

# COOPERATION IN NEBRASKA

OFFICIAL PUBLICATION OF THE NEBRASKA COOPERATIVE COUNCIL



## ANNUAL REPORT

Volume 44, No. 3

September 2005

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

### Subdistrict Meetings

This year's Subdistrict meetings were held in Bridgeport on August 15, Lexington on August 16, and York on August 18. A total of 190 attended the meetings.



Scholarship winner Nicholas Kepler of Dalton addressing the Subdistrict meeting at Bridgeport.

The Council's Subdistrict meetings 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 three Subdistrict meetings allow our members to learn about issues and activities that the Council will be working on throughout the course of the year.

Reports were given by Board members, Political Action Committee mem-

bers, and Fund For Excellence Committee members, in addition to the President's report by Council President Bob Andersen. We want to thank all those who provided reports at the meetings. 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 2005/06 NCC Education Foundation Scholarship winners. It is always a pleasure to hear from the scholarship winners and learn of their college activities and future plans. The enthusiasm and energy that these young people bring to the meetings is always a highlight of the evening.

Our special thanks to Terry Bentley and FCE Credit Union for providing the refreshments during registration at each of the Subdistrict meetings.



Scholarship winner Krystal Large of Wauneta addressing the York meeting.

### CALENDAR OF UPCOMING EVENTS...

#### October 2005 - Co-op Month

- 7 \*KRVN/KNEB/KTIC Radio Report
- 21 \*KRVN/KNEB/KTIC Radio Report

#### November 2005

- 4 \*KRVN/KNEB/KTIC Radio Report
- 18 NCC Annual Meeting - Kearney Holiday Inn
- 18 \*KRVN/KNEB/KTIC Radio Report

#### December 2005

- 1 CCPRO Meeting - Kearney
- 2 \*KRVN/KNEB/KTIC Radio Report
- 13 Director/Manager Workshop - Sidney
- 14 Director/Manager Workshop - Kearney
- 15 Director/Manager Workshop - York
- 16 \*KRVN/KNEB/KTIC Radio Report

\*Broadcast times are:  
KRVN: 2:17pm Central  
KNEB: 1:15 pm Mountain  
KTIC: 2:17pm Central

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## President's Message



I encourage you to review this year's Annual Report. This is the time of year when I seem to have an almost impulsive need to do a little reflecting... to take a look back and think about the good and bad things and disappointments... and to the year ahead and its challenges. It was both a challenging and rewarding year for your cooperative trade association. As you review the Annual Report, it expounds upon many of the legislative, regulatory, and educational programs of last year. The most important thing about a trade association is that it exists to serve its membership; those who excel at serving their members do best and are positioned to serve for the long term.

In August, we completed our series of Subdistrict meetings across the state. These meetings were very productive and insightful. Membership meetings should be a "two-way street" in that Council representatives should share their view on both the prior year's programs and the upcoming year's programs, but, more importantly, that the members share their perspectives. I realize that often people are reluctant to speak up in front of a group of people and prefer to voice their views in private ahead of or after the meeting. I was pleased with the questions that I received both before and after the meetings from members.

As I concluded these meetings, I could not help but be reminded of the dedicated and capable people statewide that we have within Nebraska cooperative management teams. So much has been achieved, yet, so much remains to be done. The long-term survivability of cooperatives will require that we reaffirm our efforts and service. We cannot afford to be casual observers but must be active participants. I am reminded of the quote by Edward Everett Hale, who said: "I am only one, but I am one. I can't do everything, but I can do something. What I can do, I ought to do. And what I ought to do, by the grace of God, I will do."

In reality, that quote serves to remind us that our inherent responsibility is ongoing and long term. Cooperatives are "difference makers" and cooperatives require collective vision, commitment, and energy as we attempt to improve the economic well-being of our producer owners-members.

In closing, allow me to share my appreciation to everyone who has given graciously of their time and energy this past year to make this another successful year. Your Nebraska Cooperative Council will strive to be a valued stakeholder in the fulfillment of the cooperative mission and to the membership. Help us, help you.

In the cooperative spirit, I remain....

Robert C. Andersen

*"I am grateful for all my problems. As each of them was overcome, I became stronger and more able to meet those yet to come. I grew in all my difficulties."*

~J.C. Penney (1875-1971)  
 Founder, JC Penney Co., Inc.

### 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



### NEBRASKA COOPERATIVE COUNCIL

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### BOARD OFFICERS

Board Chairperson ..... Dale Piper, Elmwood - District II  
 Vice Chairperson ..... Ed Foster, Gothenburg - District I  
 Secretary ..... Bill Schuster, Aurora - District II

### BOARD DIRECTORS

Jim Chism, Imperial ..... District I  
 Jerrell Dolesh, Battle Creek ..... District II  
 Steve Erdman, Scottsbluff ..... District I  
 Tom Hansen, Edison ..... District I  
 Ron Velder, Dorchester ..... District II  
 Mike Maranell, Omaha ..... Participating Member

### STAFF

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# 2004/2005 Board of Directors

## DISTRICT I



**Jim Chism**  
Frenchman Valley  
Farmers Co-op  
Imperial



**Steve Erdman**  
Panhandle Co-op Assn.  
Scottsbluff



**Jerrell Dolesh**  
Battle Creek Farmers Co-op  
Battle Creek



**Dale Piper, Chair**  
Midwest Farmers Co-op  
Elmwood



**Mike Maranell**  
AGP  
Omaha



**Ed Foster, Vice Chair**  
All Points Co-op  
Gothenburg



**Tom Hansen**  
Ag Valley Co-op  
Edison



**Bill Schuster, Secretary**  
Aurora Co-op Elevator Co.  
Aurora



**Ron Velder**  
Farmers Cooperative  
Dorchester

## DISTRICT II

## PARTICIPATING MEMBER

# 2004/2005 Council Committees

### LEGISLATIVE ADVISORY COMMITTEE

Robert Andersen ..... Nebraska Cooperative Council (*Co-chair*)  
Ed Foster ..... All Points Co-op, Gothenburg (*Co-chair*)  
Jim Chism ..... Frenchman Valley Farmers Co-op, Imperial  
Tom Hansen ..... Ag Valley Co-op, Edison

Virgil Harms ..... Co-Bank, Omaha  
Max Larsen ..... Southeast Nebraska Co-op Co., Beatrice  
Rich Richey ..... Husker Co-op, Columbus  
Bill Schuster ..... Aurora Co-op Elevator Co.

Bruce Younglove ..... CHS Inc., Lincoln  
Dale Piper ..... Midwest Farmers Co-op, Elmwood (*ex-officio*)

### EDUCATIONAL ADVISORY COMMITTEE

Steve Erdman ..... Panhandle Co-op Assn., Scottsbluff (*Chair*)  
Jim Chism ..... Frenchman Valley Farmers Co-op, Imperial  
Tod Clark ..... CHS-LOL, Scottsbluff  
Tom Connelly ..... Country Partners Co-op, Spalding

Tom Houser ..... CoBank, Omaha  
Harold Hummel ..... Farmers Co-op Co., Waverly  
Eric Johnson ..... Central Valley Ag Co-op, O'Neill  
Harold Printz ..... Farmers Elevator Co., Kimball

Steve Wright ..... United Farmers Co-op, Shelby  
Dale Piper ..... Midwest Farmers Co-op, Elmwood (*ex-officio*)

### POLITICAL ACTION COMMITTEE

Ed Foster ..... All Points Co-op, Gothenburg (*Chair*)  
David Briggs ..... WESTCO, Alliance  
Todd Christensen ..... Agri Co-op, Holdrege  
Doug Derscheid ..... Central Valley Ag Co-op, O'Neill

Bruce Favinger ..... Heartland Co-op, Hastings  
George Hohwieler ..... Aurora Co-op Elevator Co.  
Ron Hunter ..... Ag Valley Co-op, Edison  
Greg Sabata ..... Frontier Co-op Co., Brainard

Ron Velder ..... Farmers Cooperative, Dorchester  
Brian Williams ..... Farmers/Ranchers Co-op, Ainsworth  
Dale Piper ..... Midwest Farmers Co-op, Elmwood (*ex-officio*)

### FUND FOR EXCELLENCE COMMITTEE

Steve Erdman ..... Panhandle Co-op Assn., Scottsbluff (*Chair*)  
Jerrell Dolesh ..... Battle Creek Farmers Co-op  
Darwin Franzen ..... Cooperative Supply Inc., Dodge

Wade Mulari ..... Co-op Mutual Insurance Co., Omaha  
Randy Robeson ..... Frontier Co-op Co., Brainard  
Dale Piper ..... Midwest Farmers Co-op, Elmwood (*ex-officio*)

### HALL OF FAME COMMITTEE

Ron Hunt, Hildreth  
Al Kalkwarf, Dorchester  
Ted Kessner, Lincoln

Jim Miller, Hardy  
Terry Rowe, Smithfield  
Dale Piper, Elmwood (*ex-officio*)

# 2004/2005 Nebraska Cooperative Council Cooperative Hall of Fame Induction Ceremony



Thomas Clark  
St. Edward



Theodore Kessner  
Lincoln



Berdean Kohtz  
Hampton

The Nebraska Cooperative Council Hall of Fame welcomed three new people into membership at the Annual Meeting of the Nebraska Cooperative Council held on November 22, 2004, in Kearney. The three were officially inducted into the Hall at the luncheon held in conjunction with the Council's Annual Meeting.

The 2004 inductees included **Thomas Clark** of St. Edward, **Theodore Kessner** of Lincoln, and **Berdean Kohtz** of Hampton. They join the five previous groups to comprise a true "Who's Who" of early cooperative leaders in Nebraska.

**Tom Clark** farms in the St. Edward area and served on the board of his local cooperative for many years, including two stints as board chair. He also was instrumental in forming two swine cooperatives.

**Ted Kessner** has been recognized as one of the icons of cooperative law. Ted completed a distinguished 44-year legal career when he retired from practice in July of 2004.

**Berdean Kohtz** managed the cooperative in Hampton for over 15 years. During that time he strived to find ways to add value to his patrons' grain crops through innovative practices. His goal was to return as much money as possible to the farmer owners of the cooperative.

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

We want to congratulate these three individuals for their induction into the Hall of Fame and thank them for their dedicated efforts to foster growth in the cooperative community.



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

## CDL Hazmat Endorsements

In January we provided you with information on the new regulations for hazmat endorsements for Commercial Drivers Licenses (CDLs) that were implemented by the Department of Transportation. The new requirements require drivers applying for a CDL with a hazmat endorsement to complete a background check and be finger-printed. When originally announced, the only location utilized for the fingerprinting was in Omaha.

Because of the hardship this placed on cooperatives, particularly the further you get from Omaha, we aggressively sought help from the Governor's office, our congressional representatives, and the Nebraska Department of Motor Vehicles to encourage the establishment of more sites for the fingerprinting.

Through this process we learned in early March that cooperatives in northern and western Nebraska could utilize sites in our neighboring states for completing the fingerprinting requirement. In South Dakota sites are available in Sioux Falls and Rapid City. In Wyoming sites are available in Casper and Rock Springs, and in Colorado sites are in Denver and Colorado Springs.

In addition to these sites, there were six county sheriffs who agreed to provide fingerprinting services. Since this original action, many additional sites have been added statewide. If you need an updated list of sites, please contact the Council office.

### COOPERATION IN NEBRASKA

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Robert C. Andersen, President  
Ed Woeppel, Editor  
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Nebraska Cooperative Council  
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## Member Input Meetings

The Nebraska Cooperative Council conducted two member input meetings this year, one at North Platte on March 3 and another at York on March 4. A total of 29 cooperatives were invited to attend one of the two meetings.

The purpose of these two meetings was to allow the membership to provide input into the activities of the Council and to help establish the Council's priorities in the future. In essence, the Council is able to undertake long-range planning with grassroots member input. The agenda focused on:

A. An assessment of the Council's present education, legislative, and regulatory programs. What are the strengths, weaknesses, opportunities and threats? What programs are the most important to your operations? To the cooperative system as a whole in Nebraska?

B. Budgetary, as the redeployment of cooperative assets continues, how do we finance the delivery of needed association services?

C. A review of the multi-state discussions between the Iowa Institute for Cooperatives and the Nebraska Cooperative Council regarding director education programs and potential multi-state opportunities.

D. Should the Council continue its involvement in "industry specific" programs? If the Council isn't involved, will the industry specific groups position themselves to do so?

Mike Turner, who facilitated both meetings, prepared a summary of the input gathered at both meetings. Key findings were:

- Three (3) primary areas of emphasis for the Council were identified:

1. Legislative work (35.3%)
2. Regulatory work (26.9%)
3. Education programs (23.9%)

- The three (3) core activities of the Council (legislative, regulatory, and education) need to continue. Cutting back in these three areas would negatively affect the Council's ability to meet its mission. None of those participating in the meetings wanted to see these three core areas reduced or eliminated.

- The participants were strongly opposed to the Council narrowing its programs to "only cooperative specific" issues and moving away from "industry specific" issues.

- "Free riders" (non-members) will benefit from Council efforts; however, the Council must still move forward in serving the cooperatives of the state.

- Members encouraged the Council to shift to greater use of email for publications and correspondence to reduce costs.

- As the redeployment of cooperative assets continues, dues will have to be adjusted to allow for the continuance of the three core areas of legislative, regulatory, and education programs.

The input that was provided by meeting participants was greatly appreciated by the Council's Board of Directors and staff. This meeting reaffirms the value of long-term planning by the Board and staff and will be continued on an every-other-year basis in the future.

## State FFA Cooperative Speaking Competition



The Nebraska Cooperative Council once again provided sponsorship for the State FFA Cooperative Speaking competition. According to FFA officials, the Council has provided support to the Nebraska FFA Association each and every year since 1951, making the Council the longest, continuous sponsor of the FFA organization. We are proud of this long-term relationship with the FFA and have every intention of continuing to work with the FFA in the future.

This year's Cooperative Speaking Competition took place in conjunction with the 77<sup>th</sup> Annual State FFA Convention which was held on March 31 and April 1 in Lincoln. A total of 65 students participated in the 12 district events, with 14 qualifying for the state competition.

Contestants in the Cooperative Speaking Competition are judged on a six- to eight-minute prepared speech on a topic dealing with cooperatives and their benefits to local, state, and national economies. The contest encourages young people to gain an understanding of cooperatives and at the same time to develop speaking and communications skills.

Judges for the semifinals of this year's competition were Lefty Gabriel of Shelby, Gail Hall of Lexington, Ted Kessner, and Ed Woeppel both of Lincoln. Judges for the finals were Jerry Johnson of Wahoo and Darrell Mark of Lincoln.

**Emily Estes** of Stuart took home top honors in the 2005 competition and received a trophy, first place medal, and a check for \$100 from the Council. In second place was **Taylor Yaw** of Imperial, who received a gold medal and check for \$50 from the Council. Third place went to **Megan Crawford** of Syracuse. Megan received a gold medal and a check for \$25 from the Council. Other gold medal winners were **Stacy Olson** of West Holt and **Amanda Peterson** of Waverly.

Receiving **Silver** medals were: Bryant Borchers of Centennial, Kaitlin Effe of Verdigre, Dexter Haskell of Lyons-Decatur, Justin Hathaway of Leigh-Clarkson, Laura Marciel of Boone Central, and Marcella Rhoads of Superior.

Receiving **Bronze** medals were Lianne Boggs of Verdigre, Becky Grimm of Sioux County, and Matt Herrington of St. Paul.

Congratulations to all these students, who through their own efforts are preparing themselves to be the leaders of tomorrow.

# Nebraska Cooperative Council Financial Statements

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

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



# 2004/2005 Education Programs

This winter's Council educational programs drew in 340 local directors, managers, and employees of cooperatives. The programs this year included the Director/Manager Workshop, Director Certification Program, Graduate Director Seminar, Board Officer Training, and Cooperatives For Tomorrow.

Sixty-five (65%) percent of our members sent representatives to at least one of our educational programs, and as you might guess, many cooperatives had representation at several programs. This speaks well for the cooperative system and indicates an interest in investing in the continuing education of local directors and management.

## Director/Manager Workshop

Co-sponsors for the program include the Council, CoBank, and the University of Nebraska-Lincoln Institute of Agriculture and Natural Resources. Supporting sponsors for the program were AGP, CHS Inc., and Land O'Lakes.



*Mike Turner and Tom Houser lead discussion during the Director/Manager Workshop.*

The "High Cost of Doing Nothing" was the theme of this year's workshops. The focus for the daylong program was:

- Demographic trends affecting agriculture
- Where should directors and managers look for bottom-line improvements?
- Can cooperative boards implement unpopular changes?
- The importance of follow-through and direct communication to membership
- Current cooperative topics

Dr. Mike Turner, retired UNL Ag Economics Professor; Tom Houser, Vice President of Commercial Agribusiness Banking, CoBank; and Council staff Ed Woepfel served as facilitators for the program.

## Director Certification Program

The 2005 DCP programs were scheduled for January 5-6 at North Platte and January 25-26 at York. Due to inclement weather, we were forced to cancel the North Platte dates and just hold one session this year. Instructors for the program included: Dr. Darrell Mark, UNL, Phases 1 and 4;

Council Attorney Rocky Weber, Crosby Guenzel LLP, Phase 1; Dr. Roger Ginder, Iowa State University, and Virgil Harms, CoBank, Phases 2 and 3; and Byron Ulery, retired co-op manager from Beloit, KS, Phase 4.

CoBank and UNL supply personnel time for travel, instruction, and material development. CoBank also sponsors the "Analyzing a Cooperative Business" booklet utilized in Phase 3.

## Graduate Director Seminar 1

The GDS1 on "Advanced Financial Management" was offered this year in North Platte on January 24 and York on January 27. GDS1 covers the complexities involved in cooperative financial management, highlighting those areas which are most often misunderstood. Techniques covered in the workshop can be directly applied to participants' future business needs. Through case study problems in many instances, participants arrive at workable solutions for specific situations. Facilitating the program were Dr. Roger Ginder, Dr. Darrell Mark, and Virgil Harms.

Co-sponsors include the Council, CoBank, and UNL-IANR.

## Board Officer Training

This year's Board Officer Training was held in Lincoln at the Cornhusker Hotel on February 15. The morning session consisted of an open forum discussion of issues facing cooperatives today. This free-ranging discussion was facilitated by Rocky Weber, attorney with the Crosby Guenzel law firm, and Darrell Mark, UNL Ag Economist. As always, this discussion touched on a variety of topics, and the nature of the program allowed participants to ask questions of Rocky and Darrell that pertained to their cooperatives.



*Attorney Rocky Weber and UNL Ag Economist Darrell Mark answering questions at the Board Officer Training program.*

The afternoon session focused on "Questions Local Directors Should be Asking." Harry Fehrenbacher, Chairman of the Board of Effingham Equity Cooperative in Effingham, Illinois, and the last Board Chairman of Farmland Industries, facilitated the afternoon session. Because of the unique



experiences that Harry has had as a board member, he was able to discuss the importance of local board members being engaged in their duty as a board member. Harry discussed the demise of Farmland and the factors that led to the demise. In addition, he shared a perspective of how things worked for his local cooperative which has been very successful over the years.

### **Cooperatives For Tomorrow**

The Cooperatives For Tomorrow program was a new offering for the Council this year. The program was designed to allow our members to hear from national and regional cooperative leaders who they otherwise may not have the opportunity to hear from. The concept is that perhaps we can learn from others who have faced some of the same issues we are facing in the supply and marketing cooperatives of Nebraska.

We cooperated with the University of Nebraska on this program and were able to utilize the Fund For Excellence to help offset the costs for bringing in nationally known speakers. This concept allowed us to develop the program at an affordable cost for local directors.

Throughout the day the program focused on vision and strategic thinking and planning. The intent was to allow the various cooperative leaders to share their vision and strategic positioning with our members to help stimulate creative solutions to problems faced by our cooperatives.

The program was held in Lincoln on February 16 at the Cornhusker Hotel. The program was kicked off by Dennis Mullen, CEO of Birds Eye Foods, a vegetable cooperative. Mr. Mullen provided an excellent presentation that talked about the need to create and communicate the vision for your company. Through examples of actual experiences, Mullen explained the importance of all of the members of an organization understanding the vision of the company.

The program then shifted to a presentation by Mike Fraser and Michael Tedder from ISG Inc. in Overland Park, Kansas. This presentation focused on strategic thinking and planning. Fraser and Tedder worked through the process of helping people to think strategically and then develop a plan to strategically position the company for future growth.

During the luncheon the group had the opportunity to hear from Robert Egerton, manager of CoBank's Commercial Agribusiness Division in Denver. Egerton provided his insights into the future of agriculture and the need for local cooperatives to be able to adjust to meet the demands of future customers.

The final portion of the day's program was a panel discussion titled "Visions for the Future." On the panel were Randy McGinnis, COO for the 10 Midwestern states of Dairy Farmers of America; Don Wiseman, retired cooperative manager; and Robert Egerton. During this discussion each panel member provided his thoughts on the future of agricultural cooperatives. The group also responded to questions from the audience to conclude the session.

## **CCPRO Organization Formed**

CCPRO, which stands for the Cooperative Communications and Public Relations Organization, was officially formed at a meeting of cooperative representatives on March 1, 2005. The mission of this organization is to improve the skills of ag cooperative communications professionals through educating and networking to provide a unified message for our cooperative workforce and members.

Over the years the Council has heard from many local cooperative leaders that communications with members and member education were areas that needed to be enhanced because cooperatives have changed so much in recent years. To address this concern, the Council hosted a meeting in September 2004 to determine the need and interest of forming such an organization. At that meeting the clear consensus was that a networking group of this kind would indeed be beneficial for individuals charged with communications and education within their local cooperatives.

The initial officer team for CCPRO was elected at the March 1 meeting and includes: President, Tom Hermance, Human Resources Manager, Farmers Cooperative, Dorchester; Vice President, Gary Lewien, Communication Director, United Farmers Cooperative, Shelby; Secretary/Treasurer, Cyndi Weiss, Customer Service Director, Frenchman Valley Cooperative, Imperial; and Communications Director, Brett Faber, Director of Communications, Aurora Cooperative Elevator Co.

This group will be providing the leadership over the next year to establish the programs and procedures to make this a group that will truly be beneficial for local cooperative employees. Certainly they are to be recognized for taking a leadership role in this important task.

In addition to establishing the guidelines and officers for the new organization, those in attendance had the opportunity to take part in a communications workshop presented by Alan Kohtz of KoSource. Alan provided ideas and examples on how members could develop and improve internal communication processes with cooperatives. During this presentation members were also given the opportunity to share some of their own ideas or examples of things they have done to be more effective in communicating internally.

The group plans to meet quarterly for the coming year. As dates and locations are set, we will make sure that all cooperatives are invited to attend. We want to assure you that even if your cooperative was not able to attend either of the first two meetings, you are still more than welcome to join the group. A networking group only becomes stronger when more people are involved, so we want to encourage you to be proactive in solving some of our communications problems by joining this organization.

# Legislative/Regulatory Issues

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

## GRAIN

**LB 439 . . .** One of the major successes of the Council during this legislative session was the passage of LB 439. LB 439 dealt with allowing the common practice of direct delivery grain storage programs to continue. While this practice has been common in the industry for many years, proposed Public Service Commission (PSC) regulations would have ruled the practice illegal.

One of the fundamental issues that had to be resolved was the PSC stance that USDA policies would not allow for direct delivery grain storage programs due to grain substitution issues. To resolve this issue, the Council undertook a "fly-in" to Washington, DC, to meet face to face with USDA officials. We were able to meet with John Johnson, Deputy Administrator for Farm Programs, and Bart Farrish, Deputy Administrator for Commodity Operations.

As a result of this meeting, we received clarification from USDA officials that the USDA position is that

federally licensed or approved elevators are not prohibited from substituting grain. This clarification effectively forced the Nebraska PSC to change its stance on direct delivery storage programs.

Seeking this clarification was costly in monetary terms as well as time expended. However, receiving this clarification allowed us to move forward with LB 439.

Due to the unexpected legal and travel costs, the Council established a fund for resolving this issue. Voluntary contributions by those cooperatives most affected by this issue helped greatly offset these unexpected costs.

In order to be assured that we could resolve this issue, the Council and the Nebraska Grain & Feed Association worked with Senator Bob Kremer of Aurora to draft a bill to specifically allow direct delivery grain storage programs to continue in Nebraska (LB 439).



During the hearing on LB 439, the entire grain industry testified in support of the bill, and the PSC testified in a neutral position. During testimony, PSC representatives indicated that since the proposed regulations had been changed, there was no need to enact LB 439.

We maintained that LB 439 was needed to assure that in the future, direct delivery grain storage programs could not be changed through the regulatory process, but instead could only be changed by legislation.

LB 439 was passed by the Legislature with the emergency clause on April 1, 2005, with a 48-0-1 vote. The bill was signed by Governor Heineman on April 7, 2005, effectively becoming law on April 8.

**Status: Signed by Governor**  
**Council Position: Support**

**LB 52 . . .** was passed by the Legislature and signed by the Governor on March 9. As passed, it contained the original legislative intent of LB 222 in that it allows that the PSC may waive the currently required fingerprinting and criminal history background check if the licensee has already undergone a background check for purposes of obtaining a liquor license and has received that license. In essence, while the language is permissive, for all practical purposes, LB 52 removes the "dual fingerprinting" for cooperatives that have convenience stores. LB 222 was introduced by Senator Deb Fischer of Valentine on behalf of the Council.

**Status: Signed by Governor**  
**Council Position: Support**

**LB 492 . . .** was introduced by Senator Kremer at the request of the PSC in response to legal issues raised during the insolvency of Richland Grain.

LB 492 adds a new provision to the Warehouse Act which declares that grain physically deposited is grain in storage unless title is passed upon

## Cooperative Specific Priorities

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

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

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

**Patronage Dividends...**The Council will continue to oppose any efforts to subject

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

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

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

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

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

deposit pursuant to contract or priced scale ticket. The new section further declares that upon the PSC's closure of a warehouse and taking title to grain, a first priority lien in all grain inventories present in the warehouse exists in favor of valid storers, owners, and depositors of grain. Statutory notice is given of the preference of such lien over any lien or security interest of warehouse creditors.

Remaining provisions of the bill require notification of the PSC upon the commencement of any action in replivin to assert ownership of grain within a warehouse. The bill provides that the Commission's closure of a warehouse and taking title to grain serves as a stay upon any third party action or proceedings to take title to grain inventories of the closed warehouse. The stay applies to all actions actually commenced or which could have been commenced prior to the Commission's action.

**Status: Signed by Governor**  
**Council Position: Neutral**

### LB 79 - RAILROAD CROSSINGS

LB 79 was introduced by Senator Baker and, as originally introduced, would close any public railroad crossing without gates, signals, alarm bells, or warning personnel located within 1/4 mile of a public railroad with gates, signals, alarm bells, or warning personnel unless it is the only railroad crossing which provides access to property. It was advanced to General File with a Transportation Committee amendment which would allow a process for an interested party to object to an action taken if a written request is submitted to the Department of Roads by a professional engineer licensed to practice in Nebraska. Both LB 79 and the committee amendment remain pending before the full Legislature.



**Status: General File**  
**Council Position: Oppose**

### ETHANOL AND ECONOMIC DEVELOPMENT

LB 90 . . . was introduced and prioritized by Senator Wehrbein. As

originally introduced it would have raised the excise tax on corn and grain sorghum from 3/4¢/bu and cwt respectively, to 1.25¢/bu or cwt from October 1, 2005, through October 1, 2010. This increased revenue was proposed to provide funding for the Ethanol Production Incentive Cash (EPIC) Fund that the State of Nebraska is already committed to for future years. LB 90 as amended and passed contains the following provisions:

- Raises the EPIC excise tax on corn and sorghum from 3/4¢/bu or cwt to 7/8¢/bu or cwt from October 1, 2005, to October 1, 2010. (The total checkoff that needs to be collected will be 1-1/8¢/bu or cwt. This includes the EPIC excise tax of 7/8¢ and the Commodity Checkoff of 1/4¢/bu or cwt.)
- Raises the state's annual General Fund transfer to the EPIC Fund from \$1.5 million to \$2.5 million for 2005/06 and 2006/07 and 2008/09-2011/12. In 2007/08 the transfer would be \$5.5 million.

LB 90 also contains provisions for rural economic development, including:

- Creation of the Building Entrepreneurial Communities Act which would establish a grant fund to be used by two or more communities to support economically depressed rural areas. Grants would be limited to \$75,000/community. A total of \$250,000 would be available for grants.
- Create the Agricultural Opportunities and Value-Added Partnerships Act which would provide competitive grants of up to \$75,000 to organizations interested in value-added opportunities. Cooperatives would be eligible for these grants. Up to \$1 million per year will be available for value-added grants.
- Increases the net worth limitations for Nebraska Investment Finance Authority borrowers from \$300,000 to \$500,000 for agricultural enterprises.

**Status: Signed by Governor**  
**Council Position: Monitor**

LB 325 . . . as introduced by Senator Raikes would eliminate the Ethanol Board. The bill was heard by the Revenue Committee and was advanced to General File. The Revenue Committee believes that eliminating the Ethanol Board would result in savings of \$375,000 annually which could be redirected to ethanol production incentives. It should be noted that Senators Connealy and Preister, both supporters of the Ethanol Board, were gone on the day of the hearing.

**Status: General File**  
**Council Position: Monitor**

### LB 404 - LIVESTOCK INCOME TAX CREDIT

LB 404 would provide state income tax credits for individuals who update, modernize, or expand livestock facilities. The credits allowed would be equal to 10% of the first \$500,000 that was invested to construct, modernize, or expand livestock facilities. Partnerships, corporations, LLCs, and joint ventures all would be eligible under the Act. The Council testified in support of LB 404.

**Status: Killed**  
**Council Position: Support**

### LB 102 - STORM WATER MANAGEMENT AREAS

LB 102 was introduced by the Natural Resources Committee and Senators Beutler and Preister and would allow villages, cities, counties, and NRDs to create storm water management programs. Funding for such programs would come from landowners in the storm water management area and would be based on the amount of impervious surface of the landowner.



Cooperatives would be affected by the amount of paved area that they have in a storm water management program. C-Store or service stations, along with paved parking lots at office areas and warehouse facilities, would be used to calculate the tax assessment to pay for the program.

(cont. on page 12)

Initially, three cities in Nebraska (South Sioux City, Lincoln, and Omaha) were required by EPA to address this issue. This year, 13 more cities have been identified by EPA to address this issue. Examples would be Scottsbluff, Kearney, Grand Island, Norfolk, and Columbus.

**Status: Held in Committee**

**Council Position: Oppose**

## **EMPLOYMENT EXPANSION AND GROWTH ACT**

**LB 312 . . .** is the new centerpiece for Nebraska's economic growth incentives; the bill makes major changes to the Employment and Investment Growth Act (LB 775 - 1987).

The effective date of this legislation is January 1, 2006. Key provisions include the following:

1. Require wages equal to at least 60% of the state's average weekly wage for purposes of attainment and job tax credits;
2. Grant larger wage credits for better-paying new jobs;
3. Index investment thresholds in the future to changes in the producer price index;
4. Retain an investment-only tier and create a jobs-only tier;
5. Allow job credits to be taken against the withholding of new employees;
6. Expand the definition of taxpayer to eliminate the necessity that at least 90% of the owners be subject to income tax;
7. Allow teleworkers to count as jobs at the project if the telework is interrelated to the project;
8. Allow the Tax Commissioner to sanction taxpayers for failing to respond to information requests promptly, including deeming an application withdrawn;
9. Delay large refunds of local sales taxes to meet budgeting requirements of cities; and
10. Require disclosure of project-specific credits earned and used for 2-year periods.

Under LB 312 there are five (5) tiers of benefits. While broadening the avenues for tax credits, LB 312 also requires additional reporting relating to

the amount of tax credits and the taxpayers receiving the credits.

In addition to the tiers, several other components of economic development have been included in LB 312. One of particular interest to the business community and cooperatives is the provision which exempts manufacturing machinery, equipment and related services from sales tax. The measure would define "manufacturing machinery and equipment" very broadly to include: (1) equipment for transporting raw materials or components like assembly lines or mill rolls; (2) molds and dies for forming cast or injected products or its packaging material; (3) machinery to maintain the integrity of the product or environmental conditions, such as climate control or clean room equipment; (4) testing equipment for quality control; (5) computers that control a manufacturing process; (6) machinery used to produce power or energy, such as steam turbines; (7) catalysts, solvents, and other solutions even if they do not become part of the finished product; and (8) repair or replacement parts purchased for repairing or maintaining manufacturing machinery, such as refractory brick. Equipment would not need to come into contact with the product to qualify for the exemption.

LB 312 also includes the creation of the Nebraska Advantage Rural Development Act. This changes the Employment Expansion and Investment Act (LB 270 - 1987 and LB 608 - 2003) to allow businesses in counties with less than 15,000 residents to claim credits by creating as few as two jobs and investing \$125,000. Because of the low thresholds for jobs created and investment, many more businesses in counties of less than 15,000 will now be able to participate in the credits under LB 312.

It is important, however, to point out how LB 312 affects agricultural cooperatives in total. First, in late 1999 and early 2000, the Nebraska Department of Revenue issued a Department Ruling that Section 521 (exempt) cooperatives were not eligible under the Employment and Investment Growth Act (LB775-1987); however, non-exempt ag cooperatives were eligible. Under LB 312, Subchapter 521 cooperatives (exempt) and

non-exempt cooperatives are not excluded from eligibility under the Nebraska Advantage Act. The Council has worked closely with Senator Landis, Governor Heineman, and the Revenue Committee to make sure that Section 521 "exempt" cooperatives are eligible under provisions of LB 312. However, late in the session, we learned of an unfortunate development; namely, that in 2003, via AM 2005 to LB 608, Section 521 exempt ag cooperatives had been removed from eligibility by an Enrollment and Review Amendment to the Employment Expansion & Investment Incentive Act (LB 270-1987). Thus, under the Nebraska Advantage Rural Development Act provisions, Section 521 ag cooperatives are not eligible, but non-exempt cooperatives continue to be eligible. We are in the process of seeking corrective action at this time and will work with legislation in the coming session to rectify this issue.

The legislation also contains provisions for providing tax credits for research and development activities, and the creation of a Small Business Rural Micro-Enterprise Tax Credit Program which targets tax incentives at businesses with five or fewer employees.

**Status: Signed by Governor**  
**Council Position: Support**

## **FAIR LABOR STANDARDS ACT (FLSA)**

Last November, when we conducted our "fly-in" with U.S. Department of Labor (DOL) officials, it was agreed that both DOL staff and our legal counsel would search court records to determine how to reach a compromise that was acceptable to DOL and local cooperatives in regards to the FLSA. Due to the amount of time that legal counsel spent on the grain issues this legislative session, we were not able to get this accomplished as quickly as we would have liked.

Attorney Rocky Weber has completed his research and developed a job description for a custom applicator that "may be" acceptable to DOL officials. The challenge has been to determine what could be considered "minor and incidental" in regards to a custom applicator being considered

within the definition of a farm worker during the application season.

A conference call was held with Rocky Weber and a number of local managers in June. The primary purpose of the call was to discuss the draft job description that Rocky developed. During the call, Rocky indicated that the draft job description was more restrictive than what he would have preferred but it was done that way to have a chance of gaining the DOL's approval.

The managers on the call were lukewarm to a more restrictive job description. The group consensus was that the proposed job description as written would not solve the problem for cooperatives. In addition, concern was expressed that if we do adopt a more restrictive job description, future DOL audits of cooperatives that are not using the more restrictive version could be more damaging for those cooperatives.

During the call it was agreed that we needed to seek further clarification from the DOL before we finalize a position on the more restrictive job description. Rocky has submitted a letter to the DOL seeking clarification on the "farm exception" and how that can be applied from a practical perspective.

### **PUBLIC SERVICE COMMISSION - GRAIN REGULATIONS**

The issue of developing regulations for direct delivery grain storage programs changed dramatically with the passage of LB 439 this past legislative session. LB 439 was actually introduced to resolve the conflict created by the proposed Public Service Commission (PSC) regulations to implement LB 735 which passed in 2003.

As a stakeholder, the Council will be involved in developing the regulations to implement LB 439. PSC staff has begun this process and as details become available, we will provide updates to our members.

### **ANHYDROUS AMMONIA TANKS**

The Fertilizer Institute (TFI), along with eight member companies, applied to the U.S. Department of Transportation (DOT) for an exemption to authorize the continued use of nurse

tanks without the required American Society of Mechanical Engineers (ASME) identification plates. The exemption was approved by the DOT on January 10, 2005. Under existing DOT regulations, if an NH3 nurse tank is missing its ASME identification plate, it is out of compliance with the DOT. It has been estimated, nationally, that 30% of all NH3 nurse tank trailers do not have "readable" ASME tank identification plates. If a tank plate is not readable, that NH3 trailer is out of compliance with the DOT.

Under the TFI exemption, a method is provided for facilities with nurse tanks without the ASME identification plate to (1) perform an external inspection test; (2) conduct a hydrostatic inspection test; and (3) conduct a thickness test. A registered inspector must perform these inspection tests, which may be a company employee who meets the requirements of the DOT regulations. The tank exemption must be renewed every two years and re-inspected every five years and marked with the exemption number and a unique company identification number.

Pursuant to the above, retailers have four (4) choices: A) Remove from service those tanks in question; B) Do nothing and face being cited by enforcement authorities; C) Pursue TFI Nurse Tank Indemnification Plate Exemption; or D) Receive "Party Status" from the DOT directly. However, it should be noted that the Minnesota has implemented a program which allows retailers whose NH3 nurse tanks are missing an identification plate to have another "re data" plate attached and have an R Stamp Certified Person re-inspect the tank. Iowa appears to be moving in that direction as well.

Based on a survey of Nebraska locals that the Council undertook, the Nebraska State Fire Marshal has not been issuing "corrective orders" for missing ASME identification plates or non-readable plates (at the present time). Naturally, this could change in the future.

We have initiated contact with the State Fire Marshal's office and indicated our support for a state program similar to that in Minnesota. We will continue to maintain contact

with the State Fire Marshal's office to advocate for a manageable system of dealing with missing identification plates on NH3 tanks.

### **ANTITRUST MODERNIZATION COMMISSION**

The Antitrust Modernization Commission (AMC) was created by Congress to review antitrust laws in the U.S. and to report its recommendations to Congress and the President by Spring 2007. The Commission has announced its review will include the Capper-Volstead Act among other agricultural statutes.

In conducting its study, the AMC will attempt to determine whether immunities and exemptions should be eliminated if not justified by the benefits they provide or if they should otherwise be time limited. In addition to the Capper-Volstead Act, the non-profit agricultural cooperatives exemption is included among the immunities and exemptions the Commission will study.

The National Council for Farmer Cooperatives (NCFC), of which the Council is a member, has developed a position paper outlining the importance of farmer-owned cooperatives and the need for cooperatives to continue in the future. In addition, NCFC will provide testimony at a hearing the Commission will hold in November.

### **NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS**

The National Conference of Commissioners on Uniform State Laws (NCCUSL) is an association of 300 attorneys from across the United States dedicated to promoting uniformity among various state laws. They draft model state laws and promote their adoption by their respective state legislatures. They have been working on drafting a uniform cooperative model act in relation to the "new venture cooperative." NCCUSL's goal is to have a final draft version ready for the states' consideration by the fall of 2006.

We need to carefully evaluate the advantages and disadvantages of any type of new venture cooperative law and be assured that it is a "win-win"

*(cont. on page 14)*

## NCC-PAC

The NCC-PAC was established in 1999 with the main objective being to enhance access to our elected representatives from both the rural and urban areas of the state. The NCC-PAC is restricted to state legislative and state constitutional amendment elections which are deemed to have a direct impact on the Council's members.

The NCC-PAC is governed by an 11-member committee which is solely responsible for the method of solicitation and the amount of expenditures for particular candidates. One of the activities of the committee is to interview both urban and rural candidates to determine how contributions should be distributed. During the PAC interviews with "urban" legislative candidates, part of the process is devoted to educating them on what a co-op is. Through these interviews, the committee establishes ties with the candidates and, more importantly, has the opportunity to inform the candidates of cooperative issues.

In 2006, the Primary Election will be held in May and the General Election in November. In 2006, the constitutionally mandated term limits go into effect. Of the 24 senators up for election, 20 will be ineligible to seek re-election due to term limits. The NCC-PAC will spend 2-3 days during July 2006 interviewing legislative candidates across the state at several locations. In this time of change, the NCC-PAC will become even more important as we attempt to inform the candidates and new senators about cooperative issues.

We want to thank the cooperatives that provided voluntary contributions during the 2004/2005 fiscal year.



## FFE Projects

The Council's Fund For Excellence was created to assure a continued working arrangement with the University of Nebraska. The leadership of the Council believes that it is imperative to have an independent third party source to provide educational and research programs for farmer-owned cooperatives.

The agreement that we have with the University calls for the Council, through the FFE, to provide funding for educational research programs. In 2004/05, the FFE Coordinating Committee took action to fund the following projects:

1. **University of Nebraska Cooperative Analytical Simulation Tool NUCAST v. 2.0.** This proposal funded Version 2 of the NUCAST software that was created in 2004. Version 1 enables users to compare qualified vs. non-qualified allocations. Version 2 would incorporate additional features to enable users to project the impact of changes in unallocated equity and cash allocations paid in primarily non-qualified plans. (\$6,500 was allocated for this project). The programming for this software is complete, and the entire program is being tested to ensure quality control. The release is targeted for early winter of 2005.

2. **Cooperatives For Tomorrow Workshop.** This proposal funded a workshop that focused on creating vision and strategic plans for a cooperative. The intent was to bring in national speakers which local board members don't normally hear from. This workshop was hosted in conjunction with the Council. (\$5,500) A more complete review of this program is included in the education section.

### FFE Funding for 2005/06

We received three proposals for the 2005/06 funding cycle. These proposals were reviewed by the entire FFE Committee.

The FFE Coordinating Committee took action to provide the following funding for 2005/06:

■ **An Overview of the Financial Health of Grain and Farm Supply Cooperatives in Nebraska** - submitted by Iowa State University (\$7,848 over two years: \$3,875 in the first year and \$3,973 in the second). The proposal would provide financial benchmarks and analysis of financial trends in Nebraska's cooperatives. In addition to the project, Iowa State will provide personnel for an educational presentation for Nebraska cooperative directors explaining the results of the study.

■ **NCC/UNL Director/Manager Workshops Video Enhancement** - submitted by NCC/UNL (\$3,000). Would provide funding to create a video of Midwest region cooperative managers to be used in this year's Director/Manager Workshop. The purpose of the video tape is to provide a platform for candid discussion about the effects of the rapid consolidation that has taken place in cooperatives.

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### Legislative/Regulatory Issues (cont. from page 13)

situation for our traditional supply and marketing cooperatives and producers wanting to create a new venture cooperative. As we evaluate the action of the NCCUSL, these things need to be kept in mind:

- The law should supplement, not replace, existing cooperative law.
- The law should not adversely affect federal cooperative law with regards to existing tax, securities, and antitrust governance of cooperatives.
- The voting and economic value should be in the hands of the producers as opposed to investors.
- The law should be a "model law" and not a uniform law; if a uniform law, the NCCUSL will seek to promote adoption by the state legislatures versus having it as a sample law for use by the states.

## Cooperative Education Staffing at UNL

The Council has maintained a long history of working with the University of Nebraska to develop and deliver high quality educational programs for local cooperative directors. Since 1964 we have worked together on a yearly basis in these endeavors.

When Mike Turner announced his retirement from the University, the Council's Fund For Excellence was established to ensure that University support would be provided in the future. With the hiring of Darrell Mark to fill the Turner position, we thought we were set in this area of education. However, in late October 2004, Council staff met with Dick Clark, UNL Interim Department Head of the Ag Economics Department, and Elbert Dickey, Dean of Extension for the University, to discuss "Cooperative Programming." At that time, we learned that Dr. Darrell Mark's professional assignment at UNL was being changed, and the net effect was that the "Cooperative Education" position at UNL was being vacated. We also learned that Darrell would not be involved in facilitating the 2004 Director/Manager Workshop programs or providing that independent third-party perspective for cooperatives in the future. Clark indicated that the University would contract with Mike Turner to facilitate these programs for 2005/06.

In order to involve and generate input from the membership statewide, the Council convened a special meeting on February 21, 2005, with Drs. John Owens, Vice Chancellor of the IANR; Elbert Dickey; Dick Clark; and Alan Baquet, Associate Vice Chancellor of the IANR. Council representatives at the very important meeting included the Council's Board of Directors, Fund For Excellence Committee, and Educational Advisory Committee (see page 3).

Owens advised the group that the University had experienced severe budget cuts over the past four years. He also described another major concern which is undergraduate enrollment. He indicated that the Ag College is in the midst of an eight-year decline. If this trend is not reversed,

Owens indicated that the budget for the Ag College would become even more restricted.

Dickey then discussed Extension funding. He indicated that USDA requirements dictate that 25% of his funding be utilized for multi-state projects. That requirement lends itself well to working with other land grant institutions to provide Council education programs. Dickey also indicated that within Extension, he has a backlog of 44 positions, so refilling any position at this time will be difficult.

Dickey then laid out the University's plan for meeting the Council's educational needs. In the short term (2-3 years), the University will work with Mike Turner, Roger Ginder, and Darrell Mark to facilitate Council education programs. In the case of Turner, the University will contract with him to work on Council programs. Ginder will continue to work with the Council on the Director Certification Program and Graduate Director Seminars.

Since the February meeting, Council staff has researched possible solutions to the UNL staffing issue. Council staff developed a white paper discussing the pros and cons of various staffing approaches which was used during an April 15 Board/FFE conference call at which time the Board finalized its recommendation. A letter was sent to John Owens

expressing our desire to see the University hire a Ph.D. candidate for the "Cooperative Education" position in the Ag Economics Department.

On April 15, staff also held a meeting with the Iowa Institute for Cooperatives, Iowa State University, and CoBank officials to update them on the situation and to discuss long-term plans for this position.

On May 6, Council staff met with Alan Baquet who became the Ag Economics Department Head on July 1. Staff provided Baquet with the background on the Council/University partnership over the years and the importance this partnership has had on cooperatives across the state.

We discussed the "cooperative" position, and Alan indicated that he was charged with two (2) missions as he takes over as department head

1. Reverse undergraduate enrollment trends
2. Make sure ag economics research and extension is connected to Nebraska's citizens.

Certainly, number two fits well within the NCC-UNL partnership. We will continue our efforts to ensure that this important position is filled. It is regrettable that the process is as elongated as it is. However, we will continue to work with University officials to assure that the "cooperative education" position at UNL is filled.

*One November night, basketball legend Michael Jordan and I found ourselves alone, and he told me about being cut as a sophomore from his high school basketball team in Wilmington, NC. "The day the cut list was going up, a friend and I went to the gym to look together," Jordan recalled. "If your name was on the list, you made the team. His name was there, and mine wasn't. I went through the day numb. After school, I hurried home, closed the door to my room and cried so hard. It was all I wanted—to play on that team."*

*At the end of the regular season, Jordan asked the coach if he could ride along on the bus with the team to the district tournament. "I just wanted to watch the others," he explained. The coach agreed. But only if Jordan would carry the players's uniforms. "So that's what I did," said Jordan. "I walked into the building carrying the uniforms for the players." After a pause, he added, "It's probably good that it happened. It made me know what disappointment felt like. And I knew that I didn't want that feeling ever again."*

*~Bob Greene in his book *Hang Time**