



***SPECIAL EDITION***  
**ANNUAL REPORT 2008**  
**NEWSLETTER**

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**Official Notice  
of the  
Thirty-fifth Annual  
Stockholders' Meeting**

**Sublette Cooperative, Inc.  
Thirty-fifth Annual Meeting  
March 27, 2008**

The Annual Stockholders' meeting of the Sublette Cooperative, Inc. will be held Thursday, March 27, 2008, at 7:00 p.m. in the main office building on West Highway 56 in Sublette, Kansas.

The purpose of this meeting is to present the financial report for the year ending January 31, 2008, receive reports of officers and management, the election of one director, and conduct other business that may come to the floor. The director term expiring at this meeting is Rex Brown.

Your Board of Directors encourages you to attend and take part in this meeting.

Sincerely,

Rick Koehn, Secretary/GKS



**Agenda:**

- Declaration of a quorum
- Call to order
- Invocation
- Welcoming of guests
- Proof of Due Notice of Meeting
- Minutes of Thirty-fourth Annual Meeting
- Financial report
- Board report
- Manager's report
- Old business
- New business
- Amendment of Bylaws: Article VI (Management)  
(See enclosed amendment proposal)
- Election of directors:
  - Director qualifications
  - Term expiring:
    - Rex Brown
- Drawing for \$1,000 of Early Equity Redemption
- Drawing for Gift Certificates
- Adjournment
- We will have refreshments and gifts after the meeting.*

**Sublette Cooperative, Inc.**  
**Thirty-fourth Annual Meeting Minutes**  
**March 29, 2007**

The 34<sup>th</sup> annual meeting of the Sublette Cooperative, Inc. was held March 29, 2007 at 7:00 p.m. in the office basement. President York declared that there was a quorum present and called the meeting to order at 7:10 p.m.. There were a total of 49 voting members, guests, and employees in attendance.

The invocation was given by Terry Presley, Farm Supply Department Manager. President York recognized and welcomed the guests. Secretary, Steve Hammer, read the Proof of Due Notice of the meeting as mailed to voting members March 16, 2007. The minutes of the 33<sup>rd</sup> annual meeting were approved as mailed. Motion to accept the minutes was made by Larry Davis and seconded by Henry Miller. Motion carried.

Nick Muetting of Lindberg & Vogel was introduced to present the 2007 audit report. Nick reported that the cooperative had a very good year financially and had a net savings of \$894,521.40 and a local savings of \$210,471.72. He also reported that the cooperative had total assets of over \$18,000,000 and total liabilities of just over \$11,000,000 leaving over \$7,000,000 in member equity. He concluded that the Sublette Cooperative, Inc. is in excellent financial condition and that the cooperative will make a \$522,896 patronage allocation to its members. He also reported that all financial ratios of the Sublette Cooperative meet or exceed industry standards.

Pete York presented the board report. He thanked the current board members for their support of the cooperative. He also thanked the employees for their service to the cooperative. He presented a brief review of what the board covered in their meetings the past year and reviewed their inspection of various LLCs that the cooperative is invested in.

President York then called Gaylord Sanneman, General Manager for the manager's report.

Sanneman thanked the board for their support during his first year as General Manager. He recognized the employees for their dedication and commitment. He thanked the members for their support of the cooperative and the financial success that the cooperative had. He reviewed the past year history with the members and explained some of the highlights. He reviewed the change in the equity retirement program. He remembered the sudden death of Jerry French and his employment with the cooperative for over 34 years. He also remembered Mike Priddy and his employment at the cooperative for over 25 years. He concluded his report by honoring the following employees for their years of service to the cooperative: Dewayne Watson 5 years, Patrick Phoenix 5 years, Igancio Franco 15 years, Kent Ochs 15 years, and Mike Priddy 25 years.

There was no old business.

New business included the election of two directors for a 3-year term. Hammer read the qualifications of a director as required by the by-laws. Rex Brown reported from the nominating committee comprised of Mike White and Larry

Davis. On the first ballot they nominated Rick Koehn and Nicki McLain. York asked for additional nominations from the floor and Larry Davis nominated Chris Hammer, seconded by Casey Hammer. There being no additional nominations, York declared that nominations cease and asked members to circle the name for their vote. Results of the first ballot were that Rick Koehn was elected. York then asked Rex Brown to preside over the next ballot. Rex reported that the nominating committee selected Pete York and Keith Williamson. He asked for additional nominations and hearing none he concluded that nominations cease. The results of the second ballot were Pete York was elected.

The drawing of early equity retirement and gift certificates was conducted. The winners were: Mickie Powell – \$1,000 early equity retirement, Keith Williamson and Mike Sherwood – \$100; Barb Davis and Jennifer Priddy – \$50. Sherry Leonard won the flower arrangement.

Dean Smith made a motion to adjourned and it was seconded by Mickie Powell. Motion carried.

Refreshments were served after the meeting. Patronage checks and equity retirement checks were also distributed.

  
Steve Hammer, Secretary/gks

### **Manager's Report for Year 2008**

As I reflect back on the past year of 2008 for your cooperative and the challenges that we started the year with, I had no idea the level of financial success that we would have achieved together. To begin with, you delivered a record amount of grain to your cooperative in one year. Not one crop was number one but, just like a good cooperative organization of members, employees, and facilities, it took all of the components, or in this case the crops, together to make it the best year ever. We piled the most grain on the ground of over 600,000 bushels to handle fall harvest and at times it seemed like we were pushing the roof of the elevator to make enough room. I want to say, thank you, and we really appreciated your patience as we handled two bountiful harvests in the same year. With the large grain receipts that we experienced and the higher price levels that resulted in immediate purchasing of your grain, the result was a demand on our line of credit with Co-Bank that we have never experienced before. However, with the good financial record of your cooperative, we were able to increase our line of credit from 9 million to 21 million. Needless to say that put our interest expense for the year to a number that is almost incomprehensible. Even in spite of the abnormal interest expense number your grain department finished another excellent year financially.

The crop production department completed the year with the best financial record in its history. No other year can match the large volume of fertilizer that was moved and the total margins made. Kent and his crew deserve a pat on

*Continued on page 3*

the back for this exceptional performance and maintaining the competitive cooperative presence in the crop production marketplace. Moreover, I would have never thought that we would see the time that we could not get fertilizer delivered on a timely basis no matter what the price was, but we surely did last fall. Again, we appreciate your patience as we tried to serve you the best we could with the limited marketing tools provided to us as a small company. We are not the largest crop production company but we strive to be the best in what we do!

The farm supply or petroleum department also turned in a historical financial record year. Although our total gallons in sales of petroleum were down somewhat from the previous year, your cooperative maintained a good market share and was able to capture a large patronage refund from CHS of over \$600,000. Terry and his crew continually look for ways to improve this department and as I look at the monthly financial numbers I see positive results from their labor. Tire sales and service income are up substantially over last year and a large part of this is a direct result of our service manager Pat Phoenix and the other employees in the service department. You should be appreciative of your farm supply department and if you are not, you should be because there are very few of these types of service left in the rural area or small towns anymore. It is a very competitive market that this department operates in and to lose it would be a great loss to you as a member and to the Sublette community.

The overall financial results that your cooperative completed the year with are over \$500,000 in local savings and a final net number of \$1,611,773, the best ever recorded by this company. With this type of savings you, the owner of the cooperative, will be able to share in savings through the patronage refund. The rates that the cooperative will be returning are: \$0.15 per bushel on grain purchased during the year, over 25% on storage revenue collected, 5.66% on crop production, 6.88% on fuel and farm supplies and 1.11% on semi-load fuel. The Sublette Cooperative, Inc. will return to its member/customers over \$1,400,000 this year in patronage. In addition, the cooperative will also make equity retirement payments of over \$340,000 for a combined total of over \$1.7 million returned to you, the member/owners.

More details of this past year will be presented at the annual meeting during my manager’s report. Plan now to attend this very important meeting because active cooperative membership means the cooperative is still a viable part of your farming operation.

We continually strive to do our best in offering you the best in service, the best in price, and when it is all done the best return on business done with your cooperative through a patronage refund. That is always my goal as your manager. Thank you for making this one of the best financial years in the history of the Sublette Cooperative, Inc.

# Board of Directors

Peter York	President
Rex Brown	Vice-President
Rick Koehn	Secretary
Lynn Leonard	Director
Rusty Sherwood	Director
Chris King	Associate Director
Nicki McLain	Associate Director

# Employees

Years of Service  
(as of 1-31-08)

## Administration Department:

Gaylord Sanneman, General Manager	23
Jane Bailey, Office Manager	28
Joy Rice, Accounts Receivable	20
Mikela Wedel, Custodian	3

## Grain Department:

Lawrence Baxa, Department Manager	4
Glenda Woods, Grain Accountant	1
Andy Eckley, Elevator Superintendent	22
Ignacio Franco, Asst. Elevator Supt	16
Ramon Soto, Elevator Maintenance	2

## Farm Supply Department:

Terry Presley, Department Manager	2
Bev Kerr, Store Manager	2
Don Corn, Refined Fuel Driver	20
Aaron Brown, Refined Fuel Driver	1
Patrick Phoenix, Service Supervisor	6
Alene Fosler, Store Clerk	5
Brian O’Keefe, Auto & Tire Service	3
Moses Aranda, Auto & Tire Service	1

### Part Time:

- Misha Rhone
- Kristin Smith
- Jerry Miller

## Crop Production Department:

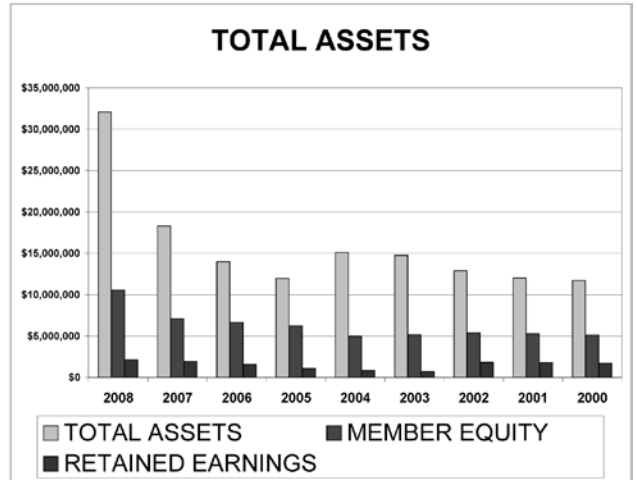
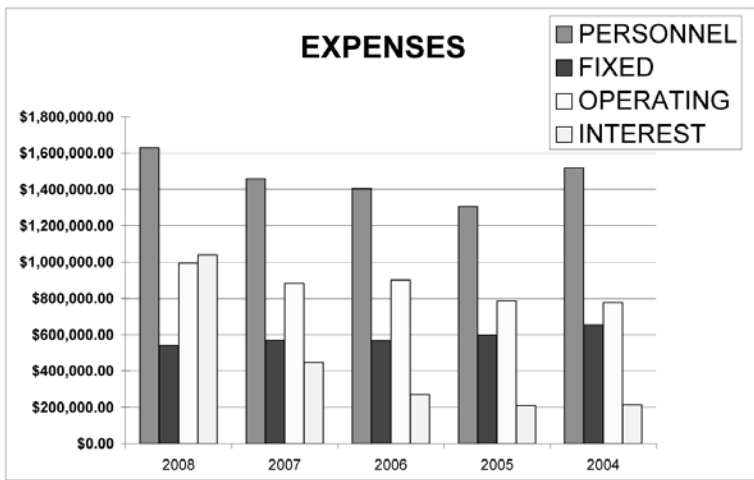
Kent Ochs, Department Manager	16
Mark Horinek, Sales Manager	14
Allen Avritt, Operations Manager	34
Doug Long, Applicator Driver	1
Guillermo Padilla, Applicator Driver	1
Dwayne Goodrum, Fertilizer Driver	

### Seasonal Employees:

Dwayne Watson	5
Roy Pywell	2

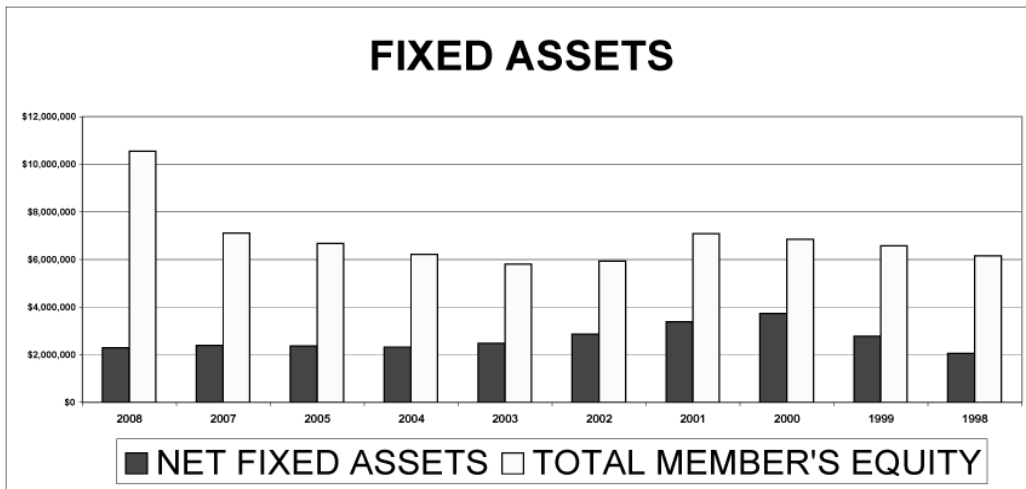
## Northeast Branch:

Ron Isenberg, Branch Manager	2
Rod Lamberson, Fertilizer Driver	2
<b>Seasonal Employees:</b>	
Vangie Nightengale	2
Christi Nichols	



### SUBLETTE COOPERATIVE, INC. HISTORICAL PATRONAGE RATES

YEAR	<u>GRAIN</u>	<u>STORAGE</u>	<u>CROP PRODUCTION</u>	<u>FARM SUPPLY</u>	<u>SEMI FUEL</u>
2008	\$0.1505	25.95%	5.66%	6.88%	1.11%
2007	\$0.1034	14.95%	0.00%	2.83%	1.05%
2006	\$0.0456	13.09%	2.59%	0.84%	0.00%
2005	\$0.0863	17.90%	1.49%	2.42%	0.00%
2004	\$0.0000	0.00%	0.00%	0.00%	0.00%
2003	\$0.0000	0.00%	0.00%	0.00%	0.00%
2002	\$0.0820	17.89%	0.18%	2.29%	0.00%
2001	\$0.1044	28.56%	2.80%	1.99%	0.00%



### CURRENT DISTRIBUTION OF PATRONAGE DIVIDENDS

PATRONAGE COMMODITY	UNITS	MEMBER VOLUME	2007 RATE	AMOUNT ALLOCATED
GRAIN	BU/CWT	4,560,064	\$0.151	\$686,470.20
STORAGE	DOLLAR	\$190,509	25.950%	\$61,342.20
CROP PRODUCTION	DOLLAR	\$3,819,812	5.660%	\$337,205.00
FARM SUPPLY	DOLLAR	\$3,787,288	6.880%	\$304,436.20
SEMI LOAD FUEL	DOLLAR	\$2,895,145	1.110%	\$28,483.60
<b>TOTAL 2008 PATRONAGE DISTRIBUTED</b>				<b>\$1,417,937.20</b>

**AMENDMENT PROPOSAL  
TO THE  
BYLAWS OF THE COOPERATIVE**

BE IT RESOLVED that the Bylaws of the Cooperative be amended as follows:

The Article VI shall be amended to provide that management will conduct the business on a “cooperative basis” in accordance with the Kansas Cooperative Marketing Act and these Bylaws as follows:

The Board of Directors shall provide for the management of the association and for the compensation of such management which shall have charge of the business of the association under the general control, supervision and direction of the Board of Directors. The chief operations officer of the association may be given the title of “General Manager” and/or “President,” as determined by the Board of Directors, who shall employ, supervise and dismiss all agents and employees of the association and fix their compensation; conduct the business on a cooperative basis in accordance with the Kansas Cooperative Marketing Act, the Articles of Incorporation and these bylaws, deposit in the name of the association, in a bank or banks selected by the Board, all money belonging to the association which comes into his/her possession, and if authorized to do so by the Board, make distribution therefrom, by check for the ordinary and necessary expenses of the association, maintain records and accounts in such a manner that the true and correct condition of the business may be ascertained therefrom at any time; furnish the Board a current statement of the business and affairs of the association at each monthly meeting of the Board and at the end of each fiscal year and at such other times and in such form as the Board may direct; carefully preserve and turn over to his/her successor all books, records, documents and correspondence pertaining to the business of the association which may come into his/her possession; and perform such other duties as may be prescribed by the Board. No Director shall serve as General Manager/President.