



# Maryland Agricultural and Resource-Based Industry Development Corporation

## FY 2018 Annual Report



Helping to Finance  
Maryland's Food and Fiber Future

# From MARBIDCO Board Chair & Executive Director:

It is hard to believe that 11 years have passed since MARBIDCO first opened its doors in Annapolis in 2007, by offering just two low-interest loan programs and three small specialized grant incentive programs. MARBIDCO began with a mission to help agricultural and resource-based businesses to start, diversify and exploit emerging market opportunities in food and fiber production by filling gaps in privately provided capital, and with an ancillary goal of helping rural businesses leverage federal and local government support to sustain or increase operational profitability.

MARBIDCO is a quasi-public agri-business and financial intermediary development organization that 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 enhancing the profitability and sustainability of these important rural industry sectors. MARBIDCO has worked cooperatively 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 Maryland Energy Administration, 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 (Rural Development, NRCS and FSA) - 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 rural (and increasingly urban) industries to prosper over the long haul.

Today, MARBIDCO offers a combination of thirteen loan and grant incentive programs. Through our popular "MRBIFF Program" (the Maryland Resource-Based Industry Financing Fund), MARBIDCO has made more 180 "gap financing" loans to agribusiness borrowers (ranging from \$10,000 to \$450,000) and helped to partially match the financial resources provided by commercial lenders in all manner of food and fiber production projects. Since 2007, MARBIDCO has advanced nearly \$40 million through the MRBIFF Program, allowing our borrowers to leverage more than \$141 million in additional commercial bank financing.

MARBIDCO especially aims to assist resource-constrained young and beginning farmers with starting and expanding their business ventures, thereby helping keep rural land "working" into the future. (This is significant given the aging nature of the farmer population. According to the most recent USDA Census of Agriculture, the average age of a Maryland farmer is 59 years old.) So, we are proud to report that we have met and exceeded our early expectations. Over the past 11 years, we have deployed nearly \$52 million in business project capital, which has assisted over 250 young and beginning farmers, and funded more than 460 rural business projects in every county in Maryland (including in Baltimore City).

New this year, thanks to important financial support provided from the Executive and Legislative branches of Maryland State Government, we are pleased to report that the Next Generation Farmland Acquisition Program (or "Next Gen Program") is off to a terrific start. This program is geared toward helping qualified young and beginning farmers who seek to purchase farmland, but need some financial assistance to enter (or continue in) the agricultural profession. MARBIDCO was able to provide nearly \$2.2 million in funding – using farmland conservation "easement option" purchases – to six applicants in counties located in Southern and Western Maryland as well as on the Eastern Shore. The Next Gen Program is a rapid-response financing program designed to help facilitate the transfer of farmland to a new generation of farmers, while also effectively helping to preserve the agricultural land from future development.

Finally, we would be remiss if we did not acknowledge the commitment and enthusiasm of the MARBIDCO Board of

Directors, the conscientiousness of the members of various MARBIDCO loan and grant review committees, and the dedication and hard work of the talented MARBIDCO staff. It really has been a team effort. It takes a lot of people giving generously of their time and talent to help make progress towards sustaining a vibrant rural working landscape and heritage that produces an abundance of high-quality agricultural products for Marylanders (and many others) to enjoy. We thank all of them, as well as the numerous hard-working folks that labor daily across our great State to provide such a cornucopia of food and fiber products that we all depend on as consumers and citizens.

To learn more about any of MARBIDCO's programs, please visit us on the web at: [www.marbidco.org](http://www.marbidco.org).



**Stephen McHenry** Executive Director



**Howard Leathers** Board Chair

# MARBIDCO Board of Directors 2018

## Mr. Steve Connelly

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

## Dr. Faith Elliott-Rossing

Director of Community Affairs  
**Queen Anne's County**  
*(Representing Rural Economic Development or Ag Marketing)*

## Mr. John Jastrzembski

Professor of Forestry  
**Allegany College of Maryland**  
*(Representing Timber and Forest Products Industry)*

## Dr. Howard Leathers

(Chair)  
Associate Professor & Undergrad Coordinator  
**Department of Agricultural & Resource Economics**  
*(Representing Public Finance)*

## Mr. Charles M. Wright, IV

Farm Owner/Manager  
**Cornerstone Farms, Inc. and Wright's Market**  
*(Representing Agricultural Producers I)*

## Ms. Mary Shank Creek

(Secretary/Treasurer)  
Farm Owner/Manager  
**Palmyra Farm Ayrshires & Holsteins**  
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## Mr. James C. Falletta

Regional Manager  
**M&T Securities, Inc.**  
*(Representing Commercial Lending Institutions I/ Non-Farm Credit Organization)*

## Ms. Megan Keyes

(Vice Chair)  
Business Manager  
**Keyes Creamery**  
*(Representing Agricultural Producers II)*

## Dr. Douglas Lipton

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

## Dr. Donald Darnall

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

## Ms. Darla Garrett

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

## Mr. Aden A. King

Principal  
**King Partners**  
*(Representing Commercial Seafood Harvesting and Processing Industry)*

## Ms. Wayne Richard

Area Lending Manager  
**MidAtlantic Farm Credit**  
*(Representing Ag, Forestry, Seafood, or Rural Economic Development)*

## Ms. Charlotte Davis

Executive Director  
**Rural Maryland Council**  
*(Representing Rural Maryland Council)*

## Dr. James C. Hanson

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

## Mr. Mark C. Krebs

Executive Vice President & Chief Financial Officer  
**Farmers and Merchants Bank**  
*(Represents Commercial Lending Institutions II/ Farm Credit Organization)*

## Ms. Emily Wilson

Director of Land Acquisition and Planning  
**Maryland Department of Natural Resources**  
*(Representing Maryland Department of Natural Resources)*

## On the Cover

Photos on the front cover are from customers of MARBIDCO, and are featured in this Annual Report. They include images from: Wylie Abbott Jr. of W.M. Abbott & Son Oyster Company; Ellie Gesiskie of Three Sisters Vines LLC (Washington County); Paul Duley of Duley Farms (Prince George's County); and photos taken at 804 Cattle Company with Chantal Brooks (Prince George's County). Photo to the right is from Scott Shank of Rocky Spring Farm (Washington County).



# 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 programming falls 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 used for land purchases, facilities construction or renovation, equipment acquisition or working capital and often leverage commercial lender funds. Loans range from \$10,000 to \$650,000 and must be fully collateralized (at not more than 100% loan-to-value). 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 financing opportunities are offered in conjunction with other State and local agencies, with MARBIDCO serving as a conduit financing agent. This has included an “installment purchase agreement” program with the Maryland Agricultural Land Preservation Foundation to assist with purchasing agricultural land conservation easements. 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 helping to extinguish the development rights on the farmland purchased.</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 are offered with 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 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 ag 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, \$450,000 for real estate purchases and \$650,000 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 also 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 \$75,000 (while the minimum amount is \$10,000). 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 required.

**Maryland Vineyard/Hopyard/Orchard Planting Loan Fund** offers low-interest (5.50%) loans to help meet the unique 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 particular 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.

**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.

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## MARBIDCO/Southern Maryland Partnership Programs

Since 2017, MARBIDCO has been partnering 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.

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

# Rural Business Development: Specialty Loan Programs

**Maryland Shellfish (Oyster) Aquaculture Financing Fund** (working 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 plans. The loan proceeds 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 the oysters are growing to market size. After that, if borrowers have made their 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 subsidized loan amounts max out at \$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 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 Sponsored Reports

MARBIDCO occasionally provides funding for research reports highlighting the economic benefits of Maryland agriculture. This past year, MARBIDCO provided matching funding to BEACON, the *Business Economic and Community Outreach Network*, located at Salisbury University, for a county-by-county economic impact analysis of Maryland agricultural and resource-based industries.

In particular, this economic impact study measured the importance of the Food, Feed, and Fiber production industries (which includes agriculture, forestry, seafood, and aquaculture). It found they accounted for \$19.6 billion total in economic activity in 2015, supported 83,619 jobs, and over \$753 million in State and local tax revenue. This does not include up to an additional \$1.08 billion of economic impact from the equine industry.

The research study also found that the agricultural industries alone contributed \$15.8 billion to the State's economy (81% of Food/Feed/Fiber total), supported 65,007 jobs, and over \$605 million in State and local tax revenue. The Forest Industries contributed nearly \$3.5 billion to the state's economy, supported 15,271 jobs and provided almost \$133 million in tax revenue. The seafood industry contributed \$355 million to the Maryland economy and supported 3,341 jobs.

For more information, go to MARBIDCO's website at: [www.marbidco.org/\\_pages/resources/resources.htm](http://www.marbidco.org/_pages/resources/resources.htm).



## MARBIDCO Loan Activity in FY 2018

In FY 2018, MARBIDCO approved 33 core and specialty loans totaling just over \$5.1 million. MARBIDCO also helped 15 farmers with making farmland purchases totaling over \$3 million. Of the total approved, seven were Shellfish Aquaculture Financing Fund loans in FY 2018, as well as one remote setting loan (bringing the total of all Shellfish Aquaculture Lending to nearly \$4 million and supporting some 70 projects in the Chesapeake Bay region).

Farm/Business Type	County	Loan Amount
Cattle, Sheep & Goats	Prince George's	\$ 16,507
Cattle, Sheep & Goats	St. Mary's	\$ 20,000
Equine	Calvert	\$ 282,000
Grains & Oil Seeds	Charles	\$ 180,000
Grains & Oil Seeds	Kent	\$ 250,000
Grains & Oil Seeds - 2 Loans	Queen Anne's	\$ 333,000
Greenhouse & Nursery	Baltimore	\$ 61,200
Greenhouse & Nursery	Kent	\$ 232,500
Poultry-Broilers - 4 Loans	Caroline	\$ 861,466
Poultry-Broilers	Cecil	\$ 250,000
Poultry-Broilers	Dorchester	\$ 169,000
Poultry-Broilers	Kent	\$ 325,000
Poultry-Broilers	Queen Anne's	\$ 107,500
Poultry-Broilers - 3 Loans	Wicomico	\$ 689,000
Poultry-Broilers	Worcester	\$ 250,000
Remote Setting	Wicomico	\$ 30,000
Shellfish Aquaculture- 3 Loans	Dorchester	\$ 300,000
Shellfish Aquaculture	Queen Anne's	\$ 100,000
Shellfish Aquaculture	St. Mary's	\$ 20,000
Shellfish Aquaculture	Talbot	\$ 50,000
Shellfish Aquaculture	Wicomico	\$ 100,000
Shellfish Aquaculture	Worcester	\$ 100,000
Vegetables/Table Crops	Caroline	\$ 31,700
Vineyards & Wineries	Anne Arundel	\$ 277,000
Vineyards & Wineries	Washington	\$ 90,000
	<b>Total:</b>	<b>\$ 5,125,873</b>

## 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 within MARBIDCO's statutorily established mission area. (Basically, any project or activity funded by MARBIDCO 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 could 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. The participation of a commercial bank, Farm Credit Association or USDA-FSA in providing 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. (Also, 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 that 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 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. 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 (MVAMPG – USDA Option)** is designed to encourage participation in USDA's highly competitive Value Added Producer Grant Program (which has both planning and working capital components). The USDA VAPG Program, which is 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 actually receive the USDA VAPG award. Each applicant that has been approved to receive a MVAPG will receive a letter for submission to be sent to USDA that contains how much funding will be available to the applicant. (Notably, capital equipment purchases are not eligible for USDA VAPG funding.)



# MARBIDCO Grant Incentives Activity in FY 2018

## Maryland Value Added Producer Grant (Capital Assets Option) Program

Farm/Business Type	County	Amount
Beef	Allegany	\$ 4,739
Lavender & organic vegetables	Baltimore	\$ 10,000
Herbacious & woody plants	Baltimore	\$ 10,000
Vineyard & winery	Carroll	\$ 6,129
Winemaking facility	Carroll	\$ 10,000
Organic farm	Charles	\$ 10,000
Seafood processing	Dorchester	\$ 10,000
Winery & distillery	Frederick	\$ 10,000
Fruit & vegetable co-op	Garrett	\$ 4,125
Malthouse/barley	Howard	\$ 10,000
Hops farm	Montgomery	\$ 10,000
Farm brewery	Montgomery	\$ 10,000
Hydroponic greenhouse	Wicomico	\$ 10,000
<b>MVAPG (CAO) Total:</b>		<b>\$ 114,993</b>

## Special Agricultural Development Activity

Farm/Business Type	County	Amount
Video Series—Maryland Public Television	All Counties	\$35,000
<b>Total Special Agricultural Development Activity)</b>		<b>\$ 35,000</b>

## SMADC Equity Incentive Grants for MARBIDCO Loans

Farm/Business Type	County	Amount
Equine	Calvert	\$20,000
Vineyard	Anne Arundel	\$20,000
Grain	Charles	\$20,000
<b>Total SMADC Equity Incentive Grants</b>		<b>\$ 60,000</b>

## Local Government Ag/RBI Project Cost Share Program

Farm/Business Type	County	Amount
Farmer's Market	Carroll	\$5,000
Vegetables	Montgomery	\$3,000
Nursery	Montgomery	\$3,000
Fruits & Vegetables	Montgomery	\$1,422
Vegetables	Montgomery	\$354
Vegetables	Montgomery	\$3,000
<b>Total Local Government Ag/RBI Project</b>		<b>\$15,776</b>

Total Grant Incentive Activity in FY 2018
<b>\$225,769</b>

# 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 Installment Purchase Agreements Program**, working in conjunction with State and local farmland preservation agencies, enables the purchasing of easements on agricultural properties using tax-advantaged financial arrangements structured to benefit both landowners and the participating units of government. There are two types of IPAs – “self-funded” (which have been offered in the past by MARBIDCO on behalf of the Maryland Agricultural Land Preservation Foundation), and “leveraged” (which MARBIDCO is able to develop in partnership with individual county governments).

## MARBIDCO Next Gen Program Activity in FY 2018

### Next Generation Farmland Acquisition Program

Farm/Business Type	County	Amount
Grain & Row Crops	Washington	\$249,264
Dairy—Replacement Heifers and Grain	Washington	\$248,039
Grain & Row Crops and Beef Cattle	Washington	\$362,500
Specialty Crops; Cut Flowers and Grain & Row Crops	Talbot	\$322,886
Grain & Row Crops	Prince George’s	\$500,000
Grain & Row Crops	Frederick	\$500,000
<b>Total Next Gen Program Down Payment Assistance</b>		<b>\$2,182,689</b>

### MARBIDCO Staff

**Mr. Stephen McHenry**  
Executive Director  
smchenry@marbidco.org

**Ms. Linda Arnold**  
Financial Programs Officer  
larnold@marbidco.org

**Ms. Sarah Fielder**  
Communications Associate  
sfielder@marbidco.org

**Ms. LeeAnn McCullough**  
Accounting/Administrative Assistant  
lmccullough@marbidco.org

**Ms. Betsy McKeegan**  
Financial Programs Officer  
bmckeegan@marbidco.org

**Ms. Allison Roe**  
Financial Programs Specialist  
aroe@marbidco.org

**Mr. Daniel Sweeney**  
Financial Programs Associate  
dsweeney@marbidco.org

**Ms. Tina Wilkins**  
Accounting Coordinator  
twilkins@marbidco.org

**Mr. W. David Rawle, Esq.**  
Assistant Attorney General  
Counsel to MARBIDCO

## 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 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

**Mr. 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

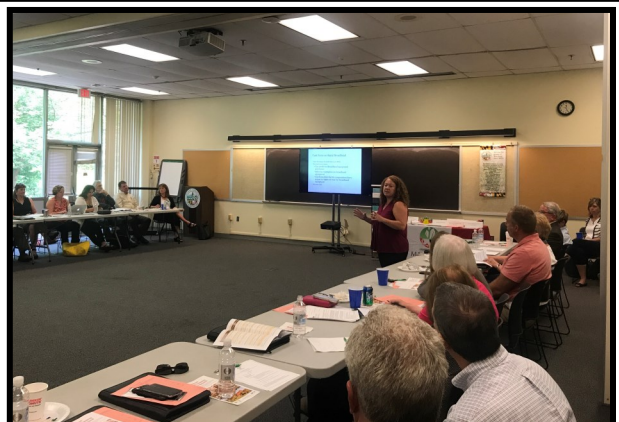
**Mr. Charles M. Wright, IV**

Owner  
Cornerstone Farms, Inc.  
and Wright's Market

**Dr. Stephen E. Wright**

Clinical Professor, Associate Dean &  
Associate Director  
University of Maryland Extension

**Pictured at right:** Charlotte Davis, Executive Director of the Rural Maryland Council, presented at a "MARBIDCO Monday" event. This quarterly event in Annapolis features guest speakers who address "hot" topics and offers broad discussion on rural business assistance programs and issues. MARBIDCO Monday allows attendees to network, share programmatic updates and to discuss new ideas that relate to assisting Maryland's farm, forestry, and seafood businesses.



# The Next Generation Farmland Acquisition Program

## 2018 Next Gen Program Recipient: Rocky Spring Farm

When most families sell their farm, it is rare to have an opportunity to buy it back. However, Scott Shank and his family were given that chance in 2017, after applying to MARBIDCO's Next Generation Farm Acquisition Program.

From a young age, Scott and his brother Tom worked on the family farm with their mother and father, making hay, feeding calves and running equipment. But neither Scott nor his brother planned on becoming farmers, and both found alternative career paths. However, in 2009, their father passed away unexpectedly.

"My mother sold the farm to a local businessman – and he said he would always be willing to sell it back to us," said Scott. At the same time, Tom decided that he wanted to rent the farm and continue to work and live on the property.

"I said 'You're crazy - you want to be a farmer?'" said Scott. "Then one day I was on Facebook and saw an ad from MARBIDCO through a friend in Farm Bureau. I went ahead called my county representative, and he said you actually qualify for this really well."

Scott then began the application process for the Next Generation Farm Acquisition Program. With Tom, his sister, and his wife working together they were able to complete the application, and in April 2018, they bought the farm back.

"I think the Next Gen program is great," said Scott. "For me it hit a niche that some of the other programs didn't for other farms to preserve farm ground. We couldn't get into local farmland preservation program because we are too close to the town line."

Today, the Shanks have 70 acres of tillable land and a corn and soybean rotation. Scott lives beside the farm in the home he grew up in, along with his wife and two kids. "Our goal is to sustain the family farm and keep it in the family forever," said Scott, reflecting on his and his brother's intentions.



## 2018 Next Gen Program Recipient: Duley Farms

Farming is often passed down through generations, and this is true for the Duley family. In 2013, Paul Duley, and his wife Missi, took over his father's farming operation, Duley Farms. It is comprised of 2,000 acres, which are mostly leased and in Prince George's and St. Mary's Counties. Their home farm is in Upper Marlboro in Prince George's County. Their primary crops are grains, including corn, soybeans, wheat and sorghum.



"I have been farming my whole life," says Paul. "My father was a farmer up until about five years ago when he was forced to retire due to medical reasons. I had to take over the farming operation and decision making." Paul heard about MARBIDCO through his local USDA Farm Services Agency (FSA) office. He decided to apply to the Next Gen Program because it has been difficult to figure out how to afford purchasing a farm. The farm he purchased also had sentimental value.

"It was my grandparents farm, is centrally located and has on-site grain storage," said Paul. "The expense of buying a different location and moving everything was just too great." According to Paul, the Next Gen Program was a win-win for him and his family as well as the public.

"MARBIDCO assisted us greatly by providing the funds to allow us to purchase the farm and still be able to afford all the expenses of farming," said Paul, "by not having a huge down payment and reducing our monthly loan payment. It was always our intention to have the land preserved, we just weren't sure how to afford the payments until preservation went through."

In the future, Paul says they plan to expand the grain storage they have on their farm. They also want to expand their business into selling bagged grain for animal and wildlife feed, and to have a grain handling set up where they will be able to buy grain from local farmers as well.

## 2018 Next Gen Program Recipient: Hidden Acres Farm

Brittanie and Andy Collier always knew they wanted to own a piece of land to operate and to raise kids on. For over five years they searched for an affordable property when they heard of MARBIDCO and the new Next Generation Farmland Acquisition Program, or the Next Gen Program. Using this program, the Colliers purchased Hidden Acres Farm in December 2017 in Talbot County.

“It is definitely a wonderful program, and it wouldn’t have been possible for us to purchase this farm without it,” said Brittanie. The program is geared towards young or beginning farmers who have trouble entering or staying in the agricultural profession because of relatively high farmland costs and a lack of access to adequate financial capital to purchase farmland. It also helps to preserve agricultural land from future development. “It’s nice to see a program out there for young farmers trying to start,” said Andy.

For the past 10 years, the farm had been leased to grow grain. The Colliers plan to form a partnership with the leasing farmer in 2019 to learn more about farming without becoming overwhelmed. In the future, the Colliers plan to work full time on the property and into retirement. “I have a business – Mason Jars by Britt, that makes centerpieces for weddings,” said Brittanie. “My vision is to grow the flower part of the business as well, to make bouquets, boutonnieres and the flowers that go into centerpieces, as well as enable DIY couples to purchase cut flowers to make their own creations.”

Andy also wants to plant and sell switchgrass from the property. This grass is used for ground cover and as camouflage for duck and goose hunters. The grass would be cut and sold once a year. The rest of the acreage will continue to be in grain production.

Both Colliers grew up in Queen Anne’s County and have seen their hometowns become suburbanized in recent years. “We’ve always been a big supporter of land preservation for future generations,” said Brittanie. “We enjoy seeing open farmland, not all housing developments. We want to make sure not everything is built up, and preserve the Eastern Shore lifestyle.”



## Referring Lender Profile: Lisa Cunningham, MidAtlantic Farm Credit



Loan officers are a critical partner to MARBIDCO, helping prospective borrowers benefit from our programs. One loan officer is Lisa Cunningham, who works with various types of farmers in Dorchester, Talbot and Caroline Counties to get access to commercial and financial assistance.

“My goal is to help the agriculture community gain access to the financing they need for their farming operations,” said Lisa. “I enjoy helping beginning farmers and educating them on programs like MARBIDCO. There are less farmers in our nation, so young and beginning farmers are important to today’s Agriculture Industry. It’s hard to get started and I want to help make the process be easier.”

Lisa attended West Virginia University, where she initially planned on becoming an agricultural educator. However, she realized teaching was not for her, and instead became an agricultural business major with a minor in horticulture. This led her to joining MidAtlantic Farm Credit after graduation and becoming a loan officer. Cunningham learned about MARBIDCO and our programs when starting at Farm Credit several years ago. More recently, she gave a presentation about the Next Gen Program that MARBIDCO offers, providing insight and information from a lenders perspective.

“In my point of view, one of the biggest benefits of the Next Gen Program is it provides equity needed to purchase a farm,” said Lisa. “In general, 20% of the purchase price is needed to put down when seeking a loan, for a farm or property purchase and that can be a lot of money. That’s one benefit the MARBIDCO Next Gen program gives to young and beginning farmers and since it is a grant program it’s not considered a loan so their debt load decreases and they have a higher chance of profitability.”

Lisa grew up surrounded by agriculture, raised on her family farm in northern Talbot County. They have a greenhouse operation that focuses on growing vegetable transplants for six weeks before shipping them to farmers along the East Coast. Lisa was an active member of 4-H and FFA. In 2008, she was crowned Ms. Talbot County Farm Bureau, and later Ms. Maryland Farm Bureau.

“That taught me a lot,” she said about being Ms. Maryland Farm Bureau. “It opened my eyes to the diversity of agriculture in Maryland and the importance of sustaining that diversity for generations to come, which MARBIDCO is a big part of.”

# 2018 Commercial Lender Leverage Amounts

In FY 2018, MARBIDCO lent more than \$4.3 million (in conjunction with commercial banks, Farm Credit Associations, and the USDA Farm Service Agency) to 20 Maryland Resource-Based Industry Financing Fund (MRBIFF) borrowers and one Maryland Vineyard Planting Loan Fund. This enabled MARBIDCO to leverage more than \$22.3 million in commercial lender funds, resulting in a **more than 5-to-1 leverage ratio**.

County	Business Type	MARBIDCO Program	MARBIDCO Loan Amount	Commercial Lender Leverage Amount
Anne Arundel	Vineyard	MRBIFF	\$ 277,000	\$ 415,500
Calvert	Equine	MRBIFF	\$ 282,000	\$ 424,500
Caroline	Poultry - Broilers	MRBIFF	\$ 166,698	\$ 250,047
Caroline	Poultry - Broilers	MRBIFF	\$ 313,518	\$ 2,454,000
Caroline	Poultry - Broilers	MRBIFF	\$ 250,000	\$ 2,551,000
Caroline	Poultry - Broilers	MRBIFF	\$ 131,250	\$ 393,750
Caroline	Vegetables	MRBIFF	\$ 31,700	\$ 97,000
Cecil	Poultry - Broilers	MRBIFF	\$ 250,000	\$ 2,924,000
Charles	Grain	MRBIFF	\$ 180,000	\$ 720,000
Dorchester	Poultry - Broilers	MRBIFF	\$ 169,000	\$ 350,000
Kent	Nursery	MRBIFF	\$ 232,500	\$ 697,500
Kent	Grain	MRBIFF	\$ 250,000	\$ 650,000
Kent	Poultry - Broilers	MRBIFF	\$ 325,000	\$ 3,014,000
Queen Anne's	Grain	MRBIFF	\$ 250,000	\$ 366,250
Queen Anne's	Grain	MRBIFF	\$ 83,000	\$ 130,300
Queen Anne's	Poultry - Broilers	MRBIFF	\$ 107,500	\$ 322,500
Washington	Vineyard	Vineyard	\$ 90,000	\$ 370,000
Wicomico	Poultry - Broilers	MRBIFF	\$ 189,000	\$ 666,600
Wicomico	Poultry - Broilers	MRBIFF	\$ 250,000	\$ 2,004,000
Wicomico	Poultry - Broilers	MRBIFF	\$ 250,000	\$ 2,366,000
Worcester	Poultry - Broilers	MRBIFF	\$ 250,000	\$ 1,140,000
<b>TOTALS:</b>			<b>\$ 4,328,166</b>	<b>\$ 22,306,947</b>

## Shellfish Aquaculture Loan: W.M. Abbott & Son Oyster Company

When Wylie Abbott Jr. decided to enter the aquaculture industry and grow oysters, he researched various programs to support his new business endeavor. Thus, when he heard about MARBIDCO while at a meeting, he knew he had to make a phone call to find out more. In May of 2018, he successfully acquired a Maryland Shellfish Aquaculture Financing Fund Loan from MARBIDCO.

Using this loan, Wylie purchased cages and additional seed oysters to expand his oyster growing operation. "It's more work than the average person would do, but it's what we want to do," said Wylie. "It will all come around at some point with a lot of patience and help." Before starting his business, WM Abbott and Son Oyster Co., Wylie relied on wild fisheries for his livelihood. According to Wylie, for 40 years he worked on the water in oyster and crab fisheries, starting with his father at the age of 17. "I see the writing on the wall with wild fisheries," said Wylie. "More harvest areas to fish are taken away, and more regulations, so I started my own (farm) business now because it's the way of the future. And I want to have something for him (my son) that's viable."

In addition to the changing landscape of wild fisheries, Wylie says that aquaculture offers more stability without relying as heavily on Mother Nature. However, according to Wylie, the process for growing oysters is an everyday all-day endeavor, and the more money or effort a person puts into it, the bigger return they will have.

"As far as my family - we have been doing this all our lives, and we've seen really good times and seen really bad times," said Wylie. His son, Jason Abbott, works with him and first began working when he was 17. Together with their employee Joe Gray, they manage 850,000 oysters, and they are in the process of acquiring an additional 500,000 to have a total of 1.3 million oysters growing on their lease.

"I would like to see in five years, when I'm 62, my son take over and run the whole thing and I can sit back and just get a check," said Wylie. "He's our next generation, and he really wants to take the business to the next level."



## MARBIDCO Rural Business Investments in FY 2018

FY 2018 Loan Programs	Applicants	Loan	Status
Maryland Resource-Based Industry Financing Fund	15	\$3,212,466	Settled
Maryland Resource-Based Industry Financing Fund	5	\$1,025,700	Approved
Forestry Equipment and Working Capital Loan Fund	1	\$61,200	Settled
Maryland Vineyard Planting Loan Fund	1	\$90,000	Settled
Maryland Shellfish Aquaculture Financing Fund	5	\$500,000	Settled
Maryland Shellfish Aquaculture Financing Fund	2	\$150,000	Approved
Maryland Remote Setting Aquaculture Loan Fund	1	\$30,000	Settled
Southern Maryland Revolving Loan Fund	3	\$56,507	Settled
<b>Total Loan Applications Settled or Approved</b>	<b>33</b>	<b>\$5,125,873</b>	
Total Loan Applications Denied/Withdrawn	12	\$1,621,164	
<b>Total All Loan Applications</b>	<b>45</b>	<b>\$6,747,037</b>	
Percent of Loan Applications Settled or Approved	73%		
FY 2018 Rural Business Grants	Applicants	Grant	Status
Maryland Value-Added Producer Grant – Capital Assets Option	5	\$46,129	Closed
Maryland Value-Added Producer Grant – Capital Assets Option	8	\$68,864	Approved
Local Government Ag/RBI Project Cost Share Grants	5	\$12,776	Closed
Local Government Ag/RBI Project Cost Share Grants	1	\$3,000	Approved
SMADC Equity Incentive Grant	3	\$60,000	Closed
Special Project Grant (MPT Series)	1	\$35,000	Closed
<b>Total Grant Applications Settled or Approved</b>	<b>23</b>	<b>\$225,769</b>	
Total Grant Applications Denied/Withdrawn/Incomplete	10	\$175,953	
<b>Total All Grant Applications</b>	<b>33</b>	<b>\$401,722</b>	
Percent of Grant Applications Settled or Approved	70%		

# MARBIDCO FY 2018 Statement of Net Position\*

## June 30, 2018 and 2017

<b>Assets</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Current Assets:		
Cash and cash equivalents	\$1,370,658	\$1,498,295
Investments	-	-
Accounts Receivable	\$133,641	\$14,227
Current portion of loans receivable	\$2,588,175	\$1,406,705
Accrued interest receivable	\$208,341	\$169,536
Other Assets	\$4,892	\$4,892
Noncurrent Assets:		
Restricted investment	\$762,377	\$762,377
Loans receivable, net of current portion and allowance of \$1,427,536 and \$1,372,468 for 2018 and 2017, respectively	\$24,929,835	\$22,113,510
Capital assets, net	\$14,233	\$20,474
<b>Total Assets</b>	<b><u>\$30,012,152</u></b>	<b><u>\$25,990,016</u></b>
<b>Liabilities</b>		
Current Liabilities:		
Accrued expenses	\$65,889	\$70,768
Noncurrent Liabilities:		
Long-term debt	\$762,377	\$762,377
Other liabilities	\$5,241	\$8,339
<b>Total Liabilities</b>	<b><u>\$833,507</u></b>	<b><u>\$841,484</u></b>
<b>Net Position</b>		
Invested in capital assets, net	\$14,233	\$20,474
Unrestricted	\$29,164,412	\$25,128,058
<b>Total Net Position</b>	<b><u>\$29,178,645</u></b>	<b><u>\$25,148,532</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$30,012,152</u></b>	<b><u>\$25,990,016</u></b>

\* From Audited Financial Statements



## Southern Maryland Revolving Loan Fund Recipient: 804 Cattle Company

While specializing in beef cattle at veterinary school, Roxann Motroni, DVM, PhD, realized she wanted to have a beef herd. However, that day came much sooner than she anticipated when she moved to Upper Marlboro in Prince George's County. After starting her family business, 804 Cattle Company, in 2016, she heard about an opportunity to expand her farm with help from the Southern Maryland Ag Revolving Loan Fund.

The fund was designed by the Southern Maryland Agricultural Development Commission (SMADC) and MARBIDCO to assist Southern Maryland agricultural producers with smaller agricultural projects that typically might not be financed by traditional commercial lenders.

Motroni heard about this opportunity to grow her business from her mother, Chantal Brooks, who in turn had read about it online.

"It was really easy to put together an application," said Motroni. "The hardest part was getting all the signatures," Upon receiving the loan, they were able to build up their infrastructure, put more fencing around the property, as well as purchase three additional

cows and a bull. Some of the loan proceeds also went into a chute and head gate system used to load the cattle, perform artificial insemination and vaccinations, as well as to oversee general herd health and perform pregnancy checks.

Motroni lives beside the farm property with her family. Her mother and father live on the farm, and also help take care of the cattle. Her brothers, who are co-owners of the business, live in White Marsh, Maryland and Richmond, Virginia.

"I want my daughter to learn to love the land, to see hard-working people and see the world," said Motroni.

The family currently has 13 cows in their herd, four of which are calves. The farm consists of 33 acres, 10 of which are in forest. In addition to working on the farm, Motroni works as the USDA Agricultural Research Service national program leader for animal health. When she is away, Brooks watches the cows and makes sure they are taken care of.

"I think we would definitely like to expand our operation, sell out our beef every time and get into more marketing and have a steady clientele for every year," said Motroni. "We definitely want more cattle, but marketing to the public is our priority to expand our client base. Right now all our clients are people we know."

The 804 Cattle Company has a website, [804cattlecompany.com](http://804cattlecompany.com), and a Facebook page, where they offer a variety of information about their business and products.



Brooks family portrait.



804 Cattle Company's beef herd.



One of the family's pastures.

# Revenue and Expenses\*

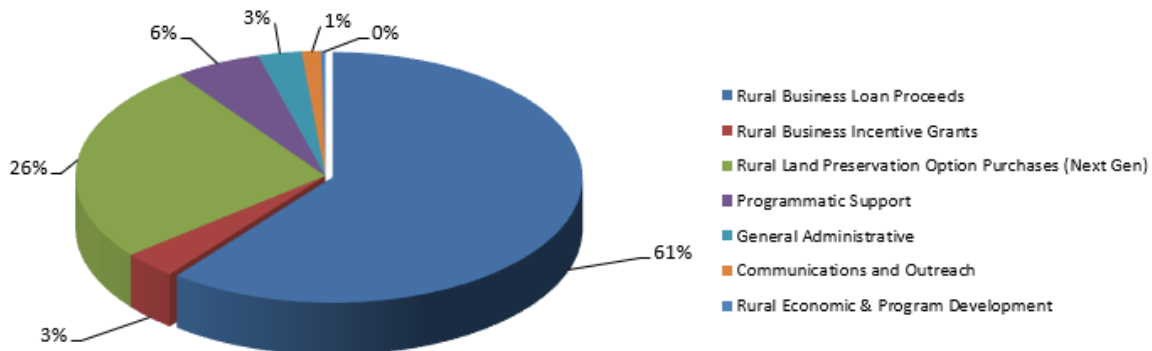
June 30, 2018 and 2017

	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>
<b>Income</b>		
State appropriations (core programs and easement options)	\$5,375,000	\$2,875,000
Interest on investments	\$3,462	\$3,284
Interest income on loans receivable	\$1,048,226	\$773,854
Program revenue	\$61,413	\$68,557
MD Dept. of Natural Resources & regional council grants	\$854,247	\$146,225
<b>Expenses</b>		
Grants	\$ 195,275	\$344,162
Easement Option Purchases	\$2,182,688	-
Administrative	\$251,632	\$246,054
Salaries & benefits	\$ 585,477	\$540,836
Depreciation expense	\$ 6,241	\$6,863
Loss on disposal of asset	-	-
Provision for Loan Losses/Loan Forgiveness	\$90,922	\$355,800
<b>Change in Net Position</b>	<b>\$4,030,113</b>	<b>\$2,373,205</b>
<b>Net Position, Beginning of Year</b>	<b>\$25,148,532</b>	<b>\$22,775,327</b>
<b>Net Position, End of Year</b>	<b>\$29,178,645</b>	<b>\$25,148,532</b>

\* From Audited Financial Statements

## FY 2018 MARBIDCO EXPENDITURES, BY CATEGORY

Rural Business Loan Proceeds	\$5,125,873
Rural Business Incentive Grants	\$225,769
Rural Land Preservation Option Purchases (Next Gen)	\$2,182,688
Programmatic Support	\$474,989
General Administrative	\$238,604
Communications and Outreach	\$105,468
Rural Economic & Program Development	<u>\$24,248</u>
<b>Total</b>	<b>\$8,377,638</b>



## Maryland Vineyard Planting Loan Fund Recipient: Three Sisters Vines LLC

The number of Maryland wineries has been increasing over the past several years, but the number of wine grapes grown in the state has not been keeping up. Thus, when Vince and Tami Gesiskie decided to start a vineyard, it was because they knew there was a demand for Maryland grown grapes.

“We started visiting local wineries in Montgomery County and became friends with them,” said Vince. “They told us they wanted to produce 100% of their wine from Maryland grown grapes, but there weren’t enough (grapes) for them.”

With this idea in mind, the family decided to begin their own vineyard. Living in Montgomery County, the family searched for land in the area to start their vineyard. However, they eventually found a 58-acre farm in Clear Spring (Washington County) that fit their needs. The Gesiskie’s three daughters, Ellie, Gracie and Lily, chose its name, Three Sisters Vines. For them, the next step was to prepare the land and purchase grape vines. Vince heard about MARBIDCO from the Maryland Grape Growers Association and MidAtlantic Farm Credit .

Once receiving the Vineyard Planting Loan Fund, they were able to begin purchasing the vines they wanted. The Fund is designed to help meet the unique financing needs of Maryland landowners who want to plant fruit bearing vines and trees.



The Gesiskie Family.



View of the Three Sisters Vines farm.

“MARBIDCO was able to offer us better interest rates and payment schedules versus a regular bank. It also provided relevant contacts for us to utilize that a normal bank wouldn’t be able to offer,” said Ellie, their daughter, of MARBIDCO’s unique loan program.

Currently, the family has five acres of vines planted, with four different varieties of grapes, including chardonnay, merlot, cabernet franc and gewürztraminer. They plan to prep an additional 18 to 20 acres for next years vines, and begin growing Petite Verdot as well. In the future they plan to have a total of 40 acres of grape vines.

The family works together to run the vineyard. Ellie helps with the farm and figuring out the logistics of what the family needs to do. Tami helps by researching information about the vineyard's agronomy needs.

Vince also is restoring the 200-year-old farm house on the property, locally known as the ‘three sisters house,’ since it is one of three identical houses in the area. Vince says that the family has received a lot of insight and help from their neighbors, and that they are grateful for the assistance they have received. The family plans to sell their grapes to other Maryland producers and wineries.

“I would like for us to build relationships with other Maryland vineyards and wineries, whether they are big family-run operations or small family owned businesses,” said Ellie.



Ellie Gesiskie with vines her family plans to plant.



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MARBIDCO - 1410 Forest Drive, Suite 21, Annapolis, MD 21403 - 410-267-6807  
[www.marbidco.org](http://www.marbidco.org)