

KENTUCKY OFFICE OF
AGRICULTURAL POLICY

20 22 ANNUAL REPORT



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Letter from Commissioner Quarles

Friends,

A decision by the General Assembly last year, moved the administration of the Kentucky Agricultural Development Fund (KADF) from the Governor's Office to the Kentucky Department of Agriculture. Our mission at the Kentucky Department of Agriculture is to promote the interests of agriculture and horticulture.

With that in mind, the addition of KADF within KDA was the perfect fit. The transition was nearly seamless as we continued to provide the excellent services KADF has maintained since its existence. We were also able to celebrate some important milestones. The Kentucky Agricultural Finance Corporation, which is focused on new and beginning farmers, reached \$100 million in assets. We also celebrated 20 years of the Kentucky Agricultural Development Fund. With hundreds of millions of dollars invested over the lifetime of the fund, Kentucky agriculture has been transformed. Now, we begin to look at the next 20 years and beyond.

This next phase starts with realistic views of where Kentucky agriculture stands. Last year saw Kentucky reach an all-time high with agricultural cash receipts at \$6.86 billion. That same year, corn, soybeans, and broilers, three of the state's leading commodities, reached more than a billion in cash receipts with corn at \$1.22 billion, soybeans at \$1.16 billion, and broilers at just over \$1 billion.

Bolstered by robust commodity prices this year, Kentucky seems on track to pass 2021's all-time high with the state being on pace to surpass \$7 billion in cash receipts for 2022. The increase in commodity prices may be a small relief for some farmers hit hard by rapidly rising production costs.

These rising farm production costs are seeming to outpace rising prices elsewhere in the economy. For example, fertilizer costs have more than doubled for farmers. Farmers are absorbing these costs in hopes their investments will pay

off in the form of increased commodity pricing. It's a game agriculture producers have played for years.

While these type of chances may have been detrimental for Kentucky's agriculture prospects in the past, the state is in much better position to absorb fluctuations in the market thanks to its more diversified agriculture landscape.

Twenty years ago, when Kentucky's political leaders secured the Master Settlement Agreement (MSA), Kentucky had tens of thousands of tobacco farms. In those days, a group of farmers and government leaders saw an opportunity to take half of the funds from the MSA, wisely invest them into Kentucky agriculture, and diversify our industry. As a result, Kentucky agriculture changed dramatically. While tobacco is still responsible for more than \$248 million of cash receipts, agricultural products such as poultry, corn, soybeans, and cattle consistently dominate the top of the commodities list.

Diversification of our agricultural landscape is at the key to the financial assistance given by Kentucky Agricultural Development Fund and the Kentucky Agricultural Finance Corporation. Together, these two combine to provide a more stable economy for the future of agriculture. Coupling that with the service provided each and every day by KDA, we have become a force for change, while at the same time honoring and holding tight to the agricultural roots that make this commonwealth so special.

As we begin this next chapter of our shared mission, we look forward to the future and what it holds for ourselves, our children, and for generations to come.

Sincerely,

Dr. Ryan Quarles

KY Commissioner of Agriculture



About Us

New KOAP and Senate Bill 3

In the 2021 legislative session, the Kentucky General Assembly passed Senate Bill 3, a bill that moved administration of the Kentucky Agricultural Development Fund from the Governor's office to the Kentucky Department of Agriculture.

The Kentucky Office of Agricultural Policy provides staff support to the Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation and ensures Kentucky is being good stewards of dollars from the Tobacco Master Settlement Agreement. The 1998 agreement requires tobacco companies to pay settling states, including Kentucky, billions of dollars in annual installments. The Office of Agricultural Policy oversees the boards' investments into diversifying and supporting Kentucky agriculture.



Message from the Executive Director

8 percent increase from last year, with \$29 million going to state level projects and programs and \$19 million allotted to the county accounts. The county allocations vary across the state based on historic burley tobacco production dependency.

One of the biggest investment impacts we have seen across Kentucky has been with the Meat Processing Investment Program (MPIP). Established in the spring of 2020 to expand Kentucky's beef, dairy, pork, lamb, sheep, goat, and poultry processing capabilities, the MPIP was created in an effort to address the capacity issues in the supply chain that were brought to light by the coronavirus pandemic. To date, more than \$7 million has been invested in 40 of the 80 identified meat processing facilities through MPIP and federal CARES program. The Kentucky Agricultural Development Board values investing in value-added processing across the state as a priority.

Meat processing investments span throughout the state from Graves County in west Kentucky to Greenup County in east Kentucky. These investments are not only a benefit to our farmers by providing expanded access to processing services, but also provide a benefit to Kentucky consumers, through increasing their access to fresh local meat.

These funds having a statewide impact is important to the Kentucky Agricultural Development Board members. Historically, 118 counties in Kentucky receive Kentucky Agricultural Development Funds (KADF) at the county level. The annual amount each county receives is based on a formula driven by burley tobacco dependency

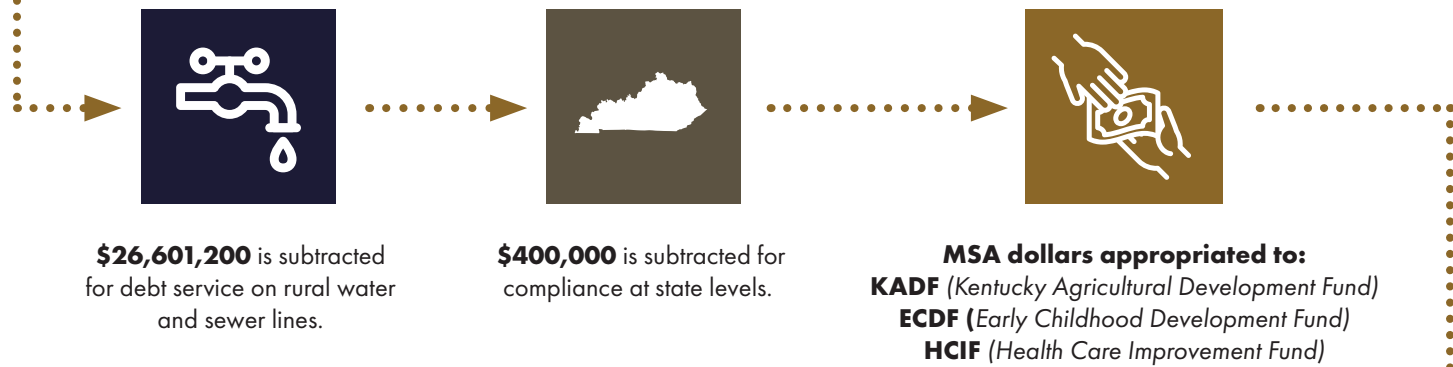
and the amount of KADF monies available to spread across the counties. Consequently, this has left two counties receiving no funding and several other counties receiving less than \$30,000.

In November 2021, the Kentucky Agricultural Development Board approved the reauthorization of the State Support to Limited Allocation Counties (SSLAC) initiative for 2022. SSLAC 2022 provided state funds to up to 24 counties with allocations below \$30,000, allowing all 120 counties to have at least \$30,000 in county funds to invest in their local agricultural economy. This initiative enabled counties, such as Pike and Knott, to receive county funding where they previously hadn't received any due to their lack of burley tobacco production history.

Having the opportunity to work with the members of the Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation has been an incredible honor. It is through their dedication to Kentucky agriculture that they volunteer to share both their time and expertise in guiding the future of the MSA funds. As we continue to work to diversify our commonwealth's agricultural economy, I am eager to see where these investments will take us in the upcoming years.

Brian Lacefield
Kentucky Office of Agricultural Policy Executive Director

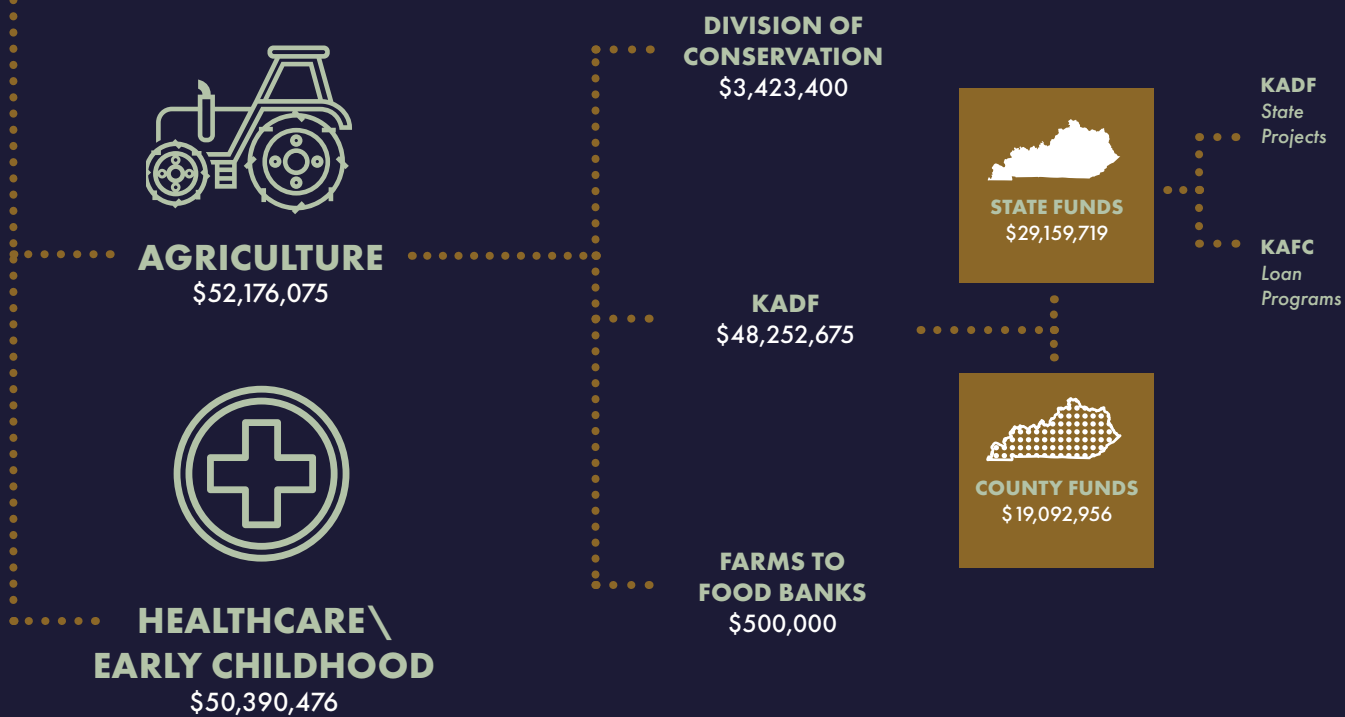
Master Settlement Agreement Funds (MSA) from
TOBACCO COMPANIES
\$ 129,567,751



Tobacco Settlement Agreement Fund
OVERSIGHT COMMITTEE

Jurisdiction of the Tobacco Settlement Agreement Fund Oversight Committee includes matters pertaining to the Kentucky Agricultural Development Board, including requests to the board for grants and loans; planning by the board to establish short-term and long-term goals, to devise strategies, and to make investments that will assist farmers and the administrative, financial, and programmatic activities of the board; expenditures under the Early Childhood Development Fund and the Kentucky Health Care Improvement Fund; efforts of agencies and educational institutions to assist in the revitalization and diversification of tobacco farms; efforts of institutions of public postsecondary research in conducting alternative crop development research; review of county agricultural development council plans, and the use of Tobacco Master Settlement Agreement money.

\$102,566,551



COMMITTEE MEMBERS

C.B. Embry, Jr. (S), Co-Chair

Myron Dossett (H), Co-Chair

Julie Raque Adams (S)

Paul Hornback (S)

Dennis Parrett (S)

Robin L. Webb (S)

Whitney Westerfield (S)

George Brown, Jr. (H)

Kim King (H)

Phillip Pratt (H)

Brandon Reed (H)

Rachel Roberts (H)

Kentucky Agricultural Development Fund

BOARD MEMBERS

The Kentucky Agricultural Development Fund (KADF), in statute, is administered by the Kentucky Agricultural Development Board (KADB).

The mission of the board is to invest these funds 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 finding new ways to add value to Kentucky agricultural products and exploring new opportunities that will benefit Kentucky farms now and into the future.

Note: KADB is governed by KRS 248.701 to 248.727.

STATUTORY MEMBERS

Dr. Ryan Quarles
Commissioner of Agriculture (Chair)

Andy Beshear
Governor

Larry Hayes
Secretary, Economic Development Cabinet

Dr. Nancy M. Cox
Vice President for Land Grant Engagement and Development, University of Kentucky College of Agriculture, Food and Environment

Clara Ross Stamps
Interim President, Kentucky State University

APPOINTED MEMBERS (in Fiscal Year 2022)

Mark Barker
Farm Credit Mid-America Agricultural Lender Oldham County

Sarah Butler
Proxy for Secretary of Economic Development Cabinet Fayette County

Bobby Foree
Attorney with farm experience Henry County

J. Fritz Giesecke
Representative of Kentucky Farm Bureau Hart County

Matt Hinton
Representative of Kentucky Chamber of Commerce Fleming County

Wayne Hunt
Cash grain and tobacco producer; Agribusiness owner Christian County

Dr. Gordon Jones
Active farmer Warren County

Tom McKee
Active farmer w/ag. diversification experience Harrison County

Brenda Paul
Active farmer Bourbon County

Al Pedigo
Active farmer Allen County

Michael Peterson
Active farmer Pulaski County

Suzanne Cecil White
Active farmer Daviess County

Kentucky Agricultural Development Fund

FINANCIAL STATEMENT

Fiscal Year 2022 (Ending 6/30/2022)

	STATE	COUNTY	TOTAL	INDIVIDUAL COUNTY ACCOUNTS
BEGINNING CASH BALANCE	\$33,920,615	\$0	\$33,920,615	\$18,390,826
CASH RECEIPTS				
Annual MSA Payment	\$29,159,719	\$19,092,956	\$48,252,675	\$19,092,956
Interest earned off - Budget County Accounts				\$23,577
TOTAL CASH FY21	\$63,080,334	\$19,092,956	\$82,173,290	\$19,116,533
CASH EXPENDITURES				
Disbursements	\$14,818,490	\$19,092,956	\$33,911,446	\$16,435,105
TOTAL CASH EXPENDITURES	\$14,818,490	\$19,092,956	\$33,911,446	\$16,435,105
ENDING CASH BALANCE	\$48,261,844		\$48,261,844	\$21,072,254

ESSENTIAL OPERATING DATA

Budgeted/Approved, Not Disbursed	\$17,632,710	\$4,294,913
Funds Uncommitted	\$30,629,134	\$16,777,341
ENDING CASH BALANCE	\$48,261,844	\$21,072,254

AGENCY RECEIPT ACCOUNT

Beginning Cash Balance	\$289,880
Cash Receipts	\$0
Cash Expenditures	\$7,960
Ending Cash Balance	\$281,921



The Kentucky Agricultural Development Board (KADB) approved 230 projects and programs totaling

\$26,388,778

in state and county funds during the 2022 fiscal year.

DOE ANDERSON PHOTO

COUNTY & STATE PROJECTS

Kentucky Agricultural Development Fund (KADF)

projects are expected to positively affect the economic status of farmers and the targeted community. A wide array of state and county projects received KADF grants and loans in fiscal year 2022. Projects ranged from county level grants to fund the construction of 4-H ham houses and farmers' markets to statewide investments in projects that provide leadership training, local food promotion, and business development assistance to Kentucky farmers.

47 APPROVED PROJECTS

TOTAL INVESTED
\$7,619,266

STATE LEVEL PROGRAMS

On-Farm Energy Efficiency Incentives Program provides incentives for Kentucky farm families to increase the energy efficiency of existing equipment or facilities on the farm.

22 PROJECTS

TOTAL INVESTED
\$192,803

On-Farm Water Management Program (OFWM) provides incentives for land-grant and regional universities, non-profits, and Kentucky farm families to financially incentivize better water management practices across the commonwealth.

6 PROJECTS

TOTAL INVESTED
\$159,455

COUNTY LEVEL PROGRAMS

County Agricultural Investment Program (CAIP) which offers 11 investment areas, provides 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.

89 COUNTIES PARTICIPATED

TOTAL INVESTED
\$17,126,786

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

17 COUNTIES PARTICIPATED

TOTAL INVESTED
\$186,450

The Next Generation Farmer Program (NextGen) was established 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

8 COUNTIES PARTICIPATED

TOTAL INVESTED
\$312,675

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.

10 COUNTIES PARTICIPATED

TOTAL INVESTED
\$211,780

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

25 COUNTIES PARTICIPATED

TOTAL INVESTED
\$579,563

County Program

PULASKI COUNTY SHARED-USE

County Programs are used to benefit producers and those involved in agriculture in their own community, and Pulaski County proves just that.

Pulaski County uses the Agricultural Development Funds allotted to it to fund the **Shared-Use Equipment Program to buy equipment that producers can rent at a low cost and with minimum hassle.**

Investing more than \$175,000 through 26 projects since 2009, Pulaski County Conservation District has proven itself as a model of the Shared-Use Equipment Program. John Burnett, Pulaski County Conservation District technician and program administrator, cites how involved their producers are with their equipment, saying they take advantage of the opportunities the program delivers to local farmers.

The Shared-Use Equipment Program is funded through County Agricultural Development Funds by County Agricultural Development Councils. The Shared-Use Equipment Program assists broad-based community organizations with the purchase of this equipment that would normally not be economically feasible to producers.



State Program

WADE ROAD POULTRY

Adrian Troyer, of Crofton, began his poultry operation in 2020 through the purchase of four poultry barns in Christian County. Troyer, who is originally from Ohio, moved to Kentucky after developing an interest in the area.

After moving to Kentucky, a little over two years ago, Troyer bought the poultry barns that had been out of production since 2018. Upon purchase, Troyer created "Wade Road Poultry" and began a contract with Perdue Foods.

In 2021, Troyer secured a grant through the Kentucky Agricultural Development Fund's On-Farm Energy Efficiency Incentives Program to **install blown fiberglass to his barns to further insulate the buildings.** As a result of the grant, Troyer was able to lower his propane costs tremendously, therefore creating a larger profit margin for his business.

Troyer cites the program as a large help to producers, especially ones like him who are just beginning to navigate the industry.

County Project

GRAIN BIN RESCUE

Investments in farm safety have become more important as grain bin entrapments have steadily increased over the past few years. Since 2015, the Kentucky Agriculture Development Board has committed more than \$50,000 in 15 counties to purchase rescue equipment across Kentucky. These investments have mainly gone toward rescue tubes, devices to surround the victim, removing the pressure from the grain on the victim. This equipment better enables the rescuers to return the victim to safety.

In January 2022, Brush Creek Volunteer Fire Department, one of the recipients of Casey County Kentucky Agriculture Development Funds, responded to a call of a grain bin entrapment. **Upon responding, Brush Creek was able to rescue the victim with a grain tube purchased with Casey County funds.** The hope is that fire departments don't have to use this equipment and that there are no victims of entrapments. However, this rescue equipment can truly save lives and Brush Creek Volunteer Fire Department proved that.



State Project

PHOTOS COURTESY KOAP

ON-TAPP DAIRY LLC

On Tapp Dairy is an organic, grass-fed, and grass-finished dairy operation in Washington County, run by father and son team, Dudley and Joseph Tapp.

The Tapps, a third-generation farming family, operates the 300-acre farm with a diverse array of goods. This year Dudley Tapp started production of bottled milk and is selling directly to consumers at farmers' markets. The Tapp family also markets its own eggs, beef, chicken, pork, lamb, and turkey, so bottling served another interest to them.

On Tapp Dairy offers white and chocolate milk in pints, half a gallon, and gallons. They are creating a customer base relationship with consumers that want product directly produced on the farm.

The Tapp family has always operated a dairy and when the milking industry became demanding, they adapted in a different way. **Through utilizing the KADF funds and a KAFC loan to purchase dairy processing equipment, they are able to effectively process and bottle their milk.**

You can find their bottled milk at the Bardstown Road Farmers' Market in Louisville, as well as in multiple bakeries throughout Kentucky.

STATUTORY MEMBERS

Dr. Ryan Quarles
*Commissioner of Agriculture
(Chair)*

Holly McCoy-Johnson
*Secretary of Finance and
Administration*

Kentucky Agricultural
Finance Corporation

BOARD MEMBERS

The Kentucky Agricultural Finance Corporation (KAFC) was created by statute in 1984. In 2002, the Kentucky Agricultural Development Board, as part of the Long-term Plan for Agriculture Development, recommended KAFC be restructured to provide capital access for agricultural diversification and infrastructure projects. In keeping with that priority, KAFC was awarded Kentucky Agricultural Development Funds in July 2003 to accomplish its mission.

KAFC addresses the unique financing needs of agriculture in the commonwealth. KAFC Board's mission is to strengthen Kentucky agriculture by providing access to low-interest loan programs through joint partnerships with local lending institutions. KAFC assists beginning farmers, farm families, and agribusinesses obtain the necessary capital to establish, maintain, or expand their agricultural operations.

Note: KAFC is governed by KRS 41.606, KRS 247.940 to 247.978.

APPOINTED MEMBERS (in Fiscal Year 2022)

Dr. Kenneth H. Burdine
*Agricultural economist
Jessamine County*

Frank A. Penn
*Equine industry representative
Fayette County*

Wayne Hunt
*Cash grain farmer
Christian County*

David Rink
*Livestock farmer
Shelby County*

Larry Jagers
*Dairy farmer
Hardin County*

Linda L. Rumpke
*Commercial lender
Fayette County*

Doug Lawson
*Commercial lender
Henderson County*

Mac Stone
*Horticulture industry
representative
Scott County*

Dan Flanagan
*Tobacco producer
Taylor County*

James W. Aldridge
*Proxy for the Secretary of the
Finance and Administration
Cabinet
Franklin County*

Jonathan Noe
*Central Kentucky Agricultural
Credit Association
Garrard County*



DOE ANDERSON PHOTO

Kentucky Agricultural
Finance Corporation

FINANCIAL STATEMENT

Fiscal Year 2022 (Ending 6/30/2022)

	FY2022
BEGINNING CASH BALANCE	\$20,716,778
CASH RECEIPTS	
Principal	\$12,989,267
Interest earned on loans	\$1,572,996
Interest earned on cash	(\$26,434)
Other income (Grants, Transfers)	\$230,000
TOTAL CURRENT YEAR RECEIPTS	\$14,818,697
TOTAL CASH	\$35,535,473
CASH EXPENDITURES	
Loans disbursed	(\$12,487,603)
Refunds	(\$41,248)
TOTAL CASH EXPENDITURES	(\$12,528,851)
ENDING CASH BALANCE	\$23,006,625

ESSENTIAL OPERATING DATA

Loans approved not disbursed	\$15,620,165
Funds Uncommitted	\$7,386,460
Ending Cash Balance	\$23,006,625
Accounts Receivable	\$79,628,921
TOTAL ASSETS	\$102,635,546

KAFC Loans

for Fiscal Year 2022

Kentucky Agricultural Finance Corporation (KAFC)

loan programs uses state funds intended for regional or statewide, multi-county, multi-producer projects. KAFC provides access to below-market financing through its participation loan programs in partnership with lenders across the state. By offering low-interest rate loans, KAFC can mitigate risk for lenders and improve cash flow for farmers. KAFC makes financing possible for many agricultural projects that would otherwise be underfunded or unfunded.

KAFC's participation 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 (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.

10 LOANS APPROVED

TOTAL AMOUNT

\$1,111,886

BFLP

Beginning Farmer Loan Program (BFLP) assists individuals with some 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.

90 LOANS APPROVED

TOTAL AMOUNT

\$17,538,405

DOE ANDERSON PHOTO

APLP

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

4 LOANS APPROVED

TOTAL AMOUNT

\$1,926,646

SOLOD_SHA/PEXELS PHOTO

DEAL

Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL) assists agri-entrepreneurs with the purchase, establishment, or expansion of a business that sells agricultural products or services to farmers or consumers. Eligible projects include the purchase of real estate, equipment or facilities, construction or renovation of structures and permanent working capital.

3 LOANS APPROVED

TOTAL AMOUNT

\$379,000

SPOTLIGHTS



SOUTH FORK MALTHOUSE

Russel Case is the owner and operator of South Fork Malthouse in Harrison County.

In 2018, Case decided to combine his interest of brewing and distilling, alongside his experience of farming to produce malts for Kentucky breweries and distilleries. With the help of the Kentucky Agricultural Finance Corporation's Ag Processing Loan Program, **Case was able to purchase the necessary equipment needed for his operation** to produce at a high level and succeed.

South Fork Malthouse made its first sale of malt to a local brewery in October 2019 and received tremendous feedback which expanded the companies selling market. Today, South Fork Malthouse sells to more than 20 breweries and distilleries across the commonwealth.

Perseverance through unprecedented troubles has allowed South Fork Malthouse to prevail as a top tier operation and truly show what it means to be Kentucky Proud.



SEVEN SPRINGS FARM

Seven Springs Farm owner, Joe Nichols, began his career in agriculture with just a toolbox, fixing equipment on area farms. Now this entrepreneur runs a thriving agribusiness raising crops, tobacco, livestock, while also providing excavating services. Now, with a little help from the Kentucky Agricultural Finance Corporation (KAFC), **he has added producing straw erosion blankets to his western Kentucky operation.**

"A few years ago we decided to sell some baled straw to an operation in Guthrie that was making straw erosion blankets," Nichols said. "As soon as I walked into that facility and saw how it was done, I knew we had all the ingredients to do this ourselves."

Nichols, with his team at SSF, began doing research and developing the business plan for the new operation. In the fall of 2020, SSF applied for a KAFC Agricultural Processing Loan working with its local lender and was approved for a \$150,000 loan.

"It was a fast and efficient process working with our lender and the staff at KAFC," Nichols said. "We would have done this project without

the KAFC loan, but working with KAFC gave us a lower rate on a portion of our loan for this project."

While the machine arrived in December 2020, the engineers from Germany could not come due to Covid restrictions. That didn't stop Nichols and his team, they unloaded the five shipping containers with the equipment and set it up. By the time the engineers arrived in January 2021, the machine was completely assembled. The engineers finalized the wiring, and the machine was up and running.

In the erosion blankets, SSF uses only straw from wheat that is harvested with stripper heads that take only the grain and leave the whole shaft of the wheat standing. This allows the team to cut the straw to the longest possible length so that each piece is stitched to the netting at multiple points, creating a superior product that remains intact during transportation and installation.

"We are vertically integrated, controlling the process from production, to processing, to marketing, and even when needed to the delivery of our product," Nichols said. "We have been able to take our farmer mentality, our ingenuity, and make this work."



MENTORSHIP

Brandon Shemwell & Darrell Simpson:

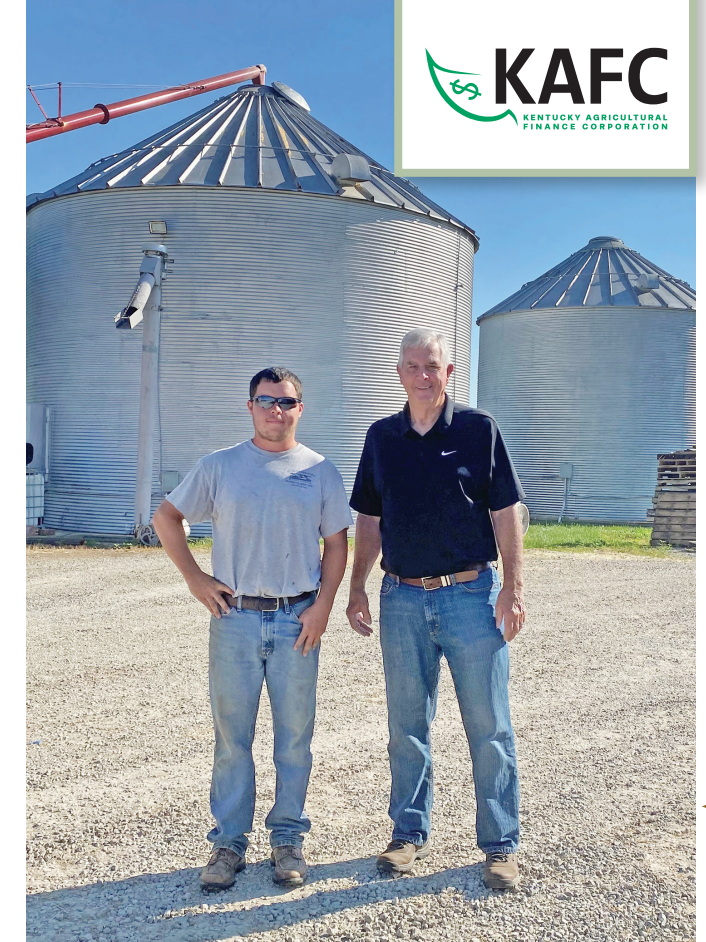
Brandon and Sandy Shemwell contribute to the large poultry industry in Kentucky agriculture. After working in the coal industry, the Shemwells utilized the Beginning Farmer Loan Program to purchase 88 acres with four Perdue broiler barns in Muhlenberg County. The Kentucky Ag Finance Corporation requires applicants utilizing this loan program, to also identify a mentor and participate in the Mentorship Program. The Shemwells chose Darrell Simpson, Muhlenberg County extension agent. Simpson has provided excellent mentorship to the Shemwell family through encouragement to grow their operation and look for non-traditional ways to add profit to their farm.

"The Shemwell family maintains an excellent vertical integrated operation. I appreciate this young family and everything they are doing for agriculture," Simpson said.

Kentucky agriculture is known for being a family affair and the Shemwells poultry operation serves as just that. **Brandon and Sandy, alongside their two daughters, brother, sister-in-law, and nieces and nephews, work each day in the broiler barns to maintain their first-place ranking in low flock mortality for their division.** The Shemwells have produced poultry for three years and have expanded their operation from four barns to eight.

The houses on "Rolling Hills Farms" are considered "super houses" and hold approximately 26,400 birds at a time. The farm will monitor six flocks a year. Chicks arrive to the farm at a day old and are grown in the controlled barns until day 21. The Shemwells facilitate a free-range operation and on the 21st day, chicks are released into an outdoor area. On day 45, Perdue picks up the grown chickens.

Brandon Shemwell emphasized the importance of monitoring all cooling units and ventilation systems for optimal production. The Shemwells utilize a filtration system to clean water from their lake to water the chickens. When asking the family what it takes to run a large-scale poultry operation they replied, "It requires a lot of dedication, teamwork, and relying on each other."



MENTORSHIP

Matthew Martin & David Bishop:

Matthew Martin is a young agriculturalist that has grown up on his family farm. Now, he is the fourth generation to operate the farm. Martin utilized the KAFC loan program to assist with purchasing a 100-acre farm, two miles down the road from the original property. The beginning farmer loan program requires all agriculturalist to have a mentor. David Bishop serves as Matthew's mentor through his transition into more responsibility.

Bishop described Martin as "the most hardworking and dedicated young farmer with a great reputation."

On the Martin farm some of their enterprises include corn, soybeans, wheat, straw, hay, and cattle. When purchasing his new farm, Martin cleaned waterways and did more than 250 hours in excavation to have the fields ready for the crop season. In total, the Martin family farms more than 1,800 acres.

"The beginning farmer loan program is ideal for young farmers like Matthew to have assistance and I would encourage more programs like this to see young people succeed," Bishop said.

Bishop and Martin are the ideal candidates for the mentorship program because of their passion for Kentucky agriculture.

Joint Kentucky Agricultural
Development Fund and Kentucky
Agricultural Finance Corporation

SPOTLIGHT

FARMSTEAD BUTCHER BLOCK, LLC Meat processing facility benefits from both KADF, KAFC

Farmstead Butcher Block owners, Clifford and Carol Welch, decided to open the U.S. Department of Agriculture (USDA) certified processing plant in Central City during the pandemic when it was almost impossible to get their livestock in queue to be processed.

“Most processors were backed up 15-18 months, so it was obvious there was a need in this area,” Clifford said. “We didn’t have a background in process, but we surrounded ourselves with people that are the best of the best, developed a business plan, and here we are today.”

The Welches learned about the Kentucky Agricultural Development Fund (KADF) grant and loan programs from their local extension agent, Daryl Simpson. After working with the Kentucky Office of Agricultural Policy (KOAP) staff and the Kentucky Center for Agriculture and Rural Development (KCARD) team, the Welches were awarded \$250,000 as a Meat Processing Incentives Program forgivable loan and \$20,000 in county grant funds toward the construction of Farmstead Butcher Block.

“As with everything else during Covid, the cost of the project almost doubled from our original projections,” Clifford explained. “We already had a \$1 million loan from our local bank, so when we realized we would need more funds to finish the project we worked with our local lender to apply for a Kentucky Agricultural Finance Corporation Loan.”

In November 2021, the Welches were approved for a \$250,000 Agricultural Processing participation loan with the Kentucky Agricultural Finance Corporation (KAFC). These additional funds allowed the Welches to finish the facility, a state-of-the-art USDA processing facility that included an original kill box design that Clifford created with the guidance of Temple Grandin. Much to Clifford’s and Carol’s surprise the plans for their kill box had been shared with Temple Grandin and she reached out to them.

“I spent over 20 minutes speaking with her going over the design and taking her recommendations for making improvements, like covering the concrete floor,” explained Clifford, smiling. “She was 100 percent right about it being too slick without a pad. She also took time to give me suggestions for the control valve in the head lock.”

The result has been a process where the cattle remain calm through the entire process, the Welches said. They have also developed a divider to go in the box that allows it to be used for hogs and sheep with the same stress-free results.

“We are excited about what we have been able to do so far with the help of the grants and loans, and we plan to keep working to grow and improve our facility to meet the needs of the farmers and consumers in our area.”



KOAP STAFF

Brian Lacefield
Executive Director

Bill McCloskey
Deputy Executive Director

Sarah Bryant
KADF Programs Manager

Diana Carrier
KADF Project Compliance Manager

Kelly Childers
Executive Staff Assistant

Bill Hearn
Fiscal Officer

Hannah Johnson
Boards & Special Events Manager

Brian Murphy
General Counsel

Olivia Randolph
KAFC Administrative Loan Manager

Lane Ryan
KAFC Loan Programs Manager

Chelsea Smither
KADF Project Manager

Nick Van Over
KADF Programs Compliance Manager

Jesslyn Watson
KADF Project Manager

Martin Williams
KADF Project Manager

Abigail Mattingly
Intern

Isaiah Pruitt
Intern



Thank You to Our **PARTNERS**

Thank you to all partners throughout the commonwealth that contribute to the unprecedented success of the KADF's and KAFC'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.

County Cooperative Extension Service
extension.ca.uky.edu

Kentucky Cabinet for Economic Development
thinkkentucky.com

Kentucky Center for Agriculture and Rural Development
kcard.info

Kentucky Department of Fish and Wildlife
fw.ky.gov

Kentucky Division of Conservation
eec.ky.gov/Natural-Resources/Conservation

Kentucky Division of Water
eec.ky.gov/Environmental-Protection/Water

Kentucky Small Business Development Center
ksbdc.org

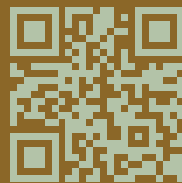
USDA Farm Service Agency
fsa.usda.gov/state-offices/Kentucky

USDA Natural Resource and Conservation Services
nrcs.usda.gov/wps/portal/nrcs/site/ky/home

USDA Rural Development
rd.usda.gov/ky

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