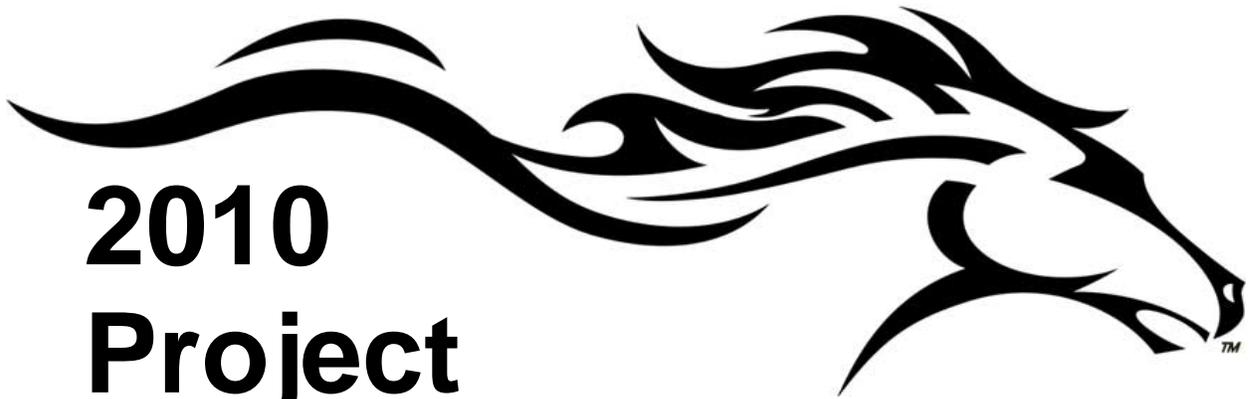

KENTUCKY AGRICULTURAL DEVELOPMENT FUND
Cultivating Rural Prosperity



**2010
Project
Application
Instructions**

Preface

The **Kentucky Agricultural Development Board** will invest money from the Kentucky Agricultural Development Fund into innovative proposals that increase net farm income and affect tobacco farmers, tobacco-impacted communities and agriculture across the state through stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products, and exploring new opportunities for Kentucky farms and farm products.

Each applicant seeking funding from the Kentucky Agricultural Development Fund must submit an application. This application packet provides the forms, instructions and other information to be used in applying for Kentucky Agricultural Development Funds. Forms & instructions may also be found on our website at <http://agpolicy.ky.gov/funds/index.shtml>.

The requirements for the content of Kentucky Agricultural Development Fund applications are contained in this packet. Careful adherence to guideline requirements facilitates the processing and review of proposals. Therefore, the **Kentucky Agricultural Development Board encourages all applicants to read carefully the application guidelines.**

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- **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.

The Kentucky Agricultural Development Board and County Agricultural Development Councils reserve the right to require revisions or clarifications of submitted proposals.

Instructions for Submission

Proposals for state and county funds are required to use the attached application forms. The application forms and instructions may be reproduced and distributed. Reproductions must be clear and made on 8 ½ x 11-inch paper. ***Electronic and faxed submissions shall not be accepted.***

Applications for county funds ONLY should be made directly to the appropriate county council(s). Completed applications 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 to the council.

Applications for state funds ONLY should be made directly to the Governor's Office of Agricultural Policy office. 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.

Applications for a combination of county and state funds should be made to the respective county council(s) first, in accordance with the aforementioned procedure. The request for state funds should then be submitted with the county council's recommendation(s) to the state board. The county council is responsible for submitting the information to the Governor's Office of Agricultural Policy, not the applicant. 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.

Submissions from county councils and submissions for state funds should be sent to the following address:

Kentucky Agricultural Development Board
Project Application
Governor's Office of Agricultural Policy
404 Ann Street
Frankfort, KY 40601

Proposals submitted to the Governor's Office of Agricultural Policy must include the original application with the proposal cover page and 19 copies without the proposal cover page, including supporting documents and prioritization form. Applicants not submitting appropriate number of copies will be charged for copies made.

Proposals submitted to the Kentucky Agricultural Development Board will be eligible for action by the Kentucky Agricultural Development Board on an every other month basis. Proposals received in the office by the last Friday of the month will be referred for Kentucky Agricultural Development Board review according to the 2010 schedule. (See website for schedule – <http://agpolicy.ky.gov>)

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

Instructions: Proposal Cover Page

The Proposal Cover Page is for project proposals. Fill out all numbered boxes, sign and attach this form to the front of your proposal. Numbers below correspond to box numbers.

1. Provide the legal name of the organization/business/individual that will administer the funds. Checks for disbursement will be made out to this entity. This entity will also be responsible for reporting, evaluations, distribution of 1099s, if applicable, and other duties related to the legal agreement.
2. a. Provide name and title of individual with authority to sign legal agreement. Provide appropriate documents.
2. b.-e. Provide contact information for individual listed in item 2a.
3. Provide the address where the check for this application is to be mailed, if approved.
4. a.-c. The project contact is the person to whom questions about the application will be directed. If this is the authorized representative (AR), leave blank; otherwise, fill in the appropriate information.
5. a.-b. Provide all county funds requested and appropriate county. Please list each county individually.
5. c.-d. Provide state funds requested and total amount of funds requested.
6. Check appropriate item. Contact the Secretary of State's office [(502) 564-3490] to find out how your organization/business is registered to do business in the Commonwealth. This information can also be obtained at the Secretary of State's web site: <http://www.sos.ky.gov/>
7. Provide Tax ID #.
8. Provide Social Security # on the original cover page only.
9. Provide response.
- 10a. Authorized Representative signature and date the cover page.
NOTE: Application will not be accepted without the Authorized Representative's signature and date.
- 10b. Provide the date the cover page was signed by the authorized representative.

Project Budget & Description Form

In the budget, include only items for which Kentucky Agricultural Development Funds will be used or items acting as match.

Section 1: Project Budget

Item	Description	Total Project Amount	KADB Funds Requested
<i>Example: Cooler</i>	<i>10 x 20 double door walk-in</i>	<i>\$12,000</i>	<i>\$6,000</i>
Totals:			

Section 2: Matching Funds

Item/Source of Match	Match from Applicant (\$)
<i>Example: Loan – Farm Credit Services (commitment letter attached)</i>	<i>\$6,000</i>
Totals:	

PROPOSAL GUIDELINES

Proposal Approval

1. Prior to submitting an application, applicants are advised to review **Guiding Principles for Board Investment** (Appendix A)
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. 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.**
 - a. *A minimum contribution* of 50% of the total project costs shall be required of all proposals. Preference is for cash contributions. Sources of cash acceptable for match include: federal funds, grants, owner equity capital, or borrowed funds secured with owner equity capital.
 - b. Other applicant contributions can include in-kind contributions of new equipment, new facilities or other substantive new investments related directly to the proposed project. (“New” means purchased or donated within the last 12 months, specifically for this project.)
 - c. The Kentucky Agricultural Development Board requires a minimum of 50% total investment as demonstrated in the application.
4. Please make sure that you follow all of the directions and guidelines contained in this application packet. Incomplete proposals take longer to process and may cause unnecessary delays in decision-making on the proposal.
 - a. Make sure you answer all questions and complete the cover page.
 - b. Do not include extra materials with your proposal.

(brochures, articles, videos, etc.)

- c. Submit all parts of the proposal together.
 - d. Submit the original and 19 copies.
 - e. If you are unsure about a rule, please contact the Governor's Office of Agricultural Policy staff for help. Contact information is listed on page ii.
5. As part of the application, applicants shall reveal the names of any County Agricultural Development Council members who may benefit from the funding of the proposed project.

Project Administration

1. The Kentucky Agricultural Development Board will enter into a Legal Agreement with each recipient of funds. The Legal Agreement will be sent to the recipient after approval of the project from the Kentucky Agricultural Development Board. The Legal Agreement will include all terms and conditions approved by the Kentucky Agricultural Development Board.

A personal guarantee will be required from person(s) who own 20% or more of the business for equipment purchases and other items with Kentucky Agricultural Development Funds.

A UCC financing statement will be required for all loans for equipment purchases. The Kentucky Agricultural Development Board may request a blanket lien as a part of the project terms. All loans will be transferred to the Kentucky Agricultural Finance Corporation for administration for the term the loan.

2. The agreements require recipients to provide the Kentucky Agricultural Development Board with status reports in the following increments:
 - a. For all projects, semi-annual reports indicating levels of funds expended and activities funded will be provided to the Kentucky Agricultural Development Board;
 - b. For all projects, annual reports will be provided to the Kentucky Agricultural Development Board at a minimum on the anniversary of the executed Legal Agreement.
3. Reporting requirements will include:
 - a. A detailed accounting of the use of all funds;
 - b. Performance results based upon the specific activities noted in the Legal Agreement.

Funding Process

Once your project has been approved, your Project Analyst will notify you to indicate the date of approval, amount of funding, and confirm the terms of the project approved by the Board at the Kentucky Agricultural Development Board Meeting. Your Project Analyst and the Kentucky Agricultural Development Board legal counsel will then draft a Legal Agreement and send it to your organization for review.

If the agreement is acceptable, then you will be requested to have an individual authorized by the organization to sign the agreement. This authorized individual must have a copy of the appropriate legal documents (meeting minutes, by-laws, operating agreement) giving him/her signatory authority on-file with our office.

Read the agreement cover letter and follow the instructions contained therein. It may contain information necessary for your funding. The following issues generally cause the most delays:

1. Make sure the organization/entity formally exists. For a corporation, formal existence would mean the filing of Articles of Incorporation and other necessary documents with the Secretary of State's office. 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. While it is fairly easy to draft and file basic corporate papers, understanding the ramifications of said filing and implementing the proper procedures necessary to protect the corporate status can be complicated.
2. If a corporate entity applied, make sure your organization is registered in "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.

3. Make sure your application includes a copy of the appropriate legal documents where signatory authorization is given to the Authorized Representative listed on the application cover sheet.
4. Subsequent disbursements will be dependent upon up-to-date reporting of both programs and projects administered by an entity.
5. All recipients who fail to comply with reporting requirement/receipts/payments and other terms of the legal agreement may not be eligible for future funds from Kentucky Agricultural Development Board or Kentucky Agricultural Finance Corporation.

Default (failure to follow goals of the project or failure to make payment according to the terms 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 and returning to Kentucky Agricultural Development Board office.



Appendix A: Guiding Principles for Board Investment

The Board is committed to the goals and priorities of *Kentucky's Long-term Plan for Agricultural Development*. Projects and programs that advance these goals and priorities will be its top priority.

The Board proposes the following statements for the purpose of precipitating discussion of ways the Board can accomplish its goal of expanding the economic base of agriculture in Kentucky.

1. Kentucky should follow the following investment philosophy:

The Kentucky Agricultural Development Board will invest monies from the Kentucky Agricultural Development Fund in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products, and exploring new opportunities for Kentucky farms and farm products.

2. The Board must view its options and actions over the long run and cannot solve all the problems or take advantage of all opportunities.
3. The Board should invest in programs on a pilot basis to prove or disprove the advisability of promoting a particular program statewide.
4. The Board should focus on facilitating success in areas with the potential to reach the most farmers.
5. Pilot programs should be large enough to be commercially viable. The emphasis must be on doing what we do well and be limited to a certain geographical area of the state, until they are proven viable, and then expanded to all the state as funds become available.
6. The Board believes that clusters of a particular type of activity, large enough to be economically viable and support the infrastructure necessary for the success of the program, offer the best opportunity to develop new or better self-sustaining agricultural activity.
7. The Board believes that farmer-owned agri-businesses may be an important vehicle to promote and sustain new and/or improved farm activity.

8. The Board will consider proposals submitted by individuals that have high potential for growth and potential to include other farmers in the future.
9. An emphasis for county programs should be the support of on-farm investment in Board program areas.
10. The object of the Board is to develop self-sustaining programs; therefore, the Board will not support long-term subsidy of production.
11. The Board prefers capital investments. However, it believes that processing, storing and marketing new products is the area where the farmer needs a substantial amount of help on a start-up basis, but business plans must provide for the eventual elimination of assistance in these areas.
12. The Board will consider proposals to enhance existing farm enterprises, the production of new farm products, development of new markets, expansion of existing markets, and any other areas identified by a member or members of the Board as having potential for growth.
13. The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including continuing support of the Kentucky Center for Agriculture and Rural Economic Development.
14. The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including support of agriculture entrepreneurship programs as stipulated in KRS 248.717.
15. The Board will seek programs to enhance the viability of young farmers and part-time farmers in agriculture.



Appendix B: Proposal Writing Tips

Please type or print **clearly**. Remember that each Board/Council reviewer has to read dozens of proposals. They volunteer their time and will probably read your proposal after their working hours are over.

- **Develop clear goals.** Whether you're conducting a marketing project or doing something no one's even thought of yet, **simple and clear goals** let the Board know **WHAT** your goal is. Then—as they read your application—they can see **HOW** you are going to reach your goal.
- **Plan ahead on how to accomplish your project.** Think about the details before you fill out the proposal. This helps you and also lets the Board know that you have thought through all steps of your project. Communicate a clear action plan.
- **Measure your results.** Chances are you are going to measure something. Make sure that what you are measuring will give you the information you need to tell if you have accomplished your objectives.
- **Timing is everything.** Let the Board know **WHEN** you will be doing the things you plan to do. A **detailed** timetable lets them know that you have given this work some thought and that you have a clear idea of the time it will take.
- **Choose cooperators/participants to complement your skills.** When you enlist the cooperation of people who have expertise in areas that you don't—research, marketing, outreach, whatever—they'll help you make your project better and increase your chances of receiving funding. **Pick your cooperators carefully, and make sure each one has the skills you need for your project to be a success.**
- **Develop a clear outreach plan** to share what you learn from your project. Outreach activities can include field days, workshops, publications or any method to get the results of your project to people who can use those results to benefit more farmers.
- **Develop a realistic budget.** Carefully itemize your expenses on the budget worksheet and enter your sub-totals for funds requested. Do this for each year funds are requested. Round the cents to the nearest dollars.



Appendix C: Listing of Area Small Business Development Centers and Counties Serviced (Updated: December 2009)

Ashland SBDC 606-329-8011
Kimberly Jenkins, Director
1645 Winchester Ave. 2nd Floor
Ashland, KY 41105-0830

COUNTIES:
Boyd Elliott Lawrence
Carter Greenup

Bowling Green SBDC 270-745-1905
Adam Brownlee, Director
Western Kentucky University
Garrett Conference Center, Rm. 120
1906 College Height Blvd.
Bowling Green, KY 42101

COUNTIES:
Allen Edmonson Monroe
Barren Hart Simpson
Butler Logan Warren
Cumberland Metcalfe

Eastern Kentucky Univ SBDC 606-678-3042
Michael Rodriguez, Director
675 Monticello Street, Suite A
Somerset, KY 42501
Toll Free 877-358-7232

COUNTIES:
Adair Jackson Pulaski
Casey Laurel Rockcastle
Clinton Lincoln Russell
Estill Madison Wayne
Garrard McCreary Whitley

Elizabethtown SBDC 270-765-6737
Patricia Krausman, Director
1105 Juliana Court Suite #6
Elizabethtown, KY 42701

COUNTIES:
Breckinridge Larue Taylor
Grayson Marion Washington
Green Meade
Hardin Nelson

Greater Louisville SBDC 502-574-1378
Michael Ashcraft, Director
Janet Sorg, Contact Person
2900 W. Broadway
Louisville, KY 40211
Toll-free 888-475-7232
<http://www.louisvillemailbiz.org/>

COUNTIES:
Bullitt Jefferson Shelby
Carroll Oldham Spencer
Henry Owen Trimble

Hopkinsville SBDC 270-886-8666
Roy Keller, Director
Murray State University
2800 Ft. Campbell Boulevard
Hopkinsville, KY 42240

COUNTIES:
Caldwell Hopkins Muhlenberg
Christian Livingston Todd
Crittenden Lyon Trigg

Lexington Area SBDC 859-257-7666
Shirie Mack, Director
330 E. Main Street
Suite 210
Lexington, KY 40507

COUNTIES
Anderson Franklin Powell
Bourbon Harrison Scott
Boyle Jessamine Woodford
Clark Mercer
Fayette Nicholas

Morehead SBDC 606-783-2895
David Barber, Director
150 E. 1st Street
Morehead, KY 40351
<http://www.morehead-st.edu/sbdc>

COUNTIES:
Bath Menifee Rowan
Montgomery

Maysville Satellite Center

COUNTIES:
Bracken Mason
Fleming Robertson
Lewis

West Liberty Satellite Center

COUNTIES:
Morgan

Northern Ky. SBDC 859-442-4281
Carol Cornell, Director
Northern Ky. University
305 Johns Hill Road
Highland Heights, KY 41099
<http://www.nku.edu/-sbdc/>

COUNTIES:
Boone Grant
Campbell Kenton
Gallatin Pendleton

Owensboro SBDC 270-926-8085
Mickey Johnson, Director
200 E. 3rd Suite 302
Owensboro, KY 42301

COUNTIES:
Daviess McLean Webster
Hancock Ohio
Henderson Union

Paintsville SBDC 606-788-6008
Mike Morley, District Director
Michelle Spriggs, Contact Person
120 Scott Perry Drive
Paintsville, KY 41240

COUNTIES:
Breathitt Lee Pike
Floyd Magoffin Wolfe
Johnson Martin
Knott Owsley

Pikeville SBDC 606-432-5848
Mike Morley, District Director
3455 N Mayo Trail, Suite 4
Pikeville, KY 41501

COUNTIES:
Breathitt Lee Pike
Floyd Magoffin Wolfe
Johnson Martin
Knott Owsley

Southeast SBDC 606-248-0563
Sam Coleman, Director
Southeast CC-Bell County Campus
1300 Chichester Avenue, Suite 3
Middlesboro, KY 40965-2265

COUNTIES:
Bell Knox Perry
Clay Leslie
Harlan Letcher

West Kentucky SBDC 270-809-2856
Chris Wooldridge, Director
Murray State University
Business Building South, Room 253
Murray, KY 42071-3314

COUNTIES:
Ballard Graves
Calloway Hickman
Carlisle Marshall
Fulton McCracken

West Kentucky SBDC Satellite Center
Chris Wooldridge, Director 270-443-2783
Murray State University-Paducah SBDC
401 Kentucky Avenue
Paducah, KY 42003-1551

COUNTIES:
McCracken

Kentucky Center for Agriculture & Rural Development
Larry Snell, Executive Director
411 Ring Road
Elizabethtown, KY 42701
(270) 763-8258