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Manage crop production margins with resources from SLC

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

Lower market prices mean that you will need to manage your grain sales better than when we had periods of rising prices. Worldwide economic conditions have taken much of the profit margin away from crop production. StateLine Cooperative offers many services that can assist you with the management of your crop production margins. Understanding and recognizing your costs is one of the first steps to put together a good grain marketing plan. Once you have identified your costs, you'll know the market prices that will reward your hard work and risks you have taken. StateLine Cooperative added a **Crop Comparison Worksheet** link to the lower left hand corner of the web site, www.statelinecoop.com. Our team would be glad to help you complete the worksheet. Just let us know how we can help.

Crop insurance is another way for you to ensure the profitability of your farming operation. Paul Nerem is available to talk with you about the different Hail and Federal Crop Insurance programs available through StateLine Cooperative. Paul is interested in helping you with your crop insurance decisions; just give him a call at 800-373-8509, or cell phone 515-320-2973; email at pnorem@statelinecoop.com. Also talk to Paul on how you can bump up your APH if your yields have been trending higher. There is a new program to address this old issue. More information about this coming out after first of year.



Dean Kohlmeyer and Steve Gangestad from the SLC grain department can help you with your risk management needs.

StateLine Cooperative's Feed department added some new business to our Lone Rock feed mill since our last newsletter. You will notice that our corn bids at Lone Rock reflect the increased demand the new feed customers have provided. The markets get harder to predict each year as our grain prices are affected by world economics, currency prices and fuel prices. Looks like the fundamental grain trade will be looking at the January 12th annual Crop Production and Grain Stocks update. Please call us with questions.

2011 Annual Meeting Highlights

By Larry Sterk, StateLine Cooperative General Manager

On Monday, Nov. 28, 2011, StateLine Cooperative reported to the members record local earnings of \$3.28 million dollars and total earnings of \$5.19 million dollars. A total \$1.7 million dollars was allocated to the members with \$516,000 (30%) being paid back to members in cash. In addition to the allocated patronage, your cooperative passed 4 cents per bushel on grain you sold to SLC back to members through the Section 199 Allocated Domestic Production Activities Pass-through Deduction. The 2010/11 allocation rates are:

Grain Purchased and Sold-bushels	3.69 cents
Grain Services	7.03 %
Agronomy	2.17 %
Feed and Merchandise	3.04 %

Your cooperative continued to build its balance sheet during the 2010-2011 fiscal year. Total leverage is 36.1% with working capital growing \$4 million dollars to almost \$22 million dollars. In this volatile environment, you can be assured that management and your board of directors is continuing to build a strong financial cooperative and that your deferred payments, prepayments and contracts you have with StateLine Cooperative are secure and are backed by a strong balance sheet.

The Board did approve revolvment of \$250,000 of deferred patronage to the members who combined their equity in 1996 to form StateLine Cooperative. This will be paid out in December 2011.

With the allocated cash payment of \$516,000, \$250,000 paid out in deferred equity, and \$200,000 paid out in estates, your cooperative has injected close to \$1 million dollars cash to members this past year.

Board of directors elected

Brian Cronk was re-elected to another term on the StateLine Cooperative board of directors, while Todd Wegener was elected to the Board. We thank all our members who were willing put their name on the ballot to serve if elected. I want to thank the nominating committee for their time in putting together the slate of candidates.

Facility improvements continue

While at your annual meeting, members also learned about StateLine Cooperative's efforts to clean up and demolish outdated facilities. The feed mill at Swea City was taken down, while the old feed mill at Burt is still scheduled for demolition. Our goal is to have all locations neat, clean, and up to date with the tools and facilities needed to accommodate our customers.

This past year we have expanded our fertilizer storage and mixing facilities. We have put an updated fertilizer mixer and a high-speed fertilizer rail car unloading system at Cylinder; expanded dry fertilizer storage at Armstrong by 18,000 tons, expanded liquid fertilizer storage in Armstrong to over 15,000 tons, new fertilizer mixing equipment at Armstrong and the fertilizer mixing equipment at Buffalo Center was updated last year. We also started on our three-year grain expansion plan by putting a new grain bin and receiving equipment in Ledyard. Every year we continue to replace

rolling stock and other equipment to serve you. All this was done while maintaining record local earnings and growing working capital.

We are still very serious about building a new feed mill. We have put the project on hold for a year. As the SLC Feed Department Manager Cherilyn Krichau explains in her comments on page 4, we are transitioning away from the triple net lease program, and by doing that your cooperative will lose some feed business. We have the feed mill design identified; a location selected, and are currently studying ways to manage the risk of spending between four and eight million dollars to build a new feed mill. SLC is committed to the feed business. The primary reason for SLC involvement in feed is that most of our customers have corn to sell and livestock is a very important market for corn and soybeans. We need to have access to an “end user” market to better serve our customers. The Lone Rock feed mill puts out a very high quality feed, is FDA approved, and we will continue to use this feed mill until a new feed mill is built. Our concern with this feed mill is in the long-term, can it be updated cost effectively to meet future requirements?

Results of Articles of Incorporation changes

The membership approved the proposed updates to the Articles of Incorporation that went out with the director ballots. The Articles for StateLine Cooperative had not been updated for 15 years. Most of the changes were driven by changes in the Iowa Code that governs cooperatives.

One notable change approved by the membership is the Updated Articles of Incorporation has dropped the term limits that determined how many terms directors could serve. In a decreasing rural population, as well as the increased demands on producers’ time, making this change allows the SLC board to have access to the experience of seasoned directors. StateLine Cooperative has been blessed to have dedicated qualified directors for 15 years. As we look into the future, it is important your cooperative can access the skills of experienced directors. Even though term limits have been dropped, the membership can still vote on the candidates as terms still run for four years.

For timing of this change, Duane Seegebath is the last original director of SLC who reached the term limits requirement in 2011. Duane was honored at the 2011 annual meeting for his years of service as a director on the StateLine Cooperative Board as well as all the years he has served in the cooperative system. Duane’s faithful service and dedication to cooperatives has help make StateLine what it is today. Thank you to Duane, and to Karen, his wife, for her support as Duane was away from his business operation numerous times for cooperative business. Duane and Karen were given leather jackets for the years of service.



Working with pride

The employees at StateLine Cooperative are second to none. In fact, your cooperative’s senior management team has over 220 years of experience. In addition to the experienced leadership, our employees are “Committed to Working and Growing Together for the Future.” That statement is exemplified by our tagline: “Real People, Real Pride”.

The annual meeting manager’s report ended with seven points that are important to SLC:

- Make StateLine the best it can be
- Safe family oriented co-op to and for customers and employees
- Financially strong for the future
- The best customer service
- The best products
- Revolve Equity
- All done with the Best Employees!

A new year in feed

By Cherilyn Krichau, StateLine Cooperative Feed Department Manager



Cherilyn Krichau is the SLC feed department manager.

It is hard to believe how fast the first three months of the 2012 fiscal year have gone by. We are continuing our transition of the swine facilities out of our system and focusing on key areas for the feed department's future.

Transition of leased swine facilities progressing

As stated in the fall newsletter, the transition of our leased swine facilities is well under way. At our 2011 fiscal year-end we had 116,705 pig spaces under lease. That number has continued to decline and at the end of November we had 42,405 pig spaces still under lease. We project that by December 31st we will have 17,405 pig spaces still under lease. Those swine facilities will continue to transition out of our system the first part of 2012.

Priorities for Lone Rock feed mill

We are working on several key areas at the Lone Rock feed mill. Feed quality and consumer safety is one objective that is a priority for this fiscal year. In January we will begin our HACCP program at the mill. The Hazard Analysis and Critical Control Points program is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material, production, procurement and handling, to manufacturing, distribution and consumption of the finished product. This program will include individual training and certification, developing and implementing the HACCP plan, auditing and maintenance of our HACCP plan. We want to ensure that the animals we produce feed for are a safe commodity for consumers.

Another key area StateLine Cooperative is working on is growing our feed business. We are committed to serving our patrons and customers' feed business needs. StateLine Cooperative has a Livestock Production Specialist, Mark Strohman, available to assist producers with their livestock operations. Mark works with livestock producers to put together feed rations and budgets, break evens and closeout information. If you would like to have Mark assist you, please contact him at 712-363-6001.

We will also be completing our study on building a new feed mill. The objectives we are looking at are profitability, risk management for the investment, and providing a good corn basis for our patrons. We have a great deal of information compiled and should have the entire study concluded by the end of the 2012 fiscal year.

StateLine Agronomy Thoughts

By Chuck Peter, StateLine Cooperative Agronomy Manager

For awhile this fall, with the long spell of dry weather, it seemed like field operations were going to run forever. If there was any work that didn't get done, most likely it wasn't very important work. And, judging from the number of shiny pickups I met hauling wagons full of rusty metal this fall, it seemed that every shed, grove and fencerow had been cleaned out for miles around. Funny how that "stuff" seems to accumulate over the years.

StateLine Cooperative had a very good fall agronomy season, thanks to our customers and Mother Nature. With the long, drawn-out application window experienced by your cooperative, it turned out to be a very good year to have added the new dry fertilizer facility at Armstrong. We began the fall agronomy season with the product we would need for application on hand (for the most part). Consequently, our operations were much more efficient in terms of labor and equipment usage, and our service-level was improved over last fall as well.

Additionally, since our truck fleet was not chasing to pick up fertilizer all over the Midwest, we were able to offer an enhanced On Farm Grain Pickup service with our Grain Department that was popular and benefitted many of StateLine Cooperative customers. The weather also allowed us to complete our list of Custom NH₃ application orders, in spite of having to operate at much slower speeds than usual to allow the soil to flow properly to seal the product. It took a lot of time, patience, points and knives, and shear bolts, but when the freeze finally got here, our operators had safely covered all the acres and done a good job for our customers. I really appreciate the efforts of every StateLine Cooperative employee involved in our custom NH₃ business this fall, as it was a long, challenging pull.

Knowledge gained at ISU's Integrated Crop Management Seminar

Your StateLine Agronomy Sales team and I recently attended Iowa State University's annual Integrated Crop Management seminar. This is always a very informative seminar, and this year was, in my opinion, exceptional. Major topics of interest presented were, in no particular order, weed herbicide resistance (back to full rates, boys); weather (is this the year State Climatologist Elwynn Taylor's La Nina drought actually shows up?); Goss' Wilt, and better nutrient runoff management (Before the EPA gets more deeply involved in your operation).

(Continued on page 6)



Don't Gamble With Your Crops
It Pays To Be Protected!

A hailstorm can mean devastation, so get the most out of your hail policy by buying prior to planting your crops. It pays to buy early to be protected against early season storms. Plus, every Farmers Mutual Hail crop hail policy provides these extended coverages at no additional cost to you: fire and lightning; vandalism, theft, and malicious mischief; and certain perils while in transit and storage.

Contact your local FMH agent today!

Paul Nerem, StateLine Cooperative
Call him today at 800-373-8509 or
pnorem@statelinecoop.com



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StateLine Agronomy Thoughts (cont.)

Giving back to others

Members and customers of StateLine Cooperative who experienced hardship with death or illness discovered that it's nice to have good neighbors who step-up to help when work piles up. That happened this year to one of our members. Area farmers got together to harvest the crop of a neighbor in need, and your cooperative pitched in by providing logistics and trucks to haul grain to town.

(Continued from page 5)

In addition, running a bit under the surface, there was a muted concern expressed by several of the seminar presenters about the long-term negative consequences to soil productivity and also to the environment, of continually removing large amount of crop residue in addition to the grain. A few long-term studies apparently have triggered some concern, and in one of the presentations I attended, the concern was more than muted, it was flat-out stated. The topic definitely is one that will be generating conversation and inviting additional study in the years ahead.

With the year end fast approaching, I want to wish a very Merry Christmas, and a very happy, safe, and prosperous new year for you, our customer owners, and your families. We 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.

Your leadership to meet with federal officials at Washington, DC

This coming March, your StateLine Cooperative General Manager and Board Chair have been invited by Land O'Lakes with other member cooperatives to go to Washington, DC, to meet with federal officials on the following items:

- ▶ Impact of deficit reduction efforts on the farm bill and farm programs
- ▶ Environmental regulations
- ▶ Trade policy and outlook for expanded U.S. ag exports
- ▶ Role of cooperatives in the future U.S. agriculture
- ▶ Insights from Capitol Hill policy makers
- ▶ Meet with representatives and Senators from Iowa

Your board feels strongly that the voice of agriculture must be presented in Washington, DC. With the financial stress our country is experiencing, agriculture will do its part in resolving the issues, but we want agriculture to be treated equitably. You can be assured that there are other interests directly opposed to agriculture in Washington, DC, and that have the clout to tip the playing field against agriculture. StateLine will do its part to represent agriculture to our federal policy makers.

Seed News: Planning ahead

By Steve Mulligan, StateLine Cooperative Seed Sales Manager

Each day this month I've been reminded of how many shopping days are left until Christmas. Now it's time for me to remind all our producers that time is winding down to make some other major decisions during 2011, such as planning and prepaying for all or part of your 2012 agronomy input needs.

As seed prepays are being made, it appears we may have another year with a large amount of corn on corn acres. Corn on corn acres requires more intense management than corn following soybeans. Once you have committed to corn on corn acres, it is strongly recommended that you rotate or change hybrids in each field, paying special attention to factors that maintain and improve stalk quality.

Specific hybrids may be sensitive to certain insects and diseases, leading to the buildup of those pest populations during the growing season. These disease and insect threats then carry over on the previous year's residue, and may be present at high levels at planting the following year. Planting the same hybrid the second year will increase the chances of early infection, early death, poor stalk quality, low grain yield and low test weight. Regardless of the genetic families used in corn on corn acres, a fungicide treatment is highly recommended, especially in locations where weather favors late-season fungal disease. It is also recommended that genetic families be rotated from one year to the next in corn on corn acres. This is why it is important to have access to the genetic background of all your hybrids you plant. Below is a list of the genetic families.

Stateline Cooperative offers these seed brands:

- CROPLAN GENETICS
- DEKALB
- MYCOGEN
- NK
- CURRY
- STINE
- LATHAM
- NUTECH

Genetic Families Most Often Used As Males		Genetic Families Most Often Used As Females	
Eastern	Western	High Yield	Early Health
Eastern 2	Tropical	Late Health	Flint
Northern	Southern		

Often it is not known which of these genetic families you have planted. Your StateLine Cooperative agronomist can help you sort these hybrids out, and discuss the strengths and weakness of each of these genetic families.

Choosing the right hybrids of corn and the right varieties of soybeans along with the right traits has become a complicated decision that grows in importance each year. That is why your StateLine Co-op Agronomy Team goes through many agronomy plot tours throughout the growing season, as well as training sessions throughout the winter months.

If you haven't already done so, stop by and visit with your StateLine Sales Agronomist and he will give you the full details on your cooperative's Seed Volume Discounts and Early Prepay program, along with many other seed programs to benefit growers.

With these excellent brands you will be able to get many different options on genetics and traits.

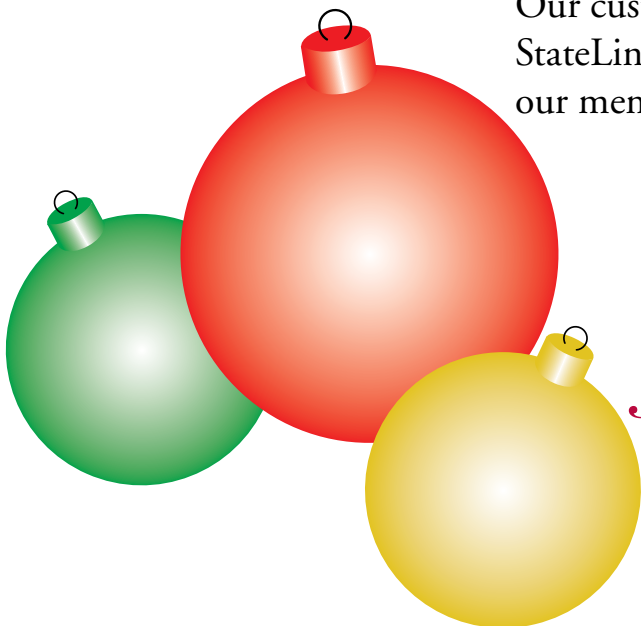
Thank you for giving us the opportunity to be your Seed and Agronomy Supplier. We are here to give you the best Recommendation and service on every acre.



P.O. Box 67, 120 Walnut St.
Burt, IA 50522

StateLine holiday wishes

Our customers are the most important part of our business. StateLine Cooperative would not exist if it weren't for you, our member/owners.



Merry Christmas
AND
Happy New Year

HAVE A SAFE AND PRODUCTIVE 2012.

**Our offices and locations will be closed on Monday,
Dec. 26 and Monday, Jan. 2**