

FY 2019 Annual Report

Maryland Agricultural and Resource-Based Industry Development Corporation



Helping to finance Maryland's food and fiber future

From MARBIDCO Board Chair & Executive Director:

Twelve years ago, MARBIDCO opened its doors in Annapolis with two low-interest loan programs and three small specialized grant incentive programs. Today, through the offering of more than a dozen programs, MARBIDCO's mission continues to be focused on helping agricultural and resource-based businesses to start or diversify their operations, as well as to support emerging market opportunities in food and fiber production by filling gaps in privately provided capital. An auxiliary goal of MARBIDCO is to help rural businesses leverage federal, State and local government support to sustain or increase operational profitability.

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



The MARBIDCO Board of Directors at its annual winter meeting held in Annapolis.

At the present time, 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 than 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 or processing projects. Since 2007, MARBIDCO has advanced over \$45 million through the MRBIFF Program, allowing our borrowers to leverage more than \$155 million in additional commercial bank financing.

Importantly, MARBIDCO aims to assist resource-constrained young and beginning farmers with starting and expanding their business ventures, thus helping keep rural land "working" into the future. Over the past 12 years, we have assisted nearly 300 young and beginning farmers, deployed nearly \$58 million in business project capital, and funded 520 rural business projects in every county in Maryland (including in Baltimore City). We are also pleased to report that the Next Generation Farmland Acquisition Program (or "Next Gen Program") had a successful second year in 2019, with special appreciation going to Governor Larry Hogan and the Maryland General Assembly for continuing a \$2.5 million annual appropriation for the Next Generation Program. The program is designed to help facilitate the transfer of farmland to a new generation of farmers, while also effectively helping to preserve agricultural land from future development.

Finally, in addition to thanking our State leaders for their fine support, we need to acknowledge the commitment and enthusiasm of the MARBIDCO Board of Directors, the conscientious efforts of the members of various MARBIDCO loan and

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

To learn more about any of MARBIDCO's programs, please visit us on the web at: www.marbidco.org.



Stephen McHenry
Executive Director



Howard Leathers
Board Chair

MARBIDCO Board of Directors 2019

Mr. Steve Connelly

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

Ms. Mary Shank Creek

(Secretary/Treasurer)
Farm Owner/Manager
**Palmyra Farm Ayrshires &
Holsteins**
*(Representing Commercial
Food or Fiber Processing)*

Dr. Donald Darnall

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

Ms. Charlotte Davis

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

Dr. Faith Elliott-Rossing

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

Ms. Darla Garrett

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

Dr. James C. Hanson

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

Mr. John Jastrzemski

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

Ms. Megan Keyes

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

Mr. Aden A. King

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

Mr. Mark C. Krebs

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

Dr. Howard Leathers

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

Dr. Douglas Lipton

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

Mr. Wayne Richard

Area Lending Manager
MidAtlantic Farm Credit
*(Representing 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)*

Mr. Charles M. Wright, IV

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

MARBIDCO Staff

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About MARBIDCO



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

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

MARBIDCO Offers:

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

MARBIDCO’s programs fall into three broad categories:

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

Rural Business Development: Loan Programs

Maryland Resource-Based Industry Financing Fund (MRBIFF) offers low-interest (3.25% initially) loans to Ag/RBI-industry enterprises for the purchase of land and capital equipment for production and processing activities (including building construction). The maximum MARBIDCO loan amount is \$250,000 for acquisition of equipment and fixed assets, \$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 have an equal or greater financial commitment in the transaction. MARBIDCO usually takes a subordinate lien on collateral security with these gap financing loans.

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

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

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

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

On the Cover

Photos on the front cover are from MARBIDCO customers, and several of them are featured in this Annual Report. They include images from: W.M. Abbott & Son Oyster Company (Dorchester County), Black Ankle Vineyard (Frederick County), Duley Farms (Prince George's County), and Bella Vita Farms (Montgomery County) among others. Photo to the right is from Bella Vita Farms (Montgomery County), an aquaponics operation producing greens.



Rural Business Development: Specialty Loan Programs

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

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

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

MARBIDCO Partnership Programs

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

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

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

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

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

MARBIDCO Loan Activity in FY 2019

In FY 2019, MARBIDCO approved 25 core and specialty loans, totaling just over \$4.7 million. MARBIDCO also helped 14 farmers with making farmland purchases totaling \$3.6 million. Of the total loans approved in FY 2019, five were Shellfish Aquaculture Financing Fund loans (bringing the total of all Shellfish Aquaculture Lending to nearly \$4.4 million and supporting some 75 oyster projects in the Chesapeake Bay and Coastal Bays).

Farm/Business Type	County	Loan Amount
Distilling/Farm-related	Washington	\$200,000
Equine	Worcester	\$80,000
Equine	Talbot	\$200,000
Equine	Worcester	\$250,000
Grains & Oil Seeds	Frederick	\$300,000
Grains & Oil Seeds	St. Mary's	\$250,000
Grains & Oil Seeds	Worcester	\$450,000
Grains & Oil Seeds	St. Mary's	\$140,400
Grains & Oil Seeds	Queen Anne's	\$270,000
Grains & Oil Seeds	Worcester	\$325,000
Grains & Oil Seeds	Dorchester	\$300,000
Greenhouse & Nursery	Dorchester	\$46,000
Poultry-Broilers	Dorchester	\$450,000
Poultry-Broilers	Queen Anne's	\$30,000
Poultry-Broilers	Wicomico	\$400,000
Poultry-Broilers	Wicomico	\$100,000
Poultry-Broilers	Wicomico	\$300,000
Shellfish Aquaculture	Dorchester	\$100,000
Shellfish Aquaculture	Dorchester	\$40,000
Shellfish Aquaculture	Dorchester	\$95,350
Shellfish Aquaculture	Dorchester	\$100,000
Shellfish Aquaculture	Talbot	\$100,000
Vineyards & Wineries	Carroll	\$100,000
Vineyards & Wineries	Washington	\$100,000
Vineyards & Wineries	Prince George's	\$39,600
	Total:	\$4,766,300

Rural Business Development: Grant Programs

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

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

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

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

MARBIDCO Grant Incentives Activity in FY 2019

Maryland Value Added Producer Grant (Capital Assets Option) Program

Farm/Business Type	County	Amount
Christmas Trees & Products	Frederick	\$2,877
Distillery/Farm-related	St. Mary's	\$10,000
Fruit Farm Cidery & Distillery	Caroline	\$2,105
Poultry, Livestock, Crops, Market	Worcester	\$7,500
Seafood/Pasteurized crab-meat	Dorchester	\$5,179
Goats, sheep, poultry	Anne Arundel	\$3,350
Vineyard and Winery	Prince George's	\$10,000
MVAPG(CAO) Total:		\$41,011

Local Government Ag/RBI Project Cost Share Program

Farm/Business Type	County	Amount
Miscellaneous	Baltimore City	\$50,000
Mt. Airy Farmer's Market	Carroll and Frederick	\$5,000
Poultry Processing	Howard	\$2,000
Vegetables Organic	Montgomery	\$2,625
Vegetables Organic	Montgomery	\$2,754
Vegetables	Montgomery	\$ 1,500
Winery & Distillery	Montgomery	\$3,000
Winery & Distillery	Montgomery	\$3,000
Aquaponics-greens, tomatoes, fish	Montgomery	\$3,000
Microgreens	Montgomery	\$2,722
Total:		\$75,601

Upper Shore Region Agricultural Equity Incentive Matching Fund

Farm/Business Type	County	Amount
Grain	Queen Anne's	\$15,000
Total USRC Grants:		\$15,000

SMADC Equity Incentive Matching Grants for MARBIDCO Loans

Farm/Business Type	County	Amount
Grain	St. Mary's	\$20,000
Grain	St. Mary's	\$19,500
Miscellaneous	Prince George's	\$2,200
Total SMADC Grants:		\$41,700

Special Agricultural Development Activity

Farm/Business Type	County	Amount
Maryland Public Television Video Series	All Counties	\$35,000
Forestry Industry (Economic Adjustment Strategy)	All Counties	\$15,000
Total Activity:		\$50,000

Total Incentive Grant Activity in FY 2019

\$223,312

Rural Land Preservation Facilitation Program

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.

MARBIDCO Next Gen Program Activity in FY 2019

Next Generation Farmland Easement Option Purchases

Farm/Business Type	County	Amount
Grain & Row Crops, Poultry	Queen Anne's	\$407,176
Beef Cattle, Equine, Grain & Row Crops	Allegany	\$284,154
Beef Cattle & Bison; Spec. Crops: Garlic & Honey	Caroline	\$212,690
Bison	Worcester	\$87,281
Total Next Gen Program Down-Payment Assistance:		\$991,301

The Next Generation Farmland Acquisition Program: Duley Farms recognized for Next Gen Program Participation



MARBIDCO's Steve McHenry presents Paul and Missi Duley with a "Next Gen Program" sign for being a part of the Next Generation Farmland Acquisition Program at the Prince George's County Soil Conservation annual dinner.

At the Prince George's County Soil Conservation annual dinner held on April 26, 2019, MARBIDCO customers Paul and Missi Duley were recognized as the 2018 Conservation Farmers of the Year in the county. The Soil Conservation District's mission is to protect and promote the health, safety and general welfare of citizens by enhancing their living environment, according to their website.

On the Duleys' farm, they practice no till planting, have cover crops, buffers around their fields, grass waterways and divert water runoff. Over 260 people attended the dinner in Brandywine, Maryland. The Duleys are the first Next Gen Program participants in Southern Maryland.

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

Dr. Matt Parker

Senior Agent Associate
Aquaculture Business Specialist
University of Maryland Extension

Mr. Mark Powell

Chief, Marketing and Agribusiness Development
Maryland Department of Agriculture

Mr. Dan Rider

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

Mr. Karl Roscher

Director, Aquaculture
Maryland Department of Natural Resources Fisheries Service

Ms. Pamela Saul

Owner
Rolling Acres Farm & Equine Business Services, LLC

Mr. Martin Sokolich

Long Range Planner
Talbot County Government

Mr. Charles M. Wright, IV

Owner
Cornerstone Farms, Inc.
and Wright's Market

Mr. Bruce Yerkes

Loan Officer (retired)
MidAtlantic Farm Credit

MARBIDCO Monday

Pictured at right: Dale Hawks, the Maryland/Delaware State Statistician, presents at the spring "MARBIDCO Monday" event. This quarterly event held in Annapolis features guest speakers who address "hot" topics and offer interesting 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.



2019 Grant Incentive Recipient: Bella Vita Farm



Farm owner Amy Falcone and farm manager Jeff Dowling with lettuce from their first harvest.

Amy Falcone grew up in Somerset, Ohio, on her family's farm, and for most of her life worked as a nurse. It was only after a vacation in Utah that she was inspired to start her own farm, an aquaponics operation producing microgreens.

In 2017, Falcone and her family were on a back roads tour of Zion Canyons, when they were taken to a restaurant with amazingly fresh vegetables, fish and chicken. At the end of the meal, the chef came out and revealed that all the food they had eaten had been grown there.

"He had an aquaponics greenhouse out back which supplied all the food for their meals," said Falcone, recalling the trip. Once the vacation was over, Falcone returned home, where she kept driving by a farm that was for sale. Within two months of that vacation, Falcone had purchased the 103-acre farm located in Brookeville, Maryland and had named it Bella Vita Farm. The name "Bella Vita" means beautiful life in Italian, and it holds significance to Falcone because of her Sicilian husband, and the beautiful life they have made together.

Falcone's vision for the farm included establishing her own greenhouse aquaponics operation. To create her vision, she used several resources, including hiring consultants from Colorado and applying for a MARBIDCO

incentive grant. Falcone first heard about MARBIDCO from her local University of Maryland extension office. She received a Maryland Value Added Producer Grant (Capital Assets Option) in 2019. Using these matching funds, she was able to invest in a solar system and acquire fish tanks for her aquaponics system.

"Our whole goal was to be local and sustainable, because I don't want everything on my plate to be from 1,500 miles away," said Falcone about the operation. The farm has an aquaponics system, axe throwing activities and has been the sight of multiple weddings. The acres not used by Falcone for her aquaponics operation are conventionally farmed and managed by the neighboring farm. However, the greenhouse on the property is managed by Falcone and Farm Manager Jeff Dowling.

In the greenhouse there are four 500 gallon fish tanks, each of which can hold approximately 110 or more koi fish. Koi fish are good



One of the four koi fish tanks at Bella Vita Farms. The nutrients produced by these fish are taken from the tank via pipes and distributed to the plants growing throughout the facility.

2019 Grant Incentive Recipient: Bella Vita Farm (Continued)



at producing nutrients consistently, which is important for aquaponics operations. In the future, Falcone plans to incorporate tilapia into the aquaponics system, which then could also be sold. To compensate for the nutrients

the fish do not produce, Falcone and Dowling add organic nutrients to the water. This water is then circulated to the plants, which include micro greens, ten different varieties of lettuce and basil, among others. Each week, Falcone and Dowling plant between 800 and 1,000 plants.

The building houses automated fans to regulate the temperature, and a shade cloth to decrease the sunlight entering the building. Screens on the side of the building are also in place to keep insects away from the plants.

As farm manager, Dowling monitors the water chemistry. Each day one person typically spends four hours managing the daily tasks of the green house. Both Falcone and Dowling can supervise the aquaponics system from their phones. The only waste from the Bella Vita operation is water that evaporates, according to Falcone. And on harvest days, both Falcone



Farm owner Falcone and farm manager Dowling prepping for their first harvest.



The exterior of the Bella Vita Farm greenhouse with Falcone.

and Dowling work to harvest the plants, prepare shipments and deliver them to local restaurants. Falcone also said that whatever the farm does not sell is donated to those in need.

“With our farm, four hands have touched your food, you know your farmer and you know your food,” said Falcone.

To learn more about Bella Vita Farms, check out their website at www.bellavitafarm.com.

2019 Commercial Lender Leverage Amounts

In FY 2019, MARBIDCO lent more than \$3.7 million (in conjunction with Farm Credit Associations, and the USDA Farm Service Agency) to 15 Maryland Resource-Based Industry Financing Fund (MRBIFF) borrowers. This enabled MARBIDCO to leverage more than \$8.5 million in commercial lender funds, resulting in a **more than 2-to-1 leverage ratio**. The MRBIFF Program is MARIBDCO's most popular program.

County	Business Type	MARBIDCO Program	MARBIDCO Loan Amount	Commercial Lender Leverage Amount
Dorchester	Nursery	MRBIFF	\$ 46,000	\$ 114,000
Dorchester	Grain & Oil Seeds	MRBIFF	\$ 300,000	\$ 577,500
Dorchester	Poultry	MRBIFF	\$ 450,000	\$ 1,065,000
Frederick	Grain	MRBIFF	\$ 300,000	\$ 450,000
Queen Anne's	Grain & Oil Seeds	MRBIFF	\$ 270,000	\$ 1,025,000
St. Mary's	Grain & Oil Seeds	MRBIFF	\$ 250,000	\$ 382,900
St. Mary's	Grain & Oil Seeds	MRBIFF	\$ 140,400	\$ 210,600
Talbot	Equine	MRBIFF	\$ 200,000	\$ 875,000
Washington	Distillery	MRBIFF	\$ 200,000	\$ 370,000
Wicomico	Poultry	MRBIFF	\$ 400,000	\$ 935,000
Wicomico	Poultry	MRBIFF	\$ 100,000	\$ 315,000
Worcester	Equine	MRBIFF	\$ 80,000	\$ 107,000
Worcester	Grain & Oil Seeds	MRBIFF	\$ 450,000	\$ 1,000,000
Worcester	Equine	MRBIFF	\$ 250,000	\$ 372,500
Worcester	Grain & Oil Seeds	MRBIFF	\$ 325,000	\$ 715,000
TOTALS:			\$ 3,761,400	\$ 8,514,500

MARBIDCO Regional Partners: USRC and SMADC

Over the years MARBIDCO has been able to form partnerships with various regional councils to offer incentive programs to help agricultural producers. These have included the Upper Shore Regional Council (USRC) and the Southern Maryland Agricultural Development Commission/TCCSMD(SMADC).



In 2018, MARBIDCO established the Upper Shore Region Agricultural Loan Equity Incentive Matching Fund in collaboration with USRC. The program benefits

farmers in the three Upper Shore counties of Cecil, Kent and Queen Anne’s. It is designed to incentivize farmers to help meet equity requirements of lenders to improve the credit quality of their loan request. In 2019, the first loan

was made with this program in Queen Anne’s County. The young farmer who qualified received \$15,000 from the USRC to put towards purchasing a 240-acre farm.



With SMADC, MARBIDCO has been able to offer two different programs, including the Southern Maryland Agricultural Equity Incentive Matching Fund, designed to incentivize loan requests from farmers to help them meet lender equity requirements, and the Southern Maryland Revolving Loan Fund for Agricultural Producers designed to assist with specific production-related purchases and upgrades.

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/Hops/Orchard 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
Total Loan Applications Settled or Approved	33	\$5,125,873	
Total Loan Applications Denied/Withdrawn	12	\$1,621,164	
Total All Loan Applications	45	\$6,747,037	
Percent of Loan Applications Settled or Approved	73%		
FY 2018 Rural Business Incentive 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 Matching Grant	3	\$60,000	Closed
Special Project Grant (MPT Series)	1	\$35,000	Closed
Total Grant Applications Settled or Approved	23	\$225,769	
Total Grant Applications Denied/Withdrawn/Incomplete	10	\$175,953	
Total All Grant Applications	33	\$401,722	
Percent of Grant Applications Settled or Approved	70%		

MARBIDCO FY 2019 Statement of Net Position*

June 30, 2019 and 2018

Assets	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 4,496,825	\$ 1,370,658
Accounts Receivable	\$ —	\$ 133,641
Current portion of loans receivable	\$ 1,773,858	\$ 2,588,175
Accrued interest receivable	\$ 224,402	\$ 208,341
Other Assets	\$ 4,892	\$ 4,892
Noncurrent Assets:		
Restricted investment	\$ 762,377	\$ 762,377
Loans receivable, net of current portion and Allowance of \$1,375,834 and \$1,427,536 for 2019 and 2018, respectively	\$ 27,470,078	\$ 24,929,835
Capital assets, net	\$ 15,518	\$ 14,233
Total Assets	\$ 34,747,950	\$ 30,012,152
Liabilities		
Current Liabilities:		
Accrued expenses	\$ 85,102	\$ 65,889
Noncurrent Liabilities:		
Long-term debt	\$ 762,377	\$ 762,377
Other liabilities	\$ 2,540	\$ 5,241
Total Liabilities	\$ 850,019	\$ 833,507
Net Position		
Invested in capital assets, net	\$ 15,518	\$ 14,233
Restricted	\$ 2,191,199	\$ —
Unrestricted	\$ 31,691,214	\$ 29,164,412
Total Net Position	\$ 33,897,931	\$ 29,178,645
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 34,747,950	\$ 30,012,152

* From Audited Financial Statements

Local Government Ag/RBI Cost Share Matching Grant: The Baltimore Natural Dyes Farmer Project Initiative



Indigo growing near an historic park superintendent's house.

In early 2019, MARBIDCO was approached with the opportunity to help the Baltimore Development Corporation on a project in Baltimore City to bring natural dye production to Maryland, including growing indigo. This project is known as the Baltimore Natural Dyes Initiative Pilot Farmer Project.

A variety of public entities and a local college were brought together in support of this project. These include: the Maryland Department of Commerce, the Baltimore Development Corporation, the Maryland Institute College of Art (MICA), the Maryland Department of Housing and Community Development, the University of Maryland Extension, the Maryland State Arts Council, and MARBIDCO.

The project is located at the Parks and People Foundation headquarters in Baltimore City, near Druid Hill Park. Plants being grown include two species of indigo and other flowering plants (such as woad)

that are used as natural dyes. The restored historic carriage house on the property is being used to process the natural dyes once harvested. MICA is offering a number of courses on the history and use of natural dyes through its Fiber Department, and is planning additional economic development research that will potentially benefit the City and the region.



Financial Programs Specialist Allison Roe meeting Maryland's First Lady, Yumi Hogan, while attending a demonstration at the Parks and People Foundation in Baltimore City. Neith Little, an urban ag educator with UME Extension, is looking on.

MARBIDCO's Financial Programs Specialist Allison Roe had the opportunity to harvest some of the crops grown on the property and participate in a dyeing demonstration at the end of the growing season. The event was also attended by Maryland's First Lady Yumi Hogan and Secretary of Housing and Community Development Kenneth Holt.



Fabric dyed with indigo and Black Eyed Susan's grown by the Baltimore Natural Dye Initiative Farmer Project.

Revenue and Expenses*

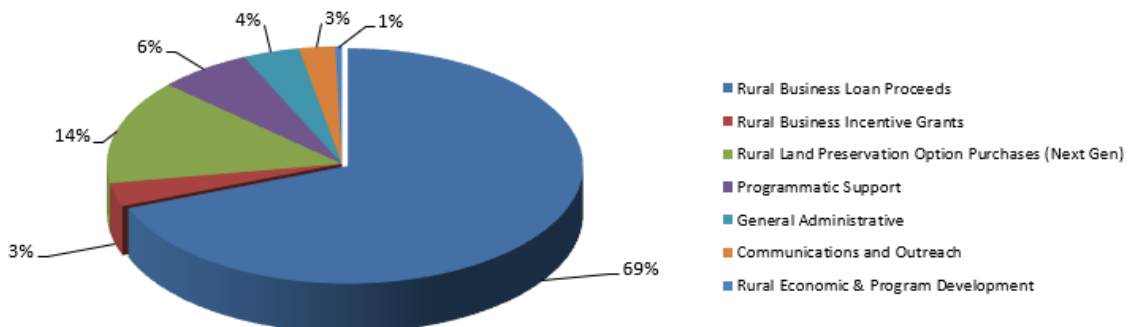
June 30, 2019 and 2018

	Year Ended June 30, 2019	Year Ended June 30, 2018
Income		
State appropriations (core programs and easement options)	\$ 5,375,000	\$ 5,375,000
Interest on investments	\$ 3,957	\$ 3,462
Interest income on loans receivable	\$ 1,118,923	\$ 1,048,226
Program revenue	\$ 69,789	\$ 61,413
Other revenue	\$ 13,265	\$ -
Regional, rural and urban grants	\$ 65,000	\$ 854,247
Expenses		
Incentive Grants	\$ 163,080	\$ 195,275
Easement option purchases	\$ 619,866	\$ 2,182,688
Administrative	\$ 247,713	\$ 251,632
Salaries and benefits	\$ 671,867	\$ 585,477
Depreciation	\$ 5,666	\$ 6,241
Provision for loan losses	\$ 218,456	\$ 90,922
Change in Net Position	\$ 4,719,286	\$ 4,030,113
Net Position, Beginning of Year	\$ 29,178,645	\$ 25,148,532
Net Position, End of Year	\$ 33,897,931	\$ 29,178,645

* From Audited Financial Statements

FY 2019 MARBIDCO EXPENDITURES, BY CATEGORY

Rural Business Loan Proceeds	\$ 4,766,350
Rural Business Incentive Grants	\$ 223,312
Rural Land Preservation Option Purchases (Next Gen Program)	\$ 991,301
Programmatic Support	\$ 441,364
General Administrative	\$ 268,723
Communications and Outreach	\$ 172,182
Rural Economic & Program Development	\$ 31,540
Total	\$ 6,894,772



A look back on MRBIFF: Black Ankle Vineyards

Located off the beaten path in Frederick County, Black Ankle Vineyards received one of MARBIDCO's first Maryland Resource-Based Industry Financing Fund (MRBIFF) loans in 2008. The loan was used to build a straw bale building for hosting wine tastings and storing products. Now, over 10 years later, the vineyard is a thriving business looking to expand.

In the early 2000s, Sarah O'Herron and Ed Boyce first considered starting a vineyard in Maryland. As management consultants, both had experience doing research, and they turned their expertise to learning about grapes and wine. Together they bought Black Ankle Vineyards in 2002, a 150-acre farm. When working with MidAtlantic Farm Credit, they learned about the support MARBIDCO could offer for them on their project and applied for a MRBIFF loan.

"MARBIDCO's programs helped support us, and from a purely financial standpoint, they helped us when we were considered a high risk," said O'Herron. "However, they have also just been very supportive, getting our name out there when we were new to the industry."

With the loan secured, O'Herron and Boyce had straw planted on the farm. O'Herron said they wanted to craft as much as possible from what was on the property. The idea of a straw bale building was appealing because most of the materials used to build the facility could be found or grown on the farm, and it would be a great insulator for wine. The building has a wooden structure with straw used as insulation, and the roof sits directly on top. This space became both a storage and wine tasting area. In 2008, the building was complete, and they opened their winery's doors with



Inside the straw bale building, O'Herron points out a section where customers can view the interior of the building filled with straw.



O'Herron standing in front of the straw bale building (a tasting and storage facility) built in 2008.

15 parking spaces. Since then, they have expanded their facility to include outdoor seating, two additional buildings and parking for up to 400 cars.

"We now are looking into expansion. We have grown so much here and keep getting bigger," said O'Herron. "We've hit a point where we want to expand into new properties."

At Black Ankle Vineyard, they have over 50 acres of vines planted, with 45 acres fruit bearing. They grow 12 varieties of grapes, which they mix and match to produce their wines. The number of wines they create each year depends on how many grapes they produce. Generally, they sell six to eight wines at one time at their winery.

"When we started we believed we would make good wine," said O'Herron. "The personal connection with customers who love the area and space has been surprising and much more than we expected. We have a huge wine club, and people who come here every weekend. Our space is nice, welcoming and comfortable."

To learn more about Black Ankle Vineyards, check out their website at www.blackankle.com.



MARBIDCO
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