

Agri ZFS Source

A publication of Zeeland Farm Services, Inc.®

Winter 2013

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Still going strong

❑ Jerry Gallagher, at 84 years old, continues to lead a farm service with 14 employees

Jerry Gallagher learned a hard lesson early in life and it has served him well during his more than half a century in the agriculture industry.

Fresh out of the Army in 1954, Jerry went into business with his brother Jim, repairing cars, trucks and other vehicles, or in Jerry's words: "Just about anything that needed repairs, we did it."

As the young Lansing-based shop grew, it took over fleet maintenance and repairs for a local sheet metal company. But the Gallagher brothers invested too much of their time, energy and resources in one customer, and when that business went under, the repair shop wasn't far behind.

"We went good for about a year and then things kind of went bad. It took everything we had," Jerry said. "When it went bad, Jim went to Florida and I came here. I got a G.I. loan and bought this farm - the 120 acres where we live now."

That was in 1956 and Jerry continues doing business on Ostrum Road in Belding, just two miles down the street from his aunt and uncle's farm



ZFS photo by Gary Brower

YOUNG AT HEART: Jerry and Jane Gallagher have been farming on the same piece of land in Belding since 1956. Their operation has grown and diversified, but Gallagher Farms is still driven by the same values that launched the business almost 60 years ago.

where he grew up. At 84 years old, Jerry still farms about 3,800 acres, growing corn, soybeans and wheat, but, based on the lesson he learned 60 years ago, Gallagher Farms has diversified into so much more.

Jerry and his wife, Jane, along with their daughter, Lucinda Chipman, and about a dozen employees, run a pair of small grain elevators on their farm

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Gallagher Farms

Owners: Jerry and Jane Gallagher

Location: Belding, Mich.

Type of operation: Cash crop grower, grain elevator, fertilizer, chemical and seed distributor.

Employees: 14

ZFS customer since: 1965

ZFS, like many, is an ever-evolving operation



ZFS file photo

PROGRESS: Meeuwsen Produce and Grain, the precursor to Zeeland Farm Services, Inc.®, started in 1950 with one employee - owner Bob Meeuwsen - and one truck. Today the company employs more than 300 and its Freight Division has about 100 trucks in the fleet.

❑ The legacy of founder Bob Meeuwsen is one of adapting to the needs of our varied customer base

We certainly started this winter on time. It felt like we had a month of winter in before fall was done and the first day of winter on the calendar arrived.

It was not a good harvest for some, as the wet, cold weather prevented them from getting out in the field. But overall, the yields were reasonable and that is a change from the recent past.

In life and business there is nothing more certain than change. We all have witnessed many changes in our lifetimes. I know my father certainly did.

Recently, my father went to be with his Lord. During his lifetime he lived through many changes and learned to adapt. When he was young and starting out in business, he witnessed a big change in the transportation

Cliff's Notes

Cliff Meeuwsen is president of Zeeland Farm Services, Inc.

business as we moved from gasoline powered vehicles to trucks with diesel engines. Back then he also had to deal with heavy regulations within the trucking industry. The restrictions were so tight that you had to have permits from the government to transport most freight.

In those days the system was very inefficient as trucking companies were forced to deadhead miles to pick up freight they had permits to haul. My father adapted to the system by hauling freight out of Michigan and buying loads of grain out of state to haul back. The rules allowed you to transport any product you owned, so he became more efficient as he cut down on the miles he traveled with empty trucks. It worked well because Michigan was a grain deficit state.

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GALLAGHER: Family farm services business still serves about 150 customers

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and handle about 1.2 million bushels of grain each year. They also sell seed and chemicals and run a fairly good-sized fertilizer operation, distributing product from both their Belding farm and an outlet in Ionia.

Jerry said the farm has about 140 customers, down from a peak of about 275 when small farms were the rule, rather than the exception. He said the diversification of Gallagher Farms' was born out of necessity more than anything else.

"It all started in 1959. We had a local elevator here in Belding. We all had our wheat up there and they went broke and we all lost our wheat," Jerry said. "So I got an old truck and started buying wheat. I hauled it to General Mills in Battle Creek. I went there day in and day out. Anyway we could get rid of that doggone wheat."

Today, Gallagher Farms markets its wheat exclusively through King Milling of Lowell.

At about that same time, Jerry began selling fertilizer and seed to the local farmers, again out of necessity rather than a well-engineered business plan.

"We had no fertilizer dealer either, so we started in the fertilizer business in 1959 when that elevator went out of business," he said. "We sold it all in bags. We started with 100-pounders and then we went to 80-pounders. When we got the 80-pound bags, we thought the world had opened up. We didn't start selling fertilizer in bulk until 1978."

The diversity of Gallagher Farms is one of the things that has helped it remain a vibrant, vital organization through some turbulent times in the agriculture industry. The farm, like many others, grew steadily in the 1960s and then thrived throughout the 1970s.

The 1980s, however, were a different story. Bolstered by confidence



ZFS photo by Gary Brower

MEETING NEEDS: Jerry Gallagher, 84, stands in front of a 10,000-bushel bin he built in 1960. Gallagher Farms has served farmers in and around the Belding area in northern Ionia County for more than 50 years. The business not only grows about 3,800 acres of cash crops, it also provides grain storage and is a distributor of fertilizer, chemicals and seed. Much of what Jerry does today he started in 1959, when a local elevator went out of business and he stepped in to fill a void in the market.

after years of growth, many farmers and ag-related businesses were over-extended early in the decade, and as demand for their products fell, so too did their income. Farmland lost two-thirds of its value in five years and the interest rates on variable rate loans began to rise. Bankruptcies were commonplace.

Jerry, however, was proactive and got his financial house in order be-

fore the farm crisis hit.

"We've seen people come in (to the industry) and we've seen them go up and we've seen them go down. We decided that we would get out of debt in the early '80s and stay out of debt," he said. "We had a lot of accounts that went bankrupt, but we were able to weather the storm because we had gotten out of debt."

It was a decision that positioned

Gallagher Farms for expansion while others were going under. Jerry and Jane bought four bankrupt farms during the '80s, which helped set the business on a path of growth for the next two decades. But Jerry, not wanting to take advantage of the families who had lost their farms, worked deals with all four landowners that allowed him to buy the land, while the families were able to keep their home, mortgage free. The Gallaghers now own 1,850 acres.

"We've been here 57 years and we have seen the good years and the bad years. We've seen the years that if you are not very stable, you can lose your identity very easily," Jerry said. "We tightened our belts and we bought four farms during that time. But we said, 'You keep the house so you can have a home,' and we paid off the mortgages. We didn't want to take somebody's home. A home is something you respect."

It is that type of business practice that helped Jerry earn the trust and respect of his customers and neighbors over the years. It helped him get elected to the Orleans Township Board of Trustees for 40 years, and except for the first year when he defeated the former supervisor, he ran unopposed every time. Jerry has also served on the township board of review and was member of the Belding Area Schools Board of Education for many years.

While on the school board, Jerry was a champion for the average student, saying it was job of the schools to celebrate all students and raise them up to meet challenges, rather than lower the bar of expectations. And though he enjoys sports, especially Notre Dame football, he was vocal in expressing his opinion that academics should be stressed above athletics.

"Don't get me wrong, I love sports, but you can live without football," he said. "You can't live without an education."

CLIFF: At ZFS, change is inevitable, so we adapt, grow and move forward

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But the world changed, as it always does, and Michigan began growing more corn as varieties that grew better in colder climates became available. Transporting corn back into the state did not work anymore, so my father changed once again. He started hauling grain within the state, then out of the state as production increased.

His backhaul became protein to feed livestock. As his customer base grew, he bought more and bigger trucks. He also built a grain elevator to more directly serve the grain producer.

Looking back, I wonder where Zeeland Farm Services would be if he had not changed when the business climate changed. If my father had not grown and adapted when his customers' needs changed, would we have lost customers? Would the business have gone backward in a hurry? How would that have impacted his employees, as they were seeking more opportunity and compensation each year, not less?

Speaking of opportunity, there are many stories that we can relate to as family members having grown up in the business. One such story was re-

layed to me by a truck driver. The driver had filled out an application to drive for my dad and my dad told him that, as part of the application process, he had to take a truck and back it into an area between two other trucks.

The driver did it successfully, but my dad asked him to do this again. And again. And again. Well, he did it 20 times, and when he finished, my dad said "Good bye" and did not hire him on the spot. A week later, my dad called the driver on a Friday afternoon and said he had a load that needed to be in St. Louis by Saturday morning.

The driver had a decision to make. He could have either taken the load and had a job, or not. He took the load and was awarded the job. He's been a co-worker at ZFS ever since.

The scenario raised a couple of questions. First of all, why would my dad ask the driver to back into the same place 20 times? Well, knowing my dad, it was because he wanted to see if the driver would go beyond the call without complaint. If he would, Dad figured he would do that for the customers, as well.

Second, why did Dad wait to hire the driver and then put him under pressure to perform on a Sat-

urday when he could have been somewhere with his family? He wanted to see if, when the going was tough, the driver would still be committed to deliver for the customer.

So my father adapted to change, grew with change and provided opportunity for people around him. If you were committed, he would find you work. That way of thinking served the changing needs of our customers well, and it also left a legacy for our business to follow.

Customers of ZFS can rest assured that we will continue to change when they need us to change and grow with them when their needs grow. We miss my father around the business greatly, but his legacy will live on because as he taught us, if you don't go forward you will go backward. You cannot stand still. Life around you will not allow that.

Life is full of change and in this holiday season may we remember the great gifts we have received.

Many of us have lost loved ones who have given us memories and the great futures we have before us. May we look forward and be always thankful.

Here's wishing for a Happy New Year from the ZFS family to yours.

ZFS partners bring value-added products to growers

☐ The Bean Team works with both Partners Brand and D.F. Seeds

Most everyone looks at Zeeland Farm Services as a soybean processing plant, which is true. Our main focus is non-GMO and Roundup Ready® soybeans, but the Bean Team at ZFS offers more than just beans.

ZFS has partnered with D.F. Seeds in Dansville, Mich., to offer wheat seed and Partners Brand in Howe, Ind., for corn seed.

We first teamed up with Partners Brand Seed four years ago and are pleased with the selection the company offers. It has many varieties of conventional hybrid corn available through ZFS.

We have been working with D.F. Seeds for many years. D.F. Seeds offers non-GMO, Roundup Ready and Liberty Link® soybean varieties. Its non-GMO line is growing in popularity among producers.

Seed update

ZFS sells the full lineup of D.F. Seeds and will offer a \$2 grower premium for all non-GMO soybeans from the 2014 crop.

We believe both Partners Brand and D.F. Seeds products are good choices for our customers, offering good pricing per bag and competitive pricing at harvest.

To learn more about all the seed products ZFS offers, attend one of our two grower meetings in February. We will be hosting a meeting at our administration building in Zeeland on Feb. 24 and another at the Bavarian Inn Lodge in Frankenmuth on Feb. 25.

The Bean Team wants to provide you with the best service possible. Feel free to contact us and let us know how we can assist you.



ZFS photo

A GROWING RELATIONSHIP: The Zeeland Farm Services Bean Team has partnered with D.F. Seeds to produce quality soybean seeds for many years. ZFS also teams with Partners Brand to offer top notch corn seed.

The Bean Team

Dan Bailey, CCA 616.437.3961
 Kyle Marshall 517.795.9628

With wet harvest, discount schedules deserve closer look

☐ Know contract details to ensure that you do not leave money on the table

It's amazing how different things can look from one year to the next. Last year, at the end of November corn users were all plugged full of high-priced corn.

This year, at the end of November users were wondering, "Where is this big crop of corn. Especially the dry corn?"

End users were very aggressive getting cheap corn early with shrink-only deals and better basis levels. Now we have snow on the ground and we are still trying to finish corn harvest.

End users have found it hard to get corn to move at these cheaper prices. One ethanol plant in Illinois has gone so far as to offer free storage of corn, something that is unheard of in a carry

Market report

market.

At times in December, we saw higher prices or the same prices posted for January delivery. Another sign that it's hard to get corn to move.

The corn industry was preaching about how big corn crops have big carries. We went from a 12-cent carry down to a 5-cent carry during the last week of November when we still had a lot of corn in the U.S. to harvest.

One thing is certain, this will be a very important year to watch discount schedules and to try and manage your pennies.

We can't stress enough how much money a farmer can leave on the table for bean moisture discounts.

There was an elevator in southwestern Michigan that was using an

Indiana processor's moisture discount schedule and taking in 17 percent moisture beans. At \$13 beans, our ZFS discount schedule would be a total discount of 95 cents (5.6 percent shrink and 22 cents per bushel). Using the percent of price discount schedule - equal to 14 percent of the contracted price at 17 percent moisture - that is a \$1.82 per bushel discount at other places. Current moistures into ZFS are averaging 13.6 percent, or a 23-cent discount. The other schedule is a 45.5-cent discount.

If someone offers what you think is a better price than ours, please take a very close look to make sure you are really getting a better deal.

Corn and beans were wet this year and test weight has been an issue in northern corn. It was also interesting to watch the shrink-only corn deals that were occurring at a higher

shrink percent on moisture than most elevators. A lot of places were using 2 percent shrink instead of the standard 1.4 percent.

Soybean meal has been flying off the shelves in the U.S., primarily due to export demand and improved margins in the livestock industry. If futures get cheap it might be wise to think about locking in futures and doing a hedge-to-arrive contract.

If you roll bought contracts through an inverse, your futures price gets cheaper. But be careful. Talk of increased bean acres next year could have the same impact increased acres had on the corn market this year.

Grain Division 866-888-1839

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Feed Ingredient Options

Worldwide demand for protein is pushing prices higher

The United States just went through a pretty large harvest, yet protein prices remain at historically high levels.

A large harvest and high prices don't typically happen at the same time, so what is the problem?

The Pacific Rim countries, and all of Asia, have a huge demand for protein and continue to take large amounts of soy meal, canola meal, DDGS and any other protein they can find. It takes more than twice the amount of vegetable protein to produce a meat protein, and the Pacific Rim countries are all eating more meat proteins.

Markets are tight with the anticipation that markets will trade lower. But why and when will the protein markets trade lower? Will the demand from Asia let up, or will protein stay high priced longer than we think?

Those are tough questions to answer, but one thing is certain: We will see volatility in the marketplace.

We feel protein values have a chance to stay higher longer than many think they should.

Corn basis is somewhat strong, with corn growers holding out for higher

prices. That is also keeping other starch products relatively high versus corn futures. Overall, corn prices have come off the highs we witnessed the last couple of years, and it appears corn will have trouble breaking \$5 per bushel in the near future.

Canola Meal

The canola markets remain tight. All processors in the west are out of product until April, while eastern processors have limited truck tons available. Look for product to remain tight until rail car shipments return to normal, which could be several months. Canola contracts are available from April through September right now. Prices for that time range are trading at \$30+ per ton discounts to the spot market and should be considered. Call us for a contract quote.

For those who have basis contracts, we want to remind you that we roll all unpriced contracts to the following futures month on first notice day of the front futures month. This roll creates a new contract basis versus that forward month. If you have questions about how this works, please give us a

call and we can walk you through this process.

Cottonseed

The small amount of cotton acreage this year in the United States, along with some crop issues in Australia, is pushing prices higher. Exports from the U.S. are occurring again at a faster pace than the past couple of years because of higher seed prices in Australia. The acreage planted in the U.S. did yield fairly well, so seed supply is a bit higher than we anticipated. However, the demand is also higher, which has caused prices to climb. Contract pricing is available all the way through March of 2015.

Corn Gluten Feed

Strong export demand for all proteins continues to affect the corn gluten supply. Gluten pellets remain extremely tight on supply and prices are historically high versus corn.

Grind rates continue to be an issue, as plants are running slow compared to their historical patterns. Expect delays into January, perhaps longer.

Gluten supplies look to remain

tight through the winter, but there is hope for more attractive pricing come spring.

Soy Hulls

Hull pellets and malt sprout pellets have recently stayed high and inventories are running low. That is not likely to change until March, when some demand begins to drop off.

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Early winter means extra work, expense for haulers

❑ Challenges of slippery roads and frozen freight add to perils of the season

It didn't take long for winter to arrive this year. By late November we had already experienced a few days of slippery roads and cold weather. We had also been reminded that certain materials freeze inside our trailers.

Hopefully, that was not a sign of things to come. Hauling bulk freight is often easier and less time consuming than most other types of freight. However, cold weather presents some unique challenges that offset some of the benefits.

This year was the longest and most drawn out harvest that any of us can remember. Although transportation often benefits from an occasional break in the action, we would rather have it the other way. We hope we managed to keep up with the demand again this year. As much as we try to prepare, we could always use more trucks and more help during these few weeks every year. Please let us know how we are doing and what we need to do better.

All of the freight areas had a consistent workload throughout the fall. Everything from grain, feed and soybean oil, to general freight and industrial products seem to be moving at near full capacity. We have been saying that for quite a few months in a row and would like to see it continue.

Freight update

The winter months are usually the slowest months for moving bulk freight and the dispatchers will likely have to work a little harder to keep the trucks moving.

Fuel prices have been around \$3.80 per gallon for quite a few months in a row. Trucking companies are continually looking for different ways to burn less fuel.

For the past few years, we have been sticking with more of the old technology engines because we believe they were the most economical. Dealers often allow us to sample the newer engines and it seems like they are finally surpassing the older engines when it comes to fuel economy. A lot of companies are weighing the economics of burning natural gas instead of diesel. Purchasing decisions for new equipment will be a little more complex in the years to come.

Our drivers play the most important role in controlling costs and providing the best customer service. ZFS is always looking for part-time drivers. Full-time positions are limited, but we continue to interview in the event a full-time position becomes available. Applications are available online at www.zfsinc.com or at either the transportation office or the ZFS administration building.



ZFS file photo

SNOW BLIND: A Zeeland Farm Services driver works to connect his tractor to a trailer during heavy snow. Winter can be difficult on both drivers and equipment, as slippery roads and frozen loads add to the challenges of operation.

We continue to upgrade the fleet and have some used trucks and trailers for sale. All of our equipment is well maintained from start to finish. Please call Kurt Meeuwesen (616) 748-1850 if you are interested or have questions about used equipment.

Our maintenance shop is open 24 hours a day Sunday night through Friday night. On top of maintaining our own fleet, we offer competitive rates and quality service on medium-to heavy-duty equipment. Oil changes, computer diagnostics, all types of welding, brakes, air conditioning and hydraulics are a few of the available services. Please call Chris Laarman for an estimate.

The wash bay is open 7 a.m. to 10 p.m. Monday through Friday and until noon on Saturday. Stop in and check it out, or call Travis Overweg to schedule a wash.

Transportation Division

mi-freight@zfsinc.com

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Mike Keeler & Jill Barnes-Caudill	Bulk Commodities	800.968.4507
Chris Marks	Tanks & Containers	616.748.1833
Chris Laarman & Travis Overway	Garage & Wash Bay	800.748.0595
Jeff Griffith	Florida Transportation...	888.826.6809
Connie Flynn	Florida Transportation...	616.879.1760

Wet beans present a challenge for soy plant

Soy Plant update

Harvest started out slow and the soybeans were very dry early on. Then the rain came before most of the beans were harvested and the vast majority of the crop got wet.

At ZFS, we have been drying beans 24/7 for several weeks and still have a lot of beans that need to be dried.

If you store grain on your farm, especially if it went in wetter than normal, we can't stress enough how important it is to monitor grain quality in your storage bins. Run the air fans if you have them, and while running the fans go up and open the top door on your bin. Smell the air coming out and also look and feel for warm or damp air coming out at you.

It's very important that you core your bins in the near term. Sell a load or two depending on the size of the bin and get that center moving. That also improves circulation by removing all

the fines and other particles that get trapped in the middle of the bin and impede the airflow.

Following those simple steps will help you improve the quality of your stored crops, save you from future issues with mold and rot, and protect your grain from being docked for damage.

The soy plant at ZFS continues to run at a high capacity. The beans are higher in protein this year, but a little down in terms of oil content. Every crop year is different and presents a new set of challenges, so we take the time to make sure the plant is set up to operate properly and at peak efficiency, regardless of the characteristics of the beans.

The oil refinery continues to process crude oil at an efficient rate. Like the crush plant, we handle a fair amount of Identity Preserved beans and oil that increase the quality and healthiness of our soybean oils.

Zoye's Sizzling Shrimp Stir Fry

Servings: 2 | Prep Time: 10 min | Total Time: 20 min

Ingredients:

2 Tbsp Zoye Premium Low Sat Vegetable Oil
1 garlic clove, minced
1/2 medium-sized red bell pepper, cut into thin strips
1/4 pound snow peas, trimmed
1/4 pound sliced fresh mushrooms
1 pound large shrimp, peeled and deveined
1 Tbsp soy sauce
1/4 tsp black pepper
1 tsp sesame seeds

Directions

In a large wok or skillet, heat oil over high heat. Add garlic, and sauté until tender.

Add red pepper, snow peas, and mushrooms, and stir-fry for 2 minutes.

Add remaining ingredients and stir-fry for 2 to 3 minutes, or until shrimp are pink and vegetables are crisp-tender. Serve immediately.

Make it a complete meal by serving over warm cooked rice.



Zoye Premium Low Sat Vegetable Oil is available at Meijer, D&W, Whole Foods, and online at www.amazon.com.

Visit www.zoyeoil.com for more information!