

LANDSCAPES™

a portrait of living & working in rural America

summer 2018

20TH ANNIVERSARY ISSUE

Your **SUCCESS.** Our **PURPOSE.**





BUILT BY AG. BUILT FOR AG.

NEW LUBBOCK OFFICE / LATE 2018

AGTEXAS OFFICES

- | | |
|---|--|
| AMARILLO
2001 S. Soney Road
Amarillo, Texas 79124
(806) 376-4669 | HILLSBORO
1316 Corsicana Highway
Hillsboro, Texas 76645
(254) 582-2471 |
| BROWNFIELD
121 W. Broadway
Brownfield, Texas 79316
(806) 637-3589 | LEVELLAND
301 E. Highway 114
Levelland, Texas 79336
(806) 894-6119 |
| BURLESON
117 S. Burleson Blvd.
Burleson, Texas 76028
(817) 293-6103 | LUBBOCK
6901 Quaker Ave.,
Suite 300
Lubbock, Texas 79413
(806) 745-4575 |
| DIMMITT
112 E. Jones
Dimmitt, Texas 79027
(806) 647-3169 | PLAINVIEW
104 I-27 North
Plainview, Texas 79072
(806) 296-2782 |
| DUMAS
1315 E. First Street
Dumas, Texas 79029
(806) 935-6851 | SEMINOLE
2015 Hobbs Highway
Seminole, Texas 79360
(432) 758-3201 |
| FRIONA
1602 W. Highway 60
Friona, Texas 79035
(806) 250-2758 | STEPHENVILLE
3145 West Washington St.
Stephenville, Texas 76401
(254) 965-3151 |

INSURANCE OFFICES

- | | |
|--|--|
| AMARILLO
2001 S. Soney Road
Amarillo, Texas 79124
(806) 418-2641 | LUBBOCK
6901 Quaker Ave.,
Suite 300
Lubbock, Texas 79413
(806) 745-4575 |
| BROWNFIELD
121 W. Broadway
Brownfield, Texas 79316
(806) 637-3589 | MULESHOE
623 West American Blvd.
Muleshoe, Texas 79347
(806) 272-4271 |
| HILLSBORO
1316 Corsicana Highway
Hillsboro, Texas 76645
(254) 582-2471 | PLAINVIEW
104 I-27 North
Plainview, Texas 79072
(806) 296-2782 |



Here for Agriculture – THE FARM CREDIT DIFFERENCE

At AgTexas, we often talk about how Farm Credit supports rural communities and agriculture. It's our mission, and we're proud to fulfill it every day. But what does that really mean?

As a cooperative, we're owned by our stockholders — those who borrow money and own stock. Our board members are

borrowers themselves, who are voted into office by their fellow borrowers. They provide important direction, guidance and governance, such as the decision to issue preferred stock in 2017. AgTexas continues to grow in loan volume, and the additional capital generated by the sale of the preferred stock helps keep our capital adequacy ratio stable.

When we have a good year, our customer-owners benefit. Our net income is used in only two ways: It's retained as capital by our association to build financial strength that ensures continued lending, and — in successful years — it's passed on to you as patronage dividends that effectively lower your cost of borrowing. Based on our profitable 2017 operations, the AgTexas Board of Directors approved a \$15.6 million patronage distribution, of which \$12.8 million was paid in cash.

Those aren't the only things that make AgTexas different. Our staff is willing to go the extra mile — or 100 miles, if necessary — to help you out. We'll come to your farm or business to touch base, talk about your operation and see if we can provide additional support. What's more, our deep understanding of agriculture is genuine. Most of us grew up in rural areas, and some of us still have a hand in farming or ranching, so we personally understand the business decisions you face.

We try to make a difference in your life and your ag business by offering specialized services and loan products. Some of these include crop and livestock insurance; special loan programs for young, beginning and small farmers; cash management products; and leasing products.

Ultimately, however, what makes the Farm Credit difference is personal relationships — such as relationships that are formed when you become a customer-owner of the co-op or when our loan officers literally take their expertise to your farm or business. At AgTexas, we are truly committed to rural America and supporting the men and women who produce our food and fiber.

Thank you for choosing AgTexas Farm Credit Services.

Tim McDonald
Chief Executive Officer

WWW.AGTEXAS.COM

NEW LUBBOCK OFFICE CONSTRUCTION UNDERWAY

Progress is steady on the AgTexas Lubbock office building project. Although we would prefer occasional moisture, contractors have benefited from extended periods of dry weather through the winter.

Since this photograph was taken, part of the concrete parking area has been poured. Interior partition framing is nearly complete; the roof substrate is complete; and numerous electrical and mechanical tasks are underway. It looks like a building now!

The 20,000-square-foot construction project is located at 5004 N. Loop 289 in Lubbock. When complete, the building will house upwards of 45 workers. Completion is scheduled for later in 2018.



NEW AGTEXAS LUBBOCK OFFICE PROJECT REACHES MILESTONE IN MARCH



Staff and board members celebrated with a “top-out” party, where they took part in the installation of the final piece of structural steel.



AgTexas Distributes \$15.6 MILLION IN PATRONAGE to Borrowers



In a cooperative, the members enjoy economic participation. That's one of the seven guiding principles of a co-op.

True to that principle, AgTexas recently distributed \$15.6 million in patronage to stockholders, effectively returning a portion of the interest that borrowers paid on their loans last year.

Our member-owners received their share, according to their business with the association, of the \$12.8 million cash portion in February. The remainder will be held as a nonqualified allocation and paid to stockholders in the future.

At the end of each fiscal year, our board of directors looks at AgTexas Farm Credit's financial standing and chooses whether to retain our net income to strengthen our association or distribute money back to our members. This year, AgTexas returned 57 percent of our 2017 net income to our customers.

In the fall of 2017, members also were paid \$5.8 million of their allocated surplus. Since 1994, AgTexas has returned \$132.2 million to stockholders!

The size of your individual patronage payment is based on the pro-rata share of business done through your loan with the association.

Tell your friends and neighbors about the AgTexas patronage program. Patronage refunds are a distinct benefit of financing with our cooperative.

Young Farmers Find Common Ground at Leadership Program

Jeremy Brown of New Home, Texas, represented AgTexas at the 2017 Farm Credit Young Leaders Program in Washington, D.C., and New York City last fall.

"Perhaps the most meaningful part of the trip was meeting young farmers from across the southern United States," said Jeremy. "Several have become friends of mine. Even though we farm different crops using varying methods, we found we were all connected through agriculture and through Farm Credit."

The 12th annual program began in the nation's capital, where the 23 participants joined Farm Credit representatives from around the country in meetings with U.S. Agriculture Secretary Sonny Perdue and Sen. Pat Roberts, chairman of the Senate Agriculture Committee. Brown also discussed policy issues with USDA officials, House Agriculture Committee Chairman Mike Conaway, Rep. Jodey Arrington, and Sens. John Cornyn and Ted Cruz.

Next the group traveled to the New York area. During visits to the Federal Farm Credit Banks Funding Corporation and a Wall Street brokerage firm, they learned how investors purchase highly rated Farm Credit notes and bonds, supplying steady funding for loans and related services; and how Farm Credit uses its cooperative structure and unique funding mechanism to lend support to rural communities and agriculture across the United States.

"The entire trip was an awesome experience," said Jeremy, who started farming on 40 acres at age 15. "I now have a much better understanding of the Farm Credit System and its history."

Jeremy and his wife, Sarah, have been married 10 years and have three young children. Today the Browns grow peanuts, sesame,



Jeremy Brown, right, of New Home, Texas, with Stan Ray, Farm Credit Bank of Texas chief administrative officer and Tenth District Farm Credit Council president

wheat, rye, grain sorghum, and both conventional and organic cotton on a 3,000-acre farm in Dawson County, Texas.

Jeremy is not only a producer, he's an advocate — who shares agriculture's story with consumers through a guest column in the Lubbock Avalanche-Journal, a YouTube channel (search for Broadview Agriculture) and the Texas Farm Bureau blog, "Texas Agriculture Talks."

OUR YEAR IN REVIEW

ANNUAL REPORT PRESENTS THE BIG PICTURE AND THE DETAILS

If you want to know how AgTexas Farm Credit Services is doing, there's no better source than our annual report. There's also no better way to fall asleep, but we digress.

"The annual report lets you know the financial strength of your association so you can evaluate the success of your investment as a stockholder, and the viability of the association as your financial resource," says Terry Sherrill, who serves on the AgTexas Board of Directors and chairs the audit committee.



Terry Sherrill

Hit the Highlights

In recent years, annual reports have become very detailed because reporting standards have become more complex under federal regulations. However, if you don't have time to read the entire report, Sherrill recommends hitting the highlights:

- Start with the summary page to find out if the co-op grew or made money.
- Read the letter to stockholders, which typically describes important events and themes from the past year and lays out strategies for the future.
- Check the auditor's report to see if an outside firm issued a clean, unqualified opinion.
- Read "Management's Discussion and Analysis" to understand what is happening in the association and management's perspective on business events.

"Reviewing the comparative income statement and balance sheet are my go-to reports for insight into the financial strength of the association," says Sherrill, who is a CPA in Gruver, Texas, specializing in agricultural operations.

Understand the Numbers

Following are key sections of an annual report. As you read the charts and graphs, keep in mind

that dollars are stated in thousands, so a figure written as \$1,000 is actually \$1 million.

- The five-year summary condenses key financial indicators onto one page. At a glance, you'll see trends for net income, patronage, loans and assets, financial ratios and more. Return on assets and return on equity indicate how effectively the cooperative is generating earnings — the higher the ratios, the better.
- The financial statements tell how much the co-op earned, spent and had left over. They include the balance sheet, income statement, statement of members' equity and cash flow statement.
- The notes to the financial statements are the footnotes at the back of the report. The notes put the numbers in context and help you analyze how the co-op is doing financially.

AgTexas posts the annual report on the association's website within 75 days of year end and also mails a copy to each stockholder. See www.agtexas.com/financial-reports.



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

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

FROM START TO FINISH

AgTexas lenders know the beef cattle industry from start to finish. Call us today.

Successful ranchers know it's all about the numbers – cost of gain, breakevens, working capital, and an experienced lender to help you grow. All your agricultural financial needs in one place.

Your **SUCCESS**. Our **PURPOSE**.

- **Loans** for real estate and operating
- **Insurance** for crops and livestock
- **Leasing** for equipment and more

AG 
TEXAS
FARM CREDIT SERVICES

Your **SUCCESS**. Our **PURPOSE**.

Regions: Lubbock | Amarillo | Fort Worth

www.agtexas.com

