

OUR HERITAGE



AgHeritage Farm Credit Services | Winter 2017



www.agheritagefcs.com



OUR HERITAGE

Winter 2017

Senior Leadership

Greg Cole
*President and Chief
Executive Officer*

Drue Ford
*Senior Vice President
and Chief Credit Officer*

Ken Sumner
*Senior Vice President
and Chief Financial Officer*

Cole Plafcan
*Senior Vice President -
Chief Lending and Marketing Officer*

Leslie Brown
*Vice President Human
Resources*

Board of Directors

OFFICERS

Dwain Morris
*(Northern Region)
Pocahontas, Arkansas
Chairman*

Jerry Burkett
*(Southern Region)
Stuttgart, Arkansas
Vice Chairman*

MEMBERS

Russell Bonner
*(Central Region)
Brinkley, Arkansas*

Jesse Briggs
*(Southern Region)
Reydell, Arkansas*

Mike Burkett
*(Northern Region)
McCrary, Arkansas*

Chuck Culver
*(Outside Director)
Fayetteville, Arkansas*

Sandra Morgan
*(Outside Director)
Stuttgart, Arkansas*

Jeff Rutledge
*(Northern Region)
Newport, Arkansas*

Clay Schaefer
*(Central Region)
Hunter, Arkansas*

Michael Taylor
*(Central Region)
Bald Knob, Arkansas*

Keith Watkins
*(Central Region)
Griffithville, Arkansas*

Scott Young
*(Southern Region)
Portland, Arkansas*



Growing
Arkansas
Today and
Tomorrow



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CEO of AgHeritage Farm
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AgHeritage Farm Credit Services

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www.agheritagefcs.com

ON FRONT COVER: Rice field
ON BACK COVER: Wheat



PROUD MEMBER OF
THE FARM CREDIT SYSTEM

OUR CEO



Greg Cole, CEO

With the 2017 crop in the bin, I want to take a moment to recap the year. We started the year with U.S. net farm income down more than 55% from the peak in 2013. Although we started the spring planting season with challenging conditions due to heavy rains and major flooding in portions of our territory, Mother Nature made a positive turn later in the year, which resulted in strong yields for most of our local crops. A large PLC payment on rice, along with lower operating costs which attributed to lower irrigation expense, should help produce a profit. Many of our crop producers have not earned a profit during the last three years of the down cycle. The protein sector continues to produce modest revenue due to lower feed costs off-setting lower meat prices.

Let us be reminded that the fundamentals of excess global stocks, a strong dollar, and flat demand for commodities have not materially changed in the crop sector. We must stay the course of aggressive cost controls on non-revenue producing expenses along with strong production and selling on a price rally. This year's net income should be used to replenish working capital that was lost in previous years to improve risk bearing ability as we continue to navigate the down cycle.

At AgHeritage, serving agriculture and rural America is not just our mission, it's our passion. Being a customer-owned and customer focused cooperative, a positive customer experience is what we strive for every day. We survey our customers annually to get feedback on how well we are meeting their needs. We are proud to announce that 97% rated us as either being satisfied or very satisfied in meeting their needs as an agricultural lender. We want to thank all of our customers who participated in the survey. Your feedback is very important to us. We are humbled and proud of the survey results.

We appreciate your business and look forward to serving you in 2018.

Greg Cole, CEO
AgHeritage Farm Credit Services

OUR STAFF

Josh Bean Joins AgHeritage Newport Branch

Josh Bean recently joined AgHeritage Farm Credit Services Newport Branch as an Ag Lending Officer.

He previously worked at Regions Bank as a Relationship Manager, Assistant Vice President. Bean attended Arkansas State University where he earned a Bachelor of Science degree in Agriculture Business. He and his family reside in Jonesboro.



Josh Bean

Nathan Davis Joins AgHeritage as Ag Lending Officer

Nathan Davis recently joined AgHeritage Farm Credit Services Newport Branch as an Ag Lending Officer.

He previously worked for the Office of U.S. Senator John Boozman where he was a Field Representative. Davis attended Arkansas State University where he earned a Bachelor of Science degree in Agriculture Education and a Master of Business Administration. He resides in Jonesboro.



Nathan Davis

AgHeritage Farm Credit Services Promotes Golleher

Griffin Golleher has been named VP of Lending and Branch Manager for the Lonoke branch office of AgHeritage Farm Credit Services, according to Cole Plafcan, Senior Vice President Chief Lending and Marketing Officer.

Golleher has been serving in the role of Ag Lending Officer at the Lonoke branch since 2014. He earned a Bachelor of Science in Business Administration degree in Finance Investment Management from Walton College of Business from the University of Arkansas at Fayetteville. Golleher and his wife, Ashley, have two children, Lucy and Blake, and reside in Carlisle.



Griffin Golleher

AgHeritage Farm Credit Services Promotes Stephens

Bill Stephens has been named Vice President of Lending and Branch Manager for the Dermott branch office of AgHeritage Farm Credit Services, according to Cole Plafcan, Senior Vice President Chief Lending and Marketing Officer.

Stephens has been serving in the role of Ag Lending Officer at the Dermott branch since 2014. He earned a Bachelor of Science degree in Animal Sciences from the University of Monticello. Stephens and his family reside in Monticello.



Bill Stephens

OUR BOARD MEMBER SPOTLIGHT

Jesse Briggs (Southern Region) Reydell, Arkansas

Briggs has recently been appointed as Southern Region Director for AgHeritage Farm Credit Services, according to Dwain Morris, AgHeritage FCS Board Chairman.

Briggs farms rice, soybeans and corn with his brothers and son on approximately 9,500 acres. Jesse and his brothers began farming in 1979 and began farming the well-known "Big Mo Farm" in 1988. He and his wife, Nancy, have one son, Cole. Jesse serves on the Farelley Lake Levee District Board.

He is a graduate of DeWitt High Scholl and has a General Agricultural Degree from Arkansas State University.



Jesse Briggs

Jeff Rutledge (Northern Region) Newport, Arkansas

Rutledge farms corn, rice, and soybeans on 935 acres owned and 2,700 acres partially owned with family for a total of 4,200 acres.

He was appointed to the board in 2017 and serves on the Audit Committee. He serves on the Arkansas Ag Council Board, Arkansas Rice Council Board, Arkansas Rice Federation Board, USA Rice Federation Board, USA Rice Council Board, Jackson County Farm Bureau Board, Newport School Board, Newport Levee Board, and Arkansas Waterways Commission.

He has a Bachelor of Science in Plant Science from Arkansas State University and a Master of Science in Agronomy from the University of Arkansas at Fayetteville.



Jeff Rutledge

FARMING YIELDS A LIFETIME OF HAPPINESS

by Ashley Wimberley

Customer Spotlight:

Dorris Greenwalt Hazen, Arkansas



One more year. In 2001, that's how much longer Dorris Greenwalt said he was going to keep his hands in the dirt and continue to farm.

While sharing a hot all-you-can-eat buffet meal at a small restaurant in his lifelong hometown of Hazen, a town of about 1600 people in Prairie County, Greenwalt chuckles telling the story.

"In 2001, my wife Betty bought me a retirement truck. You know, one you don't drive in the fields. Problem was, when I didn't stop farming, I had to go buy another work truck."

It seems after 2001, and each subsequent "retirement year" that also came and went, Greenwalt finally realized his life on the farm truly embodies the old saying: 'Choose a job you love, and you'll never have to work a day in your life.' Now he says he's going to retire when he dies.

It all started back in 1956, when Greenwalt was only 20. Although his dad, a successful local blacksmith, passed away when Greenwalt was in 10th grade, it was a connection through his father that led him to his first land purchase.

"My dad's friend was moving to Beebe, and he was looking to sell 80 acres out by where I grew up," Greenwalt said. "I believe he sold me that land for \$500 a year for eight years plus a little bit of interest. That decision to buy that land was the best thing I ever did."

With a tractor model from the same year Greenwalt was born (a 1936 John Deere Model D with steel wheels), his 80 acres and a whole lot of grit, a farmer was born.

"Why I didn't keep that tractor, I don't know," he laughed. "I could kick myself for that."

In 1961, at around the same time Greenwalt added 150 acres and purchased an International W6 tractor for about \$500, he said he was given a bit of advice that led to a partnership he still values greatly today.

"I got to the point I needed a loan, and a local banker told me to go call PCA (now AgHeritage Farm Credit Services)," Greenwalt shared. "I've been with them since, and I can tell you that Farm Credit people are the best people in the world. I couldn't have made it all of these years without them. I remember my first loan with them was a \$3,000 operating loan."

Although Greenwalt added 80 more acres to the operation in 1967 (that backs up to his original 80 acres), 46 acres in 1965 and 290 acres in 1980, he prides himself on finding a balance in providing for his family and knowing when to stop getting bigger.

"After the last 290 acres, I just never had a desire to get bigger," he said. "I was happy with what I had. Now, so many aren't happy unless they can get another 1,000 acres"

Perhaps it was how the last acreage was added that offered such contentment.

"I helped farm the land of a local couple, and they became good friends," Greenwalt said. "They didn't have any children, so I helped take care of them."

In 1978, his friend passed away and later his friend's widow was diagnosed with cancer.

"Every night, I went to her house at 9 o'clock to give her a morphine shot," he said.

After she sadly succumbed to her illness in 1980, Greenwalt found that her will gave him the right of first refusal to buy their 290 acres.

"I decided I wasn't walking away from that land, so I purchased it for \$500 an acre. If it wasn't for that friendship, and her being generous enough to give me the first opportunity to buy it, I would have never gotten that land," he said thankfully.

...Farm Credit people are the best people in the world. I couldn't have made it all of these years without them.

With his farm operation at 650 acres for the past 37 years, 340 acres of crops and the rest hay and pasture ground, Greenwalt says what he's seen through the years in the farming industry has been a trade-off.

The upside is the fertilizer is better, the seed is better, the equipment is better and the irrigation practices are more efficient.

"In the earlier days, people didn't fertilize. There was no fertilizer place in town. The soil was poor, and it takes a lifetime to build it up," he said. "I was recently kidding with somebody that I've been working all my life to get my soil built up good, and now it's going to be time for me to die."

Greenwalt purchased his dream tractor when he was 65.

"I bought a John Deere 4850, and that's when I said, 'I'm not retiring now,'" he laughed. "I wish I'd had it 50 years ago. It was so nice my part-time help wanted to drive that tractor, so I had to get another one like it so I would have one to drive myself."

He's more than fine with his dream tractors having parts he can fix, instead of being the new computerized models.

"Although if I need a part, it generally takes two days to get it in," he added. "That can impact the operation. It's kinda like going to the doctor - it would be nice if you knew to make an appointment before you got sick."

As for irrigation practices, he recalled the challenges when you got water by canal.

"You would just pump, pump, pump. Sometimes you could pump for a week before you would even get water. Due to the evaporation in the canal, you would often lose half your water. And there were muskrats and muskrat holes in the canal. Everything about it was an uphill battle."

With all the positives of the gained operational efficiencies, Greenwalt said the downside for the future is how hard it is for the little guy to make it.



Dorris Greenwalt stands in front of one of his John Deere 4850 tractors and visits with Josh Cunningham, his AgHeritage Farm Credit Services Lonoke office lending officer.

"Looks like it's just gonna get bigger and bigger, and I'm afraid the little folks are out. It's just too hard to buy today's high dollar equipment."

Although there have been many changes, setbacks and challenges over the years, Greenwalt says he wouldn't change a thing.

"I've lived a good life. One thing I know, money doesn't bring happiness. Sure, it helps pay the bills, but it doesn't bring happiness. You don't have to be rich to have fun.

"What I'd like to tell a young farmer is to work hard, make wise decisions and listen when someone is trying to tell you something," he said.

As the interview ends, Greenwalt talks about good rice yields in the late '50's and early '60's being 90 to 100 bushels per acre. "Now a good rice yield is closer to 190 to 200 per acre," he said.

But it's clear the biggest yield from the farm for Greenwalt and his wife can't be weighed or measured - and that's a lifetime of happiness and contentment from simply doing what you love.



Greenwalt leads a tour of his farming operation. He currently owns 650 acres, 340 acres of crops and the rest hay and pasture ground.



AGHERITAGE HAS NEW ONLINE PRESENCE

Updated Website and Recently Launched Twitter, Instagram and Facebook Pages

The website features many helpful tools including local weather updates, commodity updates and a loan calculator. The website also shares much about the company's history, branches, the farm and home loan process and information about other services including insurance and equipment/vehicle loans.

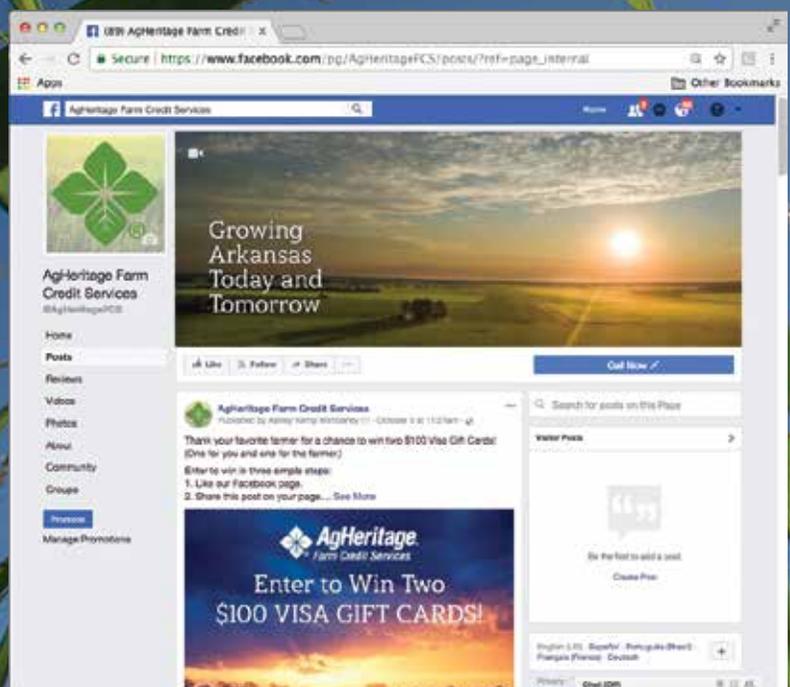
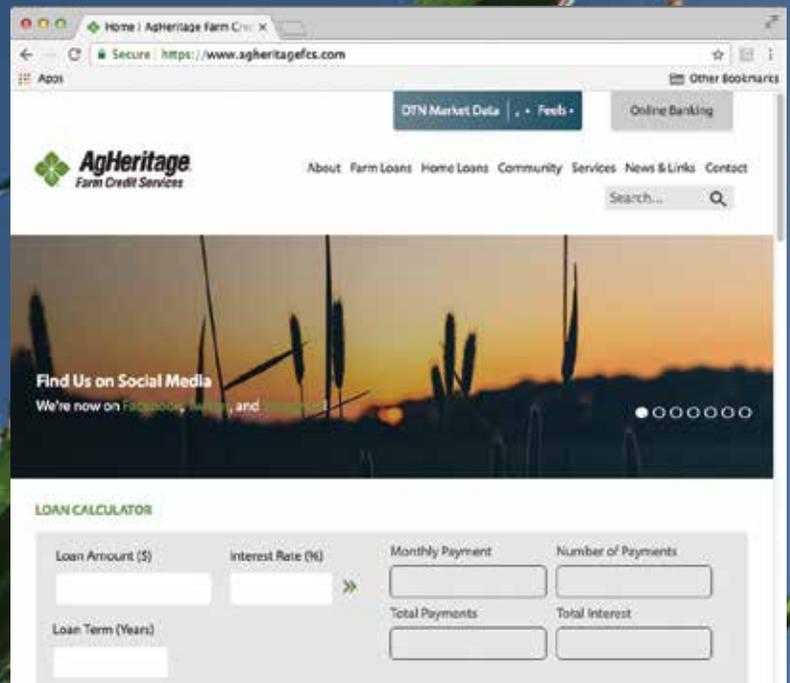
The social media pages cover a myriad of interesting topics including special events, farmer and branch features, giveaways and agricultural industry updates.

Website: www.agheritagefcs.com

Twitter: twitter.com/AgHeritageFCS

Instagram: www.instagram.com/agheritagefcs/

Facebook: www.facebook.com/AgHeritageFCS/



CUSTOMER SURVEY RESULTS PROVE POSITIVE

In order to determine how well AgHeritage Farm Credit Services measures up, each year we conduct a survey of randomly-chosen customer-owners, because there is no better group to tell us if we are meeting your needs than you. The Arkansas Household Research Panel at the University of Arkansas conducted the survey and received an outstanding return response rate of 25%.

The survey indicated that 97% were satisfied with AgHeritage FCS as a source of financing for their agricultural operation. The vast majority (96%) also indicated their expectations were met with 52% of those indicating AgHeritage FCS was exceeding what an ag lender can and should do.

The survey also indicated that an impressive 96% of current customers said they would “definitely” or “probably” acquire another loan from AgHeritage FCS if they required agricultural financing in the future.

Donations were made on behalf of the customer-owners of AgHeritage Farm Credit Services in appreciation of your



support of the customer survey. Donations of \$500 were made to the Arkansas Foundation for Agriculture, Future Farmers of America and to the Arkansas 4-H Foundation.

“At AgHeritage Farm Credit Services, our mission is to be the provider of choice for financial solutions to our rural and agricultural markets. And, we strive to make a positive difference in the business affairs of our customer-owners. We are very pleased with these results,” said Greg Cole, CEO of AgHeritage.

Mark Your Calendar:

- January 6 - 8, 2018 – Arkansas Agricultural Aviation Association Annual Meeting
- January 29, 2018 – Arkansas Soybean Annual Meeting
- February 14, 2018 – A-State Agribusiness Conference
- February 19, 2018 – Arkansas Rice Annual Meeting
- March 2 - 3, 2018 – The 66th Annual Mid-South Farm & Gin Show
- March 13 - 14, 2018 – Arkansas Women in Agriculture Conference
- March 15, 2018 – AgHeritage College Scholarship Deadline
- July 13, 2018 – Photo contest submission deadline for the “Our Heritage” 2019 Calendar

SPRING 2018 – ANNUAL STOCKHOLDERS MEETING AND DIRECTOR ELECTION

Help Select the Leadership of Your Association

The Annual Stockholders Meeting will be held in April. Watch your mailbox for more information about the meeting and the annual director election process. As a customer-owner of AgHeritage Farm Credit Services, you play a vital role in helping select the leadership of the Association by casting your vote in the election.

If you or someone you know who is a stockholder of the Association has an interest in becoming a board member or serving on the nominating committee member, contact your local branch office.

WE APPRECIATE OUR CUSTOMERS

Lonoke Customer Appreciation Event

More than 200 enjoyed catfish, chicken and all the trimmings catered by King Kat at the Annual AgHeritage Farm Credit Services Lonoke Customer Appreciation lunch held Wednesday, July 12, at the Lonoke Community Center.



Star City Customer Appreciation Event



A great meal and lots of good conversation were shared by AgHeritage friends and customer-owners who attended the annual Star City Branch Customer Appreciation event held on Tuesday, November 7th. The event was held at the Civic Center in Star City.

STOMERS

“AgHeritage Farm Credit Services has a great appreciation for our customer-owners. It’s an honor for us to host these events for each branch location as a way to show our thanks.”

COLE PLAFKAN
SVP Chief Lending
& Marketing Officer

Dermott Customer Appreciation Event

A large gathering of friends and customers of the AgHeritage Farm Credit Service’s Dermott Branch enjoyed a great meal and fellowship at the branch’s annual Customer Appreciation Event held on Nov. 9th at the McGehee Men’s Club.



Newport Customer Appreciation Event

Friends and customers of the AgHeritage Farm Credit Services Newport Branch enjoyed catfish, chicken and all of the trimmings at the office’s annual Customer Appreciation Event held on Nov. 8th at the Iron Mountain Depot in Newport.



WE APPRECIATE OUR CUSTOMERS

Searcy Customer Appreciation Event

Thank you to AgHeritage Searcy Branch friends and customers who joined us at Dondie's White River Princess in Des Arc on November 28th.



Stuttgart Customer Appreciation Event

A great lunch was enjoyed by the AgHeritage Stuttgart Branch friends and customers on Dec. 4th at the Grand Prairie Center in Stuttgart.



STOMERS

Pocahontas Customer Appreciation Event

A Customer Christmas Dinner Celebration was hosted by the AgHeritage Pocahontas Branch employees on Dec. 5th for its friends and customers. The event was held at Black River Technical College.



Brinkley Customer Appreciation Event

The AgHeritage Brinkley Branch hosted an Open House at the Brinkley Convention Center on Dec. 6th for friends and customers. The event was catered by a local favorite, King Kat.



AGHERITAGE IN ACTION

AgHeritage at the National Farm Credit System Washington DC Fly-In



Greg Cole with Congressmen Rick Crawford and Steve Womack



Congressman French Hill



Arkansas Senator Tom Cotton



Arkansas Senator John Boozman

2017 Sunshine Rodeo in Beebe

The Sunshine Rodeo was started in 1996 for mentally and physically challenged individuals to have a day of fun being a cowboy or cowgirl. Activities included barrel-bull riding, goat tying, calf roping, horseback rides and wagon rides.



Sunshine Rodeo participant enjoys a horseback ride.



Sydney Belew, customer specialist at the AgHeritage Searcy Branch, visits with a Sunshine Rodeo participant.

Independence County Fair



Nanette Peifer, Customer Specialist, Batesville

Arkansas County Farm Safety Day



Farm Safety Day is put on by the Arkansas County NRCS and FSA offices, and has 350-400 5th grade students (from all schools in Arkansas County) attend to learn about Farm Safety.



Kevin Wingfield and Harlen Patterson have cooked for the Arkansas County Farm Safety Day for over 10 years.

Southwest Forest Products Expo 2017

The event was held August 25-26 at the Hot Springs Convention Center.



University of Arkansas' Career Fair for Agricultural, Food and Life Sciences



Jonathan Breedlove, Ag Lending Officer, Dermott



Hunter Daniel and Lindsey Triplett of Farm Credit of Western Arkansas, and Clay Cannon of AgHeritage Farm Credit Services.

Grady Fish Fry Serves Up 62nd Year

More than 1,000 people attended the annual Grady Fish Fry, held on August 17, in the small farm town of Grady in Lincoln County

Since the event's inception, the Hardin Farm family has hosted the fundraiser in a pecan grove on their property, and Randy Hardin continues to supply the watermelons.



The fish fry is known to attract many from all over the state, including several politicians, to enjoy the catfish, watermelon and the Cummins Prison Band.

Proceeds from the event are used to fund local college scholarships, food donations and Lions Club Projects such as World Services for the Blind.



Batesville Branch Direct Mail Giveaway Winner



Caren Barnett, with AgHeritage Batesville Branch Manager and VP of Lending Junior Beshears, was the proud winner of a YETI Hopper Flip 12 Cooler.

AgHeritage was proud to sponsor the 65th Annual Farmers Appreciation Fish Fry held on October 26th at the Hestand Stadium Fairgrounds in Pine Bluff

The event honored Jefferson County agribusinesses and the Jefferson County 2017 Farm Family of the Year.



Pocahontas Branch Sponsors Golf Team

AgHeritage Farm Credit Service's Pocahontas branch sponsored a golf team this year. They finished second in the District Tournament and competed in the State Tournament on October 3rd.



AgHeritage Farm Credit Services Team Competes in 18th Annual Delta Scholarship Golf Classic

The Department of Crop, Soil and Environmental Sciences in the Dale Bumpers College of Agricultural, Food and Life Sciences at the University of Arkansas collected more than \$22,800 for scholarships at its 18th Annual Delta Scholarship Golf Classic this summer.

The tournament was July 14 at The Ridges at Village Creek at Village Creek State Park in Wynne.

Students selected for 2017-18 Delta Classic Scholarships are Bairek Bush of Fisher, Bodie Cotter of Henderson, Paige Hill of DeWitt, William Johnson of Wyandotte, Oklahoma, Jessie Keaton of Jerusalem, Jose Nunez of Manor, Texas, Wyatt Rongey of Booneville and Adam Whitfield of Little Rock. The James L. Barrentine Endowed Scholarship was awarded to Evan Buckner of Pine Bluff.

Tournament winners were the Cache River Valley Seed team of Adam Compton of North Little Rock, Bradley Benton of Brinkley, and Tripp Morgan and Grant Carter of Stuttgart; the AgHeritage Farm Credit Services team of Josh Cunningham, Chad Gentry and Chad Nisbett of Lonoke, and Griffin Golleher of Carlisle in Flight 1; and the RiceTec team of Whitney Jones of Carlisle, Stewart Warner of West Memphis, Dillon Smith of Jonesboro and Jay Burchfield of Cleveland, Mississippi, in Flight 2.



From left to right: Josh Cunningham, Lonoke Ag Lending Officer; Chad Gentry; Chad Nisbett; Griffin Golleher, Lonoke Ag Lending Officer. Thank you, and congratulations for winning 1st place in the 1st flight!

Corporate sponsors included Bayer CropScience, Del Monte Foods, DuPont Pioneer and Farm Bureau of Arkansas. Team sponsors included Adams Fertilizer Equipment, Ag Council of Arkansas, Alice-Sydney Dryer & Seed Co., Armor Seed, Cache River Valley Seed, Crop Production Services (Bernie, Mo.), DuPont Crop Protection, Farm Credit Midsouth, Gowan USA, Helena Chemical Co., Hickory Hill Pharmacy, Mid-South Ag Consultants, Mid South Ag Equipment, Progeny Ag Products, RiceTec, Southern Ag Resources, Southern Bancorp, Stanley & Co. and Wingtip Gear.

Dedication Ceremony Held for George Walker Field of Champions

Several members of AgHeritage Farm Credit Services attended the ceremony in Rison on September 22nd.

George Walker was on Rison High School's first state championship team as a quarterback in 1950. He went on to quarterback for the Arkansas Razorbacks, earning All-Southwest Conference honors.



National Black Growers Council Model Field Day, UAPB

University of Arkansas at Pine Bluff was among the sponsors of this year's National Black Growers Council (NBGC) Model Farm Field Day. Dell-Cam, the host farm, is one of five model farms featured in the 2017 NBGC Model Farm Series of tours. Field stops featured corn production, precision agriculture, soybean production, seed treatments, native grass and conservation wildlife benefits, cover crops, crop production and irrigation efficiency. Afternoon sessions included farm financing, crop insurance benefits and opportunities, grain marketing considerations and opportunities, USDA program usage and an overview of UAPB's small farm program.



From left to right: Leigh Allen, NBGC Executive Director from Washington, DC; Dewayne L. Goldman, Monsanto Outreach Lead and NBGC Advisor; Kyle Stovesand, VP of Lending at AgHeritage FCS; Philip J. Haynie III, Farmer from Reedville, VA and NBGC Board Chairman; Billy Bridgeforth, Farmer from Tanner, AL and Immediate Past NBGC Board Chairman.



AgHeritage Employees Enjoy Solar Eclipse on August 21st



Lana Stovall, Retail and Marketing Support Specialist, Kameela Lee, Finance Assistant, Keri Davis, Accounting Specialist

Log-A-Load Benefit for Arkansas Children's Hospital



Harrell Wilson of Wilson Brothers and Amy Postel, customer specialist in the Star City Branch, at the Annual Log-A-Load Benefit for Arkansas Children's Hospital held in Sheridan on October 14th.

Arkansas Realtors 93rd Annual Convention & Trade Show Held on September 18-20th at the Marriott Hotel Little Rock



Griffin Golleher, Darlene Crawford, Jennifer Hopper, Andrea Leding and Anna Lester man the Farm Credit booth.

Jessie Snyder's Entry Wins Supreme Heifer at Lincoln County Fair



Jessie Snyder of Star City was the lucky recipient of Fair sponsor AgHeritage's door prize.



2017 Arkansas Farm Family of the Year Luncheon

AgHeritage was a proud sponsor of the 2017 Arkansas Farm Family of the Year Luncheon held on December 7th at the Wyndham Riverfront in North Little Rock.



AgHeritage friends and customers, the Chris and Heather Tharp family of Floral, was recognized at the luncheon as the 2017 Independence County and North Central District Farm Family of the Year. The Tharps have five children, Colton, Ainsley, Kylie, Lily and Reese.



The Luke and Deedee Alston Family was named the 2017 Arkansas Farm Family of the Year. The Alstons were the 2017 Polk County and Western District Farm Family of the Year. They have two sons, Ryan and Drey.



Cedar Corner Farm in North Arkansas County, who are AgHeritage friends and customers, were recognized at the luncheon as the 2017 Southeast District Farm Family of the Year. Jason Smith and Chris Dickson are partners in the 2,800-acre rice, soybean and wheat operation in Stuttgart. Jason is married to Cheryl and they have two children, 17-year-old Jaycie and 14-year-old Jonathan. Chris is married to Jason's sister DeAnne and they have a daughter Kaylee and son Dee.

2018 COLLEGE SCHOLARSHIP PROGRAM

AgHeritage FCS proudly invests in the next generation through our scholarship programs. We offer scholarships annually through our Customer Scholarship Program, our University Scholarship Program, and our Ken Shea Scholarship.



Customer Scholarship Program

- Ten \$500 scholarships are offered through the AgHeritage FCS Customer Scholarship Program. This program is available to dependent children and grandchildren of AgHeritage Farm Credit Services stockholder customers.
- AgHeritage Farm Credit Services also offers a \$1000 scholarship to a current college student studying agriculture at an Arkansas university or college. You do not need to be a customer of AgHeritage FCS to apply for this scholarship.
- Ken Shea Scholarship for Dermott and Star City areas.

Eligibility

- Fall full-time student (per college standard) at an accredited undergraduate university, college, community college, junior college or technical school will be eligible.
- Scholarship program is open to current college students as well as graduating high school seniors.
- The scholarship recipient must be enrolled in their chosen school during the fall semester. The scholarship will be sent to each school to be applied toward tuition, books or other school fees. Funds will be returned to the association if the recipient is not enrolled.
- Past AgHeritage FCS Customer Scholarship recipients are not eligible to apply again.

Selection Criteria

Scholarship recipients will be based on:

- Academic Records
- Involvement in school related activities and extracurricular activities/work.
- A selection committee will target maximum geographic distribution when awarding scholarships.

Terms

- The scholarship will be sent directly to the candidate's university.
- If the candidate changes universities prior to the school year starting, the candidate must contact AgHeritage FCS to notify them of the change.

To Apply

Applicant must submit the following information:

- Complete on-line scholarship application
- Submit a certified transcript from applicant's high school or continuing education institution (College or technical school).
- Submit ACT and/or SAT scores

The above requirements, along with online application, must be submitted by March 15.

Apply Online:

<https://www.agheritagefcs.com/community/scholarships>

Application Deadline: March 15th



BENCHMARK UPDATE

The Randolph County Benchmark (BM) update is one of the two cropland benchmarks that did not reflect a change in value in the past 12 months of all the benchmarks. Talking to farmers, brokers, and loan officers from the area, it appears that the general feeling is that while the value of good-quality farms is holding, the value of average to below-average quality farms has slipped off the highs of the last several years. Though the perception of market participants is important, it is more important to see what the available sales data is indicating.

After being in the farm credit benchmark system since May 1980, the part-time farm benchmark in White County had to be retired. The property contained a brick ranch style dwelling that is now located in an expanding rural residential area North of Searcy. The new part-time farm benchmark has about the same number of acres, 32 acres, but has a more rural location than the previous benchmark. The dwelling also has a "farm-house" styling that is more typical in the market area. The neighborhood has less non-agricultural influence and development potential but considered average for uses other than agriculture.

There was a good selection of sales from July 2015 to July 2016 in the Lonoke County BM area to conclude that farm land values had held steady to slightly increasing. The 2016 update indicated a 3.06% value increase of this benchmark in the past 12 months. Overall, however, transfers of similar properties in the benchmark's neighborhood have slowed in recent years. This trend continued between the 2016 and 2017 benchmark reports and for that reason the benchmark did not reflect any change in value and was our second of the six cropland benchmarks that did not change from 2016.

The current 2017 Monroe County BM update indicates a slight decline of -1.28%. For additional market background of this BM, the 2013 update indicated a large increase (26.58%) more similar to the jump in 2008. The 2014 update indicated an 8% value increase. The 2015 update indicated a much more conservative 2.79% value increase. The 2016 update indicated a slight decline of -1.73%.

The market area for the Lincoln County Benchmark has primarily been a cotton, rice, soybean, and corn producing area. Corn and cotton compete for acreage in the subject's market area. Cotton acreage has been down for several years, but appears to have rebounded somewhat in 2017 - there is noticeably more cotton in the subject area in 2017 than in recent years. It looks as though the market has remained largely unchanged since the 2016 report for the Lincoln County BM farm although this benchmark did show the most decline of 2.85%.

The Arkansas County Benchmark property has, over the last 12 months, indicated a slight decrease of -1.35%. The Grand Prairie market area is, when compared to other agricultural areas in AFCS' market, fairly unique. By far, the market on the Prairie - when compared to our other markets - tends to be comprised almost exclusively of local participants. Over the past few years, with few exceptions, the sales which actually were advertised properly also indicated the highest allocated values per acre. When estimating the value of a property, it is being assumed that the property - to achieve the most valid market value - would be marketed competently and exposed to viable market participants (this is assumed, regardless of the fact that most properties in this particular market do not sell this way).

The Broiler Farm Benchmark update for the past

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four years has indicated only one change in value, a downward 3.13% in 2016 that was primarily attributed to physical depreciation not being offset by building cost increases over the past year. This year, again, there was no change in value to the benchmark. There were land sales available to estimate the land portion of the property but there were no recent sales discovered of broiler farms in the past 12 months in the Southeast Arkansas poultry region. There have been a few sales in the northern AFCS territory (Batesville market) and these sales indicate similar, to slightly stronger, values than the limited sales data available in the Southeast Arkansas poultry region.

The Ashley County Benchmark update has indicated another slight decrease of -1.28% over the past 12 months (-2.33% last year). Some of the five sales used in the analysis were purchased by investment groups which still play a role in the SE Arkansas market and continue to exhibit demand on larger tracts (over 500 acres) with relatively high percentages of tillable

acreage. All but one of the sales used in this update are smaller than 300 acres which are commanding lower values than larger more economical cropland tracts. As was true with a few of our other cropland benchmark properties, transfers of large, quality farmland in SE Arkansas were limited over the past 12 months.

In conclusion, this year's update appears to be, when compared to recent years, a return to a more stable to slightly decreasing level (for comparison, consider the 2015 and 2016 updates which reflected a modest 3.10% and 1.97% increase for our agricultural benchmark properties.) Over the past five years, which includes this current update, our benchmarks have shown an overall annual increase of 6.83%. Our current 5 year average cropland value is \$4,280 per acre which is 5.81% higher than the 5 year average in 2016. With this year's modest decrease, however, and as stated in last year's summary, it appears that we have seen a continued hesitant market over the past several months which did show some downward turn.

AgHeritage Farm Credit Services Benchmark Update Values

BENCHMARK	County	2013	2014	2015	2016	2017	TOTAL %	AVG %
		% CHANGE \$ PER UNIT Cap Rate	INCREASE 2013 to 2017	Last 5 Years (Simple) \$ PER ACRE				
	- Randolph Co	9.42%	11.58%	0.00%	8.57%	0.00%	29.57%	5.91%
	200 Ac	4,705	5,250	5,250	5,700	5,700		5,321
		3.30	3.18	2.76	2.70	2.80		
Part-time farm	- White Co	3.33%	0.00%	2.15%	-5.26%			
	30 Ac *	186,000	186,000	190,000	180,000	RETIRED		
	* total value	2.61	2.59	2.51	2.65			
Part-time farm	- Cleburne Co					\$375,000		
	32 Ac *					1.61		
	* total value							
	- Lonoke Co	37.70%	0.00%	3.15%	3.06%	0.00%	43.91%	8.78%
	280 Ac	3,393	3,393	3,500	3,607	3,607		3,500
		3.42	3.33	3.20	3.00	2.94		
	- Monroe Co	26.55%	8.01%	2.79%	-1.73%	-1.26%	34.36%	6.87%
	287 Ac	3,484	3,763	3,868	3,801	3,753		3,734
		3.98	4.05	3.67	3.60	3.70		
	- Lincoln Co	13.83%	14.89%	2.93%	0.00%	-2.85%	28.80%	5.76%
	162 Ac	3,654	4,198	4,321	4,321	4,198		4,138
		3.86	3.48	2.90	3.10	3.25		
	- Arkansas Co	19.40%	10.42%	7.16%	4.23%	-1.35%	39.86%	7.97%
	308 Ac	3,896	4,302	4,610	4,805	4,740		4,471
		4.12	3.79	3.06	2.90	2.78		
Poultry Broilers	- Cleveland Co	0.00%	0.00%	0.00%	-3.13%	0.00%	-3.13%	-0.63%
	40 Ac *	800,000	800,000	800,000	775,000	775,000		790,000
	* total value	13.07	17.21	15.70	16.00	16.00		
	- Ashley Co	17.14%	12.20%	2.59%	-2.33%	-1.28%	28.31%	5.66%
	320 Ac	4,100	4,600	4,719	4,609	4,550		4,516
		3.75	3.16	3.05	3.15	3.15		
Cropland BM Only - Avg Increases		20.67%	9.52%	3.10%	1.97%	-1.12%		6.83%
Cropland BM Only - Avg \$/Ac		\$ 3,872	\$ 4,251	\$ 4,378	\$ 4,474	\$ 4,425		
Last 5 yr /Ac Average for Cropland								4,280



AgHeritage Farm Credit Services is a financial cooperative with owned and managed assets of approximately \$1.15 billion as of December 31, 2016, that provides credit and related services to more than 3,100 farmers, ranchers and producers or harvesters of aquatic products in 24 Arkansas counties.

Branch offices are located in Batesville, Brinkley, Dermott, Lonoke, Newport, Pocahontas, Searcy, Star City and Stuttgart.