



KOAP

2023

KENTUCKY OFFICE OF AGRICULTURAL POLICY
ANNUAL REPORT



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Letter from Commissioner Quarles

When I stepped into the role of Kentucky Agriculture Commissioner in 2016, I stepped in already knowing the undeniable fact that farming is essential to Kentucky's future.

Coming from a farm family that has worked the same Kentucky soil for more than 200 years, my roots, like our great commonwealth, are in agriculture. But, as your agriculture commissioner, I gained a deeper understanding of the hard work our farmers do every day to create, produce, and flourish in our ever-changing world.

There's no denying agriculture is essential to Kentucky's economy. Last year saw Kentucky reach an all-time high with agricultural cash receipts at \$8.3 billion. That number reflects just a portion of the overall estimated \$49.6 billion impact agriculture has on Kentucky's economy making it evident Kentucky needs agriculture.

You have to also consider that for

the first time, the top five commodities all exceeded \$1 billion in cash receipts. This diversification marks a significant turning point in Kentucky's agriculture future. In the past, tobacco was king. But when the market changed, Kentucky had to change with it.

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.

The diversification we've witnessed

in Kentucky agriculture has allowed the state to be in a much better position to absorb fluctuations in the market.

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. A decision by the General Assembly in 2021, moved the administration of the Kentucky Agricultural Development Fund (KADF) from the Governor's Office to the Kentucky Department of Agriculture (KDA).

Considering our mission at the Kentucky Department of Agriculture is to promote the interests of agriculture and horticulture, it was a natural fit. Together, 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.

Since combining efforts, we have celebrated some important milestones. The Kentucky Agricultural Finance Corporation, which is focused on new and beginning farmers, reached \$100 million in assets and the Kentucky Agricultural Development Fund celebrated two decades of service. 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 future.

As I prepare to leave office at the end of 2023, I feel confident the Kentucky Office of Agricultural Policy is in good hands and will continue to provide the necessary means to continue the diversification from which our agriculture landscape can thrive.

We've done some amazing stuff in just our short stint together, and I know more amazing things are yet to come. Stay tuned.

Sincerely,

Dr. Ryan Quarles

KY Commissioner of Agriculture



About Us

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.



Brian Lacefield
Kentucky Office of Agricultural Policy Executive Director

ONCE AGAIN, another successful fiscal year is complete for the Kentucky Office of Agricultural Policy (KOAP). The KOAP team continues to implement its first-class efforts to promote and educate Kentucky's producers on the available investments throughout the commonwealth year-round. We have now been under the Kentucky Department of Agriculture (KDA) for two full years, and recently moved offices to join the rest of the KDA on campus. This transition has allowed our resources to expand, further benefiting the outreach of Kentucky Agricultural Development Funds (KADF).

Message from the Executive Director

We hope that this annual report is a great starting place to learn more about how KADF has diversified Kentucky agriculture in its 23 year existence.

In 2023, Kentucky had \$118 million in Master Settlement Agreement (MSA) funds roll into the state, with \$50 million committed by the General Assembly directly to agriculture. Of that \$50 million, \$500,000 goes direct to the Farms to Food Banks program to assist with Kentucky's Hunger Initiative. Another \$3.4 million is assigned to the Division of Conservation to fund environmental cost share programs and provide direct aid to the conservation district offices across the state. This year, \$500,000 has been allocated toward a new and worthy program, the Rural Mental Health and Suicide Prevention. The Kentucky Agricultural Development Fund (KADF) received \$45 million, with \$29 million going to state level projects and programs and \$16 million going into the county accounts. The county allocations vary across the state based on historic burley tobacco production dependency.

Coming out of the commissioner's stakeholder meeting in 2022, efforts have been made to improve our state's need for large and food animal veterinarians. Specifically in the Kentucky Office of Agricultural Policy, two programs have the potential to impact our commonwealth's coverage of large and food animal veterinarians: KAFC Large/Food Animal Veterinary Loan Program (LFAVLP) and the KADB Large and Food Animal Veterinary Incentives Program (LFAVIP). The LFAVLP is a loan program 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, including goat, sheep, swine, and other food animals. School debt may be eligible to use as a match.

The LFAVIP provides funding for Kentucky veterinarians in the form of a cost-reimbursement grant up to 75 percent to increase service to large and food animal producers in the state. Applicants are able to participate in both programs simultaneously.

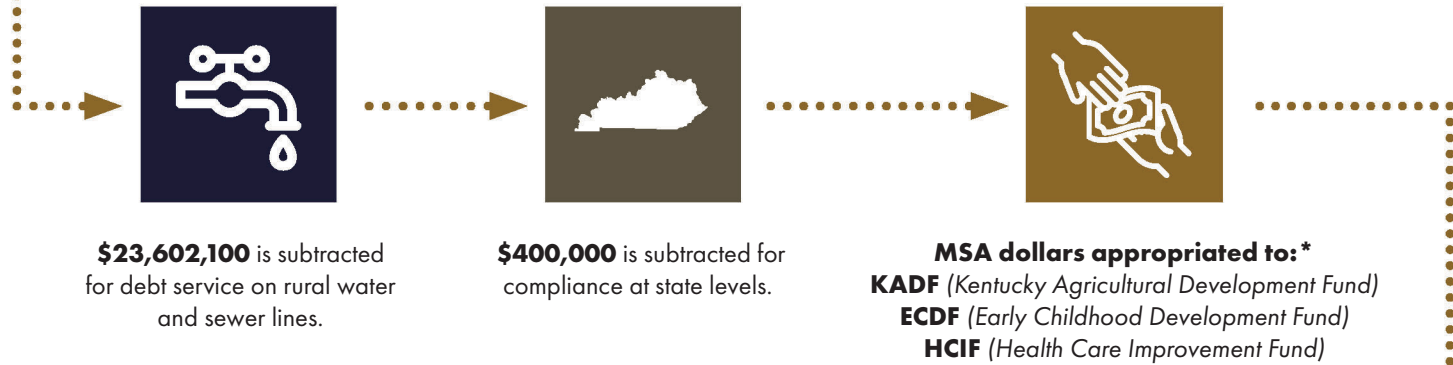
KADB members strive to continue impacting Kentucky's producers statewide, and therefore, approved the reauthorization of the State Support to Limited Allocation Counties (SSLAC) initiative for 2023. Traditionally, 118 counties in Kentucky receive Kentucky Agricultural Development Funds (KADF) at the 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 until 2019.

SSLAC 2023 provided state funds to 21 of our 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.

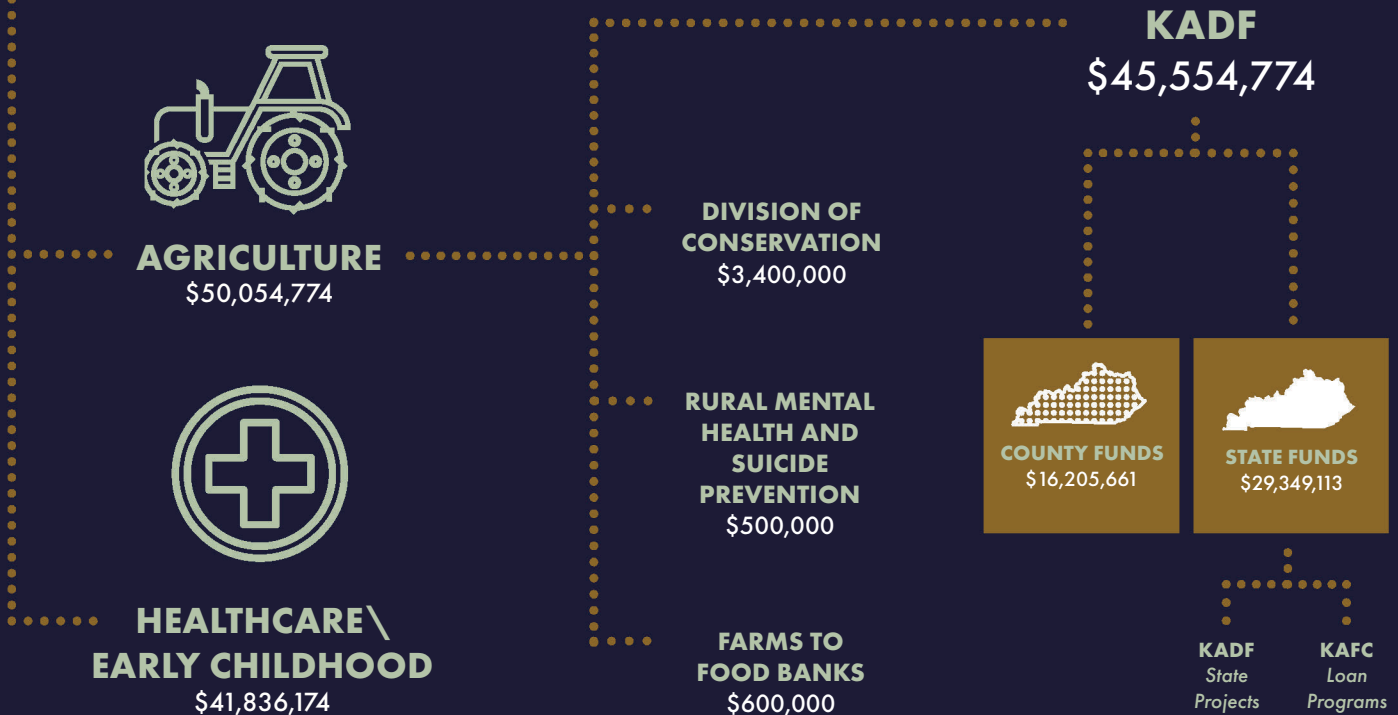
We are grateful for the General Assembly's continued support and commitment to our producers, agribusinesses, and those that work in between. I am proud of the outreach that the KOAP staff strives for every day, part of which, wouldn't be possible without the partnership we have with the University of Kentucky, Kentucky State University, participating loans, and our county program administrators. Lastly, I would like to emphasize our deep appreciation to the board members of both the Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation. Their commitment to positively invest the Kentucky Agricultural Development Funds throughout our commonwealth will leave a lasting impact felt by generations to come.



Master Settlement Agreement Funds (MSA) from
TOBACCO COMPANIES
\$118,272,348



\$91,890,948



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.

COMMITTEE MEMBERS

- Amanda Mays Bledsoe (S), Co-Chair**
- Myron Dossett (H), Co-Chair**
- Julie Raque Adams (S)**
- Gary Boswell (S)**
- Matthew Deneen (S)**
- Denise Harper Angel (S)**
- Robin L. Webb (S)**
- George Brown, Jr. (H)**
- Kim King (H)**
- Phillip Pratt (H)**
- Brandon Reed (H)**
- Rachel Roarx (H)**

*\$2,379,300 is unappropriated

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. Listed are the KADB members for the Fiscal Year 2023.

Note: KADB is governed by KRS 248.701 to 248.727.



STATUTORY MEMBERS

Dr. Ryan Quarles
Commissioner of Agriculture (Chair)

Jeff Noel
Secretary, Economic Development Cabinet

Andy Beshear
Governor

Dr. Koffi C. Akakpo
President, Kentucky State University

Dr. Nancy M. Cox
Vice President for Land-grant Engagement and Dean, University of Kentucky Martin-Gatton College of Agriculture, Food and Environment

APPOINTED MEMBERS

(in Fiscal Year 2023)

Mark Barker
Representing agricultural lenders
Oldham County

Tom McKee
Representing farmers with ag. diversification
Harrison County

Bobby Foree
Attorney with farm experience
Henry County

Brenda Paul
Representing active farmers
Bourbon County

J. Fritz Giesecke
Representative of Kentucky Farm Bureau
Hart County

Al Pedigo
Representing grain, tobacco, and cattle farmers
Allen County

Matt Hinton
Representative of Kentucky Chamber of Commerce
Fleming County

Michael Peterson
Representing active farmers
Pulaski County

Wayne Hunt
Representing grain and tobacco farmers
Christian County

Suzanne Cecil White
Representing livestock, grain and tobacco, hay and forage farmers
Daviess County

Dr. Gordon Jones
Representing cattle and swine farmers
Warren County

Kentucky Agricultural Development Fund

FINANCIAL STATEMENT

Fiscal Year 2023 (Ending 6/30/2023)

	STATE	COUNTY	TOTAL	INDIVIDUAL COUNTY ACCOUNTS
BEGINNING CASH BALANCE	\$48,261,844	\$0	\$48,261,844	\$21,072,254
CASH RECEIPTS				
Annual MSA Payment	\$29,349,113	\$16,205,661	\$45,554,774	\$16,205,661
Interest earned off - Budget County Accounts				\$341,170
TOTAL CASH FY21	\$77,610,957	\$16,205,661	\$93,816,618	\$37,619,085
CASH EXPENDITURES				
Disbursements	\$20,675,267	\$16,205,661	\$36,880,928	\$18,889,865
TOTAL CASH EXPENDITURES	\$14,818,490	\$19,092,956	\$33,911,446	\$16,435,105
ENDING CASH BALANCE	\$56,935,690	\$0	\$56,935,690	\$18,729,220

AGENCY RECEIPT ACCOUNT

Beginning Cash Balance	\$281,921
Cash Receipts	\$0
Cash Expenditures	\$7,476
Ending Cash Balance	\$274,445



The Kentucky Agricultural Development Board (KADB) approved 244 projects and programs totaling

\$37,642,889

in state and county funds during the 2023 fiscal year.

DOE ANDERSON PHOTOS

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 2023. Projects ranged from county level grants to fund the construction of greenhouses and farmers' markets to statewide investments in projects that provide leadership training, local food promotion, and business development assistance to Kentucky farmers.

61 PROJECTS TOTAL INVESTED **\$19,564,580**

STATE LEVEL PROGRAMS

Food Safety and Efficiency Incentives Program provides funding for Kentucky farm families, businesses, and processors to increase efficiency and food safety protocol through sound consultation services. Applications in this program are currently in progress.

Large and Food Animal Veterinary Incentives Program provides funding for Kentucky veterinarians to increase service to large and food animals in the state. This program was introduced in early January 2023, with several applications in progress.

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.

14 PROJECTS TOTAL INVESTED **\$123,150**

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.

1 PROJECT TOTAL INVESTED **\$10,000**

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.

92 COUNTIES PARTICIPATED TOTAL INVESTED **\$16,113,895**

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

20 COUNTIES PARTICIPATED TOTAL INVESTED **\$237,688**

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

8 COUNTIES PARTICIPATED TOTAL INVESTED **\$311,900**

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.

16 COUNTIES PARTICIPATED TOTAL INVESTED **\$409,588**

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

31 COUNTIES PARTICIPATED TOTAL INVESTED **\$622,088**



County Program

CAIP MARION COUNTY

Marion County cattle farmer Joey Sandusky used the funds he received through his county's County Agricultural Investment Program (CAIP) to set up more fencing to increase his rotational grazing areas.

"Now, I have access to more pastures and can increase the number of head in my operation," Sandusky said.

That's just one of the ways farmers are benefiting from CAIP funds administered through the Marion County Conservation District office. In 2022, Marion County Conservation District distributed funding to 78 farm operations. Marion County's awarded producers are testaments of the benefits that can be achieved through CAIP.

Through the initiative of the Kentucky Agricultural Development Fund (KADF), Sandusky was able to have access to CAIP funding and invest in his operation. In 2022, a total of \$135,000 was committed to CAIP after approval from the Marion County Agricultural Development Council.

CAIP was created to provide Kentucky producers cost-share assistance that increases net farm income and incentivizes producers to try innovative technology and practices that improve an operation's productivity and efficiency. Without these programs, such as CAIP, opportunities like these would not be readily accessible to help local Kentuckian farmers like Sandusky.



State Program

SUSTAINABLE HARVEST FARM

Sustainable Harvest Farm, in London, Kentucky, is owned and operated by the Waterstrat family. The family produces U.S. Department of Agriculture Certified Organic fruits and vegetables for farm share members and customers. The mission is to provide high-quality produce through the best agricultural practices. Growing large, diversified produce takes a lot of water, and the unpredictability of Kentucky weather often proves to cause setbacks. It is through the small-scale grant provided in the On Farm Water Management Program (OFWM) provided by the KADF, that Sustainable Harvest Farm could implement a reliable system.

"That grant has been terrific. For the type of agriculture we do, we must irrigate," said Ford Waterstrat, a first-generation farmer. "The drip-tape system is inexpensive, but the irrigation associated with getting the water to the tape is expensive. So, the grant has helped offset \$10,000 in our irrigation system."

Through the KADF, the farm was able to invest in newer, quality equipment — such as irrigation pumps, fittings, and pressure regulators — that will be more sustainable for their operation. Waterstrat claims that this grant has allowed them to focus on expansion.

"The grant has helped us take away some risk of farm expansion," he said. "With the grant, we can now focus on our expansion without taking on as much debt and invest in better infrastructure."

The On-Farm Water Management Program provides incentives for land-grant and regional universities, non-profits and Kentucky farm families to financially incentivize better water management practices across the commonwealth. State programs offered through KADF, like the one awarded to Sustainable Harvest, help assist farmers to maximize and capitalize on their own operations.



County Project

BOURBON COUNTY HIGH SCHOOL GREENHOUSE

When the agriculture teachers at Bourbon County High School (BCHS) decided to fundraise and work with their local community to build a newer and more efficient greenhouse, the school's agriculture department was awarded \$18,000 in Bourbon County Agricultural Development Funds to go toward the construction of the greenhouse.

The newly built greenhouse is 72 feet by 30 feet and features many new pieces of equipment to help the high school FFA program expand its horticulture and plant science classes.

"The greenhouse we originally used was very limited," said Tara Poe, one of BCHS' agriculture teachers. "The space we had and the equipment inside wasn't where it needed to be to educate our students about the many different aspects of raising and managing plants. With this new greenhouse we have been able to dramatically increase our productivity and have been able to expand toward using new methods of growing plants, such as our new hydroponics unit."

The newly constructed greenhouse has provided the Bourbon County agriculture community with a new avenue of educating youth on safe and efficient plant management practices. Through the funding for projects geared toward providing youth with more hands-on opportunities similar to this, the Kentucky agriculture industry can look forward to a brighter and greener future.



State Project

KY HORTICULTURE COUNCIL

When the Kentucky Agricultural Development Fund (KADF) was created to support the diversification of Kentucky agriculture, Kentucky Horticulture Council (KHC) sought assistance and submitted its first proposal to the Kentucky Agricultural Development Board (KADB) in 2001. Since then, the KADB has continued funding KHC with the grant supporting programs through 2024.

KHC's mission is to support the specialty crop industry across the state, focusing on the thousands of farmers who produce and market horticulture crops, as well as potential entrepreneurs interested in horticulture and agribusinesses that would provide services and promote Kentucky-grown products.

"KHC is there to support horticulture statewide, in every segment of the industry," said KHC Executive Director Dr. Cindy Finneseth "KHC's role is to operate in four key areas: education, such as production and marketing literacy, market development, university-backed research, and policy work."

KHC directly assists producers through funding their operations and providing detailed feedback to improve efficiency.

KHC's role in horticulture and agriculture has greatly benefitted the farmers of Kentucky. The KADB is proud to partner with the KHC, and to promote the improvements and economic benefits of Kentucky horticulturalists.

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. Listed are the KAFC members for the Fiscal Year 2023.

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

STATUTORY MEMBERS

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

Holly McCoy-Johnson
*Secretary of Finance and
Administration*

APPOINTED MEMBERS (in Fiscal Year 2023)

Dr. Kenneth H. Burdine
*Representing agricultural
economists
Jessamine County*

Jonathan Noe
*Representing ag credit
association
Garrard County*

Wayne Hunt
*Representing cash grain farmers
Christian County*

Frank A. Penn
*Representing equine industry
Fayette County*

Larry Jagers
*Representing dairy farmers
Hardin County*

David Rink
*Representing livestock farmers
Shelby County*

Doug Lawson
*Representing commercial lenders
Henderson County*

Linda L. Rumpke
*Representing commercial lenders
Fayette County*

Dan Flanagan
*Representing tobacco farmers
Taylor County*

Mac Stone
*Representing horticulture
farmers
Scott County*



FINANCIAL STATEMENT

Fiscal Year 2023 (Ending 6/30/2023)

FY2023

BEGINNING CASH BALANCE \$23,006,625

CASH RECEIPTS

Principal	\$10,262,429
Interest earned on loans	\$1,715,779
Interest earned on cash	\$806,812
Other income (Grants, Transfers)	\$10,000,000

TOTAL CURRENT YEAR RECEIPTS \$45,791,645

TOTAL CASH \$22,785,020

CASH EXPENDITURES

Loans disbursed	(\$22,969,848)
Refunds	(\$3,811)

TOTAL CASH EXPENDITURES (\$22,973,659)

ENDING CASH BALANCE \$22,817,986

ESSENTIAL OPERATING DATA

Loans approved not disbursed	\$18,002,492
Funds Uncommitted	\$4,815,495
Ending Cash Balance	\$23,006,625
Accounts Receivable	\$92,489,037

TOTAL ASSETS \$115,307,023

DOE ANDERSON PHOTO

KAFC Loans

for Fiscal Year 2023

Kentucky Agricultural Finance Corporation (KAFC)

loan programs use 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 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 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.

28 LOANS APPROVED

TOTAL AMOUNT
\$5,000,037

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.

102 LOANS APPROVED

TOTAL AMOUNT
\$18,620,194

DOE ANDERSON PHOTO

LFAVLP

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

1 LOANS APPROVED

TOTAL AMOUNT
\$250,000

DOE ANDERSON PHOTO

DEALP

Diversification through Entrepreneurship in Agribusiness Loan Program (DEALP) 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.

4 LOANS APPROVED

TOTAL AMOUNT
\$780,000

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.

8 LOANS APPROVED

TOTAL AMOUNT
\$3,424,500

DOE ANDERSON PHOTO

SPOTLIGHTS

RUSSELL COUNTY FARM STORE (APLP)

Brian and Natasha McElroy own Russell County Farm Store in Russell Springs, Kentucky. The store provides agricultural related retail, including products for feed, farm, garden, home, and pet and animal supplies. In addition, the McElroys operate an in-store feed manufacturing facility, which uses locally grown grain to produce livestock feed. Alongside the partnership of Farm Credit Mid-America and the Kentucky Agricultural Finance Corporation (KAFC), Russell County Farm Store has grown its scope of business through the expansion of its feed manufacturing facility.

"A referral from the Farm Credit Services led us to the KAFC loan," the McElroys said. "What appealed to us was the lower interest rates that helped us finish our project with lower monthly payments."

The McElroys utilized the Agricultural Processing Loan Program to assist in the purchase of grain processing equipment and the renovation of a commercial building that houses the Russell County Farm Store. 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 processing.

Russell County Farm Store provides a useful and unique business within their community.

"The loan allowed us to expand our feed manufacturing facility," the McElroys said. "In return, we have been able to purchase more grain from farmers in the surrounding counties and provide the nutritional requirements that customers needed in this same area."



PIKE VETERINARY SERVICES (LFAVLP)

Dr. Andrew Pike is the owner of Pike Veterinary Services, which began in June 2012 following his graduation from Auburn College of Veterinary Medicine. From his experience growing up on a dairy farm, Dr. Pike always sought to work in cattle and focus on production agriculture.

In 2023, with the partnership of Magnolia Bank and Kentucky Agricultural Finance Corporation (KAFC) Large & Food Animal Veterinary Loan Program (LFAVLP), Dr. Pike was able to purchase a neighboring mixed animal practice, offering services of routine vaccinations, preventive care, surgeries, or emergency treatments to pets and livestock animals. This expansion would not have been possible without the loan program offered through KAFC.

"Building, expanding, or purchasing a practice is a major financial burden, especially considering the narrow profit margins of food animal medicine," Dr. Pike said. "I have always known I wanted to continue practicing large animal medicine,

but I had the goal of expanding and being able to buy a brick-and-mortar location."

Dr. Pike sought assistance through the KAFC Large and Food Animal Veterinary Loan Program that 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, including goat, sheep, swine, and other food animals. With this program, the KAFC approved Dr. Pike for up to \$250,000 for the purchase of a veterinary clinic in Hart County. This loan assisted in the purchase of the practice and the equipment necessary to meet the needs of the clientele.

Additionally, Dr. Pike participated and was approved up to \$100,000 in the new Large and Food Animal Veterinary Incentive Program (LFAVIP), a cost-reimbursement grant designed to incentivize veterinarians to continue offering services to large and food animals.

"The LFAVIP helps provides additional financial security to veterinarians wanting to take such a 'leap,'" he said. "It helped to allow us to purchase the practice and arm it with the equipment needed to practice high quality medicine for our clients in rural Kentucky."

This program helps veterinarians in the short run and helps them focus on long-term goals.

"As a result [of the LFAVIP], we can spend our time focusing on growing the business," Dr. Pike said. "Our goal is eventually hiring more veterinarians to continue to grow our practice. This will place more large animal veterinarians into rural practice and continue to provide a very important service to the livestock producers in Kentucky."

T&T FEED AND SEED (DEALP)

T&T Feed and Seed in Bardstown, Kentucky, is owned and operated by brothers, Taylor and Tyler Nalley. Since 2014, the brothers have been involved in wholesale, supplying and processing feed for other stores, and delivering bulk feed in the Kentucky-Indiana Region.

In 2022, the brothers sought a loan to purchase a building as the storefront

of T&T Feed and Seed. The Nalleys participated in the Diversification through Entrepreneurship in Agribusiness Loan Program (DEALP) through joint financing with Town and Country Bank and Trust Co. and the Kentucky Agricultural Finance Corporation (KAFC). DEALP assists Agri-entrepreneurs with the purchase, establishment, or expansion of a business that sells agricultural products or services to farmers or consumers.

Taylor Nalley said these loans are helpful to agri-businesses by providing access to low interest financing that allows entrepreneurs to undertake new business ventures.

"It has helped us overall with our cashflow and profitability," said Taylor Nalley, regarding the addition of the storefront.

Thanks to KAFC, T&T Feed and Seed's storefront has assisted thousands of customers and helped them to grow their businesses.



SPOTLIGHTS

MENTORSHIP

Trace Meador and Jennye Logsdon:

Trace Meador, a young farmer in Hart County, Kentucky, had the desire to own his own farm. Alongside South Central Bank, Meador utilized the Kentucky Agricultural Finance Corporation (KAFC) loan program, Beginning Farm Loan Program (BFLP), to assist in purchasing a farm for his own use.

The BFLP is designed to assist individuals with some farming experience to develop, expand, or buy into a farming operation. Applicants of the BFLP are required to have a mentor to guide them in their farming startup. **For his mentor, Meador chose his long-time friend, Jennye Logsdon, a fifth-generation farmer, who has provided excellent mentorship and insight into Meador's farm.**

"I was originally looking for land to build on, but when I heard of this program and saw the benefits of the Beginning Farm Loan Program, it was a no-brainer to do," Meador said. With his loan, Meador purchased 223 acres and began his farming operation consisting of cattle, hay, and crops. Logsdon, who has much experience in these fields, has been integral to Meador's success.

"The best part is that she has the experience in the things that I want to do," Meador said. "She has helped teach me and helped build my skills to improve my operation."

Logsdon describes this mentorship as a "great opportunity."

"There's a lot of skills I have learned that I am trying to pass down to Trace," Logsdon said.

Adam Estes, Hart County Agriculture and Natural Resources Extension Agent, sees the importance of the role BFLP plays in the community.

"I like to see our young people, like Trace, in agriculture," Estes said. "I highly recommend our young farmers to do this program stay in the county and be involved."

Meador hopes to return the favor bestowed on him as a mentee and become a mentor for other young farmers in the future who are part of the BFLP.



MENTORSHIP

Cody Burke:

To qualify for the Beginning Farmer Loan Program (BFLP), applicants cannot have owned a farm for longer than 10 years. Those eligible to receive these loans benefit from a low 2.75 percent interest rate and can receive up to \$250,000. With this program, beginning farmers must work with a primary lender and select a mentor to advise and support them through the duration of the loan. This mentorship creates a direct avenue for applicants to hear like-minded ideas and see new perspectives on how they can grow their operations.

One of the recent applicants of the BFLP is Cody Burke from Frankfort, Kentucky. Burke grew up on a cow/calf operation and decided after a few years of renting farms, it was time to purchase one of his own. With the support of the Kentucky Agricultural Finance Corporation (KAFC) and their partnership with Magnolia Bank, Burke was approved for a \$250,000 loan to invest toward purchasing a farm. **Through this process, Burke has worked with a local mentor and friend, Tim White.**

"It has been priceless to have a mentor through this and especially with that being Tim," Burke said. "I have known him for about seven or eight years, and he has provided me with assistance and experienced advice that has helped me gain a better understanding of finances on the farm."

"It is great to work with eager people in farming and it is much more enjoyable to support someone who is sincere about bettering the community," said White, who has been a farmer for 33 years "Helping them not make mistakes and steering them in the right direction only grows the industry around us."

Although the Beginning Farm Loan Program (BFLP) was designed to financially support new and upcoming farmers, it has also become a way to pass on knowledge and experience in the industry.

MENTORSHIP

James Hamilton:

In 2020, James Hamilton was approved for a \$250,000 loan to purchase a 205-acre farm through the Kentucky Agriculture Finance Corporation's Beginning Farmer Loan Program and Central Kentucky Ag Credit.

Hamilton has an extensive cattle operation where he raises purebred Charolais and Angus cattle over three farms. With the addition of this property, he has been able to invest in more cattle and hopes to build a weaning facility and shop to further his operation.

Hamilton has also taken part in the Beginning Farmer Mentorship Program, being mentored by Phillip Howard, a friend and fellow farmer that lives down the road. Mr. Howard operates an equipment shop and works with hay and livestock.

"Working with Phillip over the years has helped me in so many ways," Hamilton said. "Sometimes he and his family come out and assist me on the farm or he is there to share ideas and a new perspective."



KOAP STAFF

Brian Lacefield
Executive Director

Bill McCloskey
Deputy Executive Director

Bill Hearn
Fiscal Officer

Brian Murphy
General Counsel

Chelsea Smither
KADF Project Manager

Diana Carrier
KADF Project Compliance Manager

Hannah Johnson
Boards & Special Events Manager

Jesslyn Watson
KADF Project Manager

Kelly Childers
Executive Staff Assistant

Nick Van Over
KADF Program Compliance Manager

Olivia Randolph
KAFC Loan Programs Manager

Sarah Bryant
KADF Programs Manager

Savanna Hill
KADF Project Manager

Tera Roberts
KAFC Loan Programs Manager

Benjamin Williams
Intern

Braden Porter
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.

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extension.ca.uky.edu

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fw.ky.gov

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eec.ky.gov/Natural-Resources/Conservation

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**THE KENTUCKY OFFICE of
AGRICULTURAL POLICY**

107 Corporate Drive, Frankfort, KY 40601
(502) 573-0282 | koap@ky.gov
www.kyagr.com/agpolicy



kyagr.com/agpolicy