

MACS NEWS

Sept-Oct 2008

Minnesota Association of Credit Specialists - FSA
Web site address: www.macsfsa.org E-mail address: macs@macsfsa.org

2008 MACS/MNASCOE Joint Convention Minutes

Following are the full minutes from the July 18th MACS Annual Meeting included in this newsletter. Please take the time to review these, plus the included resolutions that were acted on.

The passed resolutions will be forwarded to the State Office for their response as appropriate. Issues of a national nature will be passed along to NACS/NASE as appropriate.

The minutes are attached at the end of this newsletter.

NASE State Contact Elected

Karen Welander, FLP PT, Waite Park has been nominated and confirmed to serve as the NASE State Contact for the 2008-09 year. Karen will be the contact point for NASE at the National level.

Please forward any issues to be directed to NASE to Karen at kwelander@tds.net.

Karen's willingness to serve in this capacity is greatly appreciated!

Board Vote on FY 2009 Dues and Budget in Progress

The MACS Board is in the process of voting on the Fiscal Year 2009 MACS Budget with an October 3rd deadline for all Board Members to cast their votes. In addition, the MACS Board will also vote on the annual dues for FY 2009 by the same October 3rd deadline. If approved by the Board, the MACS dues structure will remain unchanged at their current levels as follows: \$156 FLM, FLO, FLS, DD and CED with loan approval authority; \$58 FLP PT; \$58 FLOT; \$20 Retired or Other.

The MACS budget year for FY 2009 begins October 1, 2009. If you are not already on automatic payroll deduction, or if you do not intend to utilize this option for your FY 2009 MACS membership dues, please do not delay in sending your personal check to our MACS Treasurer, Scott Nordby, at the Worthington FSA office. In addition, please have the employees in your office that are planning to become members contact Scott at this time (507) 376-6194

Member Participation Opportunities

There is still time for members to volunteer to serve in a number of capacities for the 2008-09 year. The following positions have been filled:

Farm Loan Program Committee – Kevin Hagan, Rod DeGraaf, Doug Kunde and Bev Turner will serve on this committee.

Management/Personnel Committee – Jim Velde, Paula Lund, Gary Schommer, Mary Golkowski, Cindy Schalapohl, Ellen Dilly, Jennifer Robinson, Anna Anderson, and Becky Stueber will serve on this committee.

IT Committee – Cindy Vukasin, Keith Hobbie and Bonnie Ward will serve on this committee.

Farm Program Committee – Derek Nelson, Kirk Phelps, Justin Phillips and Corey Christensen will serve on this committee.

MACS/MNASCOE 2009 Joint Convention Committee – This committee remains open at this time due to the location being undecided at this time. Once finalized by the MACS Board, at least two volunteers will be needed to head up this committee. They will be working with similar designees from MNASCOE.

Zone B 2009 Convention Committee – Jerry Hurrle, Tom Haubrich Jim Velde, Sheree Krogstad, Greg Janachovsky, Cindy Haubrich, Lynn Meyer and Cindy Vukasin will serve on this committee. They will be working with similar designees from Rural Development. The entire membership will be needed to assist with this project when called upon.

Mr. Gene Hugoson, Commissioner of Agriculture for the State of Minnesota has committed to be our Zone B keynote speaker and he will primarily focus his comments on Minnesota's national leadership and accomplishments in the area of renewable fuels.

If you have an interest in serving on one of these committees, please contact Lee Crawford at Lee.Crawford@macsfsa.org.

MACS/MNASCOE Meeting

Discussions have begun on the 2009 MACS/MNASCOE meeting. As explained in the August 2008 MACS Newsletter, MNASCOE has proposed some changes regarding the month, day of the week and the meeting format. All member comments sent to the President will be compiled anonymously and sent by the President to the MACS Board for a vote in October. The goal is to finalize the location and date with MNASCOE in early November. More information will be provided as details develop.

Zone B Coming To Minnesota

Minnesota will be hosting the 2009 Zone B Meeting in Twin Cities. Please book your hotel room now. Details are as follows:

Location: Sheraton Bloomington Hotel (Near I-494 & MN Hwy 100)
7800 Normandale Blvd
Bloomington, MN 55439

A block of rooms has been reserved under National Association of Credit Specialists. Please be sure to book rooms under the group name to ensure the hosting state receives credit against their contract. If the hosting state fails to reach their room total, extra costs and penalties can be assessed by the hotel.

Reservations can be made by either:

Phone: 1-866-837-4278
or

Click the following link from the MACS web site Zone B Meeting page: [Reserve Hotel Room via Internet](#)

NACS/NASE Upcoming Meetings

National Meeting – June 2009 – Atlanta, GA.

If interested in attending these meetings and you are looking for someone to share a room with, share travel with, etc., please contact me at: Lee.Crawford@macsfsa.org

NACS/NASE Information

NACS and NASE association information is available at their web sites. Information, newsletters, and other materials are available at their respective web sites:

NACS – www.nacsfsa.net

NASE - www.nasefsa.org

Links to these sites as well as FMA are maintained on the MACS web site under “Links”.

2008-09 MACS Board

President Lee Crawford Vice President Lorraine Edwards Secretary Kevin Lehman Treasurer Scott Nordby NASE State Contact Karen Welander Past President Mark Drewitz District 1 Representative John Jacobson District 2 Representative Justin Phillips District 3 Representative David Petry District 4 Representative Rebecca Stueber District 5 Representative Rick Ray District 6 Representative Kevin Hagen District 7 Representative Mark Baumann District 8 & STO Representative Cory Chistensen

2008-09 MACS Board

President Lee Crawford
Vice President Lorraine Edwards
Secretary Kevin Lehman
Treasurer Scott Nordby
NASE State Contact Karen Welander
Past President Mark Drewitz

District 1 Representative John Jacobson
District 2 Representative Justin Phillips
District 3 Representative David Petry
District 4 Representative Rebecca Stueber
District 5 Representative Rick Ray
District 6 Representative Kevin Hagen
District 7 Representative Mark Baumann
District 8 & STO Representative Cory Christensen

To support USDA military families, go to www.usdamilitaryfamilies.org

2008 Minnesota Association of Credit Specialists (MACS) Annual Meeting

Date: Friday, July 18, 2008

Time: 8:00 a.m.

Location: Holiday Inn – New Ulm, MN

GENERAL SESSION held with MNASCOE and MACS.

Pledge of Allegiance was recited by the group.

President's Opening Remarks: Andrea Peck, MNASCOE, and Lee Crawford, MACS, thanked everyone for attending. Guest speakers were introduced.

Guest Speakers:

Perry Aasness, SED, thanked the FSA employees for all the work being accomplished in Minnesota. He values the employee associations and is always looking for input from the employees. He addressed the following points:

- Employee hiring's- District Director Bob Vaughn is retiring and Sid Jarvis will be the interim D/D. S/O wants to look at the farm bill and decide needs by the end of the year if a new D/D should be hired. S/O goal is to train and retain FLOTs. There will be 3 new COTs starting and the COT training program needs to be reevaluated and cover more details. There is a need to train COTs and FLOTs about both sides of the program.
- 2 major issues in Minnesota- Farm bill implementation and MN livestock operations. MN FSA will need to have a commitment to implement the present farm bill in addition to the new programs. S/O is looking at the possibility of a postcard to all producers showing the signup deadlines for all new programs. The financial stress is building in the MN livestock industry. We can't assume that all lenders know what the program changes are. There is a plan to have 3 lender meeting in September. FLMS will be updated on Farm Bill issues.
- Perry thanked the group for the work on improper payments and explained we need to continue to make improvements to the system. Each speaker was asked to comment on USDA reorganization and Perry said we should be open to reorganization and asked to have employees check out the website about the Knowledgebank Organizational Assessment Study.

Steve Connelly, FSA Deputy Administrator for Field Operations, thanked the employees for their dedication. He said farmers love FSA and the FSA County Committee system.

- Current concerns about the CRP program and early grazing- he said they are hoping for a removal of the restraining order and explained that May 22nd the first version of the bill went into law.
- Office closures- 93 offices have closed so far. The new farm bill places a moratorium on closure of offices for 2 years but there may be some exceptions.
- There are concerns about the limit of 5 county committee members and they are looking at a need for additional COC members and proposing the following:
 - 2 joint counties- 5 COC members
 - 3 joint counties- 7 COC members
 - 4 joint counties- 9 COC members
 - 5 joint counties- 11 COC members
- There are new GSA leasing requirements and a warranted leasing officer is needed for all leases.
- Receipt for Service- Advocates are requiring a receipt for service to show the farmer was at the county office. There is a new form being prepared and will be sent. See the sample receipt sent out if a receipt is needed now.
- Information gathering- Multi-media Ag has been requesting compliance records. The new farm bill has language restricting information releases. See the Section 1619 information released June 10th for additional guidance.
- Farm Loan Program loan limit changes were the highlight for FLP in the farm bill
- Marketing assistance loans, DCP signup and the 2008 disaster program and buy-in are some of the highlights in Farm Programs.
- There are concerns about 2009 and AGI, ACRE, and opening the Pigsford Lawsuit case. 1981-1996 records are needed in the discovery process and staffs will need to scan, react, rescan, and send to the attorneys within a 90 day window.
- It cost \$200 million to implement the 2002 farm bill. There isn't enough to implement the new farm bill as only \$50 million has been allocated so far. FSA may have some money for temps and software development.
- Review the KnowledgeBank report- this has some good information.
- NRCS has asked about some joint reorganization plans- different options will be considered after this administration.

Gerald Woodley spoke for U.S. Senator Norm Coleman

- Emphasized that FSA employees need to contact one of his offices if they have farm bill issues.
- We must provide a safety net for sugar beet growers and dairy producers.
- A handout was provided showing the changes in the farm bill.
- Mr. Coleman supports supplemental funding to get the tools necessary to implement the new programs.
- Reorganization must support the farmer but also be fiscally responsible.

Deb Esselman-Baird presented a Military family tribute.

Glenn Schafer, Minnesota FSA State Executive Officer said he's looking at a more open and constructive leadership team.

- He asked that employees give their expectations of State Office program areas as well as District Director positions.
- We need to develop a better prioritizing for FTE's. The State Office plans to be more aggressive and maximize the number of FTE's in the state. He said they also need to explain why C/O positions are being filled or left open.

- Input is needed from the County Office staffs.
- He has a mutual respect for the employees as well as the farmers.
- More staff will be hired in the Admin section.

Kevin Paap- Minnesota Farm Bureau President had 5 items to return to the county office employees

- Thank you- Thanks from him for what has been done and what will be done.
- Please- Please continue to help the farmers. He'd like to see FSA continue to do the same things we have already been doing.
- Farm Bill- He has concerns with Section 1619 regarding maps and the blue dots.
- Versus- This versus that has been a concern with the 10 acre requirement, energy concerns, food vs. fuel, and fuel vs. feed.
- Questions and answers- There are still a lot of questions and concerns about Bovine TB in the state.

There was a question and answer session with all speakers participating.

Question #1- What is the status of the FLM position in Bagley?

- Perry explained it has been difficult to keep this office staffed and thanked Bob Vaughn and Sue Westrom for working together on keeping it running.
- Glenn said the State Office is moving ahead and advertising the office as 1165 compliant as they'd hire 1 FLM and then 2 FLO's. He said the advertisement was sent to Kansas City and should be out next week. He's also looking at a prioritizing process to take care of this problem in the future.

Question #2- Are there any opportunities for PT classifications beyond Grade 7?

- Steve Connelly said the N/O is working with NASCOE and HRD as to possible new positions and they've found the positions descriptions are very narrow.

Question #3- Can you explain the large difference in employee ratings?

- Glenn said managers were taking a wide variety of approaches to ratings. The system is very individualized and this is a nation-wide issue. This will be addressed in the management training meetings in September to help gain some consistency. Glenn said we need a more common understanding of employee ratings and the September workshops should help.
- Perry said this is a work in progress and we need to work through the transition phase. Consistency needs to be developed as we work through the process.

Question #4- Give an update on email usage by Associations.

- Steve Connelly said there is an ongoing investigation by OIG about lobbying concerns of employees. He said they have met with the employee associations and the associations are moving to use their own websites. Don't forward emails regarding association activity or lobbying.

Question #5- Explain the recent PT vacancy announcement where various office are listed.

- Glenn explained they don't know where the employee will be put. They want to get an experienced PT for Scott County and are casting a wide net. He said they are still looking at closing Scott County but leaving all options open.

Question #6- There is a concern about IT issues and how automation will be ready for the new programs.

- Steve Connelly said there is a need to develop software and this is a major undertaking. He said N/O has concerns about the servers and the ability to handle the new programs. New software has been installed to improve the speed but they are aware of the potential problems. At this time there are concerns if the new software will be ready by 10/1/2008.

Question #7- What is Farm Bureau's position on reorganization?

- Kevin Paap said they are looking at efficiency and service. He asked what can farmers do to help FSA? Ideas included reading newsletters, opening mail, preparing checklists, being patient with IT problems, and having better communication. Farmers have a perception that things are handled differently in different counties and a perception of different rules in each county. He said FSA is doing a better job of being farmer friendly and stills sees problems with technology as today's farmers need quicker responses.

BUSINESS MEETING - MACS

The meeting was called to order by President Lee Crawford.

Roll Call

All attendees have been recorded on Roll Call Sheet. There were 27 members in attendance (see Attachment "A" for roll call).

Additions to Agenda

There were no additions to the agenda.

Lee explained Bob Vaughn had sent some retiring comments as he couldn't attend the meeting. He urged members to pursue leadership at the State and National Association levels and reminded employees of NACS dedicated efforts to get employees Grade 12 pay. He also expressed concerns about the present 1165 issue and urged members to stay strong to the agency.

Lee appointed Mark Drewitz as parliamentarian.

Secretary's Report – Dave Petry for Becky Martinson

Motion made by Mark Drewitz, seconded by Tom Anderson to approve the Secretary's Report as printed. Motion carried.

Treasurer's Report – Sue Westrom

- See Attachment "B" for Treasurer's Report

Sue explained payroll deduction should have had an increase in dues from \$4.77 to \$6 per payroll deduction. Those that are on payroll deduction will need to pay an additional \$9.61. This caused a budget shortage of about \$300 and Sue encouraged all to pay the shortage. She also said 13 members had attended the Zone meeting and she allocated expenses as based on the budget.

Motion made by Gary Schommer, seconded by Cindy Vukasin to accept the Treasurer's Report as printed, subject to audit. Motion carried.

Jim Eberhard and Scott Nordby were appointed to the audit committee.

No additions to the above reports from the Secretary or Treasurer.

Vice President –Randy Dufner spoke of his concerns:

- It was difficult juggling both the District Director position and MACS board position. Randy also provided quotes from a number of his mentors.

NASE State Contact- Lorraine Edwards

- Lorraine provided no written report and said her comments were in the newsletter.

Past President/Zone B rep- Mark Drewitz

- Mark explained he was recently re-elected Zone B representative
- He enjoyed his past Presidency and will spend time this year as Zone B rep and website.
- USDA email- Mark said we should reply but don't forward
- Mark provided a handout for how to get registered on the NACS website
- There is a concern about the classification of accounts- problems between loan making and loan servicing.
- The N/O reps go to N/O twice per year to issue concerns. Members need to get their issues to leadership. Never assume information is coming from the field.
- Mark explained the new NACS president is Stu Skidmore. He said the new national officers are committed to getting the new website up and running providing shorter newsletters but on a monthly basis. Mark said they still need a NACS contact for technology and need a back-up for the MACS technology contact.
- Mark also stressed we need to watch what is being sent on work time. He stressed that email policy should be no replies during work hours.

President's Report- Lee Crawford

- Lee said he saw more involvement in personnel issues with missing OPF files, inconsistent ratings, and unfair treatment issues.
- He also said communication has been curtailed due to the email problems and feels the new website should help with this issue.

Committee Reports:

IT Committee Report – Cindy Vukasin, *Keith Hobbie, Bonnie Ward*

- See Attachment "C" for the resolutions submitted.

Meeting reconvened at 12:50 PM.

Guest speaker Stuart Shelstad, Farm Loan Chief, gave the following report:

1. Knowledge Bank - Organizational Assessment Study - should be required reading
 - assessment of key areas at NO and STOs - main focus was NO - interviewed NO staff and visited 10 STOs
 - extensive review of Human Capital - workforce profile - critical skills
 - 52 recommendations - just a sample below - do not know if and when any recommendations will be implemented
 - implement FSA "best practices" demonstrated by FIP in other FSA functions (strategic planning, performance goals, etc.)
 - formalize STO personnel accountability to DAFLP by having DAFLP provide input on selection of FLP Chief and input on annual performance reviews
 - roles of DDs are not standardized; place CEDs under direct supervision of DDs and focus on DDs managing COs
 - establish 5 regional administrative service centers - dotted line to DAM CFOs - save 30% of positions engaged in admin

functions

- create task force to look at one employment system - GS
- Information Technology Services Division (IT) - no strategic plan; lots of recommendations for improvement - need to modernize

2. Delinquency Rates - Direct loans - 6/30/08 1.1% Goal 8.5% Outstanding work by county offices

3. Inventory Properties 6/30/09 One - Soon to Close - Getting one in soon maybe .. ??
 - not planning on training due to low number of properties - Jeff will assist as they come in

4. loans to SDAs, Gender, BFs - 6/30/08 - Goal 29.9% - Actual 38.0%

5. Guaranteed Loan making - Goal 11.7 days Actual 6/30/08 - 8.1 days

6. Direct Loans - 32.9 days - Actual 24.6 days

7. Guaranteed Loan Delinquency Rate .44% actual - 1.99% goal

8. Task Force - goals too easy - trying to modify - established now through 2011

9. D-FOs - 200 in FY 2008???? 2009???? 167 as of July 15th - 1986 - 177 1987 - 35 - Guaranteed OL, FO, IA and direct OL ok for rest of FY
 - direct FO out this week - little bit of money in September; little DP money later (from G-OL)

10. Bob's retirement - UCC/CNS - chattel appraisal training - state supplements - Jeff Johnson with help from others

11. Regional farm planning meeting - WI, ND, SD, IA - September 3 & 4, Mankato (B4 our lender meetings) - no one has any idea what to use for long range planning prices for term loans

- many customers with good history with us will not be able to show repayment using 2009 expenses and our current long range planning prices
- NO may send some one to attend and listen to our ideas
- consistent message to lenders and producers
- long range planning - base plans on past profitability margins
- want to deemphasize the role of the long range planning price & consider the producer's history
- use profit margin (less depreciation and interest) ie .. 35 x projected income; or
- use 2009 expected expenses (less depreciation and interest) and multiply by past profitability margin
- basically determining income based on expenses
- so far my ideas have holes in them
- USDA AG Projections to 2017 updated in February has corn fluctuating for 08- 2018 from \$3.50 to \$3.80 with consistent profitability year in and year out - actually for all major crop and livestock enterprises they are projecting profitability year in and year out - 104 page report is on the USDA website
- let me know of any ideas you may have on how to do farm plans
- Shared Facility Program
- wind turbine easements

12. Staffing - 7/21/08 FLMS 29; FLOS w/LAA 12; FLOTS - 15 Total: 56 - 10/1/95 FLMs & FLOs; total = 60

- as of today it is really a training issue; if we can keep people and get them trained in we will be ok
- what we need to do is position ourselves to hiring 2-5 per year to not bet back in this situation
- Dist. 1 - zero FLOs with LAA; Dist. 3 - 2 people with LAA for 3 offices
- obtain, train & retain - we have accomplished the "obtain", now we need to train & retain

- huge thank you to all who have been on details across the state

13. 1165 Supervisory Issue - We need to be supportive of retaining as many supervisory positions as possible.
 - have heard some people questioning if some vacancies are not 1165; the question should be - what can I do to make my office 1165 compliant - each office/vacancy is considered on a case by case basis

14. \$10 hogs this fall? Dr. Ron Plain University of Missouri Livestock Economist

15. Farm Bill changes – 50% increase in direct loan limits plus a 50% increase in projected baseline funding
 - clear signal from Congress that they have confidence in the FSA delivery system and staff for credit programs

16. Increased loan limits - expands our horizons on what is a family farm; noted that direct loan limits increased 50% as did the projected base line funding by 50%

17. Family Farm definition - labor, management, credit needs, recognized in the community as a farm
 - for practical purposes for large operations we are the point where the credit needs is the main issue - ie. where our loan limits (\$1.249 million) are only a small portion of the total credit needs, that may be an indicator that the operation is larger than a family sized farm - Perry, NO, and our neighbors on board with this concept

18. Eligibility & Loan Purposes - June Focus Group Meeting in Norfolk VA - difference between a Focus Group and a Task Force
 - ideas and discussion vs. an actual work product
 - it was a focus group to work with a contractor to develop a plan for marketing our programs; MN is ahead of the curve; NO plans to layout a skeleton plan at out at our National Policy meeting this fall; each State develop plans on how to market our programs.

- discussed expanding, under current regs, our interpretations of who is eligible; ie, a person who is basically working for the family farm corporation with the plan to eventually be a member of the entity
 - needs to build equity in something in order to purchase an interest in the entity - similar to financing custom barns for persons who have no other farming operations nor do they have any farm income
 - FSA loan for a custom manure spreader/spraying/hay equipment/ combine etc. and call it farming even though the person isn't on a 502 or have ownership of farm assets
 - FSA loan to purchase an interest in the entity using real estate owned by the entity or members of the entity for collateral

- Feed back from MACS would be appreciated - good idea or bad road to go down - how far do we go and how do we draw a line in the sand and separate persons who truly plan to farm and those who do not plan to farm

19. Crystal ball - Lee asked that I share my thoughts

- continued good congressional support of our credit programs and good funding
 - increased uncertainty in ag sector - I think we are just getting started with wide swings in prices and input costs
 - never seen lenders as concerned about their portfolios; even cash croppers who have loads of working capital are nervous due to soaring input costs? What if commodity prices come down? How will I cash flow?
 - continued volatility in markets; will see larger shifts in commodity prices which will require enhanced risk management strategies to survive
 - our challenge will be to coach our customers (direct & guaranteed) on how to do this
 - there will be shake out over the next 2-5 years - let's do what we can to help our customers stay in the game
 - remember "These are the Good Old Days"

What does this mean for FSA staff: - stepping up our leadership in the ag community; hosting lender meetings (Lee in Blue Earth) meeting with lenders one on one for breakfast; dropping in on lenders, Adult Farm Business Managers, etc. meeting with various commodity groups and farm organizations

- similar to how we responded to low prices in late 90' s, 9 cent hogs, low milk prices, sugar beet freeze in 2002

- Everyone looks to us for leadership in challenging times and we can do that by assuring them that we are here and support them

20. Main message for production agriculture and FSA credit programs is that we are here to help operations large and small and we want to be relevant - this does not mean that we will be throwing program integrity out the window- it means we will be open minded about all types of operations yet being prudent and reasonable - we will not be able to help everyone, but we are here for those that we can help
- Perry and I have had numerous discussions this & see FSA' s roles and responsibilities the same way

Closing: National meetings experiences. Makes me feel good to be a Minnesotan and an FSA employee in this State. Honor & privilege to serve as your Chief. You are the best of the best.

Committee Reports:

Farm Program Committee Report- Cory Christiansen, *Kirk Phelps, Justin Phillips, Derek Nelson*

- See Attachment "C" for the resolutions submitted.

Management/Personnel Committee Report – Jim Velde, *Gary Schommer, Randy Dufner*

- See Attachment "C" for the resolutions submitted.

Mark Drewitz presented the MACS operations manual

- He explained this is currently 18 pages and a work in progress. This lists officer duties and is not to be voted on but will be included on the MACS site as a PDF file. His committee includes Randy Dufner, Sheree Krogstad, and Lorraine Edwards.

Farm Loan Program Committee Report – Kevin Hagan, *Bev Turner, Rod DeGraaf*

- See Attachment "C" for the resolutions submitted.

Old Business:

- Lee explained the membership list was in the packet and asked that it be reviewed for accuracy. Let Lee know of any errors.
- Also review the MACS directory and send any corrections to Cindy Vukasin.

New Business:

- Zone B Meeting in 2009 – Tom Haubrich and Jerry Hurrle reported plans are progressing for the 2009 convention set for February 5th, 6th and 7th. The meeting will be at the Sheraton- Bloomington with room rates at \$89. Jerry said he'd be sending Mark Drewitz the details for Zone notification. There will be help needed for the hospitality room, food and beverages, etc. There will be 10 speakers and speaker gifts are being given. There is limited FSA financial support and folders, nametags, etc. are being requested from the S/O. The committee is also looking for help with finding entertainment for the meeting. Motion by Jerry Hurrle and seconded by Tom Haubrich for a temporary loan of \$500 from MACS for the zone meeting. Motion passed.

- FMA/MACS constitutional change was presented by Mark Drewitz (see attached)

Mark explained that NACS is no longer an FMA member. NACS will look at this issue and possibly collect less for dues (\$70). It was suggested to do lobbying ourselves at this point and the extra dollars would be used to send delegates to D/C. Motion made by Mark Drewitz and seconded by Cindy Vukasin to amend the constitution to delete the words "and FMA". The change passed by a majority vote.

- The budget will need to address the upcoming MN Zone meeting.
- The NASE state contact will be appointed by the President.

Election of Officers

President – Mike Forsberg nominated Lee Crawford, seconded by Cory Christensen. Motion Passed.

Vice-President – Mark Drewitz nominated Lorraine Edwards, seconded by Kevin Hagan. Motion Passed.

Secretary – Jerry Hurrle nominated Kevin Lehman, seconded by Tom Haubrich. Motion Passed.

Treasurer – Mark Drewitz nominated Scott Nordby, seconded by Jerry Hurrle. Motion Passed.

New District Reps are needed for Districts #2, #4, #6, and #8. These positions need to be filled by 8/1/2008.

Miscellaneous Business:

- The 2007/2008 Annual report is in the MACS website.
- Mark reported that MACS members registering on the NACS site increased from 9 to 24 during the meeting. Encourage other members to register as well.
- Cindy Vukasin asked that we look at the new state directory for errors and omissions. The directory will be posted to the website some time later.
- Volunteers for reviewing S/O procedure included Greg Janachovsky, Amy Dykema, and Kevin Hagan.

Audit Report of Treasurer's Report

- Audit was performed by Jim Eberhard and Scott Nordby and the books were found to be in order. Tom Haubrich made a motion to accept the audit committee's report. Motion seconded by Cory Christensen and motion was passed.

Adjournment

Motion to Adjourn made by Jerry Hurrle, seconded by Kevin Hagen. Motion Passed.

Respectfully Submitted,

/s/ David J. Petry

DAVID J.PETRY

Acting MACS Secretary

Attachment A – Roll Call



ROLL CALL
MACS Annual Meeting
July 18, 2008
New Ulm, MN



Name	Name
1 hee Crawford	21 Tom Anderson
2 Jim Velde	22 Mike Forsaerg
3 Mike Kiser	23 Sue Westrom
4 DAVE PETRY	24 Doug Jankely
5 Kevin Lehman	25 Randy Dehn
6 Lorraine Edwards	26 Tom Haubrich
7 Amy Dykema	27 Jerry Hurrele
8 Steve Hinton	28
9 Gary Schommer	29
10 KEVIN HAGAN	30
11 Mark Drenitz	31
12 Rick Ray	32
13 Cindy Vukasin	33
14 Stuart Shelwood	34
15 Mark Baumann	35
16 KEVIN KVISTERO	36
17 Cory Christensen	37
18 Derek Nelson	38
19 Scott Roddy	39
20 Jim Eberhard	40

ATTACHMENT "B" – Treasurer's Report
MINNESOTA ASSOCIATION OF CREDIT SPECIALISTS Treasurer's Report
 July 18, 2008

Beginning Balance-7/20/2007	<u>\$6,350.33</u>
<u>Income</u>	
Regular Managerial Members (31 @ 156.00)	4,836.00
Regular Support Members (7 @ \$58.00)	406.00
MACS/NASE Associate (1 @ \$46.00)	46.00
Associate (4 @ \$20.00)	80.00
Payroll Deduction (27 managerial/ 11 support-currently)	4275.25
2007 Annual Meeting	45.00
Interest	18.24
Payroll extra payment	<u>9.47</u>
TOTAL INCOME	<u>\$9,715.96</u>
Total Available	\$16,066.29
<u>Expenses</u>	
FMA Dues	4,560.00
'07 4 th Quarter-57 @ \$20.00=\$1,140.00	
'08 1st Quarter-57 @ \$20.00=\$1,140.00	
'08 2 nd Quarter-57 @ \$20.00=\$1,140.00	
'08 3 ^d Quarter-57 @ \$20.00=\$1,140.00	
NACS Membership Dues (57 @ \$52.00)	2964.00
NASE Membership Dues (18 @ \$26.00,2@\$15)	498.00
2007 Annual Meeting expenses	931.13
2007 Zone Meeting (13 attended)	900.00
2008 National Convention (5 attended)	<u>900.00</u>
TOTAL EXPENSES	\$10,753.13
Ending Balance-7/18/2008	<u>\$5,313.16</u>

Respectfully submitted,

SUE WESTROM MACS Treasurer

ATTACHMENT "C" – Resolutions
Committee: IT

RESOLUTION No 1:

Concern: GS Managers have no central place to obtain New Employee information packets like the CO Managers do. There also has been some confusion about what is required of a new GS employee. IE: Form SF61, "Appointment Affidavits"

Proposed Solution: STO provide a link on the intranet to a complete new employee packet for GS Managers based on GS regulations.

Motion by Jim Velde and second by Mark Baumann. Motion passed.

RESOLUTION No 2:

Concern: Some new employees have had a difficult time getting correct passwords and permissions set up for computer systems. These employees have had to go without permissions/passwords for weeks and contact the STO numerous times to try to get this process completed. There are some instructions on the FSA intranet, however they are incomplete and difficult to follow. IE: not knowing what permissions/passwords a new employee will be required to have or need to do their job efficiently. Our PT has been trying to get permission to print 540 since December and has only received partial information each time she has contacted the STO. She now has been told it is her responsibility to contact Kansas City since it was not set up properly the first time. This should not be her responsibility.

Proposed Solution: Within the first week of the new employee's employment, the STO spend 1 hour with new employee and manager either in person or via teleconference to ensure proper permissions and passwords are set up correctly the first time.

Motion by Mark Drewitz and second by Randy Dufner to strike the phrase "1 hour" from the solution. Motion passed. Motion by Randy Dufner and second by Mark Drewitz to approve as amended. Motion passed.

Committee: Farm Programs

RESOLUTION No 1:

Procedure/Program Area: Farm Programs - Farm Storage Facility Loans

Concern: in several cases throughout the state, the Program Technician in charge of the FSFL program is not adequately trained to decide if the proper financial information (i.e. current and complete financials, etc.) has been submitted by the applicant. This results in the PT submitting an FSFL application for feasibility review prior to having all the necessary information. As a result, the reviewing official (FLM, FLO) must return the application to the PT requesting the additional information, must meet with the applicant to explain what items are needed, or, in some cases, both.

Solution: It would be beneficial if the STO provided additional training to the FSFL PT and/or the CED regarding the FSFL program. This training should include STO FLP staff to lead the discussion regarding the financial information.

Motion by Kevin Hagan and second by Mark Drewitz to approve. Motion passed.

Committee: Management/Personnel resolutions.

RESOLUTION No 1:

1. Concern: There is a continued projected shortage of Farm Loan Officers. This will be exacerbated by future retirements and transfers of Farm Loan Managers or specialists.

Solution: FSA hire up to or above the employment ceiling taking into consideration of the rate of historical losses of Farm Loan Officers.

Motion by Mark Drewitz and second by Gary Schommer to approve. Motion passed.

RESOLUTION No 2:

2. Concern: Several Farm Loan Officer Trainees have not been retained in the past for many reasons.

Solution: An exit conference be held by the State Office for the Farm Loan Officers leaving for unknown reasons.

Motion by Randy Dufner and second by Jerry Hurrle to approve. Motion passed.

RESOLUTION No 3:

3. Concern: In 2007, certain standards and elements were required to be revised well into the rating period. It appears some employees had little or no chance of meeting the revisions at the late time but were rated on them anyway.

Solution: Elements and standards not change after they are in place, unless agreed to by the employee and supervisor.

Motion by Jerry Hurrle and second by Tom Haubrich to approve. Motion passed.

RESOLUTION No 4:

4. Concern: Best information available to the field staff indicates a great difference in how ratings in Minnesota were administered in FY 2007, especially on how managers were rated in various districts.

Solution: An average rating data summary for Minnesota be compiled for FY 2007 and future fiscal years. The summary should show a separate category for each district and a separate category for the State Office. Within these categories, the summary should show a ratings average for CO managers, GS managers or specialists, CO non-managers, and GS non-managers.

Motion by Mark Drewitz and second by Cindy Vukasin. Defeated.

Committee: Farm Loan Program

Resolution #1

Procedure: MN

Concern: Why do we still not have MN procedure regarding the streamlining regs?

Solution: STO issues MN procedure.

Motion by Randy Dufner and second by Tom Haubrich to accept. Motion passed.

Resolution#2

Procedure: 3-FLP and non-existent Minnesota procedure

Concern: Form 2341 Certification of Attorney is misleading to attorneys who do not like filling out forms! Most fill out part C Item 2(a), providing title clearance through the use of a title opinion but do not fill or mark it "NA" in Item 3 regarding bonding and insurance because the form makes it appear that this is only necessary when providing a title insurance policy. Although we don't actually have any hard procedure on this at the present, I was under the impression that a bond was needed in the amount of the loan when providing a title opinion and handling loan funds. I also realize this form didn't change much from the previous form, but I believe we are having more problems with this form as it is spread out and easier to read.

Solution: Request that language be added behind Part C Item 2 (a) clarifying the need for bonding when issuing a title opinion.

Motion by Mark Drewitz and second by Cindy Vukasin. Motion failed.

Resolution #3

Procedure: 3-FLP, 4-FLP, 5-FLP

Concern: New and revised National Handbooks were released in order to implement the streamlining regulations. This has resulted in the need to rewrite the applicable Minnesota procedures.

Solution: STO release the draft Minnesota procedures as soon as possible. Allow input and assistance of MACS to review and suggest amendments as needed to Minnesota procedure prior to release to the field.

Motion by Mark Drewitz and second by Jerry Hurrle. Discussion felt this was covered by Resolution #1. Motion failed.

Resolution#4

Procedure: 1-FLP

Concern: 1-FLP paragraph 101(c) requires that justification for establishing a supervised bank account be documented in the Farm Assessment. This is redundant since the Credit Presentation includes a section for documenting the justification for establishing a supervised bank account.

Solution: Eliminate the requirement to document the Farm Assessment to provide justification for establishing a supervised bank account.

Motion by Jerry Hurrle and second by Kevin Lehman. Motion passed.

Resolution #5

Procedure: 1-FLP, Exhibit 15

Concern: Credit Presentations for Y-OL eligibility contains several points that are not applicable.

Solution: Remove from the Youth OL credit presentation eligibility section all buttons that are not applicable to Youth OL loans.

Motion by Tom Haubrich and second by Mike Kiser to accept. Motion passed.

Resolution #6

Procedure: 3-FLP

Concern: 3-FLP requires the collection of 3 years of income tax returns in order to consider an application complete. There are alternate formats for collecting the same information.

Solution: Allow the use of actual records in lieu of income tax returns as long as the records contain the same information contained in the income tax records.

Motion by Rick Ray and second by Mark Drewitz. Motion passed.

Resolution #7

Procedure: 3-FLP and DLM Checklist

Concern: 3-FLP no longer requires the ADPS Borrower Cross Reference and Current /Past Debt screens when processing an application.

Solution: Eliminate this item from the DLM Checklist since it has been replaced by the Borrower Profile printout.

Motion by Jerry Hurrle and second by Tom Haubrich. Motion passed.

Resolution #8

Procedure: I-FLP, Exhibit 15

Concern: Eligibility and approval of a credit presentation require two separate actions when completing the Credit Presentation. This is an additional step that could be eliminated.

Solution: Modify the Credit Presentation in Farm Business Plan to allow both the eligibility determination and the approval of the credit action to be combined into one action.

Motion by Rick Ray and second by Kevin Kvistero. It was agreed that both dates need to be tracked. Motion denied.

Resolution #9

Procedure: 3-FLP

Concern: 3-FLP requires a lien on all non-essential assets with a value of at least \$5,000. This will create future servicing problems and is not likely to increase the collection potential for the loan.

Solution: Increase the threshold for liens on non-essential assets to a minimum of \$20,000 per asset.

Motion by Jim Velde and second by Jerry Hurrle. Motion passed.

Resolution #10

Procedure: 1-FLP

Concern: 1-FLP requires the collection be applied to the annual operating loan first. This can result in unnecessary loan delinquencies when term loan payments are due prior to annual operating loans.

Solution: Modify 1-FLP to allow the loan official to alter the order of payment application in order to pay the loan payments that are due first, then back to the order based on the security position.

Motion by Jerry Hurrle and second by Kevin Hagan. Motion passed.

Resolution #11

Procedure: 1-FLP

Concern: 1-FLP requires the collection be applied to the annual operating loan first. This can complicate the borrower's ability to do sound tax planning.

Solution: Modify 1-FLP to allow the loan official to alter the order of payment application in order to pay the accrued interest before January 1st on all loan installments due by January 1st, then allow the Borrower to pay the remaining balance of the loan installments due January 1st after January 1st. This will allow the Borrower to reduce potential tax liability by allowing the payment of all interest prior to the end of the calendar tax year. This method could not be used if detrimental to the interest of the agency.

Motion by Mark Drewitz and second by Jerry Hurrle. Motion passed.

Resolution #12

Procedure: 3-FLP

Concern: Chattel loan closings require the Borrower to pay the fees for lien searches and recording of UCC-1 and CNS-1. Filing these documents electronically would reduce the financial burden on the Borrower by reducing the cost of filing fees.

Solution: Allow FSA to move to the electronic filing of lien instruments.

Motion by Jerry Hurrle and second by Kevin Kvistero. Motion passed.

Resolution #13

Procedure: 3-FLP

Concern: FSA 2313 does not have a section concerning Borrower Training.

Solution: Modify FSA-2313 to include an area specific to Borrower Training with space or a checklist of specific courses that could be checked instead of the need to type in all of the information for each loan approval when Borrower Training is being required by the loan approval official.

Motion by Cindy Vukasin and second by Mark Drewitz. Motion passed.

Resolution #14

Concern: Farm Business Plan (FBP) Issues:

1. FBP has been slow to the point of being non-functional each year since it was implemented. This occurs during peak loan season when it is most needed. This results in great loss of time and great frustration for employees and customers.
2. The program itself could be greatly improved in terms of user friendliness. These improvements would greatly aid efficiency saving the agency time and money.
3. FBP is used as a method of arriving at a borrower classification. However, the system consistently produces what appears to be flawed information. This information is of limited value for its intended purposes including graduation reviews.

Solution:

Although these issues will probably be considered National Issues, they go beyond that. The State Office must aggressively continue to highlight these problems to the National Office and push for meaningful improvements.

Motion by Jim Velde and second by Kevin Lehman. Motion passed.