

FINANCIAL TOOLS & RESOURCES



AMERICAN AGCREDIT EXPERTS



Clay Popko
Regional Banking
Executive
cpopko@agloan.com
m: (707) 287-7380



Deanna Martin
Associate VP - Lending
dmartin@agloan.com
m: (707) 230-0212



Shannon Antonini
Crop Insurance Agent
santonini@agloan.com
m: (707) 953-4810
License # 0D08531



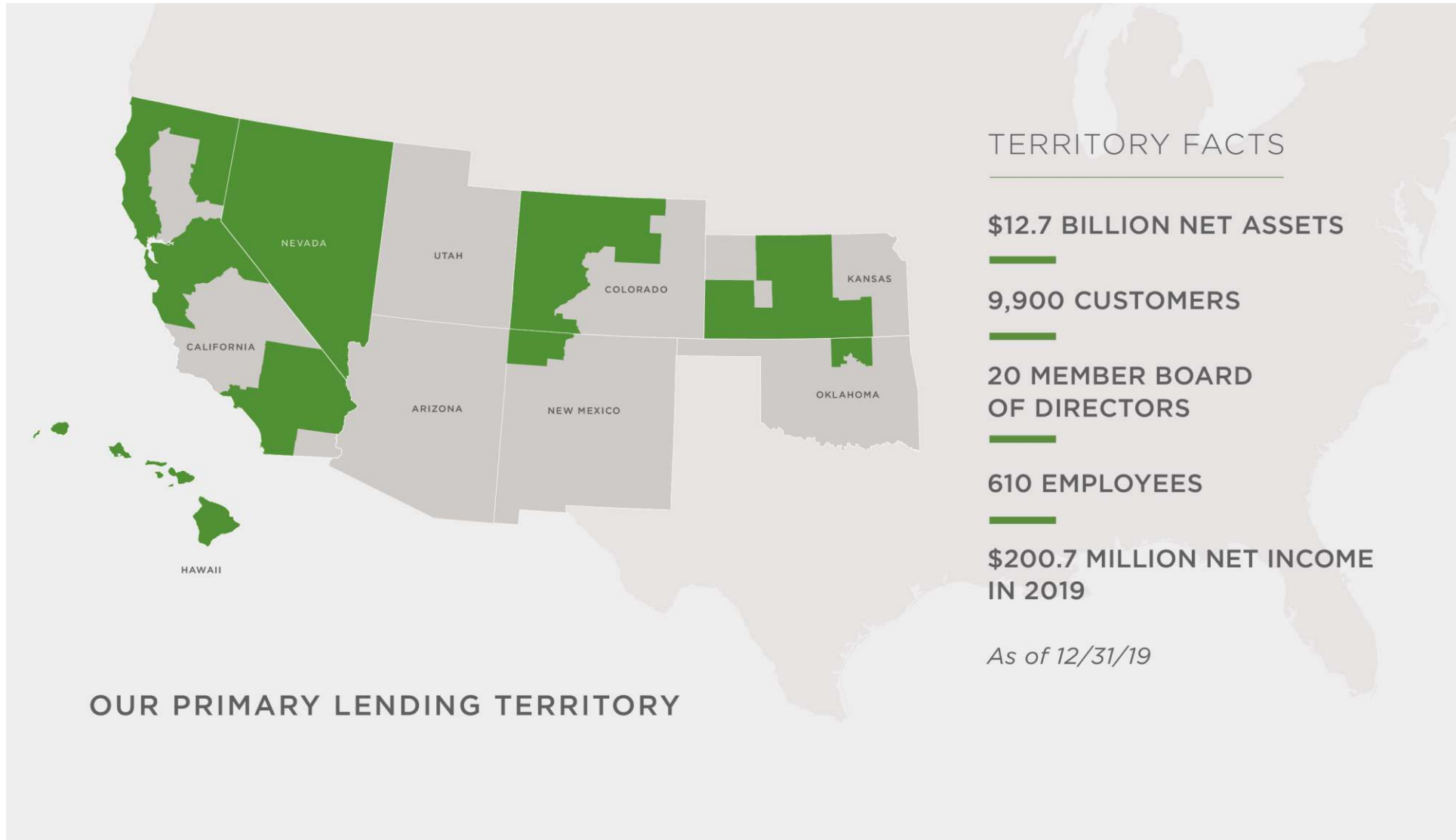
Mike Pipkin
Senior Appraiser II
mpipkin@agloan.com
m: (707) 695-8046

Serving all of agriculture

We are a leading provider of financing, insurance, treasury management and mission-driven program solutions, each customized to the unique needs of farmers and ranchers.

- We are a **cooperative** that supports agriculture with reliable, consistent credit and financial services for all segments of agriculture.
- We are a proud member of the **Farm Credit System** and the **5th largest association** in the nation in terms of assets.
- We have a **unique funding model** that allows us to structure loans with terms designed to match your operation's needs and cash flow.

AMERICAN AGCREDIT SNAPSHOT



COMMODITY DIVERSITY



COMMODITIES FINANCED

We maintain a diversified portfolio of commodities in order to:

- Withstand market pressure on any particular commodity and stick with customers through tough times
- Ensure we are in a position to pay out competitive cash patronage distributions

FARM CREDIT SYSTEM FUNDING SOURCE

- The System’s loan portfolio is funded by Debt Securities (Bonds) issued by the Federal Farm Credit Banks Funding Corporation (FCFC)
- FCFC Debt is rated AAA/P-1 by Moody’s, AAA/F1+ by Fitch, and AA+/A-1+ by S&P
- The Farm Credit System is well capitalized, with a 17.3% permanent capital ratio (regulatory minimum is 7.0%)
- Collectively the System provides credit and related services to more than half a million Member Borrowers

What this means for you:

Our funding is provided by the issuance of bonds and is not tied to deposits, as with a traditional bank. This means we are able to offer extremely flexible solutions and long-term debt options with interest rates you won’t find elsewhere.





RELIEF PROGRAMS

RESOURCES

- Loan restructuring
- Paycheck Protection Program (closed August 8, 2020)
- Coronavirus Food Assistance Program (CFAP) **Applications due December 11, 2020**
- Economic Injury Disaster Loan (EDIL)
- Wildfire, Hurricane Indemnity Program (WHIP) **possible program announcement in 2021**

Expanded list of resources: <https://www.agloan.com/covid-relief-and-support-programs-available-to-farmers-and-ranchers/>

LENDER OPTIONS

Re-Balance the Balance Sheet

- Lend additional funds to supplement working capital (liquid funds) to replenish after losses. Dependent upon ability to repay funds and sufficient collateral to do.

Extend & Re-amortize

- Extend the maturity of the loan and re-amortize the balance to lower the payments. Provides cash flow relief but will increase the overall interest paid over the life of a loan.

COVID Deferrals

- American AgCredit proactively offered to switch loans to a one-year interest-only or defer payments for six months for our borrowers in good standing.



CROP INSURANCE

CROP INSURANCE

Unique Features

- Crop Insurance is a Government Program
- Insurance is by variety
- Optional units are available
- Contract pricing available

	Percent							
Coverage Level	50	55	60	65	70	75	80	85
Premium Subsidy	67	64	64	59	59	55	48	38
Your Premium Share	33	36	36	41	41	45	52	62

Qualifications

- Can insure any or all varieties, but must insure all acres of selected variety in the county
- Vines must be in 4th growing season (2018) <or> 3rd after grafting (2019)
*new for 2020 – bench grafted vines are insurable on 3rd leaf
- When leased on a crop share, either the property owner, operator or both can insure their share

PRODUCTION YIELD GUARANTEE

- Based on the average total tons harvested
- Average is established using harvested tons per acre (APH) rolling average:
- 4 year minimum – 10 year maximum
- For vineyards with less than 4 years of production records:
 - Average yield will be calculated using county average yields or by Determined Yield Request

Minimum coverage

- Starts at 50%
- Increases by 5% increments
- Maximum 85%
- CAT is 100% subsidized, less \$655 fee

Unit guarantee

- Per acre guarantee
(% x APH) X acres
= unit guarantee

CONTRACT OPTION

All acres of a variety must be under a written contract.

Contracts must be dated by May 15 of the growing year.

Maximum allowed is double established price.

ESTABLISHED GRAPE PRICES BY VARIETY & CRUSH REPORT DISTRICT

- Price per variety to be paid for each ton of loss below the unit guarantee
- Established Grape Prices vary by Crush District

CRUSH DISTRICT 1 (Mendocino County, 2021 pricing)

Pinot Noir	\$3,088	Chardonnay	\$1,296
Sauvignon Blanc/Fume Blanc	\$1,329	Zinfandel	\$1,647
Cabernet Sauvignon	\$2,074	Merlot	\$1,292

COVERED CAUSES OF LOSS

Any unavoidable loss of production, damage or poor quality resulting from:

Adverse Weather

- Frost, wind, drought, heat, hail, rain

Bird & Wildlife Damage

Diseases & Pests

- Red blotch, Pierce's

Smoke Taint

- Assuming grower has met all policy requirements

<https://www.agloan.com/smoke-taint-information-for-wine-producers/>

Key Deadlines

Jan 31, 2021 – Purchase

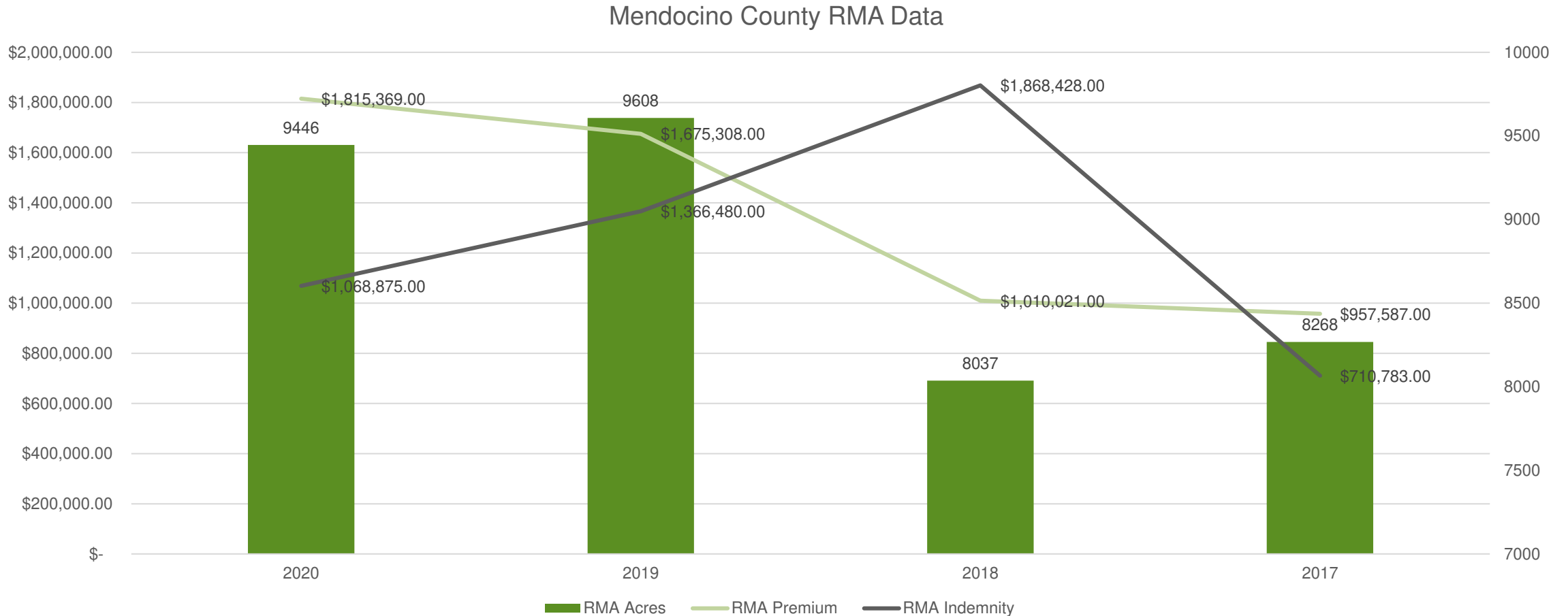
May 15, 2021 – Contracts

Timely Reporting of Damage

- Within 72 hours of recognizing potential damage
- Losses can be reported anytime during the growing season but no later than:
 - I. 15 days after harvest
 - II. Prior to diversion or destruction of the crop
 - III. End of insurance – harvest or November 10th, whichever is earlier
- Late notice of damage can be reported but claim will be denied if 60 days after harvest

CROP INSURANCE IN MENDOCINO COUNTY

According to the 2019 Grape Acreage Report and RMA data, approximately 58% of acres in Mendocino County are covered by crop insurance.



Data as of 11/17/2020

*2020 indemnity data is incomplete, since many claims are still open

LOANS AND LINES OF CREDIT



FINANCIAL MANAGEMENT TOOLS

Loans – Access to Capital

- Lines of Credit
- Term Loans
- Mortgages

Leases

- Preserve Working Capital



LOAN TYPES: LINES OF CREDIT



Revolving Lines of Credit

- Operating expenses/working capital needs
- Generally 1-3 years
- Crop, receivables, equipment serves as collateral

Equity Lines of Credit

- Operating expenses, working capital, development, capex
- Generally 1-5 year revolving period followed by termed-out period
- Real estate secured

LOAN TYPES: TERM DEBT

Intermediate Term Debt

- Terming out short-term debt, capex, development, consolidation
- 5-7 years
- Machinery, equipment, real estate can serve as collateral

Mortgage Debt

- Debt consolidation, purchases/acquisitions, equity cash out for working capital
- 15-25 years
- Real estate secured

LOAN TYPES: LEASES

Capital and Tax Leases

- Preserve working capital
- Finance up to 100%
- Terms very depending on item financed, generally 3-10 years
- Secured against item financed

- Machinery & Equipment
- Winery Capex/Equipment
- Barrels
- Solar

WHEN THERE IS A PROBLEM

Be Proactive with your Lender

If you know that you might need help, either you can't make your payment or think in the future you might not be able to make your payment. Do the following:

1. Reach out to your lender to give them a heads up about what issues you are facing
2. Items to discuss include:
 1. Can you make your payment? If not, when can you?
 2. Is this temporary? Is it still going on? When do you expect it to end? What measures have you already taken?
 3. Are there any other creditors that are not getting paid as well?
3. Be prepared! Having up to date financial information including a cash flow budget will help the lender make the best decisions








REAL ESTATE MARKET ACTIVITY

MENDOCINO COUNTY



LAND VALUE TRENDS

Mendocino County		VALUE PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND
 VINEYARD	Anderson Valley	\$65,000 - \$110,000	 Moderate Market Demand for all land-types	 Moderate	 Stable values for all land-types
	Inland Mendocino	\$25,000 - \$45,000		 Moderate	
 PLANTABLE	Anderson Valley	\$25,000 - \$35,000		 Moderate	
	Inland Mendocino	\$10,000 - \$18,000		 Limited	
 HOMESITE	Anderson Valley	\$200,000 - \$500,000		 Moderate	
	Inland Mendocino	\$50,000 - \$300,000		 Limited	

2019 North Coast Region 2 Value Trends

AMERICAN AGCREDIT EXPERTS



Clay Popko
Regional Banking
Executive
cpopko@agloan.com
m: (707) 287-7380



Deanna Martin
Associate VP - Lending
dmartin@agloan.com
m: (707) 230-0212



Shannon Antonini
Crop Insurance Agent
santonini@agloan.com
m: (707) 953-4810
License # 0D08531



Mike Pipkin
Senior Appraiser II
mpipkin@agloan.com
m: (707) 695-8046