

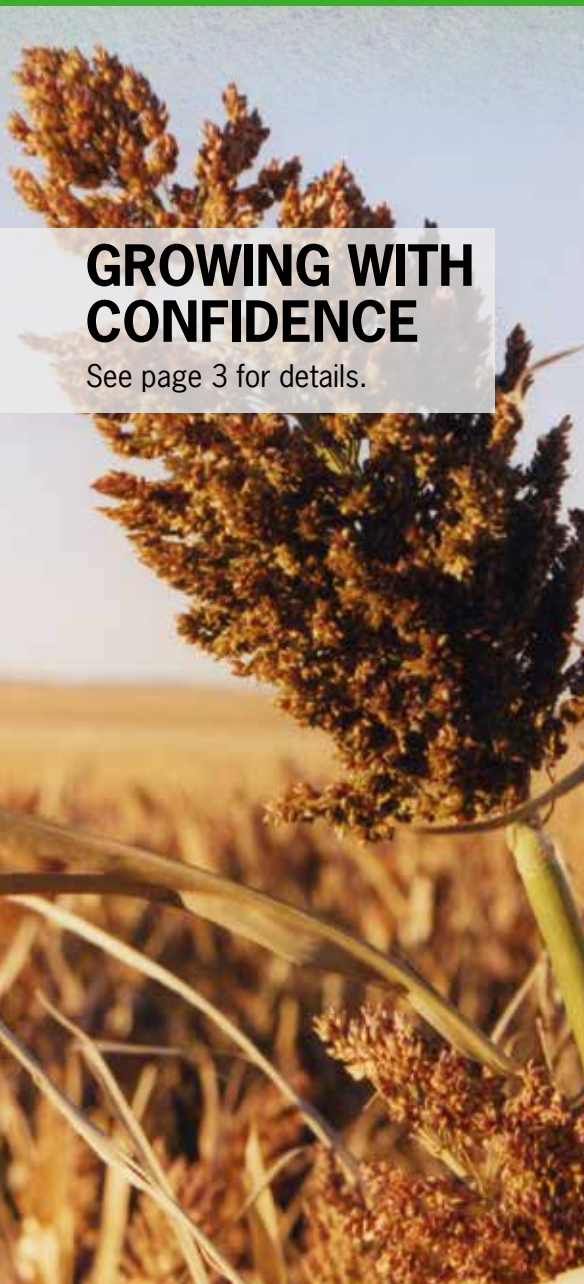


# Central Prairie Co-op

*Today's Technology, Yesterday's Values*

# NEWSLETTER

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## GROWING WITH CONFIDENCE

See page 3 for details.

## THE BOARD PERSPECTIVE ON EXITING TMA



MARK ENGELLAND, BOARD CHAIRMAN

One of the ongoing and significant issues affecting CPC is the process of separating from Team Marketing

Alliance (TMA). The public was made aware of this decision in February 2021 with the filing of a petition in court seeking the dissolution of TMA. However, the process of seeking transparency and equitable arrangements for the three smaller co-ops (Halstead, Hillsboro and Sterling) has been ongoing for several years.

When CPC was formed by the merger of the Nickerson and Sterling Coops, membership in TMA held the promise of greater opportunity for the co-op and our members. The several benefits of membership in TMA have since become overshadowed by the increasingly divergent interests of the three minority co-ops and the majority

owners, MKC and Producers Ag, LLC (which is an LLC formed by MKC and CHS). The minority members have repeatedly sought more transparency and information about the operations of TMA and our requests have not been honored. Additionally, the minority members have requested greater separation between TMA and MKC, including moving the offices of TMA out of the MKC headquarters.

These issues and others have increased steadily until we have resorted to the court to seek, among other things, an independent financial audit and a court ordered distribution of income required by the current operating agreement.

## “ WHAT IS NEXT FOR CENTRAL PRAIRIE CO-OP? ”

During the process of attempting to address the concerns of the minority owners, several steps have been made or suggested to resolve the issues. The Board chairs of the TMA member co-ops have met together in an attempt to iron out the differences. The TMA member co-ops have hired

continued on next page

## THE BOARD PERSPECTIVE ON EXITING TMA... continued

a professional mediator and have gone through the process of mediation. The three smaller co-ops have sought common ground with MKC and CHS in requesting the distribution of the undisputed portion of TMA's earnings, but for over a year no distributions have been made to the member co-ops.

Now that the issues have been presented to the courts, we are hopeful for an impartial decision that allows Central Prairie Co-op to progress in the direction that is best for our co-op and our members. So, the obvious question becomes "What is next for Central Prairie Co-op?" That question is not as easy to answer as your board would like it to be. We have explored many options including marketing on our own, joining a different existing grain marketing group, forming a new joint venture to market grain and even combinations of the above. The difficulty rests in the uncertainty of the timeframe of a

resolution and the final result of our petition to the courts. It is possible that our attempt to dissolve TMA is unsuccessful and an acceptable exit offer is not approved.

The Board of CPC is continuing to prepare for our exit from TMA and are excited about some of the alternatives and the potential to direct our own future. Be assured that the Board and Management are committed to take care of our members during this process and beyond. Any contracts that Central Prairie producers have made with TMA prior to the final resolution of the process will be honored and the grain stored in our elevators will be handled in the same secure manner that it has always been. We anticipate that our members will experience "business as usual" until after the resolution and then we will be able to move forward to a more profitable future. ☺

## TIMES HAVE CHANGED AND WE'RE CHANGING WITH THEM

JOE SCHAUF - CEO



In the past 20 years, there has been quite a shift in agriculture. The needs of our patrons have changed or sometimes lessened as new factors come into play. Farmers have typically relied on ag retail to serve them throughout each and every season with different things. Today, farmers are becoming more self-sufficient and are able to accomplish many of these

tasks themselves to help maximize profits.

With quite a tough year behind us, we at Central Prairie Co-op know the importance of adapting to change. Like any industry, change within is inevitable and it's up to us to stay ahead and remain competitive. We realize that we must be disciplined in our margin structure and become more efficient in our operation. With that said and with Board of Director approval, we have chosen to cease year round operations at our Alden location and only open it for harvest.

Alternatively, it's common knowledge that sometimes money spent can mean money earned. As an example of this, we have just finished up a project at our Clafin facility that has more than doubled efficiency. Shane Eck has more to say about this on page 4.

Additionally, we have a handful of plans in the works to help us be more efficient, remain competitive and serve our patrons needs. Since 2017, for example, we've decreased from seven spray rigs to three, and now utilize outside contractors with their own rigs to spray for us. This helped to reduce the cost of paying for several operators year-round when demand isn't present. Our feedmills are another area of concern in the coming years. Our mills are aging and are not labor efficient. A new mill with automation and new technology that can serve our members into the future must be considered. As we continue to further analyze what the needs of our producers are, we will continue to adapt where necessary.

When we merged The Farmers Coop Elevator and the Farmers Cooperative Union in 2014, it was done with a mutual goal of serving patrons to the best of our abilities. We have kept that promise. I'd like to thank each and every one of our patrons for their continued business as we head further into 2021 and beyond. I wish you a successful spring season and look forward to serving you during harvest. ☺



## GROWING WITH CONFIDENCE

BRANDON WARNER, SEED DEPARTMENT



My name is Brandon Warner. I am a Fort Hays State University graduate with a bachelor's degree in Agronomy. I am a certified CCA, CPAg, and 4R NMS with the American Society of Agronomy. Previously, I was a Field and Sales Agronomist with CPC for 6 years. I am excited to take on this new role.

### Planting for the Future

It is hard to deny, the past 12 months have been challenging. In this day and age, we need to think ahead because seed, fertilizer, crop protection, commodity, and fuel prices are all on the rise. Understanding how to be profitable as businessmen is becoming critical.

With the possibility of XtendiMax® and Engenia® being tied up in court, take notice of the applications of Enlist E3™ and how it works with your operation. E3 double crop soybeans could be a platform we may need to consider due to the June 30 cutoff of applying dicamba products on Xtend soybeans. CPC will have extra E3 soybeans on hand to help with this concern.

Looking ahead to summer, sorghum will be a popular crop. Annually, we find ourselves scouting for common sorghum pests such as sorghum headworm and sugarcane aphids. Contact your CPC agronomist about pest control methods for sorghum headworm. We have prevention measures for

sugarcane aphids; by planting aphid resistant sorghum we often may not have to spray for the pest. At CPC, we have aphid resistant sorghum available for purchase.

### Profitability Matters

Let me start by saying, CPC has a great lineup of profitable sorghum, corn hybrids, and soybean varieties to provide genetic diversity and add to your bottom line. Many producers are looking at non-traditional vectors for obtaining profit on the farm.

One idea would be planting cover crops for livestock, either for your own livestock or to lease out your ground. Some of the struggles with this, in a conventional sense, is once the corn gets harvested, you drill in a cover crop. It may be very late, and the cover crop may have a hard time establishing biomass before you're ready for grazing. In addition, the drill tends to chop up the stalks and leaves, allowing for them to blow and wash to your ditches, trees or the neighboring county.

I encourage you to speak with myself or your CPC agronomist about applying this cover crop with our Hagie Fortifier. With the Fortifier, it allows you to get the cover crop seeded while the corn is maturing so that you can get a jump on biomass, allowing for corn harvest with no additional detriment to the corn stover. We offer rye, wheat, triticale, turnips, radish, collards, winter peas and much more. (

## UPGRADING OUR EFFICIENCY

SHANE ECK, OPERATIONS MANAGER



We know just how important efficiency is to our patrons. How fast they are able to get back to their daily duties can be an important factor in the rest of the day's productivity. With that said, I am excited to share our recent upgrades to our grain facility in Claffin.

Before these upgrades, we understood producers taking extra time and driving further than they would have wanted to in order to maximize their output. Our facilities' maximum capabilities topped off at approximately 8000 bushels per hour. This reality pushed us to operate more strategically.

We recognized areas where we could be more efficient and made several changes to better serve you. For example, we now have a larger motor, which decreases time spent moving grain. Our spouting has been increased in size, the opening in our dump pit has been enlarged and we have incorporated low profile cups that hold more grain and take up less space. They weigh less than the previous ones, providing our elevator

with an incredible boost in efficiency. These upgrades, when combined, allow us to move much more grain in a single day — our two grain legs now each move 9000 bushels per hour, more than doubling our past maximum output.

Moving forward, our goal is to implement these upgrades across several of our grain facilities to meet our producers' needs and give them peace of mind when thinking about where they want to dump. We know how self-sufficient producers are becoming; however, we want to give them a simple grain storage solution, so they don't have to be burdened with the idea of storing grain themselves.

I want to remind our patrons that as a cooperative, we are here for you beyond the services we provide. Advice, problem solving and any other issues you may run into can be taken into consideration by us and we can work together to assist you in any way we can. During harvest time, we operate on your schedule, not ours. With the wheat harvest coming up, know that we look forward to working with you in a safe manner to help you find success.

As always, we thank you for your continued business. ☺

## KEY TO SUCCESS IS LONG-TERM PLANNING

BY ALLEN SHIVE, AGRONOMY DEPARTMENT MANAGER



Wow, what a year 2021 has been so far! Fertilizer prices are on a rollercoaster and the majority of crop protection inputs are in short supply along with price increases on most products. The COVID-19 hangover is definitely real when it pertains to shipping logistics and supply. It is an issue we deal with on a daily basis but with communication and patience, we

have covered most of our growers needs. I am afraid that, in the future, this will be the new normal. A long-term plan and communication will be key to our mutual success going forward.

Most of our spring fertilizer applications are wrapping up on wheat. I believe we have the potential for a good crop.

The price of wheat today makes it worth adding inputs and pushing for top yields. The busy season will soon begin with corn planting, spraying alfalfa for insects, and then soybean planting will quickly follow. With average moisture, we will see a lot of double-crop soybeans or milo behind wheat. I would recommend getting your seed needs covered now.

As I am writing this article, we have an excellent supply of soybean and milo seed for full season and double crop. Brandon Warner is our new seed department manager so give him or any of our agronomy sales team a call with your seed, crop protection or fertilizer questions and together we will make sure the right product is on the right acre. When turning in acres for spraying or fertilizer application, please let our agronomy staff know as much detail as possible.

# NEWS FROM FARM STORES AND FEEDS MILLS

VERTON MILLER, FEED DEPARTMENT MANAGER



First and foremost, we have made a change at the Hutchinson location; Jeff Spear is now the location manager. Jeff has worked at the Hutchinson location for almost six years as the feedmill manager. He's the kind of person who works hard every day and wants to do the best he can for the customer. I am working out of the Sterling Main Office which will provide

me with free time to visit farms and work on projects. Please feel free to call my cell phone, however, I have lost all my contacts. Please be sure to introduce yourself when you call so I may re-enter your information.

## Milk's Many Documented Benefits

June is my favorite month: Dairy month. One eight-ounce glass of milk builds strong bones and teeth, helps convert food to energy, promotes good vision and healthy skin, produces red blood cells and promotes the absorption of calcium. The values of dairy products are well-documented for heart health, blood pressure control and Type 2 Diabetes all found in one glass of milk. So, drink up!



## 2021 Show Feed Changes

I have made changes to the show line of feed. We now have a CPC show line for Beef, Goat, Sheep and all Sunglo products. We have taken the show feeds and made our best effort to carry a product that has positive data on the rate of gain that other feeds were getting and fits animals to show condition. I have taken the Bovatech out of the cattle feed and put in the Xtract, which will take the worry out of those in 4H putting out the wrong feed to a horse. We are still using the Sunglo G-Line for swine, available in 16G and 18G. These changes streamline our bagging in Hutchinson and gives us uniform inventory throughout our locations

I find numbers interesting, so I thought I would share a few with you from last year:

**Bagged/Bulk ADM and KE Cubes/Nuggets** - 912 tons.

### Chicken Feed:

Layer - 4,233 bags

Scratch - 3,196 bags

Chick Starter - 882 bags

**Smartlic Hi Pro 40 250# Cattle Tubs** - 2,877

**Whole Corn/Deer Corn** - 11,271 bags.

Lastly, we were able to pull off a successful Open House in Hutchinson. It is a small way for us to take the opportunity to say "Thank You" to our customers. We see many of you on a weekly or monthly basis, some only a few times a year. However, I am sure we don't tell you enough how much we appreciate your business.

Thank you, from all of us at Central Prairie Co-op. ☺

We have Surety mapping at the four agronomy locations. Our agronomy team will take the time needed to make sure CPC and the producer together, have all the information we need to do the best job we can. This pertains to all crops. It is 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.

Brent Werth is now our northern area manager. Brent oversees the Bushton agronomy location along with the Bushton, Lorraine and Frederick elevators. Brent started with CPC in 2014 and was formerly in charge of the seed department. Brent has done a great job in his new role.

With the many challenges we face in agriculture every day, the CPC agronomy team has stepped up to the challenge and I believe, provided great customer service. It is a pleasure to work with a great group of employees and growers.

Thank you for your business. ☺



# FROM THE GRAIN DEPARTMENT

LEE BURGESS, GRAIN DEPARTMENT MANAGER



The rains we received in mid-March have the wheat looking good and we anticipate an average wheat harvest of around 5 million bushels at our locations. Space for wheat harvest should not be a problem at any of our locations. We have been moving grain sooner than normal because of the inverse market on all the fall grains and very little carry in the wheat markets. The only milo we should have left by the first of May is what is needed for our feed mills. Soybeans and corn should continue to move into the summer. Now is a good time to look at your grain accounts to make sure any changes are made before harvest. Stop in at one of our locations or give me a call. We can look at your accounts and help make the changes if needed.

I want to remind everyone how we handle across-the-scale sales during harvest. I keep a list of patrons that choose to sell across the scales here at the Sterling office. Doing this helps to take pressure off of the locations during one of their busiest times of the year as they have to keep track of this. I mark any open store grain delivered the day before as “sold the previous day.” When your harvest is complete, you can contact us, and we can write a check or a deferred pay contracts for all grains marked sold across the scales. Those of you with new crop contracts need to notify us when you want bushels applied to the contract. Remember, storage does not stop until the bushels are applied to the contract and we do not do this until you tell us to do so.

Current cash grain prices continue to be strong with new crop prices showing good profit potential as well. Cash milo and new crop milo have seen recent basis losses due to China backing off from buying. We will see how this plays out moving forward. If you would like to lock in some prices or do any other contracting, please contact one of the TMA field marketers or give me a call and we can get you the help that you need.

As always, we appreciate your continued patronage to our co-op and look forward to helping you in the future. Please do not hesitate to give me a call if you have questions or if I can help in any way. ☺



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## FEATURED LOCATION: STERLING STATION

JEREMY CORBETT, LOCATION MANAGER



A well-known hub for their patrons' everyday needs, the Sterling Station hasn't missed a

single day of service. Though uncommon these days, they remain a full-service gas station that provides an extra layer of customer service you won't find anywhere else. They also feature a full automotive shop for anyone in need of tires, small repairs or a simple oil change.

"We pride ourselves on taking care of all of our customers' needs, big or small," says Jeremy Corbett, Sterling Station's manager. "We're always upfront and honest."

As spring comes in full swing, the Sterling Station is as busy as

ever. As the central hub for all of Central Prairie's packaged oil, they supply customers locally and across all of their locations. They also handle a majority of the co-op's diesel exhaust fluid.

Alongside Corbett is Vicki, the office assistant, Larry, the auto shop foreman and two mechanics, Clint and Timmy. All are ready to service patrons and help them with anything they might need.

About the Manager: Jeremy Corbett began his time at the Sterling Station right out of high school. After meeting his wife at Kansas State University, the two lived in Manhattan until 1999. Jeremy returned to the Sterling Station where he has worked for the last 22 years. He became manager in 2018. Jeremy currently lives in Ellinwood with his wife and two boys. ◀



From left to right, Jeremy Corbett, Vicki Colston, Clint Nickels, Larry McVey, and Timothy Niccum.

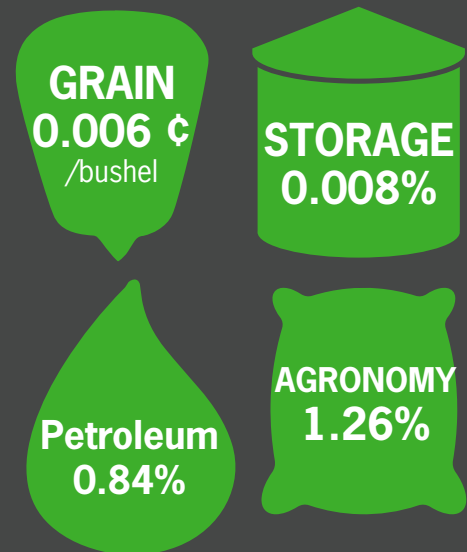
## ANOTHER YEAR IN THE BOOKS



DAVID CORNELIUS,  
CONTROLLER

We just finished up another fiscal year end and, hopefully, all the challenges we faced through 2020. Central Prairie Co-op ended with a profit of \$1.9 million, however, the majority of that profit was from the Payroll Protection Program and cannot be passed through in the form of patronage. CPC will be paying out \$275,751 in patronage with 40% in the form of checks and 60% adding to equity.

BELOW ARE THE PATRONAGE RATES BY DEPARTMENT.



CPC will be passing on a substantial amount of Domestic Production Activities Deduction (DPAD) later in the year totaling \$2.1 million. Notices are usually sent out in late September and will show how much DPAD you will receive.

I want to thank the staff for another successful year and for all of their hard work. The audit went smoothly and there were not any major audit differences. We look forward to 2021 and will continue to find ways to improve the bottom line. I also want to thank all our members for their business. ◀



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## FUEL VOLATILITY IN 2021

BY EMILY HAAS, PETROLEUM DEPARTMENT MANAGER



To contract or not to contract? You might have more luck flipping a coin to decide when — or even if — to contract. The fuel market is driven by so many factors that on any given day you could see an increase or decrease of ten cents. Pricing is driven weekly or daily by global issues, pandemic data, Department of Energy reports and demand.

Since Dec. 1, 2020, to today, we've seen it increase \$0.47 on diesel and increased \$0.64 on gasoline. Some days it does have pullbacks due to current events and data being released, but nothing compared to the gains it has shown.

CPC petroleum has daily contract pricing and offers three types of contracts. We offer prepaid, fixed with a \$0.30 down payment on the number of gallons, and Max price contracts. You can get added to the daily contract email we send out or daily text message. To sign up call 620-422-3207 or email us at [petroleum@cpcoop.us](mailto:petroleum@cpcoop.us).

We have changed the way we are doing contracts this year. Contracts will start April 1, 2021, and end Dec. 31, 2021. In order to contract you must be able to contract at least a 500-gallon minimum. We can look at your history gallon usage and help you decided what to contract. Again, we contract on daily pricing and lock those gallons in on that day. Daily contract cutoff is 3 p.m.

Please call CPC Petroleum for any questions you might have! ☺

