



Vision Newsletter

April 26, 2019

Notes from Kent Taylor – General Manager

2019 Financial Year Results

This past month the financial audit for Ag Valley Co-op was completed. Our fiscal year ended on February 28th and on April 10th the board met with the auditors to approve the year end results. I am informing you that Ag Valley Co-op will end the fiscal year with a net loss of \$1.6 million dollars. Last year, the company had total sales of \$277 million dollars. While this is certainly not the best of news, we want to be upfront with you and share a little bit of how we got here and, more importantly, the view going forward.

We all realize that the U.S. agricultural industry is in the midst of many challenges and will be facing issues for the foreseeable future. All of you have seen successful times with high commodity prices changing to the more challenging times as of late. With this transition on your farm, the impact is also felt within the cooperative. The weather impacted all of us and, for example, affected our ability to apply products to fields, sell diesel fuel and even pick up/ship grain. Finally, the geopolitical issues which led to tariffs and trade problems that impacted the timing and amount of grain sales for all of us.

So, what are the next steps? Moving forward, our primary objective will continue to be the service we give you, our patrons, by focusing on the relationship we have with you. Every time I meet with a new employee, I remind them that cooperatives exist for their member owners. This principle was true when cooperatives started, it's true today and will be in the future. However we meet the needs for your operation today, we need to prepare for tomorrow. That means we become more efficient in the ways that we supply products, finding new solutions, analyzing our divisions and watching our expenses. In this process, we stay connected to you. As change comes upon us, we will navigate these challenges together. One relationship, one conversation at a time.

With guidance from management while considering these financial results, the board has decided to forgo any patronage or equity retirements this year. With this in mind, in the area of capital expenditures, we will continue to improve/make needed repairs on company infrastructure albeit at a reduced rate. Last year, we spent \$10.5 million on upgrades to equipment and property. The biggest project was the Orleans grain facility. As part of the budget process, we have put aside \$3 million dollars to cover key repairs and upgrades to keep us positioned for the future. I will keep you informed of these projects as we move through the year.

Therefore, when I look back at the last year, thinking of these interesting times; it will not be of a bunker wall moving, another thunderstorm or a tarp blowing off, it will be of gratitude for all of the employees/farmers and ranchers of Ag Valley Co-op. If you have any questions or concerns, I invite you to reach out to myself or any board member to discuss this further.

You are invited to the Ag Valley Cooperative's Annual Meetings!

BIG SPRINGS: Monday, June 3rd at 10 am (Mountain Time) in the Big Springs Fire Hall

MAYWOOD: Monday, June 3rd at 6:30 pm in the Maywood Community Hall

NORTON: Tuesday, June 4th at Noon in the Norton Eagles Club

ARAPAHOE: Tuesday June 4th at 6:30 pm in the Ella Missing Center

For entertainment we will be having comedian Andy Beningo:



“With over 2,800 career performances worldwide, Andy Beningo has established himself as one of the most in demand comedians working today. Hailed for his clean and “every man” style, Andy has performed for Fortune 500 companies, on cruise lines and in some of the top comedy clubs in the country. He was named one of the 40 Best Up and Coming comedians in the country, as well as “Best Comedian” by both the Detroit Metro Times and Detroit Hour magazine.”

Andy will be performing at the Maywood and Arapahoe meetings.

Reservations will be taken so an accurate count can be given to the caterers. Please call Jane at 1-800-228-1352 by May 24th to make your reservations.

Voting Members: Be on the lookout for your ballot and invite that will be coming soon in the mail!

Welcome Rocky Sheehan!

It is my pleasure to introduce you to our new Feed Division Manager, Rocky Sheehan. I have worked with Rocky in the past and I know that his experience and knowledge of the feed industry will bring value to Ag Valley. Below are some of his thoughts that he shared with Katherine:



I have been married to my wife for 43 years and we have four boys who live in Nebraska, Texas and Colorado. I started my career in the feed industry in 1989 when I joined Farmers Ranchers Co-op.

As the feed industry changes, relationships with both our customers and suppliers will become more and more important. I want Ag Valley to be able to offer the products and services that the customers need and to continue to build our customer base. I am very thankful for this opportunity at Ag Valley Co-op. I really like the area and have enjoyed getting to know my coworkers and

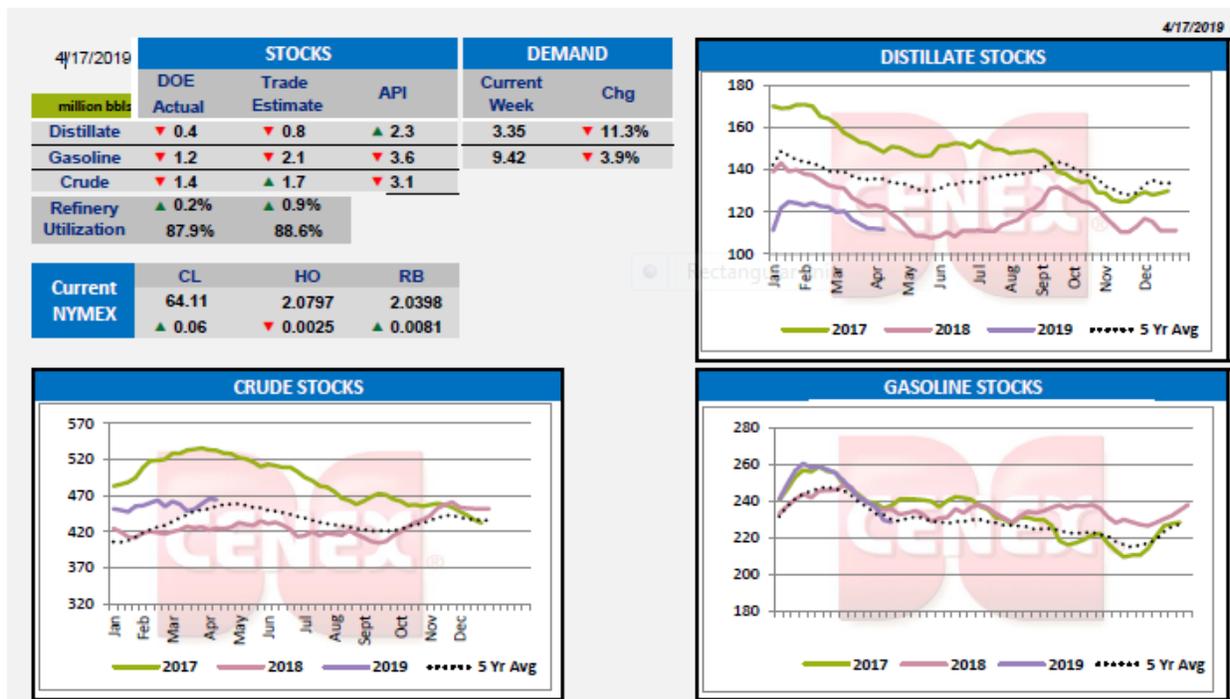
creating those relationships.

We are excited to have you join us Rocky, and good luck in your new position! Everyone, when you see Rocky, be sure to welcome him to the area and introduce yourself.

Ag Valley Energy Update – Leigh Zodrow, Division Manager

Well spring is almost here, finally, and I think field work is trying to get under way. With that said, there is still time to lock in any fuel needs you may need for summer irrigation or fall harvest needs. Markets have gone up since the first of the year, but are still holding right around the average price for last summer and fall for the contract values. With spring field work starting up it's a great time to check your storage tanks for water and other possible issues that we, at Ag Valley, would be glad to help you with. It is also a great time to change out filters to start the season fresh. We will continue to provide great service and products to keep you in the field and running at peak performance to eliminate down time and costly repairs.

With irrigation season right around the corner feel free to contact us at the main office or one of the salesmen for your bulk and package oil needs. Including Drip and Indol 22 for the T&L Pivots. Coming up in June, we will have the Summer Grease for Gift Cards Promotion starting up. Qualifying purchases will be eligible for Visa gift cards from Cenex. We do offer the Total Protection Plan Warranty for qualifying equipment. If your interested or have questions give us a call and we will come out and walk you through the program and process of signing up.



Above is a snapshot of the U.S Petroleum inventories from last week (4/17). This shows how supplies are heading into the spring farming season.

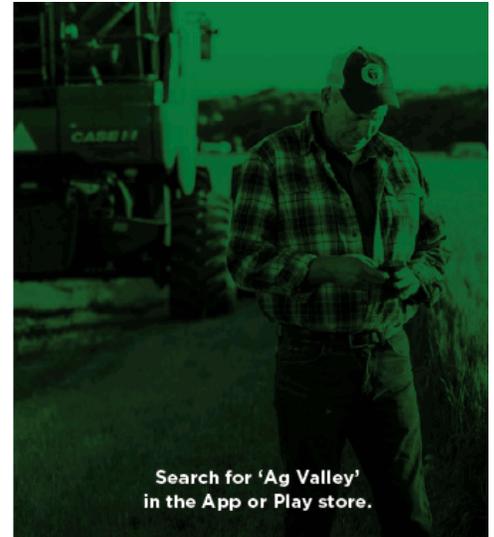
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For more information on the Bushel app and how it can benefit your operation, visit <https://bushel.ag/ag-valley-co-op/>!

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