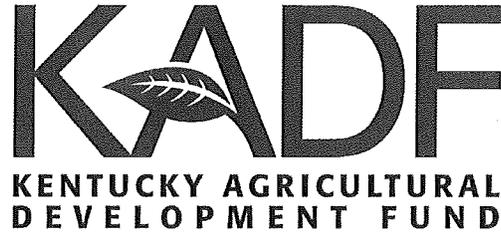


The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the February 17, 2017 regular business meeting. This is provided in summary form; an official record of the meeting is available in the permanent records of the Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Development Board
Summary Minutes of the Regular Business Meeting
Franklin County Extension Office
Frankfort, Kentucky
February 17, 2017**

Call to Order

Commissioner Quarles, presiding, called the Kentucky Agricultural Development Board (KADB) regular business meeting to order at 10:06 a.m. (EST)

Roll Call

The following members were present: Commissioner Ryan Quarles, Dr. Betty Bailey, Dr. Kirk Pomper (designee for KSU Interim President Aaron Thompson), Dean Nancy M. Cox, Stewart Hughes, Kylee Palmer (designee for Economic Development Secretary Terry Gill), Bobby Foree, Pat Henderson, Wayne Hunt, Jim Mahan, Wayne Mattingly and Dr. Gordon Jones.

Members absent: Sam Moore, Richard Warner, Al Pedigo and 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 and other KDA staff attended the National Association of State Departments of Agriculture Winter Policy Conference in Washington D.C. General priorities for the 2018 Farm Bill were discussed.

Commissioner Quarles cited a statistic from the Kentucky Distillers Association press conference on February 7, 2017 that the use of Kentucky grown corn has increased by 65 percent in Kentucky distilleries.

Commissioner Quarles mentioned tax reform legislation affecting agriculture.

Commissioner Quarles recapped the annual Kentucky Proud breakfast on February 16, 2017.

Commissioner Quarles attended the Kentucky Agriculture Council meeting on February 16, 2017 at the National Farm Machinery Show. Commissioner Quarles stated that the council will be performing the third strategic plan for Kentucky agriculture.

Commissioner Quarles yielded the floor to Dr. Pomper to introduce Dr. Johnnie Westbrook, KSU Associate Extension Administrator.

Commissioner Quarles introduced Dr. Trey Riddle, CEO/Founder of Sunstrand, LLC.

Dr. Riddle thanked the Board for consideration of his application.

Commissioner Quarles opened the floor for questions.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the January 20, 2017 board meeting.

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

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Commissioner Quarles yielded the floor to Warren Beeler, Executive Director, to report to the board.

Mr. Beeler introduced Kylee Palmer, Program Manager, Cabinet for Economic Development, as the proxy for Secretary Gill.

Mr. Beeler called on Aleta Botts, Executive Director, KCARD, to update the board on the activities of the organization.

Mr. Beeler called on Dr. Chad Lee, Director, UK Grain and Forage Center of Excellence, to update the board on the status of the project.

Mr. Beeler referenced a list of members on the Tobacco Settlement Agreement Oversight Committee (*on file*).

Mr. Beeler mentioned legislation affecting agriculture such as weight variance on trucks.

Mr. Beeler updated the board on the activities of the GOAP since the January 20, 2017 board meeting.

Commissioner Quarles yielded the chair to Keith Rogers (designee) at 11:15 a.m.
Dean Cox moved to accept the report; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

Commissioner Quarles resumed as chair at 11:16 a.m.

Old Business

Memo Action Items

Commissioner Quarles called on Steve Doan, Biff Baker and Stefanie Osterman to present the following memo action items:

A2014-0010 Trackside Butcher Shop

Mr. Doan presented a memorandum (*on file*) regarding the above-referenced project. This is a request for additional county funds and to leave uncommitted funds in the KAFC loan pool.

Mr. Hughes moved to approve the request, as presented; Dr. Jones seconded the motion.

VOTE: Motion Passed; Mr. Foree abstained.

A2016-0017 WKU Research Foundation, Inc.

Mr. Baker presented a memorandum (*on file*) regarding the above-referenced project. This is a 6-month no-cost time extension request. The new deadline will be November 10, 2017.

Mr. Mattingly moved to approve the request, as presented; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0065 Allen County Fiscal Court

Ms. Osterman presented a memorandum (*on file*) regarding the above-referenced project. This is a budget amendment request.

Mr. Mahan moved to approve the request, as presented; Mr. Henderson 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.

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

Mr. McCloskey referenced two (2) new applications for referral.

Dr. Bailey moved to refer the submitted applications to the appropriate committees; Mr. Hunt 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 six (6) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$799,766; one (1) Deceased Farm Animal Removal Program application requesting county funds totaling \$7,500; and three (3) Shared-Use Equipment Program applications requesting county funds totaling \$42,818. Total program funding requested was \$850,084.

Mr. Mattingly asked if there is a producer limit on cost-share programs. Ms. Miller, GOAP Director of KADF Programs, clarified that a 75/25 match is the maximum.

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

VOTE: Motion Passed; Mr. Henderson abstained.

Requested Program Amendments³

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

Mr. McCloskey referenced two (2) requested program amendments seeking additional county funds totaling \$124,455.

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

VOTE: Motion Passed; Unanimous.

Project Recommendations for Funding

Commissioner Quarles called on Steve Doan, Mr. McCloskey and Stefanie Osterman to present the following recommendations for funding:

A2016-0216 Kentucky Hemp Research Foundation Inc.

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.

Mr. Doan referenced the above application from KHRF requesting \$189,592 in State funds and \$189,592 in multiple County funds for hemp education and research.

The Blue Application Review Committee recommended funding the request for up to \$2,000 in Floyd County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2016-0218 Sunstrand, LLC

Mr. McCloskey referenced the above application from Sunstrand, LLC requesting \$496,200 in State funds for the expansion of its fiber processing facility.

The Blue Application Review Committee recommended funding the request for up to \$381,500 in State and County funds, subject to terms and conditions.

Mr. Mattingly asked about the terms of the loan. Mr. Doan, GOAP General Counsel, clarified that the loan will be serviced by the KAFC. He stated that KADB will have a purchase money security interest on any equipment purchased with KADF funds through UCC filing.

Dean Cox asked about the formality of the relationship between the growers and applicant. Keith Rogers, KDA, clarified that the growers are contracted with the applicant and all of their growers are permitted to grow hemp through KDA.

Mr. Foree recommended adding purchase money security interest to Terms & Conditions #5.

Dr. Jones moved to approve the committee recommendation; Dean Cox seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0222 Hopkinsville Elevator Co., Inc.

Ms. Osterman referenced the above application from Hopkinsville Elevator Company, Inc. requesting \$6,000 in Christian County funds and \$6,000 in Todd County funds for a canola feasibility study.

The Red Application Review Committee recommended funding the request for up to \$6,000 in Todd County funds and \$6,000 in Christian County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Mr. Hunt abstained.

A2016-0224 Eastern Kentucky University

Mr. McCloskey referenced the above application from ECU requesting \$179,373 in State funds for an Automated Milking System.

The Red Application Review Committee recommended funding the request for up to \$179,373 in State funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2017-0002 Community Agricultural and Nutritional Enterprises, Inc.

Ms. Osterman referenced the above application from CANE requesting \$150,000 in State funds to expand their commercial kitchen.

The Red Application Review Committee recommended funding the request for up to \$150,000 in State funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

Mike Caudill, CEO, Mountain Comprehensive Health Corporation (MCHC), expressed concern on behalf of the MCHC Board of Directors regarding their responsibility for CANE debt.

After discussion, Mr. Mattingly moved to reconsider the previous action and pend the application for committee decision; Mr. Mahan seconded the motion.

VOTE: Motion Passed; Unanimous.

A2017-0002 was returned to pending status.

A2017-0003 KY Agricultural Opportunities, Inc.

Mr. Doan referenced the above application from KAO requesting \$50,000 in State funds to complete a valuation of the Bluegrass Livestock Marketing Group.

The Red Application Review Committee recommended funding the request for \$50,000 in State funds, subject to terms and conditions.

Mr. Henderson moved to approve the committee recommendation; Mr. Hunt seconded the motion.

Mr. Hughes emphasized importance of terms and conditions, specifically KADB having access to the results of the valuation.

Dr. Jones expressed concern over the competitive advantage this could provide to a single agricultural entity.

There was discussion on the purpose of this valuation to assess potential impact on the agricultural community.

VOTE: Motion Passed; with dissent, Mr. Foree abstained.

Pending Applications

Mr. McCloskey referenced two (2) following pending applications:

A2016-0069	Hardin County Agricultural Extension Foundation, Inc.
A2016-0227	Kentucky Horticulture Council, Inc.

No action necessary on pending applications.

Closing Remarks

Commissioner Quarles stated that the next KADB meeting is a joint meeting on March 17, 2017 at the UK South Farm in Lexington, Ky.

Commissioner Quarles stated that the KDDC Recipient Review Committee would meet immediately following adjournment. The Red Application Review Committee will meet at 1:00 p.m.

Adjournment

Commissioner Quarles entertained a motion to adjourn.

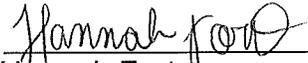
Dr. Bailey moved to adjourn the February KADB meeting; Mr. Mattingly seconded the motion.

VOTE: Motion Passed; Unanimous.

The KADB meeting adjourned at 12:07 p.m. (EST).

APPROVED DATE: 3-17-17

PRESIDING OFFICER: 

BOARD SECRETARY: 
Hannah Forte

APPENDIX A: **New Applications for Referral**

APP #	APPLICANT	COUNTY
A2017-0017	Louisville/Jefferson County Metro Government <i>Farm to Table Program</i>	Jefferson
A2017-0018	Beef Solutions, LLC <i>Supply Management Project</i>	Fayette

APPENDIX B: **Programs Recommended for Approval**

CAIP

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2017-0007	Ohio County Cattlemen's Association, Inc.	Ohio	\$38,000.00
A2017-0010	Madison County Conservation District	Madison	\$256,162.00
A2017-0013	Kenton County Farm Bureau, Inc.	Kenton	\$81,354.00
A2017-0014	Rowan County Conservation District	Rowan	\$100,000.00
A2017-0015	Breckinridge County Soil Conservation District	Breckinridge	\$300,000.00
A2017-0016	Johnson County Agricultural Advancement Council, Inc.	Johnson	\$24,250.00
			\$799,766.00

Deceased Farm Animal Removal Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2017-0009	Madison County Conservation District	Madison	\$7,500.00
			\$7,500.00

Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2017-0008	LaRue County Conservation District	LaRue	\$21,499.00
A2017-0011	Estill County Conservation District	Estill	\$15,632.00
A2017-0012	Carter County Soil Conservation District	Carter	\$5,687.00
			\$42,818.00

Total County Funds Recommended for Approval in Programs: **\$850,084.00**

APPENDIX C: Requested Program Amendments

App # A2016-0037
Applicant Name Jessamine County FFA Alumni Association, Inc.
 Original Amount Approved \$100,000
 Execution Date 6/08/2016
Requested Change The applicant requests an additional \$50,000 in Jessamine County funds for the *CAIP Program*. The request received a high priority from the Jessamine County Council.
 This is the second request for an amendment to this application number. First Amendment \$70,000 KADB 12/16/16
 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 \$220,000.
Recommend Approval

App# A2016-0137
Applicant Name Franklin County Cattlemen’s Association, Inc.
 Original Amount Approved \$142,663
 Execution Date 9/09/2016
Requested Change The applicant requests an additional \$74,455 in Franklin County funds for the *CAIP Program*. The request received a high priority from the Franklin 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 \$217,118.
Recommend Approval