

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the June 10, 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
June 10, 2016**

Call to Order

Angela Blank, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFCC) regular business meeting to order at 10:03 a.m. (EDT).

Roll Call

The following members were present: Westy Adams, Kenneth Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Aaron Miller, Frank Penn, John Brady (designee for Secretary William M. Landrum III), Angela Blank (designee for Commissioner Ryan Quarles).

Members absent: George Begley, Frank McAninch and Linda Rumpke

Notification of Media

Ms. Blank received verification from Emily Milam, GOAP Public Relations Officer, that the media had been notified of the KAFCC board meeting.

Welcome

Ms. Blank welcomed everyone to the meeting.

Ms. Blank recognized Kyle Kelly and three interns from the Kentucky Department of Agriculture (KDA): Ruth Ann Myers, Dillon Harper and Cramer Schneider.

Ms. Blank outlined the activity of Commissioner Ryan Quarles and KDA since the May KAFCC board meeting.

Approval of Minutes

Ms. Blank entertained a motion to approve the minutes of the May 13, 2016 KAFCC board meeting.

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

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Ms. Blank yielded the floor to Warren Beeler, GOAP Executive Director, to report to the board.

Mr. Beeler introduced and yielded the floor to former Senator Joey Pendleton.

Sen. Pendleton expressed his appreciation of the KAFCC board and is proud of the impact the revolving loan fund is making.

Mr. Beeler introduced Hannah Forte, the new Boards Coordinator at GOAP.

Mr. Beeler updated the board on his activity since the May 13, 2016 K AFC board meeting, including speaking at the 2016 State FFA Convention.

Mr. Beeler yielded the floor to Beth Herbert, K AFC Loan Program Manager, who recognized Central Hardin County High School Ag Issues Team, who presented to the K AFC board last month, for winning at the State FFA Convention.

Deputy Executive Director's Report

Ms. Blank yielded the floor to Bill McCloskey, GOAP Deputy Executive Director, to report to the board.

Mr. McCloskey referenced the KY Agricultural Development Board State Pool Tobacco Funds (*on file*) as of June 3, 2016.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (*on file*) as of May 31, 2016.

Mr. McCloskey referenced the Quarterly Delinquency Report (*on file*) as of June 1, 2016.

K AFC Statement of Financial Position		
As of May 31, 2016		
Assets		
Cash K AFC Accounts		\$ 12,106,426
Loan Payments Due K AFC		
Category A	\$ 42,836,820	
Category B	\$ 785,950	
Category C	\$	
		\$ 43,622,770
Total Assets		\$ 55,729,196
Liabilities		
K AFC loans approved not closed		\$ 9,248,142
Loans Outstanding		\$ 43,622,770
Total Liabilities		\$ 52,870,911
Unobligated Assets		\$ 2,858,285
Total Liabilities & Unobligated Assets		\$ 55,729,196

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

VOTE: Motion Passed; Unanimous.

Mr. McCloskey referenced the Executive Summary of the UK Study (*on file*) that will be discussed at the joint meeting in July.

Mr. McCloskey updated the board on the change of location for the August 12th K AFC meeting to the Franklin County Extension Office.

Mr. McCloskey propositioned the board on changing the October K AFC meeting from the second Friday to the first Friday in order to participate in University of Kentucky's 2016 Ag Round Up.

Presentation

Ms. Blank yielded the floor to Ms. Herbert to introduce the following representatives from Handsome Brook Farm: Brock Turner, Director of Live Operations; Craig Landa, Director of New Farm Development; Matt Turley, Kentucky Field Representative; and Alex Mercuri, Pullet Operations Manager.

Mr. Turner presented to the board. (*on file*)

Ms. Blank opened the floor for comments and questions.

Ms. Blank thanked the Handsome Brook Farm representatives for their presentation.

Loan Review Committee

Ms. Blank asked Mr. McCloskey to provide a brief overview of the applications reviewed.

Ms. Blank called on Doug Lawson to give the Loan Review Committee report to the board.

Mr. Lawson reported that the Loan Review Committee met at 9 a.m. in the downstairs conference room of the Governor's Office of Agricultural to discuss the following loans:

AF16-0047 Kentucky Organic Farm and Feed, Inc.

Applicant requested \$600,000 under the APLP for the renovation and construction of an organic feed mill in Todd County.

The Loan Review Committee recommended approval.

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

VOTE: Motion Passed, Unanimous

AF16-0050 Route 52 Moonshine, LLC

Applicants requested \$81,000 under the APLP for the expansion of a distillery operation and the purchase of equipment in Estill County.

The Loan Review Committee recommended denying the loan application because of the limited agricultural impact of the value-added processing.

Mr. Lawson moved to approve the committee recommendation, as presented; Mr. Penn seconded the motion.

VOTE: Motion Passed, Unanimous.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF16-0045 Rodgers, James Chris

Applicants requested \$34,250 for the construction of a farm shop and stripping shed in Graves County. FNB Bank, Inc. in Mayfield, KY is the participating lender. Application met staff approval authority due to request being less than \$50,000 and the applicants' credit scores being above 710.

Staff approved on June 1, 2016; no action necessary.

AF16-0048 Colley, Larry Alan

Applicants requested \$150,000 for the construction of four Tush swine barns in Graves County. River Valley AgCredit in Mayfield, KY is the participating lender.

Staff recommended approval.

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

VOTE: Motion Passed, Unanimous.

Beginning Farmer Loan Program (BFLP)

AF16-0038 Gross, Bryant

Pending, no action necessary

AF16-0046 Crider, Cad

Applicant requested \$250,000 for the construction of four Pilgrim's Pride mega broiler barns in Carlisle County. River Valley AgCredit in Bardwell, KY 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 C/LV being no worse than 100%.

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

VOTE: Motion Passed, Unanimous

AF16-0049 Gooch, Evan

Applicant requested \$250,000 for the construction of four Pilgrim's Pride broiler barns in Graves County. FNB Bank, Inc. in Mayfield, KY is the participating lender.

Staff recommended loan approval contingent on the approval and obligation of a 90% FSA guarantee on the FNB Bank and KAFC funds and the C/LV being no worse than 100%.

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

VOTE: Motion Passed; Unanimous

AF16-0051 Jenkins, Marty

Applicants requested \$250,000 for the purchase of 54.79 acres with two Perdue breeder barns in Hart County. Magnolia Bank in Elizabethtown, KY is the participating lender.

Staff recommends approval, contingent on the approval and obligation of a 90% FSA guarantee on the Magnolia Bank and KAFC funds and the C/LV being no worse than 90%.

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

VOTE: Motion Passed, Unanimous.

AF16-0052 Fox, Kody

Applicants requested \$50,000 for the purchase of a 52 acre farm in Russell County. Farm Credit Mid-America in Campbellsville, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed, Unanimous.

AF16-0053 Stearman, Richard Adam

Applicants requested \$40,000 for the purchase of a 43 acre farm in Green County. PBI Bank, Inc. in Greensburg, KY is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed, Unanimous.

AF16-0054 Brown, Derek

Applicants requested \$96,688 for the purchase of 77 acres with improvements in Grant County. Farm Credit Mid-America in Dry Ridge, KY is the participating lender.

Staff recommended loan approval contingent on KAFC funds not to exceed 50% of the eligible project cost or \$96,688, whichever is less. CLV shall not exceed 85%.

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

VOTE: Motion Passed, Unanimous.

AF16-0055 Beiler, David

Applicants requested \$100,000 for the purchase of 100 acres in Trigg County. FNB Bank, Inc. in Cadiz, KY is the participating lender.

Staff recommended approval.

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

VOTE: Motion Passed, Unanimous.

AF16-0056 Yoder, Paul

Applicant requested \$250,000 for the purchase of 20 acres with four broiler barns in Wayne County. Farm Credit Mid-America in Somerset, KY is the participating lender.

Staff recommended approval contingent on the approval and obligation of a 90% FSA guarantee on the FCMA and KAFC funds and the C/LV being no worse than 90%.

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

VOTE: Motion Passed, Unanimous.

Old Business

Amendments

Memorandum of Agreement KADB & KAFC

Steve Doan, GOAP Legal Counsel, presented a memorandum (*on file*) regarding a proposed amendment to the Memorandum of Agreement between the Kentucky Agricultural Finance Corporation and the Kentucky Agricultural Development Board. The amendment will change the procedure KAFC must follow to request additional funds from the KADB.

Mr. Hunt moved to approve the amendment; Mr. Jagers seconded the motion.

VOTE: Motion Passed, Unanimous.

Approval Modifications

AF16-0003 Askew, John Walt

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to allow use of 47 acres as collateral in place of shares of stock in Laurindale Farms, Inc., and to allow the C/LV to be no worse than 75%.

Staff recommended approval.

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

VOTE: Motion Passed, Unanimous.

AF16-0009 Powell, Lloyd Brett

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to allow for the C/LV to be no worse than 87%, with the requirement of an FSA guarantee on both FCMA and KAFC financing to remain in place.

Staff recommended approval.

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

VOTE: Motion Passed, Unanimous.

AF16-0028 Pirtle, Carl Dillon

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested an approval modification to allow for the C/LV to be now worse than 100%, with the requirement of an FSA guarantee on both RVACA and KAFC financing to remain in place.

Staff recommended approval.

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

VOTE: Motion Passed, Unanimous.

Extension Requests

AF14-0095 Rattner, Daniel

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to ensure time for the loan to be closed and disbursed. The new expiration date would be September 5, 2016. This is the third extension request for this loan.

Staff recommended approval.

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

VOTE: Motion Passed, Unanimous.

AF15-0034 Hardin, Mary

Mr. McCloskey presented a memorandum (*on file*) regarding the above referenced loan. The loan officer requested a 3-month extension to allow time for construction to be completed and permanent financing to be in place. The new expiration date would be September 5, 2016. This is the first extension request for this loan.

The extension was approved by the Operations Committee on June 3, 2016.

No action necessary.

Paid in Full

AF05-0031	Goode, Greg
AF06-0010	Strouss, Callan
AF06-0019	Anderson, Raymond
AF06-0063	Jury, Jeremy
AF07-0069	Goode, Greg
AF08-0012	Chapman, Eddie
AF09-0002	Walker, Kelly
AF11-0020	Quiggins, Tim
AF12-0003	Hicks, JC
AF12-0007	Hicks, JC
AF12-0022	Porter, Chad

No action necessary.

Withdrawn Applications

AF15-0051	Murphy, John
AF16-0041	Caudill Seed & Warehouse Co., Inc.

No action necessary.

Closing Remarks

Ms. Blank stated that the next KAFC Board meeting will be a joint meeting between KADB and KAFC from Thursday, July 14th to Friday, July 15th, 2016 beginning at 12:00 p.m. (EDT) at the Taylor County Extension Office.

Adjournment

Ms. Blank entertained a motion to adjourn.

Dr. Burdine moved to adjourn the KAFC board meeting; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:42 a.m. (EDT).

APPROVED DATE:

7-15-16

PRESIDING OFFICER:

[Signature]

BOARDS COORDINATOR:

[Signature]