One of the responsibilities of the board is to periodically look at our mission statement and determine if it is still relevant. Many companies also have a vision statement. What is the difference? While a mission statement describes what a company wants to do now, a vision statement outlines what a company wants to be in the future. At our board retreat this past January, with the help of our facilitator and input from both the board and management team, it was decided to make a slight change to our mission statement and also create a vision statement.

The only change made to our mission statement was to change the word “members” to “customers.” It now reads: “To provide quality products and services to our customers which enhance their opportunity to be profitable while sustaining Five Star Cooperative's financial strength.” The change was made because some of the business we do is with non-members, so we felt this change was needed. This mission statement has served us well and still reflects what we try to do every day.

Because we didn’t have one, it took us a while longer to create a vision statement. The facilitator did an exercise where key words describing what was important to the coop’s future were put on a board. The next step was to come up with a phrase containing a message that reflected the summary of those words. The vision statement that was created reads: “Equitably serving our customers by providing total farm solutions to grow and profit together.” We feel this vision statement will help keep us all focused on what’s important as we move forward.

I realize these two statements are just words, and I am of the mindset that “Actions speak louder than words.” That being said, it is very important that we do what we say we are going to do. We as directors, management, and employees will strive to use these statements as tools to help give us direction when making decisions.

Another thing I would like to touch on is the importance of all of our customers to Five Star Coop. Whether you are a small, medium or large farmer, everyone’s business is important to the coop’s success. That is the what makes the coop business model work so well. Each customer has their own individual needs, so the coop tries to respond to those needs with the right products and services.

What are your needs? If there is something Five Star Coop can help you with, give us a call. If there is something we need to do better, give us a call. If you have an idea that you feel would be beneficial to explore, give us a call. The board, management, and employees are constantly trying to figure out what the needs of our customers are, not only today, but tomorrow. Thank you for your past, present, and future business.

Have a safe spring!
Tom Shatek
HERE TO SERVE

I would like to share some thoughts about our mission statement: “To provide quality products and services to our customers which enhance their opportunity to be profitable while sustaining Five Star Cooperatives financial strength.”

*We must provide value (I see our team executing this by delivering quality products and services).*

- I think we do this well by developing strong relationships with you, understanding your needs and what you value. We must constantly strive to improve, to become more effective and efficient with our time and your resources.
- We must constantly strive to balance margin (to keep good people and maintain good assets). We may not always be the lowest price, but we must deliver competitive prices or we lose relevance with our customer.

*Some thoughts on our vision statement: “Equitably serving our customers by providing total farm solutions to grow and profit together”*

- All customers are critical to our success, needs will inherently be different, we need to deeply understand your needs.
- The needs of our customer are becoming more complex, we need to develop meaningful solutions.
- Many of our customers will grow, we will grow – we need to position for this growth.

As we progress through this year, don’t be afraid to reach out to me or others to tell us how we are doing and how we can improve. As you think of your needs today and your needs going forward, your insight will be critical to us. Thank you for business, thank you for your involvement in improving our Cooperative.

HERE TO STAY

Wanted to provide you with an update on our financial position fiscal year to date. We have completed 5 months of this fiscal year, with our fiscal year ending on August 31st. We have benefited from a great harvest and a great fall dry fertilizer season. We have implemented several cost savings and efficiency initiatives and we are capturing gains with them. As of the 1/31/17 financial close - we show Local Saving From Operations of +$2,164,117, we have patronage income of $2,189,506, leaving us with Net Income of $+4,353,624. We are taking a conservative posture with capital spending, likely very similar to what you’re doing on your respective farming operations. We are in a strong position and we continue to look for ways to improve.

ACCOUNTING DEPARTMENT

I would like to introduce you to our IT Department—Eli Albrecht, Chad Rahlf, and Richard Johnson. They have Networking and Systems Administration degrees and support the company computer network, pc work stations, software systems, data storage, and telephone needs of the cooperative. They receive a lot of phone calls from many employees for support on computers, printers, laptops, cell phones, Ipads, Internet, and network connectivity to branch locations, etc. We have mixing systems that pass information to our accounting system for billing in both agronomy and feed. Our station gas pumps connect to our account system also for billing purposes. The grain scale system passes the scale ticket information to the accounting system. These systems and devices are all linked together thanks to the efforts of Eli, Chad, and Richard. At times they are working evenings and weekends on new installs or just providing support during spring and fall seasons. We could not do our jobs without them and they are busy.

*Laura Schwickerath, CFO*
Last Newsletter I wrote about the New VFD rules that went into effect on January 1st. This newsletter will be on what else might be coming up in the near future.

Today you are asked to call in by noon for delivery anytime the next day. Most of you have been quite good at this, but some have not. This could change to 48 hours notice or maybe with certain drugs or feeds you might be only able to get this feed on a certain day. Why would this be good for Five Star Coop? At 1st glance maybe it wouldn’t be, but then if we want SAFE FOOD, maybe it would be. Times are changing and more demands are made every day. To help with the SAFE FOOD concept we need to make sure our animals are getting the right nutrition and being fed the best way to not get contaminated feed. Maybe certain feeds will be only made on certain days. For example Beef Feed. Maybe we should only make this 2 or 3 days per week, so we can make and haul all at once to help with mill and truck flushing procedures and to help us be more efficient to help maintain our costs. Everything we do has to be able to be traced from the ingredients we receive (Bags or Bulk) to the finished feed we deliver to your farm.

We put a lot of thought in what we do and how we do it, while also doing it the right way. SAFE FOOD and Safety also go hand in hand. When we deliver feed to your farms it is required to have feeders and bins that open up from the ground. We also cannot go into your pens or barns because of the chance to spread disease from your farm to your neighbor’s farm or vice versa. Please be considerate of your drivers and have all lids open or be able to be open from the ground. Safety is our Top Priority. I hope you enjoyed the good February weather, Spring is just around the corner. BE SAFE!

John Winter
Feed Department Manager

FROM THE FEED MILL

2017 has brought many changes to Agriculture in the United States. A new President, Secretary of Agriculture, and Governor of Iowa. We are all hoping this is good for our Ag Industry. We also have a new Herbicide Tolerant cropping system from Monsanto. This dicamba resistant crop will revive a product that we have not used much of in recent history. With this new system come some challenges for farmers that apply their own and also for custom applicators like Five Star Coop. In my opinion, the two main concerns are sprayer tank contamination and drift control. It will be very important to start with a clean tank, and after application triple rinse the tank, plumbing, and boom so no product moves to the next field of nontolerant crop. Drift issues will come mainly from physical drift. The volatility of the new dicamba herbicides have been reduced by a large amount. So in order to eliminate physical drift to sensitive crops, we need to pay attention to wind speed and direction, driving speed, nozzle selection, boom pressure, and boom height. At times a buffer strip needs to be left in the treated field. All this is spelled out on the Xtend and Enginia labels.

I attended a meeting with the Iowa Pesticide Bureau and Iowa Department of Ag, and they stated that the number one responsibility of people applying these products is to follow the label. These labels state the brand and size of the nozzles to be used with these products. If we do not follow the label and have misapplications, this will make it much harder to get new pesticides labeled in the future. We all need to do our part. For further information, contact your local sales agronomist.

Have a safe spring season.

Olin Amundson
Assistant Manager & Agronomy Department Manager
As we write this letter it is 50 degrees and raining. It doesn’t feel much like the end of February, but we need to continue watching out for ice and other slip or fall hazards as winter is surely not over yet. In an effort to keep Safety a primary focus, Five Star Coop managers and lead personnel participated in a 10 hour OSHA class this winter. In this class, employees were trained to become more aware of potential hazards and concerns that might otherwise go unnoticed. These trained employees will be asked to visit locations and help shine a new light on ways we can incorporate safer practices into our daily jobs. After all, the goal is for all employees to go home from work in the same condition that they arrived in!

Spring is just around the corner. Our agronomy locations are busy shuttling tending and application equipment through our shops where it will receive any maintenance and safety/DOT inspections that it may require. Our dual purpose equipment is getting switched over, taking dry fertilizer units off and hooking up liquid systems. Our anhydrous ammonia running gears are being inspected and moved out to the locations that will need them. It won’t be long until we’re all ready to get in the field. On the grain side, we are halfway through picking up the pile in New Hampton and the Ventura pile is slated to start in early March. Our grain locations are monitoring quality with these warmer conditions, making sure to use the fans as needed. Five Star Coop is currently working at making sure we have enough employees in place so that when spring does arrive, we have every machine manned and are able to give our customers the service that they need. In order to do this, we are currently looking to hire an experienced applicator and a few part-time truck drivers.

We would like to take this opportunity to congratulate John Kilen, from the Lake Mills Location on his retirement. With his retirement we will have a few changes taking place. Our sprayer parts sales inventory will be moving from Lake Mills to the Joice location. Terrie, Kent, and Ben M. are looking forward to updating our inventory and working with customers to be sure we stock the items that will best fit their needs. Jordan Colby will continue to be the Ag Leader Sales and Service Specialist for the Western region. He will also be our contact for starter units on planters, storage tanks and N-Serve units for anhydrous application. Five Star Coop will continue to offer a pump rebuilding service to customers that need it.

Thank you for your continued business. We are looking forward to working together with you and having a productive and safe spring.

Ben Thomas  
West Operations Manager

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**OPERATIONS UPDATE**

As we write this letter it is 50 degrees and raining. It doesn’t feel much like the end of February, but we need to continue watching out for ice and other slip or fall hazards as winter is surely not over yet. In an effort to keep Safety a primary focus, Five Star Coop managers and lead personnel participated in a 10 hour OSHA class this winter. In this class, employees were trained to become more aware of potential hazards and concerns that might otherwise go unnoticed. These trained employees will be asked to visit locations and help shine a new light on ways we can incorporate safer practices into our daily jobs. After all, the goal is for all employees to go home from work in the same condition that they arrived in!

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**HARDWARE/RETAIL FUELS**

Spring will be here soon so now is the time to think of Five Star when getting ready for the season change. We have the selection and volume of products available that are hard to find anywhere else. We will again have a large selection of sprayer and liquid fertilizer handling parts on hand.

We are a supplier of high quality diesel exhaust fluid. We have D.E.F. in bulk, 2-1/2s, 55s, 275 and 330 gallon totes, and bulk. We also have both 12volt and 115v pumps available.

If you had crabgrass issues in your lawn last year we have a solution for this year. Our most popular product is 19-0-6 fertilizer with Dimension. This product has been very effective in controlling crabgrass and other annual grass throughout the summer. Give us a call and we will tell you more about this product.

Our store hours in New Hampton are from 7:00 AM to 6:00 PM Monday thru Friday and 7AM to 2PM on Saturdays. These hours remain the same all year for your convenience.

Steve Breitbach  
Hardware / Retail fuels Department
I’ll start off with a reminder to make sure you are checking your bins for grain quality frequently. The record production we saw last fall has a lot of bins in the country still full. I know moisture levels in the last corn harvested were dry enough that a lot of the late harvested corn went directly into the bins. The higher moisture levels combined with the unusually warm February can cause corn to go out of condition if not watched closely. In this low price environment, the last thing you need is to take discounts and make already low priced corn worth even less.

The February USDA Supply/Demand report was out on February 9th and didn’t give us much in the way of surprises, which is typical of the February report. Harvest acres and yields were left unchanged, giving us production of 15.148 billion bushels. On the usage side, feed demand was left at an over inflated 5.6 billion bushels, export demand left unchanged at 2.225 billion bushels and ethanol demand was increased by 25 million bushels to 5.350 billion bushels. No surprise that the ethanol number was increased after 4 weeks in a row of record ethanol production. Poor crush margins have lowered ethanol production slightly in each of the past 2 weeks. Time for my soapbox speech, E-85 is priced very competitively, especially at 5 Star stations that have blend pumps. E-15 and E-30 are also very competitive for those without flex-fuel vehicles. We need to encourage as much ethanol usage as we can in order to help fight the “blend wall”. Ending stocks were lowered by 25 million bushels to leave us with a carryout level of a more than adequate 2.320 billion bushels. The expected price range for here was tightened slightly to $3.20 to $3.60. It doesn’t really feel like the corn market has done much at all, but the reality is, we have rallied almost 40 cents from Dec 1st thru last Thursday, Feb 16th. There was quite a bit of corn that moved during this rally and it appears that local ethanol plants have plenty of coverage as most have dropped basis levels by at least a dime. More on the demand front, weakness in corn late last week seemed to come from reports that Mexico was sending a delegation to South America to see if they could originate corn there and replace US corn. This is due to concerns regarding US immigration policies. It seems unlikely to me that this would actually happen since South American corn would be anywhere from 15 to 60 dollars per metric ton more expensive than US corn and would take a lot more time to get there.

No changes were made to the bean balance sheet on February 9th, leaving ending stocks at a somewhat burdensome 420 million bushels. Argentina’s bean production was reduced by 1.5 MMT. Brazil bean production was left unchanged at 104.0 MMT, however the market feels that Brazilian production will actually be larger than this. There is a lot of talk about a substantial increase in bean acres this year. I would strongly suggest making some sales while new crop bean prices are still somewhat profitable.

Until next time.

Scott Gudbaur
Grain Department Manager
By now all swine producers have made adjustments in their swine operations after the new antibiotic rules took effect January 1st. Some producers still are utilizing antibiotics in their feed that are medically important to human use which now require a Veterinary Feed Directive (VFD) before they can be manufactured and fed in their swine operation. These feed grade antibiotics that require a VFD are no longer labeled to improve growth rate and feed efficiency in their swine feeding operation as they can now be used for only disease treatment. Yet there are still four other antibiotics that can still be fed in swine feeds that are non-medically to human use thus not requiring a VFD. These are BMD, Flavomycin, Mecadox, and Denegard. However, these feed grade non-medically important feed antibiotics have limitations on where they will benefit in their feeding operations.

Our consumers today want less antibiotic use in animals that become food products. Swine producers should recognize that there are some steps that they can take to reduce and even eliminate the use of antibiotics fed to their animals. One step is in planned use of vaccinations to prevent the onset of a disease that would require a feed antibiotic later in the life stage of that animal. Also to use only water antibiotic treatment based on recommendations from their veterinarian only when a treatment is required. Another step is to use all-natural non-antibiotic feed additives that have been proven to enhance the health of the animals and thus improve growth rate and feed efficiencies.

PMI Nutrition a subsidiary of Purina Animal Nutrition has several feed additives that offer replacements to the use of antibiotics in swine feed. I emphasize that all these feed additives have been rigorously tested and proven for several years in both research and commercial trials to deliver the performance improvements expected. Some of these additives such as NEWtraStart, we have been feeding in nursery feeds and grow-finish feeds since this was introduced over ten years ago. NEWtraStart has proven to improve pig performance and mortality in pigs finished all the way to market. This all natural phytogenic product can be added to grow-finish rations to stimulate feed intake, provide better absorption of nutrients, and line the gut for better protection from bacteria, viruses, and toxins before they reach absorption cells lining the gut. Another newer all natural product that has shown great performance in nursery diets is OutPace. OutPace is a blend of key functional extracts and acidifiers specifically designed to be fed to late nursery/grower swine, supporting their performance during common periods of stress. This product has proven to show 5% improvement in growth rate when fed 30-50 lbs. body weight. Another all natural product that is used in late finishing is Ambitine. Ambitine uses similar key plant extracts and acidifiers that are used in OutPace but within a proprietary blend designed specifically to be fed to late finishing swine, optimizing their performance in the last weeks before market. This product in commercial feeding trials has shown a 2.9% improvement in ADG and 5.9% improvement in FE when compared to rations fed with an antibiotic.

In summary, the Five Star Coop feed mill will continue to work with swine producers and their veterinarians in using VFD’s for their swine operation. However, swine producers should consider less use of antibiotics in their feeding operations. Please give the Purina Animal Nutrition Pork Production Specialists at Five Star Coop a call and allow us to custom design a swine feeding program using PMI Nutrition all-natural feed additives to enhance the profitability of your swine operations while providing the quality meat product that our consumers want.

Joe Trygstad
Purina Animal Nutrition LLC
Another spring season is rapidly approaching which will make every one's schedule much busier. The big question is when will mother nature cooperate with nice weather to get the planting season in full spring. Time will tell I guess.

For the last couple months crude prices have basically stayed between 50 and 55 dollars. Through this same time frame we have seen minimal movements with gasoline and diesel as they have not fluctuated more than 10-15 cents. We are approaching a time frame when gas and diesel see a possible increase. Heavier demand, refinery maintenance and increased basis movements are all factors for possible seasonal increases. The largest factors going forward for market volatilities will be the production cuts by OPEC and global economics. Definitely something to keep an eye on as we move through the upcoming year. One thing we will be offering for those who are interested, is a fill now on diesel with deferred payment until May 15th 2017. Price will be locked in when your order is placed. This allows you to take advantage of lower seasonal prices without having to pay for it right away. Be sure to call us if you have any questions on this program.

Roughly a month ago propane did see about a 20 cent spike in price. This was primarily because of colder temperatures through Europe which in turn put us at a record amount of exported propane to other countries. Since then temperatures have become milder than normal which has started to decline the propane prices a bit. Propane deliveries were a bit challenging at certain times throughout the winter. Ice was the biggest monster to deal with. All your efforts to make your yards safe during the winter are greatly appreciated. We will be finishing up our monthly routes in March and reminding those who are not on this program to give it some thought for next year as it guarantees you never run out and increases our efficiencies as well. In a couple months I will be sending out summer fill specials.

For those who are in need of bulk oil this spring, we will be doing the next route towards the end of March. Give a call at a location nearest you to place your order. You can also call your local fuel driver as well if that works for you.

We continue to offer lease to own programs on fuel and propane tanks for those who are looking for additional storage. Give us a call to get more information on this program.

I would like to thank all of you for your business; give us a call anytime with any questions regarding your energy needs. All of the drivers contact information is on our website. May all of you have a safe and successful upcoming spring season.

Bruce Halvorson
Petroleum Department Manager
QUESTIONS? NEED MORE INFORMATION? Contact us:
Five Star Cooperative • P.O. Box 151 - 1949 North Linn Ave.
New Hampton, Iowa 50659 • 641.394.3052

Ken Smith – CEO/General Manager ............................................. 641.394.6144
Ben Thomas – Western Region Manager ........................................ 641.529.1546
Tony Myers – Eastern Region Manager/Safety Manager .................. 641.512.3598
Tyler Farnham – Central Region Manager ..................................... 515.520.0431
Brad Baldwin – Logistics Manager ............................................... 641.330.1347
Steve Breitbach – Hardware Department Manager ....................... 641.394.6141
Olin Amundson – Asst Manager / Agronomy Dept Mgr ................. 641.394.6140
Laura Schwickerath – Chief Financial Officer .............................. 641.394.6145
John Winter – Feed Department Manager ................................... 641.330.3543
Bruce Halverson – Petroleum Department Manager ...................... 641.394.6148
Scott Gudbaur – Grain Department Manager ............................... 641.425.3985
Cathy Krieger – Human Resources Manager ............................... 641.394.6142

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PRE-SEASON SALE
Now through March 31!
Maximize Yields • Assist Seed Flow
Minimize Wear on Equipment • Reduce Moisture Issues

Call the Hardware Department at 641.394.3052
or any Five Star Location

Five Star Cooperative will be awarding $500 Scholarships to 2017 High School Graduates.

To qualify graduates must be:
1. Going to college studying agriculture.
2. The graduate’s parent(s) must be a Class A member of Five Star Cooperative.

Scholarship application forms will be available on our website or at any location. This application is due by 3/31/17.