



Ag Biz Briefs



*Growing Relationships
to Maximize Success!*

Summer Update

Rick Vaughan, CEO

Greetings Everyone.

The June USDA reports were published Friday, June 28th. The corn acreage report did not deliver as anticipated by reporting more corn acres than the market anticipated. We are left after the report the same as before the report by still trying to decipher acres and yield given the late planted crops over a large portion of the Midwest production belt. Beans are in a similar uncertain production pattern but do have a much larger carryout cushion than corn and are battling the larger problem of trade disputes. The USDA has already agreed to a resurvey of the major Midwest crop production region. That resurvey report is due in August and will be the subject of much speculation between now and then. The summer growing season weather is forecast to be mild thereby helping the market to anticipate adequate stocks. We still have over half of the growing season left. The markets seem to believe for now that the prices are fair given the information available. We are very fortunate to have good crops in our IAS geography relative to the whole corn and bean belt. The current prices may be undervalued as we look to the other growing areas, but it will take longer to fully quantify the whole production story. The next major events of pollination and the August report to include resurveyed acres will continue to bring production reality into focus. The use of offer contracts will continue to be an important part of a prudent marketing strategy once each producer feels more comfortable with their current production.

The board election process is several months away yet, but I would like to inform you of this year's details. Secretary Loren Manternach from Cascade, Executive Council Member Steve Perry from New Providence and Joe Thraenert from Elma are up for re-election. We will need to complete the slate of candidates by late October. The nominating committee members are Tim Burrack in the Manchester/Winthrop/Independence area, Ryan Collins in the Waukon/Monona/Elkader area and Adam Hill in the Ellsworth/Williams/Alden area. The nominating committee will consider members who live in the gen-

eral geography of the incumbent board members running for re-election. If you have interest and/or have questions, you are welcome to call President Randy Blake, any of the of the IAS nominating committee members, other board members or myself. Your local IAS location manager can also assist you with the process. IAS welcomes and encourages members to consider running for the board.

The end of our fiscal year 2019 is fast approaching. Work on next year's budgets, capital spending priorities and equity redemption projections are underway. We are continuing to increase our capital investment in technology improvements. Current plans call for some of that new technology to be available to our customers later this fall and winter. We are investing in improved agronomy software. This software will replace an existing soil management system for processing precision nutrient acres, add streamlined functionality for our agronomy sales force and location managers to process work orders, organize and track the progress of our agronomy application fleet and allow us to electronically notify customers of completed fields. We anticipate much improved efficiency for our employees and customers during the very busy time periods in the fall, spring and post spraying periods. Later this winter, we plan to release an improved system for our customers to be able to electronically see their individual information with Innovative Ag Services. This information will be available across the smartphone, tablet and desktop spectrum to accommodate our user's individual preferences. The improved system will add electric signature capability to our contract process and ultimately allow more electronic business transaction capability for our customers. We are designing the system to allow customers to use the system as they desire and feel comfortable with. In other words, if you don't have a smartphone and don't plan to buy a smart phone, don't worry. We will do business with you individually the same way as we have if that is what you are comfortable with. I am happy that we are close to having these capabilities ready for implementation. Once done, we will be able to continue to build on that foundation and continue to drive electronic efficien-

cies for our customers and for Innovative Ag Services. normal conditions. Everyone has many options available to their farming operations and we appreciate the trust placed in IAS with your valued business. We will continue to live our purpose statement, look for opportunities to improve our service offerings for our customers and work hard to properly align IAS with the changing business landscape. Have a great and safe summer. Thank you for your business.



IAS Board of Directors



Randy Blake
President
Bellevue, IA



Paul Cook
1st Vice President
Hubbard, IA



Steve Perry
2nd Vice President
New Providence, IA



Loren Manternach
Secretary
Cascade, IA



Tim Burrack
Arlington, IA



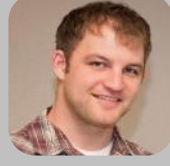
Adam Hill
Ellsworth, IA



Stan Norman
New Providence, IA



Joe Thraenert
Elma, IA



Ryan Collins
Harpers Ferry, IA

Thank you IAS Board of Directors

As representatives of our member base we appreciate the time and commitment you contribute to the IAS mission of Growing Relationships to Maximize Success! We would also like to welcome our associate directors which includes Jeff Lindsay of Manchester, IA and Allen Jaspers of Steamboat Rock, IA

Capital Improvements

Brian Kramer, Vice President Operations

IAS continues to live out its purpose statement by investing in its rolling stock and facility infrastructure to enhance the overall customer experience.

It may not be new, big, and shiny but many improvements in grain facilities are taking place this summer. Improvements to existing infrastructure along with safety and preventative maintenance repairs have been made or are planned for Farley, Garden City, Union, Waukon, Williams, and Cuba City. These improvements include concrete silo liners, hazardous monitoring equipment, buckets, elevator and conveyor repairs. These projects will improve the quality, safety and efficiency of our equipment.

Three new pieces of application were placed into service ahead of spring application season. Two John Deere R4045 row crop combo units were obtained and are based from the Cleves and Union locations. A new John Deere F4365 VRT dry application unit was obtained for the Waukon location. The three of these replaced older units from those locations. Several dry and liquid tending upgrades were also made ahead of the spring season to enhance capacity and reliability.

A new building was recently constructed at our Alden site. This building will primarily be used to warehouse seed inventory as well as our soybean seed treatment system. The space will also provide additional area to work on equipment during the winter months as the current shop space is somewhat limited.

We will be breaking ground in July for a new liquid fertilizer and crop protection load-out facility at the Cleves location. As it exists today, our bulk crop protection and load-out area is uncovered and leaves IAS at a higher risk of product security and effective containment. Our plans are to construct an 80' x 105' building that will contain our bulk crop protection containment, control room, load-out bays, and some

warehousing space. This will be built in approximately the same area as it exists today, so it can tie into the existing bulk liquid fertilizer storage containment. The facility will be equipped with Junge Control automation allowing work orders to be sent to the system from agronomy sales people without the need to re-enter data. The system will also feature a mass flow meter which measures liquid products and is legal for trade. This will eliminate the need for applicators or tender units to have to scale liquid fertilizers at the main office and cross a busy highway in the process. The system will also allow automated batching of spray blends which will create efficiencies in loading time.

Four new hopper bottom trailers were also added to the fleet this spring. Timpfe was the brand choice this year based upon competitive pricing and location of a service center. These four units are based from the Independence and Winthrop locations.

Multiple upgrades in rolling stock equipment in both feed and energy have also taken place this fiscal year. Two new feed trailers in Hopkinton and Hubbard were placed into service last fall and a new propane bobtail and propane transport trailer were also recently added.

IAS knows how important it is to be able to continue to invest in your coop's future. Thank you for your past and future patronage. Have a safe and enjoyable summer!





Cleves
Row Crop
Combo

Waukon VRT
Dry Floater



Alden
Warehouse

Independence
& Winthrop
Hopper



Energy Update

Randy Swenson, VP of Energy

Hello from your man with gas!

As of this writing, crude has taken a surge upwards with prices closing above \$60/bbl. WTI (West Texas Intermediate) crude futures spiked to a one-month high, as OPEC (Organization of the Petroleum Exporting Countries), Russia and nine other oil producing countries are poised to extend a supply agreement for longer than expected into the first quarter of 2020. According to wire services, Saudi and Russian energy ministers unexpectedly endorsed a nine-month extension of the current 1.2 million barrels per day (bpd) in production cuts at a time of growing geopolitical tensions in the Middle East. The decision to extend the cuts into the winter months is partly driven by requests from Russian oil producers that find it technically challenging to increase production volumes under harsh weather conditions in Siberian oil fields. Time will tell if the markets can hold \$60/bbl crude.

Diesel and gas prices have been all over the board depending on where you live. Gasoline has struggled with supply at most terminals, so you may have seen some retail stores with bags on their nozzles during

your travels. Due to construction and upgrades at refineries, this should get better mid to late summer. Diesel prices are reflecting a negative basis, so I believe it would be advantageous to fill your tanks this summer or pre-fall. It could be another late harvest and full tillage, fall contract prices will be available by end of July.

Propane summer fill has begun, so expect your tanks to be filled this summer. Next season's propane contracts will be sent out this month and prices will be cheaper than this past year. Inventories are very high this year, so supply doesn't seem as though it will be a problem. I'm just concerned that logistics could be a problem if we have a fast and furious corn dryer season. We have purchased another semi-tractor and tanker trailer to help alleviate any problems.

Our propane division has had another retirement. Wayne Bamber has retired after a career at IAS. We thank Wayne very much for his dedicated service.

Thank you to all our customers for your business! Have a great Summer!



If you think you smell propane in your home, camper, RV or the area around any gas equipment, or if a gas alarm signals the presence of propane, you should IMMEDIATELY follow these suggestions:

- Extinguish all smoking materials and any other open flames or sources of ignition. Everyone should vacate the building, vehicle or area.
- Move away without using any electric switches, appliances, thermostats, or telephones.
- Close the gas shutoff valve on the propane tank or cylinder.
- Call your propane supplier and/or your local fire department from a cellular telephone or a neighbor's telephone.
- Even if you do not continue to smell propane, do not open or turn on the propane supply valve. Do not re-enter the building, vehicle or area. Let a qualified propane service technician and/or emergency personnel check for escaped propane. Please call 800-944-6865 for an emergency.
- Have a properly trained propane service technician repair the leak. The propane service technician or emergency responder needs to determine that the leak situation has been fully resolved. The propane service technician should check all your gas appliances and re-light any appliance pilots.
- Return to the building, camper, RV or area only when the service or emergency technician indicates it is safe to do so.



**WHAT TO DO
IF YOU
SMELL GAS**

Agronomy Update

Tim Krausman, VP of Agronomy

I want to start off by saying thank you for your business! We appreciate the opportunity to serve you as a member owner.

As I write this we are right before the 4th of July and the old saying goes that corn should be “knee high by the 4th of July”. We, in most instances this year will make that, but in many fields that will be about all the taller the corn will be. The current height of the corn doesn’t necessarily mean much today in terms of yield potential, except we will need very favorable growing days moving forward. The side dress applications appear to have been successful so far, if for no other reason to give the corn plant nitrogen now, as the root systems continue to work their way down. I will lay out a couple of things we can do moving forward to maximize bushels this season, but the one thing for certain we can’t fix in the fields, is current population.

As we move forward through the growing season we will need to stay on top of diseases, insects, nutrients, and stress. With the wet spring we are seeing diseases in the fields in earlier growth stages than normal. Some of these may or may not have adverse effects on the crop, but I would suspect a fungicide application will be very important to maximizing health of the plants throughout the season. We will be monitoring tissue tests for micronutrients and the needs in individual fields. We may need to add some foliar fertilizer or perhaps even some slow release nitrogen to the fungicide applications. We are also seeing some “new to the area” insects that may make it necessary to add an insecticide application while we are at it. We are monitoring their levels closely. Finally, as we know the crops have had significant stress so far this season, and as it turns hotter and drier, we will need to minimize stress in the crops as much as possible. We have products such as Toggle that can help us minimize the effects of hot and dry. As we go through the growing

season we will need to manage each individual acre and try to maximize the yield potential in each field. Especially with higher corn prices than we have had the past couple of years a likely possibility.

As I look forward to this fall we will be looking at fertilizing the 95-97 million acres of corn that the industry is expecting. I am not in the position today to tell you if we will plant that much corn next year, but the fertilizer markets are being impacted as such. We have seen a decent reset in many of the fertilizer products for this coming year, but I do believe there is upside potential moving forward with the demand expectations. The fertilizer industry is also expecting a big fall application. The weather will dictate the ability for application extent just as it did a year ago.

This fall we will be implementing software with the expected outcome to be a better customer experience, a better employee experience, and increased efficiencies of our assets. I would contend that all three of those things will help to make a positive change. We are currently digging in to have it up and running by fall applications. This is going to take extra time and effort for our team to get the system set-up correctly and overcome the normal learning curve associated with new technology. We are focused on getting this system in place by fall so we can use it for fall planning and fertilizer season and be well versed in it for our next spring application season.

Again, thank you for your business and have a safe and enjoyable summer!



Feed Update : Base Hits, Homeruns and Outs

Mike Duncombe, VP of Feed

Not knowing exactly when the Ag Biz will hit your mailbox, livestock and grain markets may be on an upswing or down trend. Volatility has certainly been the course over the past couple of months with large supplies, trade uncertainty, government gridlock, and geopolitical issues that all affect the prices we receive. take advantage of the ups and downs in the markets to lock in profits and manage costs. Second, have a solid marketing plan in place that has decision points to lock in prices. Finally, take advantage of “base hits” consistently. We all like to hit a “homerun” but often shooting for the fence results in an “out”.

The U.S. pork producer continues to produce significantly more pork than the previous year. Fortunately, demand has been strong, helping support prices along with anticipated opportunity that African Swine Fever will increase export demand at some point in time. Your IAS feed team is working on business and action plans for fiscal 2020 considering the ebbs and flows of the livestock and feed business. Your input is always welcomed.

Ratification of agreements with Canada and Mexico along with progress on trade agreements with China and Japan will be supportive. At the end of the day, we have plenty of pork to sell, keeping a lid on prices. A new opportunity to grow the feed business and team has happened this month. As of July 1st, Three Rivers is exiting the feed business and we are excited about working with them to transition this business to IAS.

Beef demand continues to be strong with a strong economy but as the case with pork, our beef producers are very good at producing beef along with plenty of other meat on the market, keeping a ceiling on beef prices. With this move we welcome the Three Rivers customers, and beef and dairy consultants (Mindy Meyer and Brittany Hoefler) to the IAS feed team.

Milk prices are the one area where we are seeing slow improvement with production finally decreasing and culling rates at high levels. We are optimistic that milk prices will be better through the end of the year. We very much look forward to meeting your feed and livestock business needs today and into the future. Thank you for your business!

All livestock producers are watching feed input costs closely with the uncertainty in this year’s crop acres and predicted yields. There is quite a bit of this story yet to develop. In most areas, we did get a window to get hay harvested despite the wet weather, helping dairy cash flows.

How do we work through all the uncertainty, volatility, and outside influences? First, it is critical we know our costs. The IAS swine, beef, and dairy teams all have tools to help calculate costs and work on budgets – put them to work! Once we know our costs, we can



Summer Safety Tips

Bill Vetter, Director of Safety & Compliance

SAFETY FIRST

Summer is the time we all try to enjoy some much-deserved vacation and spending time with our families and friends. Be safe and remember a few summer safety tips:

- Use sunscreen when outside to guard against the sun's damaging rays. Up to 80 percent of the sun's UV rays can penetrate the skin, even on cloudy days.
- Use insect repellents to guard against ticks, which can carry Lyme Disease, and mosquitoes, which can carry West Nile Virus and other viruses.
- Prevent dehydration: it's important to take frequent water breaks when in the sun and doing outside activities. If you become dehydrated, it can take hours to re-hydrate.
- Children should wear a helmet whenever they are operating anything with wheels, such as: a scooter, bicycle, or roller skates, to prevent head injuries.
- Eating outside during the summer will increase the potential for foodborne illnesses as bacteria grows faster in warmer temperatures and higher humidity. On top of that, more people are eating and preparing food outdoors, at picnics and barbecues, where refrigeration and places to wash hands are not readily available.
- If you have a swimming pool or if your child will be near one, it is crucial to put multiple safety measures in place to keep kids safe. Each year, more than 830 children, ages 14 and under, die because of accidental drowning.
- Warn kids about hiding in enclosed spaces. Teach children to never play hide and seek by crawling inside an enclosed space such as: a car trunk, chest, or an old cooler or appliance.
- Use caution when doing yardwork. Never allow children to ride on lawnmowers or to play near motorized lawn equipment. Children under age 12 should not operate push mowers. In addition to lawnmowers, children should be supervised around, and on an ATV. ATVs are responsible for approximately 74 deaths and 37,000 injuries in the U.S. each year.



There's Still Time to Get in on the IAS Annual Photo Contest Enter Today!

Get out your cameras and show off your creative side with Innovative Ag Services Annual Calendar Photo Contest!

Want your photo showcased in our 2020 calendar? Send in your photos that evoke the heart of cooperative lifestyle. Share with us, and your fellow coop members the quiet scenes and breathtaking vistas that define our cooperative world, as seen through your eyes.

Whether it's a scenic landscape, a snapshot of everyday life, or an action photo, we invite you to share your images. Winning entries will be featured in the 2020 calendar.

Photo contest details:

- Photos must be submitted by September 16, 2019.
- Photos selected for the 2020 calendar front cover will receive a \$100 gift card.
- Cooperative members, directors, employees and their families are eligible.
- Photos may be of any appropriate subject or scene but must be taken within the IAS territory.
- A complete entry form must accompany each photo.
- The member must have rights to the photo. A photo release form must accompany any photos that include people.
- It is recommended that digital photos are submitted and that the files are at least 300 dpi and 12" x 9" or larger.

Photo contest forms can be found at <https://www.innovativeag.com> on the home page under News & Press. All photo submissions can be emailed to hr.dept@ias.coop



Local Community Gives Thanks to Innovative AG Services

On July 9, 2019 IAS was notified that resources donated to a local Fire Department helped to save a life.

Captain Steve Tranel of the Cuba City, WI Fire Department reached out with the following:

I am writing to inform you that on Friday, June 28th the grain rescue tubes your company donated to the Cuba City Fire Department in 2013 were used to save a person in rural Boscobel, WI. Our regional technical rescue team (that involves some members of our department) was paged to assist Boscobel Fire Department with a grain entrapment call. Three members of our department responded (with the grain rescue tubes that you donated) as part of the technical rescue team. The tubes were used to free the victim from the grain. The victim was released from the hospital the following day. Without the support of companies like yours we would not have this life saving equipment.

Thanks again for the donation in 2013. This is proof that donations like yours make a difference.

IAS is proud to donate in a variety of ways to its local communities and appreciate the kind words and acknowledgement shared with us following this incident.

Growing Relationships to Maximize Success!

