

2021 Guidelines **MEAT PROCESSING** **INVESTMENT PROGRAM**

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 Kentucky Office of Agricultural Policy at (502) 564-4627.

I. Program Areas

A. Level 2 – Simplified Processor Capacity Expansion - See page 5 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 50% of total project costs up to \$37,500 per facility.
- b. Reimbursement will be made at completion of the project.

B. Level 3 – Large-Scale Processing Expansion - See page 7 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. Participants shall complete a KADF Project application.
- c. Site visit by KADB third-party meat consultant.
- d. The Applicant must present to the KADB Meat Processing Expansion Committee at its quarterly meeting to answer questions regarding the application.

3. Funding

- The maximum award is 50% of total project costs up to \$250,000 per facility.

C. Level 4 – New Processing Facility Expansion - See page 9 for full New Processing Facility Guidelines.

1. 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.

2. Requirements

- a. Participants shall obtain a formal business plan (financials included) reviewed by KCARD.
- b. Participants shall complete a KADF Project application.
- c. Site visit by KADB third-party meat consultant.
- d. Documentation of high priority from a minimum of five local County Agricultural Development Councils.
- e. The Applicant must present to the KADB Meat Processing Expansion Committee at its quarterly meeting to answer questions regarding the application.

3. Funding

- The maximum award is 50% of total project costs up to \$250,000 per facility.

II. Standard Guidelines (All Program Areas)

A. Application Submission

1. All applications must be submitted to the Kentucky Office of Agricultural Policy no later than the close of business on one of the following dates:
 - March 26, 2021
 - June 25, 2021
 - September 24, 2021
 - December 23, 2021
2. For Level 2 submit the original & one (1) copy
For Levels 3 and 4 submit the original & nineteen (19) copies to:

Kentucky 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 2 - \$37,500

Level 3 - \$250,000

Level 4 - \$250,000

**A lifetime limit for the Meat Processing Investment Program has been established as \$250,000 in KADF State funds since the inception of the MPIP Program (May 19, 2020). If you are unsure if your facility has met this limit, please contact KOAP Staff at (502) 564-4627.*

2. No more than 50% of the funds for a project may come from Kentucky Agricultural Development Fund (KADF) grants, forgivable loans or loans. This includes 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. 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 Kentucky 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 KOAP at 502-782-1755 or govkyagpolicy@ky.gov.

Submit documentation to:

Kentucky 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. 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 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.
4. 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 KOAP 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 at its quarterly meeting to the Kentucky Agricultural Development Board (KADB) for a final vote the following month.
For example, an application submitted by March deadline will be reviewed by the Committee in April with a possible final decision by the KADB in May.
4. The KADB Meat Processing Expansion Committee has established a list of strategic needs for Kentucky meat processing. While 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 applications that include any of the following:
 - a. Geographic need for a USDA processing facility (or USDA facility accepting custom work) in the proposed area
 - b. Producer ownership opportunities in the business
 - c. Poultry processing line
 - d. Global Food Safety Inspection (GFSI) Certification
5. Awards are dependent on the availability of funds.

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;
5. Expenses to purchase project-related equipment; and
6. 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 \$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 KOAP 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.
7. Only expenditures incurred after the date the application is received by the KOAP are eligible for reimbursement.
8. 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 KOAP 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 KOAP 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 KOAP follow-up regarding the project.*

IV. 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 completed a formal business plan for expansion (including financials) reviewed by KCARD.
4. Applicant shall have a site visit from the KADB third-party party meat consultant.
 - To determine if your project qualifies for funding, schedule a site visit and program application assistance, please contact KOAP Staff at 502-564-4627.
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 quarterly 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 executive summary by KADB third-party meat consultant; and
5. Documentation of matching funds for project.

C. Application Consideration

1. KOAP 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 at its quarterly meeting to the Kentucky Agricultural Development Board (KADB) for a final vote the following month.

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

3. The KADB Meat Processing Expansion Committee has established a list of strategic needs for Kentucky meat processing. While 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 applications that include any of the following:
 - Geographic need for a USDA processing facility (or USDA facility accepting custom work) in the proposed area
 - Producer ownership opportunities in the business
 - Poultry processing line
 - Global Food Safety Inspection (GFSI) Certification
4. Awards are dependent on the availability of funds.

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 50% of total project cost not to exceed \$250,000 in KADF State 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).
5. True financial match may be eligible as matching funds, as outlined in Appendix A.
6. Only expenditures incurred after the date the application is received by the KOAP are eligible for reimbursement.
7. Applicants shall follow all procurement laws and regulations that apply to their business.
8. 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 KOAP 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 KOAP 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.

V. 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 completed a formal business plan for expansion (including financials) reviewed by KCARD. KCARD's comments and applicant's responses shall also be submitted.
4. Applicant shall have a site visit from the KADB third-party meat consultant.
 - To determine if your project qualifies for funding, schedule a site visit and program application assistance, please contact KOAP Staff at 502-564-4627.
5. Applicants are required to request KADF County funds from a minimum of five County Agricultural Development Councils.
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 quarterly 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 executive summary by KADB third-party meat consultant; and
5. Documentation of matching funds for project.

C. Application Consideration

1. KOAP 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 at its quarterly meeting to the Kentucky Agricultural Development Board (KADB) for a final vote the following month.

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

3. The KADB Meat Processing Expansion Committee has established a list of strategic needs for Kentucky meat processing. While 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 applications that include any of the following:
 - a. Geographic need for a USDA processing facility (or USDA facility accepting custom work) in the proposed area
 - b. Producer ownership opportunities in the business
 - c. Poultry processing line
 - d. Global Food Safety Inspection (GFSI) Certification
4. Awards are dependent on the availability of funds.

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.
5. Only expenditures incurred after the date the application is received by the KOAP are eligible for reimbursement.
6. Applicants shall follow all procurement laws and regulations that apply to their business.
7. 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 KOAP 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 KOAP 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

Kentucky Office of Agricultural Policy (KOAP)
govkyagpolicy@ky.gov
(502) 564-4627

Kentucky Center for Agriculture and Rural Development (KCARD)
kcard@kcard.info
(859) 990-3972