



July 2010
www.centrasota.com

Growing Feed Company Co-op Owned



By Jeff Johnson, General Manager

Centra Sota Cooperative owns two-thirds of a company that many of you may know nothing about. Our ownership of New Vision Alliance was acquired through our mergers with Upsala Co-op in 2006 and St. Martin Co-op in 2008. New Vision will play an important role in our company in the years to come. For this reason, I want to give you a brief look at this feed manufacturing company, so you understand its value.

In 1995, four local cooperatives were facing the need to update their existing feed mills—Upsala Co-op, St. Martin Co-op, Cold Spring Co-op, and Central Minnesota Co-op. At one time, the four discussed consolidating, but that never happened. Instead, to gain efficiencies and share in the investment, the co-ops agreed to build a new feed mill at a central location—Albany, MN. The purpose of this joint venture was to manufacture bulk feeds at the lowest possible cost on behalf of all four cooperatives, which would individually retain the sales relationships with their customers.

Some time later, Upsala, St. Martin, and Cold Spring acquired the shares of Central Minnesota Co-op; so now three cooperatives owned the feed manufacturing company known as New Vision Alliance.

Centra Sota's involvement in New Vision started in January 2006, when Upsala Co-op merged with Centra Sota and one-third of the New Vision ownership was

transferred to us. In October, 2008, St. Martin Co-op merged with Centra Sota. With that merger, we owned two-thirds of New Vision.

That brings us to today. Under general manager Ken Stalboerger, the 19-person crew at New Vision Alliance manufactures and delivers over 130,000 tons of feed per year. That's an average of more than 500 tons per day—and there have been days when the staff has manufactured up to 800 tons per day.

The livestock producers who purchase this feed are located primarily within a 75-mile radius of Albany. Forty percent of the feed goes to the poultry industry, 45% goes to dairy producers, and the remaining 15% goes to swine producers.

New Vision Alliance is a growing company. Right now

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The new 200' x 120' bagged feed warehouse will hold over 400 tons for delivery to co-ops, customers, and country stores.



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we are:

- Building a 200' x 120' bagged feed warehouse we hope to complete by August 1.
- Converting our shop (which was used to store bagged feed) to a heated maintenance facility and truck wash for our fleet of eight trucks.
- Contemplating expanding our grain storage. With the trends for increased corn yields, we've been receiving lots of feedback from producers who would like us to buy and store more corn. Many times throughout the year, we have had to turn away farmers' corn because we don't have the capacity to handle it.

The face of the livestock business in Minnesota is changing, and New Vision Alliance must change with

it. As Centra Sota's former board chairman, Dale Jans, says in his article on pages 3-4, "The co-op's mission hasn't changed so much as our members' needs are changing, and we'll have to adapt to them." This applies to co-op-owned companies like New Vision Alliance.

Stay tuned for the changes to come. ▶



Production manager Jason Roehrl, pictured here at the Albany mill's control panel, oversees the manufacture of 130,000 tons of feed per year.

Mid-Season Tissue Testing Ups Yields

By Stephen Roerick, Centra Sota Crop Advisor

For the first time this year, your Centra Sota Cooperative crop advisor will offer to sample the tissues of your crops and help you zero in on their mid-growing season needs, with the prospect of adding to your yields at harvest time.

The main reason for tissue testing, with the option to foliar-apply missing nutrients, is the rising cost and yield potential of your crop inputs. With genetics both costing more and being capable of producing more, you must maximize your return on investment in these genetics. For a small fee per acre, tissue testing and foliar application of nutrients—particularly micronutrients—can produce dramatic results. As you can see from the 100-acre trials illustrated in the accompanying table, learning what nutrients the corn crop needed and supplying those nutrients in mid-season resulted in an ROI of \$13.50 to \$28.50 per acre.

We offer tissue testing on 11 different crops at various stages of development, including corn, soybeans,

wheat, canola, alfalfa, potatoes, and sunflowers. At this time, the two crops that will have the most potential for improvement by harvest will be soybeans and alfalfa. *NOTE: We treated alfalfa this spring, and the visual response was dramatic.*



Stephen Roerick collects tissue samples in an alfalfa stand.

If you want tissue testing, I urge you to contact your Centra Sota crop advisor or your local Centra Sota agronomy plant right away. The results of the tissue tests will be back in 2-3 days. Your crop advisor will enter the results to a NutriSolutions™ database developed by Winfield Solutions over the past two years. This Web-based tool will provide you with recommendations for applying the nutrients your crop is lacking.

In 2009, over 90% of the tissue samples submitted to the laboratory during Winfield Solutions' pilot program were deficient in at least one element, resulting in a recommendation for added nutrient application.

In previous years, we've told you it was profitable to apply micronutrients. This year, thanks to tissue testing and the online NutriSolutions tool, we can tell you exactly what your plants need to increase yields and improve your profitability this fall.

Call your Centra Sota crop advisor today! ▶

HOW TISSUE SAMPLING AND CORRECTING NUTRIENT DEFICIENCIES CAN PAY

Corn Example:

Size of Field (Acres)	100	100	100
Acre Cost to Correct Deficiency	\$ 5.25	\$ 5.25	\$ 5.25
Yield Increase (Bu/A)	5	7	9
Bu Value	\$ 3.75	\$ 3.75	\$ 3.75
ROI (\$/A)	\$ 13.50	\$ 21.00	\$ 28.50
ROI (\$/Field)	\$1,350.00	\$2,100.00	\$2,850.00

*Winfield Solutions, LLC

Reflections on a Lifetime of Service

For 33 years, Dale Jans has served on the Board of Directors of Centra Sota Cooperative. For the past 26 years, he served as its chairman. Prior to our January annual meeting, Dale decided not to run for re-election. We recently sat down with Dale and asked him to recall the three decades he helped guide the co-op.

Dale Jans was elected to the Board in 1976. At that time, Fred Holthaus was serving on the Board. "The nominating committee asked me to stand for election, and Fred took his name off the ballot," recalls Dale. "That's how I was elected." *NOTE: Fred Holthaus' son, Bill, currently serves as secretary of the Board.*

Dale agreed to run because it was an opportunity to influence the company that supplied feed for his cows and a market for his milk. When Dale was elected, Jim Schweisthal was managing the co-op.

"When I joined the Board, the co-op owned and operated a creamery in Monticello; a store in Maple Lake; an elevator at Annandale; an elevator, feed mill, and fertilizer plant at Buffalo; and a feed mill and fertilizer plant at Santiago," recalls Dale. "Most milk was transported in bulk to the Monticello creamery—though we still picked up a few cans.

"We were actively promoting fertilizers, but there wasn't much for herbicides yet," he states. "Feed was the big thing, because the dairy industry was still really strong and everybody had a few hogs and chickens." The co-op had its own dairy concentrate, the Bison brand, which sold very well. "I remember when we delivered the feed in one-ton lots and then began delivering two-and-a-half-ton lots," states Dale, adding with a smile, "We thought we had the world by the tail."

Growing up with the co-op

Dale had plenty of exposure to the co-op before his election to the Board. He was born to Herb and Elsie Jans. He and his older brother, Gordon, grew up on a farm south of Buffalo. "It was not a big place," says Dale, "but it kept food in our bellies and clothes on our backs."

As a boy, Dale accompanied his father to pay his feed bill at the Buffalo Cooperative Creamery, located next to a shoe store. "That was all there was of what today is downtown Buffalo," he claims. "The rest was cattails."

Kenneth Johnson managed the creamery at that time, and Dale distinctly remembers an occasional sucker appearing from under the counter. The young Jans gladly accepted the treat.

As the brothers grew to adulthood, Gordon decided on a different occupation. Dale married Karen in 1961, and the couple purchased the family farm in 1962. "It was a small-grade dairy, with some hogs and chickens," says Dale. "We farmed 120 acres at that time—30 of corn, 30 of hay, some seeding oats, and the rest pasture."



Retired Board Chairman Dale Jans

Before buying his parents' farm, however, Dale worked part-time at the Buffalo Co-op Creamery making butter. "I did everything but run the dryer," he states. "I dumped milk, printed butter, bagged powder, and spelled a couple drivers on the bulk truck." Dale was a guy that manager Bob Anderson could count on to fill in wherever he was needed. That was before the co-op moved its creamery to Monticello in 1968.

Dale's father had done business with the Buffalo Co-op Creamery all his life, so Dale naturally bought his dairy concentrate from the co-op and sent his milk there as well.

In the late '60s, a series of mergers involving creameries at Buffalo, Santiago, Monticello, and Maple Lake evolved into the Centra Sota Dairy Association, later shortened to Centra Sota Cooperative.

The '70s

Dale remembers the 1970s and his first years on the Board as a good time for agriculture, particularly the early '70s. "The government gave farmers investment credit, so if we bought a piece of machinery, it was always worth as much when we traded it," he states. "Land values went up dramatically, and dairies were encouraged to increase the size of their herds."

It was a boom time for the co-op, too. According to Dale, the yellow pickups owned by the co-op reflected these good economic times.

The '80s

Early next decade, the economy tanked. "After a while, the co-op's yellow pickups had holes in the floor boards, and the guys were watching the ground go underneath as they delivered fertilizer," says Dale. He recalls that Ken Yager was managing the co-op when the farm crisis hit.

"Banks had been very liberal, and people had over-extended themselves," says Dale. This had a negative affect on co-op sales through most of the '80s, and times were tough. "Everybody was trying to gain efficiencies and pull in our horns wherever we could," he states.

In 1985, Dale was elected chairman of the Board.

Those were pretty lean years. "If you look at our old equity list from 1983-1987, I don't think we had any margin," Dale remembers. "It was hand-to-mouth." Still, optimism ruled, and by the end of the decade, the co-op changed the color of its pickups to brown to present itself in a positive manner. "We wanted people to know that it was a new day and a new era," recalls Dale. These brown pickups got pretty well-used before they were retired, but they had one advantage. "They didn't show rust as easily as the yellow, so we could keep them a few years longer," Dale observes.

With the breakup of the Midland Co-op in the early '80s, Centra Sota had acquired a bulk refined fuels plant at Rogers. Later that decade, Centra Sota acquired the fertilizer operations of Benton County Co-op at Foley. Watertown Co-op, which handled feed, fertilizer, refined fuels, and propane, also merged into the Buffalo-based co-op.

The '90s

Centra Sota further defined its core businesses in the 1990s. The co-op bought another fertilizer plant at Eden Valley, exited its last remaining grain elevators at Annandale and Buffalo, and put its feed business into Munson Lakes Nutrition, an LLC it owns with Land O'Lakes® and two other local cooperatives.

Dale recalls a borrowing crunch in the early '90s. The larger farming operations needed cash, and Centra Sota looked at this as an opportunity. "We felt we could carry those folks," he recalls. "This lasted two to three years, and we got burned a bit." Eventually, the co-op looked for a partner. Banks weren't interested, so Centra Sota began working with regional cooperatives to provide credit to its farmer-customers.

2000 and beyond

Centra Sota's agronomy business has dramatically expanded over the last 10 years, through acquisition and construction of plants. Mergers thrust it back into the feed business, and the urban population moving west has opened a new market of residential and hobby farmers. Centra Sota has also achieved greater

efficiencies by putting its energy business into an LLC with a neighboring co-op.

The color of the co-op's pickups changed again during this decade to reflect a new day. "This time they were all white," states Dale.

By 2009, Centra Sota had locations at Albany, Annandale, Buffalo, Clear Lake, Cokato, Eden Valley, Howard Lake, Little Falls, Maple Lake, Santiago, St. Martin, Upsala, Watertown, and Watkins. The company reported sales of \$59.5 million, with net savings of \$3 million. Members' equity stood at \$16.8 million.

Dale looks back on lessons learned, as he leaves the Board. One lesson leaps quickly to his lips. "Whenever we focused on the needs of the members and made an effort to meet those needs, we flourished as a company," he observes.

In that spirit, Dale praises the Board for its resolve to pay back old equities. "That hasn't always been the case," he states, "but we've made good progress at it in recent years. The Board takes their responsibility very seriously to both maintain the business and to return equities to the members who established this organization."

Are co-ops still relevant and viable? Dale believes they are. "The co-op mission hasn't changed so much as the needs of the members have changed over the years," he contends.

The co-op's job is still the same, according to Dale. "We've got a big enough base to buy correctly, and our ultimate goal is to make our members profitable," he states, adding, "We're still the best option out there to keep the private companies honest." ▀

Buffalo Co-op Creamery in the 1960s.



Courtesy: Marcia Paulsen, Buffalo: from Trading Post to Star City, 1987.

Check Co-op's New Web Site

Have you seen the new look of our Web site, www.centrasota.com? You'll always find fresh information at Centra Sota's Web site. Daily, weekly, or monthly, we update our home page with valuable news and information about rural living and the business of farming.

Dig a little deeper at the site, and you can also find the phone numbers and e-mail addresses of all our locations and departments, including agronomy, the country stores, our energy LLC, and our feed partners. ▶



Propane Contracts Offered



By Dan Malinski, Centra Sota Lake Region, LLC

Our Pre-Pay Programs for 2010-2011 are being mailed to everyone who purchased propane from Centra Sota Lake Region, LLC this past year. Prices are typically low at this time of the year and Pre-Pay offers several ways to pay.

Pre-Pay also makes you eligible for scheduled delivery, so you don't have to worry about running out of gas. The minimum contract is 400 gallons, and signed contracts must be returned by August 1, 2010.

If you didn't purchase propane from Centra Sota Lake Region last year but want to take a look at our Propane Pre-Pay Programs, call **1-763-682-1464** or **1-800-524-FUEL (3835)**, and we will send you a contract.

NOTE: Dryer gas pricing for the fall of 2010 has not been set. We typically introduce our dryer gas program around September 1. ▶

Co-op Employee Elected to State FFA



State Sentinel Justin Crowley

Justin as the State Sentinel—one of six constitutional officers who represent 9,000 Minnesota FFA members.

"It's a huge honor and a really, really, really humbling experience," says Justin, who works as a seasonal employee at Centra Sota Cooperative's Cokato agronomy

plant. Justin is the son of Clem and Deb Crowley, also on the Cokato staff.

Justin is member of the FFA Chapter at Howard Lake-Waverly-Winsted. Over the years, he has served as officer at large and vice president of that chapter, as well as a member of the Region 4 leadership counsel.

State FFA Officers conduct two camps each summer: one for freshman leaders and one for chapter leaders. "Our main goal at these camps is to develop leaders," says Justin. "We cover topics like meeting new people, manners and etiquette, and personal growth." The camp program mirrors the FFA mission, which is "To promote personal growth, premier leadership, and career success through agricultural education."

FFA State Officers also represent agriculture at other events, like FFA Days at the Capitol and at Target Field. They tour businesses, visit FFA chapters, and speak at many public events. "Just yesterday I spoke at a couple of elementary schools in south Minneapolis," says Justin, who accompanied the Morris FFA chapter in presenting to grades K-5 where food comes from. "Telling little kids where food comes from is a way to spread my passion for ag to other people," he states. ▶



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Answer Plot Tech Tours

Friday, July 16, 2010
Thursday, August 19, 2010

Centra Sota Ag Center
Santiago, MN

9:30 a.m. – 2:00 p.m.
(lunch served at noon)

- **July 16 subjects:** Herbicide evaluation; improving glyphosate performance; insect scouting infield crops; crop root demonstrations; and much more.
- **August 19 subjects:** Silage evaluation; forage cutting schedules; the corn genetics story; the soybean genetics story; and much more.

Watch your mailbox for agendas, and talk to your Centra Sota crop advisor to reserve your spot in rides being arranged to the Answer Plot Technology Tours. ►



Don't Miss Our Root Pit

Nice-looking fields are fun to look at as we make our crop tours, but the parts of the plant we can't see ultimately determine the yield. This year, the Centra Sota Answer Plot features a root pit 5' wide by 36' long by 6' deep for you to examine rooting patterns of various families of corn genetics, as well as what

those pesky weeds are doing below the ground—robbing moisture and nutrition. This is something you do not want to miss at the July 16 and August 19 Answer Plot Technology Tours. See tour schedule on the left. ►