

# AgUpdate

Timely information for a select group of farm owners and investors

Winter '18

VOL. 35 / ISSUE 2

## Conserving Memories through Stewardship

In the Summer of 2013, Janis Dunn along with her daughters Christine Sallee and Katherine Rollmann took a girl's trip to Omaha, Nebraska. Having heard about a Hertz Landowner Educational Seminar in the area, the trio decided to attend the seminar and see what they could learn. It was there that they met Farm Manager Scott Henrichsen. "Luckily, it was one of those life events where you fall into the right place at the right time and meet the right person," said Christine. "A great relationship was born."

While the family's relationship with Scott is only a few years old, their story of the family farm goes all the way back to the 1800s. Janis' great-grandfather acquired 10,000 acres in what is now Cass County, Nebraska. The land was divided up among his eight children, which included her grandfather who passed it down to her mother and then finally to Janis. Today Janis and her husband Tom, along with their children John Dunn, Christine Sallee, Bill Dunn,



Kate, Bill, Janis, Tom, Christine and John at the farm in 2008.

*"Going from hand harvesting to computer-generated harvesting in four generations is interesting,"*

and Katherine Rollmann own a total of 564 acres in Cass County.

With a farm that has been in the family for that long, methods and procedures have evolved quite a bit. Laughing about some of the old techniques that were used on the farm, the family reminisced on stories that had been passed down through the generations. "They used to shuck corn with a shucking hook, all by hand!" explained Janis.

"We've come a long way since then." And more changes keep coming.

## Farm Improvements

When the family signed on with Hertz, they realized several changes and improvements needed to be made to the farms. "We were not aware that there were so many erosion and water problems," Janis' husband Tom Dunn explained. "We might not have ever known had it not been for Scott."

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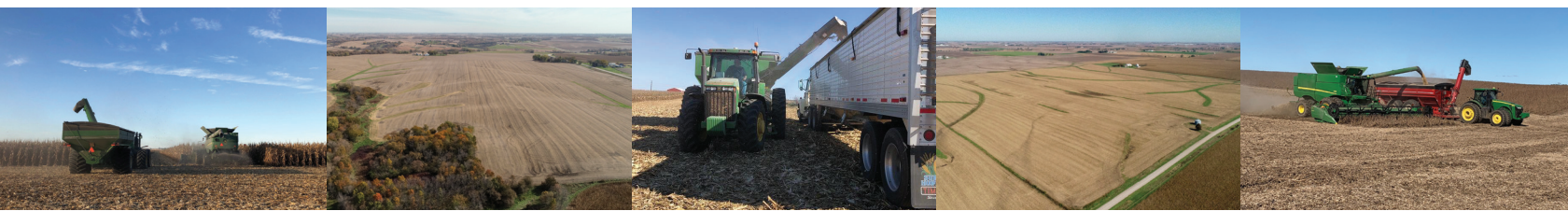
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***“I’ve become more attached to the farm just by learning so much more about it,”***

After sitting down and speaking with the family, Scott determined that the BSD FARM (Becker, Schmidtman-Sattler, Dunn) had been over-tilled and valuable topsoil was being washed away. This led to ruts in the field which negatively impacted farm-ability and productivity. To correct these issues, the farm needed a new terrace and a drainage tile system installed.

To reduce the cost of these improvements, Scott reached out to the local Cass County Natural Resources Conservation Service (NRCS) and Farm Service Agency staff, conducting several farm tours with both local and state USDA officials. Partnering with the agencies, Scott applied for a federal cost-share program, (EQUIP Program). With the support of the local and state USDA staff, BSD Farms was moved to the top of the list for Federal cost-share funding. The program started in 2018 and will continue into 2019 and 2020 with the family being reimbursed tens of thousands of dollars in expenses by the USDA.

## Farm Technology

In addition to receiving funding for farm improvements, the family has also been excited about the advancements in farm technology. “Going from hand harvesting to computer-generated harvesting in

four generations is interesting,” said Janis. Scott has also utilized drones which allowed the family to see aerial videos and images of their farm after the most recent tile and terrace work was completed.

## Connecting to the Family Legacy

While the family has lots of stories about the farm, Janis and Tom along with their children, did not grow up on the farm. Their son John admitted that their connection to the farm was different from other landowners. “We’re not quite as emotionally connected to the farm as others,” he said.

However, through landowner seminars and farm tours with Scott, that connection has started to change. “I’ve become more attached to the farm just by learning so much more about it,” explained Christine. Bill added that, “It’s been great to more deeply develop that tie... it’s interesting to actually walk the land and learn about how it’s a living and breathing thing.”

Scott talked about some of the farm tours with the family and how he’s enjoyed watching their interest and excitement in their farm grow. “We’re passionate about farmland and telling the story of agriculture. To see that same passion spark in someone else’s eyes, especially with their own land, it’s why we do what we do,” says Scott.

In addition to their growing excitement for the farm, the family is hopeful that same enthusiasm will transfer to the grandchildren. “They didn’t grow up here, they


aren’t farmers and it’s hard to foster that interest in them,” explained Katherine. “But they are lucky to have grandparents that impact that history and those stories. I see it continuing with them, they have that built-in interest.”

## Relationships Built to Last

While education and farm improvements have played a big role in the family’s farm future, for them it all boils down to one thing - the relationships. Working with Scott over the last few years, along with others who work the farm and help make it successful, has been a valuable and important asset to the family.

“It’s all about relationships,” says Christine. “The relationship that we have with Scott... anyone of us can call with our questions. I don’t know the lingo, sometimes I don’t even know what I’m trying to ask, but because of our relationship with him, he can understand what we’re trying to say.”

Scott agrees that the relationship that he has with the Dunn family, is just as beneficial and rewarding for him. “They’re such a close-knit family and a true joy to work with,” he says. “That kind of family bond and relationship is just amazing to see.”

Whether the family is walking the same fields that their ancestors walked or laughing around a table telling stories about how the original homestead had the first indoor bathroom with a copper bathtub, one thing is for certain: at the end of the day, it all comes down to family. 

# Farmland Value Update

**Doug Hensley**, President of Real Estate Services, Nevada, IA

As we conclude 2018, farmland values across the Midwest show varying results. Many recent sales have maintained surprisingly strong price levels, while others appear softer. This marketplace inconsistency is related to local factors playing an outsized role in the land market this season, such as whether an area has grown another big crop or not. In areas where growing season success is once again bursting bins, values appear more stable than those in areas where variable summer weather caused less than ideal crop yields. And when viewed in total, farmland values in Iowa, Illinois, and Nebraska, appear to reflect pressure and overall characteristics of slightly decreasing markets.

## Iowa Farmland Decrease During Second Half of 2018

The Iowa Chapter of REALTORS® Land Institute released its September 2018 Land Trends and Values Survey, which showed a statewide average decrease of cropland values of 1.7% for the March 2018 to September 2018 period. This is the first decrease in the twice-yearly survey since 2016, and largely offsets the 2.9% increase reported in land values from September 2017 through March 2018. The chief factors currently influencing the Iowa farmland market include crop production levels, commodity price levels, the limited amount of land on the market, and increasing interest rates.

## 2018 Illinois Farmland Values Trend Lower

According to the survey by the Illinois Society of Professional Farm Managers and Rural Appraisers (ISPFMRA), the value of excellent quality Illinois farmland also trended slightly lower during the first half of 2018, with a 2% weaker reading. Similar to Iowa, crop production and commodity price levels, rising interest rates, and the general disruption being felt from the tariff dispute(s), were all cited as factors for the weaker trend.

## Nebraska Farmland Values Continue Downward

According to the 2018 survey from the University of Nebraska-Lincoln, the average market value of farmland in Nebraska declined by 3%, marking the fourth consecutive of downward pressure, although the rate of weakness has actually improved from 2017 levels. The survey showed the largest percentage change in tillable grazing land values, at 6% weaker. Survey participants in Nebraska indicated that low commodity prices and current tax policies are the primary reasons for declining land values in the Cornhusker state.

## Future

As we look to the future of Midwestern farmland values, keep an eye on several key issues that are likely to directly impact farmland prices. First, local factors and production success/disappointment from area to area generally sets the mood in the countryside.

High-quality farms with the most productive soils, solid drainage, easy farm-ability and strong fertility will continue to sell best – these are the farms that most consistently produce year-in and year-out.

Second, the Federal Reserve appears committed to continuing their policy of removing ‘accommodation’ from the US economy. This means short-term interest rates are likely to continue increasing over the next few months. And while short-term rates don’t directly impact long-term borrowing costs, short-term rates directly impact farm operating notes, which will be in focus as operating loan renewal season is upon us at year-end. Anything that adds cost to farm operations just creates pressure.

Third, the disruption created in the commodity markets by the enactment of global trade tariffs is real, and has softened markets, particularly for soybeans. How global trade negotiations play out in the weeks and months ahead will continue to impact commodity prices and, ultimately, underlying asset values including farmland. This issue seems particularly important as it relates to 2019 crop insurance price levels, which appear likely to reset at much lower levels in 2019 than those we enjoyed for the 2018 growing season.

Finally, relating to crop insurance, negotiations are currently underway for the new Farm Bill in Congress. Both the House and the Senate have proposed various adjustments to current farm policy, which may significantly impact production agriculture, and farmland values, in future years. 🌱

*“Many recent sales have maintained surprisingly strong price levels, while others appear softer.”*





# Grain Markets Update

**Rich Grever**, AFM, CCA, Farm Manager, Licensed Real Estate Managing Broker - IL

In past crop growing seasons, grain prices were mainly influenced by that year's planted acres, summer weather, and crop yield prospects. In addition to these regular influences, the summer of 2018 was dominated by trade wars and the concern of decreased demand for U.S. commodities. As a result of the trade concerns, tariffs, and the forecast of high crop yields, 2018 grain prices are significantly lower than a year ago.

December 2018 corn future prices went from a spring time high of \$4.295 per bushel to a contract low during the first part of September of \$3.425 per bushel. November 2018 soybean futures had a \$2.4825 per bushel range from a contract high of \$10.605 to a contract low of \$8.1225 per bushel.

Recently, there has been positive development with a potential trilateral trade agreement with the U.S./Mexico/Canada Agreement. There is also positive movement with potential trade agreements with Japan, the European Union, and the United Kingdom. Unfortunately, as we prepare this update there

has been very little progress made with the United States major trade partner for soybeans, China.

The trade dispute with China has resulted in tariffs, which have negatively influenced exports of soybeans and pork. As a result of the backlash over trade, China's tariffs on U.S. pork have climbed as high as 70%, making U.S. imports more expensive. At the same time, an outbreak of African Swine Fever in China has increased demand for imported pork. This is a missed opportunity for U.S. pork producers.

China imports approximately 60% of their annual oilseed needs. China's soybean purchases have shifted from the United States to mainly Brazil, Argentina, and Canada. The concern is that as China looks towards other sources to fill their needs, those countries will turn the opportunity into long-term business.

Most anticipate a resolution with China eventually, but there is much uncertainty as to how soon this will happen. The grain trade will continue to be leery of increasing prices until the future with China is known.

Other factors influencing grain prices are that overall the United States

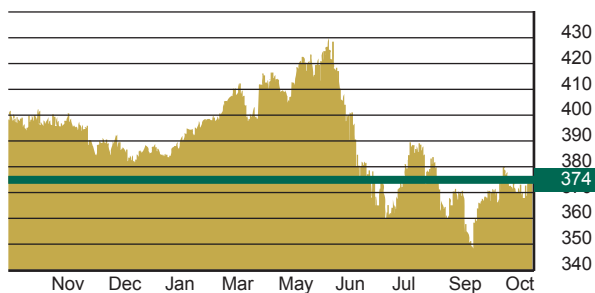
had an excellent 2018 growing season with the potential for a record average corn yield of over 180 bushels per acre, and a record soybean yield of approximately 53 bushels per acre. The record soybean yield along with increased planted acres will produce record production, supplies and ending stocks.

Looking towards 2019, lower soybean prices due to the U.S./China trade war will encourage fewer soybean acres and a shift to more corn acres. At this time, the outlook for corn prices is slightly more optimistic due to strong demand and the forecast for usage to exceed 15 billion bushels for the first time ever, which should lower the projected 2018/19 ending corn stocks.

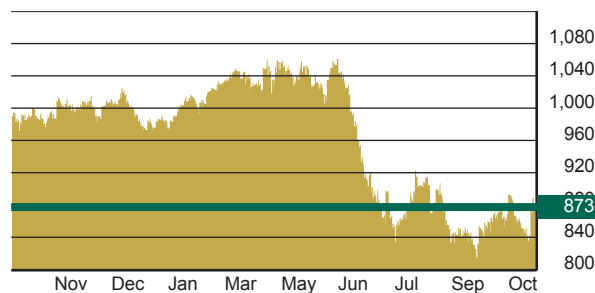
Going forward there is optimism that finalizing trade negotiations with other countries will lead to a positive outcome to a trade agreement with China. How much grain prices improve over the next few months will be determined by the final 2018 U.S. corn and soybean production (to be updated in January), the outlook for 2019 U.S. planted acres, and a more positive outlook for U.S. grain demand with the finalization of trade agreements. 📈

*"The grain trade will continue to be leery of increasing prices until the future with China is known."*

## Corn Prices



## Soybean Prices



# Drainage Tile: What you need to know

It's no surprise that in the Midwest we get a lot of rain and while rain is good for growing crops and producing high yields, too much rain has the opposite effect. The Midwest has several areas that are known to receive excess rainfall. So, how do you combat this issue without magically being able to control the weather?

Underground drainage tile is one of the most efficient ways to handle excess rainfall for farmland. Tile drainage is a management system that removes excess water from soil below the surface. This type of drainage system helps bring soil moisture levels down for optimal crop growth.

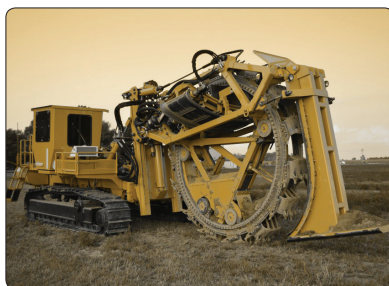
## How It's Installed?

Thanks to today's technology, installing drainage tile is a pretty simple process. Made with plastic tubes anywhere from four to twelve inches in diameter, the tile is laid out onto a field. From there, it is then trenched or plowed into the ground.

## Benefits of an Effective Tile Drainage System

Now that you know what drainage tile is and how it's installed, let's look at some of the benefits of having an effective tile drainage system on your farm:

1. Helps manage soil moisture capacity thereby reducing soil erosion
2. Improves yield consistency
3. Helps maintain waterways



Top: Pattern tiled field. Left: Trenching tile has a capacity of approximately 1,000 feet per hour. Right: Plowing tile increases the capacity to 3,000-4,000 feet per hour.

4. Helps improve operational timeliness
5. Reduces wear and tear on equipment
6. Allows for more consistent no-till production

In addition to these benefits, having an effective drainage tile system in place can help increase the rental value of your land.

Lastly, a drainage tile system is

a great long-term investment for farms that receive excess rain. While the investment is made up-front, the benefits of the system can last for many years. Under the new tax law, this up front investment can be written off entirely in the year of installation.

For more information on drainage tile and if it's a good investment for your farm, contact your Hertz Farmland Professional. 📞

*“while rain is good for growing crops and producing high yields, too much rain has the opposite effect.”*



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# Hertz Professional Update

## Dan Riewerts

Dan started working with Hertz out of our Geneseo, Illinois office as a professional farm manager.



Dan Riewerts



Kyle Bell



Isaac Klemish



Tim Fevold

## Kyle Bell

Kyle joined our Mount Vernon, Iowa office as a professional farm manager.

## Isaac Klemish

Isaac has started working out of our Nevada, Iowa office as an appraiser trainee.



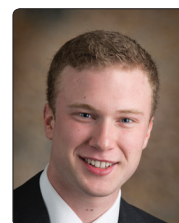
Chris Smith



Clint Kaller



Adam Meyer



Calvin McBride

## Tim Fevold


Tim Fevold stepped in as the National President of the American Society of Farm Managers and Rural Appraisers.

## AFM Designations

Chris Smith, Clint Kaller, Adam Meyer and Calvin McBride have all been awarded their

Accredited Farm Manager (AFM) designations from the American Society of Farm Managers and Rural Appraisers (ASFMRA).

The American Society of Farm

Managers and Rural Appraisers® (ASFMRA®) is the largest professional society for rural property land experts, boasting over 2100 members in 31 chapters throughout the United States. 

## Leadership Institute

The American Society of Farm Managers and Rural Appraisers (ASFMRA) is an organization committed to the future of agriculture. Professionals from Hertz Farm Management, Inc., including farm managers Tim Fevold AFM, Adam Meyer, Elizabeth Heaton, Samuel Zach, and Kathy Pettinger, rallied in Washington D.C., with farm

managers and appraisers from around the United States. These members trained to advance their leadership skills as part of the ASFMRA Leadership Institute, sponsored by Corteva Agriscience (formerly known as DowDuPont).

During the week long trip, the group heard from a wide variety of speakers including; Dennis Shields, Chief Economist, and



Adam Meyer, Kathy Pettinger, Tim Fevold, Elizabeth Heaton and Sam Zach in Washington D.C.

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*To learn more about all of our Hertz Professionals, visit our website, [www.Hertz.ag](http://www.Hertz.ag)*



## New Website / Mobile App

In September, we launched a new website at [www.Hertz.ag](http://www.Hertz.ag). Responsive and mobile-friendly, our new site will format its display to whatever device you are using. Whether you use a phone, tablet, or computer, the display will automatically format to your device for easy viewing.

Our new website also has a new real estate section. This page has all our current listings on a map, and a simplified version of our property feature pages so you can find important information quicker and easier.

In addition to a new real estate section, we've also added a Video Library to our website. We have several videos that outline our services as well as a video about things to think about if you may be inheriting a farm. Be sure to check this section regularly as we will be adding more videos to help guide you through farm management, real estate, and appraisal questions.




### Additional features include:

- Our Hertz.ag Blog which contains company updates as well as ag industry articles
- News Headlines – keep up-to-date on the latest in Ag news
- Commodity Markets – streaming commodity prices

- Auction Calendar – keep track of upcoming auctions

### Hertz Mobile App

Download our mobile app from the Apple App Store for iPhones or Google Play for Android phones. View all of our real estate auctions and listings, right from the app! 

*Experience  
our new  
website at  
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Jeremy d'Antoine, Chief Data Analyst, from the Farm Credit Administration, Steve Elmore, Corteva's Chief Economist, plus various officials from the National Agricultural Statistics Service and the USDA including Deputy Secretary Stephen Censky.

A highlight of the trip was a day of Communication and Advocacy Training. Participants learned how

to formulate and deliver concise, informative messages. They had opportunities to put their new skills to work as they met with House Ag Committee Chair Conaway (TX); staff at the offices of Senators Grassley and Ernst (IA); Fisher and Sasse (NE); Congressmen Young, Blum, and King (IA); and Durbin (IL). Discussions included the Farm Bill, continued support of crop insurance, and federal

regulations to maintain the integrity of our lending institutions on the need for certified appraisals.

The ASFMRA Leadership Institute understands the importance of growing leaders in agriculture. Those attending were encouraged to continue working with government entities to represent their clients in support of agriculture. 



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#### Indiana Office

Tipton, IN	(765) 319.3384
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## Landowner Educational Seminars Winter 2019 Schedule

All landowners are invited to attend one of a series of Winter seminars. Our seminar topics will include Grain Markets, Farm Lease Trends/Leasing Alternatives, Land Trends & Values, Tax Updates and a discussion on future agricultural trends.

If you are planning for the next generation, you're encouraged to invite your children to attend with you.

Seminar Registration Pricing:  
\$30 per person, \$50 per couple.

**Pay Online and Save.**  
**Save \$5 per person, \$10 per couple, when you register and pay online.**

Walk-in price: \$40 per person, \$75 per couple.

**Registration includes:**  
Lunch, break refreshments and handouts of the presentations.

**For your convenience, you can register one of four ways:**

- For your **discount**, register Online at [www.Hertz.ag/seminars](http://www.Hertz.ag/seminars)
- Call: 319.449.6116  
Ask for Seminar Registration
- Email: [Seminars@Hertz.ag](mailto:Seminars@Hertz.ag)
- Mail the enclosed postcard

## Dates & Locations



All seminars will be from 8:30 a.m.-3:15 p.m.

**February 11,** Anaheim, CA  
**February 12,** Palm Springs, CA

**February 14,** Glendale, AZ  
**February 15,** Chandler, AZ

**February 26,** Orlando, FL  
**February 27,** Sarasota, FL  
**February 28,** Ft. Meyers, FL