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Paul Reisch, ARA

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Scott Heimes

West River Breakfast
Ryon Rypkema

SDSU Relationships
Jay Knuppe

Assessors Conference
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Education Foundation
Mark Elder

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Terry Leibel

Technology
Adam Nelson

Education
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SOUTH DAKOTA CHAPTER
AMERICAN SOCIETY FARM MANAGERS & RURAL APPRAISERS
THE MOST TRUSTED RURAL PROPERTY PROFESSIONALS

11 / 2012



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

DATES TO REMEMBER!

January 17-18–Winter Education & Joint Meeting W/PAASD - Chamberlain
March 14 - West River Breakfast Meeting - 9 A.M.

Rapid City Marlin's Roadhouse Grill

March 15 - East River Breakfast Meeting - 9 A.M.

Sioux Falls Roll'N Pin

June 25-28 – Joint Range Camp (Montana / South Dakota / Wyoming)
Camp Needmore near Ekalaka, MT

July 14-18 - ASFMRA Summer Education Week – Omaha, NE

Nov. 11-15 – 84th ASFMRA Annual Meeting – Reno, NV

PRESIDENT'S MESSAGE

It was another busy month for me and the chapter. I along with Jim Dunlap as National VP, Jorge Vicuna, Mark Elder with AgWare, and Shawn Weishaar representing North Dakota attended the National Convention in Indianapolis the first week of November.

Jim Dunlap has a great article covering the convention, but I will just add some from the areas I attended and he did not. I attended the Chapter officers' workshop on Tuesday and was one of the presenters that gave information on what was working or not working in their chapter.

I went through our accomplishments in that we have grown in membership over the past 10 years, and it started with setting out goals and a mission statement for our chapter. I mentioned the Breakfast meetings that we have and that concept was of interest to some of the other Chapter officers.

I also discussed the ongoing newsletter, our Kjerstad member scholarships and an emphasis on good education offerings. The presentation was well received and was easy to present when there are numerous accomplishments. The other presenters were from California, Iowa, and Texas so my perspective was the only one from a smaller chapter.

While Jim was on the Pioneer tour, I was attending the Rapid Fire Case Studies which was a series of seven different presentations on unique cases, available as seven hours of continuing ed. Those power point presentations are available from the National site under the 2012 National Convention Highlights and then go down to Rapid Fire Case studies.

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PRESIDENT'S MESSAGE CONTINUED

Any of these are good reference material, but those of particular interest were the Up the Creek presentation, which was valuing a property under water. Riparian vs. Appropriative Water rights was prepared by John Widdoss, but presented by Justin Bierschwale as John was under the weather. This was a good explanation of the difference between the two and gave good examples of this use in appraisals. The undivided interests' presentation by Eldon Krull has some very good reference information on the valuing of an undivided interest.

The Chapter also had made purchases of Black Hills gold for \$600 as donations to the Education Foundation Auction. I threw in the Money clips donated back by Jim Dunlap. All were on the silent auction and I counted up the last bids at being around \$770.

The Chapter also made a \$500 donation to the convention, and we were recognized as sponsors of the Accreditation ceremony / reception. It was again a good experience and good to reacquaint with familiar faces.

THANK YOU FROM SDSU SCHOLARSHIP RECIPIENT

Dear Paul,

My name is Austin Mann. I received the SD Farm Managers and Rural Appraisers scholarship you so generously donated. First off I just want to say thank you so much. I am a junior Agronomy major here at SDSU. I grew up in Bloomfield, Nebraska where I was raised on a beef feedlot and farming operation. I have spent the last two summers interning with a crop consulting company where I was a crop scout. I have learned so much from the company. There, there have really opened my eyes on what I want to do in the future. I plan on being a field agronomist and a gps specialist, working with field mapping and yield data with customers when I graduate from college. My expected graduating date will be December of 2014. I would like to stay in the Midwest, preferably somewhere close to home, but you just never know what the future holds. I just can't thank you enough for your generous donations to me. It will be greatly appreciated come time to pay for tuition and school books. Once again, thank you.

Sincerely,



Austin Mann

INDIANAPOLIS ANNUAL MEETING OBSERVATIONS

**By Jim Dunlap, ARA
Vice President District VI**

Well, here I am in the airport waiting on flights after attending another great annual meeting. ASFMRA is moving forward, and the annual meeting was well attended by both members and international individuals seeking to associate with the premier agricultural organization. There were a total of approximately 450 people in attendance, and Indianapolis is a tremendous place to have an annual meeting, providing many interesting sights and opportunities.



A premier activity was the DuPont/Pioneer tour, very interesting and a fun day even though it was a blustery day due to the hurricane on the east coast. We were treated to a walk through at the Pioneer seed processing facility at Rushville, where they receive, grade, treat and bag or box seed. They had an early processing year as did everyone in agriculture due to the drought.

They finished the receiving, sorting and grading process, and were currently drying the seed on the cob. Seed corn is picked at around 30% moisture and dried on the ear. This process takes about 4 hours per point of moisture, since the maximum temperature utilized is 100 degrees to maintain good germination.

The plant received about 1.1mil bushel, (normally around 1.8 mil), at a pace of 25,000 to 35,000 bushel per day, and have already processed and bagged 35,000 units, (80,000 seed count), in the last seven weeks. Dryer capacity at the plant is approximately 80,000 bushel and their storage capacity is around 800,000 bushel of bagged product with 50,000 to 80,000 seed count, or placed in seed boxes and place on pallets.

The bags are palletized and wrapped by robotics before placing in the warehouse. There is infrared heat in the area of the robot, to keep it warm, not the operator. Seems robotics do not do well in cold weather! (Well, neither do some humans!) Some seed is temporarily bagged in brown bags before treatment, which will be treated and bagged at a later date depending upon market demand, specific treatment due to region shipped to, and demand. This also happens at times when they receive seed from South America.

The seed is received in bulk, as dried and shelled seed corn, so the next steps are determining its viability as seed, the seed treatment necessary, processing and bagging. Typically this seed is received from the South American field within 3 weeks of leaving the field and Pioneer wants it processed and bagged within a couple days of it arriving at the Rushville plant. I am sure I missed many important facts in this process, but found the tour both fascinating and informative.

Our next stop was the Indiana Downs Racetrack at Shelbyville, which not only features (jockey) horse racing, but also harness, (sulky), racing. Races are held Monday, Tuesday, Wednesday, Friday and Saturday each week from April to November. First we toured the horse barn facilities from the reception barn to the holding facilities for winners after a race.

Continued

MEETING OBSERVATIONS CONTINUED

Horses are tested on site before each race, and the horse has to be on the “Downs” site a minimum of three hours before race time or they are scratched. In addition, winners are tested after the race. The winners of each race are quarantined, bathed and given water while awaiting a urine test.

This brought the next logical question, how do you get a urine sample from a horse??? Well, it seems when working with young colts, they are observed, and when the colt starts to urinate, the trainer starts whistling to establish an association pattern. So, after a race an individual stands in the stall and whistles (want that job??) until the horse starts to urinate. When that happens, they extend a cup on a pole to capture the sample, which is then shipped to an independent lab. If the horse tests positive of performance enhancing drugs, they forfeit the win.

Some other associated facilities on site included dorm rooms and temporary housing for jockeys and trainers. It is quite a campus! One other thing I found interesting was the term they used at the track for the harness cart. At this track it is called a “racing bike”, I have always heard the term “sulky” for this type of cart. These “racing bikes” can be constructed of wood or aluminum, and you guessed it, most are aluminum due to weight and durability. The price of one of these metal racing bikes starts at \$4,000 and goes up from there. After our tour of the barns and facilities, we were treated to a very nice lunch in the clubhouse, viewing/betting area of the track.

After lunch, we boarded the busses for a quick trip to a local winery. The owner is a retired policeman who has 13 varieties of grapes, and bottles about 250 gallons of wine a week, with about 34 wine selections. We were treated to wine tasting and of course the opportunity to purchase some of their finest wines. Obviously a small independent winery has to buy additional grapes to accomplish the kind of volume they process and sell. Most of the additional purchased grapes are from New York and California, but select grapes are purchased from other areas as well.

The most interesting question on this site was regarding the rose bushes found growing on the end of the grape vine rows....Seems these rose bushes act like a canary in a mine. If disease gets into the area, they are attracted first to the roses, before going to the grapes. Observing the roses gives them enough time to spray or determine the problem without losing vines, plus it kind of dresses up the fields. After sampling, sampling some more, and sampling other wines...did I say we sampled wine???, we boarded the buses for the hotel and the welcome to Indy evening hosted by Indiana Chapter.

The following day was the first day of speakers, the vendor show and annual meeting activities. These were very interesting and informative meetings.

There was ample time for meeting and visiting with members and associates from all over the world about what is happening in the world, and how these events affect our markets and potential business. Since going to this format, our annual meetings have become more globally oriented, just as much of our markets are affected by global events.



Continued

MEETING OBSERVATIONS CONTINUED

This is an exciting time in our professions, and our annual meeting has become a successful venue for our members to find out what is new, what is affecting our businesses and potentially what is around the next corner to be better able to position our businesses to serve those future needs. One example of this was provided by a new vendor at our associated trade show.



This vendor brought two drone airplanes that are much more sophisticated than any I had seen advertised for potential use by managers and appraisers. You program the drone for crop health survey; terrain mapping; infrastructure or other applications, and from launch to land you no other input is needed.

These will do thermal images, visual image, LiDAR and Multispectral images, so there is a wide range of uses possible, and once in the air, you just wait for it to land while getting live feed.

Another new vendor had precision ag software using remote sensing imagery to target yield calculations, recommend fertilizer, seed & pesticide rates, provide variable rate mapping, track field operations and provide up to the minute field information. I don't know about you, but I find that kind of technology very exciting and the potential uses for it are numerous.

There were many other new vendors with a lot of new information, plus our veteran vendors provided good insight into industry changes and new products. As I stated at the beginning of this article, it was a GREAT MEETING! If you have never gone to annual meeting, or it has been a while since you did so, put it on your agenda for next year in Reno. You will not regret it!



GREAT TRUTHS ABOUT LIFE THAT LITTLE CHILDREN HAVE LEARNED:

1. No matter how hard you try, you can't baptize cats.
2. When your Mom is mad at your Dad, don't let her brush your hair.
3. If your sister hits you, don't hit her back. They always catch the second person.
4. Never ask your 3-year old brother to hold a tomato.
5. You can't trust dogs to watch your food.
6. Don't sneeze when someone is cutting your hair.
7. Never hold a Dust-Buster and a cat at the same time.
8. You can't hide a piece of broccoli in a glass of milk.
9. Don't wear polka-dot underwear under white shorts.
10. The best place to be when you're sad is Grandpa's lap.

CHAPTER BOARD MEETS IN RAPID CITY

The SD ASFMRA fall board meeting was held November 7th in Rapid City at the Farm Credit Services of America offices. Six board members were in attendance.

Treasurer Paul Sickler provided a positive financial report. The November 1, 2012 balance was almost \$17,000, an increase from just under \$14,300 on January 1st. The Kjerstad Member Scholarship account balance is just over \$22,800.

Highlights not covered in other newsletter articles:

- Retention of chapter members so far in 2012 is 100%. There are currently 63 total members with 54 members in the academic, accredited, and associate categories.
- Kjerstad Membership Scholarship – Allan Husby attended Leadership Institute. Jorge Vicuna was very appreciative of the \$500 he received to help with Indianapolis national meeting attendance.
- Nominating Committee – President Husby has appointed Perry Beguin to join Chair Tom Jass and Charles Doom on the committee.

By laws state...For every ten members added after 30 members, another director will be added up to a maximum of 9 directors. The number of directors for the upcoming election will be determined based upon September 30 membership numbers of the previous year belonging to the academic, accredited, associate, and professional categories. As of September 30, 2012 the chapter had 54 members in those categories, so an additional director will be added.

- 2013 Range Camp Plans - The Montana Ag Lenders' Range Camp is going to host a tri-state gathering with Wyoming and South Dakota ag lenders and appraisers at Camp Needmore near Ekalaka, MT, June 25 to June 28, 2013. The board approved a \$100 donation for Range Camp.

EAST RIVER MEMBERS VIEW NEW HOG FARROWING FACILITY

In a change of pace, East River members toured Fox Run Farm near Parker on Wednesday afternoon November 14 instead of meeting for breakfast on Friday the 16th. East River Breakfast Chair Scott Heimes changed the event the week before to take advantage of a great opportunity (**no smell**) to see and learn about a new sow state of the art unit.



The large sow farrowing facility is owned by farmers who will finish the pigs and managed by Pipestone System.

Those in attendance included Jim Dunlap, Tom Jass, Scott Heimes, Allan Husby, Paul Reisch, Ron Rucker, Paul Sickler, Tyler Urban and prospective member Amanda DeJong.

After a guided tour of the unit, members enjoyed a pork lunch and listened remarks by Governor Dennis Daugaard and Pipestone System CEO Dr. Luke Minion.

EAST RIVERS MEMBERS ATTEND WEST RIVER BREAKFAST MEETING

The Thursday November 8th breakfast meeting included several East River board members taking advantage of breaking bread with their West River counterparts after Wednesday's board meeting prior to heading back east.

Allan Husby, Tom Jass, Paul Reisch, and Paul Sickler joined David Baker, Perry Beguin, Norm Edwards, Ron Ensz, Loy Matthes, Ryon Rypkema, Gordon Wendell, Russell Wyatt and prospective members Wade Buck, Calvin Conroy, and Mindy Hubert for food and discussion.

President Allan Husby and President-Elect Ron Ensz shared board and national meeting information with those in attendance.

Allan shared his national meeting experiences (details in another article).



Transition from Allan's 2011-2012 term to Ron's 2013-2014 term will occur over the next two months prior to the January 17th annual meeting. Ron will be contact chapter members regarding committee chair and committee member assignments. Allan encouraged members to say yes when asked to help.

Allan shared the board's support for a new committee to encourage student participation in national's July 2012 Summer Education Week program in Omaha. The board approved establishment of a Student Involvement Committee that would include promoting and getting students to attend Summer Education Week program with \$600 in 2013 budget to help with costs of students attending.

Allan also conveyed that the board approved \$2,500 of chapter funds be paid into the SDSU Scholarship fund as a step in getting the fund balance to an amount that will fully fund the annual \$1,000 scholarship payment.

Ron shared the January 2013 education program that may have interest to bankers. He encouraged members to make their banker customers aware of this opportunity.

Perry Beguin shared a 'Not your average dairy...' article regarding a Bushnell, NE sheep dairy, one of only about 100 in the United States. The Irish Cream Sheep dairy was started in 1995 by the Halligan Family, who had been in the business of raising sheep for nearly 30 years.

The family decided to get into sheep dairying because they were looking for something else that would pay. It doesn't take nearly the land to run a sheep dairy as it does a cow dairy. The family is currently milking 250 ewes and hoe to expand to nearly 650 ewes.

A ewe can produce up to one-half gallon a day. Freshly bagged milk is frozen in a form to help the bag (5 gallons, 44 lbs.) stay in an easy to stack shape. The majority of milk is shipped to California. Almost all of the milk will be made into cheese.

The sheep must be shorn two times a year because of the higher nutrition they receive from milking. Most sheep are only shorn once per year.

JANUARY 2013 EDUCATION DETAILS SET

Brian Gatzke, ARA Education Committee Chair has finalized education for the January meeting at Cedar Shore Resort in Chamberlain, SD.

January 17th Thursday Morning:

- Income Approach Applications Seminar – Instructor Mr. Richard Gilmore, ARA, FRICS, MRICS
- 4 hours CE for Appraisers, Realtors, and Bankers in South Dakota. (pending approval)
- 7:30 AM to 11:30 AM. With Registration at 7:15 AM

Attendee will be able to:

1. Reinforce the concepts of the Income Approach and its application to the overall appraisal and valuation process.
2. Seminar introduces improved techniques for estimating the value of income-producing rural property by converting anticipated benefits into value.
3. Intended to not only review the various formulas and procedures utilized for deriving various rates of return, but also to develop an understanding of the inter-workings of these derived rates such that the appraiser can more accurately interpret market movements.
4. Provide additional adult learning tools to enhance and provide sources to understand complex purchase agreements, lease agreements, and various income based contracts.

Thursday During Lunch (included with 4 hour morning seminar):

- Real Estate Acquisition and Contracting for Appraisal Services - Audrey Nelson, CG, SD Department of Transportation

January 17th Thursday Afternoon / January 18th Friday:

- The Valuation of Intangible and Non-Financial Assets Seminar
- Instructor: Mr. Richard Gilmore, ARA, FRICS, MRICS
- 11 hours CE for Appraisers, Realtors, and Bankers in South Dakota. (pending approval)
- Thursday, 1:15 PM thru Friday 4:30 PM with Registration Thursday morning 8:00 AM or Thursday afternoon 1:00 PM

Attendee will be able to:

1. Identify and measure different forms of non-real property collateral.
2. Categorize different types of machinery and equipment.
3. Categorize and report on livestock, feed and other agricultural commodities.
4. Recognize borrowing bases and their various components of assets.
5. Identify the differences between market value and other types of value.
6. Inventories, accounts receivables and intangible assets will be recognizable and understood.
7. Become involved and understand the process of estimating and measuring the value of different borrowing bases.
8. Better understand and become knowledgeable of legal and servicing issues.
9. Provide appraisers with tools to expand their business and provide ways to expand existing business into alternative funding sources.
10. Provide legal and financial professionals an opportunity to interact with real property appraisers.

On line Registration: www.paasd.com or SD-Chapter ASFMRA hyper link <http://www.asfmra-sd.com/ss/>