

Kentucky Agricultural Finance Corporation

Minutes of the November 6, 2009 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, November 6, 2009 at 10:10 a.m. EST at the Transportation Cabinet Office Building, Room C109 A & B, 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, Bob Gaslin, Wayne Hunt, Larry Jagers, Doug Lawson, Tom Midkiff (designee for Secretary Miller), Peggy Peterson, Bob Proffitt

Members Absent

Frank Penn

Others Present

Staff – Roger Thomas, Diane Fleming, Cyndi Hall, Tim Hughes, Bill McCloskey,

Guests –

Randy Marcum, Cabbage, Inc.; Greg Cavill, Twilight Riding School

Review and Approval of Minutes

Tom Midkiff moved to approve the minutes of the September 25, 2009 meeting, as presented, of the KAFC Board of Directors; Kenny Burdine seconded the motion. The motion passed without dissent.

Director of Financial Services Report

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

Mr. McCloskey reported on the KAFC presentation to the Tobacco Settlement Agreement Fund Oversight Committee Meeting. The presentation and a press release were in the Update folder (on file with the secretary).

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	\$1,400,980
Interest Earned from State Investment Commission	*330,557
Interest Fund (2802 Acct.)	*1,731,537

Principal/Loan Fund (2803 Acct.)	*8,233,226
Loan Funds Disbursed	*23,579,645
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$35,544,409

*Numbers reflect corrected amounts

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

Mr. McCloskey reported on the National Council of State Agricultural Finance Programs which he attended in October.

Cyndi Hall called attention to the Memorandum concerning the Board Meeting dates for the first half of 2010.

Executive Director's Report

Roger Thomas welcomed everyone to the KAFC Board Meeting. Mr. Thomas thanked everyone for their concern during his recovery.

Mr. Thomas noted the good report to the Tobacco Settlement Agreement Fund Oversight Committee meeting on November 4, 2009.

Mr. Thomas reminded the Board that the upcoming budget session will be difficult and he encouraged the members of the Board to contact their legislators.

No action was taken on the Executive Director's Report.

New Business

Mr. McCloskey presented a Memorandum regarding Kentucky Bio Processing (AF06-0002). Staff recommended to set the interest rate at 3.75%. **Mr. Lawson moved to approve the staff recommendation; Bob Gaslin seconded the motion. The motion passed without dissent.**

Mr. McCloskey presented a Memorandum regarding Cabbage, Inc. Mr. McCloskey introduced Randy Marcum, who made a presentation to the Board and was available to answer questions. Staff will bring a recommendation to the Board in December concerning this loan.

The following applications were received between September 5, 2009 and October 16, 2009.

Agricultural Infrastructure Loan Program - Discussion and Action

AF09-0034 Lakeview Farms, LLC – Applicants requested \$100,000 for the construction of four (4) Perdue Broiler houses in Daviess County. Independence Bank in Owensboro is the participating lender. Staff recommended loan approval. **Mr. Gaslin moved to approve the staff recommendation; Wayne Hunt seconded the motion. The motion passed without dissent.**

AF09-0036 **Tapp, Keith, Gregory and Kristine** – Applicants requested \$100,000 for the expansion of a grain storage facility in Webster County. Independence Bank in Sebree is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve the staff recommendation;** *Peggy Peterson seconded the motion. The motion passed without dissent.*

AF09-0039 **Mann, David P. and Sarah L.** – Applicants requested \$70,000 for the construction of a 100' x 200' steel barn in Pendleton County. Farm Credit Services in Dry Ridge is the participating lender. Staff recommended loan approval. **Mr. Gaslin moved to approve the staff recommendation;** *Mr. Lawson seconded the motion. The motion passed without dissent.*

Beginning Farmer Loan Program – Discussion and Action

AF09-0033 **Hundley, Jason and Jeanne** – Applicants requested \$106,500 for the purchase of a 158 acre farm in Henderson County. Independence Bank in Henderson is the participating lender. Staff recommended loan approval. **Larry Jagers moved to approve the staff recommendation;** *Mr. Burdine seconded the motion. The motion passed without dissent.*

AF09-0035 **Cavill, Gregory and Sara** – Applicants requested \$46,065 for the construction of a livestock arena in Clark County. Farm Credit Services in Richmond is the participating lender. Staff recommended loan approval. **Ms. Peterson moved to approve the staff recommendation;** *Mr. Jagers seconded the motion. The motion passed without dissent.*

AF09-0037 **Sidebottom, Jonah and Sharon** – Applicants requested \$31,000 for the purchase of 50% interest in a 67 acre farm in Green County. Forcht Bank in Greensburg is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve the staff recommendation;** *Mr. Gaslin seconded the motion. The motion passed without dissent.*

AF09-0038 **Sidebottom, Larkin and Roxye** – Applicants requested \$31,000 for the purchase of 50% interest in a 67 acre farm in Green County. Forcht Bank in Greensburg is the participating lender. Staff recommended loan approval. **Mr. Lawson moved to approve the staff recommendation;** *Ms. Peterson seconded the motion. The motion passed without dissent.*

Old Business

AF08-0077 **Jones, Stewart and Mary** – Applicants requested \$150,000 to complete construction of commodity storage buildings, heifer feeding structures and a dairy housing barn in Marion County. Farm Credit Services of Mid-America in Campbellsville is the participating lender. **Mr. Gaslin moved to approve the staff recommendation;** *Mr. Hunt seconded the motion. The motion passed without dissent.*

AF08-0099 **Robey Farms** – Applicants requested \$180,000 for the expansion of dairy in Logan County. Branch Banking and Trust Co. in Nashville, TN is the participating lender. Staff recommended loan approval. **Mr. Burdine moved to approve the staff recommendation;** *Mr. Lawson seconded the motion. The motion passed without dissent.*

AF09-0021 **J & Sons Meats & Processing, LLC** – Applicant requested \$50,392 for the upgrade of a processing facility and purchase of new equipment in Logan County. Staff recommended denial of this request. **Mr. Jagers moved to approve the staff recommendation; Ms. Peterson seconded the motion. The motion passed without dissent.**

Mr. McCloskey called on Doug Lawson to give a report for the Loan Review Committee concerning the John Rediess (John's Custom Meats AF07-0022) loan application. It is a recommendation of the committee that the applicant be given a one time 90-day extension with the expectation that we receive a feasibility study developed by third party; a breakeven analysis developed by third party; a business plan developed by third party; a 2009 year end balance sheet for business and personal; a 2009 cash flow statement; a 2009 profit and loss statement; a three year cash flow and profit and loss projections; documentation of total expenses incurred to date to construct and equip the slaughter, processing and retail business; establish an advisory committee to assist owners with implementing business plan; and an updated appraisal on the business and enough property to adequately collateralize loan to no worse than 80% combined loan to appraised value. This information is to be received by the GOAP office no later than February 12, 2010 or the application will be considered expired. **Mr. Midkiff moved to approve the committee recommendation; George Begley seconded the motion. The motion passed without dissent.**

Mr. Midkiff moved that the meeting go into closed session to discuss proposed or pending litigation pursuant to KRS 61.810 (1) (c); Mr. Jagers seconded the motion. The motion passed without dissent. The meeting went into closed session at 11:45 a.m. EST.

Mr. Jagers moved to reconvene the regular meeting; Mr. Midkiff seconded the motion. The motion passed without dissent. No action was taken during closed session. Open session reconvened at 12:05 p.m. EST.

The Board recessed at 12:08 p.m. EST and reconvened at 12:15 p.m. EST.

Mr. Hughes gave a proposal on the structure of the loan for Cabbage, Inc.

Closing Remarks

The next meeting of the KAFC Board will be Friday, December 4, 2009 in Louisville, KY at the Galt House. The regular business meeting of KAFC will begin at 10:00 a.m. EST.

Mr. Jagers moved to adjourn; Mr. Begley seconded the motion. The motion passed without dissent. The meeting adjourned at 12:35 p.m. EST.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____