KENTUCKY OFFICE OF
AGRICULTURAL POLICY

2021

ANNUAL REPORT

KENTUCKY
DEPARTMENT OF
AGRICULTURE

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DOE ANDERSON PHOTO

Letter from **Commissioner Quarles**

Friends,

Growing up on my family's tobacco and cattle farm, I saw firsthand how important tobacco was to Kentucky's economy. When I was a kid, nearly every farm family had a little bit of tobacco. A valuable crop, tobacco helped me pay for my first vehicle and my way through college. That story is not unique; it's the same one shared by many of you and farm families across our state.

Twenty years ago, when Kentucky's political leaders secured the Master Settlement Agreement, 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 $248,000,000 of cash receipts, agricultural products such as poultry, corn, soybeans, and cattle consistently dominate the top of the commodities list.

Earlier this year, the General Assembly made a policy change and passed Senate Bill 3, which moved the administration of the Kentucky Agricultural Development Fund from the Governor's Office to the Kentucky Department of Agriculture. My office was fully committed to ensuring these changes were done in a way that did not disrupt the function of the boards, the regularly scheduled meetings, or any of the services that staff have provided so well over the past decades. We did all of this in a nonpartisan way, just like Kentucky agriculture expects. It has been a smooth transition.

The transition has presented an opportunity to kick the tires, check in with how we've been doing these past 20 years, and perhaps make some strategic changes for the future. In the last 10 months, we have:

> **Rebranded the office as the "Kentucky Office of Agricultural Policy";**

> **Appointed Brian Lacefield, an experienced agribusiness, financial, and government leader, to serve as executive director, and;**

> **Reached the milestone of $100 million in assets in the Kentucky Ag Finance Corporation, dedicated to new and beginning farmers.**

This year also represents a milestone: 20 years of the Kentucky Agricultural Development Fund. With hundreds of millions of dollars invested over the lifetime of the fund, Kentucky agriculture has been transformed and it's important we continue to work together to make life better for Kentucky's farm families. We are taking a moment in this report to reflect on the last 20 years and plan for the next 20.

I look forward to continue working with you in our shared mission to further the good work of this fund and build on the record of success that has been achieved for the Commonwealth.

Sincerely,

Dr. Ryan Quarles
KY Commissioner of Agriculture

About Us

New KOAP and Senate Bill 3

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

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

VECTEEZY.COM ILLUSTRATION

Message from the **Executive Director**

I WAS HONORED to be asked by Commissioner of Agriculture Dr. Ryan Quarles to serve as the executive director of the new Kentucky Office of Agricultural Policy (KOAP). While the name of the office might have changed with the passage of Senate Bill 3, the mission and commitment this team has to our Kentucky agricultural community has only grown stronger with the move to the Kentucky Department of Agriculture.

I have had the opportunity to work with the KOAP team in different roles throughout my career in Kentucky agriculture. In the early years of the Kentucky Agricultural Development Fund (KADF), I administered programs at the county level and saw the impact the county funds had in improving farm infrastructure and helping growers diversify their farming operations away from tobacco. As my career path changed, I was afforded the opportunity to work with the Kentucky Agricultural Finance Corporation team on loans in western Kentucky. Serving as the Kentucky Farm Service Agency Director, I worked with our agriculture leadership and the staff at KOAP on issues impacting all of Kentucky.

> ***I knew from working in agriculture that KADF investments played an important role in growing and diversifying our agricultural economy over the past 20 years.***
>
> ***However, it wasn't until I joined the KOAP team that I began to truly understand the far reaching impact of these investments in Kentucky.***

I knew from working in agriculture that KADF investments played an important role in growing and diversifying our agricultural economy over the past 20 years. However, it wasn't until I joined the KOAP team that I began to truly understand the far-reaching impact of these investments in Kentucky.

Brian Lacefield
Kentucky Office of Agricultural Policy Executive Director

Since the creation of the KADF, Kentucky has grown its agricultural economy from $3.4 billion in annual cash receipts in 2000 to more than $5.2 billion in 2020. We have successfully reduced our rural economy's dependency on tobacco production: going from 24 percent of our agriculture economy coming from tobacco to now only 4.7 percent of our total income. While reducing this dependency, we also diversified and grown the pie that makes up our agriculture economy with investments in all 120 Kentucky counties. Today, across the commonwealth, we see new endeavors in agritourism and horticulture, farmers' markets in almost every county, expansion of our grain production, improved forages for our thriving livestock industries, the implementation of new technologies to increase farm efficiency, and investments in leadership at all levels of agriculture.

It is a privilege to work with the dedicated board members of the Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation. These individuals volunteer their time and share their extensive knowledge of the agriculture industry to guide this historic investment in Kentucky agriculture. As we continue to work to strengthen and diversify our agricultural economy, I am excited to see where these investments will take us in the next 20 years.

Master Settlement Agreement Funds (MSA) from

TOBACCO COMPANIES

$126,282,287

$30,863,200 is subtracted for debt service on rural water and sewer lines.

$400,000 is subtracted for compliance at state levels.

MSA dollars appropriated to:
KADF *(Kentucky Agricultural Development Fund)*
ECDF (*Early Childhood Development Fund)*
HCIF *(Health Care Improvement Fund)*

$95,019,087

AGRICULTURE
$48,472,743

HEALTHCARE \ EARLY CHILDHOOD
$46,546,344

DIVISION OF CONSERVATION
$3,386,800

KADF
$44,585,943

FARMS TO FOOD BANKS
$500,000

STATE FUNDS
$26,809,843

- **KADF** *State Projects*
- **KAFC** *Loan Programs*

COUNTY FUNDS
$17,776,100

150
pound
Stringless
Bean

KADF
KENTUCKY AGRICULTURAL DEVELOPMENT FUND

Kentucky Agricultural Development Fund

BOARD MEMBERS

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

The mission of the board is to invest KADF funds in innovative proposals that increase net farm income and affect tobacco farmers, tobacco-impacted communities and agriculture across the state by stimulating markets for Kentucky agricultural products. This includes finding new ways to add value to Kentucky agricultural products and exploring new opportunities that will benefit Kentucky farms now and into the future.

Note: *KADB is governed by KRS 248.701 to 248.727.*

DOE ANDERSON PHOTO

STATUTORY MEMBERS

Dr. Ryan Quarles
Commissioner of Agriculture (Chair)

Andy Beshear
Governor

Larry Hayes
Secretary of the Cabinet for Economic Development

Dr. Nancy M. Cox
Vice President for Land Grant Engagement and Development

Dr. M. Christopher Brown II
President of Kentucky State University

APPOINTED MEMBERS

Mark Barker
Agricultural lender
Oldham County
Term Expires: July 6, 2022

Bobby Foree
Attorney with farm experience
Henry County
Term Expires: July 6, 2022

J. Fritz Giesecke
Representative of Kentucky Farm Bureau
Hart County
Term Expires: July 6, 2025

Matt Hinton
Representative of Kentucky Chamber of Commerce
Fleming County
Term Expires: July 6, 2023

Wayne Hunt
Active farmer
Christian County
Term Expires: July 6, 2022

Dr. Gordon Jones
Active farmer
Warren County
Term Expires: July 6, 2023

Tom McKee
Active farmer w/ag. diversification experience
Harrison County
Term Expires: July 6, 2024

Brenda Paul
Active farmer
Bourbon County
Term Expires: July 6, 2024

Al Pedigo
Active farmer
Allen County
Term Expires: July 6, 2023

Michael Peterson
Active farmer
Pulaski County
Term Expires: July 6, 2025

Suzanne Cecil White
Active farmer w/ag. diversification experience
Daviess County
Term Expires: July 6, 2024

Kentucky Agricultural Development Fund

FINANCIAL STATEMENT

Fiscal Year 2021 *(Ending 6/30/2021)*

	STATE	COUNTY	TOTAL	INDIVIDUAL COUNTY ACCOUNTS
BEGINNING CASH BALANCE	**$31,085,025**	**$0**	**$31,085,025**	**$17,667,797**
CASH RECEIPTS				
Annual MSA Payment	$26,809,843	$17,776,100	$44,585,943	$17,776,100
Interest earned off - Budget County Accounts				$6,297
TOTAL CASH FY21	**$57,854,557**	**$17,776,100**	**$75,630,657**	**$17,782,397**
CASH EXPENDITURES				
Disbursements	$23,933,942	$17,776,100	$41,710,042	$17,059,369
TOTAL CASH EXPENDITURES	**$23,933,942**	**$17,776,100**	**$41,710,042**	**$17,059,369**
ENDING CASH BALANCE	**$33,920,615**		**$33,920,615**	**$18,390,825**

ESSENTIAL OPERATING DATA

Budgeted/Approved, Not Disbursed	$12,187,863	$3,926,345
Funds Uncommitted	$21,732,752	$14,464,480
ENDING CASH BALANCE	**$33,920,615**	**$18,390,825**

AGENCY RECEIPT ACCOUNT

Beginning Cash Balance	$320,628
Cash Receipts	$0
Cash Expenditures	$30,747
Ending Cash Balance	$289,881

KADF
KENTUCKY AGRICULTURAL DEVELOPMENT FUND

The Kentucky Agricultural Development Board (KADB) approved 341 projects and programs totaling

$36,275,356

in state and county funds during the 2021 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 2021. Projects ranged from county level grants to fund the construction of 4-H ham houses and farmers' markets to statewide investments in projects that provide leadership training, local food promotion, and business development assistance to Kentucky farmers.

63 APPROVED PROJECTS

TOTAL INVESTED
$15,158,402

STATE LEVEL PROGRAMS

Meat Processing Investment Program (MPIP) provides funding for meat processors who are currently or plan to become USDA certified to financially incentivize economical expansion of businesses to process Kentucky beef, dairy, pork, lamb, goat, and poultry products.

31 PROJECTS

TOTAL INVESTED
$3,808,211

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.

36 PROJECTS

TOTAL INVESTED
$298,244

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.

12 PROJECTS

TOTAL INVESTED
$281,930

COUNTY LEVEL PROGRAMS

KADF
KENTUCKY AGRICULTURAL DEVELOPMENT FUND

County Agricultural Investment Program (CAIP) 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.

96 COUNTIES PARTICIPATED

TOTAL INVESTED

$16,687,944

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

21 COUNTIES PARTICIPATED

TOTAL INVESTED

$222,147

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

6 COUNTIES PARTICIPATED

TOTAL INVESTED

$238,842

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.

19 COUNTIES PARTICIPATED

TOTAL INVESTED

$445,041

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

28 COUNTIES PARTICIPATED

TOTAL INVESTED

$499,141

KADF
KENTUCKY AGRICULTURAL DEVELOPMENT FUND

Kentucky Agricultural Development Fund

SPOTLIGHTS

County Programs

Knott and Pike counties were identified as having no tobacco dependency in 2000 when the Kentucky Agricultural Development Fund (KADF) was established; therefore, with no county funds, Pike and Knott counties have never been able to participate in any of the county funds programs offered through the KADF. Then in 2019, the Kentucky Agricultural Development Board (KADB) allocated state funds to counties that receive less than $30,000 a year in KADFs. These funds could be allocated by the impacted County Agricultural Development Councils for projects and programs that will impact their farmers.

As a result, Knott and Pike counties launched their first CAIP programs this fiscal year, thanks to the funding initiative. Pike County CAIP administrator Lesia Birchfield, with the Pike County Conservation District, admits farmers in the community are excited to have the opportunity to participate in the county program. Pike County farmers have used the cost share funds to invest in poultry, bees, ***greenhouse improvements, technology,*** value added marketing, fencing, and farm infrastructure. Birchfield is already getting calls about the possibility of a program in the upcoming year. She is grateful for the KADB's decision to invest in counties with limited tobacco dependency, as she is seeing firsthand how the investments are making a big difference in rural eastern Kentucky area.

State Programs

The Meat Processing Investment Program (MPIP) was established in the spring of 2020 to expand Kentucky's beef, dairy, pork, lamb, sheep, goat, and poultry processing capabilities. The MPIP was created in an effort to address the capacity issues in the supply chain brought to light by the coronavirus pandemic. In the fall of 2020, $2 million in Kentucky's CARES Act funding was allocated to enhance the KADB's efforts to assist Kentucky meat processors and expand USDA certified processing facilities to increase meat supplies impacted by the coronavirus pandemic.

MPIP investments span the state from Graves County, in far west Kentucky, to Greenup County, in far east Kentucky. Projects include young farmers such as Jordan Patterson, a farmer in Monroe County who started with a dream to add-value to her family's livestock, and now - thanks to her determination - is opening ***a new USDA certified processing facility, Patterson's Butcher Shop.*** In McLean County, Rod Kuegel a lifelong tobacco farmer has given up the tobacco fields to ***purchase and renovate an existing meat processing facility, Beef and Bacon Custom Processing,*** with his son, starting a new agriculture tradition in the Kuegel family. The investments in the meat processing industry are not only a benefit to our farmers by providing expanded access to processing, but expanding local meat processing provides a benefit to Kentucky consumers increasing their access to fresh local meat.

PHOTOS COURTESY **KOAP**

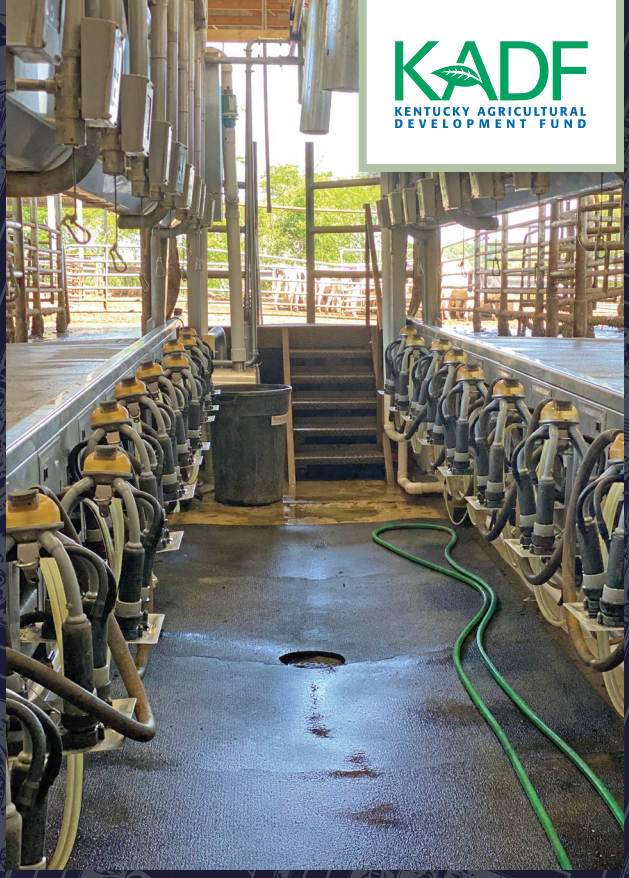
PHOTOS COURTESY **JESSA TURNER**

HomeGrown Hideaways owners, Jessa and Nathan Turner, have transformed their home and farm in the Appalachian foothills of Madison County into an agritourism destination. The couple welcomes nearly 3,000 guests every year to enjoy hiking loops, unique AirBNB rentals, and events, and to shop for their farm-grown fruits, vegetables, and an array of value-added products.

The Turners were awarded a grant through a KADF On-Farm Energy Efficiency Incentives Program to help with the ***installation of rooftop solar panels on a new commercial kitchen and meeting area.*** In the sunny summer days the new solar system is producing almost double the electricity the new facility needs, increasing energy efficiencies and allowing them to bank credits for darker winter days.

Bagdad Roller Mills, an independent and locally-owned feed manufacturer and grain elevator, is a cornerstone agribusiness in Shelby County. Founded in 1884, the mill has grown from a small operation, manufacturing corn meal and flour, to a thriving full-scale feed mill in the small community of Bagdad.

Bagdad Roller Mills was awarded a KADF grant and loan ***to build a new grain receiving pit and improve grain storage and handling equipment.*** The improvements to the operation have allowed Bagdad Roller Mills to make the process of delivering grain easier on producers, while also increasing storage capacity for its feed production and distilling grain for area distilleries.



Sumner Dairy was started in 1977 by the Sumner family and today three generations work together in the operation, milking nearly 200 cows daily. Always being focused on improving the conditions for their cattle and the overall quality and sustainability in the operation, the Sumners turned to programs at the Kentucky Office of Agricultural Policy for assistance.

The Sumner family was awarded a KADF On-Farm Energy Efficiency Incentives Program grant to purchase a ***variable pump and a plate cooling system,*** each of which drastically decrease energy utilization during the milking process. The family also received a KAFC Agricultural Infrastructure loan to construct a free stall barn and make upgrades to the existing parlor, creating a more time efficient milking environment. These efficiency improvements have helped the Sumners to continue to grow their operation for future generations while doing what they do best, taking care of their cows.

20 YEARS

KENTUCKY MADE HISTORY

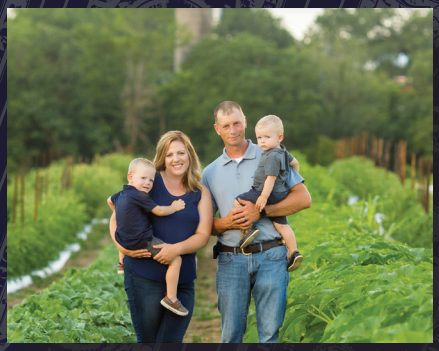
in 2000 when House Bill 611 was signed into law, creating the Kentucky Agricultural Development Fund (KADF) and making Kentucky the only state to commit 50 percent of its Tobacco Master Settlement Agreement Funds to agricultural diversification. Over the past 20 years, more than $663 million has been invested in projects across the commonwealth to diversify Kentucky agriculture. These KADF investments have helped grow our agricultural cash receipts more than $2 billion in 20 years.

KADF investments in infrastructure have been at the heart of the mission to diversify Kentucky agriculture. County Agriculture Investment Program projects improve infrastructure at the farm and provide direct assistance to family farms. The investments in statewide programs and organizations, such as the Kentucky Beef Network, Kentucky Proud, Kentucky Horticulture Council and the Kentucky Center for Ag and Rural Development, have developed much needed infrastructure for the marketing, promotion, education, and research to grow new agricultural markets. While some investments have focused on infrastructure, others in the Kentucky Agricultural Leadership Program, Kentucky FFA, and Kentucky 4-H are providing the foundation and training for the next generation of agricultural leaders.

It was the investment in capital access, through the Kentucky Agricultural Finance Corporation (KAFC), that might perhaps become the true legacy of the last 20 years. The $80 million invested in the KAFC has provided the capital access for young farmers to begin their operations, veterinarians to expand their services, and agribusinesses of all sizes to enhance their operations and services.

The historic investment in agriculture would not have been possible without the commitment of then Governor Paul Patton, Agriculture Commissioner Billy Ray Smith, and the legislative sponsors of HB 611. They, along with agricultural leaders across the state, came together speaking with one voice, for the future of Kentucky agriculture.

All of Kentucky agriculture owes a big "thank you" to the KADF board members and staff from the past 20 years for the countless hours they have given to reviewing applications, developing guidelines, and creating a roadmap for the future of Kentucky agriculture. We at KOAP want to say "thank you" to the farmers and volunteers across the state, from the county council members and the cooperative extension service to the county agriculture organizations for their commitments to this historic effort.



PHOTOS COURTESY **KOAP**

KAFC
Kentucky Agricultural Finance Corporation

Kentucky Agricultural Finance Corporation

BOARD MEMBERS

The Kentucky Agricultural Finance Corporation (KAFC) was created by statute in 1984. In 2002, the Kentucky Agricultural Development Board, as part of the Long-term Plan for Agriculture Development, recommended that 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. The mission of the KAFC Board 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 in obtaining the necessary capital to establish, maintain, or expand their agricultural operations.

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

STATUTORY MEMBERS

Dr. Ryan Quarles
Commissioner of Agriculture (Chair)

Holly McCoy-Johnson
Secretary of Finance and Administration

APPOINTED MEMBERS

Dr. Kenneth H. Burdine
Agricultural economist
Jessamine County
Term Expires: June 2025

Wayne Hunt
KADB Representative
Christian County
Term Expires: February 2023

Larry Jaggers
Dairy farmer
Hardin County
Term Expires: June 2025

Doug Lawson
Commercial lender
Henderson County
Term Expires: June 2023

Donald Mitchell
Tobacco producer
Woodford County
Term Expires: June 2023

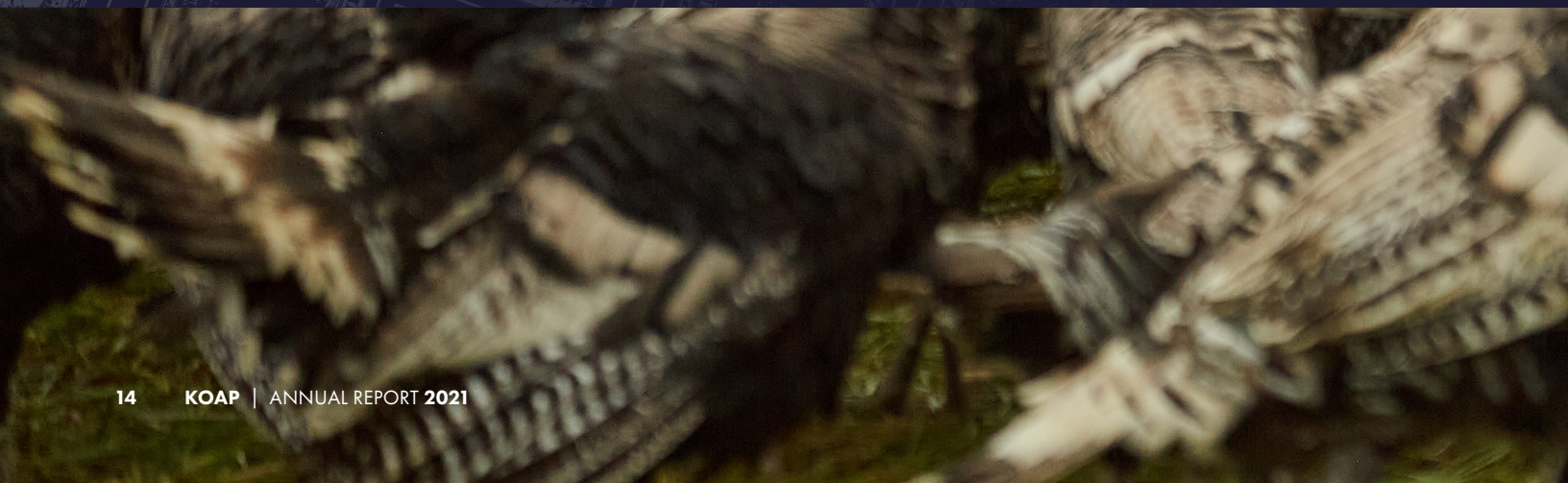
Jonathan Noe
Agricultural credit lender
Garrard County
Term Expires: June 2022

Frank A. Penn
Equine industry representative
Fayette County
Term Expires: June 2025

David Rink
Livestock farmer
Shelby County
Term Expires: June 2024

Linda L. Rumpke
Commercial lender
Nelson County
Term Expires: June 2025

Mac Stone
Horticultural farmer
Scott County
Term Expires: June 2024



DOE ANDERSON PHOTO

Kentucky Agricultural Finance Corporation

FINANCIAL STATEMENT

Fiscal Year 2021 *(Ending 6/30/2021)*

	FY2021
BEGINNING CASH BALANCE	**$17,534,856**
CASH RECEIPTS	
Principal	$10,675,015
Interest earned on loans	$1,610,744
Interest earned on cash	($885)
Other income (Grants, Transfers)	$5,437,166
TOTAL CURRENT YEAR RECEIPTS	**$17,722,040**
TOTAL CASH	**$35,256,896**
CASH EXPENDITURES	
Loans disbursed	($14,445,107)
Refunds	($95,006)
TOTAL CASH EXPENDITURES	**($14,540,113)**
ENDING CASH BALANCE	$20,716,783
ESSENTIAL OPERATING DATA	
Loans approved not disbursed	$9,571,128
Funds Uncommitted	$11,145,650
Ending Cash Balance	$20,716,778
Accounts Receivable	$80,098,480
TOTAL ASSETS	$100,815,258

KAFC
Kentucky Agricultural Finance Corporation

KAFC Loans

for Fiscal Year 2021

Kentucky Agricultural Finance Corporation (KAFC)

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

KAFC's 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 currently engaged or entering into the agricultural industry:

AILP

Agricultural Infrastructure Loan Program (AILP) assists Kentucky producers by providing access to below market financing for the acquisition, renovation, or construction of agricultural structures that enhance the profitability of their farming operation.

7 LOANS APPROVED

TOTAL AMOUNT

$510,843

DOE ANDERSON PHOTO

KAFC
Kentucky Agricultural Finance Corporation

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.

61 LOANS APPROVED

TOTAL AMOUNT

$11,202,170

DOE ANDERSON PHOTO

APLP

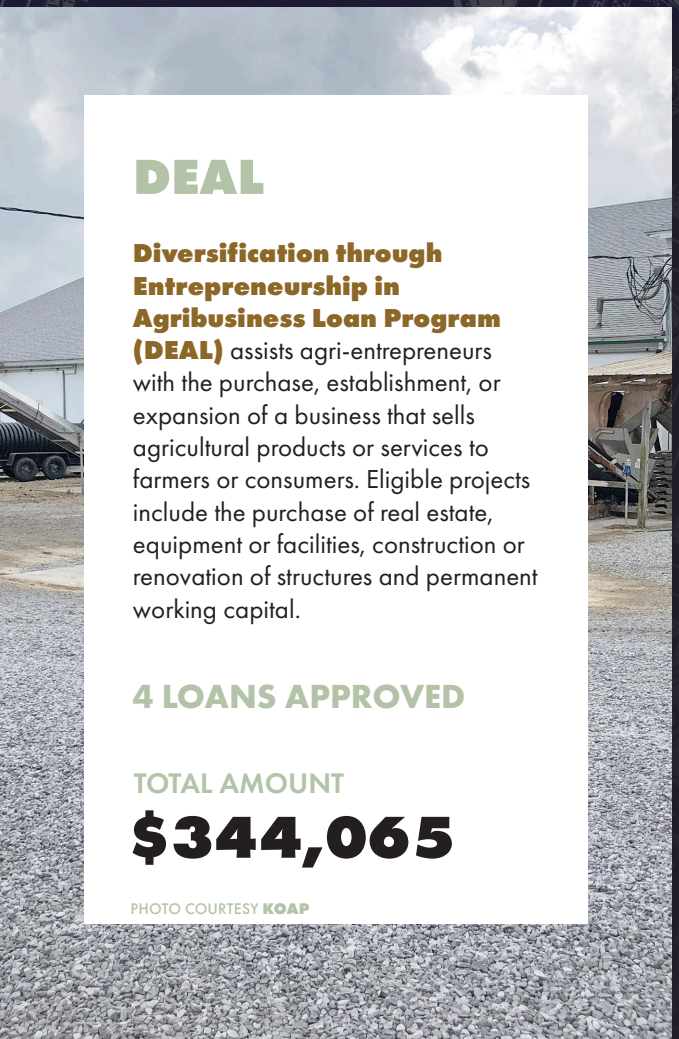
Agricultural Processing Loan Program (APLP) provides loan opportunities to companies and individuals in Kentucky interested in adding value to Kentucky grown agricultural commodities through further processing.

17 LOANS APPROVED

TOTAL AMOUNT

$3,794,214

DOE ANDERSON PHOTO



DEAL

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

4 LOANS APPROVED

TOTAL AMOUNT

$344,065

PHOTO COURTESY **KOAP**

VET

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

2 LOANS APPROVED

TOTAL AMOUNT

$222,500

PHOTO COURTESY **KOAP**

KAFC
Kentucky Agricultural Finance Corporation

Kentucky Agricultural
Finance Corporation

SPOTLIGHTS

$100 Million Milestone

The Kentucky Agricultural Finance Corporation (KAFC) achieved a financial milestone this spring when it reached more than $100 million in total assets. The Kentucky Agricultural Development Board (KADB) committed $5 million in state Kentucky Agricultural Development Funds to KAFC during its May 2021 meeting, this investment pushed KAFC's assets over the $100 million mark. Since 2003, KADB has invested $80 million in KAFC for its loan programs. The additional $20 million in assets includes interest paid on all loans and KADB-approved loans transferred to KAFC for servicing.

PHOTOS COURTESY **KOAP**

AgriGro Farm Store in Ohio County was purchased by the Milligan family in the 1970s, and is the only remaining family farm store in the rural Hartford community. Cousins, Brianne Milligan and Josh Lellie, wanted to make sure the business stayed in the family, so they applied for and ***received a KAFC Diversification through Entrepreneurship in Agribusiness Loan (DEAL) to purchase interest in the family operation.***

As farmers themselves, Brianne and Josh understand the importance of having a ***local farm store*** that focuses on providing the products and services needed seasonally by the agriculture community. They plan to continue to provide a wide variety of products such as feed, mulch, fertilizer, deer corn, and poultry litter treatment, but intend to look at new products and services they can provide to meet the demands of the ever-changing industry.

Brianne and Josh place value in relationships they have made with customers and are excited to have the opportunity to expand and grow their family business. Thanks to the KAFC DEAL loan, AgriGro will continue to stay a family business for generations to come and remain a pillar within their community, as it has been for years.

Mt. Vernon Animal Clinic, in the heart of Rockcastle County, was opened by Dr. Sarah Rogers Kelley after she graduated from Auburn University College of Veterinary Medicine in 2017.

Dr. Rogers practices preventative medicine as well as critical and emergency care at the clinic. As she settled in at her mixed-animal practice, she quickly realized she would need to expand to provide more services to her clients with large animals. She applied for and received a KAFC Large Food Animal Veterinary (VET) ***loan that allowed her to purchase a building and boarding facility for large animals.***

Today, Dr. Rogers serves nearly 1,700 clients and 3,400 patients in Eastern Kentucky. She looks forward to seeing her large animal client base grow by providing on-site and overnight care for large animals. Dr. Rogers, with the help of the KAFC, is growing her business and working to make a difference in the regional livestock industry.

Caverndale Farms, a hybrid seed operation in Boyle County, has been family owned and operated for more than 60 years. Ten years ago the family was approached with an opportunity to produce grain for Wilderness Trail Distillery, a local distillery. As the popularity of craft bourbon grew, so did the local demand for the Caverndale Farms' quality grains to be used in the distilling process.

Cavendale Farms turned to the KAFC Agricultural Infrastructure Loan Program (AILP) for the financial assistance it needed for its grain operation. ***The AILP loan allowed Caverndale Farms to expand its grain storage capacity,*** which has allowed an increase in the production of high quality grains for distilling.

The hybrid seed operation remains the cornerstone of Caverndale Farms, but the family knows the importance of diversity and adjusting an operation to remain at the forefront of the industry. They believe their investment in expanding grain production and storage will pay off with the growth of the craft bourbon industry.

KOAP STAFF

Brian Lacefield
Executive Director

Bill McCloskey
Deputy Executive Director

Lindsay Bates
Administrative Loan Manager

Sarah Bryant
KADF Programs Manager

Kelly Childers
Executive Staff Assistant

Sandra Gardner
Director of Compliance & Outreach

Bill Hearn
Fiscal Officer

Ali Hulett
KAFC Loan Programs Manager

Kara Keeton
Communications Director

Danielle Milbern
Senior Project Manger

Brian Murphy
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Thank You to Our **PARTNERS**

Thank you to all partners throughout the commonwealth that contribute to the unprecedented success of the KADF's and KAFC's projects and programs. The Tobacco Master Settlement Fund impact would not be at the current level without the network of individuals and organizations that support Kentucky agriculture.

County Cooperative Extension Service
extension.ca.uky.edu

Kentucky Cabinet for Economic Development
thinkkentucky.com

Kentucky Center for Agriculture and Rural Development
kcard.info

Kentucky Department of Fish and Wildlife
fw.ky.gov

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

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

Kentucky Small Business Development Center
ksbdc.org

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

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

USDA Rural Development
rd.usda.gov/ky

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