

**ON THE FRONT BURNER**  
Incubator kitchens provide test lab for entrepreneurs **VARIETY**



**VIKINGS HOLD ON FOR WIN**  
Bridgewater finishes season 6-6 as starting quarterback **SPORTS**

**monday**  
DECEMBER 29, 2014

# StarTribune

**10°/-4°**  
**Yep. Cold again.**  
More clouds than sun. **A12**

WINNER OF TWO 2013 PULITZER PRIZES

**TOP NEWS**



**OVER 200 STRANDED ON FERRY**  
Passengers and crew still await rescue on boat off Italian coast; one person is dead. **A3**

**NYPD leader raps cop action**  
Officers turning backs to mayor were wrong, commissioner says. **A2**

**Farmers fear labor shortage**  
Obama's order on immigration may crimp already tight market. **A2**

**Ebola stymies malaria efforts**  
Many Africans avoiding tests for deadly but treatable disease. **A3**

**Drone rules years away**  
Obama, Congress just starting the process for commercial drones. **A3**

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Stats for protected cycling lanes fuel plan to add more bikeways. **A7**

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Districts say a director will help increase revenue from land trust. **A7**

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**Gophers give Jones the boot**  
The wide receiver has been dismissed for a rules violation. **C1**

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Losing Banham is a challenge for U women. **C14**

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Low energy prices expected to slow construction in Texas, N.D. **D1**

**HAVE YOU HEARD?**

Michael Sam has no regrets about coming out as a gay man or the timing of his announcement. **A2**



## Jet believed 'at bottom of the sea'

Indonesia says the hypothesis is that AirAsia plane with 162 on board crashed into ocean.

By TRISNADI MARJAN and MARGIE MASON  
Associated Press

SURABAJA, INDONESIA — Search planes and ships from several countries on Monday were scouring Indonesian waters over which an AirAsia jet carrying 162 people disappeared, and more than a day into the region's latest aviation mystery, officials doubted there could be

anything but a tragic ending.

AirAsia Flight 8501 vanished Sunday in airspace thick with storm clouds on its way from Surabaya, Indonesia, to Singapore.

The search expanded Monday, but has yet to find any trace of the Airbus A320.

"Based on the coordinates that we know, the evaluation would be that any estimated crash position is in the sea, and

that the hypothesis is the plane is at the bottom of the sea," Indonesia search and rescue chief Henry Bambang Soelistyo said at a news conference.

First Admiral Sigit Setiayana, the Naval Aviation Center commander at the Surabaya air force base, said that 12 navy ships, five planes, three helicopters and a number of warships were talking part, along with ships and planes from Singapore and Malaysia. The Australian Air Force also sent a search plane.

Setiayana said visibility was

See **PLANE** on A6 ▶



TRISNADI • Associated Press  
Relatives of passengers of AirAsia Flight 8501 comforted each other at Juanda International Airport in Surabaya, Indonesia.



Photos by GLEN STUBBE • gstubbe@startribune.com  
From left, Rachel Halbersma and Marina Corona can milk up to 90 cows an hour at Pat Lunemann's dairy farm near Clarissa, Minn.

## State's dairy farmers brace for prices to sour

Churn on global markets could undercut farms, help consumers



The price drop is hard on farmers, Pat Lunemann said.

**\$24.03** predicted price for 2014 per 100 pounds

**\$17.50** predicted average for 2015 per 100 pounds

By TOM MEERSMAN  
tom.meersman@startribune.com

Minnesota milk producers are riding a roller coaster of prices recently, swinging from record profits for most of 2014 to potential losses in 2015.

Strong demand driven by China and other factors caused producers around the world to ramp up, but now China has dramatically slowed its buying, and there's a glut in the global market.

Marin Bozic, assistant professor in dairy foods marketing economics at the Uni-

versity of Minnesota, said that 2015 could be a bearish year for U.S. milk producers.

"Right now we are going from record-high profit margins in the dairy industry to a year that is widely considered to be quite problematic," he said. "Next year we will see lower milk prices — probably lower than cost of production at some Minnesota dairies."

The oversupply of milk will likely benefit consumers, who have seen one-gallon whole-milk prices climb steadily during the year to

See **MILK PRICES** on A12 ▶

## Afghan combat mission wraps up

NATO will now shift to a much smaller support role.

By PAMELA CONSTABLE  
Washington Post

KABUL — The 13-year NATO combat mission in Afghanistan formally ended Sunday with a ceremonial retirement of its green flag and a pledge by top officials of the U.S.-led coalition to remain reliable partners in Afghanistan's unfinished war against the Taliban and other militant groups.

Scores of Afghan and foreign officials gathered for the symbolic shift to a much smaller NATO assistance and training mission. The event was held in a basketball gym inside NATO headquarters here in the Afghan capital and accompanied by a brass band and color guard.

"Our commitment to Afghanistan endures. ... We are not walking away," promised Gen. John Campbell, the U.S. commander of the outgoing International Security Assistance Force combat mission. He will lead the new NATO support mission, which technically

See **AFGHANISTAN** on A6 ▶

## Hacked? Check your refrigerator

By JEFF HARGARTEN  
jeff.hargarten@startribune.com

Cyberattacks launched through toasters, dishwashers, watches and refrigerators are among the threats information security professionals anticipate as the "Internet of things" becomes a reality.

Consumers can already buy products that turn their smartphones into increasingly powerful remote controllers. One of them, Honeywell's Lyric thermostat, adjusts a home's temperature based on the owner's smartphone location and is among its line of devices, including lights, locks, ceiling fans and in-house cameras, that are completely controllable online.

Honeywell's smart devices — partly developed in its Golden Valley facility — have not experienced any reported security

See **CYBER ATTACKS** on A9 ▶

**New worry:** Hackers could aim for common medical pump. **D1**

## Autism can bring housing woes

Families finding it hard to rent; \$500,000 in state aid to help is stuck in limbo.

By ABBY SIMONS  
abby.simons@startribune.com

Marian Ahmed's new Savage home is sparsely furnished but immaculate, with a stone fireplace and back-yard views of a pond where her four kids can watch the Canada Geese land

while they eat their cereal.

The amenities are nice, Ahmed said, but they aren't the reason she took on a mortgage she can barely afford. What's essential for Ahmed is the basement space that allows Anas Hassan, her 4-year-old autistic son, to rock in a specially built suspended swing that keeps him calm, along with the thick walls that allow her other children to rest undisturbed when

Anas wakes up screaming in the night. Most important, Ahmed has peace of mind, knowing she no longer risks eviction from a frustrated landlord after one too many complaints from the neighbors.

"I didn't want to buy a house, I didn't want the headache," the 34-year-old said from the couch that is one of the home's few pieces of furniture, as Anas

See **HOUSING** on A9 ▶



JERRY HOLT • Star Tribune

"Nobody is going to rent to us."

Marian Ahmed, with her 4-year-old son, Anas Hassan.



## Roller-coaster year for state's dairy farmers

Article by: Tom Meersman

Star Tribune

December 29, 2014 - 6:01 AM

Minnesota milk producers are riding a roller coaster of prices recently, swinging from record profits for most of 2014 to potential losses in 2015.

Strong demand driven by China and other factors caused producers around the world to ramp up, but now China has dramatically slowed its buying, and there's a glut in the global market.

Marin Bozic, assistant professor in dairy foods marketing economics at the University of Minnesota, said that 2015 could be a bearish year for U.S. milk producers.

"Right now we are going from record-high profit margins in the dairy industry to a year that is widely considered to be quite problematic," he said. "Next year we will see lower milk prices — probably lower than cost of production at some Minnesota dairies."

The oversupply of milk will likely benefit consumers, who have seen one-gallon whole-milk prices climb steadily during the year to a high of \$3.86 last month, compared to \$3.49 in November 2013, according to federal reports.

But Bozic said some farmers worry that the rapid drop in prices will continue in 2015 and drive the cash they receive below average costs, affecting thousands of producers and related businesses.

Minnesota ranks eighth in the nation in dairy production, with about 4,220 dairy farms and 465,000 dairy cows, according to state agriculture officials.

One year ago, Bozic forecast that milk prices paid to farmers in 2014 would average \$19.10 per hundred pounds. Earlier this month he changed that forecast to \$24.03 per hundred pounds. One hundred pounds is about 11.6 gallons of milk.

"It's always embarrassing for any economist to look back at their own forecast, but I thought I should be a straight shooter and reveal how hard it is to predict what will happen next year," Bozic said. He expects prices in 2015 to average \$17.50 per hundred pounds.

What has caused the whipsaw in prices is a combination of factors, Bozic said.

China produced less milk beginning in mid-2013, partly because it



From left, Rachel Halbersma and Marina Corona can milk up to 90 cows an hour at Pat Lunemann's dairy farm near Clarissa, Minn.

Photos by GLEN STUBBE • gstubbe@startribune.com,



The price drop is hard on farmers, Pat Lunemann said.

Feed Loader,



Pat Lunemann delivered a calf on his dairy farm in Clarissa, Minnesota. He said that happens around 800 times a year at the farm. ] GLEN STUBBE \* gstubbe@startribune.com Tuesday, December 23, 2014 Pat Lunemann is president of the Minnesota Milk Producers Association and owns over 700 cows in his dairy operation in Clarissa, Minnesota. eEDS, the calf was fine and walked shortly after.

Feed Loader,

is restructuring its dairy industry from small family operations to larger, modern dairies. Milk is exported mostly as milk powders, whey, cheese and butter, Bozic said, and China bought huge amounts of what was available on the world market, and may have built up its inventories.

China reduced its buying substantially last May when it imposed new safety regulations for dairy imports and new registration requirements for suppliers. Russia further reduced global demand in August by banning U.S. and European dairy and other food products in retaliation for the sanctions it faces over the Ukraine crisis.

China and Russia are probably two of the top three buyers of dairy products in the world, said Tom Wegner, director of economics and dairy policy for Land O'Lakes, headquartered in Arden Hills.

"If they don't buy, it makes a big difference," he said.

#### Strong dollar affects exports

Another factor is the growing strength of the U.S. dollar, which makes exports more expensive.

As demand has dropped, supplies have burgeoned. Producers around the world ramped up their milk output to take advantage of high prices and lower animal feed costs, but now don't have the customers to buy it.

Wegner said that milk production in 2014 increased by nearly 5 percent in the European Union, 12 percent in New Zealand, 4.5 percent in Australia, and about 2 percent in the U.S.

The glut of milk has caused prices to plummet, and is the reason that Bozic and other economists see low prices ahead, at least for the first half of 2015. The United States is more closely tied to the global system, he said, since dairy exports have grown from 4 percent of milk production in 2005 to almost 15 percent in 2014.

"The toothpaste is out of the tube," said Wegner. "We're affected by the world market."

Minnesota was the seventh largest dairy exporter among all U.S. states in 2012, with sales that tripled between 2006 and 2012. Its main customers have been Mexico, followed by China, Canada, and the Philippines, according to state and federal reports.

Wegner said he expects some reduction in consumer prices for dairy products in 2015, but he doesn't know when or how much shoppers might save.

Pat Lunemann, president of the Minnesota Milk Producers Association and a dairy farmer near Clarissa in Todd County, said the cost of milk production ranges from \$15 to \$20 per hundred pounds, depending on the size, age and health of the herd, the cost of feed, and other factors.

He's seen the up-and-down cycle of prices many times before, and said farmers make investments and improve their balance sheets when they have profitable years like 2014.

"What we've done is to try and replace equipment that was getting tired out," Lunemann said, referring to the 700-cow operation that he owns in central Minnesota.

"You hope that you get all your bills paid and maybe your debt paid down somewhat, because you know that these times come."

Even so, the recent dramatic drop in prices — from \$24 to about \$17 per hundred pounds — is difficult for dairy farmers, Lunemann said, because they can't stop cows from producing milk, and overhead for barns and equipment are mostly fixed



"You hope that you get all your bills paid" in good years, farmer Pat Lunemann said. "Because you know that these times come."

GLEN STUBBE • gstubbe@startribune.com,

costs.

Bob Lefebvre, executive director of the Minnesota Milk Producers Association, said dairy farmers in Minnesota will face significant challenges in 2015, based on futures prices for milk.

One bright spot, he said, is that beef prices are high, and one portion of income for dairy farmers can be the beef market because older cows end up going to slaughterhouses.

But Lefebvre expects the markets to adjust and for prices to settle down.

"Dairy farmers are in it for the long haul, and I'm confident we can ride out next year," he said. "When times are tough, you need to double down. You can't start skimping on the cows' diet, because that's not good for the cow."

Tom Meersman • 612-673-7388

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