

Leader

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DEMONSTRATION
FARMS NETWORK**

FRESH PERSPECTIVES WINNERS

FFA WEEK



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COVER PHOTO

Taken in Ottawa County by Connie Ruth





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CELEBRATING OUR ANNUAL MEETING — A SPECIAL EVENING

Milestones and progress need to be celebrated! The reason AgCredit has something to celebrate is the result of our loyal member-owners, our dedicated directors—current and past—and our service minded team of employees.

Some milestones and events are simply a little more special and significant than others. As an example, our recent AgCredit annual meeting earlier this year was a little extra special. You might ask “Why was it extra special?” Well, we simply had a number of special milestones to celebrate, some good news to report and stories of service to share. Though we had over 450 member-owners, employees and guests in attendance, I’d like to share some highlights and thoughts regarding our Annual Meeting.

Anniversary Milestones Celebrated

Two anniversary milestones were celebrated during the evening: the 25th AgCredit annual meeting and the centennial for the Farm Credit System. Our Chairman, Scott Schroeder, reported during his director’s report that on March 31, 1992, AgCredit held its first annual stockholders meeting after the merger of Buckeye PCA and FLBA of Fostoria. Chairman Schroeder shared a piece of trivia with the group that tickets for the annual meeting were \$1 in 1992 compared to \$3 today and added, “They’re still quite a value.” A display of nostalgic memorabilia from yesteryear was available for everyone to view and enjoy. The display will be exhibited at different AgCredit functions throughout the year. A 1916 Model TT owned by Lee and Melva Roof was one item from yesteryear on display throughout the evening.

Fresh Perspectives

In connection with the Centennial celebration the nationwide Farm Credit System recently completed a nationwide search for leaders

and visionaries who are promoting the future of agriculture and rural America through their dedication and innovation. The program called Fresh Perspectives presented over 1,200 stories of individuals who are making a difference. The top 100 honorees were named prior to our annual meeting and were formally honored during the centennial celebration held June 15-16, in Washington D.C. One of our own AgCredit employees and her sister were selected as one of the top 100 honorees. We are very proud of our AgCredit team member, Lisa Shumaker, and her sister, Leslie Jordan, who were selected as Fresh Perspective top honorees for their Farm to Family organization that teaches families in need how to prepare nutritious yet affordable meals. Through their work the sisters connect with local food pantries and outreach centers in their rural community and provide cooking equipment along with educational support to those in need. Their program continues to grow. They have connected farmers with consumers in need within their community of Marion, Ohio. Lisa and Leslie, along with so many others, are making a positive impact to their rural communities through agriculture. We all need to hear more stories of service to others.

Kickoff of Election Process

The Annual Meeting was the start of our director and nominating committee election process. Our cast of candidates was approved during the evening and a reminder to vote was prioritized.

In the last Leader I reported a declining trend of members voting during our annual cooperative elections since we had adopted a mail-in



Lee & Melva Roof with their 1916 Ford Model TT.



Members enjoy the AgCredit history display.

ballot process. In 2015 we had a return rate of 12.4%. I also mentioned I would be sharing the number of 2016 ballots returned in a future article. The plea to vote was made with greater effort and attention given to the voting process on many fronts. I am extremely happy (and relieved) to report with the help of our employees, directors, and members we were able to significantly increase our voter turnout in 2016. We had an excellent response from our members this year—973 stockholders (17.5% return) cast their ballot in this year's election—the highest participation level since 2009. The results of our election can be found on page ____ in this Leader. The 17.5% surpassed the 15% goal.

Charles (Chuck) Bostdorff honored

Mr. Bostdorff was recognized for his 15 years of service to the AgCredit board of directors. Chuck joined the board in 2001 and served as Chairman of the board for a number of years. A special tribute was made to honor Chuck for his leadership, dedication, loyalty and service to the AgCredit board. Additionally, a special recognition and thank you was made to all past directors of AgCredit and predecessor associations who were instrumental in AgCredit's success over the years.

AgCredit Logo Change

After more than a year of research and design, a new logo was unveiled during the annual meeting. The new logo was chosen to represent AgCredit moving forward. The green BioStar is the national symbol of the Farm Credit System, of which AgCredit is a proud member. It has several visual elements – three leaves, a root system, and a star. The leaves represent the system entities, the roots represent the grassroots support of our member-borrowers and the star represents light and direction. The capital “A” and lowercase “g” help to emphasize the word agriculture, our main business. By removing the space between Ag and Credit we are signifying the unity of all departments as one AgCredit family. The new logo implementation process will take place throughout 2016 and 2017. We have a new look but will provide you with the same great service you expect.

Financial Report

Though our Ag economy is feeling some headwinds related to margin pressure in cash grains, another very favorable financial report was shared during the evening. The association remains well capitalized

and in a strong financial position to withstand any future adversity. Everyone was reminded to “know your numbers” due to the changing economic tide. The numbers to “know” included having a handle on the following:

Cost of Production

Regardless of the business we are in, it is important to know and understand your numbers, your cost of production and overhead.

Balance Sheet Management

We need to make sure our balance sheets are structured appropriately so we can service our obligations with the lower margins and incomes we are currently experiencing and expect in the future.

Liquidity

Preserve and retain our cash and working capital. Preserving cash will allow you to seize some opportunities that might pop up.

Accrual vs. Cash Earnings

Understand the difference between the numbers! Cash earnings are what we typically see on our tax returns and can be managed with year-end sales or purchases to manage our tax situation. Accrual earnings are the earnings related to the specific year and can be much different than your cash earnings. Knowing both numbers is important. We urge you to ask your Account Officer about these two numbers to get a better understanding and clarification.

Keynote Speaker Marine Corporal Josh Bleill

Josh Bleill is a native of Greenfield, Indiana, and a graduate of Purdue University. Bleill joined the Marine Corps in 2004 and was severely injured resulting in the loss of both of his legs. Marine Corporal Bleill told his story of inspiration, perseverance and hope in a serious, yet fun and comical manner. He received a standing ovation at the conclusion of his inspiring talk.

Milestones and progress need to be celebrated! The reason AgCredit has something to celebrate is the result of our loyal member-owners, our dedicated directors—current and past—and our service minded team of employees. ■



Chuck Bostdorff is honored for 15 years on the board.



Guest speaker, Marine Corporal Josh Bleill.

COVER CROPS

BY THOMAS MILLIGAN



La Nina? El Nino? Wet year? Dry year? All of these variables make farming a risky business. We have spoken with hundreds of farmers in the past year and the one thing that stands out is, as a rule, farmers are some of the most optimistic people on the planet.

Many agronomists and other experts have been promoting cover crops for the last several years. Cover crops fall into several categories:

- **Legumes** such as red or crimson clover, hairy vetch, or winter peas. These plants may add as much as 300 pounds per acre of nitrogen to the soil. For the best nitrogen production, they should be inoculated with Rhizobia bacteria.
- **Grasses** such as cereal or annual rye, barley, or oats.
- **Others** include radishes for their long taproot or buckwheat because of the phosphorous accumulation.*

Crop insurance does not stipulate an 'approved' cover crop. Instead, the Risk Management Agency (RMA) crop insurance basic provisions state

a cover crop must have been planted within the last 12 months and managed and terminated according to NRCS guidelines. In our area, a producer must terminate the cover crop at, or within, 5 days after planting his primary crop, but before primary crop emerges. The September 2014 publication of the NRCS Cover Crop Termination also suggests in dryer conditions, earlier termination may be helpful to retain soil moisture. If wetter conditions exist, then a later termination could be considered to help dry the soil. Cover crops may be grazed or harvested as hay or silage, unless prohibited by RMA crop insurance policy provisions. Cover crops cannot be harvested for grain or seed.

There has also been some interest among growers to plant a cover crop into a standing primary crop field. Some businesses have modified high-boy planters with seed tubes that protrude downward from the arms to help ensure better soil contact by the cover crop seed. This may result in better cover crop growth. Before a producer uses this method, we encourage him or her

to check with their crop insurance carrier. There are restrictions on using 'mechanical means' in a standing crop that may result in voidance of MPCI coverage. The reason for the possible voiding of coverage is the potential for crop destruction during the cover crop planting process, especially in the field ends where the sprayer turns. Aerial planting of a cover crop has generally been acceptable since this method eliminates standing crop damage. However, there may be a less successful cover crop stand using this method. Success to you in 2016! ■

**Source: Modern Farmer website*


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POLITICAL UPDATES

BY DAVID WHITE



Federal Crop Insurance Update

To continue support for the federal crop insurance program, farmers will need to speak up-and-out about it. Many taxpayers question why we have it. They share their concerns with their representatives on Capitol Hill. Fewer members of Congress have ties to farming and agriculture. It would be a safe bet that its merits will be debated in the next farm bill.

Earlier this year, nearly sixty farm, lending, conservation, ag input and crop insurance organizations sent a letter to House and Senate Budget and Appropriations Committees urging the protection of crop insurance in the budget and appropriations process. These groups cited crop insurance as essential to the rural economy and as one of the linchpins of the farm safety net. Additional points shared by the groups, which included the Farm Credit Council to which AgCredit belongs, included the following:

- The 2014 Farm Bill made a multitude of cuts to the farm safety net. However, an overreliance on savings from the agriculture community in the future will greatly undermine rural communities and economies that have faced an estimated 54 percent decline in net farm income from 2013 to 2015. In these challenging economic times, it is federal crop insurance that will provide lenders the assurances they need to provide capital to farmers and ranchers.
- The 2014 Farm Bill places greater emphasis on risk management than previous farm bills and in doing so protects the interests of the American taxpayer. Farmers spend nearly \$4 billion per year of their own money to purchase insurance from the private sector. Beyond that, on average, farmers must incur losses of almost 30 percent before their insurance coverage starts to provide assistance.
- Crop insurance allows producers to customize their policies to their respective individual farm and financial needs. Federal crop insurance is based on fundamental market principles, which means high risk areas and high value crops should pay higher premiums for insurance. This emphasis on crop insurance and risk management has replaced the constant demand for ad hoc disaster assistance, which is paid for entirely by taxpayers and may not be delivered in a timely manner. Meanwhile, the program helps farmers facing market conditions greatly impacted by foreign subsidies, tariffs and non-tariff trade barriers.
- The 2014 Farm Bill should not be reopened before its expiration in 2018 to achieve additional budget savings. While the Farm Bill comprises just two percent of the total federal budget, and with the entirety of the farm safety net constituting less than one third of one percent of the overall federal budget, the bill still makes significant contribution to deficit reduction above and beyond the contributions made

through sequestration. The Congressional Budget Office is now projecting crop insurance will come in six billion dollars under budget over the fiscal year 2014-2023 period covered by the current Farm Bill. No other sector of the economy has made similar contributions to deficit reduction, yet many who benefit from the food, fuel, fiber and feed produced in rural America continue to look to agriculture for additional cuts.

Current Agricultural Use Valuation Update

Legislation in the Ohio Senate (SB 246) and Ohio House of Representatives (HB 398) that seek to improve CAUV's capitalization rate by excluding specific non-farm factors as well as seeking to value land enrolled in conservation programs at the lowest possible level, have received hearings before the Senate's Ways and Means Committee and House's Government Accountability and Oversight Committee. HB 398 also calls for the formula used to determine land values through CAUV to exclude appreciation and equity build-up.

A county auditor testifying before the Senate committee noted that because of recent market conditions, including the low interest rates, some reform is necessary.

According to Ohio Farm Bureau, the average statewide CAUV value increased by 294 percent from 2008 to 2014. Ohio's largest farm organization has shared with both committees that farmland property taxpayers paid \$370 million more in taxes than in 2008, an increase of 307 percent. The bureau did note from 2010 to 2012 commodity prices and farm income were on the rise, but the gains farmers made didn't come close to matching the corresponding increases in CAUV they now face. It went on to say while commodity prices rose about 100 percent during the very peak of the short boom, values, and therefore, taxes, have increased closer to 300 percent. The bureau also noted that nationally, from 2013 to 2015, we experienced the second largest net farm income decrease in history; only the drop from 1919 to 1921 was larger.

Perhaps the most damaging testimony to the CAUV legislative proposals thus far came from a recent article in The Columbus Dispatch (<http://www.dispatch.com/content/stories/local/2016/05/04/helping-ohio-farmers-could-costs-homeowners-schools-millions.html>).

Bottom line – contact your respective member of the Ohio Senate and Ohio House of Representatives and tell them your story why changes need to be made to the CAUV formula. ■



RYAN CONKLIN

PROPER PRACTICES PREVENT POOR BUSINESS DECISIONS

BY RYAN CONKLIN, ATTORNEY

Here is a scenario: you have an idea for a new agricultural business venture and are looking for a partner to help with funding, provide some expertise and assist with required inputs. A friend refers you to a local farmer who is seemingly a perfect fit. The two of you enter into this joint venture together. However, three months later, the venture crumbles because your business partner is a nightmare. Could this failure have been prevented? The simple answer is: most likely. In the last few months, I have received a multitude of calls about legal problems with failed businesses. The range of issues included bad farmland tenants, terrible decisions and planning, insolvent partners, inability to agree on who owns what assets and a lack of cooperation among partners. In order to prevent your operation from joining the list of business flops, let's walk through some practices that can be implemented to protect your new or current business interests.

Do Your Due Diligence

If you have ever completed a real estate transaction, chances are you have heard of this "due diligence" concept. It usually involves extensive research prior to completing a transaction. The same idea can be applied to business relationships, including those with vendors. Due diligence in a business sense can involve a number of different practices. Here are some major steps to follow in your due diligence process:

1. Use the time-tested "word-of-mouth" method to investigate a potential partner. Although this is not a new concept, it is also one not used as often as it should be.
2. Check county court records to see if the business or owner is currently involved or has been involved in litigation.
3. Check the Ohio Secretary of State website for financing statement filings for the business or owner. Numerous active financing statements could be a sign of financial stress.
4. Check with the county recorder for any recorded liens, mortgages, or leases.

5. Ask to see the financials of the owner or business. The partner may be hesitant to provide this information but it is worthwhile to ask. Remember to keep this information private.

Although the due diligence process may reveal some flaws with your partner, your next step is giving him/her a chance to explain any problems. This leads nicely into our next point.

Keep Communication Lines Open

You probably read this heading and thought, "Well, of course, I should keep communication lines open." For as obvious as this recommendation would appear, it is the one all business owners, new and existing, struggle with the most. Active communication is something that requires commitment and adoption by all parties. Prior to beginning the business venture, here are a few topics you and your partner should address, especially if you are not going to conduct formal business planning:

1. Who is going to make the business decisions?
2. Who is going to control day-to-day operations?
3. Who is responsible for keeping the books?
4. What property (grain, equipment, livestock, etc.) is each side going to contribute? Will property remain separately owned, or will the business own everything?
5. How will profits be divided or salaries be paid?

Some of these areas would be addressed in a legal document, which are examined in the next section. Generally speaking, however, these topics are very sensitive for both sides, and finding the right things to say or the right questions to ask is often the hardest part. Sometimes the assistance of a neutral third party is required.



Business Planning Is Essential

From a legal perspective, there is a laundry list of questions, in addition to the ones listed above, that should be addressed among owners of any business. All of these questions and many others can be answered in a legal document governing the business. A business planning attorney is a great party to bring into the mix at any stage. Chances are one of you has worked with an attorney in the past. Talk it over and decide which attorney to use.

Meeting with an attorney can have several benefits to you as the business owner. First, it will enable a third party to facilitate communications between the parties in order to address key areas. Second, it formalizes the business agreement between the parties by putting a legal structure and document in place. Informal, or strictly oral, business agreements are recipes for disaster because the rules of the business are not set forth. Third, this is risk management in the purest sense. If your business causes an injury to someone, you could be personally liable if the proper structure is not in place.

Now, for every collapsed business venture, there are probably many others that flourish. So this piece is not meant to scare you away from new business ideas altogether, or make you skeptical of existing partners. However, a strained farm economy will add pressure to businesses and their owners. The troubled farm economy only intensifies the need for you to exercise caution in new and existing business relationships. Implement some of the practices outlined in this article to better protect your money, land and other assets. ■



A Rural Perspective: Eliminating Stereotypes

By JAMES McCONNELL

JAMES McCONNELL IS A MEMBER OF AGCREDIT WHO FARMS 2,500 ACRES IN SOUTHERN LORAIN COUNTY WITH HIS TWO BROTHERS.



JAMES McCONNELL

A friend and I were having a discussion recently and exchanging ideas about issues we both face as trustees in our respective local electric co-ops. We've worked together for a number of years since our two co-ops share administrative

staff and have successfully reduced expenses for our member customers. Near the end of the conversation we agreed it was good to be working together. He then mentioned to me that when we first met he would never have guessed I was a farmer.

His comment surprised me and I didn't know how to respond. I think I just said, "Thanks," and we went our separate ways that day. At the time I didn't dwell on what I'm certain he meant as a compliment. I still consider his comment a compliment but I kept wondering, what was there about me being a farmer that made my function as a co-op trustee surprising to him?

My friend is a smart person and comes from a farm family himself. His career was off-farm but he still helps out when he is available and needed. I'm certain he doesn't have some subconscious image of the archaic farmer stereotype of a man in bib overalls, straw hat and holding a pitch fork. No way does he believe farmers to be limited to, "Yep," "Nope," or "Maybe," as their contribution to a conversation.

The primary result of my friend's comment was to get me thinking about all that farmers do off the farm as contributors to both farm and non-farm related organizations. I grew up in an extended family of parents and grandparents, aunts and uncles—all farmers or farmers at heart. All unselfishly made

commitments to, and worked diligently for, a very diverse list of boards and organizations essential to their rural communities. At one time or another nearly all of them served on ag related boards such as Farm Bureau or the local feed and grain or milk marketing cooperatives, soil conservation, Production Credit, Dairy Herd Improvement Assn., Grange and other organizations I can't recall. Some of these relatives were 4-H club advisors and many of them had experience on numerous Cooperative Extension advisory committees. Service to these organizations would have made good additions to their resumes, as if any of them ever needed such a thing. For certain, though, commitments meant there were plenty of evenings when the cows got milked early or the tractor got shut down even if the field wasn't done. It also meant extra work for spouses and any children beyond the age of five.

These same family members and many of their farmer neighbors served their churches, were township trustees, school board and county fair board members and even trustees of the electric co-op. Some were primary advocates for the establishment of the county vocational school, the community college and the rural water system. In addition to working tirelessly to help get these community assets established, many times they followed through with extended participation as board members and officers. It wasn't uncommon for my brother, cousins and I to listen in at family gatherings as these mentors discussed their experiences on state and national boards of directors nearly as often as they talked about the condition of their crops or the price of milk.

The makeup of most community populations has changed significantly since I was one of those listeners. There are far fewer farmers and many more non-farmers available today to fill just as many positions of service and leadership. Yet I venture to say, in most rural communities today there still

are many of those positions being filled by farmers. And why shouldn't they be chosen by their neighbors and peers to be leaders in their communities? They most likely represent a family with deep roots in the community and since they are still in business, they've demonstrated they know how to make wise financial decisions and manage risk. Having already shown the ability to co-exist among the many relatively new suburban transplants proves their skills of getting the job done while addressing the concerns of their neighbors. Pretty good credentials for a community leader, I'd say.

I knew in college I wanted to stay involved in agriculture. I expected I'd most likely end up supporting farmers by working in the Cooperative Extension Service or for Farm Bureau. Partway through my service in the Army, we developed a plan for expanding operations and opening a place for me on the home farm. When it actually worked out that way, I followed the lead my family had shown and soon was doing what I could by serving on some local committees and boards. There are days and evenings when I would have preferred not to have to quit early and get cleaned up for a meeting and other times when the meeting required a few days away from home. For the most part, the experiences have been very rewarding.

I think I've been able to contribute something positive to the organizations I've had the privilege to serve in one way or another, including the local electric cooperative. What I still don't know though, is how to respond to my friend's surprise that when we first met he would have never guessed I was a farmer. I think I'll still consider it a compliment. However, to remove any doubt in the future I may occasionally wear my bib overalls and straw hat to board meetings. ■

BLANCHARD RIVER DEMONSTRATION FARMS NETWORK

AgCredit members, Staler Family Farms and Kellogg Farms, are two of three farms participating in the Blanchard River Demonstration Farms Network, a Great Lakes restoration initiative project established by the Ohio Farm Bureau and USDA NRCS designed to showcase and demonstrate cutting edge conservation practices to improve Great Lakes water quality.

The Blanchard River watershed, located in the Western Lake Erie Basin (WLEB), will be home to a network of farms that will demonstrate standard and innovative conservation systems to reduce sediment and phosphorus entering the WLEB. The network also hopes to demonstrate traditional and innovative conservation technologies as well as economic and environmental benefits.

Staler Family Farms located near McComb, in Hancock County, is owned and operated by Duane and Anthony Staler. The father-son team raises corn, soybeans and wheat on approximately 500 acres and manages a 7,200 head wean-to-finish swine operation. They have committed 243 acres to the Blanchard River Demonstration Farms Network.

As new legislation reduces the timeframe for livestock manure applications in the WLEB, other spreading and application options need to be explored. The farm will look at spreading manure on growing crops and how this affects yields and water quality. There will be a focus on increasing cover crop usage to reduce the effects of compaction from large manure application equipment. Other practices to be demonstrated include drainage water management structures, an animal mortality composting pad, and wetlands. Two fields in the demonstration farm will have edge-of-field monitoring equipment managed by USDA Agricultural Research Service (ARS) to measure the impact of various conservation practices.

Bill and Shane Kellogg own and operate Kellogg Farms near the village of Forest in Hardin County. The farm

The Blanchard River watershed will be home to a network of farms that will demonstrate standard and innovative conservation systems to reduce sediment and phosphorus entering the WLEB.

consists of 4,200 acres of corn, soybeans and wheat. The Kelloggs have committed 305 acres to the Blanchard River Demonstration Farms Network.

Existing edge of field research shows that placing nutrients below ground dramatically decreases potential for nutrient losses. The farm will focus on the subsurface placement of nutrients using strip tillage techniques. Cost savings and yield benefits that can be achieved by improving nutrient efficiencies will be measured. In addition, various crop rotations will be compared while testing how to best implement cover crops and reduce tillage in those rotations. An abandoned water well will be properly capped to prevent potential nutrient loss into the water table.

The third farm involved in the operation is also located in Hancock County, near Dunkirk. It will test steel slag filter beds to measure their ability to reduce phosphorus losses out of subsurface tile and surface flow. Edge of field monitoring equipment will also be placed on site by USDA ARS. Other practices will include transitioning to no-till corn, increased cover crop usage and installation of blind inlets. An abandoned gas well from one of the fields will be removed. ■

Photos courtesy of USDA



Staler sign



Anthony and Duane Staler



Kellogg sign



Bill and Shane Kellogg

Harvest PRIDE

Tortillas and Chips



Denny and Denise with the finished product.



Assembly line equipment tour.



Ranae and Denny check out the boxes.

FOCUS ON HARDIN COUNTY— DENNY HENSEL AND FAMILY

BY CONNIE RUTH

Almost three decades ago, Hardin County farmer and AgCredit member, Denny Hensel, set up a cleaning facility for the food-grade corn he grew on the Hensel 5th generation family farm. The corn was cleaned, dried, bagged in 100 lb. bags and put on pallets to be delivered to tortilla chip manufacturing plants.

In 1987, his first customer was Seyfert Foods in Ft. Wayne, Indiana. Joe Seyfert, the plant manager, gave Denny a tour and explained the process involved in making corn chips, which at the time were smaller and thicker and had a higher oil percentage than today's tortilla chip. After seeing Seyfert's operation, Denny studied the chip-making processes step-by-step. He talked to his family about using his own corn to make chips locally to build his own family chip business. He also talked to other plant managers. He was often on the road 4 days

a week so he had a lot of time to brainstorm and dream while delivering to plants as far as Grand Rapids, Michigan to Washington D.C.

In 2013 he quit delivering to other plants to concentrate on building his own chip manufacturing facility on East Montford Ave. in Ada's Grass Run Industrial Park. Finally, the building was finished and the first bags rolled off the line last summer. It was important to Hensel to keep the majority of the business for the new building local, including financing through AgCredit.

The plant has two production lines, one for the fried chips that are bagged and sold to stores and the other for fresh corn tortillas produced for local Mexican restaurants. Hensel and his family can make and bag 40 cases an hour, using 500 lbs. of corn. They now make six flavors: original white, blue, nacho cheese, ranch, chili-lime and guacamole. The chips do not contain flour

so they are gluten-free and also feature the "Ohio Proud" logo.

Denny says, "It's been quite a venture—more than I ever thought in the beginning—and it has taken longer to get rolling than I ever thought." Denny's account officer, Ranae Sherman, adds, "It's amazing to see someone accomplish a goal like this. It takes a lot of hard work and Denny is one of the hardest working individuals I know." Besides his high energy level, Denny also credits his family support, adding, "My wife, Roxie, is always supportive of my wild ideas!" Their two daughters, Denise, and her husband, Josh Grappy, and Dawn, and her husband Jared Steiner, have all been instrumental in getting the business up and running and have important roles in the Harvest Pride and farm operation.

For more information visit:
www.harvestpridechips.com ■



Calendar

- July 4** Offices closed for Independence Day
- September 5** Offices closed for Labor Day

AgCredit Members Honored at Ohio Pork Congress

Congratulations to AgCredit members, Kenny and Janet Stiverson, and the late, Gene Isler. Kenny and Janet received the Pork Promoter of the Year award at Ohio Pork Congress in February. Gene was posthumously awarded the 2016 Pork Industry Excellence Award. We are proud to have members positively representing the pork industry!



Gene Isler's family accepting his award.



Kenny (center) and Janet Stiverson accepting their award.

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Find us on Social Media!   

YBVMW Advisory Meeting

On April 1, the first association-wide Young, Beginning, Small, Minority, Veteran & Women Advisory Committee Meeting took place at our Admin office in Fostoria. Members, employees and special guests from around northwest and central Ohio met to discuss the needs, challenges and opportunities for YBSMVW Farmers.



Steven McCartney (left) and Dave Green represent AgCredit at the spring College of Food, Agriculture, and Environmental Sciences Career Fair at Ohio State in March.



Dave Green and Hugh Storer represented AgCredit at the Small Farm Conference and Trade Show in Wooster in April.

Multi-County Ladies Night

A ladies night event was held on March 31 in Upper Sandusky. Members of the Upper Sandusky, Mt. Gilead, Marion, Bucyrus, Kenton and Residential Lending branches gathered for a night of food and fun! The evening started with dinner and a gift basket raffle. The main event was Casino Night! Ladies received poker chips to 'gamble' with in an effort to earn more tickets for the end prizes. It was a great opportunity to learn some games you've never tried before. At the end of the night, everyone traded in their chips for door prize tickets and the prizes were announced.



Ready for an evening of fun!



Gift basket winners!



Learning a new card game.

Norwalk Ladies Day

The ladies of the Norwalk office took a day trip to Cleveland for their bi-annual ladies day event on March 11. They visited the Cleveland Botanical Gardens and then headed to Tower City for lunch and shopping.



Norwalk Ladies-Stephanie Zimmerman, Teresa Lucal, Carrie Schlechter, Kellie Smith.



The group at Tower City.

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Welcome New Employees



Amy Schwanger joined the Agribusiness team in Norwalk as an Agribusiness Assistant on February 16.



Anthony Munoz began his career with AgCredit as an IT Specialist at the Admin office on May 16.



Marissa Bolen joined the Bowling Green team as a Loan Specialist on June 1.



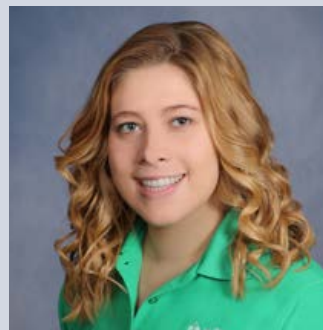
Linda Dye went from part-time Office Assistant to full-time Operations Support Specialist in the Tiffin office on April 1.

Welcome Interns

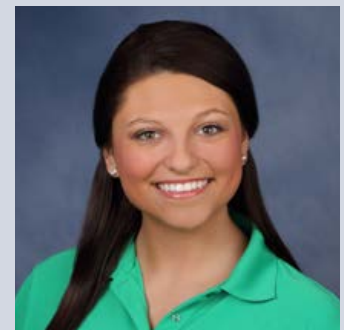
Our interns started their summer with AgCredit on May 9. They will each spend the summer in their respective offices learning more about AgCredit and gaining experience in the agricultural business world.



Diana Bushman, Fremont Team



Kaylee Musso, Norwalk and Marketing Teams



Samantha Appleman, Mt. Gilead Team

Bowling Green and Fremont Member Appreciation

Members of the Bowling Green and Fremont offices enjoyed a night out at the Toledo Walleye hockey game on February 20. Everyone enjoyed dinner before the game and tours of the facility were offered during the game. It was a great night and ended with a Walleye Win!



Zamboni riders



Meeting Spike the Walleye



Members participating in 'human bowling' between periods



Andy Fox and family

Lynn Geitgey Receives Ohio Friend of 4-H Award

Napoleon Branch Manager, Lynn Geitgey, was awarded the Ohio Friend of 4-H award in March. Lynn has been involved in and supported 4-H for most of his life. For the past 10 years he has provided financial backing of Henry County's 4-H handbook and supports the financial 4-H projects. On an individual level, he has been a member of the Scholarship Committee since 1989, been involved with the Henry County Jr. Fair Livestock Sale and 4-H Advisory Council, and many other groups on the area. In 2014, he was awarded the Ohio Friend of Henry County 4-H Award. Congratulations, Lynn!



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FRESH PERSPECTIVE WINNERS ANNOUNCED

BY KAYLA LAUBACHER

Leslie Jordan and Lisa Shumaker, founders and coordinators of Farm to Family in Marion, Ohio are among visionaries being recognized nationally through Farm Credit 100 Fresh Perspectives, a search to identify and honor 100 leaders who are changing rural communities and agriculture for the better. The honorees were announced at a National Ag Day event at the National Press Club in Washington, D.C.

Farm Credit launched the Fresh Perspectives program as part of its 100th anniversary of service to rural communities and agriculture. As honorees Jordan and Shumaker join an impressive list of leaders in agriculture and rural enterprises. They were chosen from over 1,100 nominations from all fifty states. Lisa is an appraiser at Marion AgCredit, and her sister, Leslie, is the Ohio Resident Agent for USDA Packers and Stockyard Program.

“AgCredit is proud of Lisa and Leslie,” says Brian Ricker, President and CEO of AgCredit. “The Fresh Perspectives honorees

are inspiring examples of leaders who are creating a brighter, more vibrant future for rural America.”

Leslie Jordan and Lisa Shumaker’s Farm to Family (FTF) is an initiative of the Marion County Farm Bureau which teaches families in need how to prepare nutritious yet affordable meals and connects farmers with consumers. The idea came to them when they realized many food pantry clients didn’t know how to prepare nutritious meals. In the past three years, the sisters have helped over 300 families improve their nutrition through the program. At FTF events held at local food pantries and outreach centers, they give demonstrations of simplified recipes and then provide attendees with food to prepare one meal. They also provide a cookbook they developed featuring their simple recipes and include door prize drawings for kitchen items such as: slow cookers, baking dishes and electric skillets. In 2014, FTF planted a sweet corn patch to provide produce to local

food pantries. Area farmers help to plant, maintain and harvest the corn. In 2015, the program expanded again by collaborating with a local high school to conduct a series of four educational sessions. Students learned to follow a recipe and prepare meals as well as the basics of food safety, budgeting and meal planning.

Leslie says, “We are grateful to be recognized as 100 Fresh Perspective Honorees. We saw a need in our community and an opportunity for the agricultural industry to meet that need. The people we serve inspire us to continue serving, and Farm to Family will continue to grow and evolve to meet the needs of our community.” Lisa adds, “We are thankful for the support of the Farm Credit System and AgCredit. We truly enjoy serving our community and connecting farmers to a diverse group of consumers.”

For a complete list of the Farm Credit 100 Fresh Perspectives honorees, visit farmcredit100.com/top100. ■

FFA WEEK

National FFA Week took place February 20-27. AgCredit celebrated in a variety of ways. Some branches donated t-shirts to their local students, some delivered cookies and donuts. We are proud to support our local FFA students, our future Ag leaders! ■



Arcadia FFA



Clyde FFA



Colonial Crawford FFA



Fremont FFA



Genoa FFA



Gibsonburg FFA



Hardin Northern FFA



Kenton FFA



Lakota FFA



Liberty Center FFA



Miller City FFA



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Wynford FFA

PATRONAGE PARTIES

This year branches celebrated the 26% patronage return with birthday party themed events in their offices! The birthday party theme represented the 100th Anniversary of the Farm Credit System on July 17, 2016. Members gathered at their respective branches and enjoyed a variety of birthday treats—cake, ice cream and more! Branches also

collected canned goods from the members at the parties. These ‘gifts’ were donated to local food banks. There was a goal for each branch to collect at least 100 cans and that goal was far exceeded! Over 1,600 cans were collected Association wide! ■



Mt. Gilead team with their cans.



Bowling Green's can tower.



Marion team with their cans.



Van Wert team with their cupcake tractor.



Ottawa's canned food haul.



Jeff Hoepf from Norwalk with members.



Lynn Geitgey from Napoleon is ready to party!



Heather Brickner from Ottawa with a member.



Wellington showing of their big check.



Kenton had a great turn out.



The Rathfelder guys enjoying some cake at Fremont's party.



Tiffin members socializing.



Tiffin's canned goods.



Upper Sandusky's cans.



Carrie Schlechter from Norwalk giving out a check.



Fremont team showing off their patronage amount.



RECENT LAND SALES

The information provided in this column is only a sample of recent land sales around Ohio. Since there are many factors taken into consideration when a buyer and seller establish a price, these sales may or may not reflect the current market value in any particular area and should not be used in lieu of a formal appraisal by a state certified real estate appraiser to establish a value for a particular tract of land.

AgCredit's certified specialists are qualified to prepare appraisals for residences, land, dairies, hog confinement operations, grain farms and other specialty operations. For more information about AgCredit's fee appraisal service call Bill Eirich, ARA, Chief Appraiser, 419-523-6677 or 1-800-837-3678, Ext. 1107. Bill will connect you with an appraisal specialist.

The following information was provided by:

► **Ohio Real Estate Auctions/
WMS Marketing Service**
1400 E. Wyandot Ave.
Upper Sandusky, OH 43351
www.wmsohio.com
419-294-4366

Location 1:
Acres: 45.64
County: Seneca
Township: Scipio
Date of Sale: 3/21/2016
Selling Price: \$5,149 per acre
Unimproved

Location 2:
Acres: 40
County: Seneca
Township: Adams
Date of Sale: 5/14/2016
Selling Price: \$9,525 per acre
Improved
2 story country home, 3 bedroom, 1½ bath, 2 car garage, 40'x100' storage barn, 40'x60' pole barn, workshop

The following information was provided by:

► **Wilson National LLC**
652 N. High St.
Hillsboro, OH 45133
www.wilnat.com
937-393-3440

Location 1
Acres: 66
County: Union
Township: Jerome
Date of Sale: 3/10/2016
Selling Price: \$8,645 per acre
Unimproved

Location 2
Acres: 174
County: Wood
Township: Liberty
Date of Sale: 3/15/2016
Selling Price: \$6,206 per acre
Unimproved

Location 3
Acres: 323
County: Champaign
Township: Wayne
Date of Sale: 3/17/2016
Selling Price: \$6,917 per acre
Improved

3 bedroom, 2 bath ranch home, large bank barn with loft, numerous barns and outbuildings, good fencing

Location 4
Acres: 517
County: Delaware
Township: Brown
Date of Sale: 4/5/2016
Selling Price: \$7,835 per acre
Unimproved

Location 5
Acres: 696
County: Logan & Union
Township: Zane, Harrison, Perry, Liberty & Allan
Date of Sale: 4/13/2016
Selling Price: \$4,898 per acre
Improved
Old homestead with outbuildings

Location 6
Acres: 340
County: Delaware
Township: Delaware
Date of Sale: 4/28/2016
Selling Price: \$6,329 per acre
Improved
Several outbuildings, old homes

Attention Auctioneers: Would you like to be featured in a future column? It's easy. Visit our website, www.agcredit.net and click on the Auctioneer's link to find the Recent Land Sale form online. Fax the completed forms to 419 663 4120 or email to klaubacher@agcredit.net.



20/20 FORESIGHT

BY DR. DAVID KOHL

There is an old saying “Hindsight is always twenty-twenty.” While this is true, successful business leadership often involves twenty-twenty foresight, not hindsight. My fellow colleague on the speaking circuit, Dr. Lowell Catlett, Dean of New Mexico State University’s College of Agriculture, Consumer and Environmental Sciences, often calls this the “ability to look around corners.” Yes, most individuals and businesses can change. However, it is only those individuals and businesses that can bring about change through their actions that will be exceptional. Being a catalyst for change is very different than relying on a specified business strategy to face change.

Previous generations in agriculture faced change. Today, however, the elements that face agribusiness leaders look a bit different and in fact, are unique. The ambiguity, intensity of impact, and magnitude of change in today’s environment are much greater as compared to days past. In order to successfully guide the business through tough economic times, managers and owners must develop perceptual acuity. Specifically, this is the mental preparedness to scan the business and market landscape externally in order to spot trends, connect the dots, and act before others. As the agriculture industry becomes more entrepreneurial, the skills of perceptual acuity will only grow in importance.

In developing your perceptual acuity, there are several illustrations that may be beneficial to explore. For example in the late 1980’s, a soybean farmer developed a special trait and aligned his product with a Japanese market. This was one of the first illustrations of a “trait with the trail,” which at the time, even I thought had uncertain chances of success.

Another example was provided by a student in my small business entrepreneurship class at Virginia Tech. This student envisioned the emerging need for increased senior citizen housing as the life expectancy of veterans and baby boomers continued to lengthen. Utilizing government grants to refurbish vacant schools in rural



areas, he was able to launch an extremely successful construction business.

A number of years ago, a farm spouse observed the widening gap between urban populations and agriculture. In response, she started Old McDonald’s Farm as a supplemental income and educational resource. Now, this immensely successful business allows visitors to experience agriculture by using their sense of touch, sight, smell and hearing. She was on the forefront of today’s agritourism business decades ago.

How does one develop perceptual acuity? Well, it requires the disciplined practice of looking ahead to search for new trends, needs, and capabilities. The key is to occasionally stand back from your business environment and observe things apart from the familiar. Often this can be done by seeking input from individuals on the front lines such as employees and customers. For example, perceptual acuity for the next decade may come from observation of the millennial generation today as they begin to shape consumer, social, and political trends globally.

Sometimes the skills of perceptual acuity require education outside of the agricultural industry. Outside perspectives can stimulate creativity and heighten vigor in your thinking. In addition, twenty-twenty foresight requires networking and contacts, or in other words, interdependency. One’s financial and mental net worth are directly

correlated to the individuals and the networks with which one associates.

Watch, read and repeat! I enjoy reading numerous daily and weekly small business publications, listening to other speakers, and engaging with people on the front lines such as truck drivers and hotel bellmen. Observing the repeated activities that occur outside normal patterns is critical to understanding changes in human behavior, both inside and outside of the business.

Interestingly enough, observation and interaction were instrumental in the development of the blended education program, Farm Credit University. Visionary leaders at Farm Credit Associations funded a master’s degree project at Virginia Tech that focused on education for agricultural lenders. These leaders anticipated the accelerated turnover of the agricultural lending workforce and knew education would be vital to continued success. Today, this learning system combines demographics, technology, online education and in-person training to offer a stellar program.

Several years ago, a large Canadian bank rejected a project because of its failure to generate an immediate, specified financial return. This project is now a cornerstone of the Farm Credit System known as Knowledge Centers. This project was created from the anticipation of people’s appetite for information knowledge as a source of success at all levels of the agricultural industry.

Surprisingly, few academic programs are designed to develop perceptual acuity. Identifying trends, connecting the dots, and executing an idea to success are not topics typically covered. Networking, observation and reflection help build one’s catalyst advantage because these activities continually stimulate the thought process.

In summary, the skills of perceptual acuity take time and thought to develop. However, the ability to anticipate and act can be extremely rewarding. As the great Hockey Hall-of-Famer, Wayne Gretzky says, “Don’t go where the puck is; anticipate where the puck is going.” This is true in hockey, but even more applicable in business and life. ■

AGATES FROM AGATHA SEMI-PRECIOUS TIDBITS OF INFORMATION



COMPILED BY CONNIE RUTH, AKA AGATHA CREDIT

Note: Agatha Credit is the nickname my late husband, Dan, bestowed upon me when I first started working at Ag Credit. He enjoyed the enthusiasm I had for my new job.

WHERE YOUR HEART IS

When your kids are small it's hard to imagine they will grow up and move away one day. I remember thinking of how strange it would be for my daughters to go off to college but I don't think I ever seriously let myself consider the notion that they might one day move away permanently. Now, two of my daughters and their husbands have purchased homes and are raising their families out of state—566 and 723 miles away—from their mama. All three daughters assure me they will always appreciate their childhood home but life takes us all in different directions. Luckily for me, my youngest daughter still lives here.

Several of my friends are downsizing—selling their homes and buying condos that don't require so much work. My friend, Patti, moved to Florida and bought a condo. She tells me she is much happier now since she doesn't have all the yard work and home maintenance to worry about. I think about her, but don't envy her, as I sit on the back step of my rambling farmhouse



contemplating what to do with the rest of my life.

The flower garden is in full bloom and the air is filled with the fading aroma of the lilacs and viburnum bushes. It took me several weekends and evenings to remove most of the dead leaves, and then mulch and weed the beds to get them looking presentable. The yard looks pretty good but it isn't perfect and never will be. There are some bare spots in the lawn that I need to reseed after the grub attack a couple years ago and I have more clean up to do back by the woods. My back hurts just thinking about these tasks, but I'm not stressed about it because I always think of my yard as a work in progress. The last time the yard looked 'almost perfect' was for Kate's wedding reception 10 years ago.

It stopped raining a few minutes ago and I see some new weeds have sprouted up but I don't dash out to pull them. Instead, I remember how Aunt Ardy used to say, "Only God can finish the garden," which was her way of giving me permission to just sit and enjoy the moment, weeds and all. The breeze blows a fine mist off the 130-year-old maple tree and its bright green leaves sparkle in the sun. It will be hard to leave this place someday.

I still enjoy yardwork and home projects but I can imagine the day, probably coming sooner than I imagine, when these things are more of a burden than a joy. In the past, I've always pictured my retirement years spent puttering around this property. When I was younger (and knew everything) I often proclaimed, "I will die in this bed—in this house!" and now I think maybe not, though I really meant it at the

time. I remember hearing about friends of my parents moving south or becoming snowbirds to escape Ohio winters. It seemed crazy to me that anyone would leave their northern friends and family for a warmer climate, even for half of the year. Now, because I have kids and grandkids in other states, it doesn't seem crazy at all.

My fiancé, Jim, is a wonderful guy. He has moved many times in his life and a few years before he met me, he built and settled in to a very nice retirement-ready ranch only two miles from my Ruth Homestead. His place is perfect for his needs – he has a barn to putter in and a calming view of farmland and trees. He has made it very clear that he will not pressure me to leave my home because he realizes the sentimental significance it has in my life but he doesn't really want to move either. He had an old farmhouse once and realizes the challenges of century homes in comparison to the conveniences and practicality of new homes like his.

So, the only pressure I feel is the pressure I put on myself. My friends advise me to, "Go, free yourself of all the work! Your place is too big to handle!" and my sister, Gretchen, urges me to, "Stay, and wait until one day when the solution will become perfectly clear." I don't know who is right. One thing I know for sure is this is a decision I won't make soon. I am not ready today—but when the time is right, hopefully I will know.

Have a wonderful summer!

Agatha



CONSOLIDATED BALANCE SHEETS

| <i>(dollars in thousands)</i> | March 31, | December 31, |
|--|--------------------|------------------|
| | 2016 | 2015 |
| | <i>(unaudited)</i> | <i>(audited)</i> |
| Assets | | |
| Cash | \$ 3,870 | \$ 4,080 |
| Investment securities: | | |
| Held to maturity (fair value of \$19,706 and \$19,073, respectively) | 19,085 | 19,193 |
| Loans | 1,690,626 | 1,716,490 |
| Allowance for loan losses | (13,822) | (13,858) |
| Net loans | 1,676,804 | 1,702,632 |
| Accrued interest receivable | 21,721 | 23,619 |
| Investments in other Farm Credit institutions | 19,178 | 19,122 |
| Premises and equipment, net | 8,087 | 8,233 |
| Other property owned | 60 | 60 |
| Accounts receivable | 3,035 | 20,180 |
| Other assets | 4,451 | 4,797 |
| Total assets | \$ 1,756,291 | \$ 1,801,916 |
| Liabilities | | |
| Notes payable to AgFirst Farm Credit Bank | \$ 1,446,609 | \$ 1,500,003 |
| Accrued interest payable | 2,982 | 2,969 |
| Patronage refunds payable | 1,086 | 18,560 |
| Accounts payable | 786 | 1,715 |
| Advanced conditional payments | 544 | 507 |
| Other liabilities | 25,847 | 9,270 |
| Total liabilities | 1,477,854 | 1,533,024 |
| Members' Equity | | |
| Capital stock and participation certificates | 19,567 | 19,505 |
| Retained earnings | | |
| Allocated | 176,932 | 177,063 |
| Unallocated | 81,938 | 72,324 |
| Total members' equity | 278,437 | 268,892 |
| Total liabilities and members' equity | \$ 1,756,291 | \$ 1,801,916 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| <i>(dollars in thousands)</i> | For the three months ended March 31, | |
|---|---|-----------|
| | 2016 | 2015 |
| | <i>(unaudited)</i> | |
| Interest Income | | |
| Loans | \$ 20,058 | \$ 18,050 |
| Investments | 247 | 294 |
| Total interest income | 20,305 | 18,344 |
| Interest Expense | | |
| Notes payable to AgFirst Farm Credit Bank | 8,842 | 7,694 |
| Net interest income | 11,463 | 10,650 |
| Provision for (reversal of allowance for) loan losses | (32) | — |
| Net interest income after provision for (reversal of allowance for) loan losses | 11,495 | 10,650 |
| Noninterest Income | | |
| Loan fees | 156 | 142 |
| Fees for financially related services | 11 | 16 |
| Patronage refunds from other Farm Credit institutions | 2,971 | 2,681 |
| Gains (losses) on sales of premises and equipment, net | 3 | — |
| Gains (losses) on other transactions | (1) | 1 |
| Other noninterest income | 61 | 4 |
| Total noninterest income | 3,201 | 2,844 |
| Noninterest Expense | | |
| Salaries and employee benefits | 3,352 | 3,034 |
| Occupancy and equipment | 276 | 253 |
| Insurance Fund premiums | 406 | 291 |
| Guarantee fees | 232 | 209 |
| (Gains) losses on other property owned, net | 1 | — |
| Other operating expenses | 898 | 814 |
| Total noninterest expense | 5,165 | 4,601 |
| Net income | 9,531 | 8,893 |
| Other comprehensive income | — | — |
| Comprehensive income | \$ 9,531 | \$ 8,893 |

The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's quarterly and annual financial reports to shareholders are available free of charge at www.agfirst.com, or by writing to AgFirst Farm Credit Bank, Financial Reporting Department, P.O. Box 1499, Columbia, SC 29202-1499.



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| Wood | Dale Brown | Paul Herringshaw |
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