



YOUR CO-OP: TAKING STEPS THAT MATTER

When I was a child, I wanted to be an astronaut, as did many other kids my age. Astronauts were the modern explorers—taking the small steps on the surface of the moon, taking a risk. Now, with the perspective of history, we look back and see what great achievements those space travelers made.

A step of appreciation

I mention this as we touch on several important “steps” for Farmers Ranchers Cooperative in this issue of *Trailhead*. The first step is a nod to our past. It is time to say goodbye to long-time employee Wes Luther. Wes has been with the cooperative since 1966, and he is retiring in January. He has served in every division of the co-op over those 50 years. Wes has seen a lot of changes within our communities, agriculture, and the co-op. Wes, thanks for your dedication and service. Read more about Wes on page four.

A step of financial performance

The next step Farmers Ranchers Cooperative is taking involves our current financial standing. The fiscal year has been completed, and I am pleased to announce another very successful year. With sales of \$52.6 million, the total company’s profitability (this includes patronage revolved to us from regional co-ops) was \$3.6 million, before taxes. The local profitability, at \$2.5 million, was the highest ever. My thanks to our employees: your hard work made it happen. My thanks to our board: your leadership allowed us to grow. And my thanks to the patrons: by using your co-op’s products and services, we all succeeded together. Farmers Ranchers Co-op has an extremely strong balance sheet as we prepare for the future. Summary copies of the audit are available at all our locations and at www.frcoop.com.

MANAGER’S MOMENT

By Kent Taylor
President & CEO
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A step of expansion

With that in mind, your cooperative has taken another step toward the future with the feed mill expansion which began in August. A second building containing two additional pellet mills is currently under construction, with expected completion in the fall of 2016. An expensive project, you ask? Certainly, as the expansion is projected to cost \$17.5 million. Indeed, it is a large step, but the board and the feed leadership team analyzed the options and are confident about the direction the co-op is headed.

Taking into consideration all of these steps, I am excited as we explore together the future of agriculture in our Sandhills territory. From everyone here at the Farmers Ranchers Cooperative family, may you have a very Merry Christmas and Happy New Year. ■

Farmers Ranchers board member D.J. Hladky monitors harvest via his new drone technology. Read more inside...



FIND IT...Apply now for Farmers Ranchers scholarship. Go to frcoop.com.

FEED MILL EXPANSION UNDERWAY

New Feed website: frfeed.com

By Rocky Sheehan, Feed Division Manager, rsheehan@frcoop.com

If you've driven by the feed mill in Ainsworth lately, you've noticed a bit of construction underway east of the existing facility. Concrete for the floor and walls of a new feed mill tower—which will contain two new pellet mills—are poured, and a new Laidig bin that can hold 36 semi-loads of DDGs is up and operational.

The \$17.5 million feed mill expansion, financed through CHS Capital, will help meet demand for Farmers Ranchers Co-op's excellent service and quality feed products in an expanding territory—that includes our own trade area plus parts of western Nebraska, South Dakota, and Wyoming.

The new mill tower will house two 400-horsepower mills capable of manufacturing 50 ton of finished product per hour. The new mills, together with the existing two 250-horsepower mills, will more than triple the co-op's manufacturing capacity. The current on-site storage will feed into both mills. Our goal is to run the facility 12 hours a day instead of the current 24-hour production.

Instead of using the current cooling system that depends on ambient temperature beneath the pellet mill, the new mills will utilize a three-stage dryer system that can turn out finished feed more quickly. It's a system that has been used for several years in the pet food industry, but is new to livestock feed production.

What's driving the feed facility expansion? A simple review of feed production numbers tells the story. In the 12 months ending fiscal year 2007, your cooperative

manufactured 30,800 tons of feed. At the end of fiscal 2015, that tonnage grew to 68,000—and we're not slowing down. With a number of feed mills in the state halting production, and our reputation for service and quality spreading across the region, we expect business to continue to grow. The board and management have helped spur that growth through their investment in the feed division's facilities over the years.

General contractor for the project is EBM Mill & Elevator Supply out of Norfolk, NE. Completion of the expansion is expected in the fall of 2016. We invite you to stop by often to watch the progress. ■



Construction is underway for an expansion of the feed mill.

FEED FOCUS

YOUNG PRODUCER PROGRAM FOCUSES ON FARM SUCCESSION

Your cooperative had such a tremendous response to our first-ever Young Producer Program (YPP) event last January that we're excited for year number two! On Thursday, Jan. 7, Farmers Ranchers Co-op is hosting *Farm Succession: Time We Had a Talk*.

The program will feature University of Nebraska ag economist Dr. Ron Hanson leading a workshop focused on farm business ownership, and speaking later in the evening on the challenges and successful implementation of a farm/ranch succession plan. There will also be a panel discussion involving area farmers and ranchers who have gone through succession planning. The evening includes a catered meal.

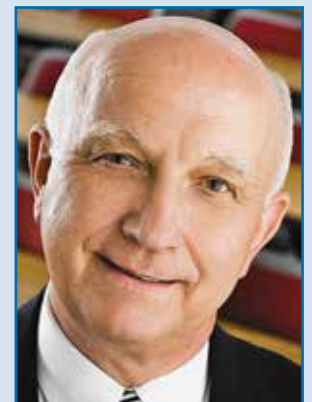
"Participants at last year's event filled out a response card indicating which topics

they'd like to see in a future YPP event, and succession planning was high on the list," explains Frank Beel, Farmers Ranchers board member and chairman of the YPP Committee.

Farmers Ranchers Co-op initiated the Young Producer Program in 2015 as a way to engage the area's producers age 40 and under with an event at which they can network, enjoy a good meal, and profit from a unique educational program.

"We were very pleased with last year's response," says Beel. "We expected about 30 people and ended up with over 100. It was above and beyond our expectations."

Pass the word to young producers in our Sandhills territory about this year's Young Producers Program, and call 800-233-6627 to let us know if you'd like to join us. ■



UNL's Dr. Ron Hanson will talk farm succession planning at the Young Producer Program in January.

PROGRAM FOCUS

WHAT FOLLOWS A GREAT YIELD YEAR?

By Justin Nelson, Agronomy Division Manager, jnelson@frcoop.com

It's been satisfying to see the higher-than-expected yields on many of our customers' acres this harvest. It also prompts a reminder that high yields remove a lot of nutrients from the soil. This is a great time to consider the benefits of soil sampling to determine how to best replenish those nutrients. If the weather cooperates this winter we'd like to get it done before spring. Give us a call at the Agronomy Service Center at 402-387-2323.

We'll also be scheduling an Answer[®] Plot data meeting in early 2015. This event will provide an

opportunity to review results from trials at this year's Answer Plot near Ainsworth, as well as from Answer Plots across Nebraska and beyond. Watch for more information coming soon, or contact the Agronomy Service Center as we near year-end. Also ask about how we've retooled WinField's R7[®] Tool.

Speaking of high yields and Answer Plot results, if you haven't gotten your 2016 crop plans completed, it's time to get it done. We have seed availability, so let's talk.

New scale and dry facility fire

We recently updated the truck scale on the west side of the Agronomy Service Center, enlarging it from 60' long x 10' wide to 80' x 12' in order to better accommodate larger equipment. We also experienced a fire in the dry facility, a contracting crew was doing some repair work and welding started a fire on the belt of the leg. We expect it to be back up and running by Christmas, in time for fall fertilization of hay meadows and early stage cropland acres. ■



A camera-equipped drone takes a bird's eye view of corn harvest in November at Hladky Farms.

DRONE IS FLYING HIGH

Long Pine, NE, farmer and Farmers Ranchers Co-op board director D.J. Hladky got a bird's eye view of his harvest this year—literally. D.J. put his new drone into action this fall—and the results are striking. Beautiful photos of his farm's combine making its way through rows of golden corn are impressive. But this farmer is looking for the drone to provide more than stunning photography.

"There's so much you can do with a drone," says D.J., who intends to utilize the small unmanned flying machine in conjunction with the data he's already collecting from GPS units on ground-based equipment. It's all focused on better monitoring of crops from planting through harvest. "I believe in being data smart, not data rich," insists D.J.

D.J.'s new technology is equipped to take high-definition photographs and video. Since the drone tracks its location, he'll know the exact spot of stress points, and he can view the images on his iPad as the drone flies over a field—a practice that can take 15 minutes now instead of the hours it might take to manually cover a field. "I'll be able to detect multiple factors including disease and stress, over- or under-watering, or over- or under-fertilizer application," says D.J.

While anxious to integrate this new technology into his farming operation, D.J. says he's having fun learning the ins and outs of his new piece of equipment. He insists that operation of the drone isn't too complicated. "A 10-year-old who is serious about flying the drone could handle it," says D.J. "It's incredibly easy—anybody can do it." ■

INSIDE

YOUNG PRODUCER PROGRAM ON SUCCESSION PLANNING

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A 50-YEAR COMMITMENT

Back in 1966, 19-year-old Wes Luther had no intention of making a career out of working for Farmers Ranchers Co-op. He was one of only eight employees, and the Ainsworth youth expected his service station attendant job to be short-lived. But soon he found himself delivering propane and fertilizer, working at the feed mill, driving the farm tire truck, and becoming the service station manager. In 1984, Wes became propane and appliance manager, and 31 years later, this coming Jan. 16, he'll hang up his hat and settle into retirement.

That temporary job ended up being a 50-year commitment in which he's worked in every one of the company's departments except refined fuel. To get a sense of the changes Wes has seen in half a century with Farmers Ranchers, simply look at the cooperative's timeline in the About Us page of our web site, *frcoop.com*. A lot has happened since Wes first signed on.

What keeps someone coming back, day-in and day-out, for 50 years? According to Wes, there's a list of reasons—and they all deal with people. "It's the good people that I've worked with," he says, adding that he's worked for four different managers, and one interim manager, "and they've all been great." "And," he adds, "I've enjoyed the customers."

In spite of all of the changes in the cooperative over the years, Wes says when it comes to those customers, Farmers Ranchers Co-op has kept the same mission. "We're a customer service, quality product co-op, and it's always been that way," says Wes. "Keeping the customer happy and profitable was our goal when I started and it's our goal today."

He admits it will be tough to walk out the door come January, and he expects to be stir crazy the first couple of months. In fact, Wes has volunteered to be available to help out when needed. But this father of three, grandfather of seven, and great grandfather of three is looking forward to attending more of his grandchildren's activities, bettering

his golf game, enjoying fixing fence on his small farm, and starting on the "honey-do" list that his wife, Shari, has started.

If Wes will miss Farmers Ranchers Co-op, it's an understatement to say that the cooperative will miss Wes. "It's been a pleasure working with Wes," says President & CEO Kent Taylor. "He's always been interested in what's best for the co-op, and that kind of dedication from an employee is remarkable." Wes, we all wish you the very best! ■



Propane and appliance manager Wes Luther will be retiring after half-a-century with Farmers Ranchers Co-op.