

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON NATURAL RESOURCES**

**Call to Order:** By **CHAIRMAN ROGER DEBRUYCKER**, on January 10, 1995, at 8:00 a.m. in Room 402 of the State Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. Roger Debruycker, Chairman (R)  
Sen. Thomas F. Keating, Vice Chairman (R)  
Sen. Judy H. Jacobson (D)  
Sen. Loren Jenkins (R)  
Rep. John Johnson (D)  
Rep. William R. Wiseman (R)

**Members Excused:** none

**Members Absent:** none

**Staff Present:** Roger Lloyd, Legislative Fiscal Analyst  
Florine Smith, Office of Budget & Program  
Planning  
Debbie Rostocki, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

##### **Committee Business Summary:**

Hearing: Department of Agriculture  
-Department overview  
-Agricultural Development Division  
Executive Action: None

**Mr. Roger Lloyd** distributed some information in answer to some questions **SEN. KEATING** and **SEN. JENKINS** had regarding revenue; see **EXHIBIT 1**.

#### **HEARING ON Department of Agriculture** **Department Overview**

**Opening Statement by Department Director:** **Mr. Leo Giacometto**, Director of the Department of Agriculture, introduced his staff: **Ralph Peck**, Administrator of the Agricultural Development Division; **Lee Boyer**, Chief of the Rural Development Bureau; **Sandra Kuchenbrod**, Administrator of the Central Management Division; **Al Williams**, head of the Grain Lab; **Jim Christianson**, Wheat and Barley Bureau Chief; **Gary Gingery**, Administrator of the Agricultural Sciences Division (not present) and **Jim Sands**, Agricultural Statistics Service head.

Regarding **EXH. 1**, **Mr. Giacometto** reported that agriculture brings in \$2.2 billion to the state and the next largest industry, tourism, brings in about \$1.4 billion. He then gave his overview. **EXHIBIT 2.**

**Questions:** **SEN. KEATING** wanted to know how agricultural growth in the state had affected the size and scope of the department. **Mr. Giacometto** replied in the past six years there had been about a 75% reduction in the amount of general fund the department has received, with a corresponding shift towards the producers covering these costs. There has been a substantial increase in federal programs, which the federal government pays for. The newest programs are the Worker Protection Standards and a new program dealing with record-keeping on pesticide licensing and application. He said that from the rural community standpoint, however, there is much more the department could do.

In response to **SEN. JENKINS**, **Mr. Giacometto** said the department is requesting a total of two auditors. He pointed out that even though there are fewer grain elevators than there were five years ago, there is more grain going through the remaining facilities, and the auditing work has become more complex.

**Informational Testimony:** **Mr. Lloyd** then gave his overview. Eighty-three percent of the budget for the department is now state special revenue paid by user fees. In 1993 the revenue from user fees began to be deposited in a special revenue account instead of the general fund. In addition, the fees were increased. Due to these two changes, nearly \$.5 million each year of general fund was replaced with state special revenue in the funding for the department. Large increases in personal services and operating expenses are nearly offset by one large decrease in grants. The grant amount decreases because in 1993 the Legislature appropriated an additional \$1 million of noxious weed trust fund money because the cap on the trust had been reached, but this was a one-time revenue source.

Regarding the Agricultural Development program, **Mr. Lloyd** said there are a number of sub-programs under it which include the Ag Finance Program (Rural Development Loan program), Hail Insurance, Agricultural Marketing, Ag Statistics, Agricultural Development Council (Growth Through Agriculture Act), Wheat and Barley Council, State Grain Lab and the Alfalfa Seed Committee. Regarding the Agriculture in Montana Schools tax check-off, **HB 40** has been introduced which would repeal the contingency language which would have stricken the statute providing for the check-off.

**Tape No. 1:B:000**

**Mr. Lloyd** told the committee proposed legislation (**LC 200**) would combine five coal severance tax allocations into one; one of the allocations is the Growth Through Agriculture Act.

**Ms. Smith** said during the 1993 special legislative session a modification was approved for the State Grain Lab due to the unexpected increase in the volume of work. About 9.9 FTE and \$300,000 per year was added to the budget with the restriction that this be used only for the grain lab. The executive is recommending that 9.9 FTE and \$254,000 per year be continued into the next biennium.

**HEARING ON Department of Agriculture**  
**Agricultural Development Division**

**Mr. Ralph Peck**, Administrator of the Agricultural Development Division, then spoke. The Rural Development Bureau contains the Marketing program, Agriculture in Montana Schools program, the State Hail Insurance program, the State Hail Insurance Board, the Growth Through Agriculture program and the Agricultural Development Council. The Alfalfa Seed program is administered by the division but is funded through a statutory appropriation. The Agricultural Statistics Service is attached to the bureau through a cooperative agreement with the U.S. Department of Agriculture (USDA). The second bureau in the division is the Wheat and Barley Bureau. The Wheat and Barley Commission is attached to the department for administrative purposes. The third bureau is the State Grain Laboratory. The laboratory is a designated federal USDA grain inspection lab and the federal government supervises and directs their activities.

**Mr. Peck** explained the division's administrative expenses are actually 100% general fund. The rest of the funds in the administrative budget are Agriculture in Montana Schools funding. There are many diverse activities which the division addresses which are not specifically tied to any earmarked special revenue programs. This is why historically general fund has supported the administrative functions of the division.

He said the Agriculture in Montana Schools program was run extremely frugally. Yearly check-off collections run from \$5,000-\$11,000 per year. The Department of Revenue retains \$2,850 for administration of the check-off. The program develops curriculums for the state's schools to promote agriculture and provide information on agricultural education. In 1994 they spent a lot of time developing curriculums and as a result expenditures were lower than usual (Present Law Adjustment No. 4, p. C-130).

**Mr. Jim Christianson**, Chief of the Montana Wheat and Barley Bureau and Executive Vice President of the Wheat and Barley Committee, then spoke. The Wheat and Barley Bureau/Committee is composed of seven active wheat and barley farmers. It is a prototype in Montana of self-help programs where the producers assess themselves and spend the revenue as they wish. He pointed out that the check-off in Montana was different from the many other agricultural check-off programs found around the country

because it was refundable. At present the Canadians are asking for all of their money back. In the past ten years' wheat and barley production in Montana, two years were the lowest in more than 50 years for wheat production and 1993 saw the largest crop in the history of the state. The yield has therefore varied from 50 million bushels of wheat in 1985 to 200 million bushels in 1993 and this has made it very difficult for the bureau to make budget estimates. Beginning in 1988 the bureau decided to start saving up \$200,000 per year so that it could begin budgeting money that was already in the bank. Washington is the only other state in the nation that has been able to do this. He said an average yearly budget would be about \$1.6 million, and with 50% added for a reserve, the figure would be \$2.4 million (Table 2, p. C-134). He explained his budget consisted of the following categories: operations (14%), education information services (10%), transportation issues (3%), international and domestic market development (28%) and research (45%). Because the Legislature does not use these same categories, confusion has resulted.

**Mr. Peck** then addressed the LFA issue regarding the transferring of grant authority from the Wheat and Barley committee to other uses (No. 6, p. C-131). In 1993 they had a huge crop and asked for additional authority to keep the State Grain Lab operating through the year. Even though they received additional authority it was insufficient, so \$30,000 in authority was transferred from the Wheat and Barley Committee to the Grain Lab. Also, the executive director position on the Wheat and Barley Committee was exempted from the pay plan and it is at the discretion of the committee to set his salary. The Committee categorizes all the funds that they expend as grants. Contracts are written and it is determined what projects the Committee wants to participate in. They decided to fund more projects in the categories that the auditor said should be classified as dues and this resulted in a funding switch. It was determined that Montana might have some opportunities in the former Soviet Union, so the Committee funded a trip to Russia.

**Mr. Larry Johnson**, Chairman of the Growth Through Agriculture Council, then spoke. **EXHIBIT 3.** Also contained in **EXH. 3** was a letter in support of the Council from Nurture, Inc. He pointed out that a great many of the businesses that come to the Council are seeking funding for new and innovative things. Many of these businesses could never get a loan at a bank because they lack the necessary equity.

**Mr. Peck** said the Growth Through Agriculture Council reviews the Department of Commerce's request for funding for international trade offices, as is mandated by statute.

Regarding the Grain Sub-Lab New Proposal (p. C-132), the addition of another lab is being requested as a result of the support for the idea by producers in eastern Montana, and is necessary in order to speed up turn-around time. They estimate they will need

to transfer one grain grader FTE from the lab in Great Falls to run the new sub-lab and in addition they would need one FTE's worth of temporary grade six positions during the harvest. They estimated that they would also need to contract for 2.5 additional staff.

**Tape No. 2:A:000**

The federal government informed them they could not contract for these services, however. Therefore the 2.5 FTE will have to be state employees.

**Mr. Peck** explained that during harvest season they hire temporary grade six employees to prepare grain samples. However, only licensed inspectors can grade the grain, and it takes over a year to train these persons. The amount of overtime is totally dependent upon the usage of the lab. In years when the quality of the crop is poor, producers utilize the lab more. The harvest season of 1994 saw the greatest use of the grain laboratory since its inception.

**Questions:** **REP. WISEMAN** wanted to know about the status of the international trade offices. **Mr. Giacometto** replied the Growth Through Agriculture Council's concern had been that the agriculture industry might not be getting enough benefit in comparison to the expense. The offices ended up being cut in half and the amount of money the Council gave to the Department of Commerce was lowered to \$90,000.

Regarding where the department proposes to locate the new sub-lab, **Mr. Giacometto** said there was a lot of interest, and the tentative choice was to put it at Wolf Point due to the layout of mail routes. Scobey also has a proposal in which would take care of the mail route issue. At present most grain samples are mailed to Great Falls for testing. The main grain terminal for southeast Montana is in Belle Fourche, South Dakota.

**SEN. JENKINS** wanted more information about the professional societies which the Wheat and Barley Committee gave grants to. **Mr. Christianson** said it was his guess this referred to the Northern Crops Institute in Fargo, North Dakota; the Wheat Exportation Trade Education Committee (WETEC); the National Association of Grain Growers; the National Barley Growers Association and others.

**SEN. JENKINS** wanted more details on New Proposal No. 5 (p. C-132). **Mr. Giacometto** said this was a Foreign Agricultural Services program through USDA. They have a pool of money available to promote agricultural products across the border. There has been a huge demand recently for Christmas trees in Japan, Taipei and Hong Kong. He added that this program, which is funded by the Foreign Agriculture Service and administered by the department, continues to grow.

In response to **REP. JOHNSON**, **Mr. Christianson** said the Natural Resources Subcommittee had determined in 1993 that the Wheat and

Barley Committee could not belong to lobbying organizations, and this suspended spending authority for the committee's membership dues in all the farm organizations. Therefore, this would not be related to the "professional societies" which the committee gives money to. **Mr. Giacometto** clarified that the money given to professional societies was used for marketing grain outside of Montana, which the department does not directly involve itself in.

In response to **SEN. JACOBSON**, **Mr. Giacometto** explained the refundable tax assessed at the grain elevators on grain was limited by the state to 1.5 cents per hundredweight of barley and one cent per bushel of wheat. Only 2% of the producers request a refund. If the Wheat and Barley Committee is not doing a good job, more producers will ask for their money back, as has happened in Wyoming, which refunds 40% of its money. The canadian producers are requesting most of the refunds for political reasons. In response to **SEN. JENKINS**, **Mr. Christianson** said that the producer had to request a form for a refund, but all transactions settled in the past 90 days could be included on one form.

**SEN. KEATING** wanted a breakdown of where the \$2 million biennial total of grants for the department went. **Mr. Giacometto** said some of the grants were awarded for an alternative agriculture program ("Ag Days") at Montana State University; a bread symposium put on by the Montana Farm Bureau Association; a grant dealing with the marketing of dried flowers and related products in eastern Montana and other "new and innovative" ideas, as is prescribed in statute. **Mr. Larry Johnson** added that the Tractor Institute at Northern Montana College has also received grant monies, and through its work it is estimated that the average farm in Montana could save about \$8,000 in fuel costs over five years. **Mr. Giacometto** said he thought the "professional societies" included the Farmers Union and the Butte Local Development Corporation.

**Mr. Lloyd** said the Agricultural Development Division received \$50,000 of grants in its budget and the remaining \$968,000 was in the Wheat and Barley Committee's budget, per year. In the Agricultural Development Council's budget there was \$10,000 for universities and \$40,000 was for special projects. **SEN. KEATING** rose in support of the work MSU has done in promoting Montana grain, but he questioned the use of coal tax monies by the Growth Through Agriculture Council to finance private enterprise, and did not feel the council had created enough new jobs in relation to the money it has spent. **Mr. Giacometto** mentioned the Nurture Plant in Missoula which because of funding from the Council has turned into a \$24 million company. This has created numerous jobs. In addition the Thunderbird Tannery in Billings, Centennial Foods, Dairybest Cheese and others have created jobs. He pointed out the statutes say the funding is to be used for new and innovative ideas, which are by nature a higher risk investment. He pointed out that the program as a whole funds a marketing

position in the department. **SEN. KEATING** suggested the department provide for its requested auditor position through contracted services and **Mr. Giacometto** felt this could be done. **SEN. JACOBSON** submitted that whether the position was being funded through contracted services or as an FTE would not change the fact that the state was paying for the position.

**Tape No. 2:B:000**

**Mr. Lloyd** spoke on the subject of the executive's requesting money for additional contracted services in lieu of hiring FTE. The federal government would consider the person a state employee if the (contracted) person worked alongside state employees, if the state provided the equipment, office space, and etc. for the person, if the department set work time during which the person had to be present in a state office and if the department provided direct supervision of that person. If any one of the above conditions was met the person would be considered a state employee. **Mr. Giacometto** said the department would have to pay almost three times the cost for the position if the person had to be a certified public accountant as well as "crawling in grain bins and shoveling grain around."

**REP. WISEMAN** wanted to know what the relationship was between the Growth Through Agriculture Council and the Montana Science and Technology Alliance regarding funding. **Mr. Giacometto** said there was a unifying effort in that the director of the Department of Commerce was a member of the Growth Through Agriculture Council board. The Council's function is geared more towards start-up funding activities than the Science and Technology Alliance is.

**Mr. Christianson** then provided a definition for professional societies. They are "anyone that the Council contracts with that isn't a university." Dues to professional societies are not considered grants. They provide funding for several companies that do work in wheat and barley, and these companies are classified as professional societies. In addition, their transportation contractor is a professional society as well as the Wheathearts Association and numerous other organizations.

**EXHIBIT 4.**

In response to **REP. WISEMAN**, **Mr. Christianson** said that their export trade enhancement program helps educate governments new to the process about grain standards, about how to use Montana grain, how to use new technologies and how to use international credit. He submitted if the program had not been successful the farmers would not be supporting it like they are. He said just one boatload of grain sold per year provides the department with its return on checkoff dollars.

**Mr. George Paul**, Executive Director of the Montana Farmers Union, then testified. He clarified that the Wheat and Barley Committee assessment was not a sales tax. He rose in support of the work of the Wheat and Barley Committee, adding that the farmers on their own could not duplicate its function. In addition the

merchandisers would not provide the educational work overseas or the research on production. Regarding the proposed grain sub-lab, he submitted there is a lot of business in eastern Montana that leaves the state and if a sub-lab were located there it would not only benefit the producers but in the long run would benefit the communities where the producers live.

In response to **SEN. KEATING**, **Mr. Giacometto** said there are several major flour mills in the state. In addition, what would become the largest grain processing facility in the world is being planned for Great Falls: an ethanol plant. There is also an ethanol plant in Ringling. Since financial issues are no longer the sole factors governing the influx of businesses into the state, Montana is beginning to see more new plants and facilities. In order to educate the producers and provide incentive for growth of the state's manufacturing and processing economy, the tax system and the state's laws need to be examined as well as looking at helping existing businesses with marketing. Also, the people of Montana need to be convinced to buy Montana products.

Discussion then took place regarding problems with the protein tester in the State Grain Lab. **Mr. Giacometto** said the new machine which the federal government required has been reprogrammed and is now producing much more uniform results. However, the Federal Grain Inspection Service (FGIS) updates their grain tests on a weekly basis and sends out samples to labs all over the country as a means of standardizing measurements. Therefore, the calculations are constantly changing. **Mr. Al Williams**, head of the State Grain Lab, said everyone would like protein measurements to be absolute, but because the kernels in a sample by nature have varying protein contents this is not possible.



ADJOURNMENT

Adjournment: The meeting adjourned at 11:04 a.m.

  
\_\_\_\_\_  
ROGER DEBRUYCKER, Chairman

  
\_\_\_\_\_  
DEBBIE ROSTOCKI, Secretary

RD/dr

The meeting was recorded on two 90-minute audiocassette tapes.

# NATURAL RESOURCES

## Joint Appropriations Subcommittee

ROLL CALL

DATE 1/10/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Roger DeBruycker, Chairman	✓		
Rep. John Johnson	✓		
Rep. Bill Wiseman	✓		
Sen. Judy Jacobson	✓		
Sen. Loren Jenkins	✓		
Sen. Tom Keating, Vice Chairman	✓		

## Natural Resources Subcommittee Questions on Revenue

January 10, 1995

1. How much does agriculture contribute in taxes to general fund revenue?

Based on calendar 1993 data, net income from agriculture was approximately \$6 million compared with a statewide total of approximately \$7 billion. Because of the low net income, agriculture contributes relatively little of income tax revenue. However, what this does not measure (and which is very difficult to estimate) is the residual impact from secondary industries supported by agriculture that also pay taxes on their net income.

2. What are driving the revenue estimates for RIGWAT proceeds?

The very slight increase in RIGWAT proceeds from fiscal 1995 is due to an expected slight price increase in coal and natural gas (primarily coal). Production is expected to be relatively constant.



MARC RACICOT  
GOVERNOR

**MONTANA**  
**DEPARTMENT OF AGRICULTURE**

OFFICE OF THE DIRECTOR  
AGRICULTURE/LIVESTOCK BLDG.  
PO BOX 200201  
HELENA, MONTANA 59620-0201

LEO A. GIACOMETTO  
DIRECTOR  
(406) 444-3144

FAX (406) 444-5409

Tuesday, January 10, 1995  
Joint Natural Resources Subcommittee  
Appropriations - Finance & Claims Committee  
House Bill 2  
Department of Agriculture

Chairman DeBruycker, members of the committee, for the record I am Leo Giacometto, Director of the Montana Department of Agriculture. I would like to introduce my staff:

Ralph Peck, Administrator, Agricultural Development Division  
Lee Boyer, Bureau Chief, Rural Development Bureau  
Al Williams, Bureau Chief, State Grain Laboratory  
Jim Christianson, Bureau Chief, Wheat & Barley Bureau

Sandra Kuchenbrod, Administrator, Central Management Division

Gary Gingery, Administrator, Agricultural Sciences Division is in Billings today because of a prior commitment, but will present his Division's testimony tomorrow morning.

Also present today are:

Fred Elling, Chairman, Wheat & Barley Committee  
Larry Barber, Wheat and Barley Committee Member  
Lanny Christman - Wheat and Barley Committee Member  
Larry Johnson - Agricultural Development Council, Chairman  
- Ag In Montana Schools

The Department of Agriculture, is established by Article XII, Section 1 of the Montana Constitution to encourage and promote the interests of agriculture and allied industries in Montana. The Department consists of three divisions of which you will deal with in your deliberations.

Representative Zook and Senator Aklestad have requested that we look at our budget request using FY '94 actual expenditures as a base. The department under present law, without new proposals, has requested \$48,000 less than the '94 base. If we took into account additional salary and benefit increases, inflation and fixed costs of \$594,226 we would be \$642,226 below the base.

No fee increases are proposed. The department is 82% self supported through existing user fees. Of the total biennial appropriation for the department, 6% is funded from the state general fund. The department requested less general fund than was used in the '94 base. However, due to the mandated audit fees there is a slight increase in general fund.

Page 2

January 10, 1995

Joint Natural Resources Subcommittee

For the committee's information there are two department issues which I would like to bring to your attention:

FIRST ISSUE:

Included as a New Proposal, which is a response to a request for better grain services to the agricultural industry, is a request for a sub-laboratory located in eastern Montana. Ralph Peck will provide you with information on this sub-laboratory in order for you to evaluate the proposal.

SECOND ISSUE:

Tomorrow during the Agricultural Sciences Division presentation, agricultural interest groups may be discussing with you, the need for an additional grain auditor.

The department currently licenses 210 commodity dealers and 92 public warehouse facilities. In the past six years the department resolved 13 grain company bankruptcies and liquidations. These resulted in payments to producers ranging from 28% to 100% of their claims. Failure of the companies resulted from poor management, sale of warehouse receipted grain before the producers were paid, embezzlement of company funds, and management using company funds for personal reasons. In most cases considerable losses have been absorbed by grain producers and warehouse receipt holders. To prevent grain company closures or economic losses to producers the addition of another auditor position would allow the department to audit licensed commodity dealers and public warehousemen.

In order for the department to meet its statutory obligations of licensing feed lots buying grain, if the feed lot operator purchases over \$30,000 of grain per year, an additional auditor is necessary. The legislature may wish to consider providing the resources to perform this function, or if the resources are not provided, we would request that feed lots be exempted from the grain law.

Thank you for this opportunity to address the committee and now I'll turn it over to Ralph Peck, as we address the Agricultural Development Division.

# **HOUSE APPROPRIATIONS NATURAL RESOURCES SUB-COMMITTEE**

## **Testimony of Larry Johnson**

Mr. Chairman, members of the Committee:

For the record, I am Larry Johnson, chairman of the Agriculture Development Council which oversees the Montana Growth Through Agriculture Program administered by the Montana Department of Agriculture. I have had the opportunity to review the Legislative Fiscal Analyst's report on Growth Through Agriculture.

The Legislative Fiscal Analyst report has indicated that the program should be reviewed to establish if the benefits justify the costs of Growth Through Agriculture. The program has been managed frugally to meet the objective of creating an economic return to the State of Montana.

Montana Growth Through Agriculture was established to

create jobs and expand agricultural business opportunities. This program is reaching these goals by promoting private-public sector partnerships and assisting in the development and commercialization of agricultural products and operations.

We have monitored the investments the council has made and conservatively estimate Growth Through Agriculture has had a positive economic impact of \$34.1 million on an investment of \$3.3 million, resulting in employment of 65 people. Not only does this program provide venture capital to generate jobs and support small businesses, but it allows productive people and companies to provide a living for their families. Often, without Growth Through Agriculture, many of the businesses would not be in existence today. One participant, Nurture, Inc., has written the department concerning the significant effect of Growth Through Agriculture on the success of their business. Nurture, as well as other Growth Through Agriculture funding recipients, have offered to provide testimony in support of

the economic benefits of the program if the committee so desires.

This program definitely provides the market stimulus that it was created to generate and is instrumental in providing economic agricultural growth in Montana. I urge this committee, to accept the budget proposals for the Growth Through Agriculture Program so it can continue to provide excellent support to Montana's agricultural community.



February 1, 1994

Montana Agricultural Development Council  
Department of Agriculture  
P.O. Box 200201  
Helena, MT 59620-0201

Dear Members of the Council:

I would like to take this opportunity to describe the benefits your Seed Capital Loan Program has had for our company.

We obtained a loan of \$50,000 under this program in November 1990. At the time, we were strapped for cash—and it is not an exaggeration to say that this timely infusion of funding rescued the company. Since then, we have been able to make substantial progress on a number of fronts.

Late last year, we began operating our oat-processing facility in Missoula, and sales of our *Nurture*® materials are beginning to materialize. We are now organizing our third year of contract oat growing, a program which has benefited a number of Montana farmers. We are expanding rapidly and now have thirty employees; we expect fifty by year-end. In order to accommodate this growth, we recently moved to new laboratory and office facilities adjacent to our plant. On the financial front, we were successful in raising \$8.6 million in new equity capital last year through a private sale of preferred stock. The investors in this round were all institutional in nature, including some of the most respected and sophisticated firms in venture capital and investment banking.

One of our most interesting projects has been a collaborative effort with Monsanto wherein *Nurture* is being developed as a more efficient (and biodegradable) carrier for agricultural chemicals. When these formulations are commercialized, they will provide a number of benefits for farmers worldwide—and, fittingly, *Nurture* will have come full circle and be returned to the fields from which it originated.

We have a great deal more work to do to become firmly established as a profitable operating company, but we like to think we're on the right track. Keep in mind, though, that none of these good things would have come to pass had it not been for your foresight and favorable judgment in agreeing to make that critical loan in 1990. I certainly hope that this loan program will continue to be maintained so that other companies like ours have a fighting chance to get off the ground. Thanks very much to all of you—from all of us here at the Green Chemistry Company.

Sincerely,



Richard C. Potter, Ph.D.  
President & Chief Operating Officer

Fiscal Year	Grant Number	Grant or Loan	Amount	On-Going Yes/No	Economic Impact 1994	Jobs Created	Matching Funds	Estimated Total Economic Impact
1993	#93512351	NMC/Northern Tractor Resource Center	\$11,000	Yes	See Narrative		\$12,500	\$23,500
1993	#93512352	Montana Garlic Project	\$10,000	Yes	\$10,000		\$20,750	\$45,750
1993	925123301	Montana Department of Agriculture	\$110,431	Yes		1 FTE		\$110,431
1993		Montana Department of Commerce	\$150,000	Yes				\$150,000
1993	#93512353	Aquaculture Seminar	\$1,750	No			\$4,440	\$6,190
1993	#93512354	Ethanol Producers and Consumers	\$2,400	Yes			\$7,125	\$9,525
1993	#93512355	Richland County/Floriculture Seminar	\$1,400	Yes	\$15,000		\$1,600	\$18,000
1993	#93512356	Meadowlark Grain Company	\$5,000	Yes	\$50,000	1 FTE	\$301,700	\$356,700
		<b>1993 TOTAL GRANTS</b>	<b>\$291,981</b>		<b>\$75,000</b>	<b>2 FTE</b>	<b>\$348,115</b>	<b>\$720,096</b>
1994	#9450201	Eastern Plains RC & D/Crop Diver.	\$8,820	Yes	\$4,800	2 PTE	\$13,850	\$28,270
1994	#9450202	Flathead Lake Cherry Growers	\$5,056	No			\$17,796	\$22,852
1994	#9450203	Market Montana	\$15,621	Yes			\$16,000	\$31,621
1994	#9450204	MSU Lincoln County Extension Office	\$600	No			\$960	\$1,560
1994		Montana Department of Agriculture	\$139,710	Yes		1 FTE		\$139,710
1994		Montana Department of Commerce	\$90,000	Yes				\$90,000
		<b>1994 TOTAL GRANTS</b>	<b>\$259,807</b>		<b>\$4,800</b>	<b>1 FTE/2 PTE</b>	<b>\$48,606</b>	<b>\$314,013</b>
1995	#9550201	Garden City Seeds	\$5,000	Yes			\$31,160	\$36,160
1995	#9550202	Centennial Foods, Inc./Beta Glucan Fiber Bar	\$6,500	Yes			\$9,601	\$16,101
1995	#9550203	Genie's Kitchen - Eastern MT Food Mktg Group	\$5,000	Yes			\$5,000	\$10,000
1995	#955204	MSU/Northern - Tractor Efficiency Clinics	\$5,686.50	Yes			\$6,040	\$11,727
1995	#955205	MDOA/Dynamic - Diverse	\$12,000	Yes			\$12,000	\$24,000
1995		Montana Department of Agriculture	\$139,240	Yes		1 FTE		\$139,240
1995		Montana Department of Commerce	\$90,000	Yes				\$90,000
		<b>1995 TOTAL GRANTS</b>	<b>\$263,427</b>			<b>1 FTE</b>	<b>\$63,801</b>	<b>\$327,228</b>
		<b>GRAND TOTALS FOR GRANT SECTION</b>	<b>\$2,483,549</b>		<b>\$1,260,800</b>	<b>17-18 FTE/7 PTE/16 Seas</b>	<b>\$1,581,595</b>	<b>\$6,799,824</b>

Fiscal Year	Loan Number	Grant or Loan	Amount	On-Going Yes/No	Economic Impact 1994	Jobs Created	Fixed Asset Investment	Estimated Total Economic Impact
		<b>LOANS</b>						
1990	#9050001	Agrobotics, Inc.	\$50,000	Yes	\$20,000		\$120,000	\$470,000
1990	#9050002	Big Sky Cheese and Dairy, Inc.	\$50,000	Yes	\$28,000	1 FTE/1 PTE	\$135,000	\$410,000
1990	#9050003	Firehill Farms, Inc.	\$50,000	No	See Narrative			
1990		Big Sky Foods, Inc.	\$50,000	No	See Narrative			
1990	#10070003	Centennial Foods, Inc.	\$50,000	Yes	\$1,200,000	17 FTE	\$3,000,000	\$6,000,000
1991	#9150006	Nurture, Inc. (Basic Bio Systems, Inc.)	\$50,000	Yes	\$4,000,000	24 FTE/1 PTE	\$8,000,000	\$24,050,000
1991	#9151233001	Stonehouse Corporation	\$50,000	Yes	\$15,000	3 PTE on contract	\$350,000	\$795,000
1991	#9691512330209	Big Sky Spuds, Inc.	\$50,000	No	See Narrative			
1991		Montana Turgrass Technologies, Inc.	\$13,000	No	\$16,000	2 Seasonal	\$70,000	\$189,000
1992		Thunderbird Buckskin and Leather	\$50,000	No	See Narrative			
1992	#92512331	Positive Systems, Inc.	\$50,000	Yes	\$450,000	8 FTE	\$480,000	\$1,960,000
1992	#95925123309	RDM Enterprises	\$6,200	Yes	\$46,000	1 FTE/1 PTE/5-7 Seas.	\$40,000	\$192,200
		<b>GRAND TOTAL OF LOANS - 1995</b>	<b>\$519,200</b>		<b>\$5,785,000</b>	<b>51 FTE/6 PTE/7-9 Seas.</b>	<b>\$12,195,000</b>	<b>\$34,066,200</b>

## GROWTH THROUGH AGRICULTURE PROGRAM

Fiscal Year	Grant Number	Grant or Loan	Amount	On-Going Yes/No	Economic Impact 1994	Jobs Created	Matching Funds	Estimated Total Economic Impact
1989	#895001	Northern Express	\$46,350	Yes			\$58,200	\$134,550
1989	#895002	G.R.I. AgriTech	\$20,000	Yes	\$10,000		\$126,000	\$146,000
1989	#895003	Butte Local Dev. Corp.	\$20,000	No			\$28,666	\$48,666
1989	#895004	Winter Marketing Seminar	\$3,700	No			\$11,438	\$15,138
1989	#895005	Montana Flour/Grain/Kamut	\$4,750	Yes	\$60,000	3 to 4 FTE	\$5,348	\$185,098
1989	#895006	Amaranth/Schaeffer/MSU	\$20,000	No	See Narrative		\$54,829	\$74,829
1989	#895007	Montana Hard White Wheat	\$10,000	Yes	\$45,000		\$74,338	\$84,338
1989	#895008	Montana Alfalfa Protein	\$25,000	Yes			\$115,890	\$265,890
1989	#895009	Ag In MT Schools	\$8,000	No			\$30,770	\$39,770
1989	#8950010	MAGPI/Quality Hay Assoc.	\$15,000	Yes			\$24,200	\$39,200
1989	#8950011	Barngrover/Mktg Svcs for Import Sub.	\$12,000	Yes	\$250,000		\$18,080	\$448,160
1989	#8950012	Great Northern Botanicals	\$16,000	Yes	\$30,000		\$19,389	\$115,389
1989	#8950013	Schweitzer/Pride of MT/Sheep & Wool	\$2,500	Yes			\$3,000	\$5,500
1989	#8950014	Headwater FIC & D/Incubator	\$55,926	No			\$195,030	\$250,956
1989		Montana Department of Agriculture	\$122,151	Yes		1 FTE		\$122,151
1989		Montana Department of Commerce	\$150,000					\$150,000
<b>1989 TOTAL GRANTS</b>			<b>\$531,377</b>		<b>\$395,000</b>	<b>4 to 5 FTE</b>	<b>\$757,178</b>	<b>\$2,116,635</b>
1990	#9050001	Glendive Chamber/Paddlefish Caviar	\$21,300	Yes	\$500,000	9 Seas.	\$21,300	\$1,292,600
1990	#9050002	MSU/Dept. of Plant Pathology	\$20,100	Yes			\$24,600	\$44,700
1990	#9050003	Cream of the West	\$15,000	Yes	\$175,000	4 FTE/4 PTE	\$15,000	\$380,000
1990	#9050004	Montana AgriTech	\$7,500	No			\$7,500	\$15,000
1990	#8950015	Montana Department of Agriculture	\$134,579	Yes		1 FTE		\$134,579
1990		Montana Department of Commerce	\$150,000	Yes				\$150,000
<b>1990 TOTAL GRANTS</b>			<b>\$348,479</b>		<b>\$675,000</b>	<b>5 FTE/4 PTE/9 Seas.</b>	<b>\$68,400</b>	<b>\$2,016,879</b>
1991	#9150001	MT Grain Growers/MT Ag Photo Library	\$3,370	No			\$4,400	\$7,770
1991	#9150002	MT Christmas Trees Association	\$5,000	Yes			\$5,000	\$10,000
1991	#9150003	D O of Plant & Soil/Mapping Malting Barley	\$1,240	Yes			\$3,570	\$4,810
1991	#9150004	D O of Plant & Soil/Barley Cereal Grain	\$20,000	Yes			\$38,622	\$58,622
1991	#9150005	MSU College of Agriculture	\$20,000	Yes	See Narrative		\$42,658	\$62,658
1991	#9150006	Micro - Farm	\$5,000	Yes			\$82,882	\$87,882
1991	#9150007	MSU College of Business/International Trade Profile	\$10,000	Yes			\$10,000	\$20,000
1991	#9150008	Dept. of Commerce/International Affairs Officer	\$40,000	No		2 FTE		\$40,000
1991	#9150008-1	MSU/Southern Ag. Research Ctr/Soybeans in Montana	\$7,310	Yes	See Narrative		\$7,030	\$14,340
1991	#9150009	MT Amber/Safflower Oil Processing Plant - Soybeans	\$5,750	Yes	\$7.00 per ton		\$11,500	\$11,500
1991	#9150010	Roosevelt County Moisture Management Program	\$7,000	Yes			\$7,600	\$14,600
1991	#9150011	FDM Enterpriz/Snoked Whitefish Plant	\$3,900	Yes	\$46,000	7 Seasonal	\$3,903.12	\$107,803.12
1991	#9150012	Dept. of Animal and Range Science	\$10,720	Yes	\$50,000		\$16,780	\$127,500.00
1991	#9150013	MT Potato Improvement Association	\$25,000	Yes	See Narrative		\$28,600	\$53,600
1991	#9150014	MT Mint Growers Association	\$15,000	Yes	\$15,000	1 PTE	\$15,000	\$60,000
1991	#8950015	Montana Department of Agriculture	\$104,000	Yes		1 FTE		\$104,000
1991		Montana Department of Commerce	\$150,000	Yes				\$150,000
<b>1991 TOTAL GRANTS</b>			<b>\$438,290</b>		<b>\$111,000</b>	<b>3 FTE/1 PTE/7 Seas.</b>	<b>\$271,795.12</b>	<b>\$935,085.12</b>
1992	#92512002	Park Conv. Dis./Miranda Yellow Feed Pea	\$4,000	Yes			\$7,700	\$7,700
1992	#92512003	MT Stockgrowers Assoc. Research/Ed	\$5,000	Yes			\$16,000	\$16,000
1992	#925123301	Montana Department of Agriculture	\$196,188	Yes		1 FTE		\$196,188
1992		Montana Department of Commerce	\$150,000	Yes				\$150,000
<b>1992 TOTAL GRANTS</b>			<b>\$355,188</b>		<b>\$0</b>	<b>1 FTE</b>	<b>\$23,700</b>	<b>\$369,888</b>

Nat Res Subcomm.

1/10/95

EXH 4

MONTANA GROWTH THROUGH AGRICULTURE PROGRAM

FY '89 Grants

EXHIBIT 4

DATE 1-10-95

Grant #8950001 - Northern Express Transportation Authority (NETA)  
Amount: \$46,350.00 Completed

The Northern Express Transportation Authority (NETA) was awarded \$46,350 to explore containerizing options for preserving Montana product identity when shipping hay, barley, and wheat to export markets. NETA will cooperate with high tech agri-terminals to lower the landed cargo costs of Montana's agricultural products. NETA will also explore the feasibility of building a volume drying facility in Toole County which would utilize inexpensive natural gas to further reduce hay cube processing costs. NETA successfully completed this study and is working to establish a hay compressing and export center in Shelby.

1994-currently there are five companies that have benefitted directly or indirectly from NETA's promotion of transportation services in Montana. These businesses are currently handling commodities such as animal feed ingredients, grains, traction sand, fertilizers, fiber board, and furniture. NETA feels that this grant was very instrumental in the development of their transportation facility.

Grant #8950002 - G.R.I. AgriTech  
Amount: \$20,000.00 Completed

GRI-AgriTech was awarded \$20,000 to develop an animal temperature monitoring device to assist Montana ranchers in disease and ovulation detection. The development of the monitoring device was successfully completed and is currently being marketed on a national basis.

1994-AgriTech is producing the device for use in the livestock research field. Have had very limited success in the commercial livestock area, however, they still have aspirations that in the future, commercial livestock producers will find it a very valuable management tool.

Grant #8950003 - Butte Local Development Corporation  
Amount: \$20,000.00 Completed

Butte Local Development Corporation was awarded \$20,000 to study the feasibility of establishing a Semolina/Pasta industry in Montana. Processing durum wheat in Montana to a Semolina or pasta form would add value to our raw materials before shipment out of state. BLDC successfully completed this research and is in the process of recruiting prospective pasta manufacturers to invest in a semolina/pasta plant in the Butte area.

1994-Have not had any success in recruiting any processors or manufacturers into Montana to process durum wheat. They still have hopes that in the future there will be that possibility but presently feel that Montana's property tax structure is an impediment to finding anyone to come into the state and build a facility to process semolina or pasta.

Grant #8950004 - Hill County Extension/Winter Marketing Seminar  
Amount: \$ 3,700.00 Completed

Hill County Extension Service was awarded \$3,750 to produce a winter marketing seminar. This marketing seminar was held February 8th and 9th in Havre, successfully introducing agricultural marketing concepts to the agricultural community in the golden triangle area.

Grant #8950005 - Montana Flour & Grain/Kamut  
Amount: \$ 4,750.00 Completed

Montana Wheat & Flour Inc. was awarded \$4,750 to secure a plant variety certificate for the grain Kamut. The plant variety certificate was obtained in November of 1989 and secures for Montana producers the availability of this variety of Polish winter wheat.

1994-Kamut is over one-third of their total business at this time. Approximately 15 local farmers are raising Kamut for Montana flour and receive \$7.00 per bushel for their product. They have contracted 3-4000 acres of Kamut for 1995 and anticipate increased growth annually.

They recently shipped an container of Kamut to South Korea and hope to ship approximately one million pounds in 1995. Three to four jobs have been created due to the increased business at their plant.

Grant #8950006 - Amaranth / Dr. Jurgen Schaeffer/MSU  
Amount:\$20,000.00 Completed

The department of Plant and Soil Sciences was awarded \$20,000 for the development of a marketing and production plan for the grain Amaranth. Markets for Amaranth are rapidly expanding in Japan. Montana producers have the opportunity to be among the first to penetrate this market. Dr. Schaeffer has completed this research and has established communication with the TOSCH corporation for potential contracts for the production of Amaranth.

Grant #8950007 - MSU/Montana Hard White Wheat  
Amount:\$10,000.00 Completed

Dr. Allen Taylor of the MSU Dept. of Plant & Soil Science was awarded \$10,000 to explore the market potential for hard white winter wheat. Dr. Taylor completed his research and found potential markets for hard white wheat both domestic and international. Dr. Taylor has subsequently accepted a position in Morocco, one of the largest export markets for hard white wheat.

1994-7811 hard white wheat has been released by exclusive release agreement with Western Plant Breeders of Bozeman. Western has 500 bushels of seed available and has that contracted out to grown as seed for the 1996 crop when the anticipated seeding will be in the 1000's of acres. Montana hopes to market their hard white wheat in conjunction with the Kansas Hard White Wheat Group. Hard white wheat has good potential for the pasta market.

Grant #8950008 - Wayne E. Bromenshenk / Alfalfa Protein  
Amount:\$25,000.00 Completed

The Montana Alfalfa Agricultural Marketing Association was awarded \$25,000 for an education program for the production of high protein alfalfa. This educational program was completed in April of 1990 and led to the formation of the Greengold marketing cooperative.

1994-Mr. Bromenshank's customer base has increased each year since this study was completed. Since his base has increased, so has his customers gross income increased approximately 30%. His customers receive a higher price for the product because hay cubes are better quality hay and maintain their quality longer. Greengold's next project is to penetrate the Florida horse market with a high quality Montana hay cube. They have developed a marketing approach for bulk cubes at a lower consumer cost but still will have the ease of consumer packaging. Hope to proceed with this concept in the near future.

Grant #8950009 - Agriculture in Montana Schools/MT Agricultural Awareness Video  
Amount:\$ 8,000.00 Completed

Agriculture in Montana's Schools Inc. was awarded \$8,000 to produce a videotape on Montana's agricultural industry for the public school system. This videotape was completed and has been distributed to Montana's public schools and has been incorporated in the Agriculture in Montana's Schools curriculum. Because of the video's success, three additional videos will be produced (funded by industry contributions) on various aspects of the agricultural industry.

Grant #8950010 - Montana Agricultural Producers Inc. (MAGPI) Quality Hay Association  
Amount:\$15,000.00 Completed

The Montana Agricultural Producers Inc. was awarded \$15,000 to expand the state's weed free and quality hay association. MAGPI and the Missouri River Agricultural Marketing Association have worked to develop a state wide hay association. Their efforts have resulted in the development of new markets for Montana's alfalfa hay. Premiums of \$10 - \$25 a ton have been established for dairy quality alfalfa. Work continues in the effort to expand the production of high quality alfalfa.

1994-A direct result of this project was the establishment of the Montana Weed Free Hay program. Farmers and ranchers who provide certified weed free hay receive a 10% premium for their product. There is still an effort to establish a state wide hay marketing association.

Grant #8950011 - Jim Barngrover/Marketing services for Import Substitution  
Amount:\$12,000.00 Completed

Farm to Market Inc. was awarded \$12,000 to develop and test a brokerage model for a producer marketing service. This has resulted in the formation of an organic commodity brokerage firm to serve the needs of this segment of Montana's agricultural industry.

1994-As a result of this study, Mr. Barngrover has become self-employed. Has increased his gross sales volume from \$25,000 to nearly \$400,000 this year. Most of the producers that Mr. Barngrover deals with have changed some or all of their production from traditional methods to organic. As a result, Mr. Barngrover feels these individuals receive a premium for the products. Mr. Barngrover also markets the Kabocha squash to Japan, This year they shipped 32 semi-loads of squash. Mr. Barngrover feels that the grant was the basis for squash production and the increase in organic producers.

Grant #8950012 - Great Northern Botanicals Association (GNBA) /  
Alternative Crops product & market development  
Amount:\$16,000.00 Completed

The Great Northern Botanicals Association was awarded \$16,000 for technical and marketing assistance for herb and specialty crop producers. The herb market has been largely untapped by Montana producers. This organization provides a vehicle to organize interested producers to enter the market. The GNBA has now progressed to the stage of economic viability in the herb market.

1994-Association is still functioning with its primary success being its grower, broker, and market development. Many growers have shifted from hobby to commercial scale production of their herbs as a result of the Association ties. Many of these growers are seeing gross sales in the 30-60,000 range for one herb only.

Grant #8950013 - Sue Schweitzer/Pride of Mt. Sheep & Wool Festival  
Amount:\$2,500.00 Completed

The Pride of Montana Sheep and Wool Festival, a centennial event, was awarded \$2,500. This centennial event celebrated Montana's rich history of sheep and wool production. The event has subsequently been continued in conjunction with the Gallatin County Fair and tied to one of the major sheep breed's show.

Grant #8950014 - Headwater RC & D/Incubator  
Amount:\$55,926.00 Completed

Headwaters Resource Conservation and Development was awarded \$55,926 for an agri-business incubator to serve a 7 county region from a headquarters in Dillon. The incubator was to provide one-on-one technical business assistance in the general areas of business planning, financing, marketing, and operations to new and existing agriculturally related business owners. The agri-business incubator was in Dillon and functioned sporadically for the period of one year. The concept of an incubator proved to be an ineffective method of providing the services described in the grant application. After discussion with the Headwaters RC&D they decided to terminate this program.

Grant #8950015 - Montana Department of Agriculture  
Amount:\$122,151 Completed

The Montana Dept. of Agriculture was authorized to expend \$122,151 during FY 90 and FY 91 to fulfill the requirements of the Montana Growth Through Agriculture statute. Program activities have included: the hiring of an international marketing specialist, to enable the department to provide professional assistance to those developing both domestic markets and export sales, cost sharing for foreign trade missions as provided for by statute, the Tastes of the Treasure State and other value added food promotion, participation in the Western United States Agriculture Trade Association (allows Montana to access Targeted Export

Assistance funds from the USDA), respond to emergency rail car shortage issues, maintain the Agricultural Marketing Bulletin Board, and generally continue to work to identify opportunities to add value to raw products, identify alternative crops and develop or enhance markets for agricultural products.

#### FY '90 Grants

Grant #9050001 - Glendive Area Chamber of Commerce/Paddlefish Caviar Project

Amount:\$21,300.00 Completed

The Glendive Area Chamber of Commerce was awarded \$21,300 to collect paddlefish roe from fishermen on the Yellowstone river for sale as caviar. The chamber signed a contract with TempoTech Inc. for the sale of this roe at \$30 per pound. This resulted in \$108,240 of revenue which is shared equally between the Dept. of Fish, Wildlife and Parks (for paddlefish fishery improvements) and a five member council for allocation to cultural, historical, economic and recreational projects in Eastern Montana.

1994-9 seasonal positions are provided by this project annually. The sale of caviar for 1994 reached nearly \$500,000 which was purchased by out of state processors. The income is split evenly with the Glendive Area Chamber of Commerce and the Montana Department of Fish, Wildlife, and Parks. Fish and Game have used the funds for paddlefish research and fishing site access improvements in the Glendive area. The Chamber has used the funds for cultural, recreational, and historical projects in the eastern Montana area which includes other municipalities besides Glendive. Chamber has no way of measuring the economic impact of these projects other than the fact that many of these projects would never have been done and the response in those surrounding communities has been very positive for community growth.

Grant #9050002 - MSU / Department of Plant Pathology VAL-AD / Dr. Jack Riesselman

Amount:\$20,100.00 Completed

The Department of Plant Pathology was awarded \$20,100 to develop the hay preservative "VAL-AD", a product which would increase the level of the essential amino acid methionine in alfalfa as well as increase leaf retention during processing and allow a greater flexibility in processing at higher moisture levels.

1994-Only used \$12,877.65 of the funds for this project. Have not commercialized the product at this point in time due to the resistance of companies to sign a due diligence clause with the developers. Also, no one wants to produce the product in the State of Montana. Product is effective in the preservation of hay. They are now working to develop the product for the Middle East because of its rainy harvest season. Will continue to pursue the commercialization of the product.

Grant #9050003 - Cream of the West

Amount:\$15,000.00 Completed

Cream of the West Inc. was awarded \$15,000 for the development of a new product line and to conduct research on entry into the Canadian market.

1994-Grant was the basis for developing Cream of the West's seven grain cereal which is now 25% of their gross sales. Gross sales of the seven grain cereal for 1994 is estimated at \$175,000. The company personnel has grown from 2 owners in 1990 to four full time and four part time employees as well as the owners participation.

Grant #9050004 - Montana Agritech

Amount:\$ 7,500.00 Completed

The World Trade Center in Great Falls was awarded \$7,500 to participate in and disseminate information gathered for a trade mission to the AgriTech exposition in Tel Aviv, Israel.

FY 91 Grants

Grant #9150001 - MT Grain Growers Association/Montana Agricultural Photo Library  
Amount:\$ 3,370.00 Completed

The Montana Grain Growers Association was awarded \$3,370 for the development of an agricultural film library. This library establishes a resource center for use in the promotion of the agricultural industry. Photographs in this library will represent a wide range of agricultural production, processing and marketing. No such resource currently exists.

Grant #9150002 - MT Christmas Trees Association/Christmas Tree Marketing Program  
Amount:\$ 5,000.00 Completed

The Montana Christmas Tree Growers Association was awarded \$5,000 for a market development campaign in Canada and the Intermountain west. Because of the glut of Christmas trees produced on the west coast, traditional markets for Montana's Christmas trees are being eroded. An aggressive marketing campaign is needed to maintain and expand Montana's share of this market. Montana trees have a competitive advantage selling into the Albertan market due to the trees ability to retain needles after exposure to below zero temperatures.

Grant #9150003 - MSU/Dept. of Plant & Soil Science/Mapping Malting Barley Production  
Amount:\$ 1,240.00 Completed

The MSU Dept. of Plant & Soil Science was awarded \$1,240 to Map the potential malt barley production areas in Montana.

Grant #9150004 - MSU/Dept. of Plant & Soil Science/Barley Cereal Grain of the 90's  
Amount:\$20,000.00 Completed

The MSU Dept. of Plant & Soil Science was awarded \$20,000 to develop and implement a promotional campaign for waxy hulless barley. Waxy hulless barley (developed by MSU) has shown properties which lower serum blood cholesterol in much the same manner as oat bran.

1994-Dr. Rosemary Newman feels that this project increased the awareness of the benefits of barley as a cereal grain. She felt that the increased use of barley in the multi grain cereals was a result of this project. There also seems to be movement toward more and more uses of barley as a foodstuff. Dr. Newman has worked closely with Centennial Foods of Dillon and feels strongly that this project was integral in the development of the Centennial Foods Project.

Grant #9150005 - MSU College of Agriculture/Marketing Agricultural Careers to High School Students and Educators  
Amount:\$20,000.00 Completed

The MSU, College of Agriculture, was awarded \$20,000 to market educational and career opportunities in the agricultural sciences to high school students in Montana. Students, career counselors, administrators, and teachers have an inadequate perception of careers and disciplines available in the agricultural industry. The viability and health of Montana's agricultural future rests with the quality of students which can be attracted to the agricultural sector, this project is designed to make students aware of the opportunities and careers in agriculture. This grant was instrumental in increasing the enrollment in the College of Agriculture at MSU in recent years.

Grant #9150006 - MICRO-FARM  
Amount:\$ 5,000.00 Completed

The MICRO-FARM a computer network of commercial rabbit growers was awarded \$5,000 for the development and implementation of a electronic bulletin board of production, processing, and marketing information.



Grant #9150007 - MSU College of Business /International Trade Profile, Phase 2  
Amount:\$10,000.00 Completed

The MSU, College of Business was awarded a \$10,000 grant to develop a profile of Montana businesses already engaged in international trade. The ITP will provide information on the present status of international trade in the state, and subsequent surveys will monitor the effectiveness of development plans and efforts. In order to assist businesses with their international trade efforts, Montana have been hampered by a lack of comprehensive information concerning international trade activities and plans in Montana.

Grant #9150008 - Dept. of Commerce/International Affairs Officer  
Amount:\$40,000.00 Completed

The Dept. of Commerce was awarded \$20,000 each year for FY 91 and FY 92 to employ an international affairs officer (attached to the Governor's office) to support and complement the international trade efforts of the Agriculture Development Council. This involves such duties as; hosting, protocol, information exchange, educational/professional/cultural exchange, trade mission and exhibition logistics, public relations and the coordination of interdepartmental projects.

Grant #9150008-1- MSU/Southern Agricultural Research Center/Soybeans In Montana  
Amount:\$7,310.00 Completed

The MSU Southern Agriculture Research Center was awarded \$7,310 to conduct research on the feasibility of producing soybeans as an alternative crop in south eastern Montana.

1994-The viability of supplementing beef cattle feed rations using locally grown soybeans as a protein source was also studied. Given the current market situation, projects such as this are valuable in assisting producers exercise possible marketing options for their feeder cattle such as retained ownership. The test ration using soybean meal gave the second highest return of cost per pound of gain. The potential for soybean production in Montana as a rotation crop appears to be economically comparable or better than feed barley production on irrigated cropland.

Grant #9150009 - MT Amber, Paul Neiman/Safflower Oil Processing Plant  
Amount:\$5,750.00 Completed

\*Montana Amber of Willard was awarded \$5,750 to conduct feasibility/marketing study to determine if a small scale, producer owned, safflower processing plant would be profitable. As a result of this study, a processing plant has been established and is crushing and marketing locally produced safflower as a value added product.

1994-Economic benefits to the local economy include: Montana Amber currently markets the by-product from processing the oil, safflower meal, at \$7.00 per ton to a feed plant in the area. Also, because of the market study, Montana Amber was able to present the local bank with concrete figures and market information to support it's loan application and obtain financing for the business.

Grant #9150010 - "Roosevelt County Moisture Management Program"  
Amount:\$7,000.00 Completed

The Roosevelt County Conservation District was awarded \$7,000 to fund a moisture management program for dryland and irrigated producers. This grant is intended to provide information on irrigation efficiency and help in water management decisions.

1994-Project leaders worked with 32 producers on 104 sites. Due to the extended drought in Eastern Montana, the project was very beneficial to local farmers and has assisted the Roosevelt County Conservation District meet it's goal of providing conservation follow-up.

Grant #9150011 - RDM Enterprize/Smoked Whitefish Processing Plant  
Amount:\$3,900.00 Completed

RDM Enterprize of Kalispell was awarded \$3,900 to conduct a feasibility/marketing study to determine the profitability of a whitefish processing plant in the Flathead valley. This

grant has resulted in the formation of a business which markets whitefish to area restaurants. Due to arrangements made with the Business School at the University of Montana, the project was assigned as a graduate study, and actual grant expenses were reduced to \$582.41.

1994-The study determined that there was a market in regional restaurants, and additional profit could be made from expanding the product line. The Growth Through Agriculture Council made a Seed Capital loan to the company in June 1992 and a processing plant has been established. In addition, 4 new products have been added to the whitefish product line.

Grant #9150012 - MSU Extension Service/Dept. of Animal and Range Science "Improving Quality of Montana Wool"

Amount:\$10,720.00 Completed

The MSU Extension service was awarded \$10,720 to work with producers and wool pools to develop the expertise to grade sheep, class and skirt wool clips, and correctly prepare and package wool to take advantage of premiums associated with foreign wool markets.

1994-As a result of this project, the Individual Grower Program realized a net increase in wool sales of \$68,000.00 for the 1992 marketing season with a projected increase of \$300,000.00 over the next 5 years. The Wool Pool Program realized a net increase in wool sales of \$40,000.00 for 1992 with a projected increase of \$250,000.00 over the next 5 years.

Grant #9150013 - MT Potato Improvement Association/Enhance Montana Potato Program

Amount:\$25,000.00 Completed

The Montana Potato Improvement Association was awarded \$25,000 to develop a transgenic (a lytic peptide gene is isolated from the giant silk worm and transferred to the potato) variety of Russet Burbank potato which would be resistant to potato pathogens. The intended result of this research is a commercially available potato variety resistant to most potato diseases. This variety could be marketed by Montana seed potato producers through out the United States and Canada.

1994-The market analysis portion of the project has yielded the most results to date. A computer program was developed for seed potato producers for record keeping and cost effective calculations for their operations. The growers now have accurate information to base marketing decisions on. They can maximize profits from selling their potatoes at the price needed to do so. 100% of the growers are now using this system.

Grant #9150014 - MT Mint Growers Association/Nitrate Utilization Program

Amount:\$15,000.00 Completed

The Montana Mint Growers Association was awarded \$15,000 to establish a nitrate monitoring laboratory in the Flathead valley. Mint is a nitrogen intensive crop and the laboratory's purpose is to insure nitrogen is used as efficiently as possible, lowering input costs and protecting groundwater from nitrogen runoff.

1994-The lab generated \$11,006.50 income it first year, which was used to fund operations associated with the grant, thus enabling the Mint Growers Association to return \$5,234.71 of unused funds to the Montana Growth Through Agriculture Program. The lab now operates financially on a self-sustaining basis. A total of 35 mint farmers participated (92% of all peppermint farmers in Montana) with samples being submitted from 3 counties. Result of nitrate studies has generated an annual savings to producers of approximately \$24,000 per year in reduced fertilizer costs while increasing yields by 10%. The lab uses 1 part time employee and generates about \$4200 per year.

FY '92 GRANTS

Grant #92512002 - Park Conservation District/Miranda Yellow Feed Pea Demonstration Project

Amount:\$4,000.00 Completed

The Park County Conservation District was awarded \$4,000 to plant and harvest 50 acres of Miranda yellow feed peas which will be fed to hogs as a soybean substitute. This is a

demonstration project for growing Miranda yellow feed peas as a low input cash crop which requires less tillage and returns nitrogen to the soil. A local conservation tillage club was formed to monitor this project.

1994-A local hog feeder purchased the peas for feed and reported that they were of excellent quality. However, it was determined that this variety of peas was not cost effective to grow in the area due to high input costs. A test sample of green peas for human consumption was also planted and harvested and sent to buyers in Idaho and Washington. The buyers reported that the quality was better than peas grown in their respective states and paid a \$.50 premium for the Montana peas. As a result, acreage of green peas has been expanded and they are being marketed on a seasonal basis to markets in Denver and other surrounding states. Another positive outcome of the project was the formation of the Montana Dry Pea and Lentil Growers Association.

Grant #92512003 - MT Stockgrowers Association Research, Education & Endowment Foundation/Montana Beef Assurance Program  
Amount:\$5,000.00 Completed

The Montana Stockgrowers Association was awarded \$5,000 to establish a beef quality assurance program in Montana. The purpose of this project was to address the issue of carcass blemishes (abscesses, lesions, calluses) which result in lower packer and retailer profits which are in turn passed on to producers in the form of lower prices and bill backs. A handbook will be developed describing proper injection techniques and a series of educational meetings and training seminars will be held to address carcass quality issues.

1994-The handbooks were distributed to 15,000 producers with very positive response and are still being widely used. There have been requests from groups such as 4-H clubs for handbooks to distribute to their members. Based on industry figures, approximately \$2.8 million per year is lost to the U.S. beef industry due to trim of injection site blemishes. This handbook has been of great educational benefit to Montana livestock producers in order to increase their profit margins.

Grant #925123301 - Montana Department of Agriculture  
Amount:\$196,188 Completed

The Montana Department of Agriculture was authorized to expend \$196,188 in FY 92 to fulfill the requirements of the Montana Growth Through Agriculture statute. Program activities include; the hiring of an international trade specialist to enable the department to provide export assistance to those developing export sales, cost sharing for foreign trade office missions as provided for by statute, the Tastes of the Treasure State value added food promotion, participation in the Western United States Agriculture Trade Association (allows Montana to access Market Promotion Program funds from the USDA), assist producers interested in aquaculture production, develop markets for animal and plant genetics, assist lamb producers to access Canadian markets and to generally continue to work to identify alternative crops and develop or enhance markets for agricultural products.

#### FY '93 GRANTS

Grant #93512351 - Northern Montana College/Northern Tractor Resource Center  
Amount:\$11,000.00 Completed

Northern Montana College, Northern Tractor Resource Center was awarded \$11,000.00 to allow them to purchase portable electronic scales. This would provide a means to accurately weigh agricultural tractors in the fields and a means to dynamically measure fuel consumption on the tractors. This data along with the true ground speed, tire slip, vertical acceleration, and draft will be acquired while the tractor is working in the field. The data will then be analyzed and modifications to the tractor will be suggested so the producer can get the best performance from the tractor. This will result in reducing the short and long term producer machinery operating costs.

1994-In addition to the purchase of the scales, a portable diesel fuel consumption device was constructed. Tractor Efficiency Clinics were held throughout the state, with collection and analysis of data given to participating farmers. Use of this data results in reducing producer machinery operating costs thus returning more profit to Montana farmers. The

Northern Tractor Resource Center estimates that cost savings to farmers can be as much as \$9,401.00 over the life of a tractor.

Grant #93512352 - Richard G. Wrench/Montana Garlic Project  
Amount:\$10,000.00 Completed

Mr. Richard G. Wrench was awarded a \$10,000.00 grant to instruct Montana farmers how to grow, store and market garlic, provide 7 specific markets to sell their crops to, make expert guidance available to solve and prevent problems and create a reliable source of grown in Montana seedstock to ensure the crop grown will be desirable and predictable. The data will be disseminated by two methods; (1) a series of Extension Service sponsored seminars throughout Montana and (2) "How To" publications for both growing and marketing.

1994-A total of 43 farmers in the Flathead Valley grew garlic in trials to determine the feasibility of producing garlic on their land. As a result, 24 farmers are now growing garlic as a cash crop. In addition, markets have been developed in local/regional supermarkets, restaurants and health food outlets. A local marketing cooperative has been formed for efficiency in marketing and distribution. Emphasis has been placed on each grower developing a personalized business plan for the type of garlic they grow to target the most lucrative markets.

Grant #93512353 - Glendive Area Chamber of Commerce/Aquaculture Seminar  
Amount:\$1,750.00 Completed

The Glendive Area Chamber of Commerce along with cooperation from the Eastern Plains RC & D Area, Inc. will be producing an Aqua Farm Training Seminar. This seminar will substantially further producers' knowledge in aquaculture and how it relates to farm diversification for Eastern Montana. The seminar will provide management strategies and production efficiency, and offer information to producers on how aquafarming can be used to diversify their own farming operation and the potentiality for increasing their farm revenues.

Grant #93512354 - Ethanol Producers and Consumers/Newsletter  
Amount:\$2,400.00 Completed

The Ethanol Producers and Consumers were awarded \$2,400.00 to produce two quarterly newsletters which will become a major communication link, to be published in October 1992 and February 1993. It will carry news of legislation, energy planning, a list of Montana gas stations where ethanol blended fuel can be purchased, upcoming meetings and conferences, and news about the national Governor's ethanol coalition.

1994-As a result of receiving the newsletters, several Montana state agencies requested to be on the permanent mailing list in order to have a current listing of gas stations where ethanol blended fuel can be purchased. State vehicles are required by law to use ethanol blended fuel where available and competitive.

Grant #93512355 - Richland County Conservation District/Floriculture Seminar  
Amount:\$1,400.00 Completed

The Richland County Conservation District in cooperation with the Eastern RC & D Area, Inc. will conduct three floriculture seminars in Eastern Montana, to provide producers with a working knowledge of growing flowers for the floriculture industry, promote growing florals as a new and innovative method to diversity farming operations, assist in improving technology and developing equipment for the benefit of growing florals and increase cooperators' awareness of existing organizations that are available to assist them in the production of florals.

1994-The seminars were held in Miles City, Sidney and Glendive with over 100 people attending. As a result, 15 individuals joined the Great Plains Floral Association and ordered 20,000 plants for spring planting in 1993. Also, the Eastern Plains RC&D researched opening a processing plant for cut/dried florals and various by-products such as potpourri.

Grant #93512356 - Meadowlark Grain Co./John Chvilicek  
Amount:\$5,000.00 Completed

This operation in Hingham, MT will utilize grant funds to expand distribution of their product statewide and throughout the northwest. The community will be strengthened by added job opportunities, while offering the public a new healthy product. Will create an alternate market for Montana farmers to sell their wheat at a fair price.

1994-As a result, the company has doubled sales from the first year of operation. Also, through market research, target markets were identified. The product, whole wheat berries packaged in 2 and 5 pound laminated burlap bags, sells best in the mid to eastern part of the U.S. and California. Promotion has been concentrated in these areas, with recipes and articles featured in publications such as Good Housekeeping magazine.

#### FY '94 GRANTS

Grant #9450201 - Eastern Plains R C & D/Ag Crop Diversification Utilizing Floriculture/Grain Production  
Amount:\$8,820.00 Completed.

The Eastern Plains R C & D will provide a learning format for floriculture, create a marketable quality potpourri with a logo and product name promoting eastern Montana, research and produce quality packaging for Montana potpourri and black bearded Durum, become knowledgeable in the national marketing of floriculture and ornamental products in an effort to provide alternative crops for eastern Montana farmers and ranchers.

1994-As a result of the project, 2 part time jobs were created and domestic markets researched across the U.S. The product "Montana Moods" potpourri is demonstrating it's marketability as a viable product line that will be continued by private enterprise. Orders are being filled primarily from in-state customers at this time.

Grant #9450202 - Flathead Lake Cherry Growers, Inc./Northwest Montana Apple Industry Project  
Amount:\$5,056.00 Completed.

The Flathead Cherry Growers, Inc. project team will determine the viability of the apple industry in Montana, design an optimal apple packing line compatible with the existing cherry line, establish project feasibility based on cost/benefit analysis, promote agriculture diversity and increased employment in Montana, and obtain industry recognition of Montana's innovative engineering approach. \$2627.98 of the grant amount was unused due to a reduced travel budget.

1994-Project was based on the need to maximize usage of the existing cherry packing plant. Montana apple growers were sent a production survey and it revealed that there are currently 157 acres in production. A visit to Yakima, Washington apple packing facilities revealed that the differences between cherry and apple packing requirements excludes using a common system, and a separate line for apples would require an investment of \$50,000.00. At this time, Montana apple growers are not interested in the necessary investment and cooperative arrangement required to set up an apple packing line in the cherry packing plant.

Grant #9450203 - MSU Extension & MT Dry Pea & Lentil Growers Assn.  
'Agriculture Marketing Enhancement Program'  
Amount:\$15,621.00 Completion Date: 5-8-95

The MSU Extension Service will organize a two-day assembly of renowned consultants/specialists in various aspects of producing, processing, and marketing alternative ag crops and value-added products, exhibits, and ideas for boosting rural income through agricultural diversification and community building. This program will be very similar to the MARKETPLACE '94 program sponsored in North Dakota. The assembly is tentatively planned for October, 1994 to allow sufficient lead time to engage the consulting specialists and to promote and advertise the assembly to Montana producers, marketers, entrepreneurs, lenders, and community leaders.

1994-"Market Montana" was held November 11-12, 1994 at MSU in Bozeman with over 300 people in attendance and 70 exhibitors in the trade show.

Grant #9450204 - MSU Lincoln County Extension Office/Alternative Agriculture Production & Marketing Education Program

Amount:\$600.00

Completed

The MSU Lincoln County Extension Office will organize a seminar on April 2, 1994 to increase local awareness of alternative income opportunities from specialty crop and livestock production, and to provide instruction on promoting and marketing goods from this isolated area.

1994-The seminar was held on May 7, 1994 in Libby. The morning session featured information regarding growing and harvesting specialty forest products and the afternoon session focused on growing specialty crops. 25 people attended and one attendee has taken the leadership in establishing a marketing cooperative. One producer planted several acres of strawberries and harvested a crop this growing season, all of which was marketed locally.

Grant #94512331 - Montana Department of Agriculture

Amount:\$139,710

Completion Date: 6-30-95

The Montana Department of Agriculture was authorized to expend \$139,710 in FY 94 to fulfill the requirements of the Montana Growth Through Agriculture Statute. Program activities include: Tastes of the Treasure State value-added food promotion, participation in the Western United States Agricultural Trade Association, promotion of Montana cattle genetics to Mexico and Christmas trees to Taiwan, and to continue to identify alternative crops and develop/enhance domestic and foreign markets for agricultural products.

EXHIBIT 4

DATE 1-10-95

FY '95 GRANTS

Grant #9550201 - Garden City Seeds - Garden City Seeds Breeding Project

Amount:\$5,000.00

Completion Date: 7-17-95

Garden City Seeds is establishing a breeding program to provide gardeners and market farmers with northern-acclimated, nutritious, disease resistant, flavorful, and productive vegetable varieties as well as increasing the genetic diversity of northern food crops through the incorporation of exotic germ plasm and through the managed evolution of composite crosses. Garden City Seeds will introduce improved strains of existing varieties; introduce important varieties not yet released; and introduce important land race varieties.

Grant #9550202 - Centennial Foods, Inc. - Beta Glucan Fiber Bar

Amount:\$6,500.00

Completion Date: 12-31-94

Centennial Foods, Inc. is beginning the market entry of Beta Glucan which is a cholesterol lowering product isolated from Montana grown waxy barley using patented technologies developed at Montana State University. CFI will begin production of Beta Glucan in September with composition testing. The formulation and prototype Fiber Bar will be followed up with the co-packing of 1000 bars and a report of consumer acceptance for the bar from the test market.

Grant #9550203 - Genie's Kitchen - Eastern Montana Food Marketing Group

Amount:\$5,000.00

Completion Date: 1-16-95

Genie's Kitchen will coordinate a group marketing effort. They will advertise four months in a national food marketing magazine as a joint effort of eastern Montana food producers along with four articles written by internationally renowned designer Ferris Crane. The results will help determine the need for a central processing and packaging center in the Missouri Basin Region.

Grant #955204 - MSU, Northern - Tractor Efficiency Clinics

Amount:\$5,686.50

Completion Date: 7-14-95

The Northern Tractor Resource Center will conduct a series of 6 Tractor Efficiency Clinics in Glasgow, Glendive, Big Sandy, Geraldine, Stanford, and Havre. The clinics will promote fuel savings, enhance power train life, enhance engine life, increase performance and efficiency levels, lower production input costs, and give access to an unbiased and independent resource center.

Grant #955205 - Montana Department of Agriculture 'Agriculture: Dynamic - Diverse

Amount:\$12,000.00

Completion Date: 2-15-95

The Montana Department of Agriculture will provide 3 to 5 audio-visual tapes for playback as public service announcements. Each tape will address a specific topic about or directly related to agriculture. These tapes will be the initial effort at educating the public on

agriculture. They will also demonstrate the importance of agriculture overall, specifically as it contributes to Montana's economic, social and environmental well-being.

### LOANS

#### **AGROBOTICS, INC.**

Randy Merry

Amount:\$50,000

Reports:Semi-annual

Loan Closed:04/04/90

Payments:2% royalty of gross income in excess of \$500,000

Maturity Date: 04/10/95

Marketing of an automated dairy cattle feeding system. Concentrating on the mid-western states with a large concentration of dairy farms.

Status:Received \$10,000 payment in July of 1993, and 1994.

1994-Presently is negotiating with Alpha Laval, the leader in dairy equipment sales in the nation and a smaller company who is a leader in automated feeding products for dairy and hog operations. It is AgRobotics goal to sell product rights to one of these companies, pay off the loan and generate its return on investment through product royalties.

#### **BIG SKY CHEESE AND DAIRY, INC.**

Fairfield

Walter Pearson, President

Amount: \$50,000

Loan Closed:06/25/90

Maturity Date: 06/25/95

Reports:Quarterly Payments:Monthly

Status:Has been making monthly payments as agreed with occasional reminders from the department.

1994-Have invested approximately \$135,000 in this project with an annual operating budget of \$380,000. Have one full time employee and one part time employee with an annual payroll of \$25,000. They also lease dairy cows from a neighboring farmer so they have a consistent supply of milk for the dairy. Presently are marketing their product through Buttreys and County Markets.

#### **FIREHILL FARMS, INC.**

Plentywood

Gary Wagnild, President

Development of production facilities for the marketing of dried and preserved flowers.

Amount:\$50,000

Loan Closed:06/25/90

Maturity date:06/25/95

Reports:Quarterly Payments:Yearly

Status:Filed Chapter 12 bankruptcy plan which was approved. Council will receive approximately \$3294. After bankruptcy is completed, council will write off loan balance.

#### **BIG SKY FOODS, INC.**

Great Falls

Marketing of 'Sun Cherries', Montana cherries dried in a manner similar to raisins.

Amount:\$50,000

Loan Closed:07/25/90

Maturity date:07/25/95

Reports:Quarterly Payments:Monthly

Status:Suit was brought against Big Sky Foods, Inc. for failure to repay the loan. Big Sky fought the suit and won. The Council opted not to contest this decision, the general consensus being that it would cost more in attorney fees and court costs than they would likely ever recover from the defendant. Loan will be written off the books.

#### **CENTENNIAL FOODS, INC.**

Dillon

Ike Lynch

Bridge financing until long term financing could be arranged for the processing of wax,

DATE 1-10-95

hulless barley into betaglucan, sweetened barley starch, and dried distillers grains.

Amount:\$50,000                      Loan closed:06/25/90                      Maturity date:06/25/95  
Reports:Quarterly                      Payments:Monthly

Status:Makes payments as agreed and is current. Plant runs 24 hours a day five days a week.

1994-Have invested \$3 million in this project with an annual operating budget of approximately \$1.2 million. Plant has 17 full time employees with an annual payroll of approximately \$600,000. Currently are developing the marketing process for their betaglucan which has been shown in several studies to reduce cholesterol.

**NURTURE INC. (BASIC BIO SYSTEMS, INC.)**  
Missoula, MT                      Dr. Richard Potter, President

Amount:\$50,000.00                      Loan Closed:11/26/90                      Maturity date:11/26/95  
Reports:Quarterly                      Payments:Yearly

Status-has received venture capital financing. Have solid backing of their operation and are producing two shifts six days per week. Have received patents on their processes and have also received and passed two inspections crucial for the food industry products they produce. They have plenty of raw product and are selling nearly all their production. Are experiencing steady growth.

1994-Have invested nearly \$8 million dollars in the project. Have 24 full time employees and one part time. They purchase their raw product, oats, from local farmers who grow the oats under contract. Farmers receive a premium for these oats as they are genus specific. Nurture has constructed a factory in Missoula, lease a large storage facility for their raw product, lease office buildings, and have plans to construct a warehouse facility at their production site.

**STONEHOUSE CORPORATION**  
Helena                      Dick Krott, Ken Holman

Manufacture and marketing of Stonehouse line of sauces. Product being distributed through grocery chains and food service brokers.

Amount:\$50,000                      Loan closed:01/28/91                      Maturity:02/10/96  
Reports:Quarterly                      Payments:Monthly

Status:Ken Homan will operate the Stonehouse restaurant and manufacture the sauces on a as needed basis. Dick Krott will market the sauces as Stonehouse Foods, Inc. Payment schedule has been established on royalty of \$.50 per case of sauce produced. Have been paying as agreed.

1994-have invested \$350,000 in this project since its inception. Have three part time employees on contract. have found a small investor to assist with promotion of the company. They have received a WUSATA grant which has enabled them secure a Canadian partner to distribute their product in Canada. First shipment week of 11/7/94.

**BIG SKY SPUDS, INC.**  
Belgrade                      Bob Longnecker

Manufacture and market potato chips made from cull seed potatoes produced in the Gallatin Valley.

Amount:\$50,000                      Loan closed:04/01/91                      Maturity date:10/01/96  
Reports:Quarterly                      Payments:Quarterly

Status:                      Ceased production in December 1993. Has tried to sell business but has had no success. Presently working on selling the collateral to pay his loan off. Department personnel are working closely to see that this is completed as soon as possible.



MONTANA TURFGRASS TECHNOLOGIES, INC.  
Great Falls David Hoss

Production and marketing of a decumbent variety of Kentucky Blue grass which requires much less mowing and watering.

Amount:\$13,000 Loan closed:05/13/91 Maturity date:05/10/96  
Reports:Quarterly Payments:Yearly, 3% of sales

Status:Has had problems getting sufficient seed to increase his acreage enough to have seed to sell commercially. Thus has not made any payments to this date.

1994-Has invested over \$70,000 in this project with an annual operating budget of \$15-17,000. Provides 950-1,000 hours of seasonal labor to local individuals during harvest. Has recently joined with a commercial seed producer in Washington in an effort to get enough seed produced to begin selling it commercially. Company will remain in Montana and will make every effort to produce and process in Montana.

THUNDERBIRD BUCKSKIN AND LEATHER, INC.  
Billings Judy Knutson

Develop and expand leather tannery to process wild game hides and fill a blue hide contract with Japanese interests.

Amount:\$50,000 Loan closed:08/26/91 Maturity date:08/26/94  
Reports:Quarterly Payments:Quarterly

Status:Closed operations early 1993. Department personnel recovered all available collateral and sold said collateral. Have filed suit against the company and the three individuals who guaranteed the loan. Of those three individuals, two had filed bankruptcy; however, one has since withdrawn but we expect him to re-file. The third party is currently in Wyoming and we are working with the Wyoming Attorney Generals office to process our suit against this individual.

POSITIVE SYSTEMS, INC.  
Kalispell, MT Ron Behrendt, President

Market the Airborne Data Registrations System (ADAR), a digital imaging computer for use in geographic information. Agricultural applications include, insect infestation, disease mapping, crop production estimates, timber sale inventory assessment, and grasshopper habitat mapping.

Amount:\$50,000.00 Loan closed:09/18/91 Maturity date: 09/18/96  
Reports:Semiannual Payments:Quarterly

Status-is current-has made payments as agreed

1994-Positive Systems has invested \$480,000 in this project with an annual operating budget of \$450,000. Positive Systems has 8 full time employees with an annual payroll of \$240,000. They have sold several systems and had a successful sales trip to the Pacific Rim this summer.

EXHIBIT 4

DATE 1-10-95

RDM ENTERPRISES  
Columbia Falls

Ron Mohn, President

Amount:\$6200.00    Loan closed:06/01/92    Maturity date:06/01/95  
Payments:Quarterly

Status-has paid as agreed and is current

1994-Has invested approximately \$40,000 in this project. Has one full time employee plus one part time. Uses 5-7 seasonal employees at his processing plant during the fishing season. Contracts with 60 fisherman who receive \$.50/pound for the whitefish they deliver to the plant. Some fishermen may receive up \$2000 per season. Nearly all of his product is sold locally. Hopes to broaden his product line with a smoked whitefish cream cheese spread, caviar under his own label, and smoked whitefish sausage.

## HOUSE OF REPRESENTATIVES

## VISITOR'S REGISTER

Nat. Resources COMMITTEE BILL NO. \_\_\_\_\_  
 DATE 1/10/95 SPONSOR(S) \_\_\_\_\_

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Ralph Peck	MT. Dept of Ag			X
Dandra Kuchembrod	" "			X
Lee Boyer	" "			Y
Al Williams	" "			X
Maurice Cleary-Schroden	WIFE WOMEN IN FARM ECO			X
John A. Breiden	Farmer - Seabey, VT.			X
Jim Offerson	MT. WIFE + Hwy Comm.			X
Larry Johnson	White Mountain Ag			X
Alma Johnson	MT. WIFE, Schools			X
Bob Stephens	MT. WIFE, Schools			X

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS  
 ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.