



SUMMER 2017

# Harvest



AMERICAN AGCREDIT  
MONEY FOR AGRICULTURE

**FIRE & RAIN**  
— THE IMPACT ON  
AGRICULTURE

WELCOME  
GREAT PLAINS  
CUSTOMERS

INNOVATION TURNS  
**SHEEP**  
INTO MOWERS



# OUR MISSION

Be the best lender to agriculture.



AMERICAN  
AGCREDIT



## American AgCredit by the numbers

**\$9.3  
BILLION**

...in assets as of June 30, 2017

**5<sup>th</sup>**

...largest Farm Credit  
Association in the country

Association  
governed by a

**24**

member  
board



**39**  
...offices in a lending territory  
within California, Colorado,  
Kansas, New Mexico, Nevada,  
and Oklahoma

Cooperatively owned by more than...

**8,900**

...member-borrowers as of June 30, 2017

Member of the Farm Credit System,  
a government-sponsored enterprise  
with more than...

**\$281 billion**

...in assets as of March 31, 2017

# Harvest

A Publication of American AgCredit

400 Aviation Blvd., Suite 100  
Santa Rosa, CA 95403

**800.800.4865**

info@agloan.com  
www.AgLoan.com

**CEO**

Byron Enix

## BOARD OF DIRECTORS

<b>CHAIRMAN</b>	
Charlie Talbott	Palisade, CO
<b>VICE-CHAIRMAN</b>	
George Fontes	Salinas, CO
Joe Alamo	Turlock, CA
Berry Bortz	Preston, KS
Robert Boynton	Winter Park, CO
John Caldwell	Longmont, CO
Jim Cooksey	Roggen, CO
Derek Davis	Newport Beach, CA
Randall Doll	Leon, KS
Jerold Harris	Parkville, MO
Gary Harshberger	Dodge City, KS
Linda Ingo	Ridgway, CO
Larry Kepley	Ulysses, KS
Kirvin Knox	Fort Collins, CO
Alan List	Lovelock, NV
Brian Maloney	Kingman, KS
Richard Miller	Leoti, KS
Jason Ochs	Syracuse, KS
Greg Ringler	Sylvan Grove, KS
David Santos	Patterson, CA
Larry Solari	Stockton, CA
Tom Stegman	Tucson, AZ
Frank Stonebarger	Stockton, CA
Thomas Teixeira	Los Banos, CA

**EDITOR**

Kristie Fry

## CONTRIBUTORS

Jennifer Bracken, Jeana Hultquist,  
Maryam Ghazi, Karen MacDonald,  
Jennifer Miller, Krista Sherer

## ON THE COVER:

Photo by Thomas Zimmerman,  
The Farmin' Artist.

## On Facebook:

facebook.com/thefarminartist

## Purchase his prints:

thefarminartist.com

American AgCredit is referred to by the acronym "AAC"  
throughout this publication

# American AgCredit is more than just a bank

We're a cooperatively owned lending institution guided by one mission: to be the best lender to agriculture. It is this mission that defines us, and delivering on it takes many forms as we apply our dedication to our customers, their industries and their communities. Supporting this mission, behind everything we do and every decision we make, is a commitment to providing exceptional value to our customers, far beyond the money we lend.



**By Byron Enix,  
CEO**

Certainly, providing capital to agricultural businesses and producers is a cornerstone of our purpose. We're proud that for more than 100 years, we've been successfully doing just that, helping established producers grow as well as young and beginning farmers get started. We support their innovation and entrepreneurship, as many, like Robert Irwin featured later in this issue, strive to find creative ways to thrive in agriculture, the industry for which he, like us, has a passion.

Our focus on agriculture has enabled us to build an unmatched level of expertise and understanding of the needs and the vagaries of the ag sectors we support, and to develop effective products to help our customers to succeed in achieving their goals. Whether small organic produce farms or large vineyards and grain operations, dairies or cattle ranches, our dedication to our customers is something we embody every day. Our relationship managers are more than lenders, they're considered trusted advisors by our customers, helping them make wise financial decisions to strengthen their businesses and reward the sacrifices we know they've made to remain in agriculture.

The diversity of our customers reflects the diversity of agriculture that delivers such plenty to America's tables; this diversification also provides strength and risk protection to our cooperative, ensuring our long-term viability. Today, our portfolio credit quality remains at a near record level. All in agriculture know of its cyclical nature, and while one sector may be facing challenges, others thrive. The waxing and waning of these cycles across all sectors provides American AgCredit with financial balance so that we're in a position to provide extra support to customers who are facing troubling times, making adjustments to manage through risk together. For example, as our livestock producers in Kansas struggle to rebuild their herds, fences and facilities over the next few years after the devastating wildfires this year and last, we stand ready to restructure loans or put other solutions in place to help them overcome this enormous hurdle. So, too, we did with our drought-stricken customers in California, as our feature article conveys. Our commitment is to our customers, who are also our owners.

To further expand our diversification, last year we made a carefully considered strategic decision to merge with Farm Credit of Southwest Kansas. With the approval of our board

and stockholders, as well as the Farm Credit Administration, that merger was undertaken and completed on January 1 of this year. In addition to the benefits of diversification and combined financial capital, we've also gained efficiencies as our technology platforms have been successfully integrated, and the benefit of exceptional talent in our offices and our board room. We've heard from employees and customers alike that this transition has been completed smoothly and that our service has flourished across American AgCredit and within our Great Plains Region, formerly known as Farm Credit of Southwest Kansas.

Agriculture is the economic backbone of rural communities, and rural communities are the backbone of our nation. We know that our mission of providing capital to agribusinesses translates into economic development and job creation, strengthening these essential communities. Our team members are also personally active in their communities, volunteering their time to civic organizations as well as youth groups like 4-H and FFA. As well, many volunteer with local fire departments and some found themselves fighting the flames in Kansas, protecting their neighbors who are also their customers.

Sometimes our mission takes us far from home. In July, a group of American AgCredit's senior managers and board members travelled to Washington, D.C. as part of a national Farm Credit initiative to advocate for agriculture. Farm Credit leaders from all over the country spread across Capitol Hill, each meeting with their own Senators and Representatives to encourage them to implement policies that will benefit agriculture, and consider carefully proposals in the 2018 Farm Bill now under discussion. As part of this national voice, American AgCredit shared our mission with our Congressional delegations and conveyed the importance of maintaining a strong agricultural sector, working to support our customers through our advocacy efforts in addition to the capital and expertise we provide.

So yes, American AgCredit is more than a bank. The American AgCredit team is prepared to advocate for our customers whenever they're threatened, whether by natural disasters, economic uncertainty or political vagaries. We are very intentional about how we deliver more value to our customers and the agricultural industry every day.

*American AgCredit is more than a bank. The American AgCredit team is prepared to advocate for our customers whenever they're threatened, whether by natural disasters, economic uncertainty or political vagaries.*

# Women managing the farm

*More than 200 attend 13th annual conference in Manhattan, Kansas*

Women represent central roles in agriculture, an industry that builds and sustains communities throughout the world. With consideration of these many important



roles, leaders from multiple Kansas ag organizations established the Women Managing the Farm Conference to encourage women to come together and develop the knowledge

and skills needed for success in a competitive agricultural environment.

The 13th Annual Women Managing the Farm Conference was held in Manhattan, Kansas, on February 9-10, 2017. Women involved at all levels of agriculture took part in this year's conference which brought 220 women together in attendance. Pre-conference tracks were provided by Hildebrand Dairy and Liquid Art Winery, and included Excel/Quick Books sessions. Keynote speakers included Farm Management Specialist Dr. David Kohl, Financial Planner and Family Therapist Dr. Kristy Archuleta, and Award Winning Entrepreneur, Kriss Avery. Attendees en-

**Mark your calendars for February 15-16, 2018**

joyed various breakout sessions covering topics related to Production, Management, Finances, Legal and Personal Relationships/Health.

They also enjoyed an evening of entertaining cooking demonstrations with Chef Alli and Rancher Debbie Lyons-Blythe.

American AgCredit supports the Women Managing the Farm Conference each year and recognizes the dedicated involvement of women in agriculture. We hope to see you at the 2018 Conference in Manhattan, Kansas, on February 15-16, 2018.



## American AgCredit's photo contest

*Help us share everyday moments of agriculture*

Your photo entry may appear on American AgCredit's website, social media sites (Facebook and Twitter), and in our publications! Entering may also earn you a \$100 Visa gift card. Photo submissions will be accepted through December 1, 2017.

By submitting entries, you agree to all terms and conditions found at [www.AgLoan.com/AgShots](http://www.AgLoan.com/AgShots). If you have any questions about the contest, please send them to [Marketing@AgLoan.com](mailto:Marketing@AgLoan.com).

### What to submit

We are looking for compelling imagery that illustrates the best of farming and rural life—planting, livestock or harvest scenes; industry shots of agribusiness, production ag, timber operations, farms; action shots in fields and barns; seasonal photos; county fairs, 4-H and FFA events; rural landscape and scenery; country living.

### How it works

- Email your pictures to [Marketing@AgLoan.com](mailto:Marketing@AgLoan.com).
- Include your first and last name, the names of all photographed persons, and a brief description of the photo in the body of the email.
- If your photo is selected, you will receive a \$100 Visa gift card.



# AAC welcomes Great Plains Region customers

On January 1, 2017, the merger between American AgCredit and Farm Credit of Southwest Kansas, recommended by both boards of directors and approved by both organizations' stockholders, was officially completed, bringing together two teams of dedicated employees to deliver enhanced services and support to all our customers.



American AgCredit employees celebrate the success of the merger in our new Great Plains Region offices in Dodge City (above), Scott City (bottom left), and Liberal (bottom right). Also pictured is the new AAC sign in front of our Garden City office.

Our employees in the Great Plains region, formerly known as Farm Credit of Southwest Kansas, will continue to deliver their expertise and AAC's solutions to our customers in the territory, building on the deep and trusted relationships they've developed over the years.

"We're excited to be able to offer our customers in the Great Plains region more products and services to support their operations, including leasing, crop insurance and point-of-purchase equipment financing through AgDirect," says Rich Gleason, Lending Manager.

The merged organization has gained more geographic and commodity diversification in our portfolio, which is an effective risk mitigation strategy as different ag sectors face cyclical challenges. AAC also now has a larger financial base, which will position us to support larger operations and agri-businesses.

"Our increased financial capacity better positions us to support our current customers' growth, and also attract a new segment of customers to further strengthen our cooperative," says Rich.

Moving forward, the combined AAC team will continue its dedication to delivering on our mission to be the best lender to agriculture, and our breadth of expertise will be committed to serving all segments of agriculture – from rural emerging markets, to traditional farming and ranching, to larger, more complex agribusiness operations. Our board of directors, too, will benefit from insights of the new members from the Great Plains region.

"This merger was a strategic decision that aligns with the goals and business approaches of both American AgCredit and the former Farm Credit of Southwest Kansas," says CEO Byron Enix. "We've increased our financial base, reduced our risk exposure through portfolio diversification, and expanded our pool of talent, all of which will enable us to better serve all our customers."



# Fire & Rain



Mother Nature is an integral part of farming and ranching, offering sun, rain and soil to help crops and livestock thrive. Sometimes, though, she brings too little or too much, leading to disasters that devastate regions or specific ag sectors and leaving producers suffering both personally and financially.

American AgCredit's customers have faced two notable disasters in the past few years: years of drought in California dramatically diminishing production for some crops, and wildfires raging across the Great Plains threatening livestock, commodities, homes and businesses. Through it all, AAC stands by our affected customers, demonstrating our commitment to supporting our customers through good times and bad.

## Facing Adversity Together



A new vineyard in Central California was irrigated with an extensive drip system during the drought (top). Relief came with excessive rains in 2017 that finally ended the drought and left standing water in this blooming almond orchard (bottom).

## Waiting for Rain

Following a year of near record high rainfall, in 2012 farmers and ranchers across California waited eagerly for the rains to arrive and their fields to green. And then they waited longer... and still longer. In what has turned out to be the worst drought in California for centuries, according to researchers, the state's agricultural producers have been living through serious drought conditions for five long years.

The impact on individual farmers was dramatic. With insufficient water allowances, many row crop farmers were forced to leave some of their fields fallow, reducing their production and therefore income. Others left bare fields fallow to concentrate their water on their tree crops. Some almond growers ripped out older orchards to direct water to the younger, more productive trees.

"Many of the almond trees that were torn out were at the end of their lifecycle, and not as productive as younger trees," says Marc Busalacchi, AAC Senior Vice President, Western District. "With almond prices as high as they were, and though the older trees were still profitable, water needed to be allocated to its highest and best use."

Even where crops were able to be grown, production was diminished because of the limited water supply. A team from U.C. Davis estimated that the economic impact on agriculture from just the 2016 drought reached \$247 million, with a total economic impact of \$603 million over five years. Job losses were estimated at 4,700; of those, 1,815 were seasonal farm labor.

With customers and rural communities in distress, American AgCredit took action, offering new operating loans to compensate for decreased cash flow, and restructuring existing loans to ease the financial pressure.

"We stuck with our borrowers who were facing significant losses from lack and loss of production, figuring out ways to restructure their loans until they had adequate water supply to serve all their properties," says Marc. "We've also



been financing wells and more efficient irrigation systems to better position producers for the future."

American AgCredit was joined by other Farm Credit organizations operating in California in providing assistance to those stricken by the drought: in 2014, AAC and seven other organizations donated \$100,000 to food banks in California's farm communities, helping provide food resources to those most severely impacted.

## Fighting with Fire

More than 1,500 miles away at the other end of AAC's territory, the ground was also dry in the spring of 2016 and it was windy; conditions were ripe for the rapid spread of a wildfire. On March 22, an accidental spark on Oklahoma's northern prairie initiated a wildfire that raged north across the border with Kansas. The Anderson Creek fire,

It's estimated that the economic impact of the 5-year drought on California agriculture reached a total of \$603 million.



In March 2017, fire destroyed more than 1,000 square miles of land in Kansas, breaking the Kansas wildfire record for the biggest, single blaze the state has seen.



then the largest in Kansas state history, burned 488 square miles of Kansas prairie and ranch land, and almost 400,000 acres across the two states. The fire consumed cattle, homes and other structures, and miles and miles of fencing that is critical for protecting and containing the states' massive cattle herds.

In late March of last year, American AgCredit and six other Farm Credit organizations that also operate in Kansas donated \$138,000 to the Kansas Livestock Foundation, the charitable arm of the Kansas Livestock Association, to help Kansas ranchers purchase feed and other supplies they needed to rebuild what had been lost.

The flames returned in March 2017, this time attacking Kansas, Colorado, Oklahoma and Texas, and sadly breaking the Kansas wildfire record for the biggest, single blaze the state has seen. The fire devastated more than 1,000 square miles of land in Kansas, and claimed several lives. As with the Anderson Creek fire in 2016, rural homes and structures as well as cattle and endless miles of fencing were also destroyed.

American AgCredit and its Farm Credit partners again stepped up to provide some relief to the affected farmers and ranchers, donating \$160,000 to the Kansas Livestock Foundation. More than 30 American AgCredit customers were among those who lost livestock, homes, grass, fences and equipment.

"This is now a massive rebuilding process for our customers and everyone else affected," says Greg Reno, AAC Senior Vice President, Midwest Banking. "Every mile of fencing, of the thousands of miles lost, needs to be rebuilt by the individual rancher, at a price tag of \$10,000 per mile."

The AAC team has worked with the customers affected by last year's fire, and will work with those impacted this year, to develop solutions to their financial situations, which could include things like re-amortizations, interest rate adjustments or payment deferrals.

"Each situation is unique, and we're working with every customer in some way to help them through these disasters," Greg says. "The most important thing we've told our customers is that they don't need to worry about their finances immediately. They can, and should, take the time to assess their operation and the extent of the damage so we all know what we're facing. Then we can sit down and talk about how we can best help them."



## Better Days Ahead?

While there's no predicting Mother Nature, things are looking up in California, where the drought was officially declared over in April. Most of AAC's row crop farmers are getting the water allocations they need to plant their fallow acreage, so it's expected that they'll be able to take full economic benefit from the land they farm. Tree farmers are also looking at a good season, with early fruit developing nicely.

"We're seeing early signs that with a regular winter like we just had, the crops look healthier and more vivacious," says Marc Busalacchi, AAC's Western District Senior Vice President. "This should prove to be a good year for our customers."

In Kansas, the road back will likely take a little longer. Greg estimates that it will be seven to ten years before individual ranchers fully rebuild their herds, and five years before they'll be finished rebuilding their infrastructure, much of which was developed over generations.

"The number one priority was to obtain feed for the livestock that survived, and provide veterinary care for animals that were injured, and this need has been met," Greg says. "Now it's a matter of time and hard work, which we know our customers are ready for, and we're ready to help them get there."



Board Chairman Charlie Talbott and CEO Byron Enix celebrate the end of California's drought in a downpour.

## Manage your risk by insuring your crop

As farmers and ranchers across the country recover from the dramatic winter of 2016-17, crop insurance is at the forefront of many discussions. Crop insurance provides an essential protection against losses from perils such as adverse weather conditions, drought, flood, freeze, fire, insects, plant disease, wildlife or other naturally occurring events.

For good reason, crop insurance has been called the linchpin of the federal safety net for America's farmers and ranchers. More than 86% of insurable farmland in the United States is now protected through the Crop Insurance program.

American AgCredit offers a variety of different types of crop insurance:

- Actual Production History (APH)
- Yield Protection (YP)
- Crop Hail Insurance
- Crop Fire Insurance
- Livestock Risk Protection (LRP)
- Actual Revenue History
- Named Peril
- Revenue Protection (RP)
- Pasture, Rangeland and Forage (PRF)
- Livestock Gross Margin (LGM)
- Sugar Beet Replacement Insurance
- Dollar Plan
- Whole Farm Revenue Protection

Our Customer Risk Management team, lenders, and other agribusiness specialists can assist you in developing a sound risk management plan. We are ready to help you learn more about how crop insurance can work in conjunction with your other risk management strategies to insure the best possible outcome for every crop.





# Passion and innovation turn sheep into mowers



Driving down an Oregon road while delivering produce in 2006, Robert Irwin watched a vineyard go by his windows. Instead of focusing on the rows of vines, though, his eyes were drawn to the swaths of grass growing between them, and he had the germ of an idea. In the years since, that idea has blossomed into a successful business that has enabled Robert to re-enter the sheep raising industry.

## The roots run deep

Robert's family has been working with sheep since before his ancestors left Scotland in the 18th century and he is now the third generation to represent it in America. The youngest of five children, he is the only one of his generation interested in continuing the family business. "It's all I've ever wanted to do," he says. "I've always had a connection with the animals and being out in nature."

When each of Robert and his four siblings were born, their parents bought five female lambs; over the next 18 years, the lambs the ewes produced were sold, and the money was put into college funds. Robert's interest was clear, as by age 10 he had acquired 50 sheep of his own by buying out his siblings' flocks. Robert's family decided to get out of the sheep business when he was 14, so he found neighboring land to rent so he could continue on his own. That dedication and passion continue to today.

*Robert and Jaime Irwin – and their five-year-old Claire – revive a generations-old family business*









## Simplicity isn't always easy

Robert's idea that day passing the vineyard was relatively simple: why not let flocks of sheep "mow" the grass by grazing it, saving the vineyard owners the cost of labor, equipment and inputs? His pricing approach was very straightforward: he'd ask his customers what it costs them to mow the vineyards, and then offer them a 60 percent discount, taking the remaining 40 percent for himself. Unfortunately, concerns over the animals causing damage to vines, trellises and irrigation systems, as well as soil compaction, turned out to be a roadblock. It didn't help that he was just 26 years old at the time, with an unproven idea.

Finally, after two years of struggle, an organic vineyard was willing to take a chance, and Robert was started on his new business. "We'd been breaking even on our sheep at that point, but it was tight," Robert says. His new business approach offered him three income streams: grazing fees, selling excess lambs, and selling the wool sheared each year.

## Relocating to California

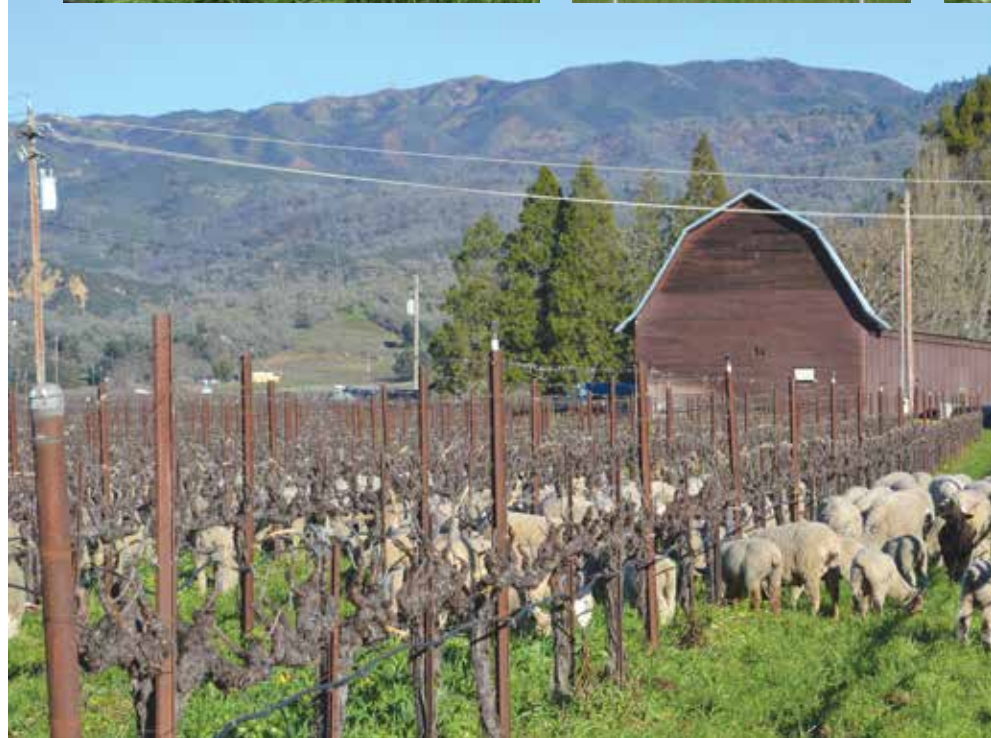
In 2010, Robert sold his herd and his grass seed business due to the economic downturn, and moved to California to help a fellow sheep rancher set up his own grazing herd. In 2014, he decided to get back into the business for himself, stocking his herd first with the purchase of 50 head descended from the original bloodline his grandfather, and then his mother, raised. With a list of every organic vineyard in his hand, he started knocking on doors and talking to vineyard managers.

"By this time, the drought was just starting to get to us, and we didn't have a whole lot of grass, had a lot of sheep, and only ten days of feed," Robert says. Instead of playing it safe, when McDowell Family Vineyards in Mendocino County recognized the benefit of Robert's proposition, he ordered 1,200 sheep, trusting that other vineyard managers would sign on as well. "I took a gamble that this idea would work, and that once we'd proven we could do it, others would recognize it," Robert says.

The gamble paid off, as first Fetzer and then other vineyards signed on with Robert's Kaos Sheep Outfit, headquartered in Clear Lake Oaks.

## Finding a lender, and an advisor

Even with his growing customer base, Robert knew that to generate sufficient income to support his family – which includes his wife, Jaime,







a five-year-old daughter, Claire, and another baby on the way – he would need an even larger herd, and for that he would need capital.

His first visit with American AgCredit relationship manager Chuck Fischer did not end as Robert had hoped, as his financial position wasn't strong enough to obtain a loan at that time. "I wouldn't have loaned money to me then either," Robert says with a smile in his voice. "I knew he was going to turn me down, but I wanted to build a relationship with a bank that understood me, how my business ran, and how agriculture works."

While Chuck wasn't able to offer him a loan on that first visit, he did offer some advice about what would be needed in order to qualify in the future. That advice sat well with Robert, who was looking for an advisor as well as a lender. "I'd already had to sell my grass seed business, and I didn't ever want to be in that position again, so I wanted someone to help me with the financials," he says. "As our relationship got better, so did the questions he asked, and I wanted to have that conversation with someone, have an interested banker look at my books and make sure I wasn't making any mistakes."

What that meant for Robert was a slow building of his asset base and his equity by expanding his herd. At the same time, he was increasing his revenue stream by signing new customers. "Robert is a very honest, sincere, hard working young man and he's made good business decisions," says Chuck. "When he came in to see me, he was prepared and knowledgeable, and was someone I knew we at American AgCredit wanted to get behind and help be successful."

Two years and two visits later in 2016, Chuck was pleased to be able to offer Robert the financing he needed. An annual operating line of credit, a 5-year equipment line of credit, and a 3-year term loan to purchase additional sheep positioned Robert to grow his herd to its current 4,000 head size, which Robert intends to maintain.

## Building his business

With his sheep happily grazing in vineyards across Mendocino, Lake and Colusa counties, Robert's entrepreneurship brought his eyes further afield, encompassing additional agricultural operations and an entirely new source of customers: municipalities and homeowners associations looking for firebreaks to minimize their risks of succumbing to wildfires. Today, his flocks can be found grazing approximately 18,000 acres for nearly 100 clients, including vineyards, orchards, wheat and alfalfa stubble as well as what he terms "fire grazing." The majority of his clients are in agriculture, some of whom turn to him for multiple crops throughout the year.

At each site, 500 sheep per 20 acres graze for five days within a corral of portable electric fencing,  $\frac{1}{4}$  mile of which can be set up in just 30 minutes by a single person, and taken down in about half that time. "This was my goal, I wanted to be as efficient as a tractor," Robert says. "As soon as the sheep are gone, the fence is gone, and the pruning crew or whatever comes next can come through right behind us." While on site, the animals graze not only grass and harvest stubble, but can also sucker vines and trees, leaf pick, and clean out leftover fruit on the ground or in bins, helping break the life cycle of larval pests nesting there.

Robert's operation also includes 3,000 feeder lambs sold to a local sustainable processing operation, as well as 11 border collies to help move the sheep on site, and another 25 or so dogs that live with and protect the sheep from predators. Working alongside him is wife Jaime, who manages the dogs and the other critical daily operational issues, while Robert moves the sheep. Also assisting is a staff of six employees.

## The secret of success

Robert's goal has always been to find a financially viable way to remain in the sheep business. That he's able to offer benefits to his clients is almost as satisfying, and his clear focus on them is what he believes has made his business a success.

"We always put our clients first," he says. "I put myself in their shoes, and when I wake up, it's not about how much money I make, it's how much I can save them, make their job easier, their business more profitable, or their products more marketable. If I can do that, then they're going to let me keep doing what I want to do, which is what I'm doing right now."





# AgYouth program

## Supporting 4-H and FFA Students

American AgCredit's AgYouth Program is part of the Association's commitment to young and beginning farmers. We offer interest-free funding to assist 4-H and FFA students in purchasing and caring for animal projects. Whether affording a young person from an urban area their first experience raising an animal, or reinforcing the love and respect of agriculture for a member of a longtime ag family, we are committed to the success of young people in agriculture across all communities we serve.



"Thanks to the AgYouth program, I was able to purchase and show my first steer, Whip and Nae Nae. It was a huge success and made it possible for me to invest in my first heifer, Sissy."

– Megan Miller (above),  
Weld County, CO, 4-H

Luis Lombero, his  
father, and America  
Cardenas, Coachella  
Valley, CA, FFA







Mallory Hanen, Buhler, KS, 4-H



Will Hanen, Buhler, KS, 4-H

AAC-sponsored AgYouth from Escondido High School FFA in San Diego County, California, opened their farm to 2nd graders from across the Escondido School District for Farm Day



Guy Wright, La Plata County, CO, 4-H



Gary Wright, La Plata County, CO, 4-H



# College scholarship program

## Commitment to the Future of Ag

American AgCredit offers college scholarships to young people studying or planning careers in agriculture. Recipients have demonstrated their commitment to agriculture and make a difference in their communities. The scholarship program is an important component of our commitment to young and beginning farmers. Congratulations to all of our American AgCredit Scholarship recipients.

### Featured student

Cassidy Scatena will study Animal Science with an emphasis on Pre-Veterinary Medicine at Cal Poly, San Luis Obispo. She was president of the Smith Valley (NV) FFA and ran two businesses through her FFA Chapter, a Texel sheep flock as well as a flower arrangement business. She plans to pursue a career in Veterinary Medicine.

*"I get my drive and inspiration from our rural community. We have so much support and opportunities here to be involved. I truly owe my accomplishments to my experience as an FFA student."*

—Cassidy Scatena,  
Yerington, NV, FFA



Carina Duran



Kenlee Hiatt



Jose Perez



Joe Devencenzi

### Central California regional update

The 20<sup>th</sup> Annual American AgCredit Scholarship Golf Tournament was held May 15, 2017 at Del Rio Golf and Country Club in Modesto, CA. One hundred and ninety two golfers participated in the tournament to support eight students in their pursuit of agricultural education at local colleges. Each student received a \$1,000 scholarship award. Congratulations to all!

#### SCHOLARSHIP WINNERS

Katelyn Abshire	Merced College
Sarah Baskins	Cal State Stanislaus
Joe Devencenzi	Delta College
Carina Duran	Modesto Jr. College
Katherine Fraser	Cal State Stanislaus
Darryl Hadlich	Modesto Jr. College
Kenlee Hiatt	Delta College
Jose Perez	Merced College





Pictured (L-R): Emily Lackey, Ryan Scarr, Ciara Babcock, Katia Arteaga, Trevor Carrasco, Carlee Overturf, Austin Baalman, Reed Sage, Connor Zimmer, and Brian Sampson

# AAC Internship Program offers experience and possibility of future employment

American AgCredit provides an 11-week Intern Program each summer that affords hands-on training to accomplished students with a background or interest in agriculture.

The intern program opens the door to relationship building and marketing opportunities within our communities, as well as the opportunity to cultivate long-term relationships with possible future employees. Experienced Credit, Appraisal and Operations staff provide extensive training, which includes instruction on financial analysis, loan structure and pricing as well as appraisal theory.

Ten interns have been working in AAC offices in California, Kansas, Colorado and Nevada this summer.

To be eligible for the program, applicants had to be graduating from a four-year college in 2017 or 2018, with a 3.0 GPA or higher and course emphasis on finance, accounting, business administration, agribusiness, agriculture or corresponding studies. The opportunity offers interns competitive wages, arranged and paid

## The American AgCredit intern class of 2017 includes:

NAME	UNIVERSITY	INTERNSHIP LOCATION(S)	HOMETOWN
<b>Katia Arteaga</b>	Cal Poly San Luis Obispo	CA: Temecula, Palm Desert	Rancho Cucamonga, CA
<b>Austin Baalman</b>	Kansas State	KS: Wichita	Oakley, KS
<b>Ciara Babcock</b>	California State Chico	CA: Santa Rosa, Eureka	Bieber, CA
<b>Trevor Carrasco</b>	University of Nevada, Reno	NV: Fallon, Elko CA: Alturas	Smith Valley, NV
<b>Emily Lackey</b>	Fresno State	CA: Turlock, Merced	Orange County, CA
<b>Carlee Overturf</b>	Kansas State	KS: Wichita, Garden City	Johnson, KS
<b>Brian Sampson</b>	Fresno State	CA: Stockton	Yreka, CA
<b>Ryan Scarr</b>	University of San Diego	CA: Salinas	Salinas, CA
<b>Reed Sage</b>	Kansas State	KS: Wichita, Garden City	Dover, KS
<b>Connor Zimmer</b>	Colorado State	CO: Greeley, Montrose	Longmont, CO

housing, as well as mileage reimbursement and a daily food allowance.

Former intern Emily Costa, now an appraiser in our Stockton, California office, participated in the program in 2015. Her family farms cherries in California's Central Valley, and Emily majored

in agricultural economics at the University of California at Davis. "You are essentially doing what you would do if you started full time which is great," she says, "because it made the transition really easy and gave me a taste of what I wanted to do."

# In it for the long haul

## *We stand by our customers*

How is American AgCredit different from a commercial bank? American AgCredit is a member of the Farm Credit System, a nationwide network of customer-owned financial institutions to provide loans and related financial services to U.S. farmers, ranchers, farmer-owned cooperatives, rural homebuyers, agribusinesses and rural infrastructure providers. As customer-owned cooperatives, Farm Credit institutions are governed by the customers they serve and have a specific mission to support rural communities and agriculture – in good times and bad.

Another difference is how we respond when one of our borrowers experiences financial difficulty. Because of our structure as a customer-owned lending cooperative, not only do we have a vested interest in helping our customers through financial challenges, we are mandated to do so by our regulators. A commercial bank often needs to focus on new loans and sales revenue—not necessarily helping when times are tough. Our structure, size, agricultural expertise and diversity allows us to offer more support, including our Credit Resolution team, a dynamic group of business professionals experienced in getting enterprises back on track. When our borrowers experience financial distress, our lenders partner with the Credit Resolution team to invite the borrower for an opportunity to address the issues. Together we explore and develop a mutually acceptable path to success.

## What happens when a borrower is experiencing distress?

Because we are part of the Farm Credit System, all American AgCredit customers have the right to apply for a restructure if they are experiencing adverse financial trends and unable to meet the terms of their loans. At a commercial bank, a communication of this sort might feel like the end of the road. Fortunately, many American AgCredit customers find it is the first step on the road back to financial strength.

## What's our approach to credit problem solving?

We understand that borrowers experience emotional as well as financial distress through difficult times. Our approach is to ensure that our borrowers understand where they are, where they are going, how they are getting there, and why they should go there; what we consider to be the keys to a successful restructuring.



**Respect** – All borrowers are treated with respect throughout the Association regardless of the stage of financial expansion or contraction.



**Reality Check** – Our team will work with the borrower to identify and remedy the underlying issues that caused the distress. Together, we identify available options. These are sometimes difficult conversations but we feel they are worth it.



**Road Map** – The borrower receives tangible, accessible steps to get the enterprise out of distress. We don't leave you without a compass and achievable milestones. We'll be there along the way to make sure things stay on track.



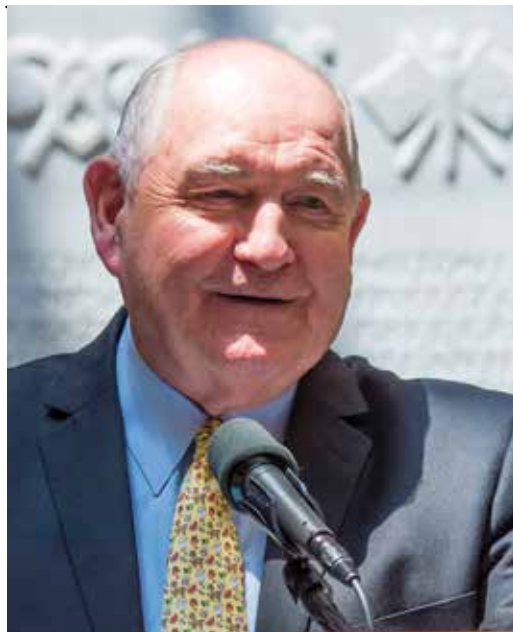
**Reward** – We focus on structuring the deals to keep the borrowers incented and motivated to succeed. We strive to reach resolutions where everyone wins.

We are in it for the long haul—the way we handle distressed credit takes time to manage and resolve. Just another benefit of borrowing from American AgCredit—there is a team behind you...in good times and bad.

*All borrowers are treated with respect throughout the Association regardless of the stage of financial expansion or contraction.*



# Farm Credit legislative update



Secretary of Agriculture Sonny Perdue

## *A new Congress, a new administration and the beginning of discussions about the 2018 Farm Bill*

crop insurance, food stamps and other Farm Bill programs in the fiscal year 2018. Crop insurance, one of the key pillars of risk mitigation, would take a 36 percent hit, include capping premium subsidies at \$40,000 a year per farmer, and would have an AGI means test of \$500,000 or less.

The budget proposal would also cut conservation, rural development, and trade promotion. The biggest single cut to USDA's budget and Farm Bill would be a \$193 billion reduction in spending for food stamps, which also contemplates the states taking over more of the administration of the SNAP program. The House Committee on Agriculture has also engaged a comprehensive review of SNAP and is likely to include its own Farm Bill proposals on a number of areas in need of improvement.

Time and again, farmers are called upon to pitch in towards deficit reduction. It's important to remember that the President submits a budget request to Congress, but the constitution designates the "power of the purse" as a function of Congress. This budget debate is far from being settled and will certainly test the power struggle between Congress and the White House.

## Farm Credit advocacy

In light of the many moving parts driving farm policy, it is certain that changes are before us. What they are and how drastic a shift we will experience is yet to be seen. To ensure that rural communities are not left out of the conversation, Farm Credit helped to organize the Rebuild Rural coalition of more than 200 organizations to advocate for the unique infrastructure needs of rural communities and agriculture.

In late July, representatives of American AgCredit joined other Farm Credit System leaders in Washington, D.C. to engage in the conversation – these events presented opportunities to demonstrate our grassroots acumen in support of rural communities and agriculture, strengthen existing relationships with members of Congress and build new ones.

Farming and rural life have changed dramatically since the Farm Credit System was established over 100 years ago. As a result, Farm Credit is constantly evaluating its programs to ensure that we are able to serve the full breadth of capital needs for rural communities and agriculture.

As Congress moves forward with its 2017 agenda, including writing the Farm Bill and working with a new Administration, we can only surmise what may lay ahead for rural communities and agriculture. President Trump took quite a while to put together his cabinet and these first months have been unpredictable and certainly all but a traditional transition. However, Congressman Conaway, Chair of the House Committee on Agriculture, assures stakeholders that a Farm Bill will be written and passed before it expires next September.

## Perdue confirmed as Secretary of Agriculture

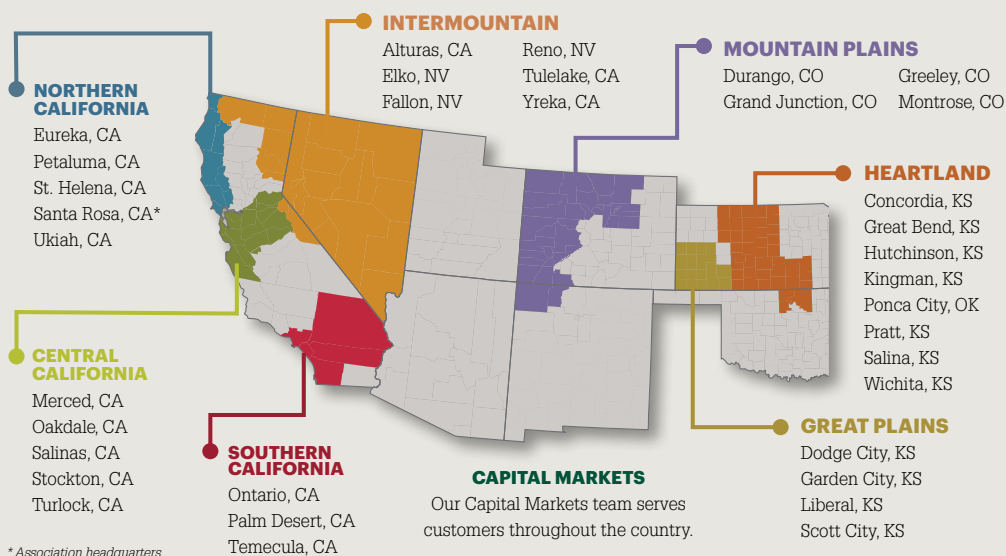
"Do Right and Feed Everyone" is the new motto at USDA. Sonny Perdue, the former Georgia governor, was confirmed Tuesday, April 25 by the U.S. Senate and started to work right away. His charge is to look at all aspects of the rural economy and the issues facing rural America.

## President Trump's budget request

The farm economy is in the midst of a four-year, 50-percent decline, and it is against that backdrop that President Trump is proposing deep cuts to

## AMERICAN AGCREDIT OFFICES

800.800.4865 Pacific Time   800.799.6545 Mountain Time   800.466.1146 Central Time








**AMERICAN  
AGCREDIT**  
MONEY FOR AGRICULTURE

400 Aviation Boulevard  
Suite 100  
Santa Rosa, CA 95403  
800.800.4865

**Connect with us online:**  
**[www.AgLoan.com](http://www.AgLoan.com)**  
**[info@agloan.com](mailto:info@agloan.com)**

-  [www.facebook.com/AmericanAgCredit](https://www.facebook.com/AmericanAgCredit)
-  [www.twitter.com/AmericanAg](https://www.twitter.com/AmericanAg)
-  [www.linkedin.com/company/american-agcredit](https://www.linkedin.com/company/american-agcredit)

