



# First Cooperative Association

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

December, 2010



## MANAGER'S CORNER

By **Jim Carlson**

General Manager

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

On behalf of your Board of Directors and all of the FCA Employees, I want to thank the members who were able to attend one of this year's two FCA Annual Meetings held November 17th in Storm Lake, and 18th in Cherokee.

We were very pleased to be able to report to the membership at this year's Annual Meeting that your cooperative completed another very successful year of operations, something I believe we can all take great pride in, since that success was achieved in the face of some of the most extreme weather Mother Nature could have given us.

The fiscal year 2009/10 we reported on began September 1, 2009, and one of the wettest Octobers on record soon descended on us, delaying the final stages of crop maturity, giving us a high moisture, difficult to dry crop, condensing the harvest season and shortening the fall fertilizer season significantly.

The challenges continued with one of the most severe winter seasons in decades, featuring extreme cold, massive snowfall amounts and huge drifts, all of which made delivery of feed, propane and grain to your farms and the marketplace a tremendously difficult endeavor.

As spring arrived everyone faced the task of not only tackling the normally heavy spring workload, but also the carryover chores left over from the early shut down of work the previous fall.

And to make those challenges even more extreme, somehow it managed to rain every few days for much of the

*Best Wishes To All  
For The Holiday Season*  
**MERRY CHRISTMAS**  
&  
**HAPPY NEW YEAR**  
*To You & Your Family  
From All Of Us At FCA*



spring and summer, creating havoc with everyone's fieldwork and our custom application services.

No matter how you cut it, this past fiscal year was definitely one of remarkable and in many cases record setting weather from start to finish, thus to close the books on the year August 31st with such positive results is a very satisfying achievement for everyone who played a role in making it possible.

Your continued support and business, along with the dedication, determination and hard work of the outstanding group of FCA Employees who serve your needs once again pulled your cooperative through these and other challenges, and I am very pleased to thank and recognize you, them and the role all of you fulfilled to make this a positive year for your cooperative.

For the benefit of those unable to attend one of the two meetings at which the financial report on this past year of business was presented, I would like to include a few of the highlights from the statement of savings.

**Total Sales for the year were \$263,411,761 and FCA had Local Savings of over \$5.5 million and Net Savings of over \$6.64 million**

This year the Board of Directors of FCA authorized a Total Patronage Dividend of \$2,854,783 to the members of FCA, with 30% of that amount, or \$856,435 Paid In Cash.

**FCA's Grain Department** had a very good year, handling just over 39 million bushels of grain, and the 4.5 million more bushels handled this year represented an increase of 13% over 2009.

Over 30.6 million bushels of your

corn crossed FCA scales this past fiscal year, a record volume.

The slow to mature crop of last fall that I mentioned earlier obviously required more time in the grain dryer to remove those extra percentage points of moisture, resulting in a \$2.23 million increase in grain drying service revenues for the year.

The **FCA Agronomy Department** experienced another tremendous year of growth, with fertilizer volumes up by nearly 12,000 tons, representing a 26% increase.

While there was a \$3 million dip in total chemical sales for the year, it can be directly traced to a substantial price reduction for glyphosate products, and to having a aphid-free spraying season, both of which translated into significant savings for our customers.

The **FCA Seed Team** recorded a nice increase of over \$1.3 million, and they continue to work very closely with our customers to position the best seed genetics for their farms and fields.

The **Fuel/Energy Department** also had another fine year, and while the total gallons and dollars in LP sales were certainly given a boost by the combination of a severe winter and the drying of a wet corn crop, they also had a nice 214,000 increase in diesel gallons.

Finally, while there were indeed some encouraging signs for the **FCA Feed Department** thanks to increased volumes in the cattle feeding portion of the business, those were unable to offset the lingering effects of a struggling pork mar-

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**AGRONOMY  
NEWS  
&  
NOTES  
By  
Jim Compton**

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

The 2010 fall fertilizer season was, thankfully, totally different from the one we all battled through last year.

Ideal fall weather allowed harvest to progress smoothly and swiftly, and the favorable treatment from Mother Nature continued throughout October and for virtually all of November.

Additionally, strong grain prices and a positive outlook for next year's corn and soybean markets provided solid incentives to take advantage of the fantastic fall weather and field conditions, so demand for nutrients, equipment and services has been huge.

And while it's true that nutrient costs pushed higher again this fall, they also leveled off well before hitting the peak price levels we experienced a couple of years ago, and that also played a role in making this a record fall season.

The demand was so immense all across the Grain Belt, in fact, that supply issues quickly surfaced and the scramble was on to secure sufficient volumes to keep farmers supplied and the equipment running in the fields.

At one point we had FCA transports traveling to Oklahoma to obtain NH-3 supplies, and thanks to the long hours and fine job these people put in, we were able to stay just ahead of the game and meet everyone's needs as the season progressed non-stop.

Record P & K demand stretched supplies to the limit this fall, and here again your FCA Employees have done a tremendous job of coordinating the logistics and providing timely services to customers.

We have recently received additional P & K into our system and we will naturally continue to spread these nutrients for you as long as there are orders on the books and fit field and weather conditions for our men and machines to operate.

In recent years lime applications have often been pushed to the back burner here and across most of the Grain Belt, since the window of time to spread has been so limited and the short period of time that was open after the crop came out had to be devoted to getting as much N-P-K applied as possible.

As you might imagine, therefore,

the demand for lime this fall has been absolutely huge and shortages rapidly developed as all of the stockpiled lime disappeared.

At present, lime is available only on a direct ship basis from the mines, a situation similar to the lime crunch I am sure many of you recall from the late 80s and early 90s.

It is absolutely amazing to look back over the past two months and see just how much work has been done, how many tons of crop nutrients have been applied, and how well things have really gone.

Clearly, it has taken a tremendous amount of teamwork, good communications between the customers and the employees at FCA locations, and outstanding cooperation with planning, scheduling and coordinating all the logistics to enable such huge volumes of N-P-K to be applied this fall, and I want to both recognize and thank all of you and all of the FCA employees for all that went into making this fall such a great success on the farms and in the fields.

With the arrival of December, thoughts now shift to the planning and decision making processes on pre-pay orders.

One of the first contacts I encourage all of you to make is with the FCA Seed Team, since they have prices on corn and soybean seed established, and they are ready to assist you in selecting the best genetics and technologies to match your needs and the characteristics of your fields.

We will also be establishing pre-pay pricing on crop nutrients and crop protection products to give you the opportunity to put expenses on the books prior to the end of December, or if you prefer, to pay right after January 1st and still lock in the same pre-pay savings.

Those pre-pay prices should be available by mid-December, and as always your FCA Agronomist will be ready to assist you with placing orders to lock in your crop inputs at the best possible savings.

**THE BEEF REPORT**

**By Marc Hinners**

**CATTLE FEEDING: WHAT A CHALLENGE!**

At the time of this writing just after Thanksgiving the price of corn continues to be around \$5.00 per bushel.

The fat cattle market is at \$100.00.

Feeder cattle are at \$130.00 for 550 pound steers and at \$120.00 for the heifers.

And we have yearling cattle priced in a \$115.00 to \$118.00 range.

Those are the raw numbers. Now what? The question is familiar, so the answer is the same as in the past:

***You Need To Know Your Costs!***

Both the buying decisions and the selling decisions you make have to be based on ***Knowing Your Costs***, and here at FCA we have the programs and products available to serve and assist you in defining and establishing ***Your Costs*** for all phases/types of cattle operations.

Whether you are looking for supplements or feedstuffs, needing projections or tracking, we have what you need.

Profitability in cattle feeding has been good in 2010, and it appears it will be good again in 2011. Utilizing the programs and services we offer to you at FCA can help you participate fully in those opportunities.

At FCA's different locations we handle Land O' Lakes, QLF and Kent products to meet your feedlot and your cow-calf operation needs. And if we don't have what you're looking for at one of our locations, chances are good that we can get it for you.

There has been some interesting discussions in the industry about new buildings and pen designs, and we have had some of these new facilities go up in the FCA trade area this past summer and fall.

If you would be interested in seeing or discussing some of these newer facility concepts and designs, just let me know.

***BEEF REPORT***

***Continued On Page 3***

**HOLIDAY HOURS OF OPERATION**

**CHRISTMAS HOLIDAY**

**All FCA Locations Will Be Closed**

**Friday-Saturday-Sunday December 24-25-26**

**NEW YEAR'S HOLIDAY**

**All Outdoor Operations At FCA Will Be Closed**

**(Feed/Fuel Delivery - Grain Receiving)**

**Friday-Saturday-Sunday December 31 - January 1 & 2**

**FCA OFFICE LOCATIONS OPEN REGULAR HOURS**

**ON FRIDAY, DECEMBER 31**

**With Limited Staff Available To Take Care Of  
Customer Pre-Pays - Account Payments - Grain Sales**



**THE  
PETROLEUM  
REPORT**  
By  
**Jim Bieber**  
jbieber@firstcoop.com

As you can see in the photo elsewhere at the bottom of the page, work has progressed very quickly on the installation of the new **Ethanol Fuels Blender Pump** at the Aurelia Card-Trol facilities.

We hope you will stop in to take advantage of this new addition which offers the choice of using a 20%, 30% or the 85% blend of ethanol.

We will also continue to offer Super No-Lead at the Aurelia Card-Trol.

**PRE-PAY PRICES AVAILABLE:** One of the priority appointments every farmer has on his **Things To Do List** as December rolls around is a meeting with their tax advisor to start the inevitable process of pre-tax planning before the end of the calendar year.

I am pleased to announce we will soon have a pre-pay price established for **Spring Diesel Fuel Contracting**, so please be watching for complete details on this very popular and widely used program to be posted in early December.

Over the years FCA fuel customers have used our spring and fall diesel fuel contracting programs to lock in their supply and to save on their overall fuel expenses to plant and/or harvest their crops, and we are once again pleased to offer this convenient and money-saving opportunity.

I encourage you to take advantage of this opportunity to start layering in your anticipated diesel needs for the 2011 spring planting season, and at the same time put some of your 2011 crop expenses on the books now for tax advantages by pre-paying prior to the end of December.

I'm also pleased to announce that once again the FCA Energy Team will offer a **Pre-Paid LP Contract** for the 2011/12 heating and grain drying season, with the pricing established in early December to enable you to also use this program to put expenses on

**For Complete Information On SPCC Compliance  
Check Out These Web Sites**

**SPCC COMPLIANCE FOR FARMS**  
[www.epa.gov/osweroe1/docs/oil/spcc/spccfarms.pdf](http://www.epa.gov/osweroe1/docs/oil/spcc/spccfarms.pdf)  
**TIER 1 QUALIFIED FACILITY PLAN TEMPLATE**  
[www.epa.gov/oem/content/spcc/tier1temp.htm](http://www.epa.gov/oem/content/spcc/tier1temp.htm)

the books prior to December 31st if there are tax advantages for doing so.

**SPCC COMPLIANCE:** An article in a major farm publication created a lot of discussion and concern earlier this fall, and we have had a number of customers contacting FCA with questions about this issue.

I am, of course, referring to the EPA's proposed **Oil Spill, Control and Countermeasure Program (SPCC)** which sets forth requirements that **"any facility"** that stores oil or oil products in above ground storage tanks in a quantity of 1,320 gallons or more that could **"reasonably be expected"** to discharge those products into water sources must establish an SPCC Plan.

Products fall into this requirement include diesel fuel, gasoline, lube oil, hydraulic oil, crop oil, adjuvant oil, vegetable oil or animal fat.

The article in question noted a deadline for those required to have their SPCC Plan established by November 2010, however subsequent to the time it was published in the farm publication an extension was granted that set the date for **"Mandatory Compliance"** as November 10, 2011.

Since the deadline is almost a year away, some of you may be wondering why I'm bringing this up at this time.

For one thing, I think the handwriting is on the wall:

**When November 10, 2011 arrives, the SPCC Plan requiring all farms that store 1,320 gallons of those products to have a plan established will need to have one "Established".**

In other words, I suggest not waiting until the deadline arrives - or passes - to put together an SPCC Plan if your farming operation is required to have one.

Instead, this sounds like a suitable task for a cold, snowy winter day

when you can spend a little time putting together the information required to be in compliance with the requirements of having a SPCC Plan for your farming operation.

There are two web sites I have listed elsewhere on this page where you can get all the details and information you need.

So check them out at your convenience and take care of this sooner rather than later, since this is one of those things that can slip your mind as things get busier around your place next spring, summer and fall.

**BEEF REPORT**  
*Continued From Page 2*

You can contact me at 712-229-9038 or you can contact any FCA location and they will get word to me.

We are always anxious to assist you with your cattle operation and will do our best to answer any questions you might have.

In closing, please note the Holiday Hours listed elsewhere for the upcoming Christmas and New Year holidays.

As you can see, both will create three day holidays that run Friday through Sunday for two consecutive weeks, which translates into only four days those two weeks to get all feed deliveries handled.

Please help us plan and schedule feed delivery to your operations by contacting us in advance to place orders so our staff can manufacture, route and deliver your feed smoothly and efficiently, and thus also be able to share as much time as possible with their families for the holidays.



**New Blender Pump At The Aurelia Card-Trol Offers E20 - E30 - E85 Ethanol**

**FOR SALE**

**2004 CHEVROLET MALIBU CLASSIC**

**2.2 Liter 4 Cylinder Engine -Automatic Transmission 125,500 Miles - \$3,500.00**

*This car has been driven by our feed salesman and has been serviced on a regular schedule. It is in very good shape, mechanically sound and would make good choice for a youngster's school transportation.*

**Contact Jim Sunde (712) 225-5400**



## HEDGERS' HOTLINE

By  
Randy  
Dunn

rdunn@firstcoop.com



First Cooperative Association  
5057 Highway 3  
Cherokee, Iowa 51012

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Grain prices have certainly been on a wild ride for the past three months, and the November 9th crop report appeared like it was friendly enough to maintain the upward momentum.

But as things turned out, it obviously was not. Evidently this was another classic case of **"Buy the rumor - sell the fact"**.

December corn futures topped out at \$6.05 on report day, and January soybean futures peaked 3 days later at \$13.48. We are currently trading about 70 cents per bushel lower on corn, and \$1.00 per bushel off the high on soybeans.

Everyone has their list of reasons why markets have faltered recently.

As for me, I think we just ran out of momentum, as many fund traders realized news was going to be scarce over the next couple of months, and they decided to cash in on the substantial profits they had accumulated through the harvest bull market.

Even though corn and beans have suffered recent setbacks, the future still looks pretty good.

Ethanol demand for corn is at an all time high, and we are also hearing talk that congress is likely to extend the ethanol blenders tax credit in some form for another year, although the tax credit may be somewhat less than previous years.

We also hear talk almost daily that it is just a matter of time before China is forced to start importing some corn to keep up with their ever increasing feed demand.

Soybean demand is also very good, thanks mostly to a huge amount of export business on the books with China.

It was recently announced that the U.S. had just completed the 3rd largest single soybean sale ever to Chinese buyers. The sale was for 28 million bushels.

This sounds like a lot of beans, and when you consider the entire U.S. soybean surplus at the end of this marketing year is expected to be somewhere between 100 - 150 million bushels, it is indeed **A Lot Of Beans!**

Demand for our old crop soybean supplies should continue to support prices near current levels, and next

fall's new crop prices are where things could really get to be interesting.

Corn, soybeans, wheat and cotton are all at historically high prices as supplies of all of these commodities get tighter.

Projections for next fall using current demand levels indicate we will need to increase corn and soybean plantings by a combined total of nearly 10 million acres.

The problem is, **Where do these acres come from?**

The USDA doesn't seem inclined to release any CRP acres early, and wheat and cotton need to maintain all the acres they currently have.

The current new crop situation is similar to what we experienced in 2008 when the ethanol industry expanded so rapidly and left us severely short of corn acreage.

The big difference between then and now is that we had a lot larger grain surplus going into 2008 than we have today.

The one sure cure for tight grain stocks and shortage of acres is high enough prices to limit demand.

As we found out in 2008, ethanol plants and livestock feeders can't handle \$7.00 corn for very long, and there are some who would argue we have already seen prices high enough this year to cut demand to a level where grain supplies can catch up.

Time will tell, but I suspect we will see very volatile markets as spring approaches, and most likely that volatility will continue well into the summer.

If China doesn't surprise us with any major corn purchases in the next month, the next market mover will probably be the January 12th USDA final report for the 2010 crops.

They will also release U.S. and

world supply and demand projections for grains and oil seeds at that time.

## CORNER

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ket, which was under substantial pressure for much of the year.

During this past year FCA also sustained its on-going commitment to respond to the increases in corn yields, the subsequent increases in corn volumes, and the ever-increasing speed at which our customers are able to harvest and haul those bushels into their nearest FCA location by upgrading our capacities and capabilities in receiving, drying and storage.

This year the Larrabee and Schaller locations were the scene of upgrades that added a combined 600,000 bushels of storage space, a new dryer and substantial upgrades to our receiving capacities to get your bushels handled much more swiftly and smoothly.

Another important business item from the Annual Meeting was the announcement of the Board of Director election results, with incumbent Directors David Dean (North-Central District), Mark Hinkeldey (South-Central District), Steve Hueser (West District) and Randy Sennert (East District) elected to serve 3-year terms on the FCA Board.

At their re-organizational meeting on November 29th the Directors elected the following to serve as officers for the current fiscal year of business.

In closing I want to again thank all of you for your continued support and business, which remain the driving forces in any successes achieved by this company which all of you own.

We look forward to serving your needs and to earning your on-going support, and on behalf of everyone at FCA I want to extend **Best Wishes To All Of You For The Holidays.**