

TACC NEWSLETTER

TEXAS AGRICULTURAL COOPERATIVE COUNCIL

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MID-SUMMER CO-OP TAILGATE A CROWD-PLEASER

TACC hosted a webinar featuring co-op attorney **Gary McLaren**, and co-op auditor / tax wizard **Greg Taylor** for a "Mid-Summer Co-op Tailgate" in place of the Ruidoso Managers' Conference. A huge success, the meeting brought in 98 attendees from cooperatives all across Texas --- and even some out of state! Both speakers delivered valuable information and were able to answer questions regarding recent court cases involving cooperatives, important tax information about recent loan programs, and other questions involving steps that can be taken in dealing with recent health concerns and the upcoming harvest season. Here are three key takeaways to aid your co-op during these unusual times:

1. Regardless of individual bylaws and state laws regarding cooperatives, the minimum that must be done to officially hold a co-op annual meeting is to conduct director elections. For bylaws that require an annual meeting so many days after the fiscal year end, that requirement has been suspended. Ballots can be sent out by mail, but must be returned in person. Cooperatives are still required to give a 10-day notice of elections.
2. In accordance with the Governor's mandates and as a good commercial practice, it is important to include hand sanitizers, masks and social distancing in everyday operations. It may also be a good idea to entirely segregate the day and night crews to better enforce safety measures and control the spreading of sickness. It is inevitable that someone working either inside or outside will contract and be tested for the virus. One way to monitor employees is by taking temperatures.
3. Due to agriculture being declared an essential business, it is important that cooperatives (classified as a C-Corp. with less than 500 employees) take advantage of the Paycheck Protection Program (PPP) (which is open until August 8, 2020) and have assistance in protecting their full time and seasonal employee's jobs, or cover rent or utilities during this time. The period of forgiveness for the loan has been extended to 24 weeks.

COMPENSATION STUDY DEADLINE IS THIS WEEK

TACC once again needs your input! Since 2001, TACC has conducted an in-depth co-op compensation study every so often of all general managers and key personnel in cooperatives throughout the state. Hard copy survey forms were mailed two weeks ago to all local agricultural co-ops in Texas, with a self-addressed stamped envelope to return the completed forms to co-op CPA **Greg Taylor** (806) 785-5982 in Lubbock preferably by Friday, July 31. Tabulation and analysis of the results will follow shortly thereafter by his office. The every five-year document gets a lot of attention each year it is produced, all in an effort for organizations to stay current.



"THE VOICE OF COOPERATIVES"

TOMMY ENGELKE

EXECUTIVE VICE PRESIDENT

CHRISTY LEWIS

DIRECTOR OF ADMINISTRATION
AND MEMBER SERVICES

JESSICA MINTER

ADMINISTRATION AND
COMMUNICATIONS ASSISTANT

"THE FUTURE: WHAT WILL IT LOOK LIKE?"

BY THE TEXAS AGRICULTURAL COOPERATIVE COUNCIL

(You knew it was going to happen. When would some "futurist" gaze into their crystal ball and predict what the country & the workplace would look like following the pandemic. Already, scholars are crafting their thoughts. The following are "takes" from two nationally – known journalists. After the initial paper was drafted, it was sent to noted ag economists at Texas Tech, Oklahoma State & Texas A&M University to receive their input. Their responses are also included in this paper.)

- 1) Public health sensitivity will, for the foreseeable future, increase with less hand shaking, more requests for store sanitizer stations, less hugging ---- thus becoming more of a touchless society!
- 2) Increasing degree of online and home delivery offerings ---- for a price. This started long before the virus.
- 3) Given the pandemic and already strained hospital costs for the past several decades in small town health care operations, telemedicine will swiftly accelerate; especially once broadband is brought to rural America.
- 4) Going to the mall, the morning newspaper read / coffee, and a Saturday night movie / dinner at the theatre will continue to be in decline. Theatre attendance was already in decline before the virus, but with sanitation at issue, people will be reluctant to sit in a potential – infected facility.
- 5) The "serve yourself" restaurants / buffets are out for the immediate future such as salad bars, for fear of contamination and spreading the disease.
- 6) Before the pandemic, we were beginning to see a return to more drive – in movie type atmospheres. In fact, in Orlando, Florida, a drive – in movie with five screens and 500 parking spaces was already under construction prior to the pandemic.
- 7) For fear of infections, public transportation will suffer in the near term such as airlines, taxi's, trains, boats, and buses.
- 8) Due to "shelter in place" provisions / food safety and the inclination of people wanting to get outdoors, initially you will see an accelerated look at home gardening and canning of foods as we saw in the 1950s and 1960s. Over time, opportunity cost of "time" will still rule the day!
- 9) Given protests in recent times, more "work from home" efforts likely to become permanent, a move to defund law enforcement departments in larger U. S. cities, and the thought of reoccurring worldwide pandemics for the foreseeable future, there will be a movement for families to relocate to smaller communities. This could be limited, to some degree, by access to broadband in rural areas.

10) The availability of social services, or at least in the manner which we received them before the pandemic, were never that accessible, but will be stretched even more and will come about by non-traditional means. As an example, try calling a state or federal regulatory agency to remedy a situation such as the workforce commission on unemployment compensation issues. They are all operating with stay at home orders. Chances are if you do connect with a human being, it will be over a much longer wait time.

11) Just as the U. S. was held hostage with long fuel pump wait lines in the 1960s, 1970s, 1980s and 1990s, the federal government later provided incentives for oil & gas exploration in the U.S. Today, the U. S. is no longer dependent on the Middle East for oil and gas. The same will happen with the pharmaceutical industry in the next decade IF it can come at a reasonable or comparable expense as prior to the pandemic.

12) Businesses will re-evaluate the rationale for high cost, centralized offices. As federal / state government and corporation budgets have and will continue to be pushed to the limits, employers will make it permanent for many employees to continue to work from home after the pandemic. We are already hearing this move among several state agencies as a cost reduction measure.

13) Certain key institutions like the media and colleges / universities will be increasingly consolidated to garner economies of scale, thus closing smaller similar venues. Online education is convenient now, but there is some evidence of pushback from students and parents to TOTAL online education.

14) The pandemic will lead to lower birthrates worldwide as families struggle to make ends meet, further delaying growth in higher education. Birth rates began to decline in 2010 and this will continue due to economic pressures.

15) A silent political shift will be occurring where the younger generation will be trying to establish itself with a new consensus and a new set of standards and boundaries. For sure, this new generation will demand a greater work – life balance.

16) More companies will abandon the great consolidation hubs of recent into more satellite operations or “corporate dispersal” to the lower “cost of living” areas --- dispersing talent back into rural areas for the first time in two generations; especially if access to technology is available. Others say the only way to reduce costs is to reconsolidate processing and management.

17) If you thought traceability measures in the food system were taking center stage, they just increased several fold.



TEXAS AGRICULTURE'S INITIAL ASSESSMENT AND IMPACT: JULY 14, 2020 TEXAS PRIMARY ELECTION RUNOFFS



"Bad News for Texas Agriculture"

1. In the U.S. Congressional District 13 Republican race stretching from the Amarillo to the Denton area to replace retiring Mac Thornberry, former Donald Trump doctor **Ronny Jackson** defeated heavily ag-endorsed **Josh Winegarner** 56% to 44% with nearly all votes in.
2. In the Texas House of Representative District 2 Republican race, ag-friendly incumbent **Dan Flynn** was defeated by **Bryan Slaton** 61% to 39% in a race in the Sulphur Springs / Canton area. Flynn has been serving in the 150 - member Texas House for 17 years and seems to always have close races.
3. In the Texas House of Representative District 59 Republican race in the Brady / Stephenville / San Saba area, 7-year incumbent **J. D. Sheffield** was defeated by **Shelby Slawson** 62% to 38%, with 100% of the vote in. Sheffield is a family doctor who grew up on a cotton farm near Lorraine, Texas just west of Sweetwater.

"Good News for Texas Agriculture"

1. In Texas Senate District 27 Democratic race, covering much of the Rio Grande Valley, 34 - year incumbent **Eddie Lucio, Jr.** defeated **Sara Berrera** 54% to 46% with 100% of the vote in. Senator Lucio, historically a very strong ag vote, seems to always reach across party lines for good public policy. There are 31 state senators in Texas.
2. In the open seat Texas House of Representative District 60 Republican campaign, veterinarian **Glenn Rogers** of Mineral Wells defeated **Jon Francis** 52% to 48%, with 100% of the vote in.
3. In the open seat U. S. Congressional District 17 Republican race covering the Waco, Round Rock & College Station area, former U. S. Congressman **Pete Sessions**, then from the South Dallas metroplex, defeated **Renee Swan** 54% to 46% with 100% of the vote in. Sessions has always been a strong ag vote. This seat has always been a strong vote for agriculture.
4. In the open seat U. S. Congressional Republican District 22 race just southwest of Houston, **Troy Nehls** beat **Kathaleen Wall** 69% to 31%, with 100% of the vote in. This seat is another traditional strong vote for agriculture.

"Noteworthy Election News"

1. In the open seat U. S. Congressional District 24 Democratic race with 100% of the vote in, **Candance Valenzuela** defeated former Democratic Texas Ag Commissioner candidate **Kim Olson** 60% to 40% in an area just west of Ft. Worth.
2. In the Texas Democratic race for U. S. Senator, with 100% of the vote in, **M. J. Hegar** defeated 27 - year incumbent Texas State Senator **Royce West** 52% to 48%.
3. The Texas General Election will be held on Tuesday, November 3, 2020.
4. In the tightest race of the night, open seat U. S. Congressional District 23 Republican campaign, **Tony Gonzales** won against **Raul Reyes** by about 40 votes, with a total of 24,685 voting in the contest. Due to the rural nature of this seat, this is traditionally a seat that is a strong vote for agriculture.



SUMMER INTERNS ARE HARD AT WORK

This year's TACC Summer Internship Program placed three interns in cooperatives across the state. **Daniel Campos**, a Texas Tech student, has been at Texas Producers Co-op in Sudan, Texas working at the gin and also has spent some time working on the module feeder. Staying close to Texas A&M, **Nicole Laskowski** is spending the summer in Bryan at Producers Cooperative Association working on setting up a new home goods/gifts section of the store.

Emma Ferguson from West Texas A&M is working at Hereford Grain Corporation for the summer running two branch locations. She even plans on working through the harvest season while attending school.

This program has been a successful way of teaching students about the cooperative business model and also serves as a recruitment tool for interested graduates to work in the cooperative system. One recent graduate, **Kristina McGowen**, first came to us interested in the internship, but instead started the summer with a full-time position as a South Texas Field Representative with Plains Cotton Cooperative Association in Corpus Christi. So far this summer she has been training and meeting gin managers and farmers in the area.

TACC FACEBOOK IS STILL GOING STRONG

Even in times of uncertainty, you can always count on TACC's Facebook post to bring you important information or interesting comments made by agricultural leaders. Since December 2016, we have committed to posting daily in order to keep our members and colleagues informed or give a little break from the noise. Here are some recent Facebook highlights, one reaching over 2,200 people!



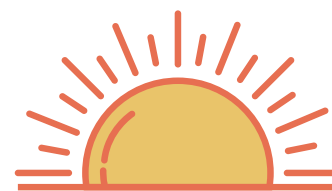
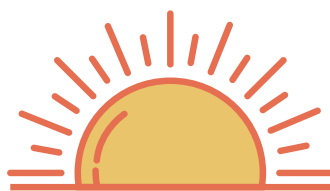
You never know who you will run into . . . Not long ago, Brownfield Farmers Co-op Station CEO **Suzy Davis**, in absence of anyone at the supply store cash register, offered to help a stranger / customer purchase several sacks of fertilizer. So Suzy being Suzy struck up a conversation that ensued for nearly 30 minutes, plus the loading of the fertilizer. The customer, **Bobby Baldock**, was from Roswell, New Mexico and was heading to the Lubbock area to help his son fertilize his pecan orchard. Before he left, Suzy asked if she could have his phone number as she thought he might be related to a friend. He gave her his number and then took out his wallet to show her his ID. He said he normally doesn't show it to strangers - but because she had been so friendly and helpful that he wanted her to know who he was. The customer was a FEDERAL judge appointed to the bench by President Ronald Reagan in 1983 for the Tenth Circuit Court of Appeals! It's a small world and you never know when you can leave a great impression!



Co-op ingenuity comes in the most unusual ways. For the past four years (*since the co-op gin in Amherst and the co-op gin in Sudan merged*), Texas Producers Cooperative has had a celebration of sorts prior to the ginning season. Co-op General Manager **Guyle Roberson** also has a country / western band and they play in the surrounding areas on weekends. Seems as though the tradition they started four years ago, still has popularity. Just before the gin season begins, he constructs a big stage for his band to play in the co-op's cotton seed house on a pre-selected weekend night ---- then the tailgate begins..... smokers, cornhole pitching, ice chests, family games, beer drinking, chit-chat, etc. It lasts for hours! In recent times, the crowd has reached 600 and 700 people. Although the date has not yet been set for 2020 given the virus, today the townsfolk will settle for nothing less! Talk about a great method to resolve the polarization of merging two ag businesses!



Today, the advisory board of the Texas A&M University Chair in Cotton Engineering, Ginning and Mechanization is holding its annual meeting in College Station. The cotton industry established the chair in 1998 in the A&M Ag Engineering Department on behalf of many segments in the cotton industry. **Jimmy Roppolo** of United Ag Co-op In El Campo, serves as chair, but other co-ops are also represented including Farmers Co-op Compress, Plains Cotton Cooperative Association in Lubbock and TACC. The major focus of this meeting will be to review financial and research status and to begin the process to name a new leader of the chair to replace **Alex Thomasson** --- who is leaving to become head of the Ag Engineering Department at Mississippi State University.



OUT AND ABOUT (SINCE MAY 18, 2020)

- Made numerous TACC-PAC contributions to the July 14 statewide primary election campaigns.
- Attended a Certified Crop Advisers State Board meeting on July 17. TACC has been represented on this board since its inception in 1993.
- Assisted in getting resources and aid for cooperatives as they gear up for ginning season.
- Reached out to members about how they are dealing with the pandemic and compiled a list of helpful tips.
- Participated in national co-op trade association and state co-op council conference calls monthly to stay in the loop on virus & legislative impacts regarding co-ops.
- Attended the Texas A&M Gin Chair Annual Meeting in College Station on June 9.
- Assisted in national efforts to reform proposed IRS Section 199A rules impacting cooperatives.
- In July, launched TACC's first-ever attempt at a Linked-In page --- a continuation of adding more & more technology communication methods to TACC programs.
- Attended a Texas Cotton Producer's Meeting by webinar on July 22.
- Involved in numerous hotel program rescheduling matters due to the pandemic.
- Completed and launched a reformatted ag commodity group website for Texas Ag Council (*a 65-member group of ag organizations having legislative representation in Austin.*) TACC's **Jessica Minter** coordinates the website.
- Prepared and mailed documents for a co-op compensation study to be completed by member cooperatives.
- Attended and participated in biweekly Cooperative Lunch & Learn seminars hosted by **Dr. John Park** and other leading cooperative experts.
- Hosted a webinar on July 14 featuring Co-op Attorney, **Gary McLaren**, and Co-op Tax Expert, **Greg Taylor**, where they gave members updates and tips on how to deal with the health crisis.
- Assisted in the initial development of a multi-state co-op new director virtual training program.
- Developed a statewide primary election results paper the day after the July 14th race and sent it to agribusinesses throughout the state.
- Made field contacts to the upper Gulf Coast on June 2.
- Attended a **Ron Harkey** retirement dinner in Lubbock on June 16 and made a special presentation. Harkey was CEO of Farmers Cooperative Compress in Lubbock and a TACC past president.
- Published and distributed the 2020 edition of the TACC Co-op Directory & Handbook.
- Posted daily on TACC's Facebook page, some receiving as many as 2,200 views.
- Given the uncertainties surrounding conducting business during a worldwide shutdown, TACC prepared a paper describing what some believe the new business world to look like once it is over. The document was reviewed by three respected ag economists.
- Assisted in new hires at co-ops throughout the state.
- Developed a set of "Legislative Readiness" papers for all co-ops that have earned a TACC-PAC 100% Club or TACC-PAC Charlie Award designation. The papers are complete with names & contact information for each respective co-op's county judge, state representative, state senator, U.S. Senator and U.S. Congressman. It is a very handy instrument as we all try to maneuver through a maze of new laws and regulations during this pandemic.
- Designed an outdoor sign to potentially be used by farm supply co-ops to better explain to the public that everyone is entitled to shop at the co-op. Further, some sample business development gift cards were also prepared as a means to incentivize a potential customer to trade with the co-op.
- Participated in the Ag Workers Insurance July 13 weekly webinar explaining what TACC does and who we represent in Texas.
- Chaired the Texas Ag Council's webinar transition meeting on July 22 to talk about the next state legislative session. Also chaired a Texas Ag Council Executive Committee meeting on July 9.
- Concluded the dues solicitation process for the current fiscal year.

WILL BE

- Participating in an exhaustive Texas A&M AgriLife Extension strategic listening session on August 3.
- Preparing for the September 9 -10 TACC full board meeting and Executive Committee meeting in Lubbock on September 9 - 10.
- Making field contacts to West Texas in mid-August.
- Hosting a TACC Co-op Intern webinar on August 4 finalizing and recapping their experience.

CALENDAR OF EVENTS

JULY

30 Roy B. Davis Co-op Chair Webinar with CoBank's **Tamra Reynolds**

AUGUST

13 Roy B. Davis Co-op Chair Webinar with State Grain Marketing Specialist **Dr. Mark Welch**

27 Roy B. Davis Co-op Chair Webinar with University of Minnesota Co-op Chair **Dr. Mike Boland**

SEPTEMBER

7 TACC Labor Day Holiday

9 - 10 **TACC Executive Committee Meeting & full Board Meeting, Lubbock**

NOVEMBER

1 Daylights Savings Ends

4 - 5 **South Texas Cooperative Leadership Conference/Co-op Board Chairmen's Conference**

26 - 27 TACC Thanksgiving Holidays

DECEMBER

24 - 25 TACC Christmas Holidays

