

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

AgroLiquid
3055 West M-21
St. Johns, Michigan

MEETING MINUTES MARCH 27, 2019

PRESENT:

Trever Meachum, Acting Chair, Michigan Commission of Agriculture and Rural Development
Brian Pridgeon, Secretary, Michigan Commission of Agriculture and Rural Development
Dru Montri, Michigan Commission of Agriculture and Rural Development
Patricia Bergdahl, Michigan Commission of Agriculture and Rural Development
Charlie Meintz, Michigan Commission of Agriculture and Rural Development
Gary McDowell, Director, Michigan Department of Agriculture and Rural Development

CALL TO ORDER AND ROLL CALL

Acting Chairperson Meachum called the meeting of the Commission of Agriculture and Rural Development to order at 9:03 a.m. on March 27, 2019. Commissioner Pridgeon called the roll with Commissioners Bergdahl, Meachum, Meintz, Montri, and Pridgeon, and Director McDowell present.

Commissioner Meachum advised the building will not be participating in the 1:00 p.m. tornado drill today.

INTRODUCTIONS

With two new Commissioners, as well as a new Department Director, Commissioner Meachum asked each to introduce themselves and briefly share their background.

Commissioner Montri advised this is her fifth year serving as a Commissioner. She and her husband own and operate Ten Hens Farm in Bath, Michigan, a diversified vegetable operation with 17,000 square feet of hoophouse production. They sell both direct market and wholesale, primarily to local restaurants and food hubs. She was raised in animal agriculture and has been directly involved in the agricultural community for more than a decade. She previously was Executive Director for the Michigan Farmers Market Association and currently works for the Michigan State University (MSU) College of Agriculture and Natural Resources. She has two daughters, seven and ten, who add to their family farming operation.

Commissioner Bergdahl advised she is from Skandia, in Michigan's Upper Peninsula (UP). She and her family are fifth generation dairy farmers who also own and operate an outdoor power farm equipment business. Her son works on the farm and her grandson also enjoys being around their cows.

Commissioner Pridgeon advised he is the owner of Pridgeon Farms, a seventh-generation hog farm. The best part of his job is being able to work alongside his brother and father. They are located at the very southern part of the state, south of Coldwater.

Commissioner Meintz advised he is owner of Pleasant View Dairy Farm in Stephenson, a centennial farm in the UP county of Menominee. They milk about 500 cows, raise their own crops, and sell to various cash crop buyers. He serves as a County Board Commissioner, is involved with the Michigan Farm Bureau, and is working with MSU on a trial corn test plot on his farm. He has four children, with the two younger sons expressing interest in the farm. His father also continues to be involved in the operation.

Commissioner Meachum advised he is a fruit, vegetable, and cash crop farmer in southwest Michigan. He is also the father of seven-year-old twins. He has served on the Commission for seven years. He is a third-generation farmer and farms with his father and two brothers. He also has been involved in numerous local community organizations.

Commissioner Meachum welcomed new members, Commissioners Bergdahl and Meintz, and thanked returning members for continuing to serve with the Commission.

Commissioner Meachum introduced the Michigan Department of Agriculture and Rural Development's (MDARD) new Director, Gary McDowell. The Director advised he is very excited about this new endeavor and the great people with whom he is working. He was born and raised on a farm in Rudyard, in Michigan's UP. He owns and operates a farming operation with two of his brothers and emphasized it is great being in business with family. They farm approximately 1,000 acres, with high-quality timothy hay being the main crop. He is married and has three daughters and one grandson. He served three terms as State Representative from the eastern UP. He is very happy to have taken the opportunity to serve as MDARD's Director. The department has a great staff that works together well and is very committed to the promotion and growth of Michigan agriculture.

APPROVAL OF AGENDA

Commissioner Montri submitted the additional agenda item of the Commission Policy Manual following Item 9 on the agenda.

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE THE MEETING AGENDA AS AMENDED FOR MARCH 27, 2019. SECONDED BY COMMISSIONER PRIDGEON. MOTION CARRIED.

APPROVAL OF NOVEMBER 7, 2018, MEETING MINUTES

Commissioner Montri advised the minutes, as usual, are very helpful and serve as a good refresher of important points made during the meetings.

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE THE NOVEMBER 7, 2018, MEETING MINUTES. SECONDED BY COMMISSIONER PRIDGEON. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting is Wednesday, May 15, 2019, location for which is to be determined.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Montri advised her only Commission travel is for today. On their farm, they have numerous transplants started in the greenhouse. The hoopouses are also planted and many of the greens are growing well. Fortunately, conditions are dry, which may allow for planting in the fields within the next two weeks. She attended Agriculture Day at the Capitol and recognized Michigan Farm Bureau's efforts for hosting that very successful annual event highlighting the diversity of Michigan agriculture.

Commissioner Bergdahl reported her only Commission travel was for today's meeting. She advised a significant amount of snow remains in their area, preventing any spring farming activity.

Commissioner Pridgeon advised his only Commission travel was for today's meeting. In the southern part of the state, his local Amish neighbors are beginning to plow, which means others are about one-two weeks away from getting into the fields. Producers have experienced a nice rise in the price for pork, primarily due to speculation around what China might be buying.

Commissioner Meintz reported his only Commission travel was for today's meeting. Snow melt in the UP has been gradual and they are dealing with some road break-up. It was a strenuous winter for many farmers, businesses, and homes, and there was a high percentage of building collapses due to the heavy snowfall in February. This will no doubt show more relevance for the agricultural community as spring arrives and they can begin digging out the buildings. They are about three-four weeks from entertaining the thoughts of being in the fields. Dairy farmers are still dealing with low prices and struggling to find new ways to become more efficient and accommodate the market.

Commissioner Meachum advised his only Commission travel was for today's meeting. He attended former Director Gordon Wenk's retirement celebration in December, which was an excellent event, well attended, and provided Mr. Wenk with some very well-deserved recognition for his long-standing efforts for the department and the State of Michigan. On their farm, they began chisel plowing this week, as the sandy fields are dry and ready. Three days after the state's polar vortex, it was 50 degrees, melting the snow cover which resulted in crop damage in the fruit following the return of very cold weather. Berrien County growers are reporting peaches, wine, and Niagra juice grapes have been significantly damaged. The Concord grapes survived and are doing well. Grain markets are improving somewhat; however, long-term grain margin projections are not good. He attended numerous industry meetings over the winter.

Commissioner Montri asked Commissioner Meachum about the agriculture labor situation. Commissioner Meachum advised he typically is aware of the situation when his laborers begin returning in May. He has not had any indication of new developments affecting the season this year and is hopeful all workers do return. Those growers needing H2A labor are working hard to obtain what is needed. Other industries are

pulling those workers from agriculture, which creates an unsure situation for many growers.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER MONTRI. MOTION CARRIED.

COMMISSIONER ISSUES

Commissioner Meachum advised the Commission is needing to fill its positions of Secretary, Vice Chair, and Chair for 2019.

MOTION: COMMISSIONER MONTRI MOVED TO NOMINATE COMMISSIONER MEACHUM AS CHAIR AND COMMISSIONER PRIDGEON AS VICE CHAIR OF THE COMMISSION FOR 2019. COMMISSIONER MEINTZ SECONDED. MOTION CARRIED.

MOTION: COMMISSIONER PRIDGEON MOVED TO NOMINATE COMMISSIONER MONTRI AS SECRETARY OF THE COMMISSION FOR 2109. COMMISSIONER BERGDAHL SECONDED. MOTION CARRIED.

Commissioner Meachum reviewed retirement resolutions before the Commission recognizing Bob Andorfer and Jane Winkler, who retired from the department in January and March respectively. He thanked them for their many years of dedicated service.

MOTION: COMMISSIONER MONTRI MOVED THE RESOLUTIONS FOR BOB ANDORFER AND JANE WINKLER BE ADOPTED WITH BEST WISHES FOR THEIR LONG AND HEALTHY RETIREMENT. COMMISSIONER MEINTZ SECONDED. MOTION CARRIED.

DIRECTOR'S REPORT

Director McDowell reported in March, he and Chief Deputy Director McFarlane attended the National Association of State Departments of Agriculture (NASDA) Winter Policy Conference held in Washington, D.C. While there, they had the opportunity to meet with several members of Congress, as well as U.S. Department of Agriculture (USDA) Secretary Perdue and Environmental Protection Agency (EPA) Administrator Wheeler.

He also attended the Rural Development Fund Board meeting held in Mackinaw City on March 15. Wes Kerr, from Connect Nation, gave an excellent broadband presentation; and having been a recipient of an MDARD grant, Mr. Kerr conducted a survey to determine tools available for developing rural broadband. The Board awarded 16 grant projects for a total of \$1,245,500, which is funding to promote sustainable, land-based industries, support workforce training, and benefit rural communities. The Board's next meeting will be held in the UP in August.

The sixth annual Pure Michigan Ag Summit was held March 19 in Kalamazoo. It was a dynamic one-day event, including 359 participants and 23 confirmed buyers, including Beaumont Health, Bronson Methodist Hospital, Firekeepers Casino, Kellogg, University of Michigan, and Western Michigan University, just to name a few. He congratulated

Agriculture Development Division staff for their great effort in organizing a very successful event.

Last week, the 5,000th Michigan Agriculture Environmental Assurance Program (MAEAP) verification was celebrated at an event held at the Lansing Center. Approximately 600 people attended the event, including 13 farms that were honored for having maintained their MAEAP verification for the entire duration of the program. Guest speakers included Matthew J. Lohr, Chief of the USDA Natural Resources Conservation Service. There also were videos from Senator Stabenow and Governor Whitmer, which were well received. He thanked Jim Johnson and the Environmental Stewardship Division staff for coordinating an extremely well-organized event.

The Cabinet participated in a retreat last Friday, which focused primarily on employee engagement. In reviewing accomplishments in state government over the last five years, real improvement in employee engagement and satisfaction was evident. With a 96 percent completion rate, MDARD was at the top in participation of employee surveys. The effort will continue, including developing new ways of engaging employees.

The department is coordinating with the Governor's Office and the Michigan Department of Licensing and Regulatory Affairs (LARA) on how to proceed relative to Cannabis use in the State of Michigan.

Work with USDA relative to language in the Bovine Tuberculosis (TB) Memorandum of Understanding (MOU) continues and agreement is anticipated soon. He thanked Dr. Averill for his outstanding coordination leading the department in this effort.

Tomorrow, MDARD will begin a series of Sampling Team Exercises. These exercises will provide department field staff with an opportunity to sharpen their emergency management skills and are being conducted at various locations across the state. In conjunction, he will be participating in agriculture tours in each of the meeting areas.

The Agriculture Census will be released on April 11. Just prior to that release, Marlo Johnson from USDA National Agriculture Statistics Service (NASS) will meet with MDARD executive staff to provide key details of the Census.

In response to question from Commissioner Montri, the Director advised the Brown Bag Lunch events are being scheduled for employees to join him in casual conversation and to assist in the Employee Engagement effort. In addition, whenever an employee receives special recognition, he is personally calling that person to thank them for their extra efforts. For instance, just recently, several employees went out of their way to ensure services were provided during the polar vortex.

Relative to the Agriculture Census, Commissioner Meachum suggested MDARD issue a press release with Michigan highlights from that Census. The Director advised MDARD Director of Communications Jen Holton is already working toward that effort. The agriculture industry has a wonderful story to tell in Michigan, including the potential for substantial growth.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

Commissioner Meachum advised that in accordance with the Public Appearance Guidelines in the Commission Policy Manual, individuals wishing to address the Commission will be allowed up to three minutes for their presentation. Documents distributed at the meeting will be considered public documents and subject to provisions of the Freedom of Information Act. The public comment time provides the public an opportunity to speak; and the Commission will not necessarily respond to the public comment. He asked Commissioner Pridgeon to assist in keeping comments within the prescribed time limit.

Wayne Whitman, Holt, Michigan, representing himself, advised he worked with MDARD for 25 years and as Manager of the Right to Farm Program (RTF) for 20 of those. His work with the department was conflict resolution and the Site Selection Generally Accepted Agricultural and Management Practices (GAAMP) is a way to prevent those conflicts. He now serves as an independent consultant on two of the GAAMP Committees. He expressed concerns relative to three actions by the department outside the normal GAAMP Annual Review process. As references to land use zoning are removed in the Site Selection GAMMP there is a potential of increased conflicts and ensuing litigation. He outlined the 2018 review process including 1) March 2018, the Attorney General Opinion was issued regarding several RTF cases; 2) April 2018, the department presented a scaled-down “user friendly” version of the GAAMP for consideration; 3) June 2018, MDARD presented a letter to the Task Force, which he feels was inaccurate and misleading because the Act does not preclude the department, Commission, or Task Force from referencing zoning in the GAAMP; 4) August 2018, the Task Force Chair responded indicating the Committee submitted its final draft with edits that did not change any references to zoning; and 5) October 18 Public Input Meeting, during which an alternative draft was presented by MDARD that had not been reviewed by the Committee, yet appeared to be from the Committee as it was back to the original version with all supporting text, containing edits from the Task Force, as well as the department, and he feels appeared to be circumventing the normal review process. Historically, GAAMPs have been science-based and developed by a multi-agency task force. The department can no longer say this about the alternative version, which was edited to remove most references to zoning.

Jim Spink, Horton, Michigan, representing himself, reported he and his brothers operate a sixth generation MAEAP verified crop farm in southern Jackson County and he has a 27-year career in law enforcement and as a township supervisor. When his operation wants to expand its irrigation or pesticide use, they are referred to state rules and guidelines and nowhere is there a provision for third-level township review of those policies or the ability to interject local rules on top of those. The initial step in the Site Selection GAAMP is that any new expansion must occur in an area that meets the master plan for that township and is within an agricultural zone. The remainder of the process includes various state standards that must be met. There are over 1,300 townships in Michigan and if there were third-level review, we would end up with unconstructive promulgation of additional rules by planning commissions and township boards, and in other words, an effort that is nothing more than a “not in my backyard” mentality of rules. He supports the removal of zoning in the additional text, as it is there

in the very first premise that this must occur in an agricultural zone consistent with the master plan, and that is sufficient.

Doug Darling, Maybee, Michigan, representing Darling Farms, LLC, advised his farm operation in Monroe and Washtenaw Counties is also MAEAP verified, he served as a township supervisor for 10 years, currently serves on the township planning commission, and served on the Commission of Agriculture for 12 years. During his tenure as a Commissioner, MAEAP and the GAAMPs and its Public Comment process were created. In reviewing the RTF Act, it specifically exempts local units of government from passing and enforcing ordinances regarding agriculture that conflict with RTF or the GAAMPs. The amended RTF Act strengthens that language. When the first Site Selection GAAMP was created, it referenced local units of government, ordinances, and zoning. He feels he made a mistake in supporting the inclusion of that language in the GAAMP. The March 2018 Attorney General Opinion regarding the RTF Act upholds the exemption of local units of government from regulating agriculture and reinforces its trust in MDARD and the Commission to protect the citizens of Michigan, consumers and producers alike. He supports the proposed Site Selection GAAMP language as presented today.

Rob Richardson, Vicksburg, Michigan, representing R. Richardson Farms, LLC, advised he owns a sixth generation farm in Brady Township near Kalamazoo. Their operation was expanded to 5,000 head under the Site Selection GAAMP and they appreciate the effectiveness of that process. Their township is continually chasing animal agriculture through becoming very creative with the large rural residential district established by passing an ordinance no longer permitting agriculture in that zone, which attempts to eliminate livestock agriculture in the area. He supports the GAAMP and removal of references to zoning contained within.

Scott Oswalt, Vicksburg, Michigan, representing Oswalt Family Farms, LLC, reported he and his brother farm 1,000 acres, raising commercial angus beef and sheep. He has served for 10 years as the only farmer on the Brady Township Planning Commission, one that seems to pride itself on being out in front on issues relative to GAAMPs. The rural residential area created by that body has eliminated any new agricultural use. He is concerned that if his township can accomplish this, what will prevent future members from applying this same idea of zoning agriculture out of the more agricultural rural areas. He feels very strongly that future use needs to be controlled. The township spent two years working with MDARD and Michigan Farm Bureau in an attempt to educate their township board and planning commission on the agricultural perspective. By removing zoning from the GAAMP, it will help control the process at the state level. The GAAMP has always worked well and he hopes to see that continue in the future. He complimented the department and Commission on their good work.

In response to question from Commissioner Montri, Mr. Oswalt advised the lot size in Brady Township's rural residential area ranges from two-acre lots to over 80 acres of open farmland.

Tom Zimnicki, representing Michigan Environmental Council, advised he also serves on the Manure, Site Selection, and Irrigation GAAMP Task Force Committees.

He recognizes RTF serves that purpose of not allowing local government to preempt practices that are conforming to GAAMPs, which the Attorney General Opinion supports. The department presented five instances across the state where local zoning was in fact trying to preempt some generally accepted practices. He is concerned with the process, because fundamentally, zoning has been included in the Site Selection GAAMP since the beginning. Consideration of zoning within the GAAMP is not a precondition to site approval, it is simply one of the things the department may consider when making a determination around site selection. It is their view the department should be considering all relevant and applicable language and standards available when granting a site selection. Changing references from “commercial zoning” to “commercial areas,” for instance, seems to suggest zoning does not occur anywhere. If the goal is to reduce future disputes, given this language has been in the GAAMP from its beginning, it would seem to make the most sense to at least provide opportunity for the Task Force Committee to review and comment on the proposed changes relative to the removal of zoning as related to the scientific justification.

2019 GENERALLY ACCEPTED AGRICULTURE AND MANAGEMENT PRACTICES (GAAMPs): Jim Johnson, Division Director, and Ben Tirrell, Right to Farm Program Manager, Environmental Stewardship Division, and Dr. Dale Rozeboom, Professor, MSU Department of Animal Science, Professional Committee Chair, and Chair, Site Selection GAAMP Task Force

Mr. Johnson advised he appreciates the opportunity to complete the review and approval process for the 2019 GAAMPs. He reminded the Commission the RTF Act is very specific in terms of the role the Commission has relative to establishing a set of defined GAAMPs, those standards that are used for determining compliance with the RTF Act. The Act also dictates the GAAMPs be reviewed and approved on an annual basis. In November, the GAAMPs were introduced for the Commission’s review, and normally in January, the Commissioners have the opportunity to ask questions and ultimately make a decision about each of the eight GAAMPs as presented. Because of the polar vortex, the January meeting was cancelled and the GAAMPs are now being presented today. He expressed his appreciation to Dr. Rozeboom, the other Task Force Chairs, and their committees for the considerable amount of time and effort spent in reviewing the GAAMPs every year. They work tremendously hard to ensure the GAAMPs represent the latest understanding in terms of technical standards and science in attempting to improve production agriculture in Michigan.

In respect of Dr. Rozeboom’s time, they will begin today with review of the Site Selection and Manure Utilization GAAMPs. Mr. Tirrell explained the Site Selection GAAMP contains four sets of text proposals to provide transparency and clarity on the source of each proposed edit.

Dr. Rozeboom advised the Task Force has worked closely with the department since January 2018 to fully incorporate the Offset 2018 Odor Model tool in the site selection process and how best to apply that tool. One approach included adopting the Scentroid odor approach as being the most accurate in considering large facilities containing multiple facilities. Other states and countries now are inquiring about the Offset 2018 Odor Model tool for their potential use. The Task Force also worked with the department to make improvements in their site selection notification process. Consideration around

a “user friendly” GAAMP resulted in their concluding not to adopt that version. The GAAMP has been developed over several years with careful scrutiny by the Task Force, and although the attempt to make them more understandable was a worthy effort, the potential to lose the intended meaning through the technical language would be lost. It would take a dramatic amount of additional time to ensure that could be accurately accomplished. The Task Force suggested the “user friendly” text be provided in documents for the public to help them better understand the GAAMP.

Other issues taking considerable time and being considered by the Task Force Committee included E. coli impaired watersheds as related to recreational or high-use areas and receptor-based modeling to consider the impact of multiple farm sites on single receptors.

In the midst of the above, they also considered Commission Policy 12 and the changes proposed by the Commission. They agreed with many of those changes, which are reflected by green text in the draft GAAMP as their suggestions to the Site Selection Appeal Process. Their intention is to accurately reflect the role of the Task Force and a Professional Subcommittee of that Task Force as it serves a role in the Appeal Process.

There were no other changes suggested by the Task Force. Late in the year, the Task Force received comments from the GAAMPs Public Meeting and Public Comment Period. None of those pertained to changes the Task Force was recommending, as they all referred to to the proposed zoning changes.

Mr. Tirrell advised MDARD attempted to be very clear and transparent about the changes proposed by the department. The statute itself gives MDARD an obligation to provide the Commission with information related to relevant policy issues and any unforeseen consequences. The purple text represents revisions proposed by MDARD related to Category 4 sites, adding “Category 4 sites are also those locations where environmental land and resource use controls (institutional controls) have been adopted that prohibit livestock agriculture. These sites are not acceptable for new and expanding livestock facilities if 1) the land and resource use controls (institutional controls) were approved by the Michigan Department of Environmental Quality pursuant to the Natural Resources and Environmental Protection Act (NREPA), MCL 324.101 or the Environmental Protection Agency (EPA) pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act or the Resource Conservation and Recovery Act; and 2) the land and resource controls (institutional controls) are necessary to protect human or animal health.” Subsequently, at the November Commission meeting, former Director Wenk proposed a conceptual revision as indicated by the blue text. This adds a stipulation these institutional control sites be confirmed by a vote of the Michigan Commission of Agriculture and Rural Development.

The proposed changes to zoning as related to livestock production facilities are noted in red text and continue throughout the document.

Commissioner Montri thanked Dr. Rozeboom and the other Task Force members for their considerable efforts; she appreciates the time and energy each dedicates to the process. She noted there should be consistency with removing zoning and there are

other GAAMPs that also reference zoning and asked about those references. Mr. Tirrell explained zoning and applicable criteria are listed in the Farm Market GAAMP and have not been discussed by that Task Force. Mr. Johnson advised the Farm Market GAAMP is centered on establishing farm markets in places that are much more urban than those being considered for siting of livestock facilities, which is also the challenge when considering zoning relative to Category 3 and 4 sites that are more urban. There are considerable challenges in removing zoning from a consistency standpoint because of the fact the GAAMPs themselves have become so broadly applied across the state. The siting process is an extremely involved process, and by the time you have finished approving a large livestock site, you are very much in rural Michigan. What is now driving the decision relative to Category 1 and 2 sites is the fact that zoning changes are being made in very rural areas that actually exclude agricultural uses. Because the agricultural community is very concerned about these situations, they need to be addressed.

Commissioner Montri agreed and sees those issues as problematic. She advised if we are moving in the direction of removing references to zoning, then we need to do so consistently across the Site Selection GAAMP, as well as the other GAAMPs, to ensure they are in accordance with the Attorney General Opinion. Commissioner Meachum agreed there should be consistency with the removal of zoning in the Site Selection GAAMP; and although townships feel the change is taking away their rights, that is a misconception because the townships actually did not have that right under the RTF Act. He does feel, however, the Farm Market GAAMP represents different issues and zoning should remain in that document relative to any commercial operation.

Commissioner Pridgeon noted with Category 1 and 2 sites, there exists a balancing act of trying to create within scientific reason no nuisance and asked if we are creating a greater challenge of managing neighbor relationships. He asked what role the Odor Model provides in creating that balance as we make adjustments. Dr. Rozeboom advised the new Offset Odor Model improves the accuracy of understanding whether non-farm residents or neighbors will be impacted five percent or greater amount of the time. Commissioner Pridgeon noted as the Commission listened to testimony during Site Selection Appeals, concerns did not relate to zoning conformance, but rather neighbor and perception issues, or other concerns that will be considered by the Task Force in the future.

Relative to the “user friendly” GAAMP, Commissioner Montri confirmed the Commission has not seen that version, which was an attempt to create a more accessible GAAMP. In response to her further questions around proposed MDARD changes, Dr. Rozeboom advised his Task Force has seen, but not had the opportunity to work through the recent suggested MDARD revisions.

Mr. Johnson advised the recent MDARD proposed changes are not science-based items, but rather are policy decisions by the department. If there is an institutional control in place limiting the land use, the department made a policy decision that occurrence should be included in the GAAMP. As confirmed by current and previous Task Force Chairs, the removal of zoning is not a technical question, and therefore, remains a policy decision on the part of the department. The letter sent to the Task

Force in June specifically identified the removal of zoning from the “user friendly” version to ensure they were directly aware.

Commissioner Montri pointed out in the draft version, there still are direct and indirect references to zoning and feels this is problematic. And, although it may be a policy decision, she feels there still is tremendous value in having the expert Task Force provide input around those recommended changes to ensure the document will function as one cohesive guideline that can be used in a clean, productive manner. For instance, references on pages 10, 12, and 14 perhaps could be rewritten as opposed to deletion. She further requested reference to institutional controls be better defined with explanation of how that functions within the remainder of the GAAMP; and, are there other similar instances of which the Commission should be aware or considering. Finally, she would like to honor the established process of allowing the Task Force to review all the proposed changes. Commissioner Meachum agreed with her thoughts.

Commissioner Meintz asked what legal ramifications, arguments, or costs could be expected with the removal of zoning from the Site Selection GAAMP. Mr. Tirrell advised the decisions being made in terms of the overall Site Selection process would not be significantly altered. The department observed the unintended consequence and trend around this issue, which is being brought to the Commission’s attention. Commissioner Meintz advised he feels the zoning changes within the Site Selection GAAMP would be beneficial in creating consistency throughout the state.

Commissioner Pridgeon advised this is the first time he has seen policy changes recommended as opposed to adjustment of the science model, and reiterated the department believes it has the obligation to lead those changes. Commissioner Montri agreed, advising she is in support of the changes themselves.

Commissioner Meachum advised this has been a long process. Actually, the zoning policy issue originated with the Commission two years ago and represents recommendations the Commission requested the department develop within the GAAMP. We have trusted the Task Force and they have done a great job. This is something the Commission requested of the department directly. Dr. Rozeboom advised the Task Force recognizes it is the Commission’s decision, but they have not yet considered whether there might be science resulting from public policy.

MOTION: COMMISSIONER MONTRI MOVED THE 2019 SITE SELECTION AND ODOR CONTROL FOR NEW AND EXPANDING LIVESTOCK FACILITIES GAAMP BE APPROVED WITH THE SITE SELECTION TASK FORCE RECOMMENDED CHANGES ONLY AND THE REMAINDER OF PROPOSED CHANGES BE FURTHER CONSIDERED BY THE DEPARTMENT AND THE SITE SELECTION TASK FORCE TO DEVELOP CLARITY AROUND COMPLETE REMOVAL OF REFERENCES AND INFERENCES TO ZONING, AND DEFINITION AND CLARIFICATION OF INSTITUTIONAL CONTROLS.

Commissioner Meachum advised he would prefer prompt action on the GAAMP and asked if it could be accomplished in time for the May 15 meeting. Dr. Rozeboom advised they will work with that deadline. Commissioner Montri advised all potential

references to zoning should be removed for consistency. Mr. Johnson advised there are references to land use in Category 4 that actually are appropriate. Much of what they attempted to do is make reference to land use issues without referring to the term zoning. It is very complicated issue.

Commissioner Pridgeon requested clean-up of Category 3 and 4 to ensure there is not an assumption or inference to zoning and asked whether there is a need for defined setbacks for highly residential or specific residential densities; although not related to zoning, those are similar to what is considered for high public use areas and feels we may need a similar statement. He feels the GAAMP could be approved with understanding the Commission would receive a report addressing all of the questions and ensuring we are not creating an unintended consequence. Commissioner Montri added definition of institutional controls needs to be added to the items in question.

MOTION: COMMISSIONER MONTRI WITHDREW HER MOTION ON THE FLOOR.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE SITE SELECTION AND ODOR CONTROL FOR NEW AND EXPANDING LIVESTOCK FACILITIES GAAMP AS PRESENTED WITH INSTRUCTIONS THE DEPARTMENT AND TASK FORCE COMMITTEE WILL BRING CHANGES AND CLARIFICATIONS AS DISCUSSED FOR CONSIDERATION BY THE COMMISSION AT THE MAY 15, 2019 MEETING.

Mr. Johnson advised it would be not beneficial for the department to work with a document that is in a state of limbo for over a month and it could create operational problems. His preference would be to move forward with the existing GAAMP as approved in 2018 and present improvements to the 2019 draft next month.

MOTION: COMMISSIONER PRIDGEON WITHDREW HIS MOTION ON THE FLOOR.

Commissioner Meintz advised he would have been in favor of approving the GAAMP with the recommended changes as proposed and the discussed questions would become part of the living, working document as they move forward as a board.

MOTION: COMMISSIONER MONTRI MOVED TO TABLE THE 2019 PROPOSED SITE SELECTION AND ODOR CONTROL FOR NEW AND EXPANDING LIVESTOCK FACILITIES GAAMP UNTIL THE COMMISSION'S NEXT MEETING, CONFIRMED THE COMMISSION AGREES WITH THE GENERAL INTENT OF THE RECOMMENDATIONS, AND THE DEPARTMENT AND TASK FORCE COMMITTEE WILL PRESENT ADDITIONAL CHANGES AND CLARIFICATIONS AS DISCUSSED FOR CONSIDERATION BY THE COMMISSION AT THEIR MAY MEETING. COMMISSIONER PRIDGEON SECONDED. MOTION CARRIED.

Dr. Rozeboom reviewed proposed changes to the Manure Management and Utilization

GAAMP. He advised some modifications were made, including mention of the new Michigan Enviowether and Michigan Enviroimpact management tools available for reference; redundancies were removed on pages 7 and 9; several references were updated; and precipitation values were updated in Table 6. Both the Manure and Site Selection GAAMP Task Forces are working diligently on an issue addressed last year, which is the location of offsite manure storage, and associated with that issue, when a farm undergoes no change in its production capacity yet is changing its manure or other storage facility that would be odor generating.

Commissioner Montri noted two minor edits that should be made: the first sentence on page 7, the word “are” should remain; and on page 25, the last sentence in red, after the words “Management Tools (AC) (590) folder,” there should be a comma instead of a period and no quotes are needed after the word “tools.”

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE 2019 MANURE MANAGEMENT AND UTILIZATION GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES WITH CHANGES AS PRESENTED AND DISCUSSED. COMMISSIONER MONTRI SECONDED. MOTION CARRIED.

Mr. Tirrell reviewed proposed changes to the Irrigation Water Use GAAMP, which included substantial inclusion of text on page 2 indicating the proper sources for irrigation water. Pages, 14, 15, and 18 are movement of text and there are other minor changes involving updates and regulatory structure revisions.

Commissioner Montri noted in the reference on page 2 under System Management, the number of practices should be seven instead of six. In the first sentence of that section, she suggested the words at the beginning, “water supplies for” be deleted for clarification.

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE THE 2019 IRRIGATION WATER USE GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES WITH CHANGES AS PRESENTED AND DISCUSSED. COMMISSIONER MEINTZ SECONDED. MOTION CARRIED.

Mr. Tirrell advised in the Care of Farm Animals GAAMP, many of the of the changes proposed are similar for each of the species, including correcting technical writing errors and updating of references. Throughout, the Committee added “licensed” before “veterinarian” and deleted the word “practicing,” feeling that word was unnecessary. Organic production statements were added in the healthcare sections (except aquaculture and bees). The dairy cattle chapter includes updated production numbers from USDA. One of the more significant revisions occurs in the Farm Raised Mink and Fox section, which includes extensive additions. And lastly, members on the Task Force were updated.

Commissioner Montri asked if staff knew why only organic production is referenced on page 30, rather than stating all types of production should consult with a veterinarian when dealing with sick animals. Commissioner Meachum requested clarification include

consideration of removing the word organic and whether that would change the intent. Mr. Johnson advised they would consult with Task Force Chair Dr. Powers and report back to the Commission.

Commissioner Montri asked for clarification relative to mink and fox and if this update was largely due to updates in the Fur Commission Standards and not necessarily a change in Michigan's mink and fox production. Also, sometimes throughout the inserted language, they state mink or fox, while others reference only mink, and asked if certain areas actually apply only to mink. And for clarity, she asked if the New Pen Construction Table on page 76 pertains to mink, fox, or mink and fox. She suggested perhaps one sentence at the beginning of the document could clarify that all references pertain to both animals. Mr. Tirrell will consult with Dr. Swanson and advise the Commission.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE 2019 CARE OF FARM ANIMALS GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES WITH RECOMMENDED CLARIFIED CHANGES AS PRESENTED. COMMISSIONER MEINTZ SECONDED. MOTION CARRIED.

Mr. Tirrell advised it is recommended the four remaining GAAMPs move forward for 2019 with no changes.

MOTION: COMMISSIONER MEINTZ MOVED TO APPROVE THE 2019 CRANBERRY PRODUCTION, FARM MARKETS, NUTRIENT UTILIZATION, AND PESTICIDE UTILIZATION AND PEST CONTROL GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES WITH NO CHANGES AS PRESENTED. COMMISSIONER BERGDAHL SECONDED. MOTION CARRIED.

COMMISSION POLICY MANUAL

Commissioner Montri advised her request for the additional agenda item was relative to the Site Selection GAAMP, which if approved, included language modifying Commission Policy 12. She inquired as to when the biannual review of the Commission Policies would be conducted. Mr. Ayers advised that review is planned for the May Commission meeting.

MOTION: COMMISSIONER MONTRI MOVED TO TABLE COMMISSION POLICY DISCUSSION TO THE MAY 2019 MEETING. COMMISSIONER PRIDGEON SECONDED. MOTION CARRIED.

RECESS AND RECONVENE

Chairperson Meachum recessed the meeting at 11:20 a.m. for a brief break. He reconvened the meeting at 11:34 a.m. In consideration of the several guest presenters, he advised agenda item 10, Overview of Governor's Executive Orders and Executive Directives, would be moved forward in the agenda and combined with item 13, Legislative Update.

FOOD AND AGRICULTURE INVESTMENT FUND REQUESTS: Peter Anastor, Division Director, Agriculture Development Division (AgD)

Mr. Anastor noted the Food and Agriculture Investment Fund is a relatively new incentive program that is specifically focused on food and agriculture businesses, with projects approved by the Commission for Agriculture and Rural Development. Fiscal Year (FY) 2017 was the first year the department was appropriated funding for this new program, and 26 projects were approved by the Commission. He provided the Commission with an Impact Report providing an update on the FY17 and FY18 projects approved and their current status. A summary report will be provided to the Commission for each of their meetings.

Today, the department is recommending 11 additional projects for Commission approval. The first is the second UP project in the program and is Eastern UP Wood Shavings. He introduced Mickey Hoffman, Jim Portice, and Dan Socia from the company, and Joshua Billington from the Small Business Development Center (SBDC) in the UP.

Ms. Hoffman advised they are very excited about their project. They experienced a devastating fire last December that took their entire production plant. They decided to make that a positive and build back with more efficient equipment. They were established in 2013 and produce and sell 100 percent, organic, premium-flake wood shavings made from spruce and balsam grown in Michigan's UP. They are the only organic wood shavings producer in the world and their products do not contain any chemicals or gasses, which has proven beneficial to animals and humans alike.

The project would allow them to triple their sales and production capacity, while also increasing their wood purchases by 300 percent, leading to new investment and new jobs in Chippewa County. They are also investigating the potential of rail shipment that could dramatically expand their market potential.

They are currently a supplier to companies like Herbrucks, which utilizes their product as part of the process to produce premium-quality eggs. They are also a major supplier to Great Lakes Equestrian, which is an eight-week event which brings in 10,000 horses from all over the world, allowing the company to get global reach on their product. The company also gives back by supporting Cancer for Awareness, which is the only other emblem on their product bags and is a personal passion initiative for her.

Mr. Anastor advised this is the first wood products project under the program. Donna LaCourt was the lead staff person on the project, which also received support through Josh Billington from SBDC. Mr. Billington advised SBDC partners with the Michigan Economic Development Corporation (MEDC) through federal and staff funding and offer cost-free business consulting. They have provided those services to UP Wood Shavings over the last few months to help get them back up and running.

Mr. Anastor advised the project will include the purchase and renovation of an existing building in Chippewa County and the purchase and installation of new equipment to restart production. Total investment is \$2,020,300, with the new facility employing 8 to 10 additional people and tripling wood usage, manufactured product, and sales as

compared to the previous facility. The department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$125,000 for Eastern UP Wood Shavings, Inc.

Commissioner Montri noted it is great to kick-off today with a UP project, which is no doubt familiar to our two new UP Commissioners. She asked about anticipated changes to the facility to prevent fire risk. Ms. Hoffman advised the cause of the fire was undetermined and did not come from any of the machines. They routinely remove all dust every day from the plant and equipment, followed by an end-of-week thorough cleaning. Also, a fire suppression system within new equipment is being considered.

MOTION: COMMISSIONER MEINTZ MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$125,000 FOR EASTERN UP WOOD SHAVINGS. COMMISSIONER BERGDAHL SECONDED. MOTION CARRIED.

Mr. Anastor next presented the Avalon International Breads project. He introduced co-founder and CEO Jackie Victor and Chief Financial Officer Frantz Narowski. When wanting to focus on value-added agriculture, the division conducted research through Euromonitor International to determine what opportunities are best suited for Michigan. Results indicated baked goods as the second-best opportunity for value-added processing. A number of baked goods companies are here today, and Avalon is one of those.

Ms. Victor advised Terri Barker of the department has been incredibly helpful to work with on their project. They were founded in 1997 with the mission of being part of the social revitalization of Detroit, with the three bottom lines of earth, community, and employees. Twenty-one years later, Avalon International Breads is still serving up 100 percent organic flour artisan breads and sweets, while providing workforce training opportunities for under and unemployed Detroiters. Avalon's dedication to and support of Detroit neighborhoods and citizens is widely regarded as a catalyst for attracting people to the city and an integral part of the rebuilding and renewal of Detroit's Cass Corridor neighborhood. Today, Avalon has expanded to include a large food manufacturing bakehouse that produces bread and sweets products for four retail locations, as well as many restaurants and markets in Michigan. Avalon employs 130 people, providing good wages, benefits, and opportunities for growth, and have supported many small emerging food businesses. They are excited about the potential of activating a new Detroit eastside neighborhood and making a much larger local impact. Their goal is to increase both the number and quality of jobs by improving efficiency and consistency through next-level manufacturing equipment and training.

Mr. Narowski advised five years ago, Avalon International Breads invested in a much larger, 50,000 square-foot facility and have grown significantly since. However, they are currently only utilizing a fraction of the capacity and, with considerable interest in their products, have the potential for considerable growth. This project expansion will be geared toward increasing capacity from \$3M per year to \$7.5M annually through equipment upgrades, process updates, and employee training. More tangibly, they are

looking at nine pieces of equipment that will help capacity and improve quality consistency, as well as improve safety and efficiency. They will also increase their internal and external workforce development programs. Sixty percent of the employees hired into the bakehouse facility have no previous experience in manufacturing or baking and they receive on-the-job training to use specialized equipment in a food manufacturing setting, including food safety, heavy machinery, process flow, and lean manufacturing. Over the years, their employees have gone on to start their own food businesses in Michigan. Initially, the project will have a significant impact on the sustainability of their business and continue to support Michigan's food landscape. Five new jobs will be created. They were recently awarded a State of Michigan Go Pro Talent grant which will go toward training Bakehouse employees. Avalon always prioritizes sourcing locally, purchasing about \$2M in food product each year, which would triple through this project. Much of the demand is already in place to support their projected growth. The total project is \$350,000 and financing is in place for almost all that amount. If we could fill the gap, the project could move forward.

In response to questions from Commissioner Meintz, Mr. Narowski advised although some of their products, such as bulk organic flour, are not available in Michigan, they do purchase from local and Michigan sources as much as possible, with 80 percent of their vendors being Michigan-based companies. Ms. Victor advised they would be thrilled to have continued conversations with organic growers in the UP as potential vendors.

Mr. Anastor advised MDARD recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Program performance-based grant of \$80,000 for Avalon International Breads.

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$80,000 FOR AVALON BAKERY. COMMISSIONER MEINTZ SECONDED. MOTION CARRIED.

Mr. Anastor advised the third project today is KDS, LLC, better known as Schramm's Mead. Mr. Anastor introduced owner and Head Mead Maker, Kenneth Schramm. They are coordinating an expansion in southeast Michigan.

Mr. Schramm advised he is very grateful to Mr. Anastor and Terri Barker of his staff who worked so hard to help their project. Schramm's Mead is looking to create a model for ultra-premium craft fruit mead production. He shared the history of his farming family and how they influenced his profession, with two centennial farms still being in the family.

He has worked extremely hard over the last two and one-half decades in trying to establish mead as beverage recognized and loved in the craft beverage world and help it become an actual industry. His vision for making the highest quality commercial mead came to fruition in 2013 when Schramm's Mead was founded. He also authored "The Complete Mead Maker" that has become the bestselling mead making book in history. In 1992, he proposed and co-founded The Mazer Cup Mead Competition, the world's oldest and largest mead-only competition.

Schramm's Mead has experienced a seven-fold increase in employment and a seventeen-fold increase in revenue since 2013. The company employs 17 people and produces more than 6,000 gallons of mead annually, made from more than 3,300 gallons of U.S. True Source Certified honey and approximately 22 tons of fruit. Schramm's Mead sources wildflower, buckwheat, trefoil, and star thistle honeys from Michigan beekeepers. Over one-third of their fruit comes from Michigan producers.

They are expanding capacity through the purchase and development of an orchard for premium fruit growing, and through improvements to its production facility and tasting room. The Schramm family is purchasing a 6.1-acre parcel of agriculturally zoned land in Rochester Hills, Michigan. The total project costs are approximately \$790,000, with 4.85 of the 6.1 acres available for planting tart morello-type cherries, apples, and berries. Their goal is to utilize known techniques to produce ultra-premium beverages and the essence of that quality is in control of growing location, varieties, and agriculture techniques. Their goal is fruit to produce the best possible mead in the world and establish Michigan as that source. They are very grateful for the opportunity.

Mr. Anastor added the project represents an almost \$800,000 investment in total. The department's focus and support relative to the grant is on the production piece of the project to ensure equipment and processing capability to assist expansion of the mead making. About \$300,00 of the investment is specifically toward equipment.

In response to questions from Commissioners Meachum and Meintz, Mr. Schramm advised ultra-premium flavor and aroma are the primary goals of the grapes being grown for mead. Last year, they purchased 22 tons of Michigan fruit for their products and will continue to purchase Michigan fruit to supplement what they can grow themselves. Commissioner Meintz asked about the essence of the fruit and noted the UP is experiencing considerable growth in various fruit growers because of their need to be in more unpopulated areas to heighten sensation of the fruit. Mr. Schramm agreed and advised their orchard location selection was based on soil type and climate to match their current needs.

Mr. Anastor advised the department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$100,000 for KDS, LLC, dba Schramm's Mead.

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$100,000 FOR KDS, LLC, DBA SCHRAMM'S MEAD. COMMISSIONER PRIDGEON SECONDED. MOTION CARRIED.

The next project today is Bear Creek Organics in the Petoskey area. He introduced owner Brian Bates and Wendy Wieland from the MSU Products Center.

Mr. Bates expressed thanks to Mr. Anastor and Jodi Gruner of his staff. Bear Creek Organic Farm is a year-around greens and herbs farm in Petoskey, Michigan, that focuses on hyper-local production and marketing. This project is focused on satisfying

growth, increasing season extension, and attempting to right-size their business for their community.

They are the only farm in northern Michigan growing 52 weeks a year and harvesting twice a week. Through this project, Bear Creek Organic Farm will increase their greenhouse growing capacity and hoop house production space, increase processing barn size and capacity, increase cold-storage capacity, ensure full Food Safety Modernization Act (FSMA) compliance, double their workforce, and increase the regional supply of fresh vegetables and herbs sold locally.

They have grown in six short years from an apiary and field-focused micro-business to a rapidly growing regional supplier of multiple greenhouse products, including their year-around greens and living herbs. Year-over-year growth rates for greenhouse production are up over 80 percent annually each year for the last three years. With national lettuce recalls draining inventories, trucking costs skyrocketing, and regional grocers adopting a more localized approach, Bear Creek Organic Farm has adopted and grown a retail-forward marketing and distribution approach to their tender greens and living herbs business. Within 12 months of project completion, they expect customer counts to increase from 9,500 annually to over 20,000 and wholesale accounts to grow from 45 to 85. Over the next five years, workforce and sales volume are projected to double again with this project.

Ms. Wieland advised she is one of 10 innovation counselors MSU has across the state that provide general business counseling specializing in food, agriculture, and bio. They provide everything from campus business specialties to entrepreneur business plans and grant assistance. They see tremendous growth potential across Michigan, and she has been thrilled to work on a project such as this.

Mr. Anastor advised the investment is \$432,500 and is expected to create five new jobs. The department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$80,000 for Bear Creek Organics, LLC.

Commissioner Montri advised, since the MSU Product Center is working closely with this project and she also works for MSU, she will abstain from voting. She noted it has been inspiring to see Bear Creek Organic farm grow and she appreciates the considerable amount of work they accomplish in sharing what they have learned by focusing on educating and mentoring other new and beginning farmers and food entrepreneurs.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$80,000 FOR BEAR CREEK ORGANICS, LLC. COMMISSIONER MEINTZ SECONDED. MOTION CARRIED.

Mr. Anastor advised the fifth project today is Riveridge Produce Marketing. Mr. Anastor introduced the company's president, Don Anmock and Trish Taylor, also from the company. Also here today is Julie Burrell from The Right Place, which is the regional economic entity in the Grand Rapids area.

Mr. Anmock thanked the Commission for the opportunity to explain their project. Founded in 1990 as an apple marketer, Riveridge Produce Marketing, Inc., has grown to a grower/marketer/shipper/packer/ in Sparta, Michigan. They have expanded marketing into caramel apples, cider, sweet cherries, and asparagus. Under the Riveridge Produce Marketing umbrella is the Riveridge Land Company with more than 1,000 acres of orchards, Riveridge Packing, and Riveridge Cider Company, the focus of this project.

Riveridge Cider had been on the market for 15 years, and using primarily Michigan apples, was co-packed by regional cideries. Riveridge Cider Company is the first vertical integration to control the process from pressing of the apple to bottling. Sadly, on the evening of July 3, 2018, the entire facility burned to the ground, less than one year of opening. Fortunately, a key piece of equipment was still in transport and not at the facility that burned, and they were able to lease space and rent other equipment to press and bottle for the 2018 season. Along with co-packers in Van Buren County and Pennsylvania (for non-preservative product), they were able to be seamless to their customers and have become the second largest cider maker in the United States.

There are about 825 primarily family farms that produce apples in Michigan and Riveridge is working with well over half of that group of growers. They have been able to take apple cider from Michigan into other parts of the country and grown the cider business for Michigan growers by two million gallons. While certain fresh apple markets are harder to penetrate due to states like Washington, which grow 15 times more apples than Michigan, opportunities are growing with products like with cider.

The impact to growers will also be significant as apple growers will be able to secure a better return and have a home for those apples that may not make the cut for fresh. The apple industry is fortunate to have six and seven generations on the farm and this project will help them stay in Michigan and continue growing apples for their family farm.

This project will lead to the construction of a new 36,000 square-foot production space with additional space for offices, labs, and meetings. Total costs for the project are estimated at \$7.85M, with \$3.2M necessary for building and site costs and \$4.6M for new machinery and equipment. The result of the project will allow Riveridge to provide shelf-stable product, allowing for year-around business. The company will also expand further into flavored product, based on the success of 2018 new introductions of Pumpkin Spice, Apple Spice, and Apple Pie flavors. Product can also be provided in bulk form in tank and tote quantities, pasteurized, non-pasteurized, and filtered and non-filtered.

Ms. Burrell added The Right Place is pleased to have the opportunity of working with Riveridge on this project to help them rebuild as they help continue agribusiness and other family farms in the Newago County area. They are a quality company bringing a higher level of skilled jobs to the area.

Mr. Anastor advised the project is expected to create 12 new jobs, with up to 20 new jobs over the next few years. Many of these jobs will be full-time and will allow Riveridge to become a year-around employer in Newago County, with specialized positions such

as those in the lab and management. The department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$100,000 for Riveridge Produce Marketing, Inc.

Commissioner Meachum advised their family farm conducts business directly with Riveridge and he will abstain from voting on this project.

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$100,000 FOR RIVERIDGE PRODUCE MARKETING. COMMISSIONER BERGDAHL SECONDED. MOTION CARRIED.

Mr. Anastor advised the next project being presented today is the Allen Neighborhood Center's Accelerator Kitchen project in Lansing, which is creating accelerator space for start-up companies, and the department is excited to have this space in Lansing. He introduced Joan Nelson, Executive Director of the Allen Neighborhood Center (ANC).

Ms. Nelson reported that founded in 1999, ANC is a place-based 501(c) 3 organization that serves as a hub for neighborhood revitalization, food entrepreneurship, and for activities that promote the health and well-being of Lansing's Eastside – a low-moderate income and low-food access community. They are proposing the development of a 1,200 square-foot accelerator kitchen in an empty commercial unit immediately adjacent to ANC outreach offices and located in the same complex as Allen Market Place.

Accelerator kitchens are a benefit to food businesses that outgrow an incubator kitchen and are not quite ready for their own bricks and mortar shop. As a part of the complex renovation, ANC will start by creating a 1,200 square-foot accelerator space, which will serve five graduates of ANC's Incubator Kitchen Program. The accelerator, with its monthly rental fee, is an intermediate step, offering 24/7 access to a licensed kitchen that will provide a small, but exclusive work and storage area for wholesale production and limited retail. Each of five designated workstations will offer lockable storage space, small coolers, and a large stainless work table with prep and hand sink. The accelerator is a key next step in creating a pipeline of small-scale food processing opportunities for entrepreneurs, and connecting those opportunities to a range of synergistic, food-related activities. Altogether, this will help to grow the emerging, neighborhood-scale, urban food innovation district serving this low-moderate income community.

ANC manages an indoor all-season farmers market, a food hub, and numerous neighborhood-driven initiatives, with a proven track record on healthy food access programming. It is easy for the makers in their kitchens to source locally from the farmers they have grown to know. The accelerator will be the first of several food-related businesses that will be initiated over the next two years in the ANC complex. In August of 2018, with the generous support of a benefactor, ANC purchased the complex they have occupied for nearly twenty years. They partnered with the non-profit Cinnaire Corporation to begin planning for conversion of the mostly empty two-story complex into a comprehensive community space that will provide 40 units of low-income housing, along with integrative services and programming. Renovation of the empty ground-floor

area will feature food-related enterprises, including the accelerator kitchen, a small, bodega-style grocery store, and other retail space.

Since opening in 2014, they have had 36 entry-level food entrepreneurs use their kitchen space to launch their food businesses. This reflects the trend in the development of share-use kitchens across the country, with a majority serving those who face barriers to entrance into the food industry. Incubator and accelerator kitchens provide small-scale business infrastructure that is very important in the development of food-related businesses in Michigan.

Mr. Anastor advised the department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Program performance-based grant of \$50,000 to Allen Neighborhood Center to fill the existing gap in accelerator space. One of the program's goals is to assist companies in all spectrums in Michigan. Although on the smaller scale, this project is an importance piece of growing these businesses.

Commissioner Montri advised she appreciates Mr. Anastor's team exploring opportunities such as this for women and minority-owned businesses and those that face barriers to food entrepreneurship. Through this program, they have done a good job of balancing those opportunities with larger projects. Because her farm conducts business with ANC, she will abstain from the vote today.

MOTION: COMMISSIONER MEINTZ MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$50,000 FOR ALLEN NEIGHBORHOOD CENTER ACCELERATOR KITCHEN. COMMISSIONER PRIDGEON SECONDED. MOTION CARRIED.

Mr. Anastor advised the seventh project being presented today is Moersch Hospitality Group. This is a family business that has been crafting wine, beer, and spirits in southwest Michigan for 30 years. They currently own and operate Round Barn Winery, Free Run Cellars, Round Barn Brewery and Public House, and Tabor Hill Winery. The company is growing due to demand for their products and they are investing in a canning line and additional vineyards in order to support their growth. Their products are not currently available in cans, so adding this line will provide additional opportunities for the company to grow their business. Their most immediate opportunity is to produce and can their popular sangria product, which Meijer would like to distribute to 150 stores beginning in the Spring of 2019. The product is made with 80 percent Michigan grapes and provides a good justification for the company to increase their investment in Michigan. In order to accommodate this growth, the company would invest \$314,160 in new equipment and vineyard development. They anticipate the creation of two new jobs in Berrien Springs, Michigan. Mr. Anastor advised the department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Program performance-based grant of \$75,000 to Moersch Hospitality Group.

Commissioner Meachum suggested voting on the five remaining projects for today at one time. Commissioner Montri advised she would need to abstain from the vote regarding Marne Specialties and Meats.

Mr. Anastor advised the next project is for a company called Brian's Food, which is considering an expansion project in Southfield. The company manufactures gourmet calzones that are all natural, certified Kosher, vegetarian, non-GMO, and according to them, just plain delicious. They are currently sharing production space with Jerusalem Pizza in Southfield and have grown to the point where they need their own facility. The company has received a lot of interest for their products by grocery stores and distributors in Michigan and throughout the Midwest. The company has been in about 250 grocery stores and this expansion will allow them to put products in 350 to 600 stores in the first year, with continued growth after that. They are also looking to develop ready meals for grocery store delis, schools, hospitals, etc. For this project to be successful, the company will need to invest about \$1.2M for building and equipment costs. They would also plan to hire 20 new employees over the next three to four years and annually source over 500 tons of ingredients including flour and vegetables, such as onions, mushrooms, and green peppers, through Michigan farmers and distributors. Not all their items can be sourced locally, but they request locally sourced items whenever possible. The building they are considering in Southfield already has an industrial kitchen with walk-in freezers and refrigerators, so it is a great opportunity. The building will allow them to increase capacity from 200 to 500 units a day to an initial run of 2,000 units, with the ability to scale up to 10,000 units per shift with future growth. The department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$100,000 for Brian's Foods, LLC.

Mr. Anastor reported the next project is Marne Specialties and Meats, better known as Paul's Jerky. This project will assist with the expansion of a high-end, niche meat jerky company located in Kent City, Michigan. The company has shown continual growth and would like to acquire USDA certification for their products to provide opportunity to expand the ability to distribute their product outside of their current markets. The certification will also allow the company to co-pack for smaller jerky companies, which is another revenue opportunity for the company. They source primarily from Michigan and utilize turkey from Michigan Turkey, beef from JBS in Plainwell, sugar from Michigan Sugar, and cherries from Shoreline. Capital investment in this project is \$97,500, with five new jobs expected over the next three years. The department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$35,000 for Marne Specialties and Meats, LLC.

The next project for consideration is 9 Bean Rows, LLC. This company was founded in 2008 and is an agriculture and food service company focusing on retail/wholesale baked goods. The company focuses on high end, European-style breads and pastries. The company's products have been very well received and demand for their bakery products now exceeds their production levels and they have a need to expand their bakery production and acquire new equipment. They have recently purchased a business location in Suttons Bay and would like to expand their bakery. They would invest

\$514,000 in the project, with property acquisition totaling \$396,000, building expansion \$72,300, and new equipment \$41,000. They expect to add eight new jobs. Expanding their indoor production facility will allow the company to assume new bakery wholesale accounts and ramp-up production for their growing retail and farm market outlets. The processing kitchen will be part of the greater production facility and will allow them to potentially sell product to retailers in the area. They would also build-out a café and expand their retail farm market. With this investment, the company will increase purchasing from Michigan farms by 50 percent, which will lead to additional jobs at the company. The department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$50,000 for 9 Bean Rows, LLC.

The final project presented today is Cherry Republic. The company was founded in 1989 and currently celebrates Michigan's Montmorency Tart Cherry through its over 200 cherry-based products, including chocolate-covered cherries, salsas, BBQ sauces, jams, jellies, nut mixes, baked goods, soda pop, cherry wine, and cherry beer. Headquartered in Glen Arbor, Michigan, the company employs approximately 80 year-around workers and over 500 seasonal workers throughout the state, with retail stores in Glen Arbor, Traverse City, Ann Arbor, Holland, Frankenmuth, and Charlevoix. The company fulfilled over 60,000 orders in 2018 and continues to grow. Cherry Republic plans to increase the size of its existing distribution and fulfillment center in Empire by approximately 14,000 square feet. The project includes the addition of two new loading docks, as well as a building addition that will triple the company's current storage capacity. Capital investment in the project is \$1.7M, including \$225,000 for new machinery and equipment. The project will lead to the creation of 17 new jobs and will support 30 retained jobs. The department recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$135,000 for Cherry Republic, Inc. A video prepared by the company was shared with the Commission.

MOTION: COMMISSIONER PRIDGON MOVED TO APPROVE A FOOD AND AGRICULTURE INVESTMENT FUND PERFORMANCE-BASED GRANT OF \$75,000 FOR MOERSCH HOSPITALITY GROUP, \$100,000 FOR BRIAN'S FOOD, \$35,000 FOR MARNE SPECIALITES AND MEATS, LLC., \$50,000 FOR 9 BEAN ROWS, LLC., AND \$135,000 FOR CHERRY REPUBLIC. COMMISSIONER MEINTZ SECONDED. MOTION CARRIED.

BUDGET UPDATE: Maria Tyszkiewicz, Director, Finance and Office Services

Ms. Tyszkiewicz advised the Governor recently presented her Fiscal Year (FY) 2020 budget to the Legislature, noting the summary provided highlights the General Fund (GF) changes included in the FY2020 MDARD budget. There are four enhancements for our agency, three of them are included in our budget and one is included in that of the Department of Technology, Management, and Budget (DTMB), which is our Information Technology Inspection upgrade for licensing and inspection systems across the agency. This enhancement will support phase two of the project. The department received \$5M in the FY2019 Supplemental approved in December, and the FY2020 funding brings the department to the total \$10M requested.

MDARD's gross budget is \$109.8M, of which \$57.9M is from the general fund. This represents a 1.7 percent increase over FY2019 in the gross amount and a reduction of 1.1 percent in GF.

Primary increases include a 1.0 full time employee (FTE) and \$200 GF for an Emerging Contaminants Coordinator, which annualizes this funding for the agency. The second is for Industrial Hemp. PA 641 of 2018 passed in December 2018, creating the Industrial Hemp Research and Development Program under MDARD, for which we were provided \$150,000 in GF and 1.0 FTE to support the start-up of that program. We requested that be annualized until fee revenue can be realized.

Also, \$4M was added for the Fair Food Network/Double Up Food Bucks Program, of which \$2M is one-time funding. This will be used to match funding available in the 2018 Farm Bill, which is matched dollar for dollar up to \$20 per day for SNAP recipients to purchase fresh fruits and vegetables at retailers and farmers markets across the state.

Two on-going GF reductions include \$2.6M in the Food and Agriculture Investment Fund and \$200,000 in the County Fairs, Shows, and Expositions Grants Program. These were part of one-time funding items in MDARD's FY2019 budget and all of those, because they were one-time, are eliminated.

In response to question from Commissioner Montri, Ms. Tyszkiewicz advised \$2.5M will remain in the Food and Agriculture Investment Fund Program fund for FY2020. Previously, the Governor's recommendation ranged from \$2.7M to \$3.3M. Each year, the Legislature has added one-time funding to that recommendation. For the current year, funding is \$5.1M.

Commissioner Meachum inquired about funding for the Michigan Tree Fruit Commission. Ms. Tyszkiewicz advised that funding was provided for three years and FY2020 is the final year of that grant.

LEGISLATIVE UPDATE: Brad Deacon, Director of Legal Affairs and Emergency Management

Mr. Deacon, Acting Legislative Liaison, introduced Nathan Kark who began yesterday as the department's new Legislative Liaison. Mr. Kark advised he is tremendously excited and honored to be the new Legislative Liaison for MDARD. He previously worked as the former Chief of Staff and Director of Legislative and Constituent Affairs for Senator Morris W. Hood III. Prior to that, he worked as a Management Analyst for Kent County. He earned his bachelor's degree in History, Legal Studies, and Paralegal Certification from Hamline University and his Juris Doctorate from Western Michigan University, Thomas M. Cooley Law School.

Mr. Deacon provided an update on bills of interest to the department from the legislative session that ended in December. The Legislature passed and Governor Snyder signed bills creating an Industrial Hemp Program, expanding the Agricultural Renaissance Zone program, addressing moisture levels in soils related to sugar beet processing, increasing the state acreage cap in the Qualified Forest Program, updating the Pasteurized Milk Ordinance to ensure Michigan's conformance with national standards, making changes

to the Large Carnivore Act, and providing one-time funding to support the dairy industry. The Legislature passed, but Governor Snyder vetoed the package of bills making changes to the Animal Industry Act, as well as a package of bills on internet gaming that included a bill on horse racing.

Mr. Deacon then shared an overview of legislation introduced since the new session started in January. Both the Animal Industry Act package of bills and the internet gaming package have been re-introduced. Other new bills include proposed changes to local government ordinances on dog breeds, feeding and baiting regulations, maintenance under the Drain Code, and prohibiting application of manure or fertilizer to frozen ground. The budget bills have been introduced, and Director McDowell has presented to both House and Senate Agriculture Appropriations Committees, as well as to both House and Senate Agriculture Policy Committees.

OVERVIEW OF GOVERNOR'S EXECUTIVE ORDERS AND EXECUTIVE DIRECTIVES:

Brad Deacon, Director of Legal Affairs and Emergency Management

Mr. Deacon discussed a number of Governor Whitmer's Executive Orders and Directives, which are binding on the department and the Commission. He and Ms. Ayers are working to review the Directives to integrate language as necessary into the Commission policies. An update of the Commission Policy Manual is planned for the May 2019 meeting.

PUBLIC COMMENT

No public comment on non-agenda items was requested.

COMMISSIONER TRAVEL

Commissioner Meachum reported that Commissioners Bergdahl and Meintz also traveled to attend the Commission Orientation Session held on January 7, 2019.

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE TRAVEL FOR COMMISSIONERS BERGDAHL AND MEINTZ TO ATTEND THE JANUARY COMMISSION ORIENTATION SESSION. COMMISSIONER MONTRI SECONDED. MOTION CARRIED.

ADJOURN

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

There being no further business, the meeting adjourned at 1:25 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes November 7, 2018*
- C) *Retirement Resolutions for Robert Andorfer and Jane Winkler*
- D) *Director McDowell – Issues of Interest Report*
- E) *Draft 2019 Generally Accepted Agriculture and Management Practices (GAAMPs)*
- F) *Public Comments Re: Draft 2019 GAAMPs*
- G) *Schramm's Mead Company Descendant Report and Pictures*
- H) *Allen Neighborhood Center Brochures and Accelerator Kitchen Report*

- I) *Cherry Republic Video*
- J) *Food and Agriculture Investment Fund Projects*
- K) *MDARD Budget Summary*
- L) *Summary of Governor Whitmer Executive Orders and Executive Directives*