

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

AgroLiquid
3055 West M-21
St. Johns, Michigan

MEETING MINUTES AUGUST 22, 2018

PRESENT:

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

CALL TO ORDER AND ROLL CALL

Chairperson Kennedy called the meeting of the Commission of Agriculture and Rural Development to order at 9:05 a.m. on August 22, 2018. Commissioner Pridgeon called the roll with Commissioners Hanson, Kennedy, Meachum, Montri, and Pridgeon, and Director Gordon Wenk present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE MEETING AGENDA FOR AUGUST 22, 2018. SECONDED BY COMMISSIONER MONTRI. MOTION CARRIED.

APPROVAL OF JULY 18, 2018, MEETING MINUTES

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE THE JULY 18, 2018, MEETING MINUTES. SECONDED BY COMMISSIONER MEACHUM. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting is Wednesday, September 19, to be held at the Hillman Community Center, 24220 Veterans Memorial Hwy., Hillman, Michigan.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Montri reported she attended the Gold Medal Wine Reception earlier this month, along with several Michigan Department of Agriculture and Rural Development (MDARD) staff; it was a great event featuring many excellent Michigan wines. She spent time with Commissioner Hanson at the Upper Peninsula (UP) State Fair, including the impressive Miracle of Life Barn and the Governor's Luncheon.

Upcoming events include Breakfasts on the Farm on August 25 in VanBuren County and on Michigan State University's (MSU) campus September 15 at the Beef Research Farm. They are looking forward to the Project GREEN (Generating Research and

Extension to meet Economic and Environmental Needs) 20th Anniversary celebration to be held September 19 from 4:00-7:00 p.m. and invited Commissioners to join on their return from Hillman that day.

On their farm, the six hoopouses are producing well, one is already transferred to winter production, and all fall transplants will be in by mid-September. Almost complete is a new greenhouse on rented property that has natural gas available. They have been exploring some new markets that involves selling to medium-sized processors.

Commissioner Meachum advised they have completed their first phase of plum harvest and are in week four of tomato harvest. Southern Michigan has seen a considerable amount of water and there are many concerns in the soybean industry for white mold and sudden death syndrome. They are seeing relatively high disease pressure in tree fruit and vegetables because of the foggy mornings that turn into hot days, creating a perfect environment for all types of fungal diseases. The blueberry season is concluding, with several producers looking to cold atmospheric storage to extend their market into September to gain better pricing. Overall, producers in southeast Michigan are struggling with low commodity prices, regardless of what is grown. They are hoping things improve after school starts and are already looking forward to 2019.

In response to question from Commissioner Kennedy, Commissioner Meachum advised fresh market plums are not selling well; however, he is unable to find enough number two plums to satisfy the distilling market. Because plums have a limited shelf life, they have actually begun to cannibalize the number one fruit to sell as number two plums.

Commissioner Hanson reported, after some rain, weather in the UP is now very dry and many producers are talking about again having to irrigate. The Michigan Cattlemen's Association held their Summer Round-up in Escanaba this year and Hiawathaland Farm Bureau sponsored the dinner at their farm, as well as touring other local farms. The UP State Fair was very successful again this year. She participated on the search committee for a new Center Coordinator for the UP Research and Extension Center in Chatham and a recommendation has been forwarded to MSU.

The dairy industry in the UP continues to struggle and a well-established dairy farm in Chippewa County recently sold their cows. Crop damage from deer continues to be a significant problem and operators have been obtaining permits. Bear have also been causing damage recently, for which crop damage permits can also be requested. One raspberry farmer experienced winter kill, and for the first time in 20 years, has no berries to sell. Beef prices for youth at the fair were down considerably this year, with some youth not even recovering costs on their endeavor. Producers will begin harvesting potatoes within the next three weeks, combining is complete, and there has some third cop hay being cut.

In response to questions from Commissioner Kennedy, Commissioner Hanson advised the table stock potato market was up earlier this year, but she is not aware of current prices. Beef prices at the fair were low for those youth who did not cultivate a buyer relationship before the sale. Commissioner Meachum advised their fair invites previous

buyers to the sale, along with free admission tickets. The youth then follow that with personal contacts, aggressively seeking business.

Commissioner Pridgeon advised a large farm tour in their area is planned for August 25 at Preston Dairy, with 2,500 people being expected. The hog market continues to be depressed, as uncertainty relative to trade remains, and the dairy industry is following that same common theme of very stressed farms. One local dairy farm is incredibly stressed, and it is unknown how much longer they can continue eroding their equity to keep going. Although they are not the most cheerful people to be around right now, there is eternal hope in farmers and they are looking forward to next year.

Growing conditions in Branch County were wet early and again late in the season. Anything planted and not too stressed from early wet soils looks healthy. The portion of the county that irrigates is happy because they can avoid having to use that equipment.

Commissioner Meachum congratulated Commissioner Pridgeon on his recent marriage.

Commissioner Kennedy asked about status of the Coldwater plant. Commissioner Pridgeon advised labor issues are preventing them from adding a second shift and that timeline is unknown. Across the board, the hog industry is doing a tremendous job producing the supply and there currently is a surplus, creating considerable stress for those without a contract for their extra pigs.

Commissioner Kennedy concurred that commodity prices are obviously depressed, and across the board, there is considerable stress in the industry. Since the July Commission meeting, commodity prices have really collapsed. Hopefully, some long-term solutions being developed will bring positive results. In the meantime, it will continue to be a very stressful situation for the industry.

Saginaw Valley began well weather-wise, but the last five-six weeks have been completely dry. Other areas of the state are either too wet or are dry as well. As a result, crop yields in Michigan will vary widely across the state.

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

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

DIRECTOR'S REPORT

Director Wenk apologized in advance for not being available for the next meeting. From September 15-22, he will be in China for another trade mission, along with six Michigan companies and three commodity organizations. The Governor will be there at the same time and their visits overlap somewhat. Even with current trade issues, the department wants to ensure opportunities for export markets remain available.

He met recently with the Environmental Protection Agency (EPA) Region 5 Director in southwest Michigan. They visited a blueberry farm in Bangor and a vegetable farm in Sodus, which gave her a flavor of Michigan farming. Conversations were enlightening, and she was appreciative for the opportunity. MDARD was pursuing answers relative to wetlands legislation enacted a few years ago, which is particularly important to the blueberry producers. Additionally, Michigan Department of Natural Resources (MDNR) Director Creagh, Michigan Department of Environmental Quality (MDEQ) Director Grether, and he will be meeting at EPA Region 5 headquarters in Chicago early next month. All Region 5 states will participate in that meeting to discuss various issues and ideas for the future. The acting Federal Administrator for EPA was in Michigan, at the invite of Congressman Walberg, to review various MDNR wetland projects, as well as talking with producers in the Western Lake Erie Basin.

The Under Secretary of Agriculture for the Farm Production and Conservation Mission Area, Bill Northey, was in Lenawee County recently. He met with producers there to discuss some of the issues they experienced with the Farm Services Agency relating to contracts. The meeting helped producers understand the U.S. Department of Agriculture (USDA) was not taking them for granted and was sorry for the way they were treated during the contract process. USDA also participated in the Center for Excellence Tour reviewing the numerous conservation practices implemented in Lenawee County. This annual event involves about 500 producers and highlights the latest techniques in conservation practices. MDARD showcased the five-year Edge of Field Research Project being conducted in the area which is targeted toward discovering how to reduce or eliminate dissolved reactive phosphorus discharge.

The department recently met with MI CLEAR (Clean Lake Erie Action and Research) which is a collective partnership formed in southeast Michigan around the Lake Erie Basin. The partnership includes Detroit Edison, The Nature Conservancy, Michigan Boat Industries, Erb Family Foundation, University of Michigan, MSU, Michigan Farm Bureau, and the Quality of Life (QOL) agencies, among others.

On July 24, the department recognized the 50th Donated Conservation Easement at the Tobias Farm in St. Joseph County. This easement keeps the land in agriculture by the owners donating their development rights. Overall, the department holds more than 25,325 total acres in Conservation Easements, with 8,231 acres being donated.

He served as a guest judge at the annual Michigan Wine Competition, with over 413 wines representing 57 Michigan wineries having been entered this year.

Project Spartan was announced on August 9, which will be a large dairy processing facility with capacity to take eight million pounds of milk per day. The Commission will hear more details later in the meeting and be asked to consider economic development incentives for that project. The project should give hope to dairy producers in that we will have a home for some of Michigan's excess milk.

The department recently awarded the Rising Star Award to Brew Export. The award recognizes a new company beginning in the export business. They are exporting

Michigan and Midwest beer to 14 other countries. Next month, the Exporter of the Year award will be announced.

The MDARD annual Employee Awards Ceremony will be held on October 30 and he invited the Commissioners to join that event, which recognizes years of service and the good work accomplished by employees throughout the year. It will be held again at the Michigan Library and Historical Center, begins at 2:00 p.m., and is preceded by a potluck lunch in the department, which Commissioners are welcome to join as well.

Commissioner Montri inquired about the food warehouse investigation in Clinton County that Chief Deputy Director McFarlane mentioned last month. Director Wenk advised there were five warehouses involving an entire list of food safety infractions. All food was seized, the facilities are being cleared, the food is no longer in the marketplace, and the investigation process will continue.

Commissioner Montri noted the Natural Resources Commission recently approved new recommendations around Chronic Wasting Disease (CWD) and asked how MDARD might be involved in those. Director Wenk advised at this point, a process review is being conducted between MDNR and MDARD to consider how to manage the Cervid Program in relationship to the emerging CWD issue. There will be a definite increase in MDARD staff workload as the zones of impact are considered.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

ADDRESSING FARM STRESS: Dr. Courtney Cuthbertson, Community Behavioral Specialist, and Suzanne Pish, Michigan State University (MSU) Extension

Dr. Cuthbertson thanked the Commission for the opportunity to share information about their programs. She advised MSU Extension helps people improve their lives by bringing the vast knowledge of MSU's resources directly to individuals, communities, and businesses, and has a presence in all 83 Michigan counties. They offer programming and information in areas of agriculture, agribusinesses, child and youth development, health and nutrition, community food systems, natural resources, government and public policy, and community prosperity.

Ms. Pish noted stress is a state of physical, mental, or emotional strain or tension, and is the body's method of reacting to a challenge. However, not all stress is bad. When we feel excited about something, we feel anticipation, and this helps us get mentally and physically ready for the task. This is called Eustress, and it energizes – it is what keeps us going during seeding or harvesting. But when we suffer from too much stress, and particularly if it is over a long period of time, this is called distress. Prolonged distress can result in severe physical and/or emotional problems. Common stressors in farm families include the weather, crop yield and livestock illness, machinery breakdown, finances, government relations, and disagreements with family members. When responsibilities start to pile up on top of each other, farm life can be very stressful.

Dr. Cuthbertson advised that compared to general population, farmers have higher levels of psychological distress and depression, the highest suicide rate of any

occupation, and lower levels of seeking help for mental health. Depression is directly associated with farm injury and poor mental health is associated with lower adoption of new technology, products, and policies.

When considering farm stress, it is not just the individual farmer, but the individual in context. They consider with whom the farmer is interacting – family, organizations and their policies, the community, and society at large. They try to consider the farmer in this context and the different levels that might be impacting stress and mental health.

MSU extension developed two workshops related to farm stress. The first is for farmers and is titled, “Weathering the Storm: How to Cultivate a Productive Mindset.” And the other is for people who work with and/or support farmers, “Communicating with Farmers Under Stress.”

Ms. Pish advised the workshop for farmers is designed to help them and their families understand the signs and symptoms of chronic stress. It includes resources about how to handle stress for a more productive mindset on the farm. By the end of the class, participants will be able to 1) identify stress signs and symptoms, 2) practice three everyday strategies for managing stress, 3) know where to go for more help and resources, and 4) make an action plan for managing stress. Response to the workshops has been remarkable.

The second workshop is designed to help people who work with and support farmers to identify and deal with stress and be able to have important conversations with farmers about mental health and stress. By the end of the class, participants will be able to 1) build awareness around potentially stressful conditions affecting some farmers; 2) learn stress triggers, how to identify signs of stress, and review helpful techniques for responding; 3) learn techniques for identifying, approaching, and working with farmers who may not be coping with stress effectively; and 4) learn where to go for additional help. There have been over 1,000 participants in this workshop.

Dr. Cuthbertson reviewed some of the things covered in the workshops, including a chart depicting the various physical, psychological, and behavioral signs of stress. Those encompass a long list of specific signs, from headaches, fatigue, and getting sick more often to depression, irritability, and trouble with memory, to acting out, substance abuse, and isolation. Signs of chronic, prolonged stress include 1) change in routine, such as dropping out of activities; 2) decline in care of livestock and animals showing signs of neglect or abuse; 3) increase in family illness; 4) increase in farm accidents; 5) appearance of the farmstead where the family no longer takes pride in way the farm building and grounds appear, or have time for maintenance work; and 6) children show signs of stress by acting out, decline in academic performance, or show signs of abuse or neglect. Workshops include audience participation that gets them really thinking about the signs and how they notice stress in themselves.

Ms. Pish emphasized certain mindsets are helpful when approaching those under stress, such as thinking about the process and your plan of approach and the mental posture you are going to bring. Empathy is important – trying to think of things from their perspective, remembering sympathy is not usually very helpful. They need answers, but

also need to play a very active role in developing solutions to ensure the level of commitment needed. One can help them think, discover, and live with possible outcomes of decisions made.

Dr. Cuthbertson advised MSU Extension also offers Mental Health First Aid, which is an eight-hour evidenced-based program to increase knowledge of signs and symptoms of mental health and substance use issues. They have been using the curriculum specific to rural populations to ensure they have the most relevant information.

In addition to the classes, Ms. Pish noted MSU hosts a website of various resources related to farm stress at www.canr.msu.edu/managing_farm_stress. These include an online, self-directed class at no cost. She shared copies of a fact sheet MSU Extension is distributing, "How to Cultivate a Productive Mindset." Additional fact sheets are being developed to address family farm stress and opioid use in farming communities, as they continue to consider the various aspects.

MSU Extension's efforts have been successful to date. In 2018, 281 farmers attended the Weathering the Storm workshop, with 93 percent reporting an increased knowledge of where to go if mental health is needed. Approximately 1,000 people have taken the Communicating with Farmers Under Stress workshop, with 91 percent saying it increased their knowledge of where to send people for help. MSU is excited about being that resource for farmers and communities.

In response to question from Commissioner Kennedy, Ms. Pish advised classes are being offered throughout the state and they also take requests. GreenStone, for example, has them conduct ongoing classes for new staff members.

Commissioner Kennedy suggested a relationship with the Michigan Agri-Business Association would be extremely helpful and Ms. Pish advised they would pursue that idea. Commissioner Meachum also suggested their bringing the program to the Great Lakes Fruit and Vegetable EXPO in December.

Director Wenk advised MDARD has been very supportive of the work MSU has been accomplishing around the farm stress topic. Dr. Cuthbertson and Ms. Pish presented at a recent MDARD All Supervisors meeting and they have talked with numerous field staff as well. The department is working with MSU to find additional funding to help expand the program over the next few years.

MICHIGAN CONSORTIUM OF ADVANCED NETWORKS: Therese Empie, Strategy Advisor, Office of Governor Rick Snyder, and Peter Anastor, Division Director, Agriculture Development Division

Mr. Anastor advised he was in the UP last week for the Governor's announcement of the Michigan Consortium of Advanced Networks (MCAN) "Michigan Broadband Roadmap." Now that it has been publicly released, he will forward that to Ms. Ayers for sharing with the Commission. Therese Empie, from the Governor's Office, has been the point person on this project and is here today to share highlights of the recommendations.

Ms. Empie emphasized she is aware this project is important to the Commission, as well as the entire agriculture community and the State of Michigan, and they are hopeful it will assist in moving efforts forward. MDARD has been at the table throughout the process and Mr. Anastor has done a tremendous job representing the industry's interest and need for broadband.

The 21st Century Infrastructure Commission began in March 2016 and was comprised of 27 appointed members representing government, business, academic scholars, and infrastructure experts. It developed a long-term, comprehensive set of infrastructure recommendations that included a recommendation to create the Michigan Consortium of Advanced Networks (MCAN).

MCAN was announced in January 2018 and included seven appointed members representing business, agriculture, and education, and six state agency appointees. Two subgroups of experts were convened that held five listening tour events across Michigan. Their charge was to create the "Michigan Broadband Roadmap" to provide recommendations and actions for improving broadband access and adoption.

The group considered issues more comprehensively and focused on what is termed fixed, terrestrial broadband, as well as broadband adoption. Fixed, terrestrial broadband is service designed for permanent, stationary use at a home, business, or institution. Adoption of broadband is recognizing its value and subscribing either at home, work, or via public institutions. Adoption issues include affordability, digital literacy, and awareness of broadband's impacts. MCAN looked at both how to increase that access and how to ensure adoption of that service.

Michigan ranks 30th among other states and territories for broadband availability and an estimated 368,000 of Michigan's rural households do not have access. Nearly two million households (48 percent) have access to only one, fixed, terrestrial internet service provider. Just over \$2.5 billion in potential economic benefit is left unrealized among disconnected households. One-third of households that do not subscribe to the internet say the cost of service is too expensive. She reviewed a map depicting service available in the various areas of the state, with focus on 25/3 service, which is considered the advanced broadband service speed needed to be productive in the 21st century economy. Mr. Anastor advised the members spent considerable time on how to best depict the situation for Michigan. If you simply consider population numbers, nearly 90 percent of people have access to that 25/3 service. However, when looking at a map of service areas, you can clearly see that more than one-half of the state is underserved. This tool portrays the true situation in Michigan and will help gain traction on the action items.

Ms. Empie advised they tried to articulate in the roadmap why broadband matters for various economic reasons, including 1) provides households with an estimated \$1,850 annual economic benefit, 2) over 30 percent of tourism transactions in the U.S. are made online, 3) small businesses using social media are three times more likely to have recently hired, 4) an estimated one percentage point increase in access could create or save about 12,000 jobs statewide, 5) farmers getting connected see an average six percent increase in revenue, 6) Michiganders earn \$467 million annually through home-

based businesses and online sales, 7) Michigan teleworkers save \$363 million in car maintenance and fuel each year, 8) telemedicine adds an estimated \$522,000 to rural economies, 9) small businesses with websites have higher annual revenues, and 10) access can increase home values over three percent.

MCAN established three goals: 1) accomplish speeds of 1 Gbps to all residents and businesses by 2026; 2) achieve fixed, affordable broadband service at 25/3 Mbps to all residents and businesses by 2022, and 3) attain fixed household broadband adoption of 95 percent by 2024. Additionally, MCAN established several principles to guide recommendation development. These principles include removing barriers to broadband adoption; encouraging connectivity for institutions; promoting coordination, cooperation, and community between public, private, and non-profit entities; utilizing existing and emerging funding sources and investments more effectively; and embracing all technologies, visionary planning, and innovative approaches to ensure high levels of broadband service.

The roadmap focuses on three recommendation areas: 1) access to unserved areas, 2) increase broadband adoption, and 3) progress Michigan's broadband ecosystem. Improving broadband access in unserved areas includes creating successful partnerships, connecting communities and institutions, improving broadband coverage data collection and validation, increasing backhaul capacity, and improving the workforce for the telecommunications industry.

Increasing broadband adoption includes promoting and building awareness for low-cost broadband subscription programs, supporting the digital literacy of residents, and creating partnerships to promote innovative uses of technology.

Progressing Michigan's broadband ecosystem includes several recommendations for addressing systematic improvements to the broadband landscape including investing in broadband to improve community and economic development, establishing a single point of contact for broadband in the state, encouraging "dig once" policies, improving pole attachments for internet service providers, streamlining access to the right of way, and creating a permanent broadband commission to advise legislators and future governors.

Improving broadband in Michigan is no small task, and it requires cooperation and support from multiple parties. To begin moving the needle, immediate first steps following the roadmap's release include 1) creating a Community Broadband Playbook to support local municipalities and stakeholders, 2) developing an accountability strategy and assigning state agency support for implementation; and 3) working with the Legislature to create a permanent broadband commission and administer state broadband investment.

Universal access to broadband is a clear and urgent priority for every Michigan resident, business, region, and community. Michigan, and its communities and businesses, must ensure that secure, reliable, and affordable broadband services are available across the state. Improving Michigan's access to and adoption of broadband and technology is complex and ever-changing due to the nature of the telecommunications industry and

rapid advances in technology. MCAN's goals may take years to implement and will require the participation of a diverse array of stakeholders at all levels of government. No one person, group, or entity can do this alone.

Commissioner Meachum asked what the one-third of households consider is too expensive for broadband. Ms. Empie advised studies only questioned affordability in general and MCAN is looking more closely into what that might be. Some areas report an initial connect fee of \$700 in addition to monthly charges, which can be a significant issue for many.

In response to question from Commissioner Kennedy, Ms. Empie advised the Governor signed into law the Michigan Infrastructure Council that will look at a statewide asset management database to assist with infrastructure coordination to encourage one-time investments to include broadband. This long-term council will facilitate the continuing relationship-building process needed to meet the goals.

Commissioner Montri inquired about legislative support during the upcoming change in administration. Ms. Empie advised they are currently meeting with legislators, bills are being drafted, and they expect MCAN to accomplish that before Lane Duck.

In response to question from Commission Montri, Ms. Empie advised the short-term goals focus on granting the \$20 million in funding that is currently available for the project in the very near future. Successes that can bring will assist in developing future appropriations.

In response to inquiry from Commissioner Hanson, Ms. Empie advised cost of fiber optics to a single home is extremely expensive and they believe most rural applications will consist of fiber optics to a tower and wireless service or other technical options to connect individual customers. MCAN is hoping state investment may help incentivize providers – to hopefully make that return on investment high enough for them to provide that service.

Director Wenk confirmed this continues to be an important topic for the department and emphasized Mr. Anastor and his team will continue to assist on the MCAN efforts and finding solutions for rural broadband in Michigan.

RECESS AND RECONVENE

Chairperson Kennedy recessed the meeting at 10:23 a.m. for a brief break. He reconvened the meeting at 10:35 a.m.

AGRICULTURE PROCESSING RENAISSANCE ZONE AND FOOD AND AGRICULTURE INVESTMENT FUND REQUESTS: Peter Anastor, Division Director, Agriculture Development Division

Mr. Anastor thanked the Commission for calling a special meeting for the purpose of bringing a significant economic project before them for consideration. As recently announced, a new dairy processing plant will be located here in St. Johns. Glanbia Nutritionals and Proliant Dairy Michigan, LLC, are the two primary companies behind the project, with some co-ops also being involved. The Commission is being asked to

recommend approval of an Agriculture Processing Renaissance Zone (APRZ) designation, which ultimately will be approved by the State Administrative Board, and approval of Food and Agriculture Investment Fund performance-based grants for the two companies involved, Spartan Michigan LLC and Proliant Dairy Michigan, LLC. Representatives from the various entities will share with you today, including John Murphy, Senior Director of Engineering for Glanbia, Bob Craig, City Commissioner with the City of St. Johns, Mark Peterson, Vice President of Business Development with Proliant, Chuck Courtade from Dairy Farmers of America, and Keith Lambert, Vice President of Business Attraction with LEAP (Lansing Economic Area Partnership).

Mr. Murphy advised he is the Project Manager for what they have termed Project Spartan. On behalf of the 6,000 employees of Glanbia, he thanked the Commission for entertaining the concept of having the project in St. Johns. He has been overwhelmed with the cooperation he has received from the city, the township, the county, and the state. Glanbia is the number one producer of American-style cheddar cheese and advanced technology whey protein to the nutritional sector. Glanbia is headquartered in Ireland and employs 6,000 people across 32 countries with production facilities in Ireland, United States, United Kingdom, Germany, and China. Categories include performance nutrition, global ingredients, and dairy products. Glanbia's investment in Project Spartan is more than \$400 million, involving two owners, three construction sites, and at least 500 tradesmen on site to complete.

It is a unique partnership of companies coming together to solve a problem. Spartan Michigan LLC is a joint-venture owned by Glanbia Nutritionals, which is part of the global nutritional company Glanbia plc, and a dairy joint-venture that will be owned by Dairy Farmers of America (DFA) and Select Milk Producers, Inc. (SMP). DFA and SMP will supply the milk required by the plant, while Spartan Michigan will have full responsibility of all commercial, technical, and operational aspects of the business. These companies are currently partners on a similar project in Clovis, New Mexico, which is one of the largest dairy processing facilities in North America. That project will serve as a model for this project.

The project will lead to the construction and operation of a new eight-million-pounds-per-day dairy processing facility, manufacturing about 800,000 pounds of cheese and 40,000 pounds of whey protein powder per day. Once at capacity, they expect to produce 25 percent of the American-style cheddar cheese market. The project will include two distinct companies, Spartan Michigan LLC, which will operate the cheese and whey protein powder manufacturing facility, and Proliant Dairy Michigan, LLC, which will operate an adjoining whey permeate processing facility that will develop high quality dairy ingredients for food and feed customers. The total project will require an investment of at least \$510 million and will create at least 261 new jobs. Assuming they receive all required approvals, they are poised to break ground by mid-September.

Mr. Peterson thanked the Commission for taking the time to meet today. Proliant Dairy Michigan, LLC, is a wholly-owned subsidiary of Proliant Dairy, LLC, a dairy ingredient manufacturer headquartered in Ankeny, Iowa. Proliant Dairy is part of the Lauridsen Group, Inc., a privately-owned holding company founded in 1975. From 1991-2004, Proliant was in a joint venture partnership with Hilmar Cheese Company, in which

Proliant focused on the sales, marketing, research and development, and applications of whey proteins and lactose. In essence, they concentrate on taking solid streams that are typically viewed as waste and create value. With nearly 25 years in the dairy business, Proliant is focused on developing the highest quality dairy ingredients for food and feed customers. They are very excited to collaborate with the Project Spartan partners, noting the pipeline connection between the plants is what makes this project viable. It will be the world's largest permeate dryer facility and generate over 400,000 pounds of finished product per day that goes to both human and animal consumption. Additionally, every effort to be efficient and sustainable has been incorporated into this project by all partners. They began looking for a partner over four years ago, as well as considering alternative sites across the country, and are very excited about this project and its future growth potential.

Mr. Courtade advised he is the Regional Manager for Dairy Farmers of America (DFA) and is here today representing both DFA and Select Milk Producers (SMP). SMP was founded in 1994 out of a desire by a group of family dairy producers to develop a national footprint for the perfect milk. With 99 large family farm members and innovative products, SMP is a leader in quality and innovation. SMP members market seven billion pounds of milk per year, which places them in the top ten co-ops in the country. They produce the Fair Life and Core Power products in their Coopersville plant, along with powdered and condensed milk and butter.

DFA is the largest dairy cooperative in the U.S., the only national dairy marketing cooperative, and serves and is owned by more than 14,000 members on more than 8,000 farms in 48 states. They marketed over 64 million pounds of milk last year, or 30 percent of the U.S. dairy production. They have over 60 plants around the country that they either wholly own or are in partnership ownership. DFA also is one of the country's most diversified manufacturers of dairy products, food components, and ingredients, and is a leader in formulating and packaging shelf-stable dairy products. Michigan has been at or near the bottom for net price in the country because of surplus milk. In September of 2017, Michigan had 1,458 dairy farms and as of last week, has 1,331 – we have lost 127 farms. Although milk production has remained basically constant, many producers lack the revenue to consider expanding. The amazing consideration of Project Spartan is Glanbia is investing 50 percent, with DFA and Select investing the other 50 percent. Farmers don't have money to invest right now, but know they need to do something to stop the underclass pricing, etc., and so are stepping up for the future of the industry. In addition, Michigan will close the Dean processing plant in Livonia because of Walmart now bottling their own milk in Fort Wayne. The 20 million pounds of milk they processed per month now needs to find a new home. They see this project as helping every dairy farmer in Michigan, providing a benefit \$50 million per year in savings to producers through hauling costs, premiums, and discount amounts. It will make a huge difference for the future of Michigan's dairy farmers.

Mr. Craig advised St. Johns is extremely pleased to be the fortunate host community for this Glanbia and Proliant Dairy campus, which will cover about 150 acres in the St. Johns Industrial Park. Through cooperation with surrounding townships, they negotiated a shared agreement for the entire 150 acres to allow for the infrastructure facilities necessary. Nearly 300 full-time jobs will be created, offering long-term sustainable

employment. The area is also looking forward to additional residential and commercial developments and are very excited about the partnership with their neighbors, the dairy farmers. While other communities have competed as well, if it were not for the APRZ program combined with the other incentives, the project could very well have gone elsewhere. Although St. Johns will decidedly benefit economically, it is giving a 12-year 100 percent tax exemption to the project and another three years is phased. This project will be a significant economic boost to not only the St. Johns community, but mid-Michigan overall – it will have a huge impact.

Mr. Lambert advised he is with LEAP, the economic development corporation for the Lansing region. Working on this project has been a phenomenal experience, and extending upon the partnership theme, four distinct departments of state government, very much led by MDARD and the Michigan Economic Development Corporation (MEDC), worked together to bring this very complex project to fruition. It touched so many different organizations and MDARD's leadership has been fundamentally important to bring these companies to a point of being comfortable with making this kind of investment in the State of Michigan. Three local units of government, four state agencies, numerous private sector partners, two workforce development agencies, a community college, and a big-ten university have been involved in interacting and ensuring the companies understood every single point of the business case and decision they were about to make. They are very excited about the project – to have four investing companies, \$550 million, and a massive foreign investment from Ireland is an extreme rarity for the Lansing market, for Michigan as a whole, and what it will do for the dairy industry. He hopes everyone takes it as a point of pride in that Director Wenk, Mr. Anastor, and everyone on the MDARD team were the movers and shakers to make this project possible.

Mr. Murphy advised the location decision was an arduous one and the APRZ was crucial to that decision. They are very excited to be here in Michigan and fully expect expansion in the future. He reviewed a fly-over presentation with an artist's rendering of the project. They anticipate construction to take two years, with the first milk being received in October 2020. They will receive about 100 tankers per day 24/7 and plan to run the plants six days a week, typically with two 12-hour shifts.

Commissioner Montri thanked the partners for all of their effort on this project and welcomed them to Clinton County, noting it is very exciting for Michigan's dairy industry.

In response to questions from Commissioner Montri, Mr. Courtade advised milk production has remained constant because others have purchased the cows from closing farms. Farmers will feel some relief as soon as the plant begins receiving milk. During the next two years, he predicts the dynamic of farms will change, in that additional small farms will go out of business and larger farms will continue to expand.

Commissioner Monti asked what continuing conversations the department needs to have while this plant is being built to ensure the dairy industry persists and we can minimize farm stress. Mr. Courtade advised much is out of their control, particularly considering the tariff issues that are impacting exports. It appears Mexico is close to settling, which is good news. Mr. Anastor advised the new processing plant in

Greenville coming online this fall and another plant in Constantine that potentially would be open in less than two years will help alleviate some of the pressure. Additionally, the announcement of this project allows people to make decisions on other investments, and with that light at the end of the tunnel, producers can manage in the interim. Commissioner Kennedy added that consolidation is happening in all sectors of agriculture, but particularly in the dairy industry. They need hope, and this project is a good development.

Commissioner Montri asked about the environmental impact of the project. Mr. Murphy advised both plants are attempting to mitigate impacts through their design by incorporating as much energy efficiency as possible and there already is considerable water reuse included. They estimate the project will discharge just over one million gallons per day in wastewater, but will pull only about 300,000 gallons of potable water per day from the city. The remainder comes from the milk, which is reused in the process. They are also building a wastewater treatment plant as approved by MDEQ that will produce very clean water. Mr. Craig advised the project lies within their certified industrial park which already meets many of the qualifications and they are very pleased with the efficiencies being incorporated by the project. Mr. Murphy advised they are also going to remove a considerable amount of milk trucks from I-80 to the tune of \$50-100,000 worth of transportation costs, which makes this project extremely sustainable.

Commissioner Meachum inquired as to how much of an impact an individual dairy farmer would see in milk prices after the project is online, especially in light of their ability to oversupply. Mr. Courtade estimated an increase of about \$1.50 per hundred weight. In addition, having a local processor will help Michigan milk move up into a higher-priced product market.

In response to inquiry from Commissioner Kennedy, Mr. Courtade advised milk for this plant will come from all areas of the state, but primarily from farms that are north of I-94.

Commissioner Hanson advised she is excited cheese is included in the project and asked about UP milk. Mr. Courtade advised they currently have no members in the UP, but if some outside milk is purchased or traded, it could come from the UP.

Commissioner Meachum asked what other locations were considered for the project. Mr. Murphy advised 18-20 different U.S. sites were considered. Once partners were determined, Michigan was targeted, and they then seriously considered Owosso, Battle Creek, Flint, Bay City, Auburn, and St. Johns.

In response to questions from Commissioner Kennedy, Mr. Murphy advised all arrangements for major power supply are complete. Their general contractor is from Fort Wayne and many of the trades will be from Michigan. They will be paying above minimum wage for their project employees. Mr. Peterson added the project will be extremely automated and will require special skill sets to operate the high technology equipment. They have been working with the community college to help develop that workforce. Mr. Craig added representatives from the MSU College of Agriculture and Natural Resources advised they will have students interested in employment with the project and the MSU connection added to the location's attraction.

Mr. Anastor advised this is the final APRZ available and this project is a perfect means of capstoning that program. Outstanding collaboration from the State of Michigan is providing significant support to this project, with incentive support for both companies totaling \$20.5 million. Incentives include the APRZ (15 years), Community Development Block Grant funding, Transportation Economic Development funding, PA198 and State Essential Services Assessment property tax abatements, and MI Works! Service Center support. He recognized Jodi Gruner from his Agriculture Development Team who served as point person for the project through its years of development.

MDARD staff recommends the Michigan Commission of Agriculture and Rural Development approve the "Resolution for an Agriculture Processing Renaissance Zone" application as presented.

MOTION: COMMISSIONER MEACHUM MOVED TO RECOMMEND THE APPLICATION FOR A PROPOSED DAIRY PROCESSING FACILITY SUBMITTED BY THE CITY OF ST. JOHNS, SPARTAN MICHIGAN LLC, AND PROLIANT DAIRY MICHIGAN, LLC, BE DESIGNATED BY THE MICHIGAN STATE ADMINISTRATIVE BOARD AS AN AGRICULTURAL PROCESSING RENAISSANCE ZONE AND THAT A COPY OF THE RESOLUTION BE PROVIDED TO THEM, AS WELL AS THE MICHIGAN STRATEGIC FUND BOARD. COMMISSIONER HANSON SECONDED. MOTION CARRIED.

Mr. Anastor advised in addition, staff recommends the approval of a Food and Agriculture Investment Fund performance-based grant of \$750,000 for Spartan Michigan LLC, and the approval of a Food and Agriculture Investment Fund performance-based grant of \$250,000 for Proliant Dairy Michigan, LLC.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE A FOOD AND AGRICULTURE PERFORMANCE-BASED GRANT OF \$750,000 FOR SPARTAN MICHIGAN LCC. COMMISSIONER MONTRI SECONDED. MOTION CARRIED.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE A FOOD AND AGRICULTURE PERFORMANCE-BASED GRANT OF \$250,000 FOR PROLIANT DAIRY MICHIGAN, LLC. COMMISSIONER MEACHUM SECONDED. MOTION CARRIED.

Commissioner Meachum congratulated the St. Johns community and welcomed Project Spartan and Proliant Dairy to the area.

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

Mr. Anastor advised the next project being presented today is from the City of Grayling, termed the Northern Market project. This is a unique request to support the design, construction, and engineering plans needed to move this project forward. He introduced Doug Paulus, Project Manager, Shannon White, President of FUNchitecture, LLC, and Doug Baum, City Manager for the City of Grayling.

Mr. Baum advised this project began in 2010 during economic challenges and the decision to be aggressive in bringing recovery. They began looking at alternatives and ways to think outside of the box to make their area grow. Through diligence with the township, the city, MDARD, MEDC, and other partners, the regional market concept was born. Grayling also became a Michigan Mainstream Community, as well as being involved in the Governor's project Rising Tide initiative. They also just became certified in the Redevelopment Community program. During Regional Prosperity Collaborative meetings, needs of farmers and the food industry were evident. He and the Grayling City Market manager traveled across the state to see what other markets were doing and decided to enhance their ability to attract people to their area. He and Mr. Paulus have been working through details of the project ever since – to make a difference not only for Grayling, but for the region.

Mr. Paulus noted agri-tourism is successful in Michigan and projects are very much driven by the current local food movement, and that type of destination was needed in northern Michigan. He was overwhelmed by the number of small farms wanting to join a distribution project. Northern Market is part of a much larger food hub project driven by the City of Grayling. The market will resolve the marketing needs of northern Michigan farmers and the cottage food industry, while creating a tourism destination at a focal point of north/south travel in Michigan. The model is based on the need to stop and the want to stop, while providing everything at one location with a family-based experience, and housing education and growth needs of a rapidly growing farm-to-table agricultural movement in northern Michigan.

The strategic location offers potential for freight logistics between the Upper Peninsula and northern Lower Peninsula with more populated markets in the southern Lower Peninsula. The location has attracted interest of food distributors and others interested in obtaining and transporting farm and food products throughout the state. Fifteen value-added product vendors are committed to date. Leonardo's Produce, a food distributor in Detroit, Cherry Capital foods, located in Traverse City, the Marquette Food Co-op/Upper Peninsula Food Exchange and Food Hub, and interested firms located in Mackinaw Island and Alcona County are planning to be part of the distribution network linking Michigan's peninsulas.

Mr. Anastor advised the project will be the construction of the 53,500 square foot year-round Northern Market in Grayling, Michigan. Total project investment is \$9,111,510 and will create 14 new jobs. The project has received considerable funding support with grants approved from MDEQ for \$350,000 for brownfield redevelopment activities, from the Northeast Michigan Council of Governments for \$48,128, from USDA for \$37,500 for a commercial kitchen, and \$4,223,000 from USDA for a loan for the project. Grayling is also working with MEDC for support in the amount of \$2-4 million dollars, and with private and community foundations and businesses. The piece that was missing for the project was having the detailed design, construction, and engineering plans to secure the rest of that funding. This will be a year-around economic engine creating a family-based experiential agricultural shopping destination, with a logistical web driven by cooperative marketing. The project is anticipated to be self-sustaining, as annual

revenues are expected to exceed \$1 million. A feasibility study was completed by the MSU Product Center which indicates the project is financially viable.

MDARD staff recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Program performance-based grant of \$250,000 for the Northern Market (City of Grayling) to support necessary engineering design development, construction plans/documents, bidding, and construction administration at groundbreaking.

Ms. White reviewed architectural drawings of the project. The facility will include two commercial kitchens, one demonstration kitchen, retail boutique, restrooms, community room with shared commercial kitchen, storage, a mezzanine, indoor vendor spaces for a year-around market, outdoor dining, a roof-top terrace, and parking.

Commissioner Montri confirmed with her background in farmers markets, this is an exciting project. She advised in consideration of MSU Extension being a collaborative partner and her current employer, she will recuse herself from voting.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE A FOOD AND AGRICULTURE PERFORMANCE-BASED GRANT OF \$250,000 FOR NORTHERN MARKET. COMMISSIONER HANSON SECONDED. MOTION CARRIED.

Mr. Anastor took the opportunity to introduce Donna Lacourt, his UP team member the Commission was not able to meet in July.

Next, he referred to the Food and Agriculture Investment Fund project summary provided to the Commission as requested during their July meeting. Commissioners advised they appreciated the information and liked the format. Commissioner Meachum requested that as a project is completed, that information be added to the report. Commissioner Montri asked if there are specific areas of the state explored for investment opportunities. Mr. Anastor advised typically, they consider the project rather than the location. The department tries to be thoughtful and diverse in what they are considering for grants. Commissioner Kennedy complimented Mr. Anastor and his staff on what they have accomplished, in particular, the long list of development projects for this year. Director Wenk advised they look forward to another year of multiple project opportunities during FY 2019.

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

Mr. Blakely advised he was unable to join the July meeting because he was in New York attending the Industrial Hemp Conference. His participation at that conference was in anticipation of legislation being introduced soon that would move Michigan toward the legalization of industrial hemp. In the 2018 Farm Bill, it may move away from Schedule I, thus allowing other uses for it where currently it is prohibited. The bill potentially would establish a regulatory agency for industrial hemp. As recreational marijuana will be on the November ballot and is polling at 60 percent, the thought is moving into industrial hemp as well.

There are only 23 scheduled session days remaining this year, which creates busy days and things will be moving quickly. He has spent considerable time trying to prepare for the contingencies that could be discussed.

The department has voiced its objections to Senate Bill 660 relative to the additional language that would prohibit outside markets and require everyone to meet the cage-free standard they are establishing. In response to question from Commissioner Meachum, Mr. Blakely advised there are two national lawsuits containing similar language and the argument is that it represents an interstate commerce clause.

House Bill 5778 would allow zoos the ability to breed large carnivores. Other states have that ability and current Michigan law prohibits that practice.

House Bills 6205-6216 are the rewrite of the Animal Industry Act. Dr. Averill has spent several years bringing industry groups together to developed this large product. Many of the language changes are to create more easily understood bills. There are a few outstanding issues that are expected to be resolved through the legislative process.

He has not heard much regarding the Urban Agriculture bills and feels they need additional refinement. Senator Hune has stated interest in bringing that to a closure.

PUBLIC COMMENT

No public comment on non-agenda items was requested.

ADJOURN

**MOTION: COMMISSIONER MONTRI MOVED TO ADJOURN THE MEETING.
COMMISSIONER HANSON SECONDED. MOTION CARRIED.**

There being no further business, the meeting adjourned at 12:14 a.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes July 19, 2018*
- C) *Director Gordon Wenk – Issues of Interest Report*
- D) *Addressing Farmer Stress in Michigan Presentation*
- E) *“How to Cultivate a Productive Mindset” Brochure*
- F) *“Online Course Helps Manage Stress from Farming” Postcard*
- G) *Michigan Consortium of Advanced Networks Presentation*
- H) *Food and Agriculture Investment Fund Briefing Memo: Spartan Michigan LLC and Proliant Dairy Michigan, LLC*
- I) *APRZ Resolution: Spartan Michigan LLC and Proliant Dairy Michigan, LLC*
- J) *Food and Agriculture Investment Fund Briefing Memo: Northern Market*
- K) *“Northern Market” Informational Brochure*
- L) *Food and Agriculture Investment Fund Projects Summary*
- M) *Legislative Status – August 2018*