



# Memberandum



Information for members and friends of Golden Growers Cooperative

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## Board Approves June Distribution

The Golden Growers Board of Directors, after consideration of cash reserves and cash flow requirements of the Cooperative, approved the retirement of remaining equity credits for the 2012 fiscal year, plus an additional partnership distribution for a total \$3,098,096 to be paid to members. Specific distributions totaling \$0.20 per Unit for members of record on June 1, 2013 include:

- \$0.17586/bushel for 2012 patronage (bushels delivered)
- \$0.02414/Unit partnership distribution.

This brings our distributions since 2008 to more than \$57 million, or about \$3.70 per average ownership unit. Members should have already received their checks. If for any reason you have not received it, please contact our office.

## ProGold Approves Replacement of Cooling Towers at ProGold plant

In his message to members printed in the Annual Report, President Medhaug mentioned that the Board chose to slowly build a reserve *'in preparation for significant capital maintenance expenses at the plant'*. The Board was fully aware that despite being well maintained on an annual basis, after nearly 17 years of operation, the ProGold plant would eventually need some significant investment to keep it in top condition. And under terms of the lease agreement with Cargill, the up front cost of *'extraordinary'* capital repairs are the responsibility of ProGold LLC.

Recently, the ProGold Board of Governors approved the replacement of cooling towers at the ProGold plant. Cargill indicated operational and maintenance problems with existing towers in recent years. Replacement towers should alleviate these operational issues. They will also be better suited to North Dakota's winter environment than the ones being replaced.

While the EXACT cost of replacing the cooling towers is not yet known, it is likely this project will fall into the category of an *'extraordinary'* capital expense. Fortunately, your Board's decision to establish a reserve will moderate cash flow impacts of up front capital needs at the plant.

***What are Cooling Towers?** Cooling Towers are used to dissipate waste heat into the atmosphere through evaporation. They also allow cooled and treated water to be recirculated through the plant, thus reducing overall water consumption for the wet milling process.*

## SEC Reporting—a JOBS Act Opportunity?

On April 5, 2012, President Obama signed the Jumpstart Our Business Startups Act (JOBS) into law. Included among the several provisions of the Act is one that may have application to Golden Growers Cooperative. That provision raises the SEC registration threshold of persons investing in a company from 500 to 2000 (or 500 persons who are not **accredited investors**). Other provisions allow Bank issuers to terminate registration and suspend reporting once it has fewer than 1,200 shareholders of record.

**JOBS Act continued.**

*Note: Accredited investors include a person(s) with individual or joint net worth exceeding \$1 million (excluding primary residence); or a person(s) with income exceeding \$200,000 (Joint income of \$300,000) in two most recent years and anticipated in the current year.*

Current rules require registration when the number of persons owning shares exceed 500. But to terminate registration and reporting, the number of persons owning shares must be less than 300.

So where does Golden Growers situation fit into the provisions of the JOBS Act? Golden Growers currently has slightly less than 1600 members owning Units in the Cooperative. At the present time, we do not know which of our members might qualify as an “accredited” investor. Golden Growers would need to survey our members for an answer to this question.

If Golden Growers had previously not registered, it is possible we would be exempt from registration under JOBS Act provisions. However, because thresholds for deregistration and suspension of reporting remain at fewer than 300 investors for Non-Bank issuers, it is unlikely that the JOBS Act will provide relief from SEC registration requirements. Even if the SEC chose to apply the 1300 person JOBS Act deregistration and reporting suspension threshold for Bank issuers broadly, Golden Growers would not qualify.

Golden Growers supports the relaxation of reporting requirements outlined in the Act. And although the SEC has yet to issue proposed rules to implement these provisions of the ACT, it is unlikely that even the most favorable rulemaking would result in relaxed requirements for our Cooperative.

To be clear, Golden Growers does not object to the disclosure of financial information to our members or potential members who may consider joining the Cooperative by purchasing Units. Our cooperative has a high standard for disclosure which is independent of SEC reporting requirements. That being said, we question the value of SEC registration and reporting to any member or potential member. We know of no person considering membership or the purchase of units who reviews GGC financial statements available on the SEC website. Nor do we know of any person considering membership or purchase of units who accesses XBRL files for the purpose of evaluating such a decision.

It would seem that the goals of the SEC (investor protection) can be achieved without this unnecessary burden costing Golden Growers in excess of \$150,000 per year. Aside from pursuing administrative requests, your Board of Directors intends to visit with Congressional Delegations from MN, ND, and SD with recommendations on how this can be accomplished.

**Moving, Changing your Address?**

**Notify Golden Growers!**

If you are in the process of changing your address, remember that that once USPS forwarding services expire, your mail from Golden Growers will not reach you. So to avoid missing important messages and/or checks, **make sure to call or e-mail the Golden Growers office with your change of address when you move OR when you receive your first forwarded letter.**

We want to stay in touch!

**memberandum:**

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