

FIVE STAR PULSE

MEMBER NEWSLETTER

FALL 2023



Update:

On the **B**URCHINAL **A**GRONOMY **C**OMPLEX

See Update Details on Page 5





CEO Report: Progress During Challenging Times

Scott Black, Chief Executive Officer

As I write this, we just completed our 2023 fiscal year and are already running hard as we start our 2024 efforts. I want to thank all our members for your support and business throughout the last year.

As I think about our 2023 fiscal year, two central themes come to mind. We made great progress towards growing our cooperative while at the same time dealing with difficulties that create financial challenges.

Progress

A primary focus for us has been to elevate the experience our members have in doing business with Five Star while at the same time making our cooperative a great place to work. To accomplish this, we have focused our attention on creating a culture of caring and team building. Part of our culture of caring is caring for our assets and facilities. Our team has done a tremendous job working to beautify our locations. We still have work to do in this area, but I feel

good about the strides we are making. We are establishing a growth mindset here at Five Star. This means growing our business, which I am delighted to report we grew in many areas in 2023, expanding our presence in the communities we serve and strengthening the meaning of what Five Star stands for.

Challenging Times

As you know, as an agriculture supply cooperative, we often face commodity cycles and changing market dynamics. With this in mind, during 2023, we experienced numerous challenges creating pressures on our financial performance. We grew our agronomy business significantly while at the same time dealing with ingredient price depreciation that placed downward pressures on our margins. Our feed business was affected by the significant downcycle in the swine industry, resulting in volume and margin challenges. For the third year in a row, our grain business had to work through inverse markets that created a challenging trading environment. In addition, significant unexpected movement in local basis and future spreads resulted in additional financial pressures. I am proud of how our team responded to these challenges to continue to move our business forward.

We enter fiscal 2024 with a high level of optimism, with the realization that we will continue to face financial challenges...we always will. However, we remain steadfast in making Five Star a great place to work with a focus on team member well-being. Finally, we are dedicated to making our cooperative a great place to do business with. Please let me know if you ever have an idea concerning how we can accomplish that.

We appreciate your business and support of our cooperative.

Scott

2023 Summer Recap



Parades



Customer Appreciation Picnics



Check Us Out on Social Media!



Plot Days



Moving Into Fall

Tom Shatek, Board Director

As we are entering the harvest season the thought that comes to mind is “what might have been.” The crops got planted in a timely manner and had early season dryness which allowed the crops to root down. This proved to be beneficial as the rains that did occur in July and early August were very spotty in coverage and amount. The crops were “getting by” until extreme heat and dryness showed up the at the end of August and early September. One more decent rain and a little more moderate temperatures would have added significant bushels. I guess we all have to be thankful for what we have and not dwell on what we didn’t get.

One of the things that the board and management team have to deal with each year is the discussion and decision how to spend the profit made by the Coop. There are many wants including rolling stock, facility improvement, acquisitions, etc. that come up as needed. There are also hard costs like insurance, employee compensation, debt repayment, etc. All these things need to be addressed, as they are necessary to the Coop’s success and risk management. Another important item that is on this list is how much current and deferred dividends the Coop can pay back to the members. All these decisions are a constant balancing act that require thorough discussion and consideration.

At our August meeting there were many examples of how the money is spent. We discussed how the Burchinal Agronomy Complex is coming along. The groundbreaking for this large capital project to replace the Mason City tornado damaged location took place on July 26. We discussed and then decided to trade in nine pieces of application equipment for 7 new pieces. This was a significant spend, but it is important to keep this equipment up-to-date and reliable. We then moved on to discuss the rising cost of insurance

and how potential higher deductibles could lower cost. After that, the discussion turned to equity revolvment. It was decided to pay off all the local equity for 2009, all the equity of members over age 85, and also the equity of those members who were on the list as no longer farming and eligible for repayment at board discretion. At year end another decision will be made on how much current year dividends will be paid out as cash and deferred. Other potential projects were also discussed, as they are at most meetings. A week after this meeting a group of 6 lightly used, very low mile heavy duty pickups showed up at a dealer so after discussions by email, text, and phone the purchase was made. As you can see there are many areas that require capital, but the funds are limited, and require mindful discussion about how the money is spent.

The Annual Meeting will be December 5 at the Prime and Wine in Mason City starting at 8:30AM. There are three positions on the board (two in the East and one in the Central) that are up for election this year. If you’d like to run for the board, please give someone on the nominating committee a call. Those that have agreed to be on this committee are Don Chambers in the East, Jim Thomas in the Central, and Larry Eden in the West. They will answer your questions and steer you in the right direction to get the nomination process started.

During the harvest season please don’t hesitate to reach out to your local Five Star location to assist you with all your needs. They are ready to help you get the work done this fall and prepare for next spring. Please be safe while out there working, and as always thank you for your past, present and future business.



Operations Update

Tony Myers, Chief Operating Officer

The Burchinal project continues to keep moving forward according to plan on the liquid building with the cement slab floor scheduled to be poured next week. The metal building is scheduled to arrive Sept 21st which is a week ahead of schedule. Once concrete work is complete on the liquid building (right-hand side of cover page image), the concrete contractors are going to move over to start work on the dry fertilizer building (top left-hand of cover page image). The board has approved the purchase of 6 2023 regular cab pickups for operations which will be put into place in the next couple of weeks.



We have also started to execute our agronomy application equipment rollout plan with a new John Deere 616 combo unit to be delivered to New Hampton over the next few days and a new John Deere 412 post sprayer being delivered to Ventura this week. More units will continue to arrive between now and spring. A big thank you to the entire agronomy team for helping put this together.

Coming Soon...



Our store is undergoing a remarkable transformation, and we can't wait to share the details with you. Our dedicated team has been hard at work, revamping the entire north end of the store, and we're thrilled to introduce you to the all-new Five Star Country Store!

Here's a sneak peek at what you can expect:

- Coffee Delight:** We're setting up a fantastic coffee station featuring a variety of beverages, including coffee, hot chocolate, and cappuccino.
- Grab and Go:** Need a quick bite? Look out for our new microwave and cooler stocked with delicious grab-and-go sandwiches.
- Refreshment Upgrade:** We're expanding our beverage offerings by adding Coke products alongside our existing Pepsi cooler.
- Cheers to Choices:** For our beverage enthusiasts, we're introducing both Anheuser-Busch and Miller beer products.
- Snack Paradise:** Our snack section is getting bigger and better, offering an even wider selection of your favorite treats.
- Relax and Enjoy:** We're creating a comfortable space with a couple of tables and chairs where you can sit back, relax, and catch up with friends.

Keep your eyes peeled for:

- New Signage: Look out for new exterior signage in the coming weeks.
- Fresh Products: We'll be introducing a range of new products that are sure to pique your interest.

Mark your calendars for the grand opening event in mid-October, once we're fully up and running. The Five Star Country Store is about to become the go-to spot in town, and we can't wait to welcome you to our revamped space. Stay tuned for more updates and thank you for being part of our journey!

SAVE THE DATE!!!

2023 Annual Meeting

12.5.23

| 8:30AM

| Prime & Wine
Mason City, IA

CFO Notes

Laura Schwickerath, Chief Financial Officer



Many of you have probably already heard that The Grain Indemnity Fund has been reinstated beginning 09/01/2023. This fund was created by the Iowa Legislature in 1986 to protect farmers from financial losses that are a result of an Iowa licensed grain warehouse or grain dealer failure. The fund has fallen below the minimum required, which then automatically reinstates the assessment. This is an assessment of ¼ cent for every bushel on your cash grain settlements. No assessment will be done on credit sale contracts such as Deferred Payment, Price Later, No Price Established, Basis Credit Sale, Extended and Minimum Price contracts. Five Star Cooperative also has a participation fee assessed on the cooperative.

In later August we paid deferred equity to those that had year 2009 equity on their accounts. Total equity paid to members this last fiscal year was \$2.1M. I would like to remind everyone to keep your address current with Five Star Cooperative.



Swine Feed Up, Moisture Down

Bill Hayes, Feed Director



Over the past few months, we've observed some fluctuations in our swine tons, but we're pleased to report that things are looking up. In August, we experienced a significant increase in tons compared to recent months. This positive shift is a testament to our commitment to delivering the best results for you.

Feed costs have become more customer-friendly in recent times. Prices for essential components like corn, beanmeal, and ddgs have all decreased, making it a more cost-effective option for you. Furthermore, there's still a steady supply of affordable SEW pigs, and many of our customers are taking advantage of this by incorporating them alongside higher-priced contracted SEW pigs to help manage expenses.

In the past couple of months, we've seen a surplus of empty barns, but the current situation is quite different – barns all over the country are now operating at full capacity. Rest assured, our swine team is hard at work, ensuring that we match producers with the barns they need, thanks to our strong partnerships with various feed companies.

Shifting gears, we'd like to share some insights about the beef industry. Beef producers are currently enjoying profitable returns from cattle feeding, and cow/calf producers are adapting to the situation by weaning calves earlier than usual due to pastures drying out. Some producers have even started using green corn silage as an alternative feed source. We appreciate your ongoing support and partnership, and we're committed to providing you with the best service and solutions to meet your needs. If you have any questions or would like further information, please don't hesitate to reach out to us.



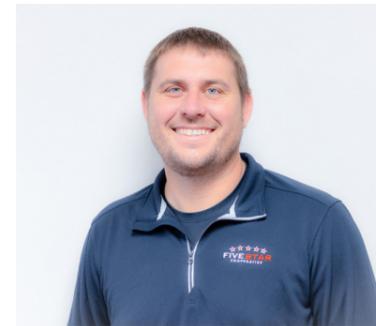
Introducing Our ALL NEW Financing Program

Available for use on all agronomy products, agronomy application, and energy products!

THE BEST PART:

- Freedom to choose the best brands for your operation
- No early payoff penalty
- Access to best seasonal offers
- Freedom to transact when you choose
- Easy one page application
- Promotions available for great low interest rates!

Call your Sales Agronomist today!



Fall is in the Air

Nick Sawyer, Agronomy Director

It's really starting to feel like fall is moving into our territory as we see evening temperatures drop into the 40's-50's. Fall is an exciting time of year for us in the agronomy world. We get to see our planning made physical as combines begin to hit the field and the fruits of many labors are realized. However, the time for rest and reflection is short, and as one year's agronomic efforts end, we are a fair way into planning for next year's crop.

Lessons from 2023 - The 2023 crop isn't all the way home yet, but we have been able to make some key observations so far:

The weed problem isn't going away and will take continued effort to hold back. The dry conditions this year hindered the efficacy of a key group of herbicides reinforcing the need to broaden our efforts. Going forward programs with 3 or more residual modes of action pre, followed by multiple effective contact herbicides with additional residual post will become vital. Proper fertility under dry conditions was vital this year. With the dry conditions slowing microbial activity in the field allowing fewer nutrients to be released from organic matter, and less water to help carry other available nutrients into the plant lower fertility areas really showed up this year. Having a plan that can provide adequate macro and micro nutrition to the plant in the field is essential for more uniform success under varying conditions.

Rootworm is a growing issue and new traits are needed to continue keeping them at bay. These insects are opportunistic, and the drought cracks in the soil provide easy access to deeper ground ensuring higher winter survival rates. This coupled with the weakened performance of some traits is leading to increased pressure. It isn't hard to find these pests in the field or on the back patio in the evening. They seem to be everywhere. I am sure we will have more detailed insights as our trials begin to be harvested, and our Agronomy Trial Summary is compiled.

We were excited to launch RateStar at the end of August. This all-inclusive agronomy input financing that will have tremendous value for our producers. With interest rates climbing financing's impact on farm profitability is a real issue. RateStar will provide our producers with a solution. The program combines attractive initial rates with the ability to use loyalty to FiveStar as an avenue to even better rates. RateStar is truly a partnership between us and the producer to relieve a pain point on the farm.

Steady Volatility

Bruce Halvorson, Energy Director



Hello, I hope everyone's summer has gone well so far. It's been a hot and dry summer which has taken its toll on the lawns and the crops. Hopefully we can get some rain later this fall to even things out a little and get us back in line for next spring planting season.

Energy markets continue daily with extreme high volatilities which makes it almost impossible to know for sure what is going to happen and where they are going to go. There are various variables within the market which make them move in either direction. Some of these are OPEC production cuts, inventory builds going up against demand, global financials and the newest one to the ball game is hurricane season is upon us now. As you all know Florida and the Carolinas got pummeled the last week of August. Luckily this hurricane had little impact on gulf refineries and production. If the gulf takes a hit in any way over the next couple months expect markets to climb at a quick pace. Hopefully we

can dodge them. I encourage folks who have energy needs to reach out to locations and drivers for updated pricing when you can. We do have a weekly energy report we send out through text and or email. If you are interested in being added to the list of weekly reports just let us know.

We continue to offer customers monitors for their propane tanks. These come with an app you can download on a smart phone device which allows you to watch your levels from anywhere at any time if you have internet service. For those who do not have your fall or winter propane needs locked in give us a call and we can give you updated pricing.

A few other news items to pass along is for those of you who ordered bulk oil products, expect delivery no later than the week of 9/11/2023. We also continue to make strides to keep our image positive with improvement's made to the Hanlontown cardtrol as well as painting of fuel and propane tanks at this site. Later this fall the New Hampton station will get updated improvements to the canopy as well as other signage. It is always good to get a fresh updated look from time to time and I am excited to see how this turns out.

I hope everyone has a safe and smooth harvest and would like to thank all of you for your business. If there is anything you need regarding your energy needs give me a call anytime. Until next time.

9.11.23

Governor Reynolds Harvest Proclamation

On Monday, September 11, 2023, Governor Kim Reynolds signed a proclamation relating to the weight limits and transportation of grain, fertilizer, and manure.

The proclamation is effective immediately and continues through October 11, 2023. The proclamation allows vehicles transporting corn, soybeans, hay, straw, silage, stover, fertilizer (dry, liquid, and gas), and manure (dry and liquid) to be overweight (not exceeding 90,000 pounds gross weight) without a permit for the duration of this proclamation.

This proclamation applies to loads transported on all highways within Iowa (excluding the interstate system) and those which do not exceed a maximum of 90,000 pounds gross weight, do not exceed the maximum axle weight limit determined under the non-primary highway maximum gross weight table in Iowa Code § 321.463 (6) (a) and (b), by more than 12.5 percent, do not exceed the legal maximum axle weight limit of 20,000 pounds, and comply with posted limits on roads and bridges.

Transportation Update

Gary Heselton, Transportation Director



Grain transportation is full swing moving around 225,000 to 250,000 bushels per day of old crop to make room for new crop, which we are anticipating starting within the next couple of weeks. We have 3 new full-time drivers starting in the next couple weeks, which will be a big help as well. Agronomy and feed are helping with trucking as well. If anyone knows of part time CDL drivers that would be interested in some extra income over the next couple months please pass my information on as we could use all the help possible to get through the next couple months. We need to be mindful of the long hours everyone is putting in and keep everyone safe If that means taking time off to recuperate.

Currently transportation is setup with 3 different groups Feed, Agronomy, and Grain. We are currently looking at how can we maximize our utilization of assets and determined that if our units are fitted to move within our division's utilization will increase as each division needs are changing constantly. The other part of this is our drivers need to be cross trained

which we are going be working on this over the next sever al months. Once this is up and running we will be able to reduce our fleet size over time.

Centralizing dispatch is another area we are looking at, currently we are split up with West regions and East regions. This system worked fine years ago prior to telematics, GPS tracking capabilities. Transportation is very fluid changing at a minute's notice in one region or location. We are constantly shifting tucks around due to wait times at processors. These messages sometimes don't get relayed in real time causing a group of trucks sitting at processors that could have been eliminated if there was one lead dispatcher with an admin, backup to help with high volume times. Transportation is currently looking at ideas from our dispatchers on ideas how to implement this with minimum strain on our groups.

CLEAR THE PATH TO WARMTH!

Just a friendly reminder to keep a clear path to your LP tank.

Please keep your tank clear of:

- Weeds
- Flowers
- Tall grass
- Snow



Sign up for our Energy Department Texts and Emails

Energy Update Texts
Burchinal Location



Energy Update Texts
New Hampton Location



Weekly Market Opinion Emails



5 HARVEST SAFETY TIPS



Photo Credit: Collin W

1. Use Proper Equipment and Maintain It:

Ensure that all harvesting equipment, such as tractors, combines, and machinery, is in good working condition. Regularly inspect and maintain equipment to prevent breakdowns during crucial times.

2. Wear Appropriate Protective Gear:

Dress for the job with appropriate clothing and gear, including steel-toed boots, gloves, eye protection, and hearing protection if needed. Consider wearing high-visibility clothing to make yourself more visible to others.

3. Follow Safe Operating Procedures:

Familiarize yourself and your team with operation guidelines and safety procedures for all equipment. Always follow recommended operating practices and avoid shortcuts, especially when working long hours.

4. Watch for Hazards:

Be vigilant for potential hazards in the field, such as hidden ditches, low-hanging branches, or loose debris. Remove obstacles or mark them clearly to prevent accidents.

5. Stay Hydrated and Rested:

Harvest can be physically demanding work, often requiring long hours in the field. Stay hydrated by drinking plenty of water and take regular breaks to rest and prevent fatigue.

It is also crucial to have a safety plan in place that includes emergency procedures and communication protocols. Ensure that all members of your team are aware of these safety measures and are trained to respond to emergencies effectively. Prioritize safety during harvest season to protect yourself and those around you from accidents and injuries.



YIELDING RECONGNITION

May/June 2023

Mike Wedemeier

Recognized by: Dave Stevenson

Mike was nominated by Dave Stevenson for demonstrating teamwork and strengthening relationships and efficiency by taking time to teach a fellow team member a skill. The selection committee, made up of members of management, reviewed all the submissions from May and June to select Mike Wedemeier.

Many know Mike as a person willing to jump in and help anywhere. Customers at the grain scale comment that "Mike-he's a good guy and a hard worker," which we all know is the highest compliment on the farm! He was born and raised on the farm and started his official AG career in 1983. He has been a member of the Five Star team for 22 years. The thing he likes most about Five Star is that every day is different - working outside and inside and changing jobs with the seasons. His biggest accomplishment at Five Star is being a team member.

Outside of Five Star, he enjoys spending quality time with his family - especially his grandson. To him, babysitting is not a job.

Join us in celebrating Mike's contribution to the team and we thank him for his teamwork attitude.

Updated 2023-2024 Grain Policies

THESE POLICIES ARE SUBJECT TO CHANGE AS MARKET CONDITIONS DICTATE

Grain Disposition

- It's the farmer's responsibility to advise us of the marketing intentions for each load of grain.
- Grain Must Be settled within 10 days of average delivery to a maximum of 15 days from the first date of delivery. On the eleventh day, the grain Will be put in to storage and the appropriate charges applied.
- Please be sure to let the counter personnel know if the grain ticket is to be split at the time of delivery.
- Priced grain wanting to be put towards deferred payment should be notified prior to delivery. Please call a Five Star grain representative to discuss your options.
- Corn containing the Agrisure Duracade trait will be accepted with prior approval at Five Star's Feed Mill locations at Klemme and New Hampton.
- Restricted "GMO's" are subject to market discounts assessed by the Grain Industry.



Wanting a better way to contact your sales rep?

Check out our new Agronomy Sales Text group! Sign up with the QR code and select your sales representative. Receive real time alerts and feedback from your rep!



For the full listing of policies, scan the QR code or visit us online at FiveStarCoop.com/grain#grain-policies



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Photo Credit: Jesse P.



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