

NEBRASKA COOPERATIVE COUNCIL

ANNUAL MEETING

# 2018-19 Annual Report



# Message from the President & Chairman

As we make this Annual Report of the Nebraska Cooperative Council's 74<sup>th</sup> year, we are in the waning days of what undoubtedly will be viewed as one of the most challenging years on record for agriculture in Nebraska. The trade war with China and other nations continues to depress U.S. grain markets. Unprecedented late winter storms decimated tens of thousands of acres of Nebraska farm land. Unusually wet, cold conditions delayed, and in some instances prevented, spring chemical and fertilizer applications and planting. Infrastructure failures affected transportation logistics statewide and stopped the flow of water in a vital irrigation canal in the Nebraska Panhandle. The farm economy continues its multi-year slump with no certainty of changing conditions in the near future.

And yet, Nebraska's farmer owned agricultural and utility cooperatives continue to play a vital role in serving their farmer owners. At the end of the Council's 2018-2019 fiscal year, Nebraska was home to 39 agricultural cooperatives, 6 rural telephone cooperatives and 3 rural electric cooperatives serving over 64,000 rural Nebraskans. In 2018/19, Nebraska's farmer owned cooperatives reinvested over \$136.1 million in new facilities and equipment while at the same time making cash patronage and equity redemption payments to their farmer owners of over \$39.2 million. Concurrently, and equally as important, Nebraska's farmer owned cooperatives made over \$1.6 million in community contributions in the form of community support for local fire departments, school and youth organizations, local and state FFA and 4-H chapters and scholarships to help rural youth attend college. Over the last four years, the number of agricultural cooperative locations in Nebraska actually increased by 24 to a total presence in 398 Nebraska communities.

These numbers demonstrate the absolute necessity and importance of the farmer owned cooperative as an essential component in the economic security of rural Nebraska. Together, Nebraska's farmer owners of the agricultural cooperatives continue to invest in the future and return millions of dollars to members and rural communities. Together, through the cooperative business model, Nebraska's farmers and ranchers have a means of weathering the challenges that 2019 has brought. As R. Buckminster Fuller, a 20th century

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*Cover photo: Governor Pete Ricketts addressed the Council's membership at its 2018 Annual Meeting on November 14, 2018 in Kearney.*





Rocky Weber  
President

David Briggs  
Board Chairman

inventor and visionary, stated: *“When individuals join in a cooperative venture, the power generated far exceeds what they could have accomplished acting individually.”*

For 74 years, Nebraska’s farmer owned cooperatives have together, through the work of your Nebraska Cooperative Council, advanced and defended their interests in Lincoln and Washington D.C. and worked through current challenges and prepared for the future through regulatory oversight, education and other programs. We are pleased to present this 2018-2019 Annual Report memorializing the activities of the Council throughout the last year.

From the Governor’s proclamation of Cooperative Month in October of 2018 to development and distribution of the 2019 Cooperative Legislative Guide to Nebraska legislators, the Council continues to raise the profile of Nebraska cooperatives with the public and policy makers.

In the 2019 Nebraska legislative session, the Council engaged Nebraska legislators through following, supporting, and opposing 150 bills in areas of transportation, motor fuels, feed & grain, warehouse nuisances, workers compensation, employment security, employment issues, and public utility issues. We also monitored and informed our membership about the ongoing property tax and school funding debate that has yet to be resolved.

In conjunction with its legislative activities, the Council’s Political Action Committee “NCC-PAC” participated in the 2018 legislative races and 2019 fundraisers by supporting candidates with donations totaling \$47,150. The NCC-PAC enjoyed broad support with 24 Local Cooperative Members, 2 Participating Members and 6 Supporting Members making voluntary contributions to the NCC-PAC.

In 2018-2019, the Council also continued to engage policymakers and regulators on the Federal level. Through its advocacy efforts, all three Nebraska Congressmen supported the SECURE Act, which provides pension premium relief to the Co-op Retirement System, and it has cleared the House of Representatives. We continue our advocacy in the Senate on this issue. In addition we continued to monitor and educate

the membership on the implementation and impacts of Section 199A.

In October 2018, the Council joined with agricultural associations in Kansas and Missouri to meet with regional OSHA representatives in Kansas City in order to provide Council members with information on the Special Emphasis Program OSHA undertook in the last year to inspect nitrogen and ammonia nitrate storage and handling facilities. In addition to the information made available to all members regarding OSHA’s plans, we provided an opportunity for our membership to participate in a roundtable with all applicable federal agencies in Kansas City to help prepare for inspection as a result of the special emphasis program.

In January of 2019, the Director Certification Program graduated its 1,665<sup>th</sup> graduate. We again experienced broad member participation in our winter education programs that focused on the changes to agriculture that the digital revolution will bring.

As a result of the Legacy Initiative Research, the Council has worked to enhance its educational offerings. We developed and hosted the first Nebraska Agricultural Cooperative Intern Retreat in July 2019 to provide an in-depth learning experience about Nebraska’s farmer owned cooperative system. Additionally, as a result of the Legacy Initiative process, the Council has enhanced its Co-ops 101 training to help member cooperatives train employees to engage with patrons to explain and support the cooperative value proposition of members equity, patronage and reinvestment in goods and services. We will be adding similar training for Boards of Directors in the next education cycle.

All of these activities are set forth in more detail in the following pages of this report. What you will see as you review this report is *the value of working Together, working Cooperatively, working in the face of current challenges and those of the future..... “to defend, protect, and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication and regulatory issues.....”* This has been and remains our mission as the Council commences its 75<sup>th</sup> year.

Rocky Weber

David Briggs

# 2018/19 Council Leadership

## Board of Directors

*Chair:*

David Briggs  
WESTCO  
Alliance



*Vice Chair:*

Dean Thernes  
Farmers Pride  
Battle Creek



*Secretary:*

Dave Beckman  
CVA  
York



Evan Brandes  
Aurora Co-op Elevator Co.  
Aurora



Mike Hechtner  
CoBank  
Omaha



Randy Robeson  
Frontier Co-op Co.  
Brainard



Galen Kuska  
Farmers Co-op  
Dorchester



Tim Rowe  
Country Partners Co-op  
Gothenburg



Kent Taylor  
Ag Valley Co-op  
Edison



## Committees

### Legislative Advisory Committee

Rocky Weber.....Nebraska Cooperative Council (Co-chair)  
Dean Thernes.....Farmers Pride, Battle Creek (Co-chair)  
Aaron Becker.....Farmers Co-op, Pilger  
Dave Beckman .....CVA, York  
Matt Caswell .....AGP, Omaha  
Jeff Loschen.....CPI, Hastings  
Jamey Nygren.....Farm Credit Services of America, Omaha  
Randy Robeson.....Frontier Co-op Co., Brainard  
Tim Rowe .....Country Partners Co-op, Gothenburg  
David Briggs .....WESTCO, Alliance (ex-officio)

### NCC-Political Action Committee

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  
Jeremy Wilhelm .....Midwest Farmers Co-op, Elmwood  
David Briggs .....WESTCO, Alliance (ex-officio)

### Excellence in Cooperative Education Committee

Evan Brandes.....Aurora Co-op Elevator Co (Chair)  
Tod Clark.....Country Partners Co-op, Gothenburg  
Jay Geu .....Frenchman Valley Farmers Co-op, Imperial  
Tom Houser .....CoBank, Omaha  
Galen Kuska.....Farmers Co-op, Dorchester  
Bart Moseman.....Farmers Co-op Elevator Co., Hemingford  
Mike Nohavec.....Farmers Co-op, Dorchester  
Allan Zumpfe.....CPI, Hastings  
David Briggs .....WESTCO, Alliance (ex-officio)  
Dr. Greg McKee.....University of Nebraska-Lincoln (ex-officio)  
Ed Woeppel.....Nebraska Cooperative Council

### Hall of Fame Committee

Daryl Erickson .....Greenwood (Chair)  
Don Wiseman.....Fairbury (Vice Chair)  
Jerrell Dolesh.....Tilden  
Galen Kuska.....Exeter  
Doug Nuttelman.....Stromsburg  
David Briggs .....WESTCO, Alliance (ex-officio)  
Rocky Weber.....Nebraska Cooperative Council (ex-officio)

## Staff

Rocky Weber.....President & General Counsel  
Ed Woeppel.....Education & Program Director  
Glenda Gaston.....Office Manager/Admin Asst  
Deb Mazour.....Program Coordinator/Admin Asst



# Legacy Initiative - Phase II



After the commencement of the Legacy Initiative in the fall of 2017, interviews were conducted over two phases with over 50 Nebraska agricultural producers, key staff of the cooperatives and a specific focus group of young producers under the age of 32 during the 2018 fiscal year. Focus groups of young producers were conducted on December 12 and December 20, 2018, respectively. Fourteen young producers from across the state participated in these focus groups. The data from these focus groups was reported to the Council in early 2019.

The key “Take-Aways” of the Phase II young producer focus groups were:

- Young producers generally know why Cooperatives were formed but do not see the unique value in the cooperative business model.
- Young producers generally believe that their inputs would cost less and they would receive a better price for grain if cooperatives did not pay patronage.
- Young producers generally do not understand the value of farmer ownership or the value of members’ equity providing staying power to the cooperatives.
- Young producers expect their suppliers to add value and bring them tools to be successful, not simply sell them products. They want to be connected to their supplier.
- Young producers see value in learning from experts and each other and believe that cooperatives could provide more value in education.

One young grower stated during the focus group that: “A lot of the pieces have gotten lost in translation. I think it could drive loyalty if they really understand the benefits and how they can work.”

In response to this information, the Council in 2019 has begun to develop programming for Board Education, Employee Education, and Patron Education to develop an overall cooperative communication strategy that explains and reinforces: (1) How patronage is determined and that there is no link between patronage and pricing; (2) The value of members’ equity and

focus of the farmer owned entity staying in the marketplace based upon a return on business done rather than a return on investment. Finally the Council is in the early stages of developing a Young Producer platform to provide added value in the agriculture education/information space to young producers.

## Cooperative Intern Retreat

On July 18, 2019, the Council hosted its first Legacy Initiative Program at the first Nebraska Agricultural Cooperative Intern Retreat. The one-day program, attended by 61 interns and 11 co-op staff, was designed for current participants in our Cooperative Members’ summer internship programs. The goal for the program was to provide an overview and context of the entire Nebraska cooperative system for participants as they complete their internship experience with their respective cooperatives.

The day featured a panel of agricultural producers who sit on local cooperative boards addressing what they need from their local cooperative and how the local cooperative can best serve those needs. A local cooperative CEO/GM panel explored the value of farmers earning patronage and holding members equity, of farmers owning and operating cooperative assets, how cooperatives differentiate themselves through member service,

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## Legacy Initiative Steering Committee

### PRODUCERS:

Dave Beckman ..... CVA, York (Chair)  
 Chad Fehringer..... Farmers Pride, Battle Creek  
 DJ Hladky..... Farmers/Ranchers Co-op, Ainsworth  
 John Oehlerking..... Midwest Farmers Co-op, Elmwood  
 Ryan Sands..... Aurora Co-op Elevator Co.  
 Jerrad Stroh..... CPI, Hastings  
 Rick Taylor..... Frenchman Valley Co-op, Imperial

### MANAGERS:

Aaron Becker..... Farmers Co-op, Pilger  
 David Briggs ..... WESTCO, Alliance  
 Dean Thernes..... Farmers Pride, Battle Creek  
 Jeremy Wilhelm..... Midwest Farmers Co-op, Elmwood

### CO-OP STAFF:

Jon Brabec..... Frontier Co-op Co., Brainard  
 Dawn Caldwell..... Aurora Co-op Elevator Co.  
 Dale Hayek..... Farmers Co-op, Dorchester  
 Scott Hillius..... Country Partners Co-op, Gothenburg  
 Jeff Krejdl ..... Ag Valley Co-op, Edison  
 Tom Palmertree..... CVA, York

### OTHER:

Dr. Greg McKee..... University of Nebraska-Lincoln  
 Rocky Weber..... NCC

## Legacy Initiative

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and how local cooperatives give back to their respective communities. Finally an interactive panel of representatives of our regional cooperatives discussed the role of the regional cooperatives and their relationship to local cooperatives and ultimate ownership by the farmer stockholder/members of the local cooperatives.



*The Council offered its first Nebraska Agricultural Cooperative Intern Retreat on July 18, 2019 in Kearney. Addressing the group is Council President Rocky Weber.*

### Cooperative Employee Training

**Cooperative Directors Retreat Program...** As a result of the Legacy Initiative research, the Council has developed a new cooperative education model: “Understanding and Communicating the Cooperative Edge” that, utilizing the result of Legacy Initiative Research, specifically addresses the key takeaways of the Phase II focus groups. This program can be used with employee groups as an extension of Co-ops 101 training or would be a valuable topic for a Board Retreat as well. The program was first presented at a two-day employee training at a member local cooperative in July 2019. It is adaptable to be used with specific financial or other information unique to each local cooperative with the purpose of training employees and board members to be able to talk to patrons about the cooperative ownership propositions of patronage and members’ equity and the unique value that cooperative ownership and usage presents. In addition, we are considering adapting this into something that could be used as brief modules at patron meetings.

**Young Producer Advanced Practices and Peer Exchange Cooperative Opportunity Education Program...** Utilizing the Legacy Initiative research, the Council staff has begun to develop a young producer education plat-

form to provide information and education to young farmers that they would generally not be able to access elsewhere. Topics identified in the young producer focus groups included, (not in any order): Financial Management, Business Structures, Innovative Ideas from Peers, Employee Recruitment and Management. We are currently gathering information and assessing what may add the most value for young producers and then will determine the structure of a program. Given the complexities of this and the need to be sure it is of value, development time will likely see us offering this in the winter of 2020-21.

**Graduate Director Seminar...** As a result of the Legacy Initiative research revealing that there are many opportunities available to enhance communicating the cooperative value proposition to farmer owners, the Council has included in its upcoming 2020 Graduate Director Seminar the program topic of “Cooperative Communications, Utilizing the Board of Directors”. This topic will focus on training directors to be effective communicators of cooperative ownership value and the strategic direction of their respective cooperative to member owners. Program details may be found in the 2019-20 Education Program Handout to be mailed in the fall of 2019.



*Council President Rocky Weber presented to employees at Country Partners Cooperative on August 13-14, 2019. The Council provided 4 Co-ops 101 sessions for Country Partners’ employees followed by 4 sessions utilizing results of the Legacy Initiative Research focused on key takeaways from the Phase II focus group.*

**“We felt it was important to make sure we had our customer facing employees trained up in the Co-op business model and then use our own internal dynamics to give the Co-ops 101 training a real world attachment to our Cooperative. Ed and Rocky did an excellent job in the Co-ops 101 session, and we had many positive comments from our employee group.”**

**- Tod Clark, CEO of Country Partners Co-op**



# State Legislation - 2019 Session



While the Council monitors all legislative activity in order to keep its cooperative members abreast of any legislative changes that may affect how cooperatives conduct business, the primary responsibility of the Council in the legislative arena is to monitor and effect legislation that pertains to “cooperative specific issues.” This legislative priority includes, but is not limited to, legislative action affecting:

- Cooperatives as business entities unique from corporations and limited liability companies
- Cooperative corporate governance and the rights and obligations of cooperative board members, stockholders and patrons
- Laws, including tax codes, that may affect how cooperatives allocate patronage to their patrons
- Equity management and equity redemption restrictions
- Securities and other “safe harbor” exemptions that provide cooperatives the ability to raise and manage equity

These legislative priorities involve issues that affect the very nature of the cooperative business model, whether it be a local or regional cooperative, a utility cooperative, a transportation cooperative, or the Farm Credit System, CoBank or related cooperative entities uniquely formed to serve the needs of cooperative business organizations.

The 2019 Legislature adjourned May 31<sup>st</sup>, six days earlier than originally planned. A total of 257 bills became law. Full descriptions of the status of the bills affecting cooperatives were emailed out to members in the form of *Legislative Updates* with a total of 18 forwarded during the session.

The Council tracked 150 bills and resolutions that could impact cooperatives. Listed here are some of the more significant bills we followed. The Council’s position is indicated in parentheses (S= support, O= oppose, M= monitor).

## SIGNED INTO LAW

### **LB 318 - Petroleum Liens (S)**

LB 318, which was introduced by Senator McCollister on behalf of the Council, was signed into law on March 27 and becomes effective September 1, 2019. At that time, there will no longer be a 90-day limitation on the enforcement of a petroleum products lien. The lien will remain valid on the crop for which the petroleum product was used.

### **LB 16 - Public Utilities / Withholding from Public Records (S)**

LB 16 was approved by the Governor on March 21. It allows public utilities to withhold information on critical energy infrastructure if information could pose a risk to national security or public health and safety. The Council supported this measure in support of rural electric cooperative interests. Provisions of the bill will become effective September 1, 2019.

### **LB 139 - Contractor Registration Act / Workers’ Comp Coverage (S)**

The Governor approved LB 139 on March 21, and provisions will become effective September 1, 2019. As passed, the bill allows the Department of Labor to collect data on whether or not a contractor or subcontractor is carrying workers’ compensation insurance. The Department of Labor then would make this list available to the public. This is designed to allow transparency so if someone is hiring a contractor or subcontractor, you know the status of their workers’ compensation coverage. It clarifies that the information provided is solely for the purpose of establishing premiums for workers’ compensation insurance and does not affect liability under the Nebraska Workers’ Compensation Act. It will still be incumbent on

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## State Legislation

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the company hiring an independent contractor to get written verification from the contractor that they either have workers' compensation insurance or that they are exempt from such requirement. Failure to do so may make the hiring company responsible for any death or injury to the independent contractor or its employees under the common law employment rule.

### **LB 217 - NE Wage Payment & Collection Act / Prohibit Retaliation (O)**

LB 217 was signed into law on April 17 and provisions become effective September 1, 2019. The bill applies to employers with 15 or more employees and would prohibit that employer from taking retaliatory actions against employees for discussing wages amongst themselves to determine if they are receiving equal pay for equal work.

### **LB 218 - Define Tangible Personal Property / Electric (S)**

With the inclusion of the emergency clause, provisions of LB 218 became effective on May 30, 2019. It amends the definition of tangible personal property to include electrical generation, transmission, distribution, and street lighting structures or facilities owned by a political subdivision thereby excluding them from the sales tax base.

### **LB 227 - NE Right to Farm Act / Nuisances Involving Farm or Public Grain Warehouses (S as passed)**

LB 227 was signed into law on May 8 and provisions become effective on September 1, 2019. It amends the Nebraska Right-to-Farm Act by expanding conditions under which a farm or public grain warehouse is shielded from liability as a public or private nuisance. It adds to existing law that if a farm or grain warehouse creates a nuisance that did not previously exist, then a neighboring land owner would have two years (rather than the current four year statute of limitations) from the time the nuisance is created to bring an action.

### **LB 237 - Sales & Use Tax Collection Fees (S)**

Provisions of LB 237 become effective January 1, 2020. It changes sales and use tax collection fees for counties by allowing them to retain the normal collection fee plus .5% of all amounts in excess of \$6,000 remitted each month to the Tax Commissioner with 75% deposited to the county general fund and 25% to the county road fund. Any county with a population of 150,000 or more would be required to remit \$1 for

each of the first 5,000 vehicles registered to the Department of Revenue to defray the costs incurred to implement the bill

### **LB 243 - Healthy Soils Task Force (S)**

LB 243 was signed into law on April 17 and because the bill contained the emergency clause, provisions became effective on April 18, 2019. It creates the Healthy Soils Task Force to (1) develop a healthy soils initiative and action plan and timetable to implement it, (2) identify realistic goals and timelines through voluntary partnerships among growers and relevant state, local and private entities, and (3) review the provisions of the 2018 Farm Bill and identify funding opportunities for purpose of soil health.

### **LB 334 - Sunset the Angel Investment Tax Credit Act and Transfer Funds to the Business Innovation Act (S)**

LB 334 was signed into law on May 31, and provisions become effective on September 1, 2019. The bill ends the Angel Investment Tax Credit Act. The \$4 million annual appropriation would flow to the Business Innovation Act except in fiscal year 20-21 when it would be transferred to the Governor's Emergency Program to aid in disaster relief response for any state of emergency.

As part of the Business Innovation Act's many stated purposes, the goal of providing financial support to value-added ag programs including small enterprise formation, economic opportunity through innovation in farming and ranching, and supporting the development of value-added ag products. It seeks to enhance income and opportunity for farming and ranching operations to stem the decline in numbers and enhance opportunities for farmers and ranchers to participate in electronic commerce and emerging markets. Additionally the Act seeks to encourage the production and marketing of speciality crops in Nebraska and develop the infrastructure to handle such crops. All of these goals reflect sound public policy in support of agriculture

### **LB 560 - Beginning Farmer Tax Credit (S as passed)**

LB 560 (as amended with provisions of LB 623) was signed into law on May 17 and provisions become effective on September 1, 2019. The bill clarifies the number of rental agreements the beginning farmers and agricultural asset owners could make under an existing tax credit program. Adopted in 1999, the Beginning Farmer Tax Credit provides a personal property tax exemption of up to \$100,000 and an income tax credit of up to \$500 for qualified beginning farmers or livestock producers. An owner of agricultural assets—such as cropland, pasture or machinery—is eligible for an income



tax credit on the rent of those assets to a beginning farmer or producer.

As passed, LB 560 allows qualified beginning farmers or livestock producers and owners of agricultural assets who have participated in a three-year rental agreement to be eligible to file subsequent applications for different assets. Tax credits for an asset could be issued for a maximum of three years. The bill also allows for a flex or variable rent agreement, in which a predetermined base rent is adjusted for actual crop yield or price. The bill clarifies that credits issued under the act are refundable.

### **LB 585 - Create the Renewable Fuel Infrastructure Program (S)**

Signed into law on May 8, provisions of LB 585 become effective January 1, 2020. The bill creates the Renewable Fuel Infrastructure Program to improve retail motor fuel sites by installing, replacing or converting ethanol infrastructure to be used to store, blend or dispense renewable fuel. Under the bill, grants totaling up to \$1 million in any calendar year would be administered from 2020-2024 through the State Energy Office.

### **LB 616 - Build Nebraska Act and Transportation Innovation Act (S)**

LB 616 was signed into law on May 8, and provisions of the bill become effective September 1, 2019. As introduced, LB 616 would have allowed for “build-finance” projects under the Build Nebraska Act and the Transportation Innovation Act. Build-finance project was defined as a project in which a design-builder, a construction manager, or a contractor working under any project structure allowed by law pays for the project labor, materials, and vendors as the work is performed and payments due from the department are made by, or on behalf of, the department over a period not to exceed ten years after the date of substantial completion.



As amended by AM442 prior to passage, the “build-finance” option as envisioned by the original LB 616 was removed and it exempts highway construction projects with a payment schedule that exceeds the time beyond completion of the construction from statutory provisions requiring the State to pay the contractor interest on the final payment.

### **LR 13 - Labeling for Plant-Based Milk and Dairy Food Products (S)**

LR 13 was adopted by the Legislature on May 30, 2019 and calls for enforcement of product labeling and statements of product identity that exclusively reserve the use of the term milk and dairy products such as yogurt, butter, ice cream, and cheese to products derived from real dairy origin. The Council supports LR 13 consistent with its support of LB 594 as stated above.

## **CARRIED OVER**

### **LB 40 (S) and LB 620 (S) - Motor Vehicles / Cell Phones**

Under LB 40, use of a cell phone would become a primary action, allowing you to be stopped for that offense alone. LB 620 would change the violation of texting while driving from a secondary offense to a primary offense.

Nebraska cooperatives rely on a safe transportation system as their employees transport farm inputs and grain on behalf of their farmer owners. We support public policy that encourages safe driving by all drivers and believe changing these cell phone uses to primary offenses, rather than secondary offenses, is consistent with sound public policy.

Both bills remain pending before the Transportation & Telecommunications Committee

### **LB 201 (N) and LB 229 (O) - Deceptive Fuel Pricing**

LB 201 and LB 229 address the issue of deceptive fuel pricing by retail fuel stations. Both remain pending before the Ag Committee.

LB 201 would make it illegal to provide deceptive advertising regarding motor fuel prices. Similar legislation was introduced in 2017 (LB 477) to address an issue with a North Platte fuel retailer; however, the language of the original bill was such that it would have put a hardship on small cooperative owned gas stations. At that time, the Council worked with Senator McCollister and the Nebraska Petroleum Marketers Association to develop language that we believe will limit the deceptive advertising yet not put a burden on small gas stations. This language is included in LB 201, and as introduced, any location with 6 or more fueling positions must provide the

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## State Legislation

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advertised price (bill board, electronic sign) at each fueling position. Retail stations with fewer than 6 fueling positions would not be affected.

LB 229 would provide that every pump location would have to have the advertised price if some of the prices are different. The restriction in LB 229 would apply to all retail stations regardless of size. LB 229 would codify the terms of a consent decree obtained by the Nebraska Attorney General in an initial action against the owner of a retail fuel outlet in North Platte that the Attorney General believed was violating the Deceptive Trade Practices Act. The Council opposes LB 229 because it seeks to make the terms of that Consent Decree applicable to all retail fuel stations in Nebraska.

### **LB 254 - Fair Chance Hiring Act (O)**

LB 254 is currently pending on Final Reading. It would adopt the Fair Chance Hiring Act to prohibit private employers and employment agencies from asking for criminal history until the employer determines the applicant meets minimum employment qualifications. Problematic in LB 254 are the ambiguous standards and procedures that must be adopted by employers in order to comply with when and how criminal background checks are part of the employment process.

### **LB 267 - County Board / Deficient Bridges and Tax Levy (S)**

LB 267 is on General File with committee amendment AM1245 pending. As introduced, the bill would allow counties to issue bonds and set appropriate tax levies to repay such bonds in order to replace deficient bridges. Currently counties can issue bonds to build, renovate or equip courthouses, jails and other county buildings. Under LB 267, county bridges would be added to the list of projects that could be financed through public bonds.

Per the bill's committee statement, AM1245 differs from the introduced bill in two respects. It limits usage of the levy authority to cases where the county board declares an emergency and where either (a) the U.S. President has declared a disaster, or (b) the bridge is designated as scour critical or structurally deficient under DOT standards. It also imposes a new requirement that all uses of the authority under Section 23-120(a) be only with the approval of two-thirds of the county board.

### **LB 305 - Healthy and Safe Families and Workplaces Act (O)**

Currently on General File, LB 305 would adopt the Healthy and Safe Families and Workplace Act which would require all

employers with four or more employees to provide a minimum of one hour of paid sick or safe time for every 30 hours worked to a maximum of 40 hours per calendar year.

It provides for administrative penalties for violation of the Act: up to \$500 for the first violation and not more than \$5,000 for each subsequent violation. Further the employee may bring a civil action against the employer for the full amount of any unpaid sick and safe time and attorney's fees and costs.

### **LB 311 - Paid Family and Medical Leave Insurance Act (O)**

LB 311 is on General File after failing to advance to second round debate. It would provide for mandatory paid family and medical leave with the costs to be paid out of a state insurance fund, funded by a tax on employers, much like the unemployment security tax. The Nebraska Chamber of Commerce reports that it is estimated that the program envisioned by LB 311 could cost Nebraska employers up to \$436 million in contributions.

The Council delivered a written position statement in opposition to LB 311 to the Business and Labor Committee at the time of the bill's hearing. LB 311 creates additional employment costs for Nebraska's employers and sets forth employment requirements substantially expanding the burden on employers over and above that required by the federal Family and Medical Leave Act.

### **LB 371 - All-terrain Vehicles (S)**

LB 371 remains pending before the Transportation & Telecommunications Committee. It would change provisions relating to all-terrain vehicle usage. The bill would (1) allow ATVs to cross any public road (except an interstate) if the operator is crossing at a 90% angle at a place where no obstruction prevents a safe crossing; (2) allow ATVs on these same roads on either the roadway or shoulder; (3) allow youth 12-18 the same rights if they are accompanied by an adult 21 or older with a valid license; and (4) require an ATV to have a working headlight and tail light and working brakes.

### **LB 394 - Appropriation for Transportation Technology Projects (O)**

Pending before the Appropriations Committee, LB 394 would appropriate \$15 million from the General Fund for FY2019-20 for a program to fund municipal innovation projects focused on transportation technology that improve safety, efficiency, and mobility. The Council believes that targeting such an expenditure to only municipalities ignores the ever increasing infrastructure needs of rural Nebraska.



Rural expressways, bridges, and county roads are all in great need of repair. This bill benefits only municipalities and not rural transportation needs which Nebraska's agricultural producers and farmer owned cooperatives rely upon in the transportation of farm inputs and commodities.

#### **LB 594 - Uniform Deceptive Trade Practices Act / Meat Labeling (S)**

LB 594 is on General File. It would make it illegal to advertise, promote, label, represent, illustrate, display for sale, offer for sale, attempt to sell, or sell an insect based, plant based, or lab-grown food product as meat.

The Council supports public policy that sustains and protects Nebraska's farmers and ranchers. Recent technological advances are rapidly creating non-animal sources of protein. Insects, cellular technology (lab grown) and even natural gas by product proteins are being developed and often referred to as "meat".

#### **LB 611 - Railroads (O until amended)**

Pending before the Transportation & Telecommunications Committee, LB 611 would require that a train have a crew of at least two members. Currently the bill would affect shuttle trains or light engines as the shuttle train is being loaded off the main line - this would substantially increase labor costs to cooperatives, who are rail shippers of grain, without any apparent benefit in safety or economy. After the bill's introduction, we talked with Senator Brandt's office about our concerns, and he offered AM537 during the hearing to amend the bill's language to state that the two-man crew requirement would not apply to "the movement of any train or light engine in use in the course of loading or unloading freight while such train or light engine is switched off a main line." If this amendment is adopted, the Council will become neutral on the bill.

#### **LB 613 - Beginning Farmer Tax Credit Act and Others / Application Deadlines (O)**

Pending before the Revenue Committee, LB 613 would provide a sunset date for the New Markets Job Growth Investment Act, the Nebraska Job Creation and Mainstreet Revitalization Act, and the Beginning Farmer Tax Credit Act. Under the bill, the last time that an individual could apply for any of these programs would be July 1, 2019.

The bill proposes to shift the \$30 million spent on these programs and move it to the Site and Building Development Fund. This is a fund that local economic development groups can access to buy land or buildings and for site preparation infrastructure development and other costs to provide industrial ready sites for communities.

Our objection to the bill is based upon it shifting priority away from the Beginning Farmer Tax Credit Act to the unrelated Site and Building Development Fund. Agriculture is the backbone of Nebraska's economy. Among farmers, demographic change is occurring on a rapid basis. Current agricultural economic conditions are making it increasingly difficult for young men and women to return to the farm.

#### **LB 664 - Provides for Section 199A Type Deduction for State Income Tax Purposes (S)**

LB 664 is pending before the Revenue Committee. It provides for a 9% reduction to federal adjusted gross income for purposes of calculating Nebraska income tax liability at an amount which is the lesser of the qualified production activities of the taxpayer or the taxable income of the taxpayer. Included within the qualified production definition is qualifying property which was manufactured, produced, grown, or extracted by the taxpayer. The provisions of LB 664 relevant to taxpayers who are farmers and horticultural or agricultural cooperatives and the ability of such cooperatives to allocate all or a portion of the deduction at the cooperative level to their members is identical to provisions found in Internal Revenue Code Section 199A adopted by Congress as part of the Tax Cuts and Jobs Act.

#### **LB 714 - Nebraska Industrial New Job-training Act (S)**

Pending before the Revenue Committee, LB 714 would create the Nebraska Industrial New Job-training Act.

The act allows companies and state community colleges to enter into job training agreements, in which employers have the option to remit a portion of payroll taxes to pay the college for their instruction and vocational services.

Under the Act employers engaged in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling products.....or providing services (which arguably includes agricultural cooperatives).....could enter into a training arrangement with a community college for the community college to conduct job training to create new jobs for the employer.

Any such arrangement must be approved by the Nebraska Department of Economic Development which must find that the project will create new jobs with an average wage that is more than the Nebraska average wage, and the project will provide industry approved training and comply with the Nebraska Industrial New Job-training Act.

# NCC Political Action Committee

The NCC Political Action Committee 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 NCC-PAC, the Council has the opportunity to communicate with and educate state senators regarding issues that are important to cooperatives and rural Nebraska.

With term limits, the ability to update and educate senators has become even more crucial. As senators move in and out of leadership positions much more rapidly, maintaining open communication has become much more critical. The NCC-PAC actively participates in urban and rural legislative races to help develop a broad base of relationships with policy-makers.

Following its candidate interviews in July 2018, the NCC-PAC provided campaign donations to 34 legislative candidates in 24 legislative races. Throughout the 2018-19 fiscal year, the NCC-PAC contributed in 28 instances to incumbents holding fundraisers or a post-election contribution to successful candidates. NCC-PAC contributed \$47,150 to legislative candidates in the 2017-18 election cycle and an additional \$3,100 since the 2018 election.

Contributions to the NCC-PAC by Members and Participating Members of the Nebraska Cooperative Council were \$17,995 for the 2017-18 cycle and \$19,879 to date for the 2018-19 cycle. During this period, 24 Local Members, 2 Participating Members and 6 Supporting Members voluntarily contributed to the NCC-PAC. At the end of the fiscal year on August 31, 2019, NCC-PAC maintained a balance of \$83,605 which combined with PAC contributions in the 2020 FYE will be available for use in the 2020 election cycle.

In order to provide state senators and other policy makers with the most current information regarding cooperatives, in early January 2019, the Council prepared and distributed a Legislative Reference Guide booklet. The Guide contained (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 plus the co-op's total number of employees, voting members, sales, assets, payroll, investment in new equipment/facilities, property taxes paid, federal/state income taxes paid, patronage refunds, and equity/estate redemptions; and (4) a Fact Sheet on the regional cooperatives in Nebraska and their impact on Nebraska's economy.

*Thank you!*

**...to the following members who provided voluntary contributions to the NCC-PAC for the 2018-19 fiscal year:**

Ainsworth - Farmers/Ranchers Co-op Assn  
Alliance - Panhandle Rural Electric  
Alliance - WESTCO  
Aurora Co-op Elevator Co  
Battle Creek - Farmers Pride  
Brainard - Frontier Co-op Co  
Clarkson - Farmers Union Co-op Supply Co  
Dorchester - Farmers Cooperative  
Edison - Ag Valley Co-op N/S  
Elmwood - Midwest Farmers Co-op  
Fairfield N/S Co-op Fertilizer

Friend - Farmers Union Co-op Co  
Gothenburg - Country Partners Co-op  
Hastings - CPI  
Hemingford - Farmers Co-op Elevator Co  
Holdrege - CHS Inc  
Imperial - Frenchman Valley Farmers Co-op  
Lindsay - Farmers Co-op Assn  
Pilger - Farmers Co-op  
Scottsbluff - Panhandle Co-op Assn  
Sidney - Crossroads Co-op Assn  
Wausa - CHS Inc

York - CVA  
Holyoke CO - CHS/Grainland Co-op  
Ag Processing Inc  
CHS Inc  
Gardiner + Company  
Lincoln Inspection Service  
Milliman  
Nebraska Rural Radio Assn  
The Cooperative Finance Assn  
United Benefits Group

# Federal & State Government Relations

The Council continues to work closely with the National Council of Farmer Cooperatives (NCFC) and the Agricultural Retailers Association (ARA) regarding federal legislation and regulations. NCFC has a continuous presence with Nebraska's congressional delegation, their respective staffs, and policy makers which allows the views of farmer owned cooperatives to be held in the forefront of any discussions. NCC President Rocky Weber is an elected state-council representative on the NCFC governing council.

NCFC, along with strong support from state councils such as Nebraska, monitors any efforts that would threaten the cooperative business model. Issues such as mandatory equity redemption, interest on members' equity, securities, patronage redemption, Capper Volstead repeal, and many more are continually monitored to ensure that the cooperative business model is not compromised.

The ARA represents retailers, distributors, and suppliers of crop protection products, fertilizer, equipment, technology and other services.

## **HR1994 - SECURE (Setting Every Community Up for Retirement Enhancement) Act of 2019**

On May 23, 2019, the U.S. House of Representatives adopted H.R. 1994 SECURE (Setting Every Community Up for Retirement Enhancement) Act of 2019. H.R. 1994 has been amended to include the provisions of the earlier Resolution that contained the Pension Benefit Guaranty Corporation premium relief so badly needed by cooperative and charity multi-employer plans. For the last three years, the Council has actively engaged the Nebraska Congressional Delegation in Washington D.C. to support this pension reform. Over 7,900 current and former employees of Nebraska's farmer owned cooperatives are participants in the Co-op Retirement Plan, (the Plan") which is a defined-benefit "multiple-employer" pension plan sponsored by United Benefits Group.

Without a change in the law that adoption of the RESA provisions now included in the SECURE Act will bring, there will occur an overcharging of premiums by the Pension Benefit Guaranty Corporation (PBGC) for the Plan in which nearly all of Nebraska's farmer owned cooperatives participate.

The U.S. Senate has yet to take up this measure. The Council has communicated the material importance of this legislation to Senator Deb Fischer in person and by correspondence and has corresponded with Senator Ben Sasse as well.



## **Disaster Relief Package**

In April 2019, the Nebraska Cooperative Council and the Nebraska Feed and Grain Association sent a joint letter to our Congressional Delegation asking that provisions be made in any disaster relief package for damages to commercial grain storage facilities and stored grain.

The Council also joined Nebraska Grain & Feed Association, numerous Nebraska commodity groups, and the Nebraska Farm Bureau in communicating a request to the Delegation that on farm grain losses be included in any disaster relief provisions.

The Council further communicated with the Membership concerning the reporting of any disaster related losses to the respective County Emergency Coordinators in order to be sure that all information necessary for disaster relief funding be funneled through the proper channels. In addition Council President Rocky Weber attended two meetings of federal and state officials, chaired by Governor Pete Ricketts and involving nearly all of Nebraska's rural trade associations, where disaster relief coordination efforts were explained and coordinated.

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## **Federal & State Government Relations**

(continued from page 13)

### **Title 159 - Underground Storage Tanks**

In February 2019, the Council disseminated to the Membership several amendments to Nebraska Administrative Code Title 159-Rules and Regulations regarding Underground Storage Tanks that the Nebraska State Fire Marshal is considering.

While the Governor's office has not yet authorized the Fire Marshal's office to proceed with the formal rule making process. The Fire Marshal's office has distributed these early so that industry can begin its analysis and be in a position to comment once the formal process commences.

### **Section 199A**

The implementation of Section 199A, adopted in early 2018, remains a key issue for Nebraska's farmer owned cooperatives. The Council sourced to all members Dr. Greg McKee's January 2019 paper titled "Tax Strategies for Farmers and Cooperatives under the New Section 199A". We also distributed Section 199A related information authored by the Arthur Capper Center for Cooperatives at Kansas State on the Section 199A transition rule that may impact patrons' 199A deduction for 2018 depending upon when grain sales were made and when the Cooperative's fiscal year ended.

The transition to Section 199A was complicated. Patrons should consult their own tax advisors for advice. If asked, however, I hope the attached is a helpful tool in understanding how the patrons are affected.

As of the end of the fiscal year, the Council remained engaged with the National Council of Farmer Cooperatives (NCFC) and its efforts to make sure that the Internal Revenue Service adheres the Congressional intent that Section 199A not be applied any differently to farmer owned cooperatives than former Section 199. An NCFC working group continues to meet with and provide comments on proposed Section 199A regulations.

### **OSHA Region 7 Meeting**

On October 3, 2018, Council President Rocky Weber attended a meeting at OSHA's Region 7 headquarters in Kansas City along with representatives of KFSA, Kansas Ag Retailers, Kansas Cooperative Council and Missouri Ag Retailers. We met with Brian Drake, OSHA acting Deputy Regional Administrator/Enforcement; Kris Lenocho, Assistant Regional Administrator for Compliance Assistance Programs; and Dee Cantu, Assistant Regional Administrator, Administrative Programs.

As reported to all member Cooperatives, the purpose of the meeting was to get more information on the Regional Emphasis Program OSHA has established for Regions 7 and 6 that involved program inspections of anhydrous ammonia facilities and ammonium nitrate facilities. Beginning in January 2019, the Omaha OSHA Area Office began conducting program inspections of these facilities which will continue through September 30, 2019.

The focus of OSHA was on storage and handling requirements for both products (29 CFR Parts 1910.109 and 1910.111). The program also involved OSHA looking at compliance with applicable NFPA, EPA, DOT, Homeland Security and other related industry regulations and standards. Violations of any of these non-OSHA standards may be cited if they will be able to cite under OSHA's catch-all General Duty clause.

In addition, the Council coordinated with the Kansas and Missouri agricultural groups to gain access to an informational program on the Special Emphasis Program which was held in Kansas City, Missouri prior to the commencement of the inspections.

### **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 using boom cranes or derricks to transfer propane tanks. The rule required affected employees to be re-certified every five years.

The National Council of Farmer Cooperatives 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 to require OSHA to amend its rule.

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.

# Director Education

The Council enjoyed another year of successful education programs with 326 individuals from 80% of our member cooperatives at the six programs we offered. A summary of each follows:

## **Director/Manager Workshop**

On November 15<sup>th</sup> in Kearney, a total of 81 people attended the day-long workshop which focused on two topics. The first of these was the Section 199A tax law changes and how this will impact cooperatives and their members. Dr. Greg McKee from UNL kicked off the discussion by providing a background on 199A tax law and what the changes may mean.

Dr. Phil Kenkel from Oklahoma State University then addressed how cooperatives may evaluate the changes to 199A and how to calculate these changes.

Dennis Gardiner from Gardiner + Company CPAs provided insights as to an accountant's view of 199A and the discussions they were having with their clients.

The afternoon was dedicated to cyber security and the risks cooperatives face. Dan Hanson with the Marsh & McLellan Agency provided an excellent overview of the risks faced by cooperatives and how cooperatives may reduce these risks.

## **Director Certification Program**

Fifty-one (51) phases of DCP were completed this year with 18 individuals graduating after having completed all 4 phases of the program. These graduates bring the total number of DCP graduates to 1,665 over the history of the program. All four phases of DCP were offered in Kearney on January 8-9, 2019. DCP is our core program offered annually to help new directors deal with the challenges they face as decision makers and to accelerate the process by which directors become active, effective board members. The training is very important



*During DCP Phase 3, Dr. Keri Jacobs of Iowa State University discusses how to understand and use financial statements.*



*Dr. Greg McKee kicked off the Section 199A discussion at the Director/Manager Workshop on November 15, 2018.*

to establish an understanding of the responsibilities of the position.

## **Cooperatives For Tomorrow Seminar**

On February 6<sup>th</sup> in Lincoln, 70 individuals attended CFT. Speakers for the program were Mark Zenuk from Tillridge Capital Partners, who addressed market segmentation and expenditures in agribusiness; Kent Langley who addressed blockchain and artificial intelligence; and Chris Paterson of Xarvio, a division of BASF, who addressed new technology impacting production agriculture

## **Graduate Director Seminar**

GDS was held February 7<sup>th</sup> in Lincoln with 59 directors in attendance. The topic built upon last year's program and provided more insight into understanding the financial position of the co-op and how that relates to future planning. Dr. Keri Jacobs of Iowa State University and Tom Houser of CoBank led the morning session which incorporated situational analysis using financial acumen to analyze situations that boards may encounter as well as assessment of ongoing profitability of the cooperative.

The afternoon session focused on board member communications. As cooperatives continue to grow, it is important that Board members are able to effectively communicate the vision and plans of the cooperative to member patrons. Facilitators Marcus Squier and Mark Smither of Paulsen were not able to attend in person due to weather issues but they provided a shortened video presentation via Skype focused on preparing board members to communicate the strategy and mission of the cooperative to the public. Following this presentation, Council President Rocky Weber provided a summary

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## Director Education

(continued from page 15)

of the Legacy Initiative research indicating the opportunities for directors to become key components of a cooperative's communication strategy with its farmer owners.

### Board Leadership Seminar

BLS was held in LaVista on February 21<sup>st</sup> with 38 in attendance. As in the past, the program was scheduled right before the start of CoBank's Customer Meetings to allow participants to travel "one" time to attend both programs. This Seminar provides board officers the opportunity to engage each other in a free form discussion on all issues affecting board governance of a farmer owned cooperative. BLS remains the highest ranked education program sponsored by the Council. Attorney Bill Kutilek of the Crosby Guenzel Firm and Council President Rocky Weber moderated the program.

### Credit Workshop

Every few years, the Council conducts a Credit Workshop for co-op managers and employees. After receiving several inquiries relating to patron credit accounts and risk management, a Credit Workshop titled Staying A Step Ahead - Best Practices for Managing Credit Risk Today was conducted April



*During the Credit Workshop held on April 23, 2019, Chad Gent of Farm Credit Services of America, addressed lessons learned by lenders in the grain cycle.*

23<sup>rd</sup> in Kearney with 27 co-op employees in attendance. Topics covered included liens, the UCC, Central Filing System, collections, and bankruptcy.

We finished the day with an open forum session on "Best Practices" for managing credit risk. This session was highly interactive and allowed participants to share procedures they use in their daily work of managing risk for the cooperative.

Facilitators were Chad Gent, Senior Vice President of Farm Credit Services of America, and Attorneys Bill Kutilek and Andrew Pease from the Crosby Guenzel Firm.

## Youth Education

Youth education continues to be a high priority of the Council. In order to reach a wide audience, we have worked with UNL, UNK, NCTA, the community colleges, the State Ag Teachers Association, and the Nebraska FFA to reach the youth audience. For the 18/19 fiscal year, this totaled 476 teachers and students.

### Co-ops 101

Since 2011 the Council, through a CHS Foundation Cooperative Education Grant, has been offering Co-ops 101 presentations at community colleges, NCTA, UNL, UNK and selected high schools.

During that timeframe, we have provided 115 presentations for 1,977 students throughout the state. These presentations focus on the difference in the various business models and how the cooperative business model serves agriculture in Nebraska. During the presentations we discuss cooperative governance, patronage, equity and representation, and how these differentiate cooperatives from other business models.

During the 2018/19 academic year, we provided 13 presentations to 228 students at

### CHS Foundation Cooperative Education Grants Program

On April 3, 2019, we received notification that the NCC Education Foundation (NCCEF) was awarded \$3,500 from the CHS Foundation's 2019 Cooperative Education Grants Program for support of our youth education programming. These funds provide partial support of the "out of pocket" expenses for the Co-ops 101 presentations at community colleges, the FFA Cooperative Speaking Contest, and support for the State Ag Teachers Association. The remaining youth education and community college program expenses are covered by the NCCEF General Fund.





*During its 2018/19 fiscal year, the Council provided Co-ops 101 presentations to 217 college students across Nebraska. Pictured above is Taylor Collins, an employee at Farmers Cooperative headquartered in Dorchester, who shared information about the various job opportunities available at a cooperative to students at Southeast Community College-Beatrice on March 4, 2019.*

SCC-Beatrice, UNL, CCC-Hastings, UNK, NCTA, CCC-Columbus, and The Career Academy-Early Ag Experience at SCC-Lincoln.

**Co-ops 101 for Cooperatives...** The Council also offers Co-ops 101 presentations for local cooperatives. We have sessions scheduled with two cooperatives in the coming months. These sessions cover some of the same basic co-op information that the college presentations offer but are customized to meet the needs of the local cooperative. Contact our office if you are interested in this type of programming.

### **State Ag Teachers Conference**

The State Ag Teachers conference was held in Kearney on June 5th with 187 ag teachers in attendance. Ed Woepfel once again provided remarks on behalf of the Council. He discussed career opportunities within cooperatives and the value that cooperatives bring to the state of Nebraska through patronage refunds, equity redemption and support for school and community organizations.

### **State FFA Cooperative Speaking Contest**

The Council continues to annually sponsor the State FFA Cooperative Speaking Competition which provides an incentive for young people to learn more about the cooperative form of business; to develop speaking and communication skills; and to involve local cooperative representatives in the ag education process.



Of the 189 local Nebraska FFA chapters, 61 speakers participated at the district competitions with 24 participating at the state competition. The state competition was held during the State FFA Convention on April 3-5 in Lincoln.

Jocelyn Hamilton from the West Holt FFA took top honors in the 2019 state competition and received a trophy, first place medal, and check for \$250 from the NCC Education Foundation. Finishing in 2<sup>nd</sup> and 3<sup>rd</sup> place respectively were Jadyn Burenheide from Howells-Dodge FFA and Elizabeth Hodges from Johnson-Brock FFA.

For the second consecutive year, the NCC Education Foundation provided additional recognition for FFA cooperative speakers. In addition to the normal ribbons and trophies, the Foundation provided a \$50 cash stipend for each of the twelve district Cooperative Speaking Contest winners. At the state contest, the Foundation provided the medals, trophies, and cash awards of \$250 for 1<sup>st</sup> place, \$125 for 2<sup>nd</sup> place, and \$75 for 3<sup>rd</sup> place.

### **UNL Cooperatives Class**

The "Cooperatives" class at the University of Nebraska-Lincoln entered its 5<sup>th</sup> year in the fall of 2018. The three-credit hour course taught by Dr. Greg McKee had an enrollment of 32 students this year.

Dr. McKee continues to utilize a number of guest lecturers from the cooperative community that allows students to gather an in-depth understanding of the value of the cooperative business model.



*On September 19, 2018, Council President Rocky Weber visited with students in the UNL Cooperatives class about the Capper Volstead Act and Antitrust issues.*

# Annual Meeting / Hall of Fame

The Nebraska Cooperative Council hosted its 73<sup>rd</sup> Annual Meeting on November 14, 2018, at the Holiday Inn in Kearney. A total of 206 members and guests attended this year's event.

Governor Pete Ricketts kicked off the meeting with remarks regarding the state's economy and issues that will be addressed in the upcoming legislative session. He also addressed the property tax issue and how it may be addressed over time.

NCC President & General Counsel Rocky Weber presented the 2017/18 Financial Report as well as the President's Report. NCC Board Chair David Briggs presented the Chairman's Report, NCC Board Vice Chair and PAC Co-Chair Dean Thernes presented the PAC Report, and Dave Beckman, NCC Board Secretary and Chair of the Excellence in Cooperative Education Committee, provided the Education Report.

The results of the Board elections were announced with Tim Rowe, Bd Chair of Country Partners Co-op headquartered in Gothenburg, and Randy Robeson, CEO of Frontier Co-op Company headquartered in Brainard, both re-elected for 4-year terms.

Our keynote speaker was Chad Williams, a former Navy SEAL who served on multiple deployments on SEAL Teams One and Seven. Williams provided great insight on the training and discipline that makes SEAL teams so elite.

The final portion of the meeting was devoted to the Hall of Fame induction. This year Ed Foster, long time cooperative

manager from Gothenburg, became the 66<sup>th</sup> inductee into the Nebraska Cooperative Council Hall of Fame.

Ed grew up near Ericson, Nebraska, and after graduating from Kearney State College moved to Gothenburg and began his career at Farmland Service Co-op in Gothenburg in 1971. He started at the service station and moved quickly to become Assistant Office Manager then Office Manager in 1977. After a short stint as Controller, Ed was named General Manager of the cooperative in 1985. Ed continued in this role for 28 years until his retirement in 2013.

During his tenure the cooperative merged to create All Points Cooperative, made several acquisitions, built a 150-car shuttle train loading system, a 100-ton train car dry fertilizer storage station, added 3 million bushels of grain storage, and improved grain receiving capabilities. This was all done through Ed's thoughtful analysis to realign how products and services were offered to better fit patrons' needs. Under Ed's leadership, sales and operating revenue increased from \$42 million when Ed began at Farmland Service to \$264 million when he retired from All Points.

In addition to his leadership and vision at work, Ed also served on many local, state, and national boards during his career. These included service on the boards of United Benefits Group/Co-op Retirement Plan for 12 years; Farmland Industries PAC; CHS Round Table Advisory Board; Servi-Tech Board; NIK Board; and the Nebraska Cooperative Council Board and its Legislative, PAC and Hall of Fame committees.



*Reports were given during the business session including the Education Report by ECEC Chair Dave Beckman (at podium), Board Chair of CVA headquartered in York.*



*Hall of Fame Inductee Ed Foster and his family*



*The evening reception provided a great opportunity to catch up with fellow cooperative friends.*



*Keynote speaker Chad Williams*



# October is Co-op 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, 2018.

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 2018 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 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 week during the month of October, one of these segments was shown on the show "Pure Nebraska" aired on 10/11.

Council President Rocky Weber also 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.



*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, President & General Counsel of the Nebraska Cooperative Council; Lt Governor Mike Foley; Dean Thernes, President of Farmers Pride headquartered in Battle Creek; and Kent Taylor, CEO of Ag Valley Co-op headquartered in Edison.*





# 2018/19 Financial Statements

## STATEMENTS OF FINANCIAL POSITION August 31, 2019 and 2018

## STATEMENTS OF ACTIVITIES August 31, 2019 and 2018

### ASSETS

	2019	2018
Current Assets:		
Cash and Cash Equivalents:		
Cash - Unrestricted	\$776,586	\$701,373
Cash - Restricted - FFE	74,771	46,926
Cash - Restricted - NCC-PAC	83,605	66,587
Cash - Restricted - NACA	59,739	-
Cash - Restricted - UNL Tickets	1,636	1,976
Cash - Restricted - Energy Source	13,448	13,426
Cash - Restricted - Legacy Initiative	<u>17,675</u>	<u>-</u>
Total Cash and Cash Equivalents	1,027,460	830,288
Marketable Securities Investment	295,120	305,853
Mutual Fund Investments - Restricted - FFE	547,837	583,290
KRVN Golden Notes - Unrestricted	38,250	2,500
KRVN Golden Notes - Restricted - FFE	4,000	2,500
Certif of Dep - Unrestricted	72,067	102,474
Certif of Dep - Restricted - NACA	-	58,354
Interest Receivable - Unrestricted	1,204	1,475
Interest Receivable - Restricted - FFE	145	185
Interest Receivable - Restricted - NACA	-	157
Deferred Compensation Assets	4,186	4,186
Prepaid Expenses	<u>15,572</u>	<u>22,402</u>
Total Current Assets	2,005,841	1,913,664
Investments:		
KRVN Golden Notes - Unrestricted	-	38,250
KRVN Golden Notes - Restricted - FFE	-	4,000
Certif of Dep - Unrestricted	150,456	94,990
Cash Value of Deferred Comp. Assets	<u>25,119</u>	<u>29,305</u>
Total Investments	175,575	166,545
Property & Equipment:		
Furniture & Office Equipment	73,565	95,859
Accumulated Depreciation	<u>(63,492)</u>	<u>(95,163)</u>
Net Property & Equipment	<u>10,073</u>	<u>696</u>
TOTAL ASSETS	<u>\$2,191,489</u>	<u>\$2,080,905</u>

### LIABILITIES & NET ASSETS

Current Liabilities:		
Trade Payables - FFE	\$ 51,055	\$ -
Prepaid Dues	373,359	406,079
Prepaid Meetings	-	500
Deferred Compensation Payable	4,186	4,186
Accrued Expenses	<u>39,347</u>	<u>40,930</u>
Total Current Liabilities	<u>467,947</u>	<u>451,695</u>
Long-Term Liabilities:		
Deferred Rent	4,352	6,730
Deferred Compensation Payable	<u>25,119</u>	<u>29,305</u>
Total Long-Term Liabilities	<u>29,471</u>	<u>36,035</u>
Net Assets:		
Unrestricted	942,270	815,773
FFE - Restricted	575,698	636,902
NCC-PAC - Restricted	83,605	66,587
NACA - Restricted	59,739	58,511
NCC-UNL Tickets - Restricted	1,636	1,976
Energy Source - Restricted	13,448	13,426
Legacy Initiative - Restrict	<u>17,675</u>	<u>-</u>
Total Net Assets	<u>1,694,071</u>	<u>1,593,175</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$2,191,489</u>	<u>\$2,080,905</u>

### GENERAL FUND

	2019	2018
Revenue and Support:		
Members' Dues	\$607,716	\$620,023
Participating Members' Dues	99,581	101,328
Meetings	44,813	37,804
Workshops	126,190	152,098
Interest Income	16,178	5,895
Investment Income (Loss) for Marketable Securities	20,336	5,089
Unrealized Gain (Loss) on Marketable Securities	(10,955)	6,139
Gain (Loss) on Sale of Equipment	(150)	0
Miscellaneous	<u>1,001</u>	<u>-</u>
Total Revenue and Support	904,710	928,376
Expenses:		
Salaries	434,142	424,251
Social Security Tax	26,449	25,758
Unemployment Tax	280	290
Employee Insurance	18,988	18,257
Retirement	<u>46,760</u>	<u>45,427</u>
Total Personnel Expenses	526,619	513,983
Accounting Fees	7,000	7,385
Books and Magazines	440	1,172
Consulting Services/Contract Labor	25,000	25,000
Depreciation	1,572	3,521
Directors' Fees	11,174	10,505
Dues/Contributions	6,688	6,028
Equipment Leases	1,990	1,771
Information Technology	28,735	12,624
Insurance	7,356	6,722
Legacy Initiative	5,181	63,602
Legal Fees	1,037	5,412
Loss on Disposal of Property & Equipment	-	813
Meetings	43,803	56,492
Office Supplies	5,225	4,831
Parking	4,884	4,535
Postage	759	919
Promotions	-	1,948
Property Taxes	133	45
Rent	30,726	30,714
Repairs and Maintenance	63	5,166
Telephone	6,241	6,024
Travel	14,893	9,634
Workshops	48,448	69,883
Miscellaneous	<u>246</u>	<u>25</u>
Total Expenses	<u>778,213</u>	<u>848,754</u>
Increase (Decrease) in Net Assets	126,497	79,622
Net Assets - Beginning of Year	<u>815,773</u>	<u>736,151</u>
Net Assets - End of Year	<u>\$942,270</u>	<u>\$815,773</u>

### ENERGY SOURCE FUND

	2019	2018
Revenue and Support:		
Interest Income	\$ 22	\$ 7
Total Revenue and Support	<u>22</u>	<u>7</u>
Expenses:		
Legal Fees	-	-
Total Expenses	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	22	7
Net Assets - Beginning of Year	<u>13,426</u>	<u>13,419</u>
Net Assets - End of Year	<u>\$13,448</u>	<u>\$13,426</u>

## FUND FOR EXCELLENCE (FFE) FUND

	2019	2018
Revenue and Support:		
Interest Income	\$ 258	\$ 305
Investment Income from Marketable Securities	25,624	20,087
Unrealized Gain (Loss) on Marketable Securities	9,412	(10,257)
Total Revenue and Support	35,294	10,135
Expenses:		
Professor Expenses	96,498	88,261
Total Expenses	96,498	88,261
Increase (Decrease) in Net Assets	(61,204)	(78,126)
Net Assets - Beginning of Year	636,902	715,028
Net Assets - End of Year	\$575,698	\$636,902

## LEGACY INITIATIVE FUND

	2019	2018
Revenue and Support:		
Contributions Received	\$20,000	\$ -
Workshops	2,625	\$ -
Total Revenue and Support	\$22,625	-
Expenses:		
Office Supplies	33	-
Workshops	4,917	-
Total Expenses	4,950	-
Increase (Decrease) in Net Assets	17,675	-
Net Assets - Beginning of Year	-	-
Net Assets - End of Year	\$17,675	\$ -

## NATIONAL AFFAIRS COOPERATIVE ACTION (NACA) FUND

	2019	2018
Revenue and Support:		
Interest Income	\$ 1,228	\$ 330
Total Revenue and Support	1,228	330
Expenses:		
Meetings	-	-
Travel	-	-
Total Expenses	-	-
Increase (Decrease) in Net Assets	1,228	330
Net Assets - Beginning of Year	58,511	58,181
Net Assets - End of Year	\$59,739	\$58,511

## NCC-PAC FUND

	2019	2018
Revenue and Support:		
Contributions Received	\$19,879	\$17,995
Interest Income	244	275
Total Revenue and Support	20,123	18,270
Expenses:		
Donations	3,100	47,150
Office Supplies	5	5
Total Expenses	3,105	47,155
Increase (Decrease) in Net Assets	17,018	(28,885)
Net Assets - Beginning of Year	66,587	95,472
Net Assets - End of Year	\$83,605	\$66,587

## UNL TICKETS FUND

	2019	2018
Revenue and Support:		
Contributions Received	\$44,669	\$46,535
Interest Income	5	3
Total Revenue and Support	44,674	46,538
Expenses:		
UNL Tickets	20,370	21,656
UNL Contribution	24,000	24,000
Postage	644	394
Total Expenses	45,014	46,050
Increase (Decrease) in Net Assets	(340)	488
Net Assets - Beginning of Year	1,976	1,488
Net Assets - End of Year	\$1,636	\$1,976

# 2018/19 Membership

### SUPPLY/MARKETING COOPERATIVES

Ainsworth - Farmers/Ranchers Co-op Assn  
Alliance - WESTCO  
Aurora Co-op Elevator Co  
Battle Creek - Farmers Pride  
Brainard - Frontier Co-op Co  
Cedar Bluffs - Farmers Union Co-op Assn  
Clarkson - Farmers Union Co-op Supply Co  
Dodge - Cooperative Supply Inc N/S  
Dorchester - Farmers Cooperative  
Edison - Ag Valley Co-op, N/S  
Elmwood - Midwest Farmers Co-op  
Elsie - Hi-Line Co-op Inc  
Fairfield N/S Co-op Fertilizer Assn  
Friend - Farmers Union Co-op Co  
Gothenburg - Country Partners Co-op  
Hastings - CPI  
Hayes Center - Hayes County Farmers N/S Co-op  
Hemingford - Farmers Co-op Elevator Co  
Henderson Community Co-op Assn  
Holdrege - CHS Inc  
Imperial - Frenchman Valley Farmers Co-op  
Lindsay - Farmers Co-op Assn  
Pilger - Farmers Co-op  
Ravenna - Farmers Co-op Assn  
Scottsbluff - Panhandle Co-op Assn  
Sidney - Crossroads Co-op Assn  
Talmage - Farmers Co-op Co  
Wauneta Co-op Oil Co  
Wausa - CHS Inc.  
York - CVA

### RURAL ELECTRIC COOPERATIVES

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

### TELEPHONE COOPERATIVE

Blue Hill - Glenwood Telephone Membership Corp

**OUT-OF-STATE SUPPLY/  
MARKETING COOPERATIVES**  
Hiawatha KS - Ag Partners Co-op, Inc  
Holyoke CO - CHS/Grainland Co-op

**OUT-OF-STATE RURAL  
ELECTRIC COOPERATIVE**  
Torrington WY - Wyrulec Company

### LIVESTOCK MARKETING AGENCIES

Allied Producers Co-op  
Producers Livestock Marketing

### PARTICIPATING MEMBERS

Ag Processing Inc  
CHS Inc  
CoBank  
Dairy Farmers of America, Inc  
Farm Credit Services of America  
GROWMARK, Inc  
Land O'Lakes Inc

### SUPPORTING MEMBERS

AON Risk Solutions  
Arthur J. Gallagher Risk Management Services, Inc  
Associated Benefits Corp  
Associated Milk Producers, Inc  
Austin Mutual Insurance Co  
Berkley Agribusiness Risk Specialists  
BNSF Railway  
Capital Recovery, Inc  
Chubb Agribusiness/Penn Millers  
CliftonLarsonAllen CPAs  
Continental Western Group  
EBM Construction, Inc  
ERICKS North America  
Farm Credit Counseling Services  
Farm Credit Foundation  
Four Points Federal Credit Union  
G&L Clothing  
Gardiner + Company CPAs  
GMS Benefits  
Holmes Murphy & Associates  
Howalt + McDowell Insurance  
Inspro Inc  
INTL FCStone, LLC  
KFSA  
Lincoln Inspection Service  
Lockton Companies  
McPherson Concrete Storage Systems, Inc  
Milliman, Inc  
Nationwide Agribusiness Insurance Co  
Nebraska Corn Board  
Nebraska Ethanol Board  
Nebraska Rural Radio Assn  
Olsson  
The Cooperative Finance Assn  
Triangle Insurance  
United Benefits Group  
USI Insurance

## NCC Member Cooperatives by the Numbers (Annual)

(as of 8-31-19)

- 29** Nebraska supply/marketing co-ops operating:
  - 338** additional branch locations in Nebraska
  - 80** additional branch locations out of state
- 3** Rural electric co-ops
- 1** Telephone co-op
- 2** Out-of-state co-ops with 6 branches in Nebraska
- 1** Out-of-state rural electric co-op
- 2** Livestock Marketing Agencies
- 7** Participating Members
- 37** Supporting Members

### NCC Member Supply/Marketing Co-op Stats:

- 64,900+** total voting members
- 5,200+** employees (full and part-time)
- \$6.4 billion** total sales
- \$3.8 billion** total assets
- \$100.4 million** net savings
- \$367.7 million** employee payroll with benefits
- \$136.1 million** investment in new equipment and facilities in past year
- \$39.2 million** total patronage refunds in past year
- \$25.2 million** equity/estate redemption in past year
- \$17.4 million** property taxes paid in past year
- \$6.3 million** federal/state income taxes paid in past year
- \$1.6 million** total charitable, scholarship & community support donations





## **Cooperative Principles:**

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training & Information
- Cooperation among Cooperatives
- Concern for Community

## **NCC 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**

134 South 13th Street, Suite 503

Lincoln, NE 68508

Ph: 402/475-6555

Email: [ncoopc@nebr.coop](mailto:ncoopc@nebr.coop)

Website: [www.nebr.coop](http://www.nebr.coop)