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IN THIS ISSUE:

Feed mill construction winding down	1
StateLine Agronomy Thoughts	2
Fall fertilizer outlook	3
Useful market tools on web site	4
Expansion plans for north of the state line	5
Out of the Field Pickup program	7

Feed mill construction winding down

By Cheryl Krichau, StateLine Cooperative Feed Department Manager



StateLine Cooperative's Halfa Feed Mill construction, mid-June The plan is for the mill to be operational in September.

It was just a year ago that StateLine Cooperative Board of Directors approved the Halfa Feed Mill project. It seems like time has gone quickly as the project nears the finishing stage. It is very exciting to be able to offer pelleted feeds in an area that has historically had limited pelleting capabilities.

The EBM crews have made significant progress over the past several weeks on the project. The feed mill has three truck scales, corn receiving, ingredient receiving and finished feed. All three scales are now complete, and ready for the trucks to start rolling across. Construction crews have finished the distributors and spouting, which direct the feed ingredients or finished feed to the appropriate bins. All major equipment, including the pellet mill, roller mill, mixer, and pellet cooler are in position and are awaiting the wiring crew.

Work has progressed on the boiler room, where they're working to prepare to set the boiler.

(Continued on page 8.)

StateLine Agronomy Thoughts

By Chuck Peter, StateLine Cooperative Agronomy Department Manager



Elijah Gelhaus, agronomy intern, worked closely with Steve Mulligan, Seed Manager, to keep the seed treatment system running smoothly during the short spring season.

At this time last year I commented to you about how unusual it was to get such an early start to the spring season. Upon further review, I think I'd like a "do over" on last year's spring, instead of the total opposite experience we are having this spring and, yes, so far this summer as well.

As part of the experience, we are also learning some new vocabulary words and terms. "Prevented planting" . . . what a concept! One thing I know is that come fall, that term will be as distasteful to your area grain elevators as it is now to farmers who, because of weather conditions, were basically forced to participate in that option on their fields. There will definitely be a long tail attached to this planting season, one that will also affect many area businesses over the course of the next 12-24 months. With some creativity, hard work, and a lot of positive thinking, I believe we will all get through it in relatively good shape. Remember, we don't control adversity, but we do control how we react to it.

Seed exchanges a necessity

At StateLine Cooperative Agronomy, we were fortunate to get off to a good start with fertilizer this spring season, despite the narrow window of time with which we worked. Once the planters began to run, that was when the "fun" really started. On April 15 we took out our first deliveries of seed; today, July 2, we are still delivering seed to be planted. Thank you seed customers for your business, and thank you for your patience while we looked for, and found, earlier and shorter season seed to exchange for the varieties you normally plant due to the spring weather we experienced. With the assistance of our seed supply partners, and a bit of the occasional good luck, we managed to satisfy most requests we received for seed exchange, including those for cover crop seed.

I also give a big THANKS to Elijah Gelhaus, our agronomy intern from Iowa Lakes Community College, for all his efforts in the seed shed this season under the leadership of Steve Mulligan, StateLine Cooperative's Seed Manager. Elijah experienced a "baptism of fire" in the seed treatment business, and he responded like a champ. When Steve needed to be out of town for a couple days during crunch time, it was really nice to count on Elijah keeping our North Burt seed operation running without a hitch. Thanks, Elijah.

Disease outlook from ISU

Looking ahead, Dr. Alison Robertson, Iowa State University Associate Professor of Plant Pathology and Microbiology, has sent out her thoughts regarding the possibility of summer diseases occurring in our fields: "Warm weather with frequent precipitation favors Gray Leaf Spot and Northern Leaf Blight, both of which reduce yield. Moreover, the earlier in grain fill that these diseases occur, the greater the yield loss. Because much of the corn was planted late this season, tasseling will likely occur towards the end of

July, so we could be at risk for yield loss due to disease. While you are out scouting, check for disease development in the lower canopy, particularly Gray Leaf Spot and Northern Leaf Blight. This is a good indication that conditions are favorable for disease development and a fungicide application between tasseling and “brown silk” (blister stage) should be considered, particularly if the hybrid is susceptible to disease. There is a greater chance of a return on investment with a fungicide application when disease risk is high.”

Of course, there are other things that will also have a significant effect on any fungicide or pesticide application’s return on investment this year, such as the quality of your stand, and the ramifications of your crop insurance policy’s coverage, but from a disease standpoint alone, if the field warrants treatment, the observable and measureable differences in yield in the areas treated could be dramatic this year.

Our employees make the difference

This spring and summer season has been very challenging to your cooperative and our employee team. Our new liquid fertilizer facility in Cylinder has been up and running since the beginning of spring, and it has performed as expected, enabling us to take some of the load from the Armstrong and North Burt facilities while continuing to service the traditional Cylinder trade area as well or better than before. Even if we had all new facilities, though, it still takes great employees to make things happen, and I am quite pleased with the service level we have provided to our customers, and also very proud of the StateLine employee team that has worked so hard to provide that service.

Thank you for allowing us to be your supplier of choice this and every season. We will continue to work hard to earn that opportunity. We understand that your cooperative is only successful when you, our owners are successful. Please remember that at StateLine Agronomy, the main reason we exist is to help you improve the profitability of your farming operation. If we are not doing that job in a manner to meet or exceed your expectations, or if you have any questions regarding StateLine Agronomy, please let me know. I can be reached at my office 515-924-3859, cell phone 515-320-1466, or e-mail cpeter@statelinecoop.com.

Fall fertilizer outlook

In this summer edition of our newsletter I typically give you some of my thoughts regarding whether or not to look to prepay inputs for fall fertilizer application.

At this point of the season, I really don’t see much of a need to rush right out and prepay fall 2013 fertilizer. Inventories look to be adequate by fall season to avoid large price run-ups, and grain prices look to be pretty mediocre so far as well. Both these factors do not tend to support large scale purchasing of fertilizers by suppliers and retailers in quantities that drive prices rapidly higher.

Should something happen that starts to drive grain prices significantly higher, then I will be thinking differently about preseason purchases of fertilizer, but unless/until that happens I don’t see the need to be in a rush to do much buying, unless the cash is available and not making much for you as an investment at present time.

I don’t see a farmer losing as a result of buying fertilizer near term, but at this point I also don’t see it making a bunch of money for him or her, either.

*By Chuck Peter, StateLine Cooperative
Agronomy Department Manager*

Useful market tools on web site

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager



The drought has been over in our producers' fields since April. No one in our area wanted more rain in May or June. Now we are hoping for some heat units to carry along the planted crop. You can monitor or track heat units on StateLine Cooperative's website – www.statelinecoop.com – just look for the menu item Weather – Growing Degree Calculator located in the lower left hand column of the website menu.

Earlier this spring, producers may have utilized the Preventive Planting options within their crop insurance policies. Producers may be trying to market corn above the \$5.65 February average or soybeans above the \$12.87 February average, too. If so, contact Paul Nerem, StateLine's licensed crop insurance agent. You can reach Paul by phone at 800-373-8509 or 515-924-3892; by email: pnerem@statelinecoop.com. Paul would be glad to review the various crop insurance programs and then help you choose the crop insurance products that give the best protection for the money invested.

Previous newsletter articles have discussed GrainBridge, a new producer management tool that StateLine Cooperative purchased. Kayra Weisbrod provided an overview of GrainBridge in the Spring 2013 StateLine Today newsletter. You can't miss the website links in the revolving headline area of our website. Please feel free to contact Kayra at 712-298-0722; or by email at kweisbrod@statelinecoop.com, with any questions about how GrainBridge can help you manage your farm's operation. If you are interested in submitting grain offers via a computer and not calling in your offers, Kayra can also help you set up a FarmerData account.

StateLine Cooperative is committed to providing you with best marketing and electronic tools. No matter if we deliver our marketing services to you in person or electronically, we are constantly striving for the best way of delivering services to you. Please let us know if you would like us to offer something differently than we have. Our mission is to give you the best customer service and market information we can. If you would like to listen to some market insights from Troy Lust from INTL FC Stone, you can listen to our bi-weekly telephone conferences on our website. We normally have these conference calls on Tuesday and Thursday mornings at 8:30 a.m. We have a few customers that come into locations and participate by listening-in or posing questions with Troy.

Markets and prices are very hard to predict. However, historical prices can be researched and we can see how the market reacted or how high it reached. StateLine's website allows you to look at our historical bids directly chart linked to our Cash Bids. Click on Cash Bids menu item located directly under the StateLine logo on the website. Then click on the underlined price (\$5.00) and a chart associated with the price and delivery period will appear. The download chart data link allows you to download the chart information into an excel spreadsheet for your use. The CHART SETTINGS area allows you to change the information displayed within your chart. The "Density" area allows you to expand or change the timeframe displayed within your chart. To look at historical bids, just change the delivery time within the Cash Bid row directly under CHART SETTINGS and then click on Get Chart.

Mark your calendar

the 2012-2013

StateLine Cooperative

Annual Meeting,

Dec. 2, 2013.

Expansion plans for north of the state line

By Larry Sterk, StateLine Cooperative General Manager

Financial update

We have completed the third quarter of your StateLine Cooperative's 2012/13 fiscal year. At the end of May we are a little behind budget. With the agronomy season delayed, as well as the other challenges that everyone has experienced in getting the crop planted this year, and grain that we have sold but waiting to be delivered, I am optimistic by the end of this fiscal year your cooperative will make budget and 2012/13 will be another financially successful year.

2012/13 StateLine Cooperative Annual Meeting

The Board of Directors set Monday, Dec. 2, 2013, as the date for the cooperative's annual meeting. We are now researching a couple of different location options.

Nomination committee seeks director candidates

This year, the three cooperative director positions currently occupied by Dean Beenken, Larry Jensen, and Tim McNertney

are up for election. At the June monthly board meeting the board set up the 2012/2013 nomination committee. The purpose of the nomination committee is to review the StateLine Cooperative trade area representation and search for qualified candidates to put on the ballot to serve on the SLC Board of Directors. The ballot will be sent out at least 10 days before the annual meeting with a return postage paid envelope for you to cast your ballot. All Class A members will receive the annual meeting invitation with the ballot. If you are contacted by a nomination committee member to put your name on the ballot, please carefully consider this as an opportunity to serve your cooperative and guide StateLine into the future.

Location expansion in Minnesota

In the spring newsletter, I talked about the possibility of building a grain receiving facility in Southern Minnesota. At that time I discussed how this opportunity came to SLC and that the board and management were studying the possibility of SLC building a grain facility in the Blue Earth, Minn., area.

A full feasibility and financial study has been completed. The study showed that the Blue Earth area has good soils and a history of producing good crops — just like what we have in North Central Iowa. The study showed that in 2012, in a 12-mile radius (from a point between Guckeen and Blue Earth), this area produced over 30 million bushels of grain and had only two grain facilities in this 12-mile radius for farmers to deliver grain to. The study established that there is ample grain production in the area, and there is a shortage of grain delivery points to serve farmers here, too.

Now that we established the volume and the need for grain services, the next question was, "How does this fit

(Continued on page 6.)



StateLine Cooperative's Armstrong facility is adding grain receiving capacity. These changes will improve efficiency for producers in and out of the facility.

Expansion plans for north of the state line (cont.)

By Larry Sterk, StateLine Cooperative General Manager

(Continued from page 5.)

into StateLine Cooperative's long-range plans to stay a viable asset to the farmers we serve?"

We know that growth is imperative for any company with vision of being a long-term provider of goods and services to its members. StateLine is no different. SLC has invested in feed and agronomy assets, and now it is time to expand the SLC grain receiving assets. StateLine Agronomy already has a number of customers across the state line into Minnesota, and our northern Iowa locations also draw some grain from producers across the border.

In a survey of customers we invited to an informational meeting recently at Blue Earth, 30% of the attendees were already doing business with SLC. StateLine's agronomy business has expanded further into Minnesota than what the cooperative's grain receiving business has, simply because most farmers do not like to haul grain long distances, particularly during harvest. Putting a grain facility in an area in Minnesota that is void of grain receiving facilities will support SLC customers already doing business with us, and will greatly expand the volume of grain from customers in that area who are already SLC agronomy buyers, as it is more convenient and efficient for farmers and their equipment to haul grain to a

location that is within a reasonable hauling distance.

Getting back to my point about growth, building a grain facility in the Blue Earth area essentially expands SLC grain receiving area for SLC to attract more bushels. It is in an area where SLC already has customers and gives SLC an opportunity to grow our customer base even more. It is a natural trade area expansion to the north.

We also looked at what marketing opportunities SLC would have with grain in a Minnesota facility. Grain markets in that area include Fairmont, Winnebago, Welcome (if this ethanol plant ever opens again) and Lakota. We can support North Burt rail shuttle loader through arbitrage or direct truck ship, as North Burt is about 40 miles from Blue Earth.

In the financial projections, we figured conservative bushels received, and even with our conservative projections, this facility will have a pay back of less than 10 years, a respectable payback from a \$7 million dollar investment.

StateLine has completed the following to proceed with building this facility:

- Our lender (CoBank) has reviewed our business plan and approved financing

Out of the Field Pickup program

By Kayra Weisbrod, StateLine Cooperative Grain Originator

Do you ever have enough time at harvest? Are you tired of filling wagons, then hauling them to town? Is your valuable time being wasted sitting in line? What would it mean if you had an extra truck and someone to drive it?

StateLine Cooperative's Out of the Field Pickup program is the solution to all of these problems and more. The Out of the Field Pickup program is an on-farm commodity transportation service offered

year around, but especially valuable during harvest when time is of the utmost importance.

How it works. StateLine Cooperative puts a semi-truck and the manpower in your field to keep your operation running smooth. This program is like having a hired man, without the stress of finding good help. StateLine's transportation personnel will go above and beyond to meet your trucking needs.

Please contact Kayra Weisbrod at 712-298-0722 or you can email her at kweisbrod@statelinecoop.com, to sign up for the Out of the Field program. For those interested in this service in Southern Minnesota, call Paul Nerem at 1-800-373-8509; or call his cell phone at 515-320-2973; pnerem@statelinecoop.com.

- A purchase agreement for 30 acres (approximately five miles west of Blue Earth along Highway 16) has been secured
- County rezoning has been approved
- Waiting on results of soil borings (to give to contractors for final construction bids)

Construction will begin late summer or early fall, and the facility will be operational spring/summer 2014.

One thing to keep in mind, the SLC Board took on this project in addition to the three-year planned capital expenditure plan. The Board felt strongly about not holding back our planned upgrades in Iowa to do the Minnesota project.

StateLine is here for the long term to serve area farmers. We identified the need, the production, a customer base, and determined that financially it makes sense to build this grain facility across the border into Minnesota. StateLine expanding in Minnesota is another step towards sustaining SLC long term.

Harvest Pickup Program expanding

The last two years our fall grain Out of the Field Pickup Program worked well throughout StateLine Cooperative's trade area. To assist southern Minnesota farmers this fall, we are expanding the SLC pickup program into the fall of 2013. You can talk to any location manager or grain origination team member to get the details of the harvest pickup program.

Spring forward with "Real People, Real Pride"

There are many exciting things happening at your cooperative, and our people have been actively engaged in delivering on your expectations.

As you know and experienced, this spring was a challenge. I am amazed how quickly our customers planted their crops when fields permitted. Just remember, SLC has a good staff of agronomists available to assist you in your growing season challenges. The important thing now is to monitor the crops you did get planted closely to maximize production. Give StateLine Agronomy department a call for help in monitoring your crop, and guidance on how to protect what you have in the field. We take pride in our work with you.



StateLine Cooperative is making multiple investments on behalf of its members to increase efficiency and market capacity for producers. One of those investments is the new grain bin at the Ledyard facility.

In addition to the Minnesota grain project, the Halfa Feed Mill will come on line in the next 60 to 70 days. SLC has also increased grain receiving capacity at Armstrong, is building a grain bin in Ledyard, and is putting a new leg in Cylinder. In addition to these building projects, StateLine makes regular investments to upgrade our rolling stock each year. These investments are all made to serve you, the producer, more expertly and efficiently.

I do thank you for allowing SLC to service your farming operation's needs. You have many choices for both buying inputs and selling your grain. We understand though, that we are in a people business, people doing business with people. We have an employee staff that has a genuine interest to work with you to make your farming operation successful. We are "Committed to Working and Growing Together for the Future." Thank you for your business.



**StateLine
Cooperative**

Real People. Real Pride.

P.O. Box 67, 120 Walnut St.
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Feed mill construction winding down (cont.)

By Cheryl Krichau, StateLine Cooperative Feed Department Manager



Construction crews have made significant progress at the Halfa Feed Mill. Here they are finishing concrete for the boiler room.

(Continued from page 1.)

The energy company is still working to get the gas line installed, as the rains over the past weeks have left the ditches with several inches of water. Much of the gas line is complete, however, a portion of a trench will need to be completed once drier weather arrives.

The grain bin concrete is complete and the crew that will finish the bin will be on site by mid-July. Construction on the bin concrete should be completed within a couple of weeks after crews arrive. Although there is some minor work left to be done for grain receiving, this is the last major component to get completed to enable us to receive grain at the facility.

As we count down the days to the finish, we are trying to look ahead to cover all aspects as we start pellet production. We are focusing on delivery and farm handling of pelleted feed. Our next newsletter will communicate recommendations for on-farm handling to ensure that pellet quality is optimal when the feed reaches the livestock.

Please contact our feed sales team at 515-925-3590 with any questions you may have as the Halfa Feed Mill nears completion.