68TH NORTHEAST COOPERATIVE COUNCIL ANNUAL MEETING AND LEADERS FORUM

“Leading the Cooperative Economy”

In conjunction with the CoBank, ACB Northeast Customer Meeting

February 28-March 1, 2018

Albany Marriott

189 Wolf Rd., Albany, New York

FEATURING....

Lee Rubin’s unique ability to understand and articulate principles in life and work make him a highly sought after speaker for businesses and universities. He has been a Human Resources professional with Fortune 500 companies across a variety of industries for nearly 15 years. Companies and organizations that have requested his expertise include MetLife, T-Mobile, Johnson & Johnson, CNN Headline News, Rutgers University, The Pennsylvania State University, National Black MBA Association and AgChoice Farm Credit, ACA. Lee holds a Bachelors degree in Speech Communications with a minor in Business from Penn State University. He received a full athletic scholarship to play football for the Nittany Lions starting as a free safety and became captain of the team. Rubin will provide an interactive keynote address targeting the components that build synergies in a team of skilled individuals. Lee will also be the featured presenter at the Emerging Leaders breakfast for students and early-career employees. Focus of his remarks will be on characteristics of high achievers and lessons learned that take performance to new heights.

Mary Nowak, Director of Government Affairs, National Council of Farmer Cooperatives will provide an update on the regulatory and legislative environment in Washington, D.C. At NCFC her areas of expertise include nutrition and labeling, specialty crops, food safety, research and immigration. Prior to coming to the NCFC, Nowak served 7 years with the House Agricultural Committee leading the committee’s review of the Supplemental Nutrition Assistance Program (SNAP). She is credited with playing a key role in developing the nutrition title of the last farm bill. Mary has a Bachelor’s degree in Agricultural Economics from Texas A&M University.

Fred Tamarkin is a Hunter Rawlings III Presidential Research Scholar in the Cornell University, SC Johnson College of Business, Charles H. Dyson School of Applied Economics and Management. He has done extensive work in examining the economic impact of agricultural, Farm Credit Associations, and rural electric cooperatives doing business within New York State. He has numerous leadership positions in various student groups at Cornell University including Vice President of Operations, Cornell Admissions Ambassadors, President of the Pi Kappa Phi Fraternity, Founder and Vice President of Alumni Affairs, Phi Chi Theta Business Fraternity and an Energy Sector Analyst for the Cornell Alpha Fund. He is currently a Junior in the Dyson School and previously served as an Upcoming Citi Cards Summer Analyst for Citigroup and will be a General Management Summer Associate with the Aetna Company.

Jim Kelly is the banquet speaker and is presented by CoBank, ACB. Jim signed with the Buffalo Bills just prior to the 1986 football season, after playing 2 seasons with the Houston Gamblers in the United States Football League. Eight times during his NFL career he passed more than 3,000 yards in a season and 26 times he passed more than 300 yards in a game. In the 11 seasons he was with the Bills, he lead the team to the playoffs 8 times. In 17 playoff game appearances, including 4 consecutive Super Bowls he passed for near 3,900 yards and 21 touchdowns. Prior to his professional career he played quarterback at the University of Miami. He was born in Pittsburgh, PA and graduated from East Brady High School, 60 miles northeast of Pittsburgh.
Robust cybersecurity systems are critically important to cooperative-structured businesses. Depending on the services provided, a cooperative will have information about its members—volume of product, characteristics of product (butterfat, brix), payment and billing channels, cropping systems, cattle health, etc. They also have information about their customers, e.g. billing channels, proprietary product formulas, etc. They have information internal to the organization, their employees—social security numbers, direct deposit for paychecks, along with critical system operations. Cooperatives work to alleviate human error, be it a load of contaminated milk, a valve that should have been turned on or off as the system was being cleaned in place, or perhaps an accounting or billing error.

Human error is responsible for most information security breaches. According to the IBM 2014 Cyber Security Intelligence Index, 95% of all security incidents begin with human error, human culpability, or human carelessness. Verizon released the 2017 Data Breach Investigations Report.

The Report noted:
- 75% of breaches were perpetrated by outsiders
- 25% involved internal actors
- 51% involved organized criminal groups
- 62% of breaches featured hacking
- 51% of breaches included malware
- 66% of malware was installed via malicious email attachments
- 73% of breaches were financially motivated
- 95% of phishing attacks that led to a breach were followed by some sort of software installation
- 80% of hacking-related breaches leveraged either stolen passwords and/or weak or guessable passwords

Increasingly, firms along the supply/value chain are looking for evidence that cyber security systems are in place as a condition of doing business. Cybersecurity protocols are similar to other crisis management plans. Firms work to protect the data in their possession with systems in place to detect any breaches. If a breach is found, an appropriate response must be mounted followed by a recovery process. It is appropriate to conduct trainings in cybersecurity for all staff. Develop an incident response team and plan. The team can include human resource staff, legal, information technologies, and communication members. One can assess the plan utilizing a tabletop exercise as a means to define and test the roles and responsibilities of persons directly involved in data security.

Email is still the #1 delivery vehicle for most malware (just not ransomware. 1 in 131 emails contained malware in 2016, the highest rate in 5 years.—Symantec 2017 Internet Security Threat Report (ISTR)

“If you haven’t suffered a data breach you’ve either been incredibly well prepared, or very, very lucky.” - Verizon 2017 Data Breach Investigations Report

Upcoming dates:
- January 4, NYS Agricultural Society, Syracuse, NY
- January 22, Agricultural and Food Business Outlook, Stocking Hall, Cornell University, Ithaca, NY
- February 7-9, National Council of Farmer Cooperatives Annual Meeting, New Orleans, LA
- February 28, Northeast Cooperative Council Leaders Forum and Annual Meeting, Albany, NY
- March 1, CoBank, ACB Northeast Customer Meeting, Albany, NY
The NECC will convene its 68th Cooperative Leaders Forum and annual meeting February 28-March 1, 2018 at the Albany Marriott in Albany, NY. The Planning committee has been hard at work as it strives to provide relevant and educational programs to our membership. This year, topics will be centered around leading the cooperative economy. This event continues to be held in conjunction with the CoBank Northeast Customer meeting. The Council is very appreciative of the relationship and support provided by CoBank. Mark your calendars. Registration is open. We look forward to seeing you there.

I would like to report that we are working with Cornell University to extend the memorandum of understanding between the Council and the Charles H. Dyson School of Applied Economics. The current agreement expires June 2018. Cornell is a vital part of the Council as they provide support for educational, outreach and other programming activities through the Executive Secretary. Some of our members have sent position openings to the Executive Secretary that are subsequently forwarded to professors in the subject area and career placement services. Todd Schmit, Associate Professor and instructor for the Cooperative Management class mentioned how students contact him regarding internships with some of our NECC member cooperatives.

I want to thank NECC members for their continued support of the organization. On behalf of the board of directors, I wish everyone a safe and happy holiday season and prosperous New Year.

Rob Smith
President
MEMBER SPOTLIGHT—Stamford Farmers Cooperative

Stamford Farmers Cooperative is headquartered in Stamford, NY in Eastern Delaware County in the Catskill Mountains. George Wilson, one of the original founders of the cooperative serves as President. Janet Bekin-Smith, General Manager leads a team of 15 full and part time employees. The cooperative was formed in 1994 by a group of local farmers interested in maintaining farm supply and services in the area as Agway divested its interests in retail sales and services. The business serves farmer-members within a 40-mile radius of Stamford. The cooperative provides crop protectant and application services. In 2014-15 the crop center blended 1,460 tons of fertilizer and the feed mill mixed 6,300 tons of bulk feed. In fiscal year 2014 the cooperative had $4.8 million in sales. They are a member of Co-operative Feed Dealers, a wholesale distributor of agricultural, garden and pet supplies.

Domestic Production Activities Deduction

Section 199

The tax reform bill (H.R. 1) has moved to the Senate and House Conference committee. Language in the House and Senate bills eliminate the Section 199 (Domestic Production Activities Deduction enacted in 2004). Section 199 was passed to ease the tax burden of domestic manufacturers and stimulate investment in domestic manufacturing. Activities qualifying for Section 199 include the production and processing of food. Section 199 recognizes the distinct nature of cooperative-structured businesses and their farmer-members. The deduction can be used at the cooperative level or passed directly to farmer-members as a means to reduce the tax burden of their respective farming operations. In mid-November the National Council of Farmer Cooperatives submitted a letter signed by 180 groups to House Speaker Paul Ryan and House Minority Leader Nancy Pelosi requesting that Section 199 be preserved as tax reform moves through the Congress.

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