



Annual Meeting Program Set for Sept 24, 25 in Peoria

Dave Kohl and Chip Flory will be the headliners at the Illinois Chapter’s Annual Meeting to be held Sept. 24, 25, at the Hotel Pere Marquette in Peoria,” says Meeting Committee Chair Tim Harris, AFM, with Capital Agricultural Property Services, Inc.

Kohl will be addressing *Mega Forces of Agriculture in the New Economic Realities*. He is Professor Emeritus in the Agricultural and Applied Economics Department at Virginia Tech. Flory, who is editor of *ProFarmer Newsletter*, will talk about markets and farm policy and their impacts on land values.

“We’re going to continue the ‘By Invitation Only’ program for the Friday agenda because I think there is likely a great deal of interest in what these two gentlemen will be telling the audience,” Harris notes. “This special program would be a great opportunity for our members to bring special guests.” The “By Invitation Only” program is included as part of the registration fee for anyone signing up for the entire meeting.

“In addition to these two on the Friday program, we’ve got other top-shelf presentations planned for Thursday, Sept. 24,” he continues.

Harris explained that the speakers for that day will include:

- Donald Johnson, Chief Economist, Caterpillar
- Terry Argotsinger, AFM, ARA, *Windpowered Electric Generators -- Impact on Land Ownership*
- Dr. Peter Johnsen, Chief Technical Officer of BioFuels Manufacturers of Illinois, LLC, *Pennycress -- America’s New Wonder Fuel*

- Colleen Callahan, USDA Director of Rural Development, State of Illinois, *Challenges Facing Rural Illinois*

- Stephen Frerichs, lobbyist, ASFMRA, *Inside the Beltway*

“There will be the typical business meeting as well as the Memorial Scholarship Auction,” Harris noted.

“We’ve also invited Brian Weaver, Illinois Appraisal Coordinator for the Appraisal Administration Division, to address Legislative Issues Affecting Appraisers,” Harris continues. “There was a flurry of activity earlier this summer with legislation passed by the state that would change the way some appraisers would be able to work. We are hoping Mr. Weaver will be able to provide some clarifications on those matters.”

Complete registration information has recently been distributed to all members. For more information, contact Carroll Merry at 262-253-6902.

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Fred Says

by Fred Hepler, AFM, AAC
President
Illinois Society of Professional
Farm Managers and Rural
Appraisers



I am opening this report with the same statement as I wrote in my first report in the Fall of 2008 by saying, "What a great time to be in Agriculture". However, many of you will respond by saying, "Well, looking at commodity prices, I'm not certain" as it relates to the bottom line of each of your farming operations. However, when you look at the overall financial picture of this industry that we all work in, you will find that the debt-to-asset-ratio is approximately 9 percent, which is the lowest of any industry and the lowest in the history for farmland. Our farmers and ranchers today have extremely good net worth statements, and as a result, in many cases, pay cash for buying additional land versus taking on debt. There is an increased demand for farmland from non-farmland investors as an inflation hedge. Typically our farmland will generate from 4-6 percent plus any appreciation of the land value, which looks quite desirable, compared to most any other investment in today's economy.

In line with our healthy agricultural industry, your Illinois Society of Professional Farm Managers and Rural Appraisers has had another excellent year. Not without challenges, but you as the members have stepped up to the tasks and answered every request. We began the year with our own Winnie Stortzum, ALC, GRI, ARA receiving the Hall of Fame Award, which was very well deserved.

We then followed through with Dave Ragan's leadership efforts with putting on three appraisal education classes. One of the courses was taught twice and we had more than 68 members in attendance at our courses. Dave continues to do a superior job of leading his committee and providing educational services for our society members.

Bob Swires and his entire team with Winnie Stortzum, ALC, GRI, ARA and Brian Duke, AFM leading the Land Value Conference in Morris again this year. We had 83 members in attendance overall at the seminar, with 37 attendees at the real estate continuing education course on the day before the seminar. Congratulations to Bob for the great leadership he has demonstrated again this year. And we all should applaud Tom Wiggins, AFM, who has headed up the advertising solicitation and generated more than \$100,000 in revenue for the Land Values Report over the past five years.

Obviously this event is not pulled off by one person alone. The success is due to the tremendous efforts of Don Cochran, ARA, Chuck Knudsen, ARA, RPRA, who headed up data collection and many of the other area regional leaders who worked very diligently to compile all the data and figures to generate the report and information for our membership and our clients. Not to forget that Gary Schnitkey, Ph. D, and his colleagues at the University of Illinois put all the work together in a format that is usable by all of us and our clients. The Land Values Report task was supported by input from 58 members. That one statistic speaks volumes about the dedication of our membership.

The Land Values book has been, and will continue to be, a tremendous value for
(Continued on Page 8)

Mid-Year Survey Shows Dip in Farmland Values

Farmland values around the state took a slight dip in the first half of 2009 according to the annual Mid-Year Snapshot Survey sponsored by the Chapter.

The survey was conducted in early July by Gary Schnitkey of the University of Illinois. He polled members of the Chapter and the results are as follows:

1. Illinois Society members indicated that land values fell slightly during the first half of 2009. For excellent quality farmland, land prices declined by \$171 per acre, or 2.3 percent. For fair quality farmland, the decline was \$225 per acre, or 5.4 percent.

2. On July 1, 2009, farmland prices averaged \$7,200 for excellent quality farmland, \$6,300 for good quality farmland, \$4,900 for average quality farmland, and \$4,000 for fair quality farmland.

3. Volume of sales declined during the first half of 2009 compared to the first half of 2008. Eighty-eight percent of respondents indicated that volume of sales were less during the first half of 2009.

4. Fifty-six percent of the respondents expected sales to be less during the last half of 2009 as compared to the last half of 2008.

5. Half of the survey respondents expected declines in farmland prices over the next twelve months. Thirty-two percent expected stable prices.

6. Interest rates are expected to increase by 53 percent of survey respondents over the next year. Forty-seven percent expect stable interest rates. No respondents expect declines in interest rate

7. During the next twelve months, 63 percent of respondents expect inflation rates to increase. Thirty-two percent expected inflation rates to remain stable and 5 percent expected declines in inflation rates

8. Survey respondents indicated that positive factors impacting farmland prices include 1) farmland is a tangible asset, 2) farmland is an inflation hedge, 3) financial assets carry a good deal of risk, and 4) interest rates are low.

9. Society members expect cash rents to decline slightly in 2010. Expected declines are between \$10 and \$15 from 2009 levels.

10. Expected cash rent levels for 2010 are \$260 for excellent quality farmland, \$210 for good quality farmland, \$160 for average quality farmland, and \$130 for fair quality farmland.

Note: Reference is made to different qualities of farmland. Excellent quality farmland averages over 170 bushels of corn per acre, good quality farmland averages between 150 and 170 bushels per acre, average quality farmland averages between 130 and 150 bushels per acre, and fair quality farmland averages below 130 bushels per acre.

11. Production costs in 2010 for growing corn and soybeans are expected to decline by 67 percent of Society members.

12. The average charge for grain storage is \$.1435 per bushel.

13. Average rent for pasture land is \$35 per acre.

What do you expect to happen to farmland prices over the next 12 months?

| | Percent |
|------------------|---------|
| Increase over 5% | 5% |
| Increase 0 to 5% | 13% |
| Remain the same | 32% |
| Decrease 0 to 5% | 41% |
| Decrease over 5% | 9% |

Cash rent levels in 2009 and expected for 2010

| | 2009 | 2010 |
|----------------------|-------|-------|
| Excellent (170 bu +) | \$271 | \$257 |
| Good (150-170 bu) | \$219 | \$208 |
| Average (130-150 bu) | \$176 | \$164 |
| Fair (under 130 bu) | \$137 | \$128 |

During the first half of 2009, was the volume of farmland on the market more, the same, or less than volume in the first half of 2008?

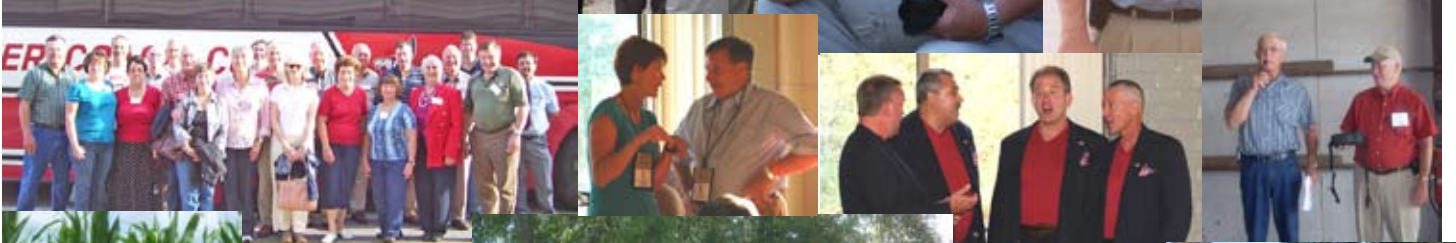
| | Percent |
|----------|---------|
| More | 2% |
| The same | 9% |
| Less | 88% |

Do you expect the volume of farmland on the market during the last half of 2009 to be more, the same, or less than during the last half of 2008?

| | Percent |
|----------|---------|
| More | 22% |
| The same | 22% |
| Less | 56% |

IFMA17 Photo Highlights





Our Commercial Sponsors

We would like to acknowledge our commercial sponsors whose support greatly enrich the programs of the Illinois Society of Professional Farm Managers and Rural Appraisers:

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Mark Your Calendars

August

25-27 Farm Progress Show, Decatur

September

24-25 2009 Annual Meeting, Pere Marquette Hotel,

October

25-31 ASFMRA 2009 Annual Meeting, Denver, CO

November

11-16 RLI National Convention, San Diego

July 2010

3rd Annual Education Week in St. Louis area

ASFMRA Code of Ethics

ASFMRA Code of Ethics -- This course satisfies the ethics requirements for all members, once in each 6- year cycle, or for new members. This is a 4-hour course plus the 1-hour exam, which is required of first time attendees. The course explores ASFMRA history, bylaws and ethics. The majority of the course is devoted to Regulation 2 Code of Ethics and Standards of Professional Practice. Case studies and examples of ethical obligations for ASFMRA members will be explored in detail. Recent bylaw changes, membership obligations, and other issues will be discussed.

Date/Time: 1 p.m., Wednesday, September 23, 2009

Location: Hotel Pere Marquette, 501 Main Street, Peoria

Instructor: Howard Audsley, ARA, Audsley & Associates PLLC, Columbia, MO

Fee: \$135.00

[Register today!](#)

ASFMRA Code of Ethics — September 23, 2009, Peoria – \$135

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Fred Says

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our organization and for each of the members. As the economy starts to improve there will be more interest in farm land and I fully expect there will be more interest in this publication.

ASFMRA had a very successful Summer Education Week in Des Moines, IA this past year with more than 200 members in attendance. The good news is that next year's event will be sponsored by the Illinois Chapter in the St. Louis area during a July time period. We will have the opportunity to participate, in conjunction with Missouri Chapter, with assisting ASFMRA in offering this education experience for the entire ASFMRA membership.

The major event this year that more than 24 of our members participated in was the International Farm Management Congress held in Bloomington. There were more than 200 people in attendance from 26 different countries. It was an excellent educational experience for all of those who attended. Those of you that couldn't participate definitely missed an opportunity to make contacts and network with people in our industry from around the world.

I want to send a special, special "thank you" to Carroll Merry for all of his diligent efforts in making this congress a success. The response I heard from many of international attendees who had attended other conferences was extremely positive, very educational and gave them a new outlook on agriculture in the United States. Again, thanks to all of you members who participated in helping execute this successful event. A very special "thanks" should be given to Ray Brownfield and Bob Swires for helping Carroll work through the financial challenges of this event that were caused by the economic climate around the world.

Looking back just briefly to the 2008:

- At the annual meeting in Decatur, we had 178 members in attendance.
- During the year our commercial sponsorship team generated \$15,750. Excellent job guys!
- We are sending three members to the Leadership Institute in Washington D.C. this year. We supported these members with scholarships from our chapter as we have done in the past. Everyone who has attended has always come back stating it was one of the best learning experiences in their life. I encourage any of you who have not attended one of our Leadership Institutes to do so as soon as possible. The Leadership Institute offers a real hands-on experience with the political process and procedures that are a very important part of the operation of our government in Washington, D.C. The Institute is sponsored by DuPont and includes face-to-face meetings with our Congressmen and Lobbyists as well. Be sure to keep this on your agenda for next year as I am sure it will be offered again and we would like to send as many Illinois Chapter members as possible.

- Penny Lauritzen and her crew organized a very successful mentoring program with students from the University of Illinois. This is an excellent program that will hopefully continue into the future. This is the way we can build future membership in the Chapter.

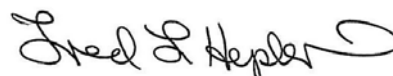
- Our upcoming annual meeting will be held on September 24th & 25th in Peoria. The agenda has already been distributed and I hope that each of you have placed it on your calendar to attend. Tim Harris and his committee has planned an excellent program of educational opportunities for each of you to take a part of along with the ethics course being offered on Wednesday before the official meeting begins on Thursday. I hope that all of you will come to Peoria for the 2009 annual meeting.

- On another very positive note, we gained six new members in 2009, which I think speaks highly of new graduates and people from other industries looking at agriculture as a career path for the future. We've gained additional members this past year at the national level as well, which is all positive for those of us in the Agricultural appraisal, management and consulting businesses.

2009 has been an extremely interesting year with the challenges of the economy that have indirectly affected our educational offerings, attendance at meetings and the future expansions of each of our businesses. I commend the committees who have all done an outstanding job and I thank each of you on behalf of your board of directors and myself, because you make this chapter a success. When I accepted the call from Jerry Hicks to be your president this year, I had a total misconception of the level of responsibility that goes along with this very honorable position. I have now experienced the challenges of those responsibilities and realize what really makes it all happen is the excellent work ethic and dedication of each of the members of this organization. Anytime there was a task to be done someone stepped up to take care of it. You would volunteer your time wherever it was needed and I thank each of you for your commitment to our Society and to the Profession.

Serving as your president was a very humbling experience when I look back at the list of very honorable people who have held this position in the past. I am totally in awe that I could be a part of that list and am very pleased you allowed me the opportunity. The job was made very simple by the efforts that each of you put forth in supporting the organization. It's been a once in a life-time very enjoyable experience for me. Please keep up the good work and support of your profession and your society.

Thank you,



Fred L. Hepler, AFM, AAC
President