

Benson Corn Pool



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LETTER FROM THE CHAIRMAN

Hello Corn Pool Members:

Wow, what a year we have had again! The corn was planted early and it was off to a good start. Then some areas received hail and other areas as much as 30" of rain throughout the summer. Last year we had a very wet October, this year we had a very wet September, with some of the corn and beans being completely flooded over with the water. We had to sandbag to save our town from flood waters that we hadn't seen in many years. When October rolled around the

weather became nice, and harvest was under way. Many farmers enjoyed the warm weather to get their crops out and fields tilled. The corn varied in yields but all in all it was of very good quality and nice test weights.

Chad has done a fine job buying corn this year. We feel very good about the contract that we have with CVEC to purchase our corn. We have had some problems with deliveries which could cost us money because some people don't like the line. We are working very hard to come up with

solutions to this very big problem.

Remember our annual meeting is coming up in January after our CVAC meeting like always. We have an election for two Director seats if anyone is interested. Please let the office know to get your names on the ballot.

I would like to wish everyone very happy holidays and stay healthy!

*Roger Longhenry
Benson Corn Pool Chairman*

Corn Market Commentary

By Chad Friese,
CVEC Commodities Manager

I've been dragging my feet in regards to writing this article in the hopes of having something encouraging and perhaps helpful to discuss in the commodities markets. The truth is, I'm not sure if waiting has helped or not, it certainly didn't present any opportunities to impart market altering information. Since the USDA report on the 9th of November, this market has been very volatile with a down trend that has taken \$.97 from the highs set on the 9th of November (\$6.17) after the report to the lows set November 23 at 5.20. There are any number of news items that get thrown at us in explanation to this event, and some certainly have more credibility than others. The reality is probably as simple as large speculators taking some profits by selling out some of their record corn ownership. I thought we had taken care of all this after 2008?

The reversal that took place after the lows were put in on the 23rd looks to be an indication that the market has found some support again, but there are a lot of unknowns ahead so use a balanced market approach. Some of these unanswered questions and the answers that lie ahead will have an effect on the pricing and volatility of the corn market and how it unfolds going forward. The Corn Market has lost about 10 bushels per acre of production since the June-July reports, and history would suggest that we see additional reductions to yield in the January report. This has had a huge effect to date on carryout numbers and market values. Ten bushels is a lot to lose, and what if we don't see a reduction in January, but an increase as all the numbers get firmed up? Other news items deal with world economics, with China's economy seeming to get the most press. Whether China is

buying corn or not will play a large role in the values of corn going forward. Farm economics will certainly play a role in pricing as well, will more corn acres get planted, a potential acreage battle ensue? From an ethanol stand point, there's been a lot of talk about the blender's tax credit and its potential for renewal. There may be no effect to the market, or it could be that without this incentive to blend the RFS mandate becomes ethanol's blend plateau potentially reducing ethanol's total demand in the market from the quantities we have today. It is beginning to feel like we're always discussing volatility in these newsletters. Maybe the January USDA Report will answer some of this, but other unknowns will remain.

BCP did very well last year despite the volatility of the corn market and we work hard to repeat those successes this year. A large part of that success being a balanced approach to marketing, with market averages, cash and cash forward contracts, and some basis fixed and futures fixed pricing as well. For some the BCP is a part of their balanced approach to marketing, but for others BCP represents their sole risk to the commodities market. BCP member or delivering member, we work hard to be a solid market and

would certainly like to be a part of your marketing on a greater percentage of your bushels if you are an active farmer. Along with contract options, we are working to get farmers the information they need to make market decisions. CVEC's new website certainly has been a success in that regard, and has had a few upgrades already brought about by good discussions with the shareholders, so please feel free to give me a call and discuss the markets, and the information we can provide. I would also ask that you continue to promote CVEC's corn procurement to others, the bigger the pool of corn bushels we can draw from the better. If there are reasons why CVEC isn't an interesting market for our local farmers, then please let us know what we can do to make things better, we are always discussing changes. Some changes take some time, so as well as your comments and ideas we also ask for patience and understanding.

Chad Friese
Commodities Manager
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and check out the website at cvec.com

BENSON CORN POOL

BOARD OF DIRECTORS CANDIDATE APPLICATION

Date: _____

Candidate's Name: _____

Candidate's Address: _____

Candidate's Phone: _____



LETTER FROM THE GENERAL MANAGER

September brought the end of FY10 for BCP, the income statement and balance sheet are below. As you see, BPC had a \$0.055/bu loss for the year. The BCP board met on Friday, November 19, to discuss the loss and the 2008 corn receivable paid by CVAC.

Typically BCP would ask its members to fund the loss at the end of each fiscal year. This year, however, the BCP board has decided to not ask for member funding, but instead to reduce the marketing fee by the amount of the loss. The marketing fee is the per bushel amount paid to enroll bushels into the pool.

The BCP board also discussed the CVAC corn receivable. That receivable was created in FY08 when CVAC was unable to do a complete trimester price adjustment for the delivery of corn. CVAC recorded a long term corn payable for the obligation to its members, and as many of you will recall, BCP asked for an additional

funding in February 2008 to cover the cost of corn for that trimester. In September 2010 CVAC sent checks to those affected by the FY08 incomplete price adjustment, including BCP. The cash from CVAC has allowed BCP to make a payment of \$0.045/bu. to its members. The board voted to make this payment the 1st of December.

The marketing fee is affected both by the unfunded loss and the \$0.045 payment. The marketing fee for FY11 is calculated as follows:

FY10 Enrollment	\$0.24
Minus FY10 unfunded loss	<u>-0.055</u>
	\$0.185

The board feels that with the CVEC corn procurement agreement, BCP will be able to operate affectively on \$0.14/bu.,

Therefore	\$0.185
Minus needs	<u>-0.140</u>
payment	\$0.045

If you enrolled additional bushels into the pool for FY11, your enrollment was \$0.24 per bushel. Because the fee has now dropped to \$0.14 you will be receiving a refund of \$0.10 per bushels for each of the **new** bushels enrolled.

BCP enrollment for FY11 is 10,398,150 up 310,000 bushels from FY10. The corn procurement relationship with CVEC has worked well over the last year, and we have signed the agreement for FY11.

The BCP annual meeting has been set for January 22, 2011, 3:00 p.m. at McKinney's in Benson. We will be sending out packets the first part of January. Hope to see you all there.

*By Deb Mennis,
Benson Corn Pool General Manager*

INCOME STATEMENT		FY10 YEAR TO DATE	BALANCE SHEET		September 30, 2010
Bushels - total enrollment		10,080,143.75	ASSETS		
Revenue			Cash	\$	698,656
	Sales of Corn	\$ 26,640,024.29	Accounts Receivable	\$	1,119,763
	Misc. Income	\$ 2,207.68	Prepaid Insurance	\$	3,800
Total Income		\$ 26,642,231.97	Hedge Margin	\$	463
Cost of Goods Sold			TOTAL ASSETS	\$	1,822,682
	Corn purchases	\$ 27,118,192.19	LIABILITIES & EQUITY		
	Hedge (gain) loss	\$ 0.00	Accounts Payable	\$	47,193
Total Cost of Goods Sold		\$ 27,118,192.19	Note Payable	\$	0
Expenses			Marketing Fee Payable	\$	2,499,295
	Board Expenses	\$ 28,926.77	Member Equity	\$	(172,345)
	Interest Expense	\$ 1,085.06	Current Year Income (Loss)	\$	(551,461)
	Administrative Expenses	\$ 45,489.87	TOTAL LIABILITIES & EQUITY	\$	1,822,682
TOTAL EXPENSES		\$ 75,501.70			
NET INCOME		\$ (551,461.92)			
YTD Bushel Gain(Loss)		\$ (0.0547)			