

March 16, 2021

(Revised 3/16/21)

Subject: Chapter Merger Update

Chapter Members,

Last night our Sac-Sierra Board approved (11-0) the proposed merger with the NorCal Chapter. The merger plan was drafted by the combined efforts of merger teams from both chapters. Assuming the NorCal Chapter Board approves the merger plan at its upcoming meeting, in the coming days our chapter members will have the opportunity to review the proposed merger plan and vote on the merger (details forthcoming).

Upon final review of the merger plan at last night's board meeting, our Sac-Sierra Board wants to bring your attention pertinent points not explicitly covered in the FAQ or merge plan documents:

Chapter Participation

Membership has declined and our chapter has struggled to obtain volunteers for several years. The volunteers are the executive officers, board members and committee chairs that serve you. Many of our current volunteers have served previously, and the committee chairs are frequently held by the same executive officers and board members due to limited participation from our chapter. Our chapter is no longer viable by itself at the current level of volunteer interest, so chapter members that prefer not to merge would need to be willing to volunteer and help run the chapter. The proposed merger will yield around 646 total members and will have a deeper pool of volunteers from which to draw, which in turn will lead to a better level of chapter service to you.

Educational Offerings

The proposed merger plan identifies a 2022 education schedule. Our Board expects the number of educational events that occur in the Sacramento region to remain the same as in past years. That said, at this time the specific locations for 2022 educational offerings have not been identified. It will be incumbent on the new merged chapter officers, board and committees to represent all of its members. Sac-Sierra will represent 25% of the new chapter executive officer and board positions, and will continue to be the voice for our regional membership. While it is possible future offerings will still be held at familiar venues like the Crowne Plaza on Madison Avenue, it is also possible Sacramento events could be held in new places, like Davis, along the Interstate 80 corridor. These specific decisions are yet to be determined.

Chapter Financials

I've described our chapter financial situation as "dire." Allow me to elaborate. For the 10-year period from 2011 to 2020, our chapter averaged losses of around \$14,000 per year (all figures approximate) and has only had positive net income in two of those ten years. In 2019, chapter shortfalls compelled our board to convert our remaining reserves into our checking account. By late 2020 (*revised*), our account had just under \$6,000. Our chapter very nearly did not make it to the end of 2020. In September 2020, our Board voted to increase dues and reduce operating expenses. Currently, our chapter is on the right path but still has some work to do. Our chapter has budgeted for positive net income of \$5,600 for 2021 and we are on our way to achieving this target. Our chapter should finish the year with \$10,000 to \$15,000 in our account, depending on the attendance of our education events, and assuming we continue to operate on a "bootstrap" budget of sorts. And as mentioned in prior communications, our chapter has applied for federal employer retention credits, which should yield an additional \$10,000+. Our chapter remains in a delicate, risk averse financial position. The merged chapter will have reserves into multiples of six figures, providing long-term financial viability.

Q&A Event

On Friday, March 19th, our chapter is hosting an economic forecast event. Beginning at 12:05 p.m. (at the conclusion of the forecast event), myself and Zane Stone (Sac-Sierra VP) will be available via Zoom for a Q&A session regarding the merger (link to Zoom forthcoming). In the meantime, I request you review the FAQ document posted under the "Latest News" tab on our chapter website.

Thank you.

Jarrold Hodgson, MAI, AG-GRS
2021 Sac-Sierra Chapter President