



Co-op News

"Advancing Cooperative Business Success"

January 2007

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The Kansas Cooperative Council exists to promote, support and advance the interests, business success, and understanding of agricultural, utility, credit, and consumer cooperatives and their members through legislation and regulatory efforts, education and public relations.

Kansas Cooperative Council
 816 SW Tyler St., Ste. 300
 Topeka, KS 66612
 P: 888.603.2667
 F: 785.233.1038
 www.kansasco-op.coop

Director Development Draws Co-op Leaders

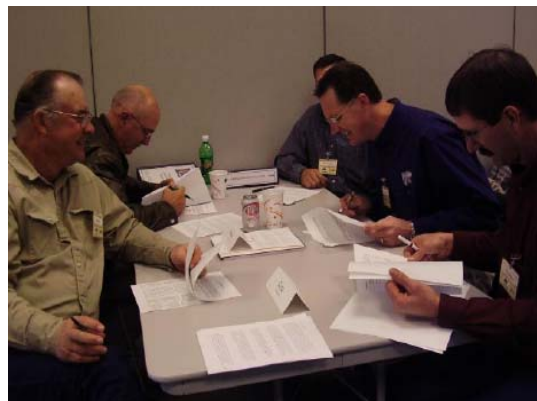
Cooperative leaders throughout Kansas took part in the Kansas Cooperative Council's annual Director Development Program (DDP). More than 100 participants took part in the two-day training courses in Dodge City and Manhattan.

The program provides local co-op directors with a basic, foundational understanding of cooperative organizations. The training is divided into four modules: The Director's Role and Responsibilities in Today's Cooperatives; Cooperative Financing; Director's Role in Planning and Control; and Director's Role in Management Development and Appraisal.

DDP is the cornerstone of the Kansas Cooperative Council's director education efforts, but many of our members have found value in bringing CEO's and other management team members to the training, as well. DDP provides a common basis for understanding between management and the board, improving the overall function of the cooperative as a whole.

The Director Development Program is successful because of the knowledgeable instructors leading the four courses. This year's instructors were Vernon May, Dennis Blick and Dave Ehret of CoBank, Scott DeWeese and Amanda Cooper of ProValue, Dennis Landis with Landis Ag Placement and Consulting, Mike Meisenheimer with Lindburg & Vogel, and Dr. David Barton with the Arthur Capper Cooperative Center at Kansas State University. Their contributions to the DDP are greatly appreciated.

This year we were pleased that Frontier Farm Credit (FFC) sponsored one of the luncheon events at the Manhattan training session. Joining the DDP participants for the noon meal were Dennis Fike, Senior Vice President of Credit, and Stuart Hays, Financial Services Officer – Ag Business, both from the Manhattan office. Dennis briefed the attendees on Frontier's services and operations area. Additionally, he spoke about the role of the Farm Credit System and improvements in services they want to provide to customers in the future. These changes have been developed through Farm Credit's system-wide evaluation of customer needs, now and into the future, and are part of their HORIZONS initiative.



DDP Course 3 participants work through group exercises.

Board of Directors

Terry Kohler, Chairman
Farmers Co-op Elevator
Garden Plain, Kansas

**Marvin Lynch,
Vice Chairman**
Piqua Farmers Co-op Assn.
Piqua, Kansas

Dr. David Barton
Arthur Capper Cooperative
Center - KSU
Manhattan, Kansas

Mike Pesek
Kansas Farmers Service Assn.
Hutchinson, Kansas

Marla Marsh
Kansas Credit Union Assn.
Wichita, Kansas

Pat Breeding
Delphos, Kansas

Dennis Blick
CoBank
Wichita, Kansas

Alan Jaax
Farm Credit Services
Wichita, Kansas

Ron Griffith
Central Plains Co-op
Smith Center, Kansas

Steve Magette
Dodge City Co-op
Dodge City, Kansas

Alan Doubrava
The Ellsworth Co-op
Ellsworth, Kansas

Frank Riedl
Great Bend Co-op
Great Bend, Kansas

Stuart Lowry
Kansas Electric Co-ops, Inc.
Topeka, Kansas

Gary Friesen
Scott Co-op Association
Scott City, Kansas

Notes from the Chairman...by Terry Kohler

The year 2006 is quickly coming to an end as I write these notes. The Kansas Cooperative Council will have some new faces in different places in 2007. We will miss Mike Meisenheimer and Julie Staub and thank them for all they have done for the Council and Kansas cooperatives. Mike brought a wealth of knowledge of the cooperative system that he was able to share with Council members and will be greatly missed by all. Thank you again Mike and Julie and we wish you both the best in your new endeavors.

We are confident though that Kansas Farmers Service Association will continue to provide administrative support and leadership to the Council in excellent form and we will not miss a beat in 2007. We look forward to the new relationships with the KFSA staff members.

The Legislative session will be starting soon and Leslie is already working to the benefit of Council members and the Kansas Cooperative family. Please be willing to give her your support when you're called upon to make your voice heard in Topeka. Mark your calendars now for the Legislative Day on Thursday, January 25, 2007. Details have already been mailed to the cooperatives.

An outgrowth of this fall's Strategic Planning Session was to organize and take the lead on a program for new managers of farm supply cooperatives. This program will provide an overview of the industry they are entering. The New Managers' Orientation Program will have its debut January 24, 2007. Information about this new program has been mailed to the cooperatives.

CO-OP LEADERS ATTEND REGIONAL CREP MEETINGS

Cooperative leaders from southwest Kansas were among the attendees at regional informational meetings on the proposed Conservation Reserve Enhancement Program (CREP). K-State Research and Extension, local conservation districts and the Kansas Water Office were among the sponsoring entities. The briefings covered three major areas: the CREP proposal; projected economic impacts of the CREP; and hydrologic data.

The meetings were designed to provide local community members with a better understanding of the state's request to partner with USDA to take up to 85,000 irrigated acres and possibly as much as 15,000 dryland acres out of production along the Arkansas River. These acres would be placed in the CREP, a specialized Conservation Reserve Program (CRP). Land enrolled in the CREP will have to be planted to grass as with traditional CRP ground.

The proposed CREP region stretches along the Ark River from Great Bend west to the Colorado boarder. The area is part of a larger section of southwest Kansas where water availability and quantity has been a growing concern. The CREP area also takes in part of the state that sustained damages from

Colorado using more than their share of water under the Arkansas River Compact. Kansas has received monetary damages as a result of a lawsuit the state brought against Colorado. The legislature enacted policy, before any money was paid to Kansas, which divided settlement dollars from the lawsuit into three pots of money. These funds are commonly referred to as: the litigation fund, the impacted area fund, and the statewide fund.

The state's CREP proposal would take nearly \$5 million, mostly from the statewide fund, and use it as a hard-dollar match to pull down federal payments. The CREP is an 80/20 federal to state matching program and half of the state's 20 percent can be contributed by "in-kind" contributions. So, only 10 percent of the state's match needs to be hard money.

Following the briefing sessions at the regional meetings, much of the questioning and discussion focused on the negative impacts traditional CRP has already had on the community, how idling additional acreage could further that detriment, and how would the negative economic impacts of the CREP impact the communities. Loss of economic stimuli to the region, loss of jobs, reduced property tax receipts, possibility of increasing mill

Continued on Page 3 ...

levies to off-set property tax losses, and increased competition for land were all noted as potential outcomes if the CREP program is implemented.

There was concern over the continued pull on the aquifer, but strong reservations that taking large acreages out of production and prohibiting dryland farming were not the best ways to reduce water usage, at least from a regional economic perspective.

Attendees also had questions about the dollars that could flow out of the community to an absentee landowner and the “value” of a water right as competing uses seek access to the resource.

The KCC shares these concerns and has been a leader in assuring all impacts of the proposed CREP receive due consideration. The Council is working with partners in-state and on the federal level to advocate for water conservation options that do not mandate idling cropland. We will continue to stress the importance of focusing water conservation efforts on the water itself, as opposed to dictating land management criteria.



From the Director's Chair

CREP...sacrificing the community for the individual?

This fall, the co-op community celebrated our contributions and commitment to our communities. Concern for community is one of the seven bedrock principles on which the cooperative movement is founded. For co-ops that means we look at the “big-picture” impacts, how our overall community, not just our individual businesses or individual members, will be affected by decisions. Concern for the community is one reason our association has taken a stand against the proposed Conservation Reserve Enhancement Program (CREP).

The Arkansas River CREP is projected to have a significant, negative economic impact on the 10-county implementation region. Regional economic activity is expected to decrease and county property tax revenues are expected to decline. Counties will be forced to absorb tens of thousands of dollars in lost revenue, cut programs or increase mill levies to maintain existing programs.

Some proponents of CREP have chided the Council and other opponents for being “against” farmers – our members’ owners and

customers. They claim that CREP is a “pro-farmer” program. CREP is only a “pro-farmer” program if you are among the roughly one in ten farmers that get accepted into the program. There are over 6,000 water rights in the CREP region. Budgetary projections contemplate roughly 650 rights being retired through the program. While 10% reap the benefits of the program, the other 90% of the farmers and the community members in that area are carrying the weight of regional economic losses, lost services and/or increases in taxes.

Some proponents of the program claim CREP is good for farmers because they will see their property taxes go down. This is based on the assumption that counties will not offset losses from reclassification from the highest valued agriculture land, irrigated ground, to lower valued dryland through a mill levy increase. The increase in mill levies could eat into any “savings” a CREP participant may see on their tax bill. Even if the program farmer does see a decrease, other producers and community members will be carrying the financial burden if local taxes – whether sales or property – are increased to compensate for the property tax losses.

I don't consider myself a “Trekie” but thanks to television

channels like TV Land, I've recently seen several episodes of the original Star Trek series. Occasionally, Spock cites a Vulcan saying “the needs of the many outweigh the needs of the few.” In a sense, that describes how the Council is approaching the CREP. We see it from a “big picture” perspective, from the “whole community” viewpoint. The program may benefit a few individual producers, but projections indicate it will do so at great cost to non-participating producers, local businesses and the surrounding community. As a statewide organization, we cannot support a program that cherry-picks a few of our members’ owners for participation, while saddling the remaining majority with additional burdens.

We agree that water conservation is needed, but it has to be carried out through a balanced program, driven by hydrologic impacts that won't rip the economic rug out from under the impacted counties. These types of programs can and should be developed. Cost-share programs tied to water reduction rather than acreage should be funded. The Council is and will continue to work toward these goals so that the needs of the community, the many, are protected.

by Leslie Kaufman

Lawmakers Set To Begin Work

Legislators will kick off the 2007 Kansas legislative session on January 8, 2007. The House of Representatives will welcome one returning and several new legislators to their chamber. The House is slightly more democratic than last year with a five-seat gain for the minority party. Still, Republicans hold a 78-47 majority.

New House leadership and committee changes will influence legislation during 2007. Former Appropriations Chairman, Rep. Melvin Neufeld (R-Ingalls) will be the new Speaker of the House. The Majority Leader's post will be filled by Rep. Ray Merrick (R-Stillwell). Rep. Don Dahl (R-Hillsboro) will serve as Speaker Pro Tem, and the new Assistant Majority Leader will be Rep. Jene Vickrey (R-Louisburg).

Democrats kept their leadership team intact, retaining Rep. Dennis McKinney (D-Greensburg) as Minority Leader and Rep. Jim Ward (D-Wichita) as Assistant Minority Leader.

Key committee leaders have been named as well. Rep. Sharon Schwartz (R-Washington) will chair the Appropriations Committee. This committee, which oversees the state's budget and spending, is considered to be the most powerful committee in the House. Rep. Lee Tafanelli, (R-Ozawkie) will serve as vice-chair.

The number of House committees is being reduced this year, in-part because continued Capitol renovations are impacting meeting room availability. Below is a list of leadership assignments for key committees of interest to KCC members. Agriculture and environment issues will be combined in one committee chaired by Rep. John Faber (R-Brewster). Rep. Forrest Knox (R-Fredonia) will serve as vice-chair. Rep. Kenny Wilk (R-Lansing) will return as Taxation chair. Rep. Richard Carlson (R-St. Mary's) will be vice-chair. Rep. Carl Holmes (R-Liberal) will continue to head the renamed Energy and Utilities Committee. Rep. Rob Olson (R-Olathe) will be vice-chairman. Insurance and Financial Institutions will be chaired by Rep. Clark Shultz (R-Lindsborg) and Rep. Anthony Brown (R-Eudora) will be vice-chairman.

KCC LAUNCHES NEW MANAGERS' ORIENTATION

The Kansas Cooperative Council will unveil a new manager training program this January. The New Managers' Orientation will be held January 24 and 25 at the Capitol Plaza Hotel in Topeka, Kansas. We will begin at 1:00 pm on the 24th and wrap-up before lunch on the 25th. The event is being held in conjunction with the KCC's annual Legislative Day which begins at 1:30 on January 25th.

New Managers' Orientation developed as a way to address member needs identified by the KCC Board of Directors during their latest round of strategic planning. Newer managers, or managers new to this state, are encouraged to attend. Those in mid and top level positions should find the presentations useful. The program provides an overview of the cooperative family, who the major players are in the Kansas co-op environment, and advice on successfully navigating the first few years in the manager's chair.

The event registration fee is underwritten by the Co-op Council, but participants will need to cover the cost of hotel accommodations. A block of rooms is held at the Capitol Plaza Hotel under the Kansas Cooperative Council name at a special group rate of \$89 per night. Room reservations must be made by January 8, 2007 to receive this special rate. The toll free number for the Capitol Plaza Hotel is (800) 579-7937.

Although the Council is not charging an event fee, reservations do need to be made with the KCC to ensure adequate meals and materials for all attendees. To reserve your spot, call (800) 603-2667 (COOP).

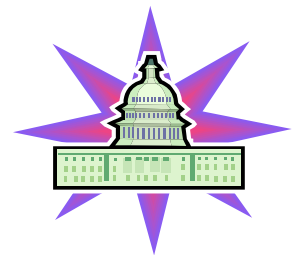
Don't Miss the KCC Legislative Day

Who are the new faces under the dome? What does the new committee make-up in the House of Representatives mean for the Kansas Cooperative Council? What are the major issues facing cooperatives and the state in 2007? All these questions, and more, will be answered when the KCC holds its Annual Legislative Day on January 25th.

The event will begin with a briefing session at the Capitol Plaza Hotel. From there, we will board buses and head towards the statehouse for an afternoon of observing committee meetings and the Senate session, meeting with legislators and visiting nearby state agencies. That evening, we return to the hotel for our Legislator Appreciation Reception and Dinner.

This is a great opportunity for cooperative leaders to learn more about government, influence public policy, and build relationships with legislators and policymakers. We encourage you to make reservations to attend, schedule meetings with your local legislators, and invite them to dine with you at the evening banquet. The individual contacts you make with your legislators have a positive impact on building these important relationships. We look forward to seeing you in Topeka!

Save the Date.....



KCC Legislative Day
January 25, 2007
Topeka, KS

CoBank and KFSA Donate to ACCC

Contributed by ACCC

CoBank and Kansas Farmers Service Association (KFSA) have each donated \$25,000 to the Kansas Cooperative Council (KCC) Development Campaign for the Arthur Capper Cooperative Center (ACCC) at Kansas State University. The ACCC is recognized as a leading center-of-excellence in cooperative education at the state, regional, national and international levels. KFSA and CoBank are strong supporters of co-op education. Many co-op leaders in the state have participated in the education programs provided by CoBank, KFSA, Kansas Cooperative Council, CHS, and of course, Kansas State University's Arthur Capper Cooperative Center, under the direction of Dr. David Barton.

The purpose of the KCC development campaign is to enhance the vision, strategy and mission of the ACCC which will benefit the cooperative community. The vision of the ACCC is to be the first choice for cooperative education by cooperative leaders and students. The strategy to achieve the vision is to help individuals and cooperative businesses achieve their leadership and performance potential by developing outstanding leaders in the cooperative system. The two top priorities are to recruit and retain

outstanding faculty who are actively working to strengthen the cooperative system through educational outreach and research, and to provide substantial scholarships to students who are interested in careers associated with cooperatives.

The development campaign provides the opportunity to touch the lives of current and future cooperative leaders. KFSA and CoBank recognized the need to strengthen cooperative educational resources now and in the future and chose to support the campaign with significant donations.



Bob Nattier, Board Member for CoBank, presents Dr. David Barton with an ACCC scholarship fund donation of \$25,000.

Co-op educational resources are dwindling around the country. The ACCC, in conjunction with the Kansas State University Department of Agricultural Economics, awarded \$20,000 in cooperative scholarships to 11 students for the 2006-07 academic year. These potential leaders in cooperative businesses are directly benefiting from the co-op community's support. The ACCC is working to establish a Distinguished Professor position to strengthen the ACCC's educational programs for the cooperative community. For more information on how you can contribute to the campaign, please contact David Barton at dbarton@ksu.edu, or (785) 532-1522.



Photo at Left: Norbert Gerstenkorn, KFSA Board Chairman, presents Dr. David Barton with a \$25,000 donation to the ACCC scholarship fund.



PO Box 1747
Hutchinson, KS 67504
Leslie Kaufman, Executive Director

UPCOMING EVENTS IN 2007

January

- 1 - KCC Office Closed for Holiday
- 8 - Kansas Legislative Session Begins
- 17 - National Conference of State Cooperative Council's Winter Meeting, Palm Desert, CA
- 17-19 - NCFC Annual Meeting, Palm Desert, CA
- 22 - KEC Legislative Reception, Topeka
- 24-25 - KCC New Managers' Orientation, Topeka
- 25 - KCC Legislative Day, Topeka

February

- 8 - KCUA Legislative Day, Topeka

March

- 11-12 - KCC and KFSA Annual Meetings, Hutchinson

New Year's

Wishes