

Kentucky Agricultural Finance Corporation

Minutes of the May 11, 2012 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, May 11, 2012 at Locust Trace AgriScience Farm, 3591 Leestown Road, Lexington, KY. Commissioner James Comer called the meeting to order at 10:30 a.m. EDT.

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 James Comer, Westy Adams, Kenneth Burdine, Wayne Hunt, Larry Jagers, Tom Midkiff (designee for Secretary Flanery), Joel Oney, Frank Penn, Peggy Peterson

Members Absent – George Begley, Doug Lawson, Frank McAninch

Others Present

Staff – Roger Thomas, Diane Fleming, Sandy Gardner, Cyndi Hall, Bill Hearn, Angie Justice, Bill McCloskey, Bryan Thomas

Guests – Staton Nesbitt, Farm Credit Services

Welcome/Introduction of Guests

Commissioner Comer welcomed the Board to the KAFC Board meeting.

Review and Approval of Minutes

Frank Penn moved to **approve** the minutes of the April 8, 2012 KAFC Board of Directors meeting; Joel Oney 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 the guests.

Mr. Thomas called on Mr. Penn to give an update on the status of Jim Mahan, Kentucky Agricultural Development Board (KADB) member.

Mr. Thomas briefly reviewed the agenda for the Joint KADB / KAFC Board meeting in June.

Mr. Thomas updated the board on new staff to the Governor's Office of Agricultural Policy (GOAP). Biff Baker, from the Legislative Research Committee (LCR), will begin working on May 16, 2012 as Project Manager. Tammy Brookshier, from Shelby County Extension Office, will begin on June 1, 2012 as Program Coordinator. Mr. Thomas made note that Diane Fleming would be leaving GOAP on June 1, 2012 and will be returning to the Kentucky Department of Natural Resources as General Counsel.

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 04/30/2012):	
Interest Earned from Loans	\$ 3,002,211
Interest Earned from State Investment Commission	1,078,279
Interest Fund (2802 Acct.)	4,080,490
Principal/Loan Fund (2803 Acct.)	3,774,219
Loan Funds Disbursed	28,396,337
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$38,251,046

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

Mr. McCloskey made note of an e-mail from loan applicant, Mary Courtney, and the KAFC presentation made during the five regional FSA guaranteed lenders meetings. Both items were included in the board packet. Mr. McCloskey reported that there was some discussion of including the FSA guarantee fee in KADB's CAIP cost share.

Mr. McCloskey made note of the handout (on file with the Board Secretary) on the status of several loans that are behind on payments. Mr. McCloskey reported that 44% of the funding moved to KAFC from the KADB has been paid back to KAFC.

New Business

The following applications were received between March 17, 2012 and April 20, 2012.

Agricultural Infrastructure Loan Program - Discussion and Action

AF12-0015 **Smith, Gregory and Pamela / Smith Farm Land, LLC -**
Applicants requested \$150,000 for the construction of two (2) poultry houses in Graves County. FNB Bank in Mayfield is the participating lender. Staff recommended loan approval. **Wayne Hunt moved to approve AF12-0015, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

AF12-0016 **Morrison, Tim and Deena / Tim Morrison Poultry -**
Applicants requested \$47,110 for energy and equipment updates to six (6) broiler barns in Hickman County. Clinton Bank in Clinton is the participating lender. This loan was approved by staff (May 5, 2012), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF12-0017 **Byassee, Todd and Wendy** - Applicants requested \$108,328 for upgrades of swine barns in Carlisle County. Heritage Bank in Murray is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF12-0017, based on staff's recommendation, pending fund availability**; Ms. Peterson seconded the motion. *The motion passed without dissent.*

Beginning Farmer Loan Program - Discussion and Action

AF12-0014 **McKay, Bradley and Tamera / McKay Farms** - Applicants requested \$237,500 for the purchase of one-half interest in a 150 acre farm in Henderson County. Independence Bank in Henderson is the participating lender. Staff recommended loan approval. **Mr. Oney moved to approve AF12-0014, based on staff's recommendation, pending fund availability**; Larry Jagers seconded the motion. *The motion passed without dissent.*

AF12-0018 **Guinn, Dennis and Carly** - Applicants requested \$216,566 for the purchase of 102.01 acres farm in Boyle County. Farm Credit Services in Danville is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF12-0018, based on staff's recommendation, pending fund availability**; Mr. Hunt seconded the motion. *The motion passed without dissent.* Mr. Oney abstained.

AF12-0019 **Smith, Corey** - Applicant requested \$60,000 for the purchase of 105 acres in Garrard County. Farm Credit Services in Danville is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF12-0019, based on staff's recommendation, pending fund availability**; Mr. Jagers seconded the motion. *The motion passed without dissent.* Mr. Oney abstained.

Old Business

Beginning Farmer Loan Program - Discussion and Action

AF12-0010 **Cochran, Mark and Judith / Cochran Stock Farm** - Applicants requested \$250,000 for the construction of an 80' x 250' swine facility in Hardin County. Farm Credit Services in Elizabethtown is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF12-0019, based on staff's recommendation, pending fund availability**; Mr. Jagers seconded the motion. *The motion passed without dissent.* Mr. Oney abstained.

Extensions—Discussion and Action

AF10-0026 **Kelsay, James and Sherry**- Applicants requested a fourth extension on the expiration date of this loan. They were approved for \$50,000 for improvements on six (6) poultry houses, and upgrades and repairs on a barn at the June 21, 2010 board meeting. The construction is complete; however the barn repairs are not. The extension is for the purposes of completing the barn repairs. Staff recommended the KAFC loan approval be extended to July 14, 2012. **Mr. Hunt moved to revise the staff recommendation to make the final extension of the expiration date of AF10-0026 to September 1, 2012, pending fund availability**; Dr. Burdine seconded the motion. *The motion passed without dissent.*

Withdrawal—No Action Necessary

AF11-0021 Lee, Kyle

Paid in Full—No Action Necessary

AF05-0009 Smith, Greg
AF07-0009 Fields, Brandon
AF09-0018 Karn, Timothy
AF10-0025 Pitts, Larry
AF11-0019 Jones, Ethan

Closing Remarks

The next regular business meeting of the KAFC Board is scheduled for June 15, 2012 at the Springs Conference Center, 2220 East Parrish Avenue, Owensboro, KY. This meeting will be part of a two-day joint session with the KADB. The regular business meeting of KAFC will begin at 9:00 a.m. CDT.

Mr. Midkiff moved to adjourn. The meeting adjourned at 11:45 a.m. EDT.

APPROVED:

6-15-2012

PRESIDING OFFICER:

Bruce Harper
Bruce Harper

SECRETARY:

Cyndi Hall
Cyndi Hall