

Kentucky Agricultural Finance Corporation

Minutes of the April 1, 2011 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, April 1, 2011 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. 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, George Begley, Kenneth Burdine, Larry Jaggars, Wayne Hunt, Doug Lawson, Frank Penn, Peggy Peterson, Bob Proffitt

Members Absent

Tom Midkiff (designee for Secretary Miller), Joel Oney

Others Present

Staff – Roger Thomas, Diane Fleming, Sandy Gardner, Cyndi Hall, Bill Hearn, Bill McCloskey, Mike Tobin

Guests – Lowell Atchley and Biff Baker, Legislative Research Commission (LRC)

Welcome/Introduction of Guests

Mr. Harper welcomed the Board and guest to the KAFC Board meeting.

Review and Approval of Minutes

Westy Adams moved to approve the minutes of the February 11, 2011 KAFC Board of Directors meeting, as presented; Kenny Burdine 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 activities and meetings of the Governor's Office of Agricultural Policy (GOAP) staff.

Mr. Thomas reported that Joel Oney and Wayne Hunt would be traveling with the GOAP/EEC 2011 Missouri Bioenergy Tour along with Roger, Angela Blank and Bill McCloskey. The trip is May 3 – 5, 2011.

Mr. Thomas announced a series of "town hall" meetings throughout the state. These meetings will be in May and June, 2011. A full schedule of meetings will be distributed when the dates and locations are finalized. Mr. Thomas encouraged the board to attend these meetings.

Mr. Thomas recognized Mr. Hunt for the Distinguished Service Award and Mr. McCloskey for the Outstanding Alumni Award they received at the 2011 Gamma Sigma Delta Awards Ceremony.

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.

KAFC Statement of Financial Position	
ASSETS (as of 02/28/2010):	
Interest Earned from Loans	\$ 2,285,926
Interest Earned from State Investment Commission	1,064,921
Interest Fund (2802 Acct.)	3,350,846
Principal/Loan Fund (2803 Acct.)	2,930,295
Loan Funds Disbursed	29,214,940
KADB Approved Loans not Transferred	
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$37,496,082

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

Mr. McCloskey proposed changes to the guidelines for the Diversification through Entrepreneurship in Agribusiness Loan Program. Staff recommended the farming experience guideline be changed to "Priority consideration will be given to applicants with agricultural education and/or experience in agriculture"; a 5-year business plan will be required of all applicants, and start up ventures may be required to submit a feasibility study. **Mr. Hunt moved to approve the changes to the guidelines;** Frank Penn seconded the motion. *The motion passed without dissent.*

A memorandum concerning the 2011 KAFC Board Meeting dates was handed out, as well as an article on Kenny Burdine.

Mr. McCloskey made note of the KCARD newsletter highlighting Owens Garden Center.

New Business

The following applications were received between January 22, 2011 and March 11, 2011.

Agricultural Infrastructure Loan Program -- Discussion and Action

AF11-0009 Galloway, Bobby and Donna -- Applicants requested \$15,450 for the construction of a shop/building in Graves County. FNB Bank in Murray is the participating lender. This loan was approved by staff (March 13, 2011), based upon

loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

Beginning Farmer Loan Program -- Discussion and Action

AF11-0006 Wherry, Dustin -- Applicant requested \$247,000 for the purchase of poultry equipment in Fulton County. Jackson Purchase ACA in Hickman is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF11-0006, based on staff's recommendation, pending fund availability;** Doug Lawson seconded the motion. *The motion passed with dissent.*

AF11-0007 Workman, Zachary -- Applicant requested \$250,000 for the construction of two (2) hog barns in Hickman County. Clinton Bank in Clinton is the participating lender. Staff recommended loan approval. **Mr. Lawson moved to approve AF11-0007, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed with dissent.*

AF11-0008 Jewell, Keith and Chasity -- Applicants requested \$9,318 for the purchase of a tractor (purchased at auction) and beef cattle in Green County. PBI Bank in Greensburg is the participating lender. Staff recommended loan approval. **Mr. Burdine moved to approve AF11-0008, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

AF11-0011 Kough, Adam and Candice -- Applicants requested \$56,651 for the purchase of a 55.986 acre farm in Graves County. Jackson Purchase ACA in Mayfield is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF11-0008, based on staff's recommendation, pending fund availability;** Mr. Burdine seconded the motion. *The motion passed without dissent.*

Diversification through Entrepreneurship in Agribusiness Loan Program -- Discussion and Action

AF11-0010 Shocklee, Brandon -- Applicant requested \$100,000 for the purchase of a poultry clean-out business in McLean County. Independence Bank in Livermore is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF11-0010, based on staff's recommendation, pending fund availability;** Larry Jagers seconded the motion. *The motion passed with dissent.*

Old Business

Agricultural Infrastructure Loan Program -- Discussion and Action

AF11-0009 Galloway, Bobby and Donna -- Applicants requested \$15,450 for the construction of a shop/building in Graves County. FNB Bank in Murray is the participating lender. This loan was approved by staff (March 13, 2011), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

Mr. Hunt moved to go into closed session pursuant to KRS 61.810 (1) (b) & (c) to discuss pending litigation at 11:38 a.m. EDT. Mr. Jagers seconded the motion. *The motion passed without dissent.*

Mr. Penn moved to return to the open meeting of the Board at 11:50 a.m. EST. Mr. Adams seconded the motion. *The motion passed without dissent.*

No action was taken during closed session.

Paid in Full—No Action Necessary

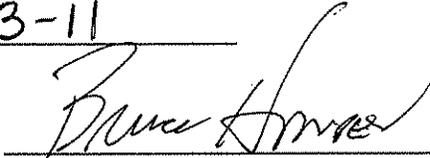
AF06-0007 Smith, Lee
AF08-0009 McKee, Mike

Closing Remarks

The next meeting of the KAFC Board will be Friday, May 13, 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. EDT.

Mr. Burdine moved to adjourn; Mr. Adams seconded the motion. *The motion passed without dissent.* The meeting adjourned at 12:00 p.m. EDT.

APPROVED: 5-13-11

PRESIDING OFFICER: 

SECRETARY: 