



Golden Growers
Cooperative

Memberandum

Volume 24, Number 3

June 2018

GGC Approves Distribution of \$0.14/bushel and passes \$100 million in total distributions to members!

On June 15th, the Golden Growers Board of Directors approved a distribution of \$2,168,667 to members of record as of June 1, 2018. This distribution is to be issued no later than June 30th. Total 2017 allocated income was \$8,276,784 or roughly \$0.53/bushel. In February, the Board issued a distribution to retire \$2,493,967 of 2017 allocated income. This June distribution will retire \$813,735 of remaining 2016 allocated income and \$1,354,932 of 2017 allocated income for a combined total of \$2,168,667 or \$0.14/bushel.

As previously mentioned, the GGC Board believes it is important to build a reserve during the course of this new lease for several reasons that include likely capital expenditures at the plant, and the potential for Cargill to exercise its option to purchase 50% interest in ProGold. This distribution authorized by the Board will result in a remaining equity credit balance for 2017 of \$4,427,885. **With this distribution, Golden Growers has issued payments to members totaling \$100,875,160 or 186.9% of original investment in the ProGold plant.**

Mark Dillon, GGC's Executive VP during through 2012 said, "In 1996 the price for HFCS plummeted and we knew the losses could not be sustained for long. ProGold's leadership found a solution by leasing the plant to Cargill on terms paid off the debt at the end of the 10 year lease. Some members wondered if they would ever see a return on their investment. But members who were patient have been rewarded for their confidence. ***For me, the best moment in our history was mailing that first cash distribution of more than 59 cents per share in August, 2008.***" Dillon congratulated Golden Growers members and directors, past and present, on achieving this \$100 million financial landmark!

Ethanol Groups Vent Frustration

When EPA Secretary Pruitt toured the states of South Dakota and Iowa in June, he was met by farmers protesting the Agency's unwillingness to make good on a promise by President Trump to allow E15 to be sold all year round.

At issue is an EPA regulation on Reid vapor pressure (RVP) that effectively bans 15% ethanol fuel blends from being sold in most markets during the summer even though E15 has lower RVP emissions than gasoline sold in the same markets.

In April, 18 Senators (including all from ND, SD, & MN) signed a letter asking Pruitt to expedite the rulemaking process on the President's commitment. Yet two months later, there has been zero action by the EPA.

In the months preceding the Senators letter on E15, the EPA was aggressively granting 'hardship' waivers intended for smaller refiners that would otherwise face severe financial hardship complying with the Renewable Fuels Standard. Dozens of these waivers have been granted including Andeavor, one of the country's largest refiners, and CVR Energy, owned by billionaire Carl Icahn. On June 6th, farm and renewable fuel groups petitioned the EPA to account for an estimated loss of 1.5 billion gallons in ethanol volume. "These lost volumes are having a negative effect on the nation's corn growers at a time when net farm income is project to hit its lowest point in 12 years," said NCGA President Kevin Skunes.

Ethanol groups expressed relief, however, that they succeeded to convince the White House not to proceed with a proposal to allow RIN credits for exports on renewable fuel. (Source: American Coalition for Ethanol & Growth Energy)

Share Your Thoughts on Board Governance

At the GGC annual meeting, Executive Vice President Scott Stofferahn presented a 'preferred' plan that would result in a reduction in Board members from 15 to 9 and Districts from 5 to 3. Stofferahn explained that the reduction could be accomplished over a two year period when current Directors reach their term limits for serving on the Board.

Stofferahn stated that the Board has not endorsed a plan, but they identified a preferred option to present to GGC members.

The preferred option would create a Northern District, a Southern District, and a Central District. Two Directors would be elected from each District and three directors would be elected 'at large' from all districts.

Stofferahn shared research on Board size which indicated the following:

- Larger Boards: Allow for more member engagement; Are associated with complex organizations and outside directors; and Allow for greater continuity.
- Smaller Boards: Are more effective at monitoring the business of the organization; Tend to be more engaged; Result in improved decision making; and Cost less.

Stofferahn cautioned, "Not all large boards result in better member engagement. And not all small boards are more effective and engaged."

According to a 2003 Survey of 437 Cooperatives, a 7 member board was most common.

GGC members are encouraged to register their opinions on the proposal by going to www.goldengrowers.com, clicking on this news story and participating in the member survey.

Trade Controversy Prompts China to Target Agricultural Products

Whether it is termed a 'trade war' or 'trade spat' depends on who you talk to and their expectations of an outcome. What can't be discounted is that U.S. agricultural exports to China are in the crosshairs of the dispute.

The trade controversy started as an Administration's response to China's subsidization of domestic industries and practice that forces U.S. companies to share trade secrets when doing business in China.

Months after initially proposing a trade action, on June 15th President Trump announced \$50 billion worth of tariffs on Chinese imports. China immediately responded with tariffs of its own on a range of items to include electric vehicles, soybeans, corn, etc. On June 18th Trump threatened more tariffs on \$200 billion of Chinese goods.

July soybean futures dropped to their lowest levels since 2009 and corn futures dropped to their lowest prices in six months on news of China's response. AgResource Co, an Illinois crop consultant firm, estimated a \$100 per acre loss in revenue in the two week period as tit for tat responses occurred.

As farmers evaluate the situation, they are considering whether temporary harm is worth a long term gain. Will harm be temporary or will trade escalation result in financial stress well beyond the pain threshold for many farmers? Only time will tell. (Sources: CNBC, Reuters, Investors Business Daily, MarketWatch, Time)

Make life easy, choose

DIRECT DEPOSIT

- No Lost Checks!
- Immediate access to \$\$
- Receive Confirmation Letter

www.goldengrowers.com/membership-information/

June 2018 Memberandum Newsletter



Golden Growers Cooperative
1002 Main Ave. W. Suite 5
West Fargo, ND 58078

Voice Your Opinion on Cooperative Governance (Board Size and Districts)

The Golden Growers Board of Directors seeks your thoughts on a plan that, if accepted, would result in a reduction of Directors from 15 to 9 and a reduction of Districts from 5 to 3. There are three ways to participate: 1) Write a letter to GGC with your opinion; 2) Go to www.goldengrowers.com to access the story and online survey; or 3) Respond to our email that provides access to the online survey.

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.

Important Dates:

September 3 - Transfer Request Deadline
September 13 - GGC Board Meeting
October 15 - Annual Delivery Election Letter Mailed
December 15 - Deadline for 2019 Annual Delivery Election response
March 27, 2019 - GGC Board Meeting
March 28, 2019 - GGC Annual Meeting

memberandum is published by:

Golden Growers Cooperative
1002 Main Ave. W, Suite 5
West Fargo, ND 58078
701-281-0468

Scott Stofferahn
Executive Vice President
scotts@goldengrowers.com
www.goldengrowers.com

© 2018 Golden Growers Cooperative