

# Opening Date Not Yet Set For Beef Processing Plant

Dirk Lammers, Associated Press

SIOUX FALLS, S.D. (AP) — A long-delayed South Dakota beef-processing plant given new life when Korean investors took over in 2009 is without an opening date more than six years after it was first proposed.

Land for the \$109 million Northern Beef Packers plant in Aberdeen was secured in 2006, but financial issues, lawsuits, local opposition, delinquent property taxes, flooding, an economic downturn and millions of dollars in liens have repeatedly pushed back the opening date.

Laure Swanson, Northern Beef Packers' spokeswoman, said construction of the 420,000-square foot facility is "pretty much done" but she declined to disclose when operations would begin.

The plant on Aberdeen's south side will initially process about 200 cattle a day, eventually ramping up to 1,500 head per day from the Dakotas, Nebraska, Iowa and Minnesota.

Initial financing plans called for Brown County to sell \$8.5 million in local tax-increment financing bonds, which use expected future gains in property values to provide development subsidies. The bonds, later capped at \$6.95 million, have all been sold, said county auditor Maxine Fischer.

Company officials have said once the TIF money was in hand, the plant could complete construction, work toward its opening and pay off any remaining construction liens.

A check of Brown County records on Wednesday showed 16 mechanic's liens totaling about \$1.95 million filed against the property since the beginning of the year, said Register of Deeds Carol Sherman.

Once locally owned, Northern Beef Packers is 41 percent owned by businessman Oshik Song with 69 other Korean investors who each gave at least \$500,000 under the federal EB-5 program that encourages foreign investment in exchange for qualifications to secure permanent residency.

Northern Beef Packers plans to use nearly all of each animal, producing both USDA certified meat cuts and offal, which is in high demand in foreign markets. An on-site rendering plant will open later. Cattle will be knocked out and shackled using Temple Grandin humane methods before machinery pulls the hides from the carcasses.

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The plant recently asked Brown County commissioners if the county landfill would accept paunch, the partially digested material taken from an animal at the time of slaughter. Residents voiced concerns about the potentially unpleasant odor from the waste, prompting the commission to ask Northern Beef Packers to consider alternatives.

"We didn't go as far as saying we're going to refuse to take the paunch, but we did ask them to continue to explore additional opportunities or options for the paunch," Sutton said.

In 2006, Aberdeen livestock businessman Dennis Hellwig became the largest investor in Northern Beef Packers in response to then Gov. Mike Rounds' South Dakota Certified Beef initiative. Rounds hoped to get the state's ranchers premium prices by allowing consumers to track animals from birth, through a feedlot and to a meatpacking plant.

But just as construction of the plant was about to begin, opponents forced a public referendum on the TIF bond plan. Voters gave their thumbs up, but then heavy spring rains brought severe flooding, prompting more delays.

Northern Beef Packers meanwhile used EB-5 to attract investors and spur the start of construction, and concrete was poured for the roads and basement. But by 2008, the company began falling behind on its property taxes, mechanics' liens started piling up and the economic downturn dried up financing options.

Hellwig stepped down as general partner when the Korean investors asked to buy out his shares. The new owners recruited another round of EB-5 investors, but the new investment fund provided loan money instead of equity shares in the company.

After the plant starts processing cattle, the company will be able to tap into a state economic development finance authority and a U.S. Department of Agriculture Rural Development guaranteed loan.

Sutton said the commission is anxious for the plant to begin processing beef.

"We're excited to get the plant up and running," he said. "It'll have a real substantial positive impact on our whole northeast region."

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