

MARKET-DRIVEN

WITH THE WORLD AS ITS DESTINATION, GAVILON GRAIN LLC IS A VITAL TRANSPORTATION LINK FROM THE UPPER MIDWEST



GAVILON GRAIN LLC IS HEADQUARTERED IN OMAHA AND IS THE SECOND LARGEST GRAIN OPERATION IN THE UNITED STATES.

It was a busy day at the Gavilon Grain LLC terminal elevator in Superior. The first ship of the season had arrived for loading, and by mid-week, the Polish vessel *Narie* would be on its way through the St. Lawrence Seaway with a cargo of spring wheat destined for Italy. With the world as its destination, Gavilon is a vital link in supply chain management for transporting grain from the Upper Midwest to Europe.

While the Twin Ports shipping season is now in full swing, it first begins in the farm fields of Wisconsin, Minnesota, North and South Dakota and Montana. When the harvest is in, the grain is stored in country line elevators strung out like telephone poles across the plains. In the line elevators, the grain is cleaned, dried,

weighed, graded and reloaded into individual rail cars that are connected to form unit trains that will roll along to Superior – “the other end” of the supply line, as Gavilon Location Manager Jeff Blaskowski likes to call it.

Blaskowski had worked in the grain industry for 32 years and was managing Gavilon’s Grand Forks, North Dakota, elevator when the company tapped him in 2015 to succeed the Superior manager, who was retiring. “It was intriguing to me, you know – to be working in that environment for 32 years and then come to work on the opposite end of the supply chain,” said Blaskowski. Instead of loading rail cars, he’s now dumping rail cars and loading vessels out. “I’ve been able to get the whole spectrum, so to speak,” he said. However, his manager job remains all about logistics – and that’s a profession he understands very well.

KEEPING OPERATIONS RUNNING SMOOTHLY

Assisting Blaskowski to keep the facility operating efficiently are Superintendents Jeff Millington and Brian Tokar. Millington has been at Gavilon in Superior for about five years. He is in charge

of operation cost controls, which includes duties ranging from preventive maintenance and repair to grain inventory control and energy conservation. Millington also provides safety training to the staff and makes sure the plant is in compliance with all state and federal regulations. "All the parts are integral to making sure we all go home at the end of the day," said Millington.

He also blends grain for loading out, honing this precise skill by working with Tokar, his colleague, who is the veteran on the Gavilon staff. Another Superior native, Tokar has been in the business since he left high school.

"IN THE LAST FEW YEARS, WE'VE DONE A CONSIDERABLE UPGRADE TO THE FACILITY INSIDE. WE'VE INVESTED A FAIR AMOUNT OF MONEY IN THIS FACILITY FOR THE FUTURE ON ALL THE CONVEYORS."

— LOCATION MANAGER JEFF BLASKOWSKI

"I started at the Department of Agriculture, the state, so I worked for them for 12 years and then transferred over to Peavey – or ConAgra, back in the day," said Tokar, who holds a weighing and grain inspection license from the State of Wisconsin. "I worked for them for 30 years, so I've been on the waterfront for 42 years." As one of the senior staff, he lines up daily work responsibilities for the elevator's inside crews. In addition, he grades grain for Gavilon.



"IT'S A GREAT COMPANY TO WORK FOR."

— LOCATION COORDINATOR JULIE URBAN

Ninety percent of the grain arrives by rail car, with trucks bringing in the remaining portion, says Tokar, who books the rail and truck traffic for the elevator. Gavilon handles thousands of rail cars during the year, and they provide the most efficient way to get the grain from the line elevators. In addition to that, Tokar lines up the work crew each morning to go over the day's schedule.

Most commonly, grain arrives in a 110-car unit train carrying 430,000 bushels. In the grain industry, cargo is handled in both tons and metric tons. During an average shipping season, there are between 20 to 25 ships that load grain at Gavilon's Superior elevator. In recent years, the number of Canadian flag vessels has decreased, resulting in more grain going to Europe in foreign "salties." Blaskowski noted that it takes about two days to load a ship.

A MODERN FACILITY

Gavilon Grain LLC is headquartered in Omaha and is the second largest grain operation in the United States, handling 354 million bushels annually. Nationally, Gavilon transports products for consumers of food and feed ingredients, grain and fertilizer – dealing with corn products, dairy products, oilseed products, animal products and wheat products. Worldwide, Gavilon moves more than 43 million metric tons annually.

As a market-driven global trader of bulk commodities, Gavilon itself was put on the market in 2013, when it was purchased for \$2.7 billion by Tokyo-based Marubeni Corp., a Japanese commodity giant. The Japanese parent company bought Gavilon with the goal of securing new sources for soybeans and corn for the Asian market.

Since that time, the grain market has faced a number of challenges; most recently, the trade war between the U.S. and China



and now, the global COVID-19 pandemic. In spite of all this, Blaskowski believes the future looks good for the Superior operation. The Superior site has a 790-foot dock and can store eight million bushels on-site.

"In the last few years, we've done a considerable upgrade to the facility inside. We've invested a fair amount of money in this facility for the future on all the conveyors of different things in the elevator," said Blaskowski. "So we're continuing to do that."

In addition to an improved dust collection system, Gavilon has redone all inside belting on the elevator. "We've got all-new conveyors going to the vessel now up on the marine gallery. We've got all-new conveyors in the basement coming out of the bins. That's all happened in the last couple of years," Blaskowski explained, adding that "Gavilon continues to invest money in Superior."

The elevator itself was built in 1965 for the Chicago and North Western Railroad. It was leased to Continental Grain of New York for the first 20 years of its existence. Continental was a pioneer in the shipment of sunflower seeds out of the port during the 1960s and early 1970s. After the lease expired, the Peavey Co. – Gavilon's predecessor company name – purchased the elevator.

CONNECTION TO THE PAST

There is an unusually strong connection in Superior between Gavilon and its predecessor company name (the Peavey Co.) – not just because Gavilon operations take place in a facility once owned and operated by Peavey, but also because Gavilon's ownership roots can be traced to the Peavey Co.-Connor's Point facility.

"ALL THE PARTS ARE INTEGRAL TO MAKING SURE WE ALL GO HOME AT THE END OF THE DAY."

— SUPERINTENDENT JEFF MILLINGTON



In fact, its Twin Ports history dates back to 1898, when the former Continental Grain Co. was located in Duluth. To better understand its storied past, let's take a deeper look at Gavilon.

Gavilon Grain LLC was formed in 2008 as part of Gavilon Group LLC. A press release at the time described the business as "the physical distribution, trading, merchandising and risk management of raw materials and value-added products moving through the global supply chain of grain, feed ingredients, fertilizers and energy products."

THE ELEVATOR AT SUPERIOR IS CRITICAL TO THE GAVILON SUPPLY CHAIN AS THE DIRECT LINK TO THE EUROPEAN MARKET.

In the beginning, Gavilon Grain LLC was doing business as Peavey Co., a subsidiary of Gavilon Grain. This association came about during Gavilon's formation. The three principle investors in Gavilon built the business overnight by acquiring the ConAgra Trade Group, which had been established in 1998 when ConAgra acquired Peavey Co. and the two operations





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were combined. Nearly all the employees of ConAgra's trading group stayed on with Gavilon. Thus, the connection was established to link the present-day Gavilon to ConAgra and Peavey.

At the time ConAgra sold its Superior grain elevator to Gavilon, it was announced that the elevator would continue doing business as the Peavey Co., operated by a group of New York City investors doing business as Osprae Management LLC (a subsidiary of Gavilon LLC). Over the next few years, the Osprae and Peavey names both ceased to exist within Gavilon's operating structure. Even so, it has taken a longer time to erase the Peavey name from the collective memory of Superiorites.

MARKET-DRIVEN

"The year before last, we actually loaded a vessel of soybeans, which was the first time that happened in over 12 years," Blaskowski said. "So that kind of gives you an idea of how everything is so market-driven."

Soybeans, which used to be a regular cargo in the Twin Ports, are now exported primarily from the Pacific Northwest or from the Gulf, he added. "When markets change, all of a sudden something like that could happen. So this facility is very important, because it gives us another avenue," said

Blaskowski. "We're constantly looking at whether there's any way that we can handle a different commodity – to determine does it work today versus a year ago?"

Weather, of course, is also a major factor in market outcomes. For example, Red River Valley sugar beet farmers in North Dakota found their crops frozen in the fall of 2019. The farmers were left with their harvest rotting in the field and looking ahead to springtime. "Upwards of 50 percent of the sugar beets that are normally harvested in the Red River Valley did not get harvested last year," Blaskowski said. "We handle a product called sugar beet pulp pellets, which is a cattle feed that ends up going overseas. And our handle on that was way down last fall because of that."

The elevator at Superior is critical to the Gavilon supply chain as the direct link to the European market. The Superior terminal has a storage capacity of 8.5 million bushels. Every year the elevator handles 400,000-600,000 tons of grain (15-20 million bushels), and in a good year, it moves about 200,000 tons of sugar beet pulp pellets. The Gavilon elevator in Superior also handles spring, winter and durum wheat (used for making pasta). The European destinations include Ireland, Spain, Morocco and Italy.



"I STARTED AT THE DEPARTMENT OF AGRICULTURE ... I'VE BEEN ON THE WATERFRONT FOR 42 YEARS."

– SUPERINTENDENT BRIAN TOKAR



COMMUNITY FOCUSED

Delivering grain around the world is Gavilon's global mission. On a more local level, one goal that's important to the company is supporting the community. For example, Julie Urban, Gavilon's location coordinator in Superior, recently recognized the opportunity to donate respiratory masks at the outbreak of the COVID-19 pandemic. She worked within Gavilon to donate three boxes of N-95 respirator masks to Essentia Health to help protect local health-care workers.

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Urban is also a Superior native and has worked at Gavilon for nearly six years. She handles the payroll for the 14 employees at the Superior elevator, accounts payable, accounts receivable and human resource matters. And on a lighter note, she's been designated by the staff as the "Google Queen" for her ability to quickly locate hard-to-find information.

She also serves as an enthusiastic Ambassador with the Superior-Douglas County Area Chamber of Commerce. And Urban has clearly done a great job, since she was chosen as both the 2019 and 2020 Chamber Ambassador of the Year. The Ambassadors are a team of community-spirited individuals who attend many events, meetings and special events to support the business community. Urban's participation in the Ambassador program provides her with the opportunity of representing Gavilon Grain in the community as well. Gavilon benefits from being a part of the city, just as country line elevators are an integral part of their towns.

"It's a great company to work for," said Urban. As its lone large ship export terminal, the Superior site is unique within Gavilon's corporate structure, but she gets a lot of support from the Omaha headquarters. She has also attended training there and in Fargo regarding Gavilon's operating procedures.

Urban has made new friends and met a lot of interesting people while working for Gavilon. And her favorite part of the job is the location. "It's nice to be on the waterfront - it's so beautiful," she said.

It's all in a day's work for Jeff Blaskowski. With 37 years in the industry behind him, he's pretty much seen it all - and he always finds it interesting. "I have learned a lot about the opposite end of the business since I have got to Superior. One thing that I really like about this area is the history," he said. "There's just so much history here that it's a treat, you know, to see how things have progressed over the years, and how some commodities went away and other commodities came on. People will ask me, 'Well, what do you think about working in



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the grain elevator in Superior versus working out in the country elevator? I say, 'Well, I'm just dealing with stevedores, longshoremen and agents instead of farmers.'"

Blaskowski is also proud of Gavilon's Superior facility. "When grain spreads, most

of the grain that leaves here goes through the St. Lawrence Seaway [for shipping] into Europe," he said. "We actually have an office in Italy, so we deal with them firsthand. So it's a very good fit for Gavilon to be able to bring grain and beet pulp pellets from the Dakotas

and Montana to us, transload it onto vessels and get it overseas. It's a very good fit for Gavilon – and for Superior." 📧

Patrick Lapinski is a freelance writer who grew up in Superior.

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