



Taking Agriculture to the Next Level



Agriculture is defined as raising products such as cattle, corn and cotton. For those of us who work in the agricultural sector, however, it's not just about production. Agriculture is a diverse industry that encompasses everything from research and development to processing and marketing.



Today, Capital Farm Credit finances many different crops and numerous types of livestock operations, as well as timber, aquaculture and agribusinesses. More and more Capital Farm Credit members are diversifying beyond traditional crops, adding value by processing their own raw commodities, and adopting new technologies that increase profitability, address labor shortages and better serve the changing consumer market.

Some farmers and ranchers are taking agriculture to the next level, bringing products a step closer to consumers through innovative approaches to marketing. Still others have started agribusiness operations that are creating jobs and keeping rural communities vibrant.

This issue of Landscapes spotlights a few of the many Farm Credit members who are doing all that through ingenuity, strong management and hard work. Among them are Capital Farm Credit customers Doug and Valerie Hlavaty of Lubbock, who are turning part of their cotton crop into T-shirts and towels to market themselves. There's also Lahey Vineyards, which grows grapes on the South Plains; and Pecan Grove Farms and Nursery, which produces pecans and container pecan trees at several locations across Texas.

Capital Farm Credit applauds our many customers who work hard every day to produce, process and market the food and fiber our nation depends on. We also salute the resiliency of the state's agricultural producers and rural residents, which has been so apparent in recent months. Hurricane Harvey and the subsequent flooding dealt many farmers and ranchers a terrible blow. But this isn't the first time Texas agriculture has been challenged. Whatever the obstacle, we have always come back stronger than before. And together, we will again.

Thank you for allowing Capital Farm Credit to play a supporting role in your agriculture business.

Ben R. Novosad

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Chief Executive Officer

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True to Their Mission

Pecan Grove Farms and Nursery Committed to High Standards

Some companies use catchy slogans to advertise their products. Not Pecan Grove Farms and Nursery. Instead, the Texas-based agribusiness promotes its top-quality pecans and pecan trees through a bold mission statement that captures its business model in a nutshell: Every person counts, every tree counts, and every pecan counts.



The company's strong commitment to high standards is paying off. Just five years old, Pecan Grove Farms and Nursery has more than 2,500 acres of pecan groves in production across Texas. In its third year, the business sold a whopping 3 million-plus pounds of in-shell pecans to American and overseas markets. On the nursery side, demand for its container pecan trees, which number in the tens of thousands, has exceeded availability.

From the start, founders Jose "Pepe" Guevara and Eduardo "Lalo" Medina have sought to grow their business in a way that also benefits the pecan industry. Their ingenuity and far-reaching vision in part stem from the years the two men, both raised and educated in Mexico, worked for the same global management consulting firm.

Initially, Pepe considered getting into pecans in 2009 as an investment. He

approached Lalo, who had an interest in farming, and the men agreed to venture forward. For the next two years, they researched the industry, toured pecan farms and met with experts. Their networking led them to Hal Berdoll, who owned a renowned pecan operation near Bastrop, Texas. For six months, Berdoll mentored them every weekend on his farm.

From One Farm to Three

When Berdoll decided to sell his 500-acre orchard and nursery in 2011, Pepe and Lalo quickly put together an investor group. They also assembled a financing plan with assistance from Stacy Whitener, an agribusiness specialist with AgriLand Farm Credit (now Texas Farm Credit). In April 2012, Pecan Grove Farms and Nursery went into business, and almost three years later, Whitener joined the team as chief administrative officer.

"We intend to grow every year," Whitener says, "whether it's planting more orchards or buying them. We want to be a leader in the industry and an example to the community. We're especially proud of our pecan nursery. We're already sold out of our 2018 trees and half of our 2019 inventory, too."

In 2014, the company purchased 2,700 acres for future expansion near Cameron

in Milam County and, a year later, an existing 5,200-acre pecan farm at Van Horn in Culberson County from Kyle and Nina Brookshier. Then, in mid-2017, the company bought a 1,250-acre pecan operation near Brownwood in Brown County from the Hodges family.

The business transactions took months and even years to happen.

"The pecan industry is small, so it takes a long time to establish working relationships with major growers," Whitener explains. "A lot of them are leery of newcomers. If they're selling, they want to make sure a new owner will take care of their farm, be pillars in the community, and be good stewards of the land. Lalo's worked for years to get to know people and establish his credibility and trust within the industry."

Trust in Their Lender

When it comes to lending, trust matters, too. For their financial needs, the company works with Casey Cook, a senior vice president with Capital Farm Credit in Amarillo.

"We have a phenomenal working relationship," Whitener says. "Casey has taken the time to understand how we operate. He's attended board meetings, visited our farms and asked questions. He works tirelessly



Steve Whalley, manager of Pecan Grove's Brownwood farm, checks a 10-nut cluster, also pictured at top, in mid-September.

"Pecan Grove Farms and Nursery also has been instrumental in doing good things for the pecan industry," Cook adds. "That's very important to them."

Pepe and Lalo are involved in the industry and share what they learn. Currently, Lalo is incoming president of the Texas Pecan Growers Association (TPGA). He's also an alternate representative to the American Pecan Council and a board member of the National Pecan Shellers Association. Van Horn farm manager Lane Brewster is a member of the Western Pecan Growers Association and the West Texas Pecan Association, while Bastrop farm and nursery manager Travis Britt belongs to the TPGA. Additionally, Whitener is a member of American Agri-Women.

Doing Things Better

Whitener says that the primary focus of all three farms is on how to do things better.

"How can we irrigate better? How can people work more efficiently?" she says. "We love change. We love technology. We're funding and testing new technologies in such areas as irrigation. That said, we open our doors and show people what we're doing on our farms. We're not secretive.

"We're also pursuing better genetics in our nursery and finding ways to get our trees to grow faster," she says. "We want to help the industry by providing quality

trees, and we're spending the capital to achieve that."

Mother Nature, however, will always challenge farmers. For instance, the Bastrop farm has had problems with scab, and the Van Horn farm has been hit by hail.

"That's why it is important to be geographically diverse, which can mitigate weather risks," Whitener says. "We're probably one of the few pecan growers that has a six-month revenue stream because our harvests at the different farms overlap from September through the beginning of March, and our nursery sales start around February and end in April."

At day's end, it's the mission statement that matters most.

"We're pecan growers, but we're also a company," Whitener says. "So we created a mission statement that we could focus on. Every employee knows the mission statement and why each tier is important. In turn, we take care of our 52 employees. We spend the most time and money on them. We're constantly looking at safety measures and how to make their jobs easier. We encourage them to come to us with their ideas on how to make the company better.

"Pecan Grove Farms and Nursery is going somewhere," she adds. "We see it. We can feel it. Everyone brings an energy to the company that's just amazing." ■ SSR

to make sure that whatever we do on the debt side keeps us moving toward the future."

The understanding goes both ways.

"Some borrowers think someone has to be a winner and someone has to be a loser when it comes to negotiating and structuring a loan," Cook says. "But all of us believe that when we sit at the table to negotiate, we want *both* sides to win. That makes for a great relationship.

Mission Statement

Every person counts, every tree counts, and every pecan counts.

Every Person counts: Everyone has a responsibility to perform and continuously improve. Treat others and be treated with respect.

Every Tree counts: Every tree will be a standard of excellence, innovation and stewardship. Each tree will reflect our commitment to the environment and our community.

Every Pecan counts: We will produce and trade leading quality pecan products without waste.

Customers at the Core of Farm Credit



Rep. Bill Flores, center, met with representatives of three associations. From left to right are Capital Farm Credit Marketing and Communications Manager Jeff Moder; Texas Farm Credit Director James Dawley; AgTexas Farm Credit Services Director Danny Klinefelter; and Capital Farm Credit CEO Ben Novosad, Director John Malazzo and Chief Lending Officer Jay Stewart.



Rep. Mike Conaway, right, chairman of the House Agriculture Committee, asked Capital customers Melanie and Ryan Harper, left, and other young borrowers about their ag operations and challenges.

This summer, nearly a dozen Capital Farm Credit staff members and directors traveled to Washington, D.C., for Farm Credit Week, a gathering of 630 Farm Credit leaders from across the country. This exciting event included the launch of a national marketing campaign showcasing Farm Credit's customers — One Mission. Many Voices. — as well as meetings with elected officials about the importance of passing a strong farm bill when the current legislation expires in September 2018.

Association representatives met with members of Congress to discuss ag policy and how Farm Credit fulfills its mission to support rural communities and agriculture with reliable, consistent credit and financial services. Officials included Rep. Mike Conaway, chairman of the House Agriculture Committee; Reps. Jodey Arrington and Bill Flores; and Sens. John Cornyn and Ted Cruz.

The signature event of the week was the Farm Credit Marketplace, a gathering of about 1,400 people at the Library of Congress Great Hall, where officials and Capitol Hill staff members sampled products made by Farm Credit customers across the country.

Capital Farm Credit showcased three of our members' products at the reception: pecans from Alamo Pecan & Coffee Co. of San Saba; several varieties of flavored pecans from Royalty Pecan Farms of Caldwell; and Core Power, a protein drink that uses milk from West Texas dairies.

Ryan and Melanie Harper, who represented Capital Farm Credit at the 2017 Farm Credit Young Leaders Program, also joined the association during Farm Credit Week. You can learn about the Harpers' Texas Panhandle farming operation on page 6 of this association supplement.



Reps. Jodey Arrington and Mike Conaway, holding T-shirts, discussed farm policy with more than 70 Farm Credit representatives from Central and West Texas on July 26.

Week in Washington, D.C.



Joe David Yates, left, a Capital Farm Credit director, visited with Rep. Filemon Vela, center, at the Farm Credit Marketplace. Yates was also among the first customers featured on FarmCreditVoices.com, the website of the new campaign One Mission. Many Voices.



U.S. Agriculture Secretary Sonny Perdue lauded Farm Credit's "reputation of supporting agriculture through thick and thin" during his keynote address to representatives from all over the country.



Sen. Pat Roberts, chairman of the Senate Agriculture Committee, spoke to the 630 Farm Credit representatives about his intention to hold meetings on the farm bill as early as fall 2017.



Sen. Ted Cruz, above, and Sen. John Cornyn spoke with more than 70 Farm Credit employees, directors and customers from Texas.



Our customers' products were among those featured at the Farm Credit Marketplace reception: pecans from Alamo Pecan & Coffee Co., above and top right; pecans from Royalty Pecan Farms, above; and the milk-based protein drink Core Power.



Ryan and
Melanie Harper

Young Farmer Found the Financing He Needs to Keep Growing Through Farm Credit

Six years ago, Ryan Harper nearly gave up farming.

"In 2011, we didn't get a single drop of rain here in the Texas Panhandle," he recalls. "I couldn't even grow a weed. It was hard. I wasn't sure if farming was what I still wanted to do for a living."

Then 23, Harper, a fourth-generation farmer in Lamb and Bailey counties, worked odd jobs to pay his bills and keep afloat. Not one to quit, he hung on to his operation. Now 29, he produces cotton, grain sorghum, peanuts and grass seed on more than 1,000 acres near Sudan, Texas. He and his wife, Melanie, a high school math teacher, have a 2-year-old son, Reed, and another child on the way.

The young father embraces the farming lifestyle, which promotes a strong work ethic and family ties.

"As a kid, I always wanted to be a farmer," he says. "I grew up on a farm. Both my

granddads, my uncles and my dad farmed in the area.

"After high school, I attended college for two years. Then I worked three years for a peanut company. I missed farming, so I went back home to Sudan. While I helped out my dad on his farm, I beat the bushes and found three dryland [177-acre] labors to lease." As needed, Harper used direct operating loans from the Farm Service Agency (FSA) to finance operating expenses.

"That's a good program, but I couldn't get a loan when I needed one," he says. "Their application process takes a long time. I also outgrew what the FSA could lend to beginning farmers."

Enter Greg Lance, vice president and branch manager with Capital Farm Credit in nearby Muleshoe.

"I've known Ryan all his life," Lance says. "As a farmer, he makes smart business decisions and is very passionate about the vocation. I knew he'd be a good fit for our Next Generation Loan Program."

In 2014, Harper became a Capital Farm Credit member.

"I showed Greg what I needed, and he made it work," he says. "He made the process so easy. Now I have money when I need it. I

don't have to wait. Capital Farm Credit's interest rates are competitive with commercial banks and, with the patronage program, my operation is growing at twice the rate."

In July, Ryan and Melanie attended the 2017 Farm Credit Young Leaders Program in Washington, D.C., and New York City. During the five-day tour, the couple discussed agricultural policy issues with USDA officials and met with their congressman, Rep. Jodey Arrington, as well as Rep. Mike Conaway, chairman of the House Agriculture Committee, and Sens. John Cornyn and Ted Cruz. They also learned how Farm Credit uses its cooperative structure and unique funding mechanism to finance ag operations across the country.

"I found out that the Farm Credit System sells bonds, and that's how we get our loans," Harper says. "We don't cost the government a dime. I enjoyed learning all about it."

As for the future, Harper wants to keep growing his operation.

"My dad will retire in five to 10 years, and I want to be ready to take over his farm," he says. "I hope to grow a little more each year. But I'll be happy if I make enough to raise my family. No matter what happens, I want to keep farming!" ■ SSR



Young Leaders Program
group at U.S. Capitol
building

Next Generation Loan Program Is Tailor-Made for Young and Beginning Farmers

Capital Farm Credit supports young and beginning farmers like the Harpers through its Next Generation Loan Program.

"We need more young farmers, and this loan program helps get them started," says Muleshoe Branch Manager Greg Lance. "The program also builds Farm Credit loyalty. We hope to have these new customers for 40 or 50 years."

Next Generation farmers are generally producers who have been managing their own ag operations for five years or less and are in the process of building a bona fide farm or ranch.

Stockholders Re-Elect Board Incumbents

We extend our deepest gratitude to those willing to run for election and those elected to serve on the Capital Farm Credit Board of Directors.

The following incumbents were re-elected after our annual stockholders meeting earlier this year.

Region 5, Hill Country — **Danny Parker**

Region 8, Central Texas — **Phillip Munden**

At-Large Position No. 2 — **Dale Crenwelge**

At-Large Position No. 6 — **Roy Schmidt**

At-Large Position No. 7 — **Jimmy Wedel**

Kenedy Office Temporarily Relocates

Our Kenedy credit office has temporarily relocated to the second floor of the Texas Champion Bank Building, 113 S. Sunset Strip St., while its building is being renovated. Please stay tuned for updates on Facebook and the Capital Farm Credit website.

The mailing address and telephone number will remain the same:

**403 N. Sunset Strip St.
Kenedy, TX 78119
(830) 583-9881**

Students Learn Business Skills as Association Interns

Eight college students recently completed the 2017 Capital Farm Credit (CFC) summer internship program.

Throughout the 10-week program, the interns assisted with daily operations at the association's corporate and credit offices.

"Our annual internship program is very competitive, and provides students a great opportunity to learn and grow professionally," said Randy Breitling, CFC vice president of human resources, who directs the program. "Once again, we received applications from a number of highly qualified students, and selected the best of the best to join us for our summer program. We are proud of them all."

2017 Capital Farm Credit Interns:

Derek Adkins, Joshua, Texas | Senior majoring in agricultural economics at Texas A&M University

Dakota Crissman, Bells, Texas | Graduate of Texas Tech University with a bachelor's degree in animal science

Victoria "Grace" Edwards, Bellaire, Texas | Senior majoring in agricultural economics and accounting at Oklahoma State University

William "Will" Hussey, Bryan, Texas | Senior majoring in agricultural economics and animal science at Texas A&M University

Elaine Lochte, Fredericksburg, Texas | Senior majoring in agribusiness at Texas A&M University

Mariza Molina, Laredo, Texas | Senior majoring in agribusiness at Texas A&M University

Joseph Simmons, Midland, Texas | Senior majoring in agribusiness at Texas A&M University

Kasey Sorrells, Hebbronville, Texas | Pursuing a master of agribusiness degree at Texas Tech University



Meet our summer interns. Front row, from left to right: Kasey Sorrells, Elaine Lochte, Mariza Molina and Victoria "Grace" Edwards. Back row, from left to right: Derek Adkin, Dakota Crissman, William "Will" Hussey and Joseph Simmons.

Are you interested in becoming a CFC intern?

Internships are available for undergraduate and graduate students, and are posted each fall for the following summer. Visit www.capitalfarmcredit.com/careers by December for a full list of opportunities.



Capital Farm Credit Awards \$105,000 in Scholarships

To further strengthen our commitment to youth in agriculture, Capital Farm Credit awarded more than 100 scholarships totaling \$106,000 to Texas high school and college students in 2017.

Congratulations to this year's recipients!

High School Students

Rocia Alanis, El Campo High School
Laura Melissa Aleman, Valley Mills High School
Kaitlin Alexander, Bandera High School
Breonna Anderson, Manor High School
Jadeyn Arthur, Ralls High School
Riley Beck, Flatonia ISD
Lindsey Behrends, Fredericksburg High School
Bryce Bowers, Fredericksburg High School
Justin Brown, Tulia High School
Franklin Buchholz, Eldorado High School
Allie Burns, Marion High School
Tallis Butler, Goliad High School
James Walker Canales, Calhoun High School
Ryleigh Carson, Valley High School
Cason Cartwright, Hamlin High School
Bailey Carwile, Montgomery High School
Dacey Clark, Canadian High School
Angel Morales Conde, Brownsfield High School
Annabelle Cope, Fredericksburg High School
McCauley Davis, Angleton High School
Blake Dillard, Llano High School
Hunter Dodson, Dayton High School
Brooke Dollar, Tomball Memorial High School
Clarion Dubose, Gatesville High School
Quinn Dusek, East Bernard High School
Molly Edmondson, Blanco High School
Kaydee Free, Salado High School

Alexis Herd, Clear Creek High School
Dawson Hering, Rosebud-Lott High School
Mollee Hermann, George West High School
Lauren Holtkamp, Conroe High School
Abby Homeyer, Caldwell High School
Aiden Hunter, Munday High School
Logan Amelia Jobe, Ursuline Academy of Dallas
Marshall Kahlig, Rosebud-Lott High School
Austin Kainer, St. Joseph High School
Colin Kappel, Cooper High School
Sarah Kearney, Klondike High School
McKenna Keele, Snyder High School
Kaymon Lange, Llano High School
Shelby Lepley, New Waverly High School
Carson Little, Olney High School
Erin Beth Logue, Lockhart High School
Guy William London, Stamford High School
Karina Lopez, J.B. Alexander High School
Nicolas Lopez, J.B. Alexander High School
Bryce MacDonald, Medina Valley High School
Mallie McGehee, Littlefield High School
Jarroed Braedon Metzgar, Midway High School
Jared Meyer, Jourdan High School
Cody Moore, Burnet High School
Jordan Moore, Pampa High School
Russell Dillard Morris Jr., Post High School
Luke Moy, Anderson Shiro High School

Rebekah Mullen, Asermont High School
Casey Neuman, Onalaska High School
Kyler Palmer, Karnes City High School
Morgan Perry, Seven Lakes High School
Trevor Perry, Caldwell High School
Ellie Rau, Tarkington High School
Ashley Robles, Del Rio High School
Lauren Rod, El Campo High School
Dakota Roe, Calallen High School
Brent Rohrbach, Vega High School
Rex Ross, Brady High School
Mary Spencer Rumley, Dalhart High School
Kailee Rupert, Sweeney High School
Noel Job Saenz, San Isidro High School
Mary Scamardo, Mumford High School
Ellen Schilderink, Nazareth High School
Mallory Schilling, Farwell High School
Sonora Schueneman, North Zulch High School
Tyler Schuster, Brackett High School
Sarah Scroggin, New Braunfels High School
Colton Shields, Franklin High School
Kimberly Silhan, Whiteface High School
Regan Smith, Madisonville High School
Steeley Smith, Mason High School
Calleigh Stewart, Seymour High School
Ty Stubblefield, Lovelady High School
Casey Sullivan, Banquete High School
Tanner Thompson, Florence High School
Magen Trent, Childress High School
Brittany Udall, Junction High School

Albert Urbanek III, Needville High School
T.J. Wahlen, Calallen High School
Shiner Webb, McLean ISD
Savannah West, Channing High School
Conner Zacharias, McGregor High School

University Students

Neftali Azucena, Texas A&M University
Amber Diehl, Prairie View A&M University
Marshon Fairly, Prairie View A&M University
Keanu Florence, Prairie View A&M University
Dylan Gladney, Prairie View A&M University
Jose "Trey" Gonzalez III, Texas A&M University
Michael Hennessey, Texas State University
Jarrett Howell, Texas A&M University
Priscilla Ibarra, Texas A&M University
Anthony Taylor Marquez, Texas A&M University
Priscilla Ashley Morales, Texas A&M University
Kartez Rowel, Prairie View A&M University
Ashley Lizette Solano, Texas A&M University
"What Agriculture Means to Me" Video Contest Winners
Cortni Ashcraft, Academy FFA
Ethan Frazier, Bay City FFA
Ayleen Gonzalez, Porter FFA
Avery Herron, Dripping Springs 4-H
Brooklyn Wilde, Westphalia 4-H