

Kentucky Agricultural Finance Corporation

Minutes of the September 2, 2010 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Thursday, September 2, 2010 at the Transportation Cabinet Office Building, 400 Mero Street, Room C109A & B, in Frankfort, Kentucky. Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the meeting to order at 10:11 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, George Begley, Kenneth Burdine, Tom Midkiff (designee for Secretary Miller), Joel Oney, Frank Penn, Peggy Peterson, Bob Proffitt

Members Absent

Wayne Hunt, Larry Jagers, Doug Lawson

Others Present

Staff – Roger Thomas, Angela Blank, Diane Fleming, Sandra Gardner, Cyndi Hall, Tim Hughes, Joel Neaveill, Bill McCloskey

Guests – Lowell Atchley, and Biff Baker, Legislative Research Commission (LRC); Ginny Grulke, Executive Director, Kentucky Horse Council

Welcome/Introduction of Guests

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

Review and Approval of Minutes

Frank Penn moved to **approve the minutes of the July 22, 2010 KAFC Board of Directors meeting, as presented**; Westy Adams seconded the motion. *The motion passed without dissent.*

Reports

Executive Director's Report

Mr. Harper called on Roger Thomas to give the Executive Director's Report. Mr. Thomas introduced the guests and yielded the floor to Frank Penn to introduce and welcome Ms. Grulke.

Mr. Thomas reported on the activities of the Governor's Office of Agricultural Policy (GOAP) staff.

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.

K AFC Statement of Financial Position	
ASSETS (as of 07/31/ 2010):	
Interest Earned from Loans	\$ 1,788,125
Interest Earned from State Investment Commission	1,054,534
Interest Fund (2802 Acct.)	2,842,659
Principal/Loan Fund (2803 Acct.)	3,490,605
Loan Funds Disbursed	29,118,137
KADB Approved Loans not Transferred	86,470
Funds Held by State & not transferred to K AFC	2,000,000
Total Assets	\$37,537,871

Kenny Burdine moved to approve the financial report; Peggy Peterson seconded the motion. *The motion passed without dissent.*

Mr. Harper called on Angela Blank to give a World Equestrian Games (WEG) update.

New Business

The following applications were received between July 2, 2010 and August 20, 2010.

Beginning Farmer Loan Program - Discussion and Action

AF10-0034 **Thurby, Heath and Kelly**-- Applicants requested \$54,925 for the purchase of an 87.88 acre farm in Henderson County. Independence Bank in Henderson is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF10-0034, based on staff's recommendation, pending fund availability;** Ms. Peterson seconded the motion. *The motion passed without dissent.*

AF10-0035 **Halich, Gregory** – Applicant requested \$25,000 for the purchase of a 30 acre farm in Woodford County. Farm Credit Services of Mid-America in Lexington is the participating lender. Staff recommended loan approval. **Bob Proffitt moved to approve AF10-0035, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. Mr. Burdine abstained. *The motion passed without dissent.*

Old Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF10-0025 **Pitts, Larry and Brenda (Square P Dairy, LLC)** - Applicants requested \$100,000 for the expansion of an existing milk parlor and construction of a new pack barn in Logan County. First Southern National Bank in Russellville is the participating lender. Staff recommended loan approval. **Mr. Burdine moved to approve AF10-0025, 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 and Ashley**-- Applicants requested \$37,500 for the purchase of 7.23 acres including 10,000 square foot glass greenhouse and two hooped greenhouses in Jefferson County. Citizens Union Bank in Shelbyville is the participating lender. Staff recommended loan approval for \$30,000. **Tom Midkiff moved to table AF10-0028, until further information could be obtained;** Joel Oney seconded the motion. *The motion passed without dissent.*

Extension Requests

AF08-0105 **Brockman, Dwain and Theresa** – Applicants requested a second extension on the loan's expiration date. They were approved for \$54,478.50 on March 6, 2009 for the construction of a 37' x 96' quick cover building and improvements to cattle handling facilities. They have been advised to construct a facility that will be covered with a roof and one that will also allow for proper manure handling/storage. They believe they can complete the project by January 6, 2011. Staff recommends the K AFC loan approval be extended to January 6, 2011. **Mr. Penn moved to approve a second extension for AF08-0105, based on staff's recommendation, pending fund availability;** Ms. Peterson seconded the motion. *The motion passed without dissent.*

AF09-0014 **Mattingly, Kenneth and Beverly** – Applicants requested an extension on the loan's expiration date. They were approved for \$100,000 on July 17, 2009 for the construction of a free stall barn. The extension is for the purposes of completing the loan documents. Staff recommends the K AFC loan approval be extended to October 17, 2010. **Mr. Burdine moved to approve an extension for AF09-0014, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

AF09-0018 **Karn, Timothy and Patty** – Applicants requested an extension on the loan's expiration date. They were approved for \$82,089 for the installation of an energy efficient grain dryer. They are requesting a three month extension, until December 17, 2010 to complete the project. Staff recommends the K AFC loan approval be extended to December 17, 2010. **Mr. Midkiff moved to approve an extension for AF09-0018, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

Mr. Midkiff moved to go into closed session pursuant to KRS 61.180 at 11:31 a.m. EDT. Mr. Penn seconded the motion. The motion passed without dissent.

Mr. Adams moved to reconvene the meeting at 12:28 p.m. EDT. Mr. Oney seconded the motion. The motion passed without dissent.

Mr. Adams moved to reject the \$50,000 offer by Citizens Commerce National Bank to settle K AFC's claim against Unity Farms; to obtain an official copy of the property appraisal; and consider all options in this matter, including but not limited to, participation in the Master Commissioner's sale, and/or pursuing the case judgment; Mr. Oney seconded the motion. *The motion passed without dissent.*

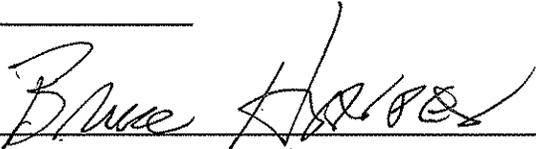
Closing Remarks

The next meeting of the KAFC Board will be Friday, October 1, 2010 at the Transportation Cabinet Office Building, 400 Mero Street, Frankfort, Kentucky. The regular business meeting of KAFC will begin at 10:00 a.m. EDT.

Mr. Midkiff moved to adjourn; Mr. Burdine seconded the motion. The motion passed without dissent. The meeting adjourned at 12:31 a.m. EDT.

APPROVED: _____

PRESIDING OFFICER:



SECRETARY:

