

GOVERNOR O'MALLEY ANNOUNCES SHELLFISH AQUACULTURE LOAN PROGRAM

State Directs \$10.6 Million to support oyster restoration, aquaculture and green jobs in fiscal year 2011

Annapolis MD (October 21, 2010) – Governor Martin O'Malley today announced a new program to provide affordable financing to watermen and others interested in launching or expanding commercial shellfish aquaculture operations in Maryland. Of the State's \$10.6 million oyster restoration budget for fiscal year 2011, \$2.2 million in subsidized loans will be available for aquaculture projects through a partnership between the Maryland Department of Natural Resources (DNR) and the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO).

"When we announced our visionary plan to restore our native oyster last December, we promised to support our watermen and other working Marylanders interested in transitioning to aquaculture - the major source of shellfish production around the world," said Governor O'Malley. "With the help of Senator Barbara Mikulski and our congressional delegation, we are making good on that promise, with a loan program that will help new businesses get off the ground, help existing businesses expand, and create new green jobs."

Maryland now offers a mix of State and Federal funding to support a revolving loan fund administered by MARBIDCO. The University of Maryland Extension (UME) and the Maryland Department of Agriculture (MDA) are also contributing to this effort, providing training and business planning assistance to current and prospective shellfish growers.

More than two-thirds of the funding for this program comes from a \$15 million federal blue crab fishery disaster allocation to Maryland. The National Marine Fisheries Service award, which was requested by Governor O'Malley and advocated for by Senator Mikulski and Maryland's congressional delegation in 2008, has supported a variety of watermen work programs as well as a program to retire inactive commercial limited crab catcher licenses.

Enacted in September, Maryland's Oyster Restoration and Aquaculture Development plan increases Maryland's network of oyster sanctuaries from 9 percent to 24 percent of remaining quality habitat; increases areas open to leasing for oyster aquaculture and streamlines the permitting process; and maintains 76 percent of the Bay's remaining quality oyster habitat for a more targeted, sustainable, and scientifically managed public oyster fishery.

"The wide-scale development of shellfish aquaculture in Maryland's Chesapeake and Coastal Bays is a fundamental component of our Oyster Restoration and Aquaculture Development Plan and will be a key contributor to rebuilding the region's seafood industry," said DNR Secretary John Griffin. "This loan program is another in a suite of programs created to lessen the impact of new sanctuaries on our watermen and help them transition into new business ventures."

Shellfish aquaculture startup expenses can run from \$5,000 to more than \$100,000 depending on the scope of the enterprise. Obtaining a loan from traditional commercial lenders for aquaculture business projects can be challenging for small enterprises and individuals considering the two- to three-year growing period between oyster planting and growth to market size, as well as frequently the lack of available business equity and collateral security.

"This is a good start and I am glad the Governor has dedicated this initial funding to help watermen and others who are interested in pursuing aquaculture and a new business venture," said Larry Simms, president of the Maryland Watermen's Association. "We have a lot to learn in this phase of the oyster arena and it appears we have men and their families who may be willing to try to make a go of it. Any financial help from the State will make it that much more doable."

Maryland's new aquaculture loan program is a subsidized program with all principal payments returning to a revolving fund to support an additional round of future funding. The loan program also offers a partial loan forgiveness element for borrowers meeting certain performance conditions.

MARBIDCO is pricing the loans at a fixed annual interest rate not to exceed 4.5 percent.

"MARBIDCO is truly delighted to be able to partner with DNR, MDA and UME to make financial and other business planning assistance available to existing and new shellfish farmers in Maryland," said MARBIDCO's Executive Director Stephen McHenry. "We encourage watermen and others interested in commercial oyster aquaculture to take advantage of this great opportunity."

The State is establishing a Shellfish Aquaculture Financing Committee — including representatives from DNR, MDA, UME, a Maryland farm credit association and MARBIDCO — to evaluate applications and proposed business plans.

Because the demand for funding is expected to exceed short term financial resources, MARBIDCO and DNR intend to give priority to applicants who will begin shellfish production operations in 2011. Those who plan shellfish production operations next year must hold a DNR shellfish aquaculture lease, or must have applied to DNR for a shellfish aquaculture lease by no later than 5:00 p.m., Monday, November 15, 2010. Applications for financial assistance are now being accepted by MARBIDCO, and the deadline for applications to be submitted is Tuesday, November 30, 2010.

Maryland's FY 2011 oyster restoration budget of \$10.6 million will be allocated as follows:

- . \$2.48 million for aquaculture development -- training, technical support, loan program;
- . \$3.72 million for sanctuary program / ecological restoration -- habitat rehabilitation, hatchery seed oysters, MGO program, program management;
- . \$1.53 million indirect operational support for all programs

-- bottom surveys, monitoring and assessment, supportive services, staff, enforcement, buoy placement and maintenance; and
. \$2.91 million for management of the public oyster fishery --
habitat rehabilitation, seed oysters, program management.

A shellfish aquaculture financing program application form, aquaculture business planning template, fact sheet and checklist of required submission items is available at www.dnr.maryland.gov/fisheries/oysters/industry/funding.asp.

Information about the financing program and starting an aquaculture business in Maryland can also be obtained from the MDA Aquaculture Coordinating Office at (410) 841-5724.

Information concerning shellfish aquaculture leases may be obtained by calling Steve Schneider of the DNR Fisheries Services at (410) 260-8329.

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MARBIDCO is a State-chartered development entity whose mission is to help Maryland's farm, forest, and seafood businesses achieve sustainable viability and profitability through the provision of nontraditional capital and credit for business creation and expansion (including farm energy efficiency improvement), entrepreneurial support, new markets development, and rural land preservation facilitation. Since 2007, MARBIDCO has made more than 100 investments in rural business projects located in 20 counties across the State.

The Maryland Department of Natural Resources (DNR) is the state agency responsible for providing natural and living resource-related services to citizens and visitors. DNR manages nearly one-half million acres of public lands and 17,000 miles of waterways, along with Maryland's forests, fisheries, and wildlife for maximum environmental, economic and quality of life benefits. A national leader in land conservation, DNR-managed parks and natural, historic, and cultural resources attract 12 million visitors annually. DNR is the lead agency in Maryland's effort to restore the Chesapeake Bay, the state's number one environmental priority. Learn more at www.dnr.maryland.gov