

PCCA COMMENTATOR

PLAINS COTTON COOPERATIVE ASSOCIATION | SPRING 2017



REGIONAL COOPERATIVES HOST
2017 COOPERATIVE PRODUCER ORIENTATION

LIKE FATHER, LIKE SON
The Robertson Family Ginning Legacy

TACC HONORS OUTSTANDING INDIVIDUALS

2016-17 COTTON CROP SETS RECORDS

COMMENTATOR

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On the cover...

Farmers Cooperative Compress, PCCA and PYCO Industries, Inc., came together to host the second Cooperative Producer Orientation. See related story on page 3.

Photo by Jayci Cave.

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Kevin Brinkley

Letter *from the* President

As a true, grower-owned cooperative, Plains Cotton Cooperative Association (PCCA) intentionally lives according to the seven cooperative principles.

PCCA Members:

1. **Build It Together** (Open and Voluntary Membership)
2. **Make The Decisions** (Member Controlled)
3. **Make It Grow** (Economic Participation & Ownership)
4. **Control Own Destiny** (Autonomy and Independence)
5. **Help Each Other Improve** (Education, Training, and Information)
6. **Assist Other Co-ops** (Cooperation Among Cooperatives)
7. **Invest In Their Community** (Concern for Community)

At PCCA, we understand that it helps the returns of our grower-owners if we create programs and systems that emphasize the combined value of a grower-owner's investment in all of his co-ops.

I would like to highlight number six. Just as we achieve more together through each co-op, each co-op is more efficient when working with other like-minded businesses.

Many growers have invested in local co-op gins, PCCA, and other regional cooperatives. At PCCA, we understand that it helps the returns of our grower-owners if we create programs and systems that emphasize the combined value of a grower-owner's investment in all of his co-ops.

Beginning with this issue of Commentator, we will be highlighting stories of increased value through cooperation. The Co-op Advantage highlights the ways that PCCA owners are working together with other regional co-ops to own the entire supply chain for the products they produce. Growers reap the economic benefit of ownership and control of their cooperative businesses. Over the long run, that adds up to significant dividends paid back to growers.

We are always looking for ways to improve the total benefit of ownership. PCCA is your company and we are glad you have decided to help enhance your profits through real ownership.

Sincerely,

A handwritten signature in blue ink that reads "C. Kevin Bailey". The signature is fluid and cursive, with a long, sweeping tail on the last letter.



Demand is a Driving Force in Current Cotton Market

USDA PROJECTS 21 PERCENT INCREASE FOR 2017 U.S. COTTON ACREAGE

BY JOHN JOHNSON

The cotton market has been demand-driven for several weeks, and clear evidence is present in the level of U.S. export sales. Weekly export sales volume reported by USDA has been outstanding, leading the department to raise its estimate for the 2016-17 marketing year that ends on July 31.

In its March World Agricultural Supply and Demand Estimates (WASDE) report, USDA increased its estimate for U.S. exports by 500,000 bales to 13.20 million compared to the previous month's report. However, through March 30, export commitments stood at 13.40 million statistical bales, and export shipments totaled 8.30 million bales. The demand for 2016-crop as well as 2017-crop cotton, thus far, has been supported by U.S. cotton's price competitiveness with other growths around the world.

Additional evidence of strong international demand is the number of buying countries listed in USDA's weekly reports. Another factor is demand for U.S. cotton is much less dependent on China than in previous years, yet China has been among the buyers listed each week. A supply shortfall versus estimated consumption is part of the reason.

According to recent estimates, the shortfall is expected to be 13.75 million bales. Much of that, approximately 9.25 million bales, will be covered by sales from China's massive reserve stocks and the balance by imports of 4.50 million bales.

With most of the 2016 U.S. crop already sold, market attention has turned to 2017. Traders and analysts anxiously awaited USDA's Prospective Plantings report released March 31 which estimated 12.23 million acres will be planted to cotton this year, up 21 percent from 2016 due to lower prices for other commodities. Texas producers are expected to plant 6.90 million acres compared to 5.65 million a year ago. Oklahoma cotton acreage is expected to total 470,000, up 165,000 acres, and Kansas producers are expected to plant 56,000 acres of cotton compared to 32,000 in 2016.

Analysts, however, are quick to point out that planted acres and harvested acres are not the same. In 2016, abandoned acres were unusually low, and per-acre yields were higher than expected. The International Cotton Advisory Committee foresees 2017 abandonment and yields to be closer to the five-year average. Therefore, the committee estimates 2017 U.S. cotton production will be near the same level as the 2016 crop.

Cotton futures prices leading up to the latest WASDE report were mostly range-bound but slowly creeping higher at times. The December contract, meanwhile, remained remarkably steady. One market factor repeatedly mentioned by analysts is the level of unfixed on-call sales.

Mills in the last half of March made good progress setting the price for cotton they previously had committed to purchase based on the May futures contract; however, the volume of cotton still to be priced remained very high. The price inversion from the July futures contract to the December contract could make it difficult for mills to continue deferring their price decisions beyond July which could increase the potential for the market to move higher. 🌱



FCC demonstrated how to break down a block of cotton bales and prepare them for shipment.



Orientation attendees took a walking tour through PYCO's facilities for the first time in orientation history.

Regional Cooperatives Host 2017 Cooperative Producer Orientation and “Sow the Seeds of the Future”

By Blair McCowen | Photos by Blair McCowen and Jayci Cave

From an incredible crop year to the second annual Cooperative Producer Orientation hosted by Plains Cotton Cooperative Association, PYCO Industries, Inc., and Farmers Cooperative Compress, 2017 has brought in much excitement for the land of cotton and co-ops in its first few months.

This year's orientation took place on a windy and chilly day. However, the weather conditions did not discourage the largest crowd yet for the Cooperative Producer Orientation (CPO). In attendance were 46 producers and their spouses nominated by their cooperative gins to attend the orientation and learn not only about the benefits of the cooperative structure, but also how their farming operations benefit from every level of the supply chain, from the gin to each regional cooperative. Kevin Brinkley, PCCA President and CEO, said the orientation was one of the best yet.

“We were extremely encouraged by the quality of the Cooperative Producer Orientation attendees,” Brinkley said. “I am especially optimistic about the number of spouses that participated in the orientation. Our growers are predominately family farmers. Having spouses involved doubles our opportunity to reinforce the co-op message.”

This year's program began in the PCCA Delegate Body Room. A question and answer session with the CEOs of each regional cooperative, followed by a presentation of PCCA's history, operations and services, provided attendees with a description of the cooperative structure and how PCCA works to provide its farmers stability in an often uncertain cotton market. Derek Dieringer, orientation attendee and producer from Midkiff, Texas, said he enjoyed the question and answer session as well as hearing about PCCA's history.

“I did enjoy getting the gentlemen from each division up there and the questions they were presented with as far as where they see their facilities going or where they see the industry going,” Dieringer said. “The history is important because it really tells people about PCCA as far as where it stands for longevity, not just current times. I feel the history of PCCA is a pretty strong leg to stand on.”

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"I know these young producers are the future of the cooperatives in our area and we want them to understand the reasons why each was formed," Lacy said. "Each of the regionals was started to take care of a specific need the producers had at the time. I wanted them to see why their fathers and grandfathers felt it was so important to own their own businesses and control their own destinies."



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Since its founding in 1953, PCCA has been a leader in the cotton industry in the areas of innovation and service, and still upholds those same high standards today, all the while working to serve its grower-owners and their respective operations.

Travis McCallister, orientation attendee and beginning cotton farmer from Acuff, Texas, said PCCA helps make running his operation easier.

"It makes my life a lot easier," McCallister said, "because that (marketing) is one less thing I have to worry about, being a new farmer and trying to make all of these decisions I have never had to make before."

Following PCCA's presentation, attendees traveled to Farmers Cooperative Compress where the warehousing cooperative followed suit and presented its history, operations, and services to the crowd after lunch. Ron Harkey, President and CEO of Farmers Cooperative Compress (FCC), shared his thoughts on the orientation.

"I thought the orientation went very well, and it showed the interest that we have from our producer-members. It was great," Harkey said. "They got to see where their bales are received, stored and shipped. I think it gives them a new perspective on the enormous value of having all of these bales available to merchants and textile mills around the world."

After the presentation, attendees boarded busses for a tour of the cotton warehouses on the compress grounds in Lubbock. According to FCC's website, the cooperative's warehouse locations combined have a USDA licensed capacity to store 2.2 million bales, making it one of the largest cotton warehousing facilities in the world.

"The visual of how they load the trucks and pull the bales out of line is what really got my attention," Dieringer said. "I would say that was the neatest part of the warehousing tour."

The warehouse tour led to the final segment of the orientation: a tour of PYCO Industries, Inc.'s facilities. After the oil mill's description of its history, operations and services, a walking tour took place to provide attendees with a deeper understanding of the cooperative's complex operations and





how every source of value is literally squeezed from the cottonseed.

Robert Lacy, PYCO Industries, Inc.'s President and CEO, said the oil mill decided to include a walking tour of its facilities so producers could see its operations in action.

"This year we gave them a tour in which they could see the machinery and touch the products we were making," Lacy said. "The perception they have been given about an oil mill pales in comparison when they actually see how big and complex of an operation they own."

The tour included every aspect of PYCO's operations from working machinery to the by-products that result from the cottonseed processing that is unique to PYCO and concluded the 2017 Cooperative Producer Orientation.

Taylor Hurst, PCCA Member Communications Area Manager, was an organizer of the orientation and said the event serves a great educational purpose.

"For many producers, they have never stepped foot onto the grounds of their regional cooperatives. It is important to show them and educate them on what is theirs," Hurst said. "We want them to be proud of their ownership and make sure they understand every facet of what we are doing to add more value to their cotton every single day."

Lincoln Devault, orientation attendee and producer from Farwell, Texas, said visiting each cooperative during the orientation helped him see what the cooperative system is about.

"Now that I have gone and visited those co-ops, I see where my money goes and what their mission statements are," Devault said. "It absolutely makes the farmer feel closer to that co-op and makes them want to use it." McCallister echoed Devault's comments.

"It allows my operation to have a wider reach than it would if I was just taking it to the gin and selling it and that was the end of it, if I didn't have anything invested in it farther down the supply chain," McCallister said.

The goal of the Cooperative Producer Orientation each year is to provide producers with an understanding of the cooperative structure and its benefits which the CEOs of each regional cooperative said they hope resonated with the attendees.

"Ownership matters," Brinkley said. "We want our growers to know that their investment in all of their co-ops gives them control of their future. As long as their regionals are serving them, they will always have a plan for their cotton."

Lacy echoed Brinkley's remarks and emphasized the importance of passing down the cooperative structure to the next generation.

"I know these young producers are the future of the cooperatives in our area, and we want them to understand the reasons why each was formed," Lacy said. "Each of the regionals was started to take care of a specific need the producers had at the time. I wanted them to see why their fathers and grandfathers felt it was so important to own their own businesses and control their own destinies." Harkey concurred.

"Knowing the cooperative story should be a priority of every member," Harkey said. "The impact it has on the local, state, and national agricultural economy is a story that we all should be proud of. It has had value, it has value today, and it will add value to future members. We must engage and tell our story." 🌱

YOAKUM COUNTY CO-OP GIN

Like Father, Like Son

THE ROBERTSON FAMILY GINNING LEGACY

Story and Photo by Jayci Cave

"I think agriculture is the thing that keeps our country going. It is the lifeline of our United States," said Darwin Robertson, Manager at Yoakum County Co-op Gin. "If agriculture is having a hard time, people lose jobs. If agriculture does good, everyone does good."

Just like agriculture is the backbone of the country, Darwin and D.J. Robertson are the backbone of Yoakum County Co-op Gin. With 28 years of experience in the ginning industry, Darwin is preparing to hand over the reins to his son, D.J., who followed in his father's footsteps and began his career in the industry last year.

Darwin began his career in the ginning industry in 1989 at Maple Co-op as the gin superintendent. In 1994, he had the chance to become the manager at Yoakum County Co-op Gin. He was there five years before he moved to Muleshoe to be the gin manager. During his 10 years at Muleshoe Co-op they built a new gin. He then had the opportunity to return to Yoakum County and has been there the past seven years.

"I enjoy taking care of the farmers," Darwin said. "I think our responsibility is to do a good job for them and to get it done so they can get their product sold. So we have a policy at our gin that we, as far



“To me the co-op system is the only system that puts every bit of the money and profits back into the farmers’ pockets, and it helps them during hard times.”



as I know, have never been more than seven days behind. Normally, we gin it within a day or day and a half from when they turn it in. They have a lot of money tied up out there so it is a joy for me to come to work and get complimented on things that I feel are my job and I should do, but they feel like I am going above my job.”

Darwin said there have been both challenging and rewarding times during his time at Yoakum County.

“The most rewarding thing to me is we have brought this gin up to one and a half years on our book credits,” Darwin said. “In 20 years, this gin has never shown a loss. It is rewarding to me to be able to pay the dividends that we have and to have our book credits up that close.”

D.J. worked for an electric company before having the opportunity to come work at the gin last February. He said the most challenging part for him has been learning exactly how things work in the gin.

“When I was younger, I had been in a gin and helped a little while they were building the gin,” D.J. said, “but that was all I really knew about a gin. So coming here I am learning new machinery. I knew the electrical side of things from working at the electric company. Just knowing how it all works has been a challenge in itself.”

Even through the challenges, D.J. said he looks forward to coming to work every day, and from the gin to the regionals, he enjoys the togetherness of working at a co-op.

“A lot of people dread their job. This isn’t a job to dread,” D.J. said. “During the ginning season when things are down, it is hard to want to come take care of it, but you know you have to get it done. Just being part of a co-op is a really tight knit group. You have everybody on your mind, and you enjoy it because everybody is together. It’s not an individual thing. That’s what I like about co-ops is everyone is working toward the same common goal; it is not everyone working for themselves.” Throughout his career, Darwin said what he has learned is that the teamwork mentality works.

“I think one of the biggest lessons we have learned in this deal is we are not necessarily the boss and employees. We are all a group doing this job,” Darwin said. “We treat them with respect and listen to them. D.J. and I are the type that there is not a thing out there they do that we won’t crawl right in and do it with them. It is not that I am the boss and they are the hands. It is a job, and we do it together.”

Darwin credits his success in the industry to hard work, honesty and his faith. He hopes this is what he instilled in his son as he begins his career.

“In my opinion, it is the good Lord,” Darwin said. “I give Him credit for my success. You have to work hard, and you have to have patience with your

customers and be honest in everything you do. There are people that you can call and talk to who will help you through everything. My advice is to admit when you make a mistake, and you can work it out.”

It is no secret that farmers occasionally face tough times. Darwin said he always tries to support and encourage them.

“Cotton farming has been a lifestyle of farmers for many years,” Darwin said. “There is no one who hasn’t had hard times in it. They are all good guys, and I am always telling them it will work its way back. So, look forward to next year and just keep fighting. To me the co-op system is the only system that puts every bit of the money and profits back into the farmers’ pockets, and it helps them during hard times.”

D.J. said his father and others like him in the industry set the bar high. He hopes with hard work and determination he will be able to live up to their standards.

“That is a goal that has been set way before me, and it is going to be hard to fill,” D.J. said. “Hard work is what it takes, and if I am even half of the person he (Darwin) is then I will feel accomplished. They just set the standard so high, and that is not something you take lightly. I will take the advice he has given me and run with it and hopefully pick up some things along the way.”

Like father, like son, Darwin is honored that D.J. decided to pursue a career in the ginning industry.

“I am proud that he has decided to follow and do what I have done,” Darwin said. “I think he needs to do what he wants to do, and he can take it above me. I don’t doubt that. I have always been lucky and just tried my best. I think he has the ability and education to do well. I don’t worry about him. I am just proud that he decided this is something he would like to do. It is a great life.” 🌱

TACC

Honors Outstanding Individuals

BY JAYCI CAVE

The Texas Agricultural Cooperative Council (TACC) takes time each year to honor individuals who have stood out as champions for cooperatives and their members. This year, it is no different. The four winners of the three awards have excelled in their respective fields and have displayed characteristics in line with the cooperative principles.



Larry Williams and Larry Black

Larry Black - Central Rolling Plains Co-op Cooperative Ginners of the Year

Larry Black, Gin Manager at Central Rolling Plains Co-op, is known for his unwavering loyalty and support of the cooperative principles. He works hard with the well being of the entire membership in mind each day.

Black was born in Wichita Falls, Texas, and graduated from high school in Eldorado, Oklahoma. After high school is when his cooperative career took root. He went to work at Quanah Farmers Co-op and in 1986 became the assistant general manager before being promoted to general manager in 1988. In 2002, Black heard of an opening at Roscoe Co-op Gin, which is now Central Rolling Plains Co-op, and submitted an application. Larry Williams, PCCA Board Member and former Chair of the board at Central Rolling Plains Co-op, said the decision to hire Black was an easy one.

"Once we talked to him, our board was unanimous in our choice of Larry to be our manager," Williams said.

After managing Roscoe Co-op for a while, a neighboring co-op gin asked Black to also manage their gin. From 2005 to 2007 Black successfully managed both gins and in 2007 ginned a combined 109,991 bales. That year also came with great challenges when a gin yard fire burned more than 100 modules. However, thanks to Black's good management all modules were spaced according to insurance guidelines so his members received maximum benefits for their cotton.

Black has continually improved the gin's efficiency and the profits returned to its members. He also works closely with his board of directors which keeps them informed and engaged and is always seeking their input on how the gin can better serve its members.

He is very active in his community as well as the industry. He is involved with PCCA, The National Cotton Council, and the Rolling Plains Cotton Growers. He served as president of TACC in 2013-14 and is the current secretary of the Texas Cotton Ginners' Association. Black has been married to his wife, Cynthia, for more than 30 years. They have two daughters, Alyssa and Madison, and two grandsons, Kameron and Brayson.

Rex Ford - Farmers Co-op Society of Stamford **Cooperator of the Year**

TACC's Cooperator of the Year award is only presented to those that have provided exceptional service and have portrayed a leadership style and legacy that impacts others for years to come. This year's winner embodies all that this award stands for. When Rex Ford, Manager at Farmers Co-op Society of Stamford, is not at the gin or grain elevator he will be found on his own farm raising cattle or wheat.

Ford grew up in Leuders, Texas, on his family's farm. After moving away for a while, he returned home to help his father while also working at a local bank. He and his wife, Cindy, who also grew up in Leuders, then moved to Stamford, Texas, where he worked for John Deere.

In 1991 Ford began his career in cooperatives when he became the manager at Farmers Co-op Society of Stamford. He has served the co-op for more than 25 years and is one of few gin managers who oversee two cotton gins, a grain elevator, and the sale of crop inputs. Since Ford has been manager, the co-op has tripled production and become the largest gin in the area. They also were awarded Elevator of the Year in 2012 by the Texas Wheat Board.

Ford has a passion for cooperatives and a true talent for communicating with the industry and generating more membership for the co-op. He has strived to reach growers and share the co-op advantage with them. Ford is active with the regional cotton cooperatives and is involved in other professional organizations. He is a past president of TACC and has served as a delegate body representative and pool committee member for PCCA.

"Rex's enthusiasm for cotton and support of the industry is truly reflected in his work," said Lonnie Winters, Vice President of Marketing at PCCA and 2016 Cooperator of the Year. "He has been a tremendous asset to his cooperative and within his community."

Ford is very passionate about his community. He has served, and continues to serve, in a wide variety of organizations including 4-H, FFA, Stamford Chamber of Commerce, Development Corporation of Stamford, Stamford Civic Club, Stamford Art Foundation, and the Texas Cowboy Reunion. He also serves as a deacon at Orient St. Church of Christ. Ford and Cindy have three daughters, Tiffany, Tara, and Tristin, and four grandchildren, Shelby, Breck, Charlie and Dallie.

Board Chairman at Farmers Co-op Society of Stamford, Billy Teichelman, said Ford has truly shown his passion for the industry and his community.

"In Rex's many years of managing our cooperative, he has shown, by his leadership abilities, that he is one of the top managers in the cooperative gin community," Teichelman said. "Rex is a devoted family man who adores his wife, Cindy, and their three daughters. He also is a wonderful grandfather to his grandchildren. We believe this man fits the criteria for this award."



Rex Ford and Lonnie Winters

Dr. John Park - *Texas A&M AgriLife Extension Service* **Distinguished Service Award**

John Park, Ph.D., has dedicated his career to teaching college students about the cooperative business model in an effort to build tomorrow's co-op leaders and, in applied research, to train today's co-op directors and managers.

He was born in Middlesex County, New Jersey, but grew up in Utah. He received a bachelor's degree in agricultural economics from Brigham Young University in 1991, a master's degree from Utah State University in 1992, and a Ph.D. from Texas A&M University in 1996. After graduation, Park spent a few years at Cornell University before returning to the Agricultural Economics Department at Texas A&M University. He spent a little over two years teaching full time, and it became obvious that he had a true talent for it. In 2003, Park became the Cooperative Marketing and Agribusiness Management Specialist for Texas A&M University. In 2008, because of his dedication to cooperatives, Park was selected by Texas A&M University to be the Roy B. Davis Distinguished Professor in Agricultural Cooperation. In this role, he serves on the board of TACC, directs statewide cooperative research initiatives, facilitates strategic planning for cooperative businesses, and teaches an undergraduate course in agricultural cooperatives.

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"You might say that Dr. Park is planting high quality hybrid seeds," said Gary McLaren, "that the cooperative system later harvests in the form of cooperative leaders."

Park led a national effort to establish a community of practice for cooperative education on the extension.org website. He also chaired a national committee for the improved competitiveness of agricultural cooperatives and he is a recognized leader of the Food Distribution Research Society. Park and his wife, Jacqee, live in College Station, Texas, and have three children.

"Dr. John Park has worked very hard becoming familiar with Texas cooperatives and helping whenever and wherever needed to answer their questions and solve their problems," said Jimmy Roppolo, Manager at United Ag in El Campo, Texas. "I had the pleasure to host Dr. Park at our cooperative soon after he arrived in Texas. I have never hesitated to call Dr. Park for advice when our cooperative faced different challenges. He has brought cooperatives to the forefront in Texas A&M College of Agriculture, and now many students who weren't raised around a cooperative know how they work and how producer ownership pays off."

Dr. Phillip Johnson - Texas Tech University **Distinguished Service Award**

Phil Johnson, Ph.D., has been a farmer and has embraced cooperatives, both as a member and an academic doing research and teaching about cooperatives. He is even a long-time grower-owner of PCCA.

Originally from Lubbock, Texas, Johnson graduated from Friona High School and received his bachelor's, master's and Ph.D. from Texas Tech University. He began his career as a research assistant in the Department of Economics at Texas Tech University in 1970. He was then an Extension Economist for the Texas Agricultural Extension Service in Fort Stockton, Texas. Following that, he became a full-time farmer/owner-operator of a 1,450 acre irrigated grain, cotton, and livestock farm in Parmer County, Texas. After hail damage to crops a few years in a row, Johnson made the decision to walk away from farming.

He then pursued a career in teaching and research at Texas Tech, becoming Professor, Chairman and Charles Thompson Chair, Agricultural and Applied Economics and Director of the Agricultural Finance Institute. Ryan William, Ph.D., Assistant Professor at Texas Tech, said Johnson's dedication to co-ops is apparent in his work.



"While Dr. Johnson's direct service to cooperatives in Texas is easily observed, it is his indirect contributions that are likely most valuable," Williams said. "His teaching of students at Texas Tech University provides an exposure to the role and functioning of cooperatives. This exposure often leads students to enthusiastically pursue internships and employment in cooperatives across Texas. Furthermore, those students are well equipped to identify opportunities to improve outcomes for co-op members as a result of his efforts."

Johnson has been a strong advocate for the existence, operation, and relevancy of co-ops in agriculture. He routinely invites co-op leaders to participate in his classes to promote the co-op business model.

"Dr. Johnson really stresses the importance of cooperatives in his classes," said Robert Lacy, President and CEO of PYCO Industries, Inc. "Each semester he allows PYCO, PCCA, and Farmers Cooperative Compress the opportunity to tell his class who we are and what our role is in the agriculture industry. This exposure to the regional cooperatives could influence their decision-making in the future."

Johnson lives in Shallowater, Texas, with his wife Trudi. They have two daughters, Beth Anne Frazee and Lindsey Dickerson. They have two grandchildren, Ashlee Davis and Kade Johnson, and a three-year-old great grandson, Briar Davis. 🐾



U.S. Senators Pat Roberts (R-KS)(right) and Debbie Stabenow (D-MI)(left) listened to Kansas producer and PCCA grower-owner Tom Lahey's comments on the upcoming Farm Bill.

Tom Lahey (center), expressed his concerns for the cotton industry in relation to the next farm bill.

Senate Ag Committee Hosts First Farm Bill Field Hearing

STORY AND PHOTOS BY JOHN JOHNSON

It was a windy, cloudy and chilly day on Feb. 23 in Manhattan, Kansas, but U.S. Senators Pat Roberts (R-KS) and Debbie Stabenow (D-MI) were warmly received by a large audience in McCain Auditorium on the campus of Kansas State University. The audience, comprised of farmers, commodity organization representatives, agri-businessmen, and farm lenders, was there to hear testimony before the U.S. Senate Committee on Agriculture, Nutrition and Forestry regarding the next farm bill. Roberts is chairman of the committee, and Stabenow is the ranking member.

PCCA member and Kansas Cotton Association Vice President Tom Lahey, a fourth generation farmer near Moscow in Southwest Kansas, presented oral and written testimony on behalf of the U.S. cotton industry. During his introduction of Lahey, Chairman Roberts paused, looked at members of the audience and stated "yes, we grow cotton in Kansas." During his testimony, Lahey noted the current economic situation for much of production agriculture, including U.S. cotton farmers is bleak, adding the passage of the 2014 Farm Bill coincided with significant changes in the global cotton market.

"Shortly after the bill was approved, cotton prices began a significant decline, the result of a build-up of global cotton stocks, especially in China, decreased demand, and reduced exports," he testified. "This led to the lowest U.S. cotton acreage for 2015 in over 30 years. While cotton prices and acreage have increased from the lows experienced in 2015, producers are still struggling with prices at levels not adequate to cover all production costs."

USDA estimates approximately 12.23 million cotton acres will be planted in 2017, and Kansas farmers are expected to plant 56,000 acres, a 75 percent increase from 2016. However, Lahey noted a major concern still exists since cotton is not eligible for the same price and revenue policies as other crops.

"As you know, these Title 1 policies in the farm bill are designed to help producers withstand periods of price declines and depressed market conditions," he reminded the Senators. "While the ARC/PLC policies have generally performed well in responding to the market downturn we are experiencing in crops like wheat, corn, grain sorghum, and soybeans, I

continue to be largely exposed on cotton since it was excluded from these types of programs." Lahey also reviewed NCC's efforts to get cottonseed designated as a covered commodity eligible for ARC and PLC payments in the current farm bill.

"Our industry believes support can be provided for cottonseed without running afoul of the agreement with Brazil that settled the WTO case," he said. "We strongly believe we need to get a cottonseed policy in place to help provide support to our producers as a bridge until the new farm bill is enacted, hopefully by the 2019 crop." Lahey also expressed strong opposition to any attempts to reduce the budget for the next farm bill and support for maintaining a strong crop insurance program.

Citing the latest Congressional Budget Office projection that the 2014 Farm Bill will cost \$100 billion less than was estimated when the bill was enacted, Lahey added "We urge the Committee to seek any opportunities to increase federal investment in farm policies that ensure the U.S. consumer continues to have the safest, most affordable and secure supply of food and fiber in the world."

"Maintaining a strong crop insurance program is also critical since in agriculture, one thing is for certain, crop losses will occur in some parts of the U.S. each year," Lahey said. 🌱

2016-17

COTTON CROP SETS RECORDS

BY BLAIR MCCOWEN
PHOTO BY JAYCI CAVE

The 2016-17 cotton crop is certainly one for the books. Welcomed increases in yield and quality graced cotton gins as a result of timely rains and late-season warmth across areas of Texas, Oklahoma, Kansas, and New Mexico.

Increased volume is always welcomed in the business operations at PCCA, and President and CEO Kevin Brinkley shared how important it is.

"Volume almost always helps performance of our marketing pools," Brinkley said. "With improved pricing compared to the previous year, the combination of more pounds and more equity improved our ability to get more money out earlier than normal. That couldn't have been more critical to our growers."

The 2016-17 cotton crop arrived as a late season surprise to many. In order to get the unexpected amount of cotton harvested and ginned, Brinkley said those in the cotton industry put in extra hours to make the most of the rare occasion.

Many gins all across PCCA's service area processed record setting levels of cotton with the 2016-17 crop. Some co-ops ginned well into spring.

Co-op	Previous Record	2016 Record
<i>Ag Producers Co-op</i>	102,262	103,142
<i>Cotton Growers Gin - Altus</i>	125,000*	156,278
<i>Farmers Co-op Gin - Carnegie</i>	42,422	61,568
<i>Farmers Co-op Gin - Childress</i>	53,591	61,500*
<i>Farmers Co-op Association - Eldorado</i>	49,463	76,316
<i>Ericksdahl Co-op Gin</i>	15,847	18,075
<i>Farmers Co-operative Exchange</i>	10,403	15,998
<i>Floydada Co-op Gin Inc.</i>	75,000*	112,427
<i>Farmers Co-op Gin - Grandfield</i>	7,600	8,900*
<i>Haskell Co-op Gin</i>	18,057	22,878
<i>Humphreys Co-op Gin</i>	56,900	95,000*
<i>Idalou Co-op Gin Company</i>	75,951	86,543
<i>Lakeview Farmers Co-op</i>	53,837	54,330
<i>Lockney Co-op Gin</i>	42,000	43,239
<i>Lone Wolf Planters Co-op</i>	8,600*	9,504
<i>Miles Co-op Gin Company</i>	43,426	46,008
<i>New Home Co-op Gin</i>	108,920	110,402
<i>Rule Co-op Gin</i>	21,070	21,292
<i>Slaton Co-op Gins</i>	104,802	121,736
<i>Southern Kansas Cotton Growers Co-op Inc.</i>	41,935	42,838
<i>Southwest Cotton Growers</i>	56,686	65,448
<i>Farmers Co-op Gin - Spur</i>	14,294	17,784
<i>Farmers Co-op Gin - Stamford</i>	55,540	88,946
<i>Tillman Producers Co-op</i>	48,126	50,359
<i>Tokio Co-op Gin</i>	45,000*	46,891
<i>Tri-County Gin - Chattanooga</i>	27,131	37,343
<i>United Cotton Growers</i>	183,875	199,899
<i>Farmers Co-op Society #1 - Wellington</i>	124,837	125,689

*Estimate

"Having a market for an unexpectedly large crop is critical," Brinkley said. "I am personally thankful for the long hours and hard work put in by our growers and gins. They made the most of this opportunity."

Even with the increase in the amount of cotton on the market this year, commodity prices were not driven down in the usual manner. In fact, they remained steady, allowing PCCA grower-owners to get the best possible price for their cotton. PCCA Vice President of Member Services Charley Triplett commented on the market for the crop year.

"Volume is typically a good thing for our members, our gins, and PCCA, too," said Triplett. "Regardless of prices, more pounds help everyone. When you have a bigger crop, the market doesn't respond well and the market actually got a little stronger as the year went on. That is a very unusual thing that doesn't happen very often."

PCCA Director of Cotton Services and Gin Accounting, Steven White, said the welcomed increase in volume came as a surprise to many in the cotton industry when harvesting began and provided benefits to producers.

"As people started harvesting, they realized that the yields out there were great," White said. "So once they got in the field, I think everybody realized that it was a large year. I would say many grower-owners saw an improvement from last year in both yield and price." White also said that

the larger-than-expected crop made getting money to the farmers the top priority for his department.

"Our number one priority is handling all the invoicing with so many bales and with the season being longer than it normally is," White said. "The priority was delivering money as soon as possible."

The cotton crop that caught almost everyone by surprise has already set the bar for next season, according to Brinkley.

"It is hard to imagine a better yield and quality result than the 2016 crop," Brinkley said. "However, if we can get close, it would continue to help improve the financial condition of our growers, and that is a huge concern in today's environment." Triplett said his hopes for next year's crop are similar.

"Hopefully," Triplett said, "we can have another good crop because volume helps solve problems." 🌱

MEMBER ACCESS UPDATES COMING SOON

By Blair McCowen

Since its creation in 2001, Member Access has been a valuable tool for PCCA grower-owners. The program's efficiency in disseminating timely information has withstood the test of time and constant advances in technology. Now, 16 years later, Member Access is in line to receive a new look and feel as well as new features. "This update will give Member Access a new look and feel that is more in line with other customer service websites you might go to," said Steven White, PCCA Director of Cotton Services and Gin Accounting.

PCCA's Vice President of Information Systems, Joe Tubb, said the update will go live in early May and will give the system increased efficiency and a more user-friendly nature.

"This system should be easier to navigate and use," Tubb said. "The users are going to have more ability in mobile Member Access and the chance to sign PCCA documents electronically when initiated by the gin."

More developments on the mobile side of the Member Access site also have come into play with the revamp, including formatting the website to respond to a variety of screen sizes no matter the device on which it is viewed.

The screenshot shows the PCCA Member Access website. At the top is a navigation bar with icons for Home, Accounts, Add Modules, Module Info, Statements, Check Register, Ownership Statements, Signatures, and Log Out. Below the navigation bar is a "Start" button. The main content area is a login form titled "Member:" with fields for "Farmer: John Q", "By: [Name]", "Date: Mar 28, 2017", "Tax ID #: 123-45-6789", "Address: P.O. BOX 3817, LUBBOCK, TX 79408", "Phone Number: 505-123-4567", and "Email Address: john.q.farmer@pcca.com". Below the form is a disclaimer: "If any of the above-referenced contact information changes for any reason, Producer hereby agrees to update PCCA directly or through its Authorized Gin or other authorized agent. PCCA is absolved of any liability as long as it mails to the last known address to provided by Producer." The form is signed by "JOHN Q. FARMER" and dated "DATE: []". At the bottom, it says "Page 1 of 3", "Gin Code: 70190", and "Farmer: John Q". A "Quick Links" button is in the bottom right corner.

"We probably have less members logging on from a desktop and more members logging on from a tablet or mobile phone," said Charley Triplett, PCCA Vice President of Member Services. "I think this update will benefit our growers and make the layout easier to follow."

The new Member Access will allow our grower-owners to easily view their information any time, anywhere and is also a pilot in developing new technology for other PCCA services in the future.

"We will see much more development of true mobile apps instead of web screens that you can read on a phone or mobile device," Tubb said.

Though the update will bring about many changes, the features Member Access provides will remain, including gin account information, invoice statements, the PCCA check register, patronage statements, and more. For any questions or concerns on this update, please contact your PCCA member services representative. 🌱

La Feria's Legacy

Rita Schreiber

STORY AND PHOTOS
By Jayci Cave

La Feria Co-op Gin in the Lower Rio Grande Valley was founded in 1950 by farmers who came together for a common purpose. While the gin has faced adversities over the years, one thing has remained constant and true – Rita Schreiber. As the office manager, she has been a beacon to the co-op's grower-owners. To this day, anyone who enters the gin office will leave with their day a little brighter. Her passion, attitude and love are contagious to all who cross her path.

Ed Landry, La Feria Co-op Gin Manager, who has worked with Schreiber for around 30 years, said she is a vital part of the gin and the community.

"I think the fact that she is just here every day and available to the people if they want to come talk to her," Landry said. "I think people in the community respect her and her family."

Schreiber began part-time at the gin during the summer while attending high school. After high school, she went to college and obtained a business degree. Following college, Schreiber taught school for a while.

"After college I taught in Harlingen at a Catholic school," Schreiber said. "I taught at a rural school in Santa Maria and then went back to work at the gin part-time. In 1960, the manager took another job, and the board wanted somebody to sit there, so I sat there, and I am still sitting here."



Even after all of these years, Schreiber still looks forward to coming to work every day. She said she is often asked if she gets tired of doing the same thing every day.

"I say no because there are no two years that are the same," Schreiber said. "Every year is different. There have been changes to the way you market cotton, which now we do it through PCCA, but at one time we had to do it by hand. Everything was written in the bale books by hand, and I hired my nieces that were in college and other high school girls to help them get summer jobs." Landry said Schreiber helps keep him on the right path.

"She is conservative, and you always know that her job is going to get done," Landry said. "You may have to worry about other areas, but you don't have to worry about that area. You know it is going to be done right. She may drive you crazy looking for that last penny, but she wants to know where it's at. She is a real pleasure to work with."

Former La Feria Gin Manager and producer, Steve Lievens, said Schreiber made his job easier and taught him a lot about cooperatives.

"A lot of times when I was not here, I could depend on Rita and her staff to take charge," Lievens said. "I never had any doubts at all whether I was out of



town or if I had gone into town for a small errand, if someone came in and they wanted to know something, Rita could answer it. She was my right-hand person and she is the best ambassador that La Feria Co-op could have."

Schreiber said she has always had an interest in cooperatives and enjoys working for one because it truly is the farmers' business.

"My favorite part of working here is visiting with the farmers and dealing with all of the challenges," Schreiber said. "It is their business, and they get their money from ginning here. Some don't understand that it is not privately owned. They own the gin, and they get dividends, and they get good pay if we have a good year." Lievens also believes in the cooperative model.

"I think farmers should be members of co-ops because you can build anything here at the co-op," Lievens said. "They are good for the community, too. I think co-ops are strong and will survive down here. When they are run properly, there is no end to what they can do."

One of the biggest adversities La Feria Co-op has faced was moving the gin from inside town in 1991. Schreiber said as the town grew around the gin, the dirt from the gin became a problem.

"When they took the press out of the old gin and moved it to this gin, it was a really exciting time," Schreiber said. "It was the only part they moved. They had to bring the press about five miles out here, and that press is still in the gin." Landry said after building the new gin, the co-op faced some challenging crop years.

"About four years into the gin project, we had the big army worm disaster," Landry said. "That year, we thought we would gin about 20,000 bales, and we only ginned about 2,000. That was true for most any gin in the valley. We had to get past that, and in 2008 we had to get through the hurricane year."

Schreiber knows all too well the challenges farmers face year after year. She grew up on a farm.

"My dad ginned cotton there, and I went with him to the gin many times," Schreiber said. "So, it has been kind of a community or family. My family still farms and they bring their cotton here. They are very cooperative minded."

While she knows she cannot do much to change the circumstances farmers face in difficult years, Schreiber tries to encourage her farmers whenever she can.

"Just have faith and just keep at it," Schreiber said. "I don't know how to encourage them, but they have to have faith in the Lord and it works out. Continue hoping for another big year." 🌱



Ed Landry and Steve Lievens look on and reminisce about their times at La Feria coop as Rita thumbs through the pages of an old photo album.



THE COOPERATIVE ADVANTAGE

Through the Eyes of Experts

BY TAYLOR WORD

Members of the agricultural community have a special bond unlike anything else. When a fellow neighbor faces difficult times, it's no surprise that the community bands together to finish their crop, cook their dinners and provide moral support to their friends in need. Farmers possess a grand sense of togetherness and loyalty to one another; supporting each other in their business relationships as well as personal ones.

Farmers gin together, market their crops together, and provide security to each other when they use cooperatives. When farmers invest in a co-op, any potential risks are minimized and help provide aid when bad years come around. Co-ops help farmers get through tough times because they smooth out the highs and lows of the market, and each farmer will get the same price for their crop no matter the size of their operation. Co-ops provide members a voice in what happens to their cotton and reap the benefits of their investment each and every year. Executive Vice President of the Texas Agricultural Cooperative Council Tommy Engelke (TE), and Roy B. Davis Professor of Agricultural Cooperation John Park Ph. D. (JP), at Texas A&M AgriLife Extension Service discuss the cooperative advantage.

Q: WHY IS IT IMPORTANT FOR FARMERS TO WORK TOGETHER IN A CO-OP?

TE: It is just like another implement to a farmer. It is another tractor. And many farmers belong to several co-ops. It's just an extension. This has been in the history books about business model 101 for co-ops for years. It's an extension of the farmer's enterprise. Like another tractor or another plow, it's a tool for them to use out there in their enterprise called farming.

JP: An individual farmer is unable to influence the price of a commodity, and by combining with other farmers by joining a co-op allows them to have the market power needed for a better price and capture other profits as value is added to production. These are things farmers can't really do by themselves, but as an owner of a value-added business they would greatly benefit from it. Because of that, I think we will always have co-ops.

Q: WHY DO YOU THINK CO-OPS ARE SUCCESSFUL?

TE: There are not as many co-ops as there used to be, but the market share in co-ops is on the way up. The profit made from these operations, whether it be Ocean Spray, PCCA, Land O'Lakes or Sunkist, at the end of the day are returned back to the producers, the farmers who own the business. They actually retain some of those funds for growth in the future. The farmers are the owners and that is the amazing story here.

JP: When the market place is not necessarily serving the needs of the business, there's four basic strategies that help with any business. They would be to add value, focus on the end user, cut cost, or control price. A cooperative does all of those things for the member. So, for farmers to come together collectively, they do have some control over their destiny and even over price to a degree. As long as that degree is beneficial to the market place, co-ops have a right to participate and to provide that service.

Q: HOW WOULD YOU ENCOURAGE CO-OP MEMBERSHIP?

TE: One of the big things that's not recognized by many people today is a co-op is a risk reducer. You're taking a product, you're taking an industry and you're spreading that risk. One former president said you can't turn agriculture on one day and off the next, and it is very true in a very high-dollar, high-risk business like agriculture. So in the co-op business model, you are sort of in it for the long haul. In marketing, if you're in one day and you're out the next day you are not going to be a very effective marketer. It takes a long-term commitment, and with that commitment comes stability.

JP: Just by being a member of a co-op cotton gin, you are already the member of other co-ops because the cotton gin is going to be a member of say the oil mill or the compress. If you can imagine the benefit of already being the member of your local co-op, then realizing that you expand out. All the local co-ops are then members of other co-ops and that impact just ripples out in the market place. So we have larger services that we definitely couldn't provide on an individual basis. Say with marketing or warehousing, processing of oils and selling those oils as branded products even on the market place. That's something an individual farmer couldn't do, but those things take larger scale in order to make them profitable.

Q: HOW DO CO-OPS BENEFIT THEIR MEMBERS FINANCIALLY?

TE: A good, balanced co-op operation comes with expertise. You have all these cotton gins out there but when you have expertise, if it's the seed business it's PYCO, if it's marketing it's PCCA, then you have more success. It's all dependent on where you want to go with your operation. It is just another element that these regional co-ops provide; expertise in a very high-dollar and high-risk business.

JP: Times of low prices lead to times of high prices and vice versa. The trick is to survive between those. If all we are looking for is a quick solution to always have a high price, that isn't what is going to happen. The markets don't work that way. A cooperative helps capture some of those profits an individual farmer would not be able to capture. In times of low prices, the next level of processing is going to have a low input price, which is bad for the farmer but it might be good for the processor. If the farmer owns part of the processing, that is a good thing. In the co-op system, you can recapture part of those profits so in the end, those absolutely balance out.

Q: WHY ARE COOPERATIVES IMPORTANT TO THE COTTON INDUSTRY?

TE: I think for farmers, one of the things that co-ops provide all the time is that we have a dependable place for our commodity. If I am a farmer in West Texas, and I am raising cotton, as an example, it is very comforting to know that I am guaranteed a place to market my cotton. I am guaranteed a place to store my cotton. I am guaranteed a place to gin my cotton if I am a part of the co-op system. If you are along the Gulf Coast and you have hurricanes to deal with and you have all kinds of market fluctuations, it is nice to know you have a guaranteed home for your product.

JP: Think about cotton production on the High Plains versus cotton production down on the Coastal Bend where hurricanes come in and threaten the crop. It could be the wrong time of year, and it could be a great risk to cotton. It is very important that we have businesses that are not just there to make money to gin or warehouse cotton but are there to understand opportunity cost of the farmer. I now have a business that will take my cotton when it is wet. I have a place to go to market my cotton and someone is going to be more understanding of how it fits in with my needs. Sometimes a co-op sounds bad because it sounds like they are not maximizing profit. Sometimes they may not be maximizing the co-op profit, but they may be maximizing the member profit. That is sometimes the difference in a bad year. 🌱



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