

# CONNECTIONS

## CHS Marshall

**JULY 2015**

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Division of CHS Inc.



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## HERE'S A SAFE BET

### MANAGER'S CONNECTIONS

By Kent Mulder, General Manager

How should a new general manager's tenure start? With the basics. One essential thing we've been working on since I arrived on the job is safety—safety procedures, equipment and training that protect our employees, our customers and our shareholders' investment.

Coming through a fast-paced spring season, we were successful in keeping everybody safe and able to go home to their families at night. Hats off to Greg Grant, who recently took over as our safety leader. He's now headquartered in Marshall so he and I can work together to address safety policies. (Read more about Greg's approach to safety training and compliance on page 6.)

Recent upgrades that will lead to a safer environment in and around our locations include backup power systems. Should the power go off, those recently installed backup systems

will kick the lights back on so employees can safely exit their work areas. We're also installing protective fencing around all of our bulk propane storage to discourage unauthorized entrance that might lead to accidents.

Our staff just completed an extensive refresher training in the proper use of air monitors. We brought in an expert to teach us all how to check the quality of the atmosphere before entering an enclosed confined space.

From your truck or tractor cab, you probably can't determine how well our employees implement most safety steps, of course. But there is one safety measure you're likely to notice. Any member of our staff who works in outdoor traffic areas now wears high-visibility

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***We're moving in the right direction in all aspects of our business. You can expect to see refinements to our processes and improvements in our ability to provide you state-of-the-art service.***

## HERE'S A SAFE BET

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clothing. That's to ensure you see them and they see each other as they work.

### Food for thought

Another thing we've done since I first met many of you at our annual meeting is complete our CHS Harvest for Hunger program. Our employees were extremely successful in their efforts to raise monetary contributions and donations of food to benefit our local food pantries. Their buy-in to this program underscores another of my initial goals: increasing our cooperative's involvement in the communities we serve.

This year our employees contributed to CHS collecting \$550,000 and 270,000 pounds of food toward Harvest for Hunger. They accomplished this through a long list of events and with the help of other volunteers. In the end, our employees took ownership of the impressive outcome through this effort and raised over \$25,000 locally.

Most events we sponsored centered on food—a visual tie-in to the needs of food-insecure families in our area. (The numbers are staggering, including this one: There are 15 million hungry children in the United States!) We stood in for the serving staff at Pizza Ranch in Marshall to collect a percent of proceeds and tips. Employees sponsored raffles, too, and offered a steak fry as encouragement for customers to donate grain in lieu of cash.

CHS aligned with local FFA chapters to raise money and promoted a competition. The chapter that raised the most money earned \$500, while the top individual contributor got an iPad. Congratulations to the Tracy FFA chapter and Emily Crumrine, also of Tracy.

### Anticipating a strong finish

I have a good feeling about our financial picture through April. Our numbers put us well ahead in comparison to our third quarter of last year. We'll have to allow for the challenges of avian flu on our feed customers and how that affects our business.

We're moving in the right direction in all aspects of our business. You can expect to see refinements to our processes and improvements to our ability to provide you state-of-the-art service. Check into our YieldPoint® services, for instance, and our new YieldPoint specialist Dan Sprengeler, profiled on page 5.

This year's spring season proved to me how well our employees cooperate to deliver timely service in all of our locations. I witnessed our strength in numbers and the power of our extended geography. As field conditions allowed, our team moved from Marshall to Tracy to Ruthton and then to Elkton. Right down the line, I could see the teamwork.

Agronomy division manager Terry Schmidt reminds us it was a strange spring. "Farmers in the Marshall area started fieldwork early—April 11—but by the last week in May, there were still producers in other areas who hadn't had the chance to put their corn in. As a result, we were spraying corn and beans and at the same time spreading fertilizer. I'd call that a wide window." ▶

# MAKE THE BEST USE OF YOUR LOGISTICAL ADVANTAGES

## GRAIN CONNECTIONS

By Joel Wiering, Grain Department Manager, [joel.wiering@chsinc.com](mailto:joel.wiering@chsinc.com)



As we roll into summer, it appears like it will be a tough season in terms of prices. The same reasons continue to hamper these markets. First, we're coming off the largest corn and bean crops in U.S. history. Secondly, the rest of the world also grew a large crop, and, third demand remains poor.

Ethanol has reached a plateau, feed demand is weaker with the Avian Flu doing a number on our poultry sector, and exports remain poor with large world stocks and a strong U.S. dollar. Now, we are off to a pretty good start with the current crop leaving a pressure cloud over commodities.

Corn at \$3 and beans at \$9 don't cash-flow well, but like it or not, the markets look posed to stay in the current trend. Our mindset has to adapt and prepare for a difficult marketing road that could stretch out over the next 18 to 24 months.

Here at CHS Marshall, we haven't seen heavy inbound receipts, which leads us to believe there is still plenty of grain to move this summer. With large stocks to move, the market may become plugged. We have made good use of our logistical advantages, such as a balance of rail and truck sales, to insure producers that our elevators will remain fluid and ready for the "Corn Wall."

The USDA is predicting a smaller corn crop for this upcoming year, mainly due to less corn acres. Again, I wouldn't bank on this meaning markets will go up, as we will still be bringing in a large carryout and still see a potential for very adequate production this upcoming fall. Beans have built in a carryout we have not seen for a number of years, and with a projected increase in bean acres, we are looking at another record year of production.

I don't want to project only doom and gloom; I'd rather focus on helping manage risk than having a pity party. One thing that is supportive to the grain markets is that with large stocks, we should see very good future carries. If you can store your grain, there should be opportunities to maximize your returns. But first, one needs to figure out a marketing plan with realistic goals. Our staff can help get you started, whether it's using HTAs, Basis Fixed or just a regular Forward Cash contract, there are tools to help get through a lower-trending market.

### New contract choices offer premiums

We're rolling out CHS Compass contracts, only available through CHS Hedging. The two we are offering include a contract where you price out bushels every day at a futures premium within a certain trading range. If the trading range goes through the set floor, that contract is averaged out at a pre-determined value. If it closes above the ceiling, it triggers a second equal amount of bushels to be priced at the same initial value. The second contract includes a cash premium on old crop bushels with a firm offer on an equal amount of new crop bushels at a specific strike price. Talk to us about more information on these contracts.

Also, give us a call on our on-the-farm pickup program. Our truck fleet can assist producers in getting their grain to our elevators. Please call me and ask about rates and availability. We'll make sure we match your loading speed to the number of trucks we send to your farm. ▸

Our recently completed bulk weigh loader system in Ruthton makes railcar filling faster and provides an accurate weight and grade of each car before we load it.



# THIS IS A GAME CHANGER

## FEED CONNECTIONS

By Rod Benson, Feed Division Manager, [rod.benson@chsinc.com](mailto:rod.benson@chsinc.com)

This spring, avian flu did more than economically damage poultry and egg producers. I predict we'll look at this one as the year that drastically changed biosecurity procedures throughout the livestock industry. Thanks to PEDv last year, the CHS Marshall Feed Department was already doing the right things—the things our customers have to expect. Now we're stepping up our game to another level.

So far, nobody can be absolutely certain about the origins and transmission of the disease that infects and kills whole buildings filled with birds. Our best response to a mass of theories is constant evaluation of possible sources of risk. I'd recommend producers take the same attitude.

At every step of our process, we're monitoring our use of disinfectants and our dedication to keeping feed production segregated and enterprise-specific. And we're constantly aware of the traffic patterns our delivery trucks follow.

Before long, I suspect poultry and swine producers will start to look at their procedures the way we do, making biosecurity fundamental to the job. What if, for instance, foot baths at the entrance to a livestock building were unavoidable—the only route through the entrance—and

visitors and their vehicles were strictly kept at a distance? As I say, I picture a future in which it will be physically impossible for people or migrating wildlife to infect a facility.

Here are the steps our feed drivers take every day. First, we assume our cab interiors are clean, while everything



outside is dirty. Our drivers know it is their duty to stay close to their trucks and equipment in order to protect that standard of cleanliness. Before exiting the truck cab to dispense feed, drivers put on boots

and white coveralls. Before they return to the cab, they must disinfect and stash the protective gear.

(They start with a clean set at the next location.) Our motto is: whatever is already on the farm, stays on the farm.

That's where our procedures stand today. We'll become even more vigilant as time goes on and the true sources of avian flu transmission come to light. How does a barn of turkeys in the middle of nowhere become infected? All I currently know for sure is that our practices will keep getting more restrictive in the name of protecting our customers. Since we don't know the causes—and that is true throughout the industry—all we can do for now is control access to our own sources and resources. That's what I'd hope all producers will do to protect their investment.

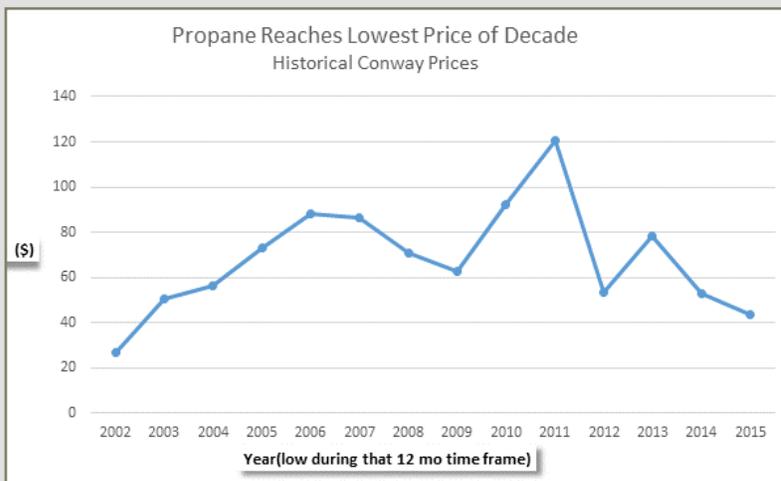
One more thing. When a population of livestock spends weeks as headline news, we edge closer to the day when consumers view animal feed as essential to their own health. Before long, feed will be subject to all the standards that govern food. We're doing all we can to prepare for that day. ▀



# THIS YEAR PROPANE PRICES SHOULD BE A LOCK

## ENERGY CONNECTIONS

By Marla Verlinde, Energy Division Manager, [marla.verlinde@chsinc.com](mailto:marla.verlinde@chsinc.com)



You can lock in propane for next winter at prices you're going to like. In fact, you may want to consider locking in for two years out (through March 2017).

We have to look as far back as 2002 to find propane values that match today's prices. We anticipate the summer fill price to be 99 cents per gallon! Contract prices are not that low, but they are still priced very attractively when you look at the previous year's numbers.

I anticipate prices to stay soft until some of the overabundant supplies of propane start moving out to the country. This will happen as most retailers start their summer fill programs around July 1. ▀



# NOT ALL ASSET UPDATES ARE EQUIPMENT

## AGRONOMY CONNECTIONS

By Brian Meier, Agronomy Sales Manager, [brian.meier@chsinc.com](mailto:brian.meier@chsinc.com)

Dan Sprengeler and Travis Longhenry joined our agronomy staff already knowing what we do and why we do it. I like the way Travis puts it, "It's a lot easier to work for a company when people there believe in what they're doing and the money goes back to farmers."

Travis recently earned his bachelor's degree from South Dakota State University with a major in agronomy and a minor in ag business. He interned in Elkton last year, so he came on board ready to assume his new duties as a Marshall-area agronomy field marketer.

He's from Porter, Minn., and graduated from Canby High School. His parents are Roger and Nancy. Travis looks forward to spending more time on the family farm now, taking more of a role in that operation in his off-hours. He also finds time to read, hunt and fish.

Our new YieldPoint® specialist, Dan Sprengeler, holds a degree in finance from SMSU in 2011. He launched his career with CHS corporate as an accountant for "fleet and properties.

But the idea of working directly with farmers appealed to me more," Dan says.

"I grew up in Janesville, Minn., and worked for local farmers when I was younger. The urge for a country lifestyle never left me, so when I went to college, I helped farmers around Marshall. I learned about this YieldPoint job when I was down here to do an audit in January and I applied."

Dan likes the idea of learning a lot of new things while tapping his love of numbers and data to create variable-rate application maps. He's ready to coordinate and manage field data using YieldPoint, an exclusive CHS program. Dan is headquartered in Ruthton.

"I plan to work hand-in-hand with field marketers at all of our locations, riding with them to meet customers. When they discuss YieldPoint, I'll be there as backup to explain how everything works." ▸



Travis Longhenry



Dan Sprengeler



# WHAT TO KNOW WHILE I'M ON MEDICAL LEAVE



## FINANCIAL CONNECTIONS

By Anna Hieronimus, Credit Manager

As the result of a car accident last fall, I'm taking two months (beginning June 3) for back surgery and recovery. Until I'm able to come back to work, you may have to change your routine slightly, and you'll want to keep track of the following additional phone numbers.

- Have you been accustomed to delivering loan payments to my office? For the time being, you'll want to mail payments directly. That address is: CHS Capital-MS 140, 5500 Genex Dr., Inver Grove Heights, MN 55077.
- When you mail a payment, be sure to include your loan number or one of your loan payment coupons. Though I'm familiar with our customers' names, the CHS Capital employees who log mailed payments will have to search for you in a much larger database!
- If you have questions while I'm recuperating, call the CHS Capital Customer Service Line. Before surgery, I test-called the number; I can report you'll get a quick response from a

real person if you call Monday through Friday from 8 a.m. to 5 p.m. The number is 800-323-8916. Start the conversation by explaining you're a CHS Marshall customer.

- There are several reasons you might want to connect with the customer service line. CHS Capital employees will help you find payoff amounts or check your loan balances. Again, have your loan number handy if you call.
- For new loan applications and all other questions, Don Geiszler is on alert. He's a regional CHS Capital manager for our area. In my absence, he's prepared to travel to you, by appointment. There's still time to apply for gap financing to carry you through the rest of this crop year with operating or input loans. Reach Don at 320-219-0777. Any of our CHS Marshall agronomy field marketers can help you start the application process prior to an appointment with Don.
- You also have the option of calling my mobile phone (507-766-3388) and leaving a message. I can't predict how rapidly I'll be able to return to full strength, but it's my plan to be on the job before loans come due in the fall and to launch the new loan season. ▸



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## EMPHASIZING SAFETY BY THE BOOK

“Our team is very safety conscious, and Kent Mulder is dedicated to it, too. That makes it easier for me to do my job of informing employees.” That’s Greg “Butch” Grant talking about his new responsibilities as safety leader.

Every month, he offers seven safety meetings on a specific topic. Maybe “offer” doesn’t convey the full importance of these events, which are mandatory for all CHS Marshall employees. “I put on each session twice in Ruthton, once in Marshall, twice in Tracy and once in Elkton. Then, I consult my spreadsheet to see who has not attended and invite those people to come to a makeup session.”



These 15 safety binders are required reading for all employees.

Topics vary. “I usually try to pick one that matches the season or something I’ve noticed we need work on. Recently we’ve talked about fire extinguisher safety and about dust masks and respirator use. There are also elements of our core safety program that require annual refreshers.”

On top of that, Butch reminds employees of the contents of a comprehensive set of safety binders found at each CHS location. “We revisit each binder every year and complete a quiz. The binders cover everything from safety practices in confined spaces to housekeeping and security. There’s a basic set of 15 and four additional binders that are task-and-location-specific— one for agronomy, one for rail safety, one for grain and engulfment, and one for powered industrial trucks, such as forklifts and the electrical binder.”

What sort of safety procedures do the binders cover? Butch mentions lockout-tagout. It’s a safety procedure to ensure machinery won’t be inadvertently turned on during regular maintenance or repairs. A piece of equipment, or its power source, is locked with a padlock and a hasp. When one employee attaches a tag to the locked



Safety leader Greg Grant models an example of the new safety gear every employee will wear when working in busy outdoor areas.

device, that alerts other employees that the machine is being worked on. Tags are typically brightly colored, and Butch says there should be only one key per lock. If machine A is feeding machine B, both must be locked while repairs are in progress.

“New employees are introduced to all the binders, but the ultimate goal is to really understand the ones pertaining to their own jobs. Supervisors provide initial training as part of safety orientation after hiring. Employees will go on learning in the refresher meetings. If we’re going to talk about a topic I’m less familiar with, I’ll call on one of our managers to help present the information.”