

A young boy with a white cap and a red shirt is smiling and holding a large orange pumpkin. He is standing in a field of green plants with other pumpkins visible in the background.

A New Era in Rural Enterprise & Working Lands Support Begins!

Maryland Agricultural & Resource-Based
Industry Development Corporation
2007 Annual Report

Maryland Agricultural & Resource-Based Industry Development Corporation Fiscal Year 2007 Report

*A New Era of Support for Maryland Agriculture
and the Rural Working Landscape Begins*

MARBIDCO is a unique economic development agency and financial intermediary. Our clients are rural entrepreneurs, food and fiber producers, and landowners. We work closely with commercial lenders, local economic development offices, State agencies, and other rural business service providers to make our financial services available.

MARBIDCO is governed by a 17-member Board of Directors which represents state agencies, food and fiber producers and processors, commercial lenders, public finance, and economic development professionals.

Public sector Board members include: Maryland Cooperative Extension, Maryland Food Center Authority, the Rural Maryland Council, the Maryland Department of Agriculture, the Maryland Department of Natural Resources, and the Maryland Department of Business and Economic Development.

The Governor, with the advice and consent of the Senate, appoints 11 members from the private sector who represent the dairy, forest, equine, poultry, and seafood industries, as well as those with expertise in food processing, commercial finance, and rural economic development.



Board members (from left): Don Darnall, Pete Alexander, Joe Chisholm, Howard Leathers, Karen Oertel, Phyllis Kilby, Steve McHenry, Bill Gerweck, Dave Thompson, David Jenkins and Bob Frazee

Appointed by the Governor

J. Robert Frazee (Chair)

President, MidAtlantic Farm Credit
Representing Commercial Lending Institutions

Peter Alexander

Mill Supervisor (Retired), Glatfelter Pulp Wood Company
Representing Timber & Forest Products Industries

Joseph Chisholm

Retired Bank Vice President
Representing Commercial Lending Institutions

William Gerweck

General Manager (Retired), Winbak Farms
Representing Agricultural Producers

Phyllis Kilby

Owner and Operator, Kilby Cream and Dairy Farm
Representing Agricultural Producers

Dr. Howard Leathers

Associate Professor, Dept. of Agricultural & Resource Economics (University of MD)
Representing Public Finance

Karen Oertel

Co-owner, Harris Crab House, Inc. and W. H. Harris Seafood, Inc.
Representing Aquaculture Producers

A Orrell Saulsbury, III

Former Owner, Saulsbury Brothers Company
Representing Commercial Food & Fiber Processing

W. David Thompson

Founder & President, Foxborough Nursery, Inc.
Representing Agricultural Producers

State Agency Representatives

Gregory Cole

Director of Financing Programs (Rural Regions)
Maryland Department of Business and Economic Development

Donald Darnall

Executive Director
Maryland Food Center Authority

David M. Jenkins

Executive Director
Rural Maryland Council

S. Patrick McMillan

Assistant Secretary
Maryland Department of Agriculture

Dr. Michael Raupp

Assistant Dean/Associate Director (Acting)
Maryland Cooperative Extension

Michael Slattery

Assistant Secretary
Maryland Department of Natural Resources

Staff

Stephen McHenry

Executive Director

Jamie Epperson

Accounting/Business Manager

Shannon Chesla

Administrative Assistant



The Chairman's Message by J. Robert Frazee

A new era of public and private sector support for farming and rural business began in 2007 with the opening of MARBIDCO. Those of us who have been involved with MARBIDCO since it was an idea on a drawing board are very proud to report that this organization, whose work will be critical to the long term sustainability of agriculture in Maryland, became fully operational this year and is delivering as expected.

As the founding Chair of MARBIDCO, I am extremely proud of the cooperative efforts of our Board (see page 2), our farm and forestry stakeholding organizations, our State agency partners and others involved in rural business finance, including USDA-Rural Development. All these organizations working together have brought MARBIDCO to life.

I also extend special thanks to the Rural Maryland Council which not only had a long-held vision for retaining the rural working landscape in Maryland, but also committed significant human and financial resources to get MARBIDCO up and running.

Of course, much of MARBIDCO's recent success is due to the efforts of our small but exceptional staff. After an extensive nationwide search (led by Maryland Food Center Authority Executive Director Don Darnall), the MARBIDCO Board unanimously settled on a life-long Marylander to be

the Corporation's first CEO. Executive Director Steve McHenry, who has more than 20 years experience in rural program and policy development, has done an exceptional job of bringing MARBIDCO from concept to reality and helping us tackle the challenges facing the farming, forestry and seafood industries. Staff members Jamie Epperson and Shannon Chesla have also come on board recently and have been working tirelessly to serve our clients and our State.

As we move forward, MARBIDCO remains committed to supporting the sustainability and profitability of Maryland's agricultural, forestry and seafood industries, while helping to ensure the viability of the rural working landscape that we have come to cherish. Clean air and water, a healthy food supply, thriving rural communities, and scenic pastoral vistas for human enjoyment and renewal, are what we plan to help sustain for the benefit of all Marylanders.

Executive Director's Message by Stephen McHenry



We're Open For Business!

These words happily rang out in Annapolis when MARBIDCO opened its permanent offices in May 2007.

Opening a new investment and lending institution proved to be no small feat. From finding office space and hiring capable staff, to securing legal and auditing services, to establishing credit under-writing standards and credit reporting bureau relationships

– all took a great deal of time and effort. Thankfully the start-up work is behind us, and the business of making loans and providing rural business assistance has begun in earnest.

For FY 2007-08, the MARBIDCO Board has adopted an ambitious work program dedicated to helping Maryland's farms and rural businesses obtain needed access to capital and credit, and other business development assistance. Nearly three-quarters of MARBIDCO's State-provided revenues will be used to make low-cost loans, while additional funds are targeted as grants to support farm value-added processing or energy efficiency projects. These programs are designed to leverage federal or private sector resources and to enhance the capacity of rural business-serving institutions to serve their clients.

This work plan also incorporates MARBIDCO's unique capabilities to assist rural land conservation programs (such

as the Maryland Agricultural Land Preservation Foundation and the Rural Legacy program) by acting as a financial intermediary to facilitate easement sale transactions that would be otherwise be impossible to do.

In addition to helping established firms, MARBIDCO expects to offer additional support to young and beginning farmers who will contribute to the preservation and vitality of rural working landscapes. (Read about the planned Next Generation program, page 8; and our loan programs, page 5-6.)

We rely on the expertise of our Loan Review Committee members to help make our credit-making decisions. These are individuals with broad experience in commercial lending and rural business development, and we sincerely thank them for generously giving their time and talent to help MARBIDCO make prudent lending decisions. The Loan Review Committee members are: ***Kenny Bounds***, Senior Officer, MidAtlantic Farm Credit; ***Joe Chisholm***, a retired bank vice president and poultry farmer; ***Greg Cole***, Director of Finance/Rural Regions, Maryland Department of Business and Economic Development; ***Patrick McMillan***, Assistant Secretary, Marketing and Consumer Services, Maryland Department of Agriculture; and ***Dan Rider***, Associate Director, Maryland Forest Service.

The establishment of MARBIDCO has been a long-time goal of many people who care deeply about the future of agricultural and rural industries in Maryland. To them I say, we are glad finally to be here!

MARBIDCO: From Concept to Reality

Introduction:

Maryland's agricultural, forestry, and seafood industries had been declining for many years while its rural working landscapes had also been disappearing. To help stop this decline, the Maryland General Assembly established the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), as a publicly supported, independent entity broadly authorized to:

- 1) Develop agricultural industries and markets;
- 2) Support appropriate commercialization of agricultural processes and technologies;
- 3) Assist with rural land preservation efforts; and
- 4) Alleviate the shortage of nontraditional capital and credit available at affordable interest rates for investment in agricultural and resource-based businesses.

In short, the MARBIDCO mission is to ensure the viability and sustainability of Maryland's farm, forest, and seafood industries for the economic, environmental, and nutritional benefits that these rural businesses provide all Marylanders.



Steve McHenry, MARBIDCO Executive Director, and Buddy Hance, Deputy Secretary of Agriculture, celebrate the opening of the MARBIDCO offices in Annapolis in May 2007.

Our History

Originally authorized by legislative action in **2004**, MARBIDCO did not receive its first State funding until FY **2007** when the Governor and General Assembly approved \$1 million in seed capital. During the same legislative session, the General Assembly passed the Agricultural Stewardship Act of **2006**, which requires an annual State investment of \$3 million to \$4 million in MARBIDCO's core rural business development programs from FY **2008** through FY **2020**. After that time, MARBIDCO must be self-sustaining (except for separate programming associated with extinguishing the development rights on agricultural and forest land).

With initial funding secured, MARBIDCO's Board of Directors undertook a nationwide search and hired its first executive director in December **2006** and opened its offices in Annapolis shortly thereafter. By June 30, 2007, MARBIDCO employed a staff of three.

During the spring of 2007, MARBIDCO launched its first rural business development programs. By mid-summer, MARBIDCO offered two low-interest loan programs and three specialized grant assistance programs. (Three more programs are planned for launch during the fall of 2007.)

These rural business assistance programs fall into three categories: 1) Low-interest loans; 2) Rural business development grants; and 3) Rural working lands preservation facilitation.

MARBIDCO Programming (Fiscal Years 2007-2008)

With \$4 million available during FY 2007-08, the MARBIDCO Board approved the offering of targeted low-interest loan and rural business development programs that take full advantage of its nimble and strategic capability to:

- Leverage affordable rural business financing;
- Assist with alternative or value-added enterprise development;
- Support the next generation of producers and entrepreneurs;
- Insure the continuing availability of quality farm and forest land.



MARBIDCO Low-Interest Loan Programs

MARBIDCO offers three low-interest loan programs that are focused on meeting the unmet capital access and affordability needs of Maryland's agricultural and resource-based businesses. All MARBIDCO loans involve a private commercial lender. MARBIDCO's loan approval process includes the following steps:

1. An initial review by the staff to insure that the proposed projects meet all eligibility and credit underwriting standards;
2. An in-depth review by the MARBIDCO Loan Review Committee whose members represent the Maryland Departments of Agriculture, Natural Resources, and Business and Eco-

nommic Development, and have experience in commercial banking, agricultural and forest industry development, and rural economic development.

3. Recommendations of the Loan Review Committee are then forwarded onto the Board of Directors for final disposition.

The Maryland Resource-Based Industry Financing Fund (MRBIFF) offers low-interest (2% APR) loans to farmers and other rural businesses to purchase land and capital equipment for production and processing activities or environmental enhancement projects.

Commercial bankers or farm credit system lenders typically bring MRBIFF applications to MARBIDCO when they have a business proposal that has too risky a credit profile for the lender to finance alone. Such high-risk projects could include funding innovative value-added and niche market-oriented projects, as well as beginning or transitioning producers and start-up food/fiber processors.

The maximum MRBIFF program loan is \$250,000, which must be matched dollar-for-dollar by a commercial lender (offering a market-rate cost of capital). A minimum 10% equity contribution is also required from applicants.

(Because some rural development projects have more potential than others, MARBIDCO's share of project financing can be increased to 150% of a commercial lender's participation in a transaction if a unit of federal, State or local government is also providing a certain level of funding.)



MRBIFF Hypothetical Financing Illustration

A young married couple wants to purchase 66 acres of agricultural land at \$7,576 per acre. The farmer has an agricultural degree and relevant farming experience while the spouse works at a job off the farm. Both have a satisfactory credit history.

Basic Project Financing Considerations

- Land purchase cost: \$500,000
- Business start-up/operating capital needed: \$50,000*
(* the young couple has available in savings)
- Total project cost: \$550,000
- Cash flow analysis: Calculations show that the young couple should be able to make debt payments and meet living expenses from business income and spousal off-farm income.

Resulting Project Financing

- Bank (with a first lien collateral position on the land) – \$250,000
- MARBIDCO (with a second collateral position on the land) – \$250,000
- Owner Equity – \$50,000 (as working capital)

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Governor Martin O'Malley and MARBIDCO Executive Director Steve McHenry (left) announce the Farm Drought Recovery Assistance program in Bel Air. At least \$1.1 million is available for this program in FY 2008.

The Rural Business Working Capital Loan Fund offers low-interest (5% APR) loans to agricultural, forestry or seafood businesses for working capital and equipment purchases. Unlike the MRBIFF program, applicants may directly apply to MARBIDCO for financial assistance. Only a letter of referral from a commercial lender is required. The maximum loan amount is \$50,000 and repayment is tied to the useful life of the asset being purchased. This program is supported using a combination of MARBIDCO and USDA-Rural Development funds.

Farm Drought and Weather Event Recovery Assistance Loan Fund offers low-interest loans (5% APR) to producers and other rural businesses that have suffered income and production loss due to weather-related events in 2007. Loans up to \$75,000 are available (\$150,000 if real estate is used as collateral security), and principal repayments are deferred until January 2009. MARBIDCO launched this program in response to the serious drought that affected farmers and other rural businesses in virtually every county. Evidence of loss due to the drought or other weather-related event is required for eligibility. As with the Working Capital Loan Fund program, applicants must also submit a letter of referral from a commercial bank as part of the application process.

MARBIDCO's First Success Story: Bridgetown Farms, Inc.



The Higgs Brothers (Craig and Kevin) — young grain and nursery farmers who grew up on a dairy operation in Queen Anne's County — have the happy distinction of being MARBIDCO's first loan recipients. With their commercial banker, they approached MARBIDCO when they wanted to buy land to expand their fledgling wholesale nursery stock growing enterprise. MARBIDCO worked with a Mercantile Bank affiliate on the Eastern Shore to provide them with the gap financing they needed to expand and grow their business.

On behalf of my brother, myself, and the rest of the team at Bridgetown Farms, Inc., I just want to say Thank You for all you hard work on making our dream of owning a nursery a reality. After our closing yesterday we had a meeting (or should I say celebration) with our employees and discussed the adventure we are about to embark on with the purchase of the new farm. Can I just say how excited they are, not only to see that their hard work over the years is placing BTF in a great position but they are also excited about the opportunities that this new nursery will present to them individually, both professionally and personally. For me, it's exciting to know we are growing a company that presents opportunity for growth for its employees. I could go on forever thanking you and telling you the many things you have done to positively affect the personal lives of not only my brother and myself, but all the team at Bridgetown Farms, Inc. So, simply from all of us at BTF: *Thank you!*

D. Craig Higgs
President
Bridgetown Farms, Inc.

Rural Business Development Grant Programs

The Maryland Farm and Producer Viability Program is designed to improve the financial viability of producers and processors, and to assist fledgling rural entrepreneurs through specialized business planning assistance. The goal of the program is to help early stage enterprises with operation and market risk assessment and with enhanced business plan development. A pilot program, launched in 2007, provided specialized business planning assistance to four firms: (1) a winery cooperative/tourist destination project in Southern Maryland, (2) a regional vineyard management start-up company on the Upper Eastern Shore, (3) a dairy goat farm bottling operation in Washington County, and (4) an oyster aquaculture project in Dorchester County. A second round of grants will be awarded during 2007-2008.

Rural Business Energy Efficiency Program provides incentives to encourage farm operations to install energy efficiency improvements. The program consists of two incentives to help established producers purchase equipment and technology related to lowering farm and business-related energy consumption, which will also increase farm profitability.

1. Option A: MARBIDCO will buy-down the interest rate on a commercial loan by 400 basis points (on a loan up to a maximum of \$50,000).
2. Option B: MARBIDCO will provide a grant of 10% of the project's cost (up to a maximum of \$5,000).

Since the winter of 2007, MARBIDCO has been partnering with several organizations to perform energy efficiency audits on poultry and dairy operations in Western Maryland and on the Eastern Shore. MARBIDCO's Energy Efficiency Program helps fund the improvements called for in those reports. Partners in the auditing include Ensava (a farm energy audit service provider), the Maryland Energy Administration, the Maryland Department of Agriculture, USDA's Natural Resources Conservation Service, and regional Resource Conservation and Development Councils.



MARBIDCO presents Sugarloaf Mountain Vineyards with a Maryland Value-Added Producer Grant in Montgomery County. From left: Lois McKenna, Katie O'Donoghue, Dan O'Donoghue, MARBIDCO Chairman Bob Frazee, Mike McGarry, and Jim McKenna.



MARBIDCO Board members Don Darnall, Executive Director of the Maryland Food Center Authority (left), and David Jenkins, Executive Director of the Rural Maryland Council. Both the MFCA and RMC played key roles in getting MARBIDCO operational this year.

The Maryland Value-Added Producer Grant (MVAPG) is designed to encourage participation in the USDA Value-Added Producer Grant Program, which provides grants for both planning and working capital. The USDA planning grant component offers a maximum award of \$100,000 while the working capital grant component offers a maximum award of \$300,000. Both require a significant financial commitment and verification of matching funds. MARBIDCO can provide up to one-third of the required match (i.e., up to the maximum limit of \$33,300 and \$100,000, respectively). MARBIDCO funds are awarded only to those who are successful in receiving a USDA Value-Added Producer Grant.

The Local Government Ag/RBI Project Cost Share Program supports local rural business development efforts that substantially assist Maryland's farming, forestry, or seafood industries. Under this program, MARBIDCO's financial participation cannot exceed that of a unit of the local government (except in designated "One Maryland" jurisdictions where MARBIDCO can provide a match of up to 200%). During FY 2007, MARBIDCO worked with Dorchester and Montgomery counties to help cost-share Ag/RBI projects important to agricultural and seafood businesses in their respective regions. (See page 10.)

On the Horizon: Rural Working Lands Preservation Facilitation Programs

Installment Purchase Agreements (IPA) Programs

Self-Fund IPAs: Working with the Maryland Agricultural Land Preservation Foundation (MALPF), MARBIDCO is developing an Installment Purchase Agreements Program which will enable the purchase of easements on agricultural properties using tax-advantaged financial arrangements structured to benefit both landowners and the State. Under the IPA Program, a landowner who sells an easement to MALPF can delay the receipt of payment (i.e., a capital gain) for an extended period of time, typically 15 to 30 years. In addition, that landowner (i.e., the easement seller) enjoys a tax-exempt income stream because of the investment by MARBIDCO in certain federal treasury securities. MARBIDCO and MALPF will begin offering "Self-funded IPAs" that use existing MALPF program funds during the winter of 2007-08.

Leveraged IPAs: MARBIDCO and MALPF also anticipate offering "leveraged IPAs" in the near future, using a firmly dedicated source of land preservation revenues. (The passage of legislation will be required.) For example, assuming approval by the General Assembly, a \$4 million annual dedication of revenues will enable MALPF and MARBIDCO to finance agricultural land preservation easements worth \$15 million to \$20 million in the first year (or \$60 million to \$80 million over ten years), thus greatly accelerating the future purchase of easements at today's lower land values. Significant easement seller "discounting" is also expected to be an added benefit from the Leveraged IPA program, which is expected to help dramatically stretch land preservation dollars.

Next Generation Farmland Acquisition Program

Maryland agriculture is nearing a critical juncture in its future viability. With an aging farmer population and skyrocketing real estate prices, much remaining farmland, and the resulting opportunity for agricultural production on that land, is in danger of disappearing forever. Aspiring Maryland farmers face an often insurmountable difficulty in purchasing farmland for the first time because of high real estate prices. The Next Generation Farmland Acquisition Program will enable MARBIDCO to work with commercial lenders and help qualified young or beginning farmers purchase farmland for sustainable agricultural uses.

Through the Next Generation Program (which will become operational when resources are available), MARBIDCO will help young farmers purchase farmland while also extinguishing the development rights on the land being purchased. To do this, MARBIDCO will employ a financing tool called an "easement purchase option." It works like this:

After a young farmer secures contingent financing from a lender to purchase farm property, MARBIDCO would purchase from that young farmer an easement option for the development rights at 70% of fair market value. The young farmer would receive that money at the settlement table. The young farmer who sold MARBIDCO the easement option would then have three years to sell the easement to any Maryland land conservation program (e.g., MALPF, Rural Legacy, a county program or a private land trust) for a higher return (i.e., presumably more than 70 percent of fair market value). After three years, if a permanent easement sale for the property has not been executed, MARBIDCO would exercise its option and convey that easement to MALPF permanently. If the participating young farmer does sell an easement, then the monies MARBIDCO originally provided at settlement would be returned and go back into the Next Generation program to be used for future easement option purchases.

Sustainable Forestry Emergency Loan Fund

Also in the development stage, this Fund will address a serious challenge facing some family forestland owners in the Chesapeake Bay watershed related to land sale parcel fragmentation and unplanned/premature timber harvests. To address this dilemma, a revolving loan fund-type opportunity will be created to assist with short-to-medium term family needs (i.e. medical emergencies, death/estate tax situations, and possibly certain educational expenses). The loans will be secured by the private forest land itself, operating under an approved sustainable forest management plan, thereby protecting air/water quality and providing other timber resource benefits. MARBIDCO and the Maryland Forest Service are currently in the process of developing the programmatic details.

Maryland Agricultural and Resource-Based Industry Development Corporation

Statement of Net Assets * June 30, 2007

Assets	
Current Assets:	
Cash and cash equivalents	\$ 780,515
Noncurrent Assets:	
Furniture, and equipment, net	\$ 36,881
Total Assets	<u>\$ 817,396</u>
Net Assets	
Invested in capital assets	\$ 36,881
Unrestricted	\$ 780,515
Total Net Assets	<u>\$ 817,396</u>

Statement of Revenues, Expenses, and Changes in Net Assets Seven Months Ended June 30, 2007

Income (Expenses)	
Interest on investments	\$ 8,447
State appropriation	1,000,000
Grants	(22,000)
Administrative	(168,551)
Net Income	<u>817,396</u>
Net Assets, Beginning of Year	0
Net Assets, End of Year	<u>817,396</u>
Less: Grant encumbrance obligations	(140,278)
Less: Capital assets	(36,881)
Net Available Current Assets	640,237

* From Audited Financial Statements



*Rural Service Provider Network Meeting
in Southern Maryland*

Building Relationships:

Rural Business Service Providers Network

To improve the technical, financial and other support provided to traditional and non-traditional rural industries, MARBIDCO periodically convenes rural business service providers on a regional or statewide basis for information exchange and networking.* These service providers regularly interact with rural business owners, but they don't often know what other service providers actually do or what resources or knowledge they have that might be useful in assisting an existing or future rural business.

MARBIDCO helps connect these rural business providers by creating opportunities for professional interactions that foster a cross-fertilization of ideas and information about the ever-changing food and fiber marketplace.

The goal of these convenings is to stimulate innovation and entrepreneurship in agriculture and rural business and to encourage the leveraging of financial and human resources (both public and private) in rural business development activity. Such relationship building is a key ingredient to improving the entrepreneurial climate in rural communities.

**(Rural service providers include county extension agents, commercial bankers, USDA officials from several mission areas, farm credit loan officers, rural land preservationists, State and local economic development professionals, agricultural and seafood marketing specialists, small business development consultants, Maryland Forest Service personnel, soil conservationists, and other public and private sector officials.)*

Additional Information Concerning MARBIDCO's FY 2007 Activities

In addition to the normal annual reporting requirements required by law, the General Assembly's budget committees asked MARBIDCO to submit additional information as part of this reporting requirement as follows: "number, amount, use, and economic benefits of financial assistance provided during the previous fiscal year." As noted previously in this report, MARBIDCO began offering services during the fourth quarter of FY 2007, and expended or encumbered \$331,000 during FY 2007.

MARBIDCO Helps Industry Study New Processing Techniques

MARBIDCO worked on funding a variety of projects as grants during the last quarter of FY 2007. The first project was a \$10,000 grant to the Chesapeake Bay Seafood Industries Association to investigate new crab processing techniques combining water jet pressure processing technology and water jet cutting technology in a commercial crab processing application. The hypothesis of this research was that combining these two technologies would lower labor costs by half while increasing the meat harvest by as much as 28%. The research, which ultimately proved not to be commercially viable, was conducted in Dorchester County and the State of Washington.

Dorchester, Montgomery Counties Among First in MARBIDCO's Local Ag/RBI Cost-Share Program

Two counties took part in MARBIDCO's Local Government Ag/RBI Project Cost Share Program during FY 2007.

Dorchester County: In Dorchester County, crab meat processing provides significant employment and is a major local economic generator. In May 2007, some 14 Dorchester County crab meat producers were closed out of a facility that for more than 12 years disposed of their crab chum. This left no viable, cost effective method to dispose of crab chum and threatened the survivability of the industry in Dorchester County. In an effort to save this industry, MARBIDCO, the **Dorchester County Government, and the Dorchester Seafood Packers Association** are working to finance the construction and operation of a facility to dispose of crab chum. MARBIDCO is providing a grant of \$35,000 to the Dorchester County Economic Development Office to finance capital improvements to property being purchased. MARBIDCO has also agreed to provide a low-interest, \$40,000 loan to the Dorchester Seafood Packers Association to purchase a backhoe-loader.

Montgomery County: Certain types of small businesses, such as vendors at farmer's markets, have traditionally operated on a cash only basis; however, Maryland's marketplace is increasingly operating on a cashless basis. As this trend continues, farm businesses are at a competitive disadvantage. MARBIDCO and Montgomery County Department of Economic Development are, on a pilot basis, helping to deploy wireless payment technology at farmer's markets to determine the benefits of farm vendors being able to accept debit and credit card transactions. The project will be completed in January 2008, and results will be shared with farmers and economic development professionals throughout the state.

Economic Impact of Ag/RBI Study Underway

As part of its overall mission to support agriculture and resource-based industries in Maryland, MARBIDCO commissioned B.E.A.C.O.N. (Salisbury University) to complete a **county-by-county economic impact analysis** study and report about Maryland's rural industry sectors. The report, which is expected to be finalized in December 2007, will produce findings for all 23 counties and the city of Baltimore. The report will also aggregate the findings by individual regions of the State. Findings will also be available to local and State officials for use in economic development plans and for other public policy purposes.

MARBIDCO Helps Farmers Save on Energy

Finally, as noted earlier, MARBIDCO is participating with ENSAVE, USDA-NRCS, MEA, and MDA on the Maryland Farm Energy Audit Program. Farms in Western Maryland (i.e., Allegany, Carroll, Garrett, Frederick, and Washington Counties) are being targeted during the summer/fall of 2007 to receive an energy site assessment that will collect and analyze data on farm energy use. Reports are generated for each farm with recommendations for increased energy efficiency. Farmers will learn how much energy and money they could save each year by installing energy efficient improvements, as well as how long it will take for the energy savings to pay for the se costs. Once the energy audit is completed, those farmers who participated in the audit program will be eligible for funding from the Rural Business Energy Efficiency Grant or Interest Rate Buy-Down Program.



Dorchester County Economic Development Director Brad Broadwell addresses a MARBIDCO Board meeting.

MARBIDCO Grant-Making Activity May 1, 2007 to June 30, 2007

Maryland Farm and Producer Viability Program

<i>Project</i>	<i>County</i>	<i>Amount</i>	<i># of Firms Assisted</i>
Coves End Seafood	Dorchester	\$15,000	1
Goetz Goat Dairy	Washington	\$15,000	1
Upper Shore Regional Council	Cecil, Queen Anne's, Kent	\$15,000	Indeterminate
So. MD Wine Growers Cooperative	St. Mary's	\$15,000	12 to 24

Local Government Ag/RBI Cost Share Program

<i>County Unit Assisted</i>	<i>Industry Assisted</i>	<i>Amount</i>	<i># of Firms Assisted</i>
Montgomery County Dept of Economic Development	Small Agricultural Producers	\$5,678	10
Dorchester County Economic Development Office	Crab Meat Processors (Packers)	\$35,000	14

Rural Business Development Assistance Grants

<i>Contractor</i>	<i>Region and/or County</i>	<i>Amount</i>	<i># of Firms Assisted</i>
<i>Chesapeake Bay Seafood Industries Association</i> (Commercial application research of two crab-picking technologies)	Anne Arundel, Baltimore, Calvert, Caroline, Cecil, Dorchester, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester	\$10,000	1 directly (as many as 20 indirectly)
<i>ENSAVE and RC&D Council</i> (Pilot program: farm energy efficiency audits with special emphasis on the dairy sector)	Western Maryland (Allegany, Carroll, Frederick, Garrett, Washington)	\$12,500	25 farms
<i>BEACON</i> - Salisbury University (County-by-county economic impact analysis of Ag/RBI)	Statewide (all 24 jurisdictions)	\$39,600	Indeterminate



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