

FOCUS ON THE FARMER | AGRONOMY | MARKETS | TECH NOTES

SEEDS

FOR SUCCESS

APRIL
2017



PAC

PROGRESSIVE
— AG COOP —

**OFF
TO A
GREAT
START**

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A fire that spanned over 1,000 square miles of Kansas land was devastating for many in March. It was not just the Red Cross that stepped up to offer assistance to area farmers and ranchers; many of our own Progressive Ag Cooperative members stepped up to lend a hand, as well. Area farmers were able to provide feed, materials, transportation to relocate cattle, and even pastures for livestock to move into temporarily. Hats off to all who were involved!

FROM THE CEO



I am excited to write this article as the manager of Progressive Ag Coop! We just started the second quarter of our new year, and we are pleased with how our two agronomy operations are blending together and how it is affecting our financials. One of the things that I have been most excited about is the enthusiasm of our employees as they have been reaching out to our members and the enthusiasm our members and potential members have shown. The one thing that sticks out the most is the differences in farming, procurement, and marketing methods we have seen from different areas across our territory.

Our employees spent a lot of time in December and

January visiting farms and coming back to the table with new strategies that should add value in the near future to the coop that you locally own. That being said, we still have a lot of producers to visit with and a lot more work to be done.

Please, if you are contacted by one of our sales people and you have the time, I hope you will listen to our story and help us make PAC a partner with you as we strive to help your farming operations be as profitable as possible.

Thanks,
Mike Morlan, General Manager of Progressive Ag Coop

FOCUS ON THE FARMER

Craig MEEKER

My name is Craig Meeker, I am 35 years old. I am fortunate enough to get to own and operate Meeker Farms with my dad and my uncle. Meeker Farms is located just southeast of Mayfield. I attended school in Wellington, and after high school, I got my bachelor's degree from Wichita State University.

I have been farming for about 15 years. Meeker Farms operates around 3,500 acres of farm ground. Our farm raises wheat, corn, milo, soybeans, alfalfa, and sorghum silage. We also have a cow calf herd of 75 head. There is a lot of pessimism in the agricultural community presently. But as a farmer and an optimist, I am excited for what life has in store for our farm. I would be foolish not to acknowledge the fact that most crops are below the cost of production. However, I feel that there are and will be some great opportunities for farmers now and in the future.

The merger of the two coops will hopefully bring some new-found efficiencies and allow for some more specialized coop employees to better serve its members. I think there are some great export opportunities out there for high quality grain like what we grow here in our area. Meeker Farms is blessed to have a great Progressive Ag location here at Mayfield. Mike Reed and his team are second to none at getting grain in and out of their location so we have no harvest delays. They are always Johnny-on-the-spot, willing to lend a hand at any time. So, a special thanks to all the employees past and present at Mayfield!



Nicholas BLANCHAT



My name is Nicholas Blanchat, and I'm a 31 year old, sixth generation farmer born and raised in Danville, Kansas. I graduated from Chaparral High School in 2004 and attended Kansas State University where I graduated with a bachelor's degree in Agricultural Business in 2008. I met my wife, Britton, at Kansas State, and we were married in 2009. We have three children, a 6 year old daughter, 4 year old son, 2 year old son, and we have another little girl on the way due in June.

Our farm is located one mile east and a half mile south of Danville. I've helped out on the farm all my life, but it wasn't until after college in 2008 that I began farming full time. I personally farm roughly 1,400 acres where I raise wheat, corn, soybeans, and milo, and I have around 1,000 head of cattle. I purchase 500 lb. stockers and sell them as 800-900 lb. feeders. I also

help my parents, Randy and Debra Blanchat, with their cattle and farming operation.

I believe producers not only have to be good at producing the crops and livestock they own, but that they have to be good at the marketing side of it to be able to survive the years ahead. I'm hoping that PAC will be able to help us reduce our input costs while being able to assist us with producing the best yields possible. Once the crops come in, hopefully, they will be able to give us the best price compared to their competitors.

FROM FUEL TO FLIES WE'VE GOT YOU COVERED

Derek Lumley

It has been an exciting and busy time these past few months. Since the merger, we have been tracking and combining inventories and getting our new Agrax system up and going. We held our first fuel/oil producer meeting on the Danville side in December to go over products offered by Cenex. We had a lot of interest in



the Total Protection Plan Warranty. In February, we held an oil/fuel producer meeting for the Wellington branches and went over bulk oil, AFD (automated fuel delivery), and the

Total Protection Plan Warranty offered on both new and used equipment. If there are any questions in regards to any of these listed services and products, feel free to contact me at the Danville store.

We recently added a new protein-lick tub to our inventory at Danville called Smartlic put out by New Generations Supplements. They are available in a wide variety of options. Some of the ones we are carrying currently are Minlic and Flaxlic, which are both available with IGR for fly control. Our

representative with Smartlic is more than happy to meet with you individually to go over needs for your cattle operations.

With warm weather coming early this year, I am sure we are in for quite the fly season. Starting with a product with IGR early can help with these concerns. The tubs are available in 125# and 250# metal drums that will need to be returned to the coop.

Wheat harvest 2017 is approaching fast, and we are busy making preparations at the elevators for another successful season. We look forward to the opportunity to handle your grain this year. Thank you and have a great year.

Troy Presley

Every so often, Mother Nature is giving us a glimpse of spring. My favorite sign of this is when the days start getting a little longer. Before we know it, the calendar will be reminding us it's time to plant fall crops. We have not had a snow filled winter just yet; however, we have had decent moisture for January. Thankfully the majority of it came as rain and not the nasty ice. Just as the weather is often showing variation, this time of the year is always filled with different "price discovery," a topic I think a producer should be aware of.

USDA reports as well as other private forecasters are all trying to figure out how many soybeans will be planted compared to corn. That battle is one we are all aware of and have seen be a good fight ever since the implementation of the RFS standard. Informa is a private forecasting group that has had the most recent numbers. Their most recent estimate shows about 90 million corn acres and 88.6 million soybean acres. Estimated soybean plantings compared to 2015 and 2016 are up significantly. In 2015, we planted 82.6 million acres, and in 2016, 83.6 million acres. If Informa is correct and we plant 88.6 million acres in 2017, that would be a 6% increase from 2016 and the 4th biggest increase in soybean acres in the last 30 years.

Looking at the chart on this page, it is clear that the U.S. farmer is reacting to the increase in soybean prices compared to the price of corn. While writing this article, the soybean/corn ratio is about 2.63. That means the values of November soybean futures is 2.63 times higher than the values of December corn futures. Many economist

feel that if that ratio is 2.5 times or higher, farmers will try and switch acres. That is

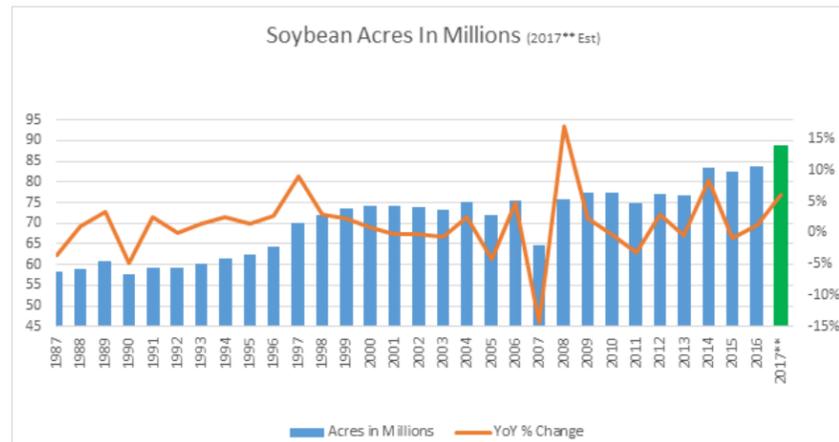
pure price discovery that market is trying to do and something I feel every producer is (and should be) watching while making planting decisions. One quick reminder: if you decide to change acres based on what you see from the markets, and then you do nothing from a marketing stand point, you can add risk to your farm. Simply by the fact that if that ratio changes anytime between the time you plant and the time you harvest, that advantage could evade you, leaving you frustrated and second guessing your rotation change.

For the producers in south central Kansas and north central Oklahoma, the increase in soybean acres over the last year has been nothing short of amaz-

ing. Many of you chose to drop milo acres and switch to double crop and full season soybeans. For those still holding old crop soybeans, you have both new crop price discovery like mentioned earlier, and you also have old crop price discovery still happening. For those holding old crop beans, the South American crop will be getting harvested very soon. The weather in parts of South America has been great while it has been challenging in other parts; this is part of the reason of the soybean price volatility. Personally, I feel the tightness in the entire Global Vegoil stocks has been the reason we have seen the price action occurring in soybeans. That would include palm oil, rapeseed, soybeans, and sunflower oil. So price forecasting soybeans has been difficult with that many moving markets having influences on the U.S. soybean price.

We have spent most of our time talking about price discovery on soybeans. I would like

to visit with you about wheat as well. The USDA report on January 12th reported that the U.S. has the lowest amount of HRW planted since 1909. In addition to acres, wheat conditions were reported in early January showing that plant health dropped in the "good to excellent" category from 52% to 44%, reflecting that some areas are experiencing drought conditions. Our areas have experienced decent amounts of moisture in January; however, there are some parts of the HRW growing areas that could still could use moisture to help their crop along. That



type of news is what is mostly responsible for the uptick in futures prices.

Let's not have a one track mind. There is plenty of HRW in the U.S. especially, but also in the world. Those HRW balance sheets would tell us dropping wheat acres isn't catastrophic. I think the takeaway we need to have is that with less acres, growing conditions will become that much more important. Some cold weather in Russia is also giving the market something to talk about.

I would suggest for those in the north central Oklahoma and south central Kansas markets to be diligent in their marketing. The U.S. dollar is probably still one of our biggest market makers/breakers. If the U.S. dollar or futures price rally too much, we will not be able to export as much as many were hoping. Price discovery for wheat will be watching exports for both quantity and the pace of those exports. The crop conditions as they become more readily available in this spring will be important as well.

The last price discovery topic I want

to briefly touch on would be corn. In 2016, the U.S. produced a monster corn crop. The industry has done a great job of exporting some of that crop. The carry out on corn still could be one of the largest we have ever seen. This of course will keep a cap on price action. However, the producer's resiliency to hold grain away from the market has been interesting. Now we know that we can't leave corn in the bin away from the market forever. We need cash flow and room for next year's crop. The biggest question would be when does the producer in the corn belt let those stocks go? This could and most likely will have an impact on our prices here in the midwest. Kansas is estimating that we harvested over 710 million bushels of corn. That would be approximately 150 million bushels more than last year's crop, and 130 million more than the 2014 crop. It will be the job of the market to make sure all those excess bushels find a home before the fall of 2017. Most likely, USDA reports and estimates on the 2017 prospective plantings (loss of corn acres to soybeans) will be the items giving the corn futures price the most action. That along with fact the December 2017 corn futures prices needs to keep a decent ratio in value to soybeans for the reason of not losing too many acres to rotation changes.

The USDA Prospective Plantings report on March 31st is important to watch. After that, the market will turn to planting progress of the fall crops and also wheat condition reports. Remember, knowing your farm's cost of production is one of the biggest steps you can take in marketing your grain in excess years. That is the first step in knowing where you need to contract new crop as well as sell old crop bushels. Sitting down and having those values penciled out is of great significance for a marketing plan.

Thank you for your business! Comark Grain was blessed to have record grain receipts in 2016. Your coop staff as well as Comark Grain Marketing is working diligently to make sure we take care of those bushels the best we can while also making sure you have space at your local cooperative for the upcoming harvest.



Chris Kreifels

Spring has sprung! The trees are greening up, the temperatures are warm, and the fields bear a striking resemblance to a lush, deep-green, well-manicured lawn. It is truly a beautiful time of year. With the wheat growing rapidly in the early days of spring, we begin to look inward to the ins-and-outs that make up the preparation season. Whether its preparing for row-crop planting by fertilizing the ground and servicing drills, or preparing early for wheat harvest by servicing the combines and tractors, spring is indeed a season of preparation for producers. The same can be said for your coop. As well as working with top-dressing efforts and working through the logistics of our recent merger, we are working hard to prepare for the upcoming months, and that means a few changes and tweaks.

One of the first changes our patrons will notice is our new automated phone system. Automated phone systems have long-been considered as the death knell of personal communication with an organization. Nobody likes talking to a computer. We kept these things in mind in designing the menus of our system. When you call, you will not hear a computerized voice, prompting you to say "yes," then asking to repeat and repeat until you get frustrated and ultimately throw your phone. Instead, you'll hear a recording of the lovely voice of our own Laura Bringer carefully directing your call. There are several advantages to this new system (see right). While we do anticipate a slight learning curve, we are certain that this new system will benefit our patrons greatly.

While we're on the topic of phones and communication, I think it is a great opportunity to discuss our mobile options. We are currently working on the development of our new mobile app. Our app will place cash bids, location information, contact info, weather, and more right at your fingertips. We anticipate having our app ready by April.

Our cash bids texting system has been operational for a few years now. That said, there is a lot more to the system than initially meets the eye. A large portion of our patrons are currently subscribed to scheduled alerts that send out their local location's cash bids twice per day. What many patrons do not realize is that it is possible to customize the alerts you receive. By visiting our website and creating an account, you can select which bids to receive, from which locations, and at what times. This adds an individualized level of customization, allowing us to serve our patrons in the best way possible.

As we are upgrading things around PAC, our ultimate goal remains providing our patrons with the best customer experience possible. If you have any questions about our new phone system or our mobile options, feel free to contact me. I'm happy to help in any way I can.

NEW PHONE SYSTEM BENEFITS

AVAILABILITY: Customer service is our highest priority at Progressive Ag Coop. Our main goal is to make sure your call is answered. We've accomplished this by creating a network for departments. For example, if you call the Wellington-North branch to sell grain and a representative is not at their desk, your call is rolled to another office where another representative is more than ready to help you in any way possible.

EFFICIENCY: With 13 locations, there are times when remembering all of the numbers can be cumbersome while in a hurry. With our new systems (and upgrades yet to come), most of your calls can be redirected from one office to another without having to call another number. Also, it is more efficient to give patrons the opportunity to speak directly with a representative that can help them with their needs rather than needing to be transferred. For example, it would be inefficient for the tire shop to answer a call directed to the grain department or vice-versa. This would result in longer hold times for patrons, which can be avoided.

VOICEMAIL: If there is a particular representative you would like to speak with, you can reach them directly with their extension number and, if they are not available, leave a voicemail for them.

AGRONOMY IS EVERCHANGING

Monte Hampton

As Progressive Ag Coop moves further into its first full year, we are excited with the opportunities that lie ahead. Progressive Ag Coop Agronomy Team wants to be your service provider. We are working continually to bring our patrons

the knowledge and services to assist in the agronomic decisions for their crop production systems. Our agronomy staff has many years of experience in the industry with C.C.A.



(Certified Crop Advisory) Certification. Our team is ready to work side by side to assist with your needs for your operations. Agronomy is ever-changing. PAC is providing those services that reflect today and the future. Precision ag services are part of what we can offer to all growers. Grid sampling is the first step in developing a precision ag program. Currently we are partnering with Servi-Tech on grid samples and laboratory results that make up the core of the information to make variable rate applications.

Our yield mapping service is another step in the process that validates yield within a field.

Satellite Imagery that

takes in-season images of crop condition and growth offered through Servi-Tech is another monitoring tool option in real time. Another convenient service that we provide is variable rate application. Based off the grid samples, a variable rate prescription is developed for application to a field. The air flow



flushes of weeds under control. Finally, Progressive Ag Coop would like to thank all patrons

for your support! We want to be your service provider from the initial planning to the harvesting of your crop. Please stop by or call one of locations for an agronomist in your area.

a second approach to manage resistant weeds. Planning and communication will be very important as we move closer to the planting season of those herbicide tolerant crops. Our agronomy staff along with area consultants can be very helpful in the first steps. Managing weed resistance goes back to some fundamentals. First utilizing a burndown program with a residual herbicide and second coming back with pre-emerge herbicide after planting to extend the residual value timing out over a longer period to keep those early yield robbing

flushes of weeds under control. Finally, Progressive Ag Coop would like to thank all patrons for your support! We want to be your service provider from the initial planning to the harvesting of your crop. Please stop by or call one of locations for an agronomist in your area.

—LEARNING from— HINDSIGHT

Steve Schrock

The “i’s” are dotted, and the “t’s” are crossed, but there is still work to be done. Of course, I am referring to the merger of the Danville Coop and Farmers Coop of Wellington. It has been a really smooth transition. I have enjoyed working with and getting to know the employees from the Wellington side. There is a different pattern of farming practices, but I find we all have the same goal, which is to help make your farming operation as successful as possible and provide the services that you need.

Agronomically, operations have meshed well together. Anna and I have kept rigs running and covering acres pretty well I believe. One week this quarter was a perfect storm, as impending rain was coming, and everyone wanted their fertilizer right then. It is a lot like wheat harvest when we have similar “time factor” situations. We max out facilities and sometimes come up a little short in these instances; I apologize if it caused any inconvenience. Hindsight and shared ideas have shown me ways that, when this happens in the future, we now as a merged group have other options that would make your coop more efficient.

That is one of the good things that has come from our merger. I have equipment, personnel, and other buying options that are open to me now that, a year ago, were not. As we continue to readjust our coop to be a better partner with you and your farming operation, please let us know what we can do that would benefit your needs.

WE ALL HAVE THE SAME GOAL, WHICH IS TO HELP MAKE YOUR FARMING OPERATION AS SUCCESSFUL AS POSSIBLE



ADMINISTRATIVELY SPEAKING

knowledge of coop operations continually grows.

Laura Bringer started with PAC in February. She has been learning as much as she can about grain and the other areas of the coop business. She comes to PAC with diverse career experience that will serve us well going forward. Her first assignment and one of her future responsibilities will be putting together this quarterly newsletter. If you are close by the Newport office, stop in and say hello and introduce yourself. It's always nice for us to be able to put faces to the names we

work with!

Employees from both coops have had the opportunity to work together and meet or visit with customers/patrons from both sides of our territory. This has been a good experience, and we look forward to meeting and visiting with many more of you. Hopefully we have worked through any merger issues that may have popped up, but please be patient with us if others arise. We take pride in providing you with an excellent customer service experience!

Michelle Bergmen

NEWPORT BIN CONSTRUCTION

Darren Good

On October 17, 2016, construction began on a new grain bin at the Newport facility. It is an 80 foot diameter, 120 foot tall McPherson flat-bottom concrete tank with a storage capacity of 530,000 bushels. Construction for this bin consisted of approximately 415,000 pounds of rebar and 1,900 cubic yards of concrete.

The new bin will fill by means of a 20,000 bushel per hour roof top drag that will be spouted from the existing south bin. There are three discharge points in the rooftop of the new bin.

In order to reclaim the grain from the bin, a tunnel was established on the north side. It houses a 10,000 bushel per hour drag that is fed by a gravity spout and a reclaim auger. This drag feeds the existing leg.

There are six 50 HP push fans on the ground and twelve 2 HP pull fans on the rooftop that will have the capability of cooling a lot of grain quickly along with 16 bin temp cables that will allow for consistent grain temperature monitoring.

Completion of the new bin is expected in late April.



Thinking of getting new tires?

Well hurry in to Progressive Ag Coop's Wellington location to save **big** the entire month of **April**. All tire purchases qualify for **10% savings** and don't forget our service truck can come to you with new tires to get you rolling along!



Call 620-326-7496

The past several months have been busy and full of changes in the administrative world of your new coop. Our hope is that you hardly noticed the transition from the Danville Coop and Farmers Grain Coop into the new entity, Progressive Ag Coop.

Most of our admin team on both the Wellington and Danville sides has been in place for

several years, but we do have a couple of new names and faces that we are excited to have join our team.

Chaney Stallbaumer hired on as a summer intern at Danville and accepted full time employment with the coop in December. He is also a full-time student at WSU and will be graduating with an accounting degree this coming December. Chaney was a huge help in the merger process from handling the majority of incoming calls to working with and verifying data before uploading it into the coop's new accounting system. His



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Progressive Ag Coop
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NEW COMPANY NEW OPPORTUNITIES

Aaron Hemberger

Although we haven't been a new company for long, we are already seeing some positive results of the merger. We can see more opportunities for the future and are excited to use them for your benefit.

Although it is a cliché, the employees are the most valuable asset to the company. We immediately gained value in experience and expertise when the two companies combined. Sharing expertise across employee groups will save us time and money in IT, maintenance, inventory, and operations. We are also able to move people to areas that are a better fit for them and the company. There will be more opportunities for employees to specialize in an area they prefer or move to a job description they enjoy. We have already borrowed people across locations to help us run leaner and more efficiently while still providing quick and reliable service to our patrons.

We also share equipment in grain and agronomy. Whether to keep running through a breakdown or get a job done more quickly, it is helpful to have access to another piece of equipment or an operator. Our equipment requirements will change with different types and numbers of locations. Some equipment may be able to be eliminated in the future, while other things may be able to be upgraded due to more use at more locations.

Our goal is to provide excellent service while being efficient. Thank you for your patience as we go through our transition.

