

SPRING  
2009

Volume 31  
Number 116

# EQUAL EYES

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Official Publication of the Minnesota Association of Assessing Officers

[www.mnmaao.org](http://www.mnmaao.org)

## **EQUAL EYES PHOTO CONTEST**

Fire and Ice came through as the theme for this year's top winners of the first annual *Equal Eyes* Photo Contest



**PHOTO CONTEST WINNERS**  
Winners in Nature and Real Estate categories revealed  
**PAGE 24**

On the cover

2009 Equal Eyes Photo Contest 1st Place Winners



Real Estate Category - Greg Nelson

As a member of the Steele County Community Emergency Response Team (CERT), Greg was asked to document this practice burn of a house conducted by the Owatonna Fire Department in the fall of 2008. Occasionally, old homesteads on the edges of the city do not fit in with the plans for a new development, and this was one example. The house quickly became engulfed in flames once bales of straw were lit on fire. This once sturdy farmhouse eventually collapsed onto itself. A corn crib and single car garage were also part of the practice burn.



Nature Category - Wally Peterson

The photo is of Buffalo Lake taken right outside the Government Center in Wright County on December 30, 2004. The temperature had hovered in the 50's for a few days and all snow cover had melted on the lake. I noticed what could be a great shot of the lake earlier in the day and grabbed my camera as I left work that day. I crossed the street at just the right time to catch the reflections off the lake.

Article to suggest, letter to the Editor, or any other correspondence for EQUAL EYES?

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# Spring 2009

## EQUAL EYES

Volume 31 Number 116

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The statements made or opinions expressed by authors in *Equal Eyes* do not necessarily represent a policy position of the Minnesota Association of Assessing Officers.



## In The Know

*Equal Eyes*  
Summer 2009  
Issue Deadline:  
*April 15, 2009*

## 2009 Conference Calendar

Summer Seminars	May 20-21, 2009	St. Cloud, MN
NCRAAO Conference	June 15-17, 2009	Coralville, IA
IAAO Annual Conference	September 13-16, 2009	Louisville, KY
MAAO Annual Conference	October 4-7, 2009	Bloomington, MN

Registration is now  
available online for all  
2009 MAAO Courses!  
Go to [www.mnmaao.org](http://www.mnmaao.org)

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Written by Stephen I. Hacken, SAMA  
Winona County Assessor  
MAAO President 2008-2009

**“keep a positive attitude during the difficult times we face in government”**

Things are really hopping in the assessing world as I write this in mid-February. We just got everything cleaned up so that the auditor can calculate final taxes for payable 2009. That always makes me feel better as I only have to concentrate on one assessment instead of two.

MAAO is also very busy during this time of year. The legislative committee has been very diligent in representing assessors during the legislative session. Right now, it appears that Green Acres is taking center stage. While that topic is getting all the press, there are other legislative items that are important. They include the tax status of non-profits, the proposed expansion of the veteran's exclusion, and other numerous items. Steve Kuha and his committee do a wonderful job of informing legislators of MAAO's positions on the issues.

The MAAO Education and Weeklong Course Committees have also been hard at work setting up educational opportunities for 2009. Summer Seminars are always a great value for picking up continuing education. This year, there will also be a special speaker to enhance the Commissioner of Revenue's portion of the program.

The weeklong schedule has also been set. Steve Behrenbrinker and his folks have taken over administration of these courses from St. Cloud State. It was a difficult decision to sever our relationship with St. Cloud State, but hopefully the change will allow MAAO to grow further as a major player in the education of assessors.

One concern that the Executive Board has regarding education is the budget crisis that has hit almost every unit of government in Minnesota. It has been expressed to the board, through a survey conducted by MAAO, that many jurisdictions are considering not sending employees to educational seminars and conferences. Obviously, the dollars saved by not paying registrations and travel is playing a key part in those decisions. Currently, Winona County has a conference ban in force. I am sure that other counties and cities are considering a similar approach.

MAAO has worked very hard over the years to keep membership dues as low as possible. A regular membership for \$75 is a real bargain when you look at what you get. In order to keep the membership dues low, MAAO has used proceeds from conferences, seminars, and weeklong courses to finance the activities of the association. If the attendance at our educational offerings decreases significantly, it will certainly affect the bottom line of MAAO.

I would like to ask all association members to keep a positive attitude during the difficult times we face in government. I have been an assessor for over 30 years and have seen a couple of other times when things were not good. While this one may be a little worse than others, part of working in government is adapting to new things.

All department heads in Winona County have been asked to find places to trim in their budgets. Since my office is nearly all salary related, finding places to cut is difficult. MAAO has the same issues. Committee chairs have been asked by me to closely watch their committee expenditures. At this time I have not asked them to cut the services or tasks that they are responsible for. However, the officers will be closely

monitoring income and expenses to ensure that the stability of MAAO continues through these difficult times.

I was on the Executive Committee 20 years ago when MAAO was nearly broke. Those were not good times. Due to the prudent fiscal decisions made since that time, MAAO does have a fund balance that can be accessed to continue to provide membership services. Be assured that our heads are not in the sand regarding economic issues.

Another committee that has done extraordinary work is the Information Systems Committee. Chair Teresa Mitchell and her group have worked hard on the new MAAO website. This site now will allow memberships, conferences, and classes to be registered for online. In the near future, members will be able to pay for these items using credit cards. Considering that MAAO is taking over so many of the educational opportunities, this enhanced website should allow for much easier accounting of registrations and funds. I would encourage each MAAO member to go to the site and see all the cool stuff that is out there.

I hope everyone has a productive board of appeal season, and I hope to see many of you at Summer Seminars.

## Commissioner's Comments

# Property tax issues on front burner at the Capitol

Written by Ward Einess  
Minnesota Commissioner of Revenue

The 2009 Legislative Session touches on some crucial property tax issues that affect the important work of you property tax assessors. While closing Minnesota's hefty budget deficit is on everyone's mind at the Capitol, the early weeks of this year's session also included discussions about property tax exemptions for nonprofit groups and legislative proposals on the Green Acres law.

### Under the Rainbow

The Department of Revenue, representatives of the Minnesota Association of Assessing Officers, legislative staff, and representatives of Minnesota's nonprofit community have agreed on proposed legislative language to clarify when nonprofit groups should be exempt from paying property taxes.

As you recall, the Minnesota Supreme Court decision in *Under the Rainbow Child Care Center v. County of Goodhue* ignited a debate over what constitutes a "purely public charity" and qualifies for a property tax exemption. Minnesota courts have traditionally applied a six-factor test that dates back to a 1975 decision, *North Star Research Institute v. County of Hennepin*.

In the wake of *Rainbow*, a number of state nonprofits expressed concern that many previously exempted groups would suddenly be required to pay property tax. Because of the resulting confusion, the Minnesota Council of Nonprofits, Minnesota Association of Assessing Officers, and the Department of Revenue jointly asked the 2008 Legislature for a one-year moratorium to develop better guidelines and clearer rules.

The Department of Revenue has long maintained that nonprofits meeting factors (2) and (3) of the *North Star* test – those that are at least partially supported by donations and provide a free or sliding-scale service or other "gift" – qualify for the exemption. With its decision in *Rainbow*, the state Supreme Court for the first time specifically

held that factor (3), the charity or gift-giving test, must be met. The ruling also stipulated that – by itself – accepting government payments as partial payment for services is not sufficient to qualify as a gift.

The Department of Revenue does not believe the *Rainbow* decision represents a change – since the department has always held that it's necessary to meet the gift-giving provision to be exempted from property tax. However, the post-*Rainbow* debate presented an opportunity to clarify the rules in a way that encourages greater consistency for assessors in all the state's counties and promotes stability for nonprofits so they can plan and budget accordingly.

While some additional issues (and discussions) remain, I want to thank everyone who took part in this constructive process. The Department of Revenue will keep you abreast of any new developments or legislation. In the meantime, you can find the proposed language and other information in the department's legislative report, "Assessment and Classification Practices Report: Institutions of Purely Public Charity," posted online at [http://www.taxes.state.mn.us/taxes/property\\_tax\\_administrators/index.shtml](http://www.taxes.state.mn.us/taxes/property_tax_administrators/index.shtml).

### Green Acres

Last year's changes to the Minnesota Agricultural Property Tax Law (Green Acres) have caused some concerns among landowners and brought questions from many of you fielding anxious queries over potential tax implications.

There seems little doubt that the Legislature will pass a new or updated Green Acres law this year. A pair of Green Acres bills have been referred to the House Taxes Committee. One bill would simply rescind last year's changes.

Simply rolling back the changes may not address the issues that were raised in a 2007



Legislative Auditor's report about unclear eligibility rules and uneven application of the rules across the state.

In a letter in January to House Ag Committee legislators, Gordon Folkman, director of the Property Tax Division, said that any changes to the Green Acres law should aim to:

- Provide a one-year extension for assessors to fine tune their current separation of 2a productive lands from 2b non-productive lands.
- Address the grandfather and payback provisions that were enacted in last year's tax bill.
- Allow farmers with land in the Green Acres program to transfer their property to a parent or child without affecting the land's program status or incurring a payback requirement.
- Allow properly classified productive land that is enrolled in CRP, RIM, CREP, or other conservation programs to qualify for Green Acres status.

However the Legislature chooses to define eligibility or payback provisions for Green Acres, the classification of agricultural land in 2a productive and 2b non-productive classes is a worthwhile policy objective that supports consistent assessment and equalization across all Minnesota counties.

The administration remains strongly committed to working with assessors and legislators to address key concerns with Green Acres while preserving the intent of the 40-year-old program.



# Let's Get Acquainted

Researched and Written by  
Marci Moreland, SAMA  
Carlton County Assessor  
Editorial Committee Member

# Teresa Mitchell

Teresa Mitchell is the Chief Deputy Assessor for Dakota County. She has been in this position for one year. Teresa has been employed by Dakota County for over 20 years. Her most recent position was the Residential Manager from March 1999 to March 2007. Prior to that position, she was a Senior Appraiser from 1996 to 1999, and an Appraiser I & II from 1992 to 1996. She was hired full time as an Assessor Clerk prior to becoming an Appraiser. Her very first job with Dakota County was a part-time file clerk from 1988 to 1990.

She got into the assessment field when she applied for the file clerk position as part of a "work release" program. No, it's not what you're thinking. It's not a jail program; it was work release from high school.

There are approximately 155,000 parcels throughout Dakota County. It encompasses 587 square miles with it being 1/3 suburban and 2/3 suburban/rural.

The office staff consists of 38 full-time personnel. It is a county-wide assessment system with no local assessors. Residential staff consists of 17 appraisers, senior appraisers, and supervisors. There are currently three vacancies in the residential unit. The remaining 14 staff do a great job of making up for the shortage.

Teresa is currently a member of MAAO and has been for 15 years. She is the chair of the IS Committee and oversees the new MAAO website. She has also been a member of

IAAO for 12 years. For IAAO, she is a professional development advisor.

Teresa has been married to her husband Dan for 12 years (as of Valentine's Day). They have two children, Wade William is 8 years old and Rebecca Rose (Becca Rosie Tosie) is 5 years old. About Rebecca's nickname - Teresa says someday she's going to be mortified that she calls her this.

Teresa's hobbies include playing on a women's volleyball team during the winter and playing sand volleyball in the summer. She used to play golf but came to the conclusion that life is too short to be that frustrated for fun. Her and her family love spending time on the Mississippi and St. Croix Rivers. She and Dan like to get out on their motorcycles when they can.

Dan and Teresa consider themselves "J'Americans." Their most favorite place to vacation is Negril, Jamaica. This is where they were married and have since traveled to visit eight times for ten days at a time, hence claiming some sort of national pride.

Future plans include at least 20 trips to Jamaica. When the children are a little older, Teresa would like to go back to school and obtain her Master's Degree.

As far as any memorable moments, she really hasn't had any that are noteworthy. The most memorable house she ever inspected was the new home of the owner of the King of Diamonds Gentleman's Club.



Teresa comments there will probably never be a home that will top that one.

When asked if she could change anything in the property tax system, she states she would like to do away with all the narrowly-targeted special tax classifications, exemptions, and limitations that make the Minnesota Property Tax so difficult to administer and understand.

She feels the biggest challenge today is the declining markets. Falling values are much more difficult to administer and defend.

In closing, Teresa comments: "I am very excited about the new MAAO website that is taking shape and will hopefully provide abundant tools for managing the organization as well as more robust features for members and assessors to communicate around the state."

## DAKOTA COUNTY

The county is 587 square miles in area and was originally vegetated with oak prairie savannas. Dakota County lies within the confluence of three of the four major rivers draining from the State of Minnesota -- the Minnesota and Mississippi Rivers along the northern border and the Mississippi and St. Croix Rivers on the eastern border. The county's development and history have been greatly influenced by its proximity to these rivers.

Prior to European settlement, Dakota County was part of an expansive territory of the Dakota tribe of American Indians. In 1689, Nicholas Perrot, a fur trader, proclaimed possession of Dakota,

Ojibwe (Chippewa), and other American Indian lands for the nation of France, without the consent of the tribes. Lands west of the Mississippi River were annexed from France to the United States in 1805 through the Louisiana Purchase.

In 1849, the Minnesota Territory legislature created nine original counties, including Dakota. The county's original boundary extended only as far south as Hastings, but extended west several hundred miles to the Missouri River. The county seat was first established in Kaposia in 1853, was moved to Mendota in 1854, and moved again to Hastings in 1857, where it currently resides.

Mendota, directly across the river from Fort Snelling, became the first European settlement in Minnesota.

As American Indians were systematically removed from their lands and rebellions moved further to the west, large numbers of European settlers began arriving to the region in the mid-1850s. With increased population, Minnesota became a state in May 1858, nine years after the inception of Dakota County.



# State Board of Assessors Meeting Minutes

## September 30 and October 1, 2008

### Breezy Point, Pelican Room

Provided by Pam Lundgren  
Minnesota Department of Revenue

#### September 30, 2008

Chairperson Keith Albertsen convened the meeting at 1:00 PM. Steve Hurni and Gregg Larson were unable to attend.

#### Appointments with the Board:

**Betty Schultz**, Crow Wing County, met with the Board for her second Accreditation Oral Interview. Her education includes courses: A, ProSource 100-105, Mass Appraisal Basics, IAAO 102, 400, and additional seminars. Ms. Schultz's Form Report passed the Grading Committee in June 2007, and she passed the Residential Case Study Examination in November 2007. Ms. Schultz has four years of assessment experience, and she applied for the Accredited Minnesota Assessor license. Steve Sinell made a motion to award the Accredited Minnesota Assessor license to Betty Schultz. Dave Marhula seconded the motion. The motion carried.

**Mike Wacker**, Watonwan County, met with the Board for his Accreditation Oral Interview. His education includes courses: A, ProSource 100-105, B, H, J, K, IAAO 151, and several seminars. Mr. Wacker's Form Report passed the grading committee in July 2008, and he also passed the Residential Case Study Examination that same month. Mr. Wacker has nearly five years of assessment experience, and he applied for the Accredited Minnesota Assessor license. Jan Jackson made a motion to award the Accredited Minnesota Assessor license to Mike Wacker. Doreen Pehrson seconded the motion. The motion carried.

**Robin Nelson**, Washington County, met with the Board for her Accreditation Oral Interview. Her education includes courses: A, B, H, J, IAAO 102, 400, ProSource 101-105, and a large number of seminars. Ms. Nelson's Residential Case Study Examination passed the grading committee in June 2008, and she has ten years of assessment experience. Ms. Nelson applied for the Accredited Minnesota Assessor license. Steve Sinell made a motion to

award the Accredited Minnesota Assessor license to Robin Nelson. Dave Marhula seconded the motion. The motion carried.

**Brian Connors**, Scott County, met with the Board for his Accreditation Oral Interview. His education includes courses: A, H, K, AIREA alternates for B, Capitalization Theory Parts A and B (both are income courses), IAAO 102, 151, PACE, and many seminars. Mr. Connors' Form Report passed the grading committee in April 2008, and he passed the Residential Case Study Examination in September 2008. Mr. Connors has ten years of assessment experience, and he applied for the Accredited Minnesota Assessor license. Dave Marhula made a motion to award the Accredited Minnesota Assessor license to Brian Connors. Steve Sinell seconded the motion. The motion carried.

**Mike Sheplee**, Martin County, met with the Board for his Accreditation Oral Interview. His education includes courses: Assessment Law and Procedures, IAAO courses 102, 300, 311, 400, Mass Appraisal Basics, Basic Income Approach to Valuation, and 15 hour USPAP from Kaplan. Mr. Sheplee's Form Report passed the grading committee in June 2008, and he passed the Residential Case Study Examination later the same month. Mr. Sheplee has three years of assessment experience, and he applied for the Accredited Minnesota Assessor license. Doreen Pehrson made a motion to award the Accredited Minnesota Assessor license to Mike Sheplee. Jan Jackson seconded the motion. The motion carried.

The Minutes of the July 15, 2008 meeting were read and discussed. Mike Amo made a motion to approve the minutes as amended. Jan Jackson seconded the motion. The motion carried.

#### Provisional Status:

**Joanna Brandner**, Courses: Assessment Law and Procedures, Real Estate Appraisal Principles, Real Estate Appraisal Procedures, and Mass Appraisal Basics.

The chairman recessed the meeting at 4:15.

#### October 1, 2008

The chairperson reconvened the meeting at 9:00 AM.

#### Reinstatement Application:

**Gregory Johnson**, former Kanabec County Assessor, is requesting reinstatement of his Certified Minnesota Assessor license. He left Kanabec County in 1999 and is now working on returning to the assessment profession. Mr. Johnson attended Assessment Law and Procedures in July 2008 which includes the Ethics requirement and has submitted documentation of several Appraisal Institute seminars which fulfill the continuing education requirements. Steve Sinell made a motion to approve the CMA Reinstatement of Gregory Johnson. Mike Amo seconded the motion. The motion carried.

**Richard Marks, MAI**. Richard Marks is requesting reinstatement of his CMA which was earned in 1977. He left public service in 1978 and has been a real estate appraiser for the past 30 years. His appraiser license number is: 4001125. Mr. Marks attended Assessment Law and Procedures in July 2008 which includes the Ethics requirement. Mr. Marks is also requesting requirement information on a higher level of licensure that will reflect his MAI designation. (Education for MAI qualifies him for SAMA, however, he has appraisal experience and not assessment experience as required). Deb Volkert made a motion to approve the CMA Reinstatement of Richard Marks. Dave Marhula seconded the motion. The motion carried.

#### Application for Certified Minnesota Assessor:

Mike Amo made a motion to award the Certified Minnesota Assessor license to the following applicants:

**Tracy Bauer-Anderson**, City of Coon Rapids

**Ryan DeCook**, Olmsted County  
**Amy Ebnet**, Todd County  
**Thomas Goedken**, Olmsted County  
**Anne Grunert**, Brown County  
**Christy Hanger**, Washington County  
**Vera Kasproicz**, City of Brooklyn Park  
**Jenifer Manthei**, Olmsted County  
**Justin Massmann**, Hennepin County  
**Pamela Olson**, City of Maple Grove  
**Norma Padgett**, Martin County  
**Kelly Pavak**, Self employed  
**Christina Peterson**, Meeker County  
**Connor Rausch**, Hennepin County  
**Dianne Reinart**, Traverse County  
**Chad Sauter**, McLeod County  
**Jodi Sell**, McLeod County  
**Shelagh Stoerzinger**, Brooklyn Park  
**Karen Stumne**, Pine County  
**Stacy Westerlund**, Aitkin County.

Deb Volkert seconded the motion. The motion carried.

**Application for Certified Minnesota Assessor Specialist:**

**David Selbitschka**, Sherburne County, has applied for the Certified Minnesota Assessor Specialist license. His education includes courses A, ProSource 100-105, Mass Appraisal Basics, and IAAO 2, in addition to several seminars. Mr. Selbitschka's Form Report passed the grading committee in July 2005, and he has assessment experience since October 2005. Mr. Selbitschka has applied for the Certified Minnesota

Assessor Specialist license. Jan Jackson made a motion to award the Certified Minnesota Assessor Specialist license to David Selbitschka. Dave Marhula seconded the motion. The motion carried.

**Application for Senior Accredited Minnesota Assessor:**

**Janice Olsson**, City of Plymouth, has applied for the Senior Accredited Minnesota Assessor license. Her coursework includes courses: A, B, H, J, IAAO 4, 102, 112, 151, 301, and the required PACE course and Ethics seminar. Ms. Olsson's Form Report passed the grading committee in July 1993, and her Residential Demonstration Narrative passed the grading committee in July 1995. Ms. Olsson had a successful oral interview with the Board in August 1995. Mrs. Olsson passed the Income Case Study Examination in April 2008, and she has 20 years of assessment experience. Steve Sinell made a motion to award the Senior Accredited Minnesota Assessor license to Janice Olsson. Doreen Pehrson seconded the motion. The motion carried.

**Discussion Items:**

Request from Greg Landa to allow a county employee who attended Course A more than ten years ago to apply for the CMA license. There have been calls from several more new CMA applicants who took Course A more than five years ago and are requesting the same information. Do they

need a more recent ALP course? Applicants who wish to reinstate must have passed ALP within five years of the reinstatement application. Should the same requirement apply to all applicants? Discussion ended with the decision that an applicant who has worked daily in the county assessor's office is current on the laws and need not attend Assessment Law and Procedures again. However, the applicant is required to attend Ethics for Minnesota Assessors within a year of being licensed.

Education and Licensing Manual. Several versions were discussed, and it was decided to incorporate all the changes from the various versions into a single document for presentation at the next meeting. Once the changes are finalized, the only item left will be Rule changes.

There being no further business, the chairman set the date for the next meeting as Tuesday, December 2, 2008 at 9:30 at the St. Cloud Holiday Inn.

Steve Sinell made a motion to pay all meeting expenses. Jan Jackson seconded the motion. The motion carried.

Dave Marhula made a motion to adjourn the meeting. Mike Amo seconded the motion. The motion carried. The meeting adjourned at 11:30.

## **2009 State Board of Assessors Meeting Calendar**

**March 24, 2009**  
**May 19, 2009**  
**July 14, 2009**  
**October 6 and 7, 2009**  
**December 1, 2009**

**St. Cloud Holiday Inn, St. Cloud**  
**St. Cloud Holiday Inn, St. Cloud**  
**MN Department of Revenue, St. Paul**  
**Ramada, Bloomington (MOA)**  
**St. Cloud Holiday Inn, St. Cloud**

# MAAO Course Review

## Assessment Laws and Procedures

Written by Stephen Behrenbrinker, SAMA, CAE  
City of St. Cloud Assessor  
MAAO Past President  
Weeklong Course Coordinator

Assessment Laws and Procedures (Course ALP) was presented January 26-30, 2009 at the Best Western Kelly Inn in Plymouth, Minnesota.

The instructors for the course were staff members of the Minnesota Department of Revenue, Gary Amundson and Michael Stalberger.

The course was well attended with 38 registrants. This was the first offering using the new MAAO website where registrants registered on-line using the Memberclicks software.

Attendees received complimentary MAAO calculators from MAAO. MAAO provided scholarships to two staff members from the Minnesota Department of Revenue and to Craig Schultz from Silver Lake, MN.

The Department of Revenue staff again had updated the materials and exam to meet the 30-hour continuing education requirements and the four-hour ethics requirement.

This course will continue to be offered twice per year, once in the metro area and once in St. Cloud. The next offering is July 13-16, 2009 at the Kelly Inn in St. Cloud. The course will now be offered in a four-day format. Registration forms are available on the MAAO website.

The Minnesota Department of Revenue allows the proceeds from this course to go back to MAAO to promote education program development. This is a great benefit to our organization financially, and the department is to be thanked for their contributions to assessor education!

### 2009 MAAO Weeklong Course Schedule

Assessment Laws and Procedures (ALP)	July 13-16, 2009	St. Cloud
Appraisal Principles	July 20-24, 2009	St. Cloud
Appraisal Procedures	August 3-7, 2009	St. Cloud
Mass Appraisal Basics	August 17-21, 2009	St. Cloud
IAAO 102 Income Approach	Sept. 28-Oct. 2, 2009	Plymouth
MN Assessment Administration	Oct. 19-22, 2009	St. Cloud

## *Haven't seen the new MAAO website lately?*

Check out [www.mnmaao.org](http://www.mnmaao.org) to explore all the new features available for members

**COMING SOON!**

### Have something to talk about?

The MAAO Discussion Board is where you will be able to read and share expertise on important assessment issues from around the state.

Contact [webmaster@mnmaao.org](mailto:webmaster@mnmaao.org) for topics you would like posted for discussion.

# Out of the Past

Written by Connie Erickson, SAMA  
Yellow Medicine County Assessor  
Editorial Committee Member



## 5 Years Ago - 2004

- **Larry Bahr**, Jackson County Assessor, retired.

- **Gordon Folkman**, Director of the Property Tax Division, set several goals to achieve. His primary mission was to work with the staff to develop and implement a new business and strategic plan. Among the areas to be addressed were: organizational and workflow processes, staff development, resource reallocation, customer service improvement, and investing in technology that will best advance the new business plan.

- The MAAO President was **Tom May**.

- The legislative session started out slowly in reference to property tax issues, but was expected to be more active after the release of the new revenue forecast due in February.

## 10 Years Ago – 1999

- **J. Scott Renne**, Minneapolis City Assessor, met with the State Board of Assessors to discuss the six alternates to the SAMA designation. The Board members were going to review the alternates and discuss them with the Education Committee.

- Itasca County had a new Assistant County Assessor. **Tom Gilmore** had worked in the Assessor's Office and was promoted to the position. Prior to working for the County, Tom had worked for a contracting company.

- According to the "Residential Home Finance Survey" from the National Association of Realtors, first time home buyers made up 47% of all home buyers in 1998/1999 versus 31% 10 years prior.

- The MAAO President was **J. Michael Sheehy**, and the Commissioner of Revenue was **Matt Smith**.

- The legislative bills being considered were valuation freezes, limited market value, Blue Waters (unimproved lakeshore), and class rate changes.

- St. Cloud State University promoted the real estate program within its College of Business.

- The Dan Franklin Memorial Scholarship Committee worked out the remaining details with the University of Minnesota so the scholarship availability would be mentioned in the University's course announcements. The committee also finalized the scholarship process with St. Cloud State University.

## 15 Years Ago – 1994

- Lumber prices hit all-time high. The higher lumber prices could not simply be blamed on increased housing demand. While construction was up for the year, it wasn't close to the 40% increase in lumber prices.

- Itasca County gave its County Assessor, **Al Hovi**, a warm farewell after 24 years of service.

- A new photo directory was soon to be published. The Editorial Board started a photo contest for the cover of the directory.

- **Judy Friesen**, Brown County; **Michelle Cote**, Polk County; and **Steven Just**, Carver County, all received their SAMA designations.

- The Commissioner of Revenue was **Morris J. Anderson**, and the MAAO President was **James A. Hallstrom**.

## 20 Years Ago – 1989

- The seven fastest growing cities in Minnesota were all Twin Cities suburbs. Eagan remained the fastest growing city in the state. Its population had soared by 89.5%. Other cities in the Twin Cities that experienced growth rates exceeding 50% were Eden Prairie (88.8%) and Maple Grove (63.0%).

- The registration fee for the Summer Seminars was \$40.00.

- **J. Scott Renne** was the MAAO President, and the Commissioner of Revenue was John James.

- **Jim Hallstrom**, Martin County, was promoted from Chief Deputy to County Assessor.

- The most significant legislative attention was focused on the areas of property tax reform and tax procedure.

## 30 Years Ago – 1979

- **Clyde Allen, Jr.** was the Commissioner of Revenue, and he stated that his mission was to make the state's property tax system as fair, equitable, and easy to administer as possible.

- The application fee for a regular MAAO member was \$75.00.

- Personnel changes in Region 8 saw **Wayne Bendickson** become the Marshall County Assessor and **Jim Hanson** assume the County Assessor position of Roseau County.





# Spotlight

on

# MAAO REGION 2

## Region Profile

The self-proclaimed “best little region in south central Minnesota!” is aptly located in the south central portion of the state. The counties in Region 2 include: Blue Earth, Faribault, Le Sueur, Martin, McLeod, Nicollet, Sibley, and Watonwan. The Region President for 2008 was Ken Skaare, Faribault County, and for 2009 it is Mark Manderfeld, Blue Earth County. Secretary/Historian is Blue Earth County, Treasurer is Sibley County, and the Region Director is Dave Armstrong, Le Sueur County.

Region II currently meets monthly at various locations around the region. Tours and/or guest speakers are followed by the monthly meeting discussions. Nicollet County typically hosts the December Christmas meeting. Speakers and tours over the last year included: a tour of the Alumacraft fishing boat plant, a tour of the new Blue Earth County Justice Center, a joint meeting at Jackpot Junction with Regions 5 & 6, a golf outing at Winthrop Golf Course, a tour of Cabela’s in Owatonna, a presentation from the Red Rock Center for the Arts in Fairmont, a tour of the Alltel Civic Center in Mankato, and a tour of the Schell Brewery in New Ulm. Guest speakers included Steve Behrenbrinker, John Hagen, and Gordon Folkman.

Discussion items for the year included Green Acres, the new agricultural legislation including productive and non-productive definitions, MAAO business and education matters, and the creation of a technical/clerical support meeting and group for Region II.

Doreen Pehrson, Nicollet County Assessor, came up with the idea that it would be beneficial for the clerical staff of Region II to meet similar to how the appraisers and assessors of the region meet. The group of approximately 13 people first met in October of 2007 and decided they would meet every other month, with each county represented taking turns hosting. Each meeting is a chance to discuss particular topics, hear guest speakers, and share how we all handle different situations that arise in implementing the property tax. So far, the members of this group feel that these meetings have been helpful for the work they do in the office.

Retirements included Noreen Curry, Watonwan County Assessor, in early 2009 and Dave Easland, McCloud County. Noreen’s replacement is Mike Wacker. New accreditations during the year included Mike Sheplee, Martin County, and Mike Wacker.

Spotlight

## Region 2: At-A-Glance

	County Seat	County Population	Size (sq. miles)	Parcel Count	# Cities / # Townships	Market Value (in billions \$)
Blue Earth	Mankato	60,000	764	35,000	11 / 22	6.2
Faribault	Blue Earth	16,000	720	15,500	11 / 20	1.9
Le Sueur	Le Center	27,800	467	18,000	10 / 14	3.6
Martin	Fairmont	20,700	720	15,300	10 / 20	2.6
McLeod	Glencoe	34,900	503	19,800	9 / 14	3.4
Nicollet	St. Peter	29,800	467	17,300	5 / 13	2.9
Sibley	Gaylord	15,000	589	12,200	7 / 17	2.0
Watonwan	St. James	11,500	384	8,000	8 / 12	1.2

# Region 2 Counties

## Blue Earth County

Blue Earth County Taxpayer Services has a combined office structure that includes all of the traditional auditor, treasurer, assessing, and recording functions. Over the past several years, the Blue Earth County Taxpayer Services department has been on an impressive and overwhelming journey.

This journey began in January of 2002 under the leadership of the current County Assessor, Julie Roisen. The existing mainframe CAMA data for all properties in the county was converted into a new PC-based CAMA package in 2003 for the 2004 assessment. At the same time, all residential land was analyzed and converted from a basic square foot methodology to a front foot or acre pricing. Residential improvements were revalued and analyzed and tied to new sketches.

Along with the residential property revaluation, a GIS application was used in conjunction with the FSA land use layer to determine the composition of the tillable and non-tillable land uses for all agricultural property in the county. Site areas were digitized as part of this process. Both residential and agricultural property types were completed for the 2004 assessment.

As a result of all these improvements, the local appeal level was tremendous for the 2004 assessment and resulted in over 1,500 appeals. As a true county system, the county assessor handled all 34 boards while staff inspected all of the appealed parcels.

Additionally, as part of migrating to a new CAMA system, we were able to put all of our residential information on a new website for property data and property tax information.

During 2004 and into 2005, our mapping platform was converted from a CAD environment to ESRI and was combined with new ortho-photography. We gained the ability to print maps in house and provide desktop maps for all county employees. This allowed us to incorporate other layers into

our GIS. We upgraded to an application that gave us a further break down of the composition of the agricultural parcels by incorporating the federal wetland inventory, federal floodplain inventory, and BSWR conservation easement inventory, along with the FSA tillable and non-tillable layer. Doing this gave us improved tools to analyze our agricultural sales

and assisted in our overall valuation methodology for agricultural land. This upgraded application also gave us a live interface between our CAMA system and our GIS.

In 2005 for the 2006 assessment, we also analyzed all apartment properties in the county and did a complete revaluation using an income approach. The countywide revaluation efforts for commercial and industrial property occurred in 2006 and 2007 for the

subsequent assessments. This process included inspections, measuring, and analyzing all commercial and industrial sales countywide. Beginning in early 2005, Blue Earth County started an RFI and RFP process to acquire a new software application for property tax administration. After final selection of a vendor, the steps included gap analysis, requirements documentation, conversion, and implementation of our property tax data into a new browser-based application. We went live with the GRM software application in August of 2008.

Our journey has been exciting and difficult. The rewards have been tremendous, with greater equity than ever before, improved ratio performance, improved overall values, and better service for Blue Earth County taxpayers. We have more ideas and plans for our future that include live interfaces between our tax system, GIS application, imaging system, and our recording system. The dedication and hard work of the Blue Earth County staff and support of the administration and county board have made all of these successes possible for us.



## Faribault County

It helps to know that Faribault County once was part of Blue Earth County when trying to account for what seems a misplaced name for its county seat. Faribault County was carved from Blue Earth County in 1855 and organized the following year as one of Minnesota's territorial counties. Blue

Earth City, with a population of 15, was named temporary county seat by the legislature, and that fall, 82 county residents voting unanimously confirmed that choice. From that date in 1856 to the completion of the present Richardsonian Romanesque style courthouse in 1891, the county records

of Faribault, for a time accommodated by a single trunk, experienced a restless existence. They moved seven times, from a hotel to a 12 foot by 16 foot hut to a private residence and to one and another store building, suffering partial destruction by fire along the way. A residential parlor accommodated the first of nine district court cases. Two more locations would sequester those records before they reached a final destination.

In 1861, Winnebago City had forced an unsuccessful election to obtain the county seat. Several years later, when Wells City began gathering sentiment for another election, the Wakefields of Blue Earth sold an entire city block to the county for \$1.50 with the stipulation a courthouse be placed on it. At the close of 1872, Faribault County finally had a courthouse—a brick, two-story, 36 feet by 45 feet building for a cost of \$5,000. Though Wells City persisted, the result of the election in 1873 was decided almost unanimously in favor of Blue Earth.



In 1880, a jail joined the courthouse on the block. The county seat controversy continued to simmer and, in 1890, a petition for a new election signed by most of the citizens of the northern half of the county was presented to the county board. Editorials and letters in the local newspapers demanded the seat to be moved to Wells. The staunch commissioners announced – instead of an election – plans for a new and grander, and absolutely permanent, courthouse in Blue Earth. The challengers subsided. A fireproof vault was installed in the City Hall, the county records were moved, and the 1872 building was razed. Calling for bids was advertised to build a new courthouse on the site for \$50,000.

D.S. Dunham was selected architect and S. J. Hoban of St. Paul became contractor on his low bid of \$42,120. By the time he finished in December of 1892, he had spent over \$70,000 -- well above what had been the highest bid a year earlier. Even so, the last part of the building uses material not as fine as the first and he made other concessions: for instance, limiting the planned brass balls for each peak to

the single brass sphere atop the tower which, since a 1936 tornado, remains at a tilt.

Stone was hauled from the Kasota quarry by horse, wagon, and rail. Sand came from the Blue Earth River bottom. Red brick is the dominant material above the high basement level of rusticated limestone. The roof is clay tile. Terra cotta is used in decoration and solid granite forms columns on the tower as well as on the loggia above the double arched front entrance. These Syrian arches rest on squat columns with foliated capitals, a Richardsonian signature. A gargoyle in the form of a satyr's head is positioned above and between the arches. Its presence is attributed to the extravagance of contractor Hoban, which doesn't remove its mystery. The golden oak woodwork, still visible in carved newel posts and panels within the courthouse, is original, as are the doors with their office names etched in the glass beneath stained-glass transoms, and the spiral stair in the rear tower.

The most prominent feature is the seven-story corner tower, which was repaired and restored through a 1976 Bicentennial Commission Grant. Other towers, a cupola, chimneys, and their fireplaces have vanished or been covered up over the years, except one in the treasurer's office, but the building retains its basic handsome character and has been on the National Register of Historic Places since 1977. There was a remodeling project done in 1987, at which time an elevator was installed, but the overall charm of the courthouse has remained intact since its 1891 construction.

A new law enforcement center on the north edge of Blue Earth near US Highway 169 and I-90 will open the doors to its first "guests" in the spring of 2009.

Faribault County is located in south central Minnesota and it measures 24 miles from North to South and 30 miles from East to West. It encompasses 720 square miles and is bordered by Freeborn County to the East, Martin County to the West, Blue Earth County to the North and the great State of Iowa to the South. Faribault County includes eleven cities, twenty townships, and two unincorporated territories. There are six lakes, numerous rivers and creeks, and several state, federal, and county wildlife areas. The average elevation is 1,064 feet above sea level. Faribault County has some of the richest farmland in America. It is also the center of one of the longest highways, Interstate 90, in America. Although agriculture is the predominant business in the county, there are other business and government entities that offer trade, service, and manufacturing opportunities.

The Faribault County employment base remains fairly stable, as has the economy. Several businesses and industries in the county have an established reputation as strong and dependable employers. Several of the larger industries have actually experienced growth.



Faribault County hosts eleven county libraries. The library system is an affiliation of the Traverse de Sioux library system, which is headquartered in Mankato, Minnesota. There are four weekly newspapers distributed within the county, in addition to being served by daily newspapers from neighboring communities in surrounding counties and the Twin Cities. Faribault County also has two radio stations in the county.

The county has several county owned and operated parks that offer camping, swimming, picnic shelters, and fishing. A county trail system for biking, hiking, and cross-country skiing has been planned. Each of the eleven cities within the county also has beautifully maintained parks. There are three municipally-owned swimming pools, as well as activities such as ice fishing, hockey and ice skating rinks, and snowmobile trails.



There are two high schools in Faribault County, one in Blue Earth and one in Wells. There are middle schools and elementary schools located in most of the cities within the county.

Public transportation is available from Faribault County Prairie Express bus system Monday through Friday.

The Faribault County Fair is held each July in the county seat of Blue Earth, and each city in the county hosts various local festivals throughout the year. There are also movie theaters, bowling alleys, and museums located throughout the county.

A hospital and numerous medical facilities are located in the county. Most of these facilities have an affiliation with large medical centers located in Minneapolis, St. Paul, Rochester, and Mankato. Each city in the county has its own ambulance service and trained EMT staff that can respond to any emergency situation.

Banking, shopping, entertainment, recreation, and religious activities are provided to residents of the county. The

quality of life in a predominantly rural area that is comprised of small cities is attractive to families. Low unemployment, a low crime rate, and the general quality of life help to keep people in the county.

## Le Sueur County

Le Sueur County is named after the great French explorer, Pierre Charles Le Sueur, who traveled up the St. Peter's River (now known as the Minnesota River) in the year 1700. The county lies in the south central part of the state, bounded on the West by the Minnesota River. It comprises fourteen townships and ten incorporated cities.

Le Sueur County was organized by Act of the Fourth Territorial Legislature on March 5, 1853. Under this "act," Governor Ramsey appointed the necessary county officers to hold office until the election in the fall: Wallace Swan, Reg. Of Deeds; K.K. Peack, John E. Christy, and Thomas Mc Donald, Commissioners; and Tim Beone, Sheriff. What was then known as the Village of Le Sueur (now the city of Le Sueur) was named the county seat.

The county seat remained at Le Sueur until January 1860, when one session of the county officials was held at Cleveland. Then it was moved back to Le Sueur where it stayed until July 1875, when it was moved back to Cleveland. In December 1876, it was moved from Cleveland to Le Center (then called Le Sueur Center) where it remains to this day. The name of Le Center was changed from Le Sueur Center in 1930. Each one of these moves of the county seat is a good story in itself. The Le Sueur County Courthouse was built in 1896-97, remodeled in 1974-1975, and was totally remodeled with an addition in 1994.

The cities in the county are New Prague, Le Sueur, Montgomery, Heidelberg, Le Center, Kilkenny, Cleveland, Kasota, and Elysian.

The present Department of Natural Resources, Fish and Wildlife, Fish Hatchery at Waterville was completed in 1954. It is located two miles west of Waterville and covers an area of 87 acres, including the Area Headquarters Building, ten 1-acre ponds, three 10-acre ponds, one 3-acre pond, and public access, picnic, and swimming areas. The Fish Hatchery services a seven county area and carries out fish management in approximately 150 lakes, eight warm-water streams, and six cold-water streams. It operates five cooperative northern pike spawning areas with local sportsmen clubs and eight state-owned areas. Over 1,200 natural walleye pike rearing areas are used each year to assure a continued supply of walleye fingerlings for the area lakes. Between six to ten million walleye fry are hatched each year at the Waterville Fish Hatchery.

Our lakes give residents and visiting vacationers the opportunity to enjoy all the water sports including: fishing, boating, swimming, water skiing, and sailing. The cities of Le Sueur, Le Center, and New Prague have municipal swimming pools, and the cities of Waterville and Elysian maintain supervised beaches on natural lakes, where



swimming lessons are provided by programs administered by each community. Montgomery has an indoor swimming pool at its school.

There are a large number of cottages and resorts located along the shores of our lakes. German and Jefferson are two beautiful lakes separated by a narrow strip of land called "Beaver Dam" which has a boat channel under the road so that boats can pass from one lake to the other. Beaver Dam Resort is situated between the two lakes.

In winter, ice fishing and snowmobiling are popular. The county has purchased land in several areas to be preserves for parks.

Points of interest in the county are: the Mayo Home in Le Sueur, the Ottawa Methodist Church, the Historical Society Museum in Elysian, and Geldner's Saw Mill in Elysian Township. These are National Historical Sites.

Farming is the largest industry of the county and people are becoming highly specialized in it. Farmers in the county raise mainly corn and soybeans, with some alfalfa and small grain. Also grown is corn and peas for the Green Giant/Seneca Company. In general the farmers who raise livestock have modernized and enlarged their operations to specialize in one line, such as the dairy farmer, the hog farmer, or the beef farmer.

Le Sueur County is proud of the Green Giant/Seneca Company, which has a large plant in Montgomery. The Green Giant/Seneca Company conducts a highly specialized form of farming. They raise and process many kinds of vegetables. The climate, soil, and moisture of the county are conducive to producing these products at their highest quality. The company had its beginning in the City of Le Sueur in 1903. In conducting their farm operations, the Green Giant/Seneca Company sometimes lease an entire farm and place a manager on it. Other land is contracted from the farmer with the company supervising the planting and doing all the harvesting. One of the interesting things about the Green Giant/Seneca Company is the way they go about raising and improving their seed. They have their own seed department and have hired some of the best seed breeders in the nation to work for them. This investment in their farm operation has paid off over the years in higher yields, better quality, and more disease resistant strains of seed. The company sells most of its corn and peas under the registered brand names of Green Giant/Seneca and Niblets.



Since 1852, Kasota Village has been the home of the Babcock Company, now Vetter Stone, which is engaged in the quarrying and fabricating of Kasota Stone. They have the quarries, plant, and employees capable of turning out quantities of flagstone for a simple walk or for the largest commercial or public building. Where stability, permanent beauty, and economical upkeep are wanted, many architects specify Kasota Stone from Vetter Stone. This stone can be found in many large buildings throughout the nation. All the stone on the new Twins Stadium is from Vetter Stone in Kasota.

In the City of New Prague, Con Agra operates a large flouring and food products mill. This mill is one of the largest pioneer industries of the county. New Prague has been a milling center since the time the railroad arrived in 1876. We have another industry known as the Unimin Company, which is engaged in processing deposits of silica sand found along the Minnesota River. Much of this sand is used to prop oil wells to renew their production.

They are now shipping it all over the world. The company also markets abrasives, glass sand, molding sand, and sand for blasting.

The city of Le Sueur has two nationally known businesses, Davisco Foods International and Cambria. Davisco Foods is a privately held, family-owned business. Three generations of expansion has made them a leader in the dairy industry. They are headquartered in Le Sueur. Founded in 1943 by Stanley David, with his purchase of the St. Peter Creamery, Davisco produces 370 million pounds of cheese annually and is one of the largest suppliers of cheese to Kraft Foods. Davisco also produces 10 million pounds of whey protein isolates annually. Davisco is the industry leader in technology and production, accounting for 65 percent of whey protein isolates worldwide. Cambria-Natural Quartz Countertops is also owned and operated by the Davis Family. Cambria is the only producer of natural quartz surfaces in the United States.

Good roads, modern schools, and churches of most everyone's choice can be found in Le Sueur County. The only hospital in the county is Minnesota Valley Memorial Hospital in Le Sueur, but there are several other hospitals nearby.

Its beautiful lakes, wooded streams, bountiful fields, parks, industry, and interesting people make Le Sueur County a wonderful place in which to live.

## Martin County



Martin County is in the southern tier of counties in the central part of Minnesota and borders the state of Iowa. It is on Interstate Highway 90, about half way between

Chicago and the Black Hills of South Dakota. There are 54 lakes within the county and five lakes within the city of Fairmont, the county seat. Its location and beauty make it a frequently used stopover for tourists.

Martin County is 720 square miles in size and the original citizens of Martin County were the Winnebago Indians, who lived by hunting and fishing. The first recorded white people to visit the area were John C. Fremont and his French associate, Joseph N. Nicollet, in June 1838. These men established Fort Tchan Hassan near the headwaters of the Des Moines River. The first permanent settler came to Martin County in 1856. His name was Calvin Tuttle and the lake where he settled still, unofficially, carries his name.

Due to the start of the Dakota (Sioux) Indian uprising, which terrified settlers throughout southern Minnesota, Fort Fairmount was established in 1862. This location was also the site of Martin County's first post office, dedicated on October 9, 1858. The first train came to Fairmont in July 1878, when the village was only twenty years old. When railroads came, prosperity followed, and towns sprang up in every direction.

Martin County's population was 20,802 in 2007, this is down from 24,316 in 1970. The city of Fairmont has over half of the residents living in the county with a population of 10,675. Total county employment is 10,825 and the available work force is 11,180. The median age is 37.5 years old.

With the abundance of lakes in the county, fishing and hunting are popular pastimes. In 1993, Martin County was host to the

Governor's Fishing Opener. Another favorite summer event is The Martin County Fair – "Minnesota's Other Big Fair" – which has continued to grow for 143 years and boasted attendance of over 60,000 in 2008.

Martin County's economy consists of medical, light industry, and other commerce. Some of the major industries in the area include: Weigh-Tronix Inc., 3-M, Teledyne Aerospace Systems, Harsco Track Technology, Fairmont Foods, and Glasstite. The county is home to two 110 million-gallon-per-year ethanol plants (VeraSun and Welcome & Buffalo Lake Energy - Fairmont), a CHS bean crushing facility, Great River Energy peak power plant, and a 65 tower wind farm currently operating. Another 100 Megawatt, 60 wind turbine wind farm is planned for the near future. However, the largest economic influence in the county would probably be agriculture. Martin County is one of the nation's top pork producers and is the top producing county in Minnesota and produced 1.69 million hogs last year, over 30% more than the 2<sup>nd</sup> place county. It also is a top producer of corn and soybeans, producing over 60 million bushels of corn and several million bushels of beans each year.

Another large part of the Martin County economy is the medical community. The Fairmont Medical Center - Mayo Health System is a major complex that includes the Fairmont Medical Clinic, the Fairmont Community Hospital, and Lutz Wing Nursing Home. They currently employ over 680 staff, including over 40 doctors. In addition, in 2000 the Center for Specialty Care was founded in Fairmont. It is a medical facility which started as an Orthopedics Specialties office but has rapidly expanded into a full service medical facility and same day surgical center and currently has a staff of over 120 people.

The Martin County Assessor's office maintains data using the ACS CAMA USA system and is currently moving to the Manatron Tax system. We are also testing the RTVision eAssessor software used in gathering data remotely. In 2006, all data was made available to the public through a website hosted by the Schneider Corporation, and in 2008 we began the installation of a full GIS system hosted by Schneider which will be fully functional in the first half of 2009.

## McLeod County

McLeod County is approximately 60 miles west of Minneapolis. We are bordered by Carver on our east side, Wright to the north, Meeker to our north and west, Renville to our west, and Sibley to our south. Although Glencoe is our county seat, Hutchinson is our biggest city. Comprising of townships taken from Carver and two from Sibley, but without the coveted

six mile strip from Renville, McLeod County was created by the territorial legislature March 1, 1856 and was organized March 11, 1856.

It was named for Martin McLeod, a Scotchman, who was one of the first settlers to locate in this area. He was described

as “a man of Nobel Form,” commanding presence, culture, intellect, dignity, and eloquence. J.H. Stevens, and perhaps a dozen others, founded the settlement thirty miles from the nearest white neighbors and called it Glencoe. Glencoe was made the county seat, as it still is today.

The first session of the then called “Commissioner’s Court” was held in the Office of Bell (attorney at law) and Chapman in Glencoe. John McLeod, James Phillips, and W.B. Wilson were the first board members of the Commissioner’s Court. Other officers were: Honorable Lewis Branson, Judge A.J. Snyder as the first clerk of Court, Sheriff L.G. Simon as Probate Judge, A.J. Bell as District Attorney, and J.B. McKean as Coroner.



The first action of the county board was to lay out a school district to be called the Glencoe School District No. 1. The next order of business was the establishment of three election precincts. The first was the Glencoe Precinct; second, the Hutchinson Precinct; and the third was called the Lake Addie Precinct. The first court was held February 27, 1860.

## Nicollet County

The County of Nicollet was established April 7, 1853. The county was named after French explorer Joseph N. Nicollet. Born in France and trained as an astronomer, Nicollet arrived in Minnesota in 1837 and explored the upper reaches of the Mississippi River. In 1838, he was hired by the United States government to prepare the first detailed map of the area between the Mississippi and Missouri Rivers.

The original county seat for Nicollet County was at Traverse des Sioux, an area just north of St. Peter. Traverse des Sioux is a historic site in Minnesota. It is thought that the site was inhabited or visited by Native Americans for thousands of years and was an important river crossing. An Indian mission was established in 1843 and by 1851 there was a small settlement. In 1851, the Treaty of Traverse des Sioux was signed at this site. This treaty between the United States government and the Sioux Indians opened up nearly 24 million acres of land for settlement. The Nicollet County Historical Society maintains a Treaty Site Center near this historic site.

At the other end of Nicollet County is Fort Ridgely State Park. This fort was built between 1853 and 1855. The fort was built to keep peace as settlers moved into former Dakota lands. In 1862, when war broke out between the United States

McLeod County today has an area of 311,388 acres and contains 503 square miles, having 460 miles of township roads, 405 miles of county roads, and 95 miles of state trunk highways. It is comprised of 14 townships and 9 cities and a total population of 34,898.

The first courthouse was erected in 1896 at a cost of \$9,967. In 1900, the first addition was made at a cost of \$39,778, with an additional remodeling cost of \$13,255 in 1910. Another addition was made in 1936 at a cost of \$447,484. The original building site was acquired by a gift from the city of Glencoe and additional land was purchased later.

Today we have six office buildings in use throughout the county. With Carver and Wright bordering our county, we have a metro push to our values. Although considered an agricultural county, our overall values are greatly influenced by the residential properties in our county. We also have a few big industries in our county. They are 3M, Hutchinson Technology, and Seneca. The first two are located in Hutchinson and the last in Glencoe.



and the Eastern Dakota (Eastern Sioux), the Dakota attacked the fort. Fort Ridgely’s military and civilian defenders held out until Army reinforcements ended the siege.

Nicollet County’s unusual triangular shape is formed on two sides by the Minnesota River.

Construction on the current courthouse started in 1880 and the courthouse opened on July 12, 1881. An addition was added in 1977. On March 29, 1998, a tornado damaged the 1880’s portion of the building, destroying the steeple and much of the interior. The new steeple was erected in November of 1998. In March of 2001, a three-year reconstruction, remodeling, and 35,000 square foot addition project was completed.

There is one large lake in Nicollet County, Swan Lake. Swan Lake is considered the largest prairie pothole lake to exist within North America. Before the mid 1800’s, this was an



important Native American hunting area. When the Dakota Indians were evicted from the area in 1862, the surrounding prairie land was settled and turned to farmland. The swans were eliminated by market hunters and waterfowl was harvested in abundance. A 1947 federal study indicated 17,000 ducks were raised annually on Swan Lake; by 1980, that number decreased to a few dozen. In the mid 1980's, the Swan Lake Area Wildlife Project, a cooperative effort between the DNR and private organizations, began work to manage the water level and acquire additional surrounding acres. Recent studies suggest an average of 8,000 to 10,000 ducks hatch each year.

Nicollet County has over 240,000 acres of farmland and agriculture is our main industry. St. Peter is home to Gustavus Adolphus College. Gustavus was founded in 1862 by

Swedish immigrants and is the oldest Lutheran college in the state. About 2,400 students attend Gustavus. The Minnesota Security Hospital, a maximum-security psychiatric hospital located in St. Peter, serves people who have been committed by the court as mentally ill and dangerous. Taylor Corporation is located in North Mankato. Taylor Corporation is one of the largest privately held companies in the United States, which owns wedding invitation printer Carlson Craft, Thayer Publishing, and a number of other businesses. Taylor Corporation founder, Glen Taylor is also currently owner of the Minnesota Timberwolves.



## Sibley County



Sibley County was organized in 1853. It was named after Minnesota's first Governor, Henry Hastings Sibley. The history of the beginnings of Sibley County and the records of the county

were destroyed by a fire on October 18, 1863. After voting five times to move the county seat from Henderson to Gaylord, the new courthouse in Gaylord was constructed in 1917. The cost of the original courthouse was \$147,490. In an attempt to save money, the commissioners ordered installation of "temporary"

floors in the offices. In 1974, the Annex was added onto the courthouse with a cost of \$652,369. This was done for the convenience of those needing to do business with the county. In 2001, the courthouse was renovated, including restoring the courthouse dome.

Sibley County has a population of around 15,000 within 17 townships and 7 cities and consists of approximately 12,200 parcels. The total estimated market value of property in Sibley County as of January 2, 2008, was \$2,087,000. We currently have three local assessors.

## Watonwan County

Watonwan County was established in February 25, 1860 and is 18 x 24 miles with twelve townships and eight small cities. It has a population of 11,500 with approximately 8,000 parcels and a 50 / 50 split between agriculture and residential. The county is named after the river that drains its 12 townships: the Watonwan. Watonwan is an Indian word meaning "good fish bait or where fish abound." Watonwan County is the 10<sup>th</sup> smallest county in the state. Watonwan County has three major lakes with good fishing and other recreation; they are: Kansas, St. James, and Long Lake. The county has several major roads, including State Highways 60, 4, and 30 which cross the county. The largest city is St. James, which was established in 1870 as a railroad depot because of its location halfway between Sioux City, IA and St. Paul, MN. It was necessary to refill locomotives with water and complete any needed repairs. St. James has a population of 4,600 and is also the county seat.

We are a fee contract county; we are paid by all twenty of our jurisdictions to do the assessment without assistance of any local assessors.

Noreen Curry joined the county staff in 1979 after doing local assessing for some time. She was appointed the county assessor in 1987 and retired on February 27, 2009.





# Region 2



## County Staff

### Blue Earth County Taxpayer Service's Department staff:

- Patti O'Connor, Director since 2002
- Julie G. Roisen, SAMA, CAE, County Assessor/Deputy Director since 2002
- Doug Traxler, CMA, Appraiser since 1998
- Mark Manderfeld, CMA, Appraiser since 2003
- Pete Preston, CMA, Appraiser since 2005
- Ryan Short, CMA, Appraiser since 2007
- Joan Seelan, AMA, Appraiser since 2007
- Chris Fox, CMA, Support Staff since 1991
- Three Mapping, sixteen Taxation, and five temporary staff members

### Faribault County Assessor's office staff:

- Susan Wiltse, SAMA, County Assessor since 2001 (in the assessor's office since 1971)
- Steve Robbins, CMA, Appraiser (in the assessor's office since 1981)
- Susan Cory, Technical Admin. Assistant (in the assessor's office since 1975)
- Ken Skaare, CMA, Appraiser (in the assessor's office since 2001, and county employee since 1997)
- Val Hall, part-time clerk

### Le Sueur County Assessor's office staff:

- David Armstrong, SAMA, County Assessor since 1999
- Shayne Bender, CMA, Assistant County Assessor since 2003
- Tom Widmer, CMA, Senior Appraiser since 1995
- Jennifer Flicek, CMA, Senior Appraiser since 2003
- Jay Sowieja, CMA, Appraiser since 2007
- Joanne Corrow, CMA, Appraiser/Assessment Tech since 2006

### Martin County Assessor's office staff:

- Dan Whitman, SAMA, County Assessor since 2006 (started as local assessor in 1996)
- Mike Sheplee, AMA, Deputy County Assessor since 2006
- Tom Mahoney, CMA, Appraiser since 1990
- Deb Eversman, CMA, Appraiser since 2002 (started as clerk in 1998)
- Joyce Eisenmenger, CMA, Account Tech II since 2002
- Norma Padget, CMA, Account Clerk II since 2003
- Two local assessors

### McLeod County Assessor's office staff:

- Sue Schulz, SAMA, County Assessor since 2005 (started as clerical in office in 1992)
- Lois Weseloh, Clerical since 2004
- Jennifer Becker, CMA, Appraiser I since 2005
- Jodi Sell, CMA, Appraiser I since 2007
- Brenda Chmielewski, CMA, Appraiser I since 2005
- Robin Johnson, CMA, Appraiser I since 2005
- Chad Sauter, CMA, Appraiser I since 2007

### Nicollet County Assessor's office staff:

- Doreen Pehrson, SAMA, County Assessor since 1989 (started with office in 1974)
- Bridget Olson, SAMA, Chief Deputy since 1979
- Charles Zieman, AMA, Senior Appraiser since 2001
- Vicki Hagen, CMA, Appraiser since 1998
- Michele Wills, CMA, Appraiser since 2000
- Marcus Carlson, CMA, Appraiser since 2005
- Lori Mueller, CMA, Appraiser/Clerk since 2004
- DeAnn Nelson, Clerk since 2004

### Sibley County Assessor's office staff:

- Calvin Roberts, SAMA, County Assessor
- Judy Hahn, AMA, Senior Appraiser since 1988
- Beverly Woods, CMA, Senior Appraiser
- Laura Hacker, AMA, Senior Appraiser since 2003
- Angela Nelson, CMA, Office Manager/Junior Appraiser since 2004

### Watonwan County Assessor's office staff:

- Noreen Curry, SAMA, County Assessor since 1987 (started in office in 1979; retiring February 27, 2009)
- Renee Nett, CMA, Technical Clerk since 1994
- Rae Goltz, CMA, Appraiser since 1995
- Mike Wacker, SAMA, County Assessor as of 2009 (started in office in 2003)

# Featured Property:

## Blue Earth County Justice Center

### *Socially Responsible and Sustainably Designed*

#### **A Once in a Lifetime Project**

Today, Blue Earth County consists of 14 departments, including County Attorney and Sheriff's Offices, which are housed in seven facilities. Blue Earth County will soon complete construction on the new Blue Earth County Justice Center which is the largest project in county history. The vision, planning, and construction of the nearly complete Blue Earth County Justice Center is a project that is a product of over a decade of careful consideration by county leaders, community stakeholders, and a multitude of others including both constituents and consultants. The Blue Earth County Board was strategic in its efforts to ensure that an economical, environmentally sound, and socially equitable building unlike any other in the region was designed.

The new 172,000 square foot facility will provide a solution to a growing need for jail space, court security, and streamline the functionality of the criminal justice system by housing the Sheriff's Office, County Attorney, probation, courts, and county jail all in one facility. Robust technology and modern security measures will enable Blue Earth County to effectively utilize staff and resources, resulting in more efficient operations such as decreased response times and communication interoperability. Another added convenience will be to eliminate the need for transporting inmates from the existing Law Enforcement Center to the Courthouse on a daily basis which decreases costs and provides a safer alternative for the public, staff, and those in custody.

The county's existing Law Enforcement Center and jail was built over 30 years ago and is remote from the county's major transportation corridors. The new justice center is located on the east edge of Mankato with direct access to Highway 14 and convenient access to Highways 22 and 90. Additionally, the nearly 40-acre site can accommodate jail expansion as needed in the future. According to the Minnesota Department of Corrections (DOC) standards, Blue Earth County was required to build a new jail based on a number of jail deficiencies including inmate crowding, poor lines of sight, inefficient use of staffing, an outdated central control, inadequate service areas, and structural problems. Overall, the plan objective for the justice center was to meet present and future jail space needs, meet state requirements and standards, provide increased security and safety for inmates and staff, provide increased staffing efficiencies, and to use local tax dollars effectively and efficiently.

#### **Formula for a Success**

Several elements of the Blue Earth County Justice Center are innovative and unique in not only the design of the building, but in the way in which the project has been developed.

In the early 1990's, Commissioners realized that a future jail would be needed and began to save money for the



project. Rather than heavily burden taxpayers down the road, commissioners and staff members worked proactively together to aggressively budget, manage investments, and save for future construction costs. When it reached time to begin construction, Blue Earth County Commissioners were able to pay for a significant amount of the project up front.

Research and intense consideration was also a factor that distinguished this project outside of others. Throughout the 1990's, county leaders visited several facilities, attended a week-long seminar on jail planning at the National Institute of Corrections, and hired consultants with expertise in related fields to help with planning. A Justice Center Planning Committee was formed in 2001 which consisted of citizens, law enforcement, jail staff, corrections professionals, court administration, a judge, county administration, and commissioners. The committee was formed to monitor policies affecting jail population size and makeup and analyze the functioning of the overall criminal justice system.

From December 2004 to October 2005, many site and planning options were considered and preliminary architectural designs were developed. In May of 2006, plans were finalized and a site was purchased. An official ground breaking ceremony took place on May 15, 2007, and construction has been in progress since. Citizens were informed of project updates through website postings, a live webcam, periodic newsletter updates, and media coverage.

The National Institute of Corrections recently visited Blue Earth County to film a training video that four counties across the nation will be part of to help educate others on how to properly plan, move through the construction process, and train staff when opening a new jail. In the years to come, many agencies will study the facility not only based on its design features, but the importance of incorporating green features into a public facility.

## Leading By Example

Green building initiatives have been an important piece of the planning process to ensure Blue Earth County practices environmental responsibility that will save resources, taxpayer dollars, and keep future generations in mind. The justice center will be the first Leadership in Energy and Environmental Design (LEED) certified building in south central Minnesota. LEED is the nationally accepted benchmark for the design, construction, and operation of high-performance green buildings and was initiated by the U.S. Green Building Council (USGBC). New construction, existing buildings, commercial interiors, core and shells, homes, and neighborhood developments are all areas that can be rated using the LEED system. With the assistance of "green design" consultants and a local architectural firm, Paulsen Architects, Blue Earth County was able to incorporate sustainability into building plans and fulfill the board's commitment to constructing and operating an environmentally responsible and cost efficient facility that would provide a "lead by example" approach for other agencies and individuals in the area. Throughout the past several decades, Blue Earth County has remained on the forefront of green efforts and strives to live by the "lead by example" approach with several initiatives in addition to this project. For instance, both the County's 120-year old Courthouse (where the Board of Commissioners and other departments will still hold offices) and Government Center have earned the ENERGY STAR Award which distinguishes the buildings as being two of the top 25% of energy efficient facilities in the nation based on retrofits made to the facilities to enhance building performance and decrease energy costs.

Building green can significantly reduce facility operating costs, increase lighting, energy, and water efficiency, and produce better air quality. Green building can also have positive effects on employee productivity which can result in better employee health. In order to receive LEED accreditation, four certification areas are ranked by points for features built into the design including sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. For instance, design elements such as carpet made from recycled materials, ceramic tiles made from 55% recycled materials, local limestone, low VOC-emitting paints and water efficient landscaping using rain gardens and a storm water retention pond are just a handful of examples of green building techniques utilized. The most significant green building feature is the geothermal heat pump system.

According to the Environmental Protection Agency (EPA), geothermal exchange systems are the most energy-efficient, environmentally clean, and cost-effective space conditioning system available. Geothermal systems move heat energy to and from the earth to heat and cool using a series of plastic polyethylene (PE) pipe heat exchange coils located beneath the earth's surface. The justice center has approximately 48 miles of bore field tubing beneath the surface which connects 10 circuits of 50 bores, totaling 500 bores at 220 feet deep.

It is Blue Earth County's hope that other organizations, whether they be public or private industries - along with home owners - learn the benefits of green design from the justice center project and follow similar approaches to incorporating green initiatives throughout greater Minnesota and beyond.

The Blue Earth County Justice Center will open in spring 2009 with a number of public open houses and events commemorating the completion of the project. Information will be added to the County's website at [www.co.blue-earth.mn](http://www.co.blue-earth.mn) in the coming months. Assessors throughout the state are invited to visit the new facility and see firsthand what makes the facility a model for other counties across the nation.

## Justice Center Fast Facts

- All criminal justice functions located in one building (172,000 square feet)
  - Sheriff's office
  - County Attorney's office
  - Probation
  - Courts
  - Jail
- Jail Features
  - 150 jail beds at opening, room to expand if needed
  - Remote podular design
  - Five housing units
- Courts
  - Five Courtrooms at opening, room to expand to six if needed
- Certified as a Leadership in Energy and Environmental Design (LEED) Green Building
- LEED Design Examples
  - Energy and Atmosphere
    - Geothermal Heating and Cooling
  - Water Efficiency
    - Rain gardens, storm water retention pond, native prairie landscaping
  - Sustainable Sites
    - Preferred parking for low-emitting, fuel efficient vehicles
  - Materials and Resources
    - Use of local natural limestone along with several products made from recycled materials such as carpets, tiles, and flooring
  - Indoor Environmental Quality
    - Use of low VOC-emitting materials such as carpet, paint, and furniture



# 1<sup>ST</sup> Annual *Equal Eyes* Photo Contest Winners

## Real Estate Category



**1<sup>ST</sup> PLACE**  
Greg Nelson  
Steele County

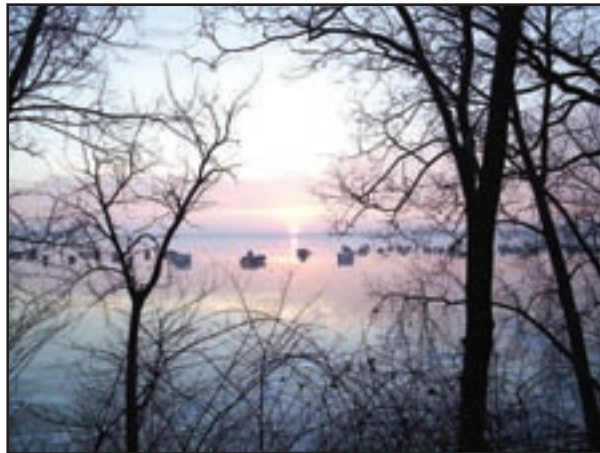
**3<sup>RD</sup> PLACE**  
Pam Daly  
Stevens County



**2<sup>ND</sup> PLACE**  
Chun-Yin Chong  
City of Maple Grove

## Nature Category

**1<sup>ST</sup> PLACE**  
Wally Peterson  
Wright County



**2<sup>ND</sup> PLACE**  
Del Sanko  
Carlton County

**3<sup>RD</sup> PLACE**  
Theresa Felix  
Cass County



# Meet Minnesota's New SAMA and AMA Designees

Written by Jake Pidde, CMA  
City of Plymouth  
Editorial Committee Member

## SAMA Designee

### Jan Olsson

Jan Olsson, City of Plymouth, was awarded the SAMA designation on September 30, 2008. Her coursework includes courses: A, B, H, J, IAAO 400, 102, 112, 151, 301, and the required PACE course and Ethics seminar. Ms. Olsson's Form Report passed the grading committee in July 1993, and her Residential Demonstration Narrative passed the grading committee in July 1995. Ms. Olsson had a successful oral interview with the Board in August 1995. Ms. Olsson passed the Income Case Study Examination in April 2008, and she has 20 years of assessment experience. Congratulations to you Jan!

**To recognize the accomplishments of new AMA and SAMA designees we are spotlighting them as they are awarded by the State Board of Assessors. Are you a new designee? Get your photo ready!**

## AMA Designees

### Brian Connors

Brian Connors, Scott County, was awarded the AMA designation on September 30, 2008. His education includes courses: A, H, K, AIREA alternates for B, Capitalization Theory Parts A and B (both are income courses), IAAO 102, 151, PACE, and many seminars. Mr. Connors' Form Report passed the grading committee in April 2008, and he passed the Residential Case Study Examination in September 2008. Mr. Connors has 10 years of assessment. Congratulations to you Brian!

### Robin Nelson

Robin Nelson, Washington County, was awarded the AMA designation on September 30, 2008. Her education includes courses: A, B, H, J, IAAO 102, 400, ProSource 101-105, and a large number of seminars. Ms. Nelson's Residential Case Study Examination passed the grading committee in June 2008, and she has 10 years of assessment experience. Congratulations to you Robin!

### Betty Schultz

Betty Schultz, Crow Wing County, was awarded the AMA designation on September 30, 2008. Her education includes courses: A, ProSource 100-105, Mass Appraisal Basics, IAAO 102, 400, and additional seminars. Ms. Schultz's Form Report passed the Grading Committee in June 2007, and she passed the Residential Case Study Examination in November 2007. Ms. Schultz has four years of assessment experience. Congratulations to you Betty!

### Mike Sheplee

Mike Sheplee, Martin County, was awarded the AMA designation on September 30, 2008. His education includes courses: Assessment Law and Procedures, IAAO courses 102, 300, 311, 400, Mass Appraisal Basics, Basic Income Approach to Valuation, and 15 hour USPAP from Kaplan. Mr. Sheplee's Form Report passed the grading committee in June 2008, and he passed the Residential Case Study Examination later the same month. Mr. Sheplee has three years of assessment experience. Congratulations to you Mike!

### Mike Wacker

Mike Wacker, Watonwan County, was awarded the AMA designation on September 30, 2008. His education includes courses: A, ProSource 100-105, B, H, J, K, IAAO 151, and several seminars. Mr. Wacker's Form Report passed the grading committee in July 2008, and he also passed the Residential Case Study Examination that same month. Mr. Wacker has nearly five years of assessment experience. Congratulations to you Mike!

# Lakeshore Multiple Regression

Written by John Keefe, SAMA  
Chisago County Assessor  
Sales Ratio Committee Chair

This is the third and final article in a three-part series. This article should bring together the theories conveyed in the prior articles showing the application of a Multiple Regression Analysis (MRA) in its most basic form.

I would recommend that the reader become familiar with my first article, "Size Made Simple," Equal Eyes, Spring 2008, pp. 27-29, before reading this article because it explains the basic theories utilized in this article. This article is more about how to use this procedure in your assessment/appraisal. It is not as important to read the second article, "Where is the Neighborhood," Equal Eyes, Summer 2008, pp 27-30, before this one because it deals more with analysis and fine-tuning the procedures used in this article.

I am addressing land valuation using an MRA procedure on a well-defined neighborhood. I use a lakeshore because its market influences are separate and distinct. The variables affecting value are minimized, and the major factor size is most easily demonstrated.

The biggest problem is dealing with the limited number of sales in such a market. Small sample size can be overcome in this application because the neighborhood is so well defined and solving for time is reasonably simple. This procedure uses land residual analysis because there simply are not adequate vacant land sales to do the job.

The trick is to define the neighborhood, which is identifying those properties that compete with one another in the market. Knowing how those markets act and how to quantify them is the central issue. You can effectively deal with small markets (sample sizes) with these skills.

I use a seven step process.

1. Gather and verify your sales.
2. Solve for time and adjust sales to a common date.
3. Inspect and/or research your sales thoroughly.
4. Establish values for all amenities to be extracted from the sale price.
5. Adjust values to a common standard numerically isolating your variable.
6. Use multiple regression analysis (MRA) to test and quantify the variable.
7. Apply the results to your model and test the results.

Let us get started with the procedure to analyze North Center Lake sales. Having gathered and verified our sales, we need to adjust for time to get all sales on the same date. This also allows us to use more sales over a longer period of time. We do this by analyzing our re-sales. We had three re-sales in our group of twenty-six sales

on North Center Lake from January 2003 through September 2004. We settled on an inflation rate of twelve percent per year over that time period. We time-adjusted each sale to our appraisal date of January 2, 2005. Now the real work begins.

## Estimating Land Value

This is a land residual technique, so the next step involves accurately estimating the improvement values on each sale. We had previously gained a good understanding of improvement values from our analysis of new construction and used housing sales in urban plats where land values were well established. That process is essentially the same as this in reverse, as it is a building residual technique designed to quantify building value.

With that established, we proceeded to inspect all improvements for each lake sale and estimate their value as of the date of sale. You must remember to know the extent and condition of improvements when they sold. To do this, we interviewed the buyers and sellers or inspected them when sold (often we did both). Then we adjusted those improvement values to the appraisal date.

At this point, you must determine if there are other issues involved with the land or sale that require adjustment. A common example would be excess land. We found from experience in our market that water influence beyond three hundred feet from the lake was excess land. When excess land was present, we valued it on a per acre basis and subtracted it from the time adjusted sale price.

Now we calculate the land value as of the appraisal date for each sale. The following table (Exhibit 1) illustrates this portion of our lake analysis model for the first five sales.

EXHIBIT 1:

2003-04 NORTH CENTER LAKE SALES						
Inflation/Yr.: 12%			Appr.Date: 01/02/05			
Sale #	Actual Sale Price	Time Adj. Sale Price	Sale Date	Imp. EMV	Excess Land EMV	Indicated Land EMV
3	\$ 136,000	\$ 167,567	1/16/03*	\$ 61,900	\$ -	\$ 105,667
31	\$ 150,000	\$ 176,729	6/30/03*	\$ 34,800	\$ -	\$ 141,929
47	\$ 288,000	\$ 308,357	5/27/04*	\$ 111,500	\$ -	\$ 196,857
25	\$ 369,900	\$ 425,355	9/26/03*	\$ 168,000	\$ -	\$ 257,355
6	\$ 295,000	\$ 312,555	7/1/04*	\$ 177,800	\$ -	\$ 134,755

The process is Sale Price adjusted for time (to 1-2-05 times 12% per year), less Improvement Estimated Market Value (adjusted to 1-2-05), less Excess Land Value (as of 1-2-05), equals Indicated Land Value (EMV). The next step is to analyze our land values.



# Analysis Land Model

The formula we just used looks like this:

$$\text{Time Adj. Sale} - \text{Imp. EMV} - \text{Excess Land} = \text{Indicated Land EMV}$$

## Analyzing Land Value

When we look at the improvements and interview buyers and sellers, we also look at every aspect of our sale properties. We gauged the quality of the lakeshore, verified frontage and depth, noted location attributes, etc. We mapped all sales around the lake and labeled them with a sale number. We were mindful during this process to determine what properties were competing directly with each other in the market. In other words, we defined the competing neighborhoods.

A little background on the history of North Center Lake might help you understand how neighborhoods evolved on this lake. The area was first settled in the 1850's. The County seat (Center City) is located on the southeast corner of the lake where older structures dominate the market. The southwest side of the lake is in the City of Lindstrom, with structures built primarily during the 60's, 70's, and 80's.

The rest of the lake is in the township, with a mixture of housing consisting of cabins built in the 40's, 50's, and 60's on smaller lots and new housing on large lots. Suffice it say that the earlier development was on the more desirable shoreline and more recent development being made on less desirable frontage. There is also considerable renewal taking place with older structures being razed and replaced with upscale housing. With this knowledge, we are able to proceed to the next steps in our analysis.

## Adjusting Lot Value

The next step is to make adjustments to each lot to a common standard. In our market, experience has taught us to look at two issues before the final analysis. The foremost is lot depth. Over the years, we developed a depth table based on sales (below). The table is a polynomial curve with decelerating adjustment as depth increases.

DEPTH TABLE FOR LAKESHORE							
Depth	% Adj.	Depth	% Adj.	Depth	% Adj.	Depth	% Adj.
12	0.14	72	0.6	132	0.85	197	0.99
22	0.25	82	0.65	142	0.88	207	1.01
32	0.34	92	0.7	152	0.9	227	1.03
42	0.41	102	0.74	162	0.93	247	1.05
52	0.49	112	0.78	172	0.95	272	1.07
62	0.55	122	0.82	182	0.97	300	1.08

The second issue is to provide for a miscellaneous adjustment. If you're going to consider all legitimate sales in a sample, you invariably have to deal with some unique circumstances that will require an adjustment. In our data set, we had one example located on a back water bay where we knew the adjustment was sixty percent.

We have chosen to adjust comparisons to a standard depth of approximately 200 feet (100% on the depth chart). We do this by dividing the sale price by depth adjustment and any miscellaneous adjustment to arrive at the adjusted land EMV. The formula for two-hundred foot deep lots of varied width adjusted for miscellaneous circumstances looks like this:

$$(\text{Indicated Land EMV} / \text{Depth Adj.}) / \text{Misc. Adj.} = \text{Adjusted Land EMV}$$

The following table (Exhibit 2) illustrates this portion of our lake analysis model for the first five sales.

EXHIBIT 2:

Sale #	Indicated Land EMV	Depth	Dpth Adj	Misc Adj	Adjusted Land EMV
3	\$ 105,667	180	0.96	1.00	\$ 110,070
31	\$ 141,929	115	0.78	1.00	\$ 181,960
47	\$ 196,857	185	0.97	1.00	\$ 202,946
25	\$ 257,355	195	0.98	1.00	\$ 262,607
6	\$ 134,755	200	0.99	1.00	\$ 136,116

## Neighborhood Analysis

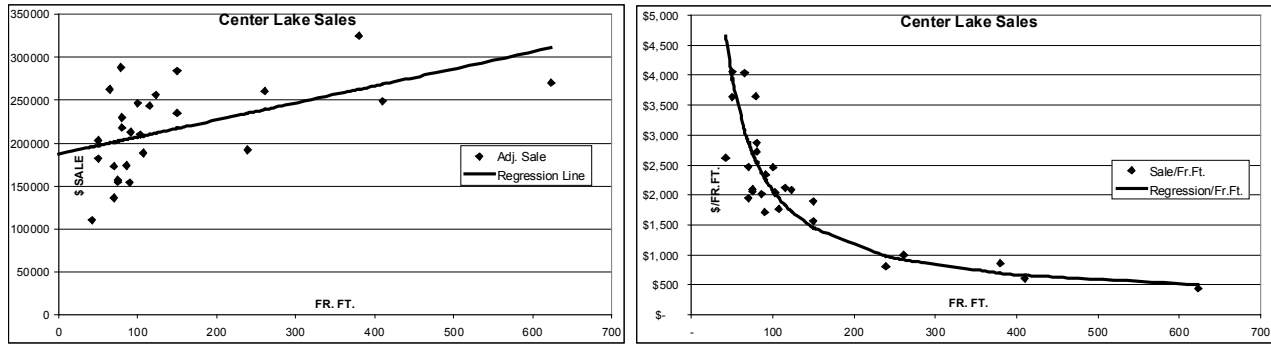
With the lot values adjusted to one standard, we begin the neighborhood analysis. The first step is to determine if a correlation exists in our data. We start by calculating the slope (LINEST), and y-intercept (INTERCEPT) of our twenty-six sale sample and graphing the results. The value for LINEST (aka slope or front foot constant) is \$199. The value for INTERCEPT (aka y-intercept or site amenity) is \$187,233. I will not go into detail on the MRA steps because this was covered in detail in my previous article, "Size Made Simple," [Equal Eyes](#), Spring 2008. The resulting graphs are displayed as Exhibit 3.

The MRA formulas for the two graphs are:

$$\text{Value} = \$187,233 + (\text{Fr.Ft.} \times \$199) \quad \text{and}$$

$$\text{Value} = [\$187,233 + (\text{Fr.Ft.} \times \$199)] \text{ Fr.Ft.}$$

EXHIBIT 3:



The average deviation is twenty percent, but we see few clues for improvement on the standard MRA graph on the left (total sale price versus size). Using the MRA formula and converting the data to sale price per front foot and graphing the result (right graph) sheds new light on our analysis. The data does not appear as random. An appraiser could end the analysis here and conclude that the formula is adequate for valuation on this lake.

This is the point where we start to analyze the market and test our neighborhood hypothesis. The level of success with this method lies in your ability to recognize and define value factors such as neighborhoods. In this case, it is the difference between a twenty and a ten percent coefficient of dispersion. We determined that there were probably two distinct neighborhoods on North Center Lake. We termed them Neighborhoods A and B.

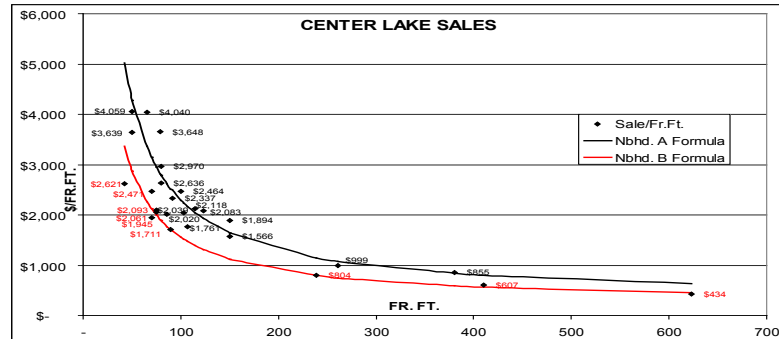
Neighborhood A consisted of firm lake bottom able to accommodate docks and boat lifts; a swimming beach was not much of a factor. The improvements were highly varied ranging anywhere from mobile homes used as cabins to executive homes. Neighborhood B was characterized as soft lake bottom often with cattails along the shore, and a group of lots on a steep bank with a road between the structures and lake. The improvements were not as varied as Neighborhood A, and with the exception of the steep bank lots, tended to be newer homes.

Now we will finish our neighborhood analysis to see what we have achieved. We list the adjusted sale value according to its hypothetical neighborhood distinction (see Exhibit 5). That done, we recomputed slope (LINEST), and y-intercept (INTERCEPT) for all sales in each neighborhood. The results of the calculations are listed:

	<u>INTERCEPT</u>	<u>LINEST</u>
Neighborhood A	\$197,523	\$320
Neighborhood B	\$131,349	\$244

Exhibit 4 plots the conclusions after the analysis was completed.

EXHIBIT 4:



You can see that there is a more consistent size correlation of front foot value to each regression line. At this point, you would embark on the statistical analysis explained in the previous article, "Where Is the Neighborhood," *Equal Eyes*, Summer 2008. For now, we are satisfied that we have identified our neighborhoods, sufficiently solved for size, and are ready to proceed to the next step.

**Land Formula**

Now we can finish our model and calculate the new formula for land. First, multiply the appropriate neighborhood FF (slope or LINEST) times the number of front feet, and add the SA (site amenity or INTERCEPT). This renders a value for a standard lot.

Second, you have to adjust that value to reflect physical aspects of each lot by multiplying that product by the depth factor and miscellaneous adjustment. Last, you add any excess land value (refer to exhibits 1 & 2). The value for the 2005 Land Formula is:

$$\{ \{ [SA + (Fr.Ft. \times FF)] \times \text{Depth Adj.} \} \times \text{Misc. Adj.} \} + \text{Excess Land} = \text{2005 Land Formula}$$

Example Sale #3:  $\{ \{ [\$131,349 + (42' \times \$244)] \times 0.96 \} \times 1.0 \} + \$0 = \$135,950$

Now all we have to do is add the value of the improvements for our final estimate of value. When that is completed, calculate a sales ratio by dividing the result by the time adjusted sale price (Exhibit 1). The resulting table should look like Exhibit 5.

EXHIBIT 5:

SA: \$197,523 \$ 131,349  
 FF: \$ 320 \$ 244

Sale #	Adjusted Land EMV	Nbhd.	A Land EMV	B Land EMV	Front Feet	2005 Land Formula	2005 EMV Land & Imp.	2005 Adj. Sale Ratio
3	\$ 110,070	B	\$ 110,070		42	\$ 135,950	\$ 197,850	118.1%
31	\$ 181,960	A	\$ 181,960		50	\$ 166,541	\$ 201,341	113.9%
47	\$ 202,946	A	\$ 202,946		50	\$ 207,109	\$ 318,609	103.3%
25	\$ 262,607	A	\$ 262,607		65	\$ 213,945	\$ 381,945	89.8%
6	\$ 172,936	B	\$ 172,936		70	\$ 146,974	\$ 324,774	103.9%

We reference our calculation of Land EMV Formula to the SA and FF fields at the top of spreadsheet. The reason we do this is we do not always use the LINST and INTERCEPT values in our assessment. The reason for this is the results vary from year to year and we often choose to only modify the SA and FF for either stability or

Finally, we conduct a sales ratio study to determine how we did. The complete model (Exhibit 6) shows the process in its entirety on all twenty-six sales. The resulting coefficient of dispersion (COD) is 5.8%. This was a marked improvement from the original study which had a COD around 20%.

You should get an overview of the entire process by viewing the Appraisal Model (Exhibit 6). Exhibits 1, 2, and 5 are simply parts of the overall model. I maintain a similar model for each lake in our district with all known qualified sales. Our office maintains the model every time a new sale occurs.

EXHIBIT 6:  
 APPRAISAL MODEL

2003-04 NORTH CENTER LAKE SALES																SA: \$ 197,523	\$ 131,349	
Inflation/Yr.: 12%																FF: \$ 320	\$ 244	
Aprr.Date: 01/02/05																		
Sale #	Actual Sale Price	Time Adj. Sale Price	Sale Date	Imp. EMV	Excess Land	Indicated Land EMV	Depth	Misc Adj	Adjusted Land EMV	Front Feet	Nbhd. A Land EMV	Nbhd. B Land EMV	Land EMV Formula	2005 EMV Land & Imp.	2005 Adj. Ratio			
3	\$ 136,000	\$ 167,567	1/16/03	\$ 61,900	\$ -	\$ 105,667	180	0.96	1.00	\$ 110,070	42	B	\$ 110,070	\$ 135,950	\$ 197,850	118.1%		
31	\$ 150,000	\$ 176,729	6/30/03	\$ 34,800	\$ -	\$ 141,929	115	0.78	1.00	\$ 181,960	50	A	\$ 181,960	\$ 166,541	\$ 201,341	113.9%		
47	\$ 288,000	\$ 308,357	5/27/04	\$ 111,500	\$ -	\$ 196,857	185	0.97	1.00	\$ 202,946	50	A	\$ 202,946	\$ 207,109	\$ 318,609	103.3%		
25	\$ 369,900	\$ 425,355	9/26/03	\$ 168,000	\$ -	\$ 257,355	195	0.98	1.00	\$ 262,607	65	A	\$ 262,607	\$ 213,945	\$ 381,945	89.8%		
6	\$ 295,000	\$ 312,555	7/1/04	\$ 177,800	\$ -	\$ 134,755	200	0.99	1.00	\$ 136,116	70	B	\$ 172,936	\$ 146,974	\$ 324,774	103.9%		
5	\$ 299,900	\$ 320,507	6/3/04	\$ 149,300	\$ -	\$ 171,207	200	0.99	1.00	\$ 172,936	70	B	\$ 172,936	\$ 146,974	\$ 296,274	92.4%		
9	\$ 332,500	\$ 349,335	7/28/04	\$ 187,000	\$ -	\$ 162,335	252	1.05	1.00	\$ 154,604	75	B	\$ 154,604	\$ 157,165	\$ 344,165	98.5%		
10	\$ 279,000	\$ 340,823	2/18/03	\$ 177,600	\$ -	\$ 163,223	238	1.04	1.00	\$ 156,946	75	B	\$ 156,946	\$ 155,688	\$ 333,268	97.8%		
34	\$ 560,000	\$ 600,688	5/21/04	\$ 289,400	\$ -	\$ 311,288	300	1.08	1.00	\$ 288,230	79	A	\$ 288,230	\$ 240,612	\$ 530,012	88.2%		
49	\$ 389,000	\$ 426,088	3/12/04	\$ 221,500	\$ -	\$ 204,588	150	0.89	1.00	\$ 229,874	80	A	\$ 237,567	\$ 198,567	\$ 420,067	98.6%		
39	\$ 300,000	\$ 355,134	6/13/03	\$ 143,700	\$ -	\$ 211,434	190	0.97	1.00	\$ 217,973	80	A	\$ 210,916	\$ 216,416	\$ 360,116	101.4%		
21	\$ 317,000	\$ 365,253	9/19/03	\$ 188,100	\$ -	\$ 177,153	225	1.02	1.00	\$ 173,680	86	A	\$ 173,680	\$ 229,528	\$ 417,628	114.3%		
7	\$ 212,000	\$ 245,455	9/2/03	\$ 108,400	\$ -	\$ 137,055	147	0.89	1.00	\$ 153,995	90	B	\$ 153,995	\$ 136,479	\$ 244,879	99.8%		
19	\$ 307,500	\$ 368,158	5/2/03	\$ 138,500	\$ -	\$ 229,658	290	1.08	1.00	\$ 212,646	91	A	\$ 212,646	\$ 244,757	\$ 383,257	104.1%		
11	\$ 400,000	\$ 423,671	7/2/04	\$ 172,300	\$ -	\$ 251,371	220	1.02	1.00	\$ 246,442	100	A	\$ 246,442	\$ 234,095	\$ 406,395	95.9%		
27	\$ 399,900	\$ 455,382	10/30/03	\$ 241,200	\$ -	\$ 214,182	222	1.02	1.00	\$ 209,982	103	A	\$ 209,982	\$ 235,074	\$ 476,274	104.6%		
20	\$ 290,000	\$ 341,676	6/30/03	\$ 143,800	\$ -	\$ 197,876	252	1.05	1.00	\$ 188,453	107	A	\$ 188,453	\$ 243,331	\$ 387,131	113.3%		
26	\$ 385,000	\$ 411,581	6/2/04	\$ 194,800	\$ -	\$ 216,781	150	0.89	1.00	\$ 243,574	115	A	\$ 243,574	\$ 208,529	\$ 403,329	98.0%		
23	\$ 368,000	\$ 425,106	9/10/03	\$ 176,600	\$ -	\$ 248,506	188	0.97	1.00	\$ 256,191	123	A	\$ 256,191	\$ 229,755	\$ 406,355	95.6%		
41	\$ 384,000	\$ 400,665	8/20/04	\$ 146,900	\$ -	\$ 253,765	295	1.08	1.00	\$ 234,967	150	A	\$ 234,967	\$ 265,136	\$ 412,036	102.8%		
46	\$ 415,000	\$ 485,539	7/25/03	\$ 204,300	\$ -	\$ 281,239	200	0.99	1.00	\$ 284,079	150	A	\$ 284,079	\$ 243,042	\$ 447,342	92.1%		
42	\$ 150,000	\$ 176,729	6/30/03	\$ -	\$ -	\$ 176,729	160	0.92	1.00	\$ 192,096	239	B	\$ 192,096	\$ 174,586	\$ 174,586	98.8%		
29	\$ 233,800	\$ 264,316	11/25/03	\$ 100,100	\$ -	\$ 164,216	250	1.05	0.60	\$ 260,660	261	A	\$ 260,660	\$ 177,028	\$ 277,128	104.8%		
35	\$ 585,000	\$ 634,428	4/15/04	\$ 283,400	\$ -	\$ 351,028	300	1.08	1.00	\$ 325,026	380	A	\$ 325,026	\$ 344,581	\$ 627,981	99.0%		
45	\$ 415,672	\$ 452,843	3/31/04	\$ 184,000	\$ -	\$ 268,843	300	1.08	1.00	\$ 248,929	410	B	\$ 248,929	\$ 250,089	\$ 434,089	95.9%		
44	\$ 416,000	\$ 490,948	6/24/03	\$ 198,800	\$ -	\$ 292,148	300	1.08	1.00	\$ 270,508	623	B	\$ 270,508	\$ 306,317	\$ 505,117	102.9%		
LINEST: \$ 199											LINEST: \$ 320		\$ 244	Median: 99.4%				
INTERCEPT: \$ 187,233											INTERCEPT: \$ 197,523		\$ 131,349	COD: 5.8%				

data quality concerns.

Conclusion

You should have a working knowledge of this process. This is the basic procedure I use to quantify value whether I am applying it to land, structures, or amenities. To review, there are seven basic steps in the process.

1. Gather and verify your sales.
2. Solve for time and adjust sales to a common date.
3. Inspect and/or research your sales thoroughly.
4. Establish values for all amenities to be extracted from the sale price.
5. Adjust values to a common standard numerically isolating your variable.
6. Use multiple regression analysis (MRA) to test and quantify the variable.
7. Apply the results to your model and test the results.

The process is primarily designed to deal with the quantity of a given variable where diminished utility is a factor, which was discussed in detail in the two previous articles. Single amenities like air conditioning, whirlpool

This practice has two main benefits. The first is it allows us to track re-sales to help us determine time adjustments. The second benefit is that it is easy to expand the time period of our study to include more sales.

The study period used in this writing had twenty-six sales which is the record number of sales recorded in one year on this lake. We typically have six to ten sales per year. We typically use two years of sales in our analysis for our assessment.

tubs, etc. are easier to deal with using matched pair analysis, and I would not recommend this process in those cases. For those circumstances where size or quantity is relevant, this is the best thing I have found because it is accurate and demonstrable.



# Meet MAAO's New Region Directors

Written by Nancy Wojcik, SAMA  
City of Brooklyn Center Assessor  
MAAO Secretary/Treasurer

## Region II Director David Armstrong, SAMA Le Sueur County Assessor

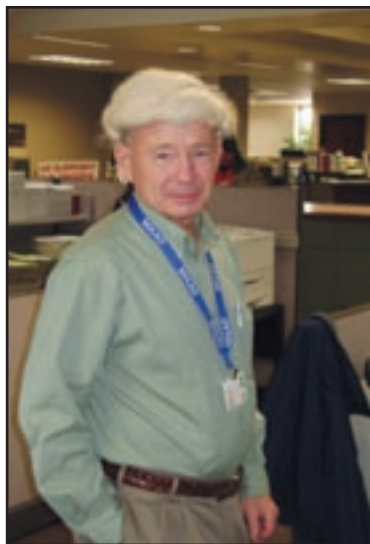
I was informed that *Equal Eyes* was doing a spotlight on the new Region Directors, which meant they wanted a bio. Well, my stats are as follows:

I am 5 feet 6-5/16 inches tall. I am a lean and soft 149 3/8 lbs. I've been married to Linda for 39 years. We have three children: Scott (36), Stacy (33), and Kate (30). I have four grandchildren: Ethan (3), Theo (3), Delaney (1), and Mia (1). Ellie (10) and Lilli (6) will become grandchildren in May when Kate finally gets married.



I graduated from Mankato State in 1972 and took over my Dad's farm. I farmed until 1986 when it became more fun than I could afford. I started working in the Steele County Assessor's Office in 1976 and became an Accredited and Senior Accredited Assessor in 1991. In 1999, I became the Le Sueur County Assessor and have enjoyed the Green Acres challenge ever since.

I have served on the Agriculture, Education, Scholarship, Research and Planning, Legislative, and Long Range Planning Committees for MAAO. I have been the 2<sup>nd</sup> Vice President, 1<sup>st</sup> Vice President, and I was the President of MAAO in 2005.



One of my goals as Region Director is to not allow current budget problems to stop us from conducting monthly region meetings. I feel monthly region meetings are a great way to network and gossip. Having been in this business for 33 years, I feel more information is received and misinterpreted due to technology. By having regular meetings, a lot of that misinformation can be easily corrected.

In Region II, a number of the younger assessment personnel have started taking a more active role in this process through positions such as president and vice president and through active involvement in the meeting preparation and agenda implementation. I would like this to continue in hopes of perpetuating this involvement in both the region and MAAO. But as far as Region II writing articles for *Equal Eyes*...don't hold your breath, Becky.

## Region III Director Greg Kramber, SAMA Wright County Assessor

I was asked to write a short biography about myself as part of a spotlight on new MAAO Region Directors for the next issue of *Equal Eyes*. As part of this article, I was asked to include a little about myself personally. Believe me when I say that this would lead to a very boring article, so I will keep this very brief.

I grew up assisting in our family construction company and learned early what hard work was. We built five to twenty homes a year and built a few small commercial buildings here and there. High interest rates in the mid 1980's forced us into other ventures. We started a portable sanitation company called "Biff's Inc." that kept us very busy for a few years until we sold to Quality Sanitation, a Burnsville company.

The years following, I worked nights and weekends at the Super Value warehouse in Hopkins and worked during the day with my father to establish a real estate appraisal firm. We worked hard as appraisers and also served as local assessors for four townships located in McLeod County.

I was hired by Wright County as a Property Appraiser in March of 1992. I had the pleasure to work under Doug Gruber and Jerry Kritzeck. I was promoted to county assessor in 2002 when Jerry left to become the Sherburne County assessor.

On a personal note, I have been married for 16 wonderful years to my wife Laurie. God blessed us with two boys: Jake (13) and Josh (6). I am a very proud parent, and we enjoy Scouting, sports, hunting, fishing, camping, and many other activities as a family.

**Region IV Director  
Kyle Holmes, SAMA  
Carlton County Chief Deputy Assessor**



My assessing education includes courses A, B, F, G, J, and IAAO courses 102, 151, 301, 302, 400, and 402. I have also taken over 55 courses and seminars through MAAO, the Appraisal Institute, Prosource/Kaplan, Minnesota School of Real Estate, etc. I currently hold the designation of SAMA with the State Board of Assessors and hold a real estate appraisal license with the Minnesota Department of Commerce. Professional memberships include MAAO and IAAO.

My goals as Region Director would simply include representing MAAO Region 3 in the issues that impact our portion of the state. I would like to thank the region for allowing me to serve.

I (along with *Equal Eyes* editor, Rebecca Malmquist) grew up in a town of 300 called Wrenshall in Carlton County. I attended the University of Minnesota, Duluth on a football scholarship. I graduated in August 1999 with a degree in Economics and a minor in coaching. I have in the past coached girl's fastpitch softball and varsity football at Duluth Marshall High School for a total of nine years. I enjoy this along with hunting, fishing, and anything outdoors. I married my beautiful wife in August of 2006 and am looking forward to her graduation in May with a Ph.D. from the University of Minnesota in Pharmacology (Pharmacist). Maybe with her studying done, I will get to see her once in a while again!

My education in Assessing includes courses A, H, J, K, Appraisal Institute Courses 110 and 120, 310-Basic Income Capitalization, 210-Residential Case Study, 410, and 320 (USPAP), plus many seminars, workshops, conferences, and computer classes.

I began my career in St. Louis County when Mary Durward was the County Assessor in January of 2001 as an Appraiser I. In two years, I was promoted to Appraiser II. In 2007, I took another promotion to a supervisory position as a Principal Appraiser, CAMA Technician, with St. Louis County. Finally in March of 2008, I accepted my current position with Carlton County to become newly-appointed county assessor Marci Moreland's Assistant County Assessor (Chief Deputy). In November of

2008, I was nominated and elected to be the new Region IV director.

My goal as Director is rather simple and modest. It is simply to represent our region professionally and consistently. I want to keep all jurisdictions in our region speaking at the state level with one voice and to have our region informed of all the things happening throughout the state that affects



not only our region, but the assessment world. Another goal of mine is to help our region get through this current period of personnel turnover in our various jurisdictions. We have seven new county and city assessors in our region over the last 2+ years. We have lost a lot of good knowledge but have gained many capable replacements. We just need to stick together and learn to rely on each other for

support and our region will become stronger than ever! My last goal is to make sure no one from our region receives the Minnesota Cup while I am the director.

I was assigned the duty of finding out how the rest of the state handles selling data (field cards, queries, sales, etc.), including the kind of data, the prices charged, and any legal ramifications, etc. This was brought to the attention of the Executive Board, and I am still exploring other resources. Otherwise, my region has simply asked me to keep them informed of any new changes in MAAO, DOR, or Legislative issues that they may not know about.

# Meet MAAO's New Region Directors, continued

## Region VIII Director Joe Skerik, AMA Beltrami County Chief Deputy Assessor

Joe Skerik, Beltrami County, is the new Director for Region VIII. He was elected mid-term after past director Lorna Sandvik left Roseau County and went on to Marshall, Minnesota. Joe is the Chief Deputy Assessor in Beltrami County. Currently, Joe is an Accredited Minnesota Assessor (AMA), having acquired that designation in November of 2001 after passing his Residential Narrative report earlier that same year. He has taken numerous educational courses over the years, attending week long classes, seminars, and conferences.

Joe plans on taking the Income Case Study Exam later this spring, the last requirement for obtaining his SAMA designation.

Joe started in the assessment field by taking classes in February 1987. He apprenticed with a local assessor in Beltrami County for the 1987 assessment and started his first solo township the following year. In June of 1989, he was hired by Cass County as a staff appraiser and worked there until January of 1994. Joe then took a position with the City of Bemidji as a residential appraiser. He worked in the City's two person office with Bill Snebold, the City Assessor. When Bill retired, the city and county implemented a combination of offices that sent Joe to work in the Beltrami County assessor's office, and he became a county employee in January of 2002. There Joe essentially functioned as the City Assessor as his duties included assessing all the city's commercial/industrial properties, apartments, and supervising the City of Bemidji residential assessment done by another appraiser. In October of 2006, Joe was promoted to the chief deputy position in Beltrami County where he continues his city duties as well as duties as Chief Deputy in the ten person office.



Joe will celebrate his twenty-fifth wedding anniversary with his bride, Denise, this summer. They have three children: Joe (23), who works for a pipeline company; Greg (21), currently going to school at Bemidji State University; and Sarah (19), who is attending the North Dakota State College of Science in Wahpeton N.D. Joe enjoys hunting and fishing with his family. He is a very avid wrestling fan, especially when his sons wrestled in high school and college. He grew up on a farm north of Bemidji and now has his own farm near the family homestead.

Joe hopes to continue the tradition of great leadership that his region has enjoyed in the past. He believes that the most pressing issues currently facing Region VIII are Bovine TB, affecting Lake of the Woods, Roseau, and Beltrami Counties, and the classification issues created by all the new laws enacted this past year and the associated programming problems causing counties to experience difficulties in closing out their current assessments.

## Future MAAO Annual Conference Dates and Locations:

**September 26-29, 2010  
Mankato Alltel Center**

**October 2-5, 2011  
Rutgers Sugar Lake  
Lodge**

**September 23-26, 2012  
Breezy Point Resort**

(Dates and locations for the 2011 and 2012 conferences were chosen at the February Executive Board Meeting)



# Transitions

## Bill Davy Retires after Working for Hennepin County Since 1974

This past December, Bill Davy ended a run with the Hennepin County Assessor's Office that began in 1974. For the majority of those 34 plus years, he worked in the Lake Minnetonka communities -- which are some very high-valued cities and tough assessments. He handled these challenging assignments with a great deal of professionalism, knowledge, and understanding of taxpayers' concerns. For appraisers working in the same area as Bill (including county employees, city employees, and private appraisers), he was the go-to guy for tough questions. He was also the guy that personally took on these tough assignments, continually producing high quality products. These "products" (meaning reports, methods, etc.) have set precedence in our field and will continue to be used for many years to come.

Bill was one of only two Residential Senior Appraisers in our office, so for the many appraisers, junior appraisers, assessment techs, interns, etc..., he was a great source of knowledge. He handled all questions and

concerns with care and took time for all of us. With his unique sense of humor, he found a way to not only help appraisers but to make us laugh at the same time. With the often difficult job that assessors have, his humor kept the office light.



*Paul Sandvik and Bill Davy*

No matter the taxpayer or the complexity of the situation, Bill made sure that the questions were answered. Even if the taxpayer might not agree with the result, Bill put the time and effort in. For this, most were quite appreciative.

Personally speaking, I have worked for the Hennepin County Assessor's Office for over five years, and for those five plus years I have spent a lot of my time working with Bill on Lake Minnetonka. The knowledge he has passed on to me is incredible.

Coming to the county as a wet-nosed college grad thinking I knew everything about appraising, Bill showed me I knew nothing and has molded me into a decent lakeshore appraiser. I hope I can continue doing what he has done for the last 34 plus years.

Mr. Davy hung up his tape measure and clipboard this past December and with him took a great wealth of expertise -- not too mention a great deal of interesting stories about his experiences. (I am waiting to read his assessing memoirs.) He was a pleasure to work with whatever side of the issue you were on, and his professionalism was always first-rate. We are indebted to 'Wild' Bill Davy for his years of dedication and all of his tutelage throughout his career. We wish him all the best in all his future endeavors.

*Written by Nate Stulc*

## Judy Remer Retires after 24 Years with the City of Bloomington

After 24 years with the Bloomington Assessing Division, Judy Remer pulled the pin on January 30, 2009. Judy started her career in assessing in Kittson County, later took a job with the City of Minnetonka, and came to Bloomington as a Residential



Appraiser in 1985. She was promoted to Commercial Appraiser in 1995 and became the Commercial/Industrial Supervisor in 2001. She served as the Secretary/Treasurer of MAAO, as well as the Chairperson of the Commercial-Industrial Committee.



Judy had success in several Tax Court cases and was the first Minnesota assessor to receive a SAMA designation based on an appraisal prepared for Tax Court. Judy received the MAAO Peter M. Koole Top Pen Award and wrote numerous articles for *Equal Eyes*. Her quiet and capable manner was always appreciated by her colleagues at the City of Bloomington, and her sense of humor helped keep things in perspective.

A retirement bash for Judy was held January 29 at the Knights of Columbus Hall in Bloomington. It was attended by over 60 fellow assessors, attorneys, family, children, and grandchildren. The party featured music, food, and presentations by MAAO, Hennepin County, and tearful Bloomington Assessing Division staff. Judy and her husband, Dan, plan to travel and enjoy life -- and forget about morning commutes and angry taxpayers.



# The Simple but not so Simple Gross

Written by Al Whitcomb  
Assessing Systems Specialist  
Dakota County Assessing Services

When I first started working for Dakota County back in 1987 things were much simpler, at least in terms of the mass appraisal system on apartment properties. The previous appraiser had a small hand written chart with six gross rent multipliers on it. They applied to six different categories of apartment buildings. Those tiers were as follows:

- 4 units
- 5 to 6 units
- 7 to 12 units
- 13 to 24 units
- 25 to 100 units
- 100+ units.

How simple it truly was. Flash forward a few decades and things have grown in complexity and structure. Sometimes I wonder if we think things are better just because we have made them more complex. So much for the philosophical side of assessing!

As I developed the mass appraisal system for apartment properties, I approached it from many angles. There was the sale price per unit and the sale price per square foot categories. There was the direct capitalization approach including the analysis of contract rent verses market rent. There was the discounted cash flow method. With all of the components and adjustments of these various models, I never lost sight of gross rent multiplier from days past.

More than a decade ago when I was constructing the digital field card to enhance our wealth of digital apartment data, I decided to incorporate the gross rent multiplier as one of our five CAMA models. Unlike the old days, I felt that we now needed a much more refined method of applying the gross rent multiplier.

Welcome to the world of statistical modeling in mass appraisal. For those of you who have read any of the numerous technical papers from around the country on mass appraisal, you probably heard the phrase

log-log model or power curve. This is a purely multiplicative appraisal model that is non-linear in nature. The interesting thing about the power curve is that it tends to fit the real estate sales market better than any other single model. This is not a new phenomenon. The included chart gives you a visual depiction of the shape of this computer model.

Having spent a lot of time developing cap rate schedules, expense schedules, utility adjustments, and market rent generators, etc., I knew that the gross rent multiplier was going to need to vary to account for age, condition, number of units, and utility responsibility. From my previous market studies, I was convinced that the variance in rent alone was not enough to account for these other variables. The property or structure grade was also considered; however, the results of the T-statistic clearly disqualified this variable.

Having just enough knowledge to be dangerous, I began testing and implementing the gross rent multiplier model in our CAMA system. For the past decade, this model has produced coefficients of dispersion as good or better than any other apartment models we have in place. They reside in the 5% to 10% range along with a very acceptable price related differential. This model actually produced a 5.7% COD on our 39 apartment sales in the year 2002. There are 205 Dakota County apartment sales used in this current analysis and included in the Excel spreadsheet. They span approximately six years in time. Five regression lines were tested: Linear, Exponential Curve, Logarithmic Curve, Polynomial Curve, and Power Curve. The power curve produced the best fit and correlation coefficient. See notes.

The final model used and employed in the downloadable Excel spreadsheet was refined using manual adaptive estimation procedures. This is simply a process of altering the variables used in the formula to produce the most reliable mean, median, aggregate,

coefficient of dispersion, coefficient of variance, and price related differential. The goal is a uniform bell curve.

The enclosed power curve graph depicts the nature of this model in visual manner. Not only does it demonstrate the steep slope in the early years of age, but it also shows the tightening together of the lines as the number of units grows. The Gross Rent Multiplier Chart demonstrates the relationship between new units and old units and between few units and many units. The first color break you see on the chart (from green to yellow looking down from the top) shows where the average Gross Rent Multiplier lies in relationship to the entire grid. This is accomplished with conditional color formatting in Excel.

Aside from changing the annual constant coefficient, the most important variable to keep an eye on is the “number of unit’s logarithm coefficient.” This variable affects the difference between the values per unit of a four-plex as opposed to the value per unit of a large apartment complex. When the apartment market was very strong in 2003, 2004, and 2005, small apartment projects were paying a disproportionate price per unit compared with their larger complex competitor. That trend has changed significantly over the past few years. Does the term irrational exuberance sound familiar?

While I have not tested this appraisal model on duplexes and triplexes, I have a feeling that it will work just as well. I predicate this on the ability of the power curve to account for the fewer units.

This year we migrated to Microsoft Office 2007. I thought it was a good time to share this model in a Microsoft Excel format. For those of you that are using earlier versions of Excel, I down-saved the template to an earlier format. You can download the template at the *Equal Eyes* section of the MAAO website.

# Rent Multiplier

Excel can do some quick and relatively easy testing on moderate data sets, however, I am not endorsing the use of Microsoft Excel as your primary statistical software package. There are standalone software packages such as SPSS and NCSS designed for much more comprehensive analysis and model building.

I cannot predict how well this model will work in your own jurisdiction, but I welcome any feedback that you can provide. I can tell you that the program will provide exceptional uniformity throughout your apartment assessments.

This article is not intended to explain or teach the fundamentals surrounding non-linear modeling or multiple regression analysis. The program itself is easy to use. The underlying concepts may involve further study on the part of the user.

## Notes:

### Linear regression

A statistical technique for fitting a straight line to a set of data points.

### Curve Fitting

Curve fitting is a general term applied to the process of fitting an equation to a set of data points. The idea of curve fitting is to find a mathematical model that fits your data. The process used for each of these models calculates the equation for these lines by minimizing the sum of the squared residuals between the actual data points and the predicted data points using the estimated slope and intercept.

### Non-Linear regression

Non-Linear regression is a general name for the process of finding the equation of one of several different curves that “best fits” a set of given x and y coordinates. This is done by minimizing the sum of the squared residuals or differences between the actual data points and the points on the curve fit to the data points. The process simply involves transforming the variables to another mathematical form such as their natural logarithm, and then fitting a straight line to the transformed set of data points.

### Polynomial Regression Analysis

In a polynomial curve, the dependent y variable is regressed against the independent x variable raised to different powers,  $X^2$ ,  $X^3$ ,  $X^4$ , etc. If your data is neither exponentially curved nor consistently linear, you can use a polynomial method of regression. When you plot a best-fit curve calculated with polynomial regression, the curve will rise and fall with the data.

### Log-linear relationship

A correlation between two variables such that if the value of one variable changes by a certain percentage the value of the other changes by a certain amount. (Recall that logarithms permit multiplication to be done by means of adding logs.

### Correlation coefficient (r)

A statistic that characterizes two or more sets of numbers and, when squared and multiplied by 100, gives the percentage strength of the (linear) relationship between the two sets of numbers. For example, if the coefficient of correlation between measures of the height and weight of a group of people were 0.9, then one would deduce that knowing the height of someone (loosely speaking) would explain (or account for) 81 percent of his weight.

### Coefficient of determination ( $r^2$ )

A statistic that characterizes two or more sets of numbers. The coefficient of determination, when multiplied by 100, gives the percentage strength of the (linear) relationship between or among the sets of numbers. (See Correlation.) For two variables, the coefficient of determination and the square of the CORRELATION COEFFICIENT are identical; for three or more variables, the coefficient of determination measures the strength of the relationship between the dependent variable and all the independent variables combined.

### Standard error of the estimate (s.e.e.)

An expression for the standard deviation of the observed values about the regression line; thus it provides an estimate of the variation likely to be encountered in making predictions from the regression equation.

### F-statistic

The F-statistic is related to the t-statistic and is also used to test whether or not individual regression variables are significant in predicting the dependent variable, S.

### T-statistic

The t-statistic is a measure of the significance or importance of a regression variable in explaining differences in the dependent variable (sale price). If the t-stat is more than 2 (the coefficient is at least twice as large as the standard error), you would generally conclude that the variable in question has a significant impact on the dependent variable. High t-statistics (over 2) mean the variable is significant. It is calculated as the ratio of the regression coefficient,  $b_j$ , to its standard error,  $s_j$  (not to be confused with the SEE).

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[www.mnmaao.org](http://www.mnmaao.org)  
for template and  
charts.



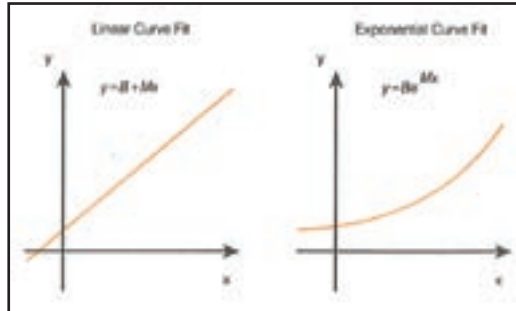
Listed below are four basic curve fitting equations along with the corresponding graph.

Linear Regression:  $y = b + m x$

Exponential Curve Regression:  $y = b e^{m x}$

Logarithmic Curve Regression:  $y = b + m \ln x$

Power Curve Regression:  $y = b x^m$



*Compliments of Hewlett Packard*



## In Memory...

Richard "Dick" Wiitanen passed away January 26, 2009, in St. Cloud as a result of complications during surgery implanting stints into his heart.

Dick was the Carlton County Assessor from 1974 until his retirement in 1996. He was the first County Assessor in Carlton. Dick was also president of MAAO in 1985 and served on various committees.

After retirement, Dick and his wife Carol moved to Alexandria, Minnesota to be closer to his two children and grandchildren. He took up the job of transporting vehicles for his son, who managed Juettner Motors. He enjoyed polka dancing with his wife and spending time with his grandchildren.

The staff at the Carlton County office all say the same thing: "Dick was always looking out for you. He encouraged you to be the best you could be. We will miss him dearly."



*Dick with former Carlton County Staff  
Augie Zezulka and Bob Johnson*

Dick is survived by his wife, Carol; a son, Bruce and wife Cathy; a daughter, Eve and husband Jeff; five granddaughters: Whitney, Emily, and Olivia Wiitanen, and Erin and Meghan Gehling; and one grandson, Alex Gehling; as well as two sisters, Carol Murray and Mary Ann Wiitanen.

# Summer Seminars 2009

May 20-21, 2009

St. Cloud, MN

2 days - 11 seminars

*Watch  
for  
registration details on  
[www.mnmaao.org](http://www.mnmaao.org)  
coming  
soon!*

## ***Tentatively-scheduled Topics Include:***

- Preparing for the MN Residential Case Study Exam
- Tax Court Roundtable
- Advanced Excel Applications
- Assessor Field Work from Beginning to End
- Time Organization
- Residential Land Valuation
- Industrial Workshop
- Valuation of Assisted Living Facilities and Nursing Homes
- Steps in the Effective Hiring Process
- What's Really Going on in the Rural Land Market?
- Evaluating Green Building Technology

**Show  
Your  
Team  
Spirit!**

**SPORT  
YOUR  
FAVORITE  
TEAM  
APPAREL  
AT THE  
EL PASO.**

**New This Year!**

**The Wednesday  
Evening Event is at the  
El Paso Sports Bar  
St. Joseph, MN  
Come for Volleyball,  
Bowling, Pool,  
Darts, & Fun!**

## Tom May, SAMA, AAS Hennepin County Assessor Newly-Elected IAAO Executive Board Member, Region 1

Written by Jake Pidde, CMA  
City of Plymouth Commercial Appraiser  
Editorial Committee Member

**Jake:** You've been doing this assessing thing for a long time. What year did you start?

**Tom:** 1975

**Jake:** Wow, I wasn't even born yet! That's like 34 years!

**Tom:** Very funny! It would be 34 years in July, and I have been a member of IAAO since 1978.

**Jake:** You must have learned a lot along the way. What is the biggest change that you have seen in assessing during that time?

**Tom:** Well, I would have to say technology. When I started out, we were using the Frieden electro-mechanical calculator. It was the size of three typewriters and cost thousands of dollars. We used them for large calculations... they were loud... the whole room would be buzzing. Now we have computers and hand-held calculators which help make our analysis much more efficient. Another big improvement has been in education and the professionalism of MAAO and IAAO.

**Jake:** Speaking of IAAO, congratulations on your election to the executive board. I heard that you even made the wall of fame at their national headquarters.

**Tom:** Thanks, it was a big honor. As for the wall of fame, everyone who gets elected has their picture put up at the IAAO headquarters in Kansas City. I would also like to thank MAAO and all of those who helped me with my election.

**Jake:** You were elected as a representative for Region 1. How many regions are there and what area does Region 1 cover?

**Tom:** There are three regions. Region 1 extends from Texas into Canada and everything west including Alaska, Hawaii, and all the way to Japan and Thailand.

**Jake:** What is your job going to be with IAAO and how long is the term?

**Tom:** It will be a two year term. I will be working on keeping an open line of communication between the executive board and the various committees currently working on projects for IAAO. My first job will be working with a research committee to develop information on foreclosures.

**Jake:** What is IAAO's role in solving the current mortgage crisis?

**Tom:** They are there as an informational resource for property data and foreclosure mapping and tracking.

**Jake:** How has IAAO been affected by the current state of the economy?

**Tom:** IAAO is in great shape financially heading into 2009. We are working hard to stay financially responsible, concentrate on current projects without diving into too many new ones, and weather the storm like everyone else. IAAO will be surveying members in the near future asking them about their educational budgets and their ability to attend future conferences. There is currently a poll on [www.IAAO.org](http://www.IAAO.org) asking for input on 2009 budget restrictions for travel. I would encourage everyone to vote so we can use this information to better serve our organization.

**Jake:** Could you give us some dates of upcoming conferences or meetings?

**Tom:** Our next Executive Board meeting will be April 17-18 in White Plains, NY. The next IAAO conference will be in Louisville, KY, September 13-16. This will be the 75<sup>th</sup>



IAAO Executive Board

anniversary of IAAO so hopefully there will be a big turnout. IAAO will be kicking off a membership drive to attract new members to IAAO. It is a great organization and it is very important for us to maintain our current membership during these challenging times. Also, current members who recruit new members will be eligible to win a cruise... which would sure be nice around this time of year!

**Jake:** It sounds like IAAO is doing a great job. Hopefully the dates that you just mentioned won't interfere with your upcoming retirement. When will that be?

**Tom:** May 1st.

**Jake:** 2009???

**Tom:** You bet!

**Jake:** Why did you choose that day?

**Tom:** It's May Day!





# As I See It

## CHANGING THE WAY WE LOOK AT THINGS

Written by Rebecca Malmquist, SAMA, CAE  
City of Minnetonka Senior Appraiser  
Equal Eyes Managing Editor  
Editorial Committee Chair

No, there is nothing wrong with your eyes; and no, there was not a mistake made during printing.

As most jurisdictions have already felt, or are just starting to feel, times are definitely changing. It was comforting for a while to know while friends, family, and strangers were losing their jobs, that we -- as public servants -- had a heightened sense of job security. That may no longer be true. It should really be no surprise that we are not exempt from this blip (being optimistic) in the economy. While I have not yet heard -- and do hope I never do hear -- of fellow assessors being laid off, it may happen in the future.

My one tiny page is not meant to end this issue on a low note. It should be a talk about change and being optimistic.

Now you may understand the layout of "As I See It." Now may be (perhaps it already is) the time when we have to start venturing outside of our comfort zone and looking at things differently.

Here at the City of Minnetonka, we have been asked to brainstorm ways to save resources. We need to start thinking about how we can do things

differently, more economically. This is an opportunity that should be met with open arms, not with arms crossed and minds closed to new ideas. In recent years, our assessing division was moved from the Community Development Department to the Finance Department. I can remember time and time again being asked why a certain task was being done in a particular way, and sadly the answer was, "because that is how we always have done it."

It is true that there are some personalities that just do not embrace change easily or even at all. Many find great comfort in routines, patterns, and "the norm." Even if that is your personality, you know -- as well as I -- that may not be the best way to operate.

We need to be positive. While all we hear from the media is negative news of dire times, there must be something positive that comes of this. One positive I see, from my personal home life, is that we are spending more time together. Entertainment is one of the first things my family chose to cut back on. This means our family spends more time together. That is not such a bad thing, is it?

We need to be prepared for change. We know that it is coming. We are going to have to tighten our belts at work. We are going to have to start looking at what we do differently. MAAO is doing this as a proactive measure. What can you do in your office that would save resources? It may be as simple as conserving energy: shut off your computer, monitor, and lights in your office and close the blinds. It may be planning your field work to save time and fuel expenses. It may be as beneficial as improving your skills and education so you can pick up additional tasks and help out more as we are asked to do more with less.

Times are difficult for many -- both at work and at home -- and they will likely get worse before getting better. But if we are open to change, and try to be an eternal optimist, we might even come up with some great solutions. Just remember to turn things on their side once in a while and start looking at them differently.

The Editorial Committee and I hope you've enjoyed this issue and that it was a nice diversion for your busy day.

## **EQUAL EYES**

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