

# Kentucky Agricultural Finance Corporation

Minutes of the April 5, 2013 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, April 5, 2013 at 10:15 a.m. EDT at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. Steve Kelly, designee for Commissioner Comer, presiding, called the meeting to order.

## Notification of Press

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

## Roll Call

### **Members Present**

Steve Kelly (designee for Commissioner Comer), George Begley, Kenny Burdine, Wayne Hunt, Larry Jagers, Tom Midkiff (designee for Secretary Flanery), Frank Penn, Peggy Peterson

### **Members Absent**

Westy Adams, Doug Lawson, Frank McAninch, Joel Oney

### **Others Present**

**Staff** – Roger Thomas, Biff Baker, Sandra Gardner, Cyndi Hall, Bill Hearn, Brian Murphy, Bill McCloskey

**Guests** – Lowell Atchley, Legislative Research Commission (LRC)

## Review and Approval of Minutes

Tom Midkiff moved to approve the minutes of the March 1, 2013 meeting of the KAFC Board of Directors; Larry Jagers seconded the motion. *The motion passed without dissent.*

## Reports

### **Director of Financial Services Report**

Mr. Kelly called on Bill McCloskey to give the Director of Financial Services Report.

<b>KAFC Statement of Financial Position</b>	
<b>ASSETS (as of 02/28/2013):</b>	
Interest Earned from Loans	\$ 3,533,733
Interest Earned from State Investment Commission	1,095,912

Interest Fund (2802 Acct.)	4,629,645
Principal/Loan Fund (2803 Acct.)	3,532,259
Loan Funds Disbursed	29,179,898
KADB Approved Loans not Transferred	
Authorized, unissued	2,000,000
<b>Total Assets</b>	<b>\$39,341,802</b>

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

### **New Business**

The following applications were received between February 9, 2013 and March 15, 2013.

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

**AF13-0009 Jetton, Mark and Brenda** – Applicants requested \$82,500 for the construction of a solar energy project in Graves County. FNB Bank in Mayfield is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0009, based on staff's recommendation, pending fund availability;** Wayne Hunt seconded the motion. *The motion passed without dissent.*

**AF13-0010 Smotherman, Richard and Sharlisa** – Applicants requested \$125,000 for the installation of an irrigation pivot for row crops in Calloway County. FNB Bank in Murray is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF13-0010, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.*

**AF13-0011 Tackett, Amos and Earlena / Horse Feathers Poultry, Inc.** – Applicants requested \$150,000 for the construction of four (4) poultry broiler houses in Adair County. Farm Credit Services in Campbellsville is the participating lender. Staff recommended loan approval contingent on CLTV no less than 90% and an FSA guarantee. **Mr. Jagers moved to approve AF13-0011, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

#### **Agricultural Processing Loan Program - Discussion and Action**

**AF13-0012 Drennan, Ronald / Broadbent B & B Foods** – pending.

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

**AF13-0013 Smock, Sandra** – Applicant requested \$112,500 for the purchase of 108 acres in Boyle County. Springfield State Bank in Springfield is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF13-0013, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

**AF13-0014**                    **Knight, Jonathan** – Applicant requested \$31,000 as a down payment for the purchase of 107.165 acres at auction in Hart County. Cecilian Bank in Sonora is the participating lender. Staff recommended loan approval. **Mr. Midkiff moved to approve AF13-0014, based on staff's recommendation, pending fund availability;** Mr. Jagers seconded the motion. *The motion passed without dissent.*

**AF13-0015**                    **Frazier, James "Brent"** – Applicant requested \$105,885.50 for the purchase of 36.380 acres in Shelby County. Farm Credit Services in Shelbyville is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF13-0015, based on staff's recommendation, pending fund availability;** Dr. Burdine seconded the motion. *The motion passed without dissent.*

## **Old Business**

### **Extensions**

**AF11-0037**                    **McLean, John / MacFarms, Inc.** - Ron Wise, loan officer with United Citizens Bank, has requested an extension on the expiration date of loan AF11-0037 on the behalf of John McLean of MacFarms, Inc. Mr. McLean was approved for \$250,000 for the construction of an anaerobic digester at the October 14, 2011 KAFC Board Meeting. He has returned to farming full time to dedicate more time to this project. This request is for an extension to October 14, 2013. Staff recommends approving this request. **Mr. Penn moved to extend the expiration date of AF11-0037, based on staff's recommendation;** Dr. Burdine seconded the motion. *The motion passed without dissent.*

**AF12-0016**                    **Morrison, Tim and Deena** – Brad Latham, loan officer with Clinton Bank, has requested an extension on the expiration date of loan AF12-0016. The Morrisons were approved for \$47,110 to make energy and equipment upgrades to six (6) poultry houses at the May 2, 2012 KAFC Board Meeting. There have been some additional loan needs and this extension will give them time to obtain a new FSA guarantee and close the loans. This request is for an extension to December 5, 2013. Staff recommends approving this request. **Mr. Jagers moved to extend the expiration date of AF12-0016, based on staff's recommendation;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

### **Withdrawn – No Action Necessary**

<b>AF12-0008</b>	<b>Ackerman, Alexandria</b>
<b>AF13-0007</b>	<b>Shoulders, Isaac</b>

### **Paid in Full – No Action Necessary**

<b>AF06-0008</b>	<b>Taul, Stacy</b>
<b>AF07-0053</b>	<b>Welker, Bayne</b>

**Mr. Penn moved to go into closed session pursuant to KRS 61.810.** Mr. Midkiff seconded the motion. *The motion passed without dissent.*

**Mr. Penn moved to reconvene the meeting.** Mr. Hunt seconded the motion. *The motion passed without dissent.*

No action was taken during closed session.

Mr. Kelly called on Roger Thomas to give the Executive Directors Report. Mr. Thomas gave a brief update on agriculture-related legislation.

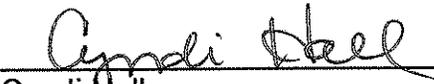
**Closing Remarks**

The next meeting of the KAFC Board will be Friday, May 10, 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. EDT.

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

APPROVED: 5/10/2013

PRESIDING OFFICER:   
Steve Kelly

SECRETARY:   
Cyndi Hall