

Volume 7 | Quarter 4 | 2022
Ag Partners News

Between the Loads

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'TIS THE SEASON

Every year as the holiday season and coming new year approaches, we have a natural tendency to reflect, look ahead and express thanksgiving for the blessings we have.

As I reflect and look at the year in review for Ag Partners Cooperative, several challenges that we faced have come to mind. Certainly, the inverted grain markets and subsequent impact to our financial performance would be one of those key challenges. The disruptions in our supply chain and increased freight costs are another. In the energy sector, there's ongoing volatility, and interest rates are more than double what they were a year ago at this same time. These issues continue to present the opportunity to find solutions and overcome such obstacles that impact how we deliver goods and services to you, the producer.

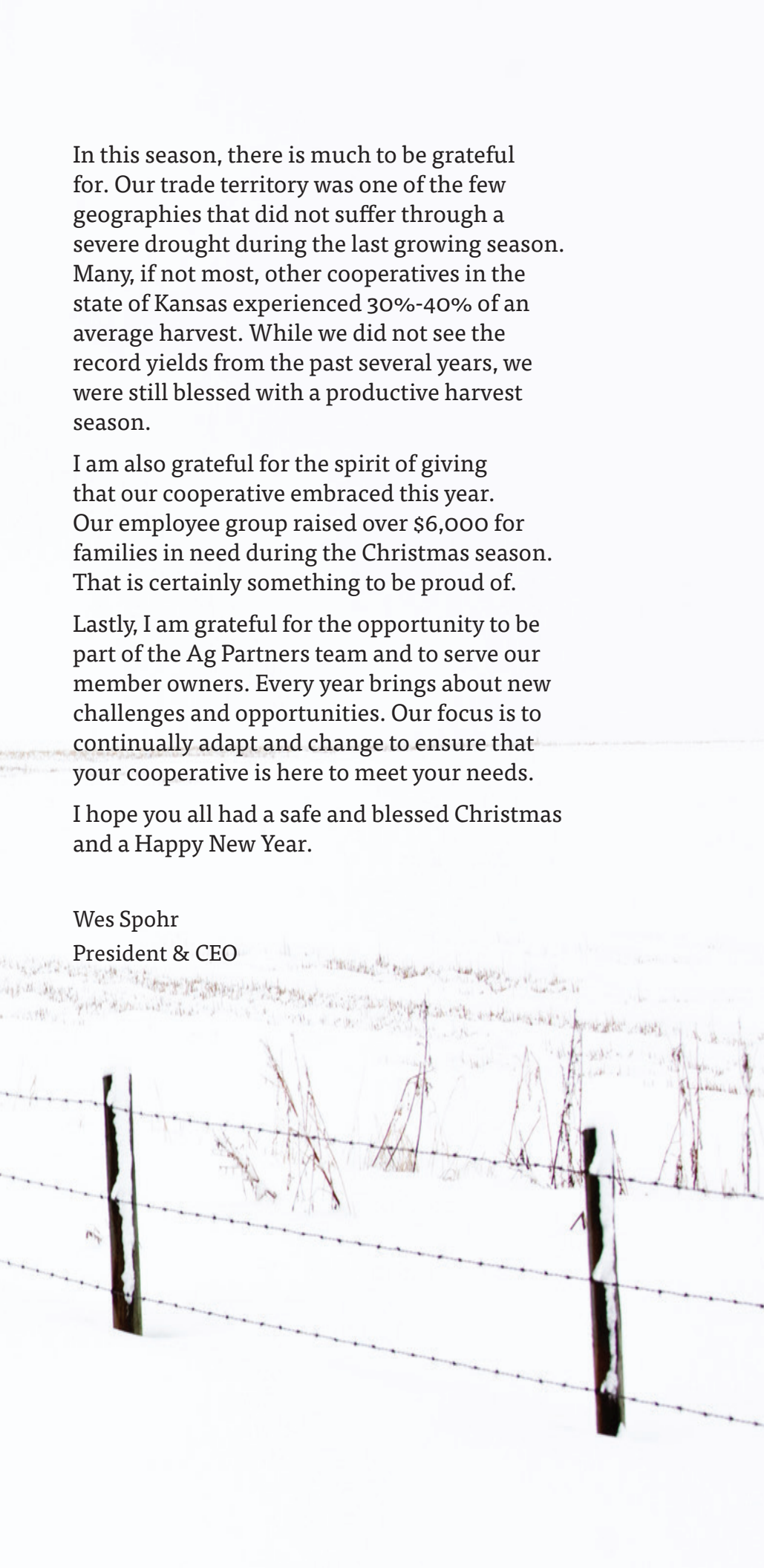
In looking back at this past year, I also think of our larger fixed asset projects completed throughout our trade territory. The dry fertilizer building in Hiawatha was completed in time for the fall fill season, and the grain building projects in Tarkio and Wamego were able to receive grain this past harvest. The immense amount of time, planning and coordination to complete not just these projects but all that we do day-to-day is a testament to our employee group and their commitment to Ag Partners Cooperative.

Looking ahead, we have a unique opportunity to provide value back to you, our member owners. Many of our regional cooperative partners have produced strong financial results and will be

returning a portion of their earnings in the form of patronage to our cooperative. This, coupled with a strong outlook for our current fiscal year, is something to be excited about and look forward to. While the markets continue to be inverted, changes within our grain division have resulted in executing increased shipments year-over-year. This has improved our cash flow, reduced interest costs and will improve our overall financial performance for next fiscal year-end. Despite the persistent problems in the supply chain, we continue to forecast while working closely with our key suppliers to ensure we can meet your needs at the farmgate. While not perfect, we are positioned well from an inventory perspective and greatly appreciate our regional partners who support our business.

Technology is another key strategic topic for the coming year. To keep pace with the speed of change in technology, we must improve our infrastructure and processes. We have implemented new software within our energy division and are currently in the process of integrating a new accounting system. Once fully implemented, this will provide a single source for how you access your account and conduct business digitally with Ag Partners. Changing accounting systems is a significant task. I am confident we have the internal talent and have chosen the right partners to make this a successful initiative. Plans to go live with the new system are slated for this summer, and we look forward to sharing more details in the future.





In this season, there is much to be grateful for. Our trade territory was one of the few geographies that did not suffer through a severe drought during the last growing season. Many, if not most, other cooperatives in the state of Kansas experienced 30%-40% of an average harvest. While we did not see the record yields from the past several years, we were still blessed with a productive harvest season.

I am also grateful for the spirit of giving that our cooperative embraced this year. Our employee group raised over \$6,000 for families in need during the Christmas season. That is certainly something to be proud of.

Lastly, I am grateful for the opportunity to be part of the Ag Partners team and to serve our member owners. Every year brings about new challenges and opportunities. Our focus is to continually adapt and change to ensure that your cooperative is here to meet your needs.

I hope you all had a safe and blessed Christmas and a Happy New Year.

Wes Spohr
President & CEO

MISSION

Committed to serve our patrons to achieve value and growth.

VISION

Strategically planning to enhance profit and innovation.

CORE VALUES

Honesty
Integrity
Teamwork



agpartnerscoop.com

ENERGY UPDATE

I hope that everyone had a wonderful Christmas and New Years! It is hard to believe that we are already turning the calendar to 2023. A lot of changes have begun to take place in the Energy Division lately. First, we started with a new software program for all our bulk fuel and propane customers. The biggest reason for this implementation is to help us become more efficient with our propane routing. We started implementing monitors over a year ago, which will tie directly into this new system as we move forward.

Second, we have finally gotten our first Region 3 fueling site upgrade finished. Powhattan's fuel dispensers were changed out the week before Christmas. As with anything new, there have been a few hiccups, but overall, things are going pretty smooth. We are working on getting new cards for customers for these sites. Willis, Denton, and Robinson are still expected to hopefully get upgraded in January.

Next, I wanted to touch on a change at Bern. We have made the decision to no longer have a full-time employee at that location. Kim has done a wonderful job, and we thank her very much! If anyone needs packaged oil, DEF, or propane bottles, please contact Jay Baumgartner to make arrangements and get your needs taken care of. Jay will be around the office when he is not out running his routes.

I would also like to touch on the subject of change. Change is very hard for most people, including myself. We are constantly in a state of change. Think about how you operated 5, 10 years ago and then think about going back to those ways. I would agree with some that technology progressions aren't always good, but if you put the time and effort into them, they can be a good thing. I urge you all to please have patience with us as we go through our changes.

Current propane prices are looking to hold steady this winter. We have made it through our first arctic blast of the season, and I really do feel that our guys have done an outstanding job. Yes, there have been some that we have missed, and we are truly sorry for that.

We have had a lot of customers booking gas and diesel for this next year. Prices have softened over the last couple of months, and I do feel that we hit our low point of the year right around December 5th. It is very hard to get a good read on these fuel markets. Most analysts believe we will see higher prices again this coming year like what we saw this past summer and most of harvest. My opinion is that it would be wise to look at locking in up to half of your needs for this next year and take a chance on the rest of it. I do think there are two factors that could drop prices lower over the course of next year. First, will the Russia-Ukraine war come to a resolution? If this happens, I do believe that prices will come down. Second, do we go into a full-blown recession? I also think this will happen, but the issue is when? We very well may not see the effects until the third or fourth quarter of 2023, and if we do, I expect prices on everything to start coming down. If we look at just a true supply and demand module, supplies continue to stay well below the five-year average, and demand doesn't look to slow down any.

We will be making the last of our fuel sales donations to our local Community funds in the next few weeks. We will once again be donating portions of our cardrol sales in 2023, this time to the following recipients:

Axtell School FFA

Nemaha Central School FFA

Centralia School FFA

Hiawatha School FFA

Doniphan West School FFA

Bern Schools Activities Complex

Thank you all again for your continued business and support this past year. We look forward to a very prosperous 2023!

Eric Osterhaus

VP of Energy

FUEL DONATION PROGRAM

January 1, 2023, marked the beginning of the third year of fuel sales donations for Ag Partners Coop. Throughout 2022, Ag Partners donated a portion of sales from every gallon of fuel sold at a cardtrol location to organizations supporting the communities around those sites.

Combining 2022's totals with booster club contributions in 2021, Ag Partners has donated over **\$10,000** back to local communities through this fuel sales program alone. Selected recipients change each year, and 2023 will again bring donations back to area schools.

"We're looking forward to another great year with this donation program," said Eric Osterhaus, VP of Energy. "We're glad that we're able to continue into another year and support a new group of area organizations in our communities."

2023 FUEL YOUR VEHICLE & YOUR SCHOOL

Ag Partners is proud to support local schools in 2023 through our "Fuel Your Vehicle & Your School" donations. Five school FFA Chapters and the Bern School Activities Complex will benefit from fueling your vehicle at any of our cardtrol locations. Fuel up at your local Ag Partners pump and give back to our local schools!



Bern School Activities Complex

Cardtrol Donations

Seneca Cardtrol

Nemaha Central Schools FFA Chapter

Corning Cardtrol

Centralia Schools FFA Chapter

Axtell Cardtrol

Axtell Schools FFA Chapter

Bern Cardtrol

Bern School Activities Complex

Denton

Doniphan West Schools FFA Chapter

Robinson, Willis & Powhattan Cardtrols

Hiawatha Schools FFA Chapter

CENEX WINTER DEALS WITH AG PARTNERS

Call our Energy team for more information:

Kyle: 785-294-0465 | Travis: 785-741-5252 | Wade: 785-294-2091

From November 1, 2022 to February 28, 2023

\$50 Visa gift card for every 100 gallons of Cenex lubricants purchased.

AG PARTNERS SPECIAL:

50 cents off bulk oils.



NOW HIRING



SCAN HERE

Or visit

agpartnerscoop.com/careers
for complete job descriptions and an
application.

BENEFITS INCLUDE

Health Insurance

Defined Benefit Retirement Plan

Matching 401(k)

Paid Time Off

Paid Holidays

Life Insurance

Yearly Uniform Allowance

HR DIRECTOR

Lacey Dalinghaus

Email: laceyd@agpartnerscoop.com
Office Phone: (785) 336-6153
Cell Phone: (785) 294-0397

WELCOME TO OUR TEAM

Jacob Deghand

Operations Technician
Corning, KS

Tiffany Kramer

Grain Accountant
Seneca, KS

Dustin Befort

Custom Applicator
Belvue, KS

Amy Capoun

Customer Care Specialist
Wamego, KS

Jeren Whetstine

Operation Technician
Fanning, KS

Staci Coleman

Office Assistant
Tarkio, MO

Allyssa Neumann

Grain Originator
Seneca, KS

Kortin Blevins

Associate Agronomy Account Manager
Fanning, KS

LIVE2LEAD

NEW IDEAS RENEWED ENERGY NEW RELATIONSHIPS

Live2Lead is a half-day, leader development experience designed to equip attendees with new perspectives, practical tools and key takeaways. They'll learn from world-class leadership experts, be prepared to implement a new action plan, and start leading when they get back to the office with renewed passion and commitment.

SIGN UP TODAY

Anyone is invited to attend!

Date: February 15, 2023

Time: Doors open at 8:30 am
Event Time: 9:00 am - 4:00 pm
Lunch will be provided

Registration Fee: \$99.00 per person

Registration Deadline: February 10

Event Location: The Main Event
Sixteen Main Street
Sabetha, KS 66534

Scan the
Code to
Register



Link to Register:

[www.web.okagcoop.org/events/
Live2Lead-Sabetha-KS-3094/
details](http://www.web.okagcoop.org/events/Live2Lead-Sabetha-KS-3094/details)

OR

Check out the Ag Parnters'
website for more information

OACC
EMPOWERING COOPERATIVES



*This is a rebroadcast video hosted by Ag Partners and OACC, there will be a
facilitated discussion between each video*

J1 VISA PROGRAM

Ag Partners is excited to start their second year with the J1 Visa Program. In 2022, we welcomed four new team members from Ukraine and also four from Tanzania. We hope you have met some of these individuals at our various locations over the past year. Their one-year tenure will be expiring this Spring.

This coming February and March, we look forward to continuing this program with a new group of individuals. This year, we will be welcoming 10 new team members into our company coming from Zimbabwe, Philippines, and Tanzania.

"We are eager to welcome a new group of individuals to our team this year and again take part in the J1 Visa Program. Our team has received great benefits from our current J1 Visa students, and we look forward to exposing and training new individuals from Zimbabwe, Philippines, and Tanzania about the American agriculture industry. We look forward to them joining our team!"

-Lacey Dalinghaus | HR Director

WHAT IS THE J1 VISA PROGRAM?

An international exchange program that enables experienced interns and trainees to be placed on U.S. farms and agricultural operations. The intent of the program is that workers arrive with a higher-than-average level of experience, gain additional training, share their knowledge with the host business and return to their home country to further their agricultural career and improve their community. J1 is an alternative to the H-2A program that has become common in the industry as a way of filling temporary jobs.

WHY DOES AG PARTNERS TAKE PART IN THIS PROGRAM?

Programs like J1 are a great resource to fill more seasonal-type jobs for which domestic workers are not available. What stands out about J1 is that the program focuses on workers with a higher level of experience in agriculture than other programs and allows them to stay in the U.S. for a full year. This helps Ag Partners to fill roles and simplify training, but also offers us new perspectives from people with their own education and training from outside of our local areas.



DIGITAL AG UPDATE

“WHY CROP SCOUTING”

Producers always come to our agronomists and myself asking how much damage certain issues are causing in their fields. Those issues generally involve insect pressure, disease pressure, nutrient deficiencies, or plant emergence issues. Many of these questions don't have an easy answer, and a simple drive by the field isn't likely to give us the best answer either. So how do we decide if a threat is economically impactful to our yields? Crop scouting. Does crop scouting add more to our cost of production? Of course, but consider the cost of a pest or problem going unseen or unmanaged. Through our Taranis drone scouting, we've been able to quantify some of these management problems. Utilizing university research and today's grain prices, we can calculate a true cost of an unmanaged acre.

First, we start with stand emergence. Do you have emergence problems in every field? Not likely, but how do you know? If you do, at what point do you need to replant, and how do you know where to replant? Even when scouting a field on our ATV, it's hard to determine where exactly we need to replant. This can be one of

the most stressful decisions a producer makes. A crop's quality of stand is the basis of every other decision made. Just a 25% reduction in a corn stand can result in a 10% yield loss. With today's corn prices, that adds up quickly. In soybeans, a population that falls under 80,000 can result anywhere from a 6 to 8% yield reduction, depending on the year and soil type. We've found that a drone covers the field better and gives us actual maps to utilize when making that replant decision. If we determine that it's not economical to replant, we can still utilize this information to decide on fungicides and foliar nutrients.

The next decision we must make involves our herbicide passes. What chemicals do we need in the spray tank to ensure we kill the weeds out there? Does the whole field need a chemical or just parts? We've found that less than 65% of a given field in our geography needs roundup in the post application and less than 60% needs Xtendimax. How do we only put the chemical where it's needed though? In some ways, our scouting is more advanced than application equipment. Direct



injection is one method, but are we really getting the chemical into the booms fast enough to target the areas we want? We also have the option of using drones to be more specific with our application, but we are limited by how many acres we can cover per day. Utilize the tools you have, but keep your eyes peeled as this is a quickly changing area of agriculture. I believe we'll continue to see different solutions presented by equipment companies in the next 5 years.

Nutrient deficiencies can also be a real drain on yield. With the price of fertilizer today, many are questioning how to balance their cost of inputs while still driving yield. Fred Below with the university of Illinois estimates that nutrient deficiencies can result in 10 to 12 bushels of yield loss per acre. While a foliar nutrient may not be able to recover that whole amount, we can certainly reduce the impact a deficiency has on our bottom line. With the aid of Taranis, our team can even tell where in the field the visible deficiencies are. We've found that over 20% of fields in our geography show some sort of visible nutrient deficiency. Given that this results in at least a 10-bushel yield reduction, we can assume we're losing some sizeable dollars on those acres. We can attempt to address this with a foliar nutrient, but it's even more important to come back to this in the Fall when we are looking at our dry fertilizer plans.

Finally, one of the last decisions to make is regarding fungicides and insecticides. We know that fungicides

provide some stress mitigation when days and nights get hot, especially after corn is tasseled. What about earlier in the year? Is there a benefit to a V5 to V8 application in corn? What we've found is that early disease pressure from Physoderma Brown Spot can result in 30 bushels an acre yield reduction. Tar Spot, which our agronomists have found in our northern geography working its way south across the Kansas/Nebraska border, can cause anywhere from 30 to 60 bushels per acre yield reduction. Southern Rust is definitely found in our southern geography and can cause a 30-bushel yield reduction. We don't often necessarily find these diseases early, but those are real issues when they occur. What we've seen this last year from our Taranis scouting is that over 10% of our fields have shown disease in our corn before V10. If we catch these diseases early, we can get a fungicide out and maintain our yield potential.

If you have concerns about any of these things in your field, I recommend working with your agronomist to come up with a scouting plan for the coming year. We know these issues affect even the best of farmers; but unless you scout, we can only guess at what's happening in your fields.

Ethan Noll
Digital Ag Lead

SAFETY UPDATE

Fall is one of the busiest times of the year for Ag Partners, and this harvest season was no different. Harvest was in full swing toward the end of September, with very few breaks going right into the anhydrous ammonia application season. Employees at each location encounter many hazards during this time, such as truck traffic, slips and falls, etc., and I am pleased to report there were no lost time accidents during this busy time of year. That is an awesome accomplishment with 24 million bushels in grain receipts.

Doing some math, the employees opened and closed over 56,000 hoppers of grain, that's terrific! During the fall ammonia season, 17,000 tons of ammonia were transferred. That equates to over 23,000 connections to accomplish these transfers without an incident! These statistics are terrific and demonstrate the dedication to safety each employee has toward working safely and going home safe each night to family and friends.

Curtis Stahel
Safety Director

SAFETY FIRST

65

***Ag Partners employees
attended pre-harvest
training sessions in
August and September
to prepare for the
upcoming busy season.***



OPERATIONS UPDATE

As we say goodbye to another year, we can be thankful for the '22 harvest and the fortunate fall weather that has allowed us to get a jump-start on the '22/'23 fertilizer season. Not only has the weather allowed us a great fall application season, but we have been able to stay on schedule for all the projects started this fall that are expected to be completed in 2023.

With the completion of our 21,000-ton fertilizer building in Hiawatha, the next phase of the plan involved a renovation and addition to the existing chemical complex. That renovation has been underway for a couple of months and the new building is starting to take shape. Aside from adding new automated loading lanes, we are also expanding warehouse space and increasing our bulk chemical storage threefold.

In other Regions, we are also focusing on technology upgrades at Belvue, Wamego, Sabetha, and Seneca. In Region 1, we have projects underway at Belvue to enhance chemical loading capacity, to speed up our custom application efficiency and

our Wamego location has completed its mission of being able to load grain trucks from the office, which will help with the labor strain we are experiencing at many of our locations.

Along with all the new construction projects we have underway, we continue to reinvest in strategic locations to speed up unloading and loading time, install technology on our current storage to enhance the quality of our stored grain, and upgrade enormous amounts of rolling stock to better serve the needs of our customers.

Ag Partners is positioned better than ever to deliver you quality crop nutrients, protect your crop from weeds & pests, insure your investment in the field, receive & purchase your grain and provide fuel for your whole operation.

We thank you for your business and look forward to serving you in 2023!

Ben Zimmerman
Chief Operating Officer

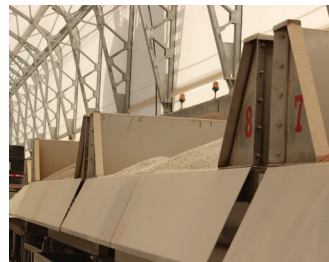
Hiawatha, KS
Chemical
Building



Wamego, KS
2.7 million
bushel Grain
Facility



Hiawatha, KS
21,000 ton Dry
Fertilizer Shed



THE SAME OLD THING?

“We are all creatures of habit, so we like to keep things the same. When it comes to your Crop Insurance, how do you know that same old policy is the best fit for your operation?”

Heading into this New Year, you will have a fresh set of choices to make on your operation, and that includes your Multi-Peril Crop Insurance policy. We are all creatures of habit, so we like to keep things the same. When it comes to your Crop Insurance, how do you know that same old policy is the best fit for your operation? Could it be costing you money or opportunities that you don't even know about? Your operation doesn't use the same hybrids and herbicides from 10 years ago so maybe it wouldn't hurt to look at new options to your 10 (or even 20) year old Crop Insurance Policy.

With decades of experience and the most up-to-date knowledge, the Crop Insurance Specialists at Ag Partners want to offer you an opportunity to learn about the latest Crop Insurance information. Maybe you have heard the term SCO and ECO insurance, but never had anyone explain the benefits. Do you buy Hail & Wind coverage, but your agent has never offered choices of Insurance Companies with cheaper premiums or better coverage? We are also heading towards a new 2023 Farm Bill but still have some ARC/PLC elections to make this winter. Has anyone explained how these elections affect your Crop Insurance choices or helped you run the numbers on the best program for your operation? Or maybe the simplest idea; how about a second set of eyes to review your current Crop Insurance policy to just make sure small details aren't missed.

The ag environment in 2023 still appears to be a very high risk – high reward situation, so being the least informed operation in your neighborhood might not be the best business plan. You could have the best marketing plans and buy the highest quality inputs, but at the end of the year your Multi-Peril Crop Insurance policy is the only thing that can guarantee your operation revenue. Reaching out to our Crop Insurance Specialist about any of these topics will not only educate and better position your operation, but the best part...it costs you zero dollars and only a little time. There is no obligation on your part, but if you find our information valuable, we promise to give you this same support year after year as our Crop Insurance customer. Please don't hesitate to reach out to Jim Ward or Darcy Pralle at Ag Partners before March 15th to discuss some new ideas for your operation. We wish all of you a prosperous and happy New Year!

Darcy Pralle
Crop Insurance Specialist

2023 SCHOLARSHIP PROGRAM

OPEN NOW THROUGH MARCH

The Ag Partners Cooperative Scholarship Program will assist in the further education of high school students interested in pursuing higher education in an agricultural-related field. The 2023 Scholarship Program opened October 1, 2022.

Ag Partners will offer 5-\$1,000 scholarships to qualifying high school seniors.

Applicants should fill out the online form and upload their photo and essay at www.agpartnerscoop.com/about/scholarship-program. The deadline to apply is March 1, 2023.

Applicants will be notified once the scholarship committee has determined awardees in April 2023. Scholarships will be mailed directly to the school that is being attended on behalf of each recipient.

We encourage all students within our footprint to apply for a chance to be awarded a scholarship that will help aid in furthering their education!

SIGN UP FOR GRAIN UPDATES & SERVICES

Sign up through links found on the Grain page of our website at:
agpartnerscoop.com/grain



Receive texts or/or emails about cash bids, futures, harvest hours of operation, and direct load information.



Check cash bids and futures, get updates, and make offers. Make sure to check with our grain team to set up an account!

GRAIN UPDATE

As I write this, corn and bean prices have been coming off their highs with pressure from futures prices as well as basis softening. We saw significant basis rallies over the last 60-90 days. Maybe it's fair to see those values settle in a bit as the markets try to find the sweet spot of getting grain from where it currently is to where it needs to be. It seems that every year, we can say something about the difference in this year compared to last year or how historically different of a year it's been than years past. With so much outside influence on grain markets, we tend to see wider futures swings. Then throw in something that we can see and feel, like a major Midwest drought, and it really makes for interesting times for both the basis and futures components.

One of those historically different things happening right now is how grain is moving from where it is to where it isn't. It's not the manner in which it's moving that's strange (by trucks & trains – barge traffic has been severely impacted by low water level.) It's the irregularity of where the grain is coming from. It is very uncommon to see Illinois or Iowa or Wisconsin grains working into our area, but it's happening. These grains aren't moving because the market supply and demand is dictating them to move into this area. In my opinion, it is happening for two reasons: 1- They had great yields and are looking for a place to go. 2- With the Mississippi river being impacted so drastically by the low water levels, this grain that once went to market on a barge is now finding its way into interior markets that typically wouldn't be as beneficial. Couple this with the Midwest drought, and those interior markets are providing good opportunity. The way this grain is moving is so uncommon that no one I've spoken with ever remembers seeing grain from some of these areas coming to our markets. It may not hurt to start getting a feel for what these price levels could look like for your on-farm grain. As people in areas with grain figure out new freight lanes to get it to places that don't have enough, I think we'll start to see more and more of an influx from those uncommon areas.

Will prices rise? Absolutely. They'll also fall. We just don't know when either might happen. One thing is for certain: We're experiencing some of the highest cash prices seen since 2012/13 on old crop grains. I'm not saying this to scare anyone into selling their grain, I'm simply sharing the market insight that we are privy to so our member owners can be well informed.

As for new crop, while corn and beans prices for the fall of 2023 are not as high as nearby prices, one might consider what profit per acre is available for their operation at the current new crop prices. If you have a price in mind for your grain, new or old crop, talk to us about getting an offer in, or see if we have any opportunities for you. We are always interested in speaking with our owners to help them get the best price possible for either their grain stored at Ag Partners or stored on the farm. The reason we exist is to help the owners of Ag Partners succeed in reaching their goals. We appreciate each opportunity to do so and want to help in any way we can.

Brice Elnicki

VP of Grain & Business Development



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Partnering For The Future

Visit our website at agpartnerscoop.com
Call Toll Free 1-877-336-6153