



Central Prairie Co-op

Today's Technology, Yesterday's Values

NEWSLETTER

SUMMER 2018 • WWW.CPCOOP.US • 800-238-1843

Projects wrapping up in time for wheat harvest

See page 7 for details.

EXPLORE THE BENEFITS OF SERVING ON THE BOARD

MARK ENGELLAND, BOARD CHAIRMAN



Now that our 2018 annual meeting is behind us, it's a good time to start thinking about your future involvement in

Central Prairie Co-op. Would you be interested in running for a position on the board of directors next year?

Before you say, "I'm too busy" or "I'm not ready," consider this: The direction of the co-op has a significant long-term impact on our members' profitability and the communities we serve. Competent and committed leadership is essential. We need directors who have experience in making sound business decisions. These people are often neck deep in every area of life but often are just treading water instead of swimming. The CPC board provides a fresh perspective on

the agribusiness world. It is a step removed from our own farms and can provide clarity as well as shared wisdom from fellow board members that greatly enhances how we think about decisions and the future of our farms and communities.

As you think about the possibility of running for the board, remember that it's a two-way street. As a board member, you're helping to guide CPC into the future. At the same time, you're gaining valuable experience that you can use on your own farm. You'll also gain knowledge and insights from conversations with other board members—learning how they think and how they approach decisions. Without a doubt, being on the CPC board has helped me in managing my own farm.

Realistically, serving on the CPC board does take time. But the time away from your farm has a net benefit for your farming operation.

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WHERE WOULD WE BE WITHOUT YOUR CO-OP?



JOE SCHAUF, GENERAL MANAGER

Imagine our industry without the local co-op. If you purchased all your inputs and marketed all of your grain through

major corporations, local farmers would lose their collective bargaining power ... and much more.

For example, how would the terminals treat average producers if those terminals didn't have competition from co-ops? What kind of prices would they be offering you?

Without local elevators, you would have to haul to regional terminals. Would those terminals open up on

Sunday afternoons, or stay late to take your grain? Would they offer help if your truck broke down or got stuck in the field? CPC does all those things.

Who else can sell you fuel for your farm, propane for your house, inputs for your crops, a place to dump your grain and marketing power to sell that grain? You can get all those products and services somewhere—but not all at one location like you can with a co-op.

Adding value to local communities

It's also important to note that CPC has an economic ripple effect in the communities we serve. We have approximately 100 full-time employees, with as many as 40 additional

temporary employees during harvest. Those employees deposit their paychecks at local banks and spend their earnings at local businesses, adding to the economic well-being of local communities. Plus, our 18 locations spend money for supplies, utilities, insurance and local taxes.

CPC also supports numerous non-profit organizations and schools in our service area. This includes financial support for FFA chapters, including the Blue Jacket Program in Haven. We also support 4-H programs in six counties, and award scholarships to Hutchinson Community College, Pratt Community College and Barton Community College.

While CPC has evolved from the small grain elevator where your grandfather or great-grandfather took grain, it still operates on the same principle: To give co-op members the advantage of economies of size and the bargaining power to obtain goods and services at the least possible price and pass those savings on to our members at a competitive price. Plus, members share in the earnings of the co-op through patronage.

As you consider your options, I hope you'll think about the value of doing business with CPC. After all, where would we all be without our local co-op? ☺



As an example of how CPC supports local communities, the City of Sterling used our water truck to help put out a flare up at the city burn site on March 6.

EXPLORE THE BENEFITS ...

CONTINUED FROM PAGE 1

Plus, you have opportunities to attend retreats and seminars, build camaraderie with other board members, and meet producers from other co-ops around the state.

Consider becoming an associate member

If you want to learn more about the workings of the CPC board, an associate member position could be the perfect option for you. Associate members attend board meetings

and participate in discussions, but do not vote on motions before the board. It's the perfect way to get up to speed and familiarize yourself with the responsibilities of a CPC board position.

If you are interested in learning more about becoming an associate board member or running for a board position next year, talk to Joe Schauf, our General Manager, or any board member. I think you would find serving on the CPC board is a rewarding experience. ☺

NEWS FROM FEED MILLS AND FARM STORES

VERTON MILLER, FEED DEPARTMENT MANAGER



Fly control

There are a number of products available for fly control. In confinement, we add JustiFLY® to feed. On pasture, your options are loose mineral or SmartLic® Tubs with IGR. We feel the tubs have a more consistent intake—which means better fly control. Talk to Greg about ROI

for cattle on pasture. We are putting JustiFLY in our floor stock calf products as well.

New dealer added in Buhler

We are excited to have Stucky Wood Products in Buhler as a new Central Prairie Co-op dealer. Andrew Penrose is carrying many CPC products and has access to everything we carry. Stop by Stucky Wood Products at 101 E. Ave. B in Buhler or call them at (620) 543-2600.

Dairy update

Dairy prices have tanked (literally), but as of this writing, the demand is outpacing the spring flush. Component pricing is staying strong. While I have been balancing for available protein not crude, this is the time to look at protected amino acids. By the time you receive this newsletter, we could be dealing with heat stress, so trying to hold components becomes important. As always, and especially during low milk prices, forage quality is crucial. Remember that June is "Dairy Month," so eat an extra bowl of ice cream and drink another glass of milk!

Visit your local CPC location to find out more about our farm store and feedmill products. ☺

FARM STORE MERCHANDISE BY THE NUMBERS *Products sold in 2017*

6,289 bags of water softener salt

801 bags of 13-13-13 fertilizer

1,351 bags of Ultimate lawn fertilizer

9,005 ear tags

1,126 horse shoes

CPC RECORDS A STRONG 2017

DAVID CORNELIUS, CONTROLLER



Central Prairie Co-op has finished another fiscal year, and it was the best one since the merger in 2014. Net savings ended up at \$3.5 million. In comparison, last year's net savings ended up at \$814,000. We will be paying out \$1.9 million in patronage and passing through \$494,000

in DPAD (Domestic Productions Activity Deduction). All the net savings came from the grain department. Since we are on the direct method of patronage refunds, we will be paying patronage out on grain and storage. However, no patronage will be paid out on the other departments. Direct method bases the patronage on the income of the specific department, rather than spreading the profit across all departments.

Patronage on grain will be 16.9 cents per bushel and 15.6% on storage. We will also be passing through 4.75 cents per bushel of DPAD. As in years past, 40% of the patronage will be paid in cash, and 60% will be added back to your equity.

I want to thank all the CPC staff for another successful year, and also thank our patrons. If you have questions about patronage or other accounting matters, please call the accounting department at the main office: 620-278-2141. ☺



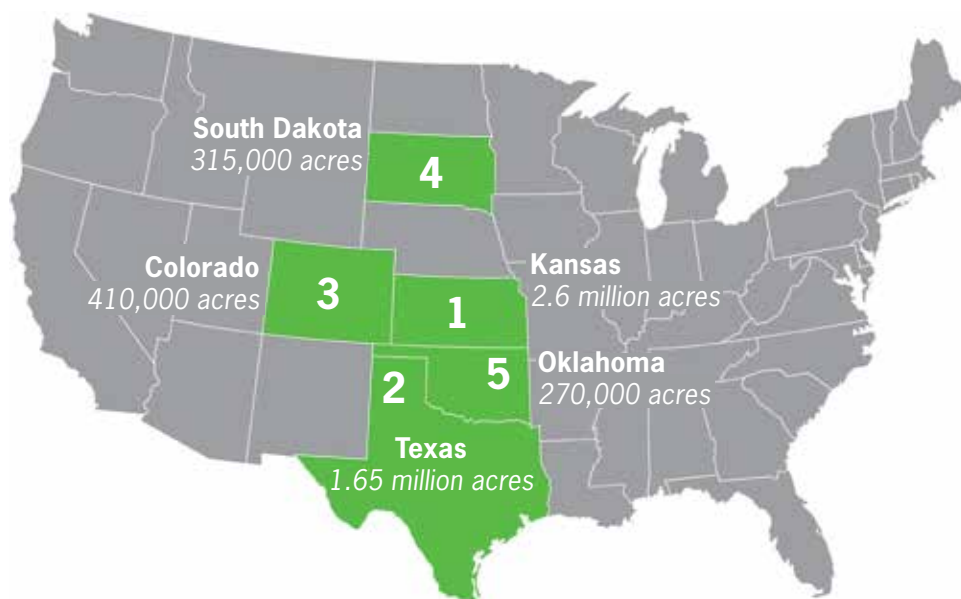
ALL ABOUT SORGHUM



BRENT WERTH, SEED SALES & TRAIT MANAGER

Sorghum (also known as milo) is a truly versatile crop that can be grown for grain, forage or sweet crop. It is among the most efficient crops in conversion of solar energy and the use of water. It is also known as a high-energy, drought-tolerant crop that is environmentally friendly. The sorghum belt runs from South Dakota to southern Texas, primarily on dryland acres.

TOP FIVE SORGHUM-PRODUCING STATES IN 2017



SELECTING THE BEST SORGHUM HYBRIDS

CPC offers a complete lineup of grain sorghums with a wide range of maturities from early- to full-season hybrids. The research used in these hybrid selections comes from testing in the High Plains and Texas Panhandle areas. This arid region is known for providing stressful conditions during the growing season, giving our genetic selection the ability to screen lines that do not have good drought tolerance or standability. We further evaluate these lines to determine insect resistance, disease resistance, grain quality and yield potential.

At CPC, we're committed to continually updating our current products with

new hybrids that give producers an affordable, profit-returnable seed selection. We now offer a solid line of sugarcane aphid-resistant sorghums from both DeKalb and Warner Seeds.

Forage sorghum selections follow the same strict testing and screenings, with options for varying maturities, Brown Midrib (BMR), brachytic trait and photoperiod sensitivity. Croplan® forage sorghums provide excellent nutrition, have high total plant digestibility and palatability, and also carry specific traits that allow for improved production, quality and tonnage. Croplan is our go-to supplier for these forages.

FUN FACTS ABOUT SORGHUM

- Forage and grain sorghum introduced to the U.S. from Africa, India and China between 1853 and 1910.
- DeKalb® introduced the first hybrid grain sorghum in 1956.
- Currently is one of the top 5 cereal crops in the world.
- U.S. produced 364 million bushels in 2017 on 5.6 million acres, making it the world's largest producer of grain sorghum.
- Sorghum exports make up 1/3 of U.S. grain market.
- 1/3 of U.S. grain sorghum used for the livestock market.
- Can be used to produce packing peanuts.

FOUR TYPES OF SORGHUM

1 GRAIN SORGHUM

Ranges from tight-headed to open, droopy heads, in sizes short to very tall, and in a multitude of colors. Tan, cream and white grain typically made into flour for the food industry. Also used for livestock feed and ethanol production.

2 FORAGE SORGHUM

Can be used for grazing pasture, hay production, silage and green chop. Typically grows 6-15 feet tall. Primarily used as silage for livestock feeding.

3 BIOMASS SORGHUM

Has the largest stature of all the sorghum varieties, reaching 20 feet tall. Bred to produce a large amount of non-grain biomass. Used primarily for production of bioenergy.

4 SWEET SORGHUM

Harvested for the stalks rather than the grain. Stalks crushed like sugarcane or beets to provide sorghum syrup.

READY TO HANDLE ALL YOUR AGRONOMY NEEDS

ALLEN SHIVE, AGRONOMY DEPARTMENT MANAGER



us a call with any seed questions and make sure the right product is on the right acre.

Plan now for double-cropping. If we get back to a normal weather pattern and have an average harvest, we will see a lot of double-cropping soybeans or milo behind wheat. I would recommend getting your seed needs covered now. We have an excellent supply of soybean and milo seed for full-season and double-crop. Give

Plenty of options for soybean herbicides. Soybean planting will soon begin in earnest and it would be a great idea to apply your pre-emergent herbicides such as Fierce®, Fierce XLT, Valor® SX, Valor SLT, Authority® XL, Authority® First, Sonic®, Authority Elite, Authority MTX, Prefix® or BroadAxe® XC down with your burn-down applications or following the planter or drill in tillage situations to put another mode of action on your acres. We will be offering XtendiMax® (Monsanto) or Engenia® (BASF) for your dicamba-tolerant soybeans spraying needs. We have Liberty® (Bayer) and a competitive private label product for your Liberty acres. We have many different options and programs to offer. Please give us a call with any questions.

Communication is key with soybean traits. When turning in your acres for spraying, please let our agronomy staff know as much detail as possible. This mostly pertains to soybeans. We are trying our best to know what soybean trait is planted where, but it would be good stewardship to have a conversation with your neighbor to know what is planted next to you. A lot of issues can be solved with a little communication.

Working efficiently at the Sterling Hub. Our anhydrous project continues to be a great success, with the inventory management, billing and logistics working very well. Also, going from an hour to fill an NH3 nurse tank to 15 minutes has really made our employees more productive.

Our wish to all of our growers is to have a safe and successful wheat harvest. Thank you for your business. ☺

NEW SOFTWARE WILL STREAMLINE FUEL DEPARTMENT OPERATIONS

EMILY HAAS, FUEL DEPARTMENT MANAGER



The CPC Fuel Department has initiated the transition to Energy-Force™ software—a new system that will greatly improve efficiency and service for our fuel, propane and bulk oil customers. We're currently in the early process of gathering information for refined fuel tanks, propane tanks, bulk oil and DEF totes. This information will be attached to customer accounts, allowing us to track usage, tank types and safety criteria.

Energy-Force will also give us the ability to attach photos and GPS coordinates directly to customer accounts. This will help drivers pinpoint the exact location of tanks, which will help expedite deliveries.

Detailed info for customers

Once fully implemented this fall, we'll be able to track usage by tank. So if you have a fuel tank at the barn and a propane tank at the house, we'll be able to provide detail on usage for each tank. And everything will be on the screen—eliminating the time-consuming task of pulling tickets.

Stay tuned for more details about this exciting new system. If you have any questions, please feel free to call us at 620-422-3207 or 800-861-3207.

Welcome our new fuel delivery driver

Shawn Lasater grew up in Lyons and has worked in farming and trucking. He jumped at the opportunity to join the CPC fuel team, so he could have more "home time" instead of traveling over the road. That's an important advantage for this busy dad. Shawn and Michelle Kralik have 3 children who attend Lyons schools: daughter Aspen, 15; and sons William, 14, and Tyler, 11.



When he's not coaching baseball teams (with multiple games and practices each week), Shawn loves to go to the lake with his family. We're happy to welcome Shawn to our team! ☺

Call today to make your sorghum selections. We have a very knowledgeable staff that is eager to help you. Call our office at (620) 422-3485 or stop by the Seed House in Nickerson. Thank you for choosing CPC as your seed supplier.

GRAIN TOPICS: WHAT YOU NEED TO KNOW BEFORE HARVEST

LEE BURGESS, GRAIN DEPARTMENT MANAGER



Safety info for on-farm grain storage

Grain bin safety is very important to CPC—both for our elevators and your on-farm storage bins. Brooks Benson, CPC Safety Director, is a great resource in terms of grain bin safety. Contact Brooks at (620) 200-4792. Also, check out the Grain Handling Safety Coalition website: www.grainsafety.org.

Time to review you grain accounts

Now is a good time to come in to our office in Sterling or any of our locations and take a good look at your grain accounts to see if any changes need to be made. If you have any questions, feel free to call me at (620) 278-2141 or (800) 238-1843.

Grain marketing success stories

TMA had a great year in 2017—which translated into a great year in the CPC Grain Department. Storage and handling were down, but we continue to do a better job on premiums and discounts. Income was up sharply because of the good carry in the wheat market. (See more details about TMA in the article to the right.) Now, TMA is busy at many of our locations making space for the coming wheat harvest. Hopefully, we will receive beneficial rains to make a crop. ☺

PLANNING BRINGS SUCCESS IN GRAIN MARKETS

DEVIN SCHIERLING, TMA GRAIN MARKETING MANAGER



Success doesn't happen overnight. Success is often the product of countless hours of preparation and hard work that results in an excellent outcome. The last several years, the production agriculture and commercial grain merchandising industries have been a grind.

Whether we were dealing with volatile and unexpected weather events or new trade sanctions, the factors affecting both the producer and industry have been occurring at a rapid pace. In the face of these challenges, I couldn't be prouder of the effort put forth by each of our TMA member's grain locations to help TMA successfully and profitably execute our merchandising plan.

As we enter each new season, TMA works closely with our locations to estimate their expected grain receipts for the upcoming harvest. This process is done with the producer in mind, to ensure your facilities are prepared to meet the harvest demands. Individually, members of TMA would be forced to move grain before harvest, but together we are able to utilize all the members' grains storage space to maximize the value of each bushel. Working together under one warehouse license allows us to let the market dictate when we move our grain to

capture revenue, while still handling the harvest bushels. In merchandising, environments like today bring to the surface the importance of communication to make sure that by the end of harvest our storage is full.

The value of grain storage is at a near record high due to several years of bountiful crops. This has created a market opportunity called "carry." Carry in the market, in its most basic definition, means that the value of grain in the future is worth more than its value today. In this type of environment, your cooperative can capture additional value in the grain sold by storing until the market provides a signal to sell. Two years ago, the market was providing a signal to hold grain away from the market. TMA decided to invest in building a bunker of nearly 5 million bushels near Yoder, Kansas, to capture the carry in the wheat market. This allowed TMA to move most of the wheat from facilities in the Central Prairie Co-op, Halstead Co-op and MKC territories to make room for fall harvest while still adhering to the signals the market was providing. The plan worked to perfection and allowed TMA to capture greater than \$5 million to share back with its owners.

Building relationships with industry partners is instrumental in executing our plan. TMA strives to be a supplier of choice with our local and international purchasers of grain. The trust TMA has developed over the last 17+ years of delivering quality grain in a timely manner to our domestic markets allows our



team to be counted on as a key part of local supply chains. Having the ability to provide year-round supply or quick-ship grain at the right specification provides us with access to markets that increase the value of our producers' grain.

TMA's focus on maximizing the value of each bushel, driving out costs while increasing value, and developing domestic and international merchandising partnerships has allowed us to execute our plan successfully. With your support, TMA could execute a plan that started several years ago to pass back record earnings to its member cooperatives. These earnings are shared back with you, the producer, through the grain patronage system, renewing of local assets, local jobs and many other ways that stimulate the rural economy. ☺

PROJECTS WRAPPING UP IN TIME FOR WHEAT HARVEST

MAX MOBLEY, OPERATIONS MANAGER



The CPC team worked hard on several projects over the winter in preparation for the coming wheat harvest.

Lorraine: Installed a new 1,000-bushel dump pit, distributor and refurbished the leg.

Improvements will significantly enhance the customer experience and provide Lorraine with a long-term solution that replaces its failing equipment.

Alden: Expanded the inside dump pit doors to allow for all trucks to fit and speed up the delivery times. Added a grain probe to speed up the scale process.

Nickerson: Installed a new Hazard Monitoring System that tracks the critical part of our elevator legs. This will increase maintenance abilities and drastically reduce the chance of any major breakdown or catastrophic safety incidents.

Saxman: Installed a new truck scale to replace a failing scale that was no longer certifiable.

Clafin: Installed a new cyclone system to replace worn out units and reduce dust output.

Congrats to our grain elevator teams for an excellent work in 2017

- Zero injuries at all 15 grain elevators
- Significant increase in outbound grain quality
- Large reduction in fumigation cost
- Reduced grain shrink
- Reduced overtime hours
- No increase in expenses

Our crews are working diligently to be good stewards of our patrons' grain and co-op investment and we believe it shows in CPC's financial results. ☺

The refurbished leg will be lifted into place at Lorraine elevator.





Today's Technology, Yesterday's Values

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REMINDER ABOUT TREATED SEED

Please do not deliver treated seeds to the elevator. Even one treated seed can ruin an entire shipment or grain bin!



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[FACEBOOK.COM/CENTRALPRAIRIECOOP](https://www.facebook.com/CENTRALPRAIRIECOOP)

FEATURED LOCATION: NICKERSON

AMY THEIS, LOCATION MANAGER

CPC's Nickerson location is a hub of activity, with 1.2 million bushels of grain storage and five employees serving patrons in that area.

Products offered in Nickerson include anhydrous ammonia (NH₃), bagged feed, oil and hydraulic hoses—to name just a few. They also carry tires, batteries and vehicle accessories, and can handle small tire repairs. Plus, Nickerson's C-trol pumps give area customers the convenience of 24-hour Cenex® petroleum products.

The Nickerson location is also home base for the CPC Energy department and Seed House. So there's always something happening when you stop by this busy location in Nickerson.

The friendly Nickerson crew includes (left to right) Danny Schmitt, Matt Henderson, Amy Theis, Keona Jordan and Jared Tyler.

About the manager: Amy Theis has been at the Nickerson location for 9 years—first working in accounting, then becoming location manager after the merger. She grew up on a farm between Nickerson and Hutchinson, went to Nickerson High School, Hutchinson Community College and graduated from K-State with a degree in business administration. Amy and her husband, Jim, live on her family farm and run a cow herd of almost 100 cows. ☺

