TEXAS DEPARTMENT OF AGRICULTURE

TODD STAPLES
COMMISSIONER

October 3, 2008

The Honorable Sid Miller
Texas House of Representatives
P.O. Box 2910
Austin, Texas 78768

Dear Chairman Miller:

Thank you for your letter regarding the proposed Organic Holdings organic fertilizer plant in Nacogdoches County. It was a pleasure to meet Mr. Lon Musgrove and Dr. Joe Bradford and to hear of their work benefiting the agriculture industry. On my staff, Rick Rhodes, Assistant Commissioner for Rural Economic Development, and Linda Parker, Agribusiness and Rural Economic Development Specialist, are currently working with Mr. Musgrove on this project.

As you know, the Texas Department of Agriculture (TDA) provides economic development assistance to communities and businesses through programs such as the Texas Capital Fund, the GO TEXAN Certified Retirement Communities and the GO TEXAN Rural Community Beautification Program. You may also be interested in an exceptional item request TDA submitted to the Legislative Budget Board for a new Texas Rural Investment Fund (TRIF). The proposal calls for the creation of a $5 million per year state-funded program to complement the federally financed Texas Capital Fund. Without the requirements of the federal program, TRIF will have the flexibility needed to address Texas-specific needs such as creation of higher wage jobs and tools for education and training that will put our workforce on a parallel pathway with our workforce needs.

TDA staff and I have conveyed to Mr. Musgrove and Dr. Bradford we are supportive of this type of project. We have encouraged them to partner with the local communities, local governments, economic development corporations and chambers of commerce. To be successful in securing state funding, many state opportunities require local participation. For example, local governmental entities are the applicants for the Texas Capital Fund as the funds are for infrastructure enhancements to support the economic

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development project. Similarly, the Texas Enterprise Fund complements an array of incentives provided by the local level, state funds becoming the closing mechanism to ensure that business comes to Texas. To date, we are not aware of any application which has been made to a state or federally administered program, but will certainly work with them as they go through the application process.

Thank you again for following up with me on the Organic Holdings project. My rural economic development staff will keep your office apprised of this proposal's development. I look forward to our continued work together and following the progression of this project.

Sincerely yours,

Todd Staples

TS/CWS/cws