

# LUDLOW CO-OP

HARVEST EDITION 2020

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## BUCKLEY BIN PROJECT 2020



### Ludlow Coop-Investing in our communities.

Buckley-Investing in your community | Buckley Expansion Project 2020.

#### Additions being added at the bin site:

- ▶ 844,000 bushel corn tank
- ▶ 613,000 bushel bean tank
- ▶ 3 old dryers have been removed to make space for a new 6,000 bushel natural gas grain dryer.
- ▶ 20,000 bushel per hour double length dump pit able to dump a semi hopper with one stop.
- ▶ 20,000 bushel per hour grain leg able to hit all storage bins.
- ▶ Outbound scale with remote printer. No need to go back in town to weigh empty.

#### Better traffic flow.

In town changes: Two bins and dump pit south of the office/scale are being removed for better staging and scale access.

## Covid-19 Harvest Procedures

Because of the current situation concerning Covid-19 and its health implications, we are implementing some procedures to help keep all patrons and employees safe during this busy harvest season.

We are asking patrons and drivers to limit their in-person interactions with employees. Limiting the amount of time you spend in the office will be beneficial for us all. If there is a reason that you must come into the office, we ask that you wear a face-covering if you will be within 6 feet of an employee or fellow patron. We also ask that you stay at least 6 feet away from any employee or fellow patron. This will help ensure that we all stay safe as we see added traffic at our facilities.

If you are looking for alternative ways to get your scale tickets so that you do not need to come into the office to pick them up, you can use the new Ludlow Coop app for mobile

phones. With the app, all your grain scale tickets are accessible within minutes of your truck leaving the scale, eliminating the need to come in and pick them up. The app will let you view, download, and print all your scale tickets. You can also access the information on your desktop pc via this website: <https://ludlow-web.scaleticket.net/>.

All Ludlow Coop employees are taking daily temperature checks to make sure that we remain healthy. We would request that you refrain from coming to one of our facilities if you are not feeling well.

If we all stay safe and work together, we will be able to get through a busy harvest with no health issues. Please do your part and help us protect each other.

— Ludlow Coop Elevator



# 2021 Crop Marketing Opportunity with AgriVisor

Insight 21

**AgriVisor, Roach Ag & Pro Farmer**

(Your choice of teams for pricing)

Decide how many bushels to enroll.

Consider selling in small percentages up to 30% of your APH.

*More information will be emailed to the farmer group as information becomes available.*

Contracts begin 1/13/21 and run through 9/30/21

You must be signed up by 12/31/20 with a Ludlow Coop Facility

## SIGN UP

DEADLINE  
DECEMBER 31,  
2020

## DID YOUR FARMER I.D.'S CHANGE?

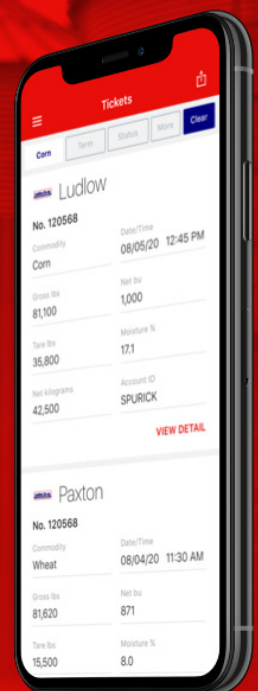
Please make sure your farm ID's (grain splits) are setup with us for this upcoming harvest season. If not, give us a call and let us know!

**This will help avoid wait time at the scales,** and ticket errors at harvest. But still be sure to check your ticket once you receive it after weighing out - does it have the correct farm & grain split on it?

NEW!

## Ludlow Coop App

Easy access to scale  
tickets, contracts,  
cash bids and more.



DOWNLOAD THE **FREE** APP  
FROM THE APP OR PLAY STORES

POWERED BY **BUSHEL**



## GENERAL MANAGER'S

# COMMENTS

The fiscal year-end 2020 did not finish out like we had been budgeting for or planned. At the end of December 2019, we were still expecting that the Coop would have a positive net income when our year ended on June 30th, even though our volume was lower. Our overall 2019 harvest receipts were 21% lower than the 2018 harvest and the fourth-lowest receipts in the last five years. Drying income was higher as the average corn moisture for harvest 2019 was 20.7% compared to 15.3% for harvest 2018. Storage income was lower on fewer bushels and farmers storing less.

A combination of world events that occurred in 2020 resulted in significantly lower corn margins for the year. The Phase-I trade deal between the US and China was still being worked on, Covid-19 caused a huge disruption in the world's economy resulting in reduced driving which affected corn used to make fuel ethanol. The Russia-Saudi Arabia crude oil price war sent oil prices lower, which affected corn, as it is also used for fuel. All of this occurred at a time of the year when Ludlow Coop maintained a large corn ownership position which was hard to recover from and resulted in a significant basis reduction.

We have a substantial building project taking place at our Buckley facility this year. We are adding two new storage bins with an added capacity of 1.4 million bushels.

The old wore out grain dryers have been removed and a new 6,000 bushel-per-hour dryer will be installed in their place. We will add a new, faster dump pit and receiving leg. These new improvements will double our storage and dumping capacities as well as increase our drying ability by 50%. We are installing a new outbound truck scale and ticket printer at the bin site. This will enable trucks to weigh out at the bin site and not have to go back to the scale at the office to weigh. We are also tearing down the two bins and dump pit south of the Buckley office. This will allow semi's a direct route to the scale from the south and not require them to maneuver around the south dump pit to try and hit the scale. The new outbound scale, better access to the inbound scale, and faster dump capacity will greatly reduce the time it takes a load to dump at the Buckley facility, getting patrons back to the field faster.

Over the last five years, the Ludlow Coop Board of Directors has approved capital expenditures of \$17.7 million to help improve your facilities while adding 4.4 million bushels of new storage space. As our facilities age, we need to continue to make upgrades, add storage, replace old storage, and speed up our receiving and drying capacities so that we can handle your crops at the harvest pace you require. We lost one of our longtime employees this May with the unexpected passing of

Dale Schumers, who ran our Delrey facility. He was planning on retiring in January. It is sad to see that he did not make it to the point in his life where he could sit back and enjoy the days without having to worry about work. It reminds us that life is short, and we need to live for today.

We had four employees that retired this past year. Steve Myers, Waldo Hayslett, Bruce Perzee, and L'Ree Feters all reached the point where they can take some time and enjoy life without work. It is good to see that they can take their retirement investments from a long working career and be able to relax in retirement life. Congratulations to all of them.

Two board members are retiring when their term expires after this year's annual meeting. Rick Nelson and Greg Niewold will be stepping down from their board positions. Both Rick and Greg held officer positions on the board. I want to thank both for the input and guidance that they provided me, fellow employees, and the rest of the board during their tenures. We should all feel fortunate that we have such knowledgeable fellow patrons who are willing to volunteer their time to help guide your company as we position it for the future.

— Paul Seaman

## 2021 AVERAGE PRICE CONTRACT

# CONTRACT BEGINS JANUARY 2021

**It's time to start marketing for the 2021 crop. We are offering Ludlow Coop's Average Price Contract or you can choose your own custom pricing period.**

### ► Average Price Contract

Helps you create a base for a marketing plan on your 2021 crop

Price grain when average historical seasonal values are at their highest (January through June)

Still leave a good portion of your grain to market (Recommend to commit no more than 20-35% of an average crop)

Extends the producers marketing window, selling ahead instead of after harvest (19 months vs. 9 months).

### ► Details

- Weekly pricing will be done at noon each Wednesday from **February 10th through June 23rd** (20 weeks total).
- Your final price will be an average of these 20 weekly pricings.
- Prices will be based on the December (CZ21) corn futures and November (SX21) bean futures. Contracts will be for fall 2021 delivery corn and soybeans. All you will need to do is let us know how many bushels you want to put into the program along with which Ludlow Coop location you will be delivering to and a purchase contract will be written when you sign up (No pricing on contract until the end of program).
- There is no cost to the producer for this program. **Sign up by Tuesday, February 9th .**



# Board Of Directors

2020-2021



**Pat Quinlan**  
President



**Roger Gustafson**  
Vice President



**Kenny During**  
Treasurer



**Ryan Vance**  
Secretary



**John Ark Jr.**



**Steve Glazik**



**Jeff McGehee**



**Richard Peavler**



**Dan Schumacher**



## MERCHANDISING COMMENTS

SEPTEMBER 2020

My, my what a difference a little demand makes. Or should I say a lot of demand? It should not be a surprise. After all, we signed a deal way back in early January that gave us all hope that China would have to be a BIG buyer of US ag products this year! The dollar volume from that Phase 1 deal had many analysts doubting if China could ever achieve the lofty goals spelled out in that piece of paper. For most of the spring and summer, the deal was forgotten as Covid-19 overshadowed every segment of world economics. On top of that the S. American crops harvested this past summer were some of the largest, they have ever had. For the first time in history, the Brazilian bean crop exceeded the US crop and pushed them to the number one spot on the world production list. China spent most of the summer snatching up anything that moved in S. America and seemed destined to completely avoid US grain supplies at all costs.

Grain prices had a glimmer of hope in June when US weather and planted acre reports gave us a quick bounce. But by August we were back in a downtrend and corn lead us down to new contract lows near \$3.10 on the December futures. Crop ratings were great, production estimates were growing, demand

was still suffering from Covid-19 and there was a lack of interest from China. When the calendar rolled over to August and a series of events sparked a dynamic rally that has taken corn up almost 60 cents and beans up \$1.70. First, Iowa was hit by a derecho (equivalent to an inland hurricane) that leveled mile after mile of corn and decimated commercial and on-farm storage facilities. Second, August weather developed into one of the driest months on record as the Midwest went week after week with little or no rain.

While these events were unfolding in the US, halfway around the world China had its own set of fundamental changes taking place that helped spur on even more buying. They had finally reached a point where they could initiate legitimate full-scale re-building of their hog inventories following the Swine Fever epidemic from a couple of years ago. At the same time, their corn crop was also suffering unusual weather that caused widespread flooding and wind damage. China is the second-largest corn producer in the world behind the US. This high-volume increase in corn and meal demand along with much smaller domestic inventories of corn pushed China into the world markets in a big way at a

point in time where the US was the only source available.

It is estimated that we have already sold 805 million bushels of export corn and 1.2 billion bushels of beans. The current USDA estimate put the entire 2020-21 crop year volume for these two commodities at 2.3 billion and 2.125 billion, respectively. This means we have already sold 35% of our anticipated corn exports and 56% of our estimated bean exports and we have not even started harvest yet.

China has been responsible for over half of these bushels and there is no doubt their business with the US is front-loaded. As soon as new crop supplies become available in S. America they will return to those markets and avoid us once again. But it will be after January first before supplies can move from Argentina and Brazil.

So, in the meantime, we will continue to be the only game in town.

— **Scott Jones**  
Merchandiser



PRESIDENT'S

# MESSAGE

by Rick Nelson

**Last winter I decided to not seek re-election and I retired from the Ludlow Board effective with this year's annual meeting. I want to thank you for your support over all these years. It has been my honor and privilege to serve as your president. This is my last message to you in that role, so I thought it would be appropriate to reflect briefly on my 32 years as a Ludlow Co-op Director**

I was first elected to the Board in August of 1988. Many changes have occurred during that time. We have purchased grain facilities, we have merged with other cooperatives, we have expanded grain handling and storage capacity. We have closed some facilities, we have changed managers and employees and directors. We created Midwest Grain, LLC with Evergreen FS to enhance merchandising opportunities and had significant success for a time. But then things changed and our needs changed and we exited that arrangement. Ethanol came along and we were at the core of creating One Earth Energy in Gibson City to provide additional market demand for the corn our patrons raise. We have expanded the use of technology. We established equity ownership and patronage redemption policies in order to have the ownership of the co-op

in the hands of those who are currently using it. We have defined our principles and values by creating and adopting specific vision, mission, and values statements. And we have revised policies and practices to grow and adapt to the changing world around us.

Yes, there has been change - a lot of change! Was much of that change difficult? Yes. Uncomfortable? Yes, much of it was. Has it been good? Yes.

Regarding change, 32 years ago I would have had to classify myself as a traditional thinker. Some change was ok, but please bring it at me s-l-o-w-l-y. But during my tenure on the Ludlow Board, I have come to actually appreciate change.

There is a difference between evolution and revolution. I have learned you need to be somewhere in between. If change is too rapid, major mistakes are often made with significant damage done to finances or relationships or both. But evolution - being slow to change - limits opportunity and almost always places you at a disadvantage to your competition. But worse than that - it means you are missing out on improvements and opportunities that could have come more quickly to benefit your cooperative and your member-owners. So actively seeking change to drive improvement is

much better than having change forced upon you by difficult circumstances. Defining our core values and principles as a cooperative provided a benchmark - a guidance beacon, if you will - for managing change within the organization. These values and principles should not change with the shifting sands of current opinion and circumstances. They provide the foundation upon which you continue to modify and improve your cooperative to optimize the organization for maximum long-term benefit.

As members of the cooperative, we need to recognize that our cooperative must continue to adapt and change to the circumstances and agriculture business climate in which we operate. Just as our personal farming operations change and adapt, our cooperative must also. We need to support it as these changes are made, for the cooperative business model provides the standard of farmer-focused equitable service that other businesses attempt to imitate. But those other businesses eventually fall short because their focus is on profit for investors. The cooperative focuses on long-term goals that will continue to provide both short and long-term benefits to its members. This is a key differentiating factor and benefit of the cooperative. We must never take it for granted, for it is then that we risk losing it.

## LITTLE HELPERS OF #PLANT2020

Here are a few pictures from  
our customer's and employee's





# HARVEST POLICY

## 2020-2021 CORN Storage & Drying Rates

Effective 9/1/20– Subject to change, due to market conditions, without notice

### CORN:

**All discounts are on a load by load basis-NO averaging** Unless you notify us otherwise, corn will be placed into storage 7 days after the first day of delivery

#### STORAGE CHARGES:

13 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 8/31/21

#### DELAYED PRICING RATE:

11 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 8/31/21

#### SHRINK: ("MO" on Delivery Sheet)

1.4 Each 1% (applied as 0.14% each 1/10% moisture) over 15.0%

15.0% moisture for Contracts, Delayed Pricing, Spot within 7 days of first day of delivery.

14.0% moisture for Open Storage & Warehouse Receipt

#### DRYING: ("DR" on Delivery Sheet)

Assessed on wet bushels

1.5 cents each 1/2% moisture from 15.1% to 25.0%, then 1.25 cents per half above 25.0%.

| CORN MOISTURE |          | cents per bushel | CORN MOISTURE |          | cents per bushel |
|---------------|----------|------------------|---------------|----------|------------------|
| FROM:         | TO:      |                  | FROM:         | TO:      |                  |
| 15.10         | to 15.50 | 1.5              | 20.10         | to 20.50 | 16.5             |
| 15.60         | to 16.00 | 3.0              | 20.60         | to 21.00 | 18.0             |
| 16.10         | to 16.50 | 4.5              | 21.10         | to 21.50 | 19.5             |
| 16.60         | to 17.00 | 6.0              | 21.60         | to 22.00 | 21.0             |
| 17.10         | to 17.50 | 7.5              | 22.10         | to 22.50 | 22.5             |
| 17.60         | to 18.00 | 9.0              | 22.60         | to 23.00 | 24.0             |
| 18.10         | to 18.50 | 10.5             | 23.10         | to 23.50 | 25.5             |
| 18.60         | to 19.00 | 12.0             | 23.60         | to 24.00 | 27.0             |
| 19.10         | to 19.50 | 13.5             | 24.10         | to 24.50 | 28.5             |
| 19.60         | to 20.00 | 15.0             | 24.60         | to 25.00 | 30.0             |

Drying charges will be deducted from settlements for grain payments through the end of harvest, unless requested otherwise. Approximately, December 10, 2020 drying charges will be invoiced to the patron's account and payment will be due on January 10, 2021.

CORN remaining in Storage as of 9/1/21 will be assessed the new 2021-2022 minimum plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2021.

CORN remaining in Delayed Pricing as of 9/1/21 will be assessed the new 2021-2022 minimum plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2021.

## 2020-2021 BEAN Storage Rates

Effective 9/1/20 – Subject to change, due to market conditions, without notice

### BEANS:

**All discounts are on a load by load basis-NO averaging** Unless you notify us otherwise, beans will be placed into storage 7 days after the first day of delivery

#### STORAGE CHARGES:

13 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 8/31/21

#### DELAYED PRICING RATE:

11 cents day of delivery plus \$.001 per bushel per day (3 cents per month) through 8/31/21

#### SHRINK: ("MO" on Delivery Sheet)

Beans are shrunk to 13.0%

1.25% each 1/2 % moisture 13.1% to 15.0%

2.0% each 1/2 % moisture over 15.0%

BEANS remaining in Storage as of 9/1/21 will be assessed the new 2021-2022 minimum plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2021.

BEANS remaining in Delayed Pricing as of 9/1/21 will be assessed the new 2021-2022 minimum plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2021.



## Retired

July 2020

Happy Retirement

Brue Perzee & L'Ree Fetter