

**Joint Meeting of the  
Kentucky Agricultural Development Board  
and the  
Kentucky Agricultural Finance Corporation Board**

Minutes of the August 21, 2009 Meeting

A joint meeting of the Kentucky Agricultural Development Board (KADB) and the Kentucky Agricultural Finance Corporation (KAFC) was called to order at 10:00 a.m. EDT at the Kentucky Exposition Center in Louisville, Kentucky. The members were provided with an update on the "Kentucky Experience" that will be a part of the 2010 Alltech FEI World Equestrian Games. The KAFC Financial Report was given followed by a presentation on KAFC funded projects. Mr. Thomas recognized Charles Miller for his contribution to the Kentucky Agricultural Finance Corporation Board and presented him with a plaque. The members also discussed the current state of the dairy industry in Kentucky and voiced support for Governor Beshear's actions as well as noting the status of the Commonwealth's swine industry. No action was taken on any of the above referenced items. Prior to closing the joint meeting, members of both Boards took the Constitutional Oath of Office.

**Kentucky Agricultural Finance Corporation**

Minutes of the August 21, 2009 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, August 21, 2009 at 1:00 p.m. EDT at Kentucky Exposition Center South Wing, Room C-108, 937 Phillips Lane, Louisville, Kentucky. Bruce Harper, presiding, called the meeting to order.

**Notification of Press**

Mr. Harper received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

**Roll Call**

***Members Present***

Bruce Harper (designee for Commissioner Farmer), George Begley, Kenneth Burdine, Larry Jagers, Doug Lawson, Tom Midkiff (designee for Secretary Miller), Peggy Peterson

***Members Absent***

Bob Gaslin, Wayne Hunt, Frank Penn, Bob Proffitt

***Others Present***

**Staff** – Diane Fleming, Sandra Gardner, Cyndi Hall, Tim Hughes, Bill McCloskey

**Guests** – Linda Gibson; Brent Lackey and Larry Snell, Kentucky Center for Agricultural and Rural Development (KCARD); Katherine Halloran, Legislative Research Commission (LRC); Kara Keeton, Keeton Communications

## Review and Approval of Minutes

Peggy Peterson moved to approve the minutes of the July 17, 2009 meeting, as presented, of the KAFC Board of Directors; Tom Midkiff seconded the motion. The motion passed without dissent.

## Executive Director's Report

Mr. Thomas gave a report at the Joint Meeting of the KADB and the KAFC Board.

## Director of Financial Services Report

Mr. Harper called on Bill McCloskey to give the Financial Services Director's Report.

Mr. McCloskey reviewed the financial position report (below) of KAFC, which reflected activity since the last meeting.

<b>KAFC Statement of Financial Position</b>	
<b>ASSETS:</b>	
Interest Earned from Loans	\$1,353,093
Interest Earned from State Investment Commission	316,974
Interest Fund (2802 Acct.)	*1,670,067
Principal/Loan Fund (2803 Acct.)	*9,031,503
Loan Funds Disbursed	22,781,369
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000

\*Corrected amounts.

**Doug Lawson moved to approve the financial report; Mr. Midkiff seconded the motion. The motion passed without dissent.**

Mr. McCloskey presented a Memorandum regarding the Large/Food Animal Veterinarian Loan Program's Term #6. Owner/seller financing is prevalent as part of a total financing package when a licensed veterinarian is negotiating to purchase an ownership interest in a veterinary business. Staff recommendation is that seller financing as part of a new project be allowed as match to KAFC financing. Seller financing executed prior to submitting a KAFC application would not be eligible match. A participating lender shall be involved even if the lender is not providing financing to the project. The maximum amount of a KAFC loan will be limited to \$100,000 per individual. **Mr. Midkiff moved to approve seller financing as part of a new project on a case by case basis; Mr. Lawson seconded the motion. The motion passed without dissent.**

Mr. McCloskey called on Cyndi Hall to report on the data collected concerning the total number of loans that might request to change the amortization period for an additional five years. No action was taken on this information.

**AF07-0043**            **Ross, Ryan**  
**AF07-0044**            **Ross, Michael**

Applicants request to modify their exiting Beginning Farmer Loans to extend the amortization period five additional years. Citizens Commerce National Bank is the participating lender. Staff recommends approval of this request. **Mr. Midkiff moved to deny this request; Mr. Lawson seconded the motion. This motion passed without dissent.** It was noted that if the applicant came back to the board with an updated cash flow that showed an inability to cash flow, the board would reconsider.

Mr. McCloskey made note of the new schedule of meetings for the rest of the year. Larry Snell, Kentucky Center for Agriculture and Rural Development (KCARD), will present his findings for the Burton Evaluation at the September 25, 2009 meeting.

### **New Business**

The following applications were received between June 27, 2009 and July 31, 2009.

### **Agricultural Infrastructure Loan Program - Discussion and Action**

**AF09-0018**            **Karn, Timothy A.** – pending

**AF09-0020**            **Williams, Mark and Terri** – pending

**AF09-0025**            **Garnett, Philip A. and Marsha M.** – Applicants request \$100,000 for the construction of a 236,000 bushel grain bin in Christian County. Farm Credit Services of Mid-America in Hopkinsville is the participating lender. Staff recommends loan approval. **Mr. Lawson moved to approve the staff recommendation; Ms. Peterson seconded the motion. The motion passed without dissent.**

**AF09-0026**            **Garnett, William E. and Dorothy “Lynn”** – Applicants request \$100,000 for the construction of a 180’ x 80’ burley barn, a 144’ x 48’ dark fired tobacco barn and tobacco stripping/equipment storage shed in Christian County. Farm Credit Services of Mid-America in Hopkinsville is the participating lender. Staff recommends loan approval. **Mr. Lawson moved to approve the staff recommendation; Ms. Peterson seconded the motion. The motion passed without dissent.**

### **Agricultural Processing Loan Program - Discussion and Action**

**AF09-0021**            **J & Sons Meats & Processing, LLC** – pending

### **Beginning Farmer Loan Program – Discussion and Action**

**AF09-0019**            **Crooked River Farms, LLC** – pending

**AF09-0024**            **Turner, Matthew L.** – pending

**AF09-0028**            **Lancaster, Joshua M. and Kristy** – Applicants requests \$48,500 for the purchase of an 86.8 acre farm in Webster County. Independence Bank in Sebree is the participating lender. Staff recommends loan approval.

**Kenneth Burdine moved to approve the staff recommendation; Ms. Peterson seconded the motion. The motion passed without dissent.**

### **Large/Food Animal Veterinary Loan Program—Discussion and Action**

**AF09-0022 Adams, Ralph L. and Amber M.** – Applicants request \$92,844 for the purchase of a 20% interest in a veterinary practice in Morgan County. Seller financing is being provided by Dr. David Fugate for this project. Commercial Bank in West Liberty will originate and sell a note to KAFC. Staff recommends loan approval. **Mr. Lawson moved to table the decision until more information can be gathered.** *Mr. Midkiff seconded the motion. The motion passed without dissent.*

**AF09-0023 Scalf, Laura and Brian** – Applicants request \$92,844 for the purchase of a 20% interest in a veterinary practice in Morgan County. Seller financing is being provided by Dr. David Fugate for this project. Commercial Bank in West Liberty will originate and sell a note to KAFC. Staff recommends loan approval. **Mr. Lawson moved to table the decision until more information can be gathered.** *Mr. Midkiff seconded the motion. The motion passed without dissent.*

**AF09-0027 Tabor, Joseph** – pending

### **Old Business**

#### **Beginning Farmer Loan Program - Discussion and Action**

**AF09-0012 Blakeny, Evan A.** – Applicant requests \$62,625 for the purchase of a 37.29 acre farm in Scott County. Citizens Commerce National Bank in Versailles is the participating lender. Staff recommends to deny. **Mr. Lawson moved to approve the staff recommendation; Mr. Midkiff seconded the motion. The motion passed without dissent.**

**AF08-0048 Goode, Ronald J.** – Applicant requests a six (6) month extension of the expiration date to be January 18, 2010. **Mr. Midkiff moved to approve the staff recommendation; Larry Jagers seconded the motion. The motion passed without dissent.**

**AF08-0103 Martin, Chet**

**AF08-0104 Martin, James** - The Martin brothers are requesting an amendment to their KAFC commitment for an additional \$41,250. The new KAFC commitment for each brother would be \$63,125. Staff recommends to approve this request. **Mr. Midkiff moved to approve the staff recommendation; Ms. Peterson seconded the motion. The motion passed without dissent.**

**Mr. Jagers moved that the meeting go into closed session to discuss proposed or pending litigation pursuant to KRS 61.810 (1) (c); Mr. Begley seconded the motion. The motion passed without dissent. The meeting went into closed session at 2:45 p.m. EDT.**

During closed session Mr. Lawson excused himself from the meeting, and quorum was lost. The meeting recessed. The next scheduled meeting is September 25, 2009 at the Transportation Cabinet Office Building in Frankfort, KY.

Items that remained on the agenda were:

- |                  |                                       |
|------------------|---------------------------------------|
| <b>AF06-0061</b> | <b>Burton, Harold</b> --update.       |
| <b>AF08-0093</b> | <b>Burchett, Brandon</b> – withdrawn. |
| <b>AF08-0097</b> | <b>Hagar, David</b> —withdrawn.       |

**Tom Midkiff moved to reconvene the August 21, 2009 regular business meeting;** *Kenny Burdine seconded the motion. The motion passed without dissent. No action was taken during closed session. Open session reconvened on September 25, 2009 at 10:06 a.m. EDT.*

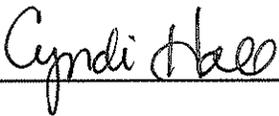
**Mr. Midkiff moved to adjourn the August 21, 2009 meeting;** *Peggy Peterson seconded the motion. The motion passed without dissent.*

APPROVED: \_\_\_\_\_

PRESIDING OFFICER:

  
\_\_\_\_\_

SECRETARY:

  
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