



**MARBIDCO**  
*growing rural ventures™*



# Maryland Agricultural & Resource-Based Industry Development Corporation

**FY 2010 Annual Report**

Maryland Agricultural and Resource-Based Industry Development Corporation  
1410 Forest Drive, Suite 28, Annapolis, MD 21403  
[www.marbidco.org](http://www.marbidco.org)



## A Message from the Chair and Executive Director



**M**ARBIDCO completed its third year of operation in FY 2010 and despite the lingering effects of “The Great Recession,” the Corporation continued to make significant gains in fulfilling its mission. The succeeding pages of this Annual Report document many of these successes.

Disappearing rural working landscapes, global agricultural market competition, aging farmer populations, and a lack of access to affordable capital for new farmers and rural business innovation, are some key challenges that MARBIDCO was created to help address. MARBIDCO, as a uniquely chartered financial intermediary and business development agency, brings together resources from the federal, State and local governments, as well as the private sector, to assist Maryland’s farming, forestry and seafood businesses with an eye towards the long-term sustainability of these rural industry sectors.

Our State agency partners – MDA, DBED, DNR, MEA, RMC, MFCA and UME – have contributed greatly to our efforts as have our allied rural business organizations in the private sector. Moreover, the number of commercial banks that have participated in MARBIDCO business finance projects continued to grow this year, and together with our federal partners at USDA, have provided significant resource-leveraging opportunities for our customers. Add to this the contributions of our hardworking Board of Directors and Loan Review Committee, and we are very pleased with the collective effort and the progress we have made to help Maryland’s food, feed and fiber businesses succeed.

Thanks to the financial resources provided by Governor Martin O’Malley and the Maryland General Assembly, MARBIDCO made more than \$1.1 million in direct financial investment in rural businesses across Maryland during FY 2010. The majority of this investment was provided in low-interest loans, while additional funds provided partial matching grants for value added processing, and county agricultural cost-share projects.

MARBIDCO’s most popular offering continues to be the Maryland Resource-Based Industry Financing Fund, which makes low-cost loan capital available in partnership with commercial banks and the Farm Credit system. Last year, every dollar that MARBIDCO invested in a rural business project leveraged almost two dollars in additional commercial lender financing. As a result, we helped several young and beginning farmers start their own businesses and a number of other agricultural enterprises to diversify or expand their operations.

While we experienced great success this year, the work of the Corporation is just beginning. MARBIDCO remains committed to supporting the sustainability and profitability of Maryland’s agricultural, forestry and seafood industries while helping to ensure the viability of the rural working landscape that we have come to cherish so greatly. We see more opportunities in the future to aid both resource-based business and the environment simultaneously. For example, we are now developing programs to invest in on-farm renewable energy projects, shellfish aquaculture enterprises, and working forest land conservation, all programs that will benefit our environment and the Chesapeake Bay.

Clean air and water, a safe and healthy local food supply, thriving rural communities, and scenic pastoral vistas for human enjoyment and renewal are what we work to sustain for generations of Marylanders. We invite you to learn more about our services and programs, and to join us on the journey towards sustaining a vibrant rural land and water heritage in Maryland that produces high quality food and fiber products for all citizens to enjoy.

Phyllis E. Kilby  
Chairwoman

Stephen R. McHenry  
Executive Director

## MARBIDCO: Growing Rural Ventures

**D**uring its first three years of operation, MARBIDCO invested almost \$8 million in 82 projects in 17 counties, while leveraging \$13 million in private commercial lender capital. Some 27 of these investments were for value-added processing activities, a key business strategy for farm profitability. MARBIDCO has also helped 19 young or beginning farmers buy their first farm or expand their business operations. MARBIDCO, which began operating in 2007, now employs a small team of knowledgeable and experienced rural economic development, credit underwriting, and loan servicing personnel.

### Our Vision

MARBIDCO expects to play a vital role in helping Maryland's food and fiber products and processors, and other resource-based businesses to innovate and thrive, both now and into the future. By working collaboratively with its public and private sector partners, MARBIDCO will be 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.

### Our Mission

To help Maryland's farm, forestry, seafood and related rural businesses achieve profitability through the provision of targeted services and a specialized infrastructure that helps retain existing resource-based industry production and commerce, promotes rural entrepreneurship, and nurtures emerging industries.

### MARBIDCO Offers:

- Assistance in securing capital and credit, especially for innovative or value-added activities;
- Rural business planning information and technical assistance referral;
- Rural land acquisition assistance; and
- Rural working land preservation facilitation.



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### MARBIDCO's programming fall into three broad categories:

- 1. Core Rural Business Development.** Several loan and grant financing programs meet key ag, forestry or seafood business investment needs. Loans can be used for land purchases, facilities construction or renovation, equipment acquisition or working capital. Loans range from \$10,000 to \$400,000, and must be fully collateralized. Grant programs assisted with family farm viability planning, helped producers with partial matching funds for energy efficiency and value added projects, and provided local governments with matching economic development cost share funds.
- 2. Rural Land Preservation Facilitation.** These financing opportunities are offered in conjunction with other agencies, with MARBIDCO serving as a conduit financing agent. This includes an "installment purchase agreements" program with the Maryland Agricultural Land Preservation Foundation to assist with purchasing agricultural land conservation easements.
- 3. Higher Risk or Micro-Credit Lending.** These loan programs are funded by partnering organizations for targeted purposes, such as the Rural Business Energy Efficiency Loan Program, offered with the support of the Maryland Energy Administration using regional greenhouse gas initiative funds.



## MARBIDCO FY 2010 Board of Directors

**MARBIDCO** is an economic development agency with a unique mission: to provide specialized financing and business development assistance to support the continued viability of Maryland's agricultural and rural industries while helping to preserve more than 3 million acres of open space and ensure a safe and plentiful supply of locally grown food and fiber. Our clients are rural business entrepreneurs, food/fiber producers and harvesters, and farm and forest landowners. We work closely with commercial lenders, cooperative extension agents, local economic development officers, State agency marketing and land preservation staff, and other rural business service providers to make our financial and business planning services available to those that need them. MARBIDCO's Board of Directors consists of 16 individuals representing government agencies, food and fiber producers and processors, commercial lenders, and public finance and economic development professionals. The Governor, with the advice and consent of the Maryland State Senate, appoints 11 private sector members while six are appointed by state agencies.

### **MARBIDCO Staff**

**Stephen McHenry**

Executive Director

**Kristen Robinson**

Financial Programs Officer

**Christina Wilkins**

Bookkeeper/Loan Processing Assistant

### **Appointed by the Governor**

#### **Phyllis Kilby (Chair)**

Owner and Operator, Kilby Cream and Dairy Farm.

Representing Agricultural Producers

#### **Peter Alexander**

Mill Supervisor (Retired), Glatfelter Pulp Wood Company

Representing Timber & Forest Products Industries

#### **Joseph Chisholm**

Retired Bank Vice President

Representing Commercial Lending Institutions

#### **Faith Elliott-Rossing**

Director of Economic Development & Agriculture

Representing Rural Economic Development

#### **J. Robert Frazee**

President/CEO, MidAtlantic Farm Credit

Representing Commercial Lending Institutions

#### **William Gerweck**

General Manager (Retired), Winbak Farms

Representing Agricultural Interests

#### **Dr. Howard Leathers**

Associate Professor, Department of Agricultural & Resource Economics, University of Maryland.

Representing Public Finance

#### **Karen Oertel**

Co-owner, Harris Crab House, Inc. and W.H.Harris

Seafood. Representing Aquaculture Producers

#### **A. Orrell Saulsbury, III**

Former Owner, Saulsbury Brothers Company

Representing Commercial Food & Fiber Processing

#### **W. David Thompson**

Founder & President, Foxborough Nursery, Inc.

Representing Agricultural Producers

### **State Agency Representatives**

- **Gregory Cole**, Director of Rural Region Financing Programs, Maryland Department of Business and Economic Development
- **Donald Darnall**, Executive Director, Maryland Food Center Authority
- **Vanessa Orlando**, Executive Director, Rural Maryland Council
- **S. Patrick McMillan**, Assistant Secretary, Maryland Department of Agriculture
- **Dr. Nick Place**, Associate Dean/Director, University of Maryland Extension
- **Emily Wilson**, Deputy Director, Land Acquisition & Planning Unit, Maryland Department of Natural Resources

## Rural Business Development Programs



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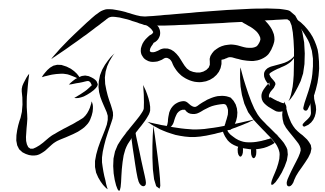
### MARBIDCO Loan Programs

- **Maryland Resource-Based Industry Financing Fund** offers low-interest (3% APR initially) loans to Ag/RBI-industry businesses for the purchase of land and capital equipment for production and processing. The maximum loan is \$200,000 for acquisition of equipment and fixed assets, and \$400,000 for real estate purchases, food/meat processing and bioenergy projects. MARBIDCO provides up to 50% of needed financing. A commercial lender and/or a public instrumentality must have an equal financial commitment in any transaction. This is MARBIDCO's "workhorse" lending program.
- **Rural Business Equipment and Working Capital Loan Fund** offers low-interest, below market rate loans to Ag/RBI-industry firms and producers for working capital and equipment purchases. The maximum loan is \$75,000. A borrower equity contribution and letter of referral from a commercial lender is required.
- **Maryland Vineyard Planting Loan Fund** offers low-interest loans to rural landowners who plant grapes and develop wineries. The maximum loan is \$100,000. An interest-only option is available. A letter of referral from a commercial lender is required as well as a site evaluation approval letter from the wine/grape industry's viticulture committee. The requested financial assistance from MARBIDCO must relate to the installation of new vineyards and may include the prepping of land for vineyard installation, purchase of vines, vineyard equipment and supplies.
- **Forestry Equipment & Working Capital Loan Fund** offers low-interest loans to forest products businesses for working capital and equipment purchases. The maximum loan is \$150,000. A letter of referral from a commercial lender is required. To better serve the forest products industry, MARBIDCO will use slightly more liberal underwriting guidelines for making loans under this program.
- **Rural Business Energy Efficiency Improvement Loan Fund** offers low-interest "micro" 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 is \$2,500; the maximum is \$15,000. Loan advances may not exceed the cost of actually making the improvements minus any grant incentive funding received for a project. Loans made

#### MARBIDCO Spotlight

### Saving Energy, Saving Money on the Farm

Michael Ahalt owns and operates Richvale Farm in Frederick County. Richvale Farm milks 130 Holsteins (twice daily), producing 2,657,200 pounds of milk annually. Mr. Ahalt received a Rural Business Energy Efficiency Improvement Loan from MARBIDCO and a grant from the Maryland Statewide Farm Energy Audit Incentive Program to install a vacuum pump variable speed drive on the farm. This project will save an estimated 9,636 kWh of electricity annually. The estimated cost savings realized for installing this equipment will be \$966 annually. With an initial cost of \$3,440 the installation of this equipment will pay for itself in just 3.5 years, and will continue to generate energy and cost savings for many years to come.



Continued on Next Page

## Rural Business Development Programs (Continued)

under this program are unsecured and only the personal guarantees of the borrowers are required. Loans are fully amortized. A letter of referral from a commercial lender and a third-party energy audit report is required.

- **Agricultural Cooperatives Equity Investment Fund** provides a portion of the patient capital investment needed by cooperatives that do not have the necessary equity to obtain the commercial financing required when business operations are beginning or significantly expanding. The maximum equity funding that MARBIDCO can provide to an individual cooperative is \$100,000 a year. Equity contributions made to coops by non-voting member investors will be offered in the form of “preferred stock” with a dividend paid annually beginning in the third year of operation. After about the eighth year, the equity investment will be callable and a lump sum principal repayment will be due or, alternatively, a loan note agreement must be entered into with MARBIDCO with a near market-rate interest charge. A unit of federal, state or local government must usually participate financially for a cooperative to receive an equity investment from MARBIDCO.

### MARBIDCO Loan Review Committee

The Loan Review Committee plays one of the most important roles at MARBIDCO. This Committee, which typically meets once a week, reviews all grant and loan applications. Although the Board of Directors has final say in how funds are distributed, the Board relies heavily upon the recommendations of this Committee. MARBIDCO is indebted to all Committee members for their exemplary service and generous commitment. Committee members are:

- **Joseph Chisholm**, Poultry Farmer & Vice President (retired), Mercantile Peninsula Bank
- **Kenny Bounds**, Vice President of Business Development, MidAtlantic Farm Credit
- **Gregory Cole**, Director of Rural Financing Programs, MD Department of Business & Economic Development
- **S. Patrick McMillan**, Assistant Secretary, Marketing and Consumer Services, Maryland Department of Agriculture
- **Dan Rider**, Associate Director, Maryland Forest Service, MD Department of Natural Resources

### MARBIDCO Grant Programs

- **Maryland Value Added Producer Grant** encourages participation in USDA’s annual and highly competitive Value Added Producer Grant Program. To be eligible for MARBIDCO funding, an applicant must be eligible for the USDA program. Funds will be awarded up to 20% of the matching requirement to those who receive a USDA award. The USDA program requires a financial matching commitment and a “verification of matching funds.” USDA offers a maximum \$100,000 for a planning grant and \$300,000 for a working capital grant. MARBIDCO can award grants up to \$20,000 and \$50,000 respectively.
- **Local Government Ag/RBI Project Cost Share Program** lends support to local and regional rural business development efforts that substantially support Maryland’s farming, forestry, or seafood industries. MARBIDCO’s participation cannot exceed that of a unit of local government or regional development council. The only exception is in a “One Maryland” jurisdiction, which may qualify for up to 200% of a county’s contribution.

## MARBIDCO Programs on the Horizon in FY 2011

### **T**he Maryland Value Added Producer Grant – Capital Assets Option

encourages farms and other businesses wanting to expand or diversify their operations to purchase new equipment or construct facilities so they can increase sales and job opportunities for rural and urban-edge residents. MARBIDCO will distribute grants on a competitive basis for capital asset projects. 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 at least two years. Applicants must be making a “value added” product, which has incremental value realized by the producer or processor as a result of: 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. The match required from the rural business must be at least equal to the amount requested from MARBIDCO.

**The Maryland Shellfish Aquaculture Financing Fund** (working in collaboration with DNR, MDA, and Sea Grant Extension), will help commercial watermen and other entrepreneurs start shellfish farming enterprises using existing or newly available leased underwater land areas in the Chesapeake and Coastal Bays. Eligible projects will include a variety of commercial aquaculture endeavors, with feasible production and business plans, to raise oysters or other shellfish on the bottom or in the water column. It is expected that the loan proceeds will be used to purchase equipment, seed (larvae) and substrate (shell). Loans will have an interest-only feature during the shellfish grow-out period, and thereafter principal and interest payments would be due (with a portion of the loan principal forgiven). The loans will be unsecured and only the personal guarantees of the borrowers and/or businesses will be required.

## Rural Land Preservation Facilitation Programs

**T**he Installment Purchase Agreements (IPA) Program, offered in partnership with State or local rural land conservation programs, helps to purchase agricultural land conservation easements that benefit both the landowner selling the easement and the public. An IPA is a contract between a governmental entity (in this case MARBIDCO acting on behalf of the Maryland Agricultural Land Preservation Foundation or a county government) and a seller of an easement that is comprised of two parts. First, the easement seller receives the principal payment (less any cash taken at settlement) at the end of the agreement period, typically 10 to 25 years. Second, the easement seller receives semi-annual tax-exempt interest payments during the agreement period. IPAs are facilitated with U.S. Treasury securities purchased by MARBIDCO. Government agencies can elect to fund their rural land conservation IPA easement purchase programs on a “self-funded” (i.e., all easement purchase funds currently available) or “leveraged” (i.e., affordable debt) basis.

**The Aggie Bond Young/Beginning Farmer & Rural Land Conservation Program** will be offered in partnership with participating county governments. A common type of beginning farmer programs used around the country (but not in Maryland) are called “Aggie Bond” programs in which state governments help beginning farmers purchase farmland through reduced interest-rate loans. Through an Aggie Bond program, the state coordinates the issuance of a private activity bond that allows a lender to earn federally tax-exempt interest income on loans to eligible beginning farmers. The tax savings allow the lenders to provide the loans at a reduced interest rate, while the credit decisions and financial risk remain with the local lender. MARBIDCO is developing a similar program to help county governments preserve critically important farm properties while helping young and beginning farmers purchase farms.

## MARBIDCO FY 2010 — Statement of Net Assets\*

June 30, 2010 and 2009

<b>Assets</b>	<b>2010</b>	<b>2009</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$1,527,636	\$1,717,452
Accounts Receivable	\$5,494	\$355
Loans receivable - current	\$135,437	\$253,577
Accrued interest receivable	\$53,616	\$0
<b>Noncurrent Assets:</b>		
Restricted investment (IPAs)	\$762,377	\$0
Loans receivable - non-current	\$4,452,379	\$3,622,734
Capital assets, net	<u>\$27,660</u>	<u>\$36,432</u>
<b>Total Asset</b>	<b>\$6,964,599</b>	<b>\$5,630,550</b>
<b>Liabilities</b>	<b>2010</b>	<b>2009</b>
<b>Current Liabilities:</b>		
Accrued expenses	\$24,361	\$0
<b>Noncurrent Liabilities:</b>		
Long-term debt (IPAs)	\$762,377	\$0
Other liabilities	<u>\$7,860</u>	<u>\$0</u>
<b>Total Liabilities</b>	<b>\$794,598</b>	<b>\$0</b>
<b>Net Assets</b>		
Invested in capital assets	\$27,660	\$36,432
Unrestricted	<u>\$6,142,341</u>	<u>\$5,594,118</u>
<b>Total Net Assets</b>	<b>\$6,170,001</b>	<b>\$5,630,550</b>
<b>Total Liabilities and Net Assets</b>	<b>\$6,964,599</b>	<b>\$5,630,550</b>

## Statement of Revenue and Expenses\*

June 30, 2010 and 2009

<b>Income</b>	<b>Year Ended June 30, 2010</b>	<b>Year Ended June 30, 2009</b>
State appropriation	\$950,000	\$2,750,000
Interest income	\$156,562	\$109,886
Program revenue	\$13,979	\$13,277
Federal grant	\$0	\$95,000
<b>Expenses</b>		
Grants	\$(31,293)	\$(302,592)
Administrative	\$(133,179)	\$(147,947)
Salaries & benefits	\$(292,466)	\$(261,743)
Depreciation expense	\$(8,772)	\$(8,724)
Provision for Loan Losses	\$(115,380)	\$0
<b>Net Income</b>	<b>\$539,451</b>	<b>\$2,247,157</b>
<b>Net Assets, Beginning of Year</b>	<b>\$5,630,550</b>	<b>\$3,383,393</b>
<b>Net Assets, End of Year</b>	<b>\$6,170,001</b>	<b>\$5,630,550</b>

### MARBIDCO Spotlight Expand Profitable Production to Protect Land

Valerie and John Brinsfield operate a 532-acre farm in Vienna, growing mainly corn and soybeans. In 1999, they grew 25 acres of Hot Cherry Peppers, which proved very profitable. Because of disease susceptibility, the peppers cannot be planted in the same soil more often than every four years, which they have done by renting neighboring farmland. But this source of land is no longer reliable due to increased demand for land by others. Combining their own funds with a loan from MidAtlantic Farm Credit and MARBIDCO, the Brinsfields purchased and irrigated another 100+ acres of farmland, which will let them maintain an adequate pepper rotational planting schedule without the need to rent additional land. During 2010, the Brinsfields were also able to increase their production of corn and soybeans on the extra acreage not being used for growing peppers. They expect the new land to help increase their net operating profit significantly going forward.



**MARBIDCO Loan-Making Activity**  
July 1, 2009 to June 30, 2010

<u>Business or Farm Description</u>	<u>County</u>	<u>Loan Amount</u>
Specialty Crop Farmer (young farmer)	Caroline	\$25,000
Grain Farmer	Charles	\$200,000
Grain & Specialty Crop Farmer	Dorchester	\$200,000
Equine Breeder	Dorchester	\$7,800
Dairy and Grain Farmer	Frederick	\$2,670
Dairy and Maple Syrup Producer (young farmers)	Garrett	\$32,500
Grain Farmer	Queen Anne's	\$400,000
Grain Farm (young farmer)	Talbot	\$165,000
Grain Farm (young farmer)	Talbot	\$60,000

**Total Amount of Loans Made: \$1,092,970**

**MARBIDCO Grant-Making Activity**  
July 1, 2009 to June 30, 2010

**Maryland Value Added Producer Grant Program**

<u>Business or Farm Type Assisted</u>	<u>County</u>	<u>Grant Amount</u>
Specialty Crop Farmer (young farmer)	Caroline	\$9,600
Vineyard & Winery	Dorchester	\$18,693

**Total Maryland Farm and Producer Viability Grants Awarded: \$28,293**

**Local Government Agricultural/RBI Cost Share Program**

<u>Industry/Association Assisted</u>	<u>Partnering County</u>	<u>Grant Amount</u>
Ag Tourism	Harford County	\$3,000

**Total Local Government Ag/RBI Cost Share Grants Awarded: \$3,000**

**Total Amount of Grants Awarded: \$31,293**

## By the Numbers: MARBIDCO Rural Business Investments



<b>FY 2010 Loan Programs</b>	<b>Applicants</b>	<b>Loan Amount</b>	<b>Status</b>
MD Resource-Based Industry Financing Fund Loan	5	\$657,500	Funded
MD Resource-Based Industry Financing Fund Loan	2	\$425,000	Approved
MD Resource-Based Industry Financing Fund Loan	2	\$290,000	Withdrawn
MD Resource-Based Industry Financing Fund Loan	2	\$450,000	Denied
Rural Business Working Capital Loan Fund	1	\$75,000	Withdrawn
Rural Business Working Capital Loan Fund	2	\$150,000	Denied
Maryland Vineyard Planting Loan Fund	1	\$70,000	Denied
Rural Business Energy Efficiency Improvement Loan Fund	2	\$10,470	Funded
Rural Business Energy Efficiency Improvement Loan Fund	1	\$15,000	Withdrawn
<b>Total Applications Funded or Approved</b>	<b>9</b>	<b>\$1,092,970</b>	
<b>Total Loan Applications Withdrawn</b>	<b>4</b>	<b>\$380,000</b>	
<b>Total Loan Applications Denied</b>	<b>5</b>	<b>\$670,000</b>	
<b>Total All Loan Applications</b>	<b>18</b>	<b>\$2,142,970</b>	

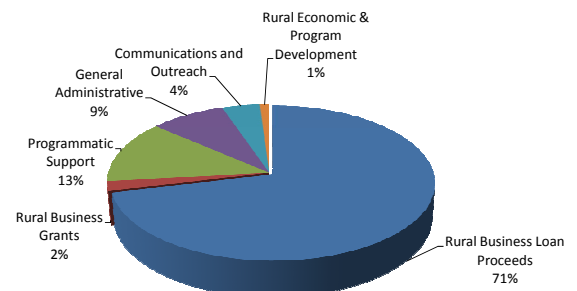
**Percent of Loan Applications Funded or Approved: 50%**

<b>FY 2010 Rural Business Grants</b>	<b>Applicants</b>	<b>Grant Amount</b>	<b>Status</b>
Maryland Value Added Producer Grant Program	2	\$28,293	Funded
Maryland Value Added Producer Grant Program	10	\$135,957	Ineligible*
Local Government Ag/RBI Cost Share Program	1	\$3,000	Funded
<b>Total Applications Funded</b>	<b>13</b>	<b>\$31,293</b>	

*\*Or not selected by USDA*

### **FY 2010 MARBIDCO Expenditures, by Category**

Rural Business Loan Proceeds:	\$1,092,970
Rural Business Grants:	\$31,293
Programmatic Support:	\$200,599
General Administrative:	\$128,971
Communications and Outreach:	\$64,694
Rural Economic & Program Development:	\$15,795



## 2010 Commercial Lender Leverage Amounts

In FY 2010, MARBIDCO lent more than \$1 million to seven **Maryland Resource-Based Industry Financing Fund** (MRBIFF) borrowers. This enabled MARBIDCO to leverage more than \$2 million in commercial or economic development lender funds, resulting in a favorable 2-to-1 leverage ratio.

<u>Borrower</u>	<u>MARBIDCO Amount</u>	<u>Commercial or Economic Development Lender Loan</u>
Grain Farm (young farmer)	\$165,000	\$760,750
Grain Farm (young farmer)	\$60,000	\$325,780
Dairy Farm and Maple Syrup Producer	\$32,500	\$33,885
Grain Farmer	\$200,000	\$200,000
Grain & Specialty Crop Farmer	\$200,000	\$200,000
Specialty Crop Farmer (young farmer)	\$25,000	\$25,000
Grain Farmer	\$400,000	\$800,000
<b>Totals:</b>	<b>\$1,082,500</b>	<b>\$2,345,415</b>

### MARBIDCO Spotlight Creating Jobs with Value-Added Processing & Niche Marketing

Seaberry Farm, owned and operated by Drs. Richard and Wenfei Uva, is a 36-acre farm specializing in specialty fruits and vegetables, cut flowers, and woody cut branches for the floral trade. Caroline County's Seaberry Farm is the largest beach plum – a newly commercialized fruit crop – grower in the country.

To increase the needed financial return from the operation, the Uva's needed to expand processing capacity and strengthen the marketing for the beach plums. They needed to determine which products were in high demand – e.g., puree, pitted frozen, pitted fresh, finished products (jams, jellies, syrup); find reliable co-packers and buyers, and add staff for these duties as well as the increased production needed to meet the demand. They estimate that they will add three full-time and 10 part-time employees over the next three years.

To fund this initiative, Seaberry received 2010 Value-Added Producer Grants from MARBIDCO and from USDA - Rural Development, a MRBIFF loan through MARBIDCO, and a loan from the Caroline Economic Development Corporation. They also invested a significant amount of their own funds as equity into this project. They expect to meet their estimated goal of creating 13 new jobs by 2013, and hope this example can create similar opportunities for other growers in the area.



### Helping a Young Farm Family Diversify Their Operations

**A**nnetta and Charles Enlow are the classic young farm family. Both grew up on dairy farms. She's a 5th generation farmer; he's 6th generation. They married in 2000, had two young children, and purchased their 187-acre farm from his parents in Garrett County. They currently milk 30 to 40 cows and have 35 replacement heifers.

The Enlows want to keep the farm operating as a dairy, but with the recent problems in the dairy industry (e.g., very low milk prices) it is getting harder to sustain the business. The farm, however, includes 80 acres of forest with an abundance of maple trees. Creating maple syrup from the sap of those established maple trees seemed a logical way to supplement their income. Their wholesaler agreed to purchase all of their production, and maple syrup prices historically have a small fluctuation from year-to-year.

With loans from MARBIDCO and Farm Credit of the Virginias, the Enlows constructed a building at the bottom of a hill which contains numerous maple trees. The trees will be tapped in early spring and sap will flow by gravity through plastic tubing into a large holding tank. A vacuum system will increase the amount of sap collected. The sap will then flow into an evaporator to become maple syrup. The majority of their syrup will be sold in bulk to a local dealer, but they also plan to bottle and sell some in local stores and on their farm, which is near Deep Creek Lake on Route 42, a heavily traveled tourist route.

### The Next Generation Adds Viticulture to Existing Grain Operation

**L**ayton's Chance Vineyard and Winery is owned by a farming family which also operates Lazy Day Farms, LLC. The Layton Family has been farming in Dorchester County since the 1920s, primarily producing commodity crops such as corn, soybeans and wheat. Family members Joseph Layton, Jr. and wife Laura have been farming for 38 years, and son William and his wife Jennifer joined the operation six years ago following college graduation and a stint working off the farm.

Five years ago the Layton's planted their first wine grapes to diversify their farming operation.

Soon after, they decided to build a winery facility with a tasting room with a loan from MARBIDCO, working in conjunction with a local commercial bank. In 2010, MARBIDCO helped secure additional project financing for the family by providing partial matching funding under the Maryland Value Added Producer Grant Program (MVAPG). MARBIDCO's MVAPG grant award of \$18,698 helped the family leverage \$90,614 from USDA-Rural Development to help secure production supplies and marketing assistance. This investment will allow the Laytons to retain six current positions with the winery and create six new jobs. The farm now manages 1,300 acres of grain crops and 11 acres of wine grapes.

