

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

**Michigan State University
Pavilion for Agriculture and Livestock Education
4301 Farm Lane
Lansing, Michigan**

MEETING MINUTES November 8, 2017

PRESENT:

Dru Montri, Chair, Michigan Commission of Agriculture and Rural Development
Bob Kennedy, Vice Chair, Michigan Commission of Agriculture and Rural Development
Brian Pridgeon, Secretary, Michigan Commission of Agriculture and Rural Development
Trevor Meachum, Past Chair, Michigan Commission of Agriculture and Rural Development
Diane Hanson, Past Chair, Michigan Commission of Agriculture and Rural Development
Ken McFarlane, Deputy Director, Michigan Department of Agriculture and Rural Development

CALL TO ORDER AND ROLL CALL

Chairperson Montri called the meeting of the Commission of Agriculture and Rural Development to order at 9:00 a.m. on November 8, 2017. Commissioner Pridgeon called the roll with Commissioners Hanson, Kennedy, Meachum, Montri, and Pridgeon, and Deputy Director Ken McFarlane present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE MEETING AGENDA FOR NOVEMBER 8, 2017. SECONDED BY COMMISSIONER MEACHUM. MOTION CARRIED.

APPROVAL OF OCTOBER 11, 2017, MEETING MINUTES

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE OCTOBER 11, 2017, MEETING MINUTES. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

PROPOSED 2018 MEETING SCHEDULE AND NEXT SCHEDULED MEETING

The Proposed 2018 Meeting Schedule was reviewed and discussed. Commissioner Montri pointed out meetings are being scheduled every other month, with the option of scheduling special meetings other months should the need arise.

Commissioner Meachum emphasized meetings should be productive and add value beyond actions required by the Commission. He suggested duration of meetings be commensurate with their travel time and include additional educational opportunities, as well as some agricultural field tours, in particular, around those projects for which the state has provided some investment. He pointed out the tours provide Commissioners opportunity to learn about needs and desires of businesses that can be communicated to the department. Commissioners Montri and Hanson concurred.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE PROPOSED 2018 MEETING SCHEDULE AS PRESENTED. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

The next scheduled meeting is January 24, 2018, to be held at Constitution Hall, 525 W. Allegan Street, Lansing, Michigan.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Kennedy reported harvest in the Saginaw Valley region has been somewhat disjointed, with yields being all over the board, but overall, below average. Corn harvest is about 70 percent complete. Beans are almost harvested and definitely short of what was expected. Sugar beets were delayed due to the warm weather and producers are now hurrying to complete harvest, which presents another risk factor in the region. Commodity prices are down across the board and cash flow will be tighter on the farm.

Commissioner Hanson advised weather in the Upper Peninsula (UP) has transitioned to early winter. The only crops remaining in the fields is corn, and much of that has been chopped due to wet conditions and the price of fuel, making it less expensive to purchase grain corn. The potato crop was good, being the only commodity with decent prices.

She attended the annual Hiawathaland Farm Bureau meeting last week, during which Joanne Stefl was honored. She has been an agricultural advocate for over 50 years and integrally involved between Michigan State University (MSU), the UP State Fair, Farm Bureau, and the local community.

Commissioner Pridgeon reported harvest in southcentral Michigan is somewhat behind due to weather conditions. Soybean yields have been average to slightly above average, and corn harvest is slightly above average. The region feels fortunate to have benefited from rains in July.

In response to question from Commissioner Meachum, Commissioner Pridgeon advised their hog business is doing well and U.S. hog producers are enjoying a healthy export market. As long as there are no barriers to trade, or an event that would drop the domestic demand, pig farmers will be able to keep their eyes above water and continued expansion is anticipated.

Commissioner Meachum advised corn and soybean harvest in the southwest area of the state is struggling to finish because of extremely wet conditions in the field. They recently had over seven inches of rain in 36 hours, which was followed by over four inches just five days later. His operation invested in a set of tracks for each combine, which was expensive, but allows the harvest to continue. Weather permitting, they hope to finish corn harvest by mid-December. Corn yields have been good and soybeans about average. Apple harvest is complete and the migrant laborers have left. There have already been two snow storms in the area.

The MSU Ag Innovations Day is held regionally across the state each year, and for 2018, it will be held in southwest Michigan (exact date to be determined). He is serving on the planning committee for the event and suggested a Commission meeting be held in conjunction with that event anticipated to be held next summer. He will keep everyone posted on the details as they develop.

Commissioner Montri advised she plans to attend the upcoming Michigan Farm Bureau Annual meeting, as well as the Great Lakes EXPO.

On their farm, things are progressing very well, with most crops harvested and placed in the coolers. As they scale-up, additional coolers are planned for next year. They are in full winter production and internal covers have been installed in each of the hoopouses, providing a good growing climate for the vegetables.

Commissioners Hanson, Kennedy, Meachum, Montri, and Pridgeon traveled to attend today's meeting. There was no other travel submitted for approval.

MOTION: COMMISSIONER PRIDGSON MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

COMMISSIONER ISSUES

No further issues were brought forward for discussion.

DIRECTOR'S REPORT

Commissioner Montri advised the Director is on a trade mission in China and Chief Deputy Director Wenk is attending a conference in California.

Deputy Director Ken McFarlane reported the Director recently attended the 26th annual Tri-National Agricultural Accord meeting, which was held in Denver and enjoyed the largest U.S. delegation in its history. The Accord is a meeting of U.S. Agriculture Commissioners/Secretaries/Directors and their counterparts from Mexico and Canada. The Accord represents a longstanding commitment among the senior state and provincial agricultural officials of the three nations to work together collaboratively on agricultural trade and developmental issues. The vital importance of the North American Free Trade Agreement (NAFTA) for the agriculture and food processing economies of all three countries was the key focus of this year's Accord. For the fourth year, the Director was co-chair of the U.S.-Canadian binational discussion.

The Conference of Great Lakes and St. Lawrence Governors and Premiers was held October 21 in Detroit. The Director, Chief Deputy Director, and Environmental Stewardship Division Director Jim Johnson attended the conference, as well as colleagues from Ohio, Indiana, and Ontario. Conference discussion centered around what each entity is doing to reduce nutrients entering Lake Erie. Mr. Johnson represented Michigan on a panel entitled, "Building on Success to Protect the Great Lakes-St. Lawrence," and outlined Michigan's efforts on both the point source and nonpoint source side, as well as emphasizing Michigan will reach the goal of a 40 percent reduction in phosphorous going into Lake Erie by 2025.

The Michigan Department of Agriculture and Rural Development (MDARD) recently presented their Fiscal Year 2019 (FY19) budget request to the Governor, along with the other QOL agencies. No further FY19 budget information will be available until the Governor releases his budget recommendations to the Legislature in February.

November 2 was an eventful day in the department, beginning with an All Supervisors meeting, followed by a progressive strolling potluck lunch, to which some other agency partners were invited. In the afternoon, the annual MDARD Awards Ceremony was held. This year, 49 staff were eligible for service awards, totaling 1,005 years. Five special awards were also given, including the inaugural award for Rookie of the Year. Mike Philip, of the Pesticide and Plant Pest Management Division (PPPMD), received the Leadership Award; Nicole Cairns, from PPPMD received the Every Day Hero Award; Jodi Gruner, from the Agriculture Development Division, received the Front Line Ambassador Award; Anna Bellamy, from the Food and Dairy Division, received the Rookie of the Year Award; and the Environmental Stewardship Division Farmland Preservation Team received the Team Excellence Award.

In response to question from Commissioner Meachum, Mr. McFarlane advised he and the Director plan to attend the upcoming Michigan Farm Bureau Annual meeting and Great Lakes EXPO.

Commissioner Montri noted there is a great deal of progress throughout the department as indicated by MDARD's October Scorecard and inquired about items in the red zone. Mr. McFarlane advised any item falling into the yellow or red zone has a corrective action plan in place to investigate, put more resources toward, or determine if the goal is appropriate. Also, some are large goals for which reporting is received at the end of a multi-year period. The department is very proud of how much activity falls in the green zone, indicating tremendous progress. At any given point, the department can advise what is happening in each specific area.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES (GAAMPs) INTRODUCTION OF PROPOSED CHANGES: Jim Johnson, Division Director, and Laura Doud, Interim Right to Farm Program Manager, Environmental Stewardship Division

Mr. Johnson introduced Laura Doud, who is the acting Right to Farm (RTF) Program Manager. He advised Mr. Cummings was manager for three months, recently accepted a position with his former employer in the State of Washington, and Ms. Doud graciously agreed to temporarily assist with the program. She has a great deal of experience with RTF, particularly in the Site Selection arena, and is doing a great job keeping the program on task while a search for a replacement is progressing. In addition, she is leading a process review of the program to develop program efficiencies and effectiveness.

It is again time for review of the Generally Accepted Agricultural and Management Practices (GAAMPs). The RTF Act describes the GAAMPs as those practices as

defined by the Commission of Agriculture and Rural Development and dictates the GAAMPs be reviewed annually by the Commission. Each of the Task Force Committees has been working hard throughout the year to review the GAAMPs and determine if there is room for improvement based on what is experienced in the field and what has changed within the scientific research community. Changes proposed for this year are relatively minor.

Today, the proposed 2018 GAAMPs are presented for the Commission's review between now and the January meeting, with anticipated decision regarding the 2018 GAAMPs at that time. The Task Force Chairs will be invited to join the January meeting to answer any specific questions.

Ms. Doud reported for 2018, there are changes recommended for only three of the eight GAAMPs and those are provided in redline, strikeout mode for easy identification of recommended changes. These are relatively minor regarding references and updates, and none are significant in terms of the practices themselves.

Relative to the Manure Management GAAMP, the only changes are related to members of the Task Force.

The Care of Farm Animals GAAMP includes proposed changes to language throughout the document for organic production programs and updated language for transportation of sick or injured animals. The Task Force members were also updated. Commissioner Meachum noted on page 91, in the Bee Colonies Table 1 under apples, it states, "The more dwarf varieties need more hives." Not being aware of any dwarf varieties, he suggested that reference be reworded to "The more high-density plantings need more hives." Ms. Doud advised they would make that change.

The third document with proposed changes is the Site Selection GAAMP, for which they worked with MSU to update the Odor Model within that document. Throughout the document, there are changes from the 2017 offset level to the Michigan Offset 2018. The department anticipates comment from Michigan Farm Bureau in this regard because the Task Force Committee decided to use 12-month climatology data for the state, and the previous model used only the warm, growing season data. Winter months being considered in establishing the actual odor footprint results in a slightly larger odor footprint for the facilities. The advantage is providing a site-specific odor model for each individual farm, where currently it is determined on average wind data for the entire state. This will make much more sense and give the department more confidence in the process.

In response to question from Commissioner Meachum, Mr. Johnson advised the new odor model will entail creating an awareness of the change. The new model takes advantage of MSU's weather stations across the state and will be much more accurate. In response to question from Commissioner Kennedy, Ms. Doud advised they will need to make policy decisions relative to those applications currently in process.

In response to question from Commissioner Montri, Ms. Doud advised changes to the GAAMPs are determined by a majority vote of the specific Task Force committee.

For the January meeting, the Commission requested MSU staff give a presentation explaining the new odor model prior to the Commissions' consideration of the 2018 GAAMPs. Ms. Doud will contact those individuals and ensure they are available to present. Commissioner Meachum also requested the Commission receive, as soon as possible, a document comparing the two odor models to help Commissioners understand the differences, including the positives and negatives of each model.

Commissioner Montri pointed to page 12 of the Site Selection GAAMP and referred to discussion during the recent Special Commission Meetings relative to high public use areas that don't fit the current definition, for example, a river with high use of kayaking, and asked if the Task Force committee addressed those types of areas. Ms. Doud advised the committee has not met since the Special Meetings and those issues are on the agenda for discussion by the committee during 2018 for changes to be proposed for 2019. Mr. Johnson added the department has been completing siting determinations for 17 years and this is the first instance of this being discussed, and he does not anticipate it being an issue during 2018. In addition, the committee needs appropriate time to consider this complicated issue and define it in a meaningful way.

Mr. Johnson noted the purpose of the GAAMPs is to establish a science-based decision-making tool around nuisance protection. The appeal process currently exists within the Site Selection GAAMP and consideration is being given to removing that process from the GAAMP so a science-based technology committee is not having to make decisions about what essentially is a policy question. In January, the department will most likely present that concept to the Commission with recommendation the appeal process be reestablished as a Commission policy, and create language that more clearly identifies the process. In response to question from Commissioner Montri, Mr. Johnson confirmed the appeals process within Commission policy would still include an expert review panel.

Commissioner Montri asked about communication in response to public comments on the GAAMPs received outside of the public meeting to be held on November 29. Mr. Johnson advised individuals receive response that the comment has been received and is being forwarded to the appropriate GAAMP committee. If the committee feels there is substantial reason to reconvene, they do so before the final decision by the Commission. Commissioner Montri suggested to ensure people feel they are heard, responses to public comments received that submitters perceive to be part of the GAAMPs process that are actually under purview of other agencies, include clarification of that fact, along with reference to information available at the other agency. This could be a proactive approach to specific issues anticipated by the department. Mr. Johnson advised there is an opportunity to add information to the department's website to include frequently asked questions about production agriculture and this is part of the lean process improvement being conducted. Commissioner Montri suggested creation of an "automatic" response message along the lines of, "Thank you for your comments, they are being forwarded to the Commission, all Commissioners are responsible for reviewing comments and addressing them; you may also find an answer to your question" This will ensure individuals their comments are received and reviewed by the Commission, as well as offer resources for additional information.

MICHIGAN ALLIANCE FOR ANIMAL AGRICULTURE: George Smith, Associate Dean for Research, MSU AgBioResearch

Dr. Smith provided a history of the Michigan Alliance for Animal Agriculture (M-AAA) and their collective goals. There had been a long-standing history of strong partnerships within the animal agriculture industries that provided great dividends for programs at MSU and directly impacted the industry. Tough budget years for MSU caused an interruption in communication and that cohesiveness was lost. M-AAA is an industry group created in 2014 as a coordinated effort to bring the animal agriculture industries back to the table with respective components of MSU to promote a dialog around collective needs and issues of the animal industries.

The several partners in M-AAA, including Michigan Farm Bureau, Michigan Allied Poultry Industry, Michigan Horse Industry, Michigan Milk Producers, Michigan Pork Producers, Michigan Sheep Breeders, Michigan Meat, Michigan Cattlemen's Association, as well as a strong partnership with MDARD, have been critical to this program. Other commodity groups have expressed an interest and have become associate members.

The goal of this group is to enhance the Michigan economy by ensuring growth and sustainability in the animal agriculture sector. They approach that through targeted research, outreach, and education programs in response to industry needs. What enhanced the cohesiveness and impact of the group was the initiation of a small grants program. They have been funding small, competitive grants since 2015 through internal dollars from AgBioResearch and Extension.

Input from the industries is a major component in how the grants funding decisions are made, which are designed toward short-term immediate impacts and the investigator's plan for disseminating that information to the producers. In 2015 and 2016, \$600,000 was awarded in internal funding each year. Enthusiasm for the program grew and industry partners approached the Legislature for additional funding, which was successful. In FY17, they received an additional \$899,000 for the state, which came to MSU through MDARD. This allowed them to award \$1.5M in grants, increase the impact, and provide some two-year grants that allowed a graduate student to be assigned to the work. This accomplished another goal of training more professionals with agricultural related experience and provided for more complete, in-depth studies.

For the current year, they are very excited about the support obtained from the State of Michigan through the grass-roots stakeholder effort. They are fortunate to receive \$2.5M for M-AAA for FY18. This will allow them to take the impact of this program to the next level. Putting the importance of that into perspective from a national level, there is less than one tenth of a percent of the funding available for competitive research dedicated to animal agriculture research.

He detailed some of the projects and the type of work the program has been able to fund, which would not have been possible otherwise. Because of low commodity prices, much of the research is related to productivity. Some of the completed projects include milk yield and milk component responses to commercially-available fat supplements for dairy cows; research on bovine leukemia virus; resources for meat processors implementing the Specialized Retail Meat Processing Variance; distribution patterns,

resource use, welfare, and production of laying hens housed in commercial-style aviaries; and addressing new guidelines in housing for swine and poultry. In general, the M-AAA program has accomplished many positives for the industries.

In response to question from Commissioner Meachum, Dr. Smith advised the next key topic is addressing antimicrobial resistance. Although federal funding will most likely address the issue to a degree, there is practical information that producers need in terms of dealing with that problem. The number of items in the toolbox for producers and veterinarians to combat disease will be reduced and that is already happening. Research on immediate strategies to reduce the need for antibiotics, how to more quickly recognize sick animals, and how to prevent disease is needed.

Commissioner Pridgeon asked how Dr. Smith envisions continuing to improve the relationship between the university and the animal industries to make that research relationship more relevant to the farm gate. Dr. Smith advised he feels continuing the dialog that has been established will enhance progress moving forward. The MSU team is absolutely committed to listening to challenges of the industries. Commissioner Pridgeon advised he realizes not all issues can be addressed by the university, but feels there still is an opportunity to streamline approaches and more strategically define rolls.

Commissioner Montri asked if general numbers related to current proposals are available. Dr. Smith advised 47 proposals were received, requesting about \$4.7M in support. Following the initial review process, proposals will be reviewed more closely and some additional information will be requested. Key considerations include potential impact and substantiating science to support the project. The projects represent a solid group of proposals which will definitely provide for expansion of program impact.

PROJECT GREEN: Doug Buhler, Director, MSU AgBioResearch

Dr. Buhler mentioned MSU has 18 different agricultural facilities on its south campus, being one of the few universities in its peer group that maintains this type of a convenient land base contiguous to its main campus. One of their broader goals is to continue reminding friends on campus this is in fact a research lab.

Project GREEN (Generating Research and Extension to meet Economic and Environmental Needs) will be celebrating its 20th anniversary next year and they are very proud of what has been accomplished through this model which continues to garner support from stakeholders. Funding for Project GREEN is included in a \$5.8M line item in the State of Michigan's budget.

The idea for Project GREEN was developed around the need for more applied research and extension activity to support the plant industries of Michigan. This is extremely important because the plant agriculture in Michigan is so diverse and the state has a very unique growing environment.

Project GREEN is a very strong broad-based partnership, with the major partners being MSU AgBioResearch, MSU-Extension, and MDARD. The project has remained relevant because it was built to be responsive, flexible, and accountable, and maintains strong alliances with the industries and their priorities. During the annual process, each

coalition member submits outreach and research priorities that become part of the scoring criteria for the grants funded. The overall member support group is the Plant Coalition, which consists of numerous valuable partner organizations.

The Director's Action Team (DAT) is the decision-making body that establishes goals and strategic action plans for Project GREEN. It includes the Directors of MSU Extension, AgBioResearch, and MDARD (traditionally the Chief Deputy Director). There also is a program coordinator, a role which he has held for many years, and a very skilled administrative support person, Jackie Lindsey.

In the financial model of the program, they have maintained the total investment in long-term commitments to less than one-third of the total budget. The remainder are investments with a commitment of three years or less, which is where the competitive grant program lies. New and continuing grants of about \$3M per year are funded, which can provide for quick response to newly emerging issues. These early projects have also allowed them to successfully compete for national funding of various larger research projects.

Beyond the competitive grant program, other programs toward which Project GREEN funds are allotted include the MDARD Pesticide and Plant Pest Management export manager and plant pest specialist, the MSU Plant Diagnostic Center, MSU Product Center, MSU Enviroweather, plant biotechnology outreach and education, MSU Land Management Office, and an MSU Rapid Response Fund.

Project GREEN has a successful history because of its excellent partners, its flexibility, and the great support from Michigan's Legislature. The program provides an excellent model and they will continue to do their best to stay true to its principals and continue making it one of the best programs of its kind in the country.

Commissioner Meachum added he appreciates all of the valuable research Project GREEN has facilitated for the industries. Commissioners Hanson and Kennedy echoed that remark.

In response to question from Commissioner Montri, Dr. Buhler advised they have always been very pleased and appreciative of MDARD's support. Chief Deputy Director Gordon Wenk, as well as Robin Rosenbaum and Mike Philip of PPPMD, have always been extremely supportive and responded quickly to coordinate immediate needs of the program.

RECESS AND RECONVENE

Chairperson Montri recessed the meeting at 10:27 a.m. for a brief break. She reconvened the meeting at 10:39 a.m.

MSU FOOD PROCESSING AND INNOVATION CENTER: Tom Lyons, Director, MSU Product Center

Dr. Lyons reported the MSU Food Processing and Innovation Center (FPIC) project would not have been possible without the generous support of the State of Michigan. Its

purpose is to be an economic development engine in Michigan's food processing industry through a state-of-the-art facility that is truly a food processing plant.

FPIC is the first of its kind in the nation. It will be Michigan's leading independent commercial food development, processing, packaging, and research facility. It will provide a real-time production environment to support the creation of vibrant new food products, serving the needs of Michigan-based food businesses big and small, as well as large-scale startups throughout the Great Lakes region.

FPIC will be fully licensed and certified, allowing for anything produced to be sold in the marketplace. This provides a hedge against the risk through testing the market, learning from it, and coming back to make changes, all without having to make a full investment in that particular product line.

The main components are the full-time production capability, as well as flexible product line configurations. Users can essentially assemble their own production line from the state-of-the-art equipment available and add some of their own equipment if needed. There also will be a dedicated packaging and labeling area. In-house expertise will be available, as well as valuable connections with other MSU entities, such as law, art and design, and food science. Flexible leasing options will be available, allowing usage from one day to two weeks, with users paying for only the time used.

The principal client is expected to be early stage-two companies – those with about \$5-20M in sales and employment of 10-50. Approximately 650 Michigan food manufacturing firms meet these criteria. Larger food processing companies will also be able to take advantage of the center to seek additional research and development capacity or support smaller companies they wish to acquire and bring into their supply chains.

The facility is located on Hulett Road in Okemos and was originally Hobies' production plant. It is basically a renovation of that 8,000 square feet. He reviewed a diagram of the facility's overall layout.

The project is on schedule for completion next month, with the largest challenge being equipment acquisition and installation. The plan going forward is to strategically schedule clients according to equipment availability and in January, facilitate the completion of first product launch. An "Economic Development Day" with economic developers and lawmakers is targeted for the end of December. An "Industry Day" is planned in January, with a "Grand Opening" ceremony to be held in late winter/early spring once all equipment is in place.

Commissioner Meachum asked if there would be consideration for a start-up company. Dr. Lyons advised this is where the connection of the FPIC to the Product Center is valuable. They work with that type of company in the Product Center, where a business concept is developed, product is launched, and growth begins. Ideally, they would bring that business up to the stage-two level where they can take full advantage of the FPIC.

Commissioner Montri noted there has been tremendous growth in incubator kitchens and food hubs across the state, and asked if the FPIC has plans to provide opportunities for that sector. Dr. Lyons confirmed many of those individuals will be able to take advantage of their facility. They are already working directly with several organizations, such as the Downtown Market in Grand Rapids.

In response to questions from Mr. McFarlane, Dr. Lyons advised clients will primarily bring their own materials, and in many cases, their own personnel team. FPIC is also creating partnerships to promote Michigan products.

Commissioner Montri asked if he perceives the need for more medium-scale food processing across the state, as well as ways to assist with workforce issues. Dr. Lyons advised through connection with the Product Center, they have relationships with various organizations that can assist clients. They consider themselves as being part of the ecosystem for supporting food processing entrepreneurship.

MSU FRUIT AND VEGETABLE CAMPUS LAB PROJECT: Kelly Millenbah, Associate Dean-Management, MSU Agriculture and Natural Resources

Dr. Millenbah advised in 2012, a survey of 1,100 food processors indicated over 68 percent planned to hire new employees, 38 percent were experiencing challenges finding skilled workers, and 66 percent indicated intentions of hiring production workers. Finding more skilled workers is a concern of all businesses in Michigan today, as well as providing more hands-on relevant training experiences.

About 20 years ago, MSU completed significant upgrades to both the Meat Lab and the Dairy Facility, including state-of-the-art plants being established on campus. The Fruit and Vegetable Lab did not receive an upgrade at that time, and is relatively antiquated, which means those students essentially are learning on outdated equipment that is possibly irrelevant in terms of employment opportunities.

With the funding received, renovation of the Fruit and Vegetable Lab will essentially provide on an annual basis over 730 students learning through experience within that lab, covering three different departments and twelve separate courses. They are very excited about moving the project forward.

Part of the funding received is also for three mobile labs, including canning and retort sterilizing, aseptic filling, and juice processing. These labs will connect the university with community college partners. Through MSU's two-year Agriculture Technician Certificate Program, they have transitioned from two community college partners to ten in various locations across the state, providing that place for students to learn and grow in a field not requiring a four-year or advanced degree. The program allows for the growing of some skilled workforce around very specific areas.

They are in the preliminary design phase of the labs, have researched similar projects in other states, and are working toward phase one approval with the Board of Trustees. Obviously, they are planning for experienced learning opportunities for their students, allowing them to be fully engaged with the most up-to-date and relevant equipment possible, so they are essentially job ready when they graduate from the program. They

plan to work directly with various companies to ensure equipment remains updated. They are very excited about the process and the project overall.

Commissioner Hanson asked about the potential of the project working with community colleges in the UP. Dr. Millenbah advised Dr. Showerman has been pursuing the development of programming in the UP to provide a presence there as well.

Commissioner Montri advised students from the Meat Lab have indicated to her it is often difficult to hear instructors because of the equipment noise. Dr. Millenbah advised they are pursuing the use of headsets within the design process, realizing it is a key part of enhancing the student experience.

MSU FRUIT AND VEGETABLE MOBILE LAB AND WORKFORCE PROJECT: Randy Showerman, Director, MSU Institute of Agricultural Technology

Dr. Showerman advised the MSU Institute of Agricultural Technology is 124 years old and its primary mission is to consider the workforce development needs across the state in agriculture and natural resources, and address those needs. For a number of years, there were only two community college partnership programs and over the last four years, eight additional partnerships have been added. He shared a map showing the location of those colleges and the counties the program serves, which represents a broad part of the state. After current programs are stable, partnerships may be expanded in the future, including colleges in the UP.

The key of their programs is practical skill development, the hands-on learning for their students. On-campus programs and partnerships are very comprehensive and complimentary to each other, which cannot be delivered off-campus.

The institute is accessible, affordable, and employable. Accessible because how they admit students is totally different – if a student has a 2.0 or higher GPA and has graduated from high school, they would be admitted into the Institute of Agricultural Technology. Community College students are dually enrolled between MSU and the community college and all have the opportunity to earn an associate's degree, as well as a certificate. Through identifying needs of the industries, different opportunities are being developed to assist various local communities grow economically. In partnership with the businesses, a course to enhance students' ability to obtain their Commercial Driver's License is one example.

All of their programs will be built upon technical agricultural course work, but also include basic areas of applied mathematics, communications, management, and English. Students additionally have the capability of taking some elective credits. Key to the program are partnerships with departments on campus, so courses are transferrable directly into other MSU programs, with faculty members ensuring course content is equivalent.

Another hallmark of their programs are the advisory committees to ensure industry is involved. They are currently working with the mobile units to determine the best way to facilitate the development, transport courses, and ensure needs of the industries are met. Development of the labs will help drive what they will be doing within the academic

programs. Faculty meetings are being held to develop those program parameters. The mobile units will be crucial as we consider the partnership program, the various food hubs, and micro kitchens to incorporate those aspects. Courses will be delivered in various ways, including face-to-face instruction, online, and hybrid courses with major content online that are augmented with labs.

Programs will have an internship component, as well as clerkships to provide hands-on experience from the beginning. The goal is to have individuals recruited for fall of 2019. Initially, the program will be offered in just three locations to ensure a successful launch. Those will include Northwestern Michigan College in Traverse City, Muskegon Community College, and Kellogg Community College in Battle Creek.

In response to comments from Commissioner Hanson, Dr. Showerman confirmed the Michigan Farm Bureau Agricultural Science Lab offers a tremendous opportunity to educate elementary students and move them through to high school where agriculture programs can take them to the next level. Additionally, they are considering the most appropriate program to design exclusively for the UP.

Commissioner Montri asked if they envision duplicates of the labs to allow for operation in more locations, or different labs focused on specialized topics. Dr. Showerman advised design concepts of the labs to provide for equipment interchangeability is being considered, but will depend upon actual equipment requirements and restrictions.

In response to inquiry from Commissioner Meachum, Dr. Showerman advised they are seeing an increased percentage of students transferring from the certificate program into a bachelor's degree. They are also seeing the reverse occurring.

Commissioner Pridgeon affirmed what Dr. Showerman is accomplishing at the Institute in meeting needs of the agriculture industry is helping to provide that skilled workforce so critically needed. Dr. Showerman noted it is because of the support of the industry, the Commission, and all of the other partners that have made this possible. He foresees considerable growth in the future, especially if the focus can remain on applied technology that meets the needs of the students and the industry.

BOVINE TUBERCULOSIS PROGRAM UPDATE: James Averill, State Veterinarian and Division Director, and Rick Smith, Assistant State Veterinarian, Animal Industry Division

Dr. Averill thanked the Commission for the opportunity to update them on Bovine Tuberculosis (bTB) in Michigan. This year, one new herd was identified in the Modified Accredited Zone (MAZ) in northeast Michigan, which was the 70th herd found bTB positive in the state. That herd is currently undergoing a test and removal process.

There has been considerable activity within the bTB Program across the state. There were a number of deer found positive on the outskirts of the MAZ during hunting season last year that created four circles in which staff needed to administer testing of all cattle on each of the farms. Those included Iosco, Ogemaw, Presque Isle, and Roscommon Counties. That work has been completed with no additional disease in the cattle herds being identified.

Two cattle circles were coordinated this year in a surprising area of the state. A feedlot was identified in Newago County and a herd in Lake County, due to an infected trace herd from Indiana. Testing there is also primarily complete.

Conversations have been ongoing for some time with the U.S. Department of Agriculture (USDA) Veterinary Services (VS). As previously reported, the state had been out of compliance with its Memorandum of Understanding (MOU) for almost 18 months. In the MAZ, we are allowed to have up to three positive herds in a rolling 12-month period. Currently, we are in compliance with the MOU. However, the period of non-compliance triggered conversations with USDA that began in June of 2016 and ultimately led to USDA-VS visiting Michigan last December. They requested suggestions of what could be done differently in Michigan relative to the bTB Program, and those were submitted in January. In late July, they responded with the announcement of another visit in August. During that conversation, USDA-VS advised their two options: 1) drop the status of the MAZ to Accreditation Preparatory status, or 2) downgrade the entire state status to MAZ. That second option was very surprising, as it would take 95 percent of the state that is currently TB Free status and drop it to MAZ status. He immediately asked what data suggested Michigan meets that qualification when considering prevalence of the disease across the herd basis, emphasizing the second option would move Michigan from 350 to over 12,000 herds under MAZ status.

The department did not concur with either option, because it would merely increase the testing and regulatory oversight of Michigan's cattle industry, when it is not the source of the disease in Michigan. We know it exists in our free-ranging white-tailed deer and we experience a periodic spillover into the cattle population. MDARD formally responded by offering a third option that accurately addresses the disease issue through focus on biosecurity in the deer population.

The one surveillance change recommended in MDARD's option was to continue conducting all the current testing, and bring Presque Isle County back into the mix, testing those herds one more time over a three-year period to ensure the disease is not there undetected in the cattle population. Secondly, we recommended upgrading what is being done from a biosecurity standpoint in the Wildlife Risk Mitigation Program. In addition to inspecting farms on the outskirts of DMU (Deer Management Unit) 452 during winter months, inspecting those farms with cattle in a pasture setting during the summer months to ensure they are following their plans. Within DMU 452, they are taking additional steps to further enhance biosecurity efforts. With the help of the Legislature and the Governor's Office, the department has obtained cost share funding to assist with infrastructure needed on those farms, including three-dimensional fencing, which is a deterrent to the deer. About 50 farms have already been evaluated and progress is being made in that direction.

In collaboration with industry, MDARD has also encouraged farms in and around DMU 452 to be actively involved with harvesting the deer that have become habituated to their facility operation by allowing USDA Wildlife Services to enter their property for that purpose. As agreed to by the Michigan Department of Natural Resources (MDNR), in 2018, harvest activities will occur three times a year on each of those farms. We are hopeful this will significantly reduce the deer population around the cattle operations in

that area and greatly reduce the risk of disease. In addition, MDNR is dedicating a local staff person to promote hunter access programs and incentivize property owners to improve habitat. MDNR will also conduct out-of-season hunts in that area. MDARD appreciates the collaborative partnership efforts of MDNR in addressing the problem.

MDARD's proposal was discussed with USDA at a national meeting held in San Diego in October. Although they were not fully pleased with the counter proposal, MDARD is awaiting USDA's formal response. In the meantime, with the support of MDNR, the program is moving forward as planned, they are in the process of drafting a new MOU, and will continue dialog with USDA.

Commissioner Hanson advised she is pleased MDNR is taking positive steps. Dr. Averill agreed, but advised there also are industry stakeholders who have not followed biosecurity actions as they should have. Commissioner Kennedy confirmed, all parties need to be involved.

In response to question from Commissioner Hanson, Dr. Averill advised Indiana also conducts circle testing around positive herds, have completed trace work, and are harvesting and testing deer. The U.S. Bovine TB Eradication Program began 100 years ago. In 2008, a review began and a federal order was established that no state would be downgraded during the review process. The new rule was published two years ago, but never implemented. There has been discussion the federal government will pull the federal order and simply stay with the current rule on the books. This would result in several states being downgraded, and Michigan could be considered in that category.

FOOD AND AGRICULTURE INVESTMENT FUND REQUEST: Peter Anastor, Division Director, Agriculture Development Division

Mr. Anastor advised the department is today seeking approval of a Food and Agriculture Investment Fund performance-based grant for House of Flavors, Inc. He introduced Whit Gallagher, President of House of Flavors, and Spence Riggs, Executive Director of the Mason County Growth Alliance, who is the local economic development partner.

House of Flavors, Inc. (House) has been a popular landmark of Ludington for nearly a century. What started as a full-service dairy operation in the early 1900s, has evolved into one of the largest private label packaged ice cream and frozen dessert manufacturers in the country.

Mr. Gallagher advised since its inception, the company has remained at its same location in the heart of downtown Ludington. The operation started as a full-service dairy that processed milk, buttermilk, butter, cottage cheese, and five flavors of ice cream. Products were delivered to neighboring families via horse and buggy in an era where there were several dairies in small cities across America. Throughout the years, the company changed hands and, in addition to manufacturing ice cream, participated in several different business ventures, such as ice cream parlors/restaurants, a frozen distribution business, and owning and marketing a brand. By the end of the 1980s, the company eliminated its frozen dessert distribution business, separated the Ludington restaurant from the corporate structure, and focused its efforts on manufacturing packaged frozen dessert products and generating sales through grocery store

distributors, and ultimately, co-packing for other companies. This change in focus proved to be the niche for House and the company has experienced growth each year since.

With 20 full-time team members in the late 1980s, the company has blossomed into a state-of-the-art manufacturing facility with 185 current full-time team members and has invested nearly \$30M in its manufacturing facility to keep up with customer demand, product trends, and neighborhood changes. The company currently has an annual capacity of 30M gallons and sales volume of over \$100M, which ranks it as one of the top 10 private label frozen dessert manufacturers in the country and the largest in the state of Michigan with product being distributed within and outside of the country.

House sells their private label products to nationally-known super stores, supermarket chains, and distributors located throughout the world, marking each product with their plant code 26426. In addition, House plays a vital role in Michigan's agricultural market, as it purchases the majority of its cream, non-fat dry milk powder, whey powder, and cherries from Michigan-based farmers and processors. The estimated annual spend for these Michigan-based products is nearly \$20M.

House makes products in packaging ranging from three-gallon containers to eight-ounce cups and has three separate hardening systems to quick freeze the product. As the industry has moved away from the half-gallon brick package, House has had to utilize its two other hardening systems to accommodate the consumer shift to smaller pack sizes. This has caused capacity issues with the two other hardeners. The plan is to remove a single-serve hardening system and replace it with a spiral quick freeze hardening system that can handle a variety of packages, including the brick package, as well as 48, 32, 24, 16, 14, and 8-ounce paper containers.

The project is expected to require a capital investment of \$3.8M in equipment and building upgrades, including the installation of a spiral freezer. In addition, upgrades to the electrical and refrigeration systems, conveyor and process flow requirements, and ingredient feeder, metal detection, shrink wrapper, and sanitary piping will be required.

At the same time, House is moving forward with the City of Ludington to assist in the upgrade of the city's waste water treatment plant (WWTP) as House cannot continue to operate at its current capacity and remain in compliance under the new permit regulations. House will contribute \$1.5M toward improvements at the Ludington WWTP and will likely need to invest an additional \$1.0M at the production plant to make internal process improvements to continue to grow and remain in compliance with its permits obligations. The total project cost for the WWTP upgrades is estimated at \$17.5M.

On the frozen warehousing side, House leases 4,500 pallet locations from the Indian Summer Co-op in the Ludington area. With House's continued growth, Hutt Logistics also plans to invest, expand, and grow in the Hudsonville area. House will utilize between 8,000 and 12,000 pallet locations in the newly completed Hutt facility, averaging more than half of their total capacity. The ripples from House's growth have had a significant impact on many Michigan families, farms, and businesses.

In response to question from Mr. McFarlane, Mr. Gallagher advised he is not aware of any automation trends that would reduce the level of employees needed in the plant. Automation they are seeing deals with palletizing, and not conducive to their facility. His concern is obtaining needed labor from the area while competing with other businesses. Mr. Riggs advised that is why they are excited to hear all of the conversation around steps to grow the agricultural sector workforce.

Commissioner Kennedy asked if \$100,000 is the maximum grant award. Mr. Anastor advised no maximum has been established. Because dollars available are limited, the \$100,000 level was determined to be judicious to balance with other proposals awarded.

Mr. Anastor advised this project is a great example of why the department sought this business tool to help Michigan agricultural companies transition to latest technologies for the industry and keep them growing here in Michigan. It is a great partnership with the local community and with other state economic development partners.

Commissioner Montri asked if there is any investment coming from other partners and how the grant milestones are selected. Mr. Anastor advised the Michigan Economic Development Corporation (MEDC) is considering a Business Development Program grant, which is in process. Tangible milestones for a grant are established toward what it is we are trying to help the company accomplish, and those are negotiated with the company to ensure they are realistic and timely.

In response to question from Commissioner Pridgeon, Mr. Ansastor explained why this project was brought forward for consideration. Ms. Gruner from the Agriculture Development Team has been working with House for quite some time as part of our normal process in working with companies and communities. When they became aware of the project, the wastewater need in the community, and Michigan products being utilized, it clearly was an excellent project that met criteria to be considered for the Food and Agriculture Investment Fund Program.

MDARD recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Program performance based grant of \$100,000 for House of Flavors, Inc.

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE BASED GRANT OF \$100,000 FOR HOUSE OF FLAVORS, INC. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

Commissioner Meachum suggested the Commission include a tour House of Flavors in their agricultural visits next year.

Mr. Anastor reported the Continental Dairy project, which the Commission approved last year, is progressing well and already providing benefits to the plant and the community. Continental is very appreciative of the funding provided.

NURSERY INSPECTION FEES: Robin Rosenbaum, Plant Industry Section Manager, Pesticide and Plant Pest Management Division

Ms. Rosenbaum advised she is presenting a proposed fee increase to the nursery and related inspection fees for the Commission's approval. The Insect and Plant Disease Act allows the department to charge an inspection fee based on the cost of conducting the inspection. That fee can be adjusted annually based on a percentage increase in the Consumer Price Index (CPI), and the Commission must approve any adjustment.

This year, the CPI increased two percent and the department is requesting a one dollar increase per hour for inspections and one dollar per acre increase for acreage inspections. This represents an approximate total of \$8,425 across all of the nursery inspections to be completed.

Commissioner Montri asked, while it appears to be a modest increase given the investment from the General Fund, were any concerns from the industry expressed. Ms. Rosenbaum advised since the CPI language was added to the Act, no comments or resistance relative to fee increases have been received following the formal notification to the industry, which is completed in October each year.

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE INCREASE IN NURSERY AND RELATED INSPECTION FEES AS PRESENTED. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.

LEGISLATIVE UPDATE: Matt Blakely, Director of Policy Development and Legislative Affairs

Mr. Blakely advised during the committee hearing for Senate Bills 108-109, the Urban Agriculture bills, it became apparent there was mixed feeling about what the legislators were trying to accomplish. Those bills will receive further modification to better define the intent, and a committee meeting should be scheduled in the near future.

Senate Bill 415 would help address the gasoline pump skimmer issue, placing additional regulation on gas sales by requiring something be done to the gas pumps to help in detection of skimmer devices. The minimum could be placing a sticker on the seal over the pump opening. The department would prefer to see expanded use of a unique locking mechanism to provide additional security. The bill has passed and on its way to the Governor's desk.

A committee meeting was held on Senate Bills 516-18 regarding outstanding agricultural related loans, having those enter mediation rather than immediately enter the foreclosure process. GreenStone, the larger stakeholder involved, is under different rules than conventional lenders, which will require the three bills be tailored somewhat to achieve their intent. Given the current commodity prices, the department wants to offer producers the best opportunity to resolve financial issues.

Senate Bill 542 passed the Senate and is the House. It clarifies intent of the Pesticide Notification Registry legislation, which provides for a registration list of individuals whose health could be negatively impacted by pesticide application in their area and requires

they receive notification prior to any such application. This would maintain the registry, but would extend notification requirement only to directly adjacent properties. Currently, a physician has the ability to extend a notification “zone” with no limitation. This bill would place logical limits on those notification areas and applies only to home applications.

House Bills 4811-12 are the Food Safety Modernization Act (FSMA) bills. They currently are in the Senate and a committee hearing is expected soon.

House Bill 4940 will redistrict the Dry Bean Commission to better align districts with current producers. Because an outside party must request any redistricting, they requested the department submit legislation on their behalf.

House Bill 4813 is legislation to provide language clarification within the law to provide that tranquilizers could be used before putting an animal down. A veterinarian is not required to administer, it could be a veterinarian assistant with appropriate training.

House Bill 4999 is a bill now signed by the Governor to preempt any local taxation on food and beverage items.

Commissioner Montri advised she was contacted yesterday by the Michigan Department of Health and Human Services (DHHS) who indicated there is concern relative to glass milk bottles in the UP and the ability to reimburse the deposit through SNAP (Supplemental Nutrition Assistance Program). Mr. Blakely advised legislation has been introduced that would apply to any Michigan dairy distributing in glass bottles. In theory, an individual could purchase certain products with SNAP dollars, including milk and soda, dump the product, and return the containers for reimbursement, which can be up to two dollars for the milk bottles. To what scale this is an issue has not been determined. This is a violation; however, a person would need to be caught in the act by an agent of DHHS. The bill would require a deposit not be covered by SNAP. However, retailers have expressed concern with the ability to program computers to process these transactions. Logistically, there are various issues with the legislation.

PUBLIC COMMENT

No public comment on non-agenda items was requested.

ADJOURN

MOTION: COMMISSIONER PRIDGEON MOVED TO ADJOURN THE MEETING. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.

There being no further business, the meeting adjourned at 12:45 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes October 11, 2017*
- C) *Director Jamie Clover Adams – Issues of Interest Report*
- D) *Michigan Alliance for Animal Agriculture 2016 Legislative Report*
- E) *Project GREEN 2017 Legislative Report*
- F) *Food Processing and Innovation Center Presentation*

- G) *MSU Fruit and Vegetable Mobile Lab IAT Partnerships Map*
- H) *House of Flavors Food and Ag Investment Fund Memo and Terms Sheet*
- I) *MDARD Request to Increase Nursery and Related Inspection Fees*
- J) *Legislative Status – November 2017*