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Tools of the Trade

The Foundry World and Appraising the Items in it:

- John Greene, CEA
- FL Sales, Inc.



The foundry industry has a significant impact on the U.S. economy, as a whole. When the foundries are not busy, which happens every 7-8 years or so depending on what is happening in the world, the reflection to the balance of machinery sales is impacted. As an auctioneer once asked me, "How is the foundry industry doing?" I told him, "Not so good at the present time. The automotive market is soft, rail is down by approximately 40%, mining is still off, agriculture is soft, and we are still seeing some castings go off-shore." He then commented that his auctions of machine tools, which machine the castings and other such machinery, will then also be soft in the near future as with less castings goes less machining. So enough gloom and doom. How do you appraise foundry machinery?

To start with, foundries use different types of metals, generally steel, iron, aluminum, and brass/bronze. There are also many ways to melt the metals. Aluminum is either in gas, resistance or via induction. Brass and bronze are the same. Iron is generally in induction, and steel is induction or arc melting. Molding is commonly done via green sand or no bake and the cores used are usually shell, cold box, or no bake. Most foundries have a finishing department with grinders, sanders and blast machines. Foundries also typically have laboratories, dust collectors, air compressors, maintenance shops, and some have pattern shops and machine shops.

So let's start with the melting. As with machine shop and other equipment, late model equipment is maintaining good value. Older equipment is just plain not selling presently. Even with the market as it is, there are very little gas tilting furnaces available. Stationary furnaces are not selling, and late model smaller (50 to 500 kw) induction furnaces are very scarce. Larger induction furnaces are not moving because the removal and installation costs are high and are generally a major capital project, which takes time and are just not being done in the current economy. Arc furnaces are similar as the installation costs are very high. Also be aware that some manufacturers will not sell parts or service the systems if drawings and manuals are not available. So when appraising, ask if they are available. If not, the systems have no resale value.

AMEA New Members Bios

Jasen Kisber, AEA C3 - Crescent Commercial Corporation



Jasen Kisber is the Managing Director of C3- Crescent Commercial Corporation, which specializes in auctions, liquidations, and appraisals of distressed commercial and industrial assets. Based out of Montreal, Canada, Jasen is the third generation in the business, which has operated for over 80 years. Jasen has 15 years of experience in appraising inventory and equipment and has been involved in files across a wide range of industries including textiles, construction, transportation, steel fabricating, food processing, and retail. Prior to joining C3 in 2004, Jasen was a securities lawyer in New York. Jasen has a BA from McGill University, a JD from Fordham Law School, and an MBA from Oxford University. Jasen is a certified auctioneer from the Missouri Auction School and the past president of the Industrial Auctioneers Association. He is a recent member of the MDNA and the AMEA and holds Accredited Equipment Appraiser status. When he is not corralling his three exuberant children and blending his family, Jasen can be found in the kitchen, in the ring, on the ice, or playing music.

Jake Josko, AEA HyperAMS, LLC



Jake is a third-generation professional auctioneer who has spent his entire life in the auction industry. He has managed projects (from creation and negotiation to execution) ranging from single consignments of one-off machines through complete liquidations for Fortune 500 clients throughout North America. In his role at HYPERAMS, Jake focuses on supporting the growth of the Company's auction division and managing the division's auction operations. Jake has been invited to participate as a speaker at numerous conferences and routinely conducts seminars with financial institutions about asset valuation and loan origination documentation. Jake continues to author numerous articles for industrial trade journals, participate in association panel discussions, and conduct educational equipment workshops for the major lending institutions throughout North America.

In addition to his business roles, Jake is invested in professional development and is a member of several industry organizations. He holds auction licenses in over 10 states, as well as designations from the National Auctioneers Association. Jake is also a member of the Machinery Dealers National Association and was recently elected to the board of its Chicago chapter, as secretary. In 2018, Jake was a finalist in the Illinois State Auctioneers Association bid calling championship. Jake spends his free time coaching youth football and conducting charity and benefit auctions.

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APPRAISER



AMEA APPRAISER

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Tools of the Trade (Cont'd)

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Molding: green sand molding can be as simple as what we call a squeezer. Late model units are selling and older units need to be re-built to be sold. More sophisticated units are slow movers because they often become capital projects when the cost of equipment to supply sand and have molding lines attached is figured in. Currently there is some demand for no bake molding systems. But again they take a large amount of capital to purchase, remove and reinstall, making the process lengthy.

Core machine: the market changes based on the jobs that are in demand. They go through cycles. Currently shell core machines are in demand and there are only a few on the market whereas cold box machines are slow movers.

Finishing: medium size tumblast cleaning machines are selling well. Make sure they are later model machines by looking at the back of the machine (for example: Wheelabrator machines model super II have a double door on the back for access). If the machines do not have a back door they are for parts only unless you find a cheap buyer. We have found that some of the manufacturers of machines are not speaking highly about used equipment and when given the serial number for parts are told that the machines are too old. We have been forced to clean and paint machines in some cases to make them saleable. Some of the foundries are moving to automated robot grinding cells. Most of these are custom designed for the parts that are being ground, and we have not been able to sell them for a large price, so be careful in valuing them.

I have only given you a small part of the industry and what is happening. Please feel free to contact me any time to discuss in detail the plants that you are working on.

John Greene
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Equipment, Appraisals, Liquidations, Auctions

2020 AMEA Important Dates

January 2020

January 24, 2020
AMEA Committee &
Board Meeting
Sarasota, FL

March 2020

March 11– 12
15-Hour USPAP Course
Chicago, IL

March 13
Appraisers' Forum
Chicago, IL

March 14
7-Hour USPAP Course
Chicago, IL

May 2020

May 5, 2020
AMEA Committee &
Board Meeting
New Orleans, LA

For more event information:
Call AMEA: **703-836-7900**
or visit www.amea.org

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AMEA New Members Bios (Cont'd)

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Randy Baumbach, CEA Method Valuation & Consulting

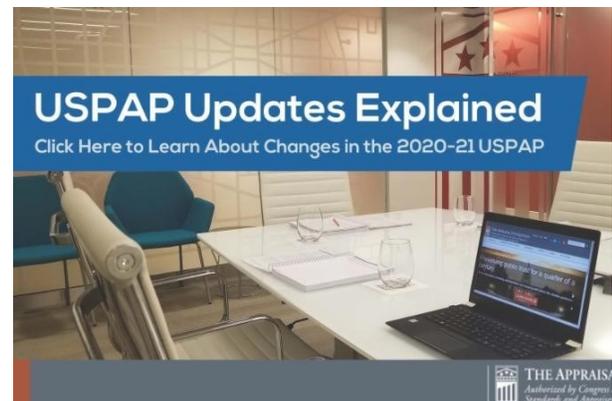


Randy has over 15 years of experience in industrial auctions and valuations of capital equipment, specifically machine tools. During his time in the auction industry, Randy has managed hundreds of auctions both domestically and internationally for small business to Machine Tool Manufacturers to Fortune 30 Companies. This unique experience has given him valuable insight into market trends that yield precise and accurate valuations of single assets to entire manufacturing facilities. Recently, he has founded Method Valuation & Consulting, which provides capital equipment appraisals and consulting for manufacturing businesses and industrial auctioneers. He has a B.A. from St. Olaf College in Economics and Management.

USPAP Update

Changes for the 2020-21 USPAP Webinar by the Appraisal Foundation

Learn how the adopted changes for the 2020-21 edition of USPAP balance appraiser flexibility while still protecting the public trust. [Click Here](#) to be directed to the YouTube webinar or visit the Appraisal's Foundation's website for this webinar and more by [clicking here](#).



APPRAISER

ASSOCIATION OF MACHINERY AND EQUIPMENT APPRAISERS

AMEA APPRAISERS' FORUM

2020 Appraisers' Forum is coming to Perfection Global, LLC in Chicago

SAVE THE DATE

2020 AMEA

ASSOCIATION OF MACHINERY
AND EQUIPMENT APPRAISERS

APPRAISERS' FORUM

MARCH 11 - 14

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- Randy Koster, CEA
- Koster Industries, Inc.



Mark your calendars for the 2020 AMEA Appraisers' Forum to be held at Perfection Global, LLC in Chicago, Illinois. We will be hosting the 15-hour USPAP course on Wednesday and Thursday, March 11th and 12th, followed by an MDNA Chicago chapter meeting on Thursday evening, which includes dinner and networking at Fogo de Chao. On Friday morning, March 13th, we will head to Perfection Global, LLC for industry presentations on topics ranging from new machinery to the legalities of appraising. Perfection Global, LLC is one of the world's largest stocking dealers of used industrial machinery, which will provide us close-up and hands-on appraising of several of the machines in stock. On Saturday, March 14th, we will be holding the 7-hour USPAP course and will finish early afternoon to allow everyone time to catch a flight home or spend the rest of the day in Chicago. Registration will open soon, so be on the lookout for more information about speakers, registration, and hotel information.



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APPRAISER

ASSOCIATION OF MACHINERY AND EQUIPMENT APPRAISERS

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AMEA APPRAISERS' FORUM (Cont'd)

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New & Used Machinery Sales

Auctions & Liquidations

Surplus Asset Management

Financial Solutions

Preliminary Schedule for the 2020 AMEA Appraisers' Forum

Wednesday, March 11th,

- 15- hour USPAP Course Day 1

Thursday, March 12th,

- 15- hour USPAP Course Day 2
- MDNA Chicago Chapter Meeting

Friday, March 13th

- AMEA Forum at Perfection Global, LLC:
Industry presentations and hands-on demonstrations of a variety of different machines.

Saturday March 14th

- 7- hour USPAP Course

