



# *Garden City Co-op, Inc.*

*106 North Sixth Street*

*P O Box 838*

*Garden City, Kansas 67846*

*E-Mail: [gardencitycoop@gccoop.com](mailto:gardencitycoop@gccoop.com)*

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January 30, 2009

Dear Garden City Co-op Members,

Your Co-op has entered into an agreement that will preserve the bulk fuel delivery service in the Garden City area. As we have recently discussed, the Co-op is committed to maintaining services in our local communities but realize that we will need to find ways to be more focused on you as producers. This sale of the trucks and bulk plant tanks is another move that will allow us to accomplish that goal and still maintain a very necessary service. It also allows us to improve our profitability and pass those earnings through as patronage.

The agreement states we will sell the bulk delivery trucks and most of the tanks at the Garden City bulk plant to Hampel Oil Distributors, Inc. on February 9, 2009. The Garden City Co-op will provide all of the fuel to Hampel's for the Garden City location plus some of their fuel needs in central Kansas. Hampel has served the Garden City area well in lubricant distribution and is substantial in the fuel delivery business in a several state area. Current customers that are not common stockholders will call Hampel Oil after February 9<sup>th</sup> for fuel deliveries. That non-farm use now makes up more than ½ of the volume for bulk fuel delivery.

Garden City Co-op common stockholders will still call your co-op for deliveries. The name on the side of the truck will be different but the rest of the transaction remains the same. You will still order your loads the same. You will still receive a statement from the Co-op and you will still be eligible for patronage. We will contract with Hampel to deliver your fuel for us. This agreement is made necessary by the poor economics of declining amounts of fuel going to farm use. This allows us to continue this service and still allow you to remain patronage eligible.

We have had to curtail fuel delivery services in other parts of our trade area in the past. Through this new program we will also be able to contract Shull Oil in Dighton to deliver for us as well. Common stockholders in the Dighton area can now call the Co-op directly and we will have the fuel delivered, send the statement and you will be patronage eligible.

The Co-op Board and management are pleased that we are able to work with good partners to provide a very important service for our communities. We understand that change can lead to many questions or concerns. Please contact Pete Maestas or me for details about how the new program will work. Thank you for your patience as we continue to search for ways to be more focused on the business of your farms.

Sincerely,  
John McClelland  
General Manager



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January 29, 2009

Dear Co-op Customer:

The state of Kansas has determined the fuel dispensers in Pierceville do not meet current standards. On January 28<sup>th</sup> the State required us to discontinue selling fuel from those dispensers.

The cost of upgrading the system is prohibitive. Fuel volumes have continued to decline at this location. For those reasons we will be removing the tanks and dispensers to comply with the order from the State of Kansas.

Sincerely,  
John McClelland  
General Manager