

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the May 13, 2016 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  
Transportation Cabinet Office Building  
Frankfort, Kentucky  
May 13, 2016**

**Call to Order**

Commissioner Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:04 a.m. (EDT)

**Roll Call**

The following members were present: Westy Adams, George Begley, Commissioner Ryan Quarles, John Brady (designee for Secretary William M. Landrum III), Dr. Kenny Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank McAninch, Aaron Miller and Frank Penn.

Members absent: Linda Rumpke

**Notification of Media**

Commissioner Quarles received verification from Emily Milam, GOAP Public Relations Officer, that the media had been notified of the KAFC board meeting.

**Welcome**

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles wished a Happy Birthday to board member Wayne Hunt.

Commissioner Quarles discussed the Kentucky Department of Agriculture (KDA) budget and the department's plan going forward.

Commissioner Quarles discussed KDA's involvement in the Kentucky Derby.

Commissioner Quarles updated the board on new initiatives being implemented by KDA.

Commissioner Quarles outlined the activity of himself and KDA since the April KAFC board meeting.

**Approval of Minutes**

Commissioner Quarles entertained a motion to approve the minutes of the April 8, 2016 KAFC board meeting.

Mr. Adams moved to approve the minutes, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

**Executive Director's Report**

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

Mr. Beeler updated the board on the legislative budget.

Mr. Beeler updated the board regarding the activity of himself since the April 8, 2016 KAFC board meeting.

**Deputy Executive Director's Report**

Commissioner Quarles yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey referenced the Kentucky Farm Bureau article highlighting KAFC board member, Frank Penn, and thanked him for mentioning the Kentucky Agricultural Development Fund in the interview.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (*on file*) as of April 30, 2016.

<b>KAFC Statement of Financial Position</b>	
<b>As of April 30, 2016</b>	
<b>Assets</b>	
Cash KAFC Accounts	\$ 11,868,914
Loan Payments Due KAFC	
Category A	\$ 42,960,972
Category B	\$ 785,950
Category C	\$
	\$ 43,746,922
<b>Total Assets</b>	<b>\$ 55,615,836</b>
<b>Liabilities</b>	
KAFC loans approved not closed	\$ 7,932,199
Loans Outstanding	\$ 43,746,922
<b>Total Liabilities</b>	<b>\$ 51,679,121</b>
<b>Unobligated Assets</b>	<b>\$ 3,936,715</b>
<b>Total Liabilities &amp; Unobligated Assets</b>	<b>\$ 55,615,836</b>

Mr. Penn moved to approve the KAFC Statement of Financial Position; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of May 2, 2016.

**Central Hardin High School FFA Agriculture Issues Team Presentation (*on file*)**

Commissioner Quarles yielded the floor to Beth Herbert, KAFC Loan Program Manager, to introduce the Central Hardin FFA Agricultural Issues Team and their advisor.

Magan Bishop, Central Hardin FFA Advisor, thanked the board for allowing the students to present.

Ms. Bishop explained the agricultural issues contest and where the students will be competing.

The Central Hardin FFA Ag Issues team presented the positives and negatives of antibiotic usage in livestock.

The students presenting were Mattie Mink, Mason Goodin, Calie Condiff, Keri Hodges, Shelby Sandford and Gregory Bond.

**Guidelines Review Committee**

Commissioner Quarles called on Wayne Hunt to give the Guidelines Review Committee report to the board.

Mr. Hunt reported that the Guidelines Committee met at 9:00 a.m. (EDT) in the downstairs conference room of the Governor's Office of Agricultural Policy to discuss KAFC Refund Policy.

Mr. Hunt presented a policy proposal, *(on file)* regarding a KAFC Refund Policy, recommended to the board for adoption by the Guidelines Committee.

Mr. Hunt moved to approve the KAFC Refund Policy, as presented, Mr. McAninch seconded the motion.

VOTE: Motion passed; Unanimous

**Loan Review Committee**

Commissioner Quarles called on Doug Lawson to give the Loan Review Committee report to the board.

Mr. Lawson reported that the Loan Review Committee met immediately following the Guidelines Review Committee in the downstairs conference room of the Governor's Office of Agricultural to discuss the following loans:

**AF16-0042            Peterson Grain & Equipment, Inc.**

Applicants requested \$650,000 for the construction of grain storage facilities in Marion County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

The Loan Review Committee recommended loan approval, contingent on a maximum 10 year term on KAFC funds and the execution of a negative covenant agreement which stipulates that the grain facility shall continue to provide a value-added service to other producers, as depicted in the application, throughout the duration of the KAFC loan term. If at any point the facilities become utilized for the sole benefit of the applicants, the KAFC loan balance and all accrued interest must be repaid immediately.

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

VOTE: Motion passed; Unanimous

Mr. McCloskey introduced Bernard Peterson of Peterson Grain & Equipment, Inc, Richard Medley, loan officer with Central Kentucky ACA and Paul Wyler, Regional Vice President of Credit with Central Kentucky ACA.

**AF16-0033            Askew, John**

Applicant requested \$50,000 for the purchase of 20 shares of Laurindale Farms, Inc. in Christian County. Planters Bank in Hopkinsville, Kentucky is the participating lender.

The Loan Review Committee recommended loan approval.

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

VOTE: Motion passed; Wayne Hunt abstained.

**New Business**

**Agricultural Infrastructure Loan Program (AILP)**

**AF16-0034            Tanner, Franklin**

Applicant requested \$150,000 for the construction of two Tyson breeder houses in McLean County Independence Bank in Livermore, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**Agricultural Processing Loan Program (AILP)**

**AF16-0041            Caudill Seed**

Application pended; no action necessary.

**Beginning Farmer Loan Program (BFLP)**

**AF16-0035            Langley, Bruce**

Applicant requested \$250,000 for the purchase of 349.62 acre farm in Shelby County. Farm Credit Mid-America in Shelbyville, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Aaron Miller abstained

**AF16-0036            Neufeld, Wilhelm**

Applicant requested \$60,000 for the purchase of 80 acres with five Tyson broiler barns in Graves County. River Valley Ag Credit in Clinton, Kentucky is the participating lender.

Staff recommended loan approval, contingent on the applicant providing documentation of Kentucky residency and the approval and obligation of a 90% FSA guarantee on RVACA and KAFC funds. CL/V shall not exceed 100%.

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

VOTE: Motion Passed; Unanimous.

**AF16-0037            Neufeld, Wilhelm**

Applicant requested \$190,000 for the purchase of 80 acres with five Tyson broiler barns in Graves County. River Valley Ag Credit in Clinton, Kentucky is the participating lender.

Staff recommended loan approval, contingent on the applicant providing documentation of Kentucky residency and the approval and obligation of a 90% FSA guarantee on RVACA and KAFC funds. CL/V shall not exceed 100%.

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

VOTE: Motion Passed; Unanimous.

**AF16-0038            Gross, Bryant**

Application pended; no action necessary.

**AF16-0039 Abrams, Kenton**

Applicants requested \$187,500 for the purchase of 94.05 acres for nursery production in Trimble County. Farm Credit Mid-America in Shelbyville, Kentucky is the participating lender.

Staff recommended loan approval, contingent on CL/V being no worse than 90%.

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

VOTE: Motion Passed; Aaron Miller abstained

**AF16-0040 Beasley, Benjamin**

Applicant requested \$250,000 for construction of four Pilgrims Pride mega broiler barns in Carlisle County. River Valley Ag Credit in Clinton, Kentucky is the participating lender.

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

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

VOTE: Motion Passed; Unanimous

**AF16-0043 Taylor, William**

Applicant requested \$120,000 for the purchase of 100 acres in Henry County. Citizens Union Bank in Shelbyville, 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

**AF16-0044 Putty, Donald**

Applicant requested \$250,000 for the purchase of 75 acres with eight Tyson broiler barns in Hopkins 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 90% FSA guaranteed on FCMA and KAFC funds.

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

VOTE: Motion Passed; Unanimous

**Old Business**

**Extension Request**

**AF15-0029 Scott, Coty Michael**

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to ensure adequate time for the final invoice to be paid, first flock to rotate out and permanent financing in place. The new expiration date would be August 8, 2016. This was the first extension request for this loan.

The extension was approved by the Operations Committee on May 2, 2016.

No action necessary.

**Paid in Full**

AF06-0013      Howell, Eric  
AF08-0053      Davis, William  
AF09-0031      McCain, Michael

No action necessary.

**Closing Remarks**

Commissioner Quarles stated that the next KAFB Board meeting will be Friday, June 10, 2016 at 10:00 a.m. (EDT) at the Kentucky Transportation Cabinet Office Building in Frankfort, Kentucky in room C109.

**Adjournment**

Commissioner Quarles entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFB board meeting adjourned at 11:38 a.m. (EDT).

APPROVED DATE:

PRESIDING OFFICER:

GOAP REPRESENTATIVE:

6/10/16  
Angela Blank  
Hannal J. J.