

# CONNECTIONS

## CHS Marshall

MARCH 2015

Arco • Balaton • Elkton • Lake Benton • Marshall • Pipestone • Ruthton • Tracy • Tyler

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Division of CHS Inc.



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### OUR BRAND PROMISE

*Personalized Service,  
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## SEEING YOUR CO-OP THROUGH NEW EYES

### MANAGER'S CONNECTIONS

By Kent Mulder, General Manager

I'm blessed to come here from a CHS operation just down the road because that means I already knew of your great successes here in Marshall. It's my hope to build on that foundation. As I get to know the staff, it's obvious I inherited good people who can make things happen. Now it's up to me to help our employees access resources that will enable them to succeed and offer you the best products and services.

Even though I admire what's been done here, will I chart a slightly altered course? That's likely. When I left Eastern Farmers, I understood a new person would step in, see things differently and make changes that would offer customers and employees new opportunities. That's what I'll do

For 15 years, Kent Mulder managed the grain and feed division of CHS Eastern Farmers. He's a Canton, South Dakota native who graduated from SDSU and initially went to work as a crop consultant. Kent is married to Patty who works for Youth Enrichment Services (a day-care program of the Boys and Girls Clubs of the Sioux Empire). She looks forward to moving to Marshall and continuing her very fulfilling work with children. The Mulders are parents to three adult daughters: Megan, Kendra and Lindsey.

"Working in the grain business for many years is something I thoroughly enjoyed," Kent says. "Now, though, I'm happy to be involved in the other business units of this cooperative. Taking responsibility for the entirety of a business that includes agronomy, grain, feed, and energy divisions is both challenging and exciting." ▸

at CHS Marshall, see the co-op through a new pair of eyes.

As I discovered when I interviewed for this job, your board of directors is very passionate about the success of this co-op. I got the chance to ask, "What is the biggest challenge facing CHS Marshall?" The reply was, "We need to educate farmers in our trade area about the worth of the cooperative system, what CHS in total brings to the table." It's a responsibility I intend to take seriously.

It's important to keep talking about the outcome of being connected to something bigger. CHS is farmer owned with global connections. Your decisions to deliver to our grain division, to order from our feed and energy divisions, to take full advantage of our agronomy services—all of the ways you call on us to add value to your farming operation—strengthen the cooperative you own while you feed the world.

In addition to the connection between our cooperative system and the wider world, there's an important tie between the co-op and the communities we serve. CHS employees live and work here and participate fully in the lives of their towns; there's no policy that requires them to do that. But going forward, we commit to making it easier for them to share their time.

We've implemented the CHS Day of Service Program, which gives every employee eight hours of paid leave to donate locally. It won't be a day off, it will be an employee benefit that will also benefit communities. (Supervisors will approve the time away, so no department will



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# JUST ADD DATA

## FEED CONNECTIONS

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

Finally. The livestock industry is getting what it's been craving: more affordable corn and meal than we've seen in years. And yet, back when every penny had to count for something, many producers had some of their best margins. Why? Because they were constantly calculating and recalculating their cost of production.

You don't have to look too far ahead to predict tightening in our markets. Good meat prices attract more producers into the markets and then we edge toward oversupply. There's no better time than the present to take control of your costs with the help of a top-notch recordkeeping system. It just so happens the CHS Marshall Feed Division has already tested such a system with some of our customers.

Will this recording process require too much time out of your day? Nope. Will someone in your operation have to become a software genius to use this program? Not at all. This system is all live, web-based and waiting to do its job once you add data.

Some information will be added for you automatically. Once the ration we create is out the mill door, it instantly becomes part of your records in the system. When your pigs are sold, the packer adds sort-loss plus grade-and-yield results. More inputting

happens instantly—you don't have to force all the necessary numbers into the system yourself.

For a minimal cost, CHS Marshall gives you access to this resource. Our investment in this software allows us the ability to make it available to any of our customers. How you use the program in your operation and what factors you track (timing, treatments, facilities) is totally up to you. The reports will be yours and your data will be kept confidential.

We are now well into the first quarter of testing this system and we're excited with what customers are seeing. Running a controlled trial with a few customers allowed us to make sure the process works. Producers tell us it really is easy to use.

Historically, in the production of anything, some turn a profit but others don't. Are you in the top one-third that will make money with your livestock enterprise? You can't predict success or make adjustments until you have good records. Mike McCoy, our Land O'Lakes Purina® Swine Specialist, is ready to demo the program for you. Call him soon. ▶



# CATCH KYLE'S ENTHUSIASM

## GRAIN CONNECTIONS

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



A grain originator needs to believe in the reasons for marketing plans and possess an energy for making connections with customers. Kyle Leary, our new grain procurement specialist, is showing us he has both qualities.

Though he's new to the business, he's used his time at South Dakota State University to the very best advantage, gathering experience in several aspects of agriculture here and abroad. For now, he's working part-time for CHS Marshall out of

our Ruthton office, but he'll be at full speed after graduation in May. He'll earn a bachelor's degree in ag business with a minor in ag marketing.

Kyle's off-campus experiences while at SDSU included a summer with Crystal Valley Co-op (Mankato) and an internship at an ADM shuttle train loading facility in St. Cloud, Minn. After his junior year, he worked at the CHS soybean plant in Mankato as a procurement merchandising intern. "I enjoyed my internships in the grain industry and knew this was something I wanted to pursue as a career," Kyle reports.

"I am very excited to start working with our producers! I believe I can deliver fresh



ideas that make sense alongside the tried-and-true approaches. My hope is building strong relationships with CHS customers so I can help them create and follow individualized marketing plans that minimize their risk." ▶

# SEEING YOUR CO-OP THROUGH NEW EYES

*Continued from page 1*

be understaffed on any day.) Now we're all likely to find leeway to do more whenever, wherever help is needed.

I've been part of this program before, so I can attest my day of service at a homeless shelter did more for me as a volunteer than it did for those I set out to help. Think about

the impact our employee group could have. If all CHS Marshall employees donate eight hours that will equal one full-time employee volunteering for 17 weeks! ▶

# WHAT A DIFFERENCE A YEAR MADE!

## ENERGY CONNECTIONS

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

Last year at this time, propane shortages and propane prices were the hot topic everywhere. This year it's the opposite. I can access plenty of inventory and prices are cruising at really attractive levels we haven't seen for years.

What changed? For one thing, CHS stepped up to address shortages with additional storage. Then customers did their part, installing bigger tanks on the farm. Inventories in January were over 11 million barrels above the same period last year.

Our milder winter factors in as well, along with limited corn drying last fall. In 2014, we had the perfect storm of cold weather, short supply and transportation issues. None of those issues applied to this winter.

As a result, there's major inventory out there at a surprisingly low cost thanks to falling crude oil prices. Propane is produced from natural gas and crude, so the prices of those two commodities help determine its market value. We haven't seen prices like this for 10 years.

I'm sure you can see how this combination of factors makes contracting for next year very attractive. By summer-fill time we could see really cheap prices since suppliers will want to decrease their oversupply any way they can.

There's a similar situation in diesel pricing. Our current contract prices are \$1, or better, cheaper than in the past five years. Again, excess supply plays a part. Once worldwide crude inventories increased, some drilling operations closed. Diesel is an ingredient in the drilling process to the North Dakota oil fields, and fewer gallons are needed to truck inputs up there.

Farmers can benefit from this lack of demand. Customers who realize this is the right time to purchase diesel are also buying ahead for 2016. I wouldn't discourage you from doing the same thing.



Marla Verlinde's text alerts help customers keep up with propane and diesel prices. Check your phone!

A word of caution on diesel and crude: Don't hold out for even greater bargains since I don't think prices will run wild. It's likely decreased demand will drive diesel prices for a year at most.

Customers using our Automated Fuel Delivery program (with a GPS monitor on their diesel tanks to trigger as-needed deliveries) can make quick decisions to capture current lower diesel prices. This winter, as cash prices moved lower, they know they can call and say, "I want to buy out the supply already in my tank at the current price."

Automated Fuel Delivery is based on Consumption Billing—the ability to pay for only the fuel you use each month at that month's average price. The GPS reading helps us keep your tank full until you need it. But you retain this option of buying out the whole tank when you notice a price you like. If you'd be interested in Automated Fuel Delivery and Consumption Billing, let me know. ▶

When Marla Verlinde called for customers who'd be willing to upsize their propane farm storage, Joel Schreurs answered. Capacity at his operation near Tyler went from 2,000 gallons to nearly 4,000 this year.

"A friend was upsizing and I bought a truck tank from him. Once we had that tank certified, we were ready to scale up," Joel explains.

Why did he make the effort? "The biggest reason was alleviating some of the pressure on the co-op. Now they can fill every two or three days, rather than every day. Drivers will make fewer trips." ▶



# GUESS WHAT FEED PROGRAM THREE LOCAL WINNERS USED?

Three southwest Minnesota farm families arrived home victorious from the 2015 National Western Stock Show in Denver; CHS Marshall Feed Division couldn't be prouder.

Delaney Herefords Inc. of Lake Benton won the Carloads Division with 10 age-matched junior bulls. "They weighed 1,290 lbs at 11 months; that's 80 lbs heavier than the reserve-champion carload," Jerry Delaney reports. "We recorded 3.76 lbs of weight per day of age, thanks to CHS feed."

The Delaneys—Jerry, wife Shelley, daughters Katie Johnson and Jaci, sons Michael, Marty and SDSU student Nicholas—are long-time CHS customers. Jerry says, "We use their CHS creep feed and supplements, minerals and protein with our silage and hay rations. These winning bulls were fed on that program all the way to Denver."

Weber Land and Cattle, Lake Benton, carried off impressive honors at the National Western Stock Show, too, winning Champion Pen of Three with their Red Angus bulls. "Starting in 2004, we've entered the show most years. This is the third year we took a pen of bulls and the second year we won!" Jesse Weber explains.

"CHS feed is a huge factor. We've been using their creep feed and following their bull nutrition program for 10 years. Our animals go through a lot of it. Then, for our show animals, we have them mix a more specialized ration."

Family members active in Weber Land and Cattle include Jesse and wife Michelle plus his parents, Joe and Jodie. (Jesse and Michelle have a son, Wacey, and a baby on the way.) Though it's too late to purchase winners at their March bull sale, make a note of their cow sale the Saturday after Thanksgiving.

The Black Angus animals Glenn and Sherri Johnson of Chestnut Angus took to Denver earned this title: Overall Reserve Champion Pen of Three bulls. "It's a big honor to achieve and we've been working toward this for a lot of years," Glenn points out. "We've been in the business 24 years and at the Western Stock Show for eight. Our sons Wesly, 17, and Dawson, 13, share in the work and know that we strive to improve our herd in order to help other people improve theirs." If you missed the Chestnut Angus bull sale on Feb. 25, add it to your calendar for next year.

"In the 15 years or better I've been working with CHS Marshall, I've never had problems getting feed delivered on time," Glenn continues. "I use their creep feed, minerals and supplements and the quality is always good. I was pleased when they added new milling capabilities in Elkton. And the service is really good!"

The Delaney, Weber and Johnson farms have a common understanding of our feed operations. Jerry, Jesse and Glenn all rave about Dave Swenhaugen. "He's my absolute go-to guy," Jesse insists. "I'd have to single out Dave Swenhaugen," Glenn adds. "All of those guys are really good, and especially Dave," Jerry sums up.

Scott Connot, our CHS nutritionist, also ranks high with all three customers. Jesse credits him with "...awesome common sense and practical advice. An all-around good guy." ▮



The Delaney Herefords Inc. winning carload.

## THIS IS INTEREST-ING

### AGRONOMY CONNECTIONS

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

We expanded our CHS Capital convenience loan 0% input-financing program for 2015. Now it applies not only to seed but also to these products:

- CruiserMaxx® and Clariva® seed treatments
- Ascend® plant regulator
- Aventine Complete™ plant food
- MAX-IN® foliar micronutrient products.

Set up a conversation with Credit Manager Anna Hieronimus. She'll walk you through the quick and easy one-page application for convenience credit. Or ask your local agronomy sales specialist to put you in touch with Anna.

Here's something else new for the coming crop year. CHS is offering a satisfaction guarantee to any customer who buys the Aventine Complete starter fertilizer program from us. If this program doesn't beat what you're currently using by at least two bushels, we'll pay you back \$7 per acre. You must sign up by March 31 to qualify.

How can we make such an offer? Confidently, because CHS can show you replicated data that proves a 7-bushel yield gain with Aventine Complete. We're so impressed by this product we're adding more bulk storage for it so we'll be ready to apply more acres of Aventine Complete this spring.

Speaking of storage, we already filled our new bulk soybean seed bins in Ruthton.

Now we're ready to supply any amount of seed you need. In the past, we asked you to order in 40-unit mini-bulk bags or single bags, but that didn't necessarily work for you. Not all seed comes in all package sizes. Now you can request the amount you actually need, pick it up or ask us to deliver it.

Thanks to this new bulk setup in Ruthton, we can also treat soybeans with CruiserMaxx or Clariva. ▮



# NAMES AND NUMBERS FROM THE ANNUAL MEETING

Board President Tom Versaevel opened his first annual meeting by describing the smooth reorganization process that created the current board of directors. "Last year's board redistricting process created three districts based on zip codes, three directors per district. This year, two directors sought re-election, Bryce Hansen from the West District and Steve Verkinderen from the Central District."

Tom then conducted an election that returned those two incumbents and added Eric Fultz of Tracy as a new director from the East District. All three ran unopposed.

Retiring Board Secretary Steve Knott gave 22 years to the service of this cooperative and President Versaevel recognized his contributions beginning with the Tracy-Garvin co-op and commemorated the occasion with a Terry Redlin print for Steve.

General Manager Kent Mulder followed Tom at the podium with a review of year-end numbers, the year's accomplishments at CHS Marshall and a snapshot of the year to come. He emphasized employee contributions to the cooperative in his first address to members, recognizing "Somebody who understands that better than anybody, recently retired Tracy location manager Bob Anderson." As Bob acknowledged his ovation from the crowd, Kent continued, "I've been here 25

days and you were on the job for customers 42 years. Your reputation as a working manager is unprecedented."

Kent asked all CHS Marshall employees present at The Caboose to stand and said, "I'm looking forward to being part of the team with these folks! This array of talent and dedication is just one way our member-owners capture the advantage of being part of something bigger.

"'Farmer-owned with global connections,' that's how I hope you think of CHS. And if CHS has global reach, all of you do too

because of your relationship with this company. Still, at the end of the day, we understand how it all funnels down to local communities through our recent \$200,000 gift to Southwest Minnesota State University, plus our internship and management trainee programs for local young people."

Our employees, Kent continued, are also active in the Harvest for Hunger Drive. That program has purchased 3.2 million meals since it began. During the annual meeting, employees circulated throughout the crowd, offering raffle tickets with proceeds to Harvest for Hunger. And this year employees will be encouraged to participate in the CHS Day of Service. (For more on that opportunity, see Kent's article on page 1.)

## Connections to a Fortune 100 Company

Referring to the CHS Inc. annual meeting held in Minneapolis in December, Kent explained how energy again led the way in revenue last year. "Even this year, as fuel prices dip, we know the other areas of the business can be counted on to pick up the slack. It's important to remember CHS is a Fortune 100 Company with a strong financial base."

Locally, our grain division was challenged in 2013-2014, Kent added. "We weren't getting trains and the cost of

transportation was tremendous in that year. As a result, we're not completely satisfied with all the numbers you'll see in our annual report. It's not indicative of the way our staff performed and more about factors in the market."

Looking at the grain business throughout the country, Kent acknowledged the need to grow exports as profits from ethanol start to erode. "Once new markets open up, CHS Marshall is equipped to hit that hard. With our new bulk-weighting system in Ruthton, we can load 4,000 bushels in

three minutes.

"We need to grow grain volume as well, and to that end we recently hired another grain procurement specialist. It's important to deliver on our promise of grain expertise face to face."

Kent described the way the feed division is going full throttle. "In that sense, it doesn't matter if China wants our corn or not because livestock always wants corn. We've added a swine development specialist (that makes two) and we already have two beef specialists. We see growth areas in Tracy and Elkton."

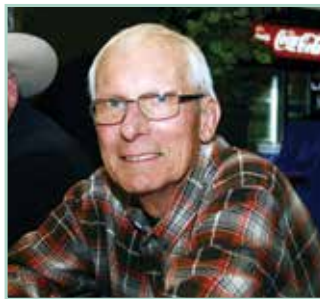
As for our energy division, Kent highlighted the resilient approach that led to recent capital projects, including a new Pipestone railcar load-off that separates CHS from competitors. "In the past year, we added a tremendous amount of storage throughout our system."

The addition of our in-house financing arm has been strategic in attracting new agronomy business. "I can see how that effort took our seed business to the next level," Kent continued. "The next new level of service will be a precision-ag specialist to help you manage your data."

Recently, CHS Inc. announced its first-ever step into fertilizer manufacturing with a Spiritwood, N.D., plant slated to become operational in 2018 or 2019. "We're situated close to the primary service area for that new location, so we can look forward to the advantages of accessible plant food. It's another sign of our connection to something bigger." ▾



This Terry Redlin print tokens Steve Knott's 22 years of faithful service to the co-op board.



Retired Tracy Location Manager Bob Anderson returns for the annual meeting.

## FINANCIAL SUMMARY FOR THE YEAR ENDING AUGUST 31, 2014

GRAIN MARGINS	\$1,503,960
MERCHANDISE MARGINS	\$9,377,400
SERVICE INCOME	\$9,525,242
TOTAL MARGINS FROM OPERATIONS	\$20,406,602
TOTAL EXPENSES	\$18,352,564
TOTAL LOCAL NET SAVINGS	\$2,054,038
PATRONAGE DIVIDENDS RECEIVED	\$357,889
TOTAL NET	\$2,411,927



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**HIGHLIGHTS OF OUR  
ANNUAL MEETING  
THROUGHOUT THIS ISSUE.**



# IT'S NOT TOO LATE TO BE EARLY

## FINANCIAL CONNECTIONS

By Anna Hieronimus, Credit Manager



Don't tell Brian Meier in our Agronomy Division I said this, but if you haven't ordered seed yet, it's not too late. Of course, he's supposed to be concerned about possible limited availability of specific seed you might want. Meanwhile, I'm focused on the best way for you to pay for your seed this year.

That best way is our 0% 2015 Seed Financing Program. You didn't read that wrong; we are offering to help you buy seed interest free. And in fact, as Brian tells you on page 4, this program proved so popular last fall, we decided to cover other crop expenses at zero interest, too.

### These are the program details:

Seed financing through CHS Capital falls under our Convenience Credit Crop Input Loan category. There is no application fee and you won't pay UCC filing fees. Best of all, it's a speedy application process.

Once your loan is approved, you can start making seed and input purchases right away. We set a \$10,000 loan minimum but there is no upward limit on covered seed purchases. If you already have a convenience credit loan with CHS, I'll set up the seed loan as a sub-loan.

It's true, you might have missed some of the seed company discounts that applied earlier in the year, but you haven't missed our 0% interest. Even if you're a little late, you're still sort of early! ▶

