

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the September 21, 2018 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  
101 Lakeview Court  
Frankfort, KY 40601**

**Call to Order**

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

**Roll Call**

The following members were present: Commissioner Quarles, presiding, Drew Graham (designee for Dean Cox), Dr. Kirk Pomper (designee for Dr. M. Christopher Brown II., President), Mark Barker, Bobby Foree, Fritz Giesecke, Pat Henderson, Stewart Hughes, Wayne Hunt, Dr. Gordon Jones, Jim Mahan, Katie Moyer and Al Pedigo.

Members absent: Governor Bevin, Sarah Butler and Richard Warner.

**Notification of Media**

Commissioner Quarles received verification from Sandra Gardner, Director of Compliance and Outreach, that the media had been notified of the KADB monthly meeting.

**Welcome**

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles provided an update on activities at KDA since the last board meeting.

Commissioner Quarles stated the application process for hemp would be October 1 through November 30, 2018.

Commissioner Quarles mentioned the Sunbelt Expo October 16-18 in Georgia, Kentucky is the host state this year.

Commissioner Quarles discussed the Veterinary Spaces Working Group. At the last session, a resolution was passed to work with Auburn Veterinary School to help protect the 41 Vet program spots and discuss the future of the program.

Commissioner Quarles welcomed Representative Brandon Reed to the meeting.

**Approval of Minutes**

Commissioner Quarles entertained a motion to approve the minutes of the August 17, 2018 board meeting.

Mr. Pedigo moved to approve the minutes, as presented; Dr. Jones 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 yielded the floor to Aleta Botts, Executive Director of the Kentucky Center for Rural Development to update the board on the status of the organization.

Mr. Beeler introduced new employee Renee Laurent, Compliance Manager, to the board.

Mr. Beeler yielded the floor to Dr. Chad Lee, Executive Director of UK Grain and Forage Center of Excellence, to update the board on the progress of the expansion.

Mr. Beeler yielded the floor to Phillip Konopka, ANR agent from Lewis County, to give a report to the board.

Mr. Beeler directed the board members attention to the KADB annual report provided to each member.

Mr. Beeler updated the board on his activities since the August 17, 2018 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 directed the board's attention to the Kentucky Broadcasters Association Public Education Partnership report (on file).

Mr. McCloskey addressed the State Pool Tobacco Funds as of September 7, 2018.

Mr. McCloskey directed the board's attention to the county account balances report as of August 24, 2018 (on file).

Mr. McCloskey reviewed the Kentucky Agricultural Finance Corporation (KAFC) Statement of Financial Position (on file) as of August 31, 2018.

Mr. McCloskey discussed the KADB Cash flow as of September 1, 2018 (on file).

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

VOTE: Motion Passed; Unanimous.

**Presentations**

Commissioner Quarles yielded the floor to the following presentations:

Theresa Zawacki, Senior Policy Advisor to Louisville Forward updated the board on project A2017-0017, Louisville Farm to Table.

Ms. Zawacki announced that the initiative has become part of Louisville, Economic Development and 2<sup>nd</sup> year funding will not be needed.

Joni Nelson, Manager of Center for Sustainability of Farms and Families at Kentucky State University, presented to the board an update on project A2017-0177. Ms. Nelson provided benchmarks and a proposed budget, per the legal agreement to request additional funding.

Maury Cox, Executive Director of the Kentucky Dairy Development Council, presented on the status of the organization, as part of the KADB's 2018 Review Strategy for Statewide investments.

Mr. Cox discussed the KDDC programs, and addressed the following questions posed by the board:

1. Of your program/service categories, which have had the most impact on profitability at the farm level?
  - a. The flagship is the Milk program it puts dollars in the dairy farmers pockets.
2. If you were to eliminate a program/service category, which would it be?
  - a. Multiple programs are intertwined, it is hard to pick.
  - b. Have cancelled summer dairy tour in the past when funds were tight.
3. How do you see your organization in five years if you had no KADF funding?
  - a. Without KADF funding, there would not be a Milk program or a Dairy Consultant program, they would have to fund raise and use volunteers.

Commissioner Quarles yielded the floor to his proxy Keith Rogers.

#### **Memo Action Items**

Mr. Rogers called on Biff Baker and Stefanie Osterman to present the following memo action items:

#### **A2017-0177                      Kentucky State University**

Mr. Baker presented a memorandum (*on file*) on the above referenced project regarding a request for additional funding. The recipient is requesting an additional \$495,000 for calendar year 2019.

Mr. Hunt moved to approve the recipient request; Mr. Pedigo seconded the motion.

VOTE: Motion Passed; Dr. Pomper abstained.

#### **On-Farm Energy Incentives Program**

Ms. Osterman presented a memorandum (*on file*) on the above referenced request, regarding funds request and proposed revisions for 2019. Staff requested \$400,000 in state funds to administer a 2019 KADF On-Farm Energy Incentives Program with any modifications to the application deadlines for 2018 guidelines.

Mr. Henderson moved to approve the request and recommendation; Mr. Hughes seconded the motion.

VOTE: Motion Passed; Unanimous.

#### **New Business**

##### **New Applications for Referral<sup>1</sup>**

Mr. Rogers called on Mr. McCloskey to present new applications for referral.

Mr. McCloskey referenced five (5) new applications for referral.

Mr. Hughes moved to refer the submitted applications to the appropriate committees; Mr. Mahan seconded the motion.

VOTE: Motion Passed; Unanimous.

##### **Programs Recommended for Approval<sup>2</sup>**

Mr. Rogers called on Mr. McCloskey to present programs recommended for approval.

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<sup>1</sup> A detailed list of New Applications for Referral is attached as Appendix A.

<sup>2</sup> A detailed list of applications funded under the listed programs is attached as Appendix B.

<sup>3</sup> A detailed list of program amendments is attached as Appendix C.

Mr. McCloskey referenced thirteen (13) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$1,629,262: Four (4) Dead Animal Removal Program (DAR) requesting county funds totaling \$23,462; One (1) Next Generation Beginning Farmer requesting county funds totaling \$ 52,500: Two (2) Shared-use Equipment requesting county funds totaling \$30,446: Two (2) Youth Ag Incentives Program requesting county funds totaling \$15,099. This makes the total programs funding \$1,750,769.

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

VOTE: Motion Passed; Unanimous.

### **Requested Program Amendments<sup>3</sup>**

Mr. Rogers called on Mr. McCloskey to present requested program amendments.

Mr. McCloskey referenced two (2) requested program amendments seeking additional county funds totaling \$110,711.

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

VOTE: Motion Passed; Unanimous.

### **Project Recommendations for Funding**

Mr. Rogers called on Joe Montgomery and Biff Baker to present the following recommendations for funding:

#### **A2018-0165                      Greenup County Fiscal Court**

Mr. Montgomery referenced the above application from the Greenup County Fiscal Court, requesting up to \$3,000 in Greenup County for agricultural building improvements at the Greenup County Fairgrounds.

The White Application Review Committee recommended funding the request for \$3,000 in Greenup County funds, subject to terms and conditions.

Mr. Giesecke moved to approve the committee recommendation; Mr. Barker seconded the motion.

VOTE: Motion Passed; Unanimous.

#### **A2018-0169                      Kentucky Department of Agriculture**

Mr. Baker referenced the above application, from the Kentucky Department of Agriculture requesting up to \$1,491,500 in State funds for calendar year 2019 and \$1,446,925 in State funds for calendar year 2020 for a total allocation of \$2,908,425 for the Kentucky Proud Program.

The White Application Review Committee recommended funding the request for up to \$2,908,425 in State funds subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

### **Pending Applications**

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

A2017-0173	Two Rivers Fisheries, Inc.
A2018-0140	JSW Farm Chop Shop, Inc.

No action necessary on pending applications.

**Old Business**

Mr. Rogers called on Joe Montgomery to present the following memorandum:

**A2018-0156                      KDA Kentucky Grape & Wine Council**

Mr. Montgomery presented the previously tabled project application to the board. GOAP and KDA staff met on 8/27/18 to discuss options going forward for the above referenced project. The consensus was to complete and submit a revised application for branding and advertising and a reduced Wholesale Reimbursement Grant with the possibility of a loan application for the vineyard expansion. KDA submitted a revised application requesting \$280,000 in state funds (*on file*).

Mr. Henderson moved to take from the table the application A2018-0156 to discuss; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

Mr. Foree wanted to hear from GOAP staff regarding this application.

Mr. Beeler discussed the revised application.

Mr. Hunt voiced concerns there has been some regression to the industry and sees it more as tourism.

Mr. Hughes moved to approve the revised application; Mr. Mahan seconded the motion; After additional discussion, Mr. Mahan called the question.

VOTE: Motion Passed with Dissention.

Mr. Doan reviewed proposed Terms and Conditions for the project.

Mr. Pedigo moved to approved the proposed terms and conditions; Mr. Giesecke seconded.

VOTE: Motion Passed; Unanimous.

**Closing Remarks**

Mr. Rogers stated that the On-Farm Water Management Committee would meet immediately upon adjournment of this meeting in Room C for a working lunch.

Mr. Rogers stated the Blue Application Review Committee would meet one half hour after adjournment of the full board meeting in Room E/F.

Mr. Rogers stated that the next KADB meeting is a joint meeting with the KAFC Board on Friday October 12, 2018 beginning at 9:00 a.m. (EDT) at the Kentucky Farm Bureau Federation Headquarters in Louisville, KY.

**Adjournment**

Mr. Rogers entertained a motion to adjourn.

Mr. Mahan moved to adjourn the September KADB meeting; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

The KADB meeting adjourned at 12:27 p.m. (EDT).

APPROVED DATE: 10-17-18  
PRESIDING OFFICER: [Signature]  
BOARD SECRETARY: Tracey Park  
Tracey Park

## Appendix A: New Applications for Referral

APP #	APPLICANT	COUNTY
A2018-0187	Hopkins County Extension District Board <i>Farmers Market Structure</i>	Hopkins
A2018-0189	Kentucky Horticulture Council <i>Statewide Horticulture Technical Assistance, Education, Research and Marketing</i>	_ALL
A2018-0193	David R. Appelman <i>On-Farm Water Management</i>	Mason
A2018-0195	LaRue County Board of Education <i>Aquaponics Greenhouse</i>	LaRue
A2018-0196	Grundy Hemp Co., LLC <i>Industrial Hemp Greenhouses</i>	Marion

## Appendix B: Programs Recommended for Approval

### CAIP

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0163	Menifee County Beef Producers, Inc.	Menifee	\$69,950.00
A2018-0170	Trigg County Soil Conservation District	Trigg	\$60,350.00
A2018-0173	Simpson County Conservation District	Simpson	\$65,287.00
A2018-0175	Hart County Cattlemen's Association, Inc.	Hart	\$250,000.00
A2018-0177	Robertson County Soil Conservation District	Robertson	\$215,000.00
A2018-0178	Fayette County Conservation District	Fayette	\$215,000.00
A2018-0179	Clinton/Cumberland Cattlemen's Association	Cumberland	\$106,788.00
A2018-0180	Franklin County Cattlemen's Association	Franklin	\$109,719.00
A2018-0182	Caldwell/Lyon Cattlemen's Association	Caldwell	\$93,728.00
A2018-0185	Washington County Cattlemen Association, Inc.	Washington	\$153,000.00
A2018-0190	Perry County Conservation District	Perry	\$10,440.00
A2018-0191	Woodford County Agriculture Advancement Council, Inc.	Woodford	\$250,000.00
A2018-0194	LaRue County Beef Cattle Association	LaRue	\$30,000.00
			<b>\$1,629,262.00</b>

### Deceased Farm Animal Removal Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0171	Montgomery County Fiscal Court	Montgomery	\$6,400.00
A2018-0174	Taylor County Conservation District	Taylor	\$7,500.00
A2018-0181	Franklin County Conservation District	Franklin	\$4,500.00
A2018-0183	Washington County Fiscal Court	Washington	\$5,062.00
			<b>\$23,462.00</b>

### Next Generation Beginning Farmer

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0184	Washington County Cattlemen Association, Inc.	Washington	\$52,500.00
			<b>\$52,500.00</b>

### Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0186	Hopkins County Farm Bureau of Hopkins County, Kentucky	Hopkins	\$9,206.00
A2018-0192	Woodford County Conservation District	Woodford	\$21,240.00
			<b>\$30,446.00</b>



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## Programs Recommended for Approval

### Youth Ag Incentives Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0172	Shelby County Extension District Board	Shelby	\$10,000.00
A2018-0176	Spencer County Conservation District	Spencer	\$5,099.00
			<hr/> \$15,099.00

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Total County Funds Recommended for Approval in Programs: **\$1,750,769.00**

## Appendix C: Requested Program Amendments

**App #** A2018-0029  
**Applicant Name** Clinton County Farm Bureau Federation  
**Original Amount Approved** \$102,000  
**Execution Date** 4/11/2018  
**Requested Change** The applicant requests an additional \$90,000 in Clinton County funds for the *CAIP Program*. The request received a high priority from the 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 \$192,000.  
**Recommend Approval**

**App#** A2018-0133  
**Applicant Name** Mercer County Conservation District  
**Original Amount Approved** \$168,053  
**Execution Date** 7/9/2018  
**Requested Change** The applicant requests an additional \$20,711 in Mercer County funds for the *CAIP Program*. The request received a high priority from the 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 \$188,764.  
**Recommend Approval**

# Appendix D: On-Farm Water Management Committee Meeting Minutes



<b>Meeting Date:</b>	September 21, 2018
<b>Meeting Location:</b>	Franklin Co. Extension Office
<b>Meeting Chair:</b>	Pat Henderson
<b>Attendees:</b>	Committee: Pat Henderson, Fritz Giesecke, Steve Coleman, Al Pedigo, Kevin Jeffries UK, DOW Staff: Lee Moser, Dale Booth Applicant: David Appelman Guest: Joe Cain GOAP Staff: Biff Baker, Bill McCloskey, Steve Doan, Warren Beeler
<b>Minutes Issued By:</b>	Biff Baker
<b>Meeting Call to Order:</b>	12:30 PM
<b>Meeting Adjourned:</b>	2:30 PM

## Agenda Items:

1. A2018-0193: David Appelman RDD project in Mason County.

Mr. Appelman gave an overview of his project, which included a compost bedded pack barn with a water catchment system. He gave an updated budget to the members that increased the amount of requested State funds to \$68,502.

After discussing the project, the members voted to recommend to the full Board that the project be funded in the amount of \$1,000 in Mason County funds and \$68,502 in State funds.

The members specified the following terms and conditions:

- Funds shall be a cost-reimbursement grant of \$.50 to the \$1.00.
- The Recipient shall submit a five-year outreach plan detailing the specifics of how the Recipient plans to open the farm to demonstrations, field days, etc.
- The Recipient shall make available to GOAP the economic performance data relating to the water management practices conducted on the farm.
- The Recipient shall have until November 30, 2018 to secure the commitment of \$1,000 in Mason County funds.

There being no further business, the meeting was adjourned.

# Appendix E: Blue Application Committee Meeting Minutes

<b>Meeting Date:</b>	9/21/2018
<b>Meeting Location:</b>	Franklin County Cooperative Extension Service
<b>Meeting Chair:</b>	Bill McCloskey
<b>Attendees:</b>	Bobby Foree, Sarah Butler, Wayne Hunt, Al Pedigo, Katie Moyer, Keith Rogers, Steve Doan, Renee Laurent, Tracey Park, Aleta Botts and Warren Beeler
<b>Minutes Issued By:</b>	Joseph Montgomery
<b>Meeting Call to Order:</b>	1:10 p.m.
<b>Meeting Adjourned:</b>	4:10 p.m.

**Agenda Items: Pending and New applications**

1. A2017-0173 Two Rivers Fisheries, Inc.
  - a. No fund recommendation due to limited impact to Kentucky farmers.
2. A2018-0187 Hopkins County Extension District Board
  - a. Recommend to approve as submitted.
3. A2008-0407 University of Kentucky
  - a. Recommend to approve as submitted.
4. A2018-0195 LaRue County Board of Education
  - a. Recommend to approve as submitted.
5. A2018-0196 Grundy Hemp Company, LLC
  - a. No fund recommendation due to uncertainty of the status of hemp related to the federal Farm Bill.

# Appendix F: KADB Compliance Committee Meeting Minutes



<b>Meeting Date:</b>	Sept. 21, 2018
<b>Meeting Location:</b>	Franklin Co. Extension Office, Room C, Frankfort
<b>Meeting Chair:</b>	Sandra Gardner, Director of Compliance & Outreach
<b>Attendees:</b>	Mark Barker, Bobby Foree, Pat Henderson, Wayne Hunt, Warren Beeler, Steve Doan, Sandra Gardner, Bill McCloskey, Renee Laurent, Guest: Mark Dykes
<b>Minutes Issued By:</b>	Sandra Gardner
<b>Meeting Call to Order:</b>	8:35 a.m.
<b>Meeting Adjourned:</b>	9:54 a.m.

**Agenda Items:**

**1. Call to Order**

**2. New Business – Cumberland Agricultural Management, A2015-0106**

- a. **Background:** Mr. Doan reviewed a verbal request from current majority owners Jerome Salyers and Mark Antle, regarding a change in majority ownership.
- b. **Lender Perspective:** Mr. Dykes, of Bank of Columbia, discussed the bank's involvement in the change and identified who the majority owners would be: Matt Gibson – 58%; Travis Coomer – 38%; Steve McKay – 4%. BOC will also be buying out seller financing from Charter Management.
- c. **Recommendation:** After discussion, Mr. Dykes agreed for Bank of Columbia to become a participant in the KADF loan and service it. The KADF loan will subordinate to Bank of Columbia's loans. Additionally, it is recommended that the change in majority ownership be approved, transferring all agreement responsibilities to the new majority owners.
- d. **Motion:** Mr. Henderson moved to present the above recommendation to the full board; Mr. Barker seconded. Motion passed, unanimous.
- e. **Follow-up:** Mr. Doan indicated that the recommendation memo will be drafted once the requested change is received in writing from the recipient, Mr. Salyers.

**3. Old Business – Community Farm Alliance (CFA), A2017-0004**

- a. The Committee review the most recent *Semi-Annual Progress & Expenditure* report for CFA, dated 7/25/2018.
- b. Staff highlighted the 2017 Redemption Rate information that was requested by the committee at its February 2018 meeting.
- c. Mr. Henderson pointed out that the report was missing the budget vs. expenditure comparison. Staff will request this information from the recipient and email the committee members once received.

**4. Compliance Review**

# Appendix F: KADB Compliance Committee Meeting Minutes



- a. The list of **0-2% interest loans** was reviewed with additional discussion of Gateway Gardens (A2016-0019) and The Weekly Juicery (A2013-0275). With regards to TWJ, staff reported that automatic payments had not yet been set up, which was the committee's condition on waiving late fees/penalties. Staff will give the recipient another 30-days to comply before issuing an invoice of \$361.62 in late fees/penalties.
  - b. The list of open **forgivable loans** was reviewed, noting
    - i. Updates since the last report to B&R Drennan, Eddy Grove, J.D. Country Milk, Maple Hill Manor, S.S. Enterprises of Warren County, and Summit Meat Processing;
    - ii. Farm Haven, LLC and River Valley Winery both owe a payment for annual debt service not earned through forgiveness; and,
    - iii. Explained the promo fund tied to Specialty Foods Group's forgiveness.
  - c. The list of projects with **reporting 31 or more days late** was reviewed. Out of 440 active projects/programs, a total of 21 were on the list (4.8%).
  - d. Staff provided an update on the status of membership submissions for the **2018-2020 County Agricultural Development Councils**. At the time the report was printed 101 counties had submitted complete councils. Of the remaining 19, 5 counties had not submitted and 14 have issues with their submissions; however, all have communicated with GOAP staff.
5. **Other Discussion**  
Staff updated the board on a recent Full Program Review conducted in Casey County at the behest of the state auditor's office, since they had received a constituent complaint. Two members of GOAP staff conducted the full review, noting that all administrative files were reviewed and that all 200+ producer files were reviewed and rescored. All information was recorded. The preliminary results of the review indicate the program administrator operates within the guidelines set forth by the Kentucky Agricultural Development Board.
6. **Next Meeting – December**

# APPENDIX G: KY Horticulture Council Recipient Review Committee Meeting Minutes

<b>Meeting Date:</b>	September 11, 2018
<b>Meeting Location:</b>	Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, KY
<b>Committee Chair:</b>	Dr. Kirk Pomper
<b>Attendees:</b>	Dr. Kirk Pomper, Bobby Foree, John McCauley, Fritz Giesecke, Dr. Cindy Finneseth, Mac Stone, Bill McCloskey, Joe Montgomery, Marielle Manning
<b>Minutes Issued By:</b>	Marielle Manning
<b>Meeting Call to Order:</b>	2:00 p.m.
<b>Meeting Adjourned:</b>	4:00 p.m.

**Agenda Items:**

I. A2018-0189 New Application Preliminary Review

The Committee reviewed the budget, including breakdown of funds used for materials, travel, supplies, etc. for KHC administration costs.

The Committee discussed the role of UK extension and involvement in KHC operations. The KHC executive director position will focus on administrative duties compared to UK handling in the past.

Committee members discussed the opportunity for private funding to help cover costs of research trials, demonstrations, programming, etc. in the future.

Mr. Foree proposed a five percent funding cut to keep with consistent funding reductions amongst the "Big 4".

Mr. McCloskey clarified that by cutting five percent each year, funding request for 2019 and 2020 would be \$1,173,250.

In response to a question from Mr. McCloskey, Dr. Finneseth stated she would compile and send updated budget, benchmarks, goals and objectives with the five percent reduction by October 5, 2018.

Dr. Pomper stated that with the reduced funding amount, an emergence of additional requests for funding will occur and KHC will have to establish a main intent of the organization, whether it be marketing, education, etc.

Mr. Giesecke stated that in the budget, nearly 80% of the funds go towards salaries; however the organization has been cutting excessive funding for salaries.

Mr. McCauley stated there are five percent per year reductions in funding across the "Big 4".

# **APPENDIX G: KY Horticulture Council Recipient Review Committee Meeting Minutes**

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II. Next Meeting – Thursday, November 15, 2018

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