

# Kentucky Agricultural Finance Corporation

Minutes of the February 8, 2013 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, February 8, 2013 at 10:07 a.m. EST 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), Westy Adams, George Begley, Kenny Burdine, Frank McAninch, Tom Midkiff (designee for Secretary Flanery), Joel Oney, Peggy Peterson

### ***Members Absent***

Wayne Hunt, Larry Jagers, Doug Lawson, Frank Penn

### ***Others Present***

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

## **Review and Approval of Minutes**

Joel Oney moved to approve the minutes of the December 7, 2012 meeting of the KAFC Board of Directors; Frank McAninch seconded the motion. *The motion passed without dissent.*

## **Report**

### **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.

<b>KAFC Statement of Financial Position</b>	
<b>ASSETS (as of 1/31/2013):</b>	
Interest Earned from Loans	\$3,507,210
Interest Earned from State Investment Commission	1,094,923
Interest Fund (2802 Acct.)	\$4,602,133
Principal/Loan Fund (2803 Acct.)	3,686,833
Loan Funds Disbursed	28,775,324
KADB Approved Loans not	0

Transferred	
Funds Held by State & not transferred to KAFC	2,000,000
<b>Total Assets</b>	<b>\$39,064,290</b>

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

Mr. McCloskey presented the guidelines for the New Agricultural Enterprise Loan Program (NAEL). **Tom Midkiff moved to approve the Guidelines for the New Agricultural Enterprise Loan Program as presented;** George Begley seconded the motion. *The motion passed without dissent.*

Mr. McCloskey presented a Memorandum concerning the transfer of funds between programs. Staff recommended approval. **Dr. Burdine moved to approve the transfer of funds between programs as presented in the memorandum;** Mr. Begley seconded the motion. *The motion passed without dissent.*

**New Business**

The following applications were received between December 18, 2012 and January 24, 2013.

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

**AF13-0001 Rohrer, Kevin and Sandi / Bayou de Chien Broilers –** Applicants requested \$100,000 for upgrades to six poultry houses in Graves County. First Community Bank of Western Kentucky in Clinton is the participating lender. Staff recommended loan approval contingent on FSA guarantee. **Mr. Begley moved to approve AF13-0001, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

**AF13-0005 Shearn, Brad / River Bottom Tobacco –** Applicant requested \$100,000 for the construction of an agricultural shop in Hancock County. Farm Credit Services in Owensboro is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0005, based on staff's recommendation, pending fund availability;** Mr. Begley seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

**AF13-0006 Howard, Rodney and Patricia –** Applicants requested \$50,000 for tiling of farm ground recently purchased in McLean County. Independence Bank in Livermore is the participating lender. Staff recommended loan approval. **Mr. Oney moved to approve AF13-0006, based on staff's recommendation, pending fund availability;** Mr. Begley seconded the motion. *The motion passed without dissent.*

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

**AF12-0042 House, Justin and Brittney –** Applicants requested \$40,000 for the purchase of 40 acres Hickman County. Clinton Bank in Clinton is the participating lender. Staff recommended loan approval. **Mr. Begley moved to**

**approve AF12-0042, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

**AF12-0043 Knight, Jonathan – pending**

**AF12-0044 Williford, Michael and Andrea –** Applicants requested \$250,000 for the construction of 2 swine barns in Hickman County. First Community Bank of Western Kentucky in Clinton is the participating lender. Staff recommended loan approval contingent on an FSA guarantee. **Peggy Peterson moved to approve AF12-0044, based on staff's recommendation, pending fund availability;** Mr. McAninch seconded the motion. *The motion passed without dissent.*

**AF13-0002 Detre, Jason and Natalie –** Applicants requested \$43,977 for the purchase of 31.83 acres at auction in LaRue County. Farm Credit Services in Elizabethtown is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0002, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.* Joel Oney abstained

**AF13-0003 Roach, Timothy –** Applicant requested \$230,517 for the purchase of 11.8 acres with 3 broiler houses and for improvements in Hickman County. River Valley AgCredit in Hickman is the participating lender. Staff recommended loan approval contingent on an FSA guarantee. **Mr. Oney moved to approve AF13-0003, based on staff's recommendation, pending fund availability;** Mr. McAninch seconded the motion. *The motion passed without dissent.*

**AF13-0004 Riley, Colby –** Applicant requested \$250,000 for the construction of four poultry houses in Graves County. First Kentucky Bank in Mayfield is the participating lender. Staff recommended loan approval contingent on loan-to-value no worse than 90% and an FSA guarantee. **Mr. McAninch moved to approve AF13-0004, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

## **Old Business**

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

**AF12-0036 Colley, Matthew -** Applicant requested \$235,000 for the purchase of 18 acres and the construction of four poultry houses in Graves County. River Valley AgCredit in Mayfield is the participating lender. Staff recommended loan approval contingent on an FSA guarantee and transfer of property. **Mr. Adams moved to approve AF12-0036, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

## **Extensions**

**AF12-0029 Yoder, Thomas -** Applicant requested an extension on the expiration date of this loan. He was approved for \$136,800 for the purchase of two poultry houses on 30 acres and improvements in Wayne County at the September 7, 2012 KAFB Board Meeting. The applicant needs more time to finish the improvements. He believes this will be accomplished in no more than 2 months. Staff recommends the KAFB loan approval be extended to April 7, 2013.

**Mr. Begley moved to extend the expiration date of AF12-0029, based on staff's recommendation; Mr. Adams seconded the motion. *The motion passed without dissent.* Joel Oney abstained.**

**AF11-0043                      Dennison, Paul** - Applicant requested an extension on the expiration date of this loan. He was approved for \$25,000 for construction of a bio mass greenhouse in Hart County at the December 2, 2011 KAFC Board Meeting. The project is finished. Once the extension is approved, the lender will close the loan. Staff recommended the KAFC loan approval be extended to March 1, 2013. **Mr. Begley moved to extend the expiration date of AF11-0043, based on staff's recommendation; Mr. McAninch seconded the motion. *The motion passed without dissent.* Joel Oney abstained.**

**Joel Oney moved to allow first time 3 month extensions to be approved by the Operations Committee. Approval will result when three of the five members indicate consent; Ms. Peterson seconded the motion. The motion passed without dissent.**

**Withdrawals – No Action Necessary**

AF12-0027	Glenn, Matthew
AF12-0028	Glenn, Brandon

**Paid in Full – No Action Necessary**

AF07-0098	Gajdzik, Matthew
AF07-0075	Bellamy, Mike

**Executive Directors' Report**

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

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

**Closing Remarks**

The next meeting of the KAFC Board will be Friday, March 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. McAninch moved to adjourn; Ms. Peterson seconded the motion. *The motion passed without dissent.* The meeting adjourned at 11:47 a.m. EST.**

APPROVED: 3-1-2013

PRESIDING OFFICER: Bruce Harper  
Bruce Harper

SECRETARY: Cyndi Hall  
Cyndi Hall