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East River Breakfast
 Barb Hegerfeld

West River Breakfast
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Fishing Social
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 Travis Shaykett & Jason Vaith

SDSU Relationships: Brian
 Gatzke ARA & Allan Husby ARA
 Career Fair – Barb Hegerfeld
 Curriculum - Gatzke/McKnight
 Network Event–Ryan McKnight
 Scholarship – Keith Newman
 Student Involvement
 - Jordan Bauer

Assessors Conference
 Ron Ensz, ARA

Education Foundation Auction
 Ron Ensz, ARA

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Kjerstad Member Scholarship
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American Society of Farm Managers & Rural Appraisers

THE MOST TRUSTED RURAL
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SOUTH DAKOTA CHAPTER www.asfmra-sd.com

7/2018

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

DATES TO REMEMBER!

- August 2-3: Chapter Leader Day - Denver
- September 7: SDSU Network Event - Brookings
- September 10-14: Leadership Institute – Washington, D.C.
- September 13: West River Breakfast Meeting – Rapid City
- September 21: East River Breakfast Meeting – Sioux Falls
- October 3: Ag-Bio Career Fair
- October 4: Board Meeting / Member Social – West River Location TBD
- October 29 - November 2: 89th ASFMRA Annual Meeting – Chandler, AZ
- January 23-24: Winter Education & Joint Meeting W/PAASD – Chamberlain
- July 21 – 26: Education Week – Omaha, NE

CHAPTER MEMBER ANNIVERSARIES

<u>Member</u>	<u>Join Date</u>	<u>Years</u>
Kent Rasmussen	8-15-1978	40
Perry Beguin	8-24-2001	17
Jesse Ball	8-27-2009	9
Cameron Trudeau	8-19-2015	3
Donald Zacher	8-01-2017	1

Thank you for your support!!

CHAPTER MEMBERSHIP UPDATE

We welcome our newest member Tyler Waldner. Tyler with AgVisors is a farm manager and agricultural land broker in the Redfield and Watertown area. We also welcome Dane Larsen as an associate member, who recently converted from student member status.

Summary of Current 97 Members / 73 accredited / associate / academic:

- 1 ARA / AFM 11 ARA 10 AFM
- 48 Associate – 42 appraisers / 6 farm managers
- 3 Academic 11 Student 2 Affiliate 6 Retired 5 Partner

PRESIDENT'S MESSAGE

Greetings Fellow Members;

(History of Agriculture Continued)

The worst farm crises since the 1930s occurred during the 1980s. Americans had become dependent on foreign oil. The Arab oil embargo in 1973 and the formation of OPEC had caused oil prices to quadruple, and at the same time there continued to be an increased demand for American products overseas. By the mid-1970s one third of all the farmer's production was exported overseas. Farmers were urged to plant from fence row to fence row as high prices brought more land into production. Farm land in the US increased dramatically with many farmers borrowing heavily to expand. Between 1975 and 1983, the national farm debt soared. In order to combat inflation, the Federal Reserve raised interest rates and inflation well. Farm exports fell as well, and decreased in value by 21% from 1980 to 1981. Because of no supply management programs, farmers continued to produce for an export market that no longer existed. By the end of 1982 the United States had one of the largest grain surpluses in history. The government began selling grain on the world market for less than the cost of production and subsidized the sale with tax dollars. In 1981-82 the nation experienced the worst recession since World War II.

There was a 400% increase in farm and ranch bankruptcies in the state in 1982, a result of high interest rates and low commodity prices. Radical solutions were needed. Reagan's Secretary of Agriculture John Block attempted to reduce the drop surplus by introducing "Payment in Kind" (PIK). Farmers who agreed to withhold production were not paid in money, but in grain from the farmer-owned reserve, or Commodity Credit Corporate Stocks. Over 80% of the state's farmers enrolled in the program with 3.8 million acres taken out of production. An additional half million acres of farm land was taken out of production through the Conservation Reserve Program (CRP).

The Reagan administration continued to argue that lower prices would make the US more competitive in the world markets. However, the expected increase in exports never materialized, and actually declined by more than 37% between 1981 and 1986. For the first time in 15 years, in 1986 the US incurred monthly trade deficits. With large federal subsidies going primarily to corporate farms and absentee landlords, the depopulation of South Dakota continued on. The United States had a farm program that cost more than any other in the country's history, yet the small operator was going broke. Another 3,500 farms were lost in our state during the 1980's, and farm land prices were falling. The number of people living on farms and ranches declined by 32.5%; another one-third of those trying to make a living off the land were gone. (And, at least one of us became an appraiser.)

(More Next Time)

At this point in our growing season, the majority of the state is looking good, some areas considerably better than good with way above normal rainfall, but, of course, there are also some areas that are not so good as they have just had too much. We continue to hope for more timely moisture in August, as long as it doesn't fall in solid form; unfortunately, some areas have already received too much of that. The thing about farming---you never know what nature will bring, and no technology ever invented is going to change that.

Later;

Terry Leibel Email: midstateaprs@aol.com

SAVE THE DATE

The Annual **SDSU/ASFMRA Real Estate Networking Conference**

Sponsored by:
Monsanto

“The Land Grant Mission Relating to South Dakota Ag-Land”

The New Focus on sharing information and data while networking with other real estate professionals in order to cultivate and enhance the State of South Dakota.

A formal program with topics that include a review of the research on Highest and Best Use of Agricultural Land from Dr. Matthew Elliott, information on the newly approved minor in Land Valuation and Rural Real Estate, the Business Economics major, and an update from Dean John Killefer.

Other plans and details forthcoming.

DATE OF EVENT: Friday, September 7th, 2018
TIME: 10:00 AM to 3:30 PM
LOCATION: Dana J. Dykhouse Stadium
ROOM: Club 71
LUNCH: Coffee and Refreshments will be available the entire meeting. Lunch will be served at 12:00pm.

CHAPTER MEMBERS ATTEND EDUCATION WEEK IN DES MOINES

By Paul Reisch, ARA, Paul Sickler AFM



Several South Dakota Chapter members attended Education Week in Des Moines, IA. Chapter members were in attendance on different days and times so a group photo was impossible to obtain. Five chapter members were in attendance at the Monday evening networking social supper.

Jack Davis and Paul Reisch attended the Executive Council meeting. Paul arrived early and was able to attend the Council supper at President Elect Tim Fevold's farm north of Ames. Tim and his wife Phyllis have fixed up an old granary into a nice hospitality environment.

John Widdoss, ARA taught Property Rights: Why Haven't I Heard This Before? on Sunday with Brian Gatzke in attendance.

Over 70 people including Brian Gatzke, Mark Elder, Paul Reisch, and John Widdoss attended Valuing Rural America: The Complexities of Data Analysis in a Low Volume, Non-Uniform World. Instructor Justin Bierschwale, ARA provided participants an overview of the new textbook to be published late this year or early in 2019. The textbook emphasizes rural appraisal and includes:

- ❖ Significant Revisions to Data Analysis and the Depth to Which It Goes
- ❖ Additions of Technology Utilized by Appraisers
- ❖ Expansion of Appraisal Standards and Applications
- ❖ Significant Discussion of Rural vs Urban Appraisal
- ❖ Guide notes for Users of Appraisal Services
- ❖ Tools for ASFMRA Education
- ❖ Introduction to Complex Topics for Future Writings



Justin also covered the genesis of land mix analysis since the late 1970's and the new land mix tools that are covered in the textbook. These include the concepts of equivalency ratio and proportional land mix adjustment. These tools will help appraisers eliminate some analysis work necessary in the past.

Brian Gatzke also participated in the Valuing Specialty Livestock Facilities: Dairy Farms seminar.

Continued

EDUCATION WEEK CONTINUED

Dane Larsen utilized the Kjerstad Member Scholarship and took Basic Appraisal Principles (A101), Basic Appraisal Procedures (A102), and the 15-Hour National USPAP (A113).

Jim Jansen took Ag Land Management 1 (ALM1) and Ag Consulting Practices (AAC2); then sat for the AAC exam.

Rick Gunderson took Ag Land Management 3 (ALM3).

Matt Gunderson, Darwin Thue, and Seth Van Duyen took Ag Land Management 4 (ALM4); then sat for the AFM exam.

Paul Sickler attended Tuesday's Managing in Tight Margins seminar. The first speaker that morning was Amanda De Jong who is with the Iowa Farm Service Agency. She spoke about the current programs available and briefly talked about the next farm bill. Of course, this is being studied and talked about now, but nothing has been passed as of yet. She is hopeful that the cap on CRP acres will be increased.

The next speaker was Jim Knuth from Farm Credit Services of America. He was very interesting to hear and compared the current farm crisis to the 1980's. As he said, agriculture in general is in much better shape than it was in the 1980's. There are many differences this time around. Many lenders took great steps early on to limit borrowing as land prices and commodity prices increased several years ago. Jim explained about how most of the mistakes are made when times are very good, but they don't become evident until the tougher times.

The morning was finished up with a panel session which consisted of Amanda, Jim, along with Kirk Weih of Hertz Farm Management and Dave Englund of Farmers National Company. The panelists took questions from the group. The afternoon started with Cortney Cowley who is with the Federal Reserve Bank of Kansas City - Omaha Branch. The final topic was to be an update on the new farm program, but the speaker was delayed in his travels and didn't make it to the class in time.

Overall, it was an enjoyable class and provided the students with an update of the current state of agriculture.



THREE SD CHAPTER MEMBERS JOIN AFM RANKS!

By Paul Reisch, ARA

South Dakota chapter members Matt Gunderson, Darwin Thue, and Seth Van Suyn were three of fifteen that were recently notified that they have completed their requirements for accreditation and received their designations.

Matt, Darwin, and Seth will be formally recognized at the Chandler, AZ national meeting October 29 to November 2.

Matt, Darwin, and Seth earned their AFM designations by meeting stringent requirements in experience and education, in addition to passing rigorous oral and written examinations and abiding by the American Society's Code of Ethics.

Matt, Darwin, and Seth all work for Farmers National. Congratulations to all of them.



Matt Gunderson



Darwin Thue



Seth VanDuyn

EAST RIVER BREAKFAST NETWORKING

By Barb Hegerfeld

Seven members from the SD ASFMRA chapter met for East River Breakfast Meeting at the Roll'N Pin Café on July 20th.

The first topic of discussion was Education for the Annual SD ASFMRA Winter Meeting in Chamberlain, SD in January 2019. Travis Shaykett provided an update that there are several topics already being looked into for education seminar offerings. He opened the table up for suggestions of what other topics we would like to see. We discussed the current list of approved ASFMRA education and other topics that might be of interest. Some topics included but were not limited to: an update from SDSU extension, Land Mix Seminar, Google Earth and Mapping, Easements, Wind Towers, and Appraisal Reviews. If you have suggestions, please send them to Travis Shaykett.



Other ASFMRA events and happenings were highlighted during the breakfast. We had a recap of feedback received from the June fishing trip. It sounded like the turnout was about the same as last year. Those that attended had good feedback and this is an event that they continue to do in the future.

As there will be a joint ASFMRA / SDSU event on September 7th, we will not be having a breakfast meeting that month. The next breakfast meeting will be scheduled for November. Although we will not be having a September East River Breakfast meeting, it was discussed that we could have a trip to Hunter's Pointe Shooting Complex in Humboldt, SD followed by a social this fall. If you would be interested in attending and/or chairing the event, please contact Jeff Barker.

Beginning January 1st, Tamara Joerger will be taking over as the new ER breakfast meeting chair.

Finally, we were fortunate to have Jim Jansen attend our meeting this month. Jim visited with the group about recent updates on the farm bill. Jim provided the following information he compiled from Brad Lubben, Agricultural Policy Specialist of the University of Nebraska-Lincoln:

Farm Bill Development

The below discussion reflects what was known about the U.S. farm policy and marketing environment as of July 20, 2018.

The 2018 Farm Bill in June saw two different versions, one from to House of Representatives and one from the Senate, each with differences that will need to be worked out. The House bill continued farm program support, but the nutrition title and the Supplemental Nutrition Assistance Program (SNAP) saw substantial changes. After failing its first vote in May the bill was reconsidered and passed on June 21. It is considered a partisan bill as no Democratic support and some Republican opposition exists.

Continued

EAST RIVER BREAKFAST NETWORKING CONTINUED

The Senate worked on a broad bipartisan bill that passed on June 28. Finding a compromise between the two bills is now the current objective, but given the very different objectives and political battles embedded it could prove to be a difficult process. However, the two bills do provide some perspectives and direction for major elements of the legislation.

Farm Income Safety Net

Both versions see the farm income safety net largely left intact. The House and the Senate both propose reforms to the Agricultural Risk Coverage (ARC) program to rely more on crop insurance yield data, a move with broad ag group support that seems certain to proceed. The Senate version goes further with a trend-adjusted yield history to strengthen the ARC guarantee. The House language ratchets up the reference price for ARC and Price Loss Coverage (PLC) programs if market prices return to above-reference-price levels, while the Senate heard, but did not adopt language to cut PLC support and use the savings to strengthen the ARC guarantee even further. For all the debate on ARC and PLC components, the most important consideration may be that both bills propose a new decision for producers in 2019.

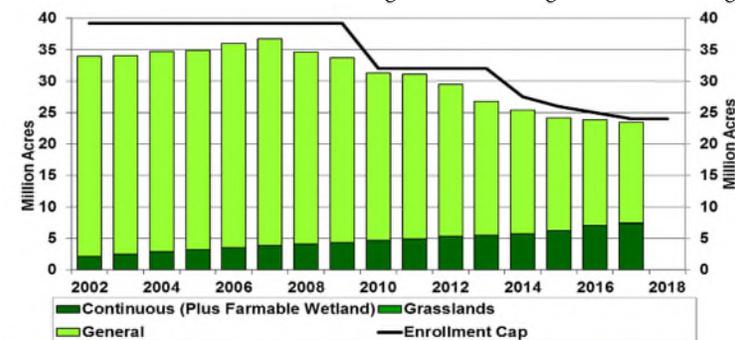
Both bills also addressed payment limits, but in different directions. The House bill would loosen rules slightly on entities and family member exemptions while the Senate bill would tighten the eligibility rules substantially. The Senate bill reflects some of the payment limit language championed by Senator Grassley of Iowa, reducing the adjusted gross income cap from \$900,000 to \$700,000 and strengthening the management requirements for active engagement to be eligible for payments.

Relative to the changes in commodity programs, the crop insurance programs were left virtually unchanged. While there were proposals to cut crop insurance support in both chambers, none of the proposals proved to be a serious threat to existing crop insurance programs and support.

Conservation

Both bills look to increase the acreage cap for the Conservation Reserve Program, and reduce the rental rates going forward. The House version looks to raise the acreage cap from 24 to 29 million with an 80% rental rate cap. The Senate version raises the cap to 25 million with an 88.5% rental rate cap.

Figure X. Conservation Reserve Program – Acreage and Price Signals



Outlook

There will be a new decision between ARC and PLC for producers in 2019, either in a new farm bill or in an extension of current legislation. With all of the other market uncertainty due to trade conflicts, bioenergy policy conflicts, and production issues, it is a reminder to producers of the importance of incorporating farm programs, crop insurance, marketing, and production decisions together into a sound, integrated risk management plan for the year and years ahead.

COWBOY LOGIC

By Russell Wyatt

Last winter, Patrick and I were doing a routine appraisal out in the country 30 miles from the nearest town. Eighteen miles of the road was a gravel road. There were snow drifts 4 to 6 feet high on each side of the road. As we approached the ranch headquarters, there was the usual long row of equipment lined up. There were tractors, swather, baler, feed wagon and loader, but what stood out as unusual in the row of machinery was a late model Lincoln stretch limousine!

After completing the ranch inspection and returning to the headquarters we could not resist the question, "What's with the stretch limo?" The ranch owner laughed and said, "I will tell you the story." He proceeded to tell us in detail why the limo was there.

His son is getting married in the near future. "The wedding will be down on the creek under those trees," and he pointed toward the creek. "The wedding is going to be a private wedding with only the family attending. There is going to be a wedding dance in the neighboring village which consists of a community meeting hall, a post office and a small store. The bride's only request was to be taken from the wedding site at the ranch to the wedding dance in a stretch limo. The wedding is on Labor Day 2018."

Well the groom wanted her to have her wishes. He called the nearest limo rental place which is about 150 miles away. The rental place quoted a price of \$1,500 to come for the evening. The groom said, "There has to be a better way". He got on the internet and found a stretch limo for sale in Denver, CO for \$2,200. He made the deal and brought the limo to the ranch.

The story doesn't stop here. He bought the limo in January 2018. The word got out that the groom had a stretch limo. Request started coming in from all the small towns in the area for the groom to take their kids to their respective high school proms. He gave them a price of \$300 per night, instead of the \$1,500 they charged to come from the big city.

His request for prom night limo service in his home town also happened to be the home of the auto parts repair store. He told the people in his home town that his limo was going to need some repairs and whichever month he had the highest parts bill that would be his charge to take their kids on their prom date. He has enough transportation requests to proms to pay for the limo. He also has a standing offer that will pay him \$2,000 for the stretch limo after the wedding. He has also given his bride her heart's desire.

NOW THIS IS WHAT I CALL COWBOY LOGIC!!!

SD CHAPTER - KJERSTAD MEMBER SCHOLARSHIP

The scholarship focus:

- A lasting memorial of Jerry's contribution to our chapter.
- A means to generate funds that can allow expansion of chapter support for members in accord with the chapter mission of *Enhancing Our Members' Ability to Succeed in Their Rural & Agriculturally Related Professions!*

Objectives:

1. Encourage potential members to join our chapter and help them with initial ASFMRA education.
2. Encourage members to attend and learn the benefits of the networking and education that take place at national events.
3. Broaden the experience of chapter members, which will in turn, strengthen our chapter member networking opportunities and develop future leadership for the chapter.
4. Encourage members to pursue accreditation and support them in this endeavor.
5. Recognize the member's achievement in gaining his accreditation.
6. Build member loyalty to the chapter.

Funding for this program is handled outside of the normal chapter operating / budgeting process. A separate money market account is dedicated for this program and the scholarships are paid from this account. Chapter fundraising projects and interest accrual on the account pay for the scholarships.

The Kjerstad Member Scholarship Committee will administer the scholarship. Committee members are President, Past President, President-Elect, Secretary, and Treasurer.

Scholarship opportunities for accredited, associate, and academic members when their employer does not pay the cost include:

- **Pay basic member registration fee and transportation up to \$500 for Leadership Institute attendance** -- Priority for the scholarship - Chapter President, board member, member who has never attended, member who has attended. Interest to be communicated to Chapter President by March 15th.
- **Pay member registration fee for first time national meeting attendance** - The member planning to attend their first national meeting would inform President and Treasurer.
- **Pay up to two member registration fees to attend National Meeting for members who have attended the National meeting in the past.** Scholarships are intended for members that are not reimbursed their costs by their employer. Priority for the two scholarships will go first to younger members that have already used the first time attendance scholarship; then to other members that have gone to national meeting multiple times.

Those intending to attend a National Meeting would state their intent to do so and be considered for the scholarship to the President and the Treasurer. In the event more than two members apply, there will be a drawing for the scholarships – first among those in the younger member priority, then to other members who have gone to national meeting multiple times. The scholarship is limited to the same winners once every three years if several members apply and are entered into the drawing.

Continued

SD CHAPTER - KJERSTAD MEMBER SCHOLARSHIP

Scholarships related to accreditation address only 1 accreditation per member. I.E. – Would not cover ARA, AFM, RPRA and / or AAC all for one member over time.

Farm Manager

- **Pay member registration fee first ASFMRA education course that is a part of obtaining AFM accreditation after becoming a member.** - Member would inform President and Treasurer of intent to attend. Scholarship paid to member upon confirmation of course enrollment and adequate funds. If inadequate funding, will be reimbursed in future when adequate funding secured.
- **Pay member registration fee for accreditation education class for those committed to achieving accreditation.** Any member can provide written intent for the upcoming calendar year by December 1st to Chapter President. The written intent will convey the member's status regarding educational requirements and his / her personal timeline to achieve completion of educational requirements, demo report, and sitting for the exam. Scholarship approval will be communicated to a member by March 31 of the calendar fiscal year. The member can be paid member registration fee toward the cost of a class still needed within 3 years of scholarship approval.
- **Pay for cost of ALM 4 Review for Exam, application fee, and accrediting exam** - Payable upon application and approval to sit for exam as communicated by member to President and Treasurer. The cost of application fee and exam would be paid on a one time only basis.
- **Pay member registration fee when receiving accreditation at national meeting.** The member planning to attend would inform President and Treasurer.

Appraiser

- **Pay member registration fee for two ASFMRA education course(s) that is a part of obtaining trainee license after becoming a member or all three if taken as Trainee Bundle at Education Week.** - Member would inform President and Treasurer of intent to attend. Scholarship paid to member upon confirmation of course enrollment and adequate funds. If inadequate funding, will be reimbursed in future when adequate funding secured.
- **Pay member registration fee for two ASFMRA education course(s) that is a part of obtaining certified general appraiser license after becoming a member.** - Member would inform President and Treasurer of intent to attend. Scholarship paid to member upon confirmation of course enrollment and adequate funds. If inadequate funding, will be reimbursed in future when adequate funding secured.
- **Pay member registration fee for accreditation education class for those committed to achieving accreditation.** Any member can provide written intent for the upcoming calendar year by December 1st to Chapter President. The written intent will convey the member's status regarding educational requirements and his / her personal timeline to achieve completion of educational requirements, demo report, and sitting for the exam. Scholarship approval will be communicated to a member by March 31 of the calendar fiscal year. The member can be paid member registration fee toward the cost of a class still needed within 3 years of scholarship approval.
- **Pay for cost of A500 Appraisal Exam Prep, application fee, and accrediting exam** - Payable upon application and approval to sit for exam as communicated by member to President and Treasurer. The cost of application fee and exam would be paid on a one time only basis.
- **Pay for cost of the accrediting exam** - Payable upon application as communicated by member to President and Treasurer. The cost of exam would be paid on a one time only basis.
- **Pay member registration fee when receiving accreditation at national meeting.** The member planning to attend would inform President and Treasurer.