

Agriculture: Launching a stronger economic future in Minnesota

It's no secret that Minnesota is at a critical juncture in our economic story. The effects of the recession that began in 2008 are starting to wane, and there are positive signs of growth. At the Agricultural Utilization Research Institute (AURI) we have the opportunity every day to work with entrepreneurs and businessmen and women at the forefront of agricultural innovation. Their bright minds, enthusiasm, and hard work ethic confirm our belief that there's a bright future ahead for Minnesota.

As the second largest employer in the state, with a total annual economic impact of \$42 billion, agriculture has been, and will continue to be, integral to our economy. The agricultural industry is much broader than just our farmers; it includes food processing, biobased production, renewable energy, and much more. Success in agriculture benefits not just rural Minnesota, but the urban areas, too. With a large number of our agriculture innovation clients based in the Twin Cities metro area, we see more than ever the need to connect the success of our rural areas with the success of our urban areas.

The need for innovation is endless—it is the key to addressing the opportunities and challenges we face in keeping our food safe, producing renewable biobased products, bolstering an affordable energy supply, ensuring a sustainable environment, reducing waste and much more. We hope this report will give you a picture of the contributions AURI has made to Minnesota, and also inspire a vision for a future in which agriculture's strength and natural innovation spur Minnesota to even greater things.

AURI is proud to have contributed to the success story of Minnesota's agriculture economy thus far, one innovation at a time, and we believe agriculture innovation can launch Minnesota to even greater success.

Sincerely,

Terusa a. Sparte

Teresa Spaeth
AURI Executive Director

AURI

Board of Directors for FY12

Julie Bleyhl
Minnesota Farmers Union

Art Brandli

Minnesota Wheat Research & Promotion Council

Roger Chamberlain, Secretary/Treasurer Agribusiness

Sen. Gary DahmsMinnesota State Senate

John Gilbertson Minnesota Farm Bureau Federation

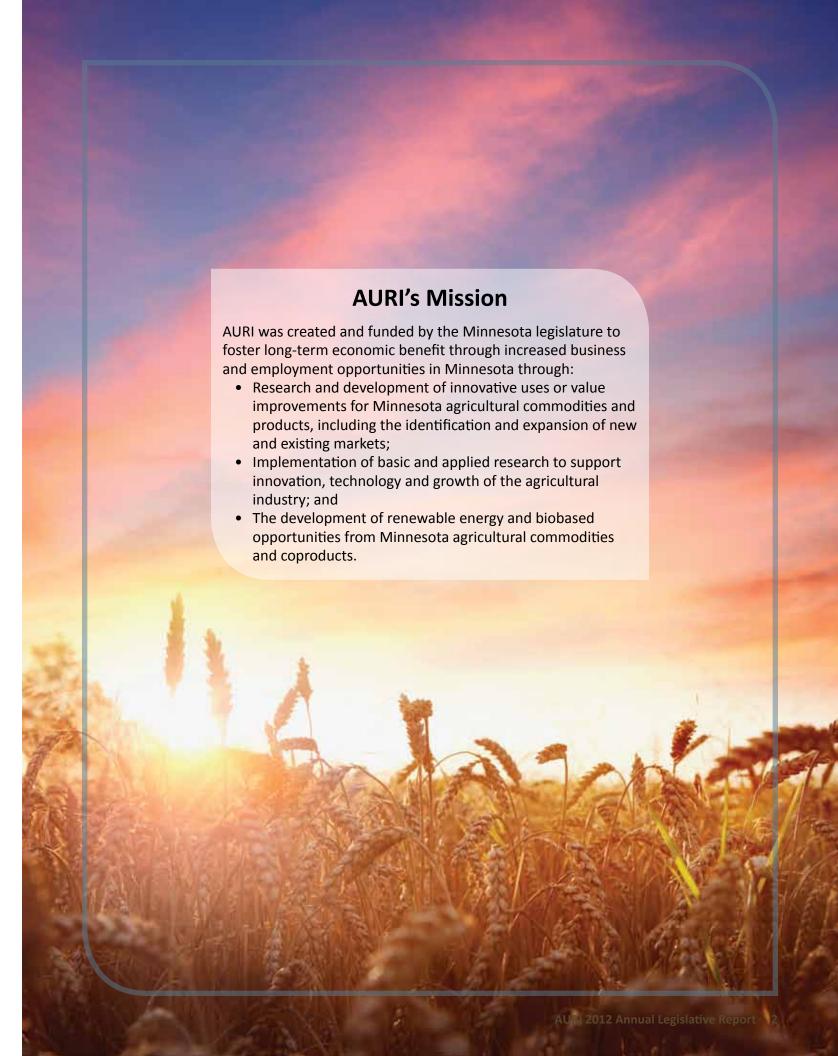
John Goihl Agribusiness

Rep. Rod HamiltonMinnesota House Ag Committee

Ron Obermoller, Chair Minnesota Soybean Research & Promotion Council

Richard Peterson, *Vice Chair* Minnesota Corn Research & Promotion Council





AURI by the numbers

Getting long-term results...

281,320 \$\$218

tons of commodities used in new products or processes*

new jobs created* new projects*

\$414,055,000

of capital investment in new plants or equipment*

Through a wise investment of time and resources...

of non-state funds leveraged over two years**

178 products**

in non-AURI

dollars towards

*From an eight-year survey of clients with a 16% response rate of AURI's client base. It is likely these results would have been improved with higher response rates.



Vector Windows

Idea to reality: Vector Windows wanted to improve the overall energy efficiency as well as the "green aspects" of their windows. They were interested in developing windows that have renewable or biobased products in their construction.

AURI's role: AURI staff introduced them to the concept of soy-based polyoil insulation, connected them to the manufacturer and equipment provider, and provided cost-share assistance for testing to ensure LEED (Leadership in Energy and Environmental Design) compliance for windows using PLA (polylactic acid) in their structure.

Outcomes: Vector can now claim its windows meet the new R-5 quality grade, allowing the company to market its product as meeting the newest energy efficiency standards. Vector staff are also looking to create a label that promotes their use of Minnesota farmers' products.

Partners: The Fergus Falls Economic Improvement Commission connected Vector Windows with AURI.





EarthClean

Idea to reality: EarthClean wanted to further develop TetraKO, a corn- and soy-based fire retardant. They also needed help to gain certification from the U.S. Forest Service as well as develop a mix-on-the-go product and a product that fights oil and gas fires.

AURI's role: AURI staff are providing product development and testing assistance.

Outcomes: EarthClean received EPA's Friend of the Earth award, and commercial quantities of TetraKO will be available for the 2013 wildfire season.

Partners: Minnesota Corn Research & Promotion Council, Minnesota Soybean Research & **Promotion Council**



Nots!

Idea to reality: Entrepreneur Rob Fuglie, who has a son with peanut allergies, wanted to create a non-nut snack that would appeal to those with nut allergies and their families.

AURI's role: AURI scientist Charan Wadhawan helped with product development and created a nutritional label with minimum ingredients, and AURI offered cost-share assistance to help procure a UPC label; evaluate market research and product placement strategies; and guide product scale-up.



Outcomes: "Nots!" owner Rob Fuglie produces approximately 100 cases a month and is also building an allergen-free commercial kitchen that can also be used by other entrepreneurs creating products for those with allergies.

Partners: The Fergus Falls Economic Improvement Commission was critical in connecting Fuglie with AURI as well as many other resources.

Omega Maiden

Idea to reality: Minnesota farmer Phil Batalden heard about the oilseed crop camelina at an organic growers conference. He said to his daughter, "If I grow it, can you sell it?" That was the birth of Omega Maiden Camelina Oil.



AURI's role: AURI scientists helped analyze nutritional information and created supplement facts for the product label.

Outcomes: Omega Maiden oil is now on shelves; the specialty oil is aimed at health-conscious consumers who want local, sustainably-grown farm products. "We're working to revive chemical-free, sustainable agriculture that strengthens rural economies and piques people's interest in traditional foods," says Kathleen Batalden-Smith.

Partners: A small grant from the USDA's Sustainable Agriculture Research and Education program paid for start-up costs.



Idea to reality: As consumers look for alternative, renewable energy, AURI is examining the feasibility of biomass as a heating source, especially for greenhouse operators and turkey growers that rely on propane for their energy. Biomass refers to any product from agriculture or forestry that can be fed into a combustor and burned to generate heat.

AURI's role: AURI worked with DLF Consulting to create the Biomass Heating Feasibility Guide and disseminated the information to turkey growers and greenhouse operators through industry forums and the Minnesota Renewable Energy Roundtable.



In addition, AURI is continuing to look at ways to make biomass use more feasible, including affordable ways to remove water from biomass to make it more usable.

Outcomes: Helping the turkey and greenhouse industries reduce their heating costs will improve their competitiveness and profitability, hopefully leading to further growth and economic activity.

Partners: Minnesota Power, Southwest Clean Energy Resource Team, Southern Minnesota Initiative Foundation, Southwest Minnesota Initiative Foundation, Heating the Midwest

Biodiesel as a preservative



Idea to reality: A national utility pole manufacturer is using biodiesel as the base ingredient for wood preservation in order to address odor problems caused by the traditional, petroleum base. Because the biodiesel-based treatment hadn't been thoroughly tested, they faced questions in the industry about the quality of the product.

AURI's role: AURI worked with the fuel consulting company MEG Corp and Michigan Technological University to test the wood treated with the biodiesel-based product and also investigate

claims that biodiesel would cause chemicals to leach into the environment, affecting water quality.

Outcomes: The performance of the bio substitute was comparable to the petroleum-based preservative system; there was no apparent disadvantage in substituting biodiesel. AURI and Minnesota Soybean plan to evaluate replacing the whole spectrum of petroleum-based products with plant-based products like biodiesel, which are environmentally friendly, renewable and come from our own farm economy.

Partners: Minnesota Soybean Research & Promotion Council



Protecting our waters with ag filters

Idea to reality: Bioreactors, also known as biofilters, help reduce fertilizer run-off and soil erosion. These filters have historically been made from wood chips or straw, which have high costs, so AURI is exploring the effectiveness of using agricultural residues such as stover, straw and cobs.

AURI's role: AURI is conducting a 15-month study in partnership with the USDA-ARS lab in St. Paul, testing the ability of crop residues to clean up water drained from agricultural lands.

Outcomes: If agricultural fibers can be used in place of wood chips, it will save money for producers, encourage participation in this conservation practice, and make use of products such as stover, straw and cobs, which are often unused waste.

Partners: Minnesota Corn Research & Promotion Council, USDA-ARS Lab



Idea to reality: Farmers need more information about new livestock feed alternatives to make the most economical and nutritional choices available.

AURI's role: AURI does many feed trials, working with the University of Minnesota and state grower groups and then disseminates the

information to producers through commodity groups, industry forums, its website and more.



during processing.

left over during agricultural processing is a win-win for Minnesota's agricultural industry. Livestock farmers find new nutritional, lower cost feed options. The agricultural processing industry

Partners: University of Minnesota, Minnesota Soybean Research & Promotion Council, Minnesota Corn Research & Promotion Council, Minnesota Turkey Growers, Minnesota Pork Producers, and others

finds ways to add value to the products left over



ucts

Coprod



THE MINNESOTA RENEWABLE ENERGY ROUNDTABLE: **Spurring Innovation in Minnesota**

Since its inception in 2006, the Minnesota Renewable Energy Roundtable has been bringing together people from across the renewable energy industry—all with the goal of spurring innovation to make Minnesota a national and global renewable

energy leader. Partnerships are essential to the roundtable, which is led by a planning team of representatives from the Minnesota Department of Agriculture, Minnesota Department of Commerce, University of Minnesota, the Minnesota State Colleges and Universities System, and AURI.



After its initial success, the state legislature adopted the idea into state statute in 2007. Today, the roundtable continues to foster new renewable energy innovation by bringing people and ideas together to create outstanding outcomes that impact the lives of Minnesotans. From education to economic development, the following are several impacts that have been generated by organizations across the state as a result of roundtable participation.

- Implementation of gasification energy **production in Minnesota:** Today, there are two large-scale gasification facilities that use biomass as a feedstock, and five small-scale gasification projects are in various stages of development.
- Identification of renewable energy workforce **needs:** From new courses developed by the Minnesota State Colleges and Universities System to a workforce gap analysis and asset inventory, roundtable participants are helping to address this industry's workforce needs.
- Increased biomass use: Multiple organizations have worked together to increase the understanding of factors that may lead to increased use of biomass in the state, educate those who stand to benefit from biomass heat, and share information that is leading to commercialization.

- Minnesota GreenStep Cities: Initial discussions of sustainability at the roundtable were the impetus for this assistance and recognition program administered by the Minnesota Pollution Control Agency.
- Increased utilization of coproducts: Research and development in the use of coproducts have led to expanded use of DDGS, glycerin, and other byproducts of agricultural processing.
- **Biofuels in gas turbines:** As the result of work by several Minnesota organizations, Xcel Energy is in the process of implementing the use of bio-oils as a replacement for petroleum fuels in gas turbines for electrical generation.
- Increased biodiesel use: Many roundtable participants have had a hand in getting biodiesel into the transportation infrastructure and supply chain. Efforts to bring Renewable Identification Numbers (RIN) to Minnesota's biodiesel industry have increased the value of biodiesel to Minnesota producers by an additional \$1 per gallon.



STATE FY2012: PROJECT DISBURSEMENTS

Project Name	Disbursement Amount
Roseau Gasification	\$369,151.69
Biological Activity of Antibiotics in Distillers Grains	\$109,051.61
Digestion/Fermentation of Defatted SBM	
Alternative Feed Ingredients and Dietary Electrolyte Balance	\$61,733.40
Metabolism Effects of Low Soluble DDG on Cattle Diets	\$46,730.22
Assessment of DDGS in Beef Cattle Rations	\$45,446.17
Development of Bioplastic Products	\$41,976.16
Increased Utilization of Distillers Grains in Cattle Feedlots	\$39,817.25
Energy Prediction Equations of DDGS	\$39,513.62
Assessment of the Effects of Low Oil DDGS on Beef Cattle	\$36,630.07
Potential Human Health Benefits from DDGS	\$33,247.87
DDGS Diets and Relationship to MHD	\$33,032.49
Biobased Study Roll-Out	\$28,702.49
Distillers Grains Sulfur Concentration and Dietary Roughage	\$28,353.17
Development of Corn Starch Fire Retardant	\$28,125.28
Pellet Formulation Development	\$23,850.00
Value-added Ingredients from Milk	\$23,371.09
Manganese Oxide	\$21,704.33
Biomass Heating Feasibility Guide	\$19,188.07
Assessment of the Effects of Glycerin on Beef Carcass Quality	\$18,194.26
Old-fashioned Peanut Brittle	\$18,000.00
Alternative Uses for Wheat and Barley	\$17,550.00
Food From Farm to Plate	\$15,000.00
Peak Power Cost Containment Utilizing Biodiesel Study	\$14,513.50
Membrane Biofilms	\$13,142.70
Muncipal Wastewater in Value-added Agricultural Processing	\$12,639.41
Development of Local Foods Cooperative	\$12,371.01
Evaluation of Food Centers Similar to AURI	\$12,150.00
Compost Bedding with Woody Blends	\$12,065.00
North Central Biomass Market Assessment	\$11,259.47
Spontaneous Oxidation of Milk	\$10,759.72
Manure Solids as a Soil Amendment	\$10,000.00
Local Foods Marketing Development	\$10,000.00
Local Foods Marketing Development	\$10,000.00
Food Cooperative Development	\$8,859.92
Implications of Producer Participation Rates	\$8,458.59
Assessment of the Benefits of Low Oligosaccharides in Swine Phase 2	\$8,447.52
Low Sodium Cheese	\$8,178.75
Ag Residue Performance Evaluation in Denitrifying Bioreactors	\$7,587.49

STATE FY2012: PROJECT DISBURSEMENTS (CONT.)

Project Name	Disbursement Amount
Nutraceuticals in Wild Rice Phase 1	\$7,500.00
Soybean Processing Feasibility	
Sodium Reduction in Blue Cheese	
Midwest Biomass Resource Inventory	\$5,500.00
Improvement of Biodiesel Emissions and Performance	
Fluid Milk	
Utilization of Biodiesel as a Carrier Agent for Preservation Applications	\$4,000.00
Densification of Prairie Grasses	
Increasing Biomass Yield and Economic Efficiency	
Peak Power Cost Containment Utilizing Biodiesel Study	
Positioning the Green Jobs Report for Action	
Optimization of Co-Digested Cheese Whey Waste	
Identifying Granulation Processes	
Minnesota Renewable Energy Roundtable 2011	\$2,359.97
Lactose Analytical Quality Testing Methods	
Fungal Processing of Thin Stillage	
Biobased Materials Community of Innovation Development	\$1,442.60
Biomass Pellet Binder Proof of Concept	
Mechanical Dewatering Technologies for Wet Biomass Feedstocks	\$1,084.30
Livestock Industry Technology Forums	
Relationship of Various DDGS Characteristics in Poultry Diets	
Total:	

11 AURI 2012 Annual Legislative Report 12

STATE FY2012: PROJECTS RECEIVING ASSISTANCE*

Project Name	Hours Served
Project Management 2012	8,177.25
Project Management 2011	
Discovery 2012	
Biobased Study Roll-Out	
RCDG Discovery Time	
Biodiesel Troubleshooting	
Biomass Heating Feasibility Guide	
Roseau Gasification	
Minnesota Renewable Energy Roundtable	
Meat Chip Product Development	
Discovery 2011	
Increasing Biomass Yield and Economic Ef	
Bio Covering	
Biomass Research and Development	
Heating /Renewable Biomass	
Development of Corn Starch Fire Retarda	
HACCP Workshops	
Ag Residue Performance Evaluation in	137
Denitrifying Bioreactors	150 5
Continued Development of Rural Innovati	
·	
Midwest Biomass Resource Inventory	
Residue Assessment	
Small-Medium Enterprises Food Safety For Densification of Prairie Grasses	
Soybean Coop Development	
Swine Manure Digestion	
Alternative Uses for Wheat and Barley	
Litter Reformulation and Evaluation	
Meat Lab HACCP	
Rural Coop Development Training	
Biobased Certification	
Ag Biomass Pellet Fuel Blends	
Digestion/Fermentation of Defatted SBM	
Pellet Die Evaluation	
Value-added Syn-Gas	
Due Diligence Testing	
Fungal Processing of Thin Stillage	
Baking Recipe Development	
Application of Green Chemistry	
Fertilizer/Sugar Coproducts	
ID/Priority Activities for Low Oligosacchar	
Development of Biobased Materials Profi	le62
Meat Science Presentation	
Lab Scale Analysis/Biofilter	
Black Carbon Analysis	
Assessment of DDGS in Beef Cattle Ration	ıs56.5
Coproducts and E Coli	
Frozen Appetizer Dough Shell	56.4
Low Oligosaccharide/Swine II	55.5
Coproduct/Solid Fuel	54
Dairy Product Development	54

Project Name	Hours Served
Northwest Biomass Steering Committee	50.25
Biomass Gasification	
Municipal Wastewater in Value-added Agricult	ural Processing50
Phase Feeding of DDGS	50
Food Process Coproduct Assessment	49
Micro Carriers Fiber	49
Goat Feta	48.5
Healthy Turkey Sandwich	48.5
Food Safety Interventions	48
Development of Bioplastic Products	47
Biorefinery Technology Assessment	45
Salt Reduction/Processed Meat	44.5
Biomass Pellet Binder Proof of Concept	43.5
ASTM Biodiesel Check Sample	43
Minnesota Renewable Energy Roundtable 201	1141
Densification/Wheat Straw	
Specialty Vinegar Development	
Proc Specialty Grains	
Biogas Research Survey	
Alternative Uses for Corn Stover	
Improvement of Colorant Output of Purple Co	orn37
Soy Board	
Pork Fat Quality	
Soap Product Development	
SLS Technology in Downstream Ethanol Proce	
Nut Substitutes	
Mech. Dewatering Technologies for Wet Bioma	
Nutrition Labeling	
Cellulose Dens/Bedding	
Troubleshooting and Taskforce	
Stone Ground Whole Wheat Flour	
Commercial Kitchen Development	
Eval Digester Feedstock	
Biorefinery/DDGS in Biofuels	
Anaerobic Digester Feedstocks	
Livestock Industry Technology Forums	
Manure Solids as a Soil Amendment	
PLA Window Testing	30.5
Development of Bioplastics	
Development of Biobased Fire Retardant	
Product Development	
Biomass and Waste Utilization	
Flavor Presentation	
Seasoning Blends	
Natural/Organic Meat Processing	
Summary Document: National Center for	
Agricultural Utilization Research	27
Nutritional Facts of Fruit and Vegetable Prodc	
Jerky Validation/Shelf Life	
Gelatinizing/White Peas	
Energy Determination/Hazelnut	
Characterize Corn Kernels	
Utilization of Corn Solubles in Cow Gestation I	

STATE FY2012: PROJECTS RECEIVING ASSISTANCE (CONT.)

Project Name	Hours Served
Feasibility Assessment/Glycerin	24
State Specialty Meat Map	
Litter Development and Evaluation	
Biobased Research Gap Analysis	23
Barley Straw Initiative	
Shelf Stability/Nutritonal Analysis	
Assessment of the Effects of Low Oil DDGS	
Beef Metabolism Study	
Industry Value Chains	
Calf Milk Replacer	
Value-added Apple Development	
Dessert Cake Development	
Gourmet Snack Mixes	
Fudge and Banana Bread	
Nutraceuticals/Wild Rice	
Ethnic Meat Market Development	
City of Minneapolis Partnership	
Identifying Granulation Processes	
Community Commercial Kitchen Assessmer	
Candy Bar Development	
Barley Straw-Water Clarity	
Gluten-Free Frozen Meals	
Food Safety Urban Outreach	
Biobased Root Baskets	
Development/Stable Milk Replacement	
Warroad Cogeneration	
Cellulose to Liquid Fuels	
Implications of Producer Participation Rates	
Development/Neighborhood Farm	
Particulate Evaluation/Biomass	
Gluten-Free Nutritional Analysis	
Biochar/Swine Diet	
Meat Lab HACCP activities	
Chocolate Macaroons	
Meat Product Development	
Pre-cooked Meat Product	
Milk Replacer/Coproducts	
Granulation/Pellet Fuel	
Energy/Navy Bean Culls	
Nutritional Analysis: Turkey	
Local Energy for Outdoor Boilers	
Battelle Core Capacity Analysis	
Making/Pie and Vegan Products	
Peak Power Cost/Biodiesel	
Sweet Hot Mustard Development	
Utilization/Oil Extract DDGS in Poultry Diets	
KDS (Grinder) Technology Evaluation	
Process Development	
·	
Energy Bar Development	
Reduced Sugar/Calories Jam	
Ag Fiber/Mushroom Product	
Food Coop Development	11

Project Name	Hours Served
Baked Goods	
Anaerobic Codigestion and Genset Upgrade	10.5
Pellet Fuel Development	10
Utilization of Camelina-Food App	10
Minnestalgia Quick Wild Rice	10
Sodium Reduction in Blue Cheese	10
Hydrous Ethanol Use/Engine	10
Ethanol Higher Value Production	10
Biomass Emissions Guide	9.5
Beef Product Development/Shelf life	9.25
Salad Recipe Scale-up Development	9.05
Healthy Granola Bars	9
Value-added Development of Hazelnuts	9
Food from Farm to Plate	8.5
Raw Foods	8.5
Nutritional Analysis/Cookies	8.5
Pellet Facility Sustain	8.25
High-Pressure Processing Development/Imple	ementation8.25
Ethnic Soups	8
Thin Toffee	8
Project Management System	8
Manganese Oxide	8
Development of Local Foods Cooperative	8
Models for Supporting Main Street Innovation	n7.5
Ginger Drink	7.5
Wild Rice Pasta Products	7.5
Local Foods Marketing	7.5
Local Foods Market Development	7.5
Product Improvement	7.25
Utilizing Grass Screenings	7.25
Microdistillery	7
Popcorn Dressing	7
Jerky Shelf Stability	6.5
Optimization of Co-Digested Cheese Whey Wa	aste6.5
Muesli Cereal Products	6.35
Assessment/Corn Cobs/Feedstocks	6
Making Better Use of Agricultural Seconds	6
Nutritional Analysis of Sprouted Wheat Crack	er6
Healthy Bakery Products	6
Grass Screenings Gasifier Phase 2	6
Distillers Grains Sulfur Concentration and Diet	tary Roughage6
Soybased Polyol Feasibility	6
Central Food Coop Assessment	6
Marshall HACCP Workshop	5.75
Meat Processing Industry	5.5
Compost Bed/Blend Media	5.5
Canola Processing Technology	
Jams, Jellies, and Pickles	
Gluten Free Mixes	
Soybean Processing Feasibility	
Elderberry Coop Development	5

