



Golden Growers
Cooperative

Memberandum

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October 2019

GGC Board Approves Distribution of \$0.14/bushel

On September 12th, the Golden Growers Board of Directors approved a distribution of \$2,168,667 to members of record as of October 1, 2019. This distribution retires the remaining portion of 2017 allocated income and a portion of 2018 allocated income. Total 2018 allocated income was \$7,811,471 or roughly \$0.504/bushel. In combination with the February and June distributions, a total of \$6,691,887 has been issued to members in 2019.

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 2018 of \$3,378,802.

Natural Gas Availability in Wahpeton is Vital

Constraints on natural gas supplies in Wahpeton have caused concerns at the ProGold plant and for other major users of natural gas in the area. Whenever the temperature drops below 20 degrees on winter days it is common for Great Plains Natural Gas (local supplier) to notify Cargill and other major users to curtail use or dial back production.

This situation has been getting steadily worse and has the potential become critical in coming years.

Background: Natural gas is supplied to Wahpeton through a 60s era 8" pipe that originates in Vergas, MN, goes to Fergus Falls and then is reduced to a 6" pipe feeding the Wahpeton - Breckenridge community. As use of natural gas along the line expanded, pressures were increased to meet the growing demand. Presently, the line's capacity is tapped out. And because of safety concerns, federal guidelines may cause pressure on the line to be reduced at a future date and dramatically exacerbate the situation.

Discussions within the community have been ongoing for several years, but no resolution is in sight. Several options have been considered - all of which would require a firm commitment over a period of years to guarantee the cost of construction of a new supply line. More importantly, any solution should have the capacity to serve future needs and growth (residential, commercial, and industrial) of the community. Additionally, any new supply for the area would serve as a backup supply for Fergus Falls should the existing pipeline go down.

As you can see, any solution provides a significant benefit to the area and other customers of Great Plains Natural Gas. Yet, proposals to pay for the majority of the project rely on guarantees of current major users at a significant increase to their current cost of natural gas.

Two scenarios are important to keep in mind. The first is simply to provide enough natural gas to maintain operations at the ProGold plant and meet the current needs of other major users with nearly all of the cost of increased supply shouldered by those users. The second scenario involves the addition of increased demand, whether it is another industrial user, processing plant, or an expansion of any of the

existing plants currently served by Great Plains Natural Gas. In this situation, the cost of the supply project would be spread among existing and new users, but it would still result in a substantial increase for current users if the solution were to provide for future needs of the community.

To further complicate the situation, Cargill has less than four years remaining on their lease with ProGold. Any new pipeline would take approximately two years to build, which means Cargill could not and ProGold LLC would not guarantee payment for the cost of construction.

Meanwhile, we are all aware that over 20% of natural gas resulting from oil development in western ND is being flared. It would seem that the State of ND has an interest in the future of the ProGold plant, the community of Wahpeton and others like it. Hopefully, we can engage them in finding a solution to this dilemma.

2020 Incentive Payments and Agency Fees

Incentive Payments and Agency Fees for Method A and Method B Pool participation will remain the same for 2020. That means Golden Growers will pay \$0.05 for Method A bushels delivered directly to the plant and will charge \$0.02 for Method B bushels the Cooperative secures and delivers on a member's behalf.

2020 ADA Pool Election Decision

Each year, Members have the opportunity to change their method of delivery by submitting a revised Annual Delivery Agreement (ADA). **This is your only opportunity to change your method of delivery for the coming year.**

You should have already received your Annual Delivery Election letter with the ADA form on the second page. If you intend to change your delivery method, return the form no later than December 10th.

Only members intending to change their delivery method need to respond. Members who deliver directly to the plant through the Method A pool have a \$0.07/bushel advantage over members participating in the Method B pool. In 2019, 27% of bushels were delivered by members directly to the plant.

Uncashed Check Policy - 2020

GGC spends considerable sending letters, making phone calls, reprinting checks to make sure our members get the money due them.

The Board of Directors has approved a new policy for 2020 that will result in a \$25 charge for every check that is reprinted.

This fee will be waived if the member enrolls in Direct Deposit when the request to reprint a check is received.

Cash Those Checks

Golden Growers members have the option to receive their distribution payments through Direct Deposit or by paper check. One third of members continue to receive payments by check. Unfortunately, several checks are never cashed because they are lost or misplaced.

Currently, there are numerous uncashed checks from 2018 and 2019.

We work hard to make sure our members receive the money due them and to avoid sending these funds to unclaimed property agencies of the member's state of residence. That's why we send letters to members who have outstanding checks, follow up with phone calls, and reprint checks if necessary.

If you receive payment by check, ***please review your deposits to verify that you have received your payments for February and June.*** If not, give us a call so we can help resolve the situation.

If you want to avoid lost check problems, please sign up for Direct Deposit.

Make life easy, choose

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

DIRECT DEPOSIT

www.goldengrowers.com/membership-information/

October 2019 Memberandum Newsletter



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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.

Thinking of Selling or Buying GGC Membership Units?

We often receive calls from members to inquire about buying or selling GGC Membership Units. Members are reminded that all 'arms length' or non immediate family transfers MUST go through our Qualified Matching Service, FNC Ag Stock, LLC in Grand Forks, ND. At www.fncagstock.com, go to the GGC page and review recent sales, offers to sell, and standing offers to buy. You can find additional information on GGC's website.

Important Dates:

October 4 - Annual Delivery Election Letter Mailed

December 4 - Transfer Request Deadline

December 13 - GGC Board Meeting

December 10 - Deadline for 2019 Annual Delivery Election response

March 25, 2020 - GGC Board Meeting

March 26, 2020 - GGC Annual Meeting

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