

Special Edition - 75th Anniversary

Stalcup Ag Service, Inc. 75 Years of Growing

by: Rex Wilcox, AFM



Stalcup Ag Service is celebrating 75 years of growth and leadership in the farm management, rural appraisal, and farm real estate industry.

The origin of the company was in the Great Depression of the thirties. Henry (Buck) Stalcup, the founder of the company, was born and raised in Indiana, graduated from Purdue, taught vocational agriculture for 10 years, then took a job as a farm agent for Connecticut Mutual Life Insurance Co. of Peoria, Illinois.

Buck moved to Storm Lake in 1939 with 108 farms to manage and sell. By 1942 he had worked himself out of a job; most of the farms were sold to the farm operators who had lost their farms in foreclosure during the depression.

In 1942 Stalcup opened his farm management/appraisal/real estate business in an office over Ressler Drug Store (now Central Bank) on main street of Storm Lake. The first years were lean, but Stalcup built a good foundation by helping Iowa State University develop a curriculum for farm appraisal and farm management, and conducting farmer meetings on land valuation and purchasing. In addition, Buck served on a panel of ag experts for a *Wallace's Farmer* monthly column named "Timely Tips," addressing readers' farm management questions for many years. With the high number of *Wallace's Farmer* readers, the Stalcup answers provided widespread name recognition. Buck's early efforts and personality set the tone to provide a highly skilled professional service for his clients.

As Paul Harvey said, "Now, the rest of the story"

- Professional leadership and professional advancement has been a priority. Buck was instrumental in the development and teaching of the American Society of Farm Managers and Rural Appraisers (ASFMRA) educational program.
- Buck served as Secretary/Treasurer of the ASFMRA for sixteen years (1945 – 1961) and as President in 1965. In effect, the ASFMRA's national office was located in Storm Lake. Buck provided a tremendous amount of leadership in addition to being an appraisal instructor.
- The business grew slowly at first. Buck did whatever possible, including FHA house appraisals and selling farm inputs. In 1955, as the business gained momentum, Buck leased a farm he owned north of Storm Lake to Arne Waldstein (a local farm boy with farm management experience) and also hired him to work part time in his office.
- **A farm manager's skill set for the 50's and 60's compared to current needs were vastly different:**
 - Most Stalcup-managed farms had full building sites to accommodate a family farm/diversified livestock operation. Building site quality determined the caliber of farmer who would lease your land.



See pages seven and eight for your official invitation/RSVP to
our 75th anniversary reception on June 21, 2017.

- Individual farmers operated 160 to 400 acres because of high labor requirements, small machinery, full tillage, row cultivation and hand weeding. In effect, most farmers were using organic production methods.
- There was no minimum tillage since few herbicides were available. Burying crop residue with a plow, and continued tillage and cultivation as weeds emerged was necessary for effective mechanical weed control.
- Erosion from heavy rain was severe on row crop acres without the soil protection of crop residue. Contour farming, grass waterways, and terraces were the management methods used to provide some protection.
- There was little commercial fertilizer used until the mid-60's. Fertility needs were met by long-term crop rotation with legumes and manure from the farms' livestock operations.
- Soybeans came on the scene in the 60's and became a much bigger part of the rotation with effective herbicides and growing soybean demand.
- Farm managers needed expertise in buildings, fences, and water system maintenance. Many farm houses were without indoor bathrooms or water systems yet in the 50's. Arne Waldstein remarked that he added so many bathrooms that he could order the needed supplies from memory.
- Nearly 100% of Stalcup's farms were 50/50 share leases with at least one-third of these being crop/livestock share. Each farm, farmer, and client required extensive personalized service without the benefits of modern technology for communication and record keeping.
- In 1957 Northern Trust of Chicago turned management of six sections (3,840 acres, the Coburn Trust farms) in southwest Minnesota over to Buck and Arne. This assignment allowed Arne to join the business as a full time employee.
- Arne provided the entrepreneurial spark to propel the company on a growth trend that continues today. In 1955 there were 26 managed farms, in 1992, 200, and currently approaching 500.

In the late 60's, the company was at a crossroads. The company ownership could have stayed with Buck Stalcup and Arne Waldstein, but they decided on a different course. Several factors affected long-range planning decisions that



Henry (Buck) Stalcup, founder of Stalcup Ag Service, Inc. transformed the company:

- Buck experienced good financial success early, so the company was debt free and able to invest in expansion as needed.
- Several young managers/appraisers were hired during the 60's, but none of them became long-term employees. Farm management clients were being added at a good pace. Capable long-term employees were needed to handle continued growth.
- Neither Buck nor Arne wanted to eventually sell to a larger company.
- Arne envisioned a company structure where employees would share in earnings.

Once the company structure was planned, the next goal was to find an experienced manager. Arne's search led to Dwight Young, who had nine years of experience as a farm manager and was a licensed real estate salesman with Farmers National Company in Jefferson, Iowa. Dwight grew up on an Iowa farm, graduated from Iowa State University, and taught high school vocational agriculture before moving on to farm management. Looking back, Dwight commented, "The philosophy of Stalcup Ag was always to represent the owner to the fullest extent, but we never wrote a lease that was unfair to the tenant; it was always a lease that was fair to both owner and tenant."

In 1969, the company was incorporated as a Sub Chapter S Corporation. The company bylaws set out a structure where managers/appraisers would buy stock from Buck and Arne and then be required to sell their stock to younger partners as they approached retirement. All partners participated in a profit sharing formula according to stock ownership and experience level.

When Dwight was hired and became a partner, the company management team was established for over 20 years. Arne's long-range vision worked well. Several employees/partners were added in the 70's: Rex Wilcox in 1973, Lyn Berkland in 1976, and Terry Argotsinger in 1978. All three worked for Stalcup their entire professional careers and helped the company grow rapidly. The Stalcup system of bringing young people into the business as partners was unique and the envy of many farm management employees throughout the industry.

In 1971, Gary Rosene, a CPA, was hired by Stalcup to provide accounting expertise and operate a tax preparation and accounting service. He initially occupied one office in Stalcup's building. A few years later an addition was added to accommodate Gary's growing business, which he acquired from Stalcup. The addition was adequate for a short time until Gary built a new office building to accommodate a growing clientele. The business has grown into one of the larger CPA and accounting firms in Storm Lake.

A unique management fee system was developed in the early 70's by Dwight and Arne. The industry standard was a percentage of gross farm income. The new Stalcup system deducted crop production expenses, so the client's fee was calculated on net crop income. Our clients appreciate the fairness of the system and it has been a good marketing tool. The same system is still used today.

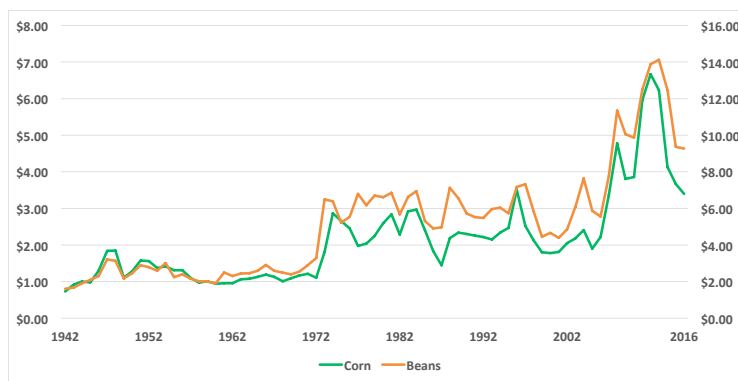
Arne Waldstein served 8 years as an Iowa senator, from 1978 to 1986. Arne and his wife Marianne ran active campaigns to reach as many voters as possible. Arne successfully introduced several pieces of legislation affecting agriculture and social services administration.

The first issue of Today's Landowner newsletter was published in October 1981. Arne Waldstein was the editor with partners contributing articles. The newsletter is currently sent to 13,800 northwest Iowa landowners. It has been a valuable new business tool as well as a good source of agricultural information for land owners.

Most farms were crop share leased coming out of the 60's. During the 70's and 80's many landowners switched from crop share to cash rent or custom farming, both of which produced significantly higher returns. The lease shift occurred as operators acquired bigger machinery; they openly competed for land to use their machinery and labor capabilities.

During the 70's the seeds for the 1980's Farm Crisis were sown. Commodity prices moved substantially higher. Many people believed the new age of much higher world demand, discussed for years by ag economists, had arrived. Below are corn and soybean price charts illustrating why farmers became optimistic:

**Corn & Soybean Prices since 1942
Iowa Monthly Averages per ISU Extension**



Average Prices

1942-1972: Corn **\$1.18** Beans **\$2.45**

1973-2006: Corn **\$2.29** Beans **\$5.98**

2007-2016: Corn **\$4.59** Beans **\$11.07**

Bankers were also optimistic, loan standards were easy, and down payment requirements were low. Land prices exploded higher through the 70's, nearly tripling to \$3,000 for top quality land by 1981. Farmers were motivated to buy more land and take on variable rate debt because everyone thought, "the land market could only go higher."

The wheels fell off after the Carter grain embargo began to build surpluses and interest rates skyrocketed to stop inflation. A land purchase financed at 8% produced a profitable cash flow. When variable rates moved to the mid-teens, cash flows were a disaster, forcing widespread land repossessions that precipitated the 1980's Farm Crisis. Many young farmers, as well as established farmers who borrowed too much, were forced out of farming.

Thousands of court receiverships were created across the Midwest to handle the transition of land from borrowers (farmers) to lenders, a process that generally took one-to-two years. Stalcup was in a natural position to manage the court ordered receiverships; the asset needed to be cared for and generate income during the transition, which was the role of the court appointed receiver.

Our experience working with farmers and lenders proved beneficial. Management of the receivership with the farm borrowers generally went well, because we understood farmers and leased receivership farms to the borrowers when possible.

Beginning in 1980 small office computer technology became available to improve our management capabilities. It was a slow start with an IBM Display Writer for word processing, mastered by long-time employee Diane Christensen. In a few years, personal computers were at every desk with much improved capabilities for word processing, Lotus spreadsheets, and databases.



Rex Wilcox and Lyn Berkland with the company's first word processor.

In the late 80's we hired an outstanding computer programmer, Diane Riediger, to develop a computerized farm management accounting system. She was an excellent choice, producing a flexible, expandable system that has been improved many times, but still has many characteristics of the original design. The new system was instrumental in Stalcup doing a much better job of record keeping and analysis, and accomplishing more with less labor.

Kent Smith joined the company in 1987. Kent, a Nebraska native, arrived with a varied background in farming, cattle production and four years of farm management experience with a Sioux City bank.

In this same period, several dedicated and skilled manager assistants were hired who helped develop our management information systems as well as making the business run efficiently every day:

- Feryle Berkland, 1987, specialized in farm accounting and company accounting.
- Nancy Gordon, 1988, *Today's Landowner* specialist and office-go-to, handling extra workloads.
- Cris Hegarty, 1990, developed our grain inventory database and insurance management system.

Stalcup Ag Service conducted its first public land auction in the fall of 1988. We teamed up with auctioneer Brian Drzycimski to sell the 320 acre Nichols farm located about 15 miles west of Storm Lake in Cherokee County. Mrs. Nichols, a long-term management client, left the farm to the University of Iowa, who Stalcup represented for the sale. Since the Nichols

farm sale, Stalcup has handled multiple public land auctions each year.

In the fall of 1989 we were involved in a project that was an entirely new experience. A jet engine on United Flight 232 from Denver to Chicago exploded as the plane (a DC-10) was flying just north of Alta on July 19, 1989.

Rex Wilcox and Lyn Berkland served as consultants to help the engineer, sent here by General Electric. G.E., manufacturer of the motor, needed to find the cause of the motor failure quickly or risk grounding all aircraft with that motor. Wilcox and Berkland provided background knowledge to the G.E. engineer on crop production and harvesting schedules.

A meeting of farmers in the target area was organized to educate them about the parts G.E. was looking for. Fortunately, early harvest eliminated chopping and removing about 3,500 acres of crop. Two-thirds of the motor fan hub were found by an operator combining corn on October 10. The cause of the failure was isolated to that motor, so no other aircraft were grounded.

Stalcup Ag Service was awarded second place in the 1989 Farm Management Conservation Award competition by The National Association of Conservation Districts. Stalcup was recognized for extensive conservation practices on 191 farms.

In the spring of 1990, Arne Waldstein was selected by Governor Branstad to be a part of an exploratory delegation to Eastern Europe. The delegation's task was to learn what assistance might help them convert from socialist-control to free market agriculture. Arne made two more trips to Eastern Europe, once as an Iowa State University consultant and the second trip as a Counterpart Team Leader for an ISU project.

When the farms were privatized there was a lack of management knowledge, which the Iowa State University project was designed to address. There was a group of Iowa Chapter of Farm Managers and Rural Appraisers members that traveled to work with and teach the Czech and Slovak farm managers including Terry Argotsinger and Arne Waldstein from Stalcup.

In 1988, the end of an era was marked as Dwight Young succeeded Arne Waldstein as president. Arne continued as chairman of the board as he moved to partial retirement.

In 1992 Rex Wilcox participated in a panel/news conference in Chicago on behalf of the American Society of Farm Managers and Rural Appraisers (ASFMRA) sponsored by The American Agricultural Economic Association and Choices magazine titled "Farmland Prices 2000."

Stalcup Ag Service celebrated 50 years as a company in 1992. The amount of progress made during the second 25 years of Stalcup history was remarkable:

- Company status changed from sole proprietorship to an employee owned sub chapter S corporation.
- Five long-term partners were added.
- Farm leases moved from predominately crop and livestock share to mostly cash rent and custom farming.
- Pencil and paper office procedures were replaced with computerized software systems.
- A landowner newsletter was developed that has become our best source of new business.
- Public farm auctions were added to real estate services.

- The company and individual managers received numerous awards and recognition for professional involvement.
- Farms under management increased from less than 80 to over 200.
- Area served expanded from the counties around Storm Lake to all of Northwest Iowa. Stalcup Ag Service grew from a local to a regional company.

Buck, Arne and Dwight's vision for a vibrant, growing company materialized.

The last 25 years of Stalcup Ag Service history was just as active and noteworthy as the first 50 years.

There have been four different Stalcup Storm Lake office locations over the years:

- A second story Lake Avenue site above the Ressler Drug Store, later occupied by KAYL Radio, and now part of Central Bank. A humble beginning in 1942.
- In 1959, a new building was built at 111 West 6th St., one-half block off Lake Avenue, now occupied by Redenbaugh Law Firm.
- A larger office building was constructed in 1971 on Highway 71 (Flindt Drive) across from the high school. This building was sold to KAYL radio in 2011 to provide the extra space their growing business needed.
- By 2011, company and employee growth required a larger building, which became available when Farm Credit Services constructed a larger facility and sold their existing location. Our current location is 1705 N. Lake Avenue in Storm Lake. This is a quality building in a highly visible location with easy access on the edge of town. It is hard to believe that the business housed at the smaller Flindt Drive location a few years earlier is now nearing the capacity of the new building.

Substantial growth in farm management clients, an upward trend in real estate volume and appraisal assignments, and the approaching retirement of several Stalcup partners required adding a new generation of employees/potential partners:

- Dennis Reyman came to Stalcup as a farm appraiser in 1993 and later added farm management duties.
- Nathan Deters was hired in 1998 as a farm manager with a background in retail ag and livestock production.
- Chad Husman joined the staff in 2011 with a background in precision ag technology and farm operation.

- Travis Nissen started in 2012 as an appraisal trainee. Travis has completed educational and experience requirements to become a Certified General Real Property Appraiser.
- Grant Aschinger was added in 2013 with a background in retail ag supply and seed merchandising.
- Mason Troendle was hired in 2014 after graduating from Iowa State University with a complimentary family background in farm management and now serves as the company auctioneer.
- Dan Niemeier also started in 2014 with a background in family farming and Marine military service.

This group will drive the next generation of innovation and improvement in client services.

Below are noteworthy staff events from the last 25 years:

- **H. E. "Buck" Stalcup, passed away August 28, 1996, at age 92.** Buck's professional recognition and honors were numerous. He was well known and respected throughout the national farm management community. Anyone who worked with Buck immediately observed he was a true gentleman and advocate of professionalism in management and appraisals.
- **The "H. E. "Buck" Stalcup "Excellence in Education Award"** was established in 1996 to recognize outstanding American Society of Farm Managers and Rural Appraiser instructors in honor of Buck's long and productive involvement with society education.
- **Dwight Young retired in 2004 after 36 years with the firm.** Dwight served as company president from 1988 to 1995. Dwight's no-nonsense style and ability to solve problems quickly were good leadership attributes.

• Rex Wilcox was elected president in 1995 and served in that position until 2015. Learning the business from the ground up, starting in 1973 from Buck, Arne, and Dwight, provided good background to continue moving the company forward.

• On February 8, 2014, Arne Waldstein passed away in Waverly, Iowa at age 89. He was instrumental in the organization and growth of Stalcup Ag Service. Arne had

a gregarious personality and the ability to work with just about anybody to achieve positive results.

- **Lyn Berkland retired in 2011 after working with Stalcup for 35 years.** Lyn led our efforts on receiverships and was very interested in real estate. He brought a helpful sense of humor to the office, which was needed some days. His client services were excellent.



Current location of Stalcup Ag Service.

- **Terry Argotsinger retired June 30, 2015 after 37 years with Stalcup Ag Service.** Terry was the resident computer technology expert.
- **A new slate of officers was put into place at the annual July 2015 corporate meeting.** Kent Smith, President, Nathan Deters, Vice President, Dennis Reyman, Treasurer, and Chad Husman, Secretary. Rex Wilcox, retired as President and continues on as a member of the board of directors.
- **Feryle Berkland retired in 2015 after 28 years as a farm manager assistant.** Her work ethic and dedication to the company and its clients was outstanding.
- Our current staff and years of service include Nancy Gordon, 29 years, Cris Hegarty, 27 years, Barb Sherwood, 16 years, Audrey Hoeg and Kelsey Lohff, one year.

American Society of Farm Managers and Rural Appraisers Involvement

The history of Stalcup Ag Service is intertwined with The American Society of Farm Managers and Rural Appraisers (ASFMRA).

All of the Stalcup managers either have their professional designations or are working towards their designations. The designations are AFM, Accredited Farm Manager, and ARA, Accredited Rural Appraiser. The designations require extensive experience, rigorous professional education and sitting for an exam that only experienced, well-educated professionals are capable of passing.

Chad Husman and Grant Aschinger completed their accredited farm manager titles as soon as possible based on their experience. Mason Troendle, Dan Niemeier, and Travis Nissen are working towards their respective titles.

The other senior or retired partners attained their titles early in their careers:

Buck Stalcup, ARA	Terry Argotsinger, AFM/ARA
Arne Waldstein, AFM/ARA	Kent Smith, AFM
Dwight Young, AFM	Dennis Reyman, AFM/ARA
Rex Wilcox, AFM	Nathan Deters, AFM
Lyn Berkland, AFM	

Many Stalcup partners have served on the Board of Directors prior to becoming President of the Iowa Chapter of the ASFMRA as shown below:

Buck Stalcup	1964
Arne Waldstein	1970
Dwight Young	1978
Rex Wilcox	1990
Kent Smith	2004
Dennis Reyman	2009

Lyn Berkland, Terry Argotsinger, and Nathan Deters served on the Iowa Chapter Board of Directors.

In addition, the following have participated in additional ASFMRA activities:

- H. E. “Buck” Stalcup, Arne Waldstein, and Terry Argotsinger were awarded the “D. Howard Doane Award” by the ASFMRA for their lifelong achievements and service to agriculture.

- Rex Wilcox taught Advanced Farm Management for 10 years, developed course material as a committee member and managed the accrediting exam for five years.
- Terry Argotsinger conducted several wind energy seminars about Stalcup’s experience with some of the first wind energy fields in the Midwest.
- Dennis Reyman has been a member of the ASFMRA Government Relations Committee since 2002 and currently serves as co-chair.



*Farm Managers of the Year Award 1994.
Seated L-R: Terry Argotsinger, Kent Smith. Standing L-R: Dwight Young, Arne Waldstein, Lyn Berkland, Dennis Reyman, Rex Wilcox.*

In 1994 Stalcup Ag Service received a company award as “Farm Managers of the Year.” The program judges said, “The unique Stalcup fee structure, emphasis on conservation practices and service to their clients were key to winning the award.”

The ASFMRA has been an important part of Stalcup Ag Service from the beginning. The commitment and participation have been positive for the company, increasing our skills by learning from our peers.

Summary

75 years ago, Buck Stalcup started with a vision to build a business and career for himself that turned into a thriving regional farm management company. From the beginning to the present, simple core values drive Stalcup’s success – **Integrity, Ingenuity, and Initiative** combined with personalized client service.

Stalcup Ag Service now employs 14 people, managing over 100,000 acres of farmland plus appraisal, real estate and consultation services. The company will continue to attract and train the brightest people and commit the resources needed to provide our clients the best services possible to continue this story. Stalcup Ag Service will continue to grow and prosper adding clients who appreciate our culture and the experience of working with a partner-owner of the business.

You're Invited to our 75th Anniversary Reception

*Please join us at a reception on
Wednesday, June 21, 2017, at*

*King's Pointe Resort
1520 E. Lakeshore Drive
Storm Lake, IA*

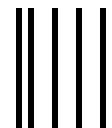
*Program from 3:15 to 4:30 featuring
Michael D. Duffy, Ph.D
ISU Economics Professor Emeritus,
discussing the history of
Iowa land values*

*Hors d'oeuvres and refreshments
from 5 until 7 p.m.*



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Stalcup Ag Service, located in Storm Lake, Iowa is an employee-owned partnership that has prospered by serving farm management, real estate, and appraisal needs of Northwest Iowa farm owners since 1942.

Services Offered:

Professional Farm Management Utilizing:

- Custom Farming
- Modified Crop Share Leases
- Cash Rent Leases

Farm Real Estate

- Public Auctions
- Private Listings
- Buyer's Broker

Rural Appraisals

- Estates
- Family Divisions
- Financing

Stalcup's Team

Rex Wilcox, AFM
 Kent Smith, AFM
 Dennis Reyman, AFM, ARA
 Nathan Deters, AFM
 Chad Husman, AFM
 Travis Nissen
 Grant Aschinger
 Mason Troendle
 Dan Niemeier

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STALCUP AGRICULTURAL SERVICE, INC.

**1705 North Lake Avenue
 Storm Lake, IA 50588**

*Please reserve for _____ to attend the
 75th anniversary reception
 at King's Pointe Resort, Storm Lake, IA 50588*

To RSVP by June 9th, return this card, call 1-888-732-4811, or email klohff@stalcupag.com