

New World News



Milk Market Resources

Milk price fluctuations in recent months have increased dairy producer's interest in milk marketing options. One example of a milk marketing option is a milk futures contract which allows a person to lock in a fixed sale price for a fixed amount of milk.

Just like with the stock market, quick access to accurate information can make the difference in making a profit. This article highlights resources for keeping informed about milk market trends, milk futures and forward contract prices.

- **Daily Dairy Report**
www.dairy.com offers a free daily analysis of the Chicago Mercantile dairy markets. A sample of the report is included with the newsletter for your reference.

- **USDA Web site**
Visit www.usda.gov/nass/ to get details on milk price trends and cow numbers

July 2003 Milk Prices (announced on 08/01/03)		
Class of Milk	Price per 100 pounds (or 45.36 kg.)	Change from Previous Month
I	\$11.77	+\$0.03
II	\$10.63	+\$0.17
III	\$11.78	+\$2.03
IV	\$9.95	+\$0.19

*The Class I price is adjusted based on location and will range from \$11.57–\$12.07.

- **Chicago Mercantile Exchange**
Class III milk futures are traded on the Chicago exchange and their site provides market quotes at www.cme.com

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Ideas for Reducing the Temperature in the Barn

In order to keep the milk production of your cows at a high level, it's important to keep high temperatures out of the barn during the warmer months.

Several studies have been conducted to determine effective cooling systems and one of these studies is inserted in this New World News.



The idea is to cool the cows with strategically placed fans and sprinklers. The water line nozzles and fan layout is based on the Vreba-Hoff Dairy I & II are installing the sprinkler system into the freestall barns.

Check the newsletter insert for an example layout of a barn cooling system.

Daily Dairy Report—Available for Free Online

The screenshot shows the Dairy.com website interface. It includes sections for 'WELCOME TO DAIRY.COM', 'DAIRY PRICES' with a line graph for CME Spot AA Butter, 'LATEST HEADLINES' with several news items dated August 5, 2003, 'REAL-TIME PRICES' for CME Cash Markets, and 'DAIRY REPORTS' with a red arrow pointing to the 'Daily Dairy Report' link. Other sections include 'WHY DAIRY.COM?', 'WHAT'S NEW?', 'FORWARD CONTRACTING', and 'PRESS RELEASES'.

Here's how to access the Daily Dairy Report:

1. Connect to the Internet and open your Web browser such as Internet Explorer

2. Enter www.dairy.com into the browser and hit enter

3. The page shown on the left will appear

4. Click on "Daily Dairy Report" and the report will appear

Legal Issues with Forage Contracts

Editor's Note: The following article appeared in an Ohio State newsletter in regards to forage contract issues.

Two common legal questions arising recently in forage contract situations are:

- "How can the forage provider ensure payment?"
- "What if the quality or quantity of the forage is significantly different than predicted?"

Here are a few ways to address these issues in a written forage contract:

1. Secure payment for forage with a milk assignment or a letter of credit.

A milk assignment is simple, inexpensive, and offers low risk to the forage provider.

The milk assignment is a written authorization from the dairy producer, which directs the milk buyer to pay the forage provider from the proceeds of the milk sale. The assignment specifies the payment sum and duration of payments.

A few precautions: not all milk buyers offer a milk assignment, as it is a voluntary service provided by the milk buyer. A dairy producer can terminate a milk assignment by providing written notice to the milk buyer. For this reason, the forage

provider should consider contract provisions that require the dairy farm to provide notice if terminating the milk assignment and should also require a Security Agreement in addition to the milk assignment.

A Letter of Credit from the dairy producer's financial institution is also a simple and low-cost mechanism for ensuring payment. Should the dairy producer fail to pay for forage, the forage provider has the option of demanding payment directly from the financial institution.

2. Considerations of liens.

A forage provider could take a lien on the forage or against livestock, equipment, or other assets of the dairy farm. However, this option is more costly and risky for the forage provider.

An attorney must prepare lien documents and enforce the lien. It is likely that other creditors of the dairy will already have a security interest in such assets that would take priority over the forage provider's security interest, and some courts will not honor a lien on forage after the livestock consume the forage.

3. Consider installment payments.

Many forage contracts align forage

payments with milk sales, allowing the dairy farm to budget payments. Typical arrangements include monthly or quarterly payments, with or without an initial payment upon delivery. Even with an installment payment arrangement, the forage provider should require a Security Agreement or Letter of Credit in the event payment is not made.

4. Allow for price adjustments after harvest.

The uncertainty of forage quantity and quality create risks for both the forage provider and the dairy farm. Addressing price adjustments within the contract can minimize these risks.

Utilize forage pricing models to identify acceptable quantity and quality ranges, then adjust prices for values that are above or below the identified range. Many parties are combining price adjustment provisions with longer-term contracts to further minimize risks.

*Source: Peggy Kirk Hall,
OSU Legal Educator*



Training Seminar: Dairy Reproduction

By Henri van de Weijer
and Wilco Paauwe, "Stage walkers"

A training on dairy reproduction was offered by Dr. Jan Jansen to discuss 'the reproduction in dairy cows and methods for controlling your repro.'

To control repro, you need to measure and monitor the reproduction in the herd. Dr. Jansen explains, "you can use the breeding programs or heat detection systems or a combination. Each way has its own advantages and disadvantages."

During the presentation heat stress was also one of the sub-



Above: Dr. Jan Jansen during his presentation at the Vreba-Hoff Dairy Development office.

jects that Dr. Jansen discussed with the rest of the group. "Heat stress has a great impact on milk production and herd reproduction. So it is very important to try to avoid heat stress on your farm."

For specific questions, please contact Dr. Jan Jansen at 517.605.5859 or email him at jrjansen@frontiernet.net



Next Training: Environmental Conformance

Thursday, Sept. 18 at
Vreba-Hoff Dairy Dev.
Details will be sent to
clients via fax.

A Better Way to Deal with Cattle Runoff

USDA is testing a series of collection basins that hold feedlot runoff.

CLAY CENTER, Neb. - Eliminating odors from cattle waste runoff is only one advantage of a new, environmentally friendly system developed by Agricultural Research Service scientists in Nebraska to handle animal waste. Another benefit of the new system is reduced costs for farmers, since the nutrients will flow from lagoons onto nearby fields to fertilize hay. The feedlot at ARS' Roman L. Hruska U.S. Meat Animal Research Center in Clay Center, Neb., is situated on top of a foothill.

Caught in basin. Rainfall runoff from a series of pens within this feedlot is directed to a small basin that runs the length of the pens.

The runoff collects in the basin for a short period of time, allowing the solid particles to settle. The runoff is then discharged to a hayfield, where the water and nutrients are "recycled" to help the hay grow without any additional water or nutrients. The retained solids have to be removed from the basin once a year. But these solids are spread on cornfields as fertilizer, thereby "recycling" them back to the production system.

Reused as fertilizer. Cattle's bodies cannot utilize all the nitrogen, phosphorus and other nutrients contained in their feed, and the excess winds up in the animals' manure. But with the new system, these underutilized nutrients can be put to work as fertilizer to help grow the thousands of

acres of corn and hay that are planted each year as food for the center's cattle.

This not only saves money on commercial fertilizer costs, but also helps keep nutrients such as nitrogen out of water supplies by reusing those nutrients as fertilizer, rather than letting them wash away to nearby streams or other bodies of water.

In the three years that agricultural engineers have studied the system, there has been no runoff of nitrogen or animal wastewater from the hayfields to the surrounding area. More information about this research can be found at www.ars.usda.gov/is/AR/archive/apr03/feed0403.htm.

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Announcements



New Arrivals

Congratulations to Peter and Ina van Ittersum on the birth of their daughter, Rachel who was born on April 1st, 2003

Congratulations to the Willemsen family on the birth of their daughter and son, Sarah and Jesse, born on June 3, 2003.

travel.state.gov under the paragraph "services" you will find "diversity visa 2004 instructions". Here you will find the form to enroll in the lottery. And as they say in Dutch: 'niet geschoten is altijd mis', so why don't you give it a shot? Good luck to all of you.

Available Insurance Services

Farmers Mutual has been serving Ohio agriculture and its dairy industry since 1874. We now have the coverage and reinsurance capacity to accommodate any size dairy operation.

At the present time there are over 80 agencies throughout Ohio. If you would desire a competitive quote, please contact Chris Rodabaugh (chrisr@farmers-mutual.com) at 1-800-456-0873 Ext. 132.

Address Change

Peter & Ina Van Ittersum
4503 S. 500 E
Huntington, Indiana 46750
Phone: 260-758-9358
Fax: 260-758-9361



Annual Green Card Lottery

It's time again to participate in the American Green Card Lottery program where you may win a green card! If you're not an American citizen, you should participate in this program.

For more information, please check out the website on: www.

Gina Dairy LLC

In this issue of the New World News, we check in with the Fokker family who began operating Gina Dairy LLC in January 2002.

In order to familiarize themselves with American culture, the family moved to the US a year before they began operating the dairy. They were able to gain more information about the country, the people, and neighbors during that year.

"It is important to make friends in the neighborhood and tell them what kind of farm you have. Then the people understand what you are doing and they respect that," says Gina Fokker.

The Fokker family felt the adjustment to American culture and habits



went well. "The children are going to high school and they like it there," says Gina, "They quickly adjust themselves and had not a lot of difficulties with the language."

The Fokker family also organized a very successful open house with approximately 600 visitors. The visitors were very enthusiastic about touring the dairy farm and the family encourages all new dairies to hold an open house.

Left: Jan and Gina Fokker and their four children Wilfred, age 17; Lisette, age 15; Jan-Kees, age 10; and Joce, age 8; relocated from Veendam, the Netherlands to Ohio City, Ohio to pursue their goal of dairying.

Information about the Gina Dairy:

Parlor: Double -16
Germania Herringbone

Number of cows: 670 milking cows

Manure Management: Crop farmers who raise their feed will also use their manure for fertilization

Numbers of employees: 8 full-time employees

