

LANDSCAPES™

a portrait of living & working in rural America

summer 2017



TEXAS
FARM CREDIT



TexasFCS.com | (800) 950-8563



THE COUNTRY IS WHERE **WE'RE MOST AT HOME**

Here at Texas Farm Credit, part of our mission is to help rural communities thrive. In fact, the need for dependable credit in rural areas is why Farm Credit got its start a century ago. At the end of 2016, Farm Credit's centennial year, Texas Farm Credit had \$1.15 billion in loans for rural land, agricultural operations, ranches, recreational property and country homes.

In the early days, nearly everyone in rural Texas made a living from farming or ranching. But you don't have to be a full-time farmer to enjoy rearing your children in a small town or retiring where you can watch wildlife at sunrise. Today our lending cooperative puts the rural lifestyle within reach for people from all walks of life.

We understand rural property in Texas, and put our expertise to work for you when you want to buy or build a home in the country. Whether your goal is to find the right property, maintain an ag-use tax valuation, put in a well or hire someone to get the job done, our knowledgeable loan officers can point you in the right direction.

After you've chosen your property, we can finance the home and acreage with one loan, saving you time and money. Texas Farm Credit offers competitive rates, flexible terms and personal service to farmers, ranchers and rural residents. We can even finance raw land now and make a construction loan when you're ready, or we can help you build a temporary or weekend home.

Once you're settled in, you don't need to go anywhere else to finance livestock, farm equipment, operating expenses or land improvements — from home renovations to fences, barns and ponds. We also offer insurance to help you manage the risk of your crop and livestock operations.

Texas Farm Credit understands why you make your home in the country, because we wouldn't want to be anywhere else, either. If you have friends who are ready to finance a rural home, send them our way. We'll be happy to help them become members of our cooperative and our community.

Mark Miller
Chief Executive Officer

2016 WAS A GOOD YEAR FOR TEXAS FARM CREDIT

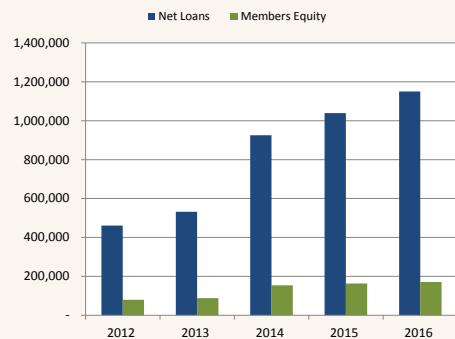
Texas Farm Credit had much to celebrate in 2016, when we marked another year of solid financial performance. Loan volume has grown at a brisk pace for a few years running, and reached a record \$1.15 billion at the end of 2016 while maintaining strong credit quality. Our association also reported record net income of \$20.4 million for the year.

Based on our continued financial success, we returned a record \$11.4 million to our stockholders in 2016 — \$6.8 million in patronage in April, and another \$4.6 million in allocated surplus in December.

2016 FINANCIAL HIGHLIGHTS

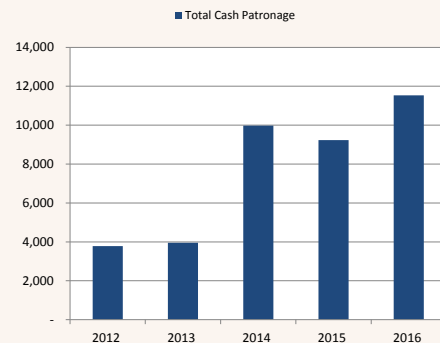
End-of-Year Net Loans and Members' Equity

(dollars in thousands)



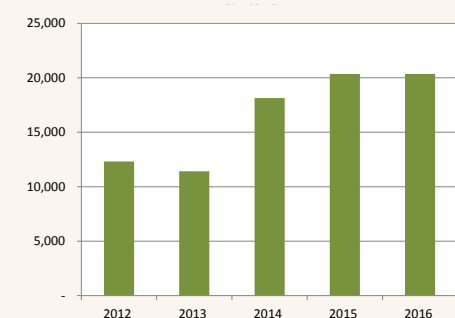
Cash Patronage Payments

(dollars in thousands)



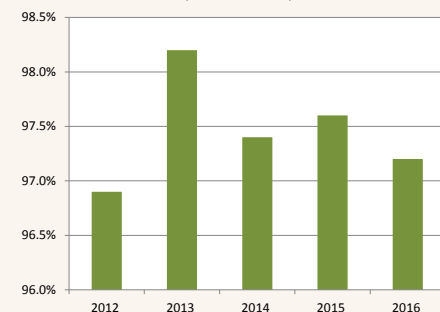
Net Income

(dollars in thousands)



End-of-Year Credit Quality

Acceptable Credit Quality



WE LOVE RETURNING MONEY TO YOU.



TEXAS FARM CREDIT RETURNS \$8.1 MILLION IN PATRONAGE TO BORROWERS

It's rare for lenders to return interest payments to their borrowers. But Texas Farm Credit isn't a typical lender.

True to our principles as a borrower-owned cooperative, we distributed \$8.1 million in patronage dividends to stockholders in April 2017, effectively returning a portion of the interest that they paid on their loans last year. On average, a Texas Farm Credit borrower who had an interest rate of 5 percent in 2016 in effect would have paid just 4.2 percent after this year's cash dividend.

The patronage refund was based on the lending co-op's strong financial standing in 2016. In addition, another \$6.1 million of last year's earnings will be eligible for distribution in the future.

"Because our association continues to be well-capitalized, we are able to return earnings to the borrowers who make our success possible," said Mark Miller, Texas Farm Credit chief executive officer. "It is a pleasure to

pass along this benefit of our cooperative structure to our stockholders."

Patronage is a cornerstone of the cooperative business model. Each year, our board of directors decides how much of the association's earnings to hold as a capital cushion to manage risk or to fund growth. Then we share the remainder with our borrower-owners in the form of patronage refunds. We are proud of our association's long patronage history, and have returned cash to our customers for 19 consecutive years.

The size of your individual patronage payment is based on the interest income that your loan generated for the association.

Patronage refunds are a distinct benefit of financing with our cooperative, so tell your friends and neighbors about Texas Farm Credit's patronage program.

YOUNG LEADERS SCOTT AND STACY HINZE



Stacy and Scott Hinze of Sandia, Texas, attended the 2016 Farm Credit Young Leaders Program on behalf of Texas Farm Credit. They celebrated the completion of the program in Washington, D.C., with Stan Ray, right, Farm Credit Bank of Texas chief administrative officer and Tenth District Farm Credit Council president.

Scott and Stacy Hinze of Sandia, Texas, recently saw firsthand how Farm Credit's cooperative structure and unique funding mechanism enable it to help rural communities and agriculture flourish. The Hinzes, member-borrowers of Texas Farm Credit, were among 22 agricultural producers who attended the 2016 Farm Credit Young Leaders Program in New York City and Washington, D.C.

The 11th annual program began with visits to a Wall Street brokerage firm and the Federal Farm Credit Banks Funding Corporation. There the group learned how the sale of

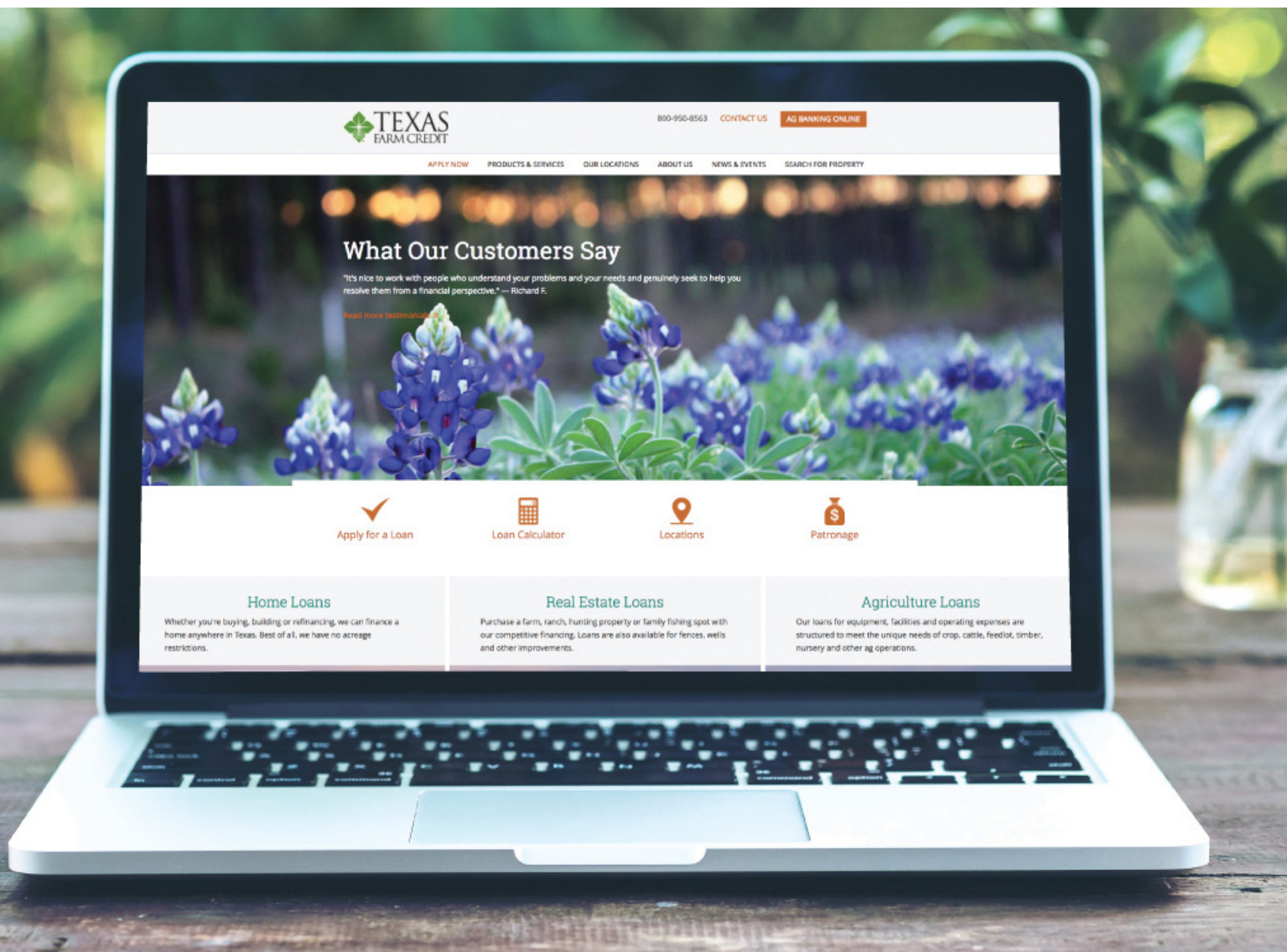
highly rated Farm Credit notes and bonds to investors provides a steady stream of funding that local Farm Credit lending cooperatives put to work in rural communities.

Next the group traveled to the nation's capital to exchange ideas with the U.S. deputy secretary of agriculture, members of Congress and congressional staff. The five-day program also included a visit to Mount Vernon, George Washington's farm and home.

"Helping agricultural producers of all ages and experience levels be successful in a complex and capital-intensive business is an important part of Farm Credit's mission,"

said Stan Ray, president of the Tenth District Farm Credit Council, which hosts the Young Leaders Program. "These impressive participants were chosen by their local lenders for this opportunity to learn about Farm Credit and discuss policy issues that are important to farmers and ranchers."

Scott Hinze is a fourth-generation farmer who focuses on soil quality, technology and practices that promote a productive, efficient farming operation. In addition, he has managed operations at Rachal Farms in Taft, Texas, for 15 years. He and Stacy studied at Texas A&M University.



TEXAS FARM CREDIT ANNOUNCES NEW WEBSITE

A new year marked the launch of a new website for Texas Farm Credit.

The website has been enhanced with a fresh look and format, easier navigation, new product descriptions and community-oriented features. Customer testimonials are woven throughout the site, and a redesigned locations section highlights comments from local customers at each branch across the association's 100-county territory.

"We hope that visitors will be able to sense our hometown values through the words of our customers," said Mark Miller, Texas Farm Credit chief executive officer. "We redesigned our website to help them more easily find information, financing and services that meet the unique needs of rural communities."

The site's content and technology have been updated to provide a user-friendly experience both from desktop computers and mobile devices out in the field. Features include:

- Descriptions of Texas Farm Credit's agriculture and land loans, home loans, crop insurance and other services
- An improved locations section that makes it easy to find a branch office using a map, address or the user's own location
- Online and mobile banking, loan applications and other services designed for convenience and security
- Information on the lender's cooperative structure, including its member-elected board and an earnings-sharing patronage program that effectively lowers customers' borrowing costs
- Borrower profiles, community service announcements, college scholarship applications, an event calendar and eNewsletter
- Rural property listings from Lands of America and the Texas Alliance of Land Brokers

NEW FAIRFIELD OFFICE GRAND OPENING



Texas Farm Credit celebrated the grand opening in March of our new office in Fairfield with customers, city officials and members of the local business community.

Texas Farm Credit celebrated the grand opening of its new Fairfield office on March 23 with a ribbon-cutting ceremony and open house for customers, city officials and members of the business community.

The 3,000-square-foot building at 435 W. Interstate 45 was designed with a welcoming farmhouse style. Beneath the homey exterior are many energy-efficient and high-tech features, including high-speed fiber optic cable that will help the lender provide fast and efficient loan transactions for customers.

The lending cooperative made it a priority to use an East Texas architect and local building contractors for the project.

“Going local fits in with our philosophy as a small-town co-op,” said Danny Wren, branch manager and a Fairfield native and cattle producer. “We feel we can serve our customers well because we are from the local community and understand local agriculture, and when it came time to build our new office, we traded in town, too.”

The office is located on the service road on the west side of Interstate 45, just north of U.S. 84 West. Ample parking, high visibility and easy access from the interstate make the new office convenient for customers across the branch’s territory. The Fairfield office serves Freestone, Houston, Leon and Limestone counties, and its satellite office in The Woodlands serves Montgomery, Polk, San Jacinto, Trinity and Walker counties.

Customers and guests gathered at the new office for building tours and a lunch from Hyden Family Barbeque served by local FFA students. Dessert from MommaCakes and Fairfield Shaved Ice rounded out the meal.

Representatives from the City of Fairfield and the Fairfield Chamber of Commerce attended the ribbon-cutting, along with local real estate agents, title agents and property appraisers. Also on hand were Texas Farm Credit CEO Mark Miller; Regional President Mike Fuller; board members Jerry Chappell, James Dawley and Bobby Hobson; and Fairfield branch employees Wren, J.P. Clopton, Lisa Nichols and Joni Woodall.



BREAKING GROUND ON NEW NACOGDOCHES OFFICE BUILDING

Texas Farm Credit Services held a groundbreaking ceremony March 23 at the site of its future Nacogdoches office.

Once open, the new office at 3338 Park St., just west of Northeast Stallings Drive, will replace the office on Northwest Stallings Drive that the lender has occupied since the early 1980s. The 3,600-square-foot building is scheduled for completion at the end of 2017.

The lending cooperative's Nacogdoches branch has long served rural communities in Angelina, Nacogdoches, Panola, Rusk, Sabine, San Augustine and Shelby counties. As a tribute to the woodlands of East Texas, it is preserving as many trees as possible at its new 2.5-acre forested site. Native woods also will be showcased in the new building, such as in cypress scissor trusses in the entryway and lobby.

"Texas Farm Credit has an exceptional team dedicated to serving the financial needs of the farmers, ranchers and timberland owners of East Texas," said Angela Shannon, vice president of forest products lending and Nacogdoches branch manager. "This new building will reflect the values that we hold dear, and the building materials will highlight the industries that we serve."

I'm eager to share it with our customers and the whole community."

The office building will include many features and technology upgrades designed to enhance day-to-day operations and customer service. A large boardroom also will be available for use by community groups, said Shannon, who chairs the Nacogdoches Agriculture Committee, which hosts the annual Nacogdoches County Agriculture Appreciation and Awareness Banquet.

Attending the groundbreaking were Texas Farm Credit staff and members of the local community, including CEO Mark Miller; Board Chairman Jerry Chappell; architect Laura Culpepper, who designed Texas Farm Credit's new offices in Nacogdoches and Fairfield; Nacogdoches County Chamber of Commerce President C. Wayne Mitchell; Loan Administrator Stonie Kirk; Relationship Manager Brittanie Barton; Board Member Bobby Hobson; general contractor Alvin Stanaland of local firm Alvin Stanaland Construction LLC, who will oversee the project; and Vice President of Forest Products Lending Angela Shannon, the Nacogdoches branch manager.



Texas Farm Credit broke ground this spring on a new Nacogdoches office that is expected to be completed at the end of the year.

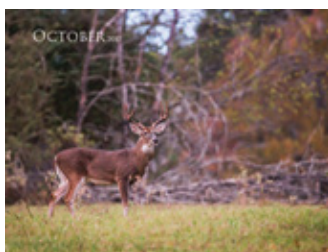
NOW ACCEPTING ENTRIES FOR OUR ANNUAL PHOTO CONTEST!

Take your best shot related to farming, ranching or a rural lifestyle, and you could win a cash prize and a spot in the next Texas Farm Credit calendar!

Each year we offer our customers a beautiful wall calendar featuring local images such as crops, livestock, wildlife, scenery, farm families and kids.

We hold a contest to find the top 12 photos, then feature the winners in print and on our website starting in October. The top three entries also win up to \$500.

The contest is now open! All entries must be submitted online at www.texasfcs.com/news/photo-contest no later than Aug. 1, 2017.





Courtesy of Panola Orchard



Sheryl Smith-Rodgers



Courtesy of Panola Orchard



TAKE YOUR PICK

At Panola Orchard and Gardens in East Texas, you can pick the blueberries yourself or let the experts do it for you.

It's a drizzly, dreary April morning at Panola Orchard and Gardens near De Berry in East Texas, not the sort of day most people would choose for berry-picking. But John Alexander has barely opened the farm store at the fresh-berry operation when his first customers of the day, a woman and two children, arrive, excited about picking fresh strawberries.

After purchasing four plastic buckets, the trio heads back outside and follows bright yellow signs directing them to a strawberry patch behind the store. For the next half hour, they bend over low leafy mounds and fill their white containers with juicy red fruit.

"It's the dangdest thing I've ever seen," says John, who owns the fruit business with his wife, Judy. "On Sundays, we usually open at 1 p.m. for the U-pick field. People line up to get in, and we're picked out by 2! We had no idea that we'd sell this many strawberries when we planted 4,500 plants on a third of an acre. Next year, we're going to plant 66,000 on 4 acres."

Blueberries Are Their Specialty

Those future plantings will join the farm's ever-expanding menu of crops, which includes U-pick blackberry and blueberry patches, 66 acres of commercial blueberries, 20 acres of fruit

trees and a good-sized vegetable garden with 600 tomato plants.

"Blueberries are our specialty," John says. "We grow nine varieties of rabbiteye blueberries, which thrive in the acidic soils we have here in East Texas. For the first time, we're shipping commercially, so you'll see our Panola Orchard and Gardens blueberries this summer in H-E-B stores."

The Alexanders' success and continued growth comes in part from a strong partnership with Texas Farm Credit.

"I didn't inherit a thing," John says. "I've been able to buy and accumulate land through the years because of Farm Credit. We get far better rates with them compared to a commercial bank. Texas Farm Credit has been a huge help to us. They deal with agriculture every day, so they understand farmers."

Better Than Milking Cows

Before growing blueberries, John ran his own dairy farm near Gloster, La., for 28 years.

"For a long time, I thought there's got to be something better to do than milking cows seven days a week," he recalls. "I was tired of it. In 1992, we attended a blueberry festival in Mansfield, La. I did some research, then we decided to try growing blueberries."

The Alexanders planted 50 acres of blueberries later that year and 22 more acres the following year, and harvested their first crop in 1996.

"Blueberry bushes require several years to establish before they can put on fruit," John explains. "The transition from cows to berries wasn't too hard because we still had the dairy to pay bills, and I had the time to do both. In 1998, we sold the dairy and got out of the business. That was the best move of my life."

John and Judy operated Hillcrest Blueberry Farm until they retired in 2005.

"We leased out the farm and bought a home on a lake," Judy says. "We lived there and traveled until 2010. Then John got bored. So we put the house up for sale and, with help from Texas Farm Credit, bought this former cattle ranch near our grandkids in 2011."

From Cattle Ranch to Orchards

Before they could farm, however, John had to remove thousands of feet of pipe fences that crisscrossed the gently rolling land. He also scraped out two irrigation ponds — a 7-acre and a 20-acre pond — for the orchards.

Sheryl Smith-Rodgers



Brenda Martin displays a fresh strawberry pie, one of many treats that are sold in the Panola Orchard and Gardens farm store.



Sheryl Smith-Rodgers



Courtesy of Panola Orchard



Courtesy of Panola Orchard

BLUEBERRY BASICS

Handling and Storage

- Refrigerate until ready to use.
- Do not wash berries until ready to use. Wet berries turn moldy.
- Before serving, spray off berries gently with cool water in a colander or strainer.

Freezing

- Do not wash.
- Cover pint containers of fresh blueberries with plastic wrap and freeze.
- Place bulk berries in plastic freezer bags or plastic containers, seal tightly and freeze.
- Spread dry berries on a metal cookie sheet and place in a freezer. No cover is needed. In an hour, transfer berries to bags or containers, and freeze.
- Frozen blueberries kept at 0 degrees Fahrenheit will retain their taste quality for two years or longer if properly packaged.

– ARK-LA-TEX Blueberry Growers Association



Sheryl Smith-Rodgers

Top left: From left to right, Jason and Brenda Martin and Brenda's parents, Judy and John Alexander, all work in the family business. Top: The Alexanders' grandchildren, including Haley Smith, left, and Dylan Smith, right, help out wherever they can on the farm. Above: John Alexander purchased his new blueberry harvester recently with financing from Texas Farm Credit.

"I only use surface water because I want to conserve our groundwater. When the rains come, we catch the water, and it's not lost downstream," he says.

With this farm, the Alexanders decided to diversify beyond blueberries, so they also planted blackberries, peaches, plums and nectarines, as well as a vegetable garden consisting of squash, peas, cucumbers, peppers, hot peppers and tomatoes.

After much preparation, the family harvested their first blueberry crop on this land in 2013.

"For the first few years, we sold our berries and tomatoes on a fold-out table under a tree by the road," Judy says. "We used a mailbox and the honor system for paying when customers came to pick blueberries and blackberries."

Then, three years ago, they decided to get serious about marketing, and built a storefront and an adjoining processing room, where they store their packaging equipment.

A Three-Generation Business

The couple's daughter Brenda runs the homey store, where customers can buy seasonal produce, fruit pastries baked by Judy, and jarred salsas, jams, jellies and preserves that she makes from the farm's fruits during winter months. In the store, a corner nook features Brenda's line of homemade soaps, lotions, salves and insect repellent. At the counter, customers can order a burger, strawberry or blueberry lemonade, and soft-serve ice cream, then eat in the dining room on red-checked tablecloths.

Last year, Brenda's husband, Jason Martin, a forestry consultant by profession, joined the farm full time. The couple's three children — Dylan, 16, Haley, 13, and Jake, 6 — help too.

"I do whatever needs to be done," Jason says. "I run the harvesters, spray the grass, pick and grade fruit, plant gardens, disc up fields, take water samples from the pond, and help in the store."

"I also get to taste-test new products, like blueberry popsicles," he adds with a huge grin.

Jason also scouts for harmful insects and predators, which are plentiful in this area.

"Feral hogs are our worst problem," he says. "Deer

will eat the leaves of fruit trees and bushes. Raccoons and squirrels get their share. To help keep losses to a minimum, we use electric fences and hog traps."

Mechanical Harvester Preserves Quality

Fruit damaged by mishandling also can cut into profits. To reduce those losses, the Alexanders partnered with Texas Farm Credit this year to purchase a new harvester.

"The one we had before was modern at the time, but the blueberries dropped four times from the time they were shaken off the bush and then rolled into a tote," John says. "All those drops can bruise and break open blueberries. Our new Oxbo 8000 blueberry harvester is a single-drop machine, so the fruit comes through nearly perfectly."

Meanwhile outside, three happy pickers walk back to their truck, carrying pails piled up with red strawberries.

"People aren't looking for a bargain when they come here to pick strawberries, blueberries and blackberries," John says. "They want an outing. A farm experience. A family adventure. And that's what we love to give them." ■ SSR

“People aren’t looking for a bargain when they come here to pick strawberries, blueberries and blackberries. They want an outing. A farm experience. A family adventure. And that’s what we love to give them.” — John Alexander

BLUEBERRY-OATMEAL COOKIES

Contributed by Judy Alexander of Panola Orchard and Gardens

½ cup butter or margarine
1 cup granulated sugar
1 cup light brown sugar
2 eggs, beaten
2¼ cups flour
¼ teaspoon salt
2 teaspoons baking powder
2 teaspoons cinnamon
2 teaspoons nutmeg
½ teaspoon baking soda
1 cup oats (not instant)
1 cup chopped pecans (optional)
1½ cups fresh blueberries

Cream butter or margarine. Add both sugars and mix well. Add eggs and mix well.

In another bowl, mix together flour and other dry ingredients. Add oats and pecans.

Combine the dry mixture with the creamed mixture. Fold in blueberries. Drop by teaspoonfuls on a greased cookie sheet. Bake 12 to 14 minutes at 350 degrees or until golden brown.



Beautiful BLACKBERRIES

Many folks who grew up in the South can remember picking wild blackberries, known as “dewberries,” along the roadside and in pastures and fields from late May to early June. What a pleasurable experience to discover nature’s luscious black jewels, even though you had to suffer a few pricks from the thorns as you picked them.

The good news is that today there are also many cultivated varieties of blackberries — from strains that are thorny or thornless to those that bear large-sized fruit to those with extended harvest times.

Gathering Berries at the Farm

Commercial blackberry growing can be profitable, and with the popularity of U-pick farms, there has been a greater interest in the crop.

“My family has been growing blackberries since 2012,” says Judy Alexander of Panola Orchard and Gardens in De Berry, Texas, who currently grows 3 acres along with a large variety of other fruits and vegetables. “We had heard of their popularity as a U-pick commodity from other farmers, and decided to diversify with blackberries. The first year, we found that our supply did

not meet the demand, so have steadily increased our acreage since then.”

The Alexanders, Texas Farm Credit customers, sing the praises of their U-pick operation, and say that the experience for families is precious and gives children — and some adults — a valuable lesson about where their food comes from.

A Little Blackberry History

Native to North and South America, blackberries also grow wild and are cultivated in many parts of Europe and Asia. Throughout history, the berries and other parts of the plant have been used medicinally and for other practical purposes:

- Ancient Greek physicians prescribed blackberries for gout.
- Blackberry juice was used in Europe to treat infections of the mouth and eyes.
- Native Americans made a tea from blackberry leaves to aid in digestion.

- Concoctions made from the blackberry root, leaves and bark have been used to treat dysentery.
- Native Americans pounded the canes, or stems, to make a strong fiber that they wove into a fabric. They also used the strong, thorny canes to build fences, and made dye from the berries.

Add Berries to Your Diet for Good Health

Consuming blackberries is excellent for your health. The berries

- contain one of the highest antioxidant levels of fruits, as indicated by their rich black-blue color.
- have properties that are thought to help protect against heart disease, cancer and diabetes.
- are high in rutin, a bioflavonoid that helps support healthy blood vessels, which is good for the heart.
- are an excellent source of fiber, vitamin C and minerals. ■ TJ

Blackberry Sauce

This taste of summertime is quick and easy to make, and it’s wonderful over ice cream, yogurt, pancakes or waffles.

<ul style="list-style-type: none"> • 1½ cups fresh blackberries • ½ cup water • 3 tablespoons sugar • 1 teaspoon lemon juice • ½ teaspoon lemon zest (optional, but tasty!) 	Place all ingredients in a medium non-stick saucepan and cook on medium-high for 5 minutes, stirring occasionally. Put berry mixture into blender and puree until smooth. Then enjoy! Any remaining sauce, if there is any, can be refrigerated for up to two weeks.
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