

Born of co-op spirit, CHS prospers

The history of CHS (formerly Cenex Harvest States) is firmly rooted in the farm cooperative struggles of the 19th century. The idea of a farm cooperative was not a new one. As early as the 1880s, upper Midwest and Northwest growers had been trying to find a venue where they could fight successfully against what they felt were injustices brought about by the controlling grain merchants.

In 1907, farmers organized a cooperative in St. Paul called the Equity Cooperative Exchange. They used this as a vehicle to control the sale of their grain. The Exchange lasted 16

years before collapsing in 1923. The decline of the Equity Exchange was popularly attributed to unscrupulous allegations and tactics sponsored by officers of the Minneapolis Grain Exchange, concocted to prevent the cooperative from buying and selling grain on the open market. The federal courts eventually ruled in favor of the cooperatives after hearings were opened by the Federal Trade Commission. It was too late for the Equity Cooperative, but the moral victory set the stage for the resurgence of the cooperative movement.

The Great Depression closed on a note of hope with the formation of a new farm cooperative that would quickly change the face of the nation's agricultural industry. On June 1, 1938, the Farmer's Union Grain Terminal Association (FUGTA) incorporated with operating capital of \$30,000. Once again farmers were direct partners in the farm business economy, with direct access to trading on the commodity exchanges. The board of directors of the FUGTA soon authorized the construction of an export terminal at Superior.

Construction commenced in March 1941 along the Tower Avenue slip for the

three million bushel elevator. More than 500 workers were employed, working 24 hours a day toward the scheduled October completion on the project. Before the main elevator "head house" was even completed a third section was added to the plans, increasing the capacity to 4.5 million bushels. The head house rose a record 265 feet in height, the tallest in the world.

In May 1942 the whaleback steamer *South Park* took the first load of grain from the new elevator. Directors and dignitaries from the FUGTA were on hand to welcome the vessel. The *South Park* loaded 145,000 bushels of durum wheat destined for Buffalo. The Superior grain terminal was an integral part of the cooperative's overall strategy, and within 10 years the export facility had expanded to a capacity

of 11 million bushels, serving an estimated 150,000 grain farmers.

On the 10th anniversary of the cooperative, general manager M.W. Thatcher challenged the membership of the FUGTA to build upon the momentum they had so recently placed in motion. "We have one of two choices to make. We can try to stand still, be complacent and shrink, or we can determine to understand the problems that lie ahead of us and go forward." The FUGTA continued to grow, expanding its services and influence in the farmlands of the Midwest over the next three decades, culminating with the merger of the FUGTA and the North Pacific Grain Growers in 1983.

The newly formed Harvest States Cooperatives now ranged from the upper



Construction of the CHS export terminal in Superior began in 1941.



The Port's Past
CHS

By Patrick Lapinski

Midwest to the Pacific Northwest, and with expanded domestic and export grain capabilities, the organization also included oilseed processing, packaged food items and wheat milling under the brand names of Holsum Foods, Honeybread and Amber Milling.

In 1998, Harvest States merged with Cenex to become Cenex-Harvest States Cooperatives. Cenex's roots can also be traced back to the Great Depression when the company was formed in 1921 as the Farmer Union Central Exchange, Incorporated. The primary focus of this farmer centric cooperative was retail petroleum, literally accounting for 75 percent of their business.

By the end of the 1950s Cenex had diversified its interests by entering the feed, plant food and seed business. These additional services provided by Cenex to its farm cooperative base strengthened the company and allowed it to expand into

new markets, such as the Pacific Northwest.

Today, the cooperative operates under the legal name CHS Inc. and is among the nation's leading agricultural food companies. More than a billion bushels of grain are moved annually through the CHS network of elevators and export terminals, making it the third largest exporter of grain in the United States. CHS is a diversified Fortune 500 company providing essential grain, food and energy resources to businesses and consumers in the U.S. and around the world. In the spirit of its founding members, CHS continues to be owned by the farmers, ranchers and grain cooperatives that form the nucleus of its business operations.

Learn more about CHS at www.chsinc.com. CHS is listed on the NASDAQ under CHSCP.

For more about the Port's past: Click on Historical Elevator Images at www.inlandmariners.com



Photos by Pat Lapinski

Cenex Harvest States Superior Elevator Timeline

- 1941-42** FUGTA builds 4.5 million bushel elevator on Tower Ave. slip at Superior
- 1949** FUGTA acquires the Spencer-Kellogg elevator on the Hughitt Ave. slip
1.3 million bushel capacity
- 1949-54** FUGTA expands Superior elevator on both Hughitt and Tower Ave. slips.
Total elevator capacity is now at 11.5 million bushels.
- 1949** Conveyor gallery added between "A" House (Hughitt Avenue side) and "B" House (Tower Avenue Side).
- 1958** FUGTA adds steel storage tanks, increasing capacity by 6.9 million bushels. Total elevator capacity at 18.4 million bushels.
- 1961** Ship loading gallery constructed on Tower Avenue side of facility.