

MINNESOTA SOYBEAN

2019 ANNUAL REPORT



**ALL THE
GRAPHIC
DETAILS!**

They aren't here for **fame or glory**, but **Council leaders** do the **heavy lifting** for **Minnesota farmers!**

OUR STORY CONTINUES...

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Gail Donkers
District 8

Patrick O'Leary
District 4 (Former Chair)

Rochelle Krusemark
District 8 (USB Director)

Ben Storm
Treasurer, District 9

Kris Folland
District 1, 2 & 3

Jim Willers
District 7 (USB Director)

Jim Call
District 4

Tom Frisch
District 4

Joe Serbus
Vice Chair, District 5 & 6

Pat Sullivan
Secretary, District 5 & 6

Bill Zurn
Districts 1,2 & 3

Gene Stoel
District 7 (USB Director)

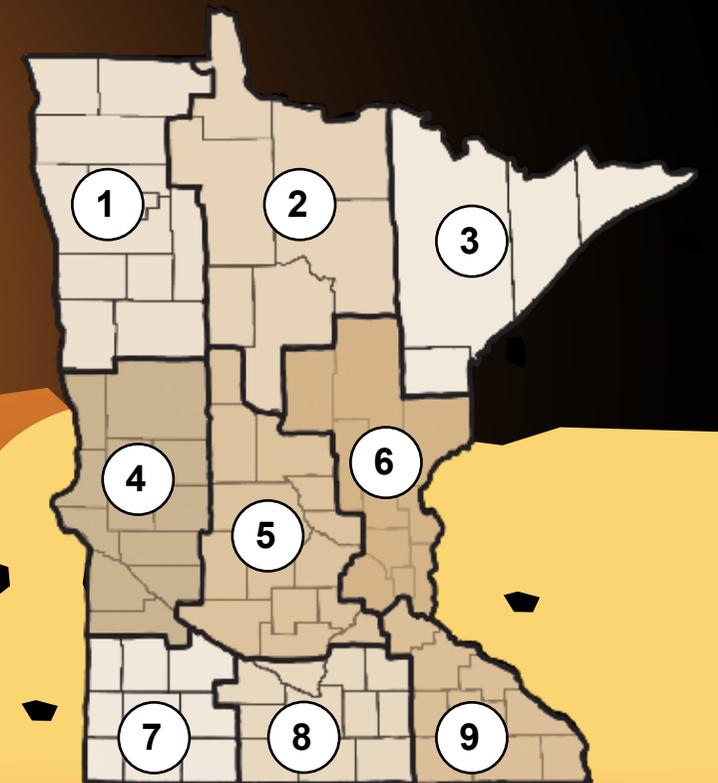
Ron Obermoller
District 7

Cole Trebesch
Chair, District 8

Rob Hanks
District 9

Lawrence Sukalski
USB Director only

DIRECTORS



LETTER FROM THE CHAIR

Listen up **crusaders**, the **Chair** has the **floor!!!** His **knowledge** is **vast**.



From the desk of Chair Trebesch



As we review the highlights from 2019, let's remember the big picture: At the dawn of the 2010s, U.S. soybean farmers produced 3.3 billion bushels of soybeans. By 2018, that number jumped to a record 4.5 billion bushels. Minnesota's production increased to 389 million bushels in 2018, a 15-percent spike. In 2010, B5 (five percent biodiesel) was the law of the land. By 2019 we stood atop the biodiesel movement with a 20-percent biodiesel mandate in the summer months, supporting an industry that contributes nearly \$1.7 billion in economic activities and 5,400 jobs in Minnesota, adding 63 cents to every bushel of soybeans.

In the face of weather issues and trade issues, soybean farmers proved time and time again in the 2010s that we are the most productive, innovative and resilient producers in the world. Minnesota remains the nation's third-largest soybean-producing state. The bad news tends to lead the day, but there's no question our industry grew exponentially over the course of the decade.

We did feel as if we packed an entire decade's worth of events into 2019. Between tariffs to weather challenges, 2019 was a hard row to hoe for many Minnesota farmers. On a personal note, we were deeply saddened upon the unexpected death of longtime Council Director Rob Hanks.

But amid some dark clouds, there were plenty of bright spots to highlight, too. Our elected board of 15 farmers take their duties seriously. We're charged with directing and investing hard-earned checkoff dollars, and it's a privilege that's not lost on any of us.

Expanding our trade markets was a top priority for the Council in 2019. Our farmer leaders, putting in work in our "sweat equity" projects, traveled across the globe, from Southeast Asia to South America, to diversify our export markets. In June, the Council participated in the USDA's largest trade mission during a visit to Colombia and Peru. Both countries, with a growing middle class, offer huge potential for U.S. soybeans.

MSR&PC CEO Tom Slunecka also took the lead among commodity groups when he testified before the U.S. International Trade Commission that a long-standing internal mandate in Japan regarding soybeans has created a non-tariff barrier to trade. Several months later, the Council traveled to Japan to visit with Japanese trade officials. If this trade barrier is lifted, it would provide a potential gain of 2-3 million metric tons per year of exports out of the Pacific Northwest.

We also made huge strides with the Soy Innovation Campus in Crookston in 2019. The Minnesota Legislature approved \$5 million toward the soybean crush and biodiesel facility, following a feasibility study the Council conducted. The revolutionary Plasma Blue technology, with its potential to reduce the production cost of biodiesel by up to eight cents per gallon, also gathered a lot of momentum in 2019. The sky is the limit for the Plasma Blue movement in 2020 and beyond.

To address the diverse production issues throughout Minnesota, the Council approved 25 research projects focusing on the production and research needs of growers spanning from Wells to Wannaska, and everywhere in between. Investing in research allows us to make more informed decisions on how to wisely invest checkoff dollars.

The Council celebrated another banner year in the communications world. For the second straight year, checkoff projects— including soy-based road sealant and Plasma Blue — were featured on national television as part of an episode of "Innovations with Ted Danson" program. This exposure allowed the Council to deliver our checkoff message across to the masses. Industries have begun taking notice of the innovative happenings at MSR&PC. For the first time in the Council's history, we earned a pair of in-house, first-place agri-marketing trophies, defeating a staggering number of agricultural giants.

We endured rough patches in the 2010s, but it's always best to keep on the sunny side. Better times are always just around the corner.

Here's to the next decade of prosperity in the 2020s.

Sincerely,
Cole Trebesch,
Chair, Minnesota Soybean
Research & Promotion Council

Chair **Trebesch** replaced checkoff hero **Patrick O'Leary**, who led the Council from 2017 to 2019. **Good J-O-B**, Mr. O'Leary!

IN MEMORY ROB HANKS

We lost a **checkoff champion** in **2019**. He was a **mighty man**.



1955-2019

ROB HANKS

A farmer for life

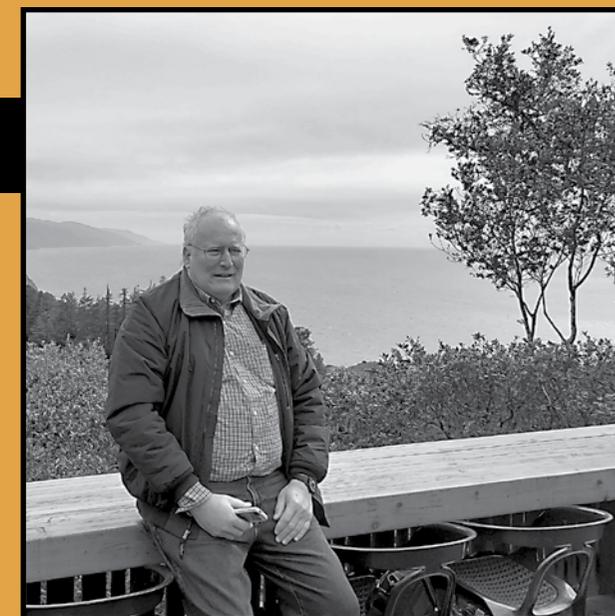
The Council lost a giant in our field when Rob Hanks passed away in December 2019 at his home in LeRoy, Minn.

Rob farmed for nearly 45 years in Mower County alongside his brother, Neil. The Hanks brothers raised beef, hogs, corn and soybeans and hosted international trade teams.

Hanks served as the Council's District 9 representative since 1997 (one of the Council's longest-serving directors) and participated in numerous action teams, most recently MSR&PC's product development action team. He was re-elected to the Council in 2019 and was secretary-treasurer of Ag Management Solutions, which oversees operations of the Council.

Since joining the Council, Rob helped guide the soybean industry through a seismic spike in production. In 1997, U.S. soybean production totaled 2 billion bushels. Twenty years later, U.S. soybean production more than doubled, exceeding 4 billion bushels. His influence directing checkoff funds reached far beyond Minnesota. Rob also served nine years on the United Soybean Board. "It's been amazing to be a part of that progression," Hanks told Soybean Business in 2017.

Off the farm, Rob enjoyed woodworking, photography and was a student of history. He is survived by his brothers, Darrell and Neil.



"Rob was a **kind, gentle man** and always willing to lend his **wisdom** when called upon. We are a much **stronger, durable organization** because of him, and we will miss Rob dearly – both **personally and professionally**."

- Cole Trebesch

NEW USES

SOY MANY POSSIBILITIES

Fuel! Tires! Roads!
And - wait for it - roofs!
Whoa - soy versatile!

NEW USES

One of the chief priorities of the Minnesota Soybean Research & Promotion Council is to invest checkoff dollars in new products and deliver them to commercialization. The Council made progress on a number of encouraging commercialization projects in 2019.

Minnesota tough: The Council successfully completed our second full summer of B20 (20 percent biodiesel) without any major challenges. Biodiesel works for Minnesota's economy and environment. This homegrown fuel is a win-win for all Minnesotans.

Keepin' it clean: The Council continues to be engaged in a number of "clean fuel" efforts in Minnesota, including MNDOT's Decarbonizing MN transportation fuel movement, Midwest Clean Fuels Policy, Clean Cars MN and the Governor's Biofuels Council, all to ensure biodiesel information is portrayed accurately and viewed as a positive benefit for Minnesota.

On the road again: The Council proved effective in its investments in soy-based road sealant, with an aim toward broader use across Minnesota. The City of Hutchinson estimates using RePlay Agricultural Oil and Preservation Agent saves the city 30 percent on its road maintenance budget. Replay is 88 percent biobased and one application can last between three and five years.

Raising the roof: The Council expanded efforts to bring more biobased products to market, including Cortec, Roof Maxx and plastics. Each of these are companies working to bring sustainable products to consumers across the country, all with the help of soybean farmers. From Cortec preventing rust on city fleets to Roof Maxx restoring asphalt shingles, Minnesota soybean farmers can rest assured knowing their checkoff dollars are invested wisely with products that ensure soybeans are used far beyond the field.

Goodyear's Assurance WeatherReady tires gathered traction in 2019. The tires feature a **soy-based rubber compound**, helping to enhance tire performance all year-long.

M MEANWHILE...

RESEARCH



Pow – take that pests!
Checkoff investments have
you cornered!



RESEARCH

Checkoff dollars continue to lead the way in increasing soybean yield and leaders are charged with enhancing environmental stewardship. Every year MSR&PC farmer leaders direct, invest and oversee checkoff dollars to sponsor unbiased research projects. Unbiased production research is critical to farmers throughout Minnesota. Projects supported by MSR&PC help gather useful management information and new soybean cultivars to farmers across the state.

By the numbers:

MSR&PC reviewed and approved 25 major production projects in 2019, including:

- 11 agronomic research and tech transfer
- 5 disease and soybean cyst nematode management
- 2 insect management
- 7 soybean breeding, molecular genetics and functional genomics

Highlights:

- The soybean gall midge was identified in 13 counties (up from 1 county one year prior); two genetic lines were discovered.
- Seed treatments and post emergence applications are not effective as of now; more research will continue to be conducted in 2020 and 2021.
- University of Minnesota researcher Kathrin Bushley identified 11 fungal species that impact Soybean Cyst Nematode

Environmental Stewardship:

The Council continued its work on the Impaired Waters project in 2019. MSR&PC works with Houston Engineering to support farmers in finding practical solutions where agriculture and the environment intersect. This project helps establish watershed-based pathways for engaging farmers.

The Council continued its long-term investment in **removing buckthorn**, with a goal toward understanding the relationship between the invasive shrub and aphids, the **No. 1 yield-robbing foe of soybeans**.

MARKET DEVELOPMENT

ALL AROUND THE WORLD

Find **new markets** - pronto!
The **world** needs **Minnesota soy!**

MARKET DEVELOPMENT

The MSR&PC market development department systematically investigates unmet market needs, both domestically and overseas. MSR&PC focuses on four key areas under its promotion banner: New markets, livestock, trade relations and transportation. All four play vital roles in developing and maintaining markets.

Fair play: MSR&PC CEO Tom Slunecka testified at U.S. Trade Representative (USTR) hearings against several World Trade Organization contravening trade barriers out of the Pacific Northwest (PNW) for three different overseas soy markets. If all three trade discussions move in the Council's favor, this would equate to a 4-5 million metric tons per year gain out of the Pacific Northwest (PNW).

Boots on the ground: Council representatives traveled to Japan and met with government and business officials about lifting current non-tariff trade barriers out of the PNW. If this trade barrier is lifted, it provides a potential gain of 2-3 million metric tons per year of exports out of the PNW.

Sweat equity: As part of a delegation that traveled to Colombia and Peru, the Council participated in the largest trade mission in USDA history.

Collaboration: Continued joint efforts with Northern Crops Institute (NCI) by funding multiple short courses training more than 100 overseas customers about feed, food and oil.

Director Ben Storm and then-Chair Patrick O'Leary traveled to **Malaysia** and the **Philippines** for a 12-day international marketing and leadership experience. **Farmers** visited **potential soybean buyers** and toured production facilities while absorbing **Southeast Asian** culture and honing their **leadership** and **marketing** skills.

COMMUNICATIONS

SENDING OUT SIGNALS

minnesoyta

Did you hear that?
Everyone's talking soy!



COMMUNICATIONS

Working with limited resources, the Council's communications department brought its creativity to the forefront, managing to do more with less in 2019. Through social media, electronic outlets and print media, the Council continued delivering its checkoff message to local, state, regional, national and international audiences.

Little bean comes up big: In 2019, the Council won a pair of National Agri-Marketing Association first-place trophies. MSR&PC's 2018 Annual Report took home top honors, as well as a direct mail campaign promoting the Council's biodiesel partnership with the DieselSellerz.

Cheers!: Checkoff investments – including soy-based road sealant and Plasma Blue – were featured as part of the Council's participating in "Advancements with Ted Danson," which aired on RFD-TV and CNBC throughout fall 2019. The Council owns the raw footage, and has licensed the produced footage to use across all its media channels, embed on our website or use at future trade shows and events.

Social hour: The Council launched a grassroots digital campaign, FollowAMNFarmer, which followed several Minnesota farmers as they endured a grueling planting season in spring 2019. The campaign – conceived and executed entirely in-house – garnered 9,000 video views on social media.

Talk of the town: Minnesota is the only state to support grassroots soybean organizations. In 2019, the 45 organized counties, led by farmer volunteers, promoted soybeans in their communities through parades, sponsorships, educational initiatives and biodiesel events.

Worldwide soy: MSR&PC Chair Cole Trebesch's family was profiled in a video for a Netherlands children's magazine on the future of American farming. A video of the farm visit was in Dutch, and shared on YouTube.

SOY INNOVATION CAMPUS

A GAME-CHANGER FOR MINNESOTA AGRICULTURE

Holy cow, more value-added ag products. We're crushing it!



SOY INNOVATION CAMPUS

The Soy Innovation Campus aims to grow value-added agriculture across Minnesota and possibly the nation. It will be located in Crookston, Minn., after soybean checkoff dollars paved the way for a feasibility study that identified Crookston as the ideal location.

Innovation incubator: Once established, the Soy Innovation Campus will be home to private industries that create products from the co-products of the four facilities.

The Soy Innovation Campus would have a specialty crushing facility, allowing universities, commodity groups and private seed developers access to affordable processing that will drive down costs while promoting growth of value-added products.

Following the Council's feasibility study, the Minnesota Soybean Growers Association secured \$5 million in state funding to build a specialty crush and oil processing facility. Checkoff funds can't be used for legislative activities in any fashion.

Several projects already moving forward that would benefit from the Soy Innovation Campus include: high protein soybeans; biobased road sealants and paints; biobased seal coat; and feed manufacturing.

Soybean production in northwest Minnesota has increased by more than **300% in the past 20 years.**

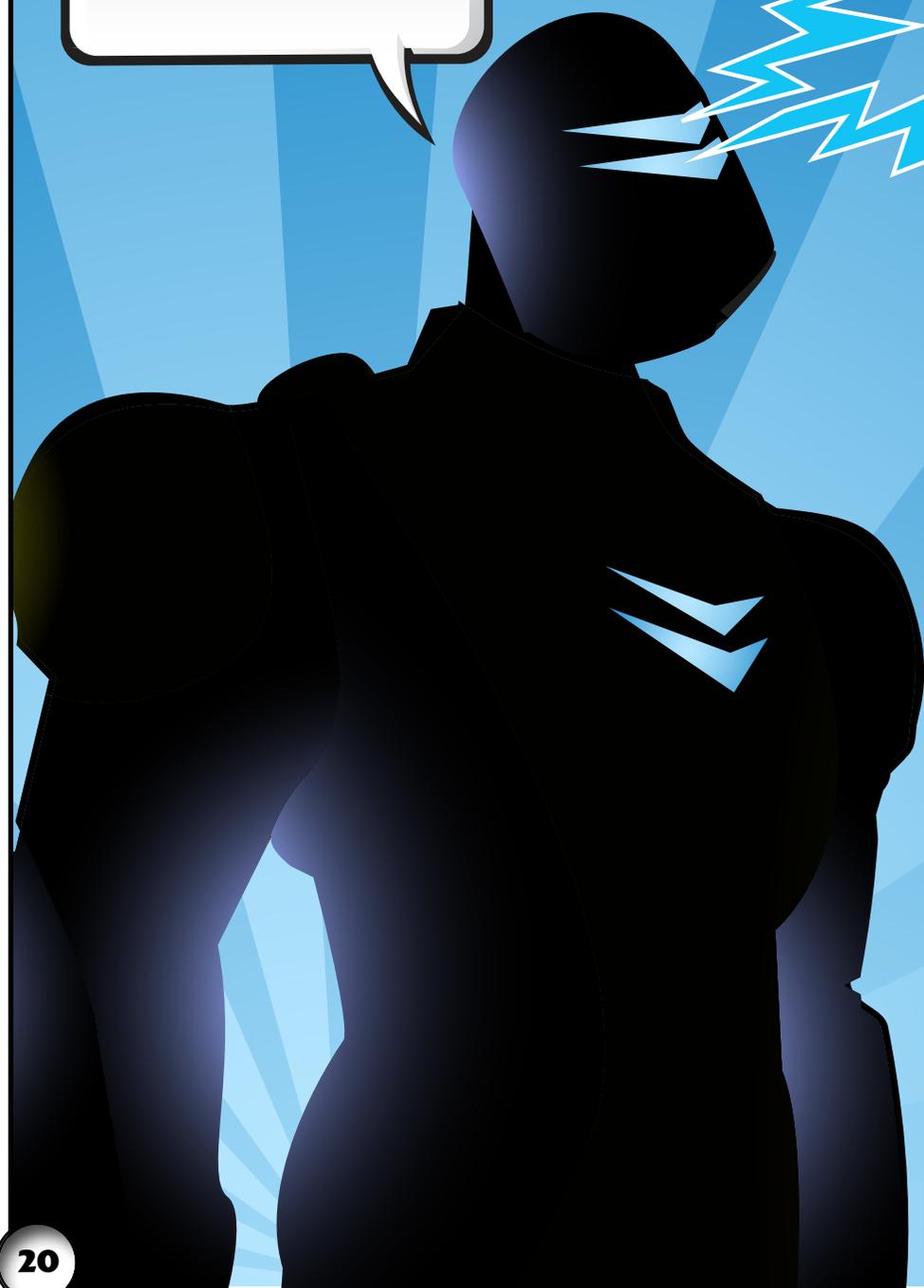
Although the **Soy Innovation Campus** would improve the profitability of farmers throughout Minnesota, the 11 NW MN counties that would see the most gain from the Campus produced **62 million bushels in 2018.**

M MEANWHILE...

PLASMA BLUE

THE REVOLUTION HAS BEGUN!

I can feel the **energy!** Biodiesel as we know it will **never be the same!**



PLASMA BLUE

Since 2016, the Council has invested checkoff resources into University research technology. Through this investment, Plasma Blue – the brainchild of farmer leaders, Council staff and innovative researchers – has used a stage-gate process to assure the wise use of checkoff dollars. In just a few years, Plasma Blue has transformed from bench top to commercialization scale. With outside-the-box ideas, the Council is changing the biodiesel conversation.

Beyond Biodiesel: While Plasma technology has been around for decades, this simple yet elegant design moves liquids directly into the state of Plasma in a continuous flow. By using high frequency, low-amperage electricity, the same mix of oils and chemicals used in traditional biodiesel are converted into biodiesel and glycerin in a fraction of a second using far less energy and capital investment. Big ideas bring bigger rewards.

Plasma Blue is bringing this technology to the industry to help long-term profitability and sustainability of farm-derived oils in the liquid fuel market. The Council intends to offer the technology to as many biofuels producers, strategic partners and accredited investors as possible in the future.

Dollars make cents: If this farmer-driven, revolutionary technology is adopted by just half the biodiesel industry, it would contribute an estimated \$100 million in economic activities annually. Ultimately, Plasma Blue aims to reduce the cost of biodiesel; thus, the cheaper biodiesel is produced, the more sustainable it is in the marketplace, equating to a greater demand for Minnesota soybeans. The Plasma Blue movement is upon us. We're ready. Are you?

Research shows that **Plasma Blue** can reduce the **production cost of biodiesel** by up to **eight cents per gallon**. **Just the spark the industry needs!**

CHECKOFF AT WORK

IT PAYS OFF!

What's this checkoff program you speak of? I need to know!



Good question! The soybean checkoff is federally mandated by the Soybean Promotion, Research, and Consumer Information Act. Every time a Minnesota soybean farmer sells soybeans, one half of one percent of the market price is checked off. Half of the checkoff is utilized by Minnesota, while the other half is utilized by the United Soybean Board. MSR&PC is committed to increasing farmer profitability through the wise investment of checkoff dollars.

The fine details

- According to the USDA's latest findings, Minnesota's nearly 28,000 soybean farmers produced 389.4 million bushels of soybeans, valued at \$3.329 billion.
- Soybeans are Minnesota's top export commodity, accounting for 30% of the state's total agricultural exports.
- Minnesota is the nation's top producer of food-grade soybeans.
- Livestock is the number one customer of soybeans, with 98 percent of soybean meal used for feed.
- The North Star State produces 2x as many bushels of soybeans as it consumes.
- Minnesota produces 85 million gallons of biodiesel across three plants.

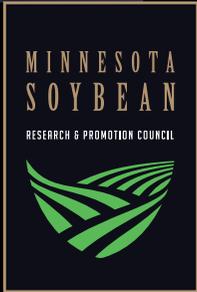
Start spreading the news! 94% of Minnesota farmers say they receive their soybean checkoff news from MSR&PC publications.

THE LAST WORD...

Mission Statement:

“The Minnesota Soybean Research & Promotion Council is the elected board of soybean producers from Minnesota who direct investments of the state’s checkoff dollars in programs designed to increase profitability to Minnesota soybean farmers.”

**WHAT WILL THEY
THINK OF NEXT?!
STAY TUNED FOR
THE NEXT EPISODE...**



Annual Report of Program Area Expenditures
Fiscal year September 1, 2018 - August 31, 2019
Certified through an independent audit by the
accounting firm of Schlenner Wenner & Co.

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