



Two Area Coops Merge To Form Valley Ag Partners

By: Gene Prim

Big secrets in a small town are seldom kept. There is usually a small leak and then, with lightning like speed, everyone in town knows.

That was not the case with a pending merger between two large ag coops in the area. Almost everyone was taken by surprise in August when a letter went out to shareholders announcing the proposed merger.

The boards of both the Rothsay Farmers Coop and the Kragnes Farmers Coop were proposing that the two coops join forces. Their members would have the opportunity to merge the coops by mail-in ballot in September.

The reason for the merger was to become a larger entity capable of better purchasing and sales through negotiations. The merger proposal was overwhelming approved by the Kragnes shareholders. There was some caution expressed on the Rothsay and Barnesville end but shareholders there eventually approved by nearly three quarters of the shareholders.

The merger officially took effect on January 1, 2018. However, both Rothsay and Kragnes will have one more annual meeting to clean up annual business for fiscal 2017 before the coops officially merge funds.

The coops are roughly the same size as far as annual business although the revenues are acquired in different manners. Kragnes handles more crop from area farmers. Rothsay has a good deal of its business coming in from agronomy sales of fertilizer, seed and chemicals as well as custom spreading revenues at both the Barnesville and Rothsay locations.

The merger of the two coops will operate as Valley Ag Partners. The merger will include the adoption of the by-laws already in place with the Rothsay Farmers Coop. Official headquarters of Valley Ag Partners will be in Barnesville. All of the existing staff at both locations was retained and additional positions have been created and filled as the new, enlarged coop begins to do business.

The business will be managed by a combined board with four members from the existing executive boards of each coop forming a new eight-member board. Dan Noreen has been named as the general manager for Valley Ag Partners. He was and still remains as the general manager of the existing Agassiz Valley Grain Terminal at Barnesville. Paul Jorgenson has served as



Valley Ag board members and managers are, left to right, standing - Paul Jorgenson agronomy manager, Ross Johnson, Kevin Martin, Larry Altenbernd, Troy Larson, Chris Watterud, Dan Noreen general manager; seated, Matt Krabbenhoft, Mike Nelson, and Jason Wang.

general manager of the Rothsay Farmers Coop for 22 years. He assumes the duties of general manager of agronomy services for the new coop. He will continue to headquarter out of Rothsay.

To date the merger has gone smoothly with few real pitfalls encountered. There are a few growing pains, mostly with existing financing, contracts and rental agreements with one coop or the other. But this paperwork is gradually being updated.

The merger actually extends a partnership that was already in place. Kragnes and Rothsay Farmers Coop were equal, one-quarter owners of the Agassiz Valley Grain Terminal at Barnesville. Other partners with one-quarter ownership are Farmers Coop Elevator at Fergus Falls and Archer-Daniels-Midland from the Twin Cities. AVG has produced a substantial dividend to the partners for most years of its existence.

AVG ships 110-car unit trains of grain from the Barnesville terminal. Grain comes into the facility from the partner coops, from farmers who sell directly to the coop and also from surrounding elevators. On average, AVG loads out a unit car train a week although the traffic is always heavier than one train a week during harvest.

The amount of grain shipped is obviously influenced by the size of the crop produced each year by local farmers. The crop years of 2016 and 2017 have been huge and there has

been difficulty getting enough trains to move the crop. There are large stocks of grain waiting to be shipped from AVG Barnesville as well as millions of bushels of grain being held in bins on area farms.

The formation of Valley Ag Partners gives the new entity a 50% share of the existing Agassiz Valley Grain operation. The other two entities, ADM and Fergus Falls retain their one-quarter share each of ownership.

Depending upon your point of view, the creation of Valley Ag Partners closes the books on a 113-year old coop at Rothsay. Or you can take the view that it is simply a continuation of a successful coop, only under another name. For the first time, "Rothsay" will not be an official part of the title.

The merger actually continues a series of historic mergers that have made the Rothsay Farmers Coop a strong participant in local agricultural business for twelve decades.

Founded in 1905 as Wilkin County Farmers Grain and Mercantile, the entity acquired the interests of the Lawndale and Carlisle elevators. Actual operations at those locations continued for several years after acquisition. Gradually they became storage facilities only and finally they were closed. Both Carlisle and Lawndale sites have been demolished and are now only flat spots along the railroad tracks.

The biggest acquisition or merger

and it was a good idea. The timing, however, could not have been worse. BFE was soon deeply in debt to Atwood-Larson Grain Commission Company of Minneapolis. Interest rates reached incredible levels in the late 1970s and early 1980s. BFE simply could not sustain its debt while paying as much as 25% annual interest rates on borrowed money.

Atwood Larson foreclosed on BFE and took over all assets in 1984. The feed mill downtown was sold to Jim Heng. The downtown elevator and seed plant was sold to Enderson Grain and Cattle Company out of Fergus Falls. The new elevator complex was transferred from Atwood Larson to a sister company, Peavey Elevators.

Peavey had a short career in Barnesville. Farmers stayed away from the local elevator after the foreclosure on "their" elevator. Peavey had little business and also faced the same high interest rates and the elevator along I-94 was offered for sale to the Rothsay business that has dropped the Mercantile from its title and had become simply Rothsay Farmers Coop.

Under the management of Rothsay Farmers Coop, the coop again flourished. The I-94 site was operating as a stand-alone country elevator and doing well until it became a part of the partnership that would become Agassiz Valley Grain. The next acquisition for Rothsay Farmers Coop also did quite

well for them when they acquired the Farmers Coop Oil site along Highway 9 north of Barnesville. That site had originally been built as a John Deere dealership but that also closed during the high interest years of the 1980s.

The Highway 9 site became an Agronomy Center for Rothsay Farmers Coop. From that location, after acquiring a couple of acres of additional land and the construction of a large metal building, became a hub for servicing farmers with seed, chemical and custom spreading of those products.

The last acquisition for the Rothsay Farmers Coop was an old Potato Flake Processing site in Barnesville. RFC had been operating fertilizer operations out of both Rothsay and Barnesville through old facilities. A new, modern, \$3.4 million dollar fertilizer plant was completed on the old flake plant site. That site has been serving farmers since 2015.

The ag industry, still the backbone of the local economy, continues to position itself for the future with the formation of Valley Ag Partners.



Members of the sales team for Valley Ag Partners is left to right, seated - Ben Christopherson, Agronomist, Michael Stetz, Agronomy Operations, Mark Ostlund, Agronomy Sales; standing - Jerry Wigdahl, Agronomy Sales, Paul Jorgenson, Agronomy Manager, Gary Schultz, Agronomy Sales and Dylan Wilkens, Agronomy Sales.

BARNESVILLE OFFICES

GRAIN TERMINAL

218 493-4481

AGRONOMY

218 493-4491

ROTHSAY OFFICE

218 867-2135

DILWORTH OFFICE

218 287-2379

**New Name
Same
Locations!**



- GRAIN MARKETING
- AGRONOMY
- FERTILIZER • SEED
- CHEMICAL APPLICATION SERVICES
- GRAIN DRYING

