

AG EXPO RECAP | GROLINK | PAC'S FIRST YEAR | FOCUS ON THE FARMER

# SEEDS FOR SUCCESS

DECEMBER  
2017



**PAC**

**PROGRESSIVE**  
— AG COOP —

**GROWING  
STRONGER**

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## PAC AG EXPO 2017

*Laura Bringer, Marketing & Media*

Progressive Ag Coop offered two days at two different venues this year for the annual Ag Expo and Customer Appreciation Banquet. This was the first year for newly formed Progressive Ag Coop to host this event under our new company name. November 8th and 9th were both warm and beautiful fall days, a nice reprieve from the cold, damp weather we'd been having. Doors opened to the public from 11:00 to 2:00 Wednesday, at the Danville Catholic Church Hall and Thursday in Wellington at the Raymond Frye Complex. Expo goers were free to visit with any of the twenty-one knowledgeable vendors present from across the state and down into Oklahoma.

Progressive Ag Coop's CEO, Mike Morlan, welcomed visitors, thanking them for their loyal patronage over the past year. This was followed with a blessing for the noon meal prepared by coop employees Darren Good, Chris Kreifels, Shawn Lovelace, and Laura Bringer. A combined two-day total of approximately 240 people enjoyed a mouth-watering meal of smoked ham, new potatoes, green beans, rolls, and choice of cake.

After most were done eating, Kreifels, IT Specialist, used a Power Point presentation to explain the new Titan Ordering System as well as how to navigate both our PAC website and mobile app. With these new technologies, producers now have weather reports, cash bids on both commodities and livestock, as well as our updated company directory all at the touch of a button/icon.

Monte Hampton, our agronomy Sales Manager, followed up with a thank you to the vendors who helped to make this event so beneficial to area farmers. Vendors got up and spoke of their available services or products. Lucky winners were then drawn for



prizes which included a digital weather station, a power drill, K-State basketball tickets, hats, jackets, magazine subscriptions, concert tickets, and tools provided by the vendors as well as a grand prize certificate for \$500 worth of PAC agronomy services.

Morlan then addressed some company business, including the retirement of agronomist Ron Kenney thanking him for all of his hard work over his many years associated with the coop. He then closed each day by once again thanking guests for their continued patronage.

## One for the Future

*Mike Morlan, CEO of PAC*

I would like to take this opportunity to thank a lot of people that have made our first year as Progressive Ag Coop a huge success! First, our employees have taken on a huge task of not only trying to blend two coops together, but also to enrich the experience our members deserve while doing so. Next, I would like to thank our members for their loyalty and involvement as we grew. This first year has come with some outstanding new programs and rewards for you, as our employee group was challenged to make this coop one that wants to partner with its membership and help them weather the current depressed agriculture economy.

This year will not be a great year for coop earnings, but it will be respectful considering all the aspects challenging the agricultural arena. Your board has spent a lot of time researching and planning to make this coop one for the future, not just today. In this quarterly newsletter, you will read about changes which have slowed down earnings this year, but will set us up in a position for the future with great horizons. The staff of Progressive Ag Coop and I would all like to wish you a Merry Christmas and a prosperous New Year.

## GROWING PAC

*Curt Guinn, COO of PAC*

I hope everyone had a safe and productive harvest of fall crops. There were several crops coming in at the same time, and the weather hampered good harvest days. We had five months of some type of grain being brought in to our elevators.

We have been busy acquiring land for a new elevator between South Haven and Rome. The location chosen is US 81 Highway and 140th Street South. This new location is

scheduled to begin construction this coming year and is looking to be ready for grain for the 2018 fall harvest. Our plans are to make this location a full-service site as time passes.

We want to thank everyone who attended our November Ag Expo and hope it was beneficial to you. Our staff works hard on these events to help our patrons get the most from their coop.

We are wrapping up our first year as Progressive Ag Coop and want to thank everyone for your continued loyalty doing business with us. With your support, we look forward to growing and providing you with the services you expect. Have a great holiday and a prosperous new year in 2018.



A new elevator will be going up between South Haven and Rome in the coming year. Located at US 81 Highway and 140th Street South, this new location will be a full-service site as time passes.



## MERGER BENEFITS AGRONOMY DEPARTMENT

*Steve Schrock, Agronomy Operations Manager*

We are wrapping up our first year as Progressive Ag Cooperative, and it seems that it has been a big success. The diversity of our expanded trade area has worked well with the resources and manpower we have available to us. We have been able to shift rolling stock from one side of our territory to the other to better utilize them. Our team of applicators have provided coverage to territories that they have not normally serviced to help with the demand as well as to increase efficiency.

Another benefit from this merger is the increase in the number of trucks PAC now has available to haul fertilizer. We have employed our fleet this year in both dry and liquid fertilizer delivery. This works well, as loads can be scheduled in advance, and they are able to get where we need them when we need them.

Logistically, we are able to transfer grain within our coop, which, much like the fertilizer, provides us with the transportation necessary when we need it. If fertilizer movement and grain transfer has ebbed off, the trucks can be put to use moving grain for CEA, our grain merchandiser.

Looking back at this year, I found some other interesting facts:

- PAC applied 44,373 acres of dry fertilizer.
- PAC applied 85,016 acres of liquid applications.
- PAC applied 3,626 acres of variable rate dry fertilizer and lime.
- PAC sold 19,289 tons of fertilizer.
- PAC spread 3486 tons of lime.
- PAC sold just over \$2,000,000 of chemicals.
- PAC sold just over \$1,000,000 of seed.

As you can see, it has been a successful year here at the coop. With your help and patronage, I am sure 2018 will be even better! Thank you, and we all wish you a fantastic 2018!

## Zach Dvorak



My name is Zach Dvorak, and I am 38 years old. I have lived in South Haven, Kansas my entire life. I graduated from South Haven High School in 1998 and went to Cowley County Community College to earn my welding degree. When I was young, I started helping my grandfather, Bob Dvorak, on the farm. He taught me everything he knew about farming. Now I am fortunate enough to be the owner/operator of my own farm. I married my wife, Kelli, in 2010, and we now have two children, a six-year-old daughter and a four-year-old son.

Our farm is located three miles west of South Haven. With the help of my wife, my father, Todd Dvorak, and other family members, we farm around 2,000 acres. Our main crop is

wheat, although we also grow soybeans, corn, and milo.

The local cooperatives are extremely important to the success of small farmers. The Progressive Ag location in South Haven, Kansas is an incredible asset to the town and the local farmers. The employees work hard to make sure that they get the grain in and out of their location in a timely manner. They are always willing to stay late and work long hours when it is needed to help the farmers get harvest completed. It is also great to have the convenience of a local coop to get hoses fixed and supplies for other small repairs. With the help of PAC, I think the cooperative will grow and help the producers cut costs.

## Brad Davis

My name is Brad Davis, and I am a 39-year-old farmer and am also employed at BancCentral, N.A. in Anthony, Kansas as a loan officer. I was born and raised in Harper County. I attended Chaparral High School and then graduated from Kansas State University with a degree in Agribusiness. Returning back to my hometown to put my education into practice, I feel I am able to help area farmers from a financial stand point. I am married to my beautiful wife, Kiley, and together we have a 5-year-old son, Asa, and twin 9-month-old daughters, Joplynn and Blakely, who are making life even more interesting.

I have been actively farming with my dad, Roy, and brother, Brad, since 2001. Our farm is located southwest of Danville. Currently, we are farming and running a cow/calf operation on approximately 2,500 acres. Becoming a farmer, like any career choice, involves weighing a variety of pros and cons. On one side, being a farmer means getting to be self-employed and having control over business choices and operations as well as enjoying a traditional lifestyle and the possibilities of lucrative profits. Alternatively, becoming a farmer also means relying on favorable weather conditions, dealing with sickness and disease in crops or livestock, and having no time off. Right now, we primarily grow wheat and canola and will usually run around 200 acres of feed, milo, and soybeans in the spring.

I hope with the merger of the two coops we can continue to see future improvements to the infrastructure and efficiencies of PAC, which in turn will improve the profit margins of all members. PAC has provided access to reliable agronomy/fertilizer services as well as grain storage facilities in locations that benefit our business.



# PROGRESSIVE AG COOP'S FIRST AGRONOMY YEAR

SEEDS FOR SUCCESS

Monte Hampton, Agronomy Sales Manager

It's hard to believe we began with the merger officially one year ago in December. Our first year has been exciting and challenging. I want to thank all of our patrons for their business this first year. I would also like to congratulate our PAC employees for all of their hard work and dedication in making this year a success. With that in mind, I wanted to briefly highlight some of the key programs and services offered this first year.

**Crop Input Financing Program (CFA)** was introduced this past year in-house to give growers another option to finance inputs on their acres. It included seed, fertilizer, chemistry, and services. We plan to continue this program through the future.

**Precision Agronomy Services** Our program started originally with grid sampling a few years ago. Now, we are doing more acres and farms each year. We all know how important our nutrient levels are in overall crop production; it is equally important knowing the pH and amending it to bring out the full potential of that acre. PAC's grid sampling program is a two-year process that we offer. In year one, we pull the grid sample and make the necessary fertility applications. In the following year, you can check fertility levels by either composite or zone sampling. PAC agronomists can provide you with an organized level of information that will allow you to make sound decisions concerning your field's production potential. The next step in the process would be to have PAC Precision Agronomist, Noah Goza, create a yield map of that field. This is all included in the two-year program.

**Variable Rate Fertilizer Application** is another service offering that we do on a yearly basis for many of our growers. Our agronomy staff uses SST programming to make all fertility recommendations that have been a standard in the industry. Therefore, we can design a comprehensive soil fertility program that fits your needs. The VRT application will be applied in the field where it's needed the most.

**Field Checks** Before and after and application are important to us. We strive to make timely applications of herbicides, fungicides, and insecticides. Therefore, the checks on crop growth stage, weed height, insect, and disease threshold levels are important in a timely application. We are excited to announce that PAC will be utilizing a new field diagnostic program called Gro-link. This system has a total of seven different options that can be tailored to fit your needs.

**Ag Expo** is an annual event for all growers to visit local and national vendors in the agriculture field. Each year we offer an early fertilizer booking on dry and liquid fertilizer specials during that time.

**Wheat Fungicide Program** was well received this past season due to the option for delayed billing. We had an onset of leaf disease that continues to build on a lot of wheat acres. As a result, we offered an option to make the necessary application and delay the billing to a later date.

**Producer Agronomy Rewards Program** is an offering that began in 2017. A member's dollars spent, based on a percentage, are turned into a voucher that can be used for services. Services include: application, blending charges, grid and soil sampling, and scouting services. This is another innovative way to reward our customers for the business they have done with PAC.

**Seed Demonstration Plots** PAC has worked with our suppliers/dealers to put out plots on cotton, soybeans, wheat, and now this year, canola. Variety information gives growers the opportunity to see some of the newest technology and varieties available today. This year we will be offering cotton seed from two companies that have proven products that work in our locations.

**Titan Online Order System** for chemicals was developed this past year and brought to life by Chris Kreifels, our PAC IT specialist. The system will have a wide selection of products at your fingertips, allowing growers to browse through and make orders on-line from their computer. We have a two-tiered pricing system in place that shows both a charge and a cash price. You must be a member and sign up for the online ordering system through our website. As the season changes, more products will become available online. You may also choose to have products delivered as well. This year we are increasing our bulk storage of some chemicals at a location to help on purchasing power.

**Delivery Route Truck** for chemicals and seed delivery is a service that will be offered to growers to help with time management during busy times. This service compliments the online order system. There will be a minimal drop charge attached for a delivery. The route truck will deliver weekly on Thursdays. Other times maybe available if needed by calling ahead.

Progressive Ag Coop looks forward to a great 2018 and wants to be your one-stop agronomy service provider.



PAC is extending our seed inventory to provide farmers with options to maximize yield and profitability.



# GROLINK™

## Solutions for Agriculture

The agronomy department has been moving steadily along. We are finishing putting together a comprehensive field diagnostic program called GroLink. We are offering several tools to help you get the most out of your fields and inputs. All of these tools are available separately but can be packaged together to save on cost. Structuring GroLink this way means you do not have to pay for something you do not need. Here are some of the tools we have available now:

### AGOPTIC - CROP SCOUTING

We have an in-house team of agronomists that are available to scout your fields. We want you to be in control of your crops, so we are offering flexible scheduling to fit your needs and budget. Whether you want us to go out one time to check for insect pressure, or you want to set up a schedule to check your cotton 16 times in a season, we can help you out. With every visit, you will receive an in-depth field check by one of our agronomists, a field report card, and a recommendation of products we believe are warranted.

### CORE MAX - SOIL SAMPLING

We believe in getting as much information as possible to make better decisions, and a great way to get more information is through soil sampling. Our team of agronomists can take composite, zone, and grid samples based on your situation and preferences. We highly recommend grid sampling on a 2.5-acre grid every few years to increase the accuracy of data and allow you to variable rate your fertilizer and lime. Variable rate has been shown to significantly increase profit by putting the product where it needs to go and not wasting costly fertilizer.

### TRUREC - SOIL FERTILITY RECOMMENDATIONS

We have made some changes in our fertility recommendations based off CoreMax. We are now able to look at all of your soils' properties and their relationships to each other to make better fertilizer recommendations. As researchers find out more about how nutrients and soil properties interact, agronomists can fine tune the way we apply fertilizer. TruRec taps into this research to bring you the best fertility recommendation available.

### YIELDONE - YIELD DATA

If you have a yield monitor but have not been impressed by the data, you could be missing out on some valuable information. With YieldOne, we are able to break your yield data down and see how different factors impacted your yields. You will be able to see how seed variety, fertility, soil type, and many more factors impacted your yields allowing you to make better decisions on you farm.

### 4MATION - SEED PLACEMENT

If you have a variable rate planter and want to maximize its potential, we can help. 4Mation takes past yield, imagery, and soil data to optimally place your seed. It creates zones of lower to higher productivity, putting one of your most costly inputs in the right place.

### SLICE - TISSUE SAMPLING

We are now offering tissue sampling to compliment soil sampling and fertility program. There are many factors effecting the availability of the fertilizer you put on your fields. Sometimes your crop needs a boost of nutrients in the middle of the season to help it get through tough times or simply to maximize yield potential. Taking tissue samples gives a better picture of what the plant needs so you can give it the nutrients it needs, maximizing yield and profits.

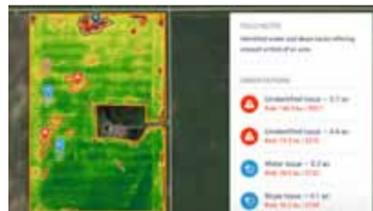
### SCROLL - DATA MANAGEMENT

Keeping track of your field records can be a daunting task. Using Scroll, we can help keep, organize, and maintain all of your field information in one place. You can access all of your information anytime online, and all your data is kept secure and confidential.

Noah Goza, Agronomist/Technical Specialist

### OTHER TOOLS

**IMAGERY:** Satellite, drone, and aerial imagery have become a handy tool in the farmers tool box. Getting regular images of your fields using NDVI (Normalized Difference Vegetation Index) images, you can see what areas in your field are healthy and what areas are



struggling. This can help narrow down where in your field you need to be checking, and over

time, show you what parts of the field struggle through the season. We currently offer satellite and manned aerial imagery.

**SOIL MOISTURE PROBES:** Moisture probes find their place in the irrigated market where the information gathered can be acted upon. We are able to install moisture probes on your fields on a yearly rental rate. You will receive weekly reports with recommendations on irrigation amounts as well as an app for your mobile device that you can monitor in real time, any time of day.

**RETURN ON INVESTMENT MAPPING:** We now have a software tool called Profit Zone Manager. Here is a quick description from their website.

*"Profit Zone Manager's scenario-based analysis allows us to create management*



*scenarios using your harvest data, as-applied data, and crop budget. Quickly compare new outcomes and get answers to key questions: Do my precision practices pay? Which hybrid has a better return on investment? Can I afford that new piece of ground? Profit Zone Manager generates a multiyear outcome by averaging all available years of a field's data. Put dollars and cents to your gut feeling by identifying consistent trends in performance from one crop year to the next. Take a fresh look at field performance with Profit Zone Manager's maps and reports. See profit, return on investment, breakeven commodity price, breakeven expense reduction, breakeven yield increase, and production efficiency for each year of field data. Instantly identify which areas of your field are performing well and which areas are costing you money."*

# TECH NOTES: SAFE & SECURE



Chris Kreifels, Information Technologies

A full year has passed since we started this journey as Progressive Ag Coop, and what a whirlwind it has been. The wheat is finally in the ground, the Thanksgiving holiday is passed us, and we look forward to the Christmas season. I'd like to take just a moment to highlight some of the subtle improvements you may or may not have noticed this year as well as offer a few tips for the new year ahead of us.

In the last newsletter, I presented the promise of an online chemical ordering system named the Titan System. That system is now online, and since the Ag Expo, I've seen an increase in registration in the Patron Access system. Please, if you haven't already, I encourage you to register for these services, as we feel they provide great value to our patrons. Beyond this, however, we've made a few subtle upgrades to benefit our patrons even further.

If you brought grain to one of our elevators this fall, you may

have noticed that we have replaced our form-feed tractor printers with new laser printers. The part of this upgrade that the growers will appreciate is that laser-printed tickets will not fade in the sun. We've all had that one ticket that's been thrown on the dash and seen way too much sunlight; then, when it comes time to reconcile tickets, this particular sun-soaked ticket is no longer readable. Laser-printed tickets are more resilient than carbon impact copies. In addition to grain tickets, all checks and invoices are now laser-printed, improving readability for them as well. (It bears mentioning that our Newport patrons still receive their thermal printed tickets from the scale printer for convenience, and they should be kept out of the sun.)

As we move into a new year, it is important to realize that all of these improvements we make are only as good as the devices used to access them. With that in mind, I'd like to offer a few tips for keeping your computing experience efficient, safe, and secure.

### Antivirus & Malware Protection

Please, please, please run an antivirus on your computers. I cannot stress this enough. There are several free antivirus programs that will do an efficient job, but I recommend a paid service as they provide updates more regularly and generally have a better eye on things happening in the computing world. Also, run a malware protection program in addition to antivirus. Again, free versions and paid versions exist for this software as well. Generally, the difference in these programs are automatic scans. If you get a free version, run it often; once per week would be my recommendation.

### Beware of Fake Antivirus/Malware Software

This is another reason to purchase antivirus software from a reputable company. Some software disguises itself as a genuine security software, but then it wants payment to fix the "problems" it finds. Be vigilant and research these things. Also, avoid installing any "Packaged with" software that comes with freeware.

### Back up Your Files

With Ransomware viruses becoming more and more prevalent, it is more important than ever to back up your files. External hard-drives are available at big box stores for less than \$100.00 now, which is a small price to pay for data security and peace of mind.

### Encrypt and Protect Your WiFi Router

As society takes on more of an "Out of the Box" mentality, it is important to remember that our data is private. Enable security on your router. Whether it's WPS, or pushing a button on the router itself to connect a new device, or WPA2 where your network has a password to connect, security is paramount on networks. Also important is changing the administrator password on your routers and even printers. Choose strong passwords as well.

These are just a few tips to help you be technically safe and secure. This is, however, far from a comprehensive list of security practices. I recommend consulting a computer technician or an IT specialist to be sure you are using the best practices and that your PCs and smart devices are updated and secured. As we move forward into the 2018 year, I look forward to helping our patrons to improve their customer experience with Progressive Ag Coop. Thank you all for a great year, and let me know if I can be of any help operating any of our technological services.



Please contact the agronomy department for more information and pricing. We look forward to working with you.



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## CHANGING & ADAPTING

*Alan Woodard, COO  
& President of CEA*

“The more things change, the more they stay the same.” I’ve heard this quote from time to time during my life. While at times there is some truth to this, I feel that in today’s life that we all live, it seems to be change after change that does not stop. The result is we are constantly working to adapt our lives and our business models to the current environment.

PAC, along with 27 other member owned cooperatives across the states of Kansas, Oklahoma, and Texas, made the progressive decision to combine and be a part of Comark Equity Alliance, LLC (CEA). This change was made with the people we all serve, our farmer/rancher owners, in mind. A decision of this magnitude is not undertaken without a lot of research and thought, and the result will benefit all of the thousands of customers we serve across that territory by continuing to open new markets and opportunities that will ultimately create both additional profits in your personal operations and sustainability for generations to come. All that being said, this creates change for us all.

One change that has come about that will be of immediate impact to CEA is the recognition of income from sales of grain, which is something outside our control. This is a change that is a result of an accounting principle that was enacted in the not so distant past. In order to provide accurate financial reports to all of the cooperative memberships we serve and accurately measure our performance for them, we adopted this new income recognition method effective August 1, 2017, which was the inception date of CEA.

The change consists of the following: Prior to August 1 of this

year when a sales contract was entered into with one of our end-users, the income was ultimately recognized through the balance sheet and income statement at that time, even though the bushels may have still been in our grain facilities to be delivered at a later date. The process of handling a sale in this manner has altered given the new accounting guidelines. Under the new guidelines, the earnings generated from the sale as noted above will not be recognized on the CEA income statement until the grain has been delivered to the end user. Bottom line is that it does not matter when the “sale” was made; it matters when the bushels are “delivered.” While this may seem complicated at first read, it simply boils down to when the grain gets delivered to our end user.

The question, once we grasp the concept, is how does this impact our member-owned organizations and CEA? The answer is that it ultimately delays income recognition to our financial reports by as much as 60-90 days and sometimes more. Sales contracts are generally acted upon long before the delivery date of the bushels. In the past, the income that may have been recognized in August will now be recognized in November, December, or even potentially in the next calendar year. This will ultimately adjust the timing of distributions from CEA to the member cooperatives, which could in turn impact the financials from a timing perspective.

In closing, we would all respectfully ask that as we go through some of these changes, please bear with us. The long-term gains will be much greater than the short-term change. All of us at CEA want to thank you for your patronage and wish you all the most blessed and merriest of Christmas seasons.

