

Kandiyohi County & City of Willmar Economic Development Commission (EDC)
Joint Operations Board (OB)
AGRIBUSINESS/RENEWABLE ENERGY DEVELOPMENT (AG) COMMITTEE
MINUTES
August 16, 2006
EDC Office, Willmar

Present: Glenn Arfstrom, Al Christopherson, Ron Erpelding, Wade Gustafson, Jim Larson, Kim Larson, Tom Meium, Bob Meyerson, Bruce Reuss, Greg Russell, Milan Schmiesing and Renae Shields

Excused Members: Myron Behm, Don Boll, Marc Knisely, Bruce Peterson and Diane Vlach

Staff: Steve Renquist, Executive Director

Guest: Mike Reese

Media: Carolyn Lange, West Central Tribune

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

Chair Wade Gustafson called the meeting to order at approximately 7:30 a.m.

AGENDA—Gustafson asked for changes to the agenda. Steve Renquist asked additions be made relating to change of status of contractor September 1 and discussion/approval of a bill for the last quarter of 2005 and first half of 2006 along with reports on activities from one of the contractors. Gustafson stated these items would be added under New Business. Greg Russell distributed copies of a report on biomass gasification for power plant fuels testing (see copy attached to the original minutes).

IT WAS MOVED BY Glenn Arfstrom, SECONDED BY Ron Erpelding, to approve the agenda as mailed and e-mailed with the stated additions. MOTION CARRIED.

MINUTES—Bob Meyerson suggested a couple changes to the July 20, 2006 meeting minutes. On page 4 change the sentence: “Several wind projects are on hold in southwest Minnesota because there is no capacity available” to “Several wind projects are on hold in southwest Minnesota because the Department of Defense has concerns about interference with their radar system.” Also change the word strobalgraphic to stroboscopic.

[Bruce Reuss joined the meeting.]

IT WAS MOVED BY Bob Meyerson, SECONDED BY Glenn Arfstrom, to approve the minutes of the July 20, 2006 meeting as mailed and e-mailed with the changes noted. MOTION CARRIED.

[Jim Larson and Milan Schmiesing joined the meeting.]

PRESENTATION—**WEST CENTRAL RESEARCH AND OUTREACH CENTER**—Renae Shields introduced Mike Reese of the West Central Research and Outreach Center (WCROC), University of Minnesota-Morris (UMM). The University of Minnesota Renewable Energy Research and

Demonstration Center at Morris is a collaborative project between the WCROC and UMM and the University of Minnesota Initiative for Renewable Energy and the Environment (IREE) (see copy attached to original minutes). Reese provided a PowerPoint presentation relating to Development of Community—Scale Renewable Energy Systems (see copy attached to the original minutes).

[Carolyn Lange joined the meeting.]

Their goal is to develop a community-scale, integrated, production, research and demonstration renewable energy center. They identified four core systems: WCROC hybrid wind renewable energy system, UMM biomass gasification system, WCROC renewable energy research and education addition and community bio-gas/bio-methane system. Reese stated that at this time, wind energy is the most economical renewable energy source. The only wind to hydrogen operation is in Utsira, Norway and UMM hopes to be the next site. The Norway project has a wind generator of 200 kilowatts (believes services 10 homes). It had two turbines, but only one was attached to the hydrogen system. An island siting is the most economical for that type of production. Reese stated they feel the value-added production of anhydrous ammonia from wind is a perfect niche for this area of the United States. There were questions about whether there are concerns of explosion with hydrogen in vehicles. Reese feels he would be safer in a hydrogen vehicle versus a gas vehicle. Reese stated that research has found one can drive a car after it has been involved in a hydrogen fire versus one involved in a gas fire. As far as wind, the state has a good resource for resource assessments and maps are pretty detailed now. Reese showed one slide containing results of the EERC biomass resource assessment. Reese stated a renewable energy economy could be achieved by decreasing the amount of energy used. Reese referred the committee to a slide about features of a green building. If there is a choice of making the building last longer or putting in organic carpet, the choice is to make the building last longer.

Reese shared his thoughts relating to Kandiyohi County (see last few slides of presentation). Discussion was held about corn stover usage and its effect on the soil. Reese gave his opinions of using corn stover and feels the UMM research staff would say 50% could be removed in a corn and bean rotation field and be safe. The key would be to monitor the soil. Switch grass is being promoted for ethanol production. It is not suggested to use marginal land, i.e., CRP land, but there may be additional costs as it goes through the process. Reese will provide research productivity numbers of raising switch grass on good land versus marginal land, such as CRP. There continue to be disagreements about the corn stover usage and this issue needs to be resolved. Reese stated the biomass resource assessment by the Agricultural Utilization Research Institute (AURI) stated corn stover is the best source for Kandiyohi County. The assessment shows 273,000 tons of dry residue and suggested 10% or 27,000 tons could be used without affecting other usage of the corn stover.

Renquist stated if renewable energy is our future, we must find ways to do things, which is part of what this committee took upon itself as a charge. Do we start with just becoming sustainable? Reese sees Kandiyohi County fitting into or participating in the renewable energy corridor by possibly being a renewable energy business incubator. Reese suggested that with Ridgewater College located here, Kandiyohi County could work on something technical relating to renewable energy as UMM is doing mainly research.

Reese sees the next practical steps being to select a handful of projects to consider pursuing and do feasibility studies on each. Russell suggested WCROC continue with research and perhaps this area look for application and projects. Reese does not believe we need to look for niches; he does not see the two groups competing. If there is research this committee wants to do that is different from the UMM, Reese suggested going forward. Reese sees the renewable energy corridor

sharing information and helping each other. The consensus was there needs to be more communication and a coordinated effort. Reese stated the gasifier will be available by spring or summer 2007.

Reese believes the production of anhydrous ammonia from wind energy is within five years; the technology is here. Al Christopherson stated it is conducive to a smaller scale, which is something that can be done on a local level as opposed to some projects that involve a lot of setup money.

Kim Larson asked if Kandiyohi County could play a part in the renewable energy corridor by hosting one of the first meetings, which Reese welcomed. Renquist stated a meeting has been held with the local Senator and Representative about this topic. It may make sense to have this corridor around western Minnesota and southeastern Minnesota.

Reese confirmed Ron Erpelding's interpretation of the biomass resource assessment for this county that wind energy is one of the top three areas on which this committee needs to move.

The committee thanked Reese for his presentation and Shields for arranging it. Renquist suggested there be more contact between the committee and Reese. Reese suggested keeping the corridor discussions small at this time and inviting Kandiyohi County, Swift County, Stevens County and Grant County to start. **Reese** and the **EDC** will work on getting people involved and will work together on project. It was suggested to plan this meeting prior to the legislature convening.

[Mike Reese was excused from the meeting.]

UNFINISHED BUSINESS—

University of Iowa Energy and Sustainability Expo 2006. Bob Meyerson and Shields shared at the July meeting information received announcing 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. Discussion was held about attendance at the expo. Renquist indicated the committee has money in its budget to allow a committee member to attend. Meyerson is unavailable to attend. Gustafson asked that **committee members** interested in attending contact **Renquist**, who will set it up.

2007 Budget and Goals. Renquist stated the 2007 budget was set by the EDCOB and approved by the EDC at \$50,000. Renquist reported the EDCOB specifically said they do not want a stand-alone ag office; however, they would consider renting space for \$300 per month across the hall with the Willmar Design Center, which would allow access to the EDC's office equipment and administrative support. Gustafson will call an Executive Committee meeting to discuss how to downsize the original planned budget from \$80,000 to \$50,000. Renquist reminded committee members that when the Executive Committee meets, all committee members are invited even though they do not vote.

Plastic as Alternative Energy Source. Renquist reported he has been in contact with the Colorado company and has asked about other sources of plastic other than agricultural plastics and learned this cannot be done in conjunction with other sources. **Renquist** will be talking with Lyle Lange more.

[Al Christopherson was excused from the meeting.]

The company is willing to do this project, but it needs to make sure there are enough plastics here. The thought is that burning plastics may generate electricity. Questions still remain.

Kim Larson contacted Wayne Nelson of AURI about burning plastics; emissions may be an issue. Russell did not feel it would be an issue for gasification.

Henry Consulting Group. Shields reported the EDCOB approved the expenditure to hire Dr. Henry at its last board meeting. Renquist reported the EDC attorney approved the contract, the City of Willmar's attorney approved and then the EDCOB had to reapprove the contract. Since the approval took a while, discussion was held whether to stay with the original date of September 19 or 20. A sufficient amount of planning time is important. Shields informed the committee the contract with Henry states the meeting must be held before December 31.

IT WAS MOVED BY Ron Erpelding, SECONDED BY Glenn Arfstrom, to plan the meeting with Dr. Henry for the third week of November 2006. MOTION CARRIED.

Gustafson stated this will be set up for the third week in November and this committee will talk with Mike Reese about his ideas of whom should be involved. Erpelding noted to avoid Tuesday evening, November 14, due to the Holidaze parade.

There was no other unfinished business.

NEW BUSINESS—

Status of Bushmills Renewable Resources Consideration. Renquist provided a brief update. Per Bushmills' request, Renquist is setting a meeting between Bushmills and AURI, but the topic was not disclosed to the EDC. Bushmills knows the EDC is waiting for directions to help.

Other. Renquist reported he received a letter of resignation from Shields effective September 1.

IT WAS MOVED BY Bob Meyerson, SECONDED BY Jim Larson, to accept Renae Shields' resignation with regret and commend Shields for her work. MOTION CARRIED.

Shields stated the wind energy subcommittee has a foundation. It has sent letters to developers and attorneys and they are ready for the next step, which will be to choose projects and do feasibility studies. Shields has done some of the planning work for the Henry project and that is available to the committee.

Discussion was held about contracting with someone new.

IT WAS MOVED BY Ron Erpelding, SECONDED BY Jim Larson, to proceed immediately to identify and enter into a contract with an independent contractor or contractors for the balance of 2006 and 2007 with designated responsibilities to include, but not be limited to, identification and development of wind farms within Kandiyohi County, put in place and organize Dr. Henry's renewable energy session and facilitate the active incorporation of Kandiyohi County into a renewable energy corridor with the University of Minnesota-Morris and other specific tasks determined by the Kandiyohi County and City of Willmar Economic Development Commission Agribusiness/Renewable Energy Development Executive Committee. MOTION CARRIED.

Shields suggested this committee identify the specific direction or finished product before entering into a contract; it is important for a contract person to know what is wanted before entering into a contract. Shields noted as an example that a person to organize a meeting is a different skill from putting together a wind project.

Renquist distributed copies of independent contractor summary reports for the last part of 2005 and thus far 2006 and respective invoices from Kim Larson (see copies attached to original minutes).

IT WAS MOVED BY Jim Larson, SECONDED BY Glenn Arfstrom, to approve payment of the two invoices from Kim Larson for his services from October 1, 2005 through December 31, 2005 in the amount of \$4,125 and from March 1, 2006 through July 31, 2006 in the amount of \$7,975. MOTION CARRIED.

Other.

IT WAS MOVED BY Bob Meyerson, SECONDED BY Greg Russell, to extend the meeting until 10 a.m. MOTION CARRIED.

There was no further new business.

REPORTS—

Wind Energy Subcommittee. Meyerson reported the small wind energy guide is at the printer and the committee intends to meet next week to discuss its distribution. Meyerson stated the large wind subcommittee has tried to identify potential sites in Kandiyohi County and believes there are essentially three sites. A limiting factor is that it needs to be near the 69-kilowatt line. They will meet with individuals who live in the identified sites to gather information about the area and identify persons who may be interested in such a project. Erpelding stated the next big wind meeting will be 7 a.m., August 29 at McKale's restaurant in New London.

Independent Contractors.

Building Permit Approval. Kim Larson referred the committee to the July minutes where Renquist will open up communications for continued discussions. At a recent meeting Kim Larson attended, a township indicated it is interested in this process.

Township Meetings. Kim Larson reported the most recent meeting he attended was Kandiyohi Township. He has met with 10 of the 24 townships in Kandiyohi County and intends to meet with the other 14 before year end. Kim Larson distributed a brochure about Siting Livestock Operations in Minnesota (see copy attached to the original minutes).

Other. Kim Larson circulated a news article "Blandin to focus on economic development," which he had brought to the committee's attention earlier. **Shields** will check to see if there is something new relating to this as a couple committee members recalled Blandin actually doing more work in the Grand Rapids area first.

[Tom Meium was excused from the meeting.]

Biomass Resource Assessment. Shields stated all committee members received a copy of the Biomass Resource Assessment dated July 24, 2006 (see copy attached to the original

minutes). Shields gave an abbreviated version of the report: corn stover is the largest quantity of biomass and wood waste is the most available source of biomass in Kandiyohi County. As far as moving forward, Shields stated big energy users in the area must be identified and matched with the best project for those energy users. Arfstrom stated wood waste is more available in larger cities than rural areas. Russell stated the metropolitan district energy takes the bulk of the wood waste now; Kandiyohi County's wood waste goes to the Kandiyohi County landfill or brush fill and is burned. Russell stated tests were done at the landfill last year grinding the wood waste with the potential of using it at Fibrominn; the City of Willmar still wants to burn as the best way to treat Dutch Elm disease is to burn. Russell stated elm can be used as long as it is ground up and dried out. Shields stated the next important steps with the process are feasibility studies, which need to be project specific.

Is 10% use of available corn stover realistic or conservative? Bruce Reuss feels it is important to resolve the issue of using that amount of corn stover as it is important to protect our soils (resource). There are different people at the University of Minnesota saying different things about this.

Jim Larson stated the original charter of this committee was renewable energy. Corn stover interrupts the system, but wood waste mimics it. Erpelding noted this committee has made significant progress with its education in renewable energy.

Meyerson asked if there is someone willing to step forward and push the wood waste gasification suggestion. It was noted that Chippewa Valley Ethanol Company and Fibrominn are looking at it. The Little Falls ethanol plant is already doing it. It is important to look at whether a local facility can use it versus shipping it 30 miles and the ease of transportability of the sources.

NEXT REGULAR MEETING—The next regular committee meeting will be **7:30 a.m., Thursday, September 21, 2006**, at the EDC Office, 312 Fourth Street SW, Willmar.

ADJOURNMENT—There being no further business,

IT WAS MOVED BY Bruce Reuss, SECONDED BY Greg Russell, to adjourn the meeting.
MOTION CARRIED.

The meeting was adjourned at approximately 10:05 a.m.