



# AgVentures NW, LLC

Managing: Odessa Union Warehouse Cooperative  
Reardan Grain Growers, Inc.

Summer 2009

AGVENTURES' QUARTERLY

## Year in Review— Challenges Ahead

With year two now at rest and our third year well on its way to the start of harvest, AgVentures NW, LLC is pleased to share with you another successful financial report. Direction by the boards of Odessa Union Warehouse and Reardan Grain Growers has allowed us to attain efficiencies that we were unable to capture individually. This year Odessa Union Warehouse celebrated its 100<sup>th</sup> year in operation and Reardan Grain Growers is marking 79 years in business. What great accomplishments for both.

At this year's annual meetings, representatives from Leffel, Otis, and Warwick, presented the financial results of AgVentures NW, LLC as well as each cooperative. While poor yields from the 2008 crop reduced grain deliveries to well below normal, our cost containment and marketing efforts combined to yield better than average results. AgVentures NW ended the fiscal year with \$1.3 million in net margin and increased working capital by \$153 thousand. After taxes and depreciation, patronage will be paid on the net margin for Reardan Grain Growers (RGG) of \$385,492 and \$769,055 for Odessa Union (OUW), including revenue from seed. Operations from the development of Inland Empire Oilseeds, LLC will bring the taxable income to \$82,160 at RGG and \$179,879 at OUW. Next year, Inland Empire Oilseeds will no longer be classified as a company "in development" and these expenses will be amortized from profits over fifteen years. Sales for crushing and biodiesel refining are growing daily and should easily offset prior year's expenses.

We are extremely grateful to our patrons for the business you bring and for the opportunity to fulfill your seed needs as well as provide the services you require to store and market your grain.

The crop awaiting harvest has without question provided more challenges than any of us expected. We are committed to finding the best markets available for your grain production and to protect our markets by delivering the best quality possible. To this end, we ask for your assistance. We realize there was a limited amount of spring club seed this year and there was not enough for everyone. Because of the shortage of spring club seed, some spring soft white wheat seed was planted into standing winter club wheat. Please let us know if you have this situation. Production from these acres will be classified as soft white wheat, but we will try to segregate when possible to better identify milling qualities. Club wheat and soft white wheat have very different milling characteristics and uses. We want to avoid selling the wrong product to our buyers and risk damaging market confidence with our domestic and export customers. This will benefit you in the long run by retaining our reputation as trusted and reliable suppliers of high quality Pacific Northwest wheat.

Thank you again. Please have a safe and bountiful harvest.



# Market News

by *Byron Behne, Merchandiser/Broker*

The wheat market continues to struggle with burdensome U.S. and world supplies. Unlike last year where we were facing a huge world wheat crop that was needed to replenish dwindling stocks from the previous year, this year we head into harvest with supplies at levels twice as high as the previous year. This year's U.S. wheat production will be lower than the previous year's, but the world economic situation has also reduced usage enough that ending stocks for this year are projected to grow larger again. Prices will struggle to advance significantly without southern hemisphere production problems. Argentina has planted the smallest acreage in their history due to drought and low credit availability making it tough for farmers to operate. Australia planted a normal crop and timely rains have kept things going fine up to this point, but a developing El Niño event in the Pacific Ocean threatens to possibly reduce their rainfall later this year. Club wheat supplies will remain tight and exporters will remain aggressive with their premiums early into the harvest period as they need new crop supplies to jump right into the pipeline to cover sales to Japan.

Corn is dealing with a much larger than expected planted crop and excellent growing conditions to start the year despite delayed planting due to wet spring weather. The recession has really stung the livestock market, reducing corn usage a great deal which only adds to the bearish supply situation. One positive sign is that as corn prices have fallen and oil prices risen, ethanol margins are now in the black. If ethanol plants are profitable again, that means they can suck up a huge amount of corn and hopefully chew through some of these burdensome stocks.

Like wheat and corn, canola prices have also fallen recently, although they've fallen more significantly over the last two weeks. Canola prices were buoyed over the winter following soybeans as drought in Argentina cut their soy production drastically. As a result, China was forced to buy more soybeans from the U.S. than normal. Also, the Canadian prairie area in Alberta and Saskatchewan had been dry earlier this spring which was threatening canola production there. Recent Canadian rains and good growing conditions for a large U.S. soybean crop as well as the transition from very tight old crop oilseed supplies to a more bearish new crop picture have lowered the price outlook for the coming

season. In some respects it's a very similar situation to where wheat was at the end of spring last year when prices were over \$10.00 per bushel.



## Feed & Specialties

by *Bryan Bezdicek, Branch Manager/Merchandiser*

The feed grain market this past year has been very dull, for lack of a better word. The west coast export program has been nonexistent to this point as the U.S. missed out on all the Japanese business so far, and that really doesn't look to change very soon. The Canadian and Australian exporters went after the Japanese business with very aggressive pricing to this point which has left the U.S. high and dry. The domestic market has been the only option for us as the barley we moved either went to local feed lots, or went into California feed lots via rail. It is too bad that the U.S. missed the exports this year as the 2008 barley crop had very good quality.

Barley planted acres look to be way down this harvest as considerably more wheat went into the ground this spring. Better pricing for the different types of spring wheat and the CRC Insurance program also made planting wheat more viable than barley. There is supposedly a big corn crop expected this year with increased acres that could put pressure on the price of barley as well. This all sounds a little negative towards barley but the small production could cause a better price for barley as some feeders do need it in their feed rations. The corn price could very well lead the way here as corn is usually a premium to barley but remember the 2007 crop year when the price for barley was well above that of corn. Keep in mind, that year had a very good export program backing that rally. The barley crop this spring looks good to this point. If we can once again produce good quality and decent yields backed by both domestic and export demand and much smaller production, there's hope that this will bring better prices. Time will tell.

## Harvest Reminders

With harvest time upon us, we would like to take this opportunity to wish everyone a safe and smooth harvest. In that spirit, the following are some hints to facilitate the harvest process:

- • **Due to the unique situation the shortage of spring club wheat seed posed this year, there were fields where spring soft white wheat seed was planted into standing winter club wheat. It is vital that the scale operator is notified when the grain being delivered is from one of these mixed grain fields. This allows us to manage the inventory without compromising the quality of the product we bring to the market.** ←
- Please make sure that trucks and combines are cleaned to prevent undesirable materials from getting into the bulk tanks. This will help to keep the dockage and discounts at a minimum.
- Please notify the office of changes in landlords or to crop division percentages so that your paperwork can be processed correctly and more efficiently.
- It is important that truck drivers know what type and variety of grain they are hauling and remind them to let the scale personnel know when they are finishing an open lot or starting a new lot (those opening a new lot will need to know who the landlord is). Also, it is necessary that your drivers notify the scale personnel upon arrival of a field change or variety change. Some farmers have found it efficient to send cards with this information with the truck driver bringing in the first load for the lot.
- When there are trucks waiting for the scale, please yield to the loaded truck. This helps decrease the overall wait time for everyone.

Thank you! Your cooperation helps to make harvest safe and enjoyable.

	<b><u>Harvest Hours:</u></b>
Odessa Office:	8:00 a.m. – 6:30 p.m. M-F 8:00 a.m. – 12:00 p.m. Sat
Odessa Scale House: & area stations	7:00 a.m. – 8:00 p.m. M-Fri 7:00 a.m.—7:00 p.m. Sat Open upon request on Sunday
Harrington, Mohler & Downs:	7:30 a.m. – 9:00 p.m. M-Sat Open upon request on Sunday
Davenport, Egypt & Rocklyn	7:30 a.m. – 9:00 p.m. M-Sat Open upon request on Sunday
Ephrata:	7:00 a.m. – 8:00 p.m. M-F 7:00 a.m. – 7:00 p.m. Sat
Reardan Office:	8:00 a.m. — 5:00 p.m. M-F
Reardan Scale House: & area stations	7:30 a.m. — 9:00 p.m. M-Sat 10:00 a.m. — 6:00 p.m. Sun.

---

---

## 100 Years of History

This year's annual meeting included a wonderful celebration of Odessa Union's 100 year anniversary. Books detailing our history were given out to those in attendance with a CD of the history program to follow soon. If you were unable to attend the meeting, please stop by one of our offices to get your copy of the book and CD. If you already have the book but need the CD, stop by or contact us to have one mailed to you.

## Biodiesel in Production

Inland Empire Oilseeds produced its first run of biodiesel last November and has since manufactured and sold over 200,000 gallons. Last week, another milestone was reached when the oilseed crushing line was commissioned. A team of specialists from the US and UK along with the IEO team and our local contractors worked in unison to bring seed in from Odessa Union bins next door, clean it, weigh it, and move it through the process where oil was extracted and a high quality feed meal was produced. Of course, it was not without a few surprises. But the process was completed and we are now able to manufacture refined vegetable oil, canola meal, biodiesel, and glycerin all under one roof here in Odessa, WA. All of these products are “value added” to locally grown oilseeds like canola. This is a day that has been long in the making and, contrary to recent negative industry press, is going to open many doors and provide opportunities that are known, and some that are yet to be discovered. Sales of biodiesel have largely been to the west side of the state and into the Portland area. However, local interest is building with biodiesel being used by Lincoln County Public Works, Avista, and a growing number of our own farmers. We are working with distributors in our communities to bring this product to you in a convenient and traditional fashion (through the fuel pumps), but until the details and equipment needs are ironed out, we are making 250 gallon totes available to those who are interested. We have both clear and dyed diesel available and would be glad to set you up today. Or, if you have a home tank or slip tank to use, we can easily accommodate that as well.



**Business Office**  
**P.O. Box 446**  
**Odessa, WA 99159**  
**509-982-2926**

Please give us a call to make your order or just let your local favorite distributor know that you are interested. We are planning an Open House in the very near future and will let you know of the details soon.

---

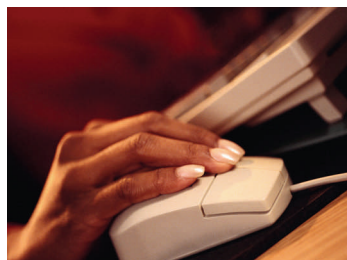
## Direct Deposit Now Available

AgVentures NW LLC has the capability to deposit your grain settlement checks to the account that you specify. If this is an option for which you would like more information or would like to utilize, please contact any of our branch offices. The sign up form is also available on our website, [www.agventuresnw.com](http://www.agventuresnw.com), by clicking on the link “Direct Deposit Form.” Your completed form along with a voided check can be returned to the nearest branch office.

## Go Green — Receive Your Newsletter Online

You can now read the newsletter online at [www.agventuresnw.com](http://www.agventuresnw.com). If you wish to no longer receive a copy of the newsletter through the mail, but would rather view it online instead, please contact Karen at 509-253-4324 or by e-mail at [karen@odessaunion.com](mailto:karen@odessaunion.com).

## Information at Your Fingertips



24-hour account access is available through e-A g V a n t a g e at [www.agventuresnw.com](http://www.agventuresnw.com). This program allows you to:

- View your accounts receivable balances, statements, and invoices.
- View patronage and equity information, including 1099's.
- View year-end statements that shows everything purchased during the year.
- View grain information including settlements, open contracts, open loads, deferred payments, and more.

To learn more about this great tool and get started using it, please contact your branch office.



# Seed Division Happenings

*by Paul Porter, Seed Division Manager*



It has been a busy year at the Seed Department. As harvest approaches, we are looking forward to gathering the information from our different plots. The emergence plot at the JR Miller farm will give us our first data on some new varieties. This plot has Masami, Eltan, Xerpha, Salute, and Legion. Last fall on September 1, these varieties were planted 7 inches deep. They all grew and now the combine will tell us which is the best yielder.

We planted a winter wheat seed treatment plot at the Dormaier Brothers farm on Telecky Road. We used ORCF 102 as our variety and treated the different plots with varying rates of Dividend XT, Cruiser, and some other seed treatment products. Visually, the plots with the highest rate of wireworm control look the best. Again, the combine will decide. Right next to this plot is a 4 acre patch of AgriPro's Legion. It was planted last fall and did not emerge until this spring. Roger Peterson also planted about 4 acres to Legion last fall. I need to say thank you to Ed at AgriPro for providing the Legion seed to these growers. At Odessa Union Warehouse Co-op Seed Department we continue the search for the best varieties with the strongest genetics for your farms.

This spring we were able to plant a spring wheat nursery at Steve Krupke's place north of Edwall. The nursery is looking very even and should give us good data on the different spring wheat varieties and how they perform compared to each other.

We also planted a spring Canola and Camelina nursery at Paul William's farm near Reardan. If you have time for one more plot tour on July 21<sup>st</sup> at 9 am we will be there. Watch the Lincoln Advertiser for the announcement.

This fall at JR Miller's we are planning another emergence test plot. The current variety list includes Masami, Eltan, Xerpha, Legion, Cara, Bruehl, Farnum, ORCF 102, and ORCF 103.

This fall's certified seed varieties are:

Eltan	Masami	Rod	Madsen	ORCF 102
Coda	Chukar	AgriPro	Paladin	Legion

NuDakota (This hard white winter seed will need to be shipped in from South Dakota. Please call and let me know your interest.) There is a waiting market for this wheat class.

Registered seed varieties are:

Eltan	Madsen	Xerpha	Chukar
-------	--------	--------	--------

As you can see, we have added some new varieties for you to try out. The data from the test plots will be posted on the AgVentures NW Web page ( [www.agventuresnw.com](http://www.agventuresnw.com) ).

Remember, wireworms work in the fall, not just the spring. Some of the best winter wheat fields this year have Cruiser for wireworm suppression.

Please call with your fall seed needs.

AgVentures NW LLC  
P.O. Box 247  
Odessa, Washington 99159

Phone: 509-982-2691  
Fax: 509-982-2926

PRSR-STD  
U.S. Postage  
PAID  
Odessa, WA  
Permit #17

### Company Contacts

#### Odessa

509-982-2691

800-522-2691

Steve Luiten

509-982-2691

Keith Bailey

keith@agventuresnw.com

Chandra Schumacher

chandra@agventuresnw.com

Byron Behne

byron@odessaunion.com

Heidi Moffett

heidi@odessaunion.com

Sandy Libsack

sandy@odessaunion.com

#### Harrington Seed Plant

509-253-4604

Paul Porter

paul@odessaunion.com

509-348-0060 (cell)

Lucas Vickers

#### Ephrata

509-754-2832

Allison Hegge

alli@odessaunion.com

Alvie Schroeder

509-754-2332

#### Harrington

509-253-4324

Sherri Timm

sherri@odessaunion.com

Karen Larsell

karen@odessaunion.com

Peggy Charlton

peggy@odessaunion.com

#### Davenport

509-725-1081

Roberta Telecky

roberta@odessaunion.com

#### Reardan

509-796-4141

Bryan Bezdicek

800-528-2503

Christina Mason

bbez@centurytel.net

Rick Krupke

christina123@centurytel.net

509-290-0084

*( This newsletter was produced and edited by Karen Larsell )*

Take a few minutes to browse [www.agventuresnw.com](http://www.agventuresnw.com). The cash market closing prices are featured along with a commentary to inform you of current news and events. In addition, you will find the local weather, a number of informative industry related links, and this newsletter.

For additional company information and/or specific market information, contact one of our offices at the contact points listed above.