

# 2018 Project Application REQUEST FOR FUNDS GUIDELINES



1. Prior to submitting an application, applicants are advised to review the “Guiding Principles for Board Investment,” which is available on-line at <http://agpolicy.ky.gov/funds/Pages/progam-portal.aspx>.
  - a. **For-profit application** - may apply for funding up to 50% of the new project costs incurred after the application was received. Eligible expenses are limited to capital improvements and equipment. Match shall be new project expenses limited to capital improvements and equipment paid for with cash. In-kind products, services and labor are not an eligible match.
  - b. **Non-profit Community based application** - may apply for grants up to 50% of the new project costs incurred after the application was received. Examples would be farmers markets, high school greenhouses and permitted kitchens. Match shall be new project expenses paid for with cash or documented third party donated materials and equipment. In-kind services and labor is not an eligible match.
  - c. **Non-profit Regional or Statewide project application** – may apply for grants for new project costs incurred after the application was received. Examples would be organizations that provide marketing, distribution, educational or technical assistance to Kentucky farmers. Applicants are expected to seek other sources of funding in support of their project and present a plan for sustainability.
2. Projects are expected to positively affect the economic status of farmers and the targeted agricultural community. Successful applicants should be able to demonstrate the following:
  - a. Economic/commercial viability and feasibility of the proposed project
  - b. Project will be self-sustaining within a reasonable period of time
  - c. Project will have a significant impact on farm income for multiple producers, will have high potential for growth, and will have potential to include more farmers in the future
3. The level of applicant contribution should be demonstrated in the budget worksheet and with any appropriate supporting documents. The proportion of applicant contribution to the total project cost is an important factor in the evaluation of project proposals. The Kentucky Agricultural Development Board may require significant contributions of County Agricultural Development Funds for projects seeking state-level funding.
4. Projects approved for any type of loan will require personal guarantees from the project’s principles.
5. Collaboration projects involving multiple counties and pooling of funds (local, private, county agricultural development funds, etc.) will be given greater consideration by the Kentucky Agricultural Development Board for state-level funding.
6. Make sure the organization/entity formally exists and is registered with the Secretary of State. *When deciding whether to create some type of corporate type business entity, the applicant is strongly advised to seek legal counsel to address issues such as tax treatment and liability prior to submitting an application.*
7. Make sure your proposal includes appropriate legal documentation where signatory authorization is given to the Authorized Representative listed on the proposal cover sheet.

## APPENDIX A: Instructions for Submission

The project application form may be reproduced and distributed. Reproductions must be clear and made on 8.5" x 11" sized paper. **Electronic and faxed submissions shall not be accepted.**

**Please make sure that you follow all directions and guidelines contained in this application. Incomplete proposals take longer to process and may cause delays in the decision making process.**

1. **Proposals for county funds only** should be made directly to the appropriate county council(s). Completed proposals will be prioritized by the county council according to the county Comprehensive Plan and forwarded to the Kentucky Agricultural Development Board for final funding decision. Some applicants may be requested by their county council to make a formal presentation.
2. **Proposals for state funds only** should be made directly to the Governor's Office of Agricultural Policy. Each application will be evaluated for completeness. Incomplete applications will not be processed. The Kentucky Agricultural Development Board will evaluate proposals according to the "Guiding Principles for Board Investment" and with consideration to *Kentucky's Long-term Plan for Agricultural Development*. Some applicants may be requested to provide additional information and supporting documentation.
3. **Proposals for a combination of county and state funds** should be made to the respective county council(s), in accordance with the aforementioned procedure. The request for state funds may be simultaneously submitted to the state board, noting from which counties funds have been requested. The county council is responsible for submitting a signed priority sheet (*minimum of five original signatures*) to the Governor's Office of Agricultural Policy with the county council's recommendation. Review of this type of proposal may require a longer review process, due to the need for both county council(s) and state board input to act on such proposals.
4. **Address for Submissions:** applications should be sent to:  
Governor's Office of Agricultural Policy  
404 Ann Street  
Frankfort, KY 40601  
ATTN: Project Application
5. Project proposals submitted to the GOAP office should include **the original proposal** (single sided, unbound) **and 19 additional copies**, including supporting documents and prioritization form(s). Applications without the appropriate number of copies will not be processed until copies are received.
6. **Requests for Additional Funds:** For projects requesting additional funds, please refer to the project's Legal Agreement for specific procedure for requesting an amendment. If additional county funds are requested, then a new county council prioritization sheet will be required.

All completed proposals for county funds shall be reviewed by the county council within 60 days of receipt. Project proposals submitted to the Kentucky Agricultural Development Board (KADB) will be considered by the KADB on a monthly basis.

Project proposals received in the Governor's Office of Agricultural Policy (GOAP) by the last Friday of the month will be referred to the board's application review committee at the following month's KADB meeting. Referred applications may be eligible for action at the next scheduled KADB meeting.

**Please note:** All applications expire after 12 months from the date stamp received in our office. If additional information is requested of an applicant and it is not received, the applicant has 60 days to respond. At the end of the 60 days, a letter from staff will be sent outlining the requested information. If there is no response on behalf of the applicant after an additional 60 days, the application will expire. Applicants who do correspond with the information requests will have 12 months for their project to have a funding decision rendered by the Kentucky Agricultural Development Board. After 12 months, the application will expire.

*Questions regarding the proposal process should be directed to the Governor's Office of Agricultural Policy (502) 564-4627 or [govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov).*

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## **APPENDIX B: Post-Award Grant Management**

*The following information is provided in the event that this application is approved. By providing this information, there is no implication that this application will receive funds. All applications must be prioritized by the County Agricultural Development Council from which funds are sought and approved or denied by the Kentucky Agricultural Development Board.*

### **A. Post-Approval Process**

1. **Notification of Approval** - Once your application has been approved, you will receive notification confirming the date of approval, amount of funding and the terms of the project approved by the Kentucky Agricultural Development Board.
2. **Legal Agreement** - KADB's legal counsel will then draft a Legal Agreement and send it to the Authorized Representative for review.
  - a. A personal guarantee will be required from those who own 20 percent or more of the business for equipment purchases and other items acquired with Kentucky Agricultural Development Funds.
  - b. A UCC financing statement will be required for all loans for equipment purchases. The KADB may request a blanket lien as part of the project terms. All loans will be transferred to the Kentucky Agricultural Finance Corporation for servicing for the term of the loan.
3. **Issues that May Cause a Delay in the Release of Funds** - Read the agreement cover letter and follow the instructions contained therein. It may contain information necessary for release of your funds. The following issues generally cause the most delays:
  - a. If a corporate entity applied, make sure your organization maintains a "Good Standing" with the Kentucky Secretary of State's Office ((502) 564-3490) as a legal entity for conducting business in Kentucky. Organizations in "Bad Standing" must correct the rating before funds can be disbursed.
  - b. Disbursement of funds will be dependent upon up-to-date reporting of both programs and projects administered by an entity.
  - c. All recipients who fail to comply with reporting requirements, documentation and other terms of the Legal Agreement may not be eligible for future funds from the Kentucky Agricultural Development Fund or the Kentucky Agricultural Finance Corporation.

Additionally, default (failure to meet benchmarks of the project or failure to make payments according to the term of the Legal Agreement) could result in legal action in Franklin Circuit Court. Be sure to review the termination and default section of the Legal Agreement before signing.

4. **Recipient Orientation** - If the Legal Agreement is acceptable and a hard copy was mailed to you, then you may sign and return the Legal Agreement for execution by the GOAP Executive Director. If you received the agreement by e-mail, then you should receive a message in the email requesting the Authorized Representative (and others as necessary) to attend a Recipient Orientation where the Legal Agreement will be reviewed and signed.

## B. Responsibilities of Fund Recipients

Fund recipients are responsible for:

1. Complying with all terms and conditions of the grant and/or loan agreement.
2. Monitoring and performing all project activities and any sub-contractors, and ensuring that the work is completed within the allotted period.
3. Ensuring that Kentucky Agricultural Development Funds are used only for expenditures covered by the approved project and budget.
4. Ensuring that proper fund management procedures are followed.
5. Requesting **prior approval** for budget or project scope changes.
6. Sending GOAP a copy of any contract or secondary agreement related to the project.
7. Submitting financial reports every six months and a final financial report no later than 90 days after the grant expiration date.
8. Submitting annual progress reports and other required reporting. (For further details see section E. *Reporting Requirements for Awarded Projects*.)
9. Submitting requests for reimbursements in writing, as needed to implement the project.
10. Contacting GOAP, in writing, 60 days before the grant expires to request a no-cost time extension if, for any reason, the project cannot be completed within the established time frame. A written or emailed letter from the grantee briefly explaining the need for the extension and specifying a new ending date is required.

## C. Award Terms and Conditions

Upon approval by the KADB, the recipient will enter into a Legal Agreement with the KADB. The Legal Agreement will include:

1. Any specific terms and conditions approved by the KADB.
2. KADB standard terms and conditions.
3. **Cost-reimbursement Projects** – For projects that will be awarded on a cost-reimbursement basis, the following terms will be included in the Legal Agreement:
  - a. Only **receipts** dated after the date the application is received by the Governor's Office of Agricultural Policy (GOAP) shall be eligible for cost-reimbursement.
  - b. The recipient shall provide **proof of purchase** in the form of an itemized receipt/paid invoice and either a cancelled check (personal, certified, cashier) or a copy of the relevant credit card statement as proof of payment. Cash purchases shall **not** be eligible for cost-reimbursement.
  - c. A receipt/invoice shall have at a minimum, the name of the payee, address and telephone number printed clearly on the face of the document. The items purchased shall be listed and described in sufficient detail to determine compliance with the project's approved budget.
  - d. Requests for reimbursement should include notations regarding the approved budget categories to which the purchases apply. Items paid by check shall list check number.

- e. When capital improvement/equipment purchases are involved, photos and serial numbers shall be provided at the time of request for reimbursement or at the completion of the project, if applicable.

#### **D. Prior Approval Requirements**

The following require a written request, including signature from the Authorized Representative of the awardee, and approval of the KADB before the awardee proceeds.

1. **Budget changes:** When a modification to an approved budget is necessary, the modification must be approved in writing by the KADB if the cumulative amount of such modifications exceeds 10 percent (or other amount listed in the Legal Agreement) of the funds awarded by the KADB.

A request for a budget change shall include: (a) a description of the change, (b) a justification for the change, (c) a description of how the change will enhance the project's goals and objectives, and (d) the signature of the authorized representative for the awardee.

2. **Extension of Time:** When an extension of time is required (no-cost extension), the extension(s) must be received in writing no later than 60 days prior to the expiration date of the award. The request must come from the authorized representative and contain all of the following information:
  - a. A summary of progress to date (status of project timeline and objectives...etc.).
  - b. An estimate of remaining funds on the original grant completion date.
  - c. A projected timetable to complete the project and justification for which the extension is being requested.

The fact that funds are expected to remain unutilized or unobligated at the end of the award is not in itself sufficient justification to receive a no cost extension of time. Decisions will be made on a case-by-case basis based on the written justification provided.

**NOTE: Requests for no-cost extensions of time received after the original grant completion date of the award normally will not be honored. Only in extremely rare circumstances for which there are exceptional extenuating circumstances will requests received after the expiring award date be considered.**

#### **E. Reporting Requirements for Awarded Projects**

1. **Financial Reports:** Using the *Project Semi-Annual Expenditure Report*, recipients are required to provide a detail of how the grants funds are utilized, as well as all expenditures made within the project budget. These reports are due every six (6) months from the execution date of the Legal Agreement, until funds are expended or expire.
2. **Annual Reports:** *Project Annual Programmatic Reports* are required on the anniversary date of the Legal Agreement. Projects requiring progress reports more frequent than the annual report should be organized under, but not limited to, the following headings:
  - **Activities and Milestones.** Briefly summarize activities performed and milestones achieved for each objective of the narrative, and include favorable or unusual developments.
  - **Problems and Delays.** Note unexpected delays or impediments as well as favorable or unusual developments for each project.
  - **Future Project Plans.** Outline work to be performed during the succeeding period.
  - **Funding To Date.** Comment on the level of grant funds expended to date on the project.
  - **Additional information.** Include other relevant project information available (e.g. publications, web sites, photographs).