

**Montana Agriculture Development Council Minutes
Business Conference Call
Originated from Department of Agriculture
Helena, Montana
January 16, 2014**

Members attending by phone:

David Tyler, Chair, Belgrade
Bill Koenig, Vice Chair, Kalispell
Patricia Quisno, Harlem
Verges Aageson, Gildford
Amy Kellogg, Kalispell

Members absent:

Meg O'Leary, Director of Commerce, Helena
Ron de Yong, Director of Agriculture, Helena

Staff attending in person:

Joel Clairmont, Deputy Director,
Montana Department of Agriculture (Proxy for Ron de Yong, Director, Montana
Department of Agriculture)
Doug Mitchell, Deputy Director,
Montana Department of Commerce (Proxy for Meg O'Leary, Director, Montana
Department of Commerce)
Cort Jensen, Chief Attorney, Montana Department of Agriculture
Collin Watters, Bureau Chief, Agricultural Marketing and Business Development Bureau
Angie Nelson, Program Manager, Growth Through Agriculture
Lindra Davies, Program Specialist, Growth Through Agriculture

Staff attending by phone:

Kim Falcon, Bureau Chief, Rural Development

Montana Department of Agriculture staff were available to the Agriculture Development Council, (Council) for information purposes.

David Tyler, Chair, called the meeting to order at 7:04 a.m., January 16, 2014.

Roll Call/Call for Proxies

- *Monday, January 6th, a proxy was received from Megan O'Leary, Director of Montana Department of Commerce granting voting authority to Doug Mitchell, Deputy Director, Montana Department of Commerce, who was present as Director O'Leary's representative.*

- *Tuesday, January 7th, a proxy was received from Ron de Yong, Director of Montana Department of Agriculture granting voting authority to Joel Clairmont, Deputy Director, Montana Department of Agriculture, who was present as Director de Yong's representative.*

Business Items

Review of November 13 & 14, 2013 Council Meeting Minutes

Motion: To approve the minutes as presented.

By: Joel Clairmont

2nd: Doug Mitchell

Action: The motion carried with no dissenting votes.

Mini-Grant/Mini-Loan/Trade Show Assistance (TSAP) Awards Since Last Council Meeting

Angie Nelson provided the Council with a list of Mini-Grant/Mini-Loan/TSAP applications that were funded since the Council's last meeting in July 2013.

SFY2014 - Mini-Grants:

- *Kalispell Creamery - \$1,900 for advertising and labeling costs to promote the Kalispell, Montana, business's new product lines including yogurt, butter and cottage cheese.*
- *Philipsburg Brewery - \$2,000 to develop and implement a website to promote the Philipsburg, Montana, business.*
- *Boja Farms - \$250.00 was awarded to develop signage to assist the fruit orchard and produce farm near Bridger, Montana with agri-tourism and on farm sales opportunities.*
- *MSU-Missoula County Extension - \$2,500 was awarded for equipment to integrate a frost monitoring study associated with lengthening the growing season for vegetables.*
- *Botanie Natural Soap, Inc. - \$2,500 was awarded for website development and upgrades in order to improve and expand the Missoula, Montana, company's online marketing and sales.*
- *Great Northern Pasta Company, LLC - \$1,500 grant was awarded for redesign and print product labels to increase product sales for the pasta company in Whitefish, Montana.*
- *MSU-Missoula County Extension - \$1,250 grant was awarded for costs to hold "Lunch on the Farm" events in order to increase direct and retail sales for local producers.*

SFY 2014 - Mini-Grant & Mini-Loan:

- *Dell Center - \$5,000 loan and a \$2,500 grant for the purchase of a new vacuum packaging machine, signage and advertising for the new meat facility in Dell, Montana.*

SFY 2014 Tradeshow Assistance Program Awards - July 2013 – January 6, 2014 Awards

- *Cream of the West \$737.50 WSNA School Show August 6, 2013 Yakima, WA*
- *Montana Gluten Free Processors \$1,200.00 Natural Products Expo West March 7-10, 2014 Anaheim, CA*
- *Nature's Enhancement \$1,200.00 The North Dakota Nursery & Greenhouse Association Convention & Trade Show January 26-28, 2014 Fargo, ND*
- *Omnivore (Little Red Hills) \$2,500.00 Natural Products Expo West March 6-9, 2014 Anaheim, CA*

Motion: To approve the funded applications.

By: Patty Quisno

2nd: Doug Mitchell

Action: The motion carried with no dissenting votes.

Tradeshow Assistance Program Request

Angie Nelson presented a request from Collin Watters, Bureau Chief that the Council approve \$15,000 in SFY2014 TSAP allocated funds for use in all tradeshow assistance activities, including to Department-sponsored pavilion costs, other tradeshow subsidies as well as the individual grants to companies to individually attend trade shows.

Additionally, the Department will submit a formal proposal regarding SFY2015 TSAP funding along with the Mini-Grant and Mini-Loan requests for SFY2015 at the March 2014 Council meeting.

Motion: To approve request as proposed.

By: Doug Mitchell

2nd: Amy Kellogg

Action: The motion carried with no dissenting votes.

Proposed General Application Review Criteria

The Council discussed a proposal made by Angie Nelson and Collin Watters to implement application review criteria as a tool for Food and Agriculture Development Centers, Growth Through Agriculture staff and other agriculture staff to provide useful feedback to applicants and improve review consistency.

The proposal will be reviewed again at the Council's meeting scheduled to be held March 19 and 20, 2014.

Growth Through Agriculture Grant and Loan Status Review

Ms. Nelson provided a list in the Council packet of all grant and loan reporting and repayment statuses. In addition, she provided a review of the following past due reporting and repayment issues:

- Grants – Past Due Reporting

- Montana Wagyu Beef – 1150459

A final quarterly and final report were due October 31, 2013.

Ms. Nelson reported that reports were received December 16, 2013 and some invoice documentation was received on January 7, 2014. Reporting is incomplete until additional requested clarification on the invoices has been submitted. In addition, a picture of the installed metal detection equipment has been requested.

- T.E.C.K. Corp dba On the Rise Bread Co. - 1350608
A quarterly report was due October 31, 2013. Both a quarterly and final report have been started online but not completed or submitted.
Ms. Nelson has followed up with Melinda Pierson of T.E.C.K. Corp dba On the Rise Bread Co by phone and email. As of January 15, 2014 the reports have not been submitted.

- Loans – Past Due Repayments

- XL Feeds, LLC – 1150463
A loan payment that was due on December 21, 2013 has not been received to date. In a phone call from Mr. McConkey of XL Feeds, LLC on January 14, 2014 he indicated that he would send January's payment after he sold a tractor.
- Colbry Farms – 0550885
Ms. Nelson provided a summary of the history of recent Council action on this loan: Earl Colbry of Colbry Farm requested that the Council allow him to sell the greenhouse purchased with GTA funding. Mr. Colbry had indicated that the greenhouse was damaged during the winter and because of health issues he has not been raising tomatoes.

During their October 2012 meeting the Council allowed the sale of the greenhouse with the proceeds being paid towards the GTA loan balance and required interest only payments for one year to begin October 31, 2012. Ms. Nelson reported that the interest only payment due on October 31, 2012 was received on December 17, 2012.

An email request from Mr. Colbry was received on December 30, 2013 offering settlement of the loan. See *Requests* section.

Requests

Ms. Nelson provided a summary of requests made by Growth Through Agriculture recipients to the Council for approval:

- Colbry Farms – 0550885 Loan
To assist in the resale of the greenhouse Department of Agriculture staff listed the greenhouse on the Department's website equipment classified section with little success until January 2014.

Efforts were also made through Farmers Union which resulted in a promising inquiry.

An email request from Mr. Colbry was received on December 30, 2013 offered the Department of Agriculture a cash payment of \$4,000 and ownership of the greenhouse.

Action on this request has been tabled until such time as the \$4,000 payment has been received and it is determined whether the interested buyers are going to place an offer on the sale of the greenhouse.

- Global Agro Commodities – Request to Change Award Conditions
During the Council’s November 2013 meeting Global Agro Commodities received a grant award for a bagging system in the amount of \$23,400 and a loan award for bin ladders in the amount of \$39,900.

Mr. Patel responded to the award announcement by requesting to “change structure of each funding award to allow investments on a reimbursement basis towards any equipment purchases, repairs & maintenance & contractor & electrical charges unless more funds become available at later date towards this required investment areas with your preference in structure.”

Motion: To deny the request and have Mr. Patel respond by March 1, 2014 in accepting or declining the original award determined by the Council in their November 2013 meeting.

By: Joel Clairmont

2nd: Doug Mitchell

Action: The motion carried with no dissenting votes.

Verges Aageson recused himself from voting on this request.

Issues

- Alternative Energy Resources Organization (AERO) – 0950235 - Final Report/Update – Final Closeout Approval

Ms. Nelson provided a summary of the recent Council action regarding this grant award indicating that in March 2009 AERO received a grant award for \$10,305.00 “To establish an interactive online local foods directory.” In the project’s final report Kevin Moore, Sustainable Food and Agriculture Program Manager, stated that all awarded grant funds were spent but that an online directory was not created.

Mr. Moore and the Executive Director of AERO provided a final oral report to the Council during their October 2012 meeting to discuss the status of this grant. The Council voted to allow AERO to compare and define elements from the organizations original scope of work to those currently offered as deliverables and request an amendment and the final report will be revised accordingly.

In an updated final report submitted December 3, 2013 by Bryan von Lossberg, Executive Director of AERO described the Online Local Foods Directory Project. The redesign was completed and debuted August 27, 2013.

Motion: To accept the final outcomes reported in deliverables provided by AERO and close the file.

By: Verges Aageson

2nd: Patty Quisno

Action: The motion carried with one dissenting votes.

- Montana Farmers Union – 1150486 – Mini-Grant Final Closeout Approval
 Ms. Nelson reported that a final report had been received in January 2013 and additional information for clarification was received from Aeric Reilly of Farmer’s Union in November 2013. Mr. Reilly is no longer employed at Farmer’s Union, so further clarification of documentation. Chris Christiaens was contacted & Jan Johnson, Office Manager of Montana Farmers Union responded to provide cost documentation for the Dutch Oven Cook Out project.
Motion: To accept the final outcomes of deliverables provided by Montana Farmers Union and close the account.
By: Doug Mitchell
2nd: Amy Kellogg
Action: The motion carried with one dissenting vote.
- US Omega3 Foods, LLC – 0750029 and Montana Food Products – 1050358
 Cort Jensen, the Department of Agriculture’s Legal Counsel gave a report on the processes and procedures for moving forward with legal proceedings regarding these businesses.
- Vassallo Foods, Inc. dba Country Foods – 0950253 – Final Report Request for Closeout Approval
 A letter from Erin Proctor of Country Foods indicated that the Montaccini pasta product line had not launched due to company resources being focused on business’s other products in the Tipu Chai line at this time, but they did plan to move forward with the product line in the future. Ms. Nelson reported that GTA and match funding requirements have been met on all the other supported activities.
Motion: To accept completed work and to close the project.
By: Doug Mitchell
2nd: Patty Quisno
Action: The motion carried with no dissenting votes.

Amy Kellogg identified herself as one of the owners of Vassallo Foods, Inc. dba Country Pasta and recused herself from voting.

Updates

- Mission Mountain Laboratory, Inc. 1150376
 Background: During their September 2012 business teleconference the Council voted to convert Mission Mountain Laboratories, Inc.’s \$25,000 grant into a loan at 10 percent interest rate due to reporting issues. Invoices for the GTA approved equipment purchase were not received.

Ms. Nelson reported to the Council that payments totaling \$10,393 had been received as of January 6, 2014. In addition to a loan payment receipt, staff is providing a reminder that the invoices are still required.

- Wee Chef – 1150425
Ms. Nelson reported that Mr. and Mrs. Horning of Wee Chef, LLC are selling assets and returning grant funds from the equipment funded by the GTA program. To date, \$8,750 has been repaid of the \$12,210 grant. One more piece of equipment remains to be sold.

Contract Changes Performed Without Full Council Action:

Angie Nelson informed the Council on the following contract changes were approved per program policy without full Council action as a result of determinations made by the Program Manager and/or David Tyler, Council Chairman.

- *XL Feeds, LLC – 1150463 – deferral of payments only with interest to accrue*
- *Prairie Heritage Farm – 1250511 – contract extension*
- *Montana Specialty Mills – 1150456 – contract extension*
- *Big Sandy Meat Shop, LLC – 1350627 – contract budget change*
- *Flathead Valley Community College – 1350605 – contract budget change*
- *Hampton Enterprises Inc dba Tizer Meats – 1250518 – contract extension*
- *The Orchard at Flathead Lake – 1250517 – contract extension and change in assignment of contract*
- *Little Red Hills, LLC – 1250526 (Mini Grant) – contract extension*
- *Kootenai Cannery – 1250516 – contract extension*

Motion: To approve the contract changes.

By: Bill Koenig

2nd: Doug Mitchell

Action: The motion carried with no dissenting votes.

Other Updates/Items for Discussion

~ Project Presentation Ideas for Spring Full Council Meeting

The Council will provide a list of previous award recipients for project presentations they would be interested to see before the March 19 and 20, 2014 business meeting.

~ Summer field trip to Bozeman area (dates)

More discussion of possible dates and projects to visit in the Bozeman area during the summer is scheduled during the Council's next business meeting in March.

~ Irrigation Program/Projects Discussion

Angie Nelson reported that she and Collin Watters visited with the Water Resources Division of the Department of Natural Resources and Conservation (DNRC) to discuss their irrigation programs and expressed the Council's interest in irrigation projects.

Staff is coordinating with the agency to support irrigation project inquiries received by Growth Through Agriculture program staff.

~ SFY 2015 Application Deadlines

The Council set the next two application deadlines for Monday, September 15, 2014 and Friday, January 30, 2015.

~ Next Application Deadline Date

The next application deadline has been scheduled for January 31, 2014.

~ Next Council Meeting

The next Agriculture Development Council meeting has been scheduled for March 19 and 20, 2014.

~ Collin Watters announced his acceptance of Bureau Chief position for the Wheat and Barley Division located in Great Falls, Montana.

Public Comment Period

David Tyler, Chair, called for public comments. No public comments were presented.

Adjourn

Hearing no public comment, David Tyler, Chair, adjourned the meeting at 8:40 a.m., January 16, 2014.

Respectfully submitted by:

Lindy Davies, Growth Through Agriculture Program Specialist