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CONTACT:

515-924-3555
P.O. Box 67
120 Walnut St.
Burt, IA 50522

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Annual Meeting scheduled for Dec. 2

Mark your calendar for Dec. 2, 2013, to attend the 17th Annual Meeting of StateLine Cooperative. The cooperative has had another successful year with earnings over \$7.2 million dollars and record local earnings of \$4.5 million dollars.

Also at the annual meeting of members the remaining director ballots will be collected and results of the director election will be announced. General Manager Larry Sterk will report on the expansion of the new Halfa feed mill, construction of a new grain facility in Minnesota, as well as on other assets that are being invested in by your cooperative.

Based on the financial success of 2012-2013, your Board of Directors have approved paying 30% cash of the allocated patronage and approved the following allocation rates on business cooperative members did with SLC:

Grain Purchased and Sold-bushels	4.43 cents
Grain Services	11.01 %
Agronomy	3.06 %
Feed and Merchandise	6.08 %

Your Dec. 2 Annual Meeting will be held in Swea City, Iowa, at LaRows café (located on Main Street). Arrive at 9:30 a.m. for refreshments and patronage checks distribution; business meeting begins at 10 a.m.

Members gather in Halfa to explore new mill

Thank you to everyone that attended the open house for StateLine Cooperative's Halfa feed mill on Sept. 16. "We had a wonderful turn out and it was a beautiful day to have everyone at the site," says Cheryl Krichau, feed department manager. "We started manufacturing meal feed the week of Sept. 23, and started the pellet mill up the first week in October. Our team has been adjusting to the operational changes needed for pelleting, and we continue to bring in new feed



business that is coming to us because of the opportunity to obtain pellet feeds," she adds. *StateLine appreciates your feed and grain business at the Halfa location. Please let us know what we can do to serve your needs.*

Manager's Message

By Larry Sterk, StateLine Cooperative General Manager

Grain expansion in Minnesota

The construction of the new grain site in Southern Minnesota is progressing well. The facility will consist of four grain bins with a total storage capacity of 1.8 million bushels of grain with 20,000 bushels per hour of grain receiving capacity. This will be a state-of-the-art facility that can be operated by two full time employees with additional help needed seasonally.

All the dirt work for the site is complete — driveway and footings for the grain bins. The concrete for the first two bins is nearing completion and the construction of the first grain bin is scheduled to start mid-November. Weather permitting, the concrete work should be completed this fall. With the concrete work complete, the construction of the grain bins could be done this winter. Depending when the concrete gets completed, the new site should be ready early summer, with an expected completion date no later than August 2014.

This Southern Minnesota grain project is truly a case of farmers helping farmers; after extensive research for this site, we do believe it is a win/win project for farmers and for StateLine Cooperative.

New Halfa Feed Mill

We started processing feed in the new feed mill after the open house in September. This project has been in the planning stages for over two years and we are very happy with the new facility. The new feed mill has a capacity of 400,000 tons per year and also pelleting capacity of 200,000 tons per year. This facility solidifies StateLine Cooperative's commitment to the livestock industry and further processing of grain our members produce. This is another "end users" market for Iowa and Minnesota members and customers of StateLine Cooperative.

In addition to these planned asset expansions, we continue to upgrade facilities and equipment to better serve you. With this expansion, our leverage did tick up to 47.5%, however, working capital has increased more than a million dollars. Your StateLine Cooperative continues to maintain and build a strong balance sheet to meet the financial needs of the cooperative.

Grain Storage filled to capacity

As the spring of 2013 began, the prospects of even a fair crop were quite dismal. The extremely late spring, coupled with poor soil conditions to plant crops and a "flash drought" through most of the summer, I am truly amazed at how well the yields held up. We saw soybean yields being impacted more than corn. And of course, the number of prevent plant acres in our area were substantial. Even with all these variables, most of the StateLine storage capacity is full even though we added almost 1.5 million bushels of additional storage for the 2013 harvest.



SLC customers attended the Halfa Feed Mill open house in September.

“Adapt or Die”

A couple of weeks ago I attended a CoBank CEO conference where the theme of the conference was “Adapt or Die.” CoBank is your cooperative’s lender. This was a very informative conference, and I came away with some good insights into the future of agriculture.

1. We must detect and embrace external changes including global risks;
2. Be prepared to change course;
3. Be prepared to fast in your decisions;
4. Focus on attracting and retaining the brightest people;
5. Be prepared to work with fluctuating earnings.

There are factors today that will influence agriculture that we do not have direct control over. In particular, government policy. There are two important ways to influence government, one is participating in elections — be an informed voter and vote. The second is to stay in regular communication with your county, state and federal government representatives. The Farm Bill is hanging in limbo because of the dysfunction of our government. The conference speakers really hit on the refusal of both parties to negotiate, which brings the government to a standstill.

To help document the dysfunction of the current administration/Congress, by this time of the year in 1990, Congress had passed 410 bills; in 2012, Congress had passed 200 bills. Our 2013 Congress has passed only 46 bills in this same amount of time. Our government was never organized for one party to get everything it wants, we must get our current government to come to the table and be willing to compromise. If the current Federal Congress and administration continues to refuse to compromise, the next 3 years of this Congress and administration will be a “lame duck.” Not only does this impact the Farm Bill, but also foreign policy and the perception of world countries on how dependable the United States is for food, world stability, and many other things. (Remember how long the Jimmy Carter grain embargo impacted exports). What this conference really emphasized is that world factors are, and will continue to be, influential for your farm and your cooperative’s operations.

Happy Holidays

As we head into the Thanksgiving and Christmas season, we recognize that we have so much to be thankful for, as I just described the 2013 growing season and harvest. This is a time to reflect and give thanks for the good things we have and is the season to celebrate the holiday seasons with family and friends. At StateLine, we give thanks for a safe season, the country we live in, the employees we have, and we are especially thankful for the customers we have. It is only through your support that StateLine can continue to grow and provide goods and service to our members and customers farming operations. Thank you for allowing SLC to serve you.

Have a thankful Thanksgiving and a Merry Christmas!



Cylinder location manager Randy Wood (left) presents Cylinder Fire Chief Dave Pettit with a check from the Cylinder Tractor Ride sponsored by StateLine Cooperative. Proceeds from the annual event were donated to the Cylinder Fire Department for its new fire station. The Cylinder Fire Department sends a big THANK YOU to all who participated in the Cylinder Tractor Ride.

StateLine Agronomy Thoughts

By Chuck Peter, StateLine Cooperative Agronomy Department Manager



As I travel around to StateLine Cooperative's locations each week, I get to visit with lots of customers and employees, and after 11 years of doing this, I'm pleased to be able to count many in both groups as friends. Our conversations run the gamut from topics of business to those more social in nature, but recently one statement has come up more and more frequently: "I can't wait for this year to be finished!" (With an exclamation point included for emphasis.)

It seems like many of us are counting the days until we can turn the page to 1/1/2014. What a dogfight this year seems to have been. A family friend, who is a St. Louis Cardinals fan, summed up her baseball season with a phrase that could also apply to the growing season in much of North Central Iowa this year: "there is no joy in Mudville."

Today as I write this article, we are coming closer to finishing out the application season as we began it, by pulling machines out of fields because of mud. And yet, during the middle of August, we could hardly buy a shower, let alone a real rain. Yes, what a year it has been.

The business of fertilizer

One area of our business I have been spending more time on these past few years is purchasing the fertilizer products we sell and apply to your fields. It's not just a matter of making a few phone calls, checking prices and making decisions based on lowest cost supply available.

Quality of product is a bigger deal today than ever before in this business, mainly because of the cost you have invested in putting your crop into the ground. And yet, contrary to what some retailers and fertilizer manufacturers promote to the farm market, you don't have to buy so called "premium" materials to get the best nutrient value for your farm operation. As long as you are dealing with reputable companies, quality in fertilizers, particularly dry products, sometimes has as much to do with how products are handled as in how they are formulated.

The past few years I have been purposely buying more dry product that is domestically manufactured, especially if it can go straight on a rail car and then into our shed, as opposed to imported material that gets handled several times during loading and off loading in various ports and facilities. More handling makes for more fine particles, which do not mix or spread as accurately, regardless of application equipment.

So called “premium” dry fertilizer products are sometimes promoted and marketed as superior to conventional dry fertilizer products, when the truth of the matter is that good quality dry products that are selected, handled, blended, and applied properly are a much better value for the dollars spent, whether they are conventional dry products, or the so-called “premium” products. Also, by using separate quality products, we are able to place the nutrients only on your farm’s acres that specifically need them through one Soilection application, rather than having to put all nutrients on every acre just because it is included in the particle with the rest of the nutrients, or having to make an additional application trip at some time to apply any “extra” nutrients that are still needed.

I do find it interesting when farmers have to pay almost (or even the same price per acre), for manure products that are not guaranteed analysis, nor uniform moisture, nor blended uniformly, or applied uniformly, as they would for commercial fertilizer that is state inspected, properly handled, and uniformly blended and applied. Even products that are grossly misrepresented, such as this Apollo 50/50 stuff that is around in places, get pegged to commercial fertilizer pricing when sold as “fertilizer.” I do wonder why I pay so much attention to product quality when this is what we get priced against, but our customers’ expectations are that we will charge a fair price for quality products and services, and that is what we will continue to do.

The topic of Product Stewardship

One thing I do know for certain about the fertilizer business of the future is how important Product Stewardship (what products we use, along with where, when and how we use them) is fast becoming. It is THE topic that really is going to be focused on by politicians and especially bureaucrats with the regulatory agencies such as EPA as we go through the coming years.

Proper nutrient management is not a new concept, but it is definitely something that we need to be certain we understand. One tool that we can use to educate ourselves is the website www.nutrientstewardship.com. This website focuses on the 4 R’s of Product Stewardship, those being the Right source of fertilizer, used at the Right time, at the Right rate, and in the Right place. I encourage each of you to investigate the website, and become familiar with the concepts, management tools, and resources to learn from what you find there.

Your StateLine Sales Agronomist can help you with this, not just because that is our job, but also because these concepts are what each of us here also needs to master in order to help our customers adapt and thrive in the new, more regulated world of crop production that we likely will be entering. We can each walk along, run along, or be dragged along kicking and screaming, but I assure you, we in row-crop production agriculture will be required to do many things differently, in some cases, considerably different in the future than we are now. We will all successfully adjust, of that I am certain.

Thank you for your business

We again 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 successful only when you, our owners are successful. Please remember that the main reason StateLine Cooperative exists is to assist you to 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.

By Chuck Peter

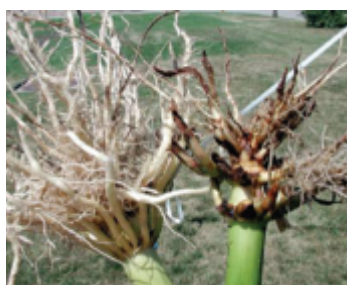
New seed technologies available for 2014

By Steve Mulligan, StateLine Cooperative Seed Department Manager

Your StateLine Cooperative seed lineup includes several new technologies and products that address major corn production concerns, such as corn rootworm (CRW) control, limited moisture in corn, and help more soybean farmers manage field variability.

As your StateLine Agronomist begins seed discussions with you for the coming season, you can feel confident that your local agronomist's offering includes the newest available technology to address your most pressing needs. The new lineups are especially good for producers facing resistance with current CRW technology, and/or dealing with drought issues.

Agrisure duracade™ CRW trait



Agrisure Duracade,™ the next-generation CRW trait from Syngenta, includes a unique insecticidal protein (eCry3.1Ab) for a new mode of action against corn rootworm. This technology protects against Western corn

rootworm, Northern corn rootworm and Mexican corn rootworm. Agrisure Duracade™ will be available in several early-maturity NK and CROPLAN hybrids for 2014.

If you are dealing with resistance to current CRW-traited products it is highly recommended to rotate among single Bt corn rootworm traits. For example, if you notice root injury > 1 node destroyed with Cry3Bb1 (Genuity VT Triple Pro) or mCry3A (Agrisure RW), then consider switching to eCry3.1Ab the new (Agrisure Duracade), or Cry34/35ab1 (Herculex XTRA), this will help to decrease the chances of developing resistance to corn rootworm pressure. It is strongly encouraged to rotate single Bt traits annually, or at least every two years. It is also recommended the use of a CRW in furrow insecticide be used along with CRW traited hybrids.

A heavily damaged root (above) is an indication of high corn rootworm larval densities. Assessing larval injury, or root pruning, will help determine future management strategies.

Water optimization traits

Farmers in drought areas or anyone planting dryland corn may benefit from three new water optimization traits available from StateLine Cooperative through NK, Curry, Croplan and Dekalb. Syngenta's Agrisure Artesian® technology, Monsanto's Genuity® DroughtGard and DuPont's Optimum AQUAmax Hybrids offer producers with moisture stress new tools to alleviate the problem.

Agrisure Artesian® technology, which was developed using the proprietary Gene Blueprinting process, allows identification and selection of multiple genes that have distinctive modes of action responsible for moisture stress protection. Hybrids with DroughtGard™ technology include a new bio-tech trait that helps corn plants mitigate yield loss due to drought, especially during key growth stages. Optimum AQUAmax, developed using the Dupont Pioneer proprietary Accelerated Yield Technology (AYT) system, delivers multiple modes of action through a suite of native traits.

All three new water optimization traits help enhance yield when moisture is limited, and also perform well under wet conditions.

Choose soybean varieties carefully

Some soybean varieties work better in tougher situations where strong defensive traits such as nematode resistance, disease resistance, iron deficiency chlorosis (IDC) tolerance and stress tolerance are required. Other varieties are more offensive and excel in better soils and agronomic conditions. Your local Stateline Cooperative offers many options in soybean seed lineups that includes industry-leading genetics to match all types of field situations. Also we offer different "Precision Pak" varieties to meet your precise needs for different areas within each field because of the blended defensive/offensive genetics found in each of the Precision Pak offerings.

Stop by, or give your local StateLine Agronomist a call, to find out more on the wide range of corn hybrids and soybean varieties your cooperative offers, along with the many volume and cash options available to you for the 2014 growing season.

Thank you for giving our StateLine Agronomy team the opportunity to be your seed and agronomy supplier.

How do you lower your sights?

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

How do you lower your sights after seeing historic grain prices a little over a year ago? You must look at the current U.S. grain situation, and then try to anticipate the impact of the South American production coming in less than six months.

The corn crop size is estimated at 13.99 billion bushels; that is the largest corn crop the U.S. has produced when looking at crop production since 2000. These numbers give us a Stocks to Use ratio of 14.57%. The 14.57% ratio would historically suggest sub \$4.50 for the winter months. So, the question now is, does history influence our markets or are we creating new market history?

We also had corn crops of 13 billion bushels in 2007 and 2009. Our average cash prices in 2007-08 fell out at \$4.20, and our average cash price for 2009-10 was \$3.55. The carryout in 2007-08 was 1.624 million bushels and the carryout in 2009-10 was 1.708 million bushels.

The carryout for our 2013-14 crop year was estimated at 1.887 million bushels. The average price estimate for the 2013-14 crop year going into the November 8th Crop Production Report was \$4.80. One must ask themselves how the market will support corn prices above \$5.00 with estimated U.S. carryouts like these. The only other two years we had over 2 billion bushels of corn carried over was 2004-05 with 2.114 billion which had a Stocks to Use Ratio of 19.83% and 2005-06 with 2.175 billion and a Stocks to Use Ratio of 19.67%. The average cash price for 2004-05 was \$2.06, and \$2.00 for 2005-06.

The World Corn Carryout has increased from 134.9 million metric tonnes in 2012-13 to 164.3 in 2013-14. Looking at these carryout numbers tell us that the new crop supplies coming from outside the U.S. will need to be less than expected or our anticipated 2014 corn crop will need to be challenged if we are going to move prices higher.

What is the key for soybean prices?

With soybeans, we must remind ourselves that Brazil and Argentina produce more soybeans than we do in the U.S. China continues to increase their soybean imports to supply the soybean crushing industry that has developed in China as they increase their consumption of meats.

In 2012-13 the South American soybean production in Brazil and Argentina was estimated at 131.4 million metric tonnes (mmt) with Brazil at 82 mmt and Argentina at 49.4 mmt. Now compare that with the U.S. supply of 82.5 mmt in 2012-13 and you can see that our neighbors to the south supply the world more soybeans than we do.

Projections for 2013-14 have Brazil producing more soybeans than the U.S. After looking at the November 8th Crop Production numbers we can see that the USDA
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Staff changes in grain department

Several recent retirements became the catalyst for transitioning staff into new roles within StateLine Cooperative's Grain Department. Tammy Crookshank at Ledyard and Kristy Brunsvold at North Burt will continue to offer you the exceptional service you previously received at these locations where staff retired. This fall, your cooperative also employed several part-time people who allowed us to serve you better.

In the next year, Paul Nerem, currently based at North Burt, will transition to Blue Earth, Minn., as the new grain facility is built to serve producers in this area. Paul will continue to handle SLC's crop insurance program, so take time to visit with him about your crop insurance needs and at the same time, welcome Mary Janssen, who will replace Paul at North Burt. Mary brings on-the-farm experience to StateLine Cooperative as she has been active in daily farm operations in her family farm north of Emmetsburg. Just like many farm kids, you live here, you work here. Mary is looking forward to meeting and talking with you about grain marketing and is another resource who can help market your grain.

By Dean Kohlmeyer

How do you lower your sights? (cont)

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

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has estimated our average price for the 2013-14 crop to be \$12.15. Compare that to average cash prices of \$14.40 for 2012-13, \$12.50 for 2011-12, \$11.30 for 2010-11, and \$9.59 for 2009-10. The key for soybean prices will be how well the South American crop does and if the projected World Soybean Carryout of 70.2 mmt comes into the market. The world soybean carryout in 2012-13 is estimated to be 61.6 mmt. If you want to convert metric tonnes into soybean bushels, use 36.7437 bushels to one metric tonne for your conversion factor.

As you adjust your grain marketing goals, continue to place the cash offers that give you the opportunity to price into the market anytime the CME futures are trading. StateLine also has the online program called GrainBridge that allows you to create a grain marketing plan online that will update automatically for you with current market values brought in from the CME. We also have a basic cost of production worksheet called "Crop Comparison Worksheet 2013" available on our website or from any of our locations. If you are interested in learning more about GrainBridge, please contact Kayra Weisbrod or Mary Janssen.