

Atlantic Breeders Cooperative Considers Merger

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Research is needed to keep the cooperative on top of what the market most likely will want and how best to get the cooperative in the competition. Zimmerman said research into semen production, female reproduction and genetic advancements — such as using genetic markers and genetic mapping — is needed because these are things basic to each member's bottom line.

He said that the Lancaster facility, currently housing 275 bulls, would remain, but instead of being a semen production facility, it would be used to house bulls waiting on proofs. According to Zimmerman, the main semen collection would be at the Eastern facility, which is much more modern, larger and constructed to be cooler.

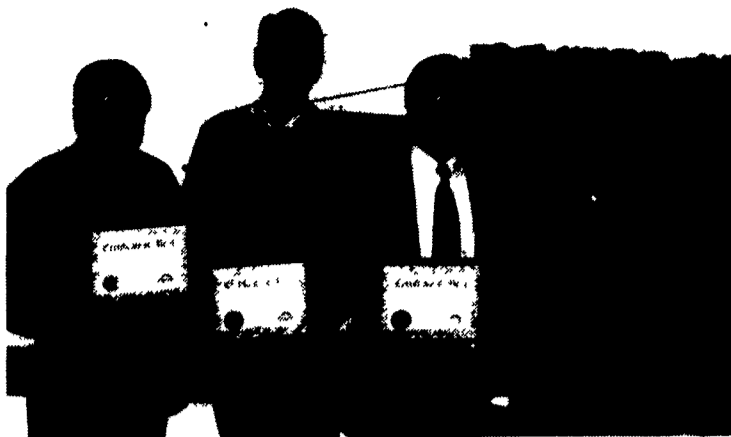
He said that for the naturally cool-climate cattle, semen production has been shown to be better when the climate is cooler, and Ithaca is a cooler climate than Lancaster.

He said the bulls would be grouped in lots of five and go through their entire proofs in groups, to be divided later after the proofs come through and underperformers are culled.

As an aside, Zimmerman said one thing about grouping is that if one is culled early for some reason other than proof, a replacement bull can not be placed into the group. He said the other remaining four would kill the new bull.

Eastern has automated gates, and uses border collies and Australian Blue Heelers to more bulls around, decreasing the amount of labor needed.

According to Zimmerman, there would be about the same number of sires in the new cooperative, as members have access to now. In fact, Zimmerman said that a goal for the future is to reduce the number of bulls used for proof by finding some way of increasing suc-



From the left, Nelson Wenger, Earl Landis, and Marvin Witmer receive Atlantic Breeders Cooperative production awards from technician Jeff Peifer.

cess rate.

Currently, according to Zimmerman, for every bull in the proven lineup, it takes 10 to 12 others bulls to go through the entire testing and proofing program. It cost the cooperative about \$25,000 per bull.

If the cooperative can reduce the number of bulls that don't make it to the final lineup, it can make some significant savings in operating expenses.

About the testing program, Zimmerman said that all test codes DHIA 31 and less qualify.

As far as the distribution of semen, it is proposed that it be continued to be done on the basis of sales volume — the service units with the higher volume of semen use would get more of a particular semen.

The new cooperative would offer the same services.

The ABC members would roll its assets into the new cooperative and get full credit. Members would also retain their individually earned revolving fund certificates, called RFCs.

Members of ABC keep 20 percent of their earned profits as a member, with 80 percent put back into the cooperative's operating

portfolio in an RFC.

That RFC is paid back in 10 years. After 10 years in the cooperative, a member continues to annually keep 20 percent, but then gets back his 80 percent from 10 years earlier. At the same time, the member invests 80 percent into the cooperative for his future.

Under the new cooperative the ABC RFCs would continued to be valued at their current level, and the new cooperative would issue similar RFCs.

That actually presents one of the merger issues that still needs to be worked out, Zimmerman said.

According to the region director, Eastern, which owns all of its real property, has an established annuity program for its members, under which the retained funds are only paid back to the member at retirement. How those members will be converted from an annuity system to a 10-year revolving fund system is the issue yet to be decided.

"I'm confident our board is not going to move ahead (with the merger) until Eastern is ready to handle and deal with equity at Eastern."

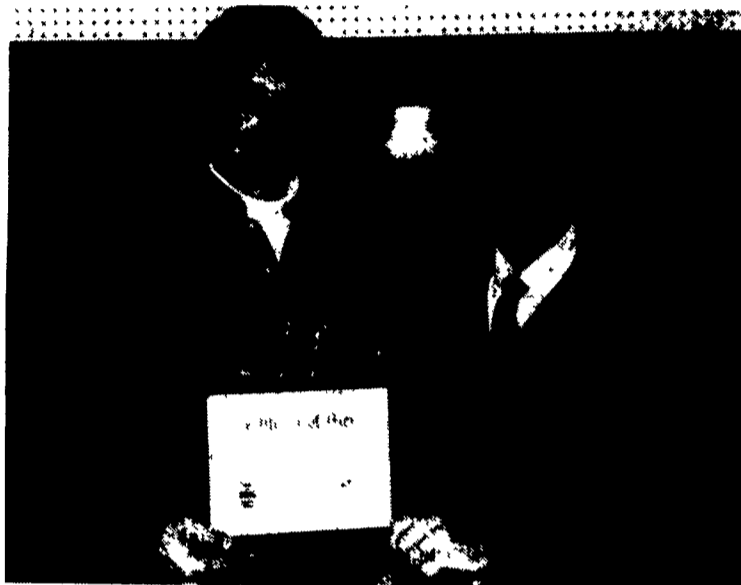
Zimmerman also said that the representative structure of the proposed cooperative would change slightly. There would be 19 delegates per district and 13 districts, each with a director to the board. Overall, it would mean fewer directors, but a strong delegate body.

Further, there is planned that a number of special committees would be needed and members could serve on those, but again, Zimmerman said not all details are out yet. He said that more information will be announced as it develops.

In a related, but different matter, Zimmerman also announced that members would be issued an additional RFC this year. He said that in recent years, the cooperative has been taking profits from its non-



Tom Lapp receives a production award from George Shue, technician for Atlantic Breeders Co-op.



Ken Wider receives a production award from Glen Gelb, Atlantic Breeders Co-op technician.



Phil Rutt receives a production award for Edgefield Farm from Mike Mauger, Atlantic Breeders Co-op.

member business and putting it aside. That now is currently at more than \$1 million. The board of directors has decided to take it and issue it to members as a new RFC.

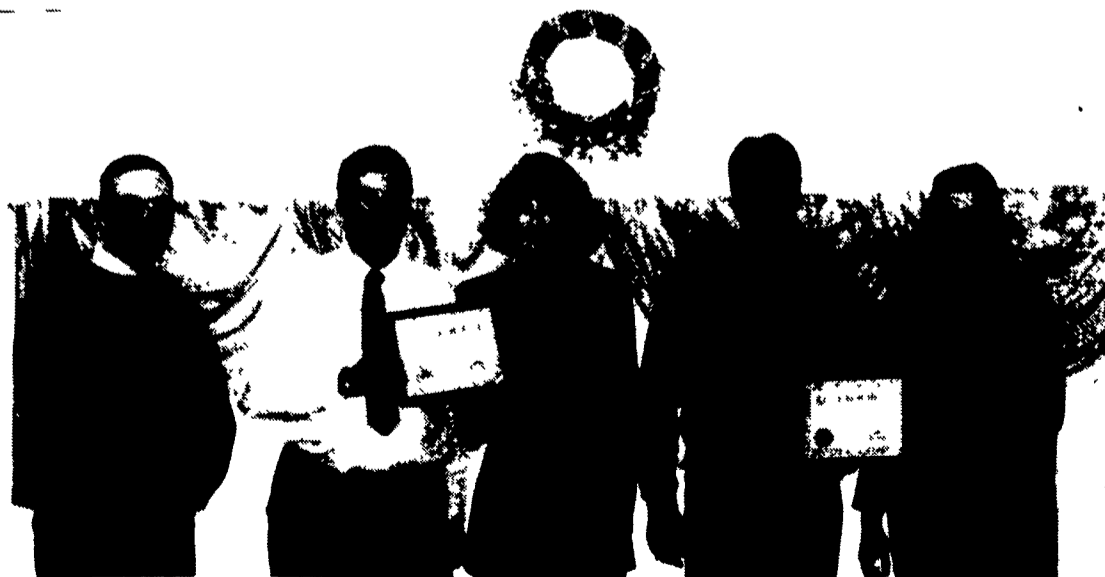
Also, in other business, Zimmerman said a special meeting has been scheduled to be held March 14 in the Hoffman Building at the

Solanco Fai grounds in Quarryville to go over the cooperative's sire lineup and the new USDA sire summary rating which went into effect in January.

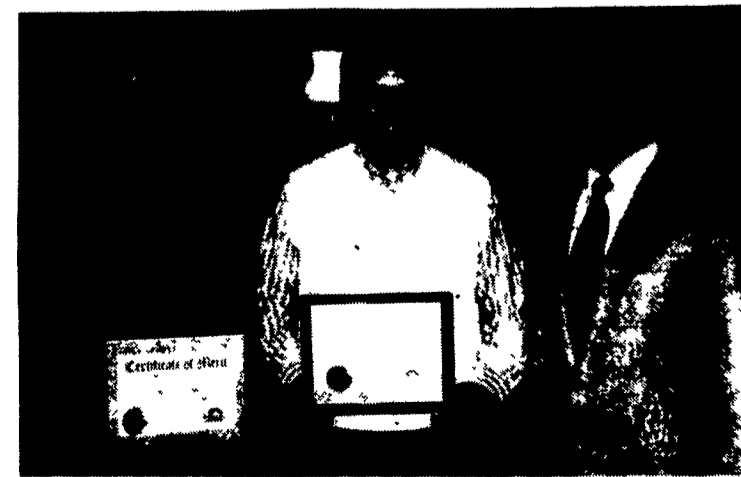
He said more details would be announced, and that cooperative technicians and others in service would be providing information soon.



From the left, Vernon Helsey, Gerald Risser, and Donald Risser receive Atlantic Breeders Cooperative production awards from technician Larry Kurtz.



From the left, George Shue, an Atlantic Breeders Cooperative representative, presents production awards to Leonard and Diann Stoltzfus, and Mark and Priscilla Stoltzfus.



Don Weaver for Red Knob Farm, and Jay Ranck receive production awards from Steve Hershey, Atlantic Breeders Co-op technician.