

RIVER COUNTRY COOPERATIVE



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SPRING 2018 EDITION

Challenging Environment Calls for Innovative Solutions

By John Duchscherer, General Manager/CEO

As the agricultural economy continues to lag, every penny you invest in your operation has to do more. With no more fat to cut out, you're all running as lean and as smart as you can. We understand that, because as an agricultural business, we're doing the same thing.

However, the difference between River Country Cooperative and many other ag businesses is the fact that we are owned by you, our members. For that reason alone, your success is our highest priority. I believe River Country Cooperative is in a unique position to bring value to your operation as we navigate this challenging environment.

I've spoken before in this publication about the importance of investing in talent. We have done that, and the people we've brought on were hired for times like these. Thanks to our staff, we have a tremendous collective knowledge of the ag environment. We're able to use that knowledge to develop innovative and effective solutions for our customers.

You'll read about some of those in this newsletter. For example, our new RCC Gold Biodiesel was developed to meet the new Minnesota B20 mandate, but it goes far beyond the basic requirements. It addresses fuel stability and performance issues that other refiners are still struggling to overcome.

Our River Country Cooperative agronomy team also provides their recommendations on how best to allocate your production dollars in ways that will deliver a positive return on your investment. While we all understand the importance of managing costs, we also know you must have bushels at these grain price levels. We also know that the agronomic potential is there.

Though we're coming off a year in which many of you had the best yields you've ever seen, the national yield averages for corn and soybeans are 175 and 52 bushels respectively.

The winners in the 2017 yield contest, by contrast, recorded yields of 521 bushels for corn and 133 bushels for beans. The agronomic potential is there, and our agronomy team is committed to helping you harness more of that potential.

We also continue to invest in the infrastructure we need to meet your needs for timely service. This spring, construction will begin on our new agronomy facility in Le Center. Our footprint has also expanded with the addition of our 11th convenience store in Hector.

As we begin our 84th year in business, we've seen challenges and cycles before and know we'll see them again. We're extremely optimistic as we move into 2018, confident that we're positioned extremely well to take on these challenges. We look forward to working closely with you, utilizing our combined resources, expertise and experience to make your operation more successful. ★





We Know What Pays— and What Doesn't

The marching orders for just about every farmer this spring—maximize bushels while keeping input costs under control. Doing that will require a careful balance of tried-and-true methods and the appropriate use of new technologies, according to the River Country Cooperative agronomy team.

"No matter how tough times are, you have to stick with the basics," stresses Montgomery location manager Lowell Tangen. "You can't skimp on fertilizer and get top yields. You may have built up some fields to the point that you can cut back a little, and it doesn't take much to save \$25 in fertilizer on any given field."

"To do that, though, you have to know what you're dealing with in each field," says precision agronomy specialist Ashley Meyer. "Our RCC Precision Complete program provides the power and control you need to manage your fields at that level. That includes regular soil testing so you know where your nutrient levels are."

How you apply fertilizer also makes a difference, notes Randolph agronomist

Nick Niebur. "Precision fertilizer application puts the right amount of fertilizer where it will do the most good, and variable-rate planting places seed at the correct population to match the soil conditions in each part of a field. So, you get the maximum benefit from fertilizer and seed on every acre." River Country Cooperative offers variable-rate application of both dry fertilizer and NH₃, and the agronomy team can write prescriptions for both variable-rate application and planting.

Where it starts

Knowing the characteristics of each field is also critical when it comes to selecting your most important input. "It all starts with getting the right seed on the right acre," says agronomist Joel Thorland. For example, he notes that many corn hybrids and soybean varieties show a positive yield response to fungicide application—even in the absence of obvious disease pressure. "That's one of the factors we look at, as well as a hybrid's response to nitrogen and the field conditions it prefers," he adds. "Then we select the seed and manage the crop accordingly."

When selecting a hybrid, being aware of the pest pressure you're likely to encounter in a field is also important, says Dean Larsen, Randolph location manager. "If you're trying to take some cost out of your seed program by choosing a conventional hybrid, be aware that you'll need to be diligent

in scouting for corn borers and corn rootworms. If there is a problem, you may have to make one or two pesticide applications, so the savings may not be that great."

Don't do it

All of the RCC agronomists agreed that one area that shouldn't be cut back is the application of pre-plant and pre-emergence chemicals on corn and, especially, on soybeans. "Those herbicides are critical," states agronomist Joe May. "If you try to get by without them, chances are great you're going to have a weedy mess you'll never recover from."

Consider this

One other practice that will enable you to make more effective use of your nitrogen inputs—and often use less N overall—is split application. "Everyone knows it's a good idea, and more farmers are doing it every year," Dean says. "The reality is, the new nitrogen regulations will make this mandatory in the very near future. If you're not split applying, talk to us and we'll get you started."

One final reminder from the team. If you plan on applying dicamba this year, you'll have to attend one of the training sessions before spring. "You won't be able to apply dicamba if you don't attend the training," Joel stresses. "And if you're using it, use it correctly to keep it in the toolbox. This is a make-or-break year for this product." ★

INPUT FINANCING
0% financing until June,
attractive rates for extended
terms. Contact your
agronomist for details.

RCC Gold Sets the Standard

Beginning May 1, all diesel fuel sold in Minnesota is mandated to contain 20% biodiesel in warm-weather months. While some retailers have expressed concern about the potential performance issues that could come along with a higher level of organic components in B20, River Country Cooperative has taken a proactive approach.

We're introducing our own RCC Gold High Performance Diesel Fuel. Typically, biodiesel with a higher organic component has a higher potential for fuel degradation due to microbial activity, fuel filter plugging and injector deposits. Formulated exclusively for River Country Cooperative, RCC Gold addresses these key concerns.



Strong interest at our biodiesel meetings.

Specifically, RCC Gold offers:

- Improved fuel filter life
- Reduced carbonaceous injector deposits
- Reduced IDID injector deposits
- Reduced EGR deposits
- Improved protection against storage tank corrosion and microbial growth

The addition of RCC Gold to our energy product lineup is another indication of our commitment to develop innovative solutions for our customers. RCC Gold is sold exclusively by River Country Cooperative and will

be available in bulk.

Interest in our new fuel, and B20 in general, has been high, as attendance and participation at our informational meetings have exceeded our expectations, in part because we believe no one else is talking about B20. Once again, River Country Cooperative is on the forefront of energy innovation, from both the product development and educational standpoints.

If you have any questions about this new fuel or B20 in general, contact Lance Prouty at 651-451-1151 or talk to any member of the River Country Cooperative energy team. ★



THE CHALLENGE: Profitable Grain Marketing

By DAVID BELONGIA, FEED/GRAIN DEPARTMENT MANAGER

You all know the situation we find ourselves in this year—we're swimming in grain. Despite all the storage space built in recent years, your bins are full. So is commercial storage. The causes are also well known. Good yields in 2016 and 2017, more than adequate worldwide grain supplies, and crops in the Southern Hemisphere being harvested now, adding more bushels to world supplies.

The solution: Let's work together, and use those bins as an effective marketing tool this spring and summer.

Whether your old crop is stored at home or in commercial storage, lock in basis levels for grain you will deliver this spring or summer. Big carryout years like this one can mean weaker basis levels by this summer due to a number

of factors. Large quantities of the grain moving to market tend to depress basis levels, as the market does not have to bid up to get bushels to move to market. Watch water levels on the river. Low water means reduced barge capacity and higher barge freight rates, a negative factor for local basis levels. South American harvest bushels are also available to the market, which can reduce the demand for U.S. grains.

Include the 2018 crop you will harvest this fall in your marketing plans. Consider locking in December futures for a portion of your 2018 harvest. You can then establish the cash price, if you need or want to deliver grain this fall, or roll the contract to spring or summer 2019 to gain whatever carry the market has to offer.

The new tax law passed by Congress this winter contains a provision giving you an advantage, if you sell grain to your cooperative. When you sell grain to your cooperative, you can deduct 20% of the gross grain sales from your adjusted gross income when calculating your tax obligation. The net effect on your tax bill will depend on your individual situation and can best be determined by your tax professional.

Let's meet soon to discuss your marketing needs, establish some goals and make some offers to get your grain marketed. At River Country Cooperative, we will continue to put you and your operation's success at the center of everything we do. ★

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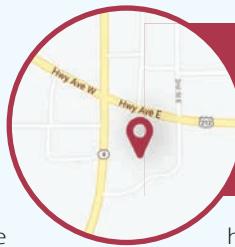
River Country Heads West with Newest Store

This past October, River Country Cooperative acquired our 11th store in Hector, Minnesota. We're excited about this addition and the opportunity to serve the Hector community. Located at the intersection of Highways 212 and 4, the store is a strong food service performer, featuring Hot Stuff Pizza® and related food items, as well as an extensive lineup of quality New England coffee, f'real® milkshakes and a full selection of snacks, pop and convenience items.

The Hector store was previously operated by another cooperative, and we joined a large and active cooperative community with our acquisition. We have already processed 200 applications for our River Country Cooperative charge card. Store manager Mary Beth Vait and her staff have established a very positive reputation in the community,

and we're very glad they are now part of the River Country Cooperative team.

In other SuperAmerica developments, this spring, we're leasing a space adjacent to our St. Francis store to a Taco John's® franchisee. We're looking forward to



**Visit us at the intersection
of Highways 212 and 4
in Hector, Minnesota!**

having a neighbor once again. We've also installed a propane filling station at this location, and we are now part of the Anoka County Recycling. It's all part of our goal to be a positive business that brings value to our customers and our community. ★

