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Agricultural Outlook Forum  
U.S. Department of Agriculture

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Tapping Rural Equity or Can Farmers Save Rural America?

Paul DeBriyn

# TAPPING RURAL EQUITY or Can Farmers Save Rural America?

Paul DeBriyn  
President and CEO



Chaired FCS Mission Related  
Investments Workgroup

The best way to predict  
the future is to invent it.

*Alan Kay*

# Topline on Rural America and Capital

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- Rural America needs investment capital
- Farmers work on top of a lot of wealth
- Now is the time to..
  - understand farmer motivation
  - build on existing models
  - enhance current tools
  - make a commitment to collaborate

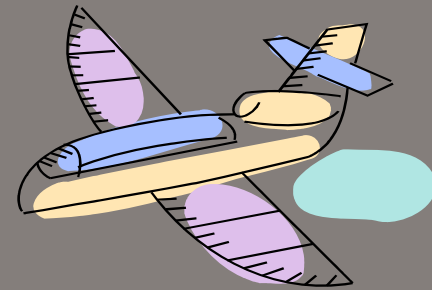
# Rural Communities Still Struggle

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- Economic and quality of life issues
- Need capital for job creation, infrastructure, facilities ...
- Renewable energy opportunity

*but*

- Access to equity capital is limited:
  - Wealth below urban levels
  - Limited liquidity
  - VC fly-over zone



# Rural Wealth is in the Land

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- Homes/Land equal 76% of a region's wealth
- U.S. ag equity is over \$2.0 trillion
- 90% of ag equity is real estate

*What could even 10% of \$1.8 trillion  
do for rural America?*

Source: USDA 2007 Estimates

# Land Rich & Cash Poor

- Average farmer is 55.3 years old

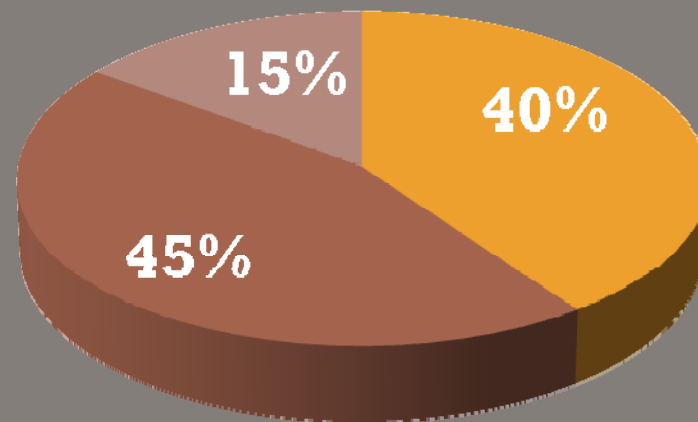
Source: USDA, 2002

- 54% do not have a formal retirement plan

Source: Succ. Farm.

## S / T Plan

Source: AgStar Survey



■ In Place

■ Next 3 Years

■ Someday



# Time to Act is Now

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- ◉ Transfer of Baby Boomer Wealth
- ◉ Ag & Energy Profitability



# Today's Toolbox for Liquidity

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- Land sale / contract for deed
- Sale / transfer to next generation
- Charitable trust
- RE revolving line of credit



# Approaches to Rural Investments

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- Nebraska Community Foundation, via Hometown Competitive Collaboration:
  - Strategies for working w/ community leaders
  - Capture 5% of area wealth as gifts to invest
- Community Development Venture Capital Funds (CDVC's)
- RAIN Source Capital Funds  
(AgStar has invested in 3 of these)

# AgStar Lights One Candle

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- Rural Finance unit formed in 2007
- Buy bonds as mission-related investments
- Focused on:
  - Health care facilities
  - Manufacturing / rural businesses
  - Multi-unit housing
- Work closely with all parties involved
- Establishing network of community banks



# Put Your Farmer Hat On

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- Taxes are worse than death
- Need to provide for my spouse / kids
- Never enough analysis or information
- Trust is a must
- Rely on 'inner circle' of advisers
- Diversification is not a necessity

# Legacy as a Lever

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- Family really matters
- Respect and love for the land
- Proud of rural roots and values
- Desire to give back to:
  - Community
  - Church
  - Beginning farmers
  - Land preservation

# Missing Ingredients

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- Tax-advantaged means of tapping equity
- Means or process to set up for retirement, family, and 'giving back'
- Investment ventures / groups that:
  - Align with farmer values
  - Focus on rural areas
  - Farmers know and trust

# Time to Bury the

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- Non-traditional partners need to collaborate and build alliances:
  - Farm Credit
  - Community Banks
  - Economic Development
  - County/State/Federal Government
  - Education
  - Non-profits





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those who have the will.

*Dutch Poet's Society*

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Thank you for this  
opportunity!

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