

Kentucky Agricultural Finance Corporation

Minutes of the December 7, 2012 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, December 7, 2012 at 10:05 a.m. EDT at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. Bruce Harper, designee for Commissioner Comer, presiding, called the meeting to order.

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

Members Absent

Westy Adams

Others Present

Staff – Roger Thomas, Sandra Gardner, Cyndi Hall, Joel Neaveill, Bill McCloskey, Brian Murphy

Guests – Danny Gray, Bruce Kramer, Charah, Inc.; Boston Howe, Farm Credit Services

Review and Approval of Minutes

Frank Penn moved to approve the minutes of the October 5, 2012 meeting of the KAFC Board of Directors; Tom Midkiff seconded the motion. *The motion passed without dissent.*

Reports

Executive Directors' Report

Mr. Harper called on Roger Thomas to give the Executive Directors Report.

Mr. Thomas gave an update on Jim Mahan and Westy Adams.

Mr. Thomas reported to the board regarding various meetings/events held and attended since the last board meeting.

Mr. Thomas thanked Frank Penn, Farm Credit Services and Central Kentucky Ag Credit Association for their contributions to the National Council of State Agricultural Finance Programs Annual Meeting which was held in Lexington.

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, which reflected activity since the last meeting.

| KAFC Statement of Financial Position | |
|--|---------------------|
| ASSETS (as of 11/30/2012): | |
| Interest Earned from Loans | \$3,228,412 |
| Interest Earned from State Investment Commission | 1,092,990 |
| Interest Fund (2802 Acct.) | \$4,321,402 |
| Principal/Loan Fund (2803 Acct.) | 4,345,669 |
| Loan Funds Disbursed | 28,074,887 |
| KADB Approved Loans not Transferred | 0 |
| Funds Held by State & not transferred to KAFC | 2,000,000 |
| Total Assets | \$38,741,958 |

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

Mr. McCloskey presented the New Agricultural Enterprise Loan Program (NEW).

New Business

The following applications were received between September 15, 2012 and December 17, 2012.

Agricultural Infrastructure Loan Program - Discussion and Action

AF12-0035 Brawner, Jr., Michael and June – Applicants requested \$23,250 for improvements to energy efficiency in eight (8) poultry houses in McLean County. Branch Banking and Trust in Owensboro is the participating lender. This loan was approved by staff (10/30/2012) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF12-0038 Latham, Billy and LaDonna – Applicants requested \$75,000 for the installation of an irrigation pivot in Hickman County. Clinton Bank in Clinton is the participating lender. Staff recommended loan approval contingent on loan-to-value no worse than 90%. **Dr. Burdine moved to approve AF12-0038, based on staff's recommendation, pending fund availability;** Joel Oney seconded the motion. *The motion passed without dissent.*

AF12-0039 **Howell, Sidney and Mary Jane** – Applicants requested \$69,000 for the installation of an irrigation pivot in Hickman County. Clinton Bank in Clinton is the participating lender. Staff recommended loan approval contingent on loan-to-value no worse than 75%. **Wayne Hunt moved to approve AF12-0039, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.*

Beginning Farmer Loan Program - Discussion and Action

AF12-0036 **Colley, Matthew** – pending

AF12-0040 **Guffey, Timothy and Stacey** – Applicants requested \$250,000 for the purchase of four poultry houses on 178 acres and improvements in Clinton County. Farm Credit Services in Somerset is the participating lender. Staff recommended loan approval contingent on proof of Kentucky residency, a FSA guarantee and loan-to-value no worse than 90%. **Mr. Hunt moved to approve AF12-0040, based on staff's recommendation, pending fund availability;** Dr. Burdine seconded the motion. *The motion passed without dissent.* Mr. Oney abstained.

AF12-0041 **Wallen, Joseph and Wallen, Michael / Wallen Farms** – Applicants requested \$216,000 for the purchase of five (5) acres, greenhouses, and housing for labor in Harrison County. Farm Credit Services in Richmond is the participating lender. Staff recommended loan approval contingent on loan-to-value no worse than 85%. **Peggy Peterson moved to approve AF12-0041, based on staff's recommendation, pending fund availability;** Mr. McAninch seconded the motion. *The motion passed without dissent.* Mr. Oney abstained.

Large/Food Animal Loan Program - Discussion and Action

AF12-0037 **Olt, Angela and Steven** – Applicants requested \$100,000 for the construction of a Veterinary Clinic in Green County. PBI Bank & Trust in Greensburg is the participating lender. Staff recommended loan approval contingent on loan-to-value no worse than 80%. **George Begley moved to approve AF12-0037, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

Old Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF05-0018 **Dickerson Lumber** – Applicants requested to revise their payment schedule by making a monthly payment of \$6,983.40. Staff recommended to approve the request. **Mr. Hunt moved to approve the change to monthly payments, based on staff's recommendation;** Mr. McAninch seconded the motion. *The motion passed without dissent.*

AF10-0013 **Hendrickson, Brian "Keith"** – Applicants requested an additional \$50,000 for the construction of a workshop in Union County. United Community Bank is the participating lender. The applicant also requested an additional six (6) months to complete the project. The extension would be until

06/07/2013. Staff recommended approval of the additional \$50,000 and extension of the expiration date. **Mr. Oney moved to approve the additional funds and extension of the expiration date for AF10-0013, based on staff's recommendation, pending fund availability;** Larry Jagers seconded the motion. *The motion passed without dissent.*

Agricultural Processing Loan Program - Discussion and Action

AF12-0034 Price, Charles / Charah, Inc. – Applicants requested \$3,500,000 for the construction of a gypsum pelletizing plant in Jefferson County. The loan committee recommended approval of \$2,500,000 at 3.25% for seven (7) years. **Mr. Hunt moved to approve AF12-0034, based on the loan committee's recommendation, pending fund availability;** Mr. Midkiff seconded the motion. *The motion passed with dissent.*

Withdrawal – No Action Necessary

AF12-0034 Sandifer, Tyler

Paid in Full – No Action Necessary

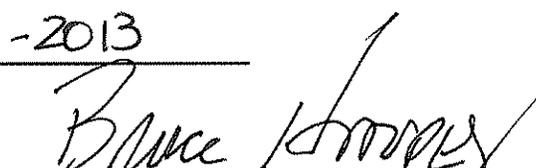
AF07-0054 Strange, Curtis
AF06-0030 Ballance, William
AF05-0019 Berry, Anthony
AF05-0029 Byassee, Todd
AF06-0039 Heard, Maurice
AF07-0008 Jones, Gary D.

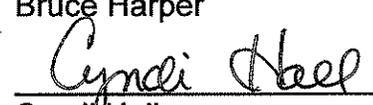
Closing Remarks

The next meeting of the KAFC Board will be Friday, February 1, 2013 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EST.

Mr. Jagers moved to adjourn; *Dr. Burdine seconded the motion. The motion passed without dissent.* The meeting adjourned at 11:30 a.m. EST.

APPROVED: 2-8-2013

PRESIDING OFFICER: 
Bruce Harper

SECRETARY: 
Cyndi Hall