

## FAQs – Issued Jointly by the NorCal and Sac-Sierra Chapters

# PROPOSED MERGER OF THE NORTHERN CALIFORNIA CHAPTER AND THE SACRAMENTO-SIERRA CHAPTER

April 2, 2021

### 1. What is the history of merger discussions and who has been representing each chapter in those discussions?

You may recall that merger discussions between Sac-Sierra and NorCal Chapters took place in November and December 2019, but were terminated by Sac-Sierra.

On September 6, 2020 Sac-Sierra notified the NorCal executive officers by email that its BOD had voted to re-establish merger discussions, and that it had formed a new merger exploration committee.

On September 14, 2020 NorCal president Carole Laval appointed members from NorCal to a new merger exploration committee (“Merger Committee”) and her actions were later ratified by the NorCal BOD. The Sac-Sierra Chapter took a similar action on September 6, 2020.

The reinstated Merger Committee members are:

#### **Sac Sierra Chapter Merger Committee - appointed 9/6/2020**

Chair	Jarrod Hodgson, 2020 Sac-Sierra Vice President	<a href="mailto:intothinair357@gmail.com">intothinair357@gmail.com</a>
	Justin Kobilis, 2020 Sac-Sierra President	<a href="mailto:jkobilis@hotmail.com">jkobilis@hotmail.com</a>
	Bob Steed, 2020 Sac-Sierra Board Member	<a href="mailto:bob.steed@colliers.com">bob.steed@colliers.com</a>
	Kevin Ziegenmeyer, Sac-Sierra Past President	<a href="mailto:kziegenmeyer@irr.com">kziegenmeyer@irr.com</a>
	Lance Jordan, Sac-Sierra Chapter Member	<a href="mailto:ljordan@irr.com">ljordan@irr.com</a>

#### **NorCal Chapter Merger Committee - appointed 9/14/2020**

Chair	Neil A. Lefmann, NorCal 2020 Treasurer	<a href="mailto:nlefmann@valbridge.com">nlefmann@valbridge.com</a>
	Michelle van de Pol, NorCal Chapter Member	<a href="mailto:michelle@vdprevc.com">michelle@vdprevc.com</a>
	Gary DeWeese, NorCal Chapter Past President	<a href="mailto:garydeweese@comcast.net">garydeweese@comcast.net</a>
	Steve Salmon, NorCal 2020 Secretary	<a href="mailto:steve@garlandsalmon.com">steve@garlandsalmon.com</a>
	Sean Lim, NorCal Chapter Member	<a href="mailto:slim@agloan.com">slim@agloan.com</a>
Alternate	Jeanine Kraus, NorCal 2020 Vice President	<a href="mailto:jeanine@paddockappraisal.net">jeanine@paddockappraisal.net</a>

The Merger Committees have met individually and, now functioning as a combined Steering Committee, in joint meetings which occurred on November 3, 2020, November 24, 2020, January 19, 2021, February 18, 2021 and March 5, 2021. Zane Stone and Joe Esparza were added by the Sac-Sierra Chapter as alternates to its Merger Committee beginning with the March 5, 2021 meeting.

## 2. What are the recommended guidelines from National for the merging of chapters?

AI National has published guidelines for the merging of chapters, which are contained in the Chapter Operations Manual. The guidelines call for the Board of Directors of each chapter to appoint members to a combined Steering Committee, which has been done.

The Steering Committee is tasked with drafting a formal merger plan document (“Merger Plan”) that

- includes a brief opening statement about the rationale for merging.
- includes a description of the actions to be taken in chronological order, including the date by which the merger is to occur.
- includes a method for selecting officers for the new unified chapter
- provides for the combining of chapter funds.
- includes a proposed budget for the unified chapter.
- specifies that an accounting of all chapter funds must be completed by a predetermined date.
- addresses how chapter services will be provided, including any staff support for the unified chapter.
- includes provisions for the formation of any branch chapters including boundaries and approximate number of chapter individuals.

In accordance with the national guidelines, the Steering Committee appointed individual members of its committee to various subcommittees, each reporting to the Steering Committee, which:

- Examined the financials of both chapters and create a pro-forma operating budget for the merged chapter.
- Developed a proposed draft education schedule for 2022.
- Recommended the composition of the initial executive officers, BOD and other leadership positions from members and candidates from within the current chapters.
- Determined logistical issues relating to the future administration of the new merged chapter (executive officer, staffing, office location(s) etc.).
- Drafted merged chapter Bylaws.

Each subject has now been incorporated into a Merger Plan to be voted upon by chapter members.

## 3. What major decisions has the Steering Committee taken thus far?

At its meeting on January 19, 2021 the Steering Committee approved a recommendation that the following persons be nominated for the 2022 Executive Officer positions in the Merger Plan between the Northern California chapter and the Sacramento-Sierra chapter of the Appraisal Institute:

- President: Steve Salmon, MAI
- Vice President: Jarrod Hodgson, MAI, AI-GRS
- Treasurer: Zane Stone, MAI
- Secretary: Paul Chandler, MAI

The Merger Plan identifies the President and Secretary nominees be two current Northern California chapter members and the Vice President and Treasurer nominees be two current Sacramento-Sierra

chapter members. All four of these individuals are serving in Executive Officer positions for their respective chapters in 2021.

At its meeting on February 18, 2021 the Steering Committee approved two more recommendations:

A. That the following persons be nominated as 2022 Board of Directors in the Merger Plan between the Northern California chapter and the Sacramento-Sierra chapter of the Appraisal Institute:

1. Nick Cadigan, MAI (1 year term)
2. Art Troy, AI-GRS (1 year term)
3. Fasa Uwhuba, MAI (1 year term)
4. Ryan Whitelaw, MAI (2 year term)
5. Brian Nicholson, SRA (2 year term)
6. Michelle van de Pol, MAI (2 year term)
7. Robert James, MAI, SRA (3 year term)
8. Judson Cline, MAI (3 year term)
9. Ryan Frings, MAI, AI-GRS (3 year term)

B. That Angela Hernandez, MAI candidate, be named in the Merger Plan as the appointed 2022 Sacramento-Sierra Branch Chair.

National has advised that a merger plan between chapters identify persons who will initially be nominated to serve on the Board of Directors for the newly merged chapter. There are nine open board positions, not including (a) the four Executive Officer positions and (b) eight branch chairs and the Chair of Education, all of whom will be voting members of the new Board of Directors.

Nominees 1 - 6 are members of the current NorCal Board of Directors and their service would effectively be rolled over, but only for the remaining term of their current service, to the new board.

Nominee 7 would be the sole representative from the Fresno Metropolitan area. He is currently a member of the NorCal chapter. He was previously active in leadership positions for the San Diego chapter before moving to Fresno a few years ago.

Nominees 8 – 9 are from the current Sacramento-Sierra chapter and have served in leadership positions for that chapter.

All the above nominees have confirmed their willingness to serve if approved.

Membership should be aware that every reasonable effort was made to provide more diversity in terms of gender. However, four women who were contacted for a director position declined for good reasons.

Angela Hernandez was recently selected by the current Sac-Sierra chapter as its choice to serve as the first chair of the Sacramento-Sierra branch for the newly merged chapter. The Steering Committee has approved Ms. Hernandez as the first Sacramento-Sierra branch chair in the Merger Plan. She also has confirmed her willingness to serve. The branch chairs for the other branches (7) of the newly merged

chapter will be appointed, as per customary practice, by the Board of Directors of the newly merged chapter.

At its meeting on March 5, 2021 the Steering Committee approved the Merger Plan and agreed to submit it to each chapter's BOD for their respective consideration and approval.

#### **4. When could a merger potentially take place?**

The Merger Plan has now been approved by both the NorCal and Sac-Sierra Chapters' BOD.

A vote to approve the Merger Plan by the chapter members is scheduled to soon take place, via an electronic voting app. Any merger must ultimately be approved by 60% of eligible chapter members who vote in each chapter.

In addition, all mergers must be approved by Region 1 and the National AI Board of Directors. If approved by each chapter's membership, the Merger Plan will be submitted to Region 1 so that the Merger Plan can be submitted to National 30 days before its August 12-13th BOD meeting. After all approvals the two chapters would become a new, single chapter on January 1, 2022.

#### **5. What are the expected benefits of a merger for each chapter?**

The benefits, some of which still must be confirmed by the next steps outlined above, include

- improved long term financial stability and efficiency.
- increased education opportunities for members and candidates.
- a stronger influence on national matters of concern given the increased membership numbers.
- a larger and more diverse pool of potential leaders and volunteers.
- a broader geographic knowledge base that will add significantly to the common body of knowledge available to members and candidates of the newly merged chapter.

Please be assured that the NorCal chapter's financial condition is very sound and that this issue is not the driving factor for a merger. One of the purposes of creating a proforma operating budget, which has not yet been finalized, is to assure NorCal members that the financial condition of the merged chapter, when fully completed, will be at least as good as the current NorCal financial condition.

Sac-Sierra's financial condition is not as strong as NorCal's, although it is expected to improve in 2021 following a significant dues increase that was implemented across all membership classifications. Nonetheless, the long-term viability of the chapter is a factor in Sac-Sierra's decision to again consider a merger with NorCal.

#### **6. How large would the new merged chapter be?**

The number of voting members is approximately 484 in NorCal and 162 in Sac-Sierra. If the chapters are merged, the new NorCal chapter would remain one of the largest chapters in the country; however, Southern California and Chicago would still likely be larger.

**7. What would be the name of the new chapter, where will the new chapter headquarters be located and who will be the Executive Director?**

The new chapter will retain the name Northern California Chapter of the Appraisal Institute. The new NorCal chapter headquarters will continue to be located in Walnut Creek with a satellite office in the Sacramento region. While not many members or candidates travel to the chapter's headquarters, we are mindful that staff travels extensively within the region to set up and monitor classes and events when they are held live. One of the many benefits of a Sacramento satellite office will be for a paid employee there to take on similar responsibilities in that area. Lisa Estes will be the Executive Director of the newly merged chapter. Jenny Calabrese, the current Executive Director of the Sac-Sierra chapter, will be offered the position of Associate Director reporting to Lisa Estes. Both of them have been actively engaged in exploration of a possible merger and have conceptually agreed to this relationship going forward if the merger is approved.

**8. Where will future board of directors meeting for the newly merged chapter occur?**

Future live BOD meetings of the newly merged chapter will likely be dispersed within the entire area covered by the new chapter cognizant, however, of the travel time for a majority of the board members from time to time. Dispersed board meetings will also give local members and candidates, in all areas covered by the new chapter, periodic opportunities to attend open sessions of the board meeting and be heard. Of course, we also recognize that the way meetings are conducted is changing and we would expect some use of internet-based meetings in the future.

**9. What are the toughest challenges facing the chapters in the event of a merger?**

The toughest challenges include:

- assimilating operations of the current chapters into one.
- maintaining local involvement of chapter members and candidates, and serving them, given the large geographic area of a newly merged chapter.

**10. Where will educational offerings be located?**

As described above, the Steering Committee has developed a draft proposed education schedule for 2022, including preliminary identification of courses, seminars and other events (except branch chapter sponsored events) and their possible dates and locations (if held live). The education schedule for the NorCal and Sac-Sierra chapters is more or less already established for 2021. Courses, seminars, and special events will be scheduled that maximize attendance and thus financial feasibility and service to members and candidates. All in all, we expect there to be increased education offerings over and above the combined current offerings of both chapters as a result of a merger. We also expect that more internet-based educational opportunities will be offered in the future in order to attract the widest possible attendance at a reasonable cost.

**11. Will the current NorCal chapter signature events (Fall Conference, Spring Conference, Spring Litigation Conference) and the current Sac-Sierra chapter signature events (Lake Tahoe Conference, Sacramento market update) and other symposiums/regional programs continue to be offered?**

Yes, these events will continue to be offered. One of the benefits of the merged chapter will be the expanded opportunity to cross-market these programs to current NorCal and Sac-Sierra chapter members.

**12. Will the current Sac-Sierra chapter function as a branch chapter in the new merged chapter?**

Currently the NorCal Chapter is comprised of seven branches each encompassing a different geographic region. The branches are effectively run by Branch Chairs and branch committees and are expected to hold meetings, provide workshops and host social events that appeal to local members and candidates. Branch Chapter chairs are currently ex-officio voting members of the NorCal BOD.

The current Sac-Sierra chapter currently has no branch chapters, but does encompass a wide geographic area. Upon merger, the geographic area currently encompassed by the Sac-Sierra Chapter will become one branch with a branch chair who is a voting member of the merged chapter BOD. Additional branch chapters in the Sacramento Sierra region can be later established if there is sufficient membership interest.

**13. How, if at all, will the current Regional structure change?**

The total number of representatives to the Regional structure should remain the same given the fact that a chapter's representation is proportional to its total membership in the region.

**14. Who will serve on future board of directors of the new NorCal chapter?**

All members of the new chapter will be able to ascend, by vote of the entire new chapter, into the leadership positions of the new chapter. This representation will be important in order to achieve buy-in from the members of the current chapters and for the merger to be accretive from both a financial and participatory point of view. Therefore, as time goes on, the officers and directors will be elected in accordance with the current practice of a vote by membership as outlined in the chapter bylaws.

**15. Will chapter dues increase as a result of the merger?**

It is important to note that both chapters, having acted independently prior to the merger discussions, had already set dues for 2021. These dues are currently more or less aligned equally for both chapters across all membership categories. A merged chapter dues structure has been approved by the NorCal BOD and approved by the Sac-Sierra Steering Committee members. The 2022 dues structure is similar to the 2021 dues structure of each chapter and is part of the Merger Plan upon which members are voting.

For 2023, and hopefully longer, the goal is to maintain dues at or near current levels. In fact, in the longer term, one of the expected benefits from a merger could be the opportunity to slow, or even possibly reduce, dues levels from what they would have otherwise been in the absence of a merger.

**16. What is the best way for me to communicate my questions at this time?**

Each chapter's website has included prior versions of the FAQs for many weeks now and has advised members as to how to communicate comments, questions and suggestions regarding the merger. In addition, each chapter's President has communicated, by various means, the pending vote and how to access the FAQs. To date, no one has submitted a comment, question or suggestion. If you should have any questions at this time, the best way is for NorCal members to send those questions to any of the

NorCal members of the Steering Committee or, if you prefer, to all of them via Lisa Estes ([lisa@norcal-ai.org](mailto:lisa@norcal-ai.org)). Sac-Sierra members should send their questions to any of the Sac-Sierra members on the Steering Committee or, if they prefer, to all of them via Jenny Calabrese ([jenny@sac-ai.org](mailto:jenny@sac-ai.org)). All questions will be directed to the right person(s) responsible for addressing the issue.