AGFIRST FARM CREDIT BANK

Partner

SOMETHING OLD...
SOMETHING NEW

PAGES 8-9

A CUSTOMER-FOCUSED COOPERATIVE COMMITTED TO CONTINUOUS IMPROVEMENT

SPRING 2000

Partner

is published for directors, employees and retirees, all of whom are a valuable part of the bank's activities.

what's inside

our mission

"Enable our members to be the lender of choice to agriculture and rural America through cooperation and added value funds and services."

Partner** is published by *AgFirst** *Farm Credit Bank*.
Please address any comments, questions or address changes to Advertising and Communications, *Ag***First** *Farm Credit Bank,* P.O. Box 1499, Columbia, SC 29202-1499.
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Printed with farmer-grown soybean ink.

PRINTED WITH SOY INK

Challenges for the Year 2000

Whether you believe that the year 2000 was the end of the millennium or the beginning, these are certainly exciting and challenging times to be in our respective businesses, farming and banking.

Given the commodity prices that we have endured the past two years, you would expect more difficulties in our balance sheets. Thankfully, significant additional cash flow provided by Congress has allowed farmers (and their lenders) to hold their own.

In fact, statistically, our loan quality is slightly higher today than it was 12 months ago, but we know there are pockets of stress. While we are seeing some gradual strengthening in some commodities, grains and cotton have received little good news regarding prices in 2000.

However, early indications are that again this year government payments may pick up the slack. Excluding any emergency funding that may be provided, today's commodity prices would trigger program payments approaching $17 billion.

Globally, there is optimism that some economies will enjoy better prospects this year than last. Eventually, this will improve our export picture for ag commodities, but there are substantial surpluses yet to be worked through.

The outlook is still tenuous, and it will be interesting to see if world demand for capital significantly increases interest rates. Some analysts are predicting that longer-term rates could increase by 100 basis points over the next 12 months.

Even though long-term improvement appears promising, there is clearly a lot of potential for short-term turbulence from the U.S. stock market, interest rates, strength of the dollar, Japan's recovery and oil prices, not to mention politics.

Another big challenge for both of us is biotechnology and information technology. Certainly the jury is still out on genetically modified seeds and the resistance received from environmental groups and European countries.

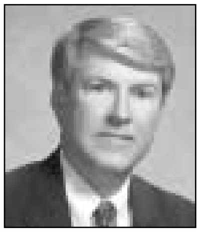
Keep in mind, however, that the only ones complaining are those who already have plenty to eat each day. It will be difficult to keep a technology down that allows the world long term to feed itself better and more cheaply and eliminates the need for additional plow down of forest and wildlife habitat.

Information technology is evolving so fast that it is impossible for companies and Farm Credit organizations to stay current. In fact, companies that try to stay on the cutting edge run the high risk that after substantial investment, they have misread the tea leaves and are out of sync with the rest of the world. Recently we have seen a lot of press regarding AOLs takeover of Time Warner and its impact on how information is moved. This could eventually impact us all. There are huge bets being made by technology companies and some of them will be wrong.

Our strategy continues to be one of trying to stay in the main stream yet be positioned to take advantage of new innovation. We want to provide our customers more flexibility, yet provide the core systems that allow them to take advantage of the economies of scale of being part of the AgFirst family.

In simplistic terms, we would like for our technologies to be more like component systems that work with each other rather than one that is large, inflexible and cumbersome. We feel this gives our customers the best opportunity for success and more independence to control their own destiny.

One thing is sure, all of this change is stressful and must be managed. It will take extraordinary effort on our part to change as fast as the world around us. And it will take superior human capital empowered to meet the challenge. ❖



F.A. "Andy" Lowrey
Chief Executive Officer

Legislative Issues *for* the Year 2000

As we make our way into the new year, there are some very important issues on our legislative horizon. The following are some of them:

Customer Choice Regulation — As this article goes to print, the Farm Credit Administration Board has not announced it will consider the final regulation on Customer Choice. FCA Board Chairman Michael M. Reyna remains committed to removing territorial boundaries in the Farm Credit System (FCS). "For the FCS to remain relevant in the financial services sector, territorial boundaries must come down," he said.

Board Member Ann Jorgensen said that she supports taking more time before considering the Customer Choice Rule. "This gives us more time to consider our options and still maintain our ultimate goal of allowing farmers and ranchers to choose the lender that best meets their needs," she said.

It now appears that the board will take more time in considering the current regulation and its impact on system institutions and their customers.

Nick McNair, Vice President, Legislative & Public Affairs, nmcnair@agfirst.com

FCSIC Issues — The Farm Credit Council is coordinating a System work group that will be working with Mike Reyna and his staff to resolve specific issues surrounding the operation of the Insurance Corporation. The work group is focusing on six policy issues:

(1) the timing of premium level reviews

(2) how the secure base amount is determined

(3) should premiums be assessed while the Insurance Fund is at the secure base amount

(4) the formula for allocating funds to the Allocated Insurance Reserve Accounts (AIRAs),

(5) when funds should be withdrawn from the AIRAs

(6) what time period should elapse before System institutions might receive a pay out from the AIRAs

The work group has had an initial conference call to review a Council prepared background paper. We expect a meeting with FCSIC early this winter.

Response to Latest Ely White Paper — Bert Ely has issued a new "white paper" funded by the American Bankers Association (ABA). ABA reportedly has printed 10,000 copies of the paper for distribution around the country and on Capitol Hill. The paper calls for the privatization of the Farm Credit System, claiming that the System benefits from a $1 billion annual subsidy from the government that would do more good by using it to provide farmers a tax break on interest paid to all lenders.

Numerous System institutions have asked the Farm Credit Council to develop a direct response to Ely and to aggressively market that around Washington. In lieu of that approach, the Farm Credit Council has hired Dave Freshwater and George Irwin to develop a positive positioning piece for the System which tentatively has been entitled, The Farm Credit System — Serving Agriculture in the 21st Century. This piece is intended to give the System a positive message of our own to take to the Hill to counter the negative message that will be put forward by the ABA.

Work is currently underway on the project with a completion date set for early March.

Crop Insurance Reform — Crop Insurance reform was one of the issues left hanging when Congress adjourned for the year in November. As a result, it is poised to be one of the first items of business when Congress returns.

Following several weeks of negotiations and debate, the House Agriculture Committee passed its version of Crop Insurance reform, HR 2559. The bill, authored by Committee Chairman Larry Combest, was supported by the Farm Credit Council and would spend $6 billion on crop insurance during fiscal years 2001 - 2004. Most of the money would be spent to increase the subsidy on crop insurance premiums in an effort to make the program more affordable for farmers and to encourage farmers to purchase higher levels of coverage.

The Agriculture Committee included a provision that would authorize cooperatives and non-profit trade associations to purchase catastrophic insurance coverage on behalf of their members. This provision is strongly opposed by the insurance industry, particularly insurance agents. Farm Credit has not taken a position on this provision.

Following approval by the House Agriculture Committee, the full House of Representatives approved the bill overwhelmingly.

Despite substantial efforts by several senators to move crop insurance reform through the Senate Agriculture Committee, disagreements over the bill killed the bill's chance of Senate passage in 1999. Early in the year, Sens. Pat Roberts (R-KS) and Bob Kerrey (D-NE) introduced a bill with the backing of the insurance industry and much of the agricultural community and that was mostly similar to the House-passed bill. The bill attracted a number of Senate cosponsors and seemed to have momentum until committee Chairman Richard Lugar (R-IN) introduced a bill that made only modest changes to the crop insurance program and spent the bulk of the $6 billion available by passing out payments to farmers who agreed to undertake a variety of risk management strategies.

With the Senate Agriculture committee divided over the direction of the program, Senator Kerrey and others were set to attempt to include their version of the bill on the must-pass Agriculture Appropriations bill. Following negotiations between Sens. Roberts, Kerrey, Lugar and other Senate leaders, Roberts and Kerrey agreed to withhold their legislation on the promise that Senator Lugar would schedule a mark-up of crop insurance legislation early in 2000.

In an early December meeting with district legislative officers and Farm Credit Council staff, Senate Agriculture Committee staff director Keith Luse indicated that the committee likely would mark-up crop insurance reform legislation in February. If senators can agree to a compromise between the two approaches in February, Crop Insurance reform has a good chance at enactment in 2000.

Privacy Provisions — The Financial Services Act of 1999 (H.R. 10), which provided new authority for a sweeping overhaul of U.S. financial institutions, contained a highly controversial provision dealing with customer privacy issues. During consideration of H.R. 10 on the House floor last summer, language was added to include Farm Credit System institutions, making them subject to new customer privacy requirements. Because these new requirements were duplicative of existing Farm Credit Administration privacy regulations and because the House of Representatives adopted privacy provisions without consulting the House Agriculture Committee, the Farm Credit Council worked to strike language impacting Farm Credit System institutions.

As a result of working with the leadership of the House Agriculture Committee as well as a number of key U.S. Senators, the Council succeeded in having the offending provisions deleted from the financial modernization legislation (Public Law 106-102). Looking forward to the year 2000, a number of key legislators in the House of Representatives and the Senate, as well as Clinton Administration officials, have stated they intend to reopen the debate over privacy issues early next year. The political interest in privacy concerns remains high and will no doubt be a significant issue in 2000.

Farm Services Agency (FSA) — On December 16, the Farm Credit Council staff joined a group of lender organizations and farm commodity groups at USDA to explore the availability of FSA direct and guaranteed lending levels for the balance of the current fiscal year (expiring on September 30, 2000). USDA officials assured the group that, unlike the last several years, there is sufficient funding available for operating and ownership direct lending, as well as the FSA guaranteed lending programs for the year 2000 planting season. This level of funding results from a significant increase of money provided for these purposes in the omnibus appropriations legislation approved late in 1999 (Council staff lobbied the Congress throughout the year to make available adequate funds for FSA lending programs).

A related concern that may impact the ability of FSA to provide any number of services, including loan making activity, is a critical need for more funds to assure adequate staffing in the spring of 2000. The USDA will be asking Congress for additional monies to ensure FSA offices are adequately staffed early in 2000. This funding problem will affect all functions and activities of FSA offices across the country, and the Council will be actively working to ensure USDA has the necessary funding.

Series of hearings likely — With no improvement for farm commodities prices projected for the near term, we are likely to see the Congress explore ways to further assist agriculture. Already, Rep. Larry Combest (R-TX) who chairs the House Agriculture Committee, has announced his intention to hold a series of hearings on agriculture conditions across the country. Combest has indicated his desire to move legislation addressing possible changes to the 1996 Farm Bill in the year 2000. In the Senate, Agriculture Committee chairman Richard Lugar (R-IN) continues to be steadfastly opposed to any changes in the 1996 Farm Bill. As a result, Democratic senators have announced a number of hearings to be held, outside of the Agriculture Committee structure, early next year focusing on the need to make changes to the current Farm Bill.

Young, Beginning, and Small Farmer (YBS) Study — Doane Agricultural Services Company is in the process of analyzing the YBS survey data and will share preliminary results at the Farm Credit Council's Annual Meeting during a breakout session. Doane's final report was due on January 31, 2000. Over 5,500 farmers were surveyed to obtain data on the types of products and services that make them successful. Nearly 1,500 farmers returned the surveys, and we expect the results to be valuable to the System. This project has been funded by the Presidents Planning Committee and managed by the Council. John Hays has worked closely with Doane since October on designing the survey and providing other consultations. The Council will obtain the raw data collected from the surveys and will be able to analyze the data subsequent to Doane's final report. ❖

Top 10 Farm Credit PAC Contributors In AgFirst District

Association Name	Total Amount Contributed
Carolina Farm Credit	$5,824.62
First South PCA	3,845.00
Central Florida	3,035.00
AgChoice	2,930.00
AgSouth	2,680.00
AgGeorgia	2,480.00
Southwest Florida	2,175.00
South Florida	1,700.00
Central Kentucky	1,650.00
Tar Heel	1,625.00

100% Board Participation
Farm Credit PAC
As of December 31, 1999

Carolina Farm Credit
Central Kentucky ACA
Colonial Farm Credit
Farm Credit of Central Florida
Farm Credit of Northwest Florida
Farm Credit of Southwest Florida
Southwest Georgia Farm Credit

Professional Liability Insurance

Jerry Shuffler, Director, Insurance, Financially Related Services and Strategic Alliances, jshuffler@agfirst.com

Because both policies are forms of professional liability insurance, some confusion exists between director and officers (D&O) liability insurance coverage and professional services liability insurance (PSLI) coverage. One can look at the respective insuring clauses to understand the confusion.

- D&O provides protection against actual or alleged errors or misstatements or misleading statements or acts or omissions or neglect or breach of duty by the insureds.
- PSLI provides protection against actual or alleged negligent acts, negligent errors or negligent omissions on the part of the Assured.

The insuring clauses are very similar in that they both guard against errors and omissions. So, what is the difference? The principal difference is the PSLI policy does not cover claims arising out of lending or lending decisions. Think of D&O covering claims associated with the core business of lending and lending services. Think of PSLI as covering claims associated with services other than those that are associated with lending. Services covered under PSLI include:

- Tax preparation
- Record keeping
- Business Consulting
- Fee appraisals
- Loan Servicing
- Insurance Sales
- MIS Services
- DP Services
- Software Sales

Alliances with financial services vendors are also covered under PSLI.

Coverage for a new service does not automatically attach when the service is implemented. Associations are contacted at each annual renewal to confirm existing coverage. If a new service is implemented and coverage is desired, it is necessary to contact the bank's FRS and Insurance section.

Certificate of Insurance

Certificates of insurance serve a very simple purpose and that is to evidence or prove existence of insurance absent of having to show a complete insurance policy. Typically, general liability certificates are most frequently requested; however, certificates can be required for practically any activity or service covered by our numerous lines of insurance, i.e., bond, D&O, auto liability, loan servicing, etceteras.

While the basic purpose of certificates evidence insurance to third parties, there are two additional purposes, depending upon the demands of the third party person or involved. The third party can demand to be named the certificate holder and/or an additional insured under the coverage.

As a certificate holder the third party is entitled to notification rights of certain changes to the coverage, particularly advance notification prior to cancellation or termination by the insurer. As certificate holder a third party is not afforded any actual insurance protection. A third party, however, can request to be named as additional insured with or without being named the certificate holder.

The point of all this is if a certificate is simply for the purpose of evidencing insurance, the only information required is the name and the location and/or address of the associated event or activity and the date and duration of the activity or event. If a certificate holder and/or additional insured is to be named, then the appropriate name and address of such third party(ies) is required along with whether they are to be designated as either certificate holder, or additional insured or both. ❖

Farm Credit System Insurance Corporation Elects New Chairman

Ann Jorgersen was elected chairman of the Farm Credit System Insurance corporation. She succeeds Michael M. Reyna who was appointed by President Clinton as chairman and chief executive officer of the Farm Credit Administration following the death of Marsha Martin.

Ms. Jorgersen also serves on the Farm Credit Administration board. Before her appointment to the FCA board in 1997, she farmed in partnership with her husband and ran a small business. She has 10 years' experience as a tax accountant and seven as a licensed commodity broker. A native of Iowa, she holds a B.A. degree from the University of Iowa.

The Insurance Corporation is an independent U.S. government corporation responsible for ensuring the timely payment of principal and interest on notes, bonds debentures and other obligations issued by the Farm Credit System banks. It manages a $1.4 billion insurance fund. ❖

Martin's death saddens the Farm Credit community

Marsha Pyle Martin, chairman and chief executive officer of the Farm Credit Administration, died Sunday, January 9, 2000, in Austin, Texas.

The Farm Credit Administration is the independent federal agency responsible for the regulation and examination of the Farm Credit System.

Ms. Martin, 61, was appointed to a six-year term by President Clinton in 1994 and was the first woman to serve as chairman in the 65-year history of the FCA. There were other firsts as well. She was the first woman senior executive in the Farm Credit System, serving as senior vice president of the Farm Credit Bank of Texas. She was also the first woman to serve as a director of the Farm Credit System Insurance Corporation.

A lifelong advocate for farmers, ranchers and rural America, she spent more than 30 years working in agriculture and agricultural finance. In her role as chairman and CEO, she continued her efforts by promoting policies and programs in support of agriculture and rural development that fostered efficient and competitive credit markets for borrowers. She is credited with inspiring the FCA board to develop a strategic vision that would ensure the long-term viability of the Farm Credit System and keep pace with the rapidly changing financial services industry. Martin spearheaded the move to customer eligibility criteria that enabled greater access to System financing which had not been done in more than 25 years. She also revitalized the staff of the FCA, giving them a renewed sense of their mission to serve agriculture and rural America into the 21st century.

Born in Paris, Texas, Martin graduated from the Texas Woman's University and received an M.S. from Texas A&M University. She joined the Federal Intermediate Credit Bank of Texas in 1970, and worked there until her appointment to the FCA board.

"We are surprised and saddened by the loss of our colleague who was such a vibrant force," said FCA board members Michael Reyna and Ann Jorgensen. "America's farmers and ranchers and the entire Farm Credit System lost someone today who has worked tirelessly for them and for all of agriculture. Our thoughts and prayers are with her family, who were so very important to her," they said. ❖

Farm Credit Leasing Sets Numerous Records

The popularity of lease financing is growing in leaps and bounds. As a result, the Farm Credit System is among those financing institutions reaping the rewards. This is particularly apparent with the success of Farm Credit Leasing, the System's lease financing service corporation.

FCL reported record total revenue of $152.6 million, up from $144.3 million or a 6 percent increase from 1998, for the fiscal year ending Sept. 30, 1999. This past year's net earnings rose to a record $10.1 million, up from $9.4 million or a 7 percent increase over the previous year.

In addition, FCL had record new lease placements totaling $546 million, up from $450.9 million or an increase of 21 percent for the fiscal year.

At fiscal year-end, FCL had total assets of $792 million, up from $769.1 million.

FCL attributes its growth in revenue and earnings to a number of factors. Most significantly, the company's syndicated lease activity increased 135 percent over fiscal 1998 to $193.2 million. FCL's vendor-based leasing programs accounted for approximately $19 million of business that did not exist in 1998. The company saw leasing by large cooperative customers increase by 20 percent. Finally, the introduction of FCL's LeaseManager product added another $194,000 in fee income to the company's bottom line.

"Farm Credit Leasing's multi-channel strategy paid off in 1999," said Philip J. Martini, FCL's president and chief executive officer, who joined the company Nov. 1, 1999. "The company had several channels that compensated nicely for those that saw some softness within the segments they serve. Our strategy will be to continue to refine this multi-channel delivery system to maintain the company's momentum into 2000 and beyond."

FCL is the seventh-largest independent leasing company in the nation. It serves agricultural producers, their cooperatives, rural utilities and Farm Credit System entities. FCL provides equipment leasing and related services for all types of equipment used in the agriculture and rural utility industries, including fleets of automobiles and trucks, ag production and processing equipment, material-handling equipment, storage facilities, office equipment and computers, utility equipment, switching and communication equipment.

Today, this national network of more than 200 borrower-owned banks, associations and service corporations provides production agriculture with approximately one-quarter of its credit and financial needs. CoBank, the System's $22 billion Denver-based cooperative bank specializing in agribusiness, ag export and rural utility financing, is FCL's majority owner. AgFirst Farm Credit Bank owns the balance of FCL's common stock. The five other Farm Credit Banks own preferred stock in the company. ❖

Something Old...

Something

AgFirst Farm Credit Bank held a very special event on Monday, February 7 — a celebration of history, art and agriculture.

The beautiful, historic building, built in 1923 and expanded in 1935, which has been home to employees of the Farm Credit banks in Columbia for more than 75 years, was rededicated. The Federal Land Bank of Columbia cornerstone was removed and a plaque bearing the name AgFirst Farm Credit Bank attached. Bill Jackson, chairman of the board, placed inside the cornerstone a time capsule containing items representing AgFirst and agriculture in the new millennium, to be opened in the year 2025.

The year 2000 marks the 25th anniversary of Blue Sky's famous Tunnelvision mural. In observance of this milestone, Jim Camp shared some historic aspects of that mural and the connection it has had for him as he began working for the bank that same year. After his remarks, a video compiled by Farm Credit Productions from footage taken from the archives of S.C. educational TV and WIS-TV was shown.

Special guests included Congressman Floyd Spence, S.C. Agriculture Commissioner Les Tindal, and Columbia's Mayor Bob Coble as well as many bank retirees.

Jane Jenkins Herlong, a former Miss South Carolina from Johnston, S.C.; Randy Lucas and the String Menders; and Susan Anderson and the University of South Carolina Dance Company provided entertainment.

The finale of the ceremony occurred when a gunpowder fuse ripped open the tarp hiding the new mural. The more than 350 attendees applauded enthusiastically as the "Light at the End of the Tunnel" was unveiled. ❖

Featured on the cover is a portion of "Light at the End of the Tunnel."

Don Freeman, chairman of the board, deposits time capsule into cornerstone.

Joe

Jane

New

Andy Lowrey,
CEO, AgFirst
Farm Credit Bank

Where there's Farm Credit, there's food!

Pinner,
WIS-TV

Jessica Trotter, daughter of AgFirst employee and a member of the U.S.C. Dance Company

Mayor Bob Coble thanks AgFirst for its contribution to art in Columbia.

Local t.v. cameraman and Blue Sky (right)

enkins Herlong

Blue Sky,
Columbia artist

Quality Assurance — The New "Kid" in IMD

by Kay Jay
Quality Assurance Manager
kjay@agfirst.com

Because today's technology brings new demands to creating quality software, AgFirst created a Quality Assurance department in January 1999. Our focus is to ensure a planned and systematic approach to our software delivery.

IMD will be analyzing packaged vendor software during our migration to a client/server environment. QA is completing a new methodology that will provide a step-by-step process to evaluate vendor software. The methodology will provide the means for project teams to define detailed requirements, weigh the requirements using "importance factors," and score vendor packages objectively.

Software development projects involve more than technology. Because of the AgFirst commitment to bring the best business practices and the best and most suited technology together, more than 100 of our personnel received project management training from Keane, Inc. This training has focused all departments on the basic principles of project management:

- Define the project in detail
- Get the right people involved
- Estimate project time and cost
- Break the job down into small segments
- Establish a change procedure
- Agree on acceptance criteria

In conjunction with these principles, we have initiated new procedures for projects. These procedures promote consistent, reliable, repeatable practices for software development and for running projects. Many organizations continue to find these principles valuable to project success.

Our associations have asked what they can do to help in our software delivery process. We have identified these two areas:

1. ***Standards***

Compliance to standards benefits everyone. By keeping equipment and software current with AgFirst standards, system performance is assured. In addition, cost of ownership of equipment is optimized.

QA is creating a new test room where all equipment and software conforms to AgFirst standards. Prior to release, software will be tested in this standard environment. This is another good reason for compliance to standards.

2. ***Phased Implementations***

We have been distributing new software through phased implementations. Rather than distributing changes to all associations at one time, we have found that a phased approach improves the quality of service. Phased implementations give us the opportunity to provide onsite help and to better support questions from customers. We appreciate the willingness of our associations to take part in this process. We welcome feedback from you regarding our products and services *at any time.* Keep in mind that we work closely with the Customer Support Center, so you can communicate feedback through them.

The Quality Assurance department is excited to be part of AgFirst. Our goal is to continually find ways to improve our systems and service to our customers. The Quality Assurance department is not interested in "Quality by Chance." Our mission is "Quality by Design." ❖

From left, front, Sherri Wise, Richard Olsen, Jennie Harmon; back, Marlene Arsenault, Patsy Buck, Lois Fernberg, Kay Jay.

The Quality Assurance department is not interested in "Quality by Chance." Our mission is "Quality by Design."

Quality of Service

by Susan Shufford
Acting Director - Internal Audit
sshuford@agfirst.com

The district associations made their annual evaluation of the quality of service provided by AgFirst in the fourth quarter of 1999. This survey was initiated in 1995 and has consistently provided the bank with suggestions for new services and helped identify opportunities to improve existing functions.

For 1999, the questionnaire was revised to reflect the bank's reorganization. Each association was asked to evaluate the following departments of the bank:

- CEO
- Treasury
- Legal
- Lending
- Legislative & Public Affairs
- Marketing
- Human Resources
- Bank Services
- Operations
- Information Management
- Cash Management

Suggestions for improvements to the products and services of each department were also requested.

In addition to an overall evaluation of service, associations were asked to rate each major function of a department on the following attributes of superior service:

- Responsiveness
- Knowledge
- Reliability
- Accessibility
- Communications
- Professionalism
- Staff attitude
- Courtesy

The bank's overall rating continues to be quite favorable, again being just over 4 (good) on a five-point scale. The departments receiving the highest ratings were Human Resources (Steve Francis), Lending (Bill Clayton), and a tie between Cash Management (Pam Larsen) and Operations (Jim Camp).

The highest rated functions were in Human Resources-Payroll (Dottie Hooks) and Benefits (Joyce Leet). COAL Operations, managed by Kelly Mattox, followed closely.

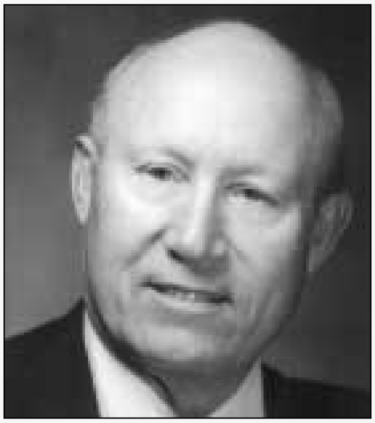
Often in daily operations, we don't give credit where credit is due. Close to 30 employees were mentioned individually as providing outstanding service, which gives the bank another opportunity to recognize these deserving individuals.

We appreciate the association responses that help us add value to our service. ❖

AgFirst Board Elects
Chairman, Vice Chairman

The AgFirst Farm Credit Bank board elected ***William S. Jackson*** chairman for the year 2000. Jackson owns a dairy farm and dairy farm store and is from New Salem, Pa. He is a director of Integra-South National Bank and a member of the Pennsylvania Farmers Association. His board term expires December 31, 2000.

The board elected ***F. Merrel Lust*** vice chairman for one year. Lust raises corn, soybeans and wheat on a 5,700-acre operation in partnership with his twin brother, his son and his nephew. He is from Marion, Ohio, and currently serves as board chairman of Ag Credit, ACA. His AgFirst board term expires December 31, 2001.



Stockholders Elect New Director

by Lori O. Ellis
Administrative Assistant
lellis@agfirst.com

AgFirst stockholders elected Robert G. Sexton, a third generation Farm Credit member, to the AgFirst Farm Credit Bank board of directors for a four-year term beginning January 1, 2000.

Bobby said, "The AgFirst board is very competent and committed to its shareholders. I hope to learn about the broader issues affecting agriculture and how we can continue to be the lender of choice to the agricultural community. I hope to better understand the capital markets and how we can obtain funds at the lowest cost and to learn that any regional differences we may have are minor compared to the commitment to work together for the common good of us all. I hope to be a positive contributor."

The Sexton family name is very well known in the citrus industry as well as in Farm Credit history. There has been a Sexton family member on the board of directors for South Florida since its conception in 1933. In 1996, Bobby was elected to the South Florida association board. "I am honored to be able to serve as a director of South Florida and now the AgFirst Farm Credit Bank board. I feel it is important to give back to and be a part of organizations that help make you successful. Member participation is a responsibility."

Born in Vero Beach, Fla., Bobby attended the University of Florida where he received a B.S. degree in business administration and master's in finance. Bobby is currently president of Oslo Citrus Growers Association and in 1990 he and his wife, Marygrace, founded the Orchid Island Juice Company, which annually produces some 5 million gallons of fresh squeezed orange juice.

Bobby is active in other citrus organizations within the state of Florida. He is president of Oslo Citrus Growers Association, vice president of Florida Citrus Packers and director of Seald Sweet Growers, Indian River Citrus League, and Highland Exchange Service Co-op. He is a member of the Indian River Farm Bureau and member of the Marketing & Advisory Committees for the Florida Department of Citrus. ❖

Format Changed for 2000 Educational Conferences

by Marie Stiles, Director,
Advertising and Communications
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We've changed the format of the upcoming educational conferences scheduled for Williamsburg, Va., May 10-12 and Chattanooga, Tenn., May 24-26 to position our keynote speakers on the program at times when there is the largest attendance.

On May 10 and May 24 (Wednesday afternoons), we'll have ***Don Reynolds***, a hands-on economist, who has served as chairman of the board on pension review and investment committees responsible for over $100 billion in investments. He has 15 years' experience with three of the nation's largest brokerage firms. He has taught at the university level for over 10 years and developed the nation's first graduate business course on the 21st century.

A graduate of the Securities Industry Institute of the Wharton School, he has a master's degree in planning and public administration and a doctoral background in economics.

A self-confessed information junkie, Don reads an average of seven newspapers every day and over 50 magazines and periodicals a month.

Having given over 600 speeches, Reynolds is known for his high-energy presentations, rapid fire Q & A and spontaneous humor. Some media critics have described him as visionary and near clairvoyant.

At the banquet on May 11 and May 25 (Thursday evenings), ***Mark Mayfield*** will have you laughing so hard, your sides will hurt! An attendee at a Farm Bureau meeting recently said to Mark after hearing him, "If you get any funnier, we will have to take out special insurance for those who split their sides while listening to you!"

Mayfield is a past national FFA president and a graduate of Kansas State University. Known as the "Corporate Comedian," he is a recipient of the Certified Speaking Professional, the highest earned designation given by the National Speakers Association. He makes more than 200 presentations annually and his trademark is his wit and ability to mix message and humor in the right amounts. His philosophy is simple — say it with humor and people will take the message home. ❖

Don Reynolds

Mark Mayfield

Calendar of Events

Holiday & Bank Closing

April 21
Good Friday

AgFirst Farm Credit Bank Board Meetings

March 20-21, Columbia

April 17-18, Columbia

May 15-16, Columbia

June 19-20,
Planning Meeting, Tampa

Other Meetings

March 28-30
AgFirst
Farm Credit District
Appraisers Conference,
Charleston, S.C.

May 10-12
AgFirst
Farm Credit District
Educational Conference,
Williamsburg, Va.

May 24-26
AgFirst
Farm Credit District
Educational Conference,
Chattanooga, Tenn.

July 15-18
AgFirst
Farm Credit Bank
2000 Annual Meeting,
The Fairmont Hotel,
New Orleans

Teaming *Grows* at Southwest Florida

In addition to growing new loans and customer relationships, Farm Credit of Southwest Florida is now growing "teams." Starting with a vision from President Jimmy Knight over a year ago, SWFL is now moving full force into a team-oriented organization that has virtually turned its organizational structure upside down.

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Teams have been empowered to make decisions related to the processes they represent that will enhance the organization's ability to meet and exceed its strategies and objectives as defined in its annual business plan. The management team's role in this new process-driven organization is to support and motivate the teams by providing assistance, guidance, communication and coordination between teams.

And, according to President Jimmy Knight, "… this is not easy. We are all used to dictating what we want done and then checking to see that it gets done the way we want it done. And, I'm the first to admit that I'm the worst offender." The entire management team is now working hard to learn new team management skills that will help them move from a dictatorial style of leadership to one of coaching and motivating.

As would be expected with any change so dramatic, Southwest Florida has undergone some "growing pains." There have been several changes in team composition, responsibility and management's role as the organization worked to define how its teams would be structured and function.

Initially, managers were the team leaders, which were set up along functional lines. This resulted in teams that functioned much like the departments since the manager was still basically directing what happened in the team meetings. Teams then were established according to the main processes of the association. And, although managers were on the teams, most teams were led by non-managers. In some cases, team leadership rotated to encourage more participation.

After several rounds of refining the teams, there still appeared to be too much management intervention primarily because management reviewed all team suggestions at its weekly meetings. Another problem for teams was not always receiving enough information about management decisions and what other teams were doing.

To remedy this situation, team leaders were then added to the weekly management meetings. This improved communication; however, it had a drawback since it tied up about a third of the employees for one to two hours weekly.

A team member then suggested establishing a team council, which would include one member from each team, including management, to address team issues (rather than the existing management/team leader group). This change would reduce the number of people involved in the weekly meetings and place the management team in the role of advising and supporting teams rather than "bossing" them. After discussion at the weekly management/team leader meeting, the proposal was then forwarded to team leaders to discuss with their teams and provide feedback prior to a decision.

Teams are now developing team measurements, which will evaluate how well teams accomplish their objectives and how well team members work together in their endeavors. In the future, these measurements will be included in all SWFL employee's individual performance evaluations. The purpose of this measurement is not only to measure performance but to encourage team participation and to reward employees for their team accomplishments.

The next step in growing the teams is for managers to better define and understand their roles in a team environment. To that end, management team members will participate in a training program in March designed to help them identify and develop the skills necessary to lead in their new team environment. ❖

Training Update

2000 Training Calendar*

Feb. 28-Mar. 2
Financing Agricultural Corporations
(FAC) (Musselwhite) (Min. 8; Max. 12)

Mar. 6-7, 8-9
Frontend Training
(2 sessions) (McAlhaney)

Mar. 6-10
Managing in a Team Environment
(SWFL) (Roche) CLOSED

Mar. 13-14
Frontend Training
(Columbia) (McAlhaney)

Mar. 20-24
Commercial Agricultural Financing
(CAF) (Musselwhite) (Min. 12; Max. 18)

April 10-12
Accounting, Cash Flow & Ratio Analysis
(ACFRA) (Duelke)

April 10-14
Introduction to Agricultural Financing
(IAF) (Musselwhite) (Min. 10; Max. 18)

May 12-16
Loan Systems Basic
(Bishop, Justice)

June 12-16
Loan Systems Basic
(Bishop, Justice)

June 26-30
Comm. Ag. Financing
(CAF) (Musselwhite) (Min. 12; Max. 18)
TENTATIVE

July 17-19
Loan Structuring & Lending Strategy
(LOSLES) (Duelke)

Aug. 21-25
Financing Ag. Corporations
(FAC) (Musselwhite) (Min. 8; Max. 12)
TENTATIVE

Sept. 11-15
Intro. to Ag. Financing
(IAF) (Musselwhite) (Min. 10; Max 18)
TENTATIVE

Oct. 16-20
Comm. Ag. Financing
(CAF) (Musselwhite) (Min. 12; Max. 18)
TENTATIVE

**All sessions held in Columbia unless noted otherwise*

Training savings for the AgFirst District

A training contract will be signed with ExecuTrain early in 2000 that will allow any association to take advantage of reduced prices at the same rate the bank now receives. ExecuTrain offers a variety of Microsoft and other software training classes for both end-user and technical uses. For several years, the bank has been saving money through this contractual arrangement that provides reduced prices in several different training venues — public or private classes at ExecuTrain or private classes on site. Prior to this service being activated, each association will receive:

1. An information packet from ExecuTrain, which will include a course schedule, information about the services available, and a listing of locations and contacts.
2. Information from Pat Roche about how to access the service. ❖

Commandments for the 21st Century

Will your organization prosper in the new millennium? Here are some strategies from *The Eleven Commandments of 21st Century Management* by Matthew J. Kiernan that will help you forge ahead:

- **Invent your own rules.** Don't be bound by the dominant competitive rules of your industry. Seek out a new competitive space.
- **Reinvent yourself constantly.** Be proactive and experimental. Make it the business of everyone in your organization to learn faster and better than competitors and turn that learning into new products and services.
- **Mine your hidden assets.** Often there is value potential inside and sometimes outside the organization that others may have overlooked. Make every effort to liberate it and use it.
- **Act swiftly.** Make speed and action your company watchwords. Reflection and analysis have their place, but it is better to be 80 percent right and quick than 100 percent correct and too late.
- **Tear down the barricades.** Eliminate internal barriers that separate people as well as boundaries that may exist between your organization and its suppliers and customers.
- **Empower your people.** Use all of their skills all of the time.
- **Measure your future.** Don't look only at last quarter's profit figures. Focus on key strategic and profitability drivers. Look at the dynamics of your business and get a picture of tomorrow's forecast instead of yesterday's news.

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