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Agricultural Outlook Forum U.S. Department of Agriculture

#### MID-MISSOURI ENERGY

Presented: March 1-2, 2007

Ryan Utlaut President, Mid-Missouri Energy

#### Mid-Missouri Energy



100 % Farmer Owned Ethanol Plant



#### Our Mission

 Add Value to our members production and improve the economic future of our communities



### MME – 100% Farmer Owned Cooperative

- One hour East of Kansas City
- Nameplate 40 Million Gal
- Operating at 52 53 Million Gal
- Selling 95% of Distillers dried



# State of Ethanol Industry

- Four Years Ago Before rapid expansion of Ethanol Industry
  - Crude Oil \$40
  - Corn -- \$1.80
  - Ethanol \$1.25
- Challenge
  - Find enough investors to build a \$60 million Fagen-ICM Plant
  - Raise \$24 in equity
  - Borrow \$36 million

#### Early Decisions

- Minimum Investment
- Must purchase at least two shares
  - \$10,000 per share
- Require Corn Commitment
  - Pay 80% upon delivery
  - True-up to average three times a year
- Invite Bankers and Ag Lenders to pre-kickoff meetings
  - Show them proposed Business Plan

### The Challenge

- Secure funds to conduct a 100+ meeting equity drive
- Area banks provide up to \$500 K line of credit if needed
- \$189,000 grant from MSBDA
- 15 Board Members guarantee \$150 K of the \$500 K
- Donations \$30 K
- Catholic Charities \$25 K
- Membership to join MME \$500

### Strategic Alliance

- Grain Merchants: Support MME
  - MME buys grain only from shareholders and grain merchants
- Bankers and Ag Lenders
  - Loan 90% of Investment
  - Low Interest Pay only interest until plant is in Production
- President of Wood and Huston Bank
  - "Best economic opportunity for our area in a long time."





June 30, 2004

Committed to the future of rural communities.

PAY TO THE ORDER OF

Mid-Missouri Energy, Inc.

\$ 500,000.00

Five Hundred Thousand and 00/100

DOLLARS

George W. Bush

United States President

Gregory C. Branum

Missouri State Director

## "Old Fashioned Barn Raising"

- Community Responds
  - Newspapers
  - Radio
  - Radio Call in Shows
  - Service Clubs
  - Farm Equipment Dealers

3/5/2007

"Let's Make This Happen"



#### "A Cooperative"

- First Round of Meetings \$16 Million
- 60 Day Extension \$20 Million
- 60 Day Extension \$24 Million
- Ag Star, a Cooperative, commits to \$36 Million Loan
- Marketing Ethanol through a Cooperative -- Renewable Products Marketing Group







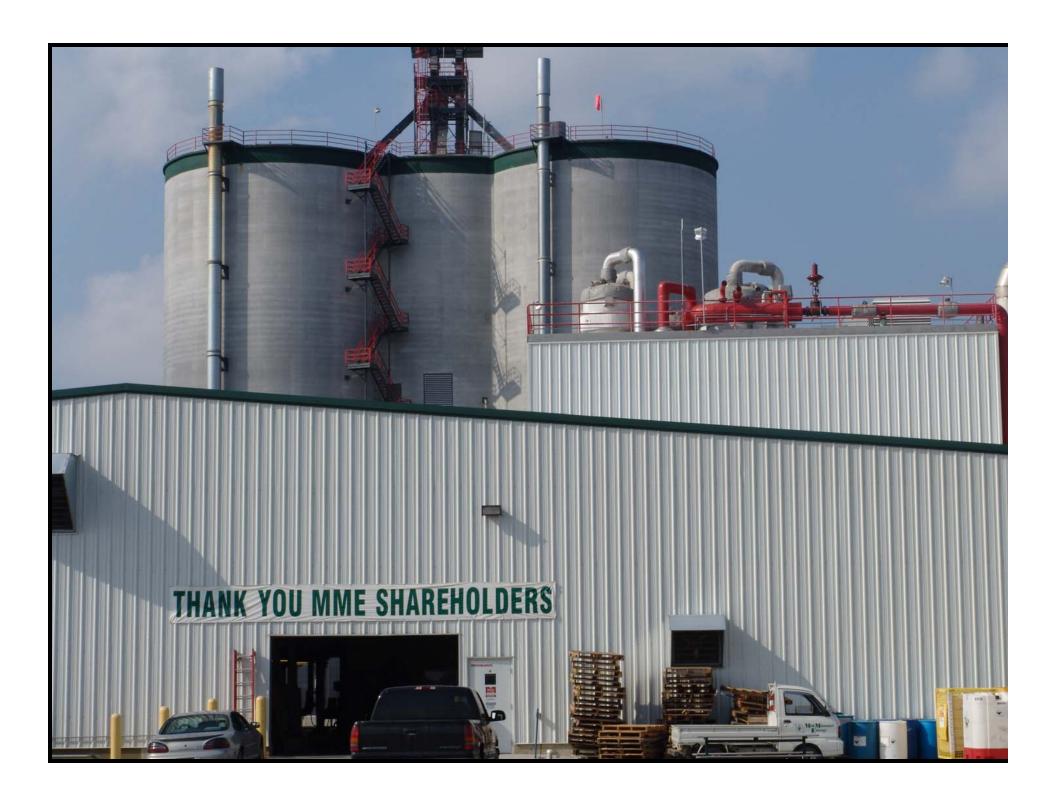
### "Growing"

 MME plans to double capacity by using Retained Earnings and new borrowing to fund expansion



# Sell, Merge, or Status Quo

- Sell at 10 times the investment
  - No follow through
- New York Times Article
  - Farmers resist offers to sell
- Allegiance to members not individual preferences
- Members feel "ownership of cooperative"



Greatness is not standing above our fellows and ordering them around—it is standing with them and helping them to be all they can be.

G. Arthur Keogh (1909 –1989) Educator

