

AGP[®] NEWS

Serving Cooperatives and Agricultural Producers

A PUBLICATION OF **Ag Processing Inc** a cooperative, Fall 2024



**PROGRESS IN
DAVID CITY**

A MESSAGE FROM AGP’S CEO

DAVID CITY TOUR

Oil Customers Tour David City Facility

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I would like to say thank you to the Iowa Soybean Association, the Kansas Soybean Commission, the South Dakota Soybean Research and Promotion Council, the Soy Transportation Coalition, and the United Soybean Board for their generous contributions to the Port of Grays Harbor’s Expansion and Redevelopment Plan.

Having so many groups advocate for the expansion of export capacity was essential in obtaining support from state, local and federal officials, which was key to moving the project forward. The recognition of this critical need not only demonstrates your organizations’ commitment to advancing the industry, but also highlights the strategic foresight required to address the future demands of global markets.

I am very grateful for the collaborative effort and everyone’s dedication to improving our nation’s infrastructure for the benefit of the entire U.S. soybean sector. With the substantial expansion of domestic soybean crush capacity currently underway, support from these organizations will continue to be instrumental in developing new markets for American agricultural exports. You can read more about this important alliance in the newsletter.

You will also find in this newsletter an article by Michael Dolch, AGP’s Director of Government Affairs, regarding IRC Section 199A. Michael gives a great overview of the tax deduction and how it benefits your cooperative and your member-owners. AGP is taking a very active role in trying to encourage policymakers to make 199A a permanent deduction.

Have a safe harvest.


Chris Schaffer
Chief Executive Officer



As excitement continues to build for AGP’s upcoming crush and degumming facility in David City, NE, the Company hosted a collection of customers to give them a first-hand look at the plant’s progress. AGP employees from the operations, engineering, processing, and oils business groups explained what the finished project will look like and answered questions about the soybean crush process. The visit ended with a guided tour of the facility where guests learned how the David City plant fits into AGP’s overall business platform. The state-of-the-art facility is on track to open in 2025 and will have the capacity to crush over 50 million bushels of soybeans per year.

Pictured below at left: Bryan Sharp, AGP Director of Engineering, discusses the construction process for the upcoming David City facility. Pictured below at right: Construction of the plant’s degumming facility is underway.



\$1.3 Million Check Presented for AGP Port Project

This summer, the Port of Grays Harbor (POGH) in Aberdeen, WA welcomed dozens of representatives from the soybean industry to celebrate the \$1.3 million contribution to the Terminal 4 Expansion and Redevelopment Project. AGP is spearheading this upgrade, which includes a new ship loader at the Port’s Terminal 4 and recently completed, additional storage at Terminal 2. The upgrades and new ship loader will improve logistics for AGP’s crush facilities, increase export capacity, reduce vessel idle time, and ensure the POGH remains a cost-effective port for soybean meal exports. These investments, scheduled to be operational in early 2026, will ultimately allow the AGP terminal to increase annual soybean meal exports from three million to more than six million metric tons.

In order to accommodate this growth and investment, the Port of Grays Harbor will add 40,000 feet of railroad track and will install a new fendering system. More than 30 acres of new cargo storage is already being utilized at Terminal 2. These expenditures will enable POGH to effectively manage the increased volume of soybean meal.

AGP Directors Lowell Wilson, Tim Nagler, and Jim Wagner, along with several members of AGP’s senior management team, attended and offered remarks at the check presentation ceremony.

“Over the years, AGP has developed a very strong relationship with customers in southeast Asia,” explained Lowell Wilson, AGP Board Chairman. “This project will significantly improve speed, capacity, and product availability for the benefit of our current and future customers. In short, the work being done here will ensure the direct link from the

farmer to the international customer grows even stronger.”

“The financial contribution the Soy Transportation Coalition and the supporting Associations have committed to this important infrastructure project does not go unnoticed by the Port and our community,” said Port Commission President Phil Papac. “We are incredibly proud of the role the Port plays in exporting the crops that you grow, that AGP processes, and that help feed millions of people throughout the world.”

The United Soybean Board, the Soy Transportation Coalition, the Iowa Soybean Association, the Kansas Soybean Commission, the Nebraska Soybean Board, the North Dakota Soybean Council, and the South Dakota Soybean Research and Promotion Council helped present the \$1.3 million contribution to help offset some of the pre-engineering, design, and site development costs of the project.



Photo above: Craig Pietig, AGP Vice President of Ag Products, gives an overview of AGP’s export business. Photo credit: Bethany Barrata.

Photo at left: Representatives from AGP, the Port of Grays Harbor, and state soybean associations pose with the \$1.3 million check for the Terminal 4 Expansion and Redevelopment Project. AGP’s current soybean meal export terminal can be seen in the background. Photo credit: Joe Murphy.



AGP Board Tours St. Joseph, MO Facility

The AGP Board of Directors toured AGP’s operations at St. Joseph, MO this fall. Traditionally, the Board holds their September meeting at an AGP plant. The nine Directors toured St. Joe’s soy processing plant, soy biodiesel plant, and oil refinery.



Above: St. Joseph’s degumming facility serves an important role in the soybean oil refining process. Left: Grant Hageman, St. Joseph Refinery Plant Manager, gives a tour of the refinery’s control room. Bottom left: AGP’s Board and management team spent about 90 minutes touring St. Joseph’s various production areas, including the biodiesel facility. Bottom: The original St. Joseph facility was constructed in 1953 and purchased by AGP in 1983. Each year, the plant crushes 47.5 million bushels of soybeans, refines 1.45 billion pounds of oil, and produces 292 million pounds of biodiesel.



AGP’s Board of Directors participated in the tour and enjoyed gaining a better understanding of day-to-day operations in St. Joseph. Pictured left to right: Tim Nagler, Jim Wagner, Dean Thernes, Doug Schurr, Lowell Wilson, Larry Oltjen, Rob Jacobs, Chris Boshart, and Matt Ashton.



Midwest Policymakers Tour AGP Facilities



The warmer months brought a number of area legislators to AGP’s facilities for tours to learn more about the impact the Company is making across the soybean industry. Missouri Lt. Gov. Mike Kehoe visited AGP’s St. Joseph, MO soy, refinery, and methyl ester operations. Kehoe is the current Republican nominee for Missouri Governor and an active cattle farmer with a strong history of support for biofuels. Elsewhere, Congressman Mike Flood spent the day in Butler County, NE touring AGP’s upcoming David City plant. Rep. Flood has consistently championed issues important to AGP, including renewable fuels, trade, and market access. Since taking office, he has fought against burdensome regulations that impact the ag sector. Finally, staff from the offices of Iowa Rep. Randy Feenstra and Iowa Sen. Joni Ernst, along with the CEO of the National Oilseed Processors Association (NOPA), toured AGP’s Sergeant Bluff, IA location. They learned about soy processing, refining, and biodiesel production.



Top photo: Missouri Lt. Gov. Mike Kehoe (center) poses with AGP employees, members of the Missouri Soybean Association, representatives from Clean Fuels Alliance America, and campaign staff before taking a tour of the St. Joseph facility. Left: Taron Courter, David City Degumming Operations Manager, and Jason Moser, David City Soy Operations Manager, explain to Nebraska Congressman Mike Flood what the completed David City plant will look like. Above: Bill Rickers, Sergeant Bluff Refinery Plant Manager, talks with Trenton Hoekstra, Legislative Assistant for Sen. Joni Ernst, and Kailee Tkacz Buller, NOPA CEO.

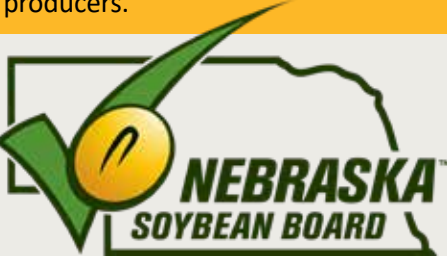
Engaging with Iowa Producers



AGP was in attendance for the Iowa Soybean Association’s Summer Soy Meeting in Fort Dodge, IA. Reggie Kock (middle), AGP Director of Marketing, joined a panel discussion with ISA staff and industry reps. Kock spoke about issues central to soybean producers such as trends in the soybean crushing industry, market potential of U.S. soybean meal exports, and areas of opportunity to increase sales with the continued upturn in domestic crush.

AGP Leaders Meet with NSB

Adam Piper (second from left), AGP Vice President of Soy Processing, and Craig Pietig (fourth from left), AGP Vice President of Ag Products, are joined by the Nebraska Soybean Board’s nine-member Board of Directors and two United Soybean Board Directors. Adam and Craig presented at the NSB’s meeting this summer in Columbus, NE. AGP and NSB are strong partners in promoting initiatives that expand opportunities for soybean producers.





Making Way for Section 199A



By Michael Dolch
Director of
Government Affairs

Section 199A Matters to Farmer Cooperatives and Rural America

Imagine a critical tax deduction, essential for the survival of farmer cooperatives and rural communities, suddenly vanishing. This scenario could become a stark reality if Section 199A of the Internal Revenue Code (IRC) expires at the end of 2025. For farmers, this isn't just a tax issue—it's about survival, growth, and the future of rural America.

The Power of Section 199A

Section 199A, created by the Consolidated Appropriations Act of 2018, replaced the domestic production activities deduction repealed by the Tax Cuts and Jobs Act of 2017. The provision allows agricultural cooperatives to claim a tax deduction on patronage earnings of up to 50% of wages, reducing their tax burden. This enables cooperatives to reinvest in their operations and better support their members. The savings are often passed directly to farmers, helping them purchase new equipment, expand production, or simply stay afloat during tough times. Consider a small family farm in Nebraska that remains competitive and profitable thanks to Section 199A. Without this deduction, the farm could face financial collapse, impacting not just one family but the entire local economy. This underscores the importance of preserving the deduction for the long-term stability of rural America.

AGP Takes Action in Washington, DC

Recognizing the critical importance of Section 199A, AGP is taking action. In August, CEO Chris Schaffer, along with board members Larry Oltjen and Dean Thernes, participated in the National Council of Farmer Cooperatives (NCFC) Washington Conference. They met with congressional offices to emphasize that Section 199A is not just beneficial—it's essential—highlighting how the provision helps cooperatives reinvest in their operations, support their members, and sustain rural communities. The message was clear: Congress should make 199A permanent, or the foundation of rural America will be at risk.



Listening to Rural America

AGP recently hosted a Rural America Tax Team Listening Session, where 15 cooperative general managers from Iowa and Nebraska shared their perspectives on Section 199A. This was an opportunity for agricultural leaders to directly communicate with policymakers. Led by Rep. Adrian Smith (NE), Chairman of the Rural America Tax Team, with Reps. Randy Feenstra (IA), Nicole Malliotakis (NY), and Mike Flood (NE) in attendance, the session underscored the importance of Section 199A for keeping rural America strong. The cooperative leaders detailed how the deduction has allowed them to invest in their businesses, support their members, and contribute to the local community.

Looming Threat and Uncertainty

Despite the broad support for Section 199A, the provision faces an uncertain future. One of the looming threats is the potential imposition of an income cap, which would limit the deduction's benefits for cooperatives. Such a change would result in higher taxes for many farmers who rely on the deduction the most, exacerbating the financial pressures they already face from volatile markets, rising input costs, and global uncertainties. Adding to this uncertainty is the November election and a new Congress, which could lead to a shift in congressional priorities—further threatening the deduction's future.

As the expiration date for Section 199A approaches, the stakes grow even higher. If Congress fails to act, the progress made over the past two decades could be undone, threatening the future of American agriculture and rural communities.



The Case for Permanent Reauthorization

As the expiration date for Section 199A approaches, the stakes grow even higher. If Congress fails to act, the progress made over the past two decades could be undone, threatening the future of American agriculture and rural communities. Reauthorizing Section 199A in its current form is imperative.

Fighting for the permanent reauthorization of Section 199A is about more than supporting farmers and rural communities; it's about ensuring that American agriculture remains competitive globally. AGP's \$1 billion capital investments in the David City soybean processing plant and the Port of Grays Harbor (POGH) terminal are just two examples of what's at stake. Through advocacy in Washington, and the Rural America Tax Team Listening Session, AGP is leading the charge to protect its members' interests and secure the future of rural America.

Members of AGP management and the Board of Directors were in the nation's capital for the National Council of Farmer Cooperatives 2024 Washington Conference. Pictured at left are Chris Schaffer, AGP CEO; Larry Oltjen, AGP Board Secretary/Treasurer and producer from Robinson, KS; and Dean Thernes, AGP Board Vice Chairman and General Manager of Farmers Pride in Battle Creek, NE. Courtney Lawrenson, AGP Vice President of Oils and Energy, and Michael Dolch, AGP Director of Government Affairs, were also in attendance.

AGP Connects with International Trade Delegations



The Philippines & Vietnam

Members of AGP’s export and merchandising teams joined Port of Grays Harbor employees in Aberdeen, WA to host a trade mission from the Philippines, Thailand, and Vietnam. As part of the visit, they toured AGP’s new construction completed at Terminal 2.

As part of their visit to Nebraska, a trade delegation from Thailand toured the farm of Nebraska Soybean Board Member Mike Tomes (right). Alli Schmidt (middle), AGP Merchandiser, helped host the group. They also took trips to the Port of Grays Harbor and AGP’s Hastings, NE facility.

Thailand



South Korea

A South Korean trade delegation met at AGP’s corporate office in Omaha, NE for a discussion on Company operations, services, and industry engagement.



Indonesia

Jessica Swan (right), AGP Merchandising Manager, spent a week promoting U.S. soybean meal and the Port of Grays Harbor with importers and feedmill owners in Jakarta, Indonesia. This included a workshop in conjunction with the United States Soybean Export Council (USSEC) to evaluate advantages and opportunities of utilizing U.S. soybean meal.

AGP Concludes Another Successful Internship Program



Pictured left to right: Dustin Dawson, Iowa Central Community College (ICCC); Austin Woodard, University of Nebraska-Lincoln (UNL); Talia Francois, Kansas State University (KSU); Nolan Leiningner, KSU; Ella Massey, KSU; Raiden Thompson, ICC; Michael Partoll, Iowa State University (ISU); Mason Moore, UNL; Gideon Ray, UNL; Mitch Bryan, KSU; David Karpf, UNL; Zach Robeson, UNL; Emily Prai, Midland University; Avelyn Burger, University of Iowa; Austin Nolley, ISU; Alexis Moeller, ISU; Zander Meister, South Dakota School of Mines and Technology; and Jacob Diemer, University of Toledo. Not pictured: Robby McElroy, KSU.

Each year, a collection of college students are selected to work as summer interns for AGP. The internship program is very hands-on, allowing the students to gain valuable real-world experience they can use after graduation. In 2024, AGP welcomed 19 interns to serve in the areas of accounting, merchandising, operations, finance, and engineering across seven AGP locations.

“The growth we have seen in our interns over the course of this summer’s program has been remarkable,” said Kim Brammer, AGP Director of Development and Recruitment. “They have not only gained experience, but have also contributed meaningfully to our success. They will be assets to any team they join.”

AGP Leaders Speak at Key Cooperative Meeting



Several AGP employees recently joined the Board of Directors and leadership team from Key Cooperative for their annual strategic planning retreat in Omaha. Key Cooperative is headquartered in Roland, IA and has been an AGP member since 1984. Boyd Brodie is their CEO and General Manager. Alex Hines, AGP Senior Merchandiser; Cole Larsen, AGP Merchandiser; and Nate Nolte, AGP Biofuels Sales Manager, spoke to the group and answered questions. Topics included updates on AGP projects, a discussion of agricultural markets, and the state of the biofuels industry.



AGP Donates to Local Communities



Employees from AGP’s Manning, IA facility recently presented a check for \$7,000 to the Manning Fire Department. The donation will be used to purchase a transfer pump for one of the department’s tanker trucks. Manning Fire and Rescue is run by more than 30 volunteers and serves the city of Manning and the surrounding rural areas. Pictured from left to right are: Kyle Arp, AGP Manning Plant Superintendent; Casey Karsten, MFD Treasurer; Leroy Schmidt, AGP Manning Plant Operations Manager; RJ Arp, MFD Trustee; and Marc Arp, MFD Captain.



This summer, AGP contributed \$50,000 to the Siouxland Recovery Fund to help with flood relief efforts in the area. The fund helps support organizations and nonprofits that offer assistance or aid to people recovering from the flood. Parts of Iowa and South Dakota experienced historic rainfall and catastrophic flooding in late June. Wayne Johnson, AGP Vice President of Transportation, presented the check on behalf of AGP. He is pictured with Heather Hennings, President of United Way of Siouxland.



- The Board of Directors from Farmers Cooperative Association in Forest City, IA and Gold-Eagle Cooperative in Goldfield, IA approved a merger that was effective July 1. Gold-Eagle acquired the assets and liabilities of Farmers Cooperative Association, and the merged company is operating under the Gold-Eagle Cooperative name. Chris Boshart, General Manager at Gold-Eagle Cooperative, leads the combined organization.
- The members of Rangeland Cooperative in Phillipsburg, KS; Central Plains Cooperative in Smith Center, KS; and Producers Agricultural Marketing Association in Kensington, KS approved a merger that became effective September 1. The merged coop is known as Trinity Ag Cooperative, Inc. and headquartered out of Smith Center, KS. Bruce Williams, current General Manager of Rangeland Coop, manages the combined organization.

AGP Celebrates Co-op Month



Since 1964, October is recognized as National Co-op Month. As a federated cooperative, AGP celebrates this year's theme of "The Future Is Cooperative." This theme encompasses AGP's commitment to its member-owners and the communities where we do business. Cooperatives like AGP play a vital role in providing economic stability for rural communities, retaining farmer ownership and control in the production and distribution chain, ensuring a safe and affordable food supply, and protecting the environment.

Cooperatives have been crucial to farmers' livelihoods, the agricultural industry, and the economy of rural America for more than a century. We believe farmers are better equipped to adapt to the opportunities and difficulties facing agriculture in the future, thanks to farmer-owned cooperatives and the reliability of the cooperative business model.



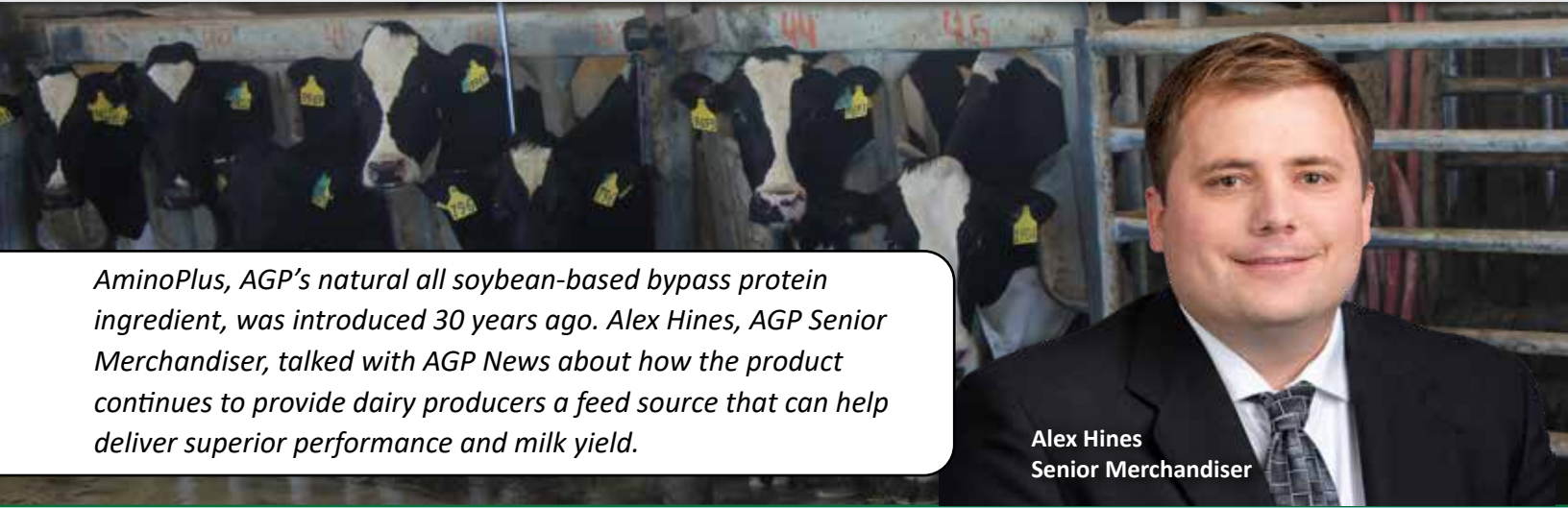
Perry Doane (second from left), AGP Nutritional & Technical Services Manager, meets with leadership from Rockingham Cooperative to discuss AGP's AminoPlus product. Rockingham Cooperative is headquartered in Harrisonburg, VA.



Reggie Kock, AGP Director of Marketing, visits with Doug Biswell, General Manager of Jackson Farmers, Inc. Jackson Farmers is headquartered in Holton, KS.



Ramsey Nielsen, AGP Merchandiser, presents Mark Willand, General Manager of Dawson Grain Cooperative in Dawson, MN, with a commemorative print at his retirement event. Mark retired this summer after 28 years with the coop. AGP thanks Mark for his support and service to the cooperative system over his long career.



AminoPlus, AGP’s natural all soybean-based bypass protein ingredient, was introduced 30 years ago. Alex Hines, AGP Senior Merchandiser, talked with AGP News about how the product continues to provide dairy producers a feed source that can help deliver superior performance and milk yield.

Alex Hines
Senior Merchandiser

Q: Give our readers a quick history as to how AminoPlus came about.

A: In the early 1990s, AGP’s research and development team began looking at the possibility of producing a soy bypass protein. We conducted on-farm studies with dairies, where we introduced our new AminoPlus product to the herd’s dairy rations. We did an initial trial of 60 days, and once it was complete, it was difficult getting the dairies to switch back to their original ration due to the increase in overall milk production! These positive results, and years of research, gave AGP the confidence to start production at our Mason City, IA facility in 1995. Communication with dairy producers and word of mouth amongst nutritionists was crucial to sales. AGP also exhibited at trades shows and nutrition conferences to help further expand the use of AminoPlus. In 2000, an AminoPlus production facility was added at AGP’s Hastings, NE site. Five years later, a second AminoPlus production line was added at Mason City. That was followed by Sergeant Bluff, IA in 2008 and Dawson, MN in 2014.

Q: Why was there a need for AminoPlus in the marketplace and how has that changed over the last 30 years?

A: The initial benefit of AminoPlus was to increase milk production for the dairy producer. However, in the last 30 years, dairy producers have become much better in what we call “cow comfort.” That includes water quality, feed availability, mixing consistencies, time away from the feed bunk, and a whole list of things. This has also influenced total milk production in positive way. With an increased focus on nitrogen and emissions, both management and environmental concerns have increased the farms’ attention to ingredient quality and value. I think with the way it has evolved, today we look at more efficient milk production versus total milk production.

Q: What are some qualities of AminoPlus that make it such an excellent product?

A: There are a number of things. AminoPlus is a high protein soybean meal with a high proportion of rumen bypass protein. That allows for lower inclusion rates to achieve targeted nutrient levels, meaning there is more ration space for other ingredients. It is natural and a great source for essential amino acids, which any producer knows is important in dairy rations. AminoPlus is low in unsaturated fatty acids, which have been associated with depressed milk fat content. Lastly, AGP’s controlled production process ensures consistent quality for AminoPlus.



Q: How does AminoPlus fit into AGP’s goals of adding value to our products and the cooperatives we serve?

A: AminoPlus increases the use of soy products in dairy cattle rations, which expands the market for soybeans as it competes with other protein ingredients. That adds value for AGP’s member-owners’ soybeans and brings a value-added feed product to dairy producers. By having four production facilities, it allows AGP’s member-owners multiple shipping options and a consistent supply. AminoPlus has a long record of success and many loyal customers. They appreciate AminoPlus and we are grateful for their continued business.

Q: What is your specific role in marketing AminoPlus?

A: I have been working within our Ag Products group overseeing AGP’s AminoPlus sales for six years. Prior to coming to the group, I was a merchandiser at our Hastings crush plant. In terms of marketing AminoPlus today, we continue to attend trade shows promoting the product both nationally and internationally. I particularly enjoy exhibiting at the annual World Dairy Expo in Madison, WI which is a great opportunity to check-in on our existing customers and tell more people about the benefits of AminoPlus.

Q: What can a producer do if they are interested in incorporating AminoPlus into their farming operation?

A: Our team is always willing to help a dairy producer determine if AminoPlus is the right choice for their farming operation. We are happy to visit a farm to explain available options for the most economical supply of AminoPlus, or assist with calculating cost comparisons of rations that are currently used on the farm.





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