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West River Breakfast
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SOUTH DAKOTA CHAPTER
AMERICAN SOCIETY FARM MANAGERS & RURAL APPRAISERS
THE MOST TRUSTED RURAL PROPERTY PROFESSIONALS

11 / 2011



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

DATES TO REMEMBER!

December 9 - West River Breakfast Meeting - 9 A.M.

Rapid City Marlin's Roadhouse Grill

December 16 - East River Breakfast Meeting - 9 A.M.

Sioux Falls Roll'N Pin

January 19 - 2012-2013 USPAP – Chamberlain

January 19 - SD Chapter Annual Membership Meeting – Chamberlain

January 20 - Natural Resource Appraisal – Chamberlain

January 20 - Marshall and Swift Residential Cost Handbook Training
–Chamberlain

July 16-20 - ASFMRA Summer Education Week – Des Moines, IA

Sept. 9 thru 13 - Leadership Institute – Washington, D.C.

Oct. 28 thru Nov. 2 – 83rd ASFMRA Annual Meeting – Indianapolis, IN

PRESIDENT'S MESSAGE

I had a great time attending the National Meeting. I had not attended a National Meeting since 2004 when I received my ARA but hope to make it a more common occurrence in the coming years. There were 8 Chapter members in attendance and we got to see Brian Gatzke be presented his ARA. Yes, believe us, Brian; the process is over, and congratulations, again, on achieving this milestone.

I would hope that more of you would consider attending in future years. It really is a great chance to network with appraisers and farm managers from all over the country and get a perspective of what is going on in agriculture in a diverse range of areas. Next year's convention is in Indianapolis starting the last week of October.

Paul Reisch was also in attendance, and as you can read in this newsletter, he did his usual great job of recording what happened at the event. One item I did want to expand on was the barbecue. It was a truly unique experience.

I don't know if the planners had this in mind, but it was pretty much completely dark on the hay rides to and from the barbecue. I'm sure they did not plan on the rain and lightning! It was an eerie feeling twisting through the cactus and dust for over a mile in the dark!

We have a chapter to proud of as we are one of the few chapters that has grown in recent years. I think it helps to have an active chapter with good education offerings, supports its members with a scholarship fund, and that keeps its members informed through items such as this newsletter.

KJERSTAD MEMORIAL SCHOLARSHIP PHEASANT HUNT RAISES \$1,000

The 2011 Kjerstad Memorial Hunt was held on November 5th and 6th. \$1,000 was raised with the proceeds going to the Kjerstad Scholarship Fund.

The hunt was once again hosted by Bill Huber and his sons Dave and Jonathan. Fred Littau also helped with the hunt.

The weather was great and the pheasants plentiful. A great time was had by all.

This year's hunt had an international flavor to it as John Widdoss had lined up hunters from Texas and Canada. Unfortunately, John had to have surgery on October 31st and was unable to attend the hunt. Chapter member Ron Ensz helped coordinate the final preparations for the hunt with the guests and Littau.



Those attending the hunt and contributing to the Scholarship Fund were: Keith Barlow, Dexter Harmon, Larry Kokel, Glen Kokel, Paul Bierschwale, Aaron Bierschwale, Bob Berrien, Dale Miners, Ron Rossknecht and Ron Ensz.

CHAPTER MEMBERS TO RIDE WITH DUNLAP TO DISTRICT VI CHAPTER MEETINGS

One of District VI Vice-President Jim Dunlap's responsibilities is to be the communication link between Executive Council and the district area chapters. A key component of this is attending chapter annual meetings.

To show support for Jim and his commitment to this position, the SD chapter is planning to send a representative with Jim on his drive to and from these meetings. With Jim handling the driving and willingness to share a room, meals and time will be the cost to the individual traveling with Jim. In addition to supporting Jim, attending other chapter meetings will provide the SD chapter with insights on how others do things and provide the individual attending with additional networking opportunities.

Jim's 2012 schedule is set:

Still need someone	January 11-13 – Wyoming
We will all see Jim there.	January 18-20 – SD
Allan Husby will ride with Jim.	January 23-24 – Fargo, North Dakota
Ron Ensz will ride with Jim.	February 7-8 – Montana – Billings
Paul Reisch will ride with Jim.	February 14-16 – Kearney, Nebraska

If a member is willing to go with Jim to Wyoming, send Jim and Allan Husby an e-mail.

EDUCATION COMMITTEE UPDATE

By Brian Gatzke, ARA – Interim Committee Chair

Greetings from the chapter interim Education Committee Chair. Jim Hollenbeck, former Education Chair, did a great job with our education and it has been a challenge to follow in his footsteps. With his expanding job duties and loss of available time to volunteer, I volunteered to help out for a few months. We are hoping another member can step up and take over our education seminars and class schedules. Does anyone want to chair or help as a co-chair?

After attending our 2011 Leadership Conference in Washington DC, it became more apparent to me about the lack of knowledge of our profession in Washington DC, and how the Appraisal Foundation needs membership to become active and engage the members of the member associations of the Appraisal Foundation into action.

First is our joint SD Chapter ASFMRA and PAASD USPAP Update class to be held on January 19, 2012 in Chamberlain during our annual meeting. To register for this class, you need to register through the PAASD web site. www.paasd.org or hyperlink

<http://paasd.com/media/paasd//2012%20TimeToRegister%20Flyer.pdf>

We have two education seminars planned in early 2012.

The first is Valuation of Natural Resources during our annual chapter meeting in Chamberlain on January 20, 2012 for own self development and CE. The seminar focuses on the ever changing wind, aggregate mining / minerals, water, energy (gas, petroleum), timber, and natural resources.

Remember in SD the wind rights cannot be severed from the surface, so how do you provide an opinion of value on wind? This seminar is for our chapter and guest members who wish to learn about this and other natural resource opportunities to participate or pursue work in a growing niche. Please plan to attend. Our own Mr. John Widdoss, ARA, MAI, FRICS is planning to be the instructor. Registration is conducted when you register for the USPAP update seminar. www.paasd.org

Special thanks to our chapter member, Mr. Boyd Waara for this next suggestion. The second seminar is for our SD Chapter ASFMRA members to invite customers to a day seminar in Sioux Falls. This seminar is for non-appraisers, also known as our “customers” who order appraisals and need to conduct an administrative review. The spring seminar dates will be forthcoming in the next newsletter.

The seminar instructor will be Mr. Chris Greenwalt, ARA, RPRA, FRICS who is a well-known review appraiser, USPAP review instructor, and active with ASFMRA education and national policy issues. We are not inviting appraisers to attend, but your customers who are non-appraisers. This will be a great opportunity for your customers to attend this one day seminar and improve the knowledge of the industry and profession. The hours will be from 9 Am to 3:30 PM with a box lunch provided. More details in the December newsletter.

If you have fall educational suggestions, please email me. It is time for us to host a fall class in either Pierre or Spearfish. Thank you. Brian.

PHOENIX NATIONAL MEETING - SD CHAPTER MEMBER HIGHLIGHTS

Eight South Dakota chapter members took advantage of the educational, networking, and social opportunities available at the ASFMRA national meeting Phoenix at the end of October.

Members in attendance were Jim Dunlap, Norm Edwards, Jeff Barker, Paul Reisch, Mark Elder, Allan Husby, Brian Gatzke, and Lee Gatzke. The Gatzkes missed the group picture as Brian was at the Leadership Institute breakfast.

There were two special highlights of the ASFMRA Phoenix meeting for SD chapter members in attendance. Jim Dunlap was installed as District Vice President for a 3 year term at the officer installation ceremony on Tuesday afternoon.



Brian Gatzke received his ARA certificate. There were 14 newly Accredited Farm Managers, 6 Accredited Rural Appraisers, and 2 Real Property Review Appraisers. Brian stated, "This is one of the greatest accomplishments of my career for professional development. Thanks to my family and friends for their support and special thanks to my local ARA chapter members."



PIONEER SPONSORS TOUR AT PHOENIX NATIONAL MEETING

By Newsletter Editor Paul Reisch, ARA

The Wednesday Pioneer Tour took participants to the Shamrock Farms Dairy and the University of Arizona Maricopa Agricultural Center.



Shamrock Farms' 85 year old owner's father started the business in 1992 with 22 cows on a Tucson dairy farm. This has grown to a \$2 billion company that also does processing of the fluid milk and distribution across the country to local retail stores (including all Subway milk).

Milk arrives at the retail outlets within 2 days of the cows being milked. Shamrock Farms Dairy produces about 30% of the milk handled by the company.

Shamrock Farms Dairy is home to 9,600 cows, 8,000 milking as well as 4,500 heifers, and 2,500 baby calves. The dairy raises all of its own heifers, has a 96% live birth rate, 1% death loss in calf barns, and 26-27% cull rate. Average life of a cow on the dairy is 6 years with 3.89 average lactations per cow.



The dairy has two double 50 parlors and Saudi style loafing barns. The barns have shades on the west side that are raised in late afternoon to shield the cows from the setting sun.

Calves stay in hutches for 60 days, then 30 days learning how to self-feed / water and being part of a peer group they will be with for about two years.

Shamrock Farms also has a 650 cow organic dairy facility with double 25 parlor. The facility has a 1,500 cow capacity built with the idea of organic growing to be 5% of the market. Organic was 1.5% of the market. They grew it to 2.5% but this went back to 1.5% as soon as prices were raised to make a profit. Organic dairy cows have to be on pasture at least 4 months. This requires Shamrock Farms to have 540 acres allocated to the 650 cow organic dairy. A conventional dairy could have double this number for 540 acres.

Continued

PIONEER TOUR CONTINUED

Recent prices were \$27 per cwt. for organic and \$21 per cwt. for regular milk. The conventional operation's breakeven 6 months ago was \$13 per cwt. Feed cost increase make the current breakeven just over \$20 per cwt.

The dairy has a self-contained water system with all water captured on the dairy and reused. The 1,550 gpm well is 1,610 ft. deep and pumps from about 800 ft. There is a 500,000 gallon tank for water storage as part of the system.

At the Maricopa Agricultural Center, tour participants heard presentations from Dr. Robert Roth, Dr. Joe Hiller, and Howard Wuertz.

Center Director Roth explained the center started in 1983 and was unique in being both a traditional research farm and a demonstration farm. Water is a limiting resource and prevents double cropping even though the climate would allow it.

Dr. Hiller is a Pine Ridge native whose grandmother was a Wounded Knee survivor. He provided an interesting look at Indian culture.

An Indian tribe is a political, ethnic, and cultural entity that decides who is an Indian. Tribes have both traditional (bands, clans) and contemporary (3 branches of government) governance.

The reservation land allotment system began in 1887 with land allotment going to adult heads of household. There was a 25 year period for proving up trust title. After that un-allotted land was sold, resulting in the current patchwork of private owned land within most reservation boundaries. Through the generations, the allotted land now has fractioned shares resulting in land owned by up to 240 tribal members. This is a real hindrance to economic development as many times, it is hard to even find that many cousins, let alone get them to agree to do something together.

Howard Wuertz, age 86, is the owner of Sundance Farms, and a leader in irrigation drip systems. His parents both were both graduates of the SDSU Class of 1912. He gave various examples of greater yields with less water using drip systems as compared to flood and center pivot irrigation.

Gratitude takes three forms; a feeling in the heart, an expression in words, and a giving in return.

John Wanamaker

“If you never learned the lesson of thankfulness, begin now. Sum up your mercies; see what provision God has made for your happiness, what opportunities for your usefulness, and what advantages for your success.”

Ida S. Taylor

AGRONOMICS – VISION 2012 THURSDAY HIGHLIGHTS FROM NATIONAL MEETING

By Newsletter Editor Paul Reisch, ARA

Ken Kindler, Global Market Advisor for Dow AgroScience discussed Macro Forces in Agriculture.

6 Bets On The Future:

1. Continued tight global food supplies
2. World becoming more populous, wealthier, urban & food consumptive
3. Americas to produce surplus food & trade with the world
4. Increasingly scarce natural resources to produce food
5. Energy prices to continue to support food prices
6. China to sustain global demand for agricultural products

David Kruse - Grupo Iowa shared information regarding his group's experiences with land investment in Brazil.

Challenges for Brazilian Agriculture:

Infrastructure
Rural Work
Property Rights
International Negotiations
Sustainability

Barriers to Achieving 1st Class Economy

Cultural
Labor
Judicial
Capital
Civil / Political

Financing Agriculture with a focus on the assessment of operating risk for agricultural operations

Joel Lorenzen - Farm Credit Southwest

- Opportunities in agriculture with world middle class growth in developing nations and Federal Reserve cheap dollar strategy fueling exports.
- Water issues becoming huge.

Jonathan Logan – CoBank

- Liquidity is key; availability of credit is needed.
- Many customers locking fixed rates for 10 to 15 years.

Jim Pisani, ARA - Wells Fargo Ag Industries Group

- Commodity price volatility not new in specialty crops, but now present in traditional crops.
- Use operating risk profiles for downside analysis and define worst case (1 in 20 year events).

Continued

AGRONOMICS – VISION 2012 THURSDAY HIGHLIGHTS CONTINUED

Land Value Trends:

Northeast – Dave GaNun, ARA

- Diverse area with specialty crops.
- Ag driven land stable to increasing.
- Non-ag down 30-35% from 2005-06.

Delta / Mid-South – George Baird IV, AFM

- Cotton and rice with corn / soybean acres growing.
- 60-70% irrigated with 40% of this pivot irrigated.
- Mostly private landlord to tenant sales with public auctions only 10% of the market.
- Quality of land (drainage, irrigation) key driver, not soils.
- Rental rates increasing with more cash rent flex lease.
- Land values increasing up to 10%.

Southern Plains – Merrill Swanson, ARA

- 35-90% of area in range land; considerable pivot irrigation.
- Few public auctions, mostly private treaty and broker sales.
- 50% drop in number of sales, 10-20% drop in values since 2008-09.
- Drought stopped weak water irrigation sales.

Corn Belt – Dennis Reyman, AFM, ARA

- Strong land sale activity with 70% to 80% by public auction.
- Top land increasing in value 2-3% per month with some areas 4-5% per month.
- Medium land selling well, low quality crop is tough sell.
- Below average farming ease discounts becoming more pronounced.
- Large operator buyers most prominent bidders, some local investors, no investment group buyers.
- Flexible cash rents and custom farming gaining popularity.

Mountain Region – Robert Morrison, ARA

- High percent pasture, pivot irrigated crop.
- Mostly private treaty sales, quantity of sales increasing in past 3 to 6 months
- Ag land stable to strong values.
- Recreational values soft, particularly for “scenic ranches”; 60% down in Teton area.
- Mineral rights having an impact.

Western – Steve Runyan, ARA

- Diverse agriculture
- Limited sales activity, no auctions.
- Strong value increases in orchards; grazing land down significantly.
- Expanding farmer buyers; some investment group activity.

NETWORKING FUN EVENTS AT PHOENIX NATIONAL MEETING

By Newsletter Editor Paul Reisch, ARA

On Tuesday night, the Arizona chapter had a welcome barbeque at a ranch outside of Phoenix. We rode on horse drawn open wagons to the supper site and got rained on! Fortunately, it was brief and we did not get too wet. I doubt the planners had that factored in to the “what ifs” for the evening!



Wednesday evening after Brian received his ARA was an open evening and Allen, Brian, and I enjoyed a nice supper at the motel with Brian's parents. Allen and I had the ribs; I ordered the half and Allan ordered the full slab! It reminded me of Brian's large tomato juice at the East River breakfast meeting in November of last year!



Continued

NETWORKING FUN EVENTS CONTINUED

Chapter members got involved in the friendly competition of shooting baskets to raise funds for the ASFMRA Summer Education Week Student Program. For \$5 per person, one had the opportunity to see how many points one could score in a set period of time.

The individual with the most points in one session won the game. Individuals gave their baskets to the university of choice with the top point university announced at the Education Foundation Auction.



After spirited competition, SD chapter members nosed out the University of Idaho for #1 university in points. The SD chapter was led by Brian Gatzke and Mark Elder, both top individuals through most of the competition before being overtaken by Jeff Berg's son-in-law. They finished #2 (Brian) and #3 (Mark).



Continued

NETWORKING FUN EVENTS CONTINUED

The social highlight of the week was again the Education Foundation Auction with the theme of coming dressed to support your favorite university.



Those in attendance had lots of fun visiting and bidding on donated items in support of the Education Foundation.



The Pheasant Quilt donated by the SD Chapter sold for \$500 and was purchased by Myron Fortin, Farm Credit Southwest appraiser in El Centro CA.

Myron got his ARA with Jim Dunlap in 1993 and is originally from the Doland area!

Myron is the one standing far right on the above picture.

The auction raised about \$34,000 for the Education Foundation.