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SOUTH DAKOTA CHAPTER
AMERICAN SOCIETY FARM MANAGERS & RURAL APPRAISERS

9/05



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

DATES TO REMEMBER!

2005

October 6-8 - ASFMRA Annual Meeting – Austin, Texas

November 11 - East River Breakfast Meeting (9 A.M.)
Sioux Falls Front Porch Grill

November 17-18 - Chapter Board Meeting – Rapid City

**November 18 - West River Membership Lunch W/ Board (12:15)
Rapid City (Location To Be Announced Later)**

2006

February 15-17 - Winter Education & Joint Meeting w/ PAASD - Mitchell

2007

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

Over the past few weeks I've traveled about 5,000 miles, crossing South Dakota, Wyoming, Nebraska and they even let me into Iowa. What a pleasure to get in the pickup and drive across this country. While it's dry over much of this area, we can be thankful of where we live. I'll take the wind and dry over living below sea level any day.

I read where if the levy hadn't broken in New Orleans, the damage would have been much less severe. Ever noticed when man thinks they can fool nature, nature makes man look like a fool!

I have compassion for those impacted by the storms over the past month and hope they find the strength to land on their feet. I encourage the membership to support those agencies they so desire, keeping in mind the local agencies that have ongoing needs.

At this point in the message I want to share some news involving some of our members.

It was recently brought to my attention that Boyd Waara's wife passed away a couple weeks ago. Our thoughts and sympathies go out to Boyd and his family.

I understand Jim Dunlap is recuperating at home for a couple weeks after having back surgery the 21st of September. Good luck and go slow Jim.

(Continued)

PRESIDENT'S MESSAGE CONTINUED

Other news from the Sioux Falls area concerns good news for two appraisers. John McMahon, is leaving the Sioux Falls area, relocating with Farm Credit Services of America, to Omaha, Nebraska. Congratulations to John on this news, hate to see you leave South Dakota, but glad I can still find you in Omaha.

With that move, Gary Carstensen, has moved into the role of appraiser in the Sioux Falls, Farm Credit Services of America retail office, joining Scott Heimes and Jim Hollenbeck. I met Gary on a bus trip to a Minnesota Twins game, eight or nine years ago. In my opinion he is one of the most honest and trustworthy people I have ever met. Congratulations Gary.

A special thanks goes out to Allan Husby for all his work on the FSA Info 10 work he has done. I realize that is a huge time commitment and as members we all appreciate your work.

I understand that the fall conference in Spearfish was a success, thanks to all who helped with that endeavor, special thanks to Ron Ensz. I apologize for not being able to attend any of the conference. I've been busy facilitating some company classes and find I have too few days on my calendar for everything I want to do.

Having said that, traveling across the states of South Dakota, Wyoming, Nebraska and Iowa, tends to invigorate and energize me. I'm beginning to understand why some choose only to travel and speak with others, it's way cool! "Do what you enjoy and enjoy what you do! "

OPPORTUNITIES FARM FEEDLOT TOUR HIGHLIGHTS BREAKFAST MEETING

Eleven members met for breakfast at the Front Porch Grill on Friday September 9th.

They included Gary Carstensen, John Cole, Jim Dunlap, Brian Gatzke, Scott Heimes, Allan Husby, John McMahon, Ted Risty, Paul Reisch, Ron Rucker, and Paul Sickler.

Immediately after breakfast, members traveled to the SDSU Foundation "Opportunities Farm Feedlot" located southwest of Sioux Falls.



Opportunities Farm Manager Matthew Loew provided participants with an overview of the farm's history, structure, and objectives. The farm was donated in 2001 to the SDSU Foundation anonymously by a local farmer.

The donor's intent was to provide an environment for hands on student learning in being profitable in production agriculture and for scholarship funding.

(Continued)

OPPORTUNITIES FARM FEEDLOT TOUR CONTINUED

There are three levels of oversight.

- Local advisory management with 4 members appointed by the donor and the farm manager.
- An oversight governing board with representation from SDSU Foundation, local advisory, Dean of Agriculture, and the farm manager,
- SDSU Foundation board who have final say on the big decisions.

In 2003, the decision was made to construct 3 feedlot housing systems, open feedlot, partial confinement feedlot, and full confinement feedlot. Over time, this will give farmers and students historical information comparing the efficiency and profitability of the three systems.

Total feedlot capacity is 960 head with each system having four 80 head pens. Student engineers designed the handling system for the feedlot. All areas have 1 ft feed bunk space with 215 SF per animal for the partial confinement area, 275 SF per animal for the open lot area, and 45 SF per animal for the total confinement area.



The first sets of cattle were put in the lots in early 2004. 2004 experience favored the partial confinement lot, but mud problems in the spring of 2005 made that lot the lowest performing on the most recent cattle. The crop land is planted to corn and soybeans with custom farming currently and the intent to farm as equipment is added. About 600 acres of corn provides a feed base for the feedlot.



Visitors and questions are welcomed at the farm. Manager Matthew Loewe can be contacted at 605-647-0448, 605-690-3145 cell, or mploewe@iw.net.

GOOD TURNOUT FOR APPRAISING AG LAND IN TRANSITION

Over 50 individuals attended the class held in Spearfish on Wednesday September 21st and Thursday September 22nd. Participants came from the states of Colorado, Minnesota, Nebraska, North Dakota, South Dakota, and Wyoming. The sponsoring states of South Dakota and Wyoming both had twenty plus in attendance.

The course objective was to explore some of the economic and physical factors involved in the valuation of a few “transitional ” property types nationwide through extensive “in-class” discussion. John Widdoss led the Wednesday afternoon discussion focusing on real world examples brought by class participants.



At a Wednesday evening social, class participants were able to network with other ASFMRA chapter members as well as members of other appraisal organizations as the offering was part of a three day conference sponsored by the South Dakota and Wyoming ASFMRA chapters, the Wyoming Appraisal Institute Chapter, and the Professional Appraisers Association of South Dakota.



On Thursday, Mark Sonderby led class discussion through Florida citrus grove and Texas ranch case studies. John wrapped up the discussion by addressing class member questions that had not yet been discussed.



Somewhere between 75 and 100 appraisers attended some portion of the three day conference with 25 to 30 attendees at the other courses, which included Fannie Mae’s New Appraisal Forms on Wednesday, Introduction to Income Capitalization on Thursday, Most Frequent USPAP Violations Residential Friday A.M, and Most Frequent USPAP Violations Commercial/Ag Friday P.M.

Ron Ensz was the SD Chapter Representative on the organizing committee for this event. Thanks Ron for your hard work and efforts on this event. It is appreciated!!

CHAPTER MEMBERS LOOK FORWARD TO AUSTIN NATIONAL MEETING

Members are finalizing plans to attend the Austin meeting in early October. Those attending will participate in an informative educational program, an update on the organization's strategic planning, and networking opportunities with members from other states.

The chapter is donating Black Hills gold jewelry for the Foundation Auction. We thank Veronica Widdoss for handling these details. More details of the five items will be in a future newsletter.

President-Elect Ron Rucker will be attending the Austin national meeting and representing the chapter at the ASFMRA Board of Directors meeting. Other chapter members planning to attend include Art Clapp, Kathleen Colyer, Tom Jass, Paul Sickler, John Widdoss, and Veronica Widdoss.

BRIAN GATZKE REPRESENTS CHAPTER AT LEADERSHIP INSTITUTE

The Leadership Institute sponsored by the ASFMRA and DuPont/ Pioneer was held in Washington, DC from September 10 to 14, 2005. Recognizing positive benefits related to leadership training and influencing government, the chapter paid Brian's \$500 tuition to minimize his cost to just airfare. Brian felt the experience was very good and recommends the chapter have at least one representative each year. Summary Highlights are shown below with more detailed information available by e-mailing Brian at bgatzke4@brookings.net.

The Leadership event was considered successful by the national attending members. The highlights were:

- A meeting at the White House with Mr. Mike Sommers, Special Assistant to the President for Agriculture, Trade and Food Assistance National Economic Council;
- Short meetings with the Chief Appraisers for the GSA, US Dept of Interior, and US Forest Service; House Ways & Means Committee; Head of the Senate Ag committee; Deputy Secretary of Agriculture; Appraisal Subcommittee; Appraisal Foundation support; and the Appraisal Institute cooperation.
- Other meetings separate from the appraisers group were held for the Farm Managers at the DuPont Research facility and meetings on the Hill.

The on-site organizer of the event was Mr. Macon Edwards, who has been on the Hill for approximately 30 years. Mr. Edwards coordinated a majority of the meetings and activity with the Congress, related departments, and the White House. The overall purpose of the event was to build a better understanding of how our Federal Government works (or does not work). Mr. Edwards is highly respected on the Hill.

The major issues taking center stage during the week was the Hurricane Katrina relief effort, Supreme Court replacements, and the WTO-Ag Policy debates. Our group was told that the US Govt will spend in excess of 250 Billion Dollars. That is approximately 10% of the total US Budget for the year. This is considered the Second largest Reconstruction of the South. All the discussions centered on New Orleans and very little comments were made about Mississippi and Alabama, where majority of the Hurricane damage occurred. If the levee did not break, the damage to New Orleans would have been minimal. As they say in Mississippi, the feed bin is now open and the hogs are at the feeding trough, but later they will be butchered. (Continued)

LEADERSHIP INSTITUTE CONTINUED

Future Ag policy will depend on the World Trade Organization and the Doha Talks with the US being inside the Amber Box. For those of you that are not familiar with this, you need to know it will direct future Ag policy in Washington DC due to the US Violations of the WTO agreements on trade and agriculture products. Until this event I had no idea that Amber box dealt with the WTO.

The other issue that capitalized the discussion was the replacement for our Supreme Court judge and Chief.

The major issues in the Ag policy that will be established by our Congress (who is writing the farm bill), the President's office (who wants to direct the Farm Bill), and the USDA (Who wants to issue the farm bill with public hearings), and the final comment, is that Congress will do what Congress wishes to do.

Some of the issues that will come out in the 2007 farm bill are as follows:

1. CSP program (replacing other conservation programs) & WRP Program.
2. Changes in FSA and NRCS structure and administration procedures (Already in place)
3. Wildlife preservation via conservation efforts (Easements and payments)
4. Soil management via conservation enforcement (payments tied to conservation)
5. The US govt will be cutting programs to fund the Hurricane relief efforts.
6. All future Ag policy will be directed by the WTO and DOHA accord.

The other highlights of the event include:

1. Easements for NRCS and USF&W do not need certified appraisers for valuation. This makes the review appraisers on staff frustrated with the process.
2. IRS valuation does not require certified appraiser or accredited appraiser. Specifically these are the historical conservation valuations for tax deductions, estate valuations, and any property transfer per the IRS rules.
3. Federal agencies outside of the IRS want their staff appraisers to be accredited, certified generals. Most of the appraisers outside of the Agriculture department are MAI through the Appraisal Institute and the others are ASFMRA accredited appraisers being either ARA or RPRA. By 2008, the departments want 100% accreditation of staff appraisers.
4. Appraisers have opportunities to bid on appraisals within each department by registering at web sites. www.fedbizops.gov
5. New education and appraiser hours will take effect for January 1, 2008 and it will be updated 2 years later. Anticipation that supervisors will have to be certified generals and a limit on the numbers being supervised. The states still have final decision in the format, but the AQB will have strong suggestions for the procedure.
6. Energy Bill had a clause that requires the US Dept of Interior and USDA secretaries to develop a new fee schedule within 12 months of approval.
7. Energy Bill #2 is coming out and expect changes in this from the previous bill.
8. Energy Fuel, Fertilizer, Chemicals, and other materials from the Energy industry will be costing more into the future. Example is expectation that Anhydrous Ammonia will cost up to \$600 by spring 2006 and some contracts in place for fertilizer were already cancelled for spring delivery. Expect major changes here.
9. New bill in House, HR-1295, deals with the Appraisal Subcommittee and oversight procedures
10. Everyone respond to the USDA web site for public forum issues and attend the public hearing regarding the new Farm Bill. They want input.

MEMBER PROFILE IS DAVID BAKER

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

After graduating from Colorado State University in 1968 and serving in the U. S. Army, I began my appraisal career in July 1973 as a staff appraiser for the U. S. Fish and Wildlife Service (FWS) in Jamestown, North Dakota. In 1979 I accepted a staff appraiser position with the FWS in Aberdeen, South Dakota. Both of these positions involved the valuation of agricultural lands and the valuation of conservation easements for acquisition by the FWS.

In 1986 I accepted a Review Appraiser's position with the Bureau of Indian Affairs that had been newly created in Rapid City, South Dakota. While in this position I gained a great deal of experience in the valuation of a variety of agricultural, commercial and residential properties.

In 1991 I obtained my State Certified General certification.

In 1994, three of the four Bureau appraisers working in the Bureau's Great Plains Region (North Dakota, South Dakota, and Nebraska) decided to retire. In an effort to reduce government spending the Bureau then eliminated the 3 now vacant positions and assigned me the responsibility of administering the Region's appraisal program.



After nearly 6 months of verging on a nervous breakdown (the average workload was approximately 300+ appraisals per month), I was able to "get a handle" on the situation and eventually was promoted to the Regional Appraiser position for the Bureau's Great Plains Region. Upon my retirement in 2004, I formed WesDak Appraisal Services specializing in the valuation of agricultural lands and rights-of-way.

The various appraisal positions that I have held since the beginning of my appraisal career in 1973 has given me exposure and experience in the valuation of a wide variety of properties located not only in the Dakotas and Nebraska but also in a great many of the states located west of the Mississippi River.

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.

The reason for becoming a member of ASFMRA was due to my interest in the valuation of agricultural properties. This is the only national organization that specializes in the valuation of this type of property. The contacts and education that membership in this organization has provided me has been extremely beneficial.

I remember one appraisal assignment in particular where membership in ASFMRA proved especially useful. I was given a complex appraisal assignment in a western state where I was having difficulty confirming sales, as very few people were willing to tell me anything about the sales that they had participated in. I was running into a wall and began to wonder how I would be able to complete the assignment. I opened my ASFMRA directory and contacted several appraisers in the area and once they were aware that I was also a member of ASFMRA they readily provided me the sales and related information.

(Continued)

PROFILE CONTINUED

Describe personal background items that would be of interest to fellow chapter members (e.g. family, ethnic heritage, other communities lived, other jobs / careers, main hobbies or interests).

I have been married to a wonderful woman that has put up with my travels and me for 27 years. Our two children are now adults and my wife and I have been blessed with 3 beautiful and extremely active grandchildren. When I retired, I intended to do only a couple of appraisals a month and to spend the rest of my time traveling, visiting grandchildren, and fishing. Since retirement, I have not wetted a line or done any traveling other than that required for an appraisal. I have still managed to find time to visit the grandchildren.

Describe a few memorable or unique experiences in your life.

I had one appraisal assignment that I consider to be unique. I was ordered by my supervisor to estimate the market value "as is" of the T. Rex known as Sue. After informing my supervisor that I did not have the competency to complete such an appraisal, I was informed that since I was the only appraiser in the Region that I was to complete the appraisal as ordered.

An additional problem that was encountered while undertaking the appraisal was the legal proceedings involving the Black Hills Institute of Hill City, SD concerning the removal of fossils from federal lands without a permit. Because of these legal proceedings nobody in the nation was willing to talk to me about anything dealing with dinosaurs, especially Sue.

It took approximately 4 months to complete the assignment and it was a real learning experience into the methodology of the fossil preservation process. Since completing that appraisal, I have been contacted several times to appraise other dinosaurs and petrographs. One of the lessons learned in the course of the Sue appraisal is not to do another one.

INTERFACING TOPOGRAPHICAL MAPS WITH HAND HELD GPS UNITS BY JOHN BROST, TECHNOLOGY COMMITTEE MEMBER

This is the third installment in a series of technology news columns by committee members. In keeping with the emphasis on GIS and mapping programs, I have chosen to write an article focusing on the use of topographical maps in conjunction with a hand held GPS device.

My column will focus on a specific device and software – the *Lowrance iFinderR Hunt* GPS + WAAS Receiver and *Map Create 6 USA TOPO Version* mapping software. Detailed product information can be obtained at the company website listed below.

<http://www.lowrance.com/Outdoor/Products/iFINDERHunt.asp>

BUSINESS REQUIREMENT: Before I explain why I chose this particular package, I will explain why we at Kjerstad Realty felt we needed this technology. A good deal of our practice involves the appraisal of deeded and Forest Service lands in the Black Hills. Evaluation of some of the typical parcel elements can be complicated in the Black Hills because many of the parcels are not divided into standard sections and quarters. Metes and bounds are more typical. In our practice, we regularly refer to two or three different maps in order to accurately identify and describe a parcel.

(Continued)

INTERFACING CONTINUED

On one particular Appraisal Consulting assignment, we were asked to propose equitable division in kind of the property. Division in kind of the property was compounded by access issues. Steep canyons dissected the property and access to almost half of the property hinged on access to a particular passage. In order to complete our assignment, we had to know exactly where that passage was with respect to particular points on the map.

We already had a GPS unit in the office, but it did not have a detailed topographical overlay on the screen of the Portable GPS unit. We could use aerial photos and then manually mark particular points of latitude and longitude on aerial photos, but it was difficult to predict exactly where you were going to be when inspecting the subject. Were we able to have a TOPO overlay on our GPS unit, while in the field, we would be much more certain of our findings and be able to do it much more quickly.

I started looking for TOPO maps that could be uploaded into our existing unit. There are many out there, but I was leery of hardware and software compatibility issues. While in a local sporting goods store, I noticed that they had a package in stock that combined the GPS hand held unit with the TOPO mapping software. Software compatibility and hardware compatibility issues had been worked out in advance.

SOLUTION AND INVESTMENT

This package is called the Lowrance iFinder® Hunt+. Included in the was a water proof handheld GPS receiver with a black and white display, the Map Create US TOPO CD's, a 64MB Multi Media Card and card programmer, and a cigarette lighter adapter. I explained my requirements to the sales person at the store who recommended the package. The whole package cost just under \$400.

Once I had acquired the technology, my investment wasn't over. I spent the better part of a weekend learning the basics of using my GPS and, yes, I did have to read the manual. Once I had the basics of the handheld unit down, I had to learn how to create TOPO maps on my PC and transfer them to my GPS unit. All in all, I have three or four days invested in this technology. I was beginning to wonder whether it was worth it.

RESULTS

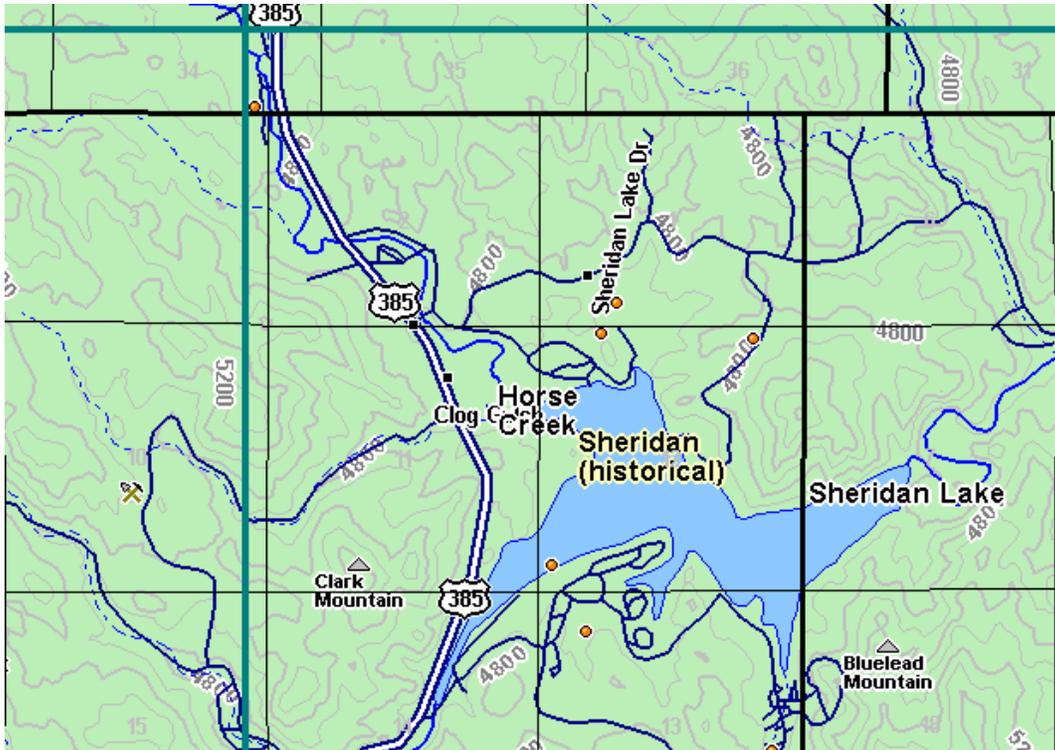
I am happy to say that once the unit was up and operating, the results were impressive. We used the unit almost immediately on a subsequent inspection of our current assignment. The detailed topography interfaced from my PC to the hand held unit met my expectations. It made it much more easy to pinpoint our position relative to canyon ridges, passages, and section lines which in turn made our conclusions with respect to division in kind much more specific.

I have used the unit on subsequent assignment and it has worked equally well. I can inspect subject properties without having to plot particular points on a map in advance, and it saves on return trips to pinpoint the location of particular elements discovered only upon inspection of the property.

HOW TO USE

The picture below is a map taken from the Map Create TOPO software on my PC. These same details can be seen (in black and white) on my hand held GPS units. The steps that must be taken are fairly simple. (Continued)

INTERFACING CONTINUED



1. Create a map.

Map Create comes on 6 CD's covering the United States and parts of Canada. Data from 6 CD's cannot currently be held on a Multi Media Chip the side of a beer bottle cap, so the user must create a map that contains a subset of the data.

To create a map, one must first zoom into a region and outline the area to be interfaced to the hand held unit. My first map was of the Black Hills area from Belle Fourche to south of Hot Springs. A user can choose to omit some details, say for instance nautical information, or public hunting lands, to reduce the size of the file. I choose leave all the details in the file because I never know what I will need once in the field. Once I have an outline in place I click a button on the tool bar on the top of the page. The map file is created.

2. Save map to Multi Media Card

The multi media card is inserted into a card creation device that then plugs into a USB port on the computer. The Map Create software searches for this device and saves it to the card by default.

3. Insert the Multi Media Card in GPS unit.

The multi media card is placed within the battery compartment of the GPS unit. There is a slot where it is secured. Once the card is in the handheld unit, the unit automatically accesses the map details on the card.

You can get an idea of what the device looks like by looking at the Lowrance website.