

Kentucky Agricultural Finance Corporation

Minutes of the September 25, 2009 Meeting

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.*

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, September 25, 2009 at 10:00 a.m. EDT at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. 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, Wayne Hunt, Tom Midkiff (designee for Secretary Miller), Frank Penn, Peggy Peterson, Bob Proffitt

Members Absent

Bob Gaslin, Larry Jagers, Doug Lawson

Others Present

Staff – Joel Neaveill, Diane Fleming, Sandra Gardner, Cyndi Hall, Tim Hughes, Bill McCloskey, Mike Tobin

Guests – Brent Lackey, Nathan Routt and Larry Snell, Kentucky Center for Agricultural and Rural Development (KCARD); Steve Meredith, Crooked River Farms, LLC.

Review and Approval of Minutes

Frank Penn moved to approve the minutes of the August 21, 2009 meeting, as presented, of the KAFC Board of Directors; *Kenny Burdine seconded the motion.* *The motion passed without dissent.* Diane Fleming noted that the minutes will need to reflect the motions made to come out of closed session and adjournment of the August 21, 2009 meeting.

Executive Director's Report

Joel Neaveill presented the Executive Director's Report, as acting Executive Director. Mr. Neaveill updated the board on Roger Thomas's condition. Mr. Neaveill introduced Mike Tobin who is a Project Analysis at the Governor's Office of Agricultural Policy (GOAP).

Director of Financial Services Report

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

Wayne Hunt arrived at the KAFC Board Meeting at 10:15 a.m. EDT. Mr. McCloskey reviewed the financial position report (below) of KAFC, which reflected activity since the last meeting.

KAFC Statement of Financial Position	
ASSETS:	
Interest Earned from Loans	\$1,379,792
Interest Earned from State Investment Commission	324,355
Interest Fund (2802 Acct.)	1,704,147
Principal/Loan Fund (2803 Acct.)	7,674,360
Loan Funds Disbursed	23,438,510
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	\$2,000,000

Mr. Penn moved to approve the financial report; Mr. Hunt seconded the motion. The motion passed without dissent.

Ms. Fleming noted that the KAFC has received repayment of the loan made to Cumberland Farm Products, Inc.

New Business

The following applications were received between August 1, 2009 and September 4, 2009.

Agricultural Infrastructure Loan Program – Discussion and Action

AF09-0030 Clark, Jamison – Applicant requested \$30,000 for the construction of a grain bin in Graves County. First Kentucky Bank in Mayfield is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve the staff recommendation; Mr. Burdine seconded the motion. The motion passed without dissent.**

AF09-0032 Owens, Garnett and Kathy – Applicants requested \$18,500 for the construction of a grain bin Warren County. Farm Credit Services of Mid-America in Bowling Green is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve the staff recommendation; Tom Midkiff seconded the motion. The motion passed without dissent.**

Beginning Farmer Loan Program – Discussion and Action

AF09-0031 McCain, Michael W. and Nora – Applicants requested \$75,000 for the purchase and installation of a new grain dryer in Washington County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve the staff recommendation; Bob Proffitt seconded the motion. The motion passed without dissent.**

Large/Food Animal Veterinary Loan Program – Discussion and Action

AF09-0029

Webb, Steven – Pending.

Old Business

AF09-0018 **Karn, Timothy A. and Patti A.** – Applicants requested \$40,000 for the installation of an energy efficient grain dryer in Ohio County. Farm Credit Services of Mid-America in Owensboro is the participating lender. *This loan was approved by staff (September 17, 2009), based upon loan size and credit score per Agricultural Infrastructure Loan Program Policy adopted June 24, 2005.*

AF09-0019 **Crooked River Farms, LLC** – Applicant requested \$85,000 for the construction of a five (5) individual 1,700 square foot green houses in Hardin County. First Federal Savings Bank in Elizabethtown is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve the staff recommendation; Peggy Peterson seconded the motion. The motion passed without dissent.**

AF09-0020 **Twin Springs Farms, Inc.** – Applicants requested \$100,000 for the construction of a milking parlor in Monroe County. Farm Credit Services of Mid-America in Glasgow is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve the staff recommendation; Mr. Midkiff seconded the motion. The motion passed without dissent.**

AF09-0022 **Adams, Ralph L. and Amber M.** – Applicants requested \$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 recommended loan approval. **Mr. Midkiff moved to approve the staff recommendation, as an exception to KAFC policy due to encourage large animal practice because of the due diligence of the staff; Mr. Hunt seconded the motion. The motion passed without dissent.**

AF09-0023 **Scalf, Laura and Brian** – Applicants requested \$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 recommended loan approval. **Mr. Midkiff moved to approve the staff recommendation, as an exception to KAFC policy due to encourage large animal practice because of the due diligence of the staff; Mr. Hunt seconded the motion. The motion passed without dissent.**

AF09-0011 **Triple R. Farms, Inc** – Applicants requested to amend the existing application from \$53,542 to \$76,542 for the construction of a 32' x 400' tobacco barn in Harrison County. Citizens Commerce National Bank in Versailles is the participating lender. Staff recommended approval contingent on CLTV no worse than 90%. **Mr. Hunt moved to approve the staff recommendation; Mr. Penn seconded the motion. The motion passed without dissent.**

The KAFC Board recessed at 11:15 a.m. EDT. The Board reconvened at 11:20 a.m. EDT.

Mr. Proffitt moved that the Board go into closed session to discuss proposed or pending litigation pursuant to KRS 61.810 (1) (c); George Begley seconded the motion. The motion passed without dissent. The Board went into closed session at 11:20 a.m. EDT.

Mr. Burdine moved to reconvene the regular meeting; Mr. Proffitt seconded the motion. The motion passed without dissent. No action was taken during closed session. Open session reconvened at 11:50 a. m. EDT.

AF06-0061	Burton, Harold - Update.
AF07-0080	Howard, Charles - Paid in Full.
AF07-0101	Flood, Philip Michael - Paid in Full.

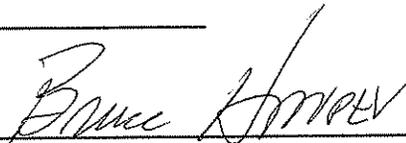
Closing Remarks

The next meeting of the K AFC Board will be Friday, November 6, 2009 in Frankfort, at the Transportation Cabinet Office Building. The regular business meeting of K AFC will begin at 10:00 a.m. EST. Mr. McCloskey reminded the Loan Review Committee that it will meet at 9:00 a.m. EST on November 6, 2009.

Mr. Hunt moved to adjourn; Mr. Burdine seconded the motion. The motion passes without dissent. The meeting adjourned at 12:30 p.m. EDT.

APPROVED: _____

PRESIDING OFFICER:



SECRETARY:

