

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the May 9, 2014 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 9, 2014**

Call to Order

James R. Comer, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:07 a.m. (EDT).

Roll Call

The following members were present: Westy Adams; George Begley; Dr. Kenneth Burdine; Wayne Hunt; Larry Jagers; Doug Lawson; Frank McAninch; Frank Penn; Greg Haskamp (designee for Secretary Lori Flanery); and Commissioner James R. Comer.

Members absent: Linda Rumpke

Notification of Media

Commissioner Comer received verification from Teresa Spreitzer, KAFC Board Secretary, that the media has been notified of the KAFC board meeting.

Welcome

Commissioner Comer welcomed everyone to the meeting.

Commissioner Comer informed the board that Canada-based Champion Petfoods will open its first U.S. operation in Logan County. The company specializes in biologically appropriate pet foods using a diversity of fresh regional ingredients which will create a new customer base for nearby farmers.

In addition, Commissioner Comer announced to the board that Hart AgStrong LLC will build a canola oilseed processing plant in Todd County this fall. The company will purchase canola oilseeds from area farmers.

Approval of Minutes

Commissioner Comer entertained a motion to approve the minutes of the April 4, 2014 KAFC board meeting.

Dr. Kenneth Burdine moved to approve the minutes, as presented; Wayne Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

Executive Director’s Report

Commissioner Comer yielded the floor to Bill McCloskey, Director of Financial Services, Governor’s Office of Agricultural Policy (GOAP) to give the Executive Director’s Report.

Mr. McCloskey announced that Joel Oney, K AFC Board Member, has resigned his seat with the board, and at the request of Mr. Oney, read his resignation letter to the board members. Mr. Oney has taken a new position with First National Bank in Columbus, OH, as the Vice President of Agribusiness.

Mr. McCloskey introduced Greg Haskamp, proxy for Secretary Lori Flanery.

Director of Financial Services Report

Mr. McCloskey reviewed the K AFC Statement of Financial Position (on file with the Board Secretary) as of April 30, 2014.

K AFC Statement of Financial Position	
As of April 30, 2014	
Assets	
Cash K AFC Accounts	\$ 9,750,455
Loan Payments Due K AFC	
Category A	\$ 31,161,104
Category B	\$ 187,500
Category C	-
	\$ 31,348,604
Total Assets	\$ 41,099,059
Liabilities	
K AFC Loans Approved Not Closed	\$ 6,783,728
Loans Outstanding	\$ 31,348,604
Total Liabilities	\$ 38,132,331
Unobligated Assets	\$ 2,966,728
Total Liabilities & Unobligated Assets	\$ 41,099,059

Frank Penn moved to approve the K AFC Statement of Financial Position; Frank McAninch seconded the motion.

VOTE: Motion Passed; Unanimous

Mr. McCloskey yielded the floor to Doug Lawson, Chairman, K AFC Loan Review Committee.

The Loan Review Committee Report

Mr. Lawson stated that the Loan Review Committee met at 9:00 a.m. to review the following loan:

AF14-0015 Williams, Michael “Jason” and Michael L. / JW Livestock LLC Beginning Farmer Loan Program

Applicants requested \$200,000 for the purchase of cattle in Laurel County. Farm Credit Mid-America in Louisville, 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; Westy Adams seconded the motion.

VOTE: Motion Passed, Unanimous

New Business

Agricultural Infrastructure Loan Program

AF14-0021 Smith, Johnny and Ladonna

Applicants requested \$18,150 for the construction of a tobacco barn in Calloway County. The Murray Bank in Murray, Kentucky is the participating lender.

This loan was approved by staff on 04/24/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary. Mr. McAninch noted, for the record, his dissension to this type of loan.

AF14-0023 Smith, Richard S. and Rebecca

Applicants requested \$45,000 for the purchase of a grain leg, drag chain drive conveyor and a 20,000 gallon grain wet tank in McLean County. Sacramento Deposit Bank in Sacramento, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

Steve Kelly assumed the chair.

AF14-0024 McCuiston, Kenneth M. and Rachel

Applicants requested \$28,500 to finance a 44' x 64' tobacco barn in Calloway County. The Murray Bank in Murray, Kentucky is the participating lender.

This loan was approved by staff on 04/24/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary; dissension by Mr. McAninch

Commissioner Comer assumed the chair and announced to the board that the AILP loan discussion will continue, following a presentation by the Central Hardin High School FFA.

Presentation

Commissioner Comer introduced Meagan Bishop, Central Hardin High School (CHHS) Ag teacher and sponsor for the Central Hardin FFA. The 5 student FFA members gave a presentation surrounding the pros and cons of an agricultural issue entitled "The Bluegrass Pipeline - Economic Gain or Strain" which was followed by a question and answer period. The Board applauded the students for a job well done.

Commissioner Comer announced the continuation of the AILP loan discussions.

AF14-0026 Long, Wayne S. and Teresa

Applicants requested \$28,780 for the construction of an agriculture building in Madison County. Farm Credit Mid-America in Richmond, Kentucky is the participating lender.

This loan was approved by staff on 04/24/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

AF14-0027 Henning, Charles and Robin

Applicants requested \$30,000 for the construction of a 64' x 176' tobacco barn in Breckinridge County. Cecilian Bank in Hardinsburg, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed with dissension by Mr. McAninch.

AF14-0029 Watt, Darrell and Melissa

Applicants requested \$150,000 for the construction of a 41' x 521' Perdue breeder house and required equipment in Warren County. Independence Bank in Bowling Green, Kentucky is the participating lender.

Staff Recommends loan approval contingent on CLTV no more than 75%.

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

VOTE: Motion Passed; Unanimous

AF14-0031 McClard, Brian W. and Stephanie A.

Applicants requested \$62,300 for the construction of two tobacco barns and a stripping shed in Calloway County. Independence Bank in Murray, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; dissension by Mr. McAninch

Agricultural Processing Loan Program

AF14-0025 Webb, Martin and Joyce A. / Webb Properties “Butcher Block”

Applicants requested \$150,000 for the purchase of meat processing equipment and construction costs in Meade County. Citizens Union Bank in Elizabethtown, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

AF14-0034 Edwards, John C. / Henry County Meat Market

Application is Pending

Beginning Farmer Loan Program

AF14-0022 Allen, James Brian and Jessica

Applicants requested \$250,000 for the purchase of 9.989 acres; two swine barns (Tosh Farms); swine equipment; tractor and truck in Hickman County. Heritage Bank in Murray, Kentucky is the participating lender.

Staff recommends loan approval contingent upon FSA guarantee approved and obligated.

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

VOTE: Motion Passed; Unanimous

AF14-0030 Underwood, Nathan and Jacqueline

Applicants requested \$250,000 for the construction of two broiler houses on property located at 4155 US Hwy 431 North in McClean County. First Security Bank in Calhoun, Kentucky is the participating lender.

Staff recommends loan approval contingent on parents co-signing, CLTV no more than 80% and KAFC loan paid in full if applicant ceases to be involved in day-to-day operations.

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

VOTE: Motion Passed; Unanimous

AF14-0032 Ayer, Trenton L.

Applicant requested \$147,000 for the purchase of 75 acres of farmland in McLean County. Independence Bank in Livermore, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

AF14-0033 Kiser, Taylor M. and Julie B.

Applicants requested \$153,000 for the purchase of 101 acres crop/pastureland in Edmonson County. Independence Bank in Bowling Green, Kentucky is the participating lender.

Staff recommends loan approval contingent on parents co-signing.

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

VOTE: Motion Passed; Unanimous

AF14-0035 McCoy, Phillip and Tina L.

Mr. McCloskey stated that this application is pended until buyer/seller negotiations are finalized.

AF14-0036 Wills, Zachary and Katherine

Applicants requested \$76,593 for the purchase of 50 acres in Clark County. Farm Credit Mid-America in Richmond, Kentucky is the participating lender.

Staff recommends loan approval contingent on CLTV no more than 80%.

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

VOTE: Motion Passed; Unanimous

AF14-0037 Pace, Clinton E.

Applicant requested \$225,000 for the purchase of 150 acres for beef cattle production in Clark County. Farm Credit Mid-America in Richmond, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

Old Business

Paid In Full

AF06-0068	Mathis, John
AF07-0058	Mathis, John
AF07-0090	Cash Farms

Closing Remarks

Mr. McCloskey announced that the next KAFC Board meeting will be Friday, June 6, 2014 at 10:00 a.m. EDT at the Taylor County Cooperative Extension Office, 1143 South Columbia Avenue in Campbellsville.

Commissioner Comer announced the Open House of the Chop Shop, a project funded by the Kentucky Agricultural Development Board, will be held on Saturday, May 17, at 11:00 a.m. in Hazel Green, Kentucky.

Adjournment

Commissioner Comer entertained a motion to adjourn.

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

VOTE: Motion Passed, Unanimous

The KAFC board meeting adjourned at 11:40 a.m. (EDT).

APPROVED DATE:

6/6/2014

PRESIDING OFFICER:

James R. Comer
James R. Comer

BOARD SECRETARY:

Teresa Spreitzer
Teresa Spreitzer

Kentucky Agricultural Finance Corporation Board Meeting
MEETING AGENDA



*r*Transportation Cabinet Office Building
200 Mero Street, Room C-107
Frankfort, Kentucky 40601

Friday, May 9, 2014
10:00 a.m. (EDT)

Call to Order

Roll Call

Notification of Media

Welcome

Review and Approval of Meeting Minutes for April 4, 2014

Executive Director's Report

Director of Financial Services Report

Presentation Central Hardin FFA "The Bluegrass Pipeline"

New Business

Agricultural Infrastructure Loan Program

AF14-0021	Smith, Johnny	Calloway
AF14-0023	Smith, Richard S.	McLean
AF14-0024	McCuiston, Kenneth M.	Calloway
AF14-0026	Long, Wayne S.	Madison
AF14-0027	Henning, Charles	Breckinridge
AF14-0029	Watt, Darrell	Warren
AF14-0031	McClard, Brian W.	Calloway

Agricultural Processing Loan Program

AF14-0025	Webb, Martin <i>Webb Properties</i>	Meade
AF14-0034	Edwards, John C. <i>Henry County Meat Market</i>	Henry

Beginning Farmer Loan Program

AF14-0022	Allen, James Brian	Hickman
AF14-0030	Underwood, Nathan	McLean
AF14-0032	Ayer, Trenton L.	McLean
AF14-0033	Kiser, Taylor M.	Warren
AF14-0035	McCoy, Phillip	Bourbon
AF14-0036	Wills, Zachary	Clark
AF14-0037	Pace, Clinton E.	Clark

Old Business

Agricultural Infrastructure Loan Program

AF14-0015 Williams, Michael "Jason" and Michael L.
JW Livestock LLC Laurel

Paid in Full

AF06-0068 Mathis, John
AF07-0058 Mathis, John
AF07-0090 Cash Farms

Adjournment