



Volume 9, Issue 3

Spring 2018



Letter from the President

By Brian McCabe, ASA

Spring is almost here. After hibernating through the Chicago winter, it is time to get out and go to some Chapter events. Keep an eye on your inbox for information about a brewery event and the annual Rising Star/Young Professionals networking event. As always, you can find information on upcoming events on our website at www.asachicagochapter.org.

The Chicago Chapter held the annual capital markets panel co-hosted by the Business Valuation Association at the Standard Club. This event, planned by Susan Boin, ASA, gave us insight into the economy, the capital markets and the impact of the new tax law. This event provides meaningful insight for all disciplines, and I highly recommend attending next year if you have never done so.

The Uniform Standards of Professional Appraisal Practice has received its biennial update. Past presidents and super volunteers Lela Hersh, ASA and Patricia Atwood, ASA planned 7-hour and 15-hour classes. These interactive classes are an excellent alternative to online and self-study USPAP classes.

Chapter elections are coming soon. Please remember to vote in the election, and please let us if you would like to volunteer for the Chapter. Many hands make light work.

Brian J. McCabe, ASA
Chicago Chapter President

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Have ideas for chapter seminars, events, or speaker suggestions? Know someone who should be featured in an upcoming issue? Let us know!
Administrator@asachicagochapter.org

Chapter News

- We are pleased to announce new advancements in our member rankings recently. Please join us in congratulating those listed!

ADVANCEMENTS

MTS

Brian White, ASA
Emmett John Solien, AM
Matthew Tobin, AM
Charles Rubinowicz, AM

NEW APPLICANTS

New applicants are always welcome!

Do you know someone who might be interested in joining ASA? Find out more about membership at www.appraisers.org

What We Have Been Up To...

Annual Capital Markets Update January 18, 2018



On January 18th, the Annual Capital Markets Update was held at the Standard Club in downtown Chicago. This event is held jointly between the ASA and the Business Valuation Association. ASA members of all disciplines were in attendance and received updates about the state of the economy and the M&A market. The event was well-attended, with about 40 members and guests participating.

Rick Mattoon of the Federal Reserve Bank of Chicago kicked off the discussion with his take on the 2018 Economic Outlook for the U.S. The overall theme was optimism, with 2017 exceeding expectations and no significant headwinds expected to hamper continued growth in 2018. GDP growth exceeded 3% in the second and third quarters, and the combination of this strong momentum with the tax stimulus package should

keep the economy growing in the coming year. With unemployment at 4.1%, effectively “full”, wage increases are starting to be seen. There is a danger of inflation increasing as the stimulus kicks in and repatriation of capital occurs. Overall, in the short term the tax stimulus is projected by some to add 0.5% to 1.0% to GDP growth in 2018, but the overhang of the deficit will impact growth further out as almost all models project significant increases over time. The latest Fed meeting (December) included forecasts of 2.2 – 2.6% for GDP growth in 2018, and 1.7% - 1.9% for inflation. The longer term normalized Fed Funds rate is currently pegged around 2.8 – 3.0%, but it is unclear at what pace the Fed will bring rates in line with that level. Three rate increases are projected in 2018

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What We Have Been Up To...

Annual Capital Markets Update
January 18, 2018



Pictured above, left to right:
Brian McCabe ASA, Susan Boin ASA, Rick Mattoon.



Elliot Farkas presents at the Annual Capital Markets Update 2018.

Elliot Farkas of William Blair & Company followed Rick, sharing activity levels and trends in the M&A market. While total deal value declined 15.3% domestically in 2017, volume rose 2.7% and the long-term trend has been positive since 2009. Globally, deal value dropped just 1.3% and volume was up 3.1% last year with a gradual longer term increase as well. The outlook is largely positive on this front as well, primarily due to the significant cash reserves in both businesses and PE funds (older funds with capital overhang and recently formed funds), expected repatriation of capital, and the large number of family businesses expected to transition in the short term. Interest rates are still at low levels, and multiples remain attractive for sellers, especially for larger transactions. While the average multiple for transactions under \$50 million was strong at 8.0x in 2017, it was even better for deals in the \$250 -

\$750 million range at 11.8x. Within the deal structures, there seems to be a trend toward shorter timeframes from start to finish. Buyers are doing more due diligence up front, and sellers are being more selective in their outreach to buyers. They are also taking out some of the traditional steps to get deals done quickly. In their drive to find investments, PE funds are also chasing deals in industries and markets they may have historically avoided. The only real area with a slowdown was IPO activity, due to the time and expense involved and the attractive multiples available in private transactions. Again, the strong activity is expected to continue in 2018, with PE funds participating on both sides of transactions.

Once again, the speakers provided valuable information to those attending the event, and they were well-received.

What We Have Been Up To...

7 Hour and 15 Hour USPAP

February 5 and 6, 2018

In early February, the Chicago Chapter held both a 15-Hour and 7-Hour USPAP class at the newly renovated classrooms at UBS building. Sandra Tropper, ASA, was the instructor for both classes. The 7-Hour class sold out early and the 15-Hour had a good-sized class. The classes included appraisers from Personal Property, Machinery and Technical Services, Gems & Jewelry and Business Valuation and people came in from New York, California, Iowa, Georgia and Wisconsin. The major changes in USPAP were addressed and “From Your Perspective” questions and answers were discussed. Each morning began with a nice continental spread and the days ended with sweets and coffee.



Sandra Tropper, ASA addresses a full house at the 7 Hour USPAP session.



Sandra Tropper, ASA goes in depth for the 15 Hour USPAP attendees.



Attendees of the 7 Hour session enjoy a break in the lounge at the UBS Conference Center.



Attendees give Sandra Tropper, ASA their full attention in the 15 Hour USPAP session.

Upcoming Events

Local Education

BV202-000 – Introduction to Business Valuation, Income Approach

Thursday, April 12, 2018

<http://www.appraisers.org/Education/View-Course?CourseID=470>

BV204-000 – Advanced Topics in Business Valuation

Thursday, April 12, 2018

<http://www.appraisers.org/Education/View-Course?CourseID=396>

BV301-000 – Valuation of Intangible Assets

Thursday, April 12, 2018

<http://www.appraisers.org/Education/View-Course?CourseID=395>

ME202-0000– Machinery and Equipment Valuation Methodology

Thursday, April 12, 2018

<http://www.appraisers.org/Education/View-Course?CourseID=401>

ME204-000 – Machinery and Equipment Valuation – Advanced Topics and Report Writing

Thursday, April 12, 2018

<http://www.appraisers.org/Education/View-Course?CourseID=384>

AR204-000 – Appraisal Review and Management Application

Thursday, April 12, 2018

<http://www.appraisers.org/Education/View-Course?CourseID=22>

Upcoming Local Events

2018 ASA Personal Property Conference / Motown City Marvels: Archives, Arts & Automobile Design

May 3-5, 2018 – In Detroit

Appraisers, auctioneers, museum curators, insurance underwriters, estate attorneys and other with an interest in personal property will benefit from this unique opportunity to acquire practical knowledge and insight from highly esteemed experts in dealing with these important segments of the market. Registration and several pre-conference educational opportunities, as well as conference activities are listed on the ASA national website www.appraisers.org/conferences.

Webinars

PP135-WEB – The Federal Tax Deduction for Donated Property – Rules for Appraising and Claiming the Deduction

Wednesday, March 21

<http://www.appraisers.org/Education/View-Course?CourseID=628>

US007-OPP – 7 Hour USPAP for Personal Property, Gems & Jewelry & Machinery & Technical Specialties

Friday, March 23

<http://www.appraisers.org/Education/View-Course?CourseID=280>

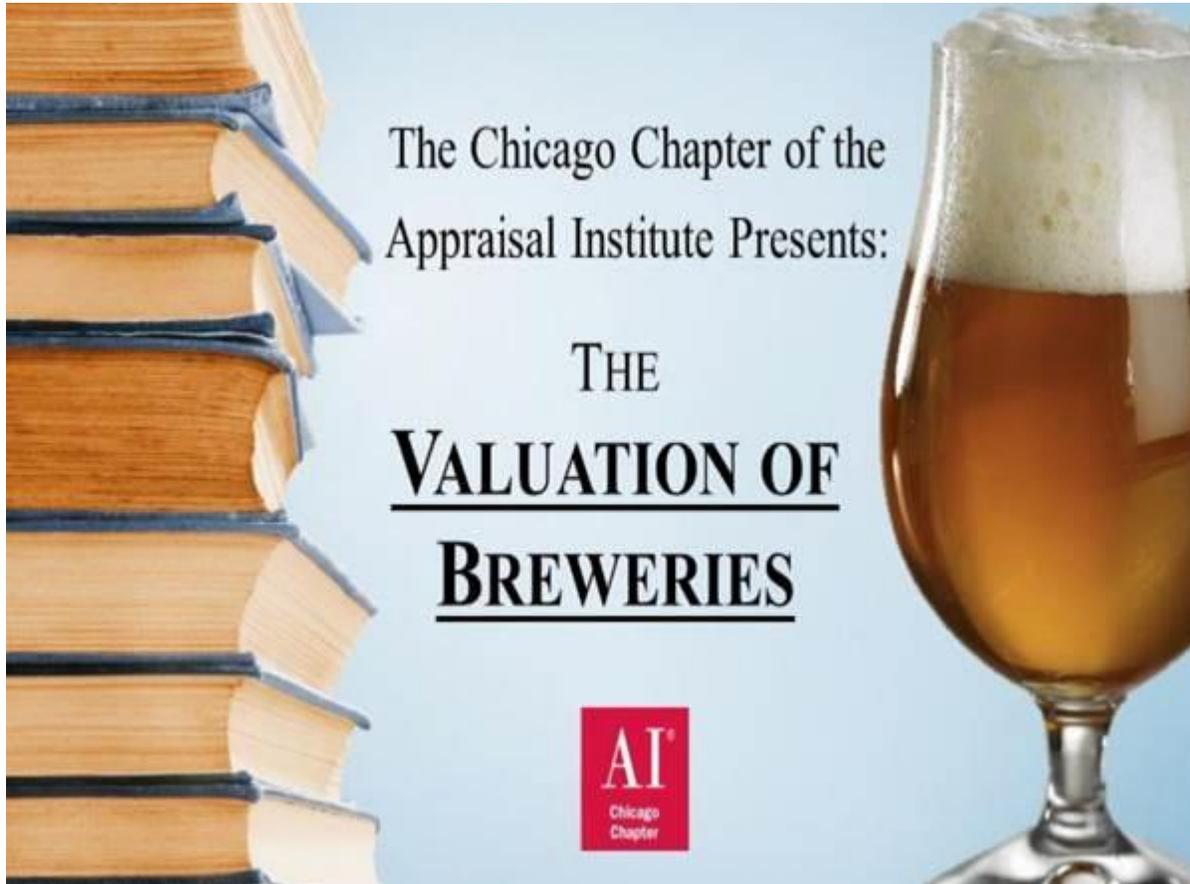
ME204-000 WEB – Advanced Topics and

More webinars at the National ASA website:

<http://www.appraisers.org/Education/national-asa-courses/national-class-schedule>

Upcoming Events

Save the Date!



This seminar will include a panel presentation, and will consist of learning objectives including: understanding the brewery industry, market, financing, and regulations along with the valuation considerations regarding the personal, real and business property of breweries. The seminar will feature a private guided tour of a 90,000 SF industrial/manufacturing, special-use brewery building as well as a Q&A session.

Revolution Brewery
3340 N Kedzie Ave, Chicago, IL
May 15th, 2018
1:00 PM – 7:00 PM

Check your emails as further details regarding registration become available.



Chicago Appraisal Times



Chicago Appraisal Times is an online newsletter published by the Chicago Chapter of the American Society of Appraisers, an international, non-profit organization that teaches, tests and awards designations in all appraisal disciplines, including Business Valuation, Gems and Jewelry, Machinery and Technical Specialties, Personal Property and Real Estate.

Chapter Contact Information

Email: administrator@asachicagochapter.org

Website: <http://www.asachicagochapter.org>



Chicago Chapter Board

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Gems & Jewelry: Michael Holtzman
MTS: James Nutter, ASA
Personal Property: Patricia H. Atwood, ASA
Real Property: P. Barton DeLacy, ASA
Membership Chair: Mary Warmus, ASA

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American Society of Appraisers HQ

Phone: (800) ASA VALU / (800) 272-8258 (US & Canada) or (703) 478-2228

Website: <http://www.appraisers.org>

**American Society of Appraisers
11107 Sunset Hills Road, Suite 310
Reston, VA 20190**

The American Society of Appraisers is an international organization of appraisal professionals and others dedicated to the education, development and growth of the appraisal profession. ASA is the oldest and only major organization representing all disciplines of appraisal specialists, originating in 1936 and incorporating in 1952. ASA's headquarters is in the metropolitan Washington DC area. This newsletter represents the members of the Chicago Chapter of the American Society of Appraisers.