

January 28, 2021

**Subject: Sacramento Sierra Chapter President's Letter**

Dear Chapter Members,

I have very important chapter business to report (which I've asked be included in a forthcoming February newsletter). But first, allow me a moment for formalities. My name is Jarrod Hodgson, MAI, AI-GRS and I'm the current Sac-Sierra President. I've been appraising for around 18 years and, having worked at Seevers Jordan Ziegenmeyer, Integra (Sac and SF), BBG and now the State, I'm connected to a fairly broad network of commercial and residential appraisers. Many of you are my dear friends. It is an honor to continue to serve you.

I want to take a moment to thank the efforts of our out-going chapter volunteers. Volunteering takes time and passion, and much like appraisal itself, it is often a thankless endeavor. Our volunteers are the life blood of our chapter. Outgoing members include immediate past president Justin Kobilis, MAI, AI-GRS with three years on the executive board; three-year board member Richard Walcott, MAI; and Joe Esparza, MAI, with three years on the education committee. Returning to our Board this year is past-chapter president Janet Holland, MAI, AI-GRS. Welcome Janet! And moving up in the ranks, long-time chapter volunteer Angela Hernandez (Candidate) joins our executive board as Secretary/Treasurer.

**Chapter Business**

On September 18, 2020, our chapter emailed members about our decision to increase chapter dues and to shift our Executive Director position (held by Jenny Calabrese) from full to part-time. COVID-19 coupled with other ongoing chapter struggles have led to a dire financial situation for our chapter. These moves and modest education budgeting have brought short-term financial relief. However, I don't believe anyone expects our Executive Director's move to part-time to be permanent; and meanwhile, long-term headwinds like declining chapter membership and education competition persist.

Around the same time, in fall 2020 our Board decided to re-open merger talks with the Northern California Chapter. This move came on the heels of past talks with the Norcal chapter. You may recall, in late 2019 our Board formed a merger committee and engaged in initial merger talks with the Norcal chapter, but we terminated those talks in early 2020 after we decided a modest dues increase was a better path forward for our chapter. And then COVID-19 occurred. With reserves greatly depleted as the year progressed, our eventual chapter dues had to increase much higher than anyone could have anticipated at the beginning of 2020.

Since re-opening talks in late 2020, new merger committees have been formed and discussions have been ongoing. We have posted a chapter merger FAQ document to our website under the "Latest News" tab on the home page, or by copying this file path into your browser: [https://sac-ai.org/wp-content/uploads/2021/01/FAQ\\_Dec\\_2020\\_AI\\_Merger\\_FAQs\\_v\\_1.1-Norcal-Version.pdf](https://sac-ai.org/wp-content/uploads/2021/01/FAQ_Dec_2020_AI_Merger_FAQs_v_1.1-Norcal-Version.pdf). I encourage everyone to review this document. Our hope is that our chapter members will be able to vote on a merger this spring.

While talks and planning continue, our Board is also conducting business as usual and planning as if a merger does not happen (in the event it does not pass). Should a merger not pass, our financial future is much less certain. While we have started online seminars, the net income—even with lower fixed costs—is much less than what we ordinarily generate from our in-person marquee events; and there is some degree of cannibalism going on between Norcal, Sac-Sierra and other education providers for virtual events that can be taken anywhere from anybody. Apart from the return of significant education revenue this year, our only remaining moves would be to increase dues even further, or to take a further cut to our fixed costs at the risk of being left with no Executive Director at all. If we fully deplete our reserves, there is no way of telling for sure what will happen to our chapter. I speculate a takeover or merger would be forced upon

us from the National AI level, in which case we would have less control of the outcome and our representation. It should be noted here, too, that we are exploring our chapter's eligibility for PPP loan and employer retention credits made possible by the Economic Aid Act signed into law on December 27, 2020.

All of this ties back to our reasons for pursuing merger talks, which I believe will bring benefits beyond financial considerations (such as cross-marketing for local and regional events, a stronger influence on national matters) and allow for our current Executive Director to maintain employment and add value to our chapter.

Our chapter is not alone in its financial struggles. Mergers are happening elsewhere across the country as chapters struggle with declining membership and other factors. Of the nine chapters that comprise the Region 1 area in the northwestern United States (of which Sac-Sierra belongs), three other chapters (not including Sac-Sierra and Norcal) are talking with one another about merging into one.

### **Current Membership**

160 members of which 101 are designated. We have 19 candidates. One new MAI in fall 2020 and several new AI-GRS throughout 2020.

### **Education**

We offered two chapter-developed seminars in December. With much thanks to Jim Glickman, MAI (past chapter president), the seminar "Residential Subdivision Land Valuation – The Big Picture" was a great success. Jim tapped into his Assessor pool/list-serve network and we had 122 registrants. The vast majority of registrants were employees of Assessor offices throughout California; these are people our chapter would not have reached without Jim's assistance. Also, the elevated attendance level was only possible due to the online classroom setting (state-wide audience). While I don't think this specific topic is something we can "go to the well" with regularly, I do think every five years or so—with county employee turnover—this seminar is something we can go back to (assuming we have an instructor and online seminars with State credit are still possible in the future). Jim coordinated and conducted this event at no cost to our chapter. Thank you Jim!

We also offered an online, chapter-developed "Year End Wrap Up" in December, which was in lieu of our canceled October Lake Tahoe Conference. This event came to together late but still was a success with 30 registrants (which is a very ordinary turnout for our chapter). The three-hour seminar had a local apartment market component presented by David Whitmore of Costar; a "Real Estate Damages and Emerging Detrimental Conditions" topic by Michael Tachovsky of Landmark Research Group (who has spoken at our conferences in the past); and Ben van der Meer of the Sacramento Business Journal, who spoke about various projects in town affected by COVID and how challenging it is to predict what lies ahead.

We are currently planning a March chapter-developed forecast event. This event occurs every year but this will be the first in an online setting. We have secured an economist, local brokers and a residential market expert. We are hopeful the online setting will bring non-appraiser attendees through social networking on LinkedIn, albeit this is an unknown. This event is a critical piece of our 2021 revenue projection. Please look for the email announcement and the upcoming newsletter for additional details.

### **Closing**

Thanks for reading. I know there is a lot of information to consider here. Again, I urge you to become familiar with the merger FAQs posted on our website, and please continue to support local chapter efforts. And finally, many thanks to our chapter volunteers, past and present. In extraordinary times we can do extraordinary things.

Warm Regards,

Jarrold Hodgson, MAI, AI-GRS  
Sacramento Sierra Chapter President