

How many fertilizer vendors are available besides CF industries?

Name: Craig Welter

“North America has several other fertilizer production companies operating, with Nutrien (formerly Agrium and PotashCorp), Mosaic, Yara, and Koch Industries being some of the largest. Over 93% of the U.S. potassium fertilizer supply is imported, while 12% of the nitrogen and 9% of the phosphate are imported. According to The Fertilizer Institute, there are 30 nitrogen production companies in 29 states and 11 phosphate production companies in 14 states, so CF Industries is far from the only supplier of U.S. fertilizer.”

How do you suggest we arrive at a fair rent for acres in alfalfa and allowing an operator to spread manure?

Jeff Troendle:

“There would be a couple of ways to go about determining fair rent on alfalfa acres, depending on who paid to establish the alfalfa. Typically, rents are not determined on a crop specific basis, but rather what the potential return would be for the most lucrative crop that could reasonably be planted on those acres for that year. In the Midwest, more often than not, that is commercial corn, unless you happen to be lucky enough to be in a location where growing seed corn is a viable option. Using that premise, let’s assume that the market for similar ground in your area is \$350 per acre. The only reason to take any less than that for the hay ground is if you are on highly erodible ground and your conservation plan requires alfalfa in the rotation. Short of that restriction, your rent should be no less than what other similar ground in the area is renting for that is being used to grow other crops. That is the first step. The second step is based on who paid to establish the alfalfa. If you as the landowner paid to establish it, you should expect to be able to recoup some of those costs as part of the rent. Assuming that it cost you \$100 per acre to establish the alfalfa, and assuming the stand would be there for 4 years, you would expect to recoup at least \$25 per acre, per year to recover your establishment costs. If the market in our example won’t support the additional \$25 per acre, because the demand for hay ground does not exceed the demand for corn and soybean acres, then you may want to lease it for corn and try to get a premium for the nitrogen that will be available to the corn crop. At today’s high nitrogen costs, there is real value in the 60-140# of Nitrogen that would be available from the alfalfa, depending on the quality of the stand. If your tenant paid to establish the alfalfa, then the rent you would expect is the same rent as other similar quality ground in the area is renting for to be planted to corn or soybeans. Again, the only reason it may be worth less, is that you are required to have hay in your rotation to meet your farm’s conservation plan, but the demand for hay ground is not high in your area.

With regard to allowing your tenant to spread manure on your farm, we feel that economically, it is a benefit to your ground to receive not only the nutrients but also the organic matter associated with manure, so we typically encourage operators to apply manure on our client’s farms unless there is an odor issue with someone living on your farm, or a close neighbor, or you are next to a creek or stream where runoff is a concern. However, we do require that when applying the manure that they do so within the guidelines set up for maximum application rates based on your crop rotation and that they apply when the ground is dry/fit, to minimize compaction issues. We also ask that application rates be documented, the manure spread uniformly, and that a copy of the manure analysis test be provided to verify nutrient levels applied. If I am reading your question correctly, you may have been asking if you should expect to receive some additional compensation for allowing the operator to spread manure on your farm? If so, we would not typically see any specific payment for the right to spread the manure, although the operator may feel he can pay a little more rent if he can substitute manure for part of the commercial fertilizer needed to supply maintenance levels of fertility or meet whatever your minimum fertility requirements are in your lease.”

Questions continued on next page

Has Navigator withdrawn the CO2 pipeline branch that was proposed to go through Delaware and eastern Linn County? That branch was not shown on your map but is shown on the Navigator maps.

Craig Welter:

“It appears that the map shown in the presentation is incorrect. Navigator still shows the Delaware and Linn County lines on their website, so I would assume that those lines are still planned. The map was pulled from an older article, and although it was convenient that it showed the extent of both projects, it was apparently inaccurate.”

When you speak of corn crop, is this natural corn or genetically modified corn? This would be the combination of both.

Dick Pringnitz:

“This would be the combination of both.”

Are the farm leases you speak about free and clear unencumbered by any liens on title? Our leases are typically one year leases that can be terminated by the termination date requirement in each state, so would not represent a long term lien or encumbrance on the property. They do however commit possession of the farm to the tenant during the one year lease period.

Name: Jeff Troendle

“Our leases are typically one year leases that can be terminated by the termination date requirement in each state, so would not represent a long term lien or encumbrance on the property. They do however commit possession of the farm to the tenant during the one year lease period.”

Bill Gates is said to be the largest land owner in USA. How do his methods impact farm land owners adversely on value and crop production?

Doug Hensley:

“Bill Gates was reported in 2021 to be the largest row-crop farmland owner in the United States. Similar to the part of my Land Values presentation when I talked a little about who the buyers of farmland were, Mr. Gates would be considered a non-local individual investor. As it happens, Mr. Gates actually owns his land through an entity, versus in his own individual name. However, he is no different than most non-local investor buyers, in that he and his investment advisors understand the long-term value that farmland can provide to his overall investment portfolio. I do not believe his methods have any impact on the value and crop production of other farmers or landowners.”

How does your firm factor into investor equation?

Doug Hensley:

“Hertz does acquisition work, sales work, management work, and appraisal work for landowners and estates of every shape and size. These can include individuals, families, trusts, endowments, foundations, and institutional landowners. We do not favor any one type of landowner over others, and we work hard to deliver the highest of quality services to any client we have the opportunity to serve.”

Questions continued on next page

Recommended cover crop that do not require herbicide to kill off for central Illinois? How does the use of cover crop affect no till or decreased till practices? It almost appears self-defeating if tillage is the only way to increase soil fertility without herbicides.

Craig Welter:

“There are several kinds of cover crops that do not overwinter and will “self-terminate”. These include oats, spring wheat, crimson clover, and buckwheat to name a few. The best choice will depend on the crop you are rotating to and from. Clover would scavenge and add nitrogen to the soil to be used for corn production. If you are only looking for self-terminating cover crops, you will want an earlier harvest so you can have timely seeding and proper conditions to promote adequate fall growth to make use of the cover crop worth the investment. You could also look into using aerial seeding while your cash crop is growing to establish the cover crop earlier.

Another option is still using a cover crop that will overwinter like cereal rye, but using a roller-crimper to terminate the cover crop in the spring rather than herbicide.

Typically use of a cover crop prior to a given growing season means planning to not use any tillage for that crop. As you indicated, using tillage would defeat the primary purpose of the cover crop. With a properly equipped planter and someone who is experienced with managing/planting into the cover crop, no-tilling into a cover crop can be successful, but it takes experience and learning.

Some cover crop users will only use a cover crop following corn or seed corn and ahead of soybeans, or vice-versa. Some are comfortable doing both. If only doing a cover every other year, there may be some light tillage done in the non-cover crop year.

The use of a cover crop comes down to your primary goals. What are you hoping to gain? Better weed control? Erosion protection? Added soil health? Fertility scavenging? Is grazing an option? Other important questions are: what is your cash crop rotation? How will you establish the cover? This resource from the Practical Farmers of Iowa may be helpful to specifically answer your question:

<https://practicalfarmers.org/programs/cover-crops/> “

Are any of you out there actually measuring Nitrate run off your farms with some type of accurate measurement?

Jeff Troendle:

“We are testing tile water that exits farms in conjunction with special projects that we may be doing with a State University, government agency, or private industry under a research grant. It would not be a common practice on a very large percentage of the farms we manage, but we are doing it on some.”

Questions continued on next page

What rent is reasonable for alfalfa in a field for long term....4 years?

Jeff Troendle:

“There would be a couple of ways to go about determining fair rent on alfalfa acres depending on who paid to establish the alfalfa. Typically, rents are not determined on a crop specific basis, but rather what the potential return would be for the most lucrative crop that could reasonably be planted on those acres for that year. In the Midwest, more often than not, that is commercial corn, unless you happen to be lucky enough to be in a location where growing seed corn is a viable option. Using that premise, let’s assume that the market for similar ground in your area is \$350 per acre. The only reason to take any less than that for the hay ground is if you are on highly erodible ground and your conservation plan requires alfalfa in the rotation. Short of that restriction, your rent should be no less than what other similar ground in the area is renting for that is being used to grow other crops. That is the first step. The second step is based on who paid to establish the alfalfa. If you as the landowner paid to establish it, you should expect to be able to recoup some of those costs as part of the rent. Assuming that it cost you \$100 per acre to establish the alfalfa, and assuming the stand would be there for 4 years, you would expect to recoup at least \$25 per acre, per year to recover your establishment costs. If the market in our example won’t support the additional \$25 per acre, because the demand for hay ground does not exceed the demand for corn and soybean acres, then you may want to lease it for corn and try to get a premium for the nitrogen that will be available to the corn crop. At today’s high nitrogen costs, there is real value in the 60-140# of Nitrogen that would be available from the alfalfa, depending on the quality of the stand. If your tenant paid to establish the alfalfa, then the rent you would expect is the same rent as other similar quality ground in the area is renting for to be planted to corn or soybeans. Again, the only reason it may be worth less, is that you are required to have hay in your rotation to meet your farm’s conservation plan, but the demand for hay ground is not high in your area.”

Is there a family owner crisis for younger generations having no interest in taking over these farms?

Jeff Troendle:

“In situations where families may want to keep a farm in the family into the next generation, but there are not any family members that want to continue to be directly involved in the physical operation of the farm, families often turn to us to help them retain ownership. We do that by finding a quality operator that will help them receive a fair return from the farm and maintain or improve it while still allowing them to maintain ownership in the family. Sometimes that is through a Family Partnership or an LLC, other times, certain family members that are interested in farm ownership will buy out those family members who are not interested in retaining ownership of the farm. Just because your heirs are not interested in doing the actual farming, doesn’t mean that the farm can’t continue to be part of your family’s legacy.”

Questions continued on next page

The below questions were answered during the webinar. You can view the responses to these questions here: <https://www.hertz.ag/landowner-educational-webinar-april-21-2022>

Do we have option to produce fertilizer and/or chemicals here in the USA besides importing from China?

What was the 20% business deduction called that you can take off your taxes and who qualifies for this (I heard you say cash renters are not eligible)?

What (if any) concern is there on the ground water for producing additional and new bio-fuels? What cover crops do you recommend for a smaller farm (150) acre that is corn and beans? How are they paid for in a cash rent lease?

Carbon pipelines sound interesting. Will the pipelines run above ground?

Do you have a good website to check in on weather generally around where our farm is located and how farm-wise the weather is affecting our own farm?

How can I find auction results for specific land packages Hertz sold recently?