



The CORN Connection

Central Iowa Renewable Energy's Mission Statement

To successfully add value to locally grown grains which will profit our investor owners and area grain and livestock producers while benefitting our local communities through economic growth.

The Corn Connection Is
Published Bi-Monthly By
CORN, LP
To Provide Information For
Our Owners And Investors

For Timely News & Updates
Check Our Web Site
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Inside **CORN**land

By Brad Davis

Greetings from Goldfield! This is our first newsletter since July, and that is certainly much too long of a period to have gone without having this type of communication with you, our investors.

From this point forward we will be sending out a newsletter publication to you every other month.

Therefore, with this being the November issue, you will be able to start looking for the next newsletter to arrive in your mail in January, and more than likely around mid-month, much as this one has.

Part of the reason for this gap has been the incredible pace at which the plant construction has been progressing over the past several months.

Things were moving along so rapidly, and change was occurring at such a dramatic pace during the summer and fall, that if we would have written about and/or shown you photos of the then "current" stage of construction in a newsletter, by the time it would have reached you so much more would have transpired it would have turned what had been "current events" into "old news".

We therefore decided to archive some of the major happenings along the way pictorially, bring them to you as a photographic overview here, and as you can readily see as you look through the photos that have been included in this issue, the plant has grown dramatically in size, and from any angle looks quite impressive.

As of this writing at the end of the first week in November, the plant is scheduled to begin grinding corn on December 5th, to be followed up by our initial plant operations that get underway on December 6th, and which will then culminate some 72 hours later with the very first gallon of ethanol produced.

Providing we do not encounter any extraordinary issues or challenges with the initial start up phases of the plant, operations will continue to move forward so that we will be able to initiate performance "runs" as the week of December 5th is coming to a close.

From that point forward, and again assuming no significant issues or difficulties are encountered in these initial stages, ethanol production will continue to progress at optimum operational levels, and as they have been envisioned to do on a daily basis.

The month of December could prove to be remarkable on other fronts as well, since in addition to signaling the beginning



Aerial views of CORN, LP taken October 16th provide perspective as to the size and scope of the project that has taken shape in what a year ago was nothing more than an open field.

of its ethanol production life in December, should the current crush margins continue to hold at levels where they are today, the financial projections as production comes on-line will also be very attractive as the plant starts up.

Andy and his entire Staff are very excited and eager to get the plant up and running so they can begin working to fine-tune and unleash what is currently the most up-to-date, efficient ethanol production plant the Fagen/ICM Team has ever constructed.

The entire construction phase of the plant has indeed been a work of commitment, dedication and outstanding effort on the part of many, a project for which, as it nears completion and production start-up now looms on the horizon, everyone involved is to be recognized, thanked and congratulated.

The auditing firm for **CORN, LP** has completed their evaluations for the initial fiscal year of operations ending September 30, 2005.

At the Board meeting with our auditors to review their findings, there was also a discussion about having the fiscal year ending on September 30th, as it did this year, or moving the fis-

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CORN's Checkbook

By Jim Glawe, CORN, LP Controller

As construction of the CORN, LP ethanol production plant enters its eleventh month, the questions we have been receiving have changed from the "What have you got done?" type that have been asked to measure progress along the way, to a "What do you have left to finish?" type as anticipation of the completion date intensifies.

I believe the photos that are included in this issue of the newsletter will clearly provide you with a visual response to most "What have you got done?" questions, and obviously as you look at them you can see the verbal reply would be: "Quite A Lot, Actually!"

What remains, therefore, is the reply to the "What's left to be done?" inquiries, which I will hopefully be able to do at this point in my article.

As of this writing the first week of November, the Process Building is rapidly nearing completion. The laboratory and offices located within it now have walls and the flooring installed, and these should be ready for use by the staff within the next couple of weeks.

I can assure you that the completion of this particular phase will be a most welcome one for all of us associated with this project, and many who are not, since as we round out the full compliment of the CORN, LP Staff we are quickly out-growing the confines of the Gold-Eagle Conference Room, which has served as our temporary headquarters up until now.

The Dryer Building, as well as the HRSG and Coal Un-Load all now have structural steel in place, and each of these facilities will soon be enclosed with steel siding.

The Tank Farm, which is located on the east side of the plant site, is complete with the exception of a couple of lids and a coat of paint.

Pipe bridges and the piping that runs to the Process Building, as well as to the rail load-out, also remain to be completed as we go to press.

Early in October, the employees of the ethanol production plant completed construction of a building that was erected over the grain receiving pit to meet specifications necessary to receive permits so that grain could be dumped.

This enabled us to begin taking in corn, with the first load being received on October 12th. Just 8 days later, on October 20th, we had filled the facility, having taken in 1.5 million bushels.

At this time work on the bridging that runs from the grain storage site to the Process Building is underway, and the towers that support the conveyor used for the grain pile are being put into place.

The leg that "feeds" the grain pile can handle 20,000 bushels of corn per hour, and ultimately when this system is completed it will be able to provide some relief in receiving and handling of corn at harvest.

The ties and rails for the siding have arrived, and the company of Kelley-Hill is currently in the process of constructing the rail siding.

Additionally, Mort's Water is installing the lines that will connect the wells to the Process Building, while at the same time workmen from Lund Construction are digging water lines to

connect the plant to city water to serve potable water needs.

The black-topping has already been completed from the entrance of the plant located on Highway 3 to the grain receiving area, and work on surfacing the remaining roads that will run throughout the site is scheduled to be underway over the next couple of weeks.

With the plant scheduled to begin the initial processes of processing ethanol before the end of the first week in December, the preceding list of "Things To Do" no doubt appears to be a lot to do in a short period of time. And indeed, it is.

However, having had the pleasure of meeting and talking to Jim Theodore of Fagen, Inc., and to also see the tremendous volume of work which is able to be done by his outstanding crew, I have no doubt they are more than up to these remaining tasks, and will therefore have the plant up, running and operational on schedule.

The volume and speed at which they have been able to complete phase after phase on this project has been exceeded only by the quality of their work, and the commitment and dedication every member of The Team has shown, all of which are superb, unparalleled, and unmatched at any level.

The superior quality of the workmanship, and the pride which every member of this experienced Team has displayed in whatever particular stage and level of the project it was their responsibility to handle, is on display at every turn throughout the entire complex.

Each pipe in the vast network of piping has been color-coded to simplify the extensive, complex overhead network. Miles of conduit stretch in all directions, all in perfect rows and bends that resemble an intricate spider-web like network.

Every inch of the concrete work has been finely finished, giving it a tabletop-like appearance that is smooth, clean and uniform.

Every step one takes throughout the plant site, inside or out, in the most highly visible areas as well as in those which will be permanently concealed as operations commence, are a testimonial as to how and why Fagen commands the tremendous respect, the enviable reputation and the immense market share in the industry that they do.

We have been and continue to be extremely fortunate to be working with such a tremendously professional group.



On September 22nd a specially built tractor trailer rig transporting the third steam tube dryer arrived on the site, ending a two day long, 450 mile journey of a rig that measured 300 feet in length to handle this equipment.



Coach's **CORNER**

By **Andy Miller, CORN, LP Plant Manager**

The **CORN, LP** Staff and Employee Team are in position, and we are all excited and enthusiastic about the rapidly approaching start-up of operations that is scheduled to begin in early December.

We have put together an outstanding TEAM, one that brings vast experience and expertise, unparalleled qualifications, and a level of diversity and commitment which I believe far surpasses even our most optimistic projections when we began assembling the staff for **CORN, LP**.

There were over 400 applicants for the 36 positions to be filled. It was a challenging task to narrow down the list of highly qualified applicants to our final decisions. There are many backgrounds, experiences, and talents represented by this final group of individuals. We are extremely pleased with the decisions that were made in this selection process.

We will begin our process of training these individuals on the process, our priorities and culture as a company, and our commitment to succeed in our endeavor to produce alcohol. We are very committed to developing a company that values its people and, in turn, receives value from our greatest asset, our people.

CORN, LP will have a complement of six individuals handling maintenance responsibilities for the plant. Our plan for staffing the maintenance department was to attempt to locate at least 4 experienced mechanics and two lubrication technicians who could grow with the organization and develop additional skills needed in order to attain a full maintenance position. However, after reviewing the applications, we found our 6 choices to have a combined experience which encompassed approximately 120 years!

Darrell Pedersen, who has had 29 years of previous maintenance management experience, will serve in a dual capacity. Darrell will manage the maintenance department as well as the dryer/coal-fired boiler/utilities and loadout areas.

His extensive previous experience utilizing coal-fired boilers, managing a production area, and working in a production plant will be a valuable asset to our entire plant.

Our production manager will be Corey Lund. Corey brings experience in ethanol production from Chief Ethanol. Corey's experience is balanced by a great attitude, a willingness to learn, and people skills that will help to train our operators and develop the culture in our vision. Much like our experience in the maintenance department, we found a huge abundance of experience and talent in the process/lab area.

Terry Mott will assume the role as Process Manager. Terry has 35 (!) years of fermentation experience. His willingness to learn along with his experience make him an unexpected sage in the world of ethanol. Terry has tremendous knowledge concerning data management, database development, statistical process control, and quality control.

Coupled along with Terry will be Jennifer Etheredge. Jenny graduated with a dual degree in Chemistry and Biology on a academic scholarship. She then went to work in the Lakota alcohol plant. Jenny will be responsible for the management of the lab, training operators to operate all laboratory equipment, and troubleshooting the process. Jenny will also assume the responsibilities for the management of the environmental, health and safety

systems.

The training program designed by our technology provider, ICM, and our general contractor, Fagen, is currently in progress. Operators are being trained by the ICM staff, equipment vendors, and chemical suppliers. The training will take approximately 5 weeks and has been compressed in order to accommodate the early startup.

During the first week, operators were taken through extensive safety and process training detailing how each piece of equipment operates and how the flow progresses through the plant. The second week, operators will be trained by selected vendors of equipment used in the process, technical representatives from the yeast and enzymes, and chemical suppliers.

The first of two visits to an operating ethanol plant will take place on the third week. United Bio-Energy in Russell, KS (a.k.a. Ethanol U.) will allow our operators, lab staff, and managers to visit the site and observe the operation of the plant. Operators will be placed on shift to allow for one-on-one training. During this same week, the energy center operators and mechanics will remain on site to start up the boiler system.

The following week of vendor training will then be followed up with the final trip to Russell, KS. This trip will include our operators actually running the process under the supervision of the plant operators. This will allow on the job training with a safety net.

By the end of this intensive training program, each member of our team will be ready to participate in the start-up operations at **CORN, LP** in early December.

After one year of total commitment by a very dedicated and talented force of skilled craftsmen in the Fagen, ICM, and several sub-contractors including creative problem solving, can-do spirit, and plain old-fashioned hard work, this plant is nearing the end of the construction phase.

The attitude of these individuals both inside the plant and outside in the community made it a pleasure for all of us to enthusiastically support their efforts. For all of their efforts, we have the industry's most modern ethanol production facility in Goldfield, IA.

Finally, our team is extremely pleased to have had the incredibly strong support provided by a forward-thinking and positive community. We look forward to adding value to the corn produced in some of the most fertile land in America.

The investors of the plant have made an investment in not only an ethanol plant, but also a conduit to maintaining the vitality of a community. We all appreciate the opportunities your vision has created.



A crane lifts a lid into place on one of the four 760,000 gallon fermentation tanks on August 11th



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cal year end to December 31st of each year.

The Board and our auditors discussed and evaluated the various advantages and disadvantages associated with the two different dates, and ultimately identified numerous benefits to be gained by the ethanol plant and its investors for changing the end of the fiscal year to December 31st.

The Board then voted unanimously to present this proposed change to the investor owners for their consideration, and therefore all investor owners in **CORN, LP** and **CORN, LLC** will soon be receiving a package of information in the mail that explains why the Board believes it is in the best interests of **CORN, LP** and the investors to change the fiscal year end to December 31st of each year.

Also included in this package of information will be a ballot for the investor owners to cast their vote on this proposed change in the date of the fiscal year end, which if passed would enable the Board to officially adopt this change.

Should the proposal to adopt a change in the fiscal year end be approved by the investor owners in this vote, we cautiously project the following "ballpark" numbers as representative of those one might expect to receive from **CORN, LP** for their individual 2005 tax year, based on a stock value of \$10,000.00 per share:

09-30-05		
Short Year Passive Loss Due To Interest Costs (State)	1.65%	
09-30-05		
Short Year Passive Loss Due To Interest Costs (Federal)	1.65%	
12-31-05		
Iowa Investment Tax Credit (State)	24.00%	
12-31-05		
Accelerated Depreciation "Passive Loss" (State)	100.00%	
12-31-05		
Accelerated Depreciation "Passive Loss" (Federal)	100.00%	
12-31-05		
Small Producer Investment Tax Credit (Federal)	.80%	

After you have received and reviewed the package of information being sent to you on this issue, please do not hesitate contacting Jim Glawe if you have any additional questions on the issue of changing the fiscal year end of **CORN, LP** to December 31st of each year, and by all means, please cast your

ballot to reflect your views.

As noted elsewhere, the Annual Meeting of **CORN, LP** will be held on December 14th, and since it is as yet to be determined if the plant will be up and running at the time which this meeting is to be held, there will be no Director election conducted at this meeting.

Should the investor owners approve the proposed change in the fiscal year end of **CORN, LP** and adopt a December 31st fiscal year end, the next Annual Meeting would be held in March of 2006, during which there would be an election of Directors conducted.

Energy Bill Expands Ethanol Benefits

By Jim Glawe, **CORN, LP** Controller

As I am sure many of you have by now read or heard, President Bush signed the Energy Policy Act of 2005 into law on August 8th of this year.

This bill creates a renewable fuels standard starting at 4 billion gallons in 2006 and increasing by 700 million gallons per year to achieve a goal of 7.5 billion gallons by the year 2012.

The previous legislation mandated production to reach a level of only a 5 billion gallons by 2012. Reaching the new standard of 7.5 billion gallons will reduce oil consumption by 80,000 barrels of oil per day in 2012.

The new bill signed by the President also raised the limit on small producer ethanol tax credits from 30 million gallons to 60 million gallons annually.

The **CORN, LP** plant has a projected capacity of 50 million gallons annually, meaning that this new legislation now makes us eligible to receive this tax credit, providing we do not exceed the 60 million gallon level of production annually.

This tax credit allows ethanol producers a 10-cent per gallon income tax credit on the first 15 million gallons of annual ethanol production, or the equivalent of \$1.5 million which is then distributed to the investor owners as a credit against Federal tax liability.

Another new aspect of the new energy bill is the creation of a credit that allows taxpayers to claim a 30% credit on the cost of installing clean fuel re-fueling systems.

This will make it possible for stations to install E-85 Ethanol pumps and storage systems and claim up to a maximum of \$30,000 for the cost of those systems.

CORN, LP

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- Dr. John Gazaway, Director - **CORN, LLC**
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- Duane Vorrie, Director - Gold-Eagle
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CORN, LP

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