

Supporting Tomorrow's Producers Today



As today's farmers and ranchers retire from production agriculture, America will need new producers to replenish the industry. The future of the nation's food supply and the quality of life in rural communities depend on it.

For decades, the number of farmers has been going down, while the average age has been going up. The 2012 Census of Agriculture, the latest census, revealed that the average

age of U.S. farmers was 58.3 years, which suggests that many will retire in the coming decade.

Meanwhile, there are more job openings for highly skilled workers in agriculture-related fields than students graduating in food, ag, renewable resources and the environment, according to a five-year forecast by Purdue University in 2015.

At Capital Farm Credit, we are committed to supporting the next generation that will drive agriculture. A critical component of our mission is assisting young, beginning and small (YBS) farmers, whether they are focused on conventional or emerging business models. We make loans of all sizes, to producers of all ages and experience levels.

In fact, Capital Farm Credit has a special Next Generation Loan Program, designed to assist beginning farmers and ranchers in obtaining financing for their agricultural operations. In 2017, the program originated or renewed 152 loans totaling \$28.8 million in volume. The association had 477 loans in its Next Generation Loan Program portfolio, with a total volume outstanding of \$70.65 million.

We also encourage YBS producers and future agriculturalists through our "100 scholarships in 100 days" program, which provided more than \$100,000 to Texas high school students in 2018. In addition to providing college scholarships, we are a major sponsor of the Texas 4-H Roundup. We continue to pursue opportunities to support the next generation of agricultural producers through sponsorship and education.

Capital Farm Credit applauds the next generation of farmers, ranchers and young people pursuing careers in agriculture. Through Farm Credit, they can count on access to the dependable credit and financial services needed to succeed.

Ben R. Novosad

Ben R. Novosad
Chief Executive Officer



Commitment to Our Youth:

More Than 100 Scholarships Awarded

To further strengthen our commitment to youth in agriculture, Capital Farm Credit awarded more than 100 scholarships to Texas students in 2018.

In addition to various scholarships given through contests, colleges and universities, each of our credit offices across the state awarded at least one \$1,000 scholarship.

“A big part of our mission is to help rural areas grow and thrive by providing farmers and ranchers with the capital they need to make their businesses successful,” said Ben Novosad, chief executive officer. “We’re also proud to help build the next generation of agricultural producers through our scholarship program. By supporting Texas’ youth, we’re helping invest in the vibrancy of rural communities throughout Texas.”

Congratulations to the 104 winners this year!



Bryn Arnold
Holly Atkinson
Ross Marshall Bess
Neeraj Bhakta
Carson Blair
Jolie Kay Branch
Ashley Broom
Kylie Brown
Kristella Cabrera
Cassidy Cage
Thomas Christopher
Campbell
Mia Caperton
Kyra Coffell
Brianna Coleman
Marcee Cooke
Caleb Cowan
Aspen Cox

Carlie Crenwelge
Shane Darilek
Kennedy Daskocil
Chelsea Dewey
Anaissa Georgette Diaz
Sarah Diebel
Taylor Dohmann
Kaegan Edwards
Jodi Evans
Addison Ferris
Nicholas Fulbright
Morgan Geer
Ariel Guzman
Matthew Hearnberger
Kyle Herron
Elise Hesseltine
Kelton Hill
Braden Hillery

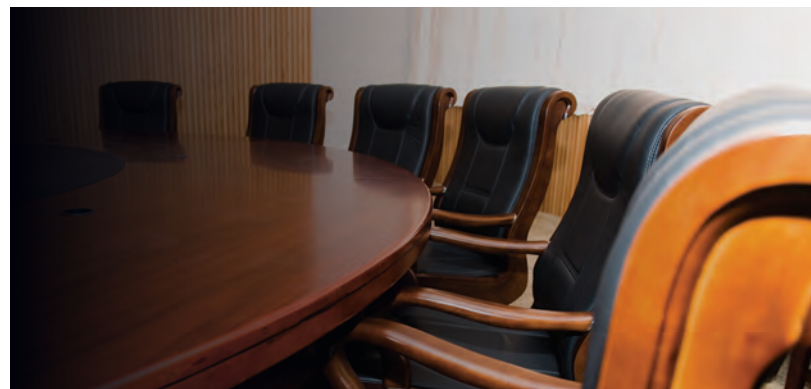
Hagen Hohertz
Olivia Hubert
Katherine James
Abby Johnston
Karlee Jones
Sydney Jones
Kamry Keese
James Kenesson
Tyler Kennedy
Jacob Kettner
Garrison Kleman
Joshua Layne
Klostermann
Caleb Kott
Kendall Kresta
Justin Tater Kruzel
Hunter G. Lamon
Rebecca Law

Eliza Lazenby
Kyla Ledwik
Clair Lindner
Taylor Loeffler
Sean Lowe
Brooke Lowery
Kameryn Mathis
Sarah McDaniel
Stran McLain
Asher Miller
Morgan Molsbee
Darrion Montemayor
Kaitlyn Morton
Emily Murphy
Rhiley Musser
Jonah Nelson
Chad Novark
Cade Osbourne



Laine Parker
Korbin Payne
Lani Pieper
Montgomery Raez
Rolando A. Ramirez Jr.
Riley Reep
Kinze Reich
Kade Sanders
Macie Scarborough
Brody Schmalriede
Samantha Scott
Warner Seidel
Macy Sharp
Hannah Shepard
Craig Sickmen
Kami Smith
Kullen Sorrels
Brooke Stoddard

Shae Lynn Suttle
Gracie Tate
Jodi Toler
Tiani Tovar
Micah Trull
Ellett Vann
Brooke Wagner
Jayton Walden
Cade Waldrip
Aspen Wash
Charles Wassberg
Blair Watz
Kate West
Eric Wilganowski
Brett Willberg
Kaylee Yanta



New Leadership on Board of Directors

John Malazzo of Caldwell was elected Capital Farm Credit's new board chairman, succeeding former chairman Phillip Munden. Carl Sample of Smiley is the vice chairman. All incumbent directors were re-elected following the annual stockholders meeting in the spring. They are:

Region 1: **Kelly Gaskins**, Shamrock

Region 2: **Terry McAlister**, Electra

Region 4: **Lowell Woodward**, Fort Stockton

Region 6: **Paul Aelvoet**, Hondo

At Large 3: **Joe David Yates**, Llano



John Malazzo
Board chairman



Carl Sample
Board vice chairman



Will Reneau

RAISING RICE

Rice farmer Will Reneau carries on a family tradition with the help of new technology.

Perspiration trickles down Will Reneau's temple as the combine he's steering lurches across a muddy field, strewn with rice stems. It's not yet noon, and rice harvesting has resumed for another day at Reneau Farms southwest of Beaumont, Texas. For the next 10 hours or so, Will, his father/partner, Charlie Reneau (pronounced "ree-no"), and their employees will cut and truck roughly 400 tons of grain to drying bins located on family land east of Fannett.

"I knew I wouldn't get rich rice farming," Will says. "But the lifestyle is rich and abundant with close-knit family, and that's what I wanted."

Fourth Generation on the Farm

At 33, Will has lived and worked nearly all his life on his family's rice operation in Jefferson County, where rice has been grown commercially since 1886. Before him, Will's maternal great-grandfather Walter Burrell and grandfather Eugene Burrell both farmed rice on the land. Dad Charlie started in 1981 after marrying Will's mother, Karen Burrell Reneau. Will's older brother, Landon, works in agribusiness financial services.

"My parents still live in the same house where I grew up," Will says. "It's just across the field from me and my wife, Amanda. She's a nurse practitioner in Beaumont. While we work, Mom keeps our little boy, Eli. My grandparents live further down our caliche road."

Will always wanted to farm but wasn't sure he could make a living.

"In 2007, I got my degree in animal science from Texas A&M University," he says. "One summer, I interned at a feedlot in Gonzalez so I could explore other ag opportunities. After graduation, I worked a year with Dad on the farm. In January 2008, I crunched numbers. After I decided

Photos by Sheryl Smith-Rodgers

I could make a go at rice farming, I asked Dad and Grandpa if they'd help me get started. They said yes."

That spring, Will planted his first 170 acres of rice.

"We had good crops and prices," he recalls. "I was hooked!"

Water Conservation and Management

Both independently and with his father, Will now farms 2,000 acres of rice within a 60-mile radius of their home base. The season starts in March and April when seed is sown. After emergence, rice must be flooded constantly with 1 to 2 inches of water. Half the water is pumped from nearby bayous. The other half is purchased from the Lower Neches Valley Authority and delivered through irrigation canals.

"We do everything we can to conserve and manage water," Will says. "So we precision-level our fields using our own machinery. On the side, we do custom leveling, which helps pay for our equipment. Sometimes I use a drone to check water levels in our fields. I can also check for weak spots, such as invasive weeds and fertilizer deficiencies."

Rice plants reach maturity after 120 days. Fields are drained, and harvest starts 10 days later, depending on weather and moisture content of grains. Generally, rice is cut throughout August and into early September. A second crop from new sprouts, or ratoon, is harvested in October and November.

Dryers and On-Farm Storage

In 2015, Will financed his first piece of farmland with Capital Farm Credit. A year later, Wally Hinkle, regional president with Farm Credit in Conroe, helped Will and his father acquire financing for five drying bins and a storage facility.



"Will's committed to agriculture and his family's tradition of rice farming," Hinkle says. "It was a big move for him and his dad to invest in dryers and on-farm storage. But they knew the long-term advantages and cost savings would be worth it. I admire them both for being innovative and willing to do whatever it takes to keep their farm going."

The joint investment was a natural fit for a father and son who work closely together.

"We built our own facility because our area lacks commercial drying space," Will explains. "Now we're no longer dependent on someone else during the crucial harvest season. Farm Credit was super easy to work with. They have farmers' interests at heart and have helped us 100 percent along the way."

To achieve maximum quality, rice grains must be dried quickly to a moisture level of about 12 percent. One of the Reneaus' drying bins holds up to 1.2 million pounds of grain. On the bottom, a massive auger stirs grains while fans blast out 100-degree air. The gigantic storage bin keeps up to 7 million pounds of dried rice until the Reneaus truck the crop to Beaumont Rice Mills and Riviana Foods Inc.

Diversifying With Crawfish

Like many rice farmers, the Reneaus also produce crawfish in some of their flooded fields. From February through June, Reneau Mudbugs — managed by Karen, a retired elementary school principal — sells live, purged (rinsed and cleaned) crustaceans at a roadside market. They also wholesale to three area restaurants.

"Crawfish are another way for our farm to diversify," Will says.

But rice will always come first for Will, who's a member of the U.S. Rice Producers Association and USA Rice. In 2014, he was one of five young rice producers chosen to participate in the Rice Leadership Development Program, sponsored by the USA Rice Federation. During a two-year period, class members attend four one-week sessions designed to strengthen their



HOW TO COOK RICE

It's not hard to cook a perfect pot of rice, according to Will Reneau, who eats white rice four or five times a week. Here's how: Put one cup of white rice, two cups of water and a dash of salt in a pot on the stove. Turn on the burner. When the water starts to boil, lower the heat to simmer. Cover and cook for 15 minutes. That's it!

leadership skills and give them a better understanding of the U.S. rice industry.

"As farmers, my family and I feed the world with our rice and crawfish," Will says. "I hope someday my son will want to do that, too. If he does, I want to help him get started the way my family helped me. I'll always be thankful for my family."

Together We're Better: Making Communities Stronger



Bellville Farmers Market and Texas Farmers Market were two of the \$1,000 grant recipients.



Supporting Texas Farmers Markets

Capital Farm Credit awarded 27 grants in 2018 totaling \$29,500 to farmers markets across the state.

“As a borrower-owned cooperative, our mission is to help rural areas grow and thrive by providing these farmers and ranchers with the capital they need to make their businesses successful,” said Jay Stewart, chief lending officer.

“Many consumers today have little appreciation for the hard work it takes to put food on our tables,” he added. “Local farmers markets provide an opportunity to connect and help tell that story. We established the farmers market grant program to provide these local markets with additional resources they need to support local farmers.”

To learn more or to apply, contact farmersmarket@capitalfarmcredit.com. Applications open in the spring of 2019.

Community Outreach Awards

As part of a statewide effort to strengthen rural communities across the state, Capital Farm Credit has granted funding for community outreach projects to Texas 4-H and FFA programs.

“We believe, with these grants, we can help support communities by empowering young people to bring about positive change,” said Ben R. Novosad, chief executive officer. “We’re proud to help these 4-H and FFA chapters make a difference in their hometowns.”



Students help build raised garden beds.

Capital Farm Credit granted the funding for 26 different community outreach projects, with a combined total of more than \$25,000. Each 4-H club or FFA chapter created a unique project that visibly improves their community. Projects included raised garden beds, community welcome signs and community and school farmers markets.

For more information on Capital Farm Credit Community Support programs, visit <https://www.capitalfarmcredit.com/resources/community-support>. Applications open in the fall of 2019.



The Booker T. Washington FFA group proudly displays the donation from Capital Farm Credit.



Fredericksburg FFA members brought home first and third place judging awards from the Royal Highland Show, where showmen and judges wear white coats.



After finishing third in the nation, the Fredericksburg FFA Judging Team was invited to judge in Scotland. Members are, from left, Reed Sultemeier, Bryce Bowers, Brant Bowers and Lindsey Behrends.

FFA Judging Team Wins Big in Scotland

Scottish cattle and sheep look different than American livestock. Moreover, Scots prefer different animal traits than Americans, according to members of the Fredericksburg FFA Judging Team, who competed at the Royal Highland Livestock Show in Edinburgh, Scotland, in June.

“Livestock there are judged the opposite way from how we judge,” says Lindsey Behrends, one of four contestants from Fredericksburg, Texas. For instance, “they want sheep and cattle to be extremely lean and muscular,” she explains, whereas Americans prefer some finish on their livestock. The Scots also place more emphasis than American judges on the animals’ head characteristics and less on their feet and structural correctness, she adds.

Still, those differences did not stop the Texas Hill Country teenagers from bringing home top awards from the prestigious Royal Highlands Show.

Bryce Bowers and Reed Sultemeier were named the Royal Highlands Champion Sheep Judging Pair in their division, which included nine outstanding American teams, while Lindsey, along with Brant Bowers, placed third in the beef-judging division.

Setting Sights on Scotland

The Fredericksburg FFA students were invited to the international judging event after finishing third at the 2017 National FFA Livestock Judging Contest last fall in Indianapolis, Ind., where they won the livestock portion of the event. To qualify for nationals, they previously won the 2017 state FFA judging contest — the first

Fredericksburg team in 25 years to win the state title.

“Going to Scotland was a goal of ours,” says Patrick Padgett, their judging coach and Fredericksburg High School ag science teacher. “We knew we needed to be in the top three to do so, and we achieved our goal.”

Community Donates \$36,000

Earning an invitation to Scotland was only part of the battle; they also needed to earn \$26,000 for the overseas trip. But thanks to support from their rural community, the young judges didn’t have to worry.

“This was a once-in-a-lifetime opportunity for these students. We didn’t want funding to be an obstacle to their participation in the competition.”

— Jason Helfrich
Capital Farm Credit

“When they were asked to go to the Royal Highland Show, the booster club knew we’d have to get busy,” says Fredericksburg FFA Booster Club Treasurer Jason Helfrich, who is also the senior relationship manager in Capital Farm Credit’s Fredericksburg office.

Capital Farm Credit kicked off the fund-raising effort with a \$10,000 contribution, earmarked largely for travel expenses. An auction held during the Gillespie County Livestock Show raised several thousand dollars more. Private donations quickly brought the total to \$36,000, leaving the Fredericksburg FFA with extra funds to pay

for judging contests and training materials in the future.

“This was a once-in-a-lifetime opportunity for these students. We didn’t want funding to be an obstacle to their participation in the competition,” says Helfrich. “We wanted to take the financial burden off their families and reward the students for leadership and perseverance.

A Texas A&M University sophomore majoring in agribusiness and minoring in ag communications, Lindsey is the daughter of Capital Farm Credit customers Clark and Amy Behrends of Fredericksburg, owners of Behrends Feed and Fertilizer in Luckenbach. She was a 2017 Capital Farm Credit scholarship recipient.

Bryce and Brant’s parents are Audri and Chip Bowers of Fredericksburg. A Texas A&M University sophomore studying agricultural economics with a real estate emphasis, Bryce also was a 2017 Capital Farm Credit scholarship recipient. His younger brother Brant is a senior at Fredericksburg High School.

Reed is a sophomore majoring in agricultural education at Clarendon College, where he is studying on a livestock judging scholarship. The son of Brian and Dawn Sultemeier of Fredericksburg, he was the fourth-place individual judge at the national FFA contest.

“All four of these young people have been very successful in their endeavors and have developed a love for agriculture,” says Helfrich. “They represent the next generation of leaders in the agriculture industry.”

Leadership Program Takes Young Members to Washington and New York



Aaron and Jennifer Martinka

One afternoon in June, in between hearings on the farm bill, Sen. John Cornyn sat down with farmers and ranchers who were in Washington, D.C., as part of the 2018 Farm Credit Young Leaders Program.

The meeting in the U.S. Capitol building was a highlight of the program for Aaron Martinka, a Central Texas farmer and Capital Farm Credit member. As vice chairman of the Texas Corn Producers board and a member of the National Corn Growers Association's Risk Management Team, he follows farm policy closely.

"I've been to D.C. numerous times, and based on past experience, I figured we weren't going to see any of the senators because they were busy with the farm bill," says Aaron, who also met with Rep. Filemon Vela of South Texas that day. "I was surprised and impressed that Cornyn took the time out of his schedule, especially being the majority whip. He asked us a lot of questions about issues that are important for us."

Not an hour later, the Senate reconvened for a vote and passed its version of the vital agricultural and food legislation.

Discussing policy with government officials was just one aspect of the 13th annual program, which took 27 young agricultural producers — including Aaron and his wife, Jennifer, who is assistant controller

for Southwestern University — to Washington and New York City.

The trip began with visits to a Wall Street brokerage firm and the Federal Farm Credit Banks Funding Corporation. There the group learned how investors' purchase of highly rated Farm Credit bonds provides steady funding for local lending cooperatives like Capital Farm Credit.

Aaron says seeing the bond trading firsthand made him realize how efficiently the funds flow from Wall Street to Main Street. Just as important to him is Farm Credit's focus on agriculture.

"I've always thought Capital Farm Credit understands what I do and where I want to go," says Aaron, a second-generation Capital customer who produces cotton, corn, wheat, hay, pecans and cattle in Bell, Milam and Williamson counties. "I've had consistency, and didn't have to educate them about what I needed the money for because they specialize in farming and ranching."

He also sees value in doing business with a lending cooperative — especially when he gets back patronage dividends that lower his expenses and help him grow his business.

"A co-op, ideally, is the most advantageous type of business structure for members," says Aaron, president of the Blackland Co-op Gin in Granger. "It's basically an extension of your own personal business. It either offers products at a low cost or, if there are some profits, they can be returned."

"It's always a good feeling when you get that check in the mail," he says.

While on the trip, couples talked about how the business of agriculture goes beyond the work done in the field — such as serving in organizations, representing farmers in your state or commodity group, and providing policymakers a variety of perspectives.

"You know, farming families have our challenges. It requires a lot of time," he says. "This kind of program helps you find others out there who understand."

"Developing a network — especially with people outside your area who are doing things a little bit different — provides another pool of knowledge. Those relationships can be beneficial when you need a little insight from somebody."



Aaron and Jennifer Martinka, second and third from right, visit a Wall Street brokerage firm.



The Martinkas, right and third from right, visit with Sen. John Cornyn on Capitol Hill.