



Golden Growers
Cooperative

Memberandum

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'A Year Like No Other', Harless highlights the challenges of 2020

Chairman Mark Harless reflected on the year of the COVID-19 pandemic and its impacts on our personal lives, communities, and nation. He offered Golden Growers' deepest sympathies to friends and families of numerous members who have died from the virus in the past year.

The pandemic had significant impacts on agriculture, according to Harless. Specific to corn milling, fewer cars on the road resulted in gas consumption at its lowest level since 1997, an ethanol production decline by over two billion gallons, and facilities idled or permanently closed. Corn based sweeteners lost business as bars, restaurants, and sporting events were severely restricted. On the positive side, as consumers shifted to online shopping, starch used for the production of cardboard boxes saw a significant increase in demand.

At the ProGold plant, Cargill made adjustments in operating procedures to keep their staff safe and maintain uninterrupted operations. *"They did a great job"*, congratulated Harless. He also offered his congratulations to members for continuing their commitment to feeding the world despite risks involved.

Harless acknowledged some anxiety about policy changes at the federal level with a change in administration. *"We do expect the Biden administration will take a different approach toward the ethanol industry. We anticipate fewer small refinery waivers to be approved. The focus on carbon reduction may benefit the renewable fuels industry,"* stated Harless.

In the past year ProGold LLC continued to make investments in the plant. *"Repair of the finish dryer was completed and the phased replacement of the distributive control system continues to move forward and on schedule,"* relayed Harless. While acknowledging additional capital expenditures are likely for a 30 year old plant, Harless stressed that the ProGold plant continues to be in very good condition. There were no natural gas curtailments in 2020 due to a 'bypass' project at Fergus Falls that was completed in 2019. Natural gas supply continues to be an issue for the future, however. He indicated that local and state officials continue to work on our behalf on this matter.

As for the future, Cargill's lease with ProGold continues through 2022, with the possibility of an additional year (through 2023). *"While Cargill's exclusive option to purchase 50% interest in the plant continues through 2021, ProGold will begin preparations for lease negotiations this year,"* said Harless.

With vaccines rolling out and infection rates on the decline, Harless said, *"We have hope for better days to come. Next year, we anticipate meeting you face to face at our annual meeting with a nice meal to follow."*

American Coalition for Ethanol Executive VP Brian Jennings Provides Ethanol Status Report

Brian Jennings discussed ethanol production, demand, and policy issues in his guest presentation.

In 2020, we lost 700 million bushels of corn use for ethanol due to the pandemic. Domestic use dropped from over 14 Billion gallons in 2019 to just over 12 Billion gallons in 2020. *"We are seeing a recovery in 2021, but don't anticipate getting back to the pre-COVID levels in 2021 or even 2022."* After the bottom fell out of the domestic fuel market in March of 2020, there was a quick rebound by July to a level around 15 to 20% below normal. *"Domestic demand has continued run at about a 15-20% reduction when compared to prior years,"* said Jennings.

A change in administrations will have an impact on the ethanol industry. The Trump EPA can be summed up in two policy issues, one good and one bad. Under Trump's EPA, E15 was approved for sale year-round across the U.S. Unfortunately, the same EPA granted nearly 90 small refinery waivers of the renewable fuels standard and eroded about 4 billion gallons of demand from statutory levels.

Biden campaigned aggressively against those waivers and has indicated that they will reverse course. The Biden EPA is focused on net-zero emissions by 2050. The question is, 'What role will Ag and ethanol play?' *"We intend to go on offense. There is an opportunity to increase ethanol demand because corn ethanol GHG emissions are 50% cleaner than gasoline."* Jennings cautioned that they have work to do to convince some Biden officials of the value of corn ethanol.

Jennings addressed recent auto manufacturer announcements on electric vehicles (EVs). *"In terms of supply, 97% of vehicles are internal combustion. Even the most aggressive projections on future sale of EVs will mean ethanol will play a significant role in reducing GHG well into the century."*

Annual Meeting Honors Retiring Directors

Gary 'Butch' Jirak, Leslie Nesvig, and Bruce Speich retired from the Golden Growers Board at the conclusion of the 2021 Annual Meeting. All three served since November of 2008 when the Cooperative transitioned from a ND Cooperative to a MN308B Cooperative.

Most recently, Butch Jirak served on the Finance & Audit Committee; Les Nesvig served as Treasurer and



Butch Jirak



Les Nesvig



Bruce Speich

on the Finance & Audit Committee; and Bruce Speich served on the Personnel & Compensation Committee.

"We will miss Butch, Les and Bruce for their valuable and dedicated service to our cooperative," stated Harless.

Jetvig and Vipond Re-Elected, Board Reduced to Nine

Golden Growers members *re-elected* Larry Vipond (South District) and Scott Jetvig (At-Large Director) at the 2021 Annual Meeting. Pursuant to bylaw changes approved in 2019, the total number of Board members has now been reduced to nine.

At the 2022 Annual Meeting, *there will be three vacancies to fill as three additional board members reach their term limits. Members who have an interest in serving on the Board should either visit with current or former Board members and/or contact our Executive Vice-President, Scott Stofferahn.*

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A Note from the Executive Vice President

Scott Stofferahn reviewed administrative costs in recent years and discussed the conditions influencing unit values. His biggest focus, however, was related to future vacancies on the Board of Directors. "In the next two years, we will have four vacancies to fill as current directors reach their term limits. I really encourage members who have an interest in serving on the Board to talk to one of our Directors or call the office." Stofferahn specifically mentioned that women members should consider running for the Board. "Since 1995, we have had only one woman director."

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:

June 9 - Last day to submit transfer requests
June 17 - GGC Board Meeting
September 16 - Board Meeting
December 17 - Board Meeting
March 23 - GGC Board Meeting
March 24 - GGC Annual Meeting

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