

Cooperation in Nebraska

A PUBLICATION OF THE
NEBRASKA COOPERATIVE COUNCIL
Volume 57, Issue 2

October 2018

“.....The partnership between Nebraska’s farmer owned cooperatives, the farmers that own them and the communities they serve form the backbone of the rural economy in Nebraska.”

- NCC President Rocky Weber writing about Cooperative Month in Nebraska, October 1, 2018

October is Co-op Month



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PRESIDENT'S MESSAGE

On September 17 Governor Ricketts signed a proclamation proclaiming October 2018 to be Cooperative Month in Nebraska. This coincides with the USDA's annual recognition of October as Cooperative Month nationally.

One in three Americans belong to a Cooperative. There are over 2,100 agricultural cooperatives in the United States with over 2.2 million members. In Nebraska we have 40 agricultural cooperatives with nearly 60,000 voting members! This is in addition to the thousands of rural Nebraskans that belong to and own Nebraska's three rural electric cooperatives and six rural telephone cooperatives.

The cooperative business model, founded on the principles of democratic member voting, member Boards of Directors, and equity and patronage allocations based upon business done, should be the most responsive organization to its members' needs. While every other business model is based upon return on investment and control by amount of investment, the primary principle underlying a cooperative is that value lies in benefits derived by the members' collective use of the cooperative.

For the last year, the Council, through the Legacy Initiative, has been studying how to make the cooperative value proposition relevant to the 21st century agricultural producer. We have reviewed data from two rounds of surveys that gathered opinions from approximately 50 agricultural producers statewide, some cooperative members, some not, as well as a survey of a cross section of cooperative employees and a focus group of young producers.

What we have discovered is that while producers place value in cooperatives keeping profits local and reinvesting in communities, they place little value in patronage or equity. This is true even though last year Nebraska's farmer owned

cooperatives made total cash payments for patronage and equity redemption in the amount of approximately \$78 million. While local ownership scores high, producers don't feel like owners or place little value in farmer governance and democratic voting. Another disconnect is that producers believe there is a direct correlation between price and patronage.... that cooperatives charge more and pay less because they pay patronage.

Consequently, we are working on identifying how we can make equity and patronage relevant to today's producers. Are there new ways of allocating patronage to young producers that would have a higher perceived value? Have we educated patrons about how their equity is leveraged to bring them speed, space and the ability to provide a steady stream of goods and services regardless of broader economic conditions that see investor driven companies cyclically enter and leave the agricultural marketplace? Have we educated our boards of directors and employees to communicate the cooperative values in a way that resonates with producers?

I believe that out of this process the cooperative system will have many opportunities to reframe its relationships with 21st century agricultural producers. Farmer ownership is the ultimate strength that will carry Nebraska's agricultural cooperatives through a new century of change and innovation in farm supply and grain handling.

HECHTNER RE-ELECTED TO NCC BOARD

NCC Participating Members met on October 10. Attending the meeting were representatives from Ag Processing Inc, Farm Credit Services of America, CHS, Dairy Farmers of America and CoBank. In addition to reviewing Council activities over the past year, they also held the election for the Participating Member representative to serve on the Council's Board of Directors. Mike Hechtner, Central Regional President of CoBank, was re-elected for a 2-year term. *Congratulations Mike!*



NEW MEMBERS

The Council welcomes the following new Supporting Members:

*Farm Credit Foundation - St Paul, MN
GMS Benefits - Omaha, NE
USI Insurance - Eagan, MN*



FOSTER TO BE INDUCTED INTO NCC HALL OF FAME

The Council's Hall of Fame Committee has selected

Ed Foster as this year's inductee into the Nebraska Cooperative Council Hall of Fame. Ed served as general manager of the Farmland Service Co-op / All Points Co-op (now Country Partners Co-op) in Gothenburg from 1985 until his retirement in 2013. In addition to the leadership Ed provided to

his cooperative, Ed also served on numerous statewide and regional/national boards. His leadership has left a lasting impact on Nebraska cooperatives and certainly justifies his selection into the Hall of Fame.

The Hall of Fame induction ceremony will be held during the Council's Annual Meeting on November 14, 2018 at the Holiday Inn in Kearney. Registration forms were provided to cooperative managers.



Don't forget to register for....

- NCC Annual Meeting, Hall of Fame Ceremony, and Reception to be held on November 14th at the Holiday Inn in Kearney.
- NCC Director/Manager Workshop held on November 15th at to be the Holiday Inn in Kearney.

Registration forms for both events were forwarded to cooperative managers and Participating & Supporting Members. If you need an additional copy, contact the Council office at 402/475-6555 or access the forms from our website at www.nebr.coop on the Member Communications and Education pages.

YOUTH EDUCATION UPDATE

State Ag Teachers Conference

On June 6, Ed Woepfel provided remarks at the State Ag Teachers Conference in Kearney. He highlighted the career opportunities within cooperatives and the need for high school students to consider a cooperative career. He further emphasized the amount of dollars that are returned to local communities through patronage refunds and equity redemptions that cooperatives provide.

Co-ops 101

The Council continues to provide Co-ops 101 presentations at community colleges/NCTA, UNL, UNK, high schools, and The Career Academy at SCC-Lincoln. Since April, we have provided 8 presentations for 157 students.

These presentations allow us to reach a critical audience with the cooperative message. These students will become future employees and members of cooperatives so it is important that they have a working understanding of cooperatives. This program has been partially funded by the CHS Foundation.

Cooperatives Class at UNL

The University of Nebraska-Lincoln is offering the "Cooperatives" class for the fifth year in the fall of 2018. While initially offered as a one-credit-hour class, this was the third year that it was offered as a three-credit-hour class taught by Dr. Greg McKee with 21 students enrolled. During the class, students gain an in-depth understanding of the cooperative business model.



On September 19, NCC President Rocky Weber talked to the UNL Cooperatives Class about the impact cooperatives have on Nebraska's economy.

OSHA REGULATORY ACTIVITY ON THE INCREASE

Regional Emphasis Program-Fertilizer Grade Ammonium Nitrate and Agricultural Anhydrous Ammonia

On September 25, 2018, OSHA announced that it would conduct a Regional Emphasis Program (“REP”) in Arkansas, Kansas, Louisiana, Missouri, Nebraska, Oklahoma and Texas to address hazards from exposure to fertilizer grade ammonium nitrate and agricultural anhydrous ammonia. A three month period of education and prevention outreach began on October 1, 2018 to give employers time to bring their facilities in compliance with OSHA standards. During this period OSHA will still conduct routine inspections based upon complaints, referrals, hospitalizations and fatalities.

The Council was part of a group of Kansas, Missouri and Nebraska agricultural associations that met with OSHA Region VII personnel on October 6, 2018 to get more information on this new REP. Beginning in January 2019, the Omaha OSHA Area Office will be conducting program inspections of affected facilities and continue these inspections through September 30, 2019. If OSHA arrives at your cooperative to conduct an inspection because of complaint, injury or just a routine unrelated inspection they will likely upgrade the inspection to include the anhydrous and ammonium nitrate facilities as well. OSHA indicated it will focus on storage and handling requirements for both products (29 CFR Parts 1910.109 and 1910.111). They will also be looking at compliance with applicable NFPA, EPA, DOT, Homeland Security and other related industry regulations and standards. If they find violations of these non-OSHA standards, they will be able to cite under OSHA’s catch-all General Duty clause.

All affected facilities will be placed on a master list and then sites to be inspected will randomly be pulled from the list. The list will be all of Region VII. It is possible that a cooperative could have more than one facility inspected in this process. Regional agricultural association representatives are determining if we can put a joint program together during the outreach period for safety personnel to attend and hear directly from representatives of the federal agencies that collectively regulate affected facilities in order to address compliance questions and other issues. We also discussed with the Region VII OSHA representatives about getting an FAQ about this REP on their website as well as providing a central location for any information about the program.

Certification of Crane and Derrick Operators

On November 10, 2018, an Occupational Safety and Health Administration (OSHA) rule (29 CFR 1926.1400(a)) will go into effect that requires employers to qualify/certify crane and derrick operators through third party training and certification. Unfortunately, as drafted, this sweeping rule goes beyond heavy crane and derrick operators and also requires third party certification of those persons using light truck based cranes to deliver and retrieve propane tanks. At a cost of approximately \$3,790 per individual, this training and certification has a material and costly impact on propane providers, including Nebraska's farmer owned cooperatives. The rule requires affected employees to



be re-certified every five years.

While the rule is intended to impact the construction industry, its scope includes the propane industry which is already highly regulated by other industry and safety standards. The operation of telescoping and knuckle boom trucks used in propane tank delivery and retrieval is vastly different from tower cranes and other large-scale cranes used in construction.

The National Council of Farmer Cooperatives has called upon OSHA to correct the scope of its Cranes and Derricks in Construction final rule and appropriately remove propane dealers from covered entities subject to the rule. Further, H.R. 5988 was introduced in the House of Representatives by Rep. A Drew Ferguson IV of Georgia and currently enjoys the bipartisan support of 50 cosponsors. H.R. 5988 simply provides that:

"The Administrator of the Occupational Safety and Health Administration shall not administer, enforce, or otherwise implement any regulation, policy, or interpretation of the Administration that requires an employee to obtain or receive certification to operate power-operated equipment described in section 1926.1400(a) of title 29, Code of Federal Regulations, or any other regulation, for the delivery or retrieval of propane containers."

On October 16, 2018, NCC communicated with each member of Nebraska’s Congressional Delegation and asked them to prevail upon OSHA to amend the rule to relieve propane tank delivery and retrieval personnel from this certification requirement and to support H.R. 5988 and any similar legislation in the Senate.

NCC EDUCATION FOUNDATION SCHOLARSHIPS AWARDED

The Nebraska Cooperative Council Education Foundation (NCCCEF) has awarded eight scholarships totaling \$19,000 for the 2018/19 academic year to students at the University of Nebraska-Lincoln (UNL) College of Agricultural Sciences & Natural Resources and the Nebraska College of Technical Agriculture (NCTA) at Curtis.

The NCCCEF scholarship program was initiated for the 1993/94 academic year with funding from voluntary contributions from the agricultural cooperatives which are members of the Nebraska Cooperative Council. Since the program's inception, 189 scholarships totaling \$199,100 have been awarded. The Foundation Board recently authorized the addition of a \$2,500 scholarship at the University of Nebraska-Kearney beginning with the 2019/20 academic year.

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

Recipients for the 2018/19 academic year are:

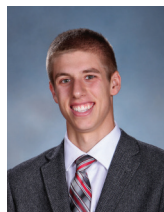
\$2,500 NCCCEF Scholarship in Honor of Robert C. Andersen at UNL

Eric Klitz, son of John & Alice Klitz of West Point, is a junior majoring in agribusiness. The Klitz's are members of CVA headquartered in York.



\$2,500 NCCCEF Scholarships in Honor of Michael S. Turner at UNL

Austin Harthoorn, son of Barry & Sue Harthoorn of Ainsworth, is a junior majoring in agricultural economics. The Harthoorn's are members of Farmers/Ranchers Co-op Assn. headquartered in Ainsworth.



Callie Dethlefs, daughter of Gary & Darlene Dethlefs of Rockville, is a sophomore majoring in agribusiness. The Dethlefs' are members of Farmers Co-op Assn. headquartered in Ravenna.

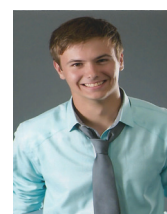
Erika Harms, daughter of Randy & Karla Harms of Glenvil, is a senior majoring in agricultural economics. The Harms' are members of Fairfield N/S Co-op Fertilizer headquartered in Fairfield and CPI headquartered in Hastings.



Sloane Holtmeier, daughter of Chuck & Tina Holtmeier of DeWitt, is a sophomore majoring in agribusiness. The Holtmeier's

are members of Farmers Cooperative headquartered in Dorchester.

Brent Miller, son of Roy & Sarah Miller of Oakland, is a junior majoring in agribusiness. The Miller's are members of CVA headquartered in York.



Brock Wiese, son of John & Rose Wiese of Lindsay, is a freshman majoring in agricultural economics. The Wiese's are members of Farmers Co-op Assn. headquartered in Lindsay and Farmers Pride headquartered in Battle Creek.

\$1,500 NCCCEF Scholarship in Honor of Michael S. Turner at NCTA

Ashley Connell, daughter of Don & Sheri Connell of Newport, is a first year student majoring in ag production systems. The Connell's are members of Farmers/Ranchers Co-op Assn. in Ainsworth.



Scholarship applications for the 2019/20 academic year will be accepted beginning in late November. Watch our website at www.nebr.coop (on the Foundation - Scholarship page) for the online applications.

NCC-PAC INTERVIEWS CANDIDATES FOR STATE LEGISLATURE

The NCC Political Action Committee (NCC-PAC) continues to be a significant part of the Council's overall legislative program. The NCC-PAC was established in 1999 to help gain access to legislators from urban and rural areas of the state through voluntary contributions from members.

As the urban areas of the state continue to grow in population, it is important that the Council has access to the state senators serving those areas. Through the PAC, the Council has the opportunity to communicate with and educate state senators regarding issues that are important to cooperatives and rural Nebraska.

The NCC-PAC conducted interviews with 22 candidates in July. Interviews were held in LaVista on July 10-11 and in Lincoln on July 19. Members of the committee are:

Dean Thernes - Farmers Pride, Battle Creek (Chair)

Carl Dickinson - CVA, York

Mary Kay Lyon - CHS Inc, Holdrege

Douglas Olsen - Panhandle Co-op Assn., Scottsbluff

Greg Sabata - Frontier Co-op Co., Brainard

Bill Schuster - Aurora Co-op Elevator Co.

Kent Taylor - Ag Valley Co-op, Edison

Ron Velder - Farmers Co-op, Dorchester

David Briggs - WESTCO, Alliance (ex-officio)

Following the interviews, the NCC-PAC provided campaign donations totaling \$41,500 to 34 legislative candidates in 24 legislative races. In addition, the NCC-PAC contributed \$5,650 to incumbents from September 1, 2017 thru August 31, 2018.

In order to provide state senators and other policy makers with the most current information regarding cooperatives, the Council will once again prepare and distribute a Legislative Reference Guide booklet. The Guide will contain (1) an overview of the Council and cumulative figures for the impact cooperatives have on Nebraska's economy; (2) a map of the cooperative locations in each legislative district; (3) an individualized Fact Sheet for each cooperative member with the headquarters and all branch locations and other pertinent information; (4) and a Fact Sheet on the regional cooperatives in Nebraska and their impact on Nebraska's economy.



NCC Board Chair David Briggs (left) thanks Don Schuller of Wymore, candidate for Legislative District #30, following his interview.



Candidate for legislative district #32, Tom Brandt of Plymouth (top center), listens to NCC President Rocky Weber (bottom left) as he explains the impact cooperatives have on Nebraska's economy.



Myron Dorn of Adams, candidate for Legislative District #30 (center in white shirt) is pictured with NCC-PAC members (from left): David Briggs, Mary Kay Lyon, Kent Taylor, Dean Thernes, Douglas Olsen, Carl Dickinson, Ron Velder, Bill Schuster, and Greg Sabata.

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.

GOVERNOR SIGNS PROCLAMATION FOR COOPERATIVE MONTH

A proclamation recognizing October as Cooperative Month was signed by Governor Pete Ricketts and presented by Lt. Governor Mike Foley in a ceremony at the State Capitol on September 17.

Cooperative Month has been celebrated nationwide and in Nebraska for many years to call attention to the economic benefits which come from cooperative businesses.

The proclamation signed by the Governor notes that agricultural cooperatives serve the needs of Nebraskans in 374 rural communities across the state and employ over 5,400 people statewide. Cooperatives also invest nearly \$186 million annually in facilities and equipment to serve farmers and ranchers while also returning nearly \$78 million annually in patronage and equity redemption to their farmer and rancher owners.

In brief remarks at the signing ceremony, Rocky Weber, President & General Counsel of the Nebraska Cooperative Council, said “Cooperatives certainly contribute to the slogan ‘Nebraska - the Good Life’ by providing a \$2 billion annual economic impact. Cooperatives also contribute to the ‘Good Life’ through their significant contributions to youth scholarships and youth organizations such as FFA and 4-H and to communities in their trade territory.”

In Nebraska, more than 40 cooperatives serve over 60,000 members in both rural and urban areas of the state. Cooperative businesses in Nebraska provide agricultural marketing, farm supplies, consumer goods, telephone, electricity, communica-

tions, and other products and services.

The Nebraska Cooperative Council, a statewide trade association representing all types of agricultural cooperatives, coordinated arrangements for Governor Ricketts to sign the proclamation. Participating in the event were representatives of the Nebraska Cooperative Council.

A copy of the proclamation, a news release, and a sample letter to the editor

were sent to all cooperatives in late September.

In addition to the proclamation signing, the Council worked with the 10/11 television station and the Nebraska Rural Radio Association to promote Cooperative Month. 10/11 interviewed Lincoln area cooperative managers on topics ranging from facilities, service, equity and community support. Each

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CO-OP MONTH

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week during the month of October, one of these segments is shown on the show “Pure Nebraska” aired on 10/11.

In addition, Council President Rocky Weber did an interview with the Nebraska Rural Radio Network that was played by their stations (KRVN, KNEB, KTIC, and KAWL). Weber also recorded a number of 30-second PSA’s that played on the station throughout the month. After each of these segments is played by 10/11 and the Rural Radio Network, they will be posted on our website.



Lt. Governor Mike Foley presented a proclamation declaring October as Cooperative Month in Nebraska. Pictured left to right are: Ron Velder, CEO of Farmers Cooperative headquartered in Dorchester; Allan Zumpfe, CEO of CPI headquartered in Hastings; Randy Robeson, CEO of Frontier Co-op Company headquartered in Brainard; Rocky Weber, NCC President & General Counsel; Lt Governor Mike Foley; Dean Thernes, President of Farmers Pride headquartered in Battle Creek; and Kent Taylor, General Manager of Ag Valley Co-op headquartered in Edison.

STATEMENT ON TRADE BY NCC PARTICIPATING MEMBER CHS, INC.

CHS Farmer-Owners and the Global Grain Market

Relationships between the U.S. and our closest trading partners are changing rapidly, and it is critical to follow developments closely. Tariffs on soybeans and other agricultural products disrupt trade flows and hurt the prices producers receive for their commodities.

At CHS, we know that, ultimately, our farmer-owners, customers and the rural communities where we operate may be impacted the most if trade disputes continue. CHS is focused on encouraging resolution of these disputes while working hard to find ways to minimize disruption at harvest if the current trade policy situation persists.

Each year, CHS originates 700 to 750 million bushels for export. The company also markets two billion bushels of grains and oil seeds domestically and to export customers each year.

“The level of uncertainty may impact a farmer’s ability to plan harvest logistics, identify space allocation, plan storage rates, or create shipping schedules,” said John Griffith, senior vice president of Global Grain Marketing and Renewable Fuels. “It also impacts our ability to work with CHS farmer-owners to plan for an orderly harvest period.”

In Washington, CHS has worked individually and in collaboration with others in our industry to urge policy makers to reach a thoughtful and comprehensive resolution.

“CHS believes the government must work to expand market access and pursue policies that ensure fair competition and a level playing field for U.S. farmers and ranchers,” said John Engelen, vice president for Government Affairs at CHS. “In the meantime, we will continue working to amplify the voices and concerns of our owners and customers to Congress and the Executive Branch.”

CALENDAR OF UPCOMING EVENTS

November 2018

- 14 NCC Board and Committee Meetings, Annual Meeting, Hall of Fame Ceremony & Membership Reception - Kearney, Holiday Inn
- 15 NCC Director/Manager Workshop - Kearney, Holiday Inn

January 2019

- 8-9 NCC Director Certification Program - Kearney
- 9 Nebraska Legislature Convenes
- 28 NCC Legislative Advisory Committee meeting - Lincoln

February 2019

- 6 NCC Cooperatives For Tomorrow Seminar - Lincoln
- 7 NCC Graduate Director Seminar - Lincoln
- 21 NCC Board Leadership Seminar - LaVista