

# COOPERATION IN NEBRASKA

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## District Meetings Discontinued

Over the past year, the NCC Board of Directors and staff have been studying whether the Council's district meetings provide value to the membership and if the members value the district meetings.

While studying this issue, the Council's Board and staff considered issues such as duplication of communications, time/costs upon local cooperatives, difference of perspective between eastern and western cooperatives, how technology could be used, the value of members networking, and finally how the student scholars would be recognized.

During its May meeting, the Council's Board voted to discontinue the Council's district meeting structure that had been used for many years.

Over the years, the district meeting structure has evolved to meet the needs of Council members. Until 2002, there were two main focal points of the district meetings. One was to communicate face to face with members to provide them with information on Council activities. Also, in the past when we had a large number of cooperatives, delegates were elected at the District meetings. These delegates then elected board directors and voted on governance changes for the Council.

Beginning in 2002, delegates voted to allow every member cooperative in good standing to vote at the Annual

Meeting. Consequently, no formal voting takes place at district meetings.

Ultimately, the Board felt that through our newsletters, the advent of email, and other forms of communication, significant information regarding the work of the Council was already being shared. The Board felt eliminating the district meetings would allow for a

better use of Council resources. Be assured that even though the district meetings will no longer be held, by infusing some of the content into the Annual Meeting and continuing to host Member Input Meetings, the Council will strive to keep members informed about the issues affecting cooperatives in Nebraska.

## Scholarship Winners Announced

The NCC Education Foundation announced seven scholarship recipients for the 2010/11 academic year—five from UNL, one from the Nebraska College of Technical Agriculture (NCTA) at Curtis, and one from Chadron State College (CSC).

This program, named in honor of Dr. Michael S. Turner, has been in existence since the 1993/94 academic year and since that time has awarded 137 scholarships totaling \$103,650.

This year, we are pleased to announce that the following students will receive NCC Education Foundation scholarships:

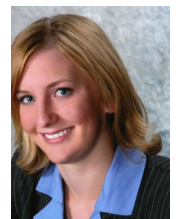
### University of Nebraska-Lincoln, \$950 scholarships



**Haylie Lechtenberg**, daughter of Russell & Susan Lechtenberg of Butte, will be an incoming student majoring in agribusiness. The

Lechtenberg's are members of Niobrara Valley Electric Co-op in O'Neill.

**Kristen Bloss**, daughter of Donald & Lisa Bloss of Pawnee City, will be a senior majoring in agribusiness. The Bloss' are members of Southeast Nebraska Co-op Co. in Beatrice and Farmers Cooperative in Dorchester.



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## President's Message

by Robert C. Andersen

In our April edition, we provided you with the overview and Action Plan that the Council formulated regarding threats to the Capper-Volstead Act. The Council's Board adopted this plan because they believe any threat to Capper-Volstead should be taken seriously since it is questionable if farmers could continue to work together in a cooperative because of the risk of anti-trust prosecution under the Sherman Antitrust Act.

As was indicated in the April newsletter, the USDA and Department of Justice are conducting a series of workshops to study the issues of competition in agriculture. The first two hearings have been held.

I plan to attend the next workshop on June 25<sup>th</sup> in Madison, WI. This workshop will focus on the dairy industry and with a greater emphasis on cooperatives.

The final two hearings will be August 27<sup>th</sup> in Ft Collins, CO (livestock), and December 8<sup>th</sup> in Washington, DC (margins). As these hearings proceed, we will be listening carefully to see if regulations limiting the size and scope of cooperative businesses begin to surface.

As these hearings continue, the Council will be involved and continue to work with the National Council of Farmer Cooperatives to communicate with policymakers. We need to make sure that our message is being heard as decisions are being made concerning competition in agriculture and, more specifically, the continuance of the Capper-Volstead Act.

We are hopeful that our initial efforts are starting to make some impact. During a Senate Judiciary Subcommittee

hearing on June 9, Assistant Attorney General Christine Varney, when asked if cooperatives help small farmers to negotiate, responded "Absolutely." While this is positive, Ms. Varney did indicate in later testimony that the Department of Justice is "allergic" to anti-trust exemptions.

***"Assistant Attorney General Christine Varney, when asked if cooperatives help small farmers to negotiate, responded 'Absolutely.'"***

While these two statements may seem to contradict, I believe they clearly indicate that we must keep up our efforts to educate policymakers about the benefits of cooperatives.

Our efforts to communicate the value

of farmer-owned cooperatives are only as good as the efforts of you, our members. We know that many of you have taken this effort very seriously with editorials in local newspapers, articles in your newsletters, and billing stuffers. We encourage you to continue to educate your membership as to the value of cooperatives. These should not be one-time efforts. We all need to do a better job of articulating the value that cooperatives provide for their members and the entire state of Nebraska. These efforts will be critical to the future success of Nebraska's farmer-owned cooperatives and the sustainability of the Capper-Volstead Act.

In the cooperative spirit, I remain...

## Cooperative Facts

- ◆ Agriculture is the nation's largest employer, with more than **21 million people** involved in some phase
- ◆ There are **2 million American farmers**--each belong to 1 or more cooperative
- ◆ Number of Farmer Co-ops across the U.S. -- **over 2,500**
- ◆ Marketing and supply cooperatives account for a **third of both total farm sector revenue and input purchases**
- ◆ On average, farmers who belong to a supply co-op **earn approximately \$5,500 more per year**
- ◆ **More than half** of the fuel used by farmers is provided by co-ops
- ◆ Total business volume in 2008: **\$191.1 billion**
- ◆ Total assets of U.S. cooperatives in 2008: **\$57 billion**
- ◆ Estimated total employment (full-time, part-time & seasonal): **over 250,000**
- ◆ Total payroll: **in excess of \$8 billion**

*[reprinted from the NCFC website]*

## Nebraska PSC Schedule A & E Rates

On May 19<sup>th</sup>, the Nebraska Public Service Commission (PSC), conducted their public hearing on both Schedule "A" and "E" 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).

Prior to the hearing, the Council's Grain-Hoc Advisory Committee reviewed the existing PSC rules, rates, and notes.

The Council's Grain Ad-Hoc Committee submitted the following recommendations to the Council's Board of Directors, which were subsequently approved:

- Recommend no changes to the Storage & Insuring rates or the Receiving, Handling & Delivery rates
- Support elimination of Notes 9, 11 and 12
- Support continuation of permissive language within Note 4 to allow for a "minimum" of 180 days for storage

Due to PSC and producer concerns being expressed about Note 4, the NCC Grain Ad-Hoc Committee and Board realized the "minimum" days within Note 4 might need to be reduced, and the Committee and Board discussed acceptable options for reducing the minimum days of storage.

In addition to the Council, the NE Farm Bureau, NE Corn Growers, NE Dry Bean Growers, and NE Grain and Feed also testified.

To begin the hearing, John Fecht, Director of the PSC Grain Warehouse Division, recommended that Notes 9 and 12 be eliminated and that Note 11 be amended. No opposing testimony was presented against Fecht's recommendation from the industry and farm groups.

Fecht then addressed Note 4 which currently states the following: "A minimum of one hundred and eighty (180) days may be charged for any

*grain tendered for storage."* Fecht advised that currently 26 of 93 State Licensed Grain Warehouses charge a minimum and due to same, he was questioning the need to maintain this minimum charge. Subsequently, he recommended that Note 4 be amended to remove the minimum and to limit this to only the days of actual storage.

During his testimony, Robert Andersen, NCC President, was specifically asked the question, "what is the minimum number of days that should be allowed within Note 4 if this is lowered?" Andersen responded that the Council's official position was to maintain the current provision; however, our Grain Ad-Hoc Committee had addressed this issue and they were open to lowering the "minimum" number of days to a 150 to 120 day level rather than eliminating Note 4 outright.

Both the NGFA and the NCC addressed the need for State Licensed Warehousemen to not be put at a competitive disadvantage with Federally Licensed Warehousemen.

Andersen also addressed the need for the Commission to implement regulations that provide latitude to cooperatives and independents to accommodate seasonal weather conditions and "on time" logistical costs to ensure flexibility in the marketing and commerce of our agricultural commodities.

The farm organizations generally indicated they would like to see the minimum storage days either reduced or eliminated altogether.

When the PSC commissioners met on June 15, 2010, they maintained the current allowable charges for the Storage & Insuring and Receiving, Handling & Delivery rates. They also voted to eliminate Notes 9, 11, and 12. The most notable change was relative to Note 4. The commissioners voted to reduce this to 120 days with the change effective June 15, 2010.

## PAC to Interview State Senator Candidates

The NCC Political Action Committee (PAC) will be conducting interviews with 19 state senator candidates in mid-July over 2 1/2 days in Omaha and Lincoln.

In 1999, the Council implemented a PAC to enhance the Council's legislative program. The NCC-PAC has been very successful and has allowed us to develop additional linkages with state senators. These have been particularly important in the Lincoln/Omaha areas. As our state's population continues to shift from west to east providing education to urban senators becomes more critical.

While the interview process is an intense time commitment for PAC members; the investment is important and the return is seen when the legislative session commences.



visit our website at  
[www.nebr.coop](http://www.nebr.coop)

## 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.*

## Energy Source Exemption

In our April edition, we provided background on the continuing issue we are trying to resolve with the Nebraska Department of Revenue (DOR) regarding exemptions for energy used in grain drying. This issue emerged when the DOR cited a cooperative for claiming exemptions for energy used for drying grain.

Council staff and legal counsel have been working with DOR staff to resolve the issue since the citing in 2009; however, little progress has been made. We believe the DOR is changing policy without statutory authority to do so thereby creating increased taxation for cooperatives and ultimately their farmer owners.

As reported in April, the DOR requested that the Council propose language for this ruling. An ad-hoc committee appointed by the Council's

board studied this issue and the possibility of proposing language for the ruling. They ultimately determined that it would be virtually impossible to craft language for the ruling since our position is nearly the opposite of the DOR's position.

That recommendation was forwarded to the Council's Board which adopted the ad-hoc committee's recommendation and requested that Council Attorney Tom Jeffers draft a response to the DOR. In our response to the DOR, we indicated that we would not provide a line-by-line alternative to proposed language that we do not agree with. At the same time, we reiterated our position regarding the new interpretations that DOR was initiating.

As this issue evolves, we will continue to keep you informed.

## Red Flags Implementation Delayed

On January 1, 2008, the Federal Trade Commission (FTC) adopted the Red Flags Rule. The new rule addresses identity theft and address discrepancies and places added legal burdens upon entities that perform credit checks on credit applicants or job applicants.

The rule requires "creditors" to establish an identity theft prevention program. If you run a credit check on an employee, job applicant, or customer, you must "*detect, prevent, and mitigate*" any problem you see that could lead to identity theft. Failure to do so could expose the cooperative to liability for willful noncompliance.

On May 28, 2010, the Federal Trade Commission (FTC) announced that they are delaying further enforcement of the "Red Flags" Rule until December 31, 2010. This delay is at the request of several members of Congress who are considering legislation that would affect the "scope of entities covered by the Rule." This latest delay is one of several that FTC has implemented at the request of Congress since 2008.

As you will recall, the Council hosted a training session regarding Red Flags in September of 2008. That training was designed to provide cooperatives with the background and key points to help develop their individual Red Flags implementation program.

At this point, it is not clear how the "scope of entities covered by the Rule" is defined and what entities are included in the definition. In addition, it is not clear as to what changes members of Congress are considering.

We will continue to monitor this issue and provide you with updates as they become available.

## Scholarship Winners *(cont. from page 1)*



**Collin Sorensen**, son of Clyde & Debra Sorensen of Phillips, will be a senior majoring in agricultural economics. The Sorensen's are members of the Aurora

Co-op Elevator Co.

**Katrina Hackel**, daughter of Mark & Genelle Hackel of Ord, will be a junior majoring in agribusiness. The Hackel's are members of Country Partners Co-op in Spalding.



**Shawn Hutsell**, son of David & Sheryl Hutsell of Hampton, will be a junior majoring in agribusiness/agronomy. The Hutsell's are members of United Farmers Co-op in York.



### Nebraska College of Technical Agriculture, \$650 scholarship

**Randii Endorf**, daughter of Bob & Trish Endorf of Daykin, will be a second-year student at NCTA majoring in Ag Production Systems. The Endorf's are members of Farmers Cooperative of Dorchester.



### Chadron State College, \$650 scholarship

**Stacey Wright**, daughter of Brian & Heidi Wright of Hamlet, will be a junior at CSC majoring in business administration with a minor in agribusiness. The Wright's are members of the Wauneta Co-op Oil Company.



# Hall of Fame Nominations Being Accepted

The NCC is accepting nominations for the 12th class of inductees into the NCC Cooperative Hall of Fame this November. Nominations are due into our office by July 23, 2010.

Over the past 11 years, 51 cooperative leaders have joined the Hall of Fame, and this year up to 2 more individuals will join the group.

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

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 5 years or longer for all categories except "Supporters of Cooperatives" which must be 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 Virgil Harms of Blue Springs (Chair), Daryl Erickson of Greenwood, Bill Henry of North Platte, Stan Hillius of Kearney, and Tom Osborn of Battle Creek.

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 2010 Cooperative Hall of Fame Nomination Form which is available on our website at [www.nebr.coop](http://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 23, 2010. Please address the envelope to:

Hall of Fame Selection Committee  
Nebraska Cooperative Council  
134 South 13th St., Ste 503  
Lincoln, NE 68508-1901

The induction ceremony will be held in conjunction with the Council's Annual Meeting on Friday, November 19, 2010, at the Holiday Inn & Convention Center in Kearney.

## CALENDAR OF UPCOMING EVENTS...

### July 2010

- 8 NCC Board of Directors Meeting - North Platte  
13-14 NCC-PAC Candidate Interviews - Omaha  
15 NCC-PAC Candidate Interviews - Lincoln

### November 2010

- 18 NCC Board and Committee Meetings - Kearney Holiday Inn  
19 NCC Annual Meeting - Kearney Holiday Inn

### December 2010

- 15 D/M Workshop - Sidney Holiday Inn  
16 D/M Workshop - Kearney Holiday Inn  
21 D/M Workshop - York Holiday Inn

### January 2011

- 4 Director Certification Program, Phases 1 & 3 - Kearney Holiday Inn  
5 Director Certification Program, Phases 2 & 4 - Kearney Holiday Inn  
5 Nebraska Legislature Convenes  
6 Graduate Director Seminar 3 - Kearney Holiday Inn

### February 2011

- 15 Board Officer Seminar - Lincoln Embassy Suites  
16 Cooperatives For Tomorrow - Lincoln Embassy Suites  
17 NCC Board of Directors Meeting - Lincoln

## NCC RADIO SPOTS

Every other Friday, the Nebraska Rural Radio Network provides the Council with complimentary network airtime to present a 3-4 minute update on current cooperative issues. This allows the Council to have one more method of communicating with our members.

The radio spots air at approximately 1:15pm MT on KNEB and at 2:17 pm CT on KRVN and KTIC. Our scheduled air times over the next few months are:

June 25  
July 9 & 23  
August 6 & 20