



Economic Development Authority

Drawer C
Mountain Lake, Minnesota 56159
(507) 427-2999 • Fax (507) 427-3327

February 19, 2010

Congressman Tim Walz
Mankato, MN

RE: City of Mt. Lake Letter of Support for a "Renewable Energy Project"

Dear Congressman Walz:

On behalf of the City of Mt. Lake Economic Development Authority, please accept this correspondence as a letter of support for submission of the City's request for Federal Funding Assistance.

An opportunity exists for development and implementation of a unique renewable energy project: Easy Energy Systems/Modular Ethanol Production System (MEPS). A MEPS unit utilizing existing feedstock from a Mt. Lake company called Milk Specialties Global would reduce waste going into the city's wastewater treatment system, create jobs, increase the tax base and wealth within the county. Federal funds would help Mt. Lake to realize this project here.

In conclusion, it is our hope that your office will give every consideration to funding of this grant request. If you have any questions, please do not hesitate to give me a call at 507-427-2999, ext. 4.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob M. Anderson", written over a horizontal line.

Rob M. Anderson
Community Development Director

Congressman Walz Appropriations Project Request Form Fiscal Year 2011

Please return entire application packet via e-mail to Congressman Walz's office no later than Friday, February 19, 2010. Email all information to Congressman Walz's Outreach Director at matthew.wohlman@mail.house.gov

Forms must be completed using Microsoft Word – no handwritten forms will be accepted.

In addition to this form, a signed request letter (on applicant's official letterhead) from the submitting government unit, company or organization must be included:

- For non-profit groups, the letter should be signed by the CEO or executive director.
- For municipalities, other local units of government and State agencies, the letter should be signed by the most senior elected official (i.e. Mayor, County Board Chair, Sheriff, County Attorney, and Governor).
- The letter and form should be scanned and e-mailed to matthew.wohlman@mail.house.gov. Due to delays in mail processing for Congressional offices, regular mail is regrettably not an option.
- The letter should discuss why the project would be a good use of taxpayer funds, what percentage of funding for the project would come from non-federal sources, how many jobs the project would create, the project's impact on southern Minnesota, the breadth of local support for the project and what the project's specific goals are and how the project's leaders measure progress toward those goals.
- **Project requests that are received after the February 19 deadline or that do not include a signed request letter will not be considered.**
- Any additional letters of support from local officials are also welcome.

In addition, if you are requesting federal funding for multiple projects, you must attach a letter, from the same submitting agent as the letter above, listing all of the project names and funding amounts you are requesting. The projects should be listed in priority order; with the first project being your top priority, and so on.

If you have supporting documentation, including project drawings, economic impact studies, governmental resolutions or other materials that show broad public or coalition support are welcome to be submitted with the application.

Congressman Walz believes that the federal appropriations process should be conducted with the maximum degree of transparency. **Applicants should be aware that our office will release to reporters and post on our website a public list of all requests submitted to the Appropriations Committee, the dollar amount of each request, and the name of the requesting organization.** In addition, our office reserves the right to contact you in the future

and request more information about your project should it receive federal funding, including tracking the project and its economic impact.

In addition, it is possible that public hearings will be held to give you an opportunity to testify on behalf of your project. If a public hearing is scheduled, you will be given notice at least seven business days before the hearing, to give you time to prepare.

Please note the following:

- The federal appropriations process is lengthy and is poorly suited for projects that require a specific amount of funding by a date certain. If you have such a project in Minnesota's First Congressional District, our office can help you find other funding options, such as federal grants. Please contact our office for assistance.
- Due to limitations enacted by the House Appropriations Committee, Congressman Walz may not be able to request every project that is submitted. As a result, submitting this form does not guarantee that your project will be requested or that funding will be secured. In addition, Congressman Walz will review every application and look to secure funding for projects that have strong local support, create jobs in southern Minnesota and/or have a transformative impact on the region.
- Congressman Walz does not submit requests on behalf of for-profit companies.
- Congressman Walz does not consider requests that are not based in Minnesota's First Congressional District or that do not have a significant impact on the First District.
- Applicants are strongly encouraged to submit an appropriations request to both Minnesota Senators, as well.
- After submitting this form, Congressman Walz's staff will likely need to contact you with time-sensitive questions about your project. Please be ready to respond quickly to any questions that may arise.

PART 1 – ACKNOWLEDGEMENTS:

1. Please initial to acknowledge the following:

- The appropriations process is lengthy and uncertain and is unsuitable for projects that require funding by a date certain.
- Submitting this project request does not guarantee that the request will be submitted to the Appropriations Committee or that it will receive funding.
- No requests on behalf of for-profit corporations will be submitted.
- Only projects based in Minnesota's First Congressional District or of clear benefit to Minnesota's First Congressional District will be submitted.
- None of the funds received through this appropriations request will be used to lobby federal officials.

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RA**PART 2 – GENERAL INFORMATION:****1. Name of Project:**

Minnesota Next Generation Biofuels (Waste Whey and Waste Paper to Ethanol).

1b. Is the project located in Minnesota's 1st Congressional District?

Yes, Minnesota Next Generation Biofuels (Waste Whey and Waste Paper to Ethanol) is in Mountain Lake, MN.

1c. Please indicate all other Members of Congress you are submitting this request to (NOTE: the more support for a project, the better). If you are not submitting this application to Minnesota's U.S. Senators, please explain why:

This project is being submitted to Congressman Tim Walz's office. We have not received this application from any Senator, so no plans have been made to submit this to them.

2. Summarize your project in 3-4 sentences. If you secure federal funds for this project, how long will it take for the project to be completed?

Mountain Lake is home to Milk Specialties Global, Inc. which manufactures protein and produces a by-product of waste whey permeate. That whey permeate is difficult for the city sewer system to handle, and is environmentally unfriendly. An ethanol facility built by Easy Energy Systems, Inc. of Welcome, MN would convert the waste whey together with waste paper from the region into ethanol. This will greatly reduce BOD in the waste water and reduce use of landfill for waste paper. The project will be completed by the end of October, 2010.

3. How much are you requesting in federal earmark funds in FY2011?

\$3,000,000

4. What is the total project cost? What is the exact percentage breakdown of funding for the project (i.e. what percentage of the total cost will come from the federal government, state government, local governments, private sector, etc.)? Has all non-federal funding already been allocated? If not, what is the likelihood that non-federal funds will not materialize?*(note: some funding agencies require non-federal project funding matches)*

\$5,565,137. Fifty four percent of the project would be funded through federal dollars, while the remaining forty six percent would come through private funds and economic development sources. Non-federal funding has been explored and discussed with Milk Specialties Global, Easy Energy Systems, Southwest Initiative Foundation, Southern Minnesota Initiative Foundation, and more. The likelihood of non-federal dollars materializing is high because of the pressing need for this project.

**5. a) If you receive this funding, will the project be completed or self-sufficient? If not, why not?
b) When do you anticipate that this project will be completed or self-sufficient?
c) For how many additional years do you anticipate asking for funding?**

The project will be self-supporting after this funding has been received as it will produce its own revenue from the sale of ethanol. It will also reduce the waste-water issues faced by Milk Specialties Global, a large employer in Mountain Lake. This will be completed by the end of October. We do not plan on asking for additional funding in future years, unless the cellulosic technology of the plant is to be expanded on. There is an existing building in Mountain Lake ready for the project to move into.

6. Have you received federal funding for this project in the past? Please list the fiscal year and

funding level.

a) was the funding received through a grant?

b) if the funding was received through an appropriations bill, please list which bill provided funding and at what level.

c) list the source of all non-earmark federal money the project has received (i.e. from the ARRA, formula funds, etc.).

No federal funds have been received for this community-based energy project.

7a. Which Appropriations bill should your project be funded within?

- Agriculture
- Commerce, Justice, Science
- Defense
- Energy and Water
- Financial Services
- Homeland Security
- Interior and the Environment
- Labor, Health and Human Services, and Education
- Legislative Branch
- Military Construction and Veterans' Affairs
- State and Foreign Operations
- Transportation and Housing and Urban Development

Agriculture – most (others appropriate – Energy and Water, Commerce, Defense, Foreign Operations.

7b. Which department, agency and account should your project be funded within?

(For example: USDA's CSREES account; HUD's EDI account; FHWA's TCSP account.)

USDA – most (Others appropriate – DOE, Commerce, Defense)

8. Please confirm that your project is eligible to receive funds by contacting the relevant federal agency. Please list the name, title, agency and contact information of the person with whom you confirmed your project's eligibility below.

Paul Pierson, Area Specialist with USDA. 507-372-7783 ext 122. 1567 N. McMillan St., Worthington, MN 56187.

9. What specifically would this funding be used for? Please be specific: construction, environmental impact statement, staff salaries, etc.

This funding would be utilized for construction of a system for storing and converting the waste whey and cellulosic paper materials into ethanol.

10. Has this project been authorized in federal law? If so, please provide authorization bill.

Not that we are aware of.

11. (Transportation requests only) Is this project in the STIP? Is it supported by MnDOT? Please attach a letter of support from MnDOT for the project.

Enter information here

12. (Transportation requests only) Matching funds of at least 20% of the total project cost are required for transportation projects. Matching funds cannot be federal funds. Please provide the source and amount of matching funds.

Enter information here

13. (Army Corps of Engineers requests only) Is funding requested for a study or construction? Please provide the Congressional Authorization for this project (Public Law# and Section).

Enter information here

PART 3 – PROJECT INFORMATION:

1. What is the justification for the project? Why is it a good use of taxpayer funds? (ie: Why is the project needed? What problem will it solve? What gap will it fill?)

This project is needed to meet the waste issues faced by the city of Mountain Lake and one of its companies, Milk Specialties Global. Currently this waste is processed through the city's waste water facility, adding cost to Milk Specialties Global and hampering their efforts to continue business expansion and employment. This project will take the waste made by Milk Specialties Global combine it with waste paper and convert it to ethanol. This is a good use of taxpayer funds because it will increase employment in the area, reduce a waste problem in the region, create a renewable energy system, and provide a clean solution to what could be an environmental problem if not resolved.

2. How many jobs will this project create in southern Minnesota?

This project will directly create at least five jobs at the ethanol facility, and another twenty nine construction jobs during the project's building stage. Indirect jobs will include trucking for the ethanol, expansion at the Milk Specialties' facility which may lead to another ten to twenty jobs, and expansion for Easy Energy Systems will add an additional four hundred sixty jobs over the next five years as it uses this facility as a show place to bring potential customers from all over the world. This will bring people interested in cellulosic ethanol and waste to ethanol to Mountain Lake from all over the globe and establish the region as center for bio energy solutions.

3. How will the project transform southern Minnesota? (ie: Will it bring cutting edge technology to the state? Lead to new businesses or commercialization opportunities? Help Minnesota compete for government and industry contracts? BE SPECIFIC.)

This project will impact southern Minnesota in many ways. First and foremost, more jobs will be added to the area by converting what was once considered to be waste into ethanol. Second, Easy Energy Systems will have an operating facility right in Minnesota to showcase their technology. This will lead to continued growth of their company, more employment, and more ethanol being produced from locally available feedstocks. For the city of Mountain Lake, there is much to be gained. If Milk Specialties can eliminate a cost in disposing of their feedstock, more money is available for expansion and employment. This would see the economy of Mountain Lake pick up and employment levels rise.

4. What are the primary project objectives? List your top 3-4 project objectives and describe your plans to achieve these objectives. In addition, please explain how you will measure progress toward these objectives and hold your organization accountable for meeting them.

The primary project objectives are to increase local employment; reduce waste going into the environment; and produce renewable fuel from a locally available feedstock. Local employment will be increased because people will be working at the plant producing ethanol. This can be monitored by watching the payroll from the plant. Waste going into the environment is another simple calculation; before and after amounts will be recorded and measured. After ethanol has been produced, there should be substantially less waste to take care of. The renewable ethanol will be produced at the plant in Mountain Lake, and that can be measured by receipts and shipments.

5. What other partners (universities, businesses, groups) are involved in this project?

The Mountain Lake EDA, Region 9 Economic Development Commission, Region 8 Economic Development Commission, IRETI (Minnesota State University, Mankato), Milk Specialties Global, and Easy Energy Systems, Inc. are all involved partners. Southwest Initiative Foundation, Southern Minnesota Initiative Foundation, United Prairie Bank, I-S Group Engineering, City Of Mountain Lake, USDA-Worthington.

Note: Please attach any additional information you think would be useful in describing your project.

PART 4 – CONTACT INFORMATION:

Requesting Organization (if this is different than the organization that should actually receive federal funds to execute the project, please also specify which organization should be the recipient of federal funds):	Mountain Lake EDA				
Address:	930 3 rd Ave, Box C				
City:	Mountain Lake	State	MN	Zip	56159

Point of contact at organization for Rep. Walz's staff to contact with questions	Rob Anderson		Title:	EDA Director For Mountain Lake
Phone:	507-427-2999	Fax:	507-427-3327	Cell:
Email:	eda@mountainlake.govoffice.com			

Contact information for head of organization for Rep. Walz to contact	Rob Anderson		Title:	EDA Director For Mountain Lake
Phone:	507-427-2999	Fax:	507-427-3327	Cell:
Email:	eda@mountainlake.govoffice.com			

Agency Sponsor: (Include the name and contact information of any federal agency representative who supports your project request)			
Agency:	USDA		
Contact Person:	Paul Pierson	Title:	Area Specialist
Phone:	507-372-7783	Email	Paul.pierson@mn.usda.gov

PART 5 – FOR DEFENSE REQUESTS ONLY:

If you are requesting funds from the Department of Defense, please provide the following information, in addition to the above.	
Budget Account and Service/Agency: (ic: R&D, Army; O&M, Air Force; R&D, Air Force)	
Program Element:* (for R&D projects only)	
Line Number:* (for procurement and R&D accounts)	
Line Item Title*	

Does this project fulfill a validated military requirement? If so, please cite the relevant DOD documents.	
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** These can be found in FY2008 P-1 and R-1 documents on the DOD comptroller website: www.dod.mil/comptroller*