

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the June 6, 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
Taylor County Cooperative Extension Office
Campbellsville, Kentucky
June 6, 2014**

Call to Order

Steve Kelly, Commissioner James R. Comer's proxy, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:17 a.m. (EDT).

Roll Call

The following members were present: Dr. Kenneth Burdine; Wayne Hunt; Larry Jagers; Frank McAninch; Frank Penn; Linda Rumpke; Tom Midkiff (designee for Secretary Lori Flanery); and Commissioner James R. Comer.

Members absent: Westy Adams; George Begley and Doug Lawson

Notification of Media

Mr. Kelly received verification from Sandy Gardner, Director of Communications, that the media has been notified of the KAFC board meeting.

Approval of Minutes

Mr. Kelly entertained a motion to approve the minutes of the May 9, 2014, KAFC board meeting.

Wayne Hunt moved to approve the minutes, as presented; Larry Jagers 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 introduced Becky Nash, Taylor County Extension Agent for Family and Consumer Sciences, and thanked her for hosting the KAFC Board meeting.

Mr. Thomas introduced Beth Herbert, Loan Programs Coordinator for GOAP as well as Teresa Spreitzer, KADB/KAFC Board Secretary.

Mr. Thomas congratulated Linda Rumpke on her new position as Senior Vice President of Commercial Lending at Traditional Bank in Lexington and invited Ms. Rumpke to say a few words to the board.

Mr. Thomas reported on the Trade & Investment Mission to the United Kingdom (London & Manchester) last month as a delegate of the Kentucky Export Initiative (KEI). The delegation included Governor Beshear, Secretary Larry Hayes, Cabinet for Economic Development and others.

Mr. Thomas reflected on the trade mission he attended in Canada last year which resulted in Canadian based, Champion Petfoods building its first US operation in Logan County. A diversity of fresh regional ingredients used in making the biological appropriate pet foods will create a new customer base for nearby farmers.

Commissioner Comer assumed the Chair at 10:24 a.m.

Mr. Thomas informed the board that an Export 101 meeting hosted by GOAP, Cabinet for Economic Development and World Trade Center at the Bowling Green Chamber of Commerce on June 5. Peter Thornton, Assistant Director International Marketing, North Carolina Department of Agriculture and Consumer Services (NCD&CS) International Trade Office was the guest speaker. Representatives from Export-Import (EX-IM) Bank, Federal Express Logistics, Farm Service Agency's Guaranteed Loan Program and various farmers and agri-businesses throughout Kentucky attended the meeting.

Mr. Thomas announced that the board was invited to attend a tour after lunch at Mac Farm to view John McLean's anaerobic digester, a KAFC funded project.

Welcome

Commissioner Comer welcomed everyone to the meeting.

Commissioner Comer mentioned that KDA's 4H/FFA Farm Tag Program is now in its third year and thanked the ag community for their donations in support of 4H and FFA.

Commissioner Comer stated that he attended the ribbon cutting for the Weekly Juicery's new store in Louisville. In addition, he informed the board that farmers, assisted by KDA's Home Grown By Heroes program, is supplying much of the produce used by the Weekly Juicery.

Commissioner Comer informed the board that he attended a ribbon cutting ceremony at the Owsley County High School FFA Garden in Booneville. Commissioner Comer stated that over 90% of the vegetables grown by the FFA students go to the Farm to School program for Owsley County's elementary, middle and high school cafeterias.

Director of Financial Services Report

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

Mr. McCloskey informed the board that he and Angie Justice, Energy Program Coordinator, attended six regional farm energy meetings hosted by GOAP and USDA Rural Development. The meetings were held to share grant and loan opportunities available to farmers in the areas of on-farm energy efficiency and renewable energy production. The six locations include: Pike (Pikeville), Laurel (London), Hardin (Elizabethtown), Bracken (Brooksville), Barren (Glasgow) and Graves (Mayfield) counties.

Mr. McCloskey reviewed the K AFC Statement of Financial Position (on file with the Board Secretary) as of May 31, 2014.

K AFC Statement of Financial Position	
As of May 31, 2014	
Assets	
Cash K AFC Accounts	\$ 9,479,196
Loan Payments Due K AFC	
Category A	\$ 31,320,759
Category B	\$ 187,500
Category C	\$ -
	\$ 31,508,259
Total Assets	\$ 40,987,456
Liabilities	
K AFC loans approved not closed	\$ 7,711,072
Principal Outstanding	\$ 31,508,259
Total Liabilities	\$ 39,219,331
Unobligated Assets	\$ 1,768,125
Total Liabilities & Unobligated Assets	\$ 40,987,456

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

VOTE: Motion Passed; Unanimous

New Business

Agricultural Infrastructure Loan Program

AF14-0038 Goodlett, Betty

Pended

AF14-0040 Wilkerson, Ricky D. and Shirley

Applicants requested \$35,000 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 5/29/2014 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 objection to this type of loan.

AF14-0041 Reddick, Joseph B. and Amy

Applicants requested \$85,000 for the construction and installation of solar panels in Carlisle County. First Community Bank of Western Kentucky in Fancy Farm, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

AF14-0042 Miller, Bradley

Applicant requested \$28,000 for the purchase of a lot and house for migrant laborers in Muhlenberg County. Sacramento Deposit Bank in Sacramento, Kentucky is the participating lender.

This loan was approved by staff on 5/29/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005 and is contingent on CLTV being no more than 80%.

After discussion, Mr. McCloskey stated that a condition of the loan would include that the house only be used for migrant workers and/or seasonal labor.

No action necessary.

AF14-0043 Miller, Marlin D. and Anna E.

Applicants requested \$100,000 for the construction of two cobb houses in Simpson County. Farm Credit Mid-America in Russellville, Kentucky is the participating lender.

Staff recommends loan approval contingent upon FSA guaranteed approval and obligation of funds and seller's subordination of real estate as collateral, prior to funds being disbursed.

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

VOTE: Motion Passed; Unanimous

AF14-0045 Roberts, Bart R. and Kimberly

Applicants requested \$33,791 for the purchase and installation of solar panels in Simpson County. Farm Credit Mid-America in Bowling Green, Kentucky is the participating lender.

This loan was approved by staff on 5/29/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

Beginning Farmer Loan Program

AF14-0039 Conrad, Trent D. and Brandy

Applicants requested \$250,000 for the construction of three turkey growout barns and supporting facilities in Muhlenberg County. US Bank in Madisonville, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

AF14-0044 Kramer, Christopher and Alexandra B.

Applicants requested \$50,000 for the purchase of 17.29 acres in Hancock County. Independence Bank in Owensboro, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

AF14-0046 Isbell, Anthony T. and Sarah

Applicants requested \$148,490 for the purchase of poultry barn equipment in Fulton County. River Valley AgCredit in Hickman, Kentucky is the participating lender.

Staff recommends loan approval contingent upon FSA guaranteed approval and obligation of funds.

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

VOTE: Motion Passed; Unanimous

AF14-0047 Nash, Keith T. and Jillian C.

Applicants requested \$42,500 for the purchase of 29 acres in Washington County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

AF14-0048 Austin, Bryan "Adam" and Jessica

Applicants requested \$250,000 for the purchase of 73.74 acres with 8 broiler houses in Webster County. US Bank in Madisonville, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

Agricultural Processing Loan Program

**AF14-0049 Spurrier, James W. and Meghan A. /
Beef & Bacon Custom Processing LLC**

Applicants requested \$150,000 for the construction of a custom meat processing facility in McLean County. Independence Bank in Owensboro, Kentucky is the participating lender.

Staff recommends approval contingent on CLTV being no more than 80% of an "as will be" appraisal, assignment on investment account in Jacqueline Thompson's name (Dr. Spurrier's mother) valued at 75% of market value, and personal guarantee by Ms. Thompson on the Independence Bank/KAFC participation loan.

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

VOTE: Motion Passed; Unanimous

Old Business

Beginning Farmer Loan Program

AF12-0031 Moss, Taylor

Mr. McCloskey presented a memo (on file with the board secretary) stating that Matt Russell, Loan Officer, River Valley Ag Credit, requested a time extension until August 1, 2014 due to delays in construction and waiting on the FSA portion of the loan request to be finalized. In addition, the KAFC loan request will be reduced by \$20,000.

Staff recommends approving this request.

Dr. Burdine moved to approve the staff recommendation, as presented; Frank Penn seconded the motion.

VOTE: Motion Passed; Unanimous

AF14-0035 McCoy, Phillip and Tina L.

Applicants requested \$93,126 for the purchase of 48 acres in Bourbon County. Farm Credit Mid-America in Mt. Sterling, Kentucky is the participating lender.

Staff recommends loan approval.

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

VOTE: Motion Passed; Unanimous

AF14-0036 Wills, Zachary

This loan was approved by the board on May 9, 2014, contingent on CLTV being no more than 80%. Since the approval, the appraisal has been completed with the CLTV at 84%. The loan officer requested an exception to the initial approval to increase the maximum CLTV to 84%.

Staff recommends approval of loan officer's request.

Mr. Hunt moved to approve the recommendation, as presented, Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous

Closing Remarks

The next KAFC Board meeting will be Friday, July 11, 2014 at 10:00 a.m. EDT at the Transportation Cabinet Office Building, 200 Mero Street, Room C-109 in Frankfort.

Adjournment

Commissioner Comer entertained a motion to adjourn.

Ms. Rumpke moved to adjourn the KAFC board meeting; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous

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

APPROVED DATE: 7/11/14

PRESIDING OFFICER: James R. Comer
James R. Comer

BOARD SECRETARY: Teresa Spreitzer
Teresa Spreitzer

Kentucky Agricultural Finance Corporation Board Meeting
MEETING AGENDA



Taylor County Cooperative Extension Office
1143 S. Columbia Avenue
Campbellsville, Kentucky 42718

Friday, June 6, 2014
10:00 a.m. (EDT)

Call to Order
Roll Call
Notification of Media
Welcome

Review and Approval of Meeting Minutes for May 9, 2014

Executive Director's Report

Director of Financial Services Report

New Business

Agricultural Infrastructure Loan Program

AF14-0038	Goodlett, Betty	Muhlenberg
AF14-0040	Wilkerson, Ricky D.	Calloway
AF14-0041	Reddick, Joseph B.	Carlisle
AF14-0042	Miller, Bradley	Muhlenberg
AF14-0043	Miller, Marlin D.	Simpson
AF14-0045	Roberts, Bart R.	Simpson

Beginning Farmer Loan Program

AF14-0039	Conrad, Trent D.	Muhlenberg
AF14-0044	Kramer, Christopher	Hancock
AF14-0046	Isbell, Anthony T.	Fulton
AF14-0047	Nash, Keith T.	Washington
AF14-0048	Austin, Bryan "Adam"	Webster

Agricultural Processing Loan Program

AF14-0034	Edwards, John C. <i>Henry County Meat Market</i>	Henry
AF14-0049	Spurrier, James W. <i>Beef & Bacon Custom Processing LLC</i>	McLean

Old Business

Beginning Farmer Loan Program

AF12-0031	Moss, Taylor	Fulton
AF14-0035	McCoy, Phillip	Bourbon
AF14-0036	Wills, Zachary	Clark

Adjournment