



# Noland Farms, Inc.

Blue Mound, IL

2012 Volume 2



## Weather Woes

**G**reetings from our family at Noland Farms! We hope our newsletter finds you enjoying the cooler temperatures of the fall season... a welcomed reprieve from the recent summer scorcher. Our family's previous newsletter shared our appreciation in enduring "one of the mildest winters in recent memory," and that "spring has provided unseasonably warm and pleasant temperatures." *If we had only recognized the revealing signs of weather to come!*

Central Illinois, and much of the Midwest, experienced challenging seasonal conditions...January through September temperatures were the 2nd warmest in history. Rainfall totals registered from January through September amounted to just 22 inches, which was the 5th lowest on record.

As participants in production agriculture, the unrelenting heat coupled with drastically-reduced rainfall proved to be a devastating one-two punch during the plants' key-developmental stages. Although the adverse weather has proven detrimental to yields, we take consolation in knowing that our limiting factor, weather, is one which is truly out of our control.

Growing seasons such as 2012 reaffirm our commitment to employing risk management measures as a standard business practice. Through investment in revenue-based crop insurance, careful selection of plant hybrids, geographic diversification in field locations and variance in nitrogen fertilizer forms and applications, our family aims to protect the investment. Learning experiences that developed through the arid spring and summer months have provided the foundation for our optimistic outlook for the coming year!

# Crop Yields Reduced



Last year we began harvesting corn on August 29th, which was considerably earlier than historical start dates. This year, the combine left the shed for the 2012 harvest on August 20th! We credit this year's earlier start to field and weather conditions that allowed for early spring planting opportunities, and summer heat that accelerated the plants' life cycle. We have estimated that the adverse weather patterns from March through August have reduced corn yield production by roughly 40-50%, which is difficult to believe considering the ideal planting conditions experienced just four months ago. The reduced volume is certainly disappointing, but commodity price appreciation and our investment in crop insurance as a risk management tool are vital in "short crop years."

Typically our semis exclusively haul grain from the field to on-farm grain storage during harvest, but this year we have

added additional in-season cargo to the docket. With the purchase of a semi tanker, we now have the ability to transport liquid fertilizer into our on-farm storage complex. Although savings will not be monumental, the ability to reduce the trucking cost of 28% nitrogen and starter fertilizer will definitely be measureable. As the crop is harvested, we will also resume hauling limestone to field sites and dry fertilizer into our storage facility. Using our trucks for each product allows us to utilize our assets in another area.

Throughout the majority of the growing season, a "rain out" during field operations was an extremely rare occurrence. As the remnants of Hurricane Isaac passed through central Illinois, we experienced roughly 6.5" of rainfall over Labor Day weekend. Although the rain might have come too late for adding yield, the precipitation is important to recharging our soil with subsurface moisture.

# Community Involvement

During the month of June, our family had the opportunity to host groups of 4-6th graders on the farm in rural Blue Mound. The majority of the Decatur Public School students had never experienced a farm field trip, and we welcomed the ability to share a snapshot of our business.

Students' curiosities led to a wide array of questions. "Where are the street lights? How do you see at night?" "How tall does a corn plant grow?" "How do you know when to harvest the corn?" "How fast does a tractor go?" "Does a tractor have to be green?" "How do you decide to plant corn or beans?" "Is living in the country like camping?"

Our family thoroughly enjoyed the visit, and we firmly believe those engaged in production agriculture must take the time to educate interested consumers. Producing a quality, secure food supply is a primary focus of our business, and instilling confidence for our consumers is truly important.



# On-Farm Storage

We previously shared that building and expanding on-farm storage for some of our primary inputs has aided in improved risk management and efficiencies for our business. This commitment led to an initial “Phase One” investment in fuel and liquid fertilizer storage in early 2011. “Phase Two” welcomed additional capacity to each of the two complexes, which were completed by late spring of this year. In April, our family initiated “Phase Three” and broke ground on a building designed

to store dry fertilizer. The building was designed for a single purpose, but the structure will provide additional equipment storage and expanded space for corn and soybean seed in the spring. Utilizing our semis for another new adventure, we began filling the facility with fertilizer in July. The product was sourced from various river and rail terminals within the state. The facility allows for the storage of two types of product (Diammonium Phosphate and Potash), which will be spread in fields following

the harvest of our corn and soybeans. We believe the ability to take physical delivery of dry fertilizer should effectively lower our future product cost by 7-10%. In the era of price volatility, we understand that a single “upward integration measure” or business concept will not act as a magic elixir for tremendous revenue or savings. We are convinced that a commitment to investing in improvement and challenging our business model are the measures that will generate the targeted growth.



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Current operational updates and new pictures are available on our website.  
[www.nolandfarms.com](http://www.nolandfarms.com)



## Farmland Investment

The current farm and market has provided exciting opportunities for those with current land holdings and individuals interested in purchasing a farm. We are excited to discuss investment opportunities!

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