Annual Report
Fiscal Year 2012

July 1, 2011—June 30, 2012

Kentucky Agricultural Development Board
Kentucky Agricultural Finance Corporation
It has been slightly more than a decade since the Kentucky Agricultural Development Fund’s programs were implemented and just over five years since I took office. During this time, we have continued looking at the successes of Kentucky agriculture and what the future may hold for the Kentucky Agricultural Development Fund (KADF).

Many factors played a role in growing Kentucky’s agriculture economy over the last 10 years, and the KADF investments have been and will continue to be crucial to that growth. Investments made, not only in on-farm improvements through the county programs, but also in statewide resource projects like Kentucky Proud, the Kentucky Beef Network, the Kentucky Dairy Development Council, the Kentucky Horticulture Council and others, have proudly led Kentucky agriculture into a new farm economy and a brighter future.

During the 2012 fiscal year, we have focused on partnerships, which are very important in agriculture. One very special partnership between GOAP, the Kentucky Cattlemen’s Association, Kentucky Pork Producers Association and the Kentucky Poultry Federation has allowed Kentucky Agricultural Development Funds to be leveraged for the promotion of agriculture throughout the Commonwealth. This partnership has allowed us to take advantage of a special program through the Kentucky Broadcasters Association (KBA) and air television and radio commercials that promote “Kentucky Farm Families: Feeding Kentucky; Feeding the World.”

As generations move farther from the farm, it is increasingly important to instill an appreciation of the food and fiber system in consumers. Even with our efforts through the KBA project and efforts by other organizations, it still comes down to each farm family sharing their stories with friends, neighbors and even strangers, because who better to tell the story of agriculture than the farmers. Kentucky has a proud heritage and a promising future, which provides the foundation for a valuable story that we can share with others.

Agriculture is the heart and soul of our rural communities across the Commonwealth...and vital to future growth and development throughout Kentucky.

Steven L. Beshear
Governor
Kentucky’s official marketing program, Kentucky Proud, is administered by the Kentucky Department of Agriculture with support from the Kentucky Agricultural Development Fund (KADF).

More than $13 million from the KADF has been invested into the program.
# Table of Contents

**Governor’s Message** ................................. ii

**Table of Contents** ................................. iv

**Investments & Initiatives**

- **Agriculture Economic Development** ..................... 1
- **On-Farm Production** .................................... 2
- **Energy** .................................................. 3
- **Farmers’ Markets** ..................................... 4
- **Access to Capital** ..................................... 5
- **Local Foods** .......................................... 6

**Appendices**

- **A: Financial Statements** ............................. I
- **B: KADF Investments by County** .................... III
- **C: KAFC Investments by Program** .................. IV
- **D. Background** ......................................... VII

**Acknowledgements** .................................... inside back cover

- **KADF Board Members**
- **KAFC Board Members**
- **GOAP Staff**
- **Photo Credits**
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INVESTMENTS & INITIATIVES

Kentucky’s historic investment in agricultural diversification created an unprecedented opportunity for Kentucky farmers to access funds to diversify their operations and expand farm-based enterprises.

**Agricultural Economic Development**

For nearly a year, the Kentucky Agricultural Development Board (KADB), the Kentucky Agricultural Finance Corporation (KAFC), staff of the Governor’s Office of Agricultural Policy (GOAP) and many others participated in activities related to a challenge issued by Governor Beshear.

He challenged all to take a fresh look at the Kentucky Agricultural Development Fund (KADF) for opportunities that would lead to greater profitability for our farmers.

The following are the top five priorities that the KADB developed and used as a gauge in 2012 for funding considerations, program development and policy initiatives:

1) capital access for economic development;
2) promotion of the KADF and agriculture, in general;
3) value-added processing;
4) livestock marketing; and
5) on-farm investments.

**Spotlight on Priority #2: A Partnership to Promote Kentucky Agriculture**

Food. Most of us think about food several times a day, even planning when, where and what we will eat. But, do we think about how it gets to our tables and by whom? The simple answer - Kentucky farm families: feeding Kentucky, feeding the world.

In 2012, GOAP partnered with the Kentucky Broadcasters Association’s Public Education Partnership (PEP) program to increase the awareness of Kentucky agriculture and highlight the integral role farm families play across the Commonwealth. In each spot, you will hear the tag line, “Kentucky farm families: feeding Kentucky, feeding the world.”

This initiative also has allowed GOAP to have a very special partnership for the PEP program, leveraging Kentucky Agricultural Development Funds with three leading livestock commodity groups: the Kentucky Cattlemen’s Association, Kentucky Pork Producers and the Kentucky Poultry Federation.

Farm families from these commodity groups were featured in commercials and radio spots along with other agricultural sectors throughout the year.

See Appendix C for photos of the farm families featured in the KBA radio and television commercials.
On-Farm Investments

While capital access, value-added processing, promotion and marketing are important to the agriculture economy, none of these are necessary without production agriculture. The KADB recognized this importance and developed, in conjunction with state and local stakeholders, cost-share incentive programs that would provide producers an opportunity to try new farm enterprises or enhance their existing enterprises.

County Agricultural Investment Program

The County Agricultural Investment Program (CAIP) provides farmers with incentives to allow them to improve and diversify their current production practices.

CAIP covers a wide variety of agricultural enterprises, including commercial production of aquaculture; bees and honey; equine; forage; fruit; livestock; mushrooms; ornamental horticulture; poultry; rabbits; timber; and vegetables, as well as agritourism business development; commercial kitchen construction or conversion; energy efficiency/production; and on-farm water enhancement.

In fiscal year 2012, 78 counties made CAIP available to their farm families with more than $16.2 million invested. See Appendix C for specific counties.

Shared-use initiative: This initiative made available enough state funds that when combined with the county’s annual allotment could total up to $15,000.

The funds could be used to implement the current shared-use equipment program within the county or in cooperation with neighboring counties.

The following counties participated: Bell, Boyd, Knott, McCreary, Perry.

See Appendix B for equipment specifics.

Shared-Use

The Shared-Use Equipment Program was designed to impact a high number of producers who cannot justify ownership expenses associated with certain equipment by helping them access technology necessary to improve their operations in an economical manner.

During fiscal year 2012, 17 counties invested $303,706 into shared-use equipment. See Appendix B for specific counties.
Continued Investment in On-Farm Energy

Federal funding for this program has expired, but its legacy lives on in the KADF On-Farm Energy Efficiency & Production program. The KADB was so impressed with the results of the ARRA supported program that it modeled its own program after it. The KADB’s initial investment for its 2012 On-Farm Energy Efficiency & Production program was $2 million from the KADF.

As of June 30, 2012, 81 applications, totaling $696,288, were approved for KADF energy funds. The 2012 program will wrap up its funding in February 2013.

The benefits of both of these programs will be recognized for generations to come. For more information, visit http://ag-energy.ky.gov/.

W ith the price of fuel and utility costs continually escalating, more farmers are seeking alternate ways to save energy and money. There are many energy efficient investments that can make farming operations more profitable by using less energy. By controlling energy costs, our farmers can save significant revenue and can reinvest these resources in their families and operations.

Thanks to funding provided through the American Recovery & Reinvestment Act (ARRA), the On-Farm Energy Efficiency and Production incentives, farmers have been able to increase energy efficiency in their operations, allowing them to become more sustainable and profitable.

Since the program began in 2009, 164 grants were awarded totaling more than $1.3 million. Those investments have saved nearly $2 million in annual energy costs and 243 billion BTUs.

Recipients of the ARRA energy incentives received 25% reimbursement of the actual cost of a federally qualified energy savings or production project up to $10,000. These grants have provided enormous benefit to Kentucky farm families and positioned Kentucky agriculture as a leader in on-farm energy efficiency.

Another component of the ARRA on-farm energy program involved projects focused on cooperative efforts among a variety of entities, including farmers, higher education groups, associations and the private sector. The Multi-County Energy Initiative, as it was called, emphasized a regional approach to advancing renewable energy production and energy efficiency on the farm.

Energizing Kentucky Agriculture

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Over the last decade, interest in local foods and awareness of the impact that buying local has on a community’s economy has increased dramatically. As a result, interest in community-based farmers’ markets has risen for both consumers and farmers alike. The farmers’ market provides a conduit for farmers and consumers to build relationships, including an understanding of farming practices and the consumer’s needs and values.

According to the Kentucky Department of Agriculture, there were 147 farmers’ markets in the Commonwealth in 2012. As of June 30, 2012, the KADF had supported 54 farmers’ markets in 52 counties to the tune of $2.6 million ($1.5 million county and $1.1 million state).

The KADB continued its support of the local foods movement through its 2011 Farmers’ Market Infrastructure Competitive Awards Program, which provides an opportunity for local farmers’ markets to access state funds for the construction of new permanent facilities for their markets. Up to $250,000 in state funds was available for this program with a maximum of $25,000 that any one applicant may receive in state funds.

Two markets were awarded a total of $38,500 in state funds and $5,000 in county funds for the 2011 program. As of June 30, 2012 seven applications had been submitted for funding through the 2012 program.
K

K AFC offers an annual interest rate of two percent (2% a.p.r.) in its six participation loans, allowing participating lenders to charge a 0.75% servicing fee. Direct loans are available through two programs and are provided at Wall Street Journal prime.

Loan Programs

KAFC participates with lenders to provide financing to producers making capital expenditures for agricultural projects through the Agricultural Infrastructure Loan Program (AILP). Eligible projects include permanent farm structures with attached equipment that improves the profitability of farming operations.

The Agricultural Processing Loan Program (APLP) is designed to provide loan opportunities to companies and individuals in Kentucky interested in adding value to Kentucky grown agricultural commodities through further process. KAFC will provide or participate in loans that may cover construction of a new facility and renovation/expansion of an existing facility.

The Beginning Farmer Loan Program (BFLP) is designed to assist individuals who have some farming experience who desire to develop, expand or buy into a farming operation. KAFC will participate in loans to purchase livestock, equipment, agriculture facilities, to secure permanent working capital, purchase real estate or invest in a partnership or LLC.

KAFC will provide or participate in loans to entities with operations in Kentucky that are expanding their contracting opportunities with Kentucky farmers. The Coordinated Value-added Assistance Loan Program (CVALP) may provide or participate in loans for renovation/expansion of existing facilities, acquisition of equipment and permanent working capital to facilitate expansion.

The Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL) provides financing to beginning agri-entrepreneurs who are attempting to diversify their farming operations through non-traditional agricultural production or services. DEAL may provide financing for equipment, facilities, working capital and real estate with a participating lender.

The Large/Food Animal Veterinary Loan Program (VET) is designed to assist individuals licensed to practice veterinary medicine in Kentucky who desire to construct, expand, equip or buy into a practice serving large animal producers, as well as other smaller food animals.

As of June 30, 2012, KAFC had approved a cumulative total of 397 loans for more than $47 million and accumulated over $4 million in interest. KAFC also continues to service 13 KADB zero interest loans, totaling $2,794,729. See Appendix A for balance sheet and cash flow statement.

Total investments by program, FY2012:

<table>
<thead>
<tr>
<th>Program</th>
<th>Number</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AILP, 21</td>
<td></td>
<td>$1,557,025</td>
<td>20%</td>
</tr>
<tr>
<td>APLP, 5</td>
<td></td>
<td>$3,604,939</td>
<td>47%</td>
</tr>
<tr>
<td>BFLP, 16</td>
<td></td>
<td>$2,361,739</td>
<td>31%</td>
</tr>
<tr>
<td>DEAL, 1</td>
<td></td>
<td>$100,000</td>
<td>1%</td>
</tr>
<tr>
<td>VET, 1</td>
<td></td>
<td>$100,000</td>
<td>1%</td>
</tr>
</tbody>
</table>

See Appendix C for specific loans.
Local Foods Initiatives

“The average meal in the United States travels 1,500 miles from the farm to the dinner table. By growing gardens in our backyards across Kentucky or buying locally grown produce, families can eliminate wasteful burning of fossil fuels and have access to fresher, healthier produce.”

– First Lady Jane Beshear

The Governor’s Office of Agricultural Policy (GOAP) has been working closely with First Lady Jane Beshear on her local foods initiatives, which includes the Governor’s Garden program that is now housed at GOAP.

The Governor’s Garden program began in 2009, inspired by First Lady Michelle Obama’s garden at the White House. The First Lady partnered with several government, education and agricultural organizations to launch Kentucky’s first Governor’s Garden on the grounds of Berry Hill Mansion in Frankfort.

Since that time the program has grown to six Governor’s Garden sites and has inspired numerous other garden sites in communities and schools across the Commonwealth. The majority of the produce harvested from each official Governor’s Garden site is donated to local soup kitchens and food pantries or prepared at onsite kitchens.

To increase awareness about the benefits of locally grown food and provide more opportunities for consumers to access information, the First Lady approached the University of Kentucky’s College of Agriculture about developing a one-stop, online location for Kentuckians to find local food resources in their communities.

The Kentucky and Local Foods Resources webpage, http://www2.ca.uky.edu/foods, provides links to national, state and local resources available, as well as resources available through the UK College of Agriculture.

2012 Garden Locations: Berry Hill Mansion, Frankfort; Governor’s Mansion, Frankfort; Kentucky Exposition Center, Louisville; Kentucky Horse Park, Lexington; Kentucky FFA Training Center, Hardinsburg; and Locust Trace Agri-Science Farm & School, Lexington
## APPENDIX A: Financial Statements

### Kentucky Agricultural Development Fund

**Fiscal Year 2012**

<table>
<thead>
<tr>
<th>FUNDS</th>
<th>STATE</th>
<th>COUNTY</th>
<th>TOTAL</th>
<th>Off Budget</th>
<th>COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADF Beginning Cash-July 2011</td>
<td>$ 28,457,959</td>
<td>$ 18,385,725</td>
<td>$ 28,457,959</td>
<td>$ 16,419,375</td>
<td>$ 27,987</td>
</tr>
<tr>
<td>Transfers In</td>
<td>$ 1,272,225</td>
<td>$ 16,419,375</td>
<td>$ 17,691,600</td>
<td>$ 16,419,375</td>
<td>$ 34,833,087</td>
</tr>
<tr>
<td>Interest earned</td>
<td></td>
<td></td>
<td></td>
<td>$ 27,987</td>
<td></td>
</tr>
<tr>
<td>ADF Funds Available</td>
<td>$ 29,730,184</td>
<td>$ 16,419,375</td>
<td>$ 46,149,559</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>STATE</th>
<th>COUNTY</th>
<th>TOTAL</th>
<th>Off Budget</th>
<th>COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursements/Expenditures</td>
<td>$ 6,964,181</td>
<td>$ 18,790,453</td>
<td>$ 6,964,181</td>
<td>$ 16,419,375</td>
<td>$ 18,790,453</td>
</tr>
<tr>
<td>ADF Expenditures</td>
<td>$ 6,964,181</td>
<td>$ 16,419,375</td>
<td>$ 23,383,556</td>
<td>$ 18,790,453</td>
<td>$ 23,383,556</td>
</tr>
<tr>
<td>Cash Balances</td>
<td>$ 22,766,003</td>
<td>$ -</td>
<td>$ 22,766,003</td>
<td>$ 16,042,634</td>
<td>$ 16,042,634</td>
</tr>
<tr>
<td>Grants - Unexpended commitments</td>
<td>(3,635,651)</td>
<td>(3,635,651)</td>
<td>(2,270,286)</td>
<td>(2,270,286)</td>
<td>(2,270,286)</td>
</tr>
<tr>
<td>Actual Available Balance</td>
<td>$ 19,130,352</td>
<td>$ 19,130,352</td>
<td>$ 13,772,348</td>
<td>$ 13,772,348</td>
<td>$ 13,772,348</td>
</tr>
</tbody>
</table>

### ASSETS

**Kentucky Agricultural Finance Corporation**

**Statement of Financial Position, as of June 30, 2012**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>( $ )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Earned from Loans</td>
<td>3,100,576</td>
</tr>
<tr>
<td>Interest Earned from State Investment Commission</td>
<td>1,085,366</td>
</tr>
<tr>
<td>Account 2802 (Interest Fund)</td>
<td>4,185,942</td>
</tr>
<tr>
<td>Account 2803 (Loan Fund)</td>
<td>5,108,722</td>
</tr>
<tr>
<td>Funds Loaned to Borrowers</td>
<td>27,111,835</td>
</tr>
<tr>
<td>KADB Approved Loans not Transferred</td>
<td>-</td>
</tr>
<tr>
<td>Authorized, unissued</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

**Total Assets:** \( \$ 38,406,499 \)
### APPENDIX A: Financial Statements (cont.)

#### Cash Flow (FY2012)

<table>
<thead>
<tr>
<th>Lending Institution</th>
<th>Kentucky Agricultural Finance Corporation</th>
<th>Fiscal Year Begins:</th>
<th>Jul-11</th>
<th>Aug-11</th>
<th>Sep-11</th>
<th>Oct-11</th>
<th>Nov-11</th>
<th>Dec-11</th>
<th>Jan-12</th>
<th>Feb-12</th>
<th>Mar-12</th>
<th>Apr-12</th>
<th>May-12</th>
<th>Jun-12</th>
<th>Total Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand (beginning of month)</td>
<td>6,476,593</td>
<td>6,629,670</td>
<td>6,614,421</td>
<td>6,731,043</td>
<td>6,652,464</td>
<td>6,998,931</td>
<td>7,047,647</td>
<td>8,515,454</td>
<td>8,189,931</td>
<td>7,976,855</td>
<td>7,854,709</td>
<td>7,741,232</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH RECEIPTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal Payments (2833)</td>
<td>130,527</td>
<td>129,958</td>
<td>187,556</td>
<td>140,629</td>
<td>186,941</td>
<td>338,803</td>
<td>1,185,439</td>
<td>315,832</td>
<td>223,357</td>
<td>343,857</td>
<td>479,245</td>
<td>2,053,609</td>
<td>5,715,537</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Payments (2672)</td>
<td>22,550</td>
<td>19,611</td>
<td>25,817</td>
<td>14,483</td>
<td>19,755</td>
<td>61,244</td>
<td>279,805</td>
<td>25,458</td>
<td>25,466</td>
<td>62,636</td>
<td>18,384</td>
<td>80,002</td>
<td>655,196</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Earned (SIC / 2672)</td>
<td>0</td>
<td>0</td>
<td>441</td>
<td>757</td>
<td>751</td>
<td>870</td>
<td>150</td>
<td>159</td>
<td>115</td>
<td>599</td>
<td>432</td>
<td>6,055</td>
<td>10,891</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CASH RECEIPTS</td>
<td>153,077</td>
<td>149,569</td>
<td>213,313</td>
<td>155,609</td>
<td>207,447</td>
<td>400,716</td>
<td>1,485,394</td>
<td>341,385</td>
<td>246,804</td>
<td>407,003</td>
<td>496,046</td>
<td>2,140,284</td>
<td>6,381,004*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income (Grants, 0% Loans)</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Total Cash Available (before cash out)</td>
<td>6,629,670</td>
<td>6,779,240</td>
<td>6,828,234</td>
<td>6,886,911</td>
<td>6,859,911</td>
<td>7,069,547</td>
<td>8,540,041</td>
<td>8,606,842</td>
<td>8,438,655</td>
<td>8,363,959</td>
<td>8,402,749</td>
<td>9,881,495</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### CASH PAID OUT

| Loans Closed (Funds Wired) | 0 | 184,819 | 97,141 | 234,447 | 160,980 | 25,000 | 24,587 | 609,911 | 462,000 | 520,250 | 661,517 | 586,832 | 3,013,534 |
| Refunds to KADB | 0 | | | | | | | | | | | | |
| TOTAL CASH PAID OUT | 0 | 184,819 | 97,141 | 234,447 | 160,980 | 25,000 | 24,587 | 609,911 | 462,000 | 520,250 | 661,517 | 586,832 | 3,013,534 |

| Cash Position (end of month) | 6,629,670 | 6,614,421 | 6,731,043 | 6,652,464 | 6,998,931 | 7,047,647 | 8,515,454 | 8,189,931 | 7,976,855 | 7,854,709 | 7,741,232 | 9,294,694 |

#### ESSENTIAL OPERATING DATA (non cash flow information)

| Loans Committed, Not Paid ($) | 2,163,523 | 2,752,204 | 2,565,693 | 2,837,061 | 4,339,091 | 4,339,091 | 4,434,853 | 5,945,267 | 5,495,267 | 3,866,143 | 5,796,630 | 5,414,377 |
| Debt Balance (owed KADC) | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Total KADC Funds (uncommitted) | 6,495,147 | 5,854,216 | 6,165,349 | 5,815,373 | 4,359,840 | 4,735,556 | 6,000,000 | 4,244,664 | 4,481,589 | 5,986,586 | 3,944,062 | 5,880,287 |
| Pending Loans ($) | 100,000 | 1,273,000 | 1,928,000 | 1,505,000 | 650,000 | 521,000 | 315,000 | 0 | 350,000 | 100,000 | 100,000 | 100,000 |

### KAFC Linked Deposit Loan Program: Fiscal Year 2012 Activity Report

#### Outstanding Loans Per Lender as of June 30, 2012

<table>
<thead>
<tr>
<th>Lending Institution</th>
<th>Outstanding Balance</th>
<th>Total Loans</th>
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<tbody>
<tr>
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<td>$57,501.66</td>
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<tr>
<td>South Central Bank of Barren County</td>
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<tr>
<td>Traditional Bank</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>596,700.75</strong></td>
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#### Loan Payoffs July 1, 2011 - June 30, 2012

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<thead>
<tr>
<th>Lending Institution</th>
<th>Borrower</th>
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<tbody>
<tr>
<td>South Central Bank</td>
<td>Barron, Paul Eric</td>
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<tr>
<td></td>
<td>Bay Wash, Inc.</td>
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<tr>
<td></td>
<td>Bellamy, Mike</td>
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</tr>
<tr>
<td></td>
<td>Bragg, Willard and Lee Ann</td>
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</tr>
<tr>
<td></td>
<td>Burris, Roger</td>
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<tr>
<td></td>
<td>Dennison, Gary L.</td>
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<tr>
<td></td>
<td>Furlong, Douglass and Pauletta</td>
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<tr>
<td></td>
<td>Greer, Zane</td>
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<tr>
<td></td>
<td>Holman, Neal and Rita</td>
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<tr>
<td>Springfield State Bank</td>
<td>Perry, Jason and Sherry</td>
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<tr>
<td></td>
<td>Reece, Daniel</td>
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<td></td>
<td>Simpson, Brent and Natalie</td>
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<tr>
<td></td>
<td>Slinker, Todd</td>
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<tr>
<td>Traditional Bank</td>
<td>Medley, John Jr. &amp; Marion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Thompson, Anthony and Amy</td>
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KDF KENTUCKY AGRICULTURAL DEVELOPMENT FUND
APPENDIX B: KADF Investments FY 2012

Applications approved between July 1, 2011 and June 30, 2012

Nearly $22 million was invested in state, regional and local projects and programs between July 1, 2011 and June 30, 2012.

State/Regional Agribusiness Technical Assistance

The Kentucky Center for Agriculture and Rural Development (KCARD) was approved for $600,000 in state funds to continue providing business support services and technical assistance to rural agribusinesses across Kentucky through 2013.

Biofuel Pellet Mill Study

The Bracken County Agricultural Development Council was approved for $14,500 in state and $21,000 in county funds for a feasibility study to determine the viability of constructing and operating a biofuel pellet mill in the Bracken County Industrial Park. County contributions to the project are as follows: Bath - $1,000; Bracken - $15,000; Lewis - $1,000; Mason - $2,000; Pendleton - $1,000 and Robertson - $2,000.

Blueberry Marketing Facility

The Edmonton-Metcalfe County Industrial Authority was approved for $51,000 ($23,000 in state and $28,000 in multi-county funds) to construct a regional marketing facility for blueberries to assist the efforts of the Kentucky Blueberry Growers Association. County contributions to the project are as follows: Adair - $5,000; Allen - $5,000; Barren - $5,000; Hart - $5,000; and Metcalfe - $11,000.

Building a Local Food Economy

Louisville-Jefferson County Metro Government was approved for $120,000 in state funds for the continuation of the Louisville Farm to Table Program, which works to provide area farmers increased access to Louisville’s consumer market. Additionally, $250,000 was approved to be transferred to the Kentucky Agricultural Finance Corporation to administer the Louisville Agribusiness Loan Program, which will provide low-interest capital to agribusinesses that process or add value to Kentucky grown or raised products in Louisville’s Portland neighborhood.

Center for Sustainability of Farms and Families Initiatives

Kentucky State University was approved for $988,000 in state funds over two years to implement the initiatives of the Kentucky Center for Sustainability of Farms and Families to foster development and improve profitability of tobacco dependent small farms, as well as underserved and limited resource farmers within the Commonwealth.

Equine Economic Impact Survey

The Kentucky Horse Council Inc. was approved for $300,000 in state funds to conduct a comprehensive equine survey about the impact the entire equine industry has on the Commonwealth.

Feral Hog Control

Nonprofit Dynamics Inc. was approved for $24,641 in county and up to $31,141 in state funds to establish a three-tiered pilot program to control the feral hog population in Obion Creek watershed. Counties contributing to the project are as follows: Carlisle - $5,000; Graves - $10,000; and Hickman - $9,641. The three tiers will be used to stop expansion and provide a substantial reduction in feral hog populations in the area.

Lamb Marketing

Four Hills Farm LLC was approved for a $4,000 grant in Mercer County funds and a $50,000 one percent (1%) interest loan in state funds to expand their lamb enterprise, which markets Kentucky raised lamb to restaurants and food service markets.

Livestock Sale Facility

Bluegrass Stockyards of Albany LLC was approved for $30,000 in Clinton and $5,000 in Wayne County funds for the construction of a 50,000-square-foot stockyard facility in Albany. The facility will provide a competitive, modern livestock auction market for farmers in south central Kentucky.

Meat Processing, Retail Distribution

The Wolfe County Fiscal Court was approved for $350,000 in a combination of state and county funds to develop a USDA-approved meat processing facility and retail distributorship. Funds are for the facility’s meat cooling system.

County contributions to the project are as follows: Breathitt - $10,000; Elliott - $4,289; Lawrence - $2,500; Morgan - $20,000; Perry - $3,211; Rowan - $10,000; and Wolfe - $20,000.

Multi-County Large Animal Composting

W. Brent Woodrum was approved for $22,500 in multi-county funds to purchase equipment and materials for a multi-county fallen animal composting service site in Casey County.

Regional Agri-Education Facility

The Fleming County Board of Education was approved for $78,500 in county funds for a regional agriculture education facility in the Buffalo Trace area to provide hands-on experience for students.

Sheep & Goat Development

The Kentucky Sheep and Goat Development Office Inc. was approved for $40,000 in state funds to continue the services provided by the office to sheep and goat producers.

Value-Added Processing and Distribution

Grasshopper Distribution LLC was approved for a $200,000 loan in state funds, as well as up to $50,000 in state funds as a grant to be matched with county funds. These funds will be used to establish a value-added processing facility and for building improvements to meet growing consumer and institutional demand in the Louisville area for locally-grown produce.

Vineyard & Winery Technical Assistance

The Kentucky Vineyard Society Inc. was approved for $515,000 in state funds over two years to provide technical assistance and education to Kentucky’s vineyards and wineries.

County contributions include the following: Adair - $5,000; Casey - $10,000; Marion - $2,500; and Russell - $5,000.

Saddledbred horses in Bourbon County
APPENDIX B: KADF Investments FY2012 (cont.)

Investments by County

Adair
CAIP  $227,000
DAR  $ 7,500
Energy  $57,290 (9 recipients)
*See also state/regional, Blueberry Marketing Facility ($2,000)

Allen
CAIP  $140,181
Energy  $ 7,500
*See also state/regional, Blueberry Marketing Facility ($5,000)

Barren
CAIP  $470,000
Energy  $14,375 (2 recipients)
*See also state/regional, Blueberry Marketing Facility ($3,000)

Bath
CAIP  $500,000
*See also state/regional, Biofuel Pellet Mill Study ($1,000)
*See also state/regional, Regional Education Facility ($10,000)

Bell
Shared-Use  $15,000
Equipment Initiative
plastic mulch/trickle tube layer, livestock trailer

Bourbon
CAIP  $338,500
Energy  $10,000

Boyd
Shared-Use  $12,792
Equipment Initiative
disc seeder, hydro seeder, aerator, sprayer

Boyle
CAIP  $179,000
DAR  $ 7,500

Bracken
CAIP  $341,263
*See also state/regional, Biofuel Pellet Mill Study ($15,000)
*See also state/regional, Regional Education Facility ($1,000)

Breathitt
CAIP  $ 75,000
*See also state/regional, Meat Processing, Retail Distribution ($10,000)

Breckinridge
CAIP  $250,000
Energy  $10,000

Bullitt
CAIP  $ 90,000

Butler
CAIP  $37,666

Caldwell
CAIP  $54,500
Energy  $6,411

Calloway
Energy  $50,000 (5 recipients)

Campbell
CAIP  $30,553

Carlisle
CAIP  $40,000
Energy  $10,000
*See also state/regional, Feral Hog Control ($5,000)

Carroll
CAIP  $185,000
Show Hog Initiative
Carroll County Agriculture Development Fund Inc., on behalf of Carroll County FFA Alumni, was approved for $1,500 in Carroll County funds for the Carroll County Show Hog Initiative for local youth.

Christian
CAIP  $250,000

Clark
CAIP  $175,000 (2011)
CAIP  $250,000 (2012)

Shared-Use Storage Facility
The Clark County Conservation District was approved for $3,783 in Clark County funds to purchase a semi-permanent facility to house the county’s shared-use equipment.

Clay
CAIP  $415,000
Shared-Use  $10,013
Equipment
2-row, 4-row corn planters

Clinton
CAIP  $115,000
DAR  $1,137
Energy  $10,000
*See also state/regional, Livestock Sale Facility ($30,000)

Cumberland
CAIP  $146,500
Energy  $10,000

Daviess
CAIP  $150,000
Energy  $40,000 (4 recipients)
Shared-Use  $5,000
Equipment
cattle chute, scales
Youth Cost-Share Program
The Green River Area Beef Improvement Group Inc. was approved for $20,000 in Daviess County funds to provide a youth cost-share program for youth in Daviess County.

Edmonson
CAIP  $43,526 (2011)
CAIP  $124,970 (2012)

(Continued on page V)

***Only projects and programs approved between July 1, 2011 and June 30, 2012 are listed in this Appendix. Some counties may not be listed if investments were made outside of the above timeline.***
Elliott
*See state/regional, Meat Processing, Retail Distribution ($4,289)

Estill
CAIP ............................ $ 85,000

Fayette
CAIP ............................. $350,000
Shared-Use ......................... $13,500
Equipment in-line bale wrapper
Purchase of Development Rights
Fayette County Rural Land Management Board Inc. was approved for $25,000 in Fayette County funds for purchase of development rights on rural farmland in Fayette County.

Fleming
CAIP ............................. $308,784
DAR ............................. $  5,250
*See also state/regional, Regional Education Facility ($50,000)

Franklin
DAR ............................. $  4,500
Energy ........................... $ 10,000
Shared-Use ........................ $4,065
Equipment manure spreader
High School Greenhouse
The Franklin County Public Schools were approved for $45,000 in Franklin County funds for the construction of a greenhouse at Franklin County High School.

Fulton
Energy ........................... $ 30,000 (3 recipients)

Gallatin
CAIP ............................. $100,165

Garrard
CAIP ............................. $300,000
DAR ............................. $  2,500

Forage Management Education
The Garrard County Board of Education was approved for $30,000 in Garrard County funds to implement a forage management program on the Garrard County FFA farm for youth and adult education. The project will include renovating land on the farm to make it suitable for pasture and forage crops, which will be used as livestock feed and other educational purposes.

Grant
CAIP ............................. $190,000
Shared-Use ........................ $52,559
Equipment silage bagger, in-line bale wrapper

Graves
CAIP ............................. $87,227
Energy ........................... $ 20,000 (2 recipients)
*See also state/regional, Feral Hog Control ($10,000)

Grayson
CAIP ............................. $203,400 (2011)
CAIP ............................. $180,000 (2012)
Energy ........................... $ 10,000

Green
CAIP ............................. $340,000
Agriculture Marketing Center Enhancements
The Green County Cattlemen's Association was approved for $12,500 in Green County funds for additional seating and enhancements to the Green County Agriculture and Marketing Center.

Greentop
CAIP ............................. $169,582
Mobile Agricultural Classroom Expansion
The Greenup County Farm Bureau was approved for $10,000 in Greenup County funds to expand an existing agricultural mobile classroom for their "Mooving Agriculture Forward" education initiative.

Hancock
CAIP ............................. $114,108

Hardin
CAIP ............................. $155,000 (2011)
CAIP ............................. $150,000 (2012)
DAR ............................. $  7,500
Energy ........................... $ 10,000

Henderson
Energy ........................... $ 10,000

Henry
CAIP ............................. $331,894
DAR ............................. $  7,500 (2011)
DAR ............................. $  7,500 (2012)

Hickman
Energy ........................... $ 95,593 (10 recipients)
*See also state/regional, Feral Hog Control ($9,641)

Hopkins
Youth Greenhouse
The Hopkins County Board of Education was approved for $19,000 in Hopkins County funds for the construction of a greenhouse at Madisonville North Hopkins High School.

Jackson
CAIP ............................. $156,000

Jefferson
CAIP ............................. $ 40,000

(Continued on page VI)
APPENDIX B: KADF Investments FY2012 (cont.)

Jessamine
CAIP .......................... $400,000
Energy ........................ $5,679

Farmers Back to School Program
Jessamine County FFA Alumni Association
was approved for $10,000 in Jessamine
County funds to provide financial assis-
tance to farmers or their spouses in further-
ing their education through post-
secondary or vocational school.

Youth Cost-Share Program
Jessamine County FFA Alumni Association
was approved for $8,000 in Jessamine
County funds to support youth 4-H or FFA
projects.

Kenton
CAIP .......................... $84,690

Knott
Shared-Use ........................ $11,246
Equipment Initiative
lime spreader, mulch layer

Laurel
CAIP .......................... $187,446

Lawrence
*See state/regional, Meat Processing,
Retail Distribution ($2,500)

Lewis
CAIP .......................... $290,000
Processing Facility Expansion
Corey L. Collins, owner/operator of Garri-
son Meat Processing, was approved for
$3,000 in Lewis County funds for the expan-
sion of his meat processing facility in Lewis
County.

*See also state/regional, Biofuel Pellet Mill
Study ($1,000)
*See also state/regional, Regional Educa-
tion Facility ($5,000)

Lincoln
CAIP .......................... $290,000
DAR .......................... $7,500

Livingston
Energy ........................ $407

Logan
Energy ........................ $20,000 (2 recipients)

Lyon
CAIP .......................... $34,864

Madison
CAIP .......................... $264,012
Shared-Use ........................ $13,380
Equipment (2011)
o-till drill

Shared-Use ........................ $11,625
Equipment (2012)
o-till drill

Marion
CAIP .......................... $232,777
*See also state/regional, Multi-County
Large Animal Composting ($2,500)

Marshall
CAIP .......................... $25,000
Energy ........................ $29,900 (3 recipients)

Mason
CAIP .......................... $268,607
*See also state/regional, Biofuel Pellet Mill
Study ($2,000)
*See also state/regional, Regional Educa-
tion Facility ($10,000)

McCracken
CAIP .......................... $103,346
Energy ........................ $10,000

McCrea
Shared-Use ........................ $17,813
Equipment Initiative
o-till drill

Mclean
CAIP .......................... $79,009
Energy ........................ $24,300 (4 recipients)

Meade
CAIP .......................... $87,351

Menifee
*See state/regional, Regional Education
Facility ($2,500)

Mercer
CAIP .......................... $210,000
DAR .......................... $7,500
*See also state/regional, Lamb Marketing
($4,000)

Metcalfe
CAIP .......................... $239,627
Energy ........................ $19,990 (2 recipients)

Shared-Use ........................ $32,637
Equipment
o-till drill, bale wrapper

4-H Country Ham Project
The Metcalfe County 4-H Council was
approved for $1,776 in Metcalfe County
funds to assist youth with their country ham
projects.

Livestock Facility Renovation
The Metcalfe County Fiscal Court was
approved for $7,000 in Metcalfe County
funds to renovate the livestock arena at
the fairgrounds to expand access to the
grounds for agricultural events.

*See also state/regional, Blueberry Market-
ing Facility ($11,000)

Monroe
CAIP .......................... $145,581
Energy ........................ $30,000 (3 recipients)

Shared-Use ........................ $32,763
Equipment
no-till drill, boom sprayer

Montgomery
CAIP .......................... $175,000
DAR .......................... $7,500

Shared-Use ........................ $20,850
Equipment
in-line bale wrapper

Morgan
*See state/regional, Meat Processing,
Retail Distribution ($20,000)

Muhlenberg
Energy ........................ $2,808

Nelson
CAIP .......................... $115,000
DAR .......................... $7,500

Fallen Animal Removal Truck
Nelson County Fiscal Court was approved
for $30,000 in Nelson County funds to pur-
chase a truck for hauling fallen animals to
the local landfill for proper disposal.

(Continued on page VII)
APPENDIX B: KADF Investments FY2012 (cont.)

Nicholas
CAIP .................. $300,000
Shared-Use .................. $15,000
Equipment in-line bale wrapper

Ohio
CAIP .................. $149,012
Nicholas
Shared-Use .................. $15,000
Equipment in-line bale wrapper

Owen
CAIP .................. $  46,549
Youth Cost-Share Program
The Owen County 4-H Club Council Inc. was approved for $20,000 in Owen County funds to offer a youth cost-share program that will provide a 50 percent match up to $1,000 for youth participating in a 4-H livestock project.

Owsley
CAIP .................. $267,000

Pendleton
Shared-Use .................. $11,808
Equipment Initiative no-till drill
*See also state/regional, Meat Processing, Retail Distribution ($3,211)

Powell
CAIP .................. $  72,032
DAR .................. $  5,000

Pulaski
CAIP .................. $400,000
Shared-Use .................. $6,084
Equipment (2011) lime spreader
Shared-Use .................. $8,998
Equipment (2012) no-till drill
Specialized Fencing Implement
The Pulaski County Conservation District was approved for $7,419 in Pulaski County funds to purchase a trailer-mounted, self-contained post driver for use by producers in the area.

Robertson
CAIP .................. $251,750
Energy .................. $  1,396

Rowan
CAIP .................. $  80,000
*See also state/regional, Meat Processing, Retail Distribution ($10,000)

Russell
Energy .................. $  2,617
Shared-Use .................. $12,415
Equipment no-till drill
*See also state/regional, Multi-County Large Animal Composting ($5,000)

Scott
CAIP .................. $333,817
DAR .................. $  7,500
Farm Market with Commercial Kitchen
Triple J Farm was approved for $18,750 in Scott County funds and $18,750 in state funds as a 1% loan for improvements to an on-farm retail market, including a commercial kitchen to create value-added products and provide a market for other farmers’ produce.

Simpson
CAIP .................. $  88,185
Energy .................. $  7,500

Spencer
CAIP .................. $150,000
DAR .................. $  5,988

Taylor
CAIP .................. $355,000
DAR .................. $  7,500
Energy .................. $  10,000
Youth Heifer Chain
The Taylor County Cattlemen’s Association Inc. was approved for $15,000 in Taylor County funds to offer a heifer chain program to youth in the county.

Todd
CAIP .................. $375,000
Receiving Station Expansion
Scott B. Shackleford was approved for $31,414 in Todd County funds for the expansion of a produce receiving station that consolidates crops for produce growers in the region.

Trigg
Energy .................. $ 10,000

Trimble
CAIP .................. $191,626

Union
Energy .................. $ 10,000

Warren
CAIP .................. $220,386
Energy .................. $ 80,522 (9 recipients)

Washington
CAIP .................. $447,576
Energy .................. $ 10,000
Educational Facility Development
The Washington County Extension District Board was approved for $16,960 in Washington County funds for the renovation of an old tobacco barn into a farm family educational facility.

Wayne
CAIP .................. $120,000
Energy .................. $ 10,000
Farmers’ Market Infrastructure Award
The Wayne County Fiscal Court was approved for $25,000 in state funds to construct a 1,900-square-foot open pavilion for the Wayne County farmers’ market through the 2011 Farmers’ Market Infrastructure Competitive Awards Program.

Whitley
CAIP .................. $ 75,621

Wolfe
CAIP .................. $ 98,060
*See also state/regional, Meat Processing, Retail Distribution ($20,000)

Woodford
CAIP .................. $250,000
High School Greenhouse
The Woodford County Board of Education was approved for $33,250 in Woodford County funds to construct a greenhouse at Woodford County High School.

CAIP = “County Agricultural Investment Program”
DAR = “Deceased Farm Animal Removal Program”
Energy = “On-Farm Energy Efficiency & Production”
APPENDIX C: KAFC Loans by Program, FY2012

Agricultural Infrastructure Loan Program

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<tr>
<th>Name</th>
<th>Farm</th>
<th>Amount</th>
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<tr>
<td>Byasaw, Todd</td>
<td>Carlisle</td>
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<td>Colley, Ronald</td>
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<td>Combs, Howard</td>
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<td>Boukou</td>
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Diversification through Entrepreneurship

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Agricultural Processing Loan Program

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<td>Ackermann, Alexandra</td>
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<td>Albers, Jim</td>
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<tr>
<td>Blue Grass Stockyards</td>
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<tr>
<td>Byasaw, Todd</td>
<td>Carlisle</td>
<td>$120,328</td>
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<tr>
<td>Combs, Howard</td>
<td>Monroe</td>
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<tr>
<td>Demerson, Paul</td>
<td>Hart</td>
<td>$25,000</td>
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<tr>
<td>Day, Christopher</td>
<td>Casey</td>
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<td>Farmer, Jacob</td>
<td>Hickman</td>
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<td>Grant, Dennis</td>
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<td>Hardin, William</td>
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<td>List, Robert</td>
<td>Fleming</td>
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<td>Morison, Tom</td>
<td>Hickman</td>
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<td>Noyes, James</td>
<td>Daviess</td>
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<tr>
<td>Smith, Richard</td>
<td>Marion</td>
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<tr>
<td>Smith, Gregory</td>
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<tr>
<td>Stephen, Brad</td>
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<tr>
<td>Stewart, Stephen</td>
<td>Boukou</td>
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<tr>
<td>Trunnel, Edward</td>
<td>Daviess</td>
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<tr>
<td>Wade, Gerald</td>
<td>Harrison</td>
<td>$46,800</td>
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Beginning Farmer Loan Program

<table>
<thead>
<tr>
<th>Name</th>
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<th>Amount</th>
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<tbody>
<tr>
<td>Cochran, Mark</td>
<td>Hardin</td>
<td>$250,000</td>
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<tr>
<td>Cochran Stock Farm</td>
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</tr>
<tr>
<td>Cross Plains Farms LLC</td>
<td>Henderson</td>
<td>$34,877</td>
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<tr>
<td>Cross Plains Farms LLC</td>
<td>Henderson</td>
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<tr>
<td>Higdon, Brandon</td>
<td>Webster</td>
<td>$75,950</td>
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<td>Jones, Elise</td>
<td>Marion</td>
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<td>McKay, Bradley</td>
<td>Henderson</td>
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<td>McKay Farms</td>
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<tr>
<td>McLean, John</td>
<td>Taylor</td>
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<td>Wesley Farms</td>
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Large/Feed Animal Veterinary Loan

<table>
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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Ramsey, Karen</td>
<td>Scott County Veterinary Clinic, Inc</td>
<td>$100,000</td>
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</table>
The Governor’s Office of Agricultural Policy (GOAP) was established in 1998 to provide a direct link between the Governor of the Commonwealth and one of Kentucky’s most important industries, agriculture. It provides administrative staff to several boards and represents Kentucky’s interest as state and national policy is developed.

The Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation are two of the boards administered by the Governor’s Office of Agricultural Policy, which is led by Executive Director Roger Thomas. Thomas was appointed by Gov. Steve Beshear in 2008. Thomas and GOAP staff are responsible for the daily operations related to these two boards and any of the Governor’s agricultural initiatives.

Kentucky Agricultural Development Board
The Kentucky Agricultural Development Board (KADB) is chaired by Governor Steve Beshear and consists of five statutory members or their designees and 11 appointed members. Statutory members include the Governor, Commissioner of Agriculture, Economic Development Cabinet Secretary, head of the University of Kentucky Cooperative Extension Service and the president of Kentucky State University.

Appointed members are geographically distributed throughout the Commonwealth and are subject to confirmation by the General Assembly. Seven of the appointments represent active farmers of which at least four are from substantially tobacco-impacted counties and two have experience in agricultural diversification; the remaining four appointments represent the Kentucky Farm Bureau, the Kentucky Chamber of Commerce, an attorney with farm experience and an agricultural lender.

Kentucky Agricultural Finance Corporation
The Kentucky Agricultural Finance Corporation (KAFC) is chaired by the Commissioner of Agriculture and consists of an additional statutory member and 10 members appointed by the Governor.

Of the 10 private members appointed by the Governor, two may be officers from a commercial lending institution, one may be an officer from a farm credit association, one may be an agricultural economist, one shall be a tobacco farmer, one shall be a cash grain farmer, one shall be a livestock farmer, one shall be a dairy farmer, one shall be a horticultural farmer, and one shall be from the equine industry.
KAFC as of June 30, 2012

James R. Comer, Commissioner
Department of Agriculture

Lori Hudson Flaney, Secretary
Finance and Administration
(Tom Midkiff, designee)

Charles “Westy” Adams
Lewis County
Term Expires: June 2016

George R. Begley
Madison County
Term Expires: June 2013

Kenneth H. Burdine
Jessamine County
Term Expires: June 2013

Wayne Hunt, ADB Liaison
Christian County
Term Expires: February 2015

Larry Jaggers
Hardin County
Term Expires: June 2013

Doug Lawson
Calloway County
Term Expires: June 2015

M. Frank McAninch
Casey County
Term Expires: June 2015

Joel Oney
Fayette County
Term Expires: June 2014

Frank A. Penn
Fayette County
Term Expires: June 2013

Peggy Peterson
Marion County
Term Expires: June 2013

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Governor’s Office of Agricultural Policy
Kentucky Office of Creative Services

Photos
Cover: hay field in LaRue County
Page iii: Kentucky state capitol
Page 2: Reed’s Orchard in Daviess County