



Western Farmer

The Official Publication of the Garden City Co-op, Inc.

FEATURES

January-March 2009



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Grain Update

Ken Jameson, V.P. Grain Division

A new year is here and the first part has not been kind to the producers. Grain and cattle prices continue to struggle and moisture has been very hard to come by. Sub soil moisture is down there but without some near term moisture, we may not get to utilize it. The next couple of months will be critical, not only for moisture but for grain prices as well.

The grain markets have shown us that the volatility is not over and with the current financial meltdown around the world, it's anybody's guess when things will settle down. We started the year with South America seriously lacking rain for their soybean and corn crops and that fueled the rally that began in December. Then the rains came in February and that coupled with the financial mess, we have seen a sharp reduction in all the commodities. The funds that poured a lot of money into our markets a year ago have disappeared removing a large block of buyers for our grains. Crude oil falling from \$150.00 a barrel into the 30's has hurt the ethanol demand and forced some plants to close or cut back on production which in turn puts that much more corn on the market looking for a new home. The poor economy has people eating less beef which has the feedyards cutting back on cattle to the lowest levels since the late 50's, and again putting more corn and milo out looking for a new market. The strength of our dollar has affected our ability to export just about everything. Corn exports are down 40%, wheat exports down 20% from last year. What all this means is we are seeing our ending stocks of grains climbing to comfortable levels over what was projected a year ago.

Until the financial panic calms down around the world, it will be the biggest influence on our markets for now but eventually, I hope, we will get back to trading this Spring our usual factors, fight for acres between corn and beans, is it too hot, too dry, too wet, too cool. It is amazing how much our marketing environment can change in a year.

Crop Production Update

Tim Giesick, V.P. Crop Production Division

We need moisture!!!! With the lack of any measurable form of moisture, things are looking dry. If we could just receive a 1" or more of rain, things would be looking positive. Farmers are busy applying fertilizer and a few are top dressing their wheat crop but with the lack of moisture, some farmers are holding off top dress until we get moisture. We are seeing a moderate to heavy insect problem in some wheat fields; we would strongly suggest our farmers or their consultants scout their wheat fields. Fertilizer pricing is all over the board. Hopefully we will see some form of stability in the market and fertilizer pricing become more uniform in our trade area. The Garden City Co-op Sales staff has been busy calling on our customers with the first wave of chemical pricing. If you have not received a call or a on farm visit from our sales staff, please let us know or contact Ryan Kennedy 620-290-3512, Kyle Korf 620-290-4821 or Michael Kempke at 620-271-3446. Our Strip-till and Minimum-till Big-Rig tractors are getting towards the tail-end of the application list and will be available to receive new acres now. If you have acres you need application on, please call Kirby Bradley 620-290-0737 or George Pittman at 620-271-8216. We have 2 Liquid spray rigs and 2 Dry fertilizer rigs running at this time to deliver prompt and timely application to your fields. This year, we have updated and purchased several new pieces of equipment thus making us more efficient and timely with your production needs. We have added a new high speed NH3 application tractor and tool bar. If you have a chance, please stop in and look it over. With the lack of moisture and farmers waiting on rain to apply their crop inputs, we will see an extremely busy 4-6 weeks in the near future. Please try to plan ahead with your application needs so we can make every effort to meet your needs in this narrow window that is approaching very fast. The Garden City Co-op continues its commitment to competitive pricing, product availability, agronomy knowledge and the best service in southwest Kansas. With our strong focus on these four major components, we are one of the industry leaders in Kansas.

Expertise Plus High-Performing Genetics

Tod Depperschmidt, Seed Sales Manager

As most area wheat producers turn their attention to nurturing the wheat crop that was planted last fall, there are a lot of decisions yet to be made on those tough irrigated and dry land acres. Western Cooperative Seed offers a wide variety of high performing genetics. We have a great supply of corn, beans, alfalfa, sunflowers, sorghum, and forages available.

Managing risk and maximizing yield potential is one of the toughest challenges producers face. Western Cooperative Seed can help with those challenges. It may be planting dates, population, soil types, technology/ traits, fertility, just to name a few. We have a great staff of seed specialists that we encourage you to challenge, when making these decisions in the near future.

We are still offering programs on seed. For example, buy 40 units of Croplan alfalfa and receive 8 units free. Double crop options behind wheat are available as well. Western Cooperative Seed will once again be custom applying Vault inoculants and extender for a 30 day planting window once it is applied to the soybeans. Contact myself or your local Western Cooperative Seed specialist to visit about any future seed needs you may have. Once again for those patrons who have seed orders in place for this spring, Thank You. For those who still have decisions to make, we look forward to working with you in the future.

GARDEN CITY CO-OP, INC. BOARD OF DIRECTORS

2008-2009

Boyd Lear -	Board Chairman
Tom Mulville -	Vice Chairman
Randy Richmeier -	Sec./Treasurer
Kendall Clark -	Asst. Sec./Treasurer
Michael Deaver -	Director
Tim Miller -	Director
Steven Krehbiel -	Director
Jon Nuttle -	Assoc. Director
Chris Rome -	Assoc. Director
Jonathan Lightner -	Assoc. Director

GARDEN CITY CO-OP STAFF MEMBERS

John McClelland - General Manager
Brent Merz - C.F.O.
Ken Jameson - V.P. Grain
Tim Giesick - V.P. Crop Production
Pete Maestas - V.P. Petroleum
Derek Bownes - V.P. Transportation

**See Jayrene at Dighton for all
your cell phone needs.
Jayrene is located in the
Dighton Office
Phone 620-397-5343**



Petroleum Update

Pete Maestas, V.P. Petroleum

Spring is here and we all know what that means; it's time to get that equipment out and get it ready for the field. Remember that we carry a full line of lubricants including oils and greases for all of your equipment needs. The Treats on Us program was a success and ended on February 28, but it's not too late to take advantage of our new spring sale by saving 50 cents per gallon on Superlube TMS 15w40, Qwiklift HTB, Irriflex 20w40 and Drip Oil in bulk. If you need to place an order, please call our office at (620) 276-8301 or call Dave direct at (620) 271-7666 so that we can get your delivery scheduled.

We would like to thank everyone for helping make the transition with Hampel Oil Co. go as smoothly as possible. Please give us a call for all of your fuel and oil needs, just ask for Pete or Brent. Our office number is (620) 276-8301 or you can fax us your order at (620) 276-8913. We appreciate your business and continued support and we look forward to another good year. Have a safe planting season.



Grain Storage Rates

As of March 1, 2009, our storage rates for grain in storage changed to .001 cents per bushel per day, which equals 3 cents a bushel per month. When the grain already stored in our elevators is sold, storage will be deducted at the old storage rate (.00095 cents per bu. per day) from the date of delivery thru February 28, 2009; then at the new storage rate (.001 cents per bu. per day) from March 1, 2009 thru the date of sale.

This is the first time that we have raised our storage rates since March 31, 2002. At that time, we increased our rates from .00090 cents per bushel per day to .00095 cents.

Cooperatives Are...

A Cooperative is a business. In many ways it's like any other business; but in several important ways, it's unique and different. A cooperative business belongs to the people who use it - people who have organized to provide themselves with the goods and services they need. A cooperative operates for the benefit of its members.

These member-owners share equally in the control of their cooperative. They meet at regular intervals, review detailed reports and elect directors from among themselves. The directors in turn hire management to manage the day-to-day affairs of the cooperative in a way that serves the members' interests.

Members invest in the business to provide capital for a strong and efficient operation. All net savings left after bills are paid and money is set aside for operations and improvements, are returned to Co-op members, based on the members' use of the cooperative, not on the amount of capital they have invested.

Cooperatives follow seven internationally recognized principles:

- Voluntary & Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy & Independence
- Education, Training, & Information
- Cooperation Among Cooperatives
- Concern for Community

Sunflowers

Anyone who still owns sunflowers, please remember that they must be sold before the markets close on March 31st. If you have not sold them by then, they will be sold for you at the closing cash price.



Garden City Co-op, Inc.

106 North Sixth Street

P O Box 838

Garden City, Kansas 67846

E-Mail: gardencitycoop@gccoop.com

Dear Garden City Co-op Members,

Your Co-op has remained profitable and strong through the recent upheavals in the agricultural commodity markets. We have maintained that strength through a sizable capital base, good facilities, and foremost, a committed membership. It is fortunate that we had such a strong base from which to grow. In the last two years, we have seen our seasonal operating loan limits increase from \$19 million to a high of \$110 million. Our interest expense grew from \$1.6 million in 2006 to over \$5.3 million last year. Working capital grew from \$2.5 million in 2006 to \$8.5 million last year. It is a good thing we had such a rapid growth in our working capital given the large demand for operating money we have experienced.

It has always been important for our Co-op to be focused on serving its members in their farming operations. The recent volatility and huge capital demands have made that focus even more critical. While the Garden City Co-op remains strong and able to set our own course, we also realize that we are fortunate for now, but our financial stability must be protected for the future.

We want to keep you informed of the priorities that we have set for the Co-op and its management. The first priority is business done with and for our members. We understand that we need to be a competitive provider of products and services or it will be difficult for you to remain committed to your cooperative. We will continue in pursuing business done with non-members only when it creates a competitive advantage allowing us to benefit our members. If we do not constantly review our enterprises to make sure they meet that requirement, then we are taking money from you to subsidize a business better done by another community member.

We have identified three financial goals that we feel will be the most important to improve service to you. First we will continue to improve our financial strength. We are anticipating returning to a position of generating excess capital in the next few years. When we do, the first use of the money will be to retire term debt. We are not carrying much long term debt now, but that is truly our "savings account" to insure that we can meet whatever demands the future may bring. Without our predecessors disciplined approach to debt, we could not have weathered this recent storm so effectively. We will remain disciplined in our approach so that none of us ever has to worry about the ability of our Co-op to live up to our commitments.

The second use for excess capital, as we can generate it, is to continue to modernize and expand grain storage and handling. We have not defined the scope of those projects yet because we are not in the position to move forward. We do realize that continuous improvement of our grain handling facilities is important as we handle more grain at an increasing pace.

The third use is to live out the promise of the cooperative principles and return the money earned back to you through equity retirements. We have appreciated your patience as we have built our balance sheet to accommodate these recent challenges. We have never forgotten that you need to be rewarded for your committed patronage, so equity retirements remain the third priority.

Over the years the old Garden City Co-op and the partners we have recently merged with have entered a variety of businesses. Every one of those enterprises was started for valid reasons and has provided necessary services. Over time, things change and we think it is part of our responsibility to review every enterprise frequently to make sure it is not only a profitable contributor, but also the best use of our member's cash to meet our member's needs. Then we are faced with the difficult decision of how to either continuously improve the enterprise or decide if it is a better fit somewhere else in the community.

This review of enterprises will be uncomfortable and we may all wish that things could just go back to the way they were. The strength of the Garden City Co-op has historically been that we were innovative and unafraid to try new things. We were also disciplined and when something wasn't working or no longer fit, we made the tough call. We, as your elected representatives, promise to continue to have high expectations and execute that disciplined approach. We have directed management to carry out our priorities and efficiently and profitably meet our needs as farmers.

In the spirit of cooperation,
The Garden City Co-op Board of Directors


Boyd Lear, Chairman


Kendall Clark, Director


Tom Mulville, Vice Chairman


Tim Miller, Director


Randy Richmeier, Secretary


Steve Krehbiel, Director


Mike Deaver, Director


Jon Nuttle, Associate Director

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THE GARDEN CITY CO-OP, INC.

"Moving Forward Together"

OUR CORE VALUES

1. Trustworthy
2. Stable & Dependable
3. Innovative

Moving Forward Together With Our Members:

To provide the highest quality services, information, and products to help make our members successful.

Moving Forward Together with Our Coworkers:

To provide a safe, encouraging, challenging environment that will help our coworkers be successful.

Moving Forward Together with Our Communities:

Our commitment to our hometowns leads us to support community efforts to improve the local quality of life.

Western Transport

Derek Bownes, Manager

Spring is just around the corner and Western Transport is ready for the action. We have spent a lot of time the last couple of months preparing drivers and equipment. We have all ten trucks geared with drivers cross trained on all commodities we haul. The months of January and February have been a challenge as far as keeping all the units rolling. This has been a good time to add depth to our drivers' training. All drivers went through the KARA NH3 training this winter to reinforce their knowledge in the handling of ammonia. Our training is an ongoing task due to the hazardous nature of the commodities we haul.

As far as having the equipment ready to roll, we now have 5 NH3 trailers, 7 hoppers, 4 fuel tankers and 3 liquid tankers. We are currently in the process of purchasing a backup truck and have a part time driver available to fill it. This truck will be used to cover our full time fleet when trucks are in the shop and will also be making local hauls on a daily basis when the rest of the fleet is on the road. Due to the buyers market in truck sales, this is a good time to be looking for a backup truck and we want to take advantage of the market.

Fuel prices continue to fall resulting in a four year national average low of \$2.087/gal. as of March 3rd. This has been a tremendous help to our bottom line. As we all know, it is hard to predict the fuel markets and we can only make the changes needed as the prices fluctuate.

We look forward to the busy spring planting season and upcoming harvest and feel we are ready to meet the needs of our Garden City Co-op and customers.



Western Ag Chemical

Brooks Wick, Manager

Due to the lack of moisture this winter, we have been hearing some talk about mites in the wheat, more in the southern part of the state. We have been out looking at wheat throughout the winter and there seems to be quite a bit of mustard in the wheat. Now would be a good time to go out and scout your wheat fields and see what things look like. We have a few options we can spray the wheat with. If you have any questions about what chemicals to spray on the wheat or any other chemicals, give us a call at Western Ag Chemical 620-275-1079.

Website Updates

Brenda Hays, Web Designer

In the very near future, you will see some major changes in the Co-op's website. First of all, we will be moving away from DTN over to AgriCharts, so the news stories and charts that you will see will be a little different than you have had this past year. Also, the layout of the cash grain bids will look different.

The biggest changes will be in all the pages about the Garden City Co-op. Almost all of the pages will have new information. Our three core businesses (grain, crop production, and petroleum) will have all new information that we hope to continuously update with new information for you.

Other new pages will provide you with information about the Co-op, a wide variety of history of the Co-op and its locations, and information about your Board of Directors, Managers, Salesmen, and other key people.

We hope to put our webpage to much better use in trying to help you better manage your farming operations. Our webpage address will still be www.gccoop.com. We hope to provide you with more timely information and programs for your farming needs in grain production, crop production, and petroleum. As we continue our journey to being on top of providing information to you in a more timely manner, we are open to any suggestions that you might have in information you would like to see that would be beneficial to you. If you have any suggestions, please call Brenda at (620) 275-6161 or email at webmaster@gccoop.com.

For Daily Grain Bids or To Sell Grain

620-275-6161 (G.C.)
620-356-1219 (Ulysses)
620-397-5343 (Dighton)
785-391-2336 (Utica)
785-731-2275 (Ransom)

Visit our website at:
www.gccoop.com

GARDEN CITY CO-OP, INC. GRAIN MARKETING MEETING

March 26th—

Garden City Co-op Center (Main Office)

The meeting will start at 12:00 Noon with a
lunch served

The Program will have:

Jeff Hutton—National Weather Service

Kyle Smith—FC Stone, L.L.C.

**Come have a great lunch on us
and
Get some timely information**

**Garden City Co-op, Inc.
Moving Forward Together!**



World Class...

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it right, a professional practices until they can't get it wrong.

I was amazed at how personable and down to earth these two gentlemen of considerable accomplishment were. After listening to their stories, we began to understand that they were special men not from being super-human athletes. They were humble quiet gentlemen that had struggled through many difficulties because they love what they do and wanted to do it the best in the world.

In my journey to discover what world class really meant, I found I am surrounded by it. I get to work with farmers and Co-op employees that exemplify the four characteristics of world class every day.

- The toughness to overcome adversity
- The love of what we do
- The desire to continuously improve how we do things
- The attention to detail and wanting to flawlessly execute every time

Who better personifies these characteristics than a high plains farmer that has survived so much adversity and still has an ever increasing crop yield curve? I am proud to serve with a team of Co-op employees that perform their work at such a high level to satisfy their love of what they do and not for outside gratification.

So the next time I hear world class or someone wringing their hands wondering if we can compete in a global market, I know the answer. You bet we can and I know it because I work for world class producers on a world class Co-op team.

Vehicles For Sale



Above: 1999 Honda Accord
122,846 mileage

Right: 1996 Ford Taurus
125,987 mileage

Sealed bids will be taken until April 10, 2009. Bids can be delivered or mailed to the Main Office.

Mail to: Garden City Co-op, Inc.
Attn: Brent Merz
P.O. Box 838
Garden City, KS 67846

We reserve the right to reject any and all bids. For more information, or to see the vehicles, call Brent Merz at the Main Office at 620-275-6161.



**Garden City Co-op
'Moving Forward Together'**

World Class...

Almost every article you read or seminar you may attend will have some reference to a global economy, global competition or being world class. Six months ago, this was a positive thing as the global wealth effect was raising everyone's boat. Now we learn that we are tied to a global economy through the difficult times also. We all recognize that we are linked to a worldwide petroleum, fertilizer, chemical and food/feed system. We now feel the effects of slowing imports of inputs and slowing exports of grain.

I would think given our recent experience, we would therefore agree we compete on a global stage and being a world class competitor is important. My question then is, "What does it mean to be world class?" How many times in the course of a life do we get to meet someone that is truly a competitor worthy of that label in any pursuit?

This year at our board planning retreat, the board and management team of the Co-op met a couple of guys that fit the label, world class. We had our meeting in Colorado Springs. Because of the close proximity to the Olympic Training Center, we invited two former Olympians to speak to us. One was a two time Olympic downhill ski racer and the other was a three time Olympic rifle shooter and a silver medalist. Even though the events and the skills required to excel in their given sports are very different, their messages were strikingly similar. I will boil down their thoughts to four common points.

Natural ability is the most difficult obstacle to overcome. Natural ability or another advantage at the beginning of one's career can prevent a competitor from dealing with adversity early on. No matter how skilled a person is, at some point they will meet another just as capable and then it will be a matter of who prepared and worked the hardest. More importantly, it will be who has learned the mental toughness necessary to overcome obstacles.

The joy of competition comes from the effort and not from the medals. Both of these gentlemen rose to that level because they loved their sports. Although they are retired, both still practice at a recreation level. You can't reach an Olympic level by focusing on the medal because the heartbreaks and defeats along the way will overcome your enthusiasm for the congratulations. The only thing that will sustain that level of training is a true love for what you are doing.



John McClelland
General Manager

Great competitors compete against themselves to continuously improve. Their own performance is all they can control and so that is their focus. Concern about other competitors or the conditions is a distraction to performing at your best. Olympians have an uncanny ability to shut out the outside noise.

Excellence is the authentic, relentless execution of fundamentals. There is no secret formula or special equipment that will make you an Olympian. Practicing in areas that you already excel at is fun and gratifying. An Olympian is willing to struggle through the stuff they can't do well until they can. I heard once that an amateur practices until they can get

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