



## **Bion responds to Valley News Reporter's Response**

At a minimum, there is agreement regarding the fact that communications between Bion and the Oswego community have not gone well to this point. That is certainly not Bion's intent or desire and we will continue to reach out to clarify the specifics with regard to our proposed project and answer any and all questions as they come up to the extent possible given the stage of project development at this point in time.

To that end, we are providing direct responses below to the article by Carol Thompson on the 11<sup>th</sup> of July in the Valley News which itself was a response to an earlier statement to the Valley News by Bion. For clarity, we have added our comments in larger, non-italicized font interspersed below with the specific statements in Ms. Thompson's piece to which they refer.

Bion will shortly make available a project website designed to allow the entire Oswego County stakeholder community and other interested parties access to information about the project, as well as to pose questions and receive direct responses from Bion. The site will contain past and future PowerPoint presentations provided to the community, technical studies and reviews, process performance data and analysis, and other information related to Bion's technology and the proposed integrated, closed-loop beef finishing / biofuels project in Oswego County. It will also make available all of the questions and answers generated from the St. Lawrence County task force review so that the Oswego community can consider the questions and Bion's answers from their neighbors to the north. All future questions posed by any identified party on the Bion-Oswego Project website will be directly addressed for all to see.

But for starters, here is what Bion is proposing and has shared via presentation and discussion in a number of meetings within Oswego County: an integrated, large-scale agricultural project that includes the finishing of beef cattle (Holsteins and native beef species) together with associated facilities for slaughter and preparation of pre-cooked, packaged food products. Bion's patented and demonstrated comprehensive waste treatment process will ensure that the project's environmental profile far exceeds standards established throughout upstate New York for livestock production. The project also will work with either a new or existing ethanol plant so that the cattle consuming distiller grains co-product from the ethanol production (without the need for drying) while the project provides renewable energy extracted from the processing of the livestock manure to offset the use of fossil fuels at the ethanol facility. This "closed-loop" design, along with Bion's exclusive waste treatment / renewable energy capability, directly supports both the environmental and economic sustainability for the project.

More details are provided below based upon the PowerPoint presentation made last month to the Legislature's Economic Development Committee ('EDC'). Additional information will be made available shortly on the project website.

***Reporter responds to Bion official's objections***

*07-11-2009*

*A: I would like to respond to the comments made by Jeff Kapell of Bion Environmental Technologies, Inc.*

*In reference to the statement, "The clear communication of these points at the committee meeting was disregarded in your inaccurate and clearly biased piece," perhaps these points are clear to Mr. Kapell but not necessarily to others, as evidenced by the following comments made by legislators present at the meeting that were not published in the article in question:*

*Legislator Paul Santore (Economic Development and Planning Committee member): "They only talk in tech speak, which very few people understand. I believe that it is planned so that they can say they told us, but nobody knew what it was they were saying. They have not been very forthright with us. Their story keeps changing from meeting to meeting and they won't tell us where they propose to put this operation." (Legislator Santore also attended a meeting in Mexico, N.Y. and alleges that answers to questions were contradictory to answers given at the EDP meeting).*

*Legislator Morris Sorbello, chairman of the EDP committee and a member of the Oswego County Industrial Development Agency: "They really haven't been clear in telling us what they want to do."*

*Majority Leader Shawn Doyle: "I think they are out on a fishing expedition to see how receptive we are. I felt they were vague and indirect in answering our questions."*

*Also, legislature Chairman Barry Leemann said that because of the "lack of straight answers," he met with Operation Oswego County Director Mike Treadwell in an effort to get more information and said that Treadwell "had no more information than what we were given."*

In response to the statements above by Messrs. Santore, Sorbello, Doyle and Leeman, we would refer them to the PowerPoint presentation that was provided at the EDC meeting on June 23, 2009 which has been available from us and through the office of Michael Treadwell since the meeting:

In summary the highlights are as follows:

- Slide 9: provides a project overview
  - 72,000 beef cattle on feed (in multiple modules)
  - 50 million gallons per year ethanol facility or equivalent
  - Bion integrated waste management technology
    - Biological nutrient removal
    - Renewable energy

- Slaughter / further process facility
- Slide 10-11: outlines key reasons why the project makes sense for upstate New York
  - Large population and markets nearby
  - St. Lawrence Seaway- a transport alternative
  - Underutilized agricultural resources for hay / other ag inputs
  - Renewable energy
- Slide 12: provides a schematic of the technology platform for the treatment of livestock waste and the generation of renewable energy
- Slide 15: outlines the number of direct jobs and wages including benefits anticipated for each aspect of the project except the food processing component
  - Ethanol production: 33 jobs with average wage of \$53,000
  - Bion technology platform: 42 jobs with average wage of \$48,000
  - Livestock facilities: 85 jobs with average wage of \$39,000
  - Transportation sector: 28 jobs with average wage of \$41,000

The entire PowerPoint is attached and will be available for all to see on the project website that will be operational shortly.

*B: It was probably to Mr. Kappell's benefit (from a public-relations standpoint) that these quotes were not incorporated into my story, as it is apparent that these county officials do not believe that Bion's intentions were communicated clearly.*

In regard to Mr. Kappell's statement, "Contrary to your assertion, the skills required for the vast majority of these jobs do not lend themselves to an alien labor pool, illegal or not," the newspaper and reporter "asserted" nothing, but merely reported information as it was represented at the meeting. Legislator Shawn Doyle said, "Their opening sentence (at the meeting) was assuring us that everyone would have the proper papers to work here."

Yes, of course everyone will have necessary documentation. Valid work papers are also required for those who are not US citizens in Silicon Valley where computer science engineers are employed for huge salaries and bonuses. Our response was intended to assure the community that this enterprise would require that all employees be legal and that health insurance would be provided so that they would not become a "burden" to the community. It was meant to distinguish proposed project employment from the seasonal and often migrant work force typically associated with agriculture. We fully expect that project jobs will be primarily filled by Oswego County and regional residents given the area's current high rate of unemployment.

*C: Also, Legislator Morris Sorbello said, "We have been assured that there will be documented foreign laborers," and Legislator Paul Santore said, "I believe the majority of the jobs they will create will be minimum-wage farm labor, which would translate into migrant workers."*

I would invite Legislators Santore and Sorbello to review PowerPoint slide #15 as outlined above. There has never been a claim--- let alone any assurance--- that there will be any foreign workers employed by the Bion project as it is our expectation and intent that the skilled and semi-skilled jobs generated by the project will be filled primarily by workers with appropriate skills from the regional industrial economy. Our only assurance was that there will be no undocumented workers who could become a burden to the community if there were any foreign employees.

*D:* Oswego County Farm Bureau President Eric Behling noted, “Our farmers can’t find local people to work our farms so we expect there will be a high number of migrant workers. We were told they will not use illegal immigrants.”

We agree that local farms are having difficulty securing labor but it is a mistake to compare the two kinds of jobs. Our project will have **no** migrant or seasonal jobs. All are full time positions with benefits which we believe will be attractive to local residents with mechanical skill sets, both for operation and maintenance of equipment. This is a very different set of workers than those that would be employed by farmers for seasonal work.

In a previous news story, Oswego County Farm Bureau President Eric Behling expressed concern about the potential for disease. New York State has 626,000 dairy cows according to USDA NASS statistics for 2008, yet the specter of disease becomes an issue only now as an objection to this project. We would point out that our proposed livestock facility will have full time veterinarians on staff as well as nutritionists. We would encourage another viewing of the video link regarding the Fair Oaks Dairy previously distributed by Bion to the press, principals of which will provide Bion with standard operating procedures for animal health and nutrition among other planning inputs. In short, the potential for a safety hazard would appear to be less in Bion’s proposed, highly managed facilities than in at least some elements of the existing herd which has been in place for decades without a large scale disease outbreak.

*E:* There are many who left the meeting under the impression that this project would eventually become the largest slaughterhouse in the nation, and there are those who still believe so. The existence of that impression was reported and was not my error. If this is not correct, this is something Bion needs to communicate more clearly to local leaders so that misinterpretations do not linger and become part of the information that inevitably makes it way into news reports.

In his letter, Mr. Kappell stated, “In actuality, the proposed slaughterhouse facility would be one of the smallest, if not the smallest, combination slaughter/food-preparation (cooking) facility to be built in the U.S. in the last decade.” The phrase “in the last decade” might lend itself to more confusion as to the size and scope of the Bion proposal.

A decade is a ten year period. It was simply referenced to indicate that this will be a small facility in comparison to what is presently being developed and/or recently placed in operation.

*F:* Jonathan Schell of Oswego County Cooperative Extension said that he holds a masters degree from Cornell University and does not understand every aspect of what Bion is proposing. He added that he knows of no other location in the United States that has such a concentration of cattle in one location. If that is where the confusion lies (the largest concentration of cattle vs. the greatest number of livestock slaughtered ), then this is something Bion needs to address with the members of the Oswego County Legislature. Based upon erroneous statements and reporting one would be led to believe that Bion is proposing a giant slaughterhouse such as might only be found in a third world country without concern for environmental protection or quality of community life.

With all due respect, the local agricultural community, including the County Cooperative Extension, lacks sufficient experience with large scale livestock projects to provide the community with the level of expertise necessary to provide informed input regarding this project. Livestock projects of this scale simply do not exist in New York State or east of the Mississippi with rare exceptions such as the Fair Oaks Dairy in Indiana (32,000 milker dairy).

Much of the confusion has been created by the inability to differentiate between the beef finishing function and a slaughter / process facility. They are distinctly different economic and physical activities, typically with separate management at different locations. Bion has been careful to consistently refer to each appropriately. This is a distinction that the community agricultural experts have failed to clarify, resulting in the perpetuation of confusion within the community in understanding this project.

First the beef finishing process: Bion's proposed finishing facility would have 72,000 slots in multiple facilities including implementation of a comprehensive waste treatment process. A modest Internet search belies Mr. Schell's belief that there are no other locations with such a concentration of cattle. For example, Nebraska has a dozen finishing operations over 32,000 head with one in Broken Bow at 95,000 and one in Sidney with 165,000 head. In Kansas, a feedlot directory lists 16 feedyards with over 30,000 head with at least three operations well over 100,000. In Colorado, there are at least four feedyards with capacities in excess of 90,000 head. The above referenced information was readily available and all secured from state Internet sites such as: [www.kansasfeedyards.com/directory.htm](http://www.kansasfeedyards.com/directory.htm).

However, please note and be clear that NONE of these existing large finishing operations around the country employ a comprehensive waste treatment process technology such as has been developed and demonstrated by Bion for use at our proposed cattle facilities.

Turning to the slaughter facility: the headlines claiming "largest in the world" have specifically referred to large slaughter facilities rather than finishing operations. Bion's proposed 600 head per day beef processing facility would meet the needs of project finishing operations as well as extend access for these services to the local livestock community. In Pennsylvania, there are currently two slaughter facilities,

Taylor Pack with a capacity of 1,900 head per day in Waylusing and the JB Swift / Moyer plant in Moyer with a capacity of 2,375 head per day. An updated list of U.S. packing plants shows ten facilities sized between 4,800 and 6,200 head per day.

It is of some note that there is a slaughterhouse project in development in nearby Madison County. State funds were obtained for the development of a business plan that calls for a 200 head per day slaughter facility for cull cows from the regional dairy industry. This facility appears to have local community support as well as the backing of the Farm Bureau and other regional economic development entities.

**G:** Legislator Santore questioned why Bion cannot address the project “in plain English.” He is retired from the engineering field and noted his frustration with what he perceives to be the absence of “straight answers” and/or contradictory answers.

We have answered every question that has been presented as directly as we can. If there remains confusion with regard to certain aspects of the project or with respect to answers provided already, we would welcome Mr. Santore and others to bring the specifics of those to our attention for further clarification. It certainly does no good for either Bion or the community to allow confusion and misunderstanding to remain.

**H:** All the above referenced legislators said that they have deep concerns in regard to this proposal because of the lack of information provided and because the project, to their knowledge and belief, is experimental. (“This technology has never been used before and I don’t like the idea of being a guinea pig for such a large project,” Legislator Santore said. “I don’t believe we are getting the whole story.”)

This is an unfair comment. To this point, Bion’s technology has been demonstrated and successfully vetted by a number of independent scientists and regulatory agencies, including the Pennsylvania DEP which has certified nutrient credits for the implementation of our process at an existing commercial dairy farm in the Chesapeake Bay watershed. Meanwhile, we fully expect that the lead agency on the environmental review for this project in New York State will require the preparation of an Environmental Impact Statement. Bion has presented its technology and its impact on the environmental profile of beef finishing operations.

In St. Lawrence County, at Bion’s suggestion, the community hired a team of environmental scientists led by a world-class air emission expert Dr. Philip Hopke to evaluate Bion’s proposed facilities for the potential of nuisance odor. The results of this independent scientific review established that each 14,000 head cattle finishing facility employing Bion’s waste treatment technology would pose a smaller risk for nuisance odor than that of a 400 head dairy utilizing best management practices **but with no spreading of manure on fields.**

As for the ethanol plant, renewable energy facility and food processing facilities, they will all be regulated as any other industrial facility with full, public environmental reviews resulting in the issuance of permits for point source discharges. The statement above makes it seem like a fast one is being pulled on the community which it is certainly not the case. This is a project that must and will successfully go

through all public environmental reviews as well as scrutiny for due diligence by analysts for private investors before it can become a reality. Every step along the way provides additional protection for the local community.

*I:* The Valley News, in the normal course of reporting on the functions of the Oswego County Legislature, its committees, and the public statements and sentiments of its members, reported on this issue accordingly. If Mr. Kappell believes our and other local press reports are not wholly accurate with regard to the nature of Bion's proposal, then perhaps he needs to clear up the misconceptions and misunderstandings with county officials. In all due respect, his beef is with them, not the media.

Sincerely,  
Carol Thompson, Reporter  
The Valley News

The Valley News is too quick to absolve itself of any responsibility. Clearly the statements regarding the "largest slaughterhouse" are not only incorrect but are off by multiples and not percentages. Meanwhile the assertion that there exist no finishing operations anywhere of the size proposed is simply wrong. The Valley News has published all of this without performing a simple fact check or even a phone call to Bion for an opportunity to comment. The result has only fed the confusion within the community. We have shown how a simple Internet search would have demonstrated the inaccuracy of the statements regarding the comparative size of project elements.

Obviously, Bion and at least a portion of the community leadership are not communicating effectively so far which is not helping the community and its leaders determine whether this project is suitable or not for Oswego County nor is it aiding Bion's efforts to secure community support for its project.

#### CONCLUSION:

Bion has asked for an endorsement from the community for the project based upon the certain knowledge that before becoming a reality, the project will have to successfully pass through the eye of at least two needles: an intense, public environmental review of all facets of the project as well as a due diligence review by potential private investors. To be fair, this is hardly a request for a blank check to develop the project.

The endorsement sought would be subject to numerous steps and conditions not limited to:

- Bion securing a suitable site(s) for the project;
- NYS environmental assessment will include process emissions as well as site specific and local issues such as traffic in an anticipated full SEQR review since this would be deemed a "regionally significant" project;
- Bion's technology meeting the representations that Bion has provided. A 1,300 cow dairy project is being developed in Lancaster County, Pennsylvania

this year. That project will be providing data by the first quarter of 2010 that will be consistent with Bion's representations and will negate the need for a "pilot" or "demonstration" that some have called for. The County could make its endorsement conditional upon those results; and

- Bion will shortly be posting on a new website dedicated to the proposed Oswego project both the questions and answers from the St. Lawrence County Task Force review (all of which have been publicly available). Bion believes that the questions Oswego seeks answers to have for the most part been addressed in this dialogue since it also reviewed the project prior to site selection. In addition, the report from the independent air emission expert hired to review the technology for the risk of nuisance odor as described above will be available on the website in its entirety.

Absent community support, Bion cannot and will not proceed with the project in Oswego. Our project cannot move forward without community support contingent upon successful completion of appropriate future reviews. Bion's proposed project is based upon a time horizon of 25 years and beyond and Bion is committed to being not just a good neighbor but an active corporate citizen in the community for many years into the future.

We are prepared to answer all questions posted on the website by any identified individual. Our only request is that Oswego leadership expedite its response since the realities of the marketplace require that Bion make a commitment east of the Mississippi River in the very near future if it is to meet its goal of commencing construction in calendar 2011 and being operational before the end of 2012. Bion is prepared to assist the county in its deliberations with prompt responses to any requests for information or meetings as required.

We believe this is a reasonable timeframe based upon:

- The data provided and the fact that this endorsement of community support is conditional to Bion securing a site that can meet local and state requirements regarding traffic, water and all other potential impacts reviewed;
- That it can be conditional on the results from the Pennsylvania installation;
- That the task force review from St. Lawrence County addressed most if not all of the same questions that are being raised and will be available in full for public review;
- That the Nuisance Odor Assessment can be reviewed by the County's experts and validated; and
- That Bion will continue to answer all questions posted on the website and in meetings with public officials and their technical representatives.