



Golden Growers  
Cooperative

# Memberandum

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## Corn Refiners Association President John Bode

John Bode provided an overview of Corn Refiners Association and its activities at the GGC Annual Meeting.

On the Policy front, the CRA pays a great deal of attention to issues of food labeling, nutrition facts, and dietary guidelines. *"We support food and nutrition policies that are backed by sound scientific evidence and proven to both help consumers make healthy purchasing decisions and prevent consumer misunderstanding and confusion."* Bode went on to recount how consumers get so much of their news today from social media. *"Unfortunately, so much information can be misunderstood,"* continued Bode.

Through organizations like Farmers for Farmers and Families, the CRA hopes to have an impact on trade discussions surrounding NAFTA, an agreement that has been beneficial to corn sweeteners and the corn industry in general.

*"We spend a great deal of time educating stakeholders on the benefits and facts about the wide variety of uses for corn products,"* said Bode. Those uses range from pharmaceuticals, cosmetics, fireworks clothes-making, papermaking and more. Advanced bio-based products from corn are entering emerging markets for tires, disposable plates and utensils, athletic shoes, and 3-D Printing. *"I'm especially looking forward to corn based paint for cars that allows minor scratches to be repaired easily."* According to Bode, Many of these advances are made possible by rapidly declining technology costs.

When asked how the CRA and sugar organizations are getting along, Bode stated that they are working positively together in many areas of common interest.

## 'Looking Straight Ahead' - Chairman's Annual Report

Chairman Mark Harless explained details of the new Pro-Gold lease to Cargill. In particular, he focused on Cargill's 'option' to purchase 50% of ProGold. *"Golden Growers signed an agreement consenting to the sale, pending a partnership agreement between Golden Growers and Cargill. Golden Growers has also secured the right to purchase 1% of ProGold from American Crystal Sugar if the option is exercised. The combination of actions would result in Golden Growers and Cargill becoming 50/50 owners of the Wahpeton corn wet milling plant."*

Harless went on to relay how this provision has resulted in more questions than any other part of the lease. He then highlighted three most common questions.

*"First, there is no guarantee that Cargill will exercise their option. Cargill will likely make their decision based on market conditions and potential opportunities at the time. We do not presume to know those conditions or the timing of any decision."*

*"Second, to accommodate this option, Golden Growers and Cargill must agree on terms of partnership. We have agreed on general principles, but we will still need to, expeditiously and in good faith, finalize a partnership agreement in advance if Cargill informs us of their intention to exercise their option."*

*"And third, details of any agreement between Cargill and American Crystal Sugar, including a purchase price, are confidential between those parties."*

Harless explained that the Board would be reviewing how to best achieve a fair and profitable partnership agreement and exploring financing options for various scenarios if Cargill exercises their option. *"We look forward to engaging our members in those discussions."*

## Executive Vice President's Report

This is our first full year as a single employee organization, stated Scott Stofferahn, Golden Growers Executive Vice President. *"We've been able to make it work through contracting with Eide Bailly for bookkeeping and by finding more efficient ways to do things. As a result, our administration expenses are down this year and are projected to be down again in 2018."* Stofferahn stated that GGC will save roughly \$40,000 annually under terms of the new Grain Services Agreement with Cargill. And despite more SEC reporting associated with a new ProGold lease, overall SEC costs are lower than they have ever been.

Direct Deposit of distribution checks continues to grow with 506 members or 33% currently enrolled. *"We will continue to encourage members to participate in this time and cost saving payment delivery method."*

Stofferahn reserved most of his time to discuss Board Governance - specifically a proposal to reduce the size of the Board from 15 members to 9 and reduce the number of districts from 5 to 3. *"A preferred plan has been identified, but the Board has not endorsed a plan."* Any change would require a Bylaw amendment at the 2019 Annual meeting. Member comments in the Q&A session were generally supportive of the move. Stofferahn stated that he plans to provide an opportunity for more member feedback by placing a survey on the GGC Website and through an emailed questionnaire.

## Finance & Audit Chairman's Report

In his review of the 2017 Annual Report, Finance & Audit Chairman Nick Pyle stated, "Administrative expenses are down from last year. They represent our lowest operating expense since before Golden Growers reorganized as a MN 308B cooperative in 2009. We also anticipate Administrative expenses to drop again in 2018."

"Our net income, on a book basis, was \$9,182,000 in 2017 compared to \$4,704,000 in 2016. This significant increase in net income is directly related to the loss of depreciation expense at the ProGold level," relayed Pyle.

Pyle went on to provide the Board's reasoning for building a reserve. Distributions from ProGold to GGC will decline as lease payments decline during the lease period and as anticipated capital improvements are paid for. "It is our goal to base member distributions on the average during the lease period, but to do so, we need to utilize a reserve to balance everything out."

## Five District Directors were re-Elected at March 29th Annual Meeting

At the GGC Annual Meeting, members re-elected: **Scott Jetvig**, Hawley, MN (EC District); **Gary 'Butch' Jirak**, Breckenridge, MN (NE District); **Les Nesvig**, LaMoure, ND (NW District); **Larry Vipond**, Herman, MN (SE District); and **Bruce Speich**, Milnor, ND (SW District).

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## April 2018 Memberandum Newsletter



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## The 199A Federal Tax Provision (Update)

Previously, we informed you of an issue with the 199A provision in the tax bill approved by Congress which gave an disproportionate tax advantage for producers who sold to cooperatives. It appeared that all stakeholders (including cooperatives) supported some fix, but the solution was elusive. Fortunately, an agreement was reached and included in the Omnibus spending bill approved in late March. While the 'fix' has re-leveled the playing field, it too is complicated. Therefore, we'll leave the explanations up to other sources and your tax accountant.

## Notify GGC of Changes!

Please remember to notify GGC immediately of address, phone number changes, or to report the death of a member. Call us at 701-281-0468 or email [scotts@goldengrowers.com](mailto:scotts@goldengrowers.com).

## Important Dates:

**June 5** - Last day to submit transfer requests

**June 15** - GGC Board Meeting

**September 13** - GGC Board Meeting

**December 15** - Deadline for 2019 Annual  
Delivery Elections

**March 27, 2019** - GGC Board Meeting

**March 28, 2019** - GGC Annual Meeting

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