

# Skyland Grain

## *The cooperative spirit*

### Record Results Will Be Shared at Annual Meeting

I'm happy to report that we finished a record year for the company. Because of that success, we'll be paying a little over \$8.5 million in equity retirement and patronage, and over \$5 million of that will be in cash. So just one full year after the merger of the three co-ops (Syracuse, Johnson and Cairo), we'll catch up all the equities that were a little bit behind on retirement.



By **David Cron**  
CEO  
Skyland Grain, LLC

### HOW EQUITY RETIREMENT WORKS

Our two-tier system for equity retirement includes retiring equity for those age 65 and older. Plus, we have a 20-year revolver. So for this year, the equity retirement includes those who turned 65 before December 31, 2017, and any stock that was issued in 1998, and before. Going forward, the plan is to retire 65-year-olds 100% cash each year.

### INVESTING IN FACILITIES TO SERVE YOU BETTER

Over the last 10 years, we've invested about \$67 million in new assets. Currently, we're finishing up improvements at the Big Bow and Buckeye locations (see the Operations Update on page 7). Plus, we have some other projects on the drawing board. So stay tuned for more information about what's ahead for your co-op.

As always, we want to thank you for your patronage this past year. We also want to thank our employees who work a lot of hours for the volumes we handle. They're conscientious and do their best to take care of our customers, and we really appreciate that.

It's always nice to wrap up a good year. I look forward to seeing you at the annual meetings on the 18th in Cunningham and the 22nd in Johnson. ◦

PATRONAGE LEVELS THIS YEAR	
<b>Grain:</b>	8 cents per bushel
<b>Supply:</b>	5.14 percent
<b>Retail Fuel:</b>	8.02 cents per gallon
<b>Direct Ship Fuel:</b>	2.01 cents per gallon
<b>Fertilizer:</b>	\$10 per ton
<b>Chemical:</b>	5.09 percent

**MAKE PLANS TO ATTEND YOUR ANNUAL MEETING**

**EASTERN DISTRICT**  
Friday, May 18, 6 p.m.  
Cunningham High School

**WESTERN DISTRICT**  
Tuesday, May 22, 6 p.m.  
Stanton County Senior Center

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By Steve Arnold  
Chairman Skyland  
Grain, LLC and Skyland  
Co-op, Inc.  
620-492-3030

## Accomplishing Goals and Rewarding Members

At this point, we're caught up and current on our 20-year revolver on all three co-ops from before the merger—which was an important goal for the board when we merged. We were able to achieve that pretty quickly due to the financial position of Skyland Grain, LLC. We're also going to pay out some nice patronage this year.

It's rewarding to be able to provide good service and nice facilities, and still pay out patronage. Sometimes it's hard to do both. We look forward to sharing all the results with you at the annual meetings. ◦

# Energy

## Enhancing Facilities to Handle Your Fuel Needs

### ARLINGTON CARDTROL UP AND RUNNING

This new facility has state-of-the-art fuel dispensers with card readers in the pumps and a well-lit canopy for your protection from inclement weather and for your nighttime safety. This site is also our first location with DEF (diesel exhaust fluid) available at the pump.



### BIG BOW GETS NEW CARDTROL

Construction is underway on a new Cardtrol at Big Bow which will also have all-new dispensers and a canopy for customer convenience. We have taken steps to keep the current pumps working while we are installing the new system northeast of the current pumps.

### ADDITIONAL BULK OIL TRUCK AT PRESTON

We are also in the process of adding a bulk oil truck to our Preston location in order to better serve customers in our eastern area. We will have a good stock of packaged oil at the Preston location for delivery and pickup, and will still have oil at several Skyland locations for your convenience. ◦



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

### 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, LLC 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



## Amazing Growth During 15 Years on the Board

When Fred Hefley started out as an associate on the Johnson Co-op board, renamed as Skyland Co-op, Inc., the co-op had four locations. Then came the Joint Venture with ADM to form Skyland Grain, LLC, followed by the additions of Syracuse Co-op and Cairo Co-op. Now, as he's retiring from the board, Fred is amazed that Skyland has 24 grain locations.



"It really has been an eye-opening experience," says Fred. "At the time we created the Joint Venture with ADM, we were competitors. But the Joint Venture worked out really well for both companies. That's allowed us to expand really fast—more than I could ever imagine."

Fred notes that it's been rewarding to see how Skyland has progressed and succeeded even during challenging times. "By increasing the volumes of commodities we were handling, we were more efficient as far as labor and management—which netted us more profits than we would've been able to do individually." This has allowed us the opportunity to invest \$70 million in better facilities for our members, create a robust equity retirement program and pay patronage to our owners.

### GRATEFUL FOR THE OPPORTUNITY TO SERVE

In addition to the great relationships built with board members and managers over the years, Fred has also found a practical benefit of board experience. "It has actually helped me manage my own farm, with new ideas and new ways to be more efficient."

*On behalf of the Skyland Co-op, Inc. board, Skyland Grain, LLC board, management and patrons, we thank Fred for his service during the last 15 transformative years of our organization. ◦*

## FRED HEFLEY: FARM AND FAMILY

**Home:** Lives in Walsh, CO, and farms in the Stonington community southeast of Walsh.

**Farm History:** Moved to the Walsh, CO, area in 1970 from Tulia, TX, which is 50 miles south of Amarillo. "We were losing our ground water, so my Dad found some land in the Walsh area and came up and drilled some wells." Fred worked for his Dad for two years, and then began renting land which he bought 4 years later—and has been farming there ever since.

**Crops:** Irrigated and dryland corn, milo and wheat.

**Family:** Married to Kay Lynn for 36 years. Between the 2 of them, they have 5 children and 10 grandchildren living in Walsh, Pueblo, Phoenix, Amarillo, and the St. Louis area.

**Future plans:** The Hefleys are currently downsizing their farming operation so they can travel and spend more time with grandkids. In fact, they're planning a trip to Sweden this summer to visit an exchange student who lived with Fred's family for a year when he was in high school in Texas. "We've been friends for over 50 years. They've visited us 3 times here, and we've been to Sweden a couple of times. They live 150 miles from the Arctic Circle—it's all trees, really green and they hunt moose. It's quite a different experience." •



Fred Hefley and his wife, Kay Lynn



8 of the Hefleys' 10 grandchildren

Shaping the future

## YOUR PRIVILEGE AS A COOPERATIVE MEMBER:

The ability to have your voice heard is one of the great strengths of the cooperative system. Each year, we come together as fellow farmers to participate in the decisions that will determine how our cooperative can best meet our needs as producers.

Your nominating committee is pleased to have knowledgeable, progressive producers who are willing to give of their time and talents in guiding our Co-op by serving on the Board of Directors. At our annual meeting, the most important duty we have is to elect from among our members those who are willing to assume the responsibilities of being a director.

The positions currently held by Clay Scott, Ken Keller, Kenny Bock and Fred Hefley expire this year. Clay Scott, Ken Keller and Fred Hefley are from the Western District (all territory west of U.S. Highway 183), and Kenny Bock from the Eastern District (all territory east of U.S. Highway 183), but all eligible voting members may cast a ballot. Clay Scott, Ken Keller and Kenny Bock received the nominating committee's approval to stand for re-election to their seat. After almost 15 years of dedicated service as a Co-op director, Fred Hefley has chosen not to stand for re-election. The nominees for that position are Todd Randolph and Casey Rushton.

### Nominating Committee

Jason Ochs, Chairman  
Mike Maloney  
Jeremy Betzen  
Carson Lucas  
Dean Fitzsimmons

**Please take the time to review the slate of nominees shown at right and on page 6. Nominations from the floor will not be accepted.**

# Board Of

## KENNY BOCK

Running for re-election.

### BACKGROUND

**Location:** Lives on the southwest corner of the city limits of Kingman, KS. Farms on ground that his great-grandfather from Germany homesteaded in 1892.



**Crops:** Irrigated and dryland corn, soybeans and wheat, along with pastureland. Also has a cow-calf operation.

**Family:** Married to Nancy. They have 5 daughters, 2 sons and 7 grandchildren, with another one on the way.

**Co-op board experience:** Has served on the Cairo Co-op board and now the Skyland Co-op, Inc. board and the Skyland Grain, LLC board for a total of 9 years.

### VIEWPOINTS

**Regarding board service:** The camaraderie with the other board members has got to be the biggest plus. I've gotten to meet people through being on this board that I would've never met. And secondly, some of the things I've learned in the boardroom I've been able to take back to my farm in terms of efficiency. If you take care of the pennies, the dollars will take care of themselves.

**Regarding Skyland:** I think the patrons have seen what Skyland is capable of doing. The people in this Eastern District are supporting it unbelievably. I feel real good about where we started and where we are now. ◦

# Director Candidates

## KEN KELLER

Running for re-election.

### BACKGROUND

**Location:** Lives northwest of Syracuse, KS, on a farm that has been in his family almost 100 years.

**Crops:** Dryland wheat and milo, plus some corn when the conditions allow.



**Family:** Married to Denise. They have a son at Fort Hays, daughter in high school, son in 7th grade and son in 3rd grade.

**Co-op board experience:** Started as an associate on Syracuse Co-op board and became a director when Syracuse merged into Skyland.

**Other volunteer service:** Has been a member of the Soil Conservation Board in Hamilton County for 20+ years.

### VIEWPOINTS

**Regarding board service:** The one thing I really like about our board is that we're all very progressive—trying to think outside the box when it comes to Skyland. I think in today's environment, you have to be that way to survive. It's amazing how well everybody works together, and it's been a pleasure getting to meet the other board members.

**Regarding Skyland:** Coming from the Syracuse Co-op board to now the Skyland board, it's amazing how far our little co-op has come and what we are a part of now. The future is pretty exciting because you don't know what the next step might be. I like to stress that we wouldn't be where we are now without our management team and staff. I give them a lot of credit. ◦

## CLAY SCOTT

Running for re-election.

### BACKGROUND

**Location:** Lives just northeast of Big Bow, KS. Farms with his dad and brother, including land along the state line.

**Crops:** Hard white wheat, plus dryland and irrigated corn. Also runs stocker cattle.



**Family:** Married to Nancy. They have 2 sons at Fort Hays, and a third son in middle school in Ulysses.

**Co-op board experience:** Started as an associate member in 2004, then was elected to the board in 2005. Currently serves as Skyland Co-op board secretary.

**Other volunteer service:** Has been on the Southwest Kansas Groundwater Management board for 18 years. Also is on the Ulysses school board, is a trustee on the Fort Hays State University Foundation, and is chairman of the Kansas Aqueduct Coalition.

### VIEWPOINTS

**Regarding board service:** One of the reasons why we are such a successful company is the foundation laid down by the generations that came before us. They set things up and put us in a good structure to succeed. A lot of credit is due to the previous co-ops, including Syracuse, Johnson and Cairo. Their leadership is what makes Skyland so strong.

**Regarding Skyland:** I'm very proud of the employees and the management staff and the job they are doing. We have a great vision and great business plan. It's a great place to do business and it's also a great place to work. ◦

continued on page 6

# Board Of Director Candidates

continued from page 5

## TODD RANDOLPH

Running for position vacated by retiring board member Fred Hefley.

### BACKGROUND

**Location:** Lives east of Walsh, CO, and farms on both sides of the state line.

**Crops:** Irrigated and dryland wheat, milo, corn and sunflowers. Also has a small cow/calf operation.

**Family:** Married to Mary. They have a grown son and daughter, and 3 grandchildren with another one on the way.

**Co-op board experience:** Served on the board of the former Springfield Co-op in Springfield, CO.

**Other volunteer service:** Serving his 4th 4-year term on school board in Walsh. He's also an active member of the Plainsman Research Center (a coalition of farmers and Colorado State University Extension) and on the board of the Baca County Conservation District.

### VIEWPOINTS

**Regarding board service:** Skyland is the main player that accepts our produce and helps us to produce it in our area, so they are driving the economy here. I just want to be in a position to help make sure the right decisions are made so the co-op is here forever.

**Regarding Skyland:** They've done a really good job of getting the market and developing the market. They do the lion's share of the agriculture business in this area. I think it's important for Skyland to always be looking for opportunities to bring value to the farmer so that they're needed in this area. ◦



## CASEY RUSHTON

Running for position vacated by retiring board member Fred Hefley.

### BACKGROUND

**Location:** Lives in Holly, CO, and farms about 6 miles south of town with his dad.

**Crops:** Mainly irrigated corn and dryland wheat, and occasionally milo.

**Family:** Married to Tanya. They have 4 daughters, ages 8, 6, 4 and 1.

**Co-op board experience:** Served as an associate on the Syracuse Co-op board before the merger.

**Other volunteer service:** City councilman in Holly for 4 years.

### VIEWPOINTS

**Regarding board service:** I think it's important to keep representation from the Western District of Skyland so farmers aren't forgotten out here in Colorado. I really enjoyed the time I served as an associate, and I would be grateful for the opportunity to be elected to the Skyland Co-op, Inc. board.

**Regarding Skyland:** It's an ever-changing operation and a pretty intricate tool for farmers. Skyland covers a broad area, and they're very accommodating about getting to us as quick as they can. We've had good relationships with the fertilizer department and staff at Buckeye. They continue to grow and the customer base keeps growing. ◦



# Department Updates

## Agronomy: No-Cost Delivery Available

By Justin Ochs, Agronomy Manager

Skyland will gladly deliver agronomic inputs including chemicals and seed anywhere in our operating area. This no-cost delivery straight to your farm begins with a quick phone call to your area Skyland agronomy team member or your local service location. We hope to hear from you soon! •

## Operations: Improvements at Big Bow, KS location

By Guy Martin, COO, Skyland Grain, LLC

The old office in Big Bow was too close to the elevator—creating a bottleneck for trucks trying to get in and out. We're getting ready to tear down that office and we're building a new office with inbound and outbound scales, as well as a probe on both sides. We're also adding an intercom system between trucks and the scales, so drivers can stay in their trucks and keep the line moving. We expect this to really speed things up during harvest. ◦

*Agronomy*

### EASTERN DISTRICT

KYLE BANKS, 620-546-3447

SAM KINSLER, 620-491-0681

### WESTERN DISTRICT

WENDELL ISBELL, 620-952-2765

CURTIS SCHWEIZER, 620-952-1454

DOUG SEEMANN, 620-492-5154

JUSTIN OCHS, 620-424-7772

OR CONTACT YOUR LOCAL  
SERVICE LOCATION FOR  
ADDITIONAL DETAILS.

## Grain Marketing: Ups and Downs

By Matt Overturf, Grain Manager

We have a lot of different moving parts in the grain markets right now—from politics to the cool spring weather.



**Wheat:** The government report in late March said U.S. farmers will plant roughly a million more spring wheat acres than last year, so that's a negative to the wheat market—especially with the carry from last year.



**Corn:** The cold spring is causing planting delays across the Midwest, which typically means some rallies in the market. Plus, the government report says fewer corn acres will

be planted this year, so that could also help prices.

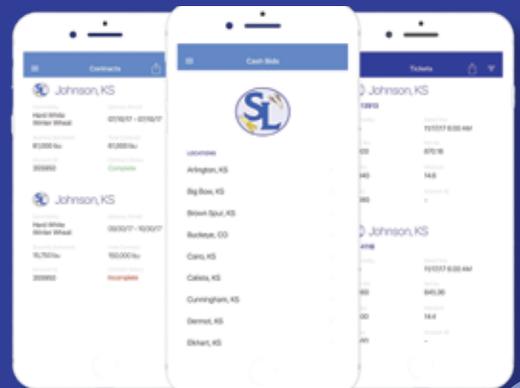


**Soybeans:** China's tariff on beans got everyone's attention. But China still needs our beans. With the government report showing fewer U.S. bean acres this year, we'll have to see how that plays out.

Even with all of these variables, there will still be opportunities. Skyland offers a number of risk management tools to help you make wise decisions. Contact me in the Johnson office at 620-492-6210, or Tony Loehr in the Cunningham office at 620-318-6050. ◦

## DOWNLOAD THE NEW SKYLAND GRAIN APP!

New users are coming on board every week! The free app gives you 24/7 access to your account, so you can view scale tickets, track contracts, see cash bids, monitor markets, check pre-paid amounts and more. To download the app for your Android or iPhone, go to the App Store or Google Play Store and search for "Skyland Grain." Questions? Call Karina Saenz at 620-492-6210 or Tony Loehr at 620-318-6050.





**Skyland Grain LLC**  
**202 S. Main**  
**Johnson, KS 67855**

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## SKYLAND GRAIN SUPPORTS AREA STUDENTS

Scholarship winners from  
 your area will be introduced  
 at our annual meetings!



# ANNUAL MEETINGS SCHEDULED FOR A LOCATION NEAR YOU

For your convenience, the Skyland Co-op, Inc. Annual Meeting will take place in two locations. This format worked very well last year, and we look forward to another nice crowd at the 2018 meetings. The meeting will start in Cunningham, and reconvene four days later in Johnson. If you have any questions about the meeting, please call David Rodriguez, 620-492-6210, or email [david.rodriguez@skylandgrain.com](mailto:david.rodriguez@skylandgrain.com).

### EASTERN DISTRICT MEETING

**Friday, May 18, 6 p.m.**  
**Cunningham High School**

### WESTERN DISTRICT MEETING

**Tuesday, May 22, 6 p.m.**  
**Stanton County Senior Center  
 in Johnson**

### AGENDA

- Financial Reports**
- Board of Directors Report**
- Management Report**
- Election of Directors\***
- Announcement of Scholarship Winners**

Dinner will be served.

*\*New director election results will be announced following  
 the vote at the Western District Meeting on May 22.*



**Like us on Facebook at Skyland Grain, LLC  
 or follow us on Twitter @skylandgrain**

## TOP 3 REASONS TO ATTEND YOUR ANNUAL MEETING

**1**

**Vote for Board of Director candidates—the people who will act on your behalf to shape the future of Skyland Co-op, Inc.**

**2**

**Stay up-to-date on the performance, direction and financial stability of your co-op.**

**3**

**Be a part of your co-op community—socialize, enjoy dinner and have a nice evening!**