



Provide quality and competitive products and services that create value for our patrons

Spring 2023

THANKS FOR MAKING LEGACY COOPERATIVE YOUR PARTNER



Sean Slowinski, CEO

You did it! You made the past year profitable for Legacy Cooperative. Without your business, it would not have happened.

Your board and management recognize our partnership with you. With our employees, we work hard throughout the year to reward you with the best goods and services we can provide.

We also reward your loyalty, when possible, by returning capital. This is the second year in a row where we have been able to return a substantial amount. This year returns totaled more than \$8 million. In December, we paid out more than \$1.2 million in Age 68 and Estate Requests and retired more than \$3.7 million in 2006, 2007 and 2008 equity. After last year's annual meeting, we sent out more than \$3.1 million in cash patronage.

The key word here is return. This is your money, which we received from you for goods and services. It includes money earned selling your grain, as well as money from crop inputs, tires, hardware, oil, gas and so much more. Pizzas, coffee

and other essentials from our C-stores that help get you through spring's work and harvest also count toward equity and help make these returns possible.

Our business model is to give back the profits we make as a company to you, our business partners. We don't strive for record quarterly earnings or investments from the stock market. We strive to run our business as effectively and efficiently as we can, while being here for you, our member/owners.

As we often say, when you do well, we do well. That enables us to return capital to you, but also much more. Some co-ops are really struggling. It has always been our goal to not be in that group. It is why we have made the investments needed to remain profitable while returning value in goods and services. We have become bigger, but not for the sake of getting bigger. Getting bigger has given us the synergy and the assets in terms of facilities and equipment, and most importantly, the people to provide the services you need.

We will never be the highest bidder on your grain, nor will we be the lowest price input provider. If we were, we couldn't make those investments. Last year when the planting window was one

of the tightest most of us have seen, we were able to respond.

You, our member/owners, never felt the panic or discomfort of not being able to get your anhydrous tank filled or not having fertilizer readily available.

We were here when you needed us, able to move large quantities of product in a short amount of time and be your reliable partner. It could have been different. Had we not been able to react as quickly as we did to service your needs, this area might have had 50 percent prevent planting instead of 25 percent. It could have been different with a different business model.

This year we could cut our fertilizer prices by \$20 per ton, buying on the market as needed instead of buying ahead to ensure your supply. We could centralize agronomy and expand grain storage only at our terminal. For some boards and management teams, that is good business, with the potential of lowering costs and being more competitive.

That is not our business model. Instead, we have made and continue to make investments on your behalf. We continue to improve and expand your local

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DON'T MISS YOUR ANNUAL MEETING

The Legacy Annual Meeting will be held at 6 p.m. on Tuesday, March 28th at the Rock Lake School. Dinner will follow. Join your friends and neighbors to celebrate a good year financially for your co-op. Your decision to bring your business to Legacy Cooperative made our good year possible. Without your loyalty, Legacy Cooperative could not have returned the equity it did. You made it happen!

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options, strengthen your communities and make our merged entities better able to service your needs.

These things don't just happen. They take planning, dedicated people and physical assets. They also take a willingness to fill warehouses with fertilizer and other crop inputs, knowing the prices may fall before those inputs go out the door.

You understand these facts, and you continue to bring your business to Legacy Cooperative. You know that at the end of the day, supply trumps price. This is what makes it possible for us to do the forward planning, line up the financing and participate in the market. It is what makes it possible for us to have the supply of product you need, when you need it. It is what makes it possible for us to revolve equity for

past business and pay out patronage when together with you we have a good year.

The one thing we know in agriculture is that every year is different. We know there will be new challenges, new unknowns and new opportunities. The headwinds aren't going to get any easier.

Some of the challenges Legacy Cooperative faces are known. We know that farm equipment will likely get bigger, more efficient and faster at what it does. Yields per acre are likely to continue to increase. To continue earning your business, we will strive to get faster and more efficient at what we do.

One of the big challenges we face looking ahead is an aging workforce. We have retirements coming that are

going to be difficult to fill. We have a great team today, experienced and dedicated to do what needs to be done for you and the cooperative.

Unfortunately, it appears it will be increasingly difficult to find people willing to put in long hours each spring and fall. Personnel consultants advise us that Generation Z may not be willing to work 80-hour weeks.

Our challenge will be to fill those jobs as people retire. We know we will have to mold our staff around what the future brings.

We are confident we will succeed and, with your support, continue to create value for you, our member/owners.

VIEW FROM THE BOARD



Sebastian Wald

We've had a lot of member/owners let us know how much they appreciated the equity revolvment checks when they arrived in

December. Those checks reflect the fact that Legacy Cooperative had a really strong year. They also reflect the fact that Legacy Cooperative's Board of Directors are committed to doing what we are supposed to do....return money to our member/owners.

Deciding to do so is one thing. Deciding how much to return each year is a result of a lot of discussion with our management team. The decisions we make aren't always easy. Sometimes a project isn't the most profitable for the co-op, but we see the value it will bring to our member/owners and communities we serve. Being financially responsible leads to financial strength, which allows

us to continue investing in our facilities, equipment, and employees.

As farmers ourselves, we know how important projects like those underway in Wales and Cando are. They mean member/owners and staff alike can be more efficient. The new C-store going in at Rolla will be a huge improvement for member/owners and the community. These investments can't be made except from a position of financial strength.

Those realities played a role in discussions again this year. We had to balance our financial responsibilities with our commitment to return equity to you, our member/owners. It is a mark of how strong a year it was that we were able to return what we did.

It is significant that all our members are now caught up to the same year in equity revolvment. Some of the co-ops that merged with what is now Legacy Cooperative were behind others. This year we were able to level the field.

Whether or not we will be able to return as many dollars next year depends on many factors. We have some big years coming up, as we enjoyed high commodity prices from 2009 to 2012. We may have to split a year and revolve equity for only part of the year.

Whatever happens, know that our commitment to return money to member/owners stands. Be confident also that we are equally committed to keeping Legacy Cooperative financially secure and able to meet member/owner needs.

As I get further and further into my farming career, I have come to realize how much value Legacy Cooperative brings to me as a member/owner and to the communities we serve. I recognize that it takes a concerted and long-term effort of board, management, employees and member/owners. It takes everyone to make the co-op strong. As our motto says: Growing Value Together.

YOUR INPUT IS KEY TO LEGACY COOPERATIVE HAVING THE INPUTS YOU NEED

Joe Kremer, Legacy Cooperative Agronomy Manager, is confident member/owners will get the inputs they need. However, getting the inputs you want is a lot more likely if you share your plans and preferences with agronomy salespeople.

"Supply is not an issue," says Kremer. "Our warehouses are full. Our fertilizer bins are full. Everything is full. We are ready to rock and roll tomorrow."

That said, Kremer is expecting an explosion in demand for fungicides. Member/owners saw for themselves the impact on yield during the 2022 growing season.

"High commodity prices boosted fungicide applications on canola, and fungicide treatments of wheat paid big dividends," says Kremer. "We only treated about 10 percent of soybeans last year, but there is a lot of talk about the impact it had. I expect we will see 60 to 65 percent of soybean acres treated this year."

Kremer expects most canola and virtually all wheat acres will be sprayed this year. "Fungicides are no longer just for wet conditions," says Kremer. "They have proven equally beneficial in dry conditions. We had record soybean yields last year, even though we ran into some plant health issues. I think they would have been even higher if more acres had fungicide applied to them."

Unfortunately, the supply of fungicide on the market is fairly tight, notes Kremer. "We used everything we had last year, but we had it," he says. "It may get interesting again with increased interest. Our size and scale were the only thing that saved us in terms of product availability."

If you haven't shared your plans for fungicide applications with your agronomist yet, Kremer urges you to do so. That includes your preferred application method. Here, too, Legacy Co-op's size and scale play a role.

"A few years ago, we only worked with two aerial applicators," says Kremer. "Today we work with four different companies, and they will bring in the equipment needed. We have the best access to aerial applications in the area. We can get them done timely."



Plan ahead for fungicide applications, whether aerial or ground. Either way, Legacy Cooperative has you covered with the business relationships or equipment needed. "You make the decision; we'll take care of the rest," says Kremer.

Kremer encourages member/owners to bring maps of fields to be aerially applied to the local Legacy Cooperative manager. That is true of ground applications as well.

"You make the decision, and we will take care of the rest," he says. "Anything you want ground applied, we can handle. Just let us know, and we will stage it and

spray for best timing. Aerial or ground, we try to make it an easy button."

Kremer reminds member/owners to monitor phosphate levels on their soybean acres. "A spring application will work," he says. "You don't want soybeans to deplete phosphate levels in the field."

While the cooperative had a big fall fertilizer application season, Kremer emphasizes sharing spring needs for seed, fertilizer and chemicals with agronomy staff. "The better we understand your

needs, the better we will be able to perform," says Kremer. "We are gearing up based on what we know we need to do. If you make changes in seed or product needs, let us know as early as possible so we have them on hand."

Looking back on the 2022 season, Kremer marvels at how much was done in such a short period of time. "Last spring proved we could accomplish a lot in three weeks and never get



that far behind," he says. "Imagine how efficient we will be if we have six to seven weeks."

Staffing is key to that efficiency. Kremer is pleased with how the agronomy staff has come together. "We are always looking for new people and have some interviews scheduled," he says. "Come spring, we expect to be fully staffed and able to perform as we always have."

WHEAT FLAT, SOYBEANS REMAIN STRONG, CANOLA STEADY...FOR NOW

Wheat markets have leveled off in recent months, remaining fairly flat. What happens next depends, as it so often does, on the weather. Drought continues to be a concern from northern Texas into Kansas, with dry conditions extending into North Dakota.

"If we don't get moisture in early spring, conditions could get dry pretty fast," says Brooks Larson, Legacy Cooperative Grain Division Manager. "The markets are just waiting to see if drought conditions get better or worse this spring throughout the U.S."

The war in Ukraine continues to be a major concern; however, the war premium the market built into prices has fallen back some. "Everyone is keeping an eye on Russia and Ukraine, but both are continuing to export grain, which has lessened the impact of the war," says Larson. "That could change overnight if the export corridor is not renewed or there is military action taken against exports."

China has continued heavily importing soybeans over the past four to six months. This has helped keep the market strong, notes Larson. However, China's focus is shifting to South America. Brazil is reporting their soybean production about 30 million metric tons higher than last year.

"Brazil's crop has more than made up for Argentina's slightly shorter crop,

continuing a two-year trend of shorter than average soybean harvests," says Larson. "Infrastructure remains the restraining factor on Brazil's export ability."

As Larson points out, the market has remained strong, hanging in at \$14.50 to \$15 with the new crop at \$13 to \$13.30. Given the size of the Brazil crop, he cites a fair number of member/owners have been locking in the new crop price. The demand from China is expected to remain good as long as the U.S./China relationship stays okay.

"We are almost out of soybeans at this point, although we might be able to scrounge another trainload together in May," says Larson. "However, from here on out, our focus will be on wheat and canola. We are trying to get our satellites emptied, as well as the Bisbee terminal, before the 2023 harvest starts. We have a good amount of rail and truck freight booked to accomplish that goal."

"We typically get a push of wheat off the farm in July as bins are cleared out for the new crop," adds Larson. "We hope to see some come in before then as well. Growers have already started to utilize the free DP program we started in January."

New crop wheat is now around \$8, down from higher prices earlier. Larson doesn't expect to see any big moves in coming months unless there are weather issues.

"The one thing we know about markets is they can always go lower," he says. "New crop at \$8 is not a bad price to consider."

Canada's weaker currency and large 2022 canola and wheat crops are affecting the market and enabling them to steal export demand from the U.S.

"When they have big canola stocks, it keeps a lid on prices," says Larson. "In the past, processors have been concerned about having product available in July or August. That is not a concern this year for them and could push prices lower as a result."

The next few months may see other market fluctuations, as there is talk of more corn acres, suggests Larson. They could come at the expense of soybean acres. As always, weather is another unknown.

"We have contracts available to manage risk going into the spring and summer," he says. "If we have big crops in the U.S., prices are not likely to go higher. This is a good time to get some contracts in place for fall sales."

Larson points out that selling farther out is also an option. "Futures (HTA) contracts are available out to 2024 for Spring Wheat, Soybeans and Corn. We've already done some on soybeans for 2024 and 2025. It is not a bad idea to get started marketing for those years as well."

SAY HELLO TO JIM CARLSON

A new voice started answering the phone in the grain division in mid-November. Jim Carlson joined the staff then, bringing with him more than 20 years experience as a grain buyer.

"I started out in production ag before moving into cattle feeding," says Carlson, a native of the Scottsbluff, Neb., area. "I

bought a lot of grain as an end user."

As a grain originator for Legacy Cooperative, Carlson is still buying a lot, as he helps member/owners get their best prices and, in the process, find grain for the co-op.

Carlson joined the staff in time to

experience several blizzards and -30-degree temperatures. Married, with three kids and four grandkids, he is looking forward to fishing and hunting seasons.

"I enjoy all aspects of ag, but the great outdoors is one of the features that attracted me to the job," says Carlson.

FASTER TURNS PRODUCE BETTER RETURNS

The faster Legacy Cooperative truckers can "turn" their trucks, the better the return to member/owners at the end of the year. Efficiency matters. Every dollar saved is another dollar that can be put towards potentially higher equity returns.

"Increased efficiency is why we have made many of the investments in facilities that we have," says Dave Berginski, Legacy Cooperative Operations Manager. "In many cases, there is a direct benefit to member/owners who can deliver grain and return to the field faster. However, the cost savings to the cooperative count up too."

Berginski points to improvements made in recent years to the elevator at Rolla, including expanded storage and a new dumping pit. "I used to leave Bisbee around 9:30 or 10 pm as we finished dumping and drive home to Rolla around 10:30," he recalls. "There would still be a line of trucks waiting to dump. Now they get in and out fast, head back to the field and keep combines running. At the same time, the elevator can handle more grain more efficiently."

Materials delivered to Cando for improvements slated to start this spring will have a less direct impact on member/owners, but an impact none the less. "We will speed up moving grain out of the facility, whether into trucks or loading rail cars," says Berginski. "Our current system slows down cleaning out bins and making room for incoming grain."

Berginski notes that the removal of four, old, unsafe 10,000-bushel steel bins



Grain and fertilizer storage and handling upgrades are important to get the most efficient use of the Legacy Cooperative trucking fleet. However, it is in-house maintenance by employees like Brandon Krumwiede (left) and Chase Mattern that keep the fleet rolling and keep costs in line.

and the addition of a 144,000-bushel bin in Wales, will directly benefit member/owners wanting to deliver canola. The indirect benefit will be faster loadout for Legacy Cooperative truckers during harvest. That means less pressure on them and more turns in a day. Faster and more efficient equals lower costs for Legacy Cooperative member/owners.

The improved facilities will make Wales more competitive. This is expected to attract new business and that means new members.

"Adding new member/owners makes Legacy Cooperative stronger," says Berginski. "Member/owners doing business with the cooperative is what makes these improvements possible."

"We couldn't do them without member/owner loyalty," he says. "However, as yields continue to grow, we need to be able to handle high volumes at harvest to retain that loyalty."

The 2022 harvest is history, and Berginski is busy preparing for the coming harvest. "We are starting to see some space in the bins," he says. "All but one satellite location is cleared out of soybeans, and we are focused on getting wheat cleared up and bins cleaned out before harvest."

He notes that trucking has gone smoothly throughout the winter. He credits that in part to being able to park trucks inside or keep them plugged in if it is extra cold.

Recent additions to the fleet and an emphasis on in-house maintenance also play a role in keeping trucks on the road every day the weather permits.

"Up to 95 percent of our maintenance is handled locally," says Berginski. "We have a couple of guys in our agronomy division who are phenomenal at working on trucks. Several were trained in diesel mechanics."

Berginski notes that it is a little slow for them in agronomy in the winter, and he appreciates their willingness to help out operations. "They understand that fixing things in-house keeps costs down and helps the cooperative's profitability," he says. "Which is good for them as employees and for the member/owners."

TIRES, FILTERS, OIL, CULTIVATOR SHOVELS AND EVEN A FRESH CUP OF COFFEE

The days are counting down to March 14 and the end of the spring sale on oil filters, oil and tires. John Lovcik, Legacy Cooperative Energy Manager, describes the annual sale as a great time to stock up for the busy season ahead.

"Be sure and get your order in for oil and filters, if you haven't already," he says. "We have special pricing on implement, pickup and passenger tires as well, not to mention cultivator shovels."

Filters and oil can be found at the Cando Ag Center, Bisbee, Rock Lake, Overly and Rolette stations and the Rolla and Dunseith C-stores. Cultivator shovels are in stock at Rock Lake, Rolla, Bisbee and Rolette. Good prices on tires can be found at North Central Tire in Rolla, as well as Rock Lake, Bisbee, Rolette and Dunseith.



Don't miss out on the final days of Legacy Cooperative's spring sale of tires, filters, oil and cultivator shovels. It all ends on March 14th. It's a great time to stock up for the busy season ahead.



have the conflict between Russia and Ukraine, tighter global supplies and China opening up after the pandemic. There is a lot of uncertainty in the market."

Lovcik notes that propane prices went against industry expectations. As the harvest wrapped up this past fall, the market was predicting a surge in propane exports and resulting higher prices.

"We have added bean-to-cup coffee machines at the Rolla and Cando C-stores," says Lovcik. "Check out the choices and select the brew that appeals to you. Every cup is made from fresh ground coffee."

Lovcik notes that construction on the new C-store at Rolla will be starting as soon as frost leaves the ground. Until that is completed, the existing 50-year-old store will remain open.

"The new store will be a great addition to the community," says Lovcik. "Staff and customers alike are looking forward to the new facility with all the upgrades it will provide over the existing store."

While diesel fuel prices had been trending down, they appear to have leveled off, reports Lovcik. He suggests member/owners take advantage of the opportunity to lock in their spring needs.

"If you haven't done so yet, securing some or all of your fuel needs is a good risk management strategy," says Lovcik. "Energy remains in a volatile period. We

Exports did surge to a record high of 1.8 million barrels per day. However, at one point in mid winter, domestic demand fell nearly 50 percent from the previous year, according to the U.S. Energy Information Agency. Throughout late fall and winter, domestic propane demand was significantly lower than the 2021/2022 season.

"While exports to Europe and Asia remain high, we don't see any problems with supply heading into summer," says Lovcik.

Staffing of Legacy Cooperative stations and retail stores continues to be challenging, according to Lovcik. "We are hoping to add a person shortly at North Central Tire in Rolla," he says.

"When visiting our outlets, we ask that you please be patient and show the people handling the extra load your appreciation. Between open positions and supply chain disruptions, they are doing the very best they can."



Customers of the Cando and Rolla C-stores can choose from multiple selections of coffee beans and roasts for a cup of freshly ground and brewed coffee.

BY THE BAG, MINI-TOTE OR BULK, LEGACY COOPERATIVE HAS YOUR SEED

Legacy Cooperative seed storage is filled to the brim with bags, mini-bulks and bulk seed. If you haven't ordered your seed yet, it isn't too late for most selections.

However, if you haven't placed your orders, it could be too late if you hoped to get the new Roundup Ready 2 XtendFlex Soybeans. It is definitely too late to guarantee having the canola seed you were planning to plant. Luckily, or more accurately thanks to good planning, most Legacy Cooperative member/owners don't have to worry.

"We had a good response to our programs this year, and we are in pretty good shape supply wise," says Brandt Lemer, Legacy Cooperative Seed Manager. "This year is the soft launch of Roundup Ready 2 XtendFlex with tolerance to dicamba and glyphosate or Liberty weed control. We were able to get our hands on a decent amount of the seed."

Lemer doesn't expect demand to exceed supply this year as member/owners get a feel for the weed control the beans offer. "People are dabbling their feet in it, trying it out," he says. "The important thing is that it offers more herbicide options in the toolbox."

Lemer hopes the addition of dicamba to glyphosate won't be too little, too late. Herbicide resistant kochia is a growing concern. "We are hoping to catch it with dicamba," he says. "Unfortunately, kochia is already showing some resistance to dicamba in some parts of the state. We haven't used a lot of it in this area, so we are still okay here."

Lemer has concerns about the use of Liberty on the Roundup Ready 2 XtendFlex soybeans. Currently about 90 percent of the canola seed planted by Legacy Cooperative member/owners is Liberty Link.



"If we start using Liberty on canola and soybeans, I fear we will run into resistance to it too," he says. "While I think our growers understand how resistance builds, the problem is we don't have many options."

A more immediate concern with canola this spring is a shortage of seed. Legacy Cooperative's share of available seed was cut by 10 percent compared to last year's sales. Lemer has heard reports of some retailers to the west being cut by as much as 30 to 40 percent.

"What saved us was our size and the relationships we have built with our suppliers," he says. "It still meant turning some business away this winter."

Lemer has been unable to get answers as to why supplies were cut as they were. Lower than expected returns in 2022, reduced seed production due to weather, low germination levels and cross pollination are all possible reasons.

"Canola seed suppliers have strict germination and cross pollination standards," says Lemer. "If soybean suppliers have a 5 percent lower germination rate, they may discount the price by 5 percent. That doesn't seem to be the case in the canola world."

For those who got their orders in, Invigor L-340 and L-345 remain the most popular hybrids. For those who didn't



Legacy Cooperative has the seed you need by bag, mini-tote or bulk.

get as much canola seed as they wanted, Lemer says there is still hope.

"Every year someone switches a few quarters or realizes they have double-booked and have to return some seed," he explains. "Last year we ended up turning back about 5 percent of the seed we had ordered. Often it is more. I expect some seed will be freed up as we get closer to planting."

Aside from trying some Roundup Ready 2 XtendFlex soybeans, most member/owners are sticking with what works for them and for good reason. "Last year was a really good soybean year with some surprising yields," says Lemer. "We had some close to 50 bushels, which is unheard of here."

While corn acres appear to be up from last year, the planting date will be key to seed going in the ground, recognizes Lemer. "The price is good, but if we can't start until the middle of May, putting it in will be out of the question," he says.

Lemer reports growing interest in single use, Certified Seed Only (CSO) wheat. It strains logistics and requires segregation from non CSO wheat, but he says the co-op is striving to meet the demand.

"Seed is very competitive, and relationships are a big thing," says Lemer. "We know that taking care of member/owners' needs the best we can, doing the right thing and being supportive in good times and bad is key to those relationships."



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KEEP SAFETY TOP OF MIND AS YOU HEAD TO THE FIELD

Safety starts with a good night's sleep, advises Stephanie LeVeque, Legacy Cooperative Assistant Safety and Compliance Officer. With 11 years of service with the North Dakota National Guard, LeVeque knows the importance of keeping safety front and center.

"Take time to rest up and fully recharge before taking on those bigger tasks," says LeVeque. "Make time for breaks and take longer breaks if needed."

Given the severe burns to eyes, lungs and skin that anhydrous ammonia can cause, that equipment deserves extra care. LeVeque advises doing general inspections before use. "Take time to ensure water tanks are full of clean water," she says. "If there isn't a water

tank, have clean water in every vehicle being used, so if a spill occurs, you can douse the victim with it."

Inspect all equipment to ensure lights are working, personal protective equipment is available and all signs are easily visible.

Scout fields and take note of possible hazards or problem areas, both old and new. Review them with employees. Remind them and yourself to keep an eye out for other equipment and vehicles going to and from the field. "It may take time for other drivers to keep in mind that they share the road with large equipment," says LeVeque.

"Keep safety in mind while on the go," she says. "Long periods of time

in uncomfortable positions or seats, lifting heavy objects the wrong way and repetitive motion can all cause muscle fatigue or even injury."

"Pay attention to how you move and the ergonomics of the tools you use. Take a moment to do some stretches, especially during breaks," adds LeVeque.

LeVeque recently joined Legacy Cooperative. Until being deployed a year ago, she worked as a training officer for a correctional facility.

"I look forward to helping Legacy Cooperative grow and maintain the safety culture we have cultivated," says LeVeque.

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