

Kentucky Agricultural Finance Corporation

Minutes of the April 6, 2012 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, April 6, 2012 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. Bruce Harper, designee for Commissioner James Comer, called the meeting to order at 10:00 a.m. EDT.

Notification of Press

Bruce 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 Comer), Westy Adams, George Begley, Kenneth Burdine, Wayne Hunt, Larry Jagggers, Doug Lawson, Frank McAninch, Tom Midkiff (designee for Secretary Flanery), Frank Penn, Peggy Peterson

Members Absent – Joel Oney

Others Present

Staff – Roger Thomas, Angela Blank, Cyndi Hall, Bill McCloskey, Joel Neaveill

Guests – Biff Baker, Lowell Atchley, Legislative Research Commission (LRC); Alex Ackerman, White Moon Winery; Mary Courtney, Courtney Farms; Betty Adams; Sherry Polick

Welcome/Introduction of Guests

Bruce Harper welcomed the Board to the KAFC Board meeting.

Review and Approval of Minutes

Westy Adams moved to approve the minutes of the March 2, 2012 KAFC Board of Directors meeting; Larry Jagggers 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 the guests and gave a special welcome back to Westy Adams.

Mr. Thomas reported on the meetings and activities of the Governor's Office of Agricultural Policy (GOAP) staff. On March 7, Mr. Thomas and Angela Blank met Commissioner Comer and Kristen Branscum at Alltech for a tour of their facilities. On March 21, GOAP staff met with Specialty Food Group in Louisville. On March 22, Governor Beshear presented a check to the Kentucky Association of Food Banks for \$60,000 from unused Phases II funds. On March 23, staff attended a meeting at Locust Trace AgriScience Farm to discuss the possibility of planting a Governor's Garden. On March 30, staff attended the National Association of FSA County Office Employees (NASCOE).

Mr. Thomas briefly updated the Board on the actions of the 2012 General Assembly.

Mr. Thomas announced that Mike Tobin has taken a job with Kentucky Farm Bureau; Christi Marksbury and Jennifer Hudnall will be working for Farm Service Agency (FSA); and Diane Fleming is returning to the Energy and Environment Cabinet.

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 02/29/2012):	
Interest Earned from Loans	\$ 2,914,113
Interest Earned from State Investment Commission	1,077,562
Interest Fund (2802 Acct.)	3,991,676
Principal/Loan Fund (2803 Acct.)	4,198,256
Loan Funds Disbursed	27,972,300
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$38,162,232

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

Mr. McCloskey presented a Memorandum requesting to transfer funds between programs to reflect the recent demand for loans in the Agricultural Processing Loan Program (AILP) and the Beginning Farmer Loan Program (BFLP). Staff recommended moving funds from the Agricultural Infrastructure Loan Program (APLP), Zero-Interest Loan Income, Project Closures and Interest earned from SIC, APLP and BFLP (see attached memo). **Kenny Burdine moved to approve staff recommendation;** Peggy Peterson seconded the motion. *The motion passed without dissent.*

Mr. McCloskey reported that the KADB approved the guidelines for the Louisville Agribusiness Loan Program on March 16, 2012. Staff recommends approval of the guidelines as presented. **Tom Midkiff moved to approve staff recommendation;** Mr. Penn seconded the motion. *The motion passed without dissent.*

Mr. McCloskey presented a Memorandum regarding a request from Dickerson Lumber to revise their 2012 payment. Staff recommended approval. **Wayne Hunt moved to approve staff recommendation;** Dr. Burdine seconded the motion. *The motion passed without dissent.*

New Business

The following applications were received between February 11, 2012 and March 16, 2012.

Agricultural Infrastructure Loan Program - Discussion and Action

AF12-0009 **Stephen, Brad and Stephen, James "Randall" / Stephen Farms, LLC** - Applicants requested \$110,000 for the improvements to an existing grain complex, addition of storage and upgrade of the dryer system in Daviess County. Independence Bank in Owensboro is the participating lender. Staff recommended loan approval. **Doug Lawson moved to approve AF12-0009, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

AF12- 0012 **Hardin, William "Todd"** – Pending

Agricultural Processing Loan Program -- Discussion and Action

AF12-0008 **Ackermann, Alexandria / White Moon Winery, LLC** - Applicant requested \$54,939 for the construction of a winery in Marion County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF12-0008, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.* Ms. Peterson abstained.

Beginning Farmer Loan Program - Discussion and Action

AF12-0007 **Hicks, J.C. and Amber / Cross Plains Farms, LLC** - Applicants requested \$34,687 for the purchase of a 28.76 acre farm in Henderson County. Independence Bank in Henderson is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF12-0007, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.*

AF12-0010 **Cochran, Mark / Cochran Stock Farm** – Pending

AF12-0011 **Courtney, Mary and Justin "Shane" / Courtney Farms, LLC** Applicants requested \$200,500 for the purchase of a 105 acres in Shelby County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF12-0011, based on staff's recommendation, pending fund availability;** Mr. Jagers seconded the motion. *The motion passed without dissent.*

AF12- 0013 **Sandefur, Tyler** – Pending

Old Business

Extensions—Discussion and Action

AF10-0013 **Hendrickson, Brian and Beth** - Applicants requested a second extension on the expiration date of this loan. They were approved for \$50,000 for construction of a workshop at the May 7, 2010 board meeting. The project has changed in size and scope. Staff recommended the K AFC loan approval be extended to September 24, 2012. **Mr. Midkiff moved to extend the expiration date of AF10-0013, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.*

Paid in Full—No Action Necessary

AF07-0024 Moses, Martin

AF10-0004 Hust, Lawrence

AF10-0012 Nunn, Dennis

Closing Remarks

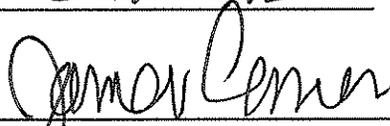
The next meeting of the K AFC Board is scheduled for May 11, 2012 at Locust Trace AgriScience Farm, Lexington, KY. The regular business meeting of K AFC will begin at 10:00 a.m. EDT.

Mr. Midkiff moved to adjourn. The meeting adjourned at 11:30 a.m. EDT.

APPROVED:

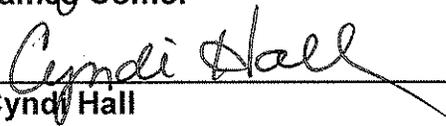
5-11-2012

PRESIDING OFFICER:



James Comer

SECRETARY:



Cyndi Hall



Governor's Office of Agricultural Policy

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Steven L. Beshear
Governor

Roger Thomas
Executive Director

Memo

To: Kentucky Agricultural Finance Corporation Board Members
From: Bill McCloskey
Date: March 28, 2012
Re: Funds Transfer

Staff is recommending transferring funds between programs to reflect recent demand for loans in Agricultural Processing Loan Program and Beginning Farmer Loan Program.

Listed below are four columns with Available Balance as of February 29, 2012, amounts recommended to be Transferred Out, Transferred In and Available Balance after the transfers.

	Available Balance 2/29/12	Transfer out	Transfer in	Ending Balance
Agricultural Infrastructure	\$2,510,077	\$1,500,000	\$0	\$1,010,077
Agricultural Processing	-\$37,902	\$0	\$519,000	\$481,098
Beginning Farmer	\$245,542	\$0	\$1,980,702	\$2,226,244
Coordinated Value-Added Ag	\$519,000	\$519,000	\$0	\$0
Entrepreneurship in Agribusiness	\$153,058	\$0	\$0	\$153,058
Large/Food Animal	\$374,186	\$0	\$0	\$374,186
Zero-interest loans (KADB)	\$148,856	\$148,856	\$0	\$0
Project Closures (KADB)	\$152,325	\$152,325	\$0	\$0
Interest earned from SIC	\$179,521	\$179,521	\$0	\$0
Total	\$4,244,663	\$2,499,702	\$2,499,702	\$4,244,663

