

FLANAGAN STATE BANK ORGANIC CROP NEWSLETTER

JULY 2019

FIRST ORGANIC CROP NEWSLETTER

Welcome to Flanagan State Bank's first Organic Crop Newsletter. We at Flanagan State Bank are extremely excited to offer a newsletter that is focused on providing the organic community with current information that can help them in their operations. While talking with organic farmers recently we found there was a gap in available information. Our existing newsletter covers a lot of issues for conventional ag, but there is very little overlap with organic crop production. We don't consider one form of crop production better than the other but recognize that they are different. Those differences in production methods and feedback from organic farmers led us to see the necessity for both an organic newsletter and conventional farming newsletter. Providing two newsletters will allow us to provide more articles relevant to each community.

A big part of the organic culture is a community that shares ideas with each other. It is our goal to continue to be a part of that community and flow of information. We will have a list of upcoming organic events on every newsletter. We will also post links to these events on our organic ag page on our Flanagan State Bank website and share the details on our ag Facebook page. Flow of information goes both ways and we are here to listen and learn. If you have an event you would like us to add to the newsletter or website, please do not hesitate to reach out to us. If you have a suggestion for an article, an author, or you want to discuss something we printed in a newsletter, we would love to hear from you. At Flanagan State Bank, we feel the best way to ensure we're successfully serving the organic community is to hear from you and listen to any and all feedback.

THANK YOU FOR BEING A PART OF OUR FIRST ORGANIC CROP PRODUCTION NEWSLETTER! WE HOPE YOU ENJOY IT!



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FSB LOCATIONS

301 W. Falcon, Flanagan
403 State, Benson
2401 E. Washington, Bloomington
111 N. Fayette, El Paso
500 S. Persimmon, Le Roy
411 N. Center, Gridley

Weed Control in an Organic Farm System:

Spring 2019 was one for the record books with conditions that will hopefully not be seen again anytime soon. We had a widespread planting timeframe with crops planted in April, May, and June, making for a very interesting weed control program. Typically we put the planter away, and then pull out the rotary hoe for first pass organic weed control. However, this year we have fields that were hoed 3-4 times and first pass cultivated before the planter ever finished for the season.

Organic Soybeans: This year we struggled to get into our first planted beans (April 26th) with a rotary hoe due to moisture so we used a row flame weeder to control weeds in the row. Since the flame weeder does not stir the dirt, we can get into a field as soon as it can carry a tractor without leaving ruts. The beans were flamed just as they were necking out. It seems this process gave the beans a ten day to two week head start on any new weeds. We have hoed these beans three times since flaming, row cultivated them once, and manually walked each row once. We anticipate two more passes with the row cultivator and two more passes with manual labor walking each row before going to harvest.

Organic Corn: These fields have been rotary hoed a few times and will be row cultivated at least once before we flame weed at about knee high corn. After flame weeding, we will row cultivate one last time and cover up any wilting weeds or grass to smother it. This will be the last step in organic weed control for corn as canopy will occur shortly after. First cultivation is about (V2-V3)

Organic Wheat: Weeds are suppressed by the wheat canopy itself and a cover crop of clover. The clover is broadcast in late February or early March into the dormant wheat using a UTV with a rear mounted spreader and applying about 15lbs/acre of red clover seed. Once the wheat is harvested, the small clover really takes off and covers the ground smothering any potential weeds. The best part of growing the clover after wheat is that it provides nitrogen for the corn crop the following year. There is very little in-season manual or mechanical weed control in wheat.

Tools in the Organic Weed Management Toolbox and their uses:

Note: All equipment is 12 row 30". This allows for the tractor to always run in the same tracks. This has many benefits with the multiple in-seasons passes each year.

Scouting – Checking on fields daily or every other day in organics is key. Knowing what stage the crop is in verses what weed pressure is germinated will help make the decision on what tool to use and when.

Rotary Hoe – Blind cultivation. Used in the white hair stage or small weeds.

Tine Weeder – Blind cultivation, similar to a rotary hoe in stage.

Row Cultivator – Controlled weeds between the rows. We use a Hiniker 6000 with 21" single sweeps and an AcuraTrak guidance hitch. This piece has been key to keeping fields clean. A hydraulic top link on the 3 point allows for quick adjustment of the sweep angle to throw more or less dirt into the row.

Flame Weeder – Uses propane to produce a flame that is focused over the row in approx. 10-12" wide band. The heat sterilizes the top layer of dirt in each row from weeds that are just starting to grow or are a few inches tall. This can also be a tool that gets used if it is too wet for a row cultivator as the flame weeder does not scratch the soil. We estimate 8-10 gal/acre use on corn and 2/3 of that on beans. Corn gets flamed before last cultivation. Soybeans can be flamed as they are necking out of the ground.

Manual Labor – We use 10-15 high school aged boys each year to walk beans and clean up any weed spots in corn. These boys work all summer keeping fields and ditches clean.

Derek Stewart farms with his brother, Garret, and their families near Eureka, IL. They run a diverse organic and conventional row crop operation. They can be reached at Stewartfamilyfarms336@gmail.com.

IROQUOIS VALLEY FARMLAND PROVIDING FINANCING FOR ORGANIC FARMERS

Iroquois Valley Farmland REIT is an organic farmland finance company that provides farmer-friendly leases and mortgages to the next generation of organic farmers. Since its founding in 2007, the Company has directed \$50 million in investments in organic agriculture. Iroquois Valley's portfolio has over 65 farms in 14 states and supports farmers managing over 12,000 acres organically.

"Our goal is to convert enough farmland to organic to literally change the paradigm of our healthcare system by offering organic food as a matter of fact rather than a choice," says Dr. Rivard, Co-Founder & Board Chair. The Company's \$50 million dollar Direct Public Offering of REIT stock was recently approved by the SEC, democratizing investment in the food system. The offering has a low, \$10,138 minimum purchase, enabling the public to support organic agriculture and family farmers with their investable, not just their consumable, dollars.

"As the original Iroquois Valley farmer, I have had the opportunity to watch and be a part of the Iroquois Valley commitment to farmers," says Harold Wilken. "Iroquois Valley is an important investment, as I feel it not only supports transitioning land to organic, but also transitioning the farmer."



Iroquois Valley was founded when two former college roommates from Loyola University Chicago reunited to offer a solution to conventional agriculture's ecological and economic degradation and its impacts on public health. Looking for a more sustainable answer to a broken food system and extractive economic policies, a doctor and a former banker formed Iroquois Valley to begin the healing process for the next generation of farmers and responsible investors. Combining respective careers in real estate finance/banking and medicine, Dave Miller and Dr. Stephen Rivard are proving that growing healthy food is good business.

Iroquois Valley began operations in Iroquois County, Illinois providing secure land access to organic farmers according to triple bottom line principles. The Company is committed to scaling organic agriculture in the US by getting more organic farmers on the land, funded by socially responsible investors. "We built our business to support the businesses of our farmers," states Co-Founder & CEO. Dave Miller.

"IVF acquired their first farm in Livingston county for me in 2011," recounts Scott Friedman. "Working with Iroquois Valley has been wonderful. The staff is concerned with resolving issues in a timely and courteous manner. Always professionally. Scott pauses before asserting, "I'd say the co-founders vision has come to fruition and beyond."

To learn more about Iroquois Valley, please reach out to info@iroquoisvalleyfarms.com.



MARKETING ORGANIC CROPS

Participating in a market with strong and ever increasing demand should be easy, right? Much of the unknown regarding the marketability of organic crops is where these crops must travel. In our agricultural world here in the Midwest, we have grown accustomed to a market that is quite literally down the road. Processors are within an hour or less drive; local elevators a few miles away from your bins. If a grain producer is looking for a buyer for a conventional crop, the job is often not difficult. Organic markets are a bit different. Think of it as how the Chicago Board of Trade came to existence - grain merchants sampled grain being offered, prices were established based on delivery points, delivery dates, grades, and the volume promised. What an organic grain producer needs to understand is that it takes a little marketing of their own to find the best buyer. Because organic grain trades for a much higher premium, the allowance for freight cost becomes greater.

Buyers are willing to pay freight from the producer's farm if the producer is willing to store based on buyers call. The marketability of a producer improves dramatically with on farm storage because buyers need the flexibility to serve this market hand to mouth. The challenge to the grower is to maintain the quality of this premium priced grain until the buyer is ready to pick up.



Check bins regularly and represent what's in those bins appropriately. Be honest about the quality. If a load of grain shows up different than the represented sample provided by the grower, it could be rejected. If that happens, the grower could be subject to a hefty freight bill and a burden of phone calls to find a new home for the off-grade grain. Be prepared to send samples to multiple places. Buy some gallon freezer bags and get a collection of samples when you check the bin(s) for quality. You'll be one step ahead when a buyer calls and asks for a sample to be mailed. Think about marketing ahead of the crop year.

The exciting part of organic farming is supplying in a huge demand driven market! When you're talking to buyers about what you may be growing now, talk to them about what they might want in the future. Forward contracts allow for better crop insurance price risk protection. It also allows peace of mind as you calculate your anticipated net income per acre. Lastly, since you're already thinking outside the box with organic, take it one step further by looking at alternative crops. What else can your soil grow and how can you add that to your rotation? Can your cover crop be harvested for seed? If the original goal for planting a certain crop was for weed control or organic matter, maybe you can double the bang for your buck by harvesting that crop and marketing it. The available markets for organic grow every day so put yourself out there and make sure buyers know you!

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WHAT I LOOK FOR IN AN ORGANIC FARM TENANT

Organic farming has been gaining attention from conventional farmers for several reasons. The first being the continued tightening of margins in conventional agriculture, the higher prices for organic commodities and the generational shift in land ownership. We are all aware of the large generational change in land ownership that is currently taking place. Thankfully not all of the next generation land owners want to sell it the second the ink is dry on the deed. However, with the next generation of ownership, often there comes new ideas of how they want their farm operated. The millennial generation is driving the exponential growth in demand for organic food and many of them are saying if this is what we want to buy, this is what want to produce on our farms. At Farmland Solutions LLC we have seen the number of transitional/organic acres we manage grow to nearly 4,000 acres in the last 5 years. This growth has been driven by the land owners' desire for their farm to be operated organically.

With the landowner's desire to transition the farm to organic, as farm managers we need to have a conversation with the current farm tenant about the transition. Since many farms have long term tenant relationships, oftentimes multi-generational, most landowners prefer to continue working with their current farm tenants, if possible. However, for various reasons sometimes a tenant change is necessary.

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When having a conversation with the current tenant or a prospective tenant for an organic farm here are a few things that we look for:

- Open to conversation about organics and willing to take the time to learn about organics.
- Previous attendance or willingness to attend meetings, conferences and field days on organic and regenerative agriculture such as the annual O-Grain Conference, MOSES Conference and ACRES USA conference.
- Positive attitude towards organics and regenerative agriculture.
- Ability to effectively communicate. Whether it be with the landowner and/or farm manager; timely and effective communication is essential so proper decisions can be made.
- Ability to be flexible. Each year is different, the tenant needs to be able to adapt to changing weather and growing conditions.
- Experience with organic agriculture. While not a requirement it can be a plus.
- Excellent record keeping ability. As the farm manager, I generally keep the Organic System Plan, but there are certain records the tenant will need to keep such as machinery clean out records and shipping records.
- Financial ability.

We view organic agriculture as an avenue for the next generation to come back to the farm. Once the transition period has been completed, an organic farm has the potential to provide a good sustainable income to a young farm family willing to work smart and hard.

Thoughts on Crop Insurance from an Old Ag Lender:

Organic crop insurance coverages have been misunderstood or underutilized by many organic producers. In a 2016 RMA report, they estimated around 21% of the organic acres were insured. Crop insurance is an important risk management tool to help organic crop producers lock in a profit and reduce their risk. Crop insurance guarantees can be used as additional collateral by your lender, which can help you get financing.

Crop insurance guarantee amounts vary greatly by state and county. This difference is based on the T-Yield for your area that has been assigned. A T-Yield is used to substitute for the producer's actual yield for each year of the 10 years they are missing their information. In a random survey for 24 counties from 4 Midwestern states the average T-Yields was 102 bu corn, and 33.7 bu T-Yield on soybeans. These are averages and estimates only. The higher the T-Yield the higher your crop insurance limits you have. It is important that you know your guarantee amount, not only for your own farm management, but your lender will also need to know them.

As an ag lender in Central Illinois, I would recommend 85% revenue protection coverage with contract sales. The contract sale allows you to increase your crop prices used up to a 150% maximum of the spring price for a contracted sale made and reported by the acreage reporting date. An example would be on a RP 85% policy with a crop guarantee of 87 bu this could make as much as \$400 an acre difference in your guarantee. This allows you to use the lower of the contracted sale price or 150% of the spring guarantee price. Although every operation is different, it is well worth your time to investigate this to help hedge your risk. As a lender, this was one of the differences that got me interest in working with organic producers. Make sure that you both know and understand how these coverages and guarantee work for you.

Rich Ritter

Ag Lender, Flanagan State Bank

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Top Things a New Organic Crop Producer Needs to Know About Organic Federal Crop Insurance:

1. How do I insure crops during transition?

From the general standards handbook, 872. Insureds converting conventional acreage to certified organic have, on the date the acreage is reported, an organic plan and written documentation from a certifying agent indicating an organic plan is in effect. Transitional acreage is not considered certified organic. The plan must identify which acreage is in transition, list crops grown on the acreage during the 36-month transition period, and include all other acreage (e.g. conventional acreage).

2. How is insurance guarantee figured once you are certified?

Your guarantee would be calculated using same methodology as conventional practice (non-certified organic)

3. What are the spring organic prices?

Prices for corn and soybeans

- 2019 organic corn is \$9.22
- 2019 organic soybeans is \$19.05

Link for RMA price discovery tool for other projected and harvest prices for other crops:

<https://prodwebnlb.rma.usda.gov/apps/PriceDiscovery/GetPrices/YourPrice>

4. How do I insure organic crops after cover crops?

The main concern with organic acreage and a cover crop would be making certain the cover crop growth was not terminated with a prohibited substance that would violate the organic certification and that other crop guidelines set by NRCS were followed.

5. What if I have a contract that is higher than the spring price?

You need to get the contract to your agent before sales closing time to use the higher price and make sure you have a contract endorsement in your federal crop policy.

Greg Brucker

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REASONS TO CONSIDER ORGANIC FARMING



- Healthier soils, better balanced and more microorganisms working in soil
- More earthworms to convert nutrients and regenerate new soil
- More organic matter in soil means increased water holding capacity and less crop risk for the owner and the tenant
- Better water quality with less chemical and fertilizer run off
- Utilization of better conservation farming practices
- With diverse crop rotations less weed and bug pressure and resistance
- More net return per acre annually versus conventional crops
- Growing consumer and world acceptance of organic products which means continued growth and potential in the future...this is not just a 'fad'
- Improving organic crop yields were 50% of conventional yields, but it is up around 70% of the conventional yields
- More local buyers of organic crop production available to buy your crops
- New technology, practices, and seed genetics available to help make organic production practical and profitable
- Many of the top organic farmers are not known because their weed control and yields are very similar to their conventional neighbors. The difference is in their soils, values of their farms, and their net income per acre
- Less health risk for the tenant farmer and his/her family working with dangerous farm chemicals
- More opportunities for family farms with enterprises and diversification by more family members
- Higher crop insurance guarantees compared to conventional farmers. This helps insure greater farm profits for organic producers and, in turn, less risk for their lenders

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July	Event	Where	Host
30	Wildlife on the Farm Field Day	Near Saybrook, IL	The Land Connection
August			
9	Western Illinois University's Allison Organic Research & Feild Day	Roseville, IL	Western Illinois University
14-15	Organic Agronomy Training Series (OATS)	La Crosse, WI	OATS Agronomy
19	Flame Weeding Workshop (Nebraska)	Ithaca, NE	University of Nebraska
22	Farm Workplace Safety: Caring for Your Body while Caring for the Land	Atlanta, IL	The Land Connection
September			
14	Agroforestry in Action Field Day	Sidney, IL	The Land Connection
18	Midwest Mechanical Weed Control Field Day	Waukesha, WI	The Land Connection
21	2019 Artisan Cup & Fork Community Event	Urbana, IL	The Land Connection

If you would like more information on an event please visit our website at <https://www.flanaganstatebank.com/organic-event-calendar> or email Sarah Hoerner, sarahhoerner@flanaganstatebank.com.

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