

Kentucky Agricultural Finance Corporation

Minutes of the October 1, 2010 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, October 1, 2010 at the Transportation Cabinet Office Building, 200 Mero Street, Room C109A & B, in Frankfort, Kentucky. Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the meeting to order at 10:05 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, Wayne Hunt, Doug Lawson, Tom Midkiff (designee for Secretary Miller), Joel Oney, Frank Penn, Peggy Peterson

Members Absent

Larry Jagers, Bob Proffitt

Others Present

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

Guests – Travis Hayden and Charles Hayden Jr., C&T Farms, Inc.; Wayne Mattingly, Independence Bank; Lowell Atchley and Biff Baker, Legislative Research Commission (LRC)

Welcome/Introduction of Guests

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

Review and Approval of Minutes

Westy Adams moved to approve the minutes of the September 2, 2010 KAFC Board of Directors meeting, as presented; Peggy Peterson 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 reported on the World Equestrian Games, recent check presentations and the status of the 2010 drought relief efforts.

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 08/31/ 2010):	
Interest Earned from Loans	\$ 1,792,618
Interest Earned from State Investment Commission	1,056,387
Interest Fund (2802 Acct.)	2,849,005
Principal/Loan Fund (2803 Acct.)	3,139,889
Loan Funds Disbursed	29,488,863
KADB Approved Loans not Transferred	86,470
Funds Held by State & not transferred to K AFC	2,000,000
Total Assets	\$37,564,216

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

Mr. McCloskey reported on the National Council of State Agricultural Finance Programs (NCOSAFP) Annual Conference that was held on September 19 thru 22, 2010 in Harrisburg, PA. Both he and Cyndi Hall attended the Conference.

New Business

The following applications were received between August 21, 2010 and September 10, 2010.

Agricultural Processing Loan Program - Discussion and Action

AF10-0037 **Ferguson, Tony (Performance Feeds, LLC) – pending**

Beginning Farmer Loan Program - Discussion and Action

AF10-0036 **Hayden, Charles & Lorie (C & T Farms, LLC) --** Applicants requested \$250,000 for the purchase of 50% interest in a 916 acre farm in Daviess County. Independence Bank in Owensboro is the participating lender. Both lender and applicants were in attendance to answer any questions the Board had. Staff recommended loan approval for \$215,938 contingent on a written agreement for the new LLC and the sale of 58.53 acres from Loan AF09-0015. **Wayne Hunt moved to approve AF10-0036, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed with dissent.*

Old Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF10-0031 **Crist, Jr., William & Julie (Crist Dairy Farm Partnership) -** Applicants requested \$100,000 for the construction of two 138' x 200' bedded Pac barns and other improvements on a newly purchased dairy farm in Metcalfe County. Farm Credit Services of Mid-America in Glasgow is the participating lender. Staff recommended loan approval. **Joel Oney moved to approve AF10-0031, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

Extension Requests

AF08-0048 Goode, Ronald and Brenda – Applicants requested a third extension for this loan. The extension is for the purposes of completing the loan documents. Staff recommended approval of the extension to November 18, 2010. **Doug Lawson moved to approve the extension request for AF10-0031, based on staff's recommendation, pending fund availability;** Ms. Peterson seconded the motion. *The motion passed without dissent.*

Mr. Adams moved to go into closed session pursuant to KRS 61.810 (1) (b) & (c) at 11:03 a.m. EDT. Mr. Hunt seconded the motion. The motion passed without dissent.

Mr. Burdine moved to reconvene the meeting at 11:28 a.m. EDT. Mr. Lawson seconded the motion. The motion passed without dissent.

Mr. Hunt moved to authorize Legal Counsel in accordance with the discussion, to decline the settlement offer submitted by Citizen's Commerce National Bank, and to continue settlement negotiations; Mr. Oney seconded the motion. *The motion passed without dissent.*

Closing Remarks

The next meeting of the KAFC Board will be Friday, November 5, 2010 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, Kentucky. The regular business meeting of KAFC will begin at 10:00 a.m. EDT.

Mr. Lawson moved to adjourn; *Mr. Penn seconded the motion. The motion passed without dissent.* The meeting adjourned at 11:50 a.m. EDT.

APPROVED: 11-5-2010

PRESIDING OFFICER: Bruce Hamper

SECRETARY: Cyndi Haef