



CONDOMINIUM GRAIN STORAGE PROGRAM

Farmers Coop Society will be offering a condominium grain storage program for members of FCS later this year. We plan to offer this program through ownership in a limited liability company(s). The LLC will own one or more bins at one or more FCS locations. FCS will be the manager of the LLC and the LLC will offer shares of ownership in increments of 5,000 bu per share. Below are some additional details of this program.

Requirements

- You must be a class A stockholder member of Farmers Coop Society that is in good standing to be eligible.
- There will be three separate LLC's established, one each for Iowa, South Dakota and Minnesota. An LLC will only be established, and shares available to purchase, in a state if there is enough interest from members residing in that state to support it.

Producer Benefits of Condominium Storage

- Grain may be delivered to any FCS location to fill your ownership share.
- Handle grain only once at harvest, eliminating extra handling and transportation cost.
- Eliminate grain quality risk of on farm storage and eliminate costs associated with maintaining grain condition.
- Member investors keep the benefit of tax depreciation for the bin (share) cost.
- Share owners will not be subject to capital calls for bin repairs.
- Shares in the LLC can be resold to other FCS members, where on farm storage is difficult to resell at equivalent value.
- Store grain equal to your share ownership with no storage charges.
- You can empty and refill your ownership share as many times as you want annually.

Specifications

- Share ownership in the LLC(s) will be 5,000 bu per share, with total shares available for purchase dependent upon member interest by state.
- Cost per bushel is expected to be in the range of \$2.35/bu – \$2.75/bu. Final share cost per bushel will be the actual cost for site preparation, foundation, bin and bin erection, and aeration and quality systems, and will be known prior to purchase of shares. FCS will cover the costs for electrical and handling equipment.
- 24 month financing will be available, interest rate will be determined at sign up.
- Annual maintenance fee will be \$.095/bu/yr and may be adjusted annually to account for increases in insurance, utilities, taxes, administration and maintenance costs, not to exceed 3% per year.
- Corn shrink to 15% to apply on condo storage bushels.
- Grain discount schedule in place at time of delivery to apply. Grain must meet merchantable standards at time of delivery.
- Share owner may load out grain from the receiving location for an out charge of \$.14/bu (same grade grain as delivered).
- Grain pricing at delivery location to apply, delivery during elevator operating hours.
- FCS will have an option to buy shares back from owners not sooner than 10 years after bin completion.
- Any grain held on condo shares cannot be used to run through an FCS feed mill (shipped out in finished feed) and cannot be transferred to grain bank.

If you are interested in participating in this program, please fill out the attached sheet completely and indicate the number of shares you would have interest in purchasing. This is simply an indication of interest with no obligation at this time. We will be contacting interested members directly within the next 30 days to share more details about the LLC and confirm commitments so we can ensure that these bins are ready for the 2019 crop harvest. See the attached schedule for condo storage informational meeting times and locations.

Please call Elliot Benson (712-722-2671) or Tom Olsen (712-729-3205) if you have questions.

Thank you for your business and the continued support of your coop.



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Informational Meetings

November 26, 4:00PM

Fulda American Legion
106 Front St. W
Fulda, MN 56131

November 27, 10:00AM

9th Street Centre
418 9th Street
Sibley, IA 51249

November 27, 2:00PM

Sanborn Community Center
225 Main Street
Sanborn, IA 51248

November 28, 10:00AM

FCS Main Office, basement
317 3rd Street NW
Sioux Center, IA 51250

November 29, 10:00AM

Ireton Community Center
502 4th Street
Ireton, IA 51027

November 29, 2:00PM

Touch of Dutch Restaurant
47016 SD HWY 46
Beresford, SD 57004