

**Kentucky Agricultural Development Fund
Kentucky Agricultural Finance Corporation**



**Annual Report
Fiscal Year 2009**





COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

STEVEN L. BESHEAR
GOVERNOR

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Greetings:

As the owner of a small horse farm in Clark County, I understand and appreciate the connection farmers have to the land as well as the hard work and diligence necessary to maintain it. As the Governor of the Commonwealth, I know we are in an increasingly competitive global marketplace, Kentucky must continue to move forward as a progressive state, where tradition and innovation combine to create a bright future for all.

Kentucky's agricultural community can and will be a part of that effort. With breakthrough research in genetics and other areas, we can improve traditional farming methods, and with new technology in biofuels and biomass production, our state can lead the way in exploring new alternatives to fulfill the future energy needs of this nation.

I believe these goals are within reach thanks to the strong leadership in the Governor's Office of Agricultural Policy and the Kentucky Department of Agriculture combined with strong programs such as ones made possible by the Kentucky Agricultural Development Fund. I remain committed to ensuring that 50 percent of the Master Settlement Funds be invested each year into agriculture.

I look back on our many accomplishments with pride and I look forward to our future progress with optimism. Now is the time to pursue new opportunities so that our farm families will not only survive but thrive.

Sincerely,

A handwritten signature in black ink that reads "Steven L. Beshear".

Steven L. Beshear



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Buy Local

Administration

The Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation are administered by the Governor's Office of Agricultural Policy, which is led by Executive Director Roger Thomas. Thomas was appointed by Gov. Steve Beshear in 2008 after serving three years as executive director of the Kentucky Dairy Development Council and eight years in the Kentucky General Assembly as State Representative for the 21st District. Thomas and staff are responsible for the daily operations related to these two boards and any of the Governor's agricultural initiatives.

The Governor's Office of Agricultural Policy (GOAP) was established in 1998 to provide a direct link between the Governor of the Commonwealth and one of Kentucky's most important industries, agriculture. It provides administrative staff to several boards and represents Kentucky's interest as national policy is developed.

Kentucky Agricultural Development Board

The Kentucky Agricultural Development Board (KADB) is chaired by Governor Steve Beshear and consists of five statutory members or their designees and 11 appointed members. Statutory members include the Governor, Commissioner of Agriculture, Economic Development Cabinet Secretary, head of the University of Kentucky Cooperative Extension Service and the president of Kentucky State University.

Appointed members are geographically distributed throughout the Commonwealth and are subject to confirmation by both bodies of the General Assembly. Seven of the appointments represent active farmers of which at least four are from substantially tobacco-impacted counties and two have experience in agricultural diversification; the remaining four appointments represent the Kentucky Farm Bureau, the Kentucky Chamber of Commerce, an attorney with farm experience and an agricultural lender.

KADB as of June 30, 2009

Steven L. Beshear, Governor
Commonwealth of Kentucky

Richie Farmer, Commissioner
Department of Agriculture
(*Mac Stone, designee*)

Larry Hayes, Secretary
Economic Development
(*Don Goodin, designee*)

Dr. M. Scott Smith, Dean
UK Cooperative Extension

Dr. Mary Evans Sias, President
Kentucky State University
(*Dr. Kimberly Holmes, designee*)

Sam Moore
Kentucky Farm Bureau

Sam Lawson
Ky. Chamber of Commerce

Vickie Yates Brown

Karen Curtis

Rodney Dick

Pat Henderson

Wayne Hunt

Jim Mahan

Wayne Mattingly

Troy Rankin

Jim Sidebottom



KADB, KAFC board members recommit their service during a ceremonial swearing in.

KAFC as of June 30, 2009

*Richie Farmer, Commissioner
Department of Agriculture
(Bruce Harper, designee)*

*Jonathan Miller, Secretary
Finance and Administration
(Tom Midkiff, designee)*

George Begley

Kenny Burdine

Bob Gaslin

Wayne Hunt

Larry Jagers

Doug Lawson

Frank Penn

Peggy Peterson

Bob Proffitt

Kentucky Agricultural Finance Corporation

The Kentucky Agricultural Finance Corporation (KAFC) is chaired by Commissioner of Agriculture Richie Farmer and consists of one additional statutory member and 10 members appointed by the Governor. Of the 10 private members appointed by the Governor, two may be officers from a commercial lending institution, one may be an officer from a farm credit association, one may be an agricultural economist, one shall be a tobacco farmer, one shall be a cash grain farmer, one shall be a livestock farmer, one shall be a dairy farmer, one shall be a horticultural farmer, and one shall be from the equine industry.

Other Boards

In addition to the KADB and the KAFC, GOAP provides staff to the Kentucky Agriculture Resource Development Authority (KARDA), the Executive Task Force for Biofuels & Biomass Development and the Alltech FEI World Equestrian Games agriculture initiatives.



Note: The KADB is regulated by KRS 248.701 to 248.727 and 10 KAR 2:020; the KAFC is regulated by KRS 41.606, KRS 247.940 to 247.978, 202 KAR 9:010, 202 KAR 9:020.

About the Programs

Diversifying Kentucky Agriculture

Established in 2000, the Kentucky Agricultural Development Board (KADB) is charged by statute with administering the Kentucky Agricultural Development Fund.

As its mission, the board will invest these funds in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities and agriculture across the state by stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products, and exploring new opportunities for Kentucky farms.

Grant Applications

The KADB meets the third Friday of each month to review and approve grant requests. Beginning March 2009, the KADB instituted a meeting schedule whereby project requests are discussed in one month and eligible for action in the next. This change was instituted to allow for board discussion of projects. If questions are raised by the board, then staff will receive direct guidance to obtain any additional information from the applicant before the project is acted upon.

Project applications for County Agricultural Development Funds are submitted to the local County Agricultural Development Council(s). The county council assigns a priority to applications based on the county's Comprehensive Plan for Agriculture and the availability of county funds. All applications and their respective priorities are forwarded to the KADB for a final funding decision.

Applications for any of the three county cost-share incentive programs¹ available follow the same process, except only the original and one copy are required to be submitted. The KADB has given staff the authority to pre-approve these applications without the KADB reviewing each request, as long as it fits within the established guidelines for that program. A list of program requests meeting the state guidelines is presented for final approval by the board at each meeting.

Project applications for state Agricultural Development Funds are processed in a similar fashion as county fund applications, but do not require county approval, unless county funds are requested by the applicant.

Staff assigned to the county where the project application originated will review the proposal, request any additional information as necessary from the applicant and present the staff's recommendation to the KADB. The KADB meets monthly to review applications and take action on requests.

Priorities

Kentucky's historic investment in agricultural diversification created an unprecedented opportunity for Kentucky farmers to access funds to diversify their operations and expand farm-based enterprises.

To provide guidance for this investment, Kentucky agriculture provided input for the development of *Cultivating Rural Prosperity: Kentucky's Long-term Plan for Agricultural Development*. This long-term plan was the culmination of a two-day summit, 14

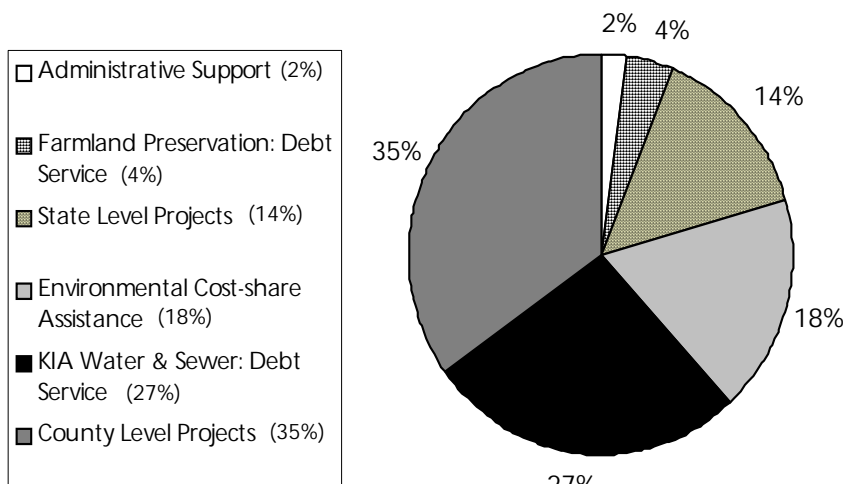
¹ County Agricultural Investment Program, Shared-use Equipment Program, Pilot Farm Management Program

regional forums, and six feedback forums that resulted in a guide for the funding and policy direction of the board.

Cultivating Rural Prosperity is the blueprint for Kentuckians in addressing issues associated with agricultural growth and diversification in the Commonwealth. The six priorities identified in the plan are marketing and market development, access to capital, environmental stewardship, farm family education & computer literacy, local leadership, and research and development.

Distribution of Tobacco Settlement Funds

The following pie chart shows how agriculture’s 50 percent of Kentucky’s Tobacco Settlement Funds is distributed through the Kentucky Agricultural Development Fund.



Staff as of June 30, 2009

- Roger Thomas*
Executive Director
- Angela Blank*
Director of Public Affairs
- Jennifer Daniels*
Compliance Specialist
- Diane Fleming*
General Counsel
- Sandra Gardner*
Director of Communications
- Cyndi Hall*
Financial Records Specialist, KAFC
- Debbie Hollis*
Administrative Assistant
- Todd Harp*
Senior Project Analyst
- Bill Hearn*
Fiscal Officer
- Jennifer Hudnall*
Project Analyst
- Tim Hughes*
Senior Policy Analyst
- Michael Judge*
Director of Operations
- Christi Marksbury*
Project Analyst
- Bill McCloskey*
Director of Financial Services, KAFC
- Joel Neaveill*
Chief of Staff
- Kylee Palmer*
Senior Compliance Coordinator
- Rebecca Smith*
Administrative Assistant
- Mike Tobin*
Project Analyst



Marketing & Market Development

Marketing & Market Development were overwhelmingly identified as the top priority in agricultural development across the Commonwealth. The term “marketing” means different things to different people, nonetheless there was broad agreement among participants in the long-term planning process that marketing should be a key component of any plan. The goal of marketing is product image - the creation of a trusted brand name that commands respect and a premium in the marketplace.

Marketing is also delivering products that meet consumer needs. Marketing is exploring all possible niches when developing a new product, using existing infrastructure to test new products, and finding value-added uses for secondary products.

- Cultivating Rural Prosperity

Regional Agritourism Promotion

Agritourism is a growing industry in Kentucky. There are more than 300 agritourism venues registered with the state’s agritourism office.

The **Agritourism Marketing & Promotion Program** was developed to provide state Agricultural Development Funds to regional agritourism organizations engaged in marketing and promoting agritourism businesses in a multi-county area.

The following regional organizations were awarded funds through this program.

Bluegrass Agritourism Association	\$50,000
Gateway Regional Agritourism Association	\$50,000
Pennyrile Regional Agritourism Association	\$ 5,258

Farmers’ Markets

Farmers’ Markets provide opportunities for producers and consumers alike. They provide producers a direct market to consumers and an opportunity to make a personal connection within the community. They provide consumers fresh, locally grown products that have traveled minimal distances. Over the last decade, the number of markets across the Commonwealth has grown, reaching 137 in 2009.

The **Farmers’ Market Awards Program** was designed to provide state Agricultural Development Funds to regional and community farmers’ markets for capital expenditures related to the development of a local farmers’ market.

*Kentucky’s official marketing program, **Kentucky Proud**, was signed into law as such in June 2008.*

Over the last four years, Kentucky Proud has grown to over 1,800 producers and \$80 million in estimated sales.

Kentucky Proud is administered by the Kentucky Department of Agriculture with support from the Kentucky Agricultural Development Fund.

The following received funds through the Farmers' Market Awards Program.

Calloway County Jackson Purchase RC&D Foundation	\$15,865
Hancock County Fiscal Court	\$10,890
Meade County Extension District Board	\$53,098



Other marketing and value-added product efforts fitting outside the aforementioned programs included:

Agricultural Sale & Show Facility \$117,500
The Logan County Extension District Board was awarded funds for a multi-purpose agricultural facility for Logan and surrounding counties.

Agritourism Facility Expansion \$10,000
Chaney's Dairy Barn was awarded funds to expand their agritourism facility to accommodate growing sales and increased ice cream production.

Building Louisville's Local Food Economy \$90,000
The Louisville Jefferson County Metro Government Economic Development Department was awarded funds for a Public Interest Broker who will coordinate direct farmer access to Louisville food markets.

Community Kitchen Development \$102,620
The Jessamine County Fiscal Court was awarded funds to build a community kitchen for producers in the area to use in adding value to their farm products.

Custom Meat Processing Facility \$104,679
Central Kentucky Custom Meats was awarded funds to purchase necessary equipment and make renovations to expand its product and service offerings. CKCM is a custom livestock processing facility in Casey County that offers a retail component, custom slaughter and USDA processing.

Farmers' Market Development \$60,000
Kentucky Farmers' Market Association Inc. was awarded funds to support a multi-faceted approach to increase sales at farmers' markets throughout Kentucky. This includes providing equipment necessary for farmers' markets to

accept debit cards and food stamps; improve food safety by providing 40 markets with approved sampling and food handling stations; training vendors to use innovative marketing techniques and Rapid Market Assessments; and contract a part-time manager for KFMA.

Farmers' Market Promotion \$ 1,500
Hart County Chamber of Commerce was awarded funds for advertisements, signage and other needed supplies for the Hart County Farmers' Market.

Farms to Food Banks \$60,000
God's Pantry Food Bank Inc. was awarded funds for the purchase and distribution of 15 types of Kentucky grown surplus produce for low-income clients throughout their 50 county service area in central and eastern Kentucky.

Foothills Country Meats \$485,000
Foothills Products and Services Inc. was awarded funds to purchase and make improvements to Foothills Country Meats, a USDA inspected and custom slaughter business in Wayne County.

Honey Marketing & Education \$ 6,500
Lincoln County Beekeepers Inc. was awarded funds to conduct educational seminars on honey production and marketing and provide a cost-share assistance program related to the production, packaging and marketing of honey.

Kentucky Proud Program \$3,330,000
The Kentucky Department of Agriculture was awarded funds for the continued promotion of the Kentucky Proud brand and related activities designed to instill in consumers' minds the value of "buy local."

Kentucky's Tobacco Transition Documentary \$50,000
Media Working Group Inc. was awarded funds to produce a television documentary featuring the transition of Kentucky farms as a result of the Tobacco Master Settlement Agreement. This program will also highlight the efforts of the Kentucky Agricultural Development Fund.

Livestock Processing Facility \$20,000
John's Custom Meats was awarded funds to complete the construction of their current livestock processing facility in Warren County and purchase new equipment.

Purple Toad Winery \$52,000
Dossey Vineyards LLC was awarded funds to build a new facility and purchase equipment for the expansion of Purple Toad Winery in Paducah.



Russell County Farmers Market \$ 3,500
The Russell County Farmers' Market Association was awarded funds for a mobile shelter for the farmers' market.

Webb's Butcher Block \$125,000
Webb Properties LLC was awarded funds to expand their current value-added processing and marketing operation in Meade County.



Capital Access

Access to capital was identified as crucial to the support of agricultural entrepreneurship. Typically, farm production credit is readily available, while capital for value-added enterprises has been subject to high interest rates and strict covenants, making it unavailable to any but sophisticated borrowers. One of the goals of the Agricultural Development Board is to work with lending institutions and farmers to increase the access to capital by strengthening existing programs and developing new ones.

- *Cultivating Rural Prosperity*

KADB Capital Access Projects

Projects receiving funds categorized as “access to capital” typically provide incentives or low interest loans to producers across the Commonwealth. The following projects were approved for FY2009.

Agricultural Loan Programs
\$5,000,000

The Kentucky Agricultural Finance Corporation was awarded funds to continue its current loan programs and to start a new loan program: the Large/Food Animal Veterinary Program.

Large/Food Animal Veterinary Incentive Program
\$1,000,000

Kentucky Cattlemen's Foundation Inc. was awarded funds to create a large/food animal veterinary incentive program to support licensed veterinarian/technicians practicing large/food animal medicine in Kentucky. This program will reimburse successful applicants with \$6,000 per year for a maximum of three years or \$18,000 of the student's veterinary college loans.

Kentucky Agricultural Finance Corporation

The Kentucky General Assembly created the Kentucky Agricultural Finance Corporation (KAFC) in 1984 to address the unique financing needs of agriculture. It was established to address issues that private enterprise and in-

vestment have not been able to produce, without assistance, the capital necessary to permit the small family farm operators to continue to compete successfully in agricultural enterprises.

KAFC administers five loan programs, services zero-interest loans made by the Kentucky Agricultural Development Board (KADB) and administers the Linked Deposit Program. Because the KADB cannot own real property, the KAFC will handle any matters involving property and collections related to KADB loans that dissolve or default.

Loan Programs

KAFC participates with lenders to provide financing to producers making capital expenditures for agricultural projects through the **Agricultural Infrastructure Loan Program**. Eligible projects include permanent farm structures with attached equipment that improves the profitability of farming operations.

The Kentucky Agricultural Finance Corporation strives to make sound long-term investments and improve net farm income by providing Kentucky's farmers access to capital that allows them flexibility in financial decisions and leverages their assets to secure affordable loans for the betterment of their farming operations.

The **Agricultural Processing Loan Program** is designed to provide loan opportunities to companies and individuals in Kentucky interested in agricultural processing. K AFC will provide or participate in loans in Kentucky that add value to Kentucky grown agricultural commodities through further processing. These loans may cover construction of a new facility and renovation/expansion of an existing facility.

The **Beginning Farmer Loan Program** is designed to assist individuals with some farming experience who desire to develop, expand or buy into a farming operation. Beginning farmers may qualify for financing to purchase livestock, equipment, agriculture facilities, to secure permanent working capital and to make a down payment on real estate or invest in a partnership or LLC. K AFC participates with a local lender to provide financing.

K AFC will provide or participate in loans to entities with operations in Kentucky that are expanding their contracting opportunities with Kentucky farmers. The **Coordinated Value-added Assistance Loan Program** may provide for renovation/expansion of existing facilities, acquisition of equipment and permanent working capital to facilitate expansion.

The **Large/Food Animal Veterinary Loan Program** is designed to assist individuals licensed to practice veterinary medicine in Kentucky who desire to construct, expand, equip or buy into a practice serving large animal producers, as well as other smaller food animals. K AFC participates with a local lender to provide financing.

A listing of the loan applications approved between July 1, 2008 and June 30, 2009 follows.

Agricultural Infrastructure Loan Program

Arnold, T. Randy	Christian	\$ 250,000
construction of additional grain handling and storage facilities near existing facilities on Everett Ln.		
Brockman, Dwain	Adair	\$ 57,479
construction of a 37' x 96' quick cover building and handling facilities improvements		
Brumfield, David L.	Hopkins	\$ 40,000
construction of a facility to market produce and greenhouse plants grown		
Cave, Thomas	Taylor	\$ 38,500
construction of a tobacco barn		
Chandler, Lloyd	Simpson	\$ 62,500
construction of hay and straw storage facility		
Clark, L.P.	Green	\$ 30,000
construction of a 200' x 64' tobacco barn		
Combs, John A.	McCreary	\$ 250,000
contraction of two poultry layer houses		
Davis, Ronald D.	Marshall	\$ 237,500
construction of a wean-to-finish hog barn		
Diamond D Farms	Christian	\$ 50,000
construction of two dark fire tobacco barns		
Fairview Farms	McLean	\$ 40,000
construction of a grain bin		
Futrell, Chase	Calloway	\$ 20,500
construction of a 5.5 acre dark fire tobacco barn		
Goode, Ronald J.	Casey	\$ 125,000
construction of a milk barn, compact barn, and feed way		
Glencrest Farm LLC	Scott	\$ 92,950
construction of livestock barn and hired labor housing		
Horn, Timothy	Daviess	\$ 15,000
construction of an equipment storage facility		
Horseshoe Bend Winery	Washington	\$ 100,000
expansion of wine processing and retail facilities		
Howell, Eric	Marshall	\$ 150,000
expansion of grain handling facilities to add 370,000 bushels of storage		
James, Terry L.	Henry	\$ 35,000
construction of a 60' x 104' building for stripping tobacco, storing tobacco bales, and equipment storage		
Jarvis, John G.	Muhlenberg	\$ 30,500
construction of a 108' x 48' tobacco barn and 48' x 72' hay barn		
Jarvis, Terry	Clinton	\$ 250,000
construction of two poultry layer houses for Cobb		
Jones, Thomas	Washington	\$ 35,000
contruction of a tobacco barn		
Kean, B. Michael	Hardin	\$ 100,000
construction of two (2) tobacco barns and a greenhouse		
Kinslow, Hascel Don	Barren	\$ 250,000
renovation of milking parlor and construction of free stall barn		

Agricultural Infrastructure Loan Program (cont.)

Lancaster, Gary	Meade	\$ 15,000	construction of a feed barn
Lawson, R. Michael	Marion	\$ 8,000	construction of a 32' x 60' tobacco barn
Luttrell, Darren	Ohio	\$ 126,375	construction of grain handling and storage facilities
Martin, Chet	Carlisle	\$ 42,500	expansion of grain handling facilities
Martin, James	Carlisle	\$ 42,500	expansion of grain handling facilities
Masterson Partnership	Marion	\$ 25,500	construction of manure stack pads as part of dairy operation
Mattingly, William K.	Marion	\$ 100,000	construction of housing and feeding barn for dairy operation
McKee, Mike	Henry	\$ 17,500	construction of a tobacco barn with stripping room, as well as hay and equipment storage
Morris, Greg	Marion	\$ 12,500	construction of a 7,968 bushel grain bin
Ogle, Steve	Hancock	\$ 30,000	construction of tobacco barn
Palmer, Michael	Calloway	\$ 27,500	construction of a dark fired tobacco barn on their property
Pepper, David R.	LaRue	\$ 52,500	construction of a 54,000 bushel grain bin located on 76 acre Ray Farm and machinery/straw barn located on 31 acre Cox Farm
Perdue, Ray	Clinton	\$ 250,000	construct two poultry layer houses for Cobb-Vantress
Perkins and Perkins Farm	Logan	\$ 100,000	purchase of a grain complex
Petersons Partnership	Marion	\$ 200,000	construction of a 220,000 bushel grain bin
Reding, Aaron	Nelson	\$ 70,000	construction of grain handling and storage facilities
Reed, Thomas	Nelson	\$ 3,500	construction of a hay barn to increase storage capacity
Schneider, Jr., Barry	Henderson	\$ 22,500	construction of a dual purpose tarp building for grain and equipment storage
Stinson, Lonnie	Wayne	\$ 250,000	purchase of 35.47 acres with two layer poultry houses and construction of another poultry house
Turner, Jonathan	Trimble	\$ 39,000	construction of a 54' x 22' tobacco barn
Wade, Robert	Hardin	\$ 53,045	replacement of unusable grain bin for storage of grain crops on owned and leased land

Agricultural Processing Loan Program

Siemer Milling Company,	Christian	\$3,000,000	\$15 million expansion of Hopkinsville wheat mill. Capacity is 9 million bushels a year with 8.1 million bushels from Kentucky.
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Beginning Farmer Loan Program

Calebs, George Michael	Laurel	\$ 109,497	purchase of 160 acre farm
French, Marion	Breckinridge	\$ 250,000	construction of three poultry layer houses and equipment
Martin, Derek S.	Graves	\$ 250,000	purchase of a 28 acre pullet farm operation
McCubbin, Henry Todd	Taylor	\$ 77,500	purchase of a 255-acre farm from father
Miller, Michael	Grant	\$ 17,500	purchase dairy cattle
Mims, Kyle	Clinton	\$ 213,300	purchase 48% interest in the family poultry and grain
Pawley, Ben	Hardin	\$ 27,995	purchase of a 20-acre farm
Ragland, Caleb	LaRue	\$ 250,000	construction of a 1,600 sow farrow-to-wean facility
Rogers, Clayton	Nelson	\$ 15,000	purchase of 100 Holstein heifers
Russell, Delaina	Adair	\$ 113,904	purchase of land and construction of buildings
Rutherford, Steven O.	Graves	\$ 250,000	purchase of 32 acres breeder farm, including land, breeder barns, and other farm structures.
Smith, Joshua	Calloway	\$ 41,666	purchase 32.28 acre farm and capital improvements including well and pond for irrigation purposes
Walker, Kelly	Hancock	\$ 110,000	purchase 208 acres
Wilson, Nathan L.	Fulton	\$ 250,000	construction of two wean to finish hog barns
Yoder, Wesley	Wayne	\$ 250,000	construction of two poultry layer houses for Cobb
Young, Greg	Marion	\$ 37,500	purchase of 98-acre farm

Large/Food Animal Veterinary Loan Program

Lipps, Melissa	Shelby	\$ 88,565	purchase 50% interest in the Shelby Veterinary Clinic
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As of June 30, 2009, KAFC had approved a cumulative total of 286 loans for over \$35 million and accumulated over \$2.3 million in interest.



Environmental Stewardship

The Commonwealth's long-term plan for agriculture recognizes the state's rural landscape and environmental quality as valuable assets in marketing both Kentucky and its agricultural products.

Environmental stewardship includes farm management techniques that preserve our natural resources, complimentary crops (such as mushrooms and ginseng), and wood-lot management. The disposal of dead animals is also an important element in environmental health and stewardship.

- Cultivating Rural Prosperity

Soil & Water Quality Cost-share

The Kentucky Agricultural Development Fund supports the Division of Conservation's Soil Erosion and Water Quality Cost-share Program through a legislatively mandated annual appropriation of \$9,000,000. Over 2,600 applicants were approved in 2008-2009 for various practices, including animal waste control facilities, forest erosion control, heavy use area protection, pasture & hayland erosion control, vegetative filter strip, and more.

In addition to environmental stewardship efforts through DOC's programs, the following projects were approved through the Agricultural Development Fund for fiscal year 2009.

Flood Plain Remediation \$30,000
Jackson Purchase RC&D Foundation was awarded funds to remediate the flooding in the Clarks River Flood Plain in Calloway County.

Hillside Reclamation Program \$100,000
The Buffalo Trace Area Development District Inc. was awarded Bracken County funds to implement a hillside reclamation cost-share program to assist producers in improving marginal pasture land to increase the total livestock carrying capacity of the land.

Scott County Farmland Preservation \$5,000
Thoroughbred RC&D Council was awarded funds for a purchase of conservation easements program.

Shelby County Dead Animal Removal \$10,000
Shelby County Fiscal Court was awarded funds to provide Shelby County residents dead animal removal services for fiscal year 2009.

Todd County Dead Animal Removal \$6,534
Todd County Fiscal Court was awarded funds to cost-share on the dead animal removal program for fiscal year 2009.

Farm Animal Removal

In 2008 the Food and Drug Administration passed a regulation that prohibits the use of certain cattle-derived materials from being used in any animal feed, which includes the brain and spinal cord of cattle 30-months and older. As a result of this change in federal regulation, many dead animal haulers cancelled services for picking up dead farm animals.

"A nation that destroys its soils destroys itself. Forests are the lungs of our land, purifying the air and giving fresh strength to our people."



- Franklin D. Roosevelt

In March 2009, the Kentucky Agricultural Development Board stepped in to provide a stop-gap measure to provide time for the development of long-term solutions. The **Deceased Farm Animal Removal Program** was developed to serve as an interim measure to facilitate the coordination of environmentally sound and cost-effective disposal of deceased livestock for Kentucky producers. Through this program County Agricultural Development Councils have the opportunity to commit a portion of their county's agricultural development funds to an approved program within their county for fiscal year 2010.

This program was developed in partnership with the Kentucky Division of Conservation, as well as local and state stakeholders. KDOC also offered a cost-share program to assist counties with related expenditures by utilizing a portion of their Environmental Stewardship Fund, which receives an annual appropriation from the Agricultural Development Fund.

The following were approved for a Deceased Farm Animal Removal Program, during fiscal year 2009:

Carroll County Fiscal Court	\$2,025
Hardin County Fiscal Court	\$7,500
Henry County Fiscal Court	\$7,500
Madison County Fiscal Court	\$7,500
Metcalfe County Conservation District	\$2,250
Monroe County Conservation District	\$3,750
Nelson County Fiscal Court	\$7,500
Spencer County Fiscal Court	\$3,250
Trimble County Fiscal Court	\$2,500
Washington County Conservation District	\$6,677



Research & Development

Biototechnology, genetic engineering and molecular farming may hold promise for adapting agricultural crops and livestock to new purposes. Plants and animals may be engineered to produce a variety of valuable biological molecules ranging from vaccines to biodegradable plastics.

The key issue to be addressed as plant-based pharmaceuticals and other “molecular farming” products are developed is to assure material benefit for farmers through novel models of intellectual property ownership and commercialization.

- Cultivating Rural Prosperity

Research, development and technical assistance project for FY2009 totaled \$782,507 and included the following:

Beef Processing Facility Development \$130,000
South Kentucky Rural Electric Cooperative Corp. was awarded funds to develop an in-depth plan for a beef processing plant in southeastern Kentucky. The business plan will be a guide for construction, staffing and operation of the facility that would produce beef jerky, beef snack foods and pork rinds.

Breathitt Veterinary Center \$300,000
Murray State University was awarded funds for a feasibility study to analyze the effects of replacing or renovating the Breathitt Veterinary Center.

Bovine Colostrum Supplements \$351,257
Re-Borne Inc. was awarded funds for research, equipment, and start up costs for a production facility that will source, process, market, and sell a sterile bovine colostrum based nutrient supplement.

Regional Strategy for Biobased Products \$1,250
in the Mississippi Delta
Memphis Bioworks Foundation was awarded funds for the development of a regional plan and implementation strategy to create new opportunities for producers by stimulating the development of value-added processing, spurring the commercialization of alternative crops, and creating jobs.



Farm Family Education and Computer Literacy

Farm Family Education and Computer Literacy are important components of the long-term plan, especially with respect to the top priority of marketing. As on-line marketing increases, as well as the emphasis on tracking food from the farm to the plate, basic computer skills and training in new technologies are vital in keeping farmers competitive in today's market.

Additionally, educational programs that focus on the needs of the farm families in such areas as financial planning, personal development and vocational training can increase net farm income through better business practices.

As part of the KADF's incentive programs, all participants are required to attend an appropriate agricultural education session as a condition of receiving cost-share funds.

The **Pilot Farm Management program** was designed to encourage the use of farm management services and programs. The three programs eligible for cost-share included Dairy Herd Improvement, Farm Business Analysis and The Beef Connection LLC. During fiscal year 2009, six farmers in two counties took advantage of this program, totaling \$9,540.

Other Educational Projects

Bath County Farm Welding Program \$14,080
The Bath County Cattlemen's Association Inc. was awarded funds for an educational welding program for tobacco dependent farmers.

Carolines Garden \$10,000
These funds were awarded for the development of a model farm educational program for youth in and around Trigg County.

Computer Education for Ag Students \$12,500
The Bullitt County Board of Education was awarded funds to purchase computers for the Bullitt Central Vocational Agriculture Department to provide computer training to help producers manage their farming operations.

Grayson County Farm Welding Program \$ 6,000
Grayson County Conservation District was awarded funds for a welding education program for tobacco dependent farmers.

Greenhouse Education \$40,000
The Boyle County Foundation was awarded funds to purchase and construct a greenhouse to provide agricultural learning experiences for students.

Greenhouse Education \$ 7,500
The Franklin County High School was awarded funds to build a greenhouse for educational purposes.

Hardin County Farm Welding Program \$5,146
The Hardin Co. Cattlemen's Association was awarded funds for an educational welding program for tobacco dependent farmers .

Jessamine County Farm Welding Program \$10,000
The Jessamine Co. FFA Alumni Association was awarded funds for an educational welding program for tobacco dependent farmers.

“If you want one year of prosperity, plant corn.
If you want ten years of prosperity, plant trees.
If you want one hundred years of prosperity, educate people.”

— Chinese proverb

Farm Family Education & Computer Literacy cont.

Meade County Farm Welding Program \$5,197
The Breckinridge County Board of Education was awarded funds to provide an educational welding program for tobacco dependent farmers in Meade County.

Switchgrass Education & Seeding Program \$51,000
The Washington County Cattlemen's Association Inc. was awarded Washington County funds to provide an education and seeding program for the establishment of switchgrass.

Youth Aquaculture Education \$5,115
The Lawrence County Board of Education was approved for funds to purchase aquaculture equipment for the high school agriculture curriculum.

Youth Cost-share Program \$17,860
The Daviess County Conservation District was awarded funds to provide cost-share to youth interested in beginning or developing an agricultural production enterprise.

Youth Cost-share Program \$ 9,000
The Jessamine County FFA Alumni Association Inc. was awarded funds to provide a student agriculture project cost-share program in Jessamine County.

Youth Program Development \$18,909
The Trigg County 4-H Council was awarded funds to purchase livestock equipment for the expansion and improvement of youth programs in the region.



Local Leadership

Kentucky's ability to seize opportunities depends directly on the awareness and responsiveness of local leaders to the issues confronting rural communities.

Nurturing local leadership, adequately supporting County Agricultural Development Councils and investing in the enhancement of the Extension Service network will better position rural leaders to create new opportunities in their communities.

- Cultivating Rural Prosperity

County Councils

County Agricultural Development Councils have assumed substantial responsibility at the local level for the future of Kentucky agriculture.

Administrative funds are available to the county councils in counties with \$20,000 or more in their annual allotment. These administrative funds may be utilized in doing the business of the council.

For FY2009, 51 counties utilized a total of \$276,072 in County Agricultural Development funds for council administration. That is less than two percent of the county fund allocation for all counties.

Legislation passed in the 2009 General Assembly will also help expand the leadership opportunities available in the counties.

Senate Bill (SB) 83 amended KRS 248.721 to ex-

pand the size of the county councils, establish term limits for council members and set procedures for replacement of council members. These changes will take effect July 1, 2010.

Kentucky Agricultural Leadership Program

In 2008 the KADB approved funding for the continuation of a statewide agricultural leadership program, formerly known as the Philip Morris Leadership Program, through an endowment.

The Kentucky Agricultural Leadership Program (KALP) is a statewide agricultural leadership program for farmers and agribusiness people that focuses on leadership skills, economic subject matter and enhancing the management skill of the participants.

Toward the end of FY2009, KALP staff began recruiting efforts for a new class to begin in 2010.



Production Agriculture

While marketing, value-added processing and technical assistance are important to the agriculture economy, none of these are necessary without production agriculture.

The KADB recognized this importance and developed, in conjunction with state and local stakeholders, cost-share incentive programs that would provide producers an opportunity to try new farm enterprises or enhance their existing enterprises.

At the beginning of the 2009 fiscal year, 13 model cost-share programs were available for counties to utilize in providing cost-share assistance to individual farmers for their farm enterprises. Below is a listing of programs, administrators and the amount of funding received.

Agricultural Diversification

Bath County, Agriculture Communications Association	\$68,250
Boone County Farmers' Market Assoc.	\$20,000
Bourbon County Fiscal Court	\$ 7,101
Bracken, Buffalo Trace ADD	\$ 6,788
Butler, Green River Swarmcatchers Inc.	\$ 8,475
Carter County Agriculture Advancement Association	\$11,903
Clark County Conservation District	\$22,641
Fayette County Conservation District	\$40,000
Grant County Agricultural Diversification Council	\$15,750
Hancock, Green River ADD	\$14,998
Harrison County Beef Cattle Association	\$25,000
Jessamine County Sheep and Wool Producers Association	\$22,500
Lewis County Conservation District	\$20,000
Logan County Farm Bureau of Logan County, Ky.	\$20,000
Magoffin County Horse Association	\$31,599
Bardstown-Nelson County Chamber of Commerce	\$20,000
Powell County Beekeepers Association	\$ 7,000
Rowan County Fiscal Court	\$ 6,000

Warren County, Mammoth Cave RC&D \$40,000

Cattle Genetics Improvement

Bath County, Agriculture Communications Association	\$97,500
Carter County Agricultural Advancement Association	\$18,829
Clinton County Farm Bureau Inc. of Albany, Kentucky	\$55,445
Fayette County Cattlemen's Association	\$50,000
Grant County Cattlemen's Association	\$15,750
Harrison County Beef Cattle Association	\$75,000
Jessamine County Beef Cattle Association	\$4,175
Lewis County Conservation District	\$18,255
Lincoln County Cattlemen's Association	\$30,000
Rowan County Fiscal Court	\$20,000

Cattle Handling Facilities

Carter County Agricultural Advancement Council	\$18,506
Fayette County Cattlemen's Association	\$40,000
Grant County Agricultural Diversification Council	\$14,550
Harrison County Beef Cattle Association	\$50,000
Jessamine County Beef Cattle Association	\$10,556
Lewis County Conservation District	\$49,640
Lincoln County Cattlemen's Association	\$14,750
Rowan County Fiscal Court	\$ 9,827

"Production agriculture continues to be one of the cornerstones of Kentucky's overall economy."

- Roger Thomas

Dairy Diversification

Bullitt County Cattlemen's Association	\$ 3,160
Lewis County Conservation District	\$19,200
Lincoln County Cattlemen's Association	\$ 8,250
Hardin County Dairy Association	\$30,000

Farm Livestock Fencing Improvement

Bullitt County Cattlemen's Association	\$50,000
Carter County Agriculture Advancement Assoc.	\$16,956
Fayette County Cattlemen's Association	\$20,000
Grant County Cattlemen's Association	\$52,500
Harrison County Beef Cattle Association	\$45,000
Lewis County Conservation District	\$85,798
Robertson County Farm Bureau	\$100,000
Rowan County Fiscal Court	\$15,000

Forage Improvement & Utilization

Bath County Conservation District	\$131,250
Bourbon County Fiscal Court	\$144,629
Bracken County Conservation District	\$ 27,500
Breckinridge County, Beef Improvement Council	\$ 50,000
Bullitt County Cattlemen's Association	\$ 32,000
Carter County Agriculture Advancement	\$ 69,400
Clinton, Clinton/Cumberland Cattlemen's	\$ 32,907
Fayette County Conservation District	\$ 90,000
Grant County Cattlemen's Association	\$ 15,750
Harrison County Beef Cattle Association	\$ 50,000
Laurel County Cattlemen's Association	\$100,000
Lincoln County Farm Bureau	\$ 39,967
Lincoln County Cattlemen's Association	\$ 15,000

Goat & Sheep Diversification

Bath County, Foothills Goat Association	\$ 5,000
Breckinridge County Diversification Council	\$35,000
Carter County Agriculture Advancement	\$ 783
Franklin County, North Central Ky. Goat Producers Association	\$15,000
Grant County Agricultural Diversification Council	\$15,750

Harrison County Beef Cattle Association	\$ 5,000
Jessamine County Sheep and Wool Producers Association	\$ 6,750
Lincoln County Goat & Sheep Producers	\$20,000
Montgomery County Foothills Goat Association	\$ 3,000

Hay, Straw & Commodity Storage

Bourbon County Fiscal Court	\$147,000
Caldwell-Lyon Cattlemen's Association	\$ 34,000
Carter County Agriculture Advancement	\$ 55,649
Clark County Conservation District	\$ 50,000
Fayette County Cattlemen's Association	\$147,000
Grant County Cattlemen's Association	\$ 52,500
Greenup County Farm Bureau of Greenup County, Ky.	\$ 52,500
Harrison County Beef Cattle Association	\$200,000
Jessamine County Beef Cattle Association	\$ 63,000
Laurel County Cattlemen's Association	\$ 69,000
Lewis County Conservation District	\$132,959
Lincoln County Cattlemen's Association	\$ 60,000
Rowan County Fiscal Court	\$ 16,000
Whitley County Farm Bureau of Whitley County, Ky.	\$ 35,000

On-farm Water Enhancement

Fayette County Conservation District	\$130,000
Harrison County Beef Cattle Association	\$ 75,000
Whitley County Farm Bureau of Whitley County, Ky.	\$ 14,700

Swine Diversification

Boyle County Farm Bureau	\$ 2,000
Nelson County, Kentucky Home Pork Producers	\$10,000

Technology

Caldwell-Lyon Cattlemen's Association	\$34,000
Fayette County Cattlemen's Association	\$25,000
Henderson, Green River Beef Improvement	\$23,827
Jessamine County FFA Alumni Association	\$ 3,986
Warren County Farm Bureau	\$12,296

Menu Approach

Several counties adopted a “menu approach,” which constituted two or more model programs offered at the same time under one legal agreement.

(See Appendix C for counties that utilized this method.)

County Agricultural Investment Program

Three months into the fiscal year, the process of gathering input and revisions for the board’s fall program and policy review began. Upon recommendation of the KADB program and policy review committee and after three months of gathering stakeholder input, the board not only revised the existing model program guidelines, but also combined them into one umbrella program for counties to offer to their farmers. This approach was a way to broaden access to the diversification funds and enhance accountability at the state and local level.

The county model cost-share programs are now offered as investment areas under the County Agricultural Investment Program (CAIP). This approach offers a more streamlined application process for both the program administrators and the local farmers. It also adds a new investment area – On-farm Energy Efficiency & Production – to help farmers reduce on-farm energy usage and produce renewable energy sources.

CAIP is designed to provide farmers with incentives to allow them to improve and diversify their farm operations. CAIP covers a variety of agricultural enterprises in its 11 investment areas. Program administrators approved must offer all investment areas to producers.

Bourbon County Fiscal Court	\$398,000
Breathitt County Conservation District	\$ 75,000
Bullitt County Cattlemen’s Association	\$ 90,000
Butler County Conservation District	\$ 60,000
Campbell County Conservation District	\$ 34,847
Carroll Co. Agriculture Development Fund	\$147,995
Casey County Conservation District	\$243,439
Clark County Conservation District	\$300,000

Daviess County, Green River Area Beef Improvement Group,	\$150,000
Edmonson County Conservation District	\$ 90,000
Estill County Conservation District	\$150,000
Franklin County Cattlemen’s Association	\$164,197
Grant County Cattlemen’s Association	\$195,000
Hancock County Conservation District	\$120,176
Hardin County Extension District Board	\$130,000
Henry County Cattlemen’s Association	\$318,270
Jefferson County Farm Bureau	\$ 63,680
Jessamine County FFA Alumni Association.	\$255,000
Laurel County Cattlemen’s Association	\$236,000
Lee County Conservation District	\$ 84,439
Lincoln County Cattlemen’s Association	\$240,000
Madison County Conservation District	\$300,000
Mason County, Buffalo Trace Area Development District	\$371,000
McLean County, Green River Area Beef Improvement Group	\$ 79,200
Meade County Cattlemen’s Association	\$ 71,000
Mercer County Farm Bureau	\$225,000
Metcalfe County Conservation District	\$244,409
Monroe County Conservation District	\$183,072
Morgan County Fiscal Court	\$197,097
Nelson County Conservation District	\$165,000
Ohio County Cattlemen’s Association	\$125,377
Oldham County Farm Bureau of Oldham County, Kentucky	\$ 50,000
Owen County Farm Bureau	\$350,000
Owsley County Conservation District	\$423,752
Pendleton County Agricultural Diversification Association	\$223,188
Robertson County Soil Conservation District	\$250,000
Rowan County Fiscal Court	\$ 96,400
Spencer County Conservation District	\$216,040
Trimble County Cattleman’s Association	\$188,000
Webster County, Green River Area Beef Improvement Group	\$ 25,639
Woodford County Agriculture Advancement Council	\$200,000

Kentucky Agricultural Relief Effort

The Kentucky Agricultural Relief Effort (K.A.R.E.) was developed to help farmers whose crops were damaged by 2008’s late spring freeze and the extensive drought that occurred throughout the summer and fall. The K.A.R.E. program helped farmers make improvements and investments related to water availability and forage improvement, using both state and county funds. The following were approved in FY2009 for K.A.R.E.

	County	State
Boyd County Conservation	\$ 543	\$16,811
Crittenden County Conservation	\$ 646	\$23,796
Floyd County Soil Conservation	\$ 95	\$14,770
Lee County Conservation	\$10,850	\$13,708
Letcher County Conservation	\$ 24	\$15,244
Owen County Farm Bureau	\$83,220	\$56,025
Owsley County Conservation	\$33,285	\$23,021
Pike County Soil Conservation	\$ - 0 -	\$16,506
Trigg County Conservation	\$17,429	\$26,666
Washington Extension Foundation	\$160,925	\$52,477
Webster County, Green River Area Development District	\$ 4,921	\$24,469

Shared-use Equipment

The Shared-use Equipment Program is designed to impact a high number of producers who cannot justify ownership expenses associated with certain equipment by helping them access technology necessary to improve their operations in an economical manner.

Butler County Conservation District	\$11,250
Clark County Conservation District	\$10,000
Daviess County Cattlemen’s Association	\$ 5,000
Estill County Conservation District	\$11,900
Franklin County Conservation District	\$ 8,750
Lee County Conservation District	\$17,000
Logan County Conservation District	\$10,450
McCreary County Development Association	\$ 400
Metcalfe County Conservation District	\$10,846
Monroe County Conservation District (2)	\$35,846
Woodford County Conservation District	\$11,594



Appendix A: Financial Statements

AGRICULTURAL DEVELOPMENT FUND Fiscal Year 2009

FUNDS	STATE	COUNTY	TOTAL	Off Budget
				COUNTY
ADF Beginning Cash-July 2008	\$ 26,860,517		\$ 26,860,517	\$ 18,994,679
Transfers In	\$ 20,834,849	\$ 17,611,111	\$ 38,445,960	\$ 17,611,111
Transfer out/budget reduction	\$ (12,545,000)		\$ (12,545,000)	
Revenue				\$ 200,216
ADF Funds Available	\$ 35,150,366	\$ 17,611,111	\$ 52,761,477	\$ 36,806,006
EXPENDITURES				
Disbursements/Expenditures	\$ 7,107,870		\$ 7,107,870	\$ 15,712,852
Transfers Out	\$ 8,650,179	\$ 17,611,111	\$ 26,261,290	
ADF Expenditures	\$ 15,758,049	\$ 17,611,111	\$ 33,369,160	\$ 15,712,852
Cash Balances	\$ 19,392,317	\$ -	\$ 19,392,317	\$ 21,093,154
Grants - Unexpended commitments	\$ (4,712,094)		\$ (4,712,094)	\$ (6,610,478)
Actual Available Grant Balance	\$ 14,680,223		\$ 14,680,223	\$ 14,482,676

Appendix A: Financial Statements (cont.)

KAFC Statement of Financial Position

Fiscal Year 2009

Assets:

Interest Earned from Loans	\$	1,302,893
Interest Earned from State Investment Commission	\$	<u>1,016,974</u>
Account 2802 (Interest Fund)	\$	2,319,867
Account 2803 (Loan Fund)	\$	8,128,155
Funds Loaned to Borrowers	\$	22,934,714
KADB Approved Loans not Transferred	\$	100,000
Funds held by State (ADB not transferred to KAFC)	\$	<u>2,000,000</u>
Total Assets	\$	35,482,736

KAFC Cash Flow (FY2009)

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Cash on Hand (beginning of month)	9,276,274	8,982,613	8,534,800	7,638,082	7,025,261	7,914,785	6,859,072	6,864,778	11,277,263	10,595,113	10,618,736	10,781,463

CASH RECEIPTS

Principal Payments (2803)	70,553	35,523	219,643	61,589	55,806	96,731	143,168	217,151	108,698	208,921	344,828	169,027
Interest Payments (2802)	14,006	6,231	8,230	13,647	12,732	19,939	34,717	78,872	12,822	182,400	8,917	35,113
Interest Earned (SIC / 2802)	0	18,362	22,036	9,017	14,512	11,586	3,679	3,068	2,227	2,189	2,162	26,605
TOTAL CASH RECEIPTS	84,559	60,116	249,910	84,254	83,050	128,255	181,563	299,091	123,747	393,510	355,906	230,745
Other Income (Grants, 0% Loans)					1,000,000	0	325,000	5,471,500	87,693	178,679		1,000,000
Total Cash Available (before cash out)	9,360,833	9,042,729	8,784,710	7,722,336	8,108,310	8,043,041	7,365,635	12,635,370	11,488,703	11,167,301	10,974,642	12,012,208

CASH PAID OUT

Loans Closed (Funds Wired)	378,220	507,929	1,146,628	697,075	193,525	1,183,969	500,857	1,358,107	893,590	548,565	193,179	1,564,185
Refunds/Corrections	0	0	0	0	0	0	0	0	0	0	0	
TOTAL CASH PAID OUT	378,220	507,929	1,146,628	697,075	193,525	1,183,969	500,857	1,358,107	893,590	548,565	193,179	1,564,185
Cash Position (end of month)	8,982,613	8,534,800	7,638,082	7,025,261	7,914,785	6,859,072	6,864,778	11,277,263	10,595,113	10,618,736	10,781,463	10,448,023

ESSENTIAL OPERATING DATA (non cash flow information)

Loans Committed, Not Paid (\$)								7,777,685	7,291,828	6,917,442	6,868,757	6,282,772
Debt Balance (owed KAFC)								2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total KAFC Funds (uncommitted)								5,499,578	5,303,285	5,701,294	5,912,706	6,165,251

Appendix B: Linked Deposit Activity Report

Outstanding Loans Per Lender as of June 30, 2009

<u>Lending Institution</u>	<u>Total Loans</u>	<u>Outstanding Balance</u>
The Cecilian Bank	1	\$ 16,182
Citizens Commerce National Bank	1	\$ 35,169
Citizens National Bank	1	\$ 95,000
Kentucky Bank	7	\$ 147,755
Kentucky Banking Centers, Inc.	1	\$ 50,000
PBK Bank	1	\$ 8,255
South Central Bank of Barren County	47	\$ 2,279,869
The Springfield State Bank	2	\$ 185,600
Traditional Bank	10	\$ 467,397
	<hr/> 71	<hr/> \$ 3,285,227

Loan Payoffs July 1, 2008 - June 30, 2009

<u>Lending Institution</u>	<u>Borrower</u>	<u>Payoff Date</u>							
Branch Banking and Trust Company	Mark and Janice Adams	3/16/2009	South Central Bank (cont.)	Donnie Perry	8/21/2008				
	Douglas and Pauletta Furlong	1/23/2009		Leonard and Irene Smith	3/6/2009				
	Tommy Garrett	1/26/2009		Anthony and Angela Sneed	12/4/2008				
	Stanley Jewell	1/23/2009		Ulysses and Carolyn Strader	11/13/2008				
	Chris Kingery	1/15/2009		Keith and Vicki Weaver	2/3/2009				
Cecilian Bank	Timothy & Kimberly Huffman	6/16/2009	Springfield State Bank	Stanley Davis Wilson	11/26/2008				
	Jerry Simcoe (Simcoe Farms)	6/10/2009		John and Mary Jones	2/19/2009				
Citizens Commerce National Bank	Robert M. Hudgins	12/23/2008	Traditional Bank	Robert Amburgey	1/12/2009				
	Thomas F. Hudgins	1/30/2009		Bobby Arnett	1/9/2009				
	Old Friends, Inc.	4/16/2009		William and Judy Arnett	1/16/2009				
Citizens First Bank	William H. Smith	2/17/2009		Gayle Arnold	1/26/2009				
				Randall and Anne Dailey	9/18/2008				
Citizens National Bank	Larry and Mary Jones	4/3/2009		Raymond Donathan	1/9/2009				
				Roy Vernon Ginter	1/9/2009				
Kentucky Bank	Terry W. Crouch	12/30/2008		Charles R. Hall	2/20/2009				
	Bryan K. Richardson	12/1/2008		Russell Hatton	1/12/2009				
South Central Bank	Jonathan Bellamy	6/29/2009		Ricky Howard	1/9/2009				
				Jerry and Linda Coleman	10/7/2008	Doyle King	1/9/2009		
				Kevin and Shelly Crain	6/29/2009	Morgan Long	1/26/2009		
				David and Debra England	3/23/2009	Danny Montgomery	2/20/2009		
				Kenneth Gibbons	6/29/2009	Daryl Montgomery	1/9/2009		
				Jason Harper	7/1/2008	Joe Myers	1/26/2009		
				David Hogue	5/22/2009	William O'Hair	5/27/2009		
				Joseph B. Hunley	12/1/2008	Charles Orme	1/12/2009		
				Doug Jamison	2/27/2009	Charlie Mason Orme	1/12/2009		
				A. Weldon Jewell	4/1/2009	Dennis Norris	5/27/2009		
				Weldon & Phyllis Jewell	8/18/2008	Eugene Segura	1/9/2009		
				Jack London	12/2/2008	Eugene and Vicki Segura	3/16/2009		
				Randy and Brandi Matthews	7/23/2008	Virgil Walters	2/20/2009		
				Joe Michael Moore	3/6/2009	Roger Wilson	5/27/2009		
				Lee R. Nunn, Jr.	5/13/2009				
							Whitaker Bank	Danny and Judy Townsend	2/27/2009

Appendix C: FY2009 Investments by County

Applications approved between July 1, 2008 and June 30, 2009

Bath

Agricultural Diversification	\$68,250
Cattle Genetics Improvement	\$97,500
Forage Improvement & Utilization	\$131,250
Goat & Sheep Diversification	\$5,000

Farm Welding Program

\$14,080
The Bath County Cattlemen's Association Inc. was awarded Bath County funds to administer an educational welding program for tobacco dependent farmers.

Boone

Agricultural Diversification	\$40,000
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Bourbon

Agricultural Diversification	\$7,101
C.A.I.P.	\$398,000
Forage Improvement & Utilization	\$144,629
Hay, Straw, & Commodity Storage	\$147,000

Boyd

K.A.R.E. Program	\$17,354
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Boyle

Swine Diversification	\$2,000
<i>Greenhouse Education</i>	\$40,000

The Boyle County Foundation was awarded Boyle County funds to purchase and construct a greenhouse to provide agricultural learning experiences for students.

Bracken

Agricultural Diversification	\$6,788
Forage Improvement & Utilization	\$27,500

Hillside Reclamation Program

\$100,000
The Buffalo Trace Area Development District Inc. was awarded Bracken County funds to implement a hillside reclamation cost-share program to assist producers in improving marginal pasture land to increase the total livestock carrying capacity of the land.

Menu Program

\$207,514
The Buffalo Trace Area Development District

Inc. was awarded Bracken County funds to administer seven model programs in a menu approach.

Shady Lawn Farm

\$5,000
Shady Lawn Farm was awarded Bracken County funds for the expansion of a goat dairy operation.

Breathitt

C.A.I.P.	\$75,000
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Breckinridge

Forage Improvement & Utilization	\$50,000
Goat & Sheep Diversification	\$35,000

Bullitt

C.A.I.P.	\$90,000
Dairy Diversification	\$3,160
Farm Livestock Fencing Improvement	\$50,000

Forage Improvement & Utilization

Computer Education for Ag Students

\$12,500
The Bullitt County Board of Education was awarded funds to purchase computers for Bullitt Central High School Vocational Agriculture for computer training to help producers manage their farming operations.

Butler

Agricultural Diversification	\$8,475
C.A.I.P.	\$60,000
Shared-use Equipment	\$11,250

Menu Program

\$6,199
The Mammoth Cave Area Goat Producers Association Inc. was awarded Butler County funds to administer two model programs in a menu approach.

Caldwell

Hay, Straw, & Commodity Storage	\$34,000
Technology	\$34,000

Calloway

<i>Breathitt Veterinary Center</i>	\$300,000
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Murray State University was awarded funds for a feasibility study to analyze the effects of replacing or renovating the Breathitt Veterinary Center.

Farmers' Market Award

\$15,685
Jackson Purchase RC&D was awarded funds for the construction of a farmers' market facility in Calloway County.

Flood Plain Remediation

\$30,000
Jackson Purchase RC&D Foundation was awarded funds to remediate the flooding in the Clarks River Flood Plain in Calloway County.

Regional Strategy for Biobased Products in the Mississippi Delta

\$1,250
Memphis Bioworks Foundation was awarded funds for the development of a regional plan and implementation strategy to create new opportunities for producers by stimulating the development of value-added processing, spurring the commercialization of alternative crops and creating jobs.

Campbell

C.A.I.P.	\$34,847
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Menu Program

\$29,277
The Campbell County Conservation District was awarded Campbell County funds to administer eight model programs in a menu approach.

Carroll

C.A.I.P.	\$147,995
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Deceased Farm Animal

Disposal Assistance Program	\$2,025
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Pilot Farm Management

	\$8,300
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Menu Program 1

\$31,200
Carroll County Agriculture Development Fund Inc. was awarded Carroll County funds to administer six model programs in a menu approach.

Menu Program 2

\$5,200
Carroll County Agriculture Development Fund Inc. was awarded Carroll County funds to administer six model programs in a menu approach.

Carter

Agricultural Diversification	\$11,903
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Cattle Genetics Improvement	\$18,829
Cattle Handling Facilities	\$18,506
Farm Livestock Fencing Improvement	\$16,956
Forage Improvement & Utilization	\$69,400
Goat & Sheep Diversification	\$783
Hay, Straw, & Commodity Storage	\$55,649

Casey

C.A.I.P.	\$243,439
<i>Custom Processing Facility</i>	\$104,679
Central Kentucky Meats Inc. (CKCM) was awarded state funds, as zero interest loan, to purchase necessary equipment and make renovations to expand its product and service offerings.	

Clark

Agricultural Diversification	\$22,641
C.A.I.P.	\$300,000
Hay, Straw, & Commodity Storage	\$50,000
Shared-use Equipment	\$10,000
<i>Menu Program</i>	\$90,000
The Clark County Conservation District was awarded Clark County funds to administer two model programs in a menu approach.	

Clinton

Cattle Genetics Improvement	\$55,445
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Crittenden

K.A.R.E. Program	\$24,442
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Cumberland

Forage Improvement & Utilization	\$32,907
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Daviess

C.A.I.P.	\$150,000
Shared-use Equipment	\$5,000
<i>Youth Cost-share Program</i>	\$17,860
The Daviess County Conservation District was awarded Daviess County funds to provide cost-share to youth interested in	

beginning or developing an agricultural production enterprise.

Edmonson

C.A.I.P.	\$90,000
<i>Menu Program 1</i>	\$40,000
The Edmonson County Conservation District Inc. was awarded Edmonson County funds to administer three model programs in a menu approach.	
<i>Menu Program 2</i>	\$53,632
The Edmonson County Cattleman Association Inc. was awarded Edmonson County funds to administer five model programs in a menu approach.	

Elliott

Cattle Genetics Improvement	\$20,314
Cattle Handling Facilities	\$41,690
Hay, Straw, & Commodity Storage	\$59,963

Estill

C.A.I.P.	\$150,000
Shared-use Equipment	\$11,900

Fayette

Agricultural Diversification	\$40,000
Cattle Genetics Improvement	\$50,000
Cattle Handling Facilities	\$40,000
Farm Livestock Fencing Improvement	\$20,000
Forage Improvement & Utilization	\$90,000
Hay, Straw, & Commodity Storage	\$147,000
On-farm Water Enhancement	\$130,000
Technology	\$25,000
<i>Agricultural Leadership</i>	\$1,000,000
The University of Kentucky was awarded state funds to establish an endowment for the Ky. Agricultural Leadership Program.	
<i>Dairy Development</i>	\$494,000
The Kentucky Dairy Development Council Inc. was awarded state funds to further the efforts and continue supporting Kentucky's dairy industry.	

Farms to Food Banks \$60,000
God's Pantry Food Bank Inc. was awarded \$10,000 in Bath County, \$5,000 each from Fayette, Lincoln and Pulaski Counties, \$2,500 each from Clark and Scott Counties, and \$30,000 in state funds. These funds will be used for the purchase and distribution of 15 types of Kentucky grown surplus produce for low-income clients throughout their 50 county service area .

Kentucky Tobacco Transition Documentary \$50,000
The Media Working Group Inc. was awarded state funds to produce a television documentary featuring the transition of Kentucky farms as result of the Tobacco Master Settlement Agreement.

Large/Food Animal Veterinary Incentive Program \$1,000,000
The Kentucky Cattleman's Foundation Inc. was awarded state funds to create a large/food animal veterinary incentive program to support licensed veterinarian/technicians practicing large/food animal medicine in Kentucky.

Fleming

Menu Approach \$305,500
The Fleming County Conservation District was awarded county funds to administer 10 model programs in a menu approach.

Floyd

K.A.R.E. Program	\$14,865
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Franklin

C.A.I.P.	\$164,197
Goat & Sheep Diversification	\$15,000
Shared-use Equipment	\$8,750
<i>Agricultural Loan Programs</i>	\$5,000,000
KAFC was awarded funds to continue in its current loan programs and to start a new loan program: the Large/Food Animal Veterinary Program.	
<i>Greenhouse Education</i>	\$7,500
Franklin County High School was awarded Franklin County funds to build a greenhouse on the grounds of Franklin County High School.	

(Continued on page VI)

Appendix C: FY2009 Investments by County (cont.)

(Meade County cont.)

Kentucky Proud Program \$3,330,000
The Kentucky Department of Agriculture was awarded state funds to continue the promotion of the Kentucky Proud Program and related activities designed to instill in Kentucky consumers' minds the value of "buy local" when shopping for food and fiber products.

Menu Program \$117,600
The Franklin County Cattlemen's Association was awarded Franklin County funds to administer multiple model programs in a menu approach.

Grant

Agricultural Diversification \$15,750

C.A.I.P. \$195,000

Cattle Genetics Improvement \$15,750

Cattle Handling Facilities \$14,550

Farm Livestock Fencing Improvement \$52,500

Forage Improvement & Utilization \$15,750

Goat & Sheep Diversification \$15,750

Hay, Straw, & Commodity Storage \$52,500

Farmers' Market EBT/Debit \$60,000
Kentucky Farmers' Market Association Inc. was awarded funds to support a multi-faceted approach to increase sales at farmers' markets throughout Kentucky. This includes providing equipment necessary for farmers' markets to accept debit cards and food stamps; improve food safety by providing 40 markets with approved sampling and food handling stations; training vendors to use innovative marketing techniques and Rapid Market Assessments; and contract a part-time manager for KFMA.

Grayson

Farm Welding Program \$6,000
Grayson County Conservation District was awarded funds for a welding education program for tobacco dependent farmers.

Menu Approach \$193,000
The Grayson County Cattlemen's Association

Inc. was awarded county funds to administer five model programs in a menu approach.

Green

Pilot Farm Management \$1,240

Greenup

Hay, Straw, & Commodity Storage \$52,500

Hancock

Agricultural Diversification \$14,998

C.A.I.P. \$120,176

Farmers' Market Development \$10,890
The Hancock County Fiscal Court was awarded \$5,445 in state funds and \$5,445 in Hancock County funds as a part of the 2008 Farmers' Market Awards Program.

Hardin

C.A.I.P. \$130,000

Dairy Diversification \$30,000

Deceased Farm Animal Disposal Assistance Program \$7,500

Farm Welding Program \$5,146

The Hardin County Cattlemen's Association Inc. was approved for \$8,873 in Hardin County funds to administer an educational welding program for tobacco dependent farmers.

Menu Program \$30,000

The Hardin County Goat Producers' Association Inc. was awarded Hardin County funds to administer two model programs in a menu approach.

Harrison

Agricultural Diversification \$25,000

Cattle Genetics Improvement \$75,000

Cattle Handling Facilities \$50,000

Farm Livestock Fencing Improvement \$45,000

Forage Improvement & Utilization \$50,000

Goat & Sheep Diversification \$5,000

Hay, Straw, & Commodity Storage \$200,000

On-farm Water Enhancement \$75,000

Hart

Forage Improvement & Utilization \$70,780

Farmers' Market Promotion \$1,500

The Hart County Chamber of Commerce Inc. was awarded Hart County funds for advertisements, signage, and other needed supplies for the Hart County Farmer's Market.

Menu Program 1 \$50,000

Hart County Goat Producers Inc. was awarded Hart County funds to administer two model programs in a menu approach: Farm Livestock Fencing Improvement; Goat & Sheep Diversification.

Menu Program 2 \$180,000

The Hart County Cattlemen's Association Inc. was awarded Hart County funds to administer two model programs in a menu approach: Dairy Diversification; Hay, Straw, & Commodity Storage.

Henderson

Technology \$23,827

Henry

C.A.I.P. \$318,270

Deceased Farm Animal Disposal Assistance Program \$7,500

Jackson

Menu Approach \$100,000

Appalachian Alternative Agriculture of Jackson County Inc. (3AJC) was awarded county funds to administer four model programs in a menu approach.

Jefferson

C.A.I.P. \$63,680

Building Louisville's Local Food Economy \$90,000

The Louisville Jefferson County Metro Government Economic Development Department was approved for \$87,750 in state funds and \$500 each from Henry, Jefferson, Spencer, and Trimble Counties, as well as \$250 from Oldham County, for a Public Interest Broker who will coordinate direct farmer access to Louisville food markets.

Jessamine

Agricultural Diversification	\$22,500
C.A.I.P.	\$255,000
Cattle Genetics Improvement	\$4,175
Cattle Handling Facilities	\$10,556
Goat & Sheep Diversification	\$6,750
Hay, Straw, & Commodity Storage	\$63,000
Technology	\$3,986

Community Kitchen \$102,620
The Jessamine County Fiscal Court was awarded Jessamine County funds to build a community kitchen for producers in the area.

Farm Welding Program \$10,000
The Jessamine County FFA Alumni Association, Inc was awarded Jessamine County funds to administer an educational welding program for tobacco dependent farmers.

Youth Cost-share Program \$9,000
The Jessamine County FFA Alumni Association Inc. was awarded Jessamine County funds to provide a student agriculture project cost-share program.

Laurel

C.A.I.P.	\$236,000
Forage Improvement & Utilization	\$100,000
Hay, Straw, & Commodity Storage	\$69,000

Lawrence

Youth Aquaculture Education \$5,115
The Lawrence County Board of Education was approved for funds to purchase aquaculture equipment for the high school agriculture curriculum.

Lee

C.A.I.P.	\$84,439
K.A.R.E. Program	\$24,558
Shared-use Equipment	\$17,000

Letcher

K.A.R.E. Program	\$15,268
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Lewis

Agricultural Diversification	\$20,000
Cattle Genetics Improvement	\$18,255
Cattle Handling Facilities	\$49,640
Dairy Diversification	\$19,200
Farm Livestock Fencing Improvement	\$85,798
Hay, Straw, & Commodity Storage	\$132,959

Lincoln

C.A.I.P.	\$240,000
Cattle Genetics Improvement	\$30,000
Cattle Handling Facilities	\$14,750
Dairy Diversification	\$8,250
Forage Improvement & Utilization	\$54,967
Goat & Sheep Diversification	\$20,000
Hay, Straw, & Commodity Storage	\$60,000
<i>Honey Marketing & Education</i>	\$6,500

Lincoln County Beekeepers Inc. was awarded funds to conduct educational seminars on honey production and marketing and provide a cost-share assistance program related to the production, packaging and marketing of honey.

Logan

Agricultural Diversification	\$20,000
Shared-use Equipment	\$10,450
<i>Agricultural Sale & Show Facility</i>	\$117,500

The Logan County Extension District Board was awarded \$100,000 in Logan and \$5,000 each in Simpson, Todd and Warren County funds and \$2,500 in Christian County funds for a multi-purpose agricultural facility for Logan and surrounding counties.

Menu Program \$5,846
Dairy Herd Improvement Inc. was awarded Logan County funds to administer two model programs in a menu approach.

Madison

C.A.I.P.	\$300,000
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Deceased Farm Animal Disposal Assistance Program	\$7,500
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Magoffin

Agricultural Diversification	\$31,599
<i>Menu Program</i>	\$36,397

The Magoffin County Conservation District was awarded Magoffin County funds to administer three model programs in a menu approach.

Menu Program \$38,754
The Magoffin County Cattle Association Inc. was awarded Magoffin County funds to administer five model programs in a menu approach.

Mason

C.A.I.P.	\$371,000
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McCracken

Purple Toad Winery \$52,000
Dossey Vineyards LLC was awarded funds to build a new facility and purchase equipment for the expansion of Purple Toad Winery in Paducah.

McCreary

Shared-use Equipment	\$400
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McLean

C.A.I.P.	\$79,200
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Meade

C.A.I.P.	\$71,000
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Farm Welding Program \$5,197
The Breckinridge County Board of Education was awarded Meade County funds to administer an educational welding program for tobacco dependent farmers.

Farmers' Market Facility \$53,098
The Meade County Extension District Board was awarded \$17,003 in Meade County funds and \$36,095 in state funds to construct a permanent market shelter.

Webb's Butcher Block \$125,000
Webb Properties LLC was awarded \$124,000 in state and \$1,000 in Meade County funds to expand their current value-added processing/marketing operation.

(Continued on page VIII)

Appendix C: FY2009 Investments by County (cont.)

(Continued from page VII)

Menifee

Menu Approach \$100,000
Menifee County Beef Producers Inc. was awarded county funds to administer four model programs in a menu approach.

Mercer

C.A.I.P. \$225,000

Metcalfe

C.A.I.P. \$244,409
Deceased Farm Animal Disposal Assistance Program \$2,250
Shared-use Equipment \$10,846

Monroe

C.A.I.P. \$183,072
Deceased Farm Animal Disposal Assistance Program \$3,750
Shared-use Equipment \$35,500
Menu Program \$93,234
The Monroe County Conservation District was awarded Monroe County funds to administer six model programs in a menu approach.

Montgomery

Goat & Sheep Diversification \$3,000
Menu Approach \$200,000
The Montgomery County Conservation District was awarded Montgomery County funds to administer three model programs in a menu approach.
Regional Agritourism Promotion \$50,000
The Gateway Regional Agritourism Association was awarded state funds as part of the Agritourism Awards Program.

Morgan

C.A.I.P. \$197,097

Nelson

Agricultural Diversification \$20,000
C.A.I.P. \$165,000

Deceased Farm Animal Disposal Assistance Program \$7,500
Swine Diversification \$10,000

Nicholas

Menu Approach \$269,274
The Nicholas County Fiscal Court was awarded county funds to administer eight model programs in a menu approach.

Ohio

C.A.I.P. \$125,377

Oldham

C.A.I.P. \$50,000

Owen

C.A.I.P. \$350,000
K.A.R.E. Program \$139,245

Owsley

C.A.I.P. \$423,752
K.A.R.E. Program \$56,306

Pendleton

C.A.I.P. \$223,188
Menu Program \$323,981
The Pendleton County Agricultural Diversification Association Inc. was awarded Pendleton County funds to administer ten model programs in a menu approach.

Pike

K.A.R.E. Program \$16,506

Powell

Agricultural Diversification \$7,000
Menu Program \$50,000
The Powell County Livestock Producers Association Inc. was awarded Powell County funds to administer two model programs in a menu approach.

Pulaski

Beef Processing Facility Development \$216,040
South Kentucky Rural Electric Cooperative Corp. was awarded funds to develop an in-

depth plan for a beef processing plan in southeastern Kentucky. The business plan will be a guide for construction, staffing and operation of the facility that would produce beef jerky, beef snack foods and pork rinds.

Robertson

C.A.I.P. \$308,669
Farm Livestock Fencing Improvement \$100,000

Rowan

Agricultural Diversification \$6,000
C.A.I.P. \$96,400
Cattle Genetics Improvement \$20,000
Cattle Handling Facilities \$9,827
Farm Livestock Fencing Improvement \$15,000
Hay, Straw, & Commodity Storage \$16,000

Russell

The Russell County Cattlemen's Association Inc. was awarded county funds to administer four model programs in a menu approach.

Russell County Farmers' Market \$3,500
The Russell County Farmers' Market Association was awarded funds for a mobile shelter for the farmers' market.

Scott

Farmland Preservation \$5,000
Thoroughbred RC&D Council was awarded funds for a purchase of conservation easements program in Scott County.

Menu Approach \$218,436
The Scott County Beef Improvement Group Inc. was awarded county funds to administer nine model programs in a menu approach.

Regional Agritourism Promotion \$50,000
The Bluegrass Agritourism Association was awarded funds for the establishment of a regional agritourism organization.

Tenant Program \$38,220
The Scott County Beef Improvement Group Inc. was awarded county funds for the continuation of the tenant farmer program for agricultural equipment.

Shelby

Bovine Colostrum Supplements \$351,257
 Re-Borne Inc. was awarded funds for research, equipment and start-up costs for a production facility that will source, process, market and sell a sterile bovine colostrum based nutrient supplement.

Dead Animal Removal \$10,000
 Shelby County Fiscal Court was awarded funds to provide Shelby County residents dead animal removal services for fiscal year 2009.

Spencer

C.A.I.P. \$216,040
 Deceased Farm Animal Disposal Assistance Program \$3,250

Todd

Dead Animal Removal \$6,534
 Todd County Fiscal was awarded funds to cost-share on the dead animal removal program for fiscal year 2009.

Trigg

K.A.R.E. Program \$44,095
Regional Agritourism Promotion \$5,258
 The Pennyrile Region Agritourism Association Inc. was awarded \$5,258 in county funds from Caldwell, Christian, Lyon, Todd and Trigg Counties to promote Agritourism in the area.

Youth Education \$10,000
 Carolines Garden was awarded Trigg County funds to develop a model farm educational program for area youth.

Youth Program Development \$18,909
 The Trigg County 4-H Council Inc. was awarded county funds from Christian, Trigg, Crittenden, and Calloway Counties to purchase livestock equipment for the expansion and improvement of youth programs in the region.

Trimble

C.A.I.P. \$188,000
 Deceased Farm Animal Disposal Assistance Program \$2,500

Warren

Agricultural Diversification \$40,000
 Technology \$12,296

Agritourism Facility Expansion \$10,000
 Chaney's Dairy Barn was awarded Warren County funds to expand their current agritourism facility to accommodate growing sales and increased ice cream production.

Livestock Processing Facility \$20,000
 Johns Custom Meats, LLC was awarded \$10,000 each in Barren and Warren County funds to complete the construction of their current livestock processing facility and purchase new equipment.

Washington

Deceased Farm Animal Disposal Assistance Program \$6,677
 K.A.R.E. Program \$213,402
 Shared-use Equipment \$9,720

Switchgrass Education & Seeding Program \$51,000
 The Washington County Cattlemen's Association Inc. was awarded Washington County funds to provide an education and seeding program for the establishment of switchgrass.

Wayne

Deceased Farm Animal Disposal Assistance Program \$3,250
Foothills Country Meats \$485,000
 Foothills Products and Services Inc. was awarded funds to purchase and make improvements to Foothills County Meats a USDA inspected and custom slaughter business in Wayne County.

Menu Approach \$131,401
 The Wayne County Agriculture Development Council Inc. was awarded county funds to administer 10 model programs in a menu approach.

Webster

C.A.I.P. \$25,639
 K.A.R.E. Program \$29,337



(Continued on page XI)

Appendix D: Guiding Principles for Board Investment

The Board is committed to the goals and priorities of *Kentucky's Long-term Plan for Agricultural Development*. Projects and programs that advance these goals and priorities will be its top priority.

The Board proposes the following statements for the purpose of precipitating discussion of ways the Board can accomplish its goal of expanding the economic base of agriculture in Kentucky.

1. Kentucky should follow the following investment philosophy:

The Kentucky Agricultural Development Board will invest monies from the Kentucky Agricultural Development Fund in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products, and exploring new opportunities for Kentucky farms and farm products.

2. The Board must view its options and actions over the long run and cannot solve all the problems or take advantage of all opportunities.
3. The Board should invest in programs on a pilot basis to prove or disprove the advisability of promoting a particular program statewide.
4. The Board should focus on facilitating success in areas with the potential to reach the most farmers.
5. Pilot programs should be large enough to be commercially viable. The emphasis must be on doing what we do well and be limited to a certain geographical area of the state, until they are proven viable, and then expanded to all the state as funds become available.
6. The Board believes that clusters of a particular type of activity, large enough to be economically viable and support the infrastructure necessary for the success of the program, offer the best opportunity to develop new or better self-sustaining agricultural activity.
7. The Board believes that farmer-owned agri-businesses may be an important vehicle to promote and sustain new and/or improved farm activity.
8. The Board will consider proposals submitted by individuals that have high potential for growth and potential to include other farmers in the future.
9. An emphasis for county programs should be the support of on-farm investment in Board program areas.
10. The object of the Board is to develop self-sustaining programs; therefore, the Board will not support long-term subsidy of production.
11. The Board prefers capital investments. However, it believes that processing, storing and marketing new products is the area where the farmer needs a substantial amount of help on a start-up basis, but business plans must provide for the eventual elimination of assistance in these areas.
12. The Board will consider proposals to enhance existing farm enterprises, the production of new farm products, development of new markets, expansion of existing markets, and any other areas identified by a member or members of the Board as having potential for growth.
13. The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including continuing support of the Kentucky Center for Agriculture and Rural Economic Development.
14. The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including support of agriculture entrepreneurship programs as stipulated in KRS 248.717.
15. The Board will seek programs to enhance the viability of young farmers and part-time farmers in agriculture.

Appendix C: FY2009 Investments by County (cont.)

(Continued from page IX)

(Webster County, cont.)

Menu Program \$8,415
The Green River Area Beef Improvement Group Inc. was awarded Webster County funds to administer two model programs in a menu approach.

Whitley

Hay, Straw, & Commodity Storage \$35,000
On-farm Water Enhancement \$14,700

Wolfe

Menu Approach \$117,000
The Wolfe County Conservation District was awarded county funds to administer three model programs in a menu approach.

Woodford

C.A.I.P. \$200,000
Shared-use Equipment \$11,594
Menu Program 1 \$75,750
Woodford County Agriculture Advancement Council Inc. (WCAAC) was awarded Woodford County funds to administer three model programs in a menu approach.
Menu Program 2 \$98,818
WCAAC was awarded Woodford County funds to administer three model programs in a menu approach.
Menu Program 3 \$75,000
WCAAC was awarded Woodford County funds to administer three model programs in a menu approach.

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- p. vi, Kentucky Capitol during farmers' market event on capitol lawn
- p. 5, Owen County Farmers' Market
- p. 9, LaRue County grain bin
- P. 13, Franklin County farm
- P. 17, Monroe County High School agriculture students (2002)
- p. 21, Kentucky wheat



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