The actions delineated below were taken in open session of the Kentucky Agricultural Development Board at the January 18, 2013 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.

KADF
KENTUCKY AGRICULTURAL DEVELOPMENT FUND

Kentucky Agricultural Development Board
Summary Minutes of the Regular Business Meeting
Kentucky Chamber of Commerce
Frankfort, Kentucky
January 18, 2013

Call to Order

James R. Comer, presiding, called the Kentucky Agricultural Development Board (KADB) regular business meeting to order at 10:21 a.m. (EST).

Roll Call

The following members were present: Dr. Betty Bailey; Roy Collins; Karen Curtis; Don Goodin (designee for Secretary Larry Hayes); Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Troy Rankin; Dr. Teferi Tsegaye (designee for President Mary Sias); Jim Sidebottom; Dean M. Scott Smith; and James R. Comer, Vice Chairman.

Members absent: Pat Henderson; Wayne Mattingly

Notification of Media

Commissioner Comer received verification from Sandy Gardner, Director of Communications, that the media has been notified of the KADB monthly meeting.

Welcome

Commissioner Comer welcomed everyone to the meeting and gave an update on the Department of Agriculture. Commissioner Comer announced the January 22, 2013 launch of the Kentucky Proud Jobs for Vets and the Homegrown by Heroes programs. Kentucky Proud Jobs for Vets will connect military veterans looking for work in agriculture with Kentucky farmers who need labor. Homegrown by Heroes will allow for Kentucky farm products produced by military veterans to be labeled with a special logo to bring them to the attention of consumers and retailers. Commissioner Comer stated he will be working to partner with a national nonprofit to expand Homegrown by Heroes nationwide.

Approval of Minutes
Jim Sidebottom moved to approve the minutes from the December 14, 2012 board meeting as presented; Dr. Betty Bailey seconded the motion.

VOTE: Motion Passed; Unanimous

Executive Director's Report
Roger Thomas, Executive Director, Governor's Office of Agricultural Policy (GOAP), recognized Senator Paul Hornback, Chairman of the Senate Agriculture Committee, Co-Chairman of the Tobacco Oversite Committee and active farmer from Shelby County. Mr. Thomas invited Senator Hornback to address the board.

Senator Hornback informed the board that his door is always open, and he is looking forward to promoting agriculture and finding new opportunities for agriculture as well as being good stewards of the land for generations to come.

Mr. Thomas asked John McCauley to give an update on the Kentucky Farm Service Agency (FSA).

Mr. Thomas called on Heather Hyden, Community Farm Alliance, to give an update to the board.

Mr. Thomas gave an update on meetings attended since the last KADB meeting.

Mr. Thomas announced the award of a Tennessee Valley Authority (TVA) grant through the Energy and Environment Cabinet in the amount of $750,000 in support of the KADF On-Farm Energy Efficiency and Production Incentives program.

Mr. Thomas called on Kylee Palmer, Director of Compliance, to review the Monitoring & Compliance Monthly Update (on file with the board secretary). Ms. Palmer stated that monthly reports will now be generated, rather than quarterly reports, for greater transparency.

Ms. Palmer informed the board that GOAP will hold regional workshops in each of the 7 extension districts to review policy and program changes that the board approved for 2013. In addition, Ms. Palmer noted for the board that the Recipient Review Committee Quarterly Reports for Kentucky Beef Network (KBN), Kentucky Department of Agriculture (KDA) and the Kentucky Horticulture Council (KHC) have been received and distributed to the respective committee members.

Mr. Thomas announced that the Blue Application Review Committee will hold a special meeting on Tuesday, January 29, 2012, location to be determined. Angie Crain and Pete Cinotto of the United States Geological Survey (USGS) will be available at the meeting to discuss water quality issues.

Mr. Thomas stated that the Red Application Review Committee will meet in the Anthem Room following lunch to review referred applications.

Mr. Thomas called on Bill McCloskey, Director of Financial Services, to review the Kentucky Agricultural Finance Corporation (KAFC) Statement of Financial Position (on file with the Board Secretary) as of December 31, 2012.

Dr. Bailey moved to accept the KAFC Financial Report; Jim Mahan seconded the motion.

VOTE: Motion Passed; Unanimous

Old Business

Memo Action Items
Commissioner Comer called on staff to present the following memo action items to the Board for consideration:

A2002-0476 Little Kentucky Smokehouse
A2004-0311 Little Kentucky Smokehouse
Mr. McCloskey presented a memorandum (on file with the Board Secretary) regarding the above-referenced projects. The Recipient requested to restructure both forgivable loans. The forgiveness formula to Kentucky pork producers for raw product purchased by the applicant is $0.05 for A2002-0476 and $0.02 for A2004-0311. The combined balance as of December 31, 2012 is $1,186,445.54.

The Blue Application Review Committee recommended restructuring both forgivable loans to be amortized over eight (8) years with annual payments to Kentucky pork producers in the amount of $148,305.70 beginning in 2013 and ending in 2020.

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

After discussion, Mr. Mahan called the question.

After further discussion and with clarification as to the committee's intent, the recommendation was redefined to read as follows:

The Blue Application Review Committee recommended restructuring both forgivable loans to be amortized over eight (8) years with annual payments to Kentucky pork producers in the amount of $148,305.70 beginning in 2013 and ending in 2020 with the forgiveness formula at $0.05 per pound for both projects. Any annual balance remaining will be issued to the Kentucky Pork Producers Association for the Promotional Fund with annual oversight by The Marketing & Entrepreneurship Committee.

VOTE: Motion Passed; Unanimous

A2009-0244 Western Kentucky University Research Foundation, Inc.
Mr. McCloskey presented a memorandum and attachments (on file with the Board Secretary) regarding the above-referenced project. The Recipient requested to reallocate $11,801 from the consultant expense category to be used for supplies as indicated.

The Blue Application Review Committee recommended approval of this request.

Sam Moore moved to approve the committee recommendation; Dr. Teferi Tsegaye seconded the motion.

Sam Lawson requested to add to the recommendation that the Board is not pleased with the way this has been done. By unanimous consent, the board approved for Mr. Thomas to inform Dr. Rudolph of the board's displeasure.

VOTE: Motion Passed; Unanimous

A2011-0085 Wolfe County Fiscal Court
Brian Murphy, General Counsel, presented a memorandum and attachments (on file with the Board Secretary) regarding the above-referenced project. The Recipient requested to amend the legal agreement to include The Chop Shop as a third party.

Staff recommends approval of this request to amend the legal agreement by adding The Chop Shop as a third party in fulfilling the duties required in Section II. J.-N. by owning, maintaining and insuring the equipment for five (5) years, owning and maintaining the facility for ten (10) years and relieving the Wolfe County Fiscal Court of those same duties.

Troy Rankin moved to approve the staff recommendation; Roy Collins seconded the motion.

VOTE: Motion Passed; Unanimous

New Business

New Applications for Referral[1]
Commissioner Comer referenced five (5) applications for referral:

Don Goodin moved to refer the submitted applications; Mr. Sidebottom seconded the motion.

VOTE: Motion Passed; Unanimous

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

Programs Recommended for Approval[2]
Commissioner Comer referenced five (5) County Agricultural Investment Program (CAIP) applications requesting county funds totaling $520,317; one (1) Deceased Farm Animal Removal Program (DAR) application requesting county funds totaling $1,150; and one (1) Shared-use Equipment application requesting county funds totaling $11,366. Total program funding requested $532,833.

Mr. Moore moved to approve the program recommendations as presented; Dr. Bailey seconded the motion.

VOTE: Motion Passed; Unanimous

Requested Program Amendments[3]
Commissioner Comer referenced five (5) County Agricultural Investment Program Amendments requesting county funds totaling $265,398.

Dr. Bailey moved to approve the program amendments as presented; Dean M. Scott Smith seconded the motion.

VOTE: Motion Passed; Unanimous

Recommendation for No Funding
Commissioner Comer called on staff to reference the program recommendation for No Funding.

A2013-0017 Muhlenberg County Conservation District
Tammy Brookshier, Program Coordinator, presented the above-referenced Shared-Use Program application from Muhlenberg County Conservation District requesting $10,000 in Muhlenberg County funds to purchase a no-till drill.

Staff recommends no funding this application due to low priority from the Muhlenberg County Agricultural Development Council.

Dr. Bailey moved to approve the staff recommendation; Dr. Tsegaye seconded the motion.

VOTE: Motion Passed; Unanimous

Pending Applications
Commissioner Comer referenced the following pending applications and invited the board to ask questions of any:

A2012-0004	Kentucky World Trade Center, Inc.
A2012-0010	Marksbury Farm Foods, LLC

[2] A detailed list of projects funded under the County Agricultural Investment Program, Deceased Farm Animal Removal Program and Shared-use Equipment Program is attached as Appendix B.
[3] A detailed list of County Agricultural Investment Program amendments is attached as Appendix C.

A2012-0152	Meat Hook LLC
A2012-0318	Logan County Agricultural Extension Foundation, Inc.
A2012-0322	Pennyrile Area Development District, Inc.

No action necessary.

Reports
Commissioner Comer called on staff to review the following reports to the Board:

2013 On-Farm Energy Application & Guidelines
Mr. McCloskey reviewed changes made by the Energy Application Review Committee to the 2013 On-Farm Energy Application & Guidelines (on file with the Board Secretary).

Mr. Moore moved to approve the updated Application & Guidelines as submitted, Mr. Lawson seconded the motion.

VOTE: Motion Passed; Unanimous

Fiscal Policy Committee
Joel Neaveill stated that on December 14, 2012 the Fiscal Policy Committee met immediately following the KADB meeting at the Capitol to discuss available Kentucky Agricultural Development Funds (KADF) for 2013 and to recommend appropriations to KADB's top 5 investment priorities for calendar year 2013. Mr. Neaveill reviewed with the board the Draft Fiscal Policy Committee Recommendation (on file with the Board Secretary).

Mr. Lawson moved to approve the committee recommendation as submitted; Wayne Hunt seconded the motion.

VOTE: Motion Passed; Unanimous

Presentation
Ms. Palmer informed the board that the Kentucky Sheep and Goat Development Office was approved in 2011 for $40,000 in state funds to continue providing services to sheep and goat producers. In January 2012 they received $25,000. Per the legal agreement, a presentation to the board is required at this time in order to receive the remaining $15,000.

Kentucky Sheep and Goat Development Office
Ms. Kathy Meyers, Chairman, Kentucky Sheep and Goat Development Office introduced Kelley Yates, Executive Director, Kentucky Sheep and Goat Development Office, to present to the board.

Closing Remarks
Biff Baker, Project Manager, announced that the Red Application Review Committee will hold its monthly meeting in the Anthem Room immediately following lunch.

Mr. Thomas announced that the Blue Application Review Committee will hold a special meeting, location TBD, on Tuesday, January 29, 2013 at 10:00 a.m. Mr. Thomas also informed that board that the February KADB regular meeting will be held on Friday, February 15, 2013 at the Franklin County Cooperative Extension Office.

Adjournment
Dr. Bailey moved to adjourn the January KADB meeting; Mr. Rankin seconded the motion.

VOTE: Motion Passed; Unanimous

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

APPROVED DATE: 2/15/13

PRESIDING OFFICER: James R. Comer
James R. Comer

BOARD SECRETARY: Teresa Spreitzer
Teresa Spreitzer

Appendix A: Applications for Referral

APP #	APPLICANT	COUNTY
A2012-0327	Ballard County Board of Education *Ballard Memorial High School Greenhouse*	Ballard
A2012-0338	Butler County Stockman's Association, Inc. *Livestock Handling Equipment*	Butler
A2012-0339	Crystal Bridge Fish Farm Limited Liability Company *Australian Red Claw Crayfish*	Oldham
A2012-0340	City of Morgantown *Livestock Expo Center*	Butler
A2012-0341	Metcalfe County 4-H Council, Incorporated *Metcalfe Co. 4-H Country Ham Project*	Metcalfe

Appendix B: Program List

CAIP

Application	Program Administrator	County	Funds Requested
A2013-0012	County Agriculture Investment Program Council, Inc	Russell	$99,750.00
A2013-0013	Rowan County Conservation District	Rowan	$80,000.00
A2013-0014	Muhlenberg County Cattlemen's Association, Inc.	Muhlenberg	$44,539.00
A2013-0015	Breckinridge County Conservation District	Breckinridge	$250,000.00
A2013-0019	Butler County Conservation District	Butler	$46,028.00
			$520,317.00

Deceased Farm Animal Removal Program

Application	Program Administrator	County	Funds Requested
A2013-0016	Clinton County Soil Conservation District	Clinton	$1,150.00
			$1,150.00

Shared-use Equipment

Application	Program Administrator	County	Funds Requested
A2013-0018	Mercer County Conservation District	Mercer	$11,366.00
			$11,366.00

Total County Funds Recommended for Approval in Programs: **$532,833.00**

Appendix C: Program Amendments

App #	**A2012-0088**
Applicant Name	**Clinton/Cumberland Cattlemen's Assoc., Inc.**
Original Amount Approved	$140,000
Execution Date	06/11/2012
Requested Change	The applicant requests an additional $6,500 in Cumberland County funds for the CAIP. The request received a high priority from the Cumberland 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 $146,500. **Recommend Approval**

App#	**A2012-0157**
Applicant Name	**Mercer County Farm Bureau, Inc.**
Original Amount Approved	$200,000
Execution Date	06/26/2012
Requested Change	The applicant requests an additional $10,000 in Mercer County funds for the CAIP. The request received a high priority from the Mercer 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 $210,000. **Recommend Approval**

App#	**A2012-0237**
Applicant Name	**Owen County Farm Bureau, Inc.**
Original Amount Approved	$275,000
Execution Date	09/17/2012
Requested Change	The applicant requests an additional $40,000 in Owen County funds for the CAIP. The request received a high priority from the Owen 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 $315,000. **Recommend Approval**

Appendix C: Program Amendments

App #	**A2012-0239**
Applicant Name	**Shelby County Agricultural Development Foundation, Inc.**
Original Amount Approved	325,224
Execution Date	09/07/2012
Requested Change	The applicant requests an additional $180,559 in Shelby County funds for the CAIP. The request received a high priority from the Shelby 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 $505,783. **Recommend Approval**

App#	**A2012-0256**
Applicant Name	**Metcalfe County Conservation District**
Original Amount Approved	$270,323
Execution Date	10/02/2012
Requested Change	The applicant requests an additional $28,339 in Metcalfe County funds for the CAIP. The request received a high priority from the Metcalfe 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 $298,662. **Recommend Approval**