

## **Michigan Wood Producers Co-op**

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### **How Did It Start?**

- ◇ The cost of doing business has continued to increase in the Lakes States Region.
- ◇ Between 2005 and 2006 Michigan lost 3 pulp mills totaling 1 million tons of consumption.
- ◇ The question was how do we replace this loss of market?
- ◇ The Michigan Association of Timbermen started to look a forming either a Co-op or an Invest Limited Liability Corporation (LLC) or a combination to establish a wood facility either partially owned by the Co-op or a partnership.

### **Co-op Fishing Trip**

- ◇ Contacted USDA Rural Development to seeking help in presenting information and to assist in setting up a Co-op.
- ◇ Mr Tom Trimmer agreed to help with a series of informational meeting across Michigan.
- ◇ Meetings were very informal and the main objective was to see if there was an interest from our community to establish a Producers Co-op.
- ◇ Three meeting were held initially in Gaylord, Iron Mountain and Battle Creek.
- ◇ A DVD was shown outlining how to form a Co-op
- ◇ The DVD was shown at all three meetings.
- ◇ Following the Gaylord meeting conversations began with Aganol Biorefineries about the possibility of the Co-op partnering with them in a Wood to Ethanol Facility.
- ◇ These conversations were confidential until the Battle Creek meeting when two individuals from Aganol attended out meeting.

### **Steering Committee**

- ◇ We asked for volunteers from each meeting to sit on the Steering Committee and after the three meetings we had 12 individuals willing to serve on the Committee.
- ◇ The Committee felt it would be a good idea to have another meeting in Grayling to have a presentation from Aganol and to discuss this type of possibility.
- ◇ Officers were elected in December of 2006.

### **Survey and Results**

- ◇ A survey was completed by MAT members.

### **Projects and Locations**

- ◇ The Steering Committee decided to focus on wood pellet production with the possibility of expanding to fuel production at a later date.
- ◇ Two sites were selected, White Cloud, Michigan in Newaygo County and Newberry, Michigan in Luce County.
- ◇ Plants will produce at maximum 100,000 tons of wood pellets at both facilities with a projected cost of roughly \$10 million per plant.

### **LLC Formation**

- ◇ The Steering Committee decided to change from a Co-op formation to an LLC to increase the opportunity for investment dollars. Michigan Wood Energy, LLC was formed in the Spring of 2007.
- ◇ Work is being done to complete the formation of this LLC.
- ◇ Investors are being sought

### **Co-op Formation**

- ◇ A Co-op is also being formed to serve as the raw material supplier of the pellet plants.
- ◇ The Co-op will also be a member of Michigan Wood Energy, LLC.
- ◇ A new board will be formed for this Co-op.
- ◇ A membership drive will start after the formation of the Co-op.

### **Feasibility Study**

- ◇ Proposals are being requested for Feasibility studies for both sites that focus heavily on the Marketing aspect.
- ◇ Local municipalities have committed seed money for funding a portion of the feasibility study.

### **What s Next**

- ◇ Approval of Feasibility Study and conducting study
- ◇ Business Plan