



YOUR COOP—YOUR TAXES

Your coop annual meeting will be March 26 at the Boyden-Hull School, with a dinner for members and spouses beginning at 5:30 pm and the annual meeting to follow at 7:30. Please see the board nominees in this newsletter and plan to come to the annual meeting.

Your coop will report an excellent year financially, and will distribute dividend checks totaling \$863,271, which will be 50% of your allocated qualified equity. Patronage rates will be discussed in some of the articles in this newsletter.

The current cash portion of \$863,271, plus deferred equity and estates of \$686,826 paid out in 2017, comes to a total of \$1,550,097 of cash returned to members this year—a new record for your cooperative. This is on sales and services totaling just over \$68 million dollars.

How did your coop generate this success? It starts with dedicated employees and staff working efficiently and effectively across all departments with excellent equipment and facilities. While hourly wages and benefit expenses were higher, we reduced staff to the bare bones, so that overall employee cost was down year over year. We did our best to do more with less, much like what you have been doing on your farms.

Local earnings from products your coop sells to farmer members, (feed, agronomy and fuel) accounted for only 40% of the coop's

total net income when including regional patronage! Grain merchandising opportunities along with record receipts of corn gave the grain department an excellent year—even as we reduced our storage rates and lowered our drying charges 15%. Feed and agronomy performed well. The petroleum department had increased volumes in the shop, fuel and propane, and C-store gas and diesel volumes set new records as well. Again, the diversity of your cooperative gave the cooperative financial stability in 2017.

The new tax plan

With the new tax plan in place, many changes are in store for your cooperative and you as members. Because the Hull Coop is on a calendar year, 2017 was under the old tax plan.

Currently, the new law reads that a cooperative member can exclude 20% of the payments/allocations that are received from their coop, thus reducing your taxable income on patronage. So, if we allocate you \$10,000 in patronage in March, you will pay taxes on only \$8,000. So, as your coop is paying out 50% of your allocated patronage in cash, it is equivalent to 62 1/2% in cash on your taxable income. Thus, you receive an immediate cash return over taxes with your business at the Hull Coop.



by Ed Westra
General Manager

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EVERY BUILDING STARTS WITH A PLAN

As Nick Smit pointed out in the previous edition of this newsletter, when you build a hog building, you're building equity. Building equity, whether in a livestock facility or a home in Hull's new Liberty Heights development, starts with a plan. With Dan Van Schouwen on board, we have the drafting service that can transfer your thoughts to paper. Spring is the perfect time to create a blueprint that can become reality in the summer.



by **Eldon Van Den Top**
Lumber Manager

This is also a good time to start planning those spring and summer projects. Whether you're considering an addition, or need new siding, windows or shingles, we have what you need. Stop in and look around. And remember that we don't charge for delivery.

Thanks for your patronage in 2017. We look forward to working with you to help you complete your project to-do list in 2018. ♦

ESTATE PAYMENT—HOW IT WORKS

Last year, Hull Coop paid out more than \$100,000 in estates to the families of members who passed away. I wanted to explain very briefly how the process of paying out these estates works.



by **Mitch Nettinga**
Assistant Office
Manager, CPA

The decision to pay out estates rests with the board. Hull Coop is unique compared to many other coops because we have historically paid out estates dollar for dollar, returning 100% of the members' qualified and non-qualified deferred equity as well as the value of their share. The return for some classes of equity in this situation at other coops can be as low as 10%.

For some of our members, estate payment is equivalent to a life insurance policy. Families are dealing with enough during a time of loss, so we want to make it as easy as possible for family members to request a payout. All we require is a letter requesting the payout. The board approves these on a case-by-case basis, but I have never seen a request denied.

If you have any questions about estates, please contact our office and ask for me or Cory. ♦

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Secondly, as the law currently stands, any payments made by the coop to the member for production also qualifies for that 20% deduction. For example, if you sell \$1 million dollars of grain to the Hull Coop, you can deduct 20% of that payment on your schedule 1040. This will more than likely wipe out all your federal tax liability, including W-2 wages. Capital gains income cannot be reduced using this method, however. This tax law change is an unexpected benefit to the members of this coop, with far-reaching implications. Congress is working to

change that provision, but it will be very hard to do. Please contact your tax professional to figure out this value in your grain marketing decisions.

Thirdly, the coop had been utilizing a Section 199 exemption to reduce our tax using 50% of the wages on labor related to "grain." Now, that statute provides for a 50% exemption on tax using "all" wages. With our diversity, this will greatly increase Hull Coop's tax deduction across member business and, now, non-member business as well.



All of these tax changes will definitely increase the value of doing your business with your coop. We look forward to working hard for you again this year. ♦

TRANSLATING PATRONAGE



Many of you know patronage is a unique part of doing business with your local coop. What some of you might not realize is how patronage is put together. One of the questions that comes up occasionally is: Does Hull Coop charge too much that they can pay back so much patronage? There is a lot more to our patronage than just retail pricing. There are a few reasons why the patronage rates have been strong at Hull Coop over the past several years.



by Cory De Wit
Office Manager

First, your cooperative does a lot of business with other regional cooperatives. We purchase fuel, fertilizer and feed from regional cooperatives. We also sell soybeans to a nearby processing cooperative. When the coops we do business with have good earnings those get passed back to local coops such as ours and then back to you through patronage.

The second advantage our coop has is efficiency. By having a variety of different departments our employees can be utilized across departments to match the busy seasons.

Our goal is to provide goods and services at a competitive price to support our customers in their business. We hope this patronage helps Hull Coop stand out as a partner in your operations.

The Hull Coop patronage rates for the 2017 allocation are as follows:

- **Grain** – 7.11 cents per bushel
- **Feed** – 4.87% of sales
- **Agronomy** – 7.03% of sales
- **Building Materials** – 3.94% of sales
- **Refined Fuels** – 5.99 cents per gallon
- **Propane** – 10.59 cents per gallon
- **Petroleum Merchandise** – 2% of sales ♦

PRICE LATER CAN PROTECT GRAIN QUALITY



by Mark Hoekstra
Outside Foreman

We're appreciating the new agronomy center as we work to get our equipment ready for spring. We're adding a new RoGator® to the fleet to help us

get the fields covered in a timely fashion, particularly with the time-sensitive nature of dicamba application.

Our price later program kicked off March 1. This presents a great opportunity for you to pull the center out of your bins and bring that grain in. Take advantage of our storage

and avoid damaged grain in May and June.

We're doing the same with our bins, shipping corn to the ethanol plant and beans to Sioux City. As spring is just a few weeks away, all of us are looking forward to working with you through another growing season. ♦



BIDDING A FOND FAREWELL



When Ken Nielsen retires this April, he knows what he's going to do first. "Farm in the daylight, something I haven't been able to do in years," he states. Ken will leave big shoes to fill, as he's served in just about every Hull Coop department during his 35-year career.

"I started in the lumber yard, then went down to the mill as a feed truck driver, then worked in the mill," Ken recalls. "After that, I came up to the office as the counter person. In those days, we had one agronomist, and he left in December right

when we were putting farm plans together. So, I became agronomy manager and held that position until I became feed manager 13 years ago."

Ken still operates the farm he grew up on, and he'll be spending more prime-time hours farming now, as well as doing a little more hunting and fishing. Of course, keeping up with the activities of 14 grandchildren will require some time, too.

While Ken has plenty to keep him busy in retirement, he will miss some things about the daily work routine. "What I enjoyed most was working with customers and treating them the best I could, while also looking out for the best interests of their cooperative," he states. "Thanks for all the good years. I appreciated working with all of all of you, and I know you'll be in good hands with my replacement." ♦

STRIVING FOR SAFETY EXCELLENCE

What's the biggest drawback to most cooperative safety programs? The clue is in the name. Most frequently, terms like "program" or "department"

are used with "safety." In order for a true culture of safety to be created in a workplace, it can't be confined to a program. Safety has to be integrated into every part of your operational plan—and a natural part of every workday task.

At Hull Coop, we strive to achieve excellence in all areas. So, how would we define safety excellence? Some would look at numbers—how many hours worked without a lost-time incident, for example. No doubt numbers are important, but they are not the first step. The first step is creating a mindset that understands the value of workplace safety, then equipping and training your team to make everyday safety a reality.

We want to weave safety into every part of our cooperative. In the process, we'll focus on realistic, practical safety goals. We'll emphasize the value that safe operation brings to every team member—not just the incident numbers. And we will be looking for your input on hazards you see and simple, realistic ways to correct them. We want to create safety goals that are achievable and move us toward safety excellence. ♦



by **Karen Luinstra**
Human Resources
and Safety
Manager



MMMM, PIZZA!

Few things hit the spot like fresh-made pizza. Whether you're feeding a work group at lunch or your family for supper, we have great prices on great pizza. Get a large 12" pizza, with any and all toppings you want, for just \$9.99. Get a second pizza for \$8.99. And, until April 15, you'll get a free 32-ounce fountain pop with your order. Call ahead and your pizza's ready in 10 minutes. ♦



by **Phylliss Van Tilburg**
C-Store Manager



Stop in to try our newest f'real flavor—**SOUR PATCH.**

MEET YOUR BOARD CANDIDATES

Evert D. Van Maanen

Evert farms with his son, Brent—the third generation on the home farm near Doon. They feed cattle and hogs and raise corn and soybeans. In addition to Brent, Evert and his wife, Kathy, have three sons; Eric in Minneapolis, Kalen in Denver, and recent college graduate Jordan, who is an agronomist. The couple also has seven grandchildren. Evert has previously served on the Sioux County Pork Producers board, the church council and the school board. The family attends Calvary Protestant Reformed Church in Hull.



Harwin Te Slaa

Carrying on the deep-rooted Te Slaa farming tradition, Harwin feeds cattle and raises corn and soybeans on his farm southwest of Hull. He and his wife, Diane, have four children. Harwin has previously served three terms on the Hull Co-op board, currently serves on the Boyden-Hull technology foundation and is active in the First Reformed Church in Hull.



John Tiedeman

The fifth generation on his farm northeast of Hull, John feeds cattle and hogs and raises corn and soybeans. He and his wife, Erica, have three children: Reagan, 6; Calvin, 4; Elias, 1, with a new addition due in August. John is a deacon and serves on the farm committee at St. Paul Lutheran Church and has also served on the Hull Co-op nominating committee.



Terry Jansma

Terry farms 10 miles north of Hull. The second generation on his farm, he feeds 700-800 cattle a year and raises corn and beans. He and his wife, Dee, have two daughters, both currently attending college. Terry is a deacon at the First Christian Reformed Church in Hull and serves on the board of the Lyon County Cattlemen's Association.



Jim Verdoorn

Jim feeds bull calves from three area dairies, raises hogs and farms 400 acres of corn, beans, oats and hay. He and his wife of 47 years, Vera, have raised three daughters. Jim has previously served on the Hull Co-op board for a total of 30 years, works at the Hull Community Food Pantry, and has served on the Sioux County Pork Board and the First Reformed Church consistory.



Brent Van Den Top

Brent farms north of Hull with his father-in-law Bud Zoet. They have a corn/bean rotation, and Brent raises cow/calf pairs. He and his wife, Amy, have a daughter, Katie, and a son, Jacob. Brent has served as a deacon in the First Reformed Church in Hull. ♦



QUESTIONABLE TIRES?

Spring is here! Or at least a lot closer. As you get ready to head into the field, don't take a chance on lost time due to bad tires. We have some great deals on Firestone® ag tires.

Talk to us to get the very latest information on the diesel and propane markets. It's nearly impossible to predict these markets as even the experts can't agree. The best approach is to see us when you're ready to consider a purchase.

This is also a good time to look around your farm and shop for any old CHS oil drums. If you paid a deposit, you'll want to return the drum by March 31 to get your deposit back. CHS is switching to a new drum source and will not be returning deposits after that date. ♦



by Brad Nielsen
Petroleum Manager

SAVE INSTANTLY WHEN YOU BUY TWO OR MORE FIRESTONE AG TIRES

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DICAMBA SOYBEANS CAN BE A GOOD TOOL

Based on all the media coverage of dicamba soybeans this winter, you might wonder if there are any good reasons to plant dicamba-tolerant soybeans this spring—and why you would apply dicamba to them this growing season. Well, dicamba, like every herbicide, has both positive features and drawbacks. Currently, the drawbacks are receiving all the press.

Dicamba soybeans, however, can be a good tool for:

Controlling winter annuals in no-till soybeans. Roundup®-resistant marestail is a major problem in some no-till soybean fields. Control of this weed is difficult with 2,4-D because this herbicide needs to be applied more than a week prior to planting. Dicamba-tolerant soybeans allow us to be more flexible with our application timing and

spray for this, and other, winter annuals before or after planting.

Control Roundup-resistant weeds like waterhemp. Dicamba works well controlling problematic weeds when used in combination with residual herbicides. It shouldn't be used by itself, as populations of resistant weeds can develop relatively quickly.

Dicamba doesn't present a carry-over risk for corn. Flexstar®, a popular alternative to dicamba, does carry this risk if over-applied or applied too late in soybean fields.

Dicamba provides another mode of action that, if used in combination with other modes of action, will help prevent resistance similar to what we've seen with Roundup.

Dicamba provides control of emerged

weeds, as well as short-term residual control of un-emerged weeds.

This coming year, more producers will be planting dicamba-tolerant soybeans for the first time and will have the option to use the herbicide. It will be important for producers, together with their agronomist, to weigh the potential benefits of dicamba application with the potential risk for off-target injury. While some fields and application timings will present substantial risk of off-target movement, other situations will present very low or no risk.

The Hull Coop agronomy team is ready and willing to help you weigh these decisions during the upcoming growing season. ♦



*by Peter Westra
Agronomist*