



Ethanol - The Alternative Solution

Homeland Energy Solutions · 2779 Highway 24 · Lawler, IA 52154  
563-238-5555 · [www.homelandenergysolutions.com](http://www.homelandenergysolutions.com)

March 2014

## From the president Strong markets yield results

On the heels of a very difficult 2012, Homeland Energy Solutions has had a very successful 2013. It was a much better year than we expected, with the Renewable Fuel Standard increased to 13.8 billion gallons. That extra requirement, along with strong export markets, drew down the inventory of ethanol across the country and allowed prices to remain strong. Even as the industry increased production throughout the year, the extra production was used and did not raise the inventory levels.

Even after corn prices dropped at harvest time, the price of ethanol remained strong, giving Homeland its best quarter at the end of 2013.

Unfortunately, challenges have come up for Homeland and the rest of the industry since the first of the year, primarily in access to transportation. The railroads are experiencing bottlenecks due to having taken on additional crude oil traffic, which is leaving ethanol plants in a difficult situation unable to ship out product. The traffic problems have been exaggerated by the harsh winter. Homeland has had to back up production by nearly one-third at times due to full tanks and a shortage of rail cars.

Connections through Chicago are causing difficulties in getting ethanol to the East Coast to meet the demand there, reported attendees at a March 6 meeting about the problem.

*Continued on Page 3*

# Annual membership meeting set April 8

Homeland Energy Solutions will hold its 2014 annual membership meeting on Tuesday, April 8, 2014, at the Fredericksburg Community Center, 151 West Main Street, Fredericksburg.

Registration and lunch will begin at noon, with the meeting beginning at approximately 1 p.m.

Members should soon receive a proxy card in the mail. Full documents, including the annual report, are available online at [www.homelandenergysolutions.com](http://www.homelandenergysolutions.com) or you may request a paper or e-mail copy of these documents by calling our office at 563-238-5555 or toll free at 866-238-7879, by written request to Homeland Energy Solutions, LLC at 2779 Highway 24, Lawler, IA 52154, by e-mail at [info@homelandenergysolutions.com](mailto:info@homelandenergysolutions.com), or on our website at [www.homelandenergysolutions.com](http://www.homelandenergysolutions.com). Please submit such requests by March 25, 2014, to facilitate timely delivery.

The purposes of the meeting are to elect two directors to the company's board of directors, and to transact any other business that may come before the 2014 Annual Meeting.

Candidates for the two seats are Mathew Driscoll and Randy Bruess. Driscoll, 34, presently serves as a director of the company and serves on the Audit Committee and the Executive Compensation Committee.

Driscoll was first elected to the board in 2010 and re-elected in 2011.

Driscoll has worked as a financial adviser since 2001 and is currently a partner in Christensen and Driscoll Financial Services. He also sits on the board of directors of Christensen and Driscoll Financial Services, Inc., and on the board of directors of the Iowa Renewable Fuels Association, a private company. Mr. Driscoll was selected as a nominee based on his prior experience on the board along with his business and financial experience.

Bruess, 52, has not previously served on the board. Since 1982, he has been employed by Art's Milling Service, Inc. in Protovin, Iowa, and currently holds the position of General Manager at Art's Milling Service. He also serves on the board of directors of Art's Milling Service. Bruess was selected as a nominee based on his business and grain merchandising experience.

Only members listed on the company's records at the close of business on February 27, 2014 are entitled to notice of the 2014 Annual Meeting and to vote at the 2014 Annual Meeting and any adjournments thereof. For your proxy card to be valid, it must be received by the Company no later than 5 p.m. local time on Monday, April 7, 2014.

# HES posts second most profitable year, issues distributions four of five years

Homeland Energy Solutions, LLC generated net profits in excess of \$28 million during the 2013 calendar year. This equates to approximately \$359.48 per share and is the second largest profit recorded in the company's brief five years of ethanol production. 2013 profits were generated by the sale of nearly 139 million gallons of ethanol, 35 million pounds of corn oil, and more than 356 thousand tons of distillers grains.

Member K-1's for the 2013 fiscal year were distributed via mail Feb. 13 and 14. Taxable income for members in 2013 was approximately \$172/share. If you have questions about your K-1 or have not yet received the document, do not hesitate to contact the Homeland offices at your convenience. Please consult your independent tax professional for details specific to your personal or busi-

ness situation.

The burden of this tax liability was lessened when the company issued a distribution in excess of \$8.4 million in late December. This distribution of \$131/share was issued to members of record as of December 19, 2013. It makes me proud to say that Homeland has been able to issue a distribution to our members in EACH of the last four years. In total, the combined distributions exceed \$33.7 million.

Highlights of the financial results are printed below. A more detailed version of the financial results is currently available on the [HES](#) or [SEC website](#).

— *David Finke,*  
Chief Financial Officer  
Homeland Energy Solutions

| INCOME STATEMENT         |    |                        |                        |                        |                        |                        |
|--------------------------|----|------------------------|------------------------|------------------------|------------------------|------------------------|
|                          |    | Year Ended<br>12/31/13 | Year Ended<br>12/31/12 | Year Ended<br>12/31/11 | Year Ended<br>12/31/10 | Year Ended<br>12/31/09 |
| Revenue                  | \$ | 400,211,785            | 359,242,777            | 419,312,560            | 254,480,111            | 161,855,910            |
| Cost of Goods Sold       |    | 368,758,166            | 356,064,739            | 379,166,073            | 239,311,226            | 142,218,998            |
| Operating Expenses       |    | 3,380,466              | 2,758,898              | 2,764,369              | 2,198,314              | 2,451,539              |
| Operating Income         |    | 28,073,153             | 419,143                | 37,382,118             | 12,970,571             | 17,185,373             |
| Other Income (Expenses)  |    | 160,755                | 75,622                 | (1,028,350)            | (1,939,762)            | (1,544,998)            |
| Net Income               | \$ | 28,233,908             | 494,765                | 36,353,768             | 11,030,809             | 15,640,375             |
| Net Income Per Unit      | \$ | 359.48                 | 5.47                   | 401.94                 | 120.63                 | 171.04                 |
| Member Distribution/Unit |    | 131.00                 | 133.00                 | 79.00                  | 68.00                  |                        |

| BALANCE SHEET                  |    |             |             |             |             |             |
|--------------------------------|----|-------------|-------------|-------------|-------------|-------------|
|                                |    | 12/31/13    | 9/30/13     | 6/30/13     | 3/31/13     | 12/31/12    |
| Current Assets                 | \$ | 56,456,056  | 31,975,247  | 42,690,536  | 22,195,876  | 17,402,396  |
| Property & Equipment           |    | 113,502,166 | 115,738,869 | 118,057,856 | 118,483,452 | 121,150,465 |
| Other Assets                   |    | 4,119,904   | 4,130,067   | 3,722,825   | 3,488,115   | 3,294,307   |
| Total Assets                   | \$ | 174,078,126 | 151,844,183 | 164,471,217 | 144,167,443 | 141,847,168 |
| Current Liabilities            | \$ | 39,627,710  | 36,789,472  | 4,478,824   | 4,713,108   | 11,268,793  |
| Long-term Liabilities          |    | 15,303,526  | 102,421     | 20,102,421  | 7,602,421   | 1,268,793   |
| Total Members' Equity          |    | 119,146,890 | 114,952,290 | 139,889,972 | 131,851,914 | 129,373,617 |
| Total Liabilities & Equity     | \$ | 174,078,126 | 151,844,183 | 164,471,217 | 144,167,443 | 141,847,168 |
| Book Value per membership unit | \$ | 1,845       | 1,780       | 1,547       | 1,458       | 1,430       |

## December special meeting addresses voting rights

Homeland Energy Solutions members voted at a special meeting in December to amend the company's operating agreement. The amendment restricts members with rights to directly appoint directors to the board from also voting in the general election of directors.

Because the company's repurchase agreement with Steve Retterath has not been finalized and is still being decided in the courts, votes at the meeting were tallied two ways.

With Retterath's vote included, the results were:

For: 48,879

Against: 33,192

Withheld/Abstained: 25

Without Retterath's votes, the results were:

For: 48,879

Against: 7,332

Withheld/Abstained: 25

## President's report

*Continued from Page 1*

Inventories of ethanol in New York Harbor are at a "critical" low, said Mark Huston, director, Louis Dreyfus Commodities, in his presentation at RETAC. He said inventories are "down to about a week," a far cry from the target benchmark of 21 days of supply. Nationally, however, things are in rough balance, as inventories are at about 19 days, he said.

This winter has also seen huge variation in natural gas prices—once going from \$6.50 to \$50 in just one day. With those factors combined, we've had huge uncertainty in how we run the plant.

Hopefully, 2014 will settle down and we can continue in a positive direction, which included no lost time accidents in 2013 and having again shared profits back to the members through the December distribution.

—**Walt Wendland, President & CEO**

## *From the chairman*

## Retterath case still pending

On Aug. 1, 2013, Steve Retterath, a former member of the Company's board of directors and the Company's largest unit holder, filed a lawsuit in Florida state court against the Company, several of the Company's directors and officers, as well as the Company's outside legal counsel. Retterath's complaint was subsequently amended several times and ultimately included various claims against the parties, including alleged securities fraud claims against the Company. As a result, the Company and the other defendants removed the case to federal court in Florida. Retterath has filed several other amended complaints alleging various causes of action against the defendants in the litigation. The Company has filed a series of motions in the case, including motions seeking to dismiss the claims brought by Retterath and seeking to transfer the case to Iowa. On Feb. 20, 2014, the Magistrate Judge assigned to the Florida case recommended that it be transferred to Iowa.

On Aug. 14, 2013, the Company filed suit against Retterath in Iowa

state court seeking to require him to complete the Membership Unit Repurchase Agreement which was executed by the Company, and Retterath, on June 13, 2013. The Company has filed a breach of contract lawsuit against Retterath. The Company is asking the Iowa court to require him to complete the Membership Unit Repurchase Agreement according to its terms. In response to the lawsuit, Retterath filed a motion to dismiss the lawsuit or in the alternative a motion to stay the lawsuit pending the outcome of the Florida lawsuit discussed above. Both of these motions were denied by the Iowa court. Retterath has removed the Iowa lawsuit to federal court claiming that the federal courts have exclusive jurisdiction over the Iowa case. The Company has asked the federal court to return the case to Iowa state court which the Company believes is the proper forum for the case. No ruling has been received from the Iowa federal court on this motion.

—**Pat Boyle,  
HES Board Chairman**

## HES won't accept Agrisure Duracade

Homeland Energy wants its members and others who deliver grain to the plant to be aware that we will not be accepting any corn with the Syngenta trait Agrisure Duracade.

Regulatory bodies in some export markets, including China, have not yet approved the trait, and those countries may turn away shipments of grain, including dried distillers grains (DDGs) that contain the trait.

"We don't want to jeopardize our DDG sales to China," said HES president and CEO Walt Wendland. "They were nearly 50 percent of our DDG exports last year."

The U.S. Grains Council urges

all farmers and grain handlers to follow the stewardship program for the release of Syngenta seed trait Agrisure Duracade to minimize the risk of export trade disruption. "It is important for all sectors of the value chain—individual farmers, technology providers, shippers and exporters alike—to recognize the potentially significant international implications of their actions. The Council therefore urges producers who choose to plant Agrisure Duracade in 2014 to adhere carefully to their stewardship responsibilities in order to minimize the risk to U.S. export sales," the Council said in a statement.

## Homeland Energy Solutions Board of Directors

Pat Boyle (elected), Chairman  
Maurice Hyde (elected), Vice Chairman

Christine Marchand (elected), Secretary

Mathew Driscoll (elected)

Keith Eastman (elected)

\*Steve Eastman (appointed by Steve Retterath)

Leslie Hansen (appointed by Golden Grain Energy)

\*Ed Hatten (appointed by Steve Retterath)

Chad Kuhlert (elected)

Bernard Retterath (elected)

Robert Sieracki (elected)

\*Still serving on the board despite repurchase agreement with Retterath

## Management Team

Walter Wendland,  
President & CEO

David Finke,  
Chief Financial Officer

Stan Wubbena, Grain  
Merchandiser

Kevin Howes, Plant Manager

2779 Highway 24  
Lawler, IA 52154  
563-238-5555

*This newsletter contains forward-looking statements. We undertake no responsibility to update any forward looking statement. When used, the words "believe", "hope", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements. Readers should not place undue reliance on any forward-looking statements and recognize that the statements are not predictions of actual future results, which could and likely will differ materially from those anticipated in the forward-looking statements due to risks and uncertainties, including those described in our Securities and Exchange Commission filings, copies of which are available through our web site or upon request.*

## EPA heard your voices

Homeland Energy Solutions wants to thank its members and supporters for submitting comments to the Environmental Protection Agency in support of maintaining the Renewable Fuels Standard at its original level.

The EPA received a large number of responses, and statements by administrator Gina McCarthy indicate that the previous recommendations may be reconsidered. "I have certainly heard from folks that maybe we didn't get this quite right," she acknowledged. EPA has received more than 200,000 public comments on its 2014 RFS proposal and plans

to finalize the rule by the summer.

Ag Secretary Tom Vilsack continues to speak in support of ethanol and the RFS. "I can tell you that I've reached out to my colleagues at EPA and folks at the White House to make sure they fully understand the significance of this industry," Vilsack said. "I have asked [EPA Administrator] Gina McCarthy to really take a look at your comments before the decision is finalized. ... I don't control that decision, but I am a firm believer in this industry. I think it is absolutely mandatory that this industry continue to survive," he said.

## Meet your team members

### Gail Snyder, Scale Operator

**Q. What do you like most about working at Homeland?**

A. First of all I must say I truly love what I do at Homeland. The family-oriented environment is great. I work in the scalehouse. I find it interesting and something different every single day. I have been here since the plant opened and have seen many trucks come through the scale in the five years of operation. Having a job so close to home makes it nice, along with being flexible to our needs.

**Q. Tell us about your background. (HS, college, previous jobs)**

A. I was born and raised by Alpha and graduated from North Fayette in West Union. Previously I worked part-time at Five Star in Lawler grading grain for two years. Before that I worked at the convenience store in Lawler for eight years.

**Q. Tell us about your family**

A. I have three grown boys. Brady, 27, lives in Phenix City, AL. Bryan, 25, lives on my home place by Alpha and recently married his middle school

sweet-heart, and Blair, 19, is in his first year of college at Kirkwood in Cedar Rapids.

**Q. Any hobbies or interests?**

A. I would have to say my No. 1 interest is riding my Harley. I spend a lot of summer evenings and weekends on it and will be planning my first long venture with it this summer. Some other interests I have are camping, country music concerts, auctions, and garage saling! I enjoy simple quilting projects and crocheting on a snowy day (and we've had plenty of them this winter)! I also enjoy cooking and baking for my family.

