extensions

AF14-0065 Pobst, David
AF14-0073 Janes, Michael

No action necessary.

Paid in Full

AF06-0081 Williams, Todd
AF10-0022 Heatherly, F. Gabe
AF13-0056 Wade, Bruce

No action necessary.

Withdrawn

AF14-0098 Smith, Richard

No action necessary.

Closing Remarks

Mr. Kelly announced that the Loan Committee (Rumpke, Hunt, Burdine, Jagers, and Lawson) would meet immediately following the adjournment of the KAFC board meeting.

Mr. Thomas stated that the next KAFC Board meeting will be Friday, January 9, 2015 at the Transportation Cabinet Office Building, 200 Mero Street, Room C-109, in Frankfort. The meeting will convene at 10:00 a.m. EST.

Adjournment

Ms. Rumpke moved to adjourn the KAFC board meeting; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous

The KAFC board meeting adjourned at 2:20 p.m. (EST).

APPROVED DATE: 1/9/15

PRESIDING OFFICER: *Steve Kelly*
~~James R. Comer, Commissioner of Agriculture~~
Steve Kelly

BOARD SECRETARY: *Ray Arnold*
Ray Arnold, Boards Coordinator