

Maryland Agricultural and Resource-Based Industry Development Corporation

Presentation to:
The Maryland Agriculture Commission
March 14, 2018

Steve McHenry, Executive Director
www.marbidco.org



MARBIDCO
growing rural ventures™



“MaR_BID_Co”

Is a nimble and collaborative quasi-public financial services provider focused exclusively on enhancing the viability and profitability of ag and resource-based business and industry.



MARBIDCO Partners

- ▶ **Commercial Banks & Farm Credit Associations**
- ▶ **State Agencies/Universities (MDA, DNR, Commerce, UME, MEA, RMC, etc.)**
- ▶ **USDA (NRCS, FSA and Rural Development)**
- ▶ **Rural regional development (tri-county) councils**
- ▶ **Local economic development offices**
- ▶ **Maryland Ag Land Preservation Foundation (MALPF)**
- ▶ **Farm and commodity groups**
- ▶ **Rural industry associations**
- ▶ **Private foundations, etc.**



MARBIDCO Board

- ▶ MD Dept. of Ag
- ▶ MD Dept. of Natural Resources
- ▶ MD Dept. of Commerce
- ▶ UM Extension
- ▶ MD Food Center Authority
- ▶ Rural MD Council
- ▶ Governor appoints 11 members from: dairy, forest, equine, poultry and seafood industries; and experts in food processing, commercial finance and rural economic development.

MARBIDCO's programming fall into three broad categories

- ▶ **“Core” Ag and Rural Business Development** – The various loan and grant financing programs that are funded as a result of the *Agricultural Stewardship Act of 2006*.
- ▶ **“Specialty” Higher Risk Lending** – Revolving loan programs that are funded by partnering organizations for targeted purposes using their monies (e.g., farm energy efficiency, two shellfish aquaculture programs, and a new SMADC revolving loan fund for agriculture).
- ▶ **Rural Land Preservation Facilitation** – Programs that are funded from dedicated State or local funds (e.g., MALPF easement purchase “Installment Purchase Agreements” and the new “Next Generation Farmland Acquisition Program”).

Business Activity for MARBIDCO Includes:

- ▶ Food production and processing, including:
 - commodity crops
 - table crops
 - seafood & aquaculture
- ▶ Fiber production and processing:
 - timber/wood products
 - lumber, pallets, floors, paper and pulp, etc.
 - wool (sheep and alpaca)
- ▶ Value added projects, some renewable energy, etc.



MARBIDCO Loan Programs

- ▶ MARBIDCO today offers Nine (9) Loan Programs
- ▶ Five (5) of the loan programs are offered using MARBIDCO resources -- these loans usually require collateral security
- ▶ Four (4) other loan programs are for special purposes and involve a higher level of credit risk (unsecured lending)

Programs Available Today Include:

Maryland Resource-Based Industry Financing Fund (MRBIFF)

Rural Business Equipment & Working Capital Loan Fund

Maryland Vineyard & Tree Fruit Planting Loan Fund

Forestry Equipment and Working Capital Loan Fund

Agricultural Cooperatives Equity Investment Fund

Rural Business Energy Efficiency Improvement Loan

Maryland Shellfish Aquaculture Financing Fund

Maryland Remote Setting Aquaculture Financing Fund

Southern Maryland Revolving Loan Fund for Agriculture

NOTE: All loans reviewed and approved by a loan review committee.

MARBIDCO Grant Programs

- ▶ **Local Government Ag/RBI Project Cost Share Program**
 - Funds projects jointly with farmers and county economic development offices (Usually at least 50%/25%/25%)
- ▶ **Maryland Value Added Producer Grants**
 - USDA VAPG Matching Grants (15% with \$25K cap, currently closed)
 - MVAPMG Capital Assets/Equipment (\$10K max, currently closed)
- ▶ **Urban Ag Commercial Lending Incentive Grants**
(projects located in municipalities or inside the two beltways)
 - Funded with support from MidAtlantic Farm Credit
 - Helps city farmers to get commercial bank loans
 - \$7,500 maximum grant and no more than 20% of loan

The Next Gen Program

- ▶ The Next Generation Farmland Acquisition Program was established by MARBIDCO to help qualified young or beginning farmers who have trouble entering or staying in the agricultural profession because of a lack of access to farmland
- ▶ The Next Gen Program is a farmland conservation “easement option purchase” program designed to help facilitate the transfer of farmland to a new generation of farmers, while effectively helping to preserve the subject agricultural land from future development

Next Gen Program – Con't

- ▶ Provides a young or beginning farmer with the money needed to make a large down-payment on a farm purchase
 - MABRIDCO will pay 51% of the Fair Market Value (FMV) of the agricultural land (with a cap of \$500,000)
 - 30%–50% as equity from the bank's perspective (45% in FY 2018)
- ▶ The Next Gen farmer enters into the “easement option purchase” agreement
 - During option period, Next Gen farmer will have several years to sell the permanent easement to a rural land preservation program
- ▶ If Next Gen farmer is unable to sell permanent easement, the option will be exercised (for no additional money) and a permanent easement will be held by a third-party “default easement holder” (either a county ag land program or private land trust)

Some MARBIDCO Accomplishments

- ▶ Since 2007, MARBIDCO has funded over 460 farm and rural business projects all across the State, with almost \$50 million in direct financial assistance provided (mostly in the form of low- or moderate-cost loans).
- ▶ MARBIDCO has partnered with 18 banks and 4 local government revolving loan funds, with a commercial lender leverage of over \$135 million in bank financing (which is about a 3.5-to-1 ratio).
- ▶ MARBIDCO has helped over 250 young or beginning farmers, including many with their first farm purchases.
- ▶ MARBIDCO has helped to finance over 160 on-farm value added processing projects.

Additional MARBIDCO Results

- ▶ Poultry – Funded a total of **103 projects** totaling over **\$23.5 million** over the last ten years.
- ▶ Poultry – Since FY 2013, funded **80 poultry projects** which have assisted **70 young or beginning farmers**, and helped to **construct 178 new houses**.
- ▶ Grain/Row Crops – Funded **53 projects** totaling over **\$10 million**.
- ▶ Dairy & Creamery – Funded **44 projects** totaling over **\$1.6 Million** (including cow, sheep and goat dairies).
- ▶ Shellfish Aquaculture – Funded **66 oyster farming projects** totaling over **\$3.6 million** since 2011 (including 54 projects run by commercial watermen, plus 12 more non-watermen farm entrepreneurs). Also took 12 NRCS EQIP assignments on-bottom operations totaling \$356,840; those funds have since revolved.
- ▶ Vineyards and Wineries – Funded **62 vineyard/winery projects** totaling **almost \$2.5 million** in **16 counties** located in every region of the State.

Year-to-Date: Fiscal Year 2018

- ▶ Two record-setting years in a row (FY 2016 and FY 2017)
 - We usually now plan to fund about **\$6 million** in new loan requests annually, but last year we approved over **\$9 million**.
- ▶ Thus far in FY 2018, MARBIDCO has funded a grand total of **52 ag-business projects** so far, amounting to **\$6,367,100**.
- ▶ Since the start of Fiscal Year 2018 (beginning July 1, 2017), MARBIDCO has approved:
 - 16 MRBIFF loans totaling **\$3,532,466**
 - 3 Maryland Shellfish Aquaculture loans totaling **\$300,000**
 - 1 Remote Setting Aquaculture loan totaling **\$30,000**
 - 26 Incentive Grants totaling **\$321,946**
 - 6 Next Gen Option Purchases totaling **\$2,182,688**
- ▶ MARBIDCO internal core program loan request review turn-around times are running at a very favorable rate of just 15 days for credit underwriting and loan approval so far this year. (The goal is a turnaround time of 21 days.) **Indeed, MARBIDCO is not only open for business, but truly works at the speed of business!**

Any Questions or Comments?



www.marbidco.org

County-by-County Economic Impact Study of Resource Based Industry in Maryland

Dr. Memo Diriker

