

July 2019

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On the Farm....



Welcome to Issue #7 of On the Farm! Needless to say the 2019 weather patterns have proven to be quite a challenge for growers. As I write this in mid-July, I hear many (quietly) saying that a rain would be welcome.....hard to imagine given the nearly non-stop delays in getting this crop in. From all of us at Prairie State Bank & Trust we applaud your perseverance and hope that you are rewarded with a successful finish to this year. Enjoy this edition of On the Farm.

Mike Battefeld, Regional President- Lewistown

Army Corps of Engineers planning major lock & dam project

The US Army Corps of Engineers will soon be undertaking the overhaul and modernization of six of the eight lock and dam facilities located on the Illinois River between Joliet and the river's confluence with the Mississippi River near Grafton. The lock was constructed in 1936 and located about 80 river miles north of Grafton, LaGrange is one of only two wicket facilities on the River and the southernmost on the river. The lock operates during low and moderate river flows, raising the wickets so as to maintain a nine foot navigational depth.

Of particular significance in our market footprint is the locks at LaGrange, located near Versailles in Brown County. Originally constructed in 1936 and located about 80 river miles north of Grafton, LaGrange is one of only two wicket facilities on the River and the southernmost on the river. The lock operates during low and moderate river flows, raising the wickets so as to maintain a nine foot navigational depth. The lock went through rehabilitation in 1986 to 1988; it included minor concrete repairs, repositioning lock machinery and installing a traveling level. For 70 years the lock has been exposed to multiple freeze/thaw cycles and flooding, causing a gradual but incessant degradation of the lock components. According to Senator Dick Durbin, LaGrange is "arguably in the worst shape of any lock in the nation's 12,000-mile inland waterways system".

Work will include dewatering the lock chamber to replace severely worn lock gate machinery and significant repairs to crumbling concrete and steel structures. This work is anticipated to take up to 120 days to complete at an estimated cost of \$117 million. Of course a necessary evil in the project is the halting of barge traffic on the river. The Corps of Engineers is at this point estimating closures to begin in July of next year and last up to 120 days. Hopefully this estimate is accurate. Over 3,200 vessels pass through the LaGrange system annually, along with their 31 million tons of cargo. Agriculture will likely be one of the industries impacted the most given the grain, fertilizer and other critical items transported by barge. Could barge availability be a factor for harvest 2020?



“Life on a farm is a school of patience; you can’t hurry the crops or make an ox in two days.”

-Henri Alain



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Market Facilitation Program reloaded

On May 23 of this year, the USDA announced that there will be a second MFP in 2019. Coming on the heels of the \$12 billion 2018 version, the new program weighs in at some \$16 billion with over 90% of that designated for direct producer payments.

Though details were not initially announced, it is clear that the calculation of payments will differ significantly from how it was done in 2018. Rather than being based on actual bushels produced, the 2019 payments will be based on a single county rate multiplied by a farm’s total plantings to those covered crops in aggregate. This calculation will likely be signifi-

cantly complicated by the impacts of widespread Midwest flooding and unplanted acres.

The announcement states that the 2019 program may include three sets of payments vs. just two in 2018. Whether or not second and third payments are authorized and in what amounts will be based upon the USDA’s evaluation of market conditions and trade opportunities. It is expected that applications for the first set of payments will begin in late July or early August, pending the Farm Service Agency’s release of its July 15 crop reporting. If the administration authorizes second and third payments, they would be made

in November and early January.

Commodity payment rates, limitations on per producer payments and other critical parts of the calculation remain undetermined at this time.

One thing does appear certain however; to be eligible for payments producers must plant a crop.

We encourage you to talk with your local USDA office regarding MFP payments, program enrollment and the effect of any prevent plant acres you may have. Further, our crop insurance team at American Prairie Insurance Solutions is a great resource as well. Give Rob Ames a call at 217-512-2345!

Lender Focus– Kyle Pflum, Mt. Zion market

Our Lender Focus for this edition features Mt. Zion Market President Kyle Pflum.



A native of Cerro Gordo, Kyle grew up on his family’s grain and swine farm east of Decatur.

After graduation from Cerro Gordo (where he earned and still holds the season 3 point shooting percentage record), Richland Community College and then the U of I with a degree in Ag Business and Farm Management, Kyle worked for 4 years for a Decatur area equipment dealership while at the same time staying active in the family farm. Kyle continues to farm a few acres today.

A 17 year veteran of the banking business, Kyle joined the Prairie State Bank & Trust family in 2010 and today heads up our Mt. Zion location as well

as actively serving our crop insurance clients there.

Kyle and his wife Amanda are the parents of Kyson (12), Violet (9) and three and a half year old Davis.

The Pflum family attends the Antioch Christian Church at Long Creek. Kyle stays busy with kid’s ball teams, the Mt. Zion Chamber of Commerce and EDC and of course farming.



There are two spiritual dangers in not owning a farm. One is the danger of supposing that breakfast comes from the grocery, and the other that heat comes from the furnace.—Aldo Leopold



Solar energy.....heating up?

Sightings of solar panels seems to be on the rise in Illinois. Why?

Multiple pieces of legislation have been enacted by the Illinois General Assembly designed to advance the use of renewable energy in the State. Passed in 2008, Illinois' Renewable Portfolio Standard (RPS) requires utilities to dramatically increase their purchases of renewable energy, with a goal of getting at least 25 percent of the state's electricity from clean energy by 2025, a large part of it from solar. Illinois ranks 35th in the nation in terms of solar power right now with just 1% of total use coming from solar. Some industry analysts say that within 5 years Illinois is expected to increase solar power generation some 2000% and jump to 17th in the nation. Late in 2016 the

Future Energy Jobs Act was passed as another measure to spur renewable energy growth in the state.

However other analysts claim that our state, despite gains in renewable energy sources, is well behind the progress needed to reach goals as established by the RPS.

Much of Illinois' solar community is rallying behind the Path to 100 bill (HB 2966/SB 1781), which advocates say provides enough funding to meet the current targets, and will avoid a boom-bust cycle in employment in the industry.

A separate bill, the Clean Energy Jobs Act, is currently pending in the legislature as well, and has the support of much of the state's environmental community. With these two competing

pieces of legislation, the path forward is not clear at this time. But either one would represent progress.

Past President of the Illinois Solar Association Mark Burger says that reaching the 25% goal by 2025 will be extremely difficult, though legislation already in place or pending at this time will put the state on an upward trajectory. Is a nearly 2000% increase a reasonable goal? Lofty for sure.

In the final analysis it appears that solar power is gaining some traction in Illinois. Legislation is in favor of a growth in implementation and the economic stars are becoming more closely aligned given the decreasing costs of photovoltaic modules (solar panels). Exactly how quickly the state moves forward on this remains to be seen.



Which States Are Adding the Most Solar Capacity?

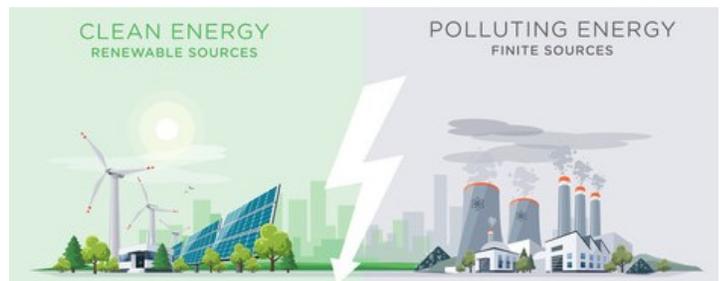
Among the 12 states expected to add the most solar capacity over the next five years, according to a Wood Mackenzie Power & Renewables analysis, Illinois stands out, with a projected jump of nearly 2,000 percent.

STATE	Between 2018-2023	
	ADDED CAPACITY (megawatts)	% INCREASE
California	14,037	65%
Florida	5,162	276%
Texas	4,366	166%
North Carolina	4,230	94%
New York	3,265	223%
Nevada	3,060	123%
Arizona	2,889	87%
Georgia	2,747	176%
Virginia	2,293	361%
New Jersey	1,920	76%
Illinois	1,857	1898%
Colorado	1,832	174%

SOURCES: SEIA/Wood Mackenzie Power & Renewables; U.S. Solar Market Insight

PAUL HORN / InsideClimate News

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On the Farm