



QUAD COUNTY CORN PROCESSORS

6059 159th Street
Galva, Iowa 51020



Fueling America ... Energizing Livestock!

Quad County Management Team

General Manager Delayne Johnson
Office Manager Kristi Brotherson
Production Manager Charlie Voss
Maintenance Manager Rex Rimmer
Plant Engineer Travis Brotherson
Golden Bran Sales Rick Heaton

Main Numbers

Phone: 712-282-4628
Fax: 712-282-4618
Toll Free: 866-397-6830

Direct Dial Directory 712-282-4305

Delayne Ext. 102
Kristi Ext. 103
Charlie Ext. 104
Rex Ext. 107
Travis Ext. 106
Janet Ext. 100
Marcia Ext. 101
Bette Ext. 105
Ryan Ext. 108
Joe Ext. 111
Kyle Ext. 114

FROM THE DESK of Delayne Johnson

SPRING 2011

Effective March 1, 2011, I accepted the full time General Manager position at Quad County Corn Processors. I am excited to be within the organization, and I look forward to utilizing my background to work through the challenges and opportunities that are ahead.

Within QCCP, the high price of corn for a sustained period is giving us real challenges. We are looking forward to significant acres of corn being planted to bring prices into a more manageable level. We continue to watch for opportunities to manage corn prices throughout the spring and summer months.

The ethanol industry certainly has an important legislative year ahead. Current ethanol incentives expire on December 31, 2011, so it is critical that every

investor or ethanol advocate contact your representatives to let them know you support ethanol. Here are the representatives and their contacts in our districts on the federal level:

Congressman Steve King
steve@steveking.com
Phone: 202-225-4426
Senator Chuck Grassley
Grassley.senate.gov
Phone: 202-224-3744
Senator Harkin
harkin.senate.gov
Phone: 202-224-3254

Senator Grassley has introduced a bi-partisan bill that will extend ethanol support in years when oil prices are low. We appreciate all of our representatives support of the ethanol industry.

The third opportunity we are working on behind the scenes is our patent pending process that converts the remaining cellulose

in our Golden Bran co-products to ethanol. This innovative process will allow us to gain more ethanol from every kernel of corn while increasing the value of our feed product simultaneously.

The items listed above are just a sample of the many things we are working on for you every day at Quad County. I look forward to working with the board, key staff and employees and appreciate the opportunity to be a part of the renewable fuels industry.

I would like to personally thank our staff for their efforts to put this newsletter together **in-house**. A special thank you goes to Janet Fitch who coordinated this quarterly newsletter.

Please feel free to contact me at any time if you have questions. My direct line is 712-282-4305 (Ext. 102). Have a safe summer!

CORN MARKETING PLAN

QCCP wants to be your #1 market for corn as you finish selling your 2010 crop and make sales of your 2011 crop.

Our staff continues to work hard to be sure you receive quicker unload times, and we offer many marketing contracts. Currently, we offer fixed price contracts, price later contracts, basis contracts, hedge-to-arrive contracts and average price contracts. Please contact Quad County if you have any questions regarding our contracts.

We also accept offers online by going to our website, www.Quad-County.com and clicking on "CORN BIDS". This allows you to place a bid and we will fill the bid as the market moves higher without the need for you to monitor the market constantly. This is a real time saver for the busy producer!

We thank you for your business and look forward to purchasing your grain in the future. If you have any questions, feel free to contact Janet Fitch at 712-282-4305 (Ext. 100) or email at janetf@quad-county.com.



Visit us in person, by telephone, via email or online at www.Quad-County.com.

INTRODUCING ...

We are pleased to welcome Jack Sanders as our newest Quad County board member. Jack fills the director vacancy left by Delayne Johnson.

Jack was raised on a farm southeast of Sac City, and he graduated from Sac City High School. After graduating from Iowa State University with a degree in agronomy, Jack worked as an agronomist in Kansas and later worked as a farm manager in Iowa. He returned to start farming southeast of Sac City in 1980. Jack's current farming operation consists of corn, soybeans and popcorn.

Jack and his wife, Anne, has two grown daughters, Tina and Leah. Anne and Jack presently live in Sac City. Jack has been involved on several boards in the past and is excited to serve Quad County.

Welcome Jack!

MAINTENANCE DEPARTMENT UPDATE

by Rex Rimmer

Quad County is pleased to be finishing up the final touches of installing our corn oil extraction system. We have been actively working on this project since January of 2011. We completed equipment testing this past week and plan to start producing product after our planned May shutdown.

The final phase of the project is the construction of a 40' X 60' maintenance shop since the oil extraction system now resides in our old maintenance facility. This building will be erected north of the boiler building. We expect the new maintenance facility to be completed by late summer.

We also plan to finish many projects during our planned shutdown. The list includes our annual boiler maintenance, installing our ethanol meter required by the distilled spirits permit and a long list of efficiency, maintenance and cleaning items. It will be a busy and productive three days.

Our next scheduled shutdown will be in September and is important so that we are ready for the new crop corn and we will be able to keep our plant producing when the corn supply is replenished at harvest time.

With the extra activity at the plant this summer, please be careful of contractors when delivering corn or picking up co-products. Thanks for your cooperation!



USE WHAT YOU GROW AND CHOOSE ETHANOL BLENDS!

Two new legislative bills have been recently introduced which aim to transform ethanol support in a fiscally responsible manner while also working to bring more ethanol choice to the consumer market via more blender pumps and more flex-fuel cars. Encourage your congressman to co-sponsor one of these bills.

The first bill is the Domestic Energy Promotion Act of 2011, a bill that would smartly transition the VEETC to an incentive tied to the price of oil. This variable approach would ensure during periods such as now when no incentive would be paid but still protects consumers during gas price spikes. This bill also includes incentives for an expanded consumer network of blender pumps as well as support for continuing innovation in cellulosic ethanol. This bill would save taxpayers money, protect ethanol industry jobs, and increase America's ethanol independence.

Now is the moment to rally around this essential legislation. Co-sponsored by Senators Chuck Grassley (R-Iowa) and Kent Conrad (D-N.D.), the bill already enjoys true bipartisan support. But will your senators sign on, too?

[Ask your senators to co-sponsor the Grassley-Conrad bill now and help lead us to a more energy-independent future.](#)

The Senate bill is not the only legislation before Congress that could dramatically alter the competitive landscape facing the ethanol industry.

In the House, the Open Fuel Standards Act would put Americans in control of our nation's energy future. It puts more flexible fuel vehicles on the road, giving us more access at the pump to renewable fuels like ethanol.

Co-sponsored by Representatives John Shimkus (R-IL) and Eliot Engel (D-NY), among others, this bipartisan bill would also provide certainty to investors producing alternative fuels like ethanol, as well as certainty to fueling stations carrying a variety of types of fuels.

As the House considers this legislation, we need to encourage our representatives to stand behind this bill and help its chances of becoming law.

[Will you contact your representative now and urge them to co-sponsor the Open Fuel Standards Act?](#)

With your help, we can break the cycle of pain at the pump and push America toward energy independence. Act now.

Executive Vice President
Renewable Fuels Association

ETHANOL SAVES LOCAL DRIVERS 12 CENTS PER GALLON

Galva, Iowa – Blending ethanol into gasoline is saving local drivers at least \$0.12 per gallon, according to an analysis of current gasoline and ethanol pricing. Based upon market-closing prices on April 27, 2011, ethanol was selling for \$0.81 a gallon less than its gasoline counterpart. With the majority of gasoline containing 10 percent ethanol (E10) by volume, drivers are seeing prices at the pump 8 cents less than they otherwise would be. Together with current renewable fuels policy providing a 4.5 cent per gallon tax credit for gasoline makers on E10 blends, drivers are saving more than 12 cents on every gallon of E10 they buy. Here in Galva, that means gasoline prices would be at least \$4.00 per gallon.

“Domestic ethanol is the only alternative to gasoline available today that is putting any downward pressure on the ever-increasing prices at the pump,” said Delayne Johnson. “At nearly 10 percent of the nation’s gasoline supply, ethanol is also putting downward pressure on oil prices resulting in additional savings of up to 60 cents per gallon of gasoline by some academic estimates. Addressing America’s energy problems require short, medium and long strategies. Domestic ethanol production can and must be integral to each.”

Nationally, AAA is reporting an average gasoline price of \$3.88. Based upon current market dynamics, Americans would be paying \$4.00 or more on average. This 12-cent differential is no small amount. It’s an annual savings of more than \$100 for the average American household, which consumes about 900 gallons of gasoline yearly.

Interestingly, if E15 (15 percent ethanol) blends were widely available today, drivers of the approved vehicles would see E15 priced 19 cents per gallon less than regular unleaded. The U.S. Environmental Protection Agency approved the use of E15 for cars, pickups and SUVs from model year 2001 and newer early this year, but final regulations have yet to be set allowing for the sale of E15 blends across the country.

It is important to recognize that these figures are based only on the current price spread and tax credit. Ethanol also impacts gasoline prices in the aggregate by substantially adding to the fuel supply. This effect grows as the supply of ethanol increases. Several economists have estimated that the ability of ethanol to extend fuel supplies, coupled with ethanol’s relative discount to gasoline, means gasoline is 40-60 cents/gallon less than it would be without ethanol. The impact may be even larger than that in cases where oil prices are extremely high, as is the case today. (Source: Renewable Fuels Association)



**Choose Clean-Burning
E85 at the Pump!**

FERMENTATION 101 by Charlie Voss

The heart and soul of any fuel ethanol plant, brewery, or distillery is the fermentation process. For an ethanol plant like QCCP, the fermentation process is probably the fourth most important factor in the company’s bottom line behind corn cost, ethanol price and natural gas. In a brewery or distillery, we depend on consistent fermentation to produce that adult beverage taste we all recognize. If they don’t get the fermentation right, they will have product that doesn’t taste right. If QCCP messes up a fermenter, we mess up our bottom line.

In the fermentation process, there are many factors that affect the outcome of any particular fermenter. The factors that we have some control over go a long way in determining what the fermentation outcome will be. The fermentation process is biological; yeast is used to convert the sugar in the corn into ethanol, carbon dioxide, and heat. The main function of the lab, as well as some of the operators, is to keep the yeast healthy and happy. They do this by keeping the yeast at the right temperature, making sure they have the right nutrients, and by keeping the bacterial contamination to a minimum.

The optimum temperature for yeast in a fermenter is 93-95°F at the start and 88-90°F when the fermenter is about complete. We use the cooling towers to cool the fermenters most of the year, but in the summer months the towers aren’t enough to keep all 5 of the fermenters cool, so we rely on a chiller to do the job. When we lost power in April from the storms, our 2 youngest and most active fermenters got above 110°F. At that temperature, nearly all of the yeast died so we had to try to restart both fermenters, we were successful with one of them. The one we couldn’t restart passed some sugar into the co-products – making some of the syrup foamy.

Yeast needs quite a bit of nitrogen and lesser amounts of other nutrients to grow and produce ethanol. We use ammonia and liquid urea for our nitrogen sources. The yeast are also capable of using some of the nitrogen from the corn. They get some of their minerals from the corn, but we also send something we call thin stillage back into the mash to serve as a nutrient source as well as recycled water. Thin stillage is basically a finished fermenter with the ethanol removed in distillation and most of the solids removed by the centrifuges, but it still contains a lot of spent yeast that serve as nutrients to the live yeast in a fermenter. We send most of the thin stillage through the evaporators where some of the water is removed to make syrup. All of the water we remove is reused to make the mash that we fill the fermenters with.

Yeast is a fungi and is considered slow growing when compared to most bacteria. Bacteria can grow 4-6 times faster than yeast, so if we have a fermenter that gets contaminated, we can lose a lot of the sugar to the bacteria. To combat bacteria, we use heat, cleaning, and antibiotics. When the corn mash is made it is kept at 185°F for about 2 hours, this kills a lot of the bacteria but unfortunately not all of them. In order to keep the bacteria to a minimum in the fermenters we use a low dose of antibiotics in the initial stages of filling, this allows the yeast population to get established before the bacteria. Any of the antibiotics we use are approved for veterinary use and also meet FDA specifications. We also clean each fermenter between every fill with a caustic solution. The caustic kills any bacteria that may be left in the fermenter. We also clean our mash coolers with caustic twice a week for bacterial control. The rest of the fermentation process is taken care of by the yeast, with a little help from enzymes that break down the corn starch into sugar. Here at QCCP, we do our best to make sure the yeast can do their best so we achieve maximum production levels that our plant will allow.

SHARE TRADING PLATFORM

We are pleased to announce to our membership that we have recently signed an agreement with Alerus Securities to manage our share trading. This relationship should make our shares more liquid than in the past. It also increases the number of shares that QCCP members can trade during any calendar year and still comply with the IRS "Safe Harbor Rule". With this enhanced process, sellers and buyers will be able to put offers into Alerus' system at a price they determine. Alerus will then match the buyer and seller. Quad County's Board of Directors will approve transfers on a quarterly basis. If you are interested, please visit our webpage and click on the [Quad County Trading Platform](#) link located on the left side of our home page. Questions? Contact Kristi Brotherson.

GRAIN CUSTOMERS

Have you signed up for Quad County's FREE secure online tool yet so that you can access your delivery and contract information anytime that is convenient for you? If not, please contact Janet Fitch at janetf@quad-county.com or call 712-282-4628 to get signed up for this feature. Once you have signed up, you can access your data 24/7 from www.Quad-County.com by clicking on GT PASS LOGIN on the left side of our home page.

REMINDER ...

Quad County's annual spring shutdown for cleaning, repairs and inspection will begin the night of May 15th and run through May 19th. During this time, all of our employees will be in the plant doing their part and may not be able to load your truck or stamp your weight ticket right away. **So please be patient with us. Thank you!**



SAFETY MATTERS!

Safety is very important to all of us at Quad County, and we take great pride in our **706** days without a lost time accident (as of May 13, 2011).

By the time you receive this spring newsletter, we hope we have 712 days. Two years of safe work without a lost time accident! Thanks!

JOIN OUR TEAM OF PROFESSIONALS!

Quad County Corn Processors is accepting applications for a full-time 12-hour shift plant operator position.

We are seeking a hard working, safety conscious, quick learning and self motivated individual. The qualified candidate must be able to enter confined spaces, climb, work at heights and occasionally lift up to 75 pounds. Responsibilities include operating plant equipment, operating computer control system, keeping accurate and timely logs, cleaning the plant and equipment, and performing quality control tests.

Quad County offers a competitive wage, vacation and personal time, health and dental insurance, night shift premium and a safety incentive program. Applications are available at www.Quad-County.com. Please send resumes and applications to Quad County Corn Processors, 6059 159th Street, Galva, IA 51020, Attn: Joe Williams.

Quad County Corn Processors is an equal opportunity employer.

Golden Bran co-product questions can be directed to Rick Heaton at 800-548-5336 or 712-368-4311. Thanks for choosing Golden Bran!



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