

Minnesota Dairy Research/Education and Consumer Outreach Authority Annual Report



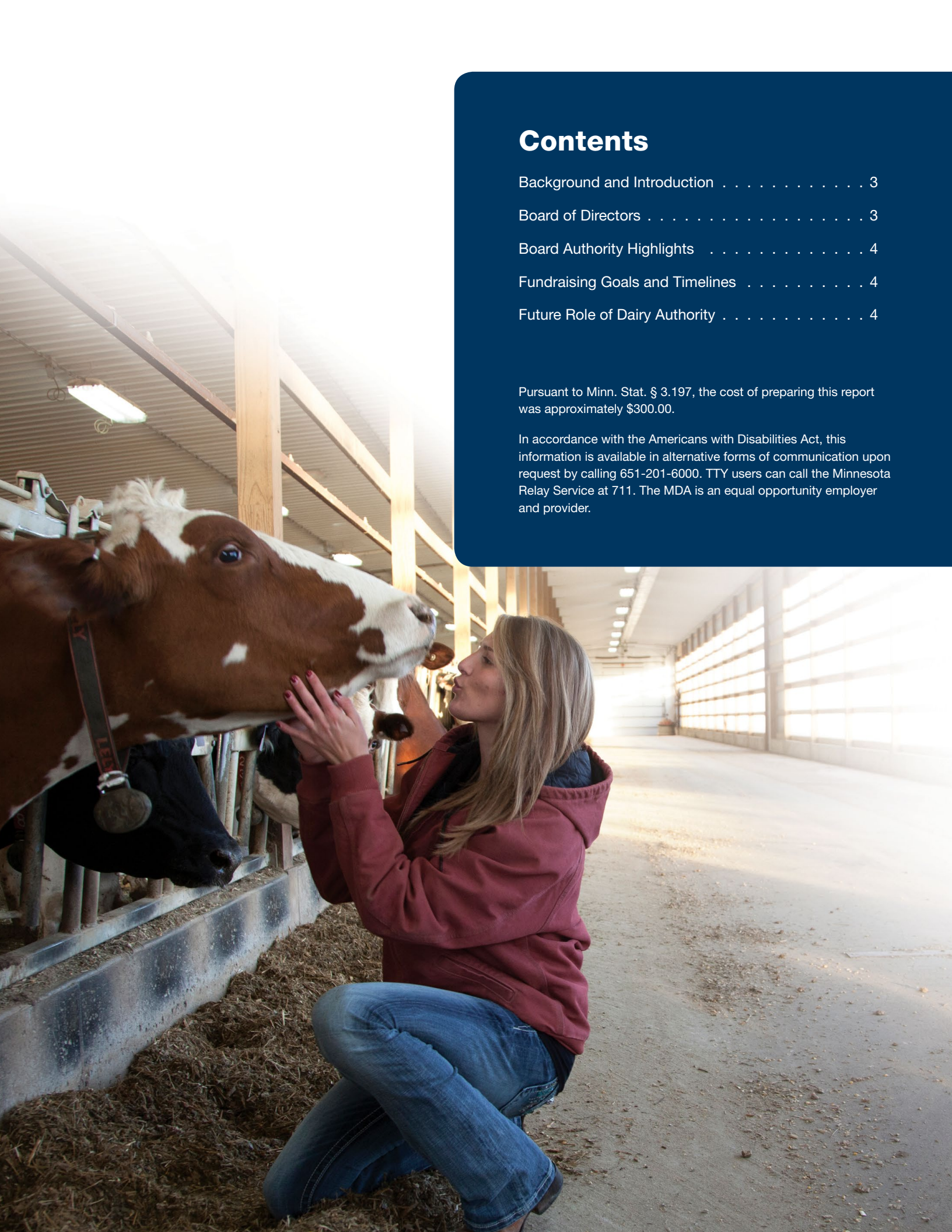
February 1, 2017

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Contents

- Background and Introduction 3
- Board of Directors 3
- Board Authority Highlights 4
- Fundraising Goals and Timelines 4
- Future Role of Dairy Authority 4

Pursuant to Minn. Stat. § 3.197, the cost of preparing this report was approximately \$300.00.

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Background and Introduction

Statutory authorization of the Minnesota Dairy Research/Education and Consumer Outreach Authority was authorized in 2012 by the Minnesota legislature (Statutes 32C.01). Dairy is one of Minnesota's most dynamic and powerful economic engines. The Authority has been regularly meeting over the past 4+ years with the state's dairy industry and higher education representatives to determine how the state can strengthen its research and teaching opportunities to support our next generation of dairy producers.



Dairy Authority board members have toured neighboring states' dairy research and educational facilities, gathering information on construction financing, costs of operation and operating procedures. The Board met with dairy processors, agricultural lenders and representatives of farm organizations to formulate a plan and location that meets the needs of the industry.

In 2014 the Authority focused on moving forward with a new dairy facility on the University of Minnesota, St. Paul campus and 2015 featured an in-depth feasibility study to determine project costs with a design team taking a closer look at suitable locations on the St. Paul campus.

Board of Directors

The Authority's nine directors are:

Commissioner David Frederickson, Minnesota Department of Agriculture (MDA)

Dr. Brian Buhr, Dean, University of Minnesota College of Food, Agriculture and Natural Resource Sciences

Barb Liebenstein, Dairy producer and Midwest Dairy Association

Eunice Biel, Dairy producer and Minnesota Farmers Union

Daniel Glessing, Dairy producer and Minnesota Farm Bureau

Dr. Douglas Allen, Ridgewater College and Minnesota State Colleges and University System

Greg Jans, Dairy producer and Minnesota Milk Producers

Clint Fall, President, First District Association

Sheryl Meshke, Co-President and CEO, Associated Milk Producers, Inc. (Board Chair)

Board Authority Highlights

While previous legislative reports focused on the early years of information gathering, dairy industry needs and feasibility studies, 2016 was a year of transition for the Authority. The balance of work/activity focused on collaboration between the Authority and University of Minnesota Foundation personnel on fundraising from private sources to meet matching requirements ahead of a formal bonding request of the Minnesota legislature in 2018.

To be successful in its bonding request the Authority will rely on many of the significant attributes of a new research facility as featured in its 2015 report:

- A state-of-the art facility will be critical to Minnesota and the region's dairy infrastructure. The state's most important research facility at the U of M is now more than 30 years old.
- Research findings and insights from the facility will advance dairy farm productivity and environmental sustainability using robotic milking systems and other emerging technologies.
- The new facility will be managed and operated by the U of M, in close proximity to students, faculty and the public at large.
- A modern facility located in the center of 3 million residents offers a unique opportunity to advance education about modern dairy production and practices. An on-campus dairy will increase understanding and support for dairy across the state of Minnesota.

Fundraising Goals and Timelines

The timing for bonding approval is contingent on several factors and will rely heavily on financial support from private contributions with a goal of creating a solid foundation and positioning the project for success. The amount needed for bonding support will become clear as private funds, facility construction and operating costs and debt service are finalized.

The Authority's goal is to complete raising private funds equivalent to half of the cost of the facilities construction and operation by the fall of 2017. Although the feasibility study conducted in 2015 indicated total construction costs of about \$30 million, the actual amount is a moving target. Total costs will also be impacted by funding delays which could increase overhead, financing and design revisions potentially adding up to \$2 million per year.

Naming rights are being discussed with the U of M regents setting final guidelines for naming rights approval.

Future Role of Dairy Authority

By state statute (32C.06) the Dairy Authority Board sunsets August 1, 2017 if the authority board has not identified and acquired a site for the facility. Transition discussions continue with consideration given to modifying Chapter 32C to extend the dairy authority sunset date to continue evaluating the feasibility of the current site selected at the University of Minnesota.

Administration expenses of the Authority were primarily covered by the MDA, with total administrative costs for FY 16 less than \$1,000. MDA staff involved with the Authority included Assistant Commissioner Andrea Vaubel and Agricultural Marketing and Development staff Curt Zimmerman.

At the end of FY16 the Authority had no assets and made no changes to its operational plan. In addition, no significant changes to the bylaws, policies, rules or programs were noted.