

# THE AGRICULTURAL LENDING INSTITUTE



Photos Courtesy of Roy Martin

**THIS SEMINAR IS DESIGNED FOR**

Agricultural Lending Professionals *and* Accountants,  
Attorneys, Farm Managers, Rural Appraisers

**PRESENTED BY**

The Agricultural Lending Institute, Inc.  
Directors: Curt Covington & Roy Martin  
*and the* University Business Center *at the* Craig School of Business  
California State University, Fresno

**JUNE 17-21, 2019**

**UNIVERSITY BUSINESS CENTER AT THE CRAIG SCHOOL OF BUSINESS  
CALIFORNIA STATE UNIVERSITY, FRESNO**

# THE AGRICULTURAL LENDING INSTITUTE

## FIRST YEAR PROGRAM

### Monday, June 17

**8:00 AM – 9:30 AM General Session**  
US Agriculture: Is the glass half empty or half full?

**Moderator:**

John Blanchfield, Principal, Agricultural Banking Advisory Services, Damascus, Maryland

**Panelists:**

Jason Henderson, Ph.D, Associate, Dean of the Purdue University School of Agriculture and Director of Purdue Extension.

Brent Gloy, Ph.D, full time Nebraska farmer and Professor, Purdue University

**9:30 AM – 10:30 AM**  
Integrated Approach to Financial Statement Analysis

Agriculture is consolidating. Small borrowers are getting bigger. Bigger borrowers are diversifying and lenders are requiring better financial reporting. This session presents the key elements that bind quality financial statements with better financial reporting and analysis.

**10:30 AM – 10:45 AM Coffee Break**

**10:45 AM – 12:00 PM**  
Integrated Approach to Financial Statement Analysis

**12:00 PM – 1:00 PM Lunch Served**

**1:00 PM - 3:00 PM**  
Integrated Approach to Financial Statement Analysis

**3:00 PM – 3:15 PM Break**

**3:15 PM – 5:00 PM**  
Integrated Approach to Financial Statement Analysis

**5:00 PM – 6:00 PM Welcome Reception**

### Tuesday, June 18

**8:00 AM – 10:00 AM**  
Ag Sector Short Courses

**Short Course #1:**

Financing the Dairy Industry

- Industry Dynamics
- Analyzing Dairy Financial Statements
- Structuring Herd and Feed Loans
- Dairy Cash Flow Budgeting
- Key Success Factors
- Dairy Inspection Techniques
- Loan Monitoring Practices

**10:00 AM – 10:15 AM Coffee Break**

**10:15 AM – 12:00 PM**

**Short Course #2:**

Financing the Cattle Industry

- Industry Dynamics
- Analyzing Cattle/Feedlot Financial Statements
- Structuring Herd and Feedlot Operating Loans
- Key Operating Success Factors
- Field Inspection Techniques
- Loan Monitoring Practices

**12:00 PM – 1:00 PM Lunch Served**

**1:00 PM – 3:00 PM**

**Short Course #3:**

Financing Crop Development Loans

- How to Structure a Crop Development Loan
- Monitoring Crop Development Loans
- Managing the Risks in a Crop Development Loan

**3:00 PM – 3:15 PM Break**

**3:15 PM – 5:00 PM**

**Short Course #4:**

Asset Based Lending for the Agribusiness Firm

- What is Asset Based Lending?
- How is it Different than Cash Flow Lending
- How are Borrowing Bases Structured?
- Loan Monitoring tools and Techniques

### Wednesday, June 19

**8:00 AM – 12:00 PM**  
In the Field: Best Practices for Crop and Farm Equipment Inspection Techniques

One of the more popular sessions offered at the Institute, this half-day tour of the Fresno State Farm Laboratory allows students to learn proper field inspection practices covering a variety of crops and equipment from a seasoned team of ag banking field officers.

(Note: students should be prepared for hot weather and "in-field" conditions by wearing hats and close-toed shoes).

**12:00 PM – 1:00 PM Lunch Served**

**1:00 PM – 3:00 PM**  
Crop Budgeting Tools and Techniques

This session will explore best practices in the development and use of crop budgets for monitoring operating loan performance.

**3:00 PM – 3:15 PM Break**

**3:15 PM – 5:00 PM**  
Case Studies in Credit Risk Management - Part 1

In group settings, students will work through various case studies where key credit decisions will require the consensus of the group.

**Learning Objective:**

- Getting to the fundamental questions that must be asked are in every loan application.
- Formulating a credit structure that addresses the inherent risks in the loan request.
- Mitigating risk through sound covenant and monitoring practices.





## FIRST YEAR PROGRAM

(cont.d)

### Thursday, June 20

**8:00 AM – 10:00 AM**

Case Studies in Credit Risk Management - Part 2

**10:00 AM – 10:15 AM** Coffee Break

**10:15 AM – 12:00 PM**

Case Studies in Credit Risk Management - Part 3

**12:00 PM – 1:00 PM** Lunch Served

**1:00 PM – 3:00 PM**

Working Capital...What is it Good For?

Working capital is viewed as the bankers first defense against today's volatile commodity prices. This session will discuss how working capital is created and lost, the link between the cash conversion cycle and working capital adequacy, what measures can be taken to insure working capital is maintained during the operating cycle.

**3:00 PM – 3:15 PM** Break

**3:15 PM – 5:00 PM**

Important Financial Ratios In Agricultural and Agribusiness Lending



### Friday, June 21

**8:00 AM – 10:00 AM**

Capstone

This last session provides the student with the opportunity to apply credit risk principles discussed during the week. The students will be asked to prepare a credit presentation from a case study.

**10:00 AM – 10:15 AM** Coffee Break

**10:15 AM – 12:00 PM**

Capstone

**12:00 PM – 1:00 PM**

Lunch and Closing Comments



# THE AGRICULTURAL LENDING INSTITUTE

## SECOND YEAR PROGRAM

### Monday, June 17

#### 8:00 AM – 9:30 AM General Session

US Agriculture: Is the glass half empty or half full?

##### Moderator:

John Blanchfield, Principal, Agricultural Banking Advisory Services, Damascus, Maryland

##### Panelists:

Jason Henderson, Ph.D, Associate, Dean of the Purdue University School of Agricultural and Director of Purdue Extension.

Brent Gloy, Ph.D, full time Nebraska farmer and Professor, Purdue University

#### 9:30 AM – 10:15 AM

Red Sky in the Morning, Banker Take Warning. Case Studies in the World of Ag Loan Workout

What happens when cash flow fails? Learn strategies used by agricultural workout professionals and how to apply those strategies to customers who are beginning to experience financial stress but whose loans are not yet assigned to a special asset department.

#### 10:15 AM – 10:30 AM Break

#### 10:30 AM – 12:00 PM

Red Sky in the Morning, Banker Take Warning. Case Studies in the World of Ag Loan Workout

#### 12:00 PM – 1:00 PM Lunch

#### 1:00 PM - 3:00 PM

Red Sky in the Morning, Banker Take Warning. Case Studies in the World of Ag Loan Workout

#### 3:00 PM – 3:15 PM Break

#### 3:15 PM – 5:00 PM

Red Sky in the Morning, Banker Take Warning. Case Studies in the World of Ag Loan Workout

#### 5:00 PM – 6:00 PM Welcome Reception

### Tuesday, June 18

#### 8:00 AM – 12:00 PM

In the Field: Best Practices for Crop and Dairy Equipment Inspection Techniques

Half day tour of the Fresno State Farm Laboratory where students will learn proper crop and dairy inspection techniques from a team of experienced agricultural bank field officers.

(Note: students should be prepared for hot weather and "in-field" conditions by wearing hats and close-toed shoes).

#### 12:00 PM – 1:00 PM Lunch

#### 1:00 PM – 3:00 PM

Dairy Budgeting Tools and Techniques

This session will explore best practices in the development and use of dairy cash flow budgets for monitoring loan performance.

#### 3:00 PM – 3:15 PM Break

#### 3:15 PM – 5:00 PM

Working Capital Management for the Agribusiness Firm

Building reliable projections requires the lender to first understand cost behavior and the interrelationship between profit projections and pro forma balance sheets.

### Wednesday, June 19

#### 8:00 AM – 10:00 AM

The New Buzz.... Free Cash Flow. What is it? How to Use It.

#### 10:00 AM – 10:15 AM Break

#### 10:15 AM – 12:00 PM

The New Buzz.... Free Cash Flow. What is it? How to Use It.

#### 12:00 PM – 1:00 PM Lunch

#### 1:00 PM – 2:00 PM

Who's Minding the Store? Best Practices in Asset/Liability Management

This session is designed for front line relationship managers and underwriters to understand the impact of interest rate risk, liquidity and credit risk on the balance sheet of financial institutions.

#### 2:00 PM – 2:15 PM Break

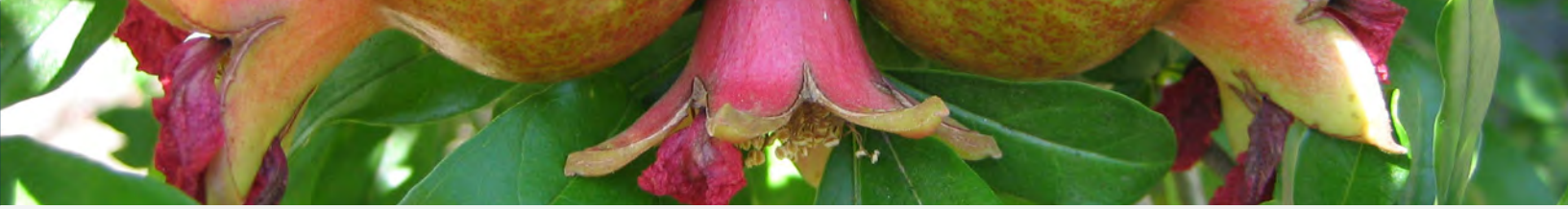
#### 2:15 PM – 3:00 PM

Who's Minding the Store? Best Practices in Asset/Liability Management

#### 3:00 PM – 3:15 PM Break

#### 3:15 PM – 5:00 PM

Who's Minding the Store? Best Practices in Asset/Liability Management



## SECOND YEAR PROGRAM (cont.d)

### Thursday, June 20

**8:00 AM – 10:00 AM**

Clause and Effect:  
The Case of a Good Deal Gone Bad

**10:00 AM – 10:15 AM** Break

**10:15 AM – 11:00 AM**

Clause and Effect:  
The Case of a Good Deal Gone Bad

**11:00 AM – 12:00 PM**

Case Study in Bankruptcy:  
What Every Banker Should Know

**12:00 PM – 1:00 PM** Lunch

**1:00 PM – 3:00 PM**

Building Projections and Pro-Formas on Rock Not Sand - Part I

Building reliable projections requires the lender to first understand cost behavior and the interrelationship between profit projections and pro forma balance sheets.

**3:00 PM – 3:15 PM** Break

**3:15 PM – 5:00 PM**

Building Projections and Pro-Formas on Rock Not Sand - Part II

This session will take what was learned in Part I of this series to help with covenant setting and monitoring.

### Friday, June 21

**8:00 AM – 10:00 AM**

Capstone

This last session provides the student with the opportunity to apply credit risk principles discussed during the week. The students will be asked to prepare a credit presentation from a case study.

**10:00 AM – 10:15 AM** Break

**10:15 AM – 12:00 PM**

Capstone

**12:00 PM – 1:00 PM**

Lunch and Closing Comments



# THE AGRICULTURAL LENDING INSTITUTE

The ever-changing face of agribusiness poses increasing challenges for lenders, appraisers, farm managers and agricultural consultants. These challenges bring opportunities for professionals who seek to reach a distinguished level of competency and leadership. It is ALI's goal to develop effective leaders in agricultural finance.

The Agricultural Lending Institute (ALI) provides in-depth training that industry professionals need to succeed in agricultural finance. ALI offers a rigorous competency-based curriculum, presented by distinguished faculty with professional expertise in all aspects of agricultural finance.

The program involves two one-week sessions; the courses are designed to be completed over a two-year period. Classes are conducted in a facilitative style employing a case study format as a means of enhancing the principles taught during the week, culminating in the analysis and presentation of a loan request based on facts found in the case study and utilizing the skills acquired in the classroom.

Successful participants will be awarded a Certificate of Completion from California State University, Fresno and the Agricultural Lending Institute, Inc.

ALI is a joint project of the Agricultural Lending Institute, Inc. and the University Business Center at California State University, Fresno.

## WE WOULD LIKE TO THANK THE FOLLOWING SPONSORS FOR THEIR SUPPORT:

### SILVER CONTRIBUTORS



### BRONZE CONTRIBUTORS



**FOR MORE DETAILS PLEASE CALL (559) 278-2352 OR VISIT [WWW.AGLENDINGINSTITUTE.ORG](http://WWW.AGLENDINGINSTITUTE.ORG)**



# REGISTRATION INFORMATION FOR FIRST AND SECOND YEAR PROGRAMS

## Location

The Institute's courses will be held on the Fresno State Campus at the University Business Center, located at 5245 N. Backer Ave, Fresno CA, 93740.

## How to Register

Complete the attached form and make your check payable to Ag Lending Institute, Inc. Your check and registration form must be postmarked no later than June 1, 2019.

You can also register online at [www.aglendinginstitute.org](http://www.aglendinginstitute.org) and pay with Visa or Mastercard.

The registration fee for 2019 is \$1,850.

## Cancellation Policy

Participants who cancel in writing by June 1, 2019 will receive a refund less a \$25 handling fee. Registration fees are non-refundable after June 1, 2019.

Participant substitutions can be made through a written request.

## Hotel Information

The Agricultural Lending Institute has contracted with the following 5 hotels for our participants.

Please check this link on our website: <http://www.aglendinginstitute.org/lodging> for special room rates and other details.

### Hampton Inn & Suites Clovis – Airport North

855 Gettysburg Avenue  
Clovis, CA 93612  
Phone: 559-348-0000

### Courtyard Fresno Marriott

140 E. Shaw Avenue  
Fresno, CA 93710  
Phone: 559-221-6000

### Residence Inn by Marriott

5322 N. Diana Street  
Fresno, CA 93710  
Phone: 559-222-8900

### Hampton Inn – River Park

327 E. Fir Avenue  
Fresno, CA 93720  
Phone: 559-447-5900

### Fairfield Inn & Suites

1535 N Peach Ave  
Fresno, CA 93727  
Phone: 559-825-5200

# REGISTRATION FORM

Registration form and payment must be postmarked no later than June 1, 2019.

Each attendee must complete a separate registration form; photocopies are acceptable.

You can also register online at: [www.aglendinginstitute.org](http://www.aglendinginstitute.org)

Please print clearly or type. The information on this form will be used to generate name badges.

FIRST NAME \_\_\_\_\_ LAST NAME \_\_\_\_\_

POSITION \_\_\_\_\_ ORGANIZATION \_\_\_\_\_

MAILING ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PHONE \_\_\_\_\_ EMAIL \_\_\_\_\_

SPECIAL DIETARY REQUESTS \_\_\_\_\_

**Return to:** University Business Center-ALI Phone: 559-278-2352  
California State University, Fresno Fax: 559-278-6964  
5245 N. Backer PB5  
Fresno, CA 93740-8001 [www.aglendinginstitute.org](http://www.aglendinginstitute.org)

University Business Center  
California State University, Fresno  
5245 N. Backer PB5  
Fresno, CA 93740-8001  
www.aglendinginstitute.org

*Address Service Requested*

MARK YOUR CALENDAR AND PLAN TO ATTEND

# THE AGRICULTURAL LENDING INSTITUTE

JUNE 17-21, 2019



## THE AGRICULTURAL LENDING INSTITUTE PROGRAM HIGHLIGHTS

- Case Study Format
- Taught by Banking Industry Experts
- Timely and In-Depth Subject Matter
- Essentials of Field Inspections
- Real Estate Appraisal & Title Insurance
- Mastering Accounting Principles
- Loan Presentation
- Develop Solid Credit Risk Management Skills