Greetings! In pursuit of our ongoing commitment to our member-owners, AGP continues to work diligently to optimize performance of the business. This means performing as well as possible given the market environment. Relative to the past couple of years, market conditions have improved due to strong demand and crop problems for some international competitors. Accordingly, we anticipate improved returns this fiscal year, though we still have several months to go.

As members and producers proceed with planning for this year’s growing season, AGP continues its work on many projects and upgrades to our integrated soybean processing/refining platform. We continue to invest to ensure the performance, reliability, and efficiency of our facilities. Notably, construction schedules continue to be met on the Aberdeen, SD soybean processing facility as an excellent construction team and favorable weather keep our multi-year project on time and on budget.

In this issue of AGP News, we are pleased to report another successful AGP Annual Meeting held this past January in Omaha. AGP’s Board Chairman and senior management team delivered presentations highlighting solid earnings, strong patronage, and an impressive list of successful projects and investments by your cooperative. The meeting was well-attended by the membership and we want to once again congratulate the Board members who were elected.

In Washington, D.C., important policy initiatives continue to move forward and be evaluated. AGP recently testified before Congress on behalf of the U.S. biodiesel industry, a key driver in soybean demand. Also discussed in this issue, Senate and House leaders intend to bring a new Farm Bill forward this spring that will impact planted soybean acreage, the farm safety net, and renewable fuels. AGP will continue to work on your behalf along with many industry partners to ensure policymakers support the cooperative business model and important policy issues impacting AGP’s bottom line.

We wish you a very successful and safe planting season!

Best regards,
Keith Spackler
AGP NEWS

AGP Makes Strong Case for Biodiesel Tax Credit

In March, Group Vice President and Chief Operating Officer Cal Meyer testified before a tax-writing committee in the U.S. House of Representatives in support of the biodiesel tax incentive. The $1.00/gallon biodiesel blender’s credit has been expired since December 31, 2017.

“We urge Congress to renew the biodiesel blender’s tax incentive through 2018 at a minimum, while considering a multi-year approach. Doing so would drive new investment and establish market certainty for U.S. farmers, ranchers, petroleum marketers, blenders, and fuel retailers,” said Meyer.

Meyer pointed out that the biodiesel blender’s tax credit helped achieve the desired goals of expanding domestic production of American energy resources and the creation of new, good paying jobs. The biodiesel industry currently supports roughly 64,000 jobs, $11.42 billion in economic impact, and $2.54 billion in wages paid.

Biodiesel also adds value to the agricultural sector. Biodiesel allows farmers to be more competitive in the global protein market, as demand for biodiesel supports U.S. soybean processing and export opportunities. In addition, America benefits from fewer toxic pollutants and improved air quality due to increased use of biodiesel, which reduces hydrocarbon emissions by 67 percent and life cycle greenhouse gases by 86 percent.

“The public policy benefits of the tax incentive are clear,” Meyer said. “These benefits, however, will be jeopardized without reinstatement of the biodiesel tax incentive.”

Progress at Aberdeen, SD

Construction of AGP’s new soybean processing facility at Aberdeen, SD continues to make outstanding progress. The bottom photo (looking south, with the northeast corner of Aberdeen in the background), shows a wide view of the facility. The three concrete pads on the left are soybean bin foundations with the main road to the facility immediately to the left. The three concrete pads on the right are the crude soybean oil tank foundations. The facility is on schedule for completion by the fall of 2019.
FORGING AHEAD
Fiscal 2017: Solid Year of Success

AGP hosted its 34th Annual Meeting on January 18 and 19 in Omaha, NE. Member participation was outstanding with approximately 1,000 people in attendance.

The Annual Meeting theme of “Forging Ahead” highlighted AGP’s focus and determination amid business conditions facing the company and the agricultural sector. AGP reported solid earnings and a commitment to continue to optimize performance through focused effort, investments, and growth initiatives.

The business meeting included members voting for candidates to serve on the Board of Directors. Re-elected to three-year terms were the following directors: Brad Davis, CEO/General Manager of Gold-Eagle Cooperative, Goldfield, IA; Bruce Granquist, Producer from LaBolt, SD; and Larry Oltjen, Producer from Hiawatha, KS.

“The last several years have been very strong, and the progress and success achieved in fiscal 2017 was solid as well,” said Brad Davis, Board Chairman. “Much of our company’s success is the result of the great support we receive from member-owners and we thank you for that loyalty and continued business. I would also like to thank all the management and employees who make AGP such an excellent company.”

Keith Spackler, Chief Executive Officer, outlined a number of operating achievements for AGP in fiscal 2017. These included record volumes of soybeans processed, soybean oil refined, biodiesel produced, and tonnage marketed through the company’s export terminal at the Port of Grays Harbor in Aberdeen, WA.

Members re-elected the following Directors to three-year terms: Brad Davis, General Manager, Gold-Eagle Cooperative, Goldfield, IA; Bruce Granquist, Producer, LaBolt Farmers Grain Company, LaBolt, SD; and Larry Oltjen, Producer, Ag Partners Cooperative, Inc., Hiawatha, KS. During the Board reorganization meeting Brad Davis was re-elected to serve as Chairman; Lowell Wilson as Vice-Chairman; and Dean Isaacson as Secretary-Treasurer.
Looking forward, Spackler said AGP is off to a good start for fiscal 2018 and improved returns are anticipated. “We are all aware of the cycles in agribusiness. Our ongoing commitment to AGP’s member-owners is to pursue success in all aspects of what we do to continue forging ahead in the strategic direction of your cooperative.”

Cal Meyer, Chief Operating Officer, said AGP’s ongoing capital investment program continues to be instrumental in the company’s volume growth and operational success. Investments at all of AGP’s processing, refining, and biodiesel facilities position AGP well for long-term success.

“AGP achieved solid financial returns in agriculture’s current business environment,” reported Scott Simmelink, Chief Financial Officer. Earnings from continuing operations before income taxes were $67 million. AGP’s patronage to cooperative members totaled over $48 million, and the Board of Directors approved cash patronage of 40 percent. The combined equity redemptions, cash patronage, and component premiums totaled $46.2 million paid to AGP owners.

Additional management presenters were Senior Vice Presidents Mark Sandeen, Chris Schaffer, and Troy Alberts. Each highlighted the success of the past year and discussed future opportunities within their business units.

AGP’s 2018 Annual Meeting is scheduled for January 17 and 18, 2019, at the La Vista Conference Center.

“Our ongoing commitment to AGP’s member-owners is to pursue success in all aspects of what we do to continue forging ahead in the strategic direction of your cooperative.”
KEITH SPACKLER, CEO
2018 Annual Meeting

January 17 & 18, 2019

Embassy Suites
(402) 331-7400

Courtyard
(402) 339-4900

Hampton Inn
(402) 895-2900

Refer to the AGP Annual Meeting to receive the guaranteed rate

HOTEL RESERVATIONS OPEN APRIL 2 - 8:00 A.M.
Nebraska Soybean Board Tours
AGP’s Port Facility

The Nebraska Soybean Board recently held their “See for Yourself” program in the Pacific Northwest (PNW) for a group of Nebraska soybean farmers and agribusiness professionals. AGP’s export terminal at the Port of Grays Harbor in Aberdeen, WA was featured on the tour. Alex Hines, Senior Merchandiser, AGP Hastings, NE accompanied the group. Hines (photo at right) spoke to the group about the connection between AGP and the Port of Grays Harbor as well as the expansion of the soybean processing plant in Hastings.
AGP Hosts
Missouri Soybean Leaders

Adam Piper (standing), Merchandising Manager, St. Joseph, MO provided an overview of AGP’s operations in St. Joseph to a group of leaders from Missouri representing both the Soybean Association and the Merchandising Council (check-off). Among the many topics discussed were efforts to grow the U.S. biodiesel industry. The state of Missouri is among the nation’s leaders, ranking fourth in biodiesel production capacity and second in production. Eight Missouri biodiesel plants produce approximately 200 million gallons of biodiesel annually. AGP has been operating a biodiesel plant in St. Joseph since 2007.
Member News

The AGP Board approved the membership of Frederick Farmers Elevator Cooperative in Frederick, SD. Junior Linthorne is the General Manager.

The AGP Board approved the membership of Agfinity, Inc., Eaton, CO. Jason Brancel is the CEO and General Manager.

The AGP Board approved the membership of Rockingham Cooperative Farm Bureau, Inc. in Harrisonburg, VA. Norman Wenger is the General Manager.

The members of South Dakota Wheat Growers Association, Aberdeen, SD and North Central Farmers Elevator, Ipswich, SD approved unification of their two cooperatives effective February 1, 2018. Chris Pearson, CEO at SD Wheat Growers, will serve as CEO of the new cooperative. Mike Nickolas, General Manager at North Central, will be Executive Vice President and COO. The name of the newly merged cooperative is Agtegra Cooperative.

The members of Farmers Cooperative Elevator in Rushford, MN voted in favor to merge operations with Farmers Win Cooperative in Fredericksburg, IA. This merger was effective March 1, 2018. All operations will be under the name Farmers Win with the main office in Fredericksburg. Trent Sprecker is the General Manager.

Jeff Maassen is serving as the new General Manager for Valley Springs Cooperative in Valley Springs, SD. Jeff’s previous position with the cooperative was Agronomy Manager.

Mike Nordwald, General Manager at Ray-Carroll County Grain Growers in Richmond, MO retired January 19. Mike served as General Manager for the past 16 years. The new General Manager is Beau Hepler.

David Hartley is CEO of Country Pride Cooperative, Winner, SD. David had been serving as Interim Manager at the company where he was also Vice President of Energy for the past four years.

The Board of Directors of Ag Valley Cooperative, Edison, NE selected Kent Taylor as the cooperative’s CEO effective January 1, 2018. Kent succeeds Ron Hunter who retired. Kent previously served as President and CEO at Farmers & Ranchers Cooperative in Ainsworth, NE.

John McDaniel is the new General Manager/CEO at Farmers Cooperative Society, Sioux Center, IA. John worked most recently for Dairy Farmers of America.

John Bender has been named CEO of Frenchman Valley Cooperative, Inc., Imperial, NE. John, who had been serving as Interim Manager, has 35 years of experience in the agriculture industry. He has held multiple positions in the cooperative system.

Glen Danielsen is the new General Manager at Colton Farmers Elevator Company, Colton, SD. Glen began his cooperative career at the elevator in Viborg, SD where he worked for 22 years.

The Board of Directors of AgFirst Farmers Cooperative, Brookings, SD announced Dan Forey as the new General Manager effective April 1, 2018. Dan succeeds Terry Knudson who is retiring on March 31 after a 43-year career working in the cooperative system including the past 17 years serving as General Manager at AgFirst. Dan has extensive cooperative management experience including serving as General Manager of Cooperative Supply, Inc., N/S since 2013.

DIKE, IA
Tuesday, July 24
Fox Ridge Golf Club
355 Country Club Lane

ARNOLDS PARK, IA
Wednesday, July 25
Emerald Hills Golf Course
Hwy 71 S

HASTINGS, NE
Thursday, July 26
Lochland Country Club
601 West Lochland Road

2018 AREA INFORMATION MEETINGS
Farm Bill

Policymakers are busy analyzing new and existing policy tools that will collectively work together to form the Farm Bill. The current Farm Bill was a 1,000 plus page, $160 billion bill that addressed many issues impacting farmers and rural America, as well as health and nutrition. Some of the many policy programs contained in the law include provisions for the farm safety net, farm credit, trade promotion, energy, conservation, rural infrastructure, and many other issues facing U.S. farmers and the communities they live in.

The current Farm Bill is set to expire later this year and Members of Congress are being pressed by constituents and special interest groups to address it before time runs out. Partisan maneuvering will also play a factor in this timeline, as important and likely highly contested elections will take place in the fall. A good Farm Bill is a top priority for AGP and it is good to review some of the reasons why.

Planted Soybean Acreage

As a soybean processor, a large supply of soybeans is critical to the business model of AGP. The current structure of the Farm Bill encourages market-based planting decisions by U.S. producers. This is perhaps the most important feature of the current commodity program framework, as it ensures that high value soybeans remain a competitive and growing crop. It is important to AGP and other agricultural stakeholders that government payment structures do not distort the important planting decisions a farmer makes every spring when deciding which crop to plant. In addition, AGP supports an approach to this policy that discourages payments to idle high quality, productive land.

Farm Safety Net Programs

The financial health of the farmers who collectively own AGP through their cooperatives is extremely important to AGP. Therefore, we support a farm safety net that assists producers when times are tough but does not make payments when times are good – what analysts call a countercyclical program. Whether that support manifests as average farm revenue or is a commodity specific price-based model will depend on the structure of the farmer’s own operation. We believe this flexible approach to the farm safety net is critical to ensuring the continued international competitiveness of U.S. farmers. In addition, we believe it is important to maintain and support a health crop insurance program to complement other safety net-related programs of the Farm Bill.

Renewable Energy Programs

In 2002, Congress added an Energy Title to the Farm Bill to address the important role that renewable energy has taken in supporting crop prices and the health of rural America. AGP accesses this program through a support mechanism for domestic biodiesel producers, known as the Bioenergy Program for Advanced Biofuels Program (Section 9005 of the Energy Title). Renewable energy is now a vital demand market for U.S. soybeans and we strongly believe these programs should be funded and supported in the Farm Bill.

Moving forward, despite the constant media distractions, your representatives in Congress are working very hard to get a Farm Bill passed this year. AGP will continue to support these efforts and work to ensure our top priorities are included in whatever package is finally enacted.