



# Fueling America...

## ...Energizing Livestock



Quad County Corn Processors • Galva, Iowa • 712-282-4628



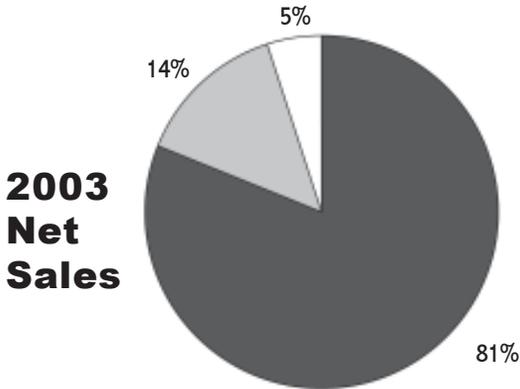
### Annual Meeting Report by Mike Jerke, General Manager

*mikej@quad-county.com*

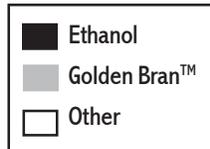
Our annual meeting provides us the formal opportunity to share information on Quad County Corn Processors performance. On

March 30, 2004, at the Galva-Holstein High School Gymnasium, 127 shareholders received a complete update on the condition of the company.

Bruce Edwards, CPA and auditor for Quad County, gave the 2003 financial report. Net income for 2003 was \$488,759. Net sales were \$29,690,252 with ethanol sales accounting for 81 percent and Golden Bran™ 14 percent of that total.



### 2003 Net Sales



of 65,000 gallons per day through March and 67,000 gallons per day the balance of the year. Actual production began averaging 67,000 gallons per day in late February. I am pleased to report we are currently producing 69,000 gallons per day.

This improvement was made possible through internal changes brought on by Quad County staff. Their skills and dedication resulted in increased efficiency and production. At the bottom line, that means increased profitability.

Two examples of our focus on efficiency and production are our maintenance program and a recent enhancement in our cook area. Downtime for maintenance in 2004 was projected to be 1.5 days per month. Operations have allowed us to extend our maintenance schedule to 1.5 days every ten weeks instead of monthly. This represents an additional 10 days annually of production or an additional 690,000 gallons of undenatured ethanol. Our production capacity currently is over 25 million gallons of fuel grade ethanol. We made a change in our cook area that had a dramatic impact on the amount of enzymes we use. This change paid for itself in just two months and means an annual savings of \$160,000 for Quad County.

**continued to page 2 - Annual Meeting**

To achieve these levels, 20.7 million gallons of denatured ethanol and 183,000 tons of Golden Bran™ were produced and sold.

Complete 2003 audited financial statements were available at the meeting. If you were unable to attend, we can provide copies of the audited financial statements for you at your request.

Our 2004 planning session for Quad County was held in January. At this meeting we budgeted for production



Ken Van Kekerix, UBI, and Randy Hustedt, of the Quad County Corn Processors Board

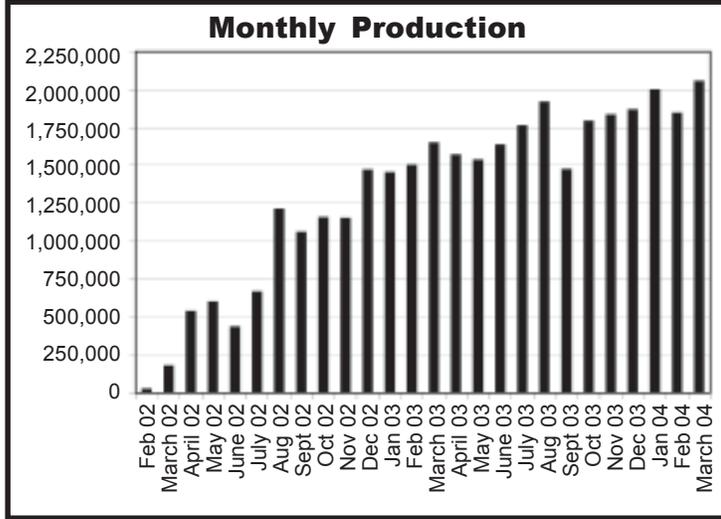
### Financial News

Quad County Corn Processors Board and management are excited about our new relationship with United Bank of Iowa! We are pleased to announce that we completed the loan transfer to United Bank of Iowa, Ida Grove, on March 23, 2004.

## Annual Meeting Report continued

We will continue to evaluate changes to the plant asking the question: will it improve efficiency and what is the payback?

The annual meeting is also time for electing directors to the Quad County Corn Processors Board. I appreciate the interest of each of the candidates, and thank them for running. Congratulations to Alan Bennett and Harold Peyton on their election to the Board.



## Your Board of Directors

|                    |              |      |
|--------------------|--------------|------|
| Alan Bennett       | Galva        | 2007 |
| Mike Dingman       | Webster City | 2005 |
| Brian Friedrichsen | Holstein     | 2005 |
| Mike Galvin        | Galva        | 2006 |
| Randy Hustedt      | Galva        | 2005 |
| Delayne Johnson    | Schaller     | 2006 |
| Harold Peyton      | Sac City     | 2007 |

## Quad County Board News

During the Board's organizational meeting, Randy Hustedt was elected president, Brian Friedrichsen vice president, and Mike Galvin secretary/treasurer. New members are profiled here.

### Alan Bennett

A Galva native, Alan began farming with his family in 1975 following his graduation from high school. He also attended Iowa State taking farm operations for two winter quarters.

Alan and his wife, LuAnn, are the parents of three children. Cory attends Western Iowa Tech where he is studying computer programming. Sam is a freshman and Shelby is a sixth grader at Galva-Holstein.

The Bennetts are involved with 4-H, Cub Scouts, Girl Scouts, Red Cross Blood Drives, St. John's Lutheran Church Youth Group and committees, Galva Economic Development Committee, and Galva Booster Club.

### Harold Peyton

Harold was raised on his family's century farm in Sac County. He received BS and MS degrees from Iowa State and became president of the family farm corporation in 1975. Peyton Inc. owns and operates a beef feedlot and sow farrowing facility.

Harold and his wife, Sue, are the parents of Kevin, 16, and Amy, 14, who attend Sac Community Schools. All of the Peytons are very involved in the farm enterprise as well as school, church, and community activities.



## Ethanol Association Promotes Revenue Insurance Plan

More than 5000 Iowa corn growers who invest in farmer-owned ethanol plants could have access to a new risk management program next crop year as a result of an Iowa Renewable Fuels Association (IRFA) initiative.

The IRFA has submitted an application to the Federal Crop Insurance Corporation (FCIC) for approval of an Ethanol Gross Margin Crop Insurance (EGMC) pilot project. If approved, the pilot project could be in place in Iowa for the 2005 crop season.

"Farmers already have revenue insurance options for corn that goes into traditional commodity markets," explains Mike Jerke, General Manager of Quad County Corn Processors and IRFA President. "But investing in a farmer-owned ethanol plant often means that a good share of a grower's crop will never see the commodity markets. Instead, that grower will look to a healthy ethanol market for his revenue."

continued to back page - Ethanol



## Ethanol Legislative News

The Federal energy bill remains stalled in the Senate. Two New Mexico Senators – Pete Domenici (R) and Jeff Bingaman (D) – are at the center of the conflict.

The Senate wrote their own energy bill, dubbed Energy Lite, indicating their inability to work with the House version. Energy Lite deleted all protections for MTBE producers which were negotiated into the House version by MTBE, oil, and ethanol interests as a compromise. This language would protect makers of MTBE from liability lawsuits related to the product.

Now Energy Lite is languishing in the Senate without coming up for debate. Senator Domenici believes the House and Senate can negotiate a compromise on the main sticking point between the two on MTBE protections. Yet the future of the bill remains in doubt.



# Golden Bran™ Update

By Rick Heaton



Livestock producers are discovering that Golden Bran™ co-products are economical and are nutritionally sound ingredients for their beef, dairy and swine rations. All Golden Bran™ co-products are high quality feedstuffs in terms of texture and handling characteristics. Quad County manufactures three premium livestock co-products, each with unique feeding characteristics:

## **Golden Bran™ 32 Wet Distillers Grains with Solubles (WDGS)**

- 32 percent dry matter
- 30 percent protein (dry matter basis)
- 10 percent fat
- 7 to 14 day shelf life
- excellent ration conditioner
- special hauling and storage considerations

## **Golden Bran™ Dry Dried Distillers Grains with Solubles (DDGS)**

- 12 percent moisture
- 28 percent protein
- 9 percent fat
- unlimited shelf life
- texture and handling similar to soybean meal
- easy to haul and store
- easy to mix into swine rations as well as higher moisture beef and dairy rations
- not recommended in drier feedlot finishing rations

## **Golden Bran™ Liquid Condensed Corn Distillers Solubles (CCDS)**

- 28 percent dry matter
- 20 percent protein (dry matter basis)
- 14 to 16 percent fat
- liquid feed
- requires underground or heated storage and heavy duty pump
- excellent ration conditioner

In Quad County Corn Processors' last fiscal year, over 183,000 tons of co-products were sold. Of that number, 72 percent were purchased by QCCP shareholders. In addition, 80 percent of the co-products were marketed to livestock producers within a 50-mile radius of the plant. Shareholders continue to have first rights to contract co-products.

Golden Bran™ co-products are sampled each week and sent off for laboratory analysis so you can be assured of consistent products. If you would like to review up-to-date nutritional data, please visit our web site at [www.galvaholsteinag.com](http://www.galvaholsteinag.com) and click on the Golden Bran logo at the bottom of the page.

As the demand for Golden Bran™ co-products grows, it is imperative that all loads be scheduled *in advance* so that Quad County can anticipate producers' needs. Availability of co-products and satisfactory service are our top priorities. Larry Johnson schedules all co-product deliveries at Quad County and can be reached at 712-282-4628 from 7:00 a.m. to 3:00 p.m. (Monday – Friday). Golden Bran™ load out hours are daily from 7:00 a.m. to 5:00 p.m. Quad County's next scheduled shutdown is tentatively set for May 11, 2004.

As we move into the hot summer months, please note that the shelf life of Golden Bran™ 32 (WDGS) diminishes slightly. QCCP personnel are currently researching different preservatives that will enhance the shelf life of Golden Bran™ 32. We know that by adding preservatives, our customers will be better able to manage shelf life issues in the future. If you have an interest in increasing the shelf life of Golden Bran™ co-products, please give me a call or email me at [rheaton@galvaholsteinag.com](mailto:rheaton@galvaholsteinag.com).

Many people believe that co-products are only available to large scale livestock operations. This is simply not true. For example, farmers can purchase 200 gallon "totes" from Quad County at very reasonable rates and fill them with Golden Bran™ Liquid. You may have seen these white totes in the back of pick-ups. Check with me if you would like to use liquid product for your cows, calves, feeder cattle or sheep.

If you have any questions or would like to begin using Golden Bran™ co-products, please give me a call at 712-368-4352 (Ext. 230) or on my cell phone at 712-299-1233. On behalf of Galva Holstein Ag and Quad County, we look forward to doing business with you. Thank you for choosing **Golden Bran™!**

# Your Quad County Corn Processors Administrative Team



**Kristi Brotherson**  
**Office Manager**

Kristi serves as supervisor of all administrative staff at Quad County Corn Processors. She is responsible for all facets of company accounting and record keeping.



**Larry Johnson**  
**Administrative Support**

Larry manages corn and Golden Bran™ logistics for Quad County. He is the company's primary contact with Golden Bran™ salesman Rick Heaton.



**Marcia Loucks**  
**Administrative Support**

Marcia assists our office manager with accounting functions including processing accounts payable and statements. She helps Larry with logistics and answering the phone.



**Nancy Miller**  
**Administrative Support**

Nancy is the voice you will usually hear when you call Quad County as she handles the majority of inbound phone calls. She processes invoices and statements for Golden Bran™.

You will see the administrative staff busy at the scale house whenever you arrive at Quad County during office hours.

## Ethanol continued

The IRFA proposal would provide grower investors with a revenue insurance alternative adapted to the realities of the new ethanol marketplace. To participate, an Iowa farmer would have to raise corn and be an investor in a farmer-owned ethanol plant. EGMC would be available as an optional endorsement on a grower's existing multiple peril crop insurance policy, crop revenue insurance, or a revenue assurance policy.

"This plan meets a need no one is addressing," Mike says. "By giving growers a practical way to protect their investment in an ethanol plant, we think it will make it easier for plants to recruit farmer-investors and will help more growers improve their profitability through sharing in plant ownership."

He also predicted it would help growers who are not direct investors in ethanol by improving the industry's long-range outlook. "Our plants are already improving local basis for the farmers around them. By helping assure our industry's continued health and growth, this program can contribute to many years of better local basis in Iowa," Mike comments.

The pilot plan would use gasoline, natural gas, and corn futures to calculate an expected return on investment. Growers who signed up for EGMC would receive payments if ethanol profits fell below the expected return as a result of unexpected declines in ethanol markets.

The proposal has been submitted to the FCIC board of directors for a detailed review and potential approval. Initial reaction from FCIC has included "positive indications."



6059 159<sup>th</sup> Street  
Galva, Iowa 51020

PRSR STD  
U.S. POSTAGE PAID  
SIOUX CITY, IOWA  
PERMIT NO. 138

