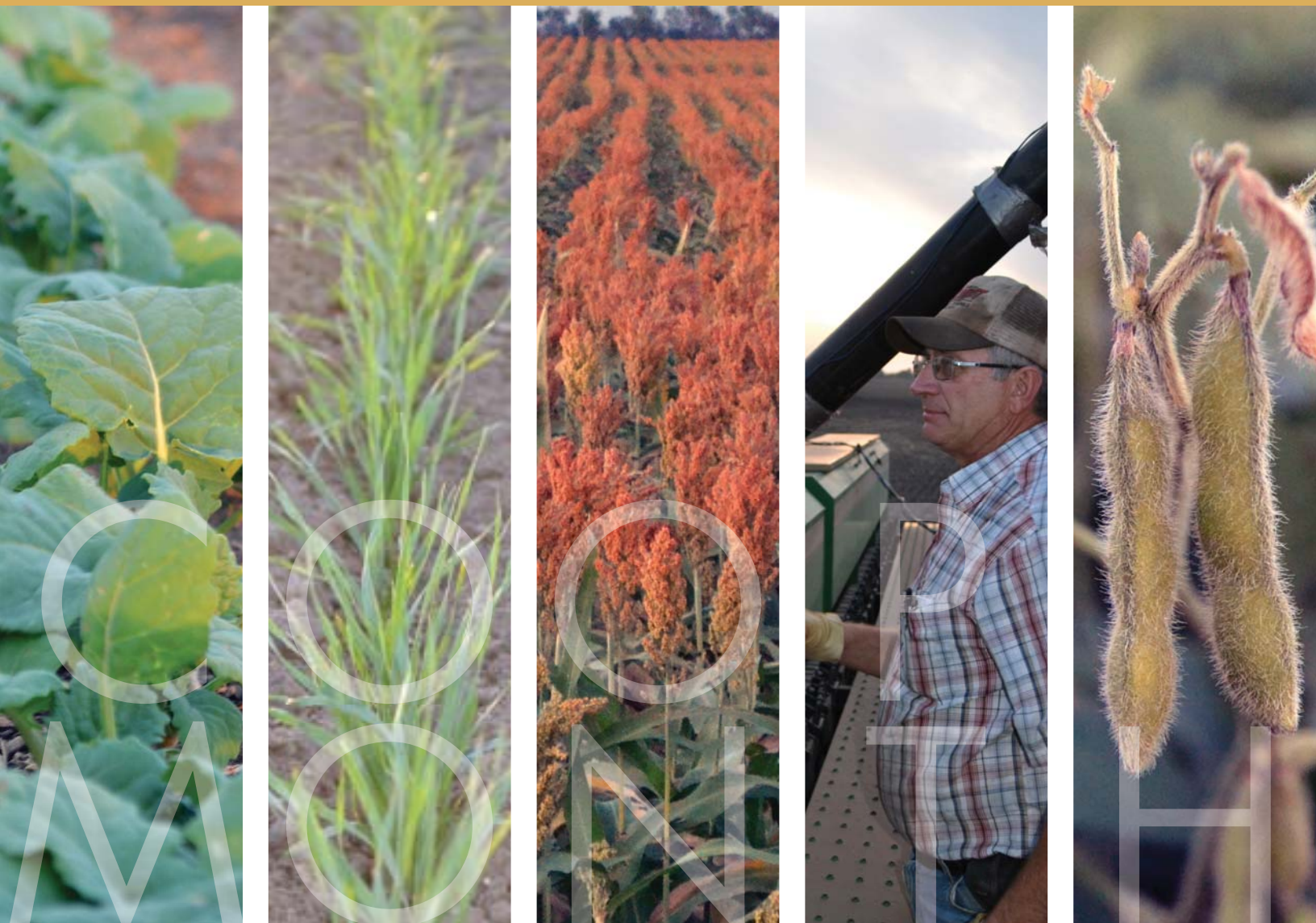


Coop Month | Automated Fuel Delivery | Seed Wheat Treatments

Farmers Cooperative Elevator Company

PARTNERS IN PRODUCTION

Quarter Four | 2014



There is no better time to appreciate cooperatives than October when Farmers Cooperative is busy helping producers both bring in fall harvest & plant next year's crops.



Board of Directors



Jon Kerschen
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"OUR MISSION IS TO BE A PROFITABLE, QUALITY
SUPPLIER OF AGRICULTURAL PRODUCTS & SERVICES"

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Above photo: late summer cloud formation shared by Sarah Meng

JUST A REMINDER

Fall harvest tickets have to be verified
before divisions can be made. All
soybeans have to be graded before they
can be divided.

MARKET TIMES

Monday–Friday, 8:30–1:00 P.M.

CELEBRATING OUR COOPERATIVE

Terry Kohler



October is Cooperative month! It is time to celebrate the history and purpose of cooperatives. With the arrival of October, let us celebrate another year as a cooperative. When a birthday or anniversary date rolls around on the calendar, we celebrate, so why not celebrate the cooperative's birthday with the same enthusiasm as our birthdays and anniversaries!

By working TOGETHER, we are able to do so many wonderful things that we could not have done alone. There are seven key principles that cooperatives were built upon to serve their membership: voluntary and open membership; democratic member control; member's economic participation; autonomy and independence; education, training, and information; cooperation among cooperative; and concern for community. When we read over these seven principles, we can surely think of things that we deal with daily, interact with daily, and plan for the future by working with our neighbors. These neighbors may be across the section, across the county, or even across the state. Our future ability to cooperate with those with a common goal will be in direct relationship to our ability to meet the future needs of the producers. We no longer have the need or luxury of trying to provide all products and services to producers as a standalone entity. We are limited in our availability of capital when we have so many needs. As a local cooperative and as a member today, we have an ability to transport inputs and outputs over many more miles in a short time.

If you compare cooperatives to other grain, energy, crop production, and/or farm supply companies, you will find that cooperatives do not change ownership very many times. Some of the reasons can go back to the seven key points of cooperative values. As a cooperative, all of our producers, members, and employees have "skin in the game." We want our member producers to survive and prosper because it is in the best interest of everyone. The Farmers Coop is proud to have some great minds employed from whom the producer can gain knowledge. These employees have skin in the game; they are also owners and producers. They are production partners in the

7 KEY PRINCIPLES OF
COOPERATIVES

VOLUNTARY AND OPEN MEMBERSHIP
DEMOCRATIC MEMBER CONTROL
MEMBER'S ECONOMIC PARTICIPATION
AUTONOMY & INDEPENDENCE
EDUCATION, TRAINING & INFORMATION
COOPERATION AMONG COOPERATIVE
CONCERN FOR COMMUNITY

cooperative as a member, producer, and employee. Thank you for doing your part in keeping the cooperative candle burning bright. Happy Birthday to you!



When I think of “having skin in the game,” I consider how we as employees are taking ownership in our cooperative. One way to achieve this goal is doing

ing up where both of my parents were teachers and now having a wife who is also an educator has fortified the value of education. Whether through school-

Learning is an ongoing progression. Our cooperative and business partners offer us many opportunities for training and educational

side of our company. Trying to keep things local is also another “skin in the game” reference, and the Answer Plot is in our community. The Winfield Answer Plot is very selective when picking a location, and we have one in our backyard, as local as is gets. The knowledge gained and the expertise offered at the Answer Plot can have a great impact on your farm. Best of all, it is free and open to members and employees.

Within crop production, there are many training opportunities for our employees throughout the year including sprayer applicator training, agronomic training, and also training pertaining to our state regulations. Our applicators must also acquire and maintain training hours in order to stay current with their licensing through the State and the Kansas Department of Agriculture.

I believe there is enormous value in making sure that our applicators and support are well-trained and continue to learn new technologies and methods. The knowledge and expertise gained not only impacts our employees, but it trickles down to the producers and the success

James Renner

NEWS FROM THE FEED STORE

Rob Paxson & Joe Krehbiel

The opportunity in the livestock industry is like it has never been in history, and as we noted in the last newsletter, lower feed cost and better rate of gains spells more profits for producers. Just when you think you have seen cattle prices reach their highest, they continue to rise.

This year looks to be a record fall harvest, which means opportunity for livestock producers. It is fairly easy to figure that when a dollar cost of gain will provide a \$2.00 or more return, it is a good investment. Fortunately, many of our customers have taken advantage of these returns.

Customers have put their trust in the research proven IM Tech programs that Purina Mills has to offer. In all phases of production, from brood cow and heifer development to weaning, growing, and even finishing programs, there is a program to fit every need. Look to your local coop feed store for all the tools, advice, and service to

meet your needs.

The fall cube contract has started to ship as of the first of October. With all the activity, it helps to plan ahead--the more notice we can get, the more we can plan and provide our customers the service you have come to know and expect.

As the days get shorter and the weather turns cooler, don't forget the needs of other animals on your farm like laying hens and pets as well as all the 4-H projects getting underway for the coming year. The Feed Store employees strive to meet your demands by offering the highest quality products as well as expert advice

and service; we want to best meet the needs of your operation, whatever the needs may be. Remember--if it walks, crawls, flies, slithers, slinks, or swims, we can feed it!

We hope everyone has a safe and bountiful harvest and a profitable year.



Our expanded feed territory combined with high cattle prices and lower feed costs have put a real focus on getting feed delivered to everyone when they need it. This is a great problem to have, but I would ask your help to update us on your feed inventory to allow us to keep you supplied; we don't want anyone running short on feed.

The government drought relief payments for livestock producers have helped many. Remember, if you need to prepay for some of next year's feed, Purina and/or your local coop have a plan in place to help ease the burden.

The best news: CANDY AND PEANUTS WILL BE ARRIVING SOON!

what it takes to stay on the cutting-edge of our industry by continuing to educate ourselves with training and development. Just think of the way you did things on your farm ten years ago; I'm willing to bet a lot of things have changed dramatically whether it's cell phone use, equipment, auto-steer, or even how you sell grain. The cooperative is no different; we also face some of the same changes. With change comes learning and sometimes relearning and examining new ways of thinking. Educational learning and training are topics that are near and dear to my family. For me, grow-

ing, seminars, or meetings, instruction is everywhere. Encouraging our employees to continually train in their fields helps build confidence while helping them

programs throughout the year to both employees and members. The training offered includes topics such as grain marketing, fuel, feed, seed, and crop production

stay on the cutting-edge in the agricultural industry. Training helps to empower individuals and adds value to our organization. When employees are challenged through training or educational programs, they tend to feel more satisfaction and take more ownership in their job and feel they also “have skin in the game.”

meetings. Another of these learning opportunities is our Answer Plot. If you have not attended one of our Answer Plot tours, I would encourage you to do so. The plot tours are very informative, and I always come away with new and informative data that impact the agronomy

you can have. The right training and educational programs have the potential to radiate throughout our cooperative. Embracing continuing education and learning opportunities is an investment that offers the potential of enormous growth.

HAVE SOME SKIN IN THE GAME

Preparing for WinterSusie Graber

Fall is in the air! Fall is a time of beauty as the landscape around us changes to their wonderful fall colors. Fall is a time of excitement for the kids as school resumes and a time of anticipation of holiday preparation and reflection.

The generations before us had to prepare during the fall season to just survive the long winter months. We are more fortunate today. Most of us can just flip the switch on our thermostat from cool to heat. The neighborhood grocery is

just a short drive away. There is still one area where we need to prepare for winter, and that is our fuel systems. We will begin to get winter blend diesel into our inventory during October and start delivering to the country. On your end, please do your tank maintenance before winter. This includes draining any fluid from the bottom of the tank and changing filters.

I mentioned in the last newsletter article that the McPherson terminal was going to be down in October. CHS has postponed this

maintenance project until the spring. I will update you with more information when the time is closer.

If we reflect on the lives of those in the past, their survival and livelihoods were dependent on working together. That same principle is true today. If we all work together towards a common goal, the path is easier to climb. This is true in our communities, churches, families, and of course, your local cooperative. Those involved starting with our wholesale suppliers, employees, and

patrons all working together towards a common goal are more successful as a group than as individuals. It seems the producers of previous generations put together a great business plan for a cooperative that should mirror the way we all live our everyday lives.

Your cooperative employees thank you for your continued support and patronage. We are here to help you have a successful and profitable operation.

As fall harvest marches on, we will look back on this harvest and remember it for many years to come. Kansas experienced a very poor wheat crop, and to make matters worse, harvest conditions this summer were not ideal. Those wet conditions set the stage for an amazing fall crop. Dry land corn acres are mostly harvested, and now we wait for irrigated corn to dry down. With the recent moisture, most have turned their attention to planting wheat. Soybeans and milo are waiting their turn in what has turned out to be a very logistics stressed fall.

The yield reports are rolling in across the country for corn and soybeans, and yes, so far it's as "good as advertised." Trend has not been our friend with futures market. These remarkable yields have pushed the futures prices (corn/soybean) to contract lows. Surprisingly, basis has remained relatively decent given how many local bushels there are to labor through. The "feed demand pipeline" going into this harvest was very empty, and south central corn was the first to quench its thirst. That has helped keep the basis somewhat supported. As corn harvest

moves west and inundates the western feed lots and ethanol plants with ample supplies, we should expect more pressure on that basis. Many might point to rail freight as a reason to keep corn basis firm for a corn deficit state such as Kansas. However, if you look back to the last time Kansas had anything close to a 600 million bushels crop, the basis was near historic lows. If Kansas corn yields were able to exceed trend yields by 15%, the exportable surplus of corn in Kansas would expand to nearly 150 mbu or a record large total.

If we try and look ahead, there are some great things to look forward to. Given the lower commodity prices, export sales have been stimulated, milo and soybeans most notably. Looking into the demand picture for 2014 and 2015, record large sales of soybeans have most of the markets attention. As of the middle of September, we have record amounts of soybeans to be exported. Digging in a little deeper, we realize that sales to China (the world's largest soybean importer) are actually smaller than last year. The increase this year comes from the "unknown destination

nation" category.

Corn demand is not as shocking as the soybeans. We all know cattle numbers are at historic lows. The lower commodity prices have helped the ethanol industry, as we see good steady demand from ethanol grind, but realistically, the expansion of ethanol demand will be stagnant unless increased ethanol exports are generated. This corn crop will challenge the corn industry to try and handle such a large crop, store it, and try and chew through it before next year. With one of our biggest customers, China, standing to the sideline until all GMO issues are resolved, this will be a big challenge. (Last year at this time, China had 125 million tons bought from the US; today, that number is 1 million tons reported). We have stimulated new business from other western hemisphere customers but have not closed the China gap completely.

One's loss is another gain. China continues to refuse United States corn because of they don't approve of the MIR 162 trait. With the Chinese government blocking US corn (and restricting DDG's), they still have a huge need to feed their live-

stock. Milo is what the Chinese people are turning to. Milo is a non-GMO product and is a much cheaper alternative when compared to Chinese government corn that cost around \$94/bu. This switch from corn to milo by such a large importer will have some interesting impacts on the United States' markets. If this were consistent demand with a more reliable market, it would have some lasting impressions. However, with a quick swipe of a pen, the Chinese government could find a reason to shut down milo from the United States until their overpriced government stocks are used up. In the meantime, the United States will try and find a way with near record cost of transportation and big soybean exporting programs to put milo on cargo vessels to China.

As we get pulled in so many directions, the one thing we must

take time as farm managers is marketing. Who has time for that with all that's going on, right? Well, we must make

time is the demanding truth. With what feels as the "odds stacked against you" type of a market environment, many wonder what to do. The first thing we must do is sit down and figure cost of production for each potential crop you could put in YOUR farms rotation. I thought about including a cost of production estimate for South Central Kansas, but let's face it—every farm is different. Once we know our true break even cost, then we can

begin to make educated decisions on what we will plant vs. what we would like to plant. I think this exercise should be done every year.

With many people watching how low these futures can go, \$3 for CZ14 seems to be the emotional low right now. We have some small resistant points before we get there. Assuming a normal harvest progress and

yields continue to be well above expected, it is hard to give too many reasons why we won't see that \$3 level before Thanksgiving. Soybeans are in a very similar situation. Most analysts have \$9 as a key point in the soybean market. Some major hedge funds have even forecasted \$8.50 to be the low point in the market of the next 3 months. So what can we do in these types of environments?

We must follow a system or rule for managing a position during periods of increased price volatility regardless of market direction. Flat prices prediction is extremely difficult these days as there can be so many other factors besides supply and demand. Geo-politics sometimes throw us a curveball that is unforeseen by the best of market analysts. That's why managing your grain with a market plan that offers flexibility and downside protection is our best bet. Ask your local Garden Plain Coop what contracts are available that can fit your needs the best.

A FALL TO REMEMBER OR FORGET?

• Troy Presley



Brad Scheer

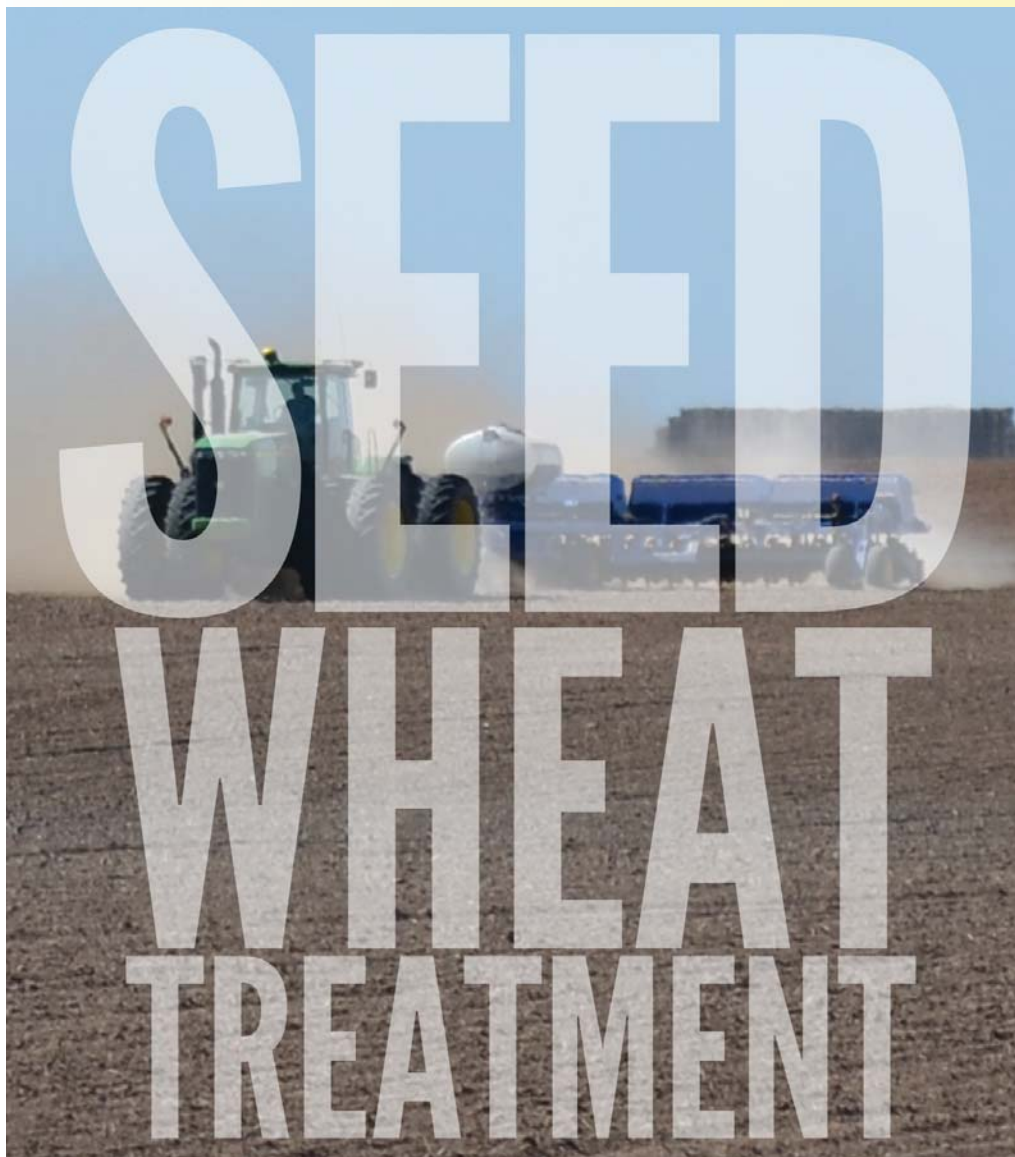
The logo for Bulk Oil Systems, featuring the words "BULK OIL SYSTEMS" in white, bold, sans-serif capital letters stacked vertically inside a solid blue circle.

Automated Fuel Delivery
and Bulk Oil Systems, please
contact Brad Scheer or Susie
Graber at 316-542-3182.

Jon Kerschen

[illegible]

spring of one per



Jaden DeVore

Sometimes I wonder why my ancestors had to settle on the sandiest or reddest ground around. It seems like every rain storm or sign of precipitation heads to the north, many times just skirts to the south, or develops just east 30 miles; sometimes it's coming from the west, but patters out before it can make it here. With minimal moisture and continuing drought, harsh growing environments can be created. Establishing a stand becomes very critical and even more challenging. To give that seedling the best chance for survival, there are some things we can do to increase its chances of making it to reproduction.

With bug pressure early on, I think it becomes increasingly important for a high rate of insecticide when planting in mid-September. As we catch cooler

temperatures, I think we can lay off the higher rates of insecticides and focus on just applying the fungicide with the low rate of insecticide. As we move into K-State's recommended wheat drilling days (October 15th), I think our need for fungicide and insecticide decreases. I am not saying that it wouldn't still be beneficial, though. Phil Needham, the wheat "guru," says the number one most important thing you can do to your wheat is to treat it. As we move into even colder temperatures in late October and early November and are putting in double crop wheat, I think it is even more important to treat the wheat with a fungicide because of the likelihood the wheat will have to sit in the ground for a while. Also, be sure to increase the amount of lbs/acre or seeds/acre you are sowing.

The later into fall we move, the

quicker we would like to see our wheat come out of the ground so it has a chance to tiller out. To give that seedling a boost in cold and harsh environments, we can apply Ascend to the wheat. Ascend is a growth regulator that will give the wheat a boost, help push that wheat out of the ground faster, and give the plant a bigger root system.

Those wanting to push yields and apply recommended fertilizer rates could also benefit from Ascend. Ascend will give the plant bigger roots and more fibrous roots. Those bigger roots also have to be fed more. Pulling the trigger on the added expense of wheat treatments can be tough to do. With grain prices at their lowest in many years and inputs not decreasing with grain prices, it makes it an even harder decision. We only encourage you if you think it is right for your operation. Many of us that work at the cooperative have worked on a farming operation or are still part of an operation. We understand the stresses of added expenses and what it does to the bottom line. We know that every operation is different, but with our COOPeration, we can help you reach your production goals.



These pictures are from early summer when we used Ascend on our forage plot. The row on the left has no ascend. Needless to say the row on the right is a better stand and has Ascend applied to it.

WHAT WAS I THINKING?

Doug Bates

After this past summer, I find myself wondering why in the heck anyone would want to farm? The details of my mishaps or missteps that led to this thought aren't as important as the fact that when I tell other farmers about my missteps, many of them have had similar experiences, and for some reason, that makes me feel better. I spent a considerable--too much--time thinking of the fun I would have if I just could just "have fun" all summer and not worry about all I had to do just on my little farm.

Right now, there is a lot happening on farms across our area. Harvest is in full swing with corn, milo, and soybeans coming into the elevator. Producers are planing wheat and winter canola as fast as they can go, while others wait and see as there is rain in the forecast. We have been very steadily putting on dry fertilizer, and the liquid boys are doing everything from pre-plant burndown to gearing up for the first canola spraying.

We have had very good luck spraying alfalfa in the fall for weevil. While it usually doesn't negate spraying in the spring, it oftentimes lets us push that first spraying back a few weeks so there is more plant growth for the chemical to stick to. There have even been a few times where we didn't have to spray at all in the spring.

I would encourage all producers that are planning on growing soybeans, milo, or corn to think seriously about putting out some sort of pre-emergent weed control this fall. Roundup alone no longer works reliably for in-crop weed control. Controlling the weeds before they come up is by far the most reliable and inexpensive weed control.

So why would anyone want to farm? I suspect there are as many reasons as there are farmers. I think I agree with my dad as one of my top reasons. He once told me that there is no better feeling in the world than going back around to look at your fields and being able to "row it." Have a great fall, and thank you for your support and patronage.

Farmers Cooperative Elevator Company

1-800-525-7490
316-542-0463 (fax)

Location Phone Numbers

Anness: call Clonmel
Belmont: 620-297-3911
Cheney: 316-542-3181
1-800-525-7490
Main Office: 316-542-3182
TBA: 316-542-3381
Clonmel: 620-545-7138
Garden Plain: 316-535-2221
1-800-200-2122
GP Feed Store: 316-535-2291
Grain Market: 316-531-2681
Kingman: 620-532-2662
Murdock: call Cheney
Norwich: 620-478-2272
Pretty Prairie & Varner: 620-459-6513
Rago: call Belmont

SEEKING PHOTOGRAPHS

Do you have a great photograph that you would like to share with *Partners in Production*? We are looking for photographs to feature in upcoming issues. Photographs can be of your operation, a great farming moment captured on film, a stunning landscape, animals in nature, or anything that relates to agriculture, production, or our beautiful area. Submit photos to emilykerschen@hotmail.com, and we might just feature your picture in a future issue.

FARMERS COOPERATIVE ELEVATOR COMPANY

106 E. SOUTH AVENUE

P.O. BOX 340

CHENEY, KANSAS 67025



OCTOBER

It has been the year of the caterpillar. From bagworms, webworms, walnut caterpillars, to army worms, we have seen it all this year. Were you one of the unfortunate people who had fall army worms destroy your lawn this fall? We haven't seen army worms that bad in almost 15 years. You can actually see your lawn turn brown in front of your eyes as the worms march across your lawn followed by swarms of black birds. The reports have significantly slowed down, but my phone was ringing off the hook in early September. Sprays such as Permethrin in the H.Y. 38 plus and Spinosad do a good job of taking care of this destructive pest. The good news is a cold winter will take



care of most of the worms left behind. If you did have some damage to your turf, you still have some time to over seed your lawn. September is the best time; however, you can still successfully seed through October. The later it gets, the success rate will go down, as it is not the cold that kills the grass but the freezing and thawing of the soil that heaves a young plants roots out of the ground.



of purple and yellow. Weed Free Zone works great in the cool temperatures where other weed killers struggle.



NOVEMBER

It is time to apply that second application of a fertilizer to your cool season lawn. An application this time of year will provide you with an early spring green-up and a healthier lawn. A thick healthy lawn is your best defense against crabgrass and weeds. It is also time to kill those young winter annual weeds that are storing energy for an early spring show

DECEMBER

They are calling for a hard winter with above average moisture and below average temperatures. Avoid ice melt products that contain only Sodium Chloride (rock salt). Rock salt is incredibly damaging to grass, trees, shrubs, as well as concrete. Use a combination product such as Xcalibur which is a combination of Potassium Chloride, Calcium Chloride, and Sodium Chloride. This is a much safer alternative to rock salt. Happy Holidays!

