

VISIONARY

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Dave Beckman, CVA Board Chairman

The growing season is nearly at an end and soon farmers are headed to the field focused on the task of harvesting the 2016 crop, soon to be followed by fall fertilizing for the 2017 crop. Still looming on the horizon is a September 30, 2016 OSHA Process Safety Management (PSM) compliance deadline which will have negative ramifications to all retailers of anhydrous ammonia and users of all forms of commercial nitrogen fertilizer.

PSM is a process review, training, documenting and operational standard for storage, manufacturing, handling or the onsite movement of a highly hazardous chemical as defined by OSHA which became effective on May 26, 1992. The PSM standard was written with large scale anhydrous manufacturing and distribution facilities in mind.

Since 1992 an establishment has been exempt from PSM coverage if it derived more than 50% of its income from direct sales of highly hazardous chemicals to the end user. On July 22, 2015 OSHA issued a Memorandum which revised OSHA's interpretation of the exemption of retail facilities and rescinded the 50% test. Therefore no anhydrous ammonia fertilizer retailer will meet the small retailer exemption to the PSM standard now allowed by OSHA and must be in compliance by September 30, 2016 or be subject to fines and enforcement action by OSHA.

First and foremost I want to stress that worker safety is a top priority at CVA. Management and employees work hard every day to develop and maintain a culture of safety in the work place.

The agricultural industry resistance to the July 22, 2015 memorandum has to do with the fact that it will be cost prohibitive and logistically

impossible to meet the September 30, 2016 deadline. The PSM standard requires legible data plates on all anhydrous ammonia storage tanks. If the plates are not legible, and there are a lot of them that are not, the tank must be replaced at a cost of \$110,000 each. Total compliance costs to four of Nebraska's largest Coops range from \$5,000,000 to \$10,000,000 each. OSHA has grossly underestimated the cost of compliance at \$2,100 per retail facility when in fact agricultural retailers have estimated the costs to range from \$20,000 to \$77,000 per retail facility. Logistically the industry simply cannot get tanks manufactured, delivered, installed and plumbed by September 30, 2016.

When costs to an industry exceed \$100 million, which enforcement of the PSM memorandum will, OSHA is required to give notice to Congress of its intent to establish a major standard and

adhere to notice, comment and publication procedures under the Administrative Procedures Act. By underestimating compliance costs OSHA is attempting to bypass formal rule making laws.

Agricultural retailers are faced with the choices of exiting the anhydrous ammonia business or upgrading facilities and passing compliance costs on to producers. Either choice will increase nitrogen fertilizer costs for all forms of nitrogen fertilizer to the farmer either through initial and ongoing compliance costs or the increased costs associated with the more expensive forms of dry urea and liquid UAN. Price volatility will increase and the industry will face logistical storage and transportation challenges of handling more of the less concentrated forms of dry urea and liquid UAN.

The Nebraska Cooperative Council, National Council of Farmer Cooperatives, Agricultural

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OSHA PSM ON NH₃ Continued

Retailers Association as well as the commodity groups are all actively lobbying our Senators and Congressmen in an effort to have OSHA adhere to the law by going through the formal rule making process and have an independent third party conduct a cost/benefit analysis.

The 2016 Omnibus Reconciliation Act passed by Congress in December 2015 included report language requesting that OSHA conduct formal rule making before enforcing the removal of the retail exemption from the PSM standard. There are four measures now pending in Congress that would likely extend OSHA's decision to not enforce its July 2015 Memorandum:

1. H.R. 5213, introduced in the House of Representatives on May 12 2016 by Nebraska Representative Adrian Smith,

titled the Fertilizer Management and Responsible Management (FARM) Act would require OSHA to undergo formal rule making and an economic analysis of the impacts of the removal of the retail exemption from PSM as applied to anhydrous fertilizer facilities. The measure currently has 19 co-sponsors.

2. S. 3253, introduced in the Senate on July 14, 2016 by Nebraska Senator Deb Fischer, as the FARM act is materially similar to H.R. 5213 and currently has 5 co-sponsors.

3. Senate Appropriations Sub-Committee Report Language that is nearly identical to the 2016 Omnibus Report Language that resulted in OSHA delaying enforcement until September 30, 2016 (which is the end of the federal fiscal year).

4. House Appropriations Sub-Committee Report Language

that is stronger than the 2016 Omnibus Report Language and states that:

"The revised enforcement policy relating to the exemption of retail facilities from coverage of the Process Safety Management of Highly Hazardous Chemicals standard.....issued by OSHA on July 22, 2015, shall not be enforced nor deemed by the Department of Labor to be in effect.

Because of the pending election, it is unlikely that any of these measures will be voted upon before the election. In September, we are likely to see Congress adopt a Continuing Resolution (CR) that continues to fund the federal government until after the election. In that event, those impacted by OSHA's actions, which include every retailer and consumer of anhydrous ammonia fertilizer, need to be sure that the

Report Language in the 2016 Omnibus, that has delayed OSHA enforcement of PSM against retail anhydrous fertilizer facilities remains in place as a result of the CR.

CVA is engaged in this process and is asking you, our owners, to help in a grass roots effort by contacting your Congressmen and Senators asking them to work with their colleagues to force OSHA to follow the formal rule making process. Sample letters are available for your review and use on the CVA website.

Like 2016, 2017 will likely be a challenging year in agriculture and the OSHA PSM standard is one more challenge we will overcome by working together in the cooperative spirit. Thank you in advance to those of you who choose to help us with this important issue. • • •

CVA WELCOMES MATTHEW ASHTON AS GRAIN SVP

MATTHEW ASHTON HAS ACCEPTED THE ROLE OF SENIOR VICE PRESIDENT OF GRAIN & JOINED THE CVA TEAM ON SEPTEMBER 12, 2016.



Carl Dickinson, CEO of Central Valley Ag announced to employees that Matthew Ashton has accepted the role of Senior Vice President of Grain, and joined the CVA Team on September 12, 2016.

"I am confident that Matthew will be an excellent match for this position and a strong asset to our Grain Division," said Carl Dickinson, CEO of CVA. "I'm excited about

this decision and look forward to seeing the contributions Matthew will make to CVA's future."

Matthew comes to Central Valley Ag with over 18 years of agricultural cooperative experience, his most recent experience as the CEO of Central Farmer's Cooperative/Fremar LLC, based out of Marion, South Dakota. He is well respected throughout the grain industry and is known for his expertise, knowledge, insight and ethics. Matthew's documented financial success and ability to grow business and sustain profitability during challenging times makes him a great fit for the vision of CVA; to be a world-class cooperative ensuring the long-term success of our employees and customers.

"I'm very appreciative for the opportunity to become a part of the CVA team," said Ashton. "I'm excited to meet CVA patrons, board members, the management team and employees; I'm ready to continue providing the outstanding service that CVA patrons have come to expect from the grain division." Matthew and his family look forward to relocating to York area. • • •



HEAD LOSS & RESIDUE MANAGEMENT

ACS EQUIPMENT TEAM IS ON THE LOOKOUT FOR INNOVATIVE IDEAS AND PRODUCTS THAT BRING PROFIT TO YOUR OPERATION.



Keith Byerly | ACS Manager
p 402.337.0910
@ACSbyCVA

Every year, our ACS Equipment team is out there trying to find innovative ideas and products that bring profit to your operation. Sometimes that means being out on the bleeding edge, where you have to have a few failures to gain success. Other times that means incorporating products and ideas that are so simple that you wonder why you didn't come up with it yourself. One company that seems always to be on the "so simple" side is 360 Yield Center. They are the company that brought us Y-Drops, and now they are releasing some products for fall we need to talk about.

The first thing I want to talk about is a new gathering chain called 360 Yield Saver. Now I know it is going to be hard to think of a gathering chain as a piece of precision equipment but stay with me. Your traditional gathering chains have a space in them where the ear is supposed to fall, and then be swept up into the head. This gives us multiple chances as it travels along the deck plate to have kernels knocked off. With the 360 Yield Saver gathering chain, we replace those spaces with brushes like you see inside of a vacuum meter. These brushes give us a softer landing when the ear comes down, and eliminate that opportunity for a gap all the way down to the deck plate.

If we use the old standard of 90,000 kernels per bushel, then two kernels per square foot equal 1 bushel per acre. Now maybe I am a bit of an idealist, but I don't know that there are a lot of times we are losing more corn than that. Until we get into an ear that likes to shatter on impact. Then the loss is magnified. But what about those nubbins? They aren't

pretty, but they add up. 360's side by side tests indicates that Yield Saver reduces Header Loss by around 80%. That means for most growers; we can have a one year ROI. And the longevity seems to be pretty good with the brushes lasting for an entire harvest for most growers.

On the other side of the head, are the parts we don't see, like our stalk rollers. Not a piece that has gotten much consideration over the last 20 years, but possibly an area that is ready for an improvement. The traditional job of this roller has been to move the stalk down and separate the ear so we can harvest it without pushing gobs of trash through the combine. The 360 CHAINROLL is designed to do the same but incorporates the idea that we can begin our residue management in the fall. It chops and crimps the stalk, but leaves it in a long piece, so we aren't dealing with a bunch of fluff come next season. And because it's crimping it as it passes through, the idea is that we open the stalk up to more points for microbial action to begin, so we get a

faster breakdown and a quicker release of Nitrogen the following season.

What we have seen from both of these products looks very promising. We are going to grade header loss with the 360 Yield Saver and your current head. We are also looking at working with Mike and the RD department on a system to isolate residue and look at its decomposition prior to your planting next spring. Yield Saver is in limited release this fall, but CHAINROLL is in full production. If we have peaked your curiosity on either of these products, please get ahold of myself or any of the ACS equipment team. When you're looking out the windshield this fall, let's make sure that the sick feeling of watching ears bounce out of your head isn't one you have to experience. Every kernel adds up for your bottom line.

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Visit **cvacoop.com** to read weekly blogs and news articles focused on pertinent information regarding the agricultural industry and Central Valley Ag.

--AND IT IS CONSIDERATION THAT REQUIRES SERIOUS
HONESTY, SCRUTINY, AND THOUGHT --

LEVELING UP



Mike Zwingman | RD Manager
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@CVA_AgronomyRD

The average CVA grower is managing 48 million individual production facilities.

I'm talking about your corn plants, people. And I'm being a bit hyperbolic, but accurate, too. You've got about 48 million plants out there, that's true, but you can't manage each one individually.

What you can do is manage 1500 groups of 30,000 production facilities. You can enact regional management, so to speak.

This article is actually more on

the problem of variability. It's a complex problem and we can't dumb down complex problems, or solve them in the space of one week. Especially in a down farm economy. This especially is a time that requires honesty and an eye toward profitability.

Which is exactly what the regional management I speak of requires. Unlike the farming magazines that talk about cutting costs—which is dangerous because the production needs of your corn plants don't change according to the market—this kind of regional management allows you to use resources so as to maximize your return on investment. By taking a cold and careful eye to each management group, you become able to reallocate resources from wasteful facilities to those that can and will actually do something with the input and pay you back.

Of course, this isn't a piece of cake. As I said, we can't dumb down complex problems. To begin, this kind of management requires your attention to over

1000 groupings of plants. And by "your attention" I mean a vastly deeper engagement than simply looking at a yield map. I mean going line by line per group, embracing technology to assist you, and employing the help of a trusted advisor to increase your resolution and clarity and make the decisions for future seasons that will prevent the erosion of your net worth.

I know that that's a phrase I employ often—a trusted advisor—and whoever that is for you, in this instance, it is of particular importance that he or she have the agronomic aptitude to know which buttons to push and when and enough intestinal fortitude to tell you that some acres just really shouldn't be farmed.

Yep.

Because when you approach management this way, that is a reality. This is, I probably don't need to say, not a popular idea, but it will be obvious when you look at your operation this way. Likely, less than 3-5% of

your operation will fall under such consideration—and it is consideration that requires serious honesty, scrutiny, and thought—but with the economy down and land prices up, it is high time for such consideration.

Untitled-2It is high time that we stop allowing our mediocre acres to hide behind our super-productive ones. This is a new layer of complexity for farm planning, but it is a level of management that will bring increased clarity to you about your operation. You'll see clearly the 40% of your acres that are actually responsible for 70% of your profitability. You'll see the acres that middle. You'll see the acres that loaf.

And like a good business person, you'll shut down the areas of the facility that no longer produce and move the energy and input you've been pouring down that hole to the areas that are raring and churning and primed to create greater return on your hard-earned capitol.

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0% SEED FINANCING

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FOR MORE DETAILS VISIT CVACOOP.COM/FINANCING



INDUSTRY CONSOLIDATION

OVER THE PAST FEW MONTHS WE HAVE SEEN THE MERGER AND ACQUISITION ANNOUNCEMENTS FROM 5 OF THE "BIG 6" CROP PROTECTION CONGLOMERATES.



Karl Hensley | SVP Agronomy
p 402.362.0253

Agricultural Industry Consolidation at unprecedented speed begins. Over the past few months, we have seen the merger and acquisition announcements from 5 of the big 6 Crop Protection Conglomerates; Monsanto & Bayer, Syngenta & ChemChina, DuPont & Dow. Then just a few weeks ago the announcement of Agrium and Potash Corp merging hit the Fertilizer Industry with questions on who else and when.

Bayer's takeover offer of \$66 billion, which Monsanto has accepted will go through the approval processes and barring no problems the company will go into effect the end of 2017. The Dow and DuPont merger has gone through the approval processes and is expecting a November 2016 start date. The

ChemChina \$43 billion takeover of Syngenta is supposed to take place in 2017, Agrium and Potash Corp could see the start up in the fall of 2017, so the year 2017 could become known as the year of the Ag Industry's Mega Mergers. These recent announcements will put pressure on the one remaining Major, BASF. I anticipate that BASF is in talks, and a decision will come to light soon. BASF is a major player of the big six and discussions with the smaller chemical companies such as FMC, Valent, AmVac, Gowan, etc. have to be taking place. The US and other governments will decide to approve or not approve the mergers and acquisitions; my thought is if they approve one which they did (Dow-DuPont) we will see all of the companies scrambling to do the same. When the dust settles on the Chemical manufacturers, I anticipate we will be down to the Big Three and the smaller companies will be dealing in niche markets.

You have to ask what the driving factors are behind this frenzy, and is this a good thing? The current Agricultural Economy has had a negative impact on agricultural based companies including

retailers, farmers, banks, etc. Publicly traded companies have high return expectations from their investors. Most of the companies that are proposing mergers or being sought in acquisition have been going through cost-cutting measures as well as labor reductions over the last 12 months. Many think that we are in a long-term down cycle that could last 4 to 6 years. There is a sense of urgency throughout the agricultural sector as we go through this economic reset.

value to the farm. The concern of losing competition in the marketplace has its risks as well; we don't need monopolization and lack of choice. We need good healthy competition in all aspects of business whether you are a farmer, cooperative, retailer or equipment dealer.

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YOU HAVE TO
ASK WHAT THE
DRIVING FACTORS
ARE BEHIND THIS
FRENZY, AND IS THIS
A GOOD THING?

We need companies to continue to invest in research and development, which creates lower food cost and efficiencies in production and continue to utilize technology to gain on these advancements, but it all comes at huge cost. So by consolidation, I can see the benefits to remain viable while continuing to bring



GRAIN BIN RESCUE

CVA ERT GRAIN BIN RESCUE NORTH OF NELIGH ON SEPTEMBER 16, 2016.

Team effort is being credited in a grain bin rescue on September 16, 2016 north of Neligh along Highway 14.

Neligh Volunteer Fire Department Chief Mike Mortensen said first responders from multiple agencies were on hand with the rescue from a grain bin. The bins were located on the west side of Highway 14 near the intersection with the Pierce-Neligh Road.

"It was a team effort," Mortensen said after the victim was transported from the scene via Life Net helicopter.

The individual, who has not been identified, was in the center of the grain bin. Mortensen said the Central Valley Ag Emergency Response Team, which is a rope rescue and grain bin emergency team, and the Plainview Fire Department played key roles in the extraction of the individual.

"I'm glad we could assist the Neligh Fire Department today. That was our pleasure to help. That's why the CVA has developed the rescue team," said Jeff Krebs, regional leader of the CVA Emergency Response Team. "Normally, these outcomes aren't that good, but we had a positive outcome and are proud of that."

Krebs said his team has been through about 30 different practice runs, but this was the first real extradition scenario.

"Yes, this was the first one, and I'm really, really proud of the outcome," he said. "Colby Freudenburg and Nick Schroth were part of our team today, and we had great assistance from the local fire departments and rescue squads."

Krebs said the team typically would have taken the individual out of the top of the bin, but considering he had been trapped for about an hour and 25 minutes, Krebs wanted the victim taken out of the side where they had cut holes in the bin.

"At that point in time, the victim was in good shape for being in there that long, but we didn't want to take any chances of adding more stress on him by taking him out of the top and using the ladder," Krebs said. "We had prepared by cutting holes to let the pressure off of him, so with the resources we had, we took him out a hole."

It was also the first call for Plainview since the department received a donation for grain bin rescue equipment in 2014 from Husker Ag, Meuret Grain, Farm Credit Services and Farmers Pride. Plainview Fire Assistant Chief Ross Wortman gave credit to Neligh Assistant Chief Dave Jacobsen for calling for mutual aid so quickly.

"Dave called Plainview and CVA before he even made it to the fire hall," Wortman said.

"I give him and Mike credit for recognizing the situation and calling for assistance."

Wortman said not only are the teams from Plainview and CVA ready to help any departments with rescues, but he said Neligh begins training with similar equipment next month. Having so many people trained is a huge asset to the agriculture community.

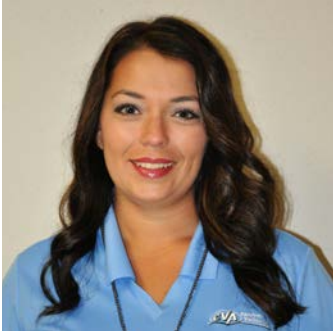
"We're ready to help, CVA is ready and Neligh will be," Wortman said. "If there's one thing farmers or others in the grain field need to do is to take a look at what could have happened. Take an extra 5-10 minutes that could keep them from getting in that situation, and if they're in that situation, call right away. We have the training, equipment and personnel to get them out."

Mortensen said the situation "could have been (critical) but at least (the victim) was breathing and talking."

Mortensen said mutual aid was also received from the Brunswick Fire Department, Neligh-Oakdale Jaws of Life, Neligh Rescue, Midwest Medical Transport and the Antelope County Sheriff's Department. • • •

Article and Photos by Antelope County News and Events:
<http://www.myantelopecountynews.com/neligh/team-effort-credited-in-grain-bin-rescue-north-of-neligh>

VETERINARY FEED DIRECTIVE



Abby Simonsen | PCQI
p 402.685.5613

EFFECTIVE JANUARY 1, 2017, ALL LIVESTOCK PRODUCERS WILL BE REQUIRED TO WORK WITH A VETERINARIAN WHO WILL ISSUE A VFD FOR FEEDS CONTAINING MEDICALLY IMPORTANT DRUGS.

and to set these plans in motion with your veterinarian to get VFD's issued quickly and efficiently. Please keep in mind that a VFD covers a time span that we can manufacture, ship and feed the VFD feed. If you are close to the end date of a VFD and plan on feeding past that date, a new VFD can be issued to cover the extra days by contacting your veterinarian.

If you have questions about how VFD's will affect your business, please contact me. I work out of our East Hub in Oakland, Nebraska and I would be happy to visit with you. You can also find more information about the Veterinary Feed Directive by visiting cvacoop.com.

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As we close out the month of September, the Central Valley Ag Feed Division have been on the road teaching producers about the Veterinary Feed Directive (VFD) that takes effect January 1, 2017. We know that the next three months will fly by in a flurry of harvest and holiday festivities, so I wanted to take a quick minute to recap the producer requirements for medicated animal feed.

Effective January 1, 2017, all livestock producers will be required to work with a veterinarian who will issue a VFD for feeds containing medically important drugs. These medically important drugs are those that mirror the drugs used in human medicine such as penicillin and tetracyclines. The thought is that by monitoring these drugs via VFD, we can see how much is used vs. how effective these drugs continue to be in human use.

CVA Feed Mills cannot fill a VFD drug feed unless we have the VFD in our possession, either in paper form or digital. This VFD is a federally mandated rule and one that we cannot flex on. Please plan accordingly when ordering feeds containing VFD drugs. Our sales and nutrition staff are able to help you create feeding plans based on historical use



Photo taken by Alex Brookhouser

CVA HARVEST POLICIES

If you are looking for Central Valley Ag's Harvest policies, please visit

cvacoop.com/grain

You can also find the updated Harvest Policies posted at your nearest CVA location.

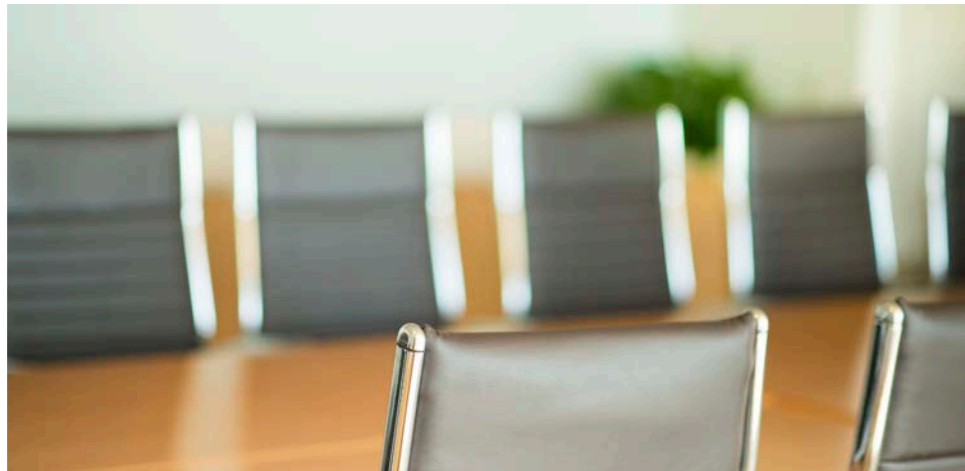




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BOARD OF DIRECTORS ELECTION



The distinct difference between the Cooperative system and other forms of Ag Business is the ability of the owners to control the business. Stockholders, who must be agricultural producers, elect from their ranks a board of directors to govern the company.

We will be mailing ballots out for the Board of Directors election soon, please be on the lookout for these documents in the mail. We encourage you to take the time to review the information and cast your vote. Ballots must be postmarked by **November 14, 2016**, to be counted.

For more information on CVA's Board of Directors election, visit cvacoop.com/vote, or contact the York Administration Office at 888.343.0323