

Beefing up

N.D Natural Beef project gains ground; processing plant will team with NDSU, North American Bison Cooperative venture

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FARGO, N.D. -- North Dakota Natural Beef L.L.C. has cleared its first hurdle, exceeding its investment goal of \$3.5 million and breaking escrow on a project that will involve the state's first commercial beef kill and processing venture in modern times.

Dieter Pape, president and chief executive officer of the North American Bison Cooperative, whose kill plant in New Rockford, N.D., will be a key piece of the project, says the entire project will run about \$6.5 million. It's a "great opportunity" for producers of market-ready cattle, who now ship to slaughter plants as far as Nebraska, Kansas and Texas.

Pape and Ken Odde, a North Dakota State University animal science professor, first discussed the project publicly in late March. The company held a series of private investor meetings during an equity drive, which closed July 28 with \$3.65 million. The goal had been \$3.5 million to \$4.5 million. The company "broke escrow" July 31, meaning it can access the funds raised.

Pape says the company's five-person interim board of directors has voted to keep the investment opportunity open until Dec. 31.

So far, more than 30 individuals and "groups" have invested in the project, Pape says. The investors are located in North Dakota, South Dakota, North Dakota, Colorado and Washington and involve farming, business and other interests.

Among the investors are the North Dakota Farmers Union of Jamestown and Dakota Growers Pasta Co., a corporation based in Carrington, N.D., and headed by North Dakota Lt. Gov. Jack Dalrymple.

Meeting set



A former Morrell meat plant, a few blocks southwest of the North Dakota State University campus in Fargo, will be acquired by the North Dakota Natural Beef L.L.C. project by Aug. 15. The center metal shed will be removed and a two-story learning and processing headquarters will be built from center and right.

The fledgling company sent out a mailing late last week to the investors, announcing an Aug. 22 meeting for 3 p.m. at the Holiday Inn in Fargo, N.D. Among other things, the members will vote to elect a nine-member board, which will have "up to five advisory seats." Members also will hear from building advisers and sales and marketing plans.

Once the permanent board is elected, it will hold an immediate organizational meeting to elect officers.

Before the meeting, the interim board will move to close on a building purchase in north Fargo on or before Aug. 15. The plant is a former kosher meat processing plant that has been empty for the past four years.

Pape says the existence of the building would save nearly \$1.8 million compared with new construction. It will take up to nine months and \$3.5 million to retrofit it for a processing and education facility. The project will remove some parts of the building and replace it for a net gain of about 20,000 square feet and a total of about 40,000 square feet.

Once complete, processing equipment from the bison cooperative will be moved into the facility. The bison co-op will lease cooler and freezer space from the beef facility, providing an immediate revenue stream.

Initially, the Fargo facility would handle about 1,200 head of natural beef and up to 10,000 head of bison. By year five, the goal is for 25,000 head of beef and 18,000 head of bison, as well as 6,000 head of custom processing.

NDSU will serve as a procurement arm for "natural" beef, which is from cattle that aren't treated with medicines or growth promoting hormones. It's likely those initially would come from two feedlots and eventually from five.

Chasing an opportunity

Roger Stuber, a member of the interim board and rancher in Slope County north of Bowman, N.D., says the development is important. Stuber is a former president of the North Dakota Stockmen's Association and the National Cattlemen's Association and operates a conventional commercial cow and registered Hereford business.

"I think that what appealed to me is that there's a lot of opportunity in North Dakota to expand livestock production, and this allowed producers in the state to have a market for their cattle and allows the cattle feeding industry to expand," Stuber says.

Stuber acknowledges there's "more work" in raising "natural" beef, but the advantages of an in-state kill and processing plant will overcome that. He says producers will start raising their cattle with drugs and will have to separate them out if illness requires antibiotics or other drugs.

"It's a lot better to have a good marketing plan and get the production behind it, rather than having the production first and the marketing afterward."

Rick Bergum, president and chief executive officer of the Arthur Cos. in Arthur, N.D.,

also is an investor and on the board.

Bergum says he's always thought it's significant that the state produces about 1 million calves a year but only feeds out about 75,000. About seven years ago, Bergum started up his own, small-scale feedlot near Arthur and saw the economic activity that was generated around it.

North Dakota has corn and soon will have distiller's grain to support cattle feeding.

"The weather's not the best in the world, but it's not the worst," Bergum says. A big obstacle has been how to overcome the \$30-per-head cost of getting market-ready cattle to the nearest significant kill plant in Dakota City, Neb.

"It's certainly taken off," Bergum says. "Whether it's going to make it, only time will tell."