



January 2020 Newsletter

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Are You Prepared For the New Changes to Your Minnesota Grain License?

Anyone with a license to buy or store grain in Minnesota should have recently received a pamphlet from the Minnesota Department of Agriculture alerting them to the upcoming changes to their license, effective July 1, 2020. These changes were introduced and passed into law during the 2019 legislative session. MGFA provided commentary and guidance to the Legislature on the changes and new additions to the grain law. However, the high-profile nature of the fraud perpetrated at the Ashby Farmers Co-op Elevator and the resulting financial damage co-op patrons faced, reduced the Association’s ability to change minds when it came to the House and Senate ag committees. To make matters worse, toward the end of the last legislative session, two additional elevator failures occurred, one at Karlstad Farmers Elevator (Karlstad, MN) and another at Buckwheat Growers Association/Union Creek Organic (Wadena, MN).

While the Ashby failure was widely publicized, it wasn't the first in recent memory. In December 2015, the Porter Elevator insolvency generated enough attention that legislation was introduced during the 2016 session to create an indemnity fund as well as raise grain bond limits. The bills were largely opposed by stakeholders and ultimately did not pass.

According to MDA data, from 2011 to 2015, there were ten claims made against Minnesota grain buyer or buy/store bonds. Two of the ten claims were grain elevator failures – Porter Elevator in 2015 & Winsted Farmers Elevator in 2011. The other eight were seed companies or organic / specialty grain handlers.

The MDA pamphlet highlighting the changes to the Minnesota grain license program has stirred up some questions. Below is a quick synopsis of those changes:

Changes to the grain law include the following:

- On deferred payment, delayed pricing or other voluntary extension of credit contracts, the contract must be reduced to writing and signed by both buyer & seller within 10 days. **** NOTE: Due to feedback from MGFA members, we will be going back to the Legislature to request a change to 30 days.**
- Those holding a buy/store license will be required to have one annual exam each year instead of two as required previously
- Only a grain bond or an irrevocable letter of credit will be accepted as forms of surety by the MN Department of Agriculture (MDA).
- Grain deposited as grain bank is now considered stored grain and must meet all the requirements of grain placed in storage
- The definition of temporary storage is now defined as grain stored in outdoor piles or suitable structures which are not in use for the entirety of the license period. Grain in temporary storage must be owned and exclusively maintained by the license holder.

The new regulations established by the legislature include:

- All grain buyers are now required to have an annual exam, including a measure up of grain on hand. If you are federally licensed, you may submit that exam to avoid the MN exam fee.
- All grain buyers must submit financial statements to MDA, with qualifications of the type of financial statement depending on annual grain purchases. The new financial reporting will require license holders who purchase \$5 million or more of grain annually to submit financial statements audited by a CPA. Grain buyers who purchase less than \$5 million of grain annually will be allowed to submit a financial review statement performed by a CPA.
- No financial statements are required for someone buying less than \$100,000 of grain annually with cash or cash equivalent.

If MGFA members have questions, please give the office a call or send us an email.

For anyone planning to attend the Annual MGFA Convention & Trade Show (March 3-5 in Bloomington), during the Wednesday morning concurrent sessions, we will have a segment on the grain license changes and a Q & A, presented by Nick Milanowski from the MN Department of Agriculture. Make sure to sign up today!

MGFA Wants to Feature Your Photo on the Spring Edition Cover of *Mill & Elevator News*

As a way to keep our magazine member-centric, we invite all our member amateur photographers to submit your photos for the cover of the spring edition of the MGFA member magazine. We'd love to see creative photos of your facility, your employees/co-workers or photos generally related to the grain and feed industry here in Minnesota.

If you plan to submit a photo, please note the following specs:

- Image size needs to be 8.75" x 11.25"
- Photos can be color or black & white
- Photo needs to be submitted by the original photographer
- Please provide a short write-up about your submitted photo
- We intend to give photo credit to the photographer, so we'd appreciate a written note releasing your photo to be used on the cover of the MGFA magazine.
- Deadline to submit photos: Monday, March 16, 2020
- Submit photos to info@mgfa.org in a .jpeg file format.

We look forward to seeing your photos, so please send them in today!

113th Annual Meeting Notice – Minnesota Grain and Feed Association

The 113th Annual Meeting of the Minnesota Grain and Feed Association will be held on Wednesday, March 4 at 10:45 a.m. at the DoubleTree By Hilton Hotel, Bloomington. Members will review the association fiscal year-end statement, hear from association leadership and staff, act on resolutions brought before the group and have the opportunity to vote on three (3) board of director positions due to expire at the meeting.

Make Plans to Attend the MGFA 113th Annual Convention & Trade Show - March 3-5

The MGFA 113th Annual Convention & Industry Trade Show is just five short weeks away and we hope to see as many MGFA members as possible at the DoubleTree By Hilton in Bloomington. The Annual Convention & Industry Trade Show has always been an opportunity for members to learn about current issues affecting the industry, enjoy interesting and entertaining speakers, discover the latest industry innovations and technology from exhibitors and interact with industry friends and colleagues. [Click here for the convention agenda and registration form.](#) This year we will also have an exciting pre-convention tour which involves some rather interesting birds and a stop at the newly renovated Bell Museum. See the story below for more information.

Sign up for the MGFA Pre-Convention Tour – “Take a Walk on the Wild Side”

This year's MGFA's pre-convention tour will be a little different than in years past. The tour will start earlier in the day with a **departure time of 1:00 p.m.** from our convention hotel, the DoubleTree By Hilton in Bloomington, and return by 5:30 p.m. – just in time to meet friends in the hospitality suites or head out for dinner. For those interested in taking the tour, the cost is \$65. Space is limited, so make sure you sign up today!

Our first stop on the tour will take us to the Raptor Center on the University of Minnesota campus for an exciting learning experience you won't soon forget, including an up-close experience with live raptors. We will explore the different raptors found in Minnesota, their role in the environment and learn why they're different from other birds. The auditorium program will be followed by a tour of the Raptor Center and the outdoor housing area where we will see most of the education raptors and hear some of their exciting stories. We will also learn about the Raptor Center and its important role in protecting raptors and the world we share.



Pictured is Samantha, a Great Horned Owl, who serves as an a winged ambassador at the Raptor Center.



The state-of-the-art planetarium will take you on amazing journeys from the far reaches of the cosmos to deep inside the human brain. Using the latest technology to construct a 'seamless' dome, the planetarium is the first of its kind in the United States.

Next, staying on the University of Minnesota campus, we will stop at the all new Bell Museum. The new Bell brings together science, art and the environment with a unique Minnesota perspective. The Museum features a digital planetarium, high-tech exhibits, wildlife dioramas and outdoor learning experiences. The permanent galleries span space and time, from the origins of the universe, through the diversification of life on Earth to Minnesota's own unique habitats.



MGFA Convention Speaker Spotlight – Dr. Keri Jacobs, Iowa State University - Wednesday Co-op Director Concurrent Session

Dr. Keri L. Jacobs is an associate professor and extension economist in the Department of Economics at Iowa State University and the Iowa Institute for Cooperatives Endowed Economics Professor. She teaches an undergraduate course on Cooperatives and conducts training on the cooperative model, board governance, and strategic financial and equity management for cooperative boards, management, employees, and other stakeholders. Keri's goal is to enhance the effectiveness of cooperative organizations and support their efforts in managing sustainable organizations by building capacity in human capital and providing sector analysis. Her applied research focuses on the financial and equity conditions of agricultural cooperatives, agribusiness consolidation, and farm level production decisions under uncertainty. Keri was raised on a hog and crop farm in eastern Iowa. She earned a B.A. in economics and business administration from Coe College in 1996 and a Ph.D. in economics from North Carolina State University in 2010.



Support the MGFA Scholarship Program by Bidding on the Silent Auction Items

The upcoming MGFA convention will again include a Silent Auction on Wednesday, March 4, to be held during the industry trade show. The Silent Auction will be featuring some very fine gifts with all the proceeds going to support the MGFA Commitment to Agriculture College Scholarship Program. So far, we have: an overnight stay, 4 water passes and breakfast donated by Arrowwood Resort; 18 holes of golf for 4 with a cart at Thumper Pond; a weekend night lodging and breakfast for two at the Hyatt Regency Minneapolis; a

petroleum prize pack from Enbridge; a backpack with golf items from CNA Surety; Minnesota Wild game tickets from AgVantage Software; and more items on the way.

If your firm would like to make a donation to the Silent Auction in support of the MGFA scholarship fund, please contact the MGFA office right away.

MGFA Convention Industry Trade Show Almost Sold Out

The 113th Annual MGFA Convention Industry Trade Show will take place on Wednesday afternoon, March 4 and the early morning of Thursday, March 5. **Click here** to review the list of 75 exhibitors currently registered to participate in the industry trade show. The MGFA trade show is one of the largest in the upper Midwest and offers a great variety of products and services specifically designed for the grain elevator and feed mill industry. We want to encourage members and non-members alike to take advantage of this one-stop shopping opportunity to visit with these vendors about the latest product innovations and new technology. It will be well worth the trip!

MGFA Convention Hotel Accepting Reservations – Book Your Rooms Today

The DoubleTree By Hilton – Bloomington, site of the 113th Annual MGFA Convention and Industry Trade Show, is currently accepting room reservations. The cutoff date for our room block is February 11. Please use the following link to make your reservations online: https://doubletree.hilton.com/en/dt/groups/personalized/M/MSPBSDT-MGF-20200301/index.jhtml?WT.mc_id=POG

If you prefer to make reservations by phone, please call 952-835-7800 and **use the group code MGF**. The convention room rate is \$113/night. We encourage members to make plans to attend the entire convention to take full advantage of the networking, educational opportunities, industry trade show and other events we've planned for you. We would greatly appreciate your participation in this event!

MGFA Commitment to Agriculture Scholarship Program

In an effort to financially assist students pursuing agriculture degrees at institutions of higher learning, the Minnesota Grain and Feed Association established a scholarship program, which is funded by generous donations from industry members and friends. The MGFA annually awards up to three \$1,000 scholarships to successful applicants.

Applicants must be:

1. The child of an elevator or feed mill employee whose employer is a current MGFA member, in good standing with the Association, OR
2. An employee/intern of an elevator or feed mill whose employer is a current MGFA member, in good standing with the Association

The student must be pursuing a degree in agriculture (preference will be given to those pursuing a degree in agribusiness) and have a minimum GPA of 2.75. The application for the 2020-21 Commitment to Agriculture Scholarship is available [here](#). The deadline to submit an application is April 17, 2020.

If you know of a student who would be interested in receiving a scholarship, please share this information & encourage them to apply. Information can also be found on the MGFA website at www.mgfa.org.

NCI Grain Industry Emerging Leader Program – Part 2 – Management vs Leadership – March 24-26, 2020 in Fargo

The Minnesota Grain and Feed Association is excited to partner with the Northern Crops Institute (NCI) to bring you a premium leadership training course. The mission of the program is to prepare current grain industry personnel to transition to managerial/leadership roles.

Part 2 of this program, scheduled for March 24-26, 2020, will cover and compare management vs. leadership strategies as they apply to grain elevator management. This course will be available for current grain elevator staff looking to expand their skill-set in a managerial area, in this case specifically in grain merchandising.

Objectives

- Understand financial statements and how they interact to evaluate your business performance
- Learn human resources and team management strategies
- Hear from industry professionals about their experiences in strategic finance
- Think about long term strategic planning for your business

The early registration deadline is February 7, 2020 and qualifies you for a 10% discount on the registration amount. MGFA members interested in this premier program are also eligible for a discounted rate. The last day to register for the course is Friday, February 21st. **Space for this program is limited, so don't delay.** For more detailed information on the program, registration information & hotel accommodations, go to:

<https://www.northern-crops.com/training-courses/2020/3/25/grain-industry-emerging-leader-program-part-2>

Trump Signs USMCA; Key Democrats Not Invited

President Donald Trump on Wednesday signed a new North American trade agreement during an outdoor ceremony at the White House attended by about 400 guests - but not the key Democrats who helped secure congressional passage of the deal.

Trump, on trial in the U.S. Senate on charges of abusing power and obstructing Congress, welcomed Republican senators at the South Lawn event by name. Other guests included lawmakers from around the country, workers, farmers and chief executives, as well as officials from Mexico and Canada, the White House said.

The U.S.-Mexico-Canada Agreement (USMCA) will replace the 26-year-old North American Free Trade Agreement, including tougher rules on labor and automotive content but leaving \$1.2 trillion in annual U.S.-Mexico-Canada trade flows largely unchanged.

"Today, we are finally ending the NAFTA nightmare and signing into law the brand-new U.S.-Mexico-Canada Agreement," Trump told the crowd. Flanked by a group of American workers wearing hard hats, Trump said the agreement would bolster U.S. economic growth, benefiting farmers, workers and manufacturers.

He said his concerns about NAFTA-triggered outsourcing had triggered his run for the presidency in 2016.

A wide array of business groups welcomed the agreement, which must still be ratified by Canada's parliament before it can take effect. Mexico has already approved the deal.

Canadian Prime Minister Justin Trudeau, speaking in Ottawa, said his minority government would continue to answer questions posed by various industries and other groups. "We have questions and we have a process for ratification. I just look forward to getting through it responsibly and rapidly because it's so important for Canadians," he said.

NO DEMOCRATS

Excluded from the event were House of Representatives Speaker Nancy Pelosi, House Ways and Means Committee Chairman Richard Neal and other Democrats who negotiated with the Trump administration for months to expand the pact's labor, environmental and enforcement provisions and pave the way for its approval by the Democratic-controlled House.

Trump did not mention the work done by Pelosi or other Democrats on the trade pact, but U.S. Trade Representative Robert Lighthizer, in his remarks at the ceremony, acknowledged the role that House leaders played in getting the deal done.

The event came as U.S. senators will start to pose questions in Trump's impeachment trial and ahead of a key vote later this week on whether to allow the calling of witnesses like former national security adviser John Bolton.

Pelosi told reporters that Democrats had ensured "vast improvements" to the USMCA before it was approved, despite their absence from Trump's White House event, adding, "I hope he understands what he's signing today."

Neal told reporters some Republican senators thought the deal was "too Democratic." He said the final accord won stronger protections for workers, better enforcement of environmental provisions and steps to prevent higher drug prices.

Representative Rosa DeLauro told reporters in a separate teleconference that Democrats would remain vigilant on oversight of the improved trade deal and would fight for even better climate protections in future trade deals.

The U.S. Senate this month overwhelmingly approved legislation to implement the USMCA, sending the measure to Trump for signing into law.

U.S. lawmakers said it was unclear when the accord would take effect, since Canada's main opposition Conservative Party had expressed concerns about aspects of the deal and there was no exact timeline for ratification there.

Even after Canada ratifies the accord, implementation could take several more months since the three countries must show they are meeting their obligations before the clock starts ticking on an effective date.

Source: Reuters

NDSU Extension's Grain Drying Expert Offers Advice on Drying Crops

The moisture content and temperature of grain play a big role in how long that grain can be stored without significant deterioration.

Air drying is one way to reduce the moisture in grain. However, natural-air drying is not effective during the winter, according to Ken Hellevang, North Dakota State University Extension agricultural engineer and grain drying expert. The cold air does not hold enough moisture to accomplish in-bin drying.

For example, 100,000 pounds of air (about 1,280,000 cubic feet) at 47 degrees and 70% relative humidity used for air drying 21% moisture corn in October will pick up about 70 pounds of water while drying the corn to 16% moisture, which is the equilibrium moisture content (EMC) of corn for that air condition.

In January, the same 100,000 pounds of air at 7 degrees and 70% relative humidity will pick up only about 9 pounds of water while drying the corn to only about 19% moisture, which is the EMC of corn at that air condition.

Using an airflow rate of 1 cubic foot per minute per bushel (cfm/bu), drying the corn in October will take about 50 days, and a limited amount of drying in January will take 120 days.

“The general recommendation is to wait until the outdoor air temperature averages about 40 degrees to air-dry corn and soybeans,” Hellevang says. “Keep the stored grain near or below 30 degrees until drying starts.”

Information is circulating that drying occurs at night and not during the day, so fans should be operated at night and not during the daytime. This theory has several inaccuracies, Hellevang says.

At airflow rates used for natural-air drying, the grain temperature rapidly changes and is fluctuating during a 24-hour period. The time required to change the grain temperature can be estimated by dividing 15 by the airflow rate. So, at 1 cfm/bu, changing the temperature of the grain in the bin will take only about 15 hours.

During the daytime, the grain is being warmed. Then as outdoor air temperatures cool during the evening, the grain at the bottom of the bin gradually cools and the air is warmed by the grain. As the air is warmed, the moisture-holding capacity is increased.

During the forenoon, the grain at the bottom of the bin gradually is warmed by the air and the air is cooled. The cooling of the air limits the moisture-holding capacity, but the warming of the grain creates drying potential for later.

Moisture is removed by evaporation, which requires that the grain and air going through the grain be warm enough to evaporate the moisture until moisture equilibrium is reached, based on the EMC of the grain. If the grain was not warmed during the day, the grain would remain at the night temperature, so running the fan the next night would bring cold, damp air in on cold grain and little if any drying would occur.

As an example, a producer is attempting to dry 16% moisture soybeans in April when the average temperature is 42 degrees and 70% relative humidity. The soybeans would be expected to dry to about 13.5% moisture if the fans run 24 hours per day.

Typically, the temperature varies by 20 to 25 degrees during a 24-hour period, and the relative humidity changes as the air temperature changes unless moisture is added or removed from the air. If the fans were operated just at night, the grain would be about 32 degrees, and the air condition would be about 32 degrees and 100% relative humidity.

Based on the soybean EMC, operating the fan just at night would add moisture to the soybeans.

“Unfortunately, there are no new ways to dry grain,” Hellevang notes. “The laws of nature continue to apply.” He recommends starting to natural-air dry corn and soybeans when the average air temperature is about 40 degrees. The maximum initial corn moisture for natural-air drying using an airflow rate of at least 1 cfm/bu is 20% this year due to the increased potential for deterioration because of damaged or immature kernels. The expected drying time for corn is about 45 to 50 days using an airflow rate of 1 cfm/bu.

Drying time is proportional to the airflow rate, so at an airflow rate of 1.25 cfm/bu, the drying time is about 35 to 40 days. Adding heat will change the final corn moisture but will change the drying speed only slightly. Ensure that the fan’s airflow rate is adequate by checking fan charts or estimate airflow by using the fan selection program available at the NDSU grain drying and storage website (<https://www.ag.ndsu.edu/graindrying>).

If temperatures cool to an average of about 30 degrees, the fans can be stopped. Wait until the temperature again averages at least about 40 degrees before starting the fans. Cool the grain by operating the fans at night or other cool periods before shutting off the fans to extend the storage life of the grain.

Some producers are concerned about shutting fans off because that leaves a drying front in the grain. The drying front is the area in the grain mass where the drying is occurring. The dry air comes in contact with wet grain at the bottom of the drying zone, picks up moisture until it comes into equilibrium with the grain in the drying zone and then carries that moisture through the wet grain above the drying zone and out of the bin.

“There is nothing magical about the drying front or zone,” Hellevang says. “The grain and the drying zone will be in the same condition several days later when the fan is started again.”

Fans should be shut off during rainy days and during fog.

Here are some recommendations by crop:

Soybeans

Use an airflow rate of at least 1 cfm/bu to natural-air dry up to 16% moisture soybeans. The expected drying time with this airflow rate will be about 50 days. The allowable storage time for 18% moisture soybeans is only about 40 days at 50 degrees, so use a minimum airflow rate of 1.5 cfm/bu to natural-air dry 18% moisture soybeans.

Wheat

Normally start drying fans in late April when temperatures are averaging in the upper 40s. The estimated time to dry 17% moisture wheat using an airflow rate of 0.75 cfm/bu is about 40 days at 47 F. Adding supplemental heat that warms the air 3 to 5 degrees permits drying at a higher humidity but will approximately double the cost of drying.

Barley

Malting barley germination will be lost if adequate airflow is not provided so the barley is dried within the allowable storage time. The allowable storage time (or drying time) is related to the grain temperature and moisture content. The allowable storage time, based on germination, for 17% moisture barley is about 140 days at 50 degrees, 65 days at 60 degrees and only 30 days at 70 degrees.

Germination will be lost before mold growth is visible. An allowable storage time chart for malting barley is available at the NDSU grain drying and storage website. Allowable storage time is cumulative, so if the 17% moisture barley was stored for 60 days last fall at 50 degrees before it was cooled for winter storage, the allowable storage time this spring is only about 60 days at 50 degrees before germination is lost.

Drying 17% moisture barley will take about 40 days with an airflow rate of 0.75 cfm/bu at 50 degrees. Therefore, an airflow rate of 0.75 cfm/bu is the minimum recommended airflow rate to dry 17% moisture barley in the spring.

Source: NDSU Agriculture Communication

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