

**Remarks by Glen R. Smith
Board Member
Farm Credit Administration
AgriBank, FCB, Annual Meeting
Phoenix, Arizona
March 5, 2018**

CEO Thone, on behalf of the Farm Credit Administration, I would like to thank you for the invitation to attend your annual meeting here in Phoenix. I'll admit to having looked forward to a late winter meeting in Minneapolis, but I guess sunny Arizona will have to do.

I'll also admit to having a special affinity for AgriBank since I hail from West Central Iowa, in the heart of your region. In fact, if you drive the Interstate 80 corridor, our farm is located about mid-way between Omaha and Des Moines, with most of our land lying in the Nishnabotna River Valley between the interstate and the county seat town of Atlantic.

Like most of your association directors, I will introduce myself first as a farmer. For years, my wife and I owned and operated a 2,000-acre corn, soybean, and small cow/calf operation. Now, our son Peter is running the operation. I have spent a lifetime in the farmland service business, primarily in land appraisal and brokerage and farm management. It has been 36 years since I started that business, Smith Land Service Co.

Throughout the years, in both our farm operation and business, we worked closely as partners with Farm Credit. We had numerous long-term real estate loans over the years in several ownership entities. Our company contracted regularly with Farm Credit in the '80s and '90s, and our company appraisers regularly exchanged sales information with Farm Credit appraisers in our area. It was a valuable partnership that worked well both ways.

As a farmer and ag businessman, I have the basic financial skills necessary to survive and prosper. However, they are nowhere near the level of financial expertise and talent required in an oversight agency like FCA. After two months on the job, I can say I have never worked around a more talented group of people than what you will find at FCA — people I can confidently say will keep the Farm Credit System true to its mission in providing safe, reliable credit to American agriculture.

As an example of that dedication, I am accompanied here by my executive assistant, Jim Morris. Many of you personally know Jim as a veteran of the agency, dating back to 1987. He is a licensed attorney in New York, Illinois, and Washington, D.C., and he has an incredible wealth of experience in almost all facets of the agency's operation and history. I very much look forward to working with Jim, as a team, in tackling some challenges that I'm sure lie in front of us. I would also like to acknowledge Ryan Schumacher and Mary Krause from our examination staff who are with us today.

I see my job in the next 6 to 12 months as that of listening and learning. One of the areas I'm particularly interested in hearing about is your associations' success in promoting their YBS (young, beginning, and small) farmer programs. As I worked through the interview and Senate confirmation phase of my FCA position, I visited the offices of Senate Ag Committee members. At almost every visit, I was asked the question, "What can we do to promote and help young farmers and ranchers get started?" Members of Congress are

acutely aware of the advanced age of the American farmer and rancher today and are very concerned about the implications for the future.

I'll confess that this subject is near and dear to my heart, as my wife and I started out as true beginning farmers. Although our son makes the sixth generation in our family to farm in Pymosa Township, almost all the land owned by my great-grandfather's and grandfather's generations had been sold throughout the years. We started out in 1982 as sharecroppers with about \$2,500 equity in my wife's 1979 Olds Cutlass, but we both had good educations and plenty of ambition.

Through those tenuous early years, a patient and conscientious lender stayed with us, allowing us to prosper when economic times turned for the better. I'm interested in hearing what is working in your associations' YBS programs, and maybe by that information-gathering and brainstorming process, we can see those programs grow Systemwide.

On a final note, as of the announcement last week, 2017 was a great year for the Farm Credit System, with a net income of \$5.2 billion, representing a profit growth of 7 percent over the previous year. I know that the AgriBank district played a major role in those results. Congratulations to all your associations for their performance and growth over the past recent years. However, along with those congratulations, I would like to share with you some advice that I have shared with our son regarding the Iowa operations.

Decisions and practices established during good times don't always apply to the future. As we continue to work with very tight profit margins, decreasing liquidity, and what I feel are fragile land values, I urge you to be vigilant in establishing the best lending practices pertinent to the times. I believe these practices need to be cautious to ensure the Farm Credit System continues to fulfill its mission of providing a safe, reliable source of credit to American agriculture and rural America.

Again, congratulations on a great past year. I look forward to working with AgriBank and its associations in the years to come.