

Field Notes
Volume 2, Issue 1
March/April 2003

CFI selects first value-added ventures with IP grains as key

With the results of its crop variety research, feasibility studies and market research in hand, CFI's board has selected the initial for-profit ventures it will pursue. Oil seed cleaning and crushing, oil seed snack foods and an artisan bakery appear to be the best profit generators to anchor CFI's agriculture business park. All grains used will be *identity persevered* (IP) which is thought to be one key to CFI's future. IP means growers will plant, harvest and process crops keeping them segregated at all times; all inputs will be recorded and printed on the CFI label that will accompany the product to the consumer/customer.

Consultant **Neil Doty**, Ph.D., of Fargo, North Dakota, presented the findings of his feasibility study to CFI's board on February 21. The study's goal was to determine which value added ventures appear viable to be constructed in the mid-Atlantic area. Dr. Doty considered the feasibility of: oil seed cleaning and conditioning, oil seed crushing, oil seed snack foods, Artisan style bread bakery, malting and specialty milling.

The CFI board is preparing to move forward with more-in depth exploration of the ventures. It is now seeking a project manager from industry with the skill set needed to help write the business plan and lead CFI into an equity drive. The business plan will look in much greater depth at the findings of the feasibility studies for the selected projects.

CFI has contracted with a computer software firm to develop software that will track crops from the seed to the customer. This software will enable CFI to be a national and international pioneer in IP grains. The staff has spent considerable time with the Delmarva Conservation Corridor study teams from Maryland, Delaware, and Virginia to have funding incorporated in the final program that will enhance IP protocol. We believe if there is government funding for on-farm IP grain storage, more farmers will be able to enter this market.

At this writing, it is CFI's intention to begin construction of an agriculture business park as early as the fall 2003. A four-member site-selection committee is searching for possible locations while another committee searches for funding sources. CFI has completed a footprint for the business park and if all goals are reached, it has the potential to employ 180 people and impact over 30,000 acres within five years.

It should be noted that CFI received USDA funding to cover the costs of hiring the project manager, to set up the legal instruments for the business park, and to launch the equity drive.

CFI forms first LLC-*Chesapeake Field Farmers*

Chesapeake Field Farmers LLC (CFF) is the name chosen for CFI's first for-profit entity. The required forms were filed in early February to create the limited liability company. Work has now begun to create the LLC's operating structure including leadership selection and membership philosophy.

CF Farmers will assume the leadership of grain ventures for CFI, including the 2003 natto soybean contract with Montague Farms of Virginia. Last year eleven area growers contracted with that company to grow 480 acres of natto-type soybeans for

export to Japan. This project taught the protocol for identity preservation (IP), which CFI has decided is one key to a successful value-added venture.

This year's contract has the potential of growing to 1,500 acres. CFI is completing the contract requirements and is pleased to have negotiated a \$0.75 per bushel premium over commodity market price for the growers of the IP soybeans.

CFI makes Board leadership changes

Chesapeake Fields Institute has elected **William C. Cooper**, owner of W. N. Cooper & Son, and **James Falter**, Ph.D., assistant professor of business at Washington College, to its board of directors.

Bill is the third generation owner of W. N. Cooper & Son that now has three John Deere dealerships in Maryland and Delaware.

A Kent County native, Bill graduated with a degree in psychology from Washington College where he was member of the 1977 championship lacrosse team.

In addition to his business activities, he operates the family farm, a grain operation, in Kennedyville. He also serves on the Kent & Queen Anne's Hospital Foundation Board and the Kent County Agriculture Preservation Advisory Board.

Jim joined the Washington College business department faculty in 2001 after teaching at Mount Marty College in Yankton, South Dakota, from 1998 to 2001. He brings a wealth of financial and business experience in the health care industry and is a member of several finance and health related organizations.

Jim received his doctorate degree in business administration from Nova Southeastern University in Florida. His undergraduate degree is from Miami University in Ohio and he earned his masters degree in business administration from the University of Toledo.

John Hall, CFI's president, comments, "Both of these people bring excellent management skills to the CFI Board. Bill's knowledge of agribusiness and Jim's expertise in finance and business administration, will be valuable assets to our organization".

The new members replace retiring members **Linda Walls** and **Tom Beckett**. Linda has contributed her extensive knowledge of grants and non-profits management gained as the owner and driving force behind "Just Cause Consulting" in Chestertown. She will continue to chair CFI's fund raising committee.

Tom has worked with CFI since it's beginning in 1999. He has contributed much to its development using the experience he acquired in his 29-year career with Merck & Company. Today he lists his occupation as "retiree" but he maintains a full schedule as a volunteer working with the Kent County Chamber of Commerce, Delmarva Foundation, Kent County Office of Economic Development and SCORE.

Thanks Linda and Tom!

Website goes live

Visit CFI's web site

Chesapeake Field's web site became live early in 2003. Visit it at **www.chesapeakefields.com** to learn about CFI's vision and mission, meet the board members, review minutes, read the latest newsletter, and check the calendar of events.

The National Fish & Wildlife Foundation provided funding for its development.

Web sites are ever changing and it is hoped CFI's will have frequent news updates. Check it out!

Get *Field Notes* on line

The latest edition of *Field Notes* is posted on CFI's web site – get your copy electronically to save time and money. Our mailing list has grown to over 700 names; multiply that by 37 cents for a whopping postage bill and add in the paper cost to see the price of sending hard copies.

Field Notes is posted in a PDF format and we give completed instructions on how to download the Acrobat Reader from the Adobe Systems Web site. Instructions on configuring your Web browser to read PDF files are also available at the Adobe site. The newsletter can be easily printed from the PDF file.

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If you want to receive *Field Notes* electronically, send an e-mail to cfi@chesapeakefields.com saying you prefer this method. We will send you a notice when new editions are posted and you can be among the first to read about CFI's happenings. CFI's budget will appreciate sending the newsletter electronically.

Get ready—Get set, it is time to GO

By John Hall, President & Executive Director

The next six months will be a very exciting time for CFI. With the launch of CF Farmers, we could be developing our business park by fall. I shared our progress at a recent American Farmland Trust meeting in California; CFI has become a national pilot. We are unique in combining *community ownership* with *farm ownership* as we work to maintain a viable sustainable Ag community.

CF Farmers is a new investment opportunity and we welcome everyone to invest. When we begin our equity drive, we will start locally and move outward. At this moment, I expect we will have investors from New Jersey to Virginia.

Everyone, including farmers, must realize they must "pay to play". It is important to fill out and return the **Farmer Investment** survey on page 3 or the the **Community Members Investment** survey on page 5.

These are **NOT** obligations--they are simply showing interest so you will be notified when the equity drive begins. Farmers can also be community investors.

Beware — you may not get a second chance to invest. When we reach our financial goal, the doors will close and it will be up to the Board of Directors to reopen investment opportunities. My guess is additional investments will come from within the exiting investors.

CPA **Steve Noack**, a leading Cooperative attorney from Fargo North Dakota, indicated only 25 percent of value added ideas are launched and only 40 percent of those launched are still in business in five years. Due to this risk, we encourage farmers to invest in several ventures. I encourage everyone to be diversified. I would hope people would look at all ventures currently being cussed in the mid-Atlantic area as complementary rather than conflicting. Farmers need to think about investing in the New Jersey corn ethanol facility, the Maryland barley ethanol facility, or the Delaware soy fuels venture. Investing in all of these will diversify your investments portfolio. We must begin to think of the mid-Atlantic as one area; we

must drop county and state lines and even the Mason Dixon line. Collectively, this is a very small region and we must work together to compete with the bigger regions.

I feel CFI has done a thorough job with its market research and feasibility studies. We feel we have selected a diversified approach that is quite small compared to many value-added ventures we reviewed. We hope you will consider investing in our agricultural future. Together, we can make a difference.

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Working toward a better future with identity preserve crops

*CFI's plans to have infrastructure in place to produce specialty identity preserve (IP) crops for specialty customers. IP means CFI growers will plant, harvest and process crops keeping them segregated at all times; all inputs will be recorded and printed on the CFI label that will accompany the product to the customer. CFI is working closely with land grant university researchers to identify specific crop varieties necessary to compete in the IP market. **Martin Lo**, Ph.D., a cereal chemist in the food science department of the University of Maryland, is driving the research. Two other UM researchers are also very involved. Pictured on the left is **Bob Kratochvil**, Ph.D., who is growing food type soybeans and various wheats in his research plots while **Bill Kenworthy**, Ph.D., (on the right) is working to manipulate the fatty acid levels of soybeans.*

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Vermont; U.S. Department of Agriculture; Quentin Burdick Center for Cooperatives at University of North Dakota; Eastern Shore Land Conservancy; National Fish and Wildlife Foundation; American Farmland Trust; Delmarva Conservation Corridor Project; Eastern Shore Delegates; Agro-Ecology Center – University of Maryland; Mid-Atlantic Farm Credit; Kent County Farm Bureau; Kent County Chamber of Commerce; Maryland Agricultural Commission; Delmarva Farmer; Kent County News; Koliya, Inc.; Caroline Gabel, Shared Earth; Just Cause Consulting; Town Creek Foundation; FORVM for Rural Maryland; Vint Lawrence; Edwin C. Fry; Louisa C. Duemling; A.T. & Mary H. Blades Foundation, USDA Rural Business Enterprise Grant Program, USDA Rural Development Center—Camden, DE Office; USDA Federal State Marketing Improvement Program; Grayce B. Kerr Fund; Montague Farms.

Thanks!

We couldn't exist without you!