

NC-1177 Agricultural and Rural Finance Markets in Transition 2012 Business Meeting Minutes

Economic Research Service, USDA

Washington, DC

October 25th and 26th, 2012

Executive Committee: Nick Paulson, Ryan Larsen, and Mindy Mallory

The 2012 NC-1177 meetings were held October 25th and 26th in Washington DC. A part of the meeting was held jointly with the National Agricultural Credit Committee (NACC). The NACC is comprised of agricultural lenders from throughout the U.S. The meeting allowed members of NC-1177 to interact with these representatives and better understand how the group's research intersects with the issues faced by agricultural and rural lenders.

NC-1177 members Professor Allen Featherstone (Kansas State University) and Jennifer Ifft (USDA-ERS) presented some of their current research on the impacts of the 2012 drought during the joint NACC sessions. The joint component also included presentations on the agricultural lending environment, agricultural risk management, and agricultural policy. Speakers represented the Farm Credit Administration, the CME Group, CHS, Inc., and the National Council of Farmer Cooperatives.

During the NC-1177 portion of the meeting, members discussed the groups research projects and progress and presented completed and ongoing research. Presentations and sessions were organized in multiple sessions aligned with the following objectives:

- 1) Examine the impact of recent fluctuations in capital and commodity markets on the performance, management, and regulation of agricultural financial institutions.
 - a. Quantifying the Sources of Revenue Variation in the Northern Great Plains, Joleen C. Hadrich (*Colorado State University*)
 - b. Modeling Farm Financial Characteristics with ARMS Data: Quantile Versus Conditional Mean Regression, Bruce L. Ahrendsen, Bruce L. Dixon and Diana M. Danforth (*University of Arkansas*)
 - c. Farmland Value Expectations and Influences, Brent Gloy (*Purdue University*)
 - d. Thin Markets Effects and Farm Real Estate Values, Todd H. Kueth (ERS), Nick Paulson (*University of Illinois*), and Jennifer Ifft (ERS)
 - e. Explaining Differences in Farmland Values based on Quality of Land: A Cointegration Analysis of Indiana Farmland Values, Maria Bampasidou (*University of Florida*) and Charles B. Moss (*University of Florida*)

- f. Farmland Prices, Rents, and Discount Rates: A Historical Analysis, Sergio H. Lence (*Iowa State University*)
- 2) Evaluate the management strategies, capital needs, and policy impacting the financial performance and long-term sustainability of firms in the food and agribusiness sector.
 - a. Optimal Replacement Age of a Conventional Cotton Harvester System, Gregg Ibendahl and Matthew Farrell (*Mississippi State*)
 - b. Reliability of Farm Debt Information, Charles B. Moss (*University of Florida*)
Brian Briggeman (*Kansas State University*)
- 3) Identify financial institutions and services that benefit agricultural producers and rural communities and expand agricultural markets, especially those producers that are beginning, young, from socially disadvantaged groups, and/or involved in producing specialty crops.
 - a. Determinants of Lender Choice, Brady E. Brewer, Christine A. Wilson, Allen M. Featherstone (*Kansas State University*)
 - b. Forecasting Commercial Bank Farm Loan Activity From Survey Data, Nathan S. Kauffman, Jason R. Henderson, and Shasha Li (*Federal Reserve Bank of Kansas City*)
 - c. Cheap Talk and the Borrower/Lender Relationship, Ryan Larsen and Jeremy Jackson (*North Dakota State University*)
 - d. Participation in Agritourism and its Impact on Farm Business Income and Economic Well-Being of Farm Families, Hyunjeong Joo, Ashok K. Mishra, and Aditya Khanal (*Louisiana State University*)
 - e. Impacts of micro-credit on educational attainment in Uganda , Jaclyn D. Kropp (*University of Florida*)
 - f. The Dual Goals of Social Outreach and Financial Sustainability: A Comparative Analysis of More Mature Indian and Newer Russian Microfinance Institutions, Ganna Sheremenko, Cesar L. Escalante, Wojciech Florkowski (*University of Georgia*)
 - g. What lenders Think about Borrowers and what Borrowers Think about Lenders: Survey Results from Shandong China, Cal Turvey (*Cornell University*)

- 4) Investigate capital structure, financial performance, and investment strategies of firms producing renewable energy in context of long term climate change. Implications of these findings for agriculture and rural communities will be delineated.
 - a. Profit and Prices in the Biodiesel Industry and the Advanced Biofuel Requirement of the Renewable Fuels Standard, Mindy Mallory, Hala Zahran, and Scott Irwin (*University of Illinois*)

Following the research sessions and joint meetings with NACC, the NC-1177 annual business meeting was held. The following summarizes issues discussed among the members:

1. Nick Paulson: Update on Agricultural Finance and Management Section of the Agricultural and Applied Economics Association

The AFM Section was approved by the AAEA Board last fall and the group successfully organized and hosted 2 track sessions at the AAEA annual meetings held in August 2012 in Seattle. The Section elected leadership in the spring, which will be coordinated with the NC-1177 executive committee. There will be a significant amount of synergy between the NC-1177 and AFM Section activities given the overlap in membership, strengthening the reach and impact of both groups within the agricultural economics profession and society as a whole.

2. Cal Turvey: Update on AFR

Overall, the journal is doing well. Submissions and downloads continue to increase significantly each year. A special issue of papers from the review of USDA ARMS data was published this year, with NC-1177 member Chuck Moss coordinating and guest editing that volume. Papers from the 2012 AFM Section track sessions will be published in a proceedings issue in 2013. A special issue of selected papers from the 2012 IARFC held in China will also be published in 2013. A number of NC-1177 members are involved in both efforts. AFR is committed to a continued partnership with NC-1177 and the AFM Section in publishing presented papers as proceedings.

The group also discussed potential activities to honor member Professor Cole Gustafson who died in a farm accident in 2012. Professor Turvey suggested the idea of the AFR publishing a brief memorial for Cole as well as reprinting his first journal article. The group members agreed on these ideas and Cal will check with the journal's publisher (Emerald) on how to proceed.

3. Cal Turvey: International Agricultural Risk and Finance Conference

The first IARFC conference was held in China in June of 2012. A special issue in the AFR will publish selected papers presented at the meetings. The 2013 meetings will be held in Vancouver, BC.

4. Steve Hanson: Project review upcoming

The project ends in 2014, with the review and renewal materials due in the fall of 2013. Steve will work with executive committee members in creating required materials. Members are encouraged to send publication, funding, presentation, and impact statements related to the project to assist the executive committee members with this important task.

5. 2013 Meeting Location

The executive committee will again work with Jason Henderson and KCFRB for next years meeting location, and agreed that continuing to hold the NC-1177 meetings in conjunction with NACC's fall meeting is ideal. Meeting dates and location will be set in the spring of 2013.

6. Election of a new Secretary

Todd Kuethe (USDA-ERS) was nominated and unanimously elected as the new Secretary of the Executive Committee for 2013. Ryan Larsen and Mindy Mallory will serve as President and Vice-President, respectively for NC-1177.



Attendees

Name		Organization	Type	City	State
Mary	Ahearn	USDA-Economic Research Service	NACC	Washington	DC
Maria	Akers	Federal Reserve Bank-Omaha Branch	NACC	Omaha	NE
John	Anderlik	FDIC	NACC	Leawood	KS
Rod	Avey	Zions Ag Finance	NACC	Ames	IA
Brian	Brinch	Farmer Mac	NACC	Rockville	MD
David	Buman	Farmer Mac	NACC	Washington	DC
Rich	Cofer	FDIC	NACC	Overland Park	KS
Charles	Conner	National Council of Farmers Cooperatives	NACC	Washington	DC
Theodore	Covey	USDA-Economic Research Service	NACC	Washington	DC
Curt	Covington	Bank of the West	NACC	Fresno	CA
Brittany	Dengler	American Bankers Association	NACC	Washington	DC
Joe	Deufel	AgStar Financial Services	NACC	Austin	MN
Marv	Duncan	USDA/OCE/OEPNU	NACC	Washington	DC
Ken	Erickson	USDA-Economic Research Service	NACC	Alexandria	VA
Steve	Gabriel	Farm Credit Administration	NACC	McLean	VA
Tom	Gist	Farm Credit Administration	NACC	McLean	VA
Harry	Glenos	OCC	NACC	Washington	DC
Gary	Guy	Zions Ag Finance	NACC	Ames	IA
Darius	Hale	Farm Credit Administration	NACC	McLean	VA
Michael	Harris	USDA-Economic Research Service	NACC	Washington	DC
John	Hays	Farm Credit Council	NACC	Washington	DC
Rick	Henderson	AXA Equitable AgriFinance, LLC	NACC	Salina	KS
Jason	Henderson	Federal Reserve Bank-Omaha Branch	NACC	Omaha	NE
Jay	Hendrickson	Federal Reserve Bank of Minneapolis	NACC	Minneapolis	MN
Chris	Hurt	Purdue University	NACC	West Lafayette	IN
Jenny	Ifft	USDA-Economic Research Service	NACC	Washington	DC
Nathan	Kauffman	Federal Reserve Bank-Omaha Branch	NACC	Omaha	NE
Patrick	Kerrigan	Farmer Mac	NACC	Washington	DC

Name		Organization	Type	City	State
James	Kielkopf	Informa Economics	NACC	Saint Paul	MN
Tom	Kilmer	CME Group	NACC	Chicago	IL
Pat	Kluempke	CHS Inc.	NACC	Inver Grove Heights	MN
Steve	Koenig	Farm Credit Administration	NACC	McLean	VA
Todd	Kueth	USDA-Economic Research Service	NACC	Washington	DC
Robert	Lubben	Rabo AgriFinance	NACC	St. Louis	MO
Paul	Marsh	Prudential Agricultural Investments	NACC	Lisle	IL
Terry	McCord	MetLife Agricultural Investments	NACC	Morristown	NJ
Chris	McGath	USDA-Economic Research Service	NACC	Washington	DC
Jim	Monke	Library of Congress/Congressional Research Serv.	NACC	Washington	DC
Mitch	Morehart	USDA-Economic Research Service	NACC	Washington	DC
Steve	Noonan	AEGON	NACC	Cedar Rapids	IA
Dan	O'Neill	MetLife	NACC	Overland Park	KS
David	Oppedahl	Federal Reserve Bank of Chicago	NACC	Chicago	IL
Kevin	Patrick	USDA-Economic Research Service	NACC	Washington	DC
Jim	Radintz	FSA-Farm Loan Programs	NACC	Fredericksburg	VA
Laurie	Rea	Farm Credit Administration	NACC	McLean	VA
Alan	Singleton	CGB Agri Financial Services, Inc.	NACC	Louisville	KY
Tom	Stenson	Farmer Mac	NACC	Clifton	VA
Leland	Strom	Farm Credit Administration	NACC	McLean	VA
Don	Sullivan	Farm Credit Administration	NACC	McLean	VA
Steve	Vogel	USDA-Economic Research Service	NACC	Washington	DC
Bob	Williams	USDA-Economic Research Service	NACC	Washington	DC
Shannon	Woodard	Farm Credit Administration	NACC	McLean	VA
Bruce	Ahrendsen	University of Arkansas	NC-1177	Fayetteville	AR
Brady	Brewer	Kansas State University	NC-1177	Manhattan	KS
Brian	Briggeman	Kansas State University	NC-1177	Manhattan	KS
Bruce	Dixon	University of Arkansas	NC-1177	Fayetteville	AR
Cesar	Escalante	University of Georgia	NC-1177	Athens	GA
Allen	Featherstone	Kansas State University	NC-1177	Manhattan	KS
Brent	Gloy	Purdue University	NC-1177	West Lafayette	IN

Name		Organization	Type	City	State
Joleen	Hadrich	Colorado State University	NC-1177	Fort Collins	CO
Steve	Hanson	Michigan State University	NC-1177	East Lansing	MI
Valentina	Hartarska	Auburn University	NC-1177	Auburn	AL
Gregg	Ibendahl	Mississippi State University	NC-1177	Mississippi State	MS
Ani	Katchova	University of Kentucky	NC-1177	Lexington	KY
Jaclyn	Kropp	University of Florida	NC-1177	Gainesville	FL
Ryan	Larsen	North Dakota State University	NC-1177	West Fargo	NC
Sergio	Lence	Iowa State University	NC-1177	Ames	IA
Mindy	Mallory	University of Illinois	NC-1177	Champaign	IL
Denis	Nadolnyak	Auburn University	NC-1177	Auburn	AL
Nick	Paulson	University of Illinois	NC-1177	Champaign	IL
Anna	Sheremenko	UGA	NC-1177	Athens	GA
Loren	Tauer	Cornell University	NC-1177	Ithaca	NY
Cal	Turvey	Cornell University	NC-1177	Ithaca	NY

