

COOPERATION IN NEBRASKA

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2008/09 Scholarship Winners Announced

The NCC Education Foundation is pleased to announce that the following eight students will receive scholarships for the 2008/09 academic year:

University of Nebraska-Lincoln (UNL) - \$800

Luke Beckman, son of David & Gwen Beckman of Elgin, will be a sophomore majoring in Agribusiness & Agronomy. The Beckman's are members of Central Valley Ag Co-op in O'Neill.

Kalli Estes, daughter of Larry & Karla Estes of Anselmo, will be a junior majoring in Agribusiness. The Estes' are members of All Points Co-op in Gothenburg and Farmers Co-op Grain Co. in Merna.

Bret Herndon, son of Joe & Patti Herndon of Gothenburg, will be a senior majoring in Agribusiness. The Herndon's are members of All Points Co-op in Gothenburg.

Andy Hohwieler, son of George & Nancy Hohwieler of Aurora, will be a freshman majoring in Agribusiness/Ag



Economics. Andy's father is an employee at the Aurora Co-op Elevator Co.

Derek Jagels, son of Mark & Suzanne Jagels of Davenport, will be a junior majoring in Ag Economics. The Jagels' are members of the Aurora Co-op Elevator Co.

Bryce Smith, son of Dean & Debbie Smith of Waverly, will be a junior majoring in Agribusiness. The Smith's are members of Farmers Co-op Co. in Waverly and Midwest Farmers Co-op in Elmwood.

Nebraska College of Technical Agriculture (NCTA), Curtis - \$600

Joel Hodgson, son of David & Marlene Hodgson of Lexington, will be a 2nd year student majoring in Ag

Production Systems. The Hodgson's are members of All Points Co-op in Gothenburg.

Chadron State College (CSC) - \$600

Sarah Bannan, daughter of Mike & Debra Bannan of Harrison, will be a senior majoring in Agribusiness. The Bannan's are members of Westco in Alliance.

Each of the winners will be attending one of the Council's District Meetings in August to be introduced to the membership.

Since the Scholarship Program began in 1993/94, the Foundation has awarded 123 scholarships totaling \$91,550 to students at UNL, NCTA, and CSC.

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NCC MISSION STATEMENT

"To defend, protect and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication, and regulatory issues."

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President's Message

Co-ops are characterized by the Rochdale Principals, named after the first successful co-op started in Rochdale, England in the 1840's. Included within the Rochdale Principals is the principal of "Cooperation among Cooperatives." In essence, cooperatives should actively cooperate in every practical way with other cooperatives. By speaking with one voice we have a much greater opportunity to influence legislative and regulatory issues than if each entity is sending a different message.

In early May, the National Cooperative Business Association (NCBA) conducted their "Choose the Co-op Solution" conference in Washington, DC. While NCBA membership includes some agricultural cooperatives, their membership is predominately that of consumer cooperatives such as housing, grocery, health and child care cooperatives. They work on a wide range of federal legislative and regulatory issues of interest to all cooperatives. Of particular interest to me within this

conference was the topic of "Global Accounting Standards: What Co-Ops Need To Know." This has been an issue of importance to cooperatives, including ag cooperatives, since 2003 with the FAS 150 release indicating that instruments classified as liabilities include those with a mandatory obligation for the issuer to redeem shares – including cooperative patronage capital. In 2004, the FASB voted to allow cooperatives to continue to report patronage capital as

"In essence, cooperatives should actively cooperate in every practical way with other cooperatives."

equity, without regard to any obligation the cooperative may have to redeem the patronage capital as equity, or to redeem the patronage from estates or retired members. FASB has announced it will soon promulgate proposed new standards. The issue that is most concerning is how equity will be treated under global standards. If it is treated like debt, this could impact your balance sheet substantially.

In June, I attended the National Council of Farmer Cooperatives (NCFC) Washington Conference. We have been

a member of this national association for many years as their mission/focus is on agricultural cooperatives. I felt it was one of the better conferences I have attended in recent years by NCFC. Many issues were addressed including agriculture's labor needs--immigration; transportation's infrastructure to maintain ag's global competitiveness; the 2008 Farm Bill; and farmer cooperatives and farm policy. Of particular interest was the presentation by Michael Dunn, a Commissioner to the Commodity Futures Trading Commission, concerning the Agricultural Market Initiatives. Since the meeting was in Washington DC, many key congressional policy makers addressed the group.

In conjunction with the NCFC conference, an NCFC Council meeting was conducted. The NCFC Council is the business operational part of the meeting. Under NCFC's governance, four state cooperative council representatives are elected to serve on the Council; those states being Texas, South Dakota, Iowa, and Nebraska. Through this Council, Nebraska cooperatives have a voice in the actions that NCFC will be taking on federal legislative and regulatory issues.

While in Washington DC, I attended the Nebraska Congressional Breakfast held each Wednesday on Capitol Hill while Congress is in session. The entire Nebraska delegation and their staffs were in attendance so it was a good opportunity to make contact with our elected representatives on issues of importance to cooperatives, as well as other Nebraskans attending this event.

Attending meetings can be informative, but they can be very time consuming as well. To me, in determining whether or not to attend a meeting, the principal factor is that there has to be

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NCC-PAC Candidate Interviews To Be Conducted in July

The NCC Political Action Committee will be conducting interviews with 33 state senatorial candidates during the month of July. The committee will interview candidates on July 16-17 in Omaha, July 30 in Lincoln, and July 31 in Lexington.

The PAC was implemented in 1999 to supplement the Council's legislative program. Through a PAC, we are able to develop closer linkages

with state senators, particularly those in the Omaha and Lincoln areas. As the population of the state continues to shift from west to east, these linkages become more vital for our industry.

The committee members invest a significant amount of time in the interview process and this investment pays off when the legislative session begins each year.

Nominations Being Accepted for NCC Hall of Fame

This year's inductees into the NCC Cooperative Hall of Fame will mark the 10th group to be inducted. Up to 2 individuals may be inducted and will join the 47 cooperative leaders who have been inducted over the last 9 years. The mission of the Hall of Fame is to ensure a permanent, prestigious recognition of those cooperative leaders for future generations. Criteria for possible induction into the Hall of Fame is as follows:

- Individuals whose leadership was instrumental in the growth and service of their respective cooperative's patrons/members and/or to their agricultural cooperatives.
- Individuals whose leadership fostered and promoted unity and a common approach to agricultural cooperative associations and/or organizations in which they had a common interest.
- Individuals whose leadership fostered, improved, and promoted a better understanding of the principles and practices of agricultural cooperatives and the cooperative way of doing business.
- Those whose leadership was instrumental in the defense, protection, and enhancement of the agricultural cooperative movement.



**Best wishes for a
safe and happy
Fourth of July**

- Though current Nebraska residence is not required, contributors to the cooperative community must have affected Nebraska.

Nominees must have been retired for a period of five (5) years or longer for all categories except "Supporters of Cooperatives" which must be three (3) years.

The Hall of Fame Selection Committee is solely responsible for the selection of the inductees. The Selection Committee has been appointed by the Council's Board and is made up of Al Kalkwarf of Dorchester (Chair); Terry Rowe of Smithfield (Vice Chair); Virgil Harms of Blue Springs; and Ted Kessner and Mike Turner, both of Lincoln.

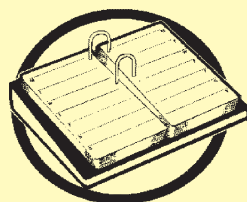
The NCC Hall of Fame program is intended to be cooperative inclusive; meaning, any and all cooperative leaders are eligible regardless of whether their affiliation was with a local farm supply or marketing co-op, a regional co-op, a dairy marketing co-op, the Farm Credit System, a rural electric co-op, a transport co-op, a telephone co-op, or any other type of co-op assuming the individual's leadership conforms to the

selection criteria.

Council members are encouraged to submit nominations of individuals for the Hall of Fame. We encourage you to take some time to visit with your board and discuss any potential nominees you may have. All nominations must be submitted on the 2008 Cooperative Hall of Fame Nomination Form which is available on our website at www.nebr.coop or by calling the Council office at 402/475-6555. Please provide as much background information as possible on your nominee as this helps the Selection Committee in making their decision. The nomination form must be received in the Council office no later than July 25, 2008. Please address the envelope to:

Hall of Fame Selection Committee
Nebraska Cooperative Council
134 South 13th Street, Suite 503
Lincoln, NE 68508-1901

The induction ceremony will be held in conjunction with the Council's Annual Meeting on Friday, November 21, 2008, at the Holiday Inn & Convention Center in Kearney.



NCC District Meetings

Mark your calendar now for the Council's District Meeting that will be held in your area:

August 12 - North Platte, Sandhills Convention Center

August 14 - York, Chances R

Each meeting begins with registration at 6:30 pm local time with dinner and the meeting to follow at 7:00 pm.

Managers, directors, key employees, and their spouses are cordially invited to attend these very informative meetings.

Registration materials along with a more complete agenda will be provided to managers in early July. At that time, they will also be available on the home page of our website at www.nebr.coop.

PSC Schedule A Rates Adjusted

On May 7, 2008, the Nebraska Public Service Commission (PSC) held a public hearing on Schedule "A" which governs the maximum rates for state licensed grain warehouses for Receiving and Handling (R&H) grain, as well as Storage and Insuring (S&I). A video teleconference format was used to include both Lincoln and Scottsbluff participants. All five of the Commissioners were in attendance.

These rates are revised annually, however, the maximums for R&H were last adjusted prior to 1987, and the S&I

was last adjusted in 2001 for all commodities except soybeans.

Prior to the hearing, the Council's Grain-Hoc Advisory Committee reviewed the existing provisions and submitted their recommendations to the Council's Board, who approved the committee's recommendation.

At the hearing, John Fecht, PSC, provided technical testimony and encouraged the Commissioners to increase the R&H maximum from 25¢ to 32¢/bushel and the S&I maximum from 120 to 150 except for soybeans

which would be from 135 to 170. (The S&I maximum is based on thousandths of a cent per bushel per day).

The Council's testimony recommended that the PSC increase the R&H maximum from 25¢ to 40¢ and the S&I from 120 to 150 on all grains; and that soybeans be increased from 135 to 165. The Council had no problem with Fecht's recommendation of raising the soybean S&I maximum to 170. We attempted to focus upon the significant increases in construction costs (concrete and steel), including millwork and electrical, insurance, and commodity prices which support increasing the maximums.

Pat Ptacek, NE Grain & Feed Association, also testified in support of the Council's proposal.

On May 20th, the PSC met for their weekly meeting with Commissioners Landis, Schram, Johnson and Vap in attendance. Commissioner Boyle was excused.

On a 4-0 vote, the Commissioners formally approved the following action:

- Raised the S&I rate from .00120¢/bu/day to .00150¢/bu/day for all commodities except soybeans which went from .00135¢/bu/day to .00170¢/bu/day.
- Kept the R&H rate at 25¢/bu on all commodities

Per Schedule "E" which governs the rates for popcorn and dry edible beans, the Commissioners did not authorize any adjustments.

Commercial Feed Fee to Decrease

On May 1st, the Nebraska Department of Agriculture (DOA) held a hearing on a proposal to drop the Commercial Feed Inspection Fee to 7¢/ton from the current 10¢/ton. This proposal has advanced because a large balance has accumulated in the Commercial Feed Administration Cash Fund (CFACF). This becomes a concern because when large balances accumulate in cash funds, the potential exists for the Legislature to transfer these balances to other programs that may or may not even be related to agriculture.

As you may recall, this issue came to light during the legislative session when LB 862 was introduced which would have transferred funds from the CFACF to the Noxious Weed Fund. The Council opposed LB 862 based on the belief that fees generated from a program should be used to support only that program, not others in need of funding.

The reason the CFACF is building a significant increase is because distillers grains are also assessed the inspection fee. So with the expansion of the ethanol industry in the past few years,

we have seen the CFACF mushroom very rapidly.

At the beginning of the hearing, DOA officials indicated that they had just finished new projections on the CFACF which showed that the fund could be maintained at a 6¢/ton fee rather than the original proposal of 7¢/ton. With these new projections the DOA was recommending lowering the fee to 6¢/ton.

The Council's Ad-hoc Grain Advisory group had recommended supporting the original reduction proposal and that recommendation was ratified by the Council's Board.

The Council testified in support of the newly proposed 6¢/ton fee. The other person who testified was Loran Schmit representing the ethanol industry who also supported the reduced fee. No one opposed the DOA's proposal.

Enactment of the DOA recommendation required approval by the Attorney General and the Governor. Both approved the reduction to 6¢/ton with an effective date of July 1, 2008.



Visit our website at
www.nebr.coop

2008/09 Education Dates Finalized

The Nebraska Cooperative Council has announced the dates for the 2008/09 education programs. Full details on all these programs will be forwarded to all local cooperative directors in late October.



These programs are designed to provide local directors with the skills necessary to fulfill their role as policy leaders for their cooperative. We hope all of you will invest in your education to ensure the continuation of a strong cooperative system in our state.

Dates and locations are listed below. More details on all the programs will be provided at the August District Meetings. The GDS I is being totally revised this summer in order to bring more real world experience into the session. The BOS and CFT programs are being held back to back to allow participants to attend two programs in one trip.

Director/Manager Workshops

Fri, Dec 12, 2008 - York Holiday Inn
Wed, Dec 17, 2008 - Sidney Holiday Inn
Thur, Dec 18, 2008 - Kearney Holiday Inn

Director Certification Program

Tues, Jan 6, 2009 - Phases 1 & 3 - Kearney Holiday Inn
Wed, Jan 7, 2009 - Phases 2 & 4 - Kearney Holiday Inn

Graduate Director Seminar 1

Thur, Jan 8, 2009 - Kearney Holiday Inn

Board Officer Seminar

Tue, Feb 10, 2009 - Lincoln Embassy Suites

Cooperatives For Tomorrow Seminar

Wed, Feb 11, 2009 - Lincoln Embassy Suites

Multi-State Educational Programs Discussed

On May 29th, Ed Woeppel met with UNL, Iowa State University (ISU), CoBank, and the Iowa Institute to discuss the Graduate Director Seminars (GDS) that are offered in each of the states. Through a Memorandum of Understanding, these groups have worked together for many years to create and update the Director Certification Program (DCP) and the GDS.

This concept has worked well for both states as it has allowed us to leverage the time required to develop the program over more staff members. In addition it has given both states a broader view of issues affecting cooperatives.

The GDS program focuses on technical cooperative information and is designed to provide additional learning opportunities to those who have completed DCP. Because of the pace of change, we need to evaluate the concept of having two, rather than three, technical seminars. In this case, these seminars would be revised each year to be certain that we are addressing the major issues facing cooperatives today.

As a result of our May 29th meeting, we learned that Iowa has not used the GDS materials for a number of years and has gone to a different format for these programs. Primarily what Iowa is doing is picking out "hot topics" and building a program around the "hot topics." The one feature that they have built into the GDS is having at least one of the "hot topics" relating to the traditional GDS topic. They then have a speaker come in and address the "hot topic" and the University staff would then adapt some of the GDS material to reinforce the learning.

For example, when a northwest Iowa co-op decided to sell themselves to an ethanol plant, they had the local board chair give a presentation on the process that occurred for this transaction to take place. Then Dr. Roger Ginder from ISU used materials from GDS3 (*Establishing the Value of Your Cooperative*) to provide the academic process for determining the value of a cooperative. Using this model, attendees would get "real world examples" as well as more formal education on issues.

We envision our program incorporating more real world examples into the workshops. For example, GDS I (*Advanced Financial Management*) focuses on audits and financial reports. We may bring in a cooperative board member from a co-op that has had problems to point out what they "missed" in the audit. Another example would be to bring in an auditor to go through audit notes and interpret them.

As a result of this meeting, Nebraska and Iowa will design their own programs for the GDS but will share materials that are generated to allow each state to replicate programs that fit their respective needs.

Leadership and learning are indispensable to each other.

--- John F. Kennedy

National Grain Sorghum CheckOff To Begin July 1, 2008

As you may be aware, the checkoff rates for grain sorghum will be changing on July 1, 2008. This change has been precipitated by the creation of a national grain sorghum checkoff. In the past Nebraska had a check-off of 1¢/cwt which has been collected by first handlers of grain.

The Nebraska checkoff will remain in place and in addition a national checkoff of 0.6% of the value of the grain sorghum will be accessed beginning on July 1, 2008.

The Nebraska Grain Sorghum Checkoff Board(NGSCB) has decided to maintain the state checkoff through the transition of establishing the national checkoff. There are numerous issues to be resolved with creating the national checkoff, and the NGSCB is concerned that the percentage of dollars flowing back to the states, as is the case with the other checkoffs such as the national soybean checkoff, will not be sufficient to maintain current and future commitments of the Board.

Because of this the NGSCB has chosen to maintain the 1¢/cwt checkoff until the structure and operating procedures of the national programs are

fully understood. Once the structure and operating procedures of the national checkoff are in place, the state board can modify Nebraska's checkoff as needed. As a result of having the two checkoffs and the current grain markets, producers will see a significant increase in the amount deducted from their payments for grain sorghum sold after July 1.

Local cooperatives and growers should have recently received information about the program and procedures for submitting the checkoff. The NGSCB, Nebraska Department of Agriculture(NDA) and USDA are working closely together to make the collections of the two checkoffs as easy as possible. The NDA and NGSCB have recently sent out a joint letter to first handlers explaining the process for submitting the two checkoffs.

If you have questions about the checkoffs you can contact Barb Kliment at the NGSCB at 402/471-4276.

THE COOPERATIVE PRINCIPLES:

- *Voluntary and Open Membership*
- *Democratic Member Control*
- *Member Economic Participation*
- *Autonomy and Independence*
- *Education, Training and Information*
- *Cooperation among Cooperatives*
- *Concern for Community*

[Principals adopted by the International Cooperative Alliance in 1995]

President's Message

(cont. from page 2)

"agenda value" in taking the time to travel to a meeting, let alone the expense. Both the NCBA and NCFC meetings were beneficial and informative. A side benefit is that of networking with others to learn and share their knowledge and experiences. From my experience, it seems like an issue that another state is facing today will eventually be an issue we face and vice versa.

As I look at the challenges ahead for the cooperative sector, the Rochdale Principal of "Cooperation among Cooperatives" takes on even greater meaning.

By being a part of the Nebraska Cooperative Council, your voice is heard on the state level and the national level.

Best wishes for a great summer. In the cooperative spirit, I remain...



Robert C. Andersen

Scholarship Winners

(cont. from page 1)

To be eligible for the scholarships, students must be majoring in agricultural business/economics at UNL; business/management or ag production systems with the business option at NCTA; or a major or minor in agribusiness at Chadron State College. Eligibility is restricted to sons or daughters of a parent or legal guardian who has been an active member, director, or employee for at least the prior three years of a cooperative which has been a member in good standing of the Council for at least five years. Other criteria are used by UNL, NCTA, and Chadron State College in selecting recipients.

NEBRASKA COOPERATIVE COUNCIL

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Vice Chairperson David Briggs, Alliance - District I
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Proposed Changes to Commercial Drivers License Requirements

The U.S. Department of Transportation (DOT) is proposing additional regulations for new applicants for Commercial Drivers Licenses (CDLs) or individuals upgrading from one CDL class to another. Under the proposed requirements, a person applying for a CDL would have to provide a Drivers Training Certificate containing the required information stating the person had completed the necessary training for a CDL. The Drivers Training Certificate would be granted by an accredited agency recognized by the U.S. DOT or by the Council for Higher Education Accreditation.

In order to be recognized by either of these groups, the institution or agency would have to utilize a core curriculum with a mandatory number of hours in various areas of instruction. For example, new Class "A" CDL applicants would need a total of 120 hours of training which would include 76 classroom hours and 44 hrs behind the wheel. The training would have to include 44 hrs of basic operation, 25 hrs of safe operating procedures, 18 hours of advanced operating practices, 7 hrs of vehicle maintenance, and 26 hrs of non-driving activities.

Class "B" and "C" applicants would need 90 hours of training with 58 hrs of classroom instruction and 32 hrs behind the wheel. Included in the training would be 33 hrs of basic operation, 20 hrs of safe operating practices, 13 hrs of advanced operating practices, 5 hrs of vehicle maintenance, and 19 hrs of non-driving activities.

While these proposed regulations apply only to new applicants and

upgrades and would not go into effect for three years, this could still be problematic for cooperatives. It is estimated that the cost of training for Class "B" and "C" CDLs would be approximately \$2,000/person and training for Class "A" CDLs is estimated at \$3,000/person.

Whether you provide the training for new hires or if you require new hires to have the license, this will affect your bottomline. If you pay for the training, that could be a significant cost. If you require new hires to already have a CDL, in the future your pool of potential employees may shrink rapidly.

The DOT took comments on these proposed regulations until **May 23, 2008**.

We communicated with all cooperatives and encouraged them to submit comments to the DOT. The Council also submitted comments to the DOT.

Our comments centered on the costs of the proposed regulations as well as the effectiveness of the training programs. Recent research that has been done by the American Transportation Research Institute (ATRI) has shown that the training programs have little impact on the safety performance of drivers. ATRI research clearly shows that the two items that significantly impact safety are the driver's age and years of experience. Older, more experienced drivers have fewer safety problems regardless of the level of training they may have had. Within our comments to DOT, we cited this research to make the point that additional training does not necessarily equate to safer driver performance.



CALENDAR OF UPCOMING EVENTS...

June 2008

- 27 *KRVN/KNEB/KTIC Radio Report
- 27 NCC Board of Directors Meeting - Lexington

July 2008

- 11 *KRVN/KNEB/KTIC Radio Report
- 16-17 NCC-PAC Candidate Interviews - Omaha
- 25 *KRVN/KNEB/KTIC Radio Report
- 30 NCC-PAC Candidate Interviews - Lincoln
- 31 NCC-PAC Candidate Interviews - Lexington

August 2008

- 8 *KRVN/KNEB/KTIC Radio Report
- 12 District I Meeting - North Platte Sandhills Convention Center
- 14 District II Meeting - York Chances R
- 22 HOF Committee Meeting - York Chances R
- 22 *KRVN/KNEB/KTIC Radio Report

November 2008

- 20 NCC Board and Committee Meetings - Kearney Holiday Inn
- 21 NCC Annual Meeting - Kearney Holiday Inn

December 2008

- 12 D/M Workshop - York Holiday Inn
- 17 D/M Workshop - Sidney Holiday Inn
- 18 D/M Workshop - Kearney Holiday Inn

January 2009

- 6 Director Certification Program, Phases 1 & 3 - Kearney Holiday Inn
- 7 Director Certification Program, Phases 2 & 4 - Kearney Holiday Inn
- 8 Graduate Director Seminar 1 - Kearney Holiday Inn

February 2009

- 10 Board Officer Seminar - Lincoln Embassy Suites
- 11 Cooperatives For Tomorrow Seminar - Lincoln Embassy Suites
- 12 NCC Board Meeting - Lincoln

*Broadcast times are:
KRVN: 2:17 pm Central
KNEB: 1:15 pm Mountain
KTIC: 2:17 pm Central