

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the February 12, 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
February 12, 2016**

Call to Order

Commissioner Ryan Quarles, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:08 a.m. (EST)

Roll Call

The following members were present: George Begley, John Brady (designee for Secretary William M. Landrum III), Dr. Kenneth Burdine, Wayne Hunt, Doug Lawson, Frank McAninch, Aaron Miller, Commissioner Ryan Quarles, and Linda Rumpke.

Members absent: Westy Adams, Larry Jagers, and Frank Penn.

Notification of Media

Commissioner Quarles received verification from Ray Arnold, GOAP Boards Coordinator, that the media had been notified of the KAFC board meeting.

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles updated the board regarding the recent Bluegrass Stockyards fire and plans to rebuild the facility.

Approval of Minutes

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

Mr. Miller moved to approve the minutes, as presented; Ms. Rumpke 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 regarding the activity of GOAP staff since the January KAFC meeting.

Mr. Beeler outlined the 2016-2018 GOAP agency budget as contained within the Governor's budget proposal.

Director of Financial Services Reports

Commissioner Quarles yielded the floor to Bill McCloskey, GOAP Director of Financial Services, to report to the board.

Mr. McCloskey outlined an article regarding the KAFC-backed installation of a robotic milker at Chaney's Dairy Barn in Warren County *(on file with the Boards Coordinator)*.

Mr. McCloskey reviewed the KAFC Statement of Financial Position *(on file with the Boards Coordinator)* as of January 31, 2016.

KAFC Statement of Financial Position	
As of January 31, 2016	
Assets	
Cash KAFC Accounts	\$ 15,381,235
Loan Payments Due KAFC	
Category A	\$ 39,288,897
Category B	\$ 813,198
Category C	\$
	\$ 40,102,095
Total Assets	\$ 55,483,330
Liabilities	
KAFC loans approved not closed	\$ 8,947,428
Loans Outstanding	\$ 40,102,095
Total Liabilities	\$ 49,049,523
Unobligated Assets	\$ 6,433,807
Total Liabilities & Unobligated Assets	\$ 55,483,330

Commissioner Quarles entertained a motion to approve the KAFC Statement of Financial Position.

Dr. Burdine moved to approve the KAFC Statement of Financial Position; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

Loan Review Committee Report

Commissioner Quarles yielded the floor to Ms. Rumpke to give the Loan Review Committee Report.

Ms. Rumpke stated that the Loan Review Committee met earlier in the morning to discuss the following loans:

AF16-0010 Country Boy Brewing, LLC & CBB Properties, LLC

Applicant requested \$200,000 for the construction of a 22,500 sq. ft. brewery and the purchase of brewery equipment in Scott County. Traditional Bank in Lexington, Kentucky is the participating lender.

The Loan Review Committee recommended loan approval.

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

VOTE: Motion Passed; Ms. Rumpke abstained.

AF16-0013 Hicks, Jerry and Kami

Applicants requested \$50,000 for the purchase of 17 acres with improvements in Pulaski County. Cumberland Valley National Bank in Somerset, Kentucky is the participating lender.

The Loan Review Committee recommended that the application be pended to allow time for the submission of additional documentation.

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

VOTE: Motion Passed; Unanimous.

New Business

Agricultural Infrastructure Loan Program (AILP)

AF16-0012 Knott, Brian

Applicant requested \$20,000 for the construction of a high tunnel in Daviess County. Independence Bank in Livermore, Kentucky is the participating lender.

The loan was approved by staff on February 3, 2016 based upon the loan size and credit score per the Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

Agricultural Processing Loan Program (APLP)

AF16-0014 McElroy, Brian and Natasha

Applicants requested \$150,000 for the renovation of a commercial building to house a farm supply and feed store in Russell County. Farm Credit Mid-America in Somerset, Kentucky is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

Beginning Farmer Loan Program (BFLP)

AF16-0008 Baird, John and Thomas

Applicants requested \$250,000 for the purchase of 80 acres in McLean County. Farm Credit Mid-America in Owensboro, Kentucky is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF16-0011 Feezor, Jackie and Sandee

Applicants requested \$250,000 for the purchase of 30 acres with four (4) Tyson broiler houses and other improvements in Hickman County. Farm Credit Mid-America in Owensboro, Kentucky is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF16-0015 Nash, Keith and Jillian

Applicants requested \$209,500 for the purchase of 121 acres in Washington County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

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

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

VOTE: Motion Passed; Unanimous.

AF16-0016 Pepper, Branden

Applicant requested \$250,000 for the purchase of 141.85 acres in LaRue County. Magnolia Bank in Elizabethtown, Kentucky is the participating lender.

Staff recommended loan approval, contingent on the approval and obligation of a FSA guarantee on both Magnolia Bank and KAFC funds.

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

VOTE: Motion Passed; Unanimous.

Old Business

Extension Request

AF15-0081 Alford, Andrew

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 ensure adequate time for FSA funding to be secured and the closing to be completed. The new expiration date would be May 6, 2016. This was the first extension request for this loan.

Staff recommended approving the request.

Ms. Rumpke moved to approve the staff recommendation; Commissioner Quarles seconded the motion.

VOTE: Motion Passed; Unanimous.

Paid in Full

AF05-0018	Dickerson, David
AF06-0020	Downs, Steven
AF06-0024	Arvin, William
AF07-0050	Jones, Dennis Lee
AF13-0066	Bickett Brothers

No action necessary.

Withdrawn Application

AF16-0005 Hicks, Daniel

No action necessary.

Pending Applications

AF16-0017 Sykes, Joshua

AF16-0018 Hunt, Michael

No action necessary.

Closing Remarks

Commissioner Quarles stated that the next KAFB Board meeting will be Friday, March 11, 2016 at 10:00 a.m. (EST) at the Kentucky Transportation Cabinet Office Building in Frankfort, Kentucky in room C109.

Adjournment

Commissioner Quarles entertained a motion to adjourn.

Dr. Burdine moved to adjourn the KAFB board meeting; Commissioner Quarles seconded the motion.

VOTE: Motion Passed; Unanimous.

The KAFB board meeting adjourned at 11:01 a.m. (EST).

APPROVED DATE:

3-11-2016

PRESIDING OFFICER:

Jan Lewis

BOARD SECRETARY:

Bette Hulbert

*Loan Programs
Coordinator*