

### SUMMER 2018

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### INTRODUCING BLOOM

I would like to introduce the summer edition of Golden State Farm Credit's newsletter - ***Bloom, News to Grow By***. As a member-owned cooperative, we appreciate your ongoing support and want to share a few success stories from the Association and the communities we serve. This is one of

the ways we hope to remain connected to you and your family throughout the year.

As we continue our journey into 2018, Golden State Farm Credit's Board and staff continue to monitor the ongoing challenges facing California agriculture. Our philosophy goes to the heart of the matter; we only accomplish our goals when you accomplish yours. ***Simply said, "Your Venture – Agriculture. Our Venture – Your Success."*** Our dedication and promise to stand with you continues to be a driving force in the relationship we cultivate with you. We understand how the impact of the spring freeze, labor concerns; volatile commodity prices; and potential trade restrictions; as well as a multitude of other potential issues; can affect you on a business and personal level.

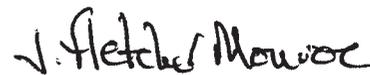
We are honored to be an organization that is deeply rooted in California agriculture, always working towards finding solutions to the problems you face.

We hope you've had an opportunity to review our 2017 Annual Report that was mailed-out in the first quarter 2018. This and other financial reports can be found on our web site - [GoldenStateFarmCredit.com](http://GoldenStateFarmCredit.com). Your Board of Directors authorized a total of \$11.4 million patronage distribution, which represents 0.80% of our patronage sourced volume for the 2017 fiscal year. This is just one of the many benefits that set us apart from other lenders.

**"We only accomplish our goals when you accomplish yours."**

We again, thank you for the privilege of serving your business needs and the ongoing support you give to Golden State Farm Credit. Keep an eye-out for the winter edition of ***Bloom***.

Have a safe and fruitful summer!



**J. FLETCHER MONROE**  
President & Chief Executive Officer

# FROM DEPRECIATION TO DEDUCTIONS:

## What Farmers and Ranchers Should Know About Tax Reform

*You can lower your taxes by deducting most anything you purchase instead of capitalizing it over several years*



Many of the key changes made by the Tax Jobs and Cuts Act 2017 legislation (also referred to as Tax Reform) have had a positive impact on individuals and businesses.

### What are some of the key changes for farms and ranches?

- **Section 179 depreciation increases.** Under the old law, the Section 179 expense was limited to \$500,000. The expense deduction phased out when total eligible property acquired exceeded \$2 million (with indexing for inflation). With the new law, farmers will be allowed to immediately write off capital purchases. That includes breeding livestock, farm equipment and single-purpose structures such as grain bins, up to \$1 million. The phase-out on this expensing provision kicks in when a farm reaches \$2.5 million in purchases.
- **Bonus depreciation rises to 100%.** With the old law, a first-year bonus depreciation deduction was allowed, equal to 50% of the adjusted basis of qualified property whose original use had begun with the taxpayer. The new law allows farmers to write off 100% of qualified property. It also expands to include new and used property, whether purchased or constructed, and to fruit- and nut-bearing plants and trees.
- **New 20% deduction on qualified business income.** Also referred to as the “pass-through deduction”, many businesses will be able to take advantage of a noncash deduction equal to 20% of qualified business income. Most farming business will fall into this and qualify, but there are many limitations and potential pitfalls, so it’s important to make sure your business is structured correctly.
- **Corporate rate drops to a flat 21%.** Beginning in 2018 the corporate rate dropped from 34% to 21%. This offers many opportunities, but needs to be thought through before converting to a corporation. Issues like double taxation, state oversight, and exit strategy all need to be considered.

Keep in mind that many states don’t conform exactly to the federal tax reform provisions. In most cases, depreciation taken at the state level is different, the 20% pass-through deduction is not allowed, and the state corporate rate remained unchanged.

### An immediate tax drop – and a note of caution

What does all this mean? The good news is that you can lower your taxes by essentially deducting most anything you purchase instead of capitalizing it over several years. So, immediately your taxes will be even lower. Congress uses this tactic, not really to lower your taxes, but to spur economic growth and usually it works.

What is the down side? Be cautious that you don’t put yourself in a cash-flow bind later. This issue can happen when you expense a large purchase but end up paying for the asset over time on a loan. Here’s a case in point: If cash flow gets tighter in a future year, and you have to sell more crops to make payments and don’t have much current-year depreciation, you can end up owing tax in a year when you don’t have much excess cash to pay it with. Principal payments on loans are not deductible.

A good course of action is to consider meeting with an ag-specialized tax advisor for an assessment of your tax structure to start maximizing the upsides and put money in your pocket.

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# SUPPORTING OUR COMMUNITY

## from the Ground Up

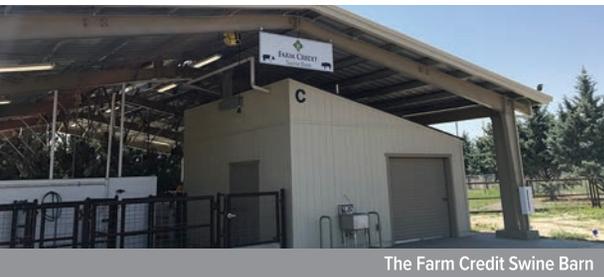
Over the past several years, Golden State Farm Credit, in partnership with CoBank and Farm Credit West, sponsored the construction of the swine barn located at the new school farm in Hanford. This project was started by the Foundation for Vocational Ag to provide Hanford FFA students from the area's three local high schools, a bigger, more modern location to house and raise their livestock projects.

The swine barn officially opened just in time for the students 2018 projects. This facility enables FFA students that do not have the ability to house livestock in a safe environment, to participate in raising an animal and learn from the many aspects that are tied to caring for and training their animals. This year, eight hogs took advantage of the facility. With plenty of room to wander, comfortable pens to rest in, and shade to help keep them cool in the heat, the hogs seemed to be living a good life. One of these hogs goes by the name of Carl and is owned by Michael, a junior at Hanford High School. Michael plans on attending UC Davis to study landscape architecture after he graduates.

This is Michael's first year raising and showing an animal at the Kings County Fair. Michael displays a great sense of pride when talking about his pig Carl; he enjoys sharing stories about Carl's personality and habits. Michael values all the things he has learned from raising a pig for the fair. He states that participating in the FFA program has taught him about time management, budgeting, setting goals, and staying focused. Michael spent every morning and most evenings at the school farm training and caring for Carl in preparation for the fair. His goal was to get Carl to his maximum healthy weight and earn top dollar on auction day at the Kings County Fair. The money Michael earns this year will be used toward his animal purchase next year and eventually help with college tuition.



Michael training his hog, Carl



The Farm Credit Swine Barn

The school farm is an impressive operation. In addition to the swine barn, the facility has a small animal area and beef/dairy barn. Each building has either been sponsored by local community business or is still currently seeking a sponsor. Golden State Farm Credit is thrilled to provide a place for students to learn, grow, and mature into America's next generation of farmers and ranchers. Putting the Farm Credit name on the side of a building is more than just advertising, it's a reminder to all who visit and work there, that we are here to support the communities we serve from the ground up.

## Golden State Farm Credit's **INTERNSHIP PROGRAM**

At Golden State Farm Credit, we strongly believe in investing in the future of agriculture and are dedicated to growing the next generation of agriculturalists. Along with providing scholarships and supporting our local 4-H and FFA chapters, we've also developed a summer internship program to give students valuable work experience that will help them identify their career path. The internship program also strengthens the Association by fostering long term relationships with the future of agriculture.



From L-R: Keith Lipke, Wendi Jo Vande Voort, Seth Bartel, Gurveen Dhillon

The program is designed to give interns the opportunity to rotate between different departments, interact with customers, observe transactions, and work with a variety of employees across the Association at different office locations. The internship is a combination of formal training classes and practical hands on experience, giving interns the opportunity to practice what they have learned. In June we welcomed this year's group of interns and are excited to watch them progress through the program.

**"The internship is not only about learning and building a network, it's about doing what you love. I've always wanted to help other farmers/families succeed, and the Golden State Farm Credit internship program allows you to see how you can help others be successful in whatever it may be."**

**- GURVEEN DHILLON**

Applications for the 2019 summer internship will be posted in the spring. If you are interested, or know of a good candidate, please check the Golden State Farm Credit careers page for more detailed information on our internship and career opportunities!



# Golden State Farm Credit Scholarship Program

Golden State Farm Credit is dedicated to helping young people achieve careers in farming and agriculture. Since 1993, Golden State Farm Credit has awarded over \$305,000 in scholarships.

## Scholarship eligibility typically includes:

- Students must reside or attend / have attended a high school within the chartered territory of Golden State Farm Credit, ACA, or have parents whom are customers of Golden State Farm Credit.
- Students must have a minimum GPA of 2.5 on a 4.0 scale.
- Students must be enrolled in, or entering a full-time program of study, at a college or university.
- Students' declared major must be directly related to agriculture.

***In 2018, a total of \$5,000 was awarded by Golden State Farm Credit to college recipients.***



## Golden State Farm Credit award winners:

|                            |                             |
|----------------------------|-----------------------------|
| Allison Rose McDonald..... | Ag Business                 |
| Bailey Morrell.....        | Agricultural Education      |
| Clara DeLong.....          | Ag Business                 |
| Emily Baker.....           | Ag Business                 |
| Jared Bureson.....         | Crop & Soil Science         |
| Kaylie Rocha.....          | Animal Science              |
| Laila Rollin.....          | Ag Business/Communications  |
| Nicole Curiel.....         | Sustainable Ag/Food Systems |
| Rebecca Fleming.....       | Animal Science              |
| Shelby Machado.....        | Animal Science              |
| Will Macdonald.....        | Animal Science              |

# ANNOUNCING The Golden State Farm Credit Mobile Banking App

Golden State Farm Credit has great news! Members are now able to manage their accounts on Golden State Farm Credit's Mobile Banking App. With the App, members will be able to use an iPad, iPhone, or Android device, when connected to the Internet, to access monthly statements, view transaction histories, balances, and approve transactions – any place, any time. The Golden State Farm Credit App is FREE and available for both Android, 4.1 or higher and iPhones, iOS 7 or higher.

## Mobile Banking Benefits:

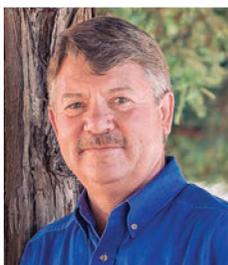
- **Experience:** A modern look and feel with intuitive navigation for iOS and Android devices.
- **Security:** Advanced security features prevent any financial data or banking passwords from being stored directly on the device.
- **Flexibility:** Members can connect to the Internet and access their accounts anywhere, at any time; it doesn't matter if they are in the field or away from home.
- **Ease of access:** If a member is already using Online Banking, they simply download the new App and login with their current log-in information.

***Banking anywhere,  
anytime – all in the palm  
of your hand.***



Mobile Banking frees members from the need to travel to the bank or call to complete common transactions. The App saves time and will enhance the overall banking experience. To download the App simply go to Google Play (for Androids) or the App Store (for iPhones and iPads), search for *Golden State Farm Credit* and download the App to your mobile device. Members must be signed-up for online banking to use the Golden State Farm Credit Mobile App. If you are not currently enrolled in online banking you can call **800.834.8698** or visit **GoldenStateFarmCredit.com** to begin the process. Current Online Banking members can download the App and use their Online Banking credentials to log-in.

*Must be connected to the Internet to use the Mobile Banking App. There may be charges associated with data usage on a mobile phone. Specific wireless phone carriers can provide more information.*



## **DOUG WEIGAND**

Doug Weigand is the newly hired VP Loan Officer working in the Golden State Farm Credit Red Bluff office. Doug's life and career was shaped by the environment he grew up in. He was born and raised on a cattle ranch in Adin, CA. As a fifth generation rancher, he began working to make money at a very early age. Growing up, Doug was involved in the community, from 4-H and FFA, to sports and rodeos. He even started his own hay hauling business at the age of 15.

He attended Chico State and earned a Bachelor's degree in Agriculture and Agriculture Business. After graduation he returned to the ranch, motivated from his new found knowledge. He developed 360 acres of alfalfa and helped his family expand their cattle operation. Unfortunately the timing couldn't have been worse for a young, beginning farmer and rancher. Between 1982 and 1985 the livestock and hay market collapsed, causing him to lose everything he had worked for the past five years.

The operation could not support three families, so he made the decision to move his family to Chico, and pursue his M.B.A. at Chico State. Soon after arriving in Chico, he interviewed with Farm Credit and was selected as one of the first employees to be jointly trained on long-term and short-term lending, real estate and personal property appraisals. He then landed a job at Northern California Farm Credit in Chico (now known as Golden State Farm Credit).

After 10 years with Northern California Farm Credit, Doug had the opportunity to diversify his lending skills by migrating to the commercial banking world where he handled commercial construction, development, and Ag lending. He also taught Real Estate Investment and Finance at Chico State. He now happily returns to the Farm Credit System by joining the Golden State Farm Credit family.

Doug has two grown children and three grandchildren. He is having a blast spending time with his children and their growing families.

**“It's great to be working at Golden State Farm Credit and being part of an organization that puts the needs of the member first.”**

## **MICHAEL LIMAS**

Please welcome one of our new employees Michael Limas. Michael is the Relationship Manager for the Hanford office and has been on the job with Golden State Farm Credit since April of this year.

Michael grew up on a family farm in Tipton, CA. They grew corn, alfalfa, and cotton. He also helped out his neighbors by feeding their heifers throughout high school and junior college. In high school, he participated in FFA all four years and he even obtained an FFA American Farmer Degree.



**“I look forward to using my wealth of Ag financial knowledge and background to provide our member's the services they need!”**

After high school, Michael attended College of the Sequoias in Visalia for two years where he obtained his Associate's Degree in Agriculture. From there he moved on to attend Cal Poly, San Luis Obispo and earned a Bachelor's of Science degree in Ag Business with a concentration in finance.

After graduating from Cal Poly, he went on to work as a stock broker for a year and then worked for UPS in their international sales department and the industrial engineer department. Michael returned to the Central Valley five years later and started working for the Kingsburg Federal Land Bank (now known as Golden State Farm Credit). After two and a half years, he decided to accept a position at a commercial lender, in their agriculture department. Eleven years later, Michael has happily returned to the Farm Credit system by joining the Golden State Farm Credit family.

In his spare time, Michael enjoys coaching baseball and researching the stock market. He loves spending time with his fiancé and his two kids. They are excited to be moving to a house in Tulare. Michael is a big sports fan and enjoys watching baseball and football.

**We're here for you — in the field, in the office, dedicated to your success.**





**GOLDEN STATE**  
**FARM CREDIT**

1359 East Lassen Avenue  
Chico, CA 95973



## 2018 CALENDAR OF POPULAR EVENTS

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### August

**Butte County Fair,  
Gridley**  
AUG 23-26

**Inter-Mountain Fair,  
McArthur**  
AUG 30-SEPT 3

### September

**Lemoore Salute to Ag  
Roy Fialho Hanger, Lemoore**  
SEPT 7

**41st Annual Ag Booster Barbecue  
Borba Ranch, Madera**  
SEPT 9

**California Ag in the Classroom Conference,  
Palm Springs**  
SEPT 27-28

**Shasta College Harvest Festival,  
Redding**  
SEPT 29

### October

**The Big Fresno Fair,  
Fresno**  
OCT 3-14

**Dairyville Orchard Festival,  
Los Molinos**  
OCT 20

**GSFC Hanford Customer Appreciation BBQ,  
Hanford Fraternal Hall**  
OCT 23

### November

**Blue Diamond Annual Meeting,  
Modesto**  
NOV 14

**Butte County Farm Bureau Grower Day  
Silver Dollar Fairgrounds, Chico**  
NOV 28

### December

**Almond Board Conference,  
Sacramento**  
DEC 4-8

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