



# 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  
[www.cornlp.com](http://www.cornlp.com)

Volume 1 -- Issue 4  
January, 2006

## Inside CORNland By Brad Davis CORN, LP General Manager



*The 5-foot layer of sand used to form the base for the coal "dances" as the furnace comes on line.*

**CLARIFICATION:** It would appear there have been several stories turn up in some of the area's newspapers lately that may have created some confusion for some of you, and hopefully I can clarify things for any of you who may have come across one or more of these references.

As you know, the general partner of **CORN, LP** is Central Iowa Renewable Energy, LLC, which we commonly refer to as CORN, LLC.

Recently, according to the stories in the media, an organization has been formed for the purpose of building a Soy BioDiesel production facility near Newton, Iowa, and this organization has taken on the name Central Iowa Energy, LLC.

The unfortunate similarity between the two names, whether by design or clearly unintentional, is their only link.

Each is a totally separate business entity and, to further clarify the issue, I want to assure everyone that neither **CORN, LP** nor its general partner, Central Iowa Renewable Energy, LLC (i.e. CORN, LLC) has any association with the business seeking to construct a BioDiesel plant near Newton.

Financial Updates: As Jim has briefly touched on in his article elsewhere in this issue of The Corn Connection, at our first Annual Meeting, which was held on December 14, 2005, there was a request submitted to have us provide **CORN, LP** investors with periodic updates of financial information now that the ethanol production process has gotten underway and the plant is operational.

The **CORN, LP** Board of Directors appreciates the input, questions and requests of investors and, following a discussion about this particular request, the Board has agreed to provide periodic updates and the financial highlights of its operations to our investors interested in receiving this information.

Obviously, these quarterly updates will be of an abbreviated nature to provide the key highlights that reflect **CORN, LP**'s ongoing operations, and will not contain the kind of full and extensive details that are provided in the financial statements which are accumulated for and presented at the Annual Meeting.

At the same time, however, we feel the figures that will be included in these periodic updates will provide our investors with a

clear "snapshot" of how things are progressing and how **CORN, LP** is doing.

**TREMENDOUS COMMITMENT IN START UP:** As Andy has alluded to elsewhere in the course of his Coach's CORNER article this month, the start up phase for our new ethanol production plant has been a truly remarkable, totally amazing experience for each and every individual involved in this highly technical and highly complex process.

Adding an even greater sense of urgency and pressure to the staff as they have brought all of these systems on line has been their commitment to meeting the crucial deadlines that were set forth to be up, running and engaged in ethanol production prior to the start of the new year.

The fact that start up also coincided with the holiday period, and thus many of the numerous activities, events and festivities

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## Special Announcement CORN, LP ANNUAL MEETING

For The Fiscal Year Ending 12-31-05

Will Be Held At 7:00 p.m.

Wednesday, March 8, 2006

At The Eagle Grove Middle School

Please Contact

Jim Glawe At (515) 825-3161 Or [jglawe@cornlp.com](mailto:jglawe@cornlp.com)  
For Additional Information/Details



## CORN's Checkbook

By  
Jim Glawe  
CORN, LP Controller



***The initial phases of ethanol production begin in these slurry tanks, where ground corn is mixed with super-heated water and added enzymes to turn starch into sugar.***

All of you should have received an updated version of the K-1 form in the mail some time ago, but if you have not received yours, please contact me as soon as possible at (515) 825-3161 or via e-mail at [jglawe@cornlp.com](mailto:jglawe@cornlp.com), since there were a few that were sent out which were returned to us as undeliverable (See related item elsewhere on this page about current/complete address information).

The original K-1, which was handed out at the December 15th Annual Meeting to those who were present, and mailed the following day to those not attending, only reflected the loss passed down from **CORN, LP**.

It did not include the amount of interest earned by Central Iowa Renewable Energy, LLC on the equity monies while they were being held in the escrow account.

With the change in the fiscal year to December 31st being approved by the membership, we have now completed our first "official" year end inventory. The auditors arrived on January 11th, and on January 13th they completed their work on the financial records that I prepared for their review.

I therefore anticipate we will be able to have the K-1's covering the short October 1st through December 31st fiscal year prepared by the end of January so they can be mailed out to you.

Included with the mailing of this K-1 will be amounts reflecting the state investment tax credit which, since we were able to place assets into service prior to the end of the 2005 year, we are able to pass on to you to be used in filing your 2005 income tax.

Any unused investment tax credit can be carried forward for a period of up to seven years from the year in which it was issued.

Additionally, with the K-1 we are sending you at the end of January, you will be receiving your share of the allocated loss for the 3 month period (October through December, 2005), which will include an amount for the accelerated depreciation taken on the plant's assets.

### **Be Sure We Have Complete-Current-Correct Address Information For You**

By Jim Glawe, CORN, LP Controller

*As I referred to elsewhere in the CORN's Checkbook article, we had some of the updated versions of the K-1 Form which we sent out to our investors in early January returned to us by the Post Office as undeliverable due to incorrect and/or incomplete address information.*

*So that we can be sure to have the complete, correct and current address information to use in contacting you in the future, please carefully check the address listed on the back page of this publication for accuracy and, if there are any discrepancies or errors, please contact me so they can be corrected.*

*Also, if you have recently moved and/or are planning to move, either temporarily for seasonal purposes or to relocate to a new residence or business which is used for CORN, LP correspondence with you, please notify us via phone or mail of the change.*

Due to a special tax law, we are able to depreciate one-half of the plant's total assets, which will give you a "passive loss" that can be used immediately to offset other "passive income" you have, or which can be carried forward for a period of seven years and used to offset future income received from the ethanol plant.

As far as the financials for the short three month year which ended December 31st, they look similar to those reported for the previous end of the year on September 30th, with no revenues coming in and lots of construction expenses going out.

As of this writing, however, that trend has finally been changed, and we were all very excited to see 12 truck loads of ethanol departing the plant on January 6th, followed by another 7 trucks heading out the door and down the road on January 7th.

It will be very nice to have some revenues coming back in to pay the bills and to satisfy the construction loan.

In closing, we want to thank all of you who were able to attend the first-ever Annual Meeting of **CORN, LP** that was held at the Eagle Grove Middle School on December 14th.

We were very pleased with the nice turn out and the opportunity to present you with the most recent information and details about **CORN, LP**.

During the course of the discussions a request was made that we look into sending out quarterly financial information and production numbers in the future.

As Brad has discussed in his article elsewhere, the Board has addressed this request and they made the decision to provide an abbreviated update of production and financial highlights to our investors to provide an on-going glimpse into how **CORN, LP** is performing on a quarterly basis.



***Added energy efficiencies are captured by using "hot" products to raise the temperature of cooler materials, and "cool" products to lower the temperature of warm materials at one of the many heat exchangers located throughout the plant.***



**Coach's  
CORNER**  
By  
**Andy Miller**  
*CORN, LP Plant Manager*

The past 60 days have indeed been ones of tremendous activity in and around the **CORN, LP** ethanol production plant, with start up operations continuing seven days a week and virtually around the clock to bring all of our production systems and networks on line.

As with any initial start up process, there are countless steps and stages to be completed, trials and tests to be conducted, evaluations and assessments to be made, and of course crucial on-going decisions that must be addressed at each step and stage along the way.

But the start up of **CORN, LP** is not like “any” start up, since we have a tremendous amount of new equipment, new systems, new technologies all coming together at one time.

As a result, in a number of instances there are processes and procedures for which there are no specific manuals or other reference materials from which to draw upon, no tried, tested and true set of directions to follow to lead us from one step to the next.

Ours is a new plant, with a lot of new and unique, special and specialized equipment and/or systems, thus requiring a start up unlike any other, one in which the talent, training, background and experience of our outstanding team of staff and employees has proven to be both crucial and valuable to the progress being made each day.

For example, through their expertise and with their dedication to precision, they have successfully addressed the very complex and challenging process of balancing the varying demands for steam to power different parts of the plant and the different processes being performed in those areas.

Overall, as we approach the middle of January, we are very pleased with the progress that is being made and the way things are falling into place through the start up phases of operations.

The most significant obstacle that has been encountered up to this point has been a temporary suspension of operations that lasted less than 48 hours to allow us to perform repairs on a coal



**One of the three 80-foot long by 13-foot diameter steam tube dryers used to dry DDG's is pictured above.**

refractory that provides insulation for the steel boiler.

As more of the systems were brought on line and the process of manufacturing ethanol commenced, we began loading out the by-product Distillers Dried Grains, which in this case was “wet cake” as shown in one of the photos elsewhere.

As of this writing on January 24th, ethanol production is at 80% of the plant's name plate capabilities, and we are continuing to make very good progress thanks to the outstanding teamwork, commitment and dedication of our staff and the employee team.

We've included a series of photos throughout this issue to introduce you to some of the equipment and systems that have been incorporated into our new plant, and we hope you find these illuminating and interesting.



**Water is “pulled” out of the thin stillage to create syrup using the equipment of this efficient evaporator system.**



**In the plant lab we conduct extensive testing and analysis of numerous products and materials to assure quality control and consistency throughout the numerous stages of ethanol production - start to finish.**



**Control panels like the one above in the Plant Control Center serve as the “Nerve Center” for the entire plant.**



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associated with this joyous and busy time of the year were often times taking place without them being there to participate and share in them, required many sacrifices in personal time from all of these people, and from their family members who were asked to carry on many holiday traditions without them.

The entire team put in many long days and nights. They worked very hard, missed numerous home-cooked meals, and I am sure there were numerous occasions when their only time away from their duties and responsibilities at the plant were the few brief respites at home to grab a quick bite to eat, a hot shower and some well-earned, well-deserved, and yet all too short shut-eye.

I want to take this opportunity to personally and publicly recognize and thank the entire **CORN, LP**, ICM and Fagen Team for their hard work and the superb effort they have put forth in bringing the **CORN, LP** ethanol production plant on line.

At the same time, I wish to express my personal thanks to them for the numerous sacrifices each of them has made, and to pay tribute to all of these outstanding people for their total dedication to this project, their total commitment to quality and excellence, and for the outstanding way they have worked together to handle their duties and responsibilities.

We are extremely pleased with the way the start up of ethanol production has been going, with the way the team has handled all of the very complex, technical and precise processes required in bringing each of the different systems on line, and with the way they have handled whatever adversity or challenge that may have been presented to them in the course of this start up.

**IN CONCLUSION:** As was discussed in the previous issue of The



The view overhead is a maze of steam/water/product lines, all color-coded and labeled to indicate their various functions.

CORN Connection, one of the issues that was to be brought before the membership at the December 14th Annual Meeting was the proposed change in the date of the fiscal year end of **CORN, LP**, moving it from September 30th to the proposed date of December 31st of each year.

I am pleased to report the membership overwhelmingly approved this proposal, thus the fiscal year end for **CORN, LP** will now be each December 31st.

**CORN, LP** has therefore just recently completed the fiscal year ending December 31, 2005, and it will therefore be necessary to hold another Annual Meeting for the membership to cover the financial reports for the period between September 30 and December 31, 2005.

As announced in the ad on the front page, the Annual Meeting for the 3-month fiscal year covering the period of October 1, through December 31, 2005, will be held on March 8th.

An announcement will be mailed to all investors with more specific details and information in February, so be watching your mail for the Annual Meeting notice to arrive.

### Bus Trip Being Organized To Show Support For Iowa Renewable Energy Standard

By Brad Davis

At 8:00 a.m. on February 13th a bus will depart the Goldfield office of the Gold-Eagle Co-op for a trip to Des Moines where it will arrive at the Iowa Capitol Building so investors can provide support for legislation that establishes a 25% Iowa Renewable Fuels Energy Standard objective to be reached by 2015.

It's estimated that a 25% Renewable Energy Standard would increase the demand for E10 and E-85 ethanol gasoline and Soy BioDiesel by 300 to 400 million gallons.

This event, which convenes at the capitol in Des Moines at 10:30 a.m. on the morning of February 13th, is being jointly sponsored by the Iowa Renewable Fuels and the Iowa Corn Growers Associations. The bus will depart for the return trip at 4:00 p.m.

If you would like additional details and/or you are interested in participating, please contact:

Pat Bjorklund (515) 825-3161

OR

[pjborklund@goldeaglecoop.com](mailto:pjborklund@goldeaglecoop.com)

## CORN, LP

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## CORN, LP

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