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# Energy From Agriculture:

## New Technologies, Innovative Programs & Success Stories

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*December 14-15, 2005*



*St. Louis, Missouri*

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**Farm Foundation**

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**USDA's Office of Energy  
Policy and New Uses**



 **NRCS**



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- ENERGY FROM AGRICULTURE
    - FARM FOUNDATION
    - SUCCESS STORIES
      - ETHANOL
    - AGRI-ENERGY, LLC
      - Luverne, Minnesota
        - David Kolsrud
  - Business Development Manager
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# AGRI -Energy Ethanol

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- PRESENTATIONS:
    - A. Overview
    - B. Challenges
    - C. Outcome and Results
    - D. USDA Contribution
    - E. Lessons Learned
    - F. Positive Results



- **OVERVIEW**

- **Originated by the City of Luverne** Aug. 1995
  - **Steering Committee Formed** Sept. 1995
  - **Rock County Contributed \$5,000.** Oct. 1995
  - **Board Members Selected** Oct. 1995
  - **Raised Equity** Dec. 1995-Aug. 30,1995
  - **Regrouped**
  - **City & County Contributed \$50,000 each**
  - **Raised Equity** Feb. 1997-March 1997
  - **Formed LLC Co-op & Private** April 1997
  - **Identified Lender**
  - **Applied for USDA B & I Loan Guarantee**
  - **Completed Financing** Aug. 1997
  - **Construction Begins** Sept. 1997
  - **Production begins** Sept. 1998
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- **Challenges**

- **A. Raising Equity**

1. Co-op stigma
2. High priced corn (\$5.15)
3. MCP in trouble
4. Artichokes

- B. Securing Financing**

- C. Uncertainty over Federal Legislation  
(Blenders Credit)**

- D. Expanding Farmer Network**

- E. Excessive Time and Dedication**





- **OUTCOME**

- **213 Producer Members**

  - 38 Counties/3 States**

  - 12 Million gallon plant built (Current production 21 million gallons per year)**

  - 28 Employees \$1.1 million payroll**

  - All DDG's sold within 45 miles of plant**

  - DDG's used in cattle/swine and poultry rations**

  - 42 million bushels of corn processed**



- **Outcome Financial (1998-Present)**
- **Summary of Minimum Investment \$10,000**
- **Value Added Payments July '99-Oct. 05=**

	<b>\$43,837.50</b>
Freight	<b>\$ 4,200.00</b>
Premiums	<b>\$ 3,500.00</b>
Loan Rate	<b><u>\$ 8,400.00</u></b>
	<b>\$59,937.50</b>


**70,000 bushels delivered**

**AGRI-ENERGY added 85¢ to every committed bushel**

**Current Stock Value 5 ½ times Original**

**Summary \$10,000 Investment returned \$59,937.50 cash**  
**\$55,000.00 stock**  
**\$114,937.50**



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- **USDA Contributions**
  - **B & I Loan Guarantee**
    - (1) Build Plant
    - (2) Expand Ownership

**Value Added Grant Program**

**Summary**

**Financing in 1997 was impossible without  
USDA!!!**





- **Lessons Learned**

**A. Member Communication**

**B. Power of Producers Working Together**

**C. Educate Lenders**

**D. Ethanol Investment a good hedge against fuel costs.**

**E. Return Dividends to Members**

**F. Let Members vote with their checkbook on new projects**





- **Positive Results**

- **1. Attitude of Members – What can we do next?**
  - **2. Network with other Producers**
  - **3. Create New Opportunities**
  - **4. Utilize Local Talent**
  - **5. Diversified Investments**
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- **Projects**

- **1. C-Store Rock County Energy 33%**
- **2. Ethanol**
  - Badger State, Monroe Wisconsin 21%**
  - Husker Ag, Plainview Nebraska 48%**
  - Front Range, Greeley Colorado 42%**
  - Prairie Horizon, Phillipsburg Kansas 24%**
  - U S BioEnergy 9%**
  - Mid Missouri Energy less than 1%**
  - SELC less than 1%**
  - Little Sioux Corn Processors less than 1%**
- **3. Bio Diesel**
  - MNSP Brewster Minnesota 6%**
  - Mid Atlantic Bio-Diesel Clayton Delaware 46%**
- **4. Gave birth to MinWind 80%**
- **5. Bio Based Products-Amalyx 2%**





- **SUMMARY**

- **AGRI-ENERGY'S financial success is not as important as the cooperative spirit shared by our many members. Our goal is to continue networking with as many fellow producers as possible.**

