

# Governor's Office of Agricultural Policy



**Annual Report**  
**July 2018 - June 2019**





Commonwealth of Kentucky  
**OFFICE OF THE GOVERNOR**

**Matthew G. Bevin**  
Governor

700 Capitol Avenue  
Suite 100  
Frankfort, KY 40601  
(502) 564-2611  
Fax: (502) 564-2517

7/22/2019

Dear Friends:

On behalf of the Commonwealth, I am pleased to present you with the Governor's Office of Agricultural Policy (GOAP) Report.

Our administration is dedicated to our Office of Agricultural Policy's mission which is to diversify agriculture and increase farm income by funding projects with large impact across the state of Kentucky.

Whether you are a young farmer, an Ag entrepreneur or a research institution looking to fund a major project, GOAP can guide you to grant and loan opportunities to fund worthy endeavors.

Kentucky's agriculture industry is a vital part of our economy. It is currently thriving and growing, it is also changing. Kentucky agriculture is constantly innovating and finding ways to incorporate technology to make it more effective and efficient. I encourage pursuit of proposals that increase net farm income across the state, develop new markets for Kentucky grown products and add value to Kentucky's agricultural businesses.

I look forward to working with you to make the state of Kentucky agriculture the very best it can be.

Sincerely,

A handwritten signature in blue ink that reads "Matthew G. Bevin".

Matthew G. Bevin  
Governor



## **Governor's Office of Agricultural Policy**

**Matthew G. Bevin**  
Governor

404 Ann Street  
Frankfort, Kentucky 40601  
(502) 564-4627  
Fax (502) 564-8990  
agpolicy.ky.gov

**Warren Beeler**  
Executive Director

I wish you could go with me and see what I see every day as result of the Kentucky Agricultural Development Fund (KADF). Kentucky has invested over \$600 million in agriculture since 2001 and has grown the industry by \$2 billion. This spur in investment has done exactly what was intended in improving and expanding agriculture.

County funding has built infrastructure from cattle handling facilities to hay barns and fencing. We encouraged improved conservation by incentivizing best management practices such as rotational grazing, improving high traffic areas, use of GPS equipment in managing nutrients and the seeding of ditches and waterways. We emphasized water as the most important ingredient in both life and agriculture with projects that harvest and better utilize it. This year, we viewed water as economic development for agriculture.

The Kentucky Agricultural Development Board (KADB) ventured into new areas of investment in 2019 such as pollinators and beehive genetic testing, forestry and hemp. We also have continued to invest in the local food movement with the funding of farmers markets, certified kitchens and educational programs. We strive to continue to get our Kentucky farms beyond the trailer gate to capture more of the profit from consumers.

The Kentucky Agricultural Finance Corporation (KAFC) continues to amaze. The KAFC has more than \$87 million in assets with more than 600 participating loans. The funds are meant to take pressure off of the primary lender and lower the interest rate for the farmer. We have seen the average age of an applicant lower this year, giving me hope for the future of Kentucky agriculture. In time, the KAFC will be the legacy of the KADF.

We at the Governor's Office of Agricultural Policy (GOAP) are proud of all the successful projects that have come through our doors. The success is due to great decisions by our state boards and county councils. We are thankful to the selfless people that give their precious time for the good of agricultural families and communities. This report highlights some of the transformation of Kentucky agriculture through the investment of these tobacco settlement funds. As I drive, I am constantly thinking, "How do we make this money more impactful? How do we make this money new again? How do we incentivize the next step? What is the next step?"

Thank you,

A handwritten signature in black ink that reads "Warren Beeler".

Warren Beeler  
Executive Director  
Governor's Office of Agricultural Policy





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## **Tobacco Settlement Agreement Fund Oversight Committee**

The GOAP testifies monthly to the Tobacco Settlement Agreement Fund Oversight Committee to present programs and projects funded by the KADB at the previous month's board meeting.

**Sen. C.B. Embry Jr. (Co-Chair)**  
**Rep. Myron Dossett (Co-Chair)**  
**Sen. Matt Castlen**  
**Sen. Paul Hornback**  
**Sen. Dennis Parrett**  
**Sen. Robin L. Webb**  
**Sen. Whitney Westerfield**  
**Rep. Kim King**  
**Rep. Phillip Pratt**  
**Rep. Rick Rand**  
**Rep. Brandon Reed**  
**Rep. Dean Schamore**

## **Governor's Office of Agricultural Policy Staff**

The GOAP staff provides support to both the KADB and KAFC with continued focus on implementing the Boards' policies and to seek out projects that have the potential to impact Kentucky's farm economy.

**Warren Beeler** - *Executive Director*  
**Bill McCloskey** - *Deputy Executive Director*  
**Lindsay Bates** - *Intern*  
**Renee Carrico** - *Project Manager*  
**Sandra Gardner** - *Director of Compliance and Outreach*  
**Rob Goff** - *General Counsel*  
**Bill Hearn** - *Fiscal Officer*  
**Debbie Hollis** - *Office Manager*  
**Ali Hulett** - *Administrative Loan Manager*  
**Marielle McElmurray** - *Director of Public Affairs*  
**Sadie Middleton** - *Loan Programs Manager*  
**Danielle Milbern** - *Project Manager*  
**Stefanie Osterman** - *County Programs Manager*  
**Tracey Park** - *Boards and Special Events Manager*  
**Grace Ragain** - *Intern*  
**Austin Thornberry** - *Intern*  
**Shelby Wade** - *Compliance Manager*

## Kentucky Agricultural Development Board Members

*Governor (Chair) - Matthew G. Bevin*

*Commissioner of Agriculture (Vice Chair) - Ryan Quarles*

*Acting Secretary of the Cabinet for Economic Development - Vivek Sarin*

*Dean, University of Kentucky College of Agriculture, Food and Environment - Dr. Nancy M. Cox*

*President, Kentucky State University - Dr. M. Christopher Brown II*

*Agricultural Lenders Representative - Mark Barker*

*Attorney with Farm Experience - Bobby Foree*

*Kentucky Farm Bureau Representative - J. Fritz Giesecke*

*Active Farmers Representative - Pat Henderson*

*Kentucky Chamber of Commerce Representative - Matt Hinton*

*Farmers with Ag. Diversification Representative - Stewart Hughes*

*Grain and Tobacco Farmers; Agribusinesses Representative - Wayne Hunt*

*Cattle and Swine Farmers Representative - Dr. Gordon Jones*

*Livestock, Grain, Tobacco, and Hay/Forage Farmers Representative - Jim Mahan*

*Active Farmers Representative - Katie L. Moyer*

*Grain, Tobacco and Cattle Farmers Representative - Al Pedigo*

## Kentucky Agricultural Finance Corporation Board Members

*Commissioner of Agriculture (Chair) - Ryan Quarles*

*Secretary of Finance and Administration Cabinet - Col. William M. Landrum, III*

*Horticultural Farmer - Charles "Westy" Adams III*

*Livestock Farmer - Donna Amburgey*

*Agricultural Economist - Dr. Kenneth H. Burdine*

*KADB Representative - Wayne Hunt*

*Dairy Farmer - Larry Jiggers*

*Commercial Lending Representative - Doug Lawson*

*Tobacco Farmer - M. Frank McAninch*

*Farm Credit Association Representative - Jonathan Noe*

*Equine Industry Representative - Frank A. Penn*

*Commercial Lending Representative - Linda L. Rumpke*

# About Us

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. The Kentucky Agricultural Development Board (KADB) and the Kentucky Agricultural Finance Corporation (KAFC) are administered by the GOAP.

The Kentucky Agricultural Development Fund (KADF), by statute, is administered by the KADB. Its mission is to invest monies in innovative proposals that increase net farm income and affect tobacco farmers, tobacco-impacted communities and agriculture across the state by stimulating markets for Kentucky agricultural products. This includes new ways to add value to Kentucky agricultural products and exploring new opportunities that will benefit Kentucky farms now and in the future.

Chaired by Governor Matt Bevin, the KADB consists of five statutory members (or their designees) and 11 appointed members. Members mandated by statute include the Governor, Commissioner of Agriculture, Secretary of the Cabinet for Economic Development, Dean of the University of Kentucky College of Agriculture, Food and Environment and the President of the Kentucky State University. Appointed members are geographically distributed throughout the Commonwealth and are subject to confirmation by the Senate.

The KAFC addresses the unique financing needs of agriculture in the Commonwealth. Its mission is to strengthen Kentucky agriculture by providing access to below market interest rates through partnerships with local lending institutions. The KAFC assists beginning farmers, farm families and agribusinesses in obtaining the necessary capital to establish, maintain or expand their agricultural operation.

The KAFC board is comprised of 12 members who reflect the diversity of Kentucky's agricultural impact. Two statutory members include the Commissioner of Agriculture and the Secretary of Finance and Administration Cabinet. Of the 10 private members appointed by the Governor, two may represent commercial lending institutions, one may be a representative 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.

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



# Master Settlement Agreement Funds from Tobacco Companies

**\$117,248,775**

## MSA Dollars Appropriated to:

**KADF** (*Kentucky Agricultural Development Fund*)

**ECDF** (*Early Childhood Development Fund*)

**HCIF** (*Health Care Improvement Fund*)

**\$90,355,275**

(\$26,643,500 is used to pay debt service on rural water and sewer lines. \$250,000 is appropriated to pay for Non-Participating Manufacturer's compliance)



**Healthcare**  
One-Half  
**\$45,544,675**



**Agriculture**  
One-Half  
**\$44,810,600**

**Farms to Food Banks**  
**\$500,000**

**GOAP**  
**\$40,553,300**

**Division of Conservation**  
**\$3,757,300**



**State Funds**  
**\$23,684,300**

**KADF**  
*State Projects*



**County Funds**  
**\$16,869,000**

**KAFC**  
*Loan Programs*

**KADF**  
KENTUCKY AGRICULTURAL  
DEVELOPMENT FUND

# The Kentucky Agricultural Development Board

Over the past 18 years, the Kentucky Agricultural Development Board (KADB) has invested more than half a billion dollars to stimulate agricultural entrepreneurship in established and newly emerging agricultural sectors in all 120 Kentucky counties. The KADB continually searches for innovative proposals that increase net farm income, positively affect tobacco farmers, tobacco-dependent communities and agriculture. Both state and county funds are available to producers across the state.

The Kentucky Agricultural Development Fund (KADF) projects are expected to positively affect the economic status of farmers and the targeted community. Funding is available to larger multi-county, multi-producer impacted projects. Successful applicants will demonstrate the following: economic/commercial viability, feasibility, self-sustainability within a reasonable period of time; significant impact on farm income for multiple producers; high potential for growth and potential to include more farmers in the future.

*In fiscal year 2019, the KADB approved \$19,254,410 in state and county funds for various projects.*

The KADB and the Kentucky Water Resources Board recently implemented a \$1 million initiative for the On-Farm Water Management Program to promote water resilience on farms. There is the Practical Implementation Project (PIP) used for private farms wishing to implement best management practices for on-farm water management. The

Research, Development and Demonstration (RDD) projects provide a ground for water management practices on public regional farms.

*In fiscal year 2019, \$20,083 was committed to PIP and \$190,810 was committed to projects that fall under RDD. A total of five projects in five counties have On-Farm Water Management Projects.*

The KADB also receives applications for locally administered county-funded programs. There are a total of five programs offered. The County Agricultural Development Councils allow local farmers and community leaders to decide how their county's allocated funds should be utilized. The county funds created an unprecedented opportunity for Kentucky farmers to diversify their operations and expand farm-based enterprises. Project and program applications for county funds are submitted to the local county councils. The county council assigns a priority to applications based on the county's Comprehensive Plan for Agriculture and availability of county funds. All applications and their respective priorities are forwarded to the KADB for final funding decision.

The most utilized program is the County Agricultural Investment Program (CAIP), which offers 11 investment areas that provide Kentucky agricultural producers cost-share assistance on practices that increase net farm income and opportunities to try new and innovative technologies or systems that improve farm efficiency and productivity. CAIP benefits and enhances agriculture across the state by stimulating markets for Kentucky agricultural products.

*The KADB approved more than \$13 million in CAIPs across 88 counties in fiscal year 2019.*

The Shared-Use Equipment Program assists broad-based community organizations with the purchase of farm equipment that would normally be cost-prohibitive for individual producers. The equipment available is for producer use in a specific county on a leased basis.

*Twelve counties invested in the Shared-Use Equipment Program this fiscal year with county funding totaling \$156,136.*

The Deceased Farm Animal Removal Program (DAR) was developed to aid in the coordination of environmentally sound and cost-effective disposal of deceased livestock.

*Eighteen counties implemented the DAR program in fiscal year 2019, investing a total of \$132,009.*

The Next Generation Farmer Program (NextGen) was developed to address the growing need for a specialized program that would benefit producers ages 18 to 40 that have been engaged in an agricultural operation for a minimum of three years.

*Six counties invested \$203,179 in NextGen programs in fiscal year 2019.*

The Youth Agricultural Incentives Program (YAIP) benefits youth who are interested in learning more about agriculture.

*Twenty-three counties directed a total of \$381,599 in funds to offer YAIP in fiscal year 2019.*

The On-Farm Energy Efficiency Incentives Program provides monetary incentives for producers to implement energy efficient upgrades to their farming operations that will lower energy costs and reduce environmental impact. As energy efficiency investments often require high upfront costs that take many years to recover, this program is an effective use of State funds to help increase sustainability of agricultural production on farms.

*In fiscal year 2019, 35 producers in 23 counties were approved for \$276,009 for the program.*

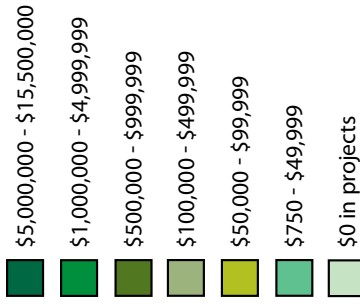
*In fiscal year 2019, more than \$33 million was invested by the KADB in projects and programs across the Commonwealth.*

# KADB STATS

More than 6,100 projects and programs have been approved since the inception of the KADF.

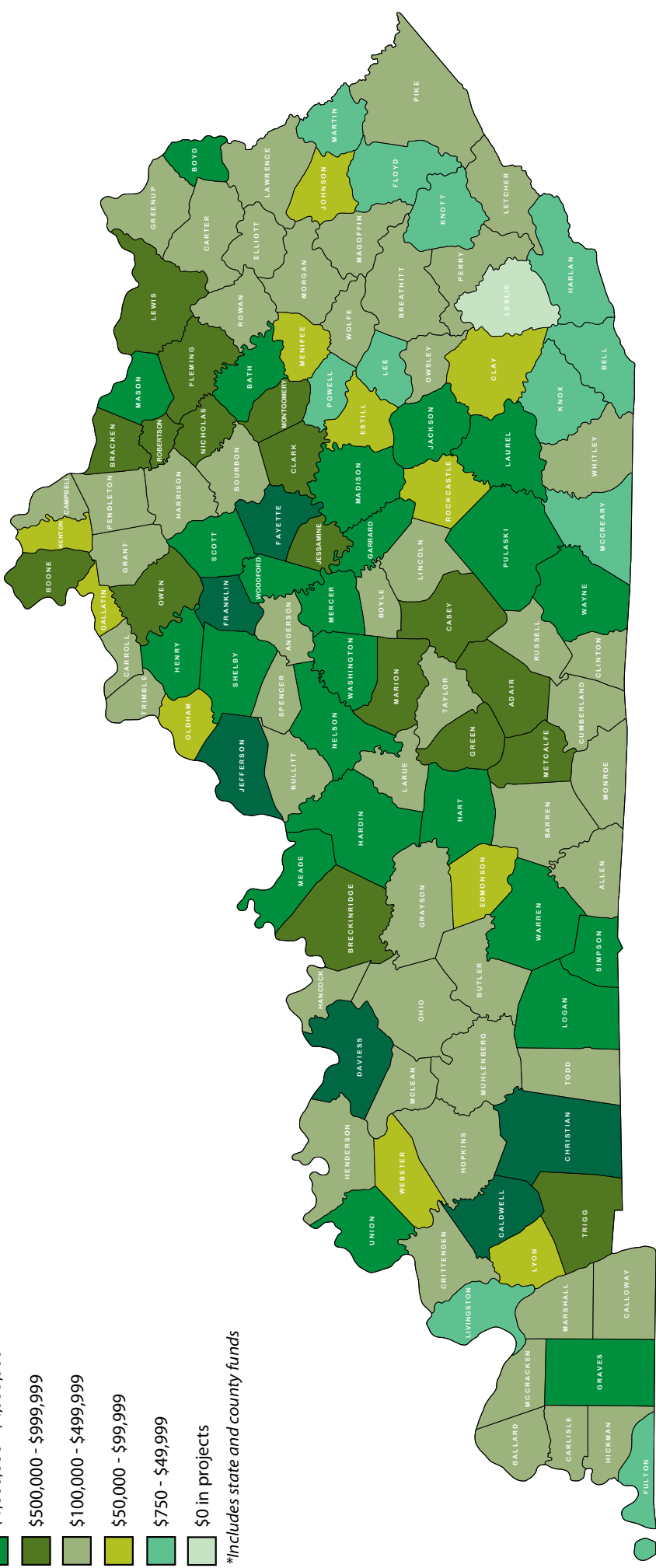
\*Information as of June 30, 2019\*

## Total funds\*



\*Includes state and county funds

Total KADF investment is \$613,620,120.



## Statewide Projects, not calculated in totals:

Ky. Ag Council, \$325,000  
KCARD, \$1,971,195  
KDA Ky Proud, \$23,311,847  
Ky. Horticulture Council, \$13,287,420  
Ky. Poultry Federation, \$785,634

Ky. Vineyard Society, \$511,306  
UK, KALP, \$1,646,360  
Ky. Beef Network, \$20,064,137  
Ky. Dairy Development Council, \$12,026,626  
Ky. Farmers Market Assoc., \$42,740

Ky. Pork Producers, \$164,900  
Ky. Sheep & Goat, \$185,000  
U.S.G.S., \$1,520,986  
UK, Viticulture, \$1,247,195



**KENTUCKY AGRICULTURAL  
DEVELOPMENT FUND**

**KENTUCKY AGRICULTURAL DEVELOPMENT FUND  
FINANCIAL STATEMENT**

FISCAL YEAR 2019 (ENDING 6/30/2019)

	STATE	COUNTY	TOTAL	INDIVIDUAL COUNTY ACCOUNTS
<b>BEGINNING CASH BALANCE</b>	19,141,566		19,141,566	12,415,282
<b>CASH RECEIPTS</b>				
ANNUAL MSA PAYMENT	23,125,611*	16,471,077	39,596,688	16,558,914
ADDITIONAL - DEBT SERVICE NOT USED	163,126	87,837	250,963	
INTEREST EARNED OFF - BUDGET COUNTY ACCTS				213,791
<b>TOTAL CASH FY19</b>	<b>42,430,303</b>	<b>16,558,914</b>	<b>58,989,217</b>	<b>29,187,987</b>
<b>CASH EXPENDITURES</b>				
DISBURSEMENTS/EXPENDITURES	10,210,935		10,210,935	12,329,790
TRANSFER OUT	7,417,502	16,558,914	23,976,416	
<b>TOTAL CASH EXPENDITURES</b>	<b>17,628,437</b>	<b>16,558,914</b>	<b>34,187,351</b>	<b>12,329,790</b>
<b>ENDING CASH BALANCE</b>	<b>24,801,866</b>	<b>-</b>	<b>24,801,866</b>	<b>16,858,197</b>

\*INCLUDES \$7,000,000 - KY STATE FAIR BOARD

<b>ESSENTIAL OPERATING DATA</b>	STATE	COUNTY
BUGETED/APPROVED, NOT DISBURSED	14,803,056	4,173,563
FUNDS UNCOMMITTED	9,998,810	12,684,634
ENDING CASH BALANCE	24,801,866	16,858,197

<b>AGENCY RECEIPT ACCOUNT</b>	
BEGINNING CASH BALANCE	396,643
CASH RECEIPTS	9,500
CASH EXPENDITURES	(42,912)
ENDING CASH BALANCE	363,231



# Farmers Markets Supplying Local Food to Every Corner of the State

Farmers markets have become an American staple, providing fresh produce straight from the farm to consumers. Often, these venues also provide entertainment and activities that are fun for the whole family. With one in nearly every county in Kentucky, farmers markets make a great addition to individual communities. The KADF has funded in part 45 farmers markets across the state.

The Hickman County Farmers Market is a prime example of a rural community market that has become valuable to the public. The open-air facility has 10 spaces for vendors to sell various items from jams and jellies to honey and wood working products and, of course, fruits and vegetables.

Not only has the Hickman County community made this farmers market a success, but the idea for the market actually came from the next generation of community members. Through a community outreach project, students of Hickman County High School came up with the idea to start a local market; an idea that has created a thriving venue, which continues to grow. When asked about what he sees in the market's future, Hickman County Judge Executive Kenny Wilson expects it to continue to expand. From the success that has been seen, organizers have no

doubt that this market will indeed continue to grow in size, as well as, have continued success.

About 160 miles from Hickman County sits Daviess County and the town of Owensboro, home to another successful farmers market making a similar impact on its community. The Owensboro Regional Farmers Market has space available for up to 40 vendors and in its second season reached capacity in 2019. However, the vendors are not the only ones who are packing the farmers market. This venue attracts thousands of customers each week.

*"On a typical Saturday, we'll have about 2,000 people," Jim Gilles, Owensboro Regional Farmers Market Board President, stated.*

With such a crowd coming every week, this market has made sure to host a variety of events to keep its patrons coming. Including live music every Saturday, the market has definitely made itself a go-to place for families for years to come.

On the opposite side of the state is the Pikeville Farmers Market, providing local foods and entertainment to the people of eastern Kentucky and West Virginia. The market runs on Tuesdays and Saturdays. On an average Saturday, customers can find a range of products from around 20 different vendors, such as fruits and

vegetables, maple syrup, pepper jelly and the ever-so-popular apple butter.

In addition to the traditional farmers market environment, there are a variety of events held at this facility to satisfy all ages. Events throughout the year include a Christmas in July celebration, The Hatfield and McCoy festival and a city-wide bicycle event dubbed Tour De Ville.

Like other markets, the Pikeville Farmers Market is community centered, often partnering with the University of Pikeville on events such as hosting the UPIKE band and theater students to perform skits for upcoming productions. For those wanting a spot to cheer their team on to victory, the market offers tailgating space for rent during football season, as well.

As farmers markets pop up across the country, farmers, families and craftsmen will continue to come together to provide for their respective communities in locations that bring people together, providing fun and entertainment for the whole family. But perhaps more than that, the presence of these markets can provide educational opportunities to the next generation of farmers and agriculturalists. With these markets in every corner of the state, the future is bright.

*The entrance to the Hickman County Farmers Market welcomes customers from all over Kentucky.*



*Consumers enjoy a day at the Daviess County Farmers Market looking for local products.*



# Grow Appalachia Doing Its Part in the Fight Against Food Insecurity

Created to address the food insecurity issue in the Appalachian region, Berea College's Grow Appalachia project provides assistance to farmers of all backgrounds. Grow Appalachia has aided families to not only grow and include better, more nourishing foods in their diet, but to also live healthier and economically stronger lives. By recognizing and discussing challenges associated with production and markets, Grow Appalachia takes its time to work with its clients individually.

The goal is to make farmers more productive, consistent and efficient. All three of these factors lead to profitable farming enterprises, and therefore, create financially secure farm families. With the help of the KADF, Grow Appalachia developed the Direct Integrated Grower Support for Eastern Kentucky project, also referred to as EKY-DIGS, to help farmers produce more and increase their profit. Grow Appalachia connects producers to markets, conducts soil tests and develops production plans for each of its clients.

*Chris McKenzie, Small Farm Production Advisor for Grow Appalachia, said, "The EKY-DIGS project is about addressing and reducing the factors that limit farms from becoming more profitable. We have worked with a wide variety of small-scale farms that are raising numerous types of crops and livestock for local and regional sale. We are also connecting them to the wide and valuable array of resources Kentucky has to offer in terms of support for farmers."*

Grow Appalachia continues to enhance and sustain a thriving local food economy in eastern Kentucky. It has established partnerships with 85

farms in 23 eastern Kentucky counties to educate farmers on production practices, while providing a market to sell their produce. As a result, farmers are currently selling their produce at farmers markets, roadside stands, medical centers, schools, restaurants, addiction centers, produce auctions, online markets and at special events.

*Matt Wilson, Small Farm Production Advisor for Grow Appalachia, stated, "It has been a privilege to work with farmers on the EKY-DIGS project. By visiting with producers on their farms, we are able to partner with them in identifying opportunities unique to their operations. These farmers are some of the hardest-working folks you'll ever meet and sometimes all they need is an introduction to an appropriate resource or technique for them to succeed."*

Grow Appalachia seeks to connect with more producers by

providing workshops, developing production plans and installing more high tunnels to enhance and sustain a thriving local food economy in eastern Kentucky.

*Grow Appalachia's Chris McKenzie and David Cook discuss bean trellising methods with Eddie Joe Maynard, of Lawrence County.*



**GROW APPALACHIA**  
BEREA COLLEGE

*Seth and Sheryl Long of SouthDown Farm in Letcher County explain their garden plan developed by Grow Appalachia staff.*

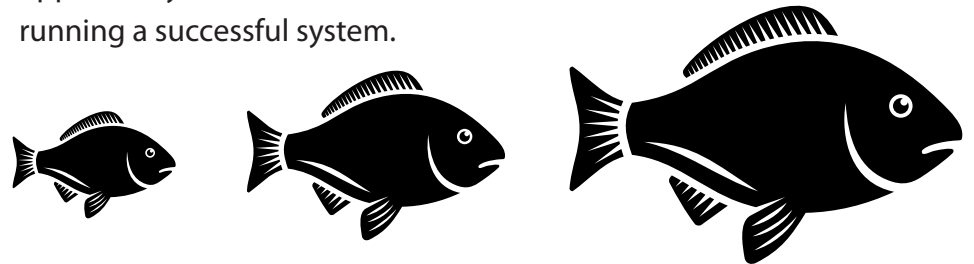
# LaRue County Students Learn What It Takes To Run Their Own Systems

In the LaRue County High School FFA chapter, an overwhelming number of individuals are non-traditional agriculture students with little to no farming background. Determined to learn more about providing fresh produce in a sustainable way, students proposed the idea of implementing an aquaponics facility. Along with the help of their agriculture teacher, Chris Thomas, the aquaponics facility started from the ground up. With support from the KADF in December 2018, they purchased an aquaponics system and a nursery system that included tanks, pipes and deep-water culture beds. Using this equipment, the operation utilizes a nutrient film technique to stream shallow amounts of water containing nutrients to the plant roots.

A few short months later, the LaRue County High School aquaponics operation is generating around 32 heads of lettuce a week to sell to local restaurants and community members. Students are also experimenting with growing jalapeño peppers and herbs. However, the produce is not the only thing that the City of Hodgenville receives from this operation. Around 45 students have worked on this project, giving them exposure to agriculture in a raw form. From breeding the tilapia fish to designing the aquaponics piping and planting seeds, students have had the opportunity to learn about running a successful system.

*“This project has really taught me about the importance of the future of agriculture. Without the integration of young learners, the experience and knowledge will cease to exist,” Damien Williams, LaRue County High School student, stated.*

One of Thomas’ goals is to bring more young adults into agriculture by providing the foundation for them to learn. In the future, Thomas hopes that they can expand the operation to provide fresh produce to LaRue County Public School cafeterias and other local businesses.



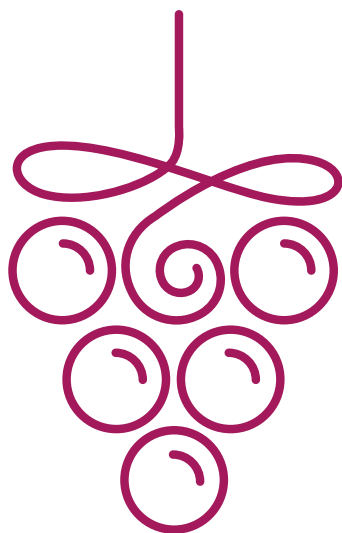
*Deep-water culture beds producing a variety of lettuce to sell to local community members.*

*A fish tank holding roughly 70 tilapia for use in the aquaponics system.*



# Equus Run Bringing Spirit of Italy to the Bluegrass

When you hear the word 'wine', you probably think of places like Napa Valley or Tuscany, Italy. But in Kentucky, you may think of a tiny town called Midway. Here, tucked away behind the horse farms and bourbon trails, sits Equus Run Vineyards.



Founded in 1998, Equus Run has consistently produced quality wine products for the people of Kentucky. In 2017, owner Cynthia Bohn knew she had to make a change to remain in production. This change came

in the form of a new energy efficient chiller. With help from the KADF On-Farm Energy Efficiency Program, a new chiller was purchased and installed. Ever since, Bohn has noticed a significant improvement in energy savings.

*"The On-Farm Energy Efficiency Program grant provided the funding backbone for improving our energy consumption at our agritourism facility in Woodford County. With the installation of a new chiller unit, we saved nearly \$1,000 per month in energy consumption and created the opportunity for faster turn-around of wine and juice products."*

The new chiller has allowed the team at Equus Run to handle production in less than half of the time. What used to take seven to nine days to produce, now takes only two. Due to the reduction of time and physical labor needed, Equus Run now extends its product to an international audience. Bohn stated that Equus Run has started the process of achieving

a three-year goal, with preparations to export wine to Canadian consumers underway.

With the capabilities of the new chiller, the need for physical labor has decreased and made way for extra space. Bohn decided to utilize that extra room to include a storage building in their extremely popular vineyard tours, something previously excluded due to lack of space.

In the end, Bohn knows that no matter how far your product reaches, the most important place is where you began. Equus Run regularly hosts events, such as murder mystery dinners, Pasta and Pinot Noir nights and various art events, as well as, concerts featuring names like Exile and Trace Adkins. Equus Run has been a staple of central Kentucky, providing quality products for more than 20 years. With the new cooler adaptation, one can be sure that Equus Run will continue for many more years to come.

Wine barrels stacked outside a barn at Equus Run.



Tanks designed to hold wine for the vineyard.





# FoodChain, Inc. Creating an Oasis in a Food Desert

Rebecca Self, founder of FoodChain, Inc. and MIT graduate, wanted to make fresh food accessible in an urban setting. What better place to start than the food desert in northern Lexington? A food desert is defined as parts of the country vapid of fresh fruit, vegetables and other healthful, whole foods, usually found in impoverished areas. Self took on a 'What can WE do?' mindset and began developing a program to fix the problem.

The result of her efforts is FoodChain, Inc., a non-profit aquaponics farm in downtown Lexington. Created in 2012 and expanded in 2017, the former bread factory was retrofitted to the state of the art urban farm that it is today. Since 2013, FoodChain has harvested

over a ton of fresh produce, including lettuces, greens, herbs, microgreens and shoots, along with 1,115 lbs. of fish. In partnership with West Sixth Brewery and Smithtown Seafood restaurants, they are able to not only teach the community about food production, but also the economic opportunities of local, fresh food.

Self saw the increased need for healthy eating and collaborates with AmeriCorps Vista and Fayette County Public Schools to incorporate healthy products into cafeterias while maintaining the welcoming community space FoodChain has come to be known for. In addition to her day to day duties, she hosts cooking classes to individuals of all ages in the teaching and processing kitchen that was added in the latest renovations.

With the help of the KADF, Self was able to purchase blast freezers as well as structural and induction lights for the aquaponic growth beds. This provided her the ability to store freeze dried fruits, ready for use throughout the entire year. Through the KADB application process, Self was challenged to market her project to County Councils across the Commonwealth to obtain additional funding. Not only were funds acquired, but connections were made to other urban agriculturists throughout the state. These connections give Self the opportunity to pass on what she has learned and help others in their work to combat their local food deserts with fresh, local food.

For more information on FoodChain, visit [foodchainlex.org](http://foodchainlex.org).

**LT:** The aquaponics system used to produce greens and fish for the Fayette County community.

**LB:** Tilapia fish tanks and water filtration system that purifies the water within the aquaponics system.

**CNTR:** Direct community impact due to FoodChain's efforts to eliminate the northern Lexington food desert.

**RT:** FoodChain's kitchen used for value-added processing and educational classes.

**RB:** Grow lights, provided in part by the KADF, improve production efficiency at FoodChain.



# Abandoned Mine Areas Getting New Life

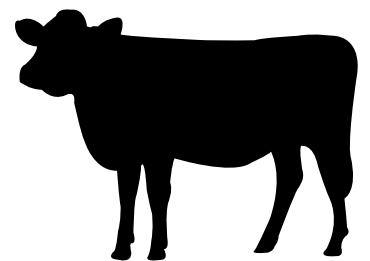
Reclaiming strip mined land in the heart of the mountains in eastern Kentucky is not an easy task. Connie Sizemore of the Leslie County Conservation District has recruited producers through the County Agricultural Investment Program (CAIP) to restore an isolated area. CAIP benefits producers within the county by cost-sharing investments to increase net farm income, add value to products and diversify their operations.

Rebecca Clark, a farmer of 10 years in Leslie County, used CAIP funds to purchase fencing and implement an on-farm water system for her Hereford cattle operation. Clark spent around a year turning an overgrown strip mine site into the successful pasture it is today. After conducting soil tests, seeding and fertilizing, the 15-acre farm is home to Clark's cattle and eight dairy goats.

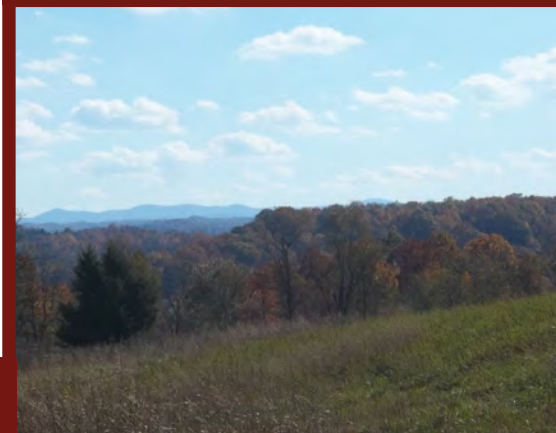
Another recipient of Leslie County CAIP cost-share funds, George Maggard, purchased Black Angus and Hereford cattle. Maggard's operation is located on 45 acres of strip mined property that sat idle for 20 years. He believes that a stigma surrounding these former mining properties is concerning to producers. However, both Maggard and Clark are evidence that a reclamation project is a great opportunity to enhance one's business and the surrounding ecosystem.

*"No one else wanted to help us. Connie, administering CAIP in Leslie County, helped us complete our projects," stated George Maggard.*

Sizemore continues to encourage community members to apply for CAIP and use other resources provided by the KADF to improve their operations. With acres of potential property available for reclamation by local producers, agriculture and the environment are sure to thrive through hard work and dedication.



*View from the Maggard's farm atop Appalachian Mountains in Leslie County.*



*Turkeys inhabiting the restored strip mined property.*



# Greenhouses Become Central Part of High School Learning Experience

Implementing an interactive agricultural project in the classroom setting can be a daunting task. However, high school greenhouses are common facilities used to educate about cultivation. Over the last 18 years, the KADB has approved 49 greenhouse projects, totaling more than \$1.5 million invested.

In 2011, Madisonville North Hopkins High School in Hopkins County used a KADF grant to purchase a greenhouse structure. Agricultural educator, Brian Welch, uses this resource to encourage young adults to work hard and learn more about the agricultural industry. Students gain substantial knowledge in the classroom, but are exceeding expectations when conducting a supervised agricultural experience (SAE) of their own. A SAE is an opportunity for students to apply their knowledge to a tangible project. From growing pumpkins to producing microgreens, a SAE within the greenhouse inspires creativity.

*"The greenhouse helps students become invested in their own education, taking on the responsibility of not only caring for the plants but learning how to operate a functional business for our community," Michael Ferfecki, a 2019 graduate of Madisonville North Hopkins High School, explained.*

In addition to student education, greenhouses funded in part by the KADF unite the community. Another recipient of a KADF grant, Pulaski County High School, purchased the greenhouse structure and accompanying watering and hydroponics system. After completing the project, the school now conducts community lessons on growing diverse plants as alternatives to tobacco production. They also provide operation tours to local elementary schools to generate awareness for agriculture.

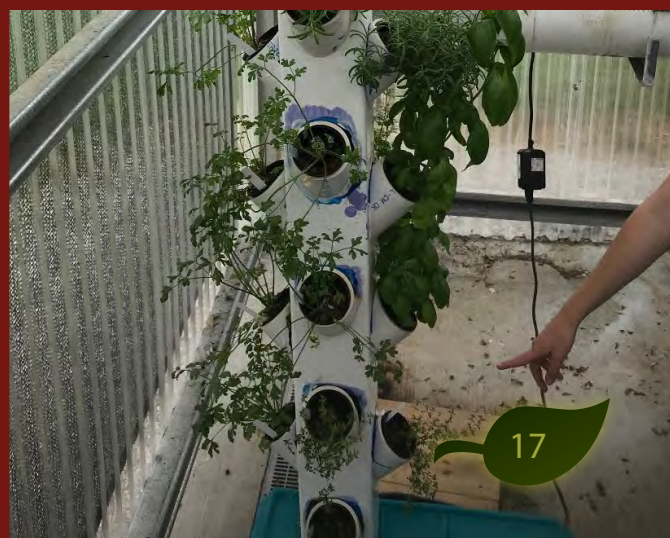
*"Each year, I looked forward to opening our school greenhouse. It taught my class a variety of life skills. From caring for and identifying plants to business planning and customer service skills, we have learned a lot. Pulaski County FFA Greenhouse not only allowed me to gain experience in running a greenhouse, but also others that have never had experience in growing plants," Christian Godbey, a four-year agriculture student and FFA member at Pulaski County High School, said.*

Greenhouses continue to be the forefront for a symbiotic environment involving hands-on work and classroom education. By providing the opportunity for young adults to absorb information and make business decisions, students are motivated to continue their work in horticulture. Both high schools plan to grow their operation to provide fresh produce to local food banks or school food services.

*Bedding plants produced by the Pulaski County High School Greenhouse.*



*Vertical hydroponics tower producing herbs at the Madisonville North Hopkins High School Greenhouse.*



# The Kentucky Agricultural Finance Corporation

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## **KAFC - KENTUCKY AGRICULTURAL FINANCE CORPORATION**

Kentucky Agricultural Finance Corporation (KAFC) loan programs utilize state funds intended for regional or statewide, multi-county, multi-producer projects. The KAFC provides access to below market financing through its participation loan programs in partnership with lenders across the state. The KAFC offers low interest rates to mitigate risk for lenders and improve cash flow for farmers and makes financing possible for many agricultural projects that would otherwise be under or unfunded.

The KAFC provides access to capital. The participating loans can fund up to half the project costs, while taking a subordinate position behind the originating lender. The following loan programs are available to Kentucky producers and processors who are currently engaged or entering into the agricultural industry:

### **AILP - AGRICULTURAL INFRASTRUCTURE LOAN PROGRAM**

Agricultural Infrastructure Loan Program (AILP) assists Kentucky producers by providing access to below-market financing for the acquisition, renovation or construction of agricultural structures that enhance the profitability of their farming operation.

### **APLP - AGRICULTURAL PROCESSING LOAN PROGRAM**

Agricultural Processing Loan Program (APLP) provides loan opportunities to companies and individuals in Kentucky that are interested in adding value to Kentucky grown agricultural commodities through further processing.

### **BFLP - BEGINNING FARMER LOAN PROGRAM**

Beginning Farmer Loan Program (BFLP) assists individuals with farming experience to develop, expand or buy into a farming operation. Eligible projects include the purchase of real estate, equipment and livestock. Loans are also available for the construction or renovation of agricultural facilities, as well as funds to invest into a farm partnership or business.

### **DEAL - DIVERSIFICATION THROUGH ENTREPRENEURSHIP IN AGRIBUSINESS LOAN PROGRAM**

Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL) supports entry-level agri-entrepreneurs attempting to diversify their farming operation by establishing or buying into a business that provides agricultural products or services to other producers. Eligible projects include the purchase of real estate, equipment or facilities, construction or renovation of structures and permanent working capital.

### **VET - LARGE ANIMAL VETERINARY LOAN PROGRAM**

Large Animal Veterinary Loan Program (VET) helps individuals licensed to practice veterinary medicine in Kentucky, to construct, expand, equip or buy into a practice servicing large/food animal producers, including goats, sheep, swine and other smaller food animals.

# KAFC Statistics and Quick Facts

## 1,030+ loans

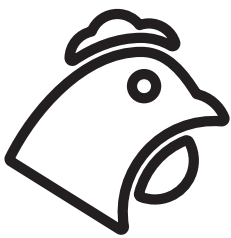
approved for more than **\$130,000,000**

Based on an evaluation by the University of Kentucky, 79% of lenders would not have financed a Beginning Farmer Loan project without the KAFC participation.

### KAFC Loans Approved in Fiscal Year 2019 and in Total

Loan Program	FY19	Total
BFLP	\$15,259,837	\$77,153,356
AILP	\$2,131,771	\$33,594,934
APLP	\$715,000	\$22,242,832
DEAL	\$253,500	\$98,998
VET	-	\$979,253

### Highest Funded KAFC Enterprises in Fiscal Year 2018



**Poultry**  
\$6,728,060



**Grain**  
\$4,598,800



**Beef**  
\$3,994,598



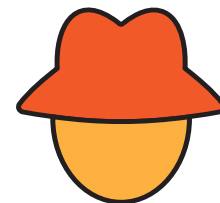
**Forage**  
\$760,500



**Agribusiness**  
\$453,500



The KAFC loan portfolio consists of more than **\$87 million in assets.**



**The average age of a:**  
 KAFC loan participant is 40.4 years old  
 BFLP participant is 33.8 years old  
 Kentucky farmer is 57.6 years old\*  
 \*based on NASS/USDA 2017 State Agriculture Overview



**KENTUCKY AGRICULTURAL  
FINANCE CORPORATION  
FINANCIAL STATEMENT**

FISCAL YEAR 2019 (ENDING 6/30/2019)

	FY 2018	FY 2019
<b>BEGINNING CASH BALANCE</b>	19,887,482	19,944,567
<b>CASH RECEIPTS</b>		
PRINCIPAL	6,104,483	7,034,033
INTEREST EARNED ON LOANS	1,000,795	1,209,256
INTEREST EARNED ON CASH	210,465	414,183
OTHER INCOME (GRANTS, TRANSFERS)	10,000,000	5,786,002
<b>TOTAL CURRENT YEAR RECEIPTS</b>	<b>17,315,743</b>	<b>14,443,475</b>
<b>TOTAL CASH FY19</b>	<b>37,203,225</b>	<b>34,388,042</b>
<b>CASH EXPENDITURES</b>		
LOANS DISBURSED	(17,256,607)	(16,253,748)
REFUNDS	(2,050)	(1,376)
<b>TOTAL CASH EXPENDITURES</b>	<b>(17,258,657)</b>	<b>(16,255,124)</b>
<b>ENDING CASH BALANCE</b>	<b>19,944,568</b>	<b>18,132,918</b>

**ESSENTIAL OPERATING DATA**

LOANS APPROVED, NOT DISBURSED	13,676,628
FUNDS UNCOMMITTED	4,456,290
ENDING CASH BALANCE	18,132,918
ACCOUNTS RECEIVABLE (ACTIVE LOANS 486)	69,672,240
<b>TOTAL ASSETS</b>	<b>87,805,158</b>



# Adair County Poultry Producer Making the Best of Opportunities

Most college students plan to have some kind of job after graduation, but few likely plan to do it on the same scale as Allison Brockman. The Adair County poultry producer originally planned to graduate from college and come back home to help her parents with their chicken houses and cattle operation. All this changed when Brockman, on advice from her dad, purchased 90 acres of land that included two mega broiler houses.

As a result, Brockman obtained a contract with one of the largest poultry companies in the country, Tyson. However, in signing a contract she had to make a difficult decision before reaching this milestone, as her opportunity in the poultry industry was coming at the same time she was finishing her college degree. Brockman was attending the University of Nebraska pursuing a

degree in Agriculture Economics with a minor in Entrepreneurship. As the poultry opportunity arose during the second half of her senior year, a very difficult choice had to be made: stay at school or go home to take care of her chickens. However, with help from her professors, she was able to complete the rest of her hours online and spend all the time needed with her chickens.

*"I signed my contract in January and graduated in May," Brockman said.*

In addition to the assistance from family and professors, Brockman benefited from funds in the KAFB Beginning Farmer Loan Program (BFLP) in participation with the Bank of Colombia. In fact, the BFLP seems to have become a family affair for the Brockmans as Allison's three siblings have all been on the receiving end of this loan program.

When managing a flock, the

work begins on the day of drop off. Tyson will bring a semi-truck full of chicks to the farm and it is up to the farmer to unload them. Once the chickens have reached "adult" size, Tyson will return and load the chickens themselves. During that time on the farm, Brockman's job is to make sure her flocks stay fed, hydrated, cool and most of all, safe. Being mindful of the health of her chickens and taking advantage of the opportunities that have come her way has helped this young farmer get a good start in the poultry business, raising Kentucky's number one agricultural commodity.

Brockman knows that many people cannot see themselves in the position she is in so soon out of college. Even though it was and still is a challenge, Brockman has one piece of advice for any and all hoping to get into the business, *"Work hard and stick to it!"*

*One of two mega broiler houses located on Brockman's property.*



*Allison Brockman stands in front of her broiler barn awaiting more chickens.*



# Local Family Playing Pivotal Role in Providing Grain Worldwide

For thirteen generations, the Peterson's have been a farming family with a passion for agriculture. Brothers Bernard, David and Billy are no different. With 17,000 acres of grain, 25 full-time employees and interns from seven countries, the Peterson's are constantly looking for new, innovative options to stay profitable.

*"The market is always changing, so we have to do a little bit of everything to add value to our product," said Bernard Peterson, CEO of Peterson Farms. "We have to have the ability to upgrade to meet the demands of the market."*

Based in central Kentucky and in the heart of the Kentucky Bourbon Trail, the demand for grain grew along with the booming distillery industry. In 2016, the Peterson's decided to construct two 325,000-bushel grain bins in partnership with the KAFC Agricultural Processing Loan Program (APLP) and Central Kentucky Ag Credit in Lebanon to store and distribute non-GMO grain. With the addition of the grain bins, the brothers

are able to sell grain to Makers Mark, Buffalo Trace, Heaven Hill, Jim Beam and Willow Jane.

However, distilleries are not the farm's only market. The family produces multiple varieties of wheat, corn and soybeans for shipment to Japan and other international markets. The GMO corn, corn screenings, soft red winter wheat, non-GMO corn and non-GMO soybeans are available to distillers, mills and seed companies.

With the help of the KAFC, the Peterson's have been able to reach niche markets worldwide while holding millions of bushels of grain in Kentucky. The Peterson's pride themselves in growing the wheat for all east coast McDonald's biscuits, supplying the corn for local bourbon and shipping soybeans to Japan. Adaptation

to changes in market demand has made Peterson Farms successful and sustainable for a future of prosperity.



*Richard Medley (Central Kentucky Ag Credit loan officer), David Peterson, Albert Peterson and Bernard Peterson.*



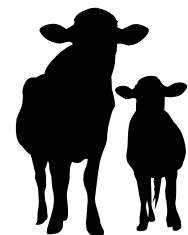


# PENDLETON COUNTY MAN COMMITS TO LIFELONG DREAM

For many families, full-time farming is unachievable. However, in 2015, Grant Caldwell received the opportunity to leave his corporate job and fully commit to his cow-calf operation located in Pendleton County. With the help of the KAFC and Farm Credit Mid-America, Caldwell acquired a Beginning Farmer Loan to purchase over 220 acres of land. This property would quickly become the home to the Caldwell Cattle Company, producing commercial and show cattle.

With any agribusiness operation, there is associated risk. Declining cattle prices can diminish optimism, but through determination and hard work, the farm is thriving. After many sleepless nights, Caldwell's endeavors have paid off, as he maintains around 100 head of club and SimAngus cattle. Caldwell utilizes online sales to market his show stock, where the quality of his cattle is evident after producing three Kentucky State Fair grand champions.

Since forming the cattle operation, Caldwell has been able to expand his acreage and facilities. The participation loan provided by KAFC gives the Caldwell family the opportunity to farm together for generations to come. With a wife and two boys willing to learn and determined to succeed, Caldwell has plans for a bright future ahead.



*Grant Caldwell and his son Caseten pose with financial officer Eli Mann from Farm Credit Mid-America.*



# THIRD GENERATION FARMER USES FUNDS TO CONTINUE FAMILY TRADITION

As a third generation farmer, Adam Ramsey knew from a young age that he wanted to have his own agricultural operation. Although his family was highly dependent on tobacco production, Ramsey currently grows soybeans and has a cow-calf enterprise in Pendleton County. In 2018, Ramsey received a KAFC Beginning Farmer Loan to purchase 66 acres and construct a storage and working facility for his 30 head of cattle.

This year, Ramsey also utilized CAIP to purchase accompanying equipment for the barn. The resources provided to Pendleton County through county programs and KAFC loans have created a sense of community and a chance for sustainability.

*"If it wasn't for the opportunity presented by the KAFC, I would not have been able to complete this project," Adam Ramsey, part-time farmer, stated.*

The biggest challenge Ramsey experiences is living away from the farm. With a 25-minute drive and a full-time work schedule, it can be difficult to tend to farm situations quickly. In the future, Ramsey plans to build a home on the property and be closer to his cattle operation. With the idea of constructing a forever farm home, the possibilities for Ramsey and his family are endless.



*Eli Mann, financial officer at Farm Credit Mid-America, and Adam Ramsey in front of the barn built through the KAFC loan program.*



# Thank You...

Thank you to all partners throughout the Commonwealth that contribute to the unprecedented success of the KADF's projects and programs. The Tobacco Master Settlement Fund impact would not be at the current level without the network of individuals and organizations that support Kentucky agriculture.

Please see below for a list of references and contact information that may be useful.

## **County Cooperative Extension Service**

[www.extension.ca.uky.edu/county](http://www.extension.ca.uky.edu/county)

## **Kentucky Cabinet for Economic Development**

[www.thinkkentucky.com](http://www.thinkkentucky.com)

(502) 564-7670

## **Kentucky Center for Agriculture and Rural Development**

[www.kcard.info](http://www.kcard.info)

(859) 550-3972

## **Kentucky Department of Agriculture**

[www.kyagr.com](http://www.kyagr.com)

(502) 573-0282

## **Kentucky Department of Fish and Wildlife**

[www.fw.ky.gov](http://www.fw.ky.gov)

(800) 858-1549

## **Kentucky Division of Conservation**

[conservation.ky.gov](http://conservation.ky.gov)

(502) 564-3080

## **Kentucky Division of Water**

[www.water.ky.gov](http://www.water.ky.gov)

(502) 564-3410

## **Kentucky Small Business Development Center**

<https://www.ksbdc.org/>

## **USDA Farm Service Agency**

[www.fasa.usda.gov/state-offices/Kentucky](http://www.fasa.usda.gov/state-offices/Kentucky)

## **USDA Natural Resource and Conservation Services**

[www.nrcs.usda.gov/wps/portal/nrcs/site/ky/home/](http://www.nrcs.usda.gov/wps/portal/nrcs/site/ky/home/)

## **USDA Rural Development**

[www.rd.usda.gov/ky](http://www.rd.usda.gov/ky)

(859) 224-7300

## **The Governor's Office of Agricultural Policy**

404 Ann Street

Frankfort, KY 40601

(502) 564-4627

[agpolicy.ky.gov](http://agpolicy.ky.gov)

[govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov)

[Facebook.com/kyagpolicy](https://www.facebook.com/kyagpolicy)

[Twitter.com/GOAPky](https://twitter.com/GOAPky)



**The Governor's Office of  
Agricultural Policy**  
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(502) 564-4627  
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