

Kentucky Agricultural Finance Corporation

Minutes of the October 14, 2011 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, October 14, 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 10:06 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, Frank McAninch, Tom Midkiff (designee for Secretary Miller), Joel Oney, Peggy Peterson

Members Absent – Wayne Hunt, Larry Jagers, Doug Lawson, Frank Penn

Others Present

Staff –Sandy Gardner, Cyndi Hall, Bill McCloskey

Guests – Lowell Atchley and Biff Baker, Legislative Research Commission (LRC); John McLean, Taylor County Applicant; Tim Hughes, Energy & Environment Cabinet

Welcome/Introduction of Guests

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

Review and Approval of Minutes

Westy Adams moved to approve the minutes of the September 2, 2011 KAFC Board of Directors meeting, as presented; Joel Oney seconded the motion. *The motion passed without dissent.*

Reports

Executive Director's Report

Mr. Harper called on Bill McCloskey to give the Executive Director's Report on behalf of Roger Thomas who was attending the unveiling the Kentucky and Local Food Resources web-site page at the American School Health Association in Louisville with First Lady Jane Beshear and Dean Scott Smith.

Mr. McCloskey made note of the agenda from National Council of State Agriculture Finance Programs (NCOSAFP) Conference that he and Cyndi Hall attended in September. The NCOSAFP annual conference will be in Kentucky in 2012.

Mr. McCloskey made note of the agenda for the two day Planning Meeting of the Kentucky Agricultural Development Board October 17 and 18, 2011. The 2011 Forum Report, which will be addressed at the meeting, was handed out.

Mr. McCloskey invited the board members to attend the 2011 Kentucky Agricultural Summit in Louisville on Friday, November 18, 2011. Information on the Summit was handed out.

The Director of Financial Services Report

Mr. McCloskey continued with the Director of Financial Services Report. Mr. McCloskey reviewed the financial position report (below) of KAFC.

KAFC Statement of Financial Position	
ASSETS (as of 09/30/2011):	
Interest Earned from Loans	\$ 2,513,369
Interest Earned from State Investment Commission	1,074,927
Interest Fund (2802 Acct.)	3,588,295
Principal/Loan Fund (2803 Acct.)	3,142,749
Loan Funds Disbursed	28,989,439
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$37,720,483

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

New Business

The following applications were received between August 13, 2011 and September 26, 2011.

Agricultural Infrastructure Loan Program -- Discussion and Action

AF11-0036 Smith, Richard "Scotty" – Applicant requested \$33,000 for the construction of a 45,315 bushel grain bin in Marion County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval.

Kenny Burdine moved to approve AF11-0036, based on staff's recommendation, pending fund availability; Mr. Adams seconded the motion. *The motion passed without dissent.*

AF11-0039 Colley, Richard and Jill – Applicants requested \$50,000 for improvements to existing farmland for the expansion of a feeder cattle operation in Christian County. Planters Bank in Hopkinsville is the participating lender. Staff recommended loan approval. **George Begley moved to approve AF11-0039, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

Agricultural Processing Loan Program -- Discussion and Action

AF11-0035 Purnell, Fred (F.B. Purnell Sausage Company, Inc.) – pending.

Beginning Farmer Loan Program -- Discussion and Action

AF11-0037 **McLean, John and Farrah (MacFarm, Inc.)** – Applicants requested \$250,000 for the construction of an anaerobic digester in Taylor County. United Citizens Bank of Southern KY is the participating lender. The applicant, John McLean, was available to answer questions. Mr. McCloskey also noted that the update information included more detail about Methane Digesters. Staff recommended loan approval. **Frank McAninch moved to approve AF11-0037, based on staff's recommendation, pending fund availability;** Mr. Burdine seconded the motion. *The motion passed without dissent.*

AF11-0040 **Grubbs, Jason** – pending.

Large/Food Animal Veterinary Loan Program—Discussion and Action

AF11-0038 **Hancock, Karen (Scott County Veterinary Clinic, Inc.)** -- Applicant requested \$100,000 for the purchase and renovation of Scott County Veterinary Clinic, Inc. in Scott County. Farm Credit Services in Lexington is the participating lender. Staff recommended loan approval. **Mr. Begley moved to approve AF11-0038, based on staff's recommendation, pending fund availability;** Peggy Peterson seconded the motion. *The motion passed without dissent.* Joel Oney abstained from voting.

Old Business

Extensions—Discussion and Action

AF08-0077 **Jones, Stewart** – Applicant requested a second extension on the expiration date of this loan. He was approved for \$150,000 for the construction of commodity storage building, heifer feeding structures and a dairy housing barn at the November 6, 2009 KAFC Board meeting. The Jones were approved with Farm Credit Services but now are exploring other financing options. Staff recommends the KAFC loan approval be extended to April 14, 2012. **Tom Midkiff moved to extend the expiration date of AF08-0077, based on staff's recommendation.** Mr. Adams seconded the motion. *The motion passed without dissent.* Mr. Oney abstained from voting.

AF10-0013 **Hendrickson, Keith**– Applicant requested an extension on the expiration date of this loan. He was approved for \$50,000 for construction of a workshop at the May 7, 2010 KAFC Board Meeting. The construction is almost complete. Staff recommends the KAFC loan approval be extended to March 24, 2012. **Mr. Oney moved to extend the expiration date of AF10-0013, based on staff's recommendation.** Mr. Adams seconded the motion. *The motion passed without dissent.*

AF10-0026 **Kelsey, James** – Applicant requested a second extension on the expiration date of this loan. He was approved for \$50,000 for improvements on six (6) poultry facilities and upgrades and repairs on his barn. The extension is needed because weather has prevented completion of the project. Staff recommended approval of the extension to January 14, 2012. **Mr. Midkiff moved to extend the expiration date of AF10-0026, based on staff's recommendation.** Mr. Adams seconded the motion. *The motion passed without dissent.* Mr. Oney abstained from voting.

AF10-0030 Owens, Garnett— Applicant requested an extension on the expiration of this loan. He was approved for \$7,836.50 for construction of an equipment and hay storage shed at the July 7, 2010 KAFC Board Meeting. The construction is complete; when Garnett finally finished his project a couple of months ago, he needed more funds than originally asked for and he needed it in a hurry. Since the request was substantially higher and involved other requests, FCS redid the request all as one loan. The extension is for the purposes of sorting out the details of the new request. Staff recommended approval of the extension to January 14, 2012. **Mr. Midkiff moved to extend the expiration date of AF10-0030, based on staff's recommendation.** Mr. Burdine seconded the motion. *The motion passed without dissent.* Mr. Oney abstained from voting.

AF10-0031 Crist Dairy— Applicant requested an extension on the expiration date of this loan. He was approved for \$100,000 for construction of 2 138' x 200' Bedded Pac Barns and other improvements on a newly purchased dairy farm at the October 1, 2010 KAFC Board Meeting. The construction is complete; the extension is for the purposes of closing the loan. Staff recommended approval of the extension to January 14, 2012. **Mr. Burdine moved to extend the expiration date of AF10-0031, based on staff's recommendation.** Mr. McAninch seconded the motion. *The motion passed without dissent.* Mr. Oney abstained from voting.

Paid in Full—No Action Necessary

AF05-0033 Cave, Thomas & Evangela

AF06-0035 Wimpy, David and Rita

AF08-0069 Cave, Thomas & Evangela

Closing Remarks

The new KAFC brochure was given to each board member. It includes all the loan programs in one place. Mr. McCloskey thanked Sandra Gardner for her hard work.

Biff Baker invited the board members to the November 9, 2011 Interim Joint Committee on Agriculture beginning at 1:00 p.m. EST. The members of the Committee will consider changes to the statutes.

The next meeting of the KAFC Board will be Friday, December 2, 2011 in the Wilson Room of the Galt House, Louisville, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EST.

Mr. Adams moved to adjourn. The meeting adjourned at 11:20 a.m. EDT.

APPROVED: 12-2-2011

PRESIDING OFFICER:

Bruce Howard

SECRETARY:

Cyndi Hall