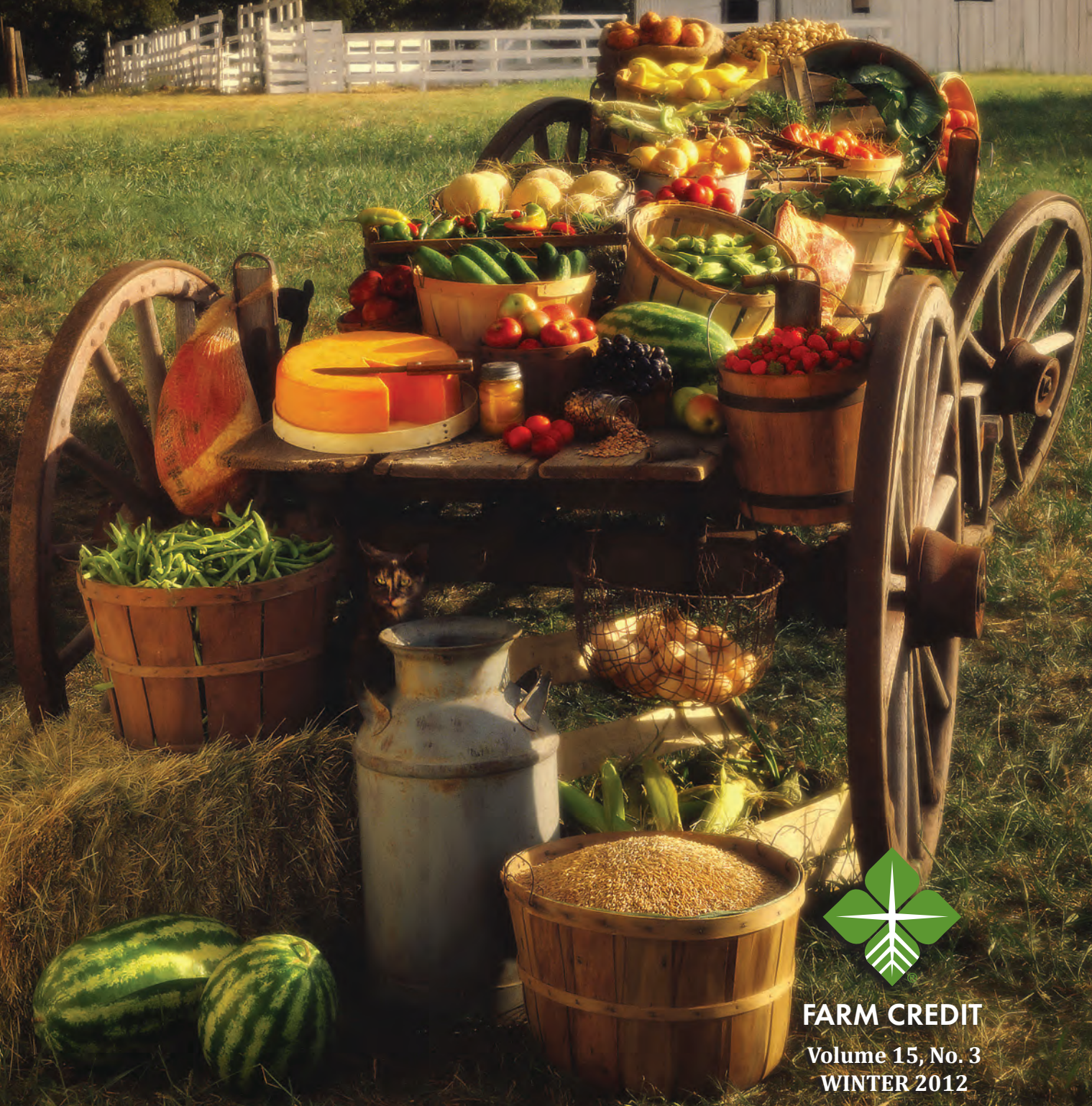


LANDSCAPES

a portrait of living and working in rural America



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a portrait of living and working in rural America

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ON THE COVER: The sight of harvest's bounty warms the heart and reminds us of how fortunate we are to be a part of American agriculture. Photo by Rusty Hill/FoodPix/Getty Images



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Part of the Farm Credit System

International Year of Cooperatives

By Stan Ray

In rural America and around the world, the cooperative business model is guided by **seven** principles that put people first.



Since the founding of our country, the cooperative business model has helped people with similar interests reduce risk, increase bargaining power and improve income. Today, cooperatives show up in many sectors of the economy, but they are particularly widespread in the agriculture industry, where nearly 3,000 farmer co-ops add real value to millions of farmers, ranchers and rural communities across the country.

In recognition and celebration of the benefits cooperatives of all types deliver to the communities they serve, this year has been officially declared the International Year of Cooperatives by the United Nations General Assembly and the U.S. Senate. As a nationwide network of cooperatively owned lenders, the Farm Credit System joins in that celebration.

One of the things that makes cooperatives unique is that they are governed by a set of principles that have not only withstood the test of time, but also serve as the basis for value creation to the members and communities they support:

Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all people able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. Members have equal voting rights — one member, one vote.

Members' Economic Participation

Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in

proportion to their transactions with the cooperative rather than to the capital they have invested.

Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintain the cooperative's autonomy.

Education, Training and Information

Cooperatives provide education and training for members, elected representatives, managers and employees so that they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of communities through policies accepted by their members.

The stories in this edition of Landscapes are a great reminder of the ingenuity, vision and determination that abound in today's agriculture industry, and the role that co-ops play in rural America. Farm Credit is proud to be a part of the agriculture industry as a reliable and competitive source of credit to its members. We are equally proud of our cooperative heritage, the principles that guide us as a cooperative, and the abundant bounty we help produce through the industry we serve.

NATIONAL WEBSITE SHOWCASES FARM CREDIT CUSTOMERS



Farm Credit finances agricultural operations in all 50 states, and now you can read about the different types of farming, ranching and agribusiness enterprises and the people who own them.

Nearly 100 Farm Credit customer profiles have been posted on the "Producing Excellence" section of the national Farm Credit website during the past year. The stories reflect the diversity of U.S. agriculture and together present a snapshot of the ingenuity, spirit and values of the nation's farmers and ranchers.

From a banana producer in Puerto Rico to a dairy farmer in Vermont to a timber grower in Wyoming, the customers and their stories are as varied as the areas they represent. Among them are 19 customer profiles from the Texas Farm Credit District, which includes Alabama, Louisiana, Mississippi, New Mexico and Texas.

The Producing Excellence program was launched one year ago on the Farm Credit System's 95th anniversary to illustrate the diversity of agricultural products and commodities that are financed by Farm Credit cooperatives and to educate the public about the nation's farming and ranching sector at the grassroots level. The feature articles will be published in a book commemorating the anniversary.

Response to the project has been so positive that it will be continued in 2013, with more borrower profiles added throughout the year.

To view Farm Credit customer stories from across the country, visit www.farmcreditnetwork.com/producingexcellence/profiles/all.

Farm Credit Reports on Loans to Young, Beginning, Small Producers

When the Farm Credit System was created by Congress in 1916, its mission was to provide dependable credit to American agriculture. Proud of its history, Farm Credit also looks to the future with special loan programs and financing methods that serve young, beginning and small (YBS) farmers and ranchers.

In a report released this summer, the Farm Credit Administration revealed that loans to YBS borrowers made up a significant portion of the System's 333,932 new farm loans in 2011.

YBS Loans in 2011

	No. of Loans	Percentage of All New Loans	Average Loan Size	Loan Volume
Y farmers/ranchers	52,800	15.8%	\$141,360	\$ 7.5 billion
B farmers/ranchers	61,995	18.6%	\$155,406	\$ 9.6 billion
S farmers/ranchers	137,529	41.2%	\$ 81,413	\$11.2 billion

Farm Credit's lending cooperatives provide credit to YBS producers in a safe and sound manner through reduced interest rates, reduced loan fees, specially designed underwriting standards and government loan guarantees.

For borrowers, the benefits don't stop with financing. Many associations also offer training or mentoring, and support scholarships, fairs, workshops, cooperative leadership programs and agriculture organizations that benefit YBS producers.

See the Farm Credit Administration's report on the annual results and other YBS resources at www.fca.gov/info/ybs.html.

Bank Reports Growth in Loan Volume, Strong Credit Quality

Farm Credit Bank of Texas reported increased loan volume and strong credit quality for the third quarter of 2012. The cooperatively owned wholesale funding bank is the source of funds for 17 rural lending cooperatives in Alabama, Louisiana, Mississippi, New Mexico and Texas. They in turn provide financing for farmers, ranchers, agribusiness firms, rural landowners and country homeowners.

The bank's gross loan volume at Sept. 30, 2012, totaled \$11.11 billion, an increase of 8.0 percent from Dec. 31, 2011. Average earning assets increased \$1.04 billion in the third quarter of 2012, compared with the same quarter of 2011.

Credit quality was strong, with 97.5 percent of the bank's loan portfolio classified as "acceptable" or "other assets especially mentioned" at Sept. 30, 2012, compared with 91.2 percent at Dec. 31, 2011, and 90.3 percent at Sept. 30, 2011.

"The efforts of the bank's management and the positioning of the bank's loan portfolio have put us in a good credit quality position," said Larry Doyle, the bank's chief executive officer. "We have a strong base for our earnings engine in the coming year."

The bank and its affiliated lending cooperatives had \$16.59 billion in outstanding loan volume at the end of the third quarter. The lenders' combined net income for the three and nine months ended Sept. 30, 2012, was \$98.2 million and \$320.7 million, respectively, up 2.4 percent and 12 percent over the same periods a year earlier.

Produce in the Trans-Pecos



Where some see a harsh desolate land that seldom receives rain, four brothers saw an opportunity to build and run their own farming business in Far West Texas.

Left to right: Mando, Tony, Beto and Junior Mandujano



Emerald green and waist high, the Mandujano family's fall crop of cotton near Cayanosa, Texas, contrasts with the spiny Texas sotols, creosote bushes and honey mesquites that populate this arid region known as the Trans-Pecos.

Despite the harsh conditions, four Mandujano brothers have established a diversified farming operation here widely known for growing sweet Pecos cantaloupes and juicy watermelons. Building the successful business took time, though.

"Growing up, our parents made us work summers, spring breaks and days off, either transplanting onions on the farm or harvesting onions, peppers and cantaloupes," recalls Mando Mandujano, 37, one of eight boys and three girls born to Alvaro and Cecilia Mandujano. "They would tell us, 'This way, you will learn what it's like to do hard work, so you can go to school and do something better.'"

"We did go to school," Mando continues. "Nine of us graduated from Angelo State University (in nearby San Angelo). Yet four of us ended up back on the farm. That's ironic, but at least we're in different shoes now!"

Learning to Farm as Kids

The shoes are those of the owners. Mando and three of his brothers — Tony, 41, Junior, 39, and Beto, 35 — run their own business called Mandujano Brothers. They've also purchased many of the fields where they once worked as kids, and own most of the 6,000 acres they now farm in Pecos and Reeves counties. This year, the brothers planted nearly 4,000 acres in cantaloupes, watermelons, onions, peppers, pumpkins, cotton, alfalfa and hay.

But of all places, why Cayanosa, a tiny community located 30 miles southeast of Pecos in Far West Texas?

"Years ago, Dad worked for the Hoelscher family who owned farms west of Midland," says Mando, who's seated at his desk in the farm office. Behind another desk, Junior leans back and relaxes in a padded swivel chair, while Mando's two Chihuahuas, Bella and Morgan, doze on a blue couch set against a paneled wall.

"After the Hoelscher family bought farmland at Cayanosa, Dad moved us here in 1977, so he could run the new operation," Mando explains. In 1982, their dad later went to manage a different local farm, and for the next seven years, the Mandujanos both lived and worked there.

"As a family, we'd always grow a sizable garden, like maybe two to five acres," Mando continues. "But during those seven years, Dad had more liberty, so we'd grow 15 to 40 acres of vegetables."

Alvaro bought the 500-acre farm in 1988 and became an independent producer. "Then we started growing even more vegetables, like 100 or so acres," Mando says. In the meantime, the four brothers successively graduated from high school and then college.

From Teaching to Farming

In between classes and during time off, the brothers continued to farm. "After Tony graduated in 1993, he taught school and grew 80 acres of watermelons on the farm in the summer,"

Mando says. "Junior taught, too, after he graduated in '96. After I graduated in '97, I looked at a few jobs. Then my brothers and I decided to form a partnership, because we already had a lot of equipment and land invested in farming."

Mando was the first brother to work full time for the new company. Beto came on board after he graduated from Angelo State in 2000, followed by Junior and Tony, who respectively left teaching in 2001 and 2007.

"My teaching job supported our farming habit until I quit," Junior jokes.

As the business evolved and grew, each partner took on different responsibilities. Today, Tony oversees hired hands and harvests. Junior manages growing and farming duties. Mando takes care of bookkeeping, equipment and sales, while Beto is involved in sales, food safety, construction and logistics.

"We own our own trucks, so we can deliver our produce directly to stores in our area," Mando says. "The big key to our success is that we are involved in every aspect of our operation. We grow and harvest our vegetables. We bring in our own crews so we can better control quality. We have our own packing facility, and we direct-sell to stores such as Kroger, H.E.B., Safeway and Wal-Mart. It's a lot of work, but it's a much better deal for us."

Overcoming Rain and Labor Shortages

Because only a foot or so of rain falls annually in the region, local farmers must rely on water wells to irrigate crops. On their land, the Mandujano brothers have installed underground drip lines across 4,000 acres.



Cecilia Mandujano, left, sells chili peppers at the family's roadside produce stand. She and her husband, Alvaro, reared 11 children, nine of whom graduated from Angelo State University.



PUMPKIN PATCH

Attracts 2,000 Visitors

Kids across West Texas look forward every October to the Pumpkin Patch at the Mandujano Brothers farm. By car or bus, they come to pick a pumpkin, listen to stories and scramble through a hay bale maze.

The annual event started on a whim.

"About seven years ago, Mando and I grew so many pumpkins that we couldn't get rid of them," Beto says. "So I called our area schools and asked if they'd like to bring their students out. A few days later, we couldn't believe it when we saw four buses drive up, then five or six more!"

In time, their annual Pumpkin Patch attracted so many kids that the two brothers couldn't keep up with scheduling busloads. So Beto's wife, Veronica, who taught school before becoming a stay-at-home mom, took over the popular event. Under her direction, the Pumpkin Patch has since expanded to three "family Saturdays" in October.

This fall, more than 2,000 school children and families from as far away as Presidio, on the Texas-Mexico border, were expected to visit the Mandujanos' 120 acres of pumpkins.

"It's a better way of irrigating in the desert," Mando says. "There's less loss of moisture to evaporation, and diseases aren't as easily spread. The underground lines also increase yields and produce higher quality produce."

In 2001, the Mandujanos were among the first in the area to integrate Global Positioning System (GPS) technology with their drip lines and tractor equipment. They also educated other farmers, who were skeptical about the new way of farming. "Back in the day, going from horses and mules to tractors was a huge change for farmers," Junior says. "GPS was the next big step."

Besides rain, local help is also scarce, especially in the hot summer months. "So we import a lot of labor," Mando says. "Under the (U.S. Department of Labor) H-2A program, we bring in workers with guest visas from Mexico. The work is tough, but the pay is fair. We also house and supervise them. When they're done, they go back home."

"Many of them have worked with us for five or 10 years," adds Tony, who has slipped into the office and taken a seat at a third desk. On the couch, Bella and Morgan continue to snooze contentedly.

Famous Pecos Cantaloupes

From the start, the Mandujano family grew cantaloupes, but on a smaller scale than Pecos-area producers in adjoining Reeves County, where "Pecos" cantaloupes were famous for their unique aroma and sweet flesh. By the mid 1990s, though, high overhead had forced most farmers out of the cantaloupe business.

Enter the Mandujano brothers. Several years after partnering, they began growing cantaloupes on a commercial basis on their Pecos County farm. Since 2006, they have labeled their cantaloupes and watermelons with a "Pecos Fresh" logo — a Stetson hat set atop a red Texas.

"Cantaloupes grow best in hot dry climates and in alkaline soils that are high in potassium," Mando says. "Whenever all that comes together, like it does on our land, that's what makes a Pecos cantaloupe so sweet."

Expanding With Farm Credit Help

Earlier this year, the Mandujano brothers bought a 2,500-acre dairy farm, which they financed with Capital Farm Credit in Alpine, Texas. They plan to lease the dairy and grow mostly cotton and hay on the land.

"We needed more room to expand," Mando says. "We're glad Capital was able to work with us, and we're looking forward to doing more business with them. Their rates are very competitive, and their dividends are attractive, too."

The loan is the brothers' first with Capital Farm Credit. "We are so excited to have the Mandujanos as customers," Loan Officer Ashley Wood says. "They are truly one of the best producers in our area. Most impressive is the fact that they've built their company themselves, literally from the ground up."

Brotherly Love

Beto has just arrived. On cue, the Chihuahuas wake up, jump off the couch and hurry out the door he's holding open. Beto prefers that they stay outside, which leads to a final question: How do the Mandujano brothers get along?

"It's not easy!" Mando replies, laughing. "In fact, it's very challenging, but we work through issues. We're like a husband and wife. We'll argue about the small stuff, but on major decisions, we come to a consensus quickly."

"We all have goals, and they're similar," he adds. "We're taking different roads to get there, but we're all going the same direction. If for some reason we ever do go our separate ways, I'm sure we'll go in similar ways, because we all have a strong love for the land and farming." ■ SSR



For more than 90 years, cantaloupes from Pecos, Texas, have been popular for their sweet flavor, which comes largely from the area's potassium-rich soil.

Above: Beto, left, and Mando Mandujano inspect a field of cantaloupes on their farm near Coyanosa in southern Pecos County.

Below and right: The melons are gently harvested by hand and placed on a rolling conveyor belt, which rolls through the field.



Happy Pigs Make for Happy Customers

Richardson Farms of central Texas fills a niche, providing customers with food from gate to plate.



Chef and artisan butcher Jesse Griffiths refuses to use anything but fresh, locally sourced ingredients in the gourmet dishes and old-style sausages he prepares for his Dai Due Butcher Shop and Supper Club in Austin, Texas. Calling him a selective shopper might be an understatement.

The grass-fed beef and pasture-raised pork produced by Dr. Jim Richardson and his wife, Kay, at Richardson Farms near Rockdale, Texas, more than meet Griffiths' standards.

"I've purchased meat from the Richardsons since they had a little booth at an Austin farmers market," Griffiths recalls. "When I talked with Jim for the first time about four years ago, I liked how he said he raised his animals. As their business grew, mine grew, too. Now I purchase a lot of my pork, beef and poultry from Richardson Farms."

Since that initial meeting, Griffiths has toured the Richardsons' operation twice and appreciates the couple's farming ethics even more now. "Jim interacts with his pigs," Jesse recalls. "Because he's a veterinarian, he understands them. I really like that."

Dai Due is among the 23 restaurants, eight delivery services and several groceries in the Austin area that purchase organically grown products from the Richardsons. Hundreds of individuals also have become loyal customers since meeting the couple at farmers markets.

"That's how we started — satisfying one customer at a time and connecting with them at farmers markets," Jim says. "They're our bread and butter. We'll always take care of them."

Veterinarian First, Farmer Later

As a boy, Jim knew he wanted to be a farmer someday. But professionally, he didn't start out as one.

"In the 1950s, I grew up helping my grandfather on his farm near Gainesville, Texas, and I loved it," says Jim, who's seated with Kay at their dining table at home on the farm. "I wanted my own someday, but I knew I'd need a job that would pay enough money so I could buy one. In high school, a veterinarian mentored me, and I'd go on calls with him. I loved animals, so I decided I could work as a veterinarian."

After earning his degree from Texas A&M University, Jim worked for a mixed-animal practice in Bowie in north-central Texas. During their 25 years in Bowie, he and Kay, a registered nurse, raised three children and did some farming along the way, growing peaches, apples and melons, and direct-marketing their crops at farmers markets in Fort Worth.



Jim Richardson visits with a shopper at Barton Creek Mall Farmers Market in Austin, Texas. On the table are bags of organic popcorn and flour.

In 1997, Jim sold his interest in the vet clinic, and he and Kay moved to Austin, where he joined a small-animal practice. A year or so later, they began searching for a farm within an easy drive of the city. "I knew as soon as I saw this property that I'd found my place," he says. "Everything was in disrepair, but it had exactly what I wanted — good land and native trees."

In the fall of 2000, the Richardsons bought the 197-acre farm with financing from Texas Land Bank. "We were fortunate to have their support," Jim says. "And I love getting patronage dividends every year. That really helps us a lot!"

"The Land Bank was the first and only place we went for financing," he adds. "We first heard about them through a neighbor in Bowie. That's where our referrals come from, too — satisfied customers!"

For nearly a year, the couple spent weekends at the farm, building fences, repairing buildings and planting 3,500 native trees, mainly oaks, while continuing to live and work full time in Austin. "We found out that we could grow them, but we couldn't sell them very fast," Kay says of the decade-old grove, which is still producing trees for sale.

Their first venture into commercial farming started with vegetables.

"We participated in a CSA (Community Supported Agriculture) and grew produce for customers who bought shares," Jim says. "We did that for two years until we realized we weren't making enough income to survive."

"Plus, we'd harvest all those fresh vegetables, and then if they didn't sell, we'd lose our products," Kay adds.

That's when the couple decided they'd go back to what Jim knew best — cows, pigs, chickens and turkeys.

Giving Customers What They Want

In the beginning, the Richardsons used chemical fertilizers on their farm. "I had that skill because, hey, I'm an Aggie," he says. "But my customers were asking that we use only organic, chemical-free practices. We realized that there was a growing consumer demand for wholesome, home-grown products. So we listened.

"Now we farm without chemicals, and I've always taken compassionate care of my animals," Jim says. "No, we're not certified (organic), but I don't have to pay someone to say we're organic. Our customers can come to our farm and see what we do. They trust us, and they appreciate what we do."

"When you become someone's food producer, you develop strong bonds, and that's rewarding," Kay adds.

One such customer is Brenda Morris of Austin.

"I purchase about 90 percent of my groceries from local farmers like the Richardsons. The food is fresher, and having a relationship with my farmers is important to me," Morris says. "I also appreciate how the Richardsons take good care of their animals."

The Richardsons started living on the farm in 2004, but continued to commute to their Austin jobs. In 2007, they moved into their new home, which also was financed by Texas Land Bank, and over the next three years they both retired from their jobs to farm full time. Even before retiring, they began producing grass-fed, hormone-free



Pork sliders from Kerbey Lane Cafe, one of 23 Austin-area eateries that feature the Richardsons' products

Texas Land Bank Loan Officer Lyndi Sanders, left, meets with Jim Richardson. Far right: Free-range turkeys will be ready for market in November.



beef, pork, chicken and turkey, all packaged and sold frozen.

"Pork is our forte — turkeys, too," Jim says later, during a farm tour. "In Texas, there isn't a lot of pork produced." Their pork products include sweet Italian sausage, seven-bone roasts and pork tenderloins.

Wheeling his utility vehicle to a stop, he nods toward a shaded pen, where two dozen or so pigs are either dozing or nosing around in straw. "My pigs are happy," Jim says.

"Animals should have the freedom to do whatever comes natural to them. If they're in too close proximity of each other, they'll get stressed and start attacking one another," he explains.

Likewise, turkeys range free on pastures, while the chickens hunt and peck the pastures from within movable coops and houses. Cattle graze within electric-fenced paddocks that are rotated frequently so plants can rebound.

Six Farmers Markets Per Week

As the farm has grown, so has the work. A few years ago, son Mike, who lives in Bryan with his wife and stepson, joined his parents full time on the farm. Several relatives staff the family's booths at six weekly farmers markets in Austin and Waco.

Jim applies much of what he learned on his grandfather's 1950s-era farm, which didn't use chemicals, either. He also incorporates practices used at Polyface Farm, a

multigenerational, pasture-based operation in Staunton, Va.

"About five years ago, I attended a field day on the farm," says Jim, seated back at the dining table. "I wanted to see how a family farm makes a profit. One of the things I learned is if it fits into your scheme, grow whatever you can. Because when your customers trust you, they'll buy your products."

As a result, the Richardsons offer a large variety of packaged sausages and cuts of meat. "Pat Rabroker at the Hutto Westphalia Market processes all our meat," Jim says. "We couldn't do this without him. Pat knows how to do all the cuts that our customers request."

The Richardsons also sell fresh-ground whole-wheat flour, heirloom cornmeal, gluten-free flour, popcorn, eggs and raw dog food. "My dogs are crazy about the Richardsons' dog food," Morris testifies. The couple even runs their own poultry-processing facility, which is inspected by the Texas Department of Health.

"The one thing we don't do is milk cows," Kay says.

"But I want to!" her husband exclaims. "I'd like a raw-milk dairy with 10 cows."

Across the table, Kay smiles and shakes her head no. "I figure I won't get one," Jim sighs wistfully. "But I sure would love to have me a little herd of Jersey cows..."

"Dream on!" Kay says, laughing. ■ SSR

For more information, visit www.richardsonfarms.com.



“No, we’re not certified, but I don’t have to pay someone to say we’re organic. Our customers can come to our farm and see what we do. They trust us, and they appreciate what we do.”

— Dr. Jim Richardson

Jim and Kay Richardson

The Richardsons’ All-Natural Farming Glossary

Dr. Jim Richardson practices a number of different techniques to achieve success on his chemical-free operation:

Conservation tillage

Any method of soil cultivation that leaves the previous year’s crop remains on the field

“We plant in crop stubble with no-till equipment,” Jim says. “We believe the food web in the soil is a living thing with microbes and earthworms. If you plow that, you can kill it for five years. We use nature’s way of returning nutrients to the soil.”

Mob grazing

Refers to the short-duration, high-density grazing of small areas of pasture

“The objective is to get animals to travel all over the farm to help rebuild the farm’s soil,” Jim explains. “They’re putting nutrients back that have been mined extensively. The animals eat 40 percent and trample 60 percent. The manure they drop becomes fertilizer, and their hoofprints create pockets for seeds and moisture.

“We’re doing more than improving the land. We’re giving back to it.”

Chicken tractors and egg mobiles

Portable chicken coops without a floor

“Our broilers and laying hens are free range because they move every day to new grass and new forage,” Jim says. “We move the tractors and egg mobiles back and forth daily across alfalfa fields. The egg mobiles are actually recycled cotton trailers.”

Deep straw bedding

A Swedish pig production system designed to minimize animal stress

“Pigs need to root and lay down in water, sleep and wallow there,” Jim says. “They should do that without being in conditions that make them uncomfortable, like being too close to other pigs. We bed ours on hay, which collects the nutrients from their waste, and the pigs aerate the bedding, which produces rich compost for our fields.”

The Natural Stockman

With little change in ranching practices, Rob Beard and his wife, Bunny, are receiving a premium for their grass-fed beef.



Several years ago, West Texas cattle rancher Bunny Beard was browsing a farmers market in Carmel, Calif., when one busy vendor swamped with customers caught her eye.

“The guy was selling grass-fed beef, and people were all over his booth,” she recalls. “I couldn’t believe the prices he was getting — \$16 to \$20 a pound! I remember thinking, ‘Now there’s a market we need to get into!’”

Back at home on the Double U Ranch near El Paso, Bunny told her husband, Rob, what she’d seen, but he resisted her nudging to investigate further. At first, that is.

“He’s a cowboy, and he was used to ranching one way,” she says, smiling. “But I told him that he’d fit, because that’s what he does — his cattle are raised naturally on grass.”

After Rob saw for himself the premium-priced beef in grocery stores and meat markets, he conceded that Bunny’s idea had potential. Lots of it. Today, the Double U’s certified all-natural beef gets top dollar under the brand name of Premium Natural Beef, a company based in Lone Wolf, Okla.

Harsh Country

On the arid plains of the Chihuahuan Desert, water is scarce, and rainfall is rare, which means hay can’t be grown. The Beards rely on the ranch’s native grasses and other plants to feed their 800 Beefmaster–Red Angus crossbreds, which are given salt and mineral protein as their only supplement.

“Our cattle have to make a living on the grass,” Rob says. “If they don’t bring a calf to the house, then they have to go. Out here, our stocking rate averages 90 to 100 acres a cow. But we’ve had below-average rainfall for 24 months now, so I’m running about 150 to 175 acres per animal. The Double U, including leased land, is 140,000 acres because it takes a whole lot of country here to ranch successfully.”

It takes experienced help to run such a sprawling operation. Foreman Truitt Helm and his wife, Lauri, work full time on the ranch. During busy times, some of the Beards’ relatives fly in from other states, stay several weeks, and help to gather and brand cattle.

Although he didn’t change how he runs his herd, Rob does follow record-keeping protocol required by USDA-approved, third-party verification programs administered by IMI Global Inc. in Castle Rock, Colo. The extra effort adds substantial value to his cow-calf operation.

“Through IMI, we are age- and source-verified,” he says. “We know when our calves are born, and document it. We’re also certified as Non-Hormone Treated Cattle. I don’t use hormones or antibiotics, and I haven’t treated a sick animal in at least five years. But if I do have a sick calf, I ear-tag and record it, then it doesn’t go to a sale. IMI also certifies our beef as ‘all natural.’”

On the Double U, calves are branded and processed at three months of age. “After they’re weaned, we run them through the chute and give them a full range of vaccines,” Rob says. “Then they’re put back into the pasture to acclimate to being weaned and processed. After 45 days, they’re shipped to a feeding operation that grows them under an all-natural protocol.”



"Our cattle have to make a living on the grass. If they don't bring a calf to the house, then they have to go."

— Rob Beard

Both the feedlot and the Double U Ranch meet welfare guidelines established by the Global Animal Partnership, which advocates for the humane treatment of animals in agriculture. "Rob is a very gentle stockman," Bunny says. "He works his cattle without a lot of stress."

"We also hire haulers who treat the cattle well and haul them with little stress," Rob adds.

From California to Texas

Love for the land and cattle runs deep in Rob, whose family has owned the same California ranch since 1858. His great-grandmother was 12 years old when her family traveled westward across the Great Plains in a covered wagon. His great-grandfather, Walker Rankin Sr., introduced some of the first Hereford cattle into Kern County, Calif.

In 1970, Rob's parents, Bob and Alice Beard, who'd been running the family's California ranch, partnered with Joe Mendiburu to purchase the Double U Ranch, located 50 miles east of El Paso in

Rob and Bunny Beard

Hudspeth County. For nearly 25 years, the couple lived on and ran the Texas operation until Bob's health began to decline.

Enter Rob and Bunny, who bought the Double U in 1995. "Rob was in the feedlot business, but he'd always wanted to have his own cow-calf operation," Bunny says. "Not me. I didn't want to move to Texas. I'm a California girl! The day we moved out here, the mover left our furniture and boxes on the front porch. An 80-mile-per-hour wind blew in, and I watched an antique trunk go flying by. I thought, 'What have I gotten myself into?'"

"But I grew to love the Southwest," she smiles. "The beautiful light and the pure blue skies here — you don't get those in California."

A Dedicated Co-op Leader

Rob Beard has been a board member of Dell Telephone Cooperative for 12 years and currently serves as vice president.

"In remote areas like ours, it's critical to provide modern communication technology via broadband and fiber optic cable, so our ranchers, farmers and businesses can keep up to date and compete in today's markets," Rob says.

"Dell Telephone provides this service throughout West Texas and southern New Mexico. Dell Telephone is owned and managed by the people it serves — people who know and understand the needs of the area and the people who live here," he says.



Sheryl Smith-Rodgers



Lauren Parent

"I don't use hormones or antibiotics, and I haven't treated a sick animal in at least five years. But if I do have a sick calf, I ear-tag and record it, then it doesn't go to a sale."

— Rob Beard



Laurence Parent



Sheryl Smith-Rodgers

Laurence Parent

Originally, Bob Beard and his partner financed the Double U through the Texas Production Credit Association, which later merged with Capital Farm Credit. Since 1994, Matt Mastic, senior vice president/branch manager of Capital's El Paso office, has worked with the Beards as their loan officer.

"My family has been with the bank for 45 years," Rob says. "Capital Farm doesn't change their officers around, so then they get to know their customers. I like that."

Dealing With Nature

Creosote bushes, cholla cacti and yuccas flourish in the ranch's hard, dry soils. In good years, native gramas and other grasses grow robust and tall enough to hide a calf. But this year, another summer without monsoons left the Beards' grasslands sparse. To fit the natural rainfall cycle, Rob moved his calving time from January to April, which also enables the cows to be dry in the hardest part of the year. "Another advantage is that the following spring is actually a better time to market our calves," he says.

Offsetting the lack of surface water is the Hueco Bolson Aquifer, which is the Beards' main source of water. When they took over the Double U, the property had two 1,500-foot wells, but a poor distribution system. "Now water's pumped to high points on the ranch, then gravity-fed to tanks across the ranch,"

Rob says. "We've installed miles and miles of pipelines. Maintaining them is the bulk of our work on the ranch. Because the cows are native to this country, they take pretty good care of themselves."

Ample water has benefited wildlife, as well. "We have prime habitat for pronghorn antelope," Rob says. "We've renovated and built miles of fencing with bottom wires that measure 16 to 18 inches above the ground so the pronghorn can slip underneath them. They don't jump like white-tailed deer."

The Beards also control coyotes and other predators during spring fawning, conduct herd surveys in June and harvest conservatively in the fall. As a result, record-book pronghorn antelope are taken here every year. In 2011, the No. 1 and No. 2 Best in Texas pronghorns were harvested on the Double U Ranch. "We still hold three of the Top 5 All-Time, including the No. 1 All-Time record antelope taken in Texas," Rob adds.

The Future

Once in a while, Bunny nudges her husband about retiring someday, but Rob resists.

"What else would I do?" he asks. "I don't play golf or fish. Here on the Double U, I feel like I'm on vacation every day of my life. I'm doing what I love to do, and that's ranch. I am blessed!" ● SSR

Gerard and Dana Frey have built a diversified farming and land-leveling business in Iota, La., where they live with their Weimaraner, Beau.

Classic cajun



Louisiana's famous rice and crawfish are the soul of Gerard and Dana Frey's expanding business.



Photos by Philip Gould

Crawfish and rice go together like dancing and Mardi Gras in Iota, La., in the heart of Louisiana's Cajun Prairie.

Acadia Parish, the state's top rice and crawfish producer, is a patchwork of ponds that give life first to the grain, then to the crustaceans that feed on the rice stubble. By late winter, the crawfish are at their best just in time for the big party on Mardi Gras, which wouldn't be complete without étouffée over Louisiana rice.

The two foods are also the foundation of a burgeoning business for Iota farmers Gerard and Dana Frey, but they can see the balance swinging.

"I just brought in my 34th rice crop, and when I started farming, crawfish was just a lagniappe on the side," says Gerard, using the Louisiana French word for a little gift or bonus. "Now it's our No. 1 income source."

Demand for D&G Frey Crawfish is growing. Customers started asking for it by name at meat markets and grocery stores in the region, so last year, the Freys introduced frozen crawfish cakes and pies that can be baked or fried. This year, they're increasing crawfish production by about 20 percent, and soon they'll add étouffée to their lineup.

The brand recognition is possible because of a plant they built five years ago where they boil, peel and vacuum-pack 80,000 pounds of tail meat a year, equal to about half a million pounds of live crawfish.

If you've ever stopped at Fezzo's, a popular Cajun restaurant along Interstate 10 in nearby Crowley, you might have had some. The menu says it all: "Proud to serve Louisiana crawfish."

"They wanted to promote a Louisiana product and provide it year-round," says Dana, who runs the plant and delivers the meat to Fezzo's every week. "We can do that, and it helps us, too. It helps our industry."

A worker stocks a rice field with crawfish that will lay eggs for the next crop. Once big enough, the crustaceans are caught in wire traps (see inset), then sold live or peeled and packaged at the Freys' processing plant. Motorless boats help keep the water clear.



Peeling Crawfish, Packaging Alligator

Mothers and daughters, siblings and married couples work side by side in the plant, filling the 2,000-square-foot building with laughter during crawfish season, when the payroll at the farm triples to more than 100 workers.

The crawfish are harvested in handmade wire traps, then washed, graded by size and boiled. Once cool, they're peeled at long steel tables, and the tail meat is vacuum-packed, chilled and sold fresh or frozen to restaurants and buyers.

Crawfish is typically sold live during a limited season, but by processing about a third of theirs, the Freys have opened up a bigger market. Their D&G Frey brand lets them showcase its quality, which they say starts with clear, fresh water and well-managed ponds.

"You get good taste and good fat content," Dana says, "and it makes a difference when you peel."

To increase their use of the plant and provide employment to their workers, once hot weather brings an end to crawfish season, they package another popular Louisiana food: alligator meat.

For this product, they're just the processors, deboning, trimming, tenderizing and vacuum-packing another farmer's young alligators. A skinned, 3- to 4-foot carcass comes in one door, and clean-tasting white and dark meat goes out another, destined for fish markets around Boston, Mass., where it's considered a delicacy.

"It's win-win for us," Gerard says. "We have no investment — just get paid for freezing and processing. It works out well for us and for our people."

The Freys think of their employees as family, and many have worked at the farm for close to a decade. At the five-year-old processing plant, workers peel boiled crawfish by hand, then vacuum-pack the tail meat, which is sold under the D&G Frey label.



Diversified in Farming, Laser-Leveling, Trucking

The plant fits in with the Freys' philosophy of self-sufficiency, and one look at their sign will tell you there's a lot going on: G.A. Frey Farms, LLC. D. Frey GPS Mapping. G. Frey Lazer-leveling. Frey Rentals.

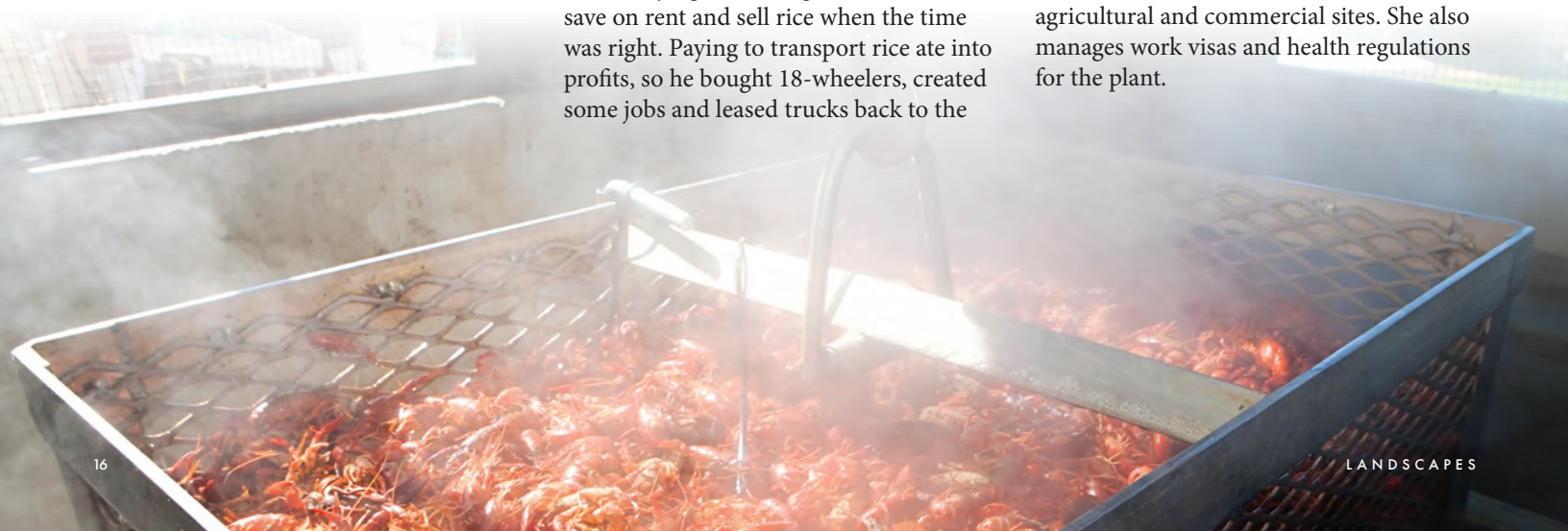
Early in Gerard's career, he took the advice of a speaker he heard say it's the diversified farmers who would be the survivors.

He'd started farming in high school, renting the cropland he now owns. He gradually bought land, working nights and weekends at the sheriff's office during what he says were tough times. Later, he added drying and storage bins so he could save on rent and sell rice when the time was right. Paying to transport rice ate into profits, so he bought 18-wheelers, created some jobs and leased trucks back to the

mills. Equipment he used to build ponds and level his land was expensive to leave idle, so he started doing the same work for others. He even found time for politics, and at 27 was mayor of Iota.

By the time he met Dana, he was farming 4,500 acres. She had grown up around equipment in Morgan City, known for its seafood and oil industries, so when they married in 2003, it was natural for her to operate the tractors while he ran the combines.

At her office, where the rockers on the porch are decked out in Louisiana State University (LSU) purple and gold, Dana now designs GPS elevations that they download into their tractors to laser-level agricultural and commercial sites. She also manages work visas and health regulations for the plant.





Gerard is the bookkeeper for the farming and dirt work. Meticulous about details, he waxes the combine before and after it goes to the field, which he says keeps it cleaner.

The couple has a true partnership, but they say a third person is pivotal to their operation: Tony Douget, Gerard's loan officer for 25 years.

"Tony helped me build my operation, and knows it as well as I do," says Gerard. "You can have the work ethic, but without a good banker, you go nowhere."

"Building the plant is one of the best moves they've ever made," says Douget, vice president of lending at Louisiana Land Bank's Crowley branch. "They have a good-tasting product, and every pound they harvest, they can sell."

Work Hard, Play Hard

The Freys put in 15-hour days, longer during crawfish season, but they say that's what it takes to run a business. They're always thinking about their next move.

In 2013, they'll grow an aromatic rice developed by LSU called Jazzman, and they're considering building a small mill. They're also setting up a packaging area for Cajun products, including crawfish

and rice, that they'll sell on a website to be called La Cajun Things.

"There's only one place where success comes before work: the dictionary," Gerard says, quoting a friend. "It's not a job if you love it."

Twice, they've had Louisiana's highest rice yields, and Gerard was named state Conservation Farmer of the Year in 2005 and parish Conservation Farmer of the Year in 2006. Three of those honors came after he had a kidney transplant in 2004.

Since then, they've scaled back a little, and diversifying has let them focus their efforts on what's most profitable. They also delegate more work to employees, and Dana has trained women to use the laser equipment, drive tractors and bale hay.

The couple doesn't take much time off, but for their vacation, they take their employees and spouses on an annual trip to Branson, Mo.

"We're very blessed," Gerard says. "Our workers are our family."

They reserve special affection for one person in particular: 3-year-old Brayan Jasso, the son of one of their workers, who calls them pawpaw and mawmaw. While his mom works at the plant, Brayan accompanies Gerard to check water levels in the ponds or naps in the air-conditioned tractor cab as Dana drives.

"We tell people we don't have children, but we do have a grandchild," says Dana, who proudly holds up her iPhone to show the latest snapshots to a friend at Fezzo's.

They also turn their farm into the neighborhood's Christmas headquarters so families don't have to drive 45 minutes to visit Santa in Lafayette. And at their busiest time in crawfish season, they make étouffée for the Tee Mamou-Iota Mardi Gras, famous for preserving old French and Cajun customs.

"If you want to come to the best Mardi Gras ever, it's Iota, hands-down," says Gerard, former president of the town's Mardi Gras association. "It's family-friendly, from the old traditions, and they stick with the traditional colors."

"Around here, that's John Deere green, International Harvester red and safety yellow," Dana says. ■ CF



CRAWFISH FETTUCCINE

- 6 tablespoons butter
- 1 large onion, chopped
- 1 green bell pepper, chopped
- 3 stalks celery, chopped
- 1 clove garlic, minced
- 1 tablespoon all-purpose flour
- 1 pound peeled crawfish tails
- 1 (8-ounce) package processed cheese
- 1 cup half-and-half
- 2 teaspoons Cajun seasoning
- 1 pinch cayenne pepper, or to taste
- 1 pound fettuccine
- 1/2 cup grated Parmesan cheese

Melt the butter in a large skillet over medium heat. Cook onion, bell pepper, celery and garlic in butter until onions are tender. Stir in flour and cook for 5 to 10 minutes, stirring frequently. Stir in crawfish. Cover and simmer for 15 to 20 minutes, stirring often.

Stir in the processed cheese, half-and-half, Cajun seasonings and cayenne pepper. Cover and simmer for about 20 minutes, stirring occasionally.

Meanwhile, bring a large pot of lightly salted water to a boil. Cook pasta in boiling water for 8 to 10 minutes, or until al dente; drain.

Preheat oven to 350 degrees. Butter a 9-by-13-inch baking dish. Stir noodles into crawfish mixture. Pour into prepared dish, and sprinkle with Parmesan cheese.

Bake for 20 minutes, or until hot and bubbly.

— From D&G Frey Crawfish



PUTTING A NEW FACE ON AG MARKETING

Social media is the promotional channel of choice for two growing rural businesses.

William-Chris Vineyards had Facebook fans before customers ever walked through the door of its winery in 2010. Their brand had existed for a few years, but was still relatively small, especially compared to other established wineries in the central Texas area known as the Hill Country Wine Trail.

“We were small and broke, so joining Facebook was essential to our business, because we had no budget for advertising or marketing,” says co-owner Chris Brundrett. “It was free advertising and was the way we got noticed.”

More and more businesses of all sizes these days are sharing Brundrett’s way of thinking — including farms, ranches and agribusinesses, especially those that market directly to consumers. A study released earlier this year by InSites Consulting showed that eight out of every 10 U.S. companies are present on Facebook, 48 percent are on LinkedIn, 45 percent are on Twitter and 31 percent use YouTube.

Two such rural businesses are Brundrett’s William-Chris Vineyards in Hye, Texas,

and Lazy Acres Plantation, a pumpkin patch and Christmas tree farm in Chunky, Miss., owned by Michael May. Both operations are Farm Credit customers, and have strong followings on social media.

A New Connection With Customers

Like Brundrett, Michael May can’t deny the impact of social media as a form of “free advertising.” To get the word out and promote activities at the farm, which includes a pumpkin patch, corn maze, Christmas tree operation and numerous other attractions and rides, May uses both Twitter and Facebook. Even when he’s not promoting an event or contest, May, a customer of Southern AgCredit, posts photos of daily happenings at the farm or updates on his crops and livestock.

“Social media gives me a connection with customers that you can’t get elsewhere. It’s a great way for me to reach 3,200 people at one time,” he says, referring to the number of fans of the farm’s Facebook page.

Although both the farm and Brundrett’s winery are located in rural areas, social media extends their reach to potential

customers in the more urban areas nearby. To keep customers online, even while at the winery, Brundrett offers free Wi-Fi, which allows visitors to virtually “check in” — or use social media platforms to tell their friends where they are.

Both Brundrett and May primarily use Facebook and Twitter to connect with customers and fans. They do this by posting relevant status updates (on Facebook) or tweets (on Twitter) for their followers to see. To keep from duplicating their efforts, the messages they type on one platform — either Facebook or Twitter — automatically appear on the other.

Both men admit that one of the reasons social media works for them is because it takes little of their time. Brundrett says that while posting updates for the winery’s approximate 2,300 Facebook fans is an important part of his job, it’s one that takes just minutes a day.

“It takes maybe five to 10 minutes, and I can do it from my smartphone,” says Brundrett, a Capital Farm Credit customer. He also says that social media has been a



10 WAYS TO USE SOCIAL MEDIA IN YOUR AG BUSINESS

- Share news about your industry and other valuable information.
- Engage your customers in a conversation by asking their opinion or taking survey on an important issue or just for fun.
- Announce your milestones, such as new products, anniversaries, accomplishments, staff changes and births.
- Post a photo, video or link when your operation is featured in the media or wins an award.
- Let customers know what you have for sale, such as equipment, livestock or hay, or tell them where they can find your products.
- Be an advocate for agriculture by telling your story or sharing good news.
- Share important weather information. If there's a storm, let others know that you're prepared or how you fared.
- Post photos or videos of events at your operation or that you participate in, such as contests, field days or farmers markets.
- Keep your website up to date, and direct visitors to your site by using social media to announce new Web content.
- Build enthusiasm about your harvest and production with photos, videos and updates.

good way to share last-minute reminders or changes for winery events.

When asked what he gets out of the time he puts into social media, May says that it's a pretty high return. "It's really only costing me time," he says.

"It's like the saying, 'the best form of advertising is word of mouth,'" May says. "Social media proves it."

Getting the Conversation Started

Both William-Chris Vineyards and Lazy Acres Plantation have been active in social media for several years now. Through their trials and tribulations, Brundrett and May offer these tips:

- **Don't be afraid of social media.** "Jump on in," May says. "It's easy to set up an account, or if you can't, find a teenager who can."
- **Have a specific message you want to convey.** Brundrett says he makes it a point to have a predetermined or true message every other week. He adds that only about 15 percent of his posts are direct sales pitches — the rest are strictly informational.
- **Post often, but don't overwhelm your followers.** May limits his posts to once or twice daily, but says he doesn't post something every day. He admits that he has actually "unfollowed" someone for posting too much too often.
- **When in doubt about what to post, include a photo or video.** "People love video," Brundrett says. "It doesn't have to be long or professionally done — you can do it on a phone." Videos on the winery's Facebook page range from behind-the-scenes looks at winemaking to clips showing musicians featured at winery events.
- **Measure your impact.** Brundrett monitors the effect that social media has on his business. Most social media platforms, such as Facebook and LinkedIn, offer free access to statistics that reveal how content is being viewed and shared with others. "Before, my option would be to send 1,000 fliers in the mail that may or may not be opened," he says. "Now I can see exactly how many people have viewed a post or opened an e-mail." ■ SH

A Primer on the Most Popular Social Media Platforms

f Facebook: Users or businesses may create a personal profile, add other users as friends, and exchange messages, including automatic notifications when they update their profile.

in LinkedIn: Used mainly by people in professional occupations for networking

t Twitter: Enables users to send and read text-based messages of up to 140 characters (tweets) and photos

YouTube: Video-sharing site

How to "Find" These Customers

Facebook: Facebook.com/william.chris.vineyards

Twitter: @WilliamChrisVin

Lazy Acres Plantation

Facebook: Facebook.com/LazyAcresPlantation

Twitter: @Lazyacresfarm

FORAGING FOR RESULTS

How a New Mexico Dairy Is Surviving Tough Times

New Mexico father-and-son dairymen Ron and Dale Jones began growing more of their own forage six years ago. It was a smart move and good timing, considering the current high feed prices. In fact, it's proved to be their ace in the hole lately.

"We're doing it out of necessity," Ron explains, as he takes a break from cutting green chop on a September morning — something he's done every day since April 17, starting with wheat hay, then alfalfa and corn silage. "Raising your own forage is much cheaper than buying it."

The practice gets high marks from the Joneses' lender, Ag New Mexico, which provides them with operating credit. "Jones Dairy is one of the higher performing operations in the region," says Warren Russell, their relationship manager. "There's little forage grown in New Mexico, and even less grain. The drought in the Midwest really increased the price of corn. Growing more forage helps the Joneses succeed."

Robert Hagevoort, an Extension specialist known as the Dairy Doc at

New Mexico State University in Clovis, says area dairy farmers started growing more forage 10 years ago, and the trend is heating up.

"Many farmers now grow somewhere between 50 to 100 percent of their forage needs," Hagevoort says. "It is one of the reasons why California dairies have relocated to other states with ample and affordable farmland, such as New Mexico and West Texas."


Hard Work Comes With the Territory

The Joneses doubled the size of their milking herd from 1,500 cows seven years ago, when they installed a rotary milking parlor, to 3,000 cows today. Between growing forage and

milking, it takes 46 employees to keep the Veguita, N.M., operation going.

Ron's dad, D.C., now deceased, started Jones Dairy more than 50 years ago, and the family has always grown some forage on the home place. In 2006, Ron and Dale bought a farm near Estancia, which they irrigate with well water distributed via pivots.

Three years ago, they leased more land closer to home, which they furrow-irrigate



Ron and Linda Jones, front, farm with their family, left to right on fence: son Dale, granddaughter Brittney, daughter-in-law Susie, and grandsons Bradley and Brandon.

using water that flows through canals from the Rio Grande River. “Furrow is more labor intensive, but it’s more cost effective because it takes less electricity,” Ron says. New Mexico experienced drought in 2011 and, to a lesser degree, in 2012. “We’re short on water here along the Rio Grande. The rains came just in time this summer.”

In all, the Joneses farm about 3,000 acres. When asked if farmland is affordable in their area, Dale and Ron answer with a resounding

“No!” Land near Estancia is more reasonable; that’s why they were willing to farm it, even though it’s 50 miles northeast of home.

Rio Grande Valley property sells at higher prices than most farmers are willing to pay, partly because it’s green and beautiful. That’s why the Joneses lease their new land in the valley. “You can’t make buying land pay here,” Ron explains.

Thinking Smarter to Outlast the Drought

In addition to growing some of their forage, the Joneses purchase a large amount of their hay and all of their grain. Last year, the drought made hay scarce. Ron traveled as far as Colorado seeking alfalfa, which sold at an all-time high of \$310 a ton. This summer, the alfalfa price dropped to \$270 — still high, historically — and corn hit a record \$8 a bushel.

Photos by Nancy Jorgensen

TIPS FOR SUCCEEDING IN DAIRYING TODAY

Ron Jones specializes in forage production, while his son, Dale, focuses on milk production. “Dale gets more milk per cow than I ever did,” Ron admits. Raising more forage helps, but Ron credits their increased production to the rotary milking system, higher pregnancy rates, and improved artificial insemination, nutrition and veterinary practices. Following are their detailed secrets for success.

Upgrade to a rotary system. The rotary milks 56 cows at a time, around the clock, saving time and labor. It was tough to train the cows to step on and back out of the rotary at first, but now they enjoy it. Ron and his wife, Linda, traveled to Australia to see the equipment before buying it. They continue to tweak efficiency, recently doubling the number of wheels that rotate the platform.

Use new technology. The rotary system reads each cow’s tag as she is milked and records production. Software also tracks each cow’s health records.

Get bigger. This applied in their case, at least. New Mexico’s dairies tend to be large, with almost half milking 1,000 cows or more. The average U.S. dairy farm milks just 179 cows. “You have to be a decent size to make it work here,” Ron explains. “There’s no pasture or grain, and you’ve got to maximize your barn to pay the bills.”

Focus on genetics. Big Holsteins produce more milk, and some of the Joneses’ cows pump out 2,000 pounds a month. The herd produces an average of 78 pounds, or about nine gallons, per cow per day.

Pick a good location. Jones Dairy is situated 50 miles south of Albuquerque, New Mexico’s largest city. “The farther you are from the processing plant, the more freight you pay,” Dale says. “But if you’re too close to the city, you pay more for land.” New Mexico also offers favorable weather for dairy cows.

Sell to a good co-op processor. The Joneses sell their milk to Dairy Farmers of America (DFA), which markets milk under the Elsie brand. With 16,000 members, DFA is the nation’s largest dairy processing co-op.

Work with a dedicated lender. Until a few years ago, the Joneses borrowed from a local bank where Ron’s dad served on the board. But the Jones operation grew, and another bank bought out the lender. Dale met Warren Russell at a dairy event, and the Joneses now borrow from Ag New Mexico. “Working with a lender who understands our business saves us time,” Ron says. “You can’t be in this business without a good banker behind you.”

Forward contract. Normally, Ron buys grain on the futures market so he can plan ahead on his costs. “But these days, I keep hoping the price will go down, and my contracts are about running out,” he says.

Get involved. Dale serves on the boards of Dairy Max, a regional marketing and promotional council, and Dairy Producers of New Mexico, which works toward favorable state legislation and industry regulation.

Learn more about Jones Dairy at dfa.com on the “Friends of Elsie” page.

NEW MEXICO — A TOP DAIRY STATE

New Mexico ranks as the **ninth** largest dairy-producing state, although it ranks **36th** in population. **Two million** people make New Mexico home.

New Mexico's cows produced an average of **24,854 pounds** of milk in 2011, compared with **21,345 pounds** produced by the average cow in the U.S.

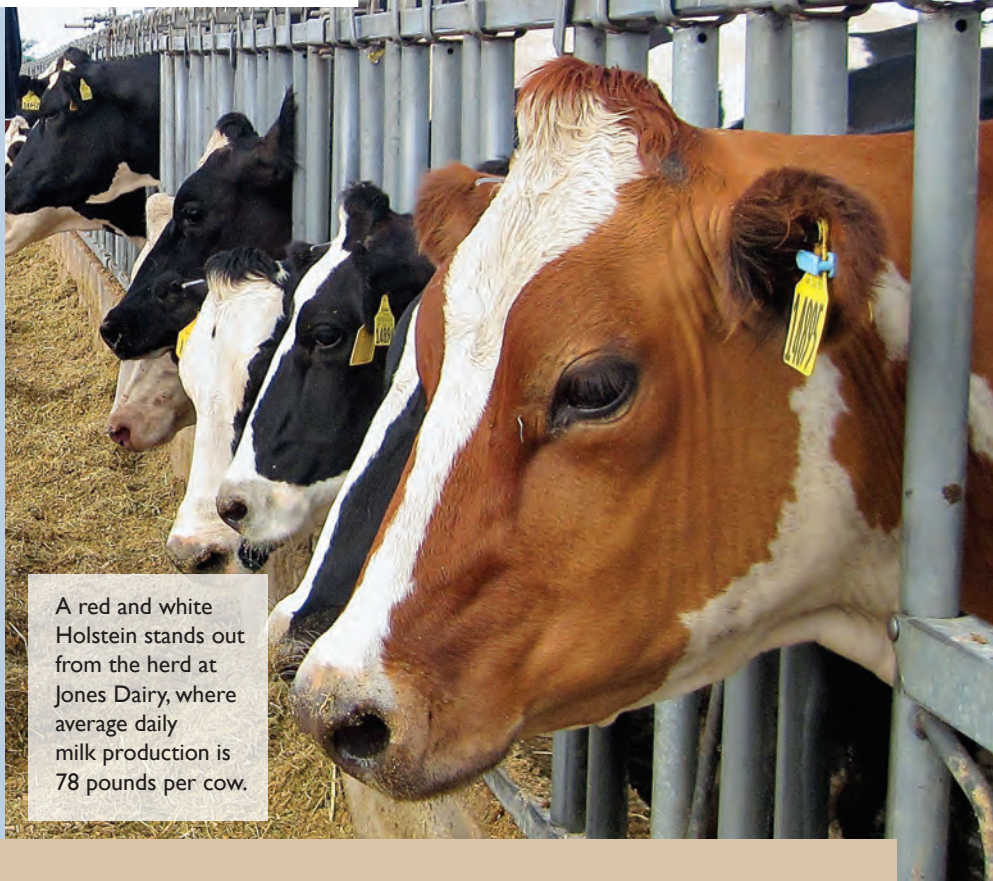
Sources: USDA NASS and the U.S. Census

"We're one of the few dairies in New Mexico to feed green chop all summer," Ron says. He planted a large acreage of corn last spring, thinking he'd harvest some grain. "But when it got down to it, we fed most of it as silage," he reports. "We sold some silage to buy grain."

Considering the current high grain prices, the family's animal nutritionist suggested cutting back on the amount of grain they feed. Ron disagrees. "Some who've cut back on grain aren't producing as much milk. I want to keep production where it is now. I'd rather cull cows that aren't productive."

The Joneses owned some farming equipment when they bought the Estancia farm, and added newer, bigger machinery as they could afford it. Offsetting that expense, they spend less on fertilizer than farmers without dairy cows, because they can apply manure as a soil nutrient.

As for the future, Dale says, "I used to want to keep expanding. With today's high input costs, I'm not so sure. But we're better positioned now that we're more diversified." ■ NJ



A red and white Holstein stands out from the herd at Jones Dairy, where average daily milk production is 78 pounds per cow.

DISTRICT'S DAIRIES BY THE NUMBERS

	ALABAMA	LOUISIANA	MISSISSIPPI	NEW MEXICO	TEXAS
Total number of farms ¹	47,500	29,000	42,400	23,000	245,000
Number of dairy farms ²	157	298	177	272	1,293
Number of milk cows ¹	11,000	18,000	14,000	329,000	431,000
Total value of all ag products sold ²	\$4.4 billion	\$2.6 billion	\$4.9 billion	\$2.2 billion	\$21.0 billion
Value of sales of milk and other dairy products from cows ²	\$38 million	\$72 million	\$63 million	\$1.0 billion	\$1.3 billion

The number of dairy farms in the second line reflects all farms, even those with just one cow. As of July 2012, farms licensed to sell Class A milk in Texas totaled 483, and in New Mexico, 149. Data wasn't available for other states in this region.

¹USDA NASS 2011 State Agriculture Overview

²USDA 2007 Census of Agriculture

Co-ops Make the World a Better Place

When 2012 was proclaimed the International Year of Cooperatives by the United Nations General Assembly, many co-op members might not have noticed. But at least one Alabama couple has discovered why co-ops are such a big deal.

"I became a big fan of co-ops," Andy Whitt of Ardmore, Ala., says of the Alabama Council of Cooperatives' annual Co-op Couples Conference, which he attended with his wife, Jennifer, in July. "Co-op businesses are owned by the people they serve, and there is strength in numbers. It was eye-opening to see the numerous co-ops on hand, and how each benefits its members."

The Whitts also experience the benefits firsthand. When they bought rural property in southern Tennessee, where they explore the woods, watch wildlife and hunt together as a family, they financed it through Alabama Farm Credit, a member-owned co-op and a conference sponsor.

"The purchase could not have gone any smoother," says Andy, a commercial banker with First National Bank. "Alabama Farm Credit does a fantastic job, and I would highly recommend their services."

At the conference, Andy and Jennifer learned that their lending co-op is part of a nationwide network of member-owned institutions, collectively known as the Farm Credit System. Some 500,000 farmers, ranchers, and rural residents and cooperatives own 86 Farm Credit local lending co-ops and banks that provide \$174 billion in loans outstanding to agricultural producers, agribusiness firms and rural residents.

Number of Rural Co-ops and Credit Unions in Our Region

Co-op Type	AL	LA	MS	NM	TX
Ag Co-ops	57	43	65	8	195
Credit Unions	124	210	87	50	534
Rural Electrics	21	13	29	17	75
Rural Telecommunications	3	0	0	5	20
Farm Credit Institutions	3	3	3	2	12
Estimated Total	208	269	184	82	836

This table does not include housing, grocery, mutual insurance, health care and other co-op sectors.

Sources: University of Wisconsin Center for Cooperatives; Credit Union National Association; National Rural Electric Cooperative Association; National Telecommunications Cooperative Association; Farm Credit Bank of Texas

Top Co-ops in the Texas Farm Credit District

Rank	Co-op	State	Annual Revenue	Type
25	Plains Cotton Cooperative Association	TX	\$1.8 billion	Ag
41	Affiliated Foods Inc.	TX	\$1.3 billion	Grocery
54	Brazos Electric Power	TX	\$1.0 billion	Energy
57	Staplcotn Inc.	MS	\$946 million	Ag
66	Lone Star Milk Producers Inc.	MS	\$876 million	Ag
69	Farm Credit Bank of Texas	TX	\$871 million	Finance
76	South Mississippi Electric Power	TX	\$761 million	Energy
84	VHA Inc.	TX	\$697 million	Health care
88	Associated Grocers Inc.	LA	\$685 million	Grocery
93	PowerSouth Energy Cooperative	AL	\$640 million	Energy
99	Pedernales Electric Cooperative Inc.	TX	\$588 million	Energy

Data as of 2011 gathered by National Cooperative Bank as part of the Co-op Top 100 List. For more information, visit coop100.coop.

The Whitts were among 25 couples who gathered information about all types of member-owned businesses, including these conference sponsors:

- Alabama Farmers Cooperative, one of more than 2,500 farmer-owned co-ops across the U.S.;
- Southern Pine Electric Cooperative, one of almost 900 rural electric co-ops serving 42 million Americans; and
- Farmers Telecommunications Cooperative, one of about 250 American telecom co-ops.

People with similar interests and needs establish co-ops to buy products and services at better prices and terms, or to market their own products and services more effectively.

Founded, owned and operated by the people they serve, co-ops

typically distribute excess earnings to their member-owners.

Like the Farm Credit System, a number of farmer-owned co-ops in the U.S. are nearing their 100th anniversaries. Marketing and supply co-ops account for about a third of both farm sector revenue and input purchases, according to a 2006 USDA study. Dairy co-ops process about 80 percent of all milk in the nation.

“When farmer-owned co-ops were created decades ago, it made an immediate difference in market prices,” says Brent Hueth, director of the University of Wisconsin Center for Cooperatives. “Farmer-owned co-ops continue to thrive today because they operate with farmers’ interests at their core, since farmer-members serve on their boards of directors.”

Some attending the Alabama conference were surprised to learn that farmer-owned co-ops are behind famous brands such as

Blue Diamond almonds, Sunkist oranges, Ocean Spray juices, Sun-Maid raisins and Land O’Lakes butter.

Co-ops serve urban people, too, in industries ranging from credit unions and housing to day care and groceries. And they make a huge impact on the U.S. economy. Almost 30,000 co-ops operate in the United States and generate \$500 billion in revenue and \$25 billion in payroll annually, according to a 2009 study conducted by Hueth.

“The conference was fantastic,” Andy says. “It was a great learning experience, and we made many new friends.” ■ NJ

To learn about similar co-op events, contact your local Farm Credit association, the Alabama Council of Cooperatives at (334) 821-4261, or the Texas Agricultural Cooperative Council at (512) 450-0655 or www.texas.coop.



Farm Credit Armenia Modeled on the U.S. System

Cooperatives are a major economic force around the world, and a new lending institution in Armenia is using the U.S. Farm Credit System as a model.

“The cooperative model appears to be extremely attractive to potential borrowers once they understand that they have an ownership interest,” says John Penson, a Texas A&M University agricultural economics professor who is advising the new cooperative, Farm Credit Armenia. He has traveled to Armenia six times since 2010 as an expert advisor with USDA’s Foreign Agricultural Service, and he says he was impressed with shareholders’ energy and interest when he attended the co-op’s most recent annual meeting.

In 2010, Farm Credit Armenia representatives visited Farm Credit Bank of Texas and other U.S. Farm Credit institutions to learn how the cooperative business model can be applied to agricultural financing.

America’s cooperatively owned Farm Credit System was established by Congress in 1916 to be a reliable source of credit to farmers and ranchers. Today, the System provides more than one-third of the credit needed by those who live and work in rural America. But until recently, producers in Armenia and other countries haven’t been so fortunate.

USDA’s Foreign Agricultural Service provided a start-up grant and other financial assistance to the Armenian credit cooperative,

which also received substantial funding in 2011 from World Bank. Farm Credit Armenia now has 2,500 loans outstanding totaling \$11 million. Owners expect assets to grow by 50 percent this year, and hope to achieve self-sufficiency by 2015.

The new co-op has boosted credit availability in Armenia, where farmers pay interest rates that are more than double the rates U.S. producers pay, Penson says. The former Soviet republic is bordered by Turkey, Iraq, Georgia and Azerbaijan, and tillable farmland is limited by the mountainous terrain. Major crops include fruits and vegetables, especially potatoes.

Brent Hueth, of the University of Wisconsin Center for Cooperatives, calls the U.S. Farm Credit System one of the world’s success stories and a model that developing nations can follow.

“The U.S. Farm Credit System addressed a market failure — there was no credit available for farmers. And it literally took an act of Congress to create it,” he says. “Fast-forward almost 100 years, and there is no doubt that the Farm Credit System continues to fulfill an important access and pro-competitive function.”

Interest in cooperatives of all types is growing, and organizations such as World Bank and the Food and Agriculture Organization of the United Nations look to co-ops to provide a way to exit poverty.

Perhaps the U.N. says it best with the theme for this year, the International Year of Cooperatives: “Cooperative enterprises build a better world.” ■ NJ



Courtesy of Delta Farm Press

George LaCour Jr.

Champion for Cooperatives

Louisiana farmer, director knows co-ops make world of difference on local level

On a September afternoon this fall, while cotton pickers were working full tilt on George LaCour Jr.'s farm northwest of Baton Rouge, La., he was representing the 7,300 members of Pointe Coupee Electric Membership Corporation at the co-op's quarterly board meeting.

Some farmers might be tempted to play hooky from board meetings during harvest season. Not LaCour. As a director of five rural cooperatives and a committee member of a sixth, he believes it is important to contribute to the co-ops' success, because they contribute to his.

"We're about profit for the member, not for the co-op," says LaCour of Morganza, La., who belongs to seven cooperatives — eight, if you include Tri-Parish Gin, a limited liability corporation that operates like a co-op. "Co-ops are created out of need, not greed. The reason a co-op succeeds is that the people behind it believe in it and need it."

LaCour points out how the co-ops he does business with serve needs that other companies don't.

"When markets were down and nobody else would take grain, our little co-op elevator would take it, because it was in the best interest of our members," he says. The electric co-op "is about getting power back on for our members as quickly as possible," he explains, and the local farm supply co-op stocks items that most stores don't and even opens early when necessary. As for the sugar marketing co-op, "there was a need for a sugar refinery, so members in Louisiana got together with Cargill and built a \$200 million refinery."

"Can't" Isn't an Option

Tri-Parish Gin in Lettworth, La., also was built out of necessity. In 1991, when LaCour was in his twenties, he and another farmer spearheaded the construction effort to encourage cotton production in this area along the Mississippi River, which had been decimated by the boll weevil 20 years earlier.

"You don't tell George 'can't.' It's not in his vocabulary," says Tri-Parish Gin Manager Peggy Grezaffi. One of the gin's 12 founding members, LaCour is currently its vice president, as well as 2012

president of the Southern Cotton Ginners Association. In addition to cotton, he grows sugarcane, soybeans, wheat and corn.

"He's been a big asset to the agricultural industry here," Grezaffi adds. "He really cares about other farmers in the community. He just wants to see everyone do well."

For his financing needs, LaCour, a fifth-generation farmer, depends on another co-op. He turned to Farm Credit for his first operating loan at age 22. Later, when he and his sister, Gertrude Hawkins, purchased land in partnership, they financed it with Louisiana Land Bank, and still do.

"There was a time when nobody wanted to loan money on land; now everybody does. I want to be with the guy who's going to stay with me. And that's the Land Bank," LaCour says. Today, Hawkins is a member of the Louisiana Land Bank board, and LaCour serves on a committee for his first Farm Credit lender.

In his opinion, cooperatives reflect the spirit of rural communities, in which neighbors rely on neighbors in times of need. He also points out that members benefit from the way co-ops support each other. "The only reason Staplcotn exists is because of CoBank (Farm Credit's funding bank for cooperatives)," says LaCour, who is a director of the cotton marketing co-op.

Members Are Equal Owners

LaCour believes cooperatives are most effective when members realize they are equal owners and have the right to have a say in the business.

"When people in the electric co-op call me and say, 'You need to do something about a problem,' I tell them, 'You need to do something about it.' There's no y'all in the co-op world; it's we," he says. "I'm no better than any other member. I was just chosen to represent them."

As a director, he is proud that co-ops treat everybody the same. "My sister and I have a rather large farm, but we're treated the same as all the other members," he says. "Co-ops don't make special deals; we just give everybody the best deal." ■ JH

"Co-ops don't make special deals; we just give everybody the best deal."

— George LaCour Jr.



Photos by Karl Wolfshohl

The Ginning Pros

Floydada Co-op Gins Board Chairman Mark Beedy, left, and General Manager Aaron Hendricks survey the co-op's new fleet of trucks.

When Aaron Hendricks arrived at Floydada Co-op Gins on the Texas South Plains five years ago as the new general manager, he had his work cut out for him.

It was September of 2007, less than a month before the start of cotton ginning season in Floyd County, northeast of Lubbock. New top-quality equipment had been purchased and installed, but wasn't operating efficiently. With harvest closing in, Hendricks, a fourth generation gin manager, had only enough time to make the most necessary improvements in operations. Other changes would have to wait.

But the improvements that he and the staff made then and continue to make today are literally paying off for the gin's 204 members. In 2011, the toughest, hottest, driest year that most local farmers have ever endured, Floydada Co-op Gins was able to pay patronage to its members based on the

year's net income — in spite of a much-reduced cotton crop and bale count.

Efficiency Brings Profits

Gin profits are all about efficiency — number of bales ginned in an hour, a day and a season. And Hendricks was charged with improving the cooperative's ginning efficiency as well as generating income in other areas.

"The gin was averaging 650 bales every 24 hours," Hendricks recalls, "and now it's over 1,000 bales every 24 hours."

Such efficiency is achieved by making the most of labor in the harvest and ginning season, which usually runs from mid-October to the first of the year in this area.

Year-round, Floydada Co-op Gin normally has seven full-time employees, including Hendricks, but the staff swells to 60 to 65 in the ginning season, when truckers and other seasonal workers are hired. Regardless of the number of bales ginned, these employees are on the payroll. Simple

math shows that the more bales ginned in this compact time period, the lower the cost per bale.

One of Hendricks' first steps as general manager was to bring in his dad, Buddy, a veteran gin owner and manager, to manage the plant. Together, they tackled the next step, increasing throughput by adjusting air movement.

"All cotton is transported through a cotton gin using air," Hendricks explains. "Once we got all the air and drying set up like it needed to be, then we could gin cotton like it needed to be ginned."

Since that first season, the co-op staff has made additional major adjustments to air systems; improved their module feeder; boosted drying capacity by adding a second burner to the one that was already heating their hot-shelf dryer; made major improvements to their bale press; and added a new strapper and bagger to increase bales-per-hour output.

“Since we are a cooperative, when we are profitable, we return profits to the local community and its farmers, and the gin does the same thing.”

– Jeff Taylor, Panhandle-Plains Land Bank

Now management and board members are considering increasing the ginning capacity of their four existing gin stands.

“We’re able to get the cotton in and through the gin in a timely manner. We average 55 bales an hour, and we can gin 60. If our customer base continues to grow, we’ll need to be at 70 or 75 bales an hour and we’ll have to spend more money to get to that point,” says Hendricks, who was reared in Floyd County.

New Trucks Bring New Business

But one of the biggest boosts to the gin’s bottom line has come from replacing old, worn-out trucks with new ones.

“We were having to hire a large number of modules hauled before Aaron came,” says Mark Beedy, chairman of the co-op’s board of directors. “Now that we’ve updated our fleet of trucks, we don’t hire any modules hauled. In fact, we haul modules for other gins. It increased our bottom line a lot last year — a lot.”

The modern trucks also have enabled the gin to take on other custom-hauling jobs and, perhaps even more important, have helped the co-op retain good employees by encouraging them to want to work there.

Before Hendricks arrived, Floydada Co-op Gins — created through the consolidation of Farmers Co-op and Floyd County Co-op in 1972 — had borrowed money for capital improvements from Panhandle-Plains Land Bank in Plainview. One of Hendricks’ major goals has been to reduce the gin’s debt load. In five years, this goal has been accomplished in dramatic fashion. The debt has been slashed by nearly half through the time-tested principle of increasing income and cutting costs.

Because operating income has increased and most large capital improvements have been made, the gin has been able to cash-flow most of its recent improvements.

“We’ve got everything the way we want it now,” says Beedy, a Floyd County farmer. “The gin is efficient and modern. If we have something come along that we need,

we can normally handle it.”

“But if we borrow any more money for large projects, it will be through Panhandle-Plains, because they’ve worked with us so well,” adds Hendricks. “They’ve taken care of us in terms of being there for us, and also because of the patronage. That’s a big deal.”

Patronage Is a “Big Deal”

Patronage is indeed “a big deal” from multiple viewpoints — for farmers who bring their cotton here, as well as for gin management and directors, as they choose lenders and processors.

Floydada Co-op Gins has managed to return patronage to members every year since 2007, not only because of operating efficiencies, but also because of the gin’s relationships with other co-ops and businesses, including Farmers Co-op Compress, Plains Cotton Cooperative Association (PCCA), Plains Cooperative Oil Mill and PYCO Industries cottonseed cooperative, as well as Panhandle-Plains Land Bank.

“We get a share of everything — what the gin makes, what the oil mill makes, what the compress makes,” says Beedy, who has ginned most of his cotton here since he started farming on his own in 1984, and totally since Hendricks took over.

“With the loan we made them in 2006, the gin was modernized with a new press, new dryers and load-out area,” notes Jeff Taylor, vice president of Panhandle-Plains Land Bank and loan officer for the cooperative. “They really improved their bales per hour, and that’s made them more profitable.”

Taylor, who has taken part in strategic business planning sessions with the co-op board, concurs with Beedy that new trucks have helped the co-op to retain good employees and avoid the challenge of



From left to right: Assistant Plant Manager Tanner Battey, Plant Manager Buddy Hendricks, General Manager Aaron Hendricks and Board Chairman Mark Beedy

finding, hiring and training new seasonal employees.

For Panhandle-Plains Land Bank and Floydada Co-op Gins, doing business together is a win-win relationship for them and the community.

“Since we are a cooperative, when we are profitable, we return profits to the local community and its farmers, and the gin does the same thing,” Taylor says. “That helps communities survive.”

Taylor says patronage isn’t necessarily “huge for the individual, but when you amass them together, it’s huge for these communities.”

Floyd County seems to have produced more than its share of leaders in agriculture. One of them is Eddie Smith, PCCA board chairman, and a former chairman of the National Cotton Council. Smith, his father and his son farm together here. Their cotton goes to Floydada Co-op Gins for ginning, and they do business with Panhandle-Plains Land Bank.

“I gin at the Floydada co-op because I can be a part of the operation as a stockholder, and we share in profits of the gin,” Smith says. “I’m very proud of the organization and how it’s evolved since we hired Aaron, with his ginning and management skills. I appreciate the cooperative mode of business.”

■ KW



Gabriel's Gift

Businessman and rancher Ron Gabriel shares his experience through his service on the Legacy Ag Credit board.

Ron Gabriel

Ron Gabriel's work commute is short and sweet. It's a 10-minute pickup ride from his ranch along two-lane country roads, past meadows fringed with forest, to his office in the small East Texas town of Van. He makes the trip a couple of days a week to keep his nationwide oil-field service companies running full tilt.

That's his day job, the one that pays the bills. But as many hours as he can fit into all the other days, Ron Gabriel raises cattle, horses and hay on four tracts of land that he and his wife, Lana, own in Van Zandt County.

The Gabriels recently moved into their dream home on the largest tract, some 500 bucolic acres blessed with broad rolling pastures mixed with dense woodlands. The rambling lodge-style stone house sits high on a hill, shaded by oaks and overlooking a 25-acre lake, one of 13 lakes and ponds on the property. The couple can sit on their wide flagstone patio and watch black Angus cows graze on thick green grass beside the lake to the south. They also can keep an eye on the barns and pens to the east, where they raise a small herd of prized registered quarter horse brood mares.

"I can't imagine life without agriculture," Ron says plainly. "That's a little bit of a surprise, since I'm the only one in my family involved in ranching."

But that love of the land comes naturally, built from fond boyhood memories of growing up in the 1950s on five acres near Van.

"We were poor as dirt," he explains, "but we grew a garden and raised chickens like so many families of the day. We also had a horse named Molly, and when Dad wasn't plowing with her, I loved to ride her bareback."



Photos by Randy Mallory

Quarter Horse Savvy

As a young man in the 1960s, Ron bought his own riding horse, and in his spare time he traveled the United States with a friend who judged quarter horse shows. By necessity he built a promising career in the petrochemical industry. By desire he learned the ins and outs of quarter horse bloodlines and the “halter” business, where horses are rated for their conformation and suitability as breeding stock.

In 1990, the Gabriels decided to raise and show their own quarter horses. To begin, they bought 70 acres in Van

Zandt County with a loan from Legacy Ag Credit. Gradually, after purchasing quality quarter horses, they added cattle and hay to the operation.

By the mid-1990s, their most famous quarter horse, Clu Heir, had won his first of two world championships. As a stallion, he went on to sire 13 world champions and became the Gabriels’ pride and joy. Meanwhile, in the process of showing Clu Heir and others, Lana Gabriel became a top amateur showing at halter. However, a crushing blow came when Clu Heir took ill and had to be put down. Heartbroken, Lana stopped showing horses. The couple lost interest in the business and sold their horse breeding operation, along with 20 of their 70 original acres.

“With ranching, you’re either in it or you’re not,” says Ron. “I have to be with cows and horses, working with my hands. I enjoy the early mornings, the sweat, the long days. It’s a lifestyle I dearly love.”

Thus, as the pain of losing Clu Heir wore off, the Gabriels added a few brood mares back into their growing ranch operation, and Lana began showing quarter horses again last year.

“She won reserve world champion at Oklahoma City with our gelding,” Ron notes. “After years of not showing, it made her feel good to return at that level.”

The Gabriels plan to breed all of their mares this year and expand the Angus herd they culled last year because of the region’s record drought. Ron also intends to revive an earlier interest and start

“We need more young people to get into agriculture, and at this stage in my life I just wanted to see if I can help make that happen.”

— Ron Gabriel

competing in his age category at team roping events.

Passing It On

Ron Gabriel knows the ups and downs of agriculture from personal experience. He also knows how to build a successful business. He decided last year to put those strengths to work for Legacy Ag Credit, when he accepted an appointment to fill a vacant seat on the Legacy Board of Directors.

“I know business, and I know ranching,” explains Ron, who was elected to a full three-year term on the board this year, “so I thought I might have something to offer. It’s been a great challenge and a great learning experience.”

It’s a good time to serve on the board of a Farm Credit cooperative, he comments. For one thing, the United Nations designated 2012 as the International Year of Cooperatives, which highlights the consumer-owner essence of financial cooperatives. And in just four more years, the nationwide Farm Credit System will celebrate its centennial, which underscores the important role that Farm Credit co-ops continue to play in rural America.

For Ron, it’s also the perfect time to make a contribution. “My service on the Legacy Ag Credit board comes straight out of my love for the land,” he explains. “We need more young people to get into agriculture, and at this stage in my life I just wanted to see if I can help make that happen.” ■ RM

STRAIGHT TALK ON PECANS

There's something down to earth about this experienced farmer's approach to growing pecans.

Gayland and Kinley Sorrells



On a hot August day this past summer, Kinley Sorrells and his son, Gayland, stood amid acres of pecan trees on their central Texas farm. Surveying the results of a “pre-harvest shaking,” which thins the trees, allowing what’s left to flourish, Gayland questioned the number of pecans scattered at their feet.

“Dad, there’s too many of them. I think we shook too many,” Gayland told his father.

With the wisdom that comes from farming pecans for 35 years, Kinley simply responded: “Don’t look on the ground; look at what is still left in the trees.”

It’s this experience and perspective that has allowed Sorrells Farms, a diversified farming and ranching operation in Comanche County, Texas, to be successful. With more than 1,200 acres of sandy farmland, the farm primarily produces pecans, cantaloupes, watermelons and peaches, and also grows a handful of other kinds of produce.

According to Kinley, it is in harvest mode 10 months of the year.

Pruning Trees, but Not Profits

“I wouldn’t say Comanche County is a farmer’s paradise, but we can grow a lot of crops that you can’t in the Texas Hill Country,” Kinley says of the comparison between the area where he lives now and the area where he grew up farming.

After graduating from college, Kinley decided not to return to the Hill Country, and took a job with the state Extension service. He later became manager of a large commercial pecan operation, and in 1986, purchased his first orchard. Today, Sorrells Farms, operated by father and son, has pecan trees on 800 contiguous acres.

While Georgia is the top pecan-producing state in the U.S. most years, Texas is second (but occasionally first) and on average produces about 60 million pounds annually. Kinley says that orchards in his area are capable of producing 1,200 pounds per acre and, after the lingering drought of recent years, the 2012 crop is expected to be a strong one.

A healthy crop is commonplace for Sorrells Farms, where Kinley and Gayland use a number of best management practices. Years ago, after seeing a decline in the size of pecans their trees were producing, Kinley deduced that the trees had grown so much that they were overcrowded. Fearing it was affecting nut quality, he made the decision to remove half of the trees from the orchard.

“It was a hard thing to do, but we knew it had to be done,” he says. “It got to a point where we were spinning our wheels quality- and size-wise, but once we thinned the trees, it made a world of difference.

“Your first thought is, ‘I’m cutting my production in half,’ but it really doesn’t work that way. If it takes two pecans to weigh what one good-quality pecan weighs, you’re better off just having the one,” Kinley says.

To supplement average annual rainfall of 28 to 32 inches, the farm has a drip irrigation system buried underground that moves water directly to the trees’ roots, a practice that boosts production.

In Grocery Stores From China to Texas

After leaving the farm, Sorrells Farms pecans could end up in a number of places — even as far away as China. Kinley explains that the Chinese middle class has developed a taste for pecans, and as this class grows, so does its demand for pecans.

He has been exporting nuts for 11 years, and these days, seldom does a week go by during the season that he doesn't receive an e-mail from a broker for China.

"It does put a little stress on the U.S. market because the Chinese want the biggest pecans possible, and if all of the bigger pecans go to China, there's not any for our shellers here. Of course, it all depends on the price," he says. "We don't like to exclude our state shellers, because we never know what's going to happen overseas."

Most of the farm's pecan crop does stay in the U.S., and the Sorrells sell a majority of it, along with most of their cantaloupes and watermelons, through wholesale grocery chains.

One such chain is United Supermarkets, which has stores in 30 markets across north and west Texas. Kinley has done business with United for more than 20 years, and his family was even included in a print campaign that introduced store customers to the farmers producing their food. In addition, once a year, he spends a day at a store in the Dallas-Fort Worth area, greeting shoppers and handing out samples of watermelons from his farm.

"It's a good deal because we'll just about sell out a bin of watermelons by the time I leave. People are interested, and they like it if they can put a face on that farmer who's saying, 'I grew that watermelon, taste it,'" he says.

Experience Benefits Others

For the past six years, Kinley has put his farming expertise and experience to use in another place far from the fields — a board room. In 2006 he was elected to the AgTexas Board of Directors, and is currently serving his third term on the board.

Having enjoyed witnessing and being a part of the cooperative lender's growth over the years, he acknowledges that a lot goes into serving on the board. "It takes time as a director — if you are going to contribute, there is effort and energy that goes into it, and I appreciate the opportunity to serve," Kinley says.

Kinley is also quick to credit management for their foresight, which has resulted in a strong, sound co-op.

"If a farmer or rancher is about to face something financially detrimental, AgTexas is not one to just kick them to the side of the road," he says. "They begin to work with that customer and help them try to straighten things out."

Similar to the co-op Kinley serves, Sorrells Farms is a profitable operation because of solid management skills and a deep understanding and love of agriculture.

"I'm a farmer," Kinley states. "It's in my blood." ■ SH



Delinda Sorrells, second from left, and her staff sell Sorrells Farms products at their retail business in Comanche.

A Taste of the Farm — Off the Farm

While most of the pecans and produce from Sorrells Farms is marketed through retail grocery chains, the family also runs their own retail business offering their homegrown wares. The store was located at the farm, but relocated a few miles away to a renovated house in Comanche in October of 2011.

In the new space, the family cooks up and offers a variety of homemade pecan products, such as candies, pies, cookies, breads and more — all made using Sorrells Farms pecans — which are also available for sale online. A produce shed houses fresh seasonal produce grown on the farm, including zucchini, jalapeños, habanero peppers, cucumbers, onions and tomatoes, in addition to several varieties of juicy cantaloupe and watermelon. A garden center in the backyard offers an abundance of choices, as well.

Kinley's wife, Delinda, also wanted the store to be a place where people in their small town could buy a baby or bridal shower gift, so they expanded to offer gift and jewelry items.

"It's obviously evolved into much more than pecan products," Kinley says with a laugh.

To order products online, visit sorrellsfarms.com.



Shaking the trees for harvest, which begins in late September and runs through February

CRACKING a New Nut

With support from their lender and mentoring by a veteran grower, two businessmen break into the Texas pecan industry.

Nurturing a pecan orchard to mature production takes patience, focus and passion. For two businessmen with little agricultural experience but plenty of business acumen, so, too, does uncovering the right agribusiness opportunity.

Jose “Pepe” Guevara and Eduardo “Lalo” Medina are the first to admit they aren’t your typical pecan growers. But their methodical, thoughtful approach to the pecan business is setting roots for what they intend to be a lifelong investment in the industry.

Unlike many urban professionals who are drawn to agriculture as a weekend hobby or recreational escape, Guevara and Medina weren’t seeking a lifestyle farm or sideline business when they became pecan growers. Both had been exposed to the nut industry in different ways through other business experiences, and knew it was a niche with great potential.

Guevara, a partner and managing director of the Boston Consulting Group (BCG) based in Dallas, first met and worked with Medina, a BCG senior associate, a decade ago.

About 15 years ago, Guevara had the opportunity to invest in a former consultant’s teakwood operation in Mexico, his first foray into agribusiness. When the company’s stock went public three years ago, he says, “I needed a place to invest some of those proceeds, and immediately focused on nuts, which appealed to me — non-crop farming, resistant to inflation, multigenerational investment. The pecan industry, unlike almonds and pistachios, is very fragmented, and we thought we could bring a new approach.”

Guevara’s first call was to Lalo Medina. “We spent a few hours talking. I was looking to get into farming, and had done farming studies in Mexico and Australia,” Medina explains. “From my studies, I knew that the nut industry was a good business.”

A Five-Month Job Interview

The two began researching orchards to buy. “Here we were, two Mexicans, young, new to the industry,” he laughs. “We got leads on every bad orchard in the state.” Over the summer of 2011, the pair enlisted the help of another BCG alumnus in identifying prospective orchards from Eagle Pass to Joplin, Mo.

Along the way, they sought and received guidance from industry experts. “People were very friendly. We haven’t found a single person who hasn’t offered to help,” says Medina. Among them was Tim Montz, the outgoing president of the Texas Pecan Growers Association, who hosted them many times. In one of their conversations, Montz suggested they meet Hal Berdoll, whose Bastrop, Texas, pecan operation is renowned for its quality and success.

That first meeting, a seven-hour conversation, was the first of many that would take place over the next year. “We came down every Sunday for six months and worked, and at the end of the day, we would sit down and talk — but never about him selling his business,” says Guevara. “We laugh that we had basically a five-month job interview.”

Not surprisingly, when Berdoll eventually expressed interest in selling, he had many interested parties — including Guevara and Medina. The two quickly went to work assembling an investor group, with themselves as managing partners. “While we were taking the lead and had brought in many others from all walks of life, we still needed some debt financing,” says Guevara.

The Best Credit Source

They considered commercial and private bank financing, but ultimately landed on Farm Credit. “It is evident that Farm Credit is the best provider for this type of operation,” says Guevara.

Just six weeks before the closing, they approached AgriLand Farm Credit. “That made a world of difference. Troy Lopez (AgriLand loan officer) understood the nature of the solution was speed,” says Guevara.

Within two working days, Lopez had gathered the key AgriLand representatives in his office with Guevara and Medina. Understanding the complexities of the financing needed, Lopez engaged the expertise of Stacy Whitener, AgriLand’s nut financing specialist.

“My background includes experience in pecan financing, and I jumped at the chance to work with Lalo, Pepe and Hal Berdoll. They are all very hardworking, prideful farmers — which is typical of pecan growers,” she says.

AgriLand quickly provided Guevara and Medina a letter of approval with loan terms and structure tailored specifically to their operation and cash flow. With financing in hand and closing complete, Guevara’s and Medina’s Pecan Groves Farms and Nursery was in business on April 1, 2012.

Berdoll Still Considered Boss

Two farm managers, Carl Thompson and Travis Britt, oversee the daily operations, which include a 520-acre orchard and

nursery that sells four tree varieties to other commercial growers. Hal Berdoll continues to be actively involved as much more than a consultant. “He is considered the boss. When he calls, that is a phone call I always take,” Guevara laughs. “We were lucky to find the orchards, but blessed to find the Berdolls.”

Despite a statewide drought, the team expects a good year for the orchard. A combination of drip and sprinkler irrigation drawn from shallow wells is used to supplement rainfall. “We are fortunate in that we had 34 inches of rain, and need 55 inches for a crop, so we don’t have a huge need for water,” Guevara says.

Consistency and uniformity have been the mainstays of the operation’s success — two areas the new team will continue to value.

“On the nursery side, our trees are very special and very sought-after from New Mexico to Oklahoma,” says Medina, noting that sales come through reputation, not marketing. “Growers have found that Hal has really high standards. Hal has been doing this for 20 to 25 years, and the guys that work here are good; they have been here 15 years or so themselves.”

While labor accounts for their biggest expense and about half of their total operating costs, it is a worthwhile investment, the new owners say. “We want to maintain uniformity in the nursery — there’s no secret sauce to what we do other than uniformity,” says Guevara. “Our container trees get fed 10 times per day, by a large

crew. All day, all year, they are tying, pruning, weeding, grafting. There’s really an art to it.”

Goal — To Help Stabilize Market

There’s also an art, they say, to building a stronger model for the pecan industry as a whole. With their own on-farm cold storage capacity, Pecan Groves Farms and Nursery can ride out low-price years, rather than being at the mercy of fluctuating markets, a service they foresee offering to other smaller producers in the future.

“We have the financial fortitude to ride out lower prices for a while; that’s part of the industry leadership we want to establish — to help small farmers ride out the hard times,” says Guevara. “We see an opportunity for Pecan Groves Farms and Nursery to work with the industry players to help organize ourselves better, to grow,” just as growers of other types of nuts have done successfully.

The vision of the two new pecan farmers, according to Medina, is to continue Hal Berdoll’s commitment to quality and service, and to welcome his continued active involvement and guidance.

“We would like to help the industry to grow and collaborate, to be part of the example of success, and see this as the first step in a series of investments in the industry. It will take a lot of hard work. It’s a target, and we hope we can get close to it,” Medina reports. ■ RM



Christine Forrest

Visitors watch a hedging demonstration at Green Groves Farms during the Texas Pecan Growers Association’s annual tour in July.



Eduardo Medina

Young container trees get a good start at Green Groves’ nursery, with 10 feedings a day.

NO MIDDLE MAN HERE

For more than a century, the Dilorio family has farmed successfully, marketing directly to the consumer.

Summer rains this year resulted in so many watermelons in the Hempstead, Texas, area that growers David and Michael Dilorio couldn't keep up. To extend their processing facilities, they erected a huge white tent next to their open-air farm stand.

"People around town kept asking us when the circus would open," laughs their sister Cheryl Dilorio Cooke, another partner in the family business, DiIorio Farms and Roadside Market.

"We rented the tent in July because we had such a huge number of watermelons at one time, and we needed the extra room to grade and package them."

After 2011's devastating drought, the close-knit Dilorios, who have farmed and ranched for generations, welcomed the whopping harvest of watermelons.

"Last year was our worst ever," recalls matriarch Angelina DiIorio, 77, who's still active in the business and keeps up with 10 grandchildren and four great-grandchildren. "Maybe that's why we've done so well this year. God's giving us a break."

No matter whether the season's bountiful or lean, the DiIorios work tirelessly from dawn to dusk all year long, on the land and in their store. "Is farming in our blood?" David muses. "It has to be. No one else would put in 10- to 14-hour days like we do."

Deep Farming Heritage

The family's deep love of land dates to before the turn of the century, when DiIorio ancestors farmed along the Tiber River east of Rome, Italy. Appropriately, DiIorio —pronounced DEE-yoreo — means "of the river" in Italian. It was in 1900 that great-grandfather Nick DiIorio immigrated to Pennsylvania at the age of nine with his family.

Eleven years later, the family packed up and moved to Waller County, northwest of Houston, Texas, where they bought farmland at the bargain price of 50 cents an acre. Soon they were supplying fruits and vegetables to local stores. They also sold produce from a small market in Hempstead.

Nick soon married, and he and his wife, Clara, raised eight children. Their youngest, Joseph "Billy," farmed with his father, raising vegetables and cattle. In 1954, Billy married Angelina Riemer, and they had four children: Cheryl, Michael and David, who are involved in the family farm, and Suzanne DiIorio Sodolak, who works with her husband's family-owned tire business in nearby Sealy.

Nick and Billy opened DiIorio Farms and Roadside Market on U.S. Highway 290 east of Hempstead in 1956. The summer-only produce stand continued to grow, eventually becoming a year-round operation. In 1982, the DiIorios built their present store



Photos by Sheryl Smith-Rodgers

and expanded it the following year to make space for DiIorio All Occasion Flowers, a shop that Angelina and Cheryl oversee. Michael Dilorio also runs a second, smaller produce stand on Texas Highway 6 north of Hempstead.

Before his untimely death in 1999, Billy raised the grand champion watermelon at the 1998 Hempstead Watermelon Festival. His winning entry tipped the scales at 128 pounds and sold at auction for \$5,000. To this day, no one has beat his record.



Members of the Dilorio family are pictured in a field of spook pumpkins. Standing, left to right, are Cheryl Dilorio Cooke, and Michael, Angelina and David Dilorio. Kneeling are Jonathon, left, and Justin Dilorio.

"Dad told us, 'When the time is right, be in the field. The early bird gets the worm. He also told us to market directly to the customer and retail stores; cut out the middle man and the broker.'"

– Michael Dilorio





Four Generations With Texas AgFinance

Like her husband, Angelina grew up in a farming family, and she is the reason the DiIorios have financed the operation with Texas AgFinance in Brenham, Texas, for 57 years. “My father, Antone Riemer, did business with Texas Ag, so that’s how I knew about them,” explains Angelina, who was raised in nearby Waller.

In fact, documents from Riemer’s first loan in 1951 — as well as the DiIorios’ first loan papers from 1955 — are still on file with the customer-owned lending cooperative.

“For a long time, we’ve financed the DiIorios’ cattle, watermelon and corn operations,” says Charles Holtkamp, vice president and branch manager. “They’re wonderful, hardworking people.”

Years ago, the family applied for a farm loan through a local bank. “It was heck because we had to redo all the paperwork,” David says. “So we never did that again. We’ve been with Texas Ag so long that they know our operations as well as we do! Whenever Charles retires, I hope I do, too.”

Most recently, David’s son, 20-year-old Justin, became the fourth DiIorio generation to join Texas AgFinance, when he obtained financing to start his own cattle herd. So far, the Texas A&M University student has 20 head.

Going 12 Months of the Year

At the DiIorios’ open-air warehouse, a worn-out school bus loaded with watermelons backs up to a loading dock. After a well-earned lunch break, workers unload melons from the seatless bus and send them down a rubber conveyor belt, where Michael and a different crew sort the fruit into large cardboard cartons.

“It’s slow here right now,” David says, as a front-end loader zips back and forth, moving and stacking boxes of

watermelons. “When we had the tent up, we averaged 14 semi-truckloads a day! During peak season, there’s not an inch of space open in the warehouse here; it’s all filled up with cartons.”

This year, the DiIorios planted 600 leased acres of watermelons, their main crop. The family also grows corn, hay, soybeans, pumpkins and winter vegetables, which they sell in their own markets and to retail outlets, such as H.E.B., Kroger, Safeway and Wal-Mart. In addition, they run a cow-calf operation.

“We don’t ever stop,” David says. “We’re doing something 12 months out of the year.”

By October, Michael’s crop of pumpkins — 15 varieties planted across 80 acres — will be ready to harvest. His most popular pumpkin is a jack-o-lantern variety. Others include mini pumpkins, Sugar Pie, Big Mac, Fairytale and Spook, a white variety.

Spreading Their Risk

In all, the DiIorios farm approximately 2,000 acres leased in four counties. They also run 500 cows on 3,000 acres. Winter yearlings number 300 head, and calves are sold in the spring.

“Our father always taught us to diversify,” David says. “Never put all your eggs in one basket. So that’s why we run cattle and grow so many different crops. So we can spread out our risk. Our crops are also scattered across a lot of fields because you never know when and where a hailstorm might hit. That spreads out our risk, too.”

Billy DiIorio shared other keys to success with his children, as well. “Dad told us, ‘When the time is right, be in the field,’” Michael says. “The early bird gets the worm. He also told us to market directly to the customer and retail stores; cut out the middle man and the broker.” ■ SSR

For more information, visit DilorioFarms.com



Angelina Dilorio, left, and Cheryl Cooke in their flower shop

Longtime Shoppers

Relaxed and comfortable, Marvin Schiel of Decker Prairie, Texas, reclines in a wooden rocking chair, one of several lined up and priced to sell in front of the Dilorio Farms and Roadside Market. Inside, his wife, Rhonda, and their grandson are browsing bins piled with packaged beans, pasta, flour and corn-meal, along with assorted fresh fruits and vegetables.

Across the concrete floor, more shelves and racks stock seasonings, canned goods, nuts, candies, pickles, and the farm’s jams and jellies. Refrigerated cases hold soft drinks, meats and cheeses. The market, open daily from 8 a.m. to 7 p.m., also sells birdseed, livestock feed, outdoor cookers and outdoor furniture. Inside Dilorio All Occasion Flowers, customers can order floral arrangements and browse gift items, such as scented candles, handbags, gift baskets, Texas souvenirs and jewelry.

“You have to stop here on the way home,” Rhonda says, pausing by the corn. “I’ve shopped here nearly all my life.”

In her purse, a cellphone jangles. “Hello? Yes, we’re at the market. Need any pasta? Rice, too? Okay!” She drops the phone back in her bag. “That was my daughter. See, I was taking orders for her!”

Generations of shoppers like the Schiels have come to rely on the Dilorio family, whose years in business stretch across more than a century.

“It’s a hard life,” Angelina Dilorio says, smiling, “but it’s so rewarding, too.”



Wisdom in the Wilds

Host of public television show guides viewers through Alabama's natural history, heritage

Dr. Doug Phillips has been acting as public television viewers' virtual guide to his state for almost 30 years on "Discovering Alabama." Last summer he led a group of educators and college students into the forest during a University of Alabama weekend science course.

Flip on Alabama Public Television, and you're likely to come across "Discovering Alabama," an Emmy-winning series that showcases the beauty, history and natural diversity of the state.

Dramatic forests and waterfalls come to life in high-definition video and surround sound, but there's more to the story. From its Appalachian foothills to the white sands of its beaches, Alabama has the greatest geological diversity and among the highest numbers of plant and animal species of any state. It's also a trailblazer in wildlife conservation and space exploration.

Alabama, it turns out, is a state of superlatives. More people know that today because of the show's creator, executive producer and host, Dr. Doug Phillips.

In Front of the Camera

For almost 30 years, Phillips has invited viewers to join him as he explores

Alabama's wonders. The series draws on his extensive knowledge of the land, but behind his down-to-earth demeanor is a man equally able to talk about the science of nature and the philosophy of how we see our place in it.

His bond with the outdoors began in Blount County, where he grew up white-water canoeing, tracking game for days at a time and working on the family farm.

"I was raised in the backwoods of Alabama," he says from his office in the Alabama Museum of Natural History, on the University of Alabama (UA) campus in Tuscaloosa. "It was nothing but farms and wild country in every direction."

Fascinated with his state's natural diversity, he later initiated a vast scientific database, now the Alabama Natural Heritage Program, and advocated conservation. But he noticed that not everyone felt the same connection with the natural realm.

So Phillips, who has a doctoral degree in educational research, pioneered teacher training and UA courses in environmental education, which uses the outdoors to enhance students' understanding of their world and their academic subjects.

Wanting to inspire more teachers led him to the airwaves in the 1980s. Now one of Alabama Public Television's highest rated shows, "Discovering Alabama" is used in every school system in the state.

Phillips also developed a K-12 curriculum called Discovering Our Heritage for the Alabama Wildlife Federation, of which he is a board member, and a Discovering Alabama Model School program. At the pilot model school in Tuscaloosa, elementary students round out their state-required studies with the help of a science lab, outdoor classrooms and local natural resources experts.

"We engage youngsters in the critical thinking process," he says. "Making



In a stand of longleaf pines, Phillips tells his students about the endangered red cockaded woodpecker, one of which occupies a tree nearby.



Phillips leads his students up almost six stories to the top of the highest mound at Moundville Archaeological Park, a 1,000-year-old Native American site south of Tuscaloosa.



"Discovering Alabama" cameraman Mark Harper tapes Phillips canoeing the Flint River. "We work well together," Phillips says of his team. "We don't have to talk to communicate. That's rare."

interdisciplinary, real-world connections — that's the way to teach."

Coordinating the model school program is Pam Sloan, an award-winning former teacher and administrator who met Phillips when she took one of his first classes at UA in the 1970s.

"Doug is a real visionary," she says. "If you can trust the process, it's a magical result."

A Teachable Moment

Now an author and a leading voice for education and long-range planning, Phillips still does some teaching. Last July, a weekend science class drew educators and college students from around the state to the museum, where they were greeted by a charismatic, quick-witted Dr. Doug.

A frequent facilitator, he has a knack for helping students, teachers and policymakers jump-start their thought process and explore an issue from all sides. He does something similar with "Discovering Alabama" and the accompanying teachers' guides he writes, which outline discussions and activities that prime students for learning. Show topics have included wildlife, rivers, forests, geology, space and more, including the 2010 Gulf oil spill and the 2011 tornado outbreak. The latest episode is about the 20th anniversary of Forever Wild, a state land conservation program Phillips helped establish.

"We've got almost 100 movies now," he told the class. "I don't call them videos, because they show the grandeur of Alabama."

The classroom discussion was a prelude to some hands-on learning the next day, starting at Moundville Archaeological Park, an ancient Native American site south of Tuscaloosa.

From the top of the highest mound, Phillips looked into the morning sun and talked about how nature was central to life for the people who built the settlement. He then led the class to a nearby forest to rediscover that connection by studying the interplay between soils, plants, animals and people.

Several times, he paused for the kinds of activities he trains teachers to use.

Mary-Katherine O'Connor, a high school science teacher who is working on her master's degree, said that's why she came. She has her students record the species they find in a stream by their Montgomery school, and Phillips left her with more ideas for teaching about wildlife, watersheds and forest ecosystems.

"Kids are so distracted," O'Connor said. "They don't know what's outside. They're inside playing video games."

There's still a need to raise awareness about what's around us, Phillips said. Overlooking an expanse of forest, he ended the hike talking about how land's value goes beyond dollars.

"What makes Alabama so special is the countryside," he said. "That means rural people, land stewards. We still have a strong work ethic and a sense of caring about people because of our rural character."

"It's really about the future that I'm thinking now. The South is the fastest growing region in the nation. We're paving over productive soils and natural habitats at an unprecedented rate. We live life unaware of that trend. This is a teachable moment."

Behind the Scenes

Alabama's countryside is the focus of Phillips' next book, and it's where he still feels most at home. He and his wife, Louellyn, a second-grade teacher, live outside Tuscaloosa, where their twins, Sara and Forrest, are pursuing advanced degrees.

He was a graduate student at UA himself when he started buying land, and he now owns property around the state. That's how he met the lenders at Alabama Farm Credit and Alabama Ag Credit, where he found financing and an appreciation for the values of farm life, he says.

Phillips was leading teacher camps in the William B. Bankhead National Forest when he came across his first property.

"Wow, it's stunning," he says. "It's a piece of native America like you don't find anymore, with giant hardwoods, a loblolly that would take six people to reach around it, and a 60-foot waterfall that drops into a crystalline pool. Am I painting it idyllic enough? That's why I bought it!"

If his first property is the most beautiful, one of the latest has the most sentimental value. It reminds him of the family land he left behind as a teen.



Christine Forrest

Phillips draws a map to show students how to navigate by nature's signs, such as stream patterns, ridges and valleys, cloud movements and the growth habits of trees.

"I mourned. I grieved after we sold that and moved to the city," he says. "It took a long time to find something to replace it."

What he found in the Oakmulgee District of the Talladega National Forest is a mix of fields and woods, with a wetland where, on the right evening, a chorus of frogs will shake your eardrums, he says. He manages for timber, wildlife and aesthetics through the state Treasure Forest stewardship program, and keeps a corridor along a creek completely natural.

Phillips laments that he's now so busy promoting the outdoors that he seldom gets to enjoy its solitude anymore.

"In front of the camera, it's almost like being alone," he says. "Thank goodness. I had no idea I'd be a TV host. It works because I'm really comfortable outdoors, and I can say what's in my heart."

He's quick to acknowledge the contributions of writer/director Roger Reid and their team, the University of Alabama and the show's sponsors, the Alabama Department of Conservation and Natural Resources, the Alabama Wildlife Federation, and the Solon and Martha Dixon Foundation. He just wishes he could make more than a few episodes a year.

"We're so proud to have wide popularity and be used as an educational resource," he says. "The down side is it would take much more support to serve the needs to our potential. We receive requests almost daily from teachers who would like shows on certain topics."

So what's next for "Discovering Alabama" and one of the state's biggest advocates? To find out, you'll just have to stay tuned. ■ CF

Educational Activities

"Discovering Alabama" host Doug Phillips trains teachers to use these kinds of activities to help students understand the natural world. In our busy lifestyles, we're at risk of losing the art of awareness, he says, but it can be revived with practice.

Sight Unseen

Students take turns blindfolding and leading a partner to a tree to investigate by touch, sound and smell.

"Many have never explored something without seeing it," says Phillips, who lets students try to find their trees when the blindfolds are off. "Kids do it well. Adults have a hard time."



A student records what his group finds as they dig through the top layer of soil during an activity that teaches about watersheds.

A Watershed Moment

Small groups sort through the top 6 inches of soil in 1-square-yard areas, recording every living thing they find.

"A kid once looked up and told me, 'Gosh, dirt ain't dirt!'" Phillips says. "Soil is a living system. A healthy watershed catches, cleanses and replenishes the water."

"Land provides a free ecological service. We forget that, then spend millions on water treatment plants."

Where Are We Going?

Partway through a guided walk, groups make a three-dimensional map of their route on the ground, orienting to the cardinal directions and showing natural features.

"When I taught a map and compass course, students hardly needed a map and compass because they learned to read the land," he says. "Think about where you are now, where you're headed, and how you're going to get there. It applies to society, too." ■ CF

Experience "Discovering Alabama"

- "Discovering Alabama" airs on Alabama Public Television, aptv.org.
- DVDs and teacher guides are available at discoveringalabama.org.
- Watch episodes online through iTunes U at <http://bit.ly/iTunesDiscoveringAlabama>.
- Get help identifying Alabama's animals, plants and minerals at Ask the Expert, discoveringalabama.org/ate/browse.php.
- Explore Alabama from home or school on a Virtual Field Trip, <http://vft.ua.edu/>.

Donations

Tax-deductible contributions to "Discovering Alabama" support new episodes and educational resources for teachers and schools. Learn more at discoveringalabama.org/contribute.

See more photos of Dr. Doug Phillips' weekend science course at www.findfarmcredit.com/landscapes.

Spirit of Cooperation

Alabama and Texas cotton growers save by sharing equipment.

A high-end John Deere cotton picker can cost more than \$600,000 these days. That price tag prompted Farm Credit customers Jimmy Dodson from South Texas and Larkin Martin from northern Alabama to figure out a way to get two pickers for the price of one.

“By sharing, we have access to two pieces of equipment, but we only pay for one,” Martin explains. “We have less capital tied up in equipment.”

Typically, Dodson harvests cotton on his Robstown, Texas, farm between late July and August. In the past, he hired custom harvesters. Martin’s Courtland, Ala., operation usually harvests in September, using the family’s own machinery.

For years as they met up at cotton industry meetings, the two talked about sharing equipment. They didn’t act on the idea until 2011, however, when they both were planning to purchase a new type of cotton picker that kicks out compressed round bales, the six-row John Deere 7760.

The equipment breakthrough, combined with heavy cotton demand and high cotton prices, made it the right time to upgrade.

Following is their advice on how to make sharing work.

1. Keep it simple by owning your own.

Often, sharing equipment involves jointly owning machinery. Martin and Dodson simplified their deal by purchasing one picker each. “We settled on a lease agreement, where the cash exchanged is fairly minimal,” he reports. Each purchases insurance to cover the other’s equipment when it’s on their farm.

2. Work with a partner you can trust.

“You’re operating and maintaining expensive equipment,” Martin says. “I knew of Jimmy’s reputation for hard work, honesty and being a good operator.” She and her farm manager visited him in Texas to see his operation before proceeding.

Martin’s dealer delivered her new machine to Dodson before she even saw it, because his harvest came first. “Larkin had to trust me, since we could have delayed her harvest,” Dodson says. “She is quite brilliant and a great leader, as was her late father, Sykes Martin. “I knew I could trust her to take care of the machinery and follow through with commitments.”

3. Find someone who won’t need the equipment when you do.

“You’ve got to be geographically separate enough to minimize the risk of overlapping needs,” Martin says. She and Dodson compared

records. Their harvests overlapped in just one of the past 20 years.

4. Spell out details in a formal agreement.

Dodson and Martin recommend putting details on paper to avoid misunderstandings. For example, their legal document states that her machine will always be available to her when she needs it, and his will always be available to him when needed. Dodson’s operators will run the pickers when they’re at his farm, and Martin’s employees will operate them at hers.

5. Decide how to handle unequal use.

“We typically use the machines a similar number of hours in each location, and we compensate the other with an hourly rate if there is an imbalance,” Dodson says.

6. Agree on maintenance procedures.

With shared equipment, the machines’ lives may be shortened because they’re used for more hours, and they may need more maintenance. Martin and Dodson’s agreement spells out how to handle breakdowns and year-end maintenance.

7. Determine how to pay for transportation.

Martin and Dodson share most transportation costs. Their equipment dealers cooperate to break down the equipment and transport it using a truck and trailer rig. “If there are extra setup costs at my dealer versus what’s normally paid in Alabama, then I pick them up,” Dodson says.

8. Own the same type of equipment.

It works best if both parties own the same type of equipment from the same manufacturer that is the same size, so they can use the same supplies, from parts and grease to transport tarps. Last year, Martin traded in her new picker for an even newer model. “There was a hot market for used, and I got a good deal on a new one,” she explains. Dodson wanted the new model, too, but his dealer couldn’t obtain it. “It’s better to have the trades move in concert for fairness,” he says.

Sharing equipment comes with pros and cons, but it has worked well for these two farmers. They plan to continue sharing, unless they foresee a big drop in cotton prices, along with a decline in their cotton acreage. ■ NJ





Larkin Martin and Jimmy Dodson

New Pickers Come With Benefits

Larkin Martin and Jimmy Dodson both knew they wanted to purchase an innovative new type of cotton picker — but they also knew it would be expensive.

“By buying the new-model pickers and sharing, we save money, steel, diesel and people,” Martin says.

Older-model pickers dump fluffy cotton into a buggy that runs alongside the picker, and require moduling machines that compress the cotton for transport to the gin. The new 7760 picker eliminates the need for the buggy and the moduling equipment, plus their operators.

It also saves time because it doesn’t stop to dump cotton. Other manufacturers make similar versions.

“You gain efficiency because you can pick more acres a day,” Martin says. “But you’ve got to spread your costs across a large number of acres to make the investment pay. I wanted to raise more cotton than one machine could handle, but we wouldn’t have bought two pickers on our own — it’s a luxury we couldn’t afford.”

Deere Credit financed the pickers. For other loans, Martin and Dodson depend on Farm Credit. Texas AgFinance finances much of

Dodson’s operation, while Alabama Farm Credit finances the Martin family’s land purchases.

Would Sharing Work for You?

The idea of sharing equipment isn’t limited to the cotton industry. If you grow wheat or corn, you might consider sharing combines with a producer who lives farther north and harvests later in the season.

It may be too soon to call sharing a trend, but Danny Klinefelter, a professor with Texas A&M University, sees farmers sharing across the nation. Canadian farmers have formed their own machinery cooperatives, and the University of Iowa offers fact sheets online about farm machinery joint ownership. ■ NJ

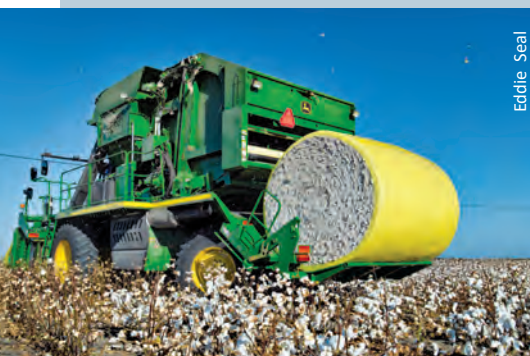
A Portrait of Two Industry Leaders

LARKIN MARTIN

Martin’s family has grown cotton in northwestern Alabama since 1817. When her father was diagnosed with cancer in 1990, she left a career in Washington, D.C., and returned home to run the farm. She and her husband, who works off the farm, have four children ranging from middle-school age to adulthood. Her three sisters aren’t involved in day-to-day operations but own shares in the farm. A former board chairman of the Federal Reserve Bank of Atlanta, Martin represents Alabama on the national Cotton Board. She recently earned an Eisenhower Fellowship that allowed her to study agriculture in Turkey and Kenya.

JIMMY DODSON

Dodson’s family has farmed near Corpus Christi for three generations, and they currently grow cotton and milo and operate a seed sales business. He and his wife, Barbara, have three grown children. Barbara works in the farm office, and he farms with their children and a cousin. Dodson is board chairman of the Farm Credit Bank of Texas, which provides wholesale funding to Farm Credit cooperatives from New Mexico to Alabama. He’s also vice chairman of the National Cotton Council, former chairman of American Cotton Producers and the Cotton Foundation, and a past director of Cotton Incorporated.



How to Keep It in the Family

Tips for Passing Property to Future Generations

When it comes to keeping the ranch in the family from generation to generation, Rolan Petty's experience is much like that of many farm and ranch families. After college, two Petty brothers returned to the Sweetwater farm and ranch operation, but two chose other career paths.

For many families, that might have created a dilemma when the time came to transfer ranch ownership. But with planning and communication, the Pettys have avoided problems.

"After we got out of college, my parents started talking with us about who was interested in continuing the family operation, and who wasn't. Two of us were, and while two weren't, they did want to stay connected to the farm," says Petty, whose family does business with Lone Star Ag Credit.

"About two years ago, my dad started looking at ways to slowly move the land from them to us. They gifted the four of us the property in one transaction, with each of us having equal portions," he says. His parents maintained ownership of the home, some of the land and the operating equipment; upon their death, those assets will transfer to a trust, through which the remaining land assets will be equally shared among the four siblings, while the operating equipment will go to the two brothers running the business.

Gifting and trusts, as well as limited liability corporations and partnerships, are among the options parents can consider to ensure their land stays in the family. Regardless of the strategy, however, communication and planning are the underlying keys to successfully keeping property in the family across the generations.

Whether you want to pass down the ranch, a country home, the family hunting cabin or a weekend river getaway, here are some factors to consider.

Making the Transfer

Gifting is a tax-wise way to pass down ownership in a recreational property or farm tract. Each parent may gift up to \$13,000 annually in property value to each heir tax free. So, in the case of the Petty family, for example, the parents could gift a total of \$104,000 annually (4 sons times \$13,000 from mother and \$13,000 from father).

"I encourage parents to begin this early on if gifting will not adversely affect their finances and quality of life," says Dr. Wayne Hayenga, professor emeritus and Extension specialist with Texas A&M AgriLife Extension Service, who has doctorates in both agricultural economics and law. Taxes may be avoided, and the children can begin learning and working together in their new ownership roles.

Options for the legal structure read like an alphabet soup of acronyms — LLPs, LLCs, S corporations. Then there are other forms of ownership, as well: trusts, family trusts, life estates, tenants in common, close corporations and more. Each entity has its own pros and cons and shouldn't be entered into without extensive research, discussion and the advice of legal counsel. (See "Useful Resources," at left.)

Useful Resources

"Saving the Family Cottage: A Guide to Succession Planning for Your Cottage, Cabin, Camp or Vacation Home." Published by Nolo, this book gives practical advice in layman's terms on everything from choosing the right legal entity to avoiding the tax bite. www.nolo.com

Keep the Ranch in the Family: Ranch Estate Planning Workshops. Offered throughout the year in Texas by Wayne Hayenga, these seminars cover estate tax rules, tax reporting requirements, and useful tips for potential executors and trustees. <http://agrilifeextension.tamu.edu>

Landowner Legacy Communication® Programs. Ginny and Allen Nipper designed these workshops specifically for private landowners. The intent is to help facilitate family communication that aids in a smooth intergenerational transfer of family assets. www.landownerlegacy.com



Having the Crucial Conversations

Regardless of the structure, parents should consider some important questions:

1. Who is in charge?

Will you elect that person, designate the role to the oldest living descendant, or let each family have a vote?

2. Will spouses, stepchildren and other non-blood descendants have an ownership interest?

“Our agreement with our children specifies ‘blood descendants,’ and that is what we tell people in our presentations,” says Allen Nipper. He and his wife, Ginny, Louisiana Land Bank customers, own and manage land and timber in Louisiana and Arkansas — property they inherited, as will their children some day. The Nippers conduct family planning communications workshops to help families have the crucial conversations needed when transferring property.

3. How will use of the property be fairly distributed?

“What if one child is living three miles away, and one lives in New York City and won’t use the property as often?” asks Dr. Wayne Hayenga.

4. How will your descendants pay for it?

“The parent wants to pass on the ownership, but not the liability. The most successful situations are when there’s a fund of money set aside to handle repairs,” Hayenga says. “If not, you need to consider in advance how those expenses will be allocated — is it based on usage, shared equally, or otherwise?”

5. What if an heir doesn’t want it?

“Grandparents want to do this, but grandkids are all over the world today — working, in the military, in school,” says Hayenga. Some won’t have the financial means and ability to contribute to ongoing maintenance and expenses. “If one says, ‘I don’t want 12 percent of this, I want to sell my portion,’ will the other heirs be required to buy them out?” he states.

In that event, does the family get first right of refusal, is it sold to the family at a discount or how is the value determined?

“You can put a first right of refusal into an agreement, but then what’s the value?” asks Ginny Nipper, who herself had the opportunity to buy one of her siblings’ land interest, but the price was too high. “In a family situation, maybe there should be some concession, a little better deal just to keep it in the family.”

6. Talk it out.

Early, regular and deliberate communication is critical. Allen Nipper says that while his dad communicated with him and his three siblings individually, “We never had a family meeting with minutes, an agenda” that documented the discussion and what was agreed upon.

Ultimately, the best approach, says Hayenga, is to “let the living people — the heirs — handle things as they wish, rather than being restricted by decisions made by the deceased.” ■ SD

Bounty of the Harvest

Harvest Time

When the corn fields are in tassel,
and the grain is in the bin,
and the crops of luscious clover
have been safely gathered in,
when the gold has touched the pumpkin,
and autumn haze is in the air,
the farmer and his family
have much in common to compare.

Fall fruits too are in abundance
weighted down in bright array,
tended from their early blossoms,
watched and cared for day by day;
every farmer knows the efforts
and the skill that he must show,
to produce the golden harvest
that God and nature help to grow.

— Laura Barbara Dixon

Landscapes presents these images of produce from our Texas Farm Credit District customers in Florence and Quitman, Miss.; Hatch, New Mexico; and Bogata, Brownfield, Cayanosa and Hempstead, Texas.



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Sheryl Smith-Rodgers



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