



COMMENTATOR

PLAINS COTTON COOPERATIVE ASSOCIATION | SUMMER 2020

COVID-19 AND COTTON

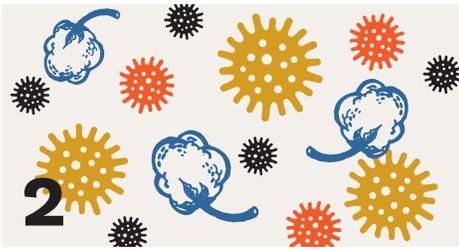
THE MAN BEHIND THE TECH: JOE TUBB
RETIRES AFTER FOUR DECADES AT PCCA

U.S. COTTON TRUST PROTOCOL

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On the cover...

Sustainability is at the forefront of the cotton industry as the 2020 crop progresses. Learn more about the U.S. Cotton Trust Protocol on page 10. Photo by Jayci Cave.

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Kevin Brinkley

Letter *from the* President

At times it seems like we're living in a science-fiction movie where we're trying to escape from a hidden enemy - coronavirus. Unfortunately, in the words of Jason Bourne, "this is real." The question we all deal with is how to balance medical realities with our fight to survive economically.

This issue of *Commentator* covers how the coronavirus, and its attendant disease COVID-19, have affected the cotton industry. Of course, the article is merely a snapshot due to the rapidly changing nature of the virus. Everyone is hoping for vaccines and therapeutics that will allow us to resume what we used to know as normal. Whether medical science can accomplish that safely and effectively in the next few months is unknown. However, we cannot assume the solution will come to pass quickly. Our approach is to continue to adapt to life as affected by the virus and hope that an answer comes sooner rather than later. We must keep going.

Changes in the way we communicate and gather will probably stay with us for the long term. Our sincere hope is that we can resume unrestricted, face-to-face contact with you as quickly as possible. Until that time, we are elevating our electronic communications capabilities and frequency to ensure that we do our best to get timely information to you. If you have ideas about ways for us to improve, we value your input.

Another area we continue to monitor closely is the Phase One U.S.-China Trade Agreement. As you can see from these two charts, progress is slower than hoped and much more trade must occur quickly. For year-one and year-two obligations to be met, China must purchase and take delivery before the end of 2020 and 2021, respectively. Amid tremendous headwinds, we remain hopeful that the U.S. and China will focus on the importance of trade.

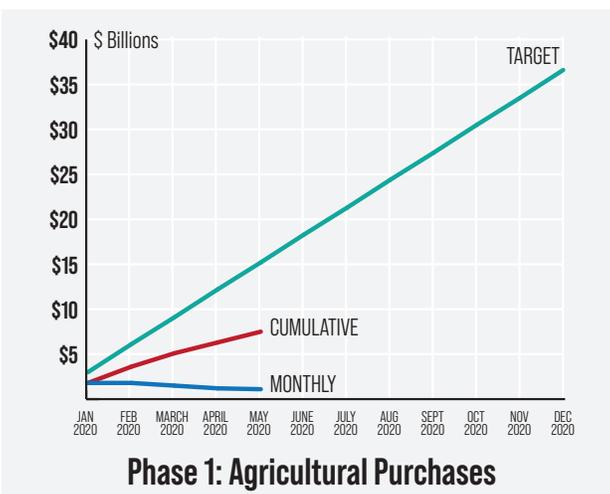
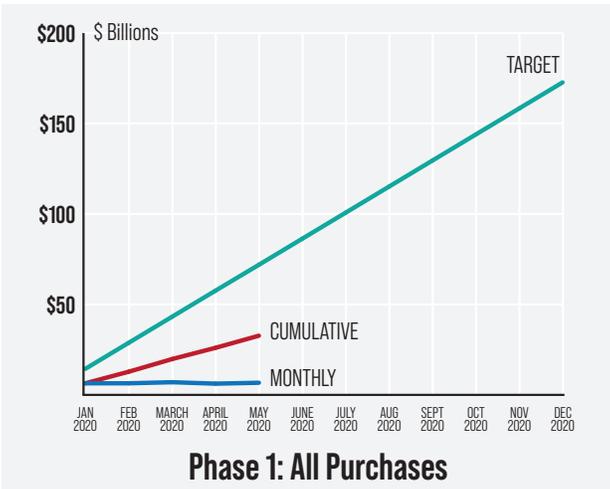
Finally, I encourage you to stay focused on stress awareness and management. Maintaining good mental health is even more critical in the age of pandemics. Our web-based resources on pcca.com titled *Farm Stress: Help and Hope* continues to be frequently visited.

We will get through this together. Hang tough!

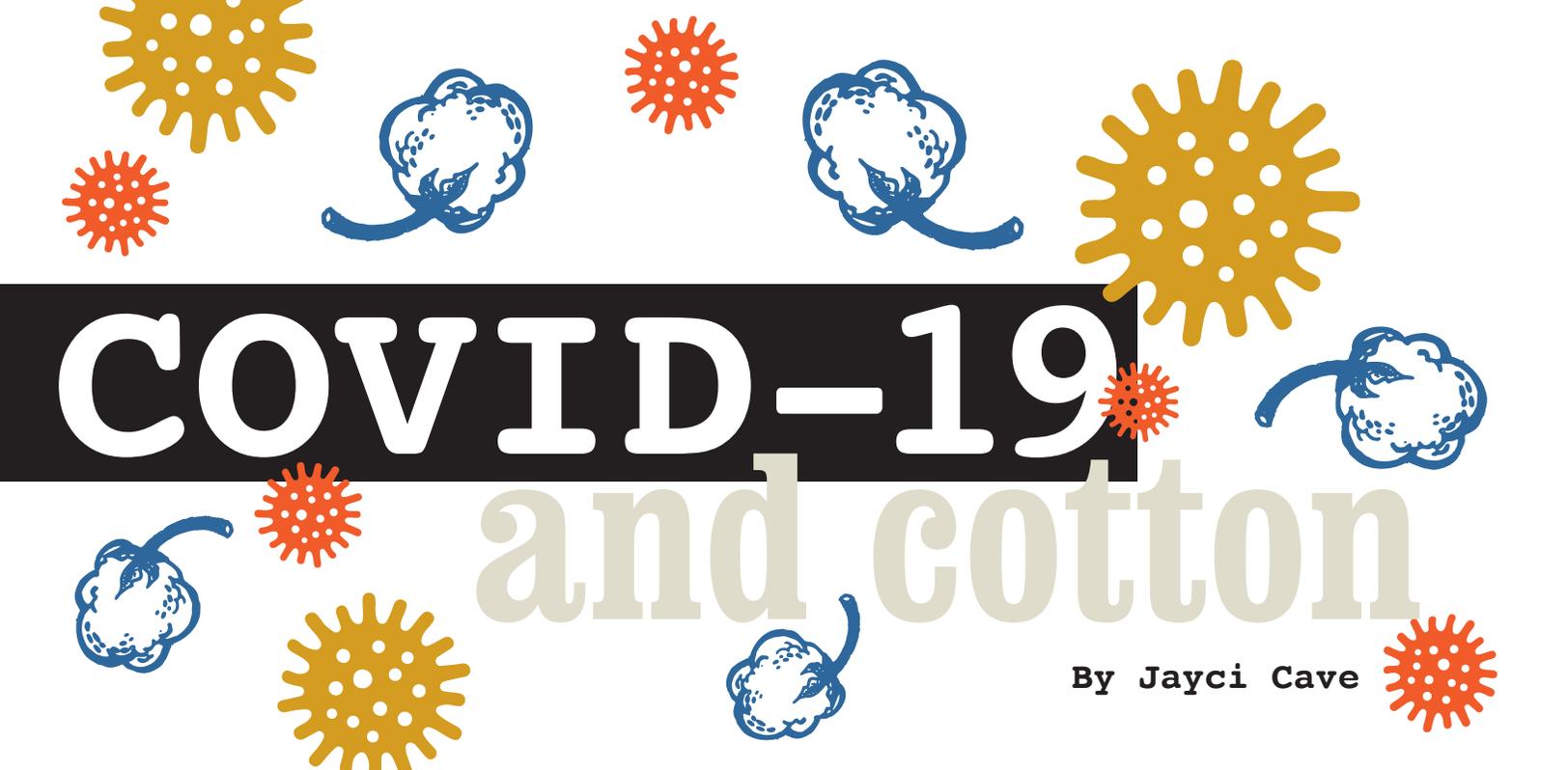
Sincerely yours,

Kevin Brinkley
President and Chief Executive Officer

P.S.- I'm pleased to announce that Jayci Cave was recently named Director of Corporate Communications for PCCA. This *Commentator* marks her inaugural issue at the helm of our communications team. We look forward to her leadership.



Source: PIIIE, PRC, NBS



COVID-19 and cotton

By Jayci Cave

When you look back on 2020, what will be the first thing that comes to mind? Possibly it could be that this is the year for a presidential election, or the year that the United Kingdom left the European Union. However, it is much more likely that face masks and social distancing will be at the front of your mind when you remember the year 2020.

People worldwide have been impacted by COVID-19 in one way or another. For some, it meant staying at home for the safety of their families or altering how they worked. Many lost the opportunity to work due to business closures. For individuals designated as critical infrastructure, it meant working hard to keep food and fiber flowing to market.

On March 11th, the World Health Organization declared COVID-19 as a pandemic. A pandemic is defined as “an outbreak of a disease that occurs over a wide geographic area and affects an exceptionally high proportion of the population.” Shortly after is when Americans began to see the effects of COVID-19 in their local communities. On March 16th, President Trump issued guidelines for social distancing. Most states issued stay at home directives or other measures to help keep citizens healthy and slow the spread of the virus. Most of retail and foodservice was considered non-essential and therefore scrambled to move operations online and curbside only. Some simply closed their doors. As a result, the United States unemployment rate reached 14.7 percent in April, up from 3.5 percent just two months prior. As of July 15th, an estimated total of 13 million people have contracted COVID-19 around the world, with 3.5 million of those in the United States.

With economies around the world closed, what does this mean for agriculture? More specifically, how will the cotton industry fair through the course of the pandemic?

Before the pandemic, the cotton market was beginning to recover from the effects of the trade war with China. Prices had begun to move to better levels while worldwide demand was holding above 120 million bales. Keith Lucas, PCCA Vice President of Marketing, said that level of demand was good compared to global cotton production. COVID-19 has had a significant

impact on both demand for cotton products as well as cotton prices. Currently, global use is down to 102 million bales, according to USDA.

“First of all, because of shutting down so many economies around the world, we have had demand destruction,” Lucas said. “The biggest part of our responsibility has been to ensure that we worked with our customers to fulfill our commitments to them. In some cases, we needed to work with them to delay shipments since many destination ports were closed for several weeks.”

Lucas said this is an ongoing situation, and the PCCA sales team is working through some logistics in countries like Indonesia that have been slow to return to normal operations.

“One of the positives during this time has been access to the Chinese market. If you recall, China was the first economy to shut down and the first to reopen.” Lucas said. “Their interest in U.S. cotton has been one of the few bright spots for us.”

Lucas said the lack of retail purchases of cotton apparel and textiles impacted the overall market. Cotton futures prices have dropped over 30 percent since the beginning of the year.

“The market had already been affected by the tariff war between the U.S. and China,” he said. “We were finally getting past it. We had moved back into the low 70s, which was good for the marketplace to have better prices. Not great, but better. When the COVID pandemic came in, we moved back down into the 50s. At one point, the July contract

declined to 48.15 cents. So, we have had demand destruction and price destruction.”

Lucas said COVID-19 has impacted the ability to sell cotton. The pandemic left no segment of the cotton supply chain untouched. It resulted in disruptions in the normal flow of business.

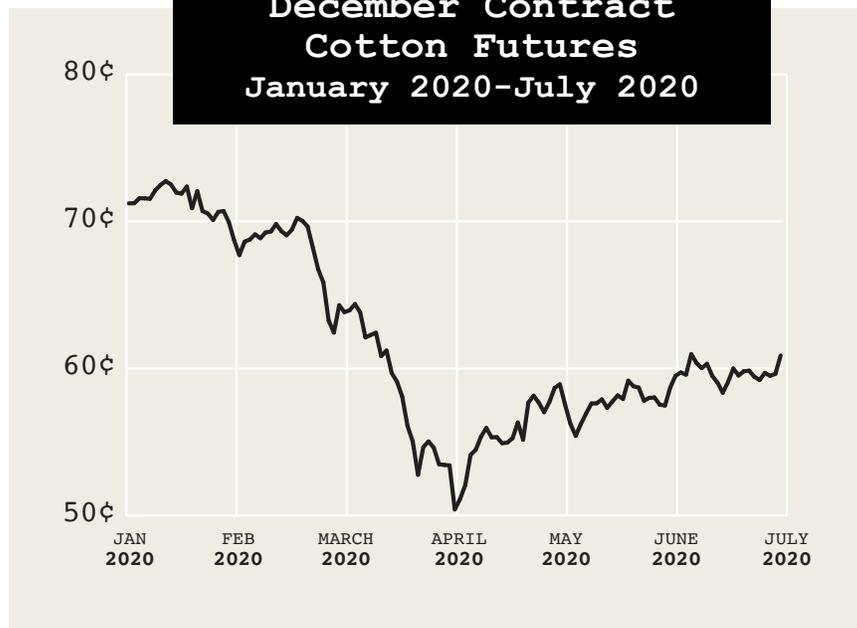
“The severity of the coronavirus determined which markets were open for business,” Lucas said. “We were very fortunate in the fact that we had sold a good bit of our cotton before the pandemic.”

As countries around the world began to reopen, Lucas said there have been changes in the cotton industry’s buying patterns.

“Economies are beginning to open up, ours included, but we are seeing changes in buying patterns, changes in where those markets are going to be,” Lucas said. “China, for example, has lost some of its market share. Vietnam has picked up some of that. Still, you are going to see some other countries that are going to be able to take some consumption from China just because of the situation now.”

Lucas said the retail sector must come back for demand to recover. According to Cotton Incorporated, consumer spending on clothing in April 2020 was down 48 percent from the same month last year, while overall spending was 17.3 percent lower year-over-year. However, Lucas said U.S. government stimulus measures helped soften the blow of decreased consumer expenditures. The CARES Act, a \$2 trillion economic relief package, was signed into law on March 27th. This stimulus support increased personal income almost 12 percent year-over-year in April, according to Cotton Incorporated.

December Contract Cotton Futures January 2020–July 2020



“I don’t know that we have seen the overall impact of it yet because our government stepped in and put money into the hands of the unemployed people,” Lucas said. “Because the federal stimulus was so strong, households have saved more. The April personal savings reached 33 percent, almost two times as much as the previous record set in 1975. People are a little bit concerned, so they are saving just in case.”

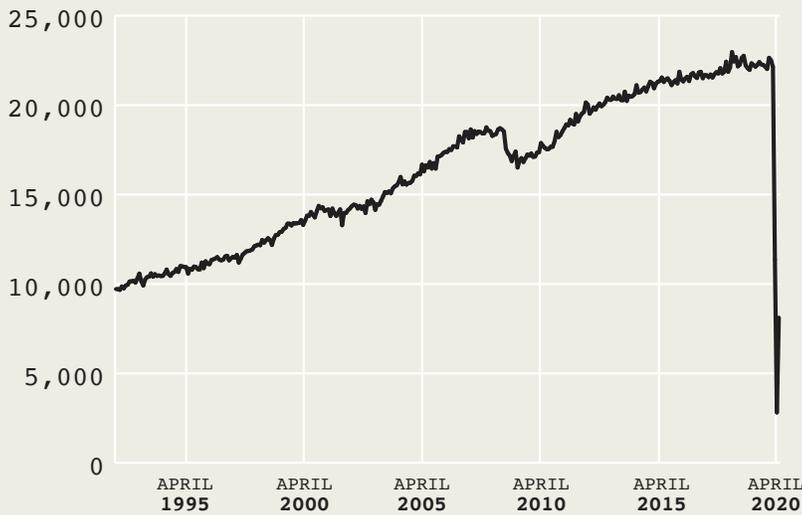
Retail consumer spending at the beginning of the pandemic concentrated on food and other

Personal Savings Rate January 1959–April 2020



Clothing and Clothing Accessories Sales January 1992–April 2020

(in millions of dollars)



household necessities. However, as consumers were getting out, spending on apparel was in the mix.

“When you consider that apparel purchases plunged 79 percent in April compared to February, it was encouraging to see a strong rebound in the May report,” Lucas said. “If you think about it, buying some new clothes is a cheaper way to get out and spend a little money when you are tired of being at home and can’t travel. That was a good surprise, and could help us try to get through some of the inventory glut.”

Lucas said the pace of consumer spending on textiles will drive recovery from the pandemic’s effects. Despite current situations, China has been buying agricultural products as part of the country’s

commitment to the Phase One Trade Deal with the United States.

“I think China has tried to live up to the spirit of it,” Lucas said. “You have two factors. One, obviously, they weren’t open as an economy. They weren’t taking in goods, and they certainly weren’t producing textiles. They have been much better at buying food, grains, soybeans, and corn, that sort of thing.”

The second factor of that is because of the impact of price destruction, Lucas said.

“They are buying more, but they are paying less for it,” Lucas said. “So they aren’t meeting the goals of the dollar values that they had associated with meeting the requirements of the agreement. Despite the controversy regarding the coronavirus, China and the U.S. have consistently affirmed their commitment to the Phase One deal.”

While many factors are working against cotton producers, the benefits of grower advocacy groups shine during difficult times. The work of organizations like the National Cotton Council and Plains Cotton Growers is critical to preserving safety net programs such as ARC, PLC, MFP, and CFAP.

“The encouragement is that cotton does give you that benefit,” Lucas said. “It does cash flow typically a lot better than some of the alternative crops. It is because of the faithfulness of growers to be part of these advocacy groups that help you get through these tough times. We saw an economy that was really on fire. It really was. We were set to see some improvements in both price and consumption. I’m optimistic that we can get back there eventually.”

People around the world have realized in their daily lives that getting through the pandemic and back to normal will be a work in progress. Likewise, the economic recovery will also take some time. Nevertheless, PCCA is committed to its grower-owners and will continue to work hard to add value to their cotton. 🤝

Timeline of Events

- 🌞 **JANUARY 30TH:** Outbreak declared a Public Health Emergency of International Concern
- 🌞 **FEBRUARY 11TH:** WHO announced the name for the coronavirus disease – COVID-19
- 🌞 **MARCH 11TH:** WHO declares COVID-19 as a pandemic
- 🌞 **MARCH 13TH:** President Trump declared a national emergency
- 🌞 **MARCH 16TH:** President Trump issued guidelines for social distancing
- 🌞 **MARCH 27TH:** President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law
- 🌞 **APRIL 16TH:** President Trump announces guidelines for reopening the economy
- 🌞 **APRIL 27TH:** Texas Governor Abbott announced his phased plan to open Texas



GROWING AND GOING

PCCA's Kansas Warehouse Expansion

In the most recent endeavors of the PCCA Warehouse Division, a \$12.5 million cotton warehouse expansion project is underway in Clearwater, Kansas. The new warehouse facility will serve the growers and co-op gins of Southern Kansas, bringing benefits such as shipping and storing efficiency and new employment opportunities to the area. The new construction project will also further advance PCCA's goal of adding value to its grower-owners' cotton at each level of the supply chain.

"The logistics of getting the cotton from the gin to the warehouse can be a challenge for gins," said Jay Cowart, PCCA's Vice President of Warehouse Operations. "The closer it is, the easier and more economical it is for them. Since the gins are grower-owned, the growers also benefit from this increased efficiency."

The decision to build the new warehouse was made due to increased cotton production in Kansas and Northern Oklahoma, as well as the need to shorten the distance from this production area to the nearest PCCA warehouse. Other PCCA warehouse locations are Liberal, Kansas, Altus, Oklahoma, and Rule, Big Spring, and Sweetwater, Texas.

Cowart said the goal is for the new facility to be available for use in the 2020 crop with 470,000 square feet of space, better described as a 150,000-bale capacity. The new addition will bring PCCA's total warehouse capacity to roughly 1.6 million bales.

The Clearwater location was selected because of its proximity to cotton production in the area, as well as to Wichita, Kansas, which provides greater access to transportation sources and the necessary workforce to keep the facility running at optimum levels. Cowart also said the new facility will reduce freight costs and provides an exciting opportunity for PCCA to provide an additional service to its grower-owners.

"Predominantly, this facility will serve the Southern Kansas Cotton Growers Gins at Winfield and Anthony," he said. "We also expect Next Generation at Cullison, Kansas, to deliver there from time to time. It will also allow PCCA to store all of the cotton we receive from that area in one of our warehouses."

Despite the COVID-19 pandemic, construction for the warehouse is progressing. PCCA looks forward to adding value to its grower-owners' cotton with the new Clearwater warehouse facility and the 2020 crop year. 🌱

BY BLAIR MCCOWEN
PHOTO BY JAYCI CAVE



The Man Behind the Tech

JOE TUBB RETIRES

AFTER FOUR DECADES AT PCCA

Blackwell, Texas, is located just south of Sweetwater and is home to about 300 people give or take a few. Most people living there are involved in raising cattle and crops. However, one of those individuals turned his love of agriculture into a career that almost no one thought much about in 1979 — computers and agriculture.

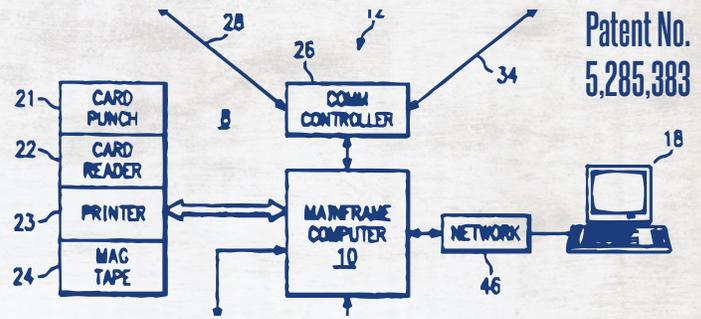
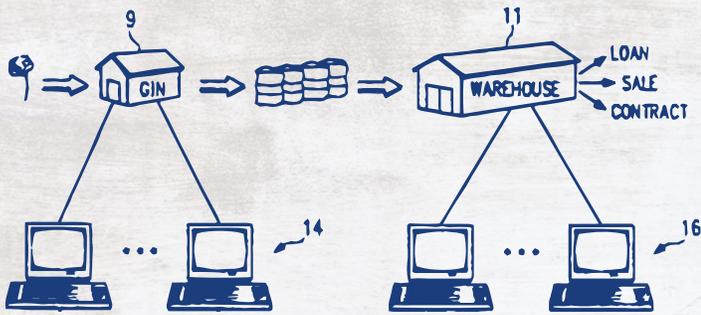
Joe Tubb was raised on a farm and ranch that has been in his family for close to a century. He later learned of a computer programming job from an acquaintance at a garage sale. That meeting would lead to a 40-year career of technological innovation that literally changed the way the global cotton industry does business.

Tubb graduated with a computer science degree from Angelo State University while working for Industrial Electric, a company which wired motors and controls for cotton gins and oil mills. After his acquaintance pointed him to former PCCA employee Bill Godlove, he started his career at Plains Cotton Cooperative Association in 1979.

“I was a programmer trainee, so we did coding on a piece of paper and had one terminal for three people in an office,” Tubb said. “Since I was the low guy on the totem pole, I got to do that after hours.”

It was not long after the days of waiting for his turn at the terminal that Tubb would rise through the ranks at PCCA. In 1984 he became Applications Programming Manager, then was moved to Special Projects in 1989, followed by Director of IS in 1990 and then to Vice President of Information Systems in 1992. For the last 28 years, he has provided oversight and strived for progress in PCCA's Information Systems Department, all while providing valuable service to farmers and gins across Texas, Oklahoma, Kansas and New Mexico.

Photo and Story by Blair McCowen



How A Paper Storm Changed Cotton Trading

In 1989, TELCOT set a single day trading record of 384,000 bales of cotton. At the time, the receipt for a bale of cotton was an IBM-punch card three inches tall by nine inches wide. Tiny holes punched into the cards at specific locations created a code containing data about the bale that could be read by a card reader attached to a computer. When a trade occurred, PCCA would retrieve the cards, place them in bundles and transfer them to buyers upon payment. Adding a like number of punch cards with the cotton class was needed as well. For that record trading day, PCCA would need to retrieve almost 800,000 cards. For perspective, PCCA employees had to retrieve a stack of cards one and half times the length of a football field out of a stack equaling more than three football fields high. Something had to be done.

“We figured out that every day that passed without transferring that many receipts cost us over \$50,000 in interest. It was time for a technology solution,” recalled Tubb.

A nascent idea had been floating around in the IS department to automate the process of transferring cotton receipts. Spurred by the thought of more weekends spent sorting punch cards, Tubb and his colleagues began bringing the idea to life, and electronic warehouse receipts were born. Tubb and a handful of other staff members were granted patent number 5,285,383 “Method for carrying out transactions of goods using electronic title.”

In 1993, PCCA licensed the rights to the technology to the National Cotton Council for the good of the industry. Shortly after, industry members formed EWR, Inc. to serve as a central clearing system for electronic receipts. Today, the entire U.S. cotton crop is traded based on electronic receipts.

Innovation Around Every Corner

Over the course of his four-decade career at PCCA, Tubb played a part in many additional innovations that changed the cotton industry for the better, such as PCCA’s switch from a mainframe computer system to an Intel (web-based) system in the early 2000s. The process took four years to complete.

“IBM Mainframe technology was used by PCCA in the ‘70s through most of the ‘90s and was the leading edge of technology for the time,” he said. “By today’s standards, it was slow and expensive. PCCA had a 32-gigabyte disk drive array in the early ‘90s that was roughly 100 cubic feet in size. Today, that is a small capacity thumb drive. Processes that take minutes today took hours then.”

From 2000 to 2004, the PCCA Information Systems team worked to turn off the mainframe and integrate the cooperative’s systems to the new web-based platform. Tubb said he and his staff re-wrote 5,400 computer programs during that time, and almost all of the Information System jobs changed completely within those four years. Essentially, the event was a complete makeover of the Information Systems Department.

“That was probably one of the most radical things I have been involved with since I’ve been here,” he said.

It was this undertaking that led Tubb and his team to create additional innovations that continue to add value to PCCA’s grower-owners’ cotton over 20 years later.

TELCOT and The Seam®

Next for Tubb came the transformation of TELCOT, PCCA’s web-based cotton-marketing software, to The Seam®, an online cotton marketing platform. Tubb was heavily involved in the design and set up of the new platform.

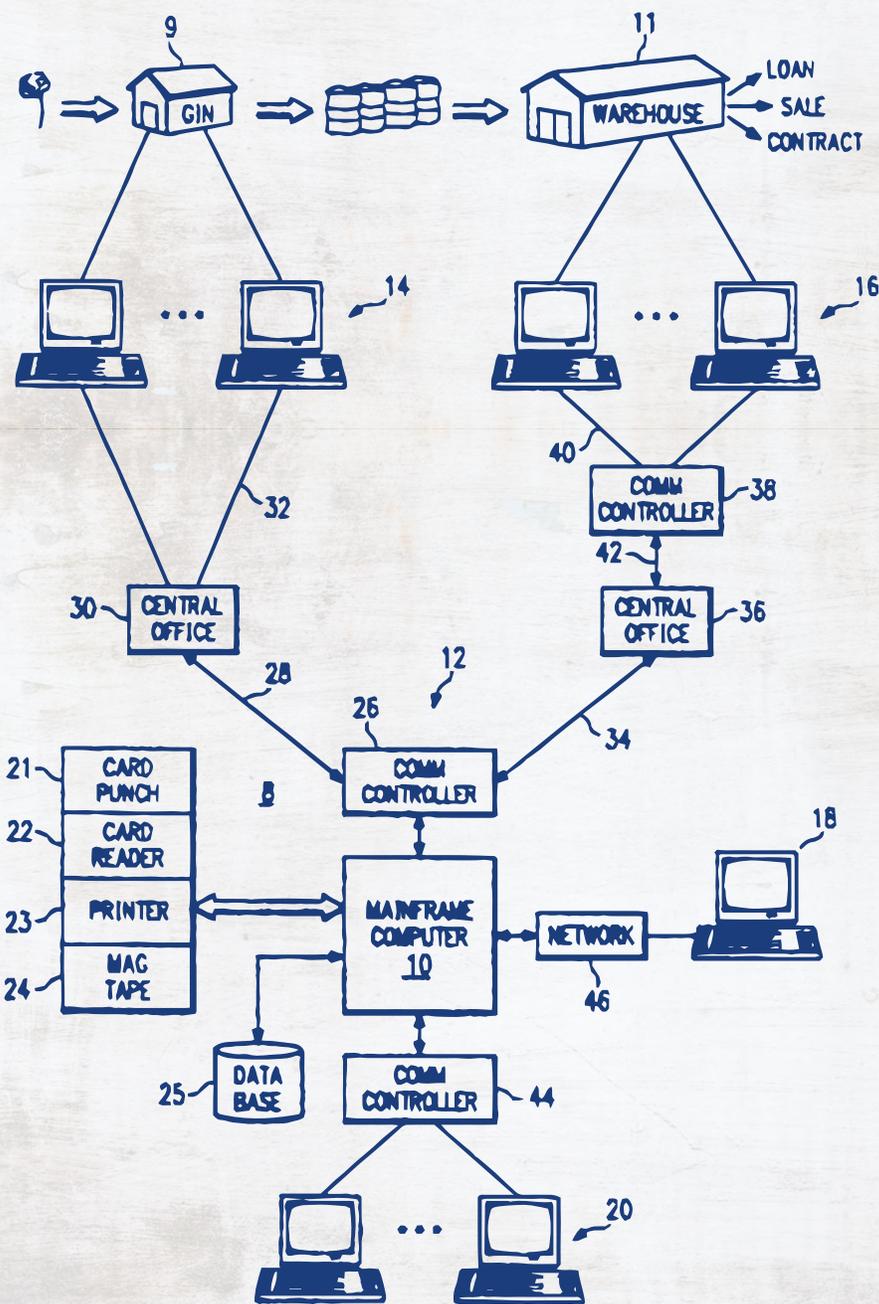
“TELCOT was built by PCCA in the mid ‘70s as a way to bring producers and merchants together in an electronic marketplace,” he said. “For the first time, the producer was able to say, ‘this is what I would like for my cotton.’ Before, he always had to ask. PCCA guaranteed the trade on both sides by taking title to the cotton, paying the member, and invoicing the merchant. Loan equities were added in the early ‘80s, along with a counter-offer function.”

In 2000, PCCA and three cotton merchants came together and decided to offer TELCOT’s capabilities to the rest of the country, as had been done in Texas and Oklahoma since its inception, and thus The Seam was born.

“The Seam came about at the height of the dot com era,” Tubb said. “We actually developed The Seam software, converted TELCOT to a web-based platform, and re-branded it to make it The Seam.”

According to their website, today The Seam “is a leading provider of trading and technology solutions enabling agribusinesses to operate profitably and efficiently throughout a sustainable global supply chain.”

ALONG WITH THE INTERNET CAME A DESIRE AMONG PCCA'S GROWER-OWNERS TO BE ABLE TO ACCESS THEIR CROP INFORMATION MORE QUICKLY AND EFFICIENTLY.



Patent No. 5,285,383

Member Access, Module Tracking, and More

Along with the internet came a desire among PCCA's grower-owners to be able to access their crop information more quickly and efficiently. What began as a read-only website has now evolved into the user-friendly website and app growers and gins across PCCA's service area rely on. Tubb said the creation of Member Access in 2003 seemed to be a natural extension of PCCA's services, especially for producers keen on using new technology.

"Member Access came about with the advent of the internet," he said. "The producers wanted to be able to get access to their farm information and yield information without having to go into the gin to get it. The producer could then get his information at his convenience."

Adding to the desire for increased efficiency and convenience in cotton production, additional programs were created under Tubb's innovative leadership. When a cooperative gin brought an inventory tracking need to the attention of PCCA, the cooperative responded by creating the capability.

"Module Tracking came about because we had a gin come to us and they wanted to be able to track the modules," he said. "They wanted an online inventory system to keep track of their modules where they were either keeping track on an excel spreadsheet or in a log book. That is what Module Tracking, at its base, does. It does the tracking and keeps an inventory of what you have in the field, in the yard, and schedules that for actual ginning."

As time passed, more features were added to Module Tracking, such as the ability for the program to capture scale information and transfer it directly to PCCA. Other evolutions that came from Module Tracking are Module Truck Tracking, which allows the gin to provide turn-by-turn directions to modules in the field to their truck drivers and monitors their route, and Scale Capture.

A Career Well Spent

Tubb said in his 40 years of working for PCCA, his favorite part of his job has been to adapt new technology to give PCCA's grower-owners, and the cooperative, a better process and competitive advantage in its operations. He also said PCCA's Board of Directors have always been supportive and pushed the need for adding value to producers' cotton through innovative technology.

"In the cotton industry, Joe Tubb's name is synonymous with innovation. Joe's efforts made cotton into the single most technologically advanced commodity in agriculture. Without his ingenuity and perseverance, we would be years behind where we currently stand," said Kevin Brinkley, President and CEO of PCCA. "In his 40 years with PCCA, Joe has never stopped pressing for the next big idea. That legacy is engrained in the team he built and leaves to carry on in his footsteps."

Even after all of his industry-changing accomplishments, Tubb said his favorite part of working at PCCA has been and always will be the people.

"It's the people," he said. "I have been here long enough that some of the people I have worked with, I feel like they are my children. I have watched them grow up, saw them have children, and now their children are grown up and graduating from high school. I'll miss the technology, but not like the people."

In his retirement, Tubb plans to travel to see his six children and 10 grandchildren, which are spread across the U.S. and even into Northern England. He also plans to indulge in his woodworking hobby, and build furniture for his loved ones.

"It has been a privilege, working at Plains Cotton Cooperative for 40 plus years," Tubb said. "I wouldn't trade it for the world, and couldn't ask for anything better."

Upon Tubb's retirement at the end of August, PCCA's Debbie Bolding will fill his position.

"I was excited to hear that Debbie had been selected, and I think she will do a great job," he said. "Debbie has been with PCCA for over 30 years and has been heavily involved in software development for all of those years. She has also managed that effort for over 14 years. Congratulations, Debbie, I look forward to seeing what you and your team come up with next."



Debbie Bolding Promoted to Director of Information Systems

PCCA's Debbie Bolding has been promoted to Director of Information Systems upon the retirement of Joe Tubb. Her promotion will take effect on September 1.

The daughter of a cotton farmer and Morton, Texas, native, Bolding has been involved in agriculture all her life. She graduated from Midwestern State University with a degree in math and computer science in 1983 before coming to PCCA in the summer of 1988.

During her 32 years at PCCA, Bolding has been part of many innovations that have given her the skill and leadership experience necessary to succeed in her new position.

"When I first started, we still used punch cards for the warehouse receipts and class cards," she said. "You had to handle two cards for each bale of cotton. The introduction in 1995 of electronic cotton warehouse receipts, which PCCA holds the patent for, represented the single most significant change in the U.S. cotton industry in several decades. Transitioning from a mainframe in the early 2000s allowed us to develop and change code much faster. Additional innovations in technology have allowed us to do so many new things, such as the mobile platform."

Bolding has worked with Tubb since she was hired at PCCA and says he has taught her a great deal over the years.

"Joe is my mentor," she said. "I have learned so much from him. He is one of the smartest people I have ever met. He has taught me how to approach, tackle and solve tough problems, and always have a plan B even when you are 100 percent sure you will not fail. I can't imagine coming to work every day without Joe being there. I would not be where I am today without having the opportunity to learn from him. I would like to thank him so much for putting up with me all these years, and for all of the great times we have had."

In the future, Bolding said she plans to keep building on the strong foundation Tubb has built so the cooperative can continue to be a leader in providing the best and most innovative systems.

"I am committed to PCCA's growth and continued research and development of our platforms to provide our grower-owners with the best tools, platforms, and information to market their crops competitively."

Bolding also said she looks forward to working with PCCA's grower-owners.

"I welcome the opportunity to work for and with all of our grower-owners. My door is always open – please let me know if there is anything I can do for you." 🌱



U.S. COTTON TRUST PROTOCOL

“When I think about sustainability in terms of cotton, I think about my legacy as far as my family and the generations behind me. What am I doing to make it sustainable where they will have the same opportunities that I did?”

These are the words of Dahlen Hancock discussing what sustainability means to him and his family. He is a fourth-generation farmer near New Home, Texas, and serves on PCCA's Board of Directors representing District 7. In addition, Hancock is active with the National Cotton Council, Cotton Incorporated and Cotton Council International.

The latest topic on sustainability comes in the form of the U.S. Cotton Trust Protocol, an initiative launched this summer by the National Cotton Council. According to the NCC, the Protocol is, “a cotton production assessment system established by the U.S. cotton producers and industry organizations to provide a mechanism by which U.S. cotton producers can assess and verify their current production practices and measure their progress toward long-term sustainability goals.”

Hancock said the Protocol is simply a way for U.S. growers to tell their story. He serves as a board member for the Cotton Trust Protocol, and said he and the other growers on the committee wanted to make sure enrolling in the Cotton Trust Protocol was not an intrusive process. They wanted it to be clean and simple, while also meeting the needs of the involved parties. Hancock said the four R's (Right rate, right source, right time and right place) are incorporated into the questionnaire to allow growers to simply sign up their farming operation.

STORY AND PHOTO BY JAYCI CAVE



"The main thing to remember is that you may know you are doing a good job on your farm, and you are growing cotton responsibly. You know you are using the right products and doing it all within the guidelines, but nobody else does," Hancock said. "The Protocol is a way of telling your story. You are able to tell your story in a collective, uniform model that was designed by the NCC and producers, with brands and retailers represented on that board as well. It is the kind of fit that helps everybody."

Carlos Garcia, PCCA Export Sales Manager, said brands and retailers are increasingly seeking sustainably grown cotton.

"The Cotton Trust Protocol provides a means by which U.S. cotton producers can independently verify and prove that they meet and, in most cases, exceed, the sustainability standards set by the users of our cotton," Garcia said. "As most brands and retailers move toward only using 100 percent sustainably grown cotton in their products, it is important we position U.S. cotton to be the first fiber they look for to fulfill their requirements."

The U.S. Cotton Trust Protocol can be mutually beneficial for the involved parties. Garcia said PCCA can utilize it as another opportunity to market grower-owners' cotton.

"PCCA has an excellent reputation around the world as a trustworthy and dependable source of high quality, high value cotton," Garcia said. "Being able to offer Cotton Trust Protocol bales only adds to our ability to meet the needs of our customers. Having Cotton Trust Protocol bales keeps PCCA from being shut out of potential business opportunities that could benefit our growers."

PCCA is proud to play a small role in its grower-owners' farming operation. Garcia said the Protocol is a way for others around the world to see what we see every day.

"When our customers buy from PCCA, they know they are buying from farmers," Garcia said. "Through the Cotton Trust Protocol, we are able to show our partners around the world that we continually strive to farm in a way that ensures our children will be able to step in and continue growing cotton so that our customers will always have a steady supply of cotton."

Through his involvement with cotton organizations, Hancock has had the opportunity to visit textile mills around the world. He said one of the main

things they look for is responsibly grown cotton. That was his motivation to not only participate in the Cotton Trust Protocol, but also play a role in developing the initiative. He encourages his fellow growers to also enroll.

"I think more than anything I would just encourage people to be open minded about it and don't go into it with any preconceived ideas," Hancock said. "It is not that big of a deal. Sit down, go through it and answer it the best you can. What it has done for me is it brings some things to your mind that you wouldn't think about and it spurs you into thinking about incorporating it into your operation."

PCCA's staff is on-hand to assist anyone with the sign-up process, and answer any questions that may arise.

"Aside from giving farmers access to markets and making U.S. cotton more marketable, the Cotton Trust Protocol also provides tools for farmers to assess their operations and compare themselves to other farmers on a local, state and national level," Garcia said. "Bailey Nesmith has already helped many of our members sign up for the Cotton Trust Protocol. She and our Member Communications staff are ready and willing to help anyone sign up and answer any questions they may have." 🍌

HOW TO JOIN

Go to <https://trustUScotton.org> to sign up and join other U.S. growers. Your efforts today will help ensure markets for U.S. cotton for the next generation. The Trust Protocol will ensure that U.S. cotton continues to lead.

- Perform a brief, click by click, self-assessment against the new Trust Protocol standards.
 - The process involves answering a series of simple questions in 9 different sustainability categories – the survey should take no more than about 30 to 45 minutes of your time.
- Growers will have access to the Field to Market FieldPrint Platform data tool for environmental metrics – allowing you to confidentially assess your operations sustainability progress.
- Operational data is verified through coordinated and brief on-site visits from our third-party data verification group.
- By joining, member growers will be sharing a more detailed review of their sustainable farming – the efforts you make every day to ensure the future U.S. cotton.

When you sign up, be sure to designate PCCA as your merchandiser which will enable us to upload bales and receive protocol credits on your behalf.

If you have any questions or need assistance, contact PCCA at 806-763-8011.

A Career of Co-ops

RON HARKEY RETIRES



“Love the people, love the members, love what you are doing and take care of business.”

Throughout his 45 years working in the agricultural co-op industry, Ron Harkey said these are the words he tried to live and work by, and to say they have served him well would be an understatement. After serving grower-owners for 23 years as CEO of Farmers Cooperative Compress, Harkey retired as of June 30, 2020.

STORY AND PHOTOS BY JAYCI CAVE

Harkey grew up on a cotton and grain farm between Abernathy and Cotton Center, Texas, where his father was a member of a co-op gin and a director at Abernathy Co-op and Grain. He graduated from Abernathy ISD in 1970. He then attended Eastern New Mexico University on a football scholarship where he played all four years and received a dual degree in agriculture and business. After graduating from college, he married the love of his life, Donita, in December of 1974. The following April, Harkey took a job at Friona Wheat Growers cooperative.

"I got my start in cooperatives in 1975, so I have been serving cooperatives for 45 years," Harkey said. "I really enjoyed my time there. I learned a lot about cooperatives and how they serve the patrons."

In 1978 Harkey went to work as the Plant Manager at Anderson Grain. He was only there a short time before he took a position as CEO at Petersburg Co-op Grain in July 1979.

"Petersburg was a great town," Harkey said reminiscing. "It was a small cooperative and we grew a lot. Our kids grew up in that community and have a lot of fond memories of Petersburg, but I felt the Lord telling me you need to get into cotton. That's probably the future of this area."

Being called to join the cotton industry, Harkey became the General Manager of Abernathy Producers, a recently merged co-op cotton gin and elevator. After one season there, he started his career in co-op warehousing when he became the CEO of Plainview Cooperative Compress on June 1, 1995. Soon after, talks discussing the possibility of merging Plainview Cooperative Compress and Farmers Cooperative Compress began.

"I knew the merger would be in the best interest of all of the members of both cooperatives," Harkey said. "It would diversify our operations. It would grow the cooperative from the panhandle down to Midkiff and it just made sense to me. The boards of both did their due diligence and they decided to proceed."

Following the merger of the two warehouses in 1997, Harkey was named President and CEO of Farmers Cooperative Compress.

"I felt like the years I had spent as CEO in Petersburg and what I had learned there helped put these two together," Harkey said. "It has been good and it has been quite a success story I believe. I know it was the right thing to do."

Harkey said FCC embodies the true cooperative spirit as everything they do is centered on the best interest of the producer.

"It's grower-owned and every day we always do what is best for the producer in whatever we do," Harkey said. "That's our sole purpose. It is not for personal gain. Every day we are about what can we do to enhance our members' profitability by providing services or whatever it is we need to do. I think every day all that we do is with our members in mind."

With that service philosophy in mind, one of Harkey's favorite aspects of the co-op system is paying dividends to the producers. In 2016, FCC celebrated reaching the milestone of paying \$1 billion in dividends to its grower-owners. He is also proud of the growth FCC has had over the years.

"I like to give money back to the producers, and in my 45 years every co-op has made a profit when I was there," Harkey said. "I think here I am just proud of the growth that we have had. It was the largest co-op warehouse in the world before I came here so it is nothing that I have done. Due to the varieties, technology and all the cotton production, we have grown. We have grown 60-70 percent since I have been here."

However, Harkey said this growth did not come without challenges. In particular the 2004 crop season was one for the record books. Prior to that crop year the largest crop both of the warehouses had ever handled was 1.8 million bales.

"It was the perfect storm for these varieties and we went up to 2.6 million bales that year. My word, we just weren't ready for that kind of growth all of the sudden," Harkey said. "You just can't build warehouses overnight. The challenge of it was tough. We made a lot of mistakes in 2004 handling that huge crop. As hard as it was, that got us ready for 2005 when we handled three million bales. Those were challenging years, but it made us grow and forced us out of our comfort zone."

"It's grower-owned and every day we always do what is best for the producer in whatever we do. That's our sole purpose. It is not for personal gain. Every day we are about what can we do to enhance our members' profitability by providing services or whatever it is we need to do. I think every day all that we do is with our members in mind."

Today FCC has warehouse locations in Lubbock, Plainview, Levelland, Stanton, Sudan, Floydada, and Amarillo, Texas. The employees at FCC take pride in offering top notch service to its grower-owners.

"With the locations that we have, we are built for speed," Harkey said. "We can unload cotton at all of our locations very efficiently and we can load out very efficiently. Merchants have confidence when they order loads that FCC will have it ready on the agreed upon date."

Harkey's dedication to FCC and its grower-owners as well as his desire for progress earned him the title of Cooperator of the Year from the Texas Agricultural Co-op Council in 2014. He has enjoyed warehousing cotton through the years, but he said the people are what he has cherished most.

"When I first joined the cotton industry, a friend told me that you will find that cotton people are some of the best people that you will ever meet and that has been true," Harkey said with a smile. "They have all been really nice to me and I have enjoyed being around all of them. I'm involved in and have served as an officer with the Cotton Growers Warehouse Association, the National Cotton Council and EWR Inc., so I've worked with cotton industry people from California all the way to the East Coast. It has just been a great experience."

This also includes the farmers Harkey has had the privilege to work for over the years. He said he has great respect for the hard work they put in each day and he hopes that he served them well.

"I would just like to say thanks for your patronage, your confidence and for the innovative spirit that all of them have. I have great admiration for all of them because I knew what my dad went through when he was farming. These guys

"I am very excited about Eric being CEO and for FCC with him at the helm, I hope our better days are ahead of us. For me success, whether it is FCC or whatever, is to leave it better than I found it. I hope that is what people will say when they look back on anything I have done through my career in cooperatives."

lay it on the line and show such perseverance every year. I appreciate them for that. I am thankful that I got to store their cotton bales and hopefully I did a good job and took care of them while they were here."

Harkey attributed the success of FCC to the dedicated Board of Directors he had leading the way.

"I have had the honor of serving with some of the best directors anyone could ask for," Harkey said. "They have kept me out of trouble more than once. From Petersburg to FCC, I have been very fortunate."

In addition to many friends in the cotton industry, Harkey said he couldn't have done it all without the support of his wife and family. Together he and Donita have three children and eight grandchildren. Harkey is also an active member of his community. He has been a long-time member of the Gideons and the Lions Club as well as a member and deacon at First Baptist Church in Lubbock. In his retirement he plans to travel and watch his grandchildren grow up. He also intends to hunt and spend time on his ranch in Motley County.

While he will miss FCC and the people he has come to call family, he said he knows the co-op will be in good hands with Eric Wanjura taking over as CEO.

"I am very excited about Eric being CEO and for FCC with him at the helm, I hope our better days are ahead of us," Harkey said. "For me success, whether it is FCC or whatever, is to leave it better than I found it. I hope that is what people will say when they look back on anything I have done through my career in cooperatives."





Eric Wanjura Named FCC President and CEO

Following Ron Harkey's retirement, Eric Wanjura was named President and CEO of Farmers Cooperative Compression effective July 1, 2020. He has been a part of the FCC team since 2005 when he was hired as the plant manager for the Plainview, Texas, warehouse. He held that position until 2016 when he was named Vice President of Administration.

Wanjura is a graduate of Texas Tech University with both a bachelor's and master's in agricultural economics. Prior to working at FCC, he worked at PCCA in both the Field Services and Gin Accounting departments from 1996 to 2005. He has been married to his wife, Christine, for 25 years and together they have three children: Sarah, Ben and Hugh. Wanjura said he is proud to work for the cooperative and enjoys being part of something bigger than himself.

"I enjoy working for FCC's grower-owners because I want to help add value to their farming operations," Wanjura said. "When you boil everything about FCC down to its essence, you are left with one thing: service. The team at FCC fully understands service, and it makes our jobs easier when we are clearly focused on providing service."

Wanjura has worked alongside Harkey for many years and has admired his leadership of the co-op and the people around him.

"Ron has been a tremendous mentor and friend," Wanjura said. "Ron has taught me, through the way he lives his life professionally and personally, to be consistent in all aspects of my life. Hopefully, I have absorbed some of his wisdom and foresight. Ron has left a lasting impact on the culture of FCC through the way he treats his employees, business associates and members."

As Wanjura begins to lead the cooperative, his hope for the future is that he can continue the standard of service and growth FCC has followed.

"My goals are for FCC to continue to provide excellent service to our members, gins and cotton shippers," Wanjura said. "I want to embrace growth opportunities while staying true to our members who have established FCC's prosperous foundation." 🏡

A Cohesive Collaboration



PCCA *is More Than* MARKETING

In 1953, PCCA was established to help Texas High Plains cotton farmers get the most possible value from their cotton. While marketing remains at the cooperative's core, other value-added processes have continually evolved and expanded over the past six decades of business. Around every corner, these additions and innovations have helped stabilize grower-owners' bottom lines. From providing member services to farmers to offering software and technology services to cooperative gins, the PCCA of today is more than marketing.

As PCCA was founded by farmers, for farmers, the cooperative provides grower-based services to assist at both the individual farmer and local cooperative gin levels in its Member Services Division. Corey Smyth, Director of Cotton Services and Gin Accounting, said these services are integral to the operations of the cooperative.

"When you think of PCCA, probably the first thought that comes to mind is cotton marketing and warehousing," he said. "PCCA is also instrumental in providing technology and software solutions to local gin offices and working with them along the way. By doing more than just cotton marketing, PCCA is able to add value at the regional co-op level and that flows down to the individual grower-owners and the local co-op level."

By Blair McCowen

Photo by Jayci Cave

Gin Accounting

In the Gin Accounting Department at PCCA, the staff works to provide systems to and assist with record keeping, financial statements, and more for cooperative gins.

"The Gin Accounting Department provides a full-service accounting package to cooperative gins," Smyth said. "We also provide and support Module Tracking, Scale Ticket, and Gin Patronage programs for the gins."

As the department name suggests, Smyth and his gin accounting staff also assist co-op gins with monetary distributions to their grower-owners.

"Something that grower-owners may not know about the Gin Accounting Department is that we process the gin dividend and retirement checks that get distributed at gins' annual meetings as well," Smyth said.

PCCA's gin accounting capabilities support the farmer and the gin office from the field to the market, providing accurate and timely information along the way, Smyth said. This helps the grower-owners' cotton be marketed as efficiently as possible.

"Our farmers know that a smooth-running gin office is essential to the cotton-marketing pipeline," he said.

Cotton Services

Another department within PCCA's Member Services Division is Cotton Services. The department is responsible for many of the tasks that take place before and after grower-owners' cotton has been marketed, as well as providing information relative to each of PCCA's growers through the Member Access platform.

"The Cotton Services Department is instrumental in the cotton marketing process at PCCA," Smyth said. "They process all of the cotton payments that come through and get distributed out of PCCA. That includes pool invoices, progress payments, The Seam® trades, as well as PCCA's dividends and stock retirements. They are also vital in assisting the gin office with determining FSA eligibility and also providing accurate lienholder information."

Even during the busiest time of year, the Cotton Services team keeps growers and gins up to date by using the Member Access website and app. Member Access provides PCCA grower-owners the ability to check their information from their mobile devices without making a trip to the gin office. The platform was specifically designed and built by PCCA's Information Systems Department.

"Something grower-owners may not know about the Cotton Services Department is that they also support the Member Access System where grower-owners can access cotton and market information throughout the season, and get year-round tax info as well," he said. "They also process contracts, paperwork, and anything that goes through PCCA that they are going to need in the marketing process."

If you would like to sign up for Member Access, visit <https://www.pcca.com/pcca-member-services/member-access/> or call PCCA's Cotton Services Department at 806-763-8011.

South Texas

As PCCA grower-owners are spread throughout Texas, Oklahoma, and Kansas, the cooperative has field offices in each state. This helps ensure that no matter where a grower may live and farm, PCCA is always accessible. The same services and support provided at its headquarters in Lubbock are also provided in other locations through member communications area managers. For example, in Corpus Christi, Texas, PCCA's South Texas team handles much of the same cotton services and gin accounting tasks for farmers in the area, providing in-person support to grower-owners in the region. Under the leadership of manager Cris Gwinn, this field office is a valuable extension of the PCCA system.

Working Together. Adding Value

The Gin Accounting, Cotton Services, and South Texas departments are examples of how PCCA takes pride in adding value in every possible way to its grower-owners' cotton. While they work in tandem on a daily basis, they also come together to host events and trainings for gin employees.

"These departments work very closely together," Smyth said. "They have the same customer base, and that allows the gins and grower-owners to operate as seamlessly and efficiently as possible. They are a cohesive collaboration on things like system enhancements, gin workshops, and trainings. It provides a unique solution that you don't see, and don't get, anywhere else."

PCCA has extended its operations beyond the world of cotton marketing and into that of service and innovation for the farmers and cooperative gins it serves. Smyth said this expansion helps the cooperative fulfill its mission statement.

"Grower-owners should know that PCCA is not just a marketing cooperative," he said. "We are truly invested in your future and long-term profitability." 🤝

We're Still Here

Even though the world around us changes daily, one thing you can rest assured will not change is the presence of PCCA. Through these difficult times, your cooperative has remained strong and steady to serve our grower-owners and cooperative gins.

While it's challenging to see everyone in person, you can stay connected with us through our social media channels and up to date on the cotton market through our newsletter, Cotton Market Weekly. You can sign up to receive updates at pcca.com/publications/subscriptions.

As always, feel free to reach out to us at 806-763-8011.

As long as you are working, we will be too.



PCCA's Mission

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