

# AGBIZ

INNOVATIVE AG SERVICES CO.

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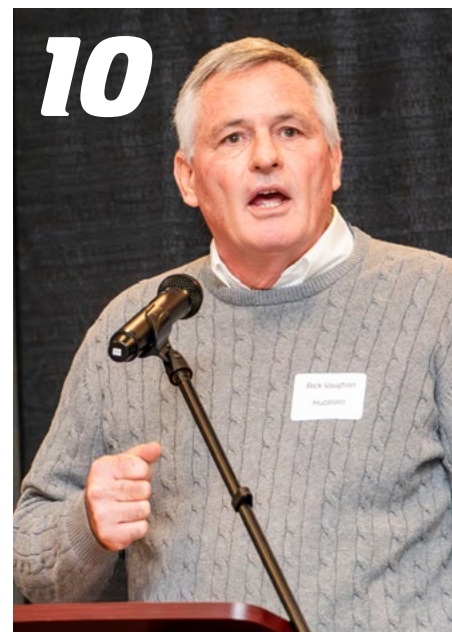
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## Carbon Scoring: How it could impact your farming operation

KEN SMITH, CEO

Keeping up with all the different aspects of your farming operation can be challenging. Your cooperative is here to help with these opportunities and challenges. One area that needs attention is understanding carbon scoring of your corn crop. I would like to share my insight in an effort to help advance your understanding of how it could affect your operations margins. I will also discuss my perspective on carbon sequestration in another article that you will find on page eight of this publication.

Reducing carbon footprints is on many corporate, social, and government agendas today. While different models, opinions, and emotions surround the carbon landscape, it has implications for your farming operation. This becomes very real with corn sold in 2025 with the 45Z tax credits.

There is a difference between voluntary offsets and 45Z credits when discussing carbon opportunities. The voluntary offset market results from companies or entities wanting to reduce their carbon footprint and are willing to pay others to help. These voluntary markets look for crop production attributes and have their specific details on how they will pay. I will focus on the tax incentives that ethanol plants will receive, the 45Z credit.

What is the 45Z credit? 45Z is also known as the Clean Fuel Production Credit. In 2022, the federal government enacted the 45Z tax credit. This credit incentivizes ethanol plants to reduce their carbon intensity (CI) score. When their score goes below 50, tax credits start to kick in. The ways an ethanol plant can lower its CI score through the GREET model are Carbon Capture Sequestration, Carbon Capture and Utilization, Climate-Smart Agriculture Practices (e.g., no-till, cover crops, non-synthetic fertilizer use), Renewable Natural Gas, and Renewable Electricity. For every carbon intensity point reduction below 50 CI, ethanol plants are given a \$0.02 per gallon tax credit, up to \$1 per gallon if wage and apprenticeship requirements are met. The ethanol industry was built on the expectation of 5-10 cent gallon margins; this incentive is significant.

Corn producers can play a part in reducing the feedstock CI score for ethanol plants through their farming practices. Some practices include minimum tillage, cover crops, and manure use. I refer to these as attributes of the corn crop produced. We have not received guidance from the IRS on how this needs to be documented and ultimately scored. We will also need to see how carbon intensity will be scored by field or by entity. We will also need to see if corn must be sold to the ethanol plant or if we can use a cooperative like IAS to aggregate the attributes and sell on the producer's

behalf. Another factor that will come into play is how ethanol plants share the incentive.

The period when ethanol producers are eligible for the 45Z tax credits is calendar years 2025 to 2027. So, corn sold during this period should bring additional value to farmers willing to verify their respective CI for corn production. Understanding that you are selling the production attributes is likely a distinction that must be made and verified when selling corn. Ethanol plants will likely have a premium schedule for CI, and the timing of the payment is likely to vary. The ethanol producer receives the credit at their tax time and likely must sell credits they can't use. Ethanol tax credits will likely have to be sold in the secondary market. It is anticipated that these will sell at a 5-10% discount.

What will ethanol plants likely pay for CI reduction? Today, many plants' CI scores in Iowa come in at mid 50's. Remember that tax credit incentives do not start until CI is below 50. They will also have to factor in what discount part of their credits will be exchanged. My current estimate is that we could see something near three cents a bushel premium for each point of the CI reduction premium schedule. This is an educated guess and assumes what the ethanol plants will share. If my guess is close, a 15-point CI reduction equates to a 45-cent bushel premium to the farmer. Corn production feedstock for ethanol plants has a CI calculation of nearly 28 today. If a producer has a combination of minimum tillage, manure, and cover crops, I think achieving a CI reduction of 28 points would be possible.

Getting IRS guidance and the details on verifying are important next steps. These details could change the assumptions I shared in this article. Working with a trusted advisor will be important for each grower to gain an understanding of how different markets value these attributes, as well as how to verify and when premiums will be paid. There are also specific details on how the grain you sell will be linked to the attributes and how the attributes could be moved (grain does not go there, but attributes do). Working on the information that verifies your attributes also needs to be understood.

Working with a trusted partner is important in this area, and we can help. We are educating our grain and agronomy teams while putting resources in place to help navigate this opportunity. We plan to have educational meetings this summer. Once guidance is out, we will be in a better position to provide the information to verify the CI scoring. We foresee that with our agronomy involvement and service, we could make it easier for you to verify your crop attributes. Thank you for working with IAS.

The AgBiz is a publication for Innovative Ag Services members. If you have feedback, suggestions or content you would like to submit for future IAS communications, please email [shelby.wartick@ias.coop](mailto:shelby.wartick@ias.coop) or call (319) 465-2022 ext. 1065.

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# INNOVATIVE AG SERVICES MEMBER TIM DALY: *PIONEERING SUSTAINABLE FARMING PRACTICES*



*“I’ve seen many benefits of participating in soil conservation programs. The biggest benefit I’ve seen is healthier and increasing yields. Many people think that when you start this journey, you will have reduced yields, and that is not true.”*

TIM DALY, BANKSTON, IA

Written by Shelby Wartick, Communications Director  
Pictured: Dillon Langel, Kayla Bergman and Tim Daly

Tim Daly, a fourth-generation farmer based in Bankston, Iowa, with his wife, Lori by his side, has been at the forefront of sustainable farming practices. His journey into sustainable agriculture began with a vision to preserve and enhance the land he inherited from his ancestors, dating back to 1865. Despite initial aspirations to work on a ranch in Montana, Tim’s commitment to his family’s legacy led him to embrace farming at a pivotal moment when his father faced health issues in the early ‘80s.

Tim’s farming philosophy revolves around the principle of leaving the land better than he found it. He emphasizes the importance of soil health and conservation, considering it a fundamental aspect of ensuring long-term agricultural viability. His transition towards sustainable practices started with the introduction of cover crops in 2005 and accelerated in 2012 when he expanded cover crop usage from 20 to 200 acres. Today, Tim proudly states that his farm operates at 100% cover crop adoption and 100% no-till practices.

Embracing sustainability wasn’t just a personal choice for Tim; it was also a strategic decision to enhance farm productivity and resilience. By integrating cover crops and reducing tillage, Tim observed tangible improvements in soil health, organic

matter content, and water retention. He highlights the role of patience in sustainable agriculture, emphasizing that while fields may not look picture-perfect in the spring, the long-term benefits far outweigh the aesthetic concerns.

Tim’s partnership with Innovative Ag Services (IAS) has been instrumental in navigating the transition towards sustainable farming. Through programs like Truterra, Tim received comprehensive support in implementing conservation practices while mitigating financial risks. The collaboration with IAS provided Tim access to cutting-edge precision agriculture technologies, enabling him to optimize inputs and maximize yields sustainably.

One of the key milestones in Tim’s sustainability journey was his involvement with the Truterra program, facilitated by IAS agronomist Dillon Langel. Through Truterra, Tim received tailored guidance to enhance his soil conservation efforts. Tim acknowledges that while transitioning to sustainable practices requires commitment and learning from mistakes, the rewards are evident in healthier yields and reduced input costs.

Tim’s dedication to sustainability extends beyond his farm. He actively participates in the Dubuque County Watershed Program, collaborating with local initiatives to promote soil conservation and water quality improvement. Tim encourages fellow farmers to embrace sustainability, emphasizing the importance of seeking guidance from agronomic experts and learning from shared experiences.

For Tim Daly, farming isn’t just a profession; it’s a way of life rooted in stewardship and resilience. His story inspires farmers seeking to embrace sustainable practices and are focused on ensuring that there is a thriving agricultural future for generations to come. As Tim aptly puts it, farming is about controlling one’s destiny while nurturing the land for the betterment of all.



*“When I work with growers, I tell them, don’t be afraid to try new things. If you have the mindset that this is the way we’ve done it for 40 years, you’re always going to be in the same rut. With Tim and his passion and drive, he’s not afraid to try things. He won’t try it on every acre, but he’s not afraid to try something new here and there. His philosophy is that if it works, great. You can implement it on more acres next year. If it doesn’t work, you’re not out much.”* DILLON LANGEL, AGRONOMIST

## *Truterra Program through Innovative Ag Services*

KAYLA BERGMAN, SUSTAINABILITY LEAD

The Truterra program helps growers financially by providing assistance for conservation practices, including cover crops, reduced tillage, and no-till farming. Growers implementing these practices, no matter when they were initially adopted, are eligible for Truterra programs.

Truterra offers several key benefits to growers, including inclusivity and flexibility. The program recently expanded eligibility to include growers that have been using conservation practices for many years. Additionally, the Truterra carbon program has a one-year contract term, providing growers flexibility when needed.

Innovative Ag Services (IAS) can help growers navigate the Truterra programs, including the carbon program. The IAS sustainability team helps ensure growers are informed throughout enrollment and choose the program that best fits their needs. Growers who have enrolled in the Truterra program have reported financial benefits and shared that they feel secure by being part of this program. IAS helps growers throughout the process to ensure their operations are protected.

The Truterra program is a valuable resource for growers who want to implement sustainable and conservation practices on their farms. Innovative Ag Services can help growers navigate the Truterra program and ensure they receive the most benefits.

Members can learn about the Truterra programs by talking to their IAS sales agronomist or by filling out a pre-enrollment survey at [Truterra.com/enroll](https://Truterra.com/enroll).



*“In my role as sustainability lead, taking care of our customers wherever they are on their sustainability and conservation journey is my number one priority. We know that our customers want to be good stewards of the land, and we’re here to support them on conservation tillage, cover crops, nitrogen stabilizers, structural water quality practices, and any other soil conservation efforts.”*

KAYLA BERGMAN, SUSTAINABILITY LEAD



Scan or go to [InnovativeAg.com](https://InnovativeAg.com) to see the full interview with Tim Daly and learn more about the Truterra program.

## H-2A: International Agricultural Workers Program

CARLA ELLIOTT, VP OF HUMAN RESOURCES



Hello! Our Innovative Ag Services (IAS) staff is gearing up for the busy spring season thanks to this unusually early warm weather. To better support your needs, we've expanded our H-2A Temporary Agriculture Program employee group for 2024. We understand this may raise questions, especially for those unfamiliar with the program. While this is our second year with H-2A, we've included some frequently asked questions below to address any concerns. We appreciate your continued support of these initiatives and welcome any feedback you may have. As always, IAS remains committed to providing exceptional service to all our farming partners. Thank you for your business!

### FREQUENTLY ASKED QUESTIONS

#### What is the H-2A program?

The H-2A temporary agricultural program helps employers who lack available domestic workers to bring foreign workers to the U.S. to perform seasonal agricultural work. Covid accelerated the ongoing challenges in recruiting a reliable workforce. This worker shortage has impacted our ability to service our customers and impacted our remaining employees. In the summer of 2022, IAS applied to participate in this program to supplement our workforce. In the spring of 2023, our first H-2A employees started to arrive. 2024 marks our second year using the program.

#### Who do you work with to bring the workers to the U.S.?

We are working with USA Farms based in North Carolina.

#### What country are you recruiting from?

South Africa.

#### How many H-2A workers Does IAS employ?

22 participants: 11 located in our western geography and 11 in our eastern geography.

#### How do you decide who to hire?

We work through the USA Farms employment portal, which lists all available candidates. This portal provides us with an extensive work history on the candidates, their skill set, and education, including previous reviews from past employers. Once chosen for an interview, candidates will then be interviewed by phone or virtually by the VP of HR and regional management at IAS.

#### What kind of experience do H-2A program participants have?

All participants can read, write and speak fluent English. Most have agricultural experience running farm equipment and working on farms in their home country. Some also hold certifications or degrees in mechanics, plumbing and electrical.

#### What process do potential employees need to go through to be employed in the United States?

All hires must pass a strict Visa approval process to leave their home country, including having no criminal history. Upon arrival in the country, they must be registered with Homeland Security to ensure our government knows their whereabouts while in the U.S.

#### What kind of work will the H-2A employees be doing for IAS?

The employees being hired are doing all the agronomic seasonal activities we need them to—anything to prepare for servicing our customers. This includes Custom Applicator Licensing so that they are versatile and can apply products for our customers on their farms.

#### How long do you employ the H-2A workers?

In our first year, they were here for seven months; starting in 2024, they will be with us from February through November for a total of 10 months each year.

#### Does the H-2A replace current domestic recruitment efforts?

The H-2A program compliments, not replaces, our ongoing recruiting efforts in the United States.

#### How successful has the program been?

H-2A program participants are positive, eager to learn, grateful for the opportunity, and have an incredible work ethic. They have been a great addition to the IAS teams they are working with. Our full-time employees and their families appreciate the people in the H-2A program. Plus, the H-2A program allows IAS to operate much closer to our full staffing levels.

#### Why do I, as a customer, need to sign this delivery/quantity contract for the H-2A program?

Obtaining this document is a government requirement of the program. By signing the form, you acknowledge that we have an H-2A program and that an H-2A worker may be working on your farm as an employee of IAS, and you are okay with them doing the work or delivering the product you have purchased from IAS.



Phillip Minnaar, Monticello Location

## A BEHIND-THE-SCENES LOOK AT PHILLIP MINNAAR, H-2A PROGRAM PARTICIPANT

Written by Shelby Wartick, Communications Director  
Pictured: Kirstin Schaefer and Phillip Minnaar, Monticello Location

Phillip Minnaar's journey with agriculture began long before he joined the Innovative Ag Services team through the H-2A program. Growing up on a farm, agriculture runs deep in his veins. "Both of my mother's brothers are farmers," Phillip shares. "They used to do dairy farming, but due to some circumstances, they both stopped that. Now, they plant only corn and sunflowers."

For Phillip, the allure of the United States was not just about seeking better opportunities but also about learning from the technological advancements in farming that the country boasts. "The US is way ahead of any other country that I know of, and it's to take a bit of that knowledge back home," he explains.

Transitioning from his farming roots in South Africa to the agricultural landscape of Iowa has been a journey of adaptation, particularly in embracing the technological advancements prevalent in American farming practices. "Everything is mostly push by button now when you're inside a big tractor or big spreader or applicator," Phillip notes. While the fundamentals of working with his hands remain consistent, the integration of technology has been a significant learning curve.

Despite the technological advancements, Phillip finds solace in the diversity of tasks and the opportunity to explore different facets of farming. "You get to do different things all the time," he remarks. "It's not the same thing day today. You're outside seeing the country, working with different kinds of people."

Phillip's experience in Iowa has been enriched not just by the agricultural exposure but also by the warmth and camaraderie of the people he has encountered. "All the people that I've met so far, are so friendly and so helpful," he shares.

Reflecting on his time with Innovative Ag Services, Phillip expresses gratitude for the opportunities afforded to him, including obtaining his Commercial Driver's License (CDL) and applicator license. "Having the opportunity to get my CDL and applicator license the first season that I was here... I think it's quite an accomplishment," he says. The support provided by Innovative Ag Services has made his transition smoother, offering study materials and access to training programs.

For Phillip, Innovative Ag Services transcends being merely a workplace; it embodies the spirit of family. "Innovative services? Definitely like a family," he affirms.

As Phillip continues his journey with Innovative Ag Services, his story serves as a testament to the transformative power of the H-2A program in fostering global collaboration and knowledge exchange in the realm of agriculture.

If you're curious to learn more about Phillip Minnaar's experience with the H-2A program and Innovative Ag Services, visit [innovativeag.com](http://innovativeag.com) today and watch the video featuring Phillip. Join him in exploring the intersection of tradition and innovation in agriculture, where every day presents a new opportunity for growth and learning.



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## Agronomy Division

TIM KRAUSMAN, VP OF AGRONOMY



As the days grow longer and the temperature begins to rise, we at Innovative Ag Services (IAS) are gearing up for an exciting spring planting season in Iowa. We're thrilled to announce that we're fully prepared to support your farming operations and help you achieve success on every acre.

Here's what you can expect from IAS this planting season:

- 1 Our dedicated team has undergone **extensive training** to ensure that they're equipped with the latest knowledge and techniques. From crop advisors to equipment specialists, we're here to provide you with unparalleled support every step of the way.
- 2 We've spared no expense in **preparing our equipment for the demands of the upcoming season**. Our fleet is ready to tackle any challenge, from custom nitrogen application to weed control and beyond. **Count on us to deliver reliable performance and efficiency in every field.**
- 3 **Your success is our priority**, which is why we've been working diligently to develop personalized agronomic plans tailored to your specific needs and goals. Whether it's optimizing seed selection, implementing precision agriculture techniques, or managing crop inputs, we're committed to helping you maximize profits on every acre.

At IAS, we understand the importance of maximizing profits in today's competitive agricultural landscape. That's why we're dedicated to providing you with innovative custom solutions and strategic insights to help you achieve your agronomic and financial objectives.

Get ready to make this spring planting season your best one yet with IAS by your side. Whether you're a seasoned farmer or just getting started, we're here to help you succeed. Find your local agronomist at [InnovativeAg.com](http://InnovativeAg.com) and learn more about how we can support your farming operation this season. Have a safe and prosperous spring!



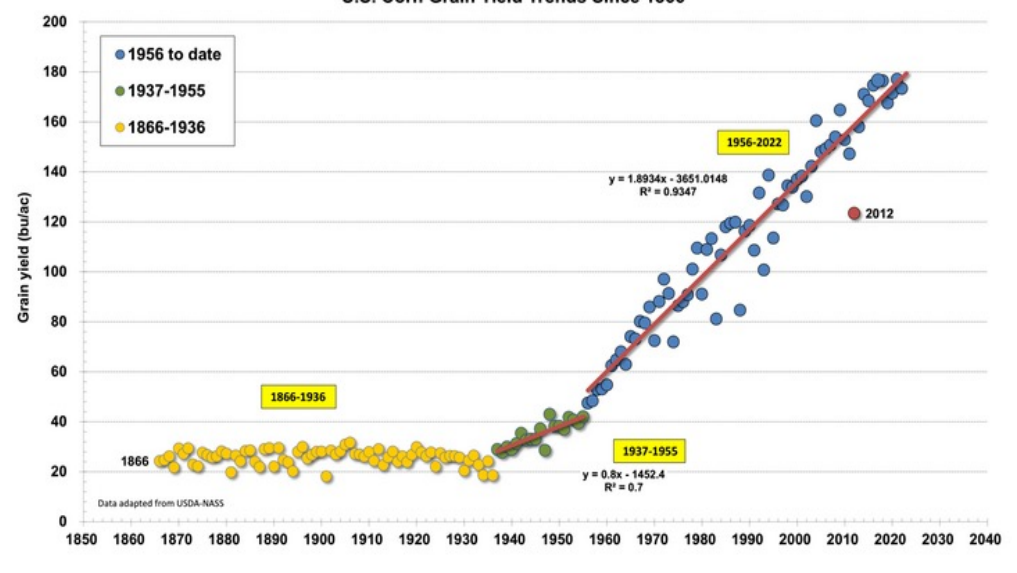
## Carbon Sequestration: Why it is important?

KEN SMITH, CEO

Row crop grain production has made significant strides in doing more with less. This can be seen in a corn yield curve over time. Technology gains have enabled more production on each acre while using fewer inputs.

model is through carbon capture sequestration. It appears that carbon sequestration can reduce Carbon Intensity (CI) by 30-31 points. There is an urgency to get in position for this. Those who don't or can't be positioned for this will be in a difficult position.

U.S. Corn Grain Yield Trends Since 1866



We also see improved feed conversions for livestock (lower demand per animal). We are seeing this in beef, pork, and chicken. Genetic advancement in animals is one of the big drivers. Another ongoing development is South America's grain production continues to grow. This comes both from yield improvements and from increased acreage. These factors add up, increase grain inventory levels, and reduce prices. Finding additional outlets and markets for corn is important. Ethanol has helped create additional demand over the last 15-20 years, but ethanol demand has been flat for several years.

Carbon sequestration can meaningfully impact an ethanol producer's margin. As mentioned previously, one way an ethanol plant can capture the 45Z credits approved through the GREET

As a result of this dynamic, ethanol plants are looking for geological formations that can hold carbon long-term. These spots are not common. This has led to the development of a transportation system by pipeline to get carbon to the right spot. Given the concentration of plants in the Western U.S., it makes sense for entities to work together. Summit Carbon Solutions has been a leader in navigating through this process.

Another key point for a reduced CI score is to position ethanol as a feedstock for sustainable aviation fuel (SAF). World jet fuel consumption is approaching 100 billion gallons in 2024. Countries

around the world are incentivizing or mandating SAF. The Inflation Reduction Act targets a need for three billion gallons by 2030 in the U.S.

U.S. ethanol consumption has been relatively flat for the last ten years. SAF offers a large opportunity for ethanol and, ultimately, corn demand. A conversion process must occur because jet fuel has a greater energy density than ethanol. There are several methods, but the current thinking is it takes 1.7 gallons of ethanol to convert to one gallon of SAF. The U.S. has about a 25-billion-gallon jet fuel market. One meaningful way to reduce jet fuel's carbon footprint is to use SAF, and most airlines are looking for this opportunity.



Getting ethanol in position to be used for SAF is critical. Without carbon sequestration, it is challenging for ethanol produced in the U.S. to have a CI score low enough to be used as a feedstock for SAF. There are current tax incentives to help SAF producers, but the CI score is needed first to make this happen. Carbon sequestration is important.

Brazilian second-crop corn ethanol will compete for gallons of SAF feedstock. Their ethanol production methods and the ability to have a second crop give them a CI advantage. U.S. corn can compete with carbon sequestration, but it will be challenging without it. Current plans are in place for the first large-scale U.S. SAF plant to be built in a position to import Brazilian ethanol if the U.S. can't supply it.

We are currently at a crucial point where there is a need for increased demand for U.S. corn. The use of ethanol for SAF has the potential to revolutionize the industry. We have experienced multiple cycles in agriculture, but I strongly believe that the use of ethanol for SAF would bring about a major shift in demand. Additionally, I anticipate that we will witness both improvements in yield and an increase in acreage in various parts of the world. I wanted to bring attention to this opportunity as I believe it will make a significant difference in corn margins and impact you, our members directly.

## Celebrating Rick Vaughan's Impactful Journey with IAS



Rick Vaughan, CEO of Innovative Ag Services, will be retiring at the end of April. With over 37 years in the ag industry, Rick has been instrumental in leading IAS to success. In honor of his retirement, team members have shared short stories about their experiences working with Rick throughout the years. We wish Rick all the best in his retirement and are grateful for his dedication and commitment to advancing the cooperative.

### WHAT'S WRONG, GUYS?

*Randy Swenson, VP, Energy*

Thirty-one years ago, I was hired by Farmer's Coop to establish a propane business. I did know a few people employed by the company, but overall, I was walking into the business blind. I got started building the business, and that's where the story begins.

Two years later, the Coop decided to make a management change, and Rick Vaughan was hired. I was well trained in procurement, sales, and service of fuel products but very green in putting together a financial plan. Rick was very patient during the many training sessions, although in one session, I did have to tell him I wasn't his kid, so quit treating me like one. I have never been around a man who had Rick's financial IQ. Many of you have paid a large sum of money to go to college and learn finances, whereas I was actually paid to be taught by the best. Farmer's Cooperative, Prairie Land Cooperative and Innovative Ag Services have been fortunate to have their company led by Rick. I want to thank Rick for the years of leadership and the fun we had along the way.

Rick's staff and mid-management all know that when he starts on a plan or an issue, you will see a lot of passion and intensity. The one thing you would hope is that you

weren't in a car when that intensity came out! Every mile, the conversation became deeper; the gas pedal went further to the floor. One wintry night, Rick, Ron B. and I were returning from a meeting when the conversation turned to a recent situation. His ears turned red, his lips quivered, and the icier the roads got, the faster he went. I looked up, and Ron had his fingers buried into the dash. I jumped to the floor in a fetal position, ready to kiss my rear end goodbye. After saying the Lord's Prayer three times, I heard Rick say, "What's wrong, guys? Ron states, the road is 100% ice, and I don't want to die!" Rick taps on the brakes, and the car starts to swerve. Instantly, Rick says, "Oops, I guess I wasn't paying attention." Whew, I lived through that one!

Rick was not only a mentor but also a friend. His guidance and support have been invaluable to me, and I am grateful for the lessons he taught me. We all wish him the best of luck in his retirement. And don't drive when it's icy—just kidding!

### PASSION FOR FISCAL RESPONSIBILITY AND RISK MANAGEMENT

*Carla Elliott, VP, Human Resources*

Rick Vaughan hired me 12 years ago as part of the Prairieland IAS merger. One of the reasons I took the job was the energy in which he presented himself. You could tell he would be someone who would be successful, and you wanted to be a part of that. Rick's hard work and passion for fiscal responsibility and risk management is unmatched. He can run calculations in his head and come up with the solution in seconds. He is a walking computation genius. His strength in numbers is just unbelievable. It became a personal challenge for many of us to try and get every angle thought out before we met with him and to see if you could come into a meeting and have every "I" dotted, and "T" crossed. Still, he always had one more thing he would teach you, and these conversations kept you wanting to be better.

He is always focused on ensuring the work we put out and how we communicate is thought out and that you have taken every angle possible to ensure accuracy and the impact of your decisions. By driving our viewpoints and looking at the different angles, he would push us to excel at a new level of thinking. He liked the challenge of problem-solving, and he wanted us to challenge ourselves.

Though his intensity could intimidate some, those of us who worked directly for him understood his passion for being successful in the agricultural industry, and he helped

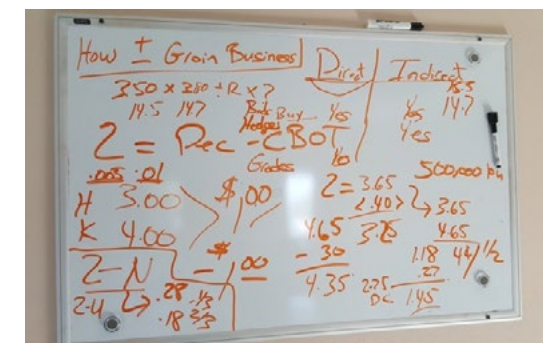
fuel our passion for it as well. Rick's goal was to take care of the customers and the employees supporting his initiatives, and he did that. Being on his team and supporting him in driving this company to a sound financial position has been an honor. He will have a lasting impact on my leadership, IAS and the cooperative community.

### IF YOU SQUEEZE THE NUMBERS HARD ENOUGH, THEY'LL TELL YOU THE ANSWER

*Charlie White, VP, Grain*

Rick's passion, leadership, and drive to advance not only the IAS business but also the great employee team at IAS is both commendable and inspiring as a senior leader. His ability to break down complex tax and business notions into actions that IAS could take is the execution behind a lot of success. Any time that I would struggle with decisions, Rick would always say, "If you squeeze the numbers hard enough, they'll tell you the answer." The grain business is simplistically just math and numbers, and it is a business of capturing as many quarter pennies as possible through hedging, trading and managing quality. Rick understands this as well as any in the industry and would take the time to teach anyone who would listen. However, sometimes keeping up with Rick's math on the whiteboard could be challenging. This is a picture from someone fortunate enough to sit through a grain training with a whiteboard, and Rick, chaos to some, or a road map to success in the grain business for others.

I want to thank Rick for taking a chance on me and for all the valuable lessons taught in my short tenure working with and for Rick that will serve me well throughout my career!



## Feed Division

MIKE BACHMAN, VP OF FEED



### SHANA HILGERSON JOINS FEED DIVISION

We are delighted to welcome Shana Hilgersen to the Innovative Ag Services Feed Division as a Dairy Production Specialist. Shana, who joined us in March, is based in Elkader and serves the Howard, Winneshiek, Clayton, and Allamakee areas. She will be handling dairy

and beef sales and will also be working with some of John Hammel's customers as he develops IAS feed sales and marketing programs further.

Shana brings a wealth of experience and knowledge to her role. She holds a Bachelor of Science degree in Animal Science from Iowa State University and a Master of Science degree in Agricultural Science and Communication from Kansas State University. Her roots in Elkader, where her family operates a 60-head dairy farm, further enhance her understanding of the industry and the area.



### RANDY FELDMANN RETIRING

Long-time employee Randy Feldmann recently retired from his role at Hopkinton, Iowa, after serving for over 48 years. Randy's hard work, dedication, and incredibly positive attitude will be missed every day. We wish him the best in his retirement adventures and are grateful for the opportunity to work with him over the years!



## Capital & Equipment Investment

### OPERATIONS UPDATE

Each year Innovative Ag Services (IAS) routinely goes through and identifies what equipment, or facility improvements need to be made. As you know, being in the farming industry, these items can be a big investment, so we review, plan, and re-review these purchases and prioritize how to invest best. This investment is not only reviewed when we set our fiscal budget but also mid-year to ensure we are on track.

When Ken, our CEO, arrived this past fall, he visited each location. He has also been back multiple times to some of the locations. These visits have initiated another level of investment. He was not only looking at additional grain storage and equipment, but he also wanted to ensure our facilities were safe, respectable, or branded IAS in the right light. Does the customer feel good about doing business with IAS, are we meeting service expectations, and does the employee take pride in where they work? Ken knows these things matter. With this said, once Ken made his first rounds, he asked all location management to submit a list of improvements they thought would benefit IAS's customers and employees. Once we got those lists, Ken and the executive team reviewed, approved and prioritized them.

We implemented a budget for two years to address the requests. Of course, there are some items we can take care of immediately, like paint, new blinds, entry door sills, any roofing improvements and the day-to-day items that get worn out, like a microwave or maybe a refrigerator. Many of us spend countless hours at these facilities, and it becomes our home away from home so keeping up on these items is important.

Some of our bigger projects will involve creating retail space that improves flow and storage and gives us additional offices to set us up for growth. Our Union location will be building a new office building. In Hubbard, the location-scale office building will be going through a remodel that will include office rearrangements, adding a restroom, restroom updating, replacing exterior doors and flooring, and new customer service area countertops.

We will also be making improvements to our grain department office for better trading communication. Garden City has completed an internal office remodel that has included new lighting, ceiling tiles, paint, and flooring, along with upgrading the employee breakroom area; all of this was completed by IAS staff. In Monticello, the retail space is going through a complete tear down similar to Hubbard, which will also include rearranging of current offices and creating additional office

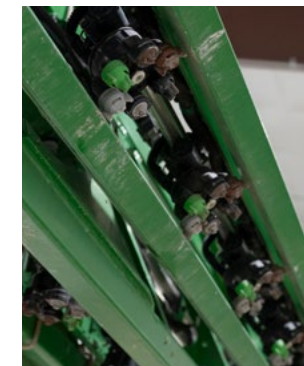
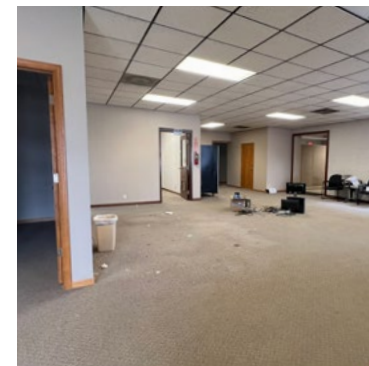
space, a new employee breakroom, bathrooms, new exterior windows where needed, improved insulation, flooring, ceiling tile, and paint.

These are just a few of the ongoing initiatives at many locations. We thank everyone involved in these projects and our employees and customers' patience as we make these improvements. Again, we will continue to work on these items over the next couple of years as they say it's a journey, not a race, and we want to ensure we are being fiscally responsible.

Here are some other updates to share we are working on this year:

- Masonville: New 105 bin 671,000-bushel space. Projected to be completed before the 2024 harvest.
- Garden City: Reclaim conveyor completed this April. There was an addition made, and we added a which allows more efficient access for corn coming out of the dryer to long-term storage.
- Purchasing bin sweeps for Waukon will create zero entry for grain bin clean-out, adding to our ongoing safety initiatives.
- Ellsworth, Alden, and Williams, roof coating on concrete elevators.
- Purchased a self-contained grain vac for bin clean out. It will be shared among locations and has a higher capacity to remove grain at a faster pace.
- Added some OPI blue temp cables at Monticello, Central City, and Williams for grain quality management.
- Miscellaneous repairs on legs and general maintenance.
- Farley: John Deere 800R Floater Dry Spinner. This is a new addition for offering dry spreading for Farley and surrounding customers.
- Monticello: John Deere 412R Row Crop Sprayer. This is replacing an aging sprayer for more reliable service.
- Central City: John Deere 612R Row Crop Combo. This is replacing an aging sprayer, but with the combo unit, we can now offer dry spreading for the Central City and surrounding customers.

These improvements are helping us attract, retain, and enable us to better service our customers. It is also helping us retain and recruit new employees. We appreciate your business and look forward to working with you this spring. Have a safe planting season.



## Energy Division

RANDY SWENSON, VP OF ENERGY



### HELLO, FROM YOUR MAN WITH GAS!

As of this writing, crude oil continues to move higher at \$83/barrel. For many months prior, crude struggled to break through the \$80 level, but as of recently, it's been up and down but can't break below that mark.

Yesterday, prices faced pressure

due to an unexpected increase in U.S. crude oil and gasoline inventories last week, driven by higher crude imports and weak gasoline demand, according to EIA data. Forecasts suggest that U.S. crude oil inventories will grow less than usual, as global inventories are expected to remain in deficit for the rest of the year. Geopolitical concerns continue to boost the petroleum complex, particularly as refineries in Russia have been damaged by Ukrainian attacks of late, which could lower product supplies available to the global marketplace. Most analysts predict crude oil to be \$90/barrel by the end of summer, with some predicting \$100.

Now that spring has arrived, diesel inventories are at a normal range, and prices are .15-.20/gallon cheaper than this time last year and 1.00/gallon cheaper than two years ago. That is one positive thing based on the higher costs of everything these days. Most of our spring diesel fuel contracts were written for April – May, so contact your driver to have your tanks topped off if they haven't already been. We hope to have fall diesel contracts available very soon.

Propane prices have stayed consistently the same throughout the winter, as demand and smaller export sales are the main drivers. On a relative basis, our propane sales have been the smallest for many years. I have been keeping heating degree days for many years, but I can only find my records back to 1998; this year has been the warmest winter during that time frame. I have heard meteorologists state that it is the warmest on record. With that said, most customers still have plenty of contracted gallons on the books, so we will be out, filling contracted tanks throughout April and May.

Have a great spring!!



OIL PRICES ON THE RISE



DIESEL PRICES DOWN



PROPANE PRICES HOLD STEADY

# Grain Division

CHARLIE WHITE, VP OF GRAIN



Grain marketing on the farm can be one of the toughest tasks that you do as a manager of your business. The long hours in the spring and fall, sweeping out a bin in the 100-degree summer heat, and other physically demanding attributes of farming can seem easier than trying to determine when and how many bushels and at what pricing level I should market. This can be especially true in the environment that we have been in, coming off inflated commodity cycles due to supply shortages.

I know I'm not telling you anything you don't already know. The best advice that I can give in these types of environments is to think about the basics of grain marketing and how to re-set our strategies to focus on those.

## Seven key basics of setting up a marketing strategy:

- 1 **Estimate your break-even prices** based on your input prices, historical production history, and forecasted conditions for this crop year.
- 2 **Develop a plan on what prices you are targeting** based on your break evens, what tools to utilize, and what are some key dates you want to have certain percentages sold by.
- 3 **Analyze market conditions** to determine your price ranges are achievable and utilize seasonality in the marketplace for help with timing deadlines. *Reference charts 1 & 2*
- 4 **Determine what price management tools** optimize your risk mitigation objectives.
- 5 **Consider crop insurance** guarantees as a base line for bushels at risk.
- 6 **Capture board carries** that outpace interest costs for stored bushels.
- 7 **Contact your IAS grain buyer** for ideas, market intel, and risk management tools available.

The most important objective of a marketing plan isn't necessarily the price levels or bushel quantities; it is the execution of entering offers, ensuring that the date targets set are acted upon, and then monitoring market conditions and adjusting if needed. Monitoring the markets daily provides an overwhelming amount of information. The key is to watch for major changes in the marketplace that may be sending different signals.

The March USDA Quarterly Stocks and Prospective Plantings Report is one of those pieces of information worth watching. The report on March 28 shocked the marketplace with projected corn acres down from average trade guess and last year's plantings at 90.0 million acres. This is a drop of 4.6 million acres from a year ago and 1.8 million acres less than average trade guess. Soybean acres came in right in line with analyst expectations at 86.5 million acres, which is up from 83.6 million acres last year. These acreage numbers had the market a buzz, discussing the loss of 6.4 million principle crop acres, (*reference chart 3*) without a major

prevent plant concern. If there is no major issues this spring, it is likely we see some of those acres get added later this year in future USDA prints.

Quarterly stocks didn't offer any major surprises as stocks came in close to estimates. Soybean stocks on hand were 1.845 billion bushels versus 1.83 estimated, versus 1.687 last year. Corn stocks on hand came in at 8.347 billion bushels versus trade guess of 8.43 and up from 7.396 stocks last March.

As if determining when to sell your grain wasn't hard enough, there has been a lot of talk regarding carbon intensity (CI), carbon pipelines, payments per acre for voluntary offset/inset programs, etc. Ken has outlined more details regarding CI, its importance to the industry and your farming operation in two articles in this publication. My final message to you is that IAS is in a great spot today to continue partnering with you, and help you access these evolving markets. Today, IAS agronomy division is actively participating in this sustainability and carbon space; the IAS grain team is actively working with ethanol plants, the agronomy team, Pine Lake Corn Processors (PLCP) and industry to determine program availability for you. Finally, IAS ownership of PLCP allows us to be directly involved in the downstream generation of 45Z tax credits. We believe the tie together of these divisions will allow us to better partner with you, from your inputs to grain marketing to capturing premiums attributed to 45Z credits and others.

We look forward to rolling out more details of how these programs will look later this year. Thank you for your business. Have a safe spring season!



Chart 1: Corn | Seasonal Market Data

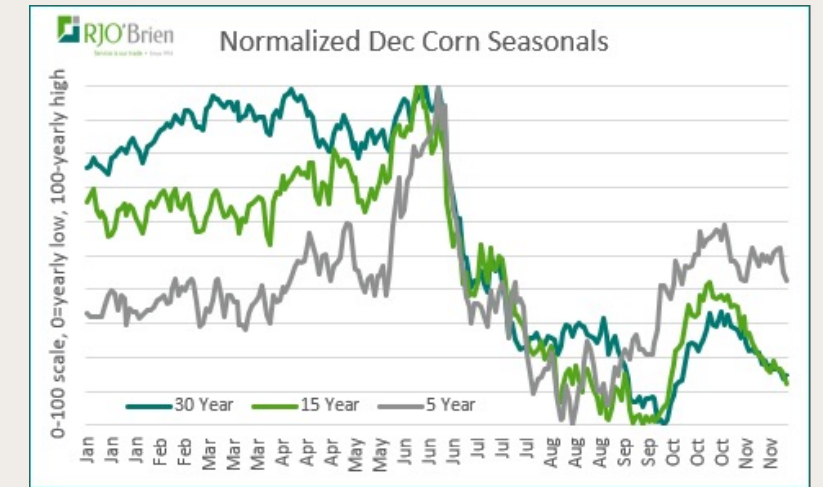


Chart 2: Soybean | Seasonal Market Data

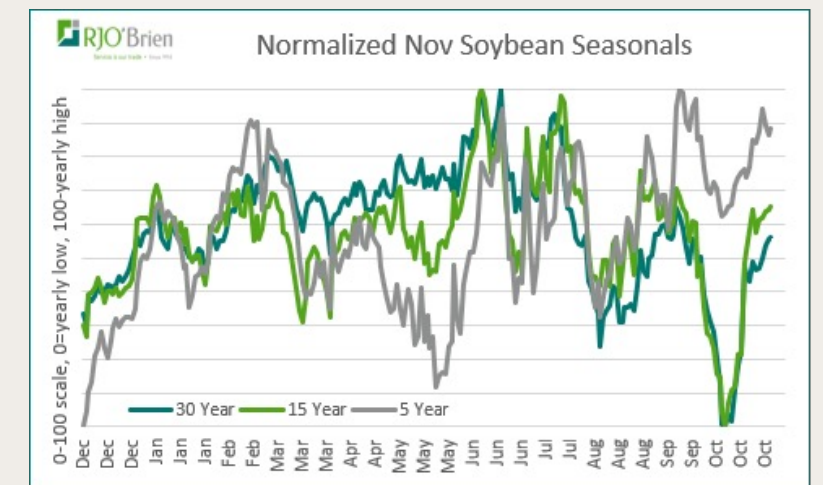
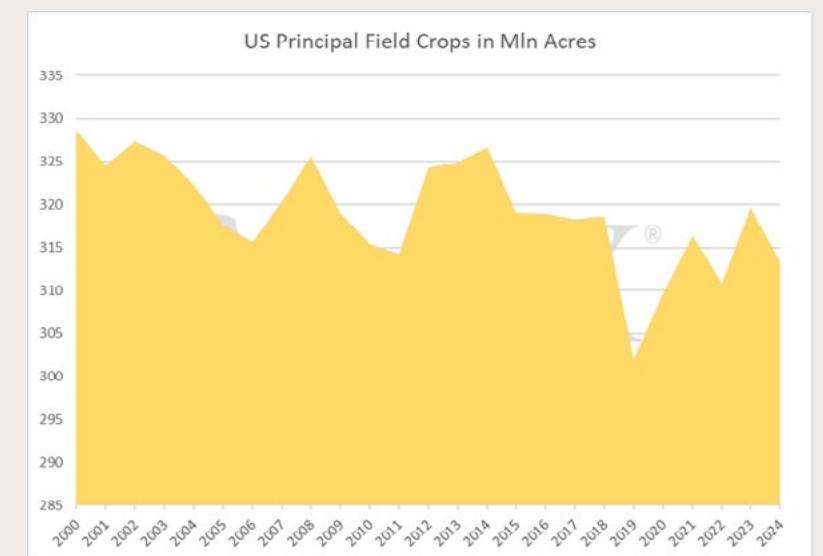


Chart 3: U.S. Principle Field Crops Acres







## ***Join the Innovative Ag Services Annual Calendar Photo Contest!***

Get your cameras ready and unleash your creativity in the 2025 IAS Photo Contest! Capture the essence of cooperative living and submit your entries for a chance to be featured in our annual calendar. Share your unique perspective on the cooperative lifestyle with quiet moments and stunning landscapes that define our community. Whether it's a serene vista, daily life snapshot, or dynamic action shot, we welcome your submissions. Winning photos will be showcased in the upcoming calendar.

To be considered for the 2025 calendar, send in your entries that reflect cooperative living by August 31, 2024. Find the contest rules and submission forms on [InnovativeAg.com](https://www.innovativeag.com) under News & Press. Submit all digital photos to [info@innovativeag.com](mailto:info@innovativeag.com).

**The winner of the cover page will receive a \$100 gift card!**



Scan or go to [InnovativeAg.com](https://www.innovativeag.com) for more details on the IAS Annual Calendar Photo Contest!

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