

# LANDSCAPES

*a portrait of living and working in rural America*



FARM CREDIT

Volume 15, No. 1  
SUMMER 2012



SUMMER 2012

Volume 15, No. 1

# LANDSCAPES

*a portrait of living and working in rural America*

## Ag New Mexico

John Burns, *CEO*  
*Contributing Editor:*  
Myra Jenkinson  
(575) 762-3828  
agnewmexico.com

## AgriLand Farm Credit

John Holland, *CEO*  
*Contributing Editor:*  
Michael Biesiada  
(903) 593-6609  
agriland.com

## AgTexas FCS

Mitchell Harris, *CEO*  
*Contributing Editor:*  
Hudon White  
(806) 687-4068  
agtexas.com

## Alabama Ag Credit

Douglas Thiessen, *CEO*  
*Contributing Editor:*  
Ashley Layson  
(334) 270-8687  
alabamaagcredit.com

## Alabama Farm Credit

Ben Gore, *CEO*  
*Contributing Editors:*  
Alicia Looney  
Wendy Tysinger  
(256) 737-7128  
alabamafarmcredit.com

## Capital Farm Credit

Ben R. Novosad, *CEO*  
*Contributing Editor:*  
Tanya Foerster  
(979) 822-3018  
capitalfarmcredit.com

## Central Texas Farm Credit

Boyd Chambers, *CEO*  
*Contributing Editor:*  
Sharon Halfmann  
(325) 625-2165  
centraltexasaca.com

## Great Plains Ag Credit

Tim McDonald, *CEO*  
*Contributing Editor:*  
Carolyn Brand  
(806) 376-4669  
greatplainsagcredit.com

## Heritage Land Bank

Bill Tandy, *CEO*  
*Contributing Editor:*  
Amanda Hendrix  
(903) 534-4975  
heritagelandbank.com

## Legacy Ag Credit

Greg Cunningham, *CEO*  
*Contributing Editor:*  
Sherry Jennings  
(903) 885-9566  
legacyaca.com

## Lone Star Ag Credit

Steve Fowlkes, *CEO*  
*Contributing Editors:*  
Lydia Laske  
Julie Porter Mayfield  
(817) 332-6565  
lonestaragcredit.com

## Louisiana Land Bank

Jesse Craft, *CEO*  
*Contributing Editor:*  
Dianne Womack  
(318) 387-7535  
louisianalandbank.com

## Mississippi Land Bank

Gary L. Gaines, *CEO*  
*Contributing Editor:*  
Jessica Stanford  
(662) 562-9671  
mslandbank.com

## Panhandle-Plains Land Bank

Gregg Lloyd, *CEO*  
*Contributing Editor:*  
Kenneth L. Hooper  
(806) 331-0926  
panhandle-plainslandbank.com

## Southern AgCredit

Joe Hayman, *CEO*  
*Contributing Editor:*  
Newana Evans  
(601) 499-2820  
southernagcredit.com

## Texas AgFinance

Jimmy N. Wright, *CEO*  
*Contributing Editor:*  
Jody Elrod  
(361) 387-8563  
texasagfinance.com

## Texas Land Bank

Charles P. Gant, *CEO*  
*Contributing Editor:*  
Karen Daskocil  
(254) 772-6905  
texaslandbank.com

## CONTRIBUTORS

**Writers:** Sue Durio, Judon Fambrough, Russell Graves, Mark E. Johnson, Nancy Jorgensen, Sheryl Smith-Rodgers

**Photographers:** Jim Bean, Debra Ferguson/Southern Images, Tiffeny Fulgham, Philip Gould, Russell Graves, Mark E. Johnson, Christina Kinnaird, Ashley Layson, Jim Lincoln, Alicia Looney, Randy Mallory, Jodie More/Hayden More Photography, Laurence Parent, Sheryl Smith-Rodgers, John Stankewitz

Landscapes is distributed free of charge to Texas Farm Credit District customers and friends. To change your address, send your old address label along with your new address to Landscapes, Farm Credit Bank of Texas, P.O. Box 202590, Austin, Texas 78720-2590.

Texas Farm Credit District lending cooperatives finance rural real estate, agricultural production, agribusiness and country homes in Alabama, Louisiana, Mississippi, New Mexico and Texas. These financing co-ops are owned by their customers.

### Magazine Staff:

**Chief Administrative Officer**  
Stan Ray

**Editor**  
Janet Hunter

**Writers**  
Christine Forrest  
Sarah Harris

**Proofreader/Writer**  
Tina Jackson

**Creative Director**  
Lora Blume

**Design/Production**  
Lynette Alcorn  
Sallie Yeager

Kristin Mattox  
**Circulation**  
Paul Apolinar

**ON THE COVER:** A winding gravel road beckons travelers in southwestern Mississippi's Franklin County. Photo by Laurence Parent





# CONTENTS

## FEATURES

- 4 Like a Duck to Water**  
A Mississippi father and son are using innovative water conservation techniques to provide irrigated land for both farmer and fowl.
- 8 Liquid Assets**  
Alabama's Dee River Ranch opens the faucet for a new irrigation system that uses the latest energy-efficient pumping and remote-control technology.
- 12 Suited to a Tee**  
Golf courses across the U.S. are switching to dwarf Bermudagrass greens, thanks to a new variety developed by Champion Turf Farms.
- 16 A "Berry" Important Legacy**  
Two families are helping to meet Louisiana's demand for locally grown strawberries.
- 22 Preparing for Takeoff**  
Trucking, custom-harvesting and aerial application work generate extra income for a young farmer as he grows his farming operation.
- 24 Why Not Wagyu?**  
Texan Ralph Lee shares his enthusiasm for this Japanese breed of cattle.
- 26 At Your Bidding**  
Alabama auctioneer Mickey Fowler builds his business with compassion and a knack for appraisal.
- 28 A Jump on the Competition**  
In just a few short years, Texas Rose Horse Park has grown into a prominent equestrian facility.
- 32 Tapping Into Smart Financing Solutions**  
Young brewery owners apply their business savvy when buying rural property and building a country home.

## DEPARTMENTS

- 2 Farm Credit Commentary**  
Why Are We Here?
- 3 Farm Credit News**
- 19 Farm Management**  
Off to a Strong Start: Young Producers Share Tips for Success
- 34 Land Views**  
Negotiating an Oil and Gas Lease
- 36 Postcards**  
God's Wee Creatures



Part of the Farm Credit System



# Why Are We Here?

By Stan Ray

As a former FFA member, I recall participating in official meetings where participants were asked: “Why are we here?” In response, members would stand and recite a statement about the basic purpose of the organization. We don’t do that at Farm Credit — but perhaps we should.

It’s easy for businesses today to fall into a pattern of talking about what they do and how they do it, and forget about the “why.”

For Farm Credit, our “what” is lending money at competitive rates to creditworthy borrowers throughout the agricultural industry. Our “how” is the stuff that distinguishes us from other lenders. For example, because we are structured as a cooperative, our borrowers are also our owners — serving as board members and receiving patronage dividends from corporate earnings. As a cooperative, a Farm Credit lender is really just an extension of the producer’s personal operation, designed so individual borrowers can leverage economies of scale and efficiency for their benefit, not the benefit of the local banker.

Farm Credit cooperatives also have a different source of capital. We don’t take deposits like other lenders do; instead, we sell our highly rated bonds to investors throughout the world, so that your locally owned Farm Credit cooperative, regardless of its size, has the \$230 billion federated Farm Credit System behind it.

But what about our “why”? Most people would say that the purpose of business is to make money or, stated another way, to maximize profit for stockholders. And, just like any other business, Farm Credit is all about maximizing value to stockholders. In fact, our structure is uniquely designed for that purpose. But our “why” runs deeper than that.

Farm Credit’s “why” is about playing a critical role in our country’s system of food and fiber production, which is important to our nation’s economy, standard of living and overall health and well-being. Most of the world’s population only dreams about living with such abundance and variety of products. (Has there ever been a time in history when there were so many choices for consumers?) And although input costs put pressure on food prices, U.S. consumers spend less than 12 percent of their disposable income on food — among the lowest in the world.

In business school, students are taught about maximizing profits; but that’s only half the equation. Profit is not an end unto itself, but a means to an end. For Farm Credit, our end game is about solving problems and improving the world we live in.

Providing competitive and reliable access to credit for the agriculture industry is what we do to accomplish that; and how we do it gives us a unique value proposition and competitive advantage in the marketplace. Why we provide credit is to help our borrowers be successful.

It’s natural to tell others what we do and how we do it — but don’t forget to tell them why.

Agriculture is a diverse industry. Those who work in agriculture represent a range of operating sizes, commodities, geographic locations, races, genders and ethnic backgrounds. They range from high-tech to low-tech, from part-time to full-time, from locally focused producers to multinational corporations. It’s a broad, important and successful spectrum, and Farm Credit is proud to be a part of it.

As a member-borrower of the Farm Credit System, you’re part of a diverse and unique network that serves the breadth of the agriculture industry. It’s natural to tell others what we do and how we do it — but don’t forget to tell them why.



## New Bank Chairman, Vice Chairman Elected



Jimmy Dodson

James F. "Jimmy" Dodson was elected chairman and Lester Little was elected vice chairman of the Farm Credit Bank of Texas Board of Directors in January. They will serve one-year terms on the seven-member board.

A farmer and agribusiness owner from Robstown, Texas, Dodson was first elected to the board in 2003, and was elected vice chairman in January 2009. In addition, he serves on the boards of the National Cotton Council of America, Gulf Coast Cooperative and the South Texas Cotton and Grain Association, and he is chairman of the American Cotton Producers. He is a former board chairman of Texas AgFinance.



Lester Little

Little owns a farming operation that is headquartered in Lavaca, Texas, and also offers custom-farming services. He is the former chairman of the Capital Farm Credit Board of Directors and is a past vice chairman of the district's Stockholders Advisory Committee.

Little is a Farm Bureau member and serves with the Lavaca Regional Water Planning Group.

## Farm Credit Supports Grain Producer Indemnity Fund

Eleven local Farm Credit lending cooperatives in Texas and the Farm Credit Bank of Texas have committed more than \$32,000 to help promote and conduct a referendum, currently planned for fall, in support of grain growers. If approved, the referendum would establish an indemnity fund to help protect the state's grain producers in the event of financial failure on the part of the elevator or storage facility.

The fund would be under the authority of the newly created Texas Grain Producer Indemnity Board. AgTexas Chief Executive Officer Mitchell Harris was elected treasurer of the board.

The board's establishment is the result of state legislation, passed in 2011, that was introduced after a series of grain elevator financial failures in recent years resulted in millions of dollars in losses to Texas grain producers.



Christine Forrest

## Patronage Payments Total \$188.4 Million

Farm Credit Bank of Texas and its affiliated lending cooperatives declared \$188.4 million in patronage distributions to borrowers, based on 2011 earnings. Together, these institutions constitute the Texas Farm Credit District.

District net income was a record \$368.7 million for the year ended Dec. 31, 2011, compared with \$275.3 million for the previous year.

The Austin-based bank alone returned \$66.3 million in cash patronage and allocated earnings to its owners and other patrons last winter. The patronage distribution represented 38 percent of the bank's net income of \$174.2 million for 2011.

"We are pleased to distribute a significant portion of last year's earnings to the rural financing co-ops that own the bank," said Larry Doyle, FCBT chief executive officer. "Many of these lenders serve territories that were heavily impacted by challenging weather and economic circumstances in 2011, and this patronage payment helps them continue to offer competitive financing to their borrowers."

He attributed the bank's profitability largely to its access to low-cost funding and its careful debt management strategy of replacing high-cost debt with lower-cost debt.

## A Quilt for Farm Credit

Great Plains Ag Credit stockholder Janet Reinart of Stratford, Texas, displays the quilt she made and donated to the 2012 Farm Credit Political Action Committee (PAC) auction, held during the Farm Credit Bank of Texas Annual Stockholders Meeting in March. The auction and sweepstakes drawing raised \$85,800 to benefit the PAC. Reinart, who frequently creates quilts for charitable causes, included the Farm Credit 95th anniversary logo on the back of the quilt to commemorate the event.



# Like a Duck to Water

For Father-Son Farmers and Hunters,  
Storing Surface Water for Irrigation  
Is a Natural Choice



Florian Andronache/Shutterstock.com

For a duck hunter, there's no better place in December and January than Beaver Dam Lake. Formed from an oxbow in the Mississippi River ages ago, it was made famous by the stories of Memphis outdoor writer Nash Buckingham early in the 20th century.

Now there's another storyteller on the lake. Mike Boyd spends 60 days every winter guiding hunts there with his son, Lamar, through his business, Beaver Dam Hunting Services. A few lucky people come to Tunica County, Miss., from all over the United States to hunt from blinds tucked into the cypresses and to be entertained by Mike's wit and Lamar's hospitality.

Even when they're farming the other 305 days of the year, waterfowl are never far from the Boyds' minds. That's why an opportunity on their favorite tract spoke to them clearly.

Less than two miles east of Beaver Dam Lake, as the duck flies, is the land they call the Dockery place. If you were a bird, you'd eye the cover of a huge wooded wetland there and the food in the adjacent fields of crops. If you were a farmer, you'd admire the sandy loam soil found at this midpoint in the Mississippi Delta. But whether farmer or fowl, you'd have a new reason to be curious: Millions of gallons

of rainwater and nutrient-rich irrigation runoff, or tailwater, are collected and stored on the farm for irrigation.

Mike Boyd has worked 500 acres of the Dockery place all his life, just as his father and grandfather did, and his son joined him after graduating from Mississippi State University in 2008. They love the property's other 375 acres, too, part of a vast slough filled with cypress trees and wildlife.

"My family rented it one year at a time. There's no telling how many times we've bought it in rent," says Mike. He also farms on family-owned land in Tunica County, and he offered to buy the Dockery place several times.

Finally, in 2008, he got lucky. He was able to buy the land from the grandchildren of the late owner, Keith Dockery McLean, who had instructed heirs to sell the land and give Mike Boyd right of first refusal.

"It's one of the best things I ever did in my life," Mike says. "I'd always wanted that place, and I never dreamed I'd be able to buy it."

The land had wonderful soil, but pockets of trees and rolling terrain limited his crop and irrigation options. Once it was his, it made sense to precision-level the property.







Debra Ferguson/Southern Images

*When they aren't farming in the Mississippi Delta, father and son Mike and Lamar Boyd guide winter duck hunts. That's one reason they love the land they call the Dockery place, which has room to farm, plus large cypress-filled sloughs that attract waterfowl. A new system that stores and reuses runoff for irrigation has started to attract even more ducks.*

That's when the Boyds discovered that including a tailwater recovery system with on-farm storage would not only reduce their out-of-pocket costs for land forming, but also provide a home for waterfowl and keep sediment out of their beloved Beaver Dam Lake.

"It was win-win," Mike says.

### Tailwater for Food and Fowl

It was a soil conservation technician with the Natural Resources Conservation Service (NRCS) who first suggested that the Boyds try tailwater recovery. A duck hunter himself, Brad Mitchell knew that it would benefit waterfowl and the environment.

"That place was irrigated, but it wasn't land-formed," Mitchell says. "The water was running off-site. Nothing was being captured to be reused."

Most Delta farmers are interested in land forming, but precision grading alone is not enough to qualify for financial assistance, says Paul Rodrigue, an NRCS supervisory engineer in Grenada, Miss.

"We provide incentives to introduce the next level of conservation," says Rodrigue, who designed the Boyds' project. "With tailwater recovery, you get land forming, and also water conservation, water quality and energy conservation across the board. We can attack several problems with one set of practices."

"The NRCS staff will fine-tune your plan and suggest aspects that you would not otherwise know about," Lamar says of the process. "That will increase your chances of getting funded."

Because Lamar, now 27, had been farming for less than 10 years, he qualified for as much as 20 percent more funding than his father, says Chantel Davis, who heads the Tunica NRCS office. Together, father and son offset much of the cost to level the land, excavate a reservoir and ditch, and install pumps and underground pipes.

After 18 months of planning and five months of land forming that moved 700 to





Debra Ferguson/Southern Images

*A ditch that curves between the cypress break and the newly leveled cropland conveys water between the fields and the storage reservoir. Lamar Boyd works a valve to irrigate the field across the ditch.*

1,000 cubic yards of soil per acre, last year the Dockery place had 10 fields averaging 40 acres apiece. For uniform irrigation, fields are graded to drop about 1.8 feet over a typical 1,200-foot row length and are surrounded by levees called pads.

Supplying water for furrow irrigation is a new 9-acre reservoir and a 2-mile-long, 30-foot-wide ditch. To fill them, the Boyds blocked drain pipes and let the rain form ponds in their fields last winter, creating a seasonal home for ducks and geese in the process. They then pumped 12 million gallons from the fields into the reservoir and ditch, and can also divert water into two large cypress breaks, which act as additional reservoirs and as wildlife habitat.

“We’re just making a waterfowl paradise,” Mike says.

The Boyds see potential for hunting at the Dockery place after the birds have had a few years to get established. That would let them provide a different kind of

experience from Beaver Dam Lake, which only requires a short walk and a boat ride to a blind.

“It’s so pretty,” Mike says of hunting on the lake. “It’s kind of like sitting in church. You don’t have to do anything except stand up when I tell you to shoot.

“This place is a little more wild,” he says.

### **Financing Starts Paying Off**

Mike estimates that NRCS funding covered about 60 percent of the project’s cost. To make up the difference, he turned to Mississippi Land Bank, which had provided financing when he bought the land in 2008.

“Mississippi Land Bank saw the increase in the value of the land, and there was never any doubt that this was the thing to do,” Mike says.

“It’s something he’s doing for the future,” says his daughter, Claire Pegram, who

joined the financing cooperative three years ago and is now its controller. “He’s farmed with his dad and granddad, and he knows you need to take care of the land.”

Bobby Spinks, vice president of branch lending at the Clarksdale branch, says that for land forming and irrigation installation, the co-op typically offers a line of credit that converts to a 10- or 15-year loan once the project is finished. The payback starts immediately, with more consistent yields and the ability to grow a wider variety of crops.

“It’s a great risk mitigator. And most of the time, you gain a dollar in land value for every dollar you invest in land forming,” Spinks says. “Now the Dockery place is as slick a farm as you can get around here.”

With corn and soybeans in their newly formed fields, Mike and Lamar are irrigating for the first time using the surface water they collected. Their reservoir could irrigate more than 140 acres, but



*Mike Boyd bought the Dockery place from the family that once owned Dockery Farms, about 70 miles to the south, considered to be the birthplace of the Delta blues. He and his son, Lamar, wrote a new chapter in its history when they had the land precision-leveled and installed a tailwater recovery system.*

they're experimenting on just one 40-acre field this year and comparing yields with another that will use groundwater.

"We're still learning how to drive this thing," he says. "We've got everything on that farm, conservation-wise, that you could want. It's about as environmentally friendly as you can get."

He and Lamar say they already have seen a big decrease in their fuel usage compared with pumping groundwater. They're also proud that they will minimize the soil erosion that was common with older farming practices, which Mike says has visibly added to the silt in Beaver Dam Lake in his lifetime.

And that's all the more reason to love the Dockery place.

"It might not be the biggest farm in Tunica County, but as far as what it offers, it's got it all," says Mike. ■ CF



## A Tailwater Primer

A tailwater recovery system is part of a three-tier approach to conserving water and energy and improving water quality, says Paul Rodrigue, the NRCS supervisory engineer in Grenada, Miss., who designed Mike and Lamar Boyd's system.

**Pads and pipes:** Low dikes called pads are built around fields, covering drainage pipes that let water flow on or off the fields. Fields are graded for uniform irrigation, and pipes can be blocked to flood fields with rainwater and provide temporary habitat for waterfowl.

**Tailwater recovery:** About 30 percent of tailwater, or irrigation water that has not been absorbed, can be recovered and reused.

**On-farm storage:** Tailwater and rainwater can be collected in a reservoir and reused for irrigation.

### PROS:

- Land leveling and tailwater recovery increase cropland values and rental rates.
- A well-designed tailwater recovery system reduces the need for groundwater by 25 percent, or by 75 percent with on-farm storage.

- Pumping water to and from a reservoir uses 60 percent less energy than pumping groundwater.
- On-farm storage reduces runoff by 50 percent, keeping more nutrients and topsoil on the land.
- Reducing nutrient runoff can ease hypoxia, low oxygen levels that have created a 7,000-square-mile "dead zone" in the Gulf of Mexico devoid of fish and shrimp.
- Such conservation practices qualify for financial assistance from government agencies.

### CONS:

- For every 16 acres a farmer wants to irrigate, he has to give up an acre to a reservoir.
- The ability to collect and store rainwater might be limited on some tracts.
- Land forming requires an up-front investment of \$1 or more per cubic yard of soil moved, at 300 or more cubic yards per acre. The costs for pumps and pipe are comparable to other irrigation systems.





# Liquid Assets

A State-of-the-Art Irrigation System  
Designed to Maximize Returns

**Y**ou could say water is the whole reason the Dee family is in Alabama.

In the late 1980s, the owners of Dee River Ranch were ready to sell 8,000 acres north of Tampa to the State of Florida under a program to conserve land near waterways and wetlands. But after a two-year search from the Carolinas to Texas, they hadn't found property suitable for starting over.

Then Roy Dee's college roommate, Pep Johnston, called to make a friendly wager on the Alabama–Notre Dame football game. The Pickens County, Ala., district attorney also mentioned that land that had once belonged to famed Alabama meat producer R.L. Zeigler soon would be coming up for auction.

The property never made it to the auction block. With 10,000 acres — including one 2,000-acre field that straddles Alabama

and Mississippi — it was about the right size for the Dees, and it received 56 inches of rain in an average year. In 1989 Roy and his wife, Mary Ann, and their family made the move, bringing along the ranch's name, equipment, horses and cattle.

Dee River Ranch is now managed by two of their 12 children, Annie and Mike Dee. Annie's twin sons, Seth and Jesse More, and niece, Amber Wilkinson, handle most of the planting, spraying and hay baling, as well as the cattle and horses.

But at first there was a steep learning curve going from Florida sugar sand to the mixed soil types and terrain west of Aliceville, where a rain can stop work for days and get cattle and equipment caught in the mire, Annie says.

They adapted by identifying the best uses of the land. About 4,000 rolling acres are devoted to cattle, and 4,000 acres of flatter,

heavier ground to crops. The Dees manage about 2,000 acres of the most erodible land for wildlife.

## Water When You Need It

One feature the property didn't have was irrigation, so the Dees built up the organic matter in the soil, their best way to increase its water-holding capacity and make nutrients available to plants. Their extensive use of cover crops, no-till farming, rotational grazing and other practices that improve soil and water quality and reduce erosion have won them recognition for their stewardship.

"Sustainability is such a key word these days, but that's how we've lived," Mike Dee says. "We have to keep improving the soil. It's our bank. It's our factory. It's the key to our whole operation. We have to utilize it to its potential."





Annie and  
Mike Dee

Ashley Layson

*Siblings Annie and Mike Dee manage the 10,000-acre Dee River Ranch near Aliceville, Ala., where they raise cattle and grow wheat, rye, soybeans, corn and cotton. Six consecutive dry years inspired them to create an irrigation system that will supply 13 center pivots with runoff collected in their new 110-acre reservoir.*

But even the best soil and practices need water to be successful. That lesson hit home when the rain stopped falling about six years ago.

Annie says she'll never forget a visit from University of Alabama–Huntsville climatologist John Christy and atmospheric scientist Dick McNider in May 2006.

"We had the best crop potential we'd ever had. Everything looked beautiful," Annie says. "We got right to the gate of the 2,000-acre field, and one of them said, 'What happens if it doesn't rain again?'"

They didn't know it at the time, but they'd seen the end of the rain for that season and the start of a vicious dry period. In the years since, precipitation has dropped by as much as half, and so have the Dees' corn, soybean and wheat yields.

They had explored irrigation in the past, but now their need was urgent.

In Alabama's Black Belt, where some groundwater is so salty that it's used to raise shrimp, the solution would have to be surface water. Their irrigation mentor, northern Alabama farmer Dennis Bragg, suggested that they collect water from their land when they have a surplus.

"We get most of our rainfall in the winter. We can't utilize it, and it's actually a hindrance at times," says Mike, who has headed up their irrigation project. "The key is storing it for a time when we can really use it in our growing cycle."

The Dees started small last year, irrigating 424 acres with rainwater runoff collected in a new 25-acre reservoir and in an existing cow pond.

They were astonished at the difference in yields. Irrigated areas produced up to seven times as much corn and up to 2½ times as many soybeans.

"We decided to hurry up and build a bigger reservoir," Annie says.

### From Pondering to Pond

Applying their philosophy of putting land to the best use, the family decided to dam one end of a brush-filled gully high on the property, allowing gravity to help deliver water down to their fields.

Working out the details took months. The Dees collaborated with local engineer Steve Miller, Zimmatic dealer Rodney Mast, and Randy Wood of Nebraska irrigation company Lindsay Corp., which sent experts from Oregon and Wisconsin to mull the situation.

"That was the most exhausting part," Annie says. "Every little change made a whole new set of scenarios."

But they arrived at a solution, creating a 110-acre reservoir an average of 17 feet





*Droughts have caused leaf curl on the corn and shrinking yields on several crops since 2006. The Dees responded by collecting rainwater when there is a winter surplus and irrigating during the growing season. Their first irrigated acres increased yields up to sevenfold last year.*

deep, or 50 feet at the deepest point. Water is supplied by runoff from about 500 acres of pasture, and is held back by a berm more than four stories tall and almost half a mile long.

Ultimately, the reservoir will irrigate 2,650 acres — the 2,000-acre field and eight smaller fields — using 13 center pivots, seven of which are already in place.

The Dees wanted to make sure they could maximize their return with an efficient, long-lasting system. Electric vertical turbine pumps move the water through 30-inch underground pipes, which have a projected lifespan of up to 50 years or more. GPS receivers track the pivots' positions in the fields, and an automated program applies water and nutrients in a pattern customized for the variable soils. Sensors monitor soil moisture and

temperature, indicating the best times to plant and irrigate. Technology extends to every corner of the ranch: The family can control the system from a smartphone or computer anywhere on the property,

thanks to a new wireless broadband network. Providing power are miles of new electrical lines the Dees hired Alabama Power to install.

“Something this big makes the farmers talk,” says Ed Boyd, regional president at Alabama Ag Credit’s branch office in Monroeville. “Word is getting around about the irrigation project in Pickens County. It looks like the rural water department has moved all its pipe down there.” Boyd first met the Dees last year when they worked with the lending cooperative to finance part of the project. Annie says she appreciated Alabama Ag Credit’s thoroughness and grasp of irrigation. But at Dee River Ranch, which is as self-sustaining as it is sustainable, it’s an unusual step to get financing at all.

“As Annie will tell you, she doesn’t like debt,” says Chris Higbe, vice president of credit at the administrative office in Montgomery. “But they saw that financing a portion of this project was the best option for them.”

Mike says that putting in the system piecemeal might have been cheaper initially, but they were looking for the highest possible returns.

“The infrastructure is right at the beginning, and we’ve got to recoup that cost, but the savings is in the efficiency of these electric motors and having one integrated system,” he says.

“With the difference in yields last year, our first irrigation project would have paid for itself within three full crops,” Annie says. “We’ve given ourselves a little cushion and plan to pay the bigger system off in seven to 10 years.”

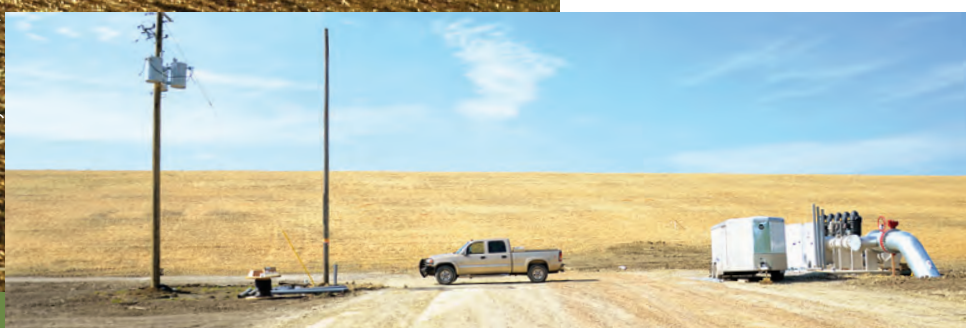
In a way, it’s as though the Dees have come full circle.

“What got us here was water, and here we are collecting our own,” Annie says. ■ CF





*Annie's sons, Jesse and Seth More, celebrate the completion of the 110-acre reservoir at a picnic sponsored by Alabama Ag Credit this spring. Both worked on the earth-moving crew that built the lake with the equipment behind them. Jesse is holding his nephew, Mason.*



*New utility poles and lines power a pumping station, where five high-efficiency electric motors deliver water to the center pivots. Dwarfing them all is the 45-foot-tall dam holding back the new reservoir.*

## Awards and Outreach

Siblings Annie and Mike Dee are committed to finding the best practices for their row crop and cattle operation, and to sharing their discoveries.

"Mike and I are really involved in agriculture groups in the corn, soybean and cattle industries," says Annie, who was appointed to the United Soybean Board by U.S. Agriculture Secretary Tom Vilsack last year. Mike was president of the Alabama Cattlemen's Association in 2010.

"These groups keep telling us that if we want the public to know what ag producers are doing, we've got to tell our own story," she says.

Among the ways they do that is through their website, blog and Facebook page, the work of Annie's daughter-in-law, Jodie More. DeeRiverRanch.com is a good first stop for virtual visitors, whether they want to buy an experienced Florida cracker horse or learn about the ranch's accomplishments.

Sustainable practices have won the ranch numerous accolades in the past five years, including the USDA's national Excellence in Conservation Award, a regional award in the Environmental Stewardship Award Program, and the Alabama Governor's Conservation Achievement Award for Soil Conservationist of the Year. This spring, Mike, Annie and her son Jesse More picked up three state awards in the 2011 National Corn Yield Contest.

On the education front, the Dees host farm visits for students, from third-graders to college students who plan to become rural doctors.

"It's kind of become my passion," Annie says of their work for Alabama's Rural Medical Scholars Program. "They're the ones who are going to be taking care of us."

The ranch is a laboratory for the most current practices and products. At Auburn University, where Annie's husband, Ed Sikora, is a professor and extension plant pathologist, the Dees have worked with several departments, the Natural Resources Management and Development Institute, and the USDA National Soil Dynamics Laboratory. They have collaborated with Cooperative Extension at both Auburn and at nearby Mississippi State University, and with state and federal agencies such as the USDA Soil Climate Analysis Network, which has a weather station on the farm. Through their partnerships, they have researched plant varieties and chemicals, studied geospatial technology, produced their own biodiesel, and more.

Their newest partners are Lindsay Corp. and its subsidiaries, which installed and will monitor the state-of-the-art irrigation and wireless communications systems, which were unveiled at a technology field day in May attended by officials, neighbors and farmers from three states.





# Suited to a Tee

Golf courses across the Southeast are switching to drought-tolerant Bermudagrass greens, the product of Champion Turf Farms of Bay City, Texas.



**A**s golfers around the world watched 25-year-old PGA Tour rookie Keegan Bradley win the 2011 PGA Championship at the Atlanta Athletic Club last August, they likely weren't thinking about the origin of the course greens. It was Bradley's three-hole playoff finish that was memorable.

## Helping Golf Change Course

But for golf course superintendents, industry insiders and the Brown family of Bay City, Texas, who founded Champion Turf Farms more than 45 years ago, the tournament was memorable for another reason. Just two years earlier, Mike Brown and his dad, Morris, saw the no-till renovation of the Atlanta course from bentgrass to their own Champion Bermudagrass. The 2011 tournament marked the first major championship played on Bermudagrass greens, rather than bentgrass, in decades.

The makeover created a buzz in the industry trade press, with many pundits correctly predicting that other warm-region courses would soon follow suit. As *Golf Digest's* Ron Whitten wrote in its August 2011 issue, "This was the event and the course that disproved the conventional wisdom that major-championship golf in the Deep South is risky."

Why? Whitten explains, "Once construction crews ripped apart and reassembled each hole on the Highlands, Ken Mangum, director of golf course and grounds, planted his choice of warm-weather grasses with the intention of having the course play as firm and fast as possible. Gone are the Highlands' bentgrass greens that required huge electric fans to keep

them alive in the heat of an Atlanta summer. In their place is Champion Ultradwarf Bermuda (the first ultradwarf ever developed), which thrives in summer without a life-support system and putts like the finest-groomed bentgrass."

According to [americanlawns.com](http://americanlawns.com), bentgrass is adapted to cool, humid environments.

It is naturally adapted to northern climates and must be intensively managed and kept cool during hot weather, not a favorable combination for the South's hot summers and extended drought years of late.

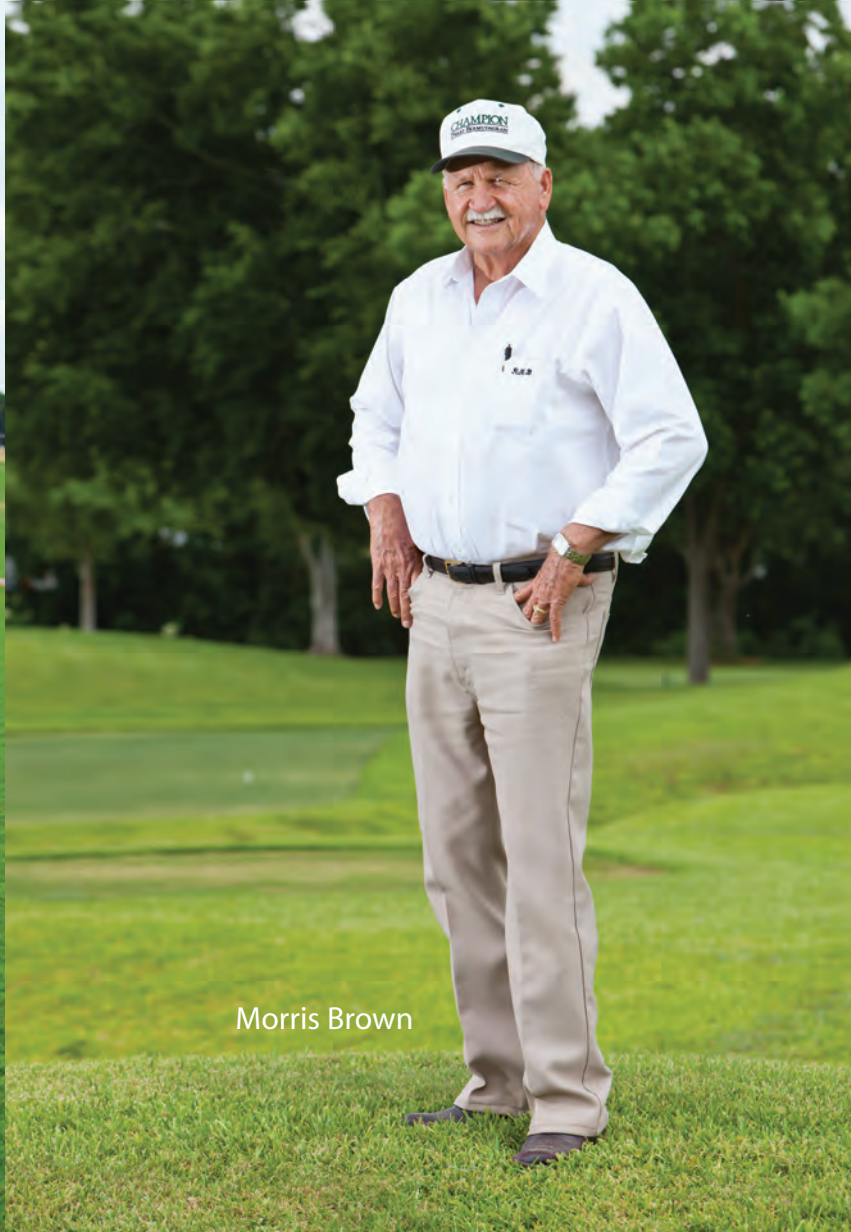
## Making the Leader Board

When it comes to golf course turf development, installation and management, there's arguably no team more experienced than the Browns, according to Capital Farm Credit's Bill Baker, credit office

president. "These are atypical turf farmers," says Baker, whose co-op has provided their financing since the 1980s. "This is a volatile business, but Mike keeps track of what's happening in the industry and has an incredible pulse on trends and the state of the business. He's a guy who is in the trenches and working on the courses, and is very knowledgeable."

The company's origins trace back to 1966, when Morris Brown founded the firm as Coastal Turf Nurseries. In the mid-1980s, he developed Champion Dwarf Bermudagrass, which has been planted on more than 500 courses during the past decade. Mike and his brother, Scott, grew up working on the farm and on golf courses.

"My brother's strength and interest is in IT systems and computers, so he runs our



Morris Brown

Photos by Jim Lincoln



systems and office management,” Mike says. He and his dad oversee the growing and installation projects, traveling from course to course to work side-by-side with course superintendents. His mother, Carol, manages administration of the golf course contracts. Farm manager Joe Johnson has kept the farm running smoothly for many years, and Grace Mariner has handled orders since the early 1990s.

## Rolling With the Markets

Originally, the Browns’ focus was on planting new golf courses. “We were planting so many new golf courses in Texas in the late 1990s,” says Mike. “It was that boom that led us to go back to Capital Farm Credit to expand by purchasing a 2,250-acre ranch tract contiguous to our property.” In addition to providing more cultivation acreage, the ranch has multiple houses, ponds and creeks that have become an ideal venue for hosting popular hog hunts for customers.

In recent years, however, U.S. golf course development has almost halted. In 2010, only 18 new courses opened, and fewer than a dozen more last year, according to Golf Digest. With many existing courses facing persistent drought and high irrigation costs, however, the Browns saw a new opportunity and have built a niche for their unique approach to renovating greens.

“Right now, our golf course replacement business is very busy. A lot of course superintendents want to change out their greens because bentgrass doesn’t handle



*Champion Turf Farms of Bay City, Texas, has installed turf on more than 1,000 golf courses.*

the heat well and has been very difficult to live with in recent years.”

The Browns approach green renovation as a turnkey endeavor, in which they take an active, personal role in everything from growing the sprigs to installation and monitoring maintenance.

“When we go out to a golf course, we have a trail of accountability. It’s so much more than a sale; it’s what we live and breathe,” says Mike. “We spend all of our time out on golf courses in the southeastern U.S. going from job to job. No one alive has my dad’s level of experience. He’s probably done 1,000-plus courses, and I’ve done in the hundreds.”

In the tight economy, he says, many veteran golf superintendents are being squeezed out of high-paying jobs, leaving the course with young, less experienced personnel.

“Planting the green is a short process, but the rest is checking on it. No one is paying us to do that, but we can come in with this expertise that is invaluable,” says Mike. “We bring the sprigs, the crews, and we do everything we can to help the superintendent succeed.”

Like their clients, Champion Turf Farms has to keep a close eye on the cost of operations. “With the economy doing poorly, it forces golf courses to do what makes them more efficient, and that has helped our business,” he says. At the same time, the Browns sought ways to be more efficient themselves. “That’s why we wanted one big farm and pursued the additional acreage,” he says. “We can consolidate the work, rather than be on separate farms, and be as efficient as possible. When we found the ranchland, Capital Farm Credit made that possible.” ■ SD

## CHAMPION ON THE LINKS

Tune in when the PGA Tour takes the course for its final regular season event of 2012, the Wyndham Championship starting the week of Aug. 13 at Greensboro, N.C.’s Sedgefield Country Club. You will be able to see the Browns’ handiwork — they began replanting the greens there on May 14.

The renovation already is generating local media attention. Rocky Brooks, the course’s head pro, told the Winston-Salem Journal that “several PGA Tour pros had wondered when the course would switch to Bermuda greens.”

Course architect Kris Spence told the newspaper in its April 21 story that “changing to Bermuda greens is a trend

that has caught on. Bermuda greens are the wave of the future in North Carolina. Champion Bermuda, one of two types of Bermuda, has become very popular and was used in the recent resurfacing at Starmount Country Club. Bermuda Run Country Club converted its East Course to Champion Bermuda three years ago.”

In the article, golfer Webb Simpson says, “With Bermuda greens, Sedgefield becomes one of the great golf courses on the PGA Tour. Even in the heat of August, the greens will be hard and fast, and that means the course will play much tougher.”





*Champion Turf Farms is owned and operated by Morris Brown, foreground, and sons Mike, in dark shirt, and Scott, right.*

“When we go out to a golf course, we have a trail of accountability. It’s so much more than a sale; it’s what we live and breathe.”



# A “Berry” Important Legacy

Two longtime farming families are doing their part to keep the Louisiana strawberry industry alive.

**A**t the turn of the 20th century, life in Tangipahoa Parish, La., revolved around strawberries.

Legend has it that farmers would line the streets alongside the railroad tracks, waiting to load crates of bright red berries into railroad cars that would carry the fruit from southern Louisiana to the bustling markets in Memphis, New Orleans and Chicago. Production in the parish peaked in the early 1930s, and as U.S. transportation systems improved, the local industry faced increased competition from California and Florida. Today the area is still home to the annual Ponchatoula Strawberry Festival — the state’s largest event after Mardi Gras — but fewer than 50 commercial and backyard strawberry growers remain in the parish, and only about 350 acres of berries are planted annually.

Two families continuing the legacy are Kevin and Elizabeth Liuzza of Tickfaw, and Eric and Natalya Morrow of Ponchatoula. Both Kevin and Eric are members of the Louisiana Strawberry Marketing Board, and each family has chosen its own way to run a profitable operation and to help keep Louisiana strawberries on the map.

“Strawberry production has a very deep history in this area, and just a few families of farmers have stuck with it,” says Marcell Parker, vice president/branch manager in Louisiana Land Bank’s Hammond office, which has financed real estate purchases for the Liuzzas and the Morrows. “It’s a privilege to work with both of these families and to see how they are proudly carrying on the tradition of strawberry farming in Tangipahoa Parish.”

## **Kevin and Elizabeth Liuzza** *Tickfaw, La.*

This past spring, nearly 2,500 school-aged visitors to Kevin and Elizabeth Liuzza’s farm jumped on the “Know your farmer, know your food” bandwagon — literally.

Seated inside a brightly painted 70-passenger “wagon” pulled by a tractor, the youngsters learned firsthand about strawberry production and farming in Louisiana while touring the state’s largest strawberry operation, Liuzza Produce Farms. For the past two years, Elizabeth has offered pick-your-own produce events and school tours on the Liuzza family farm.

“It started out as a way to diversify in case of a bad year, and as a way to entertain school kids in the area,” Elizabeth says of the venture. “I’d heard the term agri-



tourism and knew we had something to offer.”

The experience begins the moment the students arrive at “Liuzza Land.” Before boarding the wagon, they gather under a covered pavilion where they can enjoy picnic lunches or purchase strawberry-themed concessions, including shortcake, lemonade, tea, cookies, jams and jellies. During the tour, the students visit the greenhouse, plant seeds to take home with them and even get to pick fruit that they take home in containers adorned with the Liuzzas’ label — a smart marketing idea on Elizabeth’s part.

A 15-minute tour in the fields leads to discussions about the crops and production practices, and Elizabeth says she is able to tailor the tour to different ages.

“With the middle school and high school kids, we talk about labor issues and fertilizer applications,” she explains. “The younger kids want to know, ‘Why is that stick in the field? What’s that black hose for?’ They want to know everything.”

With more than 400 acres in production, including 90 acres of strawberries, Liuzza Produce Farms is the ideal outdoor

classroom. The family operation produces more than 500,000 packages of fresh produce annually, most of which are distributed to major grocery chains like Wal-Mart, Winn-Dixie and Associated Grocers. Seasonal crops can include strawberries, cabbage, tomatoes, watermelon, zucchini, squash, pumpkins and cucumbers.

Kevin is a fifth-generation farmer who began farming on 60 acres of his grandfather’s land in high school. Today, he is the farm manager of Liuzza Produce Farms and also runs Kevin Liuzza Farm, LLC, which includes more than 100 acres in Tickfaw and Amite.

His role includes overseeing food safety, a job that keeps him busy because of stringent government regulations. To ensure the highest quality, the family recently built a new cooling and packing facility.

“Each flat of berries can be traced back to the farm, the field, the picker, even the time it was picked,” Kevin states. He adds that changes in recent years to employment regulations have made it more difficult to hire contract workers.

Elizabeth says that because weather conditions affect shelf life, the Liuzzas don’t send

produce very far beyond the Louisiana border. Instead, they operate Berrytown Produce, three open-air markets in Hammond and Ponchatoula that offer a variety of fresh produce and items such as fresh-baked breads, wine, pottery, pewter, gift baskets, jams and jellies.

“We are a ‘12 months out of the year’ operation,” Elizabeth says. “There is no such thing as seasonal for us.” This extends to her “u-pick” events and school tours as well. In the fall, Liuzza Land offers a corn maze and tours of the farm’s pumpkin operation. Elizabeth hopes to add a henhouse, where students can learn about egg production, and facilities where they can learn about milk and wool.

“I never needed a marketing plan to tell me this was going to work,” she says of her idea. “I knew people wanted to pick their own produce, and as a mom I knew that there was nowhere in the area for these kids to go. This is good, wholesome fun and a way to show what farm life is like in this day and age.”

*For more information about Liuzza Land tours or Berrytown Produce, visit [louisianastrawberries.net](http://louisianastrawberries.net).*



*Above: Workers harvest berries for Liuzza Produce Farms.  
Left: Kevin and Elizabeth Liuzza, with their children Isabelle and Brandt*



## Eric and Natalya Morrow

Ponchatoula, La.

According to Eric Morrow, nowhere else does state pride run more rampant than in Louisiana.

"I've lived in several states, but people from Louisiana practically have Louisiana tattooed on them — they love it here," Morrow says. "They love the culture and they love the food, and if they have a chance to buy something local, they're going to do it."

To help keep proud Louisianans stocked with all the fresh strawberries, blueberries and vegetables they can eat, Morrow markets his produce at the Red Stick Farmers Market in Baton Rouge and also provides strawberries to Wal-Mart stores throughout the state. He planted about 15 acres for this year's harvest, making him the third-largest strawberry producer in Louisiana.

"People get excited to see Ponchatoula berries in their local Wal-Mart instead of berries from Florida or California or Mexico," he adds.

Morrow is a Louisiana native who studied agriculture at Louisiana State University before working as a commodities trader, and later as a stock trader, at the Chicago Stock Exchange. After selling his seat on the exchange in 1998, Morrow returned home to an overgrown farm that had been in his family for eight generations.

"Nearly everything had fallen down," he recalls. "You couldn't see up the driveway or even see a house. It was just overgrown with tallow trees, so I spent one month on a 'dozer and cleared the place." On the cleared fields, he began growing snap beans and strawberries during the day. At night, he rebuilt the homestead's farmhouse.

At that time, the Red Stick Farmers Market was a fairly new venture, but as a frequent visitor to farmers markets in Chicago and Charlotte, N.C., Morrow thought it was the perfect venue to market the results of his then-fledgling farming operation. His hunch proved right, and today he is a staple at the market three times a week, with offerings that can include berries, corn, potatoes, sweet potatoes, tomatoes, eggplant, mustard greens, squash, onions and more.



Eric and Natalya Morrow and their son, Matthew

"The Red Stick Farmers Market is wonderful," Morrow says. "Every Saturday they can have 3,000 people there watching chefs give cooking demonstrations with produce from the market and offering recipes."

Morrow says that he has many of the same customers from week to week, no matter what offering he has, and relies on their feedback to help determine what to plant, which is based on what they're craving at the moment.

"In the summertime, everyone wants a homegrown tomato, fresh blueberries or a cold watermelon," he says. "Everyone has 'seasons of tastes,' and I want to give them that tomato they eat over the kitchen sink."

In addition to providing the staples that his customers have grown to love, such as sweet corn, onions and potatoes, Morrow also likes to experiment with new produce. Three years ago, he purchased 6,000 blueberry bushes from a grower in Florida. Instead of planting them in the ground, he planted each bush in black plastic pots, which are grouped together outside.

Morrow says that growing the blueberries in containers not only allows him to have more bushes per acre, it makes fertilizer and irrigation applications more efficient.

He began supplying strawberries to Wal-Mart five years ago, and hopes that his blueberry production will increase enough that he will be able to distribute blueberries to local stores in the next few years. Morrow says that he knows that the farmers market is "the root of his business," but he does admit he gets huge personal satisfaction from seeing his product on store shelves.

"I walk into Wal-Mart, see my berries and think 'I have arrived,'" he says. ■ SH

See more photos at [findfarmcredit.com/seemore](http://findfarmcredit.com/seemore).



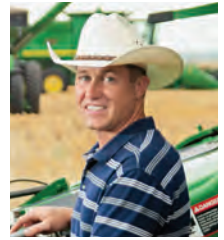


# Off to a STRONG START

With a name like Young, it seems natural that Justin and Shanda Young were named Texas Farm Bureau's Outstanding Young Farmer and Rancher for 2011.



Young



Minzenmayer

Paul and Monica Minzenmayer earned the same Texas award in 2010. A year later, the American Farm Bureau Federation presented them with the national Young Farmers and Ranchers Achievement Award in 2011. Farm Credit sponsors the Farm Bureau's Young Farmer and Rancher programs, which recognize the accomplishments of top producers age 35 and under.

Justin Young is 35 and Paul Minzenmayer is just 31, but their life stories are already impressive. Both started setting goals in their teens, and both have exceeded their original objectives and continue to set new goals.

Landscapes asked these two young Farm Credit customers to share their advice with other beginning farmers and ranchers on how to succeed in production agriculture.

## Young Producers Share Tips for Success

- 1. Move away and get an education.** Minzenmayer's goal in college was to learn how big corporations operate. "I knew how to manage crops," he says. "I wanted to learn about how to handle the numbers." Young's parents encouraged him to attend college. "Getting away gave me the chance to learn how to survive on my own," he says.
- 2. Set goals.** "Visualize where you're going to be in 10 years, and don't let anybody tell you that you can't get there," Young says.
- 3. Take calculated risks.** Young suggested that his family raise chicken broilers a few years ago when fertilizer prices skyrocketed. "Our growing operation required more fertilizer, and chicken litter meets almost all of our needs," he explains. Plus, the broilers generate additional income.
- 4. Diversify.** Young partnered with his dad to invest in an office building and a convenience store with a Subway restaurant. "You have to diversify to keep your operation strong during hard times," Young says. "These businesses provide year-round cash flow."
- 5. Learn how to market.** When Minzenmayer needed more grain storage in 2008, he invested in Lone Star Grain Elevator. The elevator gives him additional options for marketing and hedging crops. He doesn't wait to make a huge profit before selling. "As long as you sell for a profit, you'll never go broke," he says.
- 6. Plan for tough times.** While many Texas livestock producers were forced to sell cattle due to a lack of feed and grass during the 2011 drought, both young producers were able to grow what they needed. When corn failed to mature, the Youngs chopped it into silage. Minzenmayer kept moving his cattle to the best grass and water available.
- 7. Spend conservatively.** The Young family grows its operation through sweat equity. "Compared with most large operations, we do more with less equipment and less help," Young says. When Minzenmayer started out, he traded his labor for the use of other farmers' equipment. He purchased machinery from his dad and bought additional machinery from other retiring farmers, which led to leasing the farmers' lands. "Whenever we buy something new, I make sure it pays off," Minzenmayer says. "You won't find a lot of toys on this farm."
- 8. Take care of the land.** Minzenmayer started out growing cotton, but now rotates cotton with no-till wheat. Rotating reduces insects and weeds, and he has seen a tremendous increase in cotton production. "Cotton takes a lot out of the ground," he says. "Wheat puts it back."
- 9. Don't bite off more than you can chew.** Minzenmayer continues to lease much of his acreage. "The more we take care of our landlords, the more land comes our way," he says. "We do what we say we're going to do, and our landlords tell their friends. Don't buy land before your balance sheet can afford it."
- 10. Keep growing.** The Youngs pour most earnings into expanding their operation. "We purchase land as a family," Young says. "We can buy more that way." For Minzenmayer, getting bigger makes sense because he can spread equipment and other expenses over more acres, lowering per-acre costs.
- 11. Manage your time by building a strong team.** Young earned a degree in diesel mechanics, but calls on experts for major repairs. A friend manages the Subway and convenience store. "I focus my time on where it adds the most value," Young says. Minzenmayer spends two days a week in his office handling accounting for the farm and elevator. He depends on employees to handle day-to-day tasks. "They know what to do," he says.
- 12. Don't sweat the small stuff.** "When you work with family, you've got to sweep the little stuff under the rug," Young says. "As long as everyone respects one another, it works." The same holds true for employees. "Everybody has their own way of doing things," Minzenmayer says. "Pick your battles carefully."
- 13. Embrace challenges.** "You've got to know how to do a little bit of everything on a farm," Young says.
- 14. Take time off.** Minzenmayer and his employees don't work on Sundays. "It took me awhile to get there," he admits. "But we get so much more done during the week now — even during harvest." Both Minzenmayer and Young enjoy boating on nearby lakes on weekends. "That's where I clear my mind and get ready to go again," Young says.
- 15. Join young farmer groups.** Through Farm Bureau's two-year Ag Lead program, Young and his wife, Shanda, visited Washington, D.C., California, Canada and areas of Texas. Paul and Monica Minzenmayer traveled with Farm Bureau, too. "I'd recommend the program to anyone who wants to be a better leader," Young says. "It opened my eyes to what's going on around the world." As a bonus, both couples remain friends with others they've met through Ag Lead.
- 16. Love what you do.** As Young says, "When you're doing what you love, it's more than just a job."





*Justin Young*



*Paul Minzenmayer*

## Justin Young Partners With Family

Justin Young owes a big part of his success to working closely with family members. He partners with his father, Paul, his uncle David and his cousin Kevin in a farming and ranching operation in the Waco area. Another partner, his aunt, Robin Thomas, handles accounting.

The older generation, including Justin's grandparents Henrietta and Maurice Young, welcomed Justin and Kevin as equal partners. "A lot of families aren't willing to give a young person the right to a leadership position," Justin says. "My dad and granddad turned over a lot of decision-making. That works better for everybody."

Justin and his wife, Shanda, and their daughter, Addison, 4, live near Lott, Texas. Shanda commutes to a full-time job in Waco, 40 miles away.

The Young family raises beef cattle, cotton, corn, milo, wheat, oats, soybeans, pecans and hay. The operation is split into three locations around Waco. Justin makes most of the decisions on the farm near his home, which includes 12 broiler chicken houses. But the family makes big decisions together.

Justin recently completed a term as president of the Falls County Farm Bureau, and chairs the district Farm Bureau Young Farmer and Rancher Program.

Texas Land Bank, ACA, has financed the Young family farm for decades, and finances Justin and Shanda's rural home, too. "The Youngs are the hardest working bunch of people I know, and it's a pleasure dealing with them," says Aaron Nors, credit office president in Waco. "Justin has an amazing database of information in his head on every field." Justin's father, Paul, is a Texas Land Bank director.





Jim Bean

Jim Lincoln

## Paul Minzenmayer Succeeds on His Own

Paul Minzenmayer grew up on a family farm and struck out on his own at age 17. Today, he and his wife, Monica, a former teacher, operate High Cotton Farms near Rowena, Texas. They have two children, Matt, 5, and Lizzie, 4.

Paul's relationship with Farm Bureau's Ag Lead program took him across North America and to South Africa. "It opened my mind to the need for public relations in agriculture," he says. "I didn't realize how much people want to know about how we farm. I view it as my duty to be the face of agriculture."

High Cotton Farms grows cotton, but three-quarters of the acreage is devoted to wheat. The place is also home to about 150 cow-calf pairs.

Paul earned his master's degree in business administration at Angelo State University. He then spent two years working for a large accounting firm in Midland, driving two hours each way to farm on weekends and becoming a certified public accountant during the same period. Today, he works full time for himself and owns Lone Star Grain Elevator in Roscoe, Texas, with a partner.

Paul served on the Texas Farm Bureau's Young Farmer and Rancher Advisory Committee. He now serves on the Farm Bureau's state Wheat Advisory Committee and on the Runnels County board.

Capital Farm Credit, ACA, has financed three of Paul's land purchases and provides the elevator's operating loan. "I really like having a CPA for a customer!" says Leon Langley, vice president of Capital Farm Credit in San Angelo. "Paul's one of the sharpest young men I've run across in some time." ■ NJ

## Farm Credit Can Help

Farm Credit recognizes the need to attract young people into farming and ranching. Many Farm Credit associations offer special programs for young and beginning producers.

The numbers for 2010, the latest year for which figures are available, show how Farm Credit has stepped up its commitment nationwide to farmers 35 or younger.

Young Farmers	2009	2010
No. of Loans Made in Year	50,689	53,470
Loan Volume at Year End	\$20.4 billion	\$21.1 billion

In 2010, loans to young farmers represented 16.2 percent of all Farm Credit loans made during the year, and 11.4 percent of the dollar volume of all loans made. The average loan made to young farmers was \$136,917, up 4.6 percent from 2009.

Farm Credit also has increased lending to beginning farmers, defined as those with 10 years or less of experience.

Beginning Farmers	2009	2010
No. of Loans Made in Year	61,387	65,653
Loan Volume at Year End	\$34.1 billion	\$34.3 billion

In 2010, loans to beginning farmers represented 19.9 percent of all loans made by Farm Credit during the year, and 16.0 percent of the dollar volume of loans made. The average loan made to beginning farmers was \$156,557, up 1.5 percent from 2009.

## About Young Farmers

The USDA Census of Agriculture, last taken in 2007, reveals a few facts about producers of different ages:

- The average age of U.S. principal farm operators was 57 in 2007.
- New Mexico, Arizona, Texas, Mississippi and Oklahoma have the highest percentage of older principal operators.
- Across the U.S., only 54,147 farm operators are under age 25; most are between 45 and 65.
- Operators under 45 are twice as likely to have a job off the farm as those over 65.
- Fifty-nine percent of farmers under 45 own all their land, compared with 77 percent of those over 65.



# Preparing for *Takeoff*

A young farmer builds his operation with help from flying, trucking and custom-farming jobs.

**T**hank goodness for cell phones. Without one, it would be hard to track down North Texas young farmer Jesse Shipman. Depending on the season, he could be custom-combining wheat, trucking grain for a commodities broker, or flying his Cessna 188 Ag Truck to West Texas to defoliate cotton from the air.

But there's a reason he's often on the go.

Shipman's custom-farming and agricultural services help to pay for his own farming operation near Honey Grove, Texas — a business he's dreamed of owning since he was a youngster.

"I was 7 years old when I got my first chance at driving a tractor," he says, sitting in the office of the farm shop that he shares with his father, Bruce Shipman, and uncle Rickey Shipman. "Even though I had a broken

arm and was wearing a cast, my dad let me on the tractor and I got to bale hay that summer. I was hooked."

After that first experience, he started plowing and doing other jobs around the family farm and became so enamored with the profession that he decided on a career in agriculture.

Shipman was just 15 when he started working his first farm, a 25-acre place that he acquired from his dad and uncle, who had agreed to help him get started farming.

Jesse Shipman



Casey and Jesse Shipman take a break from farm work to enjoy their son, Judd.





Using borrowed equipment, he planted wheat, and because of record yields and commodity prices that year, he roared to a strong start in the farming business. With that first wheat crop in the elevator, he was able to buy his first pickup with the proceeds from the harvest.

That was 14 years ago, and he hasn't looked back.

"After that first year, I guess farming got in my blood, and I've been doing it ever since," he explains.

During his teens, Shipman also received his commercial driver's license and learned to fly an airplane — two accomplishments that would later serve him well as his farming operation grew.

### Diversifying for Long-Term Viability

He was 19 and taking some college classes when he saw another opportunity: to start a small trucking company. He bought a semi-truck and began hauling Bermudagrass hay for a local grower to horse-farm clients in Central Texas. The business quickly grew as he started hauling grain to a railhead in Paris, Texas, filling a transportation void in a region where local rail service was unavailable.

Thanks in part to income from the trucking business, he was able to make his first land purchase in 2005 — a 46-acre tract that he financed with AgriLand Farm Credit. The trucking company has continued to grow and now accounts for one-third of his income, earned largely by hauling fertilizer from an Oklahoma plant to a local fertilizer dealer, as well as by hauling grain for a local commodities broker.

Putting his early pilot training to good use, Shipman also started doing aerial application work in 2007, logging nearly 500 hours in the cockpit for Knox Aerial Spraying of Paris, Texas, that first year. In fact, aerial spraying was his main occupation until 2009, when he acquired the bulk of the acreage he now farms.

"Trucking and flying have really helped keep the operation afloat," he says. "If one part of the operation isn't doing as well as I'd like, I have the other ventures to keep things going."

When he first began farming, Shipman borrowed a tractor from his dad and uncle because he worked only 200 acres. But as he rented more farmland, his equipment needs increased, and that's when he returned to AgriLand Farm Credit. In fact, he attributes

his quick start in farming to the assistance that AgriLand has provided from the beginning, from real estate loans to equipment and operating loans.

"When I started, AgriLand was a big help. They financed the startup of my operation that first year," Shipman says. "If it wouldn't have been for them, I don't know what I would have done. You just can't put a crop in out of your own pocket."

### Partners in Prosperity

In the past four years, life has accelerated for Shipman. He and his wife, Casey, were married in 2008, and in early 2011 they were blessed with the birth of their first child, Judd. Meanwhile, he acquired more acreage but continued to share labor and equipment with family members. Today he grows sunflowers, wheat and milo on 1,350 acres in eastern Fannin County. He also farms land in Delta County and would like to add another 500 acres to the operation eventually.

From AgriLand's perspective, Shipman's strategy of relying on outside income to gradually build his business is a good one.

"Jesse is a hard worker and careful risk manager, who is willing to do what it takes to accomplish his goals. It's refreshing to see younger farmers like Jesse become successful working full time in agriculture," says Troy Lopez, Shipman's loan officer at AgriLand Farm Credit in Bonham. "I look forward to working with him and seeing him grow and diversify his operation further in the future."

Today, with almost half a lifetime of farming experience behind him, the 29-year-old Shipman says that if he could give other beginning farmers one piece of advice, he would tell them not to give up because of a bad year or two. "Farming is a business that you can heal up in one good year," he says.

Shipman says, however, that he was blessed with a good crop last year. Despite the severe drought that plagued Texas, timely rains early in the season helped him achieve record yields. His 2011 wheat crop averaged 75 bushels per acre, and this year's mild winter and ample rainfall set the stage for another wheat crop equal to or even better than last year's.

But come what may, he has invested heart and soul into the farming operations that he started on his own as a teenager.

"Farming was bred into me," he says. "My dad and my uncle farmed their whole lives, and I've been around farming my whole life, so I really don't know much other than this life. I get up in the morning looking forward to my day because I can't imagine doing anything else besides farming. It is in my blood." ■ RG

Photos by Russell Graves





# Why Not Wagyu?

A Texas rancher is sharing his enthusiasm for Japanese cattle beyond the state's borders.

## Lifelong cattleman Ralph Lee knows a good thing when he sees it.

And driving through the pastures of his Central Texas ranch, he sees what he believes is the answer to providing high-quality premium beef, in the form of Wagyu cattle.

For the past four years, Lee has advocated passionately for the breed, introducing Wagyu genetics into his own herd and working to promote Wagyu cattle in the United States.

"I was convinced I was doing the right thing from the beginning and am even more convinced today," Lee says. As evidenced by his short four-year rise from novice breeder to Texas Wagyu Association and American Wagyu Association director, Lee's enthusiasm and commitment are obvious.

## Finding a Way to Market High-Quality Beef

The word Wagyu refers to all Japanese beef cattle ('Wa' means Japanese or Japanese-style, and 'gyu' means cattle), and the difference of their beef lies in the marbling, the white flecks of fat interspersed throughout the muscles.



While most meat-eating Americans are familiar with USDA Prime-designated beef, Japanese beef is graded on a numeric scale from 1 to 12. On that scale, USDA Prime beef rates between 5 and 6, Lee says. Furthermore,

research at Washington State University has shown that Wagyu beef has about a 2:1 ratio of monounsaturated fatty acid to saturated fatty acid compared with that of British cattle breeds, which are more commonly slaughtered for beef in the United States. According to Lee, the marbling has a different texture to it and a much lower melting point of about 75 degrees. He adds that it also has high amounts of oleic acid, which is commonly found in "heart healthy" nuts, such as almonds and pecans.

While Wagyu cattle in the United States were originally brought over in the 1970s to be raised for the Japanese

market, most of the Wagyu beef slaughtered in the U.S. today remains here to be served in some of the country's top steakhouses.

It's the taste of the beef that Lee says persuaded him to invest in the breed. He had read about Wagyu cattle in numerous agricultural publications and says he felt that Wagyu beef was the answer to what he thought were unsatisfactory beef options in the marketplace.

Once in the business, Lee says he knew that Texas breeders needed a way to sell their animals as a group, so he discussed the idea of starting a state breed association with some other ranchers in Central Texas. They all agreed that the need was there — and suggested that Lee organize and lead the effort. He hosted the first informational meeting at a local sale barn and served as the association's first president from 2009 to 2011.

"When I held the first meeting, I had 75 to 80 people show up," he recalls. "They were excited about it and still are. We have a good group of people and a good board of directors, which makes it work."

The Texas Wagyu Association has hosted an annual production sale since 2010, and this year's sale in April 2012 included 65 lots of cattle that averaged \$5,405 each — up 25 percent from the 2011 sale. Most Wagyu cattle are sold by private treaty, but Lee believes that the sale is an important tradition to uphold.

Lee says that the Texas association's membership extends to other states, as well as to Australia, Canada and Mexico, but that it was established to work under American Wagyu Association guidelines and help the national organization — never to replace it.

## Why it Pays to Have a Plan

While Lee will proudly recount the strong points of Wagyu cattle and their beef, he is also a realist and says he knows that the niche breed has its downsides. Lee acknowledges that Wagyu cattle require more startup costs and advises those interested in trying the breed to do their research.

"These aren't cattle you can just take to the sale barn," Lee says. "You've got to have a plan for who you are going to



sell them to and how you are going to market them. I'll talk to beginners and show them around my herd, and tell them what I am doing and why I am doing it, share some of the mistakes I've made and some of the things I would recommend them doing."

Lee's herd includes both full-blood Wagyu cattle and Wagyu-Angus crossbred cattle. He also uses some of his Angus and Brangus heifers as recipient cows, or surrogates, for Wagyu embryos. His calves are grain-fed in a feedlot, and he says he knows his markets well enough that he can secure a buyer for them before they begin a feeding program. As of early spring, he had 800 head in feedlots. Lee recently began experimenting with Wagyu-Holstein crosses, which he is expecting to result in a consistent, high-marbled product.

Lee is a customer of Texas Land Bank's Lampasas office and took out his first real estate loan with the lending co-op in 1978. Macy Blankenship, office branch manager and Lee's loan officer, says she is impressed with the direction he has taken his operation in the past four years.

"It's really impressive what he has been able to accomplish in such a short period of time," Blankenship says. "The progress he has made is reflective of his strong management abilities, and he's sharp as a tack when it comes to making smart business decisions."

Two of Lee's three children are involved with the ranch, and he says that his three grandchildren love to visit. He admits that in addition to helping him put quality beef into the marketplace, his involvement with Wagyu cattle contributes to another important goal — enabling him to pass down the lifestyle he loves to the next generations.

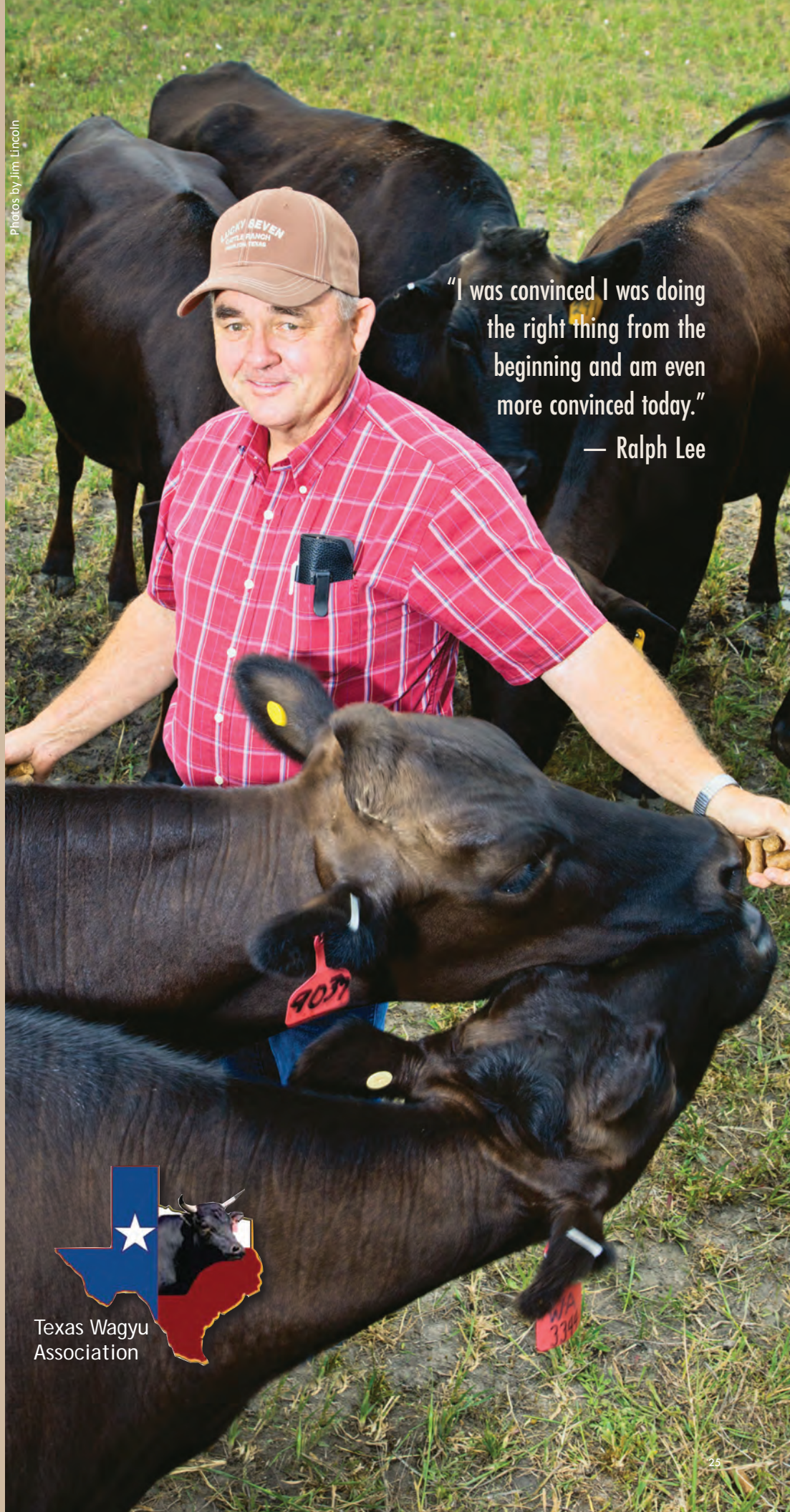
"I love the cattle business, and I would like to be able to tell my grandkids that they can take over the ranching operation and make a really good living at it," Lee says. "Before the Wagyu, there is no way I could have told them that."

■ SH

For more information about the Texas Wagyu Association, visit [texaswagyuassociation.org](http://texaswagyuassociation.org).

SUMMER 2012

Photos by Jim Lincoln



"I was convinced I was doing the right thing from the beginning and am even more convinced today."

— Ralph Lee



Texas Wagyu  
Association



# At Your Bidding



*Auctioneer Mickey Fowler coaxes a bid from a buyer at a farm auction in Athens, Ala.*

Alidia Looney

There appears to be little rhyme or reason to the contents of the sale yard at Fowler Auction in Toney, Ala. While the first row of items — dozens of used-but-sturdy farm implements — are logically grouped, the collection soon moves into a mishmash that includes late-model passenger cars, bicycles, office copy machines and weight-lifting benches, all waiting to be sold in an upcoming auction.

As confusing as the collection might seem, to John “Mickey” Fowler, the members of this unlikely assemblage share a common thread: value.

“Everything out here is worth something,” says Fowler, 67, as he slowly drives his Jeep Cherokee through the 9-acre sale yard. “It’s my job to know what that worth, or value, is. That’s the key to success when it comes to auctioneering.”

As founder and president of Fowler Auction and Real Estate Service Inc. — one of the largest auction companies in the northern Alabama–southern Tennessee region — and a devoted member of Alabama Farm Credit, Fowler knows a thing or two about the auction business. Since 1978, he has

been using a natural gift of appraisal to help the surrounding, predominately agricultural community sell and purchase goods at fair prices. On the strength of his reputation as a straight-shooting and honest auctioneer, Fowler has built his company into a well-known business. Today, it is situated on a 34-acre campus, employs seven full-time staff members and conducts 75 to 100 auctions annually.

“This industry has been a blessing to me and my family,” says the auctioneer, known for his wide smile and pale-blue eyes. “I can honestly say that I love coming to work every day, and I’m thankful that I can do what I enjoy for a living.”

As a boy growing up on the farm that he still calls home, Fowler says he learned early that people and things are inextricably linked “one way or the other.” In fact, at the tender age of 12, he learned the hard way.

“One evening, my family was visiting relatives who lived just down the road,” he explains. “On the way home, we saw the glow of flames over the treetops in the distance, and I can remember my momma saying, ‘Lord, our house is on fire!’ There

was nothing left — it burned to the ground. It was a hard lesson on how quickly things can be taken away from you. One minute everything is fine, and the next, you’re left with nothing. I watched my parents start over from scratch.”

The experience left Fowler with an appreciation for his parents’ work ethic and the determination as well as the desire to better maintain the farm implements that survived the disaster, he says. After graduating from Ardmore High School in the early 1960s, he launched his own paint and body shop, honing a skill that would serve him well in another capacity later in life. In 1974, however, Fowler decided to return to his farming roots.

“I got back into row-cropping corn, soybeans and cotton,” he says. “I loved the work, but it was a difficult time to start up a farm. These were the years of the energy crisis and sky-high interest rates. I was married to my first wife and had small children at home, and it was hard to make ends meet.”

It was also a problem, Fowler says, to find affordable farm equipment. He began to notice that more experienced farmers in the



area would travel to states in the Midwest, where used agricultural implements were more plentiful, to outfit their farms.

“At some point, I thought to myself, ‘Well, if they can do that, then why can’t I go bring [equipment] back and sell it?’” he recalls. “With my paint and body-shop experience, I knew I could fix these things up and make them look good. It all went hand in hand.”

Within a few years, farmers were making the trip from neighboring states to purchase equipment from Fowler, but with other auctioneers at the helm, the profits were slim. By 1978, the young farmer had concluded that he needed to take another step.

“An auctioneer friend of mine in Missouri advised me to become an auctioneer myself,” he says. “He said, ‘If you let somebody else sell it, they’ll give it away because they don’t care what you’ve got in it.’ A lot of folks around here told me I’d never make an auctioneer, but when you’re broke and hungry like I was, you’ll do what you’ve got to do, so I took a two-week auctioneering course in Fort Smith [Ark.]”

Fowler admits that it took him 10 years to build a quality reputation that would attract sellers with big-ticket items.

“People in the crowd can read an auctioneer,” he says with a chuckle. “They can tell if you don’t know what something’s worth. I don’t care if it’s real estate or antiques — you have to know your product to get the top dollar for it. I’ve made it my business to learn all I can about every product I sell at auction. My clients deserve that.”

As Fowler’s knowledge of agricultural equipment increased, his own farm began to take a back seat to his auction business, and in 1981, he decided to sell his row-crop operation.

He did so just in time.

Within a few short years, the 1980s crash of the agricultural economy descended upon rural America, as interest rates skyrocketed and crop values plummeted. Thousands of family farms succumbed to the economic conditions, and as a trusted auctioneer and tireless advocate of his sellers, Fowler found himself in the midst of a bittersweet time of growth and pain.

“Folks were losing their farms during these years,” he says. “In many cases, these were

people I had grown up with or had known for years, and I had to conduct the sales. There were plenty of times when I’d sit down with a man and his wife and children, and we all cried together.”

It was during this period, Fowler says, that he began working closely with financial institutions on ways to help his clients.

“My focus was to sell the farmer’s land and equipment, but let him keep his house and maybe five acres,” he says. “That was important to me because I’d been in their shoes.”

In subsequent years, Jason Thomas, manager of the Athens branch of Alabama Farm



Mickey Fowler

Credit, became an integral part of Fowler’s auctions.

“Not only did Jason [and Farm Credit] finance hundreds of my clients, but they also helped me expand my business and purchase land for myself, too,” he says. “They’ve always been great people to work with and will bend over backward to help you.”

By 1990, the bulk of Fowler’s business had shifted from farm equipment to real estate, much of it cropland. In recent months, he has even added a traditional real estate listing option to his repertoire.

“There’s an inherent difference in the two methods of selling real estate,” he says. “When you list it, you start high and work your way down. When you auction it, you begin low and work your way up. Which method you choose is determined by the expectations of what you think the property can bring and how long you’re willing to keep it on the market. There’s a place for both methods, and I’m excited to be able to offer each of them.”

Although the auction industry has been negatively affected by both the recent downturn in the national economy and Internet sales, Fowler says he is hopeful for the future.

“We will always need land to grow crops and livestock on, equipment to produce it with and a house to live in,” he says. “As long as I’m able, I intend to help my community accomplish those things.” ■ MJ

## FARM EQUIPMENT: A Sound Investment

Although it may sound counterintuitive, given the harsh demands placed on a piece of machinery and the sheer number of working parts typically found therein, farm equipment not only holds its value, it can be a sound investment.

Mickey Fowler says farm equipment prices are the best he’s ever seen.

“Just a decade ago, a 4020 John Deere [tractor] would bring around \$6,000,” he says. “Today, that same 4020 will bring

close to \$12,000. That’s the case with most tractors, because they’re hard to find. It’s the same with combines. Most big-time farmers will run a new combine a minimum of four to five years, and then trade it in and update. The smaller farmer will purchase the used combine after most of the depreciation has happened. If it’s well-maintained, that combine will likely retain or increase its value for years to come.”





# A Jump on *the* Competition

In just a few short years, Texas Rose Horse Park has become a prominent equestrian facility.

When Kathy Brunson designed Texas Rose Horse Park near Tyler, Texas, in 2007, she wanted it to be an equestrian center like none other she had seen before.

“Some people helping with the design told us that it needed to look just like a Kentucky horse park with white fences and all,” Brunson says. “I told them three things: ‘First of all, this is Texas. Secondly, this is East Texas, so it should be cedar. Lastly, I’m running this show!’”

While she may have been talked into a white fence or two, it’s still Brunson’s show — and one that she has run well for almost six years. Today the scenic and distinctly Texan equestrian

facility attracts premier competitive events ranging from hunter-jumper shows to dressage competitions to agility trials. The park can handle concurrent events and has stalls for 500 horses at any given time, allowing Brunson to host more than 60 events annually for competitors who come from across the country.

## Wide Open Space to House a Growing Business

Kathy and her husband, Robert, who passed away in 2008, purchased the property in 2006 after deciding to relocate from the Dallas–Fort Worth area. The Brunsons had operated various types of horse boarding, training, showing





Photos by Randy Mallory

and recreational centers since moving to the area in the 1970s. Tired of the city encroaching onto their facilities near Grapevine, the couple decided to look at property in East Texas, where they could find wide open space that could handle a growing business.

“We were frantically looking for land in other parts of the state because our dream was to start a show facility that would make Texas proud,” Brunson says.

At the time of the purchase, the 1,700 acres and its few buildings were showing signs of neglect, as the Brunsons were the property’s fourth owners in 20 years. The couple knew the property



*Texas Rose Horse Park hosts 60 to 80 events a year, including the Texas Dressage Classic, photographed here.*





*Texas Rose Horse Park owner Kathy Brunson, in pink, and Heritage Land Bank Vice President Jennifer Dobbins watch competitors prepare in one of the center's warm-up rings.*

had potential and quickly got to work building new barns, arenas and paddocks.

Brunson also wanted competitors to be able to relax and enjoy themselves while visiting Texas Rose Horse Park. Growing up in a farming family in Texas' Rio Grande Valley, she developed a deep respect for the land, and put a high priority on incorporating the landscape's natural beauty into the park's design.

To be able to host multiple types of shows, the horse park today includes two jumper rings, three hunter rings, an indoor arena and three stall barns. A Texas-shaped pond with a fountain is the gem of the park's cross-country course. The Brunson Equestrian Center also allows Brunson and her family — daughter, Kim, and son, Bryan — to host summer camps and riding lessons.

"We come from a diversified background, as far as the horses are concerned," she says. "We love all levels of competition and have a sincere drive to have a facility that allows for all types of events."

The facility was recently chosen as the site of the 2013 Nutrena United States Eventing Association's American Championships.

### **Providing Texas Hospitality and a Home Away From Home**

In addition to offering top-notch facilities, Brunson says that extending Texas hospitality is also an important aspect of the business. Understanding that many of the competitors are traveling long distances and may be away from home for weeks at a time, she wants to provide them with many of the comforts and conveniences of home.

"We are a full-service facility for our competitors," she says. "We provide them with anything from dentists, doctors and auto repairmen to feed and hay."

The hay is homegrown, too. Brunson says they bale 10,000 to 15,000 bales of hay annually. The family spent many months clearing and rehabilitating 300 acres of land for hay production





in 2007, and turned to Heritage Land Bank when they were looking to refinance a portion of the acreage last year.

“As her lender, I appreciate that Kathy runs a tight business and is an excellent manager,” says Jennifer Dobbins, branch manager of Heritage Land Bank’s Tyler lending office, and Brunson’s loan officer. “Personally, I really like that she involves so much of her extended family in the business.”

Brunson works night and day to make Texas Rose Horse Park a memorable experience for visitors, but also takes some time to enjoy the fruits of her labor. A self-proclaimed “outdoors person,” Brunson likes to revel in the scenery and Texas landscape she has worked so hard to preserve.

“The sunrises and the moon views here are gorgeous,” she says. ■ SH

**For more information about Texas Rose Horse Park, visit [texasrosehorsepark.com](http://texasrosehorsepark.com).**



## An Introduction to Competitive Equestrian Events

**Jumpers** are judged solely on their ability to jump obstacles. They are required to complete a course of approximately 12 to 16 obstacles ranging in height from approximately 3 feet for beginners to more than 5 feet for veteran jumpers.

**Hunters** are judged and scored on their ability to negotiate obstacles, but unlike jumpers, what counts are their style of jumping, manners, even pace and quality. In conformation classes, horses also are judged on their build and beauty.

**Dressage** comes from the French word *dresser*, meaning to train. While an Olympic equestrian sport, dressage is considered a basic training discipline for any horse. Dressage principles are a logical, step-by-step progression from simple to increasingly complex movements.

— From Texas Rose Horse Park

## Why Refinance With Farm Credit?

Texas Rose Horse Park owner Kathy Brunson refinanced a real estate purchase with Heritage Land Bank in 2011. Her loan officer, Jennifer Dobbins, says that while most people think of refinancing only as a way to get a better rate, there are several other reasons to refinance with Farm Credit.

“Kathy wanted to switch lenders because she wanted to deal with someone local,” Dobbins says. “Farm Credit institutions make their loan decisions locally with people who know and understand the communities they serve.”

Dobbins says that customers who choose to refinance with Farm Credit also get to participate in the lender’s patronage program, which is a benefit of the Farm Credit System’s cooperative structure. Even though Brunson’s loan only closed in 2011, she was able to share in Heritage Land Bank’s earnings from that year and was presented with a check from Dobbins in early 2012.

“I wish I had found y’all four years ago,” Brunson says, referring to her portion of the payment.

**To find the Farm Credit lender nearest you, visit [findfarmcredit.com](http://findfarmcredit.com).**



# Tapping Into Smart Financing Solutions

*Young brewery owners apply business savvy to buying a country home.*

**F**or more than a year, Brad Farbstein and his wife, Gabriel Gregerman, searched for a homesite in the Texas Hill Country. To stay within their budget, they considered only 5- to 10-acre parcels. Then their real estate agent showed them 70 acres with rolling hills, a gurgling creek and three live springs. What's more, the land was just a few miles north of Blanco, where they own and operate Real Ale Brewing Co.

"We instantly fell in love with the property," Farbstein recalls. "But it was bigger than what we wanted and way out of our price range."

Longing for the privacy and peace of a rural lifestyle, they had already sold their home in Austin, Texas, in 2005 and were living in a rental house in Blanco, while they searched for the perfect spot. "We decided we'd get more value from our money by buying property near there," Farbstein explains. "Plus, we'd be closer to the brewery and not have to commute."

Minus the large price tag, the 70 acres seemed like a good fit. But another hitch posed a problem, too. The sellers were still storing engine parts, dismantled vehicles, furniture, vintage train sets, boats and aging travel trailers in a 5,000-square-foot metal barn on the property.

"Our real estate agent, though, knew we had enough vision to see past the barn," Farbstein says. "The owners were eager to sell, too, because the property had been on the market for more than three years."

So their savvy agent proposed a mutually beneficial solution.

## Staggered Land Purchases

"Essentially, we negotiated with the owners to split the property into two purchases," Farbstein says. "We did that for two reasons. First of all, we didn't have enough cash to buy the entire property. The other reason was the owners needed the extra time to remove their belongings from the property."

In September 2006, Farbstein and Gregerman signed two real estate agreements. One



**Brad Farbstein and his wife, Gabriel Gregerman, their daughter, Sadie Jane, and their energetic family dog, Hans**

purchased the first 35 acres; the second spelled out the couple's intent to purchase the other half with the existing barn at a later date. When the time came to finance the deal, the real estate agent gave the couple more wise advice: Contact Capital Farm Credit.

"We called the Kerrville branch and got hooked up with lending officer Sarah Cortese. She came out and looked at the property with us," Gregerman says. "She's been great to work with. We really consider her more as a member of our family than a banker."

Likewise, Cortese says she admires the couple's business smarts. "We often see people jump into deals with both feet," she says. "Not Brad and Gabriel. Every decision

they've made has been carefully thought out. They live within their means and are very responsible with their financing."

In September 2007, the couple closed on the second half of their property. After three years of renting, they decided to move out, put the money toward their two loans and live in the Airstream travel trailer they previously had used as the brewery's main office.

"It was available, so we thought why not?" Farbstein says. "I figured it'd either destroy or solidify our relationship." Chuckling, he adds, "We ended up living in the Airstream for three years!"

Though cramped, the trailer gave the couple a practical way to gain perspective. "Before





Farbstein and Gregerman built a home within their 5,000-square-foot barn, shown above.

we started thinking about building a house, we lived a year in the Airstream on the property because we wanted to get to know the land first," Gregerman says. "That's how we came to build our home within the barn. It was already here, and we didn't want to put another footprint on the land."

## Two Loans Rolled Into One

In April 2010, Cortese helped the couple develop a financing plan that rolled the two loans and construction costs for their new home into one payment with a lower interest rate.

"We worked for four months with our architect to design our home," Farbstein says. "Gabriel and I both wanted to use renewable resources and green materials as much as possible. We also wanted to include natural light, lots of open spaces and a rainwater collection system."

In March 2011, the couple moved into their new two-story home — also known as a barndominium — which incorporates half of the barn's original concrete foundation, metal walls and steel beam frame. Downstairs, the concrete floors, which are diamond-polished to expose the

aggregate, gleam like shiny porcelain. Skylights brighten upstairs rooms, and a whole-house fan helps to cool the home. From a second-floor balcony, a spiral staircase leads to a third-level observation deck, which offers panoramic views of the surrounding hills. A 15,000-gallon rainwater collection system harvests rain from the barn's expansive roof.

"I also wanted to reference the industrial setting that we're in, so we exposed some of the steel beams in parts of the house," says Farbstein, seated in the airy downstairs living room, gently cradling his 2-month-old daughter, Sadie Jane, as he talks. In a nearby chair, Gregerman smiles when Hans, the family's energetic German shorthaired pointer, races past a window.

"It's been a really positive experience working with Capital Farm Credit and being a part-owner of the cooperative," Farbstein adds. "The patronage program has been amazing, too. It was nothing like we expected. This year, our payoff was worth two mortgage payments. We received the check at just the right time — when Sadie Jane was born." ■ SSR



## REAL ALE Aims to be Best, Not Biggest

Chances are, if you're a Texan who loves beer, you've sipped a Firemans #4 Blonde Ale or a Full Moon Pale Rye Ale, two customer favorites bottled by Real Ale Brewing Co. in Blanco, Texas. Since it started 16 years ago, the company has



upped production gradually from fewer than 300 barrels a year to more than 45,000.

"We don't want to be the biggest brewery in Texas," says Brad Farbstein, who purchased the company in 1998. "We just want to be the best."

One gold medal so far confirms his modest aspirations. In 2010, judges at the Great American Beer Festival bestowed one of the competition's top honors on the brewery's Rio Blanco Pale Ale, a deep-golden malt that exudes a spicy hop flavor.

Four basic ingredients go into Real Ale's six year-round and eight seasonal brews. "We use water from the Blanco River, malted barley, hops and yeast with no additives, preservatives or artificial colors," Farbstein explains. "Our beers are unfiltered and unpasteurized. We make beer the way it's been made for thousands of years. No rocket science going on around here."

For summer, Real Ale recently released its newest label: Hans' Pils, a German lager named for — you got it — the family's high-spirited dog. ■ SSR

For more information, visit [realalebrewing.com](http://realalebrewing.com). The brewery's tasting room is open Fridays, 2 to 5 p.m.



# Negotiating an Oil & Gas Lease

## Five Key Issues to Consider

By Judon Fambrough

**L**andowners may dream of oil and gas production on their property, especially if they own the minerals. But before exploration or production can begin, the landowner and the oil and gas company involved must sign a document known as an oil and gas lease.

It is critical that the landowner understands and negotiates the proposal before signing. This may be difficult, however, if the land man — the person representing the oil company — is offering a large incentive known as a bonus payment: The sooner you sign, the sooner you get paid.

Do not be rushed into signing a document that may not represent your best interests. Instead, study the contract, consult with a legal expert if necessary and know what you are signing. Practically everything is negotiable if you know how and what to negotiate.

Following are five of the most critical issues to consider when negotiating an oil and gas lease.

### Bonus Payment

The first issue you, the landowner, should explore is how the bonus payment is being tendered. It may be offered in the form of a check or a bank draft. If possible, avoid drafts, which generally are funded 30 banking days after they are deposited. Request a check or possibly a cashier's check to ensure prompt payment without problems.

### Limitations on Production

Limit the lease to the production of oil, gas and associated hydrocarbons. Eliminate any references to “all other minerals” or “other minerals.” In Texas, this language extends production and possibly mining to such things as uranium. In other states, the interpretation of the language may vary.

### Acreage Per Well

Address the number of acres one producing well holds. Although with most leases one well holds the entire leased premises, only a small portion may be dedicated to actual production. Limit the lease to producing acres (sometimes referred to as the acreage placed in a production unit) at the end of the primary term or some later time if continuous drilling operations are permitted and pursued. If your land is located in a state that does not require the creation of production units, state explicitly how many acres one producing well holds. A good number is 40 acres for a vertical oil well. Horizontal gas wells require more land.

### Depth Limitation

Limit the depth covered by the lease. Unfortunately, most leases provide that one producing well holds the entire leased acreage to the center of the Earth. If the property contains several producing formations at different depths, the oil company does not need to get a new lease to

drill to and produce from a lower formation, as long as the lease has not terminated. Some leases executed in the 1930s are still producing, but from lower depths.

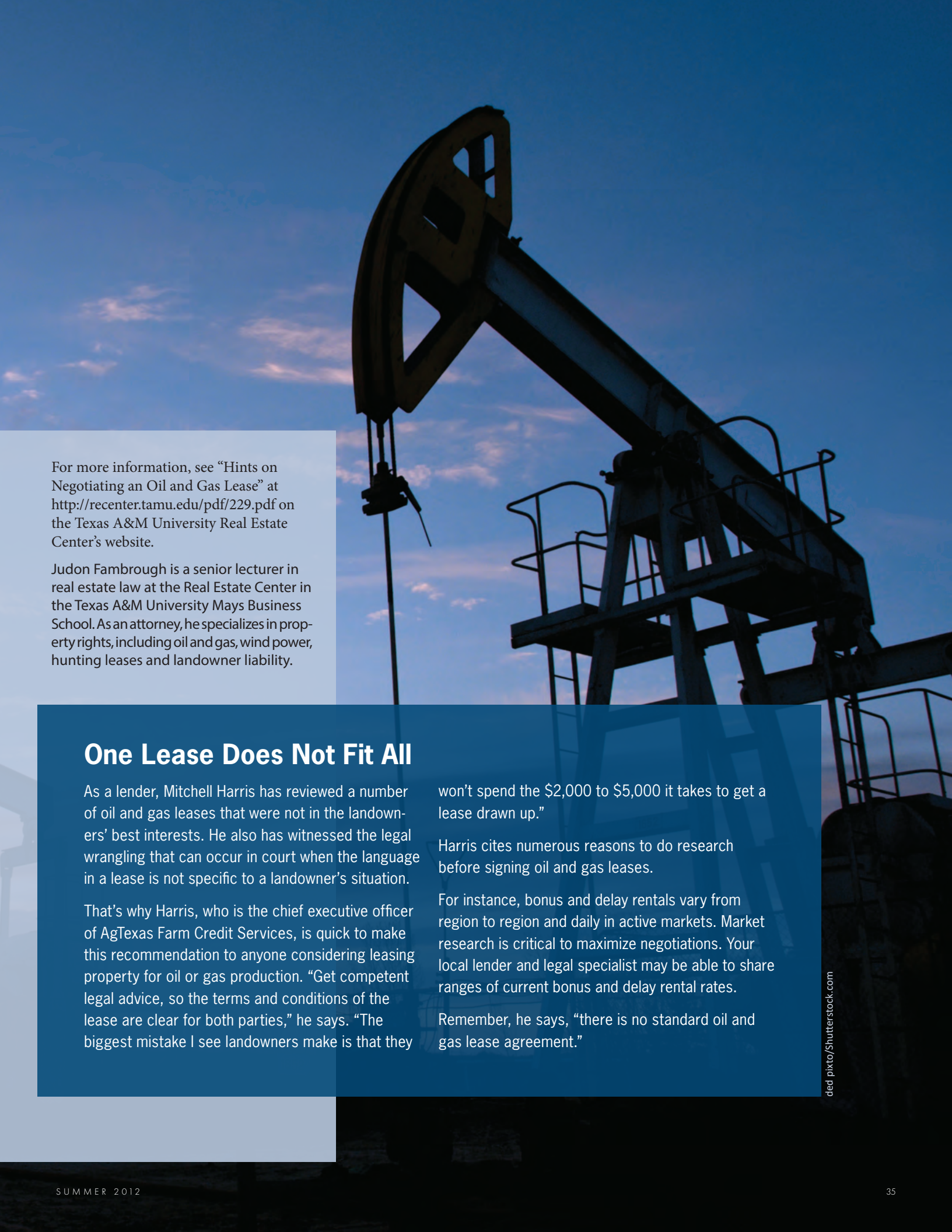
To avoid this scenario, negotiate a depth clause, sometimes called a horizontal severance. If the oil company is targeting a specific formation, such as the Barnett Shale or Eagle Ford Shale, limit the lease to 100 feet above and below the stratigraphic equivalent of that formation. If this is not the case, limit the lease to 100 feet below the stratigraphic equivalent of the deepest producing formation at the end of the primary term or at some other specified time.

### Cost-Free Royalty

If possible, make the royalty cost-free. Generally, royalty payments are free of all production costs involved in extracting oil or gas from the ground. After that, royalty owners share in all post-production costs to make the product marketable and to move it to the marketplace. The amount of the share (the deduction) is based on the size of the royalty. Post-production costs may run as high as 2 percent of a 20 percent royalty, meaning the royalty owner nets out at 18 percent.

Finally, do not get in a hurry to sign the proposed lease. There is a saying in the oil and gas industry that only the needy and the greedy take the first offer.





For more information, see “Hints on Negotiating an Oil and Gas Lease” at <http://recenter.tamu.edu/pdf/229.pdf> on the Texas A&M University Real Estate Center’s website.

Judon Fambrough is a senior lecturer in real estate law at the Real Estate Center in the Texas A&M University Mays Business School. As an attorney, he specializes in property rights, including oil and gas, wind power, hunting leases and landowner liability.

## One Lease Does Not Fit All

As a lender, Mitchell Harris has reviewed a number of oil and gas leases that were not in the landowners’ best interests. He also has witnessed the legal wrangling that can occur in court when the language in a lease is not specific to a landowner’s situation.

That’s why Harris, who is the chief executive officer of AgTexas Farm Credit Services, is quick to make this recommendation to anyone considering leasing property for oil or gas production. “Get competent legal advice, so the terms and conditions of the lease are clear for both parties,” he says. “The biggest mistake I see landowners make is that they

won’t spend the \$2,000 to \$5,000 it takes to get a lease drawn up.”

Harris cites numerous reasons to do research before signing oil and gas leases.

For instance, bonus and delay rentals vary from region to region and daily in active markets. Market research is critical to maximize negotiations. Your local lender and legal specialist may be able to share ranges of current bonus and delay rental rates.

Remember, he says, “there is no standard oil and gas lease agreement.”

ded pixto/Shutterstock.com



# GOD'S WEE CREATURES

Mares eat oats and does eat oats,  
And little lambs eat ivy,  
A kid will eat ivy too,  
Wouldn't you?

— *Old English nursery rhyme*

As children, many of us loved this nursery rhyme, as much as today's farming and ranching families love the baby animals they welcome every year. Landscapes is pleased to present you with these sweet images of beloved young creatures photographed across our Farm Credit district.



Russell Graves



John Stankewitz







John Stankewitz



John Stankewitz



Christina Kinnaird



John Stankewitz



Russell Graves



Tiffany Fulgham

*Morgan, left, and Emery Fulgham, great nieces of Central Texas Farm Credit, ACA's Arletta O'Shields*



P.O. Box 202590  
Austin, Texas 78720-2590

PRSRT STD  
U.S. POSTAGE  
PAID  
AUSTIN, TEXAS  
PERMIT #1845



**Find your place in rural America —  
and the lender who can get you there.**

**FindFarmCredit.com**

**Farm Credit — America's oldest cooperative lending institution.  
We finance everything from rural land to rural homes.**

*Visit us to find a Farm Credit lender, to locate property for sale  
and to learn about buying rural real estate.*

**Financing for: Farms and Ranches • Ag Production  
Agribusiness • Recreational Property • Country Homes**



**FARM CREDIT**

