


HANLEY FALLS • COTTONWOOD

MONTEVIDEO



MINNESOTA FALLS

ECHO • TAUNTON • MINNEOTA

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April 2019

From the manager...

Annual meeting message



By
Scott Dubbelde

Thanks to those of you that were able to attend your FCE Annual Meeting last month. I'll try to outline a few highlights from the meeting. We reported a local profit of \$843,050 with a net income before taxes of \$2,183,217. It was a pretty darn good year when you consider the 2018 growing season and marketing season that we had.

FCE continues to retire equity when a Patron/Owner reaches the age of 68 by March 31st of each year. Three Directors

were elected for a 3 year term each. Mark Vandelanotte from the Cottonwood Area and Todd Lecy from the Echo Area were re-elected. David Alness from the Hanley Falls Area was elected to the Board for his first term. Dan Stevens retired from the FCE Board and was recognized for his 18 years of service. All Board Officers remained the same. Feel free to pick up a 2018 Audit at any location.

Our three 2019 FCE Employee Memorial Scholarship Recipients were Samantha Anderson from Belview, William Bosch from Montevideo and John VanRavenswaay from Montevideo. The scholarships are awarded in memory of Kathy Willson and Joey Fry. Our FCE Employee Years of Service Awards went to: Five Year Awards...Tasha Enevoldsen, Dean Lichtsinn, Fred Stumm and Richie Sorenson. 10 Year Awards...Ben Hedtke and Kristi Selzler. 15 Year Award...Jacob Albee. 20 Year Award...Adam Goschey. We are proud to have these valued employees as part of our FCE Team.

Mark Vandelanotte, our Board Chairman, reported that the Taunton and Montevideo 2018 projects were completed in time for Harvest and that we have no

2019 building projects scheduled at this time. FCE currently has 17 scales, 20 dump pits, grain receiving capacity of 260,000 bushels per hour, and 25 million bushels of licensed grain storage. We have efficient market access to the Burlington Northern/Sante Fe Railroad, the Union Pacific Railroad, the Canadian Pacific Railroad and the Canadian National Railroad. These are all Class One Railways. We also have efficient access to the Mississippi River Markets via the Twin City & Western Railroad and numerous truck markets. FCE has tremendous Speed, Space, and Market Access. We also own eight grain semis that haul your grain every day. We specialize in On The Farm Pickup and buying grain FOB your farmsite. If you are considering utilizing this service give Ben or Laura a call.

We also went over at the Annual Meeting the mergers and acquisitions that led up to forming of FCE as it exists today. Some of the reasons that we grew together were for better market access, better efficiency, the ability to attract and retain a superior Employee Team, and for the criti-

SCOTT - CONTINUED ON PAGE 4



FCE 2019 Board of Directors

Pictured left to right: Todd Lecy, Adam Gorecki, Mark Vandelanotte, Alan Enevoldsen, David Alness, Tim Gossen, Brad Sunderland, Steve Doom, Jon Thostenson.

More markets than ever

Once again your coop was blessed with a crop. Not a huge crop and not a puny crop. From North to South and East to West there was great disparity in yields from untimely rains, nutrient loss, too cold, too hot and at the wrong times. Your coop handled its share of corn, beans, wheat and oats as it has been for over 100 years now. The previous years changes to FCE's infrastructure, people, and markets are working.

What we did last year won't work this coming year. The prevailing winds tell us we must do more with less and do it faster than before. What tomorrow requires we need to know and prepare for today. So what does the future hold for the local coop system? When you look at FCE specifically and unpack what your coop is made up of you will simply see 7 grain elevators and a feed mill that provides you physical places to deliver your grain and a place to order your feed. There are just over 40 employees that operate your coop year round and provide services to you, our patron owners.

However, a closer look at your coop reveals a little more. Beyond the brick and mortar, wood and nails there is a network of arbitrage opportunities that is in constant motion. It is a matrix made up of grain values, destinations, origins, qualities, premiums, and so on. Consider.... A bushel of grain in the North in March is priced for

delivery to FCE for some later delivery date. That bushel gets hauled by your local coop and delivered early to one of many markets for a premium greater than the cost of freight to you. Still sound simple?

Now multiply that arbitrage dynamic by 50 million bushels. These opportunities are constantly in motion and to seize all or some of them requires time space and capitol. Your grain should always flow to the best market available providing you the best price possible. When a value is to be established on a bushel of your grain would you rather have 20 markets to price your crops into or just 1? Now pause and think about that. Your local coop provides not only speed and space but also options and opportunity both in the form of market access, time flexibility, and delivery options. Your coop is more than a price delivered to an elevator. Your coop is a marketing resource. A tool for you its patron owners to use and maximize.

Perhaps if your coop had a fancy name like Indigo Ag or FCE and Associates we could slap a big price tag on these services and lay claim to marketing your grain. Truth is FCE already provides these services for low or even no cost to its members. Your coop is a marketing resource that provides much more than what many perceive. We just need to exploit and maximize it.

The prevailing winds won't stop nor will

By
Ben Hedtke
Grain
Merchandiser



your coops efforts to provide its patron owners market access, opportunities, flexibility, speed and space, and value.

Your coop is as simple as 7 elevators and a feed mill staffed by 43 men and women providing you a place to deliver your produce and a place to order your feed. But times are a changing sometimes fast other times slow. Either way I am thrilled to be part of what the future has in store for your local coop.

Lastly, and very importantly thank you to all the men and women that keep the wheels on the wagon here at FCE through rain and snow, wind and snow, and more snow snow snow..... and now some rain. My warmest appreciation to FCE's grain and feed team. Thanks for all that you do. And for the times I don't say it and I should..... thanks again!

To you our patron owners Congratulations on being part of a successful coop. And thank you for your fierce and diligent patronage yesterday today and all the days to come.

FCE new CFO

Excitement is the word that best describes the feeling I have about joining the FCE team. It is not very often you get a chance to work for a company where the leaders of the organization have the same vision, where employees work together for a common goal, and expectations for everyone are clearly defined.

I was hired in January of this year as the new CFO, to learn everything about this company/industry from the ground up. Prior to joining CFE, I have primarily worked in the financial services industry focusing on Corporate Financial Planning & Analysis, Treasury, Record-Keeping, and

partnering with internal departments to maximize profits (among other duties). Although new to the Agriculture Industry, my passion to learn new skills should hopefully prove to be a quick short curve, and with the great team we have in place today, I have full confidence in just that.

I graduated from St. John's University with a degree in Accounting/Finance, and currently am pursuing my MBA degree from St. Thomas University, which is scheduled to be completed in December of 2019. During my time at St. John's I plaid basketball on the varsity squad and was elected a captain my senior year.

By
Todd Herman
Chief Financial
Officer



I am married to Kathryn Herman, and together have three boys (Carter 13, Bradley 2, and Preston 9 months). We live in Spicer, MN on a small lake called Elkhorn Lake which is the house my wife grew up in. We enjoy all sorts of water activities, camping, hunting, and playing almost any sport.



FCE Employee Years of Service Awards

Pictured above are the Service-Year Award Winners for 2019. From left to right: Jacob Albee (15 years), Ben Hedtke (10 years), Tasha Enevoldsen (5 years), Kristi Selzler (10 years). Not pictured: Adam Goschey (20 years), Fred Stumm (5 years), Dean Lichtsinn (5 years), and Richie Sorenson (5 years).

FCE Flat Price Averager

Due to popular demand and patron requests, FCE will have a **Second Opportunity** for the Averager Contract that starts later in the Historically High Pricing Season.

- Old & New Crop Corn and Beans
- Pricing starts 4-24-19, ends 7-3-19
- 1/11th of the contracted bushels flat-price weekly
- No Fee, No Double Up, No Knockout
- Early price-out option

Talk to your location manager or the Main Office for more information or to enroll!

Sign up ends 4-24-19

What is our Why?

Why? One of Scott's observations is that the smartest person in the world may very well be the two year old who constantly asks why. Irrationally smart because they don't know why they ask why, only that when they ask why they get a response, they get interaction. A relatively new measure or metric in business analysis asks that question? Why? The proper way to say it is "finding your why". My sarcastic side says Why not but that's not really an answer. So why do we do this? Why do we do what we do here in our cooperative? What is FCE's why, how do we find it, and once we find it, what do we do with it?

In work as in life, sometimes the answer to the question comes in its simplest form. FCE is here for all the right reasons. It is a cooperative, it shares its profits back into the community. We do business with other

cooperatives. We strive to provide the best services and prices we can. We are responsible. The cooperative wants to do right in and amongst the communities we are in. What makes us want to do all the things we can to make it work? In this weather, in these market conditions, why would all of us in this room want to do this? Do you really want to know why?

Because we can. This simple response holds all the keys to why all of us keep on keeping on. It is all encompassing and inclusive. We want to because we can. We can because we know how. We can because you support us and we support you. We can because we live here. We can because we chose to do it. We can because those before us could. We can because we don't know any better. We can, we can, we can. That is our why. Sure, we

By
Bill Doyscher
*Assistant
Manager*



can list all the things that are good and right that make FCE outstanding. And we should. It's OK to toot our horn. It's pretty darn impressive to see what this cooperative was and has become and where it can go. But the real reason why it's all that, is because it can be. That's our why. That's all of our why.

We appreciate the opportunity to serve you. We do it because we can. We look forward to continuing to serve you because we can. And we will.

Heading back to Nebraska

My family and I would like to thank FCE and their patrons for the last 8 years, and for letting us be a part of your community. Karen and I have decided to move back to my hometown of Beatrice, Nebraska, where I have taken a position as a feed mill manager in the very mill I started my feed career. My last day will be April 26 with FCE. We are moving back to be closer to our aging parents and family while letting our kids find their own way into adult hood in Minnesota. This community has a place in our hearts, which we will remember with

great fondness.

Two of our three kids have grown up in this community, excelling and graduating from Lakeview public schools and Karen has worked and taught at Lakeview the last few years as well. She will be continuing her teaching career as a Special Ed teacher in Nebraska. Our daughter, Ann will graduate in May with her RN degree in nursing and has accepted a position at the Olivia Hospital upon graduation. Lucas will be staying in the area, attending SMSU in the fall studying to be a teacher and

By
Ron Hodges
*Feed
Department*



wrestling for the Mustangs.

I am confident that you will be taken care of at the feed mill, FCE has a great team and will find the right match to fill my position. With that, I don't want to say goodbye, just, until next time. Thank you for all the great memories and experiences with FCE,

Think Spring!

First of all, we would like to thank everyone for the continued seed business!

It looks like spring is having a hard time warming up. With the low corn and bean prices, make sure you put the right hybrids on the correct ground to maximize yields.

If the hybrid you are considering produces big flex ears it will excel at lower seed population. If you have a fixed ear hybrid that produces smaller, consistent sized ears, it needs higher population to produce maximum yield.

With corn-on-corn rotations becoming more prevalent, it is essential to plant hybrids with high health genetics that can tolerate the increased disease pressure.

We still have a nice supply of:

3399SS 4099SS 4199SS 3909SS
We do have DoublePro corn also.

Bean seed treatments pay off!

Seed treatment help develop good plant health early on, and it all starts with a good canopy. The more leaves a plant has early on the more sunlight the plant can take in and the more shade it can create, improving plant strength and weed control.

Seed treatments make a difference even when you are planting beans that have an Rps1-X or C gene. Even though these genes carry resistance to early cool season diseases like phytophthora and pythium, the treatments complement the genes and improve protection against these diseases.

By
Steve Fry
*Seed Team
Leader*



We do have a few bags of LG non-treated corn for the organic farmers.

We also have a good supply of these Croplan numbers on hand -
LC1200 RR2200 RR1527 RR1950
RX1600 RX1827 RX2147

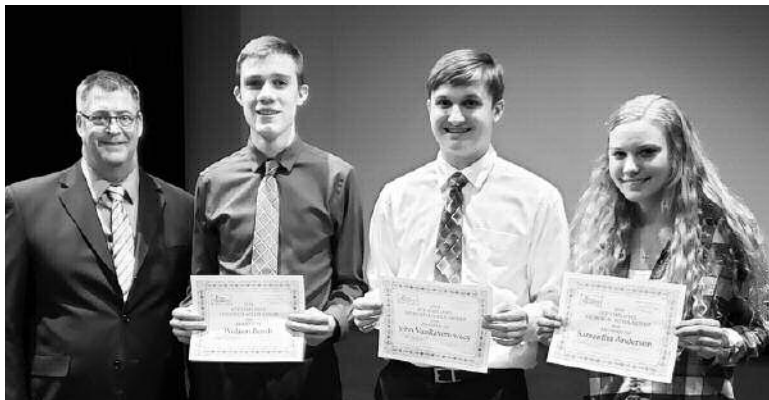
If you get around the Minneota area there is a Answer plot along Highway #68 west of town that would be nice to look at.

Don't hesitate to call if you have any questions or concerns.

Happy spring planting! Be safe!

2019 FCE Employee Memorial Scholarship recipients

Picture with the recipients is Scott Dubbelde, William Bosch from Montevideo, John VanRavensway from Montevideo and Samantha Anderson from Belview.



What About Nebraska?

I think the market surprised us all on March 29th at about 11:02 am. The USDA Stocks & Acreage report came out bearish, particularly for the corn market, and now we sit in another waiting game. Is there really going to be 92.792 million acres of corn planted? Probably not. Give the market some time to work itself out and register what is yet to come.

I've been getting the question a lot lately, what about Nebraska? There are reports and questions of up to 1 million acres lost of flooded ground that will be failed to plant. If you recall, Nebraska had a major flood in 2011. Now, that flood was more contained to the Missouri River however there were also questions of acreage being abandoned that year as well. When planting was finished, all but 200,000 acres were planted.

Nebraska is usually our third largest corn producing state so there is no question whether they are important. However, we need to be cautious on focusing on one major event. Let's say that Nebraska does

fail to plant 1 mln acres, and say 50% of those are corn acres. That would equate to approximately 95 mbu. lost in corn production. We are a global economy and need to quantify if this is going to be a major market affecting event, or can we absorb the shortfall in production? South America is currently harvesting their Argentina crop and the second crop in Brazil is growing. Together, 1B bu. more of corn production are expected this year compared to last. Also a major competitor of ours is Ukraine. They are expected to produce 500 mbu more over last year. Together that is 1.5B bu. more of corn supplies. As luck would have it, global demand is approximately 1.5B bu. higher this year. So, two regions in the world are potentially able to meet global demand and America is stuck as the residual supplier due to being underpriced. This could contribute to a higher U.S. carryout, as some early projections estimate it could grow to more than 2B bu. So yes, Nebraska's flooding and corn issues are important, but today it seems that the world

By
Laura
Ruble
Grain
Merchant



is going to be able to absorb some of those production issues.

The busy season is almost upon us, both for the farmer and for FCE. You're working on getting your equipment ready, we're working on picking up bunkers as efficiently as possible. Parts are quickly moving. Remember to take a break once in a while as we get deep into planting season. Check your surroundings when moving equipment, wear appropriate attire while handling treated seed, don't walk over the PTO if you're loading out corn, the list goes on. Farm safety should be a number one priority! Hope you have a productive, and safe planting season!

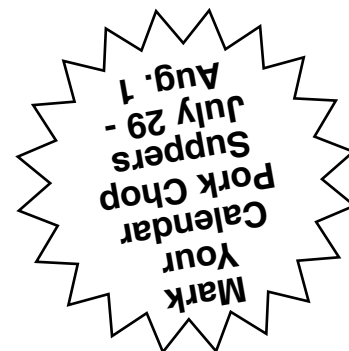
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cal mass that allows us to do things together that we could not accomplish alone. And we must be able to offer these things while being fiscally responsible to sustain ourselves. So then let us look forward. FCE needs to grow and we need to implement the necessary changes associated with the growth. #1 We need to get better at what we do. #2 We need to constantly look at diversification when it makes sense. #3 Anything that we have ever done in the past will never be good enough again. This statement isn't always fun or popular, but it is true and we need to recognize and embrace this. And #4 We need to do more with less. This means that we must be effi-

cient in our fixed and variable costs. And need to spread our fixed costs over more business. You heard the reports...we are growing this Cooperative by handling more grain, delivering more feed and seed, and expanding our footprint. And we need to grow more. We cannot rest on our laurels. And the sole reason for this growth will be to help FCE add value to your operation now and into the future.

I've borrowed some quotes about Teamwork to share with you: #1 Vince Lombardi "Individual commitment to a group effort--that is what makes a team work, a company work, a society work, a civilization work." #2 Michael Jordan "Talent wins games, but teamwork and

intelligence win championships." #3 Andrew Carnegie "Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results." #4 Helen Keller "Alone we can do so little, together we can do so much." #5 Henry Ford "Coming together is a beginning. Keeping together is progress. Working together is success." On behalf of the Board and Employee Team of the Farmers Cooperative Elevator Company, thank you for helping us make 2018 another successful year, and above all...Thank You for raising the food that feeds the World!



Temp-Return Service Requested

Hanley Falls, MN 56245
1972 510th Street

**Farmers Cooperative
Elevator Company**