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O-AT-KA Milk Products Cooperative Inc......Batavia, N.Y.
St. Albans Cooperative.....St. Albans, Vt.
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To learn more about NECC or read past issues of *Cooperative Notes*, visit the NECC web pages at: www.cooperatives.dyson.cornell.edu/

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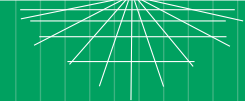
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NORTHEAST COOPERATIVE COUNCIL



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cooperative notes

Wanted Future Cooperative Leaders

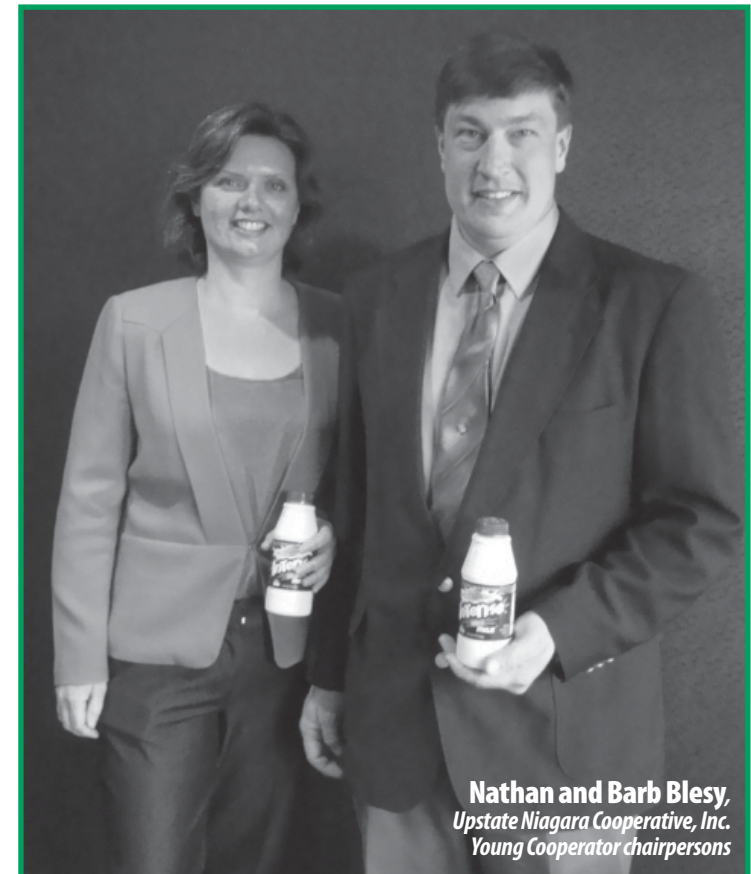
The 35th Future Cooperative Leaders Conference will be held July 17-19, 2013 at the Clarion Hotel, Batavia, N.Y. The Northeast Cooperative Council (NECC) appreciates the efforts of Upstate Niagara Cooperative, Inc. and Farm Credit East, ACA, Batavia office in co-hosting the event. The conference is geared 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, Schoenek, and King and Michael Oleksak, CoBank, ACB
- **Brand Equity**
– Karen Murphy, Farm Credit East, ACA and Ken Voelker, Upstate Niagara Cooperative, Inc., Ted Sowle, Dairy Farmers of America, Rob Smith, National Grape Cooperative
- **Leading a Cooperative Business**
– Roy Orton, The President and Board Chair Perspective and Bobby Hall, The Management and CEO Perspective
- **Pathways to Cooperative leadership**
– Laurie Griffen, Farm Credit East, ACA, Board Member and Dan Wolf, President, Upstate Niagara Cooperative, Inc.
- **T Planning for Farm Businesses**
– Tim Moag, CPA, Robert Brown Orchard Dale and Brown Berry Farms

Those who attend will have the opportunity to tour the O-AT-KA 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-acre 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



Nathan and Barb Blesy,
Upstate Niagara Cooperative, Inc.
Young Cooperator chairpersons

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, and 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 Blesys have been active in Farm Bureau and 4-H for many years. This past November, they were elected Young Cooperator 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 rmh27@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.



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 approximately 92 percent ownership and Dairy Farmers of America at eight percent ownership.

O-AT-KA's mission is to serve its owners, customers and employees by enhancing its position as a marketer of milk and related value-added products, while maintaining the highest level of quality in products, service and technology.

O-AT-KA has been successful in broadening its customer and product base in its custom co-packing business through development of new products in growth categories. O-AT-KA's specialty products and beverages are packaged in glass and aluminum bottles and aluminum and steel cans, including; coffee and tea beverages, dairy based liqueurs, nutritional beverages,

coffee and energy drinks, pet milk replacers and ethnic beverages. In addition, its core and ingredient products include; canned evaporated milk, industrial and foodservice butter, industrial milk powders, tankers of cream, fluid condensates and ultrafiltered milk.

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.

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**, McDonald Marketing, 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, the lowest level since 1862, compared to 80 percent married in the 1960s. These changing demographics impact purchase 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 expert 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 core membership needs, 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 Farmer Cooperatives, focused his remarks on the role of the NCFC 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 NCFC is the ability of the cooperative to hedge risk and offer customized 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 it is estimated that less than one percent of agricultural swaps are 'cleared.' If farmer cooperatives were to be regulated like Wall Street firms, offering these products will become cost prohibitive. In April 2012 the Commodity and Futures Trading Commission and Securities and Exchange Commission excluded swaps between a cooperative 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 a manufacturing agreement with Creamy Creations, a business unit of Campania Friesland, the world's largest dairy cooperative headquartered in the Netherlands. Creamy Creation offers manufacturing solutions and concept development to companies searching for a partner in producing emulsified and nutritional beverages with the final products being cream-based beverages, adult eggnog, and non-dairy products. O-AT-KA is a recognized expert in dairy proteins, stable

PRESIDENT'S COLUMN



We hope you found the Cooperative Leaders Forum and the CoBank Customer Meeting held on March 11-12 valuable and informative. We expanded the range of our speaker offerings for the Forum and, based upon the feedback garnered from the evaluations this proved to be worthwhile. Hats off to the Annual

Meeting Planning Committee chaired by Cyndy Van Lieshout ... they have set the bar for future Cooperative Leaders Forums. Special thanks go out to CoBank for their continued affiliation with the NECC; their contributions to us and our Forum are highly valued. Please reference the speaker presentations at our cooperatives.dyson.cornell.edu/resources.htm. Mark your calendars, the 2014 Cooperative Leaders Forum will be March 27-28 in Albany, N.Y.

Our attention now turns to our next educational offering, The Future Leader's Conference, in Batavia, N.Y. at the Clarion Hotel with Farm Credit East and Upstate Farms being the host cooperatives. Participants will learn cooperative skills and begin to develop a network with other future ag leaders. Past attendees have given this program high ratings and enjoyed the diversity of ag businesses in attendance. This conference is also fair game for any of your staff whom you feel would benefit from a better understanding of the cooperative structure. This program is designed as a training ground for our future cooperative leaders. In the past, your organizations have sponsored some of the best young leaders in the Northeast to attend this conference.

Currently, there is a heightened interest in agriculture, farming and food. There is more diversity with local food movements, increased consumer awareness and new production models. Global population recently exceeded seven billion people and by 2040 is projected to reach nearly nine billion people. An increased number of the world population is stepping up to higher levels of economic prosperity which will lead to a demand for enhanced diets. Add it all up and agriculture is pretty exciting nowadays!! You can't help but feel good about the fortunes of our cooperatives and their members in the future with the expertise and proven abilities of the American farmer.

At our Board meeting held on May 2, we discussed various work item priorities for 2013. Please be reminded the NECC is your organization. Accordingly, if you have any ideas or thoughts as to how we can potentially serve you better, please feel free to contact any Board member, myself or Bobbie Severson at 607/255-1987. Have a great growing season and take care.

Sincerely, Craig Pollock

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.

CoBank, ACB invited **Archie Manning**, former NFL quarterback to speak at the evening banquet. The Manning family have provided leadership in rebuilding New Orleans following Hurricane Katrina and support the work of numerous nonprofit organizations in the area. Manning shared that it is important to think and act like a leader and set personal goals. "If you don't manage your goals, someone will manage them for you." Success is a journey, not necessarily a destination. He mentioned that, "Managers do things right, leaders do the right thing, leadership is what you do and that leadership and team work get you through the difficult times."

Electronic Cooperative Notes

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 would take a few minutes and share your email address with Bobbie Severson at rmh27@cornell.edu. Your email will not be shared with anyone else. By sharing your email you 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 Genex, CRI for their dedication and expertise in formatting, printing, and mailing the newsletter.

EVENTS

FUTURE LEADERS CONFERENCE

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

NATIONAL INSTITUTE FOR COOPERATIVE EDUCATION

for high school students is July 28-13 at Virginia Tech, Blacksburg, Va. Sponsored by the Virginia Cooperative Council. Topics covered: cooperative principles, issues and opportunities for today's cooperatives, leadership development, career exploration. For more information, see vcfc.net/View.aspx?page=youthactivities