

LIFELINE

IDEAS AND INFORMATION HELPING FARMERS PRODUCE AND MARKET PROFITABLY

**Imagine a Single
Farm That Supplied**
an entire community with food...

Heartland Spotlight:

JOHN MCGRATH

Amana Farms Manager

**WIND SPEEDS OF
OVER 110 REPORTED**

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HEARTLAND CO-OP

AUGUST 2011

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LIFELINE

IDEAS AND INFORMATION HELPING FARMERS PRODUCE AND MARKET PROFITABLY

Heartland Annual Meeting

**LARRY PETERSEN**
CEO/General Manager

Plans are progressing for this year's annual meeting to be held on Tuesday, September 13 at Prairie Meadows Conference Center in Altoona. To accommodate those members attending we will again hold two

meetings on that date. One will begin with a meal at 12:00 noon and the evening meeting will begin with dinner at 6:30 p.m. Members may attend the meeting of their choice. At this year's annual meeting there will be five districts conducting elections. This is the second of five annual elections that will reduce the Board from fourteen to nine directors elected from nine separate districts. After this year's election the Board will consist of eleven Board members decreased from the current thirteen. Those districts holding races and the candidates are:

DISTRICT	CANDIDATES
A	Vernon Flinn
C	Donn Anderson, Warren Schildroth
E	Brad Olson
F	Art Churchill
H	Doyle Drake, Mike Helland

The election process at Heartland will be conducted in the same manner as in the past several years. Although candidates come from a specific geographic district, voting members will be allowed to cast a ballot for candidates in any district. If a member does not feel comfortable in voting for candidates in certain races, their ballot will count in those races in which they have voted. In other words, a ballot does not need a selection in all contests to be official and counted.

Heartland follows a voting procedure whereby official ballots are mailed and returned in the envelope provided. Attendance at the annual meeting is not necessary to cast a vote for Board members. To aid members in their voting choice biographical information on each candidate will be included in the ballot mailing. Voting for directors is a duty that should be taken seriously by all members. Through this democratic process your voice is heard in determining the future direction of Heartland Co-op.

One of the main objectives of an annual meeting is to report on the financial performance of the cooperative. The results of the 2011 fiscal year will be reviewed showing another strong year of financial performance similar to that of the past two years. This strong financial accomplishment has allowed Heartland to continue to offer a variety of products and services, invest in fixed capital expenditures, declare dividends, and revolve equities.

I can't emphasize enough that today more than ever it is imperative that Heartland develops and maintains a strong balance sheet. We need to be prepared to function in today's environment of unprecedented commodity price levels calling for incredible amounts of borrowed funds coupled with the backdrop of worldwide economic upheaval and credit market uncertainty. Within the cooperative business model, generating bottom line profitability is the only viable source of adding to balance sheet strength. At Heartland we continue to emphasize the importance of maintaining an adequate bottom line. Maintaining Heartland's profitability along with our ability to add to the profitability of our customers has become a culture that we continue to stress.

The full details of the financial performance of Heartland will be presented at this year's annual meeting.



Find YOUR audience, craft YOUR story of agriculture as YOU experience it and then tell it and re-tell it.



GARY MOHR
Director of Feed

Agriculture Could Use Better Supporters

EARLY IN JULY THE UNITED EGG PRODUCERS AND THE HUMANE SOCIETY OF THE UNITED STATES REACHED AN AGREEMENT to petition Congress for legislation requiring producers to move from caged housing to “enriched” colony housing. Their goal would be to have this law in place by June 30, 2012 and the housing systems fully adopted by the end of 2029. In exchange for this effort HSUS and UEP stated that they will not “initiate, fund or support” any further ballot initiatives or local or state legislation.

Firstly, on its face this may appear to be an industry organization working to meet consumer desires. And, poultry producers have had their full share of financial pain over the past few years so UEP’s intention was likely to lessen future complications. The reality is that poultry producers receive no protection from any other organization (remember that PETA and others are still out there looking for opportunities) or well funded individuals. It has been stated this week that many members of United Egg Producers may leave that organization over this decision.

Secondly, UEP has now invited federal regulation of local and intra-state businesses. Iowa has a lot of poultry producers and has re-grown its market share of U.S. poultry greatly over the past 20 years. Iowa also has a great number of swine producers with sows in crated gestation. HSUS has already been instrumental in getting legislation to ban sow crates for the future in Florida, Arizona and California. Those are not large swine production states – what they are is a toe hold into the industry.

It may well be time for those of us left in agriculture to take a greater role in preserving our opportunities for the future by being more proactive in communicating the great story of what American agriculture provides for this nation and the world in healthy nutrition. If you choose not to be active in an industry organization then just be an advocate to one of your city cousins and tell them about the blessing they have to live in a free society where agricultural entrepreneurs can produce fantastic food with excellent stewardship for land and animals. Then go tell someone else, and someone else....

Many of you have likely heard Mark Pearson tell the story of hearing Orion Samuelson when Mark was a boy and Orion gave his analogy of America as a “house with many rooms” and his affinity for the “room of Agriculture.” Mark relates that many years later after pursuing his own early career in broadcasting he heard his idol speak again and it was the same speech about America with many rooms and the room of Agriculture. Mark asked Orion about why he would use the same speech again that he had heard many years before. Orion’s reply was, “Mark, it is a lot easier to find a new audience than it is to find a new speech.”

Find YOUR audience, craft YOUR story of agriculture as YOU experience it and then tell it and re-tell it. That story will be much better than the fiction now being distributed from many of the reform minded organizations.

*I have not seen
a forecast of the
economic impact
of the storm but
I'm sure it will
reach into the
100's of millions
of dollars.*



Wind speeds of over 110 reported



MARC MELHUS
E.V.P. of Operations

WINDSTORM DAMAGE

Damage from the windstorm that swept through the trade area on July 11th was fairly minor for Heartland's facilities. Unfortunately, that cannot be said for our customers and many of the surrounding communities in the

storm's path. Straight wind speeds over 110 to 130 mph were reported in several areas in what the weather service is calling a derecho or "strong wind storm".

A new bin under construction at Slater was flattened and some minor damage to bins in Cambridge and Pickering were the worst of it for us. However, many livestock facilities, grain bins and other buildings were completely destroyed across the entire region.

As of the day I am writing this I have not seen a forecast of the economic impact of the storm but I'm sure it will reach into the 100's of millions of dollars.

There is quite a little concern on where we are going to put this year's harvest in the affected areas. Although there was a lot

of damage to the crop, it appears that most has rebounded, but it will remain to be seen how much it was affected. On average, our projection is that we hope the corn was impacted less than 15%. Even though that is a big number, we are still going to have a lot of bushels to deal with this fall.

Heartland has contacted other grain elevators impacted and offered help in any way we can to help ease the situation. Admittedly, this close to harvest will be a challenge, but if we all work together we will get through it with ease.



GRAIN BIN ENTRAPMENT

You may have read recently that the grain industry is under mounting pressure from OSHA to do a better job preventing grain entrapment hazards for employees. The grain industry has come a long way the past few years and is very sensitive to our employees safety and preventable accidents. We all spend a lot of time training our employees to avoid these situations but accidents still happen and surprisingly even to our most veteran employees.

To further show they mean business, IOSHA, which is Iowa's enforcement branch for OSHA has hired three new employees to conduct stepped up inspections of grain facilities.

In the past few weeks, I have heard about two incidents of grain engulfment. The first one involved an elevator employee who although rescued eventually lost his job and the second one was a fatality on a farm.

To my knowledge, individual farmers are not subject to IOSHA standards. However, the reality is that all of us have a responsibility for the safety of our employees and/or family members who work around flowing grain. Workers need to be constantly be aware of the hazards and take the necessary precautions.



STORED GRAIN HAZARDS



Entrapment

Entrapment is similar to being drawn into quicksand. Once trapped in flowing grain, the victim is drawn rapidly to the bottom of the bin where he may become entangled in the unloading auger.



Surface Crust

Another type of suffocation can occur when grain has spoiled in storage. Spoiled grain can crust over and a cavity will develop under the crusted surface as grain is removed from the bin. A person walking on the crusted surface could break through, become submerged in the grain and suffocate.



Vertical Caking

Spoiled grain also can cake in large vertical masses on bin walls. When a person tries to break the caked material loose from below, large sections of grain can break off and cover the person in the bin. This risk increases as the capacity and particularly the height of the bin increases. Grain stored in large piles or bunkers also pose this type of hazard during load out.

Rescue Procedures

If a person becomes submerged or trapped in grain you should:

- Call for assistance
- Shut off unloading equipment immediately, this will stop the victim from being pulled under further.
- If there is an aeration system, begin moving air through the grain, this can supply fresh air to the victim.
- If needed cut large holes around the base of the bin approximately 5 feet above the base at 4 to 8 evenly spaced locations. This will reduce the volume of grain from the bin in the shortest period of time.

Imagine a that suppl communit

Ar

For nearly eighty years, the German settlers of the Amana Society maintained an almost completely self-sufficient local economy, and at the same time the level of physical comfort, housing, possessions, and education were comparable to that enjoyed by the average middle-class American office workers, factory workers, and tradesmen of the time. Workers in the Amanas used hand, horse, wind, and water power, and they lived a sustainable community life. They produced everything they felt they needed for a good, honest life there in Amana and its surrounding villages and farms. Today, Amana is a major tourist attraction known mainly for its restaurants and craft shops. Amana

Heartland Spotlight:

JOHN MCGRATH, Amana Farms Manager

single farm ied an entire y with food...

From 1855 until 1932, a farm of that scope existed in Amana, Iowa. Today, that farm still stands, but the Amana Society's way of life has changed such that it no longer relies on a single, communal farm for its food.

Written by Intern, **BETHANY OLSON**

Amana Farms has also become a tourist attraction and works to help educate both agricultural and non-agricultural tourist groups that visit the area. A lot has changed at Amana Farms since its start in 1855, but the operation is just as unique today as it was more than 100 years ago.

Amana Farms Manager, John McGrath, has been working at Amana Farms for the past 20 years and has been the manager for five of those years. He started out working primarily with cattle and now enjoys a great deal of diversification in his job. For John, every day is different. With as diverse of an operation as Amana Farms is, it is easy to see why. The operation consists of 4,000 acres of corn, 2,500 acres of soybeans, 250 acres of wheat, a 2,400-head cow/calf herd, a 4,000-head cattle feed lot, a 7,000-acre forest (which is the largest privately held forest in Iowa), and an anaerobic digester that is set up at the cattle feedlot to generate electricity. The anaerobic digester produces methane gas which in turn is burned to generate electricity that is sold on the Amana grid to power the Amana colonies.

John uses a variety of management strategies to keep the operation running efficiently. The area has a lot of poorly drained soil and Amana Farms



plants some corn-on-corn, so a full tillage system is used on their ground. Deep ripping, soil finishing, and as much fall tillage as possible timed with fall manure application are key factors in the operation's soil management system. Amana Farms has been a member of Heartland Co-op since the Co-op in Conroy became Heartland, and John has taken advantage of a variety of services the Co-op has to offer. Amana Farms uses Heartland for all of its fuel needs, as well as some crop inputs, seed, chemical, fertilizer, and anhydrous. According to John, Heartland has been very helpful in managing input costs.

Amana Farms is making good use of tissue samples they collect and send to Midwest Labs on their own. Plant health is a priority for them and they are currently using fungicide. They also use a hired crop scout to monitor plant health on 50% of their ground, and the other 50% is monitored by Amana Farms employees (Amana Farms currently employs 25 people). John is also aware of micronutrient importance in crops and is using a starter that contains essential micronutrients and foliar applications.

Amana Farms is an important and unique piece of agricultural history in Iowa, and more importantly, Amana Farms is looking at how it can make an impact in agriculture in the future. John is doing his part for the future by using green electricity to recycle manure (home-produced nutrients) as well as providing electricity to the Amana Colonies. John McGrath believes that the next generation of agriculturalists will be able to meet the world's increased food demand by 2030, and is focused on the question, "How do we take crop (and all agricultural) production to the next level?"

The 2010-11 marketing year continues to move forward in a broad trading range. The US and the world are precariously close to running out of various commodities. It is the job of the market, both cash and futures to ration supplies and encourage production. As we have seen for over a year, “the market” hangs on every word from weather forecasters, global news media and USDA as well as other sources. Add to the mix various traders who let the computers run their positions. It is a vast mix of characters who make the market and determine our price fate.

Precariously close to running out of various commodities



DEAN OHRT
Eastern Grain
Origination Director

Managing price risk is a challenge in this environment but it also offers opportunities to capture excellent returns. Part of the equation is how we approach the market. Most all aspects of your operation is approached quite different from grain marketing. When you make purchases and farming decisions, you gather all the information and make an informed decision. Marketing grain is different as there is almost too much information and nothing ties it all together. You are asked to

make a marketing decision and it is impossible to know the future. However one can know this decision is profitable today based upon my production and cost. This process is called “marketing”. Moving beyond those facts, we are in the realm of professional gamblers. We look at probabilities, histories, charts, graphs and of course what the guy on “Market to Market” said Friday night. Virtually all marketers run in cycles and we are sometimes better at the “gambling” aspect than at other times.

Winning wrong is one of the most dangerous events that can happen to a “marketer”. It feeds our ego’s and makes us think that somehow we have a read on the market. Discipline tends to go by the wayside and it is easy to break the rules that keep us in the game. Murphy’s law says that disasters are not created by one event but by several simultaneous events that snowball. I often tell my customers, “it doesn’t matter so much what the market does, it is what it does to your thinking”. Some folks handle this better than



others. Marketers who win, know how to handle the losses. They limit them and move on. It is part of the profession. It is not a personal issue at all. It is not a smart or dumb issue. If you play the game, you are going to strike out occasionally and you might even end up with a sprained ankle. The challenge is to heal up quickly and learn from the experience. Maybe you aren't cut out to be a pitcher or catcher, but you can play first base or outfield and do it quite well.

That is where we at Heartland Co-op come in. We have insights and tools to help you make better marketing decisions with the least amount of risk. There is nothing wrong with being a cash marketer if you are a good one. Know what makes you uncomfortable and stay within your comfort level. Knowing the rules and how the game is played will make you a better "marketer" and will improve your confidence and bottom line.

Beating the Average is a simple tool to help you keep your marketing perspective. At this writing, December corn is in the 6.80 area which is 120% of the January average and 110% of the year to date average. The later we are in the crop year, the better value, average is. Currently December corn is within 5% of the high for the year. That is a full \$3 a bushel better than we even anticipated just a year ago.

Murphy's law says that disasters are not created by one event but by several simultaneous events that snowball.

Averages are important benchmarks in grain merchandizing and marketing. Many sophisticated programs and technical studies use averages of some description. Since we know that the higher prices occur from January to June, we can use that average price to set our benchmark. My preference is the January average for new crop corn and beans since that is the time of year when the market has the least knowledge of the crop size and demand.

When you are above the average for a given time period, history tells us that is a very good price. Usually in the top 25% of the price range for the year. It is like batting 490 in baseball. The later you are in the marketing year, the better the average is versus the highest price of the year.

Remember that the "high" is a historical term. We only realize it is the high after it has occurred. Think back to early June of this year. The market was most bullish as it was reaching its peak.

Storms across the Eastern part of the Heartland service area have destroyed many farm and commercial facilities. Fortunately Heartland Co-op has escaped with minimal damage. We urge you to keep in contact with your location manager as to your situation and your needs for fall storage. We anticipate increased demand and are taking steps to handle the grain.

2012 CROP INPUT FINANCING LOAN

Ultra low interest financing is available with Heartland Co-op for your 2012 crop input purchases.

Prepay Purchases	3.50% APR*
In-Season Purchases	5.50% APR*
Third Party Purchases	6.50% APR*

**Variable interest rate as of 7/12/2011*



Contact your local Heartland Co-op salesman or call **NEAL TAPKEN** 515-974-4337

Heartland Co-op PETROLEUM NEWS



CLAIR REW
Director, Petroleum
Sales & Marketing

REFINE FUEL DELIVERY

Route Adjustments

July 1, 2011 - Refined fuel routes were restructured to become more efficient in our fuel delivery. A majority of our customers will not be affected, but there will be areas that will have a different driver. Heartland is proud of the service we provide and of our delivery team, your service is our first priority.

High Efficiency and Service

In order to plan our routes in advance and deliver fuel when you need it, we ask for your assistance when calling in your fuel orders.

- In order for our drivers to have a safe work environment (*loading/driving/filling tanks*), please call your Heartland Energy Hub to place your orders. This will also allow our drivers to deliver more fuel during the day.
- Please plan your fuel needs in advance. Routing each day's deliveries in advance will assist in delivering all fuel in a timely manner.

Together - We can minimize your delivery costs in your fuel price.

If you have questions, please call a Heartland location below.

Minburn	800-422-0298
Jewell	800-728-0017
Alleman	866-613-0094
Grundy Center	800-319-7775
Belle Plaine	800-328-2667

PROPANE

Summer Fill and Propane Contracting Programs

Your Propane Team has been busy Summer Filling propane tanks and should be completed by August 31, 2011. We have deferred all payments of summer fill propane delivered between June 1, 2011 and July 31, 2011, until September 25, 2011.

Propane Contracting Program

Heartland began contracting propane throughout the year in 2010. A brochure was sent out in June to remind you to call and contract your fall corn drying and home heating needs. This contracting program allows you to lock in all or a portion of your needs to minimize the risk of high price during peak propane seasons.

CARDTROL DIESEL CONTRACTING PROGRAM

February 2011, we started offering diesel contracting at our cardtrols. Call your local Heartland location today and ask for details about this new program.

Thank You For Your Business!





Accepting the check from Booneville's location manager, Mike Gross is Marsha Whiteaker (Asst. Commander), Robert Radke (Commander) and Michael Koch.

Land O' Lakes Match Funds Program

AMERICAN LEGION POST 403 is building a new community building located just south of the new Iowa Veterans Cemetery near Van Meter. Heartland Co-op's Booneville location along with LOL match program has contributed \$1,000 each towards this new meeting and celebration facility serving the local communities. The American Legion hopes to break ground in the Spring of 2012.

Heartland Co-op Locations

ALLEMAN 515-685-3541 866-613-0094	JEWELL 515-827-5431 800-728-0017	PICKERING 641-478-3296 800-542-7887
BELLE PLAINE 319-444-2154 800-328-2667	KELLOGG 641-526-8236 800-845-1075	PRAIRIE CITY 515-994-2651 800-383-0723
BLAIRSTOWN 319-454-6411	LAUREL 641-476-3427	PRAIRIE CITY WEST 515-994-2631
BOONEVILLE 515-996-2295 800-244-8579	LINCOLN 641-473-2640 800-392-2667	RANDALL 515-328-2315 800-334-1182
CAMBRIDGE 515-383-4345	LUTHER 515-795-2386	REDFIELD 515-833-2953
CARLISLE 515-266-4215	LUZERNE 319-434-6211	REINBECK 319-788-6831 800-717-2667
CHELSEA 641-489-2724	MADRID 515-795-3047	RIPPEY 515-436-7411 800-442-7411
COLO 641-377-2253 800-397-9513	MALCOM 641-528-2535 800-273-4485	RUNNELLS 515-966-2349 800-245-6221
CONROY 319-662-4100 800-272-6422	MARENGO 319-642-5529	SLATER 515-685-3571 800-779-3571
DALLAS CENTER 515-992-3767 800-362-0305	MELBOURNE 641-482-3206	STANHOPE 515-826-3226 877-255-3506
DES MOINES 515-262-2522	MINBURN 515-677-2256 800-422-0298	TRAER 319-478-2147 888-243-2149
DEXTER 515-789-4230	MINGO 641-363-4250	WASHBURN 319-296-1392
ELBERON 319-439-5382	MITCHELLVILLE 515-967-4288 866-605-8167	WAUKEE 515-987-4511 866-616-8495
ENTERPRISE 515-964-2390	MONROE 641-259-2157 800-659-2157	WEST DES MOINES 515-225-1334 800-513-3938
GILMAN 641-498-7495	MONTEZUMA 641-623-5727	WINTERSET 515-462-4611 866-605-8168
GRUNDY CENTER 319-824-5466 800-319-7775	NAPIER 515-292-2323	
HARTWICK 319-525-2311	NEWBURG 641-498-2553	
HOLLAND 319-824-6638 800-375-6638	NEWTON 641-792-5169 800-800-5169	
INDIANOLA 515-961-2505 800-992-2505	PANORA 641-755-2114 800-422-0914	

www.heartlandcoop.com

*Heartland Co-op's Annual Meeting
September 13, 2011 Prairie Meadows*

*Two sessions will again be held for your
convenience at 12:00 Noon and 6:30 P.M.*

*Information will be mailed to
members the week of
August 29, 2011.*

*We hope you can
join us!*

August Checklist

- ☐ Schedule Grid Soil Sampling
- ☐ Fall Fertilizer Plans
Hydra-Hume Liquid for stock decomposition, Dry along with P&K applications
- ☐ N-Serve
- ☐ Schedule Custom NH₃ Needs
- ☐ VRN – Variable Rate Nitrogen
- ☐ Seed Plans – Secure The Best Varieties for 2012
- ☐ Precision Hardware Installations – Yield Monitors
- ☐ Monitor Stalk Strength – Harvest Schedule
- ☐ Napier Answer Plot - August 10th
- ☐ Heartland Answer Plot Day – August 11th
- ☐ Pella Answer Plot Event - August 23rd
- ☐ Osceola Answer Plot - August 24th
- ☐ Grundy Center Answer Plot - August 25th
- ☐ Watch for F.O.K Events (*Field of Knowledge*)

Visit the Heartland Co-op web page and the new agronomy page featuring videos and breaking news articles. www.heartlandcoop.com



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Trade up Your Current Guidance System to a new FmX Guidance system: 23 June through 15 August 2011

For a limited time, Trimble is offering any current user of a competitive guidance system or Trimble guidance system to trade up to a current FmX[®] guidance system and take advantage of the latest expanded solutions opportunities.

FmX integrated display: Supported features

- ✓ Field-IQ[™] crop input control system for planting, variable rate, spraying, spreading and strip-till
- ✓ Yield monitoring
- ✓ Wireless connectivity with Farm Works[®] Sync software
- ✓ EZ-Remote joystick
- ✓ TrueGuide[™] implement guidance and TrueTracker[™] implement steering systems
- ✓ EZ-Steer[®] assisted steering system
- ✓ LB25 external lightbar
- ✓ FieldLevel II automated leveling system – Autoslope
- ✓ Autopilot[™] automated steering system with external GPS receiver
- ✓ Radar output

