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# Premier CONNECTION

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## We'll Need the Room This Fall

BY ROGER MILLER, CEO

**I think the harvest of 2014 will very likely be the largest crop that central Illinois ever has seen. I've traveled from Quincy to Champaign and from Chicago to St. Louis, and the crops in a 100-mile band through the heart of the state look the best.**

In our area, our previous best harvest occurred in 2009. Our crop survey that year pegged yields at 194 bushels per acre across our territory. Our facilities at Dewey, Thomasboro, Fisher, and St. Joseph all had yields averaging 206-212 bushels per acre. I think that is going to be more the norm this year. I've had customers tell me they think they will have fields averaging 240-250 bushels. There are very few holes in the fields and there is a second ear on a lot of stalks, so we're expecting an absolutely fantastic corn crop.

The outcome for soybeans has yet to be determined. It's very unusual to have both a big corn and big bean crop, but with the extended forecast calling for cool and moist conditions, we're set up for that scenario right now.

So, we are very busy emptying our facilities. We will have all the grain that the cooperative owns shipped prior to harvest. Our farmers still own more than 500,000 bushels of corn and about 100,000 bushels of soybeans. I would expect that we will also buy and ship some of that prior to harvest as well.

### RELYING ON RAIL

In anticipation of a big harvest, we've made more grain sales prior to harvest than we've ever made before. The majority of those are rail sales, and if the railroad performs, then harvest will go smoothly. If they

can't deliver cars within contract terms, we will have some problems handling this harvest.

Issues with rail transportation as it relates to agriculture have been well documented, and problems moving the harvest of 2013 in both

Canada and the U.S. made headlines. At a meeting with the railroads a month ago, they cited a 25% increase in crude oil business as a factor. The truth is that crude brings in more revenue than grain, so it will have priority in the assignment of engines and crews. The railroads are working to hire more people and purchase equipment prior to harvest, but the results remain to be seen.

We will also be making some quick-ship truck sales and perhaps adding more trains to the books for the early harvest period.

Several major projects are underway in preparation for harvest. We're adding storage at Jamaica and Broadlands, and these projects should be completed prior to harvest. Construction of the new concrete storage and loadout facility at Apex is a week ahead of schedule, and it appears we will be able to dump grain there by mid-September.

We will be ready for harvest. I hope the railroads will be too. ○



# New Rules for Grain Transfers

BY JIM DETERS, CONTROLLER

With harvest approaching, I want to make sure everyone is aware of a policy change we have made regarding transfers of grain. For those who want to transfer some of their grain to another party—to make a charitable donation, for example—we're happy to do that. If you have a lienholder on your account, however, we will need to get permission from that lienholder before we can make the transfer.



Another point to consider when making gifts of commodities is timing. If you plan to gift grain as a tax strategy or for any other reason, you need to either tell us about that decision at the time you deliver the grain or put that grain in storage. If you sell it to us on a price-later contract, you have transferred title to that grain to us when you sign that contract. Consequently, that grain can no longer be given away because you no longer own it.

## CLOSING THE BOOKS

Our fiscal year ended July 31, and now it's up to the auditors to do their

work. Our preliminary numbers indicate grain sales of 51.2 million bushels, as opposed to 38.3 last year during the drought. Premier Cooperative also showed solid growth in the energy department, delivering 3.2 million gallons of fuel as opposed to 1.9 million the previous year. Additionally, fertilizer tons were 72,000, up from 67,000 last year, and seed and chemical sales came in at \$26 million, up from \$24 million a year ago. Growth in the fuel and agronomy business units and the recovery from a drought year should lead to significantly improved results for this fiscal year. ○

# Partnership Aids Tornado Recovery

Roger M. Miller, CEO of Premier Cooperative, along with Maury Busboom, Premier board member, and Roger L. Miller, Premier board member and crop insurance specialist at The Gifford State Bank, presented a check to Tony McLain, president of The Gifford State Bank and committee member of the Gifford Tornado Relief Fund. Premier Cooperative and CoBank donated \$12,500 to be used toward additional improvements in the Village of Gifford in response to the Nov. 17, 2013, tornado.

This year, CoBank offered customers an opportunity to partner with them to build our rural communities in the form of a matching grant for up to \$5,000 per customer. The Premier Cooperative board of directors was successful with the grant application and received the \$5,000 check from CoBank in August. The Premier board of directors sincerely appreciates the generosity of CoBank in providing their Rural Economic Development Program. ○



*Pictured from left to right: Maury Busboom, Roger L. Miller, Roger M. Miller, and Tony McLain.*

# Chinese Policies Cause Ripple Effect

BY ROGER MILLER, CEO

**China's rejection of shipments of corn containing the MRI162, or Viptera<sup>®</sup>, trait has effectively put the brakes on U.S corn exports to that country. While the rejection of corn has been ongoing since November, the Chinese recently began rejecting DDGs for the same reason. Consequently, One Earth Energy has halted shipments to China, though they are still actively shipping to other Asian nations.**

What's interesting in all this is that China was dumping grain with the Viptera trait for two years prior to the November ban. They have had the right to reject it in their contract the entire time. I believe the rejection is primarily a marketing ploy designed to void contracts for more expensive grain, which can then be replaced with the lower-priced corn currently on the market.

With this current ban, the upcoming launch of the Duracade<sup>™</sup> trait, which

has also not been approved by China, is causing concern throughout the grain industry. We have done our due diligence, and will not be accepting any corn with the Duracade trait. The management and board of directors of Premier Cooperative have concluded that this is in the best interest of the cooperative as a whole.

If you have questions, please contact any member of the board or management team. ○

# When You're Good, Word Gets Around

**BY DAVE KIEFFER**, NORTHWEST REGIONAL OPERATIONS MANAGER AND FUEL DIVISION MANAGER

**We've enjoyed a year of strong growth in our fuel division. I believe the main reason for that growth is the strength of our staff. We have an extremely knowledgeable sales force and our drivers are focused on customer service. As a result, most of our new customers come to us by word of mouth—the best way to grow.**

Now we're gearing up for fall, and we're excited and ready to go. One thing we want you, our customers, to keep in the front of your mind is energy supply and contract pricing. A big crop, which looks likely, will mean fuel and propane supplies will be taxed in the Midwest. While we can't say last year is going to happen again, if we have a wet crop, it could happen. With that in mind, our recommendation is to look into propane contract options and fill up your diesel tanks going into fall.

## PROJECT REPORT CARD

On the grain side, we're getting ready for a really big fall. In my region, we've chosen our facility improvements with a focus on customer service and getting customers through our locations faster.

In Thomasboro, we've added a new Zimmerman dryer and a new dry leg to go with it. That will basically double our drying capacity there. We are also speeding up the south elevator so you can dump soybeans faster. The improvements will help us move you through more quickly and keep receiving grain longer if we have a wet crop.

At our Elliot location, we have a new dryer and a new truck scale going in. The new scale is bigger and will be moved a few feet further away from the office. That will make it easier for tractors with extended axles to get on the scale when they're pulling wagons. With the new scale, we're also adding a new truck probe.



Finally, we're finishing the new wet leg distributor and spouting on the east elevator in Dewey. We're also making pits 3 and 4 on the west elevator bigger to handle higher grain volumes. All of the projects we've listed will be completed in time for harvest this fall.

We're also beginning an extensive rail project in Dewey. The plan is to raise the rail a few inches and install a drainage system along the track. This will stabilize the track, making it safer and extend its working life. Of course, we'll have to schedule this work around the trains we'll be receiving this fall to handle the big crop. ○

# Marketing Picture Bigger Than Price

**BY KURT SIMMONS**, FARM MARKETING CONSULTANT

**It's true that commodity prices aren't what they were a year ago, and it can be tempting to fix all your marketing attention on that factor as you head into harvest. We've been encouraging those farmers participating in our RAM AgriMarketing grain-marketing program to take a different approach. Instead of focusing on low prices, we want them to think about their gross revenue.**

Yes, prices are significantly lower, but it looks like we're going to see a lot of bushels. A gross revenue approach takes into account how many bushels you have already sold, your APH, and your insurance to determine what your guaranteed revenue is. Then we determine how many bushels you have left to sell, based on your APH, and how much those bushels would bring in at the current market price. This year, too, you can ask the question, "How much is out there?" If your APH is 180, do you think you'll see 210? 220?

This approach helps customers to see, "I've got a lot of bushels to sell this year. Maybe this isn't going to be so bad after all." If, after these calculations are made, our marketing goals are met or exceeded, it helps us move on to address the question, "How can we protect those gross revenue numbers?" While that answer is a little different for everyone, we can put together a strategy to get it done.

Looking at gross revenue puts things into perspective and helps them make decisions that need to be made.



Our RAM customers have found value in looking at their marketing from a gross revenue perspective, and I believe it could be helpful for you, too. Of course, there's still room in the RAM AgriMarketing program for anyone who wants to join. Just give me a call and we'll talk about it—and answer any marketing questions you may have. ○







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## Good for Crops, Tough for Applicators

**BY TIM HUGHES,** MANAGER, UNITED PRAIRIE LLC



**Though our weather pattern has created the perfect conditions for a tremendous-looking crop, it has been very challenging for us. The rains have altered our work schedules and compressed some of the application windows. I'm proud of the work our staff did to get the acres covered, and the additional equipment we added for spring really paid off. As a result of our busy spring and previous fall, sales and volumes were very strong last year.**

As is always the case, we're evaluating our performance this spring and looking at ways to enhance our service for next year. One significant step we've already taken is to hire Jeff Brown as a full-time regional agronomist. Jeff worked for Monsanto as a seed agronomist prior to joining the United Prairie staff. He will be spending most of his time in the field, evaluating products, practices, and platforms for improving yield.

It's unusual for a retail company to have a regional agronomist, and we see his addition as a real asset and one more way to set us apart in terms of the expertise and knowledge we bring to the table.

If you missed our Innovation Farm field day, you can still arrange a tour. Just talk to any of our sales agronomists. It's a great opportunity to look at how new products, both above- and below-ground, perform under local conditions.

### **ADDING CAPACITY**

We recently broke ground on new million-gallon UAN solution tanks at our Dewey and Pierson facilities. We're also upgrading the chemical loadout at the Pierson location, installing a Junge automation system, building a second loadout bay, and increasing our overall loadout capacity and speed. Finally, we'll be updating the ammonia facility at Pierson as well. ○