

## Red Star Yeast and Bio Springer's \$75-Million Investment

In Cedar Rapids, Iowa, a centuries-old product—yeast—is being remade using 21st century technology. Red Star Yeast Company LLC, a joint venture between global powerhouses Archer Daniels Midland Company and France-based Lesaffre et Cie, built a \$50-million, state-of-the-art yeast plant in late 2005. The facility uses a number of proprietary processing technologies to use ADM-produced corn syrup as the raw material for liquid and block baking yeast.

Now after three short years of operation, a multi-million dollar expansion has begun at the Red Star site. Lesaffre subsidiary Bio Springer North America Corporation is constructing a new yeast extract plant there. Additionally, Red Star is expanding production capacity to

support key yeast markets and to supply the new yeast extract plant. Occurring simultaneously, the multi-phase \$75-million project is expected to be partially completed in early 2009, and totally completed in 2010.

According to Red Star President John Riesch, “The Red Star expansion will not only support Bio Springer, but also support our growing yeast business and other market-related opportunities,” he says. “The combination of ADM and Lesaffre’s unique technology in yeast makes us optimistic about Red Star’s future growth.”

“Yeast extract is a key ingredient in many thickeners, emulsifiers and flavorings used by food manufacturers,”

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## Recyclable corrugated pallets from Iowa

**Good for foodmakers; good for the environment**



**Lightweight, sanitary and recyclable. According to Farmers Corrugated Solutions General Manager, John Steinkamp, those are three key reasons his corrugated shipping pallets are being used by a growing number of food manufacturers.**

“It’s a new era in the world of shipping and commerce as wooden pallets fast become an uneconomical and unsustainable way to ship goods,” says Steinkamp, whose growing company in the north central Iowa community of Ruthven is expanding to meet demand for its recycled cardboard and corrugated materials shipping pallets.

Because chemically treated wood pallets have the potential to contaminate the products carried on them, certain sectors in the food and medical industries have restricted or banned the use

of wood pallets in their processing plants for safety and sanitary reasons, says Steinkamp.

“Unlike corrugated pallets, wood pallets aren’t considered sterile and cannot come in direct contact with food or food-processing operations,” he says. “Clean and hygienic, our pallets are ideal for use with food and pharmaceutical products.”

The North American pallet industry generates an estimated \$10 billion in revenue annually, and Steinkamp is optimistic that Farmers Corrugated will meet its aggressive business goals. “Shipping pallets are used in virtually all industries where products are physically transported,” he says, adding that companies in the automotive, chemical, consumer goods, food, paper, retail and metals industries use more than 810 million pallets in a year.

Made from recycled paper and cardboard, the company’s standard

48-by-40 inch pallet holds more than 7,000 pounds.

“Our lightweight pallets are ideal for exporting, as well as domestic shipping. At one-fifth the weight of a wooden pallet, they are by far the cheapest way to ship,” explains Steinkamp. “Why use a 50-pound wooden pallet when you can ship with a corrugated pallet that weighs only 12 pounds on average?”

In order to meet this growing market demand, Farmers Corrugated is constructing a new 18,000-square-foot manufacturing facility, purchasing new equipment that automates the pallet-making process and adding workers to its 17-employee operation. The expansion project was leveraged by incentives from programs administered by the Iowa Department of Economic Development. It was awarded \$410,000 from the Economic Development Set-Aside (EDSA) program, as well as tax benefits from Iowa’s Enterprise Zone program. ■



## Hormel Chooses Dubuque for 'Compleat' Growth



**\$89 million facility to produce microwave meals. Workforce made choice easy.**

**D**ubuque city leaders and local economic developers are excitedly awaiting completion of one of the biggest economic development projects that northeast Iowa has seen in the past few years.

Hormel Foods is building an \$89 million, state-of-the-art food processing facility to support the growing demand for its Hormel® Compleats™ microwave meals line.

In the ultra competitive food industry, Hormel Compleats is the fastest-growing product in the company's cadre of well-known brands that includes SPAM, Dinty Moore, Chi-Chi's Salsa and Jennie-O. "The \$452-million microwave meal segment is growing at double digit rates," says Brett Asay, Hormel Foods product manager.

The project—a 327,000-square foot facility with two lines producing the packaged food—will be operational in fall 2009 and will bring 196 new jobs to Dubuque, a northeast Iowa community on the Mississippi river.

"This investment will allow us to increase our production capacity and continue our leadership position through innovation and new products," according to Jeffrey M. Ettinger, chairman of the board, president and chief executive officer, Hormel Foods.

Hormel's new plant was awarded a series of tax benefits from the Iowa Department of Economic Development's High Quality Jobs Creation (HQJC) program.

"Dubuque is an excellent location. It offers a talented work force and a vibrant cultural environment," said Russell C. Potter, vice president of grocery products operations for the company. "The proximity of Dubuque to our main grocery

products distribution center was an important logistical consideration."

Dubuque will join Algona, Bondurant, Eldridge, Fort Dodge, Knoxville, Mitchellville, Nevada and Osceola as Iowa communities with a Hormel Foods presence.

"Hormel was looking at sites throughout the upper Midwest," says Mike Blouin, president of Greater Dubuque Development. "Their executives like the site, but more importantly, they liked Dubuque. They liked our amenities, our transportation infrastructure, our available and qualified workforce, our school systems and our quality of life."

The Hormel philosophy of "Innovate, don't imitate" has served the company well since its founding in 1891. When the company needed a location to produce its newest product, Hormel Compleats, it found the complete package in Dubuque and Iowa. ■



## Iowa's Soy Innovations expansion will help feed a hungry world

**With a patented dry-extrusion process that uses no chemicals to produce soy ingredients, Soy Innovations International is producing soy protein with better flavor, functionality, and nutrition. Demand is exploding for its heart-healthy, protein-rich soyfood ingredients from natural and organic food manufacturers, prompting Soy Innovations' recent opening of a 54,000-square-foot manufacturing facility.**

Built in the central Iowa community of Indianola at a cost of \$7.5 million, Soy Innovations' facility opened in September 2007. The plant can produce approximately 100 tons of soy food products each day, says Leroy Hanson, president of Triple "F" Inc., the Soy Innovations parent company.

In fact, Soy Innovations uses technology invented by Triple "F," which patented the dry extrusion process in 1967. They subsequently created a division, Insta-Pro International, to manufacture and market the equipment worldwide, which they continue to do today.

"Triple F's innovation was to combine extrusion cooking with mechanical pressing in a way that squeezes the oil and extracts the meal from soybeans, while maintaining the functionality of soy protein," says Dr. Wilmot Wijeratne,

vice president of research and food technology at Soy Innovations. "We produce a soymeal that is high in protein, superior in flavor, and rich in beneficial phytochemicals, such as isoflavones. In addition, the natural balance of nutrients is maintained through the process.

"By separating out the oil from the protein, we developed a number of functional ingredients that can be applied to different segments of the soyfood industry," continues Wijeratne. These ingredients include functional soy flour used in baking and pasta applications, textured soy protein used as meat extender/meat replacement, a rice and soy blend for breakfast cereals and nutritional bars, and soybean oil.

The new production facility created 12 new jobs and was leveraged by a \$100,000 award from the Iowa Department of Economic Development-administered Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP).

**Visit [iowalifechanging.com](http://iowalifechanging.com) for more information on how an Iowa location can help your company. Or, call 800.245.IOWA (4692) to schedule a confidential consultation with an IDED project manager. ■**



## German firms find a home in Iowa

**A & B Foods & Beverage Inc., a joint venture of Bionade International and Alb-Gold Teigwaren, is planning to build a 121,500-square-foot production facility on 65 acres in the Amana Colonies, a German heritage tourism destination in eastern Iowa.**

The \$40-million capital investment is expected to create 99 jobs in production and management.

The facility will produce Alb-Gold's egg-based noodles and Bionade's fizzy, fruity all natural drink that's become a national sensation in Germany.

The complex—with two state-of-the-art production facilities, a studio kitchen, a restaurant and visitor center, and herb-and spice-garden—will offer live tours and other activities.

According to Klaus Freidler, Alb-Gold CEO, production is scheduled to begin in early 2009.

“While we’ve been exporting our spaetzle and egg noodles to the U.S. for more than 10 years, we want to grow our North American market share,” says Freidler. “With the growing demand for healthier and organic foods, we feel this is a great time to expand.”

Bionade International's Peter Kowalsky agrees, noting that his company has been looking for a U.S. location that closely fit the Bionade philosophy.

“Amana is logistically ideal and reflects the requirements we’ve been looking for: a natural landscape, educated workforce and friendly people,” says Kowalsky, the inventor of the organically fermented Bionade soft drink.

Bionade, which has experienced an eye-popping 300 percent growth rate since 2003, is available in elderberry, lychee, herb and ginger-orange flavors.

“The Amana Colonies has a longstanding reputation for German tradition and high-quality products,” says Freidler. “The people of Iowa are friendly, open-minded and very supportive of local businesses. This makes us confident that our decision to settle in Amana is the right choice.”

Kowalsky and Freidler have calculated that their noodles and Bionade can reach two-thirds of the U.S., the large coastal markets in particular, within 24 hours.

“We had offers to set up shop throughout the U.S.,” says Freidler. “However, the concept for both the Alb-Gold and Bionade brands is based on remaining authentic and intimately connected to cultivating our own raw materials.”

In order to do that, Alb-Gold and Bionade has secured 1,200 acres of land to cultivate spelt, brewer's barley and elderberry bushes.

Kowalsky and Friedler are two entrepreneurs who met several years ago at an organic agricultural products event in southern Germany. ■



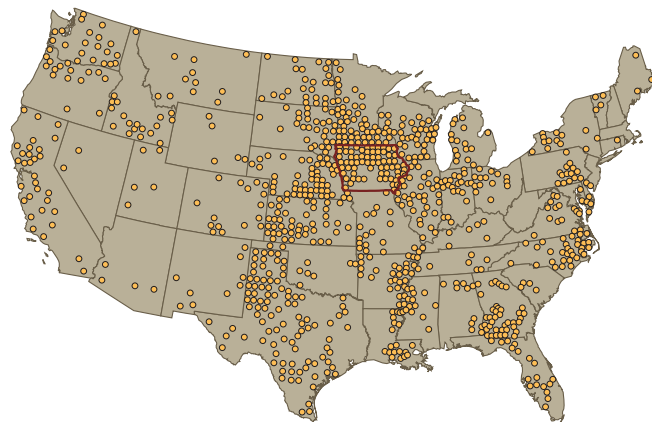
## Top 100 food companies with operations in Iowa

More than one-fourth of the Top 100 Food Companies ranked by Food Processing magazine have manufacturing facilities in the state of Iowa. The 26 ranked companies with processing in Iowa include most of the top 10 in terms of U.S. sales.

U.S. Rank	Company	Food Sales (\$ billions)
1	Kraft Foods Inc.	23.1
2	Tyson Foods Inc	23.0
3	PepsiCo	22.2
4	Nestle (U.S. & Canada)	20.7
6	General Mills	10.3
7	Dean Foods	10.1
8	Smithfield Foods	9.9
9	ConAgra Foods Inc.	8.2
11	Swift & Co.	7.6
13	Sara Lee Corp.	7.3
15	Coca-Cola Co.	7.0
18	Cargill	5.8E
19	Hormel Foods Corp.	5.75
27	H.J. Heinz	4.3
28	OSI Group	4.0
34	Land O'Lakes	3.4
35	Interstate Bakeries Corp	3.1
42	Ag Processing Inc.	2.4
46	Dairy Farmers of America	2.2
50	Ralcorp Holdings	1.7
53	Schwan Food Co	1.7E
56	Pinnacle Foods	1.4
61	Wells' Dairy	1.28
63	Foremost Farms USA	1.25
67	Associated Milk Producers	1.1
80	Birds Eye Foods	.9

E = estimate

Source: Food Processing, 2007



Purdue Center for Regional Development

## Profit from Iowa's critical mass in food

Food industry clusters clearly show the state of Iowa lies in the center of the upper Midwest food industry. Iowa's major food producing economy, central location to U.S. markets, skilled workforce, low cost of doing business, and efficient logistics systems are potent attractions for new investment.

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Published by: Iowa Department of Economic Development  
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## Red Star

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says Dominique Vial, CEO of Bio Springer, the industry leader for yeast extracts in savoury and biotechnology applications. "The facility will be primarily dedicated to better serve our growing North American customer base."

The combined projects, which will create 35 new jobs, were awarded \$192,500 from the Iowa Department of Economic Development Community Economic Betterment Account (CEBA) and a series of tax benefits from the High Quality Job Creation (HQJC) program.

In a joint statement, both Riesch and Vial thanked Priority One, the City of Cedar Rapids and the State of Iowa for their help in the preparation of the financial packages.

"Their support has been critical to bringing this project to Cedar Rapids," says Riesch.

With an expanding state-of-the-art yeast facility and a soon-to-be-completed Bio Springer yeast extract facility, Iowa is the recipient of two massive new facilities that will add value to corn, Iowa's most abundant natural resource.

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# Target, General Mills, Quaker Oats build distribution

As a recognized center of food production, the state of Iowa is seeing continued expansion of distribution centers that serve the food industry and take advantage of the state's efficient transportation connections to regional and national markets.

Target Corporation, General Mills and Quaker Oats are investing more than \$124 million to build and equip food distribution centers in Iowa with more than one million square feet of operating space.

fresh produce, frozen and refrigerated foods to Midwest Target stores.

General Mills is building a \$20-million distribution center next to the Cedar Rapids plant where it produces cereals, fruit snacks and dessert products. General Mills' Heidi Geller said the importance of the plant, which has some of the most complex manufacturing in its system, and a strategic location near major transportation routes were factors in the decision to build a distribution center

## Target Corporation, General Mills and Quaker Oats are investing more than \$124 million to build and equip food distribution centers in Iowa with more than one million square feet of operating space.

Target Corporation is creating a massive distribution campus in the northeastern community of Cedar Falls. The latest building under construction is Target's 400,000-square-foot perishable foods distribution center, which is expected to be in operation in 2009. The \$87 million perishable foods facility is adjacent to Target's existing general merchandise distribution center of 1.4 million square feet in the Cedar Falls Industrial Park. Both facilities are highly automated.

"We looked at a wide variety of locations for a new distribution center," said Lena Michaud, spokesperson for Target Corporation. "What we looked at in Cedar Falls was a chance to create a campus atmosphere. It allows us to leverage the existing facility and investment in Cedar Falls."

Target's \$86 million project was awarded tax benefits from the High Quality Job Creation (HQJC) program. About 125 new jobs will be created distributing

there. Construction is well underway on the 400,000-square-foot distribution center to be operated by Worley Warehousing when it opens this year.

Worley provides world class logistics and warehousing, not only to General Mills, but also to Quaker Oats, a division of Pepsico. Worley has recently constructed 300,000 square feet of distribution, a capital investment of \$17 million, for Quaker Oats and will handle the distribution of Quaker Oats and Pepsico products shipped from Cedar Rapids.

These Iowa expansions will enlarge the logistics support for food distribution currently existing in the state of Iowa. Latest figures show that general refrigerated storage in public and private warehouses in Iowa totals nearly 80 million gross cubic feet, according to the U.S. Department of Agriculture. ■





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## g u e s t o p i n i o n

# Enhancing the food industry and academics through collaboration

**W**ith its central U.S. location, access to a plethora of agricultural raw materials, a highly educated and skilled workforce, and a supportive state government; food and ingredient manufacturers find many advantages to locating in Iowa.

Another major plus for Iowa's food makers is access to one of the strongest food science and human nutrition programs in the nation, located on the campus of Iowa State University (ISU).

At ISU, you will find scientists who will assist your organization in bringing food-related innovations in plant, animal and microbial products to commercialization.

The Department of Food Sciences and Human Nutrition (FSHN) is jointly administered by the Colleges of Agriculture and Life Sciences and Human Sciences. Our mission is to generate new knowledge around food and human nutrition and to promote health through food.

Within FSHN, we have three affiliated research centers that can assist your organization:

- Center for Crop Utilization Research
- Center for Research on Botanical Dietary Supplements
- Nutrition and Wellness Research Center

Each center assists companies in creating innovative products that will add value and succeed in the marketplace.

The department also provides current and objective information about food and health-related topics. As an academic institution we are dedicated to basic research, however we collaborate with the food and health industry to foster consumer and clinical research related to food, nutrition and wellness.

Consumers typically purchase food based on taste, convenience and perceived nutritional value. Our scientists can assist in the creation, formulation, consumer evaluation, shelf-life and safety testing, process scale up and nutritional claim verification of producers' foods and ingredients.

We can also provide human efficacy testing to verify food-health relationships that may provide novel uses of foods and ingredients as well. We offer state-of-the-art pilot plants, test kitchens, consumer sensory labs, clinical sample collection, and exercise testing facilities.

A company's involvement with our department can take a number of forms—from equipment/lab rental and technical assistance to cooperative research contracts or proprietary agreements.

For more information on collaboration opportunities within ISU, visit [www.fshn.hs.iastate.edu](http://www.fshn.hs.iastate.edu) or contact me at [ruthmacd@iastate.edu](mailto:ruthmacd@iastate.edu). ■