

Ohio-based company signs agreement to acquire Little Falls ethanol plant

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Green Biologics Inc. plans to keep plant 'for the long haul'

By **Patrick Slack**, Staff Writer

Little Falls-based Central Minnesota Ethanol Co-op (CMEC) announced Wednesday that it has entered into an exclusive letter of intent to enable Green Biologics Inc. to acquire substantially all of its assets.

Green Biologics, based out of the United Kingdom and Gahanna, Ohio in the United States, is a technology developer and emerging bio-based chemicals producer, specializing in the renewable n-butanol, or normal butanol, industry.

The two sides will now finalize an Asset Purchase Agreement, seek CMEC member and shareholder approval, with the final closing of the transaction expected sometime in 2014.

CMEC began seeking strategic alternatives for the plant close to a year ago, Chief Executive Officer Dana Persson said, and began talks with Green Biologics about four months ago. The plant had to stop production temporarily in the summer of 2012 due to high corn prices.

“We think it’s kind of an exciting move for all of the stakeholders, shareholders, employees and the community at large,” Persson said. “They have an exciting business plan.”

Green Biologics plans to spend a significant amount of money to upgrade the plant to the platform it desires to produce n-butanol.

Butanol and its derivatives are used in the production of paints, coatings and



Central Minnesota Ethanol Co-op Chief Executive Officer Dana Persson, left, and Green Biologics Inc. President Joel Stone announced the signing of an exclusive letter of intent for Green Biologics to acquire substantially all of the Little Falls ethanol plant’s assets, Wednesday. Green Biologics is a bio-based chemicals producer and one of the leaders in producing n-butanol, used in products such as paints, adhesives and coatings.

adhesives, an \$85 billion global market.

“It’s a big market, it’s a global market, it’s a growing market,” Persson said. “Obviously a lot more stable than the ethanol business is. It’s not so commodity-oriented. It’s just a plain higher value.

“(Green Biologics) will make some changes to the process, but utilize the existing infrastructure that’s here and kind of bolt on their technology to this plant and make some products that are currently now being made by the petro-chemical industry today,” he said.

Green Biologics merged with butylfuel™ LLC in Jan. 2012, then opened a demonstration plant in Emmetsburg, Iowa.

Now, CMEC provides a perfect fit for Green Biologics to achieve its objective of being a leader in renewable chemicals, as opposed to those that are fossil and petroleum based, said Green Biologics President Joel Stone.

“We happen to be on the leading edge of that at this point,” Stone said. “We want to be ahead of the curve. That’s why we’re planting our stake in the ground here. It’s got great corn supply and great work ethic. This is the last piece of the puzzle from moving pilot demonstration to commercial with the acquisition of the Central Minnesota facility.”

This will now be the first normal butanol fermentation plant in North America since the 1950s, Stone said, when it went out of favor because of the low cost of petroleum and fossil fuels.

However, improved technology has allowed the platform to reemerge.

“This is a really exciting time to be moving forward with the platform,” Stone said. “I think it’s really exciting for Little Falls and the state of Minnesota. Really exciting with the employees now that they also understand what is happening, that this is moving into the next area of what needs to be happening in North America, and really, in the world when you look at renewable materials.

“All the market trends are moving that direction,” he said. “All of us involved are really firm believers that the future of jobs in North America are agriculture-based jobs which can produce material as renewables as compared to fossil fuels.”

Another important aspect of the transaction is creating a more stable long-term environment for the plant, and by so doing for area corn growers.

“We’re going to continue to be buying a lot of corn coming into this plant,” Stone said. “It’s going to be a continuation of that, with producing a higher-value product.

“But now you are diversifying risks by having fuels, chemicals, high-value intermediates, which allows the entire industry to be more healthy when you have multiple products you can produce ... we’re bringing something new technology-wise that is going to keep the plant operating here for the long haul,” he said.

Educating the public on the need for renewables in the United States and across the world is another mission of Green Biologics, Stone said, something he believes the biofuels industry struggled to do the first time around.

“If I had to do it over again, we didn’t do a good job of educating people about biofuels,” Stone said. “This is a chance to do it right the first time. This is something that’s really good and it does change what people do, their lifestyles, their shopping habits, to really understand that bio-based and renewable products is the way to go.”

Until the acquisition is finalized, CMEC will continue operations as usual.

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