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TEGMA

Transportation, Elevator, & Grain Merchants Association

TEGMA Newsletter

October 2013

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SAVE THE DATE: 2014 Annual Meeting

Mark your calendars for our annual meeting!

January 23-24, 2014



**Montelucia
Resort & Spa**
Scottsdale, AZ

Staff Changes at TEGMA

As Abigail Hiles, Director of Communications departed TEGMA in August, we welcomed a familiar face on board.

Bruce Benschoter, recently retired from Gavilon, joined TEGMA as the Director of Member Services in September. Bruce will focus on TEGMA membership outreach and recruitment as well as industry issues management. He can be reached at (816) 569-4016 or by [e-mail](#).

TEGMA Leadership

Officers
Chairman
Todd McQueen

Issue: 2013.3

October 7, 2013

Successful 2013 Fall Transportation Symposium

TEGMA's Annual Fall Transportation Symposium held at the Westin Crown Center in Kansas City, Missouri, September 12 & 13, became one of the most highly attended Fall Symposiums in recent history. With over 100 members and guests from the National Grain Car Council, TEGMA was pleased with the turnout and with the continued positive relationship with the National Grain Car Council.



The NGCC opened with their meeting session on Thursday afternoon, attracting many TEGMA members as well. Thursday evening, TEGMA and the NGCC hosted a joint reception where members from both organizations mingled and networked. TEGMA held its general session with four speakers to end the meeting on Friday morning.

Symposium Speakers Sound Off

TEGMA offered a full program Friday morning, September 13, consisting of four industry speakers.

Bill Krueger, CEO, Lansing Trade Group, was the Symposium's first speaker for the day. Krueger offered a description of Lansing as a whole and their methods in building a merchandising company in today's world. The Lansing approach focuses on customers, arbitrage and strict risk management, recruitment of employees that believe in a merchant model of business, asset acquisition that leverages merchandising skills, ongoing development of systems and business processes, and joint ventures that enable each partner to achieve success. This approach has fueled Lansing's growth in the past 10 years and their footprint continues to expand. Lansing found success by first concentrating on its employee base and then slowly adding assets to increase profitability with their merchandising capabilities. They have been able to spread this success among several commodities in several geographic regions, thus creating a successful diversified merchandising company.

Bill Lapp, Founder and President, Advanced Economic Solutions provided an economic overview to meeting attendees focusing on prospects for grain and oilseed markets in 2013-14 and beyond. Lapp stated that commodity prices are moving to a new plateau and the new norm has moved significantly higher than what it has been over the past 100+ years. Energy demand is growing globally, and China has been key to that growth. Energy from shale is, as Lapp says, "a big fracking deal." There is great potential in the drilling and fracking of shale, although there will be tremendous challenges in moving it, and in addition, it will require a great amount of sand. While U.S. exports in corn have been declining, corn remains king in the US as production equals 57% of all output. Finally, Lapp touched on the expanding market of oilseeds, stating that in the future, that will be the biggest growth opportunity.

Charles Tillotson, Director of Business Development, Metro Ports, stepped in for Jim Dillman, President of Metro Ports, who had a schedule conflict at the last minute, to discuss labor challenges in U.S. ports. Tillotson

*The Scoular Company***First Vice Chairman**

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provided an overview of Metro Ports which is a terminal operator and stevedoring company headquartered in Wilmington, California, with multiple locations nationwide. Regarding current labor challenges in the U.S. Ports, along the east coast, non-union grain elevators are maintaining the status quo. Gulf coast grain export elevators, both ILA (International Longshore Association) and non-union operations are conducting business as usual. However, on the west coast, the ILWU (International Longshore and Warehouseman's Union) is not happy. The ILWU has pulled away from the AFL-CIO, complaining that the AFL-CIO was not supporting them with grain exports agreements. West coast export grain elevators are seeking increased working hour flexibility and reduced ILWU personnel requirements.

Pat Ottensmeyer, Chief Marketing Officer and EVP Sales and Marketing, Kansas City Southern wrapped up our meeting session on Friday morning. Ottensmeyer began by discussing the KCS rail network and history. One of the most valuable pieces of their business to customers is that KCS connects Mexico to the U.S., and the heart of the Midwest, providing cross-border service. KCS has transformed its balance sheet and credit profile over the past three years, receiving investment grade designation in March 2013. Over the course of this year, KCS will spend 25% of its revenue toward capital expenditure and looking ahead, the economy will be key and the economic outlook for 2013 continues to be positive in both the U.S. and Mexico. Long term, the new business pipeline is strong and continues to grow with Mexico auto growth and nearshoring, cross-border intermodal market share gains, and new ethane/propane production capacity. In addition, crude oil opportunities continue to be promising.

[Speaker presentations available here.](#)

TEGMA News Briefs

- [ADM plans to create new global headquarters.](#) Archer Daniels Midland Co. (ADM), currently based in Decatur, is exploring establishing a new global headquarters and customer center, the company announced Sept. 23. ADM is considering locations and having discussions with various public officials and advisors, but the company does not expect to discuss the details publicly.
- [Louis Dreyfus completes upgrade of export elevator.](#) Louis Dreyfus Commodities LLC on Oct. 1 inaugurated a state-of-the-art grain and oilseed export elevator at the Port of Greater Baton Rouge, Louisiana, U.S., following construction, expansion and upgrades to the facility worth a total of \$150 million.
- [Louis Dreyfus appoints supervisory board chairman.](#) The supervisory board of Louis Dreyfus Commodities Holdings B.V. on the recommendation of Margarita Louis-Dreyfus, chairman and the biggest shareholder of Louis Dreyfus Holding (LDH), announced on Sept. 25 that it has appointed Serge Schoen as its new chairman, effective immediately.
- [CHS, Wildcat Minerals to partner on rail facilities.](#) CHS Inc. and Wildcat Minerals LLC announced on Sept. 4 the formation of a strategic partnership to develop transload terminals alongside CHS-owned grain and agronomy operations across the U.S. CHS and Wildcat expect the co-location of multiple Wildcat terminals at existing CHS rail facilities by year end.
- [KCS helps commemorate opening of Ray-Carroll grain elevator in Missouri.](#) Earlier this month, Kansas City Southern and Ray-Carroll executives joined officials from Missouri, Lafayette County and city of Corder to mark the completion of Ray-Carroll's new grain elevator in Corder.
- [BNSF outlines capital improvement plans in New Mexico.](#) BNSF Railway Co. has detailed plans for 2013 capital improvement projects in an eleventh state. The Class I has budgeted \$90 million for track maintenance and capacity expansion projects in New Mexico.

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