

THE Agricultural Business Council of Kansas City

January 18, 2011

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**Save the Date: Feb. 17
February Luncheon
"Agriculture and the
112th Congress"**

Join us for the Ag Business Council's monthly luncheon on February 17th at 11:30 a.m. at the American Royal. Speaker Scott Shearer, Vice-President of the Bockorny Group will speak on Agriculture and the 112th Congress. See you all there!

**Future of Agribusiness:
Founder of
The ProExporter
Looks Forward**

With his uniquely informative and entertaining style, Bill Hudson described his remarks at the

Shook, Hardy, and Bacon Offers Agribusiness Legal Update

Kansas City law firm Shook, Hardy & Bacon will again host the Council's January Luncheon Meeting on Thursday January 20, at its offices on 2555 Grand Boulevard at Crown Center. The event begins at 11:30 am and runs through to 2:30 pm. Registration and lunch is complimentary for council members.

The focus of this year's session of SHB's continuing Agricultural Legal Update series is on food safety, agroterrorism, hazardous waste management from agricultural operations and public health issues related to agriculture.



Featured speakers include Sarah Sunday, senior counsel for Kraft Foods, who will talk about food law and safety issues. FBI special agents Craig Watz and James Jarman will brief Council members on agroterrorism as a preview of International Symposium of Agroterrorism in April 2011 in Kansas City.

There will be a panel discussion dealing with the proper management of agriculture hazardous waste, voluntary cleanup programs at agricultural sites and reimbursement opportunities for environmental cleanup activities. Participants on the panel are Candace Bias, Missouri Department of Natural Resources; Bryan Bain, Kansas Department of Health and Environment; and Mary Jane Stankiewicz, Kansas Agricultural Remediation Board.

Council Forms a Legislative Policy Committee

December luncheon and annual meeting of the Agricultural Business Council as more of a meditation than a presentation. Talking about the future of commercial farming in an environmental age, he covered a wide swath of subjects - usually with wry insight: "If you rake leaves, you know as much about cellulosic biomass" as the experts. He noted pure thermal fusion is the most powerful and sustainable energy source available, and the world could have it in ten or 15 years if "we were willing to pay for it."

Man's arrogance, Hudson suggested, was a problem facing the world as it addresses food, energy, environmental and sustainability issues, among others. There has to be a reality check, he mentioned, especially for environmental and regulatory agencies that can restrict how land is used. "Peer review does not protect from faulty modeling," he said referring to studies from GTAP. Hudson also stated the "university research system has become the captive of the government system." And he wondered why professors can advise the government when the "pros" can't.

Council Elects Board of Directors

The December 16, 2010 Luncheon Meeting also served as the annual meeting for the Agricultural Business Council of Kansas City. Among the new business on the agenda was the election of the Council's Board of Directors as well as the Board's officers.

Council Board Chairman Elvin Hollon presented a slate of ten nominees for election to the Board. The nominees were unanimously elected by the Council as were the nominees for the Council Officers positions. Elvin Hollon is Chairman; Russ Weathers is Vice Chairman and Bill Brooks is the Secretary/Treasurer.

For a full listing of new and current board members, please see the updated list below.

2011 Officers & Directors

The Board of Directors of the Council has agreed to establishing a formal Legislative Policy Committee to study legislative policy and determine if the Council would take an advocacy position on a specific issue. Past Council Chair Gina Bowman will act as the chair of the committee which includes Mike Beam, Leslie Kaufman, Jim Gray, Steve Taylor, Don Nikodim, Nancy Robinson, and Jackie Klippenstein.

"We will not have regular meetings and if we convene it will be only as needed," said Bowman. At certain times the committee will, she added, write in the Council newsletter about state and federal issues that may be pertinent to Council members' interests.

In its review of a draft 'Public Policy and Advocacy Guidelines and Protocols' which Bowman presented at the December 2010 board meeting, the directors determined that a consensus of members of would be required before any advocacy position could be taken and promulgated by the Council.

Dale Rodman Joins Governor Brownback's Cabinet



From left: Rodman, Deb Miller, and Gov. Brownback.

Southeast Kansas native Dale Rodman has been appointed the state's Agriculture Secretary by Gov. Sam Brownback. Rodman brings half a century of domestic and international agribusiness experience to the job, including 37 years in the meat and grain divisions

at Cargill where he held a variety of management positions nationally and around the globe. He also served as president of agriculture equipment manufacturer Tramco in Wichita. When he retired from Cargill in 2002, Rodman remained active in the management of two southeast Kansas farms and as a business consultant.

Rodman is part of the Economic Growth Team created by Gov. Brownback, and he serves with other cabinet members named to be part of the economic team: Karin Brownlee, Secretary of Labor; Pat George, Secretary of Commerce; Nick Jordan, Secretary of Revenue; Deb Miller, Secretary of Transportation; and Steve Anderson, Budget Director.

"They bring to state government a blend of private and public sector experience that will produce results," said Gov. Brownback.

Compass Mineral Acquires Canadian SOP Producer

Overland Park-based Compass Minerals, a leading producer of sulfate of potash (SOP) as well as salt and magnesiumchloride, purchased Canada's largest SOP supplier, Big Quill Resources, Inc., in an all-cash transaction valued at \$56.3 million.

Compass' new acquisition operates on Big Quill Lake near Wynyard, Saskatchewan providing high-purity SOP for non-agricultural

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Russ Weathers
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Agriculture Future of America

Bill Brooks
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The Center for Food Integrity

Bruce Brinkmeyer
Bayer Animal Health

Wyatt Brummer
The Scoular Company

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Jim Gray
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Diane Olson
Missouri Farm Bureau Federation

Nancy Robinson
Livestock Marketing Association

John Shostak
Kansas Farm Bureau

Amber Spafford
Osborn Barr Communications

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Missouri Agribusiness Assoc.

Tracy Thomas
U.S. Premium Beef

Bob Thompson
Bryan Cave LLP

Jere White
Kansas Corn Growers Association

Shrene White
Carquill/Horizon Milling

specialty applications and in the production of nutrients growers use on their high-value crops and turf. With an annual capacity of 40,000 short tons, the Wynyard site produces SOP by extracting naturally occurring sulfate from the brine of Big Quill Lake and combining it with potassium chloride. Big Quill's revenues were more than \$22 million in 2010.

"Big Quill is an innovative, entrepreneurial business with unique production capabilities, technical expertise and non-seasonal applications that will both broaden and strengthen our specialty fertilizer segment," said Angelo Brisimitzakis, President and CEO of Compass Minerals.

CVR Registers for an IPO

CVR Partners LP filed a registration statement with the SEC last month for a \$200 million initial public offering. After the IPO, the company plans a two-year plant expansion to boost fertilizer production capacity by about 50 percent (400,000 tons) a year. The nitrogen fertilizer manufacturer which operates out of Coffeyville, Kansas with senior executive offices in Kansas City, Kansas, was formed in 2007. CVR Partners will trade on the New York Stock Exchange under the "UAN" symbol.



CVR said its filing listed a proposed maximum aggregate offering price of \$200 million. The company reported 2009 sales of \$208.4 million, down from prior-year sales of \$263 million but still more than its \$187.4 million sales in 2007. Earnings in 2009 came in at \$57.9 million, compared with 2008 earnings of \$118.9 million and 2007 earnings of \$24.1 million. CVR Partners has 118 direct employees.

The company uses a petroleum coke gasification process to make nitrogen fertilizer. Pet coke is produced during the crude oil refining process; most competitors use natural gas as the main raw material for making the fertilizer. But pet coke is more economical, making CVR Partners the historical low-cost source for certain fertilizer products in North America.

During the past five years, more than 70 percent of the pet coke that CVR Partners' plant used came from CVR Energy's crude oil refinery in Coffeyville. CVR Energy (which filed its own IPO in 2007) will own a portion of outstanding common units. CVR Energy is related to Coffeyville Resources LLC, a KCK company involved in oil refining and fertilizer products. It was formerly a division of Kansas City-based Farmland Industries Inc.

Senator Blunt Appoints Klippenstein Deputy Chief of Staff

Brian Klippenstein has been appointed Deputy Chief of Staff in the Missouri office of recently inaugurated U.S. Senator Roy Blunt who was sworn into the Senate earlier this month. Klippenstein, a lifelong Missourian raised on his family's beef cattle farm in Maysville, served for 17 years on the staff of U.S. Senator Kit Bond. For five years he was chief of staff for the retiring senator.

A graduate of Washington University, Klippenstein joins Glen

Loyd Wilson
Missouri Dept. of Agriculture

Ex Officio Members

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Kansas Livestock Association

Gina Bowman
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Chambers who will be the new senator's chief of staff in Washington and will work with Burston Taylor Snyder who was also named Deputy Chief of Staff in Sen. Blunt's Washington office.

Animal Health Outlook 2011: Local Execs Give Their Perspective

The economic downturn caught up with the "recession" proof companion animal market in 2010, noted the panelists last week at the Kansas City Animal Health Corridor's continuing series, Corridor Conversations at the Stowers Institute. The economy finally had an impact in the industry, said Paul Casady, president of Intervet/Schering Plough, as consumers started to feel the effects of out of pocket expenses for pet care. On the other hand, one of the speakers pointed to improving sales for swine and cattle products, and noted that demand appeared to be outstripping capacity.

In addition to Casady's comments, George Heiderken, president and CEO of Boehringer Ingelheim Vetmedica, and Neil Thompson, president and CEO of Hill's Pet Nutrition, provided their take and insight on the animal health industry going into 2011. They focused the discussion - moderated by Kansas City Area Life Sciences president Dr. Daniel Getman - on three issues:

- The continuing consolidation of the animal health industry;
- The evolving interface between providers, veterinarians and customers;
- The regulatory environment.

The panelists mentioned one of the drivers of the ongoing consolidation is the recognition among big pharma managers of the value that the animal health components of their companies bring to the business. The animal health divisions are more likely to stand alone from their parent organizations than ever before and, in turn, they are acquiring R&Ds and startups on their own in need of manufacturing and marketing synergies. The big companies will do what they do best said BI's Heiderken, by bringing new innovations along faster. Hill's Thompson said consolidation also will continue because the big firms find it easier to break into the natural brands market through acquisition.

Animal health companies say they will maintain their relationships with veterinarians because many of the new products in their pipelines require the technical expertise of the veterinary profession to market and administer them. As for the regulatory atmosphere, the panelists said the routines of the FDA may vary but the regulations remained in place. In addition to the costs of the process and regulatory audits, a primary concern for the industry is that risk will always be involved in the development of new pharmaceuticals. "You can't regulate away risk," Casady said, "and the reality is you can't lengthen the time of product development - because the bugs [microbes et al] move faster than the regulatory process."

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