

AGRICULTURE IN APPALACHIA

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In the last few decades, accompanying a resurgence of academic and literary interest in the region, the economy has begun to diversify to include services, tourism, and real estate development.

Preserving Traditions

As this diversification has taken place, organizations like the Appalachian Sustainable Agriculture Project (ASAP) and the North Carolina Cooperative Extension have pushed to preserve the region's agricultural heritage.

ASAP, a non-profit, community-based collaborative created to support rural farms, works to create and develop new markets for local produce; sustain the region's agricultural tradition; improve access to fresher, healthy food for the region's residents; and help local farmers maintain their livelihood.

Like ASAP, the North Carolina Cooperative Extension also supports local farmers. It promotes a program called Western North Carolina Agricultural Options (AgOptions), funded by the North Carolina Tobacco Trust Fund Commission. The program awards grants to farmers to help them expand or diversify their businesses, helping contribute to the longer-term viability of many farms. As well, it has allowed farmers to experiment with new agricultural technology and expand into new – often more profitable – agriculture-related business lines.

Case Study: The Success of Firefly Farm

Two of those farmers can attest to the financial and social value of these initiatives.

Firefly Farm, located on the South Toe River near Celo, N.C. is a small-scale organic farm owned by Scott Paquin and Elizabeth Gibbs.



Firefly Farm, a small-scale organic farm in Celo, North Carolina.

The farm grows a wide variety of organic heirloom vegetables including arugula, tomatoes, potatoes, peppers, garlic, lettuce, summer and winter squash. The farm also produces cut flowers and herbs, and its small flock of hens produce about ten dozen eggs per week. Recently, the owners began planting blueberries and are developing an apple orchard. Mr. Paquin and Ms. Gibbs sell their produce at local restaurants, grocery stores, farmers'

markets, and community-supported agriculture programs.

Thanks to the AgOptions program, the farm was able to expand the range of its organic vegetable offerings and help purchase basic equipment like a flame weeder, backpack sprayer, and materials to build hoop houses. In 2008, the farm added a herd of natural grass-fed Devon beef cattle, a heritage breed which will attract agro-tourists to the farm.

Firefly Farm has also benefited from ASAP's programs. Last year ASAP helped launch a new farmer's market in Asheville that has served as an important outlet for the farm's products. In addition, ASAP's promotion of the Mountain Farm & Garden Tour brings visitors and potential customers to Firefly Farm, which recently ventured into the agro-tourism market. In fact, this fall, Firefly Farm plans to expand its agro-tourism venture by hosting a dinner onsite serving its homegrown produce and beef.

The Bottom Line

Investment in Appalachia and its farming infrastructure can have far-reaching impact on local communities and the people living there. Financial assistance to small-scale agricultural operations such as Firefly Farm has a multiplying effect that contributes to economic development on a larger scale. Such assistance creates and retains jobs and expands Appalachian residents' access to affordable, healthy foods.

ABOUT COMMUNITY CAPITAL MANAGEMENT

- Founded in 1998
- Institutional fixed income money manager (Mutual Fund & Separately Managed Accounts)
- Approximately \$925 million in assets under management (as of 12/31/08)

Annualized Performance as of 12/31/08

| | CORE FIXED COMPOSITE (GROSS OF FEES) | BARCLAYS CAPITAL AGGREGATE BOND INDEX |
|---------------------------|---|--|
| 1-Year | 5.31% | 5.24% |
| 5-Year | 4.93% | 4.65% |
| 7-Year | 5.68% | 5.36% |
| Since Inception (8/30/99) | 6.28% | 6.24% |