



# First Cooperative Association

Vol. 9 No. 4

Visit Our Web Site At: [www.firstcoop.com](http://www.firstcoop.com)

December, 2009



## MANAGER'S CORNER

By Jim Carlson

General Manager

[jcarlson@firstcoop.com](mailto:jcarlson@firstcoop.com)

I want to thank all of our customers who were able to set aside some time in what has been an extremely busy, hectic and jam-packed schedule these past couple of months so they could attend one of the two Annual Meetings that were held in November.

Obviously, the demands of a crop to harvest and fieldwork to be done caused conflicts for many FCA customers, so for those unable to attend as they otherwise would have, I'll provide an abbreviated review of the financial highlights that were presented at these meetings.

As we are all well aware, this past year was one of extreme volatility in our grain markets, in the crop nutrient, energy and fuel markets, and in our national and global economies.

We can therefore feel fortunate it was also a year of positive, exciting growth for your cooperative due to the continued support and business provided by the members and patrons - **Thank You!**

For the 2008-09 fiscal year ending August 31st, FCA had **Record Total Sales of \$310 million**, surpassing the previous record of \$264 million set last year, plus we also had **Record Net Savings of \$7,289,553**, up some \$1.33 million compared to the previous year's net savings figure.

For the **FCA Grain Division**, grain volumes were up by 1.1 million bushels, or 4%, storage income rose by \$1.2 million and drying income was up substan-



Best Wishes For The Holiday Season

**MERRY CHRISTMAS**

&

**HAPPY NEW YEAR**

To Our Members & Their Families

From All Of Us At



**First  
Cooperative  
Association**

tially, by \$1.9 million.

While last year's crop was a large one, I would anticipate the crop you have just finished harvesting will top it, and thus hopefully we will see an increase in grain volumes once again.

Your **FCA Agronomy Division** had a very strong year of growth, with sales doubling from \$24 million to \$48.8 million.

Admittedly, higher crop nutrient prices are reflected in that increase, but of greater importance so too were higher volumes with the additions of the Vohs & Miller customers in the Holstein area, and the UAP customers in the Cherokee area.

NH-3 volumes were 63% higher, liquid nitrogen had a 124% volume increase, chemical sales were up by 91% and seed sales increased 114%.

Only dry fertilizer volumes declined, and that was by only 8% compared to the previous year, and this can be directly traced to producers holding the line on rates in response to higher costs.

Your **FCA Energy Division** had yet another very fine year, with LP sales 13% higher as a result of a 900,000 gallon increase in volumes. Refined fuel sales dipped by 9% in 2008-09 as significantly higher prices forced everyone to limit travel and usage.

No segment of the agricultural economy has been harder hit by the extreme volatility of prices and the overall economic woes of our nation than livestock production.

With very low livestock prices throughout the year causing devastating losses for livestock producers nationwide and throughout our trade area, FCA's feed business has been significantly affected and for this past year we experienced an 11% decrease in volumes and dollar sales.

I am pleased to report that the Board of Directors has authorized a **Total Patronage Dividend of \$3,456,690** to be allocated to the membership for their 2008-09 fiscal year business, and 30% of that total, or **\$1,037,007 Was Paid In Cash.**

In other business that was transacted at the Annual Meeting, we announced the results of this year's Board of Director election in which the membership re-elected Directors Bill Foell and Mark Johnson to three-year terms on the Board.

These incumbents will be joined on the Board by newly elected Directors Bruce Rusk and Eben Salton, both of whom were also elected by the membership to three-year terms.

Bruce and Eben assume the Director positions that have been held by Keith Hoffman and Greg Mattson, Directors who have served the cooperative system, your cooperative and their fellow members with distinction for a combined 38 years.

These men have provided valuable leadership and foresight during their

**CORNER**

*Continued On Page 4*



**AGRONOMY  
NEWS  
&  
NOTES  
By  
Jim Compton**

[jcompton@firstcoop.com](mailto:jcompton@firstcoop.com)

I'm sure there will be a time next year when you'll suddenly ask yourself: **Did We Really Get All That Work Done In That Short Period Of Time?**

Right now I am sure the emotions most are feeling would be a combination of amazement at the volume of work we did this fall, disbelief at how much was done in just a few weeks, pride at having done it, satisfaction and relief to have so much done when the snow started falling.

As of December 7th you and your FCA Team had applied 8,650 tons of NH-3 to area fields this fall, a record that far outdistances any previous fall applied volume.

There is no doubt that a volume of NH-3 like that being applied in such a condensed period of time this fall required tremendous teamwork with planning and placing orders, coordinating equipment, keeping tanks filled and tool bars moving, and a virtual 24/7 commitment to making it all work smoothly.

The customers of FCA and the entire Agronomy Team brought those things and more to the table this fall, and **That's Why It Worked!**

Speaking for all of us at FCA, **Thank You!**

We were also very pleased at the way the new bulk fertilizer plant performed for the FCA trade area and its customers this fall.

The new system of supplying customer needs from the new plant in Aurelia meant a significant change in the way things have been supplied to customers in the Alta, Holstein, Linn Grove and Petersen areas.

We thank all of them for adapting to the new system so quickly and doing their part to make it work as we envisioned it could.

It certainly would have been nice to have a normal pace to fall so we could have **Learned To Walk Before We Ran** operating out of the new plant, but the pace of this fall was **On The Run Right Out Of The Gate**, so having everyone work-

ing together was a great help and definitely appreciated. **Thanks!**

Once upon a time in the crop production business we used to be able to get a crop harvested and tucked away, do some fall fieldwork and tillage, and as winter settled in get started on the process of planning and decision making for the next crop.

Lately, however, the planning and decision making starts much earlier, and with the harvest and fieldwork stretching later into this fall, the two processes are overlapping even more.

We'll have pre-pay pricing established on your 2010 inputs shortly to give you an opportunity to pre-pay prior to the year end to put expenses on the books in 2009, or shortly after the new year arrives to get the same pre-pay pricing discounts if you're putting expense on in January.

One of the things you'll definitely want to nail down early is your 2010 corn and soybean seed, since this late, wet fall may cause some of the most popular varieties and hybrids to get scarce faster.

Also take a close look at the big price cuts in the branded glyphosate and consider the many benefits and advantages applying the branded products give you that the generics don't or can't offer. **Remember, cheaper isn't always better.**

This has been a fall season we will all remember, and I know I speak for the entire Agronomy Team at FCA when I say **Thank You** to our customers for allowing us to serve you and to be your supplier.



**FEED  
&  
LIVESTOCK  
NEWS  
By  
Dwayne Naab**

[dnaab@firstcoop.com](mailto:dnaab@firstcoop.com)

**PQA & TQA:** We have planned a special **Swine Seminar for February 25th** at the Aurelia Community Center during which the **Pork Quality Assurance and the Trucker Quality Assurance** requirements can be completed.

The PQA portion of the program will be offered at 8:00, with the TQA portion to follow at 10:00.

You can save the \$25.00 fee that will be charged at the door by pre-registering, and I encourage you to contact FCA Swine Specialist Doug Davis for complete details and to pre-register.

I also want to note that Doug Davis is now certified to conduct **Pork Quality Assurance Plus Site Assessment** service, and you can contact him at 229-2037 to have him fill you in on all the details for this fee-based service.

**MYCOTOXINS:** There seems to be some concerns in the livestock industry about the potential for mycotoxins in this year's feedstuffs, and we want our area producers to be aware of these concerns.

There are a couple of key things you need to be aware of:

**FEED**  
*Continued On Page 3*

**FCA Directors Recognized For Their 38 Combined Years Of Dedicated Service To FCA & The Cooperative System**

*This year two of FCA's long-term Directors made the decision to retire from Board service so they could devote more time to family activities and their individual farming businesses, and we want to ask that our members join us in expressing thanks and appreciation to these two men for their time and dedication, and for their leadership and foresight during their years on the Board.*



*Keith Hoffman (left) has given 21 years of Board of Director service to the cooperative system, serving on the Laurens Board for 9 years, the Marathon Board for 6 years and the FCA Board for 6 years.*

*Greg Mattson (right) has given 16 years of Board of Director service to the cooperative system, 5 years on the Agland Board at Alta, 1 year on the transitional Board that served during FCA's first year of operations, and the past 11 years on the FCA Board.*





**THE  
PETROLEUM  
REPORT**

By  
**Jim Bieber**

[jbieber@firstcoop.com](mailto:jbieber@firstcoop.com)

It has been a fall season of many records, a season that has provided many milestones and memories, and it has been a season during which everyone has given a tremendous amount time, effort and energy to harvest and dry a very large crop that was higher in moisture.

Based on the small amount of work done by Halloween at the end of October, I doubt many people would have dared to imagine we would have been able to spend time and enjoy the Thanksgiving Day Feast just 4 weeks later.

The rush actually got underway in mid-October for the FCA LP Team, as the realities of a big crop, a wet crop and a late start caused a big surge in orders to start coming in for dryer fuel deliveries.

Over the course of the next 6 weeks, your LP Drivers hauled 2.2 million gallons of LP to the farms and dryers of our customers.

They were working extremely long hours day after day as those weeks added up, with few breaks, very little sleep and steady pressure to keep the LP flowing so your grain dryers were able to keep working.

To give you a little perspective of just how large that volume is and how smoothly your FCA LP Drivers moved it in such a short, pressure packed period of time, the total volume of LP FCA hauled in all of 2001 was 1.77 million gallons.

They hauled 1.9 million gallons of LP to FCA customers in all of 2002.

The 2.2 million gallons they hauled in just a six week period this fall most closely approximated the total volume of LP they hauled in all of 2004, and I am sure many of you recall the size of that crop.

Obviously, I want to recognize, thank and express my sincere appreciation to the entire FCA Team, and that includes all LP and refined fuel drivers as well as the people handling the orders from the customers.

And I also want to sincerely thank all of you, our customers, not only for your business and for giving FCA

the opportunity to be your supplier, but also for your great cooperation in planning and ordering your needs.

Without your timely planning and ordering to help us coordinate the entire process of getting these huge volumes promptly dispatched and delivered, we couldn't have pulled it off this efficiently.

As I have noted in the past, your cooperation in planning and placing orders also play vital roles in helping FCA to plan and manage our fuel and energy inventories.

In this unprecedented season of huge demand, terminal and pipeline delays, outages and long lines of transports waiting 12, 14 and upwards of 16 hours per day to pull a single load, FCA customers can be pleased to know their cooperative never ran out of product, as did so many others, and that FCA always had adequate supplies on hand to meet your on-going demands as the season progressed.

**PLANNING FOR 2010:** Our **Early Bird LP Contracting** program has proven its value and worth to customers this fall, and I am therefore pleased to announce we will once again be offering you the opportunity to use it to lock in supply and price for your 2010 LP needs.

We'll also have our **Spring Diesel Fuel Contracting** program ready for you, and I encourage you to be watching for complete details forthcoming on both of these contracting programs in the weeks ahead.

**REMINDER:** It's been a hectic fall season that lasted right up until the snow started falling, so if you've not already done so, now is definitely the time to have your diesel fuel supplies winterized and to be sure all the paper fuel filters on your fuel storage system have been changed.

These filters trap moisture, and they do a great job of that, but they eventually become waterlogged over time and that restricts fuel flow. Changing them now could prevent big problems later.

**FEED**

*Continued From Page 2*

**First**, just because you see signs of mold on feedstuffs, that does not automatically mean there are also mycotoxins present.

**Second**, just because you do not see any evidence of molds on feedstuffs, it does not automatically mean there will not be mycotoxins present.

**Third**, while there are various products available as additives that claim to bind mycotoxins, there are as yet no guarantees, since FDA has yet to approve any feed additive as a mycotoxin binding product.

There are academic studies that have shown efficacy of these products to bind mycotoxins.

**Opportunities:** Even though things have been chaotic in the pork industry, there still may be some opportunities presenting themselves to producers.

Contact Doug Davis if you wish to investigate the various alternatives and options that are available, and how different ones might fit.

**Beef:** As beef producers know, cows need extra nutrition during the winter months, and FCA is the place to get all of the products you'll need to keep your cows performing.

Keep in touch with FCA Beef Specialist Mark Hinners so he can assist you with all of your beef operation's nutritional needs.

**HOLIDAYS & WINTER:** As you can see below, we'll be closing on Friday two weeks in a row, giving us two consecutive 4-day work weeks and two consecutive 3 day weekends.

Please plan accordingly so our mill employees and drivers can have your rations manufactured, loaded and delivered to your feeders as smoothly as possible during the holiday season.

Also, now that winter is here, we will appreciate having feed orders placed at least 24 hours in advance, and even more whenever possible to help us coordinate delivery.

**Please Plan Accordingly For The Holiday Season**

**CHRISTMAS HOLIDAY**

**Closed All Day Friday, December 25th**

**NEW YEAR'S HOLIDAY**

**Closed All Day Friday, January 1st**

*Please Plan Your Supply-Service-Business Needs*

*Well In Advance As We Enter The Holiday Season*

*So We Can Have All Customer Needs Promptly Served*

*Prior To These Extended Holiday Weekends*



## HEDGERS' HOTLINE

By  
Randy  
Dunn

[rdunn@firstcoop.com](mailto:rdunn@firstcoop.com)



First Cooperative Association  
5057 Highway 3  
Cherokee, Iowa 51012

Presorted Standard  
**U.S. POSTAGE  
PAID**  
Des Moines, Iowa  
Permit No. 2929

ADDRESS SERVICE REQUESTED

As the 2009 harvest winds down to a close at long last, it will go in the history books as one of the longest and most tiring harvest seasons most of us have ever seen.

We have a lot of your FCA employees who went more than 2 months without a single day off, and I am sure there were many of you and members of your families who were also kept busy at a similar continuous pace.

As a result of all the hard work put in by everyone involved in bringing in the crop, area producers will be able to reap some nice rewards as the crop is sold.

Soybean yields were at least average, or better, and with the current market price around \$10.00 per bushel, the return per acre should be one of the best ever.

We won't have another USDA crop production report until January 12th, but I don't need a USDA report to know that the local corn crop will exceed all previous records by a long way.

The crop was a little bit wetter, but there should be plenty of additional bushels to cover drying costs.

Yields were among the all time best for many of you, or at least close to your top yield records, and lots of producers are wondering what to do with the extra bushels that are left to sell.

Recent market action has not followed any kind of previous historical pattern, so we don't have the normal past trends to provide clear answers.

We would normally expect the cheapest prices of the year at this time, especially considering we have just produced an all-time record large crop.

But instead of the markets declining like they normally do at this time and in the face of record production, corn prices have risen 50 cents per bushel, and soybean prices are over \$1.00 per bushel higher than they were before harvest started.

This type of contra-seasonal price action has a lot of people thinking maybe the markets should be rewarded with heavier than normal grain sales, while there are those on the bullish side who are saying hold on, prices always get better in the spring.

That is what normally happens in a normal market environment, however supply and demand are obviously not the primary factors controlling today's prices.

A grain analyst recently stated that the large hedge funds have trillions of dollars to invest, and our commodity markets are only worth a few billion dollars all added together.

Hedge funds believe buying most any commodity, regardless of supply and demand fundamentals, is a good bet against inflation, which they feel is sure to come with our government's recent spending spree adding to an already huge national debt.

As long as the hedge funds are in control of grain prices, as they are now, prices will go up when the funds are in a buying mood, and prices will go down when they sell their holdings.

Factors influencing their daily buying and selling habits seem to change often, but the most mentioned factor is the value of the U.S. dollar compared to other currencies.

More often than not, funds buy grain when the value of the dollar is down on inflation fears, and they tend to sell grain when the dollars shows strength.

Most analysts feel it will be a long time before the dollar shows much sustained strength, and if they are right then grain prices could hold at current levels or better well into next spring.

At this time, South American weather has been mostly good for getting their crop started.

Their critical growing time is January and February, so we will have to see what happens then.

Any problems for the South American crop might be our next chance for movement in our grain prices.

If you don't know what to do about

selling your crop, I suggest using one of our **Averaging Contracts**.

Among the many benefits of **Averaging Contracts** is that they can be started and stopped at any time, plus they can also include a minimum price.

They work well for new and old crop alike, and they can be used as **No Basis** or regular cash contracts, so feel free to call me or one of our locations for help getting started with these marketing tools.

Our customers have had a lot of success in the past pricing grain now through the planting season, and taking an average usually works a lot better than trying to pick a day to sell.

## CORNER

*Continued From Page 1*

tenure on the Board, and in doing so they have played a critical role in many of the key decisions that have been made to position FCA as a respected leader in the cooperative system, an a positive and progressive force in our local communities.

Elsewhere in this issue we have included a photo of Keith and Greg with the plaques that were presented to them recognizing their years of service, and I hope you will join with me in than thanking both of these men for their years of outstanding service.

At their re-organization meeting the Board elected Charles Specketer as President, David Dean as Vice-President, Mark Johnson and Treasurer and Randy Sennert as Secretary to serve as officers for this current year of business.

In closing, and on behalf of the Board, Staff & Employees at FCA, I once again say **Thank You** to all of you for your continued support and business, and I extend our **Very Best Wishes For The Holiday Season To You & Your Family**.