



TABLE of EXPERTS

AGRIBUSINESS

HARVESTING A BOUNTIFUL ECONOMIC FUTURE

MODERATOR



Bob Petersen
PRINCIPAL
Petersen Consulting Services

Bob Petersen is the principal of Petersen Consulting Services, a firm that focuses on agricultural public relations including representation with various audiences (industry/civic/government), advocacy and providing management services to agricultural trade associations. The firm manages three non-profit associations:

- The Agricultural Business Council of Kansas City – an association that advocates growth and awareness of the food, fiber, agri-science and related industries of the Kansas City region.
- The American Association of Grain Inspection and Weighing Agencies (AAGIWA) – an association of grain inspection agencies.
- Transportation, Elevator and Grain Merchants Association (TEGMA) – a North American trade association whose members include grain shippers and receivers, as well as many related businesses including transportation companies, ports, and inspection agencies.

PANELISTS



Robert (Bob) Thompson
PARTNER AND CO-LEADER OF THE AGRIBUSINESS AND FOOD PRACTICE
Bryan Cave

Robert (Bob) Thompson focuses his practice in the area of complex commercial business litigation in both state and federal courts. He has represented both plaintiffs and defendants in commercial disputes involving claims ranging from breach of contract to fraud and anti-trust, often involving agribusiness interests. In addition to defending businesses, he has represented them in asserting claims, and has been lead or a key member of trial teams recovering awards or settlements totaling approximately \$75M for clients of the Firm.

In addition to litigation matters, he counsels a number of companies in various commercial and transaction matters, including NGP Global Agribusiness Partners, Agspring, Auxano Holdings, National Cattlemen's Beef Association, Avcorp Industries, Prairie Pride, Inc., Show Me Ethanol, LLC, several community banks and various key clients of the Firm.



Jay Felton
PARTNER
Lathrop and Gage

As a fifth generation farmer still actively involved in his family's cattle and row crop operation in Maryville, Missouri, Jay Felton brings a lifelong perspective of agribusiness to his legal practice. He is a partner at Lathrop & Gage LLP with more than 20 years of experience in litigating product liability, complex commercial, environmental and intellectual property cases across the United States. He also serves as leader of the firm's agribusiness industry group.

Felton currently serves as national and regional or national counsel for a variety of Fortune 500 companies, including several companies in the agribusiness sector.

Felton knows from experience that legal decisions are fundamentally business decisions. He works diligently to understand the uniqueness of each company he represents -- its people, its history, its products, its processes and its markets. This means regularly visiting clients across the county, serving on internal client Six Sigma teams and walking the client's facilities -- off the clock -- to ensure he represents each client in a way that is consistent with its business strategy and core values.



Mark Mackey
CHIEF EXECUTIVE OFFICER
Livestock Marketing Association

Mackey is a 1982 graduate of Kansas State University, with a dual degree in animal science and business. Following graduation, he joined LMA as a region executive officer, covering Kansas, Colorado and Nebraska. In 1997, he joined LMA's management team.

In September 2003, Mackey was named Chief Executive Officer on an interim basis, and in February 2004, was named CEO. Also in 2004, Mackey was named President of Professional Livestock Insurance Company.

In a recent interview, he talked about the people LMA represents in the marketing sector. Market operators, he said, "are innovators in technology, genetics and marketing itself. Producers can and should draw on the knowledge of these marketers. Because of their knowledge, it's important that marketers be at the table to discuss, with other organizations, issues we have in common."



Nick Warren
SENIOR VICE PRESIDENT - AGRIBUSINESS & FOOD PROCESSING
Commerce Bank

Nick is Senior Vice President and Director of Agribusiness Lending for Commerce Bank. His responsibilities include managing a team of agribusiness lenders across the Commerce footprint with an emphasis on companies engaged in handling agricultural commodities and food processing. He earned a Bachelor of Science degree in Finance from Kansas State University in Manhattan, Kan., and an MBA from Baker University's School of Professional and Graduate Studies. Warren serves on the Finance Advisory Board for the business school at Kansas State University and is an Ambassador for Children's Mercy Hospital in Kansas City, Mo.

Commerce Bank has worked with agriculture-related businesses since 1865. Founded in the grain and milling business, its services now include all aspects of the agribusiness industry, including food processing, livestock production, distribution, retailing and manufacturing of food processing equipment.

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Agriculture has always been and continues to be one of the largest economic drivers in the Kansas City region. Four of Kansas City's top five private companies and the No. 2 public company in gross revenue have ties to agriculture. The health of the industry has a far-reaching affect on the region's overall economic well-being.

What's ahead for Kansas City's agriculture producers, consumers and investors? The Kansas City Business Journal gathered a group of agribusiness experts to address this question and provide insights about the industry's future. Bob Petersen, a longtime industry leader in Kansas City, moderated the discussion. He and the other panelists agree Kansas City needs to embrace its agricultural roots to grow the region's economy. In fact, they say, if it chooses, Kansas City can take the lead on how the industry evolves nationally and globally.

Bob Petersen: Kansas City was built on agriculture, the livestock business in particular. Is agriculture still relevant to Kansas City in the year 2016 and to your business?

J.A. "Jay" Felton: Lathrop & Gage was founded in Kansas City in 1873. A number of its core clients were agribusiness clients. And as that industry has evolved and become more regional and national, so has my firm. Kansas City has been and will remain a global hub for ag production—not only because of our location in the Corn Belt, but because of the innovative research being done in the Animal Health Corridor and in nearby universities. I

think it's very strong here, and it's likely to get stronger.

Petersen: Agriculture has lots of deep roots here. Nick, as you know, the founder of Commerce Bank was once the chairman of the Kansas City Board of Trade and the Kansas City Chamber of Commerce. And Commerce Bank in this era is a major lender to the sector. So how do you see the relevance of the industry today?

Nick Warren: Commerce Bank was founded as a grain and milling bank in 1865 and agribusiness is still one of the largest industries that we serve today. A number of our Ag clients are in Kansas City and within the surrounding 12-state region. Kansas City has a strong core and history in agribusiness from which to build on.

I do think a lot of big Ag companies fly under the radar in Kansas City. In fact, one of the largest ones was recently featured on the cover of the *Kansas City Business Journal*. To me, the general public may not realize the size of agribusiness in Kansas City, but it is something we can leverage and expand upon.

Petersen: Some of our most successful companies are operated by people who keep a very low profile, which is kind of part of agriculture.

Bob Thompson: I think that's right. Our law firm, Bryan Cave, started in St. Louis and has been in Kansas City for over 25 years. We have one of the most active M&A practices in the United States and a significant portion of those

clients are related to agribusiness and many of those companies do fly under the radar. Sometimes, even some of the people involved with them don't fully appreciate the relationship of the business to production agriculture and the origin in our natural resources: rivers, land and timbers. Those ultimately remain a great source of wealth in the United States.

Petersen: You are so right, and they are what have made us an agricultural hub to this day. It's those rivers that made Kansas City a trading town. With the development of the Hannibal Bridge at the close of the Civil War, Kansas City became a world-class trading center with world-class stockyards.

Mark Mackey of the Livestock Marketing Association: In Kansas City, five of the six top businesses in gross revenue—both public and private—are based in the agriculture industry. Kansas City's agricultural roots run very deep, and it's very important to our communities. We are not just driving cattle across bricks anymore.

Petersen: Depending on how you cut the numbers, agriculture in this region accounts for about 16 percent of jobs and 14 percent of all economic activity. And it's one of the largest employers in the region. Much of this tends to fly under the radar and some of ag's more visible parts are gone. But even though we may not see it, all that economic activity still happens in Kansas City. We are still home to some wonderfully successful companies.

Overarching our discussion today are a lot of factors at play in the global economy and we live in an increasingly globalized economy. Nick, what global macro factors are influencing the agricultural economy?

Warren: We are very bullish for the next 20 years and a lot has to do with the trends that we expect in population growth. If we have another 2 billion people in this world by 2050, we're going to have to find a way to feed them. And most of that emerging population is starting to ramp up its protein consumption.

The United States, in my opinion, has a big advantage because we tend to be the leaders in technology and tend to have the best transportation infrastructure. Undoubtedly, technology will catch up in other parts of the world, but it's a huge opportunity for not just this country but for this region.

Petersen: Bob, what do you see as far as global economic macro factors?

Thompson: Last year, I attended a board-level presentation of a major corporation in worldwide agriculture, and they said pretty much the same thing: The population growth in Asia and China is not abating and food for those people is going to be sourced in large part from the United States, and that means generally a geographic region of 400 miles surrounding Kansas City. It's a great future, but it won't be without ebbs and flows.

Petersen: China is forecast to have weaker economic growth this year

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and in the next few years than they have had in the past. The U.S. dollar is a little stronger. All of these things tend to weigh on the agriculture economy. Mark, do you see that rippling through the livestock sector as well?

Mackey: The value of the dollar is an obvious factor in our global market. If the dollar weakens, our exports increase. And that has an effect on fed cattle prices, which has an end result effect on yearling, calf and replacement livestock values. The dollar is down on the Wall Street Journal index by 4.4 percent year-to-date. We're seeing exports start to pick back up.

Petersen: Grain agriculture has been especially competitive lately because of the weaker currency of some of our main competitors, like the Ukraine and Eastern Europe.

Felton: Bob brings up a great point. We are on top of the greatest, or at least one of the greatest, single natural resources in the entire world: arable farmland. We have contiguous arable farmland overlaid with the river, railroads and highways and dotted with research institutions and innovative companies.

It gives us a huge advantage when we look at competing internationally as long as we can keep open trade. Trade policy is going to remain an issue. Canada surpassed China this last year as a trading partner in ag exports. Mexico,

Canada, China, Japan and the EU are our other main partners. And we need to do our best to keep those markets open. We also need to work on innovation, distribution and storage of our food products as we take our products across the globe.

Petersen: All excellent points, especially your emphasis on trade and how we take it for granted. It's not a popular topic. But it's key to agriculture's growth. The bedrock of wealth and production agriculture is that wonderful arable land. And as we see in the current economy, land prices are under stress.

Felton: The agriculture value chain actually involves a large number of related chains across the various phases of production. When you get down to crop production chain, and look at the cropland itself, land prices have not gone down with commodity prices, at least, in my experience. And I know there are a lot of people who would like to buy some land if they can get the right price on it. We have seen land prices go down on the marginal land more so than on the high-quality land.

I am a little concerned about the ag economy regarding interest rates, if we move into a high-interest-rate environment. We have all been around long enough to know that can happen. When we move into that line, we hope that everyone is positioned properly for it in conjunction with expansion.

Warren: I completely agree with Jay in the sense that commodity prices took everything up in a pretty exponential manner.

The last five or six years have been perhaps the most profitable timeframe crop producers have ever seen. And so you have a lot of producers who have made a lot of money. They have to have somewhere to put that money, and for the most part, they have tended to reinvest in land. Land is going to continue to be under pressure at current commodity price levels, but when interest rates go up, the price of land is likely going to come down even more.

Petersen: That's somewhat inevitable, isn't it?

Warren: You're already seeing a lot of pressure on cash rents, for instance, because of the returns. At this point in time, people who own land have had a good opportunity to lock in low interest rates and manage the cash flow to operate their fixed assets and land. But you are right. Inevitably, we think interest rates have to go up. It's taken longer than people have speculated, but, when rates do rise, you'll likely see the price of land come down a little more.

Petersen: The past five years reshaped our expectations. We thought this was going to continue forever, and now we are having a bit of a reality check. And for those in production agriculture, they may see

a bit of a squeeze this year. What do you think, Bob?

Thompson: I don't think there is any question. It's already happened. Most of the corn being planted right now is below the cost of production. You have people who are going to lose cash.

The banks' customers have strong balance sheets and pretty good working capital, but next year, when it is time for loan renewals, we could face real issues. The weaker operators will face some pressure. It ripples down, translating into lower rents, more pressure on purchasing of inputs, more discipline and ultimately lower land prices.

I share the thoughts on interest rates and land, and it's in pretty strong hands. But I think the so-called smart money that has recently been investing in farmland is pretty late to the party.

Petersen: Mark, what do you think about where we are right now?

Mackey: Our members are concerned with market volatility and high frequency trading. Information can be provided in microseconds to individuals (flash boys) who don't have skin in the game. That's affecting how producers manage their risk. This volatility is creating over-the-counter derivatives.

Petersen: Your members are at the

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BRYAN CAVE

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Bryan Cave is a global law firm with more than 1,000 highly skilled lawyers in 27 offices in North America, Europe and Asia. The firm represents publicly held multinational corporations, large and mid-sized privately held companies, emerging companies, nonprofit and community organizations, government entities, and individuals.

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forefront of the markets. They're right there in rural America where livestock and money change hands. Tell us about your business and the risks your members face.

Mackey: We are a national trade association made up of livestock auction markets, video auctions, internet auctions, livestock dealers and stockyards. We have over 800 members. Over the past 10 years, we have had a 25 percent increase in membership and growth.

This shows that the livestock auction market sector is growing and viable. These auction market owners are innovators and leaders in their communities. Not only do they merchandize cattle, but they are involved in producers' decisions such as marketing, genetic selections, how they produce, and where they buy their replacements. They are very diverse people. They are colorful people. They are problemsolvers that take action and are risk-takers. I am proud to work for them.

Petersen: And the face-to-face marketing of livestock is not going to change?

Mackey: Correct. We are seeing a growth based on the 2013 GIPSA numbers. There were \$30 billion in gross sales in 2013. They have experienced a 40 percent increase in 2014 and 2015 through livestock markets. We are proud

to say that our membership consists of \$23 billion of those gross sales.

Petersen: Let's take a look into the crystal ball. Bob, as we look into your crystal ball—5 years out, 20 years out—what are the trends? What do you see shaping agriculture into the future?

Thompson: I think innovation will continue. There are new risk-takers. It's an attractive industry. It's an exciting time. Low prices are a problem for one person but an opportunity for someone else. It's a very dynamic industry. I love it. I enjoy being involved in it. I like the people. I like doing business with them.

Five years from now, there will be different people having the same discussion that we are having. And they will be optimistic. I have a lot of nieces and nephews graduating from college. Interestingly, unlike in years past, jobs in agriculture are paying as well or better than the jobs in other sectors. I think the future is very, very bright.

Petersen: And it's a high-tech world. It's not our father's, let alone our grandfather's, agriculture. This is a brave new world with cutting-edge technology. What do you see in the future, Jay?

Felton: I think "big data" is going to get bigger. And the key is going to be how we monetize it. Ag has been an early adopter of big data.

Petersen: Define big data for us.

Felton: To me, "big data" is all about collecting data relevant to production from an increasing number of sources and processing that data to increase efficiency – whether that means lowering costs or increasing production or both. But "big data" isn't new in agriculture, it has just grown exponentially as sensors and wireless technology now provide many more inputs to be analyzed.

For example, on our farm we have been gathering performance testing on our Hereford cattle since 1961 – well before my time. Only now, instead of hand-written notes, that data is in a computer spreadsheet. That's just one example. The really big "big data" sets come from crop production – tractors, chemical applicators, combines, satellites, drones, elevators and the like.

But that is just the start. For example, food security will continue to be a big issue. We can use "big data" for source identification to ensure food security. As we go forward, it will be a big advantage to the companies that can best utilize "big data" to meet that consumer desire for food security. It also lends itself to "source identification" and the soil-to-fork initiative.

Another thing we're going to see in the next five years is precision agriculture becoming more precise—different types of seeds and chemicals being utilized because you know more about the soil and the historic production of it, using ground radar

technology to look down deeper into the soil and understanding it. I don't think the drones are going to take over farming operations, but I think it's indicative of people looking into ways to automate and for ways to better understand the field.

I am optimistic, but we have real concerns about government regulations in the next five years as well.

Petersen: Nick, what do you see in your crystal ball?

Warren: I am going to echo a lot of what has been said. You're exactly right, Bob. Technology is going to continue to enhance everything. Not long ago, farmers operated without enhancements like GPS or access to the information that is at their fingertips today.

You have to extrapolate that out for the next 10 to 20 years in areas that Jay touched on in terms of precision agriculture. We work with equipment manufacturers who talk about having the technology to use drones that could fly over fields mapping out what kind of weeds are present in specific areas and spraying the needed chemicals as they move across the field. That, for example, is a significant amount of advancement in a relatively short period of time.

Petersen: Let's talk about consolidation for a minute. Consolidation has been part of agriculture since the beginning of time. It accelerates, levels out and then accelerates again.

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Is it going to continue, and if so, is it good or bad?

Felton: You will likely continue to see additional consolidation of ag companies under the current application of the antitrust laws in the United States. This opens up new opportunities for startup companies. I'm seeing a new wave of startup companies. A lot of them are coming out of incubators based on university campuses or affiliated with researchers in the KCADC's Animal Health Corridor. That's really exciting because the bigger the company, the more focused it becomes on the macro issues, which leaves opportunities for the smaller companies.

This trend will involve United States companies as well as continued interest from companies outside the United States acquiring major agriculture companies within the United States. That's a smart move. They aren't necessarily going to move the company, but they are going to use its tech and know-how and take it and utilize it across the globe. I think that's just part of being part of a global industry. I don't think any of us are afraid of a global industry as long as we have fair rules to play by—an even playing field.

Petersen: Consolidation from where you sit, Nick?

Warren: There's two ways to look at it. It's going to continue to be a challenge for some and, to Jay's point, an opportunity for others. As the big get



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bigger at the top, niche opportunities are created for folks to start businesses. That's where Kansas City has an opportunity to be a driving force and hopefully foster a lot of that innovation with the Animal Health Corridor and the universities.

Consolidation is not going to change. You're going to see it at the agribusiness level. My guess is that you are going to continue to see it at the production level as well. The number of farms is going

to continue to shrink. I'm talking about grain more than anything else here. And the efficiencies are going to continue. Fewer people are going to farm more and more of the acres.

Petersen: Consolidation is inevitable, Bob, isn't it?

Thompson: It is. But I don't think it needs to be feared. It's continuation of a process that started with the Industrial Age. There are great opportunities.

The local food market and the whole local food industry are not just a niche industry. What's old is becoming new again and local food production is developing and thriving. I don't think that consolidation is going to slow on the commodity end of it. But there's also a thriving industry on the other end.

Petersen: Let's look at challenges facing the industry. What are the top challenges that you see in your sector?

Mackey: Oversight, government regulation. Actually, we just completed a nine-stop listening tour in the United States where we talked to our members about issues with regulations. We had 200 markets participate. Oversight was the No. 1 challenge, and specifically, the issue of payment. Prompt payment is the No. 1 concern for our members. The Grain Inspection, Packers and Stockyards Act, our oversight, was drafted in 1921 and is out-dated per the way business is done today. It has been a challenge to work with a government agency that is not willing to dig in to the weeds to address the inadequacies of the regulations.

But we're taking on that challenge. In fact, LMA has had two Washington D.C. Fly Ins in the last six months. We actually have industry partners now who are aligned with us on making some of these changes.

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Petersen: Are your policy makers receptive? Do they listen to you?

Mackey: As a matter of fact, they hear us. Our members participate in the D.C. Fly In, and articulate their thoughts very well. They are respected. We get face time with their congressmen and we're getting traction. We will be proposing legislation this spring on some of the issues that were identified during our nine listening sessions.

Petersen: We are very fortunate in Kansas and Missouri in the representatives we have in Congress. A lot of them have a long history with agriculture. Most of them have an open door.

Mackey: Another issue with payment is the postal service, especially in rural America. The postal service is affecting how our members receive money. This is one of the issues with oversight. Existing regulations do not recognize modern banking practices, such as wire transfers and ACH payments. Sounds pretty simple, but it's not. It's not simple when you go to Washington, D.C. and try to make changes. Post offices are being closed, especially in the western region. It's difficult for producers to get the check and for our members to get the money back from them when livestock is purchased.

Warren: It's interesting you pointed that out. Most people in production agriculture want to hold a physical check, and I think it's an emotional deal for them. It's one of the few industries where paper checks still dominate.

Petersen: You're right. If you are in the cattle business and you're taking cattle to market, there's an emotional attachment to picking up that check.

Mackey: That's the problem. Markets are paying the livestock consignor that day. We are required by regulation to pay them by close of the next business day. So markets issue checks. But on the other end, in some situations, the farmer or rancher doesn't come in and buy all their livestock anymore. They may use an order buyer. He may be buying online or by video. The producer is going to mail a check. The market then has a check going out to the consignor but doesn't have the money coming in for payment yet. The market has just become a banker.

Petersen: Good point. Jay, what do you see as challenges looking into the future?

Felton: I love this industry. I feel fortunate to be part of it, to have grown up in it and to still be in it as a farmer and as a practicing attorney. We talked about commodity price fluctuation. That's a concern, not just in crops and livestock but also energy.

The trade issue we talked about earlier. We doubled our exports from 2006 to 2014. That's pretty frothy—are we going to be able to keep that up?

Regulatory uncertainty is an issue for my clients. If you give us regulations and you apply them consistently, then we can adjust our business plan accordingly. But when the regulations or their application change dramatically then it puts everyone in a lurch.

For example, the EPA has proposed a rule expanding the definition of the term "waters of the United States" that would dramatically expand the Clean Water Act. It was recently blocked from going into effect by the United States Court of Appeals for the Sixth Circuit. Now everyone is looking at each other saying, "What's the law really going to be?" It creates uncertainty.

Another example, Vermont has a GMO food labeling law that goes into effect July 1 requiring food companies to have "produced with genetic engineering" on product labels if the product has or could have GMOs in it. There are plaintiffs lawyers just waiting for that law to go in effect, because as soon as somebody sells a product that is not properly labeled, they are going to file a lawsuit. It creates a chilling effect on the industry and that concerns me. Give us consistent regulations and consistent applications of them—that is what we need in agriculture.

The last one is a bully pulpit issue for me. We have about 2 percent of the people in this country involved in production agriculture, but 100 percent of the people eat. We have a disconnect between our producers and our consumers. In Kansas City, you can find lots of people who were involved with agriculture within a generation or two. But as you go farther and farther from the Corn Belt, people get farther and farther away from its production.

We owe it to ourselves as an industry to come together and unite to do a better job of explaining what a great industry agriculture is and how agriculture has done a fantastic job in

this country of innovating and creating food to feed this country and the world. We need to be proud and positive about it. We can't continue to ignore the disconnect between consumers and producers. And we as the agriculture industry have to address that head-on.

Warren: There is a huge education piece—with policy makers and the general public. The Vermont regulation is an example. One state draws a line in the sand and a number of large food manufacturers have said we're just going to go ahead and do this throughout the country. We are not going to try to label specifically for one state.

You have consumers demanding transparency and education. Large retailers dictate back to the beginning of the food chain how they want information to be shared and gathered so that they can distribute that to their consumers. When you have to make quick shifts in your business it would be helpful to have consistent regulations so that you can appropriately manage around those adjustments.

Petersen: Bob, what are their key challenges you see facing agriculture?

Thompson: The key challenges facing agriculture are not necessarily any different than those facing any other industry—it's managing capital; it's managing people; it's looking for opportunities. A lot of new capital is coming into the industry, which is very exciting. There are a lot of opportunities.

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Petersen: Building on that, what advice would you give companies on how to best position themselves to deal with the changes coming in agriculture?

Thompson: A strong balance sheet and good people will get a company through the challenges created by cyclical markets. One area that is particularly interesting to me is trade with Mexico. Twenty-some years into NAFTA, the relationship between the two countries continues to grow and evolve, and Mexico will always be one of our leading trade partners because of the geographic proximity.

Petersen: Let's talk about that a little bit because people probably don't realize that the heartland stands to be among the largest beneficiaries of NAFTA and free trade.

Thompson: One of our local grain companies is the largest, or one of the largest, exporters of grain to Mexico. The change in COOL (Country-of-Origin Labeling) will bring more cattle produced in Mexico into the United States just at the very time we increase our cycle numbers. It will add dynamics to the cattle prices and cattle markets. There's a lot of opportunity if Mexico starts to stabilize its violence problem and drug problem,

Petersen: Basic infrastructure helps us a lot, too. We're home to the Kansas City Southern Railway whose franchise is a wonderful trade conduit to Mexico. Mark, what would you do to position your company or your sector to take advantage of these opportunities?

Mackey: Businesses need to align with their professional trade association. They need to get involved, participate, and share their thoughts to be heard. Participate in focus groups when asked. Reach out to your organizations.

Petersen: Jay, what should the country be doing to position itself for the future? Nick, what thoughts would you have as a company tries to position itself for the future?

Felton: I'll go macro and then I'll go micro. Macro: The key to play in ag is you've got to play a long game. It's not a quick-in-and-quick-out-type industry. You have to know your market and your competitors. The people who swerve in and out of the ag market are not going to enjoy their experience. If you get in and follow what Mark said, affiliate yourself with good groups and organizations, get to understand the market, competition and the ultimate consumer of your product, you can have a really good run. There is more capital coming into ag. It's part of diversification.

Going micro, to my law firm: We realized, several years ago, that we had a great group of ag clients and we had partners who did everything across the board for them and across the country from Boston to Los Angeles. But we were not doing as good a job as we should of getting together and sharing that knowledge. So we formed an ag industry group. I chair it, and once a month we meet in person and on the video screens to talk about agriculture.

We talk about our ag clients. We talk about intellectual property issues. We talk about regulatory issues. We talk about corporate merger and acquisition issues. We talk about regulations. We

“Not only is the producer aging, but the leadership in this city is aging. How do we fill that void? Finding these people is my biggest challenge at LMA. Millennials are finding Kansas City attractive. It's a vibrant city; they want to come here. We have a lot to offer. We have organizations, like the Agriculture Future of America (AFA) and the American Royal, that are fostering that, and we need to support them as well.”

MARK MACKEY, Chief Executive Officer, Livestock Marketing Association

talk about governmental relations because that's a big part of what we do. We talk about what is happening now and trends to come and what we learn from our clients. Our whole firm is focused outward to put boots on the ground to make sure we know our clients and their businesses —whether that's in a laboratory, a production facility, a distribution facility or in field, whether it's in the United States or Mexico or Canada.

Warren: Find good partners. Find people who are going to add value and add perspective to your business. That's easier to do for a large company and a lot more difficult for an individual producer. Find a lender who understands your business, not just for one year but for multiple years. Find someone who is going to give you good legal advice. Find trade associations for current information. Hire good people, people who bring a lot of different perspectives, and do everything you can to keep them.

Mackey: The impending turnover in leadership is a concern. Within our organization, 30 percent of our staff will be retiring in the next five years.

Petersen: The workforce is aging.

Mackey: Not only is the producer aging, but the leadership in this city is aging. How do we fill that void? Finding these people is my biggest challenge at LMA. Millennials are finding Kansas City attractive. It's a vibrant city; they want to come here. We have a lot to offer. We have organizations, like the Agriculture Future of America (AFA) and the American Royal, that are fostering that, and we need to support them as well.

Thompson: I am always amazed in terms of our practice how many of our Midwest-based agriculture clients use our international offices. It's counterintuitive to me that our Paris office would have some important agriculture clients, but they do. And in Singapore and China, those offices are active with the agriculture industry. Asia is a big market for Midwest-based ag companies and that is going to continue to grow because not only is this area a source of supply of raw materials, it is also a source of intellectual capital for companies doing business in the agriculture industry.

Warren: Agribusiness is part of it, but it has to be a broad-based effort to make the city a magnet for younger people. All the policies with all the cities involved in our region have to come together as one to bring bright people here who want to get involved in this industry.

Petersen: The Animal Health Corridor is one of the most successful branding efforts I have

seen in my 15-plus years in Kansas City. It has really focused people's attention on the animal health industry and what we have going on in this corridor.

Felton: I've been involved in the KCADC's Animal Health Corridor annual Homecoming event held in Kansas City every August for a number of years, and its expansion has been phenomenal and continues to get bigger and bigger. Part of that event is the KC Animal Health Investment Forum that has ag tech companies present ag tech ideas from all over the globe in an open competition. And investment bankers from all over the country are there to listen to these ag tech innovations. It's a great thing for Kansas City, and it's a live infomercial for this region for everyone who attends it.

Continuing to build on that and to be loud and proud about our agriculture heritage and about our agriculture future are important. We also need to define the industry more broadly. Modern agriculture is not just growing corn and driving cattle. We really need to work hard with the soil-to-fork movement, to grow tech jobs and tech innovation in agriculture and to look at the niche markets that are out there for our products.

We also need to look at the data jobs that exist. Many people involved in agriculture every day probably will never be on a farm. But that's OK. And there are great opportunities if we are willing to develop them. When you go knock on an ag company's door to say come to Kansas City, most of the people have already been here because of all the great events and because of the great history we have here. I don't want to take that for granted.

Petersen: Bob, how do we grow agriculture in this region?

Warren: One of the biggest challenges we have with economic development is the perception that if one side wins, another side loses. The Animal Health Corridor has done a good job in saying it's a net winner for everybody—the whole region. You hope that brings a lot of young bright people who may be the next entrepreneurs for the city and can really make a big difference.

Petersen: Mark, thoughts on growing agriculture in the region?

Thompson: We embrace it. Sometimes, we hesitate to embrace our rural heritage. Denver embraces its western heritage in a way that I think Kansas City has missed embracing its agricultural heritage. The Animal Health Corridor is an example of what can happen when we do embrace it. As Mark said, five of the six top local companies

by gross revenue are agriculture based. I suspect that not many people could identify those people who lead those companies. I would embrace the industry, and I think the future is bright if we do.

Mackey: We just heard it. The last thing that Bob mentioned is a fact. The leaders of those five top-producing companies are humble people who don't tell their story. The company on the cover of the *Kansas City Business Journal* recently is a good example.

Warren: Bob's point is exactly right about embracing agriculture and how much agriculture does. It's a huge opportunity for this region.

Petersen: As we wrap up, let me reflect. We've touched on many good and positive things happening in Kansas City's agricultural economy. We are the beneficiary of wonderful infrastructure that began with the rivers and now includes a great rail network and wonderful interstate highways.

We also have wonderful institutions that have helped build this economy. One of our modern-day institutions, AFA, is helping recognize and build human capital for the future. I attended one of their events recently at the Agriculture Hall of Fame. They had 80 youngsters from 15 colleges from throughout the country there for an animal health industry seminar. And more than 20 area businesses were there. It's just reinvigorating to see what AFA and their leadership are doing in this area.

Kansas City is fortunate to have the American Royal, one of our most important heritage events. It is celebrating its 117th year. And in this day and age, we lose track of the million dollars that the American Royal spends every year towards this mission—much of that going to educational programs for youngsters. It is a tremendous vehicle of growth and a tremendous economic engine for this area.

Felton: I couldn't agree more. My great-grandfather judged the 1927 livestock show of the American Royal. I have his livestock judging pin in my office to help me keep my perspective on what was important to him almost 100 years ago and how important agriculture remains to us all today.

Petersen: Bob, did you go down with your grandpa here to bring cattle to the stockyards?

Thompson: I remember getting up in the middle of the night. My mother would make a thermos of coffee for my dad and hot chocolate for us. And we would bring a truck load of fat cattle to the stockyards.

Petersen: Mark, I am sure your family did the same thing.

Mackey: Absolutely. For a real treat, we came to the stockyard. We couldn't afford going to the Golden Ox, so we drove around back to the ass of the ox.

Petersen: And the moral of this wonderful history: Agriculture helped make Kansas City what it is today. There are many reasons to be optimistic for the future. And this history is the building block for the future growth happening all around us.



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