

AGP[®] NEWS

Serving Cooperatives and Agricultural Producers

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HARVEST 2021

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For me, nothing beats fall. It goes back to the days of growing up in Central Iowa and if you were not practicing or playing football, you were working in the fields at harvest.

Since AGP News is probably not the right place to discuss football, this edition will include remarks from our location marketing groups and their thoughts on the 2021 harvest in their areas. Our marketing managers and merchandisers are a critical communication link between AGP and our membership. We appreciate and value the close relationships they maintain with so many. Along with the thoughts from our plant marketing leaders, AGP's Director of Marketing, Adam Piper, will provide his comments on this fall's overall progress.

Speaking of leadership, I am very happy to announce some recent promotions that are featured in this issue. Mark Sandeen has accepted the Group Vice President and Chief Marketing Officer position at AGP. Most of you know Mark and the big role he handles at AGP overseeing the commercial side of our business. Also featured in this edition is Craig Pietig, who has been promoted to Vice President Ag Products, a role I know well. Craig will lead AGP's grain, domestic rail, and export trading business. I want to congratulate both Mark and Craig and thank them for their leadership and ongoing contributions to AGP's success.

It was great to see so many of you at our summer Area Meetings held in Dike and Okoboji, Iowa, as well as Hastings, Nebraska. We had very good attendance at the meetings where we were able to report solid business progress, investment, and earnings for FY 2021.

On a personal note, I have been a fan of this quarterly recap since the first one arrived in my inbox at the Sheldon, Iowa plant in the fall of 1994. At the time I was a newly hired AGP merchandiser. It is humbling to be able to now provide these comments to you in this publication as the new General Manager and CEO of AGP. I would also like to take this opportunity to thank everyone for the support and words of encouragement I have received during the first few months in my new position. We have a great team at AGP and I am honored to lead your cooperative into the future.



Thanks again for your support and wishing all a safe harvest,

Chris Schaffer

Chris Schaffer
Chief Executive Officer

AGP Leadership Appointments



Mark Sandeen
Group Vice President
Chief Marketing Officer

On September 16, AGP announced the promotion of Mark Sandeen to the position of Group Vice President and Chief Marketing Officer (CMO), reporting directly to the CEO. In his new role, Mark will lead AGP's commercial efforts across all AGP marketing groups. Mark has become a key leader in AGP's daily business decisions and the development of AGP's overall merchandising strategy. As the CMO, Mark will continue to play an important role in creating and shaping AGP's future.

Mark started his career at AGP as a Merchandising Trainee in 1990. In 1991 Mark was promoted to Merchandiser at Manning, Iowa and became Manning's Merchandising Manager in 1994. In 2001 Mark accepted the Merchandising Manager position at AGP's Hastings, Nebraska facility. In 2011 Mark was promoted to Senior Director of Marketing in Omaha, Nebraska. The following year, Mark was promoted to Vice President of Processing Marketing and in 2017 he was promoted to Senior Vice President of Soybean Processing.



Craig Pietig
Vice President
Ag Products

Craig Pietig has also been promoted to the position of Vice President for Ag Products. Craig started his career at AGP as an Intern with assignments in both Emmetsburg and Sergeant Bluff, Iowa before being hired in 2007 as a Merchandiser in Hastings, Nebraska. In 2008, Craig transferred to Omaha, Nebraska where he has worked as a Merchandiser and Senior Merchandiser. In 2016, Craig was promoted to Director of Export Sales of AGP's Ag Products group and in 2019 was promoted to Senior Director. Craig has played a major role in the development and success of AGP's Ag Products group. In his new role, Craig will report to Mark Sandeen, CMO.



MARK YOUR
CALENDAR

☐ Annual Meeting
La Vista, NE
January 20-21, 2022



AGP 2021 Annual Meeting
Hotels are accepting reservations for
this event. Additional information will be
sent to the membership later this year.



Adam Piper
Director of Marketing
Omaha, Nebraska

Soybean harvest is nearing completion across the United States. Adam Piper, AGP Director of Marketing, discusses the highlights from this year's harvest and what AGP is doing for our members.



Q: What are the biggest challenges this harvest season?

A: One challenge right now is the labor force, whether it's at the elevators or with truck drivers. We are seeing an issue with getting enough drivers and enough trucks to haul what we need on a daily basis. Additionally, from a member standpoint, it's having enough personnel to handle the harvest demands. That has certainly been a challenge for them. It looks as though our industry will be working through the shortage for the foreseeable future.

Q: As always, soybean supply and quality is important. How are things looking?

A: Across the board, this year's crop is seeing higher oil content which is good for us and our members. We do like paying oil premiums. That means we are seeing a higher oil content and we are passing that back to our members, which separates us from our competition. We do pay a premium to our members for those higher oil content beans. That's something we pride ourselves on and it does differentiate us. From a processing standpoint, this bean has been easier to process than last year's. We haven't had much difficulty dehulling, which helps us make a better quality soybean meal and run our plants at capacity.

Q: What are some things AGP is doing for our members and customers this harvest season to help things run as smoothly as possible?

A: We continue to utilize our Fast Lane mobile app. It is a check-in app for our members and soybean customers to make deliveries more streamlined and efficient. It takes the check-in process from two to three minutes down to 15 seconds. It really helps with not only efficiency, but also accuracy of information. Another thing we try to point people toward during harvest is the AGP customer portal. The portal is a good way to see what loads are coming in and what loads are being picked up in real time, whenever they want. It isn't something that you have to wait for and get a report from us. We also offer the ability to download ticket reports directly to your system to help with data entry.

Q: It's the time of year to be developing that post-harvest marketing plan. What are some things to consider?

A: From a soybean standpoint, we have good carry in the market and we have not seen that in a while. There is certainly an opportunity for beans to get hedged and carried. If we, as an industry, can lock in some carry on the board, today there looks to be solid demand from both exports and domestic crush going forward. I would encourage customers, as they start locking in those forward sales, to touch base with our merchandising staff to discuss opportunities. In terms of buying, we are trying to look out forward as well. If we see an opportunity where we can lock up meal and oil sales versus bean purchases, then we are taking those opportunities.

Q: You've worked at a number of AGP's facilities and now you're in the Omaha corporate office. How has that experience prepared you for your current role in serving AGP's members?

A: Regarding my history, I started with the Company as an intern. That's a program I believe in and has been an important piece of our recruitment strategy. Most recently, I worked at our plant in St. Joseph, Missouri. At each stop you learn a little bit more about the customer base and what each of those trade areas look like. It also carries into the relationships I've developed with operations, accounting, and all the other areas of our business. That hopefully helps me see things from a bigger perspective. For example, what might be happening in Hastings, Nebraska could be completely different from Eagle Grove, Iowa. I look forward to getting acquainted with each of you if our paths have not crossed thus far.

Merchandising Managers' POV: What do AGP's merchandisers have to say about this year's harvest?



Matt Smith
Aberdeen, South Dakota

The oil quality seems to be better this year, probably because of the drought stress. Yields are off significantly in certain areas while other areas have experienced some light rains to help yield. On the eastern side of the state, yields appear average to above average.



Jon Wager
Dawson, Minnesota

This year's bean looks to be similar to last year's bean. Last year's bean was our best in the previous 10 years so we're really excited with the crop coming out this year. That should help us meet the oil demand that's out there, and also the protein levels we need to serve our customers. Overall, it looks good.



Shara Schmeling
Eagle Grove, Emmetsburg, and
Mason City, Iowa

Harvest has progressed very quickly and the weather has cooperated for timely movement. Overall, hearing higher than expected yields across the area.



Wayne Johnson
Sergeant Bluff, Sheldon, and Manning Iowa

I think what we're viewing in Iowa is probably, in my opinion, an all-time record crop for the Manning and Sergeant Bluff areas. I think the Sheldon area is going to be very close. We've been dumping seven days a week at all of our facilities up until we get full, and the drivers we're speaking with are very appreciative of that.



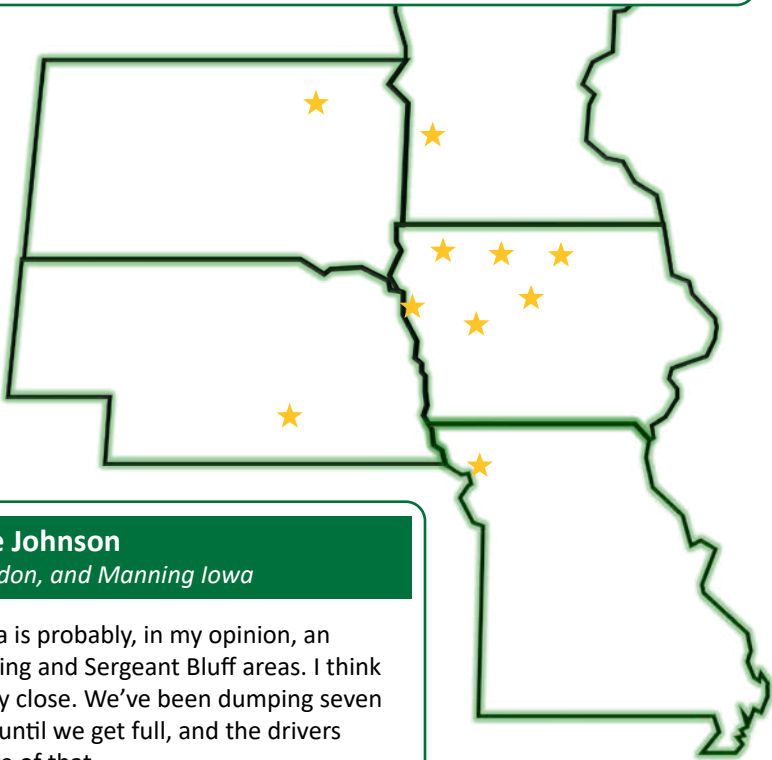
Jodie Johnson
Hastings, Nebraska

The quality around here is fantastic and we've seen unbelievable yields. Typically, we target a 70 bushel per acre yield on irrigated beans and around 50 to 55 on non-irrigated beans. This year we're seeing irrigated fields in the 80 to 90 bushel range and even upwards of 100 bushels per acre. Dryland is the same way. We've heard of dryland yields as high as 70 bushels per acre which is outstanding. As a nice bonus, we are also seeing higher oil content in the beans. Obviously, with the higher oil content of the beans, we'll be paying a higher oil premium to members for the beans as they come in.



Reggie Kock
St. Joseph, Missouri

Harvest has been slow in our area due to issues with green stem and rain. We are hearing above average to record yields from producers, and quality looks great on what we have received so far. With these big yields, we have been extending our unload hours to meet our customers' needs.



2021 Area Information Meetings



Late this summer, AGP hosted three Area Information Meetings in Iowa and Nebraska as part of the Company's efforts to inform and maintain strong communications with its Members. AGP returned to an in-person meeting format this year as a result of increasing vaccination rates and an easing of the COVID-related rules and regulations that made in-person meetings in 2020 extremely difficult.



Area Information Meetings serve an important function for AGP. They provide an opportunity to inform Members about current business operations, the strategy of the Company, capital projects, preliminary projections on fiscal 2021 financial results, and to learn about issues important to AGP's membership. This year's meetings included representatives from over 35 AGP Member cooperatives located in Iowa, Nebraska, Minnesota, South Dakota, and Kansas.

Outgoing AGP CEO Keith Spackler presented an overview of fiscal 2021 and expressed his appreciation for Member support which resulted in the Company's strong financial and operational performance. "Your support, favorable market conditions, and the efforts of the AGP team produced some very outstanding results this fiscal year," said Spackler. "Earnings, patronage, and cash returns to members will be at historically strong levels." At each event, AGP Member cooperatives expressed their gratitude for Spackler's service to AGP and the cooperative system throughout his career.

Additional members of AGP's senior leadership team also reported on individual business units, projects in process, commodity markets, international trade issues, renewable fuels, financial performance, and upcoming Member events.

Complete financial information on fiscal 2021 will be presented to AGP's members at the upcoming Annual Meeting on January 20 and 21, 2022 to be held in LaVista, Nebraska.



AGP Continues to Grow



AGP maintains a very active capital reinvestment program to ensure the Company’s processing and refining assets continue to deliver value for member-owners and customers. AGP has initiated several important capital projects at our soybean processing facilities designed to improve efficiency, capacity, and storage. One of these important projects is in Dawson, Minnesota where AGP is investing in new loadout capacity and equipment. The objective of the Dawson project is to improve and increase the speed of receiving and loading logistics and is part of AGP’s long-term reinvestment program.

AGP Adds to Operations at the Port



Seth Taylor
AGP Operations Manager
Port of Grays Harbor
Aberdeen, Washington

Seth Taylor joined AGP as Operations Manager at the Port of Gray’s Harbor in Aberdeen, Washington.

Seth has been working for the Port of Gray’s Harbor as their Marine Terminal Manager since 2007 and is joining AGP with a tremendous background and experience in all manner of operations, rail, traffic, and security at the port. In addition, Seth has many years of experience working with outside contractors and agencies including the Coast Guard, Homeland Security, and OSHA.



Helping Our Community



In August, the Emmetsburg Chamber Board presented AGP’s Emmetsburg processing plant with the 2021 MidAmerican Energy Catalyst Award. This prestigious award acknowledges and honors how AGP’s Emmetsburg facility “leads by example with inspiration, charity, and wisdom”.

“AGP has always been a humble supporter of the Emmetsburg Chamber and our programs,” said Deb Hite of the Emmetsburg Chamber of Commerce.

That support included a \$10,000 donation to help local businesses impacted by COVID-19. Congratulations to the team in Emmetsburg for their hard work and dedication to the community.



Pictured: Shara Schmeling, Regional Merchandising Manager from Eagle Grove; Nathan Hudson, Emmetsburg Plant Superintendent; Kerry Fields, Emmetsburg Plant Senior Merchandiser; Mark Johnson, Emmetsburg Plant Production Assistant; and Mike Frederick, Emmetsburg Plant Maintenance Superintendent. Photo courtesy of Jane Whitmore

Recently, members of AGP’s accounting team spent an afternoon volunteering at Habitat for Humanity’s ReStore in Omaha. The AGP team helped give back to the community by organizing shelves, moving merchandise, cleaning the store, and demolishing large items for trash disposal.



Habitat ReStore is a discount home improvement outlet that sells new and used items at 50% to 75% less than retail price. Omaha’s two Habitat ReStore locations have also diverted a substantial number of usable items from local landfills. The store donates 100% of the net proceeds to Habitat for Humanity of Omaha to help in building a stronger community. AGP is proud to work with an organization like Habitat for Humanity with such a long-standing history of service.





Matt Caswell
AGP Vice President
Corporate/Member
Relations and
Government Affairs

“Above all else, we must defend – to the hilt – our economic interests. That means taking all steps necessary to protect ourselves against the waves of damage inflicted over the years through unfair competition.”

Katherine Tai
United States Trade Representative
Executive Office of the President

U.S./CHINA TRADE POLICY: What’s Next?

Trade relations between the United States and China have always had nuances. However, this relationship became trickier as China transitioned to an ascendant global economic power. The U.S. response in the last decade or so has been to either A) engage China in multilateral economic and trade organizations that could arbitrate disputes and “hope” for compliance or B) engage China unilaterally with “blunt force.” Underlying both approaches is a fundamental belief that most countries want to resolve trade disputes peacefully without resorting in the long run to tariffs, sanctions, or other penalties. The American people by a wide margin support aggressive policy approaches on China, with nearly 2/3 holding “cold” or “very cold” feelings toward China.

Early in October, President Biden laid out his vision for trade relations with China. It was unusual in that on almost every other policy Biden has sought a clean break with former President Trump, but on trade with China it was remarkably consistent. Maximum economic pressure will continue and the Trump-era tariffs will remain. However, Biden has prioritized other non-economic issues such as human rights and coupled them to his trade policy with China, creating an additional level of complexity to a resolution of our disputes. Recognizing this, Biden has sought an additional form of leverage over China with trade agreements with select Asian trade partners.

To implement the Biden trade agenda is Katherine Tai, the United States Trade Representative (USTR). In this role, she will serve as the lead negotiator for all international trade agreements and be the President’s primary trade advisor. Recently, she gave a speech in which she said: “Above all else, we must defend – to the hilt – our economic interests. That means taking all steps necessary to protect ourselves against the waves of damage inflicted over the years through unfair competition.” Tai outlined the tactical side of the USTR trade engagement with China under the Biden Administration:

- Enforce Phase One Agreement
- Address Unfair Tariffs
- Address Chinese Domestic Subsidies and Technology Transfer, and
- Work with Partners and Allies in the Region.

Notably, she offered further details on the U.S. partnership with three Asian countries, Japan, Australia, and India, now known as “The Quad,” to promote economic and security cooperation and developing new ways to address Chinese domestic subsidies and technology transfer. Unlike the voluntary or weak enforcement mechanisms of previous regional trade agreements, this group seeks to implement fair trade rules with some real consequences for those engaging in unfair competition.

Trade with China is extremely important for U.S. agriculture and it is critical the Biden Administration prioritize agriculture among the many trade issues to be resolved. In 2020, the U.S. exported over \$26 billion dollars of agricultural products to China, making that country the single largest destination for U.S. agricultural products. With the right approach on trade, hopefully that export number can go much higher.



Katherine Tai
United States Trade Representative
Executive Office of the President

Member Updates

NEW AGP MEMBERS

- Co-Alliance Cooperative in Avon, Indiana.
- Ceres Solutions Cooperative in Crawfordsville, Indiana.
- Finley Farmers Grain & Elevator Company in Finley, North Dakota.

NEW APPOINTMENTS AND MERGERS

Premier Cooperative in Mount Horeb, Wisconsin named Matt Severson Chief Executive Officer replacing Andy Fiene who retired earlier this year. Matt has been with Premier for 21 years and previously held the position of VP-Risk Management and Retail.

Farmers Cooperative Elevator in Hanley Falls, Minnesota named Alex Busch General Manager replacing Scott Dubbelde who retired after 29 years at Hanley Falls. Alex previously held positions at CHS Global Grain and Processing Division in Inver Grove Heights, Minnesota.

Hendricks Farmers Elevator Association in Hendricks, Minnesota named Neal Tacke General Manager replacing Kevin Bucholz who retired earlier this year. Neal was previously with Frontier Ag in Goodland, Kansas.





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