



Report for the
**Tobacco Settlement Agreement Fund
Oversight Committee**

September 21, 2018

Meeting of the
Kentucky Agricultural Development Board



Commonwealth of Kentucky
Governor's Office of Agricultural Policy

For Immediate Release



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**Kentucky Proud, Agricultural Building Improvements
Among 28 Agricultural Investments Approved**
More than \$5.5 million invested in Kentucky Agricultural Development Funds

FRANKFORT, Ky. (Sept. 21 2018) –The Kentucky Agricultural Development Board approved \$5,547,905 in 28 agricultural diversification and rural development projects across the Commonwealth at its monthly board meeting.

State Investments:

Kentucky Grape & Wine Council

The Kentucky Department of Agriculture was approved for up to \$280,000 in state funds over a 2-year period to support the Kentucky Grape & Wine Council (KGWC). Funds for this program will focus on two main areas: branding and advertising, wholesale reimbursement incentives. For more information on this project, contact Tyler Madison at (502) 782-4117 or (859) 351-0323. Visit www.kentuckywine.com for more information about KGWC.

Kentucky Proud

The Kentucky Department of Agriculture was approved for up to \$2,908,425 in state funds over a 2-year period to support the Kentucky Proud program. The main areas for the Kentucky Proud program are Point of Purchase cost-share, branding and advertising, Buy Local incentives, Linking Agriculture for Networking & Development (LAND), and Farm-to-Fork grants. For more information on this project, contact Melanie Blandford at (502) 782-4101 or melanie.blandford@ky.gov. More information may also be found by visiting www.kyproud.com.

Mini-Grants & Demonstrations

Kentucky State University (KSU) was approved for an additional \$495,000 in state funds towards a 2-year program that provides support to demonstration projects and mini-grants for underserved, small and limited-resource farmers. The focus areas for this project are aquaculture, value-added, organic, farmer education and food insecure areas. For more

information about this project, contact Dr. Kirk Pomper at (502) 597-5942 or kirk.pomper@kysu.edu. More about KSU may be found at www.kysu.edu.

County Investments:

Agricultural Building Improvements

Greenup County Fiscal Court was approved for up to \$3,000 in Greenup County funds for agricultural building improvements at the Greenup County Fairgrounds. For more information on this project, contact Robert Carpenter at (606) 473-6440 or rcarpenter@zoominternet.net.

Environmental Stewardship

The Deceased Farm Animal Removal Program serves as a measure to facilitate the coordination of environmentally sound and cost effective disposal of deceased livestock for Kentucky producers. Four Deceased Farm Animal Removal Programs were approved by the board totaling \$23,462 for Franklin (\$4,500), Montgomery (\$6,400), Taylor (\$7,500) and Washington (\$5,062) counties.

On-Farm Investments

The County Agricultural Investment Program (CAIP) offers 11 investment areas that give Kentucky agricultural producers the ability to increase net farm income, add value to their products and diversify their operation. CAIP benefits and enhances agriculture across the state by stimulating markets for Kentucky agricultural products. Thirteen CAIPs were approved by the board totaling \$1,629,262 for Caldwell (\$93,728), Cumberland (\$106,788), Fayette (\$215,000), Franklin (\$109,719), Hart (\$250,000), LaRue (\$30,000), Menifee (\$69,950), Perry (\$10,440), Robertson (\$215,000), Simpson (\$65,287), Trigg (\$60,350), Washington (\$153,000), and Woodford (\$250,000) counties.

In addition to these new approvals, an additional \$110,711 was approved to enhance an existing CAIP in Clinton (\$90,000) and Mercer (\$20,711) counties.

Next Generation Farmers

The Next Generation Beginning Farmer Program (NextGen) was developed to facilitate the growing need for a specialized program that would benefit producers engaged in an agricultural operation from three to seven years. One NextGen Program was approved for Washington County, totaling \$52,500.

Shared-use Equipment Program

The Shared-use Equipment Program assists broad-based community organizations with the purchase of farm equipment. The equipment purchased is made available for producer use in a specific county on a leased basis. Two Shared-use Equipment Programs were approved totaling \$30,446 for Hopkins (\$9,206) and Woodford (\$21,240) counties.

Youth Agricultural Incentives Program

The Youth Agricultural Incentives Program (Youth) serves as a measure to facilitate the growing need for a specialized program that benefits youth actively engaged in agriculture. Two Youth Programs were approved for a total of \$15,099 for Shelby (\$10,000) and Spencer (\$5,099) counties.

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KADF Programs

Approved at the September 2018 KADB Meetings

CAIP			
<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Caldwell	Caldwell-Lyon Cattlemen's Association Inc.	8/24/2018	\$93,728
Cumberland	Clinton/Cumberland Cattlemen's Assoc., Inc.	8/23/2018	\$106,788
Fayette	Fayette County Conservation District	8/20/2018	\$215,000
Franklin	Franklin County Cattlemen's Association, Inc.	8/24/2018	\$109,719
Hart	Hart County Cattlemen's Association, Inc.	8/13/2018	\$250,000
LaRue	LaRue County Beef Cattle Association, Inc.	8/31/2018	\$30,000
Menifee	Menifee County Beef Producers, Inc.	7/19/2018	\$69,950
Perry	Perry County Conservation District	8/30/2018	\$10,440
Robertson	Robertson County Soil Conservation District	8/20/2018	\$215,000
Simpson	Simpson County Conservation District	8/10/2018	\$65,287
Trigg	Trigg County Soil Conservation District	8/2/2018	\$60,350
Washington	Washington County Cattlemen Association, Inc.	8/28/2018	\$153,000
Woodford	Woodford County Agriculture Advancement Council, Inc.	8/30/2018	\$250,000
13			\$ 1,629,262

Deceased Farm Animal Removal Program			
<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Franklin	Franklin County Conservation District	8/24/2018	\$4,500
Montgomery	Montgomery County Fiscal Court	8/9/2018	\$6,400
Taylor	Taylor County Conservation District	8/10/2018	\$7,500
Washington	Washington County Fiscal Court	8/28/2018	\$5,062
4			\$ 23,462

Next Generation Beginning Farmer			
<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Washington	Washington County Cattlemen Association, Inc.	8/28/2018	\$52,500
1			\$ 52,500

Shared-use Equipment			
<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Hopkins	Hopkins County Farm Bureau of Hopkins County, Kentucky	8/28/2018	\$9,206
Woodford	Woodford County Conservation District	8/30/2018	\$21,240
2			\$ 30,446

KADF Programs

Youth Ag Incentives Program

<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Shelby	Shelby County Extension District Board	8/10/2018	\$10,000
Spencer	Spencer County Conservation District	8/20/2018	\$5,099
2			<hr/> \$ 15,099

Requested Program Amendments

App # A2018-0029
Applicant Name Clinton County Farm Bureau Federation
 Original Amount Approved \$102,000
 Execution Date 4/11/2018
 Requested Change The applicant requests an additional \$90,000 in Clinton County funds for the *CAIP Program*. The request received a high priority from the County Council.
 This is the first request for an amendment to this application number. The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$192,000.
Recommend Approval

App# A2018-0133
Applicant Name Mercer County Conservation District
 Original Amount Approved \$168,053
 Execution Date 7/9/2018
 Requested Change The applicant requests an additional \$20,711 in Mercer County funds for the *CAIP Program*. The request received a high priority from the County Council.
 This is the first request for an amendment to this application number. The term of the program shall remain 12-months from the execution date of the original agreement.
 Approval of this request would bring the program total to \$188,764.
Recommend Approval

Approved Project

Kentucky Department of Agriculture**A2018-0156****Application County: Franklin****County Priority: Not Applicable****Date Application Submitted: 6/29/2018****FUNDING REQUEST**

The Kentucky Department of Agriculture is requesting \$525,000 in state funds over a two year period to continue to fund the Kentucky Grape and Wine Council (KGWC). * See KADB 9/21/2018 funding decision below.

APPLICATION SUMMARY

The applicant indicates that from 2007-2017, KGWC has received general fund dollars through the KDA Office of Marketing as a promotional and marketing entity for Kentucky's grape and wine industry. As of 2018, there are 70 wineries and more than 125 grape growers in Kentucky. The funds will be used for vineyard expansion, branding and advertising, and wholesaler reimbursement.

The total cost of this project is estimated at \$1,050,000 with funding from the following sources:

- \$525,000 KADF State funds (pending)
- \$205,000 Vineyard Expansion Grant (50% Cost-Share) (pending)
- \$220,000 Branding and Advertising (pending)
- \$100,000 Wholesale Reimbursement Grant (50% Cost Share) (pending)

PROJECTED PRODUCER IMPACT

The applicant states that more than 200 farm families will benefit from this project in at least 40 counties.

* The original A2018-0156 project application recommended by the White Committee for up to \$525,000 in state funds was tabled by the KADB on August 17, 2018 in Louisville. The KADB voted at the September 21, 2018 meeting in Frankfort to un-table and subsequently fund the revised A2018-0156 project application which GOAP received on September 5, 2018 from KDA. Approved budget amounts are: Branding & Advertising two year total is \$220,000 (\$110,000/year); Wholesale Reimbursement two year total \$60,000 (\$30,000/year). The Vineyard Expansion Grant budget category has been removed from this project. The KADB has instructed GOAP staff to draft guidelines for a Vineyard Expansion Loan program.

Committee Recommendation:

The White Application Review Committee recommends funding the request for up to \$525,000 in state funds over two years subject to the terms and conditions below:

TERMS & CONDITIONS:

1. Funds of \$265,000 for the first year shall be available upon the execution of the legal agreement in the form of a grant.
2. No funds shall be disbursed until the recipient:
 - a) Provides GOAP with a copy of the guidelines for the three budget categories and a copy of an application or other paperwork required to get funding under the three budget categories; and
 - b) Until the recipient establishes a cap for funding amounts in each budget category.
3. Funds of \$260,000 for the second year shall be contingent upon the recipient providing an presentation to the board prior to the anniversary date on the progress made toward achieving its goals and benchmarks.
4. Future funding will be dependent upon the growth of vineyard acres.
5. The project goals and benchmarks shall be attached as an exhibit to the legal agreement.
6. Semi-annual reporting detailing cost-share recipients and expenditures will be required.

Approved Project

Kentucky Department of Agriculture

A2018-0156

Application County: Franklin

County Priority: Not Applicable

Date Application Submitted: 6/29/2018

Board Decision:

Kentucky Grape & Wine Council: The Kentucky Department of Agriculture was approved for \$280,000 in state funds divided evenly across two years to support the efforts of the Kentucky Grape and Wine Council.

Approved Project

Greenup County Fiscal Court**A2018-0165****Application County: Greenup****County Priority: High****Date Application Submitted: 7/24/2018****FUNDING REQUEST**

The Greenup County Fiscal Court is requesting \$3,000 in Greenup County funds for agricultural building improvements at the Greenup County Fairgrounds.

APPLICATION SUMMARY

The applicant indicates this project will utilize funds to build restrooms inside the existing Agricultural (AG) Building at the Greenup County Fairgrounds. Installation is planned to be completed before the Greenup County Fair starts August 28, 2018.

The total cost of the project is estimated at \$6,000 with funding from the following sources:

\$3,000 KADF Greenup County funds

\$3,000 Greenup County Fiscal Court (secure)

PROJECTED PRODUCER IMPACT

The applicant indicates that approximately 700 families will directly benefit within year one of this project, attending events in the AG Building, such as the upcoming 4-H, Floral and Homemakers exhibits at the 2018 Greenup County Fair.

Committee Recommendation:

The White Application Review Committee recommends funding \$3,000 in Greenup County funds subject to the terms and conditions below:

1. Funds shall be available upon the execution of the Legal Agreement in the form of a cost-reimbursement grant.
2. The Recipient may request reimbursement for expenses incurred in completing the project for up to 12 months. The Board shall reimburse the Recipient \$0.50 per \$1.00 of approved documented payments, in accordance with the budget, which shall be attached as an exhibit to the Legal Agreement. The Recipient shall submit itemized receipts/invoices and either a cancelled check or copy of the relevant credit card statement as documentation of payment. The Board shall not reimburse the Recipient for purchases made with cash.
3. The Recipient shall submit annual reports for 2 years detailing the number of events using the improved Agricultural (AG) Building and estimated people benefiting from use of the facility located at the Greenup County Fairgrounds.

Board Decision:

Agricultural Building Improvements: The Greenup County Fiscal Court was approved for \$3,000 in Greenup County funds for agricultural building improvements at the Greenup County Fairgrounds.

Approved Project

Kentucky Department of Agriculture

A2018-0169

Application County: *_ALL*

County Priority: *Not Applicable*

Date Application Submitted: *7/27/2018*

FUNDING REQUEST

The Kentucky Department of Agriculture (KDA) is requesting \$2,908,425 in State funds for calendar years 2019 and 2020 to fund the Kentucky Proud program.

APPLICATION SUMMARY

Kentucky Proud is Kentucky's official agriculture marketing and promotional program that serves as the brand for Kentucky's agriculture products, and its membership spans the entire agriculture spectrum.

KDA proposes to fund and implement the following five projects in this 2-year proposal:

	Year 1	Year 2
Point of Purchase	- \$450,000	\$425,000
Branding & Advertising-	\$661,500	\$656,925
Buy Local	- \$275,000	\$260,000
LAND*	- \$ 75,000	\$ 50,000 *Linking Agriculture for Networking & Development
Farm to Fork	- \$ 30,000	\$ 25,000

Point of Purchase- Provides a match on eligible promotional expenses for advertising, marketing, and reaching consumers at the point of purchase.

Branding & Advertising- Provides funding to be used in event sponsorships where Kentucky Proud food and products can be promoted.

Buy Local- Provides a reimbursement incentive for food service providers that seek Kentucky Proud food products for their menus.

LAND- Provides funding for regional meetings and event sponsorships with Kentucky's manufacturing and economic development stakeholders.

Farm to Fork- Provides funding to organizations to host family-style meals using fresh, local, Kentucky farm food.

The total cost of the project is estimated at \$8,313,517 with the following funding sources:

- \$ 875,000- Point of Purchase recipients
- \$1,318,425- Branding & Advertising exposure
- \$3,031,667- Buy Local recipients
- \$ 125,000- LAND cost-share & exposure
- \$ 55,000- Farm to Fork cost-share
- \$2,908,425- KADF State funds

PROJECTED PRODUCER IMPACT

The applicant states that over 7,400 farms and agribusinesses are directly benefiting from their membership in Kentucky Proud.

Approved Project

Kentucky Department of Agriculture

A2018-0169

Application County: ALLCounty Priority: *Not Applicable*

Date Application Submitted: 7/27/2018

Committee Recommendation:

The Recipient Review Committee recommends funding the request for \$1,491,500 in State funds for calendar year 2019 and \$1,416,925 in State funds for calendar year 2020 for a total allocation of \$2,908,425, subject to the terms and conditions below:

TERMS & CONDITIONS

1. Funds for 2019 shall be available upon the execution of the Legal Agreement in the form of a grant.
2. The Recipient shall submit expected benchmarks and measurable outcomes for 2019 and 2020 which shall be attached as exhibits to the Legal Agreement.
3. 2020 funds shall be contingent upon the Recipient making a presentation to the Board before the anniversary date of the Legal Agreement and upon the Recipient meeting reporting requirements and achieving 2019 expected benchmarks and measurable outcomes.
4. Funds shall expire on December 31, 2020. Unencumbered funds, as of December 31, 2020, shall be returned no later than February 28, 2021. Encumbered funds must be expended by June 30, 2021, or immediately returned.
5. The Recipient shall meet with the Recipient Review Committee on a tertiary schedule, or as requested, to report on the progress of the project.
6. All expenditure must conform to Finance Cabinet rules and administrative regulations. Disallowed expenditures shall include but not be limited to:
 - a. Charitable donations;
 - b. Professional association fees; and
 - c. Wages, benefits, and travel for any Kentucky Department of Agriculture staff.
7. The Recipient shall comply with the Acknowledgement of Funding Source requirements contained in the Legal Agreement.
8. The Recipient shall provide the Board with a copy of the Branding & Advertising plan developed in consultation with the contracted advertising agency for each year of the project. The plan shall be provided in the first quarter of 2019 and in the first quarter of 2020. The Recipient shall notify GOAP staff of any changes to the Branding & Advertising plan.
9. The Recipient shall continue to update the policies and procedures manual that was created in 2013.
10. The Recipient shall submit a list of approved sub-grantees prior to grant disbursement. Compliance staff will review the list to ensure the sub-grantees are compliant with any existing KADB agreements and have not been blocked from receiving KADF for non-compliance with prior agreements. Compliance staff will notify the Recipient within three business days if there are any issues or if all sub-grantees are eligible to receive funds.
11. The Recipient shall notify GOAP staff of all Kentucky Proud events statewide.

Board Decision:

Kentucky Proud Program: The Kentucky Department of Agriculture (KDA) was approved for \$2,908,425 in state funds to continue initiatives of the state's official agriculture marketing and promotion program - Kentucky Proud. Funds will be allocated \$1,491,500 for 2019 and \$1,416,925 for 2020.

Warren Beeler	10/3/18 - 12/5/2018	
10/3/2018	Oversight	10:00 AM
	KFB Emerging Agricultural Enterprises Advisory Committee	10:00 AM
10/5 -10/6/18	Kentucky Poultry Federation	
	Lyon Co. Greenhouse Opening	1:30 PM
10/9/2018	Kentucky Tree Farmer of the Year Field Day	1:00 PM
	Speak at Carroll Co. Conservation District Dinner	6:00 PM
10/10/2018	IJC Ag Meeting	10:00 AM
10/11/2018	Speak at Trigg Co. Country Ham Breakfast	7:00 AM
	Joint KADB/KAFC Meeting	
10/12/2018	KAFC	9:00 AM
	KADB	10:00 AM
	Powell County Farmer-Banker Field Day	5:00 PM
10/13/2018	FFA Gala	
	Menifee County 4-H Banquet	
10/20/2018	Speak at Lincoln Day Republican Dinner	
10/27/2018	KSU Research Producer Conference	9:00 AM
	WKU Homecoming	
10/30/2018	Speak at Licking River Area Homemakers Assoc.	11:00 AM
10/31-11/15/18	NAILE	
11/8/2018	Vet Spaces Working Group	10:30 AM
11/9/2018	KAFC	
11/13/2018	Speak at KSU Small, Ltd. Resource, Minority Farmers Conf.	12:00 PM
11/14/2018	IJC Ag Meeting	10:00 AM
11/15/2018	Grayson Co. Foundation	5:00 PM
11/16/2018	KADB	10:00 AM
12/5/2018	Oversight	10:00 AM