

# Nebraska Cooperative Council



# 2007-08 Annual Report



# Chairman/President's Report



Jim Chism, NCC Board Chairman, and  
Bob Andersen, NCC President

As you review this year's Annual Report, we think it's important to focus upon the past, present, and future. One cannot chart the future without a strong understanding of both the past and the present.

In 1945, a group of 20 Nebraska cooperative leaders met in Lincoln to discuss forming an organization of local cooperatives. At that time, local cooperatives in Nebraska and nationwide were under severe attack from a group called the National Tax Equality Association which had organized a national campaign advocating that cooperatives were receiving unfair tax advantages. Those Nebraska cooperative leaders were visionary as they understood that Nebraska needed to have a voice in the public discussion if they were to have a future in Nebraska. As a result, the Nebraska Cooperative Council was formally organized in 1945. The original Articles of Incorporation stated that the Council was *to do any and all things necessary to defend, protect and enhance the agricultural cooperative movement for the mutual benefit of Council members.*

Since the 1940's, agriculture and cooperatives in Nebraska have faced many tumultuous times. The 1980's were certainly a stressful time, and the price volatility of the past two years has required people to do things different. If we look back to 1978, the Council had 270 local cooperative members and by 1988 there were 168. As of this past year, there were 45. These 45 members operate over 350 branch operations statewide. So while there is

a significant reduction in the number of cooperatives, the number of communities and farmers served has remained high.

Henry Ford is quoted as saying, "Coming together is a beginning; keeping together is progress; working together is success." As we look to the future, producers will have to continue to work together in order to be relevant in the market place. Just as farmers need to work together, so must the entire cooperative community....from local cooperatives to regional cooperatives to financial and insurance cooperatives to the Nebraska Cooperative Council.

In these volatile times, the difference between success and failure can be very thin. These are times when the synergies of working together can be the difference in your future.

The cooperative movement in our state has been able to become extremely prominent due to the hard work, leadership, and vision of many of

*"Coming together is a beginning; keeping together is progress; working together is success."*  
-- Henry Ford

our predecessors. In addition to these qualities, our predecessors also understood the value of working together, and today we are seeing the results of their vision.

This past year, your Council again conducted Member Input Meetings across the state to assist in planning for the future. These meetings are structured to generate candid input and guidance directly from the members as to the Council's internal strengths and weaknesses and those external threats and opportunities. Members placed high value upon the Council's educational, legislative, and regulatory programs. The members didn't want to see any diminishment of programs and voiced their strong support of

program emphasis. It is recognized that as the redeployment of cooperative assets continues in Nebraska, it will require greater financial support to maintain these programs to meet the membership's expectations.

The Council's mission of defending, protecting, and enhancing the agricultural cooperative movement is just as important today as it was in 1945. As the redeployment of cooperative assets continues, and as we position the Council for future challenges, we will strive to provide strong educational training programs and opportunities for local directors to meet their everchanging needs. We also realize that as the influence of Douglas, Sarpy, and Lancaster counties increases, we need to work harder and closer with those urban legislators in the policy development of issues that affect cooperatives. And, finally, as the regulatory issues become more complex and cumbersome, we need to have a strong voice in addressing those inherent challenges that affect cooperatives. Each of these programs will require stronger emphasis.

At the same time, it is extremely important that

our programs remain driven by grassroots support, so we encourage you to take part in all Council programs and activities to ensure that the Council meets your needs. Our organization can only be strong if you participate to the fullest degree.

In closing, we want to assure you that the Council's Management Team is committed to fulfilling the Association's afore listed mission and to ensuring that the Association is a valued and important stakeholder to both the membership and cooperative movement.

  
Jim Chism

  
Robert Andersen

# 2007/08 Council Leadership

## BOARD OF DIRECTORS

### DISTRICT I



David Briggs (*Vice Chair*)  
WESTCO  
Alliance



Jim Chism (*Bd Chair*)  
Frenchman Valley Co-op  
Imperial



Bruce Favinger (*Secretary*)  
Cooperative Producers Inc  
Hastings



Tom Hansen  
Ag Valley Co-op  
Edison

### DISTRICT II



Jerrell Dolesh  
Battle Creek Farmers Co-op  
Battle Creek



Eric Johnson  
Central Valley Ag Co-op  
O'Neill



Randy Robeson  
Frontier Co-op Co  
Brainard



Ron Velder  
Farmers Cooperative  
Dorchester

### PARTICIPATING MEMBER



Mike Hechtner  
CoBank  
Omaha

## COMMITTEES

### LEGISLATIVE ADVISORY COMMITTEE

Bob Andersen ..... Nebraska Cooperative Council (*Co-chair*)  
David Briggs ..... WESTCO, Alliance (*Co-chair*)  
Birger Benson ..... Aurora Co-op Elevator Co  
Jerrell Dolesh ..... Battle Creek Farmers Co-op  
Tom Hansen ..... Ag Valley Co-op, Edison  
Mike Maranell ..... Ag Processing Inc., Omaha  
Tom Redman ..... United Farmers Co-op, York  
Ron Velder ..... Farmers Cooperative, Dorchester  
Bruce Younglove ..... CHS Inc., Lincoln  
Jim Chism ..... Frenchman Valley Co-op, Imperial (*ex-officio*)

### EXCELLENCE IN COOPERATIVE EDUCATION COMMITTEE

Bruce Favinger ..... Cooperative Producers Inc., Hastings (*Chair*)  
Tod Clark ..... Farmers Co-op Elevator Co, Hemingford  
Jay Geu ..... Frenchman Valley Co-op, Imperial  
Mike Hechtner ..... CoBank, Omaha  
Russ Herink ..... Cooperative Supply Inc., Dodge  
Eric Johnson ..... Central Valley Ag Co-op, O'Neill  
Don Lien ..... Agri Co-op, Holdrege  
Mike Maranell ..... Ag Processing Inc., Omaha  
Randy Robeson ..... Frontier Co-op Co, Brainard  
Dr. Dennis Conley ..... University of Nebraska-Lincoln (*ex-officio*)  
Jim Chism ..... Frenchman Valley Co-op, Imperial (*ex-officio*)  
Ed Woeppel ..... Nebraska Cooperative Council

### NCC-POLITICAL ACTION COMMITTEE

David Briggs ..... WESTCO, Alliance (*Chair*)  
Todd Christensen ..... Agri Co-op, Holdrege  
Doug Derscheid ..... Central Valley Ag Co-op, O'Neill  
Bob Fifield ..... Cooperative Producers Inc., Hastings  
Ed Foster ..... All Points Co-op, Gothenburg  
Ron Hunter ..... Ag Valley Co-op, Edison  
Jason Richters ..... United Farmers Co-op, York  
Greg Sabata ..... Frontier Co-op Co, Brainard  
Bill Schuster ..... Aurora Co-op Elevator Co  
Ron Velder ..... Farmers Cooperative, Dorchester  
Jim Chism ..... Frenchman Valley Co-op, Imperial (*ex-officio*)

### HALL OF FAME COMMITTEE

Al Kalkwarf ..... Lincoln (*Chair*)  
Terry Rowe ..... Smithfield (*Vice Chair*)  
Virgil Harms ..... Blue Springs  
Ted Kessner ..... Lincoln  
Mike Turner ..... Lincoln  
Jim Chism ..... Frenchman Valley Co-op, Imperial (*ex-officio*)  
Bob Andersen ..... Nebraska Cooperative Council (*ex-officio*)

## STAFF

Bob Andersen ..... President  
Ed Woeppel ..... Education & Program Director  
Glenda Gaston ..... Office Manager/Administrative Assistant  
Deb Mazour ..... Program Coordinator/Administrative Assistant

# NCC Political Action Committee

The NCC-PAC has had a busy year due to the state senatorial election cycles. This fall, 26 seats are up for election with 15 of the seats being a result of term limits. In addition, 14 of these seats are from Douglas, Lancaster, and Sarpy counties.

The Council's PAC, which was established in 1999, conducted 31 candidate interviews over a four-day period this summer. Interviews were held in Omaha, Lincoln, and Lexington.

Each of the interviews not only allowed for the committee to hear from candidates, but at the same time provided committee members with the opportunity to inform candidates about cooperatives. We shared with the candidates the size and scope of cooperatives and how cooperatives differ from other business models. Many of the candidates were surprised to learn of the size and scale of today's cooperatives.

These interviews provide a strong platform for gaining access to state senators. They are the first step in developing a working relationship with these policy makers.

The PAC was created to help us gain access with legislators, both rural and urban. Of course, with the continuing growth in population in the Omaha and Lincoln areas, more legislative seats will ultimately shift to urban senators. The PAC allows us to educate these senators and to develop relations that will be beneficial during the legislative session.

## THANKS

Our thanks to the NCC members listed below for providing voluntary PAC contributions for the 07/08 fiscal year. Your support of the NCC-PAC allows the Council to establish and maintain open dialogue with all of our state senators and their staff.

Ainsworth	Elmwood	O'Neill
Alliance	Elsie	Ravenna
Alliance REA	Eustis	Scottsbluff
Aurora	Fairfield	Sidney
Battle Creek	Firth	Spalding
Beatrice SE	Gothenburg	Stapleton
Big Springs	Gothenburg TR	Waverly
Brainard	Hastings	York
Cedar Bluffs	Hemingford	AGP
Clarkson	Henderson	FC Stone
Columbus	Holdrege	KRVN
Dodge	Imperial	Land O'Lakes
Dorchester	Kimball	NE Turkey Growers
Edison	Lindsay	Stevenson & Assoc., LLC-CPAs

*"If your interests aren't special to you, then you're in the wrong business!"*

*- Rep. Charlie Stenholm*

## NCC Member Cooperatives by the Numbers\*

<b>93%</b> NE cooperatives which are Council members	<b>\$44 million</b> total patronage refunds returned to members in past year
<b>44</b> Local supply/marketing co-ops which operate: <b>44</b> headquarter locations <b>353</b> branch locations in NE <b>37</b> branch locations out of state	<b>\$4.36 billion</b> total sales of local supply/marketing co-ops
<b>3</b> Rural Electric co-ops	<b>\$100.5 million</b> net savings generated by local co-ops
<b>2</b> Transport co-ops	<b>\$2.3 billion</b> total assets of local supply/marketing co-ops
<b>1</b> Telephone co-op	<b>over 5,000</b> employees (full and part-time)
<b>1</b> Out-of-state co-op with a branch in Nebraska	<b>\$176 million</b> employee payroll (with benefits)
<b>1</b> Livestock Marketing Agency	<b>\$97 million</b> investment in new equipment and facilities in past year
<b>12</b> Participating Members	<b>\$11.1 million</b> equity/estate redemption in past year
<b>23</b> Supporting Members	<b>\$21.6 million</b> federal/state income taxes paid in past year
<b>67,016</b> total voting members of local supply/marketing co-ops	<b>\$7.1 million</b> property taxes paid in past year

\*as of 8/31/08

# 2007 Hall of Fame Inductees

The Nebraska Cooperative Council added two new members to the Cooperative Hall of Fame with induction ceremonies held during the noon luncheon of the Council's Annual Meeting on November 16, 2007, in Kearney.

With these two new members, the Hall of Fame is now home to 47 members.

Both inductees were presented with a framed certificate commemorating their induction into the Hall of Fame. In addition, a plaque outlining each of the inductee's accomplishments is permanently displayed at the Council's office in Lincoln.

Each of this year's inductees provided substantial leadership for his respective cooperative. A summary of their accomplishments are:

**Gail Hall...**Gail spent 35 years working in cooperatives, beginning in 1964 in Sargent, Nebraska. In 1972 he moved to the Lexington cooperative, and in 1979 he became General Manager of Lexington Cooperative Oil. During Gail's tenure as General Manager, total sales and the number of patrons increased due to new innovative programs that the cooperative implemented under Gail's leadership. Gail was also instrumental in the formation of several joint ventures which allowed the cooperative to leverage its equity for the benefit of members. Gail also provided significant leadership above the local level. He served on the Board of Directors

for Farmland Industries for 12 years and has provided leadership by serving on the Legislative, Educational, and Hall of Fame Committees for the Council and the NCC Education Foundation Board. Education was a very high priority for Gail, and he always made sure directors, young farmers, and youth in the community were aware of and attended programs designed to help each group succeed.

**Gerald Bohling...**Gerald's record of service to others has spanned his entire life beginning with serving his country in the U.S. Army from 1954-1956. He began farming in 1956 and quickly developed a loyalty to cooperatives. In 1977, he was elected to the board of the Elkhorn Valley Cooperative and served on the local board until 1995. From 1979-1995 he served as chair of the board. Gerald also served on the board of the Nebraska Cooperative Council from 1985-1989. In addition to these boards, Gerald served on ad-hoc committees for Farmland Industries and on

CoBank's National Advisory Committee. While serving as the local cooperative board chair, Gerald realized that in order for the co-op to grow and be able to serve its members, it would need to work with other neighboring cooperatives. As board chair, Gerald worked diligently to instill an atmosphere of cooperation with all those he worked with.

Congratulations on these outstanding cooperative leaders. Their work over the years has left a positive impact on the cooperative system which we can all enjoy.



Gerald Bohling (center) with NCC Board President Bob Andersen (left) and NCC Board Chairman Dale Piper (right)



Gail Hall (center) with NCC Board President Bob Andersen (left) and NCC Board Chairman Dale Piper (right)

*"Leaders establish the vision for the future and set the strategy for getting there; they cause change. They motivate and inspire others to go in the right direction and they, along with everyone else, sacrifice to get there."*

- John Kotter

# 2007/08 Financial Statements

The financial statements below are excerpts from the complete Audited Financial Statements provided to the Council's Board of Directors and as such are deemed preliminary and subject to the Board's approval.

Financial statements will be provided to members at the Annual Meeting on November 21, 2008. They are also available for members by contacting the Council office at 402/475-6555.

# 2007/08 Membership

(members who paid dues for the 2007/08 fiscal year)

## SUPPLY/MARKETING

### COOPERATIVES

Ainsworth - Farmers/Ranchers Co-op Assn  
Alliance - WESTCO  
Aurora Co-op Elevator Co  
Battle Creek Farmers Co-op N/S  
Beatrice - Farmers Union Co-op Supply Co  
Beatrice - Southeast Nebraska Co-op Co  
Big Springs - Farmers Co-op Elevator Assn  
Brainard - Frontier Co-op Co  
Bridgeport - Stateline Bean Producers Co-op  
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  
Gothenburg - All Points Co-op  
Guide Rock - Farmers Union Co-op Co  
Hastings - Cooperative Producers Inc.  
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  
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  
Sidney - Crossroads Co-op Assn  
Spalding - Country Partners Co-op  
Stapleton - Logan County Co-op Oil Assn  
Talmage - Farmers Co-op Co  
Wauneta Co-op Oil Co  
Waverly - Farmers Co-op Co  
York - United Farmers Co-op

### 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 - Gibbon  
United Suppliers Inc.

## SUPPORTING MEMBERS

ADM (Archer-Daniels-Midland)  
Ag States Group, LLC  
Agriliance  
Associated Benefits Corporation  
Capital Recovery, Inc  
EBM Construction, Inc  
FC Stone, LLC  
Frisbie Construction Co, Inc  
Gardiner Thomsen CPAs  
Innovative Solutions Group, Inc  
Kimball Co-op Food Store  
Lincoln Inspection Service  
McPherson Concrete Storage  
Systems, Inc  
Milliman, Inc  
Nebraska Corn Board  
Nebraska Ethanol Board  
Nebraska Rural Radio Assn  
(KRVN/KNEB/KTIC)  
Pawling, Finn & Torell, CPAs LLC  
RBH Mill & Elevator Supply  
Stevenson & Associates, LLC - CPAs  
VistaComm

## FFA Cooperative Speaking Contest

For the past 57 years, the Nebraska Cooperative Council has provided support for the educational mission of the Nebraska FFA Association by sponsoring various FFA activities. We are very proud of the fact that the Council is the longest continuous sponsor of the State FFA Association.



This year, we once again sponsored the Cooperative Speaking Contest. This contest is designed to encourage students to research and prepare a speech addressing a cooperative issue. The intent being to encourage FFA students statewide to learn more about the cooperative system.

This year, 60 students participated in the district contests. From there, 15 students moved on to the state competition that was held in conjunction with the State FFA Convention on April 3-4 in Lincoln.

**Sydney Paige**, a member of the Northwest FFA Chapter in Grand Island, took top honors in the 2008 competition. Second place went to **Lauren Olberding** of the Stuart FFA Chapter. Placing third was **Kelsey Wetovick** of the Fullerton FFA Chapter.

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

**Gold:** Krystal Fessler, Waverly; Amanda Schutz, Arapahoe; and Maria Spenner, West Point

**Silver:** Rachel Arkfeld, Lourdes Central; Lacey Brandt, Humphrey; Ty McMullin, Leigh-Clarkson; and Justin Nollette, Cody-Kilgore

**Bronze:** John Bader, Centennial; Dillon Barta, Verdigre; Emily Ibach, SEM; Sara Kohles, Crofton; and Jarret Warner, Allen

## Education Programs

The Council completed another successful year of educational programming with the completion of the Board Officer Training on January 30th. This year, we had 237 cooperative directors, managers, and employees attend our programs. Twenty-eight (28) cooperatives, or 62% of our member cooperatives, took part in the programs.

The evaluations from these programs strongly showed that education continues to be a high priority for local cooperative directors and managers from across the state. Following is a rundown on the programs we offered this year.

### Director/Manager Workshops

The theme of this year's workshops was "Perceptions of the Cooperative (We Need to Talk)." The workshops addressed the perceptions of many stakeholders in the cooperative system. We interviewed a random selection of agricultural and community leaders from across the state to determine their opinion and perceptions on how cooperatives communicate with them and meet their needs.

Through these interviews and the key topics that we discussed throughout the day, participants gained an understanding of how others view cooperatives. Key points of discussion were (1) what members indicate they will need from a cooperative in the future, (2) how cooperatives can successfully communicate with members, (3) how employees can facilitate communications with members and other stakeholders, (4) what members and non-

members expect from a cooperative, (5) how other business leaders view the value that cooperatives provide for communities and suggestions they have for being strategically positioned for the future, and (6) how a Manager/CEO views communication with the cooperative.

This year, the workshops were held on December 11 in Sidney, December 12 in Kearney, and December 14 in York with overall attendance of 74 participants.

### Director Certification Program

DCP was introduced as a 3-phase program in 1978 and expanded to 4 phases in 1985 covering all aspects of the roles and responsibilities of directors and how these differ from the manager. More than 7,500 phases have been completed. This year's 21 graduates increased the total number of graduates to 1,470.

DCP is conducted annually to help directors deal with the challenges they face as decision makers. It is designed to accelerate the process by which directors become active, effective board members.

DCP was conducted January 8-9 at Kearney.



*Dr. Dennis Conley, UNL, talks to participants at the Director/Manager Workshop in Kearney.*



Instructors included Dr. Dennis Conley, UNL (Phases 1 and 4); Council Attorney Rocky Weber with Crosby Guenzel LLP (Phase 1); Dr. Roger Ginder, Iowa State University (Phases 2 and 3); Eldon Naven with CoBank (Phases 2 and 3); and Byron Ulery, retired cooperative manager from Beloit, KS (Phase 4).

Participants from 21 member cooperatives completed 84 phases.

## Special Director Seminar

A Special Director Seminar is held once every four years in rotation with the three existing Graduate Director Seminars. This year's seminar "Collaborative Leadership for Change" was presented by Dr. Leverne Barrett, Professor of Ag Leadership, Education & Communication at UNL.

This seminar combined an understanding of personality types with the concept of collaborative leadership and its impact on the ability of the management team to function effectively.

The seminar also included discussion on conflict management, problem solving, and other areas involving relationships within the board/management team, the cooperative, and the community.

Participants used the Myers-Briggs Type Indicator to identify preferences for interaction with others in the decision-making process. Discussion in the opening segment, as well as the remainder of the day, was based on leadership type as determined by the Indicator.

The SDS was held in Kearney on January 10 with 21 cooperative board members attending.

## Board Officer Training

The Board Officer Training program has consistently been one of our highest rated sessions, and this year's program proved to be no different.

The morning session was an open forum with discussion facilitated by Rocky Weber, partner with the Crosby Guenzel LLP law firm, and Dr. Dennis Conley, UNL. Numerous cooperative issues were discussed during this session, however, special interest seemed to focus on the duties and responsibilities of board members.

The afternoon was then devoted to "Providing Leadership on the Tough Issues." Byron Ulery, retired cooperative manager from Beloit, KS, addressed this topic. Mr. Ulery talked about effective communications with management, as well as effectively communicating with fellow board members.

BOT was held in Grand Island on January 30 with 25 participants.



*Attorney Rocky Weber answers questions from participants at Board Officer Training in Grand Island.*

## StrengthsFinder®

In addition to the programs geared to local cooperative directors, the Council also conducted two StrengthsFinder® workshops for individual cooperatives. We have worked with the Gallup organization to customize these workshops to help local cooperatives.

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 to whatever enterprise they are involved in.

The two workshops we provided were for the Nebraska Turkey Growers Cooperative of Gibbon in October and Frontier Cooperative Company of Brainard in February. Both of these workshops were designed for mid-management level cooperative employees to provide supervisory employees with an understanding of the StrengthsFinder® as well as how to use the StrengthsFinder® to more effectively organize, supervise, motivate, and evaluate teams of current employees.

***"The educational programming of the Council is a lifeline for local cooperative directors. Maintaining high quality programs must be a priority for the Council."***

***-- Greg Sabata, Board Chair  
Frontier Cooperative Company, Brainard***

# State Legislative Issues - 2008 Session

The mission statement of the Nebraska Cooperative Council is to defend, protect, and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication and regulatory issues. Furthermore, Article IV (d) Purposes & Powers states *"To do any and all things necessary to defend, protect, and enhance the agricultural cooperative movement for the mutual benefit of the members of the Council."*

Our primary legislative focus is cooperative specific issues, whether applicable to local supply and marketing cooperatives, rural electric cooperatives, transportation cooperatives, telephone cooperatives, or the Farm Credit System. These areas include, but are not limited to:

- ◆ Equity redemption
- ◆ Cooperative taxation
- ◆ Patronage dividends
- ◆ Cooperative voting rights
- ◆ Securities exemption
- ◆ Interest on members' equity

The Council also strives to provide leadership and input on "industry" issues which affect cooperative operations as well.

On April 17 the Legislature adjourned sine die after completing its 60-day session. All bills that remained pending at the close of the session were killed and must be reintroduced and start the process anew in a future session.

Over 825 legislative bills, resolutions, appropriation bills, and constitutional amendments were considered during the 2008 session. The following action occurred:

175 signed by the Governor and became law

4 became law after the Governor's vetoes were overridden by the Legislature

4 passed by the Legislature but vetoed by the Governor

2 failed on Final Reading

637 indefinitely postponed, withdrawn, or killed upon legislative adjournment

Following is a recap of some of the issues the Council was involved in. Much of this information was provided in *Legislative Updates* during the session. During the 2008 legislative session, we averaged mailing more than one *Update* per week.

## LB 848 - NEBRASKA LIMITED COOPERATIVE ASSOCIATION ACT (NLCAA)...

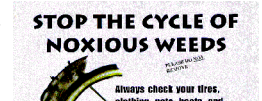
LB 848 was passed by the Legislature and signed by the Governor on April 16. Provisions became effective July 18, 2008. The bill was introduced at our request by Senator Erdman and provides a series of amendments to the NLCAA (LB 368 which passed in May 2007) to make it consistent with the Uniform Limited Cooperative Act (ULCA)—the Model Act finalized by the National Conference of Commissioners on Uniform State Laws on August 3, 2007.

Through LB 848, we are more closely aligned with the Model Act. In essence, the NLCAA which passed in 2007 provides for a new business model that utilizes the cooperative model and yet allows for investor members.

This spring, Utah also adopted a ULCA and now joins Wyoming, Minnesota, Iowa, Tennessee, Wisconsin, and Nebraska. Legislation was introduced this year in Oklahoma but was killed in committee; resurfaced and then was passed by the legislature and signed into law by the Governor.

## LB 862 - NOXIOUS WEEDS FUNDING...LB 862 as introduced would have increased funding to the Noxious Weed and Invasive Plant Species Assistance Fund (NWIPSAF) which is used

to assist county weed programs. A \$200,000 transfer from the Commercial Feed Administrative Cash Fund (CFACF) to the NWIPSAF would be required and 2¢ of the existing 10¢/ton commercial feed inspection fee would be transferred to the NWIPSAF.



The Ag Committee advanced LB 862 to General File with committee amendment AM1859 authorizing a one-time transfer of \$250,000 from the CFACF to the NWIPSAF. Additionally, AM1859 also reduced the commercial feed inspection fee from 10¢/ton to 9¢/ton.

The Council had agreed to support this on the basis that the one time transfer included a fee reduction. Senator Heidemann, Chair of the Appropriations Committee, requested that the fee reduction portion of the amendment be taken out, not that he opposed the reduction but he did not want to set the precedent of using the budget bills, specifically the transfer bill (LB 961) to accomplish substantive purposes other than fund transfers.

LB 961 with the transfer amendment (AM2427) was passed by the Legislature and signed by the Governor.

## LB 1145 - PETROLEUM RELEASE REMEDIAL ACTION CASH FUND (PRRACF)...

Provisions of LB 1145 became effective July 18, 2008. Introduced by Senator Loudon, LB 1145 extends the date for reimbursement costs from the PRRACF from June 30, 2009 to June 30, 2012. These funds are used for cleaning up petro-

leum releases that have occurred all across the state. This program is self-funded and has proven to be a very effective way to deal with cleanups from petroleum releases.

### **LB 805 - PROPANE EDUCATION & RESEARCH COUNCIL**

**(PERC)...**The bill was signed by the Governor on April 16 with provisions effective July 18, 2008. Introduced by Senators Wallman and Avery, LB 805 expands the possible PERC membership by allowing manufacturers and distributors of LPG equipment who reside in other states to be members of PERC. This bill was introduced because the industry was having a hard time filling the seats because there are few manufacturers and distributors of propane equipment that reside within Nebraska.

### **LB 837 - RAILROAD**

**CROSSINGS...**The bill was signed by the Governor on April 21 with provisions effective July 18, 2008. LB 837 was introduced by Senators Karpisek and Loudon to repeal legislation passed in 2006 (LB 79) which required that any public railroad crossing without gates, signals, alarm bells, or warning personnel located within 1/4 mile of a public railroad crossing with any one of those safety features be closed unless it is the only access to the property. It would also have repealed a companion provision that allowed a party to object to a closure required by this statute only if a professional engineer made a written request to the Department of Roads.



In 2006, the Council opposed LB 79 because the forced closing of railroad crossings could potentially adversely affect cooperatives' business operations. We supported LB 837 to

repeal same.

LB 837 was advanced from committee with amendment AM1767 which essentially reinstated the provisions of LB 79 as amended to include a clause to allow a rail crossing to remain open if a professional engineer provides an opinion stating the crossing is safe.

While this may appear to be a positive development, our legal counsel has indicated that in today's litigious society, it may be difficult to find a professional engineer that would provide that opinion.

### **LB 819 - UNEMPLOYMENT TAXES/ELECTRONIC FILING REQUIREMENT, MENTAL HEALTH CLAIMS...**

LB 819 would have required employers with \$100,000 or more in annual payroll to electronically file unemployment taxes, wage reports, and reimbursements in lieu of contributions beginning January 1, 2010. Current statutes require only employers with \$500,000 or more in annual payroll to e-file. However, the bill also allows for an exemption if this creates a hardship on the employer.

During floor debate, an amendment was offered by Senator Cornett which essentially expanded workmens compensation benefits for mental injuries and mental illness unaccompanied by physical injury for employees who are first responders (originally introduced as LB 1082 which had failed to advance from Select File earlier in the session). This amendment was ultimately attached to LB 819. The Council is a member of the Nebraskans for Workers' Compensation Equity & Fairness Coalition which opposed this provision.

LB 819 was passed on the last day of the legislative session, April 17, and the Governor exercised his "pocket" veto authority and vetoed the bill after the Legislature had adjourned sine die.

### **LB 1069 - BLOCKING RAILROAD**

**CROSSINGS...**The bill was killed by the Transportation & Telecommunications Committee. Introduced by Senator Dubas, LB 1069 would have



clarified language regarding trains obstructing roadways in unincorporated

towns or villages. The railroad company would have been held liable of a Class I misdemeanor with a set fine of \$1,000 for each offense (currently the fine is \$10 to \$100). Legal counsel indicated the bill was unclear whether cooperatives owning or leasing sidings and operating railroad rolling stock would have been covered. Prior to the hearing, Senator Dubas and the Council drafted an amendment that excluded grain shipping loadout facilities. Senator Dubas offered this amendment during the hearing.

### **LB 1113 - FAMILY FARM POLICY ADVISORY COUNCIL**

**(FFPAC)...**Introduced by Senator Erdman, LB 1113 was pending before the Ag Committee and was subsequently killed following adjournment. The bill would have created the FFPAC to identify and recommend policies, programs, services, and strategies to encourage and support family farm proprietorship and models of ag production and marketing conducive to family farm scale of ag production in Nebraska.

Areas to be studied would have included tax policy, extension and research programs, farmer cooperative development, government and institutional procurement practices, ag product standards, food marketing and development of specialty crops, development of beginner farm programs, conservation programs and value-added processing, and on-farm entrepreneurial development.

*(Continued on page 12)*

**LB 1174 - AGRICULTURAL CORPORATE BAN (I-300)...** LB 1174 would have resurrected Nebraska's ban on non-family corporate farming that was struck down by the courts in 2006. It restricted entity ownership of ag land and farm and ranch operations similar to the provisions of Initiative 300. LB 1174 was killed upon legislative adjournment.

As introduced, LB 1174 did not include an exemption for either stock or non stock agricultural cooperatives. Our legal counsel Dave Jarecke with Crosby Guenzel LLP testified at the hearing on the Council's behalf. During his testimony, he offered an amendment which would exempt cooperatives, nonstock cooperatives, and limited cooperative associations.

The Ag Committee advanced LB 1174 to General File with committee amendment AM2319 which would "allow a total of five or fewer owner-operated farming or ranching operations to combine to form limited liability entities that will conduct farming or ranching operations to enable owner-operated farming and ranching operations to achieve economies of size by pooling resources.

In anticipation that legislation would be introduced in 2008 relating to corporate farming, the Council's Board adopted a position in September 2007 indicating the following:

1. The Council does not take a position for or against legislation that may restrict corporate farming in Nebraska.
2. In the event corporate farming restrictions are enacted into law, it is the position of the Council that such restrictions be enacted by the Legislature as statutory law, rather than enacted as a constitutional amendment.
3. The cooperative business model is advantageous to and supports the

ability of Nebraska's farmers and ranchers to form business entities controlled by agricultural producers in order to collectively compete in the global agricultural economy.

4. In the event corporate farming legislation is drafted and introduced, the Council will seek to have exempted from any corporate farming restrictions nonstock cooperatives, stock cooperative associations where the majority of the voting stock of such cooperative associations is held by agricultural producers, or limited cooperative associations where the majority of the voting power in such entities is held by agricultural producers.



## Cooperative Specific Priorities

The following areas directly affect and impact all cooperatives, whether they be supply/marketing, electrical, farm credit, dairy, telephone, etc. 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 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 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 and Rural Electric Cooperatives...** The Council will continue to monitor legislation to ensure that telephone and rural electric cooperatives are allowed the opportunity to adequately serve their members.

# State Regulations

## COOPERATIVE SPECIFIC

### PATRON INVESTMENT

**PROGRAMS...**We continue to monitor the Department of Banking & Insurance concerning proposed regulations which could affect 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. Historically, about every two to three years, the Department undergoes a regulation addressment of same.

## INDUSTRY SPECIFIC

### MINERAL OIL/SALES & USE

**TAX...**Our progress has been limited on resolving the sales tax on mineral oil used for dust suppression.

One of our challenges is the Department of Revenue (DOR) backlog of appeals and its lack of staff. The Department's attorney has indicated that they have not held a hearing on any sales and use tax appeals for over a year as they have no hearing officers. We have been told that if this matter is not resolved during the course of the current discussions with the Department, the Department will be required to hire an outside party to serve as the hearing officer in this matter.

One notable development was the receipt of a promised inquiry from the DOR of May 28 containing 24 questions (although some were variations of the same questions) concerning how mineral oil is utilized upon agricultural products. A meeting of key parties with our Legal Counsel Tom Jeffers was conducted to provide input for the questions. Also providing input was our expert witness, Dr. Carl Bern of Iowa State University.

Rest assured that we will continue

our efforts to push the DOR's attorney so we can avoid unnecessary delay as we go forward.

### SALES & USE TAX ON

**ENERGY...**During a Nebraska Department of Revenue (DOR) audit this spring at a Nebraska cooperative, the DOR indicated it was disallowing the sales and use tax exemption on energy.

It has been the policy of the State of Nebraska to provide a sales and use tax exemption on energy on the sale, purchase, use, or other consumption of electricity, coal, gas, fuel oil, diesel fuel, tractor fuel, gasoline, coke, nuclear fuel, butane, and compressed fuel that includes compressed natural gas and liquified petroleum gas (propane) IF more than 50% of the amount is purchased, used, or directly consumed in processing, manufacturing, refining, generation of electricity, irrigation or farming, or by any hospital.

Based on this cooperative's post audit, the DOR is attempting to limit the exemption upon the use of energy for this cooperative to only the months of October 1 thru December 31.

We submitted a verbal objection to the DOR and developed a formal letter which was sent to Nebraska Tax Commissioner Douglas Ewald. We also assisted the cooperative in responding to various questions pursuant to this issue. At this time, it appears that the DOR will be pursuing regulatory modification in some capacity.

### PSC SCHEDULE A RATES...

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).

These rates are reviewed 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, which approved the committee's recommendation.

The Council's testimony at the hearing 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. 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.

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...

On May 1, the Nebraska Department of Agriculture (DOA) held a hearing on a proposal to reduce the Commercial Feed Inspection Fee from 10¢/ton to 7¢/ton. This proposal came about because a large balance had accumulated in the Commercial Feed Administration Cash Fund (CFACF).

*(Continued on page 14)*

The reason the CFACF is building a significant increase is because distillers grains are also accessed 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 recommended lowering the fee to 6¢/ton.

The Council testified in support of the newly proposed 6¢/ton fee.

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.

Since use of the excess funds from the Commercial Feed Fee for supplementing the Noxious Weed and Invasive Plant Species Assistance Fund (NWIPSAF) is no longer an option, other funding sources are being considered. Senator Erdman held a meeting of stakeholders on August 15, 2008 to explore other funding options for NWIPSAF.

*"You do not examine legislation in the light of the benefits it will convey if properly administered, but in the light of the wrongs it would do and the harms it would cause if improperly administered."*

*- Lyndon B. Johnson*

# Federal Regulations



The Council is one of four state councils that are voting members within the National Council of Farmer Cooperatives' (NCFC) board. This allows Nebraska to have a strong voice in the activities of NCFC. Following is a list of some of the issues we have worked on with NCFC. The items that affected Nebraska received considerable attention by the Council while some of the items that were of less importance to Nebraska cooperatives received less of our attention.

## COOPERATIVE SPECIFIC

### Legal, Tax & Accounting Issues:

- Maintain Capper-Volstead protections for farmers and cooperatives
- Coordinate industry efforts on Antitrust Modernization Commission
- Maintain SubChapter T tax provisions for farmer cooperatives
- Promote favorable tax treatment for farmer cooperatives to encourage cooperative efforts
- Monitor implementation of Uniform Law for Cooperatives

### Agriculture Policy Issues:

- Maintain and promote farmer cooperatives' eligibility and access under federal program

### Conservation and Environmental Issues:

- Promote access for farmer cooperatives under USDA programs
- Support EPA SPCC Rule changes to reduce regulatory burden on agriculture
- Support clarification of CERCLA and EPCRA relating to agriculture

operations

- Support Endangered Species Act reform
- Support implementation of Clean Air and Clean Water Acts to achieve environmental goals while minimizing cost and regulatory burden on farmer cooperatives and farmers
- Support efforts to clarify EPA regulation of Volatile Organic Compounds (VOCs) to address legal and technical issues relating to agriculture operations
- Ensure any climate change or carbon tradition initiative provides benefits and opportunities for farmer cooperatives without adding burdensome costs and regulations

### Food Safety Issues:

- Ensure food safety legislation and regulations do not negatively impact farmer cooperatives or their producer members

### Farm Credit Issues:

- Maintain support for cooperative Farm Credit System
- Support modernization of current authorities to meet credit needs of farmer cooperatives, including new generation cooperatives and their farmer members and to better meet the needs of rural America

### Rural Development Issues:

- Support USDA programs and other initiatives for the benefit of farmers and farmer cooperatives
- Maintain Value-Added Producer Grants including farmer cooperative eligibility and full funding

### FASB "LIABILITIES AND EQUITIES" PROJECT...

The Council continues to work with the National Council of Farmer Cooperatives (NCFC) and the National Cooperative Business Association (NCBA) to resolve issues being studied by the Financial Accounting Standards Board (FASB). FASB is the private standard setting organization that establishes financial reporting and accounting standards for the United States. The board issues various financial accounting standards and other documents related to the standards. The International Accounting Standards Board (IASB), also a private entity, sets financial reporting standards that are used in 90 countries.

In May 2003, FASB issued Financial Accounting Standards No. 150 - *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. FASB's Liabilities and Equity project is designed to improve accounting for financial instruments by developing a comprehensive standard of accounting and reporting for financial instruments with

characteristics of equity, liabilities, or both, and assets. This standard requires that certain financial instruments previously accounted for as equity be reclassified as liabilities, including instruments that embody a mandatory obligation for the issuer to redeem at a future date or upon an event certain to occur. If FASB were to consider co-op shares as mandatorily redeemable, co-op shares would be reclassified as liabilities. The cooperative community mobilized to clarify implementation of the proposed standards. As a result, in November 2003, FASB indefinitely deferred the standards and has been working on a

*If FASB were to consider co-op shares as mandatorily redeemable, co-op shares would be reclassified as liabilities.*

revised standard since that time.

The position of the cooperative community is that member shares are not mandatorily redeemable instruments because cooperative boards have ultimate authority to decide whether to redeem shares; in essence, to exclude cooperative shares. Therefore, member shares are equity.

FASB has issued a Preliminary Views document announcing its intention to adopt the "basic ownership approach" as its preferred approach to accounting for financial instruments.

The Board described the basic ownership approach as follows:

Under the basic ownership approach, an instrument would be classified as equity if it (1) is the most subordinated interest in an entity and (2) entitles the holder to a share of the entity's net assets after all higher priority claims have been satisfied. The underlying

principle of the basic ownership approach is that claims against the entity's assets are liabilities (or assets) if they reduce (or enhance) the net assets available to the owners of the entity.

In 2004 FASB voted to allow cooperatives to continue to report allocated patronage capital as equity, without regard to any obligation the cooperative may have to redeem the patronage from decedent estates or from retired members.

FASB has also announced it will soon promulgate a proposed new standard requiring the creation of a reserve for any contingent liability that is not deemed "remote."

Under this new standard, it is likely that a reserve would be required unless the entity was 85-90% certain that no loss would occur. This would require companies to flag

potential losses for third parties, including regulators and shareholders.

### TAX TREATMENT OF FARMER COOPERATIVES...

The Council and other cooperative stakeholders strongly support legislative and regulatory action to ensure favorable tax treatment of farmer cooperatives under Subchapter T and other tax provisions to promote cooperative self-help efforts by farmers, maintain and strengthen competitiveness, encourage and attract needed investment, capitalize on new market opportunities, and enhance the ability of farmers to improve their income from the marketplace.

### INDUSTRY SPECIFIC

#### CHEMICAL FACILITY ANTI-TERRORISM STANDARDS...

The Homeland Security Act of 2007 provided the Department of Homeland Security (DHS) with the authority to

*(Continued on page 16)*



regulate the security of high risk chemical facilities. The rule provided DHS with authority to compel compliance through the issuance of orders, including orders assessing civil penalties and orders to cease operations.



On November 20, 2007, the DHS issued the final rule on these standards and required that cooperatives and other ag retailers would have to be in full compliance by January 22, 2008. The Council's concern was not the granting of this authority to the DHS, nor to disagree with the "chemicals of interest" that the DHS had included in the final rule. Rather, our concern was the burden that cooperatives would be under due to the 60-day window to complete the registration process.

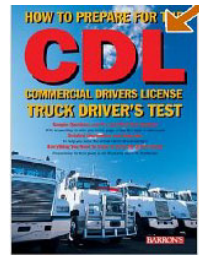
The Council worked closely with other state councils, the National Council of Farmer Cooperatives, Compliance Advisory Services, and others to request an extension to the January 22, 2008 deadline. We sent correspondence to our entire congressional delegation requesting their help in encouraging DHS to provide an extension of the deadline.

Our request of the DHS was first for a 6-month extension, then a 45-

day and finally a 30-day extension. Unfortunately, the DHS denied each request.

**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. For example, new Class "A" CDL applicants would need a total of 120 hours of training which would include 76 classroom hours and 44 hours behind the wheel. Class "B" and "C" applicants would need 90 hours of training with 58 hours of classroom instruction and 32 hours behind the wheel.



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 for Class "A" \$3,000/person.

The DOT took comments on these proposed regulations until May 23, 2008. The Council submitted comments to the DOT and encouraged all cooperatives to do the same.

*"The Lord's Prayer is 66 words, the Gettysburg Address is 286 words, there are 1,322 words in the Declaration of Independence, but government regulations on the sale of cabbage total 26,911 words."*

*- National Review*

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**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



# Council Meetings

In order to communicate with our members and other stakeholders, the Council held numerous meetings this past year. These meetings included the Annual Meeting, District Meetings, a stakeholders meeting to discuss the Limited Cooperative Association Act with other farm groups, and a meeting with members to discuss internship programs.

A run down of these meetings is as follows:

## Member Input Meetings

Member Input Meetings were conducted on December 4 in York and December 5 in North Platte. We invited the manager, board president, and one additional director from 29 local cooperatives to participate. These included very large to very small cooperatives. Our goal was to have a maximum of 30 people at each meeting which would allow for more open discussion. Those cooperatives invited represented a cross section of the cooperatives in the state. The agenda focused upon:

- Assessing current Council programs and activities
- Budgetary issues
- Industry specific involvement
- Multi-state opportunities

Jeff Grawe, Vice President of Agribusiness Banking for CoBank in Omaha, facilitated the meetings and prepared a summary of the input gathered. Key findings were:

- The Council should continue to be a leader on broad based legislative and regulatory industry issues
- Strong support was shown for the Council to continue its leadership role not only on cooperative specific issues but also on industry specific issues.
- Directors place a high priority on education, while managers place a higher priority on legislative and regulatory programs.
- Charge appropriate fees for educational programs to ensure we are covering the cost of programs. The Director Certification Program is very important to the development of the cooperative system in Nebraska.
- Expand/update educational offerings as needed, especially as it applies to graduate offerings.
- The value of the legislative and educational programs justifies the need to charge appropriate fees to maintain quality programs. Loss of members should not affect programming.
- Members are receptive to multi-state programs as long as we don't diminish current Council programs.
- Explore additional ways to reduce cost within the Council.

## Annual Meeting

Kearney, Nebraska served as the site for the 62<sup>nd</sup> Annual Meeting of the Nebraska Cooperative Council. One hundred eighty-five (185) cooperative leaders from across the state gathered at the Holiday Inn & Convention Center for this year's meeting on November 16, 2007.

The keynote address for this year's meeting was provided by Tim Cassidy, UNL Associate Athletic Director for Football Operations. Mr. Cassidy did an excellent job of describing the complexities of running a big-time college football program. He acknowledged that everyone associated with the football program had hoped for greater results this year; however, the margin between teams is so small that even the slightest errors can cause defeat.

Board Chair Dale Piper of Elmwood presented a report on the Board's activities of the past year. Board Secretary Bruce Favinger of Hastings then presented the Council's financial report, and Bob Andersen followed with the President's report.



*Bd Secretary Bruce Favinger (at podium) presents the Financial Report to the membership.*

During the Voting Delegate Caucus, members adopted changes in the Articles of Incorporation and By-Laws to allow the Board of Directors to utilize email to establish policy or conduct action. The changes also removed references to "subdistricts" which now conforms to current Council operating practices.

The voting delegates re-elected David Briggs of Alliance and Tom Hansen of Edison to the board representing District I. In District II, delegates re-elected Ron Velder of Dorchester and elected Randy Robeson of Brainard.

Senator Philip Erdman of Bayard then provided an overview of the 2008 legislative session. He was also recognized by the Council for his efforts in introducing and ultimately winning passage of LB 368, the Nebraska Limited Cooperative Association Act.

The first session of the Legal, Tax & Accounting Workshop concluded the morning session. Attorneys Rocky

*(Continued on page 18)*

### Council Meetings (cont. from page 17)

Weber, Dave Jarecke, Bill Kutilek, and Tom Jeffers with Crosby Guenzel LLP presented this year's workshop. The group addressed a variety of issues.

Recognized at the luncheon were outgoing Board Chair Dale Piper of Elmwood and outgoing Board member Dale Rohrer of Funk. Both were honored for their service to Nebraska cooperatives by serving on the Council's Board of Directors.

### Nebraska Rural Radio Assn/Council Meeting

The Nebraska Rural Radio Association (NRRRA) and the Council share a long history of providing services to rural Nebraskans. The Council, along with three other statewide organizations, created KRVN in 1945.



(L to R) David Briggs, NCC Vice Chair, and Wayne Crawford, NRRRA Director.

Ever since these early beginnings, the two organizations have continued to work together on behalf of rural Nebraskans.

As part of our working arrangement, the NRRRA provides free air time to allow the Council to communicate to our

members directly. Every other Friday, the Council is provided a three- to five-minute time slot on KRVN-Lexington, KNEB-Scottsbluff, and KTIC-West Point to update our members about current cooperative issues.

This summer, the Council and the NRRRA held a joint meeting of their boards. This meeting allowed both boards to gain a greater understanding of the mission of each board. The meeting was held at Lexington and both boards were hosted for dinner that evening at the home of Eric & Ruth Brown. Eric serves as the NRRRA General Manager.

### District Meetings

Each August, the Council hosts District 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.



Board members from the Council and the NE Rural Radio Assn. enjoyed an informal evening of fellowship on June 26, 2008.

This year's meetings were held in North Platte on August 12 and York on August 14. A total of 136 people attended the meetings.

Reports were given at each meeting by a member of the Board of Directors and the Political Action Committee, 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 NCC Education Foundation Scholarship winners for the 2008/09 academic year. 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.



After the District Meeting in York adjourned, participants took advantage of the opportunity to visit with other cooperative members.