

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the December 21, 2018 joint 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 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 10:05 a.m. (EST).

Roll Call

The following members were present: Commissioner Quarles presiding, Keith Rogers (designee for Commissioner Quarles); Dean Nancy Cox, Dr. Kirk Pomper (designee for Dr. M. Christopher Brown II., President), Sarah Butler (designee for Secretary Terry Gill), Mark Barker, Bobby Foree, Fritz Giesecke, Pat Henderson, Stewart Hughes, Dr. Gordon Jones, Jim Mahan and Al Pedigo.

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

Notification of Media

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

Welcome

Commissioner Quarles welcomed everyone to the meeting.

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

The Commissioner reported there have been 113 hemp processors apply for 2019.

Keith Rogers explained that anyone could get on the Kentucky Department of Agriculture website and see the list of processors. He also explained that a license is required to grow hemp and applications for 2019 is now closed.

Approval of Minutes

Commissioner Quarles entertained a motion to approve the minutes of the November 16, 2018 board meeting.

Mr. Pedigo moved to approve the minutes, as presented; 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 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 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 for Lewis County, to present to the board.

Heather Graham, Wolfe County ANR, agent updated the board on agricultural activity in Wolfe County.

Mr. Beeler updated the board on his activities since the last board meeting.

Mr. Beeler yielded the floor to Dr. Kenny Burdine to present the Kentucky Agricultural Economic Review and Outlook (*on file*).

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 directed the board's attention to the county account balances report as of November 29, 2018 (*on file*).

Mr. McCloskey addressed the State Pool Tobacco Funds as of December 11, 2018.

Mr. McCloskey discussed the KADB Cash flow as of December 11, 2018 (*on file*).

Mr. McCloskey reviewed the Kentucky Agricultural Finance Corporation (KAFC) Statement of Financial Position (*on file*) as of November 30, 2018.

Mr. McCloskey referenced the December 14, 2018 KAFC Meeting Agenda and the KAFC Loan Applications.

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

VOTE: Motion Passed; Unanimous.

The Commissioner yielded the chair to Keith Rogers at 10:24 a.m.

Memo Action Items

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

A2017-0084 Equus Run Vineyards, LLC

Ms. Osterman presented a memorandum (*on file*) on the above referenced project regarding a request for a 6-month time extension to allow time to complete the project. The new deadline would be June 30, 2019.

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

VOTE: Motion Passed; Unanimous.

A2017-0211

Kentucky Association of Food Banks, Inc.

Mr. Baker presented a memorandum (*on file*) on the above referenced project regarding a request for a 12-Month time extension to utilize the unspent funds and continue the K-VIP program for another growing season. The new deadline would be January 10, 2020.

Mr. Mahan moved to approve the recipient request; Dr. Jones seconded the motion.

VOTE: Motion Passed; Unanimous.

A2017-0213

Laurel County Cattlemen's Association, Inc.

Mr. Montgomery presented a memorandum (*on file*) on the above referenced project regarding a request for additional funding. The recipient is requesting an additional \$5,000 funds for a permanent perimeter fence to the sales ring facility.

The Blue Application Review Committee recommended approving the request.

Mr. Pedigo moved to approve the committee's recommendation; Mr. Giesecke seconded the motion.

VOTE: Motion Passed; Unanimous.

2019

County Programs Producer Application Questions

Ms. Osterman presented a memorandum containing the proposed 2019 CAIP Universal Producer Questions and the Next Generation Producer Questions.

Mr. Henderson moved to approve proposed revisions; Mr. Barker seconded the motion.

VOTE: Motion Passed; Unanimous.

New Business

New Applications for Referral¹

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

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

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

VOTE: Motion Passed; Unanimous.

Programs Recommended for Approval²

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

Mr. McCloskey referenced three (3) County Agricultural Investment Program (CAIP) applications requesting county funds totaling \$234,856: one (1) Deceased Animal Farm Removal Program requesting county funds totaling \$2,500. one (1) Youth Ag Incentives Program requesting county funds totaling \$10,000. This makes the total programs funding \$247,356.

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

VOTE: Motion Passed; Unanimous.

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

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

³ A detailed list of program amendments is attached as Appendix C.

Requested Program Amendments³

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

Mr. McCloskey referenced five (5) requested program amendments seeking additional county funds, (Daviness, Garrard, Trimble, Whitley and Henderson counties), totaling \$88,707 in additional funds.

Mr. McCloskey pointed out the Trimble County request for \$6,869 was given a low priority by the Trimble County Ag Development Council because money was committed to another project.

The final approval total for CAIP amendments was \$81,838.

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

VOTE: Motion Passed; Unanimous.

Project Recommendations for Funding

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

A2018-0201 Kentucky Dairy Development Council, Inc.

Mr. Montgomery referenced the above application from the Kentucky Dairy Development Council, Inc., requesting up to \$1,913,359 in State funds for calendar years 2019 and 2020. This request is to continue educating, representing and promoting Kentucky's dairy producers and the dairy industry as a whole. This request included \$1,070,000 for the Market Incentive Leadership for KY Program (MILK) and \$843,359 for other program and administrative costs.

The Recipient Review Committee recommended funding the request for a reduced amount of \$905,816 in State funds for calendar year 2019 and \$860,526 in State funds for calendar year 2020. This would be a total allocation up to \$1,766,342 in State funds over a two (2) year period subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2018-0213 Kentucky Beef Network, LLC

Ms. Osterman referenced the above application, from the Kentucky Beef Network, LLC requesting up to \$997,893 in State funds for calendar year 2019 and up to \$984,878 in State funds for calendar year 2020, for a total allocation of up to \$1,982,771 in State funds. This would be to continue to provide programs to cattle producers that will enhance their net income.

The Recipient Review Committee recommended funding the request at a reduced amount of up to \$820,822 in State funds for calendar year 2019 and up to \$779,781 in State funds for calendar year 2020, for a total allocation of up to \$1,600,603 in State funds over a two (2) year period, subject to terms and conditions.

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

VOTE: Motion Passed; Unanimous.

A2018-0218 Hopkins County Board of Education

Mr. Montgomery referenced the above application from Hopkins County Board of Education, requesting up to \$8,500 in Hopkins County funds to purchase one (1) 4' x 8' plasma table for the Hopkins County Central High School Agricultural Department.

Commissioner Quarles entertained a motion to adjourn.

Mr. Henderson moved to adjourn the January KADB meeting; Mr. Foree seconded the motion.

VOTE: Motion Passed; Unanimous.

The KADB meeting adjourned at 11:41 a.m. (CST).

APPROVED DATE: 2/15/2019

PRESIDING OFFICER: *John Zang*

BOARD SECRETARY: *Tracey Park*
Tracey Park

Appendix A: New Applications for Referral

APP #	APPLICANT	COUNTY	CMTE
A2018-0227	Powell County Beekeeper Association <i>Honey Bee Conservation Program</i>	Powell	Blue
A2018-0231	Sustainable Harvest Farm LLC <i>On-Farm Water Management</i>	Laurel	Water
A2018-0232	Hopkins County Board of Education <i>Hopkins County Day Treatment (HCDT) Greenhouse</i>	Hopkins	Blue

Appendix B: Programs Recommended for Approval

CAIP

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0228	Lyon County Conservation District	Lyon	\$24,000.00
A2018-0230	Taylor County Cattlemen's Association, Inc.	Taylor	\$125,856.00
A2018-0234	Estill County Conservation District	Estill	\$85,000.00
			\$234,856.00

Deceased Farm Animal Removal Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0233	Garrard County Fiscal Court	Garrard	\$2,500.00
			\$2,500.00

Youth Ag Incentives Program

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2018-0229	Taylor County Cattlemen's Association, Inc.	Taylor	\$10,000.00
			\$10,000.00

Total County Funds Recommended for Approval in Programs: **\$247,356.00**

Appendix C: Requested Program Amendments

App # A2018-0058
Applicant Name Green River Area Beef Improvement Group, Inc. (Daviness)
Original Amount Approved \$50,000
Execution Date 4/20/2018
Requested Change The applicant requests an additional \$28,652 in Daviess 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 \$78,652.
Recommend Approval

App# A2018-0103
Applicant Name Garrard County Farm Bureau Federation
Original Amount Approved \$173,605
Execution Date 6/29/2018
Requested Change The applicant requests an additional \$28,349 in Garrard 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 \$201,954.
Recommend Approval

App# A2018-0059
Applicant Name Trimble County Cattlemen's Association
Original Amount Approved \$106,931
Execution Date 5/2/2018
Requested Change The applicant requests an additional \$6,869 in Trimble County funds for the *CAIP Program*. The request received a low priority from the County Council.
 This is the first request for an amendment to this application number. Staff recommends **No Funding** this application due to low priority by the Trimble County Council.
Recommend No Funding

Appendix C: Requested Program Amendments

App # A2018-0028
Applicant Name Whitley County Cattlemen's Association, Inc.
Original Amount Approved \$27,000
Execution Date 4/12/2018
Requested Change The applicant requests an additional \$20,000 in Whitley 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 \$47,000.
Recommend Approval

App# A2018-0081
Applicant Name Green River Area Beef Improvement Group, Inc. (Henderson)
Original Amount Approved \$19,000
Execution Date 5/31/2018
Requested Change The applicant requests an additional \$4,837 in Henderson 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 \$23,837.
Recommend Approval

Appendix D: KADB Compliance Committee Meeting Minutes



Meeting Date:	Dec. 21, 2018
Meeting Location:	Franklin Co. Extension Office, Room G, Frankfort
Meeting Chair:	Sandra Gardner, Director of Compliance & Outreach
Attendees:	Mark Barker, Bobby Foree, Pat Henderson, Sarah Butler W. Beeler, S. Doan, S. Gardner, B. McCloskey, R. Laurent, S. Middleton, B. Baker, F. Giesecke, Guests: Dave Maples, Katelyn Hawkins, Kelly Tucker
Minutes Issued By:	Sandra Gardner
Meeting Call to Order:	8:35 a.m.
Meeting Adjourned:	9:43 a.m.

Agenda Items:

1. Call to Order

2. Old Business –

A. The Weekly Juicery, A2013-0275

- i. Mr. Doan provided an update on the status of the project, noting that they are habitually late with payments and have not established auto pay, as was agreed upon to waive penalties/fees.
- ii. **Action:** After discussion, the Committee directed Mr. Doan to move forward with a certified letter to the recipient with the threat of litigation if deficiencies are not corrected.

B. Crowley's Mill LLC, A2017-0020

- i. Mr. Doan gave a brief update on the project and that the applicant is attempting to sell the equipment, awaiting a final offer.
- ii. **Action:** Mr. Doan confirmed with the committee its previous action to give him authority to negotiate the final repayment of funds if the sale does not clear the cost invested.

C. River Valley Winery, A2003-0477

- i. Mr. Doan provided an update and indicated the applicant is requesting to pay \$2,500 of the \$4,900 in annual debt service owed on the forgivable loan for this year.
- ii. **Action:** The committee agreed to the request and directed Mr. Doan to negotiate a settlement with the applicant for the committee's review and recommendation to the full board for final approval.

D. Community Farm Alliance (CFA), A2017-0004

- i. Ms. Gardner directed the Committee's attention to a memo with an update on CFA's last semi-annual report, showing expenditures as of 6/30/2018.
- ii. No action necessary.

Appendix D: KADB Compliance Committee Meeting Minutes



Meeting Date:	Dec. 21, 2018
Meeting Location:	Franklin Co. Extension Office, Room G, Frankfort
Meeting Chair:	Sandra Gardner, Director of Compliance & Outreach
Attendees:	Mark Barker, Bobby Foree, Pat Henderson, Sarah Butler W. Beeler, S. Doan, S. Gardner, B. McCloskey, R. Laurent, S. Middleton, B. Baker, F. Giesecke, Guests: Dave Maples, Katelyn Hawkins, Kelly Tucker
Minutes Issued By:	Sandra Gardner
Meeting Call to Order:	8:35 a.m.
Meeting Adjourned:	9:43 a.m.
Agenda Items:	
<ol style="list-style-type: none"> 1. Call to Order 2. Old Business – <ol style="list-style-type: none"> A. The Weekly Juicery, A2013-0275 <ol style="list-style-type: none"> i. Mr. Doan provided an update on the status of the project, noting that they are habitually late with payments and have not established auto pay, as was agreed upon to waive penalties/fees. ii. Action: After discussion, the Committee directed Mr. Doan to move forward with a certified letter to the recipient with the threat of litigation if deficiencies are not corrected. B. Crowley’s Mill LLC, A2017-0020 <ol style="list-style-type: none"> i. Mr. Doan gave a brief update on the project and that the applicant is attempting to sell the equipment, awaiting a final offer. ii. Action: Mr. Doan confirmed with the committee its previous action to give him authority to negotiate the final repayment of funds if the sale does not clear the cost invested. C. River Valley Winery, A2003-0477 <ol style="list-style-type: none"> i. Mr. Doan provided an update and indicated the applicant is requesting to pay \$2,500 of the \$4,900 in annual debt service owed on the forgivable loan for this year. ii. Action: The committee agreed to the request and directed Mr. Doan to negotiate a settlement with the applicant for the committee’s review and recommendation to the full board for final approval. D. Community Farm Alliance (CFA), A2017-0004 <ol style="list-style-type: none"> i. Ms. Gardner directed the Committee’s attention to a memo with an update on CFA’s last semi-annual report, showing expenditures as of 6/30/2018. 	

Appendix D: KADB Compliance Committee Meeting Minutes



ii. No action necessary.

3. Old Business – Beef Solutions, LLC, A2017-0118

- A. Ms. Gardner referenced Beef Solutions most recent Quarterly Report and confidential documents. Mr. Doan explained the procedure for handling confidential documents.
- B. Mr. Maples reviewed the application process for farmers to be accepted into the program, as well as information tracking.
- C. Mr. Henderson asked about check off dollars in relation to this project. Mr. Maples indicated that check off cannot be used for promotion of a branded product.
- D. The committee discussed slaughter options.
- E. There was discussion of the benefits to farmers versus going to a stockyards.
- F. Ms. Hawkins reported on use of patties at concession suites in the Yum Center, which is beneficial because winter is typically the “off season” for patties. She also reported interest received from institutional buyers.
- G. There was discussion of early per pound losses, as well as an explanation of how any excess fat is stored and used to keep the product at a consistent 80/20 blend.
- H. **Action:** Staff is to coordinate a visit of the committee to Beef Solutions to see their operation/procedures. Should be a Thursday before a board meeting, if possible.

4. Compliance Review

- A. The list of 0-2% interest loans was reviewed with
 - i. Updates to 2% loans A2013-0275, A2016-0019 and A2017-0181 provided, along with
 - ii. Additional discussion of A2016-0218, Sunstrand and the hemp industry.
- B. The list of open forgivable loans was reviewed.
- C. The list of projects with reporting 31 or more days late was reviewed. Out of 388 active projects/programs, a total of 12 were on the list (3.1%).
- D. Ms. Gardner provided an update on the status of membership submissions for the 2018-2020 County Agricultural Development Councils. All councils have been submitted with two listed as incomplete.
- E. Ms. Gardner reported on producer overages and paybacks totaling \$1,189.17 from two producers for 2017 CAIPs.

5. Next Meeting – March

A meeting may be called in February for review of CFA Report if deemed necessary.

Appendix E: White Application Review Committee Meeting Minutes



Meeting Date:	12/21/2018
Meeting Location:	Franklin County Cooperative Extension Service 101 Lakeview Court, Room C Frankfort, KY 40601
Meeting Chair:	Bill McCloskey
Attendees:	Committee members: Nancy Cox, Gordon Jones, Fritz Giesecke and Jim Mahan; GOAP staff: Warren Beeler, Bill McCloskey, Steve Doan and Joe Montgomery
Minutes Issued By:	Joe Montgomery
Meeting Call to Order:	12:05 p.m.
Meeting Adjourned:	12:35 p.m.

Agenda Items:

1. A2018-0052 White House Lodge, LLC
 - a. Recommend to approve the additional \$20,000 Daviess County funds request as presented.

Appendix F: Blue Application Review Committee Meeting Minutes



Meeting Date:	12/21/2018
Meeting Location:	Franklin County Cooperative Extension Service 101 Lakeview Court, Room E/F Frankfort, KY 40601
Meeting Chair:	Bill McCloskey
Attendees:	Committee members: Bobby Foree, Sarah Butler, Al Pedigo and Keith Rogers; GOAP staff: Warren Beeler, Bill McCloskey, Tracey Park, Marielle McElmurray and Joe Montgomery; KCARD: Aleta Botts
Minutes Issued By:	Joe Montgomery
Meeting Call to Order:	12:50 p.m.
Meeting Adjourned:	2:30 p.m.

Agenda Items:

1. A2018-0211 University of Kentucky Beef IRM Committee
 - a. Pended again by committee so members can receive more information.
 1. Report back to committee on county fund committal status at the January 18th meeting in Owensboro.
 2. Report on business plan development with KCARD.
2. A2018-0225 Kentucky State Beekeepers Association
 - a. Recommended by committee with conditions in the reduced amount of \$128,808.
 1. GOAP staff will be involved in the job interview process and be present at job interviews but will not make decisions for KSBA.
 2. One half of approved State funds available in 2019 after the Legal Agreement has been executed. The second half of approved State funds available in 2020 pending a presentation to the KADB, before the anniversary of the effective date, on progress made toward benchmarks.
 3. KSBA will work with KCARD and GOAP legal staff to clarify/define the new employee status as either an employee or contractor.
3. A2018-0227 Powell County Beekeepers Association, Inc.
 - a. Recommended to approve the Honey Bee Conservation Program as presented.
4. A2018-0232 Hopkins County Board of Education
 - a. Pended by committee on the request of the applicant. Possible other funding source.