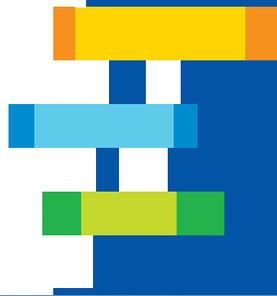




BIG SKY



WINTER 2021



Year marked by realignment for long-term success

During the past fiscal year ending August 31, 2020, CHS Big Sky worked — and continues to work — diligently to realign its businesses in this highly challenging ag environment to create a business model for continued long-term success.

Analyzing for strategic fit

This included analyzing each location for strategic fit and asset performance while optimizing our footprint. As a result, we've needed to make the difficult decision to close several locations. These decisions haven't been made lightly, and we know the resulting change in business models in certain geographies can be challenging for our members. CHS Big Sky looks forward to the success the current strategic locations will bring with the right assets in the right places to meet our customers' needs.

The task of CHS Big Sky leadership is the best management of our owner's equity held in CHS. We have an obligation to our ownership, under basic cooperative principles, to provide competitive upfront pricing and patronage.

Changing customer dynamics

Over time, as our industry experiences changes in customer dynamics and their needs, changes in levels of competition, and the ease of market transparency through new, customer-accessible technologies, CHS Big Sky must evolve our business model to meet our obligations as a cooperative. Sometimes those needed changes aren't easy, but we honor the strong legacies of the assets that built this cooperative. At the same time, we're charged with transforming the business in order to pass on a strong cooperative for future generations of farmers

and ranchers.

CHS Big Sky ended the fiscal year with total combined profitability of \$1.95 million. This included good profitability in grain (\$2.9 million) and energy (\$193,564), but losses in agronomy (-\$873,579) and feed (-\$306,604).

Off to a good start

Fiscal year 2021 is off to a very good start.

- A favorable fall and early winter have supported agronomy success.
- Through streamlined expenses and new market strategies that connect our customers to the end user overseas, we are seeing good returns in the grain business.
- With the very mild, early winter, the propane business has been slower and resulted in lower income opportunities in the energy division.
- The feed business is stable, taking into consideration the mild weather through the end of January.

As we continue into fiscal year 2021, with a high sense of optimism, we still anticipate strong levels of competition and will need to be nimble and adaptive as market conditions change.

CHS is focused on meeting the needs and providing solutions to an evolving customer base

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Keith Schumacher
General Manager
CHS Big Sky

Due to the COVID-19 pandemic, CHS Big Sky won't be holding an in-person annual meeting this year. Please watch for the annual report to be mailed to you in the next few months.

Realignment

Continued from page 1

that consist of different dynamics for each customer. We aim to improve service, although it may look different as we develop more efficient ways to deliver it. This will include eliminating duplication of product handling, and in the documentation involved, since each extra step adds cost. These extra costs don't bring value to our customers through the business transaction process. As we focus on best practices, CHS Big Sky is dedicated to operating an efficient cooperative on your behalf for its long-term success.

Creating value for owners

The drive for efficiencies to create value for you, our owners, also means improving equipment and existing locations to meet our customers' needs. Investments will need to be made as we work toward a high-level customer service experience that provides season-long value for customers and growth for your cooperative.

CHS Big Sky has a top-notch management team and employees, along with an excellent producer board, who are dedicated to providing our member-owners with the products and services they need, while positioning your cooperative for success in 2021 and going forward. ■

The cooperative difference: Patronage

For fiscal 2019-20, CHS Big Sky returned \$1.5 million in patronage to local member-owners. Patronage is one of the key benefits of co-op membership.

Final FY 2019-20 Patronage Rates

Winter Wheat	\$.045 cent per bushel
Spring Wheat	\$.086 cents per bushel
Fertilizer	no patronage
Crop Protection	1.9% of purchases
Feed	no patronage
Seed	no patronage
Energy Products	1.52% of purchases
Premium Diesel	2.1% of purchases

Employee Spotlight

One of the best parts of Wendy Majerus' job is the satisfaction she receives when she's helping a customer with a specific challenge in their operation, providing them with the best resources and management tools and techniques, then seeing it all the way to through to the end. Listening and helping a customer find what helps them achieve their operation's greatest potential is important to her.



Wendy Majerus

"As an agronomy sales rep, I not only provide a service that includes products and knowledge that will help them in their operation, but also someone to listen and help solve problems," she says.

Wendy joined CHS Big Sky six years ago, working out of the Malta location. She grew up outside of Hingham on a farm, then graduated from Montana State University Northern with a degree in Ag Operations Technology. She explains this degree encompasses a variety of agriculture-based classes ranging from different plant and livestock sciences to commodity marketing and agriculture finance management.

When asked what a personal highlight was for her in 2020, she says, "Having my second child! He was born in the middle of harvest. My husband was there for the delivery, but then went right back to combining." ■

Energy market remains bullish, volatile



Frank Sloan
Energy Manager
CHS Big Sky

For much of last year, as COVID-19 kept people at home and with schools, restaurants and travel destinations closed, demand for petroleum dropped, and along with the decrease in demand, price dropped, as well. That soft demand also caused OPEC to cut production to tighten supply.

However, with restrictions beginning to loosen, demand has surged, production hasn't caught up, and the price of crude oil has recovered to where it was in late 2019. Adverse weather across the south

in February pushed demand higher, interfered with transportation and delivery, and prices continue to rise.

For customers planning to buy fuel for on-farm storage, consider buying now rather than later. We can direct-ship loads to your farm to meet your spring needs. Also, faced with such an uncertain year, you may want to lock in futures contracts for your spring and fall fuel supplies. That way, you'll know what your price will be. You have the option of monthly or multi-month contracts; please contact CHS Big Sky so we can discuss what would be best for your operation. ■



Meet board member Ryan Green

For the past 12 years, Ryan Green has worked beside his dad on the farm his maternal grandfather started in 1948. On the Lazy J Diamond Ranch, which is north of Hilger, they have a Simmental/Angus cow-calf operation and raise winter and spring wheat, barley, canola and alfalfa. Ryan and his wife have two boys, ages five and 15 weeks. For about 10 years, Ryan has served on the CHS Big Sky board; he's currently vice chair.

How did you get involved with the board?

We've been co-op members for as long as I can remember. My dad served on the board and helped with the regionalization of Central Montana Cooperative. Shortly after I came home, someone was stepping off the board, and they asked if I was interested, and I said, "Sure!"

What do you like about serving on the board?

I like getting to know the other directors and about their operations. I've made friends and connections that I might not have otherwise. Also, being on the board gives you insights into the day-to-day operation of our co-op and how CHS functions.

What do you see are the challenges facing CHS Big Sky?

We've been going through a lot of changes, and it's challenging communicating to members why these changes are needed. They're very difficult from a business standpoint, and while members grasp that they're the right thing to do, emotionally, they're harder to accept. As members of the CHS Big Sky producer board, our role is to consider and provide input to guide strategies and plans, but final decisions are made by the CHS management team.

Why are cooperatives still relevant in today's agriculture?

The goods and services they provide are absolutely necessary and create value for member-owners. Today, it's particularly about the buying power the co-op can bring to members. The co-op also delivers returns to members in the form of patronage.

Why is it important to be active on a board?

I'm on a few boards, and I believe if you want to have any kind of say or input, it's important to be involved. A board gives you the venue to be heard. When a subject comes up, you and the other board members think and talk about it and try to find the best solution. You also learn quite a bit. And frankly, someone has to be there helping get things done, so I'd encourage anyone who wants to serve on a board to go for it! ■

Ensuring fertilizer supply for spring

Nitrogen prices are going to stay strong for the spring, due to shortages in urea imports and U.S. production that hasn't been able to keep pace with demand. U.S. supply is close to meeting growers' needs, but we foresee a last-minute surge of product to be moved.



Ryan Lammers
Assistant
General Manager
CHS Big Sky

Currently, CHS Big Sky has adequate supply, but the challenge will be getting it to producers in a timely fashion, since transportation by rail and truck will be at peak demand. To help speed delivery, we've acquired eight new semi trailers for spring. With prices staying strong, producers will pay more for nitrogen, we recommend you contact any CHS Big Sky location to lock in your price.

Phosphates are in an even tighter supply situation than nitrogen. Imports are lagging so much that traders don't think we'll have enough to fulfill U.S. demand this season. Supply was stressed even more by huge demand in the fall, which drained any leftover stocks. Particularly in the Midwest, conditions were perfect for growers to get into their fields for fall fertilizing.

We can work with you to ensure your fertilizer supply for spring, as well as find solutions such as top-dressing winter wheat with liquid nitrogen later in March. For questions, please don't hesitate to contact your CHS Big Sky location. ■



Sign in
or sign up at
mychs.chsinc.com



Above: The new daycare in Denton fills a much-needed gap for working parents. Right: The Farm to Table program educates kids about where their food comes from and making healthy choices.



CHS Big Sky helps build stronger communities

Supporting communities where CHS Big Sky does business helps make those communities better places for residents and employees to live, as well as attracts new businesses, services and people. Here are two ways your co-op helped strengthen communities in 2020.

Filling a daycare need

For more than 10 years, Denton hasn't had a childcare service. About a year ago, five local residents decided to change that.

"We wanted to provide a safe, nurturing, fun and educational center for the children of the community, as well as offer a preschool curriculum," says Sheila Tesarek, one of the local residents who stepped up to serve on the board. She farms outside Denton and coaches high school basketball.

The residents formed a nonprofit, called the Denton Children's Development Center (DCDC), and set about making the center a reality.

"Once we got our nonprofit designation and formed a board, it went pretty fast; it was a real team effort," says Sheila. "All the board members felt Denton needed this, and we were willing to put the time in to make it happen."

Housed in the Denton Public School, the DCDC is open Monday through Friday from 7 a.m. to 6 p.m. and serves up to 12 children from infant to age 12. The board hired Nicole Bronec as director, along with three employees and a substitute. In addition to daycare, the DCDC offers an afterschool program.

"We're about an hour from a larger community, so for parents who commute, the center offers a safe, fun place for their kids to go," says Tesarek.

While COVID-19 made fundraising more challenging, Tesarek says the DCDC generated great support from the community and local businesses, including CHS Big Sky, which donated \$2,500. "We really appreciate it when a business gives back to our community, and CHS Big Sky has helped make our DCDC project a success."

The DCDC is still accepting children and plans a large fundraiser once restrictions are lifted.

Taking a creative approach to funding kids' programs

Some organizations hold a bake sale or sell tins of popcorn. The Boys and Girls Club of Lewistown took a more creative approach to raising funds for the important work they do with kids and families: 30 Days of Beef.

"This month-long event couples our local beef ranchers and education about beef with anyone who wants to support the Boys and Girls Club and gain a chance to win daily beef prizes," says Abby Franks, resource development

director for the organization.

Here's how it works: 30 Days of Beef offers 1,000 tickets at \$25 apiece. Using the numbers from the New York Lottery, two winners are named daily and awarded a beef package valued at \$200 or more. All prizes are donated by local ranchers and businesses. Every day, the local Cattlewomen's Association posts educational information about beef on social media.

That first event netted about \$10,000 to match a grant for a playground. Since then, 30 Days of Beef contributes about \$20,000 to the organization's annual operating fund, including the Farm to Table program, which brings ag education directly to kids at the Boys and Girls Club.

"We partner with extension agents for cooking classes, education about where ingredients come from, rangeland and other topics, and take field trips to Montana State University's research station and various farms," says Abby. "It really gives them fun and educational exposure to agriculture."

CHS Big Sky is a sponsor of 30 Days of Beef and donates an additional \$1,000 to the Farm to Table program. ■