

**Joint Meeting of the  
Kentucky Agricultural Development Board  
and the  
Kentucky Agricultural Finance Corporation Board**  
Minutes of the July 22, 2010 Meeting

A joint meeting of the Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation was called to order at 9:00 a.m. EDT at the Blue Licks Battlefield State Resort Park, Mt. Olivet, Kentucky. Mac Stone, designee for Commissioner Richie Farmer, presiding, called the meeting to order.

**Notification of Press**

Mr. Stone received verification that the media had been notified regarding the Joint Meeting of the Kentucky Agricultural Development Board (KADB) and Kentucky Agricultural Finance Corporation (KAFC) meeting.

**Roll Call**

***KADB Members Present***

Mac Stone (designee for Commissioner Farmer), Karen Curtis, Rodney Dick, Don Goodin (designee for Secretary Larry Hayes), Dr. Kimberly Holmes (designee for Dr. Mary Sias), Jim Mahan, Wayne Mattingly, Troy Rankin, Jim Sidebottom, Dean Scott Smith

***KADB Members Absent***

Vickie Yates Brown, Pat Henderson, Wayne Hunt, Sam Lawson, Sam Moore

***KAFC Members Present***

Bruce Harper (designee for Commissioner Farmer), Westy Adams, George Begley, Kenneth Burdine, Larry Jaggars, Tom Midkiff (designee for Secretary Miller), Joel Oney, Frank Penn, Peggy Peterson, Bob Proffitt

***KAFC Members Absent***

Wayne Hunt, Doug Lawson

***Others Present***

**Staff** – Roger Thomas, Angela Blank, Diane Fleming, Sandy Gardner, Cyndi Hall, Bill Hearn, Jennifer Hudnall, Tim Hughes, Christi Marksbury, Bill McCloskey, Joel Neaveill, Kylee Palmer, Rebecca Smith, Michael Tobin

**Guests** – Hugh Haydon, Kentucky BioProcessing; Larry Snell, Kentucky Center for Agricultural and Rural Development (KCARD); Kara Keeton, Keeton Communications

**Executive Director's Report**

Mr. Stone called on Roger Thomas, Executive Director of the Governor's Office of Agricultural Policy (GOAP), to give the Executive Director's report:

- Mr. Thomas thanked Karen Curtis for hosting the evenings Fish Fry.
- Mr. Thomas welcomed the new KAFC Board Member, Joel Oney, Regional Vice President for Farm Credit Services of Mid-America.

- Mr. Thomas announced recent staff departures including Todd Harp on June 30, Michael Judge on July 15, and Jennifer Daniels on July 16, 2010.
- As a result of staff changes Bill McCloskey will be working with the Project Analysts as well as continuing his role with KAFC. Tim Hughes will also assist with this process. Joel Neaveill will be in charge of coordinating all KADB meeting preparation.
- Jennifer Hudnall and Michael Tobin are attending the Kentucky Cattlemen's Association (KCA) Leadership Program.
- June 20 to 24, 2010, Wayne Hunt, Mr. Thomas, Mr. Judge, Mr. Neaveill, Mr. McCloskey, Angela Blank and Kylee Palmer traveled to North Carolina for an idea exchange trip with the *Golden LEAF Foundation* and the *North Carolina Tobacco Trust Fund Commission*.
- June 24, 2010, Christi Marksbury attended Warren County Motivating and Enhancing Agricultural Leaders (MEAL).
- June 25, 2010, Mr. Thomas attended Bel Brands 40 Year Anniversary Celebration promoting Avalon Cheese.
- July 2, 2010, Mr. Thomas, Ms. Blank, and Mr. McCloskey spoke at the Lebanon/Marion County, City Economic Development First Friday Forum with Peggy Peterson, Cyndi Hall and Tom Lund in attendance. A World Equestrian Games (WEG) presentation was given at the meeting.
- July 6, 2010, Sandy Gardner attended the Kentucky Women in Agriculture Quarterly Board Meeting.
- July 6, 2010, Ms. Marksbury attended the Daviess County/KCA Field Day.
- July 7, 2010, The Tobacco Settlement Agreement Fund Oversight Committee Meeting. Rodney Dick was in attendance. The following projects were discussed:

Cumberland Farm Products by Representative Jamie Comer  
 Owen County Historical Society by Representative Royce Adams  
 Food Banks by Representative Tom McKee, Senator Vernie McGaha and Representative Comer

- July 8, 2010, The Kentucky Agriculture Council (KAC) Executive Board gave an update on the June 24, 2010 strategic planning meeting to GOAP staff.
- July 8, 2010, Ms. Gardner and Ms. Hudnall attended Franklin County Field Day.
- July 14, 2010, Governor Steve Beshear, Bruce Harper, Pat Henderson, David Beck along with several from the GOAP staff attended the FFA Leadership Training Camp groundbreaking for the upgrades to the kitchen and the dining hall. \$2 million in Agricultural Development Funds are supporting the renovations at the camp.
- July 14, 2010, Mr. Neaveill attended the Interim Joint Agriculture Meeting at Kentucky Dam Village.
- July 15, 2010, Mr. Hughes and Ms. Hudnall made presentations at the Kentucky State University (KSU) Sustainable Farm Families and Farm Energy Field Day.
- Mr. Hughes has attended several Energy Field Days and attended the 25' x 25' Energy Meeting in Washington D.C.
- July 16, 2010, Susie Tanner, Dave Maples, Mr. Harper, Warren Beeler, Roger Snell, Steve Kelly, John Roberts, Mark Critchfield, Geoff Frank, Nathan Hohman, Mr. Hughes, Roger Thomas, Allison Smith, Greg Rentfrow, and Becky Bennet attended a meeting at Alltech to discuss Alltech's Branded Beef project.
- July 19 and 20, 2010, Ms. Blank made a WEG presentation to the Kentucky Association of Conservation Districts Annual Meeting.

Mr. Thomas called on Ms. Blank to make the following announcement:

- The Kentucky Farm Bureau Country Ham Breakfast will be on August 26, 2010 and we will provide one complimentary ticket to the event for Board Members.
- The GOAP Conference will be Thursday, February 10, 2010 with the KADB and KAFC Board Meetings Friday, February 11, 2010 at the Sloan Convention Center in Bowling Green.
- The August 20, 2010 KADB Board Meeting will be at the Louisville Zoo thanks to Sam Lawson and Jean Marie Lawson for inviting us to that venue.
- GOAP has negotiated some tickets for the WEG. Board Members will be notified of availability when the details are finalized.

### **Director of Financial Services Report**

Mr. Stone called upon Bill McCloskey to give the KAFC Financial 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 (as of 06/30/2010):</b>	
Interest Earned from Loans	\$1,776,079
Interest Earned from State Investment Commission	1,054,534
Interest Fund (2802 Acct.)	2,830,614
Principal/Loan Fund (2803 Acct.)	3,706,090
Loan Funds Disbursed	28,902.652
KADB Approved Loans not Transferred	86,470
Funds Held by State & not transferred to KAFC	2,000,000
<b>Total Assets</b>	<b>\$37,525,825</b>

### **Presentation**

Mr. Stone called on Hugh Haydon to make a presentation on Kentucky BioProcessing, LLC. Mr. Haydon updated both boards on the current status and future of Kentucky BioProcessing, LLC which has received both KADB and KAFC funds.

The joint meeting adjourned at 10:20 a.m. EDT.

# Kentucky Agricultural Finance Corporation

Minutes of the July 22, 2010 Meeting

Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the Kentucky Agricultural Finance Corporation Board meeting to order at 10:30 a.m. EDT.

## **Swearing in of New Member**

Angela Blank, notary, administered the Oath of Office to Joel Oney.

## **Review and Approval of Minutes**

**Westy Adams moved to approve the minutes of the June 4, 2010 meeting, as presented, of the KAFC Board of Directors;** Frank Penn seconded the motion. *The motion passed without dissent.*

## **Director of Financial Services Report**

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

The KAFC Financial report was given during the Joint Board Meeting. **Tom Midkiff moved to approve the financial report;** Mr. Adams seconded the motion. *The motion passed without dissent.*

Mr. McCloskey made note of the updated Board Member Contact information, the revised list of KAFC committees, the thank you letter from Jason Jenkins, and the FSA newsletter all found in the board book.

Mr. McCloskey made note of the Memorandum concerning the staff limit approvals. Staff recommended amending the staff approval limit regarding the Agricultural Infrastructure Loan Program as follows:

From:

Under \$14,999.99 – 690 or above  
\$15,000 to \$29,999.99 – 700 or above  
\$30,000 to \$49,999.99 – 710 or above

To:

Under \$15,000 – 690 or above  
\$15,000.01 to \$30,000 – 700 or above  
\$30,000.01 to \$50,000 – 710 or above

**Mr. Adams moved to approve the staff recommendation, as presented;** Bob Proffitt seconded the motion. *The motion passed without dissent.*

## **New Business**

The following applications were received between May 15, 2010 and July 2, 2010.

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

**AF10-0025**

**Pitts, Larry (Square P Dairy, LLC)—pending.**

**AF10-0026**

**Kelsay, James and Sherry** – Applicants requested \$49,999.99 for improvements to six (6) poultry facilities and upgrades and repairs to a barn on a farm in Pulaski County. Farm Credit Services in Somerset is the participating lender. This loan was approved by staff (June 21, 2010), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

Mr. McCloskey presented an amended request for \$50,000.00. **Tom Midkiff moved to approve AF10-0026 for the amended amount of \$50,000.00;** Mr. Adams seconded the motion. *The motion passed without dissent.*

**AF10-0027 Ayer, Jonathan and Traci** – Applicants requested \$45,000 for the installation of an energy efficient grain dryer in McLean County. Independence Bank in Livermore is the participating lender. Staff recommends approving this loan. **Kenny Burdine moved to approve AF10-0027, based on staff's recommendation, pending fund availability;** Larry Jagers seconded the motion. *The motion passed without dissent.*

**AF10-0030 Owens, Garnett and Kathy** – Applicants requested \$7,836.50 for the construction of an equipment and hay storage shed in Warren County. Farm Credit Services in Bowling Green is the participating lender. This loan was approved by staff (July 7, 2010), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

**AF10-0031 Crist, Sr., William and Karen**—pending.

**AF10-0033 Turner, Mark and Elizabeth (T-ville Farms, LLC)** – Applicants requested \$72,500 for the purchase of 50% interest in a poultry operation in McLean County. Farm Credit Services in Owensboro is the participating lender. Staff recommends approving this loan. **Mr. Midkiff moved to approve AF10-0033, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

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

**AF10-0028 Ragsdale, Jacob**—pending.

**AF10-0029 Peden, Casey** – Applicant requested \$168,750 for the purchase of a 150 acre tract from his grandfather's estate in Barren County. Farm Credit Services in Glasgow is the participating lender. Staff recommended loan approval for \$111,611.25. **Mr. Midkiff moved to approve AF10-0029, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

**AF10-0032 Turner, Matthew (T-ville Farms, LLC)** – Applicant requested \$177,500 for the purchase of 50% interest in a poultry operation in McLean County. Farm Credit Services in Owensboro is the participating lender. Staff recommends approving this loan. **Mr. Proffitt moved to approve AF10-0032, based on staff's recommendation, pending fund availability;** Ms. Peterson seconded the motion. *The motion passed without dissent.*

### **Old Business**

**AF10-0021 Tanner, Davin and Candice**— Applicants requested \$47,500 to purchase a 38.84 acre farm in McLean County. Independence Bank in Livermore is the participating lender. Staff recommends approving this loan. **Mr. Jagers moved to approve AF10-0021, based on staff's recommendation, pending fund availability;** Mr. Burdine seconded the motion. *The motion passed without dissent.*

**AF09-0043**                    **Strode, Richard and Karen** – Applicants requested an extension to the “must commence construction” date. They were approved for \$100,000 on February 5, 2010 for the construction of an 80’ x 120’ machinery shop. Materials will not be available from the manufacturer until late summer. Staff recommends the KAFC loan extended the “must commence construction” date to September 5, 2010. **Mr. Midkiff moved to approve an extension for AF09-0043, based upon staff’s recommendation;** Mr. Penn seconded the motion. *The motion passed without dissent.*

**Closing Remarks**

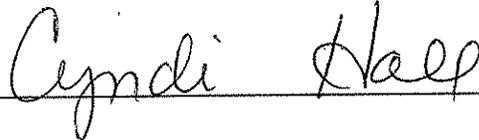
The next meeting of the KAFC Board will be Thursday, September 2, 2010 at the Transportation Cabinet Office Building, 400 Mero Street, Frankfort, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EDT.

The meeting adjourned at 12:05 p.m. EDT.

**PRESIDING OFFICER:**

  
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**SECRETARY:**

  
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