



Ag Partners Cooperative, Inc.

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Ag Partners Cooperative, Inc. Update May 2020

Notes From the CEO

By Duane Anderson, Ag Partners CEO

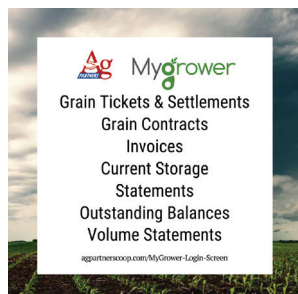
I would like to start by saying “thank you” for the warm reception I have received from the employee group, Board of Directors, and patrons since beginning my tenure at Ag Partners Cooperative on April 20, 2020. What drew me to apply for this CEO position was knowing this geography has the reputation for having premium soil for growing crops and I know the future holds many opportunities and successes for Ag Partners and I wanted to be part of helping the cooperative capitalize on those opportunities.

This has been an interesting time to transition into the CEO position due to COVID-19. However, I have had the opportunity to hold regular meetings with my executive leadership team to learn more about the business and the cooperatives culture, and I have begun visiting the different Ag Partners locations to learn how each of them function and contribute the bottom line. In addition to the warm reception I have received, it is obvious to me we have a lot of dedicated employees who have Ag Partners best interest in mind and want to see the cooperative succeed.

Financially, despite everything that is going on with our economy because of COVID-19, Ag Partners is still sitting in better shape than it was at this point last year. While the state of the economy and business is still unpredictable, we are continuing to do our part to end the year on a positive note. I have challenged the employee group to think of new ways we can increase our efficiencies and continue to grow our business as we go forward. As we move through the rest of the remainder of the fiscal year, we will continue to closely watch the markets and take advantage of any positive opportunities that come our way.

Again, I want to thank everyone for the warm reception I have received since joining the Ag Partners team. I am excited to be here, and I look forward helping build the Ag Partners of tomorrow. Please stop by and visit me any time at my office in Seneca!

Duane Anderson



24-Hour Online Account Access With MyGrower

Visit the Login Page of our website for more information, or call our main office (877-336-6153) and dial extension number 222 with questions.

Grain Update

By Lincoln Hillyer, VP of Grain

Spring has sprung! It is exciting to see planters rolling in the fields. After the struggles we went through last spring it is nice to experience the good soil conditions many are reporting.

I wish the same excitement could be shared about the grain markets. Obviously, COVID-19 has brought unforeseen times. From ethanol to livestock and everything in between, demand destruction is happening at unprecedented levels. The sooner we can get back to a somewhat normal situation, the better shape we will be in. Unfortunately, it looks like it will take some time to recover from this pandemic.

On a positive note, we are moving along nicely with our two grain bin projects. Concrete will soon be complete at Padonia and Tarkio. Both structures are on track to be completed on time for this fall harvest. The two bins will add another 1 million bushels of capacity to your cooperative.

As you assess your marketing decisions for both old and new crop production, Ag Partners' goal is to offer contracts that fit whatever your needs may be. Feel free to call the grain department to discuss the different options available to you.

As we move forward, Ag Partners hopes you have a safe and prosperous growing season. Thank you for your past and future business. With uncertainties come opportunities. Let us hope for many opportunities on the horizon.

Agronomy Update

By Todd Grimes, VP of Agronomy

It is safe to say the last 30 to 45 days have been something none of us have ever experienced before, not only within our immediate communities, but also worldwide. Lately, most news stories are related to supply chain challenges on some very basic day-to-day needs, so Ag Partners has been focusing on identifying and addressing any product availability challenges we might experience during this time. Currently, most of the supply chain for seed, crop nutrients, and crop protection products have been stable and uninterrupted, and as we look at the months ahead it appears we will have access to the products needed to help produce our summer and fall crops. I would still encourage everyone to be working with their agronomy account managers to identify needs early so we can get product in place and make timely deliveries and applications.

Currently the agronomy team is focusing on activities and products that will help maximize the productivity of the crop we are in the process of planting. From our new product recommendations with data backed by our AgCESS Local Solutions Trial program, to our digital technologies that help

Agronomy Update Continued

As we observe plant populations and identify pest on every acre of the farm, we are focused on helping our customers maximize their investment by each unique acre. I would encourage everyone to visit with their agronomy account managers about how we can help you to grow a profitable crop in 2020.

Finally, I want to revisit our Future First Fertilizer program we launched in January 2020. This program allows customers to lock in fertilizer products for the 2021 crop year in advance and utilize the bushels produced in that year to secure a price on that fertilizer. To help decide when this purchasing decision should take place, we are using a 3-year average of how many bushels of corn it takes to buy a ton of a specified fertilizer product. As an example, today it would require 134 bushels of corn to buy one ton of 11-52-0 (MAP) versus the 3-year average of 144 bushels of corn to buy one ton of MAP. We currently have ratios built for Urea, UAN, MAP, & Potash. Please work with your agronomy account manager for specific details for your operation.

Thank you for your continued support of Ag Partners Coop, Inc.

Energy Update

By Eric Osterhaus, VP of Energy

Since the early days of the COVID-19 pandemic in March, we have seen some historic events take place in the crude oil and energy markets. The big reason prices have fallen so drastically is due to the drop in consumption levels of gas and diesel. People are just not driving at this time; therefore, consumption has gone down, and the world's storage for crude oil is at maximum capacity for gas and diesel refined products. As the country starts to "reopen" we should see prices begin to rise. I would not expect them to rise rapidly until there are positive signs and facts to assist these markets.

Lately Ag Partners has received many calls from patrons asking if they can get out of their energy contracts. The answer to that question unfortunately is "No." We cover and lock in gallons and prices for every gallon of fuel we sell, and we are not able to get out of our contracts. Remember this, if the market would have gone the other way, we would not have up charged you the price. Another question that we frequently get asked is if it is possible to delay taking your contracted gallons to receive a better price. The answer to that is "Yes." However, you do need to use up your contracted gallons by the end of the time period noted your contract. If you contracted fuels in our Spring and Summer period, the end of those contracts is August 31, and the end of our Winter contract is December 31.

We have had a lot of interest in locking in gallons for 2021, so if you are interested, please give us a call.

Recently Ag Partners has gone through a re-organization and there have been a few changes that I want to communicate. In the past, patrons in our Region 3 area, which is our Northeastern territory, were accustomed to calling Hiawatha for fuel and propane orders and for energy billing concerns. Moving forward, please call the main office in Seneca (877-

336-6153; option 2) to handle those requests. We are very committed to continuing to provide excellent customer service for both orders and billing.

Every winter from November to February, CHS has a "Gift Cards for Gallons" promotion. This promotion entails that for every 125 gallons of qualifying oil that you buy, you receive a \$50 Visa gift card. With the COVID-19 restrictions that have been put in place, CHS has temporarily suspended the processing of these transactions. Once restrictions are lifted, CHS has promised that they will resume processing these transactions and we will receive the gift cards to distribute to our qualifying customers. We hope to have these out to you by the middle of summer.

The 2019-2020 propane season is starting to wind down. Our guys are making their final rounds to clean up the contracts as best we can. Any gallons left on those contracts at the end of May will be credited back to your accounts and you can choose to A) be issued a refund check, B) apply those dollars to your account balance, or C) have us hold those dollars and use them for next year's propane contract.

Speaking of propane contracts, we should have our contracts for the 2020-21 heating season out later this summer, sometime in early July. Our grain drying contracts will most likely be sent in June. Please be on the lookout for those in the mail. If you notice that you may not have received your packet in the mail by that time, please do not hesitate to contact us to get you taken care of.

As always, I truly do appreciate all your business!



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