• ENERGY FROM AGRICULTURE
  • FARM FOUNDATION
  • SUCCESS STORIES
    • ETHANOL
  • AGRI-ENERGY, LLC
    • Luverne, Minnesota
      • David Kolsrud
  • Business Development Manager
AGRI-Energy Ethanol
PRESENTATIONS:

A. Overview
B. Challenges
C. Outcome and Results
D. USDA Contribution
E. Lessons Learned
F. Positive Results
OVERVIEW

- Originated by the City of Luverne Aug. 1995
- Steering Committee Formed Sept. 1995
- Rock County Contributed $5,000 Oct. 1995
- Board Members Selected Oct. 1995
- Regrouped
- City & County Contributed $50,000 each
- Formed LLC Co-op & Private April 1997
- Identified Lender
- Applied for USDA B & I Loan Guarantee
- Construction Begins Sept. 1997
- Production begins Sept. 1998
Challenges

A. Raising Equity
   1. Co-op stigma
   2. High priced corn ($5.15)
   3. MCP in trouble
   4. Artichokes

B. Securing Financing

C. Uncertainty over Federal Legislation (Blenders Credit)

D. Expanding Farmer Network

E. Excessive Time and Dedication
• OUTCOME

• 213 Producer Members
  38 Counties/3 States
  12 Million gallon plant built (Current production 21 million gallons per year)
  28 Employees $1.1 million payroll
  All DDG’s sold within 45 miles of plant
  DDG’s used in cattle/swine and poultry rations
  42 million bushels of corn processed
• Outcome Financial (1998-Present)
• Summary of Minimum Investment $10,000
• Value Added Payments July ’99-Oct. 05=

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Freight</td>
<td>$4,200.00</td>
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<tr>
<td>Premiums</td>
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<tr>
<td>Loan Rate</td>
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<td><strong>Total</strong></td>
<td><strong>$59,937.50</strong></td>
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70,000 bushels delivered
AGRI-ENERGY added 85¢ to every committed bushel
Current Stock Value 5 ½ times Original
Summary $10,000 Investment returned $59,937.50 cash
$55,000.00 stock
$114,937.50
• USDA Contributions

• B & I Loan Guarantee
  • (1) Build Plant
  • (2) Expand Ownership

Value Added Grant Program

**Summary**

Financing in 1997 was impossible without USDA!!!
Lessons Learned

A. Member Communication
B. Power of Producers Working Together
C. Educate Lenders
D. Ethanol Investment a good hedge against fuel costs.
E. Return Dividends to Members
F. Let Members vote with their checkbook on new projects
• Positive Results

• 1. Attitude of Members – What can we do next?
• 2. Network with other Producers
• 3. Create New Opportunities
• 4. Utilize Local Talent
• 5. Diversified Investments
• Projects
  • 1. C-Store Rock County Energy 33%
  • 2. Ethanol
    Badger State, Monroe Wisconsin 21%
    Husker Ag, Plainview Nebraska 48%
    Front Range, Greeley Colorado 42%
    Prairie Horizon, Phillipsburg Kansas 24%
    U S BioEnergy 9%
    Mid Missouri Energy less than 1%
    SELC less than 1%
    Little Sioux Corn Processors less than 1%
  3. Bio Diesel
    MNSP Brewster Minnesota 6%
    Mid Atlantic Bio-Diesel Clayton Delaware 46%
  4. Gave birth to MinWind 80%
  5. Bio Based Products-Amalyx 2%
SUMMARY

AGRI-ENERGY’S financial success is not as important as the cooperative spirit shared by our many members. Our goal is to continue networking with as many fellow producers as possible.