

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the July 11, 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
July 11, 2014**

Call to Order

James R. Comer, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:15 a.m. (EDT).

Roll Call

The following members were present: Westy Adams; George Begley; Dr. Kenneth Burdine; Wayne Hunt; Larry Jagers; Aaron Miller; Linda Rumpke; Tom Midkiff (designee for Secretary Lori Flanery); and Commissioner James R. Comer.

Members absent: Doug Lawson; Frank McAnninch and Frank Penn

Notification of Media

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

Welcome

Commissioner Comer welcomed everyone to the meeting and recognized new board member Aaron Miller.

Commissioner Comer updated the board on the Ag Tag program that benefits 4-H, FFA, and Kentucky Proud.

Approval of Minutes

Commissioner Comer entertained a motion to approve the minutes of the June 6, 2014 KAFC board meeting.

Ms. Rumpke moved to approve the minutes, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

Executive Director's Report

Commissioner Comer yielded the floor to Joel Neaveill, Chief of Staff, Governor's Office of Agricultural Policy (GOAP) to give the Executive Director's report.

Mr. Neaveill noted that Roger Thomas, Executive Director of the Governor's Office of Agricultural Policy was not in attendance due to his visit to Hazard with the USDA Under Secretary of Rural Development.

Mr. Neaveill gave an update on the budget and the Master Settlement Agreement.

Director of Financial Services Report

Mr. Neaveill yielded the floor to Bill McCloskey, Director of Financial Services, to give his report to the board.

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

K AFC Statement of Financial Position	
As of June 30, 2014	
Assets	
Cash K AFC Accounts	\$ 8,025,229
Loan Payments Due K AFC	
Category A	\$ 32,715,325
Category B	\$ 268,314
Category C	\$ -
	\$ 32,983,639
Total Assets	\$ 41,008,867
Liabilities	
K AFC loans approved not closed	\$ 7,375,428
Loans Outstanding	\$ 32,983,639
Total Liabilities	\$ 40,359,066
Unobligated Assets	\$ 649,801
Total Liabilities & Unobligated Assets	\$ 41,008,867

Mr. Neaveill reported it is anticipated that the K AFC will receive \$1,000,000 from the closure of the Kentucky Cattleman's Association Veterinary Scholarship Program.

Mr. McCloskey noted that the approvals today would result in an over commitment of funds. There may be a need to request additional money from the Kentucky Agricultural Development Board.

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

VOTE: Motion Passed; Unanimous

Mr. McCloskey yielded the floor to Ms. Rumpke for the Loan Review Committee Report.

Ms. Rumpke stated that the Committee met at 9 a.m. to discuss current funding availability and a METCO Loan.

Ms. Rumpke reported that the Committee had discussed the current state of finances that Mr. Neaveill and Mr. McCloskey had covered.

Ms. Rumpke reported to anticipate a review of the existing KAFC programs. Ms. Rumpke stated that staff will be pulling together information on the programs for the committee to review and discuss in August.

The Loan Review Committee approved \$50,000 for Pierless Distillery under the Louisville Agricultural Business Loan Program (METCO).

New Business

Agricultural Infrastructure Loan Program (AILP)

AF14-0050 Orr, Kevin

Applicant requested \$30,000 for the construction of a tobacco barn in Calloway County. FNB Bank in Murray, Kentucky is the participating lender.

This loan was approved by staff on 06/30/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

AF14-0051 Crouch Steve

Applicant requested \$43,000 for the construction of a tobacco barn and stripping shed in Graves County. The Murray Bank in Murray, Kentucky is the participating lender.

This loan was approved by staff on 06/30/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

AF14-0052 Crouch, Justin and Michelle

Applicant requested \$43,000 for the construction of a tobacco barn and stripping shed in Graves County. The Murray Bank in Murray, Kentucky is the participating lender.

This loan was approved by staff on 06/30/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

AF14-0056 Coleman, Mark and Alison

Applicant requested \$20,000 for the purchase and installation of solar panels in Logan County. Farm Credit Mid-America in Russellville, Kentucky is the participating lender.

This loan was approved by staff on 06/30/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

**AF14-0057 Hunt, Ben and Schwartz, Jeff
H & S Dairy**

Applicant requested \$100,000 for the construction of a 142' x 144' pack barn in Butler County. Farm Credit Mid-America in Russellville, Kentucky is the participating lender.

Staff recommended loan approval contingent on release being finalized and CLTV is no more than 80%.

Larry Jagers moved to approve the staff recommendation, as presented, pending fund availability; Dr. Kenneth Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

AF14-0059 Bell, Benjamin "Dwain" and Deborah

Applicant requested \$25,000 for the construction of a stripping shed in Calloway County. FNB Bank in Murray, Kentucky is the participating lender.

This loan was approved by staff on 06/30/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

AF14-0061 Berry, Dorrill and Phyllis

Applicant requested \$28,592 for the purchase and installation of solar arrays in Hickman County. First Community Bank of Western Kentucky in Clinton, Kentucky is the participating lender.

This loan was approved by staff on 06/30/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

Beginning Farmer Loan Program (BFLP)

**AF14-0053 Hendrickson, Tyler and Adam
Hendrickson Poultry, LLC**

Applicant requested \$250,000 for the purchase of six broiler houses on 10 acres and eight broiler houses on 50 acres in Webster County. Planters Bank, Inc. in Hopkinsville, Kentucky is the participating lender.

Staff recommended loan approval contingent on all KAFC funds being covered by the FSA guarantee or the father's personal guarantee.

After discussion, Mr. Midkiff moved to approve the recommendation with the additional requirements that the Applicant give additional collateral in the form of a second mortgage on the 40 acre property to the Board, and that Keith Hendrickson give the Board in writing his personal guarantee that the loan will be repaid in full. If the first three years (36-months) of all loans are paid on time as agreed, Keith Hendrickson may request to be released from this personal guarantee. Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

Steve Kelly assumed the chair.

AF14-0054 Hicks, Matthew and Casey

Applicant requested \$84,500 for the purchase of a 66 acre farm in Meade County. Cecilian Bank in Hardinsburg, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF14-0055 Miller, Henry and Sharon

Applicant requested \$250,000 for the purchase of 130 acres and construction of two Cobb houses in Logan County. Farm Credit Mid-America in Russellville, Kentucky is the participating lender.

Staff recommended loan approval contingent on FSA approval and obligation of funds.

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

VOTE: Motion Passed; Unanimous.

AF14-0060 Thompson, Brian

Applicant requested \$70,000 for the purchase of a half interest in 52 acres in Daviess County. Independence Bank in Owensboro, Kentucky is the participating lender.

Staff recommended loan approval.

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

VOTE: Motion Passed; Unanimous.

AF14-0062 Davis, Juddson

Applicant requested \$250,000 for the construction of two Tosh Farms swine barns, the purchase of swine equipment and a compost building in Marshall County. Heritage Bank in Murray, Kentucky is the participating lender.

Staff recommended loan approval contingent on all KAFC financing be covered under approved and obligated FSA funds.

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

VOTE: Motion Passed; Unanimous.

AF14-0063 McCain, George and Laura

Applicant requested \$250,000 for the purchase of 158 acres in Washington County. Central Kentucky ACA in Lebanon, Kentucky is the participating lender.

Staff recommended loan approval contingent on FSA approval and obligation of funds.

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

VOTE: Motion Passed; Unanimous.

Large/Food Animal Veterinary Loan Program (VET)

**AF14-0058 Groce, Brian "Chad" and Jennifer
Lakeside Animal Health**

Applicant requested \$100,000 for for the purchase of equipment for a start-up large animal veterinary clinic in Barren County. South Central Bank of Monroe County in Tompkinsville, Kentucky is the participating lender.

Staff recommended loan approval contingent on 85% SBA approval and obligation of funds.

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

AF13-0027 Geraldts, Ronnie
AF11-0008 Jewell, Keith

No action necessary.

Withdrawal

AF13-0073 Puckett, Logan "Kyle"

No action necessary.

Memo Action Items

AF11-0037 McLean, John / MacFarm

Mr. McCloskey presented a memorandum (on file with the Board Coordinator) regarding the above referenced loan. The loan officer requested a four month extension on behalf of Mr. McLean. This extension will allow adequate time for additional federal grant funds be received and for permanent financing to be completed. The new expiration date would be October 25, 2014. This is the 5th extension request for this applicant.

Staff recommended approval of this request contingent that updated financials be received prior to funds being disbursed.

Mr. Midkiff moved to approve the staff recommendation; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

AF13-0011 Tackett, Amos

Mr. McCloskey presented a memorandum (on file with the Board Coordinator) regarding the above referenced loan. The loan officer requested a three month extension on behalf of Mr. Tackett. Loan closings have been delayed due to unforeseen issues with construction and FSA funding. The new expiration date would be October 5, 2014. This is the 2nd extension request for this applicant.

Staff recommended approval of this request.

Mr. Jagers moved to approve the staff recommendation; Mr. Adams seconded the motion.

VOTE: Motion Passed; Unanimous.

AF14-0046 Isbell, Anthony

Mr. McCloskey presented a memorandum (on file with the Board Coordinator) regarding the above referenced loan. The loan officer requested an increase of \$101,510 for a total KAFC participation of \$250,000.

Staff recommended not approving the change in initial requested amount.

Ms. Rumpke moved to approve the staff recommendation; Mr. Midkiff seconded the motion.

VOTE: Motion Passed; Unanimous.

Closing Remarks

The next KAFC Board meeting will be Friday, August 1, 2014 at 10:00 a.m. EDT at the Transportation Cabinet Office Building, 200 Mero Street, Room C109 in Frankfort.

Mr. Neaveill noted he and other staff attended the July meeting of the Interim Joint Committee on Agriculture held in Hodgenville, KY. He pointed out that the meeting was held in a previous KAFC loan recipient farm belonging to Ryan Bivens. At the meeting Mr. Bivens told the legislators about the importance of KAFC's programs.

Adjournment

Commissioner Comer entertained a motion to adjourn.

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

VOTE: Motion Passed; Unanimous

The KAFC board meeting adjourned at 12:01 p.m. (EDT).

APPROVED DATE:

8/1/14

PRESIDING OFFICER:

James R. Comer
~~James R. Comer~~

BOARD COORDINATOR:

Ray Arnold
~~Ray Arnold~~