

April 1, 2017



GENERAL MANAGER COMMENTS

BY: CLARK WENGER, GENERAL MANAGER

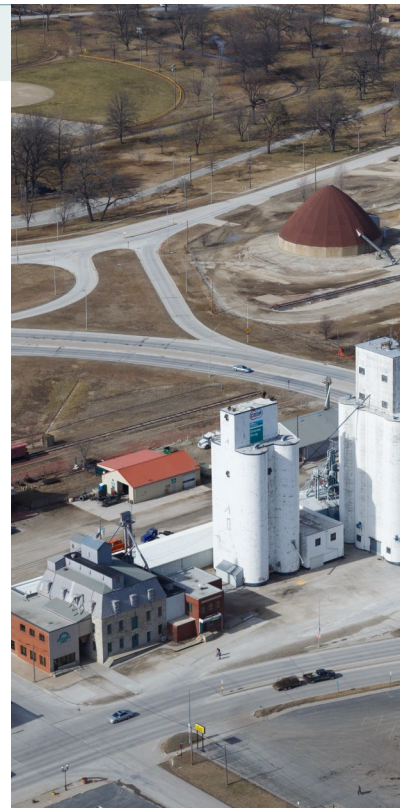
It's hard to believe the Coop's current year is already half over and planting season is upon us. The grain prices has been a common conversation, unfortunately all the grain still in the system from the last several years of good crops is not helping the situation. Driving through western Kansas and seeing all the piles that continue to be present, some of which have not even been touched in last several months, confirms this situation. Our goal every year is to make every attempt to have our facilities empty prior to fall harvest.

The Ottawa Coop is always looking to add new services for our customers. The past couple years there has been an increased focus on adding services in the precision ag landscape with the addition of crop scouting, soil sampling, and additional labor and equipment to support variable rate farming practices. Joe Redman heads up our agronomy sales force that we've added over the past couple years with representation spread across our trade territory which I'm sure a lot of you have been in contact with. This sales force consists of some long term employees along with the addition of some new faces. Brian Green heading up our crop scouting business has recently added a drone to his services and got the certifications necessary to operate this new asset, we're excited about the possibilities this will open up going forward. We added a second variable rate fertilizer applicator for this spring as well as a second seed tender with the addition of our new bulk seed plant located at Burlingame South, a location which was purchased a year ago just outside of Burlingame. We are currently working on expanding the capabilities and services offered from our Feed Department located in Waverly Kansas.

The boards of Ottawa Coop and AgMark LLC are pleased to announce the approval of Ottawa Coop as a new owner and grain marketing member of AgMark LLC. AgMark LLC is currently owned by Farmway Co-op Inc, Cloud County Co-op Elevator Association, Concordia Terminal LLC, Randall Farmers Co-op Union, ProAg Marketing, and Central Valley Ag. Under the agreed terms, Ottawa Coop will contribute its grain marketing, grain logistics and grain accounting to AgMark LLC. The strategic arrangement between AgMark and Ottawa Coop will increase grain movement and marketing efficiencies for all organizations. Producer meetings are currently being scheduled and the invites will be coming through the mail in the near future, please plan on attending one of the meetings to get a better understanding of this new partnership.

Last month there was a flyer inserted in regards to two employee retirements. There will be about 2-3 retirements happening every year for the next 4-5 years. Additional employees brought in over the past couple years have been in preparation for this transition, this plan is progressing nicely. New faces will continue to show up across all locations. The Ottawa Coop is fortunate to have an excellent staff to help with all areas of your farming operation.

Thank you for your continued support of the Ottawa Coop!



VARIABLE RATE

- Precision Agriculture
- Grid Sampling
- Soil Sampling
- Tissue Sampling



CHECK US OUT OUR CROP SCOUTING PROGRAM

- Aerial Drone
- Weed Management
- Weekly Field Checks
- Professional Advice

CROP SCOUTING

BY: BRIAN GREEN, CROP SCOUT

The 2017 growing season is right around the corner and we have had perfect weather so far to get much needed tasks done in preparation. This includes the Ottawa Coop renaming our Precision Ag department to **Field Advantage**. Still the same great services of Variable Rate Technology and Crop Scouting, just all under a new name!

VRT

Once again, VRT has been a huge hit as we have covered over 20,000+ acres between fall of '16 to spring of '17 alone. As we continue to build up soils, the ROI is becoming very clear to many growers. The addition of our new automated soil probe is allowing quick turnaround time for maximum yield recommendations to the farmer.

Crop Scouting

The '17 season brings new and much anticipated technologies to be implemented in the Crop Scouting service. Recently I have received my sUAS (small unmanned aerial system) license which allows commercial use of a drone. The addition of our new Matrice 100 aircraft will allow us to have access to aerial imagery such as NDVI, plant population counts, 2D/3D maps, plant height and canopy coverage plus much more! This is a very exciting step for the Field Advantage department as this will provide another tool in the toolbox to provide the next level of high performance recommendations! Contact the Ottawa Coop today or stop by and talk to Field Advantage specialists for optimal yields!



GRAIN REVIEW

BY: MATTHEW VAJNAR, GRAIN MERCHANDISER

February has come and come gone, but not before providing the grain markets with 2 related inputs that can have effect this summer.

The preliminary price for potential new crop insurance payments is calculated in February. Those prices are \$10.19 (versus \$8.85 in 2016) for soybeans and \$3.96 (\$3.86 YA) for corn. The USDA February Outlook was held Feb 24-25 and estimated 2017 corn acres at 90 million (off 4 million from 2016) and soybeans at 88 million (up ~ 4 1/2 million).

This is a potentially favorable price scenario for farmers because corn acreage impacts supply more than yield. This reduction of 4 million corn acres has to be offset by roughly a 7 1/2 bpa increase nationally to keep production equivalent to last year. Soybean supply, on the other hand, is more influenced by yield. A one bushel decrease in soybean yield requires roughly 1.7 million more acres to equalize production. This dynamic is not lost on fund traders who will be quick to jump in on the long side of the markets at the hint of weather adversity this summer.

Please visit us at grainsportal.ottawacoop.com for market news, analysis and price quotes. Signing up for an DTN Portal account enables you to forward contract electronically as well as receiving location-specific cash quotes on your smartphone at 8am (during the morning market pause) and 2pm with a evening-session futures update at 8pm.

AGRONOMY FORECAST

BY: BOB NUTT, CROP PRODUCTION MANAGER

As you receive this newsletter you are all aware of the workload we have all encountered these past few months. Once again the weather has cooperated and we were able to get a lot of fertilizer to the ground for the upcoming season. VRT application has continued to be a focus among growers and we have added a second VRT machine for that reason. Although fertilizer prices have crept up due to high demand going forward they should be flat. With the warmer temperatures coming earlier this year weed presence will also follow. We cannot stress enough going into planting season starting clean with overlapping residuals to help get you the most out of your crop. We will have a couple new herbicides Xtendimax and Engenia this year as another tool in eliminating those pesky weeds. With that said it also is going to be a learning curve for everyone with these products as we all want to make sure we are good stewards going forward with these products.

In closing we would like to thank you for choosing us as your trusted advisor and we look forward to working with you the rest of this crop year helping you maximize your yields!

Feed Mill

By: Jared Fischer, Feed Mill Manager

Over the past few months the Feed Mill has gone through several changes. Jared Fischer has taken over as the mill manager while Larry Williams out of Burlington is the Bagged Feed Manager. There are new restrictions and regulations on medicated feed which has been a change for us. The Co-op has also been working with Mid West Ag out of Seneca, Kansas and they will be helping us with their professional opinion on any nutritional questions you might have. We will soon be selling their bagged feeds such as mineral, sweet feed and other bagged grains that they provide all at a competitive price. If you would like to know more about our feed prices and delivery service contact us here at the Waverly Co-op.