

Governor's Office of Agricultural Policy



Annual Report Fiscal Year 2012

July 1, 2011—June 30, 2012

*Kentucky Agricultural Development Board
Kentucky Agricultural Finance Corporation*



GOVERNOR'S MESSAGE



Agriculture is the heart and soul of our rural communities across the Commonwealth...and vital to future growth and development throughout Kentucky.

Steven L. Beshear
Governor

It has been slightly more than a decade since the Kentucky Agricultural Development Fund's programs were implemented and just over five years since I took office. During this time, we have continued looking at the successes of Kentucky agriculture and what the future may hold for the Kentucky Agricultural Development Fund (KADF).

Many factors played a role in growing Kentucky's agriculture economy over the last 10 years, and the KADF investments have been and will continue to be crucial to that growth. Investments made, not only in on-farm improvements through the county programs, but also in statewide resource projects like Kentucky Proud, the Kentucky Beef Network, the Kentucky Dairy Development Council, the Kentucky Horticulture Council and others, have proudly led Kentucky agriculture into a new farm economy and a brighter future.

During the 2012 fiscal year, we have focused on partnerships, which are very important in agriculture. One very special partnership between GOAP, the Kentucky Cattlemen's Association, Kentucky Pork Producers Association and the Kentucky Poultry Federation has allowed Kentucky Agricultural Development Funds to be leveraged for the promotion of agriculture throughout the Commonwealth. This partnership has allowed us to take advantage of a special program through the Kentucky Broadcasters Association (KBA) and air television and radio commercials that promote "Kentucky Farm Families: Feeding Kentucky; Feeding the World."

As generations move farther from the farm, it is increasingly important to instill an appreciation of the food and fiber system in consumers. Even with our efforts through the KBA project and efforts by other organizations, it still comes down to each farm family sharing their stories with friends, neighbors and even strangers, because who better to tell the story of agriculture than the farmers. Kentucky has a proud heritage and a promising future, which provides the foundation for a valuable story that we can share with others.

Agriculture is the heart and soul of our rural communities across the Commonwealth. It is a cherished part of our past, contributes to our current economy and is vital to future growth and development throughout Kentucky.



Kentucky's official marketing program, Kentucky Proud, is administered by the Kentucky Department of Agriculture with support from the Kentucky Agricultural Development Fund (KADF).

More than \$13 million from the KADF has been invested into the program.

TABLE OF CONTENTS

Governor’s Message	ii
Table of Contents	iv
Investments & Initiatives	
Agriculture Economic Development	1
On-Farm Production	2
Energy	3
Farmers’ Markets	4
Access to Capital	5
Local Foods	6
Appendices	
A: Financial Statements	I
B: KADF Investments by County	III
C: KAFC Investments by Program	IV
D. Background	VII
Acknowledgements	inside back cover
KADF Board Members	
KAFC Board Members	
GOAP Staff	
Photo Credits	

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INVESTMENTS & INITIATIVES

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.

Agricultural Economic Development

For nearly a year, the Kentucky Agricultural Development Board (KADB), the Kentucky Agricultural Finance Corporation (KAFC), staff of the Governor's Office of Agricultural Policy (GOAP) and many others participated in activities related to a challenge issued by Governor Beshear.

He challenged all to take a fresh look at the Kentucky Agricultural Development Fund (KADF) for opportunities that would lead to greater profitability for our farmers.

The following are the top five priorities that the KADB developed and used as a gauge in 2012 for funding considerations, program development and policy initiatives:

- 1) capital access for economic development;
- 2) promotion of the KADF and agriculture, in general;
- 3) value-added processing;
- 4) livestock marketing; and
- 5) on-farm investments.

Spotlight on Priority #2:

A Partnership to Promote Kentucky Agriculture

Food. Most of us think about food several times a day, even planning when, where and what we will eat. But, do we think about how it gets to our tables and by whom? The simple answer - Kentucky farm families: feeding Kentucky, feeding the world.

In 2012, GOAP partnered with the Kentucky Broadcasters Association's Public Education Partnership (PEP) program to increase the awareness of Kentucky agriculture and highlight the integral role farm families play across the Commonwealth. In each spot, you will hear the tag line, "Kentucky farm families: feeding Kentucky, feeding the world."

This initiative also has allowed GOAP to have a very special partnership for the PEP program, leveraging Kentucky Agricultural Development Funds with three leading livestock commodity groups: the Kentucky Cattlemen's Association, Kentucky Pork Producers and the Kentucky Poultry Federation.

Farm families from these commodity groups were featured in commercials and radio spots along with other agricultural sectors throughout the year.



On-Farm Investments

While capital access, value-added processing, promotion and marketing 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.

County Agricultural Investment Program

The County Agricultural Investment Program (CAIP) provides farmers with incentives to allow them to improve and diversify their current production practices.

CAIP covers a wide variety of agricultural enterprises, including commercial production of aquaculture; bees and honey; equine; forage; fruit; livestock; mushrooms; ornamental horticulture; poultry; rabbits; timber; and vegetables, as well as agritourism business development; commercial kitchen construction or conversion; energy efficiency/production; and on-farm water enhancement.

In fiscal year 2012, 78 counties made CAIP available to their farm families with more than \$16.2 million invested.

See Appendix C for specific counties.



Shared-use initiative: This initiative made available enough state funds that when combined with the county's annual allotment could total up to \$15,000.

The funds could be used to implement the current shared-use equipment program within the county or in cooperation with neighboring counties.

The following counties participated: Bell, Boyd, Knott, McCreary, Perry.

See Appendix B for equipment specifics.



Shared-Use

The Shared-Use Equipment Program was 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.

During fiscal year 2012, 17 counties invested \$303,706 into shared-use equipment.

See Appendix B for specific counties.

Energizing Kentucky Agriculture

With the price of fuel and utility costs continually escalating, more farmers are seeking alternate ways to save energy and money. There are many energy efficient investments that can make farming operations more profitable by using less energy. By controlling energy costs, our farmers can save significant revenue and can reinvest these resources in their families and operations.

Thanks to funding provided through the American Recovery & Reinvestment Act (ARRA), the On-Farm Energy Efficiency and Production incentives, farmers have been able to increase energy efficiency in their operations, allowing them to become more sustainable and profitable.

Since the program began in 2009, 164 grants were awarded totaling more than \$1.3 million. Those investments have saved nearly \$2 million in annual energy costs and 243 billion BTUs.

Recipients of the ARRA energy incentives received 25% reimbursement of the actual cost of a federally qualified energy savings or production project up to \$10,000. These grants have provided enormous benefit to Kentucky farm families and positioned Kentucky agriculture as a leader in on-farm energy efficiency.

Another component of the ARRA on-farm energy program involved projects focused on cooperative efforts among a variety of entities, including farmers, higher education groups, associations and the private sector. The Multi-County Energy Initiative, as it was called, emphasized a regional approach to advancing renewable energy production and energy efficiency on the farm.



Continued Investment in On-Farm Energy

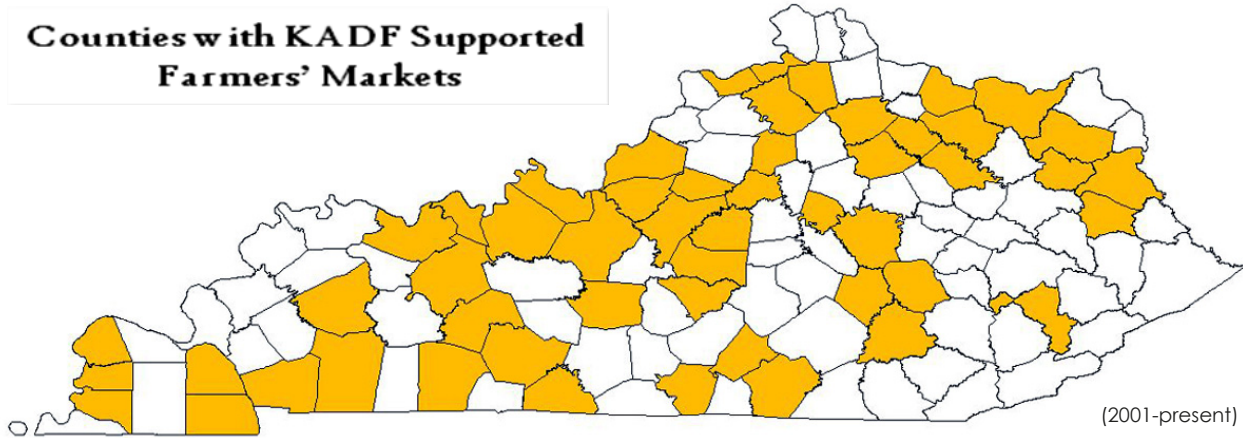
Federal funding for this program has expired, but its legacy lives on in the KADF On-Farm Energy Efficiency & Production program. The KADB was so impressed with the results of the ARRA supported program that it modeled its own program after it. The KADB's initial investment for its 2012 On-Farm Energy Efficiency & Production program was \$2 million from the KADF.

As of June 30, 2012, 81 applications, totaling \$696,288, were approved for KADF energy funds. The 2012 program will wrap up its funding in February 2013.

The benefits of both of these programs will be recognized for generations to come. For more information, visit <http://ag-energy.ky.gov/>.

Farmers' Markets: Investments in Our Communities

Counties with KADF Supported Farmers' Markets



Over the last decade, interest in local foods and awareness of the impact that buying local has on a community's economy has increased dramatically. As a result, interest in community-based farmers' markets has risen for both consumers and farmers alike. The farmers' market provides a conduit for farmers and consumers to build relationships, including an understanding of farming practices and the consumer's needs and values.

According to the Kentucky Department of Agriculture, there were 147 farmers' markets in the Commonwealth in 2012. As of June 30, 2012, the KADF had supported 54 farmers' markets in 52 counties to the tune of \$2.6 million (\$1.5 million county and \$1.1 million state).

The KADB continued its support of the local foods movement through its 2011 Farmers' Market Infrastructure Competitive Awards Program, which provides an opportunity for local farmers' markets to access state funds for the construction of new permanent facilities for their markets. Up to \$250,000 in state funds was available for this program with a maximum of \$25,000 that any one applicant may receive in state funds.

Two markets were awarded a total of \$38,500 in state funds and \$5,000 in county funds for the 2011 program. As of June 30, 2012 seven applications had been submitted for funding through the 2012 program.



Access to Capital

KAFC offers an annual interest rate of two percent (2% a.p.r.) in its six participation loans, allowing participating lenders to charge a 0.75% servicing fee. Direct loans are available through two programs and are provided at Wall Street Journal prime.

Loan Programs

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

The **Agricultural Processing Loan Program (APLP)** is designed to provide loan opportunities to companies and individuals in Kentucky interested in adding value to Kentucky grown agricultural commodities through further process. KAFC will provide or participate in loans that may cover construction of a new facility and renovation/expansion of an existing facility.

The **Beginning Farmer Loan Program (BFLP)** is designed to assist individuals who have some farming experience who desire to develop, expand or buy into a farming operation. KAFC will participate in loans to purchase livestock, equipment, agriculture facilities, to secure permanent working capital, purchase real estate or invest in a partnership or LLC.

KAFC 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 (CVALP)** may provide or participate in loans for renovation/expansion of existing facilities, acquisition of equipment and permanent working capital to facilitate expansion.

The **Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)** provides financing to beginning agri-entrepreneurs who are attempting to diversify their farming operations through non-traditional agricultural production or services. DEAL may provide financing for equipment, facilities, working capital and real estate with a participating lender.

The **Large/Food Animal Veterinary Loan Program (VET)** 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.

As of June 30, 2012, KAFC had approved a cumulative total of 397 loans for more than \$47 million and accumulated over \$4 million in interest. KAFC also continues to service 13 KADB zero interest loans, totaling \$2,794,729.

See Appendix A for balance sheet and cash flow statement.

Total investments by program, FY2012:

AILP, 21	\$1,557,025 (20%)
APLP, 5	\$3,604,939 (47%)
BFLP, 16	\$2,361,739 (31%)
DEAL, 1	\$ 100,000 (1%)
VET, 1	\$ 100,000 (1%)

See Appendix C for specific loans.

Local Foods Initiatives

"The average meal in the United States travels 1,500 miles from the farm to the dinner table. By growing gardens in our backyards across Kentucky or buying locally grown produce, families can eliminate wasteful burning of fossil fuels and have access to fresher, healthier produce."

– First Lady Jane Beshear

The Governor's Office of Agricultural Policy (GOAP) has been working closely with First Lady Jane Beshear on her local foods initiatives, which includes the Governor's Garden program that is now housed at GOAP.

The Governor's Garden program began in 2009, inspired by First Lady Michelle Obama's garden at the White House. The First Lady partnered with several government, education and agricultural organizations to launch Kentucky's first Governor's Garden on the grounds of Berry Hill Mansion in Frankfort.

Since that time the program has grown to six Governor's Garden sites and has inspired numerous other garden sites in communities and schools across the Commonwealth. The majority of the produce harvested from each official Governor's Garden site is donated to



local soup kitchens and food pantries or prepared at onsite kitchens.

To increase awareness about the benefits of locally grown food and provide more opportunities for consumers to access information, the First Lady approached the University of Kentucky's College of Agriculture about developing a one-stop, online location for Kentuckians to find local food resources in their communities.

The Kentucky and Local Foods Resources webpage, <http://www2.ca.uky.edu/foods>, provides links to national, state and local resources available, as well as resources available through the UK College of Agriculture.

2012 Garden Locations: Berry Hill Mansion, Frankfort; Governor's Mansion, Frankfort; Kentucky Exposition Center, Louisville; Kentucky Horse Park, Lexington; Kentucky FFA Training Center, Hardinsburg; and Locust Trace Agri-Science Farm & School, Lexington

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APPENDIX A: Financial Statements

Kentucky Agricultural Development Fund Fiscal Year 2012

FUNDS	STATE	COUNTY	TOTAL	Off Budget
				COUNTY
ADF Beginning Cash-July 2011	\$ 28,457,959		\$ 28,457,959	\$ 18,385,725
Transfers In	\$ 1,272,225	\$ 16,419,375	\$ 17,691,600	\$ 16,419,375
Interest earned				\$ 27,987
ADF Funds Available	\$ 29,730,184	\$ 16,419,375	\$ 46,149,559	\$ 34,833,087
EXPENDITURES				
Disbursements/Expenditures	\$ 6,964,181		\$ 6,964,181	\$ 18,790,453
		\$ 16,419,375	\$ 16,419,375	
ADF Expenditures	\$ 6,964,181	\$ 16,419,375	\$ 23,383,556	\$ 18,790,453
Cash Balances	\$ 22,766,003	\$ -	\$ 22,766,003	\$ 16,042,634
Grants - Unexpended commitments	\$ (3,635,651)		\$ (3,635,651)	\$ (2,270,286)
Actual Available Balance	\$ 19,130,352		\$ 19,130,352	\$ 13,772,348



Kentucky Agricultural Finance Corporation Statement of Financial Position, as of June 30, 2012

ASSETS

Interest Eamed from Loans	\$ 3,100,576
Interest Eamed from State Investment Commission	\$ 1,085,366
Account 2802 (Interest Fund)	\$ 4,185,942
Account 2803 (Loan Fund)	\$ 5,108,722
Funds Loaned to Borrowers	\$ 27,111,835
KADB Approved Loans not Transferred	\$ -
Authorized, unissued	\$ 2,000,000
Total Assets:	\$ 38,406,499

APPENDIX A: Financial Statements (cont.)

Cash Flow (FY2012)

Kentucky Agricultural Finance Corporation

Fiscal Year Begins: Jul-11

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total Item
Cash on Hand (beginning of month)	6,476,593	6,629,670	6,614,421	6,731,043	6,652,464	6,698,931	7,074,647	8,515,454	8,189,931	7,976,865	7,854,709	7,741,232	
CASH RECEIPTS													
Principal Payments (2803)	130,527	129,958	187,556	140,629	186,941	338,603	1,185,439	315,822	223,357	343,857	479,245	2,053,606	5,715,537
Interest Payments (2802)	22,550	19,611	25,817	14,483	19,755	61,244	279,805	25,458	25,460	62,638	18,364	80,002	655,186
Interest Earned (SIC / 2802)	0	0	441	757	751	870	150	109	118	599	432	6,656	10,881
TOTAL CASH RECEIPTS	153,077	149,569	213,813	155,869	207,447	400,716	1,465,394	341,388	248,934	407,093	498,040	2,140,264	6,381,604
Other Income (Grants, 0% Loans)											50,000		50,000
Total Cash Available (before cash out)	6,629,670	6,779,240	6,828,234	6,886,911	6,859,911	7,099,647	8,540,041	8,856,842	8,438,865	8,383,959	8,402,749	9,881,496	
CASH PAID OUT													
Loans Closed (Funds Wired)	0	164,819	97,191	234,447	160,980	25,000	24,587	666,911	462,000	529,250	661,517	586,832	3,613,534
Refunds to KADB													0
TOTAL CASH PAID OUT	0	164,819	97,191	234,447	160,980	25,000	24,587	666,911	462,000	529,250	661,517	586,832	
Cash Position (end of month)	6,629,670	6,614,421	6,731,043	6,652,464	6,698,931	7,074,647	8,515,454	8,189,931	7,976,865	7,854,709	7,741,232	9,294,664	
ESSENTIAL OPERATING DATA (non cash flow information)													
Loans Committed, Not Paid (\$)	2,163,523	2,750,204	2,565,693	2,837,091	4,339,091	4,339,091	4,434,853	5,945,267	5,495,267	3,866,143	5,796,630	5,414,377	
Debt Balance (owed K AFC)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
Total K AFC Funds (uncommitted)	6,466,147	5,864,216	6,165,349	5,815,373	4,359,840	4,735,556	6,080,600	4,244,664	4,481,598	5,988,566	3,944,602	5,880,287	
Pending Loans (\$)	100,000	1,273,000	1,938,000	1,505,000	650,000	521,000	315,000	0	350,000	100,000	100,000	100,000	

K AFC Linked Deposit Loan Program: Fiscal Year 2012 Activity Report

Outstanding Loans Per Lender as of June 30, 2012

Lending Institution	Outstanding Balance	Total Loans
Kentucky Bank	\$ 57,501.66	3
South Central Bank of Barren County	\$ 503,248.97	12
Traditional Bank	\$ 25,950.12	1
\$	586,700.75	16

Loan Payoffs July 1, 2011 - June 30, 2012

Lending Institution	Borrower
South Central Bank	Barron, Paul Eric
	Bay Wash, Inc.
	Bellamy, Mike
	Bragg, Willard and Lee Ann
	Burris, Roger
	Dennison, Gary L.
	Furlong, Douglass and Pauletta
	Greer, Zane
	Holman, Neal and Rita
	Perry, Jason and Sherry
Springfield State Bank	Reece, Daniel
	Simpson, Brent and Natalie
	Slinker, Todd
Traditional Bank	Medley, John Jr. & Marion
	Thompson, Anthony and Amy
Traditional Bank	Howard, Ricky

APPENDIX B: KADF Investments FY 2012

Applications approved between July 1, 2011 and June 30, 2012

Nearly \$22 million was invested in state, regional and local projects and programs between July 1, 2011 and June 30, 2012.

State/Regional

Agribusiness Technical Assistance

The Kentucky Center for Agriculture and Rural Development (KCARD) was approved for \$600,000 in state funds to continue providing business support services and technical assistance to rural agribusinesses across Kentucky through 2013.

Biofuel Pellet Mill Study

The Bracken County Agricultural Advancement Council was approved for \$14,500 in state and \$21,000 in county funds for a feasibility study to determine the viability of constructing and operating a biofuel pellet mill in the Bracken County Industrial Park.

County contributions to the project are as follows: Bath - \$1,000; Bracken - \$15,000; Lewis - \$1,000; Mason - \$2,000; Pendleton - \$1,000 and Robertson.

Blueberry Marketing Facility

The Edmonton-Metcalf County Industrial Authority was approved for \$51,000 (\$23,000 in state and \$28,000 in multi-county funds) to construct a regional marketing facility for blueberries to assist the efforts of the Kentucky Blueberry Growers Association.

County contributions to the project are as follows: Adair - \$2,000; Allen - \$5,000; Barren - \$5,000; Hart - \$5,000; and Metcalfe - \$11,000.

Building a Local Food Economy

Louisville/Jefferson County Metro Government was approved for \$120,000 in state funds for the continuation of the Louisville Farm to Table Program, which works to provide area farmers increased access to Louisville's consumer market.

Additionally, \$250,000 was approved to be transferred to the Kentucky Agricultural Finance Corporation to administer the Louisville Agribusiness Loan Program, which will provide low-interest capital to agribusinesses that process or add value to Kentucky grown or raised products in Louisville's Portland neighborhood.

Center for Sustainability of Farms and Families Initiatives

Kentucky State University was approved for \$998,000 in state funds over two years to implement the initiatives of the Kentucky Center for Sustainability of Farms and Families to foster development and improve

profitability of tobacco dependent small farms, as well as underserved and limited resource farmers within the Commonwealth.

Equine Economic Impact Survey

The Kentucky Horse Council Inc. was approved for \$300,000 in state funds to conduct a comprehensive equine survey about the impact the entire equine industry has on the Commonwealth.

Feral Hog Control

Nonprofit Dynamics Inc. was approved for \$24,641 in county and up to \$31,141 in state funds to establish a three-tiered pilot program to control the feral hog population in Obion Creek watershed.

Counties contributing to the project are as follows: Carlisle - \$5,000; Graves - \$10,000; and Hickman - \$9,641. The three tiers will be used to stop expansion and provide a substantial reduction in feral hog populations in the area.

Lamb Marketing

Four Hills Farm LLC was approved for a \$4,000 grant in Mercer County funds and a \$50,000 one percent (1%) interest loan in state funds to expand their lamb enterprise, which markets Kentucky raised lamb to restaurants and food service markets.

Livestock Sale Facility

Bluegrass Stockyards of Albany LLC was approved for \$30,000 in Clinton and \$5,000 in Wayne County funds for the construction of a 50,000-square-foot stockyard facility in Albany. The facility will provide a competitive, modern livestock auction market for farmers in south central Kentucky.

Meat Processing, Retail Distribution

The Wolfe County Fiscal Court was approved for up to \$350,000 in a combination of state and county funds to develop a USDA-approved meat processing facility and retail distributorship. Funds are for the facility's meat cooling system.

County contributions to the project are as follows: Breathitt - \$10,000; Elliott - \$4,289; Lawrence - \$2,500; Morgan - \$20,000; Perry - \$3,211; Rowan - \$10,000; and Wolfe - \$20,000.

Multi-County Large Animal Composting

W. Brent Woodrum was approved for \$22,500 in multi-county funds to purchase equipment and materials for a multi-county fallen animal composting service site in Casey County.



Saddlebred horses in Bourbon County

County contributions include the following: Adair - \$5,000; Casey - \$10,000; Marion - \$2,500; and Russell - \$5,000.

Regional Agri-Education Facility

The Fleming County Board of Education was approved for \$78,500 in county funds for a regional agriculture education facility in the Buffalo Trace area to provide hands-on experience for students.

Contributions were from the following counties: Bath - \$10,000; Bracken - \$1,000; Fleming - \$50,000; Lewis - \$5,000; Mason - \$10,000; and Menifee - \$2,500.

Sheep & Goat Development

The Kentucky Sheep and Goat Development Office Inc. was approved for \$40,000 in state funds to continue the services provided by the office to sheep and goat producers.

Value-Added Processing and Distribution

Grasshopper Distribution LLC was approved for a \$200,000 loan in state funds, as well as up to \$50,000 in state funds as a grant to be matched with county funds. These funds will be used to establish a value-added processing facility and for building improvements to meet growing consumer and institutional demand in the Louisville area for locally-grown produce.

Vineyard & Winery Technical Assistance

The Kentucky Vineyard Society Inc. was approved for \$515,000 in state funds over two years to provide technical assistance and education to Kentucky's vineyards and wineries.

APPENDIX B: KADF Investments FY2012 (cont.)

Investments by County

Adair

CAIP \$227,000
 DAR \$ 7,500
 Energy \$ 57,290 (9 recipients)

**See also state/regional, Blueberry Marketing Facility (\$2,000)*

Allen

CAIP \$160,181
 Energy \$ 7,500

**See also state/regional, Blueberry Marketing Facility (\$5,000)*

Barren

CAIP \$470,000
 Energy \$ 14,375 (2 recipients)

**See also state/regional, Blueberry Marketing Facility (\$5,000)*

Bath

CAIP \$500,000

**See also state/regional, Biofuel Pellet Mill Study (\$1,000)*

**See also state/regional, Regional Education Facility (\$10,000)*

Bell

Shared-Use \$15,000
 Equipment Initiative
plastic mulch/trickle tube layer; livestock trailer

Bourbon

CAIP \$338,500
 Energy \$ 10,000

Boyd

Shared-Use \$12,792
 Equipment Initiative
disc seeder, hydro seeder, aerator, sprayer

Boyle

CAIP \$179,000
 DAR \$ 7,500

Bracken

CAIP \$341,263

**See also state/regional, Biofuel Pellet Mill Study (\$15,000)*

**See also state/regional, Regional Education Facility (\$1,000)*

Breathitt

CAIP \$ 75,000

**See also state/regional, Meat Processing, Retail Distribution (\$10,000)*

Breckinridge

CAIP \$250,000
 Energy \$ 10,000

Bullitt

CAIP \$ 90,000

Butler

CAIP \$ 37,666

Agricultural Education Facility

The City of Morgantown was approved for \$3,500 in Butler County funds for the enhancement of the education/training room at the Ag. Expo Center in Butler County.

Youth Education: Aquaculture

The Butler County Board of Education on behalf of the Green River School was approved for \$2,558 in Butler County funds to incorporate aquaculture education into the Green River School's agriculture curriculum.

Youth Education: Livestock Scales

The Butler County Board of Education, on behalf of the Butler County FFA program, was approved for \$1,100 in Butler County funds to purchase portable digital livestock scales for use during youth sales and shows.

Caldwell

CAIP \$ 54,500
 Energy \$ 6,411

Calloway

Energy \$ 50,000 (5 recipients)

Campbell

CAIP \$ 30,553

Carlisle

CAIP \$ 40,000
 Energy \$ 10,000

**See also state/regional, Feral Hog Control (\$5,000)*

Carroll

CAIP \$185,000

Show Hog Initiative

Carroll County Agriculture Development Fund Inc., on behalf of Carroll County FFA Alumni, was approved for \$1,500 in Carroll County funds for the Carroll County Show Hog Initiative for local youth.

Casey

CAIP \$274,700

**See also state/regional, Multi-County Large Animal Composting (\$10,000)*

Christian

CAIP \$250,000

Clark

CAIP \$175,000 (2011)
 CAIP \$250,000 (2012)

Shared-Use Storage Facility

The Clark County Conservation District was approved for \$3,783 in Clark County funds to purchase a semi-permanent facility to house the county's shared-use equipment.

Clay

CAIP \$415,000

Shared-Use \$10,013

Equipment

2-row, 4-row corn planters

Clinton

CAIP \$115,000

DAR \$ 1,137

Energy \$ 10,000

**See also state/regional, Livestock Sale Facility (\$30,000)*

Cumberland

CAIP \$146,500

Energy \$ 10,000

Daviess

CAIP \$150,000

Energy \$ 40,000 (4 recipients)

Shared-Use \$5,000

Equipment

cattle chute, scales

Youth Cost-Share Program

The Green River Area Beef Improvement Group Inc. was approved for \$20,000 in Daviess County funds to provide a youth cost-share program for youth in Daviess County.

Edmonson

CAIP \$ 43,526 (2011)

CAIP \$124,970 (2012)

(Continued on page V)



Bach Family, of Bath County

APPENDIX B: KADF Investments FY2012 (cont.)

Elliott

*See state/regional, Meat Processing, Retail Distribution (\$4,289)

Estill

CAIP \$ 85,000

Fayette

CAIP \$350,000

Shared-Use \$13,500
Equipment
in-line bale wrapper

Purchase of Development Rights

Fayette County Rural Land Management Board Inc. was approved for \$25,000 in Fayette County funds for purchase of development rights on rural farmland in Fayette County.

Fleming

CAIP \$308,784
DAR \$ 5,250

*See also state/regional, Regional Education Facility (\$50,000)

Franklin

DAR \$ 4,500
Energy \$ 10,000

Shared-Use \$4,065
Equipment manure spreader

High School Greenhouse

The Franklin County Public Schools were approved for \$45,000 in Franklin County funds for the construction of a greenhouse at Franklin County High School.

Fulton

Energy \$ 30,000 (3 recipients)

Gallatin

CAIP \$100,165

Garrard

CAIP \$300,000
DAR \$ 2,500



Paul Family, of Bourbon County

Forage Management Education

The Garrard County Board of Education was approved for \$30,000 in Garrard County funds to implement a forage management program on the Garrard County FFA farm for youth and adult education. The project will include renovating land on the farm to make it suitable for pasture and forage crops, which will be used as livestock feed and other educational purposes.

Grant

CAIP \$190,000

Shared-Use \$52,559
Equipment
silage bagger, in-line bale wrapper

Graves

CAIP \$ 87,227
Energy \$ 20,000 (2 recipients)

*See also state/regional, Feral Hog Control (\$10,000)

Grayson

CAIP \$203,400 (2011)
CAIP \$180,000 (2012)
Energy \$ 10,000

Green

CAIP \$340,000

Agriculture Marketing Center Enhancements

The Green County Cattlemen's Association was approved for \$12,500 in Green County funds for additional seating and enhancements to the Green County Agriculture and Marketing Center.

Greenup

CAIP \$169,582

Mobile Agricultural Classroom Expansion

The Greenup County Farm Bureau was approved for \$10,000 in Greenup County funds to expand an existing agricultural mobile classroom for their "Moving Agriculture Forward" education initiative.

Hancock

CAIP \$114,108

Hardin

CAIP \$155,000 (2011)
CAIP \$150,000 (2012)
DAR \$ 7,500
Energy \$ 10,000



The O'Bryans, of Daviess County

Harrison

CAIP \$350,000
DAR \$ 7,500

Shared-Use \$8,950
Equipment
lime spreader

Hart

CAIP \$370,000
DAR \$ 7,500

Farmers' Market Infrastructure Award

The Hart County Chamber of Commerce was approved for \$13,500 in state funds to construct a 40 by 80 open pavilion for the Hart County farmers' market through the 2011 Farmers' Market Infrastructure Competitive Awards Program.

*See also state/regional, Blueberry Marketing Facility (\$5,000)

Henderson

Energy \$ 10,000

Henry

CAIP \$331,894
DAR \$ 7,500 (2011)
DAR \$ 7,500 (2012)

Hickman

Energy \$ 95,593 (10 recipients)

*See also state/regional, Feral Hog Control (\$9,641)

Hopkins

Youth Greenhouse

The Hopkins County Board of Education was approved for \$19,000 in Hopkins County funds for the construction of a greenhouse at Madisonville North Hopkins High School.

Jackson

CAIP \$156,000

Jefferson

CAIP \$ 40,000

(Continued on page VI)

APPENDIX B: KADF Investments FY2012 (cont.)



The Turners, of McLean County

Jessamine

CAIP \$400,000
Energy \$ 5,679

Farmers Back to School Program

Jessamine County FFA Alumni Association was approved for \$10,000 in Jessamine County funds to provide financial assistance to farmers or their spouses in furthering their education through post-secondary or vocational school.

Youth Cost-Share Program

Jessamine County FFA Alumni Association was approved for \$8,000 in Jessamine County funds to support youth 4-H or FFA projects.

Kenton

CAIP \$ 84,690

Knott

Shared-Use \$11,246
Equipment Initiative
lime spreader, mulch layer

Laurel

CAIP \$187,446

Lawrence

**See state/regional, Meat Processing, Retail Distribution (\$2,500)*

Lewis

CAIP \$290,000

Processing Facility Expansion

Corey L. Collins, owner/operator of Garrison Meat Processing, was approved for \$3,000 in Lewis County funds for the expansion of his meat processing facility in Lewis County.

**See also state/regional, Biofuel Pellet Mill Study (\$1,000)*

**See also state/regional, Regional Education Facility (\$5,000)*

Lincoln

CAIP \$290,000
DAR \$ 7,500

Livingston

Energy \$ 407

Logan

Energy \$ 20,000 (2 recipients)

Lyon

CAIP \$ 34,864

Madison

CAIP \$264,012

Shared-Use \$13,380
Equipment (2011)
no-till drill

Shared-Use \$11,625
Equipment (2012)
no-till drill

Marion

CAIP \$232,777

**See also state/regional, Multi-County Large Animal Composting (\$2,500)*

Marshall

CAIP \$ 25,000

Energy \$ 29,900 (3 recipients)

Mason

CAIP \$268,607

**See also state/regional, Biofuel Pellet Mill Study (\$2,000)*

**See also state/regional, Regional Education Facility (\$10,000)*

McCracken

CAIP \$103,346

Energy \$ 10,000

McCreary

Shared-Use \$17,813
Equipment Initiative
no-till drill

McLean

CAIP \$ 79,009

Energy \$ 24,300 (4 recipients)

Meade

CAIP \$ 87,351

Menifee

**See state/regional, Regional Education Facility (\$2,500)*

Mercer

CAIP \$210,000

DAR \$ 7,500

**See also state/regional, Lamb Marketing (\$4,000)*

Metcalfe

CAIP \$239,627

Energy \$ 19,990 (2 recipients)

Shared-Use \$32,637
Equipment
no-till drill, bale wrapper

4-H Country Ham Project

The Metcalfe County 4-H Council was approved for \$1,776 in Metcalfe County funds to assist youth with their country ham projects.

Livestock Facility Renovation

The Metcalfe County Fiscal Court was approved for \$7,000 in Metcalfe County funds to renovate the livestock arena at the fairgrounds to expand access to the grounds for agricultural events.

**See also state/regional, Blueberry Marketing Facility (\$11,000)*

Monroe

CAIP \$145,581

Energy \$ 30,000 (3 recipients)

Shared-Use \$32,763
Equipment
no-till drill, boom sprayer

Montgomery

CAIP \$175,000

DAR \$ 7,500

Shared-Use \$20,850
Equipment
in-line bale wrapper

Morgan

**See state/regional, Meat Processing, Retail Distribution (\$20,000)*

Muhlenberg

Energy \$ 2,808

Nelson

CAIP \$115,000

DAR \$ 7,500

Fallen Animal Removal Truck

Nelson County Fiscal Court was approved for \$30,000 in Nelson County funds to purchase a truck for hauling fallen animals to the local landfill for proper disposal.

(Continued on page VII)



Butler/Evans, of McLean County

 **APPENDIX B: KADF Investments FY2012 (cont.)**



Nicholas

CAIP \$300,000
 Shared-Use \$15,000
 Equipment
in-line bale wrapper

Ohio

CAIP \$149,012

Oldham

CAIP \$ 46,549

Owen

Youth Cost-Share Program
 The Owen County 4-H Club Council Inc. was approved for \$20,000 in Owen County funds to offer a youth cost-share program that will provide a 50 percent match up to \$1,000 for youth participating in a 4-H livestock project.

Owsley

CAIP \$267,000

Pendleton

**See state/regional, Biofuel Pellet Mill Study (\$1,000)*

Perry

Shared-Use \$11,808
 Equipment Initiative
no-till drill

**See also state/regional, Meat Processing, Retail Distribution (\$3,211)*

Powell

CAIP \$ 72,032
 DAR \$ 5,000

Pulaski

CAIP \$400,000
 Shared-Use \$6,084
 Equipment (2011)
lime spreader

Shared-Use \$8,998
 Equipment (2012)
no-till drill

Specialized Fencing Implement

The Pulaski County Conservation District was approved for \$7,419 in Pulaski County funds to purchase a trailer-mounted, self-contained post driver for use by producers in the area.

Robertson

CAIP \$251,750
 Energy \$ 1,396

Rowan

CAIP \$ 80,000

**See also state/regional, Meat Processing, Retail Distribution (\$10,000)*

Russell

Energy \$ 2,617
 Shared-Use \$12,415
 Equipment
no-till drill

**See also state/regional, Multi-County Large Animal Composting (\$5,000)*

Scott

CAIP \$333,817
 DAR \$ 7,500

Farm Market with Commercial Kitchen

Triple J Farm was approved for \$18,750 in Scott County funds and \$18,750 in state funds as a 1% loan for improvements to an on-farm retail market, including a commercial kitchen to create value-added products and provide a market for other farmers' produce.

Shelby

Greenhouse, Retail Market
 Gallrein Farms Inc. was approved for \$150,000 in Shelby County funds to expand the greenhouse and retail operations of the farm, which will allow them more space for other Kentucky grown products to offer their growing customer base.

Simpson

CAIP \$ 88,185
 Energy \$ 7,500

Spencer

CAIP \$150,000
 DAR \$ 5,988

Taylor

CAIP \$355,000
 DAR \$ 7,500
 Energy \$ 10,000

Youth Heifer Chain

The Taylor County Cattlemen's Association Inc. was approved for \$15,000 in Taylor County funds to offer a heifer chain program to youth in the county.

Todd

CAIP \$375,000

Receiving Station Expansion

Scott B. Shackelford was approved for \$31,414 in Todd County funds for the expansion of a produce receiving station that consolidates crops for produce growers in the region.

Trigg

Energy \$ 10,000

Trimble

CAIP \$191,626

Union

Energy \$ 10,000

Warren

CAIP \$220,386
 Energy \$ 80,522 (9 recipients)

Washington

CAIP \$447,576
 Energy \$ 10,000

Educational Facility Development

The Washington County Extension District Board was approved for \$16,960 in Washington County funds for the renovation of an old tobacco barn into a farm family educational facility.

On-farm Water Development

Padgett Farms LLC was approved for \$15,000 in Washington County Agricultural Development Funds to install an 8-inch water main at its greenhouse operation in Washington County.

Wayne

CAIP \$120,000
 Energy \$ 10,000

Farmers' Market Infrastructure Award

The Wayne County Fiscal Court was approved for \$25,000 in state funds to construct a 1,900-square-foot open pavilion for the Wayne County farmers' market through the 2011 Farmers' Market Infrastructure Competitive Awards Program.

**See also state/regional, Livestock Sale Facility (\$5,000)*

Whitley

CAIP \$ 75,621

Wolfe

CAIP \$ 98,060

**See also state/regional, Meat Processing, Retail Distribution (\$20,000)*

Woodford

CAIP \$250,000

High School Greenhouse

The Woodford County Board of Education was approved for \$33,250 in Woodford County funds to construct a greenhouse at Woodford County High School.

APPENDIX C: KADC Loans by Program, FY2012

Agricultural Infrastructure Loan Program

Bell, Benjamin "Dwain"	Calloway	\$ 25,000	construction of a dark fired tobacco barn
Byassee, Todd	Carlisle	\$ 108,328	upgrade of swine barns
Colley, Ronald	Christian	\$ 50,000	improvements to existing farmland for expansion of feeder cattle operation
Combs, Howell	Monroe	\$ 24,587	construction of a Pac barn
Denison, Paul	Hart	\$ 25,000	construction of a bio mass greenhouse
Fair, Christopher	Casey	\$ 87,500	<i>Fair Grain Farms, Inc.</i> construction of a 60,000 bushel grain bin
Farmer, Jacob	Hickman	\$ 150,000	construction of 2 Tost Swine finishing barns
Grant, Dennis	Daviess	\$ 100,000	<i>Grant Farms</i> construction of a grain bin, new leg and grain pit
Hardin, William	Marion	\$ 40,000	construction of a 50,000 bushel grain bin
List, Robert	Fleming	\$ 15,000	construction of a 40 x 48 free stall barn
Morrison, Tim	Hickman	\$ 47,110	<i>Tim Morrison Poultry</i> energy and equipment updates to 6 Tyson Broiler barns
Myatt, Charles	Ballard	\$ 150,000	<i>Myatt Farms</i> construction of 2 Pilgrim's Pride egg barns
Porter, Chad and Jennifer	Ohio	\$ 75,000	<i>Porter Grain Farms, LLC</i> construction of a 90,000 bushel grain storage bin
Rose, Joyce	Graves	\$ 65,000	purchase 73 acres, equipment, and livestock
Rudy, James	Daviess	\$ 55,000	construction of a tool shed
Smith, Richard	Marion	\$ 33,000	construction of a 45,315 bushel grain bin
Smith, Gregory A.	Graves	\$ 150,000	<i>Smith Farm Land, LLC</i> construction of 2 Pilgrims poultry houses
Stephen, Brad	Daviess	\$ 110,000	<i>Stephen Farms LLC</i> improvement of existing grain complex, add storage and upgrade the dryer system
Stewart, Stephen	Bourbon	\$ 100,000	<i>Stewart Property Holding, LLC</i> construction of a 20 stall horse barn
Trunnell, Edward	Daviess	\$ 100,000	construction of a grain dryer
Wade, Gerald and Bonnie	Harrison	\$ 46,500	<i>Wade and Wade Farms, LLC</i> construction of 2 tobacco barns
Diversification through Entrepreneurship			
Collins, Corey	Lewis	\$ 100,000.00	<i>Garrison Meat Processing</i> purchase real estate, equipment and to make improvements to a meat processing facility

Agricultural Processing Loan Program

Ackermann, Alexandra	Marion	\$ 54,939	<i>White Moon Winery, LLC</i> construction of a winery
Akers, Jim	Clinton	\$ 400,000	<i>Blue Grass Stockyards of Albany, LLC</i> purchase of approximately 10 acres and construction of a livestock marketing facility
Matingly, Kenneth	Barren	\$ 150,000	construction of a building for cheese making
Purnell, Fred	Shelby	\$ 1,500,000	<i>F.B. Purnell Sausage Co., Inc.</i> expansion of production facilities and to purchase additional refrigeration and meat processing equipment
Beginning Farmer Loan Program			
Cochran, Mark	Hardin	\$ 250,000.00	<i>Cochran Stock Farm</i> construction of a 80' x 250' swine facility with deep pit storage underneath for manure storage
Courtney, Mary	Shelby	\$ 200,500.00	<i>Courtney Farms, LLC</i> purchase 105 acres
Driscoll, Derek	Graves	\$ 98,750.00	purchase 54.76 acres of farmland
Grubbs, Jason	Hickman	\$ 250,000.00	purchase of 6 Tyson broiler barns
Guinn, Dennis	Boyle	\$ 216,566.00	purchase a 102.01 acre farm
Hicks III, J. C.	Henderson	\$ 34,687.00	<i>Cross Plains Farms LLC</i> purchase 28.76 acre farm
Hicks III, J. C.	Henderson	\$ 50,000.00	<i>Cross Plains Farms, LLC</i> purchase a 58.8 acre farm
Higdon, Brandon	Webster	\$ 75,950.00	purchase of 1/2 undivided interest of 116 acres of farmland
Jones, Ethan	Marion	\$ 147,286.00	purchase an 87.97 acre farm
McKay, Bradley	Henderson	\$ 237,500.00	<i>McKay Farms</i> purchase one-half interest in a 150 acre farm
McLean, John	Taylor	\$ 250,000.00	<i>MacFarm, Inc</i> construction of an anaerobic digester
Poole, Wesley	Daviess	\$ 56,000.00	<i>Wes Poole Farms</i> purchase 22.1 acres
Smith, Corey	Garrard	\$ 60,000.00	purchase 110 acres to build a feeder steer operation
Stephen, Nicholas	Daviess	\$ 100,000.00	purchase one-third interest into farming partnership, Stephen Farms, LLC with uncle and brother
Welly, Lee	Boyle	\$ 110,000.00	purchase of 57 acres
Young, Greg	Marion	\$ 224,500.00	construction of a beef cattle feeding barn and stack pad at 2500 Sam Browning Road (Greg's farm) and a commodity storage barn on H & L Young Farms
Large/Food Animal Veterinary Loan			
Hancock, Karen	Scott	\$ 100,000.00	<i>Scott County Veterinary Clinic, Inc.</i> purchase and renovation of Scott County Veterinarian Clinic, Inc

Appendix D: Background



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 state and national policy is developed.

The Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation are two of the boards 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. Thomas and GOAP staff are responsible for the daily operations related to these two boards and any of the Governor's agricultural initiatives.

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 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.

Kentucky Agricultural Finance Corporation

The Kentucky Agricultural Finance Corporation (KAFC) is chaired by the Commissioner of Agriculture and consists of an 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.



Photos: (top) KADB and KAFC members during joint meeting of both boards. (above) Both boards tour Reed's Orchard in Daviess County.

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.



KADB as of June 30, 2012

Steven L. Beshear, Governor
Commonwealth of Kentucky

James R. Comer Commissioner
Department of Agriculture

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

M. Scott Smith, Ph.D., Dean
UK Cooperative Extension

Mary Evans Sias, Ph.D., President
Kentucky State University
(Teferi Tsegaye, Ph.D. designee)

Sam Lawson
Ky. Chamber of Commerce
Term Expires: July 2015

Sam Moore
Kentucky Farm Bureau
Term Expires: July 2013

Betty Bailey, Ph.D.
Bath County
Term Expires: July 2013

Roy G. Collins
Clay County
Term Expires: July 2014

Karen M. Curtis
Robertson County
Term Expires: July 2016

Pat Henderson
Breckinridge County
Term Expires: July 2016

Wayne Hunt
Christian County
Term Expires: July 2014

Jim Mahan
Fayette County
Term Expires: July 2016

Wayne Mattingly
Daviss County
Term Expires: July 2014

Troy Rankin
Scott County
Term Expires: July 2015

Jim Sidebottom
Green County
Term Expires: July 2015



KAFC as of June 30, 2012

James R. Comer, Commissioner
Department of Agriculture

Lori Hudson Flanery, Secretary
Finance and Administration
(Tom Midkiff, designee)

Charles "Westy" Adams
Lewis County
Term Expires: June 2016

George R. Begley
Madison County
Term Expires: June 2013

Kenneth H. Burdine
Jessamine County
Term Expires: June 2013

Wayne Hunt, ADB Liaison
Christian County
Term Expires: February 2015

Larry Jagers
Hardin County
Term Expires: June 2013

Doug Lawson
Calloway County
Term Expires: June 2015

M. Frank McAninch
Casey County
Term Expires: June 2015

Joel Oney
Fayette County
Term Expires: June 2014

Frank A. Penn
Fayette County
Term Expires: June 2013

Peggy Peterson
Marion County
Term Expires: June 2013

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Bill Hearn
Fiscal Officer

Angie Justice
Energy Program Coordinator

Bill McCloskey
Director of Financial Services

Shannon Morgan
Policy Analyst

Brian Murphy
General Counsel

Joel Neaveill
Chief of Staff

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Bryan Thomas
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Photos

Cover: hay field in LaRue County

Page iii: Kentucky state capitol

Page 2: Reed's Orchard in Daviss County



