



# Two Rivers

## Cooperative

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### MISSION STATEMENT

**“Two Rivers Cooperative Is Committed To Building Profitable Business Relationships Based On Integrity And Quality”**

Two Rivers Cooperative

Pella, Iowa 50219

November, 2007



## Crop Talk

By  
Robby  
Wilson

By now you have been able to harvest enough of your corn and soybean crops that you should have a pretty good idea of *What Worked & What Didn't?*

So now it's time to take the evaluation process to the next level with those positive results and, as we look to decisions for the next crop, start to ask questions like *Is It Worth It?*

Before we start getting into those evaluations, however, I think we first of all need to go into the process with an open mind and to eliminate any preconceived notions or biases.

That's especially true this year since, judging from a lot of the conversations I've been having with customers, it seems that in many cases this year's corn/soybean yields are among the biggest and best ever.

There's a natural tendency, therefore, to become too comfortable with good results that we become overly complacent and so satisfied with how things have gone for us in the past, or this year, that we don't bother to take the extra time or make the added effort to investigate making any changes in management or inputs.

*That Could Be A Very Costly Mistake!*

There's no room for complacency or indifference in crop production, because there are just too many things happening in this business to sit idly by and be happy with what you had last

## Annual Meeting Arrangements Made

By Tracy Gathman

*As a result of scheduling conflicts which have necessitated a change in the location of this year's Annual Meeting of Two Rivers, we will be convening this year's meeting on the evening of Thursday, December 13th at the Vermeer Pavilion in Pella, rather than at the PCM High School in Monroe.*

*As they have done so well for so many years in the past, our very good friends of the Monroe Legion will once again be providing the delicious meal for this year's Annual Meeting, and I am also pleased to say the outstanding menu that has been so thoroughly enjoyed by all as a tradition for the meal will once again be served.*

*We hope this advance notification of the change in venue for the Annual Meeting provides all members with sufficient time to set aside time in their schedules to join us and the Two Rivers Family for this always enjoyable evening. Additional details will be included in the December newsletter.*

year, or this year, even if those results were among the best ever.

That's because as good as yields may have been, there is always room for improvement, always an opportunity to pull more corn or soybeans out of your fields, and all you need to determine is the answer to that question: *Is It Worth It?*

To help you arrive at the answer, all you need to do is look at some of the "new" things which have been introduced into your fields in just the past couple of years.

For example, seed treatments for soybeans.

I've talked to many producers who have told me that treating their soybean seed prior to planting definitely paid off this season.

Their beans came up better, the stands were more uniform, hardy and healthy.

They didn't experience insect issues they have had in the past, and/or that they dealt with this season in fields where they didn't treat the seed.

The extra yields were there and, no doubt about it this year with soybean prices where they are today, *Treating Soybean Seed Paid Off Big Time!*

So, as these producers look ahead

to next year and ask *Is It Worth It* to treat soybean seed, what do think they will reply?

What do you think you should at least look into?

What about the time, effort and early decisions made to invest in spraying soybeans for insects like aphids?

Again, ask the producers *Is It Worth It* to harvest extra yields as a result of early detection and timely action, or if they feel they would have rather taken the risk, waited until after threshold levels were surpassed and they turned to a rescue.

*Is It Worth It* to spray corn and/or soybeans with a fungicide like Quilt to provide a healthier environment for the crop to perform?

Well, so far every producer I have talked to who sprayed either corn or soybeans with a fungicide has told me they got *Great Results*.

For a number of years now we have offered soybean inoculation products and services, and this is yet one more option that we can turn to that will provide added protection for the crop, and thus create an opportunity to pull

**CROP TALK**

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## Fuel Facts

By  
Scott  
Bensink

There is about a week left in October as I am writing my article for the newsletter this month, and I am sure all of you are hoping the last quarter of this month and the first part of next will not be as wet and soggy as it has been the past 3 weeks.

While the corn crop was initially drying down very rapidly as harvest got underway, all this moisture has added at least a couple of points of moisture to the crop, and with temperatures in the 60's for highs, there's not much dry-down occurring at this time.

It therefore looks as though some of you might still have some corn drying chores that need to be done on the farm, and if you find you're in that position, *Please Call In Advance* to place your LP orders so we can keep your dryer tank supplied in the most timely and efficient manner.

A similar request to *Plan Ahead & Call Early* to place orders applies to all of your refined fuel needs as well, and perhaps even more so.

As soon as the fields do dry out and the action gets rolling again, there is going to be a *Huge Push* all across the area and all across the state to get the remainder of the crop harvested.

That will translate into a big surge of demand hitting all at once, and I definitely think we'll see some supply challenges turning up as the pressure mounts to get this crop harvested as soon as possible as November unfolds.

Try not to let your on-farm inventory get too low as you get back into the fields, stay on top of the situation by checking your gauge regularly, and again, *Call In Advance* so we can route delivery to your farm tanks with maximum speed and efficiency.

I guess the best news thus far is that despite some outrageous happenings in the crude oil market, prices for gasoline and diesel have both remained in a fairly narrow trading range the past couple of weeks.

Crude prices have now broke through the \$90.00 per barrel barrier, so the potential is there to move even higher if there are any additional flash points that burst on the scene in

Iraq/Iran.

LP prices have been much more sensitive to the sharp rise in crude oil prices, and they are therefore perhaps even more vulnerable to any new moves higher.

As always, there is a tremendous amount of speculation driving fuel/energy markets, so things can change for any number of reasons at any time.

All of you who contracted your fuel/energy needs have thus far reaped the benefit of locking in your price and supply at the contracted levels, and I feel that once again our contracting programs have provided you with some very substantial savings opportunities.

In closing for this time, anyone who has purchased and/or who may purchase a pickup powered by a *Power Stroke Diesel Engine*, there is a special oil you will need to use with a *CH4 Oil Rating*.

We have added a supply of this oil to our inventory to serve those customers, so feel free to contact any location for your needs.

## CROP TALK

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more yields out of the field that would have otherwise been left out there.

It cost about \$2.50 to inoculate a bag of soybeans this past season, so for those who made that investment they tripled their money even if they only got a 2-bushel per acre boost in bean yields.

Likewise, we have strongly recommended the advantages of a two pass herbicide program, getting something out there ahead of the post strategies to hold the line on weed competition for moisture and nutrients during those all-important early stages when the crop is so susceptible.

Not only do these pre strategies

give the crops an added edge by reducing weed/grass pressures, they also expand the window of opportunity for spraying the post herbicides, which can be a huge benefit.

For one thing, having more time to spray the post means we're less at the mercy of wind and weather when it's time to spray.

Plus, if we do run into insect problems, that added time to spray often means we can incorporate spraying for bugs like aphids with the post herbicide to save time and trips through the field, reducing costs and crop injury in the process.

Therefore, I don't think there's any doubt when asking *Is It Worth It* about a two pass herbicide strategy, since in so many ways it provides so many benefits.

*Is It Worth It* to pay the added cost for one of the triple stack corn hybrids? As this year has shown all across Two Rivers Country, Iowa and the Grain Belt in both first and second year corn, the answer is *Absolutely!*

These are just some of the strategies that can be included with your crop inputs and management to *Pull More Bushels* from every acre.

Obviously, not all of them fit every farm, every field, every farmer.

But where they do fit, where they can make a difference, *Why Not Use Them* in your plans and programs, or at least look into, evaluate and consider where and when they can and will work for you?

**SPECIAL NOTICE**  
**TO ALL INTERESTED PARTIES**  
**There Will Be A Public Meeting**  
**On The New Pella Airport**  
**MONDAY, DECEMBER 10**  
**Held At 7:00 p.m. In The**  
**Pella Community Center**

## Feedback From Customers Is Appreciated

By Tracy Gathman

*I have had several customers either call or stop in to visit with me about last month's newsletter article in which I discussed the vast changes that have taken place in the fertilizer industry, and I sincerely appreciate their interest and their comments.*

*I am sure most of you were as shocked or surprised as those who I talked to at just how far ahead Two Rivers must make firm commitments to secure the crop nutrient supplies we handle to serve you.*

*Hopefully, after getting a glimpse at just how different our New Crop Nutrient Marketplace operates, everyone can better understand and appreciate how and why the changes in obtaining your nutrient supplies have necessitated changes in the way we manage our mutual risks as we move forward.*

*Again, thanks to those who took the time to share their thoughts with me on last month's information.*

## Seed & Stuff

By  
Jay  
Van Woerkom



This year we're seeing the unusual combination of *High Yields & High Grain Prices* both at the same time.

But unfortunately this also has meant *Higher Nutrient Costs* as well.

N-P-K demand is very strong all around the world, and with an ever-shrinking number of supply sources, the trend to higher costs will likely continue for at least the foreseeable future.

Maintaining soil fertility at optimum levels to maximize yield potential may have become more costly as we plan for 2008, and yet it has never been more crucial to replace the nutrients consumed to produce big crop yields.

Reducing rates to lower costs for the short term will result in an even higher expense to replace those nutrients as the years unfold.

Managing your nutrients more effectively and efficiently is the objective of grid sampling and VRT application, and I therefore encourage you to talk to your Two Rivers Agronomists about how we can help you get the most value, yield and return out of each N-P-K dollar you spend.

**SEED ORDERS:** The *Asgrow, Dekalb and Croplan* seed lines we handle have shown some *Big Yield Increases* over other lines this season, not only here in Two Rivers Country and across the state of Iowa, but throughout the Grain Belt as well, proof they remain at the forefront of the latest advances in genetics and seed technologies for soybeans and corn, especially stacked trait hybrids.

For example, in a side-by-side trial near Monroe, the *Dekalb 61-66TS* turned in a *219 bushel yield* compared to a comparable hybrid in Pioneer's lineup that had 178 bushels.

Now is the time to place your orders to lock in your top choices for 2008, since our best *Early Pay Discounts* on corn and soybean orders *Expire November 15th*.

**BYE PROGRAM:** By now I am sure most of you have heard or read something about a pilot program called the *Biotech Yield Endorsement* that will provide a premium rate discount on Federal Crop Insurance for planting

specific triple stack corn genetics licensed through Monsanto.

As of this writing the USDA's Risk Management Agency is not certain if BYE will be made available to the general public in 2008 or 2009, as there are some specifics to be ironed out.

We will continue to monitor this issue and inform our customers of any additional developments as they become known.



## Feed For Thought

By  
Jason Smit

At this time we are offering a *Special Offer* on purchases of horse feed so you can get *\$10.00 Off* with the purchase of 2 bags of our top quality horse rations.

Check with any Two Rivers location for details and to place your orders, *But Hurry, Supplies Are Limited* and this offer ends when in-stock inventories are gone.

*Service With & After The Sale* is something that all of us at Two Rivers take great pride in, since we feel there is *Added Value* our customers receive when they purchase their needs here at their cooperative.

This *Added Value* takes on many forms, and speaking for the Feed Team it means such things as helping load your feed purchases in your vehicle when you come in to buy pet food, horse feed or other bagged feed products, competitive prices, plus the highest quality nutrition for your livestock and/or pets.

It also includes advice, assistance and both nutritional, management and care recommendations from our highly qualified team on all phases of livestock production for both pork and beef, horses and other farm and home animals.

And of course all of our products are backed by the solid support and extensive research and development of our suppliers who are the leaders in the industry in providing the highest quality animal nutrition products and programs.

## Beef Producer News

By  
Ashley Paddock



With every hour of time at a premium these days, we know our busy beef producers want and need to focus most of their time, energy and attention on harvesting their crops, and yet do so without sacrificing too much from their livestock operation and the nutritional needs of their cattle.

This is where our *Ration Manager* comes to the rescue, since it saves you time from having to constantly check and re-fill feeders by providing your cattle with a self-limiting, top quality feed packed with 27% all-natural protein and 100% of the vitamins and trace minerals they need 24/7.

All you need to do is fill a self-feeder with Ration Manager and corn, then head to the fields to harvest, knowing your cattle will be limit fed this outstanding ration and still receive all the same nutritional benefits as if they were receiving hand fed supplements.

The convenience, the quality, the time saved and the peace of mind Ration Manager provides has made it a top choice for cattlemen everywhere. Make it your choice too.

**HOLIDAY CLOSING**  
**THURSDAY, NOVEMBER 22nd**  
**THANKSGIVING DAY**  
Please Plan All  
Supply-Service-Business Needs  
In Advance Of This Date

## Dan Wichhart Soybean Plot Results

Variety	Yield	Variety	Yield
Croplan RT 2547	74.57	Croplan RC 3097	76.52
Croplan RC 2620	73.66	Croplan RC 2937	74.36
Croplan RC 2707	77.32	Croplan RT 2800	77.36
Croplan RC 2867	75.79	Croplan RT 2678	78.35
Croplan RC 3006	74.47	Croplan RC 2620	78.66
Croplan RT 3253	76.10	Croplan RC 2756	78.40
Croplan RT 3126V	77.07		



**As I See It**  
By Tracy Gathman  
General Manager

**HOW MUCH?** From time to time I've had customers ask me, and/or I've also read the comments of other cooperative managers whose customers have asked them, questions similar to the following:

*How much money should my cooperative make? Can my cooperative make too much money?*

Obviously, the answers are much more complex than can be explained by just putting a simple dollar or percentage figure to them, or by responding with a yes or no reply.

Plus, it strikes me as rather unique that while these seem to be fairly common questions asked of co-op managers, one seldom, if ever, sees or hears about similar questions being asked of individuals, or of many other businesses.

After all, as an individual, everyone certainly wants to make all the money they can from their endeavors, plus, ask any investor in any other form of business a similar question and they will almost certainly respond they want that company to have the highest earnings possible to enhance their return.

Perhaps the reason why cooperatives seem to be singled out for such inquiries is best left to another time, since my main purpose at this point is to try to offer some insights into what your Board and Management considers as we make fiscal decisions for Two Rivers.

Not only are these considerations discussed at each monthly meeting of the Board as we deal with the on-going changes in our business, your farming businesses and in the overall markets and marketplaces in which we operate, they are also a major focus at our long term strategic planning sessions as we look to the future and establish goals and objectives for all phases of operations.

To begin with, we consider the four basic means in which revenues are generated and/or in which capital is made available for this company to operate.

The first is through depreciation which, as a non-cash expense from our investments in fixed assets, adds cash back into the company.

The second is by committing to additional debt, or borrowing money.

The third would be cash received from regional associations, which is paid out as a percentage of the total we have spent for the merchandise and/or services we purchase through them to make available to you.

And the fourth is through local earnings, or the profits received from sales made to our customers.

You will note that of these sources of income, the first three supply capital only through the assumption of additional debt and/or expenditures, which is why a strong local earnings has always been among the best indicators of a cooperative's performance.

In our business, as in yours, there are always numerous destinations where the cash from these sources can be spent, and once again your Board and Management have many decisions to make as we look to a broad spectrum of both on-going, short and long term needs that must be satisfied to provide each of you with the products, services, equipment and facilities you will need now and for the future.

Obviously, there are on-going daily/weekly/monthly expenses necessary to open the doors each day, such as utilities, insurance, taxes, supplies, payroll, fuel for our equipment and so forth, which are basic to all businesses.

For the purposes of this article, however, I want to focus on broader issues and, more specifically, some of the decisions your Board has made to direct those earnings in recent years.

First and foremost, there has been a significant focus on investments to upgrade and expand the grain receiving, storage and handling capacities and capabilities of Two Rivers to serve your needs, and to meet the increasing demands and expectations today's larger crops are creating in the marketplace.

Additionally, there have been invest-

ments made in equipment to provide larger, more efficient delivery of feed, fuel and energy to our customers, plus a significant commitment of resources to enhance and improve the equipment used to provide you with the very latest and best in agronomy services.

Another destination for capital that the Board has made a commitment to is revolving past equities to the membership of Two Rivers.

The Board has established a goal of revolving 7.5% of outstanding equities to the members annually, and since initiating this program just this past year, a total of \$80,000 has been paid out.

There is also a strong commitment to servicing your current equities and dividend earnings, and this is yet another major destination for capital coming in.

Obviously, cash is needed to service long term debt that has been acquired.

Plus, just as each of you must do in your own farming operations, it is equally important to look to the future and make decisions for property, plant and equipment investments necessary to serve you in the years to come, and thus the level of long term debt that needs to be serviced to secure those investments.

We need to maintain a certain level of working capital as specified by our lenders to manage risks and to secure on going and future financial needs.

And finally, just as each of you certainly must do in your farming operations, we must consider and plan capital contingencies to address the potential of future risks, the uncertainties and unknowns that can come at us from any direction at any time.

With all of these things in mind, I guess the better question might go something like this: *"Can I and/or do I want to experience the consequences of my cooperative not making enough?"*



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