



## MMPA has Many Reasons to Celebrate June

It's June, National Dairy Month, a time when consumers and MMPA members will enjoy the many delicious and nutritious products made from the milk we produce daily. In addition to the usual reasons to celebrate dairy month, MMPA members have something else to celebrate—the successful completion of the expansion of our processing plant at Ovid.

A great deal of planning went into this project once the board and management started exploring the feasibility of adding to our manufacturing capacity more than three years ago. First, we had to be assured that the expansion would be financially viable. Deciding what type of equipment we needed was another well thought out decision. We wanted to improve efficiency, but we also wanted to build something that would add value for many years to come. That meant we needed equipment that would allow the ability to manufacture products for both domestic and international use, which is slightly different and more expensive than addressing only the domestic market. A broader approach will offer more options for profits in the future.

It seems like the groundbreaking for the plant expansion wasn't long ago, but in fact two years have passed since that day. The project has been completed on time, within budget and without a "lost time" injury during the entire project. That is a noteworthy accomplishment under any circumstances, and especially given the fact that the plant operated during the entire construction project. Receiving member milk during this expansion process was challenging but necessary, because

the capacity to process member milk was one of the reasons for the investment in the first place. Because milk production has been growing in our membership area, production had outstripped the processing capacity of MMPA. It made sense to invest in the Ovid plant to accommodate the growing supply. Even during the current economic downturn, we have been able to market all of our production through commercial channels.

Structuring the financing for a \$62 million project to keep our manufactured products competitive was an important consideration. The strong financial position of the co-op, along with the members' acceptance of the 10 cent equity capital retain, allowed for securing very favorable interest rates. The equity capital retain is an investment that will be revolved back to members.

With the financing in place, the engineering completed, and contracts approved, the construction phase proceeded very smoothly through completion. The board members toured the plant several times and were impressed to always find it to be orderly and clean, even as the milk continued to be processed every day during construction.

Operating the plant at capacity during the construction did, however, lead to an occasional "hiccup" in operations, causing long waits for haulers and overflowing bulk tanks at some member farms. Of course, nobody is happy when that happens. Abundant patience was necessary on some of those days; obviously, people were very considerate, because we made it through the two year construction phase with friendships intact and

maybe even a little more respect for each other's roles than before. Patience will continue to be necessary as we work out the kinks and learn how to maximize the efficiencies of this complex addition to our plant.

Issues arose that were not related directly to the task at hand but that still had to be resolved in order to move ahead. For example, solving the railroad issue (whose property bisected MMPA's property interfering with expansion plans) required the cooperation of several state agencies, along with elected officials from Clinton County, the village of Ovid and the State of Michigan. The same group facilitated the process of having the property declared an Agriculture Renaissance Zone, which opened the door for tax abatement to allow MMPA to be competitive with manufacturing in other states where the tax burden on business is considerably less than in Michigan.

The list of people responsible for making this project successful is too long to include here, and I am afraid that I would inadvertently forget someone. Instead, I have tried to illustrate the diversity and number of dedicated people involved in creating the successful end result for this complex project. To each and every one of you we extend a heartfelt "THANKS!"

On June 30, MMPA will host an open house at Ovid to view this state-of-the-art milk processing plant. We hope to see many of our members, business partners, and friends on that day. It will be a very special June for MMPA.

A handwritten signature in black ink that reads "Ken". The signature is written in a cursive, slightly stylized font.