

AgStateSM

HELPING PRODUCERS PROSPER.



FALL 2022

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MESSAGE *FROM OUR CEO*

It is hard to believe we are at the first anniversary of the formation of AgState. It has been a very busy first year for the AgState team filled with a number of successes and industry challenges. One of these successes included the development, trademark research and board approval of the AgState name. This was a lengthy process due to the number of names already trademarked in the ag sector. Other successes included capturing synergies identified during the merger study:

Reduced tendering costs, increased grain trading opportunities, reduced grain transfer costs, record fungicide sales this summer, record grain volumes, etc. The merger also provided access to rail markets for a broader group of patrons without having to build duplicate shuttle loaders at Marathon or other locations. The AgState team has done a good job of managing the maze of merger duties.

We continue to see considerable challenges like many businesses – worker shortages, spotty rainfall, higher interest rates, and wage/energy cost inflation. AgState conducts exit interviews with employees who leave AgState. These exit interviews clearly show that the right “work/home balance” is our biggest challenge in keeping good employees today. With over 30 open positions, the worker shortage is very real for AgState. This shortage of personnel results in more work on the shoulders of others on the team. We must find ways to address this challenge and avoid losing more good employees. In some cases, AgState will need to look at different ways to meet customer needs over the coming 12 months. We will work hard to ensure that we are keeping you abreast of any changes at your locations.

Key projects continue to progress forward. Most of Albert City’s fill conveyors are in place with the electrical contractor following right behind. Aurelia’s dryer and 2nd dry fertilizer leg are scheduled to be completed shortly. This is on top of a number of other projects completed this year – concrete maintenance, roofing projects, truck fleet upgrades, conveyor upgrades, etc. Overall, we have invested over \$11 million back into the business to continue to provide the services and products our customers expect.

Thank you to our customers and member-owners who continue to show strong support to AgState. Our goal is simple – to “Help Producers Prosper”. Without our customers being successful, we understand we cannot succeed. I want to wish all of you a safe and bountiful harvest season!

.....
Troy Upah, Chief Executive Officer





OUR HISTORY

FIRST COOPERATIVE ASSOCIATION

1887

Marcus Grain Elevator was formed.

1998

Community Co-Op Oil Co - Fielding, Marcus, & Paullina joined FCA

2003

Star Energy - Paullina joined FCA

1997

- **First Farmers Coop** - Cherokee, Cleghorn, Larrabee, Meriden, & Marcus joined FCA
- **Farmers Coop. Association** - Laurens, Linn Grove, Peterson, Marathon, Webb joined FCA
- **Farmer's Cooperative Co** - Aurelia & Brooke joined FCA
- **AgLand** - Alta, Schaller, & Turesdale joined FCA

ALCECO

1935

Quaker Oats Elevator on south side of street was purchased

1980

3 additional concrete grain silos built and new 70 ft scale purchased
Sohigro Fertilizer Plant

1925

Albert City stockholders voted on taking over Farmers Elevator Chapter. Thus, Farmers Elevator company reorganized as a cooperative.

1975

Farmers Cooperative was **renamed Albert City Elevator - A Cooperative**

1981

Service expands to Rembrandt - 1st 75 car unit train sold and delivered to the West Coast

DID YOU KNOW?

FCA was recognized as the oldest active grain cooperative in the nation. The Marcus grain location was incorporated on December 12, 1887.

2006

BJK Pump & Gas company
- Fonda, Newell, Sioux
Rapids joined FCA

2008

- **Vohs & Miller Inc** - Holstein joined FCA
- **Cropmate** - Cherokee joined FCA

2005

- **Kummerfeldt Propane** from Germantown & Linn Grove joined FCA
- **Feed Partners LLC** joined FCA

2007

B&M Service of Sioux Rapids, Inc. - Sioux Rapids & Webb joined FCA

1992

Purchased Hartley facility. Lease of Golden Sun Feed Mills in Albert City and Laurens. Alceco expands to Harris and finalizes agreement to buy ADM facility in Sheldon.

2020

Ag Partners becomes **solely owned by Alceco**

1988

Alceco forms subsidiary called Farmers Diversified Inc. (FDI)

1997

Alceco and Cargill form **Ag Partners, LLC.**

2021

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2022 **GRAIN POLICY**

SETTLEMENT & DISPOSITION

- ✓ Sell your grain within 20 days from first day of delivery & pay no storage!
- ✓ Deliveries may remain open & unsettled for a maximum of 20 days from the 1st day of delivery. After 20 days the delivery will close & a new delivery will start.
- ✓ If no disposition has been given when the delivery is closed, the bushels will automatically move to Open Storage.

OPEN STORAGE & WAREHOUSE RECEIPT

\$0.07/month pro-rated daily, until March 31, then \$0.035/month pro-rated daily from Apr 1 to Aug 31. Storage billed monthly.

PRICE LATER/DELAY PRICE

\$0.06/month pro-rated daily, until March 31, then \$0.035/month pro-rated daily from Apr 1 to Aug 31. Charges deducted at time of settlement. Once issued, Price Later/Delay Price contracts cannot revert to Open Storage, WH Receipt, or Grain Bank.

GRAIN BANK

Corn Grain Bank is only available to those customers doing a minimum of 50% of livestock protein/supplement business with AgState. This is for customers feeding livestock only. Please contact your local AgState elevator for more details.

CUSTOM CORN DRYING

Please contact your local AgState elevator for availability.





CORN DISCOUNTS

MOISTURE

- Drying charge of \$0.055/pt. or fraction thereof
- Corn below 13% moisture will be assigned 13% for delivery averaging purposes
- Moisture grades will average across individual delivery

SHRINK

- 1.5%/pt. to 15% for Corn Sold, Price Later/ Delay Price, Open Storage and Grain Bank
- 1.5%/pt. to 14% for WH Receipt

FM

- 3.1–5.0% » \$0.02/pt. or fraction thereof
- 5.1% and higher » \$0.04/pt. or fraction thereof
- FM grades average across individual delivery

TW

- 53.9–52.0# » \$0.02/# or fraction thereof
- 51.9–50.0# » \$0.03/# or fraction thereof
- 49.9–48.0# » \$0.04/# or fraction thereof
- 47.9–44.0# » \$0.05/# or fraction thereof
- Below 44.0# » \$0.10/# or fraction thereof
- TW grades average across individual delivery

DMG

- 5.1–10.0% » \$0.02/pt. or portion thereof
- 10.1–15.0% » \$0.025/pt. or portion thereof
- Above 15.0% » \$0.03/pt. or portion thereof, and subject to rejection
- DMG grades will not average

OTHER

- Musty \$0.05/bu. » Sour \$0.10/bu.
- COFO \$0.20/bu and subject to rejection
- Infested \$0.20/bu. and subject to rejection



SOYBEAN DISCOUNTS

MOISTURE/HANDLING SHRINK

- Less than 11% will be calculated at 11% for averaging
- 13.1–15.0% » 3%/pt. or fraction thereof
- «15.1% & higher » 4%/pt. or fraction thereof and subject to rejection
- Moisture grades will average up to 15% within same delivery
- 15.1% and above stand alone
- Over 16.0% must be spot sold date of delivery & is subject to possible rejection

FM

- Over 1.0% deducted from weight
- FM grades will not average

TW

- 53.9–50.0# » \$0.02/# or fraction thereof
- Below 50.0# » \$0.03/# or fraction thereof
- TW grades will not average

DMG

- 2.1%–5.0% » \$0.02/pt. or fraction thereof
- 5.1%–8.0% » \$0.04/pt. or fraction thereof
- DMG grades will not average

SPLITS

- 20.0–40.0% » \$0.005/5.0%

OTHER

- Musty \$0.05/bu. » Sour \$0.10/bu.
- COFO \$0.20/bu. and subject to rejection
- Infested \$0.20/bu. and subject to rejection

CONTACTS

Call or email an
AgState Marketing
Service Rep

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FEED **YEAR IN REVIEW**

FROM SCOTT LOVIN, VP OF FEED

As I pen this article our first year as AgState has come to a close. The transition to the new company has gone well on the feed side. We relocated the tons from Larrabee to either Sheldon or Nemaha along with manufacturing the starter feeds that were being made at Kent in Sheldon. Also, the three truck drivers that were reporting to Larrabee were transitioned to Sheldon and Nemaha. We continue to manufacture cattle feed in Galva along with bag offerings at several locations.

We will end the year producing 1.4M tons. We have experienced volume fluctuation driven by disease pressure and, most recently, the sustained higher temperatures. Our team has done an incredible job moving this amount of feed throughout the year!

Check out these feed volume numbers our team handled last year:

- **30M bushels of corn consumed**
- **58,000 semi loads of feed delivered**
- **9500 semi loads of soybean meal**
- **Over 3 million miles driven**

On average, we need 130 semi loads of corn each day in order to ship out 230 semi loads of feed per day. This takes a dedicated staff from start to finish to accomplish this feat!

We continue to reinvest capital to insure our ability to move this volume efficiently from the mill to the farm gate. We have several projects underway to improve our assets and provide a safer environment for our personnel.

On behalf of our feed team, I want to thank you for your patronage this past year and look forward to 2023!



AGRONOMY **YEAR IN REVIEW**

FROM BRENT LOW, VP OF AGRONOMY

Current world events continue to make the future murky within many aspects of farming. We all know full well the daily headlines of supply chain challenges, sustainability pressures, unrest between numerous countries are making for unpredictable times for many, including those of us charged with feeding the world. AgState is no different, we have seen our share of supply disruptions; however, I'm please to report that due to preplanning with our customers, we were able to access all products necessary to manager the crop this growing season.

Looking ahead to this fall and beyond, we believe market volatility will continue along with supply chain disruptions on fertilizer and chemistry. Manufacturers are no longer producing excess inventory which means planning and forecasting on the part of AgState is becoming a key area of focus so we can be sure to deliver on our promise of helping producers prosper.

The Precision Ag side of our business continues to expand dramatically. InSite/CDM, which is AgStates exclusive data management program has achieved record enrollment this year with more farmers than ever utilizing this program to drive more efficiencies, and enhance profitability on every acre they farm. Data management continues to be an area of strong interest as producers look to long-term sustainable solutions for their farming practices. Please discuss how InSite/CDM may enhance your farming practices with any of our sales agronomists, or our InSite/CDM specialists, or by contacting an AgState location near you.

Safety this fall will continue to be top of mind for all of us at AgState. We will do everything we can to support your needs this fall in an efficient and safe manner.

Thank you for your continued support of your farmer owned cooperative.



ATTRACTING, RETAINING, & ENGAGING **TOP TALENT AT AGSTATE**

FROM ELISSA BARRICK, VP OF HUMAN RESOURCES

Though the year has not been without its challenges, AgState has experienced many successes in employee attraction and retention. Since September 1st, we have welcomed more than one hundred new faces to the AgState team. Quality and motivated talent to better serve our customer needs. Additionally, AgState has experienced lower than average employee turnover, or employees that have chosen to voluntarily resign from the organization. This has been a largely celebrated success given all the organization change. This success is credited to our strong leadership within AgState through formal and informal leaders.

This summer, the AgState HR Team launched the new career center through ADP Recruit! This resource will allow AgState to post all career opportunities within a single platform and share our postings seamlessly across hundreds of job boards! Candidates can access this career center by computer, tablet, or cell phone and easily apply. Additionally, employees can easily access this career center to view internal opportunities for transfer and promotion.

Within the first 30 days of launching, we saw a 150% increase in applications through the new system. We contribute this to brand alignment, software utilization, and artificial intelligence that monitors the success rates of application to invest our advertising dollars in the sites that work. AgState is proud that our best source of candidates remains our Employee Referral Program, Talent Attracts Talent, which offers employees a monetary compensation for referring a full-time employee to the organization.

Following the successful implementation of the AgState Career Center, Human Resources is also in the process of implementing a new onboarding experience. This implementation will mean that candidates can start their onboarding experience with AgState from the moment they accept a job offer from the comfort of their home.

Another exciting development is the launching of the AgState Leadership Exploration & Development (LEAD) program. Ten high performing and high potential employees were identified by the Leadership Team to participate in this group. LEAD is an internal 18-month program that will focus on learning about the individual departments of AgState and participating in location tours while learning the fundamentals of leadership. Programs will include everything from Strategic Leadership to Performance Development Plans to Difficult Conversations and Finance for Nonfinancial Managers! Participants will complete various readings, homework assignments, and will lead their own pilot project where they will present their findings to the Leadership Team at celebration.

We have also taken time to celebrate other successes, like our Employees' Years of Service. On August 11th, AgState invited over 88 employees to celebrate their milestone celebrations (5, 10, 15, 20+ years). From 5 years to 40 years, over 25 employees and guests attended the celebration banquet. Troy & the Leadership Team presented Certificates and Awards and thanked individuals for their commitment to the organization. We could not do what we do without our most valuable asset, our team members!



GRAIN BIN **SAFETY**

GRAIN BIN ENTRY AND RESCUE



As we finish emptying bins before another harvest year, a recent fatality in eastern Nebraska reminds us of the hazards both employees and our members face with this activity.

This summer AgState partnered with CSSI and the Northwest Iowa Public Safety Training Center to provide employee safety training. The Spencer facility allows us to provide employees with hands-on and controlled training in elevated work, confined space entry, and grain bin rescue principles. Spencer's Fire Chief John Conyn said, "If we fail to train, we are training to fail." To improve the quality of this training, AgState donated entry equipment, trucking, and labor to the Safety Training Center, including transportation of the plastic beads used in the grain bin. By using plastic beads with the same density as grain, it removes the need to move or aerate grain and allows the facility to be used year-round by local fire departments and others in our communities.

Historically, 70% of grain entrapments have occurred on farms rather than commercial facilities. Of the eighty-four employees who attended the training, many are members of their volunteer fire departments who will take this knowledge back to their farming communities. CCS Group, a nationwide grain elevator repair and maintenance company will be donating three grain rescue tubes and training to local fire departments on behalf of AgState as a result of the concrete repair projects in Sheldon, Alta, and Albert City. Just like AgState, CCS says safety is their number one priority in everything they do. CCS Group President Cheyenne Wohlford said "Farmers are one of the most vital parts of the ag industry, and it is our vision to protect them not just as a viable asset, but more importantly, as family members in our communities."

If your fire department does not have a grain rescue tube contact your AgState location and Melanie Ziems, EHS Director.





THE IMPORTANCE OF **SAFETY AT AGSTATE**

FROM MARC MEARS, CHIEF OPERATING OFFICER

As I begin typing this it has been three years exactly since I received the most tragic message any business leader could receive, “two people shocked due to contact with an overhead powerline, one able to be resuscitated and one unresponsive.” Thankfully one of the victims was able to be resuscitated and recovered quickly, but sadly a 26-year-old man lost his life and a young daughter would never again see her father and a young wife would never again see her husband.

In the days following the incident a very thorough investigation was conducted by both OSHA and some of the most highly trained third-party investigators in the world. While it is important to thoroughly understand why an incident occurred to ensure it never occurs again, we can never repair the impact fatalities or life altering injuries have on families, individuals, and co-workers.

Hazard recognition is a life-long learning journey and the more we learn the more we grow to understand the difficulties that come with identifying every possible hazard and too often we are left with a helpless feeling as to how we ensure all hazards with the potential to cause a serious injury or a fatality are appropriately identified and mitigated. While it is a journey we must passionately pursue and become ever safer in our workplaces and on our farms, we also must create cultures in our organization, businesses, farms, and even families where safety is embraced as a value and an expectation for how we behave, how we work, and even how we conduct our lives outside of work. As individual leaders and individual farm and business owners/operators, we can never be everywhere and so we must create cultures in our organizations where people both value safety and place it foremost in every task that is performed.

The journey starts with simply making sure our people understand that we genuinely care about them, and

we expect them to work safely. People will respond to our leadership and what we recognize. When a driver makes one more turn per day than we expected them to be able to make, given their delivery schedule, do we recognize their great productivity and expect the same results the next day? Or do we sit down with them and thank them for their commitment to trying to be productive and explain that what is more important is their safety and it wouldn't have been possible for them to make the rounds they made without speeding and taking some shortcuts? If we wait until after they have an incident, then it may very well be too late, and we are dealing with someone who has injured themselves or others while doing their work. If we are honest with ourselves, too often we are thankful for the extra load turns in the schedule and we do not bother to understand how the work was done and reiterate our expectations to work safely. This scenario applies to thousands of different tasks and jobs in agriculture.

The time of year our industry works towards is upon us in the northern hemisphere, harvest. As we plan and assemble teams of people to perform the work of harvest, let's also ensure we are communicating how important personal and team safety are to us and our expectations for our people to put safety foremost in everything we do. Yes, in rural communities in the United States your communication regarding your expectation for safety will likely get a strange look or even a smirk or giggle from the people you have hired to help, but if you are insistent they will respond to your expectations and there will be mothers/fathers/children/grandparents/spouses/siblings/co-workers in Northwest Iowa that will be thankful for your insistence upon safe work practices. We never know the lives we save with our committed focus to value safety; the important thing is we do not let our industry tragically lose one more.

Have a safe and healthy harvest!



AGSTATE **INTERNSHIPS**

AgState actively recruits college students to participate in our internship program. This year AgState is offering these paid internships:

- 4 SALES AGRONOMIST INTERNS**
- 4 PRECISION AGRONOMIST INTERNS**
- 1 HUMAN RESOURCES/MARKETING INTERN**

Please email hr@agstate.org for more information or any questions.

Our interns gained real-life work experience that builds upon lessons learned in the classroom.

AgState's philosophy is to engage our students in partnerships with our best salespeople, managers, production supervisors, human resources personnel, and marketing coordinator, to ensure they receive the full scope experience of our company.

This past year students worked side by side with mentors, set up a project to study, presented the project at the end of their internship, and had a lot of fun along the way. AgState honored our interns on national intern day on July 28th, by going out for lunch and having a frisbee golf tournament.

Special Thank you to Cherokee Parks & Rec for supplying the discs and having a beautiful public course.

AGSTATE **SCHOLARSHIPS**

AgState is proud to offer a scholarship to graduating seniors. For the 2021/22 school year, AgState awarded 20 \$500 scholarships & 2 \$1000 scholarships to local students.

For the 2022/23 school year, AgState will have multiple scholarships available to our local seniors. We will be sending our scholarship information to local high school counselors after the new year. AgState will also make this form available on our website under our ABOUT tab. If you have or know of a high school senior and they are looking to study in the Ag field, please tell them to keep a look out for our information.

See our website, agstate.org, for a list of students and the schools they graduated from.

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