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Ted Risty

Ag Lender's Conference
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Brian Gatzke

SOUTH DAKOTA CHAPTER
AMERICAN SOCIETY FARM MANAGERS & RURAL APPRAISERS

5/06



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

DATES TO REMEMBER!

2006

- June 1 - Assessor's Conference - Brookings
- June 11-14 - Ag Lenders Range School
@Conger Ranch between Buffalo Gap and Hot Springs
- July 27-28 - Summer Tour - Pierre
- August 18 - East River Breakfast Meeting (9 A.M.)
- Sept. 14 - West River Breakfast Meeting (9 A.M.)
Rapid City Rodeway Inn Restaurant
- Sept. 16-20 - Leadership Institute – Washington, D.C
- November - Chapter Board Meeting & Member Lunch – Rapid City

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

It was good to see many of you at the SDSU breakfast meeting this past month. Paul and committee, you did a commendable job once again, my hats off to you. For those of you who were unable to attend, there was good food, good people and good discussion. Notice how the fat kid mentions food first?

Also thanks to the board for the Thursday afternoon session. We covered what I expected along with some additional topics in an afternoon. We also had time for an ice cream break at the SDSU Dairy Bar, compliments of SDSU. Good ice cream!

I'm just getting back into the office after attending my son Cody's baseball game. I remember playing and I can truly say I enjoy watching him more than I did playing. Of course he is significantly better than I was so that may be the reason. Had a good two hour break out of the office, enjoyed him and a hot dog, now back at the computer. Perhaps the reason Cody is good is because he practices.

I noticed a name in the recent ASFMRA News and want to congratulate Jerry Kjerstad on 15 years of membership with the Society. As long as I practice Jerry, I can only hope I earn a portion of the respect that I have for your talents.

Continued

PRESIDENT'S MESSAGE CONTINUED

On a couple business notes I'm asking for your help once again. Please go to www.sdchamber.biz, and check out the site. This site under the Election 2006 Ballot Issues, sheds some light on Amendment D. Some of the membership has asked, if we as a chapter, would be interested in coming out opposed to the Amendment. I want your feedback as to what your feelings are, in favor, opposed to, should we publicly be in opposition to, should we provide funds to, those sorts of ?'s.

As with all items coming before the board I want to be sure I hear from the members. If we do come out against this I would foresee that we, the chapter, would probably have our name on some literature, ads, etc. This is a political issue, and we need to think through it and the perception that will be given.

Now, my two cents. It is my thoughts that the board will not pursue any action, unless I hear from you in some numbers and in one way or another. I, on the other hand, feel strongly that this was an ill conceived idea that was poorly thought out. I, on a personal front, will continue to educate and fight against this attempt to rework the current tax system, which by State Codified Law, the Directors of Equalization uphold.

On that note, the State Assessors Conference is being held in Brookings this week. Anyone wishing to attend and be part of the chapter presenting door prizes to the group should call me ASAP. I am unable to attend, and the President of the Assessors Organization would really like someone from our chapter to be there. If someone could make it, I know you would have a good time.

In closing, Ron Ensz, thanks for a good day at the State Track meet. Someday I'll prove to you I can still run the 200 in under 48 seconds. In the meantime. I'm limiting my ice cream intake.

JOIN OTHER CHAPTER MEMBERS ON PIERRE AREA SUMMER TOUR!!

Chapter members have been working on details for the upcoming summer chapter tour in Pierre. A brochure will be coming out mid-month in June with registration information and more details on the tours. The chapter education committee is working on getting the tours approved for seven hours of continuing education.

Those members & individuals involved in planning are:

- Logistics , Thursday Social, Spouse Tours Tipp & Ruby Hamilton
- Thursday Snack, Thursday Social, Friday Lunch, Craig Sommers & social committee members
- Bus Transportation Terry Leibel
- Bower Mint Farm Tour Jim Vietor, Wade Buck
- Skatter Gun Tour Tipp Hamilton
- Dakota Lakes Research Farm Tour Tipp Hamilton
- Continuing Education Ordean Eddy
- Mail brochure, Registration Jim Hollenbeck
- Chenille Sewing & Quilting Demonstration Nancy Reisch

Continued

SUMMER TOUR CONTINUED

Summer Tour Agenda

Thursday, July 27th

12:00 – 1:30 p.m.	Registration at Ramkota
1:30 p.m.	Tour bus leaves from Ramkota
1:30 – 2:30 p.m.	Spouse tour of Cultural Heritage Center in Pierre
2:30 – 3:00 p.m.	Spouse snacks
2:10 – 2:45 p.m.	Members tour of Wind Farm near Highmore, SD
2:45 – 3:00 p.m.	Snacks & refreshments at Wind Farm
3:15 – 4:15 p.m.	Spouse Tour of State House in Pierre
3:30 – 4:30 p.m.	Members tour of Skatter Gun Hunting Lodge east of Pierre
6:00 – 9:00 p.m.	Picnic social in Steamboat Park in Pierre

Friday, July 28th

8:00 a.m.	Tour bus leaves Ramkota
8:45 – 9:45 a.m.	Members tour Bower Mint Farm located southeast of Pierre
10:15 – 11:15 a.m.	Members tour of Dakota Lakes Research Center east of Pierre
8:30 – 11:30 a.m.	Chenille vest making and Chenille edge quilt making demonstrations by Nancy Reisch at Ramkota
12:00 – 1:00 p.m.	Lunch prior to departing

The Thursday evening meal will be excellent with marinated rib eye steaks prepared to perfection on a grill, twice baked potatoes, salad, desert, and beverages. We owe a lot of thanks to Ruby Hamilton for her work on preparing the steaks and potatoes. Wine and malt beverages are allowed in Steamboat Park which is walking distance from the Ramkota Convention Center.

Thirty non-smoking rooms have been reserved at the Ramkota in Pierre for the night of July 27th. Rates are \$77 per room.

Fourell Limousine Service from Pierre will be providing transportation for the tours with a 29 passenger vehicle. Additional transportation (if needed) will be provided by chapter members.

Overall, this should be a fun event with lots of opportunities for networking and learning about some interesting appraisal and management related topics.

Again, I want to express my thanks for those helping with the planning.

UPDATED MEMBER DIRECTORY IN JUNE

Plans are in process to distribute an updated membership directory in the month of June. Changes in mailing address, e-mail address, phone number, and / or fax number should be communicated to Secretary Jack Davis and / or newsletter editor Paul Reisch.

SDSU RELATIONSHIPS ENHANCED AT MAY 19TH BREAKFAST MEETING

Thirteen individuals with South Dakota State University affiliations joined fifteen members (Wade Buck, Gary Carstensen, Mike Cooper, Jack Davis, Jim Dunlap, Brian Gatzke, Scott Heimes, Jim Hollenbeck, Allan Husby, Tom Jass, Kent Rasmussen, Paul Reisch, Ron Rucker, Paul Sickler, Craig Sommers) for breakfast on May 19th on the SDSU campus in Brookings.

Those attending from SDSU included:

College of Ag Bio - Dean Gary Lemme

Animal Science – Eric Mousel

Economics - Department Head Dick Shane, Ding Du, Alan May

Experiment Station - Director John Kirby

Extension - Director Gerald Warmann

Plant Science / Professional Soil Scientist Association of South Dakota members - David Clay, James Doolittle, Ron Gelderman, James Gerwing, Doug Malo, Thomas Schumacher

After those in attendance enjoyed a great Monsanto sponsored breakfast buffet by SDSU Catering Services, President Wade Buck welcomed and thanked those in attendance for coming.

SDSU Relationships Committee Chair Paul Reisch provided an update on chapter activities including:

- Acorn Scholarship – Funds now exceed \$12,000 and a \$600 scholarship (Becky Lambert recipient) was awarded for the 2006-07 academic year. Extension Director Gerald Warmann again showed his support by donating funds to the scholarship.

The Economics Department Farm Management class will be added to the scholarship preference factors. Dean Lemme mentioned the Range Management class in the Animal Science curriculum and the committee is working on adding this as a preference factor as well.

- Increased Student Involvement In Chapter - The SDSU Relationships Committee desires to increase student involvement and interaction with the chapter.

One means of doing so is to develop an application for the scholarship more specifically directed to students with an interest in appraisal, farm management, or consulting professions. Committee members will work with Associate Dean Don Marshall on these details and work with the instructors of the appraisal, farm management, and range management classes to make students more aware of the professions and the scholarship.

Economics Department Head Dick Shane emphasized college internships as the best means of student exposure and involvement with a company and / or a profession. A booth at the October Career Days promoting our scholarship and internships with chapter members or their companies was suggested.

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BREAKFAST MEETING CONTINUED

- Education – Paul reviewed the seminars presented at the Mitchell winter meeting and plans for the Pierre Summer tour. Summer Tour registration information will be sent by e-mail to SDSU personnel.
- The National ASFMRA and Illinois chapter will jointly host the 2009 International Farm Management Congress from July 18-25 in Bloomington, IL. This Congress is held every two years and was in Brazil in 2005 and will be in Ireland in 2007. The Congress consists of about two days of agricultural tours and about two days of educational sessions, white paper presentations and business.

Those in attendance then listened to a very interesting power point presentation from Brian Jennings , Executive Director of the American Coalition of Ethanol. See related article.

The meeting concluded with College of Ag Bio Dean Gary Lemme thanking the chapter for offering this on campus opportunity to interact and learn with related professionals.

The event was successful in improving public relations and sharing knowledge on how various SDSU extension and academic personnel can interact with our members and contribute in the future to our achieving our chapter mission through education and networking.

BOARD MEETING & SALES DISCUSSION AT WEST RIVER BREAKFAST MEETING

Those in attendance were:

Geoff Oliver
Kent Rasmussen
Dave Baker
Kathy Colyer
David Jay Widdoss
Ryan Rypkema
Ron Ensz
Perry Beguin

Kent filled in those attending on the topics covered at last week's board meeting in Brookings.



There was also some discussion about recent sales in the area and an article in the Rapid City Journal which talked about the strong increase in ag land values across South Dakota. According to the article their information was obtained from a recent survey completed by SDSU. The results of that survey are available on the following website: <http://econ.sdstate.edu/Research/Commentator/No475.pdf>.

Due to everyone's busy summer schedule, the summer meeting in Pierre, and other conflicts, the next West River Breakfast meeting will be 9/14/06 at the same time and place (9:00 AM - Roadway Inn Restaurant). An email reminder will be sent out as the date approaches.

BREAKFAST MEETING ATTENDEES INFORMED ON ETHANOL INDUSTRY

Brian Jennings, Executive Director of the American Coalition of Ethanol, presented a very interesting power point presentation at the recent May 19th SDSU Breakfast Meeting.

Brian grew up on a central South Dakota farm and is an SDSU graduate. He has been with the American Coalition of Ethanol for two years and worked with Tim Johnson prior to that.

The ethanol industry is currently in a boom period. The country has 97 plants with 12 expansions planned and 31 new plants under constructions.



Blended ethanol is now in 40% of gasoline sold in the country. Top states in ethanol sales are California (1 billion gallons), New York (450 million gallons), Illinois, and Minnesota (10% blend mandated a few years ago).

South Dakota currently has 11 plants with four expansions planned, 2 new plants under construction, and 2 proposed plants on the drawing board. The plants have an estimated \$1 billion economic impact with \$255 million of new wealth. The plants are estimated to have increased corn prices by 10 to 30 cents per bushel.

Brian explained that there are economic and moral limits to ethanol production from corn relative to the nation needs for fuel. One would not want all corn production to go to ethanol production. In 2005, 14% or 1.6 billion bushel of the 11.1 billion bushel corn crop was used for ethanol production. Usage is expected to increase to 2 billion bushel in 2006. One bushel of corn makes 2.8 gallons of ethanol. Possible future production of 12 to 15 billion gallons is a small percent of the 140 billion gallons of annual United States gasoline usage.



This illustrates the reason for the strong interest in the use of biomass and cellulose for future ethanol production.

Examples of biomass / cellulose sources:

- Switchgrass
- Corn stalks / stover
- Wheat & rice straw
- Sugar bagasse
- Municipal solid waste
- Small diameter trees, wood chips, paper pulp

It is hoped increased production from such sources could displace another 30% of the country's fuel demand. President Bush's goal is within 6 years, but 10 years is more likely.

Continued

ETHANOL INDUSTRY CONTINUED

Basics for ethanol plants are site issues (e.g. - rail access), grain availability, and livestock feeding within 200 miles. Key utilities are natural gas or coal, electricity, and water (500,000 gallons per day usage).

Rules of Thumb:

- 50 million capacity minimum
- \$60 to \$80 million cost
- 30% to 50% equity

Timeline:

- 3 to 9 months project development and financing / equity
- 12 months construction

Current Emphasis on Optimizing Efficiency:

- Increasing yield to 3 plus gallons per bushel. Currently 2.8 gallons using 25,000 to 35,000 btu energy compared to 2.0 to 2.5 gallons ten years ago using 100,000 btu energy.
- Front-end processing for new products, fractionation (separating parts of corn kernel prior to production to maximize starch).
- Reducing energy costs with no cooking. No cooking is a new enzyme technology that requires less energy, reduces emissions, and increases proteins in DDG's. The drawback is the requirement for a coal fired plant that increases cost by about \$20 million. Such a plant does provide future bio mass flexibility.

Industry Challenges:

- Ethanol is a commodity, subject to price swings.
- Inputs are also commodities subject to volatile price swings.
- Corn production is susceptible to natural disasters.
- Limits on how much ethanol can be derived from grain.
- "Irrational exuberance" i.e. overcapacity and overbuilding.
- Transportation and distribution challenges ("at mercy" of railroads).
- Limited infrastructure for E85.

Industry Opportunities:

- Achieve multiple policy goals of the country.
- Bipartisan congressional support.
- Renewable fuels standard.
- Blenders credit on the books through 2010.
- No major infrastructure barriers to E10.
- Favorable state policies.

MEMBER ATTENDANCE AT LEADERSHIP INSTITUTE ENCOURAGED

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 16-21 in Washington, DC and is limited to the first 200 registrants. Further details can be found on the national website and in the May / June 2006 FMRA News.

Cost to attendees is \$475 tuition (June 15 registration, otherwise \$575), 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. **Paul Sickler plans to attend, but there are still three scholarships available. Any member interested in attending should inform President Wade Buck.**

MEMBER PROFILE IS BOYD WAARA

Born 7-8-47 Rapid City, SD

Raised on sheep/cattle ranch at Buffalo, SD

Graduated Buffalo High School 1965

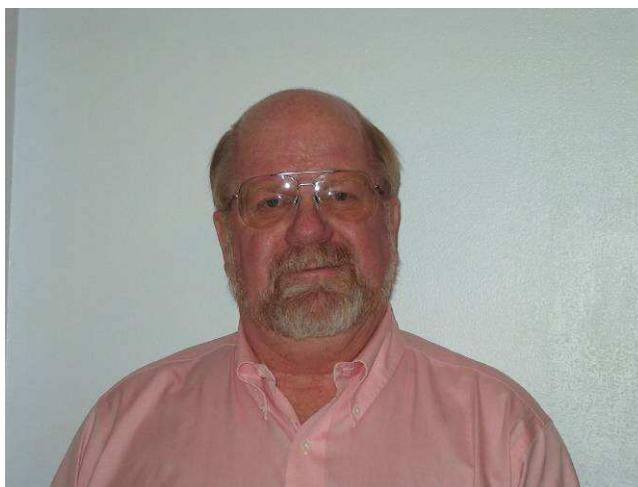
Graduated SDSU 1969

2 yrs. Ass't. National Bank Examiner

1 yr. Federal Land Bank Ass'n. – Brookings

43 yrs. First National Bank in Philip

5 grown children, 4 living and working in South Dakota



Wife passed away 9/11/05 after 8 yr. battle with lung cancer and emphysema

Ranch in Harding Co. co-owned with sister

Campground in Meade Co. part owner

Staff appraiser and Loan Officer – First National Bank in Philip

Member :

- ASFMRA – SD Chapter
- Western South Dakota Buckaroos
- South Dakota Bankers Association

Hobbies:

- Motorcycle riding
- Horses
- Golf
- Camping
- Boating

“South Dakota is not just the best place to live, it is the ONLY place to live.”