



NEBRASKA ETHANOL BOARD

STATE OF NEBRASKA

DAVE HEINEMAN
GOVERNOR

TODD C. SNELLER
ADMINISTRATOR

NEBRASKA ETHANOL BOARD MEETING MINUTES

Holiday Inn Downtown
141 North 9th Street
Lincoln, NE
November 10, 2011
8:30 a.m.

MEMBERS PRESENT

Tod Brodersen
Tim Else
Galen Frenzen
Steve Hanson
Paul Kenney
Mark McColley
Mike Thede

GUESTS

Mike Barwig – Tenaska BioFuels
Chuck Clanahan – DHS
Jacki Fee - Cargill
Greg Gardner –
US Dept. of Homeland Security
Norm Hall – Ryan & Associates
Greg Hollingshead – DHS
Yoichi Ishibashi- Nippon Steel Engineering
Danielle Jensen – Nebraska Energy Office
Michael Jolly – Husker Motorsports
Matt Kallus – Husker Motorsports
David King – Union Pacific
Tory Kort – Chief Ethanol
Duane Kristensen – Chief Ethanol

TECHNICAL ADVISOR PRESENT

Dr. James Hendrix

STAFF PRESENT

Todd Sneller
Steve Sorum
Gerri Monahan
Billy DeFrain

Yumi Tagawa, Nagase
Adam Liska – UN-L
Hiroyuki Masaki – Nippon Steel Engineering
Bob Miller – E-Energy Adams
Cindy Overhue – Union Pacific
Pat Ptacek – Neb. Grain & Feed Assc.
Bill Roddy – ERI Solutions
Lindsey Salestrom – Neb. Dept. of Ag.
Loran Schmit - ANEEP
Ralph Scott – Trenton Agri-Products
Norihito Tsuji – Nagase America Corp.
Tooru Izumiya – Nippon Steel Engineering
Brian Wilcox – NPPD/ ACE
Chuck Woodside – KAPPA Ethanol

Call Meeting to Order

A meeting of the Nebraska Ethanol Board (NEB) convened Thursday, November 10, 2011 at 8:30 a.m. The meeting was held the Holiday Inn Downtown in Lincoln. Chair Steve Hanson called the meeting to order and announced notice of the meeting had been duly publicized through distribution of a press release issued at least seven days prior to the meeting to representatives of the media throughout Nebraska. Hanson noted that a copy of the Nebraska Open Meetings Act was available for review upon request. Hanson asked guests, board and staff to introduce themselves.

Approval of Agenda

Hanson asked for additions or corrections to the agenda. Hanson noted that a group from Husker Motorsports wished to speak to the board. He suggested they speak under item F, Ethanol Marketing.

Thede moved "to accept meeting agenda as modified to include a presentation from Husker Motorsports team." Brodersen seconded. The motion carried by acclamation.

Minutes

Hanson asked if members had reviewed minutes of the September 16, 2011 board meeting. Following a review, Hanson asked if there were any additions or corrections to the minutes as presented. Hearing none, he asked for a motion to approve the minutes.

Kenney moved, "to approve the September 16, 2011 meeting minutes as printed." Frenzen seconded. The motion carried by acclamation.

Budget Status Report

Sorum presented the NEB budget report. He reported Agency spending authority for FY2011-12 at \$564,184. Through one-third of the FY, the NEB has expended or committed 28% of its budget. Revenue receipts continue to run slightly ahead of projections. Sorum mentioned the statute capping NEB total revenues at \$550,000 annually with any amounts in excess of that figure going to the EPIC Fund. When the EPIC fund sunsets in 2012 the cap on Agency revenues will end.

Monahan presented payment and per diem reports for September and October 2011.

September - Contracts: \$495.31; Dues/Registrations/Sponsorships: \$82.50; Meeting and Travel Expenses: \$2,018.48; Other Expenses: \$61.17; Internal Agency Expenses: \$1,965.06.

October: Contracts: \$7,935.51, Dues/Registrations/Subscriptions: \$491.85; Meeting & Travel: \$2798.34; Other Expenses: \$1,411.25; Internal Agency Expenses: \$4,357.16; Dept. of Ag EPIC Administration Costs: \$2,562.32.

David & Associate contract balance is \$19,982.52. Contract ends June 30, 2012. An RFP will need to be issued in the spring of 2012 for agency advertising, marketing and public relations.

The Morgan & Associates contract balance is \$4,859. This is the second year of a total 4 year contract with renewal approval due prior to June 30, 2012.

Per diems were paid to Brodersen, Else, Frenzen, Kenney, McColley and Thede for the September board meeting in Kearney.

Frenzen moved “to accept the September and October 2011 payment reports, contract balances, and per diem reports as presented.” Thede seconded. The motion passed (yes: McColley, Thede, Brodersen, Else, Frenzen, Hanson, Kenney; no-;).

EPIC Report

Sorum delivered the Ethanol Production Incentive Cash (EPIC) report. He discussed on-going work on the annual joint EPIC financial forecast filed jointly by the NEB and the NE Dept. of Revenue. The final draft has been prepared and will be presented to the Clerk of the Legislature prior to the Dec. 1 deadline. The program sunsets on November 1, 2012. Of the original, qualified plants, six may earn maximum credits for 2011-12. Four plants have exhausted eligibility. In 2011, the legislature approved up to \$12 million in transfers from the State’s Reserve Fund and \$3.8 million from the State’s General Fund to fully fund EPIC obligations. At the conclusion of EPIC expenditures, remaining funds are to be transferred back to the State’s Reserve Fund. The latest forecast shows EPIC with a final projected balance of \$2.47 million.

Ethanol Marketing Programs

Sneller updated the board on marketing activities. NEB staff are continuing activities that are part of the FFV Awareness Campaign with Clean Fuels Foundation and others. Sneller also announced that the Nebraska Ethanol Industry Coalition had been awarded a USDA Rural Business Opportunity Grant. The NEB is a partner in this project. The goal is to secure \$400,000 in matching funds for the \$100,000 grant. Partners so far include CFDC, Protec Fuels, Bosselman Biofuels, Green Plains Renewable Energy, E-Energy, KAPPA and ICM.

Sneller noted NEB involvement at promotional events including the State Fair, Husker Harvest Days, NU Football pre-game promotion and the Kearney Raceway. At this point pictures from the Raceway event were displayed.

Michael Jolly and others from the Husker Motorsports team presented an update to the board on their Formula SAE car. The team’s presentation and audio is on the NEB’s “Meetings” page at <http://www.ne-ethanol.org/events/nebmeetings.htm> The SAE event will be held in Lincoln June 20-23, 2012.

At this point a DVD of the Kearney Raceway events was shown and Hanson called for a short break, after which the meeting resumed.

Special Presentation—Bill Roddy, ERI Solutions

Sneller introduced Bill Roddy, Director of Environmental Compliance at ERI Solutions. Roddy authored a new white paper "[Carbon Modeling and ILUC](#)." Roddy discussed his work on carbon modeling and indirect land use change. His presentation is online at NEB's "NEB Meetings" page at <http://www.ne-ethanol.org/events/nebmeetings.htm> A lengthy discussion on carbon modeling and land use change issues followed Roddy's presentation.

Special Presentation—Greg Gardner, Department of Homeland Security

Sneller introduced Greg Gardner of the US Department of Homeland Security. Gardner discussed a voluntary program for ethanol producers to promote security issues. Gardner's presentation is online at NEB's "NEB Meetings" page at <http://www.ne-ethanol.org/events/nebmeetings.htm>

State and Federal Legislation

Sneller discussed the Environmental Health and Safety summit in Kearney on October 3. The summit was designed to help producers keep up to date on regulatory compliance issues. Sneller invited Loran Schmit to comment.

Schmit noted collaborative educational efforts with Nebraska colleges and exchanges with colleges, regulators and ANEEP members related to policy and internships.

Tory Kort of Chief Ethanol also commented. ANEEP closely watches new regulations that could impact the ethanol industry. The next meeting of the Environmental Quality Council is set for December 1. On the federal level, a battle over EPA clean air regulations impacting the power industry could affect ethanol producers as industrial scale consumers of electrical power. Brian Wilcox noted that this decision could significantly impact the power industry.

Schmit noted that most ethanol plants have very little difficulty with NDEQ's Water Division, but most problems seem to arise from the Air Division.

Duane Kristensen commented that as an independent producer, sometimes seemingly minor issues can trigger overzealous enforcement and it seems Nebraska has a more contentious relationship with ethanol plants than surrounding states.

Ethanol Plants and ANEEP Update

Sneller asked ethanol plant representatives for updates. Ralph Scott of Trenton Agri Products reported that they are receiving good quality corn and the plant is running well after having completed its fall turnaround. Jacki Fee from the Cargill plant in Blair reported the plant is back to normal after the Missouri river flooding receded. The flooding never quite reached the facility itself.

Sneller introduced a group from Nagase and Nippon Steel Engineering, two companies based in Japan. Nagase offers a cellulosic ethanol production process as a co-located facility which can be built adjacent to existing corn ethanol facilities.

Chair’s Report

In the interest of brevity, Chair Hanson decided to forgo his report.

Administrator’s Report

Sneller noted that staff are considering dates for the 2012 Emerging Issues Forum as well as guest speakers and topics for discussion. Sneller asked the board to support this annual event again in 2012. The board provided consent for development and presentation of the 2012 Forum. Sorum reported that the Legislature voted 37 in favor of reappointing board members Hanson and Else to new terms on the Ethanol Board, with 7 abstention votes by legislators.

Travel Reports and Authorization

Sneller reported that there were no new travel requests for staff. Sneller noted that he would seek authorization from the Chair if out of state travel was under consideration.

Next Meeting Date and Time

Sneller asked for meeting date preferences. The Board decided to set the next meeting for Tuesday, February 14 in Lincoln so that board members could attend the ANEEP legislative reception in Lincoln the evening of February 13.

Adjourn

Brodersen moved, “to adjourn the meeting.” McColley seconded. The motion carried by acclamation.

Paul Kenney, Secretary