



## Update

**Annual Membership Meeting**  
**16 April 2004, Dinner at 6:00 pm**  
**Comanche Tribal Complex Community Building**  
**Apache, Ok**

### Your Apache Farmers Cooperative is

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- Apache  
Co-op Propane  
North Hwy 281  
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- Anadarko  
Co-op Propane & Feed  
East Hwy 62 73005  
405-247-3600
- Carnegie  
Co-op Propane & Feed  
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- Chickasha Country Store  
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## Equity Marketing Alliance, LLC

In October 2000, eighteen local cooperatives met to discover whether or not a grain marketing company would be beneficial for those organizations. Nine of those eighteen put money into a feasibility study to verify the potential for such an association patterned after a marketing company in Kansas. In April, 2002, Equity Marketing Alliance was created under the direction of six cooperatives: Farmers Grain Cooperative, Pond Creek; Clyde Cooperative Association, Medford; Burlington Cooperative Association, Burlington; United Cooperative Association, Marshall; Bison Cooperative Association, Bison; Crescent Cooperative, Crescent. Farmers Co-op Exchange, Weatherford joined in 2003. Your Apache Farmers Cooperative joined Equity Marketing Alliance effective March 1.

Equity Marketing Alliance

has its office in Enid, Ok. The structure of EMA includes one license for movement of positions among elevators and economy of size. All grain purchases are written on EMA checks at Apache. Working capital and grain credit is maintained by EMA. The marketing of all bushels handled by the member-owners is the responsibility of EMA.

On the expense side of marketing grain a sufficient grain line and hedge account is maintained by EMA for proper positioning of grain ownership. Interest costs and insurance costs on grain inventory for member-owners is eliminated. Interest and insurance rates are lower for EMA than rates for individual member co-ops. License and warehouse examination are the responsibility of EMA. Fees are lower for one versus each individual member. All hedging and trading costs

are transferred to EMA. Broker round turn fees are lower for EMA because of volume.

Other advantages include efficient use of storage space by avoiding 'double handling' of harvest bushels. This will especially help Chickasha since we are short storage there.

Combined bushel volume gives a stronger presence in the market. Larger blocks of grain and a consistent supply of grain can be offered for sale, commanding higher values. Specific grade requirements can be regularly supplied to meet end user needs. Arbitrage advantage let's the bushels move to the 'best' market. Niche markets can be quickly taken advantage of with the "one deck" (one position) approach.

Reducing marketing cost per bushel is another membership advantage. The Alliance owns the position rather (continued on page 2)

## Apache Profile

You have a special employee at your Apache Station. Jerry Donnie McClure celebrated his 30<sup>th</sup> year last May. While attending Cameron University Jerry worked at the Coca Cola bottling plant until he was hired on May 16, 1973. He worked with Bobby Stone, Claude Sims, and Dick Bailey as his managers until he took the responsibility. Married to Ella since May 16, 1974, and with son Joe he has endured a recent bout with cancer that is in remission at this time. We are all thankful for that so that in his spare

time he can still enjoy hunting, fishing, and going to ball games. Jerry has said the difference in the past 30 years has been that everything is done on a larger scale and covers a bigger area and that better equipment was a positive change. When asked if he meant the co-op or his customers he said that he was talking about both since everyone's world is changing. When you get a chance, stop and see Jerry and thank him for his years of dedication and wish him well on his recovery.

You're on the  
internet at:  
[apachecoop.com](http://apachecoop.com)

**EMA, continued from page 1**

than the individual cooperatives. Interest, license, and insurance fees are reduced. Kansas City Board of Trade trading costs are lowered by exchange volume discounts.

There are many advantages to this type of alliance as we listed some of them here. One of your Board of Directors goals is to find the best ways to profitability for you, the member/owners and your cooperative. EMA is not a cooperative. We are not earning shares. It is a limited liability company whose sole purpose is to synergize the bushels of grain sourced by the members into more earnings than any elevator by itself and distributes those earnings among its owners.

**EMA is a grain marketing company only.** Your bushels of grain come into your elevator as it always has done. Your co-op still has its own local basis, discount and premium schedules, and staff. Your local grain bids are still posted on your web site. When you want to sell your product you still call your local branch and your check is still processed, printed, and mailed or picked up at Apache or transferred to your local branch to be picked up there, whatever is the most convenient for you. The only difference you will notice is that the check has Equity Marketing Alliance on it instead of Apache Farmers Cooperative. Locally, except for the print on the check, for you as a producer, nothing has changed. Only the marketing of the grain after you sell has changed.

One of the benefits already apparent has been the new crop wheat price. Your new crop wheat price has been the leading price in the area since your affiliation with EMA began this month. There are more good things yet to come. Stop by and visit about this or any thing else with management, one of your board members, or location managers if you have any questions.

**Fiscal Year 2004**

911 is 2 ½ years away now but what could be next? Overhead costs are not expected to give much relief. Medical insurance is expected to increase by at least 15%. Retirement cost may decline but only 2% at best. Property and casualty insurance jumped 17% but with some adjustments its cost has remained almost the same as last year. Steel has gone wild so repairs and purchases will be dramatically affected. With the huge fluctuations in grain, fertilizer, and fuel costs marketing is even more of a challenge than before.

There was a decision made to get empty for the 2003 harvest. All of the wheat shipped out prior to harvest was 2 year old wheat that would probably not grade as well as it might. But the capacity need was judged to be more important. With nothing to blend the grades on those shipments were below average. But it was worth it because every container you own was filled during harvest except for 32,000 bushels of space left at Apache thanks also

to efforts of many diligent truckers.

Chickasha opened on May 29<sup>th</sup> for grain and the store finally opened on June 23<sup>rd</sup> with the blessing of the city of Chickasha. The expected opening date had been December 1, 2002. You missed the first 4 months of the fiscal year being open for business that created a sales shortfall of \$1 million under the first year sales projection of \$5.3 million. Sales did reach \$4.1 million at Chickasha compared to \$1.8 million last year. If the opening date had been March 1 instead of June the \$5.3 projection could have been reached.

Because of the mild winter propane sales were down region wide by an average of 20%. Your sales reflected a 10% decrease of 91,322 gallons with sales of 866,664 gallons compared to 957,986 the year prior resulting in a net loss compared to positive earnings last year.

Your fiscal year ended at the end of February. Preliminary, unapproved numbers show that

the gross sales for the year have never been higher at \$21,443,468 but with a net loss of \$116,290. A few of the many positive events of this past year include wheat reaching \$4.00 three times this past crop year. The cattle market rebounded after the first US BSE scare. Beef demand has never been higher. Prices are great. Big rains filled the ponds. It is an election year so you can make a difference.

What is going to happen this year? There appear no dramatic events like what has happened the past 3 years such as the bankruptcy of the flourmill and Farmland. Chickasha is open. In its first harvest it took in 454,000 bushels of wheat with a storage capacity of 265,000 bushels. Equity Marketing Alliance has historically been a worthwhile partner for marketing grain. Maybe we will have a more normal winter and propane sales can get back on track.

Keep communicating with your questions and ideas. This is your co-op. Let us know what else we can do for you.