

LANDSCAPES

a portrait of living & working in rural America

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

ON THE COVER: A curious calf peeps around a feeder on a Texas summer day. Photo by Farm Credit Bank of Texas



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Innovators and entrepreneurs

In agriculture, innovation can be the key to success — and even survival.

Whether adopting new technology or trying new ways to reduce inputs and minimize water use, farmers and ranchers have always been innovators.

These days, it helps to be an entrepreneur too — especially when it comes to marketing. More and more producers are adopting new strategies to target new customers. For some ag entrepreneurs, it's about processing their raw products themselves. For others, it's about selling directly to retailers or consumers who want to “buy local.”

Turn the pages of Landscapes and meet a few ag innovators and entrepreneurs who are doing this and more — with the solid support of their Farm Credit lenders.



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Deep-rooted respect

Read these and more Landscapes articles online at FindFarmCredit.com.

NEWS

Farm Credit donates to winter storm relief in Texas communities



In response to February's winter storm, Farm Credit organizations contributed \$250,000 to help Texas rural communities.

Millions of Texans were without power and water in the storm's aftermath, and the economic toll is expected to cost billions.

The unprecedented weather conditions hindered ag producers' ability to restore operations.

The combined donation supported:

- Texas Department of Agriculture's State of Texas Agriculture Relief (STAR) Fund
- Texas and Southwestern Cattle Raisers Association (TSCRA) Disaster Relief Fund
- American Red Cross

Capital Farm Credit initiated the donation with a \$50,000 gift. Farm Credit Bank of Texas matched the donation, and other local Farm Credit lending cooperatives quickly joined the effort.

Partnering in the donation from Texas were:

- AgTexas Farm Credit
- Capital Farm Credit
- Central Texas Farm Credit
- Farm Credit Bank of Texas
- Heritage Land Bank
- Legacy Ag Credit
- Lone Star Ag Credit
- Plains Land Bank
- Texas Farm Credit

Two Farm Credit associations from other areas of the country also contributed.

Boleman elected to FCBT board; Floerke becomes vice chair

Elections last winter brought changes to the Farm Credit Bank of Texas (FCBT) board of directors.

Texas Farm Credit District stockholders elected Dr. Larry Boleman and reelected Jimmy Dodson to the board. Their three-year terms began Jan. 1, 2021.

During the board's annual organizational meeting in January, FCBT directors reelected Dodson chair and elected Linda Floerke vice chair of the board.



Dr. Larry Boleman

Boleman, a retired Texas A&M University executive and animal science professor from College Station, Texas, previously served on the Capital Farm Credit board of directors for eight years. He runs a cow-calf business with operations

in Brazos and Burnet counties.

His lifelong university career involved teaching, executive administration and extension work with

ranchers, farmers and rural youth. He is past president of the Texas Purebred Cattle Alliance and a former member of the Independent Cattlemen's Association and the Texas Beef Council boards. He currently is the superintendent of the Houston Livestock Show and Rodeo's 4-H and FFA Livestock Judging Contest.



Jimmy Dodson

A farmer who grows cotton, corn and milo, Dodson also serves on the boards of the Texas Agricultural Cooperative Council and Gulf Coast Cooperative. He is past chair of the National

Dodson, of Robstown, Texas, joined the FCBT board in 2003 and has served as board chair since 2012. In addition, he chairs the Tenth District Farm Credit Council and is immediate past chair of the national Farm Credit Council board.

Cotton Council of America, the American Cotton Producers and the Cotton Foundation.



Linda Floerke

Floerke has been an FCBT director since 2017. She is a rancher and hay producer from Lampasas, Texas. She and her husband co-own Agro-Tech Services Inc., which provides liquid fertilizer, crop chemicals, custom application, cattle protein supplements and other products and services to farmers and ranchers.

In addition, Floerke serves on the Texas A&M AgriLife Extension Leadership Advisory Board for Lampasas County and is a member of the Texas Agricultural Cooperative Council board. She is a former director or trustee of numerous civic organizations.

Amie Pala succeeds Larry Doyle as CEO of Farm Credit Bank



Amie Pala



Larry Doyle

Amie Pala was named Farm Credit Bank of Texas (FCBT) chief executive officer effective Jan. 1, 2021. She succeeds Larry Doyle, who retired after 17 years with the bank and 45 years in the Farm Credit System.

Pala was the bank's chief financial officer for the past 10 years. Previously, she served for 15 years as vice president and treasurer.

"Amie's progressive leadership, knowledge and experience in banking, treasury management, capital markets and corporate finance will be of remarkable value to Farm Credit Bank of Texas as she leads the organization forward," says Jimmy Dodson, FCBT board chair.

Her leadership and expertise extend to her roles on the Farm Credit System Disclosure Committee and the Farm Credit Captive Insurance Board. Pala holds a degree in finance from the University of Texas and an MBA from the University of Dallas.

During his years with the Austin-based bank, Doyle transformed its business model, increasing high-quality earning assets and growing net income by 300% and 235%, respectively. Over his tenure, capital increased \$1.6 billion, and the bank paid \$735 million in patronage to Texas Farm Credit District associations.

Scholarship prepares students for careers in agriculture

Farm Credit and Minorities in Agriculture, Natural Resources and Related Sciences (MANRRS) presented the 2021 Farm Credit/MANRRS VIP Scholarship to 30 college students nationwide this spring. Kenndall C. Bennett and Nurudeen O. Taofeek are the recipients in the Texas Farm Credit District.

This competitive academic scholarship provides \$1,000 and special training for outstanding MANRRS students who have expressed an interest in Farm Credit. Scholars could participate in the Farm Credit VIP Track of the 2021 National MANRRS Conference in April.

Bennett, of Zachary, Louisiana, studies agriculture and animal science at Southern University and A&M College in Baton Rouge. He's using the scholarship to pursue an agriculture career so he can make a positive difference for others.

"Society is increasingly dependent on the agriculture industry," Bennett says. "Through my work in agriculture, I plan to efficiently address the needs of those who experience hunger and have limited resources."

Taofeek, of Ibadan, Nigeria, is pursuing a Ph.D. in food science and animal bio-health at Alabama A&M University in Huntsville. His goal is to be a USDA senior research scientist so he can use his understanding of feed intake to help reduce the cost of poultry production.

"I am very grateful to Farm Credit and MANRRS for the scholarship," Taofeek says. "Through MANRRS, I have developed my public speaking and leadership skills. These have allowed me to build my network and professional opportunities."

For more information, visit manrrs.org.



District lending cooperatives declare record patronage to stockholders

Texas Farm Credit District lending associations declared a total of \$348.4 million in patronage based on their 2020 earnings. The rural financing cooperatives distributed patronage checks to customer-owners in the spring, effectively reducing their borrowing costs for the previous year.

The district comprises Farm Credit Bank of Texas and 14 local lending co-ops in Alabama, Louisiana, Mississippi, New Mexico and Texas. District net income totaled \$578.2 million in 2020.

Farm Credit Bank of Texas — the funding bank for the associations — reported a record \$251.1 million in net income for the year. It distributed 85.5% of its earnings to its stockholders and lending partners in the form of patronage payments and other dividends.

Farm Credit leaders introduce new Congress to ag issues

The COVID-19 pandemic prevented Farm Credit directors and managers from visiting Capitol Hill this past spring. But it didn't stop them from meeting with their elected officials.

The purpose — to introduce new members of Congress to Farm Credit and the issues facing Farm Credit customers and rural communities. The meetings also allowed Farm Credit leaders to reconnect with members they'd worked with in the past.

Chance to tell Farm Credit story

"Each new session of Congress brings opportunities to tell Farm Credit's story to policymakers," says Jimmy Dodson, Farm Credit Bank of Texas board chair and past chair of the national Farm Credit Council board.

"The November elections resulted in a significant turnover in the congressional delegation from our district. Some new House and Senate members aren't well-acquainted with agriculture or Farm Credit's impact on rural communities," Dodson says. "That's why association leadership makes it a priority to help educate new legislators about issues in rural America."

Online meetings — face to face

Dodson was part of a Texas Farm Credit delegation that met virtually with new House Agriculture Committee member Rep. Michael Cloud and his staff. Several Texas District association directors also met virtually with Sen. John Cornyn.

The Farm Credit Council helped Farm Credit associations across the nation coordinate online meetings with their elected officials and congressional staffers. The council is the national trade

association representing Farm Credit institutions.

Also, the council will coordinate the biennial Farm Credit "fly-in" to Washington, D.C., this November. That's when several hundred association leaders from across the country visit Capitol Hill for in-person visits with their elected officials.

Key legislative, regulatory priorities

Among the council's priorities this year are to protect and advance Farm Credit interests in the following areas.

Legislation:

- Pandemic response
- Climate change and sustainability
- Support for minorities in agriculture
- Rural infrastructure, including expanded broadband service
- 2023 farm bill preparations

Regulatory matters:

- Pandemic-related relief
- Paycheck Protection Program rules
- Appraisal requirements
- Programs for young, beginning and small farmers

"With so many urgent issues facing the new Congress, it's critical we engage our locally elected leaders to ensure Farm Credit members' concerns are heard," Dodson says.



Texas Farm Credit (TFC) leaders met online with congressman Michael Cloud of Texas, center, earlier this year. It was one of several virtual meetings between Farm Credit association leaders and new U.S. House and Senate Agriculture Committee members. Participants included TFC CEO Mark Miller, top right, TFC Board Chair John Prukop, lower left, and Farm Credit Bank of Texas Board Chair Jimmy Dodson, center row, left.

Congressional committee members from your state

Following are the House and Senate members from the Texas (or Tenth) Farm Credit District — Alabama, Louisiana, Mississippi, New Mexico and Texas — serving on key committees in the 117th Congress. These committees significantly influence federal spending and legislation impacting agriculture and rural communities.

House Committee on Agriculture

Rep. Michael Cloud, Texas
Rep. Trent Kelly, Mississippi
Rep. Julia Letlow, Louisiana
Rep. Barry Moore, Alabama
Rep. Filemon Vela, Texas

Senate Committee on Agriculture, Nutrition and Forestry

Sen. Cindy Hyde-Smith, Mississippi
Sen. Ben Ray Lujan, New Mexico
Sen. Tommy Tuberville, Alabama

House Committee on Appropriations

Rep. Robert Aderholt, Alabama
Rep. John Carter, Texas
Rep. Henry Cuellar, Texas
Rep. Tony Gonzales, Texas
Rep. Kay Granger, Texas – ranking member
Rep. Steven M. Palazzo, Mississippi

Senate Committee on Appropriations

Sen. Richard Shelby, Alabama – vice chair
Sen. Martin Heinrich, New Mexico
Sen. Cindy Hyde-Smith, Mississippi
Sen. John Kennedy, Louisiana

House Committee on Financial Services

Rep. Sylvia Garcia, Texas
Rep. Vicente Gonzalez, Texas
Rep. Lance Gooden, Texas
Rep. Al Green, Texas
Rep. Van Taylor, Texas
Rep. Roger Williams, Texas

Senate Committee on Banking, Housing and Urban Affairs

Sen. John Kennedy, Louisiana
Sen. Richard Shelby, Alabama



hither and yon

Yonder Way Farm produces pasture-raised meat and eggs, and covers miles of Texas to deliver directly to its customers

THE KRAMER FAMILY

Yonder Way Farm
Fayetteville, Texas

Capital Farm Credit
financed the family's farm,
located halfway between
Houston and Austin.

On St. Patrick's Day, 2020, Jason and Lynsey Kramer knew something was going on when their phones wouldn't stop ringing.

"Grocery stores were running out of food — especially meat, because they were shutting down packing plants," Lynsey says. "People were really scared."

But there was plenty of meat in the freezer and on the hoof at Yonder Way Farm, the small Texas farm they financed with Capital Farm Credit. After all, they and their four daughters produce enough

grass-fed beef, pastured pork, chicken and eggs every year to feed about 500 families.

Meeting an urgent need

The Kramers sell directly to retail customers, offering a wide variety of products they source from nearby farms. They've always believed small farms can make a big difference. And for them, the COVID-19 pandemic was proof.

Ordinarily it was enough to do business five days a week — two at the farm store and three through deliveries in several cities. When sales tripled in spring 2020, things changed. Their store stayed open all day, every day for about three months.

"We'd have 80-100 cars in line to get in," Jason says. "We have a great network of farms all around us, so every day we had bread, fresh vegetables and raw dairy coming in. We were rocking and rolling."

They also supply three restaurants and a top-rated culinary school. When those closed, the Kramers didn't miss a beat.

"Last year was hard for a lot of farms that just do wholesale and had nowhere to go with product," Jason says. "Our wholesale suffered but our retail grew. People just needed food."

Discovering health and fulfillment

The Kramers haven't always been farmers. In the mid-2000s, Jason was a Houston firefighter and Lynsey was a stay-at-home mom with a photography business.



The Kramers — from left, Ruthie, Laney Rae, Jason, Exie Jo, Lynsey and Kaylyn — are all very involved in the family farm. At left, pasture-raised hens soak up the sun near the event barn the Kramers built for their supper club.



The Kramers sell products from Yonder Way Farm and other local farms at their store and in more than two dozen deliveries around Houston, Austin, College Station and Beaumont. At left, Ruthie cartons pastured eggs, their most popular item. At right, Jason readies meat, eggs, raw milk and other products for Austin customers.

After developing some health problems, they started thinking about what they were eating. Soon they were driving to farms to buy produce and ordering meat from a ranch.

“Our health crisis gave us a love for food — not just the way it tastes, but also being the first step in preventive maintenance,” Jason says.

So when relatives moved to the country in 2005 and asked Jason and Lynsey to manage their property, the couple jumped at the chance.

First they put in a garden and bought some chickens for eggs. Next came a few pigs and cattle. And Yonder Way Farm was born.

“We fell in love with growing our own food,” Lynsey says. “We felt really fulfilled.”

It was so satisfying, they made farming a full-time family business.

Creating a community through food

Over time, Yonder Way Farm developed loyal customers who were also interested in food and health. Best of all, their customers prepaid and the Kramers delivered.

“We wanted to distribute our food directly from our hands to the hands of our

customers,” Lynsey says. “We wanted to source as many local foods as possible. And we really wanted to be in control of the whole process from the beginning to the end and create a community through food.”

In 2012, the Kramers wanted to put down roots on their very own farm. It felt like a miracle to find everything they wanted just down the road — nearly 40 acres, a charming 1906 farmhouse, an 1800s barn and even a store.

De-modernizing the farm

Soon the Fayetteville place was like an old farmstead again. Pasture-raised chickens fertilize the fields, so there’s no need for chemicals. And heritage-breed hogs rotate through the pastures. For their hogs, Jason chose a three-way cross that has excellent marbling and does well outside.

“We’ve kind of de-modernized it,” Jason says. “We put the animals in the environment they would naturally be in. They can be active and move around.

“There’s going to be a slower growth process. But an active, healthy animal is a good thing to eat. The meat is firm and has visible muscles.”

For their grass-fed, grass-finished beef, they lease 4,000 acres, also free of chemical fertilizers and herbicides.

Financing with the right fit

The move to Fayetteville led the Kramers to Capital Farm Credit. Jason appreciated how it understands agriculture and didn’t want a balloon payment like other lenders.

“More than anything, it’s nice having those co-op dividend checks,” he says. “It’s like I have fewer payments a year because they give me money back. Rolling that into some other project is beneficial in farming.”

Tim Knesek, Capital’s Houston market president, is happy to see the Kramers do well. He says the rural way of life attracts similar families more than ever.

“There was a time when rural living meant having a garden and your own fresh

Our health crisis gave us a love for food — not just the way it tastes, but also being the first step in preventive maintenance.”

— Jason Kramer, Yonder Way Farm

grass-fed beef and farm-raised eggs,” he says. “The COVID-19 pandemic certainly has increased the desire for city dwellers and others to reconnect with rural America. Yonder Way Farm has been visionary in positioning the business to provide wholesome foods and experiences people are looking for.”

And there’s room for more agricultural producers, the Kramers say.

“There’s no way a farm like ours can feed the masses,” Lynsey says. “But if there were more small farms like us, I feel that would benefit people. Honestly, it’s hard to keep up with the demand for our meat and eggs.”

Finding ways to connect

To share the joy of local, seasonal food, the Kramers started a supper club three years ago and hosted dinners for up to 150 people. They had to suspend group meals temporarily due to the pandemic. But they still post recipes, photos and family stories online and on Instagram.

“Marketing for us is just sharing our daily journey,” says Lynsey, who has over 80,000

Instagram followers. “I can post a beautiful picture and keep people connected to what’s going on at the farm. I had no idea we would grow far beyond our customers on social media. People are so interested in what we do.”

And after growing sales at least 70% since before the pandemic, they just moved their store to the historic Fayetteville town square.

Launching a family legacy

But the most rewarding part is doing everything as a family — from tending animals to scheduling orders and serving customers.

“It’s been incredible,” Lynsey says. “Our girls have definitely become independent, resilient and business savvy through being a part of what we do.”



The farm’s heritage-breed hogs — a cross of Duroc, Berkshire and Chester White — have dark skin to protect them from sunburn living on pasture.

The Kramers will tell you it’s hard work that never feels like a job.

“We were steered this way through the health benefits, but it transcended that,” Jason says. “We’re provided for and life isn’t just about existing, it’s full of adventure.” ■ CF

Keep up with the Kramer Family at yonderwayfarm.com and on Instagram @fivechicksandafarmer.

Yonder Way Farm’s Red Angus cow-calf herd grazes on several leased pastures. The Kramers produce 130 grass-fed calves, 400 pastured hogs and 10,000 pastured broilers a year — and up to 1,800 eggs a day.





The Deshotels family founded 2 Sisters' Salsa Company in their home kitchen. When it came time to expand, they turned to Louisiana Land Bank. From left are Sarah, Brooke, Patrick and Emily.

**PATRICK AND
BROOKE DESHOTELS**

2 Sisters' Salsa
Plaucheville, Louisiana

Financing from Louisiana
Land Bank enabled the
Deshotels to grow their
salsa business.

Photos by Jennifer Robison

A RECIPE FOR SUCCESS

A central Louisiana farm family finds a growing market for their salsa with a Cajun kick.

Patrick Deshotels and his wife, Brooke, wanted to start a business their young daughters could one day join. So the couple settled on a concept based on mutual passions — cooking and salsa.

In 2015, the Louisiana Land Bank customers formed 2 Sisters' Salsa Company, named for the girls, Sarah, now 17, and Emily, 14.

Today the family's salsa products can be found on store shelves across the country. But the secret to their success still starts at home — with authentic Cajun recipes they perfected themselves.

GETTING STARTED

Deshotels, a graduate of Louisiana State University, puts his agricultural business degree to good use — whether on his farm or when sourcing fresh ingredients for his salsa.

Along with running 2 Sisters', the Plaucheville resident farms crawfish, milo, rice, soybeans, sugar cane and wheat. Given this, a salsa business may seem like an unlikely choice. But it's become big business for the family.

"We love cooking together," says Deshotels. "Over time, we customized our salsa recipes by adding our own blend of spices.

Once we had a pretty good recipe, I was curious about the next step.”

The family then tested their products among friends and soon realized they had a winning formula. Next, they began bottling and selling the salsa under the 2 Sisters’ brand.

And the rest, as they say, is history.

What began in the Deshotels’ kitchen has expanded into an industrial operation. The company’s five restaurant-style salsas — verde, honey, fiesta, jalapeño and original — are distributed in over 4,000 stores across 20 states. And they employ six full-time and four part-time employees.

GROWING THE BUSINESS

The Deshotels first became Louisiana Land Bank customers 20 years ago when the lender financed their home, the initial headquarters for 2 Sisters’.

As the company grew, they needed more space. Once again, the couple turned to their local lender. This time Louisiana Land Bank financed a 6,500-square-foot production facility and a 10,500-square-foot standalone warehouse. The new warehouse gives 2 Sisters’ room to store their product.

The production facility is an automated operation where the salsa is cooked and bottled. 2 Sisters’ manufactured 800,000 jars of salsa in 2020 and expects to double that number by the end of this year.



No longer a home-based operation, 2 Sisters’ now manufactures its salsa in a high-tech production facility in Plaquemine.



Using authentic Cajun recipes, 2 Sisters’ offers five different salsa flavors — original, honey, fiesta, jalapeño and verde.

“We built the production facility to meet current and future demands,” says Deshotels.

David Bergeron, the couple’s loan officer, isn’t surprised by the salsa company’s success.

“I’ve worked with Patrick and Brooke for years. And I knew anything they touched would be successful,” says Bergeron, Louisiana Land Bank vice president and branch manager in Opelousas.

EXPANDING THE MARKETPLACE

Deshotels wants to sell their product directly to restaurants and eventually expand 2 Sisters’ internationally.

“Our main goal is to promote our brand by continuing to push our unique salsa flavors,” says Deshotels. “We’re offering grocery store aisle servings to introduce consumers to the salsa. As long as our products are featured prominently in stores,

we feel we can build a business for quite some time.”

KEEPING THE SHELVES STOCKED

Getting a customer to stray from their shopping list and try a new product takes work. It falls on 2 Sisters’ sales and marketing team to push the product through promotions.

“The average shopper is preprogrammed to buy what they’re used to at the grocery store,” Deshotels says. “It takes about 10 years to build brand recognition. Along with selling the product at a great price point, we run ads, use social media and depend on the support of management at the stores we sell in.”

The company has found success. But Deshotels isn’t one to become complacent.

“You haven’t won the game just by getting your product on the shelf,” says Deshotels. “Each time we see our salsa in a new market, we know all the work is worth it. It’s exciting.” ■ PD

Visit 2sisterssalsa.com to purchase salsa or find recipes made with the products.



A meaty investment

At Muenster Milling, what's healthy for pets is good for business.

A few years ago, brothers Chad and Mitch Felderhoff had a problem.

Muenster Milling Co., the North Texas feed mill their family has owned for four generations, was known for high-quality food for horses and pets. Sales were on the rise, but their mill was at capacity. To grow in a new direction, they took a chance on a healthy ingredient pets love: meat.

With financing from Lone Star Ag Credit, the brothers turned an old dress factory into a freeze-drying facility in 2018. And in 2020 their online sales tripled, thanks to innovative products, clever marketing and a pandemic

that had consumers paying more attention to their pets.

Made for dogs, good enough for people

Mitch started the year by eating nothing but dog food for a month.

CHAD AND MITCH FELDERHOFF

Muenster Milling Co.
Muenster, Texas

Financing from Lone Star Ag Credit helped the brothers expand their line of freeze-dried pet foods and grow their business.

By February, everybody was talking about it — from newscasters to Jimmy Fallon on “The Tonight Show.”

For Mitch, eating kibble and freeze-dried meat products was a way to demonstrate the company's commitment to quality. As he told customers in Muenster Milling's blog,

“we'll do anything we can to make sure we're providing the best food possible for their dog, so much so, that we'll even eat it ourselves.”

The brothers' goal is to provide nutritious food backed by science. Most of their ingredients have come from the same local family farms for generations. What's changed, though, are their recipes.

“Obesity rates in canines and felines are similar to humans,” says Mitch, who studied sports medicine and nutrition in college. “A lot of that is because they eat way too many carbohydrates. We want to lower the carb load to reduce obesity, which causes most chronic diseases in pets.”

Muenster Milling launched freeze-dried meat products eight years ago to give pets more protein, vitamins and minerals. They've replaced some grains in their extruded foods with millet, grain sorghum, field peas, sweet potatoes and other options that have a lower glycemic index. Additions like salmon oil help pets feel full

Brothers Chad, left, and Mitch Felderhoff co-own Muenster Milling, founded by their great-grandfather in 1932. Grandpa Joe, Mitch's goldendoodle, eats their freeze-dried meat and meat-coated kibble.

“Freeze-dried meat provides tons of health benefits, which is what drives our business: the ability to have innovative products that deliver actual results.”

– Mitch Felderhoff

and eat less. And other ingredients support healthy hearts, digestion and joints.

“We’re changing to give animals what they’re really supposed to eat — and using supplements to provide the best nutrition,” says Chad, who oversees operations and creates the recipes.

Variety keeps pets and owners happy

With six freeze dryers and one on the way, the brothers now produce 1.2 million pounds of shelf-stable meat a year.

It’s all human-grade meat such as beef, pork, chicken, elk and venison.

Muenster Milling makes freeze-dried treats and patties that can supplement or replace kibble. It also makes meal toppers that target specific health needs. And it coats some of its kibble in freeze-dried meat, powdered bone broth, oils and probiotics.

The company sells its foods for dogs, cats, horses, chickens and fish through retailers in 22 states. It also produces private-label foods for other companies and ships to several countries. But if you order online, Muenster Milling will customize as little as one bag of dog food, offer a phone consultation and send a hand-written thank-you note.

“We can add something that has a benefit for the dog and the owner,” Chad says of their My Custom Dog Food line. “Owners love their animals and want to spoil them. And what sounds better to a dog than a little bacon fat on top?”

A bold step pays dividends

If there was ever a time people lavished attention on their pets, it was during the COVID-19 lockdown.

Online sales surged in 2020 as pet owners discovered they could have food customized and delivered. The documentary “30 Days of Dog Food,” available on YouTube, boosted the brand, too. (Spoiler alert:

Mitch lost weight, lowered his cholesterol and triglycerides, and stopped having joint pain and headaches.)

But it took a smart investment three years ago for Muenster Milling to meet the demand.

“The freeze-dried line speaks to their innovation and entrepreneurship,” says Craig Hartman, the brothers’ loan officer. “They’re very savvy and attuned to consumers’ needs. They took a calculated risk, and it’s paying off for them.”

Mitch says Lone Star has been a valuable partner for six years now.

“Craig knows what we’re doing, how we’re doing it and why we’re doing it,” Mitch says. “He’s helped us accomplish a lot of our goals.

“Freeze-dried meat provides tons of health benefits, which is what drives our business: the ability to have innovative products that deliver actual results.” ■ CF

Learn more at muenstermilling.com.



Chad wheels a batch of meat out of a freeze dryer, which removes moisture with cold and pressure instead of heat to preserve flavor and nutrients. Dogs eat the finished product in treats, flavor enhancers, supplements, or as a complete and balanced diet.



Joe and Christina Knolle stock their farm store coolers with herb-flavored cheeses. Windows, at rear, look out on the processing facility.

Photos by Eddie Seal

A DAIRY REVIVAL

Fresh air and fresh cheese attract customers to Knolle Dairy Farms.

Joe Knolle Jr. didn't intend to launch a new business in the middle of a pandemic.

For four years, he and his wife, Christina, had been hatching a plan to add value to their South Texas Jersey dairy operation. Their goal? To make and sell fresh Mexican-style cheese — queso fresco, in Spanish — on their farm at Sandia, northwest of Corpus Christi.

But in January 2020 they had to cut production because of industry milk surpluses. Then COVID-19 hit, and their milk market dried up even more.

There was only one thing to do — fast-track their business plan and start making cheese, a move supported by their lender, Texas Farm Credit.

A destination for cheese lovers

As it turns out, the timing was good.

Since their November launch, Knolle Dairy Farms has become a day-trip destination for cheese lovers and families looking for “agritainment.”

CHRISTINA AND JOE KNOLLE JR.

Knolle Dairy Farms
Sandia, Texas

Texas Farm Credit finances the dairy's operating expenses.

“People have been cooped up in the house for a year, and they're ready for some fresh air and a drive in the country,” says Knolle. “They can buy fresh cheese and even watch it being made. The kids get to run around and see baby calves. And people love to take pictures of my cows out in the pasture.”

World's largest Jersey herd

This is not the Knolle family's first foray into the dairy products business. Fifty years ago, Knolle Jersey Milk Products was a popular South Texas brand. Knolle milk was delivered door to door. Their cottage cheese, butter, cream and ice cream were sold in local stores, and they had regional distribution centers in Harlingen, Laredo and Victoria.

Knolle Jersey cattle were respected internationally, too. At one time, the herd numbered 8,000 cows — the largest Jersey herd in the world. Established in 1928 by Knolle's grandfather and great uncles, it was also one of the best, often winning national shows.

One of the last in South Texas

By 2005, when Knolle joined his father in the business, they were milking 2,100 cows. But much of the state's milk production and processing had moved to West Texas.

"We had some conversations about keeping the herd going," says Knolle. "We started doing more farming to cut feed costs."

In 2012, the family sold most of their herd. Joe and Christina downsized to a 300-cow operation — now one of the few dairy farms in South Texas. But producing milk near the Gulf Coast is tough when the product must travel 250 miles for processing, Knolle explains.

The leap to value-added

"We knew we had a broken business model and had to do something to remain viable," says Knolle, who has a degree in industrial distribution. "We decided the only way to control our milk prices was to add value, by processing some milk ourselves."

To do so, they required a lender who understood agriculture.

"We needed an advocate for what we wanted to do," he says. That's why they approached Texas Farm Credit to finance their operating expenses.

After extensive research, the couple set a new focus — to produce fresh cheese for the local market. Selling cheese on their farm added an element of agritourism.

"As a dairy in South Texas, our greatest liability is our location," Knolle says. "We decided to turn our liability into an asset by making a product that wasn't available here."

A plan in motion

When the pandemic struck, the couple had already started to convert an existing barn into a processing facility and retail store. Construction and product development shifted into overdrive. By November, they were ready to market nine flavors of traditional Mexican cheese — several infused with herbs and spices — and fresh curds.

The Mexican-style cheeses are made in two to three days, 400 pounds per batch, and are best eaten fresh.

"In Mexico, the best food is made with regional fresh cheese. But you can't find that kind of cheese here," says Knolle. "We want people in South Texas to taste the difference whole Jersey milk makes."



Knolle Dairy Farms produces nine different flavors of fresh cheese plus curds. Fifty years ago, the Knolle family sold milk in glass bottles, like the one pictured.

Product promotion

Traditional and social media helped spread the word that Knolle dairy products are back in South Texas. Weekend events at the farm started drawing visitors. Customers volunteered to help. And people began booking private tours.

"Tours are important from the dairy advocacy perspective," says Knolle.

To teach visitors how to pair fresh cheese with traditional cuisine, the Knolles invite food trucks to the farm on Saturdays to serve foods made with their cheese. They're also working with a specialty retailer to place their products in local stores.

But on-farm sales remain the dairy's bread and butter.

"We want to be a local niche producer," says Knolle. "We don't have aspirations to get too big."

But big or small, the Knolles look forward to celebrating the dairy's 100th anniversary in 2028, and Texas Farm Credit is eager to help.

"We want to be a part of helping them reach that goal and continue the family business for years to come," says John Mayo, relationship manager with Texas Farm Credit in Robstown. ■ JH

"We decided the only way to control our milk prices was to add value, by processing some milk ourselves."

— Joe Knolle Jr.

Christina and Joe Knolle Jr., seen with calves and nurse cows, continue to operate what was once the world's largest Jersey farm.



BOTTLING TRADITION

This Central Texas dairy is bringing back glass-bottled milk and expanding its family business.

Fresh from the farm, the Volleman family is now bottling its own milk — the old-fashioned way. It can be found in select Texas grocers.

Eventually, everything old is new again. That's certainly the case for the Volleman family.

Originally from Luxembourg, Frank and Annette Volleman bought an old farm smack dab in the middle of Texas and turned it into a modern dairy operation with their own milk processing plant.

Now, under the Volleman's Family Farm label, they're selling farm-fresh milk the old-fashioned way — in glass bottles. And Central Texas Farm Credit is helping them make it happen.

Hill Country move

The Vollemans can trace their dairy roots back to 1890, so milking cows comes naturally.

As newlyweds in the 1980s, the young couple milked cows on a family farm in Luxembourg. But in the small European country roughly the size of a Texas county, expansion was difficult.

"We saw the writing on the wall and knew we'd have to relocate if we wanted to continue," says Frank.





Brianna Tucker

THE VOLLEMAN FAMILY

Wildcat Dairy
Gustine, Texas

Financing from Central Texas Farm Credit helped this dairy add land, equipment and a new processing facility to their operation.

Left: Annette and Frank Volleman (kneeling) started Wildcat Dairy in 1993. Today, their four sons and expanding families are all part of the operation.

They researched options in Europe. But Frank's early-life experience in the U.S. was influential. "I visited as an exchange student in high school," says Frank. "I fell in love with the country."

About this same time, several European dairies had relocated to New Mexico and West Texas. Frank and Annette took a vacation to tour those dairy hot spots. But it was a discovery in the Texas Hill Country that put their plans in motion.

"We happened across a dairy for sale near Comanche," says Frank. "The location and existing improvements were top of the line, and we thought, 'we can make something happen here.'"

Dairy wildcatters

In 1993, Frank and Annette purchased 330 acres along Wildcat Creek near Gustine, Texas, and Wildcat Dairy was formed.

They founded the dairy on four core principles — quality product, animal welfare, sustainable operations and family focus.

"We're going to provide only the highest quality milk," says Frank. "That starts with our cows. They take good care of us, and we're going to take excellent care of them."

Family stake

As the dairy operation grew, the Volleman family multiplied too. Frank and Annette's

four sons — Benjamin, David, Andrew and Daniel — all now work on the family farm.

"Annette and I grew up in this business," says Frank. "We wanted our boys to have the same opportunity. Once they finished college and came home, we understood we'd need to create something new, or else we'd have to make each slice of the pie a little smaller. We decided to create a bigger pie."

Nowadays, with nearly 100 employees, Wildcat Dairy has expanded to include a milking herd of 5,000 Holsteins, 4,000 acres of forages such as corn silage, and the latest addition, a milk processing facility.

Each son has his own area of responsibility. Benjamin, the oldest, is the crop manager and helps raise heifers. David manages dairy operations and calf raising. Andrew is in charge of the processing facility. And Daniel, the youngest, oversees distribution while also managing his uncle's nearby dairy.



Russell Graves

Eco-friendly glass bottles can be reused dozens of times. To sterilize the glass bottles, the Vollemans added a custom bottle washer to their processing facility.

"They work well together," says Frank. "They understand their obligations. And they're all equal partners, so they keep track of the numbers. There's built-in accountability, and they work hard for each other."

Bottle prospects

The Vollemans undertake extensive research, planning and family discussions before making major business decisions. That vetting process resulted in the new processing facility.

"We didn't just decide to put in a processing plant," says Frank. "We initially

considered cultured dairy products like cheeses and yogurt. But retailers kept mentioning glass-bottled milk.”

So the Vollemans traveled the country inspecting bottling plants. They also conducted broad research to identify gaps in the dairy market.

“We wanted to find a new way to deliver milk,” says Frank. “It was part of our long-term business plan and how we thought we’d make the pie bigger.”

Earth-friendly product

Using eco-friendly glass bottles also appealed to the family.

“As dairy farmers, we’re not afraid to embrace environmental best practices,” says Frank. “Sustainability is important to our family and our business. Doing our part to minimize plastics made a lot of sense.”

The Vollemans view their target consumer as the expanding group of buyers who connect with sustainability and appreciate how reusable glass bottles help the environment. Plus there are those who view glass-bottled milk with nostalgia.

“Of course we think that everyone will like our milk,” says Frank. “It tastes so much better out of a cold glass bottle — it’s the way milk is supposed to be served.”

Ideal ag lender

To bring their plan to life, the Vollemans contacted Travis McKinney, chief credit

officer at Central Texas Farm Credit.

“I’ve known Travis for more than 10 years,” says Frank. “Working with a reliable ag lender who understands the ups and downs in this industry is critical. The folks at Central Texas do an awesome job, and they know agriculture.”

McKinney also appreciates the value of their relationship.

“Frank is an outstanding businessman and very forward-thinking,” says McKinney. “I appreciate how his family works together to research and plan to ensure they make informed decisions. Their attention to detail is impressive.”

Milk to market

Under the Volleman’s Family Farm label, Frank and his family offer several milk products — whole, 2%, chocolate, strawberry and vanilla. They recently added cream to their line. And during the holidays, they offer their immensely popular eggnog.

But what’s their most popular product year-round?



Equipment fills bottles of milk in a clean environment at the Vollemans’ new processing plant. The plant, which is built for future expansion, currently produces milk two days each week.

“Whole milk is our biggest seller,” says Frank. “But chocolate is up there too.”

The Vollemans’ bottled milk can be found in retail outlets in Central and West Texas. Their five-year goal is to cover the state by supplying Texas’ larger grocers.

“We can crank up production in our facility pretty quickly. However, we know distribution will be a challenge,” says Frank. “Texas is such a massive state. But we’re on pace to hit our year-one targets.”

With all the Vollemans pulling in the same direction, it may happen sooner than they think. ■ BWG

The Vollemans care for a closed herd of more than 5,000 head of Holstein dairy cattle.



LegacyACA.com



OFFICE LOCATIONS

CANTON BRANCH OFFICE

335 WEST DALLAS STREET
CANTON, TX 75103
(903) 567-2251

GILMER BRANCH OFFICE

1261 HIGHWAY 271 SOUTH
GILMER, TX 75645
(903) 734-5550

LONGVIEW BRANCH OFFICE

3538 FOURTH STREET
LONGVIEW, TX 75605
(903) 243-8031

SULPHUR SPRINGS

BRANCH AND

ADMINISTRATIVE OFFICE

303 CONNALLY STREET
SULPHUR SPRINGS, TX 75482
(903) 885-9566

SULPHUR SPRINGS

LENDING OFFICE

319 MAIN STREET
SULPHUR SPRINGS, TX 75482
(903) 885-9566

TERRELL BRANCH OFFICE

1541 SOUTH STATE HIGHWAY 34
TERRELL, TX 75160
(972) 932-3610



We rise up together

Over these past many months, we've all been challenged. From an unprecedented pandemic to extreme weather, the ag community has been hit hard.

But in agriculture we rise up. We grow. We produce. And we create. In challenging times like these, those in agriculture find a way.

It's in difficulty, that opportunity can be found. And the driving force of innovation is need. You've persevered and invented new ways to deliver smart ag practices that feed our nation, conserve precious resources and enhance the rural lifestyle.

Members of the ag community have continued to rise up and help each other. You've comforted fellow neighbors. You've lent a hand, provided a meal, shared an encouraging word or simply been there.

That's not new in rural communities, or at Farm Credit. This unifying spirit of teamwork and common purpose is what makes agriculture special. It's also the foundation of your rural lending cooperative.

At Legacy Ag Credit, we are here for you. It is our mission to support agriculture and rural communities by providing access to reliable and consistent credit in good times and bad. We've been financing innovation in agriculture for generations. That won't stop.

As an ag community, we'll do what we've always done. We'll come together. And we'll rise up.

Thank you for your hard work and generosity. And thank you for continuing to trust Legacy Ag Credit with your ag lending needs.

Derrell W. Chapman
Chief Executive Officer

NEW COMMITTEE TO ADVISE ON PROGRAMS FOR YOUNG, BEGINNING AND SMALL FARMERS

One of Legacy Ag Credit's priorities is to support people who are trying to get started in agriculture. And the best way to do that is to understand their challenges and learn about their needs.

That's why Legacy recently formed a Young, Beginning and Small (YBS) Farmer and Rancher Advisory Committee.

The 2017 Census of Agriculture found there were 14,500 small farmers, 4,946 beginning farmers and 1,347 young farmers in the association's 10-county territory.

"At Legacy, we want to ensure we have the right loan products, financing tools and other resources to help as many of these creditworthy producers as possible," said Derrell Chapman, association chief executive officer.

The new YBS committee will be composed of several customers who are YBS producers themselves. They will advise the Legacy Ag Credit board of directors and management on ways the association can make a difference.

The committee's objectives are to:

- Help Legacy Ag Credit develop products, services, rates and underwriting standards for the YBS demographic in our market and meet the mission of the Farm Credit System
- Represent the association at agricultural events and meetings
- Gain valuable input on policy from the viewpoint of the YBS farmer
- Understand ways YBS farmers can further be involved in both Legacy Ag Credit and the agricultural community as they continue their careers
- Learn the unique structure and benefits of doing business with Legacy Ag Credit and be advocates for the association
- Improve Legacy Ag Credit's ability to attract high-quality YBS borrowers

\$25,000 in scholarships awarded to local students



Legacy Ag Credit expanded its scholarship program this year, awarding a total of \$25,000 to nine northeast Texas students. Last year, seven students received a total of \$20,000 in college scholarships from Legacy.

The 2021 program included one \$5,000 scholarship and eight \$2,500 scholarships for college-bound students living in the 10-county territory served by Legacy.

"After a year in which so many families were impacted by COVID-19, the Legacy Ag Credit board of directors made it a priority to expand our scholarship funding," said Derrell Chapman, association CEO. "By providing students with financial support to pursue their college studies, we're investing in the next generation of ag producers and rural leaders."

Visit Legacy Ag Credit's Facebook page and website to learn about the 2021 scholarship recipients.



Legacy Ag Credit returns \$2.47 million in cash patronage to customers

Legacy Ag Credit returned \$2.47 million of its 2020 earnings to eligible stockholders in March.

“As a borrower-owned cooperative, Legacy Ag Credit keeps only the earnings it needs for operations and returns the remainder to members,” said Derrell Chapman, chief executive officer. “Our board of directors approved this distribution based on the co-op’s solid financial results in 2020.”

Sharing profits with members is one of the hallmarks of the cooperative business model. Patronage payments return a portion of the interest borrowers paid on their loans the previous year, effectively reducing their interest rate for that period.

Over the past 15 years, Legacy has returned more than \$20 million in cash patronage to its customers.

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Legacy Ag Credit appoints new chief financial officer



Legacy Ag Credit has named Heather Johnson chief financial officer. Johnson has 29 years of experience in financial reporting, accounting and management in several industries. She has been with Legacy Ag Credit since 2011, most recently as controller. Previously at Legacy, she was accounting manager and a credit analyst.

She holds a bachelor’s degree in accounting from Texas Christian University and is a certified public accountant.

“Heather’s role has grown significantly since she’s been with Legacy Ag Credit,” said Derrell Chapman, chief executive officer. “Her extensive experience, integrity and understanding of our business made her the ideal choice for chief financial officer.”

She succeeds Daryl Belt, who retired after a 27-year Farm Credit career.

“I’m grateful for the opportunity to join the seasoned management team here at Legacy Ag Credit,” she said. “As a borrower-owned cooperative, we have great people and a culture focused on serving our customers.”

Meet your lending team

If you've been social distancing for the past year, you might not have had the opportunity to visit with our branch managers and loan officers face to face. So, we're pleased to introduce them to you.



ZACK CIRA
Terrell

Zack is a vice president of lending based out of our Terrell office. An Army veteran originally from Minnesota, he is now a proud resident of Forney, Texas. Zack's passion for agriculture, coupled with his lending experience, equips him to help people finance the property of their dreams. Outside of work, Zack enjoys outdoor recreational activities with his fiancé and four large dogs.



JOSEPH GRIER
Canton

Joseph is vice president and branch manager of the Canton office. A Texas A&M University graduate, he is an avid sports fan, especially of Aggie sports. He can often be found advocating for local agriculture and supporting youth organizations in the Canton community. When he's not helping customers with rural loans, he enjoys spending time with his wife and son.



BRITTANY HAMMOND
Sulphur Springs

Brittany is vice president of lending in the Sulphur Springs office. Born and raised in Sulphur Springs, she earned her BBA from Texas A&M – Commerce. She works for Legacy because, she says, "I wanted to work somewhere I could make a difference, and I believe Legacy makes a difference in the communities we serve." Off the job, she likes to be outdoors with her husband and two children.



WENDY HUNT
Longview

Wendy is vice president and branch manager of the Longview office. She grew up nearby on a cattle ranch in Hallsville. Wendy earned her bachelor's degree in agriculture from Stephen F. Austin University and likes sharing her passion for agriculture with borrowers. Wendy enjoys spending time with her husband and twin children at livestock shows.



DUSTIN JONES
Terrell

Dustin is vice president and branch manager for our Terrell office. He attended the University of Texas at Tyler and earned his Bachelor of Business Administration in finance. With over 10 years of banking experience, Dustin is well prepared to help with your financing, whether it's for 5 acres or 500.



MARC MCGAHEE
Sulphur Springs

Marc is vice president of lending in our Sulphur Springs office. A native of the community, Marc earned his bachelor's and master's degrees from the University of Arkansas, where he ran track and field. Marc has worked extensively in the poultry and dairy industries and brings almost three decades of Farm Credit experience to Legacy. Outside of work, Marc and his wife enjoy traveling and skydiving.



YANCY MURRAY
Gilmer

Yancy is vice president and branch manager of the Gilmer office. He grew up in Harleton, and earned his BBA in management from East Texas Baptist University. He is also a graduate of the Southwestern Graduate School of Banking and enjoys helping borrowers realize their dream of owning property. Yancy likes working on his own rural property with his wife and two children.



CALE RICE
Longview

Cale is vice president of lending in our Longview office. Born and raised in Texas, he has deep roots in agriculture. He received his Bachelor of Science from Oklahoma Panhandle State University and his Master of Science from Texas A&M University. Cale is driven by his desire to help people achieve their goals. For recreation, he likes fishing in the Gulf and playing golf with his wife and two kids.



CLINT WALKER
Canton

Clint is vice president of lending in our Canton office. He was born and raised in Van, and received his bachelor's degree from Texas A&M University. With over a decade of Farm Credit experience, Clint knows what it takes to serve our rural communities and agriculture. Off the job, he enjoys spending time with his wife and daughter, preferably hunting or at a Texas Aggie football game.

HERITAGE REFLECTED

After working in the poultry business with his father, a North Louisiana farmer and ag entrepreneur found success through diversification.



BUTCH AND DEBRA SENSLEY

Farmerville, Louisiana

Construction and land loans from Southern AgCredit helped the Sensleys purchase land for farming and build housing developments.

Jennifer Robison



C.Lotongkum/Shutterstock.com

Top photo: Butch Sensley, a leading poultry producer in North Louisiana, diversifies his operation with cattle. Bottom photo: All of his birds are produced under contract with Foster Farms in Farmerville.

Willie T. “Butch” Sensley Jr. knows the poultry business from just about every angle. That’s why he puts his eggs in more than one basket.

One of the region’s top poultry producers, he got his start nearly 30 years ago working on his dad’s poultry farm. These days he owns and operates 17 broiler houses in Farmerville, Louisiana, with help from Southern AgCredit. And there’s so much more.

Ensuring income streams

Sensley’s father — the late Willie T. Sensley Sr. — stressed the importance of having multiple income streams. Living what he espoused, Sensley Sr. was a farmer, horticulturist and operator of Sensley’s General Store and Washeteria.



For the Sensleys, farming is a family affair — a tradition started by Butch's grandfather. From left are Skyler, Butch, Debra and Spencer.

Sensley Jr. inherited this entrepreneurial spirit and embraced his dad's advice.

Because of his diverse business portfolio, Sensley's been able to withstand agriculture's ups and downs, including the coronavirus pandemic.

"Last year, there was a 20% drop in revenue just on the poultry side," he says. "In farming, when that revenue's lost, there's no such thing as making it up.

"That's why you should diversify your interests. If you have various opera-

tions, you can make up the revenue in another area when one side of your business falls short."

Branching out

Becoming a farmer was a lifelong dream for Sensley, who graduated with honors from Southern University and A&M College, earning a degree in ag economics. But the poultry farm would not be his first stop after graduation.

Sensley served in the Army before taking a job at an oil refinery. By the late 1980s, he was ready to enter the family business, initially working part time for his father. In 1989, the two bought 400 acres of farmland with financing from Southern AgCredit — then Louisiana Ag Credit.

While working with his father, Sensley and his wife, Debra, started Dontrell's Trucking, a company that hauled processed chicken. Their company expanded to a fleet of 21 trucks before they sold the business. Sensley also owned a staffing company, placing workers at a local poultry production plant.

Today, in addition to overseeing the broiler houses, Sensley is back in the trucking business. His trucks haul poultry litter to

Raising chickens is only part of Butch Sensley's farming operation. He also owns a 700-head cow-calf operation on 1,700 acres in Farmerville.



“Because they know me and my operation, they’re able to give me an informed opinion based on our shared history.”

– Butch Sensley

area farmers to fertilize row crops. He also runs a 700-head cow-calf operation on 1,700 acres.

If that isn’t enough, he’s a housing developer and landlord too, owning two apartment complexes and 25 duplexes.

His favorite part of overseeing so many ventures — “I love being my own boss,” he says.

Partnering for success

“I admire Butch’s business savvy. He makes good decisions,” says Devin Davis, Southern AgCredit branch manager in Ruston, Louisiana.

For Sensley, the admiration is mutual.

“A lot of times, I might have ideas and walk into Southern Ag’s office for feedback,” he says. “Because they know me and my operation, they’re able to give me an informed opinion based on our shared history. At a commercial bank, you may not get that sort of feedback.”

Currently, Sensley finances construction and land loans through the lending co-op.

Advocating for agriculture

His dad was as an important resource, especially when Sensley was new to the industry. Now he pays it forward.

“Butch is an active leader in the agriculture community. He’s someone you can really learn from,” Davis says.

“I let young farmers know about different ways to get started and the types of farming that work best in our area,” Sensley says. “Getting started isn’t easy, but I tell them, ‘You can do it.’”

And if Sensley has his way, one of these future farmers will be his own son.

“Spencer has an offer to play football at Louisiana Tech. He wants to major in ag economics,” he says. “After he graduates, he’ll be able to keep the family farm going — that’s the plan. I’d love to see that happen, and I’m sure he would too.” ■ PD

Strip-till *saves the soil*

A South Texas farm family adopts conservation practices to stop their soil from blowing away.

Eddie Seal

Jon Whatley plants cotton between strips of stubble left from last year's milo crop. Strip-tillage helps to build organic matter, retain moisture and prevent soil erosion, a common problem near the windy Texas Gulf Coast.

South Texas farmer Jon Whatley won't ever forget Easter Sunday, 2005. While his family attended church, he drove a tractor in a last-ditch effort to save their crops from a sandstorm.

"My father and I ran sand-fighter plows all day," Jon recalls, referring to an implement that roughens up the soil so it doesn't blow away. "But we were only able to save two-thirds of our crops. I remember thinking 'There's got to be a smarter way to stop the sand from sawing off our seedlings.'

That's when I realized I needed to partner with Mother Nature — not work against her."

Farming near the Coast

Like three generations before him, Jon farms near Odem, just a few miles from the Texas Gulf Coast. With his wife, Kelly, and their sons, Payne and Jackson, he operates J&K Whatley Farms. Together, the Texas Farm Credit customers produce cattle, cotton, corn and grain sorghum.

After the family's crop losses in 2005, Jon knew traditional dryland farming practices

wouldn't work anymore. Instead, conservation-focused methods were the way to go, starting from the ground up.

Reducing tillage

"Healthy soil became my No. 1 goal," he explains. "I had to reduce tilling in order to leave behind more organic matter, which retains moisture and prevents erosion from water and wind. No-till was not an option. So, I used a hybrid of no-till and conventional till.

"Now I use conservation strip-till," he says. "I till the strips where I plan to seed. In between the strips, I leave the ground in its natural state to allow organic matter to build."

The Whatleys have adopted additional sustainable soil and water conservation measures. Many of these are administered by the San Patricio Soil and Water Conservation District and the USDA's Natural Resources Conservation Service. Techniques include crop rotation, terraces, grassed waterways, surface roughening and controlled traffic farming, which

minimizes soil compaction.

"We implement conservation programs as directed by government guidelines," Jon says. "Then over time, we modify them to make them work for our operation and our goals. The benefits, such as better nutrient and water retention in the soil, don't happen right away. It's definitely a process. We often don't see real results until three or four years later."

Building organic matter

Jon points out that the family's conservation practices return organic matter and nutrients to the soil.

"Organic matter retains moisture, so it's not lost to evaporation and erosion. As it decays, the matter releases nutrients that are available for the next plants," he says. "When I used to plow and disk, I was trying to get rid of organic matter because I thought it created issues. Now I want as much organic matter as I can get in the soil."

JON AND KELLY WHATLEY

J&K Whatley Farms
Odem, Texas

The Whatleys finance farmland, operating expenses and equipment with Texas Farm Credit.

“I had to reduce tilling in order to leave behind more organic matter, which retains moisture and prevents erosion from water and wind.”

– Jon Whatley



Stubble from last year's crop will decompose and contribute nutrients to the soil.



Eddie Seal

Conservation plays an important role in the Whatleys' cow-calf operation, too. They control brush, cross-fence pastures and manage grazing to prevent runoff.

“One way we manage grazing is through water traps,” Jon says. “Think of a bicycle spoke with water in the middle. We rotate grazing around, and cows always go to the water trap. We move grazing to each spoke to keep grass fresh and growing. We never overgraze spokes.”

Earning 2020 Conservation Farmer title

For their conservation work, J&K Whatley Farms was awarded the 2020 Conservation Farmer title from the Texas State Soil and Water Conservation Board and the Association of Texas Soil and Water Conservation.

Texas Farm Credit believes it's an honor the Whatleys richly deserve.

“The Whatleys are good-hearted people who have a passion for farming and strive to be good stewards of the land,” says Texas Farm Credit Branch Manager Jason Floyd. “They stay educated and surround themselves with knowledgeable people.”



Courtesy of the Whatley Family

Kelly and Jon Whatley make it a priority to be good environmental stewards of their fourth-generation family farm near Odem, just 10 miles from the Texas Gulf Coast.

Jon and Kelly have financed farmland and operating expenses with Texas Farm Credit's Robstown branch since 2013.

“We couldn't do what we do without Texas Farm Credit,” says Kelly, who manages the farm's bookkeeping and social media accounts. “When we've needed to buy different equipment, such as a vertical tillage

tool, they've been supportive. They're like family.”

Making good business sense

Looking toward the future, the Whatleys believe farming with conservation in mind makes both good business and long-term sense.

“Yes, we want healthy soil and clean water and air right now and also for the next generation,” Kelly says. “But there's a financial component, too. We're saving money and fuel when we spend less time tilling on a tractor, which means less wear and tear on our equipment.”

Kelly also appreciates another bonus of conservation farming.

“When we first built our house on the farm, no wildlife existed,” she says. “Since we've shifted to our conservation practices, we see squirrels, skunks, rabbits, coyotes and all kinds of birds. I love it!” ■ SSR



Courtesy of Dairy MAX

CLOSING THE LOOP

SUSTAINABLE PRACTICES HELP FULL CIRCLE JERSEYS GO 'ROUND.

Healthy cows make healthy milk. And manure. And that's waste, right? Not at Full Circle Jerseys.

"We're like a giant circle that's sustainable," says owner Sieto Mellema, who partnered with AgTexas Farm Credit to start a family dairy near Dalhart, Texas. "We grow our own feed. We feed our own cows. Then we recycle the waste."

And next winter, the dairy will tighten the circle even more when it starts harnessing energy from the cows' manure.

MOVING TO DALHART

Conservation runs in the Mellema family. Nothing went to waste on the dairy and row-crop farm they previously owned in Holland. And it doesn't here, either.

Sieto, his parents, Tom and Liny Mellema, and his two sisters moved to the Texas Panhandle in 1979, when he was 18.

"Dad was a visionary and could anticipate what would happen," he says. "He was always trying new technologies in Holland. We're here today because of his vision."

Starting out in Texas, the family grew corn, wheat and other crops on 2,500 acres.

Later, they bought a few cows to eat crop residues. Soon they were running a beef cattle division that's still going strong.

STARTING THEIR DAIRY

Then in 2004, Hilmar Cheese Company announced plans to build a processing plant 4 miles from the Mellemas' farm. It was the perfect opportunity for the family to pursue their dream of returning to the dairy business.

The news prompted Tom and Sieto to begin planning a sustainable Jersey dairy, but they were short on startup funds. To finance the project, they turned to AgTexas Farm Credit.

"I appreciate how AgTexas considers all our different operations as a whole," says Sieto. "That's what we wanted — a lender that could make a long-term commitment and had the same values as we do. It's been a marriage of sorts. We're in this together. Through good and bad, we've stuck it out, and we still remain relevant."

That relevance stems from their ability to plan ahead.

"The Mellemas seek value and do so on a regular basis for all their operations," says Colton Long, AgTexas vice president of commercial lending. "They also have a knack for keeping ahead of trends. We're proud to partner with them."

SIETO AND MISTY MELLEMA

Full Circle Jerseys
Dalhart, Texas

AgTexas Farm Credit finances
land and operating expenses
for Full Circle.

The cows at Full Circle Jerseys produce about 30,000 gallons of milk daily for the nearby Hilmar Cheese Company.

PRACTICING SUSTAINABILITY

Since Tom's death in 2009, Sieto and his wife, Misty, and their three grown sons — Tammo, Matt and Mitchell — have continued to operate the farm in a way that's both profitable and earth-friendly.

"We grow our feed and put it into the animals we raise ourselves," says Sieto. "We ship milk to the nearby cheese plant, and they recycle the water back to us so we can irrigate our crops. Adding value to everything we do has been our family's driving force going back to Holland."

That's why they chose Jersey cows. The breed requires less feed and water and copes well during hot Texas summers. Jerseys also produce milk that's higher in fat and protein.

The Mellemas have tripled their herd to more than 5,200 Jersey cows and replacement heifers since 2007. The cows are

milked on a 72-head rotary milking parlor that works like a carousel. One day's production turns out about 30,000 gallons of milk for Hilmar Cheese.

After milking, the cows return to free-stall barns — a type of loose housing — to feed and bed down. Water flushed across the barns' sloped floors is later separated through a composteur. The liquids are used to irrigate crops. The solids are turned into bedding.

RAISING STABILIZER CATTLE

Milk isn't the Mellemas' only product. They also maintain a herd of 600 registered and commercial Stabilizer beef cows, which they started long before building the dairy herd. The cattle graze on 2,500 acres of native grass and 8,000 acres of leased pasture. Since the 1980s, the family has used carcass data to continually improve



Courtesy of Dairy MAX

Sieto Mellema checks the quality of freshly chopped corn silage. The Mellemas irrigate their crops with recycled water from the Hilmar Cheese processing plant and liquid waste from their own barns.

the Stabilizers — a multibreed composite developed and trademarked in the U.S.

In 2013, the Mellemas added another dimension to the cattle operations. They began raising calves from Jersey cows crossed with beef genetics. The crossbred calves are fed to at least 700 pounds using forage "that's not quality enough" for the milking herd, Sieto explains. They are then finished in local or Nebraska feed yards, with the Mellemas retaining ownership throughout the process

REDUCING THEIR CARBON FOOTPRINT

As sustainable farmers, the Mellemas care about how methane from their dairy operation impacts the environment. To reduce their carbon footprint, they're building an anaerobic methane digester with financing from AgTexas. The digester, which will go online by early 2022, will capture methane gas and convert it to energy that will be sold to a local energy provider.

"In everything we do, we want to be part of the solution and not the problem," says Sieto. "When we harvest our methane, we'll add even more value to our operation."

"And," he says, "we'll close the circle here at Full Circle Jerseys."

No doubt Tom would approve. ■ SSR



Courtesy of the Mellema family

The Mellema family operates Full Circle Jerseys outside Dalhart, Texas, with a focus on environmental sustainability. From left are Mitchell, Misty, Sieto, Tammo and Matt.



THE RIGHT MOVE

Relocating from California to New Mexico allowed the Vaz brothers to expand their dairy and grow their own feed.

Andy and Jerry Vaz knew they had found the right lender the first time they reviewed their financial records with Shane Hall, chief lending officer at Ag New Mexico.

The brothers — owners of Vaz Dairy in Roswell, New Mexico — try to keep their debt load low. And they prefer a loan officer who respects and supports their fiscally conservative approach to dairy farming.

“Shane looked at our portfolio and said he could work with us to meet our immediate and long-term business goals,” says Jerry. “Now, we are well-situated thanks to our work with Shane and Ag New Mexico.”

For Vaz Dairy, disciplined spending and strong risk management are key to the operation’s success.

“We are confident that our business strategies and our strong relationship with Ag New Mexico will help us weather the highs and lows in the market,” says Jerry.

Starting in California

The brothers’ entrepreneurial spirit and love for dairy farming started with their grandfather, Evaristo Vaz. He emigrated from the Azores Islands in 1906 and worked hard to establish a farm in California. Their father, Raymond, followed in his footsteps, building a 300-cow dairy in the state’s San Joaquin Valley.

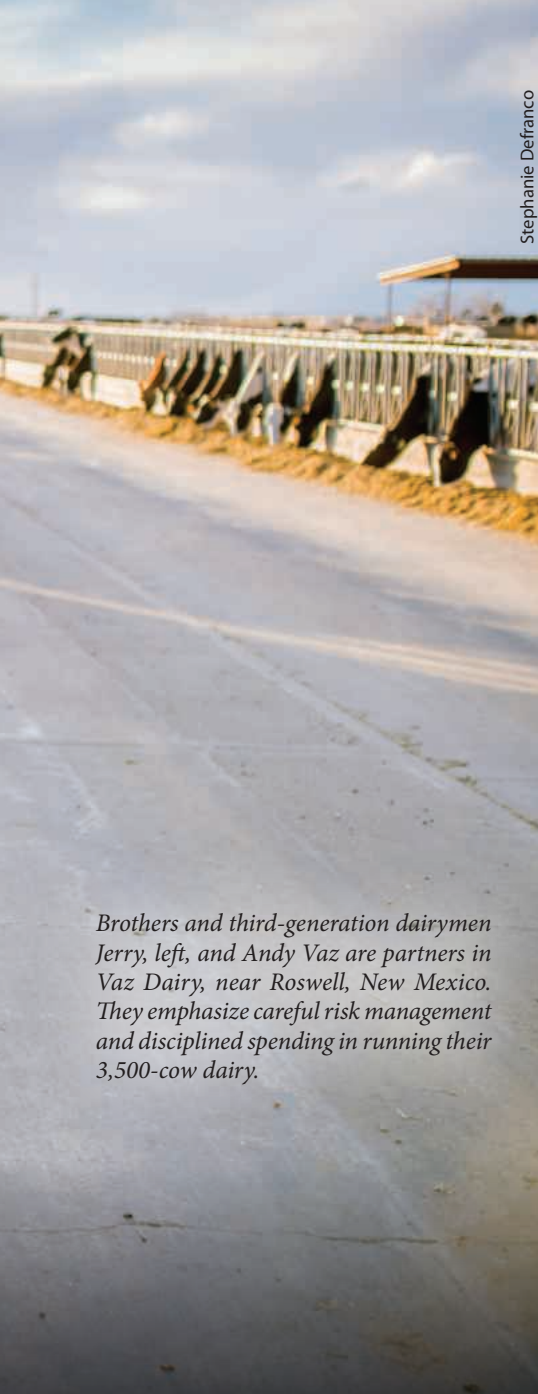
A generation later, when Andy and Jerry joined the family operation, “the facility we were on was not big enough for all of us,” Jerry says. And buying expensive farmland was out of the question.

In 1993, Raymond packed up his family and several hundred dairy cows and moved to eastern New Mexico. They wanted the opportunity to expand their herd and grow their own feed.

ANDY AND JERRY VAZ

Vaz Dairy
Roswell, New Mexico

Ag New Mexico finances
Vaz Dairy’s operating
expenses.



Brothers and third-generation dairymen Jerry, left, and Andy Vaz are partners in Vaz Dairy, near Roswell, New Mexico. They emphasize careful risk management and disciplined spending in running their 3,500-cow dairy.

The move paid off. The family formed Vaz Dairy, leased an existing facility near Roswell and tripled the herd size to 900 cows. Ten years later, Jerry and Andy formed a partnership and bought the business.

Running the dairy

Today the Vaz brothers milk 3,500 cows and raise 3,000 replacement heifers. They are members of Select Milk Producers, and much of their milk is sold to Leprino Foods, the world's largest mozzarella cheesemaker, which has a plant in Roswell. They also grow 60% of their feed — wheat, barley, alfalfa, corn and sorghum — on 1,000 acres of farmland.

If the right growth opportunities come along or if their children choose to join the business, they will consider expanding the operation.

To remain profitable, Andy and Jerry continually seek ways to improve efficiency and reduce risk. They forward-contract milk and participate in the Dairy Revenue Protection insurance program, which protects against unexpected declines in milk revenue. They've also expanded their milking facility and redesigned pens every decade to maximize efficiency and capacity.

"The number of cows three employees used to milk in one hour, we are now able to milk in 45 minutes due to remodeling," says Jerry.

These days, they are adding more Jerseys to their herd of mostly Holsteins. The higher butterfat and protein content in Jersey milk earns a premium on their milk check.

Showing cattle

But to the Vaz brothers, milk production is not the only thing that matters.

"I don't just want a cow that makes me money — I want a cow that looks good too. That's always been our motto," says Jerry. Andy, who has judged numerous dairy shows, agrees.

"Andy takes pride in having a quality herd," Jerry says, "and we've had a lot of

success with our cattle at commercial and purebred shows."

Andy and Jerry enjoy sharing their cattle with local 4-H and FFA members. They often sell or lease heifers to young people for club projects. Vaz Dairy also supports sales at fairs throughout New Mexico and Texas.

"The Vaz family has contributed so much to the dairy industry and the community," says Hall. "Ag New Mexico is proud to help them pursue their goals."

Financing with a trusted lender

Andy and Jerry turned to Ag New Mexico for dairy financing three years ago, and they're glad they did.

"With Ag New Mexico, we get sound financial advice and knowledge about current trends in the dairy industry, banking and agriculture," says Jerry. "We were already self-disciplined, but Ag New Mexico Farm Credit offers us more stability."

He also appreciates the trust that Hall and their loan officer, Dajah Howell, place in them.

"Shane Hall has always believed in us and our ability," says Jerry. "And we both enjoy looking at good cows." ■ JH



Courtesy of the Vaz family

The Vaz brothers carry on the dairying tradition started by their grandfather, third from right, who emigrated from the Azores Islands. He is pictured with his family on their central California dairy farm in 1929.

Growing your market

Farm Credit customers share their strategies for building farm-to-consumer sales.

Over the past decade, demand for locally sourced products has soared. Consumers want fresh foods grown nearby and products made in America.

What's the best marketing strategy to tap into this market? There's no magic formula, as two Farm Credit customers attest. Here's how they've succeeded, following different approaches.

Social media drives Red Land Cotton's direct-to-consumer strategy

For Red Land Cotton, owned by Alabama Farm Credit customer Mark Yeager and his daughter, Anna Yeager Brakefield, marketing is the key to success. Like other cotton farmers, they faced declining prices and escalating costs. Rather than switch to a different commodity, the family decided in 2016 to turn their homegrown cotton into heirloom-quality bed linens they'd sell online.

Starting with market research

From her experience working for a New York ad agency, Brakefield knew the steps.

"I did market research on people doing something similar in the bedding and home linens space — how they were positioning themselves, and how my story was different from theirs," says Brakefield.

Hers was the story of a longtime farm family growing cotton sustainably and ginning it themselves — a family wanting to rejuvenate the U.S. textile industry and keep jobs in America.

"I wrote out our story and what we hoped to accomplish," she says. "It's something I

refer to often to make sure we're still doing what we set out to do."

Next, she created a marketing plan. It included:

- Vision
- Objectives
- Profiles of the key players and products
- Product details
- Timeline
- Pricing analysis
- Placement — direct farm to consumer
- Verbal and visual brand identity

Building on digital marketing

Red Land Cotton's direct-to-consumer strategy hinges on digital marketing. Brakefield created a website and hired agencies that guide PR and promotions, while she handles social media marketing. The company's slogan, "from our farm to your home," targets consumers who prefer quality, homegrown products.



Anna Yeager Brakefield holds a box of Red Land Cotton sheets made from fiber grown on the Yeager family farm near Moulton, Alabama, and marketed online.

Gary Clark

Now with a well-established customer base, Brakefield is turning to social media influencers, such as bloggers and YouTube video hosts, for product mentions.

"Building brand equity through word of mouth with influencers is powerful, but you can't expect to do that out of the gate," she says. "You have to invest in upfront marketing to tell your story."

Analyzing the data

Brakefield monitors web and social media performance every few days, analyzing SEO (search engine optimization), engagement and ad results.

The company's strategy is proving effective. Within three years, sales jumped 40%, and double-digit growth continues.

"We are not doing anything radically different year to year," she says, "just continuing to grow our base. And that goes back to building brand equity."

Learn more at redlandcotton.com.



Branded packaging and in-store displays promote Sides Peas' fresh products at Whole Foods, Trader Joes, Central Market and other retailers.

Word of mouth and product packaging build wholesale market for Sides Pea Farm

For Sides Pea Farm, the largest producer of peas in Texas, nothing beats the value of word-of-mouth marketing.

What began as a 70-acre farm near Canton in 1957 is now a 1,500-acre operation selling Sides-branded peas in major Texas grocery chains. But it was the farm's own direct-to-consumer sales that led to wholesale distribution.

"I grew up helping my grandparents, Winford and Virginia Sides. He did the farming, and she did the selling at the farm store and farmers markets," says Brandon Sides, Legacy Ag Credit board vice chair.

Building on an existing brand

When he took over operations in 2007, Sides saw an opportunity to tap into his grandparents' large customer following and strong brand.

"They'd been on Dallas news shows and even The Today Show," he says. "We didn't see the need for social media or other paid marketing."

What he did identify, though, was a need for better packaging if they were to gain grocery display space. He first sold peas in clear bags with just a sticker on them.

"We purchased a packaging machine, which enabled us to create our current branded

packaging on thousands and thousands of bags," Sides says.

Getting into grocery stores

A grocery store scout saw their product at farmers markets and reached out. That first placement in an HEB Central Market in Dallas attracted other grocery buyers.

"Someone sees a product in a store, and they want it in their store," he says. "Central Market really was a trendsetter, and other grocery chains took note."

"There weren't a lot of fresh peas and beans in stores. They're a niche product, and only available at certain times of the year. So they make a good display," says Sides.

Since then, Sides has placed his produce in HEB stores, Whole Foods, Brookshires, Trader Joes and more.

Now he also offers frozen peas to create year-round sales. This additional line is helping grow his retailer list. Since entering the grocery market in 2007, Sides Peas has more than tripled its sales volume and the on-farm store has a waiting list.

"People stand in line to talk to my grandmother," Sides says. "She is our marketing." ■ SD

Learn more at sidespeafarm.com.

Marketing: A Lender's Perspective

Want to increase the chances of getting your loan approved? A sound marketing plan will show your lender how your business will generate income — and may help you achieve your business goals faster.

When's a plan needed?

"The less experienced the borrower, the more important a marketing plan is," says Robert Ward, Capital Farm Credit's senior relationship manager, commercial ag lending, in Rosenberg, Texas. "If the business is a startup or it's expanding into a new market, marketing is important to the lender. If it's an existing business with a solid sales track record, marketing may not come up in the initial conversation — but it usually does in the underwriting phase."

Ward sees more and more customers — large and small — becoming sophisticated marketers. And with today's technology tools — from consumer-friendly websites to digital advertising — any agribusiness can up its marketing game, he believes.

What should a plan address?

Before you meet with your lender, Ward says, be sure your plan answers these questions:

- What's special about your product or service?
- Who is your market?
- Who are your buyers?
- How will you differentiate yourself from the competition?
- How are you going to advertise or promote the product?
- How will your marketing plan translate to sales and your bottom line?

"The most important thing is sales and net earnings to repay the proposed debt," says Ward. "We're looking for the results of the marketing plan, not just the plan itself."

Wedding bells and shotgun shells

In Alabama, one family makes it possible to get married, host a soiree and shoot a few rounds of sporting clays – all at the same location.



THE RABREN FAMILY

Auburn Oaks Farm
Notasulga, Alabama

Financing from Alabama Ag Credit helped the Rabrens purchase a recreational property and add an entertainment venue.

Shotguns and weddings sound like an ominous start to any union. But in the rolling hills of east central Alabama, Auburn Oaks Farm has blended the two for a happy marriage.

This 600-acre property once owned by the famed Auburn University football coach Pat Dye now belongs to Mike Rabren and his family.

With the help of Alabama Ag Credit, the Rabrens are uniting outdoor sports with a pristine event venue. And it's a match made in Southern heaven.

Shotgun start

Mike and his wife, Tina, purchased Auburn Oaks Farm in March 2018. Newly retired from operating his own general contracting company, Mike was looking for a new venture suited to his outdoor interests. He also wanted to develop something to bring friends and families together.

To make it happen, he got his family involved. Oldest daughter, Ali, was brought in to manage day-to-day operations. And son, Austin, and youngest daughter, Star, both provide seasonal help.

"My dad grew up in construction and hunting. It's in his blood," says Ali, the events and marketing manager for Auburn Oaks Farm. "He's always had a passion for hunting. Building this property gave him a chance to focus on his passions of building something new and spending time outdoors."

The Rabrens identified a gap in the local outdoor scene and decided to construct

a sporting clay course. To get started, Mike used his previous experience.

"I built another shooting venue in a different part of the state," says Mike. "It gave me some ideas that we decided to expand on."

"We built a 12-station sporting clay course, an elevated five-man woodland stand that emulates trap and wing shooting, and another five-man stand over water that simulates waterfowl hunting."

Golf with a gun

With its multiple courses, spending a day at Auburn Oaks Farm is a lot like going to the golf course. But you bring a different kind of irons.

"It's a first-class operation," says Ryan Hamm, relationship manager for Alabama Ag Credit's Opelika branch. "The Rabrens didn't cut any corners. They provide top-notch service from booking your 'tee time' to picking up your cart."

And at Auburn Oaks Farm, you don't ride around in a standard golf cart — you get a Polaris Ranger that seats six.

"The courses change periodically," says Hamm. "They're challenging, but easy enough to manage so you don't get frustrated. It's a great way to spend some time outdoors with friends and family."



With a busy activity and event schedule at Auburn Oaks Farm, all of the Rabrens do their share. From left are Mike, Tina, Ali, Star and Austin.

Clays, wings and climate-smart practices

Auburn Oaks offers first-rate bird hunts too.

"We provide guided quail hunts and continental pheasant shoots that accommodate up to 24 hunters," says Ali. "Both are great ways for family, friends and businesses to get together and enjoy outdoor fun."

With game plots, longleaf pines, hardwood trees and multiple ponds stocked with bass and brim, the staff at Auburn Oaks is also committed to eco-friendly practices. The team works to carefully preserve the



Alex & Dylan Photo & Video

The Auburn Oaks clubhouse opened for business in 2019. The venue hosts weddings, rehearsal dinners, receptions, and community and corporate events.

natural habitat for its birds and fish, while monitoring their population.

“The property is highly managed for wild game — including prescribed burning and year-round planting and feeding — to maintain the wildlife habitat,” says Ali.

Social events, too

There’s more than guns and ammo at Auburn Oaks. One year after buying the property, the Rabrens added a 10,000-square-foot clubhouse and started hosting weddings and events.

“The natural landscape creates a beautiful setting for any event,” says Ali. “While the green space overlooking one of the ponds has hosted many weddings, the clubhouse offers an indoor space for weddings, rehearsal dinners, receptions, and community and corporate events.”

Clubhouse construction wrapped up in April 2019. That same month, Auburn Oaks hosted its first wedding, with 30 more events that year.

The COVID-19 pandemic slowed things down in early 2020. But the calendar soon filled up.

“We hosted a wedding every weekend from June through December,” says Ali. “Things have stayed just as busy in 2021. And we started booking into 2022 by March this year.”

Lender and partner

The new Auburn Oaks clubhouse was made possible with the help of Alabama Ag Credit, which is more than their lender. Alabama Ag is also a customer, having hosted events at the new facility.

“I always look forward to visiting Auburn Oaks,” says Hamm. “Mike and his family have made some amazing improvements to their property. They’ve really enhanced that part of the county.”

It’s a business relationship built on mutual appreciation.

“We’ve known Ryan for several years,” says Mike. “I appreciate how Ryan and everyone at Alabama Ag Credit have helped us make Auburn Oaks Farm a place where people can come together and make new memories while enjoying the outdoors.” ■ BWG

Visit auburnoaksfarm.com to book a hunt or event.



Robert Fouts

Shooters of all skill levels can tune up for bird hunting or competition at Auburn Oaks Farm’s three unique sporting clay courses.

Hunters: Your dream hunt's here

Tim and Kim Horton built the perfect hunting
getaway with financing from Alabama Farm Credit.





Mark Johnson

Kim and Tim Horton's dream of building a luxurious retreat for outdoors enthusiasts came true with help from Alabama Farm Credit. They opened Willow Oak Lodge in January to rave reviews.



Mark Johnson

TIM AND KIM HORTON

Spruce Pine, Alabama

Alabama Farm Credit financed the construction of Willow Oak Lodge, a hunter's resort.

Ask Tim Horton about his job, and his answer will depend on the day. On Monday it could be world-class angler. Next week, hunting guide. The following, TV celebrity. Now he can add hotelier to his résumé.

Horton and his wife, Kim, opened Willow Oak Lodge this winter with financing

from Alabama Farm Credit. The Hortons' dream — to provide great hunting and fishing with great lodging.

This isn't your typical hunting camp. The 9,000-square-foot lodge, nestled deep in the woods of northwestern Alabama, offers mountain views, luxurious guest suites and cabins, and gourmet meals. Forty-foot ceilings soar over the cedar-lined lobby and lounge area. And guests can enjoy the pool, fully equipped

gym and all the amenities expected at a high-end resort.

Choosing Farm Credit was easy

The lodge isn't the Hortons' first project with Alabama Farm Credit. They became customers in 2019 when the lending cooperative financed high fencing on 600 acres of Willow Oak land.

Kim says they weren't familiar with Alabama Farm Credit when they started shopping for a lender. But once they were introduced by the co-op board member David Daily, their choice was easy.

"The people at Alabama Farm Credit are absolutely wonderful. They provide great customer service, beyond anything we expected," Kim says. "And the loan process was as painless as possible."

Financing the dream

The Hortons had been hosting hunters and guiding hunts for a while at Willow Oak. But their dream was much bigger. They wanted to create a true hunter's retreat with free-range and trophy preserve hunts.

Fencing the 600 acres was the first step. The Hortons aimed to introduce trophy deer into their genetics program and also create a more diverse habitat for the Eastern wild turkey. So they turned to Alabama Farm Credit again.

Plus, the Hortons remodeled one of the existing cabins on the property with a loan from Alabama Farm Credit.

But that wasn't all. The co-op financed an enlargement of the lake at Willow Oak. Now guests can fish for smallmouth and largemouth bass on the 20-acre lake too.

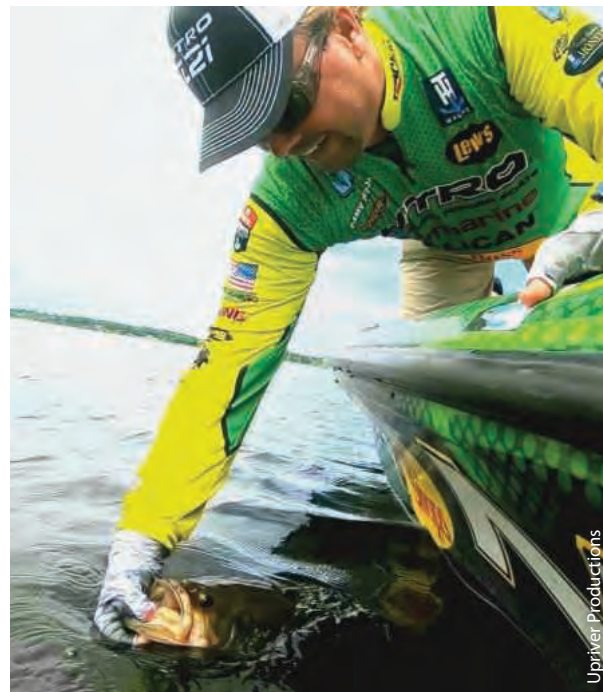
"We were impressed with Tim's business model and plan, and knew it was something we wanted to be a part of," says loan officer John Christopher Batts. In fact, Alabama Farm Credit has become one of Tim's sponsors.

Fishing started it all

While Tim's an avid hunter, fishing is his first love. His dream as a kid was to fish professionally, and he made it come true. In 2000, Tim earned Rookie of the Year, as well as Angler of the Year in the Bassmaster series.



The Hortons breed trophy deer on their 600-acre preserve, to the delight of hunters. They keep only 100 head to ensure good herd health and sustainable timberland.



Tim's passion for fishing led to him starring in the Timmy Horton Outdoors TV show, viewed nationwide.

This success led to him starring in his own TV show — Timmy Horton Outdoors. In its ninth year, the show features Tim fishing all across the U.S., teaching viewers how to catch more fish. Timmy Horton Outdoors features 13-20 new episodes each season. The show airs on the Pursuit Channel.

Tim's success also led to another job — designer and manufacturer of bass lures. His best sellers are the Azuma and Klone lines, sold under his Profound Outdoors label at Bass Pro Shops and other retailers across the country.

Preserving nature a must

The outdoors has always been important to Tim — not just to his work, but to his life.

"We have an obligation to care for the environment," he says.

That's why land and wildlife management is a focus of his work, and a factor in the Hortons' business decisions.

One example is how they manage the preserve's deer herd. They keep it at about 100 head to ensure good herd health and sustainable timberland.

Also, conservation is clearly practiced at Willow Oak's lake. Fed by a natural spring, the lake supplies the habitat to produce trophy bass. Tim keeps it that way by nurturing the lake's ecosystem.

Focusing on family

The Hortons' dreams and businesses are based on family. Tim's the driving force behind their businesses, and Kim keeps things running smoothly. He stars in Timmy Horton Outdoors, and she produces it. Tim designs the Profound lures,

and Kim manages operations at the warehouse. And together they manage the lodge and guide hunts throughout the year.

The Hortons *do* take time off every October to host Fishing for Kids. The couple, with friends and family, treats 25-30 children with disabilities to a day of fishing. It's a 22-year tradition that ranks high on their to-do list.

The lodge's doors have been open less than a year, but the lodge and the Hortons have already received rave reviews. Even during the pandemic, the lodge has been full every hunting season.

"Alabama Farm Credit helped our dream come true," Tim says. "These are our people. They get it. They understand the outdoors and family." ■ KFF

For more information, go to visitwillowoak.com.

In addition to the lodge, guests can stay in one of Willow Oak's cabins, overlooking valleys surrounding Spruce Pine Mountain.



Farm Credit expands rate options for short-term, variable-rate loans

A common variable-rate index called LIBOR is going away. Here's how Farm Credit is easing the transition.

If you have a variable-rate loan or line of credit, you may have heard of the London Interbank Offered Rate (LIBOR).

Simply put, LIBOR is an interest rate international banks charge each other for short-term loans. You might not think that has much to do with you. But LIBOR is used worldwide to set interest rates on variable-rate financial products, too.

LIBOR is being phased out over the next two years for regulatory reasons. To accommodate this change, Farm Credit is working on ways to help borrowers transition to other kinds of rates.

Providing alternatives

Traditionally Farm Credit has used LIBOR for short-term loans for operating expenses, construction and other working capital needs. These have variable interest rates, meaning the rate you pay changes — generally every month — based on the underlying benchmark rate.

Like financial institutions around the world, Farm Credit is focused on reducing its exposure to LIBOR and providing alternatives.

In late 2020, it launched the Farm Credit 1-month SOFR Index (FCSI) as an alternative to LIBOR. The prime rate also remains an option.

New loans and renewals will still be set up like they were with LIBOR. Your loan documents will just say FCSI or prime instead.

Helping borrowers make the transition

Every Farm Credit institution has its own transition plan to help its borrowers.

"The majority of our LIBOR-based loans are revolving lines of credit," says Kay Lynn McLaughlin, chief financial officer at Plains Land Bank in Amarillo, Texas. "Farmers use those for their everyday operation, whether it's farm inputs and expenses or equipment purchases. We also participate with other lenders in agribusiness loans tied to LIBOR."

"We've always had prime, and now we have the new Farm Credit index. We've been monitoring how they compare with LIBOR so we can have an educated discussion with borrowers."

— Chris Griffith, Mississippi Land Bank

The transition affects similar customers at Mississippi Land Bank, which started informing borrowers about their alternatives early this year as one-year crop loans renewed.

"We've always

had prime, and now we have the new Farm Credit index," says Chris Griffith, Mississippi Land Bank vice president and credit analyst. "We've been monitoring how they compare with LIBOR so we can have an educated discussion with borrowers."

Functioning just like LIBOR

While associations have two options, Griffith and McLaughlin expect to use the new Farm Credit index the most.

"Few borrowers are concerned about the index behind their variable rate," Griffith says. "They just don't want the rate they pay to be so volatile that it's hard to manage their cash flows. We feel comfortable with this new index after monitoring it for months, and want them to know we wouldn't offer it without gathering data to see how it behaves."

Griffith and McLaughlin also say Farm Credit was forward-thinking in providing an alternative to LIBOR before most other lenders.

"I think that says we are forthcoming and proactive," McLaughlin says. "And that's just another example of Farm Credit's customer service." ■ CF

About the LIBOR transition

What is LIBOR?

LIBOR is an international interest rate used to set interest rates on short-term, variable-rate financial products. Lenders use LIBOR as a reference rate and add a spread. Institutions such as newspapers and banks publish reference rates online.

What's happening? And when?

U.S. LIBOR rates will phase out by June 30, 2023. Farm Credit — like financial institutions everywhere — is transitioning to other benchmark rates for variable-rate loans.

What will replace LIBOR?

A Federal Reserve committee recommends replacing LIBOR with the Secured Overnight Financing Rate (SOFR). SOFR-based loan products will take time to develop, so in the interim, Farm Credit offers two alternatives:

- The Farm Credit 1-month SOFR Index (FCSI) is published by the Federal Farm Credit Banks Funding Corporation. FCSI reflects the Farm Credit System's average cost of borrowing at the SOFR rate for one month.
- The prime rate is published by the Wall Street Journal.

What should I do?

If you're renewing or obtaining a new variable-rate loan, you can ask your loan officer about rate options.

An aged tree offers tranquility to a pastoral setting on the farm of Southern AgCredit customers Walt and Christy Oliver in north central Mississippi. Photo by Kevin Sibley

Deep-rooted RESPECT

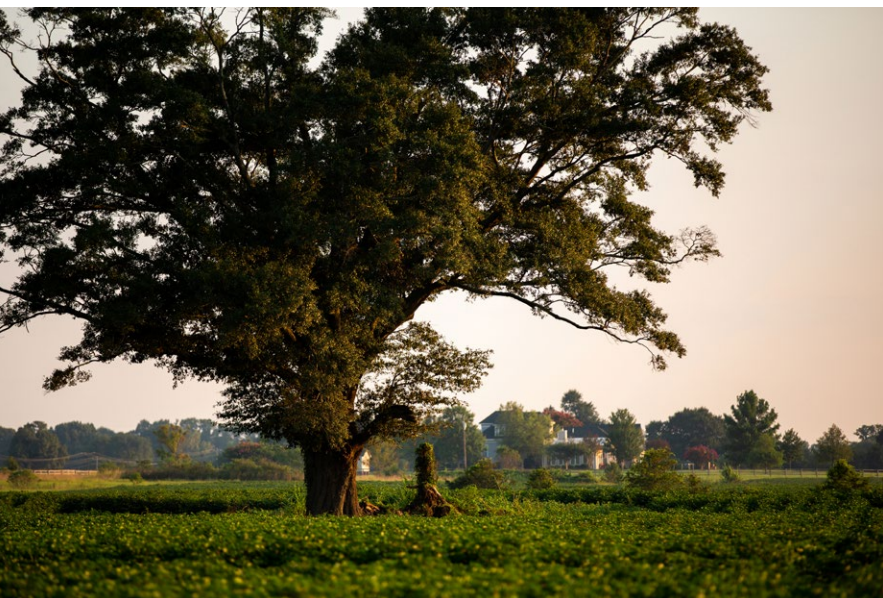
In rural America, trees tell a story. They're part of our history and hold a place of honor and respect for their contributions to our lives.

They help retain soil, preserve water, absorb heat, provide shade and support wildlife. They also play a critical role in the air we breathe.

And as these images from the South and Southwest reveal, trees add beauty to our landscape from one season to the next.

The gnarly roots of this live oak tree bespeak its long life on a Louisiana cotton plantation. Photo by Farm Credit Bank of Texas





A stand of tall pines reaches for the sky on a cold, sunny afternoon in northeast Texas. Photo by Barbara Golden, Lone Star Ag Credit

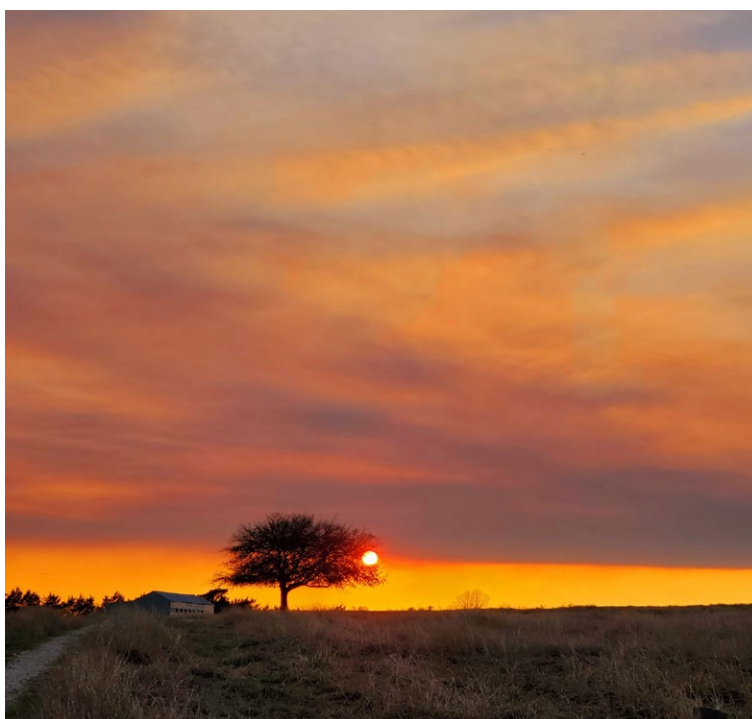


Ice coats an old cottonwood and its smaller neighbors near the northern border of New Mexico. Photo by Virgie Robb



Blossoming cherry trees line a country road in Cullman County, Alabama. Photo by Wendy Tysinger, Alabama Farm Credit

A fiery sunset silhouettes a lonely tree near Brenham, Texas. Photo by Jennifer Turner, Texas Farm Credit



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