

FEDERATED CO-OPS, INC

Annual Meeting Minutes

April 10, 2019

1. The Annual meeting was called to order by President Craig Mold at Northern Lights Ballroom and Banquet Center in Milaca, MN.
2. Proof of notice was read and a quorum was declared.
3. Motion was made to approve April 11, 2018 Federated Co-op Annual meeting minutes as read; second and carried.
4. The Board of Directors report was given by President Craig Mold:
 - a) Thanked employees and patrons.
 - b) He recognized and introduced the Board of Directors.
 - c) He reviewed names of Board Members up for election.
 - d) Director Elections: Motion made to have a unanimous ballot cast for election; second and carried. Results: Members reelected; Paul Berning, Brad Rootkie, Todd Steffen and Mike Wayrynen.
5. Manager's report was given by CEO Mike McMahon:
 - a) Thanked all patrons, employees and Board of Directors.
 - b) Shared Federated Co-ops Vision
 - Have a culture of a safe and trust worthy team that works together to succeed together with all patrons – "THE POWER OF ONE".
 - Be recognized as a service leader.
 - Grow Federated's core business and add more. The core consisting of Agronomy, Energy and C-Stores.
 - People and organization Development. Development at entry level.
 - Recruit and Succession Planning. Who will be our team members in the future?
6. McMahon gave business review:
 - a) Agronomy:
 - New leadership. Craig Gustafson – Director of Agronomy Operations and Ken O'Brien – Director of Purchasing and Logistics.
 - Sold the old Osceola plant.
 - Sold Pease Mill location.
 - Purchased 4 new sprayers and 1 dry fertilizer spreader.
 - Invested in technology.
 - Showed map to audience of all Agronomy locations.

b) Energy:

- Added over 770 propane customers. Current customers total approximately 35,000.
- Handled over 134,000 patron calls.
- Delivered over 30 million gallons.
- Purchased 1 new fuel truck and 3 new propane trucks bringing total to 59 propane trucks.
- Showed map to audience of all Propane locations and Fuel/Oil locations.

c) Retail:

- Removed the feed mill in Moose Lake.
- Moose Lake added \$3.8M in revenue.
- Grew Cub Cadet business \$300,000.
- Added loyalty program Astro.
- Leverage Social Media to drive sales.
- Showed map to audience of all C-Store locations and Country Store locations.

7. McMahon gave 2018 Performance review:

- Gross Margin \$32,809,581.00
- Local Net Margin \$6,282,476.00
- Margin before income taxes \$6,616,767.00
- Net Margin \$5,669,767.00
- Patron Equities \$29,756,361.00 and patronage payable in equities \$1,273,000.00
- 2018 patronage payout will be 5.3% with 50% payable as cash.
- Patronage checks will be mailed first part of May.

8. President Craig Mold asked for a motion to approve Audit Report as presented; second and carried.

9. President Mold asked for new business, being none, asked for old business, being none a motion was made to adjourn; second and carried.

Respectfully submitted,

Ross Gerth

Secretary

