

FIRST ON THE FARM

FROM THE EXPERTS AT THE FIRST NATIONAL BANK IN SIOUX FALLS

IN THIS ISSUE

INSURING YOUR SUCCESS

[Page 2](#)

AN OUTLOOK ON PRICES AND PLANTING FOR 2020

[Page 3](#)

FEATURED SERIES
CUSTOMER APPRECIATION
GOLF OUTING

[Page 3](#)

FARMERS 'N BANKERS PROGRAM

[Page 3](#)



BRIAN GILBERT
Ag Banking Manager

What a difference just a few months can make. By now, we are all feeling the impacts of the COVID-19 pandemic. I am not an expert on the subject, and I am going to avoid attempting to imitate one. Instead, I will discuss what I do know.

During these times and all times, The First National Bank in Sioux Falls will put our customer relationships first. We understand that our ag producers have been hit hard. We are committed to helping you get through this volatile time and provide guidance to help restore profitability and ensure long-term viability of your operation(s).

At the time of this writing, FNBSF has processed over \$95 million in Paycheck Protection Program (PPP) loans. Many of these were for farm families.

This program provides 100% federally guaranteed loans intended to cover payroll for small businesses to keep workers employed during the pandemic. We know that this program in and of itself will not be enough to save all businesses; however, it can certainly bridge the gap. By the time you receive this newsletter, there will be many new details and pieces of information about coronavirus economic relief efforts. If you have any questions, do not hesitate to contact our Ag Banking team for guidance.

Another thing I know is that ag producers are the most resilient people in the world. We will get through this pandemic, much like we've gotten through previous crises: through hard work and sheer determination.

The First National Bank Ag Banking team wants to say thank you for all you do to help feed the world. The countless hours spent planting and harvesting the crop and tending to livestock don't go unnoticed to our Ag team or our entire Bank family. While we may not

be able to spend much time face-to-face for a while, please know that your Ag team is still here for you, no matter what you need!

The First National Bank in Sioux Falls has been through very hard times before: The Great Depression, the Farming Crisis of the 1980s, and the financial crisis of 2008. We've survived and thrived through all of them, all while deepening and growing our relationships with our customers. This pandemic will certainly change the world we live in, but you can count on one thing that will stay the same: The First National Bank in Sioux Falls will be here as an independent, family-owned bank committed to agriculture.

INSURING YOUR SUCCESS



**TYLER
URBAN**
Crop Insurance
Specialist

One thing I have learned in life is to always expect the unexpected. A few short months ago it seemed most every producer had a sense of optimism. A trade deal with China was finally signed, winter wasn't extremely harsh, and it seemed that 2020 was on its way to being a year that maybe some stress would be off. And then the word of 2020, coronavirus, showed up! Markets for all commodities have been in a downward spiral, and the optimism for this year has gone down with it.

One thing that can't change is the need to still manage risk.

With multi-peril crop insurance coverages already locked in, there are some private hail and wind products to potentially look at for this growing season. As markets have declined, being able to insure as many dollars as possible may be what is needed for some producers to feel at ease heading into 2021.

As of this writing, the field conditions are MUCH drier in most areas than compared to 2019, so hopefully we won't see the drastic amounts of prevent plant acres like we saw last year. However, there still will likely be some pockets or areas of fields that could still be too wet to plant. Since we are on the fourth or fifth year of having a wet spring for many areas, it is vital to talk to your insurance agent to make sure these acres are still eligible for prevent plant claims. Furthermore, it is imperative

to turn in claims in a timely manner. The final plant dates for corn are May 25 for Moody, Lake, and most counties north and west of there. Minnehaha, McCook, Lincoln, and counties to the south and west have a final plant date of May 31. For soybeans, the final plant date is June 10 for all of South Dakota.

Along with timely claim submission, it is also important to get FSA to certify acres as soon as possible and then meet with your insurance agent to complete your acreage report. This allows some time if acres need to be corrected at FSA or with your schedule of insurance before the July 15 deadline. (This insurance agent also happens to be getting married on July 11, so let's assume the deadline is July 10!)

I started with one thing I've learned in life and I will end with another thing I

have learned in my six years selling insurance. Farmers and ranchers are some of the most resilient and determined people I have ever met. It seems every year there has been something that is quite negative to talk about, and this year is the same. However, I hope everyone this spring can take a minute to enjoy the calves running on green grass, the beautiful sunsets while planting, and overall make time to find the bright spots. I know those are the things I look for myself when I get down, and it reminds me that I am part of the best industry in the world, agriculture. Be safe this spring everyone, and if you have any questions, feel free to contact me at (605) 940-0896.

AN OUTLOOK ON PRICES AND PLANTING FOR 2020



PHIL DEGROOT
Ag Banker

After going for a drive over the weekend, there seems to be potential that this planting season may be better than that of 2019. Last year, all the conversation was based around Prevent Plant (PP) and replant and the different scenarios going into the wet year that was 2019. While there may be optimism with planting, there are still a lot of question marks around ag commodity prices. Fat cattle and feeder calves are at 10-year lows, corn prices are at 14-year lows, and hog prices are below break-even prices.

With prices below break-even, it is even more important to understand your operation's

expenses and areas where expenses can be decreased with limited impact to output. Also, continue working with your marketer to put a plan into place to help mitigate losses.

The one positive is the \$19 billion Coronavirus Food Assistance Program (CFAP). The program has allocated the following:

- \$9.6 billion for the livestock industry
 - \$5.1 billion for cattle
 - \$2.9 billion for dairy
 - \$1.6 billion for hogs
- \$3.9 billion for row crop producers
- \$2.1 billion for specialty row crops
- \$500 million for other crops

Producers will receive a single payment determined by two calculations:

- Price losses that occurred January 1-April 15,

2020. Producers will be compensated for 85% of price loss during that period.

- The second part of the payment will be based on expected losses from April 15 through the next two quarters and will cover 30% of expected losses.

The payment limit is \$125,000 per commodity with an overall limit of \$250,000 per individual or entity.

While it is much preferred that we didn't need these programs and that prices were at profitable levels, any little bit will help.

As always, if you have any questions, you can always ask your banker. If they do not have the answer, we will work hard to find an answer for you.

FEATURED SERIES GOLF OUTING

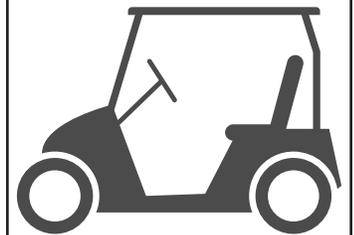
Ag Customer Appreciation Golf Outing

Wednesday, July 22, 2020

Rocky Run Golf Course
Dell Rapids, SD

12:30 p.m. - Registration
1:00 p.m. - Shotgun Start
6:00 p.m. - Social and Supper

RSVP by July 15 to Abby Utech at (605) 335-2927 or alutech@fnbsf.com



FARMERS 'N BANKERS PROGRAM UPDATES



BRIAN GILBERT
Ag Banking Manager

As many of you know, our Farmers and Bankers Class II members received recognition of completing the program in February at our Cultivate Your Future event. I want to take this opportunity to thank them again for their dedication to making their operations more successful and profitable well into the future by participating in this 10-month, five-session

program. The graduates of Class II are as follows:

- Tyler & Kaleigh Nelson
- Richard & Barbara Funke
- Dean & Karey Klein
- Dusty & Jenny LeBrun
- Jason & Kathy Heinemann
- Matt & Kayla Boeve
- Chad & Sandi TerWee

We originally planned to begin Class III on April 1, 2020, with the Basic Farm Financial Ratios, Financial Case Studies, and mock Loan Committee session. Unfortunately, we had to make the decision to postpone this session and Class III due to the COVID-19 pandemic. While we are not certain when we'll

reschedule the sessions for Class III, we are still committed to proceeding. This is because, now more than ever, it is important to understand your farm financials, break-evens, marketing strategies, and succession planning to help your farm weather the storm and thrive in such uncertain times.

We will be in touch with Class III members in the near future with updates on our planned schedule. I would like to acknowledge all of those that are signed up to attend Class III:

- Carter & Dayna Ahlers
- Eric & Brittany Fiegan
- Jeff & Carrie LeBrun

- Jess & Kim Klein
- Jess & Kari Anderson
- Ron & Carla Stahl
- Thaine Strom
- Mike & Stacie Feikema
- Dan & Amanda Plaetz
- DJ & Gina Johanson

As visible in the list above, our class membership continues to grow, which is very exciting! First National Bank is blessed to have such wonderful customers, and we want to sincerely thank those who take time out of their busy lives to improve their operations. Continued education is absolutely essential to ensure viability in volatile times.



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