

# ***TPA NEWSLETTER***

*...from the Tennessee Poultry Association*

***Celebrating 60 years with TPA***

## **GROWER MEETINGS**

*November 18, 10 - 2 p.m. CST  
Discovery Center of America  
Union City, TN*

*November 19, 10 - 2 p.m. CST  
TTU Hyder-Burks Agriculture Sale Arena  
Cookeville, TN*

*November 20, 3 - 7 p.m. EST  
Museum Center @ Five Points  
Cleveland, TN*

### **Topics & Speakers**

**“Factors Affecting Chick Quality”**

**David Swysgood**, Technical Manager, Aviagen, Inc.

**Randall Vickery**, Aviagen, Inc.

**“Winter Ventilation Tips for Profitability”**

**Scott Black**, Broiler Specialist, Cobb-Vantress



Mr. Dale Carroll graciously accepted the 2014 TPA Workhorse Award for his years of dedicated service in assisting with the TPA fundraising auctions and activities.



TPA Past President Dan Nuckolls received his “I sold more Wine & Cigar raffle tickets than you did” award for the second year in a row from current TPA President Scott Black.



Liz Davis put on a very exciting performance to entertain the crowd after dinner.

TPA's Poultry Company Members include:



## US chicken consumption up 17 percent

Consumers cite health, nutrition and taste as top reasons for uptick in chicken consumption

From: [WATTAgNet.com](http://WATTAgNet.com)

More chicken is being consumed in the United States, according to new research presented July 21 at the National Chicken Council's Chicken Marketing Seminar in Greensboro, Georgia.

Overall, the average number of meals or snacks that contained chicken eaten by survey respondents in the two weeks prior to the survey was 6.1. This is up from 5.2, or 17 percent, from the 2012 findings. Millennial respondents (18-34) remain the most likely to eat chicken meals or snacks frequently (7.7).

"With the tight supplies in the cattle and hog herds, and accompanying record beef and pork prices, it's not surprising to see a double digit increase in chicken consumption this year," said National Chicken Council Vice President of Communications Tom Super. "What is surprising to me," Super noted, "is that health and nutrition and taste both topped cost as the reason consumers are turning more to the original white meat."

The survey was commissioned by the National Chicken Council and conducted online by PKS Research Partners May 29 - June 1, 2014 among 1,019 adults.

In 1998 and 2006 respondents were asked if they are likely to eat more, less or about the same amount of chicken. In 2014 they were asked more specifically about likely changes in chicken consumption from a grocery store and likely change in behavior regarding a food service establishment.

### 24 percent say they will buy more chicken at stores in next 12 months

The 12 month outlook for the grocery segment looks promising with a net of 24 percent saying they will be eating more chicken. This is more than three times the proportion previously noted.

The primary reasons for eating more chicken from a grocery store are health/nutrition (34 percent) and taste (32 percent). These are trailed by cost (17 percent). Women are somewhat more concerned than men about both health/nutrition and cost.

### 20 percent say they'll eat more chicken at restaurants

Turning to eating out, one in five (20 percent) respondents are likely to buy more chicken at restaurants and other food service establishments. This indicates a net gain in purchasing among 9 percent of the population.

The primary reasons for eating more chicken at restaurants are taste (25 percent) and health/nutrition (24 percent). Predictably, men are more focused on the taste while women are more focused on the health/nutrition aspect.

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## 2014 TPA ANNUAL MEETING & SUMMER GETAWAY HIGHLIGHTS



The 2014 TPA Farm Family of the Year was awarded to **Crabtree's Pullets**, growers for Tyson Foods - OBC, Union City since 1997. Pictured are TPA President Scott Black, Tyson Live Production Manager Shane Joyner, and Jason Crabtree. This family farm has been recognized by Tyson Foods as "Pullet Growers of the Year" four out of the last five years for the service and performance of their birds. In 2011, Crabtree Farms was recognized with district and state honors of "Conservation Farmers" by NRCS and in 2003 they received their complex's Environmental Stewardship Award.



**Mr. Don Crawford**, of Old Hickory, TN, was inducted into the TPA Hall of Fame for his years of dedicated service to the poultry industry since 1956. Don was a founding member of TPA back when there were 5280 egg producers in TN. He started out working for Pillsbury Feed, the Erving Hatchery, H&N Hatchery, Arbor Acres, Babcock Poultry and then DeKalb selling breeder chicks. When he first got started in the poultry business, Don says it took 4 lbs. of feed to get 1 lb. of gain to produce a 4 lb. chicken in 10 weeks. He then went on to building broiler houses for Burnett Produce, and he built houses in Georgia and houses for the Tyson Obion complex. He was half-owner of Vacation Builders and then worked for J&R out of Alabama, piloting his own private plane to call on customers while building the first commercial layer cage houses. Don was on the Board of Directors for the Southeastern Poultry & Egg Association (which later became the US Poultry & Egg Assoc. in 1984) and was recognized as a "Salesman of the Year", and he has served as President of the Dixie Poultry Association.



### 2014 Sporting Clays Shooting Results

- 1st: Keith Riley, Tyson Foods - 102/105
- 2nd: Craig Benich, Cobb-Vantress - 100/100
- 3rd: Shane Joyner, Tyson Foods - 97/105

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## TPA ANNOUNCES 1st SCHOLARSHIP WINNERS

TPA proudly awarded its first two scholarships on Aug. 23<sup>rd</sup> during the banquet at the annual meeting in Nashville. There were a total of 4 applicants for the TPA Poultry Career Track Scholarship and 5 applicants for the TPA Grower Family Member Scholarship. Presentations were made by scholarship committee chairman Dwight Curl (Marel Stork Poultry Processing) who readily acknowledged immediate Past President Dan Nuckolls for initiating the scholarship program. Scholarship funds were generated this past April during TPA's spring golf tournament and seminar program held at the Windtree Golf Course in Mt. Juliet, TN, thanks to the many sponsors and participants. Each recipient received a scholarship check in the amount of \$2000.

The inaugural TPA Poultry Career Track Scholarship was awarded to **Jake Clements** of Red Boiling Springs, TN in Clay County. Jake is a senior at TN Tech University (TTU) majoring in Animal Science with a poultry career emphasis. Jake and his family (Jeff & Lisa Clements of JC Farms) grow broilers for the Equity Group - KY Division of

Keystone Foods. Jake additionally has worked for Ginny Ridge Farm in Moss, TN and he has worked for EnSave, Inc. since 2012. His responsibilities with EnSave include collecting data to conduct energy audits for poultry and other agricultural operations. These audits subsequently enable growers to pursue EQIP funding through NRCS to make energy efficiency improvement projects to their existing facilities.



**Jake Clements**

The inaugural TPA Grower Family Member Scholarship was awarded to **Trevor Russell**, also from Red Boiling Springs. Trevor and his family (Tammy & Ryan Russell of Makin' Chicks & Back Forty Farms) have contract houses with Cobb-Vantress, Inc. Trevor is a senior at TTU majoring in Environmental Ag Science with a minor in Geology. He completed an internship this past summer with Cobb-Vantress at their Dry Creek Pedigree division and he is currently working with their TN Production Office based in Lafayette.



**Trevor Russell**

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*Won by: Scott Black, Cobb-Vantress, Inc.*

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Rick Bennett, KL Products and 1 box of CAO Gold corona cigars  
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*Won by: Larry Campbell, Marel Stork Poultry Processing*

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*Won by: Brenda Chastain, Nordic Logistics & Warehousing*

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*Won by: Scott Duchette, AMPRO Products, Inc.*

Alltech Town Country Bourbon gift basket  
*Won by: Halalco*

Alltech Bluegrass Sundown & Café Citadelle Coffee  
*Won by: Greer Transportation*

## TPA BOARD MEMBERS

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**Past-President** - Dan Nuckolls, Koch

### TPA Board Members

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Shane Guy, Equity Group - Keystone  
Eric Killen, The Vincit Group  
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Tom McCue, Tyson Foods - Shelbyville  
Tony Swindle, Grower, LaFayette  
Larry Hornaday, Grower, Shelbyville  
Clint Lauderdale, Jones-Hamilton Co.  
David Wilds, Koch Foods - Morristown

## Feedgrains & Products Report – Sept. 12, 2014

Provided by Tony Swindle, TPA Board Member &  
Commodities Buyer for Pilgrim's

On September the 11<sup>th</sup>, USDA issued their updated supply and demand reports. The size of this year's crops are forecasted to be record for both beans and corn. Weather conditions have been near ideal this growing season and continue to be this way with the most recent ratings for both crops showing 72% and 74% in the good to excellent category.

On the corn balance sheet, the yield was increased from 167 to 171.7 bushels per acre. Modest changes we made to the demand side of the equation and over time more are expected as well. However, with production and yield the ending stocks figure in corn is expected to grow to approximately 2 billion bushels. New crop sales have been slow with prices declining and the expectations are for farmers to be tight holders of stocks due to the lower flat prices.

The bean balance sheet was not left untouched either. Bean yields increased from 45.4 to 46.6 as ideal conditions continue to exist and pod weights seem to be very large as well. Ending stocks in beans are forecasted to reach 482 million bushels, a stocks to use ratio of 13%, a level not seen since 2006. Bean prices have been strong in the front end and inverted as harvest approaches. If weather continues to hold and no early frost is seen as damaging, the market is still anticipating slight increases to production as harvest progress moves forward. □

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### House Passes Bill to Prohibit EPA from Finalizing Waters of the United States Rule

In a bipartisan vote on Sept. 9<sup>th</sup> the House passed (262-152) the *Waters of the U.S. Regulatory Overreach Protection Act*, to prohibit the EPA from finalizing its proposed Waters of the US (WOTUS) rule. This proposed EPA rule, if passed, could result in the EPA expanding its jurisdiction to ponds, trenches and even dry streambeds on farm land. It is unclear as to what is going to happen in the Senate. The White House has issued a veto threat against the Overreach Protection Act should it pass the Senate. □



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## **DATES TO REMEMBER**

### **ENVIRONMENTAL MANAGEMENT SEMINAR**

September 25-26, 2014

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[http://www.uspoultry.org/](http://www.uspoultry.org/educationprograms/index.cfm#ppfs)

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### **POULTRY PROTEIN & FAT SEMINAR**

October 2-3, 2014

US Poultry, Nashville, TN

[http://www.uspoultry.org/](http://www.uspoultry.org/educationprograms/index.cfm#ppfs)

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### **TRAINING FOR FUTURE MILL MANAGERS:**

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US Poultry, Auburn University

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### **COLD WEATHER VENTILATION WORKSHOP**

November 17-19, 2014

University of Georgia

### **TPA GROWER MEETINGS**

Nov. 18-20, 2014

Union City, Cookeville & Cleveland

### **TPA WINTER NEWSLETTER ADVERTISING DEADLINE**

December 1, 2014

### **TPA SPRING GOLF TOURNAMENT**

Scholarship Fundraiser

April 24, 2015

Windtree Golf Course, Mt. Juliet, TN

### **TPA ANNUAL MEETING & SUMMER GETAWAY**

August 7-8, 2015

Hilton Nashville Downtown

### **President Signs the Reliable Home Heating Act**

The Reliable Home Heating Act, [S. 2086](#), was signed into law on June 30, 2014. This bill, which was introduced by Senator John Thune (R-SD), allows a state's governor who has declared a state of emergency caused by a shortage of residential heating fuel to extend the state of emergency for up to two additional 30-day periods and allow commercial motor carriers and drivers that are providing emergency relief to continue to be exempted from certain federal safety regulations. □

## **PROPANE UPDATE – Sept. 18, 2014**

Spot pricing at Mt. Belvieu reached its lowest price for the year on Aug. 5<sup>th</sup> at \$0.995/gal before gradually ascending to \$1.101 on Sept. 15<sup>th</sup>. Allowing for an average of 41 cents per gallon for tariffs, handling and delivery to most areas this brings the average retail price at this time to \$1.511/gal. Larger accounts should be able to negotiate a lower price agreement by as much as 5 cents per gal., or more.

James Watson, with Thompson Gas, summarizes the outlook for the coming winter months as follows: *"US propane stocks were at 76 million barrels as of September 5<sup>th</sup>, which is 18% higher than 2014. Historically a supply of 60 million barrels has been considered the minimum need for a winter supply. However in recent years the increased export levels have proven that this number is no longer safe. There is still considerable concern about the overall level of propane, especially in the Midwest where the loss of the Cochin pipeline for propane (that was reversed back to Alberta, Canada from the Great Lakes region in the US) has decreased supply. Forecasts are also for a larger than normal corn crop drying demand which will impact the level of propane that will be available at the start of December. Therefore, wholesale prices have risen recently and as of September 12<sup>th</sup>, Mount Belvieu, TX is trading at \$1.085. This is despite the drop in crude oil prices, since in recent years, crude oil and propane pricing have almost completely diverged. Typically, wholesale transport delivered prices for TN are between \$0.164 and \$0.275 higher than the cost of propane at Mt. Belvieu. However, this differential can be as much as \$1 higher during winter months for spot loads. Promising signs are that many dealers have arranged increased levels of local storage and many propane customers are arranging propane deals earlier in the season."*

Representatives from TPA, TN Dept. of Ag, TN Farm Bureau, TN Chamber of Commerce, Thompson Gas, Pilgrim's, Koch Foods, and the Equity Group recently met with the TN Propane Gas Association (TNPGA) on Sept. 17<sup>th</sup> at the Ellington Ag Center in Nashville to discuss propane concerns for the poultry industry and rural community.

As a result of this meeting, the following can be concluded and recommended.

- Propane customers are encouraged to develop and maintain loyalty with a reputable and reliable propane supplier;
- It is smart, of course, to only do business with suppliers who have a past history of honoring their price agreements and guaranteed service;
- Price agreements may not always be legally binding, that's why the loyalty and relationships are so important;
- When locking in prices with a propane company, the supplier is extending their commitment for the advanced purchases and agreeing to meet their servicing obligations;
- Breaking a contract to go with a slightly lower price ultimately hurts everyone and compromises the ability for other growers to go back to that company should the need ever arise (especially during a shortage or other crisis situation);
- If you change suppliers, they have to commit to buying more supplies at new and possibly much higher prices during the winter or a possible shortage situation;
- Fill your tanks well in advance of greatest demand, especially with impending cold spells or potential supply issues;
- If you owe your supplier significant money, don't expect them to take care of you in front of others (or, to even come fill your tanks);
- It is best to own your own tanks. While TDA and TDEC were able to obtain a waiver for TPA from the TN Dept. of Fire Safety to allow other companies to fill someone else's tank back in late January and February of 2014, many companies were not allowed to do so due to company policy, because of liability issues;
- Consider increasing your tank capacity on the farm.

TPA President, Scott Black further states: *"Our industry is heavily dependent up propane, electricity and water. It is in your best interest to make sound business decisions regarding the business relationship you enter into with the respected providers for your business. If you are unaware of a company's reliability please ask others or industry personnel about the viability of any company. As we learned last year, there are many things our business cannot go without."*

To follow Mount Belvieu, TX spot pricing for propane go to: [www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=p&t=pet&s=eer\\_epllpf4\\_y44mb\\_dpg&f=d](http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=p&t=pet&s=eer_epllpf4_y44mb_dpg&f=d). □



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### **Tax Traps: Using the Wrong Tax Entity** By: Boyce Thompson, [AgWeb.com](http://AgWeb.com) Editorial Director JULY 3, 2014

Farmers, especially sole proprietors, often set up operations under the wrong tax entity and as a result wind up paying too much self-employment tax. Paul Neiffer, a farm CPA with Clifton Larson Allen, **recommends that farmers establish operations under two tax entities.** One owns the equipment and farm inventory. The other holds the land. "Never use a corporation to own land," says Paul Neiffer. "If you pull out the land, you trigger a gain based on fair market value." Farmers are better off holding farm land under a limited liability partnership (LLP), a limited liability corporation (LLC) or a limited partnership (LP), depending on state law. Land can usually be transferred tax free into and out of these entities. They also allow for easy transfer of ownership to the next generation and discounts in gift value. "I'm fairly comfortable that you can really reduce your self-employment tax, eliminate net investment income tax and get maximum flexibility. Plus, when you pass away, you get a step up in basis on all the property (based on your ownership). It's not a bad way to go."

Neiffer worked with one farmer who held his land in a Subchapter S Corporation, thinking he was avoiding a layer of tax. That much is true. But the farmer is also paying a tax accountant a couple thousand dollars each year to complete 1120 S forms so that he can rent the land back. The bigger problem, though, comes when the farmer wants to pull the land out of the Subchapter S Corporation and use the money for retirement. Say the farmer inherited the land, which is now worth \$5 million. He asks Neiffer about the tax consequences. "I look at him and say, 'Are you ready to write a check for \$2 million? Because that's what you've done. You've generated a capital gain of \$5 million,'" says Neiffer. And that's just the federal tax bill: the farmer also owes state taxes. The hit may be even bigger if the land is held a Subchapter C Corporation in a high-tax state such as California or Iowa. "Very easily 60% or more of your value could wind up going for taxes," says Neiffer. "That's why we don't like having land in corporations. The strategy of having separate ownership structures usually allows Neiffer to reduce the tax liability of a Schedule F farmer. All the farmer's income under this tax scenario is subject to self-employment tax. "If we treat these entities properly, we can reduce that self-employment tax down to a "very manageable number. □



## USDA Announces Additional Food Safety Requirements, New Inspection System for Poultry Products

From: [USDA.gov](http://USDA.gov)

WASHINGTON, July 31, 2014 – The U.S. Department of Agriculture's (USDA) Food Safety and Inspection Service (FSIS) today announced a critical step forward in making chicken and turkey products safer for Americans to eat. Poultry companies will have to meet new requirements to control *Salmonella* and *Campylobacter*, and up to 5,000 foodborne illnesses will be prevented each year as a result of the New Poultry Inspection System (NPIS), an updated science-based inspection system that positions food safety inspectors throughout poultry facilities in a smarter way.

"The United States has been relying on a poultry inspection model that dates back to 1957, while rates of foodborne illness due to *Salmonella* and *Campylobacter* remain stubbornly high. The system we are announcing today imposes stricter requirements on the poultry industry and places our trained inspectors where they can better ensure food is being processed safely. These improvements make use of sound science to modernize food safety procedures and prevent thousands of illnesses each year," Agriculture Secretary Tom Vilsack said.

FSIS will now require that all poultry companies take measures to prevent *Salmonella* and *Campylobacter* contamination, rather than addressing contamination after it occurs. Also for the first time ever, all poultry facilities will be required to perform their own microbiological testing at two points in their production process to show that they are controlling *Salmonella* and *Campylobacter*. These requirements are in addition to FSIS' own testing, which the agency will continue to perform.

FSIS is also introducing the optional NPIS, in which poultry companies must sort their own product for quality defects before presenting it to FSIS inspectors. This system allows for FSIS inspectors to focus less on routine quality assurance tasks that have little relationship to preventing pathogens like *Salmonella* and instead focus more on strategies that are proven to strengthen food safety. More inspectors will now be available to more frequently remove birds from the evisceration line for close food safety examinations, take samples for testing, check plant sanitation, verify compliance with food safety plans, observe live birds for signs of disease or mistreatment, and ensuring plants are meeting all applicable regulations.

In response to public comment, the maximum line speeds for plants that newly adopt the NPIS have remained capped at 140 birds per minute, consistent with the maximum speed under existing inspection programs. Additionally, all companies operating under the NPIS must maintain a program to encourage the early reporting of work-related injuries and illnesses, and FSIS employees will receive new instructions on how to report workplace hazards that may affect plant workers, including access to a confidential 1-800 number to report concerns directly to OSHA.

FSIS estimates that the NPIS will prevent nearly 5,000 *Salmonella* and *Campylobacter* foodborne illnesses each year. *Salmonella* illnesses have remained steady, with some spikes, in the past ten years, while *Campylobacter* is the second most reported foodborne illness in the United States. This new inspection model is a key part of the agency's *Salmonella* Action Plan, unveiled in December 2013, which is the agency's blueprint for addressing *Salmonella* illnesses from meat and poultry products. Also included in that plan are revised pathogen reduction performance standards for all poultry, and first-time-ever standards for poultry parts, which consumers commonly purchase. These new standards are expected to be announced later this year.

To view the final rule that will soon publish in the Federal Register, visit the FSIS website at [www.fsis.usda.gov/poultryinspection](http://www.fsis.usda.gov/poultryinspection).

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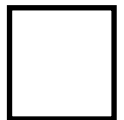
**Keystone Foods**, Kentucky Division. **BJ Svajgl** has become the new **General Manager** at the Albany, KY location. BJ served as plant manager since April 2001.

**Cobb-Vantress**. **Rory DeWeese**, with 25 years' experience in the US poultry industry, has joined the Cobb-Vantress North American technical service team.

**Heritage Breeders**, Morrison, TN. **Perdue Farms** has sold the intellectual property and certain assets from Heritage Breeders, its genetics and primary breeder program, to **Cobb-Vantress, Inc.** The sale included company-owned primary breeder farms in Morrison, TN that are now being operated by Cobb-Vantress under the direction of the Lafayette complex manager, Randy Yates. The employees at the Heritage Breeders facilities involved in the sale were retained as employees of Cobb-Vantress.

*Please submit news & photos from your poultry complex to TPA for inclusion in upcoming TPA newsletters.*

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**Grower Meetings  
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