



APPRAISING THE PLAINS of Kansas



A Publication of the Kansas County Appraisers Association

Volume 16, Issue 3 JULY 2012

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Congratulations, New RMA's!

Marilyn Cathey and David Harper presented 12 recipients with their Registered Mass Appraisal pin at the recent KCAA Annual Business Conference. *Front Row:* Delinda White, Kim Frodin, Letisha Esquibel, Chris Edstrom, Leann Armstrong and Shannon Winter. *Back Row:* Mike Quilty, Ryan Michaelis, Mike Lorus, Perry Bailly, Mike Shoun and Jeff White.

See more highlights from this year's conference on pages 12–16.

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THE

President's View

Greg McHenry, RMA, Riley County Appraiser
KCAA President

I'd like to express my thanks and appreciation to those who attended the recent KCAA Annual Conference. There were approximately 150 appraisers, staff, and vendors in attendance. This made our conference larger in attendance than the recent NCRAAO conference held in Kansas City.

I'd like to thank each of our presenters, who provided great educational workshops. Thanks also to our vendors and sponsors for their participation, and for their help in raising \$1,500 for the Timothy Hagemann Trust Fund at our 1st Annual Timothy Hageman Memorial Golf Tournament. Special thanks to Mark Low and Rick Stuart for their work behind the scenes, and to Cindy Brenner for her hard work in making our conference a success.

The conference provided several opportunities for fun and entertainment. We were able to enjoy bowling, golfing, good food, and fun entertainment with peers and friends. It was great to see several retirees in attendance Monday night. It's amazing how much better they look since they've retired! I especially liked Leon Reimer's tribute to Mark Low. We learned a lot about Mark and his unique leadership style. The stories Leon shared made for a fun tribute to a man who has made a tremendous impact in KCAA and in Kansas. Mark is truly one-of-a-kind and he will be greatly missed!

In addition to the fun and entertainment, there were a couple of topics discussed that have the potential to make a large impact in the way we appraise properties in Kansas. Senate Bill 59 continues to be a major story as it will be reviewed in an interim legislative committee this summer. The bill essen-

tially calls for permanent fixtures to be classified as exempt personal property instead of real estate. This flies in the face of the three-pronged fixture test used to determine real estate versus personal property, which is spelled out in PVD Directive 92-011 and which has been consistently upheld in Kansas court cases.

KCAA Legislative Committee Chairman Rod Broberg spent many days in Topeka this spring working tirelessly on our behalf. As he reported to our KCAA Board last week, much work needs to be done to provide facts and a clear picture of this bill's potentially devastating consequences. The Kansas Association of Counties will be providing their legislative resources to partner with KCAA as the bill goes to interim study and Legislative Post Audit's review. The KCAA Legislative Committee and KCAA Board are committed towards providing our side of the story in this debate, and we hope that eventually cooler heads will prevail in the Legislature. Judging by the comments made in the Legislature this spring, we'll have our work cut out for us. (See Rod's article "What you can do on your summer vacation" on p. 3.)

Immediately after the Wednesday morning session, PVD staff held a meeting to discuss subsidized housing valuation methods. It was clear from the 15-20 folks in attendance that this discussion has been long overdue. We heard from numerous appraisers who had concerns over the template method currently prescribed by PVD. It was obvious that most of us believe the current methodology may not be the best way to reach market value for subsidized housing properties.

IAAO Annual Conference
September 9-12, 2012
Kansas City, Mo.



The Community Bookshelf is a striking feature of Kansas City's downtown.

Sightseeing at the IAAO Conference

Located within blocks of this year's IAAO Conference hotel and the IAAO headquarters is the Kansas City Public Library. It's worth walking or driving by to see "The Community Bookshelf," an outside wall of the library, while you're in town. The library is located at 14 W. 10th Street.

It was agreed that PVD staff (Roger Hamm, Bob Kent and Ray Cook) will work with an ad hoc committee to review the issue and make recommendations for any changes as needed. I've appointed committee members Brad Eldridge (chair), Kenton Lyon, Sheila Schauff, Stephanie O'Dell, and Trudy Kamphaus to work with PVD this summer. Their goal is to make any recommended changes prior to 2013 values being made.

In closing, I'd like to take an opportunity to put in one more plug for the upcoming IAAO Conference in Kansas City. This is a once in a lifetime chance to attend this conference close to home. There are IAAO scholarships still available if you're interested. Hope to see you in Kansas City!

What You Can Do on Your Summer Vacation

By Rod Broberg, RMA, Saline County



Proponents of SB 59 will be back next year, so some preparation for the next session is in order.

Editor Rick asked me to write about legislation for this issue of *Appraising the Plains*, so I was trying to gather my thoughts, which is never an easy task, about what happened in the legislative session this year. It occurred to me that we have talked about the session this year more than any other in recent memory, so I won't expend a lot of effort recapping what happened, but concentrate more on what is left to do.

You all know that the last great effort by the state Chamber of Commerce to "fix" the Coffeyville Resources problem was House substitute for SB 59. SB 59 contained language that would have removed much of the nitrogen plant in Montgomery County from the tax rolls and also included the Ash Grove Cement plant in Neosho County. The bill passed the House but was referred to the Local Government Committee in the Senate, where it died at the end of the session. The issue, however, will not go away. The proponents will be back next year, so some preparation for the next session would be in order.

This brings us to the title of this little article. As you know, there is an election coming this fall and it is

reported that due to redistricting and retirements, there will be no fewer than 50 new members of the House of Representatives. On the Senate side the state Chamber and other conservative groups have targeted eight moderate senators they hope to replace with their more conservative counterparts. We will have an opportunity during this campaign season to talk with many of these prospective legislators and educate them on this issue.

Admittedly it is a complicated subject, and they won't want to spend the time to understand it fully. What we need to make clear to each of them, however, is that we are not those "rogue" appraisers that are circumventing the law by placing exempt machinery and equipment on the real estate tax roll. The state Chamber has done an excellent job of diverting the real issue and portraying county appraisers as the villains. If each of us can appear to our candidates as reasonable and concerned citizens, we might just cultivate some allies in the next session. So, go to a campaign event, eat a hot dog, chat up a candidate, and leave the "rogue" at home.

Each toilet was given a unique name: The men's urinal, "Porcelain Bus" and the women's toilet, "Oval Office"; the men's handicapped stall "The Superbowl," the women's handicapped toilet, "The Porcelain Throne."

The goal was to make the facility not just a public restroom but an art attraction that was strange, quirky and unusual. The building is shaped like a toilet tank, and the oval-painted entrance resembles an upraised toilet seat lid. In the middle of an oval seating area in front of the restroom is a ceramic sculpture depicting swirling water that contains all the things one might accidentally flush down a toilet, including keys, a toothbrush, cigarette pack, pocket watch, hairbrush, and even an alligator. The walkway to and from the restroom is shaped like an unfurling roll of toilet paper.

The interior of the restroom is filled with unique and colorful mosaics that utilize colored glass bottles, broken pottery, dishes, tiles, stained glass and mirrors. One of the artists who created the mosaics stated, "I don't mind people looking at my art when they come in to relieve themselves. You come in here, you don't need a magazine."

The daylong grand opening included a toilet seat toss, tubular Olympics with empty toilet paper rolls, a talent show and a presentation by local artist Erika Nelson, "Here's the Poop." After thanking those who attended her lecture, Nelson stated, "Everyone poops, we just haven't had a place to do that in Lucas."

The Flying Pig Studio hosted the Bowl Plaza Art Show, where artists were invited to construct sculptures made entirely out of toilet paper. One artist used more than 200 rolls of toilet paper to construct a statue of David. A local resident said the bottom line is that the restroom is a great facility that will attract people to visit Lucas. "They've been looking at this from all over the world, and it's going to draw people off I-70."

Editor's Note: Some would say "only in Kansas." However, based on my travels, this would fit in a large number of states.

Lucas' Bowl Plaza Debut

By Lisa Ree, RMA, Ellis County



Sweet relief! Lucas, Kan., opens first public restrooms.

It took four years but Russell County's town of Lucas, Grassroots Art Capital of Kansas, now has its first public restroom, aptly named Bowl Plaza. The June 2nd grand opening included residents and visitors lining downtown streets waving plungers, scrub brushes and toilet paper rolls. Four lucky people, wearing capes and crowns, paraded downtown to Bowl Plaza and were given the honor to be the first to flush the four new toilets.



The Director's Update...

By David Harper, RMA, Director, Property Valuation Division

PVD benefits from the opportunities to visit one-on-one with the county appraisers, and we hope the counties also benefit from the attendance of PVD staff.

It was good to see so many at the 2012 Kansas County Appraiser's Association Business Conference and the director's update in Manhattan. I must recognize and thank Cindy Brenner, Greg McHenry and the KCAA Board for what I thought was an outstanding conference. For those who were unable to attend, I will attempt to briefly summarize the key topics of discussions from the update.

There were 70 counties represented at the June 20 director's update, and we have only 10 counties which have not appeared for at least one of the two most recent updates offered. We appreciate your efforts to attend. PVD benefits from the opportunities to visit one-on-one with the county appraisers, and we hope the counties also benefit from the attendance of PVD staff.

In June, PVD awarded 11 Kansas Registered Mass Appraiser (RMA) designations to employees from Butler, Gray, Kearney, Labette, Johnson (6) and Wabaunsee counties, bringing the current total of RMA's to 243. One of the new designees, DeLinda White, is also the newest Kansas County appraiser, following her appointment as appraiser in Labette County. Three counties, (Anderson, Harper and Wabaunsee) continue to have PVD staff serving as acting county appraiser.

It appears that all 105 counties met the June 15 deadline for certification of values to the county clerks as there were no certification extension requests received by PVD. Also, on June 15, PVD certified state appraised public utility values to the clerks. Public utility values increased by approximately 4.9% from 2011 to 2012, and values have averaged a 5.3% annual increase over the past three tax years. Both county clerk offices and the PVD Public Utility section have available the breakdown by county and company for each tax year. County clerks are to certify abstracts of value for the 2012

tax year to PVD on or before July 15, at which time we will begin compiling summary statistics on locally assessed property.

PVD has also completed the final 2011 Kansas Real Estate Ratio Study, and results have been sent to all 105 counties. Twenty-seven counties are out of statistical compliance in one or more subclass. We have seen a slight increase in counties with performance measure problems in the commercial/industrial subclass and a slight decrease in performance measure problems in the residential subclass.

On June 6, 2012, Roger Hamm, deputy director of PVD, emailed to all county appraisers, county clerks and county treasurers a summary of new property-tax-related laws stemming from the 2012 legislative session. This memo was referenced at the legislative update at KCAA and additional discussions were held on House Bill 2557, which implements a commercial vehicle fee in lieu of the property tax effective Jan. 1, 2014. We will provide additional instructions and responses to FAQ's in upcoming months on this bill. We have invited a representative from the Kansas Department of Revenue's Motor Carrier Services to the appraisers' meeting at the November Kansas Association of Counties conference to address questions on the implementation of the new fee.

PVD is also optimistic about the opportunities which may exist with the implementation of the Kansas One Map Act (House Bill 2175). This 2012 legislation establishes the Kansas Geographic Information Systems Policy Board in statute versus gubernatorial executive order, where it has been since 1989 and was last updated in 2006. It also establishes the position of geographic information officer, who will implement Kansas One Map to better execute and coordinate policies and programs across Kansas. PVD hopes

to take an active role in assisting the GIS Policy Board in their goal to build and rely on a single, central source of accurate and reliable data and practices to benefit all users in both the public and private sectors.

PVD is continuing with the rewrite of the Appraisal Maintenance Specifications and the interrelated update to Directive #92-006, Uniform Standards of Professional Appraisal Practice, (USPAP). The revised maintenance specifications are planned to take effect for the 2014 tax year. The most notable change is a requirement for compliance with the current version of USPAP (2012-2013), as opposed to the requirement to perform all real property appraisal functions in conformity with the 1992 edition as referenced in current Directive #92-006. The new maintenance specifications also require compliance with the USPAP Ethics Rule, Records Keeping Rule, Competency Rule and the Scope of Work Rule.

We have met with the KCAA Maintenance Specs Committee and have had discussions with several counties on the changes contained in the first draft. We will continue to hold discussions with interested parties on changes, and all will have the opportunity to provide input before the documents are finalized.

Concerns I have heard expressed are with the differences in the 1992 and current USPAP and the Competency Rule. There are no substantial changes we see in the Competency Rule between the 1992 and current USPAP, but we do realize its reference in the maintenance specifications is going to bring new light to the requirements. The 2012-2013 USPAP states an appraiser must be competent or acquire the necessary competency to perform an appraisal assignment and clarifies the rule with the following statement: "Competency can be acquired in various ways, including, but not limited to,

Director's Update, continued

personal study by the appraiser, association with an appraiser reasonably believed to have the necessary knowledge and/or experience, or retention of others who possess the necessary knowledge and or experience.”

Compliance with the Competency Rule places additional responsibilities on PVD as well as the need to work closely with the KCAA Education Committee to evaluate new courses and provide more valuable training for county appraisers and their staffs. Remember, per USPAP, “[p]erfection is impossible to attain, and competence does not require perfection. However, an appraiser must not render appraisal services in a careless or negligent manner.” Our goal is to assure mass appraisers in Kansas use due diligence and due care in their work.

Kansas a Leader at NCRAAO Conference

By Rick Stuart, CAE

Kansas was definitely the leader at the NCRAAO Conference held June 11–13, 2012 in Kansas City, Mo. Missouri was the host state but has very few participants from the state. After last year's conference, the incoming NCRAAO president discussed with Cindy Brenner and I about contracting to set-up and run the conference, which we agreed to do. Cindy did her normal great job of dealing with the hotel, handling all registrations and making sure the conference ran smoothly. My role was finding presenters and educational topics.

This year was different as vendors could make an extra payment and present at one or two sessions, and they could also choose their topic, which could include a discussion of cost, etc. The session length was either 45 or 90 minutes. This was their opportunity to promote the capabilities of their product or service.

I contacted a large number of Kansas people to serve as presenters and moderators and am pleased that

Valid concerns have also been expressed on changes between 1992 and 2012–2013 USPAP, including the new requirement for a signed certification for a mass appraisal report, absence of the reference to a mass appraisal being performed by a team, and the inclusion of advisory opinion 32 in the current version. We plan to address these concerns within the new PVD USPAP directive by promulgating a number of Kansas jurisdictional exceptions that should ease the transition and fine-tune performance expectation for ad valorem mass appraisal in this state. A revised certification template will also be included as an addendum to the directive for suggested use by the counties. Additional direction will be provided on the application of Standards 1 and 2 versus Standard 6 and guidance on their respective applications.



The North Central Regional Association of Assessing Officers held its annual conference June 11–13 at the Sheraton Kansas City Hotel at Crown Center

all said yes. I also asked during each session for monitors in the back of the rooms and again the Kansas people asked “How can I help?”

Thank you to all who helped in the monitor role and especially to the following individuals who presented, served on the roundtable panel or served as moderators.

Presenters & Roundtable Participants:

Pete Davis, PVD: *Practical Application of Ratio Studies and Proposed Changes*

Toni Viens, MAI, SRA, Johnson County: *Valuation of Restaurants*

Gene Bryan, CKA, RMA and Kevin Bradshaw, CAE, RMA, Wyandotte

A reminder, USPAP advisory opinions do not establish new standards and do not represent the only possible solution to the issues discussed. Per the 2012–2013 USPAP, “advisory opinions are not part of USPAP and can be approved by the ASB without public exposure and comment.”

Kansas mass appraisers have long held themselves to the highest level of professional practice. USPAP standards acknowledge that this profession is dynamic and the standards must be updated on a regular basis to keep current with changes in the industry. At PVD we believe a move away from the required compliance with a dated version of standards of professional appraisal practice is needed to maintain and continually improve on our current appraisal procedures.

County: *Destination Valuation—The Legends*

Stephen Hughes, MAI, SGA, Hughes and Company, Inc.: *Golf Course Valuation—Market Rent Method of Income Approach*

Leon Reimer, RMA, Meade County; Kenton Lyon, RMA, Russell County; and Lynn Kent, PVD

Moderators:

Steve Miles, RMA, Douglas County; Lori Reedy, RMA, Reno County; Cindy Magill, RMA, Marion County; Leon Reimer, RMA, Meade County; Shonda Sauseda, Finney County; Jeff Holsapple, RES, CAE, RMA, Johnson County; Jami Clark, RMA, Greenwood County; and Grey McHenry, RMA, Riley County

COTA Decision on Manufactured Home Ownership

By Jan Hull, Reno County



Manufactured housing can be a dream come true for many desiring to be home owners but just can't afford the cost of a new site built home. Feel the need to relocate? Just hook up to a large truck and roll away! Your entire home and contents are mobile!

While a blessing for some, if you are on the county side of manufactured home appraising or even on the taxable side, "mobile" is, shall we say, a frustrating word. Not only do these homes move, sometimes several times a year, the ownership can change numerous times a year.

Reno County has several manufactured home communities and the majority of them are well managed and the home owners are responsible citizens, send in their Personal Property Renditions and pay their taxes on time every year.

And then there are the others...

Case in point: We have a person in this county who claims he does not own ANY manufactured homes in any of his parks. He just picks up a home from a park or parcel then moves it to one of his parks, hooks it up to utilities, then rents or sells them. But he doesn't own them. We end up with several homes that no one claims ownership of and no one is paying taxes on.

This office became proactive on these types of homes. The property does sit on land they control and own, the park owner is collecting payments or rents on these homes, right? Possession is 9/10ths of the law! Because we could not establish legal ownership, we put them all on the park owner. He protested — *Loudly*. He started with me and worked his way up the chain of command all the way to PVD and Bill Waters. PVD asked him to stop calling, their answer wasn't changing. He received the same answers with each person he contacted. So he pro-

tested again, this time with the proper paperwork.

We held our Payment Under Protest hearing and offered him a no change with instructions to take it up a level. He decided to move upwards with his rant. On March 21, 2012, we had our hearing. The evidence he presented was a title search document he received from the state title office. The home did have a title, but the park owner was not listed as the owner. Last issue date was Aug. 20, 1985. The park owner demanded we place the ownership of this home on the person listed on the title. He was the last titled owner and according to our policy, we assess these homes to titled owners.

Our argument was we wanted current ownership. The evidence we produced included signed renditions and sale bills showing the home was sold to another individual Nov. 20, 2002; sold again in 2008; disappeared from one park prior to Jan. 2, 2010; then reappeared in this man's park in May 2010. We had a sales tax exemption certificate dated March 20, 2012, and a title and registration receipt showing the park owner purchased this home from the last titled owners March 20, 2012. Remember, the hearing was held on March 21, 2012.

I've never heard Carl Edwards sigh so many times during one phone call. The decision arrived here April 23, 2012. Evidence indicates titling law was not likely followed in 2002. Property is to be retitled within 30 days of sale, but the law was not complied with. The taxpayer as an operator of a mobile home park is required to notify the county of mobile homes located thereon subject to criminal penalties. Evidence shows the taxpayer did not submit listing for 2010. Evidence indicates the property was located on his property, he owned it and therefore liable for taxes.

We won!

Update: Whoa there, North Dakota!

Editor's Note: Last issue we published information sent to me by Brenda Johnson from North Dakota about a measure to eliminate property tax through out the state (see April issue, page 13). The unofficial June 12th ballot results were about 76% against the amendment, and thus it failed by a very large margin. It should be noted that no state or province in North America has ever eliminated property tax.



One Down, One to Go

Submitted by Marion Johnson, CAE
Source: Reuters, April 5, 2012

The town of Buford, Wyoming—population 1—was sold for \$900,000 to an unidentified buyer from Vietnam on Thursday after an 11-minute Internet auction that attracted worldwide interest.

The tiny Western town garnered online viewers and bidders from 46 countries for the sale of 10-plus acres (4 hectares) with a convenience store, gas station and modular home located in southeastern Wyoming between Cheyenne and Laramie.

Currently Pray, Montana, with a population of 8, is for sale with an asking price of \$1.4 million. See the entire article at <http://www.reuters.com/article/2012/04/06/uk-usa-towns-sale-idUSLNE83401620120406>.

Read current and past issues of Appraising the Plains online at
<http://www.kscaa.net/newsletter-2/>

Johnson County Designation Roll

Reprinted with permission from Christopher Bennett, IAAO's *Fair & Equitable* magazine.

► Christopher R. Edstrom, RES, received the Residential Evaluation Specialist designation in March 2012. Edstrom serves as a residential real estate appraiser for the Johnson County Appraiser's Office in Olathe, Kan. He has held that position for over four years. Edstrom previously served as an exemption specialist for Johnson County. He holds an economics degree from Emporia State University and an associate's degree from Johnson County Community College. Edstrom is a Kansas Registered Mass Appraiser and joined IAAO in 2012.

► Michael J. Lorus, RES, received the Residential Evaluation Specialist designation in March 2012. Lorus serves as a residential real estate district appraiser for the Johnson County Appraiser's Office in Olathe, Kan. He has held that position for two and one-half years and previously served as a residential appraiser I for Johnson County. Lorus holds a bachelor's degree in community and regional planning from Iowa State University. Lorus is a Kansas Registered Mass Appraiser and joined IAAO in 2011.

► Michael Quilty, RES, received the Residential Evaluation Specialist designation in March 2012. Quilty serves as a residential real estate district appraiser for the Johnson County Appraiser's Office in Olathe, Kan. He has held that position for two years and previously served as an appraiser I for Johnson County. Quilty holds a bachelor's degree in social science from Kansas State University. He is a Kansas Registered Mass Appraiser and joined IAAO in 2011.

► Shannon Winter, RES, received the Residential Evaluation Specialist designation in March 2012. Winter serves as a residential real estate district appraiser for the Johnson County

IAAO Member News

Thanks to all of you for your support of the IAAO.

45-year Member: Robert Taggart, CAE, Taggart & Assoc., Topeka

30-year Members: Ron E. Bain, CAE, RMA, formerly of Johnson County; Rick Stuart, CAE, TEAM Consulting; Mark Hixon, RMA, Shawnee County; Marion Johnson, CAE, TEAM Consulting

25-year Members: Darla Frank, CAE, RMA, formerly of Johnson County; Thomas Fuhrmann, Grant County; Stan E. Moulder, CAE, RMA, Johnson County; Michael Montgomery, RMA, Crawford County

20-year Member: Jolene S. Karlin, Rooks County; Terry Ballard, Rawlins & Sherman County; Jim Shontz, Property Valuation Division

15-year Member: Stephen R. Hughes, Hughes & Co., Leawood; Karen Spencer, Elk County

10-year Members: Katherine Briney-Wagner, RMA, Barton County; Glenda Mills, RMA, Harvey County; Carol Niehardt, Tyler Technologies; Gregory Oetting, Overland Consulting

5-year Member: T. Scott Porter, Johnson County; Barbara Goff, Douglas County; Shelly Borland, Douglas County

New Members: Jerry W. Chatam, J.W. Chatam & Assoc.; Jack Randal Poteet, Hospital Appraisal Services; Sean A. Robertson, Saline County; Maria Castillo and Shonda Sauseda, Finney County; Mark Wilson, Montgomery County; Debra Lee Bruner, Linn County; Karen Miles, Sedgwick County; Charles Bolton, Intergraph Corporation; Dora Hernandez, Wyandotte County; Emily Keyser

Appraiser's Office in Olathe, Kan. She has held that position for three and one-half years and previously served as an appraiser I for Johnson County. Winter earned a bachelor's degree in political science from Kansas State University. She is a member of the Kansas City chapter of IAAO and plans to volunteer for the upcoming annual conference in Kansas City, Mo. Winter is a volunteer with the Illinois English Bulldog Rescue Chapter. She volunteers for a variety of duties and states, "It is all worthwhile to see pictures of the rescued bulldogs when they are healthy and going home with their new families." Winter joined IAAO in 2012.

► Michael Shoun, RES, received the Residential Evaluation Specialist designation in March 2012. Shoun serves

as an appraiser for the Johnson County Appraiser's Office in Olathe, Kan. He has held that position for five years. Shoun attended Baker University and joined IAAO in 2011.



IAAO Annual Conference
Assessment Excellence in the Heartland

September 9–12, 2012
Kansas City, Mo.
<http://conference.iaao.org/>

2012 Kansas Night

The Final Countdown!
Tuesday, September 11

This is the 9th and FINAL Kansas Night. Oh, are we boogieing the night away!

Considering the average age (okay, nerds—the mean age) of our group, it seems only fitting that we go a little “retro.” Therefore, the theme for 2012 is come dressed as you did in high school. That means some of you will have to look at photos because you cannot remember that far back!

Here is the agenda:

- ◆ Party at Club 1000, 1000 Broadway, Kansas City, MO, only a four block walk from the host hotel. Yeah...no buses or cabs and you can meander (?) your way back home.
- ◆ There will be a Kansas DJ that has been used before and is always fun. There will be some trivia, some games and, of course, some rocking good music to dance to!
- ◆ In addition to the DJ and fun, your fee includes dinner, and if you can believe this, free premium bar drinks, wine and beer from 6:30 p.m.–11:30 p.m.!!!
- ◆ Jack Stack Barbeque is providing the dinner: Sliced barbecue brisket or beef, smoked turkey breast, hickory pit beans, creamy coleslaw, potato salad, and all the fixings! OH, and did we forget to say...dessert!
- ◆ The price is slightly higher this year, \$75 per person, but again, realize this is food, drink and entertainment!

Here is what you need to do:

1. Fill out the form below and **follow the instructions**. Even though we have a very large space, we expect this event to fill quickly, so it is a first come, first accepted event.
2. Start looking for those retro clothes, some of you may just have to look in the closet! Get your outfit ready to dance (and maybe even some disco).
3. Do not hesitate to get your invitation sent back with the money and, yes, you can invite friends, as long as they are FUN!

Please mail your check as soon as possible to reserve your spot in this event.
Send and make checks payable to Vicki Johnson, 813 E. 13th St., Eudora, KS 66025

#Attending: _____ Include Name & Email Adresse for each attendee:

Name

Email Address

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

For more info contact Rick Stuart at rstuart17@cox.net or Kim Lauffer at cmappraiser@gmaxx.us

Regional Oil & Natural Gas Symposium

June 19, 2012, Dodge City, Kansas

By Jan Hull, Reno County

First of all, I have to say this was a fantastic meeting. So much information, and it was presented professionally in a manner you could relate to no matter what area of expertise. Audience ranged from government officials to land owners. They were anticipating 100 people to sign up, but the final total was around 300.

Representatives from Woodard, OK; Enid, OK; Dickinson, ND; Chesapeake Gas; KDOT and the Department of Commerce were present for questions and answers throughout the day. All individuals on the panels have been through oil booms and bust more than once and mentioned several times, this is a temporary situation. There are normal phases of oil and gas discovery, and each phase has different needs. Some phases are long term and could last five to 20 years; others last two to three days. Some require a large workforce; others can be handled by one individual. But you can apply all the information presented for any type of large industry coming to your community.

Topics were: Housing, Education, Public Safety, Public Infrastructure, Healthcare and Workforce. Each focus group had more than one representative either from the industry or government, so you were able to hear from many sides.

Codes & Zoning

No matter which group you attended, one topic was stressed over any other: zoning, zoning, zoning and more zoning. If you don't have solid zoning in place, you need to get it started now. Lack of zoning was the cause of many problems in the cities where industry has moved into. If it wasn't clearly zoned, anything can move in, and zoning after the fact required much more effort and time.

Make sure zoning and codes are up to date. Be specific with codes. Include gray areas where fees can be required for crew camps or RV and

heavy truck parking. Add in security and landscaping clauses. What areas of your community would you not like to see heavily traveled? What roads would be destroyed by heavy truck traffic? Bridges are literally the weakest points in heavy truck travel. Waste, water supply and utilities—do you really want waste dumped on properties, garden hoses or electrical extension cords strung between properties? You have to plan ahead before damage is done. Harper County was mentioned as having solid codes in place.

No matter which group you attended, one topic was stressed over any other: zoning, zoning, zoning and more zoning.

Contact surrounding cities and counties for fee schedules. Comparable rates between conjoined counties could be beneficial in sharing the wealth from industries. Those involved with industry know the warning signs when a community intentionally raises fees for them only. These red flags could mean your area could lose any benefit from their companies.

Housing

Housing, or the lack of, was a major issue. Lack of housing is the cause that created the need for crew camps and people living in cars, tents and RV's. The people who are employed with the industry are not bringing families to these areas because of the housing issues.

When the industry begins searching for an area to begin drilling, they will contact a local realtor agency to discuss available housing. They will usually use one agency as their contact, but city and county officials can also be involved by opening a communication

link to the agency involved.

Housing inventory was also stressed. How many single-family or multi-family units does your city and county have available? Hotel rooms? Rental properties? These are the questions asked by industry on the community housing needs. With the drilling process, it flows in stages. Some stages need temporary housing; others will be looking for long-term quality housing.

In North Dakota, a single-family home that rented for \$500 monthly is now \$3,400 monthly. Same home, but the oil booms have created such a high demand for housing that rental rates have skyrocketed. Average home values in 2008 were \$100,000; in 2012 the same home will sell for over \$300,000.

Average commuting distance is also researched. A 30-minute-or-less commute time is preferred, but some are traveling one to two hours because of preferred housing arrangements. It was recommended in smaller communities to have city- or county-owned property just for expansion needs.

Setting up a website for housing was also suggested. This type of service is a way to reach out to the industry and those who will soon relocate to the area. Now they can do this without physically traveling to the area or after business hours and reserve housing or hotels prior to moving.

New construction of hotels, apartment complexes and homes were not recommended for Kansas. We have the advantage over North Dakota because we have many smaller incorporated towns within a short travel distance of each other. But the officials in North Dakota made the rule "we won't build fast, we will build well." If you do decide to build, it won't hurt anyone to say no to quickly constructed buildings. You want structures to last years beyond the oil boom.

Again, they are well aware of the
continued on next page

Oil & Gas Symposium, continued

Red Flags of Advantage in the housing area and will move outside our community for fair and equal treatment.

Workforce

A common phrase from those in North Dakota is, "If you can fog a mirror, you can find a job." While this sounds like a simple job qualification, there really are limitations. Each area of the drilling process utilizes different job skills. Each geographic area also has different employment needs.

Community College certification programs are in high demand. Work with your local colleges for technical skill training. Welders, mechanics, electricians, plumbers, nurses, EMTs, law enforcement, heavy equipment operators and CDL drivers seem to be where the shortages were in the areas represented. Larger universities and state colleges are encouraged to offer certification programs.

A new recruiting effort in local high schools has started in some areas to promote certification jobs after high school graduation. Certification programs can take nine to 24 months to complete, which is an incentive for those who were not college bound after graduation.

Promoting your Work Force Development or Work Keys programs are a great place to begin. If you don't have these programs, contact your state Department of Labor or Department of Commerce office for information on how to get started.

White collar jobs are also needed for the industry. Engineers, marketing, community and government relations are available in most offices, and some are needed on the actual drilling sites. Woodard, OK, had an unemployment rate of 10.5% two years ago, today it's 2.5%. This industry creates jobs if they move into your area, and jobs will be available. But they need employees with skills. This industry is fast-paced with long hours required and safety is their top priority. They don't have time to train unqualified people for jobs they need immediately.

Employment ads tell job seekers

upfront you may work 60 to 80 hours per week. It's good pay with better overtime pay incentives. If you just want to be there for a paycheck, you won't last more than a few hours. You will be there to work and it's not easy work.

Retail, hospitality, city and county jobs are the hardest hit areas. Since the oil industry has the ability to pay up to three times more than the national average, employees are hard to keep. Dickinson, ND, has one of the top three producing McDonald's in the world. Average pay for restaurant help is \$15.50 per hour with bonus incentives if they stay. Hotels cannot keep support staff. Retail sales have fallen for reasons of lack of employees to fill positions, and the lack of family housing has decreased demand in this sector.

Recruiting medical professionals has also been a challenge for these areas. While they are booming, they are still small communities. Recruiting doctors still in a residency program has worked well for these areas. They are brought to the area and given a personal tour of the amenities they have to offer. A brand new medical facility also encouraged doctors to some areas. But again, the lack of quality housing is keeping them from moving to the areas needed.

Local government has also taken a huge hit. Public Works employees who have CDL's are literally hired off the street to drive for the oil companies at three times the pay. North Dakota government has suddenly been forced into the rental business. They are constructing housing specifically for their employees and law enforcement recruits. All units will be offered at reduced rental cost. They are also offering other incentives. Four-day work weeks have been well-received.

A new program, Skill Base Pay, funded by state grants and oil funding, encourages staff to stay on longer. Each new milestone reached received a pay increase based on longevity and skills acquired. But with each meeting of personnel, they are reminded, once this boom has passed, wages will revert back to prior boom rates.

Recruiting former military and changing requirements for degrees

and certifications is being discussed. Many have the job training from their service but lack the official certification needed in the private sector. Using skills learned as part of their certification process may put these people back to work as civilians faster.

A new thought process has developed for non-oil industry hiring. No longer are they looking toward specific ages for long-term positions. They are starting internships with local schools and colleges for positions, and many are staying on after graduation. Better working environments and non-monetary incentives are attracting younger people into their workforce.

Drilling

I won't get detailed about the drilling process, but there are resources you can review. The appraiser's office has four DVD's made by Chesapeake Energy that you can borrow on many stages of this process. Also the website Fracfocus.org has information available on chemicals used and environmental issues. You can also go to www.chk.com, which is the Chesapeake Energy website, for more information.

Infrastructure, Healthcare & Public Safety

I did not attend the focus group for these categories. Panel discussions covered some of these issues, and what I noted is covered under Codes & Zoning, Housing and Workforce.

Other Areas Of Interest

- The actual time from discovery to production of oil can take years to complete. Kansas is experiencing minimal activity compared to North Dakota and Oklahoma. We are just beginning. A Chesapeake Energy rep stated the taxes in Kansas are a major reason they are not as active in this state. Between property taxes and severance taxes they are required to pay, Kansas is low on the list of areas to explore. Raw material shortages in the drilling areas have been a concern. Cement is in short supply and can play havoc on scheduling.

- Cost of living in Dickinson, ND, is

on the rise. Even though McDonald's is paying employees \$15.50 per hour, they cannot afford the housing and food. One gallon of milk runs about \$5.

- North Dakota oil production is not taxed locally. All taxable income is through severance tax and is paid directly to the state. Local communities receive a very small percentage of this income, and infrastructure and schools do not get the funding needed to make repairs and upgrades.
- ATM's run out of money by 2 p.m. daily. The banks cannot keep up with cash withdrawals.
- Property values have increased tremendously, but taxes have stayed steady. There has not been an increase in mil levies.
- Calls to 911 have increased by 39% and are mainly domestic violence calls. Shelters are full and veterans services are overwhelmed.

- The development on creative thinking and problem-solving is impressive. You don't hear, "We've always done it that way before," because those processes have been proven not to work anymore and have been replaced with procedures that do work.
- People coming into the communities are looking at churches, schools and community activities they can become involved with. Strong community programs are beneficial to these areas and new ideas for activities are discussed often.
- The relationship between the communities represented and the industry were amazing. They constantly work together to reduce the stress on the communities and employees. The industry had repaired roads and brought in security in areas where the local government is lacking staff or funding. Just say no. Saying no sometimes results in good habits. Setting standards for your community shows you care

about the safety and well-being of your residents.

I personally enjoyed hearing about the vehicles Chesapeake has converted to natural gas. They are saving \$1.75 to \$2 per gallon by using natural gas, and stations are popping up around the central U.S. The spokesperson from Chesapeake said he paid \$1.40 per gallon in Oklahoma City.

So much information was presented that can apply to any type of community expansion plans. Kansas will not see the drastic impact North Dakota has. Oklahoma has seen some increase in development of their communities. Since we are in the very beginning stages of discovery, now would be a good time to start planning ahead. The question we are to ask ourselves is "Where do we perceive ourselves down the road?" and work from that point.



See new Oil Notes of Interest section on page 31.

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS
78TH ANNUAL INTERNATIONAL CONFERENCE ON ASSESSMENT ADMINISTRATION
SEPTEMBER 9-12, 2012 • KANSAS CITY CONVENTION CENTER • KANSAS CITY, MISSOURI

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78TH ANNUAL INTERNATIONAL CONFERENCE ON ASSESSMENT ADMINISTRATION

Highlights from the Conference

Appraisers gathered in Manhattan last month for the Annual KCAA Business Conference



Greg McHenry expresses the association's thanks to Mark Low for his years of service running the golf tournament at the Annual Business Conference.

1st Annual Timothy Hagemann Memorial Golf Tournament

Thirty-six golfers participated in the First Annual Timothy Hagemann Memorial Golf Tournament. This year's proceeds from the golf tournament went to the Timothy Hagemann Scholarship Fund, which provides scholarships through IAAO for conferences and education. Many generous donors helped to fund a \$1,500 contribution to the fund. If you are interested in more information on the Timothy Hagemann Scholarship Fund, go to www.iaao.org.

Trophies

- Overall First place trophies were awarded to the team of: Chuck Latham, Sean Robertson, Mike Montoya and Steven Thompson
- First place in the second flight: Rick Stuart, Steve Bauman, Stacy Berry and David Harper
- Second place in the first flight: Allan Black, Mike Borchard, CJ Cramp & Todd Wilson
- Second place in the second flight: Ardist Conner, Drew Harrold, Jeff Holsapple and Lynn Kent
- Last place: Paul Welcome, Bob Lott, Ryan Michaelis and Tracy Henry

Thanks, Mark

Big thanks to Mark Low for organizing the golf tournament. Mark has been running the tournament for at least 10 years, and he is retiring this year. Since he says he's just going to be "puttering around," Mark was presented with an engraved putter to help him do just that!



Steven Thompson (l) and Chuck Latham (r) accept their 1st place trophies from Bruce Hardesty (center), aka "the Vanna White of KCAA golf."



David Harper, Rick Stuart and Stacy Berry accept the award for 1st place, second flight of the golf tournament.



Drew Harrold (l) and Jeff Holsapple (r), two members of the 2nd place team in the second flight of the tournament.



Paul Welcome and Ryan Michaelis representing the last place finishers.



Mike Borchard and Allan Black accept the award for their team's 2nd place finish in the first flight.



The whole world in his hand. Dave Lewis, Riley County commissioner, welcomed us to Manhattan and joined us at our Monday evening dinner.

Education Session...

Quick Facts About “Horizontal Drilling”

By Cindy Magill, RMA, Marion County

Here is just some of the information that Drew Harrold from Chesapeake Energy presented to KCAA members at the Annual Kansas County Appraiser Conference in Manhattan, Kan., June 19, 2012. He also showed two 10-minute videos on the development of a horizontal well. Mr. Harrold went on to say that industry projections show that this drilling can become an economic backbone to the U.S., as it is estimated to bring in \$44 billion over the next 10 years in federal, state and local taxes. He referred the audience to the following web-sites for additional information: www.chk.com, www.hydraulicfracturing.com, and www.fracfocus.org

- ▶ Takes four to six weeks to construct the site.
- ▶ The typical pad size is 300' x 400'.
- ▶ Average rig employees about 50 to 75 people
- ▶ It takes 30 to 50 semi-trucks to move the equipment to the site.
- ▶ The Mississippi Lime site is located in Kansas at the Kansas/Oklahoma border and uses about 2.2 million gallons of water.
- ▶ A traditional well site is usually 3 acres, but a horizontal well is approximately half the size.
- ▶ Horizontal drilling, or “fracturing,” was discovered in the 1940s.
- ▶ The first hydraulic well built in Kansas was in 1947 in Grant County.
- ▶ The trailer is fully assembled before it is moved onto site, whereas with a traditional well the equipment is built on site.
- ▶ Uses diesel engines.
- ▶ It typically takes anywhere from a half-day to five days to do the “fracturing” process.
- ▶ Most of the equipment that is brought to the site is used after completion and production of the well.
- ▶ A sucker rod can weigh up to 15,000 lbs.
- ▶ Chesapeake Energy is the No. 1 company constructing horizontal wells.
- ▶ One of the main issues that horizontal well production encounters is getting electricity to the job, site so they typically use generators.
- ▶ The U.S. has an estimated 100-year supply of natural gas.



A sample bowling score. Looks good to me!

Wildcat Bowl

By Melinda Latham, RMA
Jewell & Osborne Counties

Twenty-seven bowlers, plus many spectators, enjoyed an evening of fun at the KSU Student Union bowling alley on Sunday evening to kick-off the KCAA conference. Kim Lauffer and Rick Stuart helped to coordinate the evening’s events.

A prize of \$1 was awarded to those with the amazing ability to throw a strike. High team score went to the team of Lori Reedy, Calvin Reedy, Bruce Wright and Sandra Drake. Low individual score went to Wendy Prosser.

A big **thank you** to our great sponsors: Facet Technology, Postal Presort and TEAM Consulting, LLC.



Jonathan Morris

Education Session...

Employee Engagement in the Public Sector

By Debra Studebaker, RMA, and Leann Armstrong, RMA, Butler County

The education offered this year at the KCAA conference was a more eclectic mixture

than is typically offered. It was a nice mix of residential and commercial sessions with GIS, horizontal drilling and personnel thrown in. Sadly, the instructor for the FEMA session was not able to make it, so we missed out on that one.

One of the sessions we attended was “Employee Engagement in the Public Sector.” The instructor was Jonathan Morris, who is director of Custom Course Services at the Public Management Center, University of Kansas. He

led a lighthearted and funny discussion about a very deep topic. He kept the audience engaged and expected participation throughout the session.

One of the topics we discussed was “why we chose the path we chose and why we work in the County Appraiser’s office?” From this discussion, one thing was revealed: we all care about our customers, and we truly like to know that we are helping by educating them, even if they don’t always agree with the job we are performing. Another discussion was the four basic needs an employee should have met by his or her supervisor: Trust, Compassion,

Stability and Hope.

In talking to other participants in this seminar, I think there is one basic commonality we all share and that is that everyone has the basic need to be actively engaged in their work. We all have different motivation to help us feel engaged. In thinking about the topic now that I am back at my office, I find myself consciously trying to figure out each person’s motivation for working in this very high-demand, high-stress career. When I think about people in this manner, it makes everyone seem a little more human and a little more unique.



Education Session...

GIS Legislation

By Shirley Ehrlich, RMA, Geary County

“How GIS will Affect Future Legislation” was a topic presented at the KCAA Conference by Ed Crane of Esri. Legislators in Kansas are beginning to use GIS data and tools to visualize information about policy alternatives being considered. Legislators already commonly use fiscal notes (budget impacts); bill explainers (something like Cliff Notes, to put legalese into common language); and soon these new supplemental notes, GeoNotes, which are GIS maps or analysis that can help them understand what a bill means and does AND where it does it.

One of the first “live” maps on the House floor this session was a simple map of proposed school finance budgets by school district that also showed legislative boundaries. This is a much easier way to understand potential changes that supplements what one can “see” with just a spreadsheet of numbers by school district.

The Kansas Legislature began using KLISS (Kansas Legislative Information Systems and Services) in 2011. KLISS initially focused on automating much of the drudgery of the old cut-and-paste and manual note-keeping that has been part and parcel of how law has been made for nearly 50 years. One budget bill potentially can consume up to 16 trees, as reported out of another state’s auditing of these typical paper-consuming legislative practices. By using modern desktop, web and mobile technology, plus the added utility of GIS to show the “where” of policy alternatives, the Kansas Legislature is becoming one of the more efficient at doing the daily work of making law. One of the more popular demonstrations to legislators this spring was to have a bill on an electronic tablet where they can add, track over time, and easily find their committee notes, plus see the before and after of committee modifications. “Red is dead, Blue is new” is the common refrain heard in the hallways.

One of the more exciting prospects of adding GIS to the legislative process

GIS has the potential to make information clearer by giving legislators a visual reference to what is being proposed and why.

is something called “geocoding a bill,” which means showing with the bill text the actual areas affected by that particular bill. Once that is known and available, a county clerk could request the KLISS system to send notification that something is affecting that particular county (or any other specific area) and even notify as to the dates and times that a bill is being discussed.

Having a map officially attached to a bill, and, of course, with changes as that bill impact may change, presents some challenges, but opens up a wide range of possibilities for citizens and others to both understand and to participate as issues are being discussed. One application could be to listen in on the Legislature and notify you when a topic of your interest is going to be discussed.

In the future these GeoNotes can be attached directly onto the bill as it becomes law to show the areas affected by that legislation, and this would become a part of the permanent record to help interpret the intent of legislation.

GIS has the potential to make information clearer by giving legislators a visual reference to what is being proposed and why. Because legislators need to rely on an authoritative set of maps for Kansas, they also saw fit to pass a Kansas One Map bill into law, enabling a state GIO to formally establish official maps that legislators will use in their work.

Geographic Information Systems Coordination: Kansas One Map Act; HB 2175

HB 2175 requires the implemen-

tation of an overall Kansas land and geographic resources program using a geographic information system. It creates the Kansas GIS Policy Board to promote efficiency in geographic information systems used throughout Kansas. The Board will be a standing advisory committee to the Information Technology Executive Council (ITEC). The Board is reduced from 37 to 23 members, with 11 to be appointed by the Governor and the other 12 members statutorily defined officials or their designees. Board members will receive no compensation, subsistence allowance, mileage, or associated expenses from the state for their Board participation. The bill creates the Office of the State Geographic Information Officer (GIO) to perform duties as specified in the legislation.

All state agencies are directed to cooperate with both the new board and state office.

The bill gives the executive chief information technology officer (CITO) the authority to adopt rules and regulations to implement the bill’s provisions. The bill takes effect upon publication in the Kansas Register.



Lisa Ree, Ellis County, is recognized by President Greg McHenry for her years of service on the KCAA newsletter committee. Many thanks to Lisa for all of the work she does as chair of the committee!



On the Edge Players as the crew of "Milligan's Island"

Going Coconuts



Monday Night Discovery & Mystery
Evening activities at the KCAA conference began Monday night at the newly opened Flint Hills Discovery Center. Attendees were able to view and explore all the exhibits and then enjoyed a BBQ dinner and Tallgrass Brewery

microbrews, catered by Cox BBQ. While enjoying dinner, they were treated to a murder mystery was presented by the On the Edge Players. This whodunit was titled "Milligan's Island" and had characters and audience participants based on "Gilligan's Island," a TV show many of you may remember. From start to finish, "Nutmeg" and "Mary Jane," the "oldies" dressed as Head Hunters, and all the rest of the cast and participants kept everyone guessing and laughing.



A couple of headhunters showing off!



Hugs for the retiree Mark Low from his coworker of 20-plus years, Leon Reimer.

There were several special guests joining us for the evening whose names some of you will surely recognize from days past. Max Hayen, Alan Roop, Terry Ferguson and Bob Lott were on hand to help celebrate the retirement of Mark Low, Finney County appraiser and former Meade County appraiser. Leon

Reimer, Meade County appraiser, gave a touching and humorous speech honoring Mark. (see page 16) Our congratulations and best wishes to Mark on his retirement this year!



Nice hair, Rod!



Aggieville Olympics

Tuesday night's activities kicked off with a meal at the Hilton Garden Inn featuring Magician Rex Getz as dinner entertainment. I'm still wondering what happened to Dean Denning's \$100 bill! After dinner, it was off to Aggieville for the always popular Aggieville Olympics. There were 12 teams of 5-7 people that participated, and I think most all finished—and everyone has the shirt to prove it!



Oh, the stories this group can tell! (Back l-r): Terry Ferguson, Bob Lott, Max Hayen. (Front): Mark Low and Alan Roop.



Five wins out of six for the winning Aggieville Olympics team!

Mark Low's Retirement: *Excerpts from Leon Reimer's presentation*

It was late in 1985 and Meade County needed a county appraiser. The state had mandated a statewide reappraisal, and the former appraiser informed the commissioners that he refused to be involved with that and quit. So Meade County hired a former bartender, Mark Low, to be their appraiser.

A lady named Barbara Feldman, who was the deputy appraiser at the time and knew that I was out of work, went and told the new appraiser she knew about this ol' boy who had worked personal property for three years who needed a job. So the new appraiser just hired me on her word, no interview involved. A few months later, after several data collectors did not work out, Barbara again went to the appraiser and said, "You know there is this good ol' boy that used to live here and moved to California. Well, he is coming back and, well, he needs a job. He is a good ol' boy (Larry Cordes)." So that is how the Meade County Appraiser's office was formed in 1985 and '86.

Mark taught us that life was not all about work, that we get our work done but we have a good time doing it. Mark was not all about fun and games; he did take appraisal seriously and education was very high on his list.

Those of you that know him know that he does like to talk a little bit, which makes him perfect for working with our legislators. Larry liked to call him "Ol' Silver Tongue," and he had a good reason. I am sure you have all dealt with irate taxpayers, and it's no different in Meade County. Either Larry or I would do our best to calm them down when they would come in and calmly and gently try and explain to them the situation. Of course, there are some that you just can't please, so we would send them into Mark's office.

We would be listening, of course, to hear what Mark had to tell them. Ironically, he would tell them the same thing we had told them and in less than 15 minutes Mark would be joking with them, and as they left they would have a smile on their faces and wish us well on their way out. We hated Mark for this. And we would head back to his

office to find out what he did, and he would just grin and shrug his shoulders.

Over the past 25-plus years Mark has got to be considered one of the Kansas appraisal associations MVP's. There has probably never been a time in those years that Mark has not been serving on a committee or board at one time or another. He has worked tirelessly in all capacities for our association and also others. He has been on the executive board numerous times; serving as president two times as well as president of NCRAAO (North Central Regional Association of Assessing Officers). He has served on the SWKCAA (Southwest Kansas County Appraiser's Association) board. He has served on many committees in many capacities and is always working for the enrichment of our industry.

He also has served as president of KAM (Kansas Association of Mappers) and holds a Kansas Mapper designation in that organization as well. He has been on the KAC (Kansas Association of Counties) executive board. He has helped write legislation and state laws as well as a constitutional amendment. He worked tirelessly to help pass the classification amendment when reappraisal started. He is still passionately working on making underground stored gas taxable in the state of Kansas. Mark started this while at Meade and is still working on that even though he is not with Meade County any longer. We are hoping the Supreme Court deals with this before Mark leaves, but I can

assure you he will be there when the Court hears this case, whether he is employed or not.

At the same time, he has served in his community at home as well, as a city councilman and other numerous volunteer jobs around his hometown of Fowler and in the school. There have been times when Mark could have listed his address as 924 SW Henderson Rd., Topeka, KS. He has spent countless nights at the Clubhouse Inn doing what he can to help out the KCAA, Meade County or Finney County or KAC. His worth to all these organizations is definitely hard to calculate. Mark has dedicated the last 25-plus years to appraisal not only in Kansas but over the whole Midwest with his involvement in NCRAAO. There are very few people in KCAA or NCRAAO who do not know him.

We worked hard for Mark and he treated us well and we respected him. The three of us had the greatest working relationship that we could ask for. Mark always was ahead of the game and would buy good computers and the latest of technology for us. Of course, he didn't know how to make it work; he just gave it to us and expected results. He always had our backs. On Oct. 5, 2012, after 26 years of being a county appraiser, Mark Low will be retiring. Mark, you will be missed by a lot of people but never forgotten, and we know that we will still be in touch in one way or another, and we wish him well on his retirement.



L-R: Mark Low, RMA, Larry Cordes (deceased) and Leon Reimer, RMA

Hotel and Motel Valuation Issues

By Rick Stuart, CAE

I am sure that some of you are aware of a major controversy created by the new Appraisal Institute *Course 833—Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets*. This has stirred up what most had considered a dead issue: how to creatively get a lower-than-market value for hotels and motels for property tax purposes.

Below, I have selected one letter that I felt was a great representation on explaining why this course is biased and not reflective of the appraisal industry. The letter, dated April 3, 2012, was sent to Sara W. Stephens, MAI president. The author of the letter, Tim Wilmarth, MAI, SRA, works in IAAO President-Elect Rob Turner's office,

April 2012 Letter from Tim Wilmarth, MAI, SRA to Sara W. Stephens, MAI, president, Appraisal Institute:

Dear Ms. Stephens:

I am writing to express my extreme disappointment with Course 833, *Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets*. I took the course on March 29th and 30th in Lakewood Ranch, Florida. The course was taught by Dr. James Vernor, MAI. Although Dr. Vernor is an excellent instructor, the course material is so biased and flawed that he was constrained from presenting the topic fairly. My concerns:

- The Rushmore Method for isolating intangibles was not presented. When challenged by students about its absence, the instructor pointed to page 10-162 of the course materials, where an unrelated approach for measuring the value of intellectual property rights is presented. The instructor explained that the "Relief from Royalties Method" is the same thing as the Rushmore Method which he said has been rejected by the courts. A court case was presented on page 10-162, involving intellectual property owned by the Nestlé

Many appraisers believe that the techniques taught by David Lennhoff in Course 833 are designed for the sole purpose of obtaining lower tax values.

Hillsboro County, Tampa, Fla. Tim's letter is followed by a recent release by Steve Rushmore. This is several pages of reading material; I have about 40 more that have been sent to me, but I believe this is a very crucial issue that we all should be aware of.

In an email from Tim dated May 24, 2012, he states:

After the huge outcry, the Appraisal Institute recently altered the course materials to include the Rushmore Method (something that was omitted in the original version), and one

of the biggest complaints about the course. Unfortunately, the materials spend as much time bashing that technique as explaining it. Many appraisers believe that the techniques taught by David Lennhoff in Course 833 are designed for the sole purpose of obtaining lower tax values. David's controversial techniques have not been altered in the course. For that reason, I think the changes that have been made to the materials are really cosmetic and don't address the larger concerns that most appraisers expressed.

Company, where the court rejected the Relief from Royalties Method.

This case involved a trademark dispute. It had nothing to do with real estate. Omitted from the course were the many real estate cases where courts have embraced the Rushmore approach for separating intangibles or those that have rejected the course author's favored BEV approach. At the end of this letter, I included several court cases to illustrate my point.

It is a well-known fact that the Course 833 author, David Lennhoff, and Stephen Rushmore, President of HVS International, have been engaged in a long-standing debate on the issue of intangibles, even as opposing experts in property tax cases. In October 2010, the Appraisal Institute sponsored a live webinar entitled "A Debate on the Allocation of Hotel Total Assets", between David Lennhoff and Stephen Rushmore. During the webinar, a poll was taken asking participants which method is more reasonable, the BEV Approach or Rushmore Approach. The results of that poll are insightful and are included at the end of this letter. *[See chart on next page]*

The attempt by the course to re-name and then dismiss the Rushmore

approach casts doubt on the objectivity of the course and its author. Students are left with the perception that the most widely accepted approach for estimating the value of intangibles, the Rushmore Approach, is rejected by the Appraisal Institute.

- The Cost Approach, another simple technique for determining the presence of intangibles, was only briefly mentioned and then quickly dismissed. This is the one approach that inherently excludes intangibles. On page 10-157 of the course materials, the benefits and drawbacks of the cost approach are listed. But the instructor directed the class to read a footnote at the bottom of the page where it says, "To say that the cost approach is generally disliked by the courts is an understatement". A tax appeal case involving a 1947 tax assessment is presented to support that statement.

The case involved five high-rise Manhattan office buildings constructed in the early 1900s. The court obviously rejected the cost approach for this property type. The course materials fail to mention that neither side in that case suggested the cost approach should be

continued on next page

Hotel-Motel issues, continued

used to value that property. The case also had nothing to do with intangibles. Once this case was presented in the course, the cost approach was never mentioned again.

- In Section 4 of the course materials, the class was guided through a property tax appeal of a special purpose property, a tourist attraction called “Caveworld”. Describing the property, the course materials say, “There are nature trails and areas for outdoor lectures; overall however, the manmade improvements are not substantial, and this is one reason why the owner appealed the property taxes”.

The students were then led through a complicated “parsing” approach (aka the BEV approach) for separating the intangible assets by parsing the income, estimating proxy rent, capitalizing management fees, extracting the value of the trained workforce, and capitalizing association fees. If the improvements on the property are “not substantial”, presumably the majority of the value is in the land. Why wasn’t a simple cost approach performed and then compared to the BEV Approach to determine if intangibles have any value? Is it because that method wouldn’t yield the same property tax reduction as the BEV approach?

- In the “Caveworld” case study, students were shown how to extract intangibles from a going concern, using the BEV approach. Students were asked to divide the income and expenses between the real estate, retail sales, and the food and beverage. The retail revenue and food and beverage revenue are called intangibles. On page 12-192 of the course materials, the NOI from each of these profit centers is capitalized at different overall rates. There is no suggestion where to find a personal property or intangible cap rate, something that would be imperative in using this method. Confusing matters further, the intangible cap rate used is lower than the personal property cap rate, which the course materials identify as improper.

Screenshot from October 26, 2010, Appraisal Institute webinar entitled “A Debate on the Allocation of Hotel Total Assets”, between David Lemhoff and Stephen Rushmore.



Source: Wilmath letter, page 4.

- On page 6-110, the course author identifies intangible assets in shopping centers, office buildings, and apartments as “increased in-line retail tenant sales attributable to the image of anchor tenants over and above any concessions made to entice anchor tenants to locate in the center...unique space layout, or tenant location synergy”. Neither the course materials nor the instructor explain how these items have intangible value separate from the real estate value, but instead, the course author cites his own article to support that conclusion.

- Despite tremendous debate in the appraisal community, the course identifies “assembled workforce” as an intangible asset that should be measured and separated from the going concern value. This is far from a settled issue in the appraisal community; however, the course materials present it as fact. In fact, two of the exam questions relate to assembled workforce. If students take the opposing side on this issue, they will get both exam questions wrong. You must agree with the course author on this topic or risk missing at least two exam questions.

- The course materials introduce a whole bevy of confusing and unnecessary new terms for going concern and

business value. The students are told that Capitalized Economic Profit (CEP) replaced Business Enterprise Value (BEV), which replaced Going Concern Value. The course includes too many confusing terms and acronyms to list. In fact, there was so much bewildering jargon, the course exam included a two-page cheat sheet of terms, without which students presumably would not be able to understand the exam questions. On page 3-28, the course author redefines “tangible personal property” and “intangible assets”. On page 3-36, the course author even redefines the terms “real estate” and “real property”.

Why has the Appraisal Institute abandoned long accepted terms and definitions that appraisers understand, in favor of confusing language and unnecessary new definitions?

“Students are left with the perception that the most widely accepted approach for estimating the value of intangibles, the Rushmore Approach, is rejected by the Appraisal Institute.”

Appraisal Institute courses and materials are highly respected by the appraisal community, the general public, and the courts. Most would agree that the Appraisal Institute is the foremost authority on single-property real estate valuation techniques. Course 833, Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets, does not present “fundamentals” at all, but instead promotes the controversial BEV approach, used almost exclusively for property tax appeals. That same methodology has been roundly rejected by assessors, appraisers, and courts.

The course should be suspended and re-written so that it simplifies the lexicon, includes all methods of identifying and separating intangibles, and presents opposing opinions related to the BEV approach.

Selected property tax cases involving the Rushmore method and/or the BEV approach for separating intangibles:

Chesapeake Hotel LP v. Saddle Brook Tp., 22 NJ Tax 525 - NJ: Tax Court 2005 “In the present case, the adjustments proposed by Lennhoff to the Rushmore method have both theoretical and empirical aspects. In other words, they are made for stated reasons, and they rest on particular data. In order for any adjustment to have persuasive force in a factual finding of value, it should rest on cogent reasoning and be founded on reliable data. Lennhoff’s proposed adjustments, on the whole, are not persuasive either for theoretical or empirical reasons.”

RRI Acquisitions Co. Inc. v. Supervisor of Assessments of Howard County, 2006 WL 925212 (Md. Tax Ct. Feb 10, 2006) “The Court finds that the Lennhoff approach includes impermissible adjustments to the Rushmore approach, which were either duplicative or not supported by the market place. Consequently, the Court must reject Mr. Lennhoff’s appraisal as his theories and methodologies are academic constructs unsubstantiated by the market. Respondent’s appraisal closely reflects

the Rushmore methodology, which is market driven and tested.”

Wolfchase Galleria Ltd. Partnership, Tenn. State Bd. of Eq. (Shelby Cty. Mar 16, 2005) “The administrative judge finds that Essex House must initially be re-examined because one of the key findings that was the basis for the decision has been shown in this appeal to be incorrect. In particular, page 7 of the initial decision and order stated that Mr. Lennhoff’s methodology had been endorsed by the Appraisal Institute. The administrative judge finds the proof in this case established that the Institute is impartial with respect to the particular methodology that should be utilized for separating real and personal property from intangible business assets.”

Merle Hay Mall v. Board of Review, 564 NW 2d 419—Iowa: Supreme Court 1997 “There is another reason to reject the mall’s business enterprise value theory. Iowa Code section 441.21(2) requires that any valuation methods used must be “uniform and recognized appraisal methods.” The business enterprise value theory is not a generally recognized appraisal method.” Also—“It is undisputed that this method was designed in the late 1980s by a group of shopping mall owners in cooperation with real estate appraisers and real estate professors in a group called ‘SCAN’ (shopping center assessment network).”

HH HPTMI II Properties Trust a/k/a Nashville Airport v. State board of Equalization (2004) “Since the date of the Judge’s decision, the appraisal Institute has suspended Course 800, issued a disclaimer to the use of Course 800 and instituted a study to determine whether Mr. Lennhoff’s methodology should be accepted as an appropriate valuation methodology...The Lennhoff methodology adopted by the Administrative Judge is flawed.”

Glenpointe Assocs. v. Teaneck Tp., 10 N.J. Tax 380, 390 (1989) “One method of separating the real estate and business interest in hotel valuation is to extract from hotel revenues the fee

paid by the owner to a management company pursuant to a management contract. See, e.g., *Rushmore, Hotels, Motels and Restaurants: Valuations and Market Studies* (1983) at 105-106; Nelson, Messer and Allen, “Hotel Enterprise Valuation,” *The Appraisal Journal* (April 1988) at 163-164. This is the technique adopted by the expert in this case. I find it to be reasonable.”

Westmount Plaza v. Parsippany-Troy Hills, 11 NJ Tax 127 - NJ: Tax Court (1990) “Plaintiff’s expert adjusted for the hotel’s business value by extracting from hotel revenues the fee customarily paid to a management company pursuant to a management contract. This is a method sanctioned by the appraisal community. See, e.g., *Rushmore, Hotels, Motels and Restaurants: Valuations and Market Studies* (1983) at 105-106; Nelson, Messer and Allen, “Hotel Enterprise Valuation,” *The Appraisal Journal* (April 1988) at 163-164.”

Marriott Corp. v. Board of Johnson County Comm’rs, 972 P. 2d 793 - Kansas (1999) “The Marriott attacks the Rushmore model as being “inherently flawed” and asks us to reverse the determination of valuation based on the use of an invalid method. There is evidence offered by the County that the method in question was neither flawed nor invalid. Although Marriott attacks the Rushmore model, it can cite no cases, Kansas or elsewhere, that have declared that method of valuing a hotel to be inherently flawed to the point that its use has resulted in a reversal of the valuation.”

Prudential Ins. v. Tp. of Parsippany, 16 N.J. Tax 58, 60 (1995) “In developing the income approach, both appraisers followed the methodology of Stephen Rushmore to determine net operating income and to eliminate income not attributable to the real estate, i.e., income attributable to personal property and to business value. Stephen Rushmore and Karen E. Rubin, *The Valuation of Hotels and Motels for Assessment Purposes* 1984 *The Appraisal Journal*, 270.”

New Appraisal Method Could Limit Lending

By Steve Rushmore, MAI, FRICS, CHA (May 8, 2012)

If you're not a real estate appraiser, you're probably unaware of a major catastrophe looming that could effectively eliminate all types of hotel financing, making it all but impossible to either build or sell a hotel. Under potential new governmental lending regulations, hotel appraisers will be forced to utilize an appraisal methodology that will lower their hotel valuations by as much as 40%, forcing borrowers to finance significantly less of their acquisition prices at greatly inflated interest rates. While this topic is somewhat technical, I will attempt to describe the issues in simple terminology.

From a valuation perspective, hotels consist of four components: land; improvements (building); furniture; fixtures and equipment (ff&e); and business. The business component consists of various intangibles like specialized management expertise, brand affiliation and reputation. When a typical mortgage lender makes a loan on a hotel, the collateral for the loan can only be the real property components that are the land and improvements. Most lenders cannot consider the ff&e and the business components as collateral. The same considerations are true when a property tax assessor values a hotel for assessment purposes—the assessed value only includes the real property components: the land and improvements.

Up until 10 years ago, hotel appraisers used one methodology for valuing the real property component (known as the Rushmore approach) that was fair to owners looking for both mortgage financing (high real property component) and a reasonable property tax assessment (low real property component). Everything was in balance.

The situation has recently changed and the balance has moved toward favoring a property tax perspective where a low real property component valuation is beneficial. Several real estate appraisers specializing in valuing hotels for property tax appeals came up with a revolutionary methodology that essentially shifts a significant portion of a hotel's overall value from the real property components to the ff&e and business components. This has become a boon to their hotel property tax business because they have been able to achieve huge

[I]f regulators force appraisers to use this new methodology, which greatly lowers the value of a hotel's real property component, they can significantly reduce the amount of money a hotel lender is able to provide to hotel borrowers.

decreases in their client's assessed values.

In addition to developing this highly biased methodology, they have supported it through authoring numerous articles, textbooks and seminars— many of which have been sponsored by the Appraisal Institute where these members hold high-ranking positions. Up until now, no one has been overly concerned with this lopsided appraisal methodology because it was applied only to property tax appeals.

However Houston, we now have a problem. With the recent real estate lending bubble and the collapse of many financial institutions, government regulators are looking for ways to reduce the risk of another crisis. One of these approaches is to limit the value of the collateral that a hotel lender can consider when they make a mortgage loan. Thus, if regulators force appraisers to use this new methodology, which greatly lowers the value of a hotel's real property component, they can significantly reduce the amount of money a hotel lender is able to provide to hotel borrowers.

Let me provide you an actual example showing the potential magnitude of this issue on the hotel lending industry. The following is data from a tax appeal of a Marriott hotel where I appeared as an expert witness for the tax assessor testifying against one of the developers of this biased methodology, who appeared on behalf of the property owner. The methodology used by this appraiser is called the "business enterprise approach" because it creates an inordinately high business value. The methodology used by most hotel appraisers is called the "Rushmore approach."

The subject property was a Marriott hotel located in New Jersey, just outside of New York City. On the date of value, the Marriott was enjoying 81% occupancy at a \$128 aver-

Proof of Value	Business Enterprise Approach			Rushmore Approach		
	Value	% of Total	Per Room	Value	% of Total	Per Room
Value - Personal Property Component	\$7,587,831	27%	\$34,334	\$6,430,857	23%	\$29,099
Value - Business Component	\$10,292,591	37%	\$46,573	\$4,848,697	17%	\$21,940
Value - Real Property Component	\$10,030,286	36%	\$45,386	\$16,631,355	60%	\$75,254
Total Property Value	\$27,910,709	100%	\$126,293	\$27,910,709	100%	\$126,293

Source: FIC Research

New Method, continued

age rate. The property was situated on a major interstate highway and was in good physical condition. The overall value had to be at least \$125,000 per room.

Without going into technical details as to the differences in the business enterprise approach and the Rushmore approach, the following table shows how both approaches allocate the total value among the various components:

Utilizing the business enterprise approach, the value of the real property component represents only 36% of the hotel's total value or about \$45,000 per room. Under the Rushmore approach, the real property component is 60% of the hotel's total value or a much more realistic value of \$75,000 per room. If banking regulators force appraisers to utilize the business enterprise approach when appraising for mortgage financing, then all hotel loans would be approximately 40% lower than what they are now! Good news for bank regulators, horrible news for hotel owners.

Needless to say, many hotel appraisers have rejected the business enterprise approach as being highly biased toward appealing property taxes and are rallying to get the Appraisal Institute to back off their support of the business enterprise approach and recognize the significantly greater consequences of completely shutting down hotel mortgage lending.

If you want to read more about this topic and fully understand the technical issues, I have written several articles explaining the difference between the business enterprise approach and the Rushmore approach. For copies, send me an email at srushmore@hvs.com. By the way, the New Jersey tax court that heard the Marriott case totally rejected the business enterprise approach in favor of mine.

Steve Rushmore is president and founder of HVS, a global hospitality consulting organization. He has provided consultation services for more than 12,000 hotels throughout the world during his 35-year career. He can be reached at srushmore@hvs.com or 516 248-8828 ext. 204.

KCAA Public Relations Committee

Public Relations Page



Sorry, but it's gotta go. Management says it could be used to access Facebook.

How to Embrace Social Networking In Local Government

By Pamela Weaver Antil

Submitted by Dianna Carter, RMA, McPherson County,
KCAA Public Relations Committee

If you are younger than 30, you are likely already an expert at navigating social media and social networking in your personal life. But whether you've struggled to understand blogs and Twitter or find them old hat, applying them to the daily practice of government is still a valid question.

Whether you see yourself as old-fashioned or on the cutting edge, if you aren't using tools like LinkedIn, Facebook, or Plaxo at work, you may soon be called a dinosaur for not connecting with the vast number of potential contacts in your extended network worldwide. And if your organization has not created a fan page on these sites, you may be missing out on the fastest-growing, hottest way to communicate and connect with your community. Intrigued? Read on...

As we look back over our careers as public administration professionals, many of us remember our offices evolving from carbon paper to copier machines, from typewriters to computers, and from receiving letters and phone calls to receiving e-mail requests and calls for service.

In fact, many public administrators have seen a decline in "live and in person" participation at public meetings, focus groups, or other venues where we seek the public's input on important topics related to budget, planning, and public safety.

BlackBerry smartphones, texting, and instant messages keep us even more connected to our business contacts and our community members—albeit sometimes at the expense of our personal lives and downtime. But all and all, these tools have allowed our organizations to respond to the mandate of better, faster, cheaper.

See the full article published in PM magazine, a publication of International City/County Management Association: <http://webapps.icma.org/pm/9109/public/cover2.cfm?author=pamela%20weaver%20antil&title=how%20to%20embrace%20social%20networking%20in%20local%20government>

Celebrating 150 Years of Kansas History: A Timeline (Part 4 of 4)

Submitted by Lisa Ree, RMA , Ellis County

Editor's note: This is part 4 of an interesting timeline for the state of Kansas as submitted by Lisa Ree, RMA, Ellis County.

Early 1900s. Lilla Day Monroe, an early women's rights activist, was the president of the Kansas Equal Suffrage Association.

1903. First helium discovery in U.S. at Dexter.

The Kansas state capitol in Topeka was completed. It was constructed over a period of 37 years from 1866 to 1903, cost a total of \$3.2 million.

1906. The Federal Penitentiary in Leavenworth was completed.

1907-1908. The yellow brick road leads to Dorothy's House in Liberal and given to the Seward County Historical Society.

1911. July 9: The Smoky Hill River was so low that farmers fished with pitchforks. **December 30:** Heavy snow over the state tied up railroad transportation.

1912. Kansas woman suffrage amendment ratified.

1913. Kansas oil production was 24,083 barrels. Of 2,174 holes drilled, only 483 were dry.



Arthur Capper

1914. President Wilson sent army units, including troops from Kansas, to aid in the protection of U.S. property and treaty rights concerning Mexico.

Arthur Capper becomes first native Kansan elected to the office of Governor.

1915. Since 1915 when oil was discovered, El Dorado has boomed from a small town into a progressive city.

Dwight D. Eisenhower graduated



from the U.S. Military Academy at West Point with the rank of second lieutenant.

1916. Kansas National Guard sent to the Mexican border.

1917. The Anti-Saloon League was the name of the group established that proved integral in preventing the sale of intoxicating liquors.

The Influenza Epidemic.

World War I brought an unprecedented boom in agriculture because of the demand for food from the warring nations of Europe. Thousands of previously uncultivated acres were planted in wheat.

State Highway Commission was created.

Kansas produced 25,402,521,000 cubic feet of natural gas in the past year, and 112 gas wells had been drilled.

1918. End of World War I. There were 80,261 in war service from Kansas.

Shortly after 1918, the population of Wichita nearly doubled when a great reservoir of oil was discovered nearby.

1920s. The businessmen of Wichita went to work attracting the aircraft industry.

1920. The O'Henry candy bar was invented by Tom Henry of Arkansas City, Cowley County. The candy bar was originally called "Tom Henry" but was later changed when Mr. Henry sold the rights to his candy bar to a candy factory.



Amelia Earhart c. 1935

1921. Amelia Earhart, a native of Atchison, made her first solo flight.

1923. Amelia Earhart became the first woman to be granted a pilot's license by the National Aeronautic Association.

1925. Forestry, Fish and Game Commission organized.

Walter P. Chrysler, son of Henry Chrysler, was born in Wamego and grew up in Ellis, where he received his public school education and learned his trade as a machinist. He was an industrialist who established the Chrysler Motors corporation in 1925.

Walter Anderson, Wichita, one of the founders of the White Castle eating houses and known as the "Hamburger King," operated 22 White Castles. He bought the first one in Wichita with a loan of \$60.

1927. The Cigarette Tax was the first sales tax to be imposed by the 1927 Kansas Legislature.

The state flag of Kansas was first displayed at Fort Riley by Gov. Ben Paulen in the presence of troops from Fort Riley and the Kansas National Guard. The official state flag of Kansas was adopted by the Legislature then later revised in 1961 with the Great Seal

and Crest symbolizing Kansas history.



Charles Curtis

1928. Charles Curtis, U.S. Senator from Kansas, is elected Vice President of the United States under Herbert Hoover.

One-seventh of the world's wheat crop, 12,400,000 acres, was grown in Kansas.

1929. Mrs. T.T. Solander was the first woman to become a Kansas state senator.

1930s. Previously uncultivated land (thousands of acres) planted to supply warring nations of Europe during World War I, was allowed to lay fallow during the recession of the 1920s and became part of the "dust bowl" of the 1930s.

1930. Clyde Tombaugh, a Burdette astronomer, discovered the planet Pluto.

1931. Record Kansas wheat crop of 240 million bushels.

1932. Alfred M. Landon elected Governor.

Kathryn O'Laughlin, first congresswoman elected to represent Kansas.

1934. Drought and dust storms throughout the Great Plains gives rise to "Dust Bowl" epithet.

Alfred M. Landon is the only Republican governor reelected in the nation.



Alf Landon

1936. New oil fields developed in western Kansas.

Alfred M. Landon ran for president of the United States losing to Franklin D. Roosevelt.

1938. The first Rural Electric Association (REA) line in Kansas was erected in Brown County.

1939. World War II creates demand for food, and prices for Kansas farm products begin to rise.



German POWs built Peabody Park.

1943. A German prisoner of war (POW) camp was built in Concordia, Cloud County, during World War II in July. Another camp was built in Peabody, Marion County. These German POWs built Peabody Park.

1950s. Virgil Cofer of Ransom, Ness County, invented the first riding lawn mower, called the Virginia Wonder Mower.

1950. Over 30,000 producing oil wells in Kansas.

1951. Disastrous flood hits all of Kansas; the hardest hit areas were the Neosho and Marais des Cygnes River valleys.



Eisenhower

1952-1953. Dwight D. Eisenhower becomes first Kansan to be elected as President of the United States.

1954. *Brown v. the Board of Education* in Topeka was a historic and controversial case taken to the United States Supreme Court.

Autopilot was invented by David D. Blanton of Wichita.

1955. Tornado at Udall, Cowley County, caused 83 deaths on May 25, 1955.

1956. The 236-mile Kansas Turnpike is completed from Kansas City to Wichita.

1957. Flood of 1957.

November: Birger Sandzen Memorial Gallery opened at Bethany College in Lindsborg through the efforts of his son-in-law, Charles Pelham Greenough.

1958. Second largest wheat crop in history brings cash receipts of over \$1 billion to Kansas farmers and ranchers.

June 10: A tornado hit El Dorado causing 15 deaths and 50 injuries.

1959. Murder of four members of Clutter family near Holcomb, Finney County, shocks the state.

1960. The Coleman Company was the largest user of sheet steel between the Mississippi and the Rockies.

1961. January 29: Kansas Statehood Centennial Celebration begins a second century of even greater accomplishments.

Wichita, Kan., is known as the "Air Capital of America."

The ICEE machine, the first frozen carbonated drink machine, was invented by Omar Kneclik of Coffeyville.

The world's largest and longest wheat elevator is in Hutchinson.

1963. Big Brutus, the world's largest electric shovel, was built at a plant near Hallowell, Cherokee County, with West Mineral later becoming its home. Costs and the fact that the EPA declared that the strip-mine coal had too much sulphur stopped its use. Big Brutus was retired in 1974 and became a museum.



1966. Topeka was hit by a F5 tornado on June 18, killing 17 and injuring 550.

1969. President Dwight D. Eisenhower died.

1970. Anti-war protests disturb several college campuses; student union fire at Kansas University linked to these activities.

1971. On the heels of really mild weather, one of the worst snow storms in the history of the Leon-Little Walnut Township area, Butler County, hit suddenly on Sunday, February 21 at about 9 a.m.

continued on next page

Timeline, continued

1975. A 38-foot cross is erected in Ford County to mark the site where Spanish explorer Francisco Basques de Coronado crossed the Arkansas River in search of fabled cities of gold in 1541.



Bob Dole

1976. Bob Dole of Russell ran for Vice President of the United States on the ticket with President Gerald Ford.

1978. Nancy Landon Kassebaum was the first Kansas woman to be elected to the U.S. Senate for a full term.

1982. Tom Docking carried on his father's political legacy by becoming elected Lt. Governor serving under Governor John Carlin.

Sam Hardage, a Wichita businessman, was unsuccessful in his attempt to be elected Governor.

1985. Wolf Creek nuclear power plant begins commercial operation.

1986. Kansas produced 421,540,000 bushels of wheat.

Kansas voters approve liquor-by-the-drink, pari-mutuel betting, and state lottery.

1988. Kansas Jayhawks win the Final Four.

Two native Kansans seek presidency: Bob Dole, of Russell, and Gary Hart, of Ottawa.

1989. The "Brown II" decision: a new school desegregation case with Topeka public schools again as defendant.

1990. An F5 tornado hits Hesston, Harvey County, and other Kansas towns. It was on the ground for more than two hours and was at times over a half-mile wide. It caused millions of dollars of damage and two deaths outside of Hesston on March 13.

A tornado cut a 500-yard path of destruction through western Sumner County the evening of March 13.

1991. April 26: Wichita/Andover area hit by an F5 tornado that was on the ground for about 70 miles, from Clearwater, Sedgwick County, to Cassoday, Butler County. The killer tornado destroyed 1,120 houses, damaging 571 more, injured 302 and left 20 dead.

June 15: Hoch Auditorium burned at Kansas University.

1993. May 7: Tornado in Russell County causes one death.

June/July: The Flood of 1993. Flood gates were opened at Milford Reservoir (Republican River) and Tuttle



Gov. Joan Finney

1991: Kansans elect their first woman governor, Joan Finney

Creek Reservoir (Big Blue River). There was additional flooding on the Smoky Hill River in many counties. July 11 marked the beginning of the Flood in Kansas City.

1996. Fort Hays State University, Division II national basketball champs, with a record of 34-0.

Bob Dole retired from the U.S. Senate. The Russell native ran for President of the United States and became the Republican Party's nominee, but lost to Bill Clinton.

October 22: Unexpected snowstorm hit Kansas City area. Eight inches of snow fell in Overland Park, the largest snowfall ever in the month of October. Over 170,000 homes in the Kansas City area were without power for up to a week.

1999. F4 tornado hits Haysville then Wichita in Sedgwick County causing five deaths and many injuries on May 3.



Congratulations, Scott County!

Submitted by Lisa Ree, RMA, Ellis County

USA Today has declared Lake Scott as having the best beaches in Kansas. The 1,280-acre state park includes a swimming beach with a playground and concession stand, areas for camping and hunting, nature trails and historic sites. This is not the first national recognition for Scott State Park. In the 1980s National Geographic Traveler magazine listed the park as one of 50 must-see state parks in the country.



Real Estate Notes of Interest

■ www.htrends.com, March 14, 2012. "The total active U.S. hotel development pipeline comprises 2,716 projects totaling 290,989 rooms, according to the February 2012 STR/McGraw Hill Construction Dodge Pipeline Report. This represents a 5.6-percent decrease in the number of rooms in the total active pipeline compared to February 2011. The total active pipeline data includes projects in the In Construction, Final Planning and Planning stages, but does not include projects in the Pre-Planning stage."

■ www.forbes.com, March 20, 2012. This is a disturbing article. "Who's falling for reverse mortgages these days? Leading edge baby boomers aged 62 to 64. They represent more than one out of five (21%) applicants, compared to only about 6% in that age group back in 1999, according to a new report by the MetLife Mature Market Institute. Almost half of applicants were under 70, double the percentage in that age group in 1999. Making matters worse is that many young borrowers are taking out reverse mortgages for the wrong reasons—not to live out their final year in comfort in their family home but because they need cash, now, to cover short-term financial shortfalls."

This is an article worth reading and you can at <http://www.forbes.com/sites/ashleaebeling/2012/03/19/a-troubling-housing-misstep-by-boomers/>.

■ www.hotels.com, March 19, 2012. Hotels.com reported that average prices in North America increased 5 percent year-over-year, continuing the process of steady recovery from the lows of 2008. The complete article is at http://www.hotelnewsresource.com/article62074Average_Hotel_Room_Rates_Rose_Percent_in_in_North_America.html.

■ Walter Molony, www.realtor.org, March 21, 2012. "February existing-home sales declined from an upwardly revised January pace but are well above a year ago, while the median price posted a slight gain, according to the National Association of Realtors®. Sales were up in the Midwest and South, offset by declines in the Northeast and West."

■ Nigel Maynard, www.builderline.com, March 21, 2012. "Worldwide Modular, says they can construct multifamily buildings 50% faster and for up to 30% less money than a typical site-built structure." I believe you can see why by looking at the photo below. It comes down to style versus cost.



■ Nick Timiraos, *The Wall Street Journal*, March 23, 2012. "Bank of America Corp. is launching a pilot program that will allow homeowners at risk of foreclosure to hand over deeds to their houses and sign leases that will let them rent the houses back from the bank at a market rate. While the initial scope of the "Mortgage to Lease" program is small—the bank began sending letters offering leases to 1,000 homeowners in Arizona, Nevada and New York—it represents a big change in the way banks deal with borrowers who can't afford their mortgages."

This is an interesting article and I would encourage you to read it at <http://online.wsj.com/article/SB10001424052>

702304724404577297904070547784.html?mod=WSJ_hp_LEFTTopStories.

■ Nick Timiraos, Robbie Wheland and Matt Phillips, *The Wall Street Journal*, March 19, 2012. It appears that it is starting: that is, the involvement of large Wall Street investment firms in the purchase of foreclosed homes. Fannie Mae and Freddie Mac are preparing to sell a block of 2,500 homes in eight market areas with a current total market value of \$320 million. The purchasers would have to rent them for several years before they can be resold.

■ Dawn Wotapka, *The Wall Street Journal*, March 21, 2012. Is the market for manufactured housing increasing? The signs do seem to indicate that. According to the Manufactured Housing Institute, here are the positive signs: Units sold in 2011 equal 51,600, which is a 3.2% increase from 2010. The number of sold units in 2010 was the lowest since data has been recorded in 1963.

■ www.hotelmanagement.com, March 27, 2012. *OUCH!* "According to an item in the Los Angeles Times based on data from Pegasus Solutions, hotel rates in North America jumped more than 7 percent for both business and leisure travelers in February, marking the biggest year-over-year increase on record. Rates for business travelers grew 7.1 percent in the month, compared to the same period last year, and jumped 7.3 percent for leisure travelers for the same period. The previous record jump in hotel rates was a rise of 7 percent for business travelers, set in June 2011 and January 2012, and an increase of 6.4 percent for leisure travelers in June 2011, according to Pegasus. STR reported that the average daily rate in the U.S. was \$103.18 in February."

■ Christine Harvey, www.businessweek.com, March 22, 2012. This was a surprising article but probably makes sense. "Stand-alone 18-hole golf properties in the U.S. sold for a median price of \$3 million in the first nine months

continued on next page

REAL ESTATE NOTES, continued

of last year, down from \$4.5 million in 2006, according to data from broker Marcus & Millichap Real Estate Investment Services.”

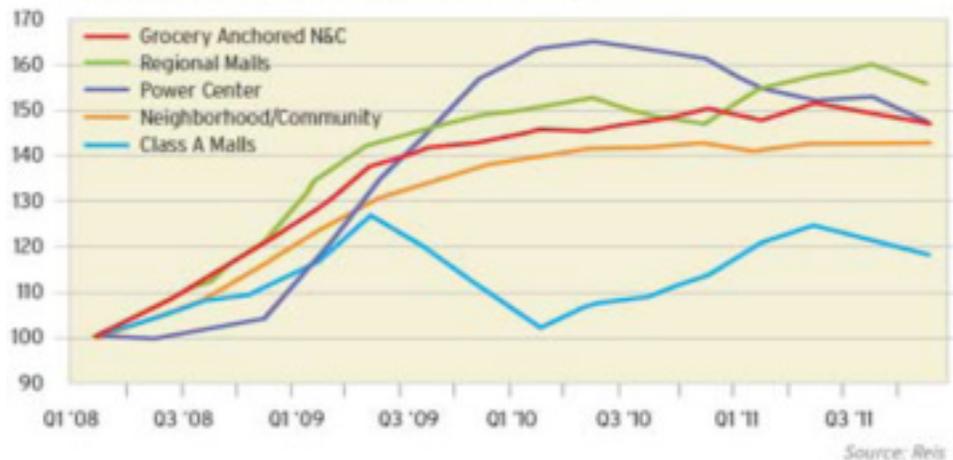
■ *www.crenews.com*, March 23, 2012. “The United States hotel industry is in the midst of what could be a six-year recovery period, and this year could see a 5.8 percent increase in revenue per available room, or RevPAR, to \$64.60, according to PKF Hospitality Research.” The full article can be read at http://www.crenews.com/index.php?option=com_content&task=view&id=75619&Itemid=128.

■ Victor Calanog, *www.nreionline.com*, March 27, 2012. Information in this article would suggest that the retail market has bottomed out and is starting to see the vacancy rates decline. “While demand drivers like increasing retail sales have been helpful, the dominant variable that is helping fuel the retail sector’s nascent recovery is constrained building.” (See Vacancy Rates chart above.) For any of you who are like me, nascent is not an everyday word. It is defined as, “coming or having recently come into existence.” Read the article at <http://nreionline.com/news/is-the-retail-recovery-finally-here/>. Vacancy RATES chart

■ Claire Easley, *www.builderonline.com*, March 29, 2012. “As the housing market entered its steep decline during the latter part of the past decade, it took home sizes with it. While there was much to bemoan about the state of the industry, among designers and architects it seemed the one bright spot was what appeared to be the demise of the McMansion and an increased focus on efficient functionality. Between 2007 and 2010, the average size of a new, single-family home in the U.S. fell from 2,504 square feet to 2,381 square feet, according to U.S. Census data. It was the rise of smaller and smarter.”

However, the 2011 square footage jumped to 2,522. Is that the trend? This is a very good article that can be read at <http://www.builderonline.com/>

Vacancy Rates by Retail Property Type



housing-trends/where-are-new-home-sizes-going.aspx?cid=BBU:032912.

■ John Caulfield, *www.builderonline.com*, March 28, 2012. Perhaps the title of this article should have been “Green and Mean.” This article discusses a contest between design teams to build homes quickly after natural disasters and make them energy efficient and able to withstand natural disasters. The article is found at <http://www.builderonline.com/design/building-for-sustainability-and-survival.aspx?cid=BBU:032912>.

■ Nigel Maynard, *www.builderonline.com*, March 8, 2012. “Over the last 10 years, quartz has evolved the most from an aesthetics and installation standpoint,” says Lorenzo Marquez, vice president of marketing for Stafford, Texas-based quartz manufacturer Cosentino North America, maker of the Silestone brand. “Now colors have a lot more depth, movement, and shine, allowing designers to incorporate more choices into their projects. Depending on the source of your information, quartz is either the best thing since sliced bread or a choice that is no better or worse than granite.” Countertops remain a large consideration for home building and remodeling, so you can read the latest at <http://www.builderonline.com/products/proper-toppers.aspx?cid=BBU:032812>.

■ Nigel Maynard, *www.builderonline.com*, March 8, 2012. Creative is a good

thing. One Virginia firm has used the pressed-metal ceiling panels as in-fill on exterior home walls. This is kind of interesting. See the photos and read the article at <http://www.builderonline.com/products/pushing-tin.aspx?cid=BBU:032812>.

■ Miguel Bustello, *The Wall Street Journal*, March 30, 2012. Best Buy announced they were closing 50 of their 1,100 stores, but that may not be the largest story for real estate. They also announced they are going to start reducing store size where some of their stores are as large as 58,000 square feet. Recently, other big box stores have also mentioned or are considering down-sizing.

■ Dawn Wotapka and Nick Timiraos, *The Wall Street Journal*, April 4, 2012. It had to start sometime—that is, the switching from apartment living to buying homes. Here are some of the points that may indicate homeownership will rise.

- Average apartments rents rose almost 3% last year and vacancy dropped below 5% for the first time since 2001.

- Still depressed housing prices.
- Interest rates near record lows.

■ *The Wall Street Journal*, April 6, 2012. You have to be someone in order for your home to be mentioned in this newspaper. In this issue were the following:

- Julio Iglesias buys a home north

of Miami for \$15.2 million.

- Andy Rooney’s home in Connecticut was placed on the market for \$749,500.

- Art Linkletter’s former home close to Los Angeles sold for almost \$10.3 million.

■ Quentin Fortell, *www.blogs.smart-money.com*, April 16, 2012. Now, here is an opening paragraph you normally will not see: “Sales of hoes may lead to sales of homes.” The next paragraph states the following: “Strong spending on gardening equipment, furniture, and building materials in March could mean homeowners are busily preparing make their homes more attractive to buyers. The article can be read at http://blogs.smartmoney.com/advice/2012/04/16/home-sellers-splurging-on-curb-appeal/?link=SM_hp_featStory.

■ *www.rcanalytics.com*, April 5, 2012. Okay, so who is correct? Read this and then read the next item. “Apartment Housing Finance reports: Real Capital Analytics (RCA) reported that apartment sales volume rose 53 percent to \$3.8 billion in January in its most recent U.S. Capital Trends report on apartment properties.”

■ *www.nreionline.com*, April 17, 2012. Based upon the volume of sales, interest in multi-family properties is declining. Cap rates still appear to be low as shown below. “After recording more than 360 U.S. apartment sales valued at \$10 million or more during the fourth quarter of 2011, total sales closed during January, February and March probably declined by one-third or more.” (See chart right.) Read the entire article at <http://nreionline.com/news/multifamily-transaction-velocity-decelerates-in-1q12-but-average-price-increases/>.

The next two articles may be indicating the residential market may be improving.

■ *Daily Real Estate News*, April 16, 2012. “The nationwide inventory of residential homes for-sale dropped 21 percent in March compared to a year

ago, according to newly released housing data from Realtor.com, tracking 146 metro markets. In fact, all 146 markets posted a drop in their inventory, except for two — Hartford, Conn., and Philadelphia.”

■ *Daily Real Estate News*, April 17, 2012. “Permits for new-home building—a gauge of future demand—reached its highest level last month since September 2008, the Commerce Department reported Tuesday. New housing permits rose 4.5 percent in March, reaching an annualized level of 747,000.”

■ Eliot Brown, *The Wall Street Journal*, April 18, 2012. Signs continue to indicate the housing market is picking up. The American Institute of Architects’ Architecture Billings Index was up to 50.4. A score more than 50 indicates that work levels have picked up.

■ Kris Hudson, *The Wall Street Journal*, April 18, 2012. Warren Buffet and his Berkshire Hathaway company is always working on some purchase or program. Now they want to develop a city-within-a-city in the Dallas area. They are planning their fourth Nebraska Furniture Mart and then develop the remaining 330 acres. The Mart would have 1.8 million square feet with plans for restaurants, homes, hotels

and other stores. Total investment is projected to be \$1.8 billion.

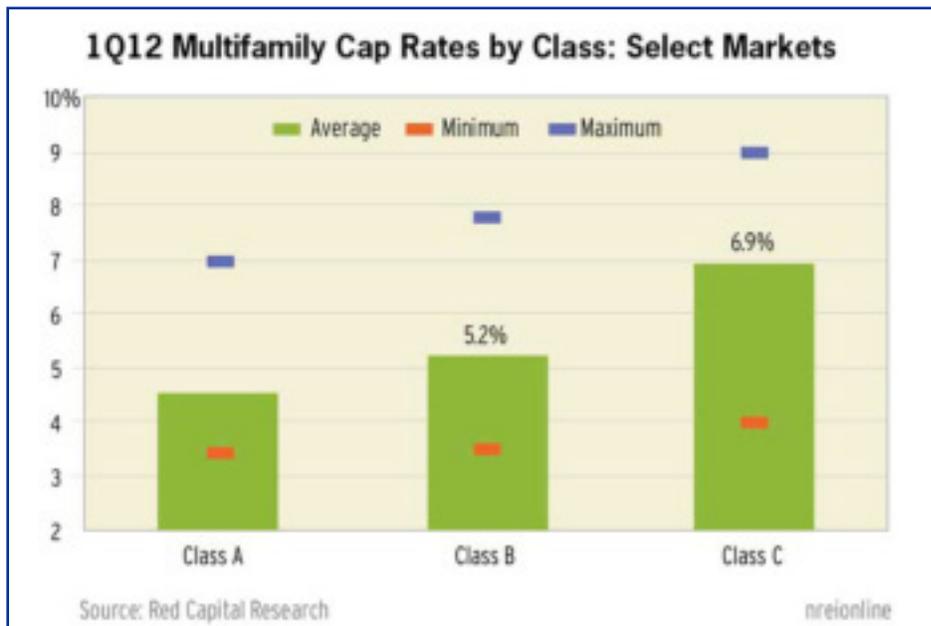
■ Conor Dougherty, *The Wall Street Journal*, April 20, 2012. For the first time since the start of the recession, state tax collections are up. States’ tax collections were up 3.6% in the fourth quarter of 2011. Will this mean bigger budgets?

■ Nigel Maynard, *www.builderonline.com*, April 30, 2012. More encouraging signs! Even though the attendance numbers are still below the pre-recession numbers, the 2012 Kitchen and Bath Industry Show had a very large number of new innovations. To check this out, go to <http://www.builderonline.com/products/innovation-re-emerges-in-kitchen-and-bath-products.aspx?cid=BBU:050112>.

■ John Gittersohn, *www.bloomberg.com*, April 30, 2012. This article and the next one seem to say the opposite but maybe make sense with each other.

“The U.S. homeownership rate fell to the lowest level in 15 years in the first quarter as borrowers lost homes to foreclosure and tighter inventory and credit kept buyers off the market. The rate dropped to 65.4 percent from 66 percent in the fourth quarter and fell a full percentage point from a year earlier,

continued on next page



REAL ESTATE NOTES, continued

the Census Bureau said in a report today. That is the lowest level since the first quarter of 1997, and down from a record 69.2 percent in June 2004.”

■ Teresa Burney, *www.builderonline.com*, April 30, 2012. “The home builder’s survey results showed that 60% of renters who say they want to buy a home in the future have increased their intent to buy compared to a year ago. And 61% of that group say they plan to purchase a home within the next two years.”

■ Eliot Brown, *The Wall Street Journal*, April 23, 2012. This will fall under those best-laid-plans category. It seems that the expectations for the Power & Light District, the entertainment district in downtown Kansas City, Mo., are not being met. The city is cutting funding to the fire department and street maintenance to help fill this year’s \$12.8 million gap between sales tax and property tax and the bond payments. Therefore, when you go to the IAAO Conference this year in KC, spend more money.

■ Nick Timiraos, *The Wall Street Journal*, April 27, 2012. This will take you back a few years! It seems that there is a shortage of homes in some areas of California and Florida, in certain price ranges, and there are bidding wars for the homes. Now, how many of you would have predicted that?

■ Nick Timiraos, *The Wall Street Journal*, April 30, 2012. More positive signs of that residential recovery. Housing construction has hit a bottom as well as sales of new and previously owned homes, and the prices of non-distressed homes have stopped falling.

■ *www.crenews.com*, April 27, 2012. “Commercial property sales in the first quarter increased 40 percent from the year-ago period to \$50.3 billion, according to Real Capital Analytics. Sales volumes have increased year-over-year for seven consecutive quarterly periods, according to the New York

research company.”

■ *www.ccim.com*, May 2, 2012. According to Studley’s 2012 Effective Rent Index, “Rents increased more than concessions last year pushing up tenant and landlord effective rents.”

■ J.P. Donlan, *www.chiefexecutive.net*, May 2, 2012. “In Chief Executive’s eighth annual survey of CEO opinion of Best and Worst States in which to do business, Texas easily clinched the No. 1 rank, the eighth successive time it has done so. California earns the dubious honor of being ranked dead last for the eighth consecutive year.” Kansas was ranked 23rd and was ranked 25th last year.

■ Julie Schmit, *USA Today*, May 10, 2012. Could it be still more good news? “The U.S. had 2.37 million existing homes for sale at the end of March. That was down 22% from a year ago and 41% from the peak in mid-2007, the National Association of Realtors reported Wednesday.”

■ Alan Zibel and Dawn Wotapka, *The Wall Street Journal*, May 10, 2012. “The median price for an existing, or previously owned, home rose in 74 of the 146 markets tracked by the National Association of Realtors, during the January-to-March period.”

This is a shocker! “Seven housing markets hit hardest by foreclosures—all from Florida—are leading the nation towards a general housing recovery, while unexpected new comers in Michigan, Texas, Iowa and California are showing signs of strength and stability, according to the Top Turnaround Town Report released today by Realtor.com, the #1 homes-for-sale site operated by Move, Inc., (NASDAQ: MOVE), the leader in online real estate.”

You can see the article at <http://www.realtor.com/blogs/realtor-com-names-top-turnaround-towns-may-2012-data/>.

■ Nick Timiraos, *The Wall Street Journal*, May 10, 2012. “Fannie Mae reported a \$2.7 billion first-quarter profit and will pay back \$2.8 billion to the

U.S. government, making the strongest quarter the mortgage-finance firm has had since it was rescued nearly four years ago.”

■ Christopher Matthews, *www.business.time.com*, May 15, 2012. Has the housing market officially bottomed out? “The best reason to shed your hard-won dubiousness is a report issued today by the The Demand Institute, a think tank jointly operated by the well-respected and non-partisan research organizations The Conference Board and Nielsen. The fifty-page study is definitively labeling 2012 the year of the housing bottom. It says: The double-digit increases in U.S. housing prices over the first half of the past decade proved unsustainable. But the free-fall is over. The point has been reached where housing prices will start to climb, albeit at single-digit rates in most markets over the next five years.”

The two items that addresses why they believe the market will improve are:

- Increase in demand for rentals and higher rents
- Price stabilization

Read more: <http://business.time.com/2012/05/15/report-housing-market-recovery-has-officially-begun/#ixzz1v2XtS8v3>

■ Nick Timiraos, *The Wall Street Journal*, May 17, 2012. Well, this is a mixed message. “The percentage of American homeowners behind on their mortgage payments fell during the first quarter to the lowest level since the end of 2008. But, the share of loans in foreclosure remains stubbornly high, according to a survey,” conducted by the Mortgage Bankers Association.

■ *hotelnewsnow.com*, May 18, 2012. I found this article most interesting: “Due diligence key in tax consultant evaluation.” This discusses some things for the hotel owner to look for in a tax consultant. See the article at <http://www.hotelnewsnow.com/Articles.aspx/8213/Do-due-diligence-in-evaluating-tax-consultants>.

■ Claire Easley, *builderonline.com*,

May 22, 2012. After two months of declines, existing-home sales moved upward in April, improving 3.4% from March's level and 10% annually, according to data released today by the National Association of Realtors. Improvements were seen in all four regions, and across housing types, with condo/co-op sales gaining 6.0% and single-family sales improving 3.0%.

■ Angus Loten, *The Wall Street Journal*, May 21, 2012. Do you own a large number of fast food franchise restaurants? If so, you are a target to own more. Burger King, McDonald's and Applebee's are awarding more franchises to the big owners and are selling them long-time owned company stores. "They often have readier access to capital and can prop up underperforming restaurants with stronger sales elsewhere in the chain. They're also seen as less risky by franchisers, because they have a track record with a brand."

■ Kris Hudson and Craig Karmin, *The Wall Street Journal*, May 23, 2012. Blackstone Group LP is big into the hotel business now. They believe the lodging downward cycle has stopped and will benefit from rising rates and limited new supply. They just restricted the debt on their 2006 purchase of La Quinta Corp and have recently purchase the Motel 6 chain owned by Accor SA.

■ *www.ccim.com*, May 23, 2012. The article below states that the retail market is improving in absorption, higher rents and lower occupancy. Read about the numbers at: <http://www.ccim.com/newscenter/186484/2012/05/23/retail-absorption-rises>

■ A very good article on retail, especially as a follow up to the above story on retail, can be found at: <http://www.ccim.com/cire-magazine/articles/180743/2012/05/rethinking-retail>. Here's another interesting article on retail, so it must be their moment in the spotlight: http://nreionline.com/news/investment_climate_retail_improves_05232012/.

■ Claire Easley, *www.builderonline.com*, May 29, 2012. Well, it was feeling like the housing market was improving. "All three composite home price indices put out by S&P/Case-Shiller—including the national index, 10-city, and 20-city—hit new post-crisis lows in the first quarter, according to data released today. While there has been improvement in some regions, housing prices have not turned." The article can be read at <http://www.builderonline.com/housing-data/spcase-shiller-home-prices-hit-new-post-bust-lows.aspx?cid=BBU:052912>.

■ Here are couple of interesting articles about the hotel/motel market.

- Hotel Transactions Set to Surge, http://nreionline.com/news/hotel_transactions_set_surge_06062012/
- Hotel Values Continue Robust Recovery http://nreionline.com/news/hotel_values_continue_recovery_06052012/

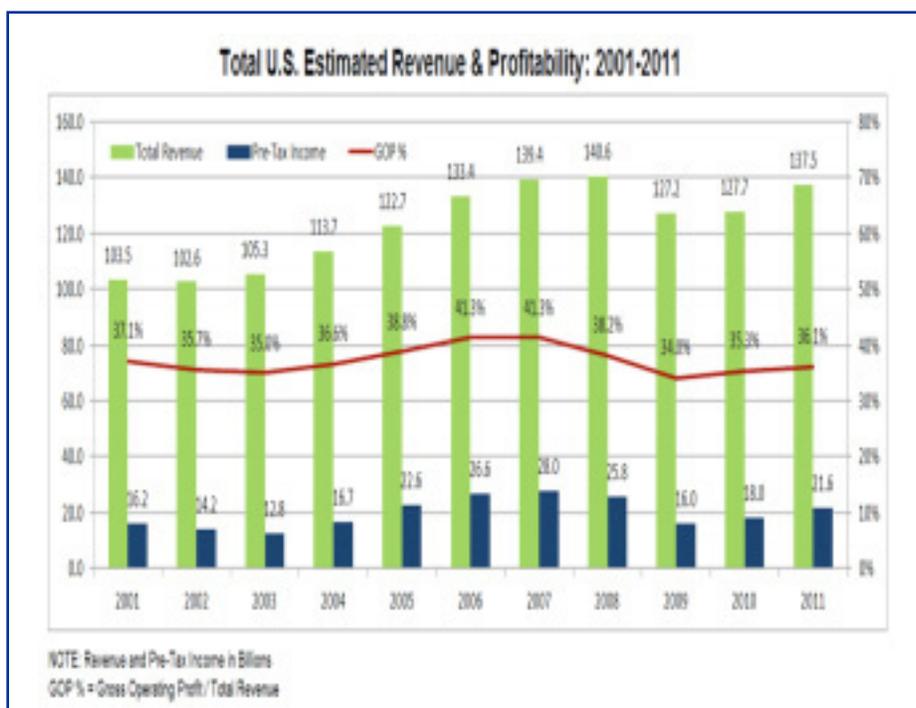
■ Nick Timiraos, *The Wall Street Journal*, June 12, 2012. Even though the typical American is somewhat cautious about purchasing real estate, foreign investors continue to buy. In a 12-month period, ending last March, foreign investors purchased about 9% of all sold residential properties.

■ *USA Today*, June 8, 2012. The average rates on 15- and 30-year mortgages fell to record lows and is the sixth consecutive week they have fallen.

■ Dawn Wotapka, *The Wall Street Journal*, June 8, 2012. The average size of newly constructed single-family homes has increased, much to the surprise of the industry. Home size had fallen the last few years, and the current average is 2,079 square feet, which is a 13% increase over last year.

■ Don Clark and Ben Worthen, *The Wall Street Journal*, June 21, 2012. Well, it appears you missed another wonderful opportunity. According to this article, most of the island of Lanai in Hawaii (98% of the 141 square miles) has just sold for between \$300 and \$600 million. Just think: if you had purchased that, there would be a steady stream of your assessment friends visiting you at all times.

■ *www.hotelnewsnow.com*, June 22, 2012. The profit and value of hotels/motels appears to continue to improve. See the chart below and read the entire article at <http://www.hotelnewsnow.com/Articles.aspx/8446/Hotel-profits-up-growth-expected-through-2015>.



Expanding Your Many Talents!

Excel Tidbits

By Lisa Ree, RMA, Ellis County

Using Freeze Pane

When your worksheet contains large amounts of data and you scroll through the worksheet, your headings often disappear when you scroll down or scroll to the right. Depending upon your data, it can be hard to keep track of what a column or row represents. Using the Freeze Pane option can help with this by locking specific columns or rows of your worksheet so they stay visible at all times. You can lock rows, columns or both rows & columns.

To Freeze the top row of headings:

In this example, we want to make sure our row of headings stays put no matter how far down the worksheet we scroll.

- ▶ Select any cell in your worksheet
- ▶ Select the View tab
- ▶ Select Freeze Panes: 3 options are available on the drop-down list (see Figure 1)
- ▶ Select the Freeze Top Row option. Once selected, a black border will appear under Row 1 indicating that your Row 1 is frozen. You can scroll down in the worksheet and the first row of headings stays at the top. Figure 2 shows that row 1 contains the column headings and that the next visible row is #50.

To Freeze first column

One of the other options available is Freeze First Column, which works the same way as Freeze Top Row except Column A will be frozen. When selected, a black border will appear to the right of Column A indicating that the column is frozen. As you scroll to the right in your worksheet, Column A remains in place.

To Freeze Panes

The other option available is Freeze Panes. This freezes the rows and columns based on which cell you have selected. If you select cell B2, then Row 1 and Column A will stay in place no matter where within the worksheet you travel. If you have selected to use the freeze pane option, you then have the option to “unfreeze” them:

- ▶ Select any cell in your worksheet
- ▶ Select the View tab
- ▶ Select the Freeze Panes
- ▶ Select Unfreeze Freeze Panes—no matter where you are within your worksheet, the lock you previously initiated will be removed

Figure 1

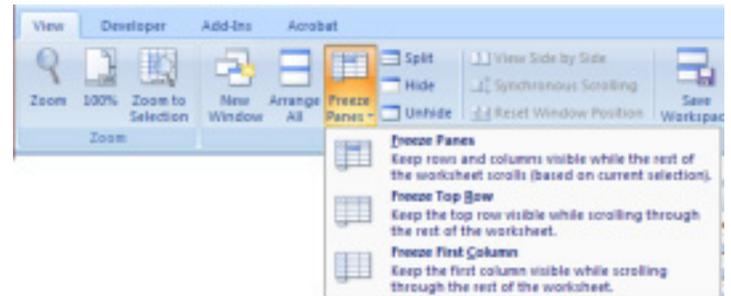
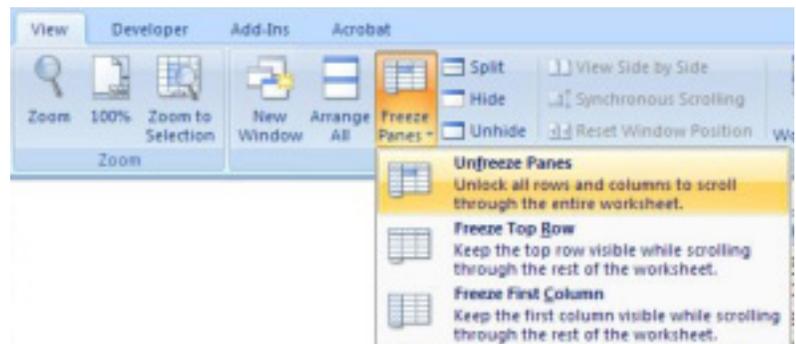


Figure 2

	A	B	C	D	E
1	QRID	PropertyNumber	PropCls	func	NBHD
50	R13577	026-203-06-0-30-05-011.00-0	R	1101	45 GR
51	R13612	026-203-06-0-30-08-003.00-0	R	1101	45
52	R13742	026-203-07-0-20-04-004.00-0	R	1101	45
53	R14640	026-232-09-0-00-00-005.00-0	A	9010	47.1 DE
54	R13790	026-203-07-0-20-10-002.01-0	R	1101	45 SC
55	R11609	026-181-11-0-20-06-006.00-0	R	1101	49 Fa
56	R12865	026-187-25-0-10-17-002.00-0	R	1101	35 PF

Figure 3





Oil Notes of Interest

For the last several years, a regular section in the newsletter has been Real Estate Notes of Interest. With all the discussion and articles on oil and gas, it is now time for this topic to have its own section.

■ Joel Millman, *The Wall Street Journal*, March 19, 2012. Although oil prices continue to rise and oil companies are making large profits, more and more of them are appealing the values placed on their oil refineries. Currently, there are appeals by Valero in Texas and California, Chevron in California, ExxonMobil in California and ConocoPhillips in Montana. The Montana appeal amounts to \$4 billion in taxes for years 2009 and 2010. We could also add to this article, the refinery in Eldorado.

■ Daniel Gilbert and Russell Gold, *The Wall Street Journal*, April 1, 2012. A change of heart? The EPA (Environmental Protection Agency) has dropped a claim of water contamination against a company in Texas that was accused of contaminating underground water as a result of fracking. Additionally, the EPA has now agreed to retest water in Wyoming and Pennsylvania where they also claimed fracking caused contamination.

■ Jack Nicas, *The Wall Street Journal*, April 2, 2012. Well, you just knew things like this had to happen. In North Dakota there is a battle over the muddy banks of the Missouri River. The state has been leasing the mineral rights along and under the river to the oil companies. Landowners are suing the state for a share of the shoreline that they believe the state does not own.

■ Daniel Gilbert and Russell Gold, *The Wall Street Journal*, April 4, 2012. Local governments are suing state governments for more control over where, when and how noisy oil companies can be when drilling new wells. At this point,

seven towns have collectively sued the state of Pennsylvania, and the day before, an Ohio state senator proposed legislation to give local governments more control over where oil companies can drill.

■ Laura Oleineacz, *The Herald Sun*, April 10, 2012. The Texas-based home builder D.R. Horton Inc. has retained the mineral rights for some properties it has sold in a residential development. Now, to this editor that sounds potentially bad for the property owner, but what is especially odd is that this was not in Texas but Durham, N.C. You can read the article at: http://www.heraldsun.com/view/full_story/18181034/article-Builder-sells-homes-without-mineral-rights

■ David Bracken, *The News & Observer*, Raleigh, N.C., April 20, 2012. It appears the above article caught the attention of some people in North Carolina. "Last week the Department of Justice sent a letter to D.R. Horton asking for a description of its disclosure practices. The letter, from M. Lynne Weaver, assistant attorney general of the department's Consumer Protection Division, also asks for copies of the documents D.R. Horton provides to homeowners."

■ Tennille Tracy, *The Wall Street Journal*, April 19, 2012. The EPA has released the first regulations on fracking, but the companies have more than two years to comply. The last step in fracking is as follows: "The fracking fluid flows back up the well, clearing the way for the gas to be extracted. When it reaches the surface, the fracking fluid also contains some gas and air pollutants such as benzene that may escape into the atmosphere. The EPA's new order requires companies to trap the flow-back and use special equipment to separate the gas and toxins from it."

■ Tennille Tracy, *The Wall Street Journal*, May 4, 2012. The federal government has issued some safety standards for fracking on federal land. Here is a recap of the new safety standards:

- Make companies disclose which chemicals they put in the ground
- Set standards for well construction and waste-water treatment
- Let energy companies get permission for fracking through a drilling permit

■ Tom Fowler, *The Wall Street Journal*, May 4, 2012. A potential court ruling that could have created as much as a \$4.4 billion revenue loss through 2017 for the state of Texas has been overturned. The irony to some degree is that it was the same judge. He had originally ruled that the metal pipes and other equipment used in oil and gas wells was manufacturing equipment and thus exempt. His second ruling sided with the state in that this equipment did not change the oil and gas and thus was not manufacturing equipment.

■ Mark Peters and Isabel Ordonez, *The Wall Street Journal*, May 14, 2012. This could be labeled another unexpected event as a result of fracking. Sales of sand in Wisconsin, Minnesota and other Midwestern states have jumped tremendously, as the sand is higher quality and is used in Pennsylvania and North Dakota in the drilling process. "Oil and gas producers in recent years have greatly boosted the use of horizontal drilling and hydraulic fracturing to tap reserves once out of reach. Sand, injected deep underground to prop open fractures in shale formations and allow oil and gas to flow out, is important to fracking."

■ Jack Nicas, *The Wall Street Journal*, May 16, 2012. North Dakota has officially passed Alaska as the second largest oil producing state. Experts admit that this occurred from six to twelve months earlier than expected. Oh yes, Texas remains number one.

■ *Editor's Note:* Does the drilling for
continued on next page

Oil NOTES, continued

natural gas and particularly the fracking process create toxic air pollution? You might want to read two stories by National Public Radio (NPR) below:

Fracking's Methane Trail: A Detective Story <http://www.npr.org/2012/05/17/151545578/frackings-methane-trail-a-detective-story>

Town's Effort to Link Fracking and Illness Falls Short <http://www.npr.org/2012/05/16/152204584/towns-effort-to-link-fracking-and-illness-falls-short>

■ Okay, a very interesting article can be found at the address below about hotels in Texas. Yes, it is about hotels, but really about oil and gas. Therefore, some of you that are seeing a large amount of oil and gas activity, this may be a precursor for you. <http://www.hotelmanagement.net/industry-fundamentals/in-texas-drill-baby-drill-is-a-battle-cry-hotels-like-16311>.

■ Tom Golightly, *www.cnn.com*, May 29, 2012. The headline should be enough to make you want to read this article: "Oil Boom Chasers: Next Stop Kansas." It is an interesting read about

the people that work in the oil industry. See the article at <http://money.cnn.com/galleries/2012/pf/1205/gallery.kansas-oil-america-boomtown/index.html>.

■ *Editor's Note:* I had asked the question below to a couple of appraisers and got the "do not even bring that up look." This was a posting on the IAAO AssessorNet:

"With today's directional and horizontal drilling, in both gas and oil, is there anyone taxing in any other way except based on the final bottom hole destination. In other words as a horizontal well passes through different taxing districts is the value being ascribed to the final bottom hole location or have taxing authorities requested each well broken into multiple taxing districts."

In case you think all this oil and gas talk is really just about other states, you might want to read the following links: Oil boom strikes Kansas http://money.cnn.com/2012/05/23/pf/america-boomtown-kansas/index.htm?source=cnn_bin

Farmers hit the jackpot in Kansas oil boom http://money.cnn.com/2012/05/25/pf/kansas-farmers-america-boomtown/index.htm?source=cnn_bin

■ John Hannah, *Associated Press*, May 19, 2012. "A Kansas appeals court has refused to reconsider its ruling that a Canadian company qualifies for an exemption allowing it to avoid paying nearly \$19 million in property taxes on a pipeline bringing oil into the U.S."

Most of you may know about this, but it is an interesting article on the COTA website and is worth reading at: <http://www.therepublic.com/view/story/a6ee569b468f49f5990e886eb0bf6656/KS--Keystone-Pipeline-Taxes>.

■ *Editor's Note:* For the first time, I have received an advertisement on investing in the Kansas Oil Boom 2012. It is titled "Future Money Trends," and appears to be a publication of Circle Star Energy Corp (CRCL). Here are a few quotes from the publication:

"There's enormous money to be made in Kansas this year."

"The Mississippian formation in Oklahoma and Kansas is the highest rate of return play in the United States."

If you want more information about this company, you can go to: www.energysectortimes.com.



Creative Home Design

You sometimes wonder what causes the human mind to think of building a home like this...



World's Tallest Tree House

Submitted by Marion Johnson, CAE TEAM Consulting, LLC

Welcome to the Minister's House in Crossville, Tenn.! The largest tree house in the world, the Minister's House measures over 97 feet tall and uses 6 oak trees as pillars to support the structure. Construction began in 1993 when Horace Burgess believed that God spoke to him to build the tree house. Now in 2011, the tree house is 10 stories tall and officially measures as the tallest tree house in the world.

