

The actions delineated below were taken in open session of the KADB at the October 16, 2009 regular board 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 (GOAP), 404 Ann Street, Frankfort, KY 40601

**Kentucky Agricultural Development Board
Summary Minutes of the Business Meeting
Franklin County Extension Office, Frankfort, KY
Friday, October 16, 2009**

Call to Order

Chairman Mac Stone (designee for Commissioner Richie Farmer) called the meeting to order at 10:08a.m. (EDT).

Roll Call

The following members were present: Vickie Yates Brown; Karen Curtis; Rodney Dick; Don Goodin (designee for Secretary Larry Hayes); Pat Henderson; Dr. Kimberly Holmes (designee for Dr. Mary Sias); Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Troy Rankin; Jim Sidebottom; Dean Scott Smith; Mac Stone.

Members with excused absences: Wayne Hunt

Notification of Media

Mr. Stone received verification that the media has received notice of the Kentucky Agricultural Development Board (KADB) monthly meeting.

Approval of Minutes

Jim Sidebottom called attention to a misspelling in the minutes. **Mr. Sidebottom moved to approve the minutes of the September 18, 2009 meeting as corrected. Dr. Kimberly Holmes seconded the motion.**

Vote: Motion Passed, Unanimous

Executive Director's Report

Mr. Stone called on Joel Neaveill to give the Executive Director's Report.

Mr. Neaveill reported on the following meetings and activities that staff at the Governor's Office of Agricultural Policy (GOAP) attended between the September and October KADB meetings: Mr. Neaveill, Angela Blank and Michael Judge traveled to Washington, D.C. and met with various agencies and Congressional staff to discuss issues of agricultural importance to the Commonwealth; Tim Hughes and Bryan Thomas attended meetings on issues related to biomass production and utilization; Bill McCloskey attended the National Council of State Agricultural Finance Programs in Montana and

the World Dairy Expo with the Kentucky Dairy Development Council in Wisconsin; Mr. Hughes attended a meeting concerning the Entrepreneurship Conference Coaches Institute, a check presentation for the Murray State University Arboretum, and the Governor's Conference on the Environment; and, Mike Tobin participated in a tour in Nebraska with the Kentucky Cattlemen's Association.

Mr. Neaveill reported that the next meeting of the KADB will be held at the Barren River Lake State Resort Park in Lucas, KY on November 19 and 20 and that the December meeting will be held at the Kentucky Horse Park.

Mr. Neaveill called on Diane Fleming to give the KADB an update on legal issues. The judge in the federal case has given the Defendant 30 days to secure legal representation. Only a few days remain to meet the deadline. We will receive \$2 million in federal energy stimulus money and staff continues to work on a Memorandum of Agreement to detail the process. We will continue to provide information as this program evolves. A MOA has been entered regarding the World Equestrian Games. Staff continues to work on details to ensure maximum favorable impact utilizing our contribution. Ms. Fleming continues to work with the Kentucky Agricultural Heritage Foundation to draft a MOA to assist in the construction of the new Kentucky Agricultural Heritage Center. A copy of the Auditor's final report regarding the year ending June 30, 2008 was provided to the Board members in the update folder. Ms. Fleming expressed her gratitude to the entire GOAP for implementation of the Auditor's recommendations. Next month Ms. Fleming will report on projects.

No action was taken on the Executive Director's report.

Mr. Neaveill called on Sandra Gardner to give a report on the financial position of the Kentucky Agricultural Finance Corporation (KAFC). Ms. Gardner referred to the report found in the update folder showing the balance of accounts as of September 30, 2009. **Wayne Mattingly moved that the report be accepted; Sam Lawson seconded the motion.**

Vote: Motion Passed, Unanimous

Report

Christi Marksbury introduced Dr. Wade Northington who addressed the board concerning project A2008-0479, Murray State University Breathitt Veterinary Center. Dr. Northington, Skip Wyatt and Roy Abernathy informed the KADB of the progress concerning this project.

Presentation

Mike Tobin introduced Richard McAlister, Greg Correll, Preston Correll, Jay Denham, and John Mark Hack who addressed board concerning application A2008-0023 - Marksbury Farm Foods, LLC.

Old Business

Todd Harp presented memorandum regarding project A2009-0122, the Kentucky Beef Network, LLC. As required by the Legal Agreement for this project, the Kentucky Beef Network, LLC is requesting an amendment to their current project. This amendment is to provide funding for the program's educational components that are conducted by the University of Kentucky. These programs include Master Cattlemen, Advanced Master Cattlemen, Master Grazer, and Beef One. The applicant also requests permission to expend the funds that remain within the educational programs from the previous grant towards their ongoing programs. Staff recommends approval of these requests. **Pat Henderson moved to accept staff recommendation; Jim Mahan seconded the motion.**

Vote: Motion Passed with one abstention by Dean Scott Smith.

Todd Harp presented a memorandum regarding project A2005-0460, the Kentucky Beef Network, LLC. As part of the above referenced project, Dr. Lee Meyer had conducted a research project that focused on a "Value Added, Targeted Marketing Program". The project tracked over 10,000 head of feeder cattle from Kentucky farms and returned detailed carcass data on these animals. This data was presented to producers to assist in evaluation of the quality of their feeder cattle and in making genetic and other management improvements. At this time, there is an approximate balance within this project of \$48,539. Dr. Meyer is requesting a modification within the scope of work to include an expansion of Kentucky's locally focused beef enterprise. This effort will assist producers with processing, management, and marketing strategies within their operation. Staff recommends approval of this request to allow a change in the scope of the project and create a new project termination date of December 31, 2010. **Mr. Mattingly moved to accept staff recommendation; Mr. Henderson seconded the motion.**

Vote: Motion Passed with one abstention by Dean Smith.

New Business

Referral of October 16, 2009 Projects

Mr. Stone noted that the referrals were updated to include all applications received before October 9, 2009 and that an updated listing was located in the update packet.

Mr. Stone referenced applications:

- A2009-0203 Tracy Curtsinger
- A2009-0219 Jessamine County FFA Alumni Association Inc.
- A2009-0220 Breckinridge County Board of Education
- A2009-0221 Marshall County Conservation District
- A2009-0223 Kentucky Community and Technical College System Foundation, Inc.
- A2009-0224 Mammoth Cave Resource Conservation and Development Area Inc
- A2009-0225 Two Brothers Garden Center and Nursery
- A2009-0227 Fairyhouse Productions, LLC
- A2009-0229 Nelson County Conservation District

A2009-0230 Capstone Auction Service, LLC

Sam Moore moved to refer the submitted applications; Tory Rankin seconded the motion.

Vote: Motion Passed, Unanimous

County Agricultural Investment Program (CAIP) Recommendations¹

Mr. Stone referenced for the Board's consideration five (5) CAIP applications requesting county funds totaling \$1,042,500 that meet program guidelines and compliance standards. **Rodney Dick moved for approval of the submitted CAIP applications as presented; Dr. Holmes seconded the motion.**

Vote: Motion Passed, Unanimous

Other Programs Recommended for Approval²

Deceased Farm Animal Disposal Assistance Program (DFADAP)

Mr. Stone referenced for the Board's consideration two (2) DFADAP applications requesting county funds totaling \$13,415 that meet program guidelines and compliance standards. **Karen Curtis moved for approval of the submitted DFADAP applications as presented; Don Goodin seconded the motion.**

Vote: Motion Passed, Unanimous

Pilot Farm Management Program

Mr. Stone referenced for the Board's consideration two (2) Pilot Farm Management Program applications requesting county funds totaling \$1,770 that meet program guidelines and compliance standards. **Mr. Moore moved for approval of the submitted Pilot Farm Management Program applications as presented; Mr. Mahan seconded the motion.**

Vote: Motion Passed, Unanimous

Shared-use Equipment Program

Mr. Stone referenced for the Board's consideration one (1) Shared-use Equipment application requesting county funds totaling \$6,016 that meet program guidelines and compliance standards. **Mr. Dick moved for approval of the submitted Shared-use Equipment Program application as presented; Mr. Moore seconded the motion.**

Vote: Motion Passed, Unanimous

¹ A detailed list of projects funded under each C.A.I.P. Recommendations is attached as Appendix A.

² A detailed list of requested Programs Recommended for Approval is attached as Appendix B.

Program Amendments and withdrawals³

Mr. Stone referenced for the Board's consideration eight (8) program amendments requesting county funds totaling \$431,371 that meet program guidelines and compliance standards. **Mr. Goodin moved for approval of the submitted amendments as presented; Mr. Sidebottom seconded the motion.**

Vote: Motion Passed, Unanimous

Mr. Stone presented three (3) requested withdrawals for the month: A2008-0444, A2008-0191, and A2008-0200. No action was required or taken.

Memo Action Items

Jennifer Hudnall presented a Memorandum regarding A2008-0200, the Taylor County Cattlemen's Association, Inc. At the July 27, 2008 KADB meeting, the Taylor County Cattlemen's Association, Inc. was granted \$13,000 in Taylor County funds to administer a Youth Heifer Chain. This is three year program available to qualified Taylor County youth, ages 9-19. The Taylor County Cattlemen's Association has requested an additional \$15,390 in Taylor County funds to continue the program. Staff recommends approval of request. **Mr. Dick moved to approve the staff recommendation; Mr. Rankin seconded the motion.**

Vote: Motion Passed, Unanimous

Todd Harp presented a Memorandum regarding A2009-0036, God's Pantry Food Bank, Inc. God's Pantry Food Bank, Inc. is requesting a modification to their existing contract to allow them to expand their current purchases to include meat, cheese and other food items. The existing contract has an expiration date of October 31, 2009 and requires that funds be used solely for the purchase of produce that typically had gone unsold in the past. This produce was then entered into their distribution channels to be made available to hungry Kentuckians. Staff recommends denying the request to purchase the additional products, but rather extend the existing contract through the 2010 growing season with a new expiration date of October 31, 2010. This extension will allow the applicant to expend the funds remaining within the grant. **Mr. Lawson moved to approve the staff recommendation; Mr. Mahan seconded the motion.**

Vote: Motion Passed, Unanimous

The meeting recessed for lunch at 12:00 p.m. (EDT) and reconvened at 12:50 p.m. (EDT).

Recommendations for Funding

Michael Tobin presented A2009-0035, Cravens Farm Greenhouse. The Cravens Farm Greenhouse requested \$10,000 in STATE funds and \$5,000 in Clinton County

³ A detailed list of requested *amendments and withdrawals* approved is attached as Appendix C.

funds to construct a greenhouse addition, a shade barrier for trees and ornamentals, marketing, promotion, and to establish a sorghum molasses processing facility. Staff recommends funding this request for \$8,750 in STATE funds in the form of a 0% interest loan and \$5,000 in Clinton County funds and \$1,250 in Cumberland County funds in the form of a grant. **Mr. Lawson moved to fund this request for \$8,750 in STATE funds, for \$5,000 in Clinton County funds, and for \$1,250 in Cumberland County funds, all in the form of a grant; Mr. Dick seconded the motion.**

Vote: Motion Passed, Unanimous

Todd Harp presented A2009-0057, University of Kentucky. The University of Kentucky is requested \$742,400 in STATE funds to develop a Food Systems Innovation Center. The Center plans to assist Kentucky's food processors in creating healthy, profitable, safe and legal food products. Staff recommends funding this request for the reduced amount of \$358,904 in STATE funds as a grant. **Mr. Moore moved to approve the staff recommendation; Mr. Henderson seconded the motion.**

Vote: Motion Passed, with one abstention by Dean Smith.

Christ Marksbury presented A2009-0140, Jackson's Orchard & Nursery, Inc. The Jackson's Orchard & Nursery, Inc. is requested \$2,500 in Warren County funds to purchase two (2) freezer units to add to their sales opportunities for additional Kentucky Proud products. Staff recommends funding this request for \$2,500 in Warren County funds as a grant. **Mr. Dick moved to approve the staff recommendation; Mr. Mahan seconded the motion.**

Vote: Motion Passed, Unanimous

Mike Tobin presented A2009-0181, Lions Club, Inc. of Temple Hill. The Lions Club, Inc. of Temple Hill has requested \$42,025 in Barren County funds to construct a pavilion addition at the fairgrounds in Temple Hill. Staff recommends funding this request for \$42,025 in Barren County funds as a grant. **Mr. Henderson moved to approve the staff recommendation; Mr. Lawson seconded the motion.**

Vote: Motion Passed, Unanimous

Jennifer Hudnall presented A2009-0185, Grant County Cattlemens Association, Inc. The Grant County Cattlemens Association, Inc. has requested \$75,000 in Grant County funds to construct an 80' X 120" structure. The structure will be designed to serve as an enclosed livestock marketing and exhibition area. Staff recommends funding this request for \$75,000 in Grant County funds as a grant. **Mr. Dick moved to approve the staff recommendation; Mr. Sidebottom seconded the motion.**

Vote: Motion Passed, Unanimous

Jennifer Hudnall presented A2009-0186, Grant County Fair, Inc. The Grant County Fair, Inc. has requested \$35,000 in Grant County funds to construct a Farm and Craft Marketplace to provide local farmers an avenue in which to market their wholesale farm raised products. This market will also be available to farmers from surrounding counties. Staff recommends funding this request for \$35,000 in Grant County funds as a grant. **Mr. Lawson moved to approve the staff recommendation; Mr. Mattingly seconded the motion.**

Vote: Motion Passed, Unanimous

Jennifer Hudnall presented A2009-0189, Thoroughbred RC & D Council, Inc. The Thoroughbred RC & D Council, Inc. requested \$15,000 in Woodford County funds for initial costs relative to establishing the Woodford County Rural Land Board (WCRLB). The WCRLB would be formed for the intention of purchasing development rights of land owned by Woodford County residents. Staff recommends funding this request for \$15,000 in Woodford County funds as a grant. **Mr. Mahan moved to approve the staff recommendation and to add that this be funded as a cost reimbursement grant; Mr. Goodin seconded the motion.**

Vote: Motion Passed with Mr. Lawson dissenting.

Christi Marksbury presented A2009-0192, Pelly's Farm Fresh. The Pelly's Farm Fresh is requesting \$10,000 in Warren County and \$58,913 in STATE funds to renovate an existing milking parlor into a retail sales outlet for Kentucky Proud products. Staff recommends funding this request for \$10,000 in Warren County funds and no funding the request for \$58,913 in STATE funds. Staff recommends the STATE funds request portion of this project be referred to the Kentucky Agricultural Finance Corporation for consideration. Mr. and Mrs. Pelly addressed the board on this application. **Mr. Henderson moved to fund this request for \$10,000 in Warren County funds in the form of a grant and fund the \$58,913 in STATE funds in the form of a 0% interest loan; Mr. Lawson seconded the motion.**

During discussion, Mr. Lawson moved to amend the motion by adding that the security agreement be on specific collateral and not a blanket promissory note. The amendment failed due to lack of second.

Subsequently, Mr. Rankin moved to amend the motion to fund this request for \$10,000 in STATE funds and for \$10,000 in Warren County funds in the form of a grant, to fund \$48,913 in the form of a 0% interest loan with a one-year grace period and a term of 5 years with security on specific collateral and no blanket lien; Dean Smith seconded the amendment.

Vote: Amendment Passed, Unanimous

Vote: Motion, as amended, Passed, Unanimous

Michael Tobin presented A2009-0195, Laurel County Extension District. The Laurel County Extension District is requesting \$37,500 in STATE funds and \$10,000 in Laurel County funds to complete the demonstration kitchen at the London-Laurel County Farmers' Market facility. Staff recommended pending this request due to insufficient funds being available in the county account. **Mr. Henderson moved to approve the staff recommendation; Mr. Mahan seconded the motion.**

Vote: Motion Passed, Unanimous

Todd Harp presented A2009-0197, Fayette County Rural Land Management Board, Inc. The Fayette County Rural Land Management Board, Inc. is requesting \$75,000 in Fayette County funds to be used for the purchase of conservation easements on rural farmland in Fayette County. Staff recommends funding this request for \$75,000 in Fayette County funds as a grant. **Mr. Mahan moved to approve the staff recommendation; Dr. Holmes seconded the motion.**

Vote: Motion Passed with Mr. Lawson dissenting.

Todd Harp presented A2009-0198, Nicholas County Fiscal Court. The Nicholas County Fiscal Court is requesting \$53,000 in Nicholas County funds to construct a multi-use building at their existing fairgrounds. Staff recommends funding this request for \$53,000 in Nicholas County funds for construction of a pavilion at the Nicholas County Fairgrounds as a grant. **Ms. Curtis moved to approve the staff recommendation; Mr. Dick seconded the motion.**

Vote: Motion Passed, Unanimous

Jennifer Hudnall presented A2009-0199, Washington County Cattlemen Association, Inc. The Washington County Cattlemen Association, Inc. is requesting \$14,690 in Washington County funds to conduct a cost-share program for 15 individuals to participate in agriculture related leadership programs. Staff recommends funding this request for \$14,690 in Washington County funds as a grant. **Mr. Goodin moved to approve the staff recommendation; Ms. Brown seconded the motion.**

Vote: Motion Passed, Unanimous

Recommendations for No Funding

Michael Tobin presented A2009-0194, Chrisman Mill Vineyards, Inc. The Chrisman Mill Vineyards, Inc. is requesting \$89,500 in STATE funds to upgrade outdated existing equipment and for an expansion of the grape processing facility. Staff recommends no funding this request for \$89,500 in STATE funds as the applicant had previously received funding for this project. Staff recommends that the applicant be referred to the Kentucky Agricultural Finance Corporation for consideration. **Mr. Dick moved to approve the staff recommendation; Mr. Moore seconded the motion.**

Vote: Motion Passed, Unanimous

Recommendations for Pending

The following applications were presented, but no action was taken: A2009-0167 J & Sons Meats & Processing, LLC. A2009-0167 Valley Vegetable, Inc.; A2009-0193 Bluegrass Lamb & Goat, LLC.; and A2009-0196 The Little Kentucky River Winery, LLC.

World Equestrian Game Update

Mr. Stone called on Angela Blank for an update on activities related to the World Equestrian Games. Ms. Blank called attention to a listing of recent meetings and events that is located in the update packet.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene on Thursday, November 19, 2009 at 1:00 p.m. (EST) at the Barren River Lake State Resort Park, located in Lucas, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

Mr. Mahan moved to adjourn; Mr. Dick seconded the motion.

Vote: Motion Passed, Unanimous

The meeting adjourned at 2:12p.m. (EDT)

APPROVED: November 19, 2009

PRESIDING OFFICER: Mac Stone

SECRETARY: Rebecca Smith

APPENDIX A: County Agricultural Investment Program (C.A.I.P.)
Recommended for Approval

C.A.I.P.			
<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2009-0210	Wayne County Agriculture Development Council Inc.	Wayne	\$150,000.00
A2009-0211	Breckinridge County Conservation District	Breckinridge	\$365,000.00
A2009-0215	Bath County Conservation District	Bath	\$120,000.00
A2009-0216	Wolfe County Conservation District	Wolfe	\$120,000.00
A2009-0217	Nicholas County Fiscal Court	Nicholas	\$287,500.00
			\$1,042,500.00

Total County Funds Recommended for Approval in County Agricultural Investment Programs
\$1,042,500.00

APPENDIX B: Programs Recommended for Approval**Deceased Farm Animal Disposal Assistance Program**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2009-0159	Fleming County Fiscal Court	Fleming	\$7,500.00
A2009-0214	Mason County Fiscal Court	Mason	\$5,915.00
			\$13,415.00

Pilot Farm Management

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2009-0212	Barry W. James	Edmonson	\$885.00
A2009-0213	Tom Pohlman	Edmonson	\$885.00
			\$1,770.00

Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2009-0218	Nicholas County Fiscal Court	Nicholas	\$6,016.00
			\$6,016.00

Total County Funds Recommended for Approval in Programs: **\$21,201.00**

APPENDIX C: Requested Amendments-Projects & Programs

App #	A2009-0012
Applicant Name	Harrison County Beef Cattle Association
Amount Approved	\$30,000.00
Date Approved	January 16, 2009
Date Executed	February 24, 2009
Requested Change	The applicant requests an additional \$20,000 for the Cattle Handling Facilities Model Program. The request received a high priority from the Harrison County Agricultural Development Council. 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 \$50,000.
Recommendation	Approval
App #	A2009-0013
Applicant Name	Harrison County Beef Cattle Association
Amount Approved	\$25,000.00
Date Approved	January 16, 2009
Date Executed	February 24, 2009
Requested Change	The applicant requests an additional \$20,000 for the Farm Livestock Fencing Improvement Model Program. The request received a high priority from the Harrison County Agricultural Development Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$45,000.
Recommendation	Approval
App #	A2009-0050
Applicant Name	Lee County Conservation District
Amount Approved	\$38,000
Date Approved	May 15, 2009
Date Executed	June 18, 2009
Requested Change	The applicant requests an additional \$46,439 for C.A.I.P. The request received a high priority from the Lee County Agricultural Development Council. 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 \$84,439.
Recommendation	Approval
App #	A2009-0077
Applicant Name	Franklin County Cattlemen's Association
Amount Approved	\$139,103
Date Approved	June 19, 2009
Date Executed	July 10, 2009
Requested Change	The applicant requests an additional \$25,094 for C.A.I.P. The request received a high priority from the Franklin County Agricultural Development Council. 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 \$164,197.
Recommendation	Approval
App #	A2009-0093
Applicant Name	Buffalo Trace Area Development District, Inc.
Amount Approved	\$250,000
Date Approved	June 19, 2009
Date Executed	July 1, 2009
Requested Change	The applicant requests an additional \$121,000 for C.A.I.P. The request received a high priority from the Mason County Agricultural Development Council. 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 \$371,000.
Recommendation	Approval
Board Meeting	Friday, October 16, 2009

Requested Amendments-Projects & Programs

App #	A2009-0137
Applicant Name	Barren County Conservation District
Amount Approved	\$400,000
Date Approved	July 17, 2009
Date Executed	August 13, 2009
Requested Change	The applicant requests an additional \$125,000 for C.A.I.P. The request received a high priority from the Barren County Agricultural Development Council. 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 \$525,000.
Recommendation	Approval
App #	A2009-0138
Applicant Name	Clinton/Cumberland Cattlemen Association, Inc.
Amount Approved	\$150,000
Date Approved	July 17, 2009
Date Executed	August 13, 2009
Requested Change	The applicant requests an additional \$37,000 for C.A.I.P. The request received a high priority from the Cumberland County Agricultural Development Council. 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 \$187,000.
Recommendation	Approval
App #	A2009-0149
Applicant Name	Marion County Extension District Building Foundation, Inc.
Amount Approved	\$290,000
Date Approved	July 17, 2009
Date Executed	August 13, 2009
Requested Change	The applicant requests an additional \$36,838 for C.A.I.P. The request received a high priority from the Marion County Agricultural Development Council. 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 \$326,838.
Recommendation	Approval

APPENDIX C: Requested Withdrawals-Projects & Programs

App #	A2008-0444
Applicant Name	Katelyn's Honey
Date	October 2, 2009
Requested Change	The applicant has withdrawn this application
App #	A2009-0191
Applicant Name	Southern Wood Designs
Date	September 22, 2009
Requested Change	The applicant has withdrawn this application
App #	A2009-0200
Applicant Name	Flaggy Meadow Fiber Works, LLC
Date	October 6, 2009
Requested Change	The applicant has withdrawn this application