



January 2018 Newsletter

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MGFA Seeking Candidates for Its Community Service Award to be Bestowed at Annual Convention

The Minnesota Grain and Feed Association annually recognizes a member of the association who has demonstrated exceptional community service and leadership. Past recipients have provided good examples of community leadership and commitment, in the form of community, church and civic group volunteerism, serving as mayor, fire chief or county commissioner, serving on the school board, etc. If you have someone in mind that you think is deserving of this recognition, please let us know. This person could also be you (don't be bashful)! A brief application (resume) form would need to be completed, along with the submission of career and family photos. The candidate chosen will be recognized at the convention general session, in the Spring

edition of the MGFA member magazine, on our website and in a post-convention media press release. Complimentary convention registration and lodging will also be extended to this deserving individual. Please give this request some serious consideration! You can view information on past recipients by going to www.mgfa.org > About Us > MGFA Community Service Award.

MGFA Also Seeking Candidate(s) for the MGFA Board of Directors

The 111th Annual Meeting of the Minnesota Grain and Feed Association, scheduled for March 7 at the Mystic Lake Casino Hotel, will include the election of directors to the Board. This year, two current members of the Board will be running for reelection and one current member has chosen not to run for reelection. The open seat is the District 1 (northwestern Minnesota) position currently being held by Doug Derosier, CHS Erskine. This director position is open to any regular member of the association and the term is 3 years. Any member interested in this seat on the Board should contact the association office. Details on the board position can be found on page 8-10 in the 2017 MGFA Annual Industry Directory book. The other positions expiring at the Annual Meeting in March are: District 4 currently held by Dave Estrem, farmer director on the CFS co-op board; and, District 2 currently held by John Plathe, farmer director on the Bellingham Farmers Co-op Elevator Company board. These two board positions are only open to cooperative farmer directors. Again, interested parties should contact the association office.

"Elevate Your Business" - Make Plans to Attend the 2018 MGFA Annual Convention & Industry Trade Show

The 111th Annual Convention & Industry Trade Show of the Minnesota Grain and Feed Association is scheduled for Tuesday-Thursday, **March 6-8, 2018, at the Mystic Lake Casino Hotel**. Their new conference center and new attached hotel annex will provide us with the newest and most lavish meeting location in the Twin Cities. All of the new meeting rooms, exhibit floor and annex sleeping rooms we will be using are conveniently located to each other and this new section is a short (indoor) walk to the casino and the wide variety of Casino Hotel restaurants.

The room rate will be \$129/night and includes a \$20 Mystic Lake Casino gaming voucher, free self or valet parking and wireless internet. We ask members to kindly **mark your calendar** and seriously consider joining your industry friends and colleagues at the annual "grain convention" and all it has to offer grain elevator and feed mill managers, employees, co-op elevator farmer directors and spouses. **The "preliminary" agenda and registration form are enclosed.**

MGFA Convention Hotel Now Accepting Reservations

The Mystic Lake Casino Hotel, site of the 111th annual MGFA Convention and Industry Trade Show, is now accepting reservations for lodging. Don't delay – make those reservations today! Each reservation at the \$129 single/double rate includes a \$20 Mystic Lake Casino gaming voucher, free self or valet parking and wireless internet. To reserve lodging at the Mystic Lake Casino Hotel, follow the link to Mystic's booking website at <https://aws.passkey.com/e/49518130>. You can also call Mystic Lake's reservation line at **1-800-262-7799** and **request the Minnesota Grain & Feed Association** room block.

MGFA to Host Preventive Controls Qualified Individual (PCQI) Training - March 5-7

The Food Safety Modernization Act (FSMA) was signed into law in 2011. The goal is to make the feed and food supply in the USA safe by shifting the focus of federal regulators from responding to contamination to prevention. By September, 2018, feed mills will need to have a Food Safety Plan that has been prepared by a "Preventive Controls Qualified Individual (PCQI)" To be a preventive controls qualified individual, the individual

must have successfully completed training in the development and application of risk-based preventive controls at least equivalent to that received under a standardized curriculum recognized as adequate by FDA or be otherwise qualified through job experience to develop and apply a food safety system. To become a PCQI through training under the standardized curriculum, individuals must successfully complete a two and a half day course taught by Food Safety Preventive Controls Alliance (FSPCA) Lead Instructors. **The MGFA will hold its next PCQI training session on March 5-7, in conjunction with the MGFA annual convention being held at the Mystic Lake Casino Hotel.** The course will also include: An overview of the FSMA requirements for animal food, Good Manufacturing Practices requirements currently being required and enforced by the MN Dept. of Ag, animal food safety hazards, an overview of the food safety plan, hazard analysis and preventive controls determination and a review of the sanitary transportation rule.

Registration - The registration fee for the PCQI training is \$400/person for MGFA members or \$475/person for non-members, with a limit of 50 participants. The event will be held at the Mystic Lake Casino Hotel, Prior Lake, starting on Monday afternoon, March 5 and concluding in the afternoon of Wednesday, March 7. To secure a sleeping room at the Mystic Lake Casino Hotel, follow the link to Mystic's booking website at <https://aws.passkey.com/e/49518130>. You can also call Mystic Lake's reservation line at **1-800-262-7799** and **request the Minnesota Grain & Feed Association** room block (\$129 single/double rate). To register for the PCQI training course, [click here](#). The registration deadline is **February 19, 2018**.

MGFA Convention to Feature Silent Auction in Support of the MGFA "Commitment to Agriculture Scholarship Program"

The Minnesota Grain and Feed Association (MGFA), will be hosting a **"Silent Auction"** during the upcoming March convention and we would kindly ask members to consider supporting the silent auction with a gift donation of your own or some spirited bidding at the convention auction site.

Annually, MGFA awards several \$1000 college scholarships to students pursuing a degree in agriculture. Unfortunately, our industry is falling behind in competing with other Minnesota business sectors for talent coming out of our colleges and universities. To help support students pursuing a career in agribusiness, we established the scholarship program several years ago. Last year, we were able to provide three \$1000 scholarships for very deserving candidates, with a good portion of those funds being generated through the silent auction held at the annual MGFA convention last year.

To help bolster the MGFA Scholarship Program for 2018, we will again be holding a **"Silent Auction"** at the upcoming 111th Annual Convention and Trade Show, being held at the Mystic Lake Casino Hotel on March 6-8, 2018. We are asking for your kind consideration in either donating items or bidding on items being offered by a wide variety of industry friends. Recognition for silent auction contributors will be provided in our convention promotional materials, on-site and in the post-convention membership magazine.

We ask that you give this silent auction donation and/or bid request and its related positive impact on our student population, some serious consideration. Hope to see you all at the convention. Thanks!

FDA Announces Enforcement Discretion Policy for Certain FSMA Regulations

By Dave Fairfield, NGFA Senior Vice President of Feed Services

The U.S Food and Drug Administration (FDA) announced Jan. 4 that it intends to exercise enforcement discretion for certain provisions in four of the rules that implement the Food Safety Modernization Act (FSMA). In general, FDA is exercising enforcement discretion to allow time to consider changes or other approaches to address concerns regarding the application of specific provisions to certain activities or entities. This means that during the enforcement discretion period, the agency does not intend to enforce these provisions as they currently apply. FDA previously had extended the compliance dates for several of the provisions covered by the enforcement discretion announcement in a final rule published on August 24, 2016.

The enforcement discretion announcement pertains to specific provisions in FDA's final rules for: 1) Current Good Manufacturing Practice, Hazard Analysis, and Risk-Based Preventive Controls for Human Food; 2) Current Good Manufacturing Practice, Hazard Analysis, and Risk-Based Preventive Controls for Food for Animals; 3) Foreign Supplier Verification Programs (FSVP); and 4) Standards for the Growing, Harvesting, Packing, and Holding of Produce for Human Consumption.

More specifically, the announcement relates to certain provisions and how they apply to:

- facilities that would be considered farms except for certain factors and activities;
- written assurances provisions in all four rules related to the control of identified hazards or microorganisms that are a potential risk to public health;
- the animal food preventive controls requirements for certain manufacturing/processing activities performed on human food by-products used as animal food, and
- FSVP requirements for importers of food contact substances.

Of particular relevance to MGFA and NGFA members, FDA's enforcement discretion extends to:

1. The need for facilities to obtain written assurances when a hazard requiring a preventive control is controlled by a downstream entity within the food's supply chain. Significantly, the requirement to disclose such a hazard remains in place.
2. Human food and animal food current good manufacturing practice and preventive control requirements associated with packing of grain by facilities (e.g., placing grain into a bag, tote, etc., by grain elevators).
3. Human food and animal food preventive control requirements associated with packing, packaging, labeling, and/or holding of processed foods that consist only of raw agricultural commodities that have been dried/dehydrated to create a distinct commodity. FDA currently considers "dried legumes," such as dried beans, a processed food product, but states in the policy it intends to reconsider that characterization.
4. Animal food current good manufacturing practice requirements associated with packing, packaging, labeling, and/or holding of processed foods that consist only of raw agricultural commodities that have been dried/dehydrated to create a distinct commodity. For the human food current good manufacturing practice requirements, the enforcement discretion extends only to "non-produce" raw agricultural commodities. In FDA's produce safety regulation, the agency classified several types of "beans" as produce. Examples of beans that the produce safety regulation classifies as produce are black beans, cowpea beans (also called black-eyed peas), great northern beans, kidney beans, lima beans, navy beans, pinto beans. In contrast, the produce safety regulation classifies soybeans as a food grain.
5. Additional manufacturing/processing activities, as specified in the policy, that are performed by human food facilities on by-products used as animal food to facilitate the storage and transportation of the product.

FDA states that issuing the enforcement discretion policy is consistent with other actions the agency has taken to ensure that the FSMA rules are as effective as possible while providing flexibility where necessary and appropriate to support compliance. These enforcement discretion policies will be in place until FDA takes further action on each of these issues.

FDA's enforcement discretion policy is detailed in a guidance document. In addition, FDA has issued a guidance fact sheet that provides an overview of the policy.

MGFA Offers Complete Insurance Coverage Options Through Associated Benefits & Risk Consulting

The Minnesota Grain and Feed Association has been in an alliance with Associated Benefits & Risk Consulting for a couple years now and we've seen a growing level of interest in their complete insurance product line. They offer members a very competitive insurance package alternative to the few that exist in our industry. We want to encourage members to take a look at what they can offer you and your firm. Associated Benefits & Risk Consulting is a premier employee benefits, business insurance and HR consulting agency based in Wisconsin, Minnesota and Illinois, with over 350 colleagues promoting and supporting their product line. In these times of tight margins and low commodity prices, you own it to yourself and your firm to shop and compare insurances coverages. Our contact is Mike Korf at Mike.Korf@associatedbrc.com. Drop Mike an e-mail to see what he can do for you!

MGFA Asks Members to Consider Placing Your Grain Bonds Through the Association

The Minnesota Grain and Feed Association, through its in-house (MGFA) insurance agency, has been providing grain warehouse, grain buyer and deferred payment (surety) bonds for country grain elevators for over 80 years. It is important to note that **100% of the agency commission is retained by the association and returned to MGFA members in the form of legislative and regulatory representation, timely industry information and pertinent industry education.** You are already paying a premium to some agent and underwriter somewhere so why not consider getting your Federal and/or State grain bonds through YOUR association!

We certainly appreciate the additional financial support this bond program provides for the (your) Association, especially in these times of continued consolidation. It is simple to separate your surety bond coverage from your other insurance coverages or to change agencies if necessary. In addition, bonds are continuous (in-force until cancelled) so they can be changed at any time during the license year. To receive a quote from us, simply contact the MGFA office at 651-454-8212 or e-mail us at info@mgfa.org. Thanks for the consideration of another (painless) way to support the Minnesota Grain and Feed Association!

OSHA Increases Penalties for 2018

The U.S. Department of Labor announced it is increasing its civil monetary penalties by 2 percent effective January 2, according to the National Grain and Feed Association. The Federal Civil Penalties Inflation Adjustment Act of 2015 requires the department to annually adjust its civil money penalty levels for inflation no later than Jan. 15 of each year. The amount of the penalty increase depends upon the cost-of-living adjustments established by the Consumer Price Index. The approximate 2 percent increase is as follows:

- Other-than-Serious Violation: Maximum of approximately \$12,934. (The previous maximum was \$12,675.)
- Serious Violation: Maximum of approximately \$12,934. (The previous maximum was \$12,675.)
- Repeat Violation: Maximum of approximately \$129,336. (The previous maximum was \$126,749.)
- Willful Violation: Minimum of approximately \$9,239; maximum of approximately \$129,336. (The previous minimum and maximum penalties were \$9,054 and \$126,749, respectively.)
- Failure-to-Abate: Maximum of approximately \$12,934 per day. (The previous maximum was \$12,675.)

The new penalty levels apply to violations occurring after Nov. 2, 2015 with the subsequent penalties being assessed after Jan. 2, 2018. The 2017 penalty levels still apply to violations occurring after Nov. 2, 2015 but with the penalty assessed after Jan. 13, 2017 and before Jan. 2, 2018.

MGFA Safety & Health Program

The Minnesota Grain and Feed Association has an agreement with the North Dakota Grain Dealers Association, to extend their highly successful safety and health program into Minnesota. The MGFA Safety and Health Program features an experienced staff whose focus is centered upon grain elevator and feed mill safety and health compliance. This limited industry focus provides for a good working relationship with the regulatory agencies impacting our industry and for an excellent understanding of regulatory priorities and issues specifically affecting a grain and feed handling facility. The MGFA Safety & Health Program is competitively priced and offers a level of service unmatched in the industry.

The MGFA Safety and Health Program is directed by Dave Nelson. We invite you to take a good look at what this program can do to help you improve safety and health for your employees, friends and colleagues. ([Click here](#) for the brochure.) You can't afford to jeopardize the safety in and around your facility. This program can enhance an existing safety program and can bring members into compliance who have fallen behind or who are confused about compliance.

For more information, feel free to contact Dave Nelson, Program Director, at (218) 784-8140 or contact MGFA.

New Tax Law Creating Agribusiness Controversy with Section 199 Change

The new tax law passed recently by Congress, contains a lot to digest but one section that has gained some press lately is the new 199A deduction for farmer co-ops and co-op members. Congress eliminated the old Section 199 deduction, which was utilized by most co-ops and co-op farmer patrons for the last 14 years. In its place, Congress created two separate 199A deductions; one for the co-op and one for the farmer/grower/patron.

The cooperative may take a 20 percent deduction on gross income less payments to patrons. The deduction is limited to the greater of 50% of wages, or 25% of wages plus 2.5% of the cooperative's investment in property. No other pass through entity received this benefit---it is recognition that under the old Section 199, co-ops could choose to keep some of the benefit.

The producer/member deduction is more generous than most in the co-op community thought possible. Farmers will receive a 20 percent deduction on all payments from a farmer cooperative, including per-unit retains (the deduction is limited to the lesser of 20 percent of the cooperative payments for the year, or taxable income minus net capital gains). The deduction is not limited by wages and is not subject to income limits as was apparently the case in some of the earlier drafts, and the legislation is clear that it includes payments to producers such as milk checks and grain checks.

There are no comparable provisions for farmers/producers doing the same business with a private or investor-owned entity. The MGFA and our colleagues around the US, have been receiving calls from a lot of private grain elevator and feed mill owners, hoping they had somehow misread the producer provisions. Unfortunately, after doing more research on the provision, our unwelcomed response is that they have not misread the provisions and the new deduction will be based upon all payments coming to the farmer from any co-op. These calls will likely intensify. There have even been inquiries about starting up a co-op in order to take advantage of this deduction.

The obvious question being asked by the non-co-op community is – what is the likelihood of Congress revisiting this provision? Congress took 30 years to pass this comprehensive tax reform bill so we wouldn't anticipate a debate to begin on changes any time soon. Proponents of tax reform know that any attempts to change or fix any provisions will result in the entire bill getting revisited so change any time soon seems unlikely. However, I was informed on Friday that a coalition has been formed and is on its way to Washington this week, to visit with members of Congress about the issue. Stay tuned! **The MGFA has no position on this matter and is providing this story as informational only.**

New Leadership Team at the Red River Valley & Western Railroad (RRVW) with Victor Meyers as President & Mark Wegner as Chief Executive Officer

Victor Meyers most recently served as Vice President of Operations of Twin Cities & Western (TC&W), headquartered in Glencoe, Minn., where he provided leadership and guidance for the company's long-range strategic plan as well as day-to-day operations support throughout TC&W's operating territory. Meyers had leadership responsibilities for multiple departments including Transportation/Operations, Maintenance of Way, Mechanical, Safety, Accounting, Human Resources, Administration and Information Technology.

Meyers joined TC&W in 2013. Prior to that he worked for more than seven years at BNSF Railway in a variety of positions. He holds a Bachelor of Science degree in economics from Rocky Mountain College and a Master of Business Administration degree from Texas Christian University.

Mark Wegner is the current President and CEO of TC&W. He will continue in these positions while adding CEO of RRVW to his leadership responsibilities. At TC&W, Wegner provides strategic direction, governmental relations and overall operational oversight for the 229-mile regional railroad, which runs between St. Paul, Minn., and Milbank, S.Dak. and for its subsidiaries, the Minnesota Prairie Line, operating 94 miles of track between Norwood Young America and Hanley Falls, Minn., and the Sisseton-Milbank Railroad, operating 37 miles of track between its namesake cities in South Dakota.

Wegner joined TC&W in 1991 as its Accounting Manager and served as Comptroller, Senior Vice President and General Manager, Executive Vice President and Chief Operating Officer, and President before becoming CEO in 2014. A native of Brooklyn Center, Minn. he holds a Bachelor of Arts degree in accounting from the University of St. Thomas, St. Paul, Minn.

Red River Valley & Western Railroad commenced operations in 1987 as a 500-mile regional railroad serving customers in North Dakota and Minnesota over track acquired from the Burlington Northern. It recently celebrated its 30th anniversary and one-millionth carload.

"Mark and Vic are the right people at the right time for RRVW," said Board Chair Martha Head. "I am confident that their personal integrity and values and their professional talents and experience will provide the strong foundation needed to move RRVW successfully forward into the future. I have had the opportunity to work closely with Mark and Vic at TC&W. I know that the strategic thinking, leadership skills, operational knowledge, commitment to safety, concern for employees and customer service they have brought to TC&W will be invaluable to RRVW. Freight rail transportation is vital to the communities we serve in North and South Dakota and Minnesota. The new leadership team at RRVW is committed to working as a partner with those communities and our customers to provide safe, dependable, efficient and high quality transportation of products and commodities to market."

Current Farm Economy Has Led to an Increase in Requests for Grain Check-off Refunds

Grain handlers at the first point of sale should NOTE: Refunds are "only" available for check-off fees on **Corn**, Turkey, Dry Edible Beans, Area II Potatoes, and Sunflowers. The soybean and wheat check-off fee is NOT refundable! For corn refunds, customers can follow the instructions below.

Check-off Refund Application Instructions

You can either complete the application on your computer:

- Download the [Fillable Check-off Refund Application \(PDF: 549 KB / 1 page\)](#) and **complete the form on your computer** (type in the light-blue fields), print **TWO COPIES**, sign and date both, and send to MDA at the address below.

OR you can complete it by hand:

- Download and print the [Check-off Refund Application \(PDF: 108 KB / 1 page\)](#), **complete it by hand**, and send **TWO COPIES** to MDA at the address below.

- Form must be filled in completely. Failure to do so will result in delay or denial.
- Proof of check-off must accompany refund application showing first purchaser, date of deduction of the check-off fee, and amount of deduction. Failure to do so will result in delay or denial.
- Application must be postmarked within 60 days following the date of deduction payment of the check-off fee. Failure to do so will result in denial.
- Law requires all parties having a financial interest in the commodity sold be listed as payees on the refund check.
- Applications for refund will not be accepted more than 12 times per year. Return your original completed application **plus one copy of it** to:

Minnesota Department of Agriculture
Promotion Councils
625 Robert Street North
St. Paul, MN, 55155-2538

- Keep a copy for your records.

MDA Contact: Ruth White, State Programs Administrator Sr. - 651-201-6013

Dicamba Training Link for Minnesota

The Minnesota Crop Production Retailers (MCPR) has established, in cooperation with the MDA, U of MN Extension and several Chemical Companies, a website they are hosting, to inform the estimated 10,000 plus Minnesotans who must complete EPA and MDA approved training prior to applying dicamba products in Minnesota about training sessions near them.

Please click here <https://mcpr-cca.org/dicamba-information-trainings/> and select the calendar for information on training sessions and to register for a training session close to you. These training site locations and registrations are being updated frequently for your convenience. Additional product specific information is available on this page by selecting the three chemical company buttons. Special appreciation is extended to Monsanto, BASF, and Dow-DuPont for educational grants to make this public service possible.

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