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**July 17, 2017**  
**OFFICIAL NOTICE**

**ASSOCIATION ANNUAL MEETING INFORMATION STATEMENT**

**To the Owners of Stock and Participation Certificates in Legacy Ag Credit, ACA**

The Annual Stockholders Meeting of Legacy Ag Credit, ACA will be held Monday, August 14, 2017, at 6:30 p.m. in Sulphur Springs, Texas. The meeting will be located at the Hopkins County Civic Center on 1200 Houston Street, Sulphur Springs, Texas. A map is enclosed.

The stockholders of the Association will consider the following:

1. Adoption of the minutes of the 2016 meeting;
2. Report of corporate and financial operations for 2016 and the first quarter of 2017;
3. Report of the Nominating Committee;
4. Determination of the nominees for election of two (2) stockholders to the Board of Directors;
5. Determination of the nominees for election to the 2017 Nominating Committee; and
6. Other business

Following the meeting, dinner and refreshments will be served.

The following information is included as part of the annual meeting statement to comply with regulations implemented by the Farm Credit Administration:

1. Financial Reports of the Association for the fiscal year ending December 31, 2016 were included in the 2016 Annual Report, which was mailed to all stockholders prior to March 31, 2017. Included in the Annual Report was the "Report of Independent Accountants" discussing their audit and opinions. The 2017 First Quarter Financial Report has been posted on the Association's website.

The Association's 2016 Annual Report can be accessed via the Association's website at [www.legacyaca.com](http://www.legacyaca.com). In the future, the Association will publish its Annual Report on its website when the report is electronically sent to the Farm Credit Administration.

Shareholders' investment in the Association may be materially affected by the financial condition and results of operations of the Farm Credit Bank of Texas. The Farm Credit Bank of Texas' financial reports to its shareholders will be made available upon request. Please contact the Farm Credit Bank of Texas, The Ag Agency, P.O.Box 202590, Austin, Texas 78720-2590, call [512-259-2590](tel:512-259-2590).

[483-9204](tel:483-9204) or e-mail [fcf@farmcreditbank.com](mailto:fcf@farmcreditbank.com).

Stockholders of record as of May 31, 2017, eligible to vote, numbered 1,178. Members owning voting stock at the close of business on July 31, 2017, will be eligible to vote if they have been designated as the voting stockholder. Any matter brought to a vote at the annual meeting or thereafter by mail ballot will be decided by a simple majority vote.

2. Current director information:

Name	Age	Term & Expiration Period	Served (Years)	Type of Agriculture/Aquaculture Engaged In
R. Cody Newman	68	2016–2019	17	Beef cattle operation
A. G. Sandifeer	75	2014-2017	16	Beef cattle operation
Terry Milligan	56	2016–2019	7	Beef yearling grazing operation
Ron Gabriel	73	2015-2018	6	Beef cattle, horse and hay operation
Paul Nicklas	69	2015-2018	4	Beef cattle operation
Brandon Sides	36	2017-2017	.5	Peas and beans operation
John Shinn	69	2016-2019	1	Board-elected outside director
Bill Melton	68	2017-2020	.5	Board-elected outside director

The Bylaws provide that the Board shall have six (6) directors elected by stockholders and two (2) directors elected by stockholder-elected directors to serve as Outside Directors.

All Directors who served during 2016 attended at least 75% of the Board meetings convened during the fiscal year ending December 31, 2016. All Directors who served during 2016 attended at least 75% of the meetings of the committees on which they served during the fiscal year ending December 31, 2016.

There were no directors who resigned or declined to stand for re-election during 2016 because of a disagreement with Board-adopted policy.

3. There have been no transactions of the type required to be disclosed in FCA Regulation Sections 620.6(e) outside the normal course of business between the Association and its senior officers, directors or their immediate family members, or any organization with which such senior officers or directors are affiliated. There has been no involvement in any legal proceedings as described in FCA Regulation Section 620.6(f) during the past five years for any directors or senior officers.
4. The voting stockholders of this Association shall elect, by mail ballots to be sent after the 2017 meeting, one or more directors as may be required to fill any vacancy on the Board.

The Association Nominating Committee conducted meetings on February 22, 2017, and March 22, 2017, to nominate candidates for the open director positions. After determining the stockholders' willingness and eligibility to serve, the following were nominated by the Committee:

POSITION 1

David R. "Randy" Reeves

A. G. Sandifeer

POSITION 2

William P. "Bill" Blackmon

Brandon Sides

For information purposes, a brief biographical statement for each nominee that describes the occupation, farm operation, business experience, other board positions on which the nominee serves, and any family loan relationships that may exist with the Association, is furnished below:

**Director Position 1**

**David R. "Randy" Reeves – Age 57:** Mr. Reeves was raised in Ft. Worth and currently resides in Marshall, Texas in Harrison County. He is the County Extension Agent for Texas A & M AgriLife Extension Service for Gregg County in Longview, and he has been a County Extension Agent for 33 years. Serving as a County Extension Agent has been his principal occupation for the past five years. Mr. Reeves received a BS degree in Agricultural Economics and an MS degree in General Agriculture, both from Tarleton State University. Mr. Reeves serves on the boards of the Harvest Festival Livestock Show, the Texas Early College High School in Marshall and the Panola Charter School in Carthage. He manages the Master Gardner program in Gregg County and coordinates the Annual East Texas Turfgrass Conference. His farm operation consists of 18 acres managed for timber and wildlife. He and his wife Connie have two children. His business address is 405 E. Marshall Avenue, Suite 101, Longview, Texas 75601.

The Association has loans to an immediate family member of Mr. Reeves that were made in the ordinary course of business on the same terms including interest rates, amortization schedule and collateral, as those prevailing at the time for comparable transactions with other persons or entities, and involved no more than normal risk of collectibility.

**A.G. Sandifeer - Age 75:** Mr. Sandifeer was raised in Hopkins County and currently resides in Dike, Texas in Hopkins County. He retired from TXU Electric after 36 years of service and J & L Utility Construction Company after 16 years of service. He is the owner-operator of a cow-calf operation which has been his principal occupation for the past five years. Mr. Sandifeer attended Arlington State College. He currently serves on the board of Legacy Ag Credit, ACA (agricultural lending) where he is the Vice Chairman of the Board and is a member of the Audit, Compensation and Compliance Committees. He also serves as the Chief of the Dike Volunteer Fire Department. He and his wife Nancy have three children. His business address is 8897 FM69N, Dike, Texas 75437.

**Director Position 2**

**William P. "Bill" Blackmon - Age 62:** Mr. Blackmon was born in Montgomery, Alabama, raised in Dallas and currently resides in Wills Point, Texas in Van Zandt County. Mr. Blackmon has a diverse business background in sales, marketing, operations and various entrepreneurial pursuits. For the past 17 years, he has been the owner of BC Marketing, Inc., doing business as Fran Choice, a franchise consulting firm, which has been his principal occupation for the past five years. He has an Associate's degree in Criminal Justice/Forensic Science from William Rainey Harper College. His previous business experience includes corporate sales management positions with Del Mar Window Coverings, Jiffy Lube, and Louverdrape. He subsequently operated a Val Pak direct mail franchise before joining Money Mailer, another direct mail advertising company. Mr. Blackmon currently serves on no corporate boards. His farm operation consists of 75 acres in Van Zandt County where he and his wife Debbie raise registered Hereford cattle, quarter horses and hay. They also own several rental properties. His business address is 150 VZCR 3516, Wills Point, Texas 75169.

The Association has loans to an immediate family member of Mr. Blackmon that were made in the ordinary course of business on the same terms including interest rates, amortization schedule and collateral, as those prevailing at the time for comparable transactions with other persons or entities, and involved no more than normal risk of collectibility.

**Brandon Sides – Age 36:** Mr. Sides was born in Dallas and currently resides in Canton, Texas in Van Zandt County. He earned a BS degree in Political Science from the University of Texas with minors in Business and Spanish. He is the owner/operator of Sides Pea Farm, a Texas-based family farm operation comprising some 2,000 acres of owned and rented land. The farm produces fresh peas and beans for distribution in Texas, Oklahoma, Arkansas, Louisiana and Mississippi. This has been his principal occupation for the past five years. Mr. Sides serves on the board of Legacy Ag Credit, ACA (agricultural lending) where he is a member of the Audit and Compensation Committees. He also serves on the Dallas School District Farm to School Steering Committee that focuses on healthier school meals, and he is a member of the Canton County Farm Bureau. His business address is 1709 FM 2909, Canton, Texas 75103.

Directors are eligible for loans under the same terms and conditions available to any person. Loans outstanding with the nominees listed herein were made in the ordinary course of business, on the same terms, including interest rate, amortization schedule and collateral, as those prevailing at the time for comparable transactions with other persons. Except as disclosed herein, none of the nominees have had any non-loan transactions with the Association.

The director candidate information shown above was prepared and submitted by the respective candidates and is for educational purposes only. By regulation, the Association must remain impartial and can neither endorse nor oppose any candidate.

Nominations for Director Positions 1 and 2 will be opened to the floor at the meeting. Any voting stockholder may make a nomination from the floor. The presiding officer should call for a second for each floor nomination, and when nominations have been made and seconded, close the call for nominations from the floor. All nominees from the floor must accept the nomination, must be eligible voting stockholders and must provide the required disclosures, in writing, at the meeting or within five (5) business days of the meeting, in compliance with FCA regulations 611.330 and 620.6(e) and (f). Under these regulations any occurrence that would require disclosure must be disclosed. No person may be a nominee for director who does not accept the nomination, provide the disclosures required by regulations, or whose loan performance status would preclude them from serving, in accordance with Association Bylaws. Nominations for the 2018 Nominating Committee will also be opened to the floor at the meeting.

The Association’s Nominating Committee conducted a meeting on February 22, 2017, and March 22, 2017, to nominate candidates for the three (3) member positions (1, 2 and 3 herein below) and three (3) alternate positions (4, 5, and 6 herein below) for the 2018 Nominating Committee. After determining the stockholders willingness and eligibility to serve, the following were nominated by the Committee:

- |                        |                      |
|------------------------|----------------------|
| 1. <u>Bruce Wood</u>   | 4. <u>John Mize</u>  |
| 2. <u>Jan Moosberg</u> | 5. <u>Brett Tate</u> |
| 3. <u>Fred Moseley</u> | 6. <u>Bo Fox</u>     |

The election of two (2) eligible stockholders for Director Positions 1 and 2, and the election of the 2018 Nominating Committee will be accomplished by mail ballots which will be sent to eligible voting stockholders not more than ten (10) business days after the annual meeting.

**Terminated Merger Discussion:**

The Board of Legacy Ag Credit, ACA voted 4 to 3 in a split decision to enter into a Letter of Intent to merge with Texas Farm Credit in August 2016. In October of 2016, the board adopted a formal Merger Agreement related to the proposed merger with the same vote split. The deciding vote in both cases was cast by the appointed outside director, who during the board’s reorganization meeting in June 2016 was not reelected. During this meeting, the vote to reseat this director was also split 3 to 3. The outside director did remain seated, per Legacy’s association bylaws, but the bylaws also required that a “good faith” search be commenced by the board to locate his replacement. The board was divided as to how the future of Legacy should be directed, and as with any key strategic decision, there were positive attributes for both outcomes.

Those voting for the merger felt the combined association would benefit as follows:

- Diversification of risk in the loan portfolio, both geographically and by source of repayment.
- Ability to spread increasing administrative costs across a larger portfolio.
- Ability of a larger financial institution to offer a wider array of financial products and services.
- Opportunity to attract and retain key management personnel.
- Ability for a larger institution to comply with increased regulatory and internal control requirements.
- The merger documents established the potential for approximately \$13 million in allocated equities to be distributed back to the Legacy stockholders. The merger documents, however, specifically stated that any decision to pay patronage or retire allocated equities would be at the merged association's Board's complete discretion.

Those voting against the merger felt the association on a standalone basis would benefit as follows:

- Maintaining the local identity with localized management for the stockholder base.
- The association staff, if properly motivated, would actively pursue new business opportunities and effectively leverage the Association's capital to provide larger returns to the stockholders.
- The board had been encouraged by its ability to pay a substantial cash patronage in recent years.
- Legacy's strong capital base and attractive market place should enhance its ability to continue to pay reasonable patronage returns to stockholders and to recruit top management talent to run the organization.
- In addition, Legacy will be able to garner certain knowledge and financial products from the Farm Credit Bank of Texas that can be effectively delivered with a renewed management team.

In October of 2016, Legacy lost long-term board member Jerry Cordell with his passing. Mr. Cordell cast his vote in support for the decision to merge prior to his death. Due to his passing, for the association to operate with a full board, the board needed to reseat his board position. The board also had the duty to continue the search for a replacement outside director. In the months preceding his passing, the Legacy board had created a search committee to find outside director candidates. Qualified candidates were located that could serve in this capacity. At the November 2016 board meeting, two candidates for the outside director position were brought before the board for a vote. The board voted 3 to 2 to seat Mr. John Shinn to the outside director position. A motion at the November meeting was brought before the board to rescind the Agreement to merge. This vote passed in a 3 to 2 vote. Mr. Shinn chose to abstain from voting as he was new to the board.

Legacy Ag Credit is regulated by the Farm Credit Administration (FCA). FCA reviewed the facts of what transpired and concluded there were weaknesses within the board governance and decision-making processes. FCA did not voice an opinion over the intent to merge, but had significant concerns about the decision process to rescind the merger. It was clear the board was not aligned in its strategic vision for the association. Based on FCA's concerns, a Supervisory Letter was issued, which required the board to take immediate corrective actions. The association was required to hire a board consultant and provide regular reports of the board's activities to the FCA. The board has to date complied with all requirements of the Supervisory Letter.

The Farm Credit Bank of Texas provides funding for Legacy Ag Credit, and thus has a secondary role of oversight due to this commercial lending relationship. As FCBT evaluated the situation within Legacy's board, a strong recommendation was made to appoint a second outside director with substantial Farm Credit experience. It was felt this experience could guide the existing board in working through the fractionalized view for the association's future and provide unbiased input for the decisions the board would need to make to move forward. Legacy's board appointed Mr. Bill Melton, a previous CEO within the Farm Credit System with over four decades of experience, to be its second outside director effective in the February board meeting and appointed Mr. Brandon Sides, an association shareholder, to fill Mr. Cordell's unexpired term at the same time.

The following are disclosure items, events and expenses related to the Board of Director's decision to rescind the agreement to merge:

- Merger expenses totaling approximately \$115,000 were incurred to complete appropriate credit quality testing as part of normal and customary due diligence, pay attorneys, hold special board meetings specific to merger activity, and other items such as accounting and audit.
- On December 1, 2016, shortly after the agreement to merge was rescinded by the Board of Directors, the CEO resigned effective December 31, 2016. The former CEO did not disclose the reason in his resignation letter dated December 1, 2016.
- Mr. Lynn Dantzler, the recently-hired outside board consultant, will facilitate the search for qualified candidates for the CEO position with an initial target date of July 1, 2017, to fill the position. Mr. Dantzler is working with the assistance of the Farm Credit Bank of Texas to accomplish this task, interviews have been scheduled and the target date has been extended to August 1, 2017.

Both the board and management are committed to continuing the administration of the association in a safe and sound manner, compliant with all FCA regulations. The board will allocate ample time at the Association's 2017 Annual Meeting to respond to stockholders' questions incident to the Board of Directors' decision to rescind the merger agreement with Texas Farm Credit. Because of the timing of the Supervisory Letter, the Association's 2017 Annual Meeting was deferred until the third quarter of 2017.

### **Subsequent Events**

The above-referenced disclosure, under the title of Terminated Merger Discussion, was included in the association's 2016 Annual Report to Stockholders on pages 7 and 8. The disclosure referenced the rescission of the proposed merger of Legacy Ag Credit, ACA with Texas Farm Credit Services, as well as the resulting issuance of a Supervisory Letter from the association's regulator, the Farm Credit Administration (FCA), to the association's board. The association's board received a subsequent letter from the FCA on April 19, 2017, that established several additional requirements of the board, and the board is proceeding to appropriately address those requirements.

The Association's board also received letters from FCA on June 6, 2017 and June 13, 2017 that established several additional requirements of the board. The April 19, 2017 FCA letter contained information concerning alleged Standards of Conduct violations by several board members. The board has subsequently addressed those issues.

**Certification**

By signing below, I hereby certify that I have reviewed this Annual Meeting Information Statement and the information contained herein, and further certify that the report has been prepared in accordance with all applicable statutory and regulatory requirements and that the information is true, accurate and complete to the best of my knowledge and belief.



\_\_\_\_\_  
Terry Milligan, Chairman of the Board

Date of Signature: 7/17/2017



\_\_\_\_\_  
Al Conner, Interim Chief Executive Officer

Date of Signature: 7/17/2017



\_\_\_\_\_  
Daryl Belt, Chief Financial Officer

Date of Signature: 7/17/2017

**RECORD OF MINUTES  
ANNUAL STOCKHOLDERS MEETING OF  
LEGACY AG CREDIT, ACA  
APRIL 25, 2016**

The Annual Stockholders Meeting of the Legacy Ag Credit, ACA was called to order by Jerry Cordell, Chairman of the Board, at 6:30 p.m. on April 25, 2016, at the Hopkins County Civic Center in Sulphur Springs, Texas.

Chairman Cordell asked CEO Joseph Crouch if there was a quorum present. CEO Crouch answered in the affirmative and stated that the members present constituted a quorum. Stockholder Terry Milligan the opening prayer. Chairman Cordell turned the meeting over to CEO Crouch, to act as Chairman of the annual meeting.

CEO Crouch stated that a copy of the minutes from the 2015 meeting held April 20, 2015, had been mailed to each stockholder. CEO Crouch asked if there were any corrections or additions to the 2015 minutes. There being none, Stockholder A. G. Sandifeer moved to accept the minutes as mailed. Stockholder Ron Gabriel provided a second to the motion which passed by unanimous vote.

CEO Crouch introduced Nominating Committee Chairman Bruce Wood, who presented the report of the Nominating Committee. Mr. Wood explained the purpose of the Nominating Committee and advised those present that the Committee, consisting of himself, Jan Moosberg and Fred Moseley, met on January 29, 2016, to determine nominees for the open director positions. Mr. Wood advised those present that the candidates nominated by the committee had complied with the rules and requirements set out by FCA concerning disclosure and had reported such in the Notice of Annual Meeting. Further, he indicated the Annual Meeting Information Statement provided a description of each candidate's occupation, business experience and other positions on which the nominees serve, as well as any family relationships that may exist with the Association.

The Nominating Committee then presented the following candidates:

**Position 1:** Terry Milligan (Incumbent) and Suzanne Thomas

**Position 2:** Cody Newman (Incumbent) and John M. (Mike) Brown

Mr. Wood advised those present that the Nominating Committee met on January 29, 2016, to nominate candidates for the three (3) member positions and three (3) alternate positions for the 2017 Nominating Committee. After determining the stockholders willingness and eligibility to serve, the following were nominated by the Committee:

1. Bruce Wood
2. Jan Moosberg
3. Fred Moseley
4. John Mize
5. Bo Fox



**6. Thomas Goodson**

**Mr. Wood explained the election of three (3) eligible stockholders for the open director positions and the 2017 Nominating Committee members and alternates would be accomplished by mail ballots which will be sent to eligible stockholders not more than ten (10) business days after the annual meeting. Mr. Wood then turned the meeting back over to CEO Crouch to ask for nominations from the floor for the open Director and Nominating Committee positions.**

**CEO Crouch returned to the podium and asked for nominations from the floor for Director Position 1, calling for nominations three (3) times. There being none, CEO Crouch announced that nominations for Director Position 1 were closed.**

**CEO Crouch then asked for nominations from the floor for Director Position 2, calling for nominations three (3) times. There being none, CEO Crouch announced that nominations for Director Position 2 were closed.**

**CEO Crouch then opened the floor for nominations for Nominating Committee Members and Alternates. CEO Crouch called for floor nominations three (3) times. There being none, CEO Crouch announced that floor nominations for Nominating Committee Members and Alternates were closed.**

**CEO Crouch reminded those present that each voting stockholder of the Association would receive a mail ballot within ten (10) days of this meeting. He explained that the Farm Credit Administration, who is the Association's Federal Regulator, encourages Farm Credit Associations through regulations, to involve more of their stockholders in the process of electing Directors. He further explained that many Farm Credit Associations across the country had implemented a mail out ballot process so every voting stockholder would have the opportunity to vote for directors and Legacy Ag Credit, ACA, implemented this process in 2011.**

**In honor of the Farm Credit Centennial, those present watched a video presentation of the history of Farm Credit. CEO Crouch then discussed the Farm Credit Young Leaders Program and thanked past attendees for their participation in the program.**

**CEO Crouch then introduced Board Chairman Jerry Cordell and invited him to the podium to present the Board of Directors Report. Chairman Cordell welcomed those in attendance, and began by expressing his thanks to the directors and staff for their accomplishments and continued efforts in promoting the Association. Chairman Cordell covered some of the activities of the local board in the past year, including attending thirteen regular board meetings, fifteen Audit Committee meetings, and five Compensation Committee meetings, as well as attending the annual FCBT sponsored Director Development Program and the FCBT Annual Stockholders Meeting. Additionally, Chairman Cordell reported that he and other board members met with local congressmen and senators in Washington DC in 2015 to represent and support Farm Credit as well as our mission to serve farmers and ranchers in Northeast Texas. Chairman Cordell concluded his report by thanking the stockholders for their business and continued support of the Association.**

**Chairman Cordell turned the meeting over to CEO Crouch, who introduced CFO Daryl Belt, who provided the financial presentation and CCO Al Conner, who provided the credit presentation. CEO Crouch then provided the President's Report and concluded this portion of the program by providing an overview of the products and services offered by the Association and inviting current stockholders to refer others to the Association.**

**CEO Crouch asked if there were any other items of new or unfinished business that needed to be brought before the meeting at this time. There being none, Stockholder A. G. Sandifeer moved to adjourn. Stockholder Paul Nicklas provided a second to the motion which passed by unanimous vote. CEO Crouch expressed his thanks to those in attendance and the meeting was adjourned at 7:10 p.m.**

**Attest: \_\_\_\_\_  
Corporate Secretary**

**Signed: \_\_\_\_\_  
Chairman of the Board**



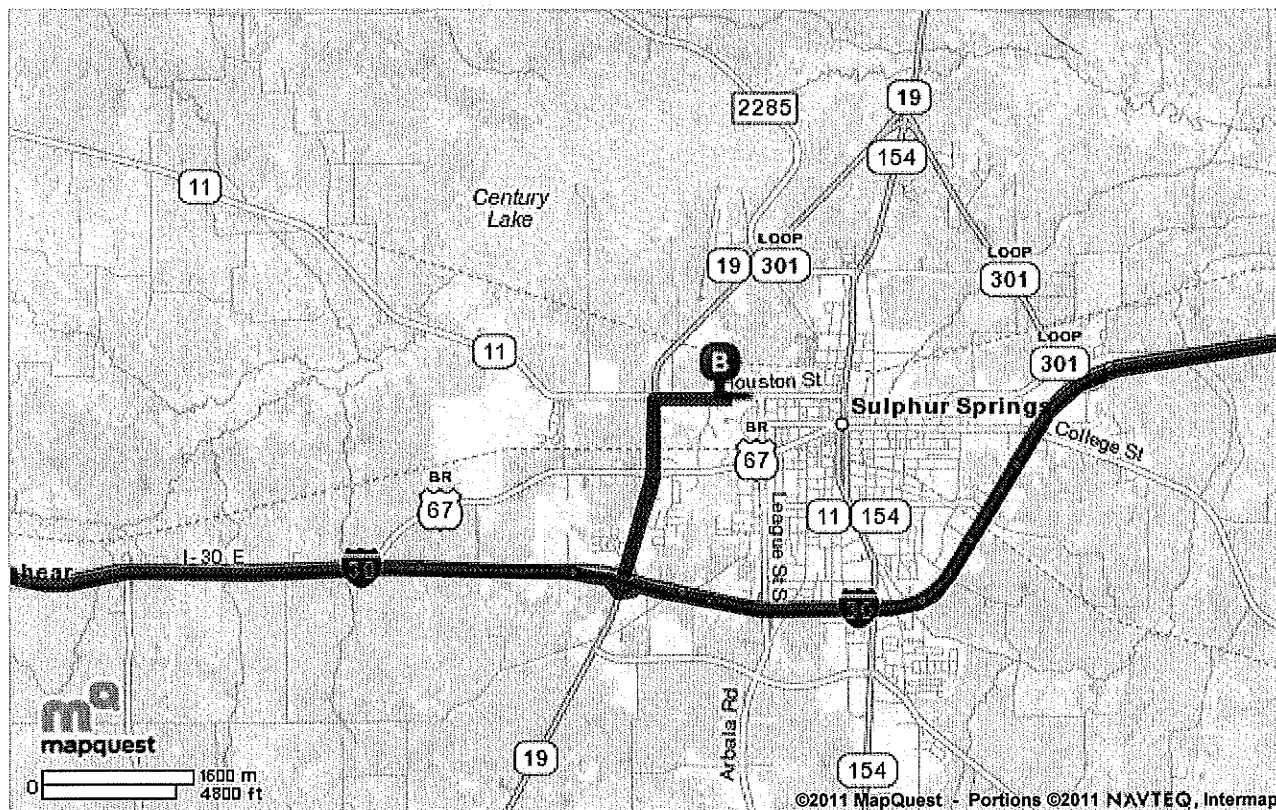
**Trip to:**

Hopkins County Civic Center  
1200 Houston Street  
Sulphur Springs, TX 75482

**Notes**

COMING FROM THE EAST  
Turn RIGHT onto TX-19 N/TX-301-LOOP N/HILLCREST DR S.  
Turn SLIGHT RIGHT onto TX-11 / HOUSTON ST.  
Destination on right- 1200 HOUSTON ST.

COMING FROM THE WEST-  
Turn LEFT onto TX-301-LOOP N/TX-19 N/HILLCREST DR S.  
Turn SLIGHT RIGHT onto TX-11/HOUSTON ST.  
Destination on right- 1200 HOUSTON ST



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