The Northeast Cooperative Council

MEMBERS

AgChoice Farm Credit, ACA ............................ Mechanicburg, Pa.
Agri-Mark Inc ........................................... Methuen, Mass.
CHS, Inc. ..................................................................Inver Grove Heights, Minn.
CoBank, ACB ........................................... Enfield, Conn.
Dairy Farmers of America ..............................................East Syracuse, N.Y.
DairyLea Cooperative Inc ..............................................East Syracuse, N.Y.
Dairy One ..................................................................Ithaca, N.Y.
Farm Credit of Maine, ACA ..............................................Auburn, Maine
Farm Credit East ........................................... Enfield, Conn.
Genes Cooperative, Inc. ....................................................................Williston, Vt.
Land O' Lakes ........................................... St. Paul, Minn.
Lowville Farmers Cooperative, Inc. ......................Lowville, N.Y.
National Grape Cooperative Association, Inc. ..........Westfield, N.Y.
New York State Rural Electric Association ............Hartwick, N.Y.
O-AKA Milk Products Cooperative Inc ......................Batavia, N.Y.
St. Albans Cooperative ...........................................St. Albans, Vt.
Stamford Farmers Cooperative ..............................Stamford, Conn.
Upstate Niagara Cooperative ...........................................Buffalo, N.Y.
Yanke Farm Credit, ACA ..........................................Ithaca, N.Y.

ASSOCIATE MEMBERS

Jeffrey Fetter .................................Scoles, Shulman, Cohen, Fetter & Burstein PC.............Syracuse, N.Y.
Noemi Gizspenc .................................Cooperative Development Institute .........................Greenfield, Mass.
David Hayes .......................................Bond, Schoeneck and King, PLLC .......................Syracuse, N.Y.
Bob Ludwig ......................................Hale Group ...........................................Danvers, Mass.
Jay McWatters ....................................Dopkins and Co., LLP ...........................................Williamsville, N.Y.
Charles Sullivan .................................Bond, Schoeneck and King, PLLC .......................Syracuse, N.Y.
Bill Wilson ...........................................FCC Services ..................................Denver, Colo.

WANTED FUTURE COOPERATIVE LEADERS

The 35th Future Cooperative Leaders Conference will be held July 17-19, 2013 at the Clarion Hotel, Batavia, N.Y. The Northeast Cooperative Council (NECC) appreciates the efforts of Upstate Niagara Cooperative, Inc. and Farm Credit East, ACA, Batavia office in co-hosting the event. The conference is geared towards members and employees from 25-40 years old with an interest in learning more about the cooperative business model and with a desire to lead a cooperative business in the future. Highlights for the event include:

• Cooperative Legal and Financial Matters
  – Charles Sullivan, Bond, Schoeneck, and King and Michael Oleksak, CoBank, ACB
• Brand Equity
  – Karen Murphy, Farm Credit East, ACA and Ken Voolker, Upstate Niagara Cooperative, Inc., Ted Swede, Dairy Farmers of America, Rob Smith, National Grape Cooperative
• Leading a Cooperative Business
  – Bob Ottm, The President and Board Chair Perspective and Bobby Hall, The Management and CEO Perspective
• Pathways to Cooperative Leadership
  – Laurie Grifien, Farm Credit East, ACA, Board Member and Dan Wolf, President, Upstate Niagara Cooperative, Inc.
• T Planning for Farm Businesses
  – Tim Meeg, CPA, Robert Brown Orchard Dale and Brown Berry Farms

Those who attend will have the opportunity to tour the O-AKA Milk Products, Inc. milk processing facility. The plant is recognized in the United States as an industry leader in its ability to manufacture a diversity of traditional and unique dairy products. The tour will also include a visit to Poverty Hill Farm, Albion, N.Y. Upstate Niagara members Ed Neal and sons, Jody and Jamie, operate a 900-cow farm with 550 head of dairy cattle. In 2011, they built a state of the art calf raising facility housing calves in groups of 10 and feeding acidified milk and milk replacer. The afternoon tour will conclude with a pig roast and social at the Neal farm.

Upstate Niagara’s Young Cooperator chair couple, Nathan and Barb Blesy will be co-hosting the event. They look forward to welcoming young cooperative members to Batavia. “As young members we have a lot at stake in the directions that our co-ops take now; since we will be the ones reaping the rewards or repercussions that come down in the future. It is important that we educate ourselves so we can make informed decisions as we become increasingly involved in our co-ops. The NECC Future Leaders Conference is a great opportunity to meet people from other co-ops and learn what they’re doing differently and how it is working.”

Nathan and Barb encourage farm and rural electric cooperatives to sponsor young members to the Future Cooperative Leaders Conference. “As cooperatives serve an evolving customer base, it is important to seek younger members’ perspectives. Just as we invest in new equipment and employees to make cooperative businesses more successful, we must also invest in our younger members so they may lead the co-ops well into the future. Sending young leaders to this conference will help educate them about cooperatives so, as members, they can make better decisions now and into the future.”

Nathan, Barb, and their five children (ages 13, 11, 8, 8, & 8) live on a 250-cow dairy farm located in Springville, N.Y. (30 miles south of Buffalo). Nathan and his father, Harold, co-own the farm where the cows milk themselves using five Lely robotic milkers. The Blesy’s have been active in Farm Bureau and 4-H for many years. This past November, they were elected Young Cooperative vice-chair couple for the National Milk Producers Federation.

For more information about the Future Leaders Conference, contact Bobbie Severson at 607/255-1987 or email mhb27@cornell.edu or visit the website: cooperatives.dyson.cornell.edu/events.htm. Cost is $450 per couple, $300 per single person, and $180 for commuters. Cooperative sponsors receive one free couple registration with every three couples sponsored, one free individual with every five sponsored and one free commuter for every two sponsored. Please have reservations in by June 25 to Carol Thomson, Warren Hall, Cornell University, Ithaca, N.Y. 14853.
The NECC newsletter Cooperative Notes will be transitioning to an electronic format on a new platform. If you have not already done so, please e-mail your name and e-mail address to rmh27@cornell.edu. Your email will not be shared with anyone else.

Electronic Cooperative Notes

MEMBER SPOTLIGHT O-AT-KA Milk Products, Inc.

O-AT-KA was formed in 1959 as a unique joint venture of several western New York milk cooperatives. The plant’s original concept was to clear excess milk in the marketplace. It has developed today into a diversified plant, with upstate Niagara Cooperative, Inc. at its core. This plant capable of producing milk protein concentrates and protein blends from owner’s milk in a highly sustainable and environmentally efficient manner.

In 2013, O-AT-KA’s commitment to innovation with new ingredients, products and processes will be demonstrated with the startup of two new state-of-the-art batching lines and the first phase of a milk filtration plant capable of producing milk protein concentrates and protein blends from owner’s milk in a highly sustainable and environmentally efficient manner.

Ongoing efforts to grow export business have resulted in wider global distribution on butter, evaporated milk, coffee and nutritional beverages. The worldwide, growing demand for specialty products, combined with advanced product development capabilities, along with a commitment to quality and customer service, provides the foundation for a successful future.

EVENTS

FUTURE LEADERS CONFERENCE
July 17-19 in Batavia, N.Y. Registrations due June 25. For more information: cooperatives@cornell.edu/events.htm

NATIONAL INSTITUTE FOR COOPERATIVE EDUCATION

The NECC newsletter Cooperative Notes will be transitioning to an electronic format later in 2013. The organization will no longer publish and mail the hard copy version. We will send an email with a link to the publication. The NECC Board of Directors requests that you take a few minutes and share your email address with Bobbie Severson at mbh3@cornell.edu. Your email will not be shared with anyone else. Sharing your email will receive the quarterly version of Cooperative Notes along with some period updates from the NECC. Please share your email today. The NECC Board of Directors thanks Geneva, CBI for their dedication and expertise in formatting, printing, and mailing the newsletter.

64TH ANNUAL LEADERS FORUM
A Resounding Success!

Over 160 people representing 30 cooperatives, Farm Credit associations, CoBank, ACB, NECC associate members and Cornell University, attended the NECC Annual Leaders Forum. Kelly McDonald, CoBankMarketing, Dallas, Texas, kicked off the event with a presentation on the changing face of American consumers. She noted if the Latino population in the U.S. was its own country, it would rank second in the world. The amount of married young people between the ages of 25-34 has declined to 50 percent versus the 1980s, which is 80 percent compared to 80 percent in the 1960s. These changing demographics impact purchasing patterns and customer expectations. In the future, it will be important for businesses to have a bilingual and multilingual staff. But don’t hire a person just because they have a specific skill the business needs and none of the other attributes that will add to the business success. Competition for young talent will be keen. McDonald quoted demographics experts Peter Francese, “The concept of the average American is gone, probably forever. The average American has been replaced by a complex, multidimensional society that defies simplistic labeling.”

Phil Kenkel, Bill Fitzwater Cooperative Chair, Oklahoma State University discussed the changing role of the board expanding from the traditional duties of care, loyalty, and obedience to a board operating in an environment of increased regulatory oversight and larger and increasingly more complex business organizations in the form of joint ventures, alliances, mergers, and acquisitions. Boards need a clear understanding of their roles and responsibilities aligned with the strategic priorities of the cooperative. Kenkel noted, “Aligning the cooperative with member interest involves aligning assets with the cooperative’s mission, maximizing profits of the cooperative business through efficient operation, managing the balance sheet for liquidity, solvency and adequate reserves and distributing all residual cash to member owners as cash patronage and equity retirement.”

Kevin Natz, National Council of Farm Cooperatives, focused his remarks on the role of the NFCC in advocating for cooperative interests in government oversight with attention to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Of concern to the NFCC is the extent to which the cooperative to hedge risk and optionally risk management tools to farmers in the form of swaps. Swaps are not “forward” physical delivery contracts. They are transactions privately negotiated between the buyer and seller. They are “not exchange traded” and are not subject to the same supervision that other over-the-counter agreements are. If farmer cooperatives were to be regulated like Wall street firms, offering these products will become cost prohibitive. In April 2012, Commodity and Futures Trading Commission and Securities and Exchange Commission excluded swaps between a cooperative member and its members in its entity definitions; entering into a swap for the purpose of hedging a physical position is not swap dealing. Looking ahead, most of the Dodd-Frank Act has yet to go into effect. The big question will be whether or not transactional costs of swaps will allow the Over the Counter market to remain viable.

Michael Patterson, Chief Financial Officer and Assistant Treasurer of O-AT-KA Milk Products, Inc. Batavia, N.Y., shared insights into the traditional dairy products. O-AT-KA is a recognized expert in dairy proteins, stable emulsions and thermal processing. He shared that the two organizations were similar in their conservative culture, customer centric focused and committed to adding value to dairy through innovative products and commitment to and shared expertise in research and development. Good business relationships are based on relationships between the people involved and trust and respect needs to be across all ranks.

At our Board meeting held on May 2, we discussed various work item priorities for 2013. Please be reminded the NECC is your organization. Additionally, if you have any ideas or thoughts on how we can serve you better, feel free to contact any Board member, myself or Debbie Severson at 607/255-1847. Have a great growing season and take care.

Sincerely, Craig Pollock

PRESIDENT’S COLUMN

64TH ANNUAL LEADERS FORUM
A Resounding Success!

We hope you found the Cooperative Leaders Forum and the CoBank Customer Meeting held on March 12-13 valuable and informative. We expanded the range of our speaker offerings for the forum and, based upon your feedback, we hope to continue this model in the future. This proved to be worthwhile. Not only did the Annual Meeting Planning Committee chair by Cindy Van Lieshout...