

# Benson Corn Pool



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## LETTER FROM THE CHAIRMAN

Hello Corn Pool Members:

This is going to be the first full year that we have a contract with CVEC to purchase our corn needs for us, and it is working very well. After 8 months our cost to purchase corn is still running at .05, which is better than we expected. Remember from our annual meeting it was noted that our first trimester (which was the last trimester the, GPC contract was in affect) our cost ran at .22 . We spent the remainder of the fiscal year trying to lower our cost. We ended up at .10 over the whole year.

I have stated before that we should be able to buy corn for .05 to .07 a bushel, so being at .05 we are very happy and hope to be able to hold onto that number! Chad is doing a good job buying corn and setting up the logistics to get it all delivered in a timely matter. Thanks Chad!

I know that the corn pool was set up to purchase corn for non-producers; I know purchasing 9+ million bushels also includes bushels for producers. I would like to say thanks to both groups for investing in our ethanol plant to help offset our need for crude oil. We know we cannot produce enough energy for the U.S. but we are nearing 10% being blended in every gallon being used, and that is huge.

After seeing the cost of the war on terrorism and the trouble affecting the Gulf because of the oil spill, we should be very proud of what we are doing to help avert some of these problems. I know that over the years we have received some good returns, but there have been years that it has cost us money so it has not always been pleasant, but we are definitely doing our part. So as the Chairman of the Corn Pool and a CVAC

Director, I would like to say thank you for your belief in ethanol and your continued support for CVAC.

This year has been a challenge to buy good corn. We have received a lot of corn with extra FM and lower test weight. This has affected our yield some and has shown extra aflatoxins in our DDGS. We have been lucky to be able to stay within norms so we didn't have to sell off spec product. As we look at the 2010 corn crop we see the corn at this point at 77% good to excellent. We hope that this can continue so we don't have corn that does not mature and comes out of the field at 30% moisture, so please keep your fingers crossed.

Enjoy the summer months!

*Roger Longhenry  
Benson Corn Pool Chairman*

## Corn Market Commentary

By Chad Friese,  
CVEC Commodities Manager

Spring came and went with planting a bit ahead of normal, but grain markets seemed to hold their own and continued to trade the ranges we had developed since the January USDA Report. As we continued to see good growing conditions into late spring, values started to feel the pressure of a potentially large crop. Then comes the June 10th USDA Crop Production Report and an increase in demand for corn led by increases in ethanol use. Markets try to rally off this, but the reality of continued good weather for crop development and the lack of commitments for Chinese Exports have again grabbed hold of this market. We still seem to want to trade Corn in a range of \$0.30 from top to bottom, but that price range has shown a possible shift lower by \$0.15 versus the trading range this spring as crops went in.

Again, the many factors pulling on the market any given day tend to change and re-

focus constantly making marketing decisions difficult. Whether it is the financial state of Europe or China, the potential for dock worker strikes in Argentina, the unknown demand of China, the amount of acres planted, the quality of the crops, the potential for record yields, the improvements in seed technology, the eventual passing of an increased ethanol blend in the US gasoline supply, or the weather, whew! The markets trade almost daily and the ability to sort through all the information we are bombarded with becomes more difficult. As members of the Benson Corn Pool and Shareholders of CVAC, the Trimester average and corn pool average do an excellent job of minimizing this market volatility.

As Roger points out, quality has been a huge factor this year, and has added a lot of additional time and effort for all parties. At the ethanol plant (with feed and ethanol quality concerns), at the scale (with additional grading and storing concerns), at the farm (with additional handling and storage concerns), we appreciate your efforts and patience in working

through this corn crop. It certainly looks today like those same challenges may be a thing of the past once the current crops start to come off. Much like the markets though, you just don't know until you know, and that will take about 3 months to truly find out.

In closing I would like to invite all area growers to a Grain Marketing Meeting on July 9th, beginning at 8:30 at the Swift County Law Enforcement Center in Benson, MN. CVEC along with NAU County Insurance Company are co-sponsoring this event. The meeting will cover current market conditions along with an analysis of the July crop report which is released that morning. There will also be an opportunity to form into smaller groups and meet at regular intervals throughout the year for those interested.

Please consider CVEC for your corn marketing, our competitive pricing and many types of grain contract alternatives can be an excellent risk management tool. Also continue to check our Website for some exciting changes and additional market information.



## LETTER FROM THE GENERAL MANAGER

As we end the second trimester and begin the third trimester of the FY 2010, it looks like BCP is going to have the best year it has seen in awhile. Below are the year to date financial results as of May 31, 2010. As you can see, BCP is showing only a \$0.05/bu. loss compared to a \$0.15/bu. loss for the same period last year. Projections are that we will be ending the years with a loss of around \$0.05/bushel.

The main reason for the improved financial position is the contract between CVEC and BCP. The contract states that CVEC will buy corn for the pool based on a "hybrid" average, which is the average

of 6 high volume users in the area with the high/low taken out, plus a \$0.075 handling fee which is paid to CVEC. As reflected in the financials this has been a good contract for both CVEC and BCP. The contract is renewed annually on Oct. 1<sup>st</sup> of each year.

In March BCP renewed its \$2 million line of credit with the State Bank of Danvers. As of May 31, we had accessed \$225,000 of the line. The money was used to purchase corn the last half of May. On June 3<sup>rd</sup> when the Pool receive the corn adjustment check from CVAC the line was paid back, so currently there is nothing owed on the line of credit. Last year at this

time we had used \$1.9 million of our line and had spent over \$20,000 in interest. The new contract and a less volatile corn market has been a big contributor to our overall improved financial position.

July is enrollment time for BCP, you should have received your forms in the mail. If you have not please contact the office and we will send them to you. All enrollment forms are due in the office by July 30, 2010.

*By Deb Mennis,  
Benson Corn Pool General Manager*

INCOME STATEMENT			BALANCE SHEET		
	FY10 YEAR TO DATE	FY09 YEAR TO DATE	ASSETS	May 31, 2010	May 31, 2009
Bushels	5,644,880.00	5,760,350.00	Cash	\$ (47,414)	\$ (55,977)
Revenue			Accounts Receivable	\$ 2,262,569	\$ 3,982,230
Sales of Corn	\$ 18,479,223.82	\$ 20,037,837.98	Prepaid Insurance	\$ 5,700	\$ (97)
Misc. Income	\$ 2,828.35	\$ 1,263.81	Hedge Margin	\$ 463	\$ 563
Total Income	\$ 18,482,052.17	\$ 20,039,101.79	<b>TOTAL ASSETS</b>	<b>\$ 2,221,318</b>	<b>\$ 3,926,719</b>
Cost of Goods Sold			LIABILITIES & EQUITY		
Corn purchases	\$ 18,734,781.35	\$ 20,801,023.26	Accounts Payable	\$ 57,259	\$ 6,882
Hedge (gain) loss	\$ 0.00	\$ 0.00	Note Payable	\$ 225,000	\$ 1,915,000
Total Cost of Goods Sold	\$ 18,734,781.35	\$ 20,801,023.26	Marketing Fee Payable	\$ 2,407,613	\$ 2,980,411
Expenses			Member Equity	\$ (162,084)	\$ (136,158)
Board Expenses	\$ 20,073.37	\$ 24,783.60	Current Year Income (Loss)	\$ (306,470)	\$ (839,415)
Interest Expense	\$ 2,034.72	\$ 20,431.82	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 2,221,318</b>	<b>\$ 3,926,720</b>
Administrative Expenses	\$ 31,632.69	\$ 32,277.85			
TOTAL EXPENSES	\$ 53,740.78	\$ 77,493.27			
NET INCOME	\$ (306,469.96)	\$ (839,414.74)			
YTD Bushel Gain(Loss)	\$ (0.0543)	\$ (0.1457)			

