

MAKING PREPARATIONS FOR 2023

Member Newsletter



FROM THE BOARD PRESIDENT

By Tom Shatek, Board President

My son and I recently attended the Iowa Power Farming Show in Des Moines. When we got there, the parking ramp was full of pickups, so I expected to see a lot of farmers at the show. When we walked into the show, my expectation was confirmed as the place was very crowded. We spent about three hours checking out equipment, talking to vendors, and chatting with a few farmers we recognized. While walking back to the pickup, we felt the best part was talking to people and dreaming about things we knew we couldn't afford. My son used the word 'networking' to describe what he felt was a big reason farmers and vendors were there.



As I said in the past, your Directors can go to various regional cooperative annual meetings during the winter months. It is important to attend these meetings to hear firsthand how the regional co-op performed financially. It is also helpful to get a feel for their future direction and reinforce the relationship we share with them. A big part of these meetings is the networking that occurs while you're there. Managers and Directors from all over the country can compare notes with each other and discuss what's going on in the co-op world. Many friendships have developed over the years due to these annual meetings.

Early this winter, I attended one of those meetings, and the comments made by the Chairman of the Board reinforced for me the importance of the co-op system. He described all the planning and cooperation it takes to get crop inputs to the farmer. Some are produced domestically, while some, like fertilizer, may come from a foreign county to the United States, then to all the co-ops, and finally to the farm. It is impressive how the agriculture supply chain gets all this accomplished with little disruption. Yes, we have hiccups and occasional shortages. Still, the fields get spread with fertilizer, the seed gets planted, the weeds get sprayed, and the crop is harvested, transported, and processed. Weak links are not an option. Everyone in this chain needs to do their job, or the result could be food and fuel disastrous. The co-op is proud to be part of that chain and understands their responsibility to keep it strong.

On a local level, the Board and management team are working on capital expenses and grow-out plans. Rolling stock needs are being addressed, and orders are being placed to update machines or create efficiencies that get more work done in a timely manner. Much research has been done on what and where to rebuild the Mason City agronomy location that was destroyed in the April tornado. We are getting close to making a decision on this and are excited to get going on this reconstruction. Improvements to other locations are also being discussed and priced. Several offices will be updated next year with an emphasis on cleanup and appearance. Our locations must have a professional appearance where employees and members are proud of and want to do business.

Before you know it, winter will fade, the days will get longer, and we'll be getting ready for another crop year. As always, thank you for your past, present and future business.

CEO REPORT

By **Scott Black, CEO**

Thank you for the opportunity to serve as your CEO. Before joining Five Star, I spent nearly nine years as CEO of a local cooperative based outside Billings, Montana.



The business model of agricultural cooperatives cultivates special and unique relationships. I want to thank our customers, my fellow team members, and supply partners for the warm welcome I have received.

Since joining Five Star, I have been able to listen and learn from our team members and customers. One thing rings true repeatedly: Five Star's incredible team is dedicated to an exceptional customer experience while developing our cooperative. I am proud to be a part of such a dynamic team.

As we move forward, our fundamental priorities are clear. We will continue delivering more value by maximizing the customer experience and enhancing

our presence in the communities we serve. We must also ensure that our cooperative is a rewarding workplace that thrives on mutual respect, cooperation, and accountability. Not only do these actions foster a healthy and productive work environment, but they are also critical as Five Star continues to attract and retain exceptional team members.

Additionally, we must stay ahead of the future through innovative strategies that anticipate what is coming, both opportunities and obstacles. We need to connect the dots between various trends and events and interpret the impact of what is happening today and how it might impact our future.

Last summer, your Board of Directors and senior leadership team came together to discuss and establish our purpose and values. Our cooperative purpose is clear and straightforward – To serve as your leading cooperative dedicated to excellence.

Our values help to define what is important to us and demonstrate what will set us apart as a cooperative, guiding how we will operate to succeed.

FIVE STAR VALUES

SAFETY In All We do, for Everyone Around Us

TEAMWORK Coming Together as One Cooperative to Achieve More

ADAPTABILITY Being Able to Adjust to Ever Changing Conditions

RESPECT Accepting each Other for Who We Are to Deliver More Value

The future of your cooperative is bright, and I am excited to be part of the journey!
We appreciate your continued support of our cooperative.

OPERATIONS UPDATE

By Tony Myers, COO



Fall work continued after the combines were done this year with all the ground corn piles across the company. All temporary piles have been picked up except the 1.3 million pile under the tarp at New Hampton. We have struggled with execution at processors due to closures throughout the winter. However, we have still moved a lot of bushels giving us a chance to focus on moving priority products and bins. Our focus continues to be on grain quality and monitoring it monthly, or weekly if needed, by conducting CO2 checks. We have learned through studies you can detect an issue in a bin up to 14 days before a temperature cable would read a grain issue occurring by using a CO2 detector. I encourage you to reach out or research the benefits of CO2 monitoring in grain bins.

Agronomy season seems like a long way off when you look at current temperatures of -20, but it will be here sooner than you think. We will have some new application equipment this spring to replace higher-hour equipment. It all boils down to time, and in the short window we have in the spring, the uptime of equipment is critical.

Project Beautify is an internal initiative part of our Five Star PRIDE campaign to bring back a sense of pride and teamwork to Five Star. Our goal is to clean up our locations and offices to give the best outward impression possible. We have looked at consistency in appearance, overall branding, safety, and even ergonomics well working on Project Beautify. We have made good progress over the last few months and will continue to knock these projects out. The New Hampton ARC is getting new polytec flooring to replace the worn-out carpet. Ventura New site is installing flooring in the office and bathroom to finish that project. The Nashua dry fertilizer plant, which needed major repairs, has had new plywood sheeting and vinyl siding to finish it off as weather permits. Quotes to freshen up the basement in Hanlontown are underway, so we have a nice meeting area for employees and customers.

Our entire team is looking forward to showing off what we have accomplished with Project Beautify!

INTRODUCING: FIVE STAR VENTURA NORTH

The new Ventura site on the north side of town was up and operational as of Fall 2022.



- 3.3 million bushel total site capacity
- Built on site of a 1.8 million bushel temporary pile
- Pair of 127 foot tall, 800,000 bushel dry bins
- 300,000 bushel wet bin
- 7,000 bushel per hour dryer
- Enclosed 90 foot drive through dump with truck scale

ENERGY MARKETS REMAIN VOLATILE

By Bruce Halvorson, Energy Director



The energy market volatilities remain at the forefront, and there are no signs these wild times will ease up anytime soon. News surrounding these wild up-and-down moves include China easing up on covid 19 lockdowns, increasing demand in the traders' minds, and pushing prices higher. OPEC production rates and enforcement of capping Russia's oil to other countries keep the markets bullish. Now a few bearish factors to help control a runaway train are recession fears with high-interest rates and other poor global economic news. Again with everything going on globally, it is next to impossible to outguess these markets as it

takes the smallest amount of news to swing the markets in either direction, and to go with layering in the process is the way to go at this time. For folks continuing to look for coverage with your 2023 diesel needs, remember we have current booking prices available daily, so feel free to call anytime for updates. For those who do not know, Blake Pommrehn has taken over as Energy Sales Manager for our entire trade area. He can be reached at 641-494-7548 for any booking questions as well.

Moving onto the propane side of things there is some optimistic news that the 2023-2024 heating season will provide a little cheaper pricing compared to where we are today. With everything else going up like crazy a cheaper heating bill I am sure will be welcomed by everyone. More news to come in near future with updated pricing in this area. On the safety part of things and although we haven't had much snow this year keeping paths clear to your propane tank are always appreciated by the drivers. We

have made large strides in taking our customers safety very serious with propane and one of the areas we continue to concentrate on is making sure your propane system is up to date and working properly. We will continue to reach out to customers and make arrangements to change out regulators that are out dated and pass the safety requirement. This is an insurance requirement through our insurance company and with updated regulators creates a much safer environment for your family. Questions on these processes please call me at 641-394-6148.

Our spring bulk oil run is just around the corner, which we typically do towards the end of March. For any bulk oil, please place your order with us over the next 30 days so we can get you on the route. The next run will be in the September time frame. I want to thank all of you for all your business, and if there are any concerns or questions with any of your needs moving forward, feel free to call anytime.

2023 GRAIN-AGRONOMY CUSTOMER MEETINGS

MARCH 8:

9 AM - New Hampton Chickasaw Event

3PM - Mason City Knights of Columbus

MARCH 9:

9 AM - Joice Community Center

MORE INFO TO COME

RSVP TO YOUR LOCAL FIVE STAR

Join as Five Star Grain & Agronomy Teams as they share their outlook for the upcoming growing season. Matt Campbell, Risk Management Consultant from StoneX, and a CHS representative will also share their thoughts on economics and how it impacts YOUR acres. Meals will be provided.

2022 SERVICE AWARDS

5 YEARS

Gina Fangman, New Hampton

10 YEARS

Jeff Berends, New Hampton

Garrett Dvorak, New Hampton

Marc Fullerton, Dougherty

Travis Hambly, Klemme

David Kaduce, Klemme

Cory Tesch, Klemme

15 YEARS

Bruce Bearman, New Hampton

Courtney Demaray, Mason City

Jason Dettmer, Nashua

Stephen Deutsch, New Hampton

Jeff Hageman, New Hampton

Dennis Lau, Lawler

Steve Orlovski, Mason City

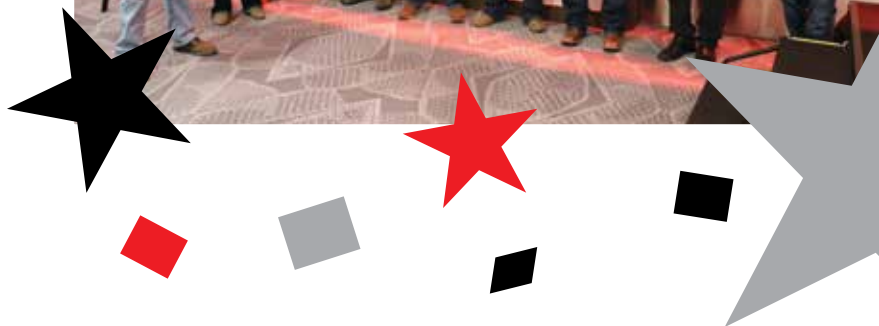
20 YEARS

Bruce Halvorson, New Hampton

35 YEARS

Teresa Gleason, New Hampton

Thank you to all our dedicated team members in 2022. We accomplished so much together, reached new highs and served our members to the best of our abilities. A special shout out to our milestone service award winners.



GRAIN UPDATE

By Rylan Zwanziger, Grain Director



This past fall, we heard from many about strong-to-record yields on beans and even corn in select areas. As for the co-op, we had a great harvest handle for corn and soybeans. We took in a little over 7.5 million soybeans this fall, which was 700k greater than last year, and another 20 million corn, which was 1.5 million greater than last year. With the strong grain flows and limited breaks this fall, we had to juggle space and even put some grain on the ground to help take in the last harvest from our customers—a rewarding fall for most this year, which was great to see.

January WASDE reports are typically significant for our price direction, which came out on January 12th this year. Big highlights from it were harvested acreage on corn was 1.5 million acres less than expected, primarily expected to be from abandoned acres in states like Nebraska and Kansas, whose crops really struggled with drought. This also caused the corn yield to be increased from 172.3 in November to 173.3, as the harvest acreage increase would have removed some of the worst-producing acres. Ultimately, all this added up to post an ending carryout of 1.242 billion, slightly down from Dec's number of 1.257 billion and below the trade estimate of 1.314 billion. On the soybean side, slight reductions of harvested acreage of 300k acres and a .7 bu drop in yield from 50.2 to 49.7 helped drop bean carryout from 220 to 210 and below the 236 million estimates. As a result, corn ended up 15 and beans up around 25 in the nearby futures months the day of the report.

As we look forward, the carryout for both corn and beans show to be tight. We expect our local markets to act as such as we try to get to new crop inventories, especially with as much corn that has left our area West of I35 and the addition of a new soy crush plant in Shell Rock that is just getting going. Look for basis values to be strong this summer for both crops, with the most significant concern being ethanol margins causing ethanol grind to be reduced. The real challenge looks to be what to do with new crop. With the higher cost of inputs and new crop futures hanging around \$6.00 and \$13.50, it doesn't look to leave a ton of profitability, as may be seen in the last couple of years. We encourage you to keep your eyes peeled for any spring rallies and have a good handle on your estimated cost of growing a crop to prepare you to take advantage if the opportunity arises.

We appreciate your patronage and wish you the best this year!

WELCOME

to the Board of Directors,
Shana Cash (Garner) and
Mark Pueggel (Ventura),
representing Region 3.



WELCOME, NICK SAWYER!

By Nick Sawyer, Agronomy Director



In December 2022, I joined Team Five Star after Olin Amundson's transition to Agronomy Pricing and Procurement Manager to serve you as your Agronomy Director. Olin has been the Agronomy Director for 26 years and has shown unwavering

dedication to this cooperative. In his new role, he will focus on improving our supply chain management and properly positioning products to serve our membership best. I look forward to working closely with Olin and the rest of the team as I get to know Five Star better.

My agronomic experience began at Iowa State University with one of the best agronomy programs available, and my career experience has led me to Five Star. I was previously the Business Development Manager and Agronomy Manager at two reputable Iowa cooperatives. Other experiences in the corporate agronomy world include being a Seed Advisor and a Sales Agronomist. I look forward to bringing all this experience to the table to focus on solid agronomics and delivering even more value to our member-owners.

In hitting the ground running, I'd like to thank you all for your business commitment during our recent crop protection prepay window. This work ahead of the season helps us ensure we have the products you need to succeed on your farm, ready and in place when it is time to get the work done. This year's notable trend was an increase in fungicide applications as a part of the crop plan. There was also noteworthy excitement around biological products. We look forward to working with our members in navigating this new and exciting part of our business.

Fertilizer markets have had a soft tone following this Fall's application season. The industry saw noticeable demand destruction following the recent price highs. That realized volume to decrease, coupled with the possibility of global slowdown further reducing demand, paints a bearish picture for the fertilizer market heading into the summer months.

We have also added a new Sales Agronomist for the Rockwell, Mason City, and Burchinal territories, Ben Low. He is a 15-year veteran in the agronomy industry with fantastic educational experience as a Certified Crop Advisor (CCA) and finished his master's degree in Agronomy from Iowa State. I am confident in Ben's abilities to help producers make the most informed agronomic decisions.

I look forward to working with you and your local agronomy team to develop the best relationships possible!

CFO NOTES *By Laura Schwickerath, CFO*



Local Savings.

Local Savings is the profitability line for cooperatives, an industry standard used by CoBank to rate their customers. Local Savings is the cooperative's earnings specifically, as it does not include regional cooperative patronage or investment income. This fiscal year our Local Savings is ahead of last year by \$2.4MM as of 12/31/22. CoBank tracks this and many other metrics monthly. Having the year off to a good start certainly helps with the winter months, as those months we generally do not have enough income in these off-season months to cover expenses. Looking ahead, it appears we will have a strong agronomy spring season. Our teams have done a great job of making this happen, as it takes everyone to execute a plan.

FEED UPDATE

By Bill Hayes, Feed Director

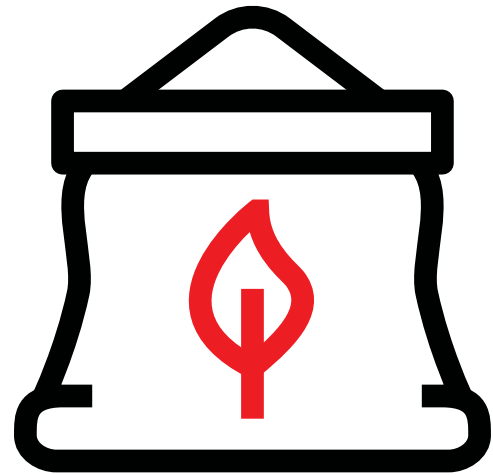


About a year ago, supply issues were affecting the feed department. One ingredient, in particular, was dry lysine. There was approximately a four-month window where we could not get much product. Because of that, we decided to put liquid lysine equipment in both

feed mills and completed both projects in August 2022. We source liquid lysine from Fort Dodge, so we have a close supply. Inventories are monitored daily, and loads are automatically delivered when supply gets low. By doing this, our feed manufacturing process is much more efficient.

Our team experienced a few significant retirements and changes in the past year. Steve Glaser retired as our Feed operations Manager in New Hampton after 20 years. Carol Gorman retired after 30 years of serving in various administrative positions on our team, from taking orders to billing feed for both mills. Steve and Carol dedicated decades to Five Star Feed, and we greatly appreciate their service.

We are thankful to have filled both these positions and have added another new hire. We welcomed back Dan Franzen as our Feed Operations Manager in New Hampton. After Carol's retirement, we were fortunate to shift Chantelle Jordan from New Hampton Feed Mill Operations to that administrative



position. Tammy Jordan joined our team to work in the New Hampton Mill to backfill Chantelle's transition. We also welcomed Alexis Quintero as our new Swine Livestock Production Specialist. Alexis brings excellent experience in research and production; she can be contacted at 219-629-1613 or via email at aquintero1@landolakes.com.

On December 15th, we hosted our Annual Beef Producer Meeting at the Pub on the Pinicon in New Hampton. Although the weather didn't cooperate, we still had strong producer attendance. Dr. Drew Shain, with Purina, and Eli Slouha, with Performance Livestock Analytics, were our speakers. If you have not been invited to our meetings in the past and would like to attend, let us know, and we'll get you on our mailing list.

Right now, we are running our Tub and Mineral Booking Program. Savings can be found on the following products until April 15th. All booked mineral and tubs must be used by December 31st, 2023.

TUBS

Rangeland 30-13 Tub, Stress Tubs
W&R AS Mineral Tub (with/without Altosid)
W&R AS Availa 4 Mineral Tub (with/without Altosid)

LOOSE MINERAL

W&R AS 7 CP (with/without Altosid)
W&R SF AS 4 CP Availa (with/without Altosid)

FOR BOOKING DETAILS, CALL:

Paul Bartsh: 507-259-1220 **Bruce Bearman:** 641-330-0070

New Hampton Mill: 641-394-3753

SAFETY UPDATE

By Jesse Petersen, West/Central Safety Manager



Emergency Preparedness is an important endeavor that everyone should have in place. Take the time to discuss with your families what to do in an emergency!

By preparing and planning ahead of time, you can remain calm and safe and be ready to take care of yourself and your loved ones during a natural or manmade disaster. The likelihood that you and your family will survive a disaster or emergency depends on the tools and plans you have in place. We rely heavily upon our counties and cities to assist during a disaster. Still, many disasters overwhelm our first responders, so we must be as prepared as possible when disaster strikes. Make a plan tailored to your needs, no matter where you are, when disaster strikes. Make sure you and your loved ones know the following:

WHERE TO MEET: *Example:* My family will meet at the shed as a primary location, and secondary is by our grain bins.

COMMUNICATIONS: Make sure your family knows how to bring phones with them, how to access family members' numbers, and how to call 911.

YOUR HOME ADDRESS: Practice memorizing this with children at home

ESCAPE ROUTES: How do you exit your home if the main exit path is blocked? What is the second exit?

ROADS: Pre-establish different routes in case certain roads are blocked or closed.

EMERGENCY SUPPLY KIT: Make a kit with essentials: Water, a First Aid Kit, Flashlights, Extra batteries, etc. Don't hesitate to add other supplies based on your individual needs.

Your loved ones are a top priority. Preparing for an emergency is vital; take the time to make a plan and review that plan as a family. As your cooperative, we review our plans annually with our teams.

We communicate changes that occur regularly and reflect that in our Emergency Action Plans.

DISASTERS DON'T PLAN BUT YOU CAN!

SCHOLARSHIP REMINDER!

APPLICATIONS
DUE MARCH 13

QUESTIONS? CONTACT:

LGarvin@FiveStarCoop.com

This scholarship is eligible to high school graduating seniors who are children of Five Star Cooperative Class A Members and planning on pursuing an agricultural program of study at a college or university.

Applications must be completed in full before March 13, 2023 to be considered.
Five Star Co-op awards \$500 scholarships.

Apply on-line at:
FIVESTARCOOP.COM

WELCOME, GARY HESELTON!

By Gary Heselton, Transportation Director



I grew up in a family-owned transportation/construction company, working every aspect of the business from a young age, washing trucks, then moving into the shop after school, on weekends, and during summer breaks. I moved into the office during my later teenage years, scheduling trucks and dispatching equipment. In my early 30s, I left the family business and went to a chemical tank trucking company as a terminal manager overseeing all day-to-day operations of 50 truck fleet. Throughout the last 25 years, I've worked for three larger trucking companies ranging from 150 to 800 truck fleets. I have managed maintenance departments to multi-terminal operations.

Transportation is a fast-paced business constantly changing without little to no notice. We must adapt to daily change and make quick decisions to keep our assets delivering freight. I have restructured our grain dispatch along with a rating that is currently making an impact on the bottom line. Other areas we will continue to improve over the next several months will be staggering shifts at our ship points to extend our hours of operation to maximize truck utility. I will also look at scheduled start times to eliminate bogging down our vendors with large numbers of trucks waiting to unload. All these areas will maximize our grain transportation and sales utilization.

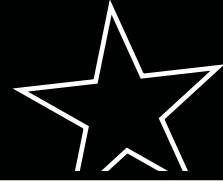
Grain transportation's forecast for February is looking to be a hectic month; if anyone has a friend or family member that holds a current CDL, please reach out, as we are looking for drivers. In future articles, I look forward to sharing more about what I hope to do in this position and how it can help us improve our cooperative's efficiency.



To serve as your leading cooperative partner dedicated to excellence.

THANK YOU

Randy Greiman, Ventura,
and Larry Eden, Lake Mills,
for their years of service on
the Five Star Board of Directors.



PRE-SEASON TALC SALE

ORDER EARLY.
SAVE BIG.

EZ 80/20 Talc Graphite

- ✓ 8 lb (\$31.87) Preorder \$27.71
- ✓ 20 lb (\$35.15) Preorder \$30.56
- ✓ 40lb (\$55.25) Preorder \$48.04

EZ Slide Graphite Powder

- ✓ 1 lb (\$ 6.28) Preorder \$5.46
- ✓ 5 lb (\$18.83) Preorder \$16.38
- ✓ 20 lb (\$56.30) Preorder \$48.96

EZ Slide Talc Powder

- ✓ 8 lb (\$22.05) Preorder \$19.17
- ✓ 20 lb (\$32.38) Preorder \$28.16
- ✓ 40 lb (\$52.92) Preorder \$46.01

Seed+ Graphite

A talc/graphite base that contains 8 micronutrients for corn and soybean early growth and development. Contains biologicals to aid in early season stress and promotes fine root hair development. On average, 3.8 bu yield advantage in corn and 3 bu yield advantage in beans.

- ✓ 5# (\$147) Preorder \$140
- ✓ 25# (\$734) Preorder \$700

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The Hardware Store at 641-394-6155

WWW.FIVESTARCOOP.COM

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Five Star Cooperative
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Included
in this
edition...

- Team Service Anniversaries
- Department Updates
- Board Changes
- 2023 Grain-Agronomy
- Customer Meetings
- And More

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Call our
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today for more
information

**ENDS
MARCH 31**



Offer Valid January 1 – March 31

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**A WEAVER LIVESTOCK
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