

COOPERATION IN NEBRASKA

OFFICIAL PUBLICATION OF THE NEBRASKA COOPERATIVE COUNCIL



ANNUAL REPORT

Volume 45, No. 3

September 2006

This issue of Cooperation in Nebraska is a special edition that combines the Annual Report with the September newsletter. This is the eighth year we have combined these two publications, which allows us to become more efficient as we work to maximize your dues dollars.

2005/06 Report from the Chairperson and President



Council President Bob Andersen (L) and Board Chairman Dale Piper

The ongoing changes occurring in agriculture and the agribusiness sector have profound implications on the operations of agricultural cooperatives. One of the Rochdale principles governing cooperatives is "cooperation among cooperatives." By adhering to that fundamental provision, there is much to be gained as we meet and adapt to changes. Your Nebraska Cooperative Council stands as an important and respected vehicle in working together cooperatively to meet those challenges and for mutual success of the cooperative system and members alike.

The Council is committed to being a full-service trade association. It is important that we not merely respond to change but rather anticipate change, to plan for change...and most important,

capitalize on the opportunities it creates to help Nebraska cooperatives be successful in the future.

Last month, the respective Subdistrict Meetings were held across the state and by all accounts were successful. Reports were provided on the NCC-PAC, New Generation Cooperative Task Force, establishment of the Nebraska Cooperative Council Distinguished Professorship, Fund For Excellence project funding, upcoming 2006/07 educational programs, federal and state legislative and regulatory issues, the 2006/07 operating budget, and the upcoming 2006 Annual Meeting.

As you review this year's Annual Report, it reaffirms the Council's commitment to its mission of doing all things necessary "to defend, protect, and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication, and regulatory issues." It also goes into greater detail on some of the afore listed programs.

Your Board of Directors and staff are committed to ensuring that the educational, legislative, and regulatory component areas remain a priority. Your Council is the only trade association committed to the unique educational and

(cont. on page 4)

CALENDAR OF UPCOMING EVENTS...

November 2006

- 16 NCC Board & Committee Meetings - Kearney, Holiday Inn
- 17 NCC Annual Meeting - Kearney, Holiday Inn

December 2006

- 12 Director/Manager Workshop - Sidney, Holiday Inn
- 13 Director/Manager Workshop - Kearney, Holiday Inn Express
- 14 Director/Manager Workshop - York, Chances R

January 2007

- 3 Director Certification Program (Ph 1&3) - Kearney, Holiday Inn
- 4 Director Certification Program (Ph 2&4) - Kearney, Holiday Inn
- 5 Graduate Director Seminar 3 - Kearney, Holiday Inn

February 2007

- 7 Cooperatives For Tomorrow - Lincoln, Embassy Suites
- 15 NCC Board Meeting - Lincoln, Cornhusker Marriott

WHAT'S INSIDE...

NCC Committee Members/Board	2-3
NCC Political Action Committee	3
Fund For Excellence	4
NCC Cooperative Hall of Fame	5
Financial Summaries	6-7
Subdistrict Meetings	8
FFA Cooperative Speaking Contest	9
Education Programs	9-10
State Legislative Issues	11-13
State Regulations	14
Federal Issues	15
UNL Education Position Staffing	16-17
New Generation Cooperatives	18-19
2005/06 Council Members	19

2005/06 Council Leadership

BOARD OF DIRECTORS

DISTRICT I



Jim Chism, Vice Chair
Frenchman Valley Co-op
Imperial



Bruce Favinger, Secretary
Heartland Co-op
Hastings



Jerrell Dolesh
Battle Creek Farmers Co-op
Battle Creek



Eric Johnson
Central Valley Ag Co-op
O'Neill



Tom Hansen
Ag Valley Co-op
Edison



Dale Rohrer
Midland Co-op
Funk



Dale Piper, Chair
Midwest Farmers Co-op
Elmwood



Ron Velder
Farmers Cooperative
Dorchester

PARTICIPATING MEMBER



Mike Maranell
Ag Processing, Inc.
Omaha

COMMITTEES

LEGISLATIVE ADVISORY COMMITTEE

Bob Andersen Nebraska Cooperative Council (*Co-chair*)
 Jim Chism Frenchman Valley Co-op, Imperial (*Co-chair*)
 Tim Boender Agriliance, Lincoln
 Tom Hansen Ag Valley Co-op, Edison

Eric Johnson Central Valley Ag Co-op, O'Neill
 Max Larsen Southeast Nebraska Co-op, Beatrice
 Rich Richey Husker Co-op, Columbus
 Dale Rohrer Midland Co-op, Funk

Deino Sather CoBank, Omaha
 Dale Piper Midwest Farmers Co-op, Elmwood (*ex-officio*)

EDUCATIONAL ADVISORY COMMITTEE

Bruce Favinger Heartland Co-op, Hastings (*Chair*)
 Don Anthony All Points Co-op, Gothenburg
 Tom Connelly Country Partners Co-op, Spalding
 Tom Houser CoBank, Omaha

Don Lien Agri Co-op, Holdrege
 Harold Printz Farmers Elevator Co., Kimball
 Dale Rohrer Midland Co-op, Funk
 Bill Schuster Aurora Co-op Elevator Co.

Vacant Participating Member (*appointment pending*)
 Dr. Alan Baquet ... University of Nebraska-Lincoln (*ex-officio*)
 Dale Piper Midwest Farmers Co-op, Elmwood (*ex-officio*)
 Ed Woepfel Nebraska Cooperative Council

POLITICAL ACTION COMMITTEE

Jim Chism Frenchman Valley Co-op, Imperial (*Chair*)
 David Briggs WESTCO, Alliance
 Todd Christensen .. Agri Co-op, Holdrege
 Doug Derscheid ... Central Valley Ag Co-op, O'Neill

George Hohwieler . Aurora Co-op Elevator Co.
 Ron Hunter Ag Valley Co-op, Edison
 Greg Sabata Frontier Co-op Co., Brainard
 Ron Velder Farmers Cooperative, Dorchester

Brian Williams Farmers/Ranchers Co-op, Ainsworth
 Steve Wright United Farmers Co-op, Shelby
 Dale Piper Midwest Farmers Co-op, Elmwood (*ex-officio*)
 Bob Andersen Nebraska Cooperative Council (*Treasurer/ex-officio*)

FUND FOR EXCELLENCE COMMITTEE

Bruce Favinger Heartland Co-op, Hastings (*Chair*)
 Jerrell Dolesh Battle Creek Farmers Co-op
 Darwin Franzen ... Cooperative Supply Inc., Dodge
 Wade Mulari Co-op Mutual Insurance, Omaha

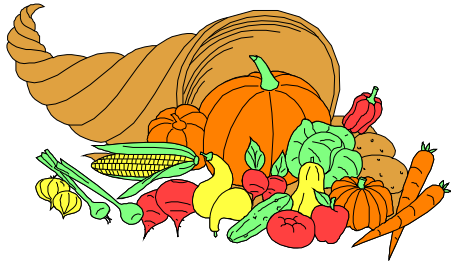
Randy Robeson Frontier Co-op Co., Brainard
 Dale Piper Midwest Farmers Co-op, Elmwood (*ex-officio*)
 Bob Andersen Nebraska Cooperative Council (*ex-officio*)

Committees (cont. from page 2)

HALL OF FAME COMMITTEE

Al Kalkwarf Dorchester (*Chair*)
Virgil Harms Blue Springs
Ted Kessner Lincoln
Terry Rowe Smithfield (*Vice Chair*)

Mike Turner Lincoln
Dale Piper Elmwood (*ex-officio*)
Bob Andersen Nebraska Cooperative Council



NEW GENERATION COOPERATIVES TASK FORCE VOTING MEMBERS:

David Briggs WESTCO, Alliance
Steve Erdman Panhandle Co-op Association, Scottsbluff
Bruce Favinger Heartland Co-op, Hastings
Shane Frahm Farm Credit Services, Omaha

Mike Hechtner CoBank, Omaha
George Hohwieler . Aurora Co-op Elevator Co.
Max Kaiser Frenchman Valley Co-op, Imperial
Dale Piper Midwest Farmers Co-op, Elmwood

Randy Robeson Frontier Co-op Co., Brainard
Gerald Schmidt Farmers Cooperative, Dorchester
Brandon Stevenson . Stevenson & Associates, Lincoln
Steve Wright United Farmers Co-op, Shelby

NON-VOTING MEMBERS:

Bob Andersen Nebraska Cooperative Council
Dr. Alan Baquet ... University of Nebraska-Lincoln
Sen. Bob Kremer .. Ag Committee Chair
or Rick Leonard .. Ag Committee Research Analyst

Scott Merritt Nebraska Corn Growers Association
Rob Robertson Nebraska Farm Bureau
Rocky Weber Crosby Guenzel LLP

Nebraska Cooperative Council - Political Action Committee

BACKGROUND

The Council's Political Action Committee (NCC-PAC) was established in 1999 to enhance cooperative organizational access to our elected representatives, both rural and urban alike. We realize the need to develop and enhance communications with the urban legislators, especially those from Lancaster, Sarpy, and Douglas counties as well as to assist rural legislators who are supportive of cooperatives.

The NCC-PAC is restricted to only state legislative elections and/or state constitutional amendments which are deemed to have a direct impact on the Council or Council members. All contributions to the NCC-PAC are voluntary. It is governed by an 11-member committee which is solely responsible for the method of solicitation and the amount of expenditures for particular candidates.

2006 INTERVIEWS

This year, the committee had a formidable task due to the constitutionally mandated term limits which are in effect for this election cycle. Over a 4-day period, the committee interviewed 38 candidates in Omaha, Lincoln, and Kearney. While these were long days, the impact will be felt well into the future. Gaining early access to these candidates is critical, and the interviews helped in that process.

All the interviews are important; however, the ones that may provide the most educational value are of those candidates from Douglas, Sarpy, and Lancaster counties. Since these candidates are further removed from agriculture, having the

opportunity to meet with them and share information on cooperatives is very worthwhile. In these interviews, we devoted a portion of the interview to providing urban candidates with information on cooperatives and their importance to Nebraska. The candidates from urban areas were definitely impressed with the scope of sales of cooperatives as well as the number of people cooperatives employ.



PAC members interview a legislative candidate at CoBank's office in Omaha. Counter-clockwise from middle left: Todd Christensen, Jim Chism, Bob Andersen, Eric Johnson, Ron Hunter, Steve Wright, Dale Piper

The relationships that we started to build through the interview process will be very important in the future. With at least 22 new legislators in 2007 and another 16 new legislators in 2009, education and access to senators will be extremely important in the future.

leadership needs of cooperatives statewide and to the cooperative specific governmental affairs/legislative and regulatory needs of cooperatives.

Education must play a greater role in providing information for use by management teams of cooperatives in making decisions. Because the business climate continues to be more complex, cooperative boards and management are required to consider a greater number of factors and potential alternatives to minimize risk to the greatest extent possible. Those cooperatives which encourage directors and employees to take advantage of educational opportunities will best be able to meet the challenges of a competitive agribusiness environment.

Governmental affairs are very demanding and time-consuming programs which continue to be increasingly important to our members. We must provide leadership in the development and support of legislative initiatives favorable to cooperatives at the state and national levels. On the other hand, it is essential that we oppose laws which will hamper the ability of cooperatives to serve their customers. It would be erroneous to assume that all groups and stakeholders share our common goal of seeking a stronger cooperative business structure in Nebraska.

The regulatory climate provides an ongoing challenge to both the membership and the Council. Constant attention must be devoted to not only the development and implementation of new regulations but also revisions to those already in existence. Limiting the financial and compliance impact upon cooperatives is imperative if cooperatives are to be able to provide cost effective and competitive products and services.

Youth education, public relations, special services, and other areas are constantly being monitored and adjusted to maintain the appropriate emphasis in meeting members' needs. At the same time, we are committed to ensuring an effective communication program with our members.

Continuing to achieve that mission will take maximum efforts to be successful. By using the strengths of our history, your Council has the base to move forward and develop the necessary innovations in its programs and services. The outcome will be a trade association that is positioned to respond to the needs of its members which in turn will allow them to serve their member/patrons most efficiently and profitably.

Your support is appreciated and valued. In the cooperative spirit, we remain...



Dale Piper



Robert C. Andersen



Visit our website at
www.nebr.coop

Fund For Excellence

BACKGROUND

The Nebraska Cooperative Council Fund For Excellence (FFE) was initiated in an effort to ensure that local cooperatives in Nebraska would continue to have access to an independent, third-party cooperative faculty member with expertise and extension responsibilities with agricultural cooperatives at the University of Nebraska Institute of Agriculture and Natural Resources (IANR).

Funds donated to the FFE have been placed in a "restricted" account controlled by the Council rather than the University. Our intent is to utilize "only interest income." In addition, we are able to utilize any college (i.e., Iowa State University, Kansas State University, or others) if it better enhances and fulfills cooperative educational needs.

The FFE has been used to fund graduate studies of specific areas/issues, to provide for educational speakers, and for educational enhancement for cooperative directors and managers.

Our original agreement with the University called for annual payments of \$12,500 to be used for research and educational projects while still allowing us to maintain a "cooperative" staff position. Due to the budget and staffing challenges, it became clear that the only way to maintain a "cooperative" position was to provide a direct salary stipend for a faculty member.

While this was not the intent of the original agreement, the Council's Board understood that providing a stipend and creating the NCC Distinguished Professorship would be the only way to maintain the position. Because of the prominent role this position plays in our educational programming as well as our multi-state program with Iowa, the Board approved a new agreement with the University. (See *UNL Education Position Staffing* article on page 16).

FFE FUNDING FOR 2005/06

In 2005/06, the FFE Coordinating Committee funded two projects:

1. *An Overview of the Financial Health of Grain and Farm Supply Cooperatives in Nebraska* submitted by Iowa State University. The proposal provided benchmarks and analysis of financial trends in Nebraska's consensuses. (\$7,848 over two years: \$3,875 in Year 1 and \$3,973 in Year 2)

2. *NCC/UNL Director/Manager Workshop Video Enhancement* submitted by NCC/UNL. The proposal provided funding to create a video of Midwest region cooperative managers to be used in the December 2005 Director/Manager Workshops. The purpose of the video tape was to provide a platform for candid discussion about the effects of the rapid consolidation that has taken place in cooperatives. (\$3,000)

Both of these projects proved to be very successful. The results of the Iowa State study were presented at the Board Officers Training program in January 2006 and proved to be very interesting with some definite trends emerging.

The video tape for the Director/Manager Workshop enhanced that program greatly, and evaluations indicated that this use of technology strengthened the program.

As of July 31, 2006, we have a fund balance of \$605,591.

FFE FUNDING FOR 2006/07

Because of the new agreement, most of our commitment will be utilized to create the NCC Distinguished Professorship. We will provide up to \$2,000 to offset the cost of our keynote speaker for the Cooperatives For Tomorrow (CFT) program which will be held on February 7, 2007, in Lincoln. The speaker is Dr. Lowell Catlett who is highly regarded as one of agriculture's finest "futurists."

2005 Hall of Fame Inductees



Jerome A. "Lefty" Gabriel
Shelby



Kenneth L. Regier
Aurora



Michael S. Turner
Lincoln

Three new members were inducted into the Nebraska Cooperative Council Cooperative Hall of Fame during the Council's Annual Meeting. The induction ceremonies were held at the noon luncheon on November 18, 2005, in Kearney. With these three new inductees, the Hall of Fame now has 42 members.

This year's class of inductees included **Jerome A. "Lefty" Gabriel** of Shelby, **Kenneth L. Regier** of Aurora, and **Michael S. Turner** of Lincoln. All three were presented with a framed certificate commemorating their induction into the Hall of Fame by Council Board Chair Dale Piper of Elmwood. In addition, a plaque outlining each of the inductees' accomplishments will be permanently displayed at the Council's office in Lincoln.

Lefty managed cooperatives at Ong and Shelby for a total of 35 years. During that time he provided leadership to many cooperative organizations including serving as board chair of the Council, as well as on the boards of NIK, the Eastern Nebraska Managers Association, and Central Marketing.

Ken farmed in the Aurora area and served on the board of the Aurora Co-op for 20 years with 12 of those years as board chair. He also served on the boards of the Council, Farmland Industries, Cooperative Service Co., and Minnesota Corn Processors.

Mike spent his entire career as an Agricultural Economist at UNL. During that time he was instrumental in developing a model Director Certification Program that has been utilized in five Great Plains states over the years. Mike spent a considerable amount of his time conducting educational programs for local cooperative directors statewide.

We congratulate each of these gentlemen upon their induction into the Hall of Fame and thank them for their dedicated efforts that have had a significant positive effect on the entire cooperative system in Nebraska.

"Leaders are people who do the right things. Managers are people who do things right. There's a profound difference. When you think about the right things, your mind immediately goes toward thinking about the future, thinking about dreams, missions, visions, strategic intent, purpose.

But when you think about doing things right, you think about control mechanisms. You think about how-to.

Leaders ask the what and why questions, not the how questions. Leaders think about empowerment, not control. And the best definition of empowerment is that you don't steal responsibility from your people."

~Warren Bennis, leadership guru and professor
University of Southern California

Nebraska Cooperative Council Financial Statements

The financial statements presented herein were excerpted from the complete Audited Financial Statements provided to the Council's Board of Directors.

Financial statements are available for members
by contacting the Council office at 402/475-6555.



**“100 million: Amount Bill Gates and wife Melinda donated to child-immunization programs in developing countries. 48: Number of hours it will take Gates to earn the money back.”
~Forbes Magazine**

Subdistrict Meetings

The Council annually hosts Subdistrict Meetings to provide local management teams with the opportunity to review the activities of the past year and, more importantly, to hear the Council's plans for the upcoming year. Much of the work of the Council takes place well in advance of when the general public is informed of an issue. These meetings allow our members to learn about issues and activities that the Council will be working on throughout the course of the year. We want to thank all those who provided reports at the meetings.

This year's meetings were held in Bridgeport on August 14, Lexington on August 15, and York on August 17. A total of 179 attended the meetings.

Reports were given by Board members, Political Action Committee members, and New Generation Cooperatives Task Force members, in addition to the President's report by Council President Bob Andersen. Grassroots involvement is important for our organization and having committee members present reports gives you their perspective on the issues the Council is working on.

In addition to the reports, another feature of the meetings was the opportunity to hear from the 2006/07 NCC Education Foundation Scholarship winners. It is always a pleasure to hear from the scholarship winners and learn of their college activities and future plans. The enthusiasm and energy that these young people bring to the meetings is always a highlight of the evening.



Rebecca Small of Genoa thanks the group at York for selecting her as a scholarship winner.



Scholarship winner Justin Cech of Clarkson addresses the York Subdistrict Meeting.



Local directors in attendance at the Bridgeport Subdistrict Meeting.

Lou Holtz, former coach of Notre Dame's Fighting Irish football team, tells how they used to have regular media sessions during football season. These included Holtz and a couple of his players and they would answer questions about the team. During one session, the kicker got up and complained that, while most teams have at least two kickers, Notre Dame traveled with only one kicker and two priests. Why didn't they travel with two kickers and one priest? When Holtz took the platform he responded that if the kicker was more proficient they wouldn't need two priests.

FFA Cooperative Speaking Contest

This year marks the 55th straight year that the Nebraska Cooperative Council has provided support for the educational mission of the Nebraska FFA



Association. The Council is very proud of the fact that we are the longest continuous sponsor of FFA in the history of the State Association.

The majority of our support this year went to the State FFA Cooperative Speaking Event. This event is designed to encourage students to research and prepare a speech addressing a cooperative issue. The intent is to encourage FFA students statewide to learn more about the cooperative system.

This year 57 schools statewide had participants in the contest. From these 57 that participated in the district contests, 15 students moved on to the state competition that was held in conjunction with the State FFA Convention on April 6-7 in Lincoln.

Laura Witte, a member of the Logan View FFA Chapter, was chosen as the winner of the 2006 State FFA Cooperative Speaking Event. Second place went to **Taylor Yaw** from the Chase County Chapter. Placing third was **Blake Becker** from the Alliance Chapter, and fourth place went to **Kelsey Ankerson** of the Norris Chapter.

Others receiving medals in the competition and the FFA chapters they represent were (in alphabetical order):

Gold - Rebecca Friesen, Heartland

Silver - Cody Dvorak, Stuart; Riley Ohde, West Holt; Amanda Peterson, Waverly; Becky Rahtz, Leigh-Clarkson; and Nora Spath, North Bend

Bronze - Kara Dallegge, Hampton; Marc Hanson, Fairbury; Danielle Jedlicka, Verdigre; Sara Rogers, Superior; and Abby Schipporeit, Sumner-Eddyville-Miller

Education Programs

We provided educational programs for 353 cooperative directors, managers, or employees. Seventy-one percent (71%) of our member cooperatives attended at least one educational program and, as you might guess, many had numerous representatives at multiple programs.

Following is an overview of the programs we offered this year:

DIRECTOR/MANAGER WORKSHOP (DMW)

DMW was created to address timely issues facing local cooperative boards. Over the years, we have worked with the Council's Educational Advisory Committee and the regional cooperatives serving Nebraska to identify the topics for the workshop.

Workshops were held in Sidney, Kearney, and York with the theme "Opportunities and Challenges in a Consolidating Market." They focused on the following areas:

- Benefits/accomplishments of consolidating businesses
- Challenges to consolidation
- What is the future of both large and small cooperatives
- A director's role in modern cooperatives

To address these topics, a video presentation was utilized featuring managers from three small cooperatives in Nebraska and three large cooperatives from other states (IL, SD, and IA). By interviewing these managers, we were able to get their views and launch into discussion on each of these issues.

DIRECTOR CERTIFICATION PROGRAM (DCP)

DCP is, without a doubt, the foundation of our educational offerings. This four-phase program covers all aspects of the roles and responsibilities of directors and how these differ from those of the manager. In essence, this program provides directors with the tools to become effective, contributing board members in a shorter period of time.



Deino Sather and Roger Ginder prepare for a DCP presentation in Kearney.

This year, DCP was conducted in early January at Kearney. This was the first year that we hosted DCP at only one site. Due to declining numbers of cooperatives statewide and the fact that so many current directors have completed DCP, we had to consolidate to one location so we could have an adequate number of participants attend. While this does create extra travel for some, there was one very positive benefit of only one location. By having ideal size groups from across the entire state, the discussion generated by attendees was excellent. In fact, all of the presenters

(cont. on page 10)

Education Programs (cont. from page 9)

involved thought this was one of the best DCP sessions ever held.

GRADUATE DIRECTOR SEMINARS (GDS)

A 4-year rotation is utilized for the three existing GDS and the Special Director Seminars (SDS). These programs were created to meet the demand for continuing education as the number of directors completing DCP grew. GDS builds on materials covered in DCP and helps directors evaluate and enhance the skills they acquire through their experiences.

GDS2, *The Changing Role of Managers and Directors in a Growth Cooperative*, was conducted in early January at Kearney. Instructors were Mike Turner and Roger Ginder. They provided participants with issues that directors need to address in growth cooperatives including organizational structure, focusing on profits vs. operations, asset development, and achieving buy-in of employees and the community.

BOARD OFFICER TRAINING (BOT)

BOT is offered every other year and focuses on the normal duties and responsibilities that board officers must fulfill. The program is designed for current officers as well as directors who aspire to become officers in the future.

During the morning session, the program provided specific information on current issues important to board officers during the morning session which was an open forum where the discussion topics were driven by the participants attending. The afternoon session was devoted to efficiency factors of Nebraska cooperatives. For the past 4 years, Roger Ginder has surveyed Iowa cooperatives to determine various efficiency factors. This year, he also included Nebraska cooperatives in the survey. The research showed some very interesting trends about the efficiency of cooperatives and generated considerable discussion.

NEBRASKA COOPERATIVE DEVELOPMENT CENTER (NCDC) PROGRAM

NCDC was originally funded by the Nebraska Department of Agriculture, the University of Nebraska, and the Department of Economic Development for the purpose of helping new value-added ventures get started. NCDC is working with start-up groups that have very little infrastructure in place and, in many cases, may not have adequate resources to carry out their plans. Education is a great need among these groups and was identified by NCDC as being a priority in its current grant with the USDA.

In January 2005, the Council contracted with NCDC to offer education for its membership. The programs are similar to our DCP program but the information is customized to fit their needs. We have conducted Phases 1 and 2 of this program and completed the development of Phase 3.

HUMAN RESOURCES (HR) & CREDIT WORKSHOPS

The Council hosted two technical workshops in Kearney last September for cooperative employees. These types of workshops are offered periodically as needs are identified.

HR Workshop... began with an overview of HR issues identified by attorneys from Crosby Guenzel LLP. We then addressed the need for developing a comprehensive employee evaluation process to not only avoid legal problems but to increase employee productivity as well.



Don Warrington leads the discussion at the Human Resources Workshop in Kearney.

Credit Workshop... began with attorneys from Crosby Guenzel LLP outlining general questions that are being asked by local cooperatives. They then addressed specific credit issues:

- The use of statutory liens or UCC liens—What are you securing and how?
- Central Filing and Effective Financing Statements
- Account debtors—a new way to claim setoff?
- Maintaining your position in bankruptcy
- Dealing with and collection on problem accounts

Participants in each workshop received a comprehensive packet of updated HR and credit reference materials to take home from the workshop.

STRENGTHSFINDER® PROGRAMS

The Council has been working with The Gallup Organization and has been able to introduce the cooperative world to a personal development tool developed by Gallup called the StrengthsFinder®. The StrengthsFinder® survey is a tool that is used to help individuals identify their strengths with the idea that once individuals understand their strengths they then can pursue jobs and careers that will allow them to build upon their strengths and therefore be more productive contributors. This concept applies not only to employees but to board members as well.

In August 2005, Ed Woepfel conducted two customized StrengthsFinder® training programs for the CountrySide Coop in Firth—one for employees and one for board members. A total of 34 individuals participated in the two workshops.

State Legislative Issues

Below is a summary of major legislative and regulatory issues that we have monitored this past year. The Council normally monitors 75-100 bills/issues that are before the Legislature or regulatory agencies each year. Many times bills or regulations appear, on the surface, to have little to do with cooperatives. However, they can impact us in varying ways.

BILLS PASSED IN THE 2006 LEGISLATIVE SESSION

LB 1003 - Section 521 (Exempt) Co-op Legislation

LB 1003 was an effort that your Council has devoted considerable time and energy to over the past few years. Our goal has been to ensure inclusion of cooperatives within all Nebraska tax incentive programs that provide incentives for business expansion and new employment opportunities. The resolvment of this was our foremost legislative priority this session.

LB 1003 was passed by the Legislature with the emergency clause and signed by the Governor. Provisions became effective March 7, 2006. The Council has worked for several years to include Section 521 (exempt) cooperatives within the definition of taxpayer so they are eligible for various tax incentive programs. During the 2005 session, we were successful in our efforts to include exempt co-ops within the Nebraska Advantage Act, the successor to LB 775.

LB 1003 includes several tax incentive bills which were introduced this year. As passed, the bill incorporates our requested language which affects both exempt and non-exempt cooperatives as follows:

(1) Allows both exempt and non-exempt cooperatives to be able to "pass through" tax credits to your membership. This is significant and beneficial to your patrons.

(2) Includes exempt cooperatives within the definition of taxpayer in the Nebraska Advantage Act, the Nebraska Advantage Rural Development Act, and the Nebraska Microenterprise Act.

Prior to passage of LB 1003, exempt cooperatives were not eligible to receive tax credits for business expansion and investment under Nebraska tax incentive laws.

The Council strongly supported LB 1003.

Cooperative Specific Priorities

The following areas directly affect and impact all cooperatives, whether they be supply/marketing, electrical, farm credit, dairy, telephone, or other. These issues are unique to cooperatives and require constant monitoring.

Securities...The Council continues to work to ensure that cooperative equities are not classified as securities and subject to full registration. The exemption from full registration of certificates of investment has been maintained, but the notice filing requirements continue.

Mandatory Equity Redemption...The Council's position has been that decisions regarding equity redemption should remain in the hands of the cooperative's Board of Directors. In the past few years, there has been the advancement in several surrounding states to allow members or stockholders of a cooperative to demand immediate payment of equities or to prohibit the practice of setting aside any such members' earnings to a surplus fund. The Council is opposed to both provisions.

Patronage Dividends...The Council will continue to oppose any

efforts to subject cooperative patronage dividends/per unit retainings to "double taxation" at both the producer and local levels for the purpose of computing state income taxes.

Interest on Members' Equity...

The Council continues to oppose legislation mandating cooperatives to pay annual interest to member stockholders on their members' equity.

Transportation Cooperatives...

The Council will continue to oppose efforts which would discriminate against cooperative transports.

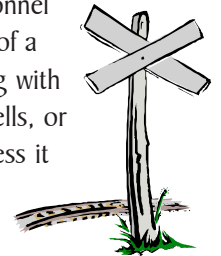
Farm Credit System...

The Council will continue to closely monitor legislation to ensure that commercial lending interests do not attach/amend legislation which would prohibit or restrict the ability of the Farm Credit System to adequately serve agriculture and cooperatives.

Telephone Cooperatives and Rural Electric Cooperatives...The Council will continue to closely monitor legislation to ensure that telephone cooperatives and rural electric cooperatives are allowed the opportunity to adequately serve their members.

LB 79 - Railroad Crossings

LB 79 would close any public railroad crossing without gates, signals, alarm bells, or warning personnel located within ¼ mile of a public railroad crossing with gates, signals, alarm bells, or warning personnel unless it is the only railroad crossing which provides access to property.



The bill, as passed, includes a process for an interested party to challenge a railroad crossing closing if it's deemed to have an adverse impact. A written request would need to be submitted to the Department of Roads by a professional engineer licensed to practice in Nebraska. Unfortunately, under this plan, property owners wanting to retain a crossing will have to undertake the

(cont. on page 12)

Congratulations, Eric, on your induction into the Nebraska Broadcasters Hall of Fame!



Eric Brown

*From DJ to General Manager...
Decades of service to agriculture!*



August 10, 2006



State Legislation (cont. from page 11)

cost of submitting a request to keep the crossing open, rather than others having to justify closing a crossing.

LB 79 was passed by the Legislature and approved by the Governor. Provisions became effective July 14, 2006.

The Council opposed LB 79.

LB 489 - Conveyance Safety Act

LB 489, the Conveyance Safety Act, deals with safety and inspection of conveyance devices. It updates procedures and regulations for installation and inspection of these devices. LB 489 incorporates portions of LB 99, which specifically exempts manlifts, hoists, or conveyances used in grain elevators or feed mills from this act. It further states that conveyances used exclusively for agricultural purposes are exempt from the Act. The Council worked closely with this bill to assure that the grain elevator, feed mills, and agricultural purposes exemptions were maintained.

LB 489 was passed by the Legislature with the emergency clause and signed by the Governor. Provisions became effective April 14, 2006.

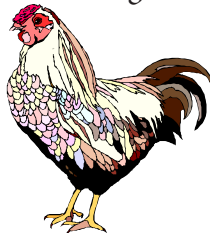
The Council supported LB 489.

LB 856 - Poultry Disease Control Act

Numerous bills were amended into LB 856 during legislative debate. One of these was LB 873 which the Council supported. It expanded the authorities of the Department of Agriculture under the Poultry Disease Control Act to reflect current avian influenza disease concerns. It extends the Department of Agriculture's poultry disease surveillance authorities to carry out monitoring of non-commercial poultry flocks for the presence of avian influenza and specifies that any activity carried out by the State Veterinarian shall be conducted by the voluntary cooperation of the non-commercial poultry flock owner or property owners where the poultry is located. The bill also establishes regulations and fees for exotic animal auctions and swap meets.

LB 856 was passed by the Legislature and signed by the Governor. Provisions became effective July 14, 2006.

The Council supported LB 856 as passed.



LB 874 - Pesticide Act

LB 874 was introduced at the request of the Department of Agriculture and would maintain the Department's authorities under the Pesticide Act to remain current with the federal program and to clarify some enforcement requirements. Key provisions of the bill call for a management plan for a specific, identified pesticide to implement a strategy to prevent, monitor, evaluate, and mitigate (a) any occurrence of the pesticide or pesticide breakdown products in ground water and surface water in the state or (b) any other unreasonable adverse effect of the pesticide on humans or the environment. In addition, a pesticide management plan may impose progressively more rigorous pesticide management practices to address any unreasonable adverse effect of pesticides on humans or the environment. When appropriate, a pesticide management plan may establish action levels for imposition of such progressively more rigorous management practices based upon measurable indicators of the adverse effect on humans or the environment.

LB 874 was passed by the Legislature and signed by the Governor. Provisions became effective July 14, 2006.

The Council supported LB 874.

LB 904 - Motor Fuel Taxes

A portion of the legislative intent of LB 814 was amended into LB 904. As introduced, LB 814 provided for a 3¢ increase in the motor fuels tax and will return to the Highway Trust Fund the sales tax on motor vehicles, trailers, and semitrailers. It did not affect the formula for distributing funds. The Council opposed LB 814 which was killed by the Revenue Committee. However, the distribution of funds from LB 814 was folded into LB 904 which was passed by the Legislature and signed by the Governor. It will require sales tax proceeds over 5% to be credited to the Highway Allocation Fund rather than the General Fund beginning October 1, 2006.

LB 924 - Eminent Domain

Several bills were introduced concerning eminent domain. LB 924 became the primary legislation to restrict the use of eminent domain.

A condemner may not take property through the use of eminent domain if the taking is primarily for an economic development purpose. Economic development purpose is defined related to this section as taking property for subsequent use by a commercial for-profit enterprise or to increase tax revenue, tax base, employment, or general economic conditions. Exempted purposes include: (1) public projects or private projects that make all or a major portion of the property available for use by the general public or for use as a right-of-way, aqueduct, pipeline, or similar use; (2) removing harmful uses of property if such uses constitute an immediate threat to public health and safety; (3) leasing property to a private person who occupies an incidental part of public property or a public facility

such as a retail establishment on the ground floor of a public building; (4) acquiring abandoned property; (5) clearing defective property title; (6) taking private property for use by a utility or railroad; and (7) taking private property based upon a finding of blighted or substandard conditions under the Community Development Law if the private property is not agricultural land or horticultural land.

LB 924 was passed by the Legislature and signed by the Governor. Provisions became effective July 14, 2006.

The Council supported the concept of LB 924.

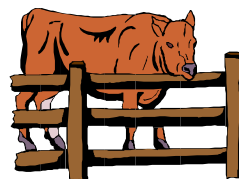
LB 975 - Livestock Waste Management Act (LWMA)

LB 975 amends the LWMA in response to a 2nd Circuit Court of Appeals decision which impacted the federal CAFO rule. LB 975 eliminates the requirement that all large animal feeding operations need an NPDES permit and institutes a state construction and operation permit program. LB 975 was passed by the Legislature with the emergency clause and signed by the Governor. Provisions became effective March 23, 2006.

The Council monitored LB 975.

LB 990 - Nebraska Advantage Rural Development Act

LB 990 amends the Nebraska Advantage Rural Development Act to provide tax credits for livestock facility modernization or expansion. Under the bill, producers who are engaged in livestock production and have submitted an approved application would receive tax credits for investments and modernization of livestock facilities. A producer would receive a 10% credit for each \$50,000 investment for livestock expansion or modernization. It was advanced to General File by the Revenue



Committee with an amendment to put a cap of \$300,000 on the investment, in essence, limiting the credit to \$30,000.

LB 990 was passed by the Legislature and signed by the Governor. Provisions became effective July 14, 2006.

The Council supported LB 990.

LB 1007 - Motor Carrier Transportation Contracts

The final version of LB 1007 contained the original intent of LB 905 which would prohibit certain exculpatory clauses in motor carrier transportation contracts. A contract provision that would require a motor carrier transporter to indemnify a promisee for negligence or intentional acts or omissions by the promisee is against the public policy of the state and is unenforceable under provisions of LB 1007. Cooperatives are included under the definition of "motor carrier."

LB 1007 was passed by the Legislature with the emergency clause and signed by the Governor. Provisions became effective March 7, 2006.

The Council opposed LB 1007.

LR 441 - "25 by '25"

Legislative Resolution 441 makes a series of observations regarding the potential benefits for economic development, environmental stewardship, and agricultural profitability of development of renewable energy as a component of an energy security strategy and declares the Legislature's endorsement of meeting 25% of our nation's energy needs from agricultural resources by the year 2025. The resolution was adopted by the Legislature on a 38-0 vote on April 13.

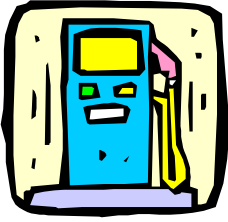
The steering committee for the 25 x '25 effort subsequently contacted statewide organizations asking them to adopt resolutions supporting the 25 x '25 effort.

The Council's Board of Directors adopted a resolution supporting 25 x '25 at its July 2006 meeting.

State Regulations

DIESEL FUEL SHORTAGE

This summer many of the fuel terminals in the state experienced spot shortages of diesel fuel. Due to the high usage for irrigation coupled with a refinery shut down for routine maintenance, diesel fuel supplies for the week of July 17 were particularly tight. During that week, a number of terminals in central and eastern Nebraska were completely out of diesel fuel.



This shortage was not nationwide but was limited to terminals in central and eastern Nebraska. Because these terminals were out of diesel fuel, drivers were forced to go to other terminals further from home to pick up diesel fuel. This increased travel, coupled with the fact that drivers were having to wait in line (due

to increased volume at terminals that had diesel), created an "hours of service" problem for fuel truck drivers.

To help resolve this problem the Council, along with other stakeholders in the petroleum industry, contacted the Governor to determine if the "hours of service" regulations could be waived during this critical portion of the growing season. On July 21, the Governor's office announced that the "hours of service" regulation for drivers transporting diesel fuel were waived for one month. Fortunately, much of central and eastern Nebraska received rain during the middle of August which allowed producers to shut down wells, which in turn allowed the terminals to build supplies of diesel fuel.

PATRON INVESTMENT PROGRAMS

We will continue to monitor future Department of Banking and Insurance proposed regulations dealing with cooperative patron investment programs. In the past, we have seen various proposals that would have made compliance very difficult and costly for locals with such programs. These proposals were generally supported by non-cooperative stockholders. Historically, about every two to three years, the Department undergoes a regulation addressment of same.

As President Harry Truman said, "I know all about experts. An expert is a fella who is afraid to learn anything new because then he wouldn't be an expert anymore."

NEBRASKA COOPERATIVE COUNCIL MISSION STATEMENT

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

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



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Federal Issues

ANTITRUST MODERNIZATION COMMISSION / CAPPER-VOLSTEAD ACT

The Antitrust Modernization Commission (AMC) is authorized by Congress to study the issue of whether certain antitrust exemptions warrant continuation. One of the exemptions being studied is the exemption allowing cooperatives to exist.

The Council is working with other stakeholders to strongly support protecting the rights of farmers to join together in cooperative self-help efforts as afforded under the Capper-Volstead Act. We strongly advocate that the special AMC established by Congress recommend that the protections afforded to farmer cooperatives under the Capper-Volstead Act, the Agricultural Marketing Act, and other related statutes be maintained.

The AMC heard testimony from a panel of expert witnesses on antitrust immunities and exemptions. One of the commissioners and two of the panelists expressed opposition to antitrust immunities for farmers claiming that food prices for consumers were higher because of these exemptions and that the original rationale for these exemptions no longer exists. A proposal was offered for a method for Congress to analyze immunities and exemptions, including requiring proponents of an exemption to justify its costs; imposing time limits on exemptions; and performing a cost-benefit analysis for each exemption.

The Commission is to report its findings and recommendations to Congress by Spring 2007. However, it appears to have reached consensus on several of its findings and recommendations:

- Immunities and exemptions from the antitrust laws should be disfavored.
- Courts should construe all immunities and exemptions narrowly and against the beneficiary.
- Only narrow immunities with procedural safeguards should be granted by Congress.
- The Federal Trade Commission should be authorized to study the competitive effects of and justifications for immunities and exemptions.
- All immunities should be subject to sunset provisions.

PENSION PROTECTION ACT OF 2006 / MULTIPLE EMPLOYER PLANS

The Council has been working with Nebraska's congressional delegation to ensure farmer cooperatives who provide

"defined benefit pension" plans to their employees the ability to provide this valued benefit to their employees on a cost-effective basis. It should be noted that the Co-op Retirement Plan, administered by the United Benefits Group, is a "defined benefit plan." It should also be noted that the Co-op Retirement Plan is structured as a "multiple employer plan." In essence, there is much less financial risk to the Pension Benefit Guaranty Corporation.

On August 3, the Senate gave final approval to the Pension Reform legislation (HR 4, the Pension Protection Act of 2006). The House had approved this just prior to its August recess. The legislation in general requires pension plans to be

fully funded over a 7-year period. It would also permanently replace the 30-year Treasury Bond with the use of interest rates based on a combination of high-yield corporate bonds.

HR 4 is 907 pages long and is subject to varied interpretations. The legislation, as passed, contains provisions for cooperatives within a "multiple employer plan." The cooperative sector was in large part successful in convincing Congress that "multiple employer plans" contain less risk upon the Pension Benefit Guaranty Corporation. Specifically, the bill would (a) provide special transition rules by delaying the effective date to meet the new funding requirements until January 1, 2017; (b) provide an exemption from certain new funding requirements and restrictions

during the transition period; and (c) allow the use of long-term interest rates on corporate bonds to determine pension liabilities (beginning in 2008).

HR 4 also allows the same "multiple employer plans" to use a somewhat higher discount rate for the purpose of calculating funding requirements. In essence, the new rules will help co-op "multiple employer plans," like the Co-op Retirement Plan, avoid the contribution spikes in 2008, 2009, and 2010 that many other plans will experience. Hewitt Associates, actuaries for the Co-op Retirement Plan, have predicted contribution rates as high as 15% of payroll in those years without the special exemption for co-op "multiple employer plans."

The President signed HR 4 on August 16, 2006, and with that signature, nearly 750 farmer cooperatives and 50,000 participants in multiple-employer pension plans will benefit from this new legislation.



UNL Education Position Staffing

BACKGROUND

In October of 2004, we learned that the IANR administration had changed Dr. Darrell Mark's responsibilities/assignment from "extension" to "undergraduate education." By such, he would not continue to serve as the cooperative education specialist with the Ag Economics Department.

Darrell served as the successor to Mike Turner and was hired in January of 2002. Mike retired on December 31, 1999, so in essence this position has been in some form of transition for 6½ years.

MEETING SUMMARIES

On February 21, 2005, a meeting was conducted to discuss the future of this position. The Council's Board of Directors, Fund For Excellence Committee (FFE), and Educational Advisory Committee (EAC) met with key University personnel including Dr. John Owens, IANR Vice Chancellor.

During the meeting, Dr. Owens advised that the University had experienced severe budget cuts over the past 4 years and a new problem was on the horizon—undergraduate enrollment. We were advised that the Ag College is in the midst of an 8-year decline. If this trend is not reversed, the budget for the Ag College would become even more restricted.

University officials then laid out a plan for the University to meet the Council's educational needs. In the short term (2-3 years), the University would work with Mike Turner, Roger Ginder, and Darrell Mark to facilitate Council education programs.

Owens then addressed the long-term solution to Council educational needs. His vision included forming some type of consortium with other states to address

cooperative education in the region. Owens then indicated that the Council needed to identify our needs so as a consortium is put together, it can be designed to meet our needs.

We developed a white paper discussing the pros and cons of various staffing approaches. A letter was sent to John Owens on April 18 expressing our desire to see the University hire a PhD candidate for the "Cooperative Extension" position in the Ag Economics Department.

In May of 2005, Council staff met with Alan Baquet who was slated to

needs and was not in compliance with the FFE agreement that we have with the University of Nebraska.

In order to raise the level of these discussions, the Council requested a meeting which was held on February 17, 2006, with University President J.B. Milliken, UNL Chancellor Harvey Perlman, and IANR Vice Chancellor John Owens.

This meeting gave us the opportunity to share our views on the necessity of refilling the "Cooperative" position with the top leadership of the University system. We indicated that not filling this

critical position, in essence, would be a failure of the University to fulfill the land grant mission. This meeting proved critical in moving the process forward.

NCC DISTINGUISHED PROFESSORSHIP IN AG ECONOMICS

Throughout March and April, Andersen continued to communicate with Dr. Baquet to resolve issues relating to

providing staff for cooperative education programs. We discussed creating a "Chair" position, which by University standards is the highest ranking, or a "Professorship" position to meet our needs. Ultimately we agreed to a bit of a "hybrid" by creating the "Distinguished Professorship" position. By creating this position, we were able to elevate the position above a "Professorship," while still being able to fund the position with our current FFE.

On May 3, 2006, the Council's Board approved a proposal to create the "NCC Distinguished Professorship in Ag Economics." The proposal requires the Council to provide annual payments of \$18,500 over the next 5 years for base salary, benefits, and travel. The Agreement requires a time commitment of up

Providing independent, professional expertise for cooperative research and education programs is absolutely essential. With the creation of the NCC Distinguished Professorship, we will be assured of having this expertise available.
~Board Charman Dale Piper

become the Ag Economics Department Head on July 1, 2005. We provided Alan with the background on the Council/University partnership over the years and the importance this partnership has had on cooperatives across the state.

In November 2005, Dr. Baquet addressed the entire membership and indicated that, due to budget cuts and the new department funding formula, rehiring for the "Cooperative" position was not an option in the short term and probably not in the long term.

Dr. Baquet proposed a system whereby he would serve as the contact person at UNL, and he would help provide the appropriate staff members for our educational programs. We believed this plan fell far short of our

to 25% of the staff time to work on cooperative issues, including the Council's education programs. The proposal requires the concurrence of the University of Nebraska Foundation, University of Nebraska IANR, the University of Nebraska Ag Economics Department, and NCC.

In negotiations with Dr. Baquet, **Dr. Dennis Conley** was identified as the individual who

possessed the skills necessary for this position. Dr. Conley has a long history of research efforts in the grain industry as well as work experience in a



Dr. Dennis Conley

regional cooperative and a state council. Subsequently, Dr. Conley agreed to change his research and extension time allocation and to assume these new responsibilities.

SUMMARY

This brings to a successful closure the availability of an independent third-party cooperative discipline with expertise and knowledge of ag cooperatives with extension responsibilities within the Department of Ag Economics for the next 5 years.

From the time line above, you can see that we worked on this issue for over 1½ years. In this time frame, the meeting with President Milliken was the critical turning point in our negotiations. I'd also point to the hard work of Dr. Baquet in helping us resolve this issue.

Under our old agreement, we were providing annual payments of \$12,500 with no guarantee of having staff for our educational programs. Under the new agreement, we will be guaranteed a senior Ag Economics staff member to work with our educational programs and other cooperative issues with 25% of his time allocated for these efforts. This time

commitment will allow us to maintain that "third-party independent" facilitator for our educational programs as well as the program that we work on together with Iowa. In order to receive this guarantee, our commitment to the University increased to \$18,500 annually.

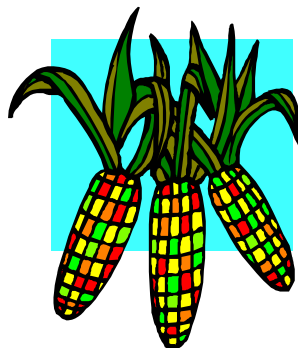
WHAT DOES THE FUTURE HOLD?

This new agreement is for 5 years. Ironically when this agreement expires in 2011, Roger Ginder, Ag Economist from Iowa State University, will also be reaching retirement age. This could potentially be a major crossroads for our multi-state agreement with Iowa.

We are communicating with our counterparts in Iowa to hopefully help them prepare for a major transition when Roger retires. Since Mike Turner announced his retirement in 1998, we have been through a lot. Hopefully our experiences can help them prepare for a major transition.

It is also important to point out that while the FFE can currently meet the annual \$18,500 commitment, it does not allow for fund growth or funding for many other projects. Fund growth is important because in 5 years when we need to renegotiate with the University, we will more than likely have to increase our contribution.

Funding for projects through the FFE has also been beneficial for cooperatives. In the past few years, we have utilized funds for the Cooperatives For Tomorrow program, video and software development, and research projects focused on cooperatives.



NCC Member Cooperatives by the Numbers*

49	supply/marketing cooperatives who are Council members
11	regional cooperatives operating in Nebraska
59,291	total voting members of cooperatives
\$2.99 billion	total sales of local supply/marketing cooperatives
\$48 million	net savings generated by local cooperatives
\$1.2 billion	total assets of cooperatives
4,500	cooperative employees (full and part-time)
\$97 million	employee payroll
\$32 million	investment in new equipment and facilities in past year
\$17.7 million	patronage refunds paid out in past year
\$6.7 million	equity redemption in past year
\$9 million	income taxes paid in past year
\$4 million	property taxes paid in past year

*from 2006 NCC membership survey

New Generation Cooperatives Task Force

BACKGROUND

Over the last 5 years, there have been increasing legislative activities on the state level resulting in the adoption of laws commonly known as “New Generation Cooperative Laws.” The first state to enact such a law was Wyoming in 2001 with Minnesota following in 2003, Tennessee and Iowa in 2005, and most recently Wisconsin in 2006.

In November 2005, in conjunction with the Nebraska Cooperative Council’s Annual Meeting, the Board of Directors announced the establishment of a New Generation Cooperatives Task Force (NGCTF) whose mission was to fully study, critique, and evaluate the advantages and disadvantages of Nebraska pursuing same and to submit a final recommendation to the Board.

As a result of the increasing number of states that have adopted New Generation Cooperative (NGC) laws, the National Conference of Commissioners on Uniform State Laws (NCCUSL) has undertaken the development of a Uniform Cooperative Association Act.

In the 1990s “value-added” agriculture became an increasingly popular topic among agricultural producers. Agricultural producers increasingly desired to be able to keep more of the value of the commodities they produced as those commodities moved through the stream of commerce. Farmers began investing money and committing their agricultural production to enterprises such as bean crushing plants, ethanol plants, flour processing facilities, etc.

In order to purchase or construct the physical assets necessary to participate in value-added agriculture, farmers realized that the largest hurdle they had to overcome was raising sufficient capital to adequately fund the enterprise. Initial value-added ventures typically followed the traditional cooperative model as prescribed by Capper-Volstead. Consequently, the organizers were limited by

the requirement that the cooperative be farmer owned and controlled and that any return on investment (in excess of patronage allocations) be limited to 8% annually. Given the start-up costs of many of these ventures, the limitations on ownership and return on investment that exists with the traditional cooperative model became an impediment to acquiring sufficient capital investment for a successful venture.

Consequently, in an effort to create a business model that remained farmer owned, but allowed non-farmer investment, the NGC model was developed.

TASK FORCE MEETINGS

The first two meetings of the Task Force focused on reviewing Nebraska statutes, statutes that have been adopted in other states, and the NCCUSL report.

Bill Oemichen (Wisconsin Federation of Cooperatives) and Drue Sander (Iowa Institute for Cooperatives) spoke as proponents of state laws creating NGCs. Randy Torgerson (retired-USDA) spoke as an opponent to any changes to existing cooperative law.

The meetings included an in-depth response by legal counsel of those questions raised and a review of the envisioned NCCUSL draft. The Task

Force has closely looked at the differences between LLCs and NGCs and the “key provisions” within those states which have adopted NGC statutes.

During this time frame, Attorney Weber and Andersen met with UNL Chancellor Perlman, a member of the NCCUSL. Chancellor Perlman was very interested in hearing what the position of the Council and its membership was.

Perlman indicated that the NCCUSL agreed that any uniform cooperative law should include a definition of cooperative values and that entities formed under the Act should be required to adhere to those values.

The drafting committee will meet in December 2006 to continue work on the draft and likely will meet again in the spring of 2007. NCCUSL hopes to hold a final reading of the Act next summer, and it then would be presented to the states for their consideration in the Fall of 2007.

FINAL TASK FORCE MEETING

The NGCTF met on August 23 to determine what, if any, recommendation they would submit to the Council’s Board of Directors.

Throughout this study, the Task Force members have spent considerable time formulating questions that address



A portion of the New Generation Task Force at the Omaha meeting.

the benefits or limitations of introducing new cooperative legislation for Nebraska. Considerable research has been done by our legal counsel to provide answers to these critical questions that have been raised. Throughout the process, the group has maintained that any recommendations will have to meet the following criteria:

1. Any statute change must be beneficial to Nebraska's farmers/ranchers and cooperatives.

2. Any changes to statutes must not adversely impact current supply/marketing cooperatives.

At the conclusion of the final meeting, the NGCTF adopted a resolution recommending that the Nebraska Cooperative Council Board of Directors proceed with the preparation and introduction of legislation in Nebraska to adopt a NGC Act generally consistent with the uniform proposal currently being considered by the NCCUSL.

MEMBERSHIP INFORMATIONAL MEETINGS

In order to gather input from the membership and inform them on the action of the Task Force, member informational meetings were held at three sites across the state during the last week of August. During these meetings, we provided members with a summary of the discussions of the Task Force and the progress of NCCUSL.



2005/06 Membership...

(members who paid dues for the 2005/06 fiscal year)

SUPPLY/MARKETING COOPERATIVES

Ainsworth - Farmers/Ranchers Co-op Assn
 Alliance - WESTCO
 Aurora Co-op Elevator Co
 Axtell - Keene Co-op Grain & Supply Co
 Battle Creek Farmers Co-op N/S
 Beatrice - Southeast Nebraska Co-op Co
 Big Springs - Farmers Co-op Elevator Assn
 Brainard - Frontier Co-op Co
 Brule - Farmers Co-op Assn
 Cedar Bluffs - Farmers Union Co-op Assn
 Clarkson - Farmers Union Co-op Supply Co
 Columbus - Husker Co-op
 Dodge - Co-op Supply Inc N/S
 Dorchester - Farmers Cooperative
 Edison - Ag Valley Co-op, N/S
 Elmwood - Midwest Farmers Co-op
 Elsie - Hi-Line Co-op Inc
 Eustis - Farmers Co-op Assn
 Fairfield N/S Co-op Fertilizer
 Firth - CountrySide Co-op
 Friend - Farmers Union Co-op Co
 Funk - Midland Co-op
 Gothenburg - All Points Co-op
 Guide Rock - Farmers Union Co-op Co
 Hastings - Heartland Co-op
 Hayes Center - Hayes County Farmers N/S Co-op
 Hemingford - Farmers Co-op Elevator Co
 Henderson Community Co-op Assn
 Holdrege - Agri Co-op
 Imperial - Frenchman Valley Farmers Co-op
 Kearney - Farmers Union Co-op Assn
 Kimball - Farmers Elevator Co, A Co-op
 Lindsay - Farmers Co-op Assn
 Merna - Farmers Co-op Grain Co
 O'Neill - Central Valley Ag Co-op N/S
 Pilger - Farmers Co-op
 Ravenna - Farmers Co-op Assn
 Schuyler Co-op Assn
 Scottsbluff - Panhandle Co-op Assn
 Shelby - United Farmers Co-op
 Sidney - Crossroads Co-op Assn
 Spalding - Country Partners Co-op
 Stapleton - Logan County Co-op Oil Assn
 Talmage - Farmers Co-op Co
 Trenton - Farmers Co-op Grain & Supply Co
 Upland Farmers Union Co-op Inc
 Wauneta Co-op Oil Co
 Waverly - Farmers Co-op Co

RURAL ELECTRIC COOPERATIVES

Alliance - Panhandle Rural Electric
 Grant - Midwest Electric Co-op Corp
 O'Neill - Niobrara Valley Electric

TRANSPORT COOPERATIVES

Gothenburg - Co-op N/S Transport Inc.
 Grand Island - Central Co-op N/S Transport Co.

TELEPHONE COOPERATIVES

Blue Hill - Glenwood Telephone Membership Corp

OUT-OF-STATE SUPPLY/MARKETING COOPERATIVES

Hiawatha KS - AgPartners Co-op, Inc.

LIVESTOCK MARKETING AGENCY

Producers Livestock Marketing

PARTICIPATING MEMBERS

Ag Processing Inc
 Associated Milk Producers Inc
 CHS Inc
 CoBank
 Co-op Mutual Insurance Co
 Dairy Farmers of America, Inc
 Farm Credit Services of America, Inc
 Four Points Federal Credit Union
 Growmark, Inc
 Land O'Lakes, Inc
 Nebraska Turkey Growers Co-op

SUPPORTING MEMBERS

ADM (Archer-Daniels-Midland)
 Ag States Group, LLC
 Agriliance
 Associated Benefits Corporation
 Capital Recovery, Inc
 EBM Construction, Inc
 FC Stone, LLC
 Flag LP
 Frisbie Construction Co, Inc
 Gardiner Thomsen CPAs
 Horst & Associates, PC
 Innovative Solutions Group, Inc
 Lincoln Inspection Service
 McPherson Concrete Storage Systems, Inc
 Milliman, Inc
 Nebraska Corn Board
 Nebraska Rural Radio Assn (KRVN/KNEB/KTIC)
 Pawling, Finn & Torell, CPAs LLC
 Stevenson & Associates
 United Suppliers, Inc
 VistaComm