

LONE STAR

AG CREDIT



LOOKING BACK, MOVING FORWARD

Letter from the CEO

Lone Star Ag Credit celebrated the 100th anniversary of the Farm Credit System this year with great pride. Few businesses reach the century milestone, but Farm Credit has flourished and we continue to pursue our mission of supporting agriculture and rural communities.

The best part of the centennial year has been the opportunity to celebrate with our member-owners and reminisce about the changes in agriculture and Farm Credit over the century. It has been a wonderful trip down memory lane, as borrowers have shared their experiences and memorabilia. From stories of hard times when Farm Credit stood by them and their ancestors, to opportunities for financing that couldn't be found elsewhere, a picture emerges of relationships that extend beyond business.

Indeed, we at Lone Star often refer to members, board and staff as a Farm Credit family. Living and working in the communities we serve establishes strong bonds and long-lasting friendships.

We have celebrated at each of our stockholder appreciation dinners, taking time to look back and recognize that Lone Star is still proudly accomplishing the mission for which Farm Credit was created a century ago.

Farm Credit has evolved over the past century to keep pace with the dramatic changes that have occurred in agriculture. While we can't predict what the next 100 years will bring, we can anticipate that there will be up-and-down cycles and an even greater need for a dependable source of agricultural credit.

Lone Star will continue to be that steady lender. As a cooperative, we operate in the best interests of our member-owners, and with our reliable source of funds and our agricultural financing expertise, we will always strive to help our borrowers succeed.

We are honored to have helped generations of families start and grow their ag operations and make their homesteads in the country. We look forward to continuing to support you and helping our future generations to do the same.

A handwritten signature in black ink that reads "Troy Bussmeir". The signature is fluid and cursive.

Troy Bussmeir
Chief Executive Officer



Visit us online at lonestaragcredit.com.





In the early 1900s, commercial lenders considered agriculture to be a large risk. Interest rates were high, and long-term financing for farmers and ranchers was scarce. As a result, President Theodore Roosevelt appointed a Country Life Commission in 1908 to address the problems facing a predominantly rural population.

After congressional and presidential studies, Congress passed the Federal Farm Loan Act of 1916 “to provide capital for agricultural development, to create a standard form of investment based upon farm mortgage, to equalize rates of credit upon farm loans, to furnish a market for United States bonds, to create Government depositories and financial agents for the United States, and for other purposes.” The act established the nationwide Farm Credit System — a network of credit cooperatives — to be a reliable source of funding for farmers and ranchers.

This legislation established Federal Land Banks in 12 districts across the country, and provided the mechanism for farmers to form National Farm Loan Associations. It was to be a cooperative structure, and a portion of each farmer’s loan was used to purchase stock in the association, making the individual farmers the owners as well as the borrowers of the association.

U.S. Sen. Morris Shephard endorsed Fort Worth as the location for the first Federal Land Bank in the Texas District, but ultimately Houston was selected for the bank headquarters. By Nov. 30, 1917, farmers had organized 1,839 associations. The first loan in the Texas District was made in 1917 to W.S. Smith of Grayson

County. Smith would have been a customer of the present-day Lone Star Ag Credit.

Following World War I, which was a prosperous time for farmers, prices collapsed, resulting in a shortage of short-term credit for farmers and ranchers. Congress responded with the Agricultural Credit Act of 1923.

The stock market crash of 1929 touched off the Great Depression, throwing thousands of farmers into bankruptcy and strangling the Farm Credit System’s ability to finance agriculture. In 1933, Congress passed laws that authorized more loan funds for the Land Banks and revamped the Federal Intermediate Credit Banks, establishing a short-term credit delivery system through locally owned Production Credit Associations. As producers discovered the benefits of doing business with a financing cooperative that they owned — and that truly cared about their success — Farm Credit became the trusted financial partner for generations of rural Americans. By 1968, all of the Farm Credit System lending entities had repaid their federal capital debt and were completely owned by their borrowers.

During the early- to mid-1980s, American agriculture plummeted into recession. It was also during this era that the Federal Land Bank and Federal Intermediate Credit Bank in Texas merged to form the present Farm Credit Bank of Texas. Congress also enacted provisions allowing Federal Land Bank Associations to merge with Production Credit Associations to become full-service Agricultural Credit Associations.

Today, technology has revolutionized farming and agribusiness, and agriculture

requires enormous amounts of capital. However, the Farm Credit System has stood firm in its pursuit to maintain the quality of life in rural America by ensuring the availability of sound, dependable funding for creditworthy agricultural producers, agribusinesses, rural homeowners and other rural landowners.

For the past 100 years, the cooperative credit system envisioned by Congress has stood the test of time. As part of that system, Lone Star Ag Credit has maintained long-standing traditions of independence, strength, stability and service in meeting the financing needs of our customers. We operate 16 offices covering 48 counties throughout north and central Texas, and as one of the most experienced rural real estate and agricultural lenders in the state, we are proud to be a leader in financing agricultural and recreational real estate, rural homes, agribusiness, livestock, equipment and operating expenses.

Throughout our history, the dedication of our directors and staff to these qualities has enabled the association to succeed at its primary purpose: to provide competitive loan products and a fair return on the stockholders’ investment, and to preserve the safety of that investment.

One hundred years. A centennial celebration. Lone Star Ag Credit is proud to be part of Farm Credit and the rich history of 100 years serving rural America. We salute Farm Credit this centennial year and are ready for the future!

Visit us online at lonestaragcredit.com

Lone Star Degree Recipients Recognized for Achievement

The Lone Star FFA Degree is the highest degree of membership that the Texas FFA Association can award. This degree of active membership is awarded at the state level during the Texas FFA State Convention.

For many years, Lone Star Ag Credit has sponsored this ceremony at the convention.

Lone Star CEO Troy Bussmeir addressed this year's recipients at the Texas FFA State Convention this summer in Dallas.

"Lone Star is so honored to sponsor this event in your life," Bussmeir said. "We recognize how much time and effort is needed to achieve this award. We are looking forward to seeing what you can produce not only with this degree but what you will produce as you journey into the future."

Bringing Awareness to Equine Facility for Veterans

Lone Star Ag Credit was among the numerous exhibitors and sponsors of the recent Western Heritage Classic in Abilene that helped welcome a special group to the event — BraveHearts, a therapeutic riding center that offers free equine-assisted activities to U.S. veterans and their families.

During the event, Lone Star Ag Credit staff worked with local media and businesses to help raise awareness of the nonprofit's mission. Over the weekend, several saddles and other items of tack were donated by local organizations and businesses — to be used at a BraveHearts' riding facility in Illinois.

In addition to donating a saddle, Lone Star Ag Credit hosted BraveHearts staff and veterans on the lending cooperative's trailer at the matched horse races, where they were recognized.

"I first heard of BraveHearts from Jeff Payne, a Texas bit and spur maker, who had met them at the National Cutting Horse Association Futurity this past year," said Jason Pettit, credit office president in Lone Star Ag Credit's Abilene office. "After

learning more about the group, I felt compelled to help out and thought it was a great way for us to serve our veterans."

As Pettit learned, BraveHearts reaches out to service men and women from all walks of life and across the nation. In 2015, BraveHearts provided 10,555 sessions to 534 veterans. The nonprofit offers a variety of innovative programs to veterans, including therapeutic horseback riding, therapeutic carriage

driving, trail riding, mounted drill team events, foundation horsemanship, mustang gentling, cutting cattle and all-veteran horse shows.

"We heard firsthand some of the vets' stories and how the program is changing them and providing value in their lives," Pettit said. "We were just really glad we could help host this group. West Texas opened their hearts to the BraveHearts that weekend in a special way."



From left to right, Kody Fain, Lone Star loan officer in Abilene; Meggan Hill-McQueeney, BraveHearts president and chief operating officer; Jason Pettit, Lone Star Abilene credit office president; U.S. Army veterans Mitchell Reno and Mitchell Hedlund; U.S. Air Force veteran and BraveHearts instructor Ron Hathaway; Jason Jones, Lone Star Sweetwater office vice president and branch manager; and Paddy McKeivitt, Bravehearts director of operations

WE SALUTE OUR 2016

Scholarship Recipients

Lone Star Ag Credit recently awarded scholarships to six college-bound students in its 48-county territory. This group of exemplary leaders will positively influence the future of agriculture.

The recipients of this year's \$2,500 scholarships all were involved in FFA or 4-H, served their communities in many ways and have a deep appreciation of agriculture. Scholarship applicants had to complete one-page essays about how agriculture has impacted their past and how it will affect their future.

"We enjoy shining a spotlight on a few of the many excellent students in Texas," said Lone Star Chief Executive Officer Troy Bussmeir. "It is inspiring to see their service to communities and respect for agriculture. Lone Star extends them our warmest congratulations."

For more information on the scholarship program, please call your local Lone Star Ag Credit office.



A graduate of Fairfield High School, Cole Beddingfield attends Tarleton State University, where he is pursuing a degree in ag industries and mechanical engineering technology.



Liberty Grace Bland, a graduate of Throckmorton High School, attends Abilene Christian University, where she is majoring in political science.



Mary Elise Cass is a Chisum High School graduate attending Tarleton State University, where she is majoring in agriculture.



A Georgetown High School graduate, W. Kade Clapper attends Texas Tech University, where he is majoring in animal science and ag business.



Alexandria Harrell, a graduate of Lindsay High School, attends Texas Tech University, where she is an animal science major.



Molly Anne Pruitt is a Rotan High School graduate who attends Texas A&M University, where she is majoring in special education.