

MnSP PRESIDENT'S REPORT: *MnSP Completes 6th Year of Operations*

August 31st completed our 6th year of operations. While our Biodiesel division had a profitable year our Soybean Crushing operations struggled due to;

- 1) reduced demand for soybean meal and
- 2) a tight soybean supply. We expect to have our audited financials completed sometime in November.

Looking ahead to 2010, the new year shows a projected profitable year. MnSP is current on all covenants with our lender. We are well covered (insurance wise) for both property and business interruption insurance. The insurance proceeds from our May fire will be primarily coming into the 2010 fiscal year income. MnSP has also applied

for a USDA Rural Development grant. This grant is available to Biodiesel plants that have produced renewable fuel this past year. This money will also be applied to the 2010 fiscal year income.



In August we held three member informational meetings. There were good discussions held about the future of MnSp.

Have a safe and bountiful harvest.

Jim Sallstrom,
President
Minnesota Soybean Processors

FINANCIAL OVERVIEW

MnSP ended its fiscal year on August 31st. We are now involved in the audit process. We should have audited financial available for the December newsletter. Quality Premiums are

DEFERRED SOYBEAN PAYMENTS

For soybean payments to be deferred to January 2010 there must be a signed contract specifying when payment is to be made to comply with IRS regulations. Payments deferred until January 2010 will be mailed

FINANCIAL OVERVIEW

planned to be mailed in the first 2 weeks of October, the delivery premium for members should follow soon after.

DEFERRED SOYBEAN PAYMENTS

within the first 5 days of the new year. Please contact one of our merchandisers to have your payments deferred.

Taryl Enderson, *Controller*

Recent Forecasts Predict 2010 Soybean Supplies Optimistic



Happy New Year! That may seem like strange timing, but we are just starting our new fiscal year, and we're unanimously glad the 2009 year is over.

Besides a profoundly bad economy that deeply depressed our industry, we continue to rebuild systems lost or damaged by the May fire. 2009 was truly a year to forget. But, let's look forward, not backward.

We are back to full production in crushing; however, biodiesel operations continue to face logistical bottlenecks as a result of the fire. Our big crude oil storage tank remains out of commission, so we have modified our big biodiesel tank as a temporary crude oil tank. This leaves us with inad-

equately biodiesel storage when rail logistics do not work just right. As this is written, we are well under way cleaning out the big crude tank. Once that is complete, we will assess any damage to the tank that is not evident from outside inspection. When the big tank becomes available, all of our logistical bottlenecks will be behind us.

There is good reason to be optimistic about soybean supplies for 2010. The most recent USDA forecasts predict that Minnesota and Iowa will produce 80 million bushels more than last year and the third highest on record, behind only 2005 and 2006. Prospects for good soybean meal demand, driven by exports, continue to look bright. Our biodiesel market outlets are enthusiastic about the possibilities into 2010. While soybean oil

demand is likely to remain weak, we have viable outlets to take our crude surplus at reasonable prices.

In summary, we have every reason to be optimistic about 2010, at least the first half. A significant recovery in livestock feeding margins is absolutely necessary for our "good times" to continue into the last half.

There is also the possibility that our 2010 income could be enhanced by insurance proceeds from the fire. We are submitting our business interruption claim as this is written, and we expect the evaluation of that claim and final negotiations to take up to a few months yet. Too little is known about the claim to book much insurance proceeds income in the 2009 year.

Richard Galloway,
General Manager

RFS-2 – GHG – EPA – NBB – EISA – ILUC ??????

What is this?

Readers of *The Bean Counter* most likely remember seeing these acronyms the past several months in the press or communications from MnSP. You may have the question “What exactly is going on?”

Unlike starting with 'A' in the alphabet, you need to start with R for RFS-2 – or the Renewable Fuel Standard's second (2) set of rulemaking by EPA in this case.

RFS-2 will become the rules that enact the Energy Independence and Security Act of 2007 (EISA) that Congress passed. EISA eventually requires 1 billion gallons of biodiesel to be used in the United States.

Currently there is a battle between the EPA and the biodiesel industry (and ethanol industry to a degree) going on that targets the impact of an environmental theory called Indirect Land Use Change (ILUC). ILUC grabbed the attention of the press in early 2008 when ILUC proponents got magazine cover coverage in several publications including *Time Magazine* and *National Geographic*.

Alphabet soup?

The (flawed) ILUC theory states that when a MnSP soybean grower plants an acre of soybeans whose soybean oil is used for biodiesel, that action forces a Brazilian (typically) farmer to clear an acre of rainforest to plant soybeans in order to replace the oil lost to biodiesel production in Brewster. The new clearing of the rainforest releases the carbon stored in the forest thus increasing Greenhouse Gas Emissions (GHG) which eliminates any environmental benefit from the production of biodiesel in Brewster. EPA's proposed rules state that because of ILUC, soy based biodiesel should not be used in the U.S.

MnSP's biodiesel consultant has spent a significant amount of time chairing the NBB's (National Biodiesel Board) RFS-2 Task Force charged with responding to EPA's 1,004 page proposed rulemaking and has just released their 124 pages of comments in response to EPA. NBB's lengthy comments can be found at www.biodiesel.org

Stay tuned for further updates.



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How You Can Improve Farm Safety

You can start by increasing your awareness of farming hazards and making a conscious effort to prepare for emergency situations including fires, vehicle accidents, electrical shocks from equipment and wires, and chemical exposures.

Be especially alert to hazards that may affect children and the elderly. Minimize hazards by carefully selecting the products you buy to ensure that you provide good tools and equipment.

Always use seat belts when operating tractors, and establish and maintain good housekeeping practices. Here are some other steps you can take to reduce illnesses and injuries on the farm:

- Read and follow instructions in equipment operator's manuals and on product labels.
- Inspect equipment routinely for

problems that may cause accidents.

- Discuss safety hazards and emergency procedures with your workers.
- Install approved rollover protec-



tive structures, protective enclosures, or protective frames on tractors.

- Make sure that guards on farm equipment are replaced after maintenance.
- Review and follow instructions in

material safety data sheets (MSDSs) and on labels that come with chemical products and communicate information on these hazards to your workers.

• Take precautions to prevent entrapment and suffocation caused by unstable surfaces of grain storage bins, silos, or hoppers. Never "walk the grain."

• Be aware that methane gas, carbon dioxide, ammonia, and hydrogen sulfide can form in unventilated grain silos and manure pits and can suffocate or poison workers or explode.

• Take advantage of safety equipment, such as bypass starter covers, power take-off master shields, and slow-moving vehicle emblems.

For more information about farm safety, visit OSHA's website at www.osha.gov

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