H & M Logging

Mentoring: An Energizing Experience

Director Election Results
‘Tis the season!

We wish you a
Merry Christmas and
Happy New Year!
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Introducing mobileRoots™—the new free and secure mobile app for AccountAccess! mobileRoots for iPhone® and Android™ allows you to view your Farm Credit account details, balances and recent transactions. Plus, you can make payments and transfer funds to an external checking or savings account.

In order to use the mobileRoots app, you must first sign up for AccountAccess online at farmcreditofvirginia.com. mobileRoots is a trademark of AgFirst Farm Credit Bank. Android is a trademark of Google Inc. Apple and iPhone are trademarks of Apple Inc.

Holiday Schedule

December 24—25—Christmas (Tuesday & Wednesday)
January 1—New Year’s Holiday (Wednesday)
January 20—Martin Luther King, Jr. Day (Monday)
February 17—Presidents’ Day (Monday)

2014 Young Farmer Institute
Details can be found on back cover.
The end of 2013 is fast approaching, and this season reminds me that we have a lot to be thankful for. Overall, your Association is having a good year. Most of our customers have received timely rains over the summer and the harvest is bountiful. The Farm Credit of the Virginias team is busy taking care of your year-end loan requests and preparing for 2014.

Financial Results
Your Association is once again experiencing strong earnings year-to-date 2013. One primary source of the increased earnings is a downstream of capital from AgFirst Farm Credit Bank. Our Association also continues to focus on operating efficiency and our customer/owners paying loans on time. Those things make it possible for the Association to have good earnings and return a patronage refund to our owner/customers. Your elected Board will make the decision about patronage payment after they know the final numbers for the year, but if current earnings continue on track through year-end, I anticipate the patronage paid to be at or greater than previous years. The Board adopted an all cash patronage program several years ago. The Board is also focused on increasing the Association’s capital position, which is especially important during the current regulatory environment. The overall net portfolio volume remains stable and the number of loans to customers in the Association’s footprint has seen growth, while the number of participation loans to capital market customers has declined over the past year.

Director Election Results
All current directors were re-elected to the Association Board for another term. More information about the election results is included inside this issue of the Leader. Thanks to every customer/owner who made the time to participate in the Board of Directors election process.

Upcoming Events
Ag Biz Planner
Last year was our second year with Ag Biz Planner, a program for young and beginning farmers. Given the positive feedback, we are excited to be launching it again for 2014. Dr. David Kohl worked with us to develop this multiple module program that provides business management training to farmers and helps them create business plans. Our own Kyley Clevenger, John Day and Larry Powell work closely with each young farmer as he or she goes through the modules. Dr. Kohl joins the sessions at strategic points to ensure each participant graduates with a final business plan that is relevant to his or her operation.

Young Farmer Institute
Your Association will sponsor Young Farmer Institutes in Virginia and West Virginia again this coming year. It is our pleasure to welcome back Dr. David Kohl and Dr. Alex White to co-lead the institutes. A producer must be aware of current production costs and national and global agricultural happenings, as well as how the two will impact the business plan for his or her operation. I hope you consider checking out the dates and mark your calendar to attend one of the sessions during the spring of 2014. (See back cover for details.)

The Farm Credit of the Virginias team wishes you happy holidays and we look forward to working with you in the New Year. If you have a neighbor that’s not doing business with Farm Credit, please share your experience with them and let them know how a Farm Credit loan officer can help.
The results are in! One new member was elected and three incumbent members of the Farm Credit of the Virginias, ACA, board of directors were re-elected in November. Each will serve four-year terms beginning January 1, 2014.

Donald W. Reese (incumbent), 48, of Scottsburg, Va., is a partner in Reese’s Farm Fresh Produce, a retail produce operation and a partner and manager of Reese Farms, Inc., a family owned vegetable farm. He also serves on the Board of Directors for the Virginia Agribusiness Council.

Ronald L. Bennett (incumbent), 61, of Covington, Va., operates a dairy farm. He serves on the Alleghany County Farm Bureau Board and on the Alleghany, Bath and Rockbridge FSA Committee.

Donna M. Brooke-Alt (incumbent), 48, of Keyser, W.Va, is the President of Brookedale Farms, LLC where she manages the dairy, a greenhouse and many Agri-tainment events. She serves on the Mineral County FSA Board and also serves on the Mineral County Farm Land Protection Board of Directors, the Mineral County Farm Bureau Board of Directors, and the Mineral County Healthy Coalition Board of Directors. Ms. Brooke-Alt also serves on the Potomac State College Ag Advisory Committee.

James F. Kinsey, 34, of Flemington, W.Va., is owner/manager of Kinsey’s Oak Front Farms, a 200 head seed stock Angus farm. Prior to farming full time, Mr. Kinsey was a livestock specialist for the West Virginia Department of Agriculture and was the Executive Director for the West Virginia Farm Bureau.

Proud sponsor of the 2014 Virginia Farm Show

Come See Us—Booth #125!
Mentorship has been an enduring practice over the generations. Many of you can probably recall older family members, teachers, coaches or neighbors who were there to guide you through your journey of life’s pursuits. A new angle I’ve observed is that now mentors are utilizing mentees or those in the younger generation as a means of energizing or rebooting their own career, business or lifestyle aspirations. With the rapid changes in technology and innovation coming in the global marketplace, this new angle on mentoring can be seen throughout the agricultural industry by progressive-minded individuals representing the older generation.

Lifelong Learning Experience
Farm Credit University’s AgBiz Planner is a classic example of how the two ends of the spectrum benefit from a mentor-mentee relationship. At this year’s face-to-face educational session and graduation ceremony in Raleigh, N.C., mentors were asked what they learned from the producers they mentored over a five month educational experience with the ultimate goal of the mentees developing a business plan. The lenders serving as mentors shared some perspectives.

The Energizer Bunny is Back
One mentor mentioned that he was reenergized in his job by witnessing the passion, initiative and enthusiasm of the younger generation entering agriculture and developing a business plan to meet their business and lifestyle aspirations. Simply said, how could one not get excited being around the new crop of agriculturalists? There is a saying that when you place a new dog with an old dog, the old dog’s energy picks up. With the transition and evolution of business and the workforce being a top priority in the ag lending industry, progressive experienced lenders are teaming up with the next generation to take their business or career to another level.

Thinking Outside of the Box
Other mentors found mentorship brought on a whole new appreciation for learning about agricultural enterprises with which they were not familiar, and new innovations or production methods in the agricultural industry. In today’s fast-paced, interconnected global marketplace, remaining at the status quo concerning innovation strategy can result in obsolescence or, even worse, extinction within a five-year period. The mentors or “old dogs” were forced to think outside the box and develop new perspectives on the evolving 21st century agricultural marketplace.

People and Relationships
Others indicated that being a mentor to young or beginning producers helped them to develop a deeper bond and relationship with potential new customers and their families.

One producer mentee stated that the educational experience of going through the AgBiz Planner with their mentor was beneficial since the mentor acted as a teacher, sharing experiences and institutional knowledge, and holding the participant’s feet to the fire on deadlines. In some instances, mentors acted as the coaches and the motivators, while in other situations they were facilitators helping to navigate through the online modules and work exercises applied to the business. Mentors also assisted in putting the final touches on the
producer’s business plan. Now it will be up to the younger generation to execute the plan in the games of business and life.

Many of the participant producers were either going through family business transition or starting up their operation from scratch. For those producers in transition, mentors stated that they appreciated learning about the producers’ family and business history. In those situations where producers were starting from scratch, mentors enjoyed assisting the beginning producers map out realistic goals for their business, family and personal life. Others found that this extended educational experience with a producer helped match the producer’s strategies and goals with the products, services and vision of the Association.

There’s an old saying in life that one does not go through the journey unassisted. The AgBiz Planner and other blended and online educational programs offered by Farm Credit University are mentor-based courses to facilitate institutional knowledge transfer from the senior to the junior generation. One of the unexpected benefits of this structure has been mentor revitalization in the process of developing the next generation of agriculturalists. 

Please review the following list of unclaimed property. Unless these funds are claimed, they will be considered forfeited to Farm Credit or sent to the Unclaimed Property Division, depending on state law. Please contact our office at 540-886-3435 or 800-559-1016 ext 0 to inquire about unclaimed property.

Unclaimed Funds
If your name is listed, we may have funds for you!

Alder, Bruce E & Barbara L Berryville, Va.
Bates, Burnace E Wytheville, Va.
Baumgardner, Debra S Damascus, W.Va.
Board Jr, Clyde H & Stella W Board Ocala, Fla.
Board, Jonathan C Sissonville, W.Va.
Betreffeld, W Patrick & Katherine W Charlottesville, Va.
Calmes, Edward M & Teresa M & Evelyn M Lorton, Va.
Campbell, Beula Bristol, Va.
Carter, Donald A & Gerber, Pran V Auburn, Va.
Cleary, James J Warrenton, Va.
Cleland, James L Point Pleasant, W.Va.
Coffey, Barbara & Max O Lookout, W.Va.
Crites, Norman G Rig, W.Va.
Cunningham, Carl J Clarksburg, W.Va.
Debaggio Enterprises LLC Chantilly, Va.
Duncan, Martin J & Luann H Waynesboro, Va.
Fitzwater, Ralph L Jr & Sandra R Rix, W.Va.
Garner, James T Hayfield, Va.
Gorman, Carolyn J & Lawrence E Warrenton, Va.
Gray, Gary G & Sandra J Hurricane, W.Va.
Greenwood, William C Copper Hill, Va.
Grimes, Sarah V & Williams, Dale H & Wilma F Gate City, Va.
Harris, Mary Lynne & Kyle B Buchanan, Va.
Hopkins, Phillip C Marion, Va.
Ingram, Timothy L Bridgeport, W.Va.
Jahnke, Deborah K & Caldwell, Dale E Catawba, Va.
Kelley, Oran W & Barbara J Leipsy, Va.
Kennedy, Glenn F & Kimberly M Bedford, Va.
Kroks, Patricia L Lhamansville, W.Va.
Landrum, Emily A Staunton, Va.
Langford, Katherine H Halifax, Va.
Love, Chad Matthew & India Dawn Galax, Va.
McCoy, Nimrod J, Sr & Christine K Fairview, W.Va.
McDougal, Shelley Jane Lew, W.Va.
Meade, Royce V & Linda S Clintwood, W.Va.
Miller, Roderick K Bridgewater, Va.
Mitchell, Samuel J Lebanon, Va.
Moore, George C Fitzgerald, Va.
Morrison, Loes E & Sandra P Arnoldsville, W.Va.
Mt Hope Farm LLC Keezletown, Va.
Naff, Christopher Todd & Melissa T Pilot, Va.
Olinger, Linda J & Gent, Garland B Lebanon, Va.
Patterson, John M Grimma, Va.
Pierson, James Gate City, Va.
Pulsifer, Mary Beth Willis, Va.
Rizik, Michel McLean, Va.
Sheard, Michael Abingdon, Va.
Smith, Rodney I & Hazel D Midland, Va.
South, Craig E & Amanda G Bristol, Va.
Stotts, James Rippy, W.Va.
Stout, Roger L & Linda D Hebzibah, W.Va.
Tomkins, Sara B & Dooley, Joseph W Bedford, Va.
Watson, Alvin Gordonsville, Va.
Whitt, Kenneth E & Debra Mt Hope, W.Va.
Williams, David N Galax, Va.
Wilt, John E Clarksburg, W.Va.
Wright, Wesley L & Henry Polly Gallipolis Ferry, W.Va.
Kenneth Hodges, President of H & M Logging, Inc. in South Boston, Va., may not have any diplomas hanging on his office walls to brag about, but that has not held him back for one split second. In fact, Kenneth recognized the benefits of hard work at a very early age and contributes his success today to just that. Due to some hard times as a child, Kenneth knew by the age of eight that if he was going to survive he was going to have to roll his sleeves up and get to work. Over the years, Kenneth’s drive to work has only intensified and to this day, he still has his sleeves up digging for new opportunities to expand and improve H & M Logging.

The Start of a Successful Career
At the age of 10, Kenneth was already helping neighbors mow grass and work in tobacco fields. When he was 12 years old he went to work for Anthony Miller who had a small sawmill and grew tobacco. By 1972, Kenneth had saved $3,300 dollars which he earned working. Too young to get a driver’s license, Kenneth bought a new tractor for $6,000 at the age of 12, and had it paid off in four years. Other kids made fun of him for buying a tractor versus a car, but Kenneth did not care because he knew he could legally drive a tractor and make money with it doing small jobs for local farmers and loggers.

Kenneth was quick to realize that he liked working better than going to school, so he dropped out of school at the age of 16 and went to work fulltime for Mr. Miller. At the age of 19, Kenneth married his wife, Mary, and bought a house. Not making enough money to make ends meet, he quit working for Mr. Miller and went to work washing cars for $160 a week. Kenneth loved working outdoors, but washing cars was not the same as working in the woods. “It would make me sick to see all the log trucks driving by heading to the yard,” says Kenneth.

After washing cars for a year or so, Kenneth was ready to get back in the woods and do what he really loved. With timing in his favor, Mr. Miller who was 65 years old at the time came to him and asked him to become a partner in his logging business. Mr. Miller had a lot of old equipment that needed to be upgraded and wanted everything new to be put in Kenneth’s name. Eager to give it a shot, Kenneth and Mr. Miller formed M & H Logging, each owning 50 percent of the business. They had plenty of wood to cut, but needed new equipment. Kenneth started by buying a new loader, a reconditioned skidder and five 10-wheel trucks. The use of the new equipment increased their production from three to four 10-wheel truck loads to 40 10-wheel truckloads of logs a week.

With age catching up with him, Mr. Miller decided he wanted out of the business in 1986. He sold 49 percent of the business to his son and another one percent to Kenneth, so Kenneth would own a total of 51%. At this point the name of the business was changed to H & M Logging, Inc. The two of them expanded the business and bought several pieces of new equipment over the next few years. In 1989, Kenneth bought his partner out but left the business name the same.

With the economy doing well and fuel prices being in check, H & M Logging was really making tracks. In 1996, Kenneth had grown to the point that he had to start having multiple crews working in the woods. By 1998, H & M
Logging was cutting logs for eight different companies. In need of a shop, Kenneth bought a tractor dealership that was going out of business. It included a shop and three acres. The owner had another 157 adjoining acres that Kenneth was able to purchase in 2000.

A Different World to Work In

Up until 2008, buying equipment, timber, rental houses and land was not an issue for Kenneth. From the first tractor he bought at age 12, Kenneth has been diligent about getting his purchases paid off as fast as possible. When the economy crashed and fuel prices reached more than $5 a gallon in 2008, things got a lot tighter for H & M Logging. “When fuel prices go up, it really hurts! We buy 10,000 gallons of fuel a week. A $0.50 increase in fuel results in $5,000 of money out of my pocket a week. That is $20,000 a month, which is a payment on several pieces of equipment. If fuel goes up a $1 a gallon, that is $10,000 a week out of my pocket and my machines don’t run any better,” says Kenneth.

In addition to today’s fuel prices, Kenneth finds it is harder than ever to find good experienced employees. He also struggles with the rising costs of needed materials such as oil, antifreeze, parts and equipment. Today’s challenges make the logging industry a different world to work in than it once was, but Kenneth deeply loves his way of life and knows there is nothing to do but dig in and find a way to make it happen.

From One Generation to the Next, the Love for Logging in the Hodges Family Lives On

Kenneth and Mary’s 30-year-old son, Kevin, has been in the midst of things from the time he was born. Kevin went to college and got a master’s degree before coming back home and working for the family business. In 2011, Kenneth sold half of his equipment to Kevin so he could get started with his own business. Production at H & M Logging was knocked back for about three years, but Kenneth is back to logging around 80 acres or the 280 to 350 tractor trailer loads of logs a week that he was before selling half of his equipment to Kevin.

Today Kevin still utilizes his father’s shop and parking lot, but runs his own successful business. Kevin’s son, KJ, who is only five years old, already has taken an interest in the business. With idols like his dad and grandfather, KJ will have big boots to fill one day, but without a doubt it is already evident that logging is in his blood.

Kenneth and Mary also have another son named Kenneth Jr. and two other grandchildren named Nevaeh and Kristian.

The Way Things Look Today

Even though 2008 to 2012 was a trying time, H & M Logging is still in full swing. Currently Kenneth has eight crews of three men working in the woods six days a week; 19 log truck drivers; four subcontracted log truck drivers; four mechanics; one parts man and two secretaries, one of which is his wife. Mary also serves as treasurer of the business. Kenneth is the driving force behind H & M Logging. He is active in all parts of the business, but is the one who handles all of the timber purchases whether it be on a per unit basis, a lump sum basis, the purchase of the land and timber together or on a subcontracted deal under other companies. Whether it’s producing fuel chips, thinning pines, or clear cutting hardwoods, Kenneth is willing to do whatever it takes to keep H & M Logging pushing forward. He also enjoys buying rental houses and land that he can resell for a profit. “I like to make something else happen each week besides just cutting 280 to 350 loads of logs,” says Kenneth.

With as much as Kenneth has going on, he has found Farm Credit to be one of the best lending companies he has ever dealt with. “Farm Credit is a good company. They go out of their way to make the process as easy as possible. I should have been with Farm Credit long before I started with them in 2005. The cash rebate Farm Credit gives each year is an added bonus,” says Kenneth.

Kenneth Hodges is most certainly a driven person who is constantly looking for ways to better H & M Logging. He takes pride in doing jobs right instead of looking for the quickest way out. Kenneth values his workers and strives to keep them safe on the road, in the woods, and in his shop. Kenneth’s childhood may not have been the ideal situation, but the hard times he experienced molded him into the person he is today. The success of H & M Logging, Inc. did not happen overnight, but one thing is for sure, Kenneth has not wasted anytime in making it into what it is.
Farm Credit of the Virginias owes much of its success to all the loyal, hard-working employees who make up such a strong team. Without these individuals, Farm Credit of the Virginias would not be the same. Their knowledge and passion for agriculture sets them apart from other lending organizations. These employees are not afraid to stay after hours to finalize a loan or even roll up their sleeves and help out individuals and the community as a whole. Farm Credit employees are there for their customers and want to assist them in reaching their individual goals.

From those who have been employed by Farm Credit for years to those who have just jumped on board, the success of the business is certainly a team effort and everyone contributes in their own way. With the collaboration of new and old ideas, Farm Credit always finds a way to take care of both their customers and their team.

Recently a group of employees who have reached a milestone year in their service with Farm Credit were treated to lunch at the Hotel Roanoke in Roanoke, Va., and honored for their contributions.

Megan Bowen, Stacy Ervin, Sarah Hatch, Brad Hewitt, Pricilla Pence, Keri Phillips, Nina Rexrode and Vanessa Rothrock were honored for their first five years of service to Farm Credit of the Virginias. Celebrating 10 years of service are Joey Cornwell, Kate Duke, Matt Findley, Terri Painter, Lisa Phipps and Jill Richter. Mike Jonas and Kim Love were recognized for their 15 years of service to Farm Credit. Ron Leathers was honored for 20 years, and Keith Diem was recognized for 25 years of service. Donna Earhart, Robin Gilbert, Paula Grimm, Dave Lawrence, Bobbi Loudermilk, Becky Sizemore and Gail Sykes were each honored for their 30 years of service to Farm Credit. With 35 years of service to Farm Credit under their belts, Joe Casto, Barbara Davis and Lois Huddleston were praised and acknowledged.

Dedicated employees like these and all the other Farm Credit employees form the backbone that enables Farm Credit to be rural American’s lender of choice.
Congratulations to Jashaun Carter, a Credit Analyst at Farm Credit of the Virginias, who was accepted into the Chamber of Commerce Leadership Program for Professionals in Harrisonburg, Va.

Leadership Harrisonburg-Rockingham (formerly CLP – Community Leadership Program) is designed to expose current and aspiring leaders to the many different aspects of Harrisonburg and Rockingham County; educating them about the community’s past, present and future, including our strengths and opportunities that will help us build a better tomorrow.

Since its inception in 1979, the Harrisonburg-Rockingham Chamber of Commerce’s Community Leadership Program has been a great way to make contacts with other professionals in our area. It is an exceptional resource for building community awareness and enhancing team leadership skills.

Jashaun Carter works and resides in Harrisonburg, Va.
Farm Credit employees and the Board of Directors strive to build strong relationships with members of Congress and their districts that fall into our footprint. This enables Congress to stay aware of the needs of the agricultural industry, farming and the rural communities. These relationships are built by attending certain events such as the ones listed below.

Recent Activities

September 19 – Bette Brand, Chief Sales Officer for Farm Credit of the Virginias, attended a reception for Congressman Morgan Griffith in Washington, D.C.

October 10 – Farm Credit sponsored the Virginia Agribusiness Council’s roundtable in Harrisonburg, Va. In addition to the nearly 50 participants, special guests and panelists were Secretary of Agriculture and Forestry Todd Haymore, Deputy Secretary Travis Hill, VDACS Commissioner Matt Lohr, Delegate Steve Landes, Delegate Tony Wilt and Delegate Dickie Bell. Congressman Bob Goodlatte joined the Roundtable via video conference.

October 21 – Farm Credit sponsored the Virginia Agribusiness Council’s Roundtable in Somerset, Va., at Grelen Nursery, Inc. Congressman Eric Cantor’s Legislative Director, Cort Bush and his Legislative Correspondent, Tim Cummings attended the event.

October 21-22 – Farm Credit of the Virginias CEO, Dave Lawrence, and director John Wells attended the AgFirst Farm Credit Council meeting in Columbia, S.C. Dave serves on the committee as an executive member and John represents West Virginia’s interests on the committee.

October 22 – Farm Credit of the Virginias directors Bobby Gray and Bill Franklin as well as Ed Blevins, Farm Credit Relationship Manager in Abingdon, Va., attended a breakfast and round table discussion with Congressman Morgan Griffith in Abingdon, Va.

November 6 – Farm Credit partnered with West Virginia Farm Bureau to host Congresswoman Shelley Moore Capito on a farm tour in Greenbrier County, W.Va. Several Farm Credit directors and team members participated in the tour. ☑️

Rem Perkins, owner and operator of Perk Farm Organic Dairy shows Congresswoman Capito his Jersey cows.

Farm Credit employees along with Congresswoman Shelley Moore Capito stop and pose for a group photo while touring farms in southern W.Va.
The Knowledge Center will facilitate the sharing of knowledge and resources within our community for the betterment of ALL farmers. Education will be available to ALL through a variety of options. A full functioning website that will allow external viewers to access viable agricultural information right at their fingertips on their computer, iPad/tablet and even on their mobile device will be up and running early 2014. The Center will also develop and implement educational workshops to benefit a variety of farmers and producers throughout Virginia, West Virginia and Maryland. The educational workshops will also allow the opportunity to network with a range of organizations and businesses to enhance the sharing of knowledge.

The Knowledge Center at Farm Credit of the Virginias is comprised of three team members which include the following, Chief Sales Officer Bette Brand, Director Matt Lohr, and Coordinator Kyley Clevenger.

Farm Credit participated this year for the first time at the Harrisonburg International Festival. Since its inception in 1995, this unusual event brought together an extravaganza of performing, visual, and culinary arts and a world of beautiful people offering a remarkable smorgasbord of mouth-watering delicacies, musical talent and dance, creative folk art, language and intercultural learning opportunities, a World Bazaar of exquisite hand-made and imported art and souvenirs, and a world of stories that were shared!

There were people from all over the world, foods from Ethiopia, Mexico, India, Thailand, Europe, Puerto Rico and Central America, talent in music and dance from Aztec, Filipino, Irish, Chinese and Kurdish artists, storytelling from the Native American heritage, a parade of cultural fashion and dress and dedicated partners for a better world working for environmental sustainability.
Matthew, tell us about yourself.
I grew up in Rural Retreat, Va., where I still live today with my wife and family. After high school I attended college and graduated from Virginia Tech in 2010 with my B.S. in Dairy Science. During sophomore year in college, I started investing in my own cow-calf operation.

For many generations my family has been involved in farming. So, I have been doing this all of my life.

What kind of operations are you involved in?
I was born and raised on a dairy farm which was originally started by my granddad who is now in his 80s. We are currently milking 160 dairy cows. The dairy has always been such a big part of my life, but I decided to branch out into the beef industry as well. I also grow a lot of grain crops. I think that diversification is an important aspect when you are looking to grow.

How did you get started in the cow-calf business?
My sophomore year at Virginia Tech I bought eight bred Angus heifers. Since then I have been buying and keeping replacement heifers in order to grow my herd. This operation has grown quite a bit since I first started only a few years ago. This spring I am looking to calve 100 commercial and registered Angus.

What kind of crops do you plant?
We farm more than 1,000 acres. It could be fenced in and we could increase the number of head we have, but instead we plant a variety of grains. We typically plant 140 acres of grain wheat, 80 acres of grain corn, and 30 acres of barley. In addition to that, we plant 10 varieties of non-GMO corn.

Who do you sell your crops to?
We sell a lot of wheat to farmers to use as a cover crop. That isn't something we advertise, we simply rely on word of mouth. We also sell our wheat to local mills. Manell Milling
in Roanoke, Va., takes our wheat and turns it into flour. The corn we grow is also sold to local mills and distilleries.

**How do you market the crops to the mills and distilleries?**
We get a head start on this process before we even begin to plant. I will go to the mills and distilleries and find out how many acres of each grain they want and plant accordingly. That eliminates me from planting too much of certain crops and then having to store them. The barley, rye and corn we are growing will be advertised for human consumption and for the production of corn liquor within the next year or so.

**What kind of support team do you have on the farm?**
My granddad and my brother help out a lot. They both love farming and it’s great having them here to help support me and to support the growth of the family farm from generation to generation.

**How has Farm Credit helped you?**
Farm Credit didn’t hesitate to help me get started with my initial operating loan. I didn’t have a W-2 or capital to show, but they still helped with getting me my first loan. If it wasn’t for them I wouldn’t have been able to purchase the fertilizer I needed for my first grain crop. As the farm continues to grow so do my operating costs, but they continue to help finance me. They even helped with the purchase of my first house. And now I am looking to purchase an adjacent piece of land and I have been seeking assistance with that from my loan officer.

**What have been your biggest obstacles?**
There are always obstacles when it comes to farming. Having high calf mortality rates is a big obstacle when there is inclement weather. Selling grain is tough because when you plant them they could be high, but when you go to harvest the prices could have dropped. Dealing with distilleries and mills keeps that from happening since we make the deals prior to planting. The price is negotiated with the cost of planting in mind whether or not the price increases or drops.

**What have been your greatest accomplishments?**
Increasing my yields per acre on the crop side of my operation is a pretty big accomplishment. That is what I shoot for. It lets me know that I am doing it right and that I can keep moving forward. Having increased weaning weights every year is also a big accomplishment. It means more money in my pocket and more money that I can put back into the farm.

**What would you say have been your keys to success?**
My granddad is a walking history book. I have learned and I continue to learn so much from him. I think looking to your elders for answers to questions is sometimes the best place to get information especially when they’ve had the experience of being in the same situation you are in now. Talking to experienced people in your field is very beneficial and has helped me a great deal. For instance, I never hesitate going to my local Southern States when I have questions that need answered. Hard work and consistency are a must. The people you are selling your product to want something consistent especially when you are talking about human consumption. This is a great way to build your reputation, but if it’s not taken seriously it can also ruin your reputation.
The power of education put to good use is endless, but one must realize that the learning process is never over. Farm Credit is an organization that understands the importance of continual education and encourages its employees to never become satisfied with what they know, but instead to continue to dig to learn more. With that frame of thought, Farm Credit recently helped Adam Shiflett, commercial agriculture loan officer in Harrisonburg, Va., further his education.

Work Ethics Developed Early in Life Carry On

Adam was born and raised on a production agriculture farm near New Hope, Va. Growing up his family raised sheep, beef cattle, had two poultry houses and grew around 350 acres of crops. Adam was a member of both his local 4-H and FFA chapters. Competing on state and national levels in both organizations, Adam ended up becoming a Virginia state FFA officer and was named a 4-H All Star in 1992. Following high school, Adam received a B.S. degree in Agricultural Economics in 1996 from Virginia Tech. Adam worked as a store manager for Tractor Supply Company out of college and managed stores in Westminster, Md. and Staunton, Va. He joined Farm Credit in 1999 as a loan officer in Harrisonburg, Va. In 2002, Adam married his wife, Sarah, and they now have a six-year-old son, Luke.

Since starting with Farm Credit, Adam has been a production agriculture loan officer with most of his customers being fulltime farmers. He also handles many of the association’s special service projects, including the Farm Credit Leasing Program, the Best Management Program for Water Quality Improvement in the state of Virginia and most recently manages the Farm Credit EXPRESS program for point of purchase dealer equipment financing.

Ready to step things up a notch or two, Adam was eager to take advantage of the offer from Farm Credit to work towards a M.S. degree from Purdue University with a concentration in agriculture economics and a MBA degree from Indiana University’s Kelley School of Business. “I had reached a point in my career where I felt like I had accomplished what I wanted to out of being a front line loan officer and wanted to do more to challenge myself more professionally,” says Adam. “I wanted to learn more about business and to expand my knowledge of agriculture on a national and global setting.”
schools and one of the top 10 business schools in the nation. This is one of the most rigorous master’s programs out there today, but is also one of the most rewarding and useful ones that I have seen. I am very proud to say that I was a part of the program, and survived it.”

**Working and Learning**

Adam took on the adventure of continuing his education while still working at Farm Credit in 2011. He graduated with a M.S. degree in Food and Agribusiness Management from Purdue University in 2013, and is scheduled to graduate from Indiana University’s Kelley School of Business with a MBA degree in May of 2014. “The Farm Credit continuing education plan has been a big help in allowing me to obtain this degree while continuing to fulfill my current job responsibilities. Not only does Farm Credit help with education financially, but the flexibility they have allowed me in being able to travel to campus for residencies, being able to shuffle my schedule to meet a school deadline and the overall support I have received from management has made this endeavor possible,” says Adam.

The two-and-a-half year program takes pure commitment to be able to complete the classes, maintain a regular job, and continue with family responsibilities. With 85 percent of the program being online, it is a self-paced program yet is very intense with set deadlines that must be met for numerous assignments and projects. Students take two, six credit hour classes at a time for 12 weeks. With four semesters in a year, students spend around 20 to 30 hours per week throughout the entire year working toward their degree. There are two to three weeks per year that must be spent on campus taking difficult class schedules and learning on site. “It is very intense, but you learn to work together in a hurry and manage your time and work load,” says Adam.

**Knowledge and Teamwork are Key**

“One of the biggest things this program taught me was how to work in a virtual team atmosphere with different people in different parts of the country to get a difficult project not only finished, but completed on time with an A. The projects were designed to frustrate us and to stretch our minds to find the best solutions. During residencies they would put us in assigned teams with real life case studies and impossible deadlines to give a presentation to the management team in the morning about our recommendation to solve the problem. We would stay up half the night until the problem was solved, build PowerPoint slides and a presentation and be ready to defend our position in the morning. Many times there was no right or wrong answer. We just had to come up with the best solution to the problem and defend it as a team. These real world situations that we were presented with allowed us to take the concepts we learned in the classroom, mix in the teamwork and presentation skills and relate it back to the real world the way business works,” says Adam.

Adam and the other agriculture business professionals from around the country quickly got to know each other and developed relationships that turned into lifelong friendships. “My classmates were from many top agriculture businesses in the country including Pioneer, John Deere, Pfizer, Dow, Murphy Brown, Rembrant and Anheuser Bush, to name a few. Most all of my classmates were also aspiring to improve their career, and we learned almost as much from each other as we did from the class at times,” says Adam. “Along with all the concepts and skills I learned from the classes, I got to know 24 other agriculture professionals from many different companies who will be contacts for me for life. My classmates along with the contacts I made at Purdue and Kelley will be resources I can use in my career for a long time.”

**ConTInuED on nEXT PAgE**
Today’s Global Market Demands a Broader Education

One of the favorite parts of the program for Adam was a 10-day international residency he got to experience in Argentina. “Our mission was to become more culturally agile, so we could understand agriculture on a global level and see how issues in other countries can affect the US markets,” says Adam. The students traveled to three major agriculture-based cities where they engaged with agribusiness owners from vineyards to beef cattle and dairy operations. “We visited about 10 different farming operations and got to understand the unique way they serve their customers and operate in a highly volatile market place with enormous political pressures,” says Adam.

The students were asked to observe the businesses and compare and contrast the differences between US agriculture, but also to see the similarities and how Argentina producers operate much the same as US producers do. “While it was very interesting to see the different forms of agriculture in Argentina, we also observed their business models and using a strategic model that we had learned in class, we broke down the challenges and opportunities that these agribusinesses had operating in this country and presented it to the professors and even the farm owners in some cases,” says Adam.

Continually Raising the Bar to Higher Standards

Adam went into this experience knowing it was not going to be easy but he knew that if he pushed himself it would be rewarding in the end. “What I like about the M.S./MBA program for working professionals is that the things you learn in class can be put right into action in your current profession the next day,” says Adam. “I have implemented many of the strategies and concepts that I have learned during my course of study into my job and it has allowed me to improve what I do for my customers and the business. I am working toward moving up in my position at Farm Credit and taking on more challenging roles, and the things I have learned in my course of study will allow me to get there.”

“The M.S./MBA program has been a great learning experience. It has opened my eyes to a broader world of agriculture and to business as a whole. I am very glad I took on the challenge of this rigorous program. The skills I have learned and the contacts I have made through this process will be with me for life and will help to improve my abilities in the future. I would encourage anyone who has thought about going back to school to look at the new programs that are out there today. It is much easier to achieve higher degrees today than it has ever been,” says Adam.
### Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>Assets</th>
<th>September 30, 2013 (dollars in thousands)</th>
<th>December 31, 2013 (dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>4,881</td>
<td>6,368</td>
</tr>
<tr>
<td>Loans</td>
<td>1,467,442</td>
<td>1,466,371</td>
</tr>
<tr>
<td>Less: allowance for loan losses</td>
<td>11,765</td>
<td>9,968</td>
</tr>
<tr>
<td>Net loans</td>
<td>1,455,677</td>
<td>1,456,403</td>
</tr>
<tr>
<td>Loans held for sale</td>
<td>1,505</td>
<td>2,158</td>
</tr>
<tr>
<td>Other investments</td>
<td>2,955</td>
<td>5,838</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>11,204</td>
<td>7,640</td>
</tr>
<tr>
<td>Investments in other Farm Credit institutions</td>
<td>26,467</td>
<td>27,589</td>
</tr>
<tr>
<td>Premises and equipment, net</td>
<td>7,761</td>
<td>7,660</td>
</tr>
<tr>
<td>Other property owned</td>
<td>4,559</td>
<td>3,657</td>
</tr>
<tr>
<td>Due from AgFirst Farm Credit Bank</td>
<td>9,662</td>
<td>16,609</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,674</td>
<td>5,154</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$1,527,183</td>
<td>$1,539,096</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>September 30, 2013 (dollars in thousands)</th>
<th>December 31, 2013 (dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable to AgFirst Farm Credit Bank</td>
<td>$1,203,647</td>
<td>$1,229,830</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>2,807</td>
<td>2,924</td>
</tr>
<tr>
<td>Patronage refunds payable</td>
<td>186</td>
<td>10,670</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>14,875</td>
<td>15,276</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$1,221,315</td>
<td>$1,258,700</td>
</tr>
</tbody>
</table>

**Committed and contingencies**

**Members’ Equity**

| Capital stock and participation certificates | 17,295 | 17,344 |
| Retained earnings | 92,568 | 92,568 |
| Unallocated | 196,022 | 170,501 |
| Accumulated other comprehensive income (loss) | (17) | (17) |
| **Total members’ equity** | $305,868 | $280,396 |
| **Total liabilities and members’ equity** | $1,527,183 | $1,539,096 |

### Consolidated Statements of Income

<table>
<thead>
<tr>
<th>Interest Income</th>
<th>For the three months ended September 30, 2013 (dollars in thousands)</th>
<th>For the nine months ended September 30, 2013 (dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>19,398</td>
<td>58,135</td>
</tr>
<tr>
<td>Other investments</td>
<td>35</td>
<td>2,600</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>19,433</td>
<td>58,244</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest Expense</th>
<th>For the three months ended September 30, 2013 (dollars in thousands)</th>
<th>For the nine months ended September 30, 2013 (dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable to AgFirst Farm Credit Bank</td>
<td>8,437</td>
<td>25,345</td>
</tr>
<tr>
<td>Net interest income</td>
<td>10,996</td>
<td>32,899</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>1,000</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Net interest income after provision for loan losses</strong></td>
<td>9,996</td>
<td>27,344</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noninterest Income</th>
<th>For the three months ended September 30, 2013 (dollars in thousands)</th>
<th>For the nine months ended September 30, 2013 (dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan fees</td>
<td>270</td>
<td>617</td>
</tr>
<tr>
<td>Fees for financially related services</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>Patromage refunds from other Farm Credit institutions</td>
<td>3,142</td>
<td>10,626</td>
</tr>
<tr>
<td>Gains (losses) on other property owned, net</td>
<td>625</td>
<td>(392)</td>
</tr>
<tr>
<td>Gains (losses) on sales of rural home loans, net</td>
<td>105</td>
<td>765</td>
</tr>
<tr>
<td>Gains (losses) on sales of premises and equipment, net</td>
<td>40</td>
<td>34</td>
</tr>
<tr>
<td>Insurance Fund refunds</td>
<td>15</td>
<td>2,645</td>
</tr>
<tr>
<td>Other noninterest income</td>
<td>10</td>
<td>176</td>
</tr>
<tr>
<td><strong>Total noninterest income</strong></td>
<td>4,172</td>
<td>15,388</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noninterest Expense</th>
<th>For the three months ended September 30, 2013 (dollars in thousands)</th>
<th>For the nine months ended September 30, 2013 (dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and employee benefits</td>
<td>3,778</td>
<td>11,593</td>
</tr>
<tr>
<td>Occupancy and equipment</td>
<td>350</td>
<td>1,127</td>
</tr>
<tr>
<td>Insurance Fund premiums</td>
<td>307</td>
<td>476</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>1,287</td>
<td>3,806</td>
</tr>
<tr>
<td><strong>Total noninterest expense</strong></td>
<td>5,732</td>
<td>16,830</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>8,436</td>
<td>25,570</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>19</td>
<td>31</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$8,417</td>
<td>$25,521</td>
</tr>
</tbody>
</table>

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 1489, Columbia, SC 29202. Farm Credit of the Virginias complete quarterly and annual financial reports are available online at wwwfarmcreditofvirginias.com
You’re Invited

Family & Business Affairs Matter

This year’s Young Farmer Institute has an overall focus on family and business affairs. Previous attendees have commented that they wished their parents had come. This year’s content and lecture will be applicable to young farmers, potential young farmers, students, as well as parents and grandparents. Whether you are launching or growing a business, transitioning and evolving the business to the next generation or adding new partners, Dr. Dave Kohl, Dr. Alex White, and Ralph Short will provide practical materials, tips, and techniques that will challenge your thinking but also be useful in everyday decision making.

Dates and Locations

February 14, 2014
Virginia Farm Bureau’s Headquarters
12580 West Creek Parkway, Goochland, Va.
9:00 a.m. – 4:00 p.m.

March 21, 2014
Southwest Higher Education Center
One Partnership Circle, Abingdon, Va.
9:00 a.m. – 4:00 p.m.

March 20, 2014
Traditions Family Restaurant
625 Mt. Clinton Pike, Harrisonburg, Va.
9:00 a.m. – 4:00 p.m.

April 2, 2014
WV State Fairgrounds WVU Building
891 Maplewood Avenue, Fairlea, W.Va.
9:00 a.m. – 4:00 p.m.

There is NO cost to attend!

Attend this institute of lifelong learning to become reenergized for kick starting the spring and summer of 2014 and beyond.

For more information about the Young Farmer Institute, please call
800-919-3276