



University of Idaho

College of Agricultural
and Life Sciences

CALDWELL PROCEEDS AND CAFE EXPERIMENTAL FARM

Presentation to Idaho State Board of
Land Commissioners
August 16, 2022

IDAHO CAFE

IdahoCAFE

Center for Agriculture, Food and the Environment

A REGIONAL MODEL

Experimental Farm / Research Dairy

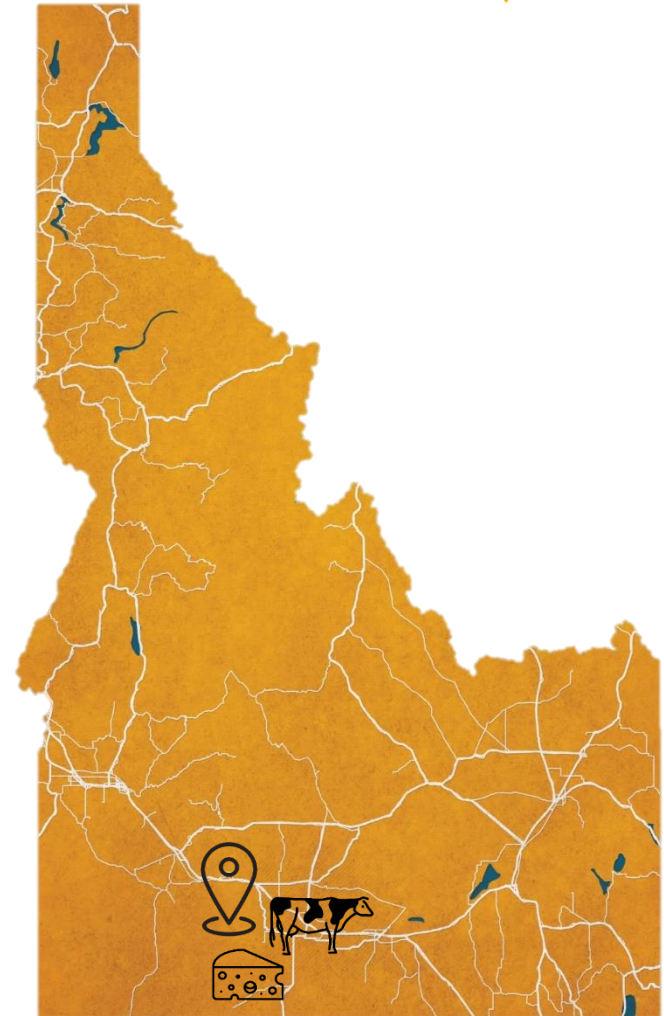
Rupert (*Minidoka County*)

Discovery Center, classrooms, labs, faculty offices

Crossroads I-84/Hwy93 (*Jerome County*)

Food processing pilot plant, workforce training/edu facility

CSI Campus (*Twin Falls County*)



IDAHO CAFE



IdahoCAFE

Center for Agriculture, Food and the Environment

- U of I has a need for an experimental farm to better serve Idaho agriculture
- Idaho dairy industry is #3 in the nation
- #1 agricultural commodity in Idaho
- With the close and sale of the Caldwell experimental farm, CALS only has one off-campus farm focused on large animals
- CAFE is critical to the continued delivery of the WIMU Veterinary Medicine program

RESEARCH AT CAFE

- Representative of the **size of a modern dairy** (cows and acres) to conduct experiments relevant for Idaho producers
- Located where the dairy industry thrives
- Integrates **animal and agronomy research** on the same site through forage production & nutrient management
- Develop waste management systems to **create byproducts** like fertilizers for crops

RESEARCH AT CAFE

- Develop strategies to **mitigate greenhouse gas emissions** from animals, housing areas, waste systems, and in-field applications, thereby advancing the dairy industry's **nationwide net zero initiative**
- Incorporate **sensors** and **artificial intelligence** to appropriately apply nutrients, including water, to crops and aid in animal well-being
- Support the **economic viability** of agriculture through sustainable crop rotational patterns focused on maintaining healthy soil and efficient use of water

FINANCIAL ANALYSIS

Sources of Funds

Source:	Amount:
State of Idaho	\$ 10,000,000
State of Idaho Land Board - Caldwell Proceeds	17,250,000
Federal (ARS)	1,000,000
Federal (ARS) - expected \$6mm rec'd in 2024	6,000,000
CALS	2,290,000
CALS - Phases 1 and 2 pledges	2,170,000
Central	1,400,000
Additional Fundraising Goal	3,202,007
Land Board Purchasing Original Farm Land	6,000,000
Total Sources of Funds:	\$ 49,312,007

* Includes all donations, or contributions, of equipment, rolling stock, labor, etc.

FINANCIAL ANALYSIS

Uses of Funds

<u>Capital Expenditures</u>		
Improvements - construction bid	\$ 29,962,845	
Machinery & Equipment	1,999,102	
Buildings & Offices	11,762,590	
Rolling Stock	1,290,000	
Capital Expenditures:		\$ 45,014,537
<u>Initial Feed Purchases</u>		
Forages	\$1,467,500	
Grain	345,970	
Initial Feed Purchases:		\$1,813,470
<u>Original Purchase of Herd</u>		
# Milking Cows	1,200	
% Dry Cows	15%	
# Dry Cows	180	
\$/Milking Cow	\$1,800	
\$/Dry Cow	\$1,800	
Milking Cow Purchases	\$2,160,000	
Dry Cow Purchases	324,000	
Original Herd Value:		\$2,484,000
Total Uses of Funds:		\$ 49,312,007

FINANCIAL ANALYSIS

Return on Investment

Initial Investment Amount - University-Controlled Funds	\$ (45,014,537)			
		Change in Debt	Land Appreciation	Return in Year:
Cash Flow, Year 1:	\$ -	\$ (1,627,350)		\$(1,627,350)
Cash Flow, Year 2:	-	2,815,750		2,815,750
Cash Flow, Year 3:	2,301,282	452,306		2,753,588
Cash Flow, Year 4:	5,079,845	-		5,079,845
Cash Flow, Year 5:	5,226,585	-		5,226,585
Cash Flow, Year 6:	5,177,059	-		5,177,059
Cash Flow, Year 7:	4,735,601	-		4,735,601
Cash Flow, Year 8:	5,292,321	-		5,292,321
Balance Sheet Equity - End of Year 8 Less Cash, Plus A/D factor:			\$ 1,600,620	\$46,629,459
Internal Rate of Return - Cash:	7.20%			

PROPOSAL FRAMEWORK

Purchase and Sale Agreement

- UI proposes to sell approximately 640 acres of land in Rupert to the Endowment at the appraised value of \$6M
- Purchase price to come from funds in the Land Bank generated from 2021 sale of Endowment property in Canyon County
- This land will encompass the entirety of the Operating Dairy

Experimental Farm Operating Agreement

- Build-out of an Operating Dairy
- Operations
- Liquidation at end of agreement

PROPOSAL FRAMEWORK

Build-out of the Operating Dairy

1. Operating Agreement authorizes UI to construct Buildings/Improvements for the Operating Dairy
2. Land Bank Funds up to \$17.25M will be applied to Buildings/Improvements as follows:
 - a) Site Preparation: UI will use \$6M from sale of property to the Endowment plus additional internal UI funds to complete
 - b) Endowment Buildings/Improvements with Land Bank Funds:
 - Option 1: Construction by UI for the Endowment with construction funded using \$17.25M balance
 - ❖ Estimated \$800K – 1M savings to beneficiary
 - Option 2: UI funds construction and sells to Endowment for construction cost upon completion, up to the balance of \$17.25M
 - ❖ Under either option, title to completed Improvements funded with Land Bank funds is held in the Endowment

PROPOSAL FRAMEWORK

Build-out of the Operating Dairy (cont'd)

c. UI Additional Buildings/Improvements (UI Funds)

Operating Agreement allows UI to build additional Buildings/Improvements on Endowment Lands after approval. There are two anticipated categories:

1. Operating Dairy. Those buildings in addition to Endowment Buildings/Improvements necessary to complete an operational dairy
 2. Additional Buildings/Improvements. UI may construct and fund additional Buildings / Improvements for use in conjunction with the Operating Dairy
- ❖ UI retains ownership of these buildings/fixtures

PROPOSAL FRAMEWORK

Operations Post Build-out

- Land Board designates University of Idaho as manager, occupant, and sole operator to develop and operate the experimental farm and research dairy in accordance with the Morrill Act
- UI will be responsible for all operations and maintenance of the Operating Dairy, including the land and all Buildings/Improvements

PROPOSAL FRAMEWORK

Liquidation of Dairy at the End of the Agreement

1. Endowment Land and Buildings/Improvements/Fixtures
 - a. Proceeds from sale, including appreciation in value, return to the endowment
2. UI Buildings/Improvements/Fixtures
 - a. Sold contemporaneously with the Endowment lands/buildings/fixtures; proceeds are paid by the purchaser to UI
3. Format For Sale of the Combined Assets
 - a. Entire Operating Dairy (Endowment & UI assets) appraised at highest and best use;
 - b. Endowment Land with Buildings/Improvements sold at auction; all proceeds go to Endowment
 - c. UI Buildings/Improvements given separate value to determine purchase price for purchaser

PROPOSAL FRAMEWORK

Anticipated Timeline

- UI will present the proposed design for the complete dairy (Exhibit B) on September 20th, all future contemplated developments will be approved by Land Board
- Exhibit B will also identify estimated construction costs of individual improvements and which are recommended for Land Board purchase or retained by UI
- Land Board Approval of the Purchase and Sale Agreement and the Operating Agreement on September 20th
- UI Regents Approval in October
- 640 acres closing by December 22, 2022
- CAFE Phase 1 construction to bid in December 2022 – January 2023
- Phase 1 construction completed by end of 2024
- Phase 2 construction completed by February 2026

QUESTIONS?

Exhibit B – CAFE Facilities



Buildings/Improvements

Phase 1 Construction (2023)

- All Excavation / Site Preparation
- B. Milking Parlor
- L. Reuse Water & Flush Water Tank
- U. Trash Enclosure
- W. Well House Building

Phase 2 Construction (2024)

- A. Office Building
- C. Calving & Research Barn
- D. Commodity Barn
- E. Manure Pump Station
- F. Manure Processing Building
- G. Settling Pond Splitter Box
- G1. Settling Pond 1
- G2. Settling Pond 2
- K1. Upper Storage Pond
- K2. Lower Storage Pond
- M. Shade Structures
- P. Milk Truck Scale
- R. Loading Ramp
- S. Fueling Station
- T. Emission Tanks

Endowment Buildings/Improvements

- B. Milking Parlor (~\$12M)
- D. Commodity Barn (~\$2M)
- F. Manure Processing Building (~\$2M)
- M. Shade Structures (~\$500K)
- S. Fueling Station (~\$500K)

Construction Estimates

Endowment Buildings/Improvements

- B, D, F, M, S
- ~\$17M

UI Buildings/Improvements

-
-

EXPERIMENTAL FARM IN RUPERT

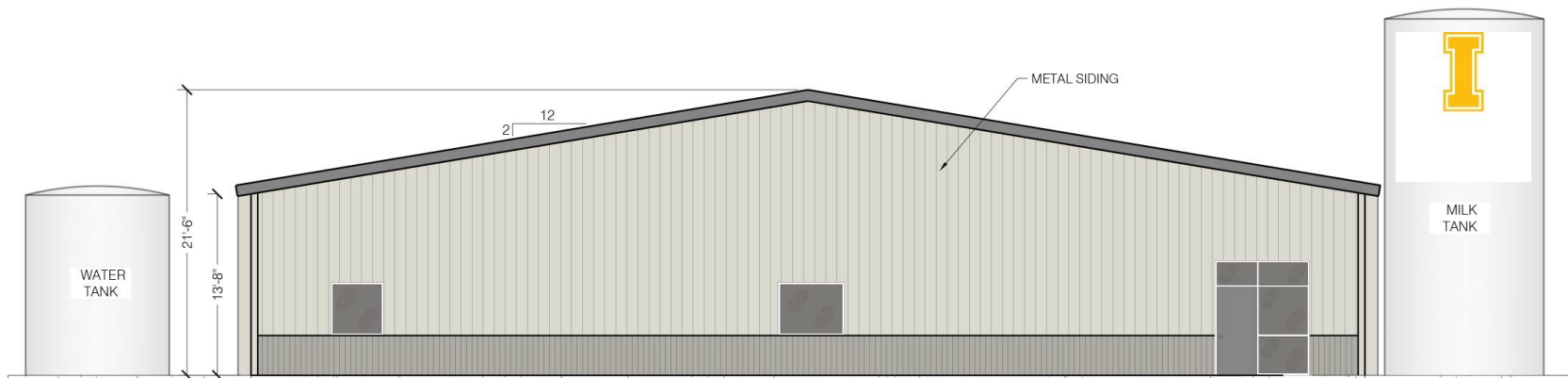
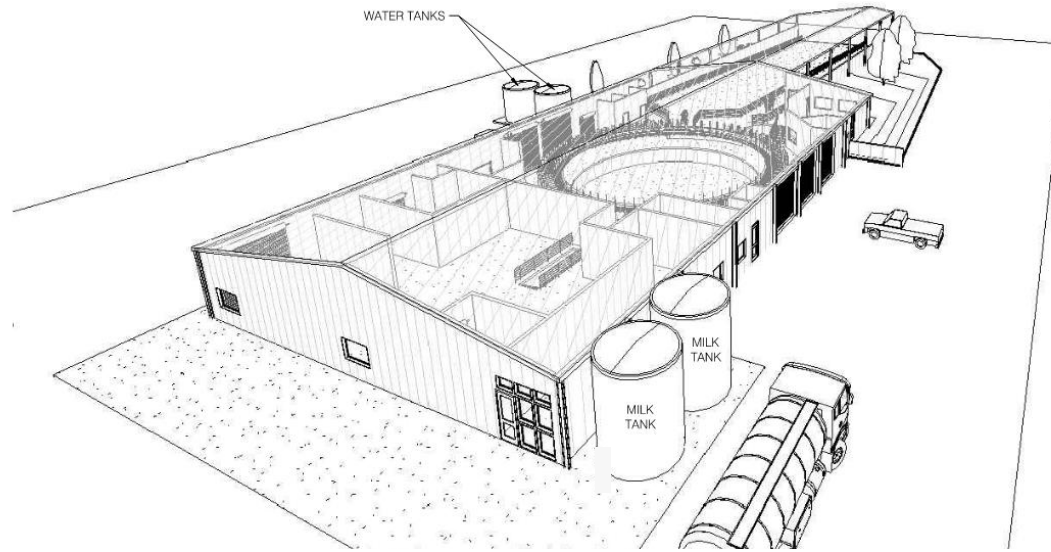


University
of Idaho

Idaho
Dairymen'
s
Associatio
n

640 acres purchased in March 2019

STATE OF THE ART MILK BARN (PH 1)



STATE OF THE ART MILKING SYSTEM (PH 1)

