

Kentucky Agricultural Finance Corporation

Minutes of the May 13, 2011 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, May 13, 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 10:10 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, Kenneth Burdine, Wayne Hunt, Tom Midkiff (designee for Secretary Miller), Joel Oney, Frank Penn, Peggy Peterson, Bob Proffitt

Members Absent - George Begley, Larry Jaggars, Doug Lawson

Others Present

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

Guests – Lowell Atchley and Biff Baker, Legislative Research Commission (LRC); Brian and Janella Miller, Pulaski County farmers

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 April 1, 2011 KAFC Board of Directors meeting, as presented; Bob Proffitt 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 the May 11, 2011 Tobacco Settlement Agreement Fund Oversight Committee Meeting included a presentation by the advisory committee of the Ag Extension Agents. Dean Scott Smith and Dr. Gary Palmer were also in attendance.

Mr. Thomas reported that at the April 15, 2011 Kentucky Agricultural Development Board Meeting the Meade County River Authority was approved for \$2 Million as a 1.0% interest loan and will be moved over to the KAFC.

Mr. Thomas noted several events where the KADF logo has been presented, as well as May being Beef Month.

Mr. Thomas reported that the GOAP/Energy and Environment Cabinet (EEC) 2011 Missouri Bioenergy Tour was an informative three day trip.

Angela Blank was called on to review the schedule and agenda for the 2011 KADF Forums. Mr. Thomas encouraged the board to attend these meetings.

Mr. Thomas reported that 37% of the Tobacco Transition Payment Program (TTPP) payments were given as lump sum payments to producers.

On May 9, 2011 Mr. Thomas joined Henry Sanger to see the devastation in western Kentucky. Governor Beshear has requested an agricultural disaster declaration for 37 Kentucky counties.

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 04/30/2011):	
Interest Earned from Loans	\$ 2,361,015
Interest Earned from State Investment Commission	1,067,492
Interest Fund (2802 Acct.)	3,428,507
Principal/Loan Fund (2803 Acct.)	2,833,233
Loan Funds Disbursed	29,312,000
KADB Approved Loans not Transferred	
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$37,573,742

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

Cyndi Hall made note of the memorandum concerning the Guideline Review Committee; the memorandum concerning the July KADB-KAFC Board Meeting in Hopkinsville; the USDA Guaranteed Lender Newsletter and the article by Will Snell on *Kentucky's Agricultural Economy Entering the 2012 Farm Bill Debate.*

New Business

The following applications were received between March 12, 2011 and April 29, 2011.

Agricultural Infrastructure Loan Program -- Discussion and Action

AF11-0013 **Morris, Gregory and Michelle** -- Applicants requested \$12,000 for the installation of a 10,000 bushel grain bin in Marion County. Central Kentucky ACA in Lebanon is the participating lender. This loan was approved by staff (May 4, 2011), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF11-0016 **Newcomb, Aaron** -- Applicant requested \$27,500 for the construction of a tobacco barn in Taylor County. United Citizens Bank of Southern KY in Campbellsville is the participating lender. This loan was approved by staff (May 6, 2011), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF11-0017 **Hayden, Freddy and Pamela** -- Applicants requested \$80,000 for the construction of a grain storage facility with drying capacity in Carlisle County. FNB Bank in Murray is the participating lender. **Tom Midkiff moved to approve AF11-0017, based on staff's recommendation, pending fund availability;** Joel Oney seconded the motion. *The motion passed without dissent.*

Beginning Farmer Loan Program -- Discussion and Action

AF11-0014 **Baggerly, Matthew** -- Applicant requested \$64,819 for the purchase of an 82.74 acre farm in Henderson County. Independence Bank in Providence is the participating lender. Staff recommended loan approval. **Peggy Peterson moved to approve AF11-0014, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.*

AF11-0015 **Miller, Brian and Janella** -- Applicants requested \$74,200 for the purchase of a 51.9686 acre farm in Pulaski County. First and Farmers National Bank in Columbia is the participating lender. Staff recommended loan approval in the amount of \$44,017. **Mr. Hunt moved to approve AF11-0015, based on staff's recommendation, pending fund availability;** Kenny Burdine seconded the motion. *The motion passed without dissent.*

Old Business

Agricultural Infrastructure Loan Program -- Discussion and Action

AF08-0105 **Brockman, Dwain** -- Applicant requested an extension for this loan. The extension is needed because weather has prevented completion of the project. Staff recommended approval of the extension to October 5, 2011. **Mr. Oney moved to approve the extension request of AF08-0105, based on staff's recommendation;** Mr. Adams seconded the motion. *The motion passed without dissent.*

Paid in Full—No Action Necessary

AF09-0004 Lipps, Melissa

Closing Remarks

Mr. Harper noted that Dr. Oran Little, former dean of the UK College of Agriculture will be honored with the naming of the UK Farm on June 13, 2011 starting at 5:00 p.m. EDT in Woodford County.

Biff Baker gave a brief summary of future Interim Joint Committee on Agriculture and Natural Resources meetings.

The next meeting of the KAFC Board will be Friday, June 3, 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. Midkiff moved to adjourn; Mr. Hunt seconded the motion. *The motion passed without dissent.* The meeting adjourned at 11:05 a.m. EDT.

APPROVED: 6-3-11

PRESIDING OFFICER: Bruce Harper

SECRETARY: Cyndi Hall

KENTUCKY AGRICULTURAL FINANCE CORPORATION

Board of Directors Meeting
Transportation Cabinet Office Building
Frankfort, KY
06/03/2011



AGENDA

General Business

Call to Order (10:00 a.m. EDT)
Notification of Press
Roll Call
Welcome / Introduction of Guests
Review and Approval of Minutes (May 13, 2011)

Reports

Executive Director's Report
Director of Financial Services Report

New Business

Agricultural Infrastructure Loan Program

AF11-0018	Kimbrow, Billy R. (Calloway)	\$21,400.00	Approved
AF11-0021	Lee, Christopher "Kyle" (Taylor)	\$27,500.00	Approved

Beginning Farmer Loan Program

AF11-0019	Jones, Ethan (Marion)	\$81,825.00	Pending
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Diversification through Entrepreneurship

AF11-0020	Quiggins, Timmy (Hart)	Burley Fields Livestock Center	\$100,000.00	Recommend Approval
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Old Business

Agricultural Processing Loan Program

AF11-0012	Bird, Dinah (Bracken)	Baker-Bird Winery	\$ 57,000.00	Recommend Denial
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