

# PRAIRIE CENTRAL COOP *CONNECTION*



## 2019 ANNUAL MEETING RECAP



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Patrons of Prairie Central Cooperative held their Annual Meeting on August 20, 2019 at the Pontiac Elks Club. After a welcome by President Rick Bauman, Prairie Central Coop's 38th Annual Meeting was called to order. Brian Schaumburg followed with the Secretary's Report. Tom Kahle gave the Treasurer's report highlighting on the financial success of the Coop over the past year. "As you can see, we continue the practice of paying patronage to our patrons as rates paid on grain sales were at it's highest level in a decade," said Tom. Mark Heil opened the Manager's Report (for full version, visit our website) with the Mission Statement of PCC: To handle the farmers grain at harvest, to be safe and fair while maintaining profitability." Heil then proceeded to recap the highlights of the fiscal year. Such things as the 2018 grain harvest, a strong spring shipping program, geopolitical events and weather were

among the topics. Representing the entire organization, Heil thanked Clayton Rosenberger for his leadership and enthusiasm as Rosenberger did not run for re-election to the board. Nominating Committee Chairman Kent Casson announced nominations for election. Shareholders voted and reinstated for Directors: Tom Kahle, Dave Popp, Brian Seeman, and Dave Zehr. A special and sincere presentation was then made by Tom Kahle to Clayton Rosenberger, thanking him for his many years of service to the Board, while sharing some personal stories on a trustworthy and dependable friend.

Door prizes were drawn by vice-president Rodney Rhoda and members of the audience were given their prizes. To close the proceedings, President Bauman adjourned the Annual Meeting. Thank you to those who joined us - we look forward to seeing you next year.

***"The 2019 fiscal year was a solid year financially for the coop with carry in the markets and demand pull from eastern railroads late in the fiscal year"***  
-General Manager, Mark Heil

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*Don't forget to sign up for our harvest notifications via email or text.*



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## 2019 EQUITY REDEMPTION



"With the new elevator project complete, the Coop anticipated it would be challenging to be able to both pay patronage and redeem stock while maintaining an acceptable working capital position. In retrospect, the Coop did more than that; increasing patronage rates and the amount of stock redeemed while increasing working capital."

Tom Kahle  
Treasurer  
Board of Directors



In July, the Board of Directors of PCC authorized redemption of Patronage Preferred Stock (C). This was a 100% redemption of 2010 shares, the oldest held by our Patrons. The redemption was approximately **12%** of our patron's Preferred Stock (C) held with Prairie Central. With the new elevator project in Chenoa complete for the 2018 harvest, the Coop anticipated it would be challenging to both pay patronage and redeem stock while maintaining an acceptable working capital position. In ret-

spect, the Coop did more than that by increasing patronage rates **and** the amount of stock redeemed while increasing working capital. In fact, the Board also chose to pass through 50% of the Section 199 Deduction to members as well. With this year's redemption, PCC has bought back more than \$11,000,000 in Class (C) Stock over the course of the past ten years. We thank you for your continued business.

## 2019-2020 Board of Directors



**Back Row:** Terry Brown, Dave Zehr, Greg McKinley, Rodney Rhoda, Rick Bauman, Brandon Sancken

**Middle Row:** Brian Seeman, Phillip Hanson, Mark Schuler, Tom Kahle, Dave Popp

**Front Row:** Don Jacobs, Mike Winterland, Michelle Kibler, Mike Fogarty, John Schuler, Brian Schaumburg

# 2019 PATRONAGE ALLOCATION



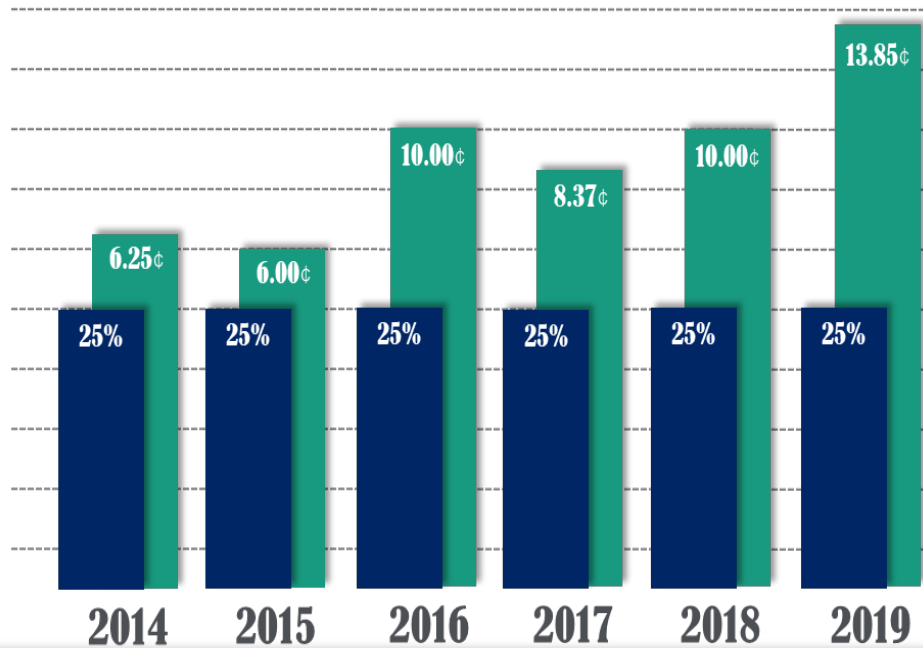
The 2019 Fiscal Year for Prairie Central Cooperative was successful. We were pleased to return a share of the profit in the form of patronage. On Grain Sales, patronage paid was 13.85 cents per bushel. On Grain Drying, patronage paid was 25%. Thank you for your continued business and for the trust you have in this cooperative.

## GRAIN SALES

The patronage paid on grain sales at 13.85 cents per bushel is the 2<sup>nd</sup> highest allocation in the history of PCC.

## GRAIN DRYING

The 6<sup>th</sup> consecutive year PCC has paid patronage of 25% on grain drying.



## MEET THE TEAM: LAURA STOLLARD



Laura joined PCC in July as a Grain Marketing Coordinator. She is a dedicated professional that has been specializing in the grain industry for the past ten years. Laura has a strong background in communications, contract development, stakeholder relations, transaction management and customer service. Prior to joining PCC, Laura spent nearly eight years working for ADM where she had a proven track record

of promoting accuracy and efficiency in managing large-scale shipments in a timely manner. Laura holds a Bachelor of Science Degree in Animal Science and Industry from Kansas State University. She grew up in Bethany, IL on a registered Polled Hereford farm, where she learned the value of hard work, good character and business, commitment and dedication.



### In her spare time...

Laura enjoys reading books, playing golf, going for a run, watching the Cubs play and spending time with family and friends.

## SECTION 199A DEDUCTION



### Board of Directors Authorizes 50% Pass-Through

PCC's strength and financial flexibility has allowed us to pass through 50%, or roughly \$700,000 dollars in deductions to our patrons this year via Section 199A. The pass-through deduction is based on bushels purchased between July 1, 2018 and June 30, 2019 and equates to \$2.73 cents per bushel for patrons this fiscal year. Your deduction will be included, along with a more detailed explanation on your 1099-PATR when it arrives in January 2020.

**Note:** Due to recent tax law changes and updates to recent IRS regulations, it is best to consult your tax professional on how best to utilize this deduction.



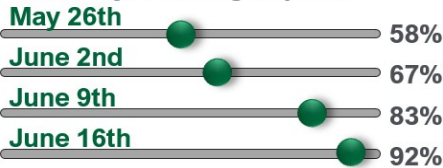


# LOTS OF UNCERTAINTY



Prices have been on a roller coaster this summer with record late plantings and record acres entering prevent plant (PP). Emotions have been running the same coaster with the air seemingly all but vanquished from the summer rally balloon. Dec corn made a low of \$3.64 on May 13<sup>th</sup>, rallied to a high on June 17<sup>th</sup> at \$4.73 and fell to \$3.66 in the last week of August. Excess carry outs of over 2bbu corn and 1bbu beans kept the markets tranquil until mid-May. As you can see in the summary below, we were at an estimated 58% planted on May 26<sup>th</sup>. 30M corn acres were planted in June of which 7M were planted after June 15<sup>th</sup>. The June crop report was the first to begin to show the concerns for late planting with USDA dropping corn yield by 10bpa to 166bpa. Planted acreage was also lowered by 3M. The net result was a 1.350bbu lower production estimate. In contrast, the June 28<sup>th</sup> acreage report suggested 91.7mln acres to be planted, 3M higher than the avg trade estimates. Since the survey was taken while most were still deciding if/when could they plant, it was not really taken to heart by the trade. The USDA then said they would complete another survey for the August report. Tweets were already suggesting upwards of 10-12M PP acres. Farmers across the Midwest scrambled to understand PP and how it compared to planting a late crop. Yield and price guesses were made with a nearly 2:1 bean-to-corn futures price ratio at the end of May, with the trade thinking 5-10M acres of corn PP taken. Meanwhile, the demand side of the equation was getting pummeled. Export competition has US corn overpriced to all but central America and Mexico. ASF reports continued in China and SE Asia. Feeder margins are poor and ethanol plants are seeing record low margins and wheat was also displacing corn. The August 12<sup>th</sup> report was a shocker as corn acreage was reported at 90M, a record 5M over trade estimates AND 11.2M in PP. Yield variance was a record miss too and was raised 3.5bpa to 169.5bpa. Where did all acres come from? With the market's incentive to plant corn vs beans, farmers (particularly in the west) planted more corn. Additionally, any corn base acres that were not planted, corn PP was taken. This is how the planted + PP add up to 101M acres. Silage could be harvested, and corn could be planted as a cover crop also added to corn plantings and PP. FSA acreage was used to help USDA determine their acreage number, so the trade is thinking USDA planted acreage should be close. Will the harvested acreage number change in future reports? Also, USDA did not use any field data for their yield estimate. Will we get an early frost? How will the late corn finish? Lots of uncertainty yet to go.

## Summary: Planting Reports



continued in China and SE Asia. Feeder margins are poor and ethanol plants are seeing record low margins and wheat was also displacing corn. The August 12<sup>th</sup> report was a shocker as corn acreage was reported at 90M, a record 5M over trade estimates AND 11.2M in PP. Yield variance was a record miss too and was raised 3.5bpa to 169.5bpa. Where did all acres come from? With the market's incentive to plant corn vs beans, farmers (particularly in the west) planted more corn. Additionally, any corn base acres that were not planted, corn PP was taken. This is how the planted + PP add up to 101M acres. Silage could be harvested, and corn could be planted as a cover crop also added to corn plantings and PP. FSA acreage was used to help USDA determine their acreage number, so the trade is thinking USDA planted acreage should be close. Will the harvested acreage number change in future reports? Also, USDA did not use any field data for their yield estimate. Will we get an early frost? How will the late corn finish? Lots of uncertainty yet to go.

## Prevent Plant Corn Acres (in Millions)



# RECIPE FROM PCC



## INGREDIENTS

- (4) Boneless Chicken Breasts
- (4) Slices Swiss Cheese
- (1) Tsp Garlic Powder
- (1/2) Cup Mayonnaise
- (3/4) Cup Parmesan Cheese
- (1/2) Cup Sour Cream
- (1/2) Tsp Salt & Pepper



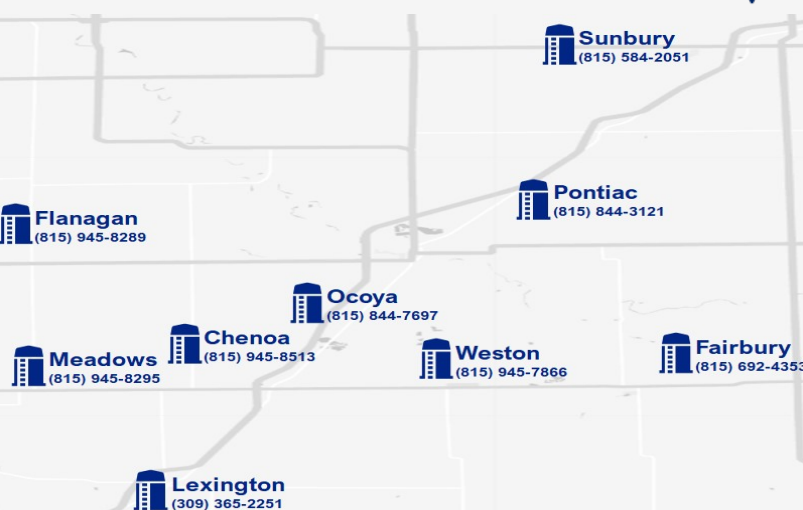
## SWISS CHICKEN BAKE

Instructions: Preheat oven to 375 degrees. Pat chicken dry and place in a greased 9x13 pan. Add sliced cheese on top of chicken breasts. In a bowl, mix mayonnaise, sour cream, 1/2 cup of parmesan cheese, salt, pepper, and garlic powder. Spread this over chicken and sprinkle with remaining cheese. Bake for 1 hour. Serve over rice if desired.

## HAVE A RECIPE TO SHARE WITH PATRONS?

Email us at [staff@prairiecentralcoop.com](mailto:staff@prairiecentralcoop.com).

## LOCATIONS



## RECENT MAILINGS



■ **Final Farm ID's** have been mailed. Please ensure that all of the information is accurate and let us know if it is not.

■ **Final Storage Confirmations** have also been mailed. Please be advised, the last day to sell your grain before incurring new carryover charges is Friday, September 13, 2019.



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