

Kentucky Agricultural Finance Corporation

Minutes of the January Meeting

The meeting of the Kentucky Agricultural Finance Corporation was held on Friday, January 5, 2007 at 10:00 am EST in room C109 of the Transportation Conference Center in Frankfort, Kentucky. Michael Judge, presiding, called the meeting to order. Mr. Judge then asked Nicole Ray, Secretary, to call the roll.

Members Present

Commissioner Richie Farmer (Michael Judge, designee), Secretary John Farris (Mike Burnside, designee), Bob Gaslin, Larry Jaggars, Billy Joe Miles, Frank Penn, Annette Crawford Walters

Members Absent

Wayne Hunt, Doug Lawson, Charles Miller, Bob Proffitt, James Reams

Others Present

Staff - Catherine Ball, Tim Hughes, Bill McCloskey, Nicole Ray, Keith Rogers

Guests- Bill Wilson, CoBank; Anna Kindrick, Kentucky Department of Agriculture; Chris Kummer, Randy Mann, Darryl and Linda Dickerson, Maurice Heard, Joe Ballance, Kentucky Specialty Grain; Kenton Ball, Pittman Creek Wood Products, LLC

Notification of Press

Keith Rogers stated that the media had been notified.

Review and approval of Minutes of December 1, 2006

A motion to approve the December minutes was made by Mr. Jaggars, seconded by Ms. Walters. The motion passed without dissent. Ms. Walters requested applicants' names be included in the minutes.

Executive Director's Report

Mr. Rogers informed the Board of staff changes at GOAP. Kylee Smith is the new Compliance Specialist and Katie Keaton is the new staff assistant. Nicole Ray moved to the position of Administrative and Marketing Specialist for the Kentucky Agricultural Finance Corporation.

Mr. Rogers notified the Board of revisions made to the Agricultural Development Funds Model Programs and the addition of a Poultry Model Program by the Kentucky Agricultural Development Board (KADB).

Mr. Rogers stated that the Board that the next meeting will be held on February 2, 2007 at 10:00 am in Frankfort.

Marketing and Business Development Coordinator's Report

Mr. Hughes updated the Board on the financial status of the KAFC loan programs.

Mr. Hughes notified the Board of activity and interest in the loan programs.

New Business

Loan applications

Agricultural Infrastructure Loan Program - Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0054 Roland Mill Farms (G. Paul Conner) – This loan was approved by KAFC on October 27, 2006. The lender did not understand the guidelines of the KAFC programs and closed the loan without the applicant receiving the blended rate stated in the application. Staff contacted the lender and is working to get a formal response from the lender. Board consensus is to maintain the original terms of the loan approval.

AF06-0092 Joey L. Brown and Tammy L. Brown – Applicants request \$100,000 over ten years for construction of four layer houses in Clinton County. Farm Credit Services of Mid-America in Somerset is the participating lender. **Ms. Walters moved to approve AF06-0092, Mr. Penn seconded the motion. The motion passed without dissent.**

Agricultural Processing Loan Program – Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0053 Kentucky Specialty Grain (KSG) – Mr. McCloskey introduced the guests with KSG and presented the new information on this project which was mailed in the Board packet. The total project cost in the summary report is estimated to be \$7.8 million plus \$750,000 in operating capital, which will total \$8.55 million. The KADB at its December 15, 2006 meeting voted to approve \$500,000 in state funds and \$131,510 in county funds contingent upon several factors including, KSG's securing and documenting a \$1 million loan from the KAFC by February 15, 2007. Staff recommends approval of a \$1 million KAFC loan at 5% interest with a term of 12 years. Loans funds will be disbursed upon completion of all terms and conditions (on file with the Board Secretary.) **Mr. Miles moved to approve the staff recommendation for AF06-0053, Mr. Penn seconded the motion. The motion passed without dissent.**

AF06-0055 Joe, Todd and Kenton Ball – The applicant submitted several revisions to the application and the applicants formed a new business plan under the group Pittman Creek Wood Products, LLC. Staff recommends approval of a \$53,000 KAFC loan at 5% interest with a term of 6 years. **Mr. Jagers moved to approve AF06-0055, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF06-0074 Farmers Livestock Market of Glasgow, Inc. (Lyon Hutcherson, Jr.) – Staff recommends approval of a \$250,000 KAFC loan at 5% interest with a term of 15 years. **Ms. Walters moved to approve the staff recommendation for AF06-0074, Mr. Jagers seconded the motion. The motion passed without dissent.**

Beginning Farmer Loan Program – Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0093 Jason Ralph – Applicant requests \$100,000 over ten years for construction of four poultry broiler barns in Graves County. Jackson Purchase Agricultural Credit Association in Mayfield is the participating lender. **Mr. Miles moved to approve AF06-0093, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF06-0094 Justin Ralph and Meagan Ralph – Applicants request \$100,000 over ten years for construction of four poultry broiler barns in Graves County. Jackson Purchase Agricultural Credit Association in Mayfield is the participating lender. **Mr. Gaslin moved to approve AF06-0094, Mr. Penn seconded the motion. The motion passed without dissent.**

Old Business

No old business.

Other Business

Mr. Rogers asked the Board if they wish to hold any meetings throughout the state and have the opportunity to visit any projects or industries. No action was taken.

Closing Remarks

The motion to adjourn was made by Mr. Penn, seconded by Mr. Gaslin. The motion passed without dissent.

The meeting adjourned at 11:55 am EST.