



**American Society of Appraisers**  
Minutes  
Board of Governors Teleconference  
May 19, 2009

International President Ronald M. Seaman called the meeting to order at 1:00 p.m. EDT.

Recorder Susan Fischer called the roll.

International President	Ronald M. Seaman, FASA
International Senior Vice President	Michael H. Evans, FASA
International Secretary/Treasurer	Robert C. Schlegel, ASA
International Past President	John D. Willey, FASA
Governor, Region 1	Timothy A. Griffith, ASA
Governor, Region 2	James R. Tisch, ASA
Governor, Region 3	Bradford James Southern, ASA
Governor, Region 4	Edward G. Detwiler, ASA
Governor, Region 5	James O. Brown, ASA
Business Valuation Governor	J. Michael Hill Jr., ASA
Business Valuation Governor	Daniel R. Van Vleet, ASA
Gems & Jewelry Governor	Jennifer J. Thornton-Davis, ASA*
Gems & Jewelry Governor	Gary L. Smith, ASA*
Machinery & Technical Specialties Governor	Jack Washbourn, ASA - absent
Machinery & Technical Specialties Governor	Alan C. Iannacito, ASA
Personal Property Governor	Nelson O. Clayton, ASA - absent
Personal Property Governor	Edith (Edie) M. Yeomans, ASA
Real Property Governor	Richard W. Gilmore, FASA - absent
Real Property Governor	William P. Wilson III, ASA
Executive Vice President	Laurie M. Saunders
Legal Counsel	Jerome C. Schaefer, Esq.
Parliamentarian	H. Edward Morris Jr., ASA - absent
Chief Finance and Operations Officer	Harriet S. Cutshall, CPA
Recorder	Susan R. Fischer

**Guests**

Chair, RICS Exploratory Unification Committee	Donna J. Walker, FASA
Director of Education and Accreditation	Jane S. Grimm

\*Master Gemologist Appraiser®

A quorum was established and President Seaman asked the board members for any changes or additions to the minutes from the April 21, 2009 teleconference.

Governor Van Vleet said that the April minutes stated that ASFMRA has not participated in the RICS Exploratory Unification Committee conference calls and asked if there was some explanation for their absence. Committee Chair, Donna Walker, said that no specific reason had been given. President Seaman

said that according to the Executive Vice President of ASFMRA, they do not plan to participate due to a number of internal struggles in their organization.

Governor Van Vleet said that last month's minutes also stated that President Seaman had said that twenty to twenty-five well known ASA's are invited to join the RICS Americas Valuation Council and asked if these are the same people involved with the "Think Tank". President Seaman answered and said that, no, they are not, not to his knowledge.

No further comments were made and the minutes from the April 21, 2009 conference call were approved as submitted.

### **Review of Third Quarter Financials**

Secretary/Treasurer Schlegel said that he is optimistic at the present time and that the third quarter numbers look good measured against the budget. Revenue is exceeding budget and that although there has been a drop in education enrollment, the drop is not as perilous as we thought it would be. Education expenses dropped as well. Secretary/Treasurer Schlegel said that he expects to finish the year with a contribution of over \$100,000. He added that he does not want to underestimate the \$190,000 contribution from the Advanced AICPA/ASA BV Conference.

Chief Finance and Operations Officer Cutshall said that she had run a draft of the financials through April and said that we are still showing a positive of \$170,000 to \$175,000 on a consolidated basis. Even though education revenue was slim in April, we did see an upswing in investments and she added that cash flow is strong now that registrations for conference are coming in. She said that we continue to control expenses commensurate with a drop in revenue.

Governor Wilson asked since things look positive, are staff reductions still being considered?

Secretary/Treasurer Schlegel said that if we see a rebound, the budget can be adjusted accordingly and added that the IT implementation during July and August will require more staff time. He said that the Executive Vice President will be watching the budget to see if a reduction in staff is necessary, but for now has been directed not to make any cuts.

### **Old Business**

#### **RICS Exploratory Unification Committee Update**

Chair, Donna Walker said that the ASA committee gave a PowerPoint presentation outlining the ASA organizational structure, disciplines, education, financial statements and similar information during their meeting with the RICS task force on April 30. She said that the call was informative, questions were asked and a good discussion was held. Ms Walker said that she has requested that the ASA committee members send their comments to her in written form so that she can sift through them to begin writing a report for the board. She said that she has received written comments from four committee members and that there are some questions that need further clarification from the RICS task force. She said that she will get the answers to these questions.

In response to President Seaman's question regarding a timetable for the committee's report, Ms. Walker said that she would have the report done by the end of June in time for the July Board of Governors meeting.

Governor Van Vleet expressed his concern about all the various discussions going on with RICS and said that the resolution to be presented later during this call seeks to get information about these discussions with RICS out to us, the board members, and to all ASA members.

Ms. Walker said that the RICS task force has developed a PowerPoint with basic information about RICS and the direction they are going relative to ASA. She said that RICS wants to use this PowerPoint to talk to ASA and added that she does not think that getting information from RICS is an issue.

Governor Van Vleet said that he is concerned about RICS' intent to acquire ASA's intellectual property, their desire for joint efforts on education, and their activities to recruit ASA leaders.

Ms. Walker said that RICS is aware of these concerns and is willing to come and talk to people about these issues. They are aware of these issues and want to answer those questions. She said that we need to get some forums to various groups to hear what RICS wants to do and what these ad hoc groups want to do. The information is available and RICS wants to answer our questions.

President Seaman asked Ms. Walker, Governor Van Vleet, and Governor Hill to take RICS' offer to speak to the BV Committee. Ms. Walker said that she intends to do this and that Brian Glanville from RICS has offered to speak to the BV Committee.

Governor Van Vleet said that we need to specifically define what the RICS Exploratory Unification Committee is doing. Ms. Walker said that the committee's purpose is not to negotiate but to define certain issues and to ask "where is this going?" and "do we want to go there?" She said that the committee's purpose is to identify the issues that are important and said that she is not sure if the committee will come to a consensus to go forward. She added that this decision is for this committee to make. It will be up to others to decide if we want to take the next step and if we want to negotiate something.

Governor Van Vleet expressed his concern with the RICS Americas Valuation Council that is populated with prominent spokespersons who are moving forward and may be in competition with ASA.

Past President Willey asked President Seaman to provide a forum for a RICS presentation in Orlando at the conference. President Seaman said that RICS has offered to do this and asked Executive Vice President Saunders to find a time and a place to hold this forum.

Ms. Walker said that, if we want to do this, RICS is willing to give presentations via Webinars. She said that Governor Van Vleet's questions and concerns are pertinent and important and that they need to be addressed very soon; before the conference.

President Seaman asked Executive Vice President Saunders to contact RICS to see who their spokespersons will be for these forums. Executive Vice President Saunders agreed to do this.

### **HQ Task Force Update**

Governor Hill said that Transwestern has been engaged and that they have met with Executive Vice President Saunders. Transwestern's first task is to see what the current landlord is willing to do if we remain in the current space, with some changes to be made. We are currently paying the landlord over \$33 a square foot, we have proposed paying them \$22 a square foot, and have given them a list of ten to twelve items that need to be done to the current space in order for us to consider extending our current lease.

Executive Vice President Saunders said that the focus now is to see what options we get before the lease expires in June, 2011. We will see if we can get any rent relief by staying in this space; there is no option for termination. If the first step does not work out, we will go to phase two and begin looking for other office space.

President Seaman asked when Transwestern expects to report back to the task force and Governor Hill said that they plan to report to us during the board meeting in Orlando. Executive Vice President Saunders said that the landlord is in California and is difficult to contact. President Seaman asked if a specific response date had been requested and Executive Vice President Saunders said that yes, they had asked for a response by either the third or fourth week in May. President Seaman asked Executive Vice President Saunders to follow up with the Transwestern regarding this response date.

### **IT Progress Report**

Secretary/Treasurer Schlegel said that parts of the new website have been out about a month and that we have seen an increase in the number of Webinars being offered. ASA Staff is training for an implementation date of July 1 and that coordination with discipline vendors has gone well.

Chief Finance and Operations Officer Cutshall said that it was necessary to replace some of the hardware since the warranties that were expiring cannot be renewed and added that the purchase of this hardware is within the capital expense budget.

President Seaman asked if anyone had any questions. Governor Detwiler said that he had spent time with the IT Staff at Headquarters in January but that there were still many things not on the website and that much of the information on the website is wrong. He said that someone needs to look at these things and make the necessary corrections.

Secretary/Treasurer Schlegel said that the website is not perfect and that some of the content still needs to be cleaned up and added that you need the structure first to put the content into the structure. Governor Detwiler said that content is a matter of knowledge and that we are spending a lot of money on the structure when the content is not filled in and added that the structure does us no good if the content is not good and accurate.

Chief Finance and Operations Officer Cutshall said that this is the first she has heard that there is misinformation on the website and asked Governor Detwiler to call either her or web developer Sharon Freas to discuss these issues. President Seaman asked to be included in any correspondence they may have.

## **Other Business**

### **CICBV Proposal**

President Seaman said that he sent a copy of the proposal made by CICBV to each board member and that he named a five person task force to review the proposal asking them to view their role as fact finders, not negotiators. He asked if anyone had any questions. Secretary/Treasurer Schlegel, Chair of this task force, said that the group had their first conference call and that they would first, make a recommendation to the board, by May 31, whether or not we should pursue CICBV's proposal and second, if the decision is to move forward, to present a report to the board in Orlando identifying the key issues to be faced in pursuing this venture with CICBV.

## **Resolutions**

### **Resolution No. 05-09-01**

**Therefore be it resolved** that the Executive Committee will prepare a written report (the "Report") that will disclose the following: (1) a description of the nature and overall direction of the current discussions of the relevant topics with RICS by any member of the ASA Committees; (2) any professional designations or positions offered, granted, or promised to be granted by RICS to any member of the ASA Committees; (3) any actual or perceived conflicts of interest that any member of the ASA Committees may have related to RICS; (4) a detailed description of all requests by RICS for any documents, financial information, or intellectual property of the ASA; and (5) a detailed description of all documents provided, or expected to be provided, by the ASA to RICS related to any discussions regarding the relevant topics.

Furthermore, the Executive Committee will prepare and disseminate the Report to all ASA members in good standing prior to (1) the transfer of any further documents, financial information, or intellectual property of the ASA to RICS and (2) any further discussions of the relevant topics by any member of the ASA Committees with RICS.

Furthermore, the Executive Committee will update the contents of the Report and disseminate it to all ASA members in good standing every 90 days after the issuance of the first Report until such time that all discussions involving the relevant topics by any member of the ASA Committees with RICS are officially terminated.

Resolved by Daniel R. Van Vleet, ASA and seconded by James O. Brown, ASA.

Discussion followed after the resolution was read.

Governor Van Vleet said that he had become increasingly concerned with what is going on with RICS in the United States. RICS is striving to become the largest worldwide appraisal organization but they have one piece missing; Business Valuation and Intangible Asset Valuation. There is a worldwide movement for education and information in those professions and a lot of movement to create international financial and accounting standards. Governor Van Vleet continued by saying that when RICS has conducted mergers in the past, organizations have eventually become invisible. He expressed concern with the RICS Valuation Council, the volunteer "Think Tank" and about reporting issues on Business Valuation and Intangible Assets. He said that a lot of things are going on and that he is not comfortable with the lack of transparency and dissemination of information to the board and to ASA members.

Governor Van Vleet said that, after listening to Donna Walker speak about RICS, his resolution may be premature and that he may need to gather more information. He added that the whole process needs to be defined by RICS and what they are expecting of the ASA. He feels that we should put a halt on the transfer of information to RICS as he has heard that RICS is attempting to acquire ASA POV course material through joint marketing of POV courses to Europe and Asia. Governor Van Vleet concluded by saying that it appears that RICS is coming in as a competitive organization and then ASA becomes irrelevant.

Governor Brown, the seconder of the resolution, said that he had heard two different views of the same information from two different groups of people which caused him to become concerned. He said that he was asked to become a member of the RICS Valuation Council but was told that his running for a seat on the BV Committee may present a conflict of interest with being a member of the RICS council.

Governor Brown said that he did speak to Brian Glanville of RICS and also to Terry Allen, Chair of the BV Committee. He said that Ms. Allen expressed high concern that RICS is trying to get access to our intellectual property. He said that he feels, for example, that Donna Walker has a balanced approach to these concerns but that others appear to be in a riot of concern. Governor Brown said that we need to do something to see all the information at the same time with no committee going off on their own. He said that we need to take a step back and get all the information out at the same time and added that the appearance is that all the information is not available to everyone.

Governor Iannacito made a motion to table Resolution No. 05-09-01 until the next Board of Governors call. Governor Wilson seconded the motion. Motion carried.

#### **Resolution No. 05-09-02**

**Therefore be it resolved** that the Board of Governors authorizes the increase in spending authority for implementation of the new IT system from \$300,000 to up to \$340,000.

Resolved by Gary L. Smith, ASA, Master Gemologist Appraiser® and seconded by Ronald M. Seaman, FASA

Secretary/Treasurer Schlegel said that his letter to the Board dated May 15, 2009 explains why an increase in spending for the installation of the Aptify system is necessary. He said that there will always be unknowns that come up during the installation of any system and that it is not wise to cut necessary additional spending after implementation has begun. Secretary/Treasurer Schlegel further explained that the original project manager from Aptify was inexperienced and that we made the decision to terminate his services and proceeded to work on our own.

Governor Southern asked if the outside vendor (Aptify) caused a disruption, would they provide a concession? Chief Finance and Operations Officer Cutshall said that we felt that we were at a face-off; we had spent more than a couple of months working on our own and we had reached the end of our ability to

work without more support. Aptify did make a concession by reducing the charges incurred earlier this spring by \$20,000.

Governor Southern asked if we have any recourse since Aptify caused a delay in the implementation. Chief Finance and Operations Officer Cutshall explained that originally Aptify wanted an eighteen month to two year timeline which was too long for us. She said that Aptify did acknowledge that they assigned someone in the beginning who was not up to the task. We were fortunate to have the capacity here in the office to figure out many things on our own. She said that the original budget was split between Aptify and Robert Magrogan (RamSys) and Secretary/Treasurer Schlegel added that we did not pay Aptify everything up front. Chief Finance and Operations Officer Cutshall said that the delays have been well documented and that we knew that our timeline was aggressive, which is why we hired Robert Magrogan as Project Manager.

Governor Detwiler expressed concern that we were not getting the support we needed and that now Aptify is asking for additional money for support that again, may not be good enough. Secretary/Treasurer Schlegel said that we have found better support and Chief Finance and Operations Officer Cutshall added that we have found the support we needed and that we are working on a slightly different arrangement than when we started. She said that there were things we couldn't anticipate and that the timeline would have worked if everything would have gone as planned.

President Seaman asked for a roll call vote on Resolution No. 05-09-02.

International President	Ronald M. Seaman, FASA - <i>yes</i>
International Senior Vice President	Michael H. Evans, FASA - <i>yes</i>
International Secretary/Treasurer	Robert C. Schlegel, ASA - <i>yes</i>
International Past President	John D. Willey, FASA - <i>yes</i>
Governor, Region 1	Timothy A. Griffith, ASA - <i>yes</i>
Governor, Region 2	James R. Tisch, ASA - <i>yes</i>
Governor, Region 3	Bradford James Southern, ASA - <i>yes</i>
Governor, Region 4	Edward G. Detwiler, ASA - <i>no</i>
Governor, Region 5	James O. Brown, ASA - <i>yes</i>
Business Valuation Governor	J. Michael Hill Jr., ASA - <i>yes</i>
Business Valuation Governor	Daniel R. Van Vleet, ASA - <i>abstain</i>
Gems & Jewelry Governor	Jennifer J. Thornton-Davis, ASA* - <i>no</i>
Gems & Jewelry Governor	Gary L. Smith, ASA* - <i>yes</i>
Machinery & Technical Specialties Governor	Jack Washbourn, ASA - <i>absent</i>
Machinery & Technical Specialties Governor	Alan C. Iannacito, ASA - <i>yes</i>
Personal Property Governor	Nelson O. Clayton, ASA - <i>absent</i>
Personal Property Governor	Edith (Edie) M. Yeomans, ASA - <i>yes</i>
Real Property Governor	Richard W. Gilmore, FASA - <i>absent</i>
Real Property Governor	William P. Wilson III, ASA - <i>yes</i>

**Resolution No. 05-09-02 passed with 13 “yes” votes, 2 “no” votes and 1 “abstention”.**

The Board of Governors' meeting adjourned at 2:20 p.m. EDT.

Respectfully submitted by Susan Fischer on behalf of



Robert C. Schlegel, ASA  
International Secretary / Treasurer