

2020 Guidelines **MEAT PROCESSING** **INVESTMENT PROGRAM**

**KENTUCKY AGRICULTURAL
DEVELOPMENT FUND**

The KADF 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.

The Kentucky Agricultural Development Fund is dedicated to helping Kentucky agriculture become more sustainable and profitable for generations to come by supporting this program. Direct questions concerning these guidelines to the Governor's Office of Agricultural Policy at (502) 564-4627.

I. Program Areas - General Overview

A. Level 1 – Kentucky Meat Processor Incentives - See page 4 for full Incentives Guidelines.

1. Who should apply?

- USDA-inspected processing facilities or USDA-exempt poultry processing facilities needing assistance in operating costs related to increasing the number of head of Kentucky animals processed.

2. Requirements

- a. Participants shall submit baseline data for number head of Kentucky animals processed under USDA inspection for Kentucky producers or Kentucky companies as a weekly average for the period of April 15 – May 15, 2020.
- b. Participants shall provide a copy of the most recent Federal tax return for the business.
- c. Participants shall complete the Kentucky Meat Processor Incentives application packet.

3. Funding

- a. The maximum award is \$20,000 per facility.
- b. Incentives will be paid per head above baseline: \$100/cattle; \$50/hog; \$25/sheep, goat; \$1/poultry

B. Level 2 – Simplified Processor Capacity Expansion - See page 6 for full Simplified Guidelines.

1. Who should apply?

- Processors interested in making small or modest facility improvements. This could include, but is not limited to: small equipment upgrades, penning area, kill floor, coolers, cutting room, freezers, and packaging.

2. Requirements

- Participants shall complete the Simplified Processor Capacity Expansion application.

3. Funding

- a. The maximum award is \$37,500 per facility.
- b. Reimbursement will be made at completion of the project.

C. Level 3 – Large-Scale Processing Expansion - See page 8 for full Large-Scale Guidelines.

1. Who should apply?

- Processors interested in making extensive facility improvements. This could include but is not limited to: building additions, restorations, equipment and food safety certifications.

2. Requirements

- a. Participants shall obtain a formal business plan for expansion (financials included) reviewed by KCARD.
- b. Site visit by advisory team specialist.
- c. Participants shall complete a KADF Project application.
- d. The Applicant must present to the KADB Meat Processing Expansion Committee at its monthly meeting to answer questions regarding the application.

3. Funding

- The maximum award is \$250,000 per facility.

C. Level 4 – New Processing Facility Expansion - See page 11 for full New Processing Facility Guidelines.

4. Who should apply?

- Those interested in starting a new meat processing facility. This could include, but is not limited to: purchase of existing facility, construction of facility, restorations, equipment and food safety certifications.

5. Requirements

- a. Participants shall obtain a formal business plan (financials included) reviewed by KCARD.
- b. Site visit by advisory team specialist.
- c. Participants shall complete a KADF Project application.
- d. The Applicant must present to the KADB Meat Processing Expansion Committee at its monthly meeting to answer questions regarding the application.

6. Funding

- The maximum award is \$250,000 per facility.

II. Standard Guidelines (All Program Areas)

A. Application Submission

1. Level 1 applications – see Section III and Incentives Application Packet for submission information.
2. Applications for Levels 2, 3 & 4 must be submitted to the Governor’s Office of Agricultural Policy no later than close of business on the last Friday of the month to be eligible for Committee Review the following month.
3. For Levels 1 and 2 submit the original & one (1) copy
For Levels 3 and 4 submit the original & nineteen (19) copies to:

Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, KY 40601

ATTN: Meat Processing Investment Program.

Please do not submit application in any type of binding. Faxed or emailed copies will not be accepted.

B. Funding Limitations

1. Annual Maximum: the following are the level-specific maximums within the program year:
Level 1 - \$20,000 Level 2 - \$37,500 Level 3 - \$250,000 Level 4 - \$250,000
2. No more than 75% (50% for Level 4) of the funds for a project may come from Kentucky Agricultural Development Fund (KADF) grants, forgivable loans or loans. This includes county cost-share funds and Kentucky Agricultural Finance Corporation (KAFC) loan programs.
3. Applicants previously approved for a KADF Meat Processing Investment Program award shall complete the prior project before submitting a new application for consideration.
4. Applicants with active Legal Agreements for other KADF awards shall maintain compliance with the terms of the existing agreements.
5. For Levels 2 & 3 the reimbursement rate for expenses shall be seventy-five cents (\$0.75) of reimbursement for each dollar (\$1.00) of budgeted, approved, documented and verified expenses.
6. For Level 4 the reimbursement rate for expenses shall be fifty cents (\$0.50) of reimbursement for each dollar (\$1.00) of budgeted, approved, documented and verified expenses.

C. Eligible Investments & Exclusions

1. Eligible items shall be restricted to components and investments used to increase processing capacity and sales of Kentucky livestock and meat products for operations located in Kentucky.

*See **Appendix B** for a list of eligible investments.*

2. Improvements to personal residences, non-farm commercial property, and any other non-farm structures are not eligible.

3. Tractors, motorized vehicles, and other mobile equipment with an internal combustion engine are excluded from this program (unless specifically approved by KADB).
4. Land purchases or associated fees are not eligible match or project expense. Level 4 may consider land as match.

D. Post Approval Requirements & Deadlines

1. **Completion Deadline:** Projects approved for funding shall be completed and all required documentation for reimbursement submitted to the Governor's Office of Agricultural Policy no later than either 12 months (equipment/renovation/certification) or 18 months (construction) from the effective date of the legal agreement.

For assistance, contact GOAP at 502-782-1755 or govkyagpolicy@ky.gov.

Submit documentation to:

Governor's Office of Agricultural Policy :: 404 Ann Street :: Frankfort, KY 40601
ATTN: Meat Processing Investment Program

2. An applicant must comply with all reporting requirements imposed by the KADB.
3. For Levels 2, 3 & 4 an Applicant shall maintain items purchased with KADF funds for a minimum of five (5) years after the completion of the project and up to 10 years on constructed facilities.



III. Level 1 Guidelines – Kentucky Meat Processor Incentives

*The Meat Processing Investment Program provides funding to promote economic expansion of businesses to process Kentucky meat products. **Level 1 Incentives** are for processors needing support with costs related to increasing processing capacity of Kentucky animals custom processed under USDA inspection.*

A. Eligibility Requirements

1. Facility shall be located in Kentucky.
2. Applicants shall be compliant with all federal, state, and local laws and ordinances.
3. Applicants shall be a USDA-inspected facility or USDA-exempt poultry processor.
4. Applicant shall be registered and in good standing with the Kentucky Secretary of State.
Individuals/sole proprietors are not required to register.

B. Application Submission

Applicants must complete and submit the following by the last Friday of each month.

1. Kentucky Meat Processor Incentives Application Packet;
2. All required documentation, including baseline data and federal tax return.

C. Application Consideration

1. Application packets shall be reviewed by GOAP staff to determine applicant eligibility for participation in the Kentucky Meat Processor Incentives.
2. Eligible applicants shall be notified of participation eligibility and deadlines for submission of documentation for incentives payments within 10 business days of receipt of application packet.
3. Each month a list of qualifying applicants shall be provided to the KADB Meat Processing Expansion Committee and KADB.
4. Incentives are dependent on the availability of funds. If more applications are eligible for funding than there are funds available, then awards will be made according to the date completed disbursement requests are received, until all funds are expended.

D. Funding & Reimbursement

1. Applicants are eligible for up to \$20,000 in State funds.
2. Funds will be distributed in the form of a grant over a 12-month period, based on increases in head processed by species, as compared to the baseline data provided by the Applicant.
3. Per head incentives shall be made by species, as follows:
 - Cattle - \$100
 - Sheep/goats - \$25
 - Hogs - \$50
 - Poultry - \$1
4. Only animals processed after the start of this program (5/15/2020) are eligible for incentives.

5. Incentive payments shall not be made unless the applicant is verified to be eligible and the Legal Agreement contained in the application packet has been signed by the GOAP Executive Director.
 - a. Recipients shall provide detailed records of number of head of each species custom processed under USDA inspection for a Kentucky producer or Kentucky company.
 - b. Animals processed for the applicant's own meat business do not qualify for incentives.

E. Periodic Evaluation

1. To determine the relevance, usage and efficacy of these incentives, the advisory team specialists shall perform an assessment of the initiative as a whole at 4-week intervals, as necessary.
2. Applicants receiving incentive payments may be contacted by the advisory team specialists and/or GOAP to provide feedback. Applicants are expected to be responsive.
3. In the event that the assessment is not favorable in meeting the goals and expectations of the incentives, then the Committee may recommend to the full Board to discontinue the program at any time.

**Note to Applicants: Kentucky Meat Processor Incentives are intended to provide immediate support to qualifying applicants through an expedited application and payment process. Applicants are not asked to present to the Meat Processing Expansion Committee or KADB Board. Applicants shall be available for GOAP follow-up throughout the program.*



IV. Level 2 Guidelines – Simplified Processor Capacity Expansion

*The Meat Processing Investment Program provides funding to promote economic expansion of businesses to process Kentucky meat products. A **Level 2 Expansion Project** is for processors interested in making small to modest facility improvements.*

A. Eligibility Requirements

1. Applicant must be a Kentucky based meat processing facility.
2. Applicant must be registered and in good standing with the Kentucky Secretary of State. *Individuals/sole proprietors are not required to register.*
3. If a project involves land not owned by the applicant, the applicant must submit a written document detailing the rights, responsibilities and future plans of the parties as it relates to the project and the land.

B. Application Submission

Applicants must complete and submit the following by the last Friday of the month to be eligible for review by Meat Processing Expansion Committee:

1. KADF Level 2 Expansion Project Application;
2. Required additional documents (quotes, timeline, narrative, etc.); and
3. Documentation of matching funds for project.

C. Application Consideration

1. Applications shall be reviewed by GOAP staff to determine applicant eligibility for the Simplified Processor Capacity Expansion Program.
2. Eligible applicants will be notified of applicant eligibility and additional documentation needed for committee review within 10 business days of receipt of application packet.
3. The Committee may make a recommendation to the Kentucky Agricultural Development Board (KADB) for a final vote the following month.

For example, an application submitted by January deadline will be reviewed by the Committee in February with a possible final decision by the KADB in March.

4. Awards are dependent on the availability of funds. If more applications are eligible for funding than there are funds available, then awards will be made according to date completed disbursement requests are received, until all funds are expended.

D. Eligible Expenses *See Appendix B for a list of eligible investments.*

Eligible expenses are those related to the expansion, improvements or upgrades of the processing facility which generally include:

1. Expenses related to the expansion/renovation of an existing facility;
2. Expenses to purchase project-related equipment; and
3. Expenses for documented, third-party contracted labor associated with the project. *An applicants own labor is NOT eligible.*

E. Funding Limitations

1. Applicants are eligible for 75% of total project cost not to exceed \$37,500 in KADF State and County funds.
2. Funds will be distributed in the form of a cost-reimbursement forgivable loan upon completion of the project and GOAP site visit.
3. The applicant has 12 months to complete the project and submit documentation.
4. True financial match may be eligible as matching funds, as outlined in Appendix A.
4. Only expenditures incurred after the date the application is received by the GOAP are eligible for reimbursement.
5. Reimbursement for project expenses shall not be made unless the Recipient's project is approved by the KADB and a Legal Agreement is signed by the GOAP Executive Director.
 - a. Recipients shall provide a detailed itemization and verification of all expenditures related to the project. Verification shall be made by submitting itemized receipts/invoices and either cancelled checks or copies of relevant credit card statements as proof of payment.
 - b. Cash receipts are not eligible for reimbursement.
 - c. Recipients shall provide photos, serial numbers or unique identifiers for all equipment purchased through this program.
 - d. Recipients shall report to GOAP for five (5) years on the progress of the project.

**Note to Applicants: The Level 2 Expansion application process is intended to be a simpler, less time-consuming option for smaller scale processing expansion projects across Kentucky. Applicants are not asked to present to the Meat Processing Expansion Committee or KADB Board. Applicants must be available for GOAP follow-up regarding the project.*

V. Level 3 Guidelines – Large-Scale Processing Expansion

*The KADF Meat Processing Investment Program provides funding to promote economic expansion of businesses to process Kentucky meat products. A **Level 3 Expansion Project** is for processors interested in making extensive facility improvements.*

A. Eligibility Requirements

1. USDA inspected facilities or those actively planning to become USDA inspected.
2. Applicant shall be registered and in good standing with the Kentucky Secretary of State. *Individuals/sole proprietors are not required to register.*
3. Applicant shall have a site visit from an advisory team specialist.
 - To determine if your project qualifies for funding, schedule a site visit and program application assistance, please contact Danielle Milbern at 502-782-1771.
4. Applicant shall have completed a formal business plan for expansion (including financials) reviewed by KCARD. KCARD's comments and applicant's responses shall also be submitted.
5. If a project involves land not owned by the applicant, the applicant must submit a written document detailing the rights, responsibilities and future plans of the parties as it relates to the project and the land.

B. Application Submission

Applicants must complete and submit the following by monthly deadline to be eligible for review by the KADB Meat Processing Expansion Committee:

1. KADF Project Application;
2. All required additional documents: quotes, timeline, etc.;
3. Formal business plan for expansion reviewed by KCARD;
4. Site visit verification sheet; and
5. Documentation of matching funds for project.

C. Application Consideration

1. GOAP staff will notify the Applicant of the KADB Meat Processing Expansion Committee meeting where the application will be discussed. The Applicant will be asked to present the application during the meeting and answer questions.
2. The Committee may make a recommendation to the Kentucky Agricultural Development Board (KADB) for a final vote the following month.

For example, an application submitted by January deadline will be reviewed by the Committee in February with a possible final decision by the KADB in March.

D. Eligible Expenses

Eligible expenses are those related to the expansion, improvement or upgrade of the processing facility which generally include:

1. Expenses related to the expansion/renovation of an existing facility;
2. Expenses for project related equipment;
3. Expenses for documented, third-party contracted labor associated with the project.
An applicants own labor is NOT eligible.

E. Funding Limitations

1. Applicants are eligible for 75% of total project cost not to exceed \$250,000 in KADF State and County funds.
2. Funds will be distributed in the form of a cost-reimbursement forgivable loan over a 12-month period (equipment/renovation/certification) or an 18-month period (construction).
3. True financial match may be eligible as matching funds, as outlined in Appendix A.
4. Only expenditures incurred after the date the application is received by the GOAP are eligible for reimbursement.
5. Applicants shall follow all procurement laws and regulations that apply to their business.
6. Reimbursement for project expenses shall not be made unless the Recipient's project is approved by the KADB and a Legal Agreement signed by the GOAP Executive Director is in effect.
 - a. Recipients shall provide a detailed itemization and verification of all expenditures related to the project. Verification shall be made by submitting itemized receipts/invoices and either cancelled checks or copies of relevant credit card statements as proof of payment.
 - b. Cash receipts are not eligible for reimbursement.
 - c. Recipients shall report to GOAP for a minimum of five (5) years on the progress and continued outreach efforts of the project.
 - d. There shall be a moratorium on the sale of equipment (five years) and/or facilities constructed (10 years) for which funds are disbursed.

VI. Level 4 Guidelines – New Processing Facility Development

*The KADF Meat Processing Investment Program provides funding to promote economic expansion of businesses to process Kentucky meat products. A **Level 4 Expansion Project** is for those interested in starting a new meat processing facility.*

A. Eligibility Requirements

1. Applicant shall be actively developing a new USDA inspected facility, located in Kentucky.
2. Applicant shall be registered and in good standing with the Kentucky Secretary of State. *Individuals/sole proprietors are not required to register.*
3. Applicant shall have a site visit from an advisory team specialist.
 - To determine if your project qualifies for funding, schedule a site visit and program application assistance, please contact Danielle Milbern at 502-782-1771.
4. Applicant shall have completed a formal business plan for expansion (including financials) reviewed by KCARD. KCARD's comments and applicant's responses shall also be submitted.
5. Applicants are required to request KADF County funds from a minimum of five counties.
6. If a project involves land not owned by the applicant, the applicant must submit a written document detailing the rights, responsibilities and future plans of the parties as it relates to the project and the land.

B. Application Submission

Applicants must complete and submit the following by monthly deadline to be eligible for review by the KADB Meat Processing Expansion Committee:

1. KADF Project Application;
2. All required additional documents: quotes/estimates for budget items, timeline for project completion, etc.;
3. Formal business plan for expansion reviewed by KCARD;
4. Site visit conducted by member of advisory team; and
5. Documentation of matching funds for project.

C. Application Consideration

1. GOAP staff will notify the Applicant of the KADB Meat Processing Expansion Committee meeting at which the application will be discussed. The Applicant will be asked to present the application during the meeting and answer questions.
2. The Committee will make a recommendation to the Kentucky Agricultural Development Board (KADB) for a final vote the following month.

For example, an application submitted by January deadline will be reviewed by the Committee in February with a possible final decision by the KADB in March.

3. Projects are judged on the merits of the business as it relates to the potential for profitability of local farmers. Higher consideration will be given to applicants who showcase the following:
 - a. Geographic need for a processing facility in the proposed area
 - b. Farmer ownership opportunities in the business
 - c. Demonstration of producer/market interest
 - d. Local County Agricultural Development Councils documented support

D. Eligible Expenses

Eligible expenses are those related to the purchase, construction, expansion, improvement or upgrade of a processing facility which generally include, but may not be limited to:

1. Expenses related to the purchase or construction of a facility;
2. Expenses for project related equipment;
3. Expenses for documented, third-party contracted labor associated with the project.
An applicants own labor is NOT eligible.

E. Funding Limitations

1. Applicants are eligible for 50% of total project cost not to exceed \$250,000 in KADF State funds in the form of a forgivable loan.
 - a. Applicants are required to request KADF County funds from a minimum of five counties. Any County funds received will be in the form of a cost reimbursement grant.
 - b. Applicants may utilize KADB/KAFC participation loan programs for funds exceeding \$250,000 not to exceed 50% of project costs.
2. Funds will be distributed on a cost-reimbursement basis over a 12-month period (equipment/renovation/certification) or an 18-month period (construction).
3. True financial match may be eligible as matching funds, as outlined in Appendix A.
4. Only expenditures incurred after the date the application is received by the GOAP are eligible for reimbursement.
5. Applicants shall follow all procurement laws and regulations that apply to their business.
6. Reimbursement for project expenses shall not be made unless the Recipient's project is approved by the KADB and a Legal Agreement signed by the GOAP Executive Director is in effect.
 - a. Recipients shall provide a detailed itemization and verification of all expenditures related to the project. Verification shall be made by submitting itemized receipts/invoices and either cancelled checks or copies of relevant credit card statements as proof of payment.

- b. Cash receipts are not eligible for reimbursement.
- c. Recipients shall report to GOAP for a minimum of five (5) years on the progress and impact of the project.
- d. There shall be a moratorium on the sale of equipment (five years) and/or facilities constructed (10 years) for which funds are disbursed.

APPENDIX A: Matching Funds Definitions

True Financial Match

Budgeted expenses incurred for the first time as part of the project are eligible as true financial match.

- a. Land is not an eligible match (excluding Level 4).
- b. Examples: loans, grants (federal or non-Tobacco Settlement Funds state), monetary donations, etc.

**In-kind match, including but not limited to Operating Costs (rent, electricity, etc.) and land (owned) are NOT eligible.*

APPENDIX B: Eligible Investments Level 2

- Packaging
- Freezer
- Building addition
- Cooler
- Penning Area
- Kill Floor
- Cutting Rooms
- Machinery and Equipment
- Restorations
- Food safety certifications
- Roll-stock machine
- Dual chamber vacuum packaging machine
- Vacuum stuffer
- Hopper Grinder
- Band saw
- Well saw
- Splitting Saw, etc.

*Note: Requests for items/practices not listed may be considered upon approval from the KADB Meat Processing Expansion Committee.

APPENDIX C: Resource List

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Key Contacts for KADF Meat Processing Investment Program

Governor's Office of Agricultural Policy (GOAP)

govkyagpolicy@ky.gov

(502) 564-4627

Kentucky Center for Agriculture and Rural Development (KCARD)

kcard@kcard.info

(859) 990-3972