

FY 2020 Annual Report

Maryland Agricultural and Resource-Based Industry Development Corporation



Helping to finance Maryland's food and fiber future

From MARBIDCO Board Chair & Executive Director:

A little more than 13 years ago, MARBIDCO opened its shop in Annapolis with two low-interest loan programs and three small grant incentive programs. Today, through more than a dozen programs, MARBIDCO's mission continues to focus on helping agricultural and resource-based businesses start or diversify their operations, as well as support emerging market opportunities in food and fiber production by filling gaps in privately provided capital. Assisting young and beginning farmers has been a special focus of MARBIDCO. An auxiliary goal of MARBIDCO has been to help rural businesses leverage federal, State and local government support to sustain or increase operational profitability. This has been especially true in the face of the COVID-19 Pandemic.

MARBIDCO is a quasi-public State instrumentality and financial intermediary organization that brings together resources from the public and private sectors to assist Maryland's farming, forestry and seafood businesses, while enhancing the sustainability of key rural industry sectors. MARBIDCO works with commercial lenders and the Farm Credit System, the Maryland Departments of Agriculture, Natural Resources, Commerce, as well as the University of Maryland Extension, the Rural Maryland Council, and the Maryland Food Center Authority - and many county and regional economic development offices and the major USDA agencies serving Maryland - to collaborate on developing good financing solutions to food and fiber business challenges, and to leverage resources in a way that helps facilitate Maryland's traditionally rural (and now increasingly urban) industries prosper over time.

This year, Maryland's rural businesses faced new challenges resulting from the COVID-19 Pandemic. In response, MARBIDCO created the Pandemic Adjustment Loan Fund (PALF) to help Maryland's food and fiber producers, harvesters and primary processors adjust to the business disruptions caused by the pandemic. Through this special program, 32 loan applicants received funding for working capital or equipment purchases. MARBIDCO also established the Pandemic Adjustment Equipment Grant Fund (PAEGF) using federal Coronavirus Relief Funds provided by the State of Maryland. PAEGF was designed to help Maryland's food and fiber producers, harvesters and primary processors adjust to business disruptions caused by the COVID-19 pandemic and to help diversify operations to make them more economically sustainable. MARBIDCO received 100 applications and was able to provide funding to 92 applicants to help them make adjustments to their operation. The average grant award, which required at least a 20% match, was about \$21,500.

Today, MARBIDCO offers a combination of fourteen loan, grant incentive and easement option purchase programs. The popular "MRBIFF Program" (the Maryland Resource-Based Industry Financing Fund) has made 275 "gap financing" loans to agribusiness borrowers (ranging from \$10,000 to \$500,000) for projects located in every county in Maryland. The MRBIFF funds have helped match the financial resources provided by commercial lenders for all manner of food and fiber production or processing projects.

Importantly, MARBIDCO aims to assist resource-constrained young and beginning farmers starting and expanding their business ventures, thus helping keep rural land "working" into the future. Over the past 13 years, we have assisted over 400 young and beginning farmers, deployed over \$66 million in business project capital, and funded 702 rural business projects in every county in Maryland (including in Baltimore City). We are pleased to report that the Next Generation Farmland Acquisition Program (or "Next Gen Program") had a successful year in 2020, with special appreciation going to Governor Larry Hogan and the Maryland General Assembly for continuing a \$2.5 million annual appropriation for the Next Gen Program. The program is designed to help facilitate the

transfer of farmland to a new generation of farmers, while also effectively helping to preserve agricultural land from future development.

In addition to thanking our State leaders for their fine support, we need to acknowledge the commitment and enthusiasm of the MARBIDCO Board of Directors, the conscientious efforts of the members of various MARBIDCO loan and grant review committees, and the hard work of the talented MARBIDCO staff. It takes a lot of people giving generously of their time and talent to make progress towards sustaining a vibrant rural working landscape and heritage that produces an abundance of high-quality agricultural products for Marylanders to enjoy. We thank all of them, as well as the many hard-working folks that labor daily across our great State to provide a cornucopia of food and fiber products that we all depend on as consumers and citizens.



Pictured is former Board Chair and founding MARBIDCO Board member, Dr. Howard Leathers, who recently stepped down after retiring from the University of Maryland. MARBIDCO greatly appreciates his many contributions over 14 years of service.



Stephen McHenry Executive Director



Mary Creek Shank Board Chair

MARBIDCO Board of Directors 2020

Mr. Steve Connelly

Assistant Secretary
Maryland Department of Agriculture
(Representing Maryland Department of Agriculture)

Mr. Robert Yates

Clagett, Jr.
Farm Owner/Manager
Bald Eagle Farm
(Representing Ag, Forestry or Seafood; or Economic Development)

Ms. Kelley Phillips Cox

Executive Director
Phillips Wharf Environmental Center
(Representing Commercial Seafood Harvesting and Processing Industry)

Ms. Mary Shank Creek

(Chair—Second half of the year)
Farm Owner/Manager
Palmyra Farm Ayrshires & Holsteins
(Representing Commercial Food or Fiber Processing)

Dr. Donald Darnall

Executive Director
Maryland Food Center Authority
(Representing Maryland Food Center Authority)

Ms. Charlotte Davis

Executive Director
Rural Maryland Council
(Representing Rural Maryland Council)

Dr. Faith Elliott-Rossing

Director of Agriculture, Economic Dev. and Community Affairs (Retired)
Queen Anne's County
(Representing Rural Economic Development or Ag Marketing)

Ms. Darla Garrett

Program Manager
Maryland Department of Commerce
(Representing Maryland Department of Commerce)

Dr. James C. Hanson

Associate Dean and Associate Director
University of Maryland Extension
(Representing University of Maryland Extension)

Mr. John Jastrzembki

(Vice Chair)
Manager, Mid-Atlantic Commercial Green Solutions Mid Atlantic Region
Davey Tree Company
(Representing Timber and Forest Products Industry)

Mr. Mark C. Krebs

(Secretary/Treasurer)
Executive Vice President & Chief Financial Officer
Farmers and Merchants Bank
(Representing Commercial Lending Institutions I/ Non-Farm Credit Organization)

Dr. Howard Leathers

(Chair—First half of the year)
Associate Professor & Undergrad Coordinator (Retired)
Department of Agricultural & Resource Economics
(Representing Public Finance)

Dr. Douglas Lipton

Senior Research Economist
National Marine Fisheries Service National Oceanic and Atmospheric Administration (NOAA)
(Representing Aquaculture Industry)

Ms. Sarah O'Herron

Owner
Black Ankle Vineyards
(Representing Agricultural Producers II)

Mr. Wayne Richard

Area Lending Manager
MidAtlantic Farm Credit
(Representing Commercial Lending Institutions II/ Farm Credit Organization)

Mr. Karl Roscher

Assistant Director, Fishing and Boating Services
Maryland Department of Natural Resources
(Representing Maryland Department of Natural Resources)

MARBIDCO Staff

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About MARBIDCO



Our Vision: MARBIDCO plays an important role in helping Maryland’s food and fiber producers and processors, and other resource-based businesses, to innovate and thrive both today and well into the future. By working collaboratively with its public and private sector partners, MARBIDCO is the “go to” place in Maryland to obtain rural business development assistance, including help with accessing capital and credit, business planning information and referral, and rural working land preservation facilitation.

Our Mission: To help Maryland’s farm, forestry, and seafood businesses achieve sustainable profitability through the provision of targeted services and a specialized financing infrastructure that helps retain existing resource-based industry production and commerce, promotes rural entrepreneurship, and nurtures emerging food, feed and fiber industries (including equine and horticulture).

MARBIDCO Offers:

- Assistance in securing capital and credit (especially for innovative or value-added activities);
- Rural business planning information and technical assistance referral;
- Farmland acquisition assistance (especially for young and beginning farmers); and
- Rural working land preservation facilitation (as a financial intermediary).

MARBIDCO’s programs fall into three broad categories:

Core Rural Business Development Finance	Rural Land Preservation Facilitation	Specialty Lending (Sponsored Loan Programs)
<p>Several loan and grant incentive programs that help meet key agricultural, forestry, or seafood business financing needs. Loans can be for land purchases, facility construction or renovation, equipment acquisition or working capital, and often leverage significant commercial lender funds. Young and beginning farmers and veterans often benefit from MARBIDCO core loan programs. Grant incentive programs help producers with partial matching funds for food or fiber processing projects, and provide local governments with matching economic development cost share funds for agricultural development projects.</p>	<p>These rural land preservation-related financing opportunities are offered with assistance from other State and local agencies, with MARBIDCO serving as a conduit financing agent. The Next Generation Farmland Acquisition Program enables MARBIDCO, working with commercial lenders and farmland conservation programs, to assist beginning farmers with down-payment funding for the purchase of farmland, while effectively extinguishing the development rights on the farmland (thus, helping to preserve the rural working land). Recently the Small Acreage Next Generation Farmland Acquisition program was launched. It targets smaller acreage farms between 10 and 49 acres in size.</p>	<p>Loan programs are funded by partnering organizations for targeted purposes, such as the Maryland Shellfish Aquaculture Financing Fund Program, and the Rural Business Energy Efficiency Loan Program. Specialty programs have the support of various federal, State, regional and private philanthropic funds where normal credit underwriting standards may not make sense for deployment of commercial debt capital. A Southern Maryland Agricultural Revolving Loan Fund has been established by the Southern Maryland Agricultural Development Commission (SMADC/TCCSMD) and MARBIDCO to help Southern Maryland agricultural producers meet targeted agricultural development needs.</p>

Rural Business Development: Loan Programs*

Maryland Resource-Based Industry Financing Fund (MRBIFF) offers low-interest (3.25% initially) loans to Ag/RBI-industry enterprises for the purchase of land and capital equipment for production and processing activities (including building construction). The maximum MARBIDCO loan amount is \$250,000 for acquisition of equipment and fixed assets, \$500,000 for real estate purchases and \$750,000 for large-scale food/fiber processing projects. MARBIDCO provides up to 40% of financing needed for a project, and a commercial lender and/or a public instrumentality must have an equal or greater financial commitment in the transaction. MARBIDCO usually takes a subordinate lien on collateral security with these gap financing loans.

Rural Business Equipment and Working Capital Loan Fund offers moderate-cost loans to Ag/RBI-industry firms and producers (including farmers) for working capital and equipment purchases. The maximum loan amount is \$100,000 (while the minimum amount is \$15,000). Participation by a public sector lender is required (at a level matching or exceeding MARBIDCO's participation). A simple referral from a commercial bank is also typically required.

Maryland Vineyard/Hopyard/Orchard Planting Loan Fund offers moderate-cost loans to help meet the financing needs of Maryland's landowners wanting to plant fruit-bearing vines and trees. The maximum loan amount is \$100,000 and an interest-only option is available for a period of two to three years. A site evaluation approval letter from an appropriate university or other third-party expert is required. The purchase of tractors, pick-up trucks, and wine- or beer-making equipment are not eligible for financing under this program.

Forestry Equipment and Working Capital Loan Fund offers moderate-cost loans to Maryland's forest products businesses with respect to working capital and equipment purchases. The maximum loan amount is \$150,000, with flexible terms provided.

Agricultural Cooperatives Equity Investment Fund provides a portion of the patient capital investment needed by cooperatives that do not have the necessary equity available to obtain the commercial financing that typically is required during the period that production operations are beginning or significantly expanding. The maximum amount of "near equity" funding (equity converting to debt after several years) that MARBIDCO can provide to an individual agricultural cooperative is \$100,000 in any single year.

*Note: Due to the Covid-19 Pandemic all Core Loan Program interest rates quoted above are being reduced by 100 basis points in FY 2021.

On the Cover

Photos on the front cover are from MARBIDCO customers, and several of them are featured in this Annual Report. They include images from: Hollywood Oyster Company (St. Mary's County), Marsh Creek Cattle & Co. (Caroline County), Black Ankle Vineyard (Frederick County), Venture Manor Farm (Wicomico County), and Amaranth Acres (Montgomery County) among others. Photo to the right is from Hollywood Oyster Company (St. Mary's County).



Rural Business Development: Specialty Loan Programs

Maryland Shellfish (Oyster) Aquaculture Financing Fund (in collaboration with DNR) helps watermen (and others) who wish to transition from wild oyster harvesting to start or expand underwater shellfish farming enterprises using leased growing areas in the Chesapeake or Coastal Bays. The loan can be used to purchase shell, seed, spat or equipment. Bottom culture and water column (cages or floats) projects are eligible. The borrowers make interest-only payments (at 3.00% initially) for the first three years while oysters grow to market size. After that, if borrowers have made quarterly payments, 40% of the principal balance is forgiven for first time borrowers (25% for existing borrowers) and borrowers fully repay the remaining balance over two to four additional years. The maximum single loan amount is \$100,000 (and the maximum subsidized loan amount is \$300,000).

Remote Setting Shellfish Aquaculture Loan Fund (working in collaboration with DNR) provides affordable financing to commercial watermen who want to start or expand shellfish remote setting (nursery) aquaculture operations. The nursery grower purchases larvae from a hatchery and places it in a tank containing cultch for the larvae to set on. Spat on shell setting systems consist of a tank, pump, piping, valves and a blower to provide low pressure air to circulate larvae during setting. Seed (larvae), shell (substrate), and tank heaters (during cooler months) are also needed. The maximum loan amount is \$30,000, and includes a partial grant of approximately 25% for borrowers with good loan repayment performance.

Rural Business Energy Efficiency Improvement Loan Fund (working in collaboration with MEA) offers low-interest (4.50%) loans for energy efficiency projects undertaken by food and fiber producers and processors implementing the recommendations of a third-party energy auditor. The minimum loan amount is \$2,500 and the maximum loan amount is \$30,000.

MARBIDCO Partnership Programs

Since 2017 MARBIDCO has partnered with the Tri-County Council for Southern Maryland and the Southern Maryland Agricultural Development Commission (SMADC) to support farming in the region with the following programs:

The Southern Maryland Agricultural Equity Incentive Matching Fund offered in conjunction with MARBIDCO's lending programs, is designed to incentivize loan requests from farmers and to help them meet certain down-payment (equity) requirements, in order to help improve the credit quality of their applications. An equity incentive grant of up to 5% of the loan amount is available.

The Southern Maryland Revolving Loan Fund for Agricultural Producers a loan program designed exclusively for Southern Maryland applicants to assist with livestock purchases, fruit planting and food safety upgrades. Loans from \$10,000 - \$20,000 are available and include a partial grant for good loan repayment performance.

In 2019, MARBIDCO began a partnership with the Upper Shore Regional Council (USRC) to support farming in the region.

The Upper Shore Region Agricultural Equity Incentive Matching Fund offered in conjunction with MARBIDCO's lending programs, is designed to incentivize loan requests from farmers and help them meet down-payment (equity) requirements, in order to help improve the credit quality of their applications. An equity incentive grant of up to 5% of the loan amount is available.

MARBIDCO Loan Activity in FY 2020

In FY 2020, MARBIDCO approved 25 core and specialty loans, totaling just over \$3.1 million. MARBIDCO also helped 12 farmers purchase farmland totaling \$3.3 million. Of the total loans approved in FY 2020, ten were Shellfish Aquaculture Financing Fund loans (bringing the total of all Shellfish Aquaculture Lending to nearly \$5.3 million and supporting some 85 oyster farming projects in the Chesapeake Bay and Coastal Bays). These do not include the pandemic adjustment equipment loans that were funded from the federal CARES Act.

Farm/Business Type	County	Loan Amount
Cattle	Allegany	\$113,000
Equine	Wicomico	\$46,550
Equine	Howard	\$246,000
Forestry/Wood Products	Calvert	\$17,700
Fruit/Orchard	Worcester	\$30,000
Grains & Oil Seeds	Prince George's	\$49,500
Grains & Oil Seeds	Queen Anne's	\$220,000
Grains & Oil Seeds	Charles	\$187,700
Grains & Oil Seeds	St. Mary's	\$220,000
Grains & Oil Seeds	Caroline	\$54,000
Grains & Oil Seeds	Talbot	\$105,000
Poultry-Broilers	Caroline	\$400,000
Poultry-Broilers	Wicomico	\$300,000
Poultry-Broilers	Wicomico	\$233,750
Shellfish Aquaculture	Talbot	\$34,000
Shellfish Aquaculture	Dorchester	\$100,000
Shellfish Aquaculture	Dorchester	\$100,000
Shellfish Aquaculture	Wicomico	\$50,000
Shellfish Aquaculture	Dorchester	\$70,000
Shellfish Aquaculture	St. Mary's	\$98,560
Shellfish Aquaculture	St. Mary's	\$100,000
Shellfish Aquaculture	St. Mary's	\$100,000
Shellfish Aquaculture	Dorchester	\$ 85,000
Shellfish Aquaculture	Queen Anne's	\$100,000
Vegetables/Table Crops	Worcester	\$45,125
	Total:	\$3,105,885

Rural Business Development: Grant Programs

Local Government Ag/RBI Project Cost Share Program is designed to lend support to local and regional rural business development efforts. MARBIDCO will consider a project cost-share request from a local or regional economic development office, if the project fits in MARBIDCO's statutorily established mission area. (Any project or activity funded must assist in some fashion Maryland's farming, forestry, or seafood industries.) Moreover, MARBIDCO's participation in the cost share project cannot exceed that of the local government (unless it is a "One Maryland" jurisdiction, where the funding can be up to double the amount). The maximum project cost share grant is \$10,000 (or up to \$25,000 under special circumstances).

Maryland Urban Agriculture Commercial Lending Incentive Grant Program offered with matching financial support from Farm Credit, is designed to meet the financing needs of urban farmers by providing an incentive for them to seek commercial lender financing for the development or expansion of their agricultural enterprises. Participation of a commercial bank, Farm Credit Association or USDA-FSA in project financing is required. The maximum amount of the incentive grant is \$10,000, calculated at no more than 20% of the project's total cost and no more than 25% of the amount of the approved commercial loan for the project. (The minimum grant amount is \$1,000 – with a commercial loan of \$4,000, for a \$5,000 project.)

Maryland Value Added Producer Grant – Capital Assets Option (MVAPG–CAO) is designed to encourage farms and other businesses wanting to expand or diversify their operations to purchase equipment or construct facilities so they can increase sales and job opportunities for rural and urban-edge residents in Maryland. Once per year MARBIDCO offers grants of between \$2,500 and \$10,000 distributed on a competitive basis for capital equipment purchases. Eligible applicants must be a crop or livestock producer or processor, agricultural cooperative, seafood processor, or primary or secondary timber products processor, and have been in business for a minimum of two years. In addition, applicants must be making a product that is "value added". A product that is value added has increased value because of a: 1) change in physical state; 2) differentiated production or marketing; 3) product segregation; and 4) economic benefit realized from the production of farm- or ranch-based, rural community-based biomass energy. MVAPG funds and matching funds must be used for capital assets that have a useful life of seven years or more. The match required from the rural business must be at least equal the amount requested from MARBIDCO.

Maryland Value Added Producer Matching Grant (MVAPMG – USDA Option) is designed to encourage participation in USDA's Value Added Producer Grant Program (which has both planning and working capital components). The USDA VAPG Program, offered annually, requires a non-federal financial matching commitment and each application for the VAPG must include a "verification of matching funds". The USDA VAPG Planning Grant offers a maximum award of \$75,000, and the Working Capital Grant offers a maximum of \$250,000. Grants from MARBIDCO can be applied for up to \$11,250 and \$25,000, respectively (up to a maximum of 15% of the USDA matching requirement). To be eligible to apply to MARBIDCO for funding, an applicant must also be eligible under the USDA VAPG Program, and funds will only be awarded to those who receive the USDA VAPG award. Each applicant that has been approved to receive a MVAPMG receives a letter for submission to be sent to USDA that contains how much funding will be available to applicant. (Note: Capital equipment purchases are not eligible for USDA VAPG funding.)

MARBIDCO Grant Incentives Activity in FY 2020

Maryland Value Added Producer Grant (Capital Assets Option) Program

Farm/Business Type	County	Amount
Orchard	Carroll	\$7,255
Aquaculture	Dorchester	\$10,000
Aquaculture	Dorchester	\$10,000
Beef/Produce	Harford	\$8,809
Cattle	Frederick	\$ 10,000
Distillery	St. Mary's	\$5,000
Forestry	Garrett	\$10,000
Grain	St. Mary's	\$10,000
Livestock Processing	Queen Anne	\$10,000
Winery	Carroll	\$6,675
Winery	Carroll	\$10,000
Total MVAPG (CAO) Grants:		\$97,739

Local Government Ag/RBI Project Cost Share Program

Farm/Business Type	County	Amount
Compost	Montgomery	\$ 3,000
Crops/Vegetable	Montgomery	\$ 3,000
Crops/Vegetable	Montgomery	\$ 1,112
Crops/Vegetable	Montgomery	\$ 2,000
Livestock/Grain	Montgomery	\$ 1,778
Vegetables	Montgomery	\$ 2,759
Vegetables	Montgomery	\$ 3,000
Vegetables	Montgomery	\$ 930
Total Local Government Ag Grants:		\$17,579

Special Agricultural Development Activity

Farm/Business Type	County	Amount
Maryland Public Television Video Series	All Counties	\$35,000
Total Special Grant Activity:		\$35,000

Upper Shore Region Agricultural Equity Incentive Matching Grants

Farm/Business Type	County	Amount
Aquaculture	Queen Anne's	\$500
Fisheries/Seafood	Queen Anne's	\$500
Fisheries/Seafood	Queen Anne's	\$500
Grain	Queen Anne's	\$15,000
Vegetables	Kent	\$500
Total USRC Grants:		\$17,000

SMADC Equity Incentive Matching Grants for MARBIDCO Loans

Farm/Business Type	County	Amount
Aquaculture	Calvert	\$500
Equine	Charles	\$500
Forestry	Calvert	\$2,300
Grain & Oil Seeds	St. Mary's	\$15,000
Grain & Oil Seeds	Prince George's	\$7,050
Grain & Oil Seeds	Charles	\$20,000
Hogs	Calvert	\$500
Total SMADC Grants:		\$45,850

Maryland USDA Value Added Producer Matching Grant Program

Farm/Business Type	County	Amount
Vegetables	Worcester	\$6,882
Vineyard	Montgomery	\$25,000
Total MVAPMG Grants:		\$31,882

Total Incentive Grant Activity in FY 2020

\$245,050

Rural Land Preservation Facilitation Programs

The Next Generation Farmland Acquisition Program, “Next Gen Program,” enables MARBIDCO, working with commercial lenders and farmland conservation programs, to assist beginning farmers with down-payment funding for the purchase of farmland, while at the same time effectively extinguishing the development rights on the farmland being purchased. Contact MARBIDCO or your county agricultural land preservation program office for more information.

The Small Acreage Next Generation Farmland Acquisition Program, “SANG Program,” enables MARBIDCO, working with commercial lenders and farmland conservation programs, to assist beginning farmers with down-payment funding for the purchase of small acreage farmland, ranging from 10 to 49 acres in size, while at the same time extinguishing the development rights on the farmland being purchased. Contact MARBIDCO or your county agricultural land preservation program office for more information.

MARBIDCO Next Gen Program Activity in FY 2020

Next Generation Farmland Easement Option Purchases

Farm/Business Type	County	Amount
Beef Cattle	Frederick	\$167,867
Beef Cattle & Spec. Crops: Hay, Cut Flowers	Frederick	\$399,954
Beef Cattle, Grain & Row Crops, Veg & Spec. Crops	Cecil	\$230,175
Beef Cattle, Sheep, Poultry & Eggs, Spec. Crops	Frederick	\$500,000
Grain & Row Crops	Kent	\$376,547
Grain & Row Crops (for a Dairy Operation)	Frederick	\$102,466
Grain & Row Crops, Beef Cattle	Kent	\$500,000
Grain & Row Crops, Beef Cattle	Washington	\$326,514
Grain & Row Crops, Swine	Caroline	\$201,960
Vegetable & Specialty Crops	Baltimore	\$159,665
Vegetable & Spec. Crops: Christmas Trees	Montgomery	\$290,700
Vegetable & Spec. Crops: Fruit; Tree Nuts & Meats: Beef Cattle/Poultry/Swine/Sheep	Allegany	\$70,227
Total Next Gen Program Down-Payment Assistance (12 projects):		\$3,326,075

Project Financing Review Committees

The Project Financing Review Committees play one of the most important roles at MARBIDCO. These committees have the demanding task of reviewing and approving applications for financial assistance (including grants as well as loans). Although the Board of Directors often has the final say in how and when MARBIDCO funds get distributed to qualified applicants, the Board relies heavily upon the recommendations of these panels of experts. The Next Gen Program Review Committee, MARBIDCO Loan Review Committee, the MVAPG-CAO Grant Review Committee, and the Maryland Shellfish Aquaculture Financing Fund Review Committee are comprised of individuals from MDA, UME, Commerce, DNR, local government, and the private sector. MARBIDCO would like to recognize the following individuals for their exemplary service and generous commitment of time and talent on one or more of our Project Financing Review Committees during this past year:

Mr. Jim Baird

Mid-Atlantic Director
American Farmland Trust

Ms. Michelle Cable

Executive Director
MD Ag Land Preservation Foundation
Maryland Department of Agriculture

Mr. Joseph Chisholm

Poultry Farmer
Vice President (retired)
Mercantile Peninsula Bank

Mr. Steve Connelly

Assistant Secretary
Maryland Department of Agriculture

Ms. Charlotte Davis

Executive Director
Rural Maryland Council

Ms. Shannon Dill

Talbot County Extension Director
University of Maryland Extension

Ms. Karen Fedor

Senior Agricultural Marketing Specialist
Maryland Department of Agriculture

Ms. Julia Freedgood

Assistant Vice President of Programs
American Farm Land Trust

Ms. Darla Garrett

Program Manager
Office of Finance Programs
Maryland Department of Commerce

Mr. Tom McCarthy

Program Manager
Land Acquisition and Planning
Maryland Department of Natural Resources

Mr. S. Patrick McMillan

Assistant Secretary (retired)
Maryland Department of Agriculture

Dr. Matt Parker

Senior Agent Associate
Aquaculture Business Specialist
University of Maryland Extension

Mr. Mark Powell

Chief, Marketing and Agribusiness Development
Maryland Department of Agriculture

Mr. Dan Rider

Forest Stewardship & Utilization Program Manager
Maryland Department of Natural Resources Forest Service

Mr. Karl Roscher

Director, Aquaculture
Maryland Department of Natural Resources Fisheries Service

Ms. Pamela Saul

Owner
Rolling Acres Farm & Equine Business Services, LLC

Mr. Martin Sokolich

Long Range Planner
Talbot County Government

Mr. Bruce Yerkes

Loan Officer (retired)
MidAtlantic Farm Credit

Maryland Buy Local Challenge

Each year the Southern Maryland Agricultural Development Commission hosts a Southern Maryland Buy Local Challenge Celebration. In 2019, the celebration was held at Spider Hall Farm in Calvert County. Pictured left to right is MARBIDCO's

Executive Director Steve McHenry, Delegate Lorig Charkoudian representing District 20, Maryland Secretary of Agriculture Joseph Bartenfelder, and Delegate Brian Cosby representing district 29B.



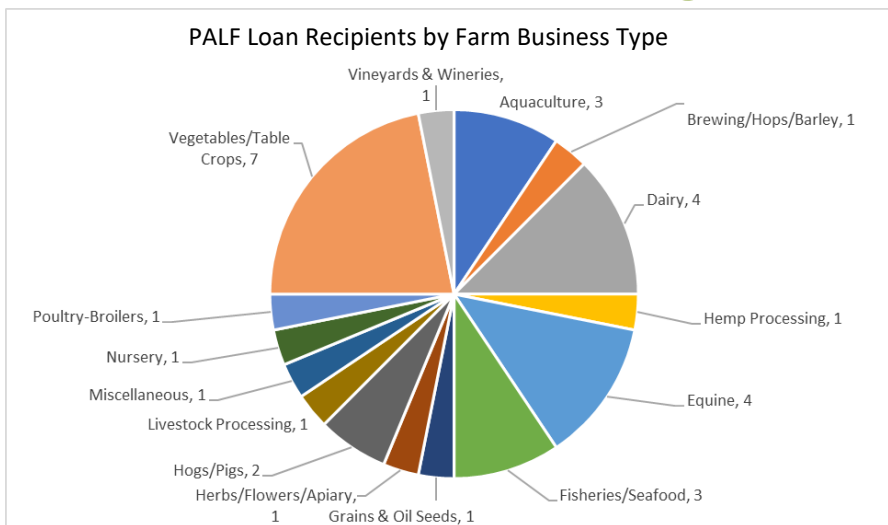
MARBIDCO Pandemic Adjustment Programs

In 2020 many farms and rural businesses faced challenges adjusting to the COVID-19 Pandemic. Many businesses were totally or partially shut down for almost three months, and business owners had to find new ways to reach customers, create products, or store their products. MARBIDCO received nearly \$2.2 million in federal Coronavirus Relief Funds to help Maryland agricultural, forestry and seafood businesses make operational program adjustments caused by the COVID-19 Pandemic. This money was used to fund two programs, a loan and a grant program.

The Pandemic Adjustment Loan fund (PALF) was a loan program designed to help Maryland’s farmers and other rural businesses make necessary adjustments in their business enterprises and to help diversify operations to make them more economically sustainable due to the disruptions caused by the pandemic. Low-interest loans of up to \$10,000 were made for working capital and equipment purchases under very favorable terms (with a 10% rebate).

The Pandemic Adjustment Equipment Grant Fund (PAEGF) was a grant program designed to help Maryland’s food and fiber producers, harvesters and primary processors make necessary adjustments in their business operations which were necessitated by the impact of the pandemic. The program enabled applicants to receive grants for qualifying capital equipment purchases and facility upgrades for on-farm production, processing and storage, as well as wood processing and seafood processing, on the condition that these businesses were making pandemic-related business improvements. Grants ranged from \$1,000 up to a maximum of \$50,000 (or \$75,000 for wood and seafood processors) and were available for up to 80% of the eligible project cost. Applications that requested \$20,000 or less had a higher priority for funding. The average grant award was about \$21,500.

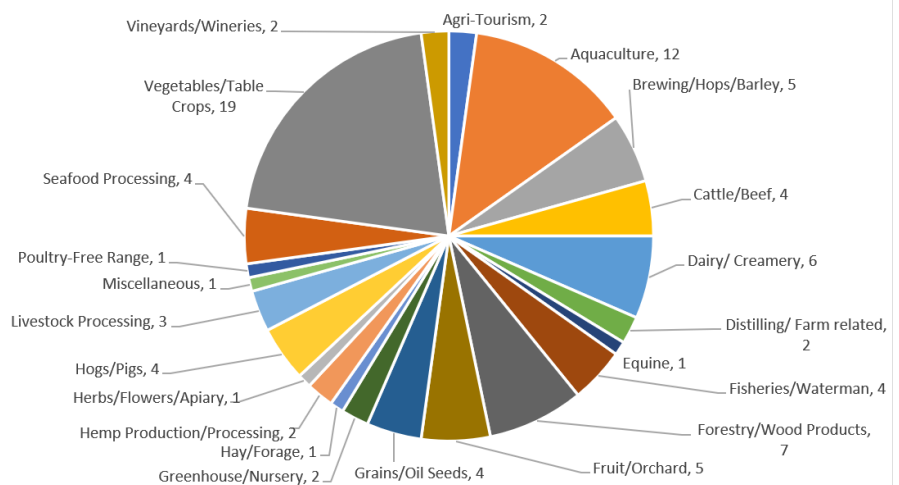
MARBIDCO Pandemic Program Activity in FY 2020



In FY 2020 and early FY 2021, MARBIDCO approved 32 Pandemic Adjustment Loan Fund loans, totaling just over \$255,602 after closing. Of the 32 loans that were approved, 17 loan applicants were young and/or beginning farmers (with 10 or less years of farm management experience) and nine were for value-added processing projects.

In FY 2020, MARBIDCO received 100 applicants for the Pandemic Adjustment Equipment Grant Fund Program. Of these, MARBIDCO funded 92 projects and disbursed \$1,977,676 in grant funds. Of the approved PAEGF grant-funded projects, 47 were awarded for value-added projects, 52 were for awarded to young and/or beginning farmers (with 10 or less years of farm management experience). The top three business types receiving grants were 1) Vegetables and Table Crops, 2) Forestry and Wood Products, and 3) Shellfish Aquaculture.

PAEGF Grant Projects Funded by Farm Business Type



MARBIDCO Pandemic Program Activity in FY 2020

Through the PALF and PAEGF programs, MARBIDCO was able to fund 124 projects for over \$2.2 million.*

County	No. Of Projects Funded	Grant/ Loan Amounts Disbursed
Allegany	3	\$42,950
Anne Arundel	1	\$17,775
Baltimore	7	\$133,181
Baltimore City	2	\$23,430
Calvert	5	\$67,509
Caroline	4	\$48,635
Carroll	10	\$144,409
Cecil	9	\$167,237
Charles	4	\$44,487
Dorchester	9	\$329,275
Frederick	8	\$107,706
Garrett	5	\$99,874
Harford	4	\$95,500
Howard	7	\$105,316
Kent	2	\$28,949
Montgomery	9	\$148,949
Prince George's	1	\$15,800
Queen Anne's	9	\$187,965
Somerset	0	\$0
St. Mary's	4	\$123,574
Talbot	6	\$55,208
Washington	7	\$72,871
Wicomico	3	\$48,383
Worcester	5	\$124,293
Total	124	\$2,233,278

*15 applicants received both PALF loan and PAEGF grant funds. Six of the PALF loans were made in July 2020 (early FY 2021)

2020 Commercial Lender Leverage Amounts*

In FY 2020, MARBIDCO lent more than \$1.8 million (in conjunction with Commercial Lenders and the USDA Farm Service Agency) to 12 Maryland Resource-Based Industry Financing Fund (MRBIFF) borrowers. This enabled MARBIDCO to leverage more than \$5.4 million in commercial lender funds, resulting in a **more than 3-to-1 leverage ratio**. The MRBIFF Program is MARIBDCO's most popular financing program. Since 2008, MARBIDCO has made 275 MRBIFF loans totaling nearly \$62 million.

County	Business Type	MARBIDCO Program	MARBIDCO Loan Amount	Commercial Lender Leverage Amount
Allegany	Cattle	MRBIFF	\$113,000	\$452,000
Caroline	Grain	MRBIFF	\$54,000	\$215,000
Charles	Grain	MRBIFF	\$187,700	\$281,550
Dorchester	Poultry	MRBIFF	\$300,000	\$797,000
	Poultry			\$713,000
Howard	Equine	MRBIFF	\$246,000	\$861,000
Prince George's	Grain	MRBIFF	\$49,500	\$74,450
Queen Anne's	Grain & Oil Seeds	MRBIFF	\$220,000	\$600,000
St. Mary's	Grain	MRBIFF	\$220,000	\$375,000
Talbot	Grain	MRBIFF	\$105,000	\$420,000
Wicomico	Equine	MRBIFF	\$46,550	\$186,200
Wicomico	Poultry	MRBIFF	\$233,750	\$291,250
Worcester	Vegetables	MRBIFF	\$45,125	\$180,500
TOTALS:			\$1,820,625	\$5,446,950

*Commercial loans leveraged through the Next Generation Farmland Acquisition Program are not included here.

Annual Maryland/Virginia Agricultural Development Officers Conference

In October 2019, several MARBIDCO staff participated in the Ninth Annual Joint Meeting of the Maryland Ag Marketing Professionals (AMPs) and the Virginia Ag Development Officers (VADO) group in Accomack County on Virginia's Eastern Shore. MARBIDCO supports this annual agricultural development conference.

During the conference, attendees had the opportunity to share best practices and tour a solar farm (pictured), a poultry farm, a Tyson poultry processing facility and the NASA Wallops Flight Facility. Pictured in the photo (left to right) is: Steve McHenry, Sarah Fielder, Betsy McKeenan, Tina Wilkins, Linda Arnold, LeeAnn McCullough, Allison Roe and Dan Sweeney.



MARBIDCO Ag/Rural Business Investments in FY 2020

FY 2020 Loan Programs	Applicants	Loan	Status
Maryland Resource-Based Industry Financing Fund	11	\$1,586,875	Settled
Maryland Resource-Based Industry Financing Fund	2	\$633,750	Approved
Forestry Equipment and Working Capital Loan Fund	1	\$17,700	Settled
Maryland Vineyard Planting Loan	1	\$30,000	Settled
Maryland Shellfish Aquaculture Loan Fund	6	\$503,560	Settled
Maryland Shellfish Aquaculture Loan Fund	4	\$334,000	Approved
Pandemic Adjustment Loan Fund	22	\$185,070	Settled
Pandemic Adjustment Loan Fund	8	\$65,278.80	Approved
Total Loan Applications Settled or Approved	55	\$3,356,233.80	
Total Loan Applications Denied or Withdrawn	6	\$307,500	
Total All Loan Applications	61	\$3,663,733.80	
Percent of Loan Applications Settled or Approved	90%		
FY 2020 Rural Business Incentive Grants	Applicants	Grant	Status
Maryland Value-Added Producer Grants - Capital Assets Option	11	\$97,739	Closed
Maryland Value-Added Producer Grants Matching - USDA Option	2	\$31,882	Approved
Local Government Ag/RBI Project Cost Share Grants	8	\$17,579	Closed
Special Project Grant (MPT Series - <i>Maryland Farm & Harvest</i>)	1	\$35,000	Closed
USRC Equity Incentive Grants	4	\$16,500	Closed
USRC Equity Incentive Grants	1	\$500	Approved
SMADC Equity Incentive Grants	5	\$44,850	Closed
SMADC Equity Incentive Grants	2	\$1,000	Approved
Pandemic Adjustment Equipment Grants	94	\$2,017,073	Approved
Total Grant Applications Closed or Approved	128	\$ 2,262,123	
Total Grant Applications Denied or Withdrawn	10	\$272,040	
Total All Grant Incentive Applications	138	\$2,543,163	
Percent of Grant Applications Closed or Approved	93%		
FY 2020 Rural Land Preservation Facilitation Programs	Applicants	Grant	Status
Next Generation Farmland Acquisition Program	6	\$1,266,966	Closed
Next Generation Farmland Acquisition Program	6	\$2,059,109	Approved
Total Next Generation Program Applications Closed or Approved	12	\$3,326,075	
Total Land Preservation Applications Denied/Withdrawn	1	\$307,958	
Total All Next Generation Program Applications	13	\$3,644,033	
Percent of Next Generation Applications Closed or Approved	92%		

MARBIDCO FY 2020 Statement of Net Position*

June 30, 2020 and 2019

Assets	2020	2019
Current Assets:		
Cash and cash equivalents	\$9,406,223	\$4,496,825
Accounts Receivable	\$1,050	-
Current portion of loans receivable	\$2,275,507	\$ 1,773,858
Accrued interest receivable	\$196,273	\$ 224,402
Other Assets	\$4,892	\$ 4,892
Noncurrent Assets:		
Restricted investment	\$389,006	\$ 762,377
Loans receivable, net of current portion and Allowance of \$1,487,500 and \$1,375,834 for 2020 and 2019, respectively	\$26,431,598	\$ 27,470,078
Capital assets, net	\$18,549	\$ 15,518
Total Assets	\$38,723,098	\$ 34,747,950
Liabilities		
Current Liabilities:		
Accrued expenses	\$106,502	\$ 85,102
Noncurrent Liabilities:		
Long-term debt	\$389,000	\$ 762,377
Other liabilities	\$2,540	\$ 2,540
Total Liabilities	\$498,042	\$ 850,019
Net Position		
Invested in capital assets, net	\$18,549	\$ 15,518
Restricted	\$2,373,565	\$ 2,191,199
Unrestricted	\$35,832,942	\$ 31,691,214
Total Net Position	\$38,225,056	\$ 33,897,931
Total Liabilities, Deferred Inflows of Resources and Net Position	\$38,723,098	\$ 34,747,950

* From Audited Financial Statements

2020 Pandemic Adjustment Equipment Grant Fund Recipient: Venture Manor Farms

For many farms, the Covid-19 Pandemic caused disruptions and changes to their operations. For Henry Oakley and his family at Venture Manor Farms in Wicomico County, they lost a major revenue source when they were unable to host school field trips. This was compounded by difficulty in finding seasonal labor during the spring produce harvest season. The unexpected turn of events led them to MARBIDCO's Pandemic Adjustment Equipment Grant Fund.

In a normal year, the farm hosts several school tours. However, since schools were shut down in the spring, field trips and other group tours to their farm were cancelled. This resulted in significant financial loss. The farm also grows and sells a

variety of crops and produce, including corn, soybeans, strawberries, squash, lima beans and peppers. During the harvesting season, Oakley normally would hire 12 to 15 seasonal workers to pick produce. However, this past year the coronavirus caused the community of workers he would normally hire to fall ill. As a result, Oakley and his three family members picked six acres of strawberry fields by themselves. It was during this time that Oakley heard about MARBIDCO's Pandemic Adjustment Equipment Grant program.

"MARBIDCO was on top of answering our questions very quickly, within a day," said Oakley. "If I were getting a loan from a bank or farm credit I'd have been at their office. To do everything by email back and forth through the whole process worked out pretty good."

With the PAEGF grant, Venture Manor Farms was able to acquire two machine crop pickers as well as a sawmill log cutter for a separate farm enterprise. The crop pickers allow an individual to pick strawberries and weed the plant beds more efficiently, helping the family work through labor shortages. With the new sawmill, Oakley plans to cut timber on his farm into custom lumber cuts or prefab building kits. These then can be sold to customers who want to build their own homes or sheds.



Pictured (left to right) is Henry Oakley and his son, Jacob Oakley, with the sawmill log cutter purchased with MARBIDCO's assistance.



Henry Oakley using a crop picker to weed strawberries in his field.

The farm has just under 200 acres of timber. Oakley plans to selectively cut the right sized trees on the sawmill and make "D-logs." He then will cut the logs so that they can interlock with one another. He plans to have a variety of kit sizes available for customers to choose from when building their structures.

Oakley plans to launch a website to promote the prefab kits and custom cutting services. The farm also manages three full-service markets where they sell produce, Christmas trees, bedding plants, and home décor. Looking to the future, Oakley's son Jacob plans to continue the farming operation.

"I just thank you all, thank Dan [Sweeney] for his help and all the other people along the way," said Oakley. "I appreciate the opportunity; you've all been good to work with."

Revenue and Expenses*

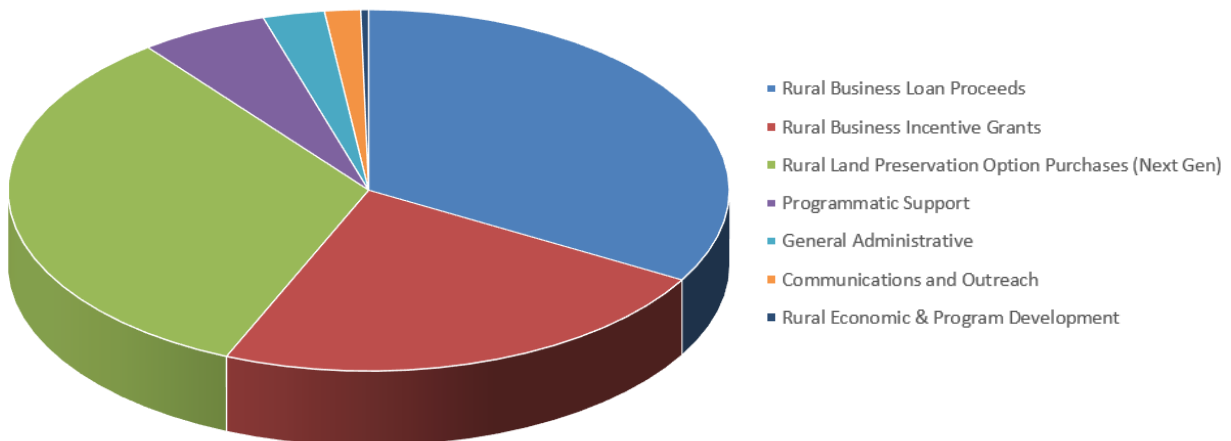
June 30, 2020 and 2019

	Year Ended June 30, 2020	Year Ended June 30, 2019
Income		
State appropriations (core programs and easement options)	\$ 5,375,000	\$ 5,375,000
Interest on investments	\$ 2,733	\$ 3,957
Interest income on loans receivable	\$ 1,164,862	\$ 1,118,923
Program revenue	\$ 31,805	\$ 69,789
Other revenue	\$ 9,347	\$ 13,265
Federal, regional and local grants	\$ 550,000	\$ 65,000
Expenses		
Incentive grants	\$ 251,785	\$ 163,080
Easement option purchases	\$ 1,266,966	\$ 619,866
Administrative	\$ 260,843	\$ 247,713
Salaries and benefits	\$ 807,438	\$ 671,867
Depreciation	\$ 5,514	\$ 5,666
Provision for loan losses	\$ 214,076	\$ 218,456
Change in Net Position	\$ 4,327,125	\$ 4,719,286
Net Position, Beginning of Year	\$ 33,897,931	\$ 29,178,645
Net Position, End of Year	\$ 38,225,056	\$ 33,897,931

* From Audited Financial Statements

FY 2020 MARBIDCO EXPENDITURES, BY CATEGORY

Rural Business Loan Proceeds	\$ 3,356,234
Rural Business Incentive Grants	\$ 2,337,123
Rural Land Preservation Option Purchases (Next Gen Program)	\$ 3,326,075
Programmatic Support	\$ 580,431
General Administrative	\$ 279,134
Communications and Outreach	\$ 162,574
Rural Economic & Program Development	\$ 35,651
Total	\$ 10,077,222



2020 Pandemic Adjustment Equipment Grant Fund Recipient: Amaranth Acres

The COVID-19 Pandemic has led many consumers to seek local farm products. For Indhu Balasubramaniam, this meant a spike in interest for her Montgomery County farm Amaranth Acres, and an increase in demand for her produce and her community supported agriculture (CSA) membership program. When she heard about MARBIDCO's Pandemic Adjustment Equipment Grant Fund (PAEGF) in June of 2020, she knew it would help her adjust her operations to meet the influx of new customers and help her remain economically sustainable now and in the future.



Indhu Balasubramaniam in front of her greenhouse.

"This year, with the number of new people asking for vegetables and asking to be members, I thought okay, now is the time. And this grant came at the right time," said Balasubramaniam. "It has been very easy working with MARBIDCO."

Balasubramaniam started her farm enterprise in 2015. When she could not find any locally grown or organic ethnic vegetables in the Germantown area, she decided to search for land where she could grow her own produce and animals. Since then her farm has expanded from selling only retail vegetables to include selling goat meat and having its own CSA program comprised of vegetables and eggs. Produce grown on her farm includes bitter gourd, tomatoes, okra, bell peppers, ridge gourd or luffa, purple eyed peas and dragon tongue beans, among other varieties.

With the PAEGF grant, Balasubramaniam acquired funds that enabled her to purchase a freezer, refrigerator, a building structure, and the infrastructure to facilitate a drip irrigation system.

The new building will house the refrigeration and freezer units, serve as a space for her to create CSA members' weekly bags of produce and eggs, and store the produce she sells through a retail market. The grant also allowed them to significantly improve their irrigation system.

Currently, Amaranth Acres has 28 members in its CSA program. With the additional equipment purchased using PAEGF grant, Balasubramaniam believes she can significantly expand her vegetable production, increase the CSA membership to between 50 and 60 members, and sell more produce at retail.

"I think even with it [the pandemic] gone, this will have a positive impact that continues. Even the retail customers, despite it being a little more expensive than for CSA members, they keep coming back. I think we need to improve local food systems," said Balasubramaniam.

During the week, Balasubramaniam works full time as a software engineer, but in the spring and summer she works from 6:00 a.m. to 9:30 a.m. on the land. After her workday, she resumes her farm work from about 5:30 p.m. to dusk. Her husband and children also help on the farm, and she has several volunteers who come on the weekends to help with the harvest.

"Initially I thought it would be a community farm, so more people would benefit and get to enjoy it the same way I do. The pandemic accelerated this, with new volunteers coming in," said Balasubramaniam. "Working the land gives me a satisfaction that I never found in my software job, and I'd like to expand that feeling to more people."



An amaranth plant grown for the community supported agriculture (CSA) program.

2020 Pandemic Adjustment Equipment Grant Fund Recipient: Hollywood Oysters

Tal Petty started Hollywood Oysters in 2010, anticipating that it would be his “retirement plan.” The 20-acre aquaculture operation is located on the Patuxent River near his family’s farm in St. Mary’s County. He started the business after learning about a small income tax credit program for growing oysters offered by the State of Maryland, and later acquiring a shellfish aquaculture lease from the Maryland Department of Natural Resources.

Petty’s business has grown from him selling a few oysters to his friends to where he now sells his product to national distributors. During this time, he has turned to MARBIDCO as a resource to help him finance this expansion. In the past he has used MARBIDCO’s Shellfish Aquaculture Financing Fund program to acquire seed (oyster larvae) and a variety of equipment, including oyster grow cages, harvesting equipment, dock extension, and a refrigeration unit.



Tal Petty with oyster processing equipment at Hollywood Oysters.

“I’ve worked with MARBIDCO for ten years, and I’ve seen MARBIDCO mature and grow as well,” said Petty. “And it’s always been a positive experience. They’re flexible and helpful.”



Worker Lacey McClanahan sorting oysters.

At the time the pandemic hit Maryland, he had plans in place to update the processing capacity of his farm operation. Those plans were put on hold when the pandemic resulted in the closure of restaurants and a severe loss of sales. With nonessential businesses shut down, he was forced to lay off his crew and close his business for two months. Hoping to expand his market when his business reopened, he applied to MARBIDCO’s Pandemic Adjustment Equipment Grant Fund to purchase a salination system that would allow him to create a value-added product. With this new piece of equipment, Petty will be able to offer oysters with a saltier taste, expanding the mix of oyster varieties he sells.

“We [produce] a sweet oyster here.... We have a clay substrate and a hard, sandy bottom, a perfect bottom for oysters,” said Petty. “A lot of people like a saltier oyster. So, it gives us the flexibility to sell both a sweet and salty oyster.”

The company’s most popular product is called “Sweet Jesus” oysters.

When harvesting, the oyster cages are brought in and the oysters are sorted based on size. Market size oysters are sent to the packing house. With the new piece of equipment, some of the collected oysters would be placed in the salinity system either over night or for several days. This process would give the oysters time to absorb the salt from within the system, adding a briny flavor to the oysters before they are shipped to market.

Petty’s hope for the future is to continue running his oyster farm profitably with his 10 employees and follow up on any new opportunities for operational innovation as the market and scientific research evolves.



Employees bringing in oyster cages and sorting oysters on the dock at the oyster farm in St. Mary’s County.

2020 Pandemic Adjustment Equipment Grant Fund

Recipient: Marsh Creek Cattle & Company

Henry Spies V always knew he wanted to farm fulltime after growing up on his family's farm and raising 4-H livestock. While in college (at the University of Maryland), and with help from his brother Austin Spies, he started Marsh Creek Cattle & Company, located in Caroline County. They raise beef cattle, pigs, and have recently expanded into poultry. When the pandemic started, Marsh Creek Cattle experienced a surge of interest from new customers seeking to purchase their products.

"We had a lot of people looking towards us as a food source, especially when grocery stores ran out," said Spies. People came to realize some of the vulnerabilities in the food supply system.

Additional cold storage would be needed by Spies to meet this new market demand. It was while he was searching for financing opportunities to help the business grow that he came across MARBIDCO's Pandemic Adjustment Equipment Grant Fund.

"The grant was exactly what we needed; it came in at a perfect time," said Spies. With the grant, he was able to purchase a walk-in freezer, as well as build the infrastructure to support it. Prior to owning the freezer, he and his



Henry and Austin Spies in front of their walk-in freezer.



Beef cattle at Marsh Creek Farm.

brother could only sell butchered cattle that had been sold in advance, either as whole, half or quarters. Immediately after butchering, they would have to deliver these orders. The freezer allows them to store their products prior to delivery and expand their business into selling packaged retail cuts. This has allowed them to serve a new market that resulted from the pandemic.

"Without the walk-in freezer we could only sell animals that were pre-sold. Now we can sell animals that are not necessarily sold prior to butchering. It helps our production model," said Spies. "Without retail cuts we are limited to customers who have a larger freezer."

As interest in local food has grown because of the pandemic, the Spies Brothers opened an online store to sell their products, manage their

inventory, and started offering subscription box presales. Next summer they also plan to raise 10,000 chickens, which they will store in their freezer and sell to retail customers, in addition to beef and pork products. Acquiring this grant funding also gave them the ability to leverage financing for a refrigerated box truck. As a result, they can now directly deliver meat orders to their customers.

Both Henry and Austin Spies are young farmers with a focus on a sustainable future. As livestock producers and entrepreneurs, they hope to exemplify how their ecological management model of pasture-raised beef, pork and poultry will be an example to other farmers in the region.



Henry and Austin Spies in front of their refrigeration truck.

2020 MVAPG (CAO) Grant Recipient: Sudlersville Frozen Meat Locker

The COVID-19 Pandemic has caused many challenges for businesses. For Dwayne and Dawna Nickerson, owners of Sudlersville Frozen Meat Locker, LLC, a meat processor in Queen Anne’s County, the pandemic resulted in a surge of customer interest. Thanks to the Maryland Value Added Producer Grant – Capital Assets Option (MVAPG- CAO) that they received in Fall 2019 from MARBIDCO, they have been able to keep up with the demand for their products. Grant funds from this program were used to purchase a new vacuum pack machine.

“It definitely has been an asset to receive the grant money,” said Dwayne. “Before we were doing most of the packaging by hand, now the [vacuum pack] machine does 95% of the work.”

Last fall, as the Nickerson’s began building a new processing room, they learned about MARBIDCO’s MVAPG-CAO program. Applications for the program are accepted once a year, and applicants can apply for grants between \$2,500 and \$10,000. They are distributed on a competitive basis for value added processing capital asset projects to eligible crop or livestock producers or processors, agricultural cooperatives, seafood processors, or primary or secondary timber products processors that have been in business for a minimum of two years. Applicants must be creating a product that is value-added and provide a one for one cash match.

Already expanding their business, Dwayne and Dawna applied to the grant program and were awarded funds to purchase a vacuum packing machine to increase their business’s efficiency. On an average week, the Sudlersville Frozen Meat Locker processes 12 to 14 beef cows and 35 to 40 hogs. In the summer, they process up to 60 hogs in a week.

The impact that the pandemic had on the Nickersons’ business has been drastic. In the beginning, customers could not enter the store. Vehicles would pull up to the shop, and the customer would be handed a menu of what meat was available. On the first Saturday of this service, 305 people showed up between 8:00 a.m. and 1:30 p.m., according to Dwayne. He estimated that over the course of the first Friday and Saturday, they had over 400 customers. Fortunately, the business now is able to open its doors to 10 customers at a time when they wear masks. They are open Tuesday through Friday from 10:00 a.m. to 5:00 p.m. and Saturday from 8:00 a.m. to 1:00 p.m.



An employee using the vacuum packing machine.



The Nickerson family, owners and operators of Sudlersville Meat Locker.

According to Dwayne, since the pandemic started demand for their products has increased substantially. Because more customers are stocking up on meat, they have had to increase their processing rate. Before, they were producing 1,200 lbs. to 1,500 lbs. of ground beef a week. “We’re now producing 3,500 lbs. to 4,000 lbs. of ground beef a week and working seven days a week,” said Dwayne. “On Saturday’s we have five additional family members working to help keep up with demand. It’s been hectic.”

The impact coronavirus had on the Nickersons’ business led them to apply for MARBIDCO’s Pandemic Adjustment Equipment Grant Fund (PAEGF), which they received. Using this grant they plan to adjust their business by building a larger cold storage facility that will increase their storage capacity, and help them work with local farmers by allowing them to increase the amount of animals they can slaughter. The Nickerson’s plan to maintain their increased level of production.

“We plan to keep processing safe products and keeping our customers happy,” said Dwayne. “Thank you to MARBIDCO for working with us, it’s been an absolute pleasure.”

2020 Pandemic Adjustment Equipment Grant Fund Recipient: Galvinell Meat Company Inc.

Located in Cecil County, the Galvinell Meat Company Inc. is a USDA-inspected “old school” butcher shop that has served local farmers and the community since 1968. Today the shop is operated by Jen and Dan McGrath. Jen’s father initially operated the business, and in 2013, Jen and her husband Dan took over the operation.

The COVID-19 Pandemic caused a dramatic increase in demand for their services from local farmers, with appointments now booked through August 2021. Hoping to improve their business’s efficiency, Dan reached out to the Cecil County Department of Economic Development and learned about MARBIDCO’s Pandemic Adjustment Equipment Grant Fund (PAEGF) Program.

“The pandemic hurt bad in the beginning, everything was shut down and no one knew what to do,” said Dan. “Once the meat shortage happened at the grocery stores, people started looking at butcher shops thinking they may able to get it [meat] here. Well that has spurred a whole new generation of [customers]. And they don’t seem to be going away, they keep coming back.”

With PAEGF grant funds, the business was able to acquire two new meat grinders, a band saw, a hydraulic stuffer for sausage casings, and a bacon slicing machine. According to Dan, the new pieces of equipment have increased the business’s operational efficiency by approximately 12 percent. The increase in efficiency has allowed the butcher shop to start working through the wait list of customers they have for appointments.



The Galvinell Meat Company Inc. store is located in Conowingo in Cecil County.

Galvinell Meat Company processes beef and pork, with the beef being dry-aged for 10 to 14 days. According to Dan, this contributes to the flavor of the cuts the butcher shop makes.

In the beginning of the pandemic, the business had to make the decision to increase its efficiency, produce an inferior product, or turn away customers. The business made the conscientious decision to stick with their quality products, and according to Dan, it has paid off with the consistent return of their customers. In the future, the company hopes to sell some of its specialty products in retail stores, such as their crab cake sausage and their “Mama Galvinelli” products.

“Right now we are working on increasing the slaughtering for the local farmers, that’s our immediate goal,” said Dan. “With this new equipment the goal is to speed up efficiency, and to make better products with the newer equipment. We are very thankful for what we got.”

Rural Maryland Summit

MARBIDCO Executive Director Steve McHenry gave a presentation at the Rural Maryland Summit held in Annapolis on December 12, 2019. The presentation was titled: *2019 Strategic Plan for Maryland Agriculture: A Focus Forward for Young and Beginning Farmers.*





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