

September 2015

# Primeland Perspective

CUSTOMER NEWSLETTER



## Our Financial Vigilance Connects You to Top Resources

On August 31, we closed a very good fiscal year, and though we don't have all the official numbers yet, I'd say it looks like we will be reasonably close to a record year. We would expect a bottom line at around \$6.5 million.

That number is one indication you're connected with a financially sound cooperative. New construction this year is the other way of knowing, of course. Maybe you watched the new elevator going up at Nezperce and followed the progress of our new Agronomy Hub Plant at the Port of Wilma.

The CHS Primeland central goals for the coming year will be to choose new projects that will connect our member-owners with top resources, but also to reinvest in and recapitalize current assets. Our focuses will be speed and scale, knowing you do your work more rapidly these days, so it's important that we match your pace.

Our employees are the primary connectors. They're in tune with

what you need and they carry back information from conversations with you—providing your feedback and suggesting improvements. When we hear patrons are asking for more speed or some specific adjustment to our service, we take that input to your CHS Primeland Board of Directors.

Directors walk suggestions through a thorough vetting process, always taking into account constraints on available capital. Once an idea appears feasible, we move on to strategic planning.

Over the next 12 months, we hope to continue planning for upgrades—aware that we must choose those that make the most sense in light of a slowing ag economy. We can't ignore the reduced size of the local crop this year, either. In some areas, wheat yields tallied as much as 40% lower than in the previous three years. (Around the Lewiston and the Clearwater River area, harvest outcome was better, though.)

Overall bushels handled at our



*By Ken Blakeman  
General Manager, CHS Primeland*

locations will be down significantly. Reduced storage means less revenue, which ultimately trims our leverage in the markets. Also, producers are cutting back on inputs, which will challenge us to choose only the most high-value new expenditures.

Don't get me wrong, we're optimistic about the future. It's just that we're taking a fiscally responsible position that will allow us to continue our work and improve our service to you while supporting the financial health of your cooperative. Throughout this newsletter you'll see ways we're forging connections to help you succeed.

### IN THIS ISSUE:

**2** Meet Our New Commodities Broker

**3** How Do We Link Information Resources for Your Benefit?

## His New License Upgrades Your Marketplace Connections



“Based on the current picture for agriculture, I predict some growers will now be ready to explore futures and options possibilities in depth.”

Zach Hasenoehrl, responsible for grain origination and marketing at our Camas Prairie location, recently achieved a milestone that makes him a more valuable resource for all CHS Primeland customers.

“I passed the Series 3, National Exchange Exam, and Series 30, Futures Branch Office Manager Exam,” Zach explains. “That means we now have a CHS Hedging office in Grangeville!”

Having a second broker in addition to Ken Blakeman allows patrons more flexibility. Both Ken and Zach work with CHS Hedging, LLC, the commodity brokerage subsidiary of CHS Inc. CHS Hedging focuses on agriculture and energy transactions and has been providing risk-management services to agricultural producers for more than 25 years.

Zach says, “I’d bet 60% of CHS Primeland customers have used the futures and options markets at some point in their farming careers, so this isn’t a foreign concept.”

What we’re doing by adding a broker is making it easier for you to reach for additional marketing opportunities. “I hope this announcement reminds growers that they have this choice. Naturally, some will be more at ease with other tools to protect their profits. Many customers prefer Compass Contracts, which are tied directly to the marketplace.”

Still, Zach wants to remind customers that marketplace realities are once again in flux. “Based on the current picture for agriculture, I predict some growers will now be ready to explore futures and options possibilities in depth. After all, these are proven marketing alternatives.”

Zach looks forward to connecting customers to those alternatives and he’s always reachable by phone (208-983-0210). “I’m happy for the ability to help customers grow their business financially.”

## What’s the Big Difference?

By Larry Vincent, Energy Marketer



different about CHS Primeland? The farmer-owners of CHS have their own refinery and their own hedging company. That’s huge.

That combination of supply and market intelligence enables local cooperatives to stay plugged into daily events. Feedback from the hedging group helps us track market

I’ve been in the energy business for a while and worked with other companies. What’s

movement so we can use fixed forward contracts to lock in fuel supplies. When we know what’s happening in China and Europe, we’re not at the market’s mercy and neither are our customers.

Technical advances connect us, also. You can be confident the product in your tank won’t hinder performance in your newer-model equipment. Cenex leads in DEF technology and—thanks to our lubricant engineers—in offering lubricants that meet or exceed equipment manufacturers’ specifications.

We offer the Cenex Total Protection

Plan®. Yes, I realize this warranty plan sounds almost too good to be true, but it’s the real deal. Use only Cenex lubricants in a new piece of equipment and you’re covered for up to 10 years and 10,000 hours. Buy used machinery and the program entitles you to eight years and 8,000 hours of coverage. Nobody else treats you to a warranty like that.

Whether you’re interested in premium diesel fuel with the latest additives to protect your rail-injection system or synthetic products, Cenex technology is keeping pace. These are world-class resources easily available from your nearby connection—CHS Primeland.

# We Link Everything for Your Benefit

By Nathan Groth, Sales Agronomist, Moscow



Big players in every aspect of the business world rely on their connections. I'd say that puts you in

good company, because every day we tap our world-class links to the latest agronomy information. And we're gathering that info for you.

We look to the universities for new employees—people who want to help farmers grow. When we work with interns from Washington State and the University of Idaho or hire new graduates, we see a fresh infusion of enthusiasm and we hear more about the latest theories.

Our relationships with the state universities connects you to valuable new research, field trials, and their proprietary varieties. You also profit from our tie-in with our suppliers. Take our connection with WinField, for example, which gives CHS Primeland agronomists and customers entrance to the Answer Plot® every year. I personally visit the Answer Plot® a lot, inviting individual farmers to see specific seed trials or techniques which I think show potential.

Your local agronomist connects you with these outside knowledge sources along with our impressive internal resources through CHS. You can expect to get high-quality fertilizer and crop protection products from the same organization that plugs you into the worldwide grain markets, where CHS is a major player.

Here's how I see it working. A new seed variety developed at the university level impresses me when paired with a new chemical formula in a test plot. I invite you to take a tour. You like what you see and so, a little over a year from now, someone in China will be eating your wheat. Everything worked in your favor because you have connections.

# Every Year More Customers Benefit From Our Resources

By Diana Graning, Animal Feed Nutritionist



A hay test is a simple process that offers plenty of potential. It's a good example of the resources available to livestock producers through CHS Primeland. Every year, more customers request this test and I'm glad to perform it.

Once I collect a hay sample, it goes to a laboratory in Nebraska, where CHS has a standing account. Using this third-party testing facility ensures the results are not manipulated in any way.

When I come back with test results, you'll be able to see the protein, energy, and full mineral content of your hay. We might realize there are additional nutrients needed, or maybe we'll discover that your hay has more value than we knew. Either way, you'll have a close-up picture of your inputs.

After the hay test, I can create a report using the Dalex Consulting Nutritionist software. This ration formulation program reviews your hay test and the tests of your other feed commodities. It can retrieve data on all feed products available through CHS. From this analysis, we get projections telling us how your cattle will perform on a specific ration. The program will tell us whether a particular feed combination can be profitable and allow your cattle to meet your goals.

There's a valuable human connection available for our customers, too. We have a direct line to experts who will use their knowledge and years of experience to help you formulate feed. If you want to dig deeper into some nutrition issues—or if there's something new you'd like to try—we can call in a CHS Nutrition Advisor with a Master's or Ph.D. in animal nutrition who will review your situation and make recommendations.

Talk to me about ways we can tap our resources to benefit your herd and your bottom line.



**PRIMELAND**

PO Box 467-468  
Lewiston, ID 83501-0467

PRSR STD  
U.S. POSTAGE  
PAID  
**VISTACOMM**



## Our Solid Foundation Means Things Get Done Right!

*By Tom Herres, Location Manager for the Rockford Group*



Most importantly from your standpoint, CHS global connections improve your marketing opportunities, both on the purchasing and selling side of your business. The idea originated with the original creators of farmer-owned

cooperatives who believed the more of a commodity they could pool together, the more their selling and buying power would increase.

Being connected with CHS operations around the world deepens the pool in which your commodities are traded. Since the benefits can sometimes be hard to see at a distance from the global transaction, consistent co-op patronage becomes even more important. Say CHS buys an ocean vessel of urea for \$125/ton below the market. Unless you regularly do business with a location that takes delivery of some of that product, you won't share the cost benefit.

Being connected also means that the best people are working for you in the right capacity. I sometimes think how difficult my job would be if I were a sole proprietor or managed a business for a small company. I'd have to spend time researching and negotiating health benefits for my employees. I would have to deal with tax accountants, worry about the balance sheet and lose sleep over payroll. Being connected to CHS gives location managers access to capital and experts in all of these issues.

Recently I received a letter from the Washington State Department of Ecology regarding water run-off from our facility. Instead of pretending I never saw it, I was able to pass it along in the CHS organization to people who have experience handling these issues. They worked with the Department of Ecology and helped us become compliant with state regulations.

As you can see, being connected with CHS lets me focus on the things I am good at and assures I'm not distracted by things that fall outside my scope. Ultimately, that means everything gets done right.