

CULTIVATIONS

Pre-Plant 2024 Edition

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Cooperative Members Elect Directors

The voting stockholders of Farm Credit Illinois elected two incumbents and one new member to the cooperative's Board of Directors, which is comprised of 12 elected FCI member-directors and two appointed outside directors serving four-year terms.

A tellers committee of FCI member-owners met Dec. 13, 2023, to canvass 1,701 returned envelopes as part of the annual election process. The three board members elected were **Adam Brown** of Decatur, Region 1; **Scott Bidner** of Champaign, Region 2; and **Marc Bremer** of Metropolis, Region 3.

Fifteen FCI members were elected as the 2024 Nominating Committee; nine additional members were named committee alternates.



Region 1

Adam Brown, age 38, is a corn and soybean farmer in Macon County. He has a master's degree in public administration from the University of Illinois Springfield and a bachelor's degree in agricultural and consumer economics with a concentration in farm management from the University of Illinois at Urbana-Champaign. Brown served as vice chair during the last two years of his first board term.

"I'm honored to continue my service while seeking to enhance the cooperative's programmatic excellence," Brown says. "Meeting the needs of members, addressing competitors, and exploring additional Farm Credit System collaborations will be keys to the future."



Region 2

Scott Bidner, age 61, is a corn and soybean farmer in Champaign County. He holds a bachelor's degree in agricultural and consumer economics

from the University of Illinois at Urbana-Champaign. This is Bidner's first term on the board after serving on the cooperative's nominating committee for five years.

"A stable, well organized, and forward-looking organization will create success for farmer-members," states Bidner. "I look forward to being part of a board that generates solutions for future producers who will face different challenges than previous generations."

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Your Vote Counts

As a cooperative member, you have the opportunity to vote in the 2025 Board of Directors and Nominating Committee elections.

**Watch for the ballot mailing
NOVEMBER 2024**



Salute to the Retiring Chief

Honoring Career of Service

2024 marks the end of an extraordinary era of service and leadership at Farm Credit Illinois. Aaron Johnson is set to retire on Dec. 31 after five years as President & CEO, and 40 years working in the Farm Credit System. He has a reputation for leading with passion, positivity, and purpose among his vast network of connections. Aaron is an effective leader in the FCI CEO office and as chair of the “Group of 30” CEOs from the largest Associations in the Farm Credit System. With a career that began in the midst of the farm crisis in the 1980s, Aaron experienced and contributed to Farm Credit’s transformational change. FCI is grateful for Aaron’s positive impact over the past four decades that has positioned the cooperative for future success.

Aaron’s Career 1985-2024

JANUARY 1985

Aaron graduates Illinois State University and launches his career as a trainee with the Federal Intermediate Credit Bank in St. Louis.

“There’s nothing like learning to be a lender in one of worst agricultural credit crises in the past 100 years.”

MAY 1985

Aaron concludes his training rotations and starts as an assistant vice president for the Production Credit Association (PCA) in Pontiac.

SEPTEMBER 1985

Aaron becomes the PCA branch manager as his peers left for other jobs.

1986

The Pontiac FLBA branch manager assumed the joint-branch manager role and Aaron works as a loan officer briefly before taking over joint management later that year.

“I made one new loan in 1986 and still wonder why that individual chose to borrow from us.”

1988

Aaron worked alongside one other loan officer through the first quarter of 1988 until the weight of collecting loans and filling out reports wore him down. He left the System to manage a community bank in Mt. Carroll.

“I enjoyed the opportunity to learn while making several lifelong friends, but it wasn’t Farm Credit. The differences between a privately owned financial institution and a cooperative with a mission were obvious and I missed working for the members and the mission – regardless of the credit climate.”

1990

Aaron returns to Farm Credit Services of Central Illinois in Decatur as a senior account executive.

“My sole responsibility was to rebuild the business by prospecting and making new loans. I hit the road every day building new and re-establishing old relationships to help meet the needs of farmers in the three-county service area of Macon, Moultrie, and DeWitt Counties.”

Farm Credit History 1985-2024

JANUARY 1985

The Farm Credit Amendments Act of 1985 granted the Farm Credit Administration regulatory oversight and enforcement powers to help restore safety and soundness to the Farm Credit System in the middle of the farm crisis.

MAY 1985

17 Production Credit Associations (PCA) and 17 Federal Land Bank Associations (FLBA) served Illinois farm families.

SEPTEMBER 1985

A “Black Wednesday” article hit the Wall Street Journal, bringing national attention to the Farm Credit System and the negative cash flows and further declining land values that decimated members’ financial positions and repayment capacity. The article significantly compromised the System’s public image and ability to retain staff.

1986

The Pontiac PCA and FLBA offices merged into what would eventually be named an Agricultural Credit Association (ACA) as the Farm Credit System stabilized further. By 1999, the System transitioned from 404 to 185 Associations.

1988

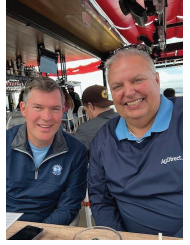
The Agricultural Credit Act of 1987 provided financial assistance and directed mergers and other reorganizations to create a leaner, stronger System.

The final debt of all System institutions was paid back with interest to the U.S. Government in 2005, making all Farm Credit System Associations member-owned cooperatives.

1990

Falling interest rates and record-high farm income help facilitate the System’s recovery. Local Associations begin posting profits instead of losses and loan quality significantly improves.





Aaron's Career Cont'd

1993

Aaron is named assistant sales manager and maintains his existing responsibilities while mentoring and training others.

1995

Aaron is named regional vice president of the territory including Decatur, Taylorville, Hillsboro, and Carlinville, and Jerseyville.

2002-2019

CEO Ron Frenn asks Aaron to join the senior leadership team as senior vice president of strategic initiatives in 2002. Aaron led an Association re-brand advertising and public relations campaign featuring the now classic "We Understand" tagline.

A few years later, Aaron assumes supervision of half of the Association's regional vice presidents along with marketing. His responsibilities and titles varied, encompassing senior vice president of operations, chief operating officer, then executive vice president and chief operating officer, and finally executive vice president as he focused his attention exclusively on Association leadership.

2020-2024

After President and CEO Tom Tracy's passing in 2019, the FCI Board officially named Aaron as his successor on Jan. 1, 2020. Aaron will serve in this capacity until his retirement on Dec. 31, 2024.

"It was a trying time for our Association as Tom was a generous and caring leader who we all miss greatly. I am blessed to follow Tom as CEO of this wonderful cooperative with dedicated and caring Board members and employees."

TOMORROW

Aaron and his wife Debbie look forward to spending time with family living in Illinois and Pennsylvania. With six grandchildren under 10 and counting, there will be plenty to keep them busy as grandparents. He sees a number of sporting events, concerts, and dance recitals in their future. Aaron also plans to stay involved in agriculture on their grain and recreational farm, traveling with friends, and enjoying the next stage of life.

"I could not have asked for a better career over the past 40 years. I loved every moment – even the trying moments – as I understood the mission we are entrusted with and our core purpose of Helping Farm Families Succeed."

Farm Credit History Cont'd

2001

Farm Credit Services of Central Illinois and Farm Credit Services of Southeastern Illinois, who served 39 counties, assumed joint management in 1999. Two years later, they consolidated to form Farm Credit Services of Illinois, and officially became structured as an ACA.

2014

Farm Credit Services of Illinois re-brands to Farm Credit Illinois to leverage the national brand, serving the 60 central and southern counties of Illinois.

TODAY

Four Farm Credit Banks provide financing to 56 Farm Credit Associations. Farm Credit Illinois is one of 11 midwestern Associations whose funding bank is the AgriBank Farm Credit Bank.

TOMORROW

As a cooperative, FCI empowers its Board of Directors to lead the search for a new CEO. The board begins the selection process this spring, will interview prospective candidates in late summer, and name a new CEO by mid-September, who will assume the role by Nov. 1. Internal and external applicants are expected to be considered to ensure the most qualified candidate is named.



A MEMO FROM AARON'S DESK



Time flies when you're having fun! That sentiment could not be more true for me. The past 40 years have been an amazing journey and I am so thankful to the farmer-borrowers, board members, and employees who made my journey so impactful. You are special. And I am blessed to have worked for and with you.

The cooperative principles make a remarkable impact on the mission and culture of a business like Farm Credit. I will be eternally grateful for a career dedicated to serving folks who love agriculture and are passionate about what they do to produce food, fiber, and fuel for the world – all while looking out for one another along the way.

To the farmer-members: thank you for supporting me and FCI's dedicated employees over the years. I realized in my first challenging conversation during the farm crisis of the 1980s that there is always a way to help others regardless of the circumstance. The value of relationships based on mutual respect and support has never wavered.



I learned so much from farm families through the years. They demonstrated how life sometimes throws you a curve-ball and it takes intentional and strategic adjustments to make contact to hit it out of the park.

Farm Credit is poised to make even greater strides in the coming years as they bring tremendous value to you through world-class service, products, and innovation –including low upfront interest rates and annual patronage payments. Our leadership team is full of talent, and I know they will raise the bar to new heights as FCI continues to grow in serving current and future generations of the cooperative. I am extremely fortunate to have worked with each of them.

SAVE THE DATE!



July 18, 2024

**Cedarhurst Center for the Arts
Mitchell Museum**
2600 E Richview Road
Mt. Vernon, IL



Estate planning attorney **Brooke Starks** will present

Bring a friend to learn and grow at FCI's first program designed to empower women who play **any role** on the farm. Topics include farm and family business strategies, succession planning and family dynamics, and more. Make time to invest in yourself while building connections and harvesting new ideas to bring back to the farm.



Eligible FCI Borrowers may earn a \$500 **FreshRoots** learning incentive for attending.



Register
www.farmcreditIL.com/learning

COOPERATIVE LEADERSHIP

Director Elections

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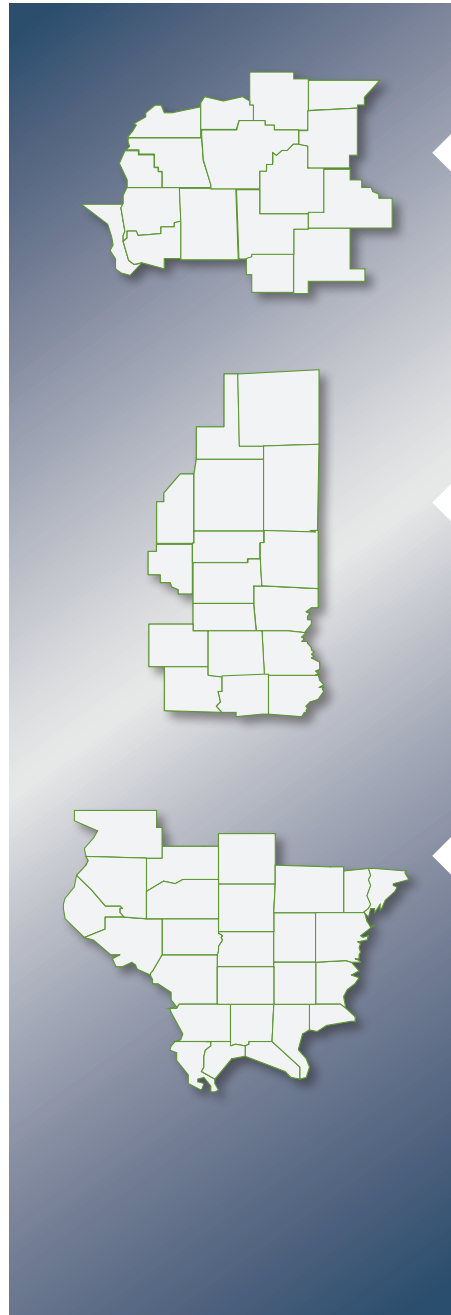


Region 3

Marc Bremer, age 40, raises corn, soybeans, and registered Angus cattle in Massac County. He graduated from WyoTech with certifications in

diesel technology, refrigeration, hydraulics, transmission, air conditioning, and electronic engine management. This is his second term on the board.

"I recognize the importance of a lender who understands a farmer's capital needs and the overall ag economy," Bremer says. "As a board member, I will continue keeping the needs of current and future members at the forefront of board discussions."



2024 Nominating Committee Results

(listed below by region and county)

REGION 1

David Dorn, Jr., Christian
Dereke Dunkirk, Christian
Heath Houck, Montgomery
John Klemm, DeWitt
Katherine Sellmeyer, Macon

ALTERNATES:

Brian Burrus, Cass
Allen Sasse, Logan
Jerry Schmidt, Logan

REGION 2

Jack Hastings, Clay
Kevin Hunsinger, Champaign
Thomas Roepke, Effingham
Allen Walters, Clark
Rhonda Weinard, Vermilion

ALTERNATES:

Mitchell Heap, Ford
Joseph Plunk, Piatt
Mark Semple, Jasper

REGION 3

Kelli Borrenpohl, Washington
Jacquelyn Gass, Jackson
Larry Hasheider, Washington
Kenneth Taake, Pulaski
Adam Thomas, Alexander

ALTERNATES:

Kevin Bauman, Franklin
Austin Burbach, Madison
Austin Winter, Perry

MEMBER OPPORTUNITIES

Ever considered serving in FCI's cooperative leadership?

Fill out a candidate interest form at www.farmcreditIL.com/candidate by **July 1**

The 2024 Nominating Committee will review applications and present a slate of potential candidates at the Association's annual meeting.

Spring Training to the Field

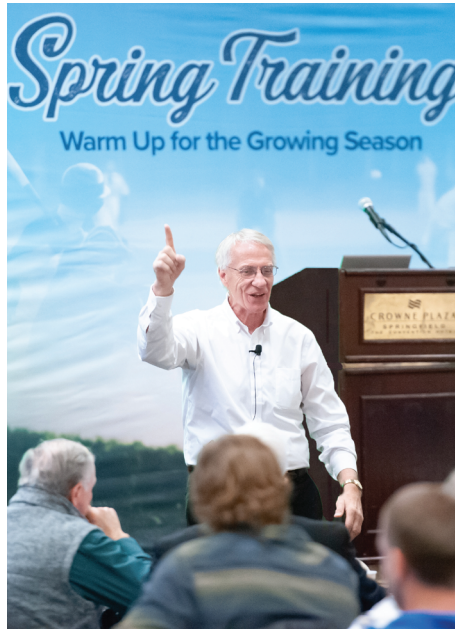
Commentary, wisdom, and perspectives from globally renowned agricultural economist Dr. David M. Kohl

Two recent trips to Florida quickly reminded me that baseball spring training is in full force and ready to move to the regular season playing field where the games count. Those in the agriculture industry are in a transition mode taking their production, marketing, risk management, and financial plans into the field for execution over the remainder of 2024. In baseball, a successful triple play requires a special set of circumstances and superior execution by team players. Agriculture has its own triple play where the owners and managers must navigate extreme volatility in prices, high and sticky inflated costs, and interest rate increases reminiscent of the 1970s and 1980s. This will require an extra level of intensity to capitalize on the volatility while avoiding errors that can quickly occur if any of the three elements are mismanaged.

In the pandemic era, a sense of complacency in management intensity has ensued as a result of lush government payments and a false sense of security from paper wealth gains, specifically from land and real estate. In some cases, an increase in asset valuation can be used to mask mistakes in operational game plans.

“Comparing your projections to actual results at least quarterly is a best management practice by peak performing businesses.”

Moving forward, key lessons learned in the past can be very applicable now and in the future. Business success and failure is magnified and can occur quickly as a result of bigger numbers in the cash flow budgets, income statements, and balance sheets. Monitoring finances only once per year for tax purposes is off the table. Comparing your projections to actual results at least



quarterly is a best management practice by peak performing businesses. I chuckled the other day when I mentioned that we have been monitoring our creamery's finances on a weekly basis for a couple of years only to find that five young farmers were following the same practice with success.

Geopolitical risk in this year's playing field is at an all-time high. The flip of a switch by a major export trading partner on a commodity could quickly change the level of prices for both outputs and inputs.

Both inflation and interest rate levels require vigilance in monitoring the impact of these elements on the bottom line. This is why a good set of financial spreadsheets with tabs designed to test assumptions and scenarios can be a valuable tool to keep the business within the guardrails of expectations. A three to five percent increase in variable interest rates could be in the game plan which impacts the cost of production and the cost of

borrowed monies for long-term investments. With these increases in interest rates comes the economic term called opportunity costs. Alternative investments such as certificates of deposit (CDs), treasuries, and money markets are now generating a sufficient return on investment that may challenge some individuals weighing their options when making investments in other assets.

There is an old saying that when the business and, to some extent, personal households and governments get into financial difficulty, it is not about equity. The first financial stress point is when profits and cash flow are upside down and then financial liquidity and working capital are necessary.

Working capital, measured by the current ratio or working capital to expenses or revenue, is a key performance indicator (KPI) to benchmark your business. Your working capital strategy should have sufficient current assets that could be turned to cash within 90 days without disrupting normal operations. One metric is to have two times the amount of cash to cover obligations for a particular time period. In other words, if you had \$100,000 in obligations, you would want \$200,000 in cash. This strategy is resilient and can handle macro and microeconomic financial shocks. There are extra funds that could be deployed if opportunities such as purchases or changes in the marketing and risk management plan were to occur.

Equity is still important as a final backdrop. If cash flow and liquidity are insufficient, equity allows time for changes in the business game plan lineup. Managing the economic triple play and all of the possibilities of a negative economic environment where prices decline, and costs and interest rates stay elevated should be a high priority. However, if this does not occur then your business will be in a better position to take advantage of opportunities.



OPEN YOUR FCI MAIL



Cash Patronage Arrives in June

Your slice of \$40 million arrives the week of June 10! For the sixth consecutive year, FCI cash patronage returns a portion of the interest accrued during the previous year back to members. Over the past three years and across the entire member loan portfolio, cash patronage reduced effective interest rates on average by about 1%.

The Association earned \$105 million in 2023. With \$40 million for cash patronage, \$65 million of earnings remain with the cooperative as retained capital for the future. While members can pencil in patronage every June, amounts can vary from year to year as the Board of Directors responds to FCI's annual loan portfolio growth and net earnings to ensure adequate capital and regulatory compliance.

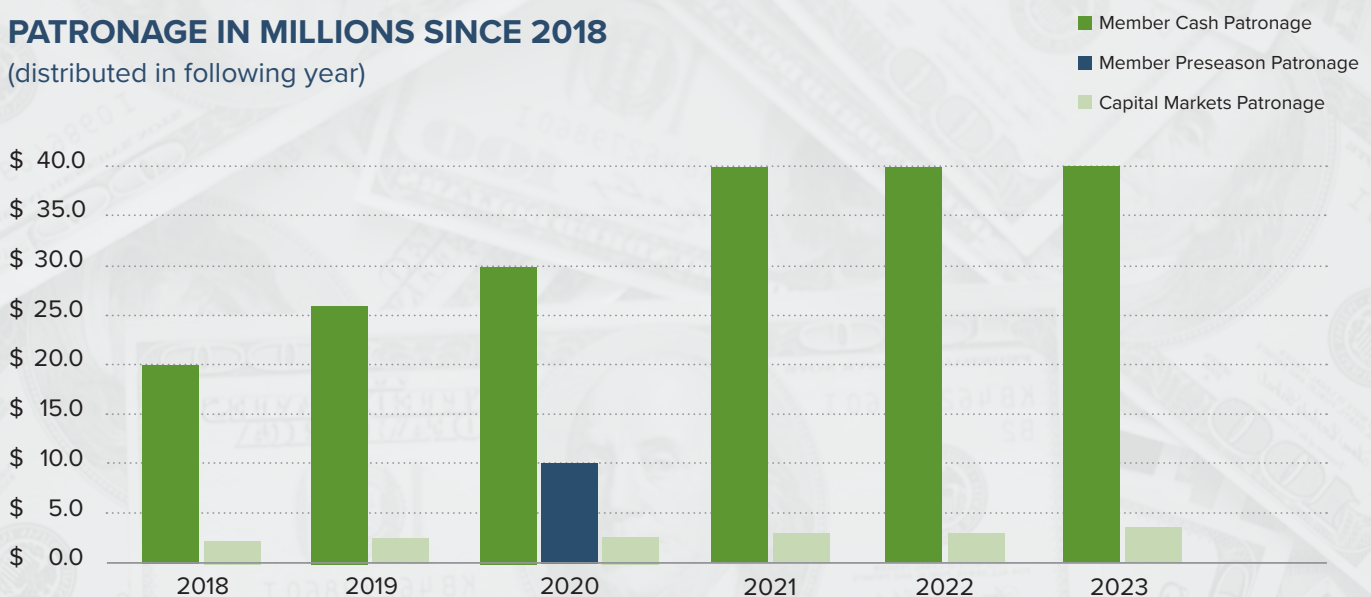


Your check arrives in a special envelope.

\$206 M Total Cash Patronage Delivered to Members since 2018

PATRONAGE IN MILLIONS SINCE 2018

(distributed in following year)





Welcome Matt Hardecke

Matt joined the Mahomet team as regional manager on February 29 while Casey McClure steps into his new role as regional vice president, commercial lending. Matt has 10 years experience as a senior vice president of ag and commercial lending and 20 years of expertise in agriculture, credit, sales, and leadership including 10 years with FCS Financial in Missouri. He grew up on a cattle farm in south-central Missouri and now resides with his family in Mahomet.

MAY 27

Memorial Day
Office Closed

JUNE 10–14

Cash Patronage Week

JUNE 19

Juneteenth
Office Closed

JULY 4

Independence Day
Office Closed

SEPTEMBER 2

Labor Day
Office Closed

OCTOBER 14

Columbus &
Indigenous Peoples' Day
Office Closed

Contact an FCI lender or call Mahomet office at 217-590-2222



Matt Hardecke
573-846-6614



Greg Peterson
217-377-1953



Todd Smith
217-898-0624



Cory Mitchell
217-552-0372



Michael Plunk
217-417-7763

Access Your FCI Information 24/7

- ▶ Access accounts to check balances and upcoming payments
- ▶ Review or print transactions, bills, and statements
- ▶ Make payments, transfer money, and – via the FCI mobile app – remotely deposit checks
- ▶ Communicate securely with FCI staff
- ▶ Store personal records like balance sheets and cash-flow statements
- ▶ Reduce paper and eliminate postage costs
- ▶ View your FCI crop insurance Schedule of Insurance and yield history



Get started during business hours (Monday–Friday, 8:00 AM–4:30 pm) to streamline account registration. Download the FCI app after gaining access to online banking.

www.farmcreditIL.com/enroll