

Skyland Grain

At your service.

FRIESEN LOOKS FORWARD TO RETIREMENT AFTER A LIFE SPENT AROUND FARM COOPERATIVES

You might say the cooperative business is more than a career for Rod Friesen—it's part of his family. In fact, Rod grew up in Johnson, where his father was the coop manager for more than 30 years. "The Johnson Cooperative and this community has always been close to me," says Rod, who will retire next March from his position as chief financial officer of Skyland Grain LLC.



Rod Friesen will retire in March after 12½ years as CFO of Skyland Grain.

Rod graduated from Fort Hays Kansas State College (now Fort Hays State University) in 1975 with a degree in accounting, and went to work for Ulysses Cooperative and Oil Supply Company. Then followed a stint in the data processing division of Far-Mar-Co (the nation's largest grain cooperative at the time) before joining Dodge City Cooperative Exchange (now Pride Ag Resources) in 1978. He was there 26 years.

COMING HOME TO JOHNSON

In 2004, Rod joined Johnson Cooperative Grain as controller, and quickly assumed the position of CFO for Skyland Grain as well. In his 12-plus years with the company, Rod has watched over Skyland Grain's finances. "It's a company that really cares about its employees and members," says Rod. "The board listens to us and stands behind us, so I think it's a very good company to work for."

Throughout his years working at Skyland, Rod has lived in Johnson at the home of his

late parents, and gone home to Dodge City on the weekends. As further evidence of the family's co-op connections, Rod's wife of 33 years, Gaylene, a grain merchandiser for Pride Ag Resources in Dodge. Their daughter, Lindsay, lives in Prairie Village—a suburb of Kansas City.

READY TO RETIRE

After having two back surgeries in recent years, Rod says he started thinking about retiring while he could enjoy life and be

Continued on page 2

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FRIESEN LOOKS FORWARD... Continued from page 1

physically active. He hopes to spend more time exercising at the YMCA in Dodge, and maybe work on his golf game.

But there's still plenty of work ahead for Rod. He has to get his parents' home in Johnson ready to sell. Then once back in Dodge, he plans to be active in his church and participate in some volunteer activities.

Plus, his daughter recently bought a home in Prairie Village, and Rod has been helping her get it fixed up. "This fall, I rototilled her yard and planted grass," says Rod. "We've been averaging going up there about once a month, and maybe we will do a little more of that."

But for the meantime, Rod has agreed to stay on at Skyland Grain—helping Chris Roberts, the new CFO, work through the complexities of year-end and the upcoming audit. (See article at right about Chris.)

When Rod does close this chapter in a few months, he will take away many fond memories from Skyland Grain. "I want to thank the board and David, our manager. It's been a really good ride." ◦

PAT ON THE BACK FOR SKYLAND EMPLOYEES

When your board of directors and senior management get together in the boardroom, we can plan all we want, but everything comes down to the employees. They are the ones who make it happen for Skyland Grain. And I sure was proud of our entire employee group this fall. We had a sizable harvest, and they did everything they could to keep grain moving and trucks rolling.

Now we have grain on the ground in multiple locations. It's kind of a new challenge for us. But Skyland's staff is doing their best to take care of it.

In January, your board and senior management will have a two-day strategic planning session. This is when we get out our crystal ball and try to predict the future and plan accordingly. I welcome your comments and suggestions as we head into 2017. ◦



By **Steve Arnold Johnson**
Board President
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NEW CHIEF FINANCIAL OFFICER ALREADY GETTING HIS FEET WET

As Skyland Grain's new chief financial officer, Chris Roberts dives into all the details of his new position, he has the advantage of shadowing Rod Friesen—our retiring CFO—through the budgeting, planning and auditing season.



Chris is currently working in Johnson alongside Rod. Once Rod officially turns over the reigns in March, Chris will work out of the Cunningham office.

When asked why he joined Skyland Grain, Chris explained he "just felt like it was an opportunity to go to work for a company that was really progressive—building more facilities and expanding."

The Russell native graduated from Fort Hays State in 1999, and went to work for Lindburg & Vogel in Hutchinson, a firm that audits cooperatives throughout Kansas. After seven years there, he was the controller at Cairo Cooperative Equity Exchange for four years, then internal auditor at Mid-Kansas Coop for another four years.

Wichita is currently home for Chris and his family, which includes Margo, his wife of 20 years, and two children. Son Devin, 19, attends Wichita State majoring in accounting. Daughter Kirsten, 18, is a freshman at Wichita State majoring in chemistry.

Chris and Margo plan to move to Cunningham or Pratt soon. "A lot of my friends live down here," explains Chris, "and I didn't really like living in the big city of Wichita as much as I thought I would. I like small towns."

In his spare time, Chris enjoys hunting deer, pheasant and quail, as well as fishing. If you're in the Johnson office, stop in and welcome Chris to Skyland Grain. ◦

FERTILIZER PRICES UNLIKELY TO GO LOWER

We're getting quite a few calls from farmers asking: "With commodity prices so low, aren't fertilizer prices going lower, too?"

While we don't have a crystal ball, we can make predictions based on trends and historical patterns. And unfortunately, we're not anticipating lower prices. That's because, looking at historical values, we're really close to where fertilizer has been when commodity prices were at this level.

WAITING IS A GAMBLE

If you've been holding off on fall

fertilizer—hoping for lower input prices—you could end up paying more, not less. Here's why: At some point, everyone who's been holding off will decide to buy, creating a snowball effect. That puts you at the mercy of fertilizer manufacturers. They have the product. You need it. And they will raise prices. It's basic supply and demand.

Plus, when that wave of demand hits, we can have big challenges getting fertilizer delivered from plants to Skyland Grain. And you might end up having to wait longer than you want.



By Aaron Murphy
Marketing Manager
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By Justin Ochs
Agronomy Manager
620-492-6210

So, what's the upshot? In our opinion, holding out for lower fertilizer prices isn't worth the risk.

WHAT TO EXPECT AFTER THE BIG HARVEST

Many of you applied fertilizer for three to five years during the drought. And we all know if it's not raining, the soil isn't leeching. (Plus, our soil in this area tends to retain fertilizer better than in many places.) In other words, there was quite a bit of carryover fertilizer that contributed to your big yields this year.

So if you want a shot at another big crop next year, it makes sense to do a soil test. See what's left in the soil, and determine what you need. With the low commodity prices right now, you need to get every bit of yield out of your soil to make up the difference.

If you haven't made your fertilizer decisions, call us now. We'll help make sure you have a good plan for 2017. ◦

Eastern area: Aaron Murphy, 620-770-9110
Kyle Banks, 620-546-3447

Western area: Wendell Isbell, 620-521-0227
Or contact your local service location for additional details.



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Discounted application and delayed billing on fertilizers. Get a hold of your nearest service location or sales person for details.

Ask Us to Deliver!

- All agronomic inputs including chemical, fertilizer, seed
- No-cost chemical delivery to your farm begins with a quick phone call to your local Skyland Grain facility today!

OUR MISSION STATEMENT

CONNECTING OUR PRODUCERS TO THE WORLD.

WE BELIEVE:

- All our interactions will be conducted with integrity and responsiveness.
- The safety of our employees and communities is paramount.
- Environmental stewardship is our responsibility.
- Sustainable growth is essential to our future.
- The success of our producers contributes to our success.
- Our financial strength is crucial to our stakeholders.

Welcome NEW SEED AGRONOMIST KYLE BANKS

Kyle Banks brings extensive seed experience to Skyland Grain.



HOMETOWN/CURRENT HOME:

Pratt



FAMILY LIFE:

Married to Gretchen

Three children—son Brandon, age 22, lives in Manhattan; daughter Hanna, age 18, attends Independence Community College; and son Kyler, age 7, is in second grade

Enjoys camping with his family



COLLEGE:

Pratt Community College for two years

Graduated from K-State in 2001 with a degree in agronomy



WORK PRIOR TO SKYLAND:

After college, worked as crop consultant for Servi-Tech® in Nebraska

Sold Asgrow and DEKALB® in southern Kansas for the past 12 years.

KYLE'S GOALS AT SKYLAND:

Wants to provide customer service and agronomy info to help growers maximize yields on their farms. Welcomes growers to contact him with any questions at 620-546-3447.

CAIRO FACILITIES RECEIVE SAFETY RECOGNITION

Recently, five of the Cairo Coop area facilities received recognition for Skyland Grain's efforts to create a safer environment for its employees. The Safety Health Achievement Recognition Program, SHARP, is a joint effort of the Kansas Department of Labor and the Occupational Safety and Health Administration that recognizes qualifying businesses as models for worksite safety and health. Companies in this program work very closely with KDOL and OSHA to evaluate the safety of facilities in a proactive manner and on a routine basis. There are 179 total SHARP locations in Kansas, of which 77 are grain elevators, and 12 of those are Skyland Grain facilities.

The goal is to have all Cairo facilities achieve this status, as all of the other Skyland Grain facilities in Kansas and Colorado have previously achieved this recognition. All of us in the Cairo area, both employees and patrons, should be proud of this effort. It says what we stand for: "If you work at these facilities, the patrons of Cairo Coop and Skyland Grain want you to go home safely every night." I am glad to be involved in this, and I hope all of you are too. I thank all management and staff for their efforts. •



By John Steffen
Cairo Board
President
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FALL HARVEST SETS NEW RECORDS



By **Matt Overturf**
Grain Division
Manager
620-492-6210

The 2016 fall harvest turned out to be a record breaker. According to the USDA, the average corn yield is being pegged at 175.3 bu/A, and the soybean yield at 52.5 bu/A. If these numbers hold through the

January report, it will be the largest yield on both crops in U.S. history.

These huge yields will put corn carryout at almost 2.4 billion bushels, and soybean carryout at over 450 million bushels. Usually the markets don't get too nervous until carryout on corn gets below 1 billion bushels, and soybean carryout gets below 100 million bushels. Add that to an abundant supply of wheat worldwide, and you have a recipe for low prices. That being said, this doesn't mean it will stay that way forever. We have had a very good corn and soybean export program going for the past couple of months, which has helped the markets stabilize for the time being.

Usually starting in January, we begin losing some of our bean business to South America. So it remains to be seen if we can keep this kind of export pace going. December weather in South America is like our July, so pay attention to it. There are some rumors they could be getting dry in spots, which will affect the bean and corn market.

WATCH FOR POTENTIAL WHEAT RALLY

Speaking of dry, the lack of moisture in the U.S. hard red wheat areas is starting to be a concern. Going forward, this could spark a rally in the wheat market if the moisture keeps missing these areas.

We could be in for a challenging year ahead of us, but as always, the markets will give us opportunities. You just need to be prepared to pull the trigger when those opportunities arrive. I know the markets don't always give us a lot to be thankful for, but we just came off of back-to-back big wheat harvests and another huge fall crop. To have that happen two years in a row in our country is pretty amazing.



Many thanks from the grain department. It has been a challenge for Skyland Grain to handle the large harvests, and we haven't always handled things perfectly. But we want to thank producers for their business and patience, as well as our employees for their long hours and hard work. It is never easy dumping as much grain on the ground as they did. Have a safe and happy holiday season. ◦

PLANNING AHEAD FOR 2017

First of all, I would like to congratulate Rod Friesen on a great career as our chief financial officer. It's been a pleasure working with him. The board and management staff has always had great confidence in the numbers he produces month-to-month. He's had a great cooperative career. We wish Rod and his family the very best in this next chapter of their lives.

Rod has been gracious enough to stay around so he'll have a four-and-a-half-month overlap with our new CFO, Chris Roberts. (See more info about Chris on page 2.) That will allow them to work together through our budgeting process, strategic planning and audit, so I

expect a smooth transition. As for Chris, he brings a real passion and energy for cooperatives. I think he's going to be a great team member.

ABOUT THIS ECONOMY

Of course, the farm economy is very challenging for all of us—from the farmer, to the retailer, to the local cooperative. It's just a tough cycle right now. But we've been through tough cycles before. Just like you're doing on your farms and ranches—evaluating costs, equipment and structures—we're doing the same at Skyland so we can run our members' business as efficiently as we can. We will continue to look for new opportunities to help us navigate

through these challenging times.

During the winter, we will be busy working on budgets and annual strategic planning. It's an important process to make sure we're executing on the priorities of the board throughout the upcoming year.

I want to wish all of our customers Merry Christmas and Happy New Year. I hope you enjoy this holiday season with your families. •



By **David Cron**
CEO
Skyland Grain LLC



Skyland Grain LLC
304 East Highland Ave
Johnson, KS 67855

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*Merry Christmas and
 Happy New Year from
 your friends at
 Skyland Grain.*

**ALL LOCATIONS WILL BE
 CLOSED THE FOLLOWING DAYS:**

Christmas Day and Dec. 26
 New Year's Day and Jan. 2



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ENERGY UPDATE: GOOD TIME TO LOCK IN 2017 FUEL CONTRACTS

At the time of this writing, we're seeing quite a bit of turmoil in the energy market. A scheduled OPEC meeting for the end of November caused a late-fall rally with crude back above the \$45 level. By the time you read this, the results of this agreement will have either brought some support to the energies (if all the OPEC members and non-members can agree) or allowed it to tumble. Even with an agreement, we feel there will be some good opportunities by late December or early January to lock up some of your 2017 summer and fall fuel at contract pricing that should come close to last year's prices.

We are still looking for the 2017 energy market to show volatility at times. We wonder how far in the future it will be before we see a stable energy market. As always, we believe it is wise to contract a percentage of your seasonal use to keep from getting caught with some of the wild market swings.

Thank you for your continued patronage. If you have any problems or questions, feel free to call me at 620-492-2126 or 800-869-0727. ◦



By Paul Sack
Southwest Kansas
Coop Services
Energy Director
620-492-2126



SPECIAL DEALS ON CENEX® LUBRICANTS

We will be running some excellent specials on Cenex lubricants all through December and January. For more information about these oil specials or fuel contracting, call our office, 800-869-0727; Cam Walker, 620-492-5500; or Garret Hodges, 620-952-3601.