

OUR HERITAGE



AgHeritage Farm Credit Services | Winter 2019



AgHeritage[®]
Farm Credit Services

OUR HERITAGE

Winter 2019

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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

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Pocahontas, Arkansas
Chairman*

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

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

Keith Watkins
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Griffithville, Arkansas*

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Portland, Arkansas*



AgHeritage®

Farm Credit Services

Growing Arkansas Today and Tomorrow



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President & CEO
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Credit Services
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ON THE BACK COVER:
Arrowhead Farms in Brinkley
owned by AgHeritage
Board Member Russell Bonner

AgHeritage Farm Credit Services

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PROUD MEMBER OF
THE FARM CREDIT SYSTEM

OUR CEO



Greg Cole, President & CEO

With the crops in the bin and a decade coming to an end, this is a good time to reflect on what we've accomplished. AgHeritage continues to fulfill its mission of serving agriculture and rural communities during good times and bad. Our asset size has doubled to exceed \$1.5 billion through organic growth which was accomplished by serving one customer at a time. Approximately \$40 million was returned to customer-owners through the patronage program during this time period. Our capital reserves are over \$320 million and we continue to achieve excellent customer satisfaction results. Branch offices were opened in the communities of McGehee and Pine Bluff enabling us to reach a broader scope of area farmers and ranchers.

During the last decade, agriculture experienced the tail-end of one of only four super cycles that has ever occurred in American agriculture where there was exceptionally high net farm income and robust land appreciation. That cycle was driven by the emergence of the U.S. ethanol industry and a rapid expansion in soybean exports to China. Subsequently, in 2014, we experienced the most rapid drop in U.S. farm income since 1930 that resulted in net farm income being down more than 50 percent for the last six years. The decline was largely attributed to excess global supplies of commodities and trade disruptions. Weather conditions over the last decade have certainly added to the volatility. We also saw Congress pass two different Farm Bills during this period that provided a much needed safety-net to minimize the negative impact to producers' profits.

Looking forward, we anticipate the next decade being much like the past; it will have its own set of challenges and opportunities. The Farm Credit System and AgHeritage are well capitalized, financially strong, and well-positioned to serve rural communities and agriculture through all cycles and conditions. Serving agriculture and rural America is not just our mission; it's our passion.

A handwritten signature in dark ink, appearing to read "Greg Cole". The signature is fluid and cursive, with a stylized "G" and "C".

Greg Cole, President & CEO
AgHeritage Farm Credit Services

STAFF PROMOTIONS

KODER PROMOTED TO LENDING SERVICES MANAGER

Shannon Koder has been promoted to Lending Services Manager at the AgHeritage Farm Credit Services Central Office in Little Rock. She joined AgHeritage in December 2015 as a Loan Processor, and previously worked for IberiaBank as an Assistant Branch Manager. Koder resides in Benton with her husband Jared and daughter Olivia.



Shannon Koder

VANCE PROMOTED TO CHIEF APPRAISER

Drew Vance has been promoted to Chief Appraiser for AgHeritage Farm Credit Services.

Vance joined the company in March 2004 as an Appraiser, and has most recently served as Senior Certified Appraiser. He is a graduate of Arkansas State University with a degree in Agriculture Business.



Drew Vance

Vance was awarded the Accredited Rural Appraiser (ARA) designation from the American Society of Farm Managers and Rural Appraisers (ASFMRA) in 2008, and is an active member and Past President of the Mid-South Chapter of the ASFMRA. He was appointed by Governor Mike Beebe to the Arkansas Appraiser Licensing and Certification Board in 2011 and served two 3-year terms, also serving as Chairman of the Board in 2014 and 2015. He currently serves as the President of the Lonoke County 4-H Foundation. Vance lives in rural Lonoke County with his wife Susan and two sons.

AGHERITAGE PROUDLY INVESTS IN THE NEXT GENERATION THROUGH OUR SCHOLARSHIP PROGRAMS

Customer Scholarship Program Nine \$1,000 scholarships are offered through the AgHeritage Farm Credit Services (FCS) Customer Scholarship Program. This program is available to dependent children and grandchildren of AgHeritage FCS stockholder customers who are graduating high school seniors.

Ken Shea Scholarship One \$1,000 awarded to McGehee area dependent children and grandchildren of AgHeritage FCS stockholder customers who are graduating high school seniors.

University Scholarship AgHeritage FCS also offers one \$2,000 Scholarship to a current college student studying Agriculture at an Arkansas University or College. Students do not need to be a customer of AgHeritage FCS to apply for this scholarship.

**Deadline for ALL scholarship applications:
March 15, 2020**

For terms and more information please visit:
<https://www.agheritagefcs.com/community/scholarships>

ALPHA AND OMEGA PLAFCAN RETIRES IN DECEMBER



Jon Plafcan

Chief Appraiser Jon Plafcan has announced his retirement from AgHeritage at the end of 2019. He has been serving our customer-owners for more than 28 years.

Plafcan joined the company in September 1991 as an Accredited Appraiser and was promoted to Senior Certified Appraiser in July 1996. In January 2008, he was named the company's Chief Appraiser.

"We want to thank Jon for his professionalism, service and contribution to the success of AgHeritage and the farm and ranch families that we serve. His career has been an embodiment to Farm Credit's mission of serving agriculture and rural America," said AgHeritage President & CEO Greg Cole.

"We wish Jon well as he enters the next phase of his life."

BENCHMARK UPDATE

The Randolph County Benchmark (BM) update is one of the three cropland benchmarks that showed a 0.00% change in the past 12 months after a nominal decrease the previous year. As was the case with other agricultural benchmarks in AgHeritage Farm Credit Services (AFCS) service area, the Randolph County Benchmark indicated strong increases over the past decade. In fact, between the 2010 and 2018 BM updates this BM has indicated double-digit appreciations four times, appreciations between 8% and 9.5% twice, and shown to be stable four years (2010, 2015, 2017, and 2019). The only decrease noted over the last decade was nominal and indicated by the 2018 BM report. Over the past year, there has been limited sales activity in the Randolph County Benchmark area. The 2019 Randolph County Benchmark indicates that land values in this area over the past year have remained stable.

The Cleburne County Benchmark (which is our part-time farm benchmark) was first introduced in 2017 and replaced a White County property that had been used as this BM for many years. The current part-time farm BM consists of 32.05 acres and structural improvements typical for this type property. The Cleburne County BM indicated an increase of 4% from 2017 to 2018 and a 2.56% increase from 2018 to 2019. In both cases, the increases are attributable to appreciations in land values over these periods. Between 2018 and 2019, the BM land appreciated an estimated 10.27%; this appreciation was off-set by nominal decreases (attributable to normal physical depreciation) in the structures resulting in an overall BM appreciation of 2.56%.

Compared to the 12 months prior to the 2018 BM, sales activity in the Lonoke County BM has increased slightly between 2018 and 2019. Still, compared to years prior to 2018, sales activity in the Lonoke County BM area has remained relatively slow. Reduced activity can mean one of two things: either demand for similar properties has slackened (few buyers), or that supply of similar properties is largely unavailable (few sellers). Based on the sales data available, it is our opinion that it is the latter, rather than the former, at work in this market. While it is reasonable to assume that if sellers are demanding higher prices before being compelled to release supply into the market this must mean that values are increasing. It is our opinion that this assumption would be premature due to the fact that few buyers have shown themselves willing to pay the cost to stimulate the release of additional supply. We believe the lack of sales data is not indicative of low

demand in general, but of low demand at the price most sellers are willing to receive. The 2019 Lonoke County BM is reflective of a stable, static land value market for this area.



The current 2019 Monroe County BM update indicates no change from 2018. Sales data in this Benchmark area was very limited over the past 12 months. As such, two sales from a similar competing area (one from Woodruff County and one from Lee County) were referenced. The analysis of the three Monroe County sales, along with the Woodruff County and Lee County sales, indicated that land values are stable in this area. Buyers ranged from local producers to non-local investors.

The Lincoln County Benchmark showed an increase of 0.29%. This appreciation is, statistically, insignificant and reflects a market that is stable. Representing a fairly large market area, the Lincoln County BM depends on sales activity from across AFCS' southeastern market area. Sales utilized in this BM tend to be those that have heavier to mixed soils and suitable for a soybean, rice, and, in some instances, corn rotation.

Although historically the Grand Prairie market has been one dominated almost exclusively by local participants, we have seen increased investor activity in this area over the past couple of years. Once a market almost entirely driven by word-of-mouth property marketing, there has been increased broker activity in the area over the past few years and, as a result, an increase in non-local investor activity. Sales activity, relative to years past, in the Arkansas County BM area has been fairly active over the past 12 months. The Arkansas County BM, compared to other AFCS cropland BM's, has indicated the strongest cumulative and average appreciation over the past five years.

The Lawrence County BM is the AFCS broiler farm benchmark property. Introduced in 2018, the Lawrence County BM replaced a Cleveland County broiler farm that had been utilized as our BM since 2006. The Lawrence County BM is situated in a more competitive area, and one that has – for the last several years – experienced

good demand and growth in the poultry sector. Between 2018 and 2019, our Lawrence County broiler BM indicated a nominal appreciation of 1.05%.

The Ashley County Benchmark property is intended to reflect the values of highly productive, versatile soil farms in the southeastern Arkansas area (primarily corn and cotton type properties. Compared to AFCS' other cropland BM properties, the Ashley County BM indicated a strong increase between 2017 and 2018 at 7.14%. After this increase in 2018, the modest decrease reflected in the 2019 update indicates that the market has stabilized but remains strong in this particular area.

In conclusion, this year's update appears to continue a trend that began in 2016; a trend that, after the volatile increases of prior years, re-emphasizes that values have in large part stabilized. While there are always outliers (properties that sell either higher or lower than expected), it is our feeling that, overall, we are currently in a stable land value market. For above-average properties, we believed that we retained the value appreciations gained during the volatile periods of 2008 to 2015.

Over the past five years, which includes this current update, our cropland benchmarks have shown an overall annual percentage increase of 1.05%. Our current five-year average cropland value is \$4,444 per acre which is 1.07% higher than the five-year average in 2018. It is our opinion that moderate, steady increases are indicative of a healthy land market and does not point to a precipitous value-drop in the near future. The benchmark update provides a good, annual baseline on agricultural land values in our area and is a useful tool; both for recognizing past trends, and also in our continued attempts to predict future disruptions.

AGHERITAGE FARM CREDIT SERVICES BENCHMARK UPDATES

BENCHMARK	County	2015	2016	2017	2018	2019	TOTAL %	AVG %
		% CHANGE \$ PER UNIT Cap Rate	% CHANGE \$ PER UNIT Cap Rate	% CHANGE \$ PER UNIT Cap Rate	% CHANGE \$ PER UNIT Cap Rate	% CHANGE \$ PER UNIT Cap Rate	INCREASE 2015 to 2019	Last 5 Years (Simple) \$ PER ACRE
#472	- Randolph Co 200 Ac	0.00% 5,250 2.76	8.57% 5,700 2.70	0.00% 5,700 2.80	-1.32% 5,625 2.75	0.00% 5,625 2.74	7.26%	1.45% 5,580
#364	- White Co 30 Ac *	2.15% 190,000 2.51	-5.26% 180,000 2.65	RETIRED	RETIRED	RETIRED		
#135	- Cleburne Co 32 Ac*			0.00% \$375,000 1.61	4.00% \$390,000 1.46	2.56% \$400,000 1.43		
#375	- Lonoke Co 280 Ac	3.15% 3,500 3.20	3.06% 3,607 3.00	0.00% 3,607 2.94	-1.58% 3,550 2.94	0.00% 3,550 2.94	4.63%	0.93% 3,563
#487	- Monroe Co 287 Ac	2.79% 3,868 3.67	-1.73% 3,801 3.60	-1.26% 3,753 3.70	0.00% 3,753 3.69	0.00% 3,753 3.80	-0.20%	0.04% 3,786
#490	- Lincoln Co 162 Ac	2.93% 4,321 2.90	0.00% 4,321 3.10	-2.85% 4,198 3.25	-1.48% 4,136 3.25	0.29% 4,148 3.25	1.10%	-0.22% 4,225
#185	- Arkansas Co 308 Ac	7.16% 4,610 3.06	4.23% 4,805 2.90	-1.35% 4,740 2.78	1.37% 4,805 2.75	4.06% 5,000 2.85	15.47%	3.09% 4,792
#488	- Cleveland Co 40 Ac*	0.00% 800,000 16.00	-3.13% 775,000 16.00	0.00% 775,000	RETIRED	RETIRED	-3.13%	-1.04 783,333
* total value								
Broiler BM #144	- Lawrence Co 70 Ac*			0.00% 2,870,000 13.00	0.00% 2,870,000 13.00	0.00% 2,900,000 13.00	1.05%	
* total value								
#460	- Ashley Co 320 Ac	2.59% 4,719 3.05	-2.33% 4,609 3.15	-1.28% 4,550 3.15	7.14% 4,875 3.15	-0.64% 4,844 3.01	5.48%	1.10% 4,719
Cropland BM Only - Avg Increases		3.10%	1.97%	-1.12%	0.69%	0.62%		1.05%
Cropland BM Only - Avg \$/Ac		\$ 4,378	\$ 4,474	\$ -4,425	\$ 4,457	\$ 4,487		
Last 5 yr /Ac Average for Cropland								4,444

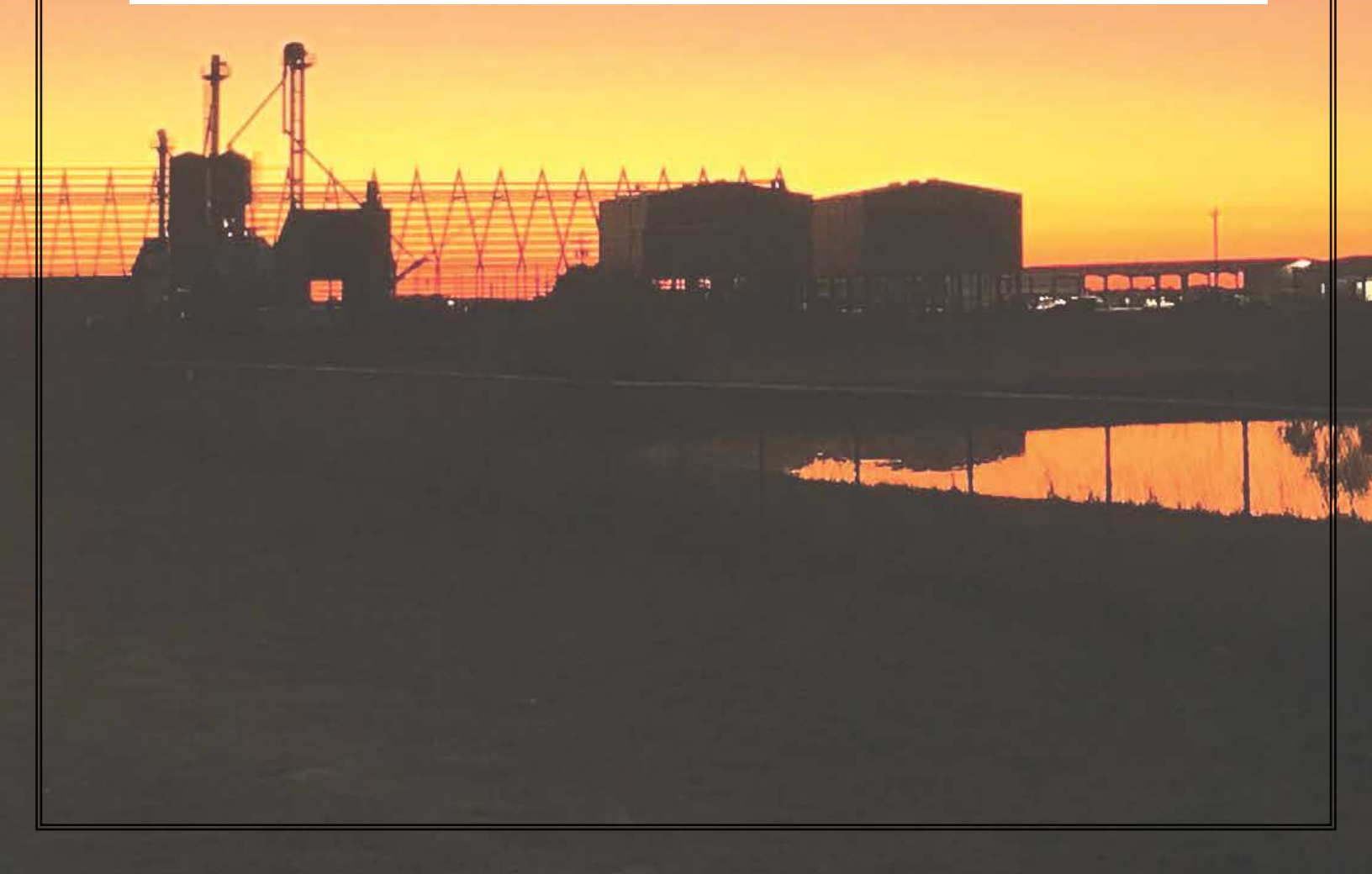
NORTHEAST ARKANSAS PEANUT SHELLING PLANT GROUNDBREAKING IN MORE WAYS THAN ONE

Delta Peanut held a ceremonial groundbreaking at its 71-acre site in the Craighead Technology Park in Jonesboro on August 27th. Delta Peanut leadership and investors celebrated the event with local business leaders and elected officials including Jonesboro Mayor Harold Perrin and U.S. Senator John Boozman. Financing for the project is jointly provided by AgHeritage Farm Credit Services, Farm Credit Midsouth, Farm Credit Southeast Missouri and Farm Credit of Western Arkansas.

Delta Peanut is a 100% farmer-owned peanut shelling facility that is the first of its kind in Arkansas, representing a \$70 million investment that will ultimately create 130 new jobs. The state-of-the-art shelling facility is expected to begin shelling in the spring of 2020.

Delta Peanut will shell over 180,000 tons of peanuts annually when running at maximum capacity. Approximately 60,000 tons of those peanuts will be on-site in Jonesboro stored in three warehouses and one “surge” warehouse. The balance of the production will be handled at partner buying points in Pocahontas and Marianna, Arkansas.

Peanuts are currently farmed on nearly 35,000 acres in Arkansas, and that number is expected to double over the next five years. Previously, those peanuts required transport to shelling plants in West Texas or South Georgia. With the addition of Delta Peanut in Jonesboro and a separate buying point in Marianna, regional peanut growers will have the option to cut miles and costs and bring those peanuts to market closer to home. Peanut butter makers Jif in Memphis, Skippy in Little Rock and Kraft-owned Planters Peanut in Fort Smith will also benefit from the new facility.





LEGISLATIVE FLY-IN

On July 23-24, more than 750 Farm Credit customers, directors, and employees visited Washington, D.C. for the 2019 Farm Credit Fly-In. The festivities kicked off with an address from U.S. Secretary of Agriculture Sonny Perdue.

While at the annual event, Arkansas Farm Credit Cooperatives were honored to meet with Arkansas legislators Tom Cotton, John Boozman, Bruce Westerman, Steve Womack and Rick Crawford on Capitol Hill to share the Farm Credit story and give an update on Arkansas agriculture.



LONOKE CUSTOMER APPRECIATION EVENT

AgHeritage Farm Credit Services Lonoke branch held its Annual Customer Appreciation Luncheon at the Lonoke Community Center in mid-July with more than 200 customers and guests enjoying good food and fellowship with every guest receiving a token of appreciation.

"I want to thank all of our customers for joining us at our Lonoke branch luncheon and making our event such a success," said VP of Lending and Branch Manager Griffin Golleher. "This is one of the highlights of our year when we take time to stop, say thank you and show appreciation to our customer-owners."



BRINKLEY CUSTOMER APPRECIATION EVENT

The AgHeritage Farm Credit Services Brinkley branch hosted friends and customers in mid-August at its annual Customer Appreciation Luncheon at the Brinkley Convention Center. The event was catered by local favorite King Kat and featured catfish and chicken with all the trimmings.

"We had a great time sharing good food and good company. The turnout was excellent, and the luncheon gave us the opportunity to express our appreciation to our customer-owners," said VP of Lending and Branch Manager Kevin Simpson.



McGehee Customer Appreciation Event

AgHeritage Farm Credit Services McGehee branch hosted friends and customers at its annual Customer Appreciation Dinner held on Monday, November 4 at the McGehee Men's Club. Attendees enjoyed a meal of brisket, chicken and sausage, with a variety of sides.

"Thank you for making our McGehee Customer Appreciation Dinner such a success," said VP of Lending and Branch Manager Bill Stephens. "It's so nice to kick off the holiday season with this event every year. It is a great opportunity for us to express our gratitude to our customer-owners."



Newport Customer Appreciation Event

AgHeritage Farm Credit Services Newport branch hosted friends and customers at its annual Customer Appreciation Dinner on Thursday, November 7. More than 150 people enjoyed a meal of catfish and chicken with all the trimmings.

"Every year, this event is held at downtown Newport's Iron Mountain Depot. This railroad depot, restored in 1902, is always a special venue to host our friends and customer-owners," said VP of Lending and Branch Manager Todd Hulett. "This dinner is a wonderful opportunity for us to say thank you."



STUTT GART CUSTOMER APPRECIATION EVENT

The AgHeritage Farm Credit Services Stuttgart branch hosted friends and customers on Thursday, November 21 for its annual Customer Appreciation Luncheon. The event was held at The Museum of the Arkansas Grand Prairie.

"We had more than 90 people in attendance this year," said VP of Lending and Branch Manager in Stuttgart Kyle Stovesand. "The museum was the perfect location for our event as it is a memorial to prairie pioneers and shares a lot about the history of agriculture in this area of the state. I'm proud that AgHeritage has been such a big part of this history for more than 100 years."



SEARCY CUSTOMER APPRECIATION EVENT

AgHeritage's Searcy friends and customers enjoyed a special meal at Dondie's White River Princess on Wednesday, December 4 as part of the branch office's annual Customer Appreciation Dinner. The restaurant, a longtime staple in Des Arc, is housed in an old riverboat alongside the White River and is known regionally for its stunning views, catfish buffet, steaks and seafood.

"We always enjoy this annual dinner with our friends and customers," said VP of Lending and Branch Manager Bert Leder. "It's a chance for us to visit, reflect on a successful year and say thank you."



POCAHONTAS CUSTOMER APPRECIATION EVENT

The AgHeritage Pocahontas branch hosted its annual Customer Appreciation Dinner on Tuesday, December 3 at Black River Technical College. The event was catered by the Chicken Shack of Walnut Ridge.

“We are always so thankful to share this time and this meal with our customers and friends,” said VP of Lending and Branch Manager Bo Tretenburg. “It’s also nice to have the local college, which offers so much to the community, as the location to host this special event. This dinner is a coming-together of many who not only support AgHeritage and rural agriculture but who do so much to enhance Randolph, Sharp, Fulton and Lawrence counties.”



✓ MARK YOUR CALENDAR:

JANUARY

- 4-6: Arkansas Agriculture Aviation Association Convention and Trade Show, Little Rock Marriott Downtown
- 8-10: Beltwide Cotton Conference, JW Marriott Austin Hotel, Austin TX
- 11: Annual Coon Supper organized by the Gillett Farmers and Businessmen’s Club, Gillett High School Gym
- 14: Arkansas Soybean Association 56th Annual Meeting of Membership, The Museum of the Arkansas Grand Prairie, Stuttgart
- 15: Winter Production Meeting with Lonoke and Prairie Counties, Caviness Shop
- 29: Arkansas Soil and Water Education Conference & Expo, First National Bank Arena at Arkansas State University
- 31: Slovak Oyster Supper, Slovak Parrish Hall

FEBRUARY

- 4: Row Crop Production Meeting, White County
- 12: A-State Agribusiness Conference, Fowler Center at Arkansas State University
- 17: President’s Day, Office Closed
- 19: Woodruff County Agri Expo, Three County Fairgrounds, McCrory
- 25-26: Future Legacy Young & Beginning Farmers Conference, Wyndham Hotel, North Little Rock
- 28-29: MidSouth Farm & Gin Show, Cook Convention Center, Memphis

MARCH

- 6: Arkansas Agriculture Hall of Fame Luncheon, Embassy Suites Hotel, Little Rock
- 15: Application Deadline for Scholarships
- 17-18: Arkansas Women in Agriculture Conference, Little Rock Airport Conference Center



Tim and Susan Praught with granddaughter Addilyn

THE PRAUGHT FAMILY: BLESSED BY LIFE ON THE FARM

By Ashley Wimberley



Tim and Susan Praught have called Arkansas home for 25 years, living on 240 beautiful acres with rolling hills in Poughkeepsie, an unincorporated community located in south central Sharp County near the Strawberry River.

But that almost wasn't the case.

The couple met while students at Florida State University and continued their early married life together in The Sunshine State - welcoming their first child while living there. The next six arrived while Tim was on active duty with the United States Marine Corps, stationed in California and Okinawa.

As their family grew, they longed for permanency and a change of scenery.

Tim was raised on a family cattle farm in Minnesota until age 12 and in Florida orange groves through his teen years. He was active duty with the Marine Corps for 13 years, then went into the Reserves, retiring as a Major with 22 years of total service.

Susan's family landed in Florida when her father retired from the military when she was in sixth grade. Both knew from

their life experiences that they preferred the same setting for themselves and their family - wide open spaces.

In 1994, began traveling to different states with hopes of finding the perfect piece of land. While Arkansas wasn't on their list of possible places to call home, they made a stop in the state to visit a friend living in Batesville.

"I actually told Susan that Arkansas was one of the two states I'm not moving to," Tim laughed. "Not Arkansas and not Kentucky."

"But while visiting Arkansas, we saw this land that was really just exactly what we were looking for," said Susan. And it's been home ever since.

Tim happily ate his words, and the family purchased the land and moved to Arkansas. The first year he worked in Batesville before starting a full-time career in construction in 1996. Susan worked part-time as a registered nurse, taking on night or weekend shifts that would allow her to homeschool their children.

A few years in, the move proved a good one. They loved

living in the country, and the couple welcomed three more children. But Tim had growing challenges in the construction business - long hours, a rural market that brought financial inconsistency in his jobs and time away from his family.

He knew he wanted to again find work that he was passionate about - a job that was fun - an example shown to him on the farm by his dad, whom he calls the most influential person in his life.

"My dad was the kind of person that, when it was miserable cold on the farm in Minnesota - sometimes 40 below zero - and we were pulling cattle into pens, he would say, 'This is fun, isn't it?'"

"Now sometimes if I'm working with somebody and they aren't smiling, I'm always confused. They are probably doing fine - I just liked how my dad loved life and had fun. He was a hardworking son of a gun."

As Tim pondered a possible career change, he began to make a connection that eventually led him to his new passion.

"I'll tell you how my mind worked," Tim said. "Every time I saw a beautiful house in Arkansas, there were chicken houses on the land. One day I went home and said to Susan that we were going to buy chicken houses."

"She initially said 'no way,'" he laughed.

But after together reconsidering, they purchased two pullet barns in 2006 with a loan originated by AgHeritage Farm Credit Services.

The operation was quickly successful, with cash flow more than double projections, but Tim continued working in construction until the farm grew to a level which allowed him to feel comfortable making it his full-time occupation.

"When we moved to Arkansas, we hoped to live off the land a little more," Tim said. "I came to realize that to really be able to live off the land, you have to have income from the land, which we didn't have. Starting this farm really changed things for us."

With equity gained from the original farm, the Praughts added two more pullet barns and a breeder farm with two houses a year-and-a-half ago. The operation now spans 355 acres.

Of the couple's 10 children, four now own their farms with their families (see feature stories on following pages), two help operate the Praughts' farms and one is in the process of entering farming.

"Our daughter and son-in-law, Brook and Shawn Biggs, run the breeder farm, and in 10 years it will be theirs," said Tim. "Our youngest son, Malachi, is pretty much running the pullet farm and he will purchase it from us someday. We are really flattered that so many of our children want to do the same thing. I think they saw how much it lessened the stress in our family."

The Praughts said there has to be a passion to be a farmer, and they have learned some valuable tips and received some good advice along the way.

"When I say farming has made life easier, it's all relative," said Tim. "I've done some hard things - the Marine Corps life and work in construction was hard."

"It's a very big commitment to get a farm," Susan said. "I think sometimes people think what their farm makes is what they have to spend, and that's not the case. You have to reinvest in the operation."

"But don't be scared to get a loan," Tim said. "If it cash flows, it's just a number. It's an investment. As my dad said, just keep your credit good."

Tim also says the farm's owner needs to be involved in the daily operation for success.

"A lot of people think they can buy farms and then hire someone else to do everything. That doesn't work," he said.

Susan said that in addition to financial stability, the shift to farming has given more time for the three things most important to the couple: God, family and community.



The Praughts with four of their 10 children and spouses and 21 of their 33 grandchildren.



Tim with AgHeritage Batesville VP of Lending and Branch Manager Junior Beshears

“Our faith in Jesus Christ is the most important thing in our lives,” she said.

Tim noted the family read through the entire Bible several times when their kids were growing up.

“We let the kids take turns reading,” Susan added.

They both believe some of the best advice ever received was based on faith.

“I was told you can’t out give God, and I believe that’s true,” Tim said. “We have given financially and we have been blessed for it.”

“My mother told me if you do right, your choices are easy. If you do wrong, you have multiple choices and none are good choices,” Susan said.

The couple is extremely proud of their children and the lives they have made for themselves.

“Susan is my best friend,” said Tim. “I think that’s true for our kids’ marriages, too. I love to see that. They just have fun together.”

They say they are transitioning to retirement - or at least a slower pace. They plan to travel frequently with hopes to again visit Israel (they have been twice) and to see the whole United States.

“We will also continue to enjoy our get-togethers with our kids and our grandchildren and help them in any way we can,” Tim said.

The Praughts say one key partner has made this life possible for their family - AgHeritage Farm Credit Services.

“Nanette has become like a sister, and Gail is just great, too,” he said of the AgHeritage Batesville branch staff. “I’ve always really appreciated Junior. He’s become a good friend. He always has my family’s best interest at heart, and that’s the mark of a true partner.”

“Farming has given our family a common goal,” Susan said.

The Praughts agree. Their two hesitations - moving to Arkansas and becoming farmers - have been two of their greatest blessings. Their only regret? Not doing it sooner.



Left: The Praught’s son, Malachi, who runs the couple’s pullet farm, and daughter Sarah, who is a nursing student at Pensacola Christian College.

Right: The couple’s daughter and son-in-law, Brook and Shawn Biggs, who operate the Praught’s breeder farm, with their children Emily, Victoria, Joshua and Isabella.



The Tom and Maggie DeVries Family

After meeting at church in Highland, and later marrying in 2008, Thomas (Tom) and Maggie DeVries turned to farming to find the perfect balance their family needs for both sustenance and togetherness.

Now the parents of six - Alex (10), Justice (8), Stonewall (7), Legend (5), Shalom (3) and Radiance (10 months) - the two homeschool the older children, often using life on the farm at their home in Calamine as part of the curriculum.

"Work on the farm has taught them a lot of character," said Maggie. "To be able to work and see firsthand what they've accomplished at the end of the day has been a great lesson."

Maggie grew up seeing the benefits of being part of a farming family, but it was seven years ago when Tom also realized this was a way of life that would benefit his own family.

"Seeing my father-in-law's farming operation, and the time he had with his family, drew me to it," said Tom. "That was something I sought after very diligently."

The family now works 78 acres with four barns - all pullet houses. It's a daily practice to get up early and feed and walk through the houses to check the birds. When Tom's part-time work at a local emergency room leaves less time for the morning duties, the older boys sometimes help by walking the houses

after their dad leaves.

"Because our kids are little, they mostly help when we are preparing for new chickens," said Maggie. "They help put out the feed and water for the chicks."

The couple agrees the current size of the farm and operation works well with young children and part-time work outside of the home, but they wouldn't be opposed to expanding in the future - possibly into cattle.

The couple makes a commitment to balance and priorities.

"You only have your kids as kids one time, and they are the most important thing," said Tom. "To be able to invest time in them, farming is just the best opportunity."



The Curtiss and Abby Scott Family

After years of working full-time outside of the home, passing the parenting baton at midday to ensure their kids always had one parent at home, Abby and Curtiss Scott knew in 2012 it was time for something different.

Curtiss grew up in Mammoth Spring with a father in construction and followed in his footsteps. Abby followed her mom into the nursing profession.

Abby recalled their opposing occupational schedules during those early years of marriage and parenthood. "He was getting off work in construction at 2 p.m. and would come home to the

kids so I could go in for my shift as a nurse," she said.

Both knew they wanted to homeschool their kids, and their alternating job shifts not only wouldn't allow them to reach that goal - it allowed for little time together as a family.

In hindsight, an unstable climate in the construction industry was ultimately a blessing in disguise.

"We went through an economic crunch in construction, especially in 2010 and 2011," Curtiss said. "We were scrambling to make money and make ends meet."

After seeing her dad successfully shift from construction work to owning a farm, the couple decided to also take the leap in 2012.

"We were looking for a change in life and a change in pace," Curtiss said.

"And definitely something more family-friendly," Abby added.

The Scotts now have successfully transitioned to farming with 46 acres and two breeder houses. In 2018, they also opened a pumpkin patch on their property, partnering with Curtiss's brother Sam and his wife Amy. The pumpkin patch is open on weekends during the fall.

"We were having to drive our kids so far to get to a pumpkin patch that we decided on a whim to just open one," Curtiss laughed.

The couple, who met at Friendship Baptist Church in Highland and married in 2006, now are enjoying what they've always longed for as a family - stability and togetherness.

They share life on the farm with their five children - Weston (10), Aleah (8), Gunner (5), Quinton (3) and Ryker (2).

"Me seeing my dad step away from a worldly life to following the Lord and raising his children on a farm shows he cared more about our souls and our lives more than he did about making tons of money," Abby said.



The Tim and Janna Praught Family

Tim and Janna Praught's busy and successful lives can be summed up in numbers - 16 years married, nine children, 10 years of active duty military, five combat tours, 19 rental houses, 14 broiler houses and 208 acres between their two farms.

The couple, who met at Friendship Baptist Church in Highland, together seem fearless when discussing their current load of duties - perhaps because they measure them all in relation to their earlier days of marriage when Tim was active duty military.

"Like my dad, I turned military at a younger age," said Tim. "I was active for 10 years with five combat tours - two of which were year-long tours."

Due to the strain on his family while he was overseas, Tim got out of active duty and came home to continue the couple's previously-established real estate business, which primarily covers Sharp, Lawrence and Independence counties.

"When I got home, the real estate business was going well, but I saw my dad, along with Tom and Curtiss (brothers-in-law), getting into farming," said Tim. "They were all successful, so it was enticing. I decided to do both real estate and farming."

"Farms take a while to get started, so we bought our first farm in 2017 and purchased the second earlier this year," he added.

Tim and Janna are working to expand their farming operation with the strategy of buying established farms that are failing, since they often are budget priced. They also are expanding their real estate business with new construction added to their 19 rental homes.

When asked how they balance it all with nine children and two successful businesses, Janna responds with a laugh, "Well, it's better than active duty military."

The two also have a sit-down breakfast each morning with their children - Laura (15), Rachel (13), Maria (11), Victor (9), Charlotte (7), Jennavieve (5), Valor (3), Addilyn (2) and William (two months) - as a time for togetherness before the day starts.

After breakfast, the older children (who are homeschooled) help walk the two farms that house the broiler houses, one which is 123 acres and the second 85 acres.

When asked about the benefits of farming as a family, Janna said, "I just enjoy the time we have together now."



The Tyler and Loretta Compton Family

When Tyler and Loretta Compton first met at church camp at age 13, the stars quickly aligned for him.

"I fell head over heels for her immediately - but it wasn't mutual," Tyler laughed. "She let me know real quick."

Thankfully, at age 18, they had the

chance for a do-over.

"He started coming to Friendship Baptist Church, where I attended, and by then, I liked boys," Loretta said.

"At church, I heard someone saying the name Loretta and I knew it was her," Tyler said. "I was kind of embarrassed and tried to hide who I was. I had already been turned down once."

But the connection was made, and this time, the stars aligned for both with this second-chance encounter.

"It was all about my smile," joked Tyler.

Early in their marriage, before the birth of their two children - Titan (3) and Maya (nine months) - the couple frequently was separated due to his service in the military. During six years of service, Tyler had two overseas tours, one to Korea and one to Italy.

When she became pregnant, they turned to a lifestyle that had proven successful for her family - farming.

"Growing up, I was homeschooled, which I liked," she said. "And when my dad started farming when I was 11, he got to be home much more than when he was in construction."

"I remember we also liked working on the chicken farm because the child that helped him got \$5 a day. That was great money for a little kid."

Today, Tyler and Loretta own and operate two egg houses on 50 acres with hopes to expand into broilers - and possibly a pullet farm - in the future. They also have a couple of rental houses and hope to also expand their real estate business with the purchase of an apartment complex.

"Right now, a lot of the work on the farm is in the mornings," said Tyler. "Depending on the time of year, I wake up at 4 a.m. or 5 a.m. to collect the eggs."

"I want my kids growing up on a farm. It teaches handy life skills and a good work ethic."

As for life after active duty, Tyler says, "It's just nice to be home."

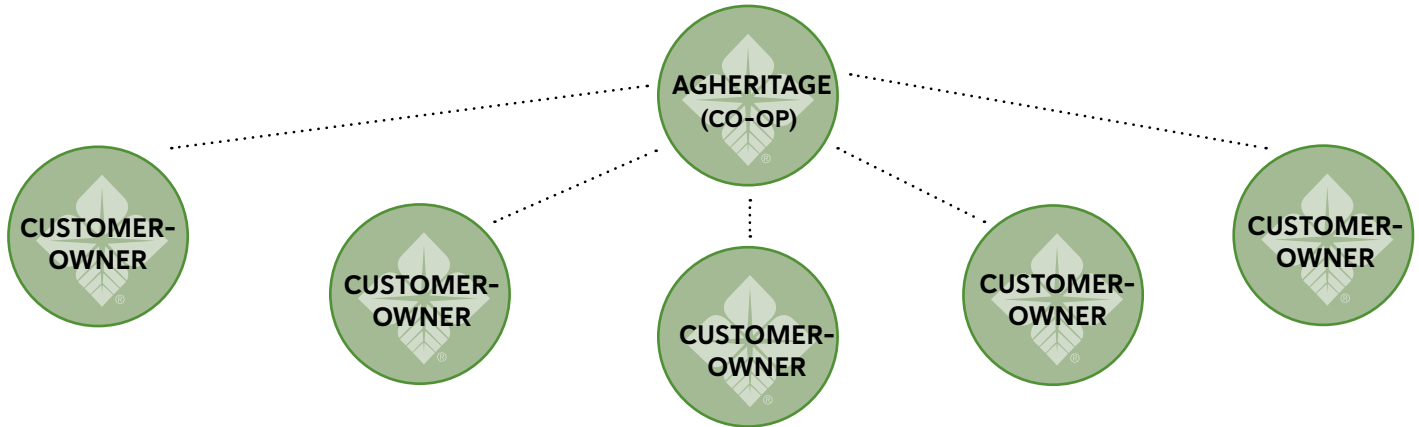
Home on the farm.

ANNUAL STOCKHOLDERS MEETING & DIRECTOR ELECTION

AgHeritage Farm Credit Services will hold its Annual Stockholders Meeting on April 21, 2020 at 2 p.m. Watch your mailbox for more information about the meeting and the director election process.

As a customer-owner you play a vital role in helping select the leadership of the Association by casting your vote in the election. Director positions up for election are indicated below.

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 please contact a member of the Nominating Committee.



**** Director nominations were accepted from November 4, 2019 to December 2, 2019 ****

SOUTHERN REGION

4-Year Term

Position currently held by

Jesse Briggs

CENTRAL REGION

4-Year Term

Position currently held by

Michael Taylor

CENTRAL REGION

4-Year Term

Position currently held by

Keith Watkins

NOMINATING COMMITTEE MEMBERS

Ronald Aaron - Batesville Office
P.O. Box 718
Mountain View, AR 72560

Clay Poole - Dermott Office
667 Hwy 160 E.
Portland, AR 71663

Matt Hibbard - Pocahontas Office
1869 Whipperwill Drive
Pocahontas, AR 72455

Jason Smith - Stuttgart Office
P.O. Box 82
Ulm, AR 72170

Harrell Wilson - Pine Bluff Office
8530 Highway 35 N.
Rison, AR 71665

Doug Medford - Brinkley Office
14020 Hwy 49S
Brinkley, AR 72021

Brandon Parker - Lonoke Office
1361 Otis Parker Road
Carlisle, AR 72024

John Hamilton - Searcy Office
108 Lennie Beck Lane
Searcy, AR 72143

Tommy Young - Newport Office
107 Young Street
Tuckerman, Ar 72473

CUSTOMER SURVEY

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 23%.

The survey indicated that 97% were satisfied with AgHeritage as a source of financing for their agricultural operation. The vast majority (98%) also indicated their expectations were met with 52% of those indicating AgHeritage 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 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 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, President & CEO of AgHeritage.



BATESVILLE OFFICE GRAND OPENING CELEBRATION



The Batesville AgHeritage branch which serves Independence, Izard and Stone counties, is now operating at its new location at 2880 Harrison Street in Batesville.

Junior Beshears serves as the VP of Lending and Branch Manager and Nanette Peifer serves as Customer Specialist.

A grand opening celebration was held on July 26.



Congratulations!

2020 AgHeritage Calendar Photo Winners



1. Cover photo, Kaia Panitzs 2. February, Makenzi L. Cook 3. August, Casey Martin 4. January, Casey Martin
5. September, Madison Ireland 6. November, Rodney Wayne Adams 7. First Runner Up and April, Mistina Hibbard
8. Second Runner Up, Megan Cain



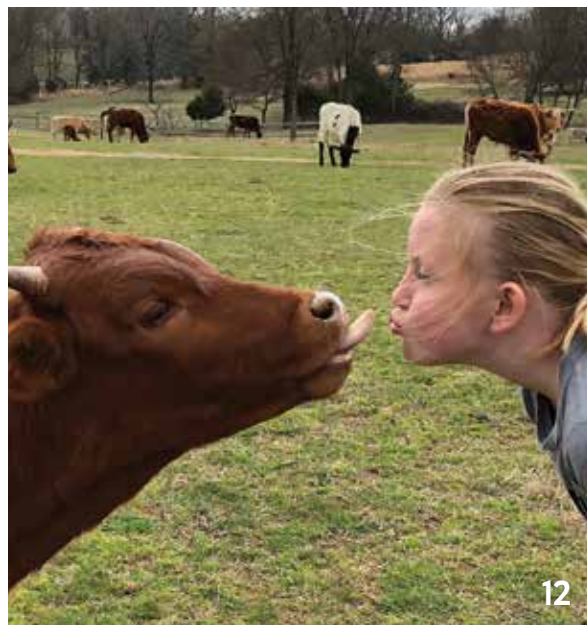
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10



11



12



13



14

9. October, Sydney Belew **10.** June, Cindy Harris **11.** December, Jayme Johnson **12.** March, Brooklyn Wright
13. May, Levi Harris **14.** July, Mistina Hibbard

AGHERITAGE IN ACTION

Poultry Festival Trap Shoot



Daniel Keeton, Jonathan Schumate and Jerry Nance from Farm Credit of Western Arkansas and Junior Beshears, Bo Tretenburg, Bert Leder and Todd Hulett of AgHeritage Farm Credit Services participated in the trap shoot tournament on June 15 at the Highlands Gun Range in Bella Vista. The tournament is part of the Poultry Federation's annual event celebrating the poultry and egg industry.

Natural Resources Conservation Service Workshop

Pocahontas Branch Ag Lending Officer Alan Brannon spoke at the United States Department of Agriculture Natural Resources Conservation Service Fulton County Pasture Workshop, held on September 18 at Pat Bednar Farm near Salem.

AgHeritage also provided lunch at the event.



AGHERITAGE CUSTOMER MIKE MARLAR DESIGNS ARKANSAS STAMP



Congratulations to AgHeritage customer-owner and friend Mike Marlar of Mike Marlar Sporting Art for being the creative force behind the new Arkansas Duck Stamp.

AGHERITAGE EMERGENCY RESPONSE “ER” TEAM

A newly formed Emergency Response “ER” team was developed to help out fellow colleagues or customers should an emergency situation arise. The team is made up of volunteers who have a passion to help others. The team was recently trained by Red Cross where each participant earned their certification in basic First Aid and CPR. This basic training includes responding to breathing and cardiac emergencies, injuries and sudden illnesses.



White County Fair Livestock Awards

The AgHeritage Searcy branch was a proud sponsor of the White County Fair Livestock Awards. We acknowledge the significance of these programs to the growth of future agricultural leaders and believe the lessons learned by these young individuals in the show ring also create confidence and character in life.



National Black Growers Council Model Farm Series Field Day



Del-Cam Farms, Inc, in Altheimer hosted the 2019 National Black Growers Council Model Farm Series Field Day on July 18. The event is designed to bring farmers together for knowledge-sharing and community-building. Farmers learned about a variety of topics, including grain storage, marketing, and farm financing and management. Farm Credit Associations of Arkansas is a proud sustaining member of National Black Growers Council.



Arkansas REALTORS® Association Convention

Representatives from AgHeritage Farm Credit Services, Farm Credit Midsouth and Farm Credit of Western Arkansas were rocking and rolling at the annual Arkansas REALTORS® Association Convention in Memphis. The theme of this year's event was "All Shook Up".



Mandy Beasley of Farm Credit Midsouth, Darlene Crawford of AgHeritage and Dilynn Dodd of Farm Credit of Western Arkansas congratulate Lynn and Deondra Childers of ERA DOTY Real Estate, winners of a \$100 gift card and an Elvis-themed gift basket.



Dilynn Dodd, Darlene Crawford and Mandy Beasley took the Elvis theme to the top of the charts.

AgHeritage Branch Managers Meeting and Dove Hunt



AgHeritage branch managers enjoyed dove hunting at the Grove Hunting Club in Pine Bluff on September 5. The hunt was held in conjunction with the annual branch managers meeting, where managers from all nine AgHeritage offices discussed strategies to increase productivity and growth in order to achieve financial targets.

National Teach Ag Day



VP of Lending & Lonoke Branch Manager Griffin Golleher celebrated National Teach Ag Day on September 19 with the Carlisle High School Future Farmers of America (FFA) class agriculture teacher and FFA advisor Carly Bokker.

Hope for Hazel Charity Golf Tournament

AgHeritage was a proud sponsor of a hole at the First Annual Hope For Hazel Charity Golf Tournament, held September 6 at the Southern Oaks Country Club in Jacksonville.

The tournament, which is named in honor of Hazel Hejny, raised more than \$29,000 for the Arkansas Chapter of the Cystic Fibrosis Foundation.



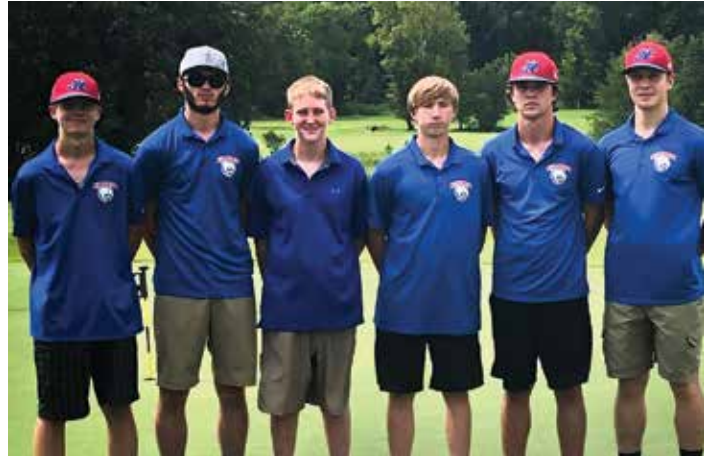
Delta Scholarship Golf Classic



The 20th Annual Delta Scholarship Golf Classic raised more than \$17,000 for scholarships for sixteen students majoring in either crop science or environmental, soil and water sciences at the Dale Bumpers College of Agriculture, Food and Life Sciences at the University of Arkansas.

This year's event was held on July 19 at the Ridges at Village Creek Golf Course at Village Creek State Park in Wynne. AgHeritage was a hole sponsor and also participated in the tournament as a team.

Hillcrest Screamin' Eagles Golf Teams



AgHeritage Pocahontas branch was proud to sponsor the Hillcrest High School Screamin' Eagles boys and girls golf teams.

Progressive Agriculture Safety Days

Kyle Stovesand, VP of Lending & Branch Manager and Kevin Wingfield, Ag Lending Officer, Stuttgart branch, manned the grill at the Progressive Agriculture Safety Days held October 1 at the DeWitt Fairgrounds. The mission of the Progressive Agriculture Safety Days is to provide education, training and resources to make farm, ranch and rural life safer and healthier for children and their communities.



67th Annual Farmers Appreciation Fish Fry

On October 24, AgHeritage was proud to honor Jefferson County's many local agribusinesses and AgHeritage friends and customer-owners, the Dwayne Goldmon Family, at the 67th Annual Pine Bluff Regional Chamber of Commerce Farmers Appreciation Fish Fry.

The Goldmon Family is the 2019 Jefferson County and Southeast District Farm Family of the Year.



Arkansas Grown School Garden of the Year Contest



Winners in the sixth annual Arkansas Grown School Garden of the Year Contest were celebrated at the Arkansas State Capitol on October 15. Sponsored by Farm Credit Associations of Arkansas and the Arkansas Department of Agriculture, the contest was open to any Arkansas school, grades pre-K through 12 that had a garden during the 2018-19 school year or is planning a garden for the coming year.

"School gardens bring agriculture, our state's largest industry, to life for Arkansas students," said Arkansas Agriculture Secretary Wes Ward. "We are pleased to see this program successfully help support and start school garden initiatives in counties across Arkansas. We appreciate the sponsorship provided by Farm Credit Associations of Arkansas that makes this important program possible."



Sunshine Rodeo



One of our favorite events to sponsor is the Sunshine Rodeo held each year in Beebe. The event was started in 1996 so special-needs individuals could have a day of fun being a cowboy or cowgirl. This year the rodeo was held on Friday, October 4 at Two Bar Two Arena.

Staton Keynote Speaker at Arkansas Cattlemen's Association Meeting

AgHeritage Pine Bluff Branch Ag Lending Officer Evan Staton was the keynote speaker at the August meeting of the Arkansas Cattlemen's Association, held on August 8 at the University of Arkansas Extension Office in Pine Bluff. AgHeritage also provided the food for the monthly event.



Evan Staton



Farm Credit Adam McClung Leadership Scholarship

Blake Swain of Centerpoint High School in Amity was named the recipient the 2019 Adam McClung Leadership Scholarship at the Arkansas Cattlemen's Association Convention in August. Swain plans to attend Southern Arkansas University and study Agriculture Business.

The scholarship is presented in memory of Adam McClung and the legacy he left on Arkansas agriculture and the beef community, and is funded by AgHeritage Farm Credit Services, Farm Credit of Western Arkansas and Farm Credit Midsouth.



John Herman Hickman Foundation Golf Classic



It was a gorgeous day to be on the course at the John Herman Hickman Foundation Golf Classic, held at the Eagle Mountain Golf Course in Batesville on September 19. This foundation, named in honor of the founder of PECO Foods, provides aid to victims of natural disasters, scholarships for PECO employees, growers and descendants, and grants funds to charitable organizations.



AgHeritage Farm Credit Services is a financial cooperative with owned and managed assets of approximately \$1.4 billion as of December 31, 2018. The company provides credit and related services to more than 3,000 farmers, ranchers and producers or harvesters of aquatic products in 24 Arkansas counties. Branch offices are located in Batesville, Brinkley, Lonoke, McGehee, Newport, Pocahontas, Pine Bluff, Searcy and Stuttgart.



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