

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the May 8, 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
Transportation Cabinet Office Building
Frankfort, Kentucky
May 8, 2015**

Call to Order

Steve Kelly, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:12 a.m. (EDT).

Roll Call

The following members were present: Wayne Hunt; Larry Jagers; Dr. Kenneth Burdine; Frank McAninch; Linda Rumpke; Frank Penn; Aaron Miller; Doug Lawson; John Brady (designee for Secretary Lori Flanery) and Steve Kelly (designee for Commissioner James R. Comer)

Members absent: George Begley and Westy Adams

Notification of Media

Mr. Kelly received verification from Ray Arnold, Boards Coordinator, that the media had been notified of the May KAFC board meeting.

Welcome

Mr. Kelly welcomed everyone to the meeting.

Presentation

Mr. Kelly introduced the Hardin County FFA Agricultural Issues Team to present to the board. They gave a presentation entitled "Waters of the United States." (*PowerPoint on file with the Boards Coordinator*)

Approval of Minutes

Mr. Kelly entertained a motion to approve the minutes of the April 10, 2015 KAFC board meeting.

Mr. Miller moved to approve the minutes, as presented; Mr. McAninch 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 informed the board that the 2015 Tobacco Master Settlement Agreement (MSA) payment had been received.

Mr. Thomas called on John McCauley, State Executive Director, USDA Farm Service Agency, to update the board regarding the activity of his organization since the last board meeting.

Mr. Thomas called on Lowell Atchley, Kentucky Legislative Research Commission, to inform the board of the scheduled Interim Legislative Committee Meetings relating to Agriculture.

Mr. Thomas called on Joel Neaveill, GOAP Chief of Staff, to update the board regarding GOAP Workshops being held across the state.

Director of Financial Services Report

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

Mr. McCloskey welcomed Beth Herbert, Loan Programs Coordinator, back from maternity leave and recognized the valuable contribution her work provides to the Governor's Office of Agricultural Policy.

Mr. McCloskey presented a memo from Ms. Herbert, requesting a time extension request for AF12-0044. *(memo on file with the Boards Coordinator)* The loan officer, Josh Bailey of First Community Bank in Clinton, Kentucky, requested an extension on the behalf of the recipient, Michael Williford, to provide time to pay down budgetary overruns in an effort to reduce future cash flow issues. The budgetary overruns resulted from delays in construction. The new expiration would be August 1, 2015. This is the third extension request for AF12-0044.

Staff recommended approval of the request outlined in the memo.

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

VOTE: Motion Passed; Unanimous.

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

K AFC Statement of Financial Position	
As of April 30, 2015	
Assets	
Cash K AFC Accounts	\$ 12,983,324
Loan Payments Due K AFC	
Category A	\$ 36,074,751
Category B	\$ 628,189
Category C	\$
	\$ 36,702,940
Total Assets	\$ 49,686,264
Liabilities	
K AFC loans approved not closed	\$ 6,432,690
Loans Outstanding	\$ 36,702,940
Total Liabilities	\$ 43,135,630
Unobligated Assets	\$ 6,550,635
Total Liabilities & Unobligated Assets	\$ 49,686,264

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

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

VOTE: Motion Passed; Unanimous.

Loan Committee Report

Mr. Kelly yielded the floor to Ms. Rumpke to give the Loan Committee Report.

Ms. Rumpke stated the Loan Review Committee met at 9:00 a.m. (EDT) on May 8, 2015 at which time they discussed a proposed new policy and reviewed loan AF15-0033.

Ms. Rumpke reported that the Loan Review Committee recommended instituting a new policy requiring originating lenders to pull credit bureau reports on applicants within 60 days of the submission of an application to K AFC in an effort to minimize the number of credit inquiries conducted on applicants in an effort to protect their credit scores.

Ms. Rumpke moved to accept the committee recommendation regarding the above outlined rule, Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF15-0033 Natural Fiber Producers

Applicant requested \$150,000 for the purchase of a natural fiber dehairing machine in Washington County. Springfield State Bank in Springfield, Kentucky, is the participating lender.

Loan Review Committee recommended loan approval, as presented, contingent on FSA approval and obligation of funds.

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

VOTE: Motion Passed; Unanimous.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF15-0022 Marksberry, Fred

Applicant requested \$150,000 for upgrades to poultry houses in Ohio County. Independence Bank in Owensboro, 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.

AF15-0023 Osbourne, Robert and Denise

Applicants requested \$80,000 for the construction of a confined hoop structure style steel barn structure in Washington County. Central Kentucky ACA in Lebanon, 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.

AF15-0025 Brockman, Dwain and Theresa

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

Staff recommended loan approval, contingent on executed grower contract with all three Brockmans and a CLTV no worse than 80%.

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

VOTE: Motion Passed; Unanimous.

AF15-0026 Brockman, William

Applicants requested \$100,000 for the construction of two mega broiler houses in Adair County. Farm Credit Mid-America in Campbellsville, Kentucky, is the participating lender.

Staff recommended loan approval, contingent on executed grower contract with all three Brockmans and a CLTV no worse than 80%.

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

VOTE: Motion Passed; Unanimous.

AF15-0027 Tanner, Franklin "Scott"

Applicants requested \$150,000 for upgrades to two poultry 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; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF15-0020 Sykes, Joshua

Applicants requested \$114,685 for the purchase of 30.55 acres in Calloway County. First Community Bank of Western Kentucky in Clinton, Kentucky, is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF15-0024 Smith, Chris

Applicants requested \$127,500 for the purchase of 165 acres in Garrard County. Farm Credit Mid-America in Richmond, Kentucky, is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF15-0028 Guffey, Derek and Laura

Applicants requested \$250,000 for the purchase of 25 acres with poultry houses in Clinton County. Farm Credit Mid-America in Somerset, Kentucky, is the participating lender.

Staff recommended loan approval, contingent on approval and obligation of 90% FSA guarantee on Lender and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

AF15-0029 Scott, Michael Cody

Applicant requested \$250,000 for the construction of four (4) broiler houses in Green County. Farm Credit Mid-America in Campbellsville, Kentucky, is the participating lender.

Staff recommended loan approval, contingent on executed grower contract with all three Scotts, CLTV no worse than 80% and proof son Cody has graduated from College.

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

VOTE: Motion Passed; Unanimous.

AF15-0030 Bond, Jamie and Morgan

Applicants requested \$155,937 for the purchase of 200 acres of farmland in Gallatin County. Farm Credit Mid-America in Dry Ridge, Kentucky, is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF15-0032 Schlabach, Norman

Applicant requested \$250,000 to construct a poultry layer house in Logan County. AgriFinancial Services in Louisville, Kentucky, is the participating lender.

Staff recommended loan approval, contingent on approval and obligation of 90% FSA guarantee on Lender and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

Old Business

Paid in Full

AF10-0041 Copelin, Stephen
AF09-0088 Siemer Milling

No action necessary.

Withdrawn Applications

AF15-0009 Shocklee, Brandon
AF09-0031 Minton, Timothy

No action necessary.

Closing Remarks

Mr. Kelly stated that the next KAFC Board meeting will be Friday, June 5, 2015, at 10:00 a.m. (EDT) at the Transportation Cabinet Office Building, 200 Mero Street, in room C-109.

Adjournment

Mr. Kelly entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:58 a.m. (EDT).

APPROVED DATE: 6/5/15
PRESIDING OFFICER: Stev Kelly
BOARD SECRETARY: Ray Arnold