



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

October 12, 2018

Meeting of the
Kentucky Agricultural Development Board



Commonwealth of Kentucky
Governor's Office of Agricultural Policy

For Immediate Release

Contact: Marielle Manning
(502) 782-1731
(502) 229-6348
marielle.manning@ky.gov



**Farmers Market Structure, Aquaponics Greenhouse
Among Thirteen Agricultural Investments Approved**
More than \$1.8 million invested in Kentucky Agricultural Development Funds

LOUISVILLE, Ky. (Oct. 12, 2018) –The Kentucky Agricultural Development Board approved \$1,898,727 in 13 agricultural diversification and rural development projects across the Commonwealth at its monthly board meeting.

State Investments:

Kentucky Agricultural Leadership Program

The University of Kentucky was approved for an additional \$500,000 in state funds for the Kentucky Agricultural Leadership (KALP) Program Endowment Fund. The mission of KALP is to identify, develop and motivate men and women for effective leadership in agriculture and rural communities at all levels of public service. For more information on this project, contact Dr. Will Snell at (859) 257-7288 or wsnell@uky.edu.

Farmers Market Structure

The Hopkins County Extension District Board was approved for up to \$215,000 in state funds and \$35,000 in Hopkins County funds for the construction of a farmers market structure as part of the Hopkins County Farmers Market project in Madisonville. For more information on this project, contact Curtis Dame at (270) 821-3650 or curtis.dame@uky.edu.

On-Farm Water Management (OWM)

David and Mollie Appelman were approved for up to \$68,502 in state funds and \$1,000 in Mason County funds to implement water management practices on their farm under the OWM Research, Development and Demonstration project guidelines. Once implemented, workshops/classes will be scheduled to share information and demonstrate the practices to other farmers. For more information about this project, contact David Appelman at (606) 742-2485 or dappelma@uky.edu.

Aquaponics Greenhouse

LaRue County Board of Education was approved for up to \$60,000 in LaRue County funds for a high school greenhouse. For more information on this project, contact Chris Thomas at (270) 358-2210 or chris.thomas@larue.kyschools.us.

County Investments:

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. Five CAIPs were approved by the board totaling \$968,194 for Bourbon (\$300,000), Bracken (\$180,000), Jackson (\$202,644), Rockcastle (\$105,550) and Scott (\$180,000) counties.

In addition to these new approvals, an additional \$18,000 was approved to enhance an existing CAIP in Adair County.

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 Bracken County totaling \$20,000.

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. One Shared-use Equipment Program was approved totaling \$9,431 for Pulaski County.

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. An additional \$3,600 was approved to enhance an existing Youth program in Adair County.

###

Great strides continue being made toward lessening Kentucky's dependence on tobacco production while revitalizing the farm economy by investing a portion of Kentucky's Master Settlement Agreement Funds into the Kentucky Agricultural Development Fund.

To date, Kentucky has invested more than \$580 million in an array of county, regional and state projects designed to increase net farm income and create sustainable new farm-based business enterprises. These funding approvals, made possible by the Kentucky Agricultural Development Fund, represent just a few of the more than 5,900 projects approved, since the inception of the program in January 2001.

"Like" us at www.facebook.com/kyagpolicy and "Follow" us on Twitter @GOAPky to receive updates and information from the Governor's Office of Agricultural Policy.

KADF Programs

Approved at the October 2018 KADB Meetings

CAIP			
<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Bourbon	Bourbon County Fiscal Court	9/28/2018	\$300,000
Bracken	Buffalo Trace Area Development District, Inc.	9/24/2018	\$180,000
Jackson	Jackson County Cattlemen's Association Incorporated	9/11/2018	\$202,644
Rockcastle	Rockcastle County Conservation District	9/27/2018	\$105,550
Scott	Scott County Conservation District	9/28/2018	\$180,000
5			\$ 968,194

Next Generation Beginning Farmer			
<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Bracken	Buffalo Trace Area Development District, Inc.	9/24/2018	\$20,000
1			\$ 20,000

Shared-use Equipment			
<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Pulaski	Pulaski County Conservation District	9/26/2018	\$9,431
1			\$ 9,431

Requested Program Amendments

App # **A2018-0130**
Applicant Name **Adair County Cattlemen's Association**
Original Amount Approved \$151,000
Execution Date 7/11/2018
Requested Change The applicant requests an additional \$18,000 in Adair 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 \$169,000.
Recommend Approval

App# **A2018-0129**
Applicant Name **Adair County Cattlemen's Association**
Original Amount Approved \$26,250
Execution Date 7/11/2018
Requested Change The applicant requests an additional \$3,600 in Adair County funds for the *Youth 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 \$29,850.
Recommend Approval

App# **A2017-0207**
Applicant Name **Hancock County Conservation District**
Original Amount Approved \$2,000
Execution Date 12/11/2017
Requested Change The applicant requests a change in the limit for the *Youth Program* maximum award from \$200 to \$1,500.
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 only change the award limit per participant.
Recommend Approval

Approved Project

Hopkins County Extension District Board**A2018-0187****Application County: Hopkins****County Priority: High****Date Application Submitted: 8/28/2018****FUNDING REQUEST**

The Hopkins County Extension District Board is requesting \$215,000 in State funds and \$35,000 in Hopkins County funds as part of the \$996,112 Hopkins County Farmers Market project in Madisonville. This is for the construction of a farmers market structure as part of the Danny Peyton Outdoor Education Center and Farmer's Market.

APPLICATION SUMMARY

The project is on land owned by the City of Madisonville in Mahr Park. The Hopkins County Extension District Board has a 99 year lease on the property. The proposed project is for the construction of a 35' x 227' open-air building which includes enclosed facilities on one end consisting of 667 square foot restrooms and 667 square foot caterer's/preparatory kitchen. The buildings will hold 30 vendor spaces. Additionally, the applicant will install water, electric and provide internet service. The project will move the existing Hopkins County Farmers Market from the Hopkins County Fair Grounds providing more space, parking and services to sell local produce and products, as well as providing a training venue.

The cost of the total project is anticipated to be \$996,112 with funding from the following sources:

\$215,000	KADF State Funds
\$35,000	KADF Hopkins County funds (pending approval)
\$552,000	Hopkins County Cooperative Extension Service (secured)
\$194,112	Loan - Independence Bank (secured)

PROJECTED PRODUCER IMPACT

The applicant states that 14 farm families and 350 daily customers (open 2 days/week) will be impacted by the permanent facility.

Committee Recommendation:

The Blue Application Review Committee recommends funding \$35,000 in Hopkins County funds and \$215,000 in State 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 own and maintain the facility for at least 10 years from the execution date of the Legal Agreement.
4. The Recipient shall submit annual reports detailing number and types of vendors, market sales and other events held at the market.

Board Decision:

Farmers Market Structure: The Hopkins County Extension District Board was approved for up to \$215,000 in state and \$35,000 in Hopkins County funds for a farmers market structure as part of the Danny Peyton Outdoor Education Center and Farmers Market in Madisonville.

Approved Project

David R. & Mollie S. Appelman

A2018-0193

Application County: Mason

**County Priority: Not Received
w/app**

Date Application Submitted: 8/30/2018

FUNDING REQUEST

David and Mollie Appelman are requesting \$1,000 in Mason County funds and \$63,714 in State funds to implement water management practices on their farm. This will be a Research, Development, and Demonstration project in Mason County.

APPLICATION SUMMARY

The applicant plans to construct a compost bedded pack barn with a water catchment system. The barn will serve as a bedding area with a feeding alley and manure storage area. Rainwater will be collected from the roof and stored in two 6,000-gallon tanks. Excess water will be diverted to a creek through a buried pipe.

The barn and water management practices will remove animals from pastures during extreme weather events, better manage manure storage, reduce runoff into streams, improve water quality and pasture quality, and increase net farm income.

The applicant intends to work with local extension to schedule workshops/classes to educate other farmers and share information and data gathered from the practices.

The total cost of the project is estimated at \$144,714 with the following funding sources:

- \$80,000 Farm Credit
- \$64,714 KADB State funds

PROJECTED PRODUCER IMPACT

The applicant states that four farm families will directly benefit from this project, though many more farmers will be exposed to the water management practices that are being implemented on the farm.

Committee Recommendation:

The On-Farm Water Management Committee recommends funding the request for up to \$1,000 in Mason County funds and the revised amount of up to \$68,502 in State funds, subject to the terms and conditions below:

TERMS & CONDITIONS

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 have until November 30, 2018 to secure the commitment of \$1,000 in Mason County funds.
4. The Recipient shall submit a five-year outreach plan detailing the specifics of how the Recipient plans to open the farm to demonstrations, field days, etc. The plan shall be attached as an exhibit to the Legal Agreement.
5. The Recipient shall make available to GOAP the economic performance data relating to the water management practices conducted on the farm.
6. The Recipient shall notify GOAP of tours, workshops, field days, etc. that are held on the farm and shall include that information in the Recipient's reports to GOAP.

Approved Project

David R. & Mollie S. Appelman

A2018-0193

Application County: Mason

*County Priority: Not Received
w/app*

Date Application Submitted: 8/30/2018

Board Decision:

On-Farm Water Management: David R. & Mollie S. Appelman were approved for up to \$68,502 in state and \$1,000 in Mason County funds to implement on-farm water management practices through the On-Farm Water Research, Development and Demonstration project guidelines.

Approved Project

LaRue County Board of Education**A2018-0195****Application County: LaRue****County Priority: High****Date Application Submitted: 8/31/2018****FUNDING REQUEST**

LaRue County Board of Education is requesting \$100,000 in LaRue County funds for a high school greenhouse.

APPLICATION SUMMARY

The applicant indicates that the greenhouse will be used for education and a food source for the school district. They hope to use the produce within all four district school cafeterias.

The total cost of the project is \$376,000 with funding from the following sources:

\$100,000 KADF LaRue County funds

\$276,000 LaRue County Schools construction account (pending)

PRODUCER IMPACT

The applicant indicates that over 23 students will benefit directly from this project in the Crop Technology class. In addition, all students in the district will benefit from the fresh local produce that will be served in the district cafeterias.

Committee Recommendation:

The Blue Application Review Committee concurs with the local County Agricultural Development Council funding recommendation in the reduced amount of \$60,000 in LaRue 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 own and maintain the facility for at least 5 years from the execution date of the Legal Agreement.
4. The Recipient shall submit annual reports detailing the number of classes and students who used the greenhouse and total greenhouse sales.

Board Decision:

Aquaponics Greenhouse: The LaRue County Board of Education was approved for \$60,000 in LaRue County funds to construct a greenhouse at the high school.

Denied Project

Two Rivers Fisheries, Inc.**A2017-0173****Application County: Ballard****County Priority: Not Received
w/app****Date Application Submitted: 8/23/2017****FUNDING REQUEST**

Two Rivers Fisheries, Inc. is requesting \$100,000 in Ballard County funds and \$250,000 in State funds to construct a fertilizer processing room.

APPLICATION SUMMARY

Two Rivers Fisheries, Inc. harvests over four million pounds of Asian Carp annually. The applicant has processed Asian Carp since July 2013. Nearly 50 percent of that harvest is waste. The waste product is converted into pet food and other products. Currently, the waste is donated to a company in Birmingham, Alabama. This project will convert the waste by-product into organic fertilizer, increasing demand for Asian Carp and creating 15 more jobs for Ballard and surrounding counties. Two Rivers Fisheries, Inc. under the EVER-GRO label, will sell organic fertilizer in the form of pellets, loose bio-mass and bio-char.

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

\$100,000 KADF Ballard County funds (unsecure)

\$250,000 KADF State funds (unsecure)

\$200,000 Owner Investment (secure)

\$500,000 Loan (unsecure)

PROJECTED PRODUCER IMPACT

The applicant indicates that 20 new farm families will be engaged in this project as employees and contract fishermen.

Committee Recommendation:

The Blue Application Review Committee recommends no funding due to limited impact to Kentucky farmers.

Board Decision:

The Board denied this project based on the Committee's recommendation.

Denied Project

Grundy Hemp Co., LLC**A2018-0196****Application County: Marion****County Priority: Not Applicable****Date Application Submitted: 8/31/2018**

Grundy Hemp Company, LLC. is requesting \$43,250 in State funds to construct guttered greenhouses for growing hemp plants for farmers in the 2019 growing season.

APPLICATION SUMMARY

The applicant is currently operating in Marion County. They are upgrading to commercial greenhouses by purchasing used greenhouses to move on-site. The applicant is building a wholesale operation to supply Kentucky hemp producers. They will do this by growing feminized hemp plants obtained from sources in Colorado. These will be high quality plants for CBD oil production.

The cost for the total project is estimated at \$86,500 with funding from the following sources:

\$43,250 KADF State funds

\$43,250 Peoples Bank loan (secured)

PRODUCER IMPACT

The applicant is currently working with tobacco farmers and others interested in hemp production to supply high quality cloned plants to area farmers in Marion and surrounding counties.

Committee Recommendation:

The Blue Application Review Committee recommends no funding this project due to the status of hemp related to the farm bill, making the longevity of the project difficult to justify investment.

Board Decision:

The Board denied this request based on the Committee's recommendation.

Warren Beeler 11/16/2018 - 12/5/2018

11/1-11/15/18 NAILE

11/16/2018 Speak at Leadership Kentucky
KADB

11/19/2018 KECC Annual Meeting

11/29/2018 KAEFCS Sponsor Luncheon

12/5/2018 KCARD Grant Workshop
Oversight

8:15 AM

10:00 AM

6:00 PM

12:00 PM

8:30 AM

10:00 AM