



*Tomorrow's Vision Today*



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### Keeping Pace With a Changing Industry

Thanks to those of you who carved out the time and braved the weather to attend our annual meeting in Aberdeen. We appreciate the effort you made to stay informed on the latest developments and financial status of the company you own.

For those unable to attend, here are a few of the highlights. We completed another successful year in fiscal 2014, with local earnings of \$2.1 million—down \$200,000 from the previous year. This number looks better when you consider some of the challenges we faced, which included transportation issues that reduced our grain handle by an estimated 3 million bushels, with a corresponding loss of revenue and interest charges. All told, we believe we lost roughly \$875,000 in revenue to various factors beyond our control. CHS patronage was also down \$600,000 from fiscal 2013.

That said, the board of directors was able to authorize payment of \$3 million in patronage this year, with 50% distributed in cash and 50% allocated to equity. In addition, we were able to pay out estates, retire stock for patrons who hit the age limit this year, and retire stock for four more years. Ultimately, we returned \$2.6 million in cash to our owners and communities this year—\$500,000 more than fiscal 2013. I'm happy to note that we have moved from paying \$750,000 in cash patronage two years ago to returning \$1.5 million in cash this year.

As Gardiner Thomsen, our accounting firm, noted in the meeting, Full Circle Ag is on very strong financial footing, and that after a year of significant improvements to our physical plant and rolling stock.

### Changing ag landscape

As I've mentioned in recent newsletters, we are operating in an industry that is rapidly changing and increasingly driven by technology. How rapid is the pace of change? Consider these numbers. To store one gig of data today costs roughly 4 cents. In 1980, it would have cost \$192,000. The cost of wireless data transfer has dropped 75% in the last four years. Currently, there are 20 networks solely dedicated to taking weather measurements

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South Dakota Secretary of Agriculture Lucas Lentsch addresses the annual meeting crowd.



By Dave Andresen  
Chief Executive Officer

# The Science Behind the Checkerboard



By McKenzie Chambers  
Livestock Production Specialist

With the holidays behind us and a majority of cattle on feed or cornstalks, we start the New Year in the feed department busy. Whether it's supplement for calves or mineral and tubs for cows, we strive to provide the best products for your operation. With that said, the most frequently asked questions we get are, "Where does the feed come from, and how do we know it's the best?" So in this issue I thought I would tell you about the Purina® Animal Research Center and the home of the Check-R-Board®.

Purina was founded in 1894 by a gentleman named William H. Danforth, who decided the horses and mules that were both the primary mode of transportation and also helping build the country needed a quality feed that encouraged a consistent intake. In order for Purina's product to be recognized, he took the image of the checkerboard clothing families wore to town and started putting it on everything. That nine-square checkerboard is still one of the most recognized logos today.

Purina founded their research center in 1916 to provide a place to conduct studies and develop quality feed. Today, the Purina Animal Research Center has grown substantially in size and continues to thrive. It is now a 1,200-acre farm located in Gray Summit, MO, just south of St. Louis. It is currently home to 3,000 animals and about 100 employees, who continue to test ingredient digestibility in each animal species. More than 110 patents have been created over the

years for different species.

On the cattle side of the farm, Purina was the first to come up with creep feeds and intake-limiting technology, which have been implemented on many area farms. Accuration® and Ration Manager™ can be used in self-feeders, allowing cattle to eat multiple mini-meals throughout the day to achieve optimal gain.

With three different feedlots and 150 brood cows on 12 different pastures, Purina has the ability to test every product before it is put into production. The most recent mineral to join the field is the Purina Storm Formula. This new formulation allows the mineral to survive through our harsh winters and rainy springs without clumping or losing its nutritional value. A light outer coating keeps the mineral from sticking together or dissolving when moisture runs through it.

Tours are provided throughout the year at the Purina Animal Research Center, enabling producers to catch a glimpse of what our staff is working on and what is behind the Check-R-Board and all it stands for.

Full Circle Ag continues to sell Purina products and will assist you in finding the right product or products for your specific nutritional program. If you have any questions, please don't hesitate to contact us. )

## Keeping Pace With a Changing Industry

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for ag use, with 1.9 million weather stations taking 1.9 billion measurements each day. Today, 22 billion sensors are in use in the ag industry. In four years, that number will increase by 100 billion.

The challenge for our cooperative and other ag retailers is how to keep up with technological change and how to hire, retain, and train the people needed to manage the various technology components.

American agriculture has also become attractive to investors from Wall Street and Silicon Valley to foreign nations. Foreign governments want to own the crops in our fields to help ensure food security—a major concern in many parts of the world. For example, experts believe that hunger

was a major driving force behind the Arab Spring movement.

What is attracting American investment dollars? The data generated by the technology I discussed earlier. And that leads to the biggest question today—who will manage the data you're generating on your farm?

We're only seeing the tip of the iceberg when it comes to the data that will be created in the coming years. The value of that data may, in fact, soon exceed that of the crops you grow. It is unlikely that individual producers will be able to store, manage, and interpret all the data they generate. You will need a partner, or partners, in that effort—people you know and trust. We hope that Full Circle is one of those partners.

We've taken steps to ensure that we are prepared to take on that responsibility, enlisting our own partner, Land O'Lakes, to enhance our own data handling and processing capabilities. Together, we are working to help you utilize your data to make informed, productive decisions that have a positive impact on all aspects of your farming operation.

In closing, I want to extend my sincere gratitude and thanks to the employees, staff, and board of directors for their support and dedication this past year. Your support leads to our success. I would also like to specifically thank departing board members Lynn Eberhart and Jeff Johnson for their leadership. )

# Sales, Service, or Supply, We Do It All

By Jim LeFor, Energy Service Technician

When it comes to service for grain dryers and ag heaters, make and model don't mean much to us—we service them all. We also sell GSI and Farm Fans grain dryers, and we can install and service propane-fired ag heaters, boilers, and in-floor and overhead radiant heaters.

If you're in the market for bulk fuel tanks and/or fuel pumps, we can take care of you—from 100 gallons up to 12,000. We can provide

both single- and double-wall tanks, and can also do fuel containment design and installation to meet SPCC compliance standards.

For worry-free energy service, we also offer fuel and propane level monitoring. We'll watch your levels so you don't have to. So, whatever your energy needs—whether home heat, grain drying, refined fuels, installation, or service—keep Full Circle energy in mind. )

## Soup and Seed in Pierpont



A good crowd was on hand for the December seed meeting in Pierpont. Those in attendance enjoyed tasty soup and informative presentations by WinField representatives.

## Change Was Major Theme of Director's Term

As Lynn Eberhart steps down after 17 years of service as a member of the cooperative board of directors, he'll take a sense of accomplishment and some good memories with him. After helping to guide Full Circle through three mergers during his time on the board, Lynn will also leave behind a different company than existed when he was first elected.

"As a board, we're always open to opportunities to make our business stronger and more viable," Lynn notes. "But whatever we do has to be a good, sound business move for both us and our patrons. Those mergers have proven very positive for the co-op, expanding our territory and making us a stronger organization."

Reflecting on the changes he's experienced in the cooperative and on his farm, Lynn sees the advance of technology as one of the most significant. "Technology has become such a big part of ag, both in the office and the field, and we're only seeing the tip of the iceberg," he states. "Along with that comes the concern of managing and securing the data generated by that technology."

Though Full Circle continues to turn in strong financial performances and remain alert for opportunities, Lynn is aware of the challenges facing cooperative leadership.

"The competition is very strong, not just from other area cooperatives but also from outside investors," he says. "We have to get even better at doing what we do and figure out how to use the resources we have even more efficiently to serve our customers."



As Lynn steps away, he does so with the confidence that Full Circle is in good hands, and he looks forward to the impact a new generation of leaders will have.

"We have some really good people on this board, great employees, and an excellent management team," Lynn summarizes. "I've really enjoyed being a part of the decision-making process, listening to input from the other directors and management team, and having the opportunity to visit with other co-ops. Now it's time for someone new to have the same opportunities I have." )



## Expansion Projects Will Push Through Challenges



By Ehren Grupe  
Chief Operations Officer

Though winter has brought field operations to an end, two major facility projects continue to move forward. In Gwinner, the new chemical and seed warehouse is on schedule. This is a long overdue and much-needed addition to the Gwinner location.

Both design and functionality were carefully considered when planning this project. The bulk chemical portion will be a work in progress to meet the needs of area patrons. Initially, we will have four primary bulk products available with the option to add more as we go. Maintaining efficiencies will be a major factor in making those decisions.

We will have three 100-ton liquid fertilizer tanks in place, with the ability to add more in the future. This will be a temporary setup for spring with a permanent structure being completed during the summer months. We were unable to get concrete poured and containment built this past fall due to time, contractors' schedules, and to allow ground under the west area of the building to settle better. We want to do this right.

The facility has three bins for bulk seed available for spring 2016—

again, with the timetable impacted by the same factors cited for liquid fertilizer. If necessary, we will be able to move bulk seed from other locations and to treat totes, but no bulk seed will be available yet this spring.

### Backlogs push schedule

In Doland, the precast panels for the new fertilizer plant will be poured and begin shipping as soon as the weather is favorable to do so this spring. Construction will get off to a fast start, then come to an abrupt halt, as we are impacted with the industry backlog of fertilizer handling equipment. Currently, that project is scheduled for completion in the summer of 2016. We are, however, working to figure out an economical temporary solution for the fall of 2015 and spring of 2016.

In addition to these major building projects, we are continually updating equipment and working to forecast future growth and plan projects to accommodate that growth.

I would like to thank you for your business, and I look forward to what the 2015 growing season will bring. )

## Support Helps Keep Ag Strong



By Tammy Satrang  
Chief Financial Officer

One of the rewarding parts of my job is the involvement in the Full Circle Ag scholarship program as well as the other programs and organizations that we support and sponsor. As Lynn mentioned in his board report at the annual meeting, the Full Circle Ag scholarship program continues to go strong. In 2014, we awarded 12 scholarships totaling \$7,500. I enjoy reading the thank-you notes from the students and truly believe we are helping support the future leaders in agriculture with these scholarships.

The Farmers Union Foundation and 4-H also receive our support, and they recognize the importance of the cooperative's financial contribution to the programs that they run. Whether it is camp or leadership education, these programs are important to the future of agriculture.

Scholarship applications for the 2015 graduating classes will be mailed out to schools in our trade territory and will also be available at our locations and on our website. If you would like more information on our scholarship, feel free to contact me at

the administrative office.

### One-stop financing

I'd like to remind everyone about the convenient, competitive financing options available through Full Circle Ag. Interest and participation continue to grow, as we have issued 48 loans for a total of \$8 million to date.

Our one-stop approach to input financing provides a number of benefits, which include:

- Improved security of product supply,
- The ability to lock-in input costs to maximize income potential and reduce risk,
- Flexible payment dates to match your marketing strategy, and
- A comprehensive agronomic relationship to complement your operation.

Talk to us today to secure financing for your 2015 input and energy needs. )

# Timely Support Means a Smooth Harvest



By Jim Gallagher  
Grain Operations Manager

A capacity situation that looked pretty grim when we wrote our last newsletter improved dramatically, and the result was a relatively smooth harvest. Our new bins were up and ready and we put a concrete floor in two of our bunkers prior to harvest. The rail support materialized, as promised, as we received four shuttles from mid-August to mid-September. We were also able to move grain through other channels to the point that we were virtually empty when harvest got underway.

After a nice, smooth bean harvest, we had a two-week lull until corn harvest got underway. Harvest was steady, we were able to stay fluid, and our additional space really helped. We were planning on filling one new bin with beans, but the beans just kept coming to the point that both bins were full of soybeans. All told, we took in about the same amount of grain as we did a year ago—somewhat surprising considering all the steel that went up in the country and prevented planting acres.

The wheat harvest was also good, as was quality. We heard stories from other areas of good yields but a lot of sprouting in the head due to wet conditions.

Since harvest concluded, we've been working to get all the grain from our pile and bunkers under cover. Now the key is finding markets. The strength of the dollar has made us less competitive, and we are really missing that PNW export trade. Bean exports have been good, but we need to find some corn sales to go with the shuttles we have scheduled.



## Rail recovery

Jumping back to the rail support we mentioned earlier, we've gotten excellent service from the Dakota, Missouri Valley & Western in Forman and the Red River Valley & Western in Gwinner. We've been loading short shuttles in Claremont, then bringing them to Forman and dumping the grain until we have enough to load a unit train. It's an economical and efficient way to move our grain between facilities. Service from the Canadian Pacific has really improved as well.

At this point, we have a much better situation than we were anticipating. We believe there is quite a bit of both corn and beans still out in the country, so we'll have to keep a close eye on the markets going forward.

Thanks for choosing Full Circle to handle your grain this fall. We appreciate your trust. )

## Election Results

During the annual meeting, some directors were re-elected to full terms, others to two-year terms needed to put our term rotation back in balance, and two directors were elected to fill open positions. From the northern district, Roger Bopp was re-elected to a two-year term, and Jason Asche was elected to his first term. From the central district, Darian Kilker was elected for a first term, Mike Buisker was re-elected for a two-year term, and Jeff Forsting was re-elected for a three-year term. Finally, Brent Mason was re-elected to a three-year term in the south district. )



New board members  
Jason Asche (L) and  
Darian Kilker.



*Tomorrow's Vision Today*

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ECRWSS  
POSTAL PATRON

PRSRT STD  
U.S. POSTAGE  
PAID  
**VISTACOMM**

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*The Science Behind  
the Checkerboard*



## Strike While the Price Is Hot



By Darren Medhaug  
Energy Manager

With the price of crude oil dropping more than 40% since June, now is a good time to look at spring and fall fuel contracts. You can put 10 cents per gallon down on a contract and pay the balance when the fuel is delivered.

I plan to put together a weekly energy report and send it via email. In the report I will talk about what is going on in the energy complex and what is affecting the markets. I will include graphs, charts, and historical references pertaining to crude, diesel, and gas. I'll also include the daily prices for both contract and transport loads. If you would like to receive this report, send your email address to [medhaugd@fullcircleag.com](mailto:medhaugd@fullcircleag.com). Shoot me a quick email and I will add you to the list.

### Changing fuel options

Due to our branded marketing agreement with Cenex®, we have recently made some product changes at the Britton C-Store. Previously, we were offering 87 E10, E20, E30, and E85. However, the government does not recognize E-20, E-30, or E-85 as grades of gasoline, and our marketing agreement requires us to offer two recognized grades of gasoline.

To resolve the issue, we replaced E-85 with a 91 Octane E10. Now we are still able to utilize our blender pumps and offer three grades of gasoline—87 E10, 89 E10, and 91 E10. Every grade we offer now contains 10% ethanol.

Thank you for choosing to do business with Full Circle in 2014. )

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