

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the June 15, 2012 regular business meeting. This is provided in summary form; an official record of the meeting is available in the permanent records of the Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Development Board
Summary Minutes of the Regular Business Meeting
The Springs Conference Centre
Owensboro, Kentucky
June 15, 2012**

Call to Order

Bruce Harper, designee for James R. Comer, presiding, called the Kentucky Agricultural Development Board (KADB) regular business meeting to order at 9:39 a.m. (CDT).

Roll Call

The following members were present: Bruce Harper; Dr. Betty Bailey; Karen Curtis; Pat Henderson; Wayne Hunt; Sam Lawson; Wayne Mattingly; Troy Rankin; Dr. Teferi Tsegaye (designee for President Mary Sias); Jim Sidebottom; Dean M. Scott Smith.

Members absent: Roy Collins, Don Goodin (designee for Secretary Larry Hayes); Jim Mahan; Sam Moore

Verification of Media

Mr. Harper received verification that the media has been notified of the KADB monthly meeting.

Welcome

Mr. Harper welcomed everyone to the meeting.

Approval of Minutes

Pat Henderson moved to approve the minutes from the May 18, 2012 board meeting as presented; Jim Sidebottom seconded the motion.

VOTE: Motion Passed; Unanimous

Executive Director's Report

Roger Thomas, executive director of the Governor's Office of Agricultural Policy (GOAP), called on Joel Neaveill, chief of staff, to review items in the Update Packet.

Mr. Neaveill noted for the board the following items included in the Update Packet: 1) Revised budget and narrative - W. Brent Woodrum (A2012-0011), 2) Memo from Wholesome Wave – Grasshoppers Distribution (A2012-0027), 3) Additional documentation - Triple J Farm (A2012-0030), and 4) Overview from Will Snell, Agricultural Economist, University of Kentucky, regarding the economic impact of Kentucky agricultural exports.

Mr. Thomas called on Kylee Palmer, director of compliance, to review the Monitoring & Compliance Update for 2012 – 2nd Quarter (On file with the Board Secretary).

Mr. Thomas stated that GOAP is working to fill the position of General Counsel. Until then, Shannon Morgan, policy advisor, will be acting as interim General Counsel.

Mr. Thomas called on Bill McCloskey, director of financial services, to review the Kentucky Agricultural Finance Corporation (KAFC) Statement of Financial Position (on file with the Board Secretary) as of May 31, 2012.

Wayne Mattingly moved to accept the KAFC Financial Report; Troy Rankin seconded the motion.

VOTE: Motion Passed; Unanimous

Old Business

Memo Action Items

Mr. Harper called on staff to present the following Memo Action Items to the Board for consideration:

A2009-0127 Kentucky Forage and Grasslands Council

Mr. McCloskey presented a memorandum (on file with the Board Secretary) regarding the above-referenced project. The Recipient has requested a reallocation of funds and a time extension for the project from June 30, 2012 to December 31, 2012.

The White Application Review Committee recommended approval of this request.

Sam Lawson moved to approve the Committee recommendation; Dr. Teferi Tsegaye seconded the motion.

VOTE: Motion Passed; Unanimous

A2009-0247 The Beef Connection, LLC

Mr. McCloskey presented a memorandum (on file with the Board Secretary) regarding the above-referenced project. The Recipient requested the interest rate on the loan approved February 12, 2010 to remain at 0% for an additional 12 months to allow time to secure the required 500 Kentucky members in the Beef Blitz Program.

The White Application Review Committee recommended waiving the 5% interest charge for one year until May 20, 2013.

Mr. Lawson moved to approve the Committee recommendation; Jim Sidebottom seconded the motion.

After discussion, Mr. Lawson moved to table the motion and to refer the request back to the White Application Review Committee for further consideration, Wayne Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

A2010-0105 Kentucky Dairy Development Council

Mr. McCloskey presented a memorandum (on file with the Board Secretary) regarding the above-referenced project. The Recipient requested a reallocation of the remaining funds from the 2011 budget to the 2012 budget.

The White Application Review Committee recommended approval of this request.

Dean M. Scott Smith moved to approve the Committee recommendation; Karen Curtis seconded the motion.

VOTE: Motion Passed; Unanimous

A2010-0172 County Agricultural Investment Program Council, Inc.

Ms. Palmer presented a memorandum (on file with the Board Secretary) regarding the above-referenced program. The Russell County Agricultural Development Council requested an amendment for an additional \$5,965 in Russell County funds. Funds were committed by the Program Administrator to four individuals on the waiting list that exceeded the available funds.

Staff recommended no funding this request due to the Investment Areas Standard Guidelines Section B 14.

Mr. Henderson moved to approve the staff recommendation; Mr. Sidebottom seconded the motion.

VOTE: Motion Passed; Unanimous

A2011-0018 Eastern Kentucky University

Sandra Gardner presented a memorandum (on file with the Board Secretary) regarding the above-referenced project. The Recipient has requested a no-cost time extension to August 3, 2012 to fulfill the goals of the project. In addition, the Recipient has requested a budget reallocation.

The White Application Review Committee recommended approval of this request.

Mr. Sidebottom moved to approve the Committee recommendation; Dr. Betty Bailey seconded the motion.

VOTE: Motion Passed; Unanimous

A2011-0085 Wolfe County Fiscal Court

Ms. Gardner presented a memorandum (on file with the Board Secretary) regarding the above-referenced project.

Staff recommended revising the terms and conditions of the legal agreement for this project to clarify match and cost-reimbursement and adding a UCC filing on the equipment.

Mr. Lawson moved to approve the staff recommendation; Ms. Curtis seconded the motion.

VOTE: Motion Passed; Unanimous

A2011-0159 Kentucky Horse Council

Ms. Gardner presented a memorandum (on file with the Board Secretary) regarding the above-referenced project. The Recipient has requested a time extension until September 1, 2012 to obtain industry match of \$100,000.

The White Application Review Committee recommended approval of this request.

Mr. Rankin moved to approve the Committee recommendation; Dr. Tsegaye seconded the motion.

VOTE: Motion Passed; Unanimous

A2012-0007 Kentucky State University

Mr. Neaveill presented a memorandum (on file with the Board Secretary) regarding the above-referenced project. The Recipient submitted, for the board's approval, the Kentucky State University's Center for the Sustainability of Farms and Families Mini-grant program guidelines, budget and detailed measurable benchmarks for 2012 and 2013, as required by the terms and conditions of the project.

Mr. Lawson moved to approve the submitted guidelines, budget and measurable benchmarks for 2012 and 2013; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Dr. Tsegaye Abstained

New Business

New Applications for Referral¹

Mr. Harper referenced five (5) applications for referral.

Dean Smith moved to refer the submitted applications; Dr. Betty Bailey seconded the motion.

VOTE: Motion Passed; Unanimous

Mr. Thomas welcomed Representative Jim Glenn, District 13, Owensboro, Daviess County. Representative Glenn is a member of the House Agriculture and Small Business Committee.

Programs Recommended for Approval²

Mr. Harper referenced sixteen (16) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$2,858,428; one (1) Deceased Farm Animal Removal Program (DAR) application requesting county funds totaling \$7,500; and three (3) Shared-use Equipment applications requesting county funds totaling \$69,974.

Dr. Bailey moved to approve the program recommendations as presented; Dr. Tsegaye seconded the motion.

VOTE: Motion Passed; Unanimous

Requested Program Amendments³

Mr. Harper referenced eight (8) County Agricultural Investment Program (CAIP) amendments requesting county funds totaling \$1,103,500.

Dr. Bailey moved to approve the submitted program amendments as presented; Dean Smith seconded the motion.

VOTE: Motion Passed; Unanimous

Recommendations for Funding

Mr. Harper called on staff to present the following Project Recommendations for Funding:

¹ A detailed list of applications for referral is attached as Appendix A.

² A detailed list of projects funded under the County Agricultural Investment Program, Deceased Farm Animal Removal Program and Shared-Use Equipment Program is attached as Appendix B.

³ A detailed list of County Agricultural Investment Program amendments is attached as Appendix C.

A2012-0011 W. Brent Woodrum

Mr. Neaveill presented the above-referenced application from W. Brent Woodrum requesting \$25,268 in state funds and \$55,000 in county funds to purchase equipment and materials for a multi-county fallen animal composting service and site in Casey County. The applicant requested \$5,000 each from 11 counties.

The Red Application Review Committee recommended funding this request for \$17,500 in county funds (\$10,000 Casey, \$5,000 Russell, and \$2,500 Marion). The Red Application Review Committee recommended no funding the request for state funds.

Mr. Lawson moved to approve the Committee recommendation; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous

A2012-0027 Grasshoppers Distribution, L.L.C

Mr. McCloskey presented the above-referenced project from Grasshoppers Distribution L.L.C. requesting \$243,432 in state funds to establish a value-added processing facility and capacity building needed to fill the growing consumer and institutional demand in the Louisville area for locally grown produce.

The Red Application Review Committee recommended a \$200,000 loan at 1% and county funds to be matched by state funds up to \$50,000 in the form of a grant.

Mr. Henderson moved to approve the Committee recommendation; Dean Smith seconded the motion.

VOTE: Motion Passed with dissension

A2012-0030 Triple J Farm

Mr. McCloskey presented the above-referenced project from Triple J Farm requesting \$18,750 in Scott County funds and \$18,750 in state funds. The funds would be used to make improvements (commercial kitchen and equipment) to an existing building on the family farm also operated as Triple J Farm, sole proprietor. The improvements would allow Triple J Farm to process value-added products to be sold directly to consumers.

The Red Application Review Committee recommends funding this request for \$18,750 in Scott County funds and referring the state request for \$18,750 to the Kentucky Agricultural Finance Corporation (KAFC).

After discussion, Mr. Rankin moved to approve the Committee recommendation adding a 0% interest loan of \$18,750 which will be transferred to KAFC, Dr. Bailey seconded the motion.

Mr. Henderson moved to amend the motion to add a 1% servicing fee annually for a term of five (5) years on the loan of \$18,750, Mr. Mattingly seconded.

VOTE: Amendment to the Motion Passed with dissention

VOTE: Motion as Amended passed; Unanimous

A2012-0045 Pulaski County Conservation District

Mr. McCloskey presented the above-referenced project from the Pulaski County Conservation District requesting \$7,419 in Pulaski County funds to purchase a trailer mounted, self-contained post driver for use by producers in Pulaski County and surrounding area.

The White Application Review Committee recommended funding this request for \$7,419 in Pulaski County funds.

Ms. Curtis moved to approve the Committee recommendation; Dr. Tsegaye seconded the motion.

VOTE: Motion Passed; Unanimous

Recommendation for No Funding

Mr. Harper called on staff to present the Project Recommendation for No Funding.

A2012-0041 Kentucky State Fair Board

Mr. Neaveill presented the above-referenced project from the Kentucky State Fair Board requesting \$2,000,000 in state funds to establish an endowment for the continuation of the 4-H and FFA Sale of Champions during the Kentucky State Fair.

The White Application Review Committee recommended no funding this request. While the KADB has a long history of supporting agriculture youth programs on both county and state levels, this project's scope appears to be limited in proportion to the funding request.

Mr. Rankin moved to approve the Committee recommendation; Ms. Curtis seconded the motion.

VOTE: Motion Passed; Dean Smith Abstained

Pending Applications

Mr. Harper referenced the following pending applications and invited the board to ask questions on any:

A2011-0111 Rowan County Senior High School Agriculture Department
A2012-0004 Kentucky World Trade Center, Inc.
A2012-0010 Marksbury Farm Foods, LLC
A2012-0025 The University of Kentucky Research Foundation
A2012-0033 Kentucky Association of Food Banks
A2012-0091 Lincoln County Farmers Market
A2012-0108 Blue Grass Community Foundation

No action necessary.

Mr. Neaveill stated the Blue Application Review Committee will meet following adjournment to discuss pending application A2011-0111 Rowan County Senior High School Agriculture Department.

Other Business

Mr. Harper asked if there was any other business to come before the board.

Mr. Mattingly moved to approve the proposal from the UK Agricultural Economics Department to Evaluate the Economic Impact of Kentucky Agricultural Exports and Establishment of an Office for Kentucky Agricultural Exports (on file with the Board Secretary) in the amount of \$5,500 (Administrative Funds) with a report to the KADB in September, Mr. Hunt seconded the motion.

VOTE: Motion Passed; Dean Smith Abstained

Closing Remarks

Mr. Harper informed the board that the next KADB meeting will be held July 20, 2012 at the Kentucky Chamber of Commerce in Frankfort.

Jim Mahan (via telephone) moved to adjourn the regular KADB business meeting, Dean Smith seconded the motion.

VOTE: Motion Passed; Unanimous

The KADB meeting adjourned at 11:12 a.m. (CDT).

APPROVED:

7/20/2012

PRESIDING OFFICER:

Bruce Harper

Bruce Harper

BOARD SECRETARY:

Teresa Spreitzer

Teresa Spreitzer

Appendix A: Applications for Referral

| APP # | APPLICANT | COUNTY |
|------------|--|-----------|
| A2012-0147 | Daviess County Lions Club Fair, Inc. <i>Agricultural Multipurpose Facility</i> | Daviess |
| A2012-0151 | Wayne County Cattleman's Association, Inc. <i>Source, Age-Verified CPH Cost-Share Program</i> | Wayne |
| A2012-0152 | Meat Hook LLC <i>Butcher Shop & Delicatessen</i> | Jefferson |
| A2012-0159 | Pendleton County Extension District Board <i>Shared-Use Equipment Storage Facility</i> | Pendleton |
| A2012-0160 | Mercer County 4-H Council, Incorporated <i>Outdoor Education Center</i> | Mercer |

Appendix B: Program Lists

| CAIP | | | |
|--------------------|--|---------------|------------------------|
| <u>Application</u> | <u>Program Administrator</u> | <u>County</u> | <u>Funds Requested</u> |
| A2012-0142 | Jackson County Cattlemen's Association Incorporated | Jackson | \$156,000.00 |
| A2012-0144 | Grant County Cattlemens Association, Inc. | Grant | \$190,000.00 |
| A2012-0145 | Edmonson Co Cattleman Association Inc | Edmonson | \$124,970.00 |
| A2012-0146 | Casey County Conservation District | Casey | \$250,000.00 |
| A2012-0149 | Green River Area Beef Improvement Group, Inc. | Daviess | \$150,000.00 |
| A2012-0150 | Wayne County Agriculture Development Council, Inc. | Wayne | \$120,000.00 |
| A2012-0153 | Hardin County Extension District Board | Hardin | \$150,000.00 |
| A2012-0154 | Nicholas County Fiscal Court | Nicholas | \$300,000.00 |
| A2012-0156 | Clark County Conservation District | Clark | \$250,000.00 |
| A2012-0157 | Mercer County Farm Bureau, Inc. | Mercer | \$200,000.00 |
| A2012-0158 | Garrard County Farm Bureau, Inc. | Garrard | \$250,000.00 |
| A2012-0161 | Hancock County Conservation District | Hancock | \$114,108.00 |
| A2012-0162 | Marion County Extension District Building Foundation Inc | Marion | \$232,777.00 |
| A2012-0163 | Grayson County Cattlemens Association Inc. | Grayson | \$180,000.00 |
| A2012-0165 | McCracken County Agricultural Development Fund LLC | McCracken | \$103,346.00 |
| A2012-0166 | Graves County Agricultural Development Fund LLC | Graves | \$87,227.00 |
| | | | \$2,858,428.00 |

| Deceased Farm Animal Removal Program | | | |
|---|------------------------------|---------------|------------------------|
| <u>Application</u> | <u>Program Administrator</u> | <u>County</u> | <u>Funds Requested</u> |
| A2012-0155 | Mercer County Fiscal Court | Mercer | \$7,500.00 |
| | | | \$7,500.00 |

| Shared-use Equipment | | | |
|-----------------------------|---|---------------|------------------------|
| <u>Application</u> | <u>Program Administrator</u> | <u>County</u> | <u>Funds Requested</u> |
| A2012-0143 | Grant County Extension District Board | Grant | \$52,559.00 |
| A2012-0148 | Daviess County Cattleman's Association, Inc | Daviess | \$5,000.00 |
| A2012-0164 | Russell County Farm Store, LLC | Russell | \$12,415.00 |
| | | | \$69,974.00 |

Total County Funds Recommended for Approval in Programs: **\$2,935,902.00**

Appendix C: Program Amendments

App # A2011-0071
Applicant Name Owen County Farm Bureau, Inc.
Original Amount Approved \$300,000
Execution Date 8/02/2011
Requested Change The applicant requests an additional \$50,000 in Owen County funds for the CAIP. The request received a high priority from the Owen County Council.
 This is the first request for an amendment to this application number. The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$350,000.

Recommend Approval

App# A2011-0084
Applicant Name Buffalo Trace Area Development District, Inc.
Original Amount Approved \$250,000
Execution Date 8/23/2011
Requested Change The applicant requests an additional \$40,000 in Bracken County funds for the CAIP. The request received a high priority from the Bracken County Council.
 This is the second request for an amendment to this application number. The first request of an amendment was approved on 11/17/2011 for an additional \$51,263 in Bracken County funds.
 The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$341,263.

Recommend Approval

App# A2011-0099
Applicant Name Taylor County Cattlemen's Association, Inc.
Original Amount Approved \$173,000
Execution Date 10/04/2011
Requested Change The applicant requests an additional \$144,000 in Taylor County funds for the CAIP. The request received a high priority from the Taylor County Council.
 This is the second request for an amendment to this application number. The first request of an amendment was approved on 2/17/2012 for an additional \$38,000 in Taylor County funds.
 The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$355,000.

Recommend Approval

Appendix C: Program Amendments

App # A2011-0129
Applicant Name Hart County Cattlemen's Association, Inc.
Original Amount Approved \$330,000
Execution Date 9/09/2011
Requested Change The applicant requests an additional \$20,000 in Hart County funds for the CAIP. The request received a high priority from the Hart County Council.
 This is the second request for an amendment to this application number. The first request for an amendment was approved on 1/20/2012 for an additional \$20,000 in Hart County funds.
 The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$370,000.
Recommend Approval

App# A2011-0143
Applicant Name Kentucky Ketch, Inc.
Original Amount Approved \$300,000
Execution Date 11/16/2011
Requested Change The applicant requests an additional \$115,000 in Clay County funds for the CAIP. The request received a high priority from the Clay County Council.
 This is the first request for an amendment to this application number. The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$415,000.
Recommend Approval

App# A2011-0175
Applicant Name Washington County Cattlemen Association, Inc.
Original Amount Approved \$50,000
Execution Date 1/12/2012
Requested Change The applicant requests an additional \$292,500 in Washington County funds for the CAIP. The request received a high priority from the Washington County Council.
 This is the second request for an amendment to this application number. The first request for an amendment was approved on 2/17/2012 for an additional \$105,076 in Washington County funds.
 The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$447,576.
Recommend Approval

Appendix C: Program Amendments

App # A2012-0021
Applicant Name Harrison County Beef Cattle Association, Inc.
Original Amount Approved \$40,000
Execution Date 3/28/2012
Requested Change The applicant requests an additional \$310,000 in Harrison County funds for the CAIP. The request received a high priority from the Harrison County Council.
 This is the first request for an amendment to this application number. The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$350,000.
Recommend Approval

App# A2012-0022
Applicant Name Owsley County Conservation District
Original Amount Approved \$135,000
Execution Date 3/30/2012
Requested Change The applicant requests an additional \$132,000 in Owsley County funds for the CAIP. The request received a high priority from the Owsley County Council.
 This is the first request for an amendment to this application number. The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$267,000.
Recommend Approval