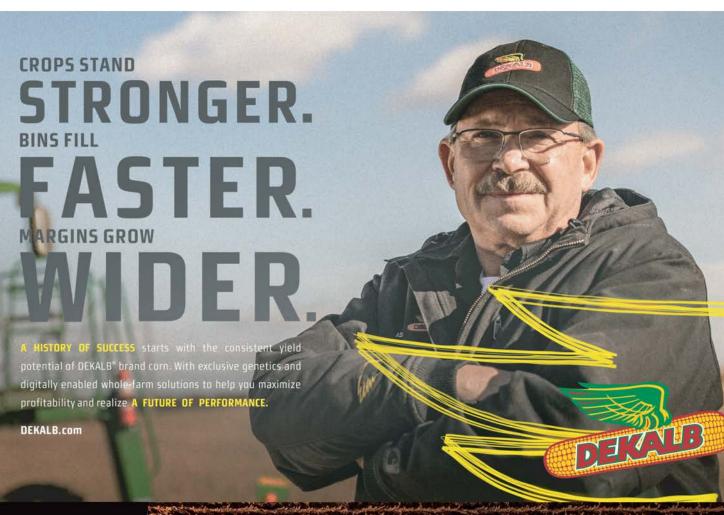


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Performance may vary, from to show to locator and from year to year, as local provent, stall and writtens conditions may vary. Crowers, about evaluate that in control the provided in the conditions on the growth and evaluate values of these conditions on the growth and a conditions on the growth and a condition of the conditions on the growth and a condition of the conditions of the cond





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Company
COMMENTS
By: John McDaniel

Fiscal 2019 has ended for FCS and it was a tough one for us. I realize that it was a tough year for many of you as well....it is very true in our business that if you do well we tend to do well and vice versa. The two things that had the largest unfavorable impact on our business in 2019 were reduced corn production from the 2018 crop (over a 30MM bushel reduction in our trade territory versus 2017 crop) and the significant delays in planting the 2019 crop. We will report a \$1.3MM loss from operations and a before tax profit of \$4.8MM overall for 2019. In lieu of paying patronage for 2019, the Board has approved a payout of the balance of 1999 and 28% of 2000 member equity. This distribution will be tax free to you as taxes would have been paid at the time of issue in 1999 and 2000. The Board has also approved a payout of equity for all members 86 and older (as of 12/31/19) this year.

Like all of you, when things get tough we have to tighten our belts and double down on execution and operational efficiency. We have an excellent team here and I am confident that we will make the necessary adjustments to get our operations back in the black in 2020.

I wish you all a successful close to 2019; we sincerely appreciate your business and your comments on what we can do to help make your operations more profitable in the year ahead.



### NEW MARKETING OPTIONS

FOR 2019



By: Braden Kooiker

Eastern Division Grain Originator/Marketing Specialist

Weather, markets, trade concerns, and a difficult and intermittent harvest have made 2019 a year of various challenges for producers. This past year also provided us with some marketing opportunities that we had not seen for several years. Farmers Coop Society is working hard to help our producers overcome some of their challenges and take advantage of the opportunities that the markets present with some new contract options.

#### **Extended Price Contract**

The Extended Price contract is completely new to FCS this year. The basics of this contract can sound a little complicated; however, in practice, they work very similarly to using delayed price. This contract also offers an attractive savings for those that would normally use the delayed price option for delivered or stored grain.

The basics are:

- Contracts are written in 5,000 bushel increments (determined as dry bushels)
- Grain is marketed at spot price with basis established at time of sale
- Producer is paid a check for 70% of contract value at time of sale
- A "long" position is established for the producer in July futures at time of sale 30% of contract value is retained for margin calls
- Producer can choose to exit futures position at any time prior to contract maturity
- Any gain/loss on futures position is applied to the entire contract

This contract allows producers to gain some immediate equity from the sale of their crop while still staying long in the market to capture market appreciation coming out of harvest season. Extended Price also offers producers the advantage of only charging a three cents per

bushel maintenance fee and no storage charges. In effect, the Extended Price contract accomplishes the same thing as Delayed Price with an upfront advantage in cost.

#### **Accumulator Contract**

Accumulator contracts have been offered by FCS for a number of years. This contract can easily get overlooked as an effective way to market grain. Accumulator contracts are used to price grain for future delivery and tend to work best with longer pricing periods. They are written in 5,000 bushel increments with a service charge determined by contract length. The Accumulator contract comes with some set parameters; for example, Accumulation Level and Knockout Level. The Accumulation Price is typically 20-30 cents higher than the board price and is the price point at which the contract will double the priced bushels if it is a double-up contract. The Knockout Price on the contract is the price point below which the contract will stop pricing all together. The Knockout Price is typically 20–30 cents below the board price.

The most popular accumulators we offer are Weekly Double and Euro Date. Each contract will also have a duration period and a specific pricing day. A Weekly Double Accumulator will make a weekly sale at the accumulation level on the specific pricing day—at the close of the market. If the market closes above the Accumulation Level, you will sell double the bushels for that week. If the market drops below the Knockout Level anytime during the electronic trade, the contract will end all pricing.

The Euro Date Accumulator will make a weekly sale at the Accumulation Level on the specific pricing day—at the close of the market. However, it will not double weekly, but it can double on a specific day—at the end of the contract. Basis level for the contract is open and is typically set by the producer once accumulator has finished pricing. The Accumulator contract is an effective grain pricing tool that works especially well in "sideways" markets. The number of marketed bushels remains unknown until the contract

has finished pricing, so it is important that this contract is used wisely. FCS will be reaching out to producers this winter with new opportunities in Accumulator contracts.

#### **Condo Storage**

Condo Storage is a program that we started last year and has seen strong producer acceptance and steady growth. The Condo Storage program effectively gives the producer permanent ownership of bin space that can be utilized at any FCS location. Condo Storage is marketed in 5,000 bushel increments like our other previous contracts. In order to utilize the Condo Storage program, a producer would pay an initial upfront investment (between \$2 and \$2.50 per bushel) and an annual 9.5 cent per bushel maintenance fee. In return for that investment, the producer would receive 5,000 bushels of storage at any FCS location. The producer could then fill and empty those 5,000 bushels as many times as he would like throughout the year (bushels in Condo Storage cannot be used for Grain Bank). The producer would also be able to benefit from the same tax advantages as building a new grain bin on his farm.

If the producer wishes to exit the Condo Storage program, he can re-sell his ownership stake at any time to another FCS member of good standing for the same price that he purchased it for initially. The Condo Storage program allows producers to receive the same benefits as building a new grain bin on their property with a minimal up-front investment, no liability of the producer to handle/ store grain on the farm, and greater flexibility to re-market storage capacity if desired.

Farmers Coop Society is committed to our producers and providing them more opportunities to effectively store and market their grain. If you have any questions about these or any other contracts that FCS offers, please feel free to contact one of our Grain Originators: Doug Baade (Western Division) at 712-360-1744 or Braden Kooiker (Eastern Division) at 712-360-1261. You can also contact your local FCS office for more information.



Farmers Coop Society acquired the Alcester location in 2014, and, in the last few years, those customers have seen some changes in the scenery. Since 2014, we've built four 750,000 bushel bins and have added two new pits. The Alcester location has really increased their storage which also shortened their wait times with our offloading capacity of 50,000 BPH for corn and 40,000 BPH for beans. Farmers Coop Society has made it a priority to invest in our facilities and make technological improvements that will benefit our members and our customers.

Jolayne, the Office Manager, has been with FCS since 2014 but has been a familiar face at the Alcester location for a long time. She really enjoys the busy time of harvest when customers are coming in and out with grain, and she works hard to get them back out in the field quickly. Jolayne is always happy to help and is always putting the customers' needs first, answering phone calls, assisting a customer with selling grain, or helping with a moisture test. Even when it's not harvest, Jolayne is checking on our customers. You can sometimes find her out in the field, passing out baked



A CHARLES AND A

Pictured Left to Right: Tyson Martinmaas - Agronomist, Brenten Niles – Grain Handler, Brian Happe – Location Manager, Jolayne Witt – Office Manager, Cory Mulder – Western Grain Operations

goods and something to drink to farmers. Agriculture and family go hand-in-hand, and you can really tell that Jolayne is passionate about her family at home and family at work.

Brian Happe, Alcester Location Manager, has been with FCS since last October and was promoted to Alcester Location Manger this past summer. Brian has been in the agriculture industry for most of his career and has enjoyed taking ownership of the location. You will find Brian doing some of everything—working outside, cleaning, repairing and greeting the customers. He's committed to the customers and committed to making sure they are receiving excellent service. He wants his customers to see the dedication and pride he has in his location. When Brian isn't working, he's spending time with his family. He has five children and enjoys coaching them in football and t-ball.

In addition to offering grain services, our Alcester location offers Agronomy Services. Our Alcester and Worthing area Agronomist, Tyson Martinmass, started at FCS this fall. If you haven't been in Alcester lately, you might notice a little change the next time you stop in. Tyson has been spending more time in the grain office this past harvest, so he can get to know the customers and the customers can get to know him. Tyson understands the commitment to agriculture since he grew up on a farm and farming is in his blood. He is looking forward to helping his customers succeed, seeing the whole process from planting to harvest, and maximizing each customers' crop potential. He wants to grow with his customers and is looking forward to helping them make decisions in this ever-changing industry.

Stop by some morning for coffee and catch up with neighboring farmers, get the latest grain market news, and get to know Brian and Tyson.



# DO YOU NEED A MARURE APPLICATOR LICENSE

**EACH TYPE OF** 

**APPLICATOR IS** 

**REQUIRED TO TAKE A** 

TRAINING COURSE OR

RE-CERTIFICATION

**EVERY YEAR.** 



By: Jeff Koops
Nutrient Management Specialist

It is the time of the year to start thinking about certifying or re-certifying your manure applicator's license. State law

requires manure applicators who remove manure from confinement feeding operations with more than 500 Animal Units (AU) to be certified. Operations with less than 500 AU as well

as open feedlots are exempt from this certification. However, these sites MUST still follow state laws when applying manure.

There are 2 types of applicator certification—confinement and commercial. Confinement site applicators

are those hauling liquid or dry manure from a confinement building with over 500 AU. Commercial applicators are those hauling manure for hire. This pertains to any manure type, and from any source (confinement or open lot), regardless of the size of the operation.

Each type of applicator is required to take a training course or re-certification every year. This typically occurs in early January for commercial applicators and during January or February for confinement applicators.

#### THERE ARE A NUMBER OF METHODS TO MAKE TRAINING AND FEE PAYMENT EASIER THAN EVER:

- Attend ISU extension in-person training
- Take a test at a DNR field office
- Take the training at home or in the office with the new E-learning option.

This is an online education course that is selfpaced. It is, however, limited to one applicator per computer.

This can be found at <u>elearning-dnr.iowa.gov.</u> It requires registering for an Iowa ID and logging into the site.

Be sure to stay up-to-date with your training and certification. DNR typically stops applicators looking for current certification, and you don't want to be caught without it. Also, be sure to follow all regulations for application, including separation distances.

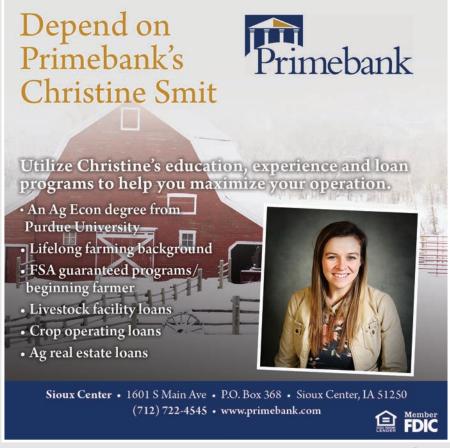
#### WINTER APPLICATION OF MANURE

Just a reminder of manure application separation distances. ALL manure that is surface-applied, whether liquid or dry, from any farm, regardless of size, must maintain a 200 feet separation distance from any creek or river. To be able to apply right up to the creek, manure must be incorporated on the day of application if dry manure and within 24 hours if it is liquid manure.

#### HERE IS A QUICK REFRESHER ON OTHER WINTER MANURE APPLICATION REGULATIONS:

- Confinement feeding operations with more than 500 AU cannot apply liquid manure on snow-covered ground from December 21 to April 1 or on frozen ground from February 1 to April 1. If these conditions do not exist, application is permitted.
- These regulations do not apply to manure from open feedlots, dry manure, and liquid manure from confinements with less than 500 AU. If you are permitted to winter apply, be sure you do follow all required separation distances.
- Separation distances from residences for liquid applied from confinement buildings is 750 feet for surface applied manure and 0 feet if injected.

If you have any questions regarding these topics or any other nutrient management questions, please feel free to give me a call at 712-441-1352.







By: Cole Greiman **Beef Specialist** 

#### CALVING SEASON IS JUST RIGHT AROUND THE CORNER, AND THERE ARE SOME THINGS WE NEED TO KEEP IN MIND.

In order to have healthy calves that will hit the ground running and continue to perform to their highest ability, we need to be focusing on the cows every single day. With the weather we have had the last couple years, it's been difficult to keep ahead of sick cattle or keep body condition where we want to see it. A

large focus for me is to keep our cows at their correct body condition score (BCS). During calving season, we must have those cows around a 6-6.5 BCS in order to successfully have healthy calves and maintain our cows' value during their lactating period and fetal growth.



### COLE GREIMAN

#### **BODY SCORING**

Body scoring our cows is a very easy way to see how we are doing in our feed program. Keeping a close eye on BCS during winter months can help identify if we need to be adjusting our rations. A 1,350 pound pregnant beef cow will typically require 25-30 pounds of dry matter each day. Not only does winter precipitation need to be taken into account, but adjustments for cold temperatures need to be considered as well. A rule of thumb is to increase energy intake by 1% for every degree of below the lower critical temperature of a cow. This will help prevent environmental stress or weight loss.

#### PREGNANCY DETERMINATION

One management practice that producers tend to overlook is pregnancy determination in spring calving herds prior to winter. Why is this of any importance to winter feeding strategies in beef cattle? We know that winter feed costs can account for up to 60-70% of all yearly feeding costs. When producers feed open cows during the winter, feed costs become substantially higher when there is no return on those open cows. Identifying those open cows early in the fall will allow a producer to market those animals when market prices permit. Typically, cow prices are higher in late December through early February, so if a producer has a carry-over of summer and fall forages, holding those open cows to market in late December through early February may be an option to increase profit if feed cost per animal is minimal. Otherwise, selling those open cows early in the fall will prevent feeding additional winter feed.

If you have any questions on BCS or other management practices, please give me a call. I'm looking forward to meeting everyone and helping their livestock operations succeed.

My name is Cole Greiman, and I am originally from Garner, IA. I grew up on our family farm with my parents, Ted and Mary, along with my brother, Kyle. Our farm was diversified in the sense that we had some farm ground and finishing hog buildings, and we raised purebred Angus cattle. Growing up, I found out fast that my passion was in the livestock industry, especially Angus cattle, as we showed livestock all around the country to compete on the national level. I graduated Garner-Hayfield High School in 2011 and went on to Iowa State University, where I graduated in 2015 with an Agronomy Studies degree. Right out of college, I went back home to help with the family farm, and shortly after, I accepted an Agronomy Sales position which I did for a year and a half. Wanting to move over to the livestock side, I was fortunate to become part of the FCS Beef team here in Sioux Center as of the first part of September. I am truly looking forward to working with the producers in this area where we all know the importance of livestock.



Producers have had extreme market volatility this past year. It has been an interesting year in the swine industry with the trade wars with China. We also continue to feel the effects of African Swine Fever (ASF) going through China and other countries in Asia. China has half of the world's pig population. Reports are showing mortality rates of 50% or more in China due to ASF.

Bio-security is crucial for people traveling in and out of the country and working on their farms. Take extra precautions when going in and out of barns. Use the Danish entry systems on your sites (ie. clean & dirty line or a bench). Always wash your hands before getting back into your vehicle if unable to shower out. Make sure to launder any overly soiled coveralls.

The FCS Swine Team is here to help you with any and all of your swine needs. Some of the programs and services we offer are:

- Pig feeding groups
- Feed budgeting through the use of FAS
- Corn and soybean meal contracting
- Projecting breakevens and completing closeouts
- Swine management and oversight of barns
- New barn packages, custom designed to your wants and needs with the option of contracts
- Pig purchasing—contract or spot market
- Contracts available on all barn types—nurseries, finishers, and wean to finish
- Assistance with Manure Management Plans and site selections

If you're interested in more information about any of our programs or services, don't hesitate to contact your Swine Specialist today!

Thank you for your business! Have a blessed holiday season!



### TIPS FOR PREPARING YOUR BARN FOR WINTER

#### KEEP YOUR BARNS TIGHT

- Maintain appropriate static pressure when the temps drop below 0°
- Bubble wrap and plastic wrap barns on the inside

#### CHECK INLETS

- Make sure they are operating properly
- Make sure they aren't excessively dirty
- If your inlets take air from the attic, make sure there are sufficient attic openings to "feed" the air to ceiling inlets

#### WINTER FANS + HEATERS

- Make sure exhaust fans are clean
- Clean and adjust gas-fired heaters
- •Make sure the temperature controller for the heater offset is set properly to prevent heater over shoot. This keeps the barn a maintained temperature which in turn saves on propane costs.
- Winter covers for fans



## EQUIPMENT AVAILABLE



By: Kevin Rozenboom
Precision Ag Manager

Our Precision Ag Department is much more than a group that helps provide soil samples or creates variable rate prescriptions.

Just recently, I had a conversation about new equipment offerings with a customer, and he said, "I didn't know you handled and sold that!" The Precision Ag Department is a dealer of 360 Yield Center™, Ag Leader®, Precision Planting®, and Trimble®. We carry these four product lines because they have great product offerings that create value on your operation.

With the end of the year coming soon, please consider working with us to add some valuable pieces of equipment that will help put more dollars in your pocket. Below is a list of items that we supply and will get you ready for the next year.

If you are looking for some upgrades for your planter, consider the following:



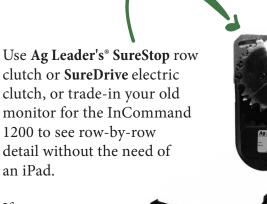
**Precision Planting® Gen3 20|20 monitor** along with electric drives, hydraulic downforce, Keeton® seed firmers, SmartFirmer™, vSet® meters.











If you are considering

putting fertilizer in-furrow with the planter, consider the FurrowJet attachment. If you are thinking of applying starter in a 2x2, consider either Conceal (Precision Planting®) or Bandit (360 Yield Center™).

Now is also the time to take advantage of some great trade-in programs by updating some of your older auto-steers and monitors to get the latest technology in the cab with a smaller investment. Adding an auto-steer to your tractor has some great benefits of helping you get more done in a day as we continue to have small windows for planting. Please talk to Scott or Kevin for more details about the trade-in programs. These trade-in programs end December 20!

If you are in the market for a pull-type sprayer or selfpropelled sprayer, we have some options for you to consider.

Ag Leader's® InCommand monitors are great for section and rate control. This will help reduce overlap and lessen the burn on plants from a doubled chemical application. In my opinion, this is the #1 thing you should be using on your farm. The savings add up very quickly!

360 Yield Center™ offers Y-Drops that can be added to give you the ability to apply nitrogen later in the season with optimum placement for corn uptake. This is a great system to use for nitrogen management and using a split application on the farm. 360 Yield Center™ also offers some very innovative products to help with steering a John Deere® or Hagie applicator down the row while using a Y-Drop system.

Combines are something we have always worked with. We support Ag Leader® yield monitor and Precision Planting® YieldSense systems. We can help transfer equipment as you trade for a newer combine and use many of the yield monitor parts from the old combine.

We understand that all this equipment can be confusing to figure out, and that is why we encourage you to give us a call and schedule a visit. We will evaluate your needs and help provide some opinions on the right course for your operation. You can call Scott De Jong at 712-229-2968 or Kevin Rozenboom at 712-

441-3453. Between Scott and Kevin, we have over 35 years of experience in the equipment side of precision ag. We understand it isn't always easy to know what way is right, but rest assured, we will work to give you our honest opinion. The most important thing for us is doing what is best for our customers!





# CHEMICAL REBATES THE BUSINESS



By: Kris Norgaard
Agronomy Department Manager

Mergers and acquisitions of major ag chemical suppliers are beginning to significantly reshape the business. Is this a good thing or a bad thing for your farm in 2020? That depends...but make sure to take a deeper look for 2020.

The merger of DuPont® and Dow® into the new Corteva™ company certainly created a deep portfolio of products from a chemical and seed standpoint as well as the recently completed Monsanto® and Bayer® acquisition that now is just Bayer. Deepening their portfolios allowed these companies to better package a complete, season-long crop protection and seed offering at the farm gate as well as

provide additional risk protections and financing options for customers. This shift has also resulted in some substantial financial rewards for using these complete product lines in the form of Corteva™ Cash which started in 2019 and the new Bayer® PLUS being launched in 2020. For some farmers, this package, rewarding the use of products, will result in significant input savings

as well as a solid agronomic package. In particular, farmers that are planting flagship seed brands, such as Pioneer® and DEKALB®, will have an advantage that could make these programs the obvious choice. Even without the seed brand tie, there could still be some savings for you, depending on your current crop protection program. These savings could be large enough to take a look back at a branded Corteva™ or Bayer® product offering if you have moved away from them, even compared to less-expensive generic products. In addition, due to certain generic products being produced in China that are impacted by recent tariffs, some of these domestic products may simply be a better value for your farm.

FCS has a long history of carrying a deep brand name product portfolio, accessing all suppliers in the industry to make sure that we can provide the best agronomic and economic recommendation for each farm. We also participate with these new supplier programs that have been launched, such as Corteva™ Cash and the new Bayer® PLUS. FCS has also been working hard to provide additional options for our customers who don't want as high of a service level or brand name benefits from the Coop.



As always, we would certainly recommend that you make crop protection and seed choices that fit your farm and focus on using the best integrated pest management strategy (as opposed to making decisions simply on supplier programs). However, with all of the recent changes in the chemical industry, make sure to take a hard look at all of these new options when making your 2020 decisions







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