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CFTC Chairman Announces Rule Change at NGFA Convention; 'Residual-Interest' Fix Removes Threat of Pre-Funding Hedge Accounts

[By Todd Kemp, Vice President of Marketing and Treasurer](#)

In his March 17 address to the NGFA annual convention, Chairman Timothy Massad of the Commodity Futures Trading Commission (CFTC) announced approval of a final rule sought by the NGFA and agricultural and agribusiness hedgers. The rule rolls back a previous regulation approved by CFTC that raised the specter of pre-funding futures commission merchant (FCM) hedge accounts and potentially putting more futures customer money at risk.

Known as the "residual-interest" provision of a larger customer-protection rule put in place in 2013, the CFTC's original regulation would have moved the time at which FCMs perform their calculation to determine if sufficient funds are in hedge accounts to the morning of the day following a futures trade. FCMs had warned that if the provision went into effect as scheduled, they likely would have been compelled to require pre-funding of variation margin up front – potentially doubling the amount of customer funds held by FCMs. The NGFA led a large and diverse coalition of agriculture-related national organizations in opposition to the rule.

Following his confirmation in August 2014, Massad and fellow commissioners identified the residual-interest provision as one that should be eased to prevent financial hardship, especially on farmers, ranchers and smaller commercial hedgers. The new rule, proposed in November 2014, fixes the time of the residual interest calculation at 6 p.m. the day following the trade and likely removes any need for pre-margining. The NGFA strongly supports the change and applauds the Commission's recognition of the need for such a revision.

For additional information, see the [CFTC announcement](#), and the [text of Chairman Massad's speech](#) at the NGFA convention.

Arbitration Decisions

- [Case No. 2700](#) – Guinn Trading (Brush Prairie, WA) v. Hollifield Ranches, Inc. (Hansen, ID)
- [Case No. 2706](#) – AgVentures NW, LLC (Odessa, WA) v. Shafer Commodities, Inc. (Vancouver, B.C.)

These and all NGFA Arbitration Committee decisions and default judgments are accessible at ngfa.org/decisions.

NGFA Adopts Changes to NGFA Arbitration Rules and NGFA Trade Rules

[By Charlie Delacruz, Vice President, General Counsel and Secretary](#)

NGFA's membership and Board of Directors adopted several changes to the Association's Arbitration Rules and Trade Rules, during the annual convention.

First, the membership ratified a set of amendments during the annual business meeting on March 17, which involved a major overhaul of the NGFA Arbitration Rules. The Board of Directors approved these amendments last year based upon the recommendation of the NGFA Arbitration Appeals Panel, which directed this initiative with the goal of a comprehensive restructuring and overall improvements in the rules to:

- Simplify the terms and improve consistency, clarity and organization.
- Provide for broader understanding for members and nonmembers.
- Replace cumbersome, redundant and outdated terms and provisions.
- Provide a more concise, streamlined document, which follows a more logical, sequential pattern.

The membership also ratified a second set of amendments during the annual business meeting, which involved changes to provisions in NGFA's Grain Trade Rules, Feed Trade Rules and Barge Trade Rules that refer to trading "Bills of Lading." The Board of Directors approved these amendments last year based upon the recommendation of the NGFA Trade Rules Committee following a review by a broad-based task force that sought to clarify the intent of the rules and incorporate developments in uses and terminology related in particular to order bills of lading.

Meanwhile, the membership ratified a third set of amendments, which involved changes to Barge Freight Trading Rule 18(J) that provides for the annual "opening of the mid-Mississippi" by a special three-person NGFA committee. The Board of Directors approved these amendments last year based upon the recommendation of the NGFA Trade Rules Committee to further clarify how the opening of the river is triggered by the "first empty dry cargo covered barge" to reach Dubuque, Iowa, which originated at or below Winfield, Mo.

The Board of Directors approved changes to the NGFA Arbitration Rules during its meeting on March 17, which involved the arbitration service fees that are assessed to each party at the outset of a case. These changes

Upcoming NGFA Events

- May 4-5 Trade Rules Seminar**
St. Louis, Mo.
Hilton St. Louis Airport

[Register online](#)
Early Bird End April 3
- July 28-30 NGFA/Grain Journal Elevator Design Conference**
Kansas City, Mo.
Sheraton at Crown Center

Registration opens soon
- Aug 4-5 Ag Transportation Summit**
Chicago, Ill.
Westin O'Hare

Registration opens soon
- Sept 13-14 Board Meeting**
Napa, Calif.
The Meritage Resort

Save the Date
- Sept 29-30 Feed and Pet Food Joint Conference**
Columbus, Ohio
Hyatt Columbus

Save the Date
- Dec 6-8 Country Elevator Conference and Trade Show**
Kansas City, Mo.
Sheraton at Crown Center

Save the Date

For a full listing of events, go to
ngfa.org/events

were recommended by the NGFA Arbitration Appeals Panel following an in-depth review that incorporated numerous factors including:

- 1) The overreaching goal of keeping arbitration services affordable for all potential users;
- 2) Recognition that it had been more than 10 years when the fees were last adjusted such that an overall increase was appropriate to capture increased costs to the Association, including an increase of the minimum and maximum amounts that apply; and
- 3) The appeal of implementing a fee based upon the claim amount that uses a simpler flat-percentage approach basis versus the current multi-tiered approach that applies different percentages and different base amounts depending on the amount of the claim.

The Board of Directors also approved changes to the NGFA Barge Trade Rules that refer to "CBOT Open Auction (pit) Trading." These amendments were recommended by the NGFA Trade Rules Committee given the CME Group's recent decision to eliminate that form of trading.

The Board of Directors further approved changes to NGFA Feed Trade Rule 13 [Rail Notice and Billing Instructions]. The NGFA Trade Rules Committee recommended these amendments based on an extensive review by the NGFA Feed Trade Rules Subcommittee in recognition that the rail car application process under the rule was cumbersome, inefficient and no longer reflective of trade practice.

Pursuant to NGFA's bylaws, the three sets of amendments to the NGFA Arbitration Rules and Trade Rules, which the general membership ratified, became effective after the Board of Directors approved them last year. See [documents for more information](#).

The three sets of newly approved changes by the Board to the Arbitration Rules and Trade Rules become effective 30 days after the date of adoption (April 16, 2015), and they will be subject to ratification by the general membership at the next annual meeting in March 2016. See [documents for more information](#).

Thune, Nelson Introduce Bipartisan Rail Reform Legislation; Senate Committee Consideration Likely This Week

[By Randy Gordon, President](#)

Bipartisan rail legislation that would reauthorize the federal Surface Transportation Board (STB) and give it new powers to launch its own investigations of freight rail practices has been introduced in the Senate.

The bill (S. 808) was introduced on March 19 by Senate Commerce, Science and Transportation Committee Chairman John Thune, R-S.D., and ranking member Sen. Bill Nelson, R-Fla., and may be considered by the full committee as early as March 25.

The [NGFA issued a statement commending](#) introduction of the bill, and pledging to work with the Senate cosponsors to secure enactment in the current Congress. In addition, NGFA Director of Legislative and Public Affairs Jared Hill organized and spearheaded a three-day blitz of visits by agricultural producer and agribusiness organizations that concluded March 23 to the offices of 20 senators who serve on the Senate Commerce, Science and Transportation to express support for the bill's early consideration.

In NGFA's statement, NGFA President Randy Gordon noted the important reforms the bill would make in how the STB operates and oversees the nation's freight rail system. "The STB needs to have the right tools to provide the necessary oversight of the freight rail system," Gordon said. "That is what was envisioned when the Staggers Rail Act was enacted in 1980, and is even more important today given the regional duopolies that now exist in the structure of the U.S. freight rail network. This legislation goes a long way to improving and strengthening the STB so it can carry out its statutory duties and provide the meaningful and safeguards intended under existing law."

The legislation is modeled after a similar bill (S. 2777) introduced last year by Thune and then-Sen. Jay Rockefeller, D-W.Va., who chaired the committee prior to retiring before the fall election in which Republicans took control of the Senate. That version of the bill was approved by the Senate Commerce, Science and Transportation Committee, but was not acted upon on the Senate floor or in the House.

While the core elements of this year's bill remain consistent with the previous version, a number of changes were made by the Senate cosponsors in an effort to improve its chances of consideration in the House and ultimate

passage on the floors of both chambers. A good example is the new bill's provisions granting the STB the power to initiate investigations of freight rail practices on its own accord rather than first requiring a shipper to file a formal complaint with the agency, which now contains the following limitations on the agency's process for doing so:

- An investigation could be launched only on issues having national or regional significance. However, unlike last year's bill, an investigation of rail rates is not precluded under the new bill.
- A 30-day advance notice would be required to parties under investigation.
- Parties under investigation would be allowed to file a written statement on the matter being investigated.
- Make available to parties under investigation, as well as to STB commissioners, any recommendations and a summary of the findings.
- Dismiss any investigations that are not concluded by the STB "with administrative finality" within one year after being launched.
- Apply any remedy for a violation that is discovered through such an investigation only prospectively, not retroactively.
- Within 90 days of receiving the findings or recommendations of an investigation, either dismiss the investigation or initiate a formal STB proceeding to determine whether a violation of the underlying statute has occurred.
- Any party subject to an investigation against which a violation is found could initiate a de novo review by a U.S. appeals court within 60 days after the STB's decision.

The bill does retain several other important reforms modeled after the previous version, including the following:

- A requirement that the STB retain one or more streamlined processes for considering unreasonable rail rate cases in which the full stand-alone cost method is too costly, given the value of the rate case. Unlike last year's bill, this year's version specifically recognizes there may be more than one streamlined rate-complaint process, which is important given the agency's

current consideration of a new rate-complaint process for captive shippers of agricultural commodities proposed by NGFA.

- Requirements that the STB issue various reports to Congress (and, in most cases, to the public via its website). These include: 1) an annual report on its activities, including each instance in which it initiates an investigation on its own authority; 2) quarterly reports of pending or completed rail rate review cases; 3) quarterly reports of formal and informal service complaints received by the agency (including the type, geographic origin and resolution of each complaint); and 4) quarterly reports on the status of unfinished STB regulatory proceedings.
- Expand the STB from three to five members, and enable individual STB members to converse and otherwise communicate about pending proceedings and issues to provide for a more informed and deliberative process. Currently, because there are only three STB members, any two members cannot communicate directly with each other on pending matters unless a public meeting is called.
- Establish a voluntary arbitration process for resolving disputes involving rail rates, charges, rules and practices. The arbitration process would be available only if the rail carrier has market dominance (as defined under the Staggers Rail Act of 1980), and the relevant parties involved voluntarily opt-in. Further, the STB arbitration process could not be used for issues having industrywide applicability, labor-protective conditions, or disputes solely between two or more railroads. Monetary relief would be capped at \$2 million for disputes involving rail practices, and \$25 million for rail rate damages.

In addition, the congressional Government Accountability Office (GAO) would be required to conduct a study reviewing rail contract proposals containing rail movements involving multiple origin-destination pairs.

The NGFA will continue to keep members informed as the bill moves through the legislative process.

Before diving into annual convention programming, NGFA conducted its annual business meeting – including electing Board members and re-electing its industry officers to a second one-year term.



Board of Directors Members Elected; Executive Committee Re-Elected

NGFA members re-elected Gary Beachner, president and chief executive officer of Beachner Grain Inc. in Parsons, Kan., as the association's industry chairman during the 119th annual convention conducted March 15-17 in San Antonio, Texas.

Beachner is the 65th industry leader to serve at the helm of the NGFA. He also serves on the NGFA's Board of Directors and Executive Committee, and previously served a two-year term as second vice chairman.

Also, re-elected as NGFA's new first vice chairman was John Heck, senior vice president for business development at The Scoular Company, Omaha, Neb., and second vice chairman Eric Wilkey, president of Arizona Grain Inc., Casa Grande, Ariz.

In addition, NGFA members elected the following industry members to serve three-year terms on the organization's Board of Directors:

- **Keith Bailey**, Chief Executive Officer, AgVentures NW LLC, Odessa, Wash.
- **JoAnn Brouillette**, Partner, Demeter LP, Fowler, Ind.
- **Sharon Clark**, Senior Vice President, Transportation and Regulatory Affairs, Perdue Agribusiness Inc., Salisbury, Md.
- **Jim Moore**, Vice President, Feed Division, Southern States Cooperative Inc., Richmond, Va.
- **Chad Nagel**, Manager of Trading, Nagel Farm Service, Wye Mills, Md.

- **Carl Schwinke**, Vice President, Grain Supply, Siemer Milling Co., Teutopolis, Ill.
- **Benjamin Smith**, Managing Director, Attebury Grain LLC, Amarillo, Texas

One new nominee also was elected to serve a one-year term: **Mitch Dawson**, Director of Grain Operations, MFA Inc., Columbia, Mo.

Further, the following were re-elected to serve an additional three-year term on the Board:

- **David Baudler**, President, Cargill AgHorizons, Cargill Inc., Wayzata, Minn.
- **Jerry Cope**, Vice President, Marketing, Dakota Mill & Grain Inc., Rapid City, S.D.
- **Tom Coyle**, General Manager, Nidera U.S. LLC, Chicago, Ill.
- **Bill Krueger**, President, Lansing Trade Group, Overland Park, Kan.
- **Dan Mack**, Vice President, Transportation, CHS Inc., St. Paul, Minn.
- **Don Woodburn**, Senior Director of Marketing, Ag Processing Inc., Omaha, Neb.
- **Will Waters**, Principal and Vice President, Harris-Crane Inc., Clinton, N.C.

Finally, NGFA thanked the flowing Board members whose terms of service expired following convention.

- **Joe Christopher**, Senior Grain Manager, Crossroads Cooperative Association, Sidney, Neb.
- **Charles Colbert**, Senior Vice President and Chief Trading Officer, Zen-noh Grain Corp., Covington, La.
- **Larry Hammond**, President and Chief Executive Officer, Trupointe Cooperative Inc., Piqua, Ohio
- **Charles Heuring**, Corn Merchandiser, Penny-Newman Grain Co. Inc., Fresno, Calif.
- **Robert Jones**, Senior Vice President, ABN AMRO Clearing Chicago LLC, Chicago, Ill.
- **Art Loeffler**, President and Treasurer, Star of the West Milling Co., Frankenmuth, Mich.
- **Duane Madoerin**, Merchandising Manager, Gold Eagle Cooperative, Goldfield, Iowa
- **Steve Young**, Grain Merchandiser, Grainland Cooperative, Holyoke, Colo.



NGFA Chairman Gary Beachner, President and Chief Executive Officer, Beachner Grain Inc., Parsons, Kan., presents “Innovation in an Interconnected World” in his chairman’s address.

Chairman’s Address: ‘Innovation in an Interconnected World’

By Gary Beachner, President and Chief Executive Officer, Beachner Grain Inc., Parsons, Kan.

Editor’s note: Below is a transcript of Beachner’s address before the 119th NGFA Annual Convention in San Antonio, Texas, March 16. The [accompanying presentation](#) also is available.

Let me begin by thanking you for the honor of serving for the past year as chairman of our industry’s preeminent national trade association. The experience of serving in this role for such a respected and high-caliber organization has been exciting and rewarding.

Every once in a while, it’s good – from both a personal and business perspective – to step back and take stock of how far we’ve come in just the last few years.

As an industry, if I’d told you at the start of this century – a mere 15 years ago – that U.S. grain and oilseed production would increase by 32 percent, who here would have believed me?

Who back in the year 2000 would have conceived that ethanol production would have exploded from 1.6 billion gallons to more than 14 billion gallons today?

Who would have thought that average U.S. corn yields would have trended upward from 137 bushels per acre in 2000 to more than 170 bushels an acre today? And average U.S. soybean yields would have gone from 38 to 48 bushels an acre?

Who could have fathomed that demand for grain and grain products over the last 15 years – whether it be for food, feed, seed or industrial uses – would have increased by 27 percent. And that this growth would have occurred despite a doubling in commodity prices.

Who could have foreseen that gross domestic product worldwide would have more than doubled – from \$49 trillion 15 years ago to \$107 trillion today – with China’s economy nearly equaling that of the United States? And that world population would have grown by 1 billion souls – to 7 billion – in just 15 years, on its way to a projected 9.2 billion mouths to feed by 2050?

Little wonder, then, that our industry and U.S. agriculture as a whole have enjoyed an unprecedented period of rapid growth and success. Huge amounts of new outside capital investment have flooded into agriculture. Substantial

investments have been made to enhance production, storage, handling, processing and transportation capacity. There still is abundant available capital searching for a home in our industry – chasing the opportunity that agriculture provides. And overall, our industry is in the best financial shape it has ever been.

Indeed, “Agriculture is Sexy Again!” How does that make you feel?

So, the question becomes: How do we build on this renaissance and sense of excitement in U.S. agriculture and in our industry?

I would submit that our convention theme – “Innovation in an Interconnected World” – captures the essence of what will be required.

As an organization, which, like its member companies, is grounded in the principles of free enterprise and free markets, the NGFA embraces innovations that must surely happen if U.S. agriculture is to continue to grow and be competitive. But our industry knows better than most that such an outcome depends on two-way trade and protecting access to world consumers in an interconnected, global economy.

As Spiderman might say, “with great innovation comes great responsibility.” In the competitive world marketplace in which our industry operates, perhaps the biggest example of this truism is crop biotechnology.

The NGFA supports agricultural biotechnology and other scientific and technological innovations that contribute to increased, sustainable production of an abundant, safe and high-quality food and feed supply for U.S. and world consumers. But consistent with its Mission Statement, the NGFA also supports the right of buyers and customers to exercise choice and preferences when purchasing agricultural commodities and products.

The NGFA and its Biotechnology Committee have expended a tremendous amount of time and effort over the last two-plus years in a broad-based group known as the U.S. Biotech Crops Alliance in trying to chart a better course when it comes to commercializing new biotech-enhanced crops. This group was formed by six organizations – NGFA, American Soybean Association, National Corn Growers Association, Biotechnology Industry Organization, American Seed Trade Association and our colleagues at the North American Export Grain Association.

The goal had been to develop industry standards or best practices to which the value chain would commit in an effort to prevent the kind of export market-related disruptions we’ve seen with certain biotech traits in the past few years.



At NGFA's annual convention, the association went beyond biotechnology to look at what is next in the industry. For that, Dr. Tom Koch, vice president of research at AgReliant Genetics in Westfield, Ind., addressed how, for example, biotechnology is being used in products for insect and weed control – rather than the plant. ([Presentation.](#))

The group also had focused on preventing potential domestic market disruptions that could result if a biotech crop with functionally different output traits becomes commingled in the general commodity stream at levels that alter the nutritional or compositional characteristics of a food or feed. Nine other national producer and agribusiness organizations subsequently joined the dialogue.

But just last month, we were notified by BIO that its member companies could not, as a collective group, agree to the concept of developing a process for determining and assessing responsibility for actual economic damage that occurs if a biotech trait becomes present at levels that cause market disruptions.

For our industry, that was the brass ring that tied all other elements of this value-chain dialogue together.

The NGFA and several other organizations involved in this U.S. Biotech Crops Alliance now are recalibrating, and hope to engage in more productive one-on-one discussions with individual biotech owners and developers to determine if it's possible to chart a more productive path forward.

But to do so, NGFA believes we need to change the dangerous mindset that exists among too many biotechnology companies and farmer-customers who believe that market access for U.S. grains and oilseeds in the zero-tolerance marketplace in which we operate is of secondary importance compared to their desire to commercialize and have access to new traits. NGFA understands the need to strike a proper balance between these two competing goals. And we believe that sufficiently robust stewardship plans and accountability for risk responsibility can – and should be – part and parcel in achieving such an outcome. Simply put, we need to work together as a value chain to get to a better place.

Let me turn now to several other policy priorities on which the NGFA is playing the leadership role in trying to create a better business environment in which our industry and U.S. agriculture can compete and grow.

Concerning transportation, the NGFA continues its high level of activity on rail and inland waterways issues, and is becoming increasingly active on truck transportation issues.

On rail, our Rail Shipper/Receiver Committee was influential in successfully urging the Surface Transportation Board to require Class I rail carriers to publicly report service performance metrics following the degradation in service that occurred during the 2013-14 period. Most recently, we urged the STB to make such data reporting permanent, and identified additional service

metrics that would be useful for shippers in better managing rail-dependent businesses in a more market-based and anticipatory fashion. Such reporting also makes carriers more accountable to shippers and policymakers alike.

We're also working with Senator John Thune of South Dakota to encourage congressional passage this year of common-sense rail legislation that would reauthorize the STB, strengthen its transparency and independence, and give it the power to investigate unreasonable rail practices without having to wait for a shipper to file a complaint. ([See related story page 4.](#))

NGFA's long-term goal is to promote a more competitive rail environment while encouraging continued rail investment in needed infrastructure to effectively and efficiently respond to growing demand.

We're also focused on the inland waterways, and worked in partnership with Waterways Council Inc. in securing passage last year of federal legislation authorizing and reforming how the U.S. Army Corps of Engineers reviews and approves needed projects. We also worked with our waterways partners in securing passage of legislation that increased the barge diesel user fee to provide more funding to undertake these projects. But the job is not done, and we continue to work with waterway interests to garner sufficient appropriations to make meaningful progress on our long-neglected waterway infrastructure.



Increasingly, NGFA is focusing on truck transportation. As such, as part of its annual Transportation Open Forum before annual convention, NGFA invited John Runyan, Executive Director Coalition for Transportation Productivity; President, Runyan Public Affairs LLC, Washington, D.C. to address the “Changing the Rules of the Road: Reauthorizing Highway Bill and Prospects for Increasing Truck Weight Limits.” ([Presentation.](#))

NGFA also is becoming increasingly engaged on truck issues, including active participation in a coalition that is urging an increase in federal truck weight limits as part of Congress's consideration of the highway bill.

On the food and feed safety front, the NGFA has completed the arduous process of submitting hundreds of pages of detailed comments to the Food and Drug Administration on a slew of rulemakings implementing the Food Safety Modernization Act – the biggest and most breathtaking expansion of U.S. food safety regulation in more than 70 years.

For country elevators, we believe our efforts will be successful in exempting grain handlers from the law's requirements to conduct hazard analyses and implement preventive controls. And for the feed industry, we believe the extensive interaction with FDA will result a much more practical and achievable set of regulations on current good manufacturing practices and risk-based preventive controls.

Our attention now is turning to plans for developing the guidance and training materials that will be needed by our industry to comply with FDA's final rules, the most significant of which are scheduled to be issued by the end of August, and which will be phased in over the next several years.

Very significantly, NGFA was tapped to chair the Animal Food section of a Food Safety Preventive Control Alliance, a collaboration of federal and state feed regulatory officials, industry representatives and subject matter experts who will be developing standardized, consistent guidance for both inspectors and the regulated industry. That's a real testament to NGFA's leadership on feed issues.

To keep trade flowing, we're also working with our partners at NAEGA on legislation to amend the U.S. Grain Standards Act to create a more reliable, competitive and cost-effective official grain inspection system. Our top goal is to prevent the kinds of disruptions in official inspection services that plagued the Port of Vancouver, Washington, last year that damaged our country's hard-earned reputation for predictable and reliable official inspection services, which are mandated under U.S. law for export grain.

While on the topic of trade, the NGFA's International Trade and Agricultural Policy Committee is continuing work with other agricultural groups to encourage a successful outcome of negotiations on a new Trans-Pacific Partnership trade agreement involving countries in Southeast Asia, as well as South America.

Meanwhile, in the merchandising arena, NGFA's Risk Management Committee is focused on one last major rulemaking being undertaken by the Commodity Futures Trading Commission to implement the Dodd-Frank law. At issue is the agency's effort to establish speculative position limits for a wide range of different markets, including agricultural commodities.

Our biggest concern is that CFTC's proposed rule would redefine what constitutes a bona fide hedge in a way that would greatly limit commonly used hedging transactions previously considered appropriate in our industry, such as pre-hedging purchases of farmer grain outside of futures exchange trading hours; presetting futures carrying charges to manage spread risk, such as before harvest; and anticipatory hedges placed prior to export tenders.

NGFA is striving to preserve the status quo, so that our businesses can continue to use traditional hedging activities to lay off market risk. We're pleased the CFTC reopened consideration of its original proposed spec limit rule, and hope a partial rewrite will resolve the problem.

Finally, your association continues its proactive education and training outreach to the industry to enhance the safety of our most important assets – our colleagues who work in our facilities.

Our industry – and even more so our farmer-customers – have experienced a



Chairman Timothy Massad, Commodity Futures Trading Commission, Washington, D.C., addressed the convention, and announced the 'residual-interest' fix. ([Related story](#) and [speech transcript](#).)

troubling increase in the number of engulfment incidents occurring in grain bins. We're continuing a series of one-day Regional Grain Handling Safety Seminars in partnership with State and Regional Grain and Feed associations to further disseminate the safety message.

On the education and training front, we also will begin work this year to develop an interactive, web-based educational program on the NGFA's trade rules and arbitration system, as well as the general aspects of grain and feed contracting and trading. This course will supplement our very popular Trading, Trade Rules and Arbitration Seminar that's conducted every-other-year. Don't miss this year's seminar, scheduled for May 4-5 in St. Louis, as well as the other NGFA conferences shown on page 14 of your convention program.

To foster the continued professional development of talented newer folks wanting to pursue a career in our industry, NGFA in December launched a new program for Next Generation Agribusiness Leaders – or "NextGen" for short. It's designed specifically to serve those in the early or middle of their careers on their path to become future leaders in the industry.

Those who participate will benefit in a couple of important ways:

First, you'll have access to ongoing education and training opportunities throughout the year – primarily through webinars and other electronic platforms – on subjects where the NGFA has unique expertise.

The second important benefit of the NextGen Program is relationship-building, helping participants connect with peers who are at a similar stage in their industry careers.

Participation in NextGen is open to any employee of a NGFA-member company in the early or middle of their careers. To get involved, just sign up or drop off your business card at the Registration Desk!

This new "NextGen" Program comes on the heels of another very successful initiative launched in 2013 – a Committee Apprentice Program in which industry members with two to five years of experience are nominated by their companies to serve as non-voting members of NGFA committees. We have with us several of the first class of apprentices, as well as new apprentices beginning their service at this convention. Would you please stand and be recognized? Thanks!

If you have interest in having some of your talented professionals participate in the Committee Apprentice Program, please talk with NGFA staff or me during this convention.

Finally, I would be remiss not to report that your association remains in very strong financial shape and that our membership continues to grow.

But we all know of companies that should be NGFA members, but for some reason aren't. One of those reasons may be because they haven't been invited to join yet.

To rectify that, I encourage you to get active in the NGFA's membership-recruitment efforts. No one knows more about the benefits of NGFA membership than we do! Ask that non-member company to consider joining, and share the reasons why your firm is a member.

As I close, I have one other major challenge for all of us. As industry members, we should – indeed, we must – not wait to react to bad policies that most surely will undermine the very positive future that otherwise lies ahead. We need to engage early and vigorously to lead and help shape policy in important areas that affect commerce and trade.

NGFA is doing that on our behalf in the nation's capital. But not all the battles are fought on Capitol Hill, in our State Houses or in the federal bureaucracy. There is no shortage of good work that needs to be done, and we as responsible industry members can engage and do more "in the trenches" to make sure that more good ideas than bad ones rise to the surface.

As we face the challenges that lie ahead, what we don't need is our own "Alamo Moment," where only a few respond to the call for reinforcements. Let's all commit to getting much more involved! Involved in talking about issues important to our industry with our farmer-customers, civic and community leaders, and, yes, with our individual members of Congress.

Let me close by thanking each of you for your commitment to this organization and the industry, and to our staff for its dedication and extraordinary work on our behalf. The NGFA continues to attract the top talent in the business, which only goes to show that success breeds success.



During the NGFA's 119th Annual Convention, NGFA President Randy Gordon (left) moderates a panel discussion on U.S. waterways during the Transportation Open Forum. Panelists Debra Colbert, Senior Vice President, Waterways Council Inc., Washington, D.C., and Rick Calhoun, Chairman, NGFA Waterborne Commerce Committee, Senior Vice President, Grain and Oilseed Supply; President, Cargo Carriers, Cargill Inc., Minneapolis, Minn., answered questions about the efforts to reconstruct the aging system.

Annual Convention Presentations Available

[By Heather McElrath, Director of Communications](#)

More than 600 industry members and guests recently attend NGFA's 119th Annual Convention in San Antonio, Texas.

Before formal programming kicked off, NGFA's Rail Shipper/Receiver and Waterborne Commerce Committees co-hosted the annual Transportation Open Forum, which featured presentations focusing on key topics facing all three modes – rail, barge and truck. The forum addressed:

- **Changing the Rules of the Road: Reauthorizing Highway Bill and Prospects for Increasing Truck Weight Limits** ([presentation](#))
Speaker: John Runyan, Executive Director, Coalition for Transportation Productivity; President, Runyan Public Affairs LLC, Washington, D.C.
- **Crude by Rail – The Ground Truth** ([presentation](#))
Speaker: Bryan Boaz, Manager Rail Asset Performance, Development and Enterprise Risk Enbridge Energy Partners LP, Houston, Texas
- **Renovating Inland Waterway Locks – What's Next?** (no presentations)
Panelists: Rick Calhoun, Chairman, NGFA Waterborne Commerce Committee, Senior Vice President, Grain and Oilseed Supply; President, Cargo Carriers, Cargill Inc., Minneapolis, Minn., and Debra Colbert, Senior Vice President, Waterways Council Inc., Washington, D.C.

The conference officially began the next day with the Chairman's Address

([related article page 9](#)) by NGFA Chairman Gary Beachner, President, Beachner Grain Inc., Parsons, Kan. George P. Bush, Texas Land Commissioner, Austin, Texas, then provided the keynote address. The conference progressed with a speech from Carl Ice, president and CEO, BNSF Railway Co., Fort Worth, Texas.

The morning concluded with more than 100 attendees participating in the annual Foundation golf tournament. The annual event raises money for the National Grain and Feed Foundation, which supports public education and research projects that benefit the grain, feed and processing industry, enhance the industry's presence to the public, and positions it for future growth. The Foundation, established in 1965, is funded entirely by voluntary corporate and individual contributions.

The next day featured the NGFA's annual business meeting where industry officers were re-elected ([related article page 7](#)), those who have served on NGFA Arbitration panels recognized ([related article page 18](#)), and winners of membership recruiting awards announced ([related article page 18](#)).

Additional sessions looked at:

- **Futures Markets – Change and Innovation** ([speech](#))
Speaker: Chairman Timothy Massad, Commodity Futures Trading Commission, Washington, D.C.
- **The Future of Trade – A Canadian Perspective** (awaiting approval to post presentation)
Speaker: The Honorable Gilles Gauthier, Minister (Economic), Embassy of Canada, Washington, D.C.
- **Beyond Biotechnology – The Next Innovations in Seed Technology**
Speakers: Dr. Tom Koch, Vice President of Research, AgReliant Genetics, Westfield, Ind. ([presentation](#)), and Dr. Marcel Bruins, Secretariat, International Grain Trade Coalition, Geneva, Switzerland ([presentation](#))

The day and the conference concluded with the annual closing Gala and Grain and Feed PAC Auction.

For additional information and the available presentations, go to ngfa.org/annualconvention.

NGFA Recognizes Arbitrators for Their Service

During its recent convention, NGFA recognized the following members for their service as arbitrators whose cases were completed during the past year.

- **Ben Baer**, Livestock Nutrition Center, Memphis, Tenn.
- **Bart R. Banks**, Dakota Mill & Grain, Inc., Rapid City, S.D.
- **Steve Burbrink**, CGB Enterprises Inc., Mandeville, La.
- **Doug Cropp**, Landmark Services Cooperative, Cottage Grove, Wis.
- **Steve Domm**, Fremar LLC/ Central Farmers Cooperative, Marion, S.D.
- **Jim Erickson**, Farmers Win Cooperative, Fredericksburg, Iowa
- **Randy Fardelmann**, Perdue AgriBusiness LLC, Salisbury, Md.
- **Philip Farrell**, Elburn Cooperative Co., Sycamore, Ill.
- **Bob Freese**, Ag Partners Cooperative Inc., Hiawatha, Kan.
- **Cameron Gregg**, Interstate Commodities Inc., Omaha, Neb.
- **Joe Hennen**, Co-op Country Farmers Elevator, Renville, Minn.
- **Craig Kilian**, Watonwan Farm Service Co., Truman, Minn.
- **Lance Kotschwar**, Gavilon Grain LLC, Omaha, Neb.
- **Chad Larson**, Guardian Energy LLC, Janesville, Minn.
- **Ryan McCoy**, CoMark Grain Marketing LLC, Cheney, Kan.
- **Kris Roberts**, Tate and Lyle Ingredients Americas Inc., Decatur, Ill.
- **Bruce Sutherland**, Michigan Agricultural Commodities, Lansing, Mich.
- **Randy Ward**, Pendleton Grain Growers, Pendleton, Ore



Charlie Trauger (right), GlobalView Software, awards Ceres to Tom Wapp, POET Grain, accepts the Ceres award on behalf of POET Nutrition.

NGFA Presents Membership Recruitment Prizes

At its recent annual convention, NGFA recognized membership recruiters' contributions to the association's growth and success. Winners and their prizes were:

Individual Competition

1. **Matt Reiners**, POET Nutrition, Sioux Falls, S.D.
Prize: "Mountain Meanderings," Airfare for two and two nights lodging at the beautiful Hyatt Regency Lake Tahoe, Nev.
2. **Greg Konsor**, Gavilon Grain, Omaha, Neb.
Prize: "Texas Two-Step," Airfare for two and two nights lodging at the new J.W. Marriott in Austin, Texas
3. **Dave Kunken**, Guardian Energy, Janesville, Minn.
Prize: "Windy City Weekend," Airfare for two and two nights lodging at the Marriott Mag Mile in Chicago

Affiliate Competition

- Greatest Percentage Increase: PennAg Industries
- Most Total Points: Kansas Grain and Feed Association

Winners receive an engraved traveling plaque, which the organizations can display for the year.

In addition, the NGFA-member firm with the most total points in the membership recruiting competition was awarded the solid bronze statue of Ceres, Goddess of the Harvest. POET Nutrition was this year's winner; the statue will reside in their office for the coming year.

Annual Convention Photos



Before the convention's closing gala items – such as trips or gift baskets – are on display during a silent auction benefitting NGFA's Grain and Feed PAC. A few items were then live auctioned during the gala.



In addition to the PAC auction, NGFA members had the opportunity to participate in an exclusive morning event that provided insights into the politics in Washington.



Above: Each year, NGFA hosts a "Spouse Event" that unites association families in a bit of fun. In San Antonio, participants enjoyed brunch while painting margarita glasses. Below: The CoBank Welcome reception this year was located in front of the Alamo.



FDA Issues Draft Guidance for Ensuring Safety of Animal Feed Maintained and Fed On-Farm

The U.S. Food and Drug Administration (FDA) on March 19 issued a draft guidance to assist animal producers in ensuring the safety of animal feed that is used on-farm.

The draft guidance titled “[Ensuring Safety of Animal Feed Maintained and Fed On-Farm](#)” outlines practices animal producers may take to identify and prevent feed contaminants that potentially could affect the health of farm animals and the safety of human food derived from the animals. The draft guidance is intended to be applied to feed obtained from commercial suppliers, and to feed products consumed by animals during pasture grazing, pre- or post- harvest grazing, free-range feeding, and forage-crop feeding. However, the draft document does not address on-farm feed manufacturing.

Information provided by FDA in the draft guidance is conveyed using a question-answer format. Questions addressed by FDA include:

- How can I address unacceptable feed risks at my farm?
- What feed safety practices should I follow on my farm?
- What feed safety practices should I follow when I provide pasture, forage, or bedding to my animals?
- What feed safety precautions should I take in animal feeding?
- What feed safety precautions should I take in intensive animal feeding units?
- What should I consider when I use pesticides, fertilizers and other agricultural chemicals?
- What are the feed safety considerations in labeling?
- What are the other feed safety considerations on my farm?
- What feed safety factors are important in personnel training?
- What actions assist in identifying the origins of feed?
- If I want to have a feed sample analyzed, what should I keep in mind?
- What should I do if I have concerns about the safety of my animal feed?

In addition, the draft guidance provides a list of potential feed contaminants and examples of how animal producers may make risk determinations.

FDA's guidance documents, when finalized, represent the agency's current thinking on a given topic. FDA's guidance documents do not create or confer any rights for or on any person and does not operate to bind FDA or the public.

Comments on the draft guidance are due to FDA by June 3, 2015. NGFA's Feed Legislative and Regulatory Affairs Committee and Feed Manufacturing and Technology Committee will be reviewing the draft guidance and developing NGFA's response.