



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

April 19, 2019

Meeting of the
Kentucky Agricultural Development Board



Commonwealth of Kentucky
Governor's Office of Agricultural Policy

For Immediate Release

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**On-Farm Water Management, Apiary Disease Traceability
Among Nineteen Agricultural Investments Approved**
More than \$880 thousand invested in Kentucky Agricultural Development Funds

FRANKFORT, Ky. (April 19, 2019) –The Kentucky Agricultural Development Board approved \$886,951 in 19 agricultural diversification and rural development projects across the Commonwealth at its monthly board meeting.

State Investments:

Bee Consultant

Kentucky Queen Bee Breeders Association Incorporated was approved for up to \$5,554 in State funds for improving Kentucky's apiary stock and disease traceability. For more information on this project, contact Dorothey Morgan at (606) 271-4423 or lavenderlanefarms@gmail.com.

SOAR Revolving Loan Program

The Kentucky Highland Investment Corporation was approved for an additional \$200,000 in State funds to continue a permanent revolving loan program that will provide financing to small farmers working in the Shaping Our Appalachian Region (SOAR) counties of eastern Kentucky. For more information about this project, contact Jerry Rickett at (606) 864-5175 or jrickett@khic.org.

On-Farm Water Management Program

The On-Farm Water Management Program (OFWMP) was developed to allow producers to take advantage of water resources naturally available on their land, and by doing so improve farm resiliency to drought, manage resources efficiently and enhance net farm income by reducing water costs. This program is a collaboration between the Kentucky Agricultural Development Board (KADB) and the Kentucky Energy and Environment Cabinet's Water Resources Board (WRB).

Projects through OFWMP fall in one of two categories: Research, Development & Demonstration (RDD) and Practical Implementation Project (PIP). Applicants for RDD will act as educational opportunities open for public tours to highlight practices for harvesting, storing and redistributing

water. The PIP category is for private farms that wish to implement best management practices for water management. The following projects, totaling \$94,671 in State funds were approved in three counties.

Imel's Greenhouse LLC, Greenup Co., \$74,588, RDD
Litsinger Enterprises LLC, McCracken Co., \$11,783, PIP
Sustainable Harvest Farm LLC, Laurel Co., \$8,300, PIP

For more information about qualifying projects under OFWMP, please contact Dale Booth, Department for Environmental Protection, at dale.booth@ky.gov or (502) 782-6895. Or visit <https://eec.ky.gov/Environmental-Protection/Water/Funding/Pages/OFWMP.aspx> for more information.

County Investments:

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. One Deceased Farm Animal Removal Program totaling \$7,500 was approved for Lincoln County.

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. Three CAIPs were approved by the board totaling \$359,345 for Knox (\$37,290), Lincoln (\$200,000) and Wolfe (\$122,055) counties.

In addition to these new approvals, an additional \$127,880 was approved to enhance existing CAIPs in Boone (\$2,880), Jessamine (\$50,000) and Scott (\$75,000) counties.

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. Five Shared-Use Equipment Programs were approved totaling \$66,001 for Clay (\$10,065), Grayson (\$19,216), Mercer (\$12,745), Rockcastle (\$3,650), and Woodford (\$20,325) 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 by the board totaling \$26,000 for Breathitt (\$6,000) and Wolfe (\$20,000) counties.

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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.



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Governor's Office of Agricultural Policy

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KADB Offers Additional Investment for Capital Access Loan Programs

FRANKFORT, Ky. (April 19, 2019) –The Kentucky Agricultural Development Board (KADB) recently approved \$5,000,000 for the Kentucky Agricultural Finance Corporation's (KAFC) revolving loan programs.

"The investment of KADF in the Kentucky Agricultural Finance Corporation's loan programs ensures the long term of effect of these funds for Kentucky Agriculture," Warren Beeler, Governor's Office of Agricultural Policy executive director, said.

The KAFC provides financial assistance to individuals and enterprises interested in launching or expanding their agricultural manufacturing or processing operations. This is comprised of investments for the purchase of livestock, land and machinery, the production of agricultural infrastructure and the expansion of agriculture-associated endeavors.

The demand for KAFC participation in agricultural projects has continued to increase since its revitalization in 2004. KAFC assets exceed \$82 million, with over 68 percent of the disbursed portfolio being comprised of Beginning Farmer loans (\$52 million), which continue to be a priority of the KADB and KAFC Boards. One hundred percent of principal and interest payments received by KAFC are invested directly back into the loan pool.

For more information about financing options available through KAFC, contact Sadie Middleton, Loan Programs Manager, at (502) 782-1757 or visit the KAFC webpage at kafc.ky.gov.

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KADF Programs

Approved at the April 2019 KADB Meetings**CAIP**

<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Knox	Knox County Soil Conservation District	3/28/2019	\$37,290
Lincoln	Lincoln County Cattlemen's Association	3/15/2019	\$200,000
Wolfe	Wolfe County Conservation District	3/29/2019	\$122,055
3			<u>\$ 359,345</u>

Deceased Farm Animal Removal (DAR)

<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Lincoln	Lincoln County Fiscal Court	2/22/2019	\$7,500
1			<u>\$ 7,500</u>

Shared-Use Equipment

<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Clay	Kentucky Ketch, Inc.	3/25/2019	\$10,065
Grayson	Grayson County Conservation District	3/20/2019	\$19,216
Mercer	Mercer County Conservation District	3/29/2019	\$12,745
Rockcastle	Rockcastle County Conservation District	3/26/2019	\$3,650
Woodford	Woodford County Conservation District	3/15/2019	\$20,325
5			<u>\$ 66,001</u>

Youth Ag Incentives Program (Youth)

<u>County</u>	<u>Program Administrator</u>	<u>Date Submitted</u>	<u>Funds Approved</u>
Breathitt	Breathitt County Farm Bureau of Breathitt County, Kentucky	3/21/2019	\$6,000
Wolfe	Mountain Cattlemen's Association	3/29/2019	\$20,000
2			<u>\$ 26,000</u>

Requested Program Amendments

App # A2018-0212
Applicant Name Scott County Conservation District
Original Amount Approved \$180,000
Execution Date 10/12/2018
Requested Change The applicant requests an additional \$75,000 in Scott 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 \$255,000.
Recommend Approval

App# A2018-0043
Applicant Name Jessamine County FFA Alumni Association, Inc.
Original Amount Approved \$100,000
Execution Date 4/20/2018
Requested Change The applicant requests an additional \$50,000 in Jessamine 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 \$150,000.
Recommend Approval

App# A2018-0219
Applicant Name Northern Kentucky Cattle Association, Inc. (Boone)
Original Amount Approved \$89,758
Execution Date 11/16/2018
Requested Change The applicant requests an additional \$2,880 in Boone 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 \$92,638.
Recommend Approval

Approved Project

Litsinger Enterprises, LLC**A2018-0199****Application County: McCracken****County Priority: Not Applicable****Date Application Submitted: 9/10/2018****FUNDING REQUEST**

Litsinger Enterprises, LLC is requesting \$13,586 in State funds to implement water management practices on its farm. This will be a Practical Implementation Project in McCracken County.

APPLICATION SUMMARY

The applicant proposes to construct a high tunnel rainwater harvesting system for fruit tree irrigation and to develop a nearby spring for use as a backup water source. The tree cultivars will be selected to ripen throughout the growing season. Providing the trees with a regulated watering system and the protection of a high tunnel can result in improved fruit size and tree growth and in reduced loss due to disease and pests. It is anticipated that these practices will result in lower water costs from not using municipal water, and increased income from the improved orchard production.

The applicant also intends to install soil moisture and weather station monitoring devices that will provide data that can be analyzed by UK extension, NRCS, etc.

The total cost of the project is estimated at \$27,172 with the following funding sources:

\$13,586 Applicant

\$13,586 KADB State funds

PROJECTED PRODUCER IMPACT

The applicant states that two families will benefit from this project in the first year.

Committee Recommendation:

The On-Farm Water Management Committee recommends funding the request for up to the amended amount of \$11,783 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 provide GOAP the economic performance data relating to the water management practices conducted on the farm in conjunction with its annual reports.
4. 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.

Board Decision:

On-Farm Water Management - PIP: Litsinger Enterprises, LLC was approved for up to \$11,783 in State funds to implement water management practices on its farm. This will be a Practical Implementation Project in McCracken County.

Approved Project

Sustainable Harvest Farm LLC**A2018-0231****Application County: Laurel****County Priority: Not Applicable****Date Application Submitted: 11/13/2018****FUNDING REQUEST**

Sustainable Harvest Farm LLC is requesting \$8,300 in State funds to implement water management practices on its farm. This will be a Practical Implementation Project in Laurel County.

APPLICATION SUMMARY

The applicant proposes to supply water to a subsurface drip irrigation system utilizing an irrigation pump to harvest water from the Rockcastle River. He will monitor soil moisture levels using tensiometers to more effectively determine when to irrigate. The practices should improve soil moisture content, improve watering efficiency, and expand the farming operation while conserving water. The applicant plans to use the information gathered from this project to produce information about the costs/benefits of drip irrigation and water harvesting.

The applicant offers a Community Supported Agriculture program, was the region's first USDA-certified organic farm, and raises grass-fed beef and pastured poultry.

The total cost of the project is estimated at \$16,600 with the following funding sources:

\$8,300- Applicant

\$8,300- KADB State funds

PROJECTED PRODUCER IMPACT

The applicant proposes to hold demonstration events on the farm to show other farm families the benefits of the water harvesting practices.

Committee Recommendation:

The On-Farm Water Management Committee recommends funding the request for up to \$8,300 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 provide GOAP the economic performance data relating to the water management practices conducted on the farm in conjunction with its annual reports.
4. 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.

Board Decision:

On-Farm Water Management - PIP: Sustainable Harvest Farm LLC was approved for up to \$8,300 in State funds to implement water management practices on its farm. This will be a Practical Implementation Project in Laurel County.

Approved Project

Imel's Greenhouse, LLC**A2019-0023****Application County:** *Greenup***County Priority:** *Not Applicable***Date Application Submitted:** *1/23/2019***FUNDING REQUEST**

Imel's Greenhouse LLC is requesting \$88,774 in State funds to examine the effectiveness of various water management practices at their greenhouse. This will be a Research, Development, and Demonstration project in Greenup County.

APPLICATION SUMMARY

The project will examine the effectiveness of ebb and flow benches versus overhead manual irrigation in conserving and recycling water, using less fertilizer, and promoting healthier plant growth. This project plans to demonstrate better water management practices and will promote the importance of water conservation and techniques for both the public and farmers.

The funds will be used to purchase and install ebb and flow stationary benches and materials for conducting research.

The total cost of the project is estimated at \$177,548.75 with the following funding sources:

\$88,774.38 KADF State funds

\$59,180.00 NRCS Grant (secured)

\$29,594.38 Personal Funds (secured)

PROJECTED PRODUCER IMPACT

The applicant proposes to hold an Open House and multiple field day events, inviting both Ag and non-Ag organizations, to learn about the finished product. It is estimated that in the fall after completion of the project approximately 50 educational field trips will be held on site.

Committee Recommendation:

The On-Farm Water Management Committee recommends funding the request for up to the amended amount of \$74,588 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 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.
4. The Recipient shall provide GOAP the economic performance data relating to the water management practices conducted on the farm in conjunction with its annual project reports.
5. 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.

Board Decision:

On-Farm Water Management - RDD: Imel's Greenhouse LLC was approved for up to \$74,588 in State funds to examine the effectiveness of various water management practices at their greenhouse. This will be a Research, Development, and Demonstration project in Greenup County.

Approved Project

Kentucky Queen Bee Breeders Association Incorporated**A2019-0044****Application County: Pulaski****County Priority: Not Applicable****Date Application Submitted: 2/22/2019****FUNDING REQUEST**

Kentucky Queen Bee Breeders Association Incorporated is requesting \$5,554 in state funds for improving Kentucky apiary stock and disease traceability.

APPLICATION SUMMARY

The applicant indicates that the program will be a two year grant. In the first year, the program will provide a consultant to accompany the state apiarist on her USDA sample collections. After the collections the KQBBA consultant will work with the beekeepers to examine Varroa mites to assess if the honey bees in specific apiaries are able to defend themselves against the mites (a behavior know as mite-chewing). In the second year of the grant, beekeepers will be trained in assessing their stock so they can begin to rear their own queens and/or collect stock from other areas (such as feral colonies, in the form of swarms). Beekeepers will have healthier, more productive hives and also be able to sell queen bees as a sideline income. Workshops will be scheduled so that attendees can pick up these skills as well.

The total cost of the project is \$11,108 with funding from the following sources:

\$4,425 from the USDA CARE Grant

\$1,129 from Kentucky Queen Bee Breeders Association

\$5,554 from the KADF

PRODUCER IMPACT

The applicant indicates that this project will impact four districts across the state of Kentucky.

Committee Recommendation:

The Red Application Review Committee recommends funding the request for two years in the amount of \$5,554 subject to the terms and conditions below:

1. Funds for 2019, in the amount of \$2,777 shall be available to the Recipient upon the execution of the Legal Agreement in the form of a grant.
2. Funds for 2020, in the amount of \$2,777 shall be available contingent upon Board approval and the Recipient's progress toward meeting their Benchmarks, Goals and Objectives.
3. The Recipient shall work with GOAP staff to submit measurable goals and benchmarks for 2019 and 2020 prior to receiving funds.
4. Prior to receiving 2020 funds, the Recipient shall submit an annual report, no later than February 28, 2020, detailing their progress towards achieving their Benchmarks, Goals and Objectives.
5. 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.
6. The Recipient shall be required to notify the GOAP staff of Kentucky Queen Bee Breeders Association, Incorporated board meetings at least 5 business days in advance.

Board Decision:

Bee Consultant: The Kentucky Queen Bee Breeders Association Incorporated was approved for \$5,554 in state funds for improving Kentucky apiary stock and disease traceability.

Warren Beeler 5/1/2019 - 6/5/2019

5/1/2019 Oversight	10:00 AM
Staff Compliance Meeting	2:30 PM
5/2/2019 UK CLD Senior Showcase	5:00 PM
Speak: UK CAFE Graduation Event	6:00 PM
5/6/2019 Frazier Museum Meeting	1:00 PM
5/7/2019 Orientation for KDDC Director H Barlow	9:00 AM
5/9/2019 Speak: Leadership Winchester Ag Day	11:45 AM
5/10/2019 KAFC	10:00 AM
Cecil Farms Ribbon Cutting Event	12:15 PM
5/14/2019 Speak: Tyson Foods Grower Workshop	11:30 AM
5/16/2019 KADB Compliance Committee Meeting & Tour of Beef Solutions	1:30 PM
Grayson Co. Foundation	5:00 PM
5/17/2019 KADB	
5/19-5/21/19 Alltech One Conference	
5/29/2019 Water Management Group	10:00 AM
6/5/2019 CAIP Administrator Training, Franklin Co.	10:00 AM
Oversight	10:00 AM