# From the board of directors

As many of you know, Larry Dunn, our long-term general manager, is retiring effective February 28, 2007 after 36 years working for the Elkhart Coop. We extend to him our thanks and appreciation for the hard work he has done during this time. With his departure, we have begun the process of looking for a replacement. Applications are now being taken by Pro Value, the firm that we have hired to help with the process of screening candidates. We are hoping to have the new manager hired and in place by April 23, 2007. During the transition we have hired Bill Sims from Garber, Oklahoma as interim manager. Bill brings a world of experience and expertise to the job and will give us a fresh perspective on how to best conduct business.

We have had to make some hard decisions in 2006 about our business model, but we think we have turned the corner on profitability. Grain, fuel, agronomy, and feed are going to be our core businesses and we are striving to be profitable in each one of these. Our goal is to have a minimum of 1% of sales, or $400,000 in local profit each year. There is a need to return to profitability so that the Coop can reinvest in the business, retire old patronage, and pay a yearly patronage dividend.

We are still looking to sell the service station building at Rolla, with or without, the fuel business. There is a hope to bring in a business that will offer services to the community of Rolla.

Accounts receivable have been a problem for the Coop and we are changing the credit policy. The new credit policy will be sent out with the January bills. We have seen that customers who do not pay in 60 days become a problem and no amount of interest charged will make up for someone who refuses to pay. It is not fair to customers who pay on time to subsidize customers who will not pay. When we have a loss on an account, we have to pay less for grain and you have to pay more for your inputs.

The board thanks the employees who have helped us through this year of major changes. They are our most important asset.

The board of directors works for the patrons and our mission is to have a strong business. We do not believe that there is any need for a merger or to sell the Coop to someone else. The Southwest Kansas, Oklahoma, and Colorado area is a great place to have a business.

Finally, the board is looking for two associate members to add to the expertise and view of the board. It is a job that takes quite a bit of time, especially through this time of transition. Please contact us if you are interested.

# Manager’s comments

***By Larry Dunn***

As I write this last article for the Elkhart Coop Newsletter, I want to let everyone know that I have had a great 36 years working for the organization. Your cooperative has changed immensely since 1971. I feel that most of this is due to the patrons of the Elkhart Coop. I do sometimes wonder if the present patrons understand about the trials that the founding patrons went through to form this cooperative. I fear that there are way too many people who view the cooperative as just another business in town. When they see the elevators, they become concerned only about the environment, and not about why the cooperative was formed. Elkhart Coop members, be sure to take care of your cooperative. It is more than a place for patrons to buy the cheapest fuel, the lowest priced fertilizer, or receive the highest price for their grain.

Again, thank you all for the opportunity to have been a part of this Great Cooperative. We wish you all and your organization every success in the years to come.

# From the Grain Department

***By Barry Meyer***

Those of us in the grain department would like to welcome Bill Sims as interim manager of your cooperative. We also want to say “thanks” to Larry Dunn for the many years he served as general manager. Many strong relationships between patrons, farmers, and Larry were developed over the years. We, in the grain department, are committed to maintaining these and building more relationships with new customers.

Well, it looks like we finally have a winter. Grain farmers should be very optimistic at this point, whereas the cattle feeders and cow/calf operators aren't seeing too much humor in the current situation. And just think, in November people were saying, “What are we going to do with all this feed and hay?”

The corn market blew through the $4.00 area in mid January and wheat followed along when the USDA supply and demand report came out on January 12. Since that time, both corn and wheat markets have been somewhat neutral. Traders have little news to make these markets go anywhere at this point in the game. On Friday, February 2, Pro Farmer estimated a 12-million-acre increase in corn acres and a 9-million acre reduction in bean acres for 2007. At an average 153 bushels per acre, this would be an increase in supply of more than 1.8 billion bushels. If all these ethanol plants come online like they say they will, they are going to need those bushels. The USDA Prospective Plantings report comes out on March 30. Will we see corn peak, or will it keep going?

Many have locked in some $4.00 cash and new-crop corn and milo. If you haven't started marketing some new-crop grain for this upcoming harvest, now would be prime time to do so. It's not very often that you can contract new-crop corn for over $4.00, milo for $3.60, and wheat for $4.00, especially with the amount of moisture we've had this winter. Let's all keep an eye on the basis for old-crop and new-crop as well. Here early in February basis for these grains, old and new alike, are getting stronger.

If you have any questions about marketing old and new grain, let Nancy, Cindy, your branch manager, or me help you. Don't jump in head first without knowing that all your questions have been answered. If we don't have the answers, we'll find someone who does. Remember, the door's always open, the coffee's always hot, and my crystal ball is always polished.

# Crop production notes

***By David Smith***

Before the rain and snow came, the wheat was starting to suffer from dry conditions and had below average growth in many cases. At planting time, many of the wheat acres did not have any fertilizer applied. Now, with the amount of moisture we have gotten in the last two months, I personally think one should consider top-dressing their wheat. Following are some facts to consider regarding a product called Kugler KQ342. This information comes from a publication called *KUGKER KQ Fertility Facts.*

You can take charge of wheat yields right now with a top-dress application of Kugler KQ342. It is an outstanding multi-nutrient grade of nitrogen, potassium, sulfur, and zinc — specially formulated for easy application in cold soils and cool weather. Kugler KQ342 is clearly superior to straight nitrogen and the synergism of its nutrient package provides the boost your wheat needs to perform well throughout the growing season. ATS in KQ342 acts as a "nitrogen extender." The sulfur source in Kugler KQ342 is ammonium thiosulphate or ATS. ATS helps stabilize the nitrogen in the soil so it stays more available to your wheat for a longer period of time.

Recent university studies have shown that adding chloride to a sound wheat fertility program increases yield by as much as 23 bushels per acre.The most dramatic response occurs when chloride levels in the soil (0 to 24 inches) are less than 20 lbs/A and/or plant Cl concentrations are less than 0.10 percent (Kansas State University, 1998). Adequate chloride also appears to help wheat plants resist fungal leaf and root diseases. Kugler also offers a high chloride version of Kugler KQ 342 which includes five units of chloride. This grade is especially suited to acres with low soil chloride levels and brings with it the outstanding quality and ease of application that is a Kugler KQ tradition. Call for more information.

I would also like to remind the alfalfa farmers that it is about time to apply herbicide on your alfalfa. Most herbicides for alfalfa have to be applied while the alfalfa is dormant. I know it is going to be hard with snow on the ground so timing is going to be important.

Fertilizer prices are on the increase. If your plans are to top-dress, this would be the time to finalize plans. If we can help, please give us a call.

With the amount of moisture we have received this winter, dryland corn might be an option behind wheat. If this is a consideration, you need to be careful about which herbicide to use on your wheat crop. If you have any interest in dryland corn, please give Justin Hammer a call at 620-952-8252. He will be more than willing to help answer any questions you may have.

I would like to thank you for your business in the past. We look forward to being of service in the months ahead.

# Fuel and lubricant news

***By Billy Wayne Hines***

## Gas from the gas man:

Wow!!! That is exactly what I said last year at this time. Believe me, I went back and looked. Last year's “Wow” was for the mild weather we were having at that time. Now, I would like to know who left that north door open. It is so cold today that I don't want to go outside. Is it not something that our years can be so different? We have had it so easy the last few winters that we do not know what a real winter is really like. Well, I guess Old Man Winter just gave us a little reminder so we would not forget him.

In the area of fuel, we are watching fuel pricing bounce between a range this time of year. We have had a soft market for this time of year, but it is looking for the bottom as I jot down my thoughts. I was hoping for another month of cheaper fuel prices. Many market reports and experts feel that fuel will be high again this summer. How high? You tell me and we will both know. The United States will have another high fuel usage spring and summer, just like normal. With the lack of enough refineries to produce a finished product, we will, once again, put a strain on our fuel supply, thus high fuel prices will emerge.

One way to help with this issue is to lock in a fixed fuel price for your heavy usage months. The Elkhart Coop participated in fuel contracts with our fuel customers last year and those involved saved a great deal of money. Last year, we made this program available for transport customers (7,500 gallon deliveries) only. This year we have been able to offer this to tank wagon customers (2,500 gallon deliveries, or less) as well. Give us a call and we will be glad to explain the program to you. YOU WILL NOT BE SORRY!

# Pre-season oil sale

## 30¢-per-gallon discount on oil

**Sale runs**
**March 1 through March 31, 2007**

***This is the lowest price you are likely to see all season.***

# The credit puzzle

***By Carolyn A. Richardson***

This is the twelfth in a series of articles regarding the credit puzzle of your relationship to *your Coop*. Endeavoring to keep your own agricultural venture a viable one is your main concentration from day to day. However, agricultural producers and consumers need to attempt to understand the different factors that make up the Gross Domestic Product. These factors sometimes are not as clear cut as they may seem. The Gross Domestic Product affects our day to day living expenses and how much money we have to pay our credit-based expenses each and every day.

## Puzzle Piece No. 12

Gross Domestic Product has been touted for some time as giving us a booming economy. However, it takes a closer look at the factors that make up the Gross Domestic Product (GDP) to fully understand how it affects each of us. The GDP is a reflection of what is being bought and sold in the world/nations. It is actually the national income balanced against the national products. The national income is actually the income that the people **might** have. Accurate reporting of income, corporate profits, rental income, and such are included in this income figure. It is entirely possible for these figures to be inflated or misstated. The national product side of the equation begins with the consumption expenditures of goods and services by individuals and family. It concerns those goods and services which are not only used within a short term but also the goods which we will use in the long run.

You will wonder what all this has to do with you as a consumer or producer. The distribution of wealth in the nation is not always as reported. Wages, healthcare, credit card debt, and borrowing against real estate are quantities that are not easily defined in the average consumer's life. It seems that the realities that each of us face each day are much different than reported. However grossly misstated you may think these parts to the GDP, it still has an impact upon how we are able to borrow, pay-day-to day bills, and obtain credit to finance the consumer/producer.

Your Coop realizes that you may be facing unfamiliar expenses which are not only a product of the financial components that we must face each and every day, but throw into the equation the weather factors over which we have no control and it becomes difficult to guess how day to day expenses can be paid. Please make sure and contact me as your Coop’s credit manager with any concerns that you may have about your account.

# From Dermot

***By Carolyn Milburn***

We hope this finds everyone well and, hopefully, warm. We are all grateful for the moisture but we are starting to wonder where the global warming is. I personally am ready to see some green instead of white.

The farmers are loving the moisture, but the cowmen are getting tired of fighting the wet and cold. I have heard a lot of reports of losses due to the cold and wet conditions.

We have been shipping milo out of Dermot and getting excited about a good wheat crop. From the talk around the round (square) table, it sounds like we may have a few more acres of corn going in this spring. If we can help you with fertilizer, please let us know and we will do our best to help you.

We hope everyone has a safe rest of the winter. Stop by and see us for your farm and livestock needs. Thank you for doing business with your coop.

P.S. We still have the top-dress program going on until the end of February. Give us a call for details.

# From Eva

***By Ruth Sipes***

Greetings once again from the Eva branch. I want to thank all of our customers for their business this past 23 ½ years.

I will be located either at Elkhart or Keyes. We have transferred the anhydrous ammonia trailers to Elkhart. The feed and oil will be either in Elkhart or Keyes.

# From Feterita

***By Servando Baeza***

(There is no story for this Feb - Mar 07 issue)

# From Keyes

***By Chris Townsley***

Here it is already February and time for another newsletter. February also brings our fiscal year to an end. We will soon be busy taking inventory in all the branches. We would like to take this opportunity to thank each and every one of our loyal customers for their continued support of the Co-op through what has been a very difficult year in the agriculture industry. From the dismal wheat and milo harvests, to the poor quality of the milo that was harvested, to the hardship on the cattle due to the blizzards, we have seen just about every extreme possible. The upside to the winter weather that we have been experiencing is the potential for the wheat crop we now have. With the moisture situation looking good and the grain markets holding higher prices than we have seen in several years, we are optimistic this year will help turn around the current situation, both for the cooperative and our customers.

Even though fertilizer prices are on the way up again, applying it is still easily justified when you factor in the current price of wheat. At today's prices, you could apply 40 pounds of nitrogen for approximately $21.00 per acre. With the price of wheat at $4.50, that is only 5 bushels an acre to pay for the fertilizer! On the subject of fertilizer, there have been some questions regarding applying urea to the frozen snow and ground. There has long been the rumor that much of the nitrogen in urea can be lost to volatilization if it is not immediately broken down into the soil. University experiments based on field studies in the Great Plains show the actual loss to be very small (usually less than 10%). There is also the question of losing nutriments applied on top of snow-covered ground due to runoff when the snow melts. In the current *Texas County Ag Newsletter*, there is an article by Jeff Edwards titled, "Nitrogen On Frozen Ground*,"* that goes into more detail on this subject, or you can view this material on line at www.nue.okstate.edu.

The spaying season will soon be upon us. We would like to remind everyone that our chemical booking program will be coming to an end on February 28, 2007.

If you are in need of protein or minerals for your cattle, come by and see us. We have plenty of Wheat Pasture Mineral on hand, and we just got in a new stock of lick tubs and range cubes. Come see us.

# From Richfield

***By David Bashford***

Hello from the Richfield Branch. We have started to ship corn from here and, hopefully, by the end of March most of it will be gone. So far, we have shipped no milo.

We are still doing maintenance work on the anhydrous ammonia tanks. I still have several to paint in addition to having several wheel bearings to pack.

February 28 is the fiscal year end for business at your coop. We will be taking inventory and checking numbers with the auditors at that time.

Once again, I would like to thank you for doing business at your coop. We look forward to doing business with you next year.

# Rolla News

***By Richard Carter***

Hello to everyone from Rolla. We would like to take this time to wish Larry Dunn the best when he retires at the end of February. We also have Bill Sims as our interim manager. I invite all of you to stop by the office in Elkhart and meet Bill.

We have received much needed moisture in the last month. Hopefully, we will have an excellent wheat crop this year.

Keep us In mind for all of your fertilizer needs. We look forward to serving you this spring. We appreciate your business.

## Mission Statement

**to be a strong,
viable business exceeding
our customers' needs,
by providing
highest quality service
and products
at competitive prices.**

### Cooperative Description:

**Benefits and Responsibilities**

A cooperative is a business operated primarily to provide benefits to members through marketing transactions and through a distribution of patronage earnings from the transactions.

In return, *members* have a "responsibility" to provide ownership capital and exercise member control (governance).

**Elkart Cooperative
Equity Exchange**

## Officers and Directors

David HigginsChairman
Troy CoenVice Chairman
Jim TuckerSecretary
Mike JohnsonDirector
Harry MinnsDirector
John Smith  Director
Troy WilliamsDirector
Larry DunnGeneral Manager