

April 2017

Cooperation *in Nebraska*

A PUBLICATION OF THE
NEBRASKA COOPERATIVE COUNCIL
Volume 56, Issue 1



Capper-Volstead **Courts Focus on Compliance**



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COURTS FOCUS ON CAPPER VOLSTEAD COMPLIANCE

In a series of recent federal court cases where a cooperative has raised Capper-Volstead's limited antitrust immunity as a defense, the Courts have read Capper-Volstead very narrowly as to who may be a voting member in a Capper-Volstead compliant cooperative.

The Capper-Volstead Act generally provides that persons engaged in the production of agricultural commodities as farmers, planters, ranchmen, dairy-men, nut or fruit growers may "Act together in associations...in collectively processing, preparing for market, handling and marketing such products of persons so engaged...". Further, that such associations "May have marketing agents in common...". Provided, however, that "Such associations are operated for the mutual benefit of the members ...as... producers, and conform to one or both of the following requirements:

1. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, or,

2. That the association does not pay dividends on stock or membership capital in excess of 8% per annum, and

3. That the association shall not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members.

In the Mushroom Direct Purchaser litigation a family of mushroom producers inadvertently signed up the marketing arm of its operation for membership in the cooperative, instead of its grower entity. The entity listed was not a producer of mushrooms. The Court, in denying the defendant cooperative's Capper-Volstead defense held that:

"Though M. Cutone is affiliated with M & V Enterprises, a grower of mushrooms which defendants claim has the same owners as M. Cutone, this cannot be considered a de minimis exception because it

The Capper-Volstead Act is the fundamental legal foundation of our farmer- and rancher-owned cooperatives in the United States. Capper-Volstead was passed by Congress in 1922 to protect the ability of farmers and ranchers to join together in cooperative business organizations to collectively process, prepare for market, handle and market the commodities raised by member agricultural producers without violating the antitrust provisions of the Sherman Antitrust Act.

is undisputed that M. Cutone was a non-grower member who had the power to participate in the control and policy making of the association through voting...As previously noted, the existence of even one non-farmer member in an agricultural cooperative is sufficient to destroy Capper-Volstead immunity...Thus, I cannot excuse the inclusion of M. Cutone as a participating member of the EMMC [Eastern Mushroom Marketing Cooperative] as a de minimis technicality."

Recently, in the case of *In re Processed Egg Products Antitrust Litigation*, another federal district court held that good faith was not an inherent component of Capper-Volstead and that a mistake on the voter roles of including a non-agricultural producer, even if done in good faith, would not prevent the loss of Capper-Volstead protection. The Court stated that: "Given the lack of express direction from Congress, the Court cannot find the existence of an implicit exception to the antitrust laws that the Defendants' request. **Until Congress may be motivated to turn its attention to this gaping hole, diligent policing by cooperative members of the membership rules is the only available protection.**"

More disturbing, however, is that in the "Eggs" case the court went a step further and ruled that even though a member of the egg cooperative actually owned the chickens that laid the eggs delivered to the cooperative, he did not qualify as a "farmer" for purposes of Capper-Volstead. The Court stated: "... [T]he record is clear that, despite their involvement in the husbanding of the chickens, and even the ownership of some chickens, [the member] did not own any of the farms where its eggs were produced and that members of a cooperative "who neither own breeder flocks nor maintained facilities at which their flocks were raised, were not producers for purposes of Capper-Volstead." The Court held that participation by this member in voting on cooperative matters prevented the cooperative from claiming Capper-Volstead protection.

The National Council of Farmer Cooperatives (NCFC) convened a meeting of cooperative experts to review these decisions because they involve a substantial narrowing of the definition of an agricultural producer even though the Capper-Volstead Act does not state that farm ownership is a requirement for qualifying for the Act's protections. Instead, the Act states that "[p]ersons engaged in the production of agricultural

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CAPPER VOLSTEAD

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products” may join together in associations and receive antitrust protections. NCFC strongly disagrees with each of these rulings, and it continues to participate in each case. Neither case has gone to appeal, and the cooperative defendants and NCFC are hopeful that an appellate court will reverse these negative rulings.

The Mushroom and Egg cases are a warning to all Capper-Volstead cooperatives regarding the need to ensure that only “active agricultural producers that patronize the cooperative annually” (common language from Articles of Incorporation and Bylaws) are allowed to be voting members of the cooperative.

What can you do?

Best Practices Suggestions:

1. Monitor all changes in membership characteristics. Is there a change of address? Why? Is the farmer no longer farming? Are input purchases or grain sales in someone else’s name? Where there was a tenant/landlord split on input purchases or grain sales that ends, has the tenancy arrangement

gone to cash rent and not crop share? Has there been a request to change the name on credit or membership accounts? This may indicate that a producer has re-organized for estate planning purposes, and may not be actively farming. All of these changes may signal a change in the status of an agricultural producer.

2. Not less than annually, the cooperative should establish a “record date” on which the determination is made as to whether each member continues to be eligible to vote and only those members should receive notice of annual meeting and a ballot. Ineligible members should receive notice that their share or membership has been transferred to a certificate of participation. State law contains provisions for establishing a record date if the Articles of Incorporation and Bylaws are silent on the issue. Consult with your attorney if you have questions about establishing a record date.

3. Make sure your sales staff informs management of any information that may signal a change to a member’s status.

4. Consider language in your governance documents that automati-

cally disqualifies a stockholder or voting member from voting and nullifies any vote if they did not or cease to meet the eligibility requirements.

Given the current uncertainty raised by the Mushroom and Egg litigation there will remain some uncertainty about the eligibility of tenants who do not own their own land. It is generally thought, however, that most tenants, if they are actually farming the land and marketing commodities they grow would qualify as agricultural producers for Capper-Volstead purposes. Making sure that the voting list, however, is limited to agricultural producers is the responsibility of the cooperative. Using best practices will help Capper-Volstead cooperatives retain their important limited antitrust protection.

SCHOLARSHIPS AVAILABLE FOR 2017/18 ACADEMIC YEAR

April 15th is the deadline to apply for NCC Education Foundation Scholarships for the 2017/18 academic year. This year, NCCEF will award:

- One \$2,500 Robert C. Andersen Scholarship at UNL IANR;
- Six \$2,500 Michael S. Turner Scholarships at UNL IANR; and,
- One \$1,500 Michael S. Turner Scholarship at NCTA

For more information on the criteria as well as the links to the online application forms, please go to the Foundation page of our website at www.nebr.coop.



CONGRESSMAN SMITH'S FARM BILL LISTENING TOUR

*Mon, April 17, 1:30-2:30pm (MT)
Panhandle Research & Extension
Center - 4502 Avenue I, Scottsbluff*

*Thur, April 20, 1:30-2:30pm (CT)
Bremer Community Center
1604 L Street, Aurora*

Congressman Smith’s staff has indicated this tour will provide constituents an opportunity to visit with Congressman Smith, ask questions, and share their thoughts on the future of ag policy. Please contact Congressman Smith’s Grand Island office at 308/384-3900 if you have any questions.

PROPOSED LEGISLATION WOULD IMPACT GAS STATION SIGNS

The photo (at left) depicts a typical gas station sign advertising diesel and one spark engine fuel (E-10). There are two pumps at this station (pictured far left), each with two fueling positions. One pump has premium unleaded at both fueling positions that is not advertised on the sign. The other pump has the advertised diesel and the E-10 product at its respective fueling positions. The E-10 is advertised but not available at all fueling positions. If LB 477 were to become law, this gas station sign would be deemed deceptive.



On behalf of the Nebraska Petroleum Marketers and Convenience Store Association, Senator John McCollister introduced LB 477 in the 105th Nebraska Legislature.

LB 477 would make it unlawful to:

“(19) Advertise an automotive spark ignition engine fuel on a price sign that is not available at all fueling positions unless a second automotive spark ignition engine fuel which is available at all fueling positions is advertised on the same sign and in the same font size, style, and illumination. For purposes of this subdivision, automotive spark ignition engine fuel means gasoline and its blends with oxygenates such as alcohol and ethers; or

(20) Offer the same grade of engine fuel at different prices instead of at an identical base price at each retail dispenser from which the engine fuel is offered for sale when such fuel is from a single storage tank or from multiple storage tanks that are joined in such a manner that the fuel is commingled while still in the tanks. This subdivision does not prohibit discounts for cash payments, self-service, customer loyalty programs, or other programs except for octane sold at the base price at each retail dispenser.”

LB 477 as introduced would place limitations on how automotive engine fuel is advertised and sold in the state of Nebraska. The bill would make it illegal to advertise a spark engine fuel on a price sign that is not available at all fueling positions unless a second engine fuel is available at all fueling positions and is advertised on the same sign, in the same font size and illumination (see photos above).

While the Council is opposed to deceptive or predatory pricing practices, *LB 477, as drafted has a materially negative impact upon older and smaller retail facilities throughout rural Nebraska*, many of which are operated by Nebraska’s farmer owned cooperatives.

The plain reading of LB 477 and particularly the proposed new Section 19 to Neb. Rev. Stat. Section 89-197 *would be to prohibit many of these older rural sites operated by the farmer owned cooperatives from continuing business as usual*. In order to comply, these sites would either require new signs advertising the price of all available brands, because each advertised brand

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LEGISLATION IMPACTS GAS STATION SIGNS

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is not available at each fueling position, or require substantial reconfiguration of tanks, piping and pumps in order to make all advertised products available at all fueling positions. In either event LB 477 subjects these sites to unwarranted and unnecessary expenses at a time when margins on the sale of fuel are not enough to justify such additional expense. The ultimate effect will be the closure of many older rural retail fuel sites which will burden the public and curtail the services offered by farmer owned cooperatives.

The Council's Legislative Advisory Committee took an OPPOSE position on LB 477, and we testified in opposition to the bill at the hearing before the Legislature's Agriculture Committee. We have communicated with the Nebraska Petroleum and Convenience Store Association, Senator McCollister, and members of the Agriculture Committee about our concerns with LB 477 as currently drafted.

We have further made several attempts to find compromise language that would negate the effect of LB 477 on cooperative filling stations, but have not been successful in finding compromise as of the time this article was prepared. A meeting between representatives of the Council and the Petroleum Marketers is being planned for late April to determine if there is any common ground upon which compromise can be reached.

At present, LB 477 remains in the Agriculture Committee. We will keep you advised of further developments. If you have any questions or comments please email Rocky at rocky@nebr.coop regarding LB 477.



CHANGES TO FEDERAL PESTICIDE LAW (FIFRA)

The federal pesticide law (FIFRA) mandates that all states have a pesticide applicator certification program. In Nebraska, the program is administered through the Nebraska Department of Agriculture (NDA).

The new federal regulations governing pesticide applicator certification changed on January 4, 2017, and require the NDA to bring its statutory and regulatory process for applicator certification into compliance with federal law within three years.

The new federal rules make two major changes. First, they increase the minimum age of applicators from 16 to 18. (We believe this impact should be minimal to cooperatives since most insurers require individu-

als to be 18 to operate application machinery.)

Second, the rules reduce or eliminate the opportunity for uncertified applicators to apply pesticides without certification. The NDA believes that under current statute, they can provide a workable solution by granting more temporary permits to uncertified applicators. These temporary permits would allow uncertified applicators to apply pesticides while working under supervision of a certified applicator. It is anticipated that the new regulations would require an annual training for uncertified applicators and greater record keeping, reporting, training, and supervision.

Originally the federal regula-

tions were to take effect on January 4, 2017. As part of the Executive Orders of the Trump Administration, the effective date was originally pushed back to March 21, 2017. The Environmental Protection Agency recently announced that the effective date would be further delayed until May 22, 2017. The Nebraska legislative and regulatory action will not commence until the federal regulations become effective so no immediate changes in pesticide applicator practices are anticipated. We will keep you updated as to the commencement of any regulations proposed on this subject.

UPDATE ON LEGAL CHALLENGES WITH NEBRASKA DEPARTMENT OF REVENUE

The Council continues its efforts to seek a favorable resolution on the agricultural machinery and equipment parts and repair and energy use sales tax issues. The following is an update on both issues by legal counsel Andrew Pease at Crosby Guenzel LLP.

Ag Equipment Parts and Repairs Sales Tax Refund Claims Matter

Efforts to challenge the Nebraska Department of Revenue's (NDOR) interpretation of the sales and use tax refund for agricultural machinery and equipment parts and repairs under Neb. Rev. Stat. § 77-2708.01 continued. On January 3, 2017, the Nebraska Supreme Court heard oral arguments in companion cases challenging NDOR's interpretation and application of the

agricultural machinery and equipment sales and use tax refund provided in Section 77-2708.01. The appeals heard on January 3, 2017, resulted from the Lancaster County District Court's order affirming the NDOR's decision to deny, in part, refunds for sales tax paid on the purchase of agricultural machinery and equipment parts and repairs. The central issue on appeal was the proper interpretation of the phrase "depreciable repairs or parts" within Section 77-2708.01. The Nebraska Cooperative Council expects a decision from the Supreme Court soon and will advise its members accordingly.

Refund for Sales Tax from Energy Used in Grain Drying

With respect to industry efforts to seek clarity regarding the application

of the sales and use tax exemption on energy used in processing grain, efforts have been focused on seeking a reasonable resolution to refund claims and assessments for energy used in processing grain prior to October 1, 2016, as changes to the law explicitly list aeration and drying as processing grain. The NDOR has continued to maintain that for matters prior to October 1, 2016, energy used for aeration of grain does not qualify as processing grain and thus the sales tax for said energy is not subject to exemption. Further, the real dispute between the NDOR and the industry lies in the demarcation point between drying grain and aerating grain.

In an effort to resolve the dispute regarding drying vs. aeration without further litigation, NCC representatives met with representatives of the NDOR on January 17, 2017 to discuss this issue. For purposes of the meeting with the NDOR, the NCC consulted two engineers involved in designing and constructing commercial grain facilities in Nebraska. The engineers appeared at the January 17, 2017, meeting with NDOR and offered their opinions with respect to when commercial grain facilities are drying grain versus when these facilities are aerating grain. The NCC's position regarding drying vs. aeration of grain is consistent with the opinions of both engineers with respect to when grain bin fans are drying grain vs. aerating grain and what airflow is required to "dry" grain. During the NDOR meeting, NDOR solicited a proposal from the NCC with respect to applying this exemption and delineating when energy used is being used for aeration and not "drying" for purposes of the exemption. Following the meeting with the NDOR, the NCC prepared a proposal for resolving this issue and is awaiting a response from the NDOR.

AGGIE BREAKFASTS HELD DURING LEGISLATIVE SESSION

For several decades, the Nebraska Cooperative Council has participated in legislative breakfasts of agricultural trade associations, University of Nebraska, and Nebraska regulatory agencies where state senators and other state officials are invited for breakfast and a short program. These breakfasts have been an excellent opportunity to hear from various state senators on legislative issues and to educate interested persons in the issues affecting Nebraska's farmer owned cooperatives.

At least once annually, the Council co-sponsors the breakfast. This opportunity in 2017 coincided with the Council's Cooperatives For Tomorrow Seminar and Cooperative Issues Symposium that were held February 1st and 2nd in Lincoln. As a result, 24 local cooperative managers, board

chairman and representatives of the Council's Board of Directors were able to attend the Legislative Breakfast on February 2nd along with approximately 50 other state senators, state regulators, University of Nebraska representatives, and trade association representatives.

Council President Rocky Weber delivered remarks regarding the excellent representation of the local cooperatives at the breakfast as well as shared key findings of the 2016 Cooperative Economic Impact Study with the policy makers in attendance.

We appreciate so many local managers and board chairmen participating in this event and raising the profile of Nebraska's farmer owned cooperatives and the Nebraska Cooperative Council.

RECAP OF 2016/17 DIRECTOR EDUCATION PROGRAMS

The Council's education programs for 2016/17 concluded with the Board Officer Seminar on February 23rd in LaVista. We once again had great membership attendance and participation in all of the Council's education programs. A total of 367 people from 83% of our local cooperative members and 7 Participating and Supporting Members attended the programs.

The tightening of the ag economy certainly was a topic throughout the programs. Presenters were asked to challenge the thinking of attendees during their presentations regarding current and future changes resulting from the digital economy. At the end of the day, the goal of NCC education programs is to not only educate but to also expand the horizons of what the future demands for successful cooperatives, their managers, and directors.

This year's participants in our education programs had the opportunity to hear from speakers from 6 universities and 8 different states. This diversity allowed for a wide avenue of perspective and discussion on the issues facing cooperatives.

Director/Manager Workshop

The Director/Manager Workshop was held on November 18th, the day after the Council's Annual Meeting in Kearney. Excellent presentations were provided by Dr. David Kohl, retired from Virginia Tech University; and Dr. Scott Downey from Purdue University. A total of 98 people attended the workshop.

Director Certification Program

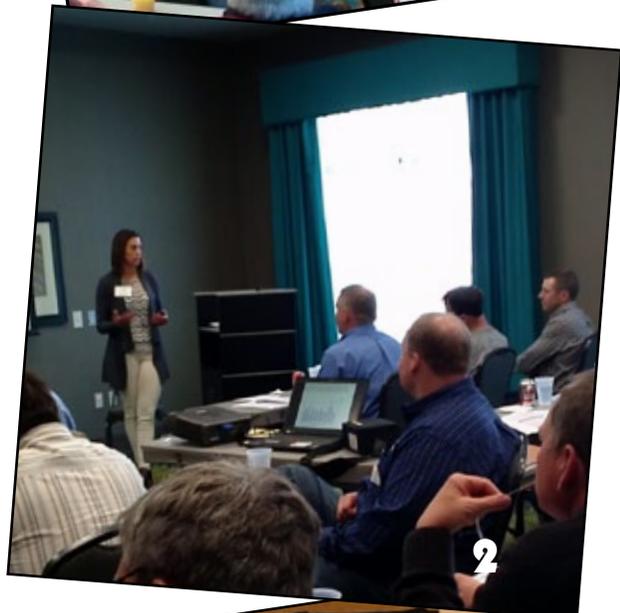
DCP was held in Kearney on January 5-6. All four phases were offered during the two days with 81 phases completed and 25 graduates this year. Facilitators were Dr. Greg McKee, UNL; Tom Houser, CoBank; Dr. Keri Jacobs, Iowa State University; Bill Kutilek, Crosby Guenzel LLP; and Rocky Weber and Ed Woepfel from the Council. In addition, Neil Stedman (Midwest Farmers Co-op, Elmwood) and Rod Schroeder (retired manager) served on a panel for Phase 4.

Cooperatives For Tomorrow Seminar

CFT was held in Lincoln on February 1st with 76 people attending. Dr. Lowell Catlett provided an excellent, thought-provoking keynote presentation after dinner. Other presentations were provided by Glenn Buckley, Chief Economist for NPK Fertilizer Advisory Services; Jerry Peters, CFO of Green Plains; and Dr. Roger Elmore, UNL. Our thanks to CoBank for sponsoring the evening reception and dinner which allowed a later start for CFT and an earlier start for the following day's CIS program.

Cooperative Issues Symposium

CIS was held on February 2nd in Lincoln and focused on Big Data. Dr. John Power, President of LSC International Inc.; Jeremy Wilson, Technology Specialist with Crop IMS; and Jonah Kolb, Moore & Warner Ag Group LLC,
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Pictured at right: #1 - Dr. Greg McKee, UNL, challenges participants during DCP Phase 4; #2 - Dr. Keri Jacobs, Iowa State University, leads a discussion during DCP Phase 2; and #3 - John Power addresses the audience at the Cooperative Issues Symposium.

EDUCATION PROGRAMS

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provided interesting presentations. A follow-up panel discussion with Galen Kuska of Exeter, Mike Bergen of Aurora, Terry Panbecker of Fort Dodge IA, and Greg Rose of San Jose, CA concluded the day. Seventy-nine (79) people attended CIS.

Board Officer Seminar

The final program of the winter was the BOS. This program was held in LaVista on Feb 23rd, the day prior to CoBank's meeting, with 33 people attending.

Bill Kutilek with Crosby Guenzel LLP and Rocky Weber facilitated the day's discussion. This was once again the highest rated program of all our offerings.

Planning for Next Year

On March 15th, the NCC Excellence in Cooperative Education Committee (ECEC) met in Kearney to review the 2016-17 education program results and to begin planning the topics for 2017-18. In addition, the ECEC discussed long-term changes, if any, that NCC should consider for its education programs. The final consensus of the Committee was to set a goal for a refresher DCP program that may incorporate a digital platform to allow Board members to review the program content from time to time. Stay tuned for further developments on this new project.



ABOVE: Attorney Bill Kutilek (left) and NCC President & General Counsel Rocky Weber (right) answer questions during the Board Officer Seminar.

COUNCIL WELCOMES TWO NEW BOARD MEMBERS

The Council's Board of Directors has appointed Evan Brandes from the Aurora Cooperative as a producer member and Kent Taylor from Farmers/Ranchers Co-op in Ainsworth as a manager member to fill the vacant seats of Bruce Favinger and Doug Ohlsen, respectively, both of whose terms expire in November in conjunction with the 2017 Annual Meeting of the Council membership.



Evan Brandes is Vice Chair on the Aurora Cooperative Board of Directors; he has served on the board for 14 years. He and his wife Roxanne joined the family farm north of Central City in 1975. They have three children: daughter Carly and

Jeff Johnson who are fourth generation farmers with the family with their four children. Their daughter Cortney and Beau Bearnes have also joined the farming operation with their four children. Son Alex is a graduate of UNL with several masters degrees and is working for the Peace Corp. Evan himself has a Bachelor of Science degree from the University of Nebraska in Ag Education with the business option. Their farming enterprises include seed corn, soybeans, wheat, livestock, and a custom harvesting operation.

Kent Taylor is President/CEO of Farmers/Ranchers Co-op Assn headquartered in Ainsworth. Kent grew up on a family



farm just outside of Ainsworth, which his family still operates, raising corn, hay and alfalfa along with running a commercial feedlot. He joined Farmers/Ranchers Co-op in 2004 working in the Energy Division, and he became general manager in January of 2010. Kent graduated from Ainsworth High School and the University of Nebraska-Lincoln with a degree in Speech Communications. He has served on various organizations including: Church Elder at the Ainsworth E-Free Church, Airport Authority, City Council, Sandhills Care Center Board, NE Managers Assn, and CHS Capital Board of Governors. Kent was proud to be a part of the Nebraska LEAD Class XXV. Kent and his wife, Clisty, have 2 children, Vanessa and Grant, who are students at Ainsworth Community Schools.



PRESIDENT'S MESSAGE

As annual meeting season comes to a close I want to thank each and every member that invited me to attend their respective Annual Meetings. From early November 2016 through the first week of March of 2017, I was privileged to attend the meetings of about 50% of our local supply/marketing cooperative members.

This process provided me an opportunity to see the unique cultures and practices that surround each cooperative's annual meeting. Some of the best annual meeting practices I witnessed:

- 1. A presentation of a video history of the cooperative, highlighting the cooperative's pivotal role in the history of the farm community it serves;*
- 2. Presentation of the full or a portion of the Cooperative Council's CCPRO Co-ops 101 video.*
- 3. Making the annual meeting a "community event" that was marked by a high level of participation of the stockholders and patrons;*
- 4. Combining the stockholders meeting with annual product and service promotions/introductions;*
- 5. Having the local FFA Chapter help serve the meal as a fund raising project; and,*
- 6. Evening meetings bring out a larger and more age diverse attendance.*

My takeaway from the meeting circuit is that the more integrated the cooperative is in the community (or communities) it serves, the more vested the stockholders and patrons act in ownership and patronage of the cooperative.

While the local cooperative correctly focuses on increasing customer loyalty, I submit to you that increasing customer loyalty cannot focus only the customer relationship. The goods and services the patrons purchase from their cooperatives can be purchased from non-cooperative suppliers at competitive or sometimes better prices. There must be a value proposition underlying the customer relationship that gives your cooperative the edge. The cooperative business model provides that unique value proposition--Ownership.

What are the values associated with Ownership? What values led your founders to form your cooperative enterprises? Two primary ownership value propositions come to mind.

1. **Control.** Cooperative founders believed that they were stronger in the marketplace by forming a company they controlled that existed for their mutual benefit. This control manifests itself in not only the annual right of election of directors but also in the "mutual benefit." This is found in having your farmer board of directors make decisions benefiting the farmer

owners, not necessarily decisions benefiting only a profit motive. In the hundreds of contacts between your cooperative and its members on a daily basis, there are opportunities to promote the farmer control and mutual benefit as making a difference.

2. **Return.** Owners in most business entities seek a return on investment. Your owners have invested the "savings" generated by the business they have done with the cooperative. More elusive is the return proposition. Do patrons understand that return is seen not only in patronage or equity redemption, but also in the investments of property, plant and equipment that serve their needs? Do they understand that doing business with the cooperative in any one division supports the operations of the cooperative in other divisions? In other words, a patron's grain business supports services of the agronomy department. I do not sense that most cooperative stockholders understand that the available services or the modern efficient systems for the delivery of such services are an essential element of "return" on ownership.

No ag supply or grain business other than a cooperative provides for farmer control or a return to the farmers. In the Council's 2016 Economic Impact Study that return statewide is demonstrated in nearly \$100 million in payments of cash patronage, equity redemption and estate redemption annually PLUS \$200 million annually in investments of property, plant and equipment.

I challenge all of us to treat the stockholders/owners/patrons of our cooperatives as OWNERS on a daily basis. The Boards of Directors must engage patrons as owners, and managers and employees must speak the language of ownership to patrons. When patrons are vested as owners, the loyalty of ownership will support their loyalty as customers.

Thank you again, to all who welcomed me to their annual meetings. In addition to these observations, I am once again reminded of the extraordinary character, talent, and contributions of the management, board members and employees that operate our Nebraska farmer owned cooperatives.

COBANK AND NO BARRIERS PARTNER TO SUPPORT VETERANS FROM RURAL AMERICA

CoBank and *No Barriers USA* have announced a partnership to support rural veterans with disabilities. We have reproduced their flyer below which provides details for this unique program. Please contact CoBank or *No Barriers USA* directly with any questions.



For generations, rural America has produced a disproportionate share of our armed forces. There are 22 million veterans in the United States - and 5.3 million million of them live in rural communities. Of those, more than 40 percent have service-related disabilities.

CoBank is teaming with No Barriers USA to support rural veterans with disabilities by sponsoring a series of expeditions that challenge them mentally and physically. Veterans will be provided with the support they need to meet those challenges, and in the process, will learn that they are more than capable of overcoming the challenges that they face in their day-to-day lives.

Each eligible CoBank customer is invited to nominate a veteran from their community. Up to 50 veterans will ultimately be selected to participate in the program. CoBank will cover the full cost of the program for each participant, including travel.

For information on the CoBank/No Barriers program and to download a nomination form, please visit www.cobank.com. For specific information about No Barriers and the No Barriers Warriors program, please visit www.nobarriersusa.org.

CoBank will begin accepting nominations on January 1, 2017.





Putting the Pieces Together

Managing Credit Risk in a Risky Environment

As you all know, the agricultural economy is in a downward phase in a basically every sector. Sustained lower commodity prices coupled with continued high input costs (property taxes, cash rents, etc.) will continue to stress production agriculture all across the state.

Over the past few months, the Council has received several inquiries relating to patron credit accounts and risk management. These inquiries are likely reflective of increased credit risk exposure that cooperatives are now facing. To help our members through this period, the Council will be hosting a Credit Risk Workshop.

During the workshop, facilitators will discuss:

- ◆ Early detection of credit problems (including tips on how to identify potential credit exposure early and minimize default risk to the cooperative)
- ◆ Tips to Managing Credit Risks
- ◆ Statutory Liens & Uniform Commercial Code Liens
- ◆ Nebraska Secretary of State Central Filing System
- ◆ Positioning the Cooperative with other Creditors
- ◆ Purchases of Encumbered Grain
- ◆ Securing the Super Account - Policy & Procedure
- ◆ Collection Process from Start to Finish
- ◆ Improving Your Chances of Recovery in Bankruptcy

Submit your topics/questions prior to the workshop by emailing them to Deb at debm@nebr.coop.

If you have any questions, please contact Ed Woepfel at the Nebraska Cooperative Council at 402/475-6555 or edw@nebr.coop.

Please mark your calendars to attend this informative and timely program.



Tuesday, April 11, 2017
Holiday Inn - Kearney

Registration begins at 9:30 am (CT). Workshop from 10:00 am to 3:00 pm with lunch provided

FACILITATORS:

- ▶ Chad Gent, Sr Vice President of Retail Credit with Farm Credit Services of America
- ▶ Attorneys Bill Kutilek and Andrew Pease with Crosby Guenzel LLP

REGISTRATION:

\$225/person until March 29
\$275/person after March 29

Please use the enclosed form to register. Each registrant will also receive a binder of handout materials for easy reference and continued use.

CALENDAR OF UPCOMING EVENTS

April 2017

- 11 NCC Credit Risk Workshop - Kearney Holiday Inn
- 15 NCCEF Scholarship Application Deadline

May 2017

- 11 NCC Board of Directors meeting/ conference call

July 2017

- 6 NCC Board of Directors meeting - North Platte

November 2017

- 15 NCC Board/Committee Meetings, Annual Meeting & Membership Reception - Kearney, Holiday Inn
- 16 NCC Director/Manager Workshop - Kearney, Holiday Inn

January 2018

- 4-5 NCC Director Certification Program - Kearney, Hampton Inn

February 2018

- TBA NCC Cooperatives For Tomorrow Seminar & Cooperative Issues Symposium - Lincoln, Embassy Suites
- 22 NCC Board Officer Seminar - LaVista, Embassy Suites
- 22-23 CoBank Customer Meetings - LaVista, Embassy Suites

NCC RADIO SPOTS

The Nebraska Rural Radio Network provides the Council with complimentary network air time to present updates on current cooperative issues. These messages are aired every other Friday if there is information of significant importance to share.

The radio spots air at approximately 1:15pm MT on KNEB and at 2:17 pm CT on KRVN and KTIC.



Council Educates College Students About Cooperatives

The Council continues to offer Co-ops 101 presentations at the two-year post-secondary ag programs across the state. Through the support from the CHS Foundation, we are able to reach an important audience with the cooperative message.

During the 2016/17 academic year, we offered presentations for the UNL Co-ops Class and at CCC-Columbus, CCC-Hastings (in Sept and March), SCC-Beatrice, and NCTA-Curtis. Pictured above is Jim Porter, employee from Country Partners Co-op-Gothenburg, who talked to students at NCTA about job opportunities at cooperatives.

We anticipate scheduling sessions at NCC-Norfolk, SCC-Beatrice, and CCC-Columbus later this spring.

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.

NEBRASKA COOPERATIVE COUNCIL

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