

Kentucky Agricultural Finance Corporation

Minutes of the March 2, 2012 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, March 2, 2012 at the Kentucky Exposition Center, 937 Philips Lane, Louisville, KY. Commissioner James Comer called the meeting to order at 10:08 a.m. EST.

Notification of Press

Commissioner Comer received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Commissioner Comer, George Begley, Kenneth Burdine, Wayne Hunt, Larry Jagers, Frank McAninch, Tom Midkiff (designee for Secretary Flanery), Joel Oney, Frank Penn, Peggy Peterson

Members Absent – Westy Adams, Doug Lawson

Others Present

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

Guests – Bruce Harper and Vince Gill, Kentucky Department of Agriculture (KDA); Whitney Meadows, Senator Paul's Office

Welcome/Introduction of Guests

Commissioner Comer welcomed the Board and guests to the KAFC Board meeting.

Review and Approval of Minutes

Wayne Hunt moved to approve the minutes of the February 3, 2012 KAFC Board of Directors meeting; Kenny Burdine seconded the motion. *The motion passed without dissent.*

Reports

Executive Director's Report

Commissioner Comer called on Roger Thomas to give the Executive Director's Report.

Mr. Thomas welcomed all in attendance.

Mr. Thomas briefly updated the Board on the co-op legislation that the 2012 General Assembly is addressing.

Mr. Thomas reported on the budget concerns. Commissioner Comer reported that Kentucky Department of Agriculture will have a reduction of its present budget.

Mr. Thomas reported that JBS will begin identifying the hogs they process that come from Kentucky so that Specialty Food Groups can label their Kentucky Legend Hams as Kentucky raised.

Mr. Thomas noted that the legislation for the KAFC Board, Senate Bill (SB) 108, which was sponsored by Sen. Paul Hornback and Rep. Mike Denham, passed in the Senate. SB 108 will increase KAFC's loan limit from \$1M to \$5M and defined a Beginning Farmer.

Cyndi Hall gave a brief update on board member Westy Adams who suffered a spinal cord injury and is paralyzed from the chest down.

No action was taken on executive director's report.

The Director of Financial Services Report

Commissioner Comer called on Bill 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 01/31/2012):	
Interest Earned from Loans	\$ 2,888,656
Interest Earned from State Investment Commission	1,077,454
Interest Fund (2802 Acct.)	3,966,109
Principal/Loan Fund (2803 Acct.)	4,549,345
Loan Funds Disbursed	27,621,211
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$38,136,666

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

Mr. McCloskey called on Dr. Burdine who presented a memo on changes to Agricultural Infrastructure Loan Program (AILP) and to the Beginning Farmer Loan Program (BFLP). The change to AILP would allow a borrower with net worth less than \$500,000 to borrow funds up to 50% of the outstanding debt held by the participating lender or Farm Service Agency on behalf of the applicant at the closing of the loan. For the BFLP language was added to allow the outstanding debt to be held by Farm Service Agency as well as the participating lender. The Guideline Review Committee recommended the changes. **Joel Oney moved to approve the guideline changes, as presented based on the guideline review committee's recommendation;** George Begley seconded the motion. *The motion passed without dissent.*

Mr. McCloskey called on Mr. McAninch to report on the Kentucky Agricultural Council meeting he recently attended.

New Business

The following applications were received between January 14, 2012 and February 10, 2012.

Agricultural Processing Loan Program - Discussion and Action

AF12- 0004 Owensboro Grain Company – Applicant requested \$1.5M for the construction of a glycerin refinery in Daviess County. **Mr. Penn moved to approve AF12-0004, based on staff's recommendation, pending fund availability**; Larry Jagers seconded the motion. *The motion passed without dissent.*

Beginning Farmer Loan Program - Discussion and Action

AF12-0005 Stephen, Nicholas and Hannah - Applicants requested \$100,000 for the purchase of a one-third interest into a farming partnership in Daviess County. Independence Bank in Owensboro is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF12-0005, based on staff's recommendation, pending fund availability**; Mr. Oney seconded the motion. *The motion passed without dissent.*

AF12-0006 Driscoll, Derek and Natalie - Applicants requested \$98,750 for the purchase of a 54.76 acre farm in Graves County. Jackson Purchase ACA in Mayfield is the participating lender. Staff recommended loan approval. **Mr. Jagers moved to approve AF12-0006, based on staff's recommendation, pending fund availability**; Mr. Hunt seconded the motion. *The motion passed without dissent.*

Old Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF12- 0001 Rose, Joyce – Applicant requested \$65,000 for improvements, equipment and livestock in Graves County. First Community Bank of Western Kentucky is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF12-0001, based on staff's recommendation, pending fund availability**; Mr. Jagers seconded the motion. **Peggy Peterson moved to amend the motion to include requiring the applicant to supply 2009 tax returns**; Tom Midkiff seconded the amendment. *The amendment passed without dissent. The motion as amended passed without dissent.*

Beginning Farmer Loan Program - Discussion and Action

AF11-0040 Grubbs, Jason - Applicant requested \$250,000 for the purchase of six (6) Tyson broiler barns in Hickman County. Jackson Purchase ACA in Hickman is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF11-0040 based on staff's recommendation, pending fund availability**; Mr. Oney seconded the motion. *The motion passed without dissent.*

Paid in Full—No Action Necessary

AF06-0073 Young, Greg

AF08-0087 Young, Greg

AF11-0001 Young, Greg

AF11-0002 Young, Greg

Closing Remarks

The next meeting of the KAFC Board is scheduled for April 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. EDT.

Mr. Jagers moved to adjourn. The meeting adjourned at 10:53 a.m. EST.

APPROVED:

4-6-2012

PRESIDING OFFICER:

Bruce Harper

Bruce Harper

SECRETARY:

Cyndi Hall

Cyndi Hall