

Officers:

President
Wade Buck

President-Elect
Ron Rucker

Past President
Paul T. Reisch, ARA

Secretary
Jack Davis

Treasurer
Allan Husby, ARA

Directors:

Perry Beguin

Ron Ensz

Thomas Jass, AFM

Kent Rasmussen

Committee Chairs:

Membership
Paul T. Sickler, AFM

East River Breakfast
Jim Dunlap, ARA

West River Breakfast
Perry Beguin

SDSU Relationships
& Mentor
Paul T. Reisch, ARA

Assessors Conference
Ted Risty

Range Camp
Ron Ensz

Ag Lender's Conference
Terry Leibel

Education Foundation
& Government Relations
Wade Buck

Technology
Allan Husby, ARA

Education
Ordean Eddy

Social
Craig Sommers /
Ron Rossknecht

Appraisal Review & Ethics
Jerald A. Hulm, ARA

Scholarship Fundraising
Brian Gatzke

SOUTH DAKOTA CHAPTER
AMERICAN SOCIETY FARM MANAGERS & RURAL APPRAISERS

2/06



*Enhancing Our Members' Ability to Succeed
in Their Rural & Agriculturally Related Professions!*

DATES TO REMEMBER!

2006

March 9 - West River Breakfast Meeting (9 A.M.)
Rapid City Rodeway Inn Restaurant

March 24 - East River Breakfast Meeting (9 A.M.)
Sioux Falls Location To Be Announced

April 4-6 - Ag Lender's Conference – Pierre

May 18-19 - Chapter Board Meeting & SDSU Breakfast - Brookings

June 1 - Assessor's Conference - Brookings

Sept. 16-20 - Leadership Institute – Washington, D.C

2007

January 17-19 – Winter Education & Joint Meeting W/PAASD - Mitchell

Feb. 14-17 - ASFMRA Annual Meeting w/ ASAC & NAICC in Atlanta, GA

July 18-25, 2009 – International Farm Management Conference in
Bloomington, Illinois co-hosted by national ASFMRA and Illinois ASFMRA

PRESIDENT'S MESSAGE

I agree! That was my comment to several, during and after the education offerings at the Mitchell meeting the 17th of February. A number of the attendees approached me and said they felt this was some of the best seminars we had ever offered. I pointed out that this was the outcome of the education committee, made up of Ordean Eddy, Jack Davis, Shawn Weishaar, David Baker, Art Clapp, Jim Hollenbeck and Don Kinker. Good Job fellas!

I mentioned the education first as in my opinion it was the highlight of the winter meeting and I'm writing the article so I get to pick what I talk about first. (My attempt at a joke)

Prior to the education offerings on Friday, the annual meeting of the chapter was held on Thursday evening. I want to first thank Jim Dunlap and Jerry Hulm for their time and passion of serving on the SD chapter board. With that we want to welcome Allan Husby and Kent Rasmussen to the board.

As a chapter, and as a board representing the chapter, we have a responsibility to our membership and the profession. Having said that, it is each of the members' responsibility to contact the board with their thoughts on how to better the chapter and the profession.

Continued

PRESIDENT'S MESSAGE CONTINUED

At the Mitchell meeting and prior to, I received comments as to the education offerings on Wednesday and Thursday. The members who contacted me were concerned that the offerings didn't really pertain to the agricultural profession they were involved in as much as the Friday offerings. I tried my best to explain and will attempt to do so here.

Please keep in mind that PAASD has generally offered two days of training and your ASFMRA chapter has offered one day. With that in mind, PAASD is more diversified in its membership, including residential appraisers, commercial appraisers, county assessment personnel and others. Your chapter is made up of primarily rural and agricultural related professionals. Thus we have differing arenas that we work in daily, and thus differing needs with regard to continuing education.

One exception to this is the USPAP continuing education that all appraisers need. We have some variation within our own organization, as those members that are Farm Managers and Education Professionals don't need the USPAP. As you are starting to see, it's a balancing act, and we do our best to provide interesting topics for all.

Having said all that, I thank those members who contacted me or another board member. Please continue to do so, and we will address those topics brought before us.

One topic the chapter is faced with addressing at the present time, and in the near future, is some communication and coordination issues between PAASD and the SD Chapter of the ASFMRA.

Before anyone jumps to a theory by reading between the lines, let me assure you, we are planning on a continuation of working with PAASD. As mentioned earlier, as with education, the two chapters have varied interests and these interests vary in importance to the two associations.

These topics were discussed in some detail at the annual board meeting. For those of you who were in attendance you have heard the issues, and we invite your feedback. For those members who were not able to attend the annual meeting, I encourage you to attend the next breakfast meeting in your area, so that the board can provide you with the details of the topics at hand.

Within a week or so, all members will receive a letter explaining as best I can, one of the topics which is a legislative change limiting appraiser liability. This is something PAASD is considering initiating in the 2007 Legislative Session. After the membership has the details, we welcome your input.

One closing thank-you is extended to Craig Sommers for taking the lead, with the social committee and hosting the pizza social after the annual meeting. There was a good supply of pizza and refreshments. Thanks Craig, could you bring me refreshment?

CHAPTER ANNUAL MEETING HELD IN MITCHELL

Prior to Friday's education seminar on February 17th, fourteen members were in attendance for the chapter annual meeting on Thursday evening February 16th. Five additional members were present for the Friday education seminar. Bad weather prevented several West River members and District VP George Luther from attending.

Membership Meeting Highlights Not Addressed Elsewhere In Newsletter:

Leadership Institute: Leadership Institute will be the only National meeting for 2006, since the annual meeting has been moved to February in 2007. Leadership Institute will be September 16-20 in Washington, DC and will be limited to the first 220 registrants.

Cost to attendees is \$500 tuition, air fare, and a few incidental meals. Our chapter has set aside scholarships of \$500 per applicant with the current budget providing for four members. **Any member interested in attending should inform President Wade Buck.**



Dakota Farmer ASFMRA Article: President Buck reported that *Dakota Farmer* magazine will publish articles written by our members on a “monthly, quarterly or other regular basis”. Articles would address land sales of notable interest, land value trends, farm management issues, etc. Articles will provide the author with credit as well as the chapter. **A chapter committee will be established to establish process of article development and frequency of publication, with the committee chair being the contact point for the *Dakota Farmer*. Members interested in serving on this committee should inform President Wade Buck**

Summer Tour In Pierre Area: Members attending the meeting as well as attendees of Friday's education were asked to indicate interest and potential topics for such a Tour. 25 people showed a strong interest in attending such an event and planning is underway for such an event. Tour possibilities include irrigation, wind farm at Highmore, mint farming, hunting preserve as well as a presentation on wind farm appraising. The board will decide whether to pursue in the near future.

Appraiser Certification News: Sherry Bren updated members on program activities.

- State registered appraisers must now report supervisors of their work and effective of association with the supervisor.
- As a result of federal directive, experience now starts as of the date of first appraisal. It had been the date one was a registered appraiser.
- Non-client experience can be up to 50% experience. Examples would be case studies and completing practice appraisals. An appraiser must be acknowledged in the certification or sign the report to count as experience.
- SD Administrative Rule requires records kept 5 years in litigation cases whereas USPAP requirement for litigation cases is two years after the litigation is resolved.
- Future audit of appraisal work when upgrading will be a combination of random selection and appraisals of the appraiser's choosing.

Continued

ANNUAL MEETING CONTINUED

Nominating Committee Report & Elections: Chair Paul Reisch reported the nominations of the committee (Paul Reisch, Jerry Hulm, Boyd Waara) and the members approved the nominations and elected the following:

President: Wade Buck
President-Elect: Ron Rucker
Treasurer: Allan Husby
Secretary: Jack Davis
Director: Kent Rasmussen
2006 Nominating Committee Member: Jerry Kjerstad

We thank outgoing board member Jerry Hulm for his service to the chapter the past three years.

President Wade Buck presented Jim Dunlap with a framed, numbered print by Tim Cox for his years of service as Secretary/Treasurer and Treasurer. Wade also presented Paul Reisch, (belatedly) a plaque commemorating his two years as Chapter President.



SDSU Breakfast: This event was well received last year and the board has decided to continue it this May with an associated board meeting. The breakfast meeting will be Friday May 19th.

Guest speaker from the Broin Company, who designs and constructs ethanol plants, is being sought. If this is not possible, the committee has some other alternatives that will be pursued.

Evening Social: After the chapter annual meeting, members enjoyed a pizza supper and refreshments courtesy of the Social Committee chaired by Craig Sommers.



GOOD PARTICIPATION IN MITCHELL EDUCATIONAL OFFERING

On Friday February 17th, forty eight people attended the seminars sponsored by the Chapter Education Committee chaired by Ordean Eddy.



Alan Husby, ARA (FSA Appraiser) began the day with a presentation on Geographical Information System (GIS). This included:

- General GIS & ArcGIS Overview
- Sources for Data -APFO- Demo how to access the site
- NRCS Gateway- Demo on getting data from site
- Demo of Using CLU layer and soils layer
- Current progress on certification of data
- Limitation on availability of data from APFO; SD Info 10 and it's use with CLU layer

Allan provided an example of new producer maps that will be available in the next few months that provide a color code system that identifies CRP acres, rangeland, and easements. This producer map is available to appraisers by using the SD Info 10 process. This process can be completed by e-mail.

Jim Hollenbeck (FCS America Area Chief Appraiser) demonstrated the capabilities of the Agri-Data tools for accessing and working with FSA aerials and soil maps. Jim stated that purchase of the program would greatly aid any appraiser who utilizes aerial photos and soil analysis in their work. Those unfamiliar with the program can learn more by accessing their website www.agridatainc.com

Kurt Foreman, US Fish & Wildlife private lands coordinator, from Brookings updated those attending on the cost share programs of rotational grazing management, native grass seedings, riparian restoration, wetland restoration, and multiple purpose ponds.

For the last half of the morning, Steve Thompson and Dennis Lengkeek (SD Game, Fish & Parks employees) presented a dynamic and informative program on **South Dakota State Licensed Shooting Preserves**. Steve is the state licensed private shooting preserve program coordinator since 1992. Dennis is a retired Game Warden for Gregory County and is now the Game, Fish & Parks South Dakota Shooting Preserve Inspector.

Steve and Dennis shared:

- History of preserves and growing numbers to around 200 currently
- Pricing range and different accommodations offered by different preserves
- Regulations regarding license costs, acres required, number of birds released, season, and daily limits



Continued

MITCHELL MEETING CONTINUED

After lunch, **Brian and Rebecka Havlik** shared information regarding Pheasant Crest Hunting Lodge preserve near Kimball, SD. The Havliks provide a high end hunt with a strong emphasis on exceeding customer expectations.



They identified four keys to their success:

- Las Vegas Relationship – Motel customer package that included a hunt at Pheasant Crest was a key when getting the operation started.
- Shooting Sportsman – Do heavy advertising in this high end journal magazine.
- TNN Outdoor Advantage filmed a hunt at Pheasant Crest.
- Strong networking with past customers.

Dennis Larson from Brookings NRCS shared information on the Wetland Reserve Program easements. Dennis stated that their new payment program is just weeks old and requires payment at the lesser of:

- Appraised value
- County cap value based upon SDSU annual survey
- What the landowner submits

Steve Vlieger from Mitchell NRCS provided information on the Conservation Reserve Program. Landowners with contracts expiring in 2007 have been given the following options:

- Top 20% of contracts relative to point system can re-enroll with a new rental rate
- Balance can extend 2, 3, 4, or 5 years at the same rental rate.

The afternoon ended with a **commercial hunting real estate appraisal** presentation by Jim Hollenbeck (FCS America Area Chief Appraiser) and Jim Dunlap, ARA (self-employed appraiser and farm manager). The following areas were discussed:

- Pheasant Hunting Industry Overview – U.S. hunting economic facts, SD hunting license statistics, SD private shooting preserve information
- USPAP Issues – competency, definition of value, intended use / user
- Subject Property Analysis – operation advertising, preserve documents, income records, lodge floor plans, questions to ask owner / operator
- Highest and Best Use Analysis – zoning, private restrictions, hunt days, occupancy, compatibility, competition, sustainability
- Approaches to Value – awareness of wide variability of operations in assessing comparability of sales to subject, cap rates from similar industries, etc.
- Reconciliation – Discuss ranges and rationale to narrow to a point value.



South Dakota Chapter ASFMRA
2005 ACTUAL & 2006 BUDGET
(Calendar Year 1/1/05-12/31/05)

<u>BUDGET AREA</u>	<u>2005 BUDGET</u>	<u>2005 ACTUAL</u>	<u>2006 BUDGET</u>
<u>Income</u>			
Education- Winter (Net)	\$3,500	\$3,673	\$3,000
- Summer (Net)	\$ 300	\$ 0	\$ 300
- Fall 2005	\$ 0	\$ 0	\$ 253
Summer Mtg Sponsorships	\$ 0	\$ 0	\$1,200*
Membership	\$1,100	\$1,150	\$1,150
Interest	\$ 400	\$ 277	\$ 700
Ad Reimb of Costs	\$ 0	\$ 32	\$ 0
Total Income	\$5,300	\$5,132	\$6,603
<u>Expenses</u>			
National Delegate	\$ 500	\$ 0	\$ 0
Secretary Stipend	\$ 500	\$ 500	\$ 500
Auction-Ed Foundation	\$ 500	\$ 441	\$ 500
National Meeting Scholarships	\$1,350	\$ 0	\$ 0
SDSU Foundation ACORN	\$ 500	\$1,500	\$ 500
Leadership Institute	\$ 500	\$ 500	\$2,000
Board & Meeting Exp	\$ 500	\$ 456	\$ 500
Social	\$ 500	\$ 452	\$ 500
Conference Calls	\$ 500	\$ 43	\$ 500
Continuing Ed Exp	\$ 250	\$ 300	\$ 300
Public Relations	\$ 600	\$ 338	\$ 600
Legislative	\$ 100	\$ 0	\$ 100
Misc Administrative	\$ 50	\$ 42	\$ 50
Memorials/Cards/Gifts	\$ 50	\$ 63	\$ 50
Total Expense	\$6,400	\$4,635	\$6,100
Net Income (Loss)	(\$1,100)	\$ 497	\$ 503

*Income Item for Summer Sponsorships of \$1,200 is from Monsanto and is yet to be designated for specific utilization.

**National Meeting for 2006 will be Leadership Institute. Board action to provide 4 people \$500 each as National Meeting Scholarship was made in November.

Enhancing our member's ability to succeed in their rural and agriculturally related professions!

South Dakota Chapter ASFMRA
FINANCIAL REPORT
January 1 – December 31, 2005

Pioneer Bank Checking Account 12-31-04	\$ 510.50	
Pioneer Bank Money Market Acct 12-31-04	<u>\$23,303.96</u>	
Total Pioneer Bank 12-31-04		\$23,814.46
Membership Deposited to Pioneer Bank	\$ 100.00	
Interest – Pioneer Bank Money Market	<u>\$ 23.63</u>	
Income Prior to Transfer of Account		<u>\$ 123.63</u>
Total Pioneer Account 2-7-05		\$23,938.09
Transferred to Edward Jones Money Market Account 2-7-05		\$23,938.09
Invested 3 Month CD	\$ 5,000	
Invested 12 Month CD	<u>\$15,000</u>	
Total Investment from Account		<u>\$20,000.00</u>
Net Money Market Account Available-2-7-05		\$ 3,938.09
Interest Income Since 2-7-05	\$ 253.76	
Feb Mtg Net Income w/PAASD	\$3,672.72	
Membership Deposited Jones Acct	\$1,050.00	
Reimbursed Leadership Institute Expense	<u>\$ 31.52</u>	
Total Deposits		<u>\$ 5,008.00</u>
Total Funds Available		\$ 8,946.09
Expenses		
Secretary Stipend	\$ 500.00	
Education Auction Items	\$ 440.79	
SDSU Acorn Fund	\$1,500.00	
Leadership Institute	\$ 500.00	
Conference Calls	\$ 42.84	
Social – Pizza @ Mitchell	\$ 452.20	
Public Relations	\$ 337.89	
Continuing Educations Filing	\$ 300.00	
Board Meeting Expense	\$ 455.97	
Corp Annual Filing Fee	\$ 10.00	
Reimbursed Ldrshp Inst. Meals	\$ 31.52	
Memorials/Gifts/Cards	<u>\$ 62.54</u>	
Total Expenses Paid to Date		<u>\$ 4,633.75</u>
Account Balance 12-31-05		\$ 4,312.34

** CDs Include \$5,000 CD - 3 months @ 3.85%; matures 3/7/06 Est. Accrued Interest \$13. The \$15,000 CD @ 3.15%, matures 2/17/06, Est. Accrued Interest \$417.

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MEMBER PROFILE IS MINNESOTA CHAPTER PRESIDENT DONALD L. KINKER, AFM

Describe your experience and education related to the property professional field (appraisal, farm management, and consulting, academic relation).

I was raised on a diversified farm in north central Missouri growing corn, soybeans and winter wheat. We also had about 30 cow calf pairs; kept 20 brood sows for farrow to finish and had one dairy cow for family milk production, 200 layers giving us eggs to eat and sell, and all this was done on a 400 acre farm until my twin brother and I graduated from high school.

I graduated from Northwest Missouri State University in Maryville, MO with a double major in Agri-Business and a minor in business marketing, and have been in agriculture related professions since.



Following graduation in spring 1968, I worked 10 ½ years as a livestock feed salesman with Wayne Feeds; then worked with an agency in Lincoln, NE for 2 ½ years as an estate planner when land prices began escalating the first time. When tax laws changed and land prices dropped, I changed professions and worked at a Coop elevator in Southeast Nebraska. I became grain department head, but with mergers and such, I was let go to seek my fortune elsewhere.

I began work with Farmers National Company in September 1983 in Southeast Nebraska. I accepted the position at Marshall, MN on January, 1984 and have been based there since. I have been responsible for farm management and real estate sales in the east central counties of Minnesota, the West central counties of South Dakota and in the last 5 years have been helping the development of management in the Red River Valley of the North. This area has grown faster than expected and the company is now looking at establishing an office in the Fargo-Moorhead area.

Describe what has led you to becoming a chapter member of the South Dakota ASFMRA and why you remain a member, if a member for a number of years.

I have enjoyed being able to associate with members of the ASFMRA from the aspect of the group being associated with agriculture. Being able to talk to people who have experienced the same type of trials and rewards means a lot in developing a strong knowledge of work practices. The way things change today, it is hard to keep abreast of everything without a group like the ASFMRA.

Being a member of both South Dakota and Minnesota has helped with understanding the different aspects of approach to farming practices and business. Both have had very good training seminars and have always come away with at least one idea or new approach I can put to practice in my work.

Describe personal background items that would be of interest to fellow chapter members.

I have been involved with three different professions. The livestock feed sales with Wayne Feeds took me from Southeast Iowa, to Northeast Colorado and then to Southeast Nebraska. While the livestock still smelled the same regardless of where we lived, the changes in feeding practices and set ups gave a good exposure to how things were different when you “get away from home”.

Continued

I got tired of the traveling involved with the sales job and went to work in Nebraska with an insurance company promoting how to help save the family farm from capital gains and inheritance tax losses. This helped me become aware that there was a bigger problem facing the family farmer than just making a living from the grain and livestock enterprises. I did not stay long enough to become an expert, but did develop a good knowledge of how trusts worked. That has come in handy in talking to some of the clients in my current work.

When the government realized at the time that land values were making millionaires out of a lot of people, they did not want to see everything lost so some of the inheritance laws changed, values that could be passed and not taxed as heavily were increased and soon I got out of that work and went to work in the coop elevator in Beatrice, NE. (The correct pronunciation sounds like Be At Russ).

I became head of the grain department responsible for the buying and selling grain, with profits ranging from 5 cents a bushel to 20 cents a bushel when the hedging programs worked in our favor. At that time, a 52 car unit train was big and that was literally all the space this elevator had for parking the cars to load. Due to coop mergers and such, I was released being the man with less experience.

One of the local coop managers told me of Farmers National and I went to Omaha and interviewed. I went to work with them in September 1983 spending one week stints with about eight different managers in training. This helped to give me the insight on different farming practices from northern Nebraska to southern Kansas. I accepted the position at Marshall, MN on January 1984 and this has been “our family home” since. I use that phrase because it seems like while parents are still alive, home is still where I was raised at.

Describe a few memorable or unique experiences in your life.

I really don't have a special experience that stands out. I have enjoyed working with people everywhere I've been and we all know that regardless of whether we are an appraiser, managers, consultant or a combination of all, we hardly ever have two days alike even though the work seems the same.

I am not a big out door sports enthusiast, but have enjoyed watching the kids participate in their youth sports and became a very good grandstand coach in girl's softball, pee wee football and high school track and swimming. It did not take much to get me going when the kids were in action.

I have always liked association with agriculture but in today's world, it is definitely more business and more strenuous than when I was younger. The need to analyze more and make sure it projects correctly is becoming more a factor. We all learned from the mid 1980's that a dollar on paper doesn't necessarily mean we have it in reality. The economic set back opened up one of the new ways of shaping the farming of the future.

In my area of management, I have had the situation of telling a few farmers that I felt it best we go separate paths. It is not always pleasant, but again the business aspect of me managing other people's assets require me make an honest and straightforward attempt to do the best I can.

I guess the code of ethics taught by the ASFMRA had a little bit of influence there also. If we do our job and can go to bed at night without staying awake and worrying about what we did or how we did it, then it must be right. And always remember the old saying: “If you always tell the truth, you never have to remember what you said”.