

**Joint Meeting of the
Kentucky Agricultural Development Board
and the
Kentucky Agricultural Finance Corporation Board**

Minutes of the July 22, 2010 Meeting

A joint meeting of the Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation was called to order at 9:00 a.m. EDT at the Blue Licks Battlefield State Resort Park, Mt. Olivet, Kentucky. Mac Stone, designee for Commissioner Richie Farmer, presiding, called the meeting to order.

Notification of Press

Mr. Stone received verification that the media had been notified regarding the Joint Meeting of the Kentucky Agricultural Development Board (KADB) and Kentucky Agricultural Finance Corporation (KAFC) meeting.

Roll Call

KADB Members Present

Mac Stone (designee for Commissioner Farmer), Karen Curtis, Rodney Dick, Don Goodin (designee for Secretary Larry Hayes), Dr. Kimberly Holmes (designee for Dr. Mary Sias), Jim Mahan, Wayne Mattingly, Troy Rankin, Jim Sidebottom, Dean Scott Smith

KADB Members Absent

Vickie Yates Brown, Pat Henderson, Wayne Hunt, Sam Lawson, Sam Moore

KAFC Members Present

Bruce Harper (designee for Commissioner Farmer), Westy Adams, George Begley, Kenneth Burdine, Bob Gaslin, Larry Jaggars, Tom Midkiff (designee for Secretary Miller), Joel Oney, Frank Penn, Peggy Peterson, Bob Proffitt

KAFC Members Absent

Wayne Hunt, Doug Lawson

Others Present

Staff – Roger Thomas, Angela Blank, Diane Fleming, Sandy Gardner, Cyndi Hall, Bill Hearn, Jennifer Hudnall, Tim Hughes, Christi Marksbury, Bill McCloskey, Kylee Palmer, Rebecca Smith, Michael Tobin

Guests – Hugh Haydon, Kentucky BioProcessing; Larry Snell, Kentucky Center for Agricultural and Rural Development (KCARD); Kara Keeton, Keeton Communications

Executive Director's Report

Mr. Stone called on Roger Thomas, Executive Director of the Governor's Office of Agricultural Policy (GOAP), to give the Executive Director's report:

- Mr. Thomas thanked Karen Curtis for hosting the evenings Fish Fry.
- Mr. Thomas welcomed the new KAFC Board Member, Joel Oney, Regional Vice President for Farm Credit Services of Mid-America.

- Mr. Thomas announced recent staff departures including Todd Harp on June 30, Michael Judge on July 15, and Jennifer Daniels on July 16, 2010.
- As a result of staff changes Bill McCloskey will be working with the Project Analysts as well as continuing his role with KAFC. Tim Hughes will also assist with this process. Joel Neaveill will be in charge of coordinating all KADB meeting preparation.
- Jennifer Hudnall and Michael Tobin are attending the Kentucky Cattlemen's Association (KCA) Leadership Program.
- June 20 to 24, 2010, Wayne Hunt, Mr. Thomas, Mr. Judge, Mr. Neaveill, Mr. McCloskey, Angela Blank and Kylee Palmer traveled to North Carolina for an idea exchange trip with the *Golden LEAF Foundation* and the *North Carolina Tobacco Trust Fund Commission*.
- June 24, 2010, Christi Marksbury attended Warren County Motivating and Enhancing Agricultural Leaders (MEAL).
- June 25, 2010, Mr. Thomas attended Bel Brands 40 Year Anniversary Celebration promoting Avalon Cheese.
- July 2, 2010, Mr. Thomas, Ms. Blank, and Mr. McCloskey spoke at the Lebanon/Marion County, City Economic Development First Friday Forum with Peggy Peterson, Cyndi Hall and Tom Lund in attendance. A World Equestrian Games (WEG) presentation was given at the meeting.
- July 6, 2010, Sandy Gardner attended the Kentucky Women in Agriculture Quarterly Board Meeting.
- July 6, 2010, Ms. Marksbury attended the Daviess County/KCA Field Day.
- July 7, 2010, The Tobacco Settlement Agreement Fund Oversight Committee Meeting. Rodney Dick was in attendance. The following projects were discussed:

Cumberland Farm Products by Representative Jamie Comer
 Owen County Historical Society by Representative Royce Adams
 Food Banks by Representative Tom McKee, Senator Vernie McGaha and Representative Comer

- July 8, 2010, The Kentucky Agriculture Council (KAC) Executive Board gave an update on the June 24, 2010 strategic planning meeting to GOAP staff.
- July 8, 2010, Ms. Gardner and Ms. Hudnall attended Franklin County Field Day.
- July 14, 2010, Governor Steve Beshear, Bruce Harper, Pat Henderson, David Beck along with several from the GOAP staff attended the FFA Leadership Training Camp groundbreaking for the upgrades to the kitchen and the dining hall. \$2 million in Agricultural Development Funds are supporting the renovations at the camp.
- July 14, 2010, Mr. Neaveill attended the Interim Joint Agriculture Meeting at Kentucky Dam Village.
- July 15, 2010, Mr. Hughes and Ms. Hudnall made presentations at the Kentucky State University (KSU) Sustainable Farm Families and Farm Energy Field Day.
- Mr. Hughes has attended several Energy Field Days and attended the 25' x 25' Energy Meeting in Washington D.C.
- July 16, 2010, Susie Tanner, Dave Maples, Mr. Harper, Warren Beeler, Roger Snell, Steve Kelly, John Roberts, Mark Critchfield, Geoff Frank, Nathan Holeman, Mr. Hughes, Roger Thomas, Allison Smith, Greg Rentfrow, and Becky Bennet attended a meeting at Alltech to discuss Alltech's Branded Beef project.
- July 19 and 20, 2010, Ms. Blank made a WEG presentation to the Kentucky Association of Conservation Districts Annual Meeting.

Mr. Thomas called on Ms. Blank to make the following announcement:

- The Kentucky Farm Bureau Country Ham Breakfast will be on August 26, 2010 and we will provide one complimentary ticket to the event for Board Members.
- The GOAP Conference will be Thursday, February 10, 2010 with the KADB and KAFC Board Meetings Friday, February 11, 2010 at the Sloan Convention Center in Bowling Green.
- The August 20, 2010 KADB Board Meeting will be at the Louisville Zoo thanks to Sam Lawson and Jean Marie Lawson for inviting us to that venue.
- GOAP has negotiated some tickets for the WEG. Board Members will be notified of availability when the details are finalized.

Director of Financial Services Report

Mr. Stone called upon Bill McCloskey to give the KAFC Financial Report.

Mr. McCloskey reviewed the financial position report (below) of KAFC, which reflected activity since the last meeting.

| K AFC Statement of Financial Position | |
|--|---------------------|
| ASSETS (as of 06/30/2010): | |
| Interest Earned from Loans | \$1,776,079 |
| Interest Earned from State Investment Commission | 1,054,534 |
| Interest Fund (2802 Acct.) | 2,830,614 |
| Principal/Loan Fund (2803 Acct.) | 3,706,090 |
| Loan Funds Disbursed | 28,902.652 |
| KADB Approved Loans not Transferred | 86,470 |
| Funds Held by State & not transferred to KAFC | 2,000,000 |
| Total Assets | \$37,525,825 |

Presentation

Mr. Stone called on Hugh Haydon to make a presentation on Kentucky BioProcessing, LLC. Mr. Haydon updated both boards on the current status and future of Kentucky BioProcessing, LLC which has received both KADB and KAFC funds.

The joint meeting adjourned at 10:20 a.m. EDT.

The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the July 22, 2010 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
Blue Licks Battlefield Resort Park
Mt. Olivet, KY
July 22, 2010**

Call to Order

Chairman Mac Stone (designee for Commissioner Richie Farmer) called the meeting to order at 10:30 a.m. (EDT).

Roll Call

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

Members with excused absences: Wayne Hunt; Sam Lawson; Pat Henderson; Sam Moore; Vickie Yates Brown.

Notification of Media

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

Welcome

Mr. Stone welcomed everyone to the meeting and gave an update on Kentucky Department of Agriculture events and activities.

Approval of Minutes

Wayne Mattingly moved to approve the minutes of the June 18, 2010 meeting as presented; Dean Scott Smith seconded the motion.

Vote: Motion Passed, Unanimous

Balance of Kentucky Agricultural Finance Corporation Accounts

During the joint session of the KADB and KAFC Mr. Stone called on Bill McCloskey to give a report on the financial position of the KAFC. Mr. McCloskey referred to the report

which shows the balance of accounts as of June 30, 2010. During the regular business meeting **Mr. Mattingly moved that the regular KAFC monthly report be accepted; Rodney Dick seconded the motion.**

Vote: Motion Passed, Unanimous

Old Business

Mr. Stone introduced Jennifer Hudnall. Ms. Hudnall introduced Larry Snell from Kentucky Center for Agriculture and Rural Development (KCARD) to present a Memorandum regarding A2009-0031, Grasshoppers Distribution, LLC.

Mr. Snell addressed the KADB regarding A2009-0031 Grasshoppers Distribution, LLC. The Grasshoppers Distribution, LLC which was approved for \$33,000 in state funds as a zero-interest loan to continue providing a link between Kentucky farm products and urban markets. Also included in this funding recommendation was an additional \$2,000 to reimburse KCARD for their business development consultation with Grasshoppers. The request was passed at the March 19, 2010 KADB meeting. The KADB requested that Grasshoppers Distribution, LLC provide quarterly reports.

Grasshoppers Distribution, LLC has provided a copy of the quarterly report to the KADB and GOAP for the permanent records. Grasshoppers Distribution, LLC first report depicts April 1, 2010 through June 30, 2010.

County Agricultural Investment Program (CAIP) Recommendations¹

Mr. Stone referenced for the Board's consideration thirteen (13) CAIP applications requesting county funds totaling \$1,994,819 that meet program guidelines and compliance standards. **Mr. Dick moved for approval of the submitted CAIP application as presented; Don Goodin 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 one (1) DFADAP application requesting county funds totaling \$7,500 that meet program guidelines and compliance standards. **Mr. Goodin moved for approval of the submitted DFADAP application as presented; Troy Rankin 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.

Shared-use Equipment

Mr. Stone referenced for the Board's consideration two (2) Shared-use Equipment applications requesting county funds totaling \$9,904 that meet program guidelines and compliance standards. **Jim Sidebottom moved for approval of the submitted Shared-use Equipment application as presented; Mr. Goodin seconded the motion.**

Vote: Motion Passed, Unanimous

Program Amendments³

Mr. Stone referenced for the Board's consideration five (5) of CAIP program amendments requesting county funds totaling \$383,500. **Dean Smith moved for approval of the submitted amendments as presented; Mr. Rankin seconded the motion.**

Vote: Motion Passed, Unanimous

Memo Items

Mr. Stone called on Mike Tobin to present a Memorandum regarding A2010-0012, South Kentucky Rural Electric Cooperative (SKRECC). Mr. Tobin addressed the KADB regarding SKRECC. The SKRECC was approved for \$10,150 in State funds, \$10,150 in American Recovery and Reinvestment Act (ARRA) funds and \$10,150 in county funds at the April 16, 2010 Kentucky Agricultural Development Board meeting. These funds, totaling \$30,450, were to be used to conduct a biomass feasibility study in the SKRECC service area. The applicant had until July 30, 2010 to solicit funds from counties in this service area as listed in the project application. SKRECC has obtained their threshold in county allocations that meets their contingency for funding. The applicant is now eligible to receive their legal agreement and proceed with their project. The allocations are as follows: Rockcastle \$2,000, Lincoln \$2,000, Pulaski \$2,000, Casey \$2,000, Clinton \$2,000 and Wayne \$1,000 for a total of \$11,000.

Memo Action Items

Christi Marksbury presented a Memorandum regarding A2009-0043, Logan County Extension District. The Logan County Extension District was approved for \$100,000 in Logan County funds, \$5,000 in Todd County funds, \$5,000 in Simpson County funds, \$5,000 in Warren County funds, and \$2,500 in Christian County funds at the June 19, 2009 Kentucky Agricultural Development Board meeting to construct a 250' x 200' multi-purpose agriculture facility in Logan County. The Logan County Extension District is requesting an additional \$144,000 in Logan County funds to complete this project. This represents the

³ A detailed list of requested *Amendments* approved is attached as Appendix C.

entire 2010 allotment for Logan County. In the original application, the Carpenter Foundation was listed as a \$100,000 grant as match for the project. This grant was contingent upon the Dream Riders group being able to use the facility. There was an issue with the Dream Riders because the group wanted access to the facility at any time with no exceptions. Since the Logan County Fiscal Court and county agricultural development councils were providing the majority of the funds for an agricultural facility for the community, this was not an acceptable term with the Logan County Extension District Board. The Dream Riders decided to use another facility and the Carpenter Foundation rescinded their contribution to the facility. The additional funds from the Logan County Agricultural Development Council in the amount of \$100,000 will help to offset the loss of the Carpenter grant and \$44,000 will be used to help recover costs associated with prevailing wage not included in the original application. The applicant would also like to request a time extension for the project. The time frame to submit receipts will expire on August 10, 2010. The applicant requests to extend the payout on the project to February 10, 2011. The Logan County Extension District Board is still in negotiations with the architect on specifications for the facility and hope to start on the project as soon as possible. This request received a high priority from the Logan County Agricultural Development Council. Staff recommends approval of the request. **Mr. Mattingly moved to approve the staff recommendation; Mr. Goodin seconded the motion.**

Vote: Motion Passed, Unanimous

Ms. Marksbury presented a Memorandum regarding A2009-0221, Marshall County Conservation District. The Marshall County Conservation District was approved for \$5,460 in Marshall County funds at the December 18, 2009 KADB meeting to administer a welding program for Marshall County producers. Marshall County Conservation District is requesting an additional \$10,920 in Marshall County funds to offer two more sections of the welding course for local producers during the fall of 2010 and the spring of 2011. Tobacco dependent producers are given priority but other non-tobacco dependent producers are not excluded from this project. When the courses are completed, 36 producers in Marshall County will have received certification. The applicant requests a time extension for the project. The current contract will expire on February 2, 2011. The applicant requests to extend the contract date on the project to July 10, 2011 in order to complete the spring course. This request received a high priority from the Marshall County Agricultural Development Council. Staff recommends approval of this request. **Jim Mahan moved to approve the staff recommendation; Mr. Dick seconded the motion.**

Vote: Motion Passed, Unanimous

Ms. Marksbury presented a Memorandum regarding A2010-0015, Mammoth Cave Resource, Conservation, and Development Area Inc. The Mammoth Cave Resource, Conservation, and Development Area Inc. was approved for \$10,000 in KADB funds, \$10,000 in American Recovery and Reinvestment Act funds, and

a minimum of \$5,000 in county funds at the April 16, 2010 Kentucky Agricultural Development Board meeting. The applicant requested these funds to assist with the audit and grant writing requirements needed by producers to compete for USDA funding in the Renewable Energy for America Program. The project was expedited to assist farmers that were applying in this spring's funding cycle and there were still some unanswered questions pertaining to the execution of the assistance. GOAP staff met with the applicant on July 12th to finalize the protocol for the project and suggest that the following amended terms and conditions be applied to the project. The original terms, conditions, and the updated terms and conditions have been provided to the KADB and GOAP for the permanent records. **Mr. Rankin moved to approve the staff recommendation; Mr. Sidebottom seconded the motion.**

Vote: Motion Passed, Unanimous

Mr. Tobin presented a Memorandum regarding A2003-0081, Bath County Agricultural Extension Foundation, Inc. The Bath County Agricultural Extension Foundation, Inc. was awarded \$1,200,000 in State funds and \$10,000 in Menifee County funds to construct an agricultural education and marketing center at the KADB meeting on May 16, 2003. At the August 21, 2009 meeting of the Board, the applicant was awarded an additional \$50,000 in Bath County funds for a Store Front/Retail Center component. At that time, a request for \$150,000 in State funds was denied based upon the previous receipt of a large portion of State funds. This phase of the project has a cost of \$1,000,000. Two federal grants that equal \$800,000 have been secured. The county funds were approved under the condition that the applicant secured the remaining \$150,000 for the project. Bath County Agricultural Extension Foundation, Inc. has provided a copy of the report which indicate that a grant has been secured for the remaining \$150,000 as well as a traditional loan to cover the expenditures until reimbursement from the grant proceeds can be obtained. A copy of the report was given to the KADB and GOAP for the permanent records. The Bath County council has given a high priority to a request from the applicant for an additional \$50,000 in Bath County funds. Staff recommends funding this request with the stipulation that these funds be utilized for reducing the term of the loan from six to four years and not be used for operational expenses or maintenance. **Mr. Dick moved to approve the staff recommendation; Dr. Kimberly Holmes seconded the motion.**

Vote: Motion Passed, Unanimous

Discussion of Project Applications and Presentations/Reports

The KADB members and the GOAP staff held a discussion session regarding pending applications. The members were provided updates regarding the status of the following applications:

A2010-0055 Kentucky Pork Producers Association, Inc.
A2010-0054 Eddie Rich Sausage, LLC

A2010-0045 Twinam's Quick /Cuts, Inc.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene on August 20, 2010 at 10:00 a.m. (EDT) in Louisville, KY at the Louisville Zoo.

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

Vote: Motion Passed, Unanimous

The meeting adjourned at 12:00 p.m. (EDT)

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

APPENDIX A: County Agricultural Investment Program (CAIP)
Recommended for Approval

| CAIP | | | |
|--|---|---------------|------------------------|
| <u>Application</u> | <u>Program Administrator</u> | <u>County</u> | <u>Funds Requested</u> |
| A2010-0067 | Laurel County Cattlemen's Association, Inc. | Laurel | \$184,000.00 |
| A2010-0068 | Madison County Conservation District | Madison | \$310,851.00 |
| A2010-0069 | Green River Area Beef Improvement Group, Inc. | Henderson | \$35,766.00 |
| A2010-0070 | Nelson County Conservation District | Nelson | \$142,500.00 |
| A2010-0071 | Green River Area Beef Improvement Group, Inc. | Webster | \$23,681.00 |
| A2010-0072 | Jackson Purchase Resource Conservation and Development Foundation, Inc. | Calloway | \$31,500.00 |
| A2010-0073 | Jackson Purchase Resource Conservation and Development Foundation, Inc. | Marshall | \$48,203.00 |
| A2010-0074 | Elliott County Conservation District | Elliott | \$184,830.00 |
| A2010-0075 | Bourbon County Fiscal Court | Bourbon | \$390,000.00 |
| A2010-0076 | Carter County Agriculture Advancement Council, Inc. | Carter | \$168,150.00 |
| A2010-0077 | Lincoln County Cattlemen's Association | Lincoln | \$200,000.00 |
| A2010-0080 | Anderson County Farm Bureau, Inc. | Anderson | \$125,338.00 |
| A2010-0081 | Marion County Extension District Building Foundation, Inc. | Marion | \$150,000.00 |
| | | | \$1,994,819.00 |
| Total County Funds Recommended for Approval in County Agricultural Investment Programs | | | \$1,994,819.00 |

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> |
|--------------------|------------------------------|---------------|------------------------|
| A2010-0082 | Nelson County Fiscal Court | Nelson | \$7,500.00 |
| | | | \$7,500.00 |

Shared-use Equipment

| <u>Application</u> | <u>Program Administrator</u> | <u>County</u> | <u>Funds Requested</u> |
|--------------------|--|---------------|------------------------|
| A2010-0078 | Bullitt County Cattlemen's Association, Inc. | Bullitt | \$4,300.00 |
| A2010-0079 | Bullitt County Cattlemen's Association, Inc. | Bullitt | \$5,604.00 |
| | | | \$9,904.00 |

Total County Funds Recommended for Approval in Programs: **\$17,404.00**

Requested Amendments-Projects & Programs

App # A2009-0210
Applicant Name Wayne County Agriculture Development Council, Inc.
Amount Approved \$150,000.00
Date Approved October 16, 2009
Dated Executed November 3, 2009
Requested Change The applicant requests an additional \$104,500 for CAIP. The request received a high priority from the Wayne 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 \$254,500.

Recommendation Approval

App # A2009-0242
Applicant Name County Agriculture Investment Program Council, Inc.
Amount Approved \$163,000.00
Date Approved December 18, 2009
Dated Executed February 2, 2010
Requested Change The applicant requests an additional \$94,000 for CAIP. The request received a high priority from the Russell 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 \$257,000.

Recommendation Approval

App # A2010-0010
Applicant Name Harrison County Beef Cattle Association, Inc.
Amount Approved \$320,000.00
Date Approved February 12, 2010
Dated Executed March 15, 2010
Requested Change The applicant requests an additional \$100,000 for CAIP. 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 \$420,000.

Recommendation Approval

Requested Amendments-Projects & Programs

| | |
|-----------------------|--|
| App # | A2010-0013 |
| Applicant Name | Jackson Purchase Resource Conservation and Development Foundation, Inc. |
| Amount Approved | \$286,067.00 |
| Date Approved | March 19, 2010 |
| Dated Executed | April 30, 2010 |
| Requested Change | The applicant requests an additional \$85,000 for CAIP. The request received a <u>high</u> priority from the Ballard 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 \$371,067. |
| Recommendation | Approval |