

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the January 19, 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
January 19, 2018**

Call to Order

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

Roll Call

The following members were present: Commissioner Quarles, Dr. Kirk Pomper (designee for KSU President Christopher Brown), Sarah Butler (designee for Secretary Terry Gill), Dean Nancy M. Cox, Bobby Foree, Fritz Giesecke, Pat Henderson, Stewart Hughes, Wayne Hunt, Dr. Gordon Jones, Jim Mahan, Wayne Mattingly.

Members absent: Governor Matt Bevin, Dr. Gordon Jones, Katie Moyer, Al Pedigo, Richard Warner.

Notification of Media

Commissioner Quarles received verification from Marielle Manning, Public Affairs Manager, that the media had been notified of the KADB monthly meeting.

Welcome

Commissioner Quarles welcomed everyone to the meeting.

Commissioner Quarles recognized Brian Lacefield, Stated Executive Director for the USDA Kentucky Farm Service Agency.

Commissioner Quarles stated that Kentucky agriculture is well represented at the U.S. level.

Commissioner Quarles talked about National Association of State Departments of Agriculture and discussed briefings. Kentucky Department of Agriculture is in talks for trade with Canada. KDA is working with the World Trade Center on this endeavor.

Commissioner Quarles stated that 12,018 acres and 225 farmers were approved for the Kentucky Hemp Program in 2018.

Commissioner Quarles thanked KADB for their involvement with the Kentucky Vegetable Incentives Program (K-VIP), that was rolled out at the Fruit and Vegetable Conference. He also thanked those who attended the Farm to Food Bank rally.

Commissioner Quarles announced the fundraiser on January 25, 2018 at the Kentucky History Center with the Governor and the First Lady for the Farm to Food Banks and Hunters for Hungry Children.

Commissioner Quarles talked about the Governor's Budget Address and the reduction's that pertain to agriculture. KDA will work with legislators to address these changes.

Commissioner Quarles stated that the Animal Diagnostics Lab at the University of Kentucky did have its budget cut in half, but decisions have to be made as Kentucky is facing some dire issues.

Commissioner Quarles stated that he would be in Washington D.C. at the end of the month for the NASDA meeting and would keep us informed of any issues.

Commissioner Quarles stated he would continue to monitor legislative issues with Kentucky Farm Bureau and the Governor's Office of Agricultural Policy.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the December 15, 2017 board meeting.

Mr. Foree stated a correction on page 7 to change the second from "Ms. Moyer" to "Mr. Foree."

Mr. Mahan moved to approve the minutes, as corrected; Mr. Foree 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 discussed the Governor's proposed budget as it pertains to GOAP and agriculture.

Mr. Beeler stated that the Kentucky Mesonet and adult agriculture teacher and senior voucher for farmer's markets programs could be impacted.

Mr. Beeler explained that \$34 million of unappropriated MSA revenue will be used to address the opioid problem in the state.

Mr. Beeler recognized Secretary Charles Snavelly of the Kentucky Energy and Environment Cabinet.

Mr. Beeler called on Aleta Botts from KCARD to give a report. Ms. Botts stated that KCARD is working on the yearly report. Ms. Botts stated that KCARD is working with 15 businesses on value-added producer grants, feasibility studies and financial projections with new projects.

Dean Cox reported on the status of the UK Grain and Forage Center of Excellence expansion. UK has raised a little over \$6 million in match, not including nearly \$70,000 in commitments from the Kentucky Corn Growers Association. Additionally, UK Grain Specialist, Dr. Carrie Knott, has received a federal grant to have 10 undergraduate students to work for three summers.

Mr. Beeler called on Brian Lacefield, Kentucky FSA Executive Director, to give a report. Mr. Lacefield stated that the state FSA committee is in place and noted upcoming guarantee lender meetings for January and February.

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 GOAP financial report as of December 31, 2017 (*on file*).

Mr. McCloskey directed the board's attention to the county account balances report as of December 22, 2017 (*on file*).

Ms. Gardner reported on the KADB Compliance Committee quarterly meeting and reviewed the Quarterly Compliance Report.

Ms. Forte shared a short presentation on KADF success stories.

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

Mr. Hunt moved to accept the KAFC Financial Report; Mr. Mattingly seconded the motion.

VOTE: Motion Passed; Unanimous.

Presentations

Peter Goodmann, Director, Kentucky Division of Water, provided a presentation on the proposed "umbrella" initiative for water resource management (*on file*).

Mark Haney, President, Kentucky Farm Bureau, provided some background for the initiative.

Members discussed private farms compared to public universities as demonstration sites.

Secretary Snavelly provided comments on these initiatives as well.

Mr. Beeler and Mr. Doan discussed how the funding of the initiative could be structured.

Mr. Henderson moved to refer the request to the Red Application Review Committee, develop a memorandum of understanding and then bring back to the board; Mr. Foree seconded the motion.

There was discussion on moving forward without a memorandum of understanding, and if funds could be committed ahead of the memorandum of understanding.

VOTE: Motion Passed; with dissent; Cox abstained.

Old Business

Memo Action Items

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

Mr. McCloskey presented a memorandum (*on file*) regarding 2018 Next Generation Beginning Farmer Program Producer Application and Guidelines.

Mr. McCloskey noted an additional change was outlined in the memo in the update packet.

Mr. Hunt moved to approve the request, as presented; Mr. Giesecke seconded the motion.

Vote: Motion Passed; Unanimous.

New Business

New Applications for Referral¹

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

Mr. McCloskey referenced three (3) new applications for referral.

Mr. Hunt moved to refer the submitted applications to the appropriate committees; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

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

Programs Recommended for Approval²

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

Mr. McCloskey referenced five (5) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$572,754; two (2) Shared-Use Equipment applications totaling \$50,712; and three (3) Youth Ag Incentive Program applications totaling \$95,000.

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

VOTE: Motion Passed; Unanimous.

Requested Program Amendments³

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

Mr. McCloskey referenced five (5) requested program amendments seeking additional county funds totaling \$167,613.

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

VOTE: Motion Passed; Unanimous.

Project Recommendations for Funding

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

A2017-0221 Butler County Conservation District

Ms. Osterman referenced the above application from Butler County Conservation District requesting \$2,738 in Butler County funds to purchase grain bin rescue equipment.

The Red Application Review Committee recommended funding the request for up to \$2,738 in Butler County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

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.

A2017-0224 Wolfe County Fiscal Court

Ms. Osterman referenced the above application from Wolfe County Fiscal Court requesting \$15,000 in County funds to build an agricultural pavilion.

The Red Application Review Committee recommended funding the request for up to \$15,000 in Wolfe County funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2017-0225 Kentucky Highlands Investment Corporation

Mr. McCloskey referenced the above application from Kentucky Highlands Investment Corporation, requesting \$200,000 in State funds to continue a permanent revolving loan fund to provide financing to small farmers working the SOAR counties of eastern Kentucky to assist them in commercializing their products.

The Red Application Review Committee recommended funding the request for up to \$200,000 in State funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2017-0226 Berea College Grow Appalachia

Ms. Osterman referenced the above application from Berea College Grow Appalachia requesting \$309,664 in State funds to develop a grower support program in eastern Kentucky.

The Red Application Review Committee recommended funding the request in the reduced amount of \$269,664 in State funds, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

Pending Applications

Mr. McCloskey referenced the following four (4) pending applications:

- A2017-0146 Pumpkin Vine Creek, LLC
- A2017-0173 Two Rivers Fisheries, Inc.
- A2017-0214 Kentucky Division of Water
- A2017-0001 Nicholas County Soil Conservation

No action necessary on pending applications.

Closing Remarks

Commissioner Quarles stated that the Red Application Review Committee will meet a half hour after adjournment in Room E/F.

Commissioner Quarles stated that the next KADB meeting is on Friday, February 16, 2018 beginning at 10:00 a.m. at the Franklin County Extension Office, 101 Lakeview Court, Frankfort, KY 40601.

Commissioner Quarles invited everyone to the KY Proud Legislative breakfast February 13 at 7:30 a.m. in the Capitol Annex cafeteria.

Adjournment

Commissioner Quarles entertained a motion to adjourn.

Mr. Mahan moved to adjourn the January KADB meeting; Mr. Hughes seconded the motion.

VOTE: Motion Passed; Unanimous.

The KADB meeting adjourned at 11:47 a.m. (EST).

APPROVED DATE: 2-19-18

PRESIDING OFFICER: Ron Quarles

BOARD SECRETARY: Tracey Park

Tracey Park

Appendix A: Compliance Committee Meeting Minutes



Meeting Date:	January 19, 2018
Meeting Location:	Franklin Co. Extension Office, Room A/B, Frankfort
Meeting Chair:	Sandra Gardner, Director of Compliance & Outreach
Attendees:	Bobby Foree, Pat Henderson, Wayne Mattingly Warren Beeler, Steve Doan, Hannah Forte, Sandra Gardner, Bill McCloskey, Stefanie Osterman
Minutes Issued By:	Sandra Gardner
Meeting Call to Order:	8:05 a.m.
Meeting Adjourned:	8:49 a.m.
Agenda Items:	
<ol style="list-style-type: none"> 1. Call to Order 2. Old Business: <ol style="list-style-type: none"> Status Updates <ol style="list-style-type: none"> a. Foothills Country Meats (A2008-0280) is current with payments and earned credit under its new deferred payment schedule. Financial statements and site visit report were reviewed. Brief discussion of the possibility of pulling Foothills into the Beef Solutions project in the future. b. Crowley’s Mill (A2017-0020) – Steve reviewed the background of this project and reported on the current status of project closure. The Recipient is attempting to sell the equipment in an effort to repay the \$92,328 in county funds that had been drawn down. 3. New Business: <ol style="list-style-type: none"> Program Reviews <p>Sandy briefed the committee on the Program Review process that staff is implementing. Staff has started a 2-year initiative to review all 86 CAIP program administrators at least once (10 per quarter). To date five Program Reviews have been performed.</p> 4. Compliance Review <ol style="list-style-type: none"> a. The KADB Winter Quarterly Compliance Report was referenced as part of the full board packet. Hannah commented on success stories that will be presented at the meeting, which was a request by the committee in Oct. b. The list of 0-2% interest loans was reviewed with additional discussion of Gateway Gardens (A2016-0019) and an update to the principal balance for Sunstrand (A2016-0218). c. The list of open forgivable loans was reviewed, noting that J.D. Country Milk and Katelyn’s Honey had been updated since the last committee meeting. d. The list of projects with reporting 31 or more days late was reviewed. Out of 428 projects/programs, a total of 12 were on the list. 5. Next Meeting – May 	

APPENDIX B: Red Application Committee Meeting Minutes



Meeting Date:	1/19/2018
Meeting Location:	Franklin County Extension Office
Meeting Chair:	Bill McCloskey
Attendees:	Wayne Mattingly, Wayne Hunt, Pat Henderson, Stewart Hughes, Kirk Pomper, Keith Rogers, Bill McCloskey, Warren Beeler, Steve Doan, Biff Baker, Stefanie Osterman, Tracey Park, Marielle Manning.
Minutes Issued By:	Stefanie Osterman
Meeting Call to Order:	1:00
Meeting Adjourned:	3:00

Agenda Items: Pending and New applications
<ol style="list-style-type: none">1. 2017-0230 Pulaski County Farm Bureau<ol style="list-style-type: none">a. Recommend to approve as submitted.2. 2017-0231 Augusta Volunteer Fire Department<ol style="list-style-type: none">a. Recommend to approve as submitted.3. 2018-0012 Kentucky Agriculture and Environment in the Classroom<ol style="list-style-type: none">a. Recommend to approve as submitted.4. Kentucky Division Of Water/Water Resource Board<ol style="list-style-type: none">a. Discussion surrounding MOU between Ag Development Board and Kentucky Division of Water/Water Resource Board