

SEPTEMBER, 2008

Vol. 14, No. 3

# ECIC

**Dedicated to Service ...  
Committed to Success ...**



**MISSION STATEMENT:**

DELIVERING  
PROFITABILITY AND VALUE  
TO OUR PATRONS THRU  
INNOVATIVE  
PEOPLE,  
PRODUCTS,  
AND SERVICES

**Business Hours**  
7:30 a.m. - 5:00 p.m.  
Monday thru Friday

During the busy service seasons (both Spring and Fall), East Central Iowa Cooperative will also extend hours to accommodate member service needs during the planting and harvest phases.

These extended hours are designed to meet patron need and may only affect specific divisions and locations of the Cooperative. During the Fall season, hours of operations will be posted at each elevator location.

**ECIC TELEPHONE DIRECTORY**

CEDAR FALLS	(319) 266-0775
HUDSON	(319) 988-3257
Hudson TOLL FREE	(800) 400-3247
Hudson AG CENTER	(319) 988-4511
Ag Center TOLL FREE	(800) 859-0497
JESUP	(319) 827-6226
Jesup TOLL FREE	(800) 859-8061
Jesup AG CENTER	(319) 827-3531
Ag Center TOLL FREE	(866) 599-7666
LA PORTE CITY	(319) 342-3013
La Porte City TOLL FREE	(800) 877-3810
WATERLOO ENERGY	(319) 235-6281
L.P. Plant TOLL FREE	(866) 404-3242

**WEBSITE:**

**[www.ecicoop.com](http://www.ecicoop.com)**

**YOUR BOARD OF DIRECTORS:**

John Babinat	La Porte City
James Grady	Waterloo
Tom Greiner	Waterloo
William Hesse	Cedar Falls
Leo Kremer	Jesup
Randy Lichty	Waterloo
Dennis Rottinghaus	La Porte City
Jason Trumbauer	Jesup
Mike Reiter	Jesup

## October is Pork Month - Have lunch with us!



**October is Pork Month - We are again planning to grill pork burgers at each location:**  
Tuesday, October 14th - Jesup  
Wednesday, October 15th - Hudson  
Thursday, October 16th - Cedar Falls  
Friday, October 17th - La Porte City



Stop in for a pork burger lunch!



ECIC Energy shows its propane truck, above, left, and newly repainted refined fuels truck.

## October is National Coop Month

One hundred and thirty million Americans – more than a third of the country – are members of a co-op. Each October, cooperatives across America celebrate the role, accomplishments and contributions of our nation's cooperatives. Cooperative businesses generate hundreds of thousands of jobs and billions in income for their communities while also supporting local causes ranging from education to the environment, according to a series of case studies compiled to help mark October as National Co-op Month. Nearly 3,000 farmer cooperatives account for 300,000 jobs nationwide and a total payroll of more than \$8 billion. Co-ops have a strong commitment to the communities in which their members live and work. THANK YOU for your role in East Central Iowa Cooperative!



## MEMO BOARD

**Annual Meeting**  
Thursday,  
November 20,  
2008

Electric Park Ballroom,  
Waterloo  
Meal at 6 p.m.  
Meeting at 7 p.m.

Election Ballots  
and candidate profiles  
will be mailed out  
in November.  
(Three 3-year terms)



**-- AFTER THE FLOOD --**  
**THE CEDAR FALLS**  
**OFFICE IS NOW**  
**OPEN FOR BUSINESS.**  
**FOR INQUIRIES,**  
**PLEASE CALL THE**  
**OFFICE AT 266-0775.**



*Farm Safety Month*  
**THINK**  
**SAFETY**  
**FIRST!**



## Message from your General Manager

Dennis Maas

At the time of this article being written, the feeling of fall is certainly in the air. Through my travels on the two wheel cycle I am surprised at how the soybean fields are turning. I would have thought that the beans would be later, as the growing season has been a couple of weeks behind. I guess it's true that beans mature according to the season rather than the lateness of the crop. All in all, I hope the frost is a lot later than normal, as the corn and soybeans crop needs more growing season.

Another event that happens this time of year is the ending of our fiscal year, which is August 31st. This means that we have had our inventory audit and the start of a new year has begun. With the beginning of a new fiscal year, one of the things we want to encourage our customers to do is to bring their accounts as current as possible. This enables us to have a good financial cutoff at year end.

While speaking of year-end, I will give you some insight into what we think our financial picture will look like at the end of August. First, I will tell you that at the end of July we had sales dollars of \$68 million. This is compared to a budget of \$73 million. We expect our sales to be at the end of August in the range of \$105.0 to 110.0 million. This will be the first time in the history of ECIC that our dollar sales have topped \$100.0 million. Most of this increase is due to the higher prices of grain and other commodities we sell.

Local earnings on these sales at the end of July are \$629,000 up over budget by \$124,000. We expect August, as normal, to lose money, so we project that our local savings to be either side of \$300,000.

We are treating the flood losses at Cedar Falls as we do patronage income and extraordinary income, such as sales of stock securities, as income or losses after local earnings.

This year we have, at the end of July, \$1.2 million of flood losses at Cedar Falls. This includes clean-up and recovery costs, grain losses and some facility rehabilitation. We expect this number to climb to possibly \$1.5 million by the end of August. Eventually, the number will be even higher than the \$1.5 million, depending on what we do long term to the elevator facility at Cedar Falls. We will keep you informed of the decisions as they happen in the future.

We have received patronage from regions

such as Co Bank, AGF, Land O'Lakes, and CHS, of just short of \$700,000. FC Stone stock was voted on to go public two years ago, and at that time we were issued more stock that split several times. The Board of Directors approved the sale of the first two issuances of the stock this last year, which when sold brought in a little over \$1.7 million.

So with the projected local earning of \$500,000 at the end of August, plus the FC Stone stock of \$1.7 million, and regional patronage income of \$700,000, minus the projected cost of the Cedar Falls Flood at the end of August being \$1.5 million, we should be in the ball park of net earning being around \$1.4 million. A full disclosure of the audited numbers will be reported to the membership at ECIC's annual meeting scheduled for:

Thursday, November 20, 2008

Electric Park Ballroom

Meal served at 6:00 PM

Meeting beginning at 7:00 PM

This is a change from the prior years, as before it was always held on the Tuesday prior to Thanksgiving. Do to a conflict, we moved our date to the prior Thursday. My assumption would be that the permanent date will be that Thursday prior to Thanksgiving in the future.

Again this year, prior to the Annual Meeting, voting for the Directors will be done by ballot only. **THERE WILL BE NO BALLOTS OR VOTING FOR DIRECTORSHIPS AT THE ANNUAL MEETING.** The ballot can be returned to the Hudson office prior to the Annual meeting or may be carried to the meeting on the 20th of November and will be asked for at that time. In either case, the ballots will be opened, counted and announced at the annual meeting. The ballots and the candidate profiles will be mailed out around the first of November. The 3-year terms that are up for election are:

Bill Heese - Cedar Falls,

Randy Lichty - Hudson

John Babinat - La Porte City

I have previously mentioned our Cedar Falls location relative to the flood back in June. I thought I would update you on the present, and suggest some opportunities that may be part of the future. Clean up and recovery have primarily been done or will be completed in the very near future. Warehouse, shop, and several of the grain facilities are currently up and running. We have moved into a more permanent/temporary office that we have leased for at least one year. This will give us some time to figure out our longer term direction. The City of Cedar Falls has currently acquired, or

maybe better said is in the process of acquiring, a plot of land that will be used for industrial, railroad access property. The City of Cedar Falls has approached us about an interest in moving our elevator facilities to this property and we have expressed a sincere interest in doing that. Now, we have hope in accomplishing this, but caution our members we have a lot of due-diligence to resolve before this move will happen.

In the meantime, we have a second issue that we are looking at, and that is the facilities at Land Mark Ag. This grain facility is located just off of Broadway Street and W.C.F. & N Drive just south of our Energy Facility on Airline Hwy. This facility could be tied into the Cedar Falls elevator either now or in the future, and they could compliment each other. Stay tuned; we will keep you informed of the progress we make on the Cedar Falls trade territory projects.

I would suggest, if you haven't already, you should review your energy needs for this fall and winter for refined fuels and propane needs. The prices are not necessarily attractive, but supply could surely be a concern. If you believe the people in the know, higher energy costs will be with us for a while. If trends mean anything nowadays, contracting propane now is still the right thing to do, as energy costs will be higher during the drying and heating seasons. We have several programs to meet your specific needs for the heating season. We look forward to providing you with the uninterrupted service you have grown accustomed to.

As you read this newsletter, we should be on the threshold of harvest season. As we move forward, we believe we are ready to serve your fall needs with our facilities, equipment, and personnel. There is an insert in this newsletter that explains the content of our grain policies. The only change in the policies for 08-09 is the price increase on drying charges. The drying charges for 08-09 will be 5 cents a point, and last season the drying charge was 3.75¢ a point. We encourage a fifteen day settlement and would appreciate knowing as soon as possible any multi-party splits and the disposition of that grain. We will strive to maintain hours, per location, which will meet your harvest needs. Hours will be posted daily at each location.

As always, October is Farm Safety month. We encourage our patrons and employees to take precautions this fall in their busy schedules. Safety should be the number one priority for yourself and others around you while getting the job done. We want all of our friends and neighbors to be around a long time.

We cannot close without saying THANK YOU for your past 12 months of patronage. Without customers, we would not have a purpose. Employees at ECIC are all looking forward to serving your needs this fall.



## Waterloo Energy Center

By Kurt Raymond

Greetings from the Energy Center.

As we approach fall, we are getting ready for harvest. We have a new LP gas truck with a 5000 gallon tank that will be ready to make deliveries in September. It should make our Energy department more efficient by making more deliveries to the customers and less loading time for the driver. It will be a really nice addition, and we are looking forward to possibly purchasing a new 5,000 gallon Tankwagon truck sometime in the next couple years. We are eligible for a \$30,000.00 grant for the truck from the Iowa Re-nearable Energy Network. Applications are due by December 31, 2008. The tankwagon trucks must be dedicated to renewable fuels delivery based on a percentage of our sales. Retailers whose diesel sales are at least 50% bio diesel blends (B2 and higher) are eligible for a 3 cent per gallon tax credit on each gallon of B2 or higher blend sold. The Energy department is having a profitable year since our merger last September with Members Mutual Oil Co. It has taken a lot of hard work and cooperation, but we are achieving the goals we set out for ECIC. We have become larger, more efficient and profitable. Thank you to all the employees who made this possible.

Our Members Mutual trucks now have a new logo with our East Central Iowa Co-op image.

This year we have experienced huge swings in energy prices. We try to take advantage of dips in the market with the help of CHS fuel and propane specialists. Our propane contracts are nearly com-



## Economic Impact.

From Main Street storefronts to Fortune 500 companies, cooperative business creates jobs and economic growth.

We generate over \$273 billion in revenues annually.

We employ more than half a million Americans.

Our payrolls top \$15.5 billion a year.

And because cooperatives are owned by their customers, what's spent there, stays there, benefiting our communities again and again.



## Cooperatives.

Owned by Our Members,  
Committed to Our Communities.

plete. Call us now if you don't have your fall dryer gas or home heating gas booked. We are now offering diesel fuel contracts for fall that will run thru November 30th. Contact us at the Waterloo office or give your driver a call for your diesel and gas needs.

This year Flint Hills will no longer be producing arctic diesel for winter use because Minnesota is mandating bio-diesel, and arctic won't blend for low temperatures. As the temperature gets

colder we will blend #1 with premium diesel to make it run at extreme cold temperatures. We will be ready for your winter needs and we would like to remind customers to change fuel filters and service your furnace to be ready for winter. We will also have fuel additives in our cardrol locations for your convenience.

In closing, we at the Energy department wish you a safe and abundant harvest season this fall!

# ECIC on the world wide web at [www.ecicoop.com](http://www.ecicoop.com)





**Hudson Ag Center**  
Gary Schulz

Hello from everyone at the Ag Center! The way this year is going, we will be spraying until the combines start up. In today's article I will talk about crop development, soil testing, and fall fertilizer.

The planting of corn and soybeans in spring was at least three or four weeks behind normal. The weather in August helped to develop the corn and make up some ground. Instead of being three or four weeks behind, it is now only ten days to two weeks behind. With later development and wetter weather, start checking for stalk rots and disease that may move harvest up some.

Soybeans have really made up time since the soybean is also day length determinant. Soybeans can also flower and set a few more pods. At the time I'm writing this, most of the soybeans are in the R5 to R6 stage, which is going from green to a hint of yellow. We fought beetles and aphids this year and we also had scattered Sudden Death and White Mold this year. Now with the cooler and wetter weather, it is important to watch for more disease.

With the prices of fertilizer more than doubling this year, a smart move would be to soil sample this year. We are going to be using a sampling program like last year. The SMS program will allow us to border the field and set permanent points in the field that will allow us to determine if the correct amount of fertilizer was applied. Again this year, a small fee of ten dollars per twenty acre sample will be charged.

Fall fertilizer season is a short time away, so if you already know what you would like applied to your farm, please let us know so we can get the maps updated. If you need samples done, please contact Ben for scheduling, so he can get it done.

Again thank for your patronage, and from all of us at the Ag Center, please have a very good and safe harvest.



**La Porte City**  
Keith Koger

The days are getting shorter, the nights are getting cooler, and the kids have gone back to school. It is time to start thinking about this fall's harvest. As we continue toward harvest, many bins will need some attention.

**Clean inside the bin:** Grain and grain debris may harbor insects and mold that will infect newly stored grain. Thoroughly clean the bin, remove floors and clean fans. This should be done at least 2 weeks ahead of harvest.

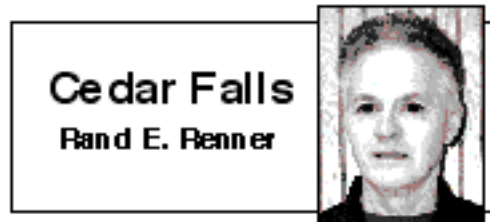
**Treat the empty bin.**  
*HARVEST GUIDELINES*

- Harvest hours will be posted at the scale daily.
- When approaching the scale loaded, you should stop at the city shop to give the right of way to empty loads.
- Please have the TARP ROLLED BEFORE ENTERING THE SCALE.
- Please approach the scale at a speed not over 5 MPH.
- Please post a sign in the vehicle window so we get the right name on the scale ticket. (We will have cards available if you need one.) Before leaving the scale, instruct whoever is hauling for you to double check all information on the scale ticket to make sure it is correct.
- We will have a card at the scale directing you to the proper dump pit.
- Please remember if lining up on the street to be sure and keep the driveways open for our neighbors.
- Grain can be in the open position for 15 days only starting September 1, 2008.
- Remember when sealing grain, the receipts will be issued in La Porte City, so allow at least two days for delivery to other locations.
- We will not be able to dump dry corn loads with tractors with duals on. Please notice the harvest policies.

**PLEASE HAVE A SAFE AND BOUNTIFUL HARVEST!**

**TRIVIA QUESTION**

The answer to our trivia question in our June newsletter, "Who was the first President to be born in a hospital?" is Jimmy Carter. Our next trivia question is: "Which President was the only American President to be unanimously elected?" (Watch the next newsletter)



**Cedar Falls**  
Rand E. Renner

Hello from Cedar Falls

When we visited last, I had talked about how Mother Nature likes to show us who is boss!! Well, on June 10th and 11th, the Cedar Valley was hit with unprecedented floods. The damage that the Cedar Falls location received was quite extensive!! The clean-up still continues even today, but we have made lots of progress. We've had a lot of help from patrons that came in to clean and get things back to a workable site. We are in the process of putting new floors in the three bean bins and fixing the flat storage across the tracks to the north. We will be ready for harvest!!

Right now we are working out of a rented office trailer that sits where the old office used to stand. We have all of the computers and communication equipment installed and things are running quite smoothly!?!?

We will have plenty of storage for grain this fall, and as soon as the rail tracks are repaired, we can start shipping by rail again.

When any of you are in the area, stop in and have a cup of coffee and take a look at the scrap book that Gary put together with the pictures of the flood.

Like I said, Mother Nature likes to be the BOSS!! Thankfully no one was hurt.

We greatly appreciate all of the business that our Cedar Falls patrons bring our way. It makes our days all worth while. Hopefully this can continue for many more years to come!!

Please keep in touch and we always have the coffee pot on.

Goldfinches, cardinals etc. are eating up a storm. We have plenty of mixed bird seed, suet, to feed our flying friends.

Rand E., Gary, Glynna, Marge and Lawrence

**SUPPORT OUR TROOPS!  
GOD BLESS AMERICA!!**



Now available  
**Purina Mills**®

Strategy GX, Omeleone 200, Horseman's Edge Sweet 12, Equine Senior, Equine Junior, Enrich 12, Enrich 32, Free Balance 12-12, Nicker Makers and more!  
Call for help with your needs!





## Grain

Brad Stewart

It's hard to believe that we begin harvest soon. I think everyone feels the same way. We have had a lot take place in the last year, both good and bad.

Our Cedar Falls facility suffered heavy damages during the flooding, but all of our employees made it through unharmed. Everyone has been working hard to get things back in place for harvest, and I greatly appreciate their efforts.

Our new condo bin has been completed in Jesup, and is ready to receive grain. This should make our operations run easier and less labor intensive to supply our feed area.

Grain markets continue to be sporadic as traders try to outguess the size of this year's crop. Recent history suggests that prices should improve once harvest begins.

The acreage wars seem to start earlier each year, and this year should be more of the same.

Producer selling has been very light for the last few months as prices have dropped substantially from their highs. I would advise producers to store as many bushels as they can to capture better prices in the spring/summer delivery months.

I have enclosed a copy of this year's fall policy. Please note that I have changed our drying charges to 5 cents per point. This reflects the increase in natural gas prices.

Our storage rates will remain the same as last year. We will begin harvest hours soon, and hours will be posted at the scale.

Have a safe harvest, and thank you for your patronage.

## Agronomy Division

Gene Mitchell



### Fall input financing

We again are offering financing for your crop inputs. Features of the program are: Interest free seed financing until November 15, 2009 and 2% interest buy down on fertilizer and chemicals until June 15, 2009. Applications must be received in November 2008 or earlier to qualify. The application process is fairly simple and quick. If you have an interest or a need, please give us a call.

### Price and availability

Product price and availability have been issues that we've discussed in almost every newsletter for the last couple of years and it merits mention again.

You have seen prices for fertilizer and certain chemicals skyrocket lately. The reasons for this have ranged from increased demand from overseas to increasing energy costs and devaluation of the dollar. It all boils down to being a seller's market and supplies are being rationed by price. In this type of market, the sooner you can identify your needs and commit to a purchase, the lower your costs will be. You will also increase the likelihood that supplies will be available to you when you want them. This won't last forever, though. Eventually we will return to a buyer's market, and the rules will again change. We just don't know when.

The outlook is that 2009 will be more of the same. Nitrogen plants are being constructed in Africa and the Middle East, but it will be at least 2010 before they start putting product on the market. Phosphate and potash mines are being expanded, but it will likely be 2012 before they are completed. This should help with more supply and ease some of the shortages.

Until then, communicate your needs to us so that we can plan for them most effectively. Don't be afraid to make a commitment to lock in at least part of them. Prices have changed as we have run out of our commitments with distributors and we have had to go back to the market to purchase more. If we had your commitment early, we were able to purchase that product at a

lower price.

We have had prepay programs in place since late last winter on a continuous basis. So, if you are ready to take action or would like more information, give us a call. We don't have a crystal ball, but we are happy to help you better understand the market as it exists today.

### Year in review

This year has been a trying one, to say the least. It looks like the agronomy division will be able to positively contribute to the company's bottom line again this year. We did record volumes last fall in fertilizer as some producers shifted some of their normal spring business to the fall. Corn acres were down this year, but we were able to hold annual fertilizer volumes close to last year.

We purchased a new John Deere 4930 sprayer for the Hudson location. This unit replaced a liquid floater and a row crop sprayer. The 4930 was able to cover at least 20% more acres than the other two units combined, improving efficiency substantially.

We also purchased 3 double tank NH3 running gears for Jesup and 3 for Hudson. These units are ideal for the larger NH3 applicators. Floatation on these units was also good even though the spring was a little wet.

We took a tandem truck chassis from the feed department and put a 16 ton dry fertilizer tender and a 3300 gallon liquid tank on it. This unit retired 2 smaller dry tenders and 2 smaller liquid tender units. We are also putting a 16 ton dry tender on an existing tandem chassis at the Jesup ag center this fall. It is really important that we increase our efficiency to be able to keep our service rates as low as possible for you in the future.

The most positive outcome from this spring was the effort and teamwork that everyone in the company contributed to the ag division to get the work done for you, our grower-customer. Many people from every part of your company either contributed directly by making deliveries, fixed equipment or indirectly by doing extra work to cover for those that did. I would like to say thank you to all of the employees who helped to make this a successful year.

## Cardtrol.

At Four Locations:

• La Porte City • Dysart • Hudson • Vinton



Apply at your Coop today!

## JESUP

Jeff Lee



Well it's hard to believe, but harvest will soon be upon us. We are working diligently to get ready for harvest. At this time the grain inventory at Jesup is approximately 37% full. We are trying to get grain shipped, but short delivery hours and a processor that is still shut down from the flooding this spring are hindering our progress. We will keep working to make room for what appears to be another decent harvest. We do have an additional 200,000 bushel condo storage bin that was constructed here this summer. This should help with your storage needs. There is room still available for purchase. If you have interest, give Brad or myself a call.

### Important notice!

Since we are receiving all feed ingredients as well as corn through the new dump leg, it is very important that no one start unloading any product before we have an employee present. The pit drag may be running, but this is to allow us to transfer product to the mill. Please wait to unload until an employee is at the dump and tells you to begin unloading!

We are also in the process of removing the old wood cribbed elevator that stands by the feed mill. We are currently getting bids for demolition. We had hoped to let the Jesup Fire Department burn it for training but ran into too many issues.

As harvest gets into swing, please have signs in your trucks and tractors to identify ownership of the grain being delivered. If you need signs, please let Kym know and she will make you one.

Starting September 1st you will have 15 day open storage on grain, so please let us know what you want done with it before the 15 days are up.

Once we get into harvest, we will extend our business hours to meet your needs, and we will post daily hours at the scale. During harvest we will be open Saturday for corn and bean harvest plus Sundays for bean harvest, weather permitting. The feed mill will remain closed on Saturdays during harvest, so please plan your feed needs accordingly.

I would like to ask for your patience and cooperation in advance, as we will be doing our best to serve you during this harvest season. Please feel free to contact me with any questions or concerns during this busy time.

## JESUP AG CENTER

Norm DeJong



Hello again from the Jesup Ag Center. Before you head to the field with your combine this fall, think about this. Increasing productivity and cutting costs are what it takes to keep the bottom line in the black. If you are successful in doing both, it can make an enormous difference. In many cases one of the very best ways to do that is to check the P&K levels in your soil. Here is an example: I have a field that has an area which yielded poorly this year and not so well in other years because \_\_\_\_\_ (you fill in the blank here). Now, the question is: since the crop removed a very small amount of nutrients, would it be better to skip fertilizer application or go ahead and apply the same amount as the rest of the field.

There are many other scenarios that cause nutrient variability in soils, such as variability in your soil types, manure applications and cropping history. This is where soil sampling and especially grid sampling pay big dividends. The economic benefits of grid sampling become clearer with higher prices. An intensive sampling program represents an increased cost over conventional sampling, but there is offsetting economic advantage from either increased crop yields, or reduced fertilizer costs. Increases in crop yield would be expected if grid sampling identifies parts of a field that could respond to higher rates of fertilizer than normal and the added fertilizer increases yield in those areas. Savings from reduced fertilizer application could be realized if non-responsive areas of a field are identified and fertilizer application for those areas is reduced. The challenge is to identify opportunities for increased net income. With sufficient precision, those opportunities can be discovered.

Please plan now to get your soil testing done. It's a good time to go over past soil testing and make sure those fields that need testing this fall get on the list for sampling.

If we can get those soil test probes scheduled early, we can get them finished while the weather is good and it will be one less thing on your mind while you are running the combine. Thank you for business this past year. We look forward to the next.

Have a safe harvest!

Your flying friends



can be well-cared-for  
with products from  
ECIC in Cedar Falls

•Birdhouses • Suet

•Mixed Seed • and more

319-266-0775



## MISSION STATEMENT

DELIVERING PROFITABILITY

AND VALUE

TO OUR PATRONS

AND COMMUNITIES

THRU

INNOVATIVE PEOPLE,

PRODUCTS

AND SERVICES

## Controller Joe Murphy



With our last newsletter in June I was only a couple months in to my new position as Controller with ECIC. These early months were spent learning the financial systems along with becoming familiar with the operations and digesting all I could on grain accounting. Plus working with and getting to know all the employees and patrons is always one of the most important aspects when starting a new job.

I don't know if there is anything from my educational experience's that could have prepared anyone for such an event as the flood of 2008 and the devastation that occurred at our Cedar Falls location. That's why the human factor is so critical when a crisis happened like this flood and our employees stepped up to the plate and delivered. We had every available employee get their hands dirty and try to secure the Cedar Falls location for the predictions made available at the time. Unfortunately these predictions were understated by three feet of water which would eventually wash some our hard earned assets down the Cedar. This flooding will impact us financially for the next couple of years, but all was not lost as we came together to make this Coop stronger in spirit for future growth.

Currently we are working on the year end financials for the year ended August 31 and should have the year end audit completed by the first week of October. Absent the damages from the flooding in Cedar Falls, it has been a good year for the Coop financially. Our revenue from gross sales is up 40% over last year as the result of high grain prices along with higher fuel and fertilizer sales revenue. Our units shipped should be comparable with last year with the exception of energy where we are roughly 52% percent ahead of last year due to the full year benefits from the Member's Mutual merger.

Finally, we still have numerous checks that were returned from the common stock checks we issued this past year due to the wrong address. Please contact us if you know the following individuals: Hogan Farm Account, Thomas Dinsdale, Alan Kraus, Robert Shearson, Marvin Freeseaman,

## Feed Division Dennis Franck



We have just concluded another fiscal year at your cooperative as the year concluded August 31st. This year we ended on a holiday weekend, as we had an early Labor Day weekend in conjunction with our year end. Thank you to all customers for getting your feed orders called in early. That allowed our staff to conduct a timely and accurate year end inventory count, as well as spend a relaxing and well deserved holiday with their families.

At this time we do not have financial reports, as the auditors have only concluded the actual inventory process and have yet to return and complete the entire financial review. For the feed division we are anticipating another solid year in terms of tonnage and profitability. We realized good solid growth from the very busy 2007 building season and delivered near the 85,000 tons we predicted that business combined with our existing tons would create. The tonnage held close to our predictions despite record high feed prices that rocked producer profitability and production and health issues that reduced numbers of pigs that were actually on feed throughout the year. The cow calf business continues to grow and the recent addition of the Purina branded equine feeds is off to a great start as well.

Due to various unforeseen circumstances, we are still in the process of removing the old wood annex next to the mill at the Jesup location. As mentioned before in other issues, we had planned to burn this structure in conjunction with the Jesup Fire Department but after numerous issues with the railroad and insurance liabilities the Board of Directors decided that it would be best to tear this structure down and not burn it as originally planned. Jeff and I have received bids from contractors and with Board approval we plan to have this annex removed yet this fall. This certainly has taken longer than anyone envisioned when we started this project, but the project is still moving forward, and once it is removed we can begin the process of planning the new warehouse addition to the feed mill.

Jack Hansen, Lester C. Shogren, Donald Johnson and Elvin Hansen Jr.

I look forward to the annual meeting in November and I hope everyone has a safe and bountiful harvest this fall.

With the conclusion of fiscal year 2007-2008, it's time again to plan and budget for 2008 - 2009. In the feed division we are planning for the warehouse addition as discussed and are considering upgrading the distributor above the load out driveway from 8" capacity to 10" capacity. This in turn will allow us to speed up the mixer/surge unbad leg and elevate the finished feed faster. Also with this project we are planning on adding a cleaner that would screen the finished feed and remove foreign material such as small pieces of corn stalks that get through the rollers and can create numerous headaches for producers when these little pieces wrap around augers or plug feed lines. We also are planning to replace the older Sterling tractor with a newer model, but at this time nothing has been approved by the Board of Directors as we are just beginning the capital additions process.

Corn and soybean meal prices have retreated from the July highs as we currently are in the \$5.00 to \$5.30 range on corn and near the \$370.00 price range for soybean meal. I would anticipate that this price level will continue throughout the harvest time period as the weather threats become more removed and the actual yields are still unknown. The other issue that now directly relates to the corn and soybean price is the price of crude oil, which at this time is near \$106 per barrel down drastically from levels over \$150 as seen this summer. This new dynamic is related to the use of corn and soybeans as a renewable fuel source and has completely reshaped traditional supply and demand equations for these products. For producers looking to lock in or contract feed prices, it is now more important than ever to not only look at the feed side of production costs, but the actual market values that can be "locked in" in conjunction with the feed bookings. I certainly would not encourage any feed bookings without some type of corresponding price coverage on the livestock market side as well. Please feel free to call at any time for prices. As the fall harvest progresses we do plan on talking to you about potentially contracting some feed ingredient needs.

Harvest will soon be upon us and again the feed sales team will be grilling porkburgers in recognition of area pork producers and October is Pork Month. Look for the dates at your location and plan on having lunch with us on those days. Have a safe and bountiful harvest!



## Customer Connection

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In this issue:

- OCTOBER IS PORK MONTH - HAVE LUNCH WITH US!
- ANNUAL MEETING NOVEMBER 20th
- Manager Reports & News
- Fall 2008 Grain Policy

### ECIC Locations:

*- Hudson*  
602 Washington Street  
PO Box 300  
Hudson IA 50643

*- Jesup*  
661 Douglas Street  
Jesup IA 50648

*- La Porte City*  
106 Cedar Street  
La Porte City, IA 50651

*- Cedar Falls*  
212 Lincoln Street  
Cedar Falls IA 50613

*- Waterloo - Energy*  
1467 West Airline Hwy.  
Waterloo IA 50703

### Today's Markets 9-17-08

	<u>Corn</u>	<u>Beans</u>
<u>Today</u>		
Hudson	5.08	11.04
Jesup	5.11	11.04
La Porte	5.12	11.04
Cedar Falls	5.08	11.04
<u>Month Ago</u>		
Hudson	4.96	12.26
Jesup	4.99	12.26
La Porte	5.05	12.26
Cedar Falls	4.96	12.26

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