

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
AGRICULTURE AND RENEWABLE ENERGY DEVELOPMENT (AG) COMMITTEE**

MINUTES

June 16, 2016

Christianson & Associates, PLLP, Willmar

Present: Arvind Auluck-Wilson, Rollie Boll, Jon Folkedahl, Ian Graue, Kevin Halvorson, Kim Larson, Dan Lippert and Bruce Reuss

Excused: Dustin Kotrba and Dan Tepfer

Absent: John Duevel and Larry Konsterlie

Guest: Lyn Zeppelin, Vice President/Business Banker (Commercial Ag Lender), United Prairie Bank, Spicer

Staff: Connie Schmoll, Business Development Specialist

Secretarial: Diane Beck, Legal & Administrative Assistants, Inc.

Chairperson Ian Graue called the meeting to order at approximately 7:37 a.m. The agenda was approved as emailed.

MINUTES

IT WAS MOVED BY Kevin Halvorson, SECONDED BY Rollie Boll, to approve the minutes of the April 21, 2016 meeting as emailed. MOTION CARRIED.

REPORTS

Ag Investment Planning Subcommittee. Connie Schmoll reviewed the Ag Investment Subcommittee minutes of June 13, 2016 (see attached) and highlighted the first meeting of the Angel Fund Investment Group was held June 8, 2016 where 9 of the 12 interested investors attended. Steven Mercil of Angel Capital Group (formerly RAIN Source) was selected as the consulting firm for Phase 1. The group decided on a vision and values for the fund and adopted a structure. The Fund will be a minimum of \$1 million and a maximum of \$2-\$3 million. By consensus, the group plans to refund the EDC's investment of \$3,000. A motion was made and seconded to recommend to the Agriculture and Renewable Energy Development Committee that the Ag Investment Planning Subcommittee be dissolved as it has completed its tasks. Schmoll indicated she will continue to meet with the new group. Arvind Auluck-Wilson extended congratulations to the Ag Investment Planning Subcommittee for its exceptional work in the formation of the Angel Fund Investment Group and feels it is worthwhile to have an

ongoing symbolic relationship with the investors' group. Schmoll commented one of the roles of the Ag Committee will be to suggest potential ag-related projects to the Angel Fund Investors' Group.

Ag BRE Survey Subcommittee. Schmoll shared the three scenarios discussed at the April 27, 2016 Ag BRE Survey Subcommittee: 1) conduct an Ag Producers' Survey in 2016, starting in July; 2) conduct a survey in 2017 and continue planning and preparation in 2016; and 3) focus on projects identified at the focus group sessions and unfinished projects from the 2005 Ag BRE Survey. During the meeting on May 17, 2016, the subcommittee voted to conduct an Ag Producers' Survey in January and February 2017. Schmoll reported the subcommittee developed a timeline, formalized project objectives and voted on a budget of \$7,700. Rollie Boll commented \$3,500 of this budget will come from the Ag Committee's 2017 budget and the remaining \$4,200 will come from fundraising and sponsors. Larson mentioned a greater effort will be made on communication with the public. Schmoll suggested forming a small group to market the survey.

UNFINISHED BUSINESS

2016 Ag goals. Schmoll presented the proposed 2016 Ag goals she and Aaron Backman prepared (see attached). The committee discussed the proposed goals and concurred with Kim Larson's suggestion to prioritize the 2016 Ag goals as follows:

Group A:

1. Establish an ag investment group
 2. Plan for a 2017 Ag Producers' Survey
 4. Support and conduct ag education, including development of a public relations strategy
 6. Assist with deployment of broadband into rural unserved areas of Kandiyohi County
- Comment from committee: Goal 2 could be somewhat connected to Goal 6.

Group B:

3. Support development of additional sources and uses for area food products.
 - Comment from committee: This statement lacks a goal statement.
5. Continue to monitor and promote Kandiyohi County's involvement in the Minnesota Turkey Research and Development Facility and Minnesota Dairy Training, Research and Consumer Education Facility

IT WAS MOVED BY Bruce Reuss, SECONDED BY Rollie Boll, to approve the 2016 Ag Goals as prioritized. MOTION CARRIED.

Schmoll will bring the reprioritized 2016 Ag Goals to the next meeting.

Energy/Biogas Feasibility Study. Schmoll reviewed the EDC's decision not to pursue the countywide biogas feasibility study and shared information from Bruce Peterson and Jim Gauer

concerning Willmar waste issues (see attached). Schmoll shared the outcome of a meeting she and Steve Renquist had with First Light Energy and Organic Systems and its technology for turning waste, including turkey fat, into biogas. Schmoll reported that First Light is working on further information to bring back to the EDC. The committee concurred with not pursuing the Biogas Feasibility Study; however, will continue to look at new technologies and development that may solve local issues while producing biogas.

NEW BUSINESS

Speaker for August meeting/Living Green Farms. Schmoll discussed a possible speaker for the August Ag Committee meeting, Dana Anderson of Living Green Farm, a vertical aeroponic (new technology process) food production business.

IT WAS MOVED BY Jon Folkedahl, SECONDED BY Kevin Halvorson, to invite Dana Anderson to the August 18, 2016 Ag Committee meeting to present information on his company, Living Green Farm. MOTION CARRIED.

Schmoll stated she is also networking with a company that recovers and re-harvests food waste and the possibility of having them present at a future Ag Committee meeting.

Animal Science Conference. Schmoll reminded the committee of the decision to secure and staff a booth at the Animal Science Conference on September 9, 2016, at MinnWest Technology Campus in Willmar. Schmoll suggested one/two committee members are needed to work on plans for the booth, i.e., promote the Ag Committee, EDC and showcase what is going on in agriculture in Kandiyohi County. Dan Lippert and Kim Larson volunteered to work with Schmoll.

Community News. Schmoll mentioned an article in the Raymond newspaper announcing that Ian Graue became a U.S. citizen. Committee members congratulated Graue. Schmoll reported the EDC supported the Green Card Voices project in which Graue was featured along with other local immigrants.

Other. Auluck-Wilson inquired how the Happy Family Asian Grocery store is doing. Schmoll reported business is slower than expected and encouraged committee members to visit the store and promote the business. Schmoll mentioned she is part of a group working on a video that will showcase Kandiyohi County which will include a variety of areas, including education, tourism and economic development. Schmoll announced Meadow Star Dairy will conduct tours of its operation on June 30, 2016.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 8:55 a.m.

NEXT MEETING— The next regular meeting is **7:30 a.m., Thursday, July 21, 2015**, at Christianson & Associates, PLLP, Willmar.

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
AGRICULTURE INVESTMENT PLANNING SUBCOMMITTEE
June 13, 2016
EDC Office, Willmar, Minnesota

Present: Bob Haines, Kevin Halvorson, Larry Konsterlie, Bruce Reuss and Dan Tepfer

Excused: Arvind Auluck-Wilson and Ken Behm

EDC Staff: Connie Schmoll, Business Development Specialist

Secretarial: Nancy Birkeland, Legal and Administrative Assistants, Inc. (LAA)

Chair Dan Tepfer called the meeting to order at 12:03 p.m. The agenda was approved as presented.

MINUTES

IT WAS MOVED BY BRUCE REUSS, SECONDED BY BOB HAINES, TO APPROVE THE MINUTES OF THE
MAY 5, 2016 INVESTMENT GROUP INFORMATION MEETING AS PRESENTED. MOTION CARRIED.

UNFINISHED BUSINESS

Overview of Ag Investment Group kickoff meeting. Connie Schmoll reported the initial meeting of the Angel Fund Founders Investment Group was June 8, 2016 at North American State Bank. Nine of the 12 interested investors attended, each of whom invested in the consultant fees of \$15,000 for Phase I. The group decided on a vision and values for the fund and decided each investor must buy two shares at \$25,000 each for a minimum investment of \$50,000. The Fund will be a minimum of \$1 million and a maximum of \$2-\$3 million. Following discussion, Schmoll will document the vetting process for selecting Steve Mercil and Angel Capital Group as the consulting firm. Bruce Behm, Ken Behm and Jeff Pattison have all worked with Steve Mercil and Bob Haines noted Todd Kearney of United FCS has also worked with Mercil. Reuss explained the investment process discussed at the meeting. Reuss stated there was a consensus by the group to refund the EDC's investment of \$3,000 and noted United FCS may not be an investor because of its requirement to have any investments be 51% ag-related. Kearney is still checking on United FCS's involvement. The Angel Tax Credit was mentioned during the meeting. The company requesting funds must apply for the Angel Tax Credit program in order for tax credits to be available to investors. Schmoll stated Mercil was hired to complete Phase I and after that the investors will need to decide on his company's further involvement.

NEW BUSINESS

Ag Investment process. Schmoll noted the group is putting together a syndicate list of individuals who are interested in investing on a per project basis. Investments are first offered to fund members and then the group can open it to others. The new group will also receive information on other investment networks and the group or its individual members can invest in projects through other investment networks. Angel Capital Group charges fees for its involvement and does not handle local operations. Thus, the new group will need to hire a local organization to handle its operations. Suggestions included the EDC, United FCS or the group create and develop its own limited liability company to handle operations. Reuss indicated an investment group has been discussed by the EDC for at least ten years and commended the efforts of this subcommittee. Schmoll indicated she will continue to meet with the new group as long as needed.

IT WAS MOVED BY Kevin Halvorson, SECONDED BY Bob Haines, to recommend to the Agriculture and Renewable Energy Development Committee that the Ag Investment Planning Subcommittee be dissolved as it has completed its tasks. MOTION CARRIED.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 12:43 p.m.

Agriculture and Renewable Energy Development Committee

Mission

To sustain, identify and develop agriculture, agribusiness and renewable energy opportunities

Overall Goal of the Agriculture and Renewable Energy Committee

Target activities that leverage Kandiyohi County's assets in agriculture, with a special emphasis on Ag business, manufacturing, bioscience, technology, energy and research.

GROUP A:

1. Establish an ag investment group
 - a. Secure a minimum of 8 investors to lead the charge for a larger group by June 1, 2016.
 - b. Establish a fund by December 31, 2016 with a minimum of \$1MM for projects.
 - c. Attend at least two Community Venture Network meetings to seek economic development projects for Kandiyohi County.
 - d. Bring at least one agriculture or renewable energy related project to the investment group for consideration by December 31, 2016.
2. Plan for a 2017 Ag Producers Survey
 - a. Develop a timeline and select interview tools by October 31, 2016.
 - b. By December 2016, secure the funding needed to complete the project.
 - c. Secure at least 20 volunteers by December 31, 2016, to assist with interviews.
3. Support and conduct ag education including developing a public relations strategy
 - a. Participate in the 2016 Animal Science Conference with a booth and exhibit to showcase agriculture and renewable energy in Kandiyohi County.
 - b. Attend Farm Fest 2016 in August to determine if there is opportunity to share and plan for a booth at the 2017 Farm Fest Show.
 - c. Network with and assist ag interest groups, such as the Minnesota Dairy Association, Corn Growers, Clean Energy Resource Teams, the PACE program.
4. Assist with deployment of broadband into rural unserved areas of Kandiyohi County
 - a. Complete the Kandiyohi County Broadband Feasibility Study by August 15, 2016.
 - b. Identify specific needs for broadband access and speed including current and future communication needs for list to include in grant application by September 30, 2016.
 - c. Identify and apply for at least one source of funding in 2016 to proceed with implementation of broadband in Kandiyohi County in 2017.
 - d. Secure partnership with one or more broadband provider(s) to move forward with broadband network deployment in Kandiyohi County.

GROUP B:

1. Support development of additional sources and uses for area food products
 - a. Submit at least one reference letter to support funding requests for Historic 313's Food Hub by December 31, 2016.
 - b. Follow-up with grant application made to USDA to assess if further reference support is needed by October 2016.

2. Continue to monitor and promote Kandiyohi County's involvement in the Minnesota Turkey Research and Development Facility and Minnesota Dairy Training, Research and Consumer Education Facility
 - a. Support MCROC and its work on turkey research.
 - b. Make at least one connection with University of Minnesota Turkey Research representative by September 30, 2016.
 - c. Continue to monitor progress of the Dairy Facility.

From: Connie Schmoll [mailto:connie@Kandiyohi.com]
Sent: Wednesday, May 25, 2016 2:36 PM
To: Bruce Peterson <bpeterson@willmarmn.gov>; Jim Gauer <jgauer@willmarmn.gov>
Subject: EcoEngineers Proposal

Good afternoon Bruce and Jim,

Eco Engineers is proposing to provide a study of our area to determine if there is sufficient need, feedstock and interest to pursue a production facility to turn waste into biogas. EcoEngineers is interested in providing a study, however, if there is sufficient local interest and support, a formal request for proposals would be issued to obtain competitive bids for the work.

As it states in the proposal, the EDC's Agriculture and Renewable Energy Committee is dedicated to the development of sustainable and renewable energy resources in the community and that includes using waste and other feedstock, if levels are sufficient, to create biogenic natural gas. Our interest can lead to such development only if the area agencies/facilities producing such waste have a need and interest as well and are willing to help fund the study. In order to help determine need and interest, please let me know your thoughts about the following:

1. Are there existing challenges in Willmar, for instance with the wastewater treatment facility, that would warrant the need for such a study?
2. What challenges facing the City of Willmar and the waste water treatment plant might be resolved with a study and a follow-up plan?
3. Are there currently any other studies taking place or that have been done recently, that would reduce or void the need for a comprehensive biogas feasibility study?
4. What level of investment would the City of Willmar make to have such a study completed?
5. Which other services/facilities in Kandiyohi County do you feel would benefit from such a study and why?

Thank you for taking some time to contemplate these questions. I will be providing the responses to the EDC's Agriculture and Renewable Energy Committee Members in June. Please let me know if you need further information.

Connie

Connie Schmoll
Kandiyohi County & City of Willmar Economic Development Commission

Connie,

I spoke with Jim Gauer and, together, we answered your questions. Before I list the answers it is important to know that the City has had similar contacts in the past and has treated them warily. Too often, companies look to cities in situations like this to finance their due-diligence. Our concise answers to the questions are:

1. The logistics and costs of bio-solids disposal.
2. Reducing disposal costs for bio-solids.
3. No.
4. There has been nothing budgeted for such a study. If the company can provide examples of success in other communities, staff could bring the idea to the Council to consider special funding.
5. Kandiyohi County landfill, major ag-waste producers.

Please let me know if you have further questions.

Bruce