

# **Kentucky Agricultural Finance Corporation**

## **Minutes of the February 11, 2011 Meeting**

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, February 11, 2011 at the Sloan Convention Center in Bowling Green, Kentucky. Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the meeting to order at 9:00 a.m. CST.

### **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, Larry Jagers, Wayne Hunt, Doug Lawson, Tom Midkiff (designee for Secretary Miller), Joel Oney, Peggy Peterson

#### ***Members Absent***

Frank Penn, Bob Proffitt

#### ***Others Present***

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

### **Welcome/Introduction of Guests**

Mr. Harper welcomed the Board and thanked them for attending the 2011 GOAP Conference.

### **Review and Approval of Minutes**

Larry Jagers moved to **approve** the minutes of the December 3, 2010 KAFC Board of Directors meeting, as presented; Doug Lawson seconded the motion. *The motion passed without dissent.*

### **Reports**

Mr. Harper noted that Roger Thomas was in the Kentucky Agricultural Development Board (KADB) Meeting and would give a report to the KAFC Board later in the meeting.

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

Mr. Harper asked Mr. McCloskey to give the Director of Financial Services Report. Mr. McCloskey thanked Sandy Gardner for preparing the Financial Report each month then reviewed the financial position report (below) of KAFC.

<b>K AFC Statement of Financial Position</b>	
<b>ASSETS (as of 01/31/2011):</b>	
Interest Earned from Loans	\$ 2,241,376
Interest Earned from State Investment Commission	1,063,284
Interest Fund (2802 Acct.)	3,304,660
Principal/Loan Fund (2803 Acct.)	2,871,783
Loan Funds Disbursed	29,748,252
Funds Held by State & not transferred to K AFC	2,000,000
<b>Total Assets</b>	<b>\$37,924,696</b>

**Westy Adams moved to approve the financial report;** Joel Oney seconded the motion. *The motion passed without dissent.*

Staff recommended the transfer of \$1,000,000 from the Agricultural Processing Loan Program to the Beginning Farmers Loan Program. **Kenny Burdine moved to approve the transfer of \$1,000,000 from the Agricultural Processing Loan Program to the Beginning Farmers Loan Program;** Peggy Peterson seconded the motion. *The motion passed without dissent.*

Staff recommended including 'working capital' in the Large/Food Animal Veterinary Loan Program to be consistent with the policies in other loan programs. **Tom Midkiff moved that 'working capital' may be included in the Large/Food Animal Veterinary Loan Program on a case by case basis;** Peggy Peterson seconded the motion. *The motion passed without dissent.*

Mr. McCloskey reported on all the meetings he and Cyndi Hall have attended since the last meeting. He announced that he was elected president of the UK Ag Alumni Association. He thanked Mr. Harper and Mr. Burdine for attending the Performance Feeds ribbon cutting in December.

### **New Business**

The following applications were received between November 16, 2010 and January 21, 2011:

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

**AF10-0044 Peden, Charles "Brian" – pending.**

**AF10-0045 Grant, Dennis and Sarona** -- Applicants requested \$85,000 for the construction of a grain bin, new leg and grain pit in Daviess County. Independence Bank in Owensboro is the participating lender. Staff recommended loan approval. **Mr. Lawson moved to approve AF10-0045, based on staff's recommendation, pending fund availability;** Mr. Burdine seconded the motion. *The motion passed without dissent.*

**AF11-0002**                    **Young, Greg** -- Applicant requested \$13,000 for the construction of a grain bin in Washington County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval. **Ms. Peterson moved to approve AF11-0002, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

**AF11-0004**                    **Tanner, Franklin** – pending.

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

**AF11-0001**                    **Young, Greg** -- Applicant requested \$55,000 for the purchase of a 79 acre farm in Washington County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval. **Mr. Burdine moved to approve AF11-0001, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

**AF11-0003**                    **Reed, Nathan and Lauren** -- Applicants requested \$250,000 for the construction of six (6) poultry houses in Graves County. First National Bank in Mayfield is the participating lender. Staff recommended loan approval. **Mr. Oney moved to approve AF11-0003, based on staff's recommendation, pending fund availability;** Mr. Midkiff seconded the motion. *The motion passed without dissent.*

**Large/Food Animal Veterinary Loan Program -- Discussion and Action**

**AF10-0046**                    **Oliver, Rocky and Amy** -- Applicants requested \$95,000 for the purchase of 50% interest in Shelby Veterinary Clinic in Shelby County. Citizens Union Bank in Shelbyville is the participating lender. Staff recommended loan approval. **George Begley moved to approve AF10-0046, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

Diane Fleming and Roger Thomas joined the meeting.

**Mr. Adams moved to go into closed session pursuant to KRS 61.810 (1) (b) & (c) to discuss the potential forced sale of property owned by KAFC and the pending litigation at 9:50 a.m. CST.** Mr. Jagers seconded the motion. *The motion passed without dissent.*

**Mr. Burdine moved to return to the open meeting of the Board at 10:44 a.m. CST.** Mr. Lawson seconded the motion. *The motion passed without dissent.*

No action was taken during closed session.

During closed session Mr. Thomas, Mr. McCloskey and Mr. Hunt exited the meeting.

**Mr. Burdine moved to decline the settlement offer from Farm Credit Services for the Burton Loan.** Mr. Adams seconded the motion. *The motion passed without dissent.*

No counter offer was made.

Ms. Fleming exited the meeting. Mr. McCloskey joined the meeting.

**AF11-0005**                    **Hughes, Brenda** – Applicant requested \$35,000 for the set up of an equine clinic in Metcalfe County. South Central Bank of Monroe County in Tompkinsville is the participating lender. Staff recommended loan approval. **Mr. Jagers moved to approve AF11-0005, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

## **Old Business**

### **Agricultural Processing Loan Program – Additional Funds Request**

**AF08-0105**                    **Brockman, Dwain and Theresa** -- Applicants requested an additional \$29,682 for the construction of a barn in Adair County. United Citizens Bank in Columbia is the participating lender. Staff recommended loan approval. Staff further recommended an extension for the closing date of this loan until June 11, 2011. **Mr. Lawson moved to approve AF08-0105 for an additional \$29,682 and an extension, 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 with a 10,000 square foot glass greenhouse and two (2) hooped greenhouses in Jefferson County. Citizens Union Bank in Shelbyville is the participating lender. Staff recommended \$30,000 loan approval contingent on \$15,000 seller financing and documentation of life insurance naming the CUB/KAFC as the beneficiaries. **Ms. Peterson moved to approve AF10-0028 for \$30,000, based on staff's recommendation, pending fund availability;** Mr. Midkiff seconded the motion. *The motion passed without dissent.*

### **Withdrawals -- No Action Necessary**

**AF10-0038**                    **Howard, Rodney**

### **Paid in Full – No Action Necessary**

**AF06-0055**                    **Ball, Joe**  
**AF08-0046**                    **Redding, Aaron**  
**AF09-0024**                    **Hayden, Charles**

Mr. Thomas joined the meeting.

### **Executive Director's Report**

Mr. Harper called on Roger Thomas to give the Executive Director's Report. Mr. Thomas reported on the activities and meetings of the Governor's Office of Agricultural Policy (GOAP) staff.

Mr. Thomas reported that the new members of the Tobacco Settlement Agreement Fund Oversight Committee are Representative Wilson Stone, Representative Fred Nesler and Senator Dennis Parrett.

Mr. Thomas invited KAFC board members to the luncheon on Tuesday, February 15, 2011 at the Veteran of Foreign War (VFW) building in Frankfort and a Kentucky Proud breakfast at the Capitol Annex on Thursday, February 17, 2011.

**Closing Remarks**

The next meeting of the KAFC Board will be Friday, March 4, 2011 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EST.

**Mr. Begley moved to adjourn;** Mr. Midkiff seconded the motion. *The motion passed without dissent.* The meeting adjourned at 11:35 a.m. CST.

APPROVED: 4-1-11

PRESIDING OFFICER: Bruce Hammett

SECRETARY: Cyndi Abell