

# ECI VISIONS

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**ECI **  
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# Visions

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**ECI **  
**CO-OP**

## Business Hours

During the busy service seasons (both Spring and Fall), ECI will also extend hours to accommodate member service needs during the planting and harvest phases.

These extended hours are designed to meet patron need and may only affect specific divisions and locations of the Cooperative. During the Fall season, hours of operations will be posted at each elevator location.

Please see hours listed at individual locations.



**General Manager**  
**Randy Carlholm**

Spring is here and is a time of optimism. The crops are planted, new calves are playing in the pastures, and all of us in agriculture are looking forward to another productive year.

One of our goals at ECI is cost control. Last year, just to run the cooperative, the operating cost was about \$9.4 million dollars. Employee expenses were about 40% of the total operating cost. Our employees are our most important asset and this reflects the value we place upon them. The employees are the face of the company and their conduct conveys our corporate culture and values. We have been working diligently to cross train and utilize our most important asset, our people, in different divisions as reflected by the different seasons. If you came by our agronomy locations this spring, you probably saw some different faces or familiar faces in different places. The Grain, Energy and Feed Divisions all had employees at our Agronomy locations to help out. I'm very proud of our employee group and their efforts to assist our customers during this busy season.

The grain division is having a solid year, Corn sales are up approximately 1 million bu over last year. Soybean sales are up almost a 1/2 million bu over last year. Margins in both commodities are comparable to last year and historical values.

Feed is having a steady year. Volumes have been down recently due to some customers

experiencing disease issues. However, if there is a silver lining, the reduced volume occurred during the spring agronomy season, allowing several feed division employees the time to assist the agronomy division.

The energy division felt the effects of the mild winter. Propane volumes were about 2/3 of last year and historical values. The decrease has had a negative impact on this division's bottom line. While we're hopeful the lower gasoline and diesel prices from the drop in crude oil pricing will help boost volumes for the remainder of the year, the Energy Division will face some financial challenges this year. The agronomy division had a poor fall season but very good spring season. Spring volumes were steady to up in NH3, dry & liquid fertilizer and chemicals. The new chemical building in La Porte became operational just in time. With crop prices at current levels, several customers telling us they are reducing input costs, I was pleasantly surprised to see these type of volume numbers. Overall, last fall's reduced sales and volumes put this division behind schedule but we're hopeful the spring and summer will help us gain back some of the lost financial opportunities.

If you haven't already, please check out our new web site. Megan Orr at our Jesup location spent a LOT of time on this project. I have received quite a few very positive comments from our customers. There is a desktop and mobile version. If you are on your smart phone, you can touch an employee's phone number & you can call them right from the mobile web site. The market page has been expanded. Please check the Current News tab. Each division will be posting news articles frequently with information about grain marketing, agronomy supply and pricing updates, feed & energy news.

Thank you for your business and be safe this crop year.

WEBSITE:

[www.ecicoop.com](http://www.ecicoop.com)

YOUR BOARD OF DIRECTORS:

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## CONTROLLER *Joe Murphy*

Over the past four years we have paid out over \$1,050,000 to our members through the equity redemption program. This represents members who have birthdates from 1940 through 1943 with over \$229,000 of this total being paid out this March to members born in 1943. The ECIC Board of Directors has always put this as high priority and I would expect this to continue into the future. A good chunk of this equity was earned before the mergers back in the late nineties when Jesup and La Porte City were independent cooperatives. When these mergers were complete the member's equity was carried forward into the newly formed ECIC and I am happy to say these members were paid out their equity from all their years of farming.

As I write this letter, spring planting is wrapping up for a lot of patrons and we are working on April financials. This spring agronomy season has been busy and we are optimistic on what we have seen so far through the first half of May. Volumes for dry, liquid and anhydrous are pretty consistent with last year and as we planned chemical sales are up significantly with the acquisition of Youngblut Farms. Our Grain division is having a solid year with bean and corn sales and margins higher than last year along with strong storage income which has offset the lack of drying income from last year's dry corn harvest. The feed division is having another good year with tonnages down slightly from last year due to some planned changes with customer mix along with some (PEDv) cases that have slowed our tonnage output. The energy business has been busy this spring with bulk diesel and is gearing up for the dust control season in the next couple of weeks. This year will be down from last year due to the dry harvest with minimal dryer LP sales along with the mild winter. Our patronage income will be down from last year due to slowing profitability at the regional cooperatives.

Our capital spending has been heavy this year with our new Chemical building in La Porte along with the new refined fuel tanks in La Porte City and the soon-to-be completed bulk fuel tanks in Hudson. We are also working on LP rail load out facilities in La Porte City which will offer flexible buying options to increase margin opportunities. We are re-locating our energy department to the La Porte City facility and will be selling the Airline Highway location to cut down on fixed cost and take advantage of excess real estate within the company. All these projects are coming out of current working capital and no additional debt has been taken on for the company.

Enjoy the summer season.

## ECI Scholarship Recipients

ECI is proud to announce that the two \$750 scholarships have been awarded to upstanding 2016 graduating seniors. These students have shown great interest in continuing their education in the ag field. The selection committee from the Board of Directors reviewed the applications submitted and Collin Clayton and Mitchell Hansen have met the qualifications to receive the 2016 scholarship awards.

Collin Clayton is the son of James and Kristi Clayton and will be graduating from Jesup High School. He has been active on his family farm all his life, and been actively involved in FFA, and 4-H and held officer position. Collin plans to attend Hawkeye Community College for welding and Ag business and finish at Iowa State.

Mitchell Hanson is the son of Bob and Maureen Hanson and will be graduating from Union High School. Mitchell plans to attend Iowa State to major in Agricultural studies with a minor in Animal Science or Ag Business. Mitchell has been involved in 4-H, held office in FFA, Youth Ambassador for Benton County Cattlemen's Association, Silver Cord service program, Violence Prevention, Student Council, Church youth group, and many other programs.

ECI wishes both Collin and Mitchell great success in their future education endeavors. We are excited about our youth continuing on in the ag programs and keeping farming a priority in their lives.



Mitchell Hanson



Collin Clayton



## ENERGY *Scott Halverson*

First, as always I would like to thank everyone for their business and continued support. Well, another heating season is behind us. This past heating season has had its challenges, with very little corn drying, with a warm winter and our first full season of using the degree day software that we implemented this summer. I am extremely encouraged by the progress we have made, and very excited about our future. With the improvements to the bulk fuel plant in La Porte City, which is now complete, we will be starting the Hudson bulk fuel plant in June. The Hudson plant will have the same capacity as the La Porte City of 200,000 gallons. The 400,000 gallon combined storage will allow us to buy fuels during off season times for the best possible pricing which allows us to pass the savings along to our customers.

We have also started the relocation of our LP bulk plant to La Porte City. We will be moving the 26,000 gallon tank from Canfield Road to La Porte City. We will be moving the 30,000 and the 2-18,000 gallon tanks from Waterloo to La Porte City. Moving these four tanks to La Porte City will allow us to take advantage of rail and rail pricing. The new cylinder building is already in progress (pictures below). Westmor will begin the work of moving, setting, and plumbing the tanks on May 30. Weather permitting the project should be completed by mid-July. Northern Iowa Railroad will be improving the side tracks to accommodate the propane cars, which should be completed by September 1.

We are currently getting ready for our dust control season. Black Hawk County is expecting to finish grading and releasing the roads the week of May 23. We cannot apply any dust control until we have confirmation of release from Black Hawk County. If you have not sent in a contract and are interested in applying dust control please contact the office at 319-235-6281.

Thanks to Megan Orr for all the time she has put into our new website. It looks amazing! I encourage you to visit the web at <http://www.ecicoop.com/>. I will be posting energy market updates for your viewing. If anyone is interested in receiving text/email updates, please call the office at (319) 235-6281. We will have you added to the list.



## Crop Insurance *Rylan Zwanziger*

Crop insurance prices were set this year at \$3.86 for corn and \$8.85 for soybeans. With the risk of downside from another potential record crop, most of our insureds continued to buy high level coverage as well as look at the options that private products could offer. Since insurance decisions were made, we've seen a strong rally from the beans as well as some follow along from the corn allowing producers to start to sell some new crop above guaranteed levels. At the time of writing, December 2016 corn had topped out at \$4.0975 while November 2016 soybeans had traded as high as \$10.7975.

Many producers' next steps will be to take a look at hail insurance as we finish getting this crop planted. If we continue to rally this summer, we may want to look at buying a private product that would allow us to put a floor on our spring prices. On any day we can lock in 20 cents above the previous day close on corn and 30 cents above the previous day close on soybeans. Targets one may look for would be \$4.50 corn and \$10.00 beans. Give me a call at 319-464-2198 to quote you hail prices, other private products or to just discuss crop insurance and or markets.

