



Working for Farmers' Success

FarmSight

February 2012

Helping Alleviate Hunger in our Community

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Manager's Message

Todd Ludwig, Chief Executive Officer, tludwig@wfsag.com

2012 marks 75 years

WFS will turn 75 years old on April 7, 2012. We will be recognizing this achievement in conjunction with regular events and activities, including a 75 year anniversary crest that has been added to our stationery and communication pieces. We will also have a special recognition at our 2012 annual meeting and at our summer cooperative council meeting. Coffee and cookies will be served at all locations sometime during that week. You should all be proud of the company that you and your forefathers founded and supported for 75 years of Working for Farmers' Success.

Financial update

WFS is off to a good start with all divisions ahead of budget for the first four months, with the exception of energy. It is no surprise that our energy division is lagging behind. With the unusual high temperatures we have been experiencing and no dryer gas season, propane sales are way behind.

Fall was good for the rest of our divisions. Our agronomy department was able to get a lot of dry fertilizer application done. Anhydrous ammonia application, however, was a challenge due to the dry conditions of the soil. Hopefully Mother Nature will cooperate this spring.

Loan syndication positions WFS for growth

Your cooperative continues to grow in terms of sales volume. In fiscal year 2011, we passed the half a billion dollar mark in sales and ended the year at \$535 million, while our operating line was \$170 million. To give you some perspective on how much we have grown, five years ago our sales were \$251 million, and our operating line was \$40 million. Because of the dramatic increase in sales volume and operating loan, WFS went through a loan syndication process. This loan syndication simply means we now have multiple lenders. CoBank continues to be our primary lender with the addition of three other lenders who will be participating in our loan as well. This combination of lenders helps position WFS for growth so that we can meet our customers' needs.

MF Global bankruptcy update

As many of you are aware, MF Global, a clearinghouse for margin deposits on futures, filed bankruptcy in October. They were the largest clearinghouse in that business sector. Many grain companies, brokers, and individual producers were affected by the bankruptcy, including WFS. However, in WFS's situation, even though the initial amount of money we had tied up in the bankruptcy was large, it was not enough to significantly affect our balance sheet. Since that original filing, WFS has gotten approximately 72% of our margin call money back and we are hopeful that we will get the remaining amount back over time. Regardless, the amount of money we still have coming from MF Global is very small compared to our balance sheet and financial strength. Even if we are not able to recover all of it, you can be assured that it will have no long-term impact on WFS.

The margin money that WFS had in MF Global was required by law to be held in segregated accounts, which would have protected WFS 100%. If in fact WFS does not get 100% back, it means MF Global may have broken the law and took money out of the segregated funds. In light of what happened at MF Global, WFS has now spread out our risk by doing our clearing through three different firms.

This is just another example of a company who may have lost integrity by violating laws and harming their customers. This should serve as a reminder of why cooperatives were started and the importance of keeping them strong.

Donation to be given to food shelves

WFS has once again made the commitment to donate to our local food shelves. This contribution will total \$30,000; \$15,000 will come from WFS, and \$15,000 in matching funds will come from Land O'Lakes Foundation. The donation will be given to one food shelf in each of the seven counties where WFS has a location and will be distributed in early March.

Donation being made to area fire departments

As some of you may have seen or noticed, 2010 and 2011 were bad years for grain safety. There were 56 grain entrapments nationwide with nearly 50% resulting in death. Many of them were producers. As a result, WFS has made a commitment to make donations to local fire departments for equipment and training so that they are better prepared if this situation should arise. Our donation will be matched by Rural Development Partners.

Multi-national partnering

The cooperative structure continues to be one of success, which is great for our member owners. At the same time, the success has not gone unnoticed, and we continue to have multi-national and private companies attempting to access and gain control of our marketplace. A Minnesota cooperative recently announced partnering with a multi-national company in their grain division. As this partnering and/or consolidation takes place, we need to continue to look at ways to partner with neighboring cooperatives so we can compete with these multi-national entities/partnerships.

Where will land prices go

Land prices in our trade area and across the country continue to remain firm and, in some cases, are increasing. Earlier this winter a record was set in Iowa where land sold for \$20,000 per acre. Obviously this is extreme and doesn't represent anywhere near the average value of farmland. The point is, land values have increased dramatically. As all of you know, land prices become a fixed cost, if you have it paid for. If not, interest rates become a variable and there is no place for interest rates to go other than up. The danger resides in the fact that commodity prices are anything but fixed. It continues to be critically important for our customers to do the proper analysis and lock-in prices/margin when appropriate. ■



Boardroom Briefs

Neil Schlaak, Board Chairman, nschlaak@wfsboard.com

In my first term as chairman of the board, I thoroughly enjoyed addressing the members in attendance at the annual meeting held in November. Although we did not have as many patrons in attendance as we would have liked, the meeting was good overall.

For those not able to attend, I will just highlight some of the topics I addressed in my speech. First, in conjunction with our theme, “Evolving”, I gave my perspective on the changes in agriculture and how the industry has evolved since my childhood. As I see it, the elevator system has just begun to make strides to catch up with the evolution of the farmer. From this, I moved on to how our working capital requirements have grown over the last five years due to volatility in the marketplace and need for liquidity. The growth of our GPPS program and the ability to pay margin calls has required a greater amount of capital. This led me to the Section 199 Deduction and the decision to pass a portion of the deduction on to our patrons, as well as the benefit it has to both you and the cooperative. Other topics included the strength of our balance sheet, getting members to take an active role in the co-op, and the important role our employees play in our success.

With no opponents in the director elections, a motion was made to cast a unanimous vote at the annual meeting for all of the incumbent candidates. As a result, Ken Klug of Fairmont was re-elected in District 2, Tom Winch of Winnebago was re-elected in District 3, and Charlie Johnson of Wells was re-elected in District 4. No other business was voted on at the meeting.

Cooperative Council meeting held

Our winter Cooperative Council meeting was recently held in St. James. We had approximately 20 producers in attendance and discussed a variety of topics including: Delavan, Wells, and Lewisville construction projects, MF Global bankruptcy, 75th Anniversary Celebration, AFD, Non-Qualified Patronage, Condo Storage at Delavan, Preferred Stock, and Financial Highlights.

Those that have participated in the past receive an invitation for the semi-annual meeting, but we encourage any member who wants to participate to join us. We have been given a lot of positive feedback about the Cooperative Council and credit its success to the small group setting which allows interaction between management, board, and members. If the council continues to grow, we anticipate breaking it into two groups in order to maintain that small-group setting. If you are interested in participating in our summer meeting, please call Jami Lebert at 507-776-2831 to get your name on the invitation list. ■



Producers listen to Todd Ludwig as he addresses Cooperative Council members (above). Neil Schlaak addresses members at the annual meeting in November (right).



Be Aware of New Mini Bulk Regulations

Tristan Wilmes, Agronomy Division Manager, twilmes@wfsag.com

Even in our “off” season we continue to have a lot happening in the agronomy department. With Shane Freese taking on a new role within Winfield Solutions/CROPLAN GENETICS, WFS hired Tom Chandler as our new seed division manager. Tom is a graduate of Minnesota State University Mankato and has been heavily involved in agriculture his entire life. He will be a great asset to our company and I look forward to seeing him accomplish his vision for our seed department.

Good fall for dry fertilizer

With the cooperation of Mother Nature, WFS was able to apply a lot of dry fertilizer this fall, increasing our volume over last year. Anhydrous ammonia application, however, was a challenge due to the dry conditions of the soil. We got as much done as we could this fall and actually continued to work on it into January as temperatures allowed.

No storage charge for NH3

Although the anhydrous ammonia manufacturing companies have decided to charge agronomy retailers like WFS a storage fee for our unused anhydrous contracts, WFS has opted not to pass that through to our customers who have unused contracts over the winter months. Like I said above, the unfavorable ground conditions this fall made it almost impossible in some areas to apply the anhydrous. Because neither the cooperative nor the farmer had any control over these conditions, we felt that it was not practical to pass on the fee at this time. A storage fee will go into effect on July 1, 2012 on any tons leftover after spring.

New equipment to service your needs

Each summer the agronomy department evaluates our capital expenditure needs and submits a wish list to the board of directors. This year the board approved the purchase of six new TerraGators and one new post sprayer. This equipment will replace several older machines and will include all the latest technology so that we can continue our timely and accurate application of product. The machines will be put into our fleet this spring and will service customers throughout our territory.

New mini-bulk regulations for farmer-owned tanks

WFS would like remind you of the new Environmental Protection Agency (EPA) mini-bulk rules that went into effect on August 16, 2011. These new rules have changed the handling of mini-bulks from manufacture to retailer to field.

Key container requirements of the new EPA regulations:

- All openings (except vents) must have one way valves, tamper evident devices or both
- The container must have a unique method of identification (serial number)
- Pressure tested periodically
- The container must be compatible with the pesticide
- The container must meet Department of Transportation (DOT) design, construction and marking for packaging group 3, or be listed as “an approved container for refill” in your bulk refill agreement from the registrant
- EPA Est. # and net contents must be on product label affixed to the tank
- On-site record keeping must be kept for each inspection and fill

Your “check list” for compliance:

- Bottom drain valve – must have approved one-way valve and tamper evident device to prevent valve removal or any backfilling
- Top openings – must have approved one-way valve or tamper evident device on a solid bung or solid lid
- Pumps – If integrally mounted, shipped and returned with the mini bulk must have an approved one way valve to prevent backfilling of the container through the pump and a tamper evident device from the pump to the container to indicate if the pump is removed from the container. Most of the commonly used pumps for ag chemicals are compliant with the new EPA regulation.

If you use mini-bulks in your farming operation, you can get more information on the new regulation from your WFS Field Marketer, or at www.epa.gov/pesticides/regulating/containers.htm. ■



MEET TOM CHANDLER

As the newest member of the WFS agronomy team, please allow me to introduce myself. My name is Tom Chandler and I am the new seed division manager. I grew up on a farm outside of Balaton, Minnesota where my family raised beef cattle, corn, soybeans, and alfalfa. I graduated from Russell-Tyler-Ruth-ton High School and was very involved in 4-H, serving as treasurer, vice president, and president. I furthered my education by attending Minnesota State University in Mankato, where I received a Bachelor of Science degree in Finance. I also minored in

business administration and was involved with the pre-law club serving as president for one year.

Before joining WFS I was the seed manager for Chandler Co-op in Edgerton, Minnesota. I came to WFS because my wife and I love this area and I viewed WFS as a very aggressive and strong cooperative with great employees. As seed division manager I look forward to helping the Field Marketers bring the most value possible to our member-owners by keeping our customers at the forefront of the rapidly changing seed industry.

My wife Alecia and I have two children, Emma (6) and Abbie (4). I enjoy family camping trips, hunting and fishing.



Helping Alleviate Hunger in Our Community

Courtney Studer, WFS Agronomy Administration
cstuder@wfsag.com

In 2011, Land O' Lakes began the Answer Plot® Garden Program as part of an ongoing effort to help reduce hunger in rural communities. Last year there were six pilot gardens. They were located in Minnesota, Wisconsin, Nebraska, Illinois and Mississippi. The goal of the program is to connect numerous groups in a variety of communities to grow, harvest and donate servings of fresh produce to local food shelves. This year, WFS is excited to announce plans to partner with Land O' Lakes and the Truman, Minnesota FFA chapter by hosting an FFA Garden at our Answer Plot® north of Truman.

With so many economic challenges facing families today, many people are struggling to provide the basic necessities, including food. In Minnesota 18.3% of children are considered to be "food insecure." To be "food insecure" means, having difficulty meeting basic food needs due to lack of money or other resources for food. Looking at our own community of Martin County, the percentage of food insecure children is 18.5%, which calculates to around 850 children; 75% of these children are income eligible for federal nutrition programs.

Throughout the summer Truman FFA students, with support from WFS and Land O'Lakes, will plant and harvest produce in a section of the Answer Plot®. Produce will be donated to the Salvation Army Food Shelf in Fairmont, Minnesota to help local families in need. Any surplus from the garden will be given to Truman Public Schools to help subsidize their food program costs. To help prepare these teams for success, Land O'Lakes will mail a "toolkit" to the FFA partner. These kits include a variety of helpful items to get them started in their Community Garden, consisting of planting guides, seeds, and a camera to take pictures of their success throughout the summer. WFS will help support by providing seeds, plants, tools, and equipment needed to help sustain the garden. The FFA Answer Plot® Garden will be a quarter acre to a half acre in size and will be maintained by Truman FFA Chapter Advisor Ryan Brudellie and approximately 20 members. Mr. Brudellie envisions this project as an opportunity for students to learn about a variety of topics, including agronomy education and local hunger awareness. It also provides the students a leadership opportunity and is a beneficial service to our community.

"We're proud to build on the success of our Answer Plot® program and partner with local FFA chapters and co-ops by planting healthy produce to feed hungry families in local communities," said Kevin Eye, director for Answer Plot® & Agronomy-Seed Services. "This program also provides us with a great opportunity to reach out and share our agronomy expertise with students who may become our future farmers." ■

Increase Your Productivity with GridMax

GridMax Plus is a new agronomic program WFS will be introducing this spring. This program was developed to help increase productivity on both the difficult field areas, as well as the easier parts of your field. This program is a modification of our original WFS Advantage program and contains key elements including grid sampling, field specific recommendations, scouting and database management.

The WFS GridMax Plus Program is intended to help you produce the best yields possible out of every acre. Contact your local WFS Field Marketer for more details concerning this program.

Here is our list of what the GridMax Plus program offers:

- ▶ Database Management
- ▶ Grower provides tillage, planting, pesticide, and harvest data
- ▶ Access to Premier Crop to analyze information
- ▶ Field specific recommendations
- ▶ VRT Planting, Seed, Fertilizer, and Chemicals
- ▶ Fertility Recs
- ▶ Scouting
 - Emergence
 - Early Season
 - Prior to post spray
 - After post spray
 - Late Season

GRIDMax
2.5 PLUS



Analyzing Your Diesel Needs for Spring

Randy Cole, Vice President of Energy, rcole@wfsag.com

The energy markets the past few months have stayed pretty stable. Crude oil has been bumping up against \$100 per barrel and then down to the low \$90's per barrel. I've heard predictions that are all over the board on crude oil pricing. Tom Kloza from OPIS (Oil Price Information Service) thinks crude will climb to \$100 - \$125 per barrel during the next year. A couple of other companies are predicting \$80 per barrel. My thoughts are, if the economy continues to improve we will see crude stay around \$100. However, everyone is watching Iran as they are trying to flex their muscles. If a war would break out, it will be very hard to predict how high crude oil could go.

Whatever happens, WFS will be here for you. You can contract your diesel anytime of the year. This year we are offering a year-long contract instead of a spring contract and a fall contract like we have in the past. Beginning March 1, any fuel you order, or if monitored, any fuel that you use each month will come off your contract. The contract will be good through November 30, 2012 and your contracted gallons must be used up before you can use any other gallons. You may just want to consider going to the average monthly price option with our AFD (Automated Fuel Delivery) program. We have had a lot of patrons going to this pricing option instead of contracting; that way they don't have to try and outguess the markets.

As you are planning for the upcoming crop season, I know you're thinking that diesel prices are plenty high, but you also need to put your fuel costs into perspective when it comes to your inputs. It takes about six gallons of diesel each year to put your crop in and take it out. At today's prices (6 gal x \$4/gal), your fuel cost comes to \$24 per acre for the year. Some farmers get caught up in trying to lock-in the cheapest price, but I like to look at it this way: The price of diesel can move 10 - 20 cents up or down every day, increasing or decreasing your cost per acre by a little over a dollar. That is definitely a lot of money. Now compare that dollar per acre to your other costs, such as rent, insurance, seed, fertilizer, and chemicals. Let's not forget the hits you may take in the grain markets if you don't have a marketing plan in place. A dollar per bushel swing in corn can cost you a lot more than saving 10 cents per gallon on your fuel, that's why it is important to have a marketing plan in place, such as WFS's GPPS (Grain Price Protection) program. Like I said, the WFS energy division will be here for you, but if I were you, I would not spend a lot of time trying to hit the low in the market, as diesel is a very small portion of your production costs.

AFD program marks one-year anniversary

With the New Year upon us, we now have one full year of our AFD program under our belt. I want to thank those customers in the program for being willing to give it a try. I have received some very positive feedback on how great this program works, including how nice is to always have your tank full. This program was a huge benefit for farm-

ers in our area this past fall as the only place there was diesel was at the Twin Cities terminals. Mankato, Rochester, Clear Lake, Milford, Sioux Falls, and Alexandria were completely out of diesel most of the time. CHS was able to put more transports on to haul out of the cities and store diesel at some of our bulk plants so the AFD trucks could keep delivering to you. With the AFD monitoring system, it allowed us to stay ahead of shortages. We currently have almost 1,100 tank monitors and our diesel sales are up due to the influx of new business coming from both within and outside of our trade territory.

Since last fall we have had a lot of our non-monitored customers decide to put monitors on their tanks to ensure they will have a supply of fuel on hand at all times. Going through a big supply shortage was very scary, but the AFD people did a great job of going the extra mile to keep diesel coming.

We have also had a lot of patrons say they like the average monthly pricing concept, as well as only having to pay for the fuel that they actually use. You can't get this kind of program from any of the independent companies.

Diesel Needs continued on next page



Diesel Needs continued

Reminder: If you told our Call Center or your WFS Energy sales representative to put your tanks on hold over the winter, you are going to need to remember to call and take it off of hold so the AFD trucks can get your tanks filled before spring. Our Call Center number is: **877-290-2233**.

Also, if you are considering buying out your inventory in your tank and it is monitored, you will need to take your tank off of hold a few days before so that AFD can get you filled up.

Again, thanks for your support with the AFD program. I strongly believe this is the future for all cooperative energy companies. In fact, I know of two co-ops in northern Iowa that will be up and running by spring, as well as two co-ops in southern Minnesota that are strongly considering going to this program. For most companies, the cost of delivery is now running over 20 cents per gallon. The AFD program's cost of delivery is running about 12 – 13 cents. That's huge savings.

Billing cycle changing for AFD

Starting in January we have made a change to the AFD billing cycle. Instead of ending on the 20th of the month for billing, we have moved to the 15th of each month. This allows CHS and WFS to reconcile the tanks and make sure all transactions come through in time for month-end statements. Your statement will still arrive shortly after the first of the month and discounts will continue to be allowed until the 15th, just like before. However, this change will only apply to the AFD program. Your LP and cardrol purchases will continue to end on the last day of the month.

Dryer Gas Contracts Available for Next Fall

Pricing for next fall's dryer gas has come down a fair amount. If you're interested in contracting, just give one of our sales reps a call and they can get you a price. One thing I should make you aware of is the possibility that your contract will be brought back to market price at the end of 2012. When you contract your dryer gas for fall, we go out and purchase propane to cover your contract. When it's not used because of the lack of a dryer season, we are stuck trying to sell it off as hog barn or home heat. What really hurts is when rack prices go down and we get stuck with high priced contracts. That's why we will need to look at bringing unused gallons back to market price as of December 1, 2012. It is just too costly to have 1,000 gallon LP tanks on dryers at a cost of \$1,900 and not be able to sell anything through them for two or three years at a time. ■

INTRODUCING



As a way to recognize and reward people who go above and beyond for their community, Cenex® – the CHS energy brand – is launching TANKS OF THANKS®, a new program that gives free fuel to those who make their communities just a little bit better. Nominating someone for TANKS OF THANKS® is easy, and anyone can nominate or be nominated for any act of kindness – big or small. Visit the WFS homepage (wfsag.com) and click on the TANKS OF THANKS® banner. Then briefly describe why someone deserves TANKS OF THANKS®. The site also shares other nominations and stories from communities across the country. Twelve (12) nominees will be drawn at random each month to receive a Cenex® Gift Card worth \$50.



I'm sure we all know who fits this description...

Why not reward them for their good deeds?

Why waste **YOUR** time
and energy hauling
grain when

WE CAN DO IT FOR YOU.

**WFS ON-FARM GRAIN
PICK UP** program is a
**CONVENIENT,
COST EFFECTIVE** way
for **YOU** to get **YOUR**
grain to market.



If you are interested in
learning more about our
on-farm pick up program
call 1-800-657-3282, or
contact your local WFS
grain facility.



Basis Levels Steady on Corn and Lower on Soybeans

Craig Kilian, Vice President of Grain, ckilian@wfsag.com

Grain prices have been very volatile over the past couple of months. Dry weather in South America was the catalyst for a price rally during the last couple of weeks in December and up until the USDA grain report was released on January 12. That report had larger stocks on hand than anticipated and larger carry outs. With that said, on the day the report was released some corn months were down the 40 cent limit. Because of the late year rally, a lot of you sold soybeans causing bean basis levels to weaken substantially up until just few days ago. They now are improving and I expect them to continue to improve unless prices jump back higher. We have also seen quite a bit of corn being sold, however basis levels on corn have not weakened as much as soybeans. Rail corn basis levels are fairly weak for the next couple of months, but there has been enough ethanol demand to keep local bids from falling apart. Another factor on our local basis levels has been the mild winter we have experienced so far. It has definitely been conducive to grain movement. In the past couple of months we have heard a lot of talk about how over priced United States corn was in relationship to feed wheat around the world and how it would be tough for us to compete in the corn export market. We will have to wait and see if the production shortfall in South America is enough to shift some additional export business back to the United States for both corn and soybeans.

Making progress in Delavan

Our Delavan project is ahead of schedule. The good weather continues to allow construction progress that we really didn't anticipate. Towers and catwalks are being put together on a regular basis. The pit area concrete has all been poured and I believe the construction crews will be assembling and installing some of the leg and conveying equipment that goes in there. Electricians will be working this winter. The electrical building is complete and is heated, so good progress should be made over the next few months. Hopefully we will have favorable weather after winter breaks so they can start going up in the air with towers, catwalks and conveying equipment. Photos of how the project is progressing can be found on our Facebook® page at: facebook.com/WFS.COOP.

On-farm pickup – have us do your dirty work

The WFS on-farm grain pick up program is a convenient, cost effective way for you to get your grain to market. The program continues to gain interest as the bushels we pick up are steadily increasing. We would like to continue this trend so that we can get the grain to the right place the first time. Many of these bushels have been originated through our GPPS program, which continues to grow as well and provides a lot of flexibility to you as a customer. If you are interested in learning more about our on-farm pick up program or GPPS, contact your WFS location manager and they can get you started. ■



Dan Schultz of Janesville was the winner of a patio heater, compliments of Cenex, which was given away at the annual meeting in November. Diane Ganeles of Plymouth won a \$50 Gift Card from Cenex.



Helping You Produce Wholesome Food for Consumers

Merlyn Kruger, Vice President of Feed mkruger@wfsag.com

In today's modern animal production we keep hearing terms thrown around like "HACCP", "food safety", "traceability", "accountability", and "liability". The bottom line is our feed customers are challenged to produce inexpensive meat to a consumer who wants assurances of safety and wholesomeness. With feed being such an integral part of meat production, the same requirements are being placed on the feed supplier. WFS recognizes that reality and is making the investments in facilities, data management, and feed safety programs to fulfill our customers' and today's consumers' needs. We are investing time and money into a comprehensive HACCP (Hazard Analysis Critical Control Point) Program to be compliant with the Food Safety Modernization Act that was signed into law by President Obama on January 4, 2011. This new law greatly expands FDA's (Food and Drug Administration) authority to regulate the U.S food supply and mandates that the FDA create a new prevention-based regulatory system.

So what does this mean and who is affected? In the feed industry any facility that manufactures, processes, packs, holds, transports or imports feed and/or ingredients is affected and must comply with the new law.

Key Components that have gone into effect now are:

- Mandatory Recalls
- Authority to suspend a facility's registration
- Increased inspections
- Re-inspections fees
- Access to records

Future Components include:

- Prevention Controls
- Facility Re-registration with the FDA
- Safe Food Transportation Act
- Importing Food

So again, we are working diligently to be compliant with the new law requirements and overall it just makes good sense to do whatever we can to give the consumer confidence that we are delivering a cost effective and safe food supply.

Tracking from farm to table

Traceability has become one of the common themes in the feed and meat industry. Consumers want to know that a cut of meat can be traced from the dinner plate all the way back to the farm. They want to know what was done to that animal and what they have been fed. WFS has invested considerable time and money in a feed management control software program that has the capability to help our customers track everything that has been fed to a particular group of animals. By using the group feeding module in the program, a detailed summary of every batch of feed can be tracked and accounted for should there ever be a meat quality issue. I've heard of a situation where a residue problem has arisen and an investigation was performed. Detailed records can be the key to assuring the investigators that your animals are not the source of a particular problem. Check with your serving mill to find out how we can set your animal groups up with a separate identification number. We can also set up a feed budget for that group of animals. Then, if an instance ever occurs where there is a question about what those animals were fed, we can print out a report showing each batch of feed and what was in it.

Keeping costs down

Controlling feed production expenses is also a high priority for us. We recognize that the livestock industry is competitive and needs to be low cost. Each year costs for utilities, labor, fuel and insurance continue to grow for your feed business. Instead of raising prices, we have focused on finding ways to become more efficient and lower our "per ton" cost of producing your feeds.

We are focused on capital and repair projects that will help us meet this goal, such as enhanced mill automation, potential bar coding and a customer bin tracking system. We are also adding mill and delivery equipment that will help us be more efficient in everything we do. The updated automation, along with some other changes inside the mills, has enabled us to significantly speed up the mixing process while improving the quality of the feed being produced.

The paperwork has been largely reduced, as all the information about the individual batches of feed are transmitted electronically. We have added triple stack roller mills to our mills in Freeborn and Truman to produce a lower micron size for our corn going into feed. We can consistently produce a micron size of 500 or less to help with increased feed efficiency.

We have been busy completing some necessary repair work at the mills as well this year. We have repaired corn holding bins, repaired legs and spouting, replaced a feed cleaner at Truman, replaced conveyors and other numerous repairs including work done on our pelleting system at Truman; again, work that needed to be done. The goal is to have the right equipment and then to have our equipment and buildings in top operating condition to help us produce cost effective and consistent quality feed for our customers.

We have also added some new semi tractors and trailers this year to our delivery fleet. Our plan is to get rid of some of the smaller and older units to be more cost effective. All of these additions are meant to lower production and delivery costs and help absorb some of the added expenses that challenge our businesses. You can help your co-op control costs by ordering early and keeping our trucks full. Empty space on any truck is very costly and we work hard each day to fill trucks the best we can. Another thing you as a member of WFS can do to help control expenses during the winter months, is to get snow moved early and before our trucks show up. So far this winter season has been very mild, but as we all know this can change very quickly. So let's hope we continue to have a mild winter. If we do eventually get some snow, your help with the removal processes would be greatly appreciated. All these things add up and your help is critical to our ability to keep your cost of feed as low as we can.

In summary, we will do everything in our power to meet or exceed your expectations every time. We value your business and have the staff and equipment to deliver your livestock feed and service needs. ■

Messaging System Offers Marketing OPPORTUNITIES



In today's marketplace, speed of information is imperative and timing is everything. That's why WFS offers a variety of options for our customers to access our cash bids and market information. First, cash bids, as well as a surplus of market data, is available on our website at wfsag.com. Although, this is nice way to look up the information you may need to make your marketing decisions, we also realize that you may not always have the time to sit down at your computer. In addition to our website, we also offer an e-mail and/or text messaging service. Text messaging works well; especially during the busy growing season and if you have a "smartphone", e-mail can also be a convenient way to access bids for all locations.

While these are all great ways to stay on top of the markets, what they lack is the ability to hear commentary that includes possible marketing opportunities you can capitalize on through WFS. Fortunately, WFS can provide you with that kind of service as well. It's called AMI (Automatic Messaging Interface). As a customer of WFS you can sign up to receive daily messages from one of our GPPS (Grain Price Protection Services) advisors on your landline or cellular phone that includes commentary on what the markets are doing, as well as sale or delivery opportunities through WFS's GPPS program. The service has been beneficial in more ways than one and we continue to have more and more customers interested.

To give you an example of how our customers have benefited from the messaging service, early last fall our St. James location had an opportunity to load a train with a very good basis, but we did not have the corn we needed to load it. With AMI our GPPS advisors put out a message to the enrolled customers to see if we could get those bushels from farmer commitments to set basis on their GPPS Futures First contracts and make immediate delivery to St. James. Even though St. James is in the northwest corner of our territory, we were able to receive commitments from as far away as 100 miles in our southeast corner. The message system was a success and we were able to get all of the bushels we needed to load the train.

Many other customers have commented that by taking the advice given through the messaging system they have made some of their highest sales and continue to appreciate the benefits of both AMI and GPPS.

The AMI system, along with the sound advice of our GPPS advisors, can be a valuable tool in your marketing plan that you don't want to miss out on. To sign up for the messaging service and hear more about how our GPPS program can benefit you, contact one of our GPPS advisors. They can also direct you on how to get set up to receive cash bids and futures via e-mail and/or text messaging. ■

GPPS Advisors

Kelly Grams Truman 507-776-1274 800-657-3282	Karen Sunde Welcome 507-728-8253 800-447-1323
Randy Reid St. James 507-375-3350 800-950-3360	Ben Sheplee Welcome 507-728-8253 800-447-1323
Dawn Shoen St. James 507-375-4986 800-950-3360	Tom Chicos Clarks Grove 507-256-7217 800-489-3514

New state Cell Phone Ruling may apply to you



DeAnn Miller, Environmental Health & Safety Coordinator
dmiller@wfsag.com

Effective **January 3, 2012**, drivers of commercial motor vehicles are restricted from holding, dialing, or reaching for a hand-held cellular phone. This includes all push-to-talk functions. The ban does not prohibit or restrict the use of Citizen Band Radios, GPS, or fleet management systems. To clarify, hands free use is allowed via either an earpiece or the speakerphone function of the mobile telephone. Below are a few definitions, which further clarify the Ruling:

Dialing - As defined by Federal Motor Carrier Safety Administration (FMCSA), a driver is allowed to initiate, answer, or terminate a call by touching a single button on a mobile telephone or on a headset. This action should not require the driver to take his or her eyes off the road.

Reaching - FMCSA banned reaching for a cellular phone or hands-free device that is done in "an unacceptable and unsafe manner." Examples of this behavior would be reaching for a cellular phone on the passenger seat, under the driver's seat, or into the sleeper berth. To be in compliance with the rule, a driver must have a cellular phone and/or hands-free device within "close proximity" to his or her person.

Driver and Motor Carrier Penalties - Under the final rule, CMV drivers who are convicted of a hand-held cell violation twice within a three year period will be disqualified for 60 days. If convicted for a third violation within three years the driver will be disqualified for 120 days. Drivers will be subject to federal civil penalties of up to \$2,750 for each offense. Motor carriers that allow their drivers to use hand-held cell phones while operating a commercial motor vehicle face a maximum civil penalty of \$11,000 per violation.

Exemptions - The proposal also allows hand-held cell phone use by drivers for emergency purposes

In summary, if you have a CDL and are operating a vehicle which meets the definition of a commercial vehicle, this Ruling applies to you. If you would like further information or have questions, contact the Minnesota State Patrol Commercial Vehicle Enforcement Division at 651-405-6171. ■

Changes for 2012 Crop Insurance

As you may be well into the planning, preparing and purchasing for 2012, adapting your risk management strategies are important as well. Crop insurance will have a few changes for 2012:

1) Premium payments for federal crop insurance that were due in October will now be due on **August 15th**. Plan for this as August may be a time when your cash flow is tight. If you are an AgQuest borrower, your local Business Relationship manager is aware of this and will discuss it!

2) Trend Adjusted (TA) Actual Production History (APH) is a new option that may help you out with historical yields that are below current yield trends. This will improve accuracy of matching your coverage to current yield potentials by providing better guarantees for eligible insured's. The following are qualifications for the TA endorsement:

- Corn and Soybeans in CO, III, IN, IA, KS, KY, MI MN, MO, NE, ND, OH, SD, WI. Excludes corn grown as "silage" and specialty type soybeans
- You must have at least one APH with an actual yield in one of the four most recent crop years. The TA yield cannot exceed the highest actual yield within each APH database
- Endorsement must be **elected** by Sales Closing and is "by crop, by county".

How can this help? Many APH's go back 15-20 calendar years due to crop rotation, those older performance numbers place a drag on the current APH value. This endorsement is designed to boost your APH by reducing the influence of your "oldest" yields. It adjusts them to reflect the great advancements in yields seen in recent years. As an example, a 10-year APH profile we reviewed that goes back to 1996 was "adjusted" from 165 to 182 bushels. If 80% coverage is chosen, this represents a 17 bushel increase in your guarantee and a sizeable bump in revenue coverage.

This has potential to be a way of increasing revenue guarantees. Please call and we will review its benefits with your farming operation and practices for 2012.

3) Green Snap Endorsement: While many wish they had it this past year, a full review of the risk/reward over the long haul needs to be assessed. Is higher multi-peril crop insurance (MPCI) coverage best or is lower MPCI with additional coverage for hail plus green snap the right mix for your overall risk tolerances? There is no single "best" answer. Let's review the options, contact your WFS Field Marketer or call Mark Karlsrud and Dean Olsen directly.

Manage your risk in 2012 with WFS and AgQuest. Call to set up your FREE review prior to March 15, 2012.

WFS/AgQuest Business Relationship Managers:

Mark Karlsrud
507-621-0614

Dean Olsen
507-327-9114

St. James Third Grade Class Wins WFS Coloring Contest



Mrs. Taylor's third grade class at Northside Elementary in St. James, Minn. was selected to receive the grand prize of \$250 in the WFS Co-op Month Coloring Contest. During October 2011, cooperatives such as WFS joined in celebrating Co-op Month and the role cooperatives play in serving community members. In honor of Co-op Month, WFS sponsored a coloring contest for all third grade students in the surrounding area.

"Students were given a variety of coloring options that showed different aspects of WFS's cooperative business, including a grain elevator, a field of corn, a diesel delivery truck, and a pen of pigs being fed," said WFS Marketing Communications Director, Jo Ann Gumto. "We encouraged the kids to be creative in their coloring. All the students did a great job, making it hard to choose just one class."

WFS supplemented the coloring contest by including information that teachers could use to educate their students on what a cooperative is and how it works. WFS received entries from 13 different third grade classes throughout their trade area. The schools that participated included: Martin County West, St. James, Truman, Maple River, United South Central, and New Richland-Hartland-Ellendale-Geneva. Each class was judged as a whole on their artwork, with the grand prize being \$250. WFS encouraged the winning classroom to use the funds to purchase additional supplies or equipment to enhance their classroom, or use toward a reward program.

"It's important to WFS to make sure the next generation understands the vital role that cooperatives play in the economic development and stability of the communities they serve," added Gumto. "To show our appreciation to all of students who participated in helping us celebrate Co-op Month, a \$50 donation was given to each class that did not win."

WFS hopes that everyone will join in celebrating the cooperative difference, our proud cooperative heritage and the wonderful opportunities cooperative membership will offer citizens of south central Minnesota and north central Iowa for many years to come. ■

COOPERATIVE NETWORK OFFERS THE CO-OPS YES! LEADERSHIP CONFERENCE

The Co-ops YES! Youth Leadership Conference is being held at the Plaza Hotel in Eau Claire, Wisconsin March 19 – 20, 2012 and is eligible to high school students (grades 10, 11 and 12) whose parents/guardians are WFS members. Through this dynamic experience, young people from Minnesota and Wisconsin will learn to understand and appreciate the purpose, operation and scope of cooperative business.

A snack cooperative will be formed and operate during the conference. Students will also learn from speakers with powerful messages about leadership and the value of cooperation. Co-ops YES! will also provide students with an opportunity to develop new friendships and meet youth leaders from around Minnesota and Wisconsin.

WFS will sponsor students interested in attending. The sponsorship covers food, lodging, speaker fees, conference t-shirt, and educational materials.

Who is encouraged to attend?

- High school students in grades 10-12 are eligible.
- Students that are members of FFA, 4-H, DECA, FBLA, FHA/HERO, VICA, HOSA and other groups would be excellent candidates for the conference.
- Students whose parents and grandparents are members of cooperatives in your hometown also make great candidates.

Don't miss your chance to...

- Develop new friendships and meet youth leaders from all over Minnesota and Wisconsin.
- Learn from exciting speakers with powerful messages about leadership and the value of cooperation.
- Discuss important teen issues.
- Solve challenging cooperative case studies.
- Attend the dance, and enjoy the Plaza's recreational activities.
- Watch a hypnotist perform and volunteer to participate in this hilarious session.
- Have FUN!



Registration forms for students and chaperones are available on the WFS website at wfsag.com. Completed registration forms with payment and signed release form must be received at the Cooperative Network Madison office no later than February 23, 2012.

For more information or questions, please contact Jo Ann Gumto by phone at 507-776-2831 or e-mail at jgumto@wfsag.com.

Minnesota Farmers Can Help to *GROW* the Next Generation

Farmers know that education is the cornerstone of any successful community, and they find nothing more vital than growing the next generation through a strong education system.

Now, farmers within the WFS territory have the opportunity to improve education in their rural communities. Through America's Farmers Grow Rural Education™, sponsored by the Monsanto Fund, eligible farmers can nominate a rural public school district to compete for a merit-based grant of either \$10,000 or \$25,000.

Once a farmer has nominated a school district, the Monsanto Fund will notify the administrator that the district can submit a grant application. The Monsanto Fund will award 199 grants this year. There will be 177 \$10,000 grants and 22 grants of \$25,000 awarded. Visit GrowRuralEducation.com to see a complete list of eligible states and regions. Overall, the Monsanto Fund will donate more than \$2.3 million to school districts in 39 states through this program. Winning grant applications will be chosen by the America's Farmers Grow Rural Education Advisory Council, a group of 26 farmer leaders from across the country.

During a successful pilot program in Illinois and Minnesota, more than \$266,000 was donated to rural school districts in 16 USDA-appointed Crop Reporting Districts (CRD). This year, the program expanded to 1,245 counties in 39 states. More than \$2.3 million will be donated to public school districts across the country.

The program is part of a broad commitment by the Monsanto Fund to invest in farm communities, in order to highlight the important contributions farmers make every day to our society. Farmers can nominate a school district online at GrowRuralEducation.com, or by calling 1.877.267.3332.

Farmers, age 21 and over, who are actively engaged in farming a minimum of 250 acres of corn, cotton, and/or soybeans; or 40 acres of open field vegetables; or at least 10 acres of tomatoes, peppers and/or cucumbers grown in protected culture are eligible. Farmers can nominate a school district now through April 15, 2012. A list of eligible school districts is available at

GrowRuralEducation.com.



www.americasfarmers.com

CHS FOUNDATION NOW ACCEPTING SCHOLARSHIP APPLICATIONS

High school and two-year college students are invited to apply for a \$1,000 scholarship from the CHS Foundation, the major giving entity of CHS Inc., the nation's leading farmer-owned cooperative. The CHS Foundation will award 50 \$1,000 high school scholarships to students planning to study an agricultural field at a two or four-year college and 25 \$1,000 two-year college scholarships to first-year agricultural students attending a two-year college.

"The CHS Foundation is committed to helping create a strong future—and strong future leaders—for rural America," says William Nelson, president CHS Foundation vice president, CHS Corporate Citizenship. "We are proud to act on this commitment by offering scholarships to help prepare the next generation of leaders in production, science, technology and business agriculture."

The application deadline for scholarships is April 1, 2011. An independent, external committee will select scholarship recipients based on essays, transcripts and reference letters. For eligibility information and application forms, students should visit the University Partnerships section of the CHS Foundation website.

The CHS Foundation also offers four-year university scholarships for students currently working toward an agricultural-related degree. Application deadlines vary for each participating university. Visit the CHS Foundation website for a list of participating universities and application and deadline information.



The CHS Foundation (www.chsfoundation.org) is the major giving entity of CHS Inc. (www.chsinc.com), the nation's leading farmer-owned cooperative. As a part of the CHS stewardship focus, the CHS Foundation is committed to investing in the future of rural America, agriculture and cooperative business through education and leadership development.

WFS TO OFFER SCHOLARSHIPS TO HIGH SCHOOL SENIORS



Once again WFS is offering up to twenty (20) \$500 scholarships to graduating high school seniors from throughout the WFS trade territory. High school seniors whose parents or guardians are patrons of WFS are encouraged to apply. He or she is encouraged, but not required, to be pursuing an agricultural based field of study.

Scholarship applications are available from guidance counselors at area high schools within the WFS trade territory, or by calling Jo Ann Gumto at 1-800-657-3282. The application is also available on-line by going to www.wfsag.com, and clicking on the scholarship application form in the bottom left-hand corner of the home-page.

The application deadline is March 1, 2012. Scholarship winners and/or their schools will be notified by WFS no later than May 1, 2012. Since 1987, WFS has awarded over \$120,000 in scholarship dollars to graduating seniors throughout the WFS trade territory.

South Central College to Host 4th Annual Ag Symposium

Mark your calendar for the fourth annual New Tools for New Rules: Ag Symposium hosted by South Central College in North Mankato, Minn. on Tuesday, February 28, 2012, from 8:30AM to 4:00PM. The symposium will address highly relevant topics facing the modern producer. Each speaker will bring a unique and entertaining style of delivery that will be sure to keep attendees fully engaged with the event. Lunch will be served in the Conference Center as part of the day's events as well. Presenters include: Dr. Edmond J. Seifried, Dr. David Kohl, and Christopher W. Hesse, CPA. You can register on-line by going to:

<http://southcentral.edu/n-mankato/ag-symposium-2011.html>



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*Continually work to
grow member value and
cooperative strength.*

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Cooking with the Co-op **BEST EVER CHICKEN CHILI** Compliments of www.landolakes.com

INGREDIENTS:

- 2 tablespoons Butter
- 1 (20-ounce) package boneless skinless chicken breasts, cut into 1/2-inch cubes
- 1 medium (1/2 cup) onion, chopped
- 1 teaspoon ground cumin
- 1 teaspoon lemon pepper
- 1 teaspoon dried oregano leaves
- 1/2 teaspoon garlic salt
- 2 (14-ounce) cans chicken broth
- 2 (15-ounce) cans pinto beans
- 2 (11-ounce) cans white or yellow corn
- 1-2 teaspoons chile peppers, chopped
- 2 bay leaves
- 2 tablespoons lime juice
- 2 tablespoons sugar
- 1/4 cup chopped fresh cilantro

DIRECTIONS:

Melt butter in 6-quart saucepan until sizzling; add chicken, onion, cumin, lemon pepper, oregano and garlic salt; cook over medium heat until chicken is no longer pink (6 to 8 minutes). Add chicken broth, pinto beans, corn, chiles and bay leaves. Continue cooking until mixture comes to a boil (8 to 10 minutes). Reduce heat to low; cook, uncovered, 30 minutes.

Just before serving, remove bay leaves; stir in lime juice, sugar and cilantro.