



Redfield Energy, LLC Corn Procurement Policies and Procedures

What is my corn delivery obligation? Under the Uniform Marketing and Delivery Agreement, Class A members will be required to deliver to us one bushel of corn for each Class A unit held each year. The Board of Managers will establish a procedure to call for delivery bushels of corn from Class A members according to the number of bushels committed by all Class A members and the number of bushels of corn we will use annually.

Is there a freight allowance for my delivered bushels? We have established a freight allowance to be paid with respect to each bushel a member delivers to us from the bushels such member is committed to deliver to us. The freight allowance will not be paid to Class A members with respect to any bushels in excess of the number of the committed bushels. The following table shows the freight allowance per bushel of corn actually delivered from committed bushels based upon the proximity of the members to our ethanol plant:

Distance from Ethanol Plant (Miles)		Freight allowance (Per Bushel)	Bonus Freight Allowance for delivering in the months of July, August & FH Sept 2017 (Per Bushel)
At Least	Less Than		
0	10	2 cents	10 cents
11	17.5	3 cents	10 cents
18	25	4 cents	10 cents
26	32.5	5 cents	10 cents
33	40	6 cents	10 cents
41	47.5	7 cents	10 cents
48	55	8 cents	10 cents
56	62.5	9 cents	10 cents
+63		10 cents	10 cents

Do I receive a premium for my corn as a commercial level investor? Commercial level investors will receive a premium of \$0.03 on each bushel of corn required to be delivered in connection with each commercial level block. A commercial level block is 50,000 Class A units.

Will a pool system be available to assist members to meet their corn delivery obligations to RE? Yes. RE will make a pool system available to members to meet their corn delivery obligation. A pool system is intended to provide a centralized corn supply for those members who will not be actually delivering their committed bushels for basis and transportation considerations. The member meets its delivery obligation to RE by directing the pool to procure corn on the member's behalf and to deliver the corn to the RE plant, paying for the corn and a per bushel pool fee. In turn, RE will pay the member for the corn delivered pursuant to the pool. In this way, the pool is acting as the agent of the member to procure corn on the member's behalf. **The current pool fee for Fiscal Year 2016-2017 is \$0.03 per bushel.**

Do I have to be a Class A investor and/or member to deliver corn to RE? No. RE will procure corn from both classes of members as well as non-members.

How do I inquire about a corn bid or contract corn? Please call South Dakota Wheat Growers at 605-475-2500. They also post their daily bid on their webpage at www.sdwg.com.

When will I receive my check for delivered corn? South Dakota Wheat Growers will issue your check for the corn that is delivered.

When will I receive my check for freight allowance? South Dakota Wheat Growers supplies Redfield Energy with a monthly report of your delivered corn bushels. Redfield Energy issues freight allowance checks once a month.

August 26, 2016

UNITS OWNED

Class A Members of Redfield Energy,

As we begin a new fiscal year, we want to be proactive with the supply of corn coming into our plant. Our board recently approved a change to our corn procurement policy for the fiscal year 2017 and we want to make you aware of the changes as some of you may be affected by the new policies.

Class A members are required to deliver to us one bushel of corn for every Class A unit held. For those Class A members who are unable to meet their corn delivery obligation, a pool system is available where Redfield Energy purchases corn from the pool and then bills the member at the end of the fiscal year for the pool fee. The pool fee is currently (and has been since the beginning of our operation) \$0.03 per bushel. This \$0.03 is multiplied by the number of bushels undelivered during the fiscal year resulting in an amount due from the Class A member. Redfield Energy also pays a freight allowance to Class A members on the committed bushels delivered to the plant based upon the proximity of the Class A member to our plant. On the second page of this letter is a document that contains Redfield Energy's corn procurement policies and procedures that details the freight allowance.

There is one important change that goes into effect September 1, 2016:

- Redfield Energy will pay Class A members an additional \$0.10 freight allowance per bushel delivered to the plant in the period from July 1, 2017 to September 15, 2017, up to the remaining bushels in a member's corn delivery obligation.

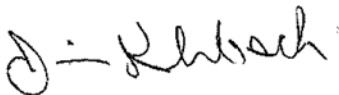
This change is for fiscal year 2017 only.

To contract corn or to inquire about current corn bids, please call South Dakota Wheat Growers at 605-475-2500. South Dakota Wheat Growers supplies us with a monthly report of bushels delivered by Class A members.

If you have questions about Redfield Energy's procurement policies and procedures, please contact Donna Hausvik at 605-302-0090.

Redfield Energy uses approximately 60,000 bushels of corn every day. We are pleased to offer a local corn demand, and appreciate your business.

Sincerely,



Jim Klebsch
Chairman, Board of Managers