

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the May 20, 2016 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
Thomas D. Clark Center for History
Frankfort, Kentucky
May 20, 2016**

Call to Order

Commissioner Ryan Quarles, presiding, called the Kentucky Agricultural Development Board (KADB) regular business meeting to order at 10:05 a.m. (EDT)

Roll Call

The following members were present:

Dr. Betty Bailey, Dean Nancy M. Cox, Karen Curtis, Bobby Foree, Don Goodin (designee for Interim Secretary Erik Dunnigan), Pat Henderson, Wayne Hunt, Dr. Gordon Jones, Jim Mahan, Wayne Mattingly, Sam Moore, Al Pedigo, Dr. Kirk Pomper (designee for KSU President Raymond Burse), Commissioner Ryan Quarles, and Richard Warner.

Members absent: Governor Matt Bevin.

Notification of Media

Commissioner Quarles received verification from Emily Milam, GOAP Public Relations Officer, that the media had been notified of the KADB monthly meeting.

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles thanked the board for their service and for contacting legislators during the general session.

Commissioner welcomed the new board members Al Pedigo, Bobby Foree and Dr. Gordon Jones.

Commissioner Quarles discussed the Kentucky Department of Agriculture (KDA) budget and the department's plan moving forward.

Commissioner Quarles updated the board on the activity of KDA since the last board meeting.

Commissioner Quarles discussed KDA's involvement in the Kentucky Derby.

Commissioner Quarles discussed KDA's involvement in upcoming hops and hemp production opportunities.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the April 15, 2016 board meeting.

Mr. Henderson moved to approve the minutes, as presented; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Commissioner Quarles yielded the floor to Warren Beeler to report to the board.

Mr. Beeler recognized Roger Thomas, former executive director of the Governor's Office of Agricultural Policy, for his service.

Mr. Beeler credited Mr. Thomas with the success of the Kentucky Agricultural Development Fund and developing HB 611.

Mr. Thomas was presented with a commemorative clock.

Mr. Thomas discussed his appreciation for being able to serve the KADF.

Mr. Thomas thanked the recipients of KADF and their partners, the current and former board members for their leadership and current and former staff at the GOAP.

Mr. Thomas extended a special appreciation for Sam Moore and Wayne Hunt for being longstanding board members.

Mr. Thomas congratulated Bobby Foree, Dr. Gordon Jones and Al Pedigo for being newly appointed to the Kentucky Agricultural Development Board (KADB).

Mr. Beeler introduced Senator Paul Hornback and yielded the floor to him.

Sen. Hornback thanked Mr. Thomas for his service.

Sen. Hornback discussed the 2015 session, the UK Grain Center of Excellence project and thanked the board members for their service.

Senator Hornback introduced Laura Knoth, Russell Schwenke and Phillip McCoun of the Kentucky Corn Growers Association.

Ms. Knoth, Mr. Schwenke and Mr. McCoun presented to the board the economic impacts of corn, wheat and soybeans in the state of Kentucky. (*PowerPoint on file*)

Mr. Beeler introduced Representatives Tom McKee and Wilson Stone.

Rep. McKee thanked the KADB and the board members for their work and expressed his support for the UK Grain Center for Excellence project.

Rep. Stone expressed his appreciation for the work the KADB does and discussed how the investments have impacted the state of Kentucky.

Mr. Beeler asked the new board members Al Pedigo and Dr. Gordon Jones to introduce themselves.

Mr. Beeler called on Aleta Botts, executive director, Kentucky Center for Agriculture and Rural Development (KCARD) to update the board regarding the activity of her organization since the April 15, 2016 board meeting.

Mr. Beeler called on John McCauley, state executive director, Kentucky Farm Service Agency (FSA), to update the board on the activities of the organization since the April 15, 2016 board meeting

Mr. Beeler announced that Hannah Forte has been hired as the GOAP Boards Coordinator.

Mr. Beeler updated the board on the budget and the activities of GOAP staff since the April 15, 2016 KADB meeting.

Deputy Executive Director's Report

Commissioner Quarles yielded the floor to Bill McCloskey, GOAP deputy executive director, to report to the board.

Mr. McCloskey directed the board's attention to the Kentucky Broadcaster's Association memo.

Mr. McCloskey directed the board's attention to the county funds report.

Mr. McCloskey directed the board's attention to a report showing the status of State funds as of May 2, 2016. (*on file*)

Mr. McCloskey reviewed the Kentucky Agricultural Finance Corporation (KAFC) Statement of Financial Position (*on file*) as of April 30, 2016.

After the review, Mr. McCloskey announced that the next scheduled KAFC Board meeting would be held on Friday, June 10, 2016, at 10:00 a.m. (EDT) in room C109 of the Transportation Cabinet building in Frankfort.

Commissioner Quarles moved to accept the KAFC Financial Report; Mr. Mahan seconded the motion.

VOTE: Motion Passed; Unanimous.

Compliance Committee Report

Commissioner Quarles called on Don Goodin to deliver the Compliance Committee report.

Mr. Goodin announced the Compliance committee met May 20, 2016 at 8:30 a.m. (EDT) in the downstairs conference room of the Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, Kentucky 40601.

Mr. Goodin reviewed the activities of the committee meeting. The Compliance Committee developed a policy for staff to follow, regarding general reporting requirements. Projects will be evaluated on an individual basis, but in general, smaller projects will require reporting for five years and larger projects will require reporting for 10 years.

Commissioner Quarles moved to accept the Compliance Committee report; Mr. Warner seconded the motion.

VOTE: Motion Passed; Unanimous

Presentations

Commissioner Quarles yielded the floor to Sandra Gardner, GOAP director of compliance & outreach, to introduce the following presentations:

Ms. Gardner outlined the reasons for the presentations.

Ms. Gardner introduced Tammy Horn, Kentucky Department of Agriculture Apiarist. Ms. Horn gave a presentation outlining the state of Kentucky bees and beekeeping. *(PowerPoint on file)*

Ms. Horn introduced Alice Jones, Director of Appalachian Studies and Environmental Stewardship at Eastern Kentucky University (EKU).

Ms. Jones updated the board on beekeeping in Kentucky and beekeeping programs at EKU.

Ms. Gardner introduced Lanette Freitag, owner/operator of LanMark Farm. Ms. Freitag gave a presentation outlining the success of their patented looming machine and techniques and their wool production operation as a result of the KADF received for their project; project A2006-0021. *(PowerPoint on file)*

Old Business

Memo Action Items

Commissioner Quarles called on Mr. McCloskey and Biff Baker to present the following memo action items:

A2009-0247 The Beef Connection, LLC

Mr. McCloskey presented a memorandum (*on file*) regarding the above-referenced project. The Recipient requested a payment restructure.

Staff recommended approval of the request.

Commissioner Quarles moved to approve the staff recommendation, as presented; Mr. Hunt seconded the motion.

VOTE: Motion Passed; Unanimous.

A2015-0012 Western Kentucky University Research Foundation

Mr. Baker presented a memorandum (*on file*) regarding the above-referenced project. The Recipients requested a 120-day no-cost time extension until September 4, 2016 to complete the project.

The Red Application Review Committee (RARC) recommends approving the request.

Mr. Henderson moved to approve the RARC recommendation, as presented; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

A2015-0028 Atalo Holdings, Inc.

Mr. Baker presented a memorandum (*on file*) regarding the above-referenced project. The Red Application Review Committee (RARC) recommended amending the legal agreement to reflect the final state and county grant commitments and available loan balance.

The Red Application Review Committee (RARC) recommends approving the request.

Mr. Goodin moved to approve the RARC recommendation with the added stipulation that the recipient provide and update to the board prior to October; Mr. Mahan seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

New Application for Referral¹

Commissioner Quarles called on Mr. McCloskey to present new applications for referral.

Mr. McCloskey referenced ten (10) new applications for referral.

Mr. Moore moved to refer the submitted applications to the Red Application Review Committee; Commissioner Quarles seconded the motion.

VOTE: Motion Passed; Unanimous.

Programs Recommended for Approval²

Commissioner Quarles called on Mr. McCloskey to present programs recommended for approval.

Mr. McCloskey referenced ten (10) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$1,059,788; one (1) Deceased Farm Animal Removal Program (DAR) application requesting county funds totaling \$6,375; and one (1) Shared-use Equipment Program application requesting county funds totaling \$2,363. Total program funding requested was \$1,068,526

Commissioner Quarles moved to approve the program recommendations, as presented; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

Requested Program Amendments³

Commissioner Quarles called on Mr. McCloskey to present requested program amendments.

Mr. McCloskey referenced four (4) requested program amendments seeking additional county funds totaling \$423,088.

Dr. Bailey moved to approve the program amendments as presented; Mr. Warner seconded the motion.

VOTE: Motion Passed; Mr. Foree abstained

On-Farm Energy Program Recommended for Funding⁴

Commissioner Quarles called on Mr. McCloskey to present the on-farm energy programs recommended for funding.

¹ A detailed list of New Applications for Referral is attached as Appendix A.

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

³ A detailed list of Requested Program Amendments is attached as Appendix C.

⁴ A detailed list of On-Farm Energy Programs Recommended for Funding is attached as Appendix D.

Mr. McCloskey referenced twenty-four (24) on-farm energy programs recommended for funding totaling \$193,587.

Commissioner Quarles moved to approve the program recommendations, as presented; Dean Cox seconded the motion.

VOTE: Motion passed; unanimous

Project Recommendations for Funding

Commissioner Quarles called on Mr. McCloskey to present the following recommendation for funding:

A2016-0031 Fish Market, Inc.

Mr. McCloskey referenced the above application from Fish Market, Inc., requesting \$855,100 in state funds to purchase equipment.

The Red Application Review Committee recommended funding the request for state funds in the reduced amount of \$427,550, as a 2% loan, subject to terms and conditions.

Mr. Mattingly moved to approve the committee recommendation; Mr. Goodin seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0035 Jessamine County FFA Alumni Association Inc.

Mr. McCloskey referenced the above application from the Jessamine County FFA Alumni Association Inc., requesting \$8,000 in Jessamine County funds to cost-share with 4-H/FFA students on agriculture-related projects.

The Red Application Review Committee recommended funding the request for \$8,000 in Jessamine County funds, subject to terms and conditions.

Commissioner Quarles moved to approve the committee recommendation; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0063 Cumberland County Extension District

Mr. McCloskey referenced the above application from the Cumberland County Extension District, requesting \$5,500 in Cumberland County funds to construct a 24' x 24' building to house small livestock for education use.

The Red Application Review Committee recommended funding the request for \$5,500 in Cumberland County funds, subject to terms and conditions.

Commissioner Quarles moved to approve the committee recommendation; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0064 Cumberland County 4-H Council

Mr. McCloskey referenced the above application from the Cumberland County 4-H Council, requesting \$24,000 in Cumberland County funds to cost-share with youth participating in the Cumberland County 4-H Agricultural Entrepreneurship program.

The Red Application Review Committee recommended funding the request for \$24,000 in Cumberland County funds, subject to terms and conditions.

Commissioner Quarles moved to approve the committee recommendation; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0065 Allen County Fiscal Court

Mr. McCloskey referenced the above application from Allen County Fiscal Court, requesting \$67,450 in Allen County funds to construct a 72' x 150' open span building for agricultural events.

The Red Application Review Committee recommended funding the request for \$67,450 in Allen County funds, subject to terms and conditions.

Mr. Mahan moved to approve the committee recommendation; Mr. Moore seconded the motion.

VOTE: Motion Passed; Unanimous.

Project Recommendations for No Funding

Commissioner Quarles called on Mr. McCloskey to present the following recommendations for No Funding:

A2016-0042 Kentucky Wineries Association, LLC.

Mr. McCloskey referenced the above application from the Kentucky Wineries, LLC, requesting \$147,700 in state funds to hire an executive director and for promotion efforts.

The Red Application Review Committee recommended Not Funding the request for \$147,700 in state funds, due to duplication of services.

Mr. Goodin moved to approve the committee recommendation; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0066 Route 52 Moonshine, LLC.

Mr. McCloskey referenced the above application from Route 52 Moonshine, LLC, requesting \$35,125 in Estill County funds to increase production at their Estill County distillery.

The Red Application Review Committee recommended Not Funding the request for \$35,125 in Estill County funds, due to limited producer impact.

Mr. Goodin moved to approve the committee recommendation; Mr. Warner seconded the motion

VOTE: Motion Passed; Unanimous

Pending Application

Commissioner Quarles referenced the following pending application:

A2015-0220 University of Kentucky Research Foundation

No action necessary on pending applications.

Standard Operating Procedures

Mr. McCloskey presented the Standard Operating Procedures.

Ms. Curtis moved to approve the Standard Operating Procedures, as presented; Commissioner Quarles seconded the motion.

VOTE: Motion passed; Unanimous

Closing Remarks

Commissioner Quarles encouraged the board members to meet Melanie Blandford.

Adjournment

Commissioner Quarles entertained a motion to adjourn.

Mr. Moore moved to adjourn the May KADB meeting; Commissioner Quarles seconded the motion.

VOTE: Motion Passed; Unanimous.

The KADB meeting adjourned at 11:53 a.m. (EDT).

APPROVED DATE: 7-26-2016

PRESIDING OFFICER: 