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# THE AG LENDING TRAIL



by Charles M. Lewis

There is a very appealing place in America's Dairyland that I discovered recently. It is characterized by gently rolling land punctuated with black and white cows and big, blue silos. This area lies between Lake Michigan and Wisconsin's Lake Winnebago.

A 2-year-old bank is located at the eastern edge of this delightful dairy area. It is the Investors Community Bank in Manitowoc, Wis. Four outstanding young men founded this bank. Each brings distinctive talent and drive to create a mix uniquely qualified to serve this concentrated dairy area. Bill Censky, chairman and CEO, came to this job with a banking background. He is also a licensed securities and insurance representative with an MBA in finance and accounting. Bill is active in community organizations. He and his wife have two children, ages 20 and 17.

Mark Binversie, the bank's president, grew up on a 500-cow dairy farm in Manitowoc County. He started his work career in this area as a sales representative for Harvestore silos. This exposed him to dairy operations that were profitable and rapidly expanding. He also learned the elements of dairy financing. After all, those big, blue silos usually required some financing.

Wayne Mueller, vice president at the bank, was formerly a contractor involved in erecting the big blue silos that Mark was selling. As a result, both were involved in working with dairy producers. Wayne's home farm has a top producing dairy herd in nearby Fond du Lac County.

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*Following his retirement as an officer of the Federal Agricultural Mortgage Corporation (Farmer Mac), Charles Lewis now works as a Farmer Mac consultant. Prior to going to work with Farmer Mac, he was president of Feather River State Bank, an agricultural bank located in Yuba City, Calif.*



The fourth member of this management team is Tim Schneider, vice president. He comes from a 750-cow farm in neighboring Calumet County. He played football in college and is about as tall as Farmer Mac giant Patrick Kerrigan. Tom does both agricultural and general commercial lending.

I met Tim in the bank parking lot just as he returned from completing his freshman year at The University of Wisconsin's Graduate School of Banking.

Now, take a group of men well grounded in dairy lending, put them together in a well-organized management team, place them in a concentrated and prosperous dairy area, and you would predict success. And that is exactly what happened.

Two years ago they opened Investors Community Bank in temporary quarters. Wayne used his construction experience to lead the other three men in completely refurbishing a storefront facility. Nine months later they moved to their beautiful, permanent building.

They carried \$40 million in total footing into the permanent bank. This attractive building features a limestone exterior and is located on a 12-acre site. They sold off 2.5 acres to a health care facility that also features a limestone exterior. These two compatible buildings share a spacious parking lot. The total complex is identified as Investor Community Park.

The bank's trade area is blessed with a high lime, fertile soil and gently rolling topography. Dairy cows tend to congregate where alfalfa grows. Alfalfa does well on high lime soils. They have the soil and topography, the cows are here, and four men

committed to lending money to dairy producers. So, it was a sure thing that loans would grow faster than deposits. The answer to this situation is obvious: Farmer Mac exists to provide a secondary market for farm loans. This enables banks to participate in low risk mortgage banking as contrasted to conventional commercial banking. So banks can sell some loans or pledge loans as collateral for funds advanced by Farmer Mac.

I asked Mark and Wayne to outline a typical dairy expansion situation (dairy expansions are the life blood of Investors Community Bank). Expansions are a natural outgrowth of changes in management succession.

As they explained it, a successful dairy producer would traditionally set up children in business on a neighboring farm. However, the capital requirement for this system could become excessive, so the father had to find a way to keep his children on the farm and expand the business to the point where it would support two families.

This scenario starts with a father who is a second generation farmer 45 to 55 years old. He has two children aged 20 to 30 years. The operation starts on a 400- to 500-acre farm that is milking 100 to 150 cows.

### *Phase I Expansion*

1. Construct a new milking center with rapid exit feature.
2. Construct a free stall barn.
3. Convert to horizontal feed storage. (i.e., bunker silo)
4. Rent some additional land or purchase high moisture corn and be alert to land purchase opportunities.
5. Increase dairy herd size to 300 to 400 cows.



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## ***Phase II Expansion***

Now the father is 50 to 60 years old and the children are 25 to 35 years of age. After five years, the young stock population has increased to the point where it will adequately replenish the milking string.

1. Increase the milking herd to bring the total to 450 to 600 cows.

2. Add another free stall barn

3. Additional feed supply is maintained either through land purchases, land rental or feed purchased in the field.

Sound easy? Need a good bank with knowledgeable officers and financial resources? **YOU BET!**

The Farm Service Agency guarantees 90 percent of loans. Farmer Mac buys these guaranteed portions thereby freeing up more funds for bank lending.

It definitely appears to me that four outstanding qualified lenders, located in the very cream of America's Dairyland, have to be a perfect team

for success. In addition to their business success, they are four men who are very involved in local community activities.

Mark spent a week this summer at the Manitowoc County Fair, where the bank is a major purchaser at the Junior Livestock Auction. He spends time with his sons in Little League baseball and Junior Hockey and is also a 4-H Club Leader.

Wayne teaches downhill skiing and serves on the Wisconsin Bankers Association Ag Board.

Tim is a past president of the Kiel Optimist Club, and serves on the boards of directors of the Manitowoc Girl Scouts and the Manitowoc Big Brothers/Big Sisters.

Bill has been very involved locally with the United Way, Red Cross, Boy Scouts and numerous other organizations.

These guys don't spend much time just "hanging out," that's for sure!

**jal**

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