



First Cooperative Association

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Visit Our Web Site At: www.firstcoop.com

September, 2008



MANAGER'S CORNER

By Jim Carlson

General Manager

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EXCITING NEWS: I am pleased to report that on September 3rd FCA's purchase of the Vohs & Miller facilities located in Holstein became effective.

As we approach the start of another fall season, all of the parties involved in this process are extremely optimistic about the exciting and positive potential that lies ahead of us, and we are all eagerly looking forward to the future and to continuing to provide quality services in meeting the needs of the customers in that area who have patronized Vohs & Miller over the years.

The full range of agronomy products, programs and services, including seed, crop protection products, crop nutrients and seasonal custom application services, plus other products, programs and services FCA offers, will now be available to customers living in the large trade area that's been served so well by Vohs & Miller in the past.

Brett Barglof, who has served as Agronomy Department Manager at FCA's Laurens location over the past 14 years, will assume the responsibilities of **Holstein Location Manager**.

I know you will join with me in congratulating Brett as he assumes these added duties and takes this next step in his career with FCA.

In taking this opportunity to extend a warm welcome to all of the customers in that area, who all of us at FCA are looking forward to working with for the future, I also want to encourage them to



New FCA Fertilizer Plant Takes Shape In Aurelia

The challenges presented by Mother Nature to the crews preparing the site for this new 27,000 ton fertilizer plant at the FCA Aurelia location, and for the crews that followed as concrete work began, created early setbacks that may have delayed completion until late 2008. However, with favorable fall weather arriving, we are confident the remaining phases of the work can proceed at a steady pace in the weeks ahead.

feel free to stop in or to call Brett to give him the opportunity to introduce himself, and to let him know how he and FCA can be of service to you with the needs of your farm, home and family.

FERTILIZER PLANT REPORT: As the photo elsewhere on this page shows, there is now a new look to the skyline when one drives into the community of Aurelia as we continue to make good progress on construction of the new 27,000 ton capacity dry fertilizer plant at FCA's Aurelia location.

Jim's "**Agronomy News & Notes**" article on page 2 of this issue has additional information on this exciting project, so please refer to his comments for additional details.

With the concrete portion of the project rapidly nearing completion as this issue of the newsletter goes to press, we are hoping the construction crews that will take over the next phase of work can receive favorable weather in which to make a strong, steady push to completion by the end of the year.

HARVEST APPROACHING: Even though the changes may still be subtle and hard to distinguish as August comes to an end, there are definitely many sights of fall arriving as we look around us, and certainly over the past few days the moderate daytime temperatures and the cooling off after the sun goes down

have put the feel of fall into the air.

The dark green of corn and soybeans has given way to a more faded hue as crops enter the final stages of maturity.

The national **Crop Condition Reports** issued each week indicate this year's crop will be a late-maturing one across much of the Grain Belt, perhaps by as much as three weeks, as delays during the early stages of spring have carried all the way through the season.

Many parts of FCA's trade area were spared the full effect of those early season challenges, and hopefully our harvest will be underway sooner, since there is so much work to be done getting the crop in, and then so much more to do if we hope to get a good run on fall N-P-K applications and field tillage chores.

Everyone's daily schedule always seems to be filled to the brim during the course of a busy fall season, so I encourage all of you to work very closely with the Agronomy Staff of FCA to have your plans made, your decisions finalized and your fall N-P-K orders scheduled for prompt attention just as soon as the crop has been harvested.

OUR YEAR ENDS: August 31st marked the end of the 2007/08 fiscal year for FCA, and while it will be several weeks before the auditors have complet-

CORNER

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**AGRONOMY
NEWS
&
NOTES
By
Jim Compton**
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NEW PLANT UPDATE: As the photo on the front page shows, since the last newsletter in June there's been a significant amount of progress made on the new 27,000 ton bulk fertilizer plant at the FCA Aurelia location.

As we reported to you in the June, frequent and sometimes heavy spring showers had caused significant delays for the earth moving and site preparation crews during the initial stages of construction.

But we anticipate the concrete crews will finish pouring the last yards of cement before the Labor Day weekend arrives, and already there is an increasing number of semi trailers steadily arriving to deliver the lumber the building crews will need to erect the storage structure, and that work should commence very soon.

The finished building and its roofline will be an impressive sight when viewed on the skyline as you approach Aurelia in the future, and we're hoping the work can progress smoothly and steadily from here on to completion, which should be in late December, or perhaps early January.

The 400 ton per hour receiving capacity coupled with the 200 ton per hour load out capability makes this state-of-the-art bulk fertilizer plant a high speed, efficient asset that will deliver many benefits to FCA's customers and to our cooperative for many years to come.

Considering the dramatic changes that have been taking place in the crop nutrient industry, with more expected to come as we move forward, the value, importance and benefits of this new bulk fertilizer facility asset have already been multiplied.

That's because not only is it now necessary to place inventory orders many months in advance of when those products will be applied to our customer's fields, it is also necessary to take delivery of those inventories many months in advance to secure the supply, and to secure the most favorable freight and pricing arrangements.

The bottom line is that this new facility gives FCA and its customers a tremendous advantage to lock in and lay in the volumes of P & K that our customers will need to apply to their

crop each fall and spring season, and to do so at the most competitive price and with the most convenient and flexible terms in this new, vastly different and continually changing and challenging crop nutrient marketplace.

We anticipate being able to start filling the new plant in early February and to have "All Systems Go" as the spring season of 2009 arrives.

WHAT A YEAR: Here we are heading into the Labor Day weekend as I write this article and the engines on the custom application machines that have been spraying products to the fields of FCA customers are just now starting to cool a bit.

It has been **One Very Long Season** that began in late April with the application of pre-plant crop protection products, and which is just now wrapping up with the final acres of spraying for Soybean Aphids in soybeans, and the spraying of fungicides in both corn and soybeans.

There were also many, many acres that had these products applied by aerial application services that FCA had arrangements with for this year's big battles, and with such a huge increase in the demand for airplanes and pilots coming all at once, from all across the Grain Belt, and with such a narrow window of time in which to treat, there were unfortunately some snags with scheduling encountered.

FCA has already initiated steps to line up alternative aerial application service options for next season in anticipation of the continued increase in demand as higher crop values support the drive to protect crops from potentially costly yield losses.

PLOT TOURS: We have already conducted several of this year's FCA **Seed Plot Tours** as we were going to press this month, with tours held at the plots in Laurens, Schaller and Alta, all of which, I am pleased to report, were very well attended.

Thank You to everyone who came out to one of these tours, which we feel are an extremely valuable information resource on different seed products, genetics and technologies that can help us and help our customers in the on-going drive to fine-tune seed selection to maximize performance and yields.

As we all know, this year's challenges at the outset of the planting season had a significant impact on a large percentage of the corn and soybean crops that were, in many cases, planted later, which faced wet soil conditions, and which have had various other climate, insect and disease threats to face.

Naturally, the seed fields faced

these same challenges and threats, therefore I think it's only logical to assume there could be some impact on seed availability for next year, especially with those varieties and hybrids containing the trait and genetic combinations that are bound to be in heavy demand right from the start.

I feel it is not too soon to start thinking about your seed decisions and, if you have certain seed products you already know are going to be on your **Hit List For 2009**, to see about locking them with an early order.

LINE UP NOW: Finally this month, since it appears harvest could be arriving a bit later this season, with work likely not underway until late September and, in some cases, probably not picking up much steam until early October, I feel we all need to have heightened concerns about just how much time we will have to get a head start on next year's crop.

I therefore highly recommend you use the time between now and when you begin that big task of combining this year's crop to do as much advance planning, preparation, decision making and scheduling for the work that definitely needs to be done this fall.

This would include grid sampling and soil tests, NH-3 products and equipment, fall P & K application services, any burn-down application needs, and anything and everything else that you can find time to do now, because you probably won't have enough time to do those things later.

We need to get every bit of work done in the fields that we possibly can this fall before the snow starts to fly and the ground freezes up, and waiting until you have the crop out to get the process underway is not an option.

So talk to your FCA Agronomist now - **You'll Be Glad You Did!**



FCA Plot Tours Have Been Well Attended By Customers

We have had a very good turnout of customers to see and hear about the seed products and their performance at this year's FCA Plot Tours around the trade area. Thank You for your interest, your support and participation, and Thank You for your seed business.



FIRST COOPERATIVE ASSOCIATION GRAIN POLICIES 2008



Deliveries must be settled within 10 days of unload date or grain will be charged storage beginning on the 11th day at a rate of 1/5 cent per bushel per day (6 cents per bushel per month) for the next 90 days, and 98.4 thousandths of a cent per bushel per day (3 cents per bushel per month) thereafter.

WAREHOUSE RECEIPT & OPEN STORAGE CHARGES

18-Cent Minimum For the First 90 Days

98.4 Thousandths Cent Per Bushel Per Day (Equal To 3 Cents/Month) After 90 Days

Warehouse Receipt & Open Storage Charges Will Be Billed Quarterly

(December 31st * March 31st* June 30th * September 30th)

GRAIN BANK STORAGE RATES

First 90 Days No Storage Charge

98.4 Thousandths Cent Per Bushel Per Day (Equal to 3 Cents/Month) After 90 Days

Grain Bank Sold Will Revert To Open Storage Rates

GRAIN BANK IS INTENDED FOR FIRST CO-OP FEED CUSTOMERS

Corn taken out of Grain Bank must be mixed with protein supplement. Shelled corn hauled out will be charged regular open storage rates.

PRICE LATER

Price Later Service Charge is 18 Cents Per Bushel For First 90 Days

83.33 Thousandths Cent Per Bushel Per Day (Equal To 2.5 Cents Per Bushel Per Month) For Next 5 Months

With A 30.5 Cent Maximum Until August 31, 2009

All Price Later Contracts Expire August 31, 2009

Producer Must Be Informed That Once Price Later Contract Is Issued

No Warehouse Receipt Or Other Storage Disposition Can Be Made

CORN

Moisture Will Be Averaged Up To 10 Days After the First Day Of Delivery

14% On Warehouse Receipt - Open Storage - Grain Bank

15% On Price Later Contracts Or Sold

1.50 % Drying & Handling Shrink On Wet Corn Per Point of Moisture Removed

MOISTURE DISCOUNT IS \$.06 PER POINT OF MOISTURE REMOVED

Drying Charges Are Subject To Change Without Notice

F.M. Discount Is 2 Cents Per Point Over 3%

Test Weight Discount Rate Is Cumulative

52.9 To 51.0	=	.01/Bu Lb.	48.9 To 44.0	=	.05/Bu Lb.
50.9 To 49.0	=	.02/Bu Lb.	43.9 And Below.	=	.10/Bu Lb.

DAMAGE DISCOUNT

1 Cent Per Point 5% To 7% Damage * 2 Cents Per Point 7% And Above

CUSTOM DRYING CORN

Corn will be deposited into Grain Bank and dried to 14.0% moisture. We guarantee under 15% corn going out. Corn must be hauled out in 5 days or regular open storage charges will be applied, including the 18-cent minimum.

SOYBEANS

Moisture Requirement For Soybeans Is 13%

MOISTURE DISCOUNT IS \$.06 PER POINT OF MOISTURE OVER 13%

1.5% Drying & Handling Shrink Per Point Of Moisture Removed From Wet Beans

DUE TO THE HIGH COST OF SHRINK, SOYBEAN LOADS WILL NOT BE AVERAGED TOGETHER

ANY DISCOUNTS WILL BE CALCULATED ON A LOAD-BY-LOAD BASIS

15% And Over Beans Are Subject To Refusal

Musty Discount Is 5 Cents/Bushel * Sour Discount Is 10 Cents/Bushel

No Storage Charges For The First 10 Days After Unload Date; Thereafter

Storage Is Same As For Corn (1/5 Cent Per Day For First 90 Days, .03/Month Thereafter

See Back Of This Page For FCA Grain Handling Policies



GRAIN HANDLING POLICIES AT FIRST COOPERATIVE



As we all realize, this fall will be an extremely busy and hectic time for all. The policies at all FCA locations for operating at a smooth pace during harvest are being addressed below, and we encourage you to please take note of these policies, including those changes which have been made from previous years.

1. Due to the volume of grain coming in daily, please have all signs designating grain ownership visible. If it is a new split for landowner and tenant this year, please inform the office before harvesting so new customer identification can be loaded into our computer system.

Also this year you may need to have fields identified for insurance purposes. If you wish to have your tickets marked for this purpose, let us know before you begin bringing in grain for that field so we can mark your ticket accordingly.

2. Regarding delivery sheets needed at the FSA offices; you will be given a delivery sheet when grain is settled. You may also request a copy of the delivery sheet when you're completed with delivery.

PLEASE KEEP THESE PAPERS!

3. If you wish us to fax delivery sheets to the FSA office, remember that FSA must have a signed Form 237 on file (Signature Authorization Form). **We will not automatically fax delivery sheets** - customer must request this when done if they are not taking them directly over to FSA.

4. FCA is not responsible for ownership distribution splits. YOU are responsible for ensuring FSA has the correct paperwork and documentation to process your claims.

5. Dump hours will be posted and strictly adhered to.

6. The driver leaving the grain dump (empty loads) has the right of way to the scale first.

7. Please remove side gates from wagons to prevent injuries. If not able to remove them, tie them securely.

8. Make sure all end gates open freely.

9. Curving the corners in trucks will allow grain to move faster.

NOTE

The policies and procedure above are designed to help make the season go as smoothly as possible for the customer, the employees of First Cooperative Association and for the people of your local FSA office. We appreciate and thank you in advance for your cooperation.

HAVE A SAFE HARVEST SEASON



**FEED
&
LIVESTOCK
NEWS**
By
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CHANGES: As fuel costs have continued to increase over the course of this year, along with virtually every other expense category associated with getting feed manufactured and delivered to the farms and feeders of FCA's livestock producers, it has become necessary to make some changes and modification to the rates we charge for these services.

We have put together a new rate chart and have mailed a copy to all of our current feed customers, and as you will see when you receive this information there is a direct correlation to the number of compartments utilized in the feed order the customer places, as well as in the distance traveled to complete the delivery of that order.

I encourage all of our customers to review this information completely and, as always, please do not hesitate to contact me at the Cherokee location if there are any questions anyone has, or if there are items that need to be clarified.

INPUT COSTS PRESSURED: The cost for livestock minerals has continued to surge steadily higher, along with grain values, and this has added even greater pressure to every livestock operation to manage its production input costs.

Worldwide demand for all minerals has mushroomed as the economies of developing nations advance, and when you have nations such as China and India with their vast populations becoming an increasingly larger source of demand, the supply chain struggles to keep pace, and prices continue to be pressured higher.

Phosphorous is just one example, but a very glaring one, since worldwide demand for it has pushed the price for phosphorus and all products containing it to record-shattering levels at a record-breaking pace.

Vitamins are also affected, and China, which is one of the world's major suppliers of vitamins due to their ability to produce them so cheaply, has begun shutting down some of their production plants to limit supply and thus drive prices higher.

In time these surging markets will stabilize and seek a more normal level, as all runaway markets ultimately do,

though it appears the level at which these markets will level off will be higher than we're accustomed to.

The challenge producers face as we adjust from an era of corn values at or below \$2.50 and soybeans at or below \$5.00 to today's higher values is to manage risks and control costs until the pork and beef markets catch up, and that's where your FCA Feed Team can be of service.

For example, fall is the time for livestock minerals, and we are developing programs to provide our customers with opportunities to lock in their mineral needs (blocks and/or tubs) to secure supply and competitive pricing.

Therefore, I encourage you to talk to your FCA Feed Specialist today so he can be of service to you.



**THE
PETROLEUM
REPORT**
By
Jim Bieber
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It won't be long until you'll be putting yourself and your combines and other farm machinery through the paces to bring this year's crop in, and one of the things I think you definitely need to do before that day arrives is to have your farm fuel storage filled and ready for the rush to get underway.

Right now the off-the-truck price has been lower, so it would be my suggestion to watch for dips in the posted daily price and use those as opportunities to lay in a portion of your needs.

This enables you to Layer In your fuel supply and thus have the opportu-

nity to lock in a lower overall average for the total gallons used.

I would also strongly recommend you follow a similar approach as the harvest progresses, keeping your farm storage topped off regularly so you always have a solid inventory to carry you through a period of higher fuel prices as you wait for another dip in the market.

But don't wait too long and don't let your on-farm storage get too low.

This is going to be a shorter, more condensed harvest due to the late start, so demand for fuel will be even heavier across the board, shortages loom likelier, and big demand typically translates into prices moving up.

If you see a favorable and attractive opportunity in the market to contract gallons for fall, definitely do not let that opportunity slip completely by without getting at least a significant portion of your overall needs covered.

Again, there may not be many such opportunities presented to you with the compacted season we're facing, and it would be a shame to miss one, and a costly shame at that.

Our contracting price is a competitive one, and if Hurricane Gustav or any of its successors create problems in the Gulf in the weeks ahead as tropical storm season kicks into high gear, you won't want to be left unprotected in the open market.

A later fall harvest also means there is a greater possibility that at some point farmers will need to dry some corn, so I also recommend you have your LP dryer tank filled soon.

I also suggest that you have any service, maintenance or repair work done on the system so it's ready before the season arrives, rather than wait and be in a scramble playing catch up.

FCA Annual Meeting Dates Have Been Set

Your cooperative has completed another positive year of sales and savings thanks to the fine support of the members and patrons and the business they have provided to sustain growth, and we will be looking forward to reporting the complete details on this past year of operations to those members at this year's series of Annual Meetings of the FCA Stockholders. The dates for those meetings have been set and are as follows:

- Tuesday, November 18th At Alta**
- Wednesday, November 19th At Laurens**
- Thursday, November 20th At Cherokee**

An Official Notice of the Annual Meeting will be mailed to all members of FCA in early November containing details of the meetings, plus Class A Members will also receive a ballot containing the slate of candidates selected by the Nominating Committee for the Director positions to be voted on by the membership.

The Nominating Committee is currently interviewing incumbent Directors and other prospective candidates to select those individuals whose names will appear on the ballot, and if you are interested in becoming a candidate or have an individual who you would like to offer in nomination, please contact your local FCA office so they can have a member of the Nominating Committee contact you .



HEDGERS' HOTLINE

By
Randy
Dunn

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The price of crude oil continues to be the driving factor in determining the value of almost everything associated with agriculture.

Crude oil prices peaked in early July at almost \$150.00 per barrel, and I don't think it was any coincidence that corn and soybean prices peaked at very nearly the same time, with corn values hitting about \$7.00 and soybeans at \$16.00.

Crude oil is now trading in the \$115.00 to \$120.00 per barrel range, and both corn and soybean prices have followed suit with the slip in crude prices, as corn dropped to the \$5.00 level and beans have slipped back to a \$13.00 range.

One category that hasn't followed oil prices lower includes all of the inputs needed to grow a crop.

Seed, fertilizer, chemicals, equipment and land costs are still at all time highs, and none are showing any signs of getting any cheaper.

I think you'll agree \$5.00 corn and \$13.00 beans are some of the best prices we've seen before this year.

However, many people who are looking at what it is going to cost them to grow next year's corn and soybean crops are finding out that these prices aren't going to be nearly as profitable as they were in 2008.

I wouldn't be surprised to see grain prices disconnect from oil for a little while during harvest, and go lower than what we have today.

If USDA is anywhere close on their last crop estimate, 2008 will be the second largest corn crop we've harvested in history, and the soybean crop should also be a good one, at least according to the latest estimates.

Last year, on October 10th, corn was valued at under \$3.00 and beans were priced below \$9.00. I sure don't think we will approach these levels on that date this year, but we could see some harvest time downward price pressure push the current prices for both crops lower.

USDA will issue their next crop production report on September 12th, and perhaps this will give us a better handle on at least what Uncle Sam might be anticipating the crop could be as harvest arrives.

Even with a big crop on the way, we will consume most of what we grow over the next marketing year, as the demand categories remain strong for corn and beans alike.

USDA does not seem inclined to reduce any of the renewable fuels mandates, and the Middle Eastern oil producers don't look like they will allow oil prices to get much cheaper.

With both camps likely to remain firm on those stands, most likely grain prices will be in for another year of volatility in 2009, much like we just had in 2008.

Plus, there will still be all the same weather worries each and every crop seems to face, and the battle for limited acres between corn and beans that looks like it will be going on for the next few years.

All in all, therefore, the markets and marketplace should continue to be a very exciting place filled with the kind of sudden shifts in prices we have had this year, and a volatile mix of factors that will influence those moves.

In closing I call your attention to this year's **Harvest Policies & Grain Handling Procedures**, which are included in this issue.

Please take the time to review this information completely, as there have been some changes made in this year's policies and rates that are new for the 2008 harvest season.

As always, **if there are any items included in the Harvest Policies and/or the Grain Handling Procedures** you have a question about or which you would like to have clarified, please do not hesitate bringing those items to the attention of any of the FCA Location Managers, or contact me at Cherokee so we can address and resolve any item(s) that may be in question.

CORNER

Continued From Page 1

ed their work on the financial statements for this year of operations, I am pleased to report that the on-going indicators we use to measure financial performance show FCA is well positioned to have another highly successful year.

We're very pleased to be in such a position in a year that's been filled with numerous challenges, not the least of which have been the dramatic increases in so many of the normally stable costs of doing business that have been coming at your cooperative in rapid succession.

With grain values soaring to record levels, along with the value of each gallon of fuel or energy products, and of course the value of crop inputs we handle to serve the needs of our customers, the interest and inventory expense categories of FCA have skyrocketed to unprecedented levels this year.

Indeed, the size and scope of these increases have been so substantial, so impossible to anticipate or predict, that they will certainly have a major impact on how this year ended up in comparison with where it might have ended with anything even close to normal, predictable and foreseeable increases.

And, I am sure, they will also play a role in how we are able to plan and budget for the future.

We will be reporting the full details on this past year's performance to the members of FCA at this year's Annual Meetings, details of which are included elsewhere in the newsletter.

But until that time, I want to thank all of our patrons for their role in making this a positive year of growth and performance, one which concludes with FCA having solid sales and savings totals in spite of the unique and unprecedented challenges that confronted us.



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