

## Oemichen addresses annual meeting delegates

With economic troubles swirling all around, the Upper Midwest cooperative system demonstrated considerable skill to not only remain financially sound, but to grow even stronger over the past year, Cooperative Network President and CEO Bill Oemichen told delegates in his 2009 annual meeting address.

Citing statistics on the increasing gap in wealth between the wealthiest Americans and the rest of the country, Oemichen said the figures demonstrate the contrast between the investor-owned world and cooperatives. He noted that cooperatives hold to the third cooperative principle that members participate in the cooperative's economic success. In addition, cooperatives return surplus revenues to members proportionate to their use of the cooperative, and are motivated not by profit, but by service—to meet members' needs for affordable and high quality goods or services.

"According to the 2009 cooperative survey conducted by the University of Wisconsin Center for Cooperatives,

30,000 cooperatives and our millions of members collectively own \$3 trillion of the nation's wealth, create more than \$654 billion in revenue and pay more than \$75 billion in wages, wages paid here in the United States," Oemichen said.

"This is a huge contrast to the wealth concentration I just talked about and greatly distinguishes cooperatives from investor-owned and privately-owned businesses. Given what our nation has been going through, there is a very strong case for the cooperative form of business as being good for the economic future of our nation."

Oemichen also highlighted some of Cooperative Network's key activities since the last annual meeting, including: launching an effective grassroots effort that successfully defeated a proposed oil tax in Wisconsin; providing information on the role cooperatives might play in health care reform; and making progress on efforts to create a Minnesota health care cooperative for agricultural producers and agri-businesses.



**Minnesota Attorney General Lori Swanson (left) speaks with Cooperative Network Vice President Amy Fredregill and President and CEO Bill Oemichen at the Cooperative Network Annual Meeting. Swanson addressed annual meeting delegates on rail reform and consumer protection issues. (See story on page 2.)**

## Top analyst sees rough election year



**Charlie Cook**

A shift of control in the U.S. Senate and House of Representatives would be a long shot, but anti-incumbent feelings among the electorate will take a toll on the Democratic majorities, political analyst Charlie Cook told participants at November's Cooperative Network annual meeting in the Twin Cities.

The proprietor of *Cook's Political Report* and a fixture in broadcast media handicapping of political trends, Cook is recognized for his encyclopedic knowledge of congressional, statewide and even significant local elections.

Voter discontent with big agenda items like climate and health care legislation and the upsurge in federal spending are combining to make 2010 a brutal year for incumbents, and since there are more Democrats than Republicans in that category, Republicans will benefit, Cook said.

However, a GOP sweep is probably out of reach because Republicans have failed to rehabilitate their "brand" after alienating much of their own base and losing their majorities over some of the same issues—notably spending—that currently have voters in an angry mood.

Cook identified the June 2009 House vote adopting cap-and-trade legislation to curb carbon dioxide emissions as a focal point of voter anger, saying residents of southern and border states in particular saw the bill as a major tax increase on energy use.

## Senator David Durenberger addresses health care reform

Former U.S. Senator David Durenberger (R-MN) spoke on national health care reform on behalf of the Ralph Morris Foundation at Cooperative Network's 2009 annual meeting. Durenberger, who served in the Senate from 1978 to 1995, is Senior Health Policy Fellow at the University of St. Thomas Graduate School of Business and is working with St. Thomas and the University of Minnesota to create the National Institute of Health Policy. Durenberger once served as chair of the Health Subcommittee of the U.S. Senate Finance Committee.

Durenberger noted at the outset that "health care reform gives sausage-making a bad name" and that "our current health care system plays to our weaknesses" because it "sucks up \$16 trillion and gives back \$3 trillion in benefits." He then argued that it is difficult to pass reform because there are 1,752 lobbyists working on the bill who had already spent \$253 million on lobbying by July 1 of this year. Durenberger said health insurers don't actually compete for business in most states and that the current system cross-subsidizes the uninsured by hospitals paying the cost and then charging insured patients relatively more for their health care.

By contrast, Durenberger noted the future of health care is in rural areas because there the health care system rewards consumers for staying healthy. He pro-

vided examples of health care cooperatives operating in the Upper Midwest like HealthPartners HMO. He said he and current New Mexico U.S. Senator Jeff Bingaman (D) co-sponsored 1991 legislation that would have created health care cooperatives. However, he said insurer opposition was strong because "they don't want mutuality of interest" where the consumer owns the insurance company. Senator Durenberger stated that he believes health care "cooperatives are the way to go" and that the concept of health care cooperatives is "alive and well."

Senator Durenberger argued that health care reform must include three components: insurance reform, payment reform and changes in the delivery of care. With insurance reform, Durenberger explained

that insurers should assume as much risk as they can rather than avoiding as much risk as possible through tough underwriting and claim rejection. Regarding payment reform, Durenberger argued insurers should only receive incentives to do what is right. Finally, regarding delivery reform, Durenberger argued for informed patient choice and the removal of barriers between physicians, nurses, EMTs and others to allow for flexible primary care.

The U.S. Senate is debating its version of health care reform and is expected to vote on the final package before Christmas. Cooperatives continue to be a significant component of that plan despite the media attention on the inclusion of the "public option" by Majority Leader Harry Reid (D-Nevada).

**Former U.S. Sen. David Durenberger spoke to Cooperative Network annual meeting attendees about national health care reform on behalf of the Ralph K. Morris Foundation.**



### ***Minn. AG Lori Swanson addresses rail reform; consumer protection***

Minnesota Attorney General Lori Swanson addressed Cooperative Network annual meeting delegates on rail reform and consumer protection. Her presentation focused on her strong support for rail reform and her work protecting Minnesota consumers. First, Swanson said it was time for Congress to pass rail shipper legislation because the concerns once expressed by former U.S. President Teddy Roosevelt about the concentration of ownership of railroads is once again a significant concern for cooperatives and other rail shippers. She then argued the Surface Transportation Board needs to be reformed because it has become a "revolving door" for the employees of railroads who were moving in and out of serving on the board. Because of this, she added, the board has failed to be a fair judge of claims brought by rail shippers that railroads are providing less service to shippers, but at a much greater cost.

Swanson then discussed her consumer protection work by noting cases her staff have brought to stop health care fraud, senior fraud, monopoly drug pricing, predatory lending, contract misrepresentations, and internet sex predators.

Swanson focused some of her remarks on health care fraud, explaining that her office is aggressively prosecuting companies that are selling "health care insurance" in Minnesota that, upon close reading, does not actually offer any insurance benefits.

Cooperative Network President & CEO Bill Oemichen praised Swanson in his introduction for her aggressive work on the rail issue. He noted that she had taken the lead on a letter signed by a number of state attorneys general to Congress asking them to pass rail legislation and that she had recently called U.S. Senators Amy Klobuchar and Al Franken asking them to support the Herb Kohl (D-Wisconsin)/Jay Rockefeller (D-West Virginia) bill that would remove the long time antitrust exemption from railroads and would make the Surface Transportation Board more responsive to the interests of rail shippers.

Swanson was elected Minnesota Attorney General in the 2006 General Election and previously served as Minnesota Solicitor General and as Deputy Minnesota Attorney General.

## Great Debate examines size, role of government

Government in the United States has become dangerously large and intrusive or isn't doing as much as it should to manage the economy, according to two advocates who squared off at this year's edition of the Great Debate.

A popular annual meeting feature since 2002, the debate attempts to address great issues of public policy in a manner that entertains as well as informs the hundreds of co-op leaders who regularly attend. The topic for 2009—whether government in the U.S. is too big, too small or just about right—was widely seen as the most challenging thus far addressed in the series.

Todd Berry, President of the Wisconsin Taxpayers Alliance, took the view that much of what government does even now lies outside its constitutional authority, while Minnesota State Representative Tom Rukavina contended that only more aggressive government action can restrain the flow of U.S. jobs and energy dollars overseas.

Berry argued that “distant bureaucracies” are the enemies of freedom, citing East and West Germany as lessons in the danger of all-encompassing government. “The west prospered, the east withered, and in the end had to pen its people in,” he said.

Rukavina maintained that the real issue is not how big government is or how much it spends but who pays for it and whether elected officials will accept responsibility for collecting the money to carry out necessary tasks. In Minnesota, he said, spending bills had been signed into law while the tax bills to pay for them were vetoed.

Berry lamented that government has been unable to get its fiscal house in order under either party, as Rukavina returned to his theme of job losses, saying, “We’re scared of eight million Cubans because they’re communists but not scared of 1.6 billion Chinese communists who are teaching us a lesson about capitalism.”

## Cooperative Network elects new board; Skemp continues as chairman



**Cooperative Network Board Chairman Sam Skemp addresses resolutions at the 2009 annual meeting.**

Cooperative Network elected a new board of directors at its annual meeting last week in Bloomington, Minn. Delegates at the 2008 annual meeting approved governance changes adjusting the size and composition of Cooperative Network's board of directors to better serve the broad membership. These changes took effect at this year's board election.

“Minnesota and Wisconsin are the two leading cooperative states in the nation and our new

board of directors reflects the considerable strength, diversity and vitality of our cooperative community,” said Bill Oemichen, Cooperative Network president & CEO.

“Our board members truly reflect the cooperative principle of cooperation among cooperatives and they will work hard to advance member-owned businesses in both states.”

The following cooperators were elected to the 2009-2010 board:

- Sam Skemp, Sun Prairie, Wis., general manager of Frontier FS Cooperative, as Cooperative Network board chairman
- Curt Eischens, Minneota, Minn., a grain producer and member of the CHS Inc. board of directors, as Cooperative Network board vice chair
- Bob Topel, Waterloo, Wis., dairy producer and member of the Foremost Farms USA board of directors, as Cooperative Network board secretary
- Jim Drogue, Sun Prairie, Wis., Wisconsin Credit Union League, as Cooperative Network board treasurer
- Dave Hischke, Suring, Wis., Oconto Electric Cooperative board member, as a member of the Cooperative Network Executive Committee

### At Large Directors

- Jerry Hasnedl, St. Hillaire, Minn., CHS Inc.
- Tom Hayes, Lafayette, Minn., Brown County Rural Electric Association
- Cheri Gibeau, Endeavor, Wis., Adams-Columbia Electric Cooperative
- Jim Kinzie, Drummond, Wis., Bayfield Electric Cooperative

### Sector Directors

- Terri Dallas, Shawano, Wis., Genex Cooperative, Inc.
- Max Michaelson, Black River Falls, Wis., Co-op Credit Union
- Jim Hathaway, Menomonie, Wis., Dunn Energy Cooperative
- Lynn Peterson, Barron, Wis., Wisconsin Electric Cooperative Association
- Bob Gadwill, Altoona, Wis., Wisconsin Electric Cooperative Association
- Alan Albers, Plain, Wis., Merrimac Mutual Insurance Co.
- Brad Welp, Blue River, Wis., Richland-Grant Telephone Cooperative
- Neil Christy, St. Paul, Minn., Minnesota Credit Union Network
- Dennis Hunwardsen, Jackson, Minn., FCA Co-op
- Steve Schlangen, Albany, Minn., Associated Milk Producers Inc.
- Dave Hoelmer, Mankato, Minn., AgStar Financial Services
- Al Wearing, Madison, Wis., Group Health Cooperative of South Central Wisconsin
- Greg Sacia, Holmen, Wis., Dairyland Power Cooperative
- Bill Zuhlke, Beaver Dam, Wis., Land O' Lakes
- Matt Brandrup, Madison, Wis., RESCO, Inc.
- Harlan Lanz, Mankato, Minn., BENCO Electric
- Bill Buending, of Gramercy Park Cooperative Northwest in Minneapolis, Minn., was appointed by the board to represent housing cooperatives.

## **Annual Meeting activities raise money for PACs**

As in past years, the annual meeting included activities to raise funds for "COOP," Wisconsin's political action committee (PAC), and Minnesota's "Co-op PAC," formerly called MAC PAC.

This year, button sales from the "Back Your PAC" fundraiser netted \$1,300 for COOP and \$960 for Co-op PAC.

COOP raised \$1,925 at Monday night's live auction, and \$1,686 from the silent auction that ran throughout the annual meeting. Co-op PAC raised \$765 from the live auction and \$1,250 from the silent auction.

The winner of Minnesota's 2009 Co-op PAC District Fundraising Competition was District 6. Harlan Lanz from BENCO Electric in Mankato served as the District 6 director for 2008-09. Lanz accepted the Babe the Blue Ox Travelling Trophy on behalf of his district at the annual meeting.

## **Annual meeting sponsors**

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## **Furth, Kanack, and Kavanaugh honored**

Cooperative Network bestowed its Cooperative Builder Award, the organization's highest honor, on three cooperators at its November annual meeting. Mark Furth, Dan Kanack, and Tim Kavanaugh received the award in the 34th year of its presentation.

Furth, of New Ulm, Minn. served as president and CEO of Associated Milk Producers Inc. (AMPI) and its North Central Region from 1990 to 2008. Shortly after graduating from Mankato State University in 1969 with a bachelor's degree in accounting, he joined AMPI as an accountant. He also held marketing and membership positions in the cooperative before becoming assistant manager in 1985. In his 38 years there, he guided the cooperative through times of crisis and opportunity, including the reorganization of AMPI. He developed strategies to grow the cooperative's membership and increase sales of consumer-packaged dairy products.

Also honored with the Cooperative Builder Award was Dan Kanack, of Lena, Wis. Kanack has been a board member of Oconto Electric for 34 years. First elected by a one-vote margin in 1975, Kanack served as board secretary from 1976-1980 and in two stints as president, from 1987-89 and from 1995-2008. He also served on the Wisconsin Electric Cooperative Association (WECA) board from 1979 through 1996 and held the positions of secretary, vice president and president. Kanack represented Wisconsin as a director of the National Rural Electric Cooperative Association from 1983 through 1991. He has been one of a dozen delegates on

that organization's Safety Accreditation Committee and has been a member of the National Utility Training and Safety Education Association since 1993.

Also honored was Tim Kavanaugh of Elk River, Minn., for his long career in the agricultural cooperative field. In 1973, Kavanaugh completed the Midland Cooperatives General Manager Training Program and has been the general manager of various local cooperatives since. Cooperatives he managed include Blanchardville Cooperative Oils, Blanchardville, Wis.; Ottertail Co-op Oils, Fergus Falls, Minn.; Farmers Cooperative, Hayfield, Minn.; and his present cooperative of Federated Co-ops Inc., Princeton, Minn.

Kavanaugh was a key part of consolidating 16 local cooperatives over a number of mergers, playing an instrumental role not only in building member support but in maneuvering through various legal, financial, and logistical requirements of the cooperative merger process. His cooperative, a forerunner of Federated Co-ops, Inc. and Central Rivers Cooperative has more than 225 employees and sales of 144 million dollars.

Cooperative Builder Awards were given by the Wisconsin Federation of Cooperatives from 1976 to 2008, while recognitions on behalf of the Minnesota Association of Cooperatives, called Cooperative Leadership Awards, were presented beginning in 2000. Beginning this year, Cooperative Network will present Cooperative Builder Awards to honor individuals' distinguished services irrespective of state affiliation.

**Cooperative Network bestowed its Cooperative Builder Award on three cooperators: Mark Furth, Dan Kanack, and Tim Kavanaugh. Pictured left to right: Bill Oemichen, Cooperative Network president and CEO; Tim Kavanaugh, Federated Co-ops, Inc., Princeton, Minn.; Dan Kanack, Oconto Electric Cooperative, Lena, Wis.; Mark Furth, AMPI, New Ulm, Minn.; and Sam Skemp, Cooperative Network board chairman.**

