

Volume 6 | Quarter 3 | 2022
Ag Partners News

Between the Bushels



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OUTCOMES & OPPORTUNITIES

With the busy fall harvest season well underway, I wanted to take the opportunity to visit with you all about several related items.

First, we are currently closing the books on another fiscal year-end as of August 31, with our auditors on site this week to conduct the annual audit. While this process typically takes one to two weeks and is just getting started, we do have a good idea what our year-end numbers will look like, pending any potential adjustments once our audit is finalized. Regarding that, I wanted to go ahead and address the outcome ahead of time. We are going to incur a local loss this year. First, I will address the problem that occurred, followed by our solution. Then I will wrap up with a discussion of a few new opportunities on the table at Ag Partners.

Last harvest, we experienced record yields throughout much of our trade territory, and subsequently shipped out approximately seven million bushels of corn between September and November to keep space available for our patrons. Moving significant amounts of grain during harvest is not ideal for our business, as our delivery points for grain shipments are already receiving harvest bushels to meet their own needs. Therefore, our ability to generate profitable grain shipments during harvest time is restricted. It bears repeating that we executed these harvest-time grain shipments to keep space available for producers to have a delivery point available for grain coming out of the field. Further complicating the situation, we carried a long grain position of ownership into a challenging inverted market. With the volume of grain we handled this past year, we simply could not execute shipments fast enough to prevent rolling our hedge positions forward into an inverted market that often resulted in a loss on our position.

As we look forward to this year, the grain

markets continue to be inverted. We have made significant changes to do everything we can to not fall short again. The first of these changes was the addition of Brice Elnicki as our Vice President of Grain and Business Development. Brice brings strong leadership to our grain department and has hit the ground running this harvest season, making several changes to ensure better profitability in this next fiscal year. For example, we are being more proactive about executing new crop sales at more profitable levels during harvest season. This will help ensure we keep adequate storage space available while handling bushels more efficiently. Another change was the recent implementation of a Deferred Price (DP) program. We have previously had requests from patrons to offer a DP program, as it is something that many of our competitors have offered for some time. If you are not familiar with deferred price programs, they allow producers to continue delivering grain to the elevator without establishing a price. This allows producers to utilize pricing tools and strategies to take full advantage of potential price increases.

Not only do patrons benefit from a DP program, but the program also benefits your cooperative by allowing us to handle grain more efficiently while still posing minimal risk to the producer. With the grain markets continuing to be inverted, our DP program will allow your cooperative to take title to your grain and execute sales as the market indicates. Your risk as a producer in participating in the DP program is limited to the cooperative becoming insolvent. I can assure you as your GM and from my experience in ag-banking, Ag Partners is in sound financial condition. We have over one and a half times the minimum amount of working capital required by our lender and can access additional liquidity should we need to through the strong equity position represented

on our balance sheet. As I stated previously, we will have a local loss this year, but we will also report a positive, strong bottom-line net profit once the audit report is completed. These results will reaffirm that our new DP program is a solid opportunity for our producers. We look forward to sharing the results with you upon completion.

Another opportunity, currently in the exploratory stages, is a consolidation study with Producers Cooperative Association (PCA) in Girard, KS. I wanted to take this opportunity to assure you that if the consolidation study were to move forward and be approved, there will not be an impact on our employees or day-to-day operations. Ag Partners currently splits our trade territory into three regions. PCA would become a fourth region and operate its trade territory as they do today. As we explore this consolidation, we feel there are opportunities to add value to our grain, agronomy, and energy divisions. Consolidation would also benefit both cooperatives by allowing us to gain access to new geographical markets.

Lastly, this past year has been challenging on multiple fronts. While we do not anticipate receiving and handling the same number of bushels as the prior year, we will still have a harvest that exceeds much of the surrounding area. As I have spoken with other GMs in the industry, my understanding is that by the grace of God our territory is slated to outperform the majority of the state of Kansas. Many regions throughout the state will have little, if any, harvest this season. We recognize this as a blessing and are thankful for the opportunity to serve our producers. We are in a good position for this coming year to capitalize on this unique opportunity in the markets and look to fulfill our mission to return value to you all as member-owners after our next fiscal year-end.

As always, please do not hesitate to reach out directly to me with any questions or concerns.



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

As harvest really kicked into gear these last few weeks, we also have had a lot of things going on within the energy department. First, I would like to touch on our summer-fill propane schedules. The guys in each of their respective regions have been doing a wonderful job getting their routes run. At the same time, we have received many phone calls from customers saying we haven't gotten to them yet, so I wanted to take another opportunity to explain our summer-fill procedures. We start our summer-fill routes on August 1. We like to have customers notify us as to whether they want us to top off their tanks. As we get this information, we build routes to help be as efficient as possible rather than driving all over the place. We have always stated that it usually takes until the middle of October to finish up routes. We will definitely extend summer-fill routes if needed to ensure that our customers are taken care of. With the acquisition of Bern Oil last March, our drivers are doing a lot of due diligence to ensure those customers are covered. Because of this, we have been a little delayed starting our routes around the Seneca area, but rest assured, we are getting to them. If you feel you have been missed for some reason, please give our offices a call to double-check that you are on a route.

Staying with the propane topic, we will go live with a new software program for our drivers towards the end of October. As a customer, you shouldn't see much change besides a slight difference in the tickets you receive from the drivers. You will still get your monthly statement from our current accounting program, as you always have. This new software program has a lot of capabilities to help with routing efficiencies, storing customer information for the drivers, and drivers being able to do electronic billing right from their trucks. One of the other pieces to this program are the monitors on customers' tanks that we've started implementing. These monitors send us a daily reading of tank levels. That information is directly integrated into our software to tell us when to add you to our routes. If you currently don't have a monitor and would like one put on your tank, please contact our offices. For customers currently ordering on a call-in basis, we encourage you to give us the opportunity to move you to a routed program with a monitor to alleviate any issues you may have.

I have talked multiple times about new dispensers being installed in our Region 3 eastern territory, and they are still on the docket to get done. We have experienced delays getting certain parts needed to make these

installations happen. The update from my most recent conversation with the installation company is that we are looking at sometime in November for installation.

We will again be offering our oil sales special from November through February. It will coincide with the Gift Cards for Gallons promotion that CHS puts on each year. Please be thinking of your upcoming oil needs for this winter.

The last piece I will leave you with are some points to consider for possibly contracting fuel for next year. At the time of this writing, crude oil has dipped to under \$80/barrel. While this has happened, we still have not seen a correction of refined fuel products come into play. We may not see that happen anytime soon. Currently, crude oil and refined products continue to be well below the five-year average. With a recession soon to be upon us, it is widely speculated that demand for fuel is just not there at this time. OPEC's output is coming in at three million barrels a day under where their output agreement is supposed to be. Rig counts are not coming back as fast as many would like either. All of this could lead to a major problem in 2023 where oil stocks will be less than they are today, which could cause crude oil to spike to well around \$150/barrel. This would incentivize keeping high fuel prices around longer than we all have expected.

I would encourage you to seriously look at contracting for next year sometime in the short term. If you truly do not feel comfortable locking in all your needs, then by all means, do not do so. You can still protect yourself by layering in at different times along the way to help average out your fuel costs.

We have many different contracting options available for you to take advantage of. Something that many people are not aware of is that we are able to contract two years out at any point in time.

We are also finishing up 2021-22 fiscal year-end numbers. I would like to thank all of our loyal customers for their continued support and business this past fiscal year. We grew in every product category, to the tune of 1.9 million gallons collectively across the board. I truly do appreciate all our customers and the business they do with us.

Thank you again!!

Eric Osterhaus
VP of Energy

FUEL YOUR VEHICLE & YOUR COMMUNITY



Seneca Community Fund at the Nemaha County STEP Foundation



HOPE Brown County

Ag Partners presented four more donations to community organizations in October for the 2022 “Fuel Your Vehicle & Your Community” program. The Axtell Economic Development Corporation, Corning Community Fund at the Nemaha County STEP Foundation, HOPE Brown County, and the Seneca Community Fund at the Nemaha County STEP Foundation each received a donation, totaling almost \$1,400.

Fuel up at any of our cardrol locations and a portion of sales will be donated back to local communities! Donations will be distributed one more time before the program ends.



Axtell Economic Development Corporation



Corning Community Fund at the Nemaha County STEP Foundation

CENEX WINTER DEALS

NOVEMBER 1, 2022 - FEBRUARY 28, 2023

- **\$50 VISA GIFT CARD** for every 100 gallons of qualifying oil and lubricant products purchased
- **50 CENTS OFF** per gallon on all direct bulk oil products

Call our Energy Team for more information: Kyle: 785-294-0465 | Travis: 785-741-5252 | Wade: 785-294-2091



NOW HIRING



SCAN HERE

Or visit

agpartnerscoop.com/careers

for more details or to apply online.

BENEFITS INCLUDE

Health Insurance

Lifetime Income 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

Brandon Scheitel

Digital Ag Technician
Hiawatha, KS

Dylan McGinnis

Semi Truck Driver
Hiawatha, KS

Spencer Gibson

Custom Applicator
Fanning, KS

Paul Winkler

Axtell/Summit Location Manager
Axtell/Summit, KS

Brice Elnicki

VP of Grain & Strategy

Callie Bloom

Accounting Specialist
Seneca, KS

CURRENT JOB OPENINGS

CLT Division Manager

Company Wide

Agronomy Acct. Manager

Belvue, KS

Operations Technician

Belvue, KS

Custom Applicator

Belvue, KS

Operations Technician

Hiawatha, KS

Warehouse Attendant

Hiawatha, KS

Custom Applicator

Hiawatha, KS

Grain Accountant

Seneca, KS

Operations Technician

Corning, KS

Custom Applicator

Corning, KS

Operations Technician

Vliets, KS

CAREERS IN YOUR OWN BACK YARD

Ag Partners is always looking for friendly, outgoing, customer service-driven employees. And we've made a special commitment to recruit locally.

With 25 locations plus our Mr. Tire facility in Seneca, we would love to talk about the opportunities we have for you and your goals.



2023

INTERNSHIP PROGRAM

AVAILABLE POSITIONS

Agronomy
Grain Merchandising
Energy
Safety

Project Management
Sales & Strategy
Marketing & Communications

APPLICATION DEADLINE

October 31, 2022

Apply Online At: www.agpartnerscoop.com/careers



FROM OUR FORMER INTERNS

Brice Koch

Agronomy, 2019

My internship was everything I wanted it to be. I felt like I was learning from some of the best people in the business. My mentors were great and taught me how to deal with real-world situations.



Brenna Eilert

Marketing & Communications, 2020

My internship experience was everything and more than I was expecting. I had the best mentors, and I learned so much throughout my internship that I was able to take forward to my future career. I would definitely recommend an internship with Ag Partners.



Ellie Braun

Agronomy/Digital Ag, 2022

My internship was an incredible experience. My mentors were great teachers, and I got to put everything I had learned in school into real-life experiences and learned more on top of that!



Spencer Macke

Grain Merchandising, 2022

My internship was a great experience. The environment you walk into every day gives you a bigger picture of more than just a place to work. Each day I walked out knowing that my time was well spent. It was a great summer!



HARVEST TIME

With harvest well underway, we have started to see some yields roll in. It appears that most of the area will have a decent corn crop, but the soybean crop is still up in the air. Hopefully soybean yields come in higher than expected, but if not, please reach out. We'd be happy to walk through your production numbers or claims information.

The month of October is also when the Harvest Price is set for Revenue Protection policies for corn, soybeans, and milo. A drop in the Futures Market during October could trigger Revenue claims, even with average yields. That makes these Revenue claims a little harder to figure out than yield losses. Our best recommendation is to turn in your bushels of production as soon as harvest wraps up so that your Crop Insurance Specialist can assist with these claims. There is also a deadline in mid-December to get Revenue claims submitted to insurance companies, so it's usually a good idea to report your bushel of production before then.

Also, if you need bin measurements or have other questions, please don't hesitate to reach out to your Crop Insurance Team at Ag Partners. We wish everyone a safe and bountiful harvest.

Darcy Pralle
Crop Insurance Specialist

PASTURE RANGE AND FORAGE INSURANCE (PRF)

Around 55% of all the ground in the US is either a pasture, range, or forage. There are many row crop operations where waterways, field boundaries, and pastures are bailed, and the hay is sold to neighbors or used for your own cattle herd. Looking at hundreds of 578s out of the FSA office, almost all list some sort of grass or forage.

PRF allows you to insure your haying and grazing acres against dry spells from a lack of precipitation. When you add in the federal subsidies applied to premiums and evaluate historical payouts, it starts to look like a very good program. On a 10-year average, we find that for every \$1 spent on PRF, you will get back \$1.5-\$1.8.

Please give Jim Ward (785) 741-1652 or Darcy Pralle (785) 268-0634 a call so we can go through the details of the program with you and see what the best options are for your operation.

Sign-up for PRF is now through November 30, 2022.

THEN & NOW



THEN: Trucks unloading at the Seneca Bunker facility.

Do YOU have a "Then & Now" photo?

Send us any images that display the history of Ag Partners Coop. Images may be sent to:

brennae@agpartnerscoop.com



NOW: Trucks unloading at the new Wamego Grain Storage & Bin facilities.

SCHOLARSHIP PROGRAM NOW OPEN TO HIGH SCHOOL STUDENTS

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 open now until March 1, 2023.

Ag Partners will offer five \$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. 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 qualifying students within our footprint to apply!



Applicants Must:

- Be a child or grandchild of a current Ag Partners member-owner or employee.
- Be a high school senior, graduating in spring 2023.
- Be enrolled at a post-secondary institution immediately following high school graduation.
- Demonstrate leadership abilities, academic performance and desire to further their education and career in an agricultural-related field.
- Submit one photo suitable for the newspaper to be used upon selection as an awardee.
- Complete the online application

APPLY TODAY

www.agpartnerscoop.com/about/scholarship-program



COOP MONTH T-SHIRT SALE

SHOW YOUR SUPPORT FOR LOCAL COOPERATIVES DURING NATIONAL COOP MONTH

Deadline to Order

Friday, October 28

Order Through the Link Below or Scan the Code:

www.midwestinkco.com/ag-part



Details:

- There are two design options, each with two color variations (black or grey), short sleeve, long sleeve, and youth options available.
- You may choose to have your order SHIPPED.
- You may also choose LOCAL PICKUP, but pickup orders will be distributed to the Seneca Ag Partners Office prior to being distributed to your local Ag Partners branch and may delay when you receive your order.

IN THE COMMUNITY

AG PARTNERS GIVES BACK

Each year, Ag Partners dedicates a portion of our budget to help serve our communities through charitable giving. The 2021-2022 fiscal year was no different, and we were even able to utilize multiple matching grants from our industry partners in order to double the impact of various donations.



Axtell Booster Club



Greater Sabetha Community Foundation



Nemaha County Fair Board



Hiawatha Community Foundation



Highland Foundation



Nemaha Valley Health Care Foundation

Some of our 2022 donations made with the help of matching grants from industry partners:

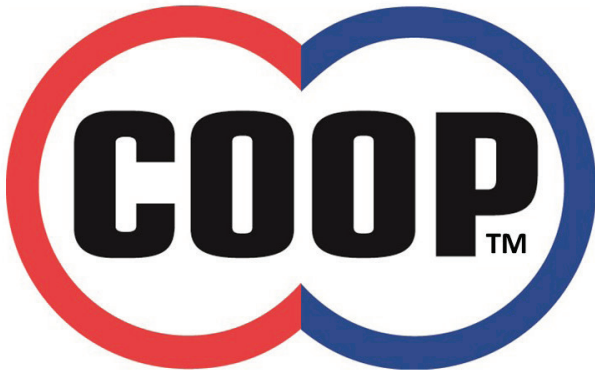


Nemaha County STEP Foundation



Kansas FFA Foundation

OCTOBER IS NATIONAL



MONTH

Celebrated by cooperatives nationwide, National Co-op Month is a time to raise awareness of a trusted business model and build closer communities. Under this year's theme "Co-ops Build Economic Power," this is a chance to lift up the cooperative business model as the best way to build an economy that empowers everyone. As businesses face inflation and supply chain challenges, cooperatives provide stability and opportunity. As employees question their role in today's world, cooperatives are creating empowering jobs with paths to ownership and a better wealth-building. As communities continue to try and stay in stride, cooperatives are creating a meaningful impact at the heart of an unknown economy. Thank you for supporting local cooperatives today and every day.

**CO-OPS
BUILD
ECONOMIC
POWER**

7 COOPERATIVE PRINCIPLES

Voluntary & Open Membership

Membership in a cooperative is voluntary and open to all regardless of gender, social, racial, political, or religious factors.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members. Directors are elected from the membership and decide how the business is run and who leads it.

Member Economic Participation

All coop members contribute equitably to, and democratically control, the capital of their cooperative. This benefits members in that the success earned by the cooperative is shared amongst the members, not shareholders.

Autonomy & Independence

Cooperatives exist to serve the interests and needs of their owners. By maintaining autonomy and keeping governance in the owner's hands, coops are in a better position to do business according to their values.

Education, Training, & Information

Cooperatives provide education and training for their members, employees, and directors so they can contribute effectively to the development and success of the coop.

Cooperation Among Cooperatives

Coops believe working together is the best strategy to empower their members and build a stronger coop economy. We are better together.

Concern for Community

Coops are community-minded. They contribute to the sustainable development of their communities by sourcing and investing locally.

HARVEST 2022

PHOTO CONTEST

OCTOBER 1 - NOVEMBER 18, 2022

Ag Partners Is Looking For Your High-Quality Photos That Display Family Life On The Farm, Harvest, Equipment In The Field, Livestock, The Cooperative, And Anything In Between.

The Ag Partners Photo Contest Is Designed To Showcase All Sectors Of The Agriculture Industry. We Are Excited To See Your Photos And How Agriculture And Ag Partners Looks Through Your Lens!

First Place- \$100
Second Place- \$75
Third Place- \$50

For More Details Visit:

www.agpartnerscoop.com/about/photo-contest



GRAIN UPDATE

INTRODUCING BRICE ELNICKI



I credit my dad and his foresight for the need of a local grain elevator for my career in agriculture. My dad farmed and saw that a grain elevator could help not only him but also the other neighboring farmers. Raising kids (myself and two siblings) and learning

the ins and outs of running an elevator wasn't easy work for my parents, but their commitment paid off. My siblings and I spent countless hours during the summer and after school weighing trucks, cleaning out bins, and doing odds-and-ends jobs at KAMO Grain in Pittsburg, KS – and any jobs that no one else would do. As I got older, I realized that understanding grain merchandising was the best opportunity for us to capitalize on.

I graduated from the University of Arkansas and came back to our family elevator until we eventually sold the business to the Scoular Company in 2015. I continued to work with Scoular, overseeing their assets along the KS/MO state line until I accepted the General Manager/CEO position at Producers Cooperative Association (PCA) in Girard, KS in 2018. I graduated high school in Girard, so working in my hometown and being a part of an industry that is so vital to smalltown America was something that I took immense pride in. PCA provided many growth opportunities and lessons learned. When I started working with Ag Partners earlier this year as a consultant overseeing the grain business, I was

continually impressed with the talent within the organization and their commitment to maintaining strong local community ties. I've always been attracted to challenges and being a part of something bigger, so the move to Ag Partners was an easy decision and aligned with my core beliefs. My wife, Sarah, my three sons, Knox (7), Finn (5) and Rush (2), and I are looking forward to the future with Ag Partners, its team members, and its vision.

I place a tremendous amount of trust in our team, our faith in one another to do what is right, and our commitment to providing an excellent customer experience. Our team understands the stress that mother nature can bring and the hard work that is required to succeed. Our goal is to provide an unmatched customer experience with honest, candid communication.

Please reach out to any Ag Partners office or the Seneca grain office with any questions or concerns. Thank you for allowing me to be part of your coop and for your commitment to Ag Partners.

Brice Elnicki
VP of Grain & Business Development

“Man – despite his artistic pretensions, his sophistication, and his many accomplishments – owes his existence to a six-inch layer of topsoil and the fact that it rains.”

– Unknown.



HARVEST GRAIN ALERTS

Stay up-to-date with our Harvest Text alerts. Updates will be sent out to inform producers about elevator hours and changes.

Visit our website to sign up and stay informed this Fall Harvest Season:
www.agpartnerscoop.com/about/resources/subscriptions#grain-alerts

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Partnering For The Future

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