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Minnesota Soybean Processors
Phone: (507) 842-6677

PO Box 100
Fax: (605) 627-5869

Brewster, MN 56119-0100
www.MnSoy.com

THE BEAN COUNTER



Chance to Earn Storage Income

Price-Later Program Offered to Producers, Elevators

Qualified producers and elevators now have the opportunity to earn storage income for beans on the farm or in the elevator, according to Tom Kersting, commercial manager, who outlined the new Price-Later program.

Kersting explains under the program elevators or producers can contract a set quantity of soybeans for future arrival on a price-later contract. They would be paid 4 cents per bushel per month from the time the beans were contracted until delivered for processing, and given "free price" later after the beans were delivered. The price would remain open until the elevator or producer establishes a price. The price can be established anytime during the contract period or remain open until Dec. 31, 2004.

The price-later program is being offered on a limited amount of bushels, Kersting says, adding the program will be offered on a first come, first served basis. Further details are available by contacting MnSP at 1-888-842-6677.

Kersting used a question-and-answer format to elaborate on the price-later programs:

- Q:** *If I establish the price prior to delivering them when would I get paid?*
A: Full payment plus the storage income would be made upon delivery.
- Q:** *If I establish the price prior to delivering them does the storage income stop?*
A: No, the storage income would continue until the delivery date.
- Q:** *If I sign up to hold 10,000 bushels on the farm and find out I only have 9,000 bushels, am I obligated for the full 10,000 bushels?*
A: Yes, the price-later contract is just like any other contract, so only commit to what you know you have.
- Q:** *How long am I required to hold the soybeans?*
A: At this time, we are scheduling for July arrival. Other delivery times may be available.
- Q:** *What price is used when establishing the price?*
A: The price on the day they are priced will be used, not the delivery date price.
- Q:** *If I sell for July delivery can you apply price-later-plus bushels to that contract when I deliver them in July?*
A: No, price-later soybeans cannot be applied to an existing contract.

MnSP Board of Directors

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Plant Construction in 'Wrapup' Stage

Construction at the Brewster processing plant is in the "wrapup stage," final contract issues are being resolved and John Prohaska, project engineer, expects to be done with construction items early in February.

He said an office building was the last item needed so its construction was low on the priority list, but he expects employees to move into that structure in mid-February. And final grading of the site will take place this spring, Prohaska adds.

"We're working on 'de-bugging' the plant," he said, reporting the plant was shut down briefly Jan. 6 to get things running better. "We expect February to be a big crush month," he predicted, adding that on two days early in January the plant crushed 98,000 and 92,000 bushels. "Now we're working on consistency," he said.

"All in all, it was a very successful startup, and we're very pleased," he noted. Prohaska said the relatively recent experience of building a processing plant at Volga for South Dakota Soybean Processors was unusually helpful in planning and executing construction of the Brewster plant.

To Sell Soybeans: 1-888-842-6677
To Buy Meal: 1-888-289-6325

MnSP Increases Deferred Payment Amount 2¢/Bu.

Beginning Feb. 1, Minnesota Soybean Processors increased the amount it pays to producers to defer payment on soybeans, according to Tom Kersting, commercial manager.

He explains the bump in payments is being made to reflect the higher market price of soybeans. The rate will increase from 2 cents per bushel per month to 4 cents per bushel per month. Kersting also said the payments will continue to be prorated from the date of a producer's last unload.

He adds the change in payment rate is for soybeans delivered after Feb. 1.

100,000-bu. Crush Days Are Reached—Already

Production is going "very well" at the new Brewster processing plant and within the first four weeks of operation a couple of 100,000 bushel days were achieved, reports Steve Still, operations manager.

His next goals are "consistency and eliminating downtime," he adds. "We're planning for more efficiency, have some 'fine tuning' to do and some 'bugs' to work out," Still says.

The plant began receiving soybeans on Dec. 8 and he says full-time load-out of both meal and crude oil are taking place. He said Associates are utilizing a micro-motion weighing system which measures flow into tank cars and oil trucks. Daily output is approximately 1,300,000 pounds of oil, which at 7.8 pounds per gallon is about 167,000 gallons. He said about 500 tank trucks and 20 rail tank cars have been loaded.

Daily output of meal is about 2,200 tons which has been loaded on 450 rail hoppers and 900 trucks.

Reaching the 100,000 bushel daily target has taken the efforts of "the entire team of MnSP Associates," Still asserted. (Hundred-thousand-bushel crush days were achieved back-to-back on Jan. 14 and 15.) "They've put in lots of long hours and displayed a lot of dedication and hard work," he said.

Before coming to MnSP, Still worked for Ag Processors, Inc. (AGP) in Sheldon, Iowa.

3rd Annual Meeting Set for March 13 at Windom

The third annual meeting of Minnesota Soybean Processors has been scheduled for Saturday, March 13, according to Secretary Bruce Hill of Worthington. The site is the Windom Community Center.

Registration will begin at 12 noon, with the business meeting beginning at 1 p.m. On the agenda is election of directors, filling a three-year open seat in each district.

Hill says a letter with more details will be sent to all shareholders; it will include a nomination petition for members wishing to run for director.

President's Report

MnSP Reaches Production, Equity Milestones

Two new milestones have been reached by MnSP. On Jan. 14, your plant surpassed the goal of processing 100,000 bushels of soybeans per day.

Now, as I write this article, it is apparent that the current membership will be buying the entire \$3 million MnSP share offering during the 60-day exclusive period, which ended midnight Jan. 15. The sale of 3 million shares at \$2.40 per share will put us at the \$7.2 million offering limit. We cannot legally sell more than 3 million shares as that was the upper limit of our offering so any subscriptions and checks received beyond this level will be returned.

I had earlier speculated that we would have to bring in some new members after Jan. 15 to achieve this goal. This is one of the times when I don't mind being proven wrong. I wish to thank our membership for the strong support you have given the refinery project.

For those members and prospective new members who still want to buy shares, please be patient. At the Jan. 19 board meeting, the board approved opening current shares for resale effective Feb 1. Your board of directors had suspended sales of existing shares while our new offering was on the market to eliminate the confusion of having two issues of shares on the market at the same time.

From the Desk of the CEO

Challenges Ahead Allow No Time to Rest

Minnesota Soybean Processors officially went from a concept to an operating business on December 8, 2004. It is gratifying to reflect upon the accomplishments achieved during the short life of MnSP. The construction management team and the team of contractors built a world class facility in 380 days, from the first ground breaking to processing. We have been able to secure an excellent team of associates to operate your facility. Our associates are producing high quality products and have achieved high operating capacity in a short period of time. A compliment to both teams of operating and construction associates.

The commercial group will have its challenges to successfully navigate through this crop year. The short US soybean crop, mad cow disease and the bird flu are items that will have an impact on the 2004 soybean processing industry. To date the combined impact has been favorable to the price of beans and soybean board margins. No one can predict with certainty how this year will play out. But MnSP has a creative and talented team to lead us through the challenges present this year.

As we work to wrap up the loose ends of the first construction project, we have no time to rest. With MnSP's successful completion of a \$7.2 million equity drive, work

The policies governing the resale of MnSP stock were written to achieve a goal of having a very efficient process and one that supports maximum stock value. As you may recall, our October newsletter contained a three-page insert on the procedures for the sale and transfer of Class A shares which is called the "System Rules." We will also have the System Rules in our website which is www.MnSoy.com or you may call the office for a copy. To refresh your memory, each member must maintain a minimum of 2,500 shares and shares can only be transferred in multiples of 250 shares. It is the obligation of the potential buyer and seller to make the contact and strike a pending agreement as prescribed by the System Rules. To facilitate this process, your cooperative will maintain a list of potential buyers and sellers. At this time members can inform us if they want any stock listed for sale and any producer can inform us of their interest in buying stock. Having a maximum number of producers participate in this process will enhance liquidity and value of your shares. If you know of any producer who would like to become a member of MnSP, please share this information with them.

I hope to see as many of you as possible at the annual meeting in Windom, Minn., on March 13.

Bob Kirchner,

President, Minnesota Soybean Processors

is proceeding on a 30 million-gallon biodiesel refinery. MnSP has submitted the application for the environmental permit required for the addition. The biodiesel refinery will require a minor modification to our existing operating permit. MnSP's target completion date will be April-May 2005.

The biodiesel industry in the early years will be dependent upon favorable public policy. MnSP's project is supported by Minnesota's biodiesel mandate, which commences July 2005, and the 2002 Farm Bill. Unfortunately, the Energy Bill on the Federal level has been bogged down. Like those in the ethanol industry, we will need to be diligent to have our views on renewable energy heard and put into public policy. Every chance you get, thank your legislators for their support or, if they have not been supportive, make the case for their needed support. At the same time we need to stress that support without passage does not deliver the desired results. With public policy to support renewable fuels farmers will step up to the challenge to be energy producers, rural economic developers, and environmental stewards, and will increase the security of our country.

Rodney Christianson,
CEO, Minnesota Soybean Processors

Proactive Planning Pays for New Plant

With MnSP's new plant at Brewster barely up and running, two recent announcements highlight the benefits of thorough planning and proactive implementation. News from two Minnesota sources just before *The Bean*

Ag Zone Designation Means \$5-.7 Million Annual Saving

The new crushing plant at Brewster has qualified as an "agriculture enterprise zone" with the state of Minnesota, resulting in a "significant impact to MnSP" and its producer owners, says Rodney Christianson, CEO.

Earlier, the 2003 Legislature established five ag and ten job enterprise zones in outstate Minnesota in an effort to spur economic development and job creation, offering tax breaks and other benefits to businesses starting enterprises in those designated areas. So far, MnSP's plant is the only qualifier in the ag zone category, says Christianson.

"Being designated an Ag Zone has several benefits to MnSP and our members over the 12-year life of the designation," Christianson said. The two largest components are exemptions on property taxes and on Minnesota income taxes on patronage paid to MnSP's members. MnSP's Tax Incremental Financing package is not affected by this program, he noted. The Ag Zone includes several other components including job training. "Minnesota legislators have

Counter went to press emphasize savings that were available; the board of directors and management followed up to make the operation more efficient—and to return more dividends to producer owners.

Motors, Fixtures Selection Earns \$36K Energy Grant

Selection of energy efficient equipment and fixtures has qualified MnSP for a significant energy rebate from Nobles Co-operative Electric of Worthington, says Ron Huisenga, member service manager.

He pointed to the installation of premium efficiency motors and energy saving lighting fixtures which will help Nobles keep down costs that rural electricians have to pay for peak demand power.

This energy saving is being passed on to MnSP in the form of a \$36,006 grant check, which will be presented in February, Huisenga said.

shown they are serious about creating an environment for rural job and economic development," Christianson said.

Christianson estimates the total benefit to MnSP between \$500,000 and \$700,000 annually, and said "This is very significant to our successful startup."

Christianson thanked and acknowledged the support of state legislators Doug Magnus and Elaine Harder, Commissioner of Agriculture Gene Hugoson, Gov. Tim Pawlenty, Worthington Rural Economic Development Corp., the City of Brewster and Nobles County.

Soybean Group Again Offering 8 Scholarships

Eight \$1,000 scholarships for 2004 Minnesota high school graduates pursuing ag-related studies after high school will be available again this spring from the Minnesota Soybean Research and Promotion Council.

Eugene Hook, a Tracy producer, is chair of the scholarship selection committee for the MSR&PC. He says the eight recipients will be selected in April, and the scholarships will be awarded at appropriate ceremonies in the students' high schools.

Complete information about the scholarships is available at the Council's website, www.mnsoybean.org; applications are also available from J.J. Morgan at the Council's North Mankato office by calling 888-896-9678 or by e-mail at jj@mnsoybean.com.

A display notice about the scholarships can be found in this issue of *The Bean Counter* on this page.

Minnesota Soybean Research & Promotion Council
360 Pierce Avenue, Suite #110, North Mankato, MN 56003
Phone (507) 388-1635 • Fax (507) 388-6751
Toll-free (888) 896-9678 • www.mnsoybean.org

Is your son or daughter graduating from high school in the spring 2004?

Is he or she heading off to college?

If you answered **yes to both of these questions**, then the Minnesota Soybean Research & Promotion Council might be able to help you. Each year, eight **\$1,000.00 scholarships** are given out to high school graduates who are pursuing an education in an agriculturally related field after high school.

If you would like a copy of the scholarship criteria and application you need to do one of the following:

1. Visit the Minnesota Soybean website: www.mnsoybean.org you will be able to print a copy.
2. Send an e-mail to jj@mnsoybean.com and request a copy be sent to you by e-mail.
3. Fax to 507-388-6751 a request to have a copy faxed to you.
4. Call the Minnesota Soybean office 888-896-9678 and leave your name, address and telephone number and request a copy be mailed to you.

The deadline to submit a completed scholarship application is March 29, 2004.