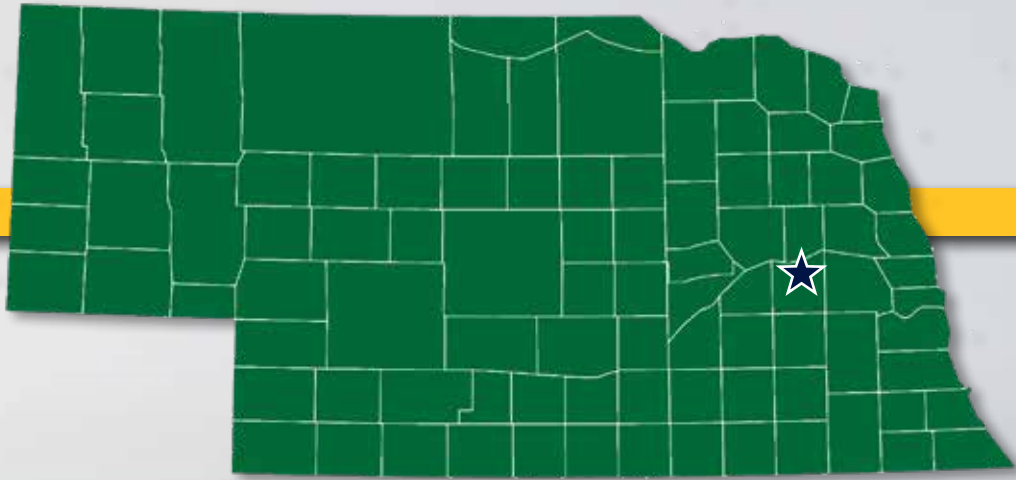


# **AGP** NEWS

*Serving Cooperatives and Agricultural Producers*

A PUBLICATION OF *Ag Processing Inc* a cooperative, Summer 2023



# **BREAKING GROUND IN DAVID CITY**





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I hope everyone had a successful planting season. Soybean seeding was not an issue for much of our territory. The major concern is a lack of moisture and the looming El Niño, which can disrupt typical Midwest weather patterns.

We have recently witnessed the effects of La Niña and El Niño weather patterns on a region's crop. A historic drought in Argentina has left the country with less than half of its anticipated soybean production this spring. Argentine soymeal is AGP's largest competitor in the Southeast Asian feed market.

In most years, when Argentina harvests in April and May, the value of its products drops, making it difficult for the U.S. to compete. However, this year is different. Strong exports from our Grays Harbor facility continue and demand for soybean oil remains robust. This quarter, additional renewable diesel plants have come online, leading to increased demand for feedstocks including refined soybean oil. As a result, soybean crushing margins remain strong.

However, it is important to remember that significant additional soybean crushing capacity will come online in the next few years. The increased capacity will put pressure on the origination of soybeans and the marketing of soymeal. The demand for soy oil, driven by increased renewable diesel production, could play a huge role in making the economics work. In this edition of *AGP News*, Matt Caswell has an article about current developments in advanced biofuels policy, which is key to our business and integrated soybean processing model.

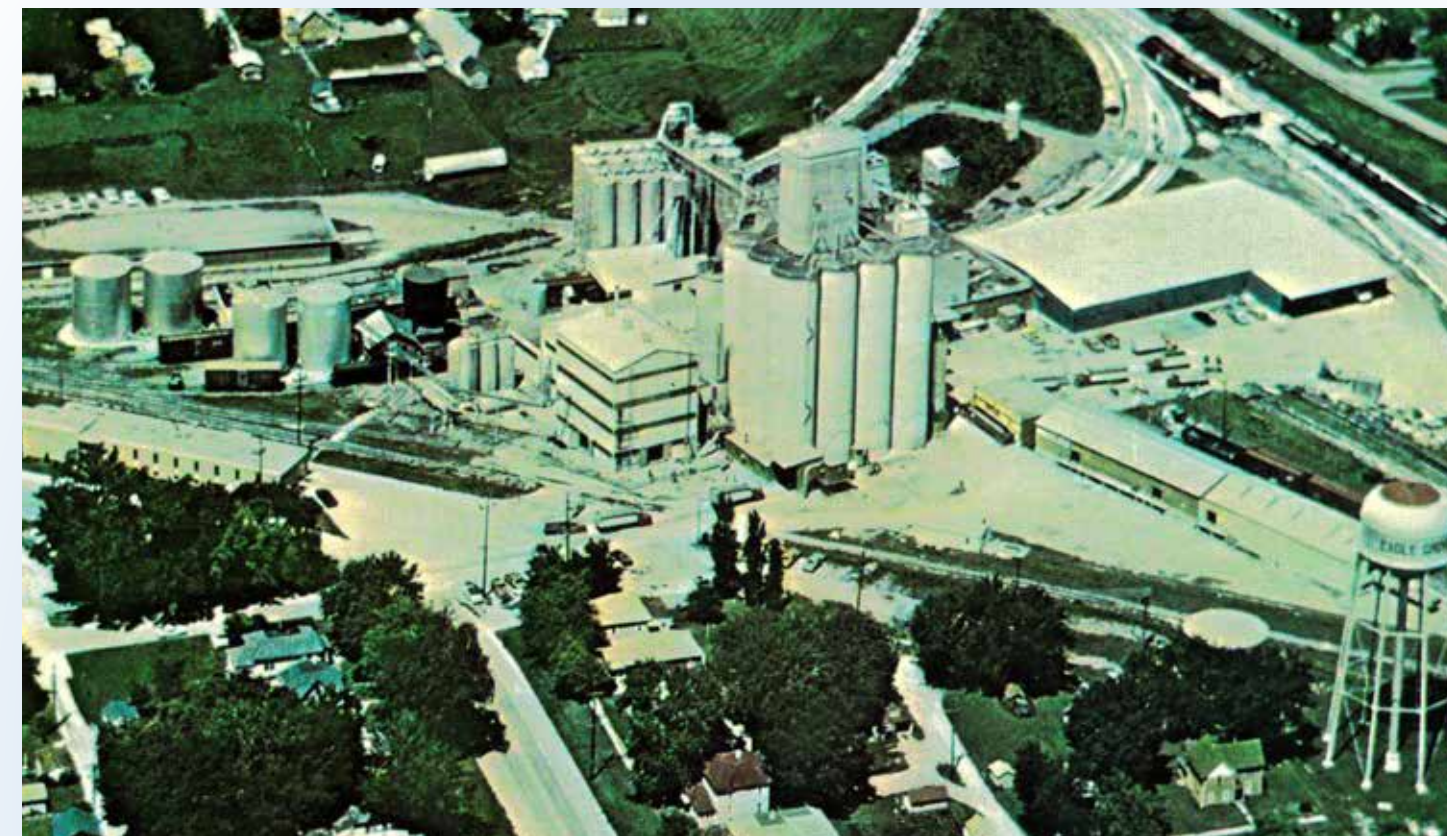
On the cover of this newsletter is a photo of our David City groundbreaking held in May. We were honored to have Nebraska Governor Jim Pillen attend the event as well as other state and local dignitaries. The support of the state, county, and city has been instrumental in making this project possible. We are grateful for their commitment to economic development and their support of AGP's investment in the cooperative system.

Have a great summer.

Chris Schaffer  
Chief Executive Officer

**On the cover:** AGP's Board of Directors attended May's Groundbreaking Ceremony for the Company's new soybean processing facility in David City, NE.

Celebrating 80 Years



This is an aerial photo of Boone Valley Cooperative in the 1970s. The plant would later become AGP's soybean processing and refinery facility in Eagle Grove, IA.

This year, AGP celebrates its 80th year as a soybean processor. AGP was organized in September of 1943, under the charter of Boone Valley Cooperative (Eagle Grove, IA). What is remarkable about that date? In September of 1943, the Allies had just landed in Italy after a successful campaign in Sicily and the Nazis were fighting the Russians in Ukraine.

After the start of World War II, Boone Valley Cooperative received a government developmental grant, in part, because soybean oil had a specific use in producing ammunition for the war effort. As a result of the grant, 20 farmer-owned cooperatives joined together to process soybeans and Boone Valley was created.

For nearly 40 years, Boone Valley bought soybeans and processed them into meal and oil at the Eagle Grove location. However, in 1983, in the midst of the farm crisis, Boone Valley Cooperative joined with Land O'Lakes and Farmland Industries to combine their soybean processing assets into a single company, which was officially named Ag Processing Inc a cooperative (AGP). This was a major development for the cooperative system, which had been studying the possibility of consolidating cooperative-owned soybean processing facilities into one enterprise for quite some time.

After the first 40 years as Boone Valley and the last 40 as AGP, your cooperative is stronger than ever with 10 soybean processing facilities, four soybean oil refineries, three biodiesel production locations, and over 150 local and regional cooperative members. Today, AGP is a growing and successful agribusiness that employs approximately 1,100 people and markets U.S. agricultural products around the world.



The original Boone Valley logo (top) was used until the mid-1960s, but in 1973, the cooperative debuted a new logo (bottom) to commemorate its 30th anniversary.



# AGP Breaks Ground on New David City Facility



Pictured left to right: Board Member Matt Ashton, Board Member Chris Boshart, Board Member Bruce Granquist, CEO Chris Schaffer, Nebraska Governor Jim Pillen, Board Chairman Lowell Wilson, Board Member Doug Schurr, Board Secretary/Treasurer Larry Oltjen, Board Vice Chairman Dean Thernes, Board Member Jim Wagner, and Board Member Rob Jacobs.

May 17th was a banner day in David City, NE. AGP broke ground for its new soybean processing and degumming facility. The Groundbreaking Ceremony took place at the Butler County Fairgrounds. Many special guests were in attendance, including AGP cooperative members from the area, AGP’s Board of Directors, Nebraska Governor Jim Pillen, David City officials, Butler County officials, state agriculture leaders, and many more.

“A great deal of time and effort went into our management’s selection of David City as the site to expand AGP’s overall crush capacity by 15%. Soybean origination and product market destinations were considered as well as operational

factors such as labor availability, infrastructure, transportation, and community support. David City checked all the boxes,” said AGP CEO Chris Schaffer.

Along with AGP’s facility in Hastings, this will be the Company’s second processing plant in Nebraska. Mr. Schaffer explained that this new location aligns with AGP’s processing goals. “The number one thing you need for a soy processing facility is a reliable supply of soybeans. If you look at this location today, it is an area that is not tributary to our existing facilities.



Lowell Wilson, AGP Board Chairman, greets the crowd at the Groundbreaking Ceremony on May 17th.



Once complete, the David City facility will have the capacity to process over 50 million bushels of soybeans per year.

We have very loyal members in this area, but many of their locations did not spread well to our existing plants. We know our membership will be able to provide soybeans to us at David City,” he said.

The state-of-the-art facility will be built near major rail lines to allow for easy transportation of soybean meal and oil. CEO Schaffer projected the David City location will load about 30 rail cars of soybean meal each day. Some of the meal will service the domestic hog and poultry markets, but the majority will be exported to foreign markets through AGP’s ship loading facility at the Port of Grays Harbor in Aberdeen, WA. The facility’s strategic location will also allow the Company to serve the growing renewable diesel market on the West Coast and the Gulf of Mexico.

Lowell Wilson, AGP Board Chairman, thanked state and local officials in attendance for their support of the project and described the far-reaching impacts this new facility will bring. “This project will add well-paying jobs with excellent benefits, growth opportunities for local businesses, infrastructure improvements for the community, and increased support for local organizations. It will be the same success story we have seen repeated at every AGP location,” he said.

Nebraska Governor Jim Pillen said that AGP’s track record of proven success ensures the economic impact of the new David City plant will be felt in the region for generations to come. “I am amazed by Nebraskans. I get amazed at the folks in agriculture and how we are risk-taking, entrepreneurial, innovative, and problem-solving. We just keep figuring out how to get better and better every single day. That is why this is a great place to build a plant and a great place to be for all of us in agriculture. Congratulations to Butler County and to everybody at AGP. It is a heck of a day to be a Nebraskan,” said Governor Pillen.

The new plant is anticipated to be operational by the fall of 2025.



Members of AGP’s management team meet with Nebraska Governor Jim Pillen (second from left) at his office in Lincoln, NE.



Paul Wahlmeier, AGP Vice President of Finance, and Lou Rickers, AGP Chief Operations Officer, speak with David City officials to explain the benefits AGP’s new facility will bring to the area.



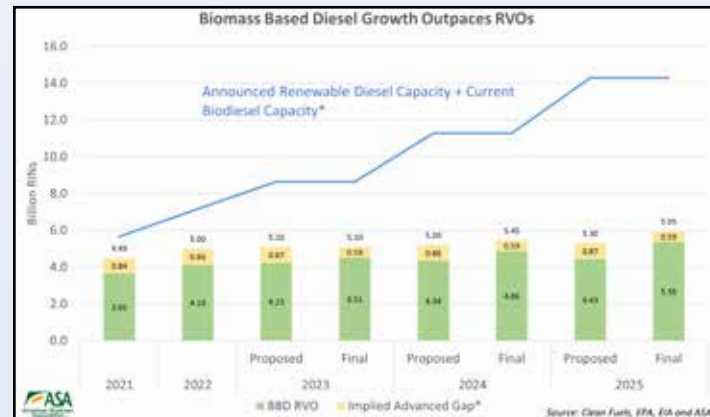
## EPA Misses Opportunity to Increase Soybean Oil Demand with New RFS Rule



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

short of existing and planned industry production capacity. Major proposed structural changes, such as the inclusion of E-RINs, were largely not adopted, which was a win for the industry.

One of our industry's most important new demand sources for soybean oil is renewable diesel, an advanced biofuel which shares performance and technical specifications with petroleum diesel fuel. Renewable diesel will supplement a mature biodiesel industry. Current market planning and investment reflects billions of gallons of additional renewable diesel capacity possibly coming online in the next few years.



In June, the Environmental Protection Agency (EPA) released a three-year Renewable Fuel Standard (RFS) regulation which sets annual federal biofuel blending requirements. This is a very important regulation for the agricultural industry, as biofuel production forms a critical component of domestic soybean and corn demand. Earlier this year, AGP provided testimony to the EPA on how the program should be administered, focusing on 1) Increased blending requirements for biodiesel and renewable diesel to promote industry growth and 2) No major structural changes to the RIN compliance system.

The new RFS rule increases the Biomass-Based Diesel (BBD) volume requirement by less than 100 million gallons to 2.82 billion gallons, a volumetric requirement easily reached with existing biodiesel capacity and vegetable oil feedstocks available today. Prospectively, the EPA takes the annual requirements to 3.35 billion gallons in FY 2025, which again, falls far

However, the largely inadequate volume requirements for BBD could ultimately result in delayed or deferred plans to expand renewable diesel production capacity. It creates a situation whereby any major growth in renewable diesel would potentially come at the expense of existing biodiesel capacity, changing market dynamics for soybean oil demand and reducing production levels (and employment) at rural-based biodiesel facilities.

One thing to keep in mind is that RFS blending requirements have typically

been aspirational in that they are designed to stimulate new investment and new technologies in domestic advanced biofuel production capacity. That was the whole point of the RFS to begin with: to promote investment in advanced biofuels. However, the current policy narrative at the EPA reflects a sentiment more in line with "keep the RFS where the market is at today" and "focus on electric vehicles." AGP appreciates that the new RFS rule will not reduce blending requirements for BBD from FY 2022 levels. However, we feel the minimal increase does not reflect the scope of interest and investment in emerging and growing advanced biofuels technologies, such as renewable diesel. The EPA missed a real opportunity to create new demand for renewable fuels and feedstocks, including soybean oil.

As a direct result of this new RFS rule, AGP will need to quickly address and focus on policies and markets for

a growing vegetable oil supply due to the expansion the soybean crush industry is undergoing. Additional domestic market opportunities that are not impacted by the RFS need to be developed. One such opportunity could be the use of vegetable oil feedstocks for use in sustainable aviation fuels (SAF). Other opportunities can come through enhancements to state laws that support biodiesel and renewable diesel usage, such as state-level carbon reduction strategies (CA), volumetric blending requirements (MN), and tax policy (IA).

In June, AGP Board leadership and staff traveled to Washington, D.C. to meet with federal lawmakers on important policy and regulatory issues.

Attending the meetings on behalf of AGP were:

- Lowell Wilson, Board Chairman
- Dean Thernes, Vice Chairman
- Larry Oltjen, Secretary/Treasurer
- Courtney Lawrenson, Vice President of Oils Energy
- Matt Caswell, Vice President of Corporate/Member Relations & Government Affairs

The group met with members of Congress from Iowa, Nebraska, South Dakota, and Washington. They also met with officials at the USDA, EPA, and DOT. Topics discussed included biofuels, trade, the Farm Bill, and tax policy.



AGP met with members of the USDA to learn what rural initiatives the group is spearheading and how agriculture may be impacted.



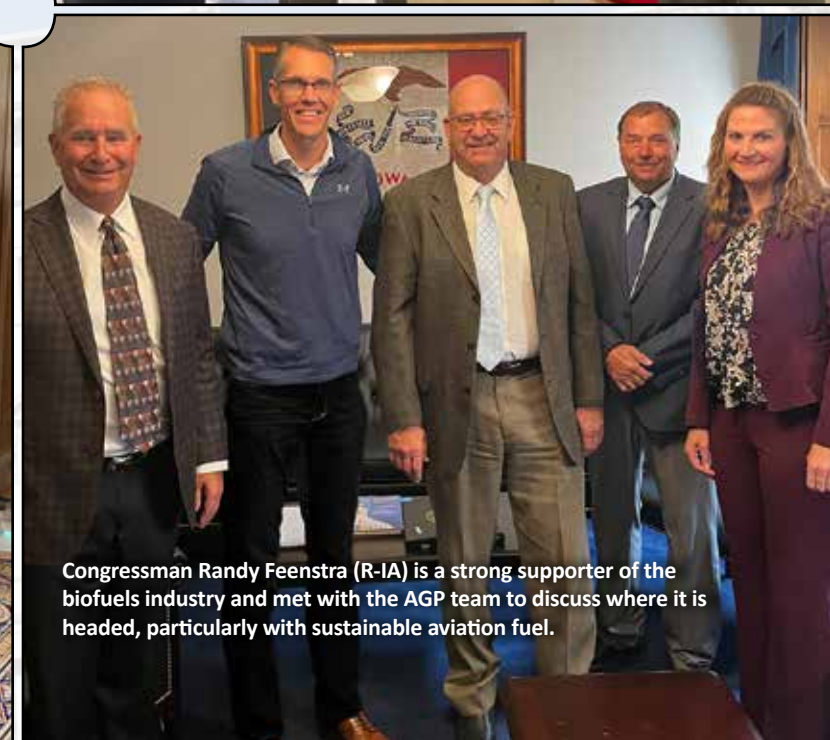
The AGP group took part in a meeting with the Environmental Protection Agency to discuss updates to the Renewable Fuel Standard and other pressing issues.



Senator Joni Ernst (R-IA) is a member of the Senate Agriculture Committee and recently helped introduce a bill to grow foreign sales of American ag products.



Thernes, Wilson, and Oltjen were part of a productive meeting with Senator Deb Fischer (R-NE) where she outlined her priorities for the next Farm Bill.



Congressman Randy Feenstra (R-IA) is a strong supporter of the biofuels industry and met with the AGP team to discuss where it is headed, particularly with sustainable aviation fuel.



## Maritime Commissioner Vekich Visits AGP



From left to right: Mark Sandeen, AGP Chief Marketing Officer; Paul Wahlmeier, AGP Vice President of Finance; Craig Pietig, AGP Vice President of Ag Products; Max Vekich, Commissioner of the Federal Maritime Commission; Greg Twist, AGP Senior Vice President of Transportation; Cory Cinque, Commissioner's Chief of Staff; and Kyle Droscher, AGP Chief Financial Officer.

Recently, AGP management team members held meetings in Omaha, NE and Washington, D.C. with Max Vekich, who is a commissioner of the Federal Maritime Commission (FMC). Commissioner Vekich was appointed to the FMC by President Biden and previously served as a labor leader and Washington state legislator. The FMC is an independent federal agency that is responsible for regulating the U.S. international ocean transportation system for the benefit of exporters, importers, and consumers.

Commissioner Vekich has been very interested in learning about soybean and soybean trade. Soy-based commodities are one of the nation's top exports. In fact, soybeans and soybean products are the biggest agricultural export in the United States with an estimated trade value of over \$28 billion. AGP is a major exporter of soybean meal exported out of the Pacific Northwest. The Port of Grays Harbor export facility in Aberdeen, WA handles most of AGP's soybean meal exports and is currently receiving a major upgrade to its export capabilities. This will provide an additional outlet for the increased soybean supply that will result from the expansion of U.S. soybean processing capacity.

## Lawrenson Serves Industry on CFAA Governing Board



Courtney Lawrenson (pictured, far right), AGP's Vice President of Oils and Energy, was elected last year to the Governing Board of Clean Fuels Alliance America (CFAA). CFAA is a very important trade association that represents biodiesel, renewable diesel, and sustainable aviation fuel industries. The group also coordinates technical, environmental, and quality assurance programs and serves the industry with policy advocacy, communications, and market development support.

As a component of her service on the CFAA Governing Board, Ms. Lawrenson is involved in top level policy negotiations in Washington, D.C. on critical issues facing the industry. These opportunities allow AGP to engage in biofuels policy and development advocacy on an

industrywide basis. The Company's farmer-owned cooperative voice is an important one for the organization. Recently, Vice President Lawrenson participated in CFAA business meetings with Congressional policymakers and Administration officials, where they discussed the new Renewable Fuel Standard (RFS) and environmental and economic modeling issues related to sustainable aviation fuel (SAF).

- Dakota Ag Center Grain (non-member) acquired Valley Central Cooperative in Colton, SD. Robert Hoiten is the Manager of Dakota Ag Center.
- American Plains Co-op in Great Bend, KS selected Bryan Moser CEO/General Manager. Bryan has been with American Plains for the past three years. His previous work includes various roles in agronomy and grain at Garden City Co-op. Bryan is a native of Kansas and received his bachelor's degree in Agriculture from Kansas State University.
- Little Cedar Co-op Elevator in Little Cedar, IA named Alex Emerson General Manager replacing Mick North who retired. Alex previously worked for the Mayo Clinic Health System.
- Mid-Iowa Cooperative in Beaman, IA named Bruce Kempf CEO/General Manager replacing Mike Kinley who retired. Bruce previously held the position of the cooperative's COO. He received his bachelor's degree in Ag Business and Economics from Iowa State University.
- AgFirst Farmers Cooperative in Aurora, SD named Kris Warne General Manager replacing Dan Forey who retired. Kris is a graduate of South Dakota State University and has worked for AgFirst since 2020.

## AGP Leadership Appointments



**Reggie Kock**  
Director of Marketing

Reggie Kock was promoted to Director of Marketing at AGP's corporate office in Omaha, NE. Reggie began his career with AGP as an intern at Mason City, IA in 2012. The following year, after the completion of his bachelor's degree in Business Management from Buena Vista University, Reggie joined AGP full-time as a Merchandiser in Eagle Grove, IA. In 2016, Reggie transferred to Dawson, MN, and in 2018, he was promoted to Sr. Merchandiser in Hastings, NE. Reggie then relocated to St. Joseph, MO in 2021 as the Merchandising Manager.



**Lincoln Hillyer**  
Merchandising Manager in St. Joseph, MO

Lincoln Hillyer was promoted to Merchandising Manager in St. Joseph, MO. Lincoln is a 2006 graduate of Kansas State University. He began his career at AGP last year as a Sr. Merchandiser in St. Joseph. Prior to AGP, Lincoln was the grain merchandiser for Morrill Elevator, and prior to that, he spent 14 years with Ag Partners Cooperative as Vice President of Grain.



## Talking Soybeans with Minnesota Farmers

Earlier this spring, employees from Yost Farm visited AGP's Dawson, MN facility to learn more about the soybean production process. The Dawson plant is one of four AGP locations that produces AminoPlus®, a natural all soybean-based bypass protein ingredient used by dairy producers.

Yost Farm is based in Minnesota and uses AminoPlus® in their dairy rations. Marc McCormick, AGP Dawson Plant Manager, and Jon Wager, AGP Dawson Merchandising Manager, presented to the group and discussed the production process and the benefits AminoPlus® can provide to dairy herds.



## Nebraska LEAD Visits AGP

Twenty members of the 40th Nebraska LEAD program recently visited AGP corporate headquarters in Omaha, NE as part of their two-year educational requirement. LEAD is coordinated by the University of Nebraska-Lincoln and stands for Leadership Education/Action Development. All LEAD participants are Nebraska residents involved in production agriculture, agribusiness, or a related field.

Matt Caswell, AGP Vice President of Corporate/Member Relations and Government Affairs, met with the group to provide an overview of the cooperative business model and discuss AGP's role in agricultural advocacy. AGP is a long-time supporter of Nebraska LEAD, a program that is recognized both statewide and nationally for its agricultural leadership development.

## AGP Annual Report Places 2nd at CCA

AGP's 2022 Annual Report was a second-place winner in the Publications category of the communications contest sponsored by the Cooperative Communicators Association (CCA). The Excellence in Communications Awards ceremony was held in June during the CCA's Annual Institute in Portland, ME.

The Institute program also offered a variety of professional development sessions for CCA members and strategies aimed at making communications more successful for cooperatives.



LEARN. LAUGH. LEAD.

## AGP Hosts Nebraska FFA Leaders

Nebraska FFA leadership stopped by the AGP corporate office in Omaha, NE for a visit and to thank AGP for its continued support of the organization. Matt Caswell, AGP Vice President of Corporate/Member Relations and Government Affairs, met with three FFA state officers to discuss the cooperative model and issues impacting the agricultural industry. Each year, AGP supports FFA in Nebraska and surrounding states and is proud to provide ongoing support for FFA programming. Future Farmers of America remains the premier high school-level agricultural leadership program in the country. Pictured left to right: Matt Caswell; Lexi Bodlak, Pender FFA President; Grace Timm, Creek Valley FFA Vice President; and Dustin Andreasen, Boone Central FFA Vice President.







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