

# 50 Projects – 50 States: Minnesota

## Otter Tail Ag Enterprises Fergus Falls, MN

Using the slogan, “Energy from the Midwest, not the Mideast,” a group of farmers, ag-related professionals and investors have developed a \$127 million ethanol plant near Fergus Falls. In 2006, the CDE, Midwest Minnesota Community Development Corp. fueled this project, Otter Tail Ag Enterprises, LLC (OTAE), with a \$20 million New Markets Tax Credit (NMTC) investment for financing facility construction.

Ethanol production started in March 2008. The plant produces 55 million gallons of ethanol annually, requiring 57,000 bushels of corn arriving daily in a total of 57 truckloads or 21 rail cars. In addition to ethanol production, the plant produces 21 truckloads or six rail cars per day of a byproduct used in livestock feed.

Total annual economic impact to the area is a projected \$110 million. This includes in excess of \$65 million in direct spending annually, added income to area farmers, and an expanded state and local tax base of \$1.2 million.

According to the U.S. Department of Energy’s Energy Efficiency and Renewable Energy site, new corn ethanol plants produce an energy output to input ratio of 1.6, including energy used in producing corn and other raw materials. The U.S. Department of Agriculture predicts the energy value of ethanol will continue to increase due to a variety of factors.

OTAE’s history dates back to 2004, when an exploratory group of local residents raised \$2.4 million in seed capital plus grant funds for a feasibility study. They subsequently raised \$42.2 million through the public sale of shares. These were made available only to Minnesota residents due to the Board members’ commitment to keep the project, and its profits, local. Ultimately, NMTC financing leveraged \$107 million from several sources.

Bank participation was difficult to achieve for this project.

### **NMTC Allocatee**

**Midwest Minnesota  
Community Development  
Corp.  
Detroit Lakes, MN  
Julia Nelmark: 218.844.7019**

### **Community Profile**

- SBA HUB Zone
- Minnesota Job Opportunity Building Zone



### **Project Highlights**

- Real Estate: ethanol plant
- Total Project Cost: \$127 million
- NMTC: \$20 million
- Other Financing: Ag Star, waste treatment bonds, county bonds, in-state investors, public equity offering
- Jobs: 170 temporary, 36 facility and 600 ancillary