President’s Letter

By Park R. Johnson, ASA

As I sit here writing this letter, I find myself amazed that I am almost halfway through my term. From my perspective, it has been a good year. I have had the privilege of congratulating 14 of our fellow members on their accreditation. This is perhaps what I enjoy the most about being chapter president. It is an important milestone in the professional development of our fellow members and their pursuit of it is a testament to the value of our credentials.

I would like to spotlight what is left on our program for the year. On April 22, we will have an event focused on depreciation and life estimation studies. I expect to be present during a lively discussion among practitioners. While this event is targeted at MTS members, it may also be of interest to Business Valuation members who value intangible assets such as customers. The theory behind the life estimation study is the same regardless of the asset being studied. Closing out our educational program for the year on May 21 will be our advanced business valuation symposium, which we are organizing and presenting in conjunction with the Business Valuation Association. This event will provide a timely, full-day of current education, conveniently located here in Chicago.

I have in front of me the results of a member survey conducted by ASA headquarters. The results are of interest because we recently performed our own chapter survey that presents somewhat different responses. I am struck by two things; firstly, there appears to be a genuine diversity of opinion as to what direction ASA should take in the future. Secondly, it is amazing how the wording of a question can influence the responses. I am not sure how widely the results of the survey were distributed. If you would like copies of either or both results, please reach out to me. Going forward, I encourage all of you to participate actively and knowledgeably as the resolution of these questions affect the future of our society. With regard to active participation, let me note that our own Dan Van Vleet will be running for international secretary/treasurer during the next election. I look forward to seeing you at some of our upcoming chapter events.

ASA Chicago Chapter Board

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Business Valuation News

_Carmen Sims, ASA_

There have been many events that have affected the appraisal industry over the past year: the economic downturn; volatility in the capital markets, and new rules and regulations affecting the way we currently conduct business. All of these factors influence valuation and we need to stay current in order to provide quality services to our clients.

Fair value measurements are reshaping financial accounting – from the focus on historical costs to more current values and recent proposed legislation that will shape tax reporting over the next few years. Over the past few months we have begun to see an uptick in the level of activity in the capital markets - albeit not at levels experienced at the market’s peak in 2007/2008. New transactions with unique and complex characteristics will likely propose new challenges for business valuation professionals. The BV Committee would like to help you navigate the changes that are taking place in our profession, and welcome suggestions for future programs and content of interest to you. Please contact me by email at csims@deloitte.com if you are interested in joining the committee or have any questions or comments.

In other news, as part of the 2011 Fiscal Year budget released on Feb. 1, the Obama Administration proposed several “reforms to close tax loopholes,” including a modification of current rules governing “estate and gift tax valuation discounts.” Under its projections, these changes would yield additional revenues of $7.1 billion over five years and $18.7 billion over ten years. The FY 2011 budget suggests that the Administration plans to push for enactment of estate and gift tax valuation discount changes before the end of 2010. Go here to see the proposed plan,:http://www.appraisers.org/Files/NewsAttachments/greenbk10.pdf.

**USPAP Requirements**

Business Valuation members currently do not have a USPAP continuing education requirement; however effective April 1, 2014, all accredited Business Valuation appraisers must demonstrate that they have taken at least 7 hours of USPAP education over the previous five years.

**Education**

There are several opportunities for quality education and to fulfill certification requirements. Below you will find upcoming courses offered by ASA in the Chicago area. There are additional courses listed on the ASA website. POV and Intangible Asset Courses for May can be found at http://www.appraisers.org/Education/ClassSchedule.aspx

*DoubleTree Hotel and Conference Center, Chicago*

**POV Courses**

BV201 – Chicago (May 13 – May 16, 2010)
BV204 – Chicago (May 13 – May 16, 2010)

**Intangible Asset Courses**

BV301 – Chicago (May 13, 2010)
BV302 – Chicago (May 13, 2010)

**Machinery & Technical Specialties**

_Michael Ackerman, ASA_

Perfection Plant Liquidations participated in the auction of Country Coach in Junction City, Oregon in early February. While it is well known that the Recreation Vehicle industry has been extremely hard hit in this economy, the results of the auction were surprisingly good. Attendance was remarkable and the completed Motor Coach inventory all sold with bargains to be had. I view this not so much as a statement of a recovering economy, but as an indication of pent up demand in a particular pocket of the country, which resulted in better than expected results. The market is still spotty and fickle.

The ASA/AMEA 2010 Appraisers Forum hosted by the ASA and Association of Machinery and Equipment Appraisers will be at The Westin O’Hare, Chicago, IL on March 25 – 27, 2010. This will be a three day presentation featuring speakers presenting assorted topics of interest to a broad spectrum of appraisal industry practitioners. Full details may be found at either the ASA or AMEA Websites. See next page for further information from John Josko, ASA.

All interested parties are invited to attend an auction on Saturday March 13, 2010 at Krahl Construction corporate offices to review the mechanics of the auction procedures. The auction will consist of the complete contents of the corporate offices located at 323 S. Green St., Chicago, IL. The site will be open at 9AM. The auction will start at 10:00 AM and continue until it is over. Please contact Michael Ackerman at 847.826.0762 with any questions.
Educational Events

Conferences, Panels, Presentations, Symposia and Workshops

**WORKSHOP**
WESTIN O’HARE, CHICAGO, ILLINOIS
MARCH 25 – 27
APRAISER’S FORUM
HOSTED BY ASA AND THE ASSOCIATION OF MACHINERY & EQUIPMENT APRAISERS (AMEA)

**PRESENTATION**
UBS TOWER
THURSDAY, APRIL 22, NOON - 2:00 P.M.
DEPRECIATION & LIFE ESTIMATION STUDIES

**CONFERENCE**
TORONTO, CANADA
APRIL 30-MAY 3
THIRTY YEARS WITH ASSETS 2010
INTERNATIONAL SOCIETY OF APRAISERS (ISA)

**SYMPOSIUM**
MAY 21
ADVANCED BUSINESS VALUATION SYMPOSIUM
CO-ORGANIZED BY THE CHICAGO ASA CHAPTER AND THE BUSINESS VALUATION ASSOCIATION OF CHICAGO

**SAVE THE DATE**
LAS VEGAS, NEVADA
JULY 25-29
JW MARRIOTT LAS VEGAS RESORT & SPA
INTERNATIONAL APPRAISAL CONFERENCE

Workshop

*John Josko, ASA*

Please join us for an Appraisers’ Forum co-hosted by ASA & Association of Machinery & Equipment Appraisers (AMEA), March 25 – 27, 2010 at the Westin O’Hare, Chicago. This workshop will be of interest to M&E Appraisers, Auctioneers, and Machinery Dealers. There are no prerequisites required for this program. You may register for a 3 Day Pass ($599), Thursday only ($275), Friday only ($275), or Saturday only ($200). Mail, fax or e-mail the completed registration forms with payments to: ASA, 555 Herndon Pkwy, Ste. 125, Herndon, VA 20170, USA; Fax 1-703-742-8471 (fax credit card payments only). For workshop questions, please contact 703.836.7900 or 800.537.8629. Registration questions can be addressed by contacting 703.478.2228 or 800.272.8258. Hope to see you there.

Depreciation & Life Estimation Studies

*Featuring Jerome C. Weinert, ASA, PE, CDP, Principal and Director, AUS Consultants*

Jerry Weinert will lead a program at the UBS Tower on Thursday, April 22, that will focus on quantifying and addressing appraisal depreciation through age-life depreciation methods. Statistical depreciation (life) study theory, methods and examples will be discussed, including overviews of survival/retirement patterns; discussion of Iowa-type survivor/retirement curves; adjustments of statistical life analysis results; and examination of what to include in the determination of depreciation. Registration begins at 11:45 a.m. followed by lunch. The program is from noon – 2:00 p.m.

About Our Speaker

Jerry C. Weinert, ASA is a Registered Professional Engineer in Wisconsin and a Certified Depreciation Professional in the Society of Depreciation Professionals. Mr. Weinert has been engaged at AUS Consultants [AUS Inc (ausinc.com)] since 1987 in their Valuation and Depreciation group which he manages. Prior to AUS, Mr. Weinert was engaged in the American Appraisal Associates’ Regulated Industries Division from 1970 through 1986. He has testified in various courts and regulatory hearings over his career and currently is involved in valuation issues related to property taxation for many major communications companies.
Upcoming Conference

The International Society of Appraisers will present an in depth three pronged Conference in Toronto on April 30-May 3. The Conference, entitled “Assets 2010,” will consist of programs in Fine Arts, Antiques and Residential Contents, and Gems & Jewelry. Keynote speakers include Robert Ramsay and David Ben. There will be scheduled tours of important venues such as the Art Gallery of Ontario, the Royal Ontario Museum, the Gardiner Museum of Ceramics, the Bata Shoe Museum, the Textile Museum of Canada, Corona Jewelry Company, the Stephen Bulger Gallery, and a tour of a private residence featuring Jamieson Tribal Art.

The Fine Arts program will feature sessions on the art market, contemporary photography, Inuit art, authentication, insurance appraisals, cross border appraisals and report writing. The Antiques and Residential Contents program will feature sessions on hallmarks, quilts, Victorian, style and design, paperweights, insurance appraisals, appraising pop culture, cross border appraisals and report writing.

The Gems & Jewelry program includes Carole Tanenbaum, a costume jewelry expert; Dave Sawatzky from Korite International, the maker of Ammolite jewelry from Calgary; Ravi Poddar, a representative from Ontario based Byrex Gems; John Borzak, author of the Rolex Report, and Paul Cassarino, ISA, CASPP, presenter of the report writing workshop.

To register online go to http://www.assets2010.org.

For more information contact the International Society of Appraisers, 737 N. Michigan Ave., Suite 2100, Chicago IL 60611, phone (312) 981-6778, fax (312) 981-6787, email isa@isa-appraisers.org, website www.isa-appraisers.org

BV Symposium

Registration is now open for the Advanced Business Valuation Symposium on May 21, 2010 at the Hard Rock Hotel Chicago. This event is being co-sponsored by The Chicago Chapter of the American Society of Appraisers and The Business Valuation Association of Chicago. Co-organizers of the Symposium are Erin Hollis, ASA, and Daniel Van Vleet, ASA.

This day-long event features keynote speaker John A. Moag, CEO of Moag & Company. Mr. Moag’s former positions include chairman of the Maryland Stadium Authority, head of Legg Mason’s sports investment banking group, and partner at Patton Boggs LLP. Moag & Company is known for their work with the NBA, the Atlanta Hawks, Atlanta Thrashers, Baltimore Ravens, San Diego Padres, and Milwaukee Brewers. Well respected and highly experienced, Mr. Moag is the key investment banking advisor with sports, media, and entertainment industries. In 2008, Mr. Moag handled New York real estate billionaire Stephen Ross’ purchase of 50 percent of the Miami Dolphins, Dolphins Stadium, and the developable land around the stadium. The completion of the deal marks the first ever billion dollar sale of a professional sports franchise in the United States. Symposium speakers include Frank Ciccotto, Jr., Robert Cimasi, ASA, Roger Grabowski, ASA, Lawrence Levine, ASA, Richard S. Ruback, and Daniel Van Vleet, ASA.

Go to the following line to register for the BV Symposium: https://www.businessvaluationassociation.org/event_calendar.aspx or contact Erin Hollis at edhollis@aol.com for additional information.

From the Editor

Know of an upcoming event? Have a photograph of your ASA colleague at an event an appraisal-related event? Like to write an article for the Newsletter? Suggestions? Contact Lela Hersh at lelahersh@comcast.net or by telephone 847.780.4560.
Continuing Education Courses

LOWES ANNAPOLIS HOTEL, ANNAPOLIS, MARYLAND
April 8 - 10, 2010
Multidisciplinary Report Writing (203)

NORTHWESTERN UNIVERSITY, CHICAGO
APRIL 15-18, 2010
PERSONAL PROPERTY VALUATION: THE LEGAL AND COMMERCIAL ENVIRONMENT (204)

NORTHWESTERN UNIVERSITY, CHICAGO
APRIL 19-20, 2010
NATIONAL UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) (100)

DOUBLETREE HOTEL AND CONFERENCE
MAY 13, 2010
BUSINESS VALUATION. MACHINERY & EQUIPMENT, APPRAISAL REVIEW AND MANAGEMENT

MANHATTAN BEACH MARRIOTT, MANHATTAN BEACH, CALIFORNIA
JUNE 10 – 12, 2010
MULTIDISCIPLINARY REPORT WRITING (203)

ASA at Northwestern University in 2010

Personal Property Valuation: The Legal and Commercial Environment

April 15-18, 2010
This course explores contracts and operating costs as they relate to managing an appraisal practice; insurance, tax law and court vocabulary in precedent-establishing cases; the expert witness: courtroom demeanor, pretrial activity and preparation; and ethical and professional standards. $745.

www.scs.northwestern.edu/pdp/npdp/appraisal/

National Uniform Standards of Professional Appraisal Practice (USPAP)
April 19-20, 2010
This USPAP course was developed specifically for personal property specialists and covers the entire document with emphasis on the general rules and standard rules, standards pertaining to public trust, ethics, competency, jurisdictional exceptions and standards for written appraisal documents. This course is required for accreditation by ASA. $435.

For additional information contact Caroline Gosselin
c-gosselin@northwestern.edu
(312) 503-4846 or go to
www.scs.northwestern.edu/pdp/npdp/appraisal/
General Information

USPAP

IMPORTANT USPAP CHANGES
EFFECTIVE JANUARY 1, 2010

As a reminder, the 2010-2011 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) became effective on January 1, 2010. The Appraisal Standard’s Board strongly encourages all appraisers to review their 2009 Summary of Actions document, which can be downloaded from their website by following this link:

http://www.appraisalfoundation.org/s_appraisal/bin.asp?CID=3&DID=1359&DOC=FILE.PDF.

The Appraisal Foundation wanted one particular USPAP revision highlighted that will affect each assignment starting in 2010. As stated on pages 3 and 4 of the above-referenced document, appraisers will be required to disclose to their client, prior to engagement (as well as within the certification of the report):

“Any services regarding the subject property performed by the appraiser within the prior three years, as an appraiser or in any other capacity.”

Because there have been questions from appraisers and users of appraisal services regarding this particular new requirement, the Appraisal Standards Board issued a series of questions and answers in its April 2009 USPAP Q&A document. This document can also be downloaded from their website by going to the following site:

http://www.appraisalfoundation.org/s_appraisal/bin.asp?CID=12&DID=1351&DOC=FILE.PDF.

If you have any questions or need additional information, please feel free to contact John Brenan, Director of Research & Technical Issues at (202) 624-3044 or john@appraisalfoundation.org.

Designations Awarded

The Chicago Chapter of ASA is proud to announce the following designations were awarded in December, 2009

Adam Stump, ASA, Machinery & TechnicalSpecialties
Sean Roche, ASA, Real Property/Urban
Philip A Sultan, AM, Business Valuation
Brian McCabe, ASA, Business Valuation

‘Round Town

Park Johnson, Mary O’Conner and Ed Detwiler during the RGL Forensics 1st Annual Chili Cook Off. Other ASA members including Rick Warner and Lela Hersh enjoyed tasting the various chilies and enjoying a glass of wine on a Friday afternoon.

Facebook and Twitter

Follow the Chicago Chapter #033 of ASA on Facebook and Twitter! Make the connection. Keep up and support your local chapter.

Welcome New Members to ASA
Chicago Chapter

Pierre Corval
James Frederick
Purab Raipanchola

Chicago Chapter #033 of the American Society of Appraisers

chicagoasa
What’s Been Going on in Chicago at ASA?

State of the Capital Markets

The Annual Capital Markets Panel on January 21, 2010 at the Standard Club was held in conjunction with the Business Valuation Association of Chicago.

This year we had a distinguished panel of experts from Morgan Stanley, UBS Global Investment Strategies, and William Blair & Co. Our experts discussed their expectations for 2010 in the following areas:

- International and Domestic Equity Performance
- Credit Market Performance
- Government Fiscal and Monetary Policy
- Merger and Acquisition Environment
- Asset Allocation and Risk Diversification

Steven M. Bernard, CFA, joined William Blair & Co. in May 2008 to develop and direct Blair’s M&A research effort. His work involves researching and analyzing the state of the M&A and capital markets, and providing insight and analysis of consolidation activity in a variety of industries.

Laura Lawson, CFA, is a member of the Global Investment Solutions (GIS) team at UBS Global Asset Management. Her responsibilities include participating in the review and setting of multi-asset and currency strategies. She interacts with the investment team to coordinate investment strategy and assist clients as part of the GIS initiative.

D. Reed Webster, CFA, CIMA, is a registered Senior Portfolio Manager with Morgan Stanley in Chicago. He has been in the investment industry since 1985 where he began his career at the U.S. Trust Company of New York. Reed joined Morgan Stanley’s Private Wealth Management Department in 1991. He oversees assets for wealthy individuals, foundations and private endowments.

Attendees at the Capital Markets Panel

Capital Markets Panel Speakers Left to right: Steven Bernard, Laura Lawson, and D. Reed Webster

Dan Van Vleet introduces the Annual Capital Markets program

Left to right: Mike St. Martin, Jordon Donsky, Tim Meinhart, and Michael Stuart (from Morgan Stanley)
Insurance Appraisal Issues

On Friday, February 26, 2010, the Personal Property discipline hosted a lunchtime event at Northwestern University - inviting current POV students to partake in the discussion.

The discussion included Brian Shannon, an Insurance company representative and two staff members from the Chicago Conservation Center (CCC). Their presentation focused on the important role personal property appraisers play in these types of appraisals when the condition of the objects is compromised.

Shannon presented examples of appraisal language that can be used when reporting restoration or damage. He also addressed the issue regarding the disclosure of whether or not appraisal valuations should include frames, which at times can be valued higher than the work of art itself. April Hann explained that the CCC will provide condition reports from conservators for appraisers. And finally, Ann Hagg gave the audience nuts and bolts information about conservation including ways to tell if a frame or furniture is carved or has composition and ways to identify the difference between a gold leaf frame from a painted frame. A lively discussion ensured with questions from the audience. CCC has invited ASA to a future meeting in their conservation lab.

Ann Kennedy Haag, Chief Conservator of Frames, Gilding, and Furniture, and April Hann, Vice President of National Accounts and Client Services. The Chicago Conservation Center was founded in 1983 and is a Chicago-based company that specializes in the conservation of works of art on paper, photography, textiles, murals, furniture, frames and decorative objects.

Brian Shannon, Fine Art Expert at AXA Art Insurance. AXA Art Insurance was founded as Nordstern Insurance in 1866 and is the leading art and collectibles insurer worldwide. AXA Art US is headquartered in New York and operates as part of the AXA Group of financial companies. Brian manages the fine art department for the Chicago office.
ASA Survey

By Park Johnson and Emma Bienias

In November of 2009, Chicago Chapter ASA members were sent a survey consisting of 26 questions. We received 52 responses, which equates to 17.9% of the membership. This is considered a fairly good response rate for a survey, even for one that is issued to an affinity group such as our own. The responses roughly followed our chapter’s discipline demographics,

70.6% of the respondents held an ASA credential. This is higher than the chapter as a whole, but is not inconsistent with an expectation that credential holders are more involved as a whole in their organization than non-credential holders.

Interestingly enough, more than 65% of respondents belonged to other associations. For those that delineated which additional organizations they belonged to, many were appraisal-related. We regret that we did not ask the follow up question: Why do you belong to more than one organization?

More than 91% of respondents felt that their ASA membership was greater than or equally valuable to that of any other associations. We could have asked for some more detail of the 41.7% of respondents that felt it was equally valuable.

We asked a question designed to find out what types of services members valued. The highest ranked category was education and conferences. However, close behind were publications and networking events. It is possible that the broad dispersion of responses is indicative of a broad dispersion of needs.

As might be expected from the self-selected nature of the respondents, most had attended events recently, and many had been to several. While we get very good attendance at chapter events, answers to this question are not indicative of the chapter as a whole.

Responses were split between a desire to have events downtown or in the suburbs. As a practical matter, our experience shows that having an event in the suburbs for all intents and purposes precludes attendance from downtown members, while having an event downtown, while inconvenient for members in the suburbs, does not preclude attendance. We try to make sure that we do have events in the suburbs, but the majority of the events tend to be downtown.

We asked a series of questions designed to find out what types of events would be more interesting to the respondents, and received a wide ranging group of responses. To those who made these helpful requests, we make a gentle suggestion. We are a volunteer organization. If you are serious, please contact your discipline chair and offer to help to plan the event you would like to see held.

One of the final questions we asked related to the importance of the chapter to the respondents. Fully 89% of respondents felt that the chapter was important to them. 47% felt that it was very important. This question is perhaps the most important question that we asked. If you are not aware of it, there is somewhat of a movement among board members at the international level to change the organization in a way that makes chapters less influential. Their argument is that there are a number of chapters that provide little, if no value to their members. We feel differently. We are obviously actively involved in our chapter, and feel that we have the best chapter in the country. We ask you as a member to pay attention to communications regarding the future of our organization and to make thoughtful, educated decisions that lead the organization in the direction that you feel it should go.
December 10 Holiday Event at HUB51

John Friedman and Ed Detwiler

Ken Sweet and Erin Hollis

Phil Sutton, Jeff Ruettiger and Park Johnson

Alex Gaydasch, Deborah Krohn and Pamela Bardo
Steve Pawlow and Lela Hersh

Rick Warner, Chris Wall, and Shawntay Cunningham

Jerry Lipman and Stephanie Poulakidas socialize with another ASA member

Thomas Voll enjoying a slider

Steve Pawlow and Lela Hersh