



Fresno Madera Farm Credit

CONNECTION

Spring 2015



Keith Hesterberg
President & CEO

President's Message

Financial Results

2014 was a very strong year for your Association as the staff focused on developing in some key areas that we believe will put the organization in a position to meet your needs for years to come. Your management team resolved early in the year to increase our efficiency and improve our customer experience. In order to be as successful as we want to be in these areas, our effort will be ongoing over the coming years. We did experience some early success in 2014 as our operating efficiency improved so that our cost per \$100 of assets is the lowest in the Organization's history at \$1.31 per \$100.

As a result of your ongoing support of FMFC, we finished the 2014 fiscal year with \$15.8 million in net income, which was an increase of almost 11% from last year. We managed the increase primarily by reducing our non-interest expenses by 9% from 2013 – a total reduction of \$1.19 million. During the year our total assets reached \$1 billion for the first time! This is a milestone that we're very proud of as continued growth is an important hallmark of viable and healthy organizations, and also vital to our need to maintain operating efficiency. Total members' equity increased to \$226.3 million as a result of our earnings, which helped to maintain our Permanent Capital at a healthy 17.48%, an amount well in excess of both Board and regulatory minimums.

\$4.57 Million Cash Patronage Distributed Back to Members for 2014

PATRONAGE DISTRIBUTION RECAP

Over \$16 Million Returned in the last 3 years

2012 

2013 

2014 

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Patronage

Our performance in 2014 has put the Board in a position to distribute \$4.57 million of cash patronage back to our members – this amounts to 50% of our patronage sourced volume for 2014 and 31% of our patronage sourced earnings. As a farmer-owned cooperative we understand that a compelling part of our value proposition is our patronage program, and are very proud to

have distributed more than \$16 million of cash patronage back to our members over the past three years.

Over the coming years, we are going to continue to focus on ways that we can become more efficient, and focus on creating the best possible customer experience. We believe these efforts are critical to our mission to serve our members

CONNECTION

is a quarterly publication for customers of
Fresno Madera Farm Credit.

Board of Directors

Jeff Jue, Chairman
John Simpson, First Vice Chairman
(Appointed Director)
Jeff Yribarren, Second Vice Chairman
Daniel Errotabere
Edward Martinazzi
Victor Sahatdjian
Stephen Schafer
Lance Shebelut
Richard Shehadey
Denise Waite (Appointed Director)

Holiday Schedule

FMFC Staff Meeting
Wednesday, April 29
Offices close at 3:00 pm

Annual Stockholders' Meeting
Wednesday, May 6
Offices close at noon

Memorial Day
Monday, May 25

Independence Day Holiday
Friday, July 3

Upcoming Events

May 1
Duarte Nursery Friends Day, *Hughson, CA*

May 2
Madera County Farm Bureau Scholarship,
Wine & Local Beer Tasting Event, *Madera, CA*

May 2
Reedley College Pinot & Pints, *Reedley, CA*

May 14-17
Chowchilla-Madera Fair, *Chowchilla, CA*

June 18
Celebrating Friends of Agriculture, *Fresno CA*

President's Message Continued:

as a farmer-owned cooperative. Our goal is to create maximum benefits to the membership, and be the generational lender our customers have come to count on over the years.

Ongoing Focus

As we move forward, we are focused on making certain that we continue the important process of staying ahead of the needs of our member borrowers. In order to be successful, we must find ways to maintain our dependability, and create the best possible customer experience. We believe that we have very distinct advantages as a result of 100% of our decision-making being located right here in the region – in Fresno, Kingsburg, and Madera. In addition, we have tremendous capacity to serve agriculture as 100% of our capital is committed and invested in agriculture right here in the region – just like yours!

At FMFC we are passionate about serving our member borrowers, and take our role as a generational lender very seriously. We work diligently every day to make sure that we are in a position to serve your operation in good times and bad. We also understand that without your support, we lose our purpose and significance – all of us at FMFC appreciate your ongoing support!



CELEBRATING 100 YEARS

The Farm Credit System will celebrate its Centennial in 2016. This milestone will be celebrated both locally and nationally throughout the entire Farm Credit System. A variety of special events and programs are in the works to showcase and celebrate a century's worth of contributions to agriculture.

More information will be released soon- and we can't wait to share it with you. Thank you for continuing to see the value in the Farm Credit System. We look forward to this celebration and the next 100!



welcome!

FMFC prides itself in hiring top talent to reach our goal of bringing you the best customer experience possible. Welcome to our newest hires!



Jenhi Ciapponi
Loan Officer



Deepak Makhija
Senior Financial Analyst



Adrienne Demmon
HR Specialist



Anthony Moreno
Credit Support Specialist



Dennis Jones
Senior Chattel Appraiser



Mai Yang
Accounting Specialist



Vladimir Kolesnikov
VP Risk Management



Francine Zumbo
Administrative Assistant

NOTICE TO STOCKHOLDERS

In accordance with Farm Credit Administration (FCA) regulations, our Annual Report to Shareholders was published on our website on March 13, 2015. The report was sent electronically to FCA (*within 75 calendar days from December 31*).

A copy was mailed to you March 30, 2015 (*within 90 days from December 31*).

we look forward to seeing you at our

2015 ANNUAL STOCKHOLDERS' MEETING

WEDNESDAY, MAY 6, 2015 * PLEASE RSVP BY MONDAY, APRIL 27

CULTIVATING GROWTH

YOUNG, BEGINNING & SMALL FARMERS PROGRAM

Supporting you for future growth

FMFC is an active supporter and contributor to the young, beginning and small farmer community. We make a concerted, non-discriminatory and cooperative effort to finance young, beginning, small, and minority farmers by meeting the needs of the applicants to the fullest extent of their credit worthiness. Our experienced loan specialists will guide you through the lending process to get you the answers you need. For more information, please call (559) 277-7000.

Young Farmer: Age 35 or younger

Beginning Farmer: 10 years or less of farming or ranching experience

Small Farmer: Generates less than \$250,000 in annual gross sales from farming operations



Producing Excellence- Ted Sheely

Farm Credit's Producing Excellence Program was launched to highlight the dedication of America's farmers and ranchers that work hard every single day, applying an unwavering commitment to providing safe, affordable and abundant food for our nation and the world. The stories feature Farm Credit customers from across the country and represent the diversity of American agriculture.



Ted Sheely, with son Jake Sheely, who also works on the family's diversified operation.

Profile Overview

AzCal Management Company

Location: Lemoore, CA

Produces: Pistachios, tomatoes, wine grapes, onions, cotton

Size of Operation: 10,000 acres

Years in Business: 27

FMFC Customer: 6 Years

With a record drought pummeling California, and indeed much of the nation, forethought and planning has helped at least one farmer weather the weather. Ted Sheely made the move a few years ago to invest significant resources into wells and pipelines on the 8,000 acres he owns, delaying yet again any kind of "draw," or payments, to himself or his family members.

"My family wasn't happy about it at the time," Ted says. "But I started thinking about what would happen if the water district couldn't deliver any of the water we were allocated." That unprecedented situation happened this year, and while Ted decided to leave his 2,000 acres of leased land fallow along with eight percent of his own land, yields on the rest of his land are close to normal because of his decision to invest in irrigation. "It's a tough year, but I'm still going to farm here in California for the rest of my life," he says.

Water isn't the only long-term decision Ted's made – he's also increased his pistachio orchards, a high-value crop but one that takes ten years to return the investment and start showing a profit. "We always say that you plant pistachios for your children," Ted says. Six years ago, Ted doubled his pistachio acreage to 2,200, and has also become part-owner and current president of Horizon Nut Company, a pistachio processing facility to which he sells his entire crop. "It's just good business to do business with yourself," he says.

In addition to pistachios, Ted raises 320 acres of wine grapes contracted to Gallo, 1,400 acres of tomatoes sold to processing companies that turn it into products like salsa and pasta sauce, and 1,200 acres of fresh market onions sold through grocery stores across the country. His remaining acreage is planted with premium Pima cotton sold overseas to cotton mills, along with some grain.

Like many farmers, Ted didn't jump into farming with 10,000 acres. Instead, he first worked for another family for 13 years after college. He then started his own 3,000 acre operation with land purchased from his former employers, and began managing his own operation with his wife, who had worked for the same family farming operation. He's grown his operation slowly over time, purchasing specific plots of land appropriate to grow the crops he targets, consistently planting higher and higher value crops, from cotton to pistachios to grapes.

For the past six years, these land purchases have been financed with Fresno Madera Farm Credit. "They are truly a financial partner," he says. "I like the conversations I have with them and they treat me very well. It's the kind of relationship with a lender that I wanted to have all along."

All of the Producing Excellence stories can be found on the Farm Credit System website, or www.farmcreditnetwork.com/producingexcellence/profiles/all

FMFC Inaugural Photo Contest

FMFC is looking for your creative eye to showcase the beauty and rich life of the Central San Joaquin Valley! FMFC will be producing a 2016 monthly customer calendar for all members with distribution in late 2015. Your photo could be showcased in the calendar and could earn you a VISA gift card! Even more exciting- one photo will be chosen as the official FMFC Centennial Photo and transformed into a postage stamp for use on select 2016 FMFC mailings! Enter Today!

-Email entry to photocontest@fmfarmcredit.com
-A 5GB max file size will be accepted per email. (You may submit up to 3 photos and may email them separately)
-File should be .jpeg
-Hard copy photos will be accepted at the Annual Stockholders' Meeting, or by dropping off or mailing a hard copy to: Fresno Madera Farm Credit, 4635 W. Spruce, Fresno, CA 93722

How to enter

-13 winning photos will be selected
- Grand prize winner will receive a \$150 VISA gift card. 12 additional winners will each receive a \$50 VISA gift card
-Winning photos will be displayed at the 2015 Member BBQ
-One photo will be chosen as the official "FMFC Centennial Postage Stamp" which will be unveiled at the 2015 Member BBQ and used on select mailings throughout 2016

Winners

-Ag-related images or scenes (examples include nuts, dairy, wine & table grapes, vegetables, melons, tree fruit, raisins, beef & livestock, or other commodities produced locally), Action shots in fields, Harvest scenes, Seasonal photos with an Ag related theme (holiday décor, 4th of July events, fall and winter scenes), County Fairs, Farmers markets, 4-H or FFA events, Kids on the farm, -Personally owned historical photos

Entry Ideas

ENTRY DEADLINE
AUGUST 31, 2015

WINNER NOTIFICATION
October 15, 2015

Official contest rules can be found on our website: www.fmfarmcredit.com

-Entries must be from FMFC members, or immediate family
-Photo must be taken in the Central San Joaquin Valley
-Photographer submitting photo must certify that they have permission of all individuals shown in each photo and all individuals owning property in each photo (if not their own).
-FMFC will require a signed release form for all winning photos.
-FMFC will have the right to use any images entered in the contest for use in marketing materials
-Digital files are preferable, however hard copy photos will be accepted
-Photos with a horizontal orientation are preferable
-A max of 3 photo entries per person will be allowed

Guidelines



Fresno Madera Farm Credit
Agriculture is Our Only Business

CONNECTION

PRSR STD
 U.S. Postage
PAID
 Permit #2097
 Fresno, CA

Contact Us

FRESNO

4635 West Spruce
 Fresno, CA 93722
 (559) 277-7000
 Fax (559) 277-7030
 Hours: 8 a.m. - 5 p.m. M-F

MADERA

305 North "I" Street
 Madera, CA 93637
 (559) 674-2437
 Fax (559) 673-8414
 Hours: 8 a.m. - 5 p.m. M-F

KINGSBURG

1698 Draper Street
 Kingsburg, CA 93631
 (559) 419-5411
 Fax (559) 419-5416
 Hours: T-W: 8 a.m. - 5 p.m.
 M, Th, F: By appointment

LOAN ACCOUNTING

(559) 277-7016

TOLL FREE

1-877-363-8637

WEBSITE

www.fmfarmcredit.com

STAYING CONNECTED



Exciting things are happening at Fresno Madera Farm Credit! An evolution is occurring and we are working on ways to bring you the *best possible customer experience*. In the coming months we will be rolling out email marketing and social media campaigns focused on keeping you up to speed on the latest with your Association. More information will be coming soon! We look forward to connecting with you!

