

# the kernel

## TEXAS CORN PRODUCERS BOARD

### Texas Ag Groups Work to Protect Producers from Elevator Failures



**Texas Department of Agriculture representative David Kostroun** discusses current protection for producers.

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The Texas Corn Producers Board and Corn Producers Association of Texas are dedicated to protecting Texas corn producers from the financial implications of elevator closures. TCPB & CPAT met with other state agricultural groups in Dallas on September 28 to discuss what can be done to protect producers from the effects of grain elevator failures in the state. The group discussed the laws currently regulating these exchanges and the consequences of its insufficient protection for growers when significant elevator failures occur.

In recent years, there have been several grain elevator closures that caused immense strife for producers that were left virtually unprotected from the loss of their grain deposited in warehouses.

"We need to determine a way to protect Texas grain producers from any future elevator closures," TCPB Executive Director David Gibson said. "While we hope there aren't failures in the future, we need to ensure there's regulation in place that

financially protects all parties involved."

The group in Dallas hosted Jerry Quick, legal counsel for the Illinois Farm Bureau, to discuss the grain indemnity fund system his state has in place. He discussed the benefits of the system, as it is designed to keep the government aware of the accurate financial situation of elevators across the state and it finances a fund to protect any financial losses in the event of a closure. Quick explained the extensive system of checks and balances Illinois uses to ensure a facility doesn't fall through the cracks. In fact, he said though they've had some elevator closures they rarely have a bankruptcy accompany it. Quick also discussed grain indemnity fund systems supported by other state governments across the United States.

The group then heard from David Kostroun with the Texas Department of Agriculture. Kostroun explained the current Texas legislation related to these matters. He noted that

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# CORNER Comments



**David Gibson**  
**TCPB Executive Director**

What interesting times we are seeing in the world of corn. Texas producers are facing many significant issues that will greatly impact them, and some the most significant of these issues are not production issues. We have had several elevators closed over the past few years with two larger facilities being closed this past year, leaving many producers unprotected from the losses of their grain after it was deposited in warehouses. Our current laws that regulate this do not provide adequate protection for growers when significant elevator failures occur. A task force put together by Texas Agriculture Commissioner Todd Staples is reviewing these laws and requirements, and some changes are expected for the coming year. Also, producer groups are looking at things such as grain indemnity funds that other states have in place to determine if a fund could be devised.

Water and irrigation are already large issues for Texas producers, especially those in the High Plains over the Ogallala aquifer. Later this year a study will be released illustrating how changes or restrictions in water use may impact not only the producers, but the surrounding counties and communities.

The large volatility in the market is also presenting concerns as some growers try to price their crop for 2010, 2011 and beyond. We have seen prices go over \$5.00 per bushel this fall, but many growers in Central Texas were not able to participate in this market due to having completed harvest and selling of grain prior to the price increase. With the significant swings in the markets, growers who use hedges or future contracts are placing much more money into margin accounts in order to participate in these markets. It is important for growers to use the markets, as just this year we have seen future prices increase more than \$1.50 per bushel over the past 3 months with lows near \$3.40 per bushel.

The challenges are great as we deal with the water issues, price fluctuations and impact of markets. Growers and land owners should stay aware of events in their area related to these issues so their voices can be heard. Check our website and your area's underground water district's site regularly for posted meeting or hearing schedules.



**Scott Averhoff**  
**TCPB Chairman**  
**Waxahachie, Texas**

With corn harvest finished in the down state area and getting into full swing in the Panhandle at press time, it lends time to reflect on this year and consider issues affecting corn growers. Looking back, growers from the Blacklands to the Valley had relatively good

success minimizing aflatoxin where they used an atoxigenic material. While this technology does not guarantee less than 20 ppb aflatoxin, it has given significant reduction. I am proud of the work and support TCPB staff and directors have done to make these products available to growers.

Wild swings in the commodity markets since 2007 have exposed vulnerabilities in the security of selling or storing grain in Texas. We currently have an inadequate safety net in the event of commercial storage/buyer financial failure. Farmers are often the last in line during seizure or bankruptcy proceedings because, depending on their arrangement, they can be considered unsecured lien holders.

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# “Corn Production in Texas”

## CPAT Scholarship Winning Essay by Luke F. Johnston

Corn has advantages and disadvantages depending on the region in which you live. A serious topic at the grain elevator is, “how high is the aflatoxin?” Aflatoxins are naturally-occurring mycotoxins that are produced by many species of *Aspergillus*, a fungus, most notably *Aspergillus flavus* and *Aspergillus parasiticus*. Aflatoxin can be widespread in nature. One common characteristic of this fungus is that it can contaminate grain in storage or even while still in the field. The fungus colonizes on the host crop that is most susceptible to infection in conditions like high humidity and/or drought situations.

The native habitat of *Aspergillus* is in soil, decaying vegetation, hay and a grain undergoing microbiological deterioration and it invades all types of organic substrates whenever conditions are favorable for its growth. Favorable conditions include high moisture content and high temperature. Due to the difficulty of controlling Aflatoxin, this year we were able to put out a new technology called Aflaguard. Aflaguard is put on a sterile barley seed and when it gets moisture, it releases spores into the air and colonizes on the ear to where the bad strain cannot grow. With the good strain growing on the ear of corn, it lowers or eliminates the colonization of the bad strain of Aflatoxin. Lowering the number of “parts per billion” of aflatoxin allows the farmer to have a

### Congratulations to the 2010 CPAT Scholarship Recipients

**Luke F. Johnston**

Senior, Waxahachie High School  
Waxahachie, Texas

**William Zachary Goodwin**

Sophomore, Texas A&M University  
Alvarado, Texas

better chance of marketing the crop with a better price.

Nevertheless, the corn crop is a very profitable commodity. In such instances, corn is in wide use in the state. It is used in feed lots, for human consumption and other domestic uses. It is one of the best rotation crops used in Texas, as it puts nutrients back into the soil for the next crop year.

Growing up on a Texas family farm, I have learned about the production of a corn crop. While spending more and more time around the family farm, I have learned when to plant, how much fertilizer to use, and even harvested my first crop two years ago.

### *Producer Protection, Continued from p. 1*

all the elevators that closed recently had provided self-reported financials to TDA, though they were obviously not correct.

Since March 8, 2004 Texas has had seven grain elevator failures. Kostroun noted only one of five elevator failures are completely covered by their bond – leaving grain producers with inadequate compensation for their grain.

Kostroun said the TDA has put together a task force that consists of agricultural leaders, including directors of state grain commodity boards, elevators and others. This task force has been asked to determine a recommendation on new or revised legislation in relation to grain eleva-

tors. One option this task force is considering is a Texas grain indemnity fund.

The group in Dallas created its own task force of commodity producers to meet and draft a proposed legislation that it will recommend to the TDA task force. TCPB and CPAT will continue to stay involved in all aspects of this matter, and work with other agricultural groups to adapt a system in Texas that protects grain producers from the potential woes of elevator closures. In the meantime, TCPB encourages producers who are having any issues with a grain facility to notify the TDA and make them aware of the issue.



# Upcoming Events

## ■ November 13-16, 2010

Texas Seed Trade Convention  
San Antonio, Texas

## ■ November 29-30, 2010

TCPB Meeting  
Amarillo, Texas

## ■ November 31, 2010

Texas Commodity Symposium Reception  
Amarillo, Texas

## ■ December 1, 2010

Texas Commodity Symposium  
Amarillo, Texas

## ■ December 1-2, 2010

Amarillo Farm Show  
Amarillo, Texas

**We Tweet!**  
**@TexasCorn**

## Texas Corn Producers Director Elected to National Office

Texas corn producer Wesley Spurlock was elected to the National Corn Growers Association's board July 14 during the annual Corn Congress in D.C. Delegates elected Spurlock and three other growers to serve on the organization's Corn Board.

Spurlock of Stratford, Texas, joins Bill Chase of S.D., Rob Elliott of Ill., and Jon Holzfaster of Neb. The new board members will begin serving three-year terms Oct. 1.

The NCGA Corn Board represents the organization on all matters while directing both policy and supervising day-to-day operations. Board members represent the federation of state organizations, supervise the affairs and activities of NCGA in partnership with the chief executive officer, and implement NCGA policy established by the Corn Congress. Members also act as spokespeople for the NCGA and enhance the organization's public standing on all organizational and policy issues.

Spurlock and his wife Susie farm alongside his children, Walter and Jennie, in Sherman County, Texas. In addition to growing corn, he grows wheat, cotton, triticale and seed milo.

Spurlock serves as treasurer for the Texas Corn Producers Board and is a director for the Corn Producers Association of Texas. He is also on the NCGA Production Stewardship Action Team, the NCGA My-

cotoxin Task Force, the USDA Natural Resources and Conservation Service State Technical Committee, and is on the North Plains Ground Water District Board and other boards in his community.

"We are excited to have a Texas grower on the NCGA Corn Board," CPAT Executive Director David Gibson said. "Wesley is a great leader in our state and a strong advocate for many causes pertinent to the Texas corn industry. This is a great opportunity for him, and it is beneficial for our state to have representation on such a powerful national board."

Fellow board members Scott Averhoff, Charles Ring, Dee Vaughan, Bruce Wetzel and Steve Yoder, as well as Executive Assistant Angie Martin, joined Spurlock and Gibson in D.C. for Corn Congress.



# Director Spotlight

Steven Yoder farms approximately 3,000 acres in Dalhart, Texas, with his wife, Pamela, as well as his son and daughter-in-law, Zac and Rinnell. A little more than one-third of his crop is corn, while the other acreage is devoted to soybean, wheat, sunflower and alfalfa. Yoder has farmed this land for 25 years.

Yoder served on the National Corn Growers Association Corn Board from 2005 to 2008 and has been a member of the Texas Corn Producers Board and Corn Producers Association of Texas since 2003. Currently, he is serving as vice chairman of TCPB. He also is on the board of his local co-op and is the chairman of the NCGA Joint Trade Policy Action Team.

"This is an exciting time for farmers," Yoder said. "Joining your respective trade association is the best way to be a part of the change."

Originally, Yoder said he joined the board because he felt the northern panhandle needed to be represented. However, now he has more defined goals for his service and wants to promote corn overall and keep farmers profitable. Additionally, he always wants to ensure profitability and success for the next generation of corn farmers.

"The more active we are as farmers," Yoder said, "the louder our voice is. Participating on



**TCPB Vice Chairman Steve Yoder** also serves on the NCGA Joint Trade Policy Action Team as well as actively serving on the board of his local co-op.

the board is a learning experience. You get back a lot more than what you put in."

Yoder anticipates a need for the corn industry to constantly find new ways to utilize increases in corn production. One solution he supports is increasing exports to China and bettering trade relations with Cuba. Using these outlets for export, Yoder said, will only help corn production in our country, and better our economy.

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*Averhoff, Continued from p. 2*

A grain indemnity fund established properly in Texas would be a reasonable way to protect growers assets once they deliver to a commercial facility prior to final disposition and payment. Various commodity and other organizations are having discussions to decide how to proceed.

On August 25th, I had the opportunity to attend the corn breeder's field day hosted by the Texas Agrilife Research farm in Etter along with TCPB research committee member Robert Gordon. The staff at the farm hosted an excellent and informative field day. The projects there not only involve Dr. Wenwei Xu's corn breeding program, but also water use

efficiency and finding hybrids that can produce acceptable/profitable yields on reduced applied water. I personally enjoyed the moderate temperature/humidity as a welcomed relief from what we were experiencing in Central Texas at that time.

TCPB is dedicated to improving Texas corn grower profitability through research, promotion and education. We are guided by a fifteen-grower board of directors representing all areas of corn production in Texas. If you have an area of concern that you feel needs attention, please make us aware. If you are still harvesting, I hope it goes well and stay safe.

# Texas Corn Producer Featured on RFD-TV

by Quenna Terry  
NRCS Public Affairs Specialist

High Plains producer David Ford, member of the Texas Corn Producers Board, was videoed in early summer by the USDA-Natural Resources Conservation Service for a 4-minute NRCS segment aired by Farm Bureau's television program—'Voices of Agriculture'.

NRCS and the TCPB teamed up to produce the story for the water conservation program shown the week of August 25 on RFD-TV.

In the television segment Ford explained the conservation practices he's implemented to decrease water use while maintaining crop production and profitability. He talked about how he has worked with the NRCS and the many benefits of the conservation programs,

including water conservation that he has put in place on his farms.

Viewers learned the importance of water efficiencies used by Ford to irrigate his corn, cotton, wheat and hay, including the water needed to maintain his 250 head of cows and calves.

Ford was recognized for the good soil and water conservation measures he has incorporated to decrease water use and improve water quality.

Texas farmers, NRCS and other partners across the state continue to demonstrate a strong commitment to keeping Texas croplands healthy and productive, while utilizing water more efficiently for generations to come.



NRCS videoed Ford at one of his wells while he talked about his irrigation and utilizing water meters.



Bob Stobaugh, NRCS videographer, set up the interview with Ford at his home place near Dumas.

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## Summer Shows Exhibit Great Progress in Research

Over the past several months, several Field Days have been held across the state to highlight developing research. Texas AgriLife Research scientists showcased promising hybrid corn varieties grown to fight aflatoxin to a group of producers and industry representatives at field trials near College Station.

A corn irrigation field day was held in Etter enabling attendees to tour the limited irrigation corn breeding research plots of Wenwei Xu.

Additionally, Thomas Marek showed progress on his work with the North Plains Groundwater District's 200-12 project.

Texas Alliance for Water Conservation held a Pioneers in Agriculture field day in Muncy, Texas. The program featured several field tours, including visits to farms with corn varieties that can function on lower amounts of water. Senator Robert Duncan gave a TAWC presentation over lunch.



# Odds & Ends



## Texas Corn Producers launches YouTube Channel and new website

Be on the lookout for big changes in the way Texas Corn Producers communicates. If you visit our YouTube channel profile, you can view a variety of videos from various Texas Corn events featuring our directors, our Executive Director David Gibson and even Sen. Blanche Lincoln (D-Ark). And soon, our website will be getting a makeover. Although you can still find us at [www.TexasCorn.org](http://www.TexasCorn.org), we will be bringing you up-to-date information in a new, easy format.



## TCPB and CPAT Board Member Elected President of SWCA

During the annual Southwest Council of Agribusiness banquet on July 9, it was announced Dee Vaughan was elected as 2010-2011 President of the SWCA Board. The Dumas corn farmer had previously held the office of vice president.

## TCPB and CPAT Boards Meet in Lubbock

Board Members for the Texas Corn Producers Board & the Corn Producers Association of Texas gathered in Lubbock August 30-31 for meetings. During the meetings they discussed 2011 funding, RMA policy, water conservation and other research, developing a grain indemnity fund, and more. The boards are excited for the year ahead and the many endeavors they're taking on behalf of Texas corn producers.

## Aflatoxin is a Continual Issue According to TCPB

Every year some Texas corn producing areas south of the Red River experience higher than normal levels of aflatoxin. While the entire Central Texas region has recorded varying levels of aflatoxin this year, it has particularly struck the Blacklands hard. Adding to their problems and frustration, some producers in the area feel victimized by inconsistent sampling and testing methods.

Aflatoxin has been a major focus of research funded by the Texas Corn Producers Board through the statewide corn checkoff program. TCPB Chairman Scott Averhoff farms corn in Ellis County, near Waxahachie, and said he has seen a significant reduction with the use of atoxigenics – a practice established from research funded by TCPB.

While aflatoxin is a disease that Texas corn producers face year-after-year in parts of the state due to environmental conditions, continued research progress will help producers reduce aflatoxin levels and diminish financial loss to this disease. Producers are encouraged to adapt the newest control measures, genetic advances, and follow good cultural practices for producing corn in the future.

## 2011 NCGA Action Team Appointments

The National Corn Grower's Association 2011 Action Team Appointments were announced in September. Texas is fortunate to have seven representatives serving in the upcoming year. Robert Gordon will serve on the Production and Stewardship Action Team, Wesley Spurlcok will serve on the Finance Committee, Jimmy Wedel will serve on the Grower Services Action Team, Steve Yoder will serve on the Joint Trade Policy Action Team, Charles Ring will serve as Vice Chairman of the Mycotoxin Task Force Committee, Scott Averhoff will serve on the Public Policy Action Committee, and Pamela Yoder will serve on the Corn PAC Committee. We thank these leaders for their service.

# Contact Texas Corn Producers Board

4205 N. I-27  
Lubbock, TX 79403  
(806) 763-2676 or (800) 647-2676  
Fax: (806) 762-2674

## Staff:

David Gibson - [dgibson@texascorn.org](mailto:dgibson@texascorn.org)  
*Executive Director*

Stephanie Pruitt - [stephanie@texascorn.org](mailto:stephanie@texascorn.org)  
*Communications Director/Editor*

Angie Martin - [angie@texascorn.org](mailto:angie@texascorn.org)  
*Executive Assistant*

Kaci Bearden - [kaci@texascorn.org](mailto:kaci@texascorn.org)  
*Executive Assistant*

Kelsey Fletcher - [kelsey@texascorn.org](mailto:kelsey@texascorn.org)  
*Texas Tech University Communications Intern*

24 hours a day at:  
[www.TexasCorn.org](http://www.TexasCorn.org)



## TCPB Directors

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