



Memberandum

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October 2022

GGC Board Approves Distribution of \$0.14/bushel

On September 15th, the Golden Growers Board of Directors approved a distribution of \$2,168,667 or \$0.14/Unit to members of record as of October 1, 2022. This distribution retires remaining allocated income for 2021 and a portion of allocated income for 2022. In combination with the February and June distributions, a total of \$6,041,286 has been issued to members in 2022.

As you are aware, as of March 1, 2022, Golden Growers Cooperative and Cargill are 50/50 owners of ProGold LLC and a new operating agreement was established. In addition, the lease agreement between ProGold and Cargill was amended to extend through calendar year 2026. The Board's distribution determination is based on anticipated lease agreement revenue and potential capital investment requirements for Golden Growers should a long-term joint venture be established between Cargill and Golden Growers.GGC.)

With this payment, Golden Growers has issued payments to members totaling \$138,479,196 or 238% of original investment in the ProGold plant.

Rail Transportation Continues to Roil Ag Industry

In March, the National Grain and Feed Association (NGFA) wrote the Surface Transportation Board (STB) to highlight "significant" service disruptions reported by their members.

Corn refiners also identified problems with 'first mile' and 'last mile' rail service – situations where product is not picked up to be shipped OR product has arrived in a nearby rail yard, but not delivered to its destination.

Roots of rail transportation problems are several. Beginning in 2003, Class I railroads (with the exception of BNSF) began adopting Precision Schedule Railroad (PSR) a operational method focused on maximum asset utilization and return on investment.

Critics (Shippers and Unions) insist that PSR puts investor interests ahead of customer service by slashing expenses for equipment and headcount. They say PSR leads to the loss of redundant capacity and service disruptions caused by severe weather and seasonal surges in shipping.

COVID also impacted the entire shipping industry. Supply chains were disrupted, shipments were dramatically decreased, and railroads parked assets and 12,500 employees were furloughed. When the economy began to improve, furloughed workers were not available making it difficult for railroads to re-deploy power and equipment.

Problems were further exacerbated by failed contract negotiations between Class I railroads and Unions. Salary increases aside, main sticking points focused on quality of life issues. This all came to a head when, with the intervention of the Biden Administration, an early morning tentative agreement averted a national rail strike.

Despite the apparent contract resolution, concerns persist. Customers wait for product to be delivered timely, processors wait for supplies to arrive and stranded cars to be returned, and shippers, in general, hope that we are not experiencing a 'new normal' for rail freight service.

2023 Incentive Payments and Agency Fees

Incentive Payments and Agency Fees for Method A and Method B Pool participation will remain the same for 2022. 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.

2023 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 back 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 2022, 27% of bushels were delivered by members directly to the plant.

Method A Delivery Options to Consider

Method A Pool participants are permitted to complete their annual delivery requirements through 'affiliated persons'. In these circumstances, Cargill may write the check for corn directly to the affiliated person.

Affiliated persons include producers who: 1) *have a familial relationship to the member;* 2) *Own or Control 50% or has management rights over the Member;* 3) *Shares farming resources with the Member;* 4) *Are an entity in which 50% ownership is by an immediate family member(s) of the Member;* and 5) *Rents land from the Member on which the crop is produced (Tenant).*

Starting January 1, 2023, members must be enrolled in Direct Deposit to Receive Distribution Payments

We are thankful for GGC member participation in Direct Deposit. Since we started in 2017, participation has grown steadily to the 96% participating for the October distribution payment.

Direct Deposit has allowed your cooperative to issue timely payments to members, avoid problems associated with lost or uncashed checks, and reduce costs. Electronic deposits arrive immediately and members receive a letter in the mail describing the deposit.

The Automated Clearing House (ACH) system (working closely with the Federal Reserve, U.S. Treasury) is one of the most secure payment systems anywhere. We also take great care to make sure your payment information is secure.

NOTICE: To receive distributions in 2023, Golden Growers members must be enrolled in Direct Deposit.

In June, the Golden Growers Board affirmed their policy to require participation beginning on January 1, 2023 that all members are required to participate in Direct Deposit to receive distribution payments. Distributions for non-participants will be held as an account payable until the member enrolls. If you haven't, please enroll now to make sure you continue to receive payments in 2023.

Direct Deposit

- Required in 2023
- Immediate access to \$\$
- Receive Confirmation Letter

www.goldengrowers.com/membership-information/

DIRECT DEPOSIT

October 2022 Memberandum Newsletter



Golden Growers Cooperative
1002 Main Ave. W. Suite 5
West Fargo, ND 58078-1421

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 5 - Annual Delivery Election Letter Mailed

December 1 - Transfer Request Deadline

December 16 - GGC Board Meeting

December 10 - Deadline for 2023 Annual Delivery Election response

March 22, 2023 - GGC Board Meeting

March 23, 2023 - GGC Annual Meeting

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