

# Kentucky Agricultural Finance Corporation

Minutes of the December 2, 2011 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, December 2, 2011 in the Wilson Room of the Galt House, Louisville, KY. Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the meeting to order at 1:30 p.m. EST.

## **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), George Begley, Kenneth Burdine, Wayne Hunt, Doug Lawson, Tom Midkiff (designee for Secretary Flannery), Joel Oney, Frank Penn, Peggy Peterson

***Members Absent*** – Westy Adams; Larry Jagers; Frank McAninch

### ***Others Present***

**Staff** – Roger Thomas, Cyndi Hall, Bill McCloskey

**Guests** – Jim Mahan, Kentucky Agricultural Development Board (KADB); Warren Beeler, Kentucky Department of Agriculture (KDA)

## **Welcome/Introduction of Guests**

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

## **Review and Approval of Minutes**

Frank Penn moved to approve the minutes of the October 14, 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 Roger Thomas to give the Executive Director's Report.

Mr. Thomas welcomed Jim Mahan, from the KADB, and the other guests in attendance.

Mr. Thomas congratulated Kenny Burdine, who received his Doctorate; Jim Sidebottom, who received the Kentucky Farm Bureau (KFB) Farmer of the Year award; and Bruce Harper, who received the KFB Distinguished Service to Agriculture award.

Mr. Thomas recently attended a meeting with Bruce Harper with Farbest Foods, which is looking to expand business and plans to locate in Owensboro, Vincennes or Terre Haute.

Mr. Thomas noted that a KADB project with Meade County Riverport Authority has been approved for \$1.8M and will be a 1% interest loan that will transfer to KAFC.

## The Director of Financial Services Report

Mr. Harper called on Bill McCloskey to give the Director of Financial Services Report. Mr. McCloskey reviewed the financial position report (below) of KAFC.

<b>KAFC Statement of Financial Position</b>	
<b>ASSETS (as of 10/31/2011):</b>	
Interest Earned from Loans	\$ 2,527,851
Interest Earned from State Investment Commission	1,075,684
Interest Fund (2802 Acct.)	3,603,555
Principal/Loan Fund (2803 Acct.)	3,048,931
Loan Funds Disbursed	29,083,257
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
<b>Total Assets</b>	<b>\$37,735,722</b>

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

### **New Business**

The following applications were received between September 27, 2011 and November 17, 2011.

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

**AF11-0041**            **List, Robert and Cynthia** – Applicants requested \$15,000 for the construction of a 40 x 48 free stall barn in Fleming County. Farm Credit Services in Maysville is the participating lender. This loan was approved by staff (October 12, 2011), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

**AF11-0043**            **Dennison, Paul and Kathy** -- Applicants requested \$25,000 for the construction of a biomass greenhouse in Hart County. Farm Credit Services in Glasgow is the participating lender. This loan was approved by staff (November 23, 2011), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

#### **Agricultural Processing Loan Program -- Discussion and Action**

**AF11-0042**            **Mattingly, Kenneth** – pending

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

**AF11-0044**            **Ebelhar, Charles "Scott"** – pending

## Old Business

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

**AF11-0032 Farmer, Jacob and Jennifer** – Applicants requested \$150,000 for the construction of two Tush swine finishing barns in Hickman County. First Community Bank of Western Kentucky in Clinton is the participating lender. Staff recommends approval of this loan. **Wayne Hunt moved to approve AF11-0032, based on staff's recommendation, pending fund availability;** Dr. Burdine seconded the motion. *The motion passed without dissent.*

### **Agricultural Processing Loan Program -- Discussion and Action**

**AF11-0035 Purnell, Fred of F. B. Purnell Sausage Co., Inc.** – Applicant requested \$1,500,000 to purchase additional refrigeration and meat processing equipment for the expansion of production facilities in Shelby County. Mr. McCloskey called on Warren Beeler, swine expert with KDA, who highly supported the project. Mr. Beeler stated that Purnell's will purchase every sow that Kentucky can sell. Staff recommends approval of this loan. **Mr. Hunt moved to approve AF11-0035, based on staff's recommendation, pending fund availability;** Frank Penn seconded the motion. *The motion passed without dissent.*

### **Extensions—Discussion and Action**

**AF10-0041 Copelin, Stephen and Rebecca of C & C Processing** – Applicants requested a second extension on the expiration date of this loan. They were approved for \$47,500 for the construction of a USDA meat processing facility and purchase of equipment at the December 3, 2010 Board Meeting. The construction is almost complete. The extension is for the purposes of completing the construction and allowing time to wrap up the project documentation. Staff recommends the KAFC loan approval be extended to February 3, 2012. **Mr. Oney moved to approve AF11-0041, based on staff's recommendation, pending fund availability;** Peggy Peterson seconded the motion. *The motion passed without dissent.*

### **Withdrawals—No Action Necessary**

**AF10-0030 Owens, Garnett and Kathy**

**AF11-0023 Wright, David and Kristan**

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

**AF06-0062 Hunt, Marsh & Jill**

**AF07-0048 Birge, Roger and Brandi**

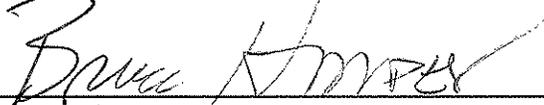
## Closing Remarks

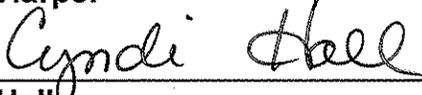
Mr. Thomas briefly updated the Board on the legislation that will be proposed concerning KAFC in the 2012 General Assembly: the cap on borrowing from \$1M to \$5M and a change in the definition of Beginning Farmer as someone who has owned farmland for less than 10 years.

The next meeting of the KAFC Board is scheduled for January 6, 2012 at the Transportation Cabinet Office Building, 200 Mero, Frankfort, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EST.

**Mr. Oney moved to adjourn.** The meeting adjourned at 2:20 p.m. EST.

**APPROVED:** 2-3-2012

**PRESIDING OFFICER:**   
**Bruce Harper**

**SECRETARY:**   
**Cyndi Hall**