

Kentucky Agricultural Finance Corporation

Minutes of the May 7, 2010 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, May 7, 2010 at the Transportation Cabinet Office Building, Room C109A & B, in Frankfort, Kentucky. Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the meeting to order at 10:00 a.m. EDT.

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), Westy Adams, Kenneth Burdine, Bob Gaslin, Wayne Hunt, Larry Jagers, Doug Lawson, Tom Midkiff (designee for Secretary Miller), Frank Penn, Peggy Peterson, Bob Proffitt

Members Absent

George Begley

Others Present

Staff –Angela Blank, Diane Fleming, Sandra Gardner, Cyndi Hall, Jennifer Hudnall, Christi Marksbury, Bill McCloskey, Joel Neaveill, Mike Tobin

Guests –Lowell Atchley and Biff Baker, Legislative Research Commission (LRC); Hopy Henton, Woodford County Farmer

Welcome/Introduction of Guests

Mr. Harper welcomed the Board and guests to the meeting.

Review and Approval of Minutes

Bob Gaslin moved to approve the minutes of the April 9, 2010 KAFC Board of Directors meeting, as presented; Westy Adams seconded the motion. *The motion passed without dissent.*

Reports

Executive Director's Report

Roger Thomas was not at the meeting. Mr. Harper called on Bill McCloskey to give the Executive Director's Report.

Mr. McCloskey gave a brief update on the recent activities of the Governor's Office of Agricultural Policy (GOAP) staff:

- April 12, 2010, Mr. Thomas and Michael Judge attended the Milk Commission Meeting.
- April 12, 2010, Mr. Thomas, Mr. Judge and Angela Blank spoke to Drew Graham's University of Kentucky (UK) Class on GOAP Programs and the World Equestrian Games (WEG).

- April 16, 2010, the Kentucky Agricultural Development Board meeting was held and they approved the Diversification through Entrepreneurship in Agribusiness Loan (DEAL) Program.
- April 26, 2010 was the official day Governor Beshear proclaimed as Kentucky Agricultural Development Fund (KADF) Day. A copy of the latest Farmer's Pride issue that commemorated the KADF was included in the update folder.
- April 26, 2010, Mr. Thomas, Ms. Blank and Joel Neaveill attended the 2010 Equine International Summit held in Lexington, which was a joint cooperation between UK & the University of Louisville (UofL).
- April 29, 2010, Mr. Thomas and Tim Hughes attended the Kentucky Center for Agricultural and Rural Development (KCARD) Board Meeting in Elizabethtown.
- April 29, 2010, Mr. Thomas and Ms. Blank attended the Elizabethtown Farm Service Agency (FSA) Guaranteed Lender Meeting along with Peggy Peterson, where Mr. McCloskey and Cyndi Hall gave a presentation on the KAFC participation loans. This was the final meeting of five across the state.
- May 5, 2010 Tobacco Settlement Agreement Fund Oversight Committee Meeting report was given by Mr. Neaveill. Mr. Neaveill gave a brief update on the Master Settlement Agreement funds.
- May 5, 2010, Governor Beshear wrote a letter to the United States Department of Agriculture (USDA) Secretary Vilsack requesting a Disaster Declaration on Behalf of Kentucky Farmers.

Mr. McCloskey gave a brief report on the following events:

- Reminder that the July Joint Board Meeting will be held at Blue Licks State Resort Park on July 22 & 23, 2010.
- On May 12, 2010 Mr. Thomas will be presenting, on behalf of Governor Beshear, a proclamation that May is Beef Month. It will take place on the Taylor Cattle Farm in Oldham County at 10:30 a.m. An advisory will be sent concerning this.
- The WEG presentation given by Ms. Blank and Mac Stone will take place at the June meeting instead of this month due to a presentation they are involved in with the James Beard Foundation.
- The June KAFC Board Meeting will be at the Hart County Extension Office starting at 9:00 a.m. CDT, 10:00 a.m. EDT. Senator Carroll Gibson and Representative Dottie Sims have both been invited and are planning to attend.

The Director of Financial Services Report

Mr. Harper asked Mr. McCloskey to give the Director of Financial Services Report.

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

KAFC Statement of Financial Position	
ASSETS (as of 02/28/ 2010):	
Interest Earned from Loans	\$ 1,677,103
Interest Earned from State Investment Commission	1,054,365
Interest Fund (2802 Acct.)	2,731,469
Principal/Loan Fund (2803 Acct.)	3,669,335

Loan Funds Disbursed	28,289,406
KADB Approved Loans not Transferred	736.470
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$37,426,680

Tom Midkiff moved to approve the financial report; Frank Penn seconded the motion. *The motion passed without dissent.*

Mr. McCloskey introduced Hoppy Henton. Mr. Henton gave a brief presentation asking the board to consider a focus on the demand aspect of agriculture.

New Business

The following applications were received between February 13, 2010 and March 19, 2010.

Agricultural Infrastructure Loan Program - Discussion and Action

AF10-0018 **McCain, Michael Sr. and Susan** -- Applicants requested \$22,500 for the construction of a 40' x 150' feeding barn and stack pad in Washington County. Central Kentucky ACA in Lebanon is the participating lender. This loan was approved by staff (April 15, 2010), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF10-0020 **Dame, Shawn** – Applicant requested \$45,000 for the conversion of current drying system to a more energy efficient system and purchase of a 36' grain bin in McLean County. Independence Bank in Livermore is the participating lender. Staff recommended loan approval with contingencies. **Mr. Penn moved to approve AF10-0020, based on staff's recommendation, pending fund availability;** Doug Lawson seconded the motion. *The motion passed without dissent.*

Agricultural Processing Loan Program - Discussion and Action

AF10-0019 **Hoskins, Herbert** - pending

Old Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF10-0008 **Milligan, Harold (Dane) and Donna** - Applicants requested \$100,000 to for the construction of a grain bin in Ohio County. Farm Credit Services of Mid-America in Owensboro is the participating lender. Staff recommended loan approval. **Wayne Hunt moved to approve AF10-0008, based on staff's recommendation, pending fund availability;** Kenny Burdine seconded the motion. *The motion passed without dissent.*

AF10-0009 **Beyke, Steve, Phillip, Robert, Ron and Greg** – Applicants requested \$85,000 for the construction of a grain bin in Daviess County. The applicant expanded his project to include additional storage. Independence Bank in Owensboro is the participating lender. Staff recommended loan approval. **Mr. Gaslin moved to approve AF10-0009, based on staff's recommendation,**

pending fund availability; Mr. Lawson seconded the motion. *The motion passed without dissent.*

AF10-0013 Hendrickson, Brian (Keith) and Beth - Applicants requested \$50,000 to for the construction of a workshop in Union County. United Community Bank in Sturgis is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF10-0013, based on staff’s recommendation, pending fund availability**; Peggy Peterson seconded the motion. *The motion passed without dissent.*

Mr. McCloskey called on Doug Lawson, Chairman, to give a report of the Loan Review Committee.

Mr. Penn moved to go into closed session pursuant to KRS 61.180. Mr. Gaslin seconded the motion. The motion passed without dissent.

Mr. Hunt moved to reconvene the meeting. Mr. Burdine seconded the motion. The motion passed without dissent.

No action was taken during closed session.

Closing Remarks

The next meeting of the KAFC Board will be Friday, June 4, 2010 at the Hart County Extension Office, 505 A.A. Whitman Lane, Munfordville, KY. The regular business meeting of KAFC will begin at 9:00 a.m. CDT, 10:00 a.m. EDT.

Mr. Lawson moved to adjourn; Mr. Gaslin seconded the motion. The motion passed without dissent. The meeting adjourned at 11:30 a.m. EDT.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____