Maryland Agricultural and Resource-Based Industry Development Corporation

Meeting of the Board of Directors
Tuesday, October 28, 2025 (10:00 a.m. to 12:30 p.m.)
Virtual Conference Call Via Zoom

OPEN SESSION MINUTES

Members Present:
Mr. A.C. Alrey, Business & Community Advocate
Ms. Victoria Brown, Owner, Shop Cove Aquaculture, LLC
Ms. Mary Shank Creek (Chair), Owner, Palmyra Farm Ayrshires & Holsteins
Ms. Charlotte Davis, Executive Director, Rural Maryland Council
Mr. Paul Goeringer, Esq., Principal Faculty Specialist and Extension Legal Specialist, University of Maryland Department of Agricultural and Resource Economics
Mr. John Jastrzembski (Vice Chair), Vice-Chair, Regional Business Developer – Northern Virginia, Davey Business Development Team, The Davy Tree Expert
Ms. Phyllis Kilby, Former Owner, Kilby Creamery
Dr. Jinhee Kim, Associate Dean & Associate Director, University of Maryland Extension
Mr. Mark C. Krebs (Secretary/Treasurer), Retired Executive Vice President & Chief Financial Officer, Farmers and Merchants Bank
Ms. Sarah O'Herron, Owner, Black Ankle Vineyards
Dr. Matthew Parker, Aquaculture Business Specialist, Interim Prince George's County Extension Director, University of Maryland Extension, Prince George's County Office
Dr. Joseph Milone, Agricultural Programs Manager, Maryland Department of Commerce,
Mr. Berran Rogers, Project Director/Small Farm Coordinator, University of Maryland Eastern Shore
Ms. Katie Zenk, Executive Director, Maryland Food Center Authority
Ms. Paige Hargett, Agricultural Lending Manager, Horizon Farm Credit
Mr. Dan Rider, Forest Stewardship & Utilization Program Manager, Maryland Department of Natural Resources Forest Service

Members Absent:
Mr. Steve Connelly, Deputy Secretary, Maryland Department of Agriculture

Guest from the Maryland Department of Agriculture:
Martin Proulx, Value-Added Agricultural Specialist

Staff:
Mr. Steve McHenry, Executive Director
Ms. Tina Wilkins, Senior Accounting Coordinator
Ms. Stacy Kubofcik, Assistant Director
Ms. Jill Zarend, Communications Specialist
Ms. Allison Roe, Financial Programs Officer, and Program Coordinator
Ms. Sierra Criste, Financial Programs Specialist
Ms. Brittay Rawlings, Financial Programs Specialist
Mr. Munachi Nsofor, Assistant Attorney General, Office of the Attorney General (OAG), Department of Commerce

Call to Order
Mr. John Jastrzembski (Vice Chair) called the meeting to order at 10:06 a.m. and welcomed attendees. Mr. McHenry introduced new Board members to their first meeting (Jospeh Milone, Katie Zink, Matt Parker and Paige Hargett).

Approval of Previous Board Meeting Minutes
Action 1: ***Mr. Krebs made a motion to approve the June 3, 2025, meeting minutes as presented. Ms. Davis seconded the motion. All members voted in favor and the motion passed.***

Staffing and Financial Updates
Mr. McHenry shared the FY 2025 Budget Summary:
Income:

- $900,000 in carryover and reverted funds.
- $2.3 million received in final core appropriations of which $140,000 was transferred to MDA for the Certified Local Farm and Fish Program as required by law.
- $435,000 in the final installment of the local farm food aggregation grant funding.
- Projected income from programs was generally on or over target (with the exception of loan principal repayment from Specialty loans).

Expenditures:

- Operational expenditures were on target, except legal expenses which were slightly over what was projected.
- Overall programmatic expenditures came in at a record $13 million in dollar volume!
- Programmatic expenditures were generally less than what was projected (not unusual).
- Core loan program expenditures were budgeted at $9.5 million and while MARBIDCO has $6 million as an ongoing target, in FY 2025, core loan expenditures ended up at about $7.4 million.
- Specialty loans were under target due to lower activity in the Shellfish Aquaculture and Watermen's Microloan programs.
- The Next Gen and SANG programs were budgeted $3.6 million but did $1.7 million.

Review of FY 2025 Annual Financial Audit Report (by Lindsey + Associates, LLC)
Mr. McHenry reported that MARBIDCO had another clean audit this year. Some highlights include:

- Total assets of $68.2 million
- Net position is $68.1 million
- Current loan balance is $40.7 million from loans with $1.4 million allowed for loan losses for a total of $39.4 million

Appointment of the Audit Committee
Mr. McHenry asked if there are any volunteers to serve on the Audit Committee. Mr. Krebs, Ms. Creek and Mr. Jastrzembski volunteered.

Action 2: ***Ms. Brown made a motion to approve Mr. Krebs, Ms. Creek and Mr. Jastrzembski to be the new Audit Committee. Ms. Zenk seconded the motion. All members voted in favor and the motion passed.***

Guest Speaker: Martin Proulx, MDA
Mr. McHenry introduced Martin Proulx, Value-Added Agricultural Specialist, with the Maryland Department of Agriculture. Prior to this position he was the Agricultural Development Manager for Charles County's Department of Economic Development for six years. Mr. Proulx presented the work he has done across the state resulting in the creation of the *Value-Added Agriculture Statewide Guidance & Analysis* document.

Mr. Proulx, along with Aiden Bolene, a University of Maryland Policy Fellow, began collecting data on zoning, land use, permitting and licensing at the local and state level related to the regulation of agriculture and value-added agriculture in the beginning of 2025. During that summer, Mr. Proulx conducted roundtables in 19 of 24 Maryland counties to connect with agricultural officers, building code officials, commissioners, environmental, health, zoning, and planning directors. The team went county-by-county to find commonalities and differences in regulations. This work resulted in the Guidance Document that Mr. Proulx shared with the Board. The document includes data describing the challenges faced in agriculture in Maryland and why there is a need for collaboration in identifying solutions. It describes the regulatory framework, particularly in dealing the with the Department of Health and Department of the Environment regulations governing agriculture, as well as other State agencies. It also identifies challenges and solutions.

Regulatory themes the report discusses include value-added processing, agritourism and food service, and retail sales of value-added products. The document looks at agriculture and the different definitions that exist. MDA does not currently have a statutory definition of agriculture. However, other state agencies do define it differently, which complicates the regulatory framework.

Challenges include no unifying definition of what is a farm or what is agriculture. There are fragmented measurables for tracking value-added agriculture. There are also outdated regulations and language for value-added agriculture.

Board members shared their experiences dealing with the layers of regulations at the state and local level and asked questions about the document. Mr. Proulx added that every time he presented this document, there were new challenges and solutions discussed.

Mr. McHenry and the Board thanked Mr. Proulx for his presentation.

Project Activity Report for FY 2025

Mr. McHenry presented the Project Activity Report summary for last year:

- MARBIDCO funded a grand total of 133 projects at $13 million leveraging $21 million in commercial lender capital and had 188 total financial transactions of various types
- Funded a total of 17 core projects with over $7 million of core loans (not including core loan dollars funding MARBIDCO's portion of the Livestock Processing Loan), leveraging just under $19 million in commercial lending.
- MARBIDCO has this jointly funded Livestock Processing Loan Program with 75% of the money coming from USDA-Rural Development and 25% from MARBIDCO.
- Specialty loans: 11 projects for a little under $600,000 (not including one Livestock Processing loan)
- All loans approved: 29 projects for $9.4 million.
- All grant incentives approved: 98 grants at almost $2 million.
- Funded six Next Generation and SANG projects last year totaling just under $1.7 million.

Budget Summary for FY 2026

Mr. McHenry reported on the FY 2026 budget at the conclusion of the first quarter of the fiscal year. Operating income is on target and was helped by relatively large Next Gen Program repayments. The Operating expenditures are at 24%.

Loan Loss Reserve and Portfolio Loan Interest Rate

Mr. McHenry said the loan loss reserve right now is at 2.54%. Loan loss reserve percentage is collectively adjusted based on how individual loans are performing. The average portfolio interest rate number is a healthy 4.452%. The portfolio interest rate has more than fully recovered from the interest rate buy downs that were made to core loan borrowers during the pandemic. The portfolio interest rate was as low as 3.3% portfolio in 2021 which is well below the target portfolio interest rate of 4.00%. It was as high as 4.25% just before the pandemic began.

Loan Repayments
Mr. McHenry informed the Board that MARBIDCO had 19 loans paid in full last year, with four so far this year. Concerning early loan repayments: Last year five loans paid off early for a total of almost $2.3 million last year and this year so far, three have paid off early at $1.165 million.

Looking Ahead to the 2026 Legislative Session
Mr. McHenry said that last year MARBIDCO had an appropriation of $300,000 which funded the Livestock Processing grant program and the Wood Products Industry Equity Incentive grant program. This year MARBIDCO is requesting $300,000 for the livestock equipment grant program although given the State's fiscal challenges, it is uncertain if this request is doable.

Update on the State's FY 2026 and FY 2027 Fiscal Outlook
According to the latest estimates, the projected shortfall for FY 2026 is $277 million, and the State's structural deficit grows to $3 billion by FY 2029. A discussion was held on the loss of SNAP funding due to the federal government shutdown and where those funds might come from in the State budget. Mr. McHenry stated that he was concerned that Program Open Space and MALPF could be further negatively impacted in FY 2027, which has direct relevance to the Next Generation program.

Update on Core Loan Programs
Mr. McHenry stated that the MARBIDCO Programs Committee met on October 21st and is making three recommendations for the Board to consider. The first recommendation involves the MRBIFF program.

He explained that there is a growing backlog of poultry house construction projects in the state. They are being held up by the expiration of the CAFO permits from issued by the Maryland Department of Environment and ending last July. MDE has received preliminary approval for a new CAFO permit from EPA and is currently taking public comments. The comment period ends in January 2026.

It can cost over $600,000 to build just a single poultry house today. The Program Committee discussed raising the limit on construction from $300,000 to $600,000 under the direct loan program and from $350,000 to $700,000 under the participation loan.

***Action 3:* Ms. Davis made a motion to approve the Program Committees recommendation to increase the maximum loan amount for a borrower to construct new poultry houses from $300,000 for MRBIFF direct loans and $350,000 for MRBIFF participation loans to $600,000 for direct MRBIFF and $700,000 for participation MRBIFF loans. Ms. Kilby seconded the motion. All members voted in favor and the motion passed.**

Mr. McHenry told the Board that in FY 2026 so far MARBIDCO has made three MRBIFF Participation loans, one Forestry Equipment Working Capital Loan, and one Large Animal Vet Loan is pending.

Update on Grant Incentives
Ms. Kubofcik gave an update on the various grant incentive programs.

- The Cold Storage Grant Program offers up to a 50% matching grant up to $2,000 to purchase cold storage equipment. MARBIDCO approved 29 grants of a little over $44,000 recently.
- The WPIEI and Livestock Equipment Grant programs opened in September. There is limited funding for the WPIEI Program in FY 2026, with one business able to receive a $125,000 grant with a minimum required project cost of $500,000 (focusing on job creation and value-added processing activity).
- The Livestock Equipment Grant Program received six applications that are currently under review.
- The Local Government Ag/RBI Project Cost Share Program runs year-round and with seven grants recently awarded to the Montgomery County Office of Agriculture.

- The Future Harvest Beginner Farmer Grad grants opening at the end of year to coincide with the graduates who complete the Future Harvest Beginner Farmer Training Program in 2025.
- There are no Certified Local Farm and Fish Food Aggregation Fund grants available at this time as this program is under internal review. Final approval was granted in FY 2025 for a Public Sector Aggregation Project in Montgomery County to build an aggregation center. There is about $800,000 in funding still available in the program.
- The Maryland Value-Added Producer Matching Grant (USDA Option) will reopen when USDA-Rural Development opens its grant program in 2026.

Update on Maryland Wood Products Industry Equity Investment Program (WPIEI)

Mr. McHenry said that the second item the Programs Committee discussed was the Maryland Wood Products Industry Equity Incentive Program (WPIEI). MARBIDCO has $125,000 in funding for FY 2026. MARBIDCO is currently accepting applications for one large-scale high impact project focused on value-added production and job creation/expansion.

MARBIDCO was approached by a public entity about applying for the grant. MARBIDCO discussed the question with the Programs Committee since public entities are not specifically excluded on the WPIEI application; they are also not listed as eligible applicants and MARBIDCO has never received a WPIEI application from a public entity.

Per the Programs Committee recommendation Mr. McHenry asked the Board to allow public entities to apply for the WPIEI grant incentive but review them at a lower priority than a commercial forestry project. If MARBIDCO receives no WPIEI applications with eligible projects by the November 14 deadline, immediately reopen the program but lower the maximum grant cap to $62,500 to allow two smaller projects to qualify.

The Board discussed the pros and cons of opening the grant to a public entity.

Action 4: ***Ms. O'Herron made a motion to approve the Program Committees recommendation relative to this specific program only to permit eligibility for a public entity to apply, with the provision that the project application would have a lower priority relative to private commercial businesses. Ms. Kilby seconded the motion. Four members voted against the recommendation Ms. Brown, Mr. Krebs, Ms. Creek and Mr. Jastrzembski. Mr. Rider recused himself. All other members voted in favor and the motion passed.***

Mr. McHenry stated that the other recommendation from the Programs Committee is that if no applications are submitted, MARBIDCO will reopen the WPIEI Grant program for two projects capped at $62,500.

Action 5: ***Ms. O'Herron made a motion to approve the Program Committees recommendation to immediately reopen the program but lower the maximum grant cap to $62,500 to allow two smaller projects to qualify if MARBIDCO receives no WPIEI applications with eligible projects by the November 14 deadline. Ms. Davis seconded the motion All members voted in favor and the motion passed.***

Update on The Next Generation / Rural Land Preservation Facilitation Programs

Ms. Roe gave a report on the Next Gen and SANG Programs. For FY 2026. MARBIDCO received two applications and approved two for both the Next Gen and SANG programs. Since 2018, 46 Next Gen Program projects have closed or are pending closing. The Next Gen Program has permanently preserved 4,704.33 acres of farmland and SANG has preserved 213.63 acres. A county breakdown was given to the Board.

Ms. Roe said the Programs Committee recommends the Board increase the conservation easement purchase price cap from $4,000 to $6,000 per acre under the SANG program to better align with current market values based on data from projects previously approved. Mr. McHenry explained to make the program competitive and relevant today with the higher land prices, the Board should consider increasing this cap.

<u>Action 6:</u> Ms. O'Herron made a motion to approve the Program Committees recommendation to increase the conservation easement purchase price cap from $4,000 to $6,000 per acre under the SANG Program. Ms. Hargett seconded the motion. All members voted in favor and the motion passed.

<u>Project Acceptance Report</u>
Mr. McHenry asked the Board to formally accept the Grant, Loan, and Next Generation Program requests that were approved since the previous Board meeting.

<u>Approval of Project Acceptance Report</u>
<u>Action 7:</u> Ms. O'Herron made a motion to approve the Project Acceptance Report. Ms. Kilby seconded the motion. All members voted in favor and the motion passed.

<u>Board Officer Nominating Process</u>
Mr. McHenry provided a memo to the Board on how the officer nominating process works. Historically, he said, the Board has appointed a committee to recommend a slate of officers for the upcoming calendar year. The officer slate usually comes from among the gubernatorially selected members.

Ms. Davis, Mr. Goeringer, and Mr. Alrey volunteered to serve on the Nominating Committee.

<u>Action 8:</u> Ms. O'Herron made a motion to approve Ms. Davis, Mr. Goeringer and Mr. Alrey as comprising the Nominating Committee. Ms. Kilby seconded the motion. All members voted in favor and the motion passed.

<u>Miscellaneous Updates</u>
Mr. McHenry informed the Board that MARBIDCO has had a busy fall with regular project-related business as well as with outreach events and activities, with many winter events still to come. For example, Mr. Goering's Agricultural Law Education Initiative Conference is coming up soon, as is the RMC's Rural Summit.

Mr. McHenry said that he is currently reviewing the draft of the recently commissioned Beacon Report by Salisbury University which covers the county-by-county economic impact of agriculture, forestry and seafood industries in Maryland. He added that it looks like the aggregate economic impact of our traditional resource-based businesses has increased substantially since the last report. The report will be shared with the Board when it is finalized.

<u>Agency Updates</u>
Ms. Davis reminded the Board of the annual Rural Summit to be held on November 19 and 20 in Annapolis.

Ms. Brown informed the Board about the 51st East Coast Commercial Fishermen's & Aquaculture Trade Exposition from January 16 to 18 in Ocean City.

<u>Next Meeting</u>
Mr. McHenry said that a Doodle Poll will be sent to the Board in early January to help select the next Board meeting date, which is usually held sometime around February 1st.

There were no other discussion items.

***<u>Action 9:</u>* Mr. Jastrzembski made a Motion to Move into a Closed Session to consider matters that concern:**
A) proposals for a business or industrial organization to locate, expand or remain in the State;
B) to consider the investment of public funds; and
C) to consult with staff, consultants, or other individuals about pending or potential litigation.
And to adjourn the meeting thereafter.
Ms. Brown seconded the motion. All members voted in favor and the motion passed.

Final Adjournment occurred at 12:20 p.m.

Respectfully submitted,
Jill Zarend, Communications Specialist