

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the June 16, 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
June 16, 2017**

Call to Order

Commissioner Quarles, presiding, called the Kentucky Agricultural Development Board (KADB) regular business meeting to order at 10:08 a.m. (EDT)

Roll Call

The following members were present: Commissioner Ryan Quarles, Dr. Betty Bailey, Dr. Kirk Pomper (designee for KSU President M. Christopher Brown II), Dean Nancy M. Cox, Stewart Hughes, Katie Smith (designee for Secretary Terry Gill), Bobby Foree, Pat Henderson, Jim Mahan, Wayne Mattingly, Sam Moore, Dr. Gordon Jones and Al Pedigo.

Members absent: Governor Matt Bevin, Wayne Hunt and Richard Warner.

Commissioner Quarles introduced KDA intern Ali Hulett.

Notification of Media

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

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles mentioned the June Dairy Month Proclamation.

Commissioner Quarles mentioned Commissioner's Comments, a monthly video series to promote agriculture on social media.

Commissioner Quarles discussed tax reform and asked board members for suggestions.

Commissioner Quarles discussed potential reorganization from Kentucky Boards and Commissions that will impact KDA.

Commissioner Quarles referenced conversations with Secretary Gill, CED, involving the promotion of agriculture as economic development.

Commissioner Quarles recapped the 2017 KY FFA State Convention and 2017 4-H State Teen Conference.

Commissioner Quarles discussed the role of KDA in international trade.

Commissioner Quarles provided an update about the Southern Association of State Departments of Agriculture, as well as, the National Association of State Department of Agriculture.

Commissioner Quarles stated that it was the 25th year of the Agriculture in the Classroom Poster and Essay Contest and invited board members to attend the celebration at the Lexington Legends on Friday, June 16 at 7 p.m.

Dr. Bailey commented on the regional LAND meetings to link farmers, processors and manufacturers.

Mr. Rogers explained the LAND meeting and invited KADB members to register online and attend the meetings.

Commissioner Quarles also commented that KDA inspectors have found four credit card skimmers across the state.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the May 19, 2017 board meeting.

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

VOTE: Motion Passed; Unanimous.

Executive Director's Report

Mr. Beeler introduced GOAP intern Sadie Middleton.

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 center.

Mr. Beeler recognized Lowell Atchley, Senior Analyst, Legislative Research Commission, for his work with GOAP and acknowledged his upcoming retirement.

Mr. Beeler updated the board on the activities of the GOAP since the May 19, 2017 board 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 updated the board on the activities at the National Governor's Association and the Learning Lab on Strategies to Reduce Childhood Hunger, aimed at combating childhood hunger at the state and local level.

Commissioner Quarles stated that due to recent legislation, Kentucky has the strongest food donation law in the country.

Mr. McCloskey directed the board's attention to the KBA PEP report from Ms. Gardner that shows the value of radio & TV commercials this year (*on file*).

Mr. McCloskey called on Ms. Gardner to deliver the Marketing and Entrepreneurship Committee Report.

Ms. Gardner reported that the Marketing and Entrepreneurship Committee met at 8:30 a.m. in Room C of the Franklin County Extension Office. The committee reviewed commodity group expenses from the previous year and requests for 2017 funds related to the KADF Promotional Fund. The committee also recommended participating in the KBA-PEP Program for a 6th campaign year from October 2017 to September 2018. The committee recommended approval of the request.

Mr. Pedigo moved to accept the Marketing and Entrepreneurship Committee Report; Mr. Henderson seconded the motion.

VOTE: Motion Passed; Unanimous.

Mr. McCloskey directed the board's attention to the GOAP financial report as of June 5, 2017 (*on file*).

Mr. McCloskey directed the board's attention to the county account balances report as of May 25, 2017 (*on file*).

Mr. McCloskey reviewed the Kentucky Agricultural Finance Corporation (KAFC) Statement of Financial Position (*on file*) as of May 31, 2017.

Dr. Bailey moved to accept the KAFC Financial Report; Dean Cox seconded the motion.

VOTE: Motion Passed; Unanimous.

Old Business

Memo Action Items

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

Approval to Liquidate Assets

Mr. Doan presented a memorandum (*on file*) regarding a request to allow Central Kentucky Growers to sell the equipment purchased with Kentucky Agricultural Development funds to a third party, or to allow GOAP staff to call the forgivable loan and liquidate the assets of Central Kentucky Growers.

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

VOTE: Motion Passed; Unanimous.

Legal Agreement Amendment

Mr. Doan presented a memorandum (*on file*) regarding a request to allow an additional amendment to the Gateway Gardens, LLC legal agreement to again change the location of the facility, and to request a 6-month time extension.

Mr. Mattingly commented that this would be the final extension.

Mr. Mattingly moved to approve the request, as presented; Dean Cox seconded the motion.

VOTE: Motion Passed; Unanimous.

A2016-0070 Hardin County Livestock Events Center

Ms. Osterman presented a memorandum (*on file*) regarding the above-referenced project. This is a request for a 6-month time extension.

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

VOTE: Motion Passed; Unanimous.

A2016-0184 Kentucky Dairy Development Council

Mr. McCloskey presented a memorandum (*on file*) regarding the above-referenced project. This is a request to change the qualifying parameters for the Kentucky MILK Program.

Mr. Hughes moved to approve the request, as presented; Dr. Jones 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 two (2) new applications for referral.

Dr. Bailey moved to refer the submitted applications to the appropriate committees; Mr. Pedigo 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 eleven (11) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$1,601,981; one (1) Deceased Farm Animal Removal Program application requesting county funds totaling \$2,500; one (1) Shared-Use Equipment Program application requesting county funds totaling \$10,013; and two (2) Youth Cost-Share Program applications requesting county funds totaling \$35,000. Total program funding requested was \$1,649,494.

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

VOTE: Motion Passed; Mr. Foree abstained.

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 \$133,105.

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.

Mr. Foree moved to approve the program amendments as presented; Mr. Pedigo seconded the motion.

VOTE: Motion Passed; Unanimous.

Project Recommendations for Funding

Commissioner Quarles called on Ms. Osterman and Hannah Forte to present the following recommendations for funding:

A2017-0091 TerrePURE Kentucky Distillers, Inc.

Ms. Osterman referenced the above application from TerrePURE Kentucky Distillers, Inc. requesting \$500,000 in State funds and \$150,000 in various County funds to construct a feedlot to feed cattle spent stillage.

The White Application Review Committee recommended funding no more than \$100,000 in the form of a grant in State funds, \$200,000 in the form of a loan in State funds and any county commitments up to half of the project costs in the form of a grant, subject to terms and conditions.

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

Mr. Moore mentioned potential KY Corn Growers involvement on the project.

Mr. Foree ask about the shared collateral position.

Dr. Jones asked if the legal agreement would mention use of the project for demonstration.

Mr. Doan responded that the position and demonstration usage will be mentioned in the legal agreement.

VOTE: Motion Passed; Mr. Mattingly abstained.

A2017-0104 City of Mt. Sterling

Ms. Forte referenced the above application from City of Mt. Sterling requesting \$130,000 in State funds and \$10,000 in Montgomery County funds for the construction of a farmers market structure.

The White Application Review Committee recommended funding the request for up to \$130,000 in State and \$10,000 in County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2017-0105 Fleming County Board of Education

Ms. Forte referenced the above application from Fleming County Board of Education requesting \$55,000 in State funds and \$10,000 in Fleming County funds for the construction of a farmers market structure.

The White Application Review Committee recommended funding the request for \$50,000 in State and \$5,000 in Fleming County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2017-0106 Victory Hemp Foods, LLC

Ms. Osterman referenced the above application from Victory Hemp Foods, LLC requesting \$102,002 in State funds and \$194,000 in various County funds to upgrade commercial scale equipment.

The White Application Review Committee recommended funding the request for up to \$296,002 in KADF State and County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2017-0107 Henderson County Fair, Inc.

Ms. Osterman referenced the above application from Henderson County Fair, Inc. requesting \$5,000 in Henderson County funds to build a livestock pavilion.

The White Application Review Committee recommended funding the request for up to \$5,000 in Henderson County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

Recommendation for No Funding

Commissioner Quarles called on Mr. McCloskey to present the following recommendation for no funding:

A2017-0108 Baesler Farms

Mr. McCloskey referenced the above application from Baeslar Farms requesting \$97,522 in State funds and \$15,000 in Fayette County funds to produce CBD oil.

The White Application Review Committee recommended no-funding A2017-0108 Baeslar Farms application to produce CBD oil due to limited producer impact and the uncertainty of the hemp status related to the Farm Bill making the longevity of the project difficult to justify KADF investment.

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

VOTE: Motion Passed; Unanimous.

Pending Applications

Mr. McCloskey referenced three (3) following pending applications:

A2017-0099	Washington County Fiscal Court
A2017-0117	Nelson County Fiscal Court
A2017-0121	Taylor County Conservation District

No action necessary on pending applications.

Closing Remarks

Commissioner Quarles stated that the Kentucky Dairy Development Council Review Committee would meet immediately after adjournment for a working lunch. The White Application Review Committee will meet a half hour after adjournment.

Commissioner Quarles stated that the next KADB meeting is on July 21, 2017 at the Franklin County Extension Office in Frankfort, Ky.

Adjournment

Commissioner Quarles entertained a motion to adjourn.

Dr. Bailey moved to adjourn the June KADB meeting; Mr. Henderson seconded the motion.

VOTE: Motion Passed; Unanimous.

The KADB meeting adjourned at 11:22 a.m. (EDT).

APPROVED DATE: 7-26-17

PRESIDING OFFICER: Bon Quarles

BOARD SECRETARY: Marielle Manning
Marielle Manning

APPENDIX A: New Applications for Referral

APP #	APPLICANT	COUNTY
A2017-0122	Taylor County Cattlemen's Association, Inc. <i>Youth Heifer Chain</i>	Taylor
A2017-0124	Monroe County Extension District Board <i>Certified Commercial Kitchen</i>	Monroe

APPENDIX B: Programs Recommended for Approval

CAIP

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2017-0110	Morgan County Fiscal Court	Morgan	\$201,082.00
A2017-0112	Mercer County Conservation District	Mercer	\$135,000.00
A2017-0114	Adair County Cattlemen's Association, Inc.	Adair	\$122,000.00
A2017-0116	Metcalfe County Conservation District	Metcalfe	\$174,251.00
A2017-0118	Nelson County Conservation District	Nelson	\$97,169.00
A2017-0120	Taylor County Cattlemen's Association, Inc.	Taylor	\$152,689.00
A2017-0123	Lawrence County Farm Bureau, Inc. of Lawrence County, Kentucky	Lawrence	\$112,000.00
A2017-0125	Allen County Conservation District	Allen	\$188,219.00
A2017-0126	Grant County Cattlemens Association, Inc.	Grant	\$128,000.00
A2017-0128	Carroll County Conservation District	Carroll	\$230,375.00
A2017-0129	Hancock County Conservation District	Hancock	\$61,196.00
			\$1,601,981.00

Deceased Farm Animal Removal Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2017-0119	Garrard County Fiscal Court	Garrard	\$2,500.00
			\$2,500.00

Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2017-0115	Marion County Extension District Building Foundation, Inc.	Marion	\$10,013.00
			\$10,013.00

Youth Ag Incentives Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2017-0113	Adair County Cattlemen's Association, Inc.	Adair	\$20,000.00
A2017-0127	Grant County Cattlemens Association, Inc.	Grant	\$15,000.00
			\$35,000.00

Total County Funds Recommended for Approval in Programs: **\$1,649,494.00**

APPENDIX C: *Requested Program Amendments*

App # A2016-0151
Applicant Name Wayne County Agriculture Development Council, Inc.
 Original Amount Approved \$160,000
 Execution Date 9/14/2016
Requested Change The applicant requests an additional \$62,000 in Wayne County funds for the *CAIP Program*. The request received a high priority from the Wayne 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 \$222,000.
Recommend Approval

App# A2016-0187
Applicant Name Hart County Cattlemen's Association
 Original Amount Approved \$350,000
 Execution Date 10/05/2016
Requested Change The applicant requests an additional \$5,000 in Hart County funds for the *CAIP Program*. The request received a high priority from the Hart County Council.
 This is the second request for an amendment to this application number. \$20,490 was approved at the January 20, 2017 KADB meeting.
 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 \$375,490.
Recommend Approval

App# A2016-0191
Applicant Name Buffalo Trace Area Development District
 Original Amount Approved \$281,579
 Execution Date 10/05/2016
Requested Change The applicant requests an additional \$42,105 in Bracken County funds for the *CAIP Program*. The request received a high priority from the Bracken County Council.
 This is the second request for an amendment to this application number. \$28,947 was approved at the January 20, 2017 KADB meeting.
 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 \$352,631.
Recommend Approval

APPENDIX C: *Requested Program Amendments*

App#	A2017-0016
Applicant Name	Johnson Co. Agricultural Advancement Council
Original Amount Approved	\$24,250
Execution Date	3/02/2017
Requested Change	<p>The applicant requests an <u>additional</u> \$24,000 in Johnson County funds for the <i>CAIP Program</i>. The request received a <u>high</u> priority from the Johnson 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 \$48,250.</p>

Recommend Approval

