



Golden Growers
Cooperative

Memberandum

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'A Change of Partners' - Harless discusses the ProGold partnership with Cargill

Chairman Mark Harless reviewed the change in ownership of ProGold LLC. "On March 1st, Cargill purchased 50% interest (in ProGold) from American Crystal Sugar Company and Golden Growers Cooperative purchased American Crystal's remaining 1%. The next result is that Cargill and Golden Growers each own 50% interest in ProGold, LLC."

Harless indicated that MDU's August decision to build a natural gas pipeline to Wahpeton was a key issue for Cargill to consider exercising its option. Harless said that Cargill previously indicated that landing a co-located partner to utilize a significant portion of the corn plant's grind was critical to exercising their option. "We found ourselves in a chicken and egg situation. We needed natural gas to attract co-located partners, but natural gas providers wanted guaranteed purchase agreements" that neither ProGold or Cargill could sign. MDU's new proposal involved "a commitment to purchase gas, but not guarantee repayment. In essence, it would prioritize stability and opportunity over the risk of repayment." Harless thanked a 'Team of Advocates' who assisted in making the pipeline a reality. He recognized Wahpeton Mayor Steve Dale, City Auditor Darcie Huwe, Wahpeton's gas consultant, the late David Yexley, and State Representative Alisa Mitskog. Harless also thanked Cargill for engaging in the effort.

"With natural gas uncertainty in the rear view mirror, Cargill had to make a decision on whether or not to exercise their option," relayed Harless. "Cargill reached out to Golden Growers to discuss how we might structure an agreement to allow them to make an equity investment in ProGold." The Board outlined GGC's intention to have a long-term relationship with the plant. GGC also wanted to protect members' investment and remove uncertainty for the future. Cargill was still interested in an integrated joint venture for the long term, but needed time to attract that elusive co-located partner. "After months of negotiations, Cargill and GGC reached final agreement," said Harless.

Under terms of the agreement ProGold will lease the corn wet milling facility to Cargill through December 31, 2026. Lease payments for 2022 and 2023 will be \$15.5 Million with a \$750,000 ProGold contribution to infrastructure maintenance. For 2024 through 2026, the lease increases to \$16 Million with \$500,000 per year committed to infrastructure. "Under certain circumstances, Cargill and GGC may reach an integrated Joint Venture Agreement to fully share profits and losses of the facility." GGC would be required to reimburse Cargill for 50% of undepreciated capital projects and costs associated with hosting a co-located partner. "If conditions do not occur OR Cargill and GGC are unable to agree on an integrated JV operating agreement, Cargill will purchase GGC's interest in ProGold for \$81 Million, plus half of any remaining lease payments," stated Harless.

"Our agreement with Cargill assures that the ProGold plant will continue operations well into the future. This is important to Golden Growers members, the employees who work there, corn producers who deliver to the facility, and the surrounding community." Harless offered his appreciation to American Crystal Sugar Company for their trusted partnership over the past 28 years. "As of March 1st, we are embarking on a new chapter for ProGold and Golden Growers as one partnership ends and our new partnership with Cargill begins."

Mike Wagner highlights 'Stability' and 'Certainty'

Cargill's Managing Director for Cargill's Starches, Sweeteners, and Texturizers North American Business, emphasized the importance of stability and certainty for the Wahpeton corn wet milling plant. "I couldn't imagine not having Wahpeton in our corn milling network," stated Mike Wagner. "On February 24th, when we held a 'virtual announcement' about our agreement, Wahpeton employees offered a sustained ovation. I knew what the announcement meant to me, but it meant much more to them because uncertainty was replaced with stability for the future."

Wagner stated that corn wet milling is at the core of Cargill's operations. "To be profitable, corn wet mills need to run at capacity." Wagner described their effort to divert an increasing percentage of the grind from HFCS which is declining in consumption, to other products. The strategy to convert grind includes working with other companies that want to locate next to a Cargill site utilizing dextrose or starch to make a variety of products such as: bioplastics (PLA); butanediol (BDO) which is a renewable chemical used in the apparel (like spandex), automotive, and electronics industries; absorbent material for biodegradable diapers; zero calorie fermented sweeteners; bulking agents; and more.

"When we present our locations to a prospective company to co-locate at one of our facilities, we present a menu of possibilities so that they can match their needs to a specific location." Low carbon sites are an important consideration for companies looking for a site, he said. Wagner stressed that Cargill also needs to determine if a potential co-located partner is right for the site and for Cargill. "Not everyone is a good choice for us and we evaluate proposals very carefully."

Annual Meeting Honors Retiring Directors

David Benedict, Byron Koehl and Nick Pyle retired from the Golden Growers Board at the conclusion of the 2022 Annual Meeting. All three were first elected in 2010 and served on the Board a total of 12 years.

Most recently, Benedict and Koehl served on the Strategic Planning Committee. Pyle served as 1st Vice-Chair and as Chairman of the Finance & Audit Committee.



David Benedict



Byron Koehl



Nick Pyle

“David, Byron and Nick distinguished themselves as exceptional directors. We were fortunate to benefit from their broad agricultural, agribusiness, and financial expertise. On behalf of the Board, thank you for your time, talent and friendship,” stated Harless.

Three New Directors Elected, Bylaws Amended

Golden Growers members elected: **Brady Koehl, of Hancock, MN as At-Large Director for a 1-Year term; Chris Johnson of Great Bend, ND as Central District Director for a 1-Year term; and Blane Benedict as North District Director for a 2-Year term.** In addition, Matthew Hasbargen was re-elected as an At-large Director for a 3-Year term and Brett Johnson was re-elected as a Central District Director for a 3-Year term.

Members also approved the proposed bylaw amendment.

At the 2023 Annual Meeting, ***there will be a vacancy in the North district for a 3-year term. Please contact Scott Stofferahn if you have an interest in serving on the Board.***

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April 2022 Memberandum Newsletter



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A Note from the Executive Vice President's Report

Scott Stofferahn stressed that while the GGC Board believes that the recent agreement with Cargill is favorable to Unit values, GGC will not offer an opinion on the value of Units. *“How units are valued is up to each one of you as members. But all of the information you need to make that judgement is available to you.”* Stofferahn said. GGC's balance sheet, future lease payments, the potential for a future JV and potential associated costs, the guaranteed buyout value should no agreement be achieved, and outstanding units of 15,490,480 are in SEC filings, on the GGC website, etc., he said.

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 8 - Last day to submit transer requests
June 16 - GGC Board Meeting
September 15 - Board Meeting
December 16 - Board Meeting
March 22 - GGC Board Meeting
March 23- GGC Annual Meeting

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