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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.

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Four Inducted into Kansas Cooperative Hall of Fame



Pictured left to right: Kathy Palermo, Anita Pfister, Barbara Strahm (Daughters of Leon E. Wenger), Jim Jukes, Pete Dlabal, and Jerold L. Harris.

Pete Dlabal, Jerold L. Harris, Jim Jukes, and Leon E. Wenger were inducted into the Kansas Cooperative Hall of Fame in Hutchinson on March 12th. The ceremony took place at the joint annual meetings of the Kansas Cooperative Council, and The Kansas Farmers Service Association, and was emceed by Bill Ohlemeier.

Jim Jukes has had an unwavering dedication to the cooperative financial movement on the local, national and international level. Jim began his career in 1953 with the Kansas Credit Union League as a field representative in Dodge City. In 1960, Jim became the League’s Director of Organization, helping to organize 60 credit unions in Kansas. He was involved with the development of the Expandachek program, as well as the purchase of the State Bank of Lancaster, which ensured credit unions’ access to the Federal Reserve’s check clearing system. Jim was later recruited by the Credit Union National Association and CUNA Mutual Group where he helped to develop the IRA Management program, CUNA Mortgage Corporation, CUNA Brokerage and helped form the Filene Institute. Jim and his wife now reside in Waunakee, WI.

Jerold Harris, Wichita, began a career of service to agricultural cooperatives in 1963 after graduation from Colorado State University. He started as a loan officer trainee at Federal Land Bank of Wichita. He served the Farm Credit System in various positions until rising to Executive Vice President for the Farm Credit Banks of Wichita. He later became the CEO of two large, jointly managed Farm Credit Associations until being named President of the Farm Credit Bank of Wichita in 1991.

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Board of Directors

Marvin Lynch, Chairman
Piqua Farmers
Cooperative Assn.
Piqua, Kansas

Steve Magette
Vice Chairman
Dodge City Co-op
Dodge City, 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

Dave Studebaker
Delphos Cooperative Assoc.
Delphos, Kansas

Dennis Blick
CoBank
Wichita, Kansas

Alan Jaax
Farm Credit Services
Wichita, Kansas

Steve Eck
CHS / LOL
Windom, Kansas

Deb Miller
Farmers Union Mercantile
& Shipping Assoc.
Stockton, Kansas

Dan Cashier
Anthony Farmers Coop
Elevator
Anthony, 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 Marvin Lynch

Annual Meeting – Celebrating the Past, Looking to the Future

In mid-March, Co-op Council leaders gathered together to celebrate the cooperative philosophy. The annual business meeting provided an opportunity to review our short-term accomplishments during the last year. It is a good reminder of the valuable services the Council provides to the membership. But I have to say, I continue to be impressed with the Hall of Fame induction ceremony. It is there that we are reminded of the reasons cooperatives are so special – the philosophies that under gird our foundations and the leaders who hold these beliefs dear.

This year, four gentlemen were inducted into the Hall of Fame: Pete Dlabal, Jerold Harris, Jim Jukes and Leon Wenger. They represent varied segments of our larger cooperative family including farm supply / marketing, Farm Credit and credit unions. What struck me in listening to the inductees and their family members was the commitment, dedication and passion these men held for the cooperative philosophy.

I doubt that any of these men began their career with the goal of being a “Hall of Fame inductee”. But because their belief in the cooperative system was so strongly engrained in them, it influenced their approach to business, co-op advancement, member service and community participation. And, it serves as a reminder to us that the cooperative business model is not just an organizational structure. It truly is a philosophy for building better businesses that benefits member-owners, employees, local communities and broader cooperative families worldwide.

As we look to the future for our Council and our cooperative industries, I hope we will all seize the commitment and passion for the cooperative movement our Hall of Fame heroes have so completely modeled.

Board Members Retire - New Members Elected



Pictured above: Pat Breeding, Terry Kohler, & Ron Griffith.

Three Council board members retired effective with the March 2007 quarterly board meeting drawing to a close. After many years of dedicated service to KCC members, Terry Kohler, Ron Griffith and Pat Breeding ended their terms. All three of these gentlemen served on the Board during times of restructuring and personnel changes with the Council. They contributed wisdom, insight and leadership to the KCC during some significant times for the association. Their service is greatly appreciated.

The board will now have two new faces and one returning member. Deb Miller (Stockton) was elected to one of the District 2 seats. Dave Studebaker (Delphos) served on the board several years ago and will be returning as a representative of District 1, as well. Dan Cashier will hold the District 4 seat. Gary Friesen (Scott City) was elected to fulfill the remainder of a term in District 2. Gary had previously been appointed to the board following a resignation.

We thank all these individuals for their willingness to serve the Kansas cooperative family.

Deb Miller elected to KCC board of directors



Deb Miller has been the General Manager of the Farmers Union Mercantile and Shipping Assoc. in Stockton, KS since November 2006. Previously, she worked in accounting and grain merchandising for the company for the last 29 years. Deb is a Ft. Hays State University graduate. She also graduated from the Farmland Benchmark Series and the 2006 Tomorrows Agribusiness Leaders (T.A.L.) Program.

Deb has 3 children, Kinsey (22), a nursing student, Tad (17), a high school junior, and Chance (14), an 8th grader. She is also a volunteer emergency medical technician and has served her community as a local school board member for the last 8 years.

Johanns Addresses Kansas City Ag Business Council

The Kansas City Agricultural Business Council hosted USDA Secretary Mike Johanns at a breakfast meeting on March 20th. The meeting was held at the KC Board of Trade. The Secretary spent 20-30 minutes reviewing the department's recently released farm bill agenda which they are referring to as "America's Farm Bill". Included in the overview were comments regarding proposed differences from the 2002 Farm Bill.

The USDA's 2007 plan includes proposals to:

- Tighten payment limits;
- Make safety nets more predictable;
- Base counter-cyclical payments on revenue, not price;
- Increase conservation title funding by \$7.8 billion above where the '02 bill stands now;
- Increase research & development funding for renewable fuels by \$1.6 billion; and
- Add \$5 billion for specialty crop research & development, promotion and phytosanitary/sanitary issues.

The goal in terms of timing continues to be passage in 2007 for implementation next year. During the question and answer portion of the meeting, the Secretary was asked about opening up CRP for crop production. Johanns specifically stated that he would make "no decision until spring or early summer" when he has better (data) numbers.

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In 2002, he served as President and CEO of U.S. AgBank until his retirement. Jerold also was an active supporter of agriculture cooperatives and served on many boards. He served on the Executive Council of the National Council of Farmer Cooperatives, and eleven years on the Board of the Federal Farm Credit Banks Funding Corporation, with four of those years as Chairman.

Pete Dlabal, Ellsworth, grew up in Wilson, KS, one of 9 brothers and sisters. Pete is known for his discipline, humility and desire to place others needs ahead of his own. After high school, Pete enlisted in the Army and served for four and one half years. After his service, Pete was hired by the Ellsworth County Farmers Cooperative Union in 1949, where he worked for 31 years until his retirement, serving as General Manager for the last 24 years. He was elected to the Farmers Union Jobbing Association board in 1959, the Co-op Marketing Association board in 1962, the Far-Mar-Co board in 1968 and the Kansas Farmers Service Association board in 1969. Pete was also active with other local and regional organizations such as serving as the Ellsworth County Commissioner, Ellsworth School board member, FFA advisory board member and several others.

Leon E. Wenger was honored posthumously for his contributions to the cooperative movement. Leon began his career in 1958 with Brown County Co-op. Leon was in recovery from a farming accident when asked to help at the struggling co-op. After only a few months, the Board of Directors asked Leon to accept the job of General Manager on a permanent basis. Leon used timely marketing strategies and new forms of communications, added services and innovative social events, and improved facilities. Leon actively promoted the cooperative model in Kansas, and led many delegations to national functions to promote the cooperative movement. Leon and his wife, Mae, were married for 67 years and raised four children.

The Council would like to thank the members of the Hall of Fame Selection Committee: Loren Dinkel, Steve Eck, Harley Foulks, Harold Henry, Ken Herman, Leslie Kaufman, Bill Ohlemeier, Jerry Schweitzer and Garth Strand. Also, a special thank you goes to Kansas Farmers Service Association and CHS, Inc. for sponsoring the Hall of Fame luncheon.

The Kansas Cooperative Hall of Fame was formed in 1999 to recognize Kansans who have been instrumental in developing and spreading the cooperative philosophy on the state and national level. The inductees are selected by a committee consisting of cooperative leaders from across the state. Inducted since its inception are: Senator Arthur Capper, Henry L. Peterson, Gene W. Porter, Clayton "Rocky" Rock, Ivan Strickler, Dave Woolfolk, Jr., James "Jimmie" Dean, Francis "Fritz" Gwin, James Williams, Nancy Kantola, Otis and Mary Lee Molz, Herbert W. Clutter, John Michener, Joe Lieber, Kenneth M. Lyon, M.K. Mathews, Clifford Lindburg, William May, Larry Mowry, and Wilbur Klenke. Plaques honoring all inductees are on permanent display in the Kansas Cooperative Hall of Fame Exhibit located in the Pride of Kansas Building on the Kansas State Fairgrounds in Hutchinson, Kansas.

KCC ANNUAL MEETING A SUCCESS

The Kansas Cooperative Council, Kansas Farmers Service Association, and Kansas Agribusiness Benefits Group joined together on March 11 and 12 to host Annual Meeting activities at the Grand Prairie Hotel in Hutchinson. Nearly 250 co-op leader and supporters took part in celebrating the life-long achievements of Co-op Hall of Fame inductees, recognizing Arthur Capper Cooperative Center scholarship recipients and celebrating the 60th Anniversary of Kansas Farmers Service Association.

This year's events began with a Sunday evening reception and dinner. The official business meetings, caucus elections, KCC Hall of Fame luncheon and induction ceremony, exhibitor displays and a keynote address by Michael Torrey followed on Monday. Torrey, who was raised in Kansas, left the Sunflower state in 1990 to serve as a Legislative Assistant on Agriculture for former Senator Nancy Landon Kassebaum. Nearly 17 years later, Torrey continues to work in Washington, DC as the principal of Michael Torrey Associates.



Mike shared his perspective on the upcoming farm bill debate, changes in DC following the November 2006 elections and stories from his days as a hill staffer.

The KCC and Kansas Farmers Service Association were joined in sponsoring the annual meeting activities by Nationwide Agribusiness, Triangle Insurance Company, Inc., CoBank and CHS, Inc. Their support of our annual meeting activities is greatly appreciated.



From the Director's Chair

By Leslie Kaufman

MAKING A DIFFERENCE ... for co-ops and communities

In simple terms, the cooperative model can be viewed as individuals (or individual businesses) banding together to achieve more as a group than they could on their own. Working together, we gain synergy. When we combine our collective voices, there is strength and power. This is certainly the case with our advocacy efforts.

One key area where the cooperating is bearing fruit is our work on the irrigation transition program. Two years ago, your Council, along with friends at the Kansas Grain & Feed Association (KGFA) and Kansas Agribusiness Retailers Associations (KARA), were the only statewide associations insisting irrigation transition proposals be analyzed as to their economic impacts. Water agencies in Kansas were directed in the Water Right Transition Assistance Program (WTAP) to include relevant economic information in regional meetings to be held prior to initiation of the WTAP. An economic analysis of the proposed Arkansas River Conservation Reserve Enhancement Program (CREP) was ordered and later completed in July of 2006. Both these efforts have direct ties to the success of our advocacy efforts.

This session, our focus has been on securing the opportunity for CREP participants to dryland farm on enrolled acres prior to the implementation of the program. In addition to KGFA and KARA, our partners on CREP have expanded to include the Kansas Pork

Association, the Petroleum Marketers and Convenience Store Association of Kansas, and Seaboard Farms. It is clear this is definitely not just a "grain elevator" issue. Here, we also are seeing success.

The CREP issue was one of the final budget issues negotiated in the main appropriations bill. Although the dryland component we were advocating was not included in this CREP proviso, the legislature has passed a resolution supporting that concept. SCR 1611 received unanimous approval by both the Senate & House of Representatives and calls on the Secretary of USDA to permit land enrolled in a Kansas CREP to be used for commodity production.

Legislators, state agencies, the governor and our congressional delegation are keenly aware of the opportunities and choices that would be available to producers if dryland farming were allowed under the Kansas CREP proposal. This is a significant element in mitigating negative economic impacts, preserving regional economic activity and providing producers with land management options.

We can be proud of the fact that the Kansas Cooperative Council has been a leading voice in elevating important issues, like the dryland farming allowance, to the point that it is now a focal point in the CREP debate on the state and federal levels.

Legislature Takes First

Adjournment

The 2007 regular session drew to a close in the early morning hours of April 4. The Council has seen several issues of interest make their way through both the Senate and the House of Representatives, headed to the Governor's desk. Legislators will go home for several days before coming back to Topeka on April 25. The budget committees will return earlier to formulate their omnibus budget proposals.

A few of the key issues the Kansas Cooperative Council has followed this session are outlined below. A more detailed compilation will be included in our Legislative Updates which are emailed and posted on our web page.

Franchise tax – The approved conference committee report on **Sub. HB 2031** contains a 5-year phase out of the franchise tax. The threshold will be increased to \$1 million the first year. During years two through five, the franchise tax rate will be cut by 25% per year, eventually going away.

Precision ag sales tax exemption – The sales tax exemption for precision agriculture equipment was approved in the Conference Committee Report for **HB 2171**.

Renewable fuels / ethanol – Tax incentives for expanding ethanol infrastructure were packaged in the Conference Report on **HB 2145**, but was sent back to conference.

Underground storage tank fund – **SB 190** has been approved by the Governor. It brings Kansas into compliance with federal EPA requirement on storage tanks. The bill provides additional cost share availability for meeting these requirements. EPA has extended their compliance deadlines so the bill also updates time frames in the Kansas Essential Fuels Trust Fund act to match those dates.

Ammonium Nitrate Procedures – The adopted conference report on **HB 2487** sets forth procedures retailers must follow to safeguard the sale and distribution of ammonium nitrate. The statutory parameters are based on a voluntary model advanced by the fertilizer industry. They include recording the purchaser's driver's license or ID number, the quantity purchased, and the address of the purchaser.

Propane Safety Education – Governor Sebelius has signed **HB 2294** into law, eliminating duplicative educational and licensing requirement for HVAC professionals holding certain certifications.

Conservation Reserve Enhancement Program (CREP) – The Senate passed their version of CREP authorizing legislation, **SB 123**, very late in the second half of the legislative session. The House Agriculture & Natural Resources Committee heard their CREP bill, **HB 2184**, in February but decided to wait to actually work a bill when the Senate version came over.

The CREP proposal is not exactly what we were hoping for but significant strides have been made from where we began. That approach would have allowed the House committee to work a CREP bill only once as opposed to twice. SB 123 finally made it to the House on March 14, heavily amended. The House Ag Committee chair did not feel there was adequate time to work the Senate bill. Neither did the Senate think they could work a House bill. So other compromise proposals floated between leadership from the House, Senate and their relevant committees. No suitable package developed.

The "compromise" finally took shape in the mega bill budget negotiations. The conferees agreed to fund a limited CREP for 2 years. \$1 million will be appropriated for FY '07 (ending June 30, 2007) for enrollment of up to 20,000 acres. Another \$1 million/20,000 acre appropriation is also approved for FY 2008 (July 1, 2007 – June 30, 2008). The decision to accept this Senate offer came quickly with virtually no time to respond. The House Appropriations negotiators were able to secure the Senate's agreement to conditioning these CREP acres under the same terms as the full Senate approved in SB 123. The SB 123 framework includes:

- Limit CREP enrollment based on expiring CRP acres – 2 regular CRP acres must come out before 1 acre of CREP can go in. If a dryland component is ever approved at the federal level, that swap will go to 1-1.
- Program participants can not be subject to an enforcement action for over-pumping and be eligible to participate in CREP.
- Total CREP acres that can be enrolled in one county are capped.
- Annual reporting on CREP enrollment and impacts shall be provided to legislative committees each session.

Enacting policy through the budget process is not new. Legislators on both sides of the dome have used the budget process to advance or stall programs for years. Circumventing the full bi-cameral legislative process runs counter to the overall philosophical belief that legislation should be open to full debate and work the committee and floor action process to be enacted. The KCC has consistently advocated against creating programs through the budget process and has argued that the better public policy approach is to work through the full legislative committee process.

The CREP proposal is not exactly what we were hoping for but significant strides have been made from where we began. Working with key legislators and association partners, the Kansas Cooperative Council has been successful in securing the economic analysis that KSU completed last summer, held off CREP and it's funding for a complete legislative session until the economic data was available, elevated the issue of dryland farming to national status, and ensured that the limited CREP will be subject to some important conditions. As the Kansas legislative session draws to a close, our attention now will focus on Washington, DC and securing the ability to dryland Kansas CREP acres under the new farm bill.



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Leslie Kaufman, Executive Director

UPCOMING EVENTS IN 2007

April

- 16-17 - KGFA Annual Meeting, Salina
- 20 - KCUA Annual Meeting, Overland Park
- 25-28 - Anticipated Veto Session

May

- 31 - Western KS Managers Golf Reception, Garden City

June

- 1 - Western KS Managers Golf Tournament, Garden City
- 12-14 - NCFC Washington Conference, Washington, D.C.

July

- 4 - KCC Office Closed for Holiday
- 9 - KCC Education Committee Meeting, Hutchinson
- 10 - KCC Board Meeting, Hutchinson
- 19-22 - NICE Conference, Shippensburg, PA
- 22-25 - KFSA Summer Managers Conference, Broomfield, CO