

LANDSCAPES™

a portrait of living & working in rural America

summer 2019

YOUR SUCCESS. OUR PURPOSE.

AG 
TEXAS
FARM CREDIT SERVICES



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**When the Going Gets Tough,
We're Here for You**

You're probably familiar with the saying, "When the going gets tough, the tough get going." Particularly in agriculture!

Even when the sun shines and the perfect amount of rain falls, it's a tough business. Markets can dry up faster than crops.

Machinery breaks when you need it most. Yet farmers and ranchers generally don't give up. They just work harder and smarter, optimistic that next year will be better.

But no matter how tough you are — mentally, physically or financially — it helps to have a lender who understands what you're going through.

Your staff at AgTexas Farm Credit Services understands the cyclical nature of agriculture. Many of us grew up in agriculture and still have personal connections to the land. We know that dealing with risk and managing a large budget can be stressful.

AgTexas wants you to succeed. As a responsible lender, we encourage all of our customers to make the best decisions for their needs. At the same time, we make decisions that ensure the co-op continues to flourish. When we do well financially, every member benefits. That's one of the advantages of financing with our co-op — we look out for our borrowers' interests.

For AgTexas, 2018 was a profitable year. Thanks to our strong financial results, we were able to return \$16.4 million in patronage to our borrowers. That patronage payment effectively reduced your interest rate for 2018 by putting money back into your pocket.

I sincerely hope that 2019 will be an excellent year for all of our customers. However, if the going gets tough, come see us. Whether you need a word of encouragement or financing advice — or want to share some good news — we are always here for you.

Tim McDonald
Chief Executive Officer

WWW.AGTEXAS.COM

BUILT BY AG, FOR AG



Spacious seating for 30 in the boardroom with eye-level monitors throughout makes this a state-of-the-art conference room for board meetings and more.

Working on the new AgTexas Lubbock building was a tall order for designer Melissa Grimes of Studio West. She had many instructions and requests for the design of the 22,000-square-foot building:

- Tell a story about the heritage of agriculture on the South Plains.
- Make it technologically advanced, yet comfy and inviting.
- Add common areas to encourage collaboration and interaction, but make sure each staff member has an office near others in their own department.
- Oh, and could you please hurry, because our lease will be up soon and we're bursting at the seams?

For 15 months, Melissa worked closely with HB Construction and AgTexas staff in Lubbock.



The Hub room offers a kitchen, a dining area and a cozy place to take a break.

Then, for the staff, there was packing, moving, unpacking and learning their way around a new office building, all the while serving customers and keeping the back office running.

“It’s like we caught lightning in a bottle,” says CEO Tim McDonald of the new building. “It’s everything we wanted, and more.”

Dave Cullins, senior vice president of administration, says The Hub is his favorite place in the building. The room offers a kitchen, a dining area and a place to relax.

Because the whole building has a wireless connection, employees often take their laptops to The Hub for a change of pace and to enjoy the view.

“The Hub has a feeling of connectedness — it’s there that I see people from other departments that I don’t get to work with daily,” says Cullins, who worked on the technology side of the building project.

Describing our new Lubbock office is impossible. You simply must stop by and see it for yourself at 5004 N. Loop 289 in Lubbock.

A Life Source **for Agriculture**

The windmill that graces the cover of this Landscapes issue sits in the courtyard at the new Lubbock office of AgTexas, but it wasn’t in the original plans for the property. Landscapes talked with Kevin Buxkemper, 30-year member of AgTexas, to discover how it came to be there.



Kevin Buxkemper

Buxkemper sits on the board of directors at AgTexas and also serves on its audit committee. An ardent supporter of doing business with cooperatives, he will passionately tell those new to Farm Credit how and why the System is so important to producers.

“As I walk through the halls of this beautiful new structure, I am awed by the story of agriculture throughout,” says Buxkemper. “AgTexas’ commitment to agriculture is evident in the artwork, the repurposed farm implements and the sloped tin roof exterior — to me, it feels like home. It reminds me of the history of Farm Credit, how it is designed to support agriculture.”

Buxkemper says that as a child he saw windmills everywhere he looked. Water is scarce on the South Plains, so each farm had windmills to provide the resource that every living thing needs.

Just as water is the source of life for agricultural production, AgTexas is a vital source of credit from lenders who understand agriculture. Unlike commercial banks that can pursue ag loans when times are good and choose to divest of ag loans when times are bad, AgTexas and Farm Credit only lend to ag producers, rural landowners and agribusiness customers.

Agriculture is our only business. And ag producers hold Farm Credit associations accountable to their stockholders — by representing them on the board.

A windmill was the perfect addition to a building that is built by ag for ag. Funded by individual donations from each board member, it stands as a symbol of our directors’ personal commitment to the purpose statement of AgTexas: dedicated to the prosperity of agriculture and rural America.



AgTexas Distributes

\$16.4 MILLION PATRONAGE PAYMENT

to Borrowers

When you borrow from AgTexas, you're more than a customer. You're also a stockholder in our borrower-owned lending cooperative. This entitles you to share in our association's earnings through our patronage program.

In the spring, we returned \$13.4 million of our 2018 earnings to our borrowers in cash!

AgTexas posted record net earnings of almost \$33 million in 2018. This was only possible because of our members, whose strength, diligence and management keep our association successful.

The Cooperative Advantage

Co-ops have a unique structure and philosophy. Investor-owned companies maximize profits so they can generate a return for investors, but cooperatives focus on providing services to their members. Co-ops keep only the earnings they need for stability

and growth, and give the surplus back to their members each fiscal year.

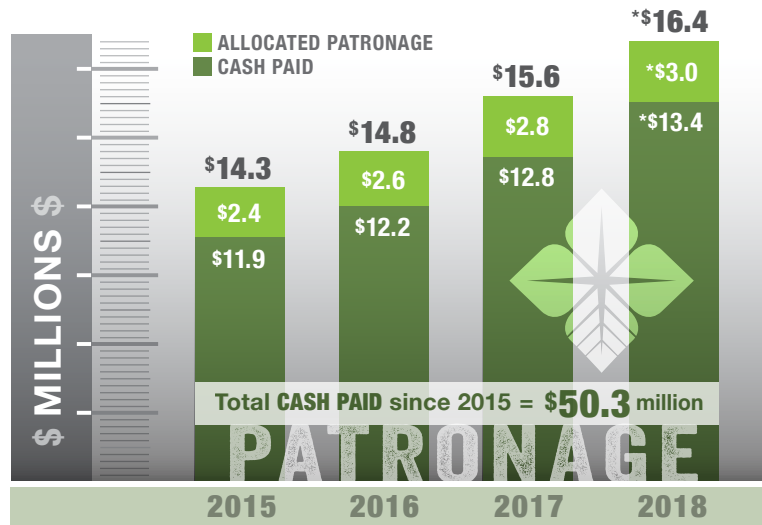
Patronage payments represent a portion of the interest you paid on your loans the previous year. Thus, you effectively pay less interest when borrowing from AgTexas. When you get cash back on the money you borrowed, you can invest it back into your operation, give your child a good start on his or her college education, or maybe even replace that worn-out truck. These are just some of the ways to keep your rural community ginning along and make it a better place for your kids to live when they come back to the farm.

Earnings Reserved for You

In addition to distributing \$13.4 million to borrowers in cash, AgTexas declared another \$3 million in allocated equity that will help keep the association strong until it is eligible for distribution in the future.

Patronage is a distinct advantage of financing with a co-op lender. You not only receive a competitive rate up front, but you also get cash back when the association does well.

Please tell your friends about our patronage program!



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Sharing our profits with our members effectively reduces their cost of borrowing money but it actually does **much more**. For instance, a college education could be a dream come true. With extra cash in their pockets, members can make donations to local organizations and purchases in their home town.

Farming is the life blood of rural communities and the Texas economy. AgTexas is here to help that beating heart stay healthy.

