

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the August 7, 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  
August 7, 2015**

**Call to Order**

Steve Kelly, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFCC) regular business meeting to order at 10:02 a.m. (EDT)

**Roll Call**

The following members were present: Aaron Miller, Wayne Hunt, Westy Adams, Dr. Kenneth Burdine, Larry Jagers, Frank Penn, John Brady (designee for Secretary Lori Flanery,) and Steve Kelly (designee for Commissioner James R. Comer.)

Members absent: George Begley, Doug Lawson, Frank McAninch, and Linda Rumpke.

**Notification of Media**

Mr. Kelly received verification from Beth Herbert, Loan Programs Coordinator, that the media had been notified of the KAFCC board meeting.

**Welcome**

Mr. Kelly welcomed everyone to the meeting.

**Approval of Minutes**

Mr. Kelly entertained a motion to approve the minutes of the July 17, 2015 KAFCC board meeting.

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

VOTE: Motion Passed; Unanimous.

**Director of Financial Services Report**

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

Mr. McCloskey requested that the board consider moving the regular meeting of the KAFCC to the second Friday of each month beginning in January 2016 to account for reoccurring conflicts with annual holidays and events.

Mr. McCloskey informed the board of an upcoming ribbon cutting for Natural Fiber Producers and outlined a news article about their processing facility.

Mr. McCloskey reviewed a map visualizing the number of KAFCC loan applications received from each county and an advertising flier developed to help increase participation in underserved counties.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (on file with the Boards Coordinator) as of July 31, 2015..

<b>KAFC Statement of Financial Position</b>	
<b>As of July 31, 2015</b>	
<b>Assets</b>	
Cash KAFC Accounts	\$ 16,798,475
Loan Payments Due KAFC	
Category A	\$ 37,331,307
Category B	\$ 653,137
Category C	\$
	\$ 37,984,445
<b>Total Assets</b>	<b>\$ 54,782,920</b>
<b>Liabilities</b>	
KAFC loans approved not closed	\$ 7,522,122
Loans Outstanding	\$ 37,984,445
<b>Total Liabilities</b>	<b>\$ 45,506,567</b>
<b>Unobligated Assets</b>	<b>\$ 9,276,353</b>
<b>Total Liabilities &amp; Unobligated Assets</b>	<b>\$ 54,782,920</b>

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

Mr. Adams moved to approve the KAFC Statement of Financial Position; Mr. Brady seconded the motion.

VOTE: Motion Passed; Unanimous.

#### **Loan Review Committee Report**

Mr. Kelly yielded the floor to Dr. Burdine to give the Loan Review Committee Report.

Dr. Burdine stated the Loan Review Committee met at 9:00 a.m. (EDT) on August 7, 2015 to discuss the following loans:

#### **AF15-0029            Scott, Cody**

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. Scott removing the original contingency requiring that the applicant provide documentation of his graduation from college as he decided to begin farming full time rather than return to school.

The Loan Review Committee recommended approval of the request

Dr. Burdine moved to approve the committee recommendation; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

#### **AF15-0052            Ortiz, Javier and Margarita**

Applicants requested \$250,000 for the purchase of 20 acres with four (4) Tyson broiler houses in Graves County. River Valley AgCredit in Clinton, Kentucky is the participating lender.

The Loan Review Committee recommended denying the loan due to cash flow concerns, and questions about the applicant's eligibility for FSA guarantee.

Dr. Burdine moved to approve the committee recommendation; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous.

### **New Business**

#### **Agricultural Infrastructure Loan Program (AILP)**

##### **AF15-0060           Boles, Hugh and Stacey**

Applicants requested \$50,000 for the purchase and installation of a grain bin and construction of overhead storage in Webster County. Farm Credit Mid-America in Henderson, Kentucky is the participating lender.

The loan was approved by staff on July 29, 2015 based upon the loan size and credit score per the Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

#### **Agricultural Infrastructure Loan Program (AILP)**

##### **AF15-0059           Yoder, David and Rhonda**

Applicants requested \$38,250 for the purchase of a slaughter facility in Garrard County. Central Kentucky ACA in Stanford, Kentucky is the participating lender.

Staff recommended loan approval, contingent on CL/V being no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

#### **Beginning Farmer Loan Program (BFLP)**

##### **AF15-0055           Knott, Brian**

Applicant requested \$171,200 for the purchase of 34.8 acres in Daviess County. Independence Bank in Livermore, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

##### **AF15-0056           Beiler, Henry and Mary**

Applicants requested \$250,000 for the purchase of 78.56 acres in Christian County. First Community Bank of the Heartland in Clinton, Kentucky is the participating lender.

Staff recommended loan approval, contingent on CL/V being no worse than 85%.

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

VOTE: Motion Passed; Unanimous.

##### **AF15-0057           Stearman, Richard**

Applicant requested \$100,000 for the purchase of 137.5 acres in Green County. PBI Bank, Inc. in Greensburg, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

**AF15-0058 Vincent, Joshua and Catherine**

Applicants requested \$250,000 for the construction of two (2) Perdue mega houses 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 90% FSA guarantee on FCMA and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

**AF15-0061 Davidson, John**

Applicant requested \$240,000 for the purchase of 32.7 acres with improvements in Woodford County. Farm Credit Mid-America in Lexington, Kentucky is the participating lender.

Staff recommended loan approval, contingent on CLV being no worse than 80%.

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

VOTE: Motion Passed; Unanimous.

**AF15-0062 Reeder, Christopher**

Applicants requested \$250,000 for the purchase and upgrading of 51.5 acres with four (4) Cobb houses and other improvements in McCreary County. Farm Credit Mid-America in Somerset, Kentucky is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

**Old Business**

**Extension Request**

**AF14-0062 Davis, Juddson**

Mr. McCloskey presented a memorandum (*on file with the Boards Coordinator*) regarding the above referenced loan. The loan officer requested a 3-month, 10-day no-cost time extension on behalf of Mr. Davis due to construction delays resulting from inclement weather. The new expiration date would be November 18, 2015.

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

VOTE: Motion Passed; Unanimous.

**Paid in Full**

AF08-0105 Brockman, Dwain  
AF13-0062 Atherton, Phillip

No action necessary.

**Withdrawn Applications**

AF14-0068 Horst, Arvin  
AF15-0028 Guffey, Derek

No action necessary.

**Pending Applications**

AF15-0050 Hansford, John  
AF15-0054 Wheeldon, Martin

No action necessary.

**Closing Remarks**

Mr. Kelly recognized Tim Hughes, Director of the Division of Biofuels at the Kentucky Energy and Environment Cabinet's Department for Energy Development and Independence. Mr. Hughes informed the board of an upcoming event.

Mr. Kelly stated that the next KAFC Board meeting will be Friday, September 4, 2015 at 10:00 a.m. (EST) at the Transportation Cabinet Office Building, 200 Mero Street, in room C-107.

**Adjournment**

Mr. Kelly entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous.

The KAFC board meeting adjourned at 11:05 a.m. (EDT).

APPROVED DATE:

9-4-15

PRESIDING OFFICER:



BOARD SECRETARY:

  
Ray Arnold