



Central Prairie Co-op

Today's Technology, Yesterday's Values

NEWSLETTER

WINTER 2016 • WWW.CPCOOP.US • 800-238-1843

Sterling Hub Adds Capacity and Capabilities

See page 4 for details.



TEAMING UP WITH YOUR LOCAL COOPERATIVE

MARK ENGELLAND, BOARD SECRETARY



Throughout the fall, all of us farmers have increased interactions with Central Prairie Co-op. We're working with the CPC agronomy

team to select and purchase the right seed. We're taking advantage of the many capabilities of our new Sterling Hub, as described on pages 4 and 5 of this newsletter. We're counting on the fuel department to keep us running. And we're delivering grain to elevators throughout the CPC trade area.

Plus, many of us are relying on the CPC feed department more than ever this year—preparing for the new VFD requirements that take effect on Jan. 1. (See article on page 3.)

This kind of team effort is one

of the true benefits of doing business with CPC. Your local co-op provides products and services for all aspects of your farm business—working with you to get the job done. Plus, as a co-op member, you have a share in providing those services for our community.

Reasons to be grateful

Looking back over this busy fall season, there are plenty of reasons to give thanks. As producers, we're thankful for the bountiful harvest. As your co-op, we're grateful for your feed, fuel, herbicide and seed business, and that you chose to deliver your grain to us.

It's also important to acknowledge the dedicated Central Prairie employees who worked many long hours during this busy fall season. They kept us all going. I hope you'll take a moment to thank those employees the next time you visit your local CPC location. ☺

CPC EMBRACES TECHNOLOGY



JOE SCHAUF, GENERAL MANAGER

Technology: It's a word we hear in abundance these days. We even have it incorporated in our tagline. Technology is ever-changing.

Sometimes for the better, sometimes not. Those of us who are "more-seasoned" generally have more trouble understanding and adapting to new technology. The younger crowd rushes to see who can take advantage of it the quickest.

So, how has your co-op taken advantage of new technology in the last couple of years? There are some things you see at the co-op every day. Examples include grain probes, point-of-scale computers and digital radios that provide instant communication between the office and elevators.

There's also behind-the-scenes technology, such as Hot Spot® monitoring systems at a few locations that monitors temperature of grain in bins and sends alerts via email if a problem arises. Our new hoop shed at Chase has automatic pressure fans that help keep air circulating inside. We have added hazard-monitoring equipment for legs that monitors the speed to let us know if one is starting to plug. It also monitors bearing heat to alert us if one is getting hot. This can save us from having a dust explosion in the elevator.

Agronomy goes high tech

We've offered grid sampling for several years, and recently added the ability to scout fields with a drone. Who would have ever thought this possible just a few years ago? Most of our application equipment has been updated to variable-rate capability. We also have maintenance technology on sprayers that ensures everything on the machine is getting greased at regular intervals so we don't have to shut down to do it. Plus, we've installed Dropbox™ and SharePoint® software items to enhance efficiency.

But the one software package that has created the most efficiency in the agronomy department is AgLogic™ tracking software from John Deere. This allows us to track each rig and tender truck at any given time—telling us which jobs are complete, and which ones are still pending. We can batch jobs in the same area, allowing us to get more accomplished in a day. AgLogic also allows the operator of the new dry fertilizer shed at the Sterling Hub to see when a truck is headed in to load so he can have the load ready ahead of time. It is pretty amazing to see. If you're ever in one of the agronomy hubs, ask the crew to show you.

Bringing tech to the fuel department

Our drivers now have iPads® to develop routes for propane. We've also started

installing propane-monitoring equipment that will let us know how much is in a tank without stopping and looking. We are still getting the bugs worked out on this technology, so it is not quite ready for widespread installation at this time. This is much like the fuel-monitoring equipment we've had in the RFD program for years. We are also working on inventory-monitoring software for our cardtrols.

More technology on the horizon

We are also working on a CPC app, which has lots of possibilities. We'll soon launch the app for beta testing with some employees, and then test it with a few patrons. Watch for more info as this new technology evolves.

Some of these technology improvements are required by regulations. Others keep us competitive by creating efficiencies within our organization. As a "more-seasoned" employee of your co-op, I can't really envision the future of technology. Heck, I have a hard time using my smartphone! But one thing I know for sure: If we embrace technology, get it in the hands of this younger generation and get out of their way, we can accomplish some great things.

As always, thank you for your business and remember to think about being safe in everything you do. ☺

PLANNING AHEAD FOR TAX SEASON

DAVID CORNELIUS, CONTROLLER



If you sold grain during the time period of March 1, 2015, through Feb. 29, 2016, you should have received a notice on the amount of DPAD (Domestic Production Activities Deduction) you can claim on your 2016 tax return. The DPAD amount will also show on the 1099 you will receive this coming January.

DPAD is based on the fiscal year of CPC, not on the calendar year. The amount passed on to our members is determined from the annual audit. Also, DPAD is not a tax credit; rather, its purpose is to reduce your taxable income. Please consult your tax accountant regarding the DPAD amount and how to handle it on your taxes.

Take note of a statement change

You may have noticed a small change on your statements. We have started printing prepay/booking contracts balances on the

DATE	DESCRIPTION	BOOKINGS	PREPAID	CONTRACTS	QUANTITY	BOOKED \$	PREPAID \$	TOTAL
08/24	BULE 12/PROPANE	3840	600.00		600.00	635.40	180.00	180.00
Booked \$						Prepaid \$		
Total amount of product being contracted: 600 gallons x \$1.059/gallon = \$635.40						Actual amount paid on the contract: 600 gallons x \$0.30/gallon deposit = \$180.00		

statement to keep you up to date with any outstanding contracts.

In the example shown above, notice that the Booked \$ and the Prepaid \$ are different. The Booked \$ indicates the total amount of product being contracted, and the Prepaid \$ shows the actual amount that was paid on the contract.

If you any have questions about your statement, please call the administrative office at 620-278-2141, and we will be happy to help. ☺

READY OR NOT... VFD IS COMING JAN. 1



VERTON MILLER, FEED DEPARTMENT MANAGER

You've been hearing about the Veterinary Feed Directive (VFD). And now the time has come. Starting Jan.

1, 2017, all feed made in CPC feed mills using the following drugs, alone or in combination, will require a VFD.

- chlortetracycline (CTC) (Aureomycin)
- chlortetracycline/sulfamethazine
- chlortetracycline/sulfamethazine/penicillin
- hygromycin
- lincomycin
- oxytetracycline (OTC) (Terramycin)
- oxytetracycline/neomycin (Neo-Oxy and Neo-Terramycin)
- penicillin (Penicillin, Pen-G)
- sulfadimethoxine/ormetoprim
- tylosin (Tylan)
- tylosin/sulfamethazine
- virginiamycin

Meet with your vet now

If you haven't already done so, have

a conversation with your veterinarian regarding your needs and expectations once the VFD status changes. Be sure to ask these questions:

- Will your vet make farm calls to see the livestock you are seeking a medicated feed for?
- What will be the cost for each farm visit?
- How will the script be sent to the feed mill?
- Can a script be written for one animal or several?

Having a close working relationship with your vet will ease the stress when you have livestock that need medicated feed.

Important things to remember about VFD

1. Feed will not be made without a script.
2. Scripts cannot be accepted over the phone.

We'll be using an electronic, web-based system called GlobalVetLINK

(GVL) to help us manage and facilitate your VFDs. If your vet is using the GVL system, they will send us the script electronically, and we will fill the feed order. If they do not have GVL, vets can fax, email or mail us a copy of the script, or have you deliver a copy to us. Please have your vet call us with any questions about this process.

Helping you be successful

At CPC, we're doing everything we can to prepare for VFD. And now, we want to help you be prepared as well. We understand that time is important to you in getting manufactured medicated feed to your livestock.

If we sound like we are repeating ourselves it's because we are!

Plan ahead. Talk to your vet. Be prepared.

Please call us if you have any questions. For the Hutchinson location, call Verton at 620-665-5575. In Sterling, contact Greg at 620-664-1239. ☺



STERLING HUB ADDS CAPACITY AND CAPABILITIES

CHRIS SAVAGE, LOCATION MANAGER



This year, the Sterling Hub got a big boost with the addition of a 2,600-ton dry shed. The new facility can unload a semi in less than 25 minutes, including sweeping out the trailer. At other locations, that job can take up to two hours.

The inbound is covered so fertilizer is protected from weather all the way to the bin. Plus, the shed has heated floors to help keep all products dry and in top condition. CPC customers also appreciate they can get in and out quickly.

Multiple services in one location.

The Sterling Hub offers bulk seed sales and treatment, a bulk liquid fertilizer plant, custom application and delivery. The location has 10

employees including Certified Crop Advisers, 1A State Certified personnel, rig operators, truck drivers and office personnel.

Our goal at the Sterling Hub is for everyone to do their jobs at the location to fulfill the farmers' needs and keep things running smoothly."

I invite you to stop by the Sterling Hub to see the new dry fertilizer shed. It's a state-of-the-art facility designed to make our operation ... and yours ... more efficient.

Editor's note: Chris Savage attended Sterling High School, and worked as a foreman at American Salt before joining the Sterling Co-op 26 years ago. He has been married to Karen for 26 years. They have three children, one grandson, Teyton, and a brand new grandson, Abel, born on Nov. 2.



The new dry shed at the Sterling Hub has two 16-ton blenders—giving the Hub the ability to fill its dry truck right from the shed.

NEW DRY FERTILIZER SHED BY THE NUMBERS

2,600

Tons total capacity

25

Minutes to unload a semi in the new shed

120

Minutes to unload a semi before the new shed

16

Tons capacity in each of the two blenders

The Sterling Hub is located four miles north of Sterling on Highway 14.



NEW DRY FERTILIZER SHED EXCEEDS EXPECTATIONS

ALLEN SHIVE, AGRONOMY DEPARTMENT MANAGER

One of the most important projects completed at CPC this past year has been the dry fertilizer shed at our Sterling Hub location. Chris goes into detail

in his article at left, but from my viewpoint, this new hub has performed much better than our initial expectations. Already, it has brought value to our growers,

and it positions us very well for the future. Thank you to CPC's board for having the foresight to see this project through.



A YEAR OF EXTREMES

As we start reflecting on the past year and the many things we need to be thankful for, I personally think this has to be a year of extremes and many challenges in agriculture—too much rain, not enough rain, weed control, sugarcane aphids, low commodity prices and on and on and on. Going forward, communication and working together as a team will be essential for all of us to be profitable together in the future. There will be opportunities, and we need to make the most of those opportunities when we can.

A QUICK POINT ABOUT FERTILIZER

Right now, there are some good opportunities to own fertilizer. However, as we go further into 2016 and the first half of 2017, I think those opportunities will fade as demand picks up. Fertilizer logistics could be a real nightmare when folks start fertilizing this wheat crop because of how much nitrogen was not applied preplant. It's something to consider.

WELCOME A NEW AGRONOMIST TO OUR TEAM

We have hired Dale Buxman as a sales agronomist for the eastern part of our trade area. Dale lives in McPherson and brings many years of experience that will benefit CPC and our growers. Dale's cell number is 620-755-4960.

EARLY-ORDER DISCOUNTS ON SEED AVAILABLE RIGHT NOW

There are still great opportunities to lock in seed with early-order discounts and great financing deals. Please call me or any CPC sales agronomist, and we'll be glad to visit with you about the many options available to you.

We have a very knowledgeable and experienced agronomy staff at CPC, and we would appreciate the opportunity to earn and grow your business. Here's to a profitable 2017! ☺

The Sterling Hub was busy this fall handling seed, fertilizer and herbicide needs for CPC farmers.



TMA MAKES ROOM FOR YOUR GRAIN

DEVIN SCHIERLING, TMA GRAIN MARKETING MANAGER



First of all, I want to thank you for your support of your local cooperative and Team Marketing Alliance (TMA). The 2016 crop year provided a unique set of chal-

lenges and opportunities for not only your grain division, but the entire grain marketing complex. Throughout record grain production, logistic challenges and compression of margins at all levels in the agriculture sector, our decisions have been guided by what is best for the customer. As we prepared for the upcoming harvest, we also reacted to the curveballs it threw at us as the season progressed.

Where to put all of this grain?

Our number-one priority as a company is to provide our patrons with a place to unload their grain at harvest. At first glance, this seems like a simple task, but numerous individual factors make this task an ever-moving target. One of the main factors we faced this year was an abundant supply of wheat and

fall harvest throughout the state. This put an incredible amount of stress on both the terminal and country elevator systems as harvest progressed.

In the past, the majority of wheat from central Kansas went to local mills, and our corn went to feedyards in western Kansas. This year, the market was telling us to hold wheat bushels and store them until the demand for wheat increased. Anticipating this issue, your cooperatives utilized both new and existing storage facilities to make room for the fall harvest, as well as capture the carry in the wheat market.

Making room for your crops

From a financial aspect, it would have made more sense to fill all of our available storage space with wheat and shut the doors for the upcoming fall harvest. In the short run, this would have been the best decision for your cooperative, but it didn't match up with our guiding principle of providing you with a home to dump your crops.

A similar situation to wheat developed in corn this fall, with western

Kansas growing an above-average crop. The demand sources shifted for central Kansas corn from the western Kansas feedyard market to a rail-based market. The majority of our corn was exported to Mexico. This change in the market condition allowed TMA to utilize its train loader in Canton to access new demand sources while making space for the balance of fall harvest.

As the fall harvest progressed, so did the curveballs. Between end-users having their needs covered, and other elevators in our territory having a different focus on providing customers with a place to dump their grain, our logistic plans were challenged. We added temporary storage, transferred grain between different elevators and leveraged our merchandising relationships to keep doors open. None of this could have been possible without the tireless work of our local elevators. From the front counter, to the agronomy departments, to the elevator staff, everybody pitched in to make this harvest a success. We know we were not perfect, but we greatly appreciate your support, patience and loyalty this year. ☺



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- Choose your own value, starting at just \$5.
- Use at any CPC location.
- The perfect stocking stuffer for everyone on your list.
- Available at the Sterling office.

HANDLING MORE GRAIN THAN EVER THIS FALL



LEE BURGESS, GRAIN DEPARTMENT MANAGER

By the time you read this, I hope the fall harvest is behind us. I would like to thank everyone—both patrons and employees—for their hard work and patience with us to get this harvest in the books.

Mother Nature played a huge role in the quality and quantity of this harvest. We had very beneficial moisture for the dryland corn, milo and soybeans that resulted in average to above-average yields for those crops. We also had some untimely rains on irrigated corn that resulted in yield loss and some cob rot problems.

Storage rate changes

Starting with the 2016 fall crop, the storage rate at our elevators has changed from 0.04 cents per bushel per month to 0.05 cents per bushel per month. The rate for wheat will change before next year's wheat harvest. The main reason for the change is to match the rate the terminals charge for their storage. This way, if we have to store grain with them, we are not losing money on the storage.

Direct deposit for deferred payments

Here's a reminder for everyone with deferred payment contracts that are set for payment on Jan. 3, 2017. Those contracts are paid out and mailed from the TMA office in Moundridge. This being said, having your account set up for direct deposit assures getting your money to your financial institution in a more timely fashion. If you would like to get signed up for direct deposit, let us know and we'll get the forms to you so you can get the ball rolling.

Better yet, simply sign up online at www.tmagrain.com/contact/ach-authorization. Once TMA receives the form, it takes 10 days for it to process. So it makes sense to sign up sooner rather than later. If you have any questions at all about deferred payment contracts and direct deposits, you can contact TMA directly. Or call us at 620-278-2141 or 800-238-1842, and we'll be happy to assist you. I would like to thank everyone for your business and wish you a Happy Thanksgiving. ☺

WRAPPING UP 2016 ... AND PLANNING FOR 2017

MAX MOBLEY, OPERATIONS MANAGER

Fall harvest

Corn: Frederick and Geneseo set records for intake of corn. That area hasn't been historically known for taking corn. So this shows how advancing crop technology and agronomy services translate to bigger yields.



Soybeans: This is our first year to take soybeans at Geneseo, and we saw impressive numbers. Also, Partridge nearly doubled their record for soybeans.

Storage: We are still holding a lot of wheat, so we appreciate farmers' patience when we have loadouts in the way. We want to get every bushel we can in the door. At the same time, we've got to move the grain out to make space for the next person.

Safety: We had a safe harvest, with no major injuries to employees. That's a tribute to our elevator employees who do a very high volume of work during fall harvest, continue to provide excellent service to our customers and remain safe at the same time.

Winter plan

Preventative maintenance: We'll have three maintenance classes—one for new employees and two that will springboard off of last year's maintenance classes. The idea is for guys to continue to hone their maintenance skills, and build our preventative maintenance program so we don't have breakdowns at critical times.

Grain quality: We've been steadily improving our grain quality and inventory programs over the last three years since the merger. We'll continue to work on inventory strategies and aeration strategies this winter.

Our goal is to keep getting better

Once we get good at something, we want to improve on something else. All the training can get exhausting at times, but there's real value for CPC and our patrons. We want to continually improve all facets of our business ... and training just makes everybody stronger. ☺





Central Prairie Co-op

Today's Technology, Yesterday's Values

225 S Broadway | Sterling, KS 67579

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**MERRY CHRISTMAS
AND HAPPY NEW
YEAR FROM YOUR
FRIENDS AT CENTRAL
PRAIRIE CO-OP.**

CLOSED DEC. 24,
25 AND 26

CLOSED DEC. 31,
JAN. 1 AND 2



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CHECK US OUT FOR CENEX® LUBRICANTS

GORDON ROTH, FUEL DEPARTMENT MANAGER



If you've been buying oil from your equipment dealer because you thought your warranty required you to use a certain brand of lubricants, check your owner's manual. You'll be happy to learn that you do not need to use lubricants from your equipment manufacturer—you just need to select products that meet the required grade specifications.

We offer a full line of premium Cenex® lubricants to meet the grade specifications for your equipment. These are premium-quality products formulated to withstand the intense challenges of today's high-tech engines.

Cenex Total Protection Plan®

Speaking of warranties, when you use Cenex lubricants along with Cenex Ruby Fieldmaster® premium diesel fuel, you can also enroll your farm equipment in the Cenex Total Protection Plan® warranty for up to 10 years or 10,000 hours (eight years or 8,000 hours on used equipment). This is unparalleled coverage that goes above and beyond your equipment manufacturer's warranty.

When you have a couple of free minutes, give us a call at 620-204-1525 or 800-861-3207. Our energy team will help you find the right lubricants and warranty protection for all of your equipment. ☺



EARN VISA® GIFT CARDS FOR LUBRICANT PURCHASES

Along with protecting your equipment, we want to help protect your wallet! For every cumulative 125 gallons of qualifying Cenex lubricants you purchase through Feb. 28, you will receive a \$50 Visa gift card.