

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the December 4, 2015 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 4, 2015**

**Call to Order**

Commissioner James Comer, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:05 a.m. (EST)

**Roll Call**

The following members were present: Aaron Miller, Wayne Hunt, George Begley, Doug Lawson, Dr. Kenneth Burdine, Larry Jaggars, Frank Penn, John Brady (designee for Secretary Lori Flanery,) and Commissioner James Comer.

Members absent: Westy Adams, Frank McAninch, and Linda Rumpke.

**Notification of Media**

Commissioner Comer received verification from Beth Herbert, GOAP Loan Programs Coordinator, that the media had been notified of the KAFC board meeting.

**Welcome**

Commissioner Comer welcomed everyone to the meeting.

Commissioner Comer stated that Commissioner-Elect Ryan Quarels will take office on January 4, 2016 and outlined the transition process.

Commissioner Comer recognized the success of the 2015 North American International Livestock Exposition held at the Kentucky Exposition Center.

**Approval of Minutes**

Commissioner Comer entertained a motion to approve the minutes of the November 6, 2015 KAFC board meeting.

Mr. Jaggars moved to approve the minutes, as presented; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

**Executive Director's Report**

Commissioner yielded the floor to Joel Neaveill, GOAP Chief of Staff, to report to the board.

Mr. Neaveill reported that Roger Thomas was unable to attend the meeting and that Monday, December 7, 2015 would be his last day as GOAP Executive Director.

Mr. Neaveill recognized Mr. Thomas' leadership and successful record of growing Kentucky agriculture during the Beshear Administration.

**Director of Financial Services Report**

Commissioner Comer called on Bill McCloskey, GOAP Director of Financial Services, to give his report to the board.

Mr. McCloskey reviewed the K AFC Statement of Financial Position *(on file with the Boards Coordinator)* as of November 30, 2015.

<b>K AFC Statement of Financial Position</b>	
<b>As of November 30, 2015</b>	
<b>Assets</b>	
Cash K AFC Accounts	\$ 15,791,072
Loan Payments Due K AFC	
Category A	\$ 38,778,429
Category B	\$ 703,594
Category C	\$
	\$ 39,482,023
<b>Total Assets</b>	<b>\$ 55,273,095</b>
<b>Liabilities</b>	
K AFC loans approved not closed	\$ 8,515,720
Loans Outstanding	\$ 39,482,023
<b>Total Liabilities</b>	<b>\$ 47,997,743</b>
<b>Unobligated Assets</b>	<b>\$ 7,275,352</b>
<b>Total Liabilities &amp; Unobligated Assets</b>	<b>\$ 55,273,095</b>

Mr. McCloskey updated the board on the status of Category B Loans. *(Handout on file with the Boards Coordinator)*

Mr. McCloskey outlined advertising efforts to increase participation from the Eastern Kentucky region in K AFC loan programs.

Commissioner Comer entertained a motion to approve the K AFC Statement of Financial Position.

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

VOTE: Motion Passed; Unanimous.

**CEDIK KADF Impact Study Report**

Commissioner Comer yielded the floor to Mr. Neaveill to outline the findings of a study entitled "An Evaluation of Agricultural Development Board Investments in Kentucky Agriculture 2007-2014" conducted by the University of Kentucky College of Agriculture, Food, and Environment's Community Economic Development Initiative of Kentucky (CEDIK.) *(Executive Summary on file with the Board Coordinator)*

**University of Kentucky Agricultural Situation and Outlook**

Commissioner Comer yielded the floor to Dr. Burdine to present to the board a summary of the University of Kentucky College of Agriculture, Food, and Environment's 2015-2016 Kentucky Agricultural Economic Situation and Outlook. *(Handout on file with the Boards Coordinator)*

**Loan Review Committee Report**

Commissioner Comer yielded the floor to Mr. Lawson to give the Loan Review Committee Report.

Mr. Lawson stated the Loan Review Committee met earlier in the morning to discuss the following loans:

**AF15-0101 Custom Food Holdings, LLC**

Applicants requested \$750,000 for improvements to an existing processing facility located in Jefferson County, and to purchase additional equipment. The note would be originated by KAFC and secured by real estate with improvements, as described in the application. *(On file with the Boards Coordinator)*

The Loan Review Committee recommended denying the loan application because the request, as presented, was a refinance, which is ineligible under all KAFC loan programs.

**AF15-0075            Lemberger, Audrey and Anthony**

Applicant requested \$65,000 for the purchase of 68.68 acres in Trimble County. PBI Bank, Inc. in Eminence, Kentucky is the participating lender.

The Loan Review Committee recommended denying the loan application because the scope of the project did not meet the intent of the loan program, underdeveloped business plan, and limited collateral position with no offsetting strengths.

**AF13-0066            Bickett, John and Brent**

Applicants requested an amendment allowing the transfer of existing loan balance, held by the originating lender, Sacramento Deposit Bank, to Independence Bank in Livermore, Kentucky. *(Amendment request memo on file with the Boards Coordinator)*

The Loan Review Committee recommended pending the amendment request and referring it to the Guidelines Committee for further review.

After discussion, Mr. Lawson moved to approve the committee recommendations for AF15-101, AF15-0075, and AF13-0066; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

**New Business**

**Agricultural Infrastructure Loan Program (AILP)**

**AF15-0085            Graves, Timothy and Lori**

Applicants requested \$37,500 for the construction of a barn and feed bins in Washington County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

The loan was approved by staff on 11/24/2015 based upon the loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

**AF15-0086            Howard, Nolan**

Applicant requested \$55,000 for the installation of a subsurface drainage system in McLean County. Sacramento Deposit Bank in Sacramento, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0088            Meredith, John and Lori**

Applicants requested \$100,000 for the construction of a Perdue breeder barn in Edmonson County. Farm Credit Mid-America in Bowling Green, Kentucky is the participating lender.

Staff recommended loan approval, contingent on the approval and obligation of a Perdue guarantee.

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

VOTE: Motion Passed; Unanimous.

**AF15-0096 Johnson, Charles and Angela**

Applicants requested \$150,000 for the construction of two Purdue breeder barns in Warren County. Farm Credit Mid-America in Bowling Green, Kentucky is the participating lender.

Staff recommended loan approval, contingent on the approval and obligation of a Perdue guarantee on the FCMA and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

**AF15-0100 Howard, Nolan**

Applicant requested \$25,000 for the construction of a farm shop in McLean County. Sacramento Deposit Bank in Sacramento, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**Beginning Farmer Loan Program (BFLP)**

**AF15-0087 Walker, Jarod and Jericha**

Applicants requested \$97,750 for the purchase of 50 acres with improvements at auction in Harrison County. Farm Credit Mid-America in Lexington, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0089 Kauffman, Kore and Linda**

Applicants requested \$225,000 for the purchase of 47 acres with 2 poultry barns and other improvements in Graves County. FNB Bank, Inc. in Mayfield, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0090 Myers, Colby**

Applicant requested \$102,500 for the purchase of 85 acres with improvements in Mercer County. Central Kentucky ACA in Danville, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0091 Mehr, Joseph and Nicole**

Applicants requested \$94,000 for the purchase of a lot and construction of a marketing facility for produce in Calloway County. First Community Bank of the Heartland in Clinton, Kentucky is the participating lender.

Staff recommended loan approval contingent on KAFC funds not to exceed 50% of the eligible project cost or \$94,000, whichever is less.

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

VOTE: Motion Passed; Unanimous.

**AF15-0092 Robinson, John and Nina**

Applicants requested \$108,229 for the purchase of 147 acres with improvements in Mercer County. Farm Credit Mid-America in Danville, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0093 Kamuf, Kyle**

Applicant requested \$210,000 for the purchase of 54 acres in McLean County. Independence Bank in Owensboro, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0094 Neal, Willie and Kelly**

Applicants requested \$250,000 for the purchase of 10.93 acres with four Perdue broiler houses in McLean County. Sacramento Deposit Bank in Sacramento, Kentucky is the participating lender.

Staff recommended loan approval contingent on CL/V being no worse than 100% and the approval, and obligation, of a 90% FSA guarantee on SDB and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

**AF15-0095 Cambron, Michael**

Applicant requested \$144,750 for the purchase of 55 acres in Washington County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0098 Mattingly, Brandon**

Applicant requested \$86,445 for the purchase of 67.24 acres in Marion County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0099 Watts, William and Courtney**

Applicants requested \$62,000 for the purchase of 55 acres in Lincoln County. Farm Credit Mid-America in Somerset, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)**

**AF15-0097 Scott, Joshua and Megan**

Applicants requested \$60,000 for the purchase of equipment and working capital for a start-up tiling operation in Webster County. Sacramento Deposit Bank in Sacramento, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**Old Business**

**Extension Requests**

**AF14-0008 House, Justin**

Mr. McCloskey presented a memorandum (*on file with the Boards Coordinator*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow additional time for invoices to be paid and permanent financing to be put in place. The new expiration date would be March 7, 2016. This was the fifth extension request for this loan.

Staff recommended approving the request.

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

VOTE: Motion Passed; Unanimous.

**AF14-0095 Rattner, Daniel**

Mr. McCloskey presented a memorandum *(on file with the Boards Coordinator)* regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for construction to be completed and the loan to be closed and disbursed. The new expiration date would be March 5, 2016.

Staff recommended approving the request.

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

VOTE: Motion Passed; Unanimous.

**AF15-0059 Quarles, Clinton**

Mr. McCloskey presented a memorandum *(on file with the Boards Coordinator)* regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for the negotiations on the purchase price to be finalized and the closing to be completed. The original contingency with regard to the L/V will remain in place. The new expiration date would be March 5, 2016. This was the second extension request for this loan.

Staff recommended approving the request.

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

VOTE: Motion Passed; Unanimous.

**Paid in Full**

AF06-0015 Henning, Charles  
AF13-0002 Detre, Jason

No action necessary.

**Withdrawn Application**

AF15-0068 Leveronne, Travis

No action necessary.

**Closing Remarks**

Commissioner Comer stated that the next K AFC Board meeting will be Friday, January 8, 2016 at 10:00 a.m. (EST) at the Transportation Cabinet Office Building in Frankfort, Kentucky.

**Adjournment**

Commissioner Comer entertained a motion to adjourn.

Mr. Jagers moved to adjourn the K AFC board meeting; Mr. Brady seconded the motion.

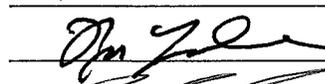
VOTE: Motion Passed; Unanimous.

The K AFC board meeting adjourned at 11:35 p.m. (EST).

APPROVED DATE:

1-8-16

PRESIDING OFFICER:



BOARD SECRETARY:

