



COMMENTATOR

PLAINS COTTON COOPERATIVE ASSOCIATION | SUMMER 2019



GRIT AND GRACE: LEE ANNE HUTTO-POWELL

FAMILY COMES FIRST – THE JORDAN FAMILY’S STORY

UNDERSTANDING BOOK CREDITS

RESPECT, RESPONSIBILITY, RESILIENCE – CORNERSTONES OF FFA FOR 90 YEARS

COMMENTATOR

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Grit and Grace: Lee Anne Hutto-Powell



**Family Comes First –
The Jordan Family's Story**



Understanding Book Credits



**Respect, Responsibility, Resilience –
Cornerstones of FFA for 90 Years**

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On the cover...

Cotton proves its resilience as it develops this summer, as have those in the cotton industry. Read about two such individuals on pages 2 and 5. Photo by Jayci Cave.

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Kevin Brinkley

Letter *from the* President

Lately, I've spent time trying to think of an area of farming that doesn't have a high level of risk for our grower-owners. So far, no risk-free activity has come to mind. The fact that our growers continue to adapt their operations to address all of the expensive and risky factors they face each year requires faith, ingenuity, and persistence. We take our cues from our grower-owners.

The past year has been full of challenges. Even as I write this letter, the trade flow for U.S. cotton is changing. The United States' share of China's cotton market has fallen dramatically due in large part to the impact of tariffs placed on U.S. cotton by China. With two months left to report in the marketing year, it's unlikely that the U.S. will even capture 20 percent of China's 9.3 million bales of projected imports in 2018-19.

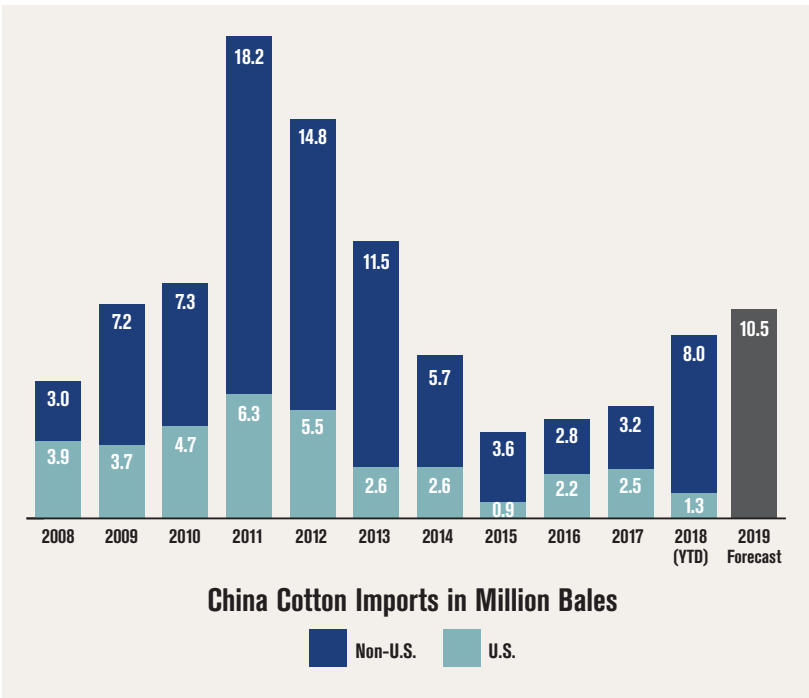
With China using one of every three bales in the world, the impact of losing access to a significant share of that market means we are looking to develop new markets for cotton produced by PCCA's growers. That work has already begun.

Meanwhile, there are a number of positive developments regarding production and processing. PCCA is now making available its Module Tracking system to all gins in our network. This technology-driven feature uses the physical location of each module to help gins move seed cotton from the field through the gin faster and more accurately. The benefit of this efficiency is getting cotton to the market quicker.

Finally, as we look toward the future the outlook is still bright. According to Cotton Incorporated, a modest per capita growth rate of 1.55 percent annually will result in more than 150 million bales of cotton consumption annually by the year 2030. Currently, world production is around 120 million bales. We look forward to working with you to help supply the world with high-quality, U.S. cotton.

Sincerely yours,

Kevin Brinkley
President and Chief Executive Officer



Grit and Grace

LEE ANNE HUTTO-POWELL



Born and raised on a 2,800-acre sheep ranch near Del Rio, Texas, in the 1950s, Lee Anne Hutto-Powell has spent her whole life in the world of agriculture. Best described as a woman with as much grit as she has grace – she can do anything she sets her mind to, including running a farming operation with her husband, Larry Powell, in Tom Green County, Texas. With determination, endurance, and a heart most only dream of having, Lee Anne is a one-in-a-million kind of person.

**Story and Photos
By Blair McCowen**

A WORKIN' GAL

Growing up 30 miles from the nearest town with her brother and sister, Lee Anne learned first-hand how to work hard and make a good life.

"We didn't have radio, we didn't have television. We did have some play, but we mainly just worked," she said. "I just feel so blessed to have been born into a ranching family and then married into a farming family. I am so blessed, it is just the best life. It is because of growing up in those places that made me who I am and what I think and believe in life – growing up on a farm and ranch has influenced that."

On the Hutto ranch, being a girl was no excuse to escape work. Lee Anne and her sister were both taught from a very young age they could do anything their brother could do, whether that was working sheep or roping calves. This lesson was learned thanks to their father, Toots Hutto, who Lee Anne said was her biggest role model.

"I think my daddy had the most influence on me. He had a big personality," she said. "He taught me so many things, and one of them was hard work. My sister and I, they never let us think that we didn't have to do something because we were girls. We were expected to round up and we were expected to help mark our lambs and be in the pens. We did everything. There wasn't one thing I didn't think I could do, and to this day there's still not one thing I don't think I can do."

After the chores on the ranch were done, Lee Anne would often head to rodeo practice in the evenings. Despite being a breakaway roper, she would go the full nine yards in practice to keep her horse in good habits for competition.

"We were required to rope our calf, get off and tie him down just like my brother did," she said. "We were expected to do just what the guys did."

THE WINDS OF CHANGE

As the years went by, Lee Anne married and had two children, Shelley and Sloan, and moved to Coahoma, Texas, near Big Spring. It was there that she was first introduced to row-crop farming on her father-in-law's operation. When her husband was away at rodeos, she would help her father-in-law on the farm, putting to good use the skills she learned from her ranching childhood.

"I worked hard and helped his dad farm and do things," Lee Anne said. "I learned how to mechanic and I learned how to drive a tractor, all the while raising my children."

After some life changes, Lee Anne later moved to San Angelo, Texas, with the kids and went to work for the local Farm Service Agency office. Shelley and Sloan showed sheep from her father's ranch through the local 4-H program and participated in sports during their time at Wall Independent School District. Life was simple for a while. When the year 1995 came around, though, the winds of change started to blow.

"In 1995, it was the worst year ever around here," Lee Anne said. "We had a tornado that took out crops and roofs, and then a hail storm, then the beet army worm wiped out the crop." As she continued, fighting back tears, she said, "Then my son, Sloan, he had just barely turned 16 and was killed on a trampoline."



Photos courtesy of Lee Anne Hutto-Powell.

During this difficult time, it was Lee Anne's past that helped her stay strong. Her father's oldest brother and her uncle, Ray Hutto, gave her advice at the funeral that helped shape her future.

"He came up to me after the funeral after we buried Sloan, he put his arm around me – he was this big, rough man – and he said, 'Lee Anne, this is the hardest thing you are ever going to have to deal with, but you can handle it, you are a Hutto.' He said you grew up on a ranch, you know about life, you can do this, you are tough," she said reminiscently.

It was this advice that proved to be pivotal in Lee Anne's life. Rather than turn to darkness in this time when it would have been easy to do so, she chose to keep going.

"I just picked up and said yeah, I can handle this, because there wasn't one single thing on earth I could do to bring him back," she said. "I was able to deal with it because of growing up on a ranch and being around the people that I had been around. I am just so thankful for the memories, and we still keep Sloan's memory alive."

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“Just grab hold of it and learn as much as you can from the people you are around and be appreciative of what you have and pay it forward.”

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TIME MARCHES ON

Things got better for Lee Anne as time passed. Her work at the FSA office in San Angelo led her to meeting Larry, a local farmer and PCCA grower-owner. After dating and marrying years later, Lee Anne stopped working at the FSA office to help Larry with the farming operation.

“I wanted to do whatever I could to make his life easier,” Lee Anne said proudly. “We are small-time farmers, we jokingly say we are hobby farmers. All we have now is about 500 something acres of cropland out of about 600 acres. We do all the work ourselves.”

Lee Anne has worn many hats when it comes to carrying out farming responsibilities on their operation, from running the module builder and cutting stalks to driving the grain truck when they had milo, and everything in between. She also takes care of the books on the farm, certifies their crops at the FSA office, and handles their crop insurance.

“I love it. It is the challenge of it, there’s nothing I can’t do. I think I can do anything,” she said. “I just want to make life easier for my husband. We enjoy working together. We laugh about it because he says I don’t know how I ever farmed all those years without you, because he lets me tell him how to do it.”

Even though Lee Anne no longer works in the FSA office, she has still been able to keep her ties to the organization strong. Roughly 10 years ago, she was the first woman in Tom Green county to be elected to the FSA County Committee. She is currently serving her second term, bringing valuable advice and experience to the committee.

Also helping Lee Anne and Larry keep their operation going strong is the cooperative system, including Lone Star Farmers Co-op Gin (formerly Miles and Mereta co-ops) and PCCA.

“It is farmers serving and helping farmers, and they are dependable,” she said. “That’s who we enjoy doing business with, and we wouldn’t even dream of taking our business anywhere else.”



A WAY OF LIFE, A LEGACY

“I don’t see the work we do as being challenging,” Lee Anne said. “I mean it is work, but it is just a fact of life. We don’t have the fancy equipment or the newest equipment, but we have made a great life. We still work on all of it, and whenever Larry can’t fix it anymore that is when he will retire. I am just proud of the fact that we can do all of this, just the two of us.”

Lee Anne said even though her children and grandchildren probably will not come back to continue the farming operation, what is most important to her is not the land or the crops, but that she has left a legacy worth remembering.

“You know, I have thought about this a lot,” she said. “We have left our kids and our grandkids a legacy of hard work. The things that we learned growing up on the farm and ranch and the good qualities we have, we have passed that down to our kids. Even if they aren’t farming and ranching, they are still good kids. They are honest, they are hard workers, they are compassionate, and it is because of our lifestyle. So even though they won’t be farming and ranching, they will still be carrying on our legacy in some way.”

For the younger generations coming up in the farming and ranching world, Lee Anne offered some advice.

“Very few people in this world are farmers and ranchers, and it is just this opportunity to have this blessed, full life around amazing people,” she said. “Just grab hold of it and learn as much as you can from the people you are around and be appreciative of what you have and pay it forward. Learn as much as you can and then pass it on to the next generation. Just be in the moment and love what you are doing, and if not, try to find something else. Life isn’t long, its short.” 🍷

Family Comes First

THE JORDAN FAMILY'S STORY

SEPTEMBER 1, 2018 - A DAY THE JORDAN FAMILY WILL NEVER FORGET. WHAT BEGAN AS A SEEMINGLY NORMAL DAY QUICKLY TOOK A TURN FOR THE WORSE. APPROACHING A YEAR LATER, THE ROAD TO RECOVERY CONTINUES.

High school sweethearts who have been married for almost 20 years, David and Kristi Jordan, reside in Lubbock, Texas, and have two children, Will (12) and Lizzie (8). David is self-employed at David Jordan Homes, a custom home builder in Lubbock, and Kristi is a former PCCA employee and current Office Manager at Ropes Co-op Gin, with 20 years of experience in the agriculture industry. Kristi said she loves working in the cotton industry and is very fond of the people in it. Throughout the last year, the Jordan family came to know first-hand the love and generosity of the people in the cotton industry as they supported them in their time of need.

On Labor Day weekend 2018, the Jordan family had just finished watching the first Texas Tech football game of the season and were preparing to go dove hunting with family near Snyder, Texas. Kristi and Will went to get an ice chest to take with them and were bringing it up to the house in the ranger ATV. It was then, Kristi said, it was like the accident happened in slow motion.

"Will said he wanted to drive, and he drives the ranger all the time," Kristi said. "We drove it around to the back and there was just a little pile of gravel. It had rained a lot before Labor Day last year so they had poured some gravel where it had washed out on the road. The front wheel caught some gravel and went right off into the little culvert, and the ranger literally just tipped in slow motion. I remember reaching over to grab Will and he had jumped out, and when he jumped out the roof came down and pinned his tibia. About seven inches further a jump and he would have been fine, but it pinned his tibia and split the skin."

The moments and hours that followed were hectic. Friends and family came running to help and called 911 as David lifted the ranger by himself to free Will's pinned leg, despite having a limiting back injury. Kristi's niece, an emergency room nurse, applied a tourniquet on Will's leg to help stabilize it as they waited for emergency responders to arrive.



David, Lizzie, Kristi and Will Jordan

Will would then be flown to University Medical Center in Lubbock for treatment. Kristi, who also injured her arm in the accident, would not go to the local hospital and instead insisted on following her son to UMC. Once in Lubbock, they evaluated Will and took him into surgery to insert flexible nails and sew up the skin on his leg. While Will was in surgery, Kristi had her arm checked out and discovered she had a severe fracture that also would require surgery a few days later.

After surgery, Will spent four days in the pediatric intensive care unit. Following the initial surgery, a few days later the skin on Will's lower leg began to die and he ended up needing skin grafts. After

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BY JAYCI CAVE
PHOTOS COURTESY OF KRISTI JORDAN



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consulting doctors and a skin graft expert, they chose to stay in Lubbock for the procedures rather than go to Dallas. He had his final skin graft surgery on October 12. After the skin grafting process was complete, Will contracted an infection on the flexible nails in his bone and faced other setbacks in the coming months, which prolonged his recovery. Both the need for skin grafts and the infections resulted in his leg not healing as it would under normal conditions. Kristi said the X-rays are showing progress in his recovery today. To date he has had a total of 14 surgeries and is currently in a boot with crutches and using a bone growth stimulator to help his leg fracture heal.

While Will's road to recovery has been a difficult one, this experience has not stopped him from excelling in school and in some way being involved in the things he loves. His injury resulted in him not being able to attend school during the fall semester and he instead was in the homebound school program. He was able to return to school in mid-January, slowly adding classes until he was attending full-time again. Despite his challenges, Kristi said he was inducted into the National Junior Honor Society and did very well on the math portion of the STAAR test.

Will loves all things Texas Tech and enjoys playing baseball, football and basketball. His spirits were brightened during his recovery when he received a visit from TTU Baseball Coach Tim Tadlock and a video message from TTU Basketball Coach Chris Beard. Kristi said another highlight for Will was having the opportunity to help coach a little league baseball team this season. She said through this experience she admires how strong he has been, and that he has become quite the medical guru through it all.

"I think he has taught all of us more than I will ever be able to teach him," Kristi said. "I am supposed to teach him. I don't think I could go through 14 surgeries and still come back in and let alone do my job, but excel. For him to go through 14 surgeries, miss an entire semester, and at his age miss the social part of his friends, he is a very active kid. I admire the fact that he has kept his mental toughness up there. He definitely has down times, there is no doubt. I don't think I would have the same attitude he has if I were 10 months into this and still needed crutches and not being able to do all the things that you do all day every day."

One thing Kristi said she hopes her son will realize one day is that while this has been a long, challenging recovery, he will get back to normal.

"At this point it all has to be progress, because he has had every infection I think you can have," Kristi said. "I am hoping by the end of this he will realize it wasn't immediate, but we did get him back to where he left off. It may have taken some time, but he is 12 and has nothing but time. I feel like it all happened for a reason, and if it was to put his focus on medical stuff, I mean he may come up with some great invention to make IVs not hurt us anymore and something where they don't have to wake you to take your vitals. It happened for a reason, I don't know what that reason is. I may never know, but he has taught me a lot."

With each setback or challenge, Kristi said she feels like this is the first time she and her family have really faced true adversity, and it has taught her how many things she does not have control over.

"As a mom you want to say I put sunscreen on my kids. I make sure their teeth are brushed and they go to bed at a decent time so that they wake up at a decent time so they are their best in school," Kristi said. "Through this whole

thing I have realized I have no control. I have no control over his healing. You can do whatever you do at home, but I still can't make bones grow. So, I think that is why I say this is the first year that I feel like we have gone through actual adversity."

She said she now understands what farmers face each and every day as they are trying to produce a crop.

"I feel like our farmers face that adversity every single year and every single day," Kristi said. "Every single storm that pops up and every single storm that doesn't pan out, and I feel like I understand now that is something completely and 100 percent out of their control. I feel like that this is the thing I admire about them most, because this year out of all the years I think there's a lot of things not in my control and you could literally cry about it, but I think the thing I learned from them is that it is not an option. So, move on to plan B, C, D, or E, or however far down the alphabet you need to go."

Not only does Kristi learn from and admire the farmers she has the pleasure of working for, she also said she truly felt their compassion as they stood by her family this year. Both the community and Ropes Co-op Gin were very supportive and understanding of the Jordan family. Kristi said most of the gin's board members even came to visit them in the hospital just days after the accident. From visits to being flexible with her work schedule, Kristi said they could not have done more to be there for her.

"They were all extremely supportive," Kristi said. "They showed up with food and snacks. They were understanding about it, so I was very worried about making sure stuff was still done at work. They only get one time a year to harvest and when their crop was ready, it's ready. I didn't want them to ever say it is time to market my cotton, where is she? They work all year long for that one time to get paid. I didn't want something with us and our personal life to be anything that interfered or caused them a problem getting paid."

Kristi's dedication to her family and the farmers prevailed as she worked with the gin and PCCA to find a way to be able to help her customers, even if she was not in the gin office. Not only did Kristi try to keep things running smoothly at work, she also said they tried to keep things as normal as possible for her family.

**"SO, MOVE ON TO
PLAN B, C, D, OR E, OR
HOWEVER FAR DOWN
THE ALPHABET YOU
NEED TO GO."**

"During all of this when we realized this wasn't just a couple of days in the hospital and then we go home," Kristi said, "we tried to do as much as a family as we could. We didn't necessarily want to take Lizzie up to the hospital and risk her getting sick, but we would at least try to have dinner together every night in the hospital."

Lizzie has also been a caring sister and very conscious of Will's limitations and wants to make sure he can be included in activities, Kristi said.

"In the beginning Will was on lots of medicines," Kristi said. "We literally had to get a med sheet and Lizzie wanted to be the one to get his pills and take them to him with water. It's funny because she loves animals and she always says that she wants to be a vet. I assumed she knew what a vet was. Through all of this if Will was in a bad mood she would say, 'And that's why I want to be a vet, but for animals and not people.'"

Family always comes first. While the last year has been quite the ride, the Jordan family has come through the challenges and are stronger for it. Thinking back to her time at PCCA and when she became a new mom, Kristi said Lonnie Winters, PCCA's former VP of Marketing, gave her some advice that has stuck with her and helped her through the years.

"I just remember Lonnie sat me down and told me if you will keep one thing straight, the rest will work itself out," Kristi said. "He said, 'Every one of us is replaceable, me included. You are replaceable at work, but you are not replaceable as a mom. You're the only one he's got. So that comes first and the rest will fall into place.'"



COTTON contamination

BY BLAIR MCCOWEN

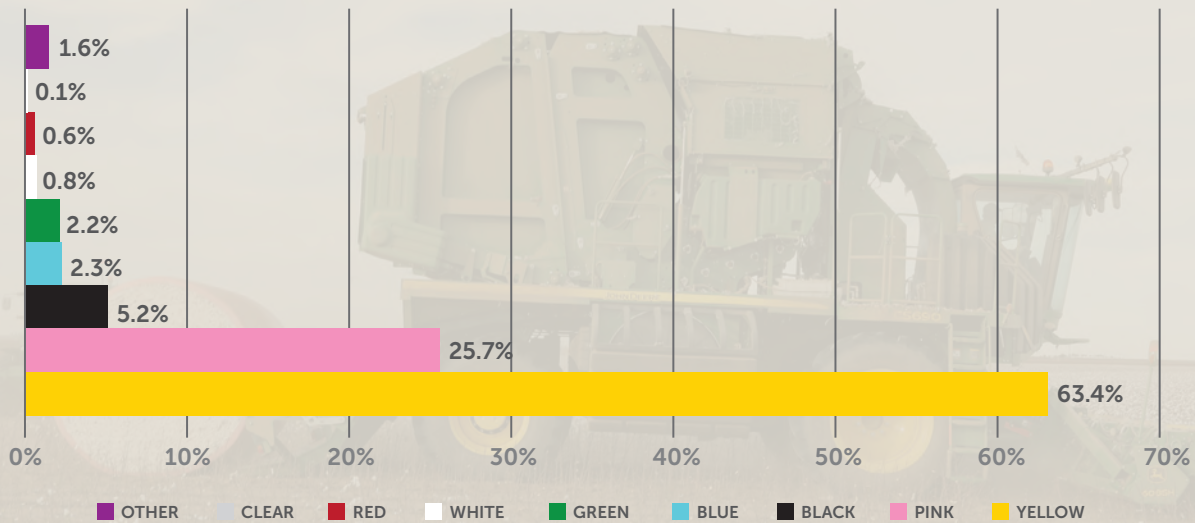
WHY IT IS AN IMPORTANT ISSUE

What if there was an issue at hand that was almost entirely preventable, and was decreasing the value of farmers' hard-earned production and harming the reputation of U.S. cotton worldwide? What if there were solutions to help solve the problem that only needed to be adopted?

Cotton contamination in the United States is an issue that has quickly worsened over time. While it comes in a variety of forms, the most prominent is plastic contamination from trash, litter, and module wraps. In order to protect U.S. cotton's reputation of being one of the cleanest and highest quality fibers in the world, there is an urgent need for each step of the supply chain to work together to help eliminate contamination before the fiber reaches textile mills. U.S. cotton is marketed as a premium, value-added product, and it is important that this is the type of product delivered to customers. As the National Cotton Council states in its Prevention of Plastic Contamination video series, price is not the only opportunity for producers to add value to their crops – an equally important part is delivering on brand promise.

Most often, plastic contamination unintentionally occurs at the farm due to faulty module wraps or trash that is blown into the field and picked up by machinery during harvest. The NCC reported in 2017 that the source of more than 88 percent of cotton contamination was plastic module wraps. During the ginning process, what first starts as a piece of plastic in a bale quickly gets transformed into smaller pieces that can find their way into other goods if left undetected. When the contaminated cotton reaches the textile mill and is discovered, operations must be slowed until the contamination is removed, causing frustration and costing the mill time and money. While there are research groups working continuously on methods to detect and remove the plastic contamination already in the supply chain, there are also other actions producers and gins can take to aid their efforts, according to the NCC.

2018-19 Crop - Plastic Calls by Color (thru 6.30.19)



Source: USDA

For more detailed steps on how to keep plastic out of the supply chain of cotton, as well as access to the NCC Prevention of Plastic Contamination Video Series, visit cotton.org/tech/quality/contamfree.cfm.

AT THE FARM AND GIN LEVELS

Keeping plastic contamination out of the supply chain first starts at the farm and gin. In the field, growers should check for trash and faulty module wrapping that could become a problem at the gin, and make sure equipment and machinery remain clear of any debris throughout harvest.

Ginners must work to ensure plastic module wraps are removed from the modules properly and that any other plastic is removed before the module enters the feeder. Employee training on proper ways to remove and inspect for these issues is also key to getting ahead of the potential problem.

NEXT STEPS

As this upcoming harvest season approaches, one goal for industry individuals should be to reduce the number of contaminated cotton bales entering the supply chain. More specifically, bales that have been labeled as 71-72 extraneous matter by the USDA classing office.

These bales should not be re-classed as a result of the reduction in the loan value of that cotton. In most cases, the cost of re-classing the bales does not typically bring the return on investment many hope for. Re-classing already contaminated bales also increases the chance that plastic could still continue through the next levels of the supply chain. As cotton moves throughout the supply chain, plastic contaminants could have larger adverse economic impacts for respective businesses when they are found in the manufacturing process.

"I would encourage growers and gins to utilize available resources to educate themselves on how to eliminate plastic contamination," said PCCA President and CEO Kevin Brinkley. "The National Cotton Council has put together educational videos explaining what can be done to reduce contamination issues at each level of the supply chain."

Removing plastic contamination from the supply chain of cotton is a goal that can and will be reached with each industry sector working together. Leading the charge in these efforts is the NCC Lint Contamination Task Force of which Brinkley is a member. Keeping U.S. cotton at the helm of its quality and sustainability reputation is pertinent to the strength of the industry and its grower-owners.

"The U.S. wants to continue to be a trusted source of high-quality cotton fiber to textile mills around the world," Brinkley said. "Our grower-owners are some of the most responsible and sustainable in the world, and we want to prove that we can deliver a product to the rest of the world that represents their caring and innovative farming practices." 🌱



COOP GINS

APPROACHING A CENTURY OF SERVICE

By John Johnson
Photo By Jayci Cave



A dozen co-op gins in West Texas and Oklahoma have served their grower-owners for more than 90 years. Some were founded prior to the Capper-Volstead Act that was adopted by the U.S. Congress on February 18, 1922. The Act authorized agricultural producers to form voluntary cooperative associations for the purpose of producing, handling and marketing farm products and provided them with certain exemptions from antitrust laws.

Often referred to as the second step in the cotton supply chain, these 12 co-op gins have provided economic sustainability for their grower-owners for several generations by adding value to the cotton crops they produce while preserving the legacy of family farms. They also stand as a testament to the proven, successful business model of cooperatives.

Meanwhile, the gins have provided economic support for their local communities ranging from educational scholarships, support for civic organizations and local volunteer fire departments, to name a few. They also survived the Great Depression that began with the stock market crash of 1929 that lasted 10 years and the choking dust and high winds of the Dust Bowl in the 1930s.

PCCA congratulates these co-op gins for their longevity, perseverance and service to their grower-owners. 🍌

Gin/Location/Current Manager	Year Founded
Farmers Cooperative Exchange Burns Flat, Okla. Manager Dustin Moore	1917
Farmers Co-op Assn. Eldorado, Okla. Manager Rusty Reese	1920
Farmers Co-op Society #1 Chillicothe, Tex. Manager Jimmy Barnett	1920
Farmers Co-op Gin - Grandfield Grandfield, Okla. Manager Jo Ann Rollins	1923
Farmers Co-op Gin - Carnegie Carnegie, Okla. Manager Jeannie Hileman	1925
Farmers Co-op Gin - Childress Childress, Tex. Manager Benny Poe	1925
Farmers Co-op Society #1- Wellington Wellington, Tex. Manager Kim Martindale	1927
Lakeview Farmers Co-op Lakeview, Tex. Manager Dusty Byars	1928
Tri-County Co-op - Dodson Dodson, Tex. Manager Jeff Camp	1928
Midwest Farmers Inc. Clinton, Okla. Manager Rodney Sawatzky	1928
Humphreys Co-op Gin Altus, Okla. Manager Jantz Bain	1928
Western Planters Co-op Lone Wolf, Okla. Manager Kenneth Hahn	1929



Understanding BOOK CREDITS

As a grower-owner of PCCA, you share in the profits of the company. The money that is paid back to the membership is done so by way of patronage dividends. As your cooperative sends out year-end patronage dividends, information regarding dividends, book credits and retirements seemed fitting for this issue.

WHAT ARE BOOK CREDITS AT PCCA?

Book credits are a grower-owner's investment in PCCA. It is money that is held as equity on the balance sheet of the co-op. Holders of book credits or equity at PCCA, or any cooperative, are owners of that business.

WHAT IS AN ALLOCATION OF BOOK CREDITS?

How are book credits, or equity, created? At the end of each fiscal year, any margins remaining after all expenses are paid are allocated as a patronage dividend back to the members that patronized PCCA during that fiscal year. PCCA's fiscal year ends June 30.

Each year, a financial audit is completed to validate the results of the fiscal year. Then PCCA's Board of Directors determine how much the year's dividend will be. That dividend is allocated back to the members/users of PCCA on a patronage basis. This means the amount of the total dividend each member receives depends entirely on how many bales of cotton or pounds of lint he or she markets or stores with PCCA during the year.

Patronage dividends are allocated separately for each division of PCCA. The divisions at PCCA are: Marketing, West Texas/Oklahoma/Kansas Pool, South Texas Pool and Warehousing. Each member's dividend is calculated according to their level of patronage in each division. This results in each member having a book credit balance only in the divisions he or she utilizes. Dividends are allocated on a per-bale basis for the Marketing and Warehouse divisions. The dividends for both pool divisions are allocated on a per-lint-pound basis.

Each year's patronage dividend is issued to payees as part cash and part book credits, or equity. These book credits are your investment in PCCA. They are yours and have your name on them. They represent your ownership in PCCA, and the goal is to retire or pay them to you in the future as future years' margins allow.

HOW ARE MY BOOK CREDITS USED AT PCCA?

Cooperative book credits are treated as equity on the balance sheet of PCCA. It is money from prior year margins that the owners have invested back into the company. PCCA uses this money for operating funds and capital expenditures. Every business must show some level of equity to remain viable to business partners, lenders, etc. In a cooperative, part of that equity comes from retaining this portion of the yearly dividend allocation.

BOOK CREDITS AND TAXATION

With a cooperative patronage dividend, the cash portion is always taxable and will be included on a form 1099PATR issued to the payee/member in January following the year the dividend was paid. The book credit portion of the dividend is also taxable, however, when it is taxable can differ depending how the book credits are issued. If book credits are issued as "qualified" it means that amount of money is taxable in the year it is issued to you as a dividend. So, if you receive a dividend in 2019 that totals \$200, and is paid to you as \$100 cash and \$100 qualified book credits, you will receive a 2019 1099PATR from the co-op totaling \$200. In other words, you pay income taxes on the entire patronage dividend amount, the cash and the book credits in the year the dividend is issued. When that \$100 qualified book credit is retired to you in a future year you do not pay taxes again on those dollars. If the 2019 \$200 dividend was issued as \$100 cash and \$100 "non-qualified" book credits, the resulting 2019 1099PATR would only be for the \$100 cash portion. The non-qualified book credit amount is not taxable to the recipient until it is retired or paid in cash to the member. So, if that non-qualified book credit that was issued to the member in 2019 is retired, or paid, to the holder in a future year, they will receive a 1099PATR in that year for \$100. So that member was taxed on the \$100 cash portion of the dividend in 2019 (year of issue) and they were taxed on the \$100 non-qualified book credit portion in 2026 (year of retirement). Remember, when it comes to cooperative book credits you receive a 1099PATR and pay taxes only once, either when the book credit is issued (qualified) or when the book credit is retired to you (non-qualified). Currently all book credits at PCCA have been allocated as qualified with the exception of the 2013 crop year, which was allocated as non-qualified. Because PCCA, like any cooperative, must report patronage dividends to membership on the IRS form 1099PATR we must have each member's correct social security number or entity tax ID. This is also why we must have a signed IRS form W-9 on file for each member.

WHAT IS A BOOK CREDIT RETIREMENT?

As long as a cooperative is financially healthy, it does not hold members' book credits or equity forever. Each year, PCCA's Board of Directors decide how much of member's book credits to retire.

PCCA's Marketing and Pool divisions use a revolving equity cycle to retire book credits. Under a revolving cycle, the oldest outstanding equities by crop year in each division are retired first. A crop year's equities can be retired in total, or a percentage of the total. In this manner, the equity for these divisions is provided by those individuals that have most recently patronized the cooperative.

The Warehouse Division utilizes a base-capital plan to accumulate and retire equities. The base capital plan uses average deliveries and a per-bale equity amount to establish an equity target for each member delivering to a PCCA warehouse. Any book credits accumulated over the equity target by member is then retired on an annual basis. Due to the variability in production in the Warehouse Division trade territory, the base capital plan provides more equitable method to finance the long-term assets required by these operations.

CAN I GET AN EARLY RETIREMENT?

At PCCA, the book credits to retire are set by the Board of Directors at the end of each fiscal year. Typically, early retirement of a member's book credits is not allowed.

WHAT HAPPENS WHEN I QUIT FARMING/OWNING LAND OR AM NO LONGER AN ACTIVE MEMBER OF PCCA?

If you retire from farming and/or stop being a landlord, or in any other way stop being an active member of PCCA, the book credits you have earned and invested in the co-op stay in your name. When your years' of book credits are up for retirement, a check will be sent to you.

WHAT HAPPENS TO MY BOOK CREDITS IF I PASS AWAY?

When a member of PCCA passes away, any book credits he or she has accrued can be handled in one of two ways. They can either be transferred to the heir(s), or they can be paid out to the heirs of the deceased member. If a transfer is desired we need a copy of the death certificate, letters testamentary, and instructions from the executor stating who to transfer the book credits to. If a payout of the deceased's book credits is desired, we will need a copy of the deceased's death certificate, letters testamentary showing who the executor of the estate is, and instructions from the executor as to how the payout should occur. Payouts of a deceased member's book credits is limited to the greater of 1/5th of the value at date of death or \$5,000 on an annual basis.

Book credits are your investment in PCCA from prior years' patronage, and your name is attached to this balance. For this reason, please keep us informed of any change in address you have. PCCA sends patronage and book credit balance information to all members each year in September. Up-to-date contact information is vital to PCCA's communication efforts with the membership. If you ever have any question regarding book credits or member equity, please call PCCA's Cotton Services Department.

Finally, if you are a grower-owner of PCCA, please remember that our Member Access System is a very useful tool. Member Access will show patronage levels by crop year, patronage dividend statements in summary and detail form, book credit/equity balances, and IRS form 1099PATRs issued by PCCA. All of this information can be found under "Ownership Statements" within Member Access. You can get to Member Access by going to services.pcca.com/MemberAccess. If you need any assistance with Member Access or setting up an account, please give us a call. 📞



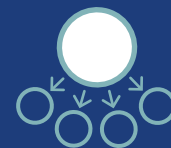
You market or store your cotton through PCCA throughout the year.



At the end of the fiscal year, any margins remaining after all expenses are paid are allocated as a patronage dividend back to the members that patronized PCCA.



This dividend is allocated back to the members of PCCA on a patronage basis - meaning the amount the member receives depends entirely on how many bales of cotton or pounds of lint he or she markets or stores through PCCA during the year.



Dividends are allocated separately for each division of PCCA. The divisions are Marketing, West Texas/Oklahoma/Kansas Pool, South Texas Pool and Warehousing.



Each year PCCA's Board of Directors decide how much of members' book credits to return to membership as stock retirements.

Respect, Responsibility, Resilience

CORNERSTONES OF FFA FOR MORE THAN 90 YEARS

One of the vital and renewable resources found in the four states served by Plains Cotton Cooperative Association is our youth, and many programs exist to prepare them to be the leaders of tomorrow. One of those is FFA which sets them up for success beyond high school by preparing them to enter the workforce or pursue post-secondary education. The organization's core values of respect, responsibility and resilience have stood the test of time and remain as relevant today as they were when FFA was founded in 1929.



By John Johnson
Photos courtesy of
Aaron Alejandro



The process begins in high school with agricultural science classes that encompass much more than just farming and ranching because today's agriculture involves science, research, design, business principles, and marketing to name a few. FFA is where advanced classroom concepts, including science, technology, engineering and math (STEM), come to life in the real world. FFA also is about inclusion, ethics, integrity, character, passion, excellence, service and community.

"Our youth represent the future of agriculture ... the food, fiber and protein for a hungry world," Texas FFA Foundation Executive Director Aaron Alejandro said. "Here in Texas, we have a record enrollment of almost 200,000 students in agricultural science courses, and almost 129,000 of them are members of Texas FFA. We strive to empower their dreams, provide scholarships, embolden leadership development and professional networks because it is the right thing to do." The Foundation reports 1,060 FFA chapters are in public and some private schools in Texas with 2,500 agricultural science teachers, 40 percent of whom are women.



One means of empowerment is financial support for students of agricultural science and FFA members. Each year, the Texas FFA and Texas FFA Foundation facilitate the distribution of more than \$2.3 million in scholarships thanks to the generosity of sponsors who believe in the organization's programs. The awards range from \$1,000 to \$20,000 from one-time prizes to four-year awards. Recipients are awarded based on their academic and FFA achievements as well as their performance during interviews. The Foundation also helps provide support to agricultural science educators.

"Being there for kids and having a meaningful impact is the reason our teachers work so hard, but sometimes the challenges can be overwhelming," Alejandro wrote in the Texas Lone Star, a publication of the Texas Association of School Boards in August 2018. "The impact these dedicated professionals have on our youth is boundless, which is why the Texas FFA Foundation and Vocational Agriculture Teachers Association of Texas have partnered to find innovative ways to encourage our teachers."

"In addition to the annual summer Professional Development Conference planned and conducted by VATAT, The Texas FFA Foundation hosts an annual LEAD Experience, a groundbreaking week-long traveling leadership event that focuses on leadership, education, agricultural science and professional development from proven leaders in

target areas," Alejandro wrote. In 2019, 36 teachers traveled more than 1,200 miles to 14 locations throughout the state during the week to hear from 45 presenters. During the event, the teachers had an opportunity to network with executives from Ford, La Quinta, DISH, McCoy's Building Supply, Texas Farm Bureau, Ducks Unlimited, CEV Multimedia, United Ag Coop and others.

"We have to compete for the minds of students and teachers to benefit their communities and our interests in agriculture," Alejandro said. "The United Nations projects growing populations will require an 80 percent increase in food production by 2050, which must be accomplished with the same amount of land we have today. The UN also says 70 percent of the increased production must come from technology that improves and enhances efficiency, which is why agriscience is so important. Science and technology developments

engineered by tomorrow's thinkers can enable food producers to provide more high-quality products using fewer natural resources." Alejandro also notes social media has become the number one source of information about food.

"Pop culture icons like Lady Gaga, Britney Spears and Justin Bieber have more twitter followers combined than the populations of five countries," he said. "This is why we need consumers, voters and legislators better informed about agriculture and support sound policy, and it starts with our students and teachers. Abraham Lincoln once said, 'the philosophy of the schoolroom in one generation will become the philosophy of government in the next.'"

"The impact these dedicated professionals have on our youth is boundless, which is why the Texas FFA Foundation and Vocational Agriculture Teachers Association of Texas have partnered to find innovative ways to encourage our teachers."

When Alejandro was hired by the Texas FFA Foundation in 2000, the organization's total annual budget was \$208,000. Today, the annual budget is \$1 million, and supports scholarships, the state FFA convention, the Teachers Professional Development Conference and leadership development programs for students and agricultural science teachers.

The scholarships are announced at the state FFA convention, which is held each July. The event typically attracts more than 13,000 members and guests, making it the largest youth-led convention in Texas. This year, they celebrated the organization's 91st anniversary of making academic dreams a reality and empowering the students in agricultural science who will take the reins of leadership ... they are ready for tomorrow ... today. 🌱



As a true, grower-owned cooperative, PCCA invests in our members and our community. We are committed to those we serve, which includes our grower-owners, customers, and vendors.

At PCCA, we take this commitment seriously. In order to provide you with the best possible service, we have instilled the following core values in our employees.

We can be **trusted** to follow through on what we say

We will make decisions and act with **integrity**

We will strive to deliver **reliable** results that make our grower-owners stronger

We will be uniquely **responsive** in solving problems

We will exhibit **professionalism** at all times to others

We will be distinctively **forward-thinking** as we creatively deliver solutions

Cotton marketing is not one size fits all.



That is why your cooperative has developed multiple marketing options to fit the ever-changing needs of our grower-owners, from pool marketing and online marketing to forward contracts and PCCA Direct.



We also have a place for grower-owners to store their cotton with our Warehouse Division. This provides the opportunity for your cotton to maintain its quality and make it to its destination in a timely manner. Our tradition of innovation means that we understand the need to extract every ounce of value from your production so you can be sustainable now and in the future.



As farming ebbs and flows and challenges arise, we strive to be a source of strength for our grower-owners and a reliable supplier of high-quality cotton for our customers. Our goal is to utilize integrative risk management strategies, a professional marketing team, and stay in communication with your co-op gin to add value to our grower-owners' cotton. 🌱

As always, feel free to reach out to us if you have any questions.
JUST AS YOU ARE INVESTED IN US, WE ARE INVESTED IN YOU.

Feel free to contact PCCA at 806-763-8011.

GROUNDING IN TRADITION
INVESTED IN YOUR FUTURE®



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COOPERATIVE ASSOCIATION**
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Save the Date!

**Plains Cotton Cooperative Association
66th Annual Meeting of Members
Tuesday, September 17, 2019 at 1:00 p.m.**



PCCA's Mission

To ensure the long-term profitability of our grower-owners through value-added marketing programs and through services to their gins.