

January 26, 2017



VISION



From the General Manager

Ron Hunter



We are happy that Ag Valley's new dry fertilizer plant came online last week. We have begun receiving tons of various fertilizers that will create all the blends needed for this spring's application season and the team is sending outbound loads to spreaders today. It is a learning curve to operate a "state-of-the-art" facility compared to the older smaller facilities that were built in the 1960's. A computer takes the blend sheet information and makes the load quickly. The value today is the reduced time it takes to blend a load and get the tender truck back on the road quickly to keep the spreader moving.

We purchased six more 24-ton tender trailers and trucks that will give plenty of tender power to keep application equipment moving when it is working farther away from the new plant. We started on the project two years ago with the goal of lowering the cost of Ag Valley's dry fertilizer operations and increase Ag Valley's ability to provide timely service for Ag Valley members. It was a one year wait after we made the down payment and another year to get the facility ready to operate. It has taken more time than expected, but the rewards will bring value to agriculture once we move away from "in season values".

Fertilizer prices for this spring have evolved similarly to what happened last year. Just like 2016, there was a period in the fall when fertilizer prices were headed in the right direction and needed to make one more move to provide a more reasonable input price for spring crops of 2017. China's fertilizer production was shuttered due to low prices and some India urea demand popped up causing the market to look at tons available and potential demand. That scare was enough to start wholesale pricing moving up the same as last year, and it hasn't stopped since. With the increase in the price of nitrogen, China is re-starting its nitrogen production facilities, but their tons will not reach our ports in time for this spring's run. We probably won't see a lower price correction until another market event pops up. That might be new production facilities that are close to having nitrogen products ready in the next few months.

Grain shipments at Ag Valley continue at a brisk pace. We continue to ship very good quality with all bushels covered except the piles that are being picked up at the time. Ag Valley has a reputation of selling and shipping good quality products. The big weather event we've had over the weekend won't affect us since all of our bushels are protected. This moisture gives hope that we are not in another drought cycle, yet.

We have been busy helping our customers with their purchasing decisions for the spring rush. We are a full service Coop with many highly skilled employees that can and will help you with all your spring needs. Ag Valley is owned by those we serve, and our value comes from serving agriculture and the rural communities in Kansas and Nebraska. Let Ag Valley and its employees partner with you for all of your needs.

Grain Report

Fran Thooft

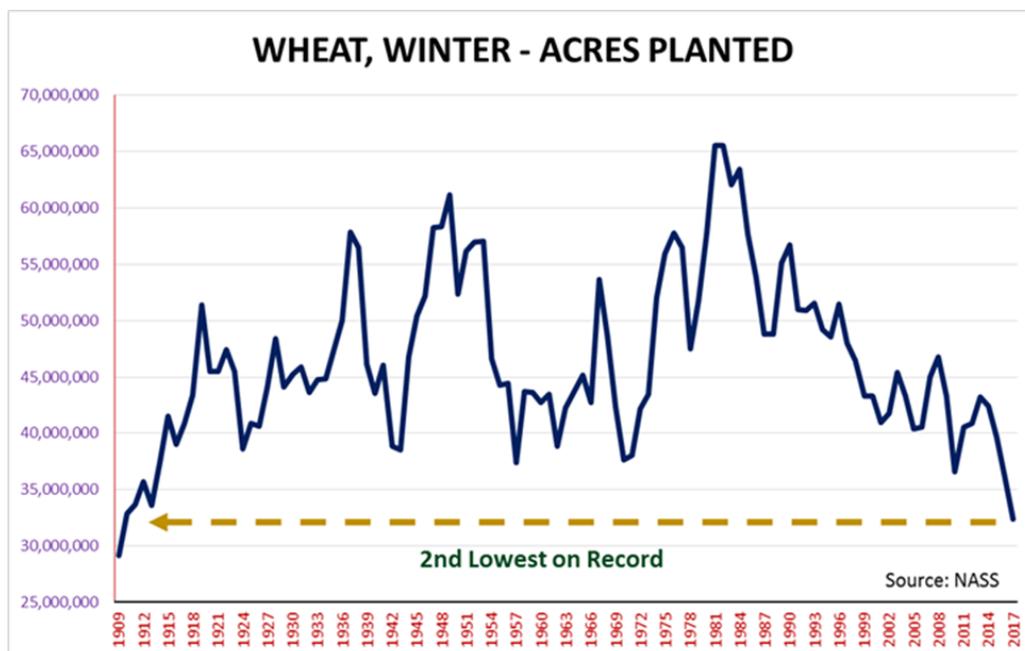


February is the averaging period for corn and soybean insurance. This will set a floor price for revenue for 2017 crops. This will help in setting your marketing plan pricing objectives. We have seen \$3.50 for new crop corn and new crop beans around the \$9.50 area for O/N delivery. Farm Futures estimate for the first time since 1983 that US farmers planted more soybeans than corn. Marketing plans will be more important this coming year. This year, and continuing forward, pricing above cost of production will be more of a challenge. When you get a price in mind, let us know and we can monitor that for you through our offer program. We have seen the market trade both sides in the same day; therefore, having an offer in place gives you a chance of filling with a spike in the market rather than hearing about it after it happened. Key factors to watch are: global weather, demand, and how the Trump administration may impact the direction of the grain markets this coming year. We will be holding Grain Marketing Meetings February 21st, 22nd and 23rd. Specific locations, dates and times are listed (on the next page) in this newsletter. Please RSVP to the designated person for the meeting you plan to attend so we have an idea of how much food to prepare. We are bringing in guest speaker Jim Warren, and plan to deliver some worthwhile information to help all of you make marketing decisions going forward. There will be a brief presentation from a Fuels/Lubricants agent and a short overview of Ag Valley Sub Drip Irrigation.

As a reminder, Ag Valley will be accepting Monsanto/Dupont Pioneer-Roundup Ready Extend Soybeans the fall of 2017. Our soybean buyers will not allow them for the remainder of the 2016 crop. If you do have some on the farm, let us know and we can ship them direct to a processor. If you have any questions give us a call.

Ag Valley has trucks available to help get grain move quickly. If you are looking at coring bins or moving grain before spring planting, give us a call. We are hearing some reports of some wet corn in bins and bags. It might be a good time to get that moved to maintain quality.

Thanks for choosing Ag Valley Coop as your farming partner.





February Grain Marketing Meetings

Tuesday, February 21st

Maywood, NE (lunch provided)
Noon – 2:30 pm
Maywood Fertilizer meeting room
Charla/Kathy-Maywood contact 308-362-4228

Wednesday, February 22nd:

Big Springs (breakfast provided)
7:00 am – 9:00 am Mountain Time
Big Springs Fire Hall
Justin Scherbarth – Big Springs contact (308) 889-3323

North Platte, NE (lunch provided)
Noon – 2:30 pm
Holiday Inn Express
Brian/Julie– North Platte contacts (308) 534-7636

Cambridge, NE (dinner provided)
5:00 pm – 8:00 pm
Cambridge Golf Course
Michelle Proud –Bartley contact (308) 692-3444

Thursday, February 23th:

Eustis, NE (breakfast provided)
7:00 am – 9:00am
Eustis Legion Building
Wayne Stinar – Eustis contact (308) 486-3221

Edison, NE (lunch provided)
Noon – 2:30 pm
Edison Community Building-927-2220
Tonya Paxton – Edison Main Office contact (308) 927-3681

Norton, KS (dinner provided)
5:00 pm – 8 pm
Eagles Club
Todd Johnson – Norton contact (785) 877-5131

Safety Report

Ken Moore



One of our employees shared a personal story about having trouble with an eye and having to go to an eye doctor for removal of a small piece of fabric or thread that had managed to get lodged in one corner of their eye. This incident started me thinking about how many things we do at home without considering protecting our eyes with proper safety glasses or goggles. We may use eye protection when we are repairing or doing maintenance on equipment and vehicles, but do we use it for dusting, vacuuming, mowing and trimming yard vegetation?

Two of your most valuable assets are your eyes. Protecting them at home or at work is easy to do. The typical causes of eye injury are something puncturing the eye, something scraping the eye surface, chemical splash, getting an object in an eye, and radiation from either sun or welding. Basic safety glasses help prevent an object from contacting your eye. They are good for keeping most dust away, as well as keeping flying objects such as stones, nails, wire, etc. from entering your eyes.

The most common protection for eyesight is personal protective equipment (PPE) in the form of safety glasses. If you are blessed with good vision, wearing safety glasses may be an adjustment. For those with corrective eyewear, making sure that they are true safety glasses is essential. It is common for people to think that their everyday eyewear with lenses that will not shatter are safety glasses, but true safety glasses include both the lenses and the frame. Sides-shields have gone through a huge change in the last 15 years. Many plain (non-prescription) safety glasses have the side-shields built into the design, so that you never have to remove them.

Please remember to be safe in your day-to-day activities.

Ag Valley Coop Board of Directors

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Steve Downer	Cambridge
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Darrell Zorn	Big Springs
Wade Kloeping	Eustis
Lee Juenemann	Norton, KS
Doug Snyder	McCook

Phone Numbers

Edison	Oxford Ampride	Arapahoe	Bartley	Big Springs	Cambridge
800-228-1352	308-824-3850	877-250-2049	308-692-3444	308-889-3323	866-339-4057
Curtis C-Store	North Platte	Holbrook	Indianola	Maywood Fert.	Maywood
800-416-5795	800-303-7636	308-493-5690	800-762-1589	888-418-4443	800-233-4551
Logan	Norton Fertilizer	Orleans	Oxford	Eustis	Wilsonville
308-636-2929	785-877-5900	308-473-4075	308-824-3431	308-486-3221	308-349-9001
	Norton Elevator	Norton Station	Clayton, KS		
	785-877-5131	785-877-5188	785-693-4522		

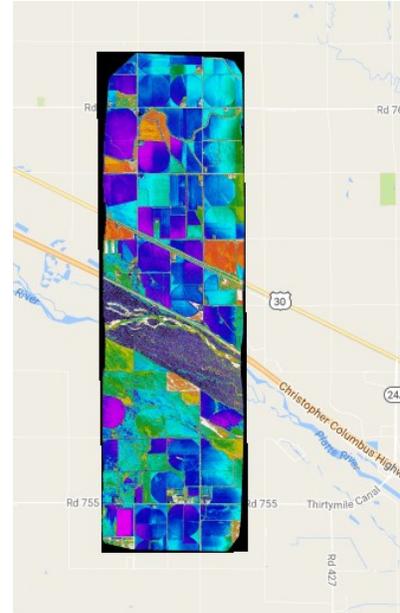
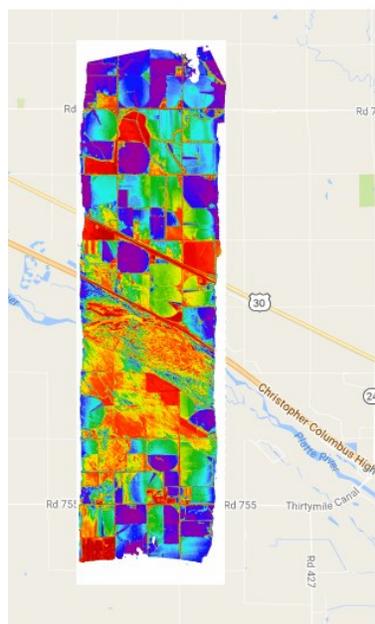


Ag Valley Water Resources Department is pleased to again offer the AirScout program to our growers. AirScout is a True Thermal Image taken from a manned aircraft that provides three separate images to your computer. The AirScout package includes full access to the AirScout web site which allows you to view the current images and those taken previously (for up to three years of history). The images are published to you in approximately 12 hours after being taken so that you can make informed and timely decisions. The AirScout Thermal image is precise and sharp enough to spot watering issues, sprinkler package miss calibration, pest infestation, and fungus or foliar problems on your crop. With the free app available, you also have the ability to navigate directly to the problem area in your field using an iPhone or iPad. On the web site, there are several powerful tools that make the images even more effective. You can build VR maps for seeding, water, pesticide application, fertilizer, and in furrow or foliar feeding. The VR file will download to any VR machine or brand of guidance equipment. You also have the ability to estimate yields as early mid-July. All of the images are layer able with any platform. AirScout provides 12 sets of images per growing season for the price of \$9.00 per acre. We also have additional offerings to view your images and ground truth those images and report to you the same day. Another offering is to have one of our informed employees view your images and report within a couple of hours about areas of interest. We also offer custom packages to fit almost any need for images. To sign up for AirScout or to get more information, please call Don Masten at 308-991-5828. We will be at the Grain Marketing Meetings in February. Let us demonstrate the AirScout Advantage.



< Digital Imaging

ADVI >



< Thermal Imaging



Grower Terms for Aerial Imagery Program through Ag Valley Co-op

- The rate for Aerial Imagery is \$9.00 per acre
- Ag Valley Co-op and AirScout will provide 12 sets of 3 images. Thermal, Digital, ADVI.*
- Ag Valley Co-op will be using AirScout to gather images.
- Imagery will be sole property of Grower/Customer and shared at their discretion.
- Payment will be accepted in full or in a split payment system with ½ at time of signing and ½ by July 15

This agreement and the terms listed above are hereby rendered by involved parties with the signatures and dates below.

_____ Ag Valley Co-op Customer Signature

_____ Date

Legal descriptions _____

Approximate Acres _____

Total Acres _____

* AirScout and Flying M Guarantees minimum of 8 image sets, weather is a factor.

Ag Valley Water Resources and AirScout are pleased to announce that the AirScout Thermal Image program has a new lower price. We are sensitive to the challenging conditions in agriculture and have lowered the AirScout Rate to **\$9.00 per Acre**. The AirScout program provides High Resolution Images and Thermal Data of your production agriculture fields to aid in diagnosing issues that affect the health of the plants. Using the Thermal Images, pest infestations and disease incursions are identifiable at the initial stage allowing the producer a chance to arrest the development. Thermal Images will also give you the ability to verify if the sprinklers are correctly installed and calibrated on center pivots. AirScout's ADVI Image is useful for Variable Rate Fertilizer Prescriptions that are available on the AirScout web site as an included service to customers. The web site has a number of features to aid in the decision making and forecasting that put you ahead of the game. Yield estimation, navigation to trouble spots, prescription maps, file conversion, layer able images, and geo-referencing are all a part of the service. Call Don Masten at 308-991-5828 to sign up or receive additional information.