

### **FEATURES**

December 2008



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#### **HOLIDAY HOURS**

All Garden City Co-op Locations will be closed:

Wednesday, December 24th at noon Thursday, December 25th Wednesday, December 31st at 1:15 Thursday, January 1st



## 89th ANNUAL MEETING

The Garden City Co-op, Inc. held its 89th Annual Meeting on Tuesday, December 2, 2008, at the Clarion Inn in Garden City, Ks. There were 88 voting members among those that attended the meeting.

The auditing firm of Lindburg & Vogel, Chtd. was once again engaged by the Board of Directors for the independent audit of the records of the cooperative. Ed Michel, representing the firm, confirmed the audit and reviewed financial highlights in the Annual Report including Sales \$425,047,092.65; Gross Margins \$17,510,206.89; Gross Income from Local Operations \$24,941,250.43; Total Operating Expenses \$24,039,102.19; Other Savings \$17,014,604.89; Net Savings \$13,651,559.43, Total Assets \$128,177,866.81; Total Current Liabilities \$80,141,301.35; Total Long-Term Liabilities \$8,693,394.16; Total Member's Equity \$39,343,171.30; Retained Earnings \$16,626,909.88; and Patronage Dividends \$6,130,978.55.

Boyd Lear, Board Chairman, gave the Directors Report. In reflecting on the past year, Boyd advised that this was a year of records; record crops as well as record loans. He reviewed the 2008 Planning Session held in Denver this year with the Plains Equity Co-op. He also reflected on the loss of Todd Graham and Margaret Lightner.

John McClelland, General Manager, then gave the Management Report. John told the audience that we are much more prepared to deal with the future

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## 89th ANNUAL MEETING (cont.)

Cont. From Page 1

by recognizing what we still have to learn. John further expressed gratitude for what we are doing very well by refocusing on core businesses. He thanked the membership for their continued support of the cooperative system and specifically of the Garden City Co-op.

Bill Maughlin and Bruce Howard both spoke as to their experiences as Associate Board Members and thanked the Board & John for their experiences.

Dwane Roth, Chairman of the Nominating Committee, was called upon to handle the Board elections. Dwane reported that the Nominating Committee consisted of Bill Maughlin, Bruce Howard, and himself. He announced that the candidates for the three Director positions were Steve Krehbiel, Tom Mulville, and Kendall Clark. There were no nominations from the floor. It was moved and seconded that a unanimous ballet be cast for Steve Krehbiel, Tom Mulville, and Kendall Clark to serve a three year term. Richard Braun moved to accept these nominees, Jed Purdy seconded. Motion carried unanimously.

Garden City Co-op employees who received service pins for years of service to the Co-op included: Joe Varela and John McClelland - 5 years; Daniel Hines - 20 years; Beverly Kerkholf - 30 years; and Lynn Teeter and Wally Schweitzer - 35 years. John also recognized Lee Conrad for his retirement at the end of this year. He also recognized and honored the efforts of R.J. Ackley, Herb Clutter, and Otis Molz in the success of the Garden City Co-op, Inc.

A question and answer session was then opened.

One handmade quilt and a sculpture by Greg Todd were given as door prizes to Lanelle Messenger and Mark Strasser. Early redemptions of stock up to \$1,000 were given to Carlie Hazelton, Boyd Funk, Melvin Mott, Richard Braun, and Max Miller.

Boyd Lear adjourned the meeting for refreshments.

## **New Associate Directors**



Left to Right: Chris Rome, Gerald Fay, Jonathan Lightner

In December, Bill Maughlin and Bruce Howard's terms for Associate Director expired. Jon Nuttle has one more year to serve. Chris Rome, Gerald Fay, and Jonathan Lightner were chosen by the Board as new Associates for this year.

#### **BOARD OF DIRECTORS**

Dwane Roth, Nominating Committee

Central to the success or failure of any cooperative is a functioning Board of Directors that represents all of the Co-op's members. Therefore, it is critical that the right Co-op members are nominated and elected to the Board of Directors. Some cooperatives struggle with the nominating process, and finding qualified members to serve on the Board, or even finding individuals who are willing to serve, can be quite a challenge.

The Board is responsible for the long-term future of the Co-op. This makes it vital that Directors will look after the interests of the cooperative and be free from conflict (personal, financial, or other). Directors must also work to understand and represent the diverse need of the membership. The Board balances these needs with the Co-op's long-term goals, ultimately making decisions that are beneficial to the Co-op in general, and to the Co-op membership as a whole. Directors should use their position as leaders to ensure that the cooperative remains focused on its vision, purpose, core values, and performance. Boards have a responsibility for understanding the cooperative's business as well as the external environment in which the business operates. The Board of Directors, working together, sets policy and oversees the cooperative's operations and decisions while paying particular attention to the welfare of the Co-op and the members. The Board is responsible for bringing value to the cooperative and its membership as a whole.

We are asking you as members to consider running for a Board position in the future. Our nominating committee hopes to start their process of looking for new Board electives sooner in the upcoming year. We ask that if anyone is interested in running for a Board position that you contact our Nominating Committee and let them know of your interests.

#### **GRAIN DIVISION NEWS**

Ken Jameson, V.P. Grain Division

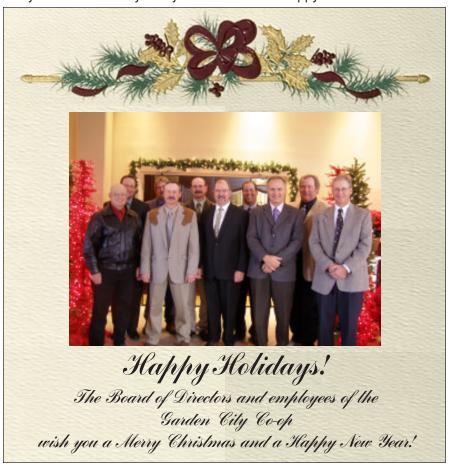
We want to thank everyone that delivered their hard earned bushels to us the past year. We are also excited to be able to pay those who supported us with a patronage refund of 26.55¢ cwt. on grain sold and 26.22% of storage income collected this past year, 30% to be paid in cash. What other businesses that you deal with will share their profits with you?

The 2008 crops across the company were down 15% from the 2007 harvests but we still handled just over 27 million bushels of grain. This is the second largest in company history. It seems every year we have to have one harvest throw us a wrinkle and the fall harvest this year gets the prize. For whatever reasons, no one could get their milo or corn to dry down and this was true across the whole grain belt. We burned a lot of propane and natural gas but the crop is finally in the bin. One good note is the 2009 wheat crop looks a lot better than last year's going into the winter.

Well, we enjoyed the grain markets in 2007 but 2008 has brought us the other side of the roller coaster ride. I think everyone knew we couldn't hold the lofty levels we reached in late 2007, so the first pull back wasn't that big of a shock, but when the financial meltdown started around the world, the pull back became a free fall off a cliff.

Very little grain news is affecting the grain markets right now as traders in the pits want to know which direction crude oil, the DOW, and the dollar are trading and that's the direction grains go. Until the financial crisis settles down, look for the outside markets to dominate the grain markets.

All of us in the Grain Division want to thank you for this past year's business and look forward to earning your business next year. We also want to wish you and your families a very Merry Christmas and a Happy New Year.



# GRAIN DEFERRED PAYMENTS FOR JANUARY 2009

For those of you that have grain contracts payable January 2, 2009, they will be put in the mail on December 31st unless you contact us to hold your checks for pick up at the Main Office.

If you have not returned a signed copy of your contract, please do so in order for us to mail your check to you on time.

If you need to sell grain before the end of the year for tax purposes, please do so by 1:15 p.m. on December 31st. All grain offices will be closing at 1:15 on Wednesday, December 31st and will re-open Friday, January 2nd, 2009.

## 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



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

#### ULYSSES CROP PRODUCTION

Daron Cowan, Sales Manager - Ulysses

Harvest is finally over and the cold weather has arrived. We have been really busy the past couple months here in Ulysses. The wheat is up and ready for grazing and we have several products to get the maximum production out of your cattle. We have Purina Wheat Pasture RM800 Mineral, Purina Wind & Rain Hi-Mag Mineral, and Sweetlix Bloat Guard Block to keep you cattle in top condition during these cold windy months. We also have these products for cattle on corn and milo stalks: Purina Sup-R-Tub 24% 200lb tub, Purina Hi-Plains 2HL Sup-R-Tub 20% 200lb tub (all natural protein), Purina 4 square 20% forage cubes, and Purina Wind & Rain 12:12 Cattle Mineral.

We have starting carrying more LOL-Purina products at the Utica and Ransom locations. We have done this to stream line our logistics and get better prices for our customers. Please bear with us during this change. We hope to have this completed sometime early in 2009.

Livestock equipment sales have kept us on our toes. With cattle on wheat pasture comes the need for new stock tanks. We have also been trying to do our best with the increase price of steel to keep our prices competitive. The first part of December we actually received news that steel prices will be declining after the first of the year and so will some of our prices. This will affect our stock tank, livestock equipment and trailer prices in a positive way.

We are having a \$100 off per axle sale on all remaining 2008 trailers in stock. We also can get just about any pickup and car accessory from Keystone Automotive. We also have a Butler Hay Arm Flatbed on display at Riley Chevrolet here in Ulysses.

As always, we carry a full line of Blattner Livestock Equipment, Butler Bale and Flatbeds, TopHat trailers, and LOL-Purina Feed here at GCC-Ulysses. If you have any questions on the products we carry, call Daron Cowan at 620-353-8587.

Thanks again to all our loyal customers and have a Merry Christmas and a safe and happy New Year.

#### **WESTERN COOPERATIVE SEED**

Todd Depperschmidt, Seed Sales Manager

I would like to take the time to thank all of the Garden City Co-op patrons that have taken advantage of our early season booking discounts. Although some of the seed supply is becoming short, we still have a great line of products to work with. Croplan, Dekalb, Mycogen, and NK had a fantastic year of performance in 2008. With the help of the staff that is in place at your local crop production office, I envision the results in 2009 to be even better.

I understand that with the delayed fall harvest, the urgency to get fall fertilizer in place has caused some time constraints. Western Cooperative Seed is still offering discounts on the most elite genetics in the industry. Contact myself or any WCS employee to help with those challenging decisions. Our seed experts are trained to select the right hybrid for the right field. Book early and save big! We look forward to working with you all. Happy Holidays from all of us at the Garden City Co-op.



#### WESTERNTRANSPORT

Jan Cornett, Office Manager

We have marked our first year anniversary here at Western Transport. Our trucks have logged a total of 449,425 miles in seven states. Our drivers have received 12 roadside inspections from the Kansas Highway Patrol and other state patrols with 10 of them having "No Violations". This has helped us keep up the highest rating with the Department of Transportation. A high rating is critical when we haul hazardous materials such as fuel and anhydrous.

Besides fuel and anhydrous, we continue to haul grain and dry and liquid fertilizer. Due to the diversity of our trailers and driver's skills, we are able to focus on the day to day changing transportation needs of the different divisions of the Garden City Co-op. Western Transport also continues to do some hauling for outside entities when time permits.

A strong emphasis is put on safety at Western Transport. We only hire drivers that meet certain guidelines. All drivers go through a training and orientation process so that they are well versed in the safest way to handle the products we haul. Garden City Co-op also provides continuing education on different safety issues that Western Transport participates in. We also hold quarterly safety meetings for our drivers to keep them up on the current issues. As we begin a new year, our goal is to share the road responsibly, get the job done and get everyone home safely. Western Transport wishes you a Merry Christmas and a Happy New Year.

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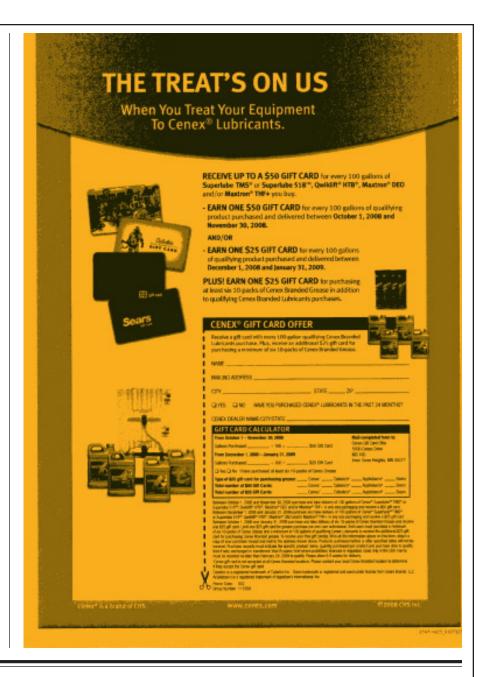
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#### **PETROLEUM NEWS**

Pete Maestas, Petroleum Manager

As of this writing, we are looking at fuel prices being the lowest they have been in the last three years. Crude oil is one third the value it had been four months ago and no one knows where it will be next summer. It's unknown whether or not we have reached the bottom or not. This may be the year to seriously consider contracting fuel for next year's summer months if you are a high volume user; if you are not a high volume user, you might want to consider filling your tanks now ahead of possible spring and summer price increases. Keep in mind, nobody knows which way the markets are going to go.

The Cenex "Treat's on Us" promotion is in full swing with gift cards available for every 100 gallons of oil purchased. Earn gift cards available from Cenex, Cabela's, Sears or Applebees. This gives you an opportunity to fill your bulk lube tanks and get something in return. Look for details on this program in this issue of the Western Farmer and in your last billing statement. We appreciate your business this last year and look forward to serving you in 2009. From everyone at Garden City Coop, Inc., have a Very Blessed Merry Christmas and a Prosperous New Year.



### Thank you from Cenex Lubricants!

#### Treat's On Us

End users can still earn 1-\$25 gift card for every 100-gallon qualifying purchase from Dec 1, 2008 - Jan 31, 2009. All rebate submissions must be submitted no later than February 28, 2009 for either card value.

Contact your Garden City Co-op Petroleum Division with any guestions you may have.



## **CROPPRODUCTION UPDATE**

Tim Giesick, V.P. Crop Production

What a great year for the Garden City Co-op Crop Production Division. We will be paying a Patronage Dividend for the fiscal 2008 year. This hasn't happened for several years and hopefully shows that our business strategies are starting to pay our patrons a reward for doing business with their local co-op.

The Crop Production staff at the Garden City Co-op remains committed in bringing its customers the best value in the commodities market that we possibly can. We have been able to procure our customers' fertilizer and chemical needs when allocation and shortages were a reality in our trade area. We have made it our goal in making service our #1 priority. In the past year, I feel like our service has reached another benchmark and we will continue to improve as time goes along.

I would like to take this opportunity to thank you, our customers, and our staff for the dedication and loyalty to your Co-op. As everybody knows, 2009 will be a very challenging year in the fertilizer and chemical business with increasing volatility and greater risk to our customers, but rest assured, the Garden City Co-op will stand strong alongside our customers to make 2009 another profitable and successful year. We will bring competitive pricing and the least amount of risk possible to our customers while still remaining one of industries' leaders in service.

Our agronomy department remains one of the strongest teams assembled in Southwest Kansas. We have four agronomists/salesmen on staff to help with any crop problems that may arise on your farm. We pride ourselves on the knowledge and expertise that our team can offer to you, our customers. We continue to upgrade our application equipment, stay in tune and implement new technologies whenever possible. With all the growth in the Crop Production Department, we are still able to offer a one-on-one approach that you, our customers, expect from your local Co-op.

In closing, I would again like to thank each and every one of you, our customers, for helping make this year a success. I would like to wish all of you a Merry Christmas and a Happy New Year from the staff at the Garden City Coop.

### Be Ready For a Great New Year (cont.)

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questions than answers. I plan to take it all seriously and hopefully your Coop will do as well as we have planned. We have a dedicated group of employees ready to start all over and work for another successful year for your farm.

That is my job and my pledge, but I have a different resolution for this next year. This year, I plan to think a little more about that farm kid hanging out waiting for the fuel truck to come by. Very few people get to live where we do and fewer get to do what we do. We are truly blessed and I plan to appreciate it next year. I plan to appreciate the beauty that surrounds me and take time to make a small memory for a kid that lasts 40 years just like Red.

I hope you had a reason to and took time to be thankful at Thanksgiving. I wish you the Merriest Christmas filled with family and friends. I know we are all going to have a New Year filled with many blessings and successes because we buckle down and make it happen. That is our way. Merry Christmas.

# **COMMITMENT STATEMENT**"Moving Forward Together"

## **EQUIPMENT** FOR SALE

The Crop Production Division will be taking sealed bids on the following equipment:

1998 Dodge 3500 1-ton with flatbed. V8 - 360 motor - 123,200 miles.

1983 Ford 8000 Twin Screw Chassis with 3,000 gal. dual compartment tank. 3" John Blue centrifugal pump. 425,518 miles

- 1 Walko 57' Toolbar
- 1 John Deere 2400 Toolbar 53'
- 2 30' NH3 Chisel Bars
- 4 Dry Fertilizer Carts
- 1 1994 EZ-Go Golf Cart

This equipment can all be seen at the Lowe Crop Production location with exception to the golf cart which can be seen at the Dighton Crop Production location.

All bids should be sent to Garden City Co-op, Attn: Tim Giesick, PO Box 838, Garden City, KS 67846. Bids will be opened at 1:00 p.m. Jan. 15th, 2008. The G.C. Co-op reserves the right to refuse any and all bids.

#### Western Ag Chemical

Brooks Wick, Operations Manager

Now that fall harvest is over and the wheat stubble as been sprayed for the last time this season, things have slowed down quite a bit on the chemical side. With the way fertilizer and fuel prices are going down, we do not believe that chemical prices are going to follow that trend. We think that glyphosate may go down in price around wheat stubble spraying time. Let's think about something different then glyphosate for now. The wheat crop in our area looks very good right now. We have decent moisture going into winter, better than we had last year. If you have any questions about chemicals or just want to visit, give us a call or come in and see us at any of the Western Ag Chemical locations: Garden City, Ulysses, Liberal and Dighton. All of us at Western Ag Chemical WISH ALL OF YOU A MERRY CHRISTMAS AND A HAPPY NEW YEAR.

## Collegiate Cooperative Program Scholarship Ag Scholarships Awarded

Collegiate Cooperative Program/Press Release 2008

MANHATTAN, Kan. – The K-State Collegiate Cooperative Program scholarship is an exciting new opportunity that has been established at Kansas State University. It's a chance for students to learn more about cooperative businesses through activities with local cooperatives, attending industry meetings and traveling on an agricultural study tour. The Arthur Capper Cooperative Center at Kansas State University, with a Douglas Sims Fund for Rural Leadership Grant from the Farm Credit System Foundation, created this program to encourage interest in cooperative businesses and to develop future cooperative leaders.

Three students were selected after an interview process to participate in the inaugural year of the Collegiate Cooperative Program: Tyler Dechant, Michelle Meier and Kyra O'Brien.

**Tyler Dechant of Garden City, KS**, is a sophomore studying Agricultural Economics with a specialty in Marketing. He is active in Alpha Gamma Rho Fraternity and has held several leadership positions. In addition, he participated in the K-State Telefund for the College of Agriculture and has helped the local hospital with their "Meals on Wheels" program. Tyler is a 2007 graduate of Garden City High School. The Dechant family is affiliated with the Garden City Co-op and the Dodge City Co-op.

**Michelle Meier of Lincoln, KS**, is a sophomore studying Agricultural Economics. She is involved in the National Society of Collegiate Scholars and the AgEcon/AgBus Club. In addition, Michelle works part time in the Financial Aid Office. She is a 2007 graduate of Lincoln High School. Michelle and her family are affiliated with Farmway Co-op and Rolling Hills Electric Cooperative.

**Kyra O'Brien of Hepler, KS**, is a sophomore pursuing a bachelor's degree in Agricultural Economics and a minor in Animal Science. She is active in many organizations including AgEcon/AgBus Club, Collegiate Cattlewomen, and Collegiate Farm Bureau. She has held leadership positions in several of those organizations and also serves as a volunteer at the Boys and Girls Club. Kyra was chosen to participate in a May 2009 study abroad program in Ireland. She is a 2007 graduate of Girard High School. The O'Brien family is affiliated with Heartland Rural Electric Cooperative, Producer's Cooperative Association and Craw-Kan Telephone Cooperative.

"The scholarship gives the student the opportunity to experience various aspects of a cooperative business. In addition, this gives the ACCC staff a chance to mentor possible future cooperative leaders," said Professor Michael Boland, associate director of the Arthur Capper Cooperative Center. "It's an exciting time to be a student interested in a future career with a cooperative business."

To be eligible for the scholarship, a student must be either a sophomore or junior in K-State's College of Agriculture at the time the scholarship is received, and be affiliated as a member or as a child or dependent of a member of a Kansas agricultural marketing, supply or service cooperative that is a member of the Kansas Cooperative Council.

"The Center is pleased to be a part of a cooperative scholarship program that connects agribusiness students directly to the cooperative community," said David Barton, director of the Arthur Capper Cooperative Center. The ACCC provides research-based information, education and assistance to people with and interested in cooperative businesses, including cooperative members, directors, managers and employees. The Center also works with students and faculty at educational institutions, the general public and public officials as well as owners, directors, managers and employees of agribusinesses.

Further information can be obtained about this scholarship or about establishing additional scholarships by contacting Michael Boland, <a href="mboland@ksu.edu">mboland@ksu.edu</a>.

#### Kansas State University Agricultural Experiment Station and Cooperative Extension Service

K-State Research and Extension is an equal opportunity provider and employer. Issued in furtherance of Cooperative Extension Work, Acts of May 8 and June 30, 1914, as amended. Kansas State University, County Extension Councils, Extension Districts, and United States Department of Agriculture Cooperating, Fred A. Cholick, Director.

Arthur Capper Cooperative Center Agricultural Economics K-State Research and Extension Collegiate Cooperative Program/Press release 2008

#### BE READY FOR A GREAT NEW YEAR

These last two years have been interesting. We have always known that agricultural commodities are cyclical. We have been moving towards a global economy largely driven economically by exchange rates and crude oil for a long time. We have experienced volatility before and survived the risks and opportunities it produces. We have always known and prospered through these challenges; but nothing like this.

In the course of a day, I think, write or speak about little but "risk" lately. I am confused by the term "risk management" because I don't know how to manage a risk I can't even anticipate. We all agree these are unusually turbulent times and some of us are getting a little sea sick from the commotion.

That is why a Board Member's comment about growing up on the farm caught me so off guard. He was telling me that as a kid he really watched for the bulk truck to deliver fuel to their farm. Red Appelhans not only brought fuel, but he always had a sack of candy for the farm kids. Today there aren't that many small fuel tanks out in the country and there certainly aren't many farm kids. The kids that are there are probably not hanging around to watch who is coming down the road and candy isn't even that big of treat anymore. Lots of things have changed and it is easy to get a little cynical when thinking of our pasts that more resemble a Norman Rockwell painting than the current situation. Boy, maybe times are pretty tough.

I am here to tell you that nothing could be further from the truth. In the past year, I have seen many wondrous things. I have watched every one of our farmers live up to their contractual obligations, sometimes on a handshake. Some of those transactions were costly and caused discomfort, but you all did what you said you would do every time.

In the past year, I watched as neighbors gathered to harvest the crops of families that had been stricken with tragedy. No money was ever exchanged and no thought was given to squaring up. This was about being neighbors.

I went to 4-H achievement nights and FFA banquets. You may not see many farm kids anymore, but they are there. They are ready to achieve things in agriculture that we can't dream of. They are also a sharing and compassionate group as demonstrated by rest home visits and food drives. I get to interview scholarship recipients and new graduates looking for work. Their enthusiasm and determination revives me every time I get to experience it.



John McClelland General Manager

I have watched people donate time to churches and schools. I have delivered food to families after a death and found no place to put my sacks on the counter because all the neighbors beat me.

There is nothing in the world like a crisp fall night in a small town stadium or gymnasium watching the local high school kids put it on the line for pride and glory. If you are lacking the Holiday Spirit, attend a Christmas band or choir concert. Every morning I come to work and get to look at our huge American flag that flows freely in the Southwest Kansas breeze.

We are just through with harvest and have a good start on the Fall work. We haven't even figured out what to do with last year and here comes a brand new one with more

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