



First Cooperative Association

Vol. 11 No. 3

Visit Our Web Site At: www.firstcoop.com

September, 2011



MANAGER'S CORNER

By Jim Carlson

General Manager

jcarlson@firstcoop.com



Workers are putting the finishing touches on the new office facility at the FCA Alta location and work on installing the new scale is underway so we can have this site ready to serve you as harvest arrives.

We've been through another season of weather extremes, starting with a cool and very wet period early, then all at once the temperatures turned extremely hot and it forgot how to rain.

As a result, there are many more questions than answers as to just how significant the impact has been to our corn and soybean crops, but clearly there has been a percentage of our yields lost.

Advances in crop genetics and technology have made corn and soybeans more resilient in the face of weather challenges, however, and we will make all necessary plans and preparations here at FCA to be ready to handle a good crop for you this fall.

It would appear the heat of July has pushed this crop forward to make an early start to the harvest season seem a virtual certainty, and a rapid in-field dry down of corn will minimize drying demands, thus helping to speed the pace of harvest even more.

That means less time and minimal expense drying corn for our customers, although it represents a loss of drying income as a revenue source for FCA.

Our **2011 Harvest Policies** appear elsewhere in this issue, and while virtually unchanged from a year ago, I still encourage all customers to review them thoroughly to be aware of the rates, policies and procedures FCA will use to handle your 2011 corn and soybean crops.

As I noted, preparations are well underway at all FCA locations to serve

your harvest needs, and these include putting the finishing touches on the various grain receiving, drying, handling and storage upgrades and expansions that have been underway over the course of the summer season.

As the photo above shows workers are now in the process of pouring the scale approach drives at the new Alta location office site, and we are putting the finishing touches on the new office.

The other photo shows the major grain upgrades and expansion work at the FCA Linn Grove location, where the bins have been erected, the dryer is up and the grain legs have been installed, and where work is continuing at a feverish pace on installation of the dump pit and finishing up installing electrical service to the facilities.

FCA YEAR END: August 31st marked the end of the 2010-11 fiscal year of operations for your cooperative, and in the weeks ahead we will have representatives from our auditing firm in to complete their work on the financial reports which will then be presented to the membership at the November Annual Meetings.

Since we are putting this month's newsletter information together prior to Labor Day and before the auditors have returned to complete their work, I do not have any of the final figures to report at this writing.

However I can report that our preliminary figures indicate your cooperative has had another positive year of growth, and we will therefore be reporting a successful year in terms of sales, savings and patronage earnings to you, the members, in November.

ANNUAL MEETINGS: Once again this year we will conduct two evening sessions to complete the Annual Meeting process of reporting the results of this past year to the membership, announcing the results of the Board of Director election and completing other important business for your cooperative.

The dates of this year's meetings will be **Wednesday, November 16th in Storm Lake and Thursday, November 17th in Cherokee**, and we will be mailing full details of these meetings to the membership at the end of October.

Also included in this mailing will be a ballot to be used by all Class A voting members to cast their vote for their choice of Directors, and a brief biographical profile of each of the candidates on the ballot for these positions.

Another item in the mailing will be information about some changes which have been unanimously approved by your Board of Directors to the Articles of Incorporation which they are submitting

CORNER

Continued On Page 3

**AGRONOMY
NEWS
&
NOTES
By
Jim Compton**

jcompton@firstcoop.com



We've had a very busy and very big season spraying fields with fungicides to enhance crop health and performance, which will result in high yields.

The number of corn and soybean fields that have been treated with fungicides this season will continue to add valuable information to our data base as we evaluate the economic benefits these products bring to the table.

Once again this summer we had a major challenge to our soybean crop from soybean aphids, and once again FCA has responded to supply our customers with timely, effective treatment services to control these performance and yield threatening pests.

We also encountered corn aphids in sufficient numbers to require treatment in several fields this season.

Corn aphids are a relatively new pest to our area, and while some of our customers found them in corn last year, their numbers were insignificant and their presence was limited.

Obviously, this will be something we'll all need to gather additional information about prior to next season, and hopefully the universities, seed and chemical companies are now alerted so they can advise us about controls for these pests if they become an issue in 2012.

A BUSY FALL AHEAD: With the summer heat pushing crop maturity forward and giving us a strong prospect for an early start to harvest this fall, you can be sure that plans and preparations are being made so we can be ready with an all out push to serve your fall fertilizer application needs as the crop comes out.

We already have a lot of fields signed up for grid sampling services, and now that so many of our customers who initiated grid sampling into their management strategies in past years are far enough along in these programs to have fields requiring samples to be updated, we expect to be very busy as the crop comes out.

With that in mind, if you have fields that need to be grid sampled, or re-sampled, be sure you have those acres listed with your FCA Agronomist so we can coordinate grid sampling services for all with maximum efficiency.

We also have had a very large vol-

ume of NH-3 that has been purchased by our customers for fall application, and we obviously want/need to have everyone's cooperation in planning and scheduling equipment and services with us so we can make the best use of every available day to get NH-3 applied when soil and environmental conditions are right.

Please keep in mind **soil temperature must be down to 50 degrees at the 4-inch depth** and the forecast for temperatures is trending lower before NH-3 can be safely applied to prevent the loss of a substantial amount of your nitrogen investments to de-nitrification and/or leaching.

With the cost of NH-3 these days, and with the accompanying environmental issues of leaching we all must protect against to assure the continued use of NH-3 without cumbersome restrictions and regulations from outside sources, **FCA recommends observing proper and safe applications of NH-3 in the fall.**

We also highly recommend the use of N-Serve to stabilize nitrogen and to provide further protection from possible leaching and/or de-nitrification losses, as well as to assure added safety for the environment.

When including N-Serve with your fall NH-3 application, soil temperatures need to be at 55 degrees at the 4 inch depth and trending lower.

Also keep in mind that FCA will once again offer custom NH-3 application services this fall, thus allowing you to concentrate full time on getting your crop harvested and also assuring that all of the NH-3 you have purchased for fall applications is applied to your fields.

These custom services are likely to be in great demand, so we will definitely appreciate everyone's cooperation in planning and scheduling them with their FCA Agronomist to help us coordinate manpower and equipment with maximum efficiency to serve everyone's needs in the always tight window of opportunity we have to apply NH-3 in the fall.

**FEED
&
LIVESTOCK
NOTES
By
Rick Heaton**

rheaton@firstcoop.com



BEEF NOTES: On August 25th over 300 western Iowa beef producers attended an Ida County Beef Facility Tour organized by the Iowa and Ida County Cattlemen's Associations.

The tour, which included visits to five new cattle feedlots/finishing buildings that have recently been built in the Holstein area, was co-sponsored by FCA and several of our livestock production/feed partners, including QLF and Hubbard Feed, Quad County Corn Processors and BN Brokerage.

Participating from your FCA Feed Team were Stuart Else, Marc Hanners, Matt Lacey and myself, and among the topics discussed in several informative presentations were issues such as animal comfort, manure management and stockpiling, facility site positioning and the economic impact of the livestock industry in Iowa.

The tour also featured addresses given by Iowa Secretary of Agriculture Bill Northy and U.S. Representative Steven King.

FCA and the participating members of your Feed Team were both honored and pleased to be a part of this tour and to bring together so many area producers to see the latest beef production facilities that have been built in our area.

PORK NOTES: Your FCA Swine Production Specialists are currently looking for finishing facilities in the FCA trade area to be a part of some very attractive contracting finishing opportunities which are now available.

We have several FCA feed customers who are looking for facilities to finish pigs, and there are both short

FEED
Continued On Page 3

**Protect Your Nitrogen Investments
USE N-SERVE TO STABILIZE FALL NH-3**

*There Are Several Ways You Can Lose Nitrogen Units
Volatilization - De-Nitrification - Leaching*

ALL 3 COST YOU MONEY

N-SERVE PROTECTS YOUR NITROGEN INVESTMENTS BY

- * **Forming A Tighter Bond Between Nitrogen And Soil Particles**
- * **Delaying Nitrogen Conversion**
- * **Reducing Microbial Activity In The Soil**

ASK FOR N-SERVE PROTECTION WHEN YOU ORDER NH-3 AT FCA



FIRST COOPERATIVE ASSOCIATION

Corporate Office * P.O. Box 60 * Cherokee, IA 51012

Phone 712-225-5400 * Fax 712-225-5493



GRAIN POLICIES 2011

WAREHOUSE RECEIPT & OPEN STORAGE CHARGES

No Storage For the First 10 Days

On the 11th Day Storage Will Be Charged at The Rate of 0.2 Cents Per Bushel Per Day For 120 Days
Thereafter 98.4 Thousandths Cent Per Bushel Per Day (Equal to 3.00 Cents/Month)

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 3.00 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 Cent Per Bushel Minimum For the First 90 Days

98.4 Thousandths Cent Per Bushel Per Day (Equal To 3.00 Cents/Month) For the Next 5 Months

With A 33 Cent Maximum Until August 31, 2012

All Price Later Contracts Expire August 31, 2012

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

All Other Grade Factors Will Not be Averaged

15% On Price Later Contracts - Warehouse Receipt - Open Storage - Or Sold, 14% On Grain Bank

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

MOISTURE DISCOUNT IS \$.045 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 10 days or regular open storage charges will be applied.

SOYBEANS

Moisture Requirement For Soybeans Is 13%

1.5% DRYING & HANDLING SHRINK PER 1/2 POINT OF MOISTURE REMOVED FROM WET BEANS

Moisture Will Be Averaged Up To 14%. Each Load Over 14% Will Stand On Its Own

Drying and Shrink are Subject to Change Without Notice

15% And Over Beans Are Subject To Refusal

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

No storage first 10 days after unload date, thereafter same as corn (.2 cent per day for first 120 days, .03/Month Thereafter)

THESE POLICIES ARE SUBJECT TO CHANGE WITHOUT NOTICE

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

THE PETROLEUM REPORT

By
Jim Bieber
jbieber@firstcoop.com



LP CUSTOMER ALERT

Everyone is aware of the tremendous damage and destruction which has been caused by flooding along the Missouri River this summer, and there are certain to be many lingering consequences as the rebuilding continues for many months to come.

One of the situations we feel will have a significant impact on LP customers throughout the entire western and northwest Iowa area, and certainly that includes all FCA LP customers, is the availability of supply as the fall/winter LP season arrives.

This is because the LP pipeline near Onawa, one of the two pipeline distribution sites from which this portion of the state is supplied, has been compromised by extensive summer floods.

The pipeline at Onawa is the primary source of supply for seven terminal sites in the northwest Iowa and southern Minnesota region.

Clear Lake and Des Moines are the other terminal sites from which LP is distributed throughout Iowa.

Work is underway to install a new pipeline system under the Missouri River, however it appears this project will take a minimum of 2 and perhaps as much as 4 months to complete, and that will certainly put us well into the peak demand season for LP before product starts becoming available.

At the present time FCA is pulling a significant portion of our LP supplies out of the terminal site at Greenwood, Nebraska.

Obviously, we're working diligently to secure maximum gallons into inventory in FCA's storage facilities - as well as on your farming operations - as quickly as possible in an effort to get out in front of this situation.

With that in mind, we are asking that our LP customers make arrangements to have their on-farm LP storage filled prior to the start of the harvest season so we can position as much product as possible in the country in advance of the peak use season arriving.

This will help us provide the most timely, efficient and dependable supply and service to all of our LP customers moving forward into the fall and winter, and with your cooperation to plan

*Check Out The Full Selection Of LP Sales & Services
Available From Your FCA LP Department*

L.B. White Heater Sales-Service-Repair

Radiant Tube Heaters For Machine Sheds & Shops

Non-Vented Infrared Space Heaters For Offices & Garages

Gas Line Installation For Livestock Confinement Units

LP Tank Sales & Installation Services

Competitive Prices - Experienced & Well Trained Sales & Service Staff

and order in advance we feel we can best address the potential supply challenges that may develop as a result of this year's flood damage.

HARVEST APPROACHES: The Energy Team wants to thank all of our LP and diesel fuel customers for their response to this year's contracting programs.

Once again this year, we feel your support and response to the 3 contracting options we offer have set the stage for FCA to maintain timely, efficient supply and service to all customers as the harvest season unfolds in the weeks ahead.

If you have not already contacted the Fuel Team to top off your tanks so you have your on-farm storage filled prior to starting your harvest chores, please pick up the phone and call the orders in soon.

And of course plan ahead and order early throughout the busy harvest season to give the Fuel Team advance notice of when you need fuel delivered so we can route our deliveries for the best possible service to all customers.

As always, take care and be safe so that you can do your part to make this a safe harvest season for everyone.

FEED

Continued From Page 2

term and longer term contracting agreements available.

While the majority of these situations would prefer confinement style facilities, there are also opportunities available for good quality outdoor finishing sites, plus there are some opportunities available for individuals interested in having ownership in the pigs they are feeding.

If you have any questions, would like additional information on these opportunities, or wish to visit with one

of the FCA Swine Specialists to investigate the different opportunities in greater detail, please contact:

Doug Davis - 712-229-2037

Dan Walker - 712- 830-9170

Rand Whitney - 888-856-1377

CORNER

Continued From Page 1

for approval of the membership, and which they are asking you to ratify so those changes can be enacted.

The majority of these changes are being implemented to keep your cooperative in full compliance with changes that have been made to Article 499 of the Iowa Code (the portion of state regulations governing cooperative business operations) which has been modified since the present Articles were adopted.

Another change in the Articles the Board has proposed is to provide for expansion of the number of Directors on the Board to accommodate future growth of your cooperative as we move forward so both current and potentially new FCA members can be assured of equitable representation on the Board.

Again, additional information about the Annual Meetings, Director Election and proposed changes to the Articles will be mailed in late October, so please be watching for this information to arrive.

EQUITIES PAID: In closing this time I'm pleased to report that in mid-August FCA mailed out checks totaling \$601,340 to members of FCA representing this year's equity revolvment.

These checks comprised payment of half of the regional equities in stock pool # 3 and all of the local equities in stock pool # 4, and we want to thank all members for their continued support and business which makes it possible to sustain these equity payment programs to our membership.

Make Plans To Join Us For

OPEN HOUSE AT THE AURELIA CARDTROL

Friday, September 23rd - 10:30 to 1:30

To Introduce The New E-85 Pumps At The Aurelia Cardtrol

Your Open House Hosts That Day Will Be

Corn Growers Association Of Plymouth/Cherokee/Buena Vista Counties

Stop In For A Tasty Lunch Featuring

Pork Burgers Grilled By The Iowa Pork Producers

**** SPECIAL ETHANOL FUEL DISCOUNTS FEATURED THAT DAY ****



HEDGERS' HOTLINE

By
Randy
Dunn

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

Everyone knows by now that the 2011 harvest will probably not be as good as it was last year, at least not for most producers.

The Pro Farmer crop tour has just concluded its annual survey of the Midwest corn and soybean crops, and the tour has confirmed what everyone has feared: **Heat in July and the lack of rain over the last two months has done irreparable damage to both crops.**

Pro Farmer now expects the corn crop to be 147.9 bushels per acre, or 5 bushels below the USDA's August estimate.

They say the soybeans may possibly be at 41.8 bushels per acre, or 4/10 of a bushel better than what USDA predicted in August.

Not many in the industry would argue with the Pro Farmer numbers at this point of the growing season.

No matter which estimate you may think is correct, the grain supply for the 2011-2012 growing season is going to be extremely tight for the next 12 months, and grain prices have obviously reflected the tight situation.

Currently 2011 new crop corn is \$3.30 per bushel higher and new crop soybeans are \$4.18 per bushel higher than they were on September 1, 2010.

At this time it looks like there is no end to our current tight supply and the good prices we're seeing, but let me assure you, we will see lower prices again some day. I think the first thing I learned in economics class is: **"High prices cure high prices eventually".**

The first factor to watch could be the world wheat supply.

Just about a year ago at this time is when Russia and the Ukraine announced they were suspending wheat exports, and this was the start on our road to good grain prices.

Both countries have now resumed wheat exports and, additionally, Australia's wheat crop made a huge rebound from the previous year's poor yields. Wheat and corn prices are currently about equal, which will

lead to more corn acres next spring.

Soybeans are currently over \$14.00 on the CBOT, and this will bring about additional bean acres in South America, and around the world.

Another huge factor for grain prices will be the profitability of ethanol.

It is a foregone conclusion that the 40+ cent per gallon ethanol blenders' credit will be gone no later than January 1, 2012. It has also been discussed that the ethanol usage mandate could be reduced at some point if the food supply is threatened.

We wouldn't have to shut down very many ethanol plants to build up a corn surplus and thus start reducing the price of corn.

My point of this discussion is that there is a price where consumers will

stop buying corn and soybeans and we will start to build a surplus that will bring prices back down.

Of course no one can tell you with any degree of certainty where that point is.

While some say corn and beans can both go another \$2.00 per bushel or more higher, a lot more people are thinking we may be reaching the point where prices will begin to kill off demand and we will ration out enough usage to make it to the 2013 crop.

New crop prices are some of the best we have ever seen, and these prices should be taken advantage of at some percentage of your production.

However, I sure wouldn't recommend selling any more than you will comfortably produce or have insured.



Work is continuing at a rapid pace as we put the finishing touches on the upgrade and expansion projects for of the Linn Grove grain receiving and storage facilities so we can have everything ready to serve FCA customers this fall.