

**November 2016**

**Volume 13, Issue 2**

# Benson Corn Pool



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## Letter from the Chairman

November 14, 2016  
Corn Pool Members;

Our 2016 financial audit has been completed, and will be presented to the BCP board at our next meeting on Friday, November 18th. Our year end financials statements, as you are aware, are located in this newsletter for your review. Deb Mennis, our General Manager will be going over the audit with you again this year at our annual meeting in January.

Our annual sign-up for FY 2017 is at 11.6 million bushels very similar to last year. For FY 2017 the new BCP/CVEC corn procurement agreement will go into effect at \$.13/bushel. The corn procurement agreement will be looked at on a yearly basis by both companies to ensure both companies are being treated fair.

Our annual meeting will be on Tuesday, January 24, 2017, immediately following the CVAC annual meeting. Two director

seats are up for re-election which are now being held by Richard Syverson and Dave Nagler. Both incumbents will be running for BCP director on the ballot this year. If you or anyone are interested in running for director please see the article in your newsletter as to the procedure for entering your name as a possible candidate for BCP director.

Nationwide corn is estimated at 175 bushels per acre, but in this area I am sure you have seen all the corn piles! What an abundance of corn we have been blessed with this year. There should be plenty for our ethanol industry.

We are looking forward to seeing everyone at our Annual Meeting!

Wishing you all a very Happy and Thankful Holiday Season! Stay safe and enjoy family & friends!

***Roger Longhenry***  
***Chairman***



## Letter from the General Manager

September 30, 2016 marked the end of our fiscal year. The audit is complete and the books are now closed for FY16. BCP began the year with an enrollment of 11,718,232 bushels. At the end of the first trimester several BCP members took advantage of the opportunity to remove their bushels from BCP and deliver those bushels on their own. As a result 157,705 bushels left the pool, at the end of January. Leaving 11,560,527 bushels in BCP for the remainder of the fiscal year.

BCP buys its bushels from CVEC through the corn procurement agreement which is in place between the companies. In FY16 CVEC charged BCP \$0.105 per bushel handling fee for that service, which is part of our corn cost for the year. In FY16 BCP paid an average of \$3.30/bushel, with the sale of corn to CVAC at an average of \$3.22/bushel. There are also some additional expenses to BCP throughout the year, those expenses include board expenses, interest expense and administrative. Those expenses came to ½ cent per bushel for the year. The year-end income statement and balance sheet are below for your review. As you can see, BCP showed a loss of \$1,017,431 for the year, which come to \$0.09/bushel.

The BCP Board met on November 18, 2016 to review and accept the audit. At that time, the BCP Board of Directors voted to call for the loss of \$0.09/bushel from the members. A letter will be mailed in December to each BCP member stating the amount that is due from each BCP member. The payment to BCP will be due by December 23, 2016. Each year the corn procurement agreement between CVEC and

BCP is reviewed by both companies. As we discussed at last year's annual meeting, there are changes in that agreement for FY17. In FY17 the handling fee is going from \$0.105/bushel to \$0.13/bushel beginning on October 1, 2016. Also, the way the price of corn between the companies is calculated has changed. We are still using the hybrid average, but instead of taking out both the low and high bid, only the low bid will be removed. These changes will result in additional corn expense to BCP of approximately \$0.03/bushel for FY17.

BCP's annual meeting will be held on Tuesday, January 24th at approximately 3:00 p.m. at McKinney's in Benson. The BCP meeting will follow the CVAC meeting, which is set to begin at 1:00p.m. BCP has 2 board seats up for re-election this year, Richard Syverson and David Nagler. If you are interested in serving on the BCP board please see the nomination procedure included in this newsletter for direction on how to proceed. Please feel free to contact the office if you have any questions.

THE BCP annual meeting packet will be sent out to all members the first part of January, we are looking forward to seeing you at the annual meeting. We hope you have a safe and joyous Holiday Season.

***Deb Mennis***  
***Benson Corn Pool General Manager***

# Corn Market Commentary

The 2016 crop is for the most part in the bin and will probably go down as a record for our area. We saw very good yields in both corn and soybeans in our area, and except for fighting some wet weather overall harvest went very smoothly. Basis levels are wider than normal as the area struggled to handle such large crops, and the futures price has been under pressure as our local story of big yields has been realized nationally as well, with the country projected to set new yield records. With the size of the U.S. crop known for the most part, the market's attention will now shift to South American planting/growing weather, which has been good to this point. Without a South American weather problem corn will struggle to find upward momentum as demand is already very high and the country has a very large projected carryout. Basis levels should stabilize and maybe find a bit of strength as corn remains locked firmly on the farm as we head into winter, but without stronger rail demand basis will struggle to reach levels seen a year ago. Keep an eye out for popular cash targets and have realistic offers working to capture short term price rallies if they happen.

Another reminder that there have been a few changes in the past year to the way freight is paid on delivered shareholder bushels. The first change made was to remove freight from the final true-up to the

Area Average +\$0.04 final price, resulting in a larger true-up and now making any freight changes in the future a penny-for-penny impact to the delivering shareholder. The second change was to then increase the freight schedule by \$0.02 per bushel across the board. After these changes, the average producer will now receive the Area Average +\$0.04 PLUS a freight premium of \$0.08 per bushel on their delivery commitment bushels. If that same producer were instead enrolled in the Benson Corn Pool, they would receive no freight and should expect to pay around a \$0.13 loss to the pool each year beginning with the new Fiscal Year 17. That means that the corn pool producer would need to out-market the Area Average +\$0.04 by \$0.21 to simply breakeven versus the delivering shareholder. If you are a producer that has bushels in the Benson Corn Pool, I would encourage you to consider delivery. With the recent changes to freight, I'd be glad to sit down with you and walk through your specific situation. Bushels are now eligible to exit the pool at the end of any trimester throughout the year.

As we wrap up another great crop, please enjoy the holiday season and we'll look forward to seeing everyone at the annual meeting on January 24th at McKinney's in Benson!

**Brody Padgett**  
CVEC Commodities Manager

Current Resident  
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Balance Sheet		Income Statement	
September 30th, 2016		FY16 YEAR END	
<b>Assets</b>	<b>Liabilities &amp; Equity</b>	<b>Revenue</b>	<b>Bushels (enrolled)</b>
Cash \$ 854,292	Accounts Payable \$ 312,253	Sales of Corn \$ 37,511,135.00	
Accounts Receivable \$ -	Note Payable \$ -	Misc. Income \$ 367.00	
Prepaid Insurance \$ 4,170	Marketing Fee Payable \$ 1,632,934	Total Income \$ 37,511,502.00	
Hedge Margin \$ -	Member Equity \$ (69,294)	Corn Purchases \$ 38,446,104.00	
TOTAL ASSETS \$ 858,462	Current Year Income (Loss) \$ (1,017,431)	Hedge (gain) loss \$ 0.00	
	TOTAL LIABILITIES & EQUITY \$ 858,462	Total Cost of Good Sold \$ 38,446,104.00	
		Board Expenses \$ 30,431.85	
		Interest Expenses \$ 3,805.04	
		Administrative Expenses \$ 48,592.11	
		Total Expenses \$ 82,829.00	