



Challenge Grant Terms & Conditions 2024–2025

The Bluegrass AgTech Development Corp (BADC) intends to work with agricultural producers, agtech and food-based businesses, and research programs desiring to innovate and improve their current technology on and off the farm. This Challenge Grant program's primary goals are to attract agtech and food-based businesses to Kentucky by offering incentive funding, valuable resources, and publicity to promote them to investors and customers.

Overview

The Competition is open to any startup with a scalable business model currently located in Kentucky or wishing to join the Kentucky ecosystem to benefit farmers, entrepreneurs, and investors by expanding food and agricultural economic opportunities in the state.

The BADC Challenge Grant Committee invites projects that address well-defined problems in one or more of the following Challenge Focus Areas of relevance to Kentucky: Ag for the Middle, Resilient Regional Food Systems, Food as Health, Futureproof Meat, and Kentucky Traditions. Descriptions of these focus areas can be found on the BADC website at <https://bluegrassagtech.org/apply/>.

Applicants may provide products, services, or technologies that address challenges to Kentucky producers, food and beverage industries, service providers, and consumers of agricultural products. Products could include, but are not limited to, equipment, software, decision support tools, improved genetics, plant and animal protection technologies, or new value-added products. They may address issues related to efficiency, sustainability, productivity, and/or profitability across the agricultural value chain. They may also result in new uses and markets for plants and animals which can be produced in Kentucky.

Eligibility

Applicants must be a registered, startup business, such as a corporation or limited liability company (LLC).

Applicants may be in the early, growth or late stages of development with a product, service, or technology that may or may not be commercially available but has potential to grow into a sustainable business.

Applicants not currently located in Kentucky need to be willing to establish a presence within the state for a minimum period of **5 years** if selected for an award.

Awardees from the immediate past grant round will not be eligible for the next successive round but will be eligible for future rounds of grant funding.

Businesses Not Eligible for the Competition

The competition excludes non-scalable businesses, non-profit organizations, investment vehicles that invest in the securities of other entities, residential real property and retail ventures, sports venues, gaming and gambling businesses, places of overnight accommodation, entertainment-related establishments, and such other types of business may reasonably determine to be inconsistent with the purposes of this competition as determined by The BADC Challenge Grant Committee. Also excluded are businesses or products that do not or cannot meet an identified need within the food and/or agtech sectors.

Awards, Benefits, and Conditions

Applicants to the Competition will be considered by a panel of judges for a monetary grant award if they are selected. The maximum award amount per applicant is \$100,000 and will require matching funds supplied by the applicant on a dollar-for-dollar basis. The BADC Challenge Grant Committee may consider in-kind application of salaries or wages attributable to the project toward matching funds.

Confidentiality and Intellectual Property

Access to the applications is granted to the Administrator and its designees (including, but not limited to, the Committee and Judging Panel) for the purposes of review and judging (collectively, the "Reviewing Parties"). The Administrator, for itself and on behalf of the Reviewing Parties, offers and makes no guarantee of confidentiality, either explicit or implicit, in connection with any data or information presented or discussed by applicants, whether in the application or otherwise throughout the Competition.

Applicants should confirm with appropriate advisors and legal counsel that any intellectual property described or disclosed in an application is held by the applicant and appropriately protected before the application is submitted. Applicants should be prepared to provide reasonable back-up documentation for these statements, if requested by the Administrator.

The authors of each applicant submission will retain all copyrights to the contents of their submission, provided that the Reviewing Parties may make photocopies, photographs, and video and/or audio recordings of any data or information divulged, presented, or discussed by any applicant throughout that applicant's participation in the Competition. By submitting an application for the Competition, applicants agree to and hereby grants a license to the Administrator and the Reviewing Parties to use and reproduce such materials without restriction and without compensation and to conduct such due diligence as the Reviewing Parties determine is necessary or desirable for purposes of evaluating the application and carrying out the Competition as described herein.

Also, applicant agrees to allow the Administrator to share the applicant's information, including but not limited to names and contact details of participating individuals, category of business, and an abstract, with partners working in economic development in Kentucky.

In addition, applicant agrees, for itself and each of its principals and officers, that the Administrator and its assignees will have the perpetual right to publicly post and reproduce certain information about finalists and winners of Awards, including, but not limited to names of participating individuals, photographs, videos, category of business, logo and other marks, and an abstract (collectively, "Materials") on the public areas of the Reviewing Parties' websites, media sites and through other means, all without compensation. The Administrator and its assignees will also have the perpetual right to use the Materials for research, educational, advertising, promotional, not-for-profit and other similar purposes.

Judging Criteria

Relevance to and Potential to Impact the Challenge Focus Areas

Demonstration that the submitted product, service or technology addresses a critical issue that impacts Kentucky's ag and food sectors and has potential to improve profitability, sustainability, or resiliency of Kentucky's agricultural and food economy. Applicants must meet at least one of the following 5 Challenge Focus Areas:

- **Ag for the Middle** — Small or mid-sized agricultural operations in Kentucky could benefit from new tools and advancements that are developed for their scale of operations. This could also include projects that improve access to markets for small producers and processors.
- **Resilient Regional Food Systems** — Kentucky's existing agtech and food economy make it primed to be both resilient to supply chain disruptions and to meet increasing consumer demand for sustainably produced local foods. This could include projects that improve the sustainability, production, processing, or distribution of high-quality products for local markets.
- **Food is Health** — There is a need to promote better nutritional and health outcomes through healthy foods as well as to develop new opportunities for farmers to contribute to pharmaceuticals and functional food ingredients. This could include products and offerings that improve health outcomes for consumers and could ultimately provide for strong collaboration with the healthcare sector, particularly in rural communities.
- **Future-Proof Meat & Dairy** — Protein production and supply chains must align with consumer preferences to bring continued value to producers. This could include unique approaches to supporting and improving product differentiation, efficiency, sustainability, or welfare to ensure the future of animal protein production in Kentucky.
- **Kentucky Traditions** — Kentucky's global leadership position in the distilled spirits and equine industries is often recognized, along with our diverse crop and livestock production sectors. This may include projects that grow and support these traditional sectors, specifically with consideration to their impact on farms and agribusinesses. Additionally, many nationally and globally known food brands reside within Kentucky and could benefit from advances in supply chain management and technologies for retailing and restaurants.

Viability of Commercialization and Business Model

Generation of revenue and utilization of a cost structure that allows for a competitive and sustainable business; demonstrated readiness of the applicant's technology or innovation to fulfill its needed value proposition.

Team

Demonstration of a level of cohesion, completeness, diversity, and readiness within the team of founders, employees, and advisors.

Customer Value

Provision of significant value for customers for which they are willing to pay, addressing a substantial market.

Agriculture and Food Innovation

Leading and supporting innovation in food and agriculture to propel Kentucky toward being a global leader in agtech.

Growth Potential

Ability to generate significant growth, as measured and assessed by economic growth and the potential for profitable returns.

Job Creation

Potential for creation and retention of high-quality jobs in Kentucky.

Winner Selection

A panel of judges will review all of the submitted applications and select finalists. Finalists may be asked to provide supplemental business records for review, including but not limited to financial statements, records, and projections. Finalist may also have the opportunity to pitch their business and plans to a panel of judges via a live, virtual or in-person session. Each session may be followed by brief question period for judges to seek more information. After supplemental records are collected and all pitches are completed, the judges will determine the winners, taking into account input from the previous judging round.

Requirements for Award Payments

Prizes will be distributed through a contract with provisions tied to operating in the State of Kentucky for a minimum of 5 years and a requirement to repay the award if the agreed requirements are not met. Prize payments will be made in stages based on milestone completion.

Regional Impact

As a condition of any Award, Recipients must materially locate and maintain a presence on an on-going basis within the State of Kentucky for at least five (5) consecutive years, commencing within three (3) months of the date of the Award. For purposes of this condition, the obligation to materially locate and maintain a presence in the Kentucky may be met in one of the following ways:

- The applicant shall establish its principal place of business in the State, identify its primary headquarters as its address in the State and have its key officers reside in Kentucky within commuting distance to this location; or
- The applicant shall establish its primary manufacturing facility within the State; or
- The applicant shall establish its primary research and development facility within the State; or
- The applicant shall make substantial capital investments in property, plant, personnel, and equipment in Kentucky.

If a Recipient already has its primary offices in State, upon receiving an Award it may fulfill its obligation to materially locate and maintain a presence in Kentucky in one of the ways stated above. In the alternative, such a Recipient may fulfill these obligations by committing to quantified job creation targets in its BADC application and presentations, and documenting achievement of these targets. These job creation targets may include jobs created directly by the company or include those created by the establishment of a Kentucky based supply chain or other strategic relationships with State. The Administrator shall have the discretion to determine whether an applicant's job creation targets, both in terms of number and quality of jobs, are acceptable to meet the Location Requirements.

If, during the term of the Location Requirement, the Recipient should stop meeting this Location Requirement, whether by moving outside of the State, abandoning plans and/or eliminating jobs created as fulfillment of a BADC milestone, or otherwise, the Award Agreement may be terminated, and the Recipient shall forfeit all unpaid Award amounts and be obligated to immediately repay all disbursed Award amounts.

Note these Terms and Conditions are not to be considered a binding contract but are only to be utilized for the application process. A final Grant Agreement will document the responsibilities of both BADC and awardee when final selections are made. The Final Grant Agreement must be executed within 90 days of receipt by Awardee.