

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the August 24, 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
Franklin County Cooperative Extension Office
Frankfort, Kentucky
August 24, 2012**

Call to Order

Bruce Harper, presiding, called the Kentucky Agricultural Development Board (KADB) regular business meeting to order at 10:09 a.m. (EDT).

Roll Call

The following members were present: Bruce Harper (designee for Vice Chairman, James R. Comer); Dr. Betty Bailey; Don Goodin (designee for Secretary Larry Hayes); Pat Henderson; Wayne Hunt; Sam Lawson; Wayne Mattingly; Sam Moore; Troy Rankin; Dr. Kimberly Holmes (designee for President Mary Sias); Jim Sidebottom; Dean M. Scott Smith.

Members absent: Roy Collins; Karen Curtis and Jim Mahan

Notification of Media

Mr. Harper received verification from Sandra Gardner, director of communications, that the media has been notified of the KADB monthly meeting.

Welcome

Mr. Harper welcomed everyone to the meeting.

Approval of Minutes

Dean M. Scott Smith moved to approve the minutes from the July 20, 2012 board meeting as presented; Jim Sidebottom seconded the motion.

Dr. Kimberly Holmes requested the minutes reflect under Executive Director's Report, page 2, that it was the 15th Anniversary of Kentucky State University's Third Thursday Thing. The change was noted and will be reflected in the minutes.

VOTE: Motion Passed; Unanimous

Executive Director's Report

Roger Thomas recognized the following guests, Kelly Ludwig, Legislative Research Commission (LRC); Lowell Atchley, LRC; Mac Stone, Kentucky State University (KSU); and Kristen Branscum, Kentucky Department of Agriculture (KDA).

Mr. Thomas thanked Angela Blank, director of public affairs, for coordinating the Governor's Office of Agricultural Policy (GOAP) booth at the Kentucky State Fair as well as staff for their efforts in providing coverage for the booth.

Mr. Thomas called on Larry Snell, Kentucky Center for Agriculture and Rural Development (KCARD) to give an update. Mr. Snell informed the board that they are assisting with applications for value-added producer grants beginning August 15, 2012. The deadline for submitting applications to the United States Department of Agriculture (USDA) is October 15, 2012.

Mr. Thomas gave an update of GOAP events and activities since the last KADB meeting.

Mr. Thomas informed the board that the Fiscal Policy Committee will meet following the KADB meeting and is open to all board members.

Mr. Thomas announced that the Blue Application Review Committee will meet on Tuesday, September 4, 2012, 10:00 a.m. at the Fayette County Cooperative Extension Office in Lexington.

Mr. Thomas proposed for the Board's consideration that at the October Planning Meeting the Recipient Review Committees review the "Big 4" (KDA, Kentucky Horticulture Council, Kentucky Dairy Development Council and Kentucky Beef Network) applications instead of Application Review Committees, in order for those applications to receive statewide KADB representation rather than regional representation.

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 July 30, 2012.

Don Goodin suggested that another column be added to the Cash Flow sheet showing the comparison to the previous year. Suggestion noted and will be added.

Troy Rankin moved to accept the KAFC Financial Report; Dr. Betty Bailey seconded the motion.

VOTE: Motion Passed; Unanimous

Mr. McCloskey announced the next K AFC Board meeting will be held on Friday, September 7, 2012, 10:00 a.m. at the Vest-Lindsey House, 401 Wapping Street in Frankfort.

Old Business

Memo Action Item

Mr. Harper called on staff to present the following memo action item to the Board for consideration:

A2009-0247 The Beef Connection, LLC

Mr. McCloskey presented a memorandum (on file with the Board Secretary) regarding the above-referenced project. During the June KADB meeting, discussion lead to the referral of this application back to the White Application Review Committee to allow the applicant to revise the benchmarks to more accurately reflect the change in direction of the business since being awarded funds in February 2010. The White Application Review Committee did not feel the revised benchmarks were realistic in terms of producer impact.

The White Application Review Committee recommends converting the Beef Connection, LLC zero interest loan to an interest bearing loan and eliminate the benchmark requirements as outlined in the Legal Agreement. Additionally, the White Application Review Committee recommends the Recipient pay a 5% interest charge of \$25,000 within thirty (30) days of the August 24, 2012 KADB meeting and 2.5% interest on the remaining balance of \$400,000 for the life of the loan.

Wayne Hunt moved to approve the Committee recommendation; Mr. Rankin seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

New Applications for Referral¹

Mr. Harper referenced four (4) applications for referral:

Dr. Holmes moved to refer the submitted applications; Pat Henderson seconded the motion.

VOTE: Motion Passed; Unanimous

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

Programs Recommended for Approval²

Mr. Harper referenced sixteen (16) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$3,324,221; two (2) Deceased Farm Animal Removal Program (DAR) applications requesting county funds totaling \$15,000; and three (3) Shared-use Equipment applications requesting county funds totaling \$63,855. Total Program Funding Requested \$3,403,076.

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

VOTE: Motion Passed; Unanimous

Requested Program Amendments³

Mr. Harper referenced one (1) County Agricultural Investment Program (CAIP) amendment requesting county funds totaling \$11,626.

Mr. Goodin moved to approve the program amendment as presented; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous

On-farm Energy Programs Recommended for Approval⁴

Mr. Harper called on Mr. McCloskey to present the On-farm Energy Programs Recommended for Approval.

Mr. McCloskey informed the Board that the 2012 KADF On-farm Energy Efficiency and Production Incentives Program Application Review Committee met on July 24, 2012 to review twenty-seven (27) applications received during the 2nd quarter.

Of the 27 applications received, the Committee recommends approval of twenty-four (24) totaling \$197,912.

Mr. Sidebottom moved to approve the Committee recommendations as presented; Dr. Holmes seconded the motion.

VOTE: Motion Passed; Wayne Mattingly Abstained

Mr. McCloskey stated that with the Board's approval from the 1st quarter of nearly \$700,000 and today's approval of the 2nd quarter of nearly \$200,000, the remaining funds in the program is roughly \$1.1M for the next two funding quarters.

² A detailed list of 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.

⁴ A detailed list of On-farm Energy Programs for approval is attached as Appendix D.

Mr. McCloskey informed the board that the next application deadline is September 30, 2012.

On-farm Energy Programs Recommended for No Funding⁵

Mr. Harper called on Mr. McCloskey to present the On-farm Energy Programs Recommended for No Funding.

Mr. McCloskey referenced three (3) 2012 KADF On-farm Energy Efficiency and Production Incentives Program applications that the Committee recommended for no funding. Although the three applications met the eligibility qualifications, the audits submitted with the applications were incomplete according to the guidelines. Staff will review with the third party audit consultant the required information needed for the Committee. The applicants will have the option to reapply in the 3rd or 4th application quarter.

Sam Moore moved to approve the Committee recommendations as presented; Mr. Goodin seconded the motion.

VOTE: Motion Passed; Unanimous

Recommendations for Funding

Mr. Harper called on staff to present the following project recommendations for funding:

A2012-0108 Blue Grass Community Foundation

Biff Baker, project manager, presented the above-referenced project from Blue Grass Community Foundation requesting \$25,000 in state funds and \$25,000 in Fayette County funds to create a position in the Office of the Mayor, Lexington-Fayette Urban County Government (LFUCG), to advocate for policies and programs that would lead to increased markets for local farm products.

The White Application Review Committee recommends funding this request for \$25,000 in Fayette County funds and no funding the request for \$25,000 in state funds.

Sam Lawson moved to approve the Committee recommendation; Mr. Goodin seconded the motion.

VOTE: Motion Passed; One Oppose.

A2012-0169 Owen County 4-H Club Council, Incorporated

Mr. Baker presented the above-referenced project from Owen County 4-H Club Council, Incorporated requesting \$20,000 in Owen County funds to establish a youth cost-share program up to \$1,000 per youth, not to exceed 50% of project costs, and \$3,000 per family, to purchase breeding and market livestock.

⁵ A detailed list of On-farm Energy Programs for no funding is attached as Appendix E.

The White Application Review Committee recommends funding this request for \$20,000 in Owen County funds.

Mr. Sidebottom moved to approve the Committee recommendation with the following conditions: 1) Applicant not to purchase livestock from an immediate family member to include father, mother, brother or sister and 2) No consumables are to be purchased; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

A2012-0180 Western Kentucky University Research Foundation
Mr. Baker presented the above-referenced project from Western Kentucky University Research Foundation requesting \$23,950 in Barren County funds to install a new mesonet station near Glasgow in Barren County.

The White Application Review Committee recommends funding this request for \$23,950 in Barren County funds.

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

VOTE: Motion Passed; Unanimous

A2012-0195 FoodChain, Inc.
Mr. Baker presented the above-referenced project from FoodChain, Inc. requesting \$79,545 in state funds and \$12,500 in Fayette County funds to construct an indoor closed-loop aquaponics system that would raise tilapia and various greens.

The White Application Review Committee recommends funding this request for \$12,500 in Fayette County funds and no funding the request for \$79,545 in state funds.

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

VOTE: Motion Passed; Dr. Holmes Abstained

Recommendation for No Funding

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

A2012-0243 Monroe County Cattlemen's Association, Inc.
Tammy Brookshire, program coordinator, presented the above-referenced County Agricultural Investment Program application from Monroe County Cattlemen's Association, Inc., requesting \$183,999.89 in Monroe County funds to the Monroe County CAIP Program.

Staff recommends no funding this request due to low priority by the Monroe County Agricultural Development Council.

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

VOTE: Motion Passed; Unanimous

Expired Application

Mr. Harper referenced the expiration of the following application:

A2011-0111 Rowan County Board of Education

No action necessary.

Pending Applications

Mr. Harper referenced the following pending application and invited the Board to ask questions of any:

A2012-0004	Kentucky World Trade Center, Inc.
A2012-0010	Marksbury Farm Foods, LLC
A2012-0025	The University of Kentucky Research Foundation
A2012-0091	* Lincoln County Farmers Market
A2012-0152	Meat Hook LLC
A2012-0194	Kentucky Horticulture Council, Inc.
A2012-0204	* University of Kentucky Research Foundation
A2012-0205	* Muhlenberg County Fiscal Court
A2012-0206	* Owsley County Board of Education
A2012-0207	* Henderson Settlement Corporation
A2012-0208	* KY Hydro Farm, LLC
A2012-0210	* Nathan Erickson / Courtney Kunnecke

No action necessary.

*Farmers' Market Infrastructure Competitive Grant applications will be considered at the September 21, 2012 KADB Meeting.

Closing Remarks

Mr. Thomas announced that Jim Sidebottom will be competing in October for "Farmer of the Year" award at the Sun Belt Expo in Georgia.

Mr. Harper announced that Sam Moore was recently appointed to the State Board of Agriculture.

Mr. Lawson informed the board that the radio broadcast of the Jean-Marie Ag Show will begin on Monday, August 27, 2012 in Bowling Green after a 3-month sabbatical, The show will feature the president of the World Trade Center who will report on World Trade Day and talk about the export of Kentucky products. The show can be heard on 93.WKCT.com at 9:30 a.m. (EDT) / 8:30 a.m. (CDT).

Adjournment

Mr. Moore moved to adjourn the KADB meeting; Mr. Henderson seconded the motion.

VOTE: Motion Passed; Unanimous

The KADB meeting adjourned at 11:50 a.m. (EDT).

APPROVED DATE 9-21-2012

PRESIDING OFFICER James R. Comer
James R. Comer

BOARD SECRETARY Teresa Spreitzer
Teresa Spreitzer

Appendix A: Applications for Referral

APP #	APPLICANT	COUNTY
A2012-0229	Green River Area Beef Improvement Group, Inc. <i>Agricultural production enterprise</i>	Daviess
A2012-0230	U.S. Geological Survey, Kentucky Water Science <i>Nutrient monitoring</i>	Jefferson
A2012-0231	Kentucky Department of Agriculture <i>Kentucky Proud</i>	Franklin
A2012-0246	Hopkinsville Surface & Stormwater Utility <i>Pollution sources in the Little River Basin</i>	Christian

Appendix B: Program Lists

CAIP

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2012-0224	Powell County Livestock Producers Association, Inc.	Powell	\$50,000.00
A2012-0225	Montgomery County Cattlemen's Association, Inc.	Montgomery	\$300,000.00
A2012-0227	Anderson County Farm Bureau, Inc.	Anderson	\$125,571.00
A2012-0228	Lewis County Conservation District	Lewis	\$50,000.00
A2012-0232	Nelson County Conservation District	Nelson	\$160,000.00
A2012-0234	Bourbon County Fiscal Court	Bourbon	\$349,493.00
A2012-0235	Logan County Cattlemens Association Incorporated	Logan	\$72,441.00
A2012-0236	Ballard County Agricultural Development Fund LLC	Ballard	\$300,000.00
A2012-0237	Owen County Farm Bureau, Inc.	Owen	\$275,000.00
A2012-0238	Menifee County Beef Producers, Inc.	Menifee	\$118,986.00
A2012-0239	Shelby County Agricultural Development Foundation, Inc.	Shelby	\$325,224.00
A2012-0241	Monroe County Conservation District	Monroe	\$152,763.00
A2012-0245	Scott County Conservation District	Scott	\$269,743.00
A2012-0248	Woodford County Agriculture Advancement Council, Inc.	Woodford	\$250,000.00
A2012-0249	Buffalo Trace Area Development District, Inc.	Bracken	\$275,000.00
A2012-0250	Buffalo Trace Area Development District, Inc.	Mason	\$250,000.00
			\$3,324,221.00

Deceased Farm Animal Removal Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2012-0233	Bourbon County Fiscal Court	Bourbon	\$7,500.00
A2012-0240	Shelby County Fiscal Court	Shelby	\$7,500.00
			\$15,000.00

Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2012-0226	Anderson County Farm Bureau, Inc.	Anderson	\$18,188.00
A2012-0242	Monroe County Conservation District	Monroe	\$31,275.00
A2012-0244	Warner Fertilizer Company, Inc.	Russell	\$14,392.00
			\$63,855.00

Appendix B: Program Lists

Total County Funds Recommended for Approval in Programs: **\$3,403,076.00**

Appendix C: Program Amendments

App #	A2012-0082
Applicant Name	Trimble County Cattleman's Association, Inc.
Original Amount Approved	\$180,000
Execution Date	6/11/2012
Requested Change	<p>The applicant requests an <u>additional</u> \$11,626 in Trimble County funds for the CAIP. The request received a <u>high</u> priority from the Trimble County Council.</p> <p>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.</p> <p>Approval of this request would bring the program total to \$191,626.</p> <p>Recommend Approval</p>

Appendix D: On-farm Energy Programs Approved

APP #	APPLICANT	COUNTY	FUNDS REQUESTED
A2012-0167	Trailsend Farm <i>Poultry Production - Total project cost - \$22,150.00</i>	Barren	\$5,538.00
A2012-0168	Schwenke Brothers Farms <i>Grain Production - Total project cost - \$77,372.00</i>	Boone	\$10,000.00
A2012-0170	D & S Farm <i>Poultry Production - Total project cost - \$57,600.00</i>	Clinton	\$10,000.00
A2012-0177	Robert Morton <i>Irrigation pump engine - Total project cost \$30,018.00</i>	Calloway	\$7,542.00
A2012-0182	Malvern Hills Poultry <i>Poultry production - Total project cost \$55,930.00</i>	Barren	\$10,000.00
A2012-0183	James Farms <i>Poultry production - Total project cost \$22,876.00</i>	Edmonson	\$5,757.00
A2012-0184	Kevin Oeize <i>Poultry Production - Total project cost - \$20,850.00</i>	Breckinridge	\$5,213.00
A2012-0186	Flaughter Farms <i>Beef Cattle Operation - Total project cost - \$12,623.00</i>	Pendleton	\$3,156.00
A2012-0187	Michael Johnson Farm <i>Poultry production- Total project cost - \$11,753.00</i>	Daviess	\$2,938.00
A2012-0188	Drum Sticks Poultry <i>Poultry production - Total project cost - \$6,120.00</i>	Muhlenberg	\$1,530.00
A2012-0201	KY Hydro Farm, LLC <i>Greenhouse heating system - Total project cost - \$123,772.00</i>	Marshall	\$10,000.00
A2012-0202	Consolation Farms, LLC <i>Solar production - Total project cost - \$850,000.00</i>	Christian	\$10,000.00
A2012-0203	Wedel Poultry Farm <i>Poultry production - Total project cost \$176,785.00</i>	Graves	\$10,000.00
A2012-0209	Carl Clark Farm <i>Poultry Production - Total project cost \$24,950.00</i>	McLean	\$6,238.00
A2012-0212	Indian Creek Broilers <i>Poultry Production - Total project cost - \$97,860.00</i>	Monroe	\$10,000.00

Appendix D: On-farm Energy Programs Approved

APP #	APPLICANT	COUNTY	FUNDS REQUESTED
A2012-0213	Trickle Creek Farms <i>Poultry Production - Total project cost - \$40,320.00</i>	Barren	\$10,000.00
A2012-0214	Hunt Grain Farms <i>Grain Production - Total project cost \$250,000.00</i>	Logan	\$10,000.00
A2012-0216	H & S Dairy <i>Dairy Production - Total project cost - \$40,900.00</i>	Butler	\$10,000.00
A2012-0217	Steven Terry <i>Solar Production - Total project cost \$164,736.00</i>	Carlisle	\$10,000.00
A2012-0218	Troy Grubbs <i>Poultry Production - Total project cost \$71,700.00</i>	Hickman	\$10,000.00
A2012-0219	Jerry Bell <i>Solar Production - Total project cost \$164,736.00</i>	Carlisle	\$10,000.00
A2012-0220	Patrick Kough <i>Solar Projection - Total project cost \$102,960.00</i>	Graves	\$10,000.00
A2012-0221	Roger Hobbs <i>Solar Production - Total project cost \$161,568.00</i>	Carlisle	\$10,000.00
A2012-0223	Green Meadow Farm, Inc. <i>Poultry Production - Total project cost \$49,796.00</i>	Barren	\$10,000.00
Total State Funds Recommended for Approval in Program:			\$197,912.00

Appendix E: On-farm Energy Programs Denied

APP #	APPLICANT	COUNTY	FUNDS REQUESTED
A2012-0211	Trent Roy Farms <i>Dairy Production - Total project cost \$14,355.00</i>	Russell	\$3,589.00
A2012-0215	Mitchell Burton Dairy <i>Dairy Production - Total project cost \$3,310.00</i>	Adair	\$828.00
A2012-0222	R & C Dairy, LLC <i>Dairy Production - Total project cost \$41,343.00</i>	Adair	\$10,000.00