



General Managers Report

November 1, 2007

Plant Update - Total number of on-site workers = 160

- Grain handling: Electrical/motor control center design complete. Awarded MCC work to Interstates Electric, Sioux Center, IA. Conveyor supports installed; silo lining (gunnite) ongoing. Starting structural steel for the grain receiving area.
- DDG building: Complete. Conveyor installation to begin in 2 weeks. Provides a secure location to store pumps and motors during construction.
- Tank progress: Ethanol storage about 50% complete. 2 Fermentation tanks roofs are complete, 4 by month's end.
- Process building: Structural steel commenced.
- Energy center: Bases for six dryers are in place; continuing to pour floors.
- 8 evaporators have been insulated.
- Wet cake pads are being poured today and will be completed by end of month.
- North and South rail sub-ballast will be complete by month's end.
- Steel is being delivered for the process building.

Management

- Our team from McGladrey (retained audit firm) spent two weeks starting the process of auditing our financials for fiscal 2007. The SIRE staff continues to work on preparing our Form 10 SEC documentation which is due the end of January.
- AgStar and their lending group will be in town on 11/7 for a project update including a tour of the facility. Some of these bankers have yet to see our project – We fully expect to impress them.
- There are several property (easement) issues related to our project: underground utilities (Council Bluffs Water Works and Mid American), flood plain requirements (Corp of Engineers), and drainage districts (Pony and Mosquito Creek), all require special attention. Our legal team from Blackwell Sanders and our engineering firm, HGM, have performed excellently in their respective roles.
- Finalized building plans have been put out for bid for our 5900 sq ft administration building. The foundation is poured; we expect to start work on the building in two weeks.
- We are currently accepting resumes for the plant manager position. We are looking for an engineer with (ICM design) plant start-up experience. This is a critical role within our organization that requires a wide variety of senior level skills. We hope to have someone hired by the 1st quarter 2008.

PLEASE NOTE: Important tax information

Due to certain IRS regulations, SIRE will need to change its tax year end to December 31. We will retain our fiscal year end of September 30 for financial reporting purposes. Because of this, most members will receive two Schedule K-1's for 2007. One will cover the fiscal year October 1, 2006 through September 30, 2007 and the other will be for the three months ended December 31, 2007. Our plans are to wait and distribute the K-1's to you when they are both available. You should receive these by February 15, 2008.

SIRE will keep you updated with any changes or projections for your tax planning purposes and give you a more accurate projection as the calendar year approaches. At the present time, it is anticipated that the above mentioned K-1s will reflect very little taxable activity.

As always, please contact me directly if you have any issues or concerns regarding the project.

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