



An AgSouth Farm Credit Member Publication

Fall 2018

A Message from the CEO



Pat Calhoun

Fall is in the air again around AgSouth's territory. It is a time for reflection on a year nearly gone and focus on a year to come. While 2018 has had its challenges - from storms to stressed commodity prices - we also have a good bit to be thankful for. I want to use this article to focus on some of those areas.

First, we at AgSouth are thankful for you, our member-borrowers. Without your confidence and commitment, AgSouth would not be the strong, century-old cooperative that it is today - and will be tomorrow.

I am also thankful for our staff, as I know you are. Our staff is where "the rubber meets the road" here on a day-to-day basis. Their dedication to our mission and our customers makes coming to work a pleasure.

We are also thankful for opportunity. The opportunity to work in and improve our communities and to help our customers

achieve their goals is not something we take for granted. Thank you for letting us serve you.

This edition of "Out in the Country" reflects some on each of these areas of thanks. You will see a member-focused article, articles on employees (both new and retiring), and articles intended to add value to the relationship you have with AgSouth. I hope you find this edition useful and informative.

As we look to the year ahead, we cannot be sure of what challenges or opportunities it holds. What we can be sure of is that doing business the cooperative way at AgSouth will help make the most of whatever is around the corner!

With best wishes to all, I am

Sincerely,

Pat Calhoun, CEO

NOTICE: Office Closings

Nov. 22 & 23 Thanksgiving

Dec. 24 & 25 Christmas

Jan. 1 New Year's



MAKE PLANS TO ATTEND THE SOUTHEAST REGIONAL FRUIT & VEGETABLE CONFERENCE

AgSouth is proud to be part of the Farm Credit Associations of Georgia, a premier sponsor of the Southeast Regional Fruit and Vegetable Conference. The conference is the LARGEST educational conference and trade show in the southeastern United States, uniting growers, vendors, and suppliers all in one place.

Stop by booth #123 to visit the Farm Credit Associations of Georgia's booth to register for a door prize and speak with loan officers about our services, including crop insurance and leasing.

Southeast regional **FRUIT & VEGETABLE CONFERENCE**

And make sure to register for the Business Operations Educational Breakouts, sponsored by AgSouth Farm Credit Leasing. Christian Taylor and Donald Crumbley of AgSouth and Tom Fagerquist of CoBank will be presenting a session on **Alternative Products to Manage Cash and Taxes and Estate Planning**.

We hope to see you there!



AGSOUTH IS PROUD TO BE A SPONSOR OF THE 2019 SC AGRIBIZ AND FARM EXPO

Make plans to attend the 2019 SC AgriBiz and Farm Expo located at the Florence Civic Center on Jan. 23-24. The event is open from 9 a.m. – 6 p.m. on Wednesday and 9 a.m. – 3 p.m. on Thursday.

AgSouth and Certified SC Grown are happy to sponsor the Taste of South Carolina event Wednesday evening from 6:30 p.m. until 8:00 p.m. This is an event favorite and a unique opportunity to taste some of the finest foods, beverages and other products produced in South Carolina and speak with many farmers, agribusinesses owners and exhibitors. You can purchase tickets for \$25 each on the event website.

South Carolina Commissioner of Agriculture Hugh Weathers will speak at the Commissioner's Breakfast Thursday morning. Commissioner Weathers will provide agriculture and economic news from around the state and deliver a very informative presentation on the 2019 outlook for agriculture in the state of South Carolina.

This is a two-day event you don't want to miss. For more information, visit the website at www.SCAgriBizExpo.com.



Congratulations to AgSouth member Kevin Yon of Yon Family Farms in Ridge Spring, S.C. Kevin was named the 2018 Swisher Sweets/Sunbelt Expo Southeastern Farmer of the Year. Yon and his wife, Lydia, a former director of AgSouth, are Angus beef cattle producers and leaders in the beef cattle and Angus breed organization. The Yons were recognized at this year's Sunbelt Expo held in Moultrie, Ga., in October. Yon says that, "Our family goal is to leave a legacy by taking care of the land, our cattle and our people. Our farm supports our two sons and our daughter and their families, and our 10 employees and their families." We're proud of the Yon family and their continuing contributions to agriculture.

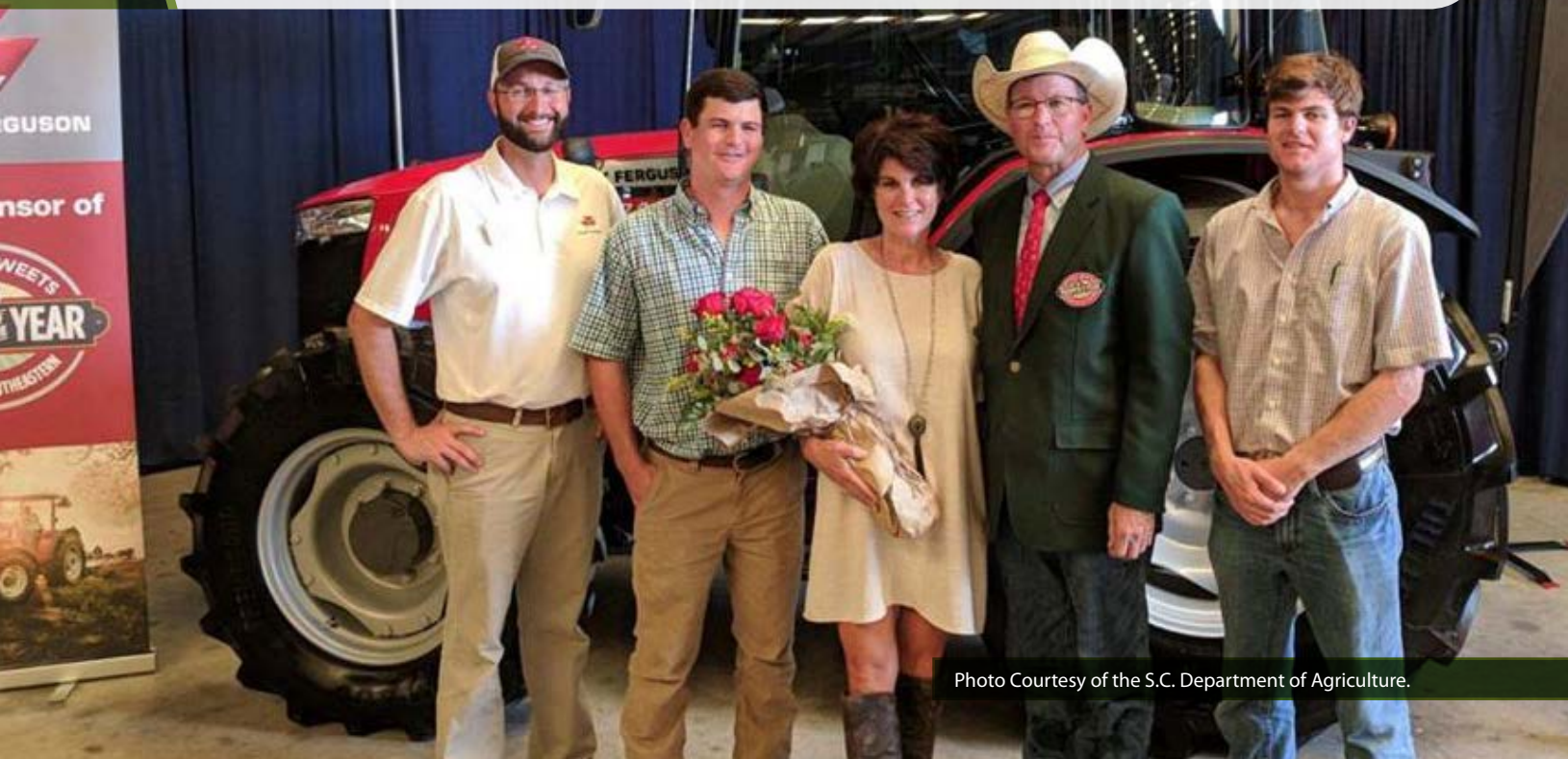


Photo Courtesy of the S.C. Department of Agriculture.

WELCOME NEW EMPLOYEES

Please join us in welcoming the following employees to the AgSouth family.



Sharon Threatte
Human Resources
Statesboro, Ga.



Robin Oyler
Loan Specialist
Madison, Ga.



Brittany Vicari
Loan Officer
Batesburg, S.C.



Lyndsey Sutherland
Marketing Coordinator
Anderson, S.C.



Alena Fleming
Loan Officer
Orangeburg, S.C.

RETIREEES

We'd like to thank the following employees for their many years of dedicated service to AgSouth and our customers. They will be retiring at year-end. We wish them all the best in their retirements.



Karen Baxley
Relationship Manager/
Branch Manager
Rock Hill, S.C.
30 Years



Paula Moxley
Loan Analyst/
Branch Manager
Vidalia, Ga.
34 Years



Rhonda Hanks
Loan Assistant
Anderson, S.C.
24 Years



Craig Peebles
Chief Lending Officer
Statesboro, Ga.
37 Years

FARMLAND: IS IT STILL A GOOD INVESTMENT?

By: Jon Harris, Vice President of Corporate Lending

Then God said, "Let the land produce vegetation: seed-bearing plants and trees on the land that bear fruit with seed in it, according to their various kinds." And it was so. – Genesis 1:11

Farmers have had a special relationship with land since the beginning of history. Agricultural land has formed the backbone of ancient empires such as Egypt, China and Rome. Wars have been fought over it. Settlers have left the comforts of their homeland in search of it. Today, of the 10 nations that make up the largest agricultural producers in the world, eight of them are in the top 10 total economies. The amount of quality farmland is perhaps not only the most important component of a farmer's individual balance sheet, but also the country's. To sum all that up: Farmland is very valuable now and always has been.

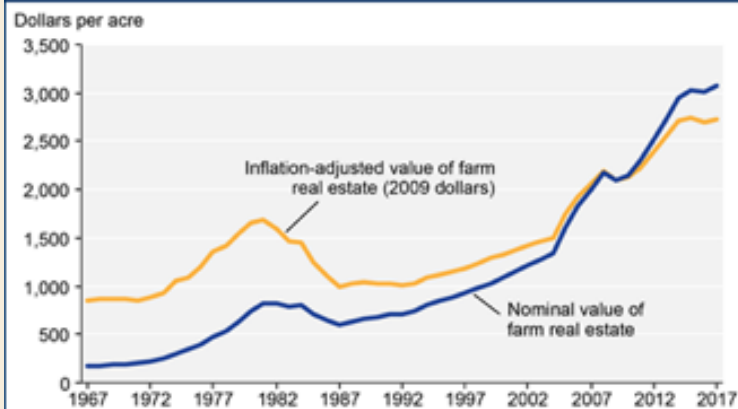
The United States, in particular, has been blessed with an abundance of farmland. By most measures, we lead the world in total acres of arable land, with over 10 percent of the world's supply within our borders. The U.S. is followed closely by India, China and Russia, with no western European countries in the Top 10 (France is 14th). Take this with consideration of the fact that private property rights are part of the fabric of our nation, and you have a very robust market for farmland in the U.S.

But what determines the value of farmland? In the most general sense, the answer is supply and demand. There is a

finite amount of productive land in the world and a growing number of mouths to feed. Therefore, the increasing need for food and fiber provides a built-in increase in demand for the commodities produced by the land. That being said, given the way markets work and the nature of agriculture, there are periods of fluctuation in nominal land values as well as returns that farmers might expect.

According to USDA, farm income for 2018 is projected to be the lowest in 12 years. If this proves to be true, then it could affect farmers' purchasing power and optimism for a while. **To say that another way, the ability for land to pay for itself may decrease, at least for a while.** The chart above is indicative of this, as the market for farmland is heavily influenced by the financial condition of farmers. You can easily identify the 80's dip on this chart, which took nearly a generation to recover from. Since

Average U.S. farm real estate value, nominal and real (inflation adjusted), 1967-2017



Note: Farm real estate includes land and buildings. Data reflect values as of June 1 of each year. The annual GDP implicit price deflator is used to convert nominal values to 2009 U.S. dollars (Department of Commerce, Bureau of Economic Analysis). For 2017, the average of the first and second quarter price deflators is used. Data exclude Alaska and Hawaii. Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

that time, we've have enjoyed a period of rapid increase in land values that looks remarkably similar to the run-up to the 80s, only larger in scale. I'm not predicting gloom or doom, but what I do think is that we've had a really good run without much of a hiccup for a long time. Bear in mind also that this data is a composite of national averages and is not necessarily indicative of markets in the Southeast, and that things like proximity to urban areas, government policy and trade will have significant influence on land values locally.

Farming is more than an occupation, and farmland is more than just an investment.

It is a lifestyle many choose to live, knowing that they are tasked with dealing with things beyond their control: bad weather, volatile markets and the cows getting out on Friday night. But after every storm, at the end of every drought, and when markets recover, the land is still there. I believe we have entered a buyer's market and would consider expanding landholdings if it provides a strategic advantage (i.e., if it allowed me to drop a rented farm 15 miles away from my headquarters and pick up better land closer by) or selling a "higher and better use" property near town and investing that money in farmland with less developmental pressure. The next 20 years may be like the past 20 years, or even better – nobody knows yet. That said, to restate the question: Is farmland a good investment? My answer is: If you are a farmer, then yes.



'MULTIPLE CAREER MARY' SETTLES ON GOATS

By: Lyndsey Sutherland, Marketing Coordinator

CONLEY, GA. – “There’s so few people who understand that they can take an idea, make it [their] own and go from there,” said Mary Rigdon, owner of Decimal Place Farm, a 40-acre Saanen Dairy Goat Farm hidden in the suburbs of Atlanta.

As she was currently draining the whey off of goat cheese curds in a small room full of oversized pots and colanders, Mary recounted what got her into the goat cheese business in the first place. With her voice fluctuating in volume due to the passing of overhead airplanes at Hartsfield-Jackson International Airport, she said, “Goats give a product every day, giving sustainability to a small family farm. As a bonus, it worked with the children. It was something they could be part of.”

Mary’s career upon graduation from the University of Georgia was with the United States Department of Agriculture in Athens as a lab technician, assisting with research on pigs and cattle. She later took a lab tech position at a sheep research center in Oklahoma, but she missed working directly with the animals, so she traded that job for a position as a shepherd. During that time she learned many of the skills she uses in her business today. On a trip to visit family in England, Mary stumbled across yogurt made from sheep milk, and she visited the local farm

that made the product. Later, married and living in Atlanta, Mary dreamed of having her own flock. But milking sheep are rare and expensive in the United States, while many people raise dairy goats. She chose Saanen goats because of their good milk yield and temperament. “They’re personable. Some breeds are not. I trusted them with my young children.” Personable was right. As a group toured the grounds of her farm, the goats that weren’t grazing were extremely curious and desperately yearning for her attention through the fence.

With Decimal Place Farm, Mary saw an opportunity to provide a solution for a small group of people who are sensitive to grocery store dairy products, and provide agricultural and nutritional education to her surrounding community. Her cheese is free of mold inhibitors and other stabilizers used in grocery store products that cause discomfort to those with “sensitive systems,” and is 100 percent farmstead and delicious. (I would know. She graciously gave me some to take home.) It is also clear that Mary wants to awaken values that seem to have taken a back seat in today’s techno-dependent world. When school groups come for field trips, Mary sprinkles her woods with things for the children to find, little treasures of turtle shells and deer antlers, in hopes of igniting the children’s excitement for the outdoors.

Mary has been building her business for over 20 years. Like every small business, she has had her fair share of troubles. Her farm started on one-tenth of an acre (inspiration for the name “Decimal Place”) before she bought her first 12.5 acres in Conley, Ga.. Mary bought neighboring parcels when they became available, while fighting to maintain the quality of the water in her creeks, and the quality of her neighborhood. A large, adjacent parcel became available - undeveloped, but flood-prone - and Mary became concerned about what heavy construction there might do to

the watershed. She saved every penny she could, and even rented out her home and property as movie and television locations in the hope of buying that parcel herself. Every cent counted. When asked to describe the process she stated:

“The contract was written that if I couldn’t get a bank loan, I couldn’t go through with the deal. I wrote up an agreement, talked with the real estate agent, but no one would lend me the money... I honestly thought I was going to have to walk away from it. You have to be able to say ‘I can’t afford it’ and ‘it wasn’t meant to be.’ So that’s what I did... And then that’s when AgSouth came in.”

Now Mary’s goats happily browse through the woods on that parcel, eating poison ivy, privet and kudzu. In good weather, the herd roams the woods by day, accompanied by livestock guard dogs, and they all come back to the barn at night. Milking happens in the morning and in the evening.

I visited Mary’s farm with AgSouth Regional Vice President Ricky Grice. Ricky had been with Mary since she joined AgSouth seven years ago. He was as excited as I was to visit the goats, and even more excited to tell Mary that she had enough in patronage to pay off her remaining balance. The smile on Mary’s face when told the news was unforgettable. “Oh wow! My husband will be so happy!” she exclaimed.

Toward the end of our visit, we had the pleasure of standing amongst the goats, and witnessed just how personable these creatures are. “Come on girls!” exclaimed Mary. Out of the tree line emerged a small herd of 25 or so goats and two Great Pyrenees dogs, all moseying toward their owner in unison. Once they reached us, they each gently fought for their turn to lay their heads in our hands. They nibbled at our shoe strings and jacket zippers but we didn’t mind, for we were happily experiencing a little piece of pastime we didn’t know we needed.





HOW LEASING CAN HELP YOU MANAGE YOUR OPERATION

By: Taylor Brennecke, AgSouth Farm Credit Leasing Specialist

Anyone who farms or is considering becoming a farmer knows that it is a risky business – risky, but vital for 100 percent of the population. Yet today there are fewer farms and fewer future generations choosing this hard but rewarding work as an occupation. There is no doubt that we as a nation are in need of farmers. According to the U.S. Labor Department, the average age of today's farmer is 58. That figure has been increasing for 30 years. Who is going to grow our food, and how are we going to help them get into this capital expensive and work intensive field?

Farm Credit specializes in helping farmers with financing and educational programs. The nationwide cooperative lender network also offers programs to mitigate some of the hazards that come with feeding the world, like crop insurance and specialized financing for young and beginning farmers. But experienced and beginning farmers alike oftentimes need new machinery and equipment in order to maximize the farm's potential, and they don't always have the cash flow necessary to purchase these crucial updates.

In many cases, leasing can often provide a solution. Farm Credit Leasing provides leases to meet the needs of agricultural producers, agribusinesses and rural electric, telecommunications and water companies.

Among the many benefits of leasing are:

- » ZERO down-payment
- » Quicker depreciation than with typical loan payment
 - See your accountant for your specific information
- » Flexible payment schedules
- » Easy approval process
 - For leases under \$250,000, only a two-page application and current balance sheet is required
- » Lease-to-Own options


Farm Credit Leasing offers leases for most equipment and vehicle needs for your farm or agribusiness, new or used, like:

- » Tractors
- » Irrigation systems
- » Processing equipment
- » Packing equipment
- » Fertilizer spreaders
- » Poultry clean-out equipment
- » Grain bins
- » Peanut wagons
- » Cotton bailers
- » Fleet vehicles

And, yes! You can even lease buildings like packing sheds, barns, and even production facilities. Of special note is that with a building of less than \$500,000, the building itself is all the collateral needed with a Farm Credit lease, which means you can have the building you need **without leveraging your other assets like the land it sits on.** You can even lease a building on land you rent from someone else.

Because Farm Credit leasing buys direct from auto manufacturers like Ford, GM and Dodge, you can lease fleet basic or customer vehicles like trucks, cars, over-the-road haulers and even ATVs at major savings – perfect for farmers who need to manage their farm to get their produce to wholesalers quickly. A recent AgSouth Farm Credit Leasing customer saved more than \$14,000 by using the leasing company.

Produce farming has its own unique challenges and risks. Farmers deal with threats like Mother Nature, crop disease and pests. Leasing can help mitigate some of these risks by helping you with your cash flow. Contact Taylor Brennecke in South Carolina or Donald Crumbley in Georgia at 844-AGSOUTH to discuss your leasing options.



INSURANCE COVERAGE REQUIREMENTS

AgSouth Farm Credit loan agreements stipulate that borrowers obtain and maintain insurance on property pledged as security for loans where AgSouth Farm Credit is named as mortgagee or loss payee, as appropriate.

This notice is to serve as a reminder that the minimum amount of coverage required to be maintained is the lesser of the actual cash value of the property, the replacement cost of the property, the amount stipulated by your loan officer, or the balance(s) of your loan(s) secured by the collateral property. Since the amount required may be less than the amount for which the property can be insured, you are encouraged to consider higher limits where applicable to adequately protect your equity interest in the property.

If the property securing your indebtedness consists of improved real estate, your coverage must insure against the following causes of loss: fire and lightning, wind, hail, aircraft or vehicle damage, riot or civil commotion, explosion, and smoke damage. If the property is in

a government-mandated flood area where participation in the National Flood Insurance Program is required, flood insurance must also be maintained.

If the property securing your loan consists of personal property such as vehicles, machinery, or equipment, in addition to the causes of loss cited in the preceding paragraph, the property must also be insured against the following causes of loss: theft, vandalism, and, where applicable, collision or upset.

If your current coverage does not conform with these requirements, please contact your insurance representative and make the necessary changes to ensure your coverage does comply with these requirements.



AGSOUTH'S PRIVACY REQUIREMENTS

Your privacy is important to us. At AgSouth Farm Credit, we want you to know that we hold your financial and other personal information in strict confidence. Since 1972, Farm Credit Administration regulations have prohibited institutions from disclosing personal borrower information to others without the customer's consent. We do not sell or trade our customers' personal information to marketing companies or information brokers.

The FCA allows us to disclose customer information to others only in the following situations:

We may give it to another Farm Credit institution with which you conduct business.

We can be a credit reference for you with other lenders and provide information to a credit bureau or other consumer-reporting agency.

We can provide information in certain types of law enforcement proceedings.

FCA examiners may review loan files during regular examinations of our Association.

If one of our employees applies to become a licensed real estate appraiser, we may give copies of real estate appraisal reports to the state agency that licenses appraisers. We will first remove as much personal information from the appraisal report as possible.

We may disclose customer financial information in the ordinary course of business to third parties when seeking government guarantees, loan syndications, participations, etc., or when loans are being sold on the secondary market to Fannie Mae, Farmer Mac, etc. These activities all involve actions on your AgSouth loan, and information may not be used for other purposes.

As a borrower of this institution, your privacy and the security of your personal information are vital to our continued ability to serve your ongoing credit needs.

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FOR ALL YOU DO

*We
Thank You!*



LOANS FOR LAND, FARMS AND HOMES.