

Fall 2020

# PROTECT AND GROW YOUR LEGACY



Sean Slowinski, CEO

Another round of investments in your cooperative is nearing completion. We've been talking about the expansion and upgrades at the Rolla Elevator for

almost two years, and they are nearly finished. If not before you receive this newsletter, then shortly after, trucks should be dumping at the new pit. Load-in and load-out lines should, for the most part, be a thing of the past.

The Rolla project had its share of stops and starts early on. The same can be said of upgrades at Egeland. We've made a good start, but that project is at what seems like a standstill now. COVID-19 has created even more uncertainty in the construction industry than usual. The labor force that some of the sub-contractors employ was unable to cross into the US until mid-summer, due to work visa challenges and neighboring countries that were on lockdown due to COVID-19.

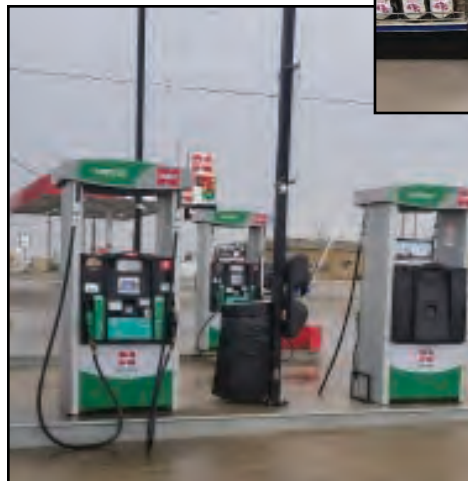
Unlike Rolla, the Egeland project will not be finished for this year's harvest. When it is, area members will experience much faster and smoother grain delivery. In addition to a new 330,000-bushel bin, we are adding a new scale, grain probe and 20,000-bushel per hour unloading.

As often happens, one improvement demands other changes. We were on

240 three-phase power in Egeland and needed to go to 480 three-phase. This in turn required a new electrical room, new switching gear and related equipment.

When this last round of investments is completed, every Legacy Cooperative elevator, except for Perth, will have been modernized. All will have high-speed receiving and load-out capability. You will be more efficient delivering grain, and your cooperative will be more efficient moving grain out to maintain space for your deliveries.

Lots of other upgrades have been made in recent years, and not all are 20,000-bushel per hour receiving pits. Some are smaller, like the new flooring at the Dunseith C-store, a new walk in freezer at Cando, or new fuel pumps at the Rolla station.



We are as committed to maintaining and improving what we have as we are to building new. The only difference is the dollars involved.

We know you understand the importance of investments large and small. Buying a new tractor, truck or combine is exciting, but replacing an outdated fuel tank or adding gravel around a bin may be just as important at harvest. You know that it isn't the size of the investment that matters; it is that you have made the investment. Each



improvement is how you protect and grow the dollars you've invested in your overall operation, your farming legacy.

As a patron of Legacy Cooperative, how you spend your dollars or sell your grain also affects your legacy. It is your equity that has been invested. It is your dollars your Legacy Cooperative Board of Directors put into those elevators, flooring and pumps. The goal of the board and management is that these

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investments meet your needs, not only at harvest time, but throughout the year to strengthen your operations and strengthen your communities.

We know that our cost to serve you isn't the same as a single location grain terminal or a single fertilizer plant on rail. Had the Legacy Cooperative Board of Directors done things differently, our costs might be lower in Bisbee. A long list of upgrades made at local facilities over the past four or five years could have been concentrated in a single elevator and agronomy hub.

Of course, those lower costs would come at a price to you and your communities. Local elevators and agronomy centers would have closed. Delivering grain or picking up inputs a few miles down the road would be a thing of the past.

Every time you sell grain or buy inputs, your decision to do so through Legacy Cooperative endorses your board's

decision. It says upgrading facilities and services in your local communities was the right one. It protects and grows your investment in Legacy Cooperative, and that grows and protects your legacy.

We also need and appreciate your support in our efforts to protect you and our employees. If possible, these efforts are even more vital as we move into harvest, when every person is key to smooth operations.

Our staff is our single, most valuable asset. While they may not relate directly to your equity investment in the co-op, they do make it possible to deliver the products and services offered through that investment.

So far we have been fortunate. While there have been a few scares where employees or persons close to them have been exposed to COVID-19, none have tested positive. In those cases, the employees used good judgment and self-quarantined.

As discussed before, we are doing our best to strike a balance in risk management. We have limited traffic where non-essential while accommodating customers' needs without full exposure.

Some people indicate we have not gone far enough, while others feel we have gone way overboard. What we have done is to give our employees guidance and the freedom to implement the tools they feel are needed and are comfortable using. We appreciate and applaud your understanding of that.

As we move through harvest, we do hope you will keep the risks to staff and fellow members in mind. We encourage people not to gather and sit together in those cases where they do have to wait. If a line does develop, please stay by the truck and maintain social distancing. This is a time of the year where we all must be at our best and working at 100 percent.

## VIEW FROM THE BOARD



Sebastian Wald doesn't shy away from change. It's only been ten years since he married his wife Brittany and moved to the Rolla area to work for her

parents, Ed and Rhoda Mickelson. In the decade since, he has become more of a partner in the operation. Eight years ago he convinced Ed to add soybeans to the farm's wheat and canola rotation. Soybeans have been a nice addition. Next year they may add barley into the rotation. "It doesn't hurt to try something new," says Wald.

Being comfortable with change is a good attribute for the new addition to the Legacy Cooperative Board of Directors.

The Board has overseen a lot of changes in the past five years, some of them directly affecting Wald and the farming operation.

"The investment made in agronomy facilities was huge for us," says Wald. "Before that, there wasn't a lot of storage for fertilizer, seed, or chemical. More storage capacity means better pricing for patrons. The agronomy center was something we really needed in the area."

The elevator facility upgrade is equally appreciated. "It will really help with the speed of dumping and reduce long lines at harvest," he says. "Productivity will improve greatly." Until now, the elevator has had some storage issues. "Rolla takes in a lot of bushels," says Wald. "I think the improvements are going to make patrons happy."

Smaller investments made in the cooperative's facilities, such as the diesel fuel pump island, are also welcome, notes Wald. "In the past we often bought diesel fuel at other locations in town for the ease of fuel access," he says. "Adding the island was important for us and other area patrons. I think it was a big boost in business for the station, as was bringing in Hunt Brothers Pizza and other food."

When approached by the nominating committee about a board position, it didn't take long for Sebastian to say yes. After talking about it with family, he decided it would be a good opportunity. "It's time for my generation to step up and take on the responsibility," says Wald. "It is a great group, and they are open to questions and looking for input that will benefit the patrons and the operation as a whole."

# WATCH FOR WEEDS AT HARVEST

Weed pressure reached new levels this year, notes Joe Kremer, Legacy Cooperative Agronomy Manager. Herbicide resistant wild oats and kochia are especially prevalent, he adds.

"Watch for problem areas while you harvest, although that includes entire fields in some cases," says Kremer. "Herbicide resistance has made them tougher to manage. Members definitely need to come up with a management plan."

Kochia has shown resistance to Groups 2, 4, 5 and 9 (ALS, GR, triazine and glyphosate). A combination of preemergence and postemergence herbicides is needed for the most effective control. Rotating to dicamba or 2,4-D tolerant soybeans is one option for cleaning up resistant kochia. Other practices to consider include crop rotation, seeding rates and row spacing,

"Your agronomist can help you put together an overall control program," says Kremer.

Resistance to multiple modes of action is one reason wild oats are showing up in wheat this year. The problem weed has shown resistance to Groups 1, 2 and 8 herbicides. Another reason may be the lack of fall treatments in recent years.

"Talk with your agronomist about fall applied Fargo or Buckle granules," says Kremer. "We have the equipment to apply it while spreading dry fertilizer."

This past spring emphasized the importance of fall applications. The wet

conditions reduced spring application of both dry fertilizer and anhydrous ammonia (NH<sub>3</sub>), while urea applications were way up. Kremer expects the urea and NH<sub>3</sub> demand to reverse this fall.

Kremer reminds members planning on fall fertilizer applications to get soil sampling done. "The sooner it is done, the better," he says. "Annual soil tests are recommended, and close to 80 percent of our members follow that recommendation."



photo courtesy Jeff Stachler, NDSU Extension

**Kochia in fields at harvest may be resistant to your herbicide program. Your Legacy Cooperative agronomist can recommend options to clean up the problem.**

With three trainloads of fertilizer booked this fall, Legacy Cooperative is well prepared for a strong fall application season, reports Kremer. That doesn't mean that members should be complacent if they haven't ordered.

"We have already sold 85 percent of what is coming in on those trains," says Kremer. "We have a bunch of orders already on the books for the fall."

If you haven't ordered yet, Kremer recommends contacting your agronomist soon. "We are expecting a big and busy fall," says Kremer. "The better the communication we have with our members, the more efficient we can be with your investment in staff, equipment and facilities."

## CROPS RESPONDED TO 2020 CHALLENGES

The spring that nearly wasn't has produced some pretty good crops, notes Joe Kremer, Legacy Cooperative Agronomy Manager.

"Soybeans look really good, and what corn there is looks good," he says. "Edible beans looked good for a long time, and canola appears above average."

Kremer admits that fewer acres left unplanted this spring would have been good for members and the co-op alike. Spring fertilizer and herbicide applications were down significantly. However, as a result, applicators were able to stay on top of service requests.

"We generally stayed caught up on fertilizer spreading," he says. "Custom spraying was also down, so we were able to provide same day spraying for most who wanted it."

In-season wheat applications of liquid N introduced in 2019 doubled to around 100,000 gallons. "There was more demand for it than we expected, given wheat prices and potentially lower yields due to the rough spring," says Kremer. "It looks like protein levels are up on wheat that received it."

While there wasn't much soybean aphid pressure, the wetter than normal summer made disease control even more important.

"We applied fungicide on the majority of the wheat once and sprayed most edible beans twice," says Kremer. "We still saw disease pressure after two applications."



# SOYBEANS UP, WHEAT ON HOLD

With South American soybeans sold out and China back in the U.S. market, soybean prices are looking better. The expected record corn crop is facing lots of questions, given a dry summer in much of the major corn growing areas and a freak windstorm that tore through Iowa in August.

"Soybean sales to China are breaking records back to 1990 with 754 million bushels in export sales in the first eight months of the year," says Brooks Larson, Legacy Cooperative Grain Merchandiser. "In addition, the value of the U.S. dollar has been dropping, which helps keep the U.S. competitive on commodity exports."

"We didn't move many soybeans this summer," says Larson. "Most sales to China are contracted for shipment between September and January, and we have five shuttle trains already sold through December. Members should look for selling opportunities before February when the South American crop starts coming in."

These greatly improved export numbers, along with weather issues in the United States, are evident in the most recent commitment of traders report. Managed money went from short over 250,000 contracts of Corn just a couple months ago to now long about 20,000 contracts on September 1st. Funds are also long over 160,000 contracts of Soybeans but remain short about 10,000 contracts of Spring Wheat. These changes have been the biggest driver of the recent changes in the Corn and Soybean markets.

Unfortunately, wheat prices aren't as attractive, with hopes for higher prices in the future. "Wheat prices have seen some decent days on the back of price increases in corn and soybeans, but the outlook isn't quite as good as Soybeans," says

Larson. "With prices around \$4.90, it is not that enticing to sell now. It may be more appealing to store wheat and lock in futures with an HTA for delivery this winter or even next summer. It's also not too early to lock in some futures for next year's crop with levels trading around \$5.75.

Larson notes that members have questioned why charges for delayed pricing are 10¢ per bushel for the first month and 5¢ for following months. "When we take grain in at harvest, we are forced to sell at a harvest basis to keep room for our growers. Harvest time is typically when basis is the widest," he says. "If we sell at 50¢ under and a member sells it three months later at 30¢ under, we have those delayed price charges there to cover that loss."

Larson expects most members will fill their bins with wheat and sell their soybeans at harvest. The challenge has been blending the poor quality grain from the 2019 harvest to meet standards for color and falling numbers. Higher quality new crop will help.

"Kudos to the guys at the terminal for doing a good job blending," says Larson.

One concern Larson does have is that the majority of wheat coming in will go on delayed price. This will fill storage with grain that puts Legacy Cooperative at risk

if it is shipped.

"We may have to take some on cash only to take ownership, so we can move it out and not plug up storage. We can't be sitting too full in the middle of wheat harvest."

The grain merchandiser acknowledges an unusual situation currently exists in the region. Two elevators to the east are engaged in a price war.

"It is very uncommon for basis to narrow by 20¢ at harvest," he says. "We are trying to retain business, while still covering operating costs. As a result, they are undercutting the best prices Legacy Cooperative can currently offer."

While this could be seen as an attractive opportunity, Larson advises members to look at true costs, including trucking.

"The freight cost to either of these elevators could counter the slightly higher price versus trucking it to your local elevator," says Larson.

Elevators to the east will have a freight advantage over Legacy Cooperative when they are closer to the end user. Many of the mills we ship to are southeast of our geographic location. However, that could change, as it has in the past.

"If everything were going west, we would have the advantage over them," says Larson.

Other things could change as well. "Doing business with your local elevator insures your invested patronage will grow and the elevator will be there to serve your needs. It is one thing to haul crops 60 miles one way when time is not critical. When the harvest window is closing, having that elevator just down the road is invaluable."



**Chinese soybean imports hit record levels in June and July boosting demand which translates into better markets for Legacy Cooperative members.**

## HELP KEEP GRAIN ON THE MOVE

Grain traffic picked up in August as members and the cooperative alike emptied bins in preparation for harvest, notes David Berginski, Legacy Cooperative Operations Manager.

"We loaded out three wheat trains and a soybean train in August," says Berginski. "We have another soybean train and two wheat trains going out in September, with more to follow."

Keeping grain moving is a complex maneuver and requires extensive coordination from the farm bin to the local elevator to the terminal.

"We get daily reports from the elevators so we can send trucks as needed," says Berginski. "We are running five semis and two quads to move grain and keep space open."

As harvest picks up speed, the need for clear communications between

members, elevator managers and the terminal becomes more intense.

"The biggest thing is communicating what you want to bring in," says Berginski. "If you have a bin that went into storage wet, let us know so we can make room and tell you when to bring it in."

Berginski adds that member cooperation was key this summer. "We still have issues with falling numbers and color," he says. "We really appreciated members calling ahead to let us know what they were bringing in."

The worst-case scenario is when a load of wet grain is brought in without warning and it has to be sent home, notes Berginski. "We want to maximize your time as much as our own," he says. "We are here to serve your needs, but we need your help."



## SAFETY STARTS WITH SELF CARE

Val Christensen, Legacy Cooperative Safety Officer, has a new appreciation for self-care, having learned that his brother has developed Type 2 diabetes. An all too common ailment, it can lead to other more severe health problems. However, he notes, much can be done to prevent it.

"More than 29 million Americans are estimated to have diabetes, with about a quarter of them undiagnosed," says Christensen. "Of those diagnosed, 90 to 95 percent are Type 2. People with diabetes are more likely to have heart attacks and strokes, high blood pressure and other chronic conditions."

Risk factors include, but are not limited to, being overweight, having a cardiovascular disease history and high blood pressure.

"The good news is that you can help prevent diabetes," says Christensen. "Diabetes is treatable through diet, exercise and medication. A simple blood test can determine if you have it. If you are over 45, I really encourage you to get tested and tested often. Then make the healthy lifestyle changes needed."

## DON'T MISS THE WINFIELD ANSWER PLOTS

The 2020 Winfield Answer Plots are producing valuable data, according to Brandt Lemer, Legacy Cooperative Seed Manager.

Plots include varieties and hybrids, as well as various nitrogen rates, nitrogen stabilizers, fungicide applications and varied populations.

"Call your salesman and schedule a visit, or stop by and look for yourself," says Lemer. "Once the harvest data is gathered, we will post results on our website. Sales staff will also have the results available to help you plan your



2021 crop year."

Canola growers have a new option with a winter canola from CROPLAN. The crop has proven popular in eastern Montana, and Lemer says several Legacy Cooperative members are planting it this fall.

"They should be able to harvest a month before standard canola and spread out the workload," says Lemer. "Ask your agronomist about it, as well as about cover crop seed if still needed for Prevented Planting acres."

# LEGACY COOPERATIVE HAS THE FUEL, FOOD AND SERVICE NEEDED AT HARVEST

Legacy Cooperative is ready to meet your needs at harvest, from tractor and implement tires to diesel fuel, grab and go pizza and other hot food items. And plenty of paint for fall fix ups. From fuel to food, supplies are good; however, the fuel situation can change, and quickly.

"Fuel prices went up a little with hurricane concerns in the South," says John Lovcik, Legacy Cooperative Energy Manager. "Overall supplies are good, but if a refinery were to go down, supply could change in a hurry."

Lovcik encourages members to keep their tanks topped off as good risk management at harvest. He notes that the co-op practices what it preaches.

"We keep 40,000 to 50,000 gallons of diesel on hand at all times," he says. "We encourage members to stay on top of their storage as well."

He points to an increase in members adding tanks or inquiring about additional storage.

"Give Amy Berg, Legacy Cooperative Energy Sales Specialist, a call if you are considering adding extra storage," says Lovcik.

As harvest progresses, Lovcik expects fuel prices to rise some with increased demand. That's not a concern for Legacy Cooperative members who practiced risk management earlier in the year.

"We did a fair amount of contracts early on," says Lovcik.

Opportunities to lock in energy costs are still available, adds Berg. "If you are interested in doing long-range strategic purchasing, we can help you take advantage of the futures market," she says. "This is a good time to look at fuel costs as much as 18 months out, with prices being as low as they are now out that far."

Lovcik points out that now is also a good

time to lock in propane for both harvest and winter heating needs. "We've been doing our summer fills while prices are at their seasonal lows," he says. "Right now we have propane coming from the North Dakota gas plants. They are producing, and supplies are stable. If there is a COVID-19 outbreak, they could shut down, and we would have to source propane farther out at an added cost."

In the fall of 2019, Legacy Cooperative members found out how quickly supply and demand can impact availability and prices. There is nothing similar this year in terms of demand for fueling dryers. However, as the weather turns colder, demand will increase, and prices traditionally rise.

One thing that won't change, regardless of weather or demand, is services offered by Legacy Cooperative. Lovcik notes that the tire shop has been busy mounting new implement and tractor tires in preparation

for harvest.

"Our service truck and crew are ready for those emergency in-field tire failures and other problems," says Lovcik. "They can handle pretty much anything and keep equipment moving."



The Legacy C-stores are also well equipped to help, from refueling trucks to refueling the harvest crew. With completion of the high-speed diesel island at Bisbee, Legacy Cooperative fuel retail outlets have high-speed diesel pumps available at most locations.

## HOW MUCH FUEL IN THAT TANK? WE'VE GOT AN APP FOR THAT

Unsure of how much fuel is in a storage tank or when it was last accessed? That information and more is available to Legacy Cooperative members who sign up for the Tank Monitoring Program. (TMP).

"We are offering a monitoring program for tanks of all sizes, whether 1,000 or 12,000 gallons," says Amy Berg, Legacy Cooperative Energy Sales Specialist. "Once we install the meter in your tank, you can download an app to your phone, computer or other device and check the status anywhere, anytime."

The app makes it easy to order a fill. It also adds a new level of security to locked and unlocked tanks alike.

"Users will be able to set limits on the amount of fuel draws and receive an

immediate alert for anything over that amount," says Berg. "The TMP automatically updates usage daily and tracks history. You can see when fuel is removed and how much is removed."

Members interested in the TMP should give Berg a call at 701-900-9191.

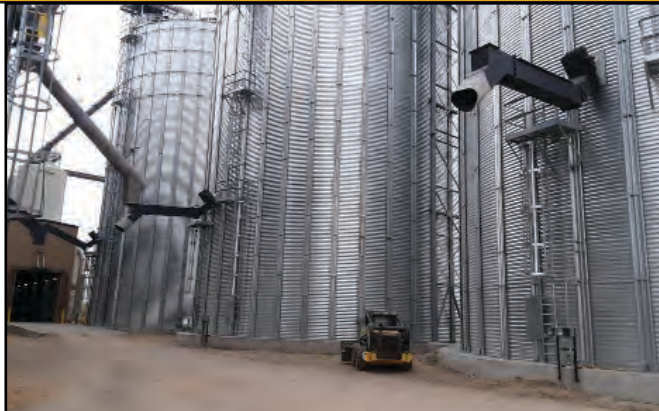




# YOUR INVESTMENT PAYS BIG DIVIDENDS IN SERVICE PLUS

In his 30 years on the job, Raymi Hendrickson has seen a lot of changes to the Rolla elevator. New bins, new dryers and other improvements made a difference. However, they are dwarfed by the latest upgrades.

"This project has pretty much doubled our capacity and more than doubled our handling



"Every input purchase and every grain sale made by our members at our locations is an investment that pays dividends as we maintain and enhance services," he says. "It also pays dividends in our local communities."

Mayor John Hardy has a first hand appreciation for what Legacy Cooperative investments have



Legacy Cooperative investments in grain handling at the Rolla elevator and other locations pay dividends in efficiency for members and the co-op. Expanded storage with faster loadout (above) helps ensure available space for members, while the grain probe (left) reduces member wait time and speed storage assignment. The new pit (below) doubles unloading speed for members for more field time and less wait time. Upgraded transport equipment (right) keeps grain moving out as fast as it comes in.



speed," say Hendrickson. "Delivering grain will be more convenient with faster unloading. Using both new and old pits and legs, we should be able to handle from 27,000 to 30,000 bushels an hour."

The longer scale will better accommodate semi trailers, while the probe will speed unloading. "We will know where the grain needs to go as the truck arrives at the pit," says Hendrickson. "Previously we had to wait until it got there to take a sample, analyze it and decide where to store the grain."

The three, new, 250,000-bushel bins provide needed additional storage space. The three, new, gravity load-outs will help ensure space continues to be available.

"Moving grain out of the facility is just as beneficial as moving it in," says Hendrickson. "As we fill up, it is vital that we can move grain to Bisbee in order to have space for incoming grain."



Load-out speed improves fleet efficiency as well, notes David Berginski, Legacy Cooperative Operations Manager. "Our trucks might have had to sit for half an hour or more in the past," he says. "Now they can load in five minutes and be back on the road."

Improvements like those at Rolla are only possible thanks to member loyalty, stresses Sean Slowinski, Legacy Cooperative CEO.

meant for his city of Rolla. Hardy admits he had concerns initially. Today, he sees only positives.

"The corner station, store and elevator have always been positive factors in Rolla," he says. "Had the decision been made to close the elevator, it would have been devastating for the town and local farmers. However, the investment Legacy Cooperative made in the agronomy center, and now the elevator, have been a great addition to our community and our economy."

"When improvements underway at Egeland are complete, all our grain facilities but one will have been upgraded to high-speed handling," says Slowinski. "We may not be the lowest-cost service provider, but we are the most efficient with the best service. That will continue as long as our members continue to support us and utilize our services."



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## BIGGER CAN BE BETTER FOR MEMBERS

While bigger isn't necessarily better, it sure helps when securing better service and savings for Legacy Cooperative members.

"With our larger size, we are attracting suppliers and getting better programs for our members," says Joe Kremer, Legacy Cooperative Agronomy Manager. "We've seen that in fertilizer as well as crop protection chemicals. Manufacturers are coming to us with better service and more competitive programs."

The latest example is a significant savings for members who book anhydrous ammonia for fall application. "In the past, our members have been charged an expensive storage fee when locking



**Increased anhydrous ammonia sales volume provided leverage for Legacy Cooperative to eliminate supplier charged storage fees for members who booked ahead.**

in their anhydrous," says Kremer. "We were able to negotiate with our supplier to eliminate that storage fee if the anhydrous was booked by a certain date. Without our sales volume, that would not have happened."

Kremer points to the addition of a new

line of surfactants as another benefit of growth in sales volume. "We have offered a premium line of surfactants, but our members wanted something similarly good, but less expensive," he says. "As with the anhydrous storage fee, thanks to our volume, we were able to attract a manufacturer who will provide a more competitive line of surfactants."

Kremer points out that in both cases, Legacy Cooperative members communicated their needs to management, and management responded. "Tell us what you need, and we will try to provide it," says Kremer. "We listen to our members. It may not happen immediately, but we will do our best to address the need."