



Parkers Prairie Main Office
601 East Soo Street, Suite A
Parkers Prairie, MN 56361

NOTICE OF ANNUAL MEETING

PRO-AG FARMERS COOPERATIVE

THURSDAY, MARCH 15, 2018
PARKERS PRAIRIE EVENT CENTER

Pro-Ag Farmers Cooperative will hold our annual meeting Thursday, March 15, 2018 at the Parkers Prairie Event Center. Lunch will be served from 11:00 a.m. to 1:00 p.m. Our meeting starts at 1:00 p.m. to review reports, elect one director, vote and transact any business that may come before the meeting.

• Door Prizes Will Be Given •

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MARCH



Spring 2018

Pro-Ag News



A Look Into the New Year

As we turn the calendar to 2018, it is interesting to look back at some of last year's values in the same timeframe. When looking at fuel, it is .50 cents a gallon higher than it was a year ago. Two of the main reasons for this price increase are because of OPEC reducing their crude output which is driving the price of crude to over 63 dollars a barrel. The other factor influencing the price is the cold winter over much of the U.S. The east coast has been very cold and unlike the Midwest that heats with propane, they mainly heat with fuel oil, thereby driving the supplies down for this time of year. We continue to watch the futures looking for a buying opportunity for spring fuel that we can pass on to our customers.

With the turning of the year, we have been very busy. Hoffman Co-op Grain Association became part of Pro-Ag on January 1st. When bringing two companies together, there are many accounting procedures that occur. All staff members worked very diligently on the task and very few problems were encountered.

With a new year starting, it is time for our year-end audit that we just completed. This has been the 20th year of Pro-Ag Farmers Co-op. Sales for the year were up slightly as compared to a year ago. Volumes this year were similar to a year ago with the exception of grain bushels handled showing an increase. We had a profitable year, decreasing from last year as we continue to see tough economic times in agriculture.

Sales for 2017 were \$82,775,179 compared to last year at \$78,269,216. Combining local earnings with regional refunds, our net profit for the year exceeded \$1.6 million. All divisions of the company performed well.

At the annual meeting in March, we will be issuing dividends on a percentage of profit by division. Thirty percent of your

dividend will be paid in cash, which amounts to \$276,625. The remaining 70 percent will be distributed in stock.

We did receive an equity retirement on milk marketed with First District Association. With this retirement, we will be able to retire milk equities for the year 2010 for a total of \$82,851. At their last meeting, the board of directors authorized an equity payout on Ag supply stock. We will be paying all of the supply equity, which amounts to \$295,275. We will also be making an equity payout on the Central Ag stock amounting to \$145,434. The total amount of cash Pro-Ag will be paying out to our stockholders this year is \$800,185.

With the end of the year audit completed, it will be time for our annual meeting. We do have one vacancy on the board that we need to fill at the meeting. The District runs east of the Otter Tail/Todd county line and north of Eagle Bend and Clarissa. If you live in this area and are interested in running for the board, contact one of these nominating committee members.

Al Blommel: 218.756.2554
Steve Dobratz: 218.338.8099
Russ Elliot: 320.808.6892

All nominations for the board must come through the nominating committee. There will be no nominations from the floor on the day of the meeting.

Thank you for your support that makes this possible. I hope to see you at the annual meeting on March 15th at the Event Center in Parkers Prairie. Look for the annual meeting notice in this issue of the newsletter.

Have a safe spring.

Mark Jaskowiak
General Manager
Parkers Prairie - Main Office



Managing Your Fertilizer Needs

The late corn harvest this past fall will have implications in the spring of 2018. A significant amount of tillage was left undone as well as fall fertilizer on those acres. This will put a significant amount of strain on growers and our fertilizer plants to get those acres covered in time for timely planting. This factor and the current market conditions indicate we should be up on soybean acres locally in 2018.

If a grower is looking at planting soybeans on soybeans, seed treatments and early season weed control are going to be critical to getting the crop out of the ground. With some of the post herbicides losing their ability to control resistant weeds like water hemp and common ragweed, early pre-herbicides will be more critical than ever. For those growers using the Xtend® dicamba resistant varieties, the State of Minnesota has put a June 20th deadline on spraying these new Xtend® varieties to minimize damage to sensitive crops because of the potential for volatility, drift or temperature inversions. Xtend® is still a good early season option on common ragweed, so even though there are more restrictions on its use, it's still a very effective chemistry on ragweed.

Internally at ProAg, we have reluctantly decided to raise the application rate per acre charged when spraying herbicides in the Xtend® and Liberty® systems. We will also be increasing our rate when spraying between 15-20 gallons of water per acre. In spraying season, we are hauling considerably more gallons each day because of label requirements and to get adequate coverage on the burner type herbicides such as Flexstar® or Cobra® and high-water use rate herbicides Xtend® and Liberty®. This has increased equipment, labor and fuel costs to cover the

same acres. We are no longer in a 1 quart of glyphosate and 10 gallons of water era. It just costs more to kill resistant weeds and unfortunately, we see more problem fields each year. Last year 12.5 percent of our soybean seed sales were Xtend®, 13 percent Liberty® and 74.5 percent RoundUp® Ready 2 Yield varieties. The Xtend® and Liberty® are going on the fields with the worst weed pressure, but we are seeing an increase of resistance on the other 74 percent every year. My prediction is at the current rate we will be 50 percent RR2's going into 2019 and the remainder will have another mode of chemical action to combat the weed issues we are facing. Other watch outs for 2018 in soybeans are to make sure a soil sample has been taken to determine fertilizer needs, with additional focus on micronutrients boron and sulfur, which are very leachable on our lighter soils.

Lastly, regular scouting is important to keep tabs on weed control. The potential need for fungicide for white mold and to scout for aphids, spider mites and possibly other unexpected pests such as painted lady butterflies. Some fields were absolutely devastated by butterfly caterpillars this past summer, which could have been prevented with scouting and a timely insecticide application. At present, it appears that soybean acres will be up a minimum of 15 percent over last year based on early season seed sales.

Please stop in or arrange a visit with one of our agronomists to ask any questions about your 2018 crop plan prior to the hectic days of spring. Thanks for your business, and all of us at ProAg are wishing you good weather and dry fields this spring!

Jim Hlatky
Agronomy Manager
Parkers Prairie - Main Office



From Markets to Merger

As I write this article, corn and soybean futures continue to drift lower due to ample supplies and no weather threat at this time to the South America soybean crop. Lower futures have forced end users to firm basis levels to keep the supply pipeline full allowing elevators to move crop and make space. Looking forward, I would say the soybean market should be your biggest concern should there not be a weather issue in South America. Also, due to sluggish soybean export pace, and the likelihood of more soybean acres in the US, expect soft corn basis levels this summer on any weather rally due to most of the corn stored on the farm being unpriced.

Contact Danny in Hoffman or myself to discuss contracting options at Pro-Ag. We have a number of options including basis contracts, HTA's, and OTC options such as accumulators available. Two other options we have are straightforward and simple. The ADM daily futures pricing average and the FCStone Merchant Plus program where you turn over a set amount of bushels for them to price. These last two have been advantageous this last year due to the downward slide in futures since last summer. We also have the online cash bids through the proagfarmers.com website which you can place offers in above the market. At this time, Pro-Ag is offering free delayed pricing on soybeans delivered after January 1, 2018. Free soybean price later will be available until August 1, 2018.

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The Hoffman merger is now complete, and we have seen limited issues so far. Danny and I are working on a track/rail loading expansion plan for the Hoffman site. We will have more details in our next newsletter. Hoffman will be loading mostly corn trains from January through August as the west coast soybean export program winds down.

I would like to welcome the new grain accounting staff to Pro Ag. Monica Krebsbach is now on staff at the Brandon elevator, Tamara Thompson is on staff at the Hoffman elevator, and Tammy Mueller has been hired for the Eagle Bend location. Stop in and say hi!

Danny can be reached at 320-986-2007 in Hoffman. I am available at 320-524-2285, ext 102 in Brandon. Let's have a warm, early spring! Thank you for your patronage in the past and future!



Tim Lauthen
Grain Merchandiser
Brandon Elevator

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All We Need is a Minnesota Milk Miracle

Will it take a miracle to make it through this overtime game bout of low prices? There may not be a miracle quite like the miracle in the Vikings game against the Saints in store for dairy farmers in 2018, but I don't think it will take a miracle to get through these tough times; it comes down to a handful of areas. These are the core of what really makes a dairy profitable so let's discuss them.

Reproduction and maintaining low average days in milk helps to get cows back to peak faster. An average day open can cost a dairy from between \$3 and \$5 per cow per day depending on the costs incurred to achieve a pregnant cow. Keeping reproduction a high priority at any time is important for remaining profitable. Two key areas of profitability working hand in hand within the barn are cow comfort and feed management. One of the biggest areas of opportunity I see on any farm is keeping feed pushed up and accessible to cows for all hours of the day. Each additional pound of dry matter intake is worth about 2 pounds of milk. This is the easiest thing a dairy can do to make themselves more profitable, just keep feed accessible to the cows.

We also need to remember to continue to do the other important things during tough economic times. Transition cows, cow health, and hoof trimming are all areas that should not be sacrificed. So, you're probably

feeling there really isn't any area that a producer should trim or eliminate when profits are tight and times are challenging? Yes, there aren't too many areas that we can truly "skimp". So, where can we maximize profit and minimize inputs? One area to focus on in your operation is feed shrink or waste and refusals which are two major drains for profitability. Exercise accuracy while feeding, take that extra minute to clean up from your bag, bunker, or silo. Additionally, keeping refusals to a minimum without running the cows short can help reduce input costs and a good refusal goal is 2-3 percent. Being consistent with feeding times can help in achieving this goal. Another way to maximize profit is to look at increasing the value of your milk. How does a producer increase the value of milk? The best way to do this is to increase your components shipped. Evaluating feed additives and amino acid balancing are two good ways to look at increasing components. Ask your nutritionist to evaluate your ration to maximize pounds of butterfat and protein you produce per cow. Maximizing that number will maximize profit on your dairy in a component paid market.

All in all, if we remember to continue to do what's best for the cow we will make miracles happen and improve profitability.

For more information on how we can collaborate and assist you in making any of these decisions, please contact your local Pro-Ag location and request a nutritionist to setup a farm visit.

Ben Thorpe
Livestock Production Specialist
Serving All Locations



"One of the biggest areas of opportunity I see on any farm is keeping feed pushed up and accessible to cows for all hours of the day."

Understanding Veterinary Feed Directive



The FDA Veterinary Feed Directive (VFD) has been a hot topic amongst livestock producers for the past several years as the proposal for changes in the use of feed-grade antibiotics have been refined. In large part, this interest has revolved around concern about the logistics of the implementation of the new guidelines. The new VFD guidelines, which went into effect January 1, 2017, requires that all medically important feed-grade antibiotic administration be under the oversight and order of a licensed veterinarian. The use of medically important drugs will be confined for use of prevention, control or treatment of a specifically identified disease. The VFD is not new. The original rule was published in 1996, and medically important feed-grade antibiotics that have come to market since have been only labeled for administration under the direction of a veterinarian. An example of this is tilmicosin (Pulmotil) in cattle. The amended guidelines simply expand this designation to all medically important feed-grade antibiotics.

The expiration date of VFD, which cannot exceed six months or is limited by the expiration date of the product, number of refills if necessary and permitted by approval. In order to prepare for the enforcement of the VFD, a review of current antimicrobial use should be completed with the input of your veterinarian. Engaging with your veterinarian before the fall run of calves begins to enter the feedlot will be crucial to ensure that cattle are treated promptly as the need arises, as it will no longer be an option to buy over the counter antimicrobials. The VFD

guidelines allow for some flexibility in the generation of the VFD form and recordkeeping, with both electronic and paper-based versions available. Thus, having a thorough understanding of the procedure that will be in place at the veterinarian clinic you do business with prior to the deadline of implementation is encouraged in order to avoid confusion or delayed treatments.

As we are in our second year of working with veterinarians and producers with the VFD process, we all have a better understanding of how it works. Ultimately, the use of feed-grade antibiotics through a VFD falls on the producer and they need to keep records of where it is used and retain these records for two years. A VFD is only good for a specific amount and time period. If within that time period you need to treat livestock again, you need to consult your veterinarian and another VFD need to be written. If we continue to work together, this process will continue to go smoothly.

Tony Kokett
Feed Department Manager
Garfield Feed Mill



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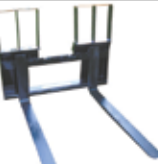
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MILK AND DAIRY FUN FACTS

- 1 A COW PRODUCES AN AVERAGE OF 6.3 GALLONS OF MILK DAILY AND 350,000 GLASSES OF MILK IN A LIFETIME.
- 2 COWS EAT ABOUT 100 POUNDS OF FOOD EVERY DAY AND DRINK 50 GALLONS OF WATER.
- 3 TO GET THE AMOUNT OF CALCIUM IN AN 8-OUNCE GLASS OF MILK, YOU'D HAVE TO EAT ONE-FOURTH CUP OF BROCCOLI, SEVEN ORANGES OR SIX SLICES OF WHEAT BREAD.
- 4 FARMERS MEASURE MILK IN POUNDS, NOT GALLONS.
- 5 A COW WILL PRODUCE AN AVERAGE OF 6.3 GALLONS OF MILK EACH DAY. THAT'S MORE THAN 2,300 GALLONS EACH YEAR!
- 6 U.S. DAIRY FARMS PRODUCE ROUGHLY 21 BILLION GALLONS OF MILK ANNUALLY.
- 7 THE AVERAGE AMERICAN CONSUMES ALMOST 25 GALLONS OF MILK A YEAR.
- 8 JUNE IS NATIONAL DAIRY MONTH.
- 9 FRESH MILK WILL STAY FRESHER LONGER IF YOU ADD A PINCH OF SALT TO EACH QUART.
- 10 A COW IS MORE VALUABLE FOR ITS MILK, CHEESE, BUTTER AND YOGURT THAN FOR ITS BEEF.



LOCATIONS

PROAGFARMERS.COM



Alexandria Country Store
806 22nd Avenue E
Alexandria, MN 56308
Phone: 320.763.5445

Brandon Elevator
104 East Front Street
P.O. Box 38
Brandon, MN 56315
Phone: 320.524.2282

Brandon Fertilizer Plant
4911 County Road 7 NW
Brandon, MN 56315
Phone: 320.524.2286

Clarissa Feed & Fertilizer
209 North Bridge Street
Clarissa, MN 56440
Phone: 800.432.6340
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Browerville
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Eagle Bend Farm Store & Elevator
325 North Street E
Eagle Bend, MN 56446
Phone: 800.289.7081
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Garfield Feed Plant
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