

Kandiyohi County & City of Willmar Economic Development Commission (EDC)
Joint Operations Board (OB)
AGRIBUSINESS/RENEWABLE ENERGY DEVELOPMENT (AG) COMMITTEE
REVISED MINUTES
July 20, 2006
EDC Office, Willmar

Present: Ron Erpelding, Wade Gustafson, Kim Larson, Bob Meyerson, Milan Schmiesing and Renae Shields

Excused Members: Don Boll, Marc Knisely, Jim Larson, Bruce Peterson, Bruce Reuss, Greg Russell and Diane Vlach

Staff: Steve Renquist, Executive Director

Guest: Rhonda Wulf

Media: Carolyn Lange, West Central Tribune

Secretarial: Jodie Heuring, Legal & Administrative Assistants, Inc. (LAA)

Chair Wade Gustafson called the meeting to order at approximately 7:35 a.m.

AGENDA—Gustafson asked for changes to the agenda and asked committee members to note the next meeting day is Wednesday, August 16, instead of Thursday, August 17. Gustafson asked the following items be added to the agenda under New Business: Meeting with Lyle Lange report, meeting with Stearns County Dairy Advisory Board report and Renae Shields will talk about Henry Consulting Group.

IT WAS MOVED BY Ron Erpelding, SECONDED BY Bob Meyerson, to approve the agenda as mailed and e-mailed with changes noted. MOTION CARRIED.

MINUTES—

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Ron Erpelding, to approve the minutes of the June 15, 2006 meeting as mailed and e-mailed. MOTION CARRIED.

UNFINISHED BUSINESS—

FERCO Enterprises, Inc. Steve Renquist reported a meeting was held with FERCO, a renewable gasification business from Atlanta, Georgia, Willmar Municipal Utilities and Bushmills. At a larger meeting discussing the technology of gasification, there was some county representation. This type of process is being looked at by Chippewa Valley Ethanol Company (CVEC), Renville County for their garbage disposal plant and Redwood Falls.

[Carolyn Lange joined the meeting.]

Renquist sees an advantage to the digestion process as there is a residual product that can be land applied. Bushmills is looking at different processes as it is ready to move forward on

renewable energy, however, it is not ready to make a decision on a particular process yet. Renquist has advised Bushmills the EDC is available to assist them.

FERCO has large plant processes, but not in ethanol yet. Renquist stated the offer is totally in Bushmills court at this point. FERCO will build and finance, sell the technology, sell the gas at reduced cost and, in stages as Bushmills goes through its next funding cycle, sell it to them. Renquist stated the FERCO technology could work if there were to be a new municipal power production facility and it could work if the county brought in garbage, collected tipping fees and used the garbage as a renewable energy source. Renquist believes the county does not see an advantage at this point as the present landfill is using good technology, is profitable and that sum directly reduces taxes. Renquist feels the landfill process could be taken to the next step and produce energy.

China and Sweden Trips. Renquist reported since there is not a firm renewable energy project in Kandiyohi County at this time, it would be imprudent to travel to China. China is working directly with FERCO and looking at an international contractor to do the project. Renquist states the original hope was to do a China and Kandiyohi County project with similar technology and look to the federal government for grant money, but we do not have a Kandiyohi County project at this time. In conversation with various EDC board members, the trip to Sweden was addressed the same; it needs to be tied to a firm project in Kandiyohi County to justify the travel expense.

2007 Budget and Goals. Renquist distributed copies of an Expenditure Guideline relating to the EDC committees for the period January 1-June 30, 2006 (see copy attached to the original minutes). Renquist stated it does not reflect the independent contractor fees recently approved at the EDCOB meeting. Year to date, this committee has spent \$19,417.20. Renquist also distributed copies of the proposed 2007 budget (see copy attached to the original minutes). The EDC has suggested a working budget of no more than \$500,000 with a levy of \$455,000, same as the 2006 levy. It will be necessary to use \$45,000 of reserve money to reach the \$500,000 budget. Renquist stated the EDCOB is not comfortable with an offsite office for this committee. Renquist has contacted the Willmar Design Center about possibly sharing office space. The cost would be approximately \$300 per month. A brief discussion was held about the budget. Renquist is 90% sure this committee will be at a \$50,000 budget with the EDCOB's oversight. Gustafson suggested waiting until this committee receives its confirmed budget before narrowing the specific items identified for 2007.

Election of Vice Chair. Erpelding reported he has spoken with Bruce Reuss and he nominated Bruce Reuss for Vice Chair and Chair Elect of this committee.

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Bob Meyerson, to close nominations and cast a unanimous ballot for Bruce Reuss as Vice Chair and Chair Elect. MOTION CARRIED.

There was no other unfinished business.

NEW BUSINESS—

Energy and Sustainability Expo. Meyerson and Shields shared information on an Energy and Sustainable Expo presented by the University of Iowa in Des Moines Iowa, from 9 a.m. to 6 p.m, September 27 (see copy attached to the original minutes). Renquist indicated there are funds

available in this committee's budget for committee members to attend. Gustafson asked that this be on the agenda next month.

Meeting with Lyle Lange. Gustafson provided a brief background of an earlier discussion with Lyle Lange that resulted in a meeting between Lange, Renquist, Gustafson and Kim Larson Friday, July 14. Lange has a large amount of plastic (similar to plastic wrap used around bales) that he ships out of the area regularly and asked whether this committee has considered burning plastic for power. When plastic is burned, it produces 19,000 BTU in heat compared to garbage which only produces 5,000 to 6,000 BTUs. Lange is going to talk to the plastic manufacturer to learn what amount may be available to be brought in for this purpose. It may be possible to mix it with garbage to produce a higher heat source. Recycling will not take it because they cannot get it clean enough for reuse. Renquist has called FERCO to see if their technology could handle these bags; he has not heard back yet. The manufacturer that Lange works with has a plant in Cottage Grove; the ag bag is approximately 15% of that company's business. Lange is going to see if there may be other plastic. **Renquist or Kim Larson** will call John Gibson. It was suggested to contact the Minnesota Pollution Control Agency to see if there is any air quality issue to burning plastic. It is necessary to learn if the plastic can burn in an environmentally friendly way while creating BTU for use.

Meeting with the Stearns County Dairy Advisory Board. Gustafson reported Renquist, Sherm Schueler, Glenn Arfstrom, Kim Larson, Tom Meium and Gustafson met with the Stearns County Dairy Advisory Board (SCDAB) Monday, July 17. Kim Larson reported Rob Sip, principal planner, local land use, feedlot and siting program director with Minnesota Department of Agriculture, puts together educational-type meetings and provides opportunities of advancement for local governments to address livestock siting, which is a more proactive approach than the past. Sip believes the two Minnesota counties that have exemplified in this area are Stearns and Kandiyohi. Sip felt it would be beneficial for these two counties to meet and share ideas of what they each have put together and the process to address livestock siting. The SCDAB has been in the process since the early 1990s and is not currently working with townships. The SCDAB worked with townships for input on the zoning 10+ years ago in an attempt to limit scattered houses in the townships. They were interested in the meetings this committee is holding with Kandiyohi County townships. A "senior advisor" to Sip, Bob Patton, was also invited and was very interested in the process as well. Renquist and Gustafson stated the two groups learned from each other. Renquist was particularly interested in how they had in their land use ordinance the procedure by which they went to the townships first and asked for input on how the land in their townships ought to be utilized. It was felt both counties have a good relationship with their townships. It is not ready for public discussion yet. Kim Larson stated a proposal is being put together for Kandiyohi County zoning officials to look at on land use issues, which developed further from this meeting.

There was no further new business.

REPORTS—

Wind Energy Subcommittee. Meyerson reported the small wind subcommittee is addressing the smaller units an individual might put up. They are publishing a guide that is county specific, which has been sent to the EDC's Marketing Committee and Public Relations Committee who, in turn, sent it to a designer. Shields stated a bid from the designer has been received and final changes are being made. Shields has photographs for use in the guide and then it will be formatted. The subcommittee will meet and make the final decision on how it should look. The next step will be to talk about how to publicize and distribute it.

Erpelding shared comments of a visit the big wind subcommittee had with Ed Parsons, who is involved with a group that is putting one up in Grant County. There are looking at putting up 10 2 megawatt towers on part of 360-acre plots. There are 20 investors and they are waiting to hear if they are on the transmission line or not. Erpelding stated the elevation does not appear to be much as it does not look like a hill. If the project moves forward, the amount of money per person invested will be \$18,000 with some payback of about \$5,000 per person. Renquist believes the rewards are great; not only in the ownership of the system, but they will receive an amount per year for each tower. Meyerson stated the big wind subcommittee then went to Morris to see their 1.65 megawatt generator and to Benson and met with Jon Connolly, a Swift County banker who is working on a wind project there. The Willmar Municipal Utilities is in the process of researching and hiring a consultant to look at putting up a couple towers. Doing a feasibility study could be a total gamble and possible loss. Every site requires its own study because of all the variables. A challenge is to be near a transmission route. Several wind projects are on hold in southwest Minnesota because there is no capacity available the Department of Defense has concerns about interference with their radar system. Meyerson believes when this subcommittee gets to a point that it is going to spend money, it will need to spin off and form a group as he does not believe it is appropriate for this committee. The proximity of the transmission line appears to be a huge key. It is believed the site process will be similar to the livestock siting; an overlay to find what spaces are available for such project. The next task is to try to identify sites; the subcommittee will meet in a couple of weeks to put together a plan to figure out what are the potential sites and who is interested. Erpelding asked Carolyn Lange to make reference in her article that anyone who may be interested in wind energy to contact the EDC. A key will be to find people interested, both landowners and investors. More land is needed than originally expected for these large wind generators; they need to be separated for the physics involved and in close proximity to a transmission line. Landowners still can farm the land right up to the base of the tower and livestock can graze; each tower takes about one acre. Kim Larson asked if there were any concerns about harmonics; this was a concern from Berkley research in California. Harmonics are vibrations picked up more by animals and could be part of zoning issues. Kim Larson suggested Bob Olson of Lincoln County be contacted about more information on harmonics. Shields did not find that as a concern in her recent research. Meyerson stated the strobalgraphic stroboscopic effects may be a concern. Shields stated that WCCO is doing an extra on renewable energy during its evening news this week and it is also available on their web site.

Independent Contractors.

Building Permit Approval. Kim Larson stated this will be deferred as there is more research to be done.

Township Meetings. Kim Larson will e-mail the committee today the new scheduling of his visits with townships. To date, he has only e-mailed people living in the townships. He is on his eighth township visit (there are 24 in Kandiyohi County). Kim Larson has found the townships to be very supportive. His recent township meeting was the first township that shared a little more reservations about supporting livestock on larger scales. There has been a little concern they do not have input on the housing and housing developments that are happening in their township.

Biomass Resource Assessment. Shields stated that almost any project that is going to start needs to have a feasibility study attached to it. The same is true about a methane gas digester or gasification or ethanol or biodiesel plant. To move forward, a feasibility study is needed as we need to know if there is enough raw materials available. Morris has done a biomass research study, which was very expensive and they did not suggest one necessarily. AURI has gone through some biomass resource research for another entity and a large portion of that is

available to this committee free of charge. This biomass assessment can be used as a beginning base; may need to determine whether more needs to be done. We are the beneficiary of another entity's work and expense; most of it is public information. Shields has planned a meeting with AURI next week. Shields has arranged for Mike Reese from Morris to come to the next committee meeting, August 16, and visit about the use of biomass; he will plan to speak at 8:30 am.

Shields stated that to become a renewable energy economy in Kandiyohi County by 2015, participation by more individuals and companies will be required. There may be other items this committee is not focused on that are involved in renewable energy. Shields suggested inviting Dr. Blair Henry to come and speak to a larger group in Kandiyohi County to bring them on board and create more general knowledge. She circulated a copy of his background. Renquist reported the Ag Executive Committee has used its budget resources to approve this. Shields stated the Duluth City Council has adopted a sustainable city resolution that endorses the guidelines for sustainable community development and agrees to apply those guidelines whenever possible in its planning, policy making and municipal practices. Henry told Shields he would need a three-hour meeting and will stay over until the next day to meet with a smaller group of interested persons. It was suggested to schedule such meeting for either the week of September 11 or September 18. It was believed 3-6 p.m. may be a good time. It was suggested to invite city councils, county commissioners, townships, business people, potential investors and land owners or land developers. It was suggested to check on various schedules, i.e., city council meetings, Chamber functions and county commissioner meetings. This group could be 50-100. A purpose is to buy in on a united front for renewable resources; it is very important to get industry leaders there as well. Kim Larson suggested the second Monday and Renquist suggested 3-6 p.m. noting the County Planning Commission meets at 7 p.m. that day. Shields has asked Dr. Henry for a list of the type of people he suggests attend this initial meeting. **Shields** will do some research on a meeting time and date (Monday through Thursday) and come up with proposed dates.

NEXT REGULAR MEETING—The next regular committee meeting will be **7:30 a.m., Wednesday, August 16, 2006**, at the EDC Office, 312 Fourth Street SW, Willmar.

ADJOURNMENT—There being no further business,

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Ron Erpelding, to adjourn the meeting. The meeting was adjourned at 9:10 a.m.