

**MICHIGAN COMMISSION OF AGRICULTURE**  
**Constitution Hall, ConCon Room**  
**525 West Allegan Street**  
**Lansing, Michigan 48933**

**MEETING MINUTES**  
**FEBRUARY 9, 2011**

**PRESENT:**

Don Coe, Chairperson, Michigan Commission of Agriculture  
Velmar Green, Vice Chairperson, Michigan Commission of Agriculture  
Jennifer Fike, Secretary, Michigan Commission of Agriculture  
Bob Kennedy, Michigan Commission of Agriculture  
Keith Creagh, Director, Michigan Department of Agriculture

**ABSENT:**

Diane Hanson, Michigan Commission of Agriculture

**CALL TO ORDER AND ROLL CALL**

Chairperson Coe called the meeting of the Commission of Agriculture to order at 9:02 a.m. on February 9, 2011. Commissioner Fike called the roll with Commissioners Coe, Fike, Green, and Kennedy, and Director Creagh present.

**APPROVAL OF AGENDA**

**MOTION: COMMISSIONER FIKE MOVED TO APPROVE THE MEETING AGENDA FOR FEBRUARY 9, 2011. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.**

**APPROVAL OF JANUARY 11, 2010, MEETING MINUTES**

**MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE JANUARY 11, 2011, MEETING MINUTES. SECONDED BY COMMISSIONER FIKE. MOTION CARRIED.**

**NEXT SCHEDULED MEETING**

The next scheduled meeting will be held on March 16, 2011, at Constitution Hall in the ConCon Room.

**COMMISSIONERS' TRAVEL**

Commissioners Coe, Fike, and Kennedy traveled to attend today's meeting. Commissioner Coe traveled to Battle Creek on January 15 to give the keynote address at the Family Farms Conference. On January 22, he attended the Small Farms Conference in Grayling and traveled to Lansing on January 26 to interview with the Michigan Grocers Association and attend the ACE Conference on January 27. He also attended a February 1 Agriculture Renaissance Zone meeting in Acme.

**MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER KENNEDY. MOTION CARRIED.**

**COMMISSIONER COMMENTS:**

**Commissioner Kennedy** reported that production agriculture is currently doing very well. Farmers are very optimistic and there is a large cash flow within the agriculture community.

**Commissioner Fike** reported on two events to be held at Washtenaw Community College, the February 28 Michigan Good Food Film Festival and the March 1 annual Local Foods Summit, with keynote speaker Ken Meter from the Crossroads Resource Center in Iowa, and Dan Carmody, President of the Eastern Market, also speaking.

**Commissioner Green** echoed the fact that production agriculture is doing very well. He attended a small group meeting on January 15 with Senator Stabenow, during which she noted that agriculture diversity in Michigan is second only to that in California.

Milk processors are in need of additional milk. Everything possible must be done to ensure the next milk processing expansions are in Michigan. The Director asked to be advised of any additional role the department can play in this effort.

**Commissioner Coe** reported he also had an opportunity to meet with Senator Stabenow, which was with a group of processors on January 29. The Senator has been aggressively interacting with various agriculture groups across the state. As Chair of the U.S. Senate Agriculture Committee, she outlined her focus as the Senate considers the Farm Bill, noting the constituents of the Farm Bill are the individual crops. The last Farm Bill was approximately \$470 billion and it is anticipated that the next Farm Bill will be somewhat less due to the budget situation, which indicates the urgency of being active with our federal delegation in advocating for Michigan agriculture interests.

Another item discussed with Senator Stabenow was the issue of processing companies obtaining financing, with necessary collateral being the key obstacle. She mentioned the \$80 million that was recently appropriated to the Michigan Economic Development Corporation (MEDC) for a collateral bridge loan guarantee program. Local economic development groups advised banks are refusing the federal program because of a lack of trust. The Senator advised the cash actually resides within MEDC and trust should not be an issue. The Director has, and will continue to follow-up with MEDC on this program and other opportunities as they arise. Commissioner Coe expressed how important it is to maintain communication with Senator Stabenow and inquiring about programs available for Michigan agriculture.

The recent Small Farms Conference in Grayling enjoyed 700-800 in attendance, including many new young farmers. The February 4 Northwest Michigan Food Summit brought 200 people to the table working on developing a local food network.

Yesterday, he attended the fourth working meeting on horse rescue to address the issue of abandoned horses in Michigan. From the state's population of 174,000 horses, approximately 3,000 are expected to be abandoned during this hard winter.

This afternoon, he will be attending a meat processing summit being sponsored by the Michigan State University (MSU) School of Animal Science. They are developing a program for pasture raised animals and regional small slaughter facilities in an attempt to assist small farmers in developing a new industry through raising a few animals on their property.

## **DIRECTOR'S REPORT**

Director Creagh introduced Peter Manning from the Attorney General's Office, who is the department's legal counsel. The department has had conversations with Attorney General Schuette on repeal of the Item Pricing Law in efforts to ensure appropriate consumer protection.

The Director highlighted some of the numerous meetings he has attended since the last Commission meeting, as well as noting those planned in the near future. During the Governor's State of the State Address, the fundamental importance of agriculture in the reinvention of Michigan was emphasized, creating a good deal of excitement around agriculture and rural development in the state. As the Governor's office is expecting policy to come from the departments, it will be the role of the Commission and the department to define the context of rural development for the department.

In follow-up to an infrastructure needs discussion with Michigan Department of Transportation (MDOT) Director Steudle, MDOT staff will be working with MDA's rural development/economic development staff to consider basic infrastructure needs. Consideration will be focused not only on individual business needs, but on communities at large as well. Chief Deputy Director Wenk is working with MDOT staff to develop overlay of information on the GIS map to review long term needs.

The Director has participated in four meetings with Senator Stabenow recently and there is a genuine desire to coordinate our efforts. Recently, he met with USDA Rural Development State Director Jim Turner, whose agency provides funding for rural development, and we look forward to his presentation today. There is a national initiative to bring broadband to rural communities that will provide telecommunication capabilities and allow people to obtain the information they need to run their businesses. Additionally, Michigan Department of Natural Resources (MDNR) Director Stokes is interested in bringing broadband to state parks to attract younger campers and team up with some of the culinary destinations and other tourist information to assist rural communities.

In a recent meeting with Ian Gray, Steve Pueppke, and John Baker of MSU, discussion focused on the bio-economy and economic development. The university stands ready to assist us with those efforts.

Migrant labor issues were discussed with Civil Rights staff and a more comprehensive approach will be considered to migrant labor and the needs of the agriculture community.

Numerous conversations with the Governor's office have focused on the dashboard and department scorecards to measure the department's activities. Once the appropriate measures are determined, the information will be shared with the Commission. Although some transitional measures will be announced in the budget document, there will be additional long-term measures utilized to ensure we are making a real difference to Michigan's citizens as the department conducts its programs.

Exciting things are happening at the Detroit Eastern Market, as evidenced through a recent meeting he attended with its President, Dan Carmody. The department hopes to be successful in helping them bring food processing and for their development into the area.

Yesterday, he met with the aquaculture industry. Demand indicates there are opportunities for significant growth, which is anticipated to go from \$5 million to over \$100 million over the next five years. Commissioner Coe noted the aquaculture industry should contact the various tribal governments to pursue the potential of collaboration. Director Creagh advised some of those conversations have already taken place.

The Director has attended a variety of legislative meetings with Legislative Liaison, Derek Bajema. Today, Mr. Bajema is with the Legislature to discuss the Michigan Agriculture Environmental Assurance Program (MAEAP). Staff has effectively coordinated that issue with the Department of Environmental Quality (DEQ), the Legislature, and Michigan Farm Bureau (MFB).

Relative to the \$80 million allocated to MEDC for the federal Loan Enhancement Fund, in conversation with MEDC Director Finney, the program is available for any business in the state and they are looking for projects. In addition, in an effort to gain more collaboration for food and agriculture, Director Finney has agreed to host a meeting to specifically address rural development, which will include MEDC's locally-based economic development experts.

Yesterday, ten MDA staff joined the Governor for a lunch meeting. To better know the state's workers, the Governor is meeting with staff groups from the various agencies, with none being in a supervisory capacity.

### **DIRECTOR'S TRAVEL**

As approved last month, Director Creagh will be traveling next week to Reston, Virginia, for the National Association of State Departments of Agriculture meeting. While in the Washington, D.C., area, he was requested to testify before the U.S. Senate Agriculture Committee, chaired by Senator Stabenow. He will focus on the new opportunities for rural America, noting we look forward to a continued partnership with the committee to assure Michigan's food and agriculture industry is strategically aligned to enhance growth opportunities as we reinvent Michigan. He asked the Commissioners to forward

any suggestions for that testimony to him by Friday. He also plans to visit with Representatives Upton and Camp due to their placement on key committees.

**PUBLIC COMMENT (AGENDA ITEMS ONLY)**

There was no public comment relative to agenda items.

**BUDGET UPDATE: Gordon Wenk, Chief Deputy Director**

As the Director mentioned, the department has been working on the transparency of government through building MDA's metrics and measures for the scorecard process. The budget will be introduced on February 17, after which the department will communicate that information, along with budget talking points to the Commissioners.

The Director presented a budget and programs overview to the Senate Agriculture Appropriations Subcommittee last week. That same type of information will be presented today by House Fiscal staff and the department will be presenting an overview there next week as well.

In response to inquiry from Commissioner Coe, Public Information Officer Jennifer Holton advised the Governor's budget presentation can be viewed live via MGTV.com.

**LEGISLATIVE UPDATE: Gordon Wenk, Chief Deputy Director**

Mr. Wenk reported that Legislative Liaison Derek Bajema is participating in the MAEAP presentation to the House Agriculture Committee this morning. The Committee will take testimony next week on legislation that would codify MAEAP in statute and offer incentives to enroll.

The department supports the repeal of item pricing, which was mentioned by the Governor in his State of the State Address. HB4158 was reported by the House Commerce Committee yesterday. The department is working toward incorporating consumer protection in that bill.

Legislation has been introduced to move the captive cervid program from DNR to MDA. The department would prefer to have an opportunity to coordinate that program within its existing location through cooperation between the three agencies.

There is additional legislation in process to regulate the sporting swine industry. MDA has been working with all interested parties to develop appropriate language.

The department is working with MEDC on language to allow the agriculture processing sector access to the 21<sup>st</sup> Century Jobs Fund.

Other bills being tracked include legislation that would allow ethanol to be produced in smaller quantities on lands zoned for agriculture, provide for licenses to sell and taste wines at farmers markets, and expansion of the threshold in the cottage food legislation.

Consideration is being given to grant more authority to the departments in terms of policy generation and managing financial resources. As part of that process, they are rolling up the line items within the budget. Currently, the budget is broken out by division

and further by programs, with funding dedicated to each particular program. The initial process this year begins with the department's priorities and programs rolling up into their associated priority category. As a result, rather than MDA's budget consisting of approximately 60 separate lines, it will consist of only six.

In response to question from Commissioner Green, Mr. Wenk advised various creative means for funding MAEAP are being pursued. With the flexibility provided by the roll-up feature of the budget, funds currently exist to maintain the program at its current level. However, additional funding will be required to expand the program and meet the goal of having 5,000 farms, or 80 percent of production, MAEAP verified by 2015. Director Creagh added the department may need to prioritize internally to determine if a different approach should be taken in working toward that goal.

Mr. Wenk reported the department's senior management team met with Richard Baird, a long-time associate of the Governor, who is helping the state develop a value-based system approach to accomplishing its programs. The concept is built around activities, including how we can foster excellence, teamwork, and values. Within our department, we already have an excellent culture in terms of problem-solving and teamwork attitudes. MDA will strive to enhance those within the department.

Commissioner Fike inquired as to what is meant by the creation of water quality alliances as noted in HB4133. Mr. Wenk will ask Mr. Bajema to forward that information to her, as well as the other Commissioners.

Relative to the threshold increase being sought through the Cottage Food legislation, Commissioner Fike noted this is another good step forward, as this new law is making a tremendous economic impact on the food industry. Commissioner Coe suggested the department's Cottage Food Law talking points be forwarded again to the Commission.

**MICHIGAN DEPARTMENT OF AGRICULTURE'S RESPONSE TO THE ENBRIDGE OIL SPILL: Brad Deacon, Emergency Management/Administrative Law Coordinator; Mike Neault, Emergency Programs Coordinator, Animal Industry Division; and Jack Knorek, Environmental Stewardship Division**

Mr. Deacon advised the department's response to the Enbridge oil spill was an excellent example of how MDA staff comes forward to solve problems in a proactive way and effectively coordinates with others to address needs. Two of those areas will be highlighted today.

Dr. Neault reported that on July 25, residents in the area detected odors of benzene, and by the evening of July 26, Enbridge realized there was an issue. Pipeline 16 ruptured, filled a large marsh area, caused sludge in nearby Talmadge Creek, and eventually spilled 30 miles down the Kalamazoo River.

Mr. Knorek advised the Environmental Stewardship Division (ESD) served several roles in the response. Immediately, oil samples were collected for base testing to provide a chemical signature in the event of food or feed contamination. Efforts were coordinated around protecting waterways and groundwater. Staff worked with Calhoun and Kalamazoo Health Departments to implement surface water irrigation bans, which

currently remain in place. A surface water irrigation survey was coordinated with local conservation districts. Work with federal and local partners developed and implemented groundwater monitoring to determine if any risks existed. Numerous containment booms were installed along the waterways and some still remain to address concerns of potential spring flooding.

To date, 183,566 feet of boom have been deployed, 12,659,571 gallons of oil/water have been collected, 13,854,442 cubic yards of soil and debris have been shipped off site, and EPA has spent \$24.2 million in the recovery effort. Enbridge expenses are expected to be in the \$515 million range, most of which will be covered by insurance.

Mr. Deacon advised that in the initial days of the event, the main concern was the potential for contamination to reach Lake Michigan. As they were successfully able to contain the spill, efforts were focused on a much smaller area of the river.

Dr. Neault noted Michigan was fortunate to have been part of a multi-state partnership with other national organizations that provided valuable insights from the southern agriculture departments on how they were dealing with the Gulf oil spill. MDA's emergency response team had everything gathered and in place to be on site as soon as called upon. The Michigan Veterinary Corps and the Michigan State Animal Response Team trailers and teams were activated for the first time, both of which respond to the department in disaster response. Because of the department's effective, efficient response, the National Wildlife Federation was quoted in the Battle Creek Enquirer in response to being asked how the Enbridge cleanup process compared with those for major disasters such as the Gulf oil spill, Korpalski said, "From what we can tell on our end, this is a much better, more streamlined process of getting folks on the ground, getting the right equipment..."

To date, nearly 2,500 turtles have been treated, cleaned, and micro-chipped through the operation. This will offer a great opportunity over the next 30-60 years for environmental studies to determine the after affects of an oil spill because these turtles will live that long and the micro-chips will provide the data needed.

The animal response and recovery is still ongoing, with a cumulative live in care of 447 animals and a total of 2,164 wildlife released to date. The operation will be continuing for quite some time.

Mr. Deacon stressed that although we are not the wildlife agency, because of our skill and expertise and equipment available through the trailers, we were able to step in and fill a very big need. The department has been developing these types of capabilities for years. The after-action report revealed what went well included expertise on water and animals; providing the interface with other state agencies; use of Incident Command in providing leadership and tracking costs; and activation of MI-SART (Michigan State Animal Response Team) and Vet Corps. Because of accurate, complete tracking of costs, the department was able to receive reimbursement for its \$82,736.74 in costs incurred.

There is concern of oil working its way back out of wetlands in the spring. We currently are in transition operations and DNR has assumed leadership, with MDA providing assistance as needed. This operation was a milestone in the state's emergency preparedness and response.

In response to question from Commissioner Green, Mr. Deacon advised the department has significantly expanded its capabilities to respond to any large scale livestock disease outbreak. Dr. Neault reported how much better organized and effective those operations were that used the Incident Command system. There was a unified incident command, DEQ, MDA, the locals, EPA, Enbridge, State Police, Fish and Wildlife Service, etc., with the lead commander being EPA.

In response to inquiry from Commissioner Coe, Dr. Neault confirmed that none of the national animal rights groups participated in the recovery effort.

Commissioner Fike, as well as the other Commissioners, commended the department on their efforts. She asked if there were any statistics available on how many animals perished due to the spill. Dr. Neault advised that impact is still being determined. However, they experienced a 95 percent success rate of animals surviving after being brought to the operations center.

Director Creagh recognized Mr. Deacon for his leadership in bringing the Emergency Management Program to a level of excellence. He also recognized Animal Industry for their vision in working with the department's stakeholders to develop the critical partnerships that were key to the effectiveness of the response.

**BOVINE TUBERCULOSIS ZONING ORDER: James Averill, Bovine Tuberculosis Program Manager, Animal Industry Division**

Dr. Averill noted the USDA review of Michigan's Bovine Tuberculosis (TB) Program was conducted last August. Having received the review report in mid-January, the department must respond to USDA by February 18. Copies of the review report were made available to the Commission.

Bovine TB has been an issue in Michigan since the mid-1990s and has had a major economic impact on the cattle industry in the state. The program has expanded over time to encompass all eleven counties in the northern part of the Lower Peninsula. On January 1 of last year, a new split-state status was implemented for the State of Michigan that reduced the Modified Accredited Zone (MAZ), or infected area, to just five counties in the northeast part of the Lower Peninsula.

Because good progress is being made in the Bovine TB Program in Michigan, the process is being initiated to implement another split-state status application and rezoning to further reduce the MAZ in the state. This order will also shrink the Modified Accredited Advanced Zone (MAAZ), which is a slightly lower risk area, and move the majority of the Lower Peninsula to TB Free Status, or Accredited Free Zone. The goal is to have this change in effect by June 1, 2011.

The new MAZ will be reduced to the four counties of Alcona, Alpena, Montmorency, and Oscoda. The new MAAZ will be reduced to seven counties in the northwest part of the Lower Peninsula and 57 additional counties will become Accredited Free.

Highlights of exactly what is being changed in each of the federal zones were reviewed. Double tagging will be required of producers in the new four-county MAZ area, to provide identification when cattle lose their electronic identification tags. In the seven counties in the new MAAZ area, testing requirements are reduced, wildlife risk mitigation is required, producers will pay a fee for movement tests beginning January 1, 2012, and movement certificates will be required. The new Accredited Free Zone will comprise the majority of the Lower Peninsula and will be a great improvement for the industry. Program activities will continue in Iosco, Ogemaw, and Roscommon Counties. Requirements in that area include targeted surveillance testing in areas of risk, radio frequency identification tags and testing when animals leave a farm, owner/shipper statements, and deer surveillance.

As the department completed the Memorandum of Understanding negotiations and the split state status application, the amount of surveillance testing to be completed by DNR was expanded. That surveillance will be completed not only in the four-county MAZ, but in the seven surrounding counties. This is a very important step as we look toward the next application to attempt moving the MAAZ to Accredited Free status, to demonstrate the disease is not coming outside that four-county core area.

Commissioner Coe encouraged the other Commissioners to read the USDA review report, noting the recurring issues around wildlife mitigation and control of the deer population. Commissioner Green advised his concerns with the timeliness of USDA's report and their request to continue surveillance at the Mackinac Bridge, which seems no longer necessary. Dr. Averill noted this review is the most positive ever received and speaks highly of department staff efforts, who have done an extraordinary job. The TB Advisory Committee is considering a letter to USDA relative to the timeliness of the report. There are some things in the program that need improvement, including information technology. In addition, they are reassessing program needs, including the bridge inspections.

Director Creagh advised he will be meeting next week with the administrator for USDA Animal and Plant Health Inspection Service, Cindy Smith. He will bring the Commission's concerns forward during that meeting.

**FINAL DRAFT OF THE GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES (GAAMPs): Wayne Whitman, Right to Farm Program Manager, Environmental Stewardship Division**

Commissioner Coe reported that in January, the Commissioners had requested additional time to review the draft Generally Accepted Agriculture Management Practices (GAAMPs). The Commissioners advised they are now comfortable with the proposed changes.

Mr. Whitman noted the Commission reviewed the draft GAAMPs during their January meeting, during which the various task force chairs testified regarding the revisions to those GAAMPs with proposed changes.

**MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE 2011 IRRIGATION WATER USE, MANURE MANAGEMENT AND UTILIZATION, NUTRIENT UTILIZATION, AND PESTICIDE UTILIZATION AND PEST CONTROL GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES AS PRESENTED WITH NO CHANGES. FURTHER, TO APPROVE THE 2011 CARE OF FARM ANIMALS, THE CRANBERRY PRODUCTION, AND THE SITE SELECTON AND ODOR CONTROL FOR NEW AND EXPANDING LIVESTOCK PRODUCTION FACILITIES GENERALLY ACCEPTED AGRICULTURE MANAGEMENT PRACTICES WITH CHANGES AS PRESENTED. COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.**

**ANNOUNCEMENT OF NEXT ROUND OF SPECIALTY CROP BLOCK GRANTS: Mike DiBernardo, Economic Development Specialist, Office of Agriculture Development**

Mr. DiBernardo reported the press release announcing the next round of Specialty Crop Block Grants was issued February 2, 2011, and the information is on the web site. Proposals are due to MDA by April 1, 2011, they will be reviewed by the committee, recommendations presented to the Director, and the complete grant application submitted to USDA the week of July 11, 2011.

A minimum of \$1,344,037 is allocated to MDA for this year's grants. The final number will be determined by eligible applicants, those who accept the grants, and allocation across various states. If some states choose to not accept their full allocation, Michigan could potentially receive additional funding.

Commissioner Fike asked how the members for the Joint Evaluation Committee are determined. Mr. DiBernardo advised the department recommends individuals who have a good working knowledge of the industry and a broad range of expertise, but have no conflict of interest or a vested interest.

Mr. DiBernardo advised that assistance is offered to unsuccessful applicants to help them make better proposals in the future. The boilerplate for 2011 was changed to incorporate suggestions from USDA, primarily the addition of categories. Although the department has no grant workshops planned, he will give a grant writing presentation to any organization that requests that type of assistance.

Commissioner Kennedy requested to receive a copy of the 2010 Specialty Crop Block Grant Program awards. Mr. DiBernardo will forward that report to the Commissioner.

Commissioner Fike asked what type of application response had been received for the revolving loan program for hoophouse construction. Mr. DiBernardo advised the department is in partnership with the Michigan Department of Energy, Labor, and

Economic Growth (DELEG), Michigan Economic Development Corporation (MEDC), and MSU Organics School to coordinate the \$850,000 program, which is designed to provide low interest loans to people who can qualify for hoophouse expansions. By last week, three applications had been received and four are pending. The response is somewhat short of expectations. Commissioner Coe advised that some reluctance was because this is a loan program, as opposed to a loan/grant combination, and a new program along that vein may be more successful in the future.

**RURAL DEVELOPMENT: Mike DiBernardo, Economic Development Specialist, Office of Agriculture Development**

Mr. DiBernardo reported the department's strategy is to assist rural development through the expansion of agri-businesses in rural areas, which includes anything and everything in that agri-business category. This is being accomplished through partnerships between the department and local units of government, other agencies, USDA Rural Development, Michigan Department of Transportation (MDOT), MEDC, and local economic development organizations. This partnership considers the expansion opportunities and infrastructure challenges or opportunities and each case will possess a unique set of circumstances. The goal is to assist agri-businesses through these partnerships, because leveraging of the partnerships is our strength.

Commissioner Coe agreed that every agency should be at the table, along with various local interests to truly work collaboratively to create jobs and make investments. Because the department will likely not receive additional resources in this area, it is imperative to focus on effectively working together to reduce the barriers.

Director Creagh agreed and confirmed MDA will clearly provide a leadership role in the discussions. Although we must protect the fundamentals of agriculture, there are numerous examples of where department staff are assisting the industries we serve to expand, stay in business, or get back into business.

Commissioner Coe suggested the need to perhaps focus on specific agriculture business areas, such as food processors, broadband access, local zoning and agriculture use, deer management, and the Good Food Charter objectives. Numerous silos exist in economic development within this state and efforts need to be integrated to meet specific agriculture needs.

In response to question from Commissioner Kennedy, Mr. DiBernardo advised the department has begun contacting agri-businesses for their thoughts and ideas. Meetings and open dialog with partnerships have been coordinated, with the goal of continuing those efforts as we define rural development.

As the Commission becomes aware of development potential, they can contact Mr. DiBernardo, who will be the Commission's lead person for the department. In addition, the department will gladly discuss opportunities with local groups, industries, or through other venues as they become aware of those through staff, partnerships, or the Commission.

Since the department has only one person dedicated to economic development, Commissioner Coe asked if the department could expect to receive additional resources for those efforts. Director Creagh advised although not in the short term, in a value based budgeting system, additional resources are a potential in the future. Structure and priorities must be assigned to the rural development effort and any input by the Commission will be beneficial, as well as holding the department accountable for following through on potential opportunities.

Commissioner Coe noted that economic development, jobs, and investment will come from the private sector. The department's primary role would be to remove barriers to encourage growth.

Director Creagh suggested there be Commission agenda topics centered around rural development as we move forward. The Director and the Chair will select a specific topic for each meeting. Because of the current interest around food processing, it will be the topic for the March meeting, with the goal of providing direction and coordinating the ongoing efforts.

**U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT OVERVIEW: James Turner, State Director, USDA Rural Development**

Mr. Turner advised he is one of six Presidential appointees that reside in the State of Michigan. Prior to being appointed in July 2009, he served for over three decades in the U.S. Congress for Senator Carl Levin, working with farmers, ranchers, small towns, small businesses, and economic developers.

He reported the USDA Rural Development anticipates having a significant impact on Michigan. The program's \$1,357,454,769 investment in Michigan communities for fiscal year 2010 included \$30,126,014 for multi-family housing, \$122,634,069 toward telecommunications, \$141,871,709 for business programs, \$334,652,500 for community programs, and \$723,170,477 for single family housing. Due to the influx of stimulus dollars, last year was a record year for investments, which may not be seen again in the near future.

There are various ways in which USDA Rural Development can assist agri-businesses in Michigan. Those include the Rural Energy for America Program (REAP) Loan and Grant Program, the Guaranteed Business Loan Program, the Value Added Producer Grant Program, and the Rural Business Enterprise Grant Program. Through these programs, communities are encouraged to develop regional strategies and leverage opportunities.

REAP is designed to promote energy efficiency and renewable energy development for agriculture producers and rural small businesses. Eligibility criteria require that an applicant is an agricultural producer or a rural small business as defined by the Small Business Administration (SBA), is a citizen of the U.S., and does not have federal judgments or delinquent federal taxes. The funds can be used to purchase a renewable energy system or make energy efficiency improvements, must be for commercially available and replicable technology, and must be located in a rural area. A link is available on their web page that provides for geographically checking eligibility for each program; that link is:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>. Types of eligible renewable energy projects include biomass and bioenergy projects, anaerobic digesters, wind, solar, geothermal, hydrogen, and hydroelectric.

He reviewed the eligible project costs, noting that program dollars are received post-application and cannot be used for projects already installed. Combined grant and guaranteed loan packages receive priority consideration over grant only requests.

The application window is expected to be open in the spring and notice of funding availability as published in the Federal Register will determine starting date of the program. Applicants should begin working now on the technical requirements.

The Guaranteed Business Loan Program covers any business structure and any size business. Additionally, it must be post-harvest if agriculture based and be located in a rural area (less than 50,000 in population). The business applies to the lender and the lender submits to USDA Rural Development.

The best tool available for developing local food systems is the Value Added Producer Grant, which is a 50 percent matching grant program. This most often involves a change in the physical state of the agriculture product. A typical planning grant would cover a feasibility or marketing study or a business plan. A working capital grant could be available for salaries, utilities, supplies, or inventory.

USDA Rural Development State Office personnel are located at 3001 Coolidge Road, East Lansing, with business specialists located in offices across the state. Rural Development has the capability to build a community from the ground up.

Commissioner Coe noted that most of the Commissioners have seen firsthand the value of the USDA Rural Development program. Issues have existed around origination fees and the comparative lack of knowledge by local lenders. Mr. Turner advised he foresees a bright future for the federal government working with the farming communities.

Director Creagh thanked Mr. Turner for taking the time to present to the Commission today and asked how the department can collaborate more effectively as it begins to initiate projects in the rural areas. Mr. Turner advised when he began in this position, there was an obvious lack of communication and collaboration between his agency and the State of Michigan. His first order of business was to reestablish those lines of communication and we need to keep those lines open. Rural development being added to the department's title should result in a broader reach in state government.

### **COMMISSIONER ISSUES**

There were no additional Commissioners issues for discussion.

### **PUBLIC COMMENT**

**Mr. E.J. Brown, Michigan Association of Fairs and Exhibitions**, highlighted some events the association looks forward to sponsoring in 2011. Their annual convention in January enjoyed an eight percent increase in attendance. A partnership program with the Michigan Soybean Promotion Committee is offering a grant reimbursement program

to all county fairs across the state. If any of the fairs use soy-based derivative products, such as dust suppressants or hand sanitizers, the fair can receive both reimbursement and promotion for soy-based products.

The Calhoun County Fairgrounds was used as a staging area for distribution of fresh water supply to local residents during the Enbridge oil spill. Fairground facilities are a very intricate part of both the state and local emergency response programs.

During 2011, 86 county fairs will be held. A new event will be held at the Silver Dome on September 2-5, called the Great Lakes Agricultural Fair. It is a livestock/agricultural exhibition and most all of the livestock and agriculture exhibitors that participated in the previous Michigan State Fair are part of this new privately funded event. Commodity groups will be invited to participate as well. The long-term goal is to realize a profit, which could then be invested in the county fairs program.

A new fair grounds facility is being developed for 2011 in Greenville, Michigan, and will serve Montcalm County. The ribbon cutting ceremony will be July 3, 2011.

**Mr. Bob Boehm, Michigan Farm Bureau**, noted how refreshing it is to now be working on many positive aspects for agriculture, rather than being in a protection mode.

Michigan Farm Bureau (MFB) is assisting a group of wheat growers to develop a wheat marketing program using a checkoff program, similar to the corn program under Public Act 232. The petition requests the Director to appoint a Temporary Program Drafting Committee to establish a program. There is considerable enthusiasm around this effort and the goal is to present the referendum the last two weeks in June. MFB's role is to help facilitate the process. \$6,500 has been received to date from growers and grower organizations to support the effort and with dollars from industry partners, the goal is to raise \$30,000 to cover all costs involved. Wheat is a major industry in the state and this would be a good resource for wheat research and farm development.

Director Creagh advised the department will be meeting on this subject this week and understands the urgency in moving forward quickly.

Commissioner Coe requested the Commissioners receive printed copies of the new Michigan Farm Bureau Policy Book. Mr. Boehm will ensure they receive copies.

## **ADJOURN**

**MOTION: COMMISSIONER GREEN MOVED TO ADJOURN THE MEETING.  
COMMISSIONER KENNEDY SECONDED. MOTION CARRIED.**

The meeting was adjourned at 12:13 p.m.

### Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes January 11, 2011*
- C) *Director's Report of Meetings*
- D) *Legislative Status – January 2011*

- E) *2010 Michigan Oil Spill – MDA Response PPT*
- F) *USDA Review of Michigan's Bovine TB Program, August 9-13, 2010*
- G) *Changes Associated with Bovine TB Proposed Amended Zoning Order*
- H) *Proposed Changes to Bovine TB Program PPT*
- I) *Bovine TB Amended Zoning Order*
- J) *Draft GAAMPs*
- K) *Specialty Crop Block Grant Program Time-line FY 2011*
- L) *Specialty Crop Block Grant Program-Farm Bill Overview*
- M) *USDA Rural Development Presentation*