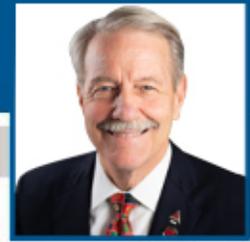




Appraisal Institute®

Jefferson L. Sherman, MAI, AI-GRS • Appraisal Institute President



Special Message From The President

July 10, 2020

Dear Appraisal Institute Colleague:

I want to acknowledge the passion evident about the upcoming election. The AI Board of Directors has received numerous letters from our members. We are grateful for all input, and I assure you it will be considered as part of the election process we are in. For anyone who hasn't communicated with the Board, but would like to, please send your letter to aielection@appraisalinstitute.org on or before by 5 p.m. CDT July 29, 2020.

Some of you have expressed concern that the Board could elect someone other than whom the National Nominating Committee (NNC) nominated. We understand how highly you value the NNC part of the election process. Frankly, I am a product of that process. When I ran for vice president, there were three other candidates. The NNC selected me, and I waited 45 days to find out that there was no petition. The Board then elected me, and that is why I am serving you as your president today.

A little more background might be helpful. Last year, a motion came before the Board of Directors to change the election process so that the NNC would be required to bring forth two names, thus ensuring the Board would have the final decision to make. Much discussion ensued, as it should have, and the motion was defeated. The effect of the Board defeating the motion was to ratify that the current NNC part of the election process is valid and appropriate.

The Board also left in place the petition process which has been part of our election process since our beginning in 1991. It allows the Board to decide to put forth an additional name or names as nominees in the form of a petition signed by a minimum of 20% of the Board. This has been done for this election in accordance with our Bylaws and longstanding process, and two nominees will be considered by the Board on Aug. 6.

It should be remembered that the NNC is one of the formal committees of AI, as recognized in our Bylaws. It does not elect the vice president; it only makes a recommendation to the Board of Directors. It is not unlike a situation where another formal committee makes a recommendation to the Board. The Board has a wide depth and breadth of knowledge about all AI operations. Accordingly, it is common for the Board to amend a proposal so that it is in the best interests of AI. The petition is a way for the Board to make its decision in the best interests of the Appraisal Institute.

A petition does not negate the work of the NNC. Quite the contrary. The NNC has examined the candidates' answers to questions, reviewed letters of recommendation and conducted interviews to hear, see and feel the candidates respond to their questions.

Since the organization began, this is the third time this part of the election process has been used by the Board of Directors, first in 2007, again in 2014 and now this year. In 2009, a different part of the election process was used when the NNC, after having three consecutive tie votes during their deliberations, put forward two nominations for the consideration of the Board of Directors. We have always emerged successfully from every election process, despite it being controversial to some and uncomfortable for others whenever it was used.

The most recent policy and process for Contested Elections for Vice President of the Appraisal Institute was adopted by the Board of Directors in July 2009. Following this policy and process, on Aug. 6, 2020, the Appraisal Institute Board of Directors will conduct its normal third quarter Board meeting virtually. A connection will be made available to members (up to 3,000) to listen and watch. When the agenda reaches the election, here is what will happen. Each nominee will have an opportunity to address the Board in open session. The order of nominee presentations will be determined by a drawing. Each nominee will be asked to leave the Board room during presentation by other nominee.

Each nominee will have the opportunity to make a 10-minute presentation. It is suggested that the nominees use three minutes for an opening statement, five minutes to answer the questions below, and two minutes to make a closing statement. The questions are:

- a. Why are you the best person to fill the role of Appraisal Institute vice president at this time?
- b. From your knowledge of the Appraisal Institute, identify two current issues or challenges you believe are of importance. What specific experiences do you bring in these areas to make the Appraisal Institute a stronger, more effective organization?

Board members may submit to the president during the Board meeting written questions for the nominees. The president will randomly draw written questions to be asked of the nominees. The question and answer period for each nominee will last for 15 minutes.

After the nominees have completed their presentations, the Board will go into Executive Session. Except as noted below, Executive Session will include Board members, third directors, past presidents who are present for the meeting, AI counsel and the secretary to the Board. All nominees (including any sitting Board members) will be requested by the Board to excuse themselves from the Executive Session and are expected to do so.

The Executive Session will begin with an opportunity for any Board member to disclose any conflicts of interest they may have. During the Executive Session, each Board member in the room will be given the opportunity to make a three-minute statement. Each Board member will have the opportunity for a one-minute rebuttal statement after all Board members have spoken. Board members may not yield their time to another Board member. Time limits will be strictly monitored by the non-voting Board members who serve on the Audit Committee and will be enforced by the president.

With the nominees being “out of the room” and with participation limited, the Board will be able to have a full and frank discussion.

When this is complete, we will rise out of Executive Session, vote electronically and the results will be announced. The voting members of the Board include the chair and vice chair from each region, the international member and each of the four elected officers. The chief executive officer does not have a vote in this or any other matter coming before the Board of Directors.

There is a lot of “inside baseball” in my explanation. However, I believe that only when the entire process is transparent will you, our members, be able to trust it. Here’s the hard part. When the Board conducts its discussion and analysis in Executive Session, all discussion is confidential. This ensures their ability to speak freely. Any reasoning one way or another must never leave the Board. In this way, they are empowered to act on your behalf in what you have entrusted them to do- to act in the best interests of the Appraisal Institute. It also serves to protect both nominees.

I now offer to you, and to each Board member, this is not about style or personality; it must be about the best interests of the Appraisal Institute. I have supreme confidence that the trust you have placed in your elected representatives will be confirmed, regardless of the person chosen.

Thank you for your interest.

A handwritten signature in black ink, appearing to be 'J. Sherman', with a large loop at the top and several vertical strokes below.

Jefferson L. Sherman, MAI, AI-GRS
President