



Ag Partners Cooperative, Inc.

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Ag Partners Cooperative, Inc. Update April 2021

Notes From the CEO

By Wes Spohr, Ag Partners CEO



Greetings, I would like to take the opportunity to introduce myself to those of you whom I have not yet had the opportunity to meet. I joined the team at Ag Partners on February 8th after having worked closely with your cooperative in various industry roles over the past six-plus years. I have a deep appreciation for agriculture, having grown up on a family farm in southwest

Kansas. Previously I have worked with your management team and board of directors serving as the representative for your cooperative with CoBank. And more recently as the Market Development Manager for CHS, Inc. Our family has relocated from the Wichita area, and we are looking forward to being a part of the communities that Ag Partners serves.

It is hard to believe nearly two months have passed since I had the opportunity to join the team here at Ag Partners. Time certainly can get away! Over this time, the annual meeting was held amid frigid sub-zero temperatures and rolling blackouts back on February 16th. I am pleased to announce that your cooperative reported a successful year of operations and well-positioned to do so again for the current operating year.

Currently, key initiatives within your cooperative include the consideration of a change to our master accounting software platform. We are also focusing on creating improved consistency and accountability by implementing standard operating procedures throughout the company. Focusing on needs related to technology and the importance it has on our industry will be a top priority for the future.

One of the most crucial responsibilities of your board of directors and management team is formulating and implementing a strategic business plan to ensure the long-term success and viability of your cooperative. We are currently in the process of preparing a strategic asset plan to accomplish just that. This plan will take significant capital investment over the coming years and is crucial in our mission to serve you, our member-owners. As your operations continue to evolve and change, so too must your cooperative to keep up with the changing landscape.

This past year has been a challenging one for us all, both personally and professionally. Given the current state of affairs, it does appear we are returning to some sense of normalcy throughout our trade territory. I look forward to future opportunities to meet with you all in person and wish

you all a successful spring planting season.

Please don't hesitate to give me a call with any questions, comments, or concerns.

Regards,

Wes Spohr

Annual Meeting Update

By Ben Walker, Chief Financial Officer

The Annual Meeting of Ag Partners Cooperative, Inc. was Tuesday, February 16, 2021, at the Knights of Columbus in Seneca, Kansas with a quorum of voting members present. Brady Byrnes of Lindburg Vogel Pierce Faris presented the annual audit report for the fiscal year ending August 31, 2020. The organization achieved local earnings for the year in the sum of \$2,020,867 and overall net earnings of \$11,106,455. Patronage dividends allocated to members totaled \$4,539,200, with 40% being paid in cash. Byrnes stated the financials received an unmodified or "clean" opinion by the firm.

Board Chairman Jason Taylor gave the board report. Jason stated the board engaged the Strategic Asset Management group through Land O'Lakes to do an in-depth study of our Agronomy and Grain business. In addition to the \$4,500,000 in patronage allocated, \$1,300,000 in estates and planned equity payments were made the past year. Our strong relationships with regional partners lead to excellent regional income. This helped us with fixed asset acquisitions of over \$9,000,000 without adding any long-term debt. Grain receipts into our elevators along with direct-ship bushels totaled 49,800,000. Ag Partners also sold 13,000,000 gallons of petroleum, 88,000 tons of fertilizer, and applied 610,000 acres. Community reinvestment was also strong, with property taxes of \$700,000 and salaries and wages of \$11,000,000 being sent back into the communities we serve. Finally, Jason thanked the patrons and the employees for their dedication to Ag Partners.

Newly hired CEO Wes Spohr introduced himself and gave a brief biography. Spohr stated he was excited for the opportunities. His main focus was being able to serve our members. Finally, Wes introduced the employees in attendance.

Ross Plumberg (District 1) and Mark Meyer (District 3) were both re-elected to 3-year terms on the board of directors.

To conclude the meeting, Mark Grollmes and Dan Hermesch were recognized for their years of service on the board of directors.



Energy Update

By Eric Osterhaus, VP of Energy

Spring has finally arrived to put that nasty cold spell from February behind us! With the cold behind us, we are on the tail end of our propane season. Our drivers will be making their last round for the season here in the next few weeks. Looking ahead, we will be working on getting contracts for the next propane season put together to go out in June/July.

With planting season coming up, diesel fuel will now come to the forefront. For those that contracted fuel for the year, you more than likely got in on some good prices. We can still contract fuels for the remainder of the year, so please give us a call. Many predictions are calling for crude oil to hit highs around \$70-\$80 this year. With that being said, we can most likely expect to see higher gas and diesel prices. It does seem that most signs point to increasing prices.

I wanted to remind all of you that last year we put in a Ruby (dyed) diesel dispenser at our Seneca location. It is on the south end of our bulk fuel tanks, which are on the east side of the scale house. It is equipped to take your Ag Partners Coop card, and you must have a tax exemption form on file with us before you can utilize that dispenser.

Ag Partners has started a program to help give back to our local communities. For every gallon of fuel sold at our cardrol locations of Seneca, Corning, Axtell, Powhattan, Willis, Denton, and Robinson, Ag Partners will be donating a portion of those sales to our local school booster clubs of Nemaha Central/SPPS, Centralia, Axtell, Hiawatha, and Doniphan West. We will be paying these funds back quarterly. Our first round of donations will occur here in the next couple of weeks. We are very excited and proud to be able to give back to our communities through this program!

The end of February brought our annual oil and lubricant sale special to a close. For every 100 gallons of oil or lubricants that patrons purchased, they were eligible for a \$50 gift certificate through CHS. Just a note on those gift certificates: we have submitted the information, but it will be about 4-8 weeks before we get the gift certificates sent to us. We will distribute those out to all of you as soon as we can.

Please remember too that we can accommodate just about any energy need you may have. From fuel, propane, oil/lubricants all the way to DEF, antifreeze, bulk washer fluid, we have got you covered. For questions or inquiries, please be sure to reach out to Kyle Hiltibrand or Tyler Hiltibrand.

As always, I want to say that I am very thankful for your business, and we appreciate your support for Ag Partners Coop. Without our patrons, we would not be able to provide the great services and products that we offer. We wish you all a very safe and prosperous start to your 2021 crop season!

Agronomy Update

By Ben Zimmerman, VP of Ag Services

As the colder months end and planting season begins, we start unfolding our winter plans and go to work. Over the next 90 days, the Ag Partners Agronomy Team will be focusing on new key services that help return profits back to our patrons.

To improve our efficiency and effectiveness, we have increased our aerial scouting capacity through Taranis' advanced artificial intelligence tool and pinpoint product applications through Rantizo drone applications. These unique technologies will allow us to be in front of your operation with timely information to help you make the best decision possible as you navigate through another growing season. These new services, and a more robust set of Local Solutions Trials, are sure to bring answers to your most difficult production problems.

It is important to reach out to your Ag Partners Agronomy Account Manager or local Digital Ag Specialist now to inquire about these services for this growing season. Don't miss out on an opportunity to bring more profit to your farming operation!

Grain Update

By Lucy Heinen, VP of Grain

Planting season is here! I am wishing you all a safe season with good conditions. May the rain come nice, easy, and spread out.

Corn planting is 2% done which is in line with where we were last year at this time. The USDA came out with a planting intention report on March 31 that pegged corn at 91.444 million acres and soybean acres at 87.6 million, which were both roughly 2 million acres below the average trade guess. This was surprising since markets have been bullish, and there has been plenty of talk from producers about planting fields fence row to fence row. Crop progress reports will come out weekly on Mondays during this season, and we will look forward to the next WASDE reports in May and June.

Contact your grain office today to talk about what options are available to you for your old crop and new crop grain. We offer various contracts, including cash, basis, futures, minimum price, and extended price for delivery into your local Ag Partners elevator or direct to other locations. You can also contact us to place an offer to price your grain. You can offer any amount of bushels for a cash price or futures level of your choosing. It does not cost you anything, and your offer is covered for the night trade also.

We are working on ways to reach you frequently. Haley Kabourek, our grain originator, is working on having a presence in all areas. The majority of the time, she will be in Nemaha County on Mondays, the St. Marys office on Tuesdays, the Seneca office on Wednesdays, Richardson/Doniphan/Atchison counties on Thursdays, and Brown County on Fridays. We welcomed Trevor Valburg back to the grain team in February, and he is based in Seneca. I will be in the Hiawatha office weekly on Tuesdays and in the Seneca office the other days. We have grain offices that can print grain checks located in Seneca, Sabetha, Hiawatha, Tarkio, St. Marys, Wamego, and Wakefield. We have a talented grain team that is ready to serve you. Let us know how we can help you!

