



Director's Report

Dan Jones, Board Chairman

Merger Discussions

In our summer newsletter we reported on having exploratory merger talks with two of our cooperative neighbors – River Region Cooperative based in

Sleepy Eye and FCA Co-op headquartered in Jackson.

While the meetings with the River Region board of directors ended in early June, our discussions with FCA Co-op continued on an informal basis. A meeting of the two boards' executive committees was held on July 6 to discuss various ways the two co-ops might be able to work together over the near term.

We sent our John Deere dry spinner unit and a custom applicator down to the Jackson area for a couple days to help them get caught up on top-dressing urea. Also, FCA worked with our grain division to deliver 400,000 bushels of corn out of Trimont to Madelia to ship out by rail.

It was then decided to have our two senior management teams meet jointly and put together a financial feasibility study of the combined companies for the boards' review.

In late July, Crystal Valley held our annual board and staff retreat where each division and department manager reported on FY2016 operations, financials and opportunities, along with presenting their FY2017 fixed asset needs. For a portion of the retreat, we had the entire FCA board of directors and management team join us to present the financial feasibility study and review what a combined company balance sheet and working capital projections would look like. The results appeared quite favorable.

After another meeting of the boards' executive

committees in mid-August, we decided that a location/facility tour was in order. On August 23, the two teams of directors and managers got on a bus and spent a full 12-hour day visiting every Crystal Valley location (except Elysian and Nicollet) and all seven of FCA's locations.

At our respective August month-end board meetings, both cooperatives' boards of directors voted to formally pursue a complete merger of the two companies. What's being contemplated is this: a merger of FCA Co-op with and into Crystal Valley Cooperative. This is much like we did when LaSalle Farmers Grain Company merged in with Crystal Valley ten years ago in 2006.

Since there would be no change to the name, articles and bylaws, or main office location of Crystal Valley, the board of directors would vote on behalf of the members of Crystal Valley Cooperative. FCA's producer-members would then vote on behalf of FCA Co-op.

We'll keep you posted as we move through this process over the fall months. Members can expect greater detail and information to be provided after harvest.

Equity Redemption

Just shy of 7,000 equity revolvment checks totaling over \$2.6 million went out in the mail at the end of August. This year the board approved redeeming all member equities from the year 2001 and 50% of 2002. Every year quite a few of these checks get returned to us due to an incomplete or non-current address. Please call our main office in Lake Crystal (507-726-6455 or 800-622-2910) to update your or a relative's address, or if you have any questions at all regarding your equity balance in Crystal Valley.

Continued on page 2

Annual Meeting

Crystal Valley's Annual Meeting is scheduled for Monday evening, January 30, 2017. It will be held at the Verizon Wireless Civic Center in Mankato.

Directors whose terms are up for reelection this year are Dan Jones of Lake Crystal, Judd Hendrycks of North Mankato and Mark Christenson of Madelia. Persons interested in seeking election to the Crystal Valley board of directors should contact any one of

the existing board members or our general manager, Roger Kienholz.

Fall Harvest

Here's hoping you all had a chance to enjoy the summer – it sure flew by! With harvest fast approaching, let's pray we're blessed with great weather to get the crops out of the fields and in the bins. Please be safe this fall in all that you do!

Thank you for your continued support of Crystal valley!



Manager's Report

Roger Kienholz, *General Manager*

Potential Merger Updates & Comparisons

In his Director's Report, Dan did a good job covering the meetings we had with FCA Co-op over the summer. The board of directors has been doing their homework and due diligence in examining financial information, touring locations and facilities, and discussing the various benefits and challenges to putting the organizations together in a merger.

Following is a bit more comparative information regarding the two companies.

Just like Crystal Valley, FCA Co-op is a full-service grain marketing and farm supply cooperative with core businesses in agronomy, feed, grain, petroleum and propane. FCA's main office is located in Jackson with branch locations in Lakefield, Okabena, Round Lake, Sherburn, Trimont and Wilder.

FCA has six grain facilities serving each of their locations except Okabena. Their elevators are primarily truck houses with only Jackson capable of loading grain out by rail (30 cars). Crystal Valley also has six grain elevators: four are truck houses with two (Madelia and Hope) capable of loading out train shuttles of grain (110 cars).

FCA has agronomy outlets in five locations - Jackson, Trimont, Lakefield, Round Lake and Okabena – while Crystal Valley has agronomy at each of our ten locations.

FCA has one feed mill in Jackson; Crystal Valley has three mills – LaSalle, Vernon Center and Janesville.

Energy-wise, both companies offer full-service bulk deliveries of refined fuels, propane and lubricants throughout their respective trade areas. Both companies operate unmanned Cardrol facilities for retail purchase of gasoline and diesel; however, neither cooperative operates convenience stores, hardware stores or retail automotive/tire services.

Total annual sales for FCA are in the \$150-160 million neighborhood compared with \$250-260 million in sales for Crystal Valley this year. FCA has approximately 80 full-time employees to Crystal Valley's 170.

FCA's balance sheet is strong: as of their July 31, 2015 fiscal year end, they have \$29.1 million in Members' Equity and \$8.8 million of long term debt for a leverage ratio of 30.2%. As of Crystal Valley's August 31, 2015 fiscal year end, we have \$71.1 million of Members' Equity on the balance sheet and \$18.2 million of long term liabilities for a leverage ratio of 25.6%. These numbers will be updated after the FY2016 audits are completed.

Fiscal year 2016 just ended a few weeks ago for Crystal Valley. It was a mixed year of ups and downs for the company, just as it was for our farmers and livestock producers. As it goes for the rural agriculture economy, so it goes for the cooperatives that serve them.

Even though we saw our total sales dollars increase (mostly due to an increased grain bushel handle), our local profitability will likely be less than last year reflecting tighter margins and input reductions on the part of producers. Our auditors will be in next month to verify the company's financial statements and we'll give you a more detailed report in our winter newsletter.

Thank you for your business! We all wish you a safe and bountiful harvest!

2016 CRYSTAL VALLEY COOPERATIVE **FALL GRAIN POLICIES**

The following Grain Policies are in effect as of 09/01/2016; but remember, this can change at any time and we will try to provide advance notice of any changes.

There is a 10-day grace period for delivered grain. If you know how you want your bushels applied at time of delivery, please give instructions to your driver so he/she can let us know. If you are undecided on what you would like to do at that time, the grain will be put into open storage until we are notified. If the grain is not priced within 10 days of being delivered, storage will be charged from the date of delivery.

Reminder: as in the past, there is no averaging of corn or bean discounts.

Storage charges on both corn and soybeans will be \$.00164 per bushel per day or \$.05 per month with no minimum at this time. With the size of the crop still an unknown, we may be forced to reconsider putting on a minimum storage fee to protect your coop in the event that we are forced to ship unpriced grain. We will post a notice to inform you of any minimum storage rate to be charged. Grain Bank corn delivered at harvest time will have no storage charges the first two months. A maximum of four months of projected grain bank corn usage will be allowed.

Corn - Corn drying charges will be \$.0225 per bushel per 0.5 point of moisture over 14% for open storage, grain bank and warehouse receipt, and \$.0225 per each 0.5 point of moisture over 15% for cash, delayed price and contracted. Shrink is 0.7% per 0.5 point of moisture.

Soybean - Soybean moisture discounts will be 1% of cash price discount per 0.5 point of moisture at 13.1% and over; 2% of cash price discount per 0.5 point at 14.1% and over. Beans with a moisture content of 15.1% and over are subject to rejection or a 3% of cash price discount per 0.5 point.

Checks or ACH will be issued only on request. Please contact any of our grain offices if you would like us to settle bushels that have been delivered.

Any grain applied to storage this fall that is not priced by August 31, 2017, will have the storage charges billed to your account. Storage will start accumulating again on September 1, 2017.

Off farm trucking will be on going this fall but we will require a three day notice to help us meet all our customer's requests. We do not haul direct delivered grain at harvest time.

HTA fees effective 09/01/2016;

Corn \$.03/ Beans \$.05	2016 crop year
Corn \$.06/ Beans \$.10	2017 crop year
Corn \$.09/ Beans \$.15	2018 crop year
Corn \$.12/ Beans \$.20	2019 crop year

Rolling Fees \$.02 per bushel

Arbitrage Fee \$.05 per bushel





Agronomy Report

Dale Botten, *Agronomy Division Manager*

Preparations for Fall

An early start to spring planting rolled into a summer full of activities servicing our agronomy customers. With wet field conditions requiring some fungicide and insecticide spraying being moved to aerial application, it was a challenging summer for the application of crop protection products. With lower commodity prices, we saw some reduction in applications.

Plentiful rainfall and warm temperatures throughout this summer created optimism for a good crop going into fall. Hopefully this will make up for crop down-outs in some parts of our trade area.

Summer brought lower fertilizer prices, resulting in the best fertilizer values seen in many years. Prices have dropped to the point where major producers of crop nutrients have closed up some production facilities. This was due, in part, as a result of the lack of demand from farmers and retail fertilizer dealers going into the fall season. With significant decreases in prices, this may be the best investment for you to consider on your farm this fall.

The increase in nitrogen production has further narrowed the cost-per-pound spread between anhydrous ammonia and urea. This may result in additional urea being applied this fall and next spring at the expense of anhydrous ammonia. This will be our sixth fall applying urea with nitrogen stabilizer Instinct, which is proving to be a very sound alternative to anhydrous ammonia.

We continue to expand our staff and offerings within our in-house Precision Ag department. With a challenging farm economy, precision ag will position you to make the best investments on every acre on your farm. The growing complexity of agriculture creates greater opportunities for Crystal Valley to help you with your agronomic and operational challenges. Contact one of our agronomists to review services being offered by Crystal Valley.

As we move into the fall application season, we continue to make significant investments in people, equipment, facilities and technology to allow for precise and timely applications. Technology continues to improve and evolve. It is changing the way we operate, bringing additional value to our customers. Our experienced custom applicators are prepared to accurately apply your fertilizer and crop protection products this fall.

We are committed to serving your needs now and in the future. To help offset lower commodity prices, our knowledgeable and experienced agronomists are prepared to offer you their best recommendations on growing more bushels-per-acre profitably. We focus on bringing you the best products and delivering you the best service possible for your farming operation. Thank you for your continued support of your Crystal Valley Agronomy Division.

RECEIVE YOUR NEWSLETTER ELECTRONICALLY!

1. Go to our homepage, (www.crystalvalley.coop)
2. Click on the ABOUT tab
3. Click on the CUSTOMER CONTACT



Agronomy Update

Matt Schoper, *Agronomy Sales Manager*

What is New This Year for Seed

The seed business continues to go through changes as fast as any crop input with new traits. What is the shiny new technology? X-tend® soybeans that have recent Chinese trait approval allowing Dicamba to be sprayed on soybeans. As I write this article, the chemistry is still waiting on approval to be sprayed on United States' soybeans. We have supply of X-tend® soybeans to sell. However, we will not be able to spray them as intended until the approvals are granted and labels are set. Another superior technology this past year was Liberty® on soybeans. This is certainly not a new technology. Interesting enough, a good percentage of Minnesota farmers tried this technology for the first time due to the difficult weed problems. As I speak with both Crystal Valley agronomists and customers that tried Liberty® soybeans this year, the overall comments have been extremely positive about their experience. I always look forward to seeing new products on the market. However, it is important that we give them careful evaluation before proceeding. Our replicated trials in place this year will help evaluate what products and technologies bring you the largest return on your investment.

New Seed Products to Watch for this fall:

Top New Corn Hybrids:

Monsanto®	DKC47-47 RIB	97 RM	Good corn-on-corn with excellent emergence
Croplan®	3705 SS/RIB	97 RM	High yield potential on more variable soils
Monsanto®	DKC51-38 RIB	102 RM	Excellent yield potential with great disease package
Producers®	6258 STXRIB	102 RM	Very good Goss' Wilt with good stalks and roots
Syngenta®	N51R-3000GT	103 RM	Very good grain quality and season long stand ability

Top New Soybean Products:

Syngenta®	S18-G4X	1.8 maturity	Outstanding yield with IDC protection – X-tend®
Stine®	19LI32	1.9 maturity	Fast emergence and Brown Stem resistance – Liberty®
Syngenta®	S20-J5X	2.0 maturity	Top-shelf yield with white mold protection – X-tend®
Monsanto®	AG20X7	2.0 maturity	Above average IDC rating with solid yield – X-tend®
Croplan®	RX2146	2.1 maturity	Exciting yield potential with good IDC – X-tend®
Producers®	2115NRX	2.1 maturity	Excellent SDS tolerance with good IDC – X-tend®
Credenz®	CZ2312	2.3 maturity	Very good IDC a favorite in Bayer lineup – Liberty®

Please contact your Crystal Valley agronomist to discuss products and technologies available in more depth. They can help you position what will be the best fit for your operation. Also, if you would like to have a yield-check completed, we will have our weigh-wagons ready for use on your farm.

Additions to Crystal Valley Team



Cory Engen

We have recently added a new Precision Ag Specialist to the team to keep up with the increasing demand for our Precision Ag offerings. Cory Engen started the last week of August and brings excellent experience working with Precision Planting® equipment, Climate Pro® and completing planting prescriptions. Cory is originally from the Lamberton, MN area where he grew up on a family farm. Cory will be working out of the Madelia office. We transitioned Brent Meshke out of the Trainee Position to an agronomist role based out of Vernon Center. Brent has been with Crystal Valley since May at our Lake Crystal location. Both Brent and Cory will be excellent additions to the Crystal Valley team!



Brent Meshke

Please have a safe harvest season!



Grain Report

Jeff Spence, Grain Division Manager

The Impact of Mother Nature

After one of the wettest summers I can ever remember, it will be interesting to see our yields this fall. We will see crop yields from poor to great in our trade territory. Some areas have very large drowned out spots and some are almost perfect. I believe with the record rainfalls we have seen all across the Corn Belt we will see much of the same for the whole country this fall. The USDA has estimated substantial crop sizes for both corn and beans this year. That has dropped the prices of grain well below cost of production. We could easily see contract lows prior to harvest and possibly a small harvest rally this fall. If prices don't rebound before spring planting, we will see a sizeable drop in corn acres and an increase in bean acres next year.

On Thursday, August 18, we had a large thunderstorm come through Lake Crystal. The storm did considerable damage to the wood house and three steel bins in Lake Crystal. It knocked down a leg, two towers, catwalks, conveyors and damaged 300,000 bushels of bin space. Also, because of the damage, it is now impossible to reach another 200,000 bushel bin. We have contractors clearing away the damage. They will repair a conveyor to allow us to reach another 200,000 bushel space. We will take beans and dry corn at the cement elevator and wet corn at the wood elevator this fall. After harvest, management and the Board will take a closer look at our options for going into the future at our Lake Crystal Grain location.

Our Fall Grain Policies will be the same as last fall. We have a complete copy of them in the newsletter and also on the web page. Have a safe harvest!

OVER 3200 PORK CHOPS WERE SERVED!

Madelia – the weather was beautiful for our Customer Appreciation held at our Hwy. 60 location on Wednesday, September 14. We served around 1500 pork chops and a lot of smiles!

Janesville – we were ready to serve at our Customer Appreciation held at our Janesville location on Thursday, September 15. However, Mother Nature was not. A severe thunderstorm did not stop our crowd – we served over 1500 pork chops!!

Thank you To All Of Our Customers!



Madelia



Janesville





Grain Marketing

Jim Johnson, *Grain Marketer*

Grain Marketing This Summer

The August USDA Supply & Demand Report raised the corn yield to 175.1 bushels/acre and bean yields to 48.9. Regardless of the actual size of the crop, the market is expecting a very good one. Along with speculative selling, this report knocked values of beans and corn.

Fortunately, the bean market made a nice run before this last report. Better yet, it actually gave you some time to think those sales through and pull the trigger. Many of you made sales when the market gave you values that would work for your farm. Good for you!

What do you do with the unpriced beans? The current new crop price is still workable at +\$9.00 values. Because of the poor corn values, expectations are that the producer will sell beans for cash flow. Unless corn moves up or beans go down substantially, this is what we expect too.

Soybean demand, both domestic and export, is very good. As a result, we think bean values will hang in there.

Corn is another story. What should you do? First of all, you could do nothing. Harvest your crop, and put it in the bin and wait to see what happens. Maybe the market will start moving up.

There is perhaps one good reason to not sell a large amount of new crop grain now. You will not know your insurance number until the end of October. By making a sale now, the market could move up before the insurance number is determined. You could end up with fewer dollars than if you had done nothing. However, as soon as the insurance number is known, you are at the mercy of the market from then on.

Ultimately, by doing nothing, you are gambling on the market. At 7 year lows, maybe it has to go up. However, are you going to “bet the farm” on that?

For both corn and beans, what are your other choices?

There are two ways to stay in the market if you make a sale. The first is to buy a call option to keep you in the market until your option expires. The price of the option is deducted off the proceeds from the sale. There is no downside. However, depending on your strike price, you will be in the market if it moves up. This would be a Minimum Price Contract.

The other way to remain in the market is to make a basis sale. You decide which month you want to price off of and figure your basis. Because you only lock in basis, there is still a futures risk. In either case, delivery is at harvest. There are no storage charges and corn only needs to be dried to 15%.

If either of these options interest you, or you just want to learn more, give us a call and we will be glad to explain them to you.

Nobody knows what the market will do. The good news is that the real solution to low prices is actually happening. The demand and usage of grain is at record levels at home and world-wide. Yes, there is more competition from other producing countries. However, demand is growing everywhere. Ultimately, there will be an equilibrium where both producers and users can make money.



Joe Williams,
Grain Marketer



Ryan Brandts,
Grain Marketer



Energy Reports

Bruce Lauver, *Energy Division Manager*

A New Home and Opportunity

Hello everyone, my name is Bruce Lauver. I joined the Crystal Valley Energy team as the Energy Division Manager on July 25th. I have only been with Crystal Valley a short period of time. It has already been an enjoyable experience and a pleasure working with the board members, management team and fellow employees. The core values and the vision that I have seen at Crystal Valley so far will not only make this company great to do business

with, but it will also set us apart from our competition.

I have been in the energy coop systems around 13 years and self-employed in the energy business for 28 years. Years of working in the forever-changing agriculture and energy industries has made me appreciate life and the people that fuel and feed the world. We have a great energy team at Crystal Valley. We are going to work hard to meet the needs of our patrons.

My hometown is Council Bluffs, Iowa. My family (two brothers, two sisters, and mother) still live in the Council Bluffs area. I have four children, four grandchildren (one on the way January 31st) and my four-year-old yellow lab "Hollie". Our favorite past time is to travel and see them all from time to time in Florida, Arizona, and back to Iowa.

I look forward to meeting our customers and the opportunity to do business with you.



Mandate Reminders and Welcomes

Nathan Monroe, *Refined Fuels/Lubes Operations Manager*

We would like to introduce our new Energy Division Manager, Bruce Lauver. Bruce comes to us with over 30 years of experience in the energy industry. We are very pleased to have him join our team!

Harvest is right around the corner. We have been filling our customers up on fuel and oil to help them prepare. Please remember that on October 1st we go back to the B-5 Mandate on Fuel. The B-10 will not go in to effect again until April 1, 2017.



New Appliance Rebates

Jim Jung, *Propane Operations Manager*

The Minnesota Propane Association has started a new appliance rebate program. The new program started on September 1, 2016 and includes more appliances than ever before.

It includes the following appliances installed in new construction or when there is a change of fuel source. (electric, fuel oil, or wood to propane)

Propane, Furnace, Boiler	\$400
Propane, Clothes Dryer	\$200
Propane, Fireplace, Space Heater	\$200
Propane, Garage Heater.....	\$200
Propane, Water Heater	\$550

When replacing an existing propane water heater with a new one the rebate is \$150.

You may contact the main office 507-726-6455 and ask for LP Service for more information on these rebates. You can also visit the Minnesota Propane Association's new website at <https://www.discover-propanemn.com>

As cooler weather approaches, remember we can help heat your garage. We are a Modine® factory authorized dealer. We stock most Modine Hot Dawg® heaters and service parts. Call LP Service for a free quote for your shop or garage.

CENEX TOTAL PROTECTION PLAN® 2017 COOPERATIVE EQUIPMENT PROGRAM



New equipment owned by cooperatives that purchase Cenex® Lubricants can now be protected with the best warranty in agriculture.

The Cenex Total Protection Plan® for new cooperative equipment offers the same 10 year, 10,000 hour coverage as the current new equipment warranty for ag producers when using both Cenex Lubricants and Cenex Ruby Fieldmaster® premium diesel fuel.



WARRANTY COVERAGE:

Agricultural equipment: tractors (25+ horsepower) and telehandlers

Component	Covered Fluid	Warranty Term
Diesel Engine	Maxtron® DEO or Maxtron® Enviro-EDGE® Superlube TMS® or Superlube 518®	10 yrs/10,000 hours 9 yrs/9,000 hours
Diesel Injection Pump	Ruby Fieldmaster® products up to B10	9 yrs/9,000 hours
Diesel Injectors	Ruby Fieldmaster® products up to B10	5 yrs/5,000 hours
Trans/Hyd/Final Drive	Maxtron® THF + Qwiklift® HTB® , BioMax™ THF or Power Trans Fluid	10 yrs/10,000 hours 9 yrs/9,000 hours
Hydrostats	Maxtron® THF +	10 yrs/10,000 hours
Differential/Hubs	Maxtron® THF +, Qwiklift® HTB® , Maxtron® GL or MP Gear Lube	6yrs/6,000 hours

Agricultural equipment other than tractors and telehandlers: combines, harvesters, sprayers, spreaders, mower conditioners, bale wagons, hay cruisers, swathers, crop cruisers, cotton pickers/strippers and windrowers (spreaders)

Component	Covered Fluid	Warranty Term
Diesel Engine	Maxtron® DEO or Maxtron® Enviro-EDGE® Superlube TMS® or Superlube 518®	10 yrs/10,000 hours 9 yrs/9,000 hours
Diesel Injection Pump	Ruby Fieldmaster® products up to B10	9 yrs/9,000 hours
Diesel Injectors	Ruby Fieldmaster® products up to B10	5 yrs/5,000 hours

**Questions? Contact your Crystal Valley Representative:
Mike Scott: 507-995-6855 or
Mike Schwanke: 507-380-1017**

Treat Your Equipment Well. Treat Yourself As Well.



Earn one \$50 VISA® gift card for every 125 gallons of lubricant and grease products purchased between November 1, 2016 and February 28, 2017. See your Crystal Valley Representative for more details.

QUALIFYING PRODUCTS

Superlube TMS®, Superlube 518®, Qwiklift® HTB®, Maxtron® Enviro-EDGE®, Maxtron® DEO, Maxtron® THF+, MP Gear Lube, Maxtron® GL

Greases including: HD Moly Xtreme, Poly Xtreme®, Maxtron® EP, Blue Gard® 500+™, Molyplex 500+, ML 365®, Red Protect XT™ and Maxtron® FS

**Mike Scott: 507-995-6855 or
Mike Schwanke: 507-380-1017**





Feed Report

Bob Raue, *Feed Division Manager*

Services and Offerings

Harvest is just around the corner. Where has the summer gone? Harvest is an extremely busy time of the year for all. If you have any questions about corn storage, or our grain bank policy, please give us a call. Just a reminder, corn delivered in for grain bank can be delivered to any of our grain facility locations. Just be certain to specify to the scale personnel that is the case.

As always, the livestock feeding industry continues to stay interesting. Prices can be too high or too low depending on your situation. Sourcing, knowing when to market your animals and health issues can be a challenge. With the lower cost of inputs, good management practices and the growing need for food worldwide, the future looks bright. Crystal Valley can assist you in many of these areas. It is our pleasure to serve you. We look forward to continuing to build on our relationship with our current customers as well as building new ones.

We have customers in need of new or existing nurseries and finishing facilities. Give us a call if you are in need of pig sources - either on a spot market basis or looking for longer term contracts. We will do our best to accommodate your needs. We have interest in opportunities for investment group feeding and will continue to look at different options.

As always, even more so during this busy time of year and as the weather changes, please remember to place your feed orders twenty-four hours in advance. Having the advance notice allows our mills to streamline manufacturing and assures you timely deliveries.

For the past year, we have been discussing and have included information in our newsletters regarding the U.S. Food and Drug Administration's (FDA) new regulations addressing farm antibiotic use in food-animal production. This new regulation requires a Veterinary Feed Directive (VFD) for certain antibiotics used in the feed. Many water medications will require a prescription completed by your veterinarian. Just as a reminder, the rule takes effect on January 1, 2017. If you have not visited with your veterinarian concerning this, please do so in order to be assured you are ready for the changes. For additional information on the VFD rule, go to www.pork.org/antibiotics. We also discussed and supplied information in our summer 2016 newsletter pertaining to the Common Industry Audit. You can visit with your vet or packer to get more information on this or go to www.pork.org/commonaudit.

The Crystal Valley Feed team would like to thank you, our customers, for the business and the support you give us. It is always our pleasure to serve you. Please contact us if there is a service you would like to see us offer or if there is anything else that we can do for you.

Have a safe harvest.



Two gentlemen from South Korea toured the Vernon Center mill on Tuesday, August 9th. Mr. Lee, second from the right is the general manager of a feed mill in South Korea near Seoul. Hong Pak, his interpreter, is on the far right. Mr. Lee's mill manufactures cattle feed for feedlots. This mill has purchased a Scott® double ribbon mixer from Scott Equipment® located in New Prague, Minnesota. Mr. Lee and Mr. Pak toured two mills in Minnesota that have the same mixer in use. Pete Calderon, not pictured, is the general manager of Scott Equipment Company® coordinated the tours. Crystal Valley employees pictured from left to right are Bill Coonradt – Location Manager and Dave Limoges – Feed Sales for the Vernon Center mill.



Credit Report

Gary Hulke, *Credit Manager*

Heating Assistance

With the exception of moving south for the winter, we can expect we will need to be ready to heat our homes during the upcoming winter months. One means that can assist you with your heating cost is locking in a price by contracting your anticipated gallons for delivery this upcoming winter. Many of you have already prepared for that by contracting your propane needs. If you have not contracted yet and would like to, you may call our office at (507) 726-6455 or 800-622-2910 to inquire about the details. Another means to assist you with your heating cost is energy assistance for eligible households.

Energy Assistance

The heating season is sneaking up on us quite soon. Preparations are underway for the energy assistance program to help individuals and families who qualify for energy assistance grants. Funding may not be available until the heating season has already started. The accompanying information shows the income guidelines and contact information for the program.

Household Size	<u>GROSS</u> Income for previous 3 months
1	\$6,135
2	\$8,023
3	\$9,910
4	\$11,798
5	\$13,686
6	\$15,574
7	\$15,928
8	\$16,282

For more information or to receive an application, call: 507-345-6822, 1-800-767-7139 Or visit our website at www.mnvac.org • Application deadline is May 31, 2017

Participate in the Crystal Valley Patron Investment Program!

The Program is an unsecured deposit investment program that allows our patrons to earn bi-annually compounded interest on money placed with Crystal Valley as it is being utilized by business operations.



Sheri Johnson,
Accounts Payable

507-726-6455
Call today!

Type of Certificate	Minimum Amount	Current Interest Rate	Penalty of Early Withdrawal
Demand	\$1,000	2% Variable	None
3 Year	\$5,000	3% Fixed	6 Months Interest
5 Year	\$10,000	3.75% Fixed	6 Months Interest



INTERNSHIPS

Crystal Valley is now accepting application for 2017 Summer Internships.

- » Agronomy Sales
- » Precision Ag
- » Ag Service Technician
- » Grain Marketing
- » Grain Operations
- » Feed Sales / Operations
- » Information Technology
- » Entry-level Sales

Send resume and cover letter to Ashley Leivermann, Human Resources Director.
ashley.leivermann@crystalvalley.coop | 507-726-4442

Look for Crystal Valley at SDSU, NDSU, SCC, UWRF, SMSU and Ridgewater.

HOW TO APPLY:

Visit the careers section at www.crystalvalley.coop

Congratulations on the successful completion of your 2016 summer internship with Crystal Valley! Good luck with the 2016-2017 school year!



Crystal Valley

would like to recognize the following employees...



5 Years

Dean Barott
Feed Delivery
Vernon Center



5 Years

Nate Boomgarden
Elevator Operator
Madelia



5 Years

Ashley Leivermann
Human Resources Director
Lake Crystal



5 Years

Eric Nelson
Agronomist
LaSalle



5 Years

Chris Priem
Feed Delivery
Janesville



10 Years

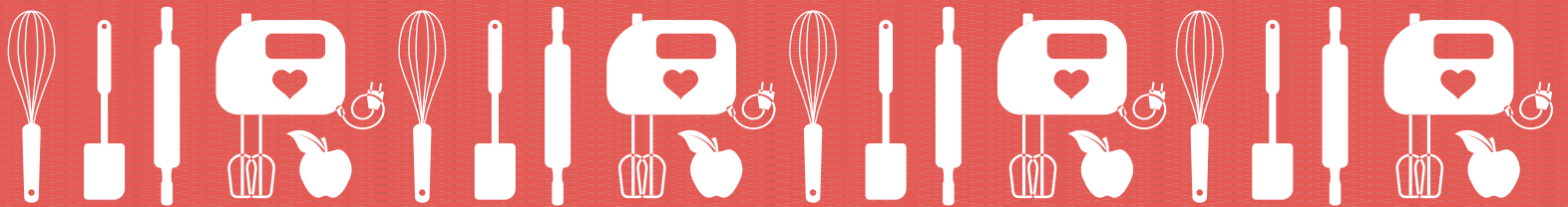
Dan Trullinger
Agronomist
Madelia



15 Years

Randy Hulke
Custom Applicator
Nicollet

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service to our patrons.



INGREDIENTS:

- » 4 good-quality apples
- » 1/4 cup chopped walnuts or pecans
- » 1/4 cup packed brown sugar
- » 2 Tbsp butter, (room temperature)
- » 1/2 tsp cinnamon
- » 1/2 cup water
- » Caramel sauce, for topping, optional
- » Ice cream, for topping, optional

SERVING: FOUR

NAME: Baked Apples

DIRECTIONS:

1. Preheat oven to 350°F. Use a paring knife to remove the stem and seeds from the apples, making a deep hole where the filling will go.
2. Combine the brown sugar, butter and cinnamon in a small bowl and mix well. Add the nuts. Spoon mixture evenly into each of the apples. Add water to a small baking dish and place apples on top. Bake for about 40-45 minutes. Remove from oven and allow to cool before eating. Serve with ice cream and caramel sauce, if desired.



Recipe from: www.tastesbetterfromscratch.com

Can Cash Flow Uphill?

It's that time of the year again. This year's crops have just about run their course and we are starting to focus on next year. With corn and soybean prices dropping, will our yields make up enough ground to cover high land rent and the inputs needed to maximize our profits? Let's just say the next couple years will not be as easy as the last few. That is no secret, right? Farming isn't always easy. But market trends cycle. This isn't the first nor the last time pencils sharpen on the desk of a farmer. Knowing it will be an uphill battle, what can we do to prepare? What can we do to maximize flexibility with the banker while maintaining the ability to reach set goals?

The first thing your banker will look at is what kind of working capital you have. On tight years like 2015 & 2016, and what 2017 is ramping up to be, it is very important to have working capital to create some liquidity for your cash flow. Think of it as "thee ol' saving account" or "the rainy day fund". We all can attest bills never seem to go away. With all the iron purchased in 2012/2013 there are still a few years of payments that need to be made. Having working capital can provide a buffer and give you the flexibility to manage your expenses so you can appropriately market your grain increasing revenue instead of being forced to sell at an unfavorable price to pay bills.

Just how much working capital does a producer need? The answer is simply, "It all depends on how tight the cash flow is." We look at working capital as collateral for the down payment on an operating note. Therefore, each operation will look a little bit different. Working capital tends to be based on how much gross revenue is generated. The less profit a cash flow projects in conjunction with higher levels of debt, the more working capital is required. Because lower levels of debt need less cash flow to sustain themselves, the lower the debt means the less working capital is required.

Working capital is one of the single most important pieces of the financial puzzle for every operation. However, there is one more factor. Without it, it will leave any producer unable to obtain adequate financing. Any relationship needs both parties involved to give 100% to be successful. Financing is not any different. Whether it is good times or bad, it is always important to have a positive trusting relationship with your lender. At AgQuest®, we know it is not always easy being a farmer. We also know finance better than anyone in the industry. With AgQuest® as your partner, it is important that we understand the potential risks not only for ourselves, but also to assist you, the producer, in making educated financial decisions for your operation.



Ryan Feist, AgQuest® Financial Services
Business Relationship Manager

For all your Financial and Insurance needs.

507-508-0206
rfeist@agquest.net
www.agquest.net





P.O. Box 210
Lake Crystal, MN 56055
www.crystalvalley.coop

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