



# Fuel For THOUGHT

November 2005

P.O. Box 1323 • Watertown, SD 57201 • 605-882-8480

## GLCP President

As Glacial Lakes Energy, LLC (GLE) and Glacial Lakes Corn Processors (GLCP) President I need to clarify share trading for this tri-semester and Fiscal Year End 2004-2005 dividends. According to law, any and all tax liability for dividends declared during the fiscal year, either in cash or retained earnings, are assessed to the shareholder of record as of August 31, 2005. However, when a cash dividend is declared, it is distributed to the shareholder of record when the date the board declares a cash dividend. Meaning, if the current trades that have occurred are approved before a dividend is declared, the 1099 will go to the owner as of August 31, 2005 and the dividend will go to the new owner. Therefore, it is the Board's intentions not to approve trades for this tri-semester until the yearly audit is finalized and a dividend is declared. We anticipate having the audit complete, declare a dividend and approve the trades in that order in mid December. Dividends will be distributed thereafter.

As many of you know, GLE was instrumental in the development of Redfield Energy, LLC (RE). Redfield Energy, LLC is a South Dakota resident owned limited liability company which will produce 50 million gallons per year and will be located two miles north of Redfield, SD. Glacial Lakes Energy, LLC (GLE) will manage Redfield Energy's ethanol plant, including management of the construction phase of the project and operations once the plant is constructed. Because of GLE's instrumental involvement in RE, GLE has received five percent of ownership of the company. GLE has invested \$800,000 in Class A shares (corn commitment required) and also provided \$225,000 of seed stock money which will be converted into \$450,000 of Class B shares (non-delivery shares). Along with this, each board member of RE had the right to purchase 50,000 Class B shares for \$25,000 which GLE was also able to participate in. I want to point out that no single member of the GLE or GLCP Board of Directors had any financial gain from this investment as it is owned by the membership of GLCP. With the current investment/shares, GLE will retain one board seat at RE.

Pool Fee invoices were recently sent out to members who had not fulfilled their commitment for the Fiscal Year 2004-2005. The intent of Pool Fees is to cover the costs to procure corn for members who were unable to deliver their committed bushels for one reason or another. GLE & GLCP have continued to maintain a yearly open delivery system meaning each member has from September 1 to August 31 to contract and deliver their committed bushels verses a mandatory scheduled delivery system. With this open delivery schedule, GLE management cannot determine the amount of bushels delivered each month by its membership and GLE was inundated by priced contracts due to the amount of corn in the area causing us to fulfill the plant's corn needs quickly. There has been some concern regarding the opportunity for



Jon T. Anderson

members to deliver their committed bushels but keep in mind that GLE operates 24 hours a day, seven days a week, 365 days a year and grinds an estimated 17 million bushels per year. It is the responsibility of the GLE management to secure the corn needed to keep this facility in operation in the most cost effective manner. With ethanol prices being at an all time high and low corn costs, we as a business cannot jeopardize a shutdown due to lack of corn as it would be financially devastating not only to the company but our membership as well. Therefore we cannot save space for the membership to deliver their annual committed bushels at their liberty. The GLE and GLCP board of directors have directed the management staff to procure corn in order to maintain production. With all this in mind I want to remind you one that it is each member's responsibility to market and deliver their committed bushels within the allotted time frame. Please do not wait until the end of the fiscal year to deliver your committed bushels as we may be full. If you do not pay your pool fee, your dividends will be held until you have paid in full.

Due to the increased production and ownership, GLCP must set its corn commitment to meet production needs as well as supplying the amount of corn that is equivalent to GLCP's level of ownership. Therefore, we have issued a corn call of 1.0 bushels per share owned for the September 1, 2005 to August 31, 2006 Fiscal Year. Meaning if you currently own 5,000 shares you have a 5,000 bushel commitment.

Pool fees for the 2005-2006 Fiscal Year have been set at \$0.01 per bushel. Pool fees will be assessed on non-delivered corn at the end of the Fiscal Year, August 31, 2006.

Freight and commercial incentives will be paid on the commitment as well; however, commercial premium will only be paid on the original issued commercial shares and not on any secondary/split shares issued thereafter.

Stock shares have reached an all time high this tri-semester which is tremendous! We are continuing to improve the process of the sale of shares and have made a change to the process of selling shares. One of those changes is a new policy which states upon confirmation of sale of shares, remaining corn commitment associated with these shares this Fiscal Year will be assessed a pool fee of \$0.01 per bushel on non-delivered committed bushels before the sale is finalized. The Buyer will have no corn obligation until the beginning of the next Fiscal Year (September 1, 2006 to August 31, 2007). This will assist in making the sale transition easier for both the buyer and seller.

With the recent events in the energy industry the outlook for ethanol is very exciting. There could not be a better time for Granite Falls Energy to begin production. We are proud to be part of GFE not only as an investor but as its management team. Congratulations!

In closing, I want to thank everyone for the great year we've had and hope you have a Happy Thanksgiving!

Jon T. Anderson  
GLCP President

## 1099's and Annual Meeting Registration

GLCP Membership Services

Last January you received a 1099 to reflect the dividend distributed in January 2004. This year we will be issuing by mail 1099's that will reflect the amount distributed to you in January 2005. When the cooperative stock equity drive was in progress, some investors pooled their individual investments under one stock certificate to either gain minimum investment requirements or to gain commercial patron status. Even though more than one individual investor may make up this pooling; one certificate was issued with one pooled corn commitment being created.

Cooperative tax law requires patronage dividends to be issued on a patronage basis for the cooperative to gain a qualified deduction on the cooperative tax return. The patronage basis requirement is met under the corn commitment noted above. Patronage dividend checks as well as the related 1099-PATRs need to be specifically identified with the commitment creating the patronage basis. Since the pooled corn commitment mentioned above is considered a collective patronage unit, the dividend check and the 1099-PATR needs to follow the patronage unit.

If you are an investor who pooled together to purchase stock



Marcy Kohl

with other investors, the dividend check and 1099-PATR were issued to the investor who was noted as the contact during the equity drive. If a change to this contact person is desired, please contact the cooperative office at 882-8480 with the **change being effective for fiscal year 2005 reporting.**

## Annual Meeting

The Annual GLCP Meeting will be in January 2006. Last year the membership was required to register a voting member who would be eligible to vote and run for office. We intend to use the same list as last year, however, if you wish to change representatives, you may do so by completing the form at the bottom of this page. Complete the form **ONLY** if you wish to designate a new voting member.

In closing, we want to wish you a happy holiday season. Please feel free to contact our office at 882-8480 if you have questions or concerns. Thank you!

### GLCP trades shares on a tri-semester basis in the months of January, May and September

Last Approved Trade . . . . .	May 2005
Average Price . . . . .	\$2.89 per share
High Selling Price . . . . .	\$3.11 per share
Next Trade . . . . .	January 2006

### Interested in Buying or Selling GLCP Stock?

Log on to AgStock Trade's website at [www.agstocktrade.com](http://www.agstocktrade.com) or call them at **1-800-859-3018** or **605-361-8230**

*\*AgStock Trade will handle all of the stock trades, however family transfers, gifting of shares, etc. will be exempt from the system and will be by Board approval. Should you need to transfer shares, contact the GLCP office at 605-882-8480.*

## Annual Meeting Registration

The Glacial Lakes Corn Processors Annual Meeting will be held in January 2006. Last year, the membership was required to register a voting member who would be eligible to vote and/or be a board candidate. **At the 2006 Annual GLCP Meeting, we intend to honor the registration list from last year.** However, you may **CHANGE** your registered agent if you state in writing who the NEW voting member will be. **IF YOU ARE REQUESTING A CHANGE FOR YOUR VOTING MEMBER** you must notify the GLCP office within ten (10) days prior to the Annual Meeting as to who their voting member is.

### VOTING MEMBER NAME CHANGE FORM

**COMPLETE ONLY IF YOU WISH TO CHANGE WHO YOUR VOTING REPRESENTATIVE IS.**

Please Print the Name That Appears on your GLCP Stock Certificate: \_\_\_\_\_

Representative Name: \_\_\_\_\_

Representative's Address: \_\_\_\_\_

Representative's Phone #: \_\_\_\_\_

\_\_\_\_\_  
**Entity Authorized Signature**

\_\_\_\_\_  
**Date**

**Return this form to:**

**Glacial Lakes Corn Processors Annual Meeting Registration • P.O. Box 1323 • Watertown, SD 57201**