

# Ag Update

*Timely information for a select group  
of farm owners and investors*

Providing Professional Farm Management, Real Estate Sales, Auctions, Acquisitions, and Land Appraisals

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## Landowners Own a Piece of Family History

The strong bond between Iowa farmland and the Heery family is being passed onto the next generation. The historical connection and respect for the land was evident as 18 family members, ages 26 to 88, from seven states returned to Butler County, Iowa this summer for a tour sponsored by Hertz Farm Management, who manages multiple parcels of land held by the family.

Fred Kurth, age 75, has been visiting the original homesteaded farm, now Heery Woods State Park, every year since he was two. The fifth-generation landowner held the rest of the family spellbound as he recounted the stories of how their ancestor, his great-great grandfather, walked a total of 500 miles round trip from Wisconsin to the pastoral “bend in the Shell Rock River” to homestead a virgin prairie farm. “You can imagine what that farmer coming from thin, rocky Irish soil and heavily forested Wisconsin land thought, as he gazed at six-foot high prairie grass as far as the eye can see.” Kurth surmised, “I must be in heaven.”

“The farmland [purchased by the first, second and third generation of Heerys] and our family, have a long



Three generations from seven states gathered in Iowa this summer for a family farms tour.

history together and that’s been communicated by our parents and grandparents, and we hold it dearly,” said Tom Kreutzer. “It’s beautiful ground and stewardship is important to us. We want to pass that on to the next generation.”

Hertz Farm Management has managed the farms since 1978. “Communication from Hertz has kept us engaged,” explained John Kreutzer. “Even for those of us not involved, we’ve been engaged and informed.”

Kurth is the lead man who Hertz Farm manager, Cal Dickson, calls for

decisions needing immediate answers. And Kurth coordinates passing farm information among family members. “We get monthly updates from Hertz through the growing season,” explained Kreutzer. Family members, who stretch from Texas to Virginia and Florida, also appreciate Hertz’s winter seminars in the snowbird southern states.

Longevity and continuity are also important to the Heery descendants. “We value our 33-year relationship with Hertz,” said Kreutzer, “and the family is proud that some farm

*Continued on Page 2*

# Landowners

Continued from Page 1



Family members discuss farm operations with Loyd Brown (Left in cap), President, Hertz Farm Management, and Cal Dickson (second from right), Farm Manager from Mason City, Iowa.

operator families are transitioning to the next generation, too. One farm family has been operating our land for over 61 years.”

“Longevity and continuity are meaningful, but you also want to generate income and be progressive,” said cousin John Conroy. “The Heery descendants appreciate that stewardship and profit are not mutually exclusive.”

“Hertz does a good job taking care of the land from crop rotation to the right fertilizer, tiling and conservation measures,” said John Kreutzer. “And we’ve been blessed with [farm manager] Cal’s expert marketing. You can love the land, but it’s still a business that needs to be managed well.”

“Farming is a complex business. At one of our farm operator’s place, we saw how everything was computerized,” explained John’s brother, Tom. “If you are going to honor the property you own, you

need to have the time and knowledge to manage that resource properly,” Tom added. “We’ve been lucky to find people, like Cal and others at Hertz, we can trust who have the business acumen, commitment and concern for our assets,” noted Tom.

## Good investment

For the Heery descendants, owning land is a good investment. Farmland is something that won’t go away. “You can have a pile of stock certificates and in a week, it can be worth nothing. But, farmland generates food; it is tangible and has some productivity,” explained Kreutzer.

But, the deeper reason the family owns farmland “centers on family history and legacy,” noted Kreutzer. “All our farms are century farms, and our family has owned land in the county since 1850. Other than donating land for a state park, the only properties we’ve sold are some home site acreages.”

Cousin Peggy Chmielewski values the link between the land and her family. “Family history is so interesting when you imagine what it was like to get started as a homesteader.” Tom Kreutzer chimed in: “What impresses me the most is I can’t change a light bulb without going to Home Depot twice,” he laughed. “John Heery, Sr. came with everything he needed or improvised.”

It’s that connection to the earth that the pioneers had, which sixth-generation Greg Tobin appreciates. “Can you imagine meeting a trapper on your walk from Wisconsin in 1849, who tells you about a beautiful bend in the river 100 miles away, and then finding that exact location and homesteading that land? When we come back here to that same spot, that connection to the land and to family history is rekindled,” Tobin explained.

One of the farms the family owns meanders along the river for more than a mile and a half. “It’s the prettiest farm,” says Kreutzer, “with timber, the river and the expanse of fields. If you picture prairie grass instead of corn and soybeans, you can almost envision what your great-great grandfather saw on that very spot.”

The purpose of the summer tour was to update the family about their farm investment and connect the next generation of Heery descendants to that spot in northeast Iowa, where their link to American history began.

Owning a piece of history, especially family history... that is a legacy that’s priceless.

## Ed Kiefer – Farm Manager of the Year



Ed Kiefer

Ed Kiefer, Vice President and Office Manager for Hertz Farm Management, Inc. in Geneseo, Illinois, has been named 2011

Professional Farm Manager of the Year. Ed was presented with the award at the 82nd Annual American Society of Farm Managers and Rural Appraisers Convention and Tradeshow, held October 24-28, 2011, in Phoenix, Arizona.

Having provided 36 years of farm management services, real estate sales and acquisitions, and agricultural consultation to clients across Illinois, Ed stated that he has enjoyed each and every day of his career. “I had the opportunity, during my senior year at

Iowa State University, to interview for a farm management position,” he said. “I got the job, moved to Illinois, and that’s how I started in farm management.”

“Ed is a tremendous asset to our company,” said Loyd Brown, President, Hertz Farm Management, Inc. “One of the foundations of Ed’s success is that he is very sincere and personable. He is always working in the best interest of his clients.”

Ed noted that he could never have received this recognition without the support of his family – particularly his wife Barb, who also grew up on a farm. “She is one of the major reasons I am standing here today,” he said.

According to Ed, soil and water conservation serves as the foundation of his philosophy for managing a farm property. “My goal is to leave a farm property better than I found it, and that can include installing tile, improving drainage, putting in waterways and filter strips, and

planting trees, native grasses and flowers,” he said. “I would want to look back and be able to say, ‘That farm is in much better shape than when I started managing it.’”

Ed Kiefer grew up on a 660-acre grain and livestock farm in southeast Iowa, and he knew from an early age that he wanted to pursue a career in agriculture. He has never been afraid to get his hands dirty when working with his clients’ farming operations. He even carries a spade in his SUV, so he can dig and examine the roots and share with clients and farm operators what is going on beneath the soil.

“One thing I’ve learned is that you cannot manage a farm while sitting behind a desk. You need to be out in the country and get dirt on your boots,” said Kiefer.

To watch the award video honoring Ed Kiefer and his illustrious career, visit the Links Page on our website, [www.hfmgmt.com](http://www.hfmgmt.com).

## Jim Frevert Honored with Floyd Andre Award



Jim Frevert receiving his award from Wendy Wintersteen, Dean of the College of Agriculture and Life Sciences at Iowa State University.

Jim Frevert of Nevada, Iowa, was recently awarded the Floyd Andre Award of the College of Agriculture and Life Sciences. The award was established

in 1978 to honor distinguished Iowa State University alumni who have made outstanding contributions to agricultural business and production, or have significantly influenced Iowa agriculture.

Frevert is an avid supporter of the College of Agriculture and Life Sciences and served on the board of trustees for the Committee for Agricultural Development for six years. He has served on the Board of Governors for the Iowa State University Foundation and is a lifetime member of the ISU Alumni Association.

Jim grew up on a farm near Rudd, Iowa. He joined Hertz Farm Management in 1964 and served as President from 1988 to 2000. In 1993, Jim served as the 57th

president of the American Society of Farm Managers and Rural Appraisers. He has been recognized many times for his efforts in soil and water conservation, including the State of Iowa Soil Conservation Award for farm managers and two awards from the National Association of Conservation Districts. He has served as president of numerous organizations, including the Story County Hospital Foundation and the Nevada Rotary, and the board of directors for the Youth & Shelter Service Foundation of central Iowa.

Though Jim retired in 2003, he still manages his family’s farms. He is an active member of the Nevada United Methodist Church. Jim and his wife, Clare, have a son, a daughter, and four grandchildren.

# Hertz Farm Management Welcomes New Employees

## Kevin Kerns



Kevin Kerns has joined the Hertz Farm Management family as part of the Appraisal staff at the office in Nevada, Iowa.

Kevin lives in Story City,

Iowa. Since 2006, he has worked as a commercial and farm appraiser for Frandson & Associates, located in Des Moines. Before that, he worked for several years for Farm Credit Services.

Kevin graduated from Iowa State University with a bachelor's degree in Agricultural Business-Finance.

Kevin's son, Evan, and daughter, Jennifer, are both married. Kevin has three grandchildren.

## Troy Vincent



Troy Vincent has joined the Appraisal staff of Hertz Farm Management's office in Mt. Vernon, Iowa.

Previously, Troy worked as a loan officer at U.S.

Bank in West Branch. Also, he worked

as an agronomist and plant manager for United Agri Products in Atalissa, Iowa, for 10 years. He is a Certified Crop Advisor and farms about 400 acres near West Branch, Iowa. Troy graduated from Iowa State University in 1994 with a major in agronomy.

Troy and his wife, LeAnne, are the proud parents of a two-year-old daughter. LeAnne teaches half-time in Iowa City as a reading instructor for fourth graders. Both Troy and LeAnne's parents farm near West Branch.

## Robert Opperman



Robert "Bob" Opperman recently joined Hertz Farm Management as an Independent Contractor/Real Estate Sales Associate out of the

DeKalb, Illinois office.

Bob hails from Manning, Iowa, and has a bachelor's degree in Ag Education from Iowa State University. He worked in the banking industry for 15 years after college, and has been involved with his own business since 1998.

Bob and his wife, Kathy, live in Rockford, Illinois. Their son, Justin, his wife, and three daughters live in Cedar Rapids, Iowa. Their daughter, Megan, is a high school junior in Rockford.

## David Whitaker



David Whitaker joined Hertz Real Estate Services Inc. in June 2011 as an auctioneer and real estate salesperson at the company's office in Nevada, Iowa. His

auction experience includes sales of farm machinery, antiques, livestock, estates and real estate, as well as benefit work.

David is the proud recipient of numerous auctioneering honors. He was recently named as the Nebraska Auctioneers Association's 2011 Rookie of the Year Champion Auctioneer at the Nebraska State Fair, as well as the Iowa Auctioneer Association's 2011 State Champion Auctioneer at the Iowa State Fair Bid Calling Contest.

David's background includes farming, ranching and livestock, and he is an active member of the Iowa Auctioneers Association and the Iowa Cattlemen's Association. He holds an AAS degree from Bismarck State College, Bismarck, North Dakota.

Before joining Hertz, David and his wife, Ann, managed a purebred Angus herd near Ames, Iowa, where they still live today. They have a son named Colton.

## Randy Hertz Awarded the 2011 Robert C. Meeks Distinguished Service Award



On November 10, 2011 Randy Hertz, Accredited Land Consultant (ALC), received the 2011 Robert C. Meeks Distinguished Service Award

from the REALTORS® Land Institute (RLI), an affiliate of

the National Association of REALTORS® (NAR).

"Randy is very deserving of this award, not just on a national level but, also on a local level. His dedication to the land profession is beyond anyone I've seen," said Kyle Hansen, ALC, of the Hertz Real Estate team.

Hertz's Distinguished Service Award marks the latest milestone for Hertz Farm Management's ALCs. In June, Hansen was awarded the prestigious ALC designation from REALTORS® Land Institute. He is the 15th member of the Hertz Farm Management team to earn the ALC designation.

# Midwest Farmland Values Holding Strong

The value of farmland has increased rapidly throughout the Midwest. By the end of 2011, U.S. net farm income is projected to have risen \$24.5 billion from last year, up to \$103.6 billion, according to U.S. Department of Agriculture (USDA) forecasts.

In a recent report, business economist David Oppedahl notes that the rise in net farm income projected by the USDA should propel farmland values upward even more. He adds that the forecasted rise is due to anticipated increases of \$34.7 billion in the value of crop production and \$22.7 billion in the value of livestock production. Higher crop prices have boosted crop production earnings, and that high net income supports gains in farmland values.

America's growing population figures into the increasing value of farmland. The demand for corn and soy has brought about a correlating demand for high-quality, well-drained, productive farmland. The limited amount of such land contributes to its value.

## Iowa

In Iowa, farmers expanding their operations are purchasing the most farmland. Quality cropland commands the highest prices, and the competition for that land drives up its value.

Farmland sales prices are setting new records, with sales in strong areas surpassing \$10,000 per acre. The highest priced auction sales occur when multiple bidders seek to buy the same farmland.

The Iowa Farm and Land Chapter No. 2 REALTORS® Land Institute recently released the results of their September 2011 Land Trends and Values Survey. Statewide, cropland values have increased an average of 12.9 percent for March through September 2011. When this increase is combined with the 19.7 percent increase reported in March 2011, that brings the statewide average to 32.6 percent for September 1, 2010, through September 1, 2011. Factors, which have brought about increased farmland values include, strong commodity prices, favorable long-term interest rates, limited amounts of land for sale, a lack of alternative investments, higher livestock prices, and fear of inflation.

## Illinois

The value of Illinois farmland has gone up 18 percent this year, according to the University of Illinois Extension serving Boone, DeKalb and Ogle Counties. The price of Illinois farmland averaged \$5,800 per acre in 2011, an increase of 18 percent over a 2010 average of \$4,900.

WSIU Public Radio states that high corn and soybean prices and low investor confidence in other assets have pushed up the demand for farmland. Land brokers in central Illinois say they are starting to see more tracts on the market.

Pantagraph.com notes that while there is more central Illinois farmland for sale now than last year, that has not stopped farmland from selling at record prices – citing the example of a 200-acre tract that sold for \$12,750 per acre.

## Nebraska

Nebraska farmland values climbed higher, thanks to strong farm incomes and a limited number of farms for sale during the growing season, according to The Nebraska Economist. Compared to the second quarter of last year, Nebraska cropland values rose 30 percent.

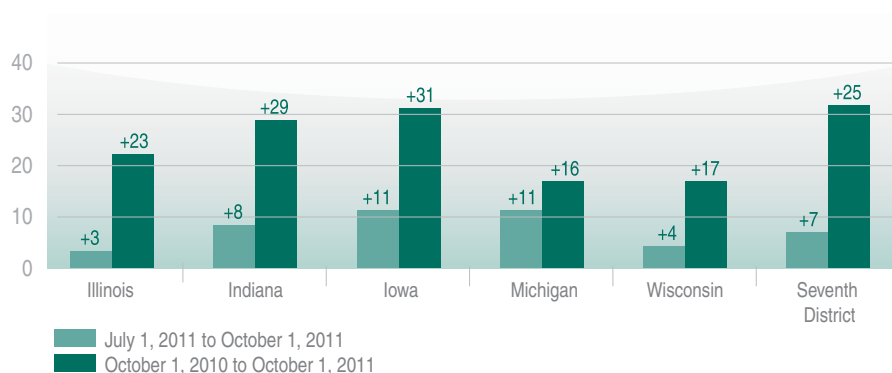
Agriculture.com notes that dryland ground in Nebraska with “potential for irrigation development” saw the highest gains over the last five years, with a 105 percent increase in price. Dryland ground with no irrigation potential still experienced gains, increasing in price by 70 percent in those same five years.

## Indiana

Indiana farmland values are 21 percent higher than a year ago, according to the Journal Gazette. Strong corn and soybean prices have increased interest in buying farmland, and investors looking to fortify their portfolios have turned to agriculture.

The 2011 Purdue Farmland Value Survey reveals that the value of poor-quality farmland in Indiana evened out at \$4,386 per acre, with average-quality farmland at \$5,468 per acre. Quality farmland means greater yields, so it commanded top dollar in Indiana at \$6,521 per acre.

### Percent change in dollar value of “good” farmland



AgLetter - November 2011  
Federal Reserve Bank of Chicago

# A Turbulent Season for Grain Markets

by Cal Dickson, AFM, ALC, CCA, Farm Manager, Iowa.

Financially, Americans are living in turbulent times, and grain markets are not exempt from that turbulence. When lawmakers raised the debt ceiling in August, shockwaves from the financial markets rippled into the commodities. Congress has selected a bipartisan committee to prepare a debt relief proposal, with a vote to be held before Christmas. Farm subsidies may be affected, which could impact the grain markets.

Commodity prices fell this fall as harvests began, but that decline was not due to supply and demand. Through early November, grain and soybeans traded higher. Mixed signals in the outside markets had grain struggling for position. Even so, in late October the stock market was up, spilling over into grains.

According to the Department of Agriculture, corn production is forecast at 12.3 billion bushels. If realized, this will be the fourth largest U.S. production total on record. Based on conditions as of November 1, yields should average 146.7 bushels per acre, which would be the lowest average yield since 2003.

Soybean production is forecast at 3.05 billion bushels, down slightly from October and 9 percent from last year. Based on November 1 conditions, yields should average 41.3 bushels per acre, down 2.2 bushels from 2010. If realized, the average yield will be the second lowest since 2003.

Dry weather in the Southern Plains supported wheat in the early fall. Emergence is at 87 percent, near the five-year average. The wheat crop condition is slightly higher than one year ago.

News of a European bailout package and a sharply lower U.S. dollar, temporarily supported the markets. Higher energy markets in early November added to the positive tone.

## Competition and Concern

Grain markets are currently caught in a global tug-of-war. Typically, lower corn and bean yields and lower domestic and global carryovers would signal continued market strength. But, the tendency to trade higher in the past two months has been tempered by Competition and Concern.

**Competition** comes from exceptional crop yields in the Ukraine and South America. The Ukraine has been able to sell cheap corn and feed wheat to some good customers, like Japan and Taiwan. Brazil is expected to overtake America as the world's largest soybean exporter. China's huge appetite for soybeans is currently being satisfied by South American exports.

**Concern** stems from the European Union's economic uncertainty and the bankruptcy of the MF Global trading firm in America. The agreement by the European Central Bank (ECB) to write off 50 percent of Greece's bad debt stabilized concerns temporarily. Then the ECB found that Italy had an even larger problem, and the ECB doesn't have the funds to patch Italy's problems. The MF Global bankruptcy rocked U.S. trading when accounts handled by the firm were frozen. The investment world was shaken by the fact that funds could be mismanaged in such a highly regulated industry.

The tug-of-war over grain continues as supply-and-demand fundamentals point to stronger future prices. But, investor confidence is guarded as

## Day Corn



## Day Soybean



the European Union economic crisis unfolds. Also, investors wonder if more trading firms with mismanaged funds might be teetering on the brink of bankruptcy.

Outside investors do not like uncertainty. Until investor confidence is restored, the tug-of-war is likely to continue.

# Managers Attend ASFMRA Leadership Institute

by Kirk Weih, AFM, ALC, Farm Manager, Iowa.

Hertz Farm Management managers made the concerns of their clients known in Washington, D.C., this September as part of the American Society of Farm Managers and Rural Appraisers (ASFMRA) Leadership Institute. The Institute provides members with opportunities to enhance their leadership skills as they gain a birds-eye view of their government in action.

Hertz managers discussed the 2012 Farm Bill with Senators Chuck Grassley (IA), Tom Harkin (IA), and Mike Johanns (NE). Among the topics addressed was the crucial need for legislators to maintain current funding levels as they develop the bill. The managers emphasized the value of crop insurance as a risk management tool for their clients.

Managers also met with Michael Scuse, Acting Under Secretary for Farm and Foreign Agricultural Services, to clarify why their clients need access to information on their farms in the U.S. Farm Service Agency/Natural Resources Conservation Service databases.



Pictured from left: Kirk Weih AFM, Stan Lierz AFM, Gary Loos AFM, Matt Clarahan, Morgan Troendle, Marlin Krohn AFM, Stephen Frerichs and Chad Hertz AFM.

Hertz managers reviewed the need for a strong crop insurance program with House Ag Committee Chairman Frank Lucas (OK), and analyzed the compromises necessary to reduce the Farm Bill budget by \$23 billion. Chairman Lucas shared his thoughts on the need for reliable, comparable sale data in completing well-documented market analysis to determine farm values. Also, the managers stressed the

need for Section 1619 to be amended in the next Farm Bill, allowing appraisers access to Department of Agriculture data on base acres, yields, and acres enrolled in the Conservation Reserve Program.

Pioneer Hi-Bred International and DuPont have sponsored the ASFMRA Leadership Institute for 18 years. Throughout those years, Hertz Farm Management has actively led farm policy discussions on Capitol Hill.

## 2011 Harvest Recap

by Loyd Brown, AFM, ARA, ALC, President, Hertz Farm Management, Inc.

Folks often say: If you don't like Midwest weather, wait five minutes, and it will change. That adage proved itself true in 2011. The changing weather, from a wet spring to a dry summer, was a major influence on 2011 crop yields.

Warm, dry weather allowed soybean and corn harvests to progress quickly. Full-season and late-planted soybeans suffered from a September 15 frost, trimming five to seven bushels per acre off the yield.

Iowa's highest soybean yields were in the northeast quadrant, where yields of 70 bushels per acre were not uncommon. Corn yields were typically in the 160 to 200 bushel per acre range.

Eastern Nebraska soybean yields were slightly lower than last year, but in the rest of the state, yields were above average – from mid-50s to low-60s per bushel. Some irrigated central Nebraska fields yielded 70 to 80 bushels per acre. For corn,

dry land typically yielded 140 to 180 bushels per acre, with irrigated fields yielding 190 to 230 bushels per acre.

In Illinois, soybean yields varied from 30 to 75 bushels per acre. Corn-on-corn fields yielded 100 to 180 bushels per acre, though yields of 140 to 180 bushels per acre were most typical. Corn-on-soybean fields ranged from 160 to 200 bushels per acre.





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# Landowners Invited To Educational Winter Seminars

All landowners are invited to attend one of a series of winter seminars. You will hear the latest information on farm leases, grain markets, client services, land values and trends, as well as our new afternoon session that covers new tax legislation, estate and succession planning. If you are planning for the next generation, you're encouraged to invite your children to attend with you.

Register now and save! The cost is \$25/person or \$40/couple if paid in advance and \$30/person or \$50/couple at the door. The fee is waived for existing clients.

Registration includes the noon meal and break refreshments.

For your convenience, you can register one of three ways:

fill out and mail the postcard in this newsletter; register online at [www.hfmgt.com/seminars.php](http://www.hfmgt.com/seminars.php) or

contact Denise Vallandingham at 1.800.593.5263 or [dvallandingham@nev.hfmgt.com](mailto:dvallandingham@nev.hfmgt.com).

## Landowner Educational Seminars Winter 2012 Schedule

Date	Time	Place
2/8	9:00-3:30	Orlando FL
2/9	9:00-3:30	Sarasota, FL
2/10	9:00-3:30	Ft. Myers, FL
2/20	9:00-3:30	Palm Springs, CA
2/21	9:00-3:30	Phoenix West/Avondale, AZ
2/23	9:00-3:30	Tucson, AZ
2/24	9:00-3:30	Mesa, AZ