

AMERICAN INSTITUTE OF MINERALS APPRAISERS

NEWSLETTER

April 2013

Vol. 17, No. 2

IN THIS ISSUE

President's Message

Establishment of International Chapters

Significant Events, Trends, & Issues (USGS 2012 Commodity Report)

2013 Valuation Session DVDs and continuing Education Credits

2013 Minutes of Annual Meeting February 2013

PRESIDENT'S MESSAGE

Fredric Pirkle, AIMA President

As a reminder, our current continuing education (CE) requirement is 10 hours per year over a 3-year average. This requirement went into effect in 2011 so the current period ends December 31, 2013. For the period from 2011-2013, CEUs from 2010 may also be claimed. For members who wish to brush up on their CE units the Valuation papers and presentations from the 2011 SME convention held in Denver can be purchased on DVD for \$90 from AIMA headquarters and the Valuation papers and presentations from the 2012 SME Convention held in Seattle can be purchased on DVD for \$80 also from AIMA headquarters. Members are encouraged to use the table in the web site, which allows the voluntary recording of CE activities.

ESTABLISHMENT OF INTERNATIONAL CHAPTERS

By John B. Gustavson, 1992-1, Past President

At the Annual General Meeting in Denver in February the membership by a straw vote overwhelmingly approved going forward with the administrative work and ultimately voting on proposed Bylaw changes. Therefore, the Institute is now moving forward towards the voting by its certified membership for approval of this important Bylaw amendment: [Draft] *Shall the AIMA amend its Bylaws to change its name to the International Institute of Minerals Appraisers and to allow for formation of Sections to be known as Country Chapters?*

This amendment will have minor, if any influence on the existing members in the U.S., where the U.S. Chapter will be formed simultaneously with approval of the proposed

amendment. The U.S. members can still identify themselves as certified by the American Institute of Minerals Appraisers (to become a Chapter of the International Institute of Minerals Appraisers). Also, international members will still be known as Certified Minerals Appraisers by the AIMA until such time, if ever, they form their respective Country Chapter.

The greatest advantage will accrue to our current and future members with international residence. Some associated Bylaw amendments will be needed, which do not require voting by the full membership but only by the Executive Committee. These include provisions for reducing the current 10-member minimum for Country Chapter formation to a much more modest number. It is suggested that at least One (1) Certified Minerals Appraiser must be part of a Country Chapter formation. It is being considered, if a total of Three (3) members including Associates should be required. Several of our international members have offered to assume Country Chapter pro-tem officer positions to get started.

Members of Country Chapters would find it easier to adapt to their local, national requirements while still being able to claim jurisdictional exception to the IIMA's overwhelming USPAP requirements. The exception reads "If any part of these standards is contrary to the law or public policy of any jurisdiction, only that part shall be void and of no force or effect in that jurisdiction". Thus, the IIMA Executive Committee could amend the Bylaws Article 7 to allow Country Chapters to impose/allow country-specific standards and competency requirements.

Ultimately, and upon further harmonization of the IVSC standards (in particular with regard to standards and guidelines for our extractive industries), the renamed IIMA may vote to ascribe to only the IVS and let the AIMA Chapter co-adopt the USPAP as required. But that is a future subject.

Right now, our current AIMA has international members from Australia, Hong Kong, South Africa, and Canada. These are indeed the members from the same countries, which work the hardest toward harmonization of appraisal standards on an international basis. It is expected that by making the AIMA an international certifying body named the IIMA we and the public can benefit. The benefits will include having at least one international, certifying body with qualification requirements and a Code of Ethics and the teeth to ensure compliance.

The above include recent proposals from Bernie Guarnera and Ross Lawrence. Bernie has already assisted in getting us an AIMA member in Australia. Ross, our old-time member from Canada has at least a decade of experience towards trying to establish a Canadian entity, which could function towards certifying minerals appraisers, but with little luck so far. Now, Ross hopes that the proposed AIMA amendment will lead to the formation of a Canadian Institute of Minerals Appraisers, a Chapter of the IIMA. Also, the use of the term "Country Chapter" in lieu of "Country Section" is Ross' suggestion.

Your comments to the undersigned and/or to the Editor of our Newsletter, Matt Chapman are encouraged. We are preparing to finalize the proposed amendment to the Bylaws for a mailing to the membership and to solicit the vote with the regular 30-day notification. The name "International Institute of Minerals Appraisers" has been reserved until 15 July 2013, but the reservation can be extended as necessary.

Please, submit comments for Executive Committee consideration to Johngustavson1@aol.com
Regards,

John B. Gustavson, Past President

SME 2013 VALUATION SESSIONS DVDs

Both Valuation Sessions from the 2013 SME Annual Meeting & Exhibit 24 – 27 February in Denver, Colorado are now available in electronic form.

The American Institute of Minerals Appraisers, Organizer of the 2 Valuation Sessions for the SME since 1999, has at its cost captured each of the 2013 presentations in audio, synchronized with the speaker's slides. The AIMA funded the recording for educational purposes and subsidizes the production (at a roughly \$2500 budget!).

The actual audio from the presentations is superimposed on each of the slides. Individual slides can be extracted from the DVD.

The DVD's have been professionally recorded by Freeman Audio Visual Solutions and are available at \$85.00 for both sessions including handling and shipping from the AIMA Headquarters:

American Institute of Minerals Appraisers 5757 Central Avenue, Suite D Boulder, CO 80301, USA

Please, mail your check for US \$85.00 made out to the "AIMA" with your name and address and allow 2 weeks for delivery.

Members of the American Institute of Minerals Appraisers may claim up to 6 Hours of Continuing Education Credits when personally attending the complete two Valuation Sessions. Subsequent hours recorded by CMA's for serious desk study of the DVD material may also be claimed as contact hours toward CE credits.

There are still DVD's available for the 3-session 2011 Conference (now \$120 per set) and for the 2-session 2012 Conference (@ \$90 per set). Hours recorded by CMA's for desk study of this historic DVD material may also be claimed as contact hours toward CE credits

Please, address any questions to the AIMA Past President at johngustavson1@aol.com

SIGNIFICANT EVENTS, TRENDS, AND ISSUES

2013 Mineral Commodity Summary - Reproduced with permission from USGS

In 2012, the estimated value of mineral production increased in the United States for the third consecutive year. Production and prices increased for most industrial mineral commodities mined in the United States, but production and prices for nearly all metals declined. Minerals remained fundamental to the U.S. economy, contributing to the real gross domestic product (GDP) at several levels, including mining, processing, and manufacturing finished products. Minerals' contribution to the GDP increased for the second consecutive year. After continued decline following the 2008–09 recession, the construction industry began to show signs of improvement during 2012, with increased production and consumption of cement, construction sand and gravel, and gypsum, mineral commodities that are used almost exclusively in construction. Crushed stone production, however, continued to decline.

The primary metals industry and the nonmetallic minerals products industry are intrinsically cyclical. Growth rates are directly affected by the U.S. business cycle as well as by global economic conditions. The U.S. Geological Survey (USGS) generates composite indexes to measure economic activity in these industries. The coincident composite indexes describe the current situation using production, employment, and shipments data. The leading composite indexes forecast major changes in the industry's direction by such variables as stock prices, commodity prices, new product orders, and other indicators, which are combined into one gauge. For each of the indexes, a growth rate is calculated to measure its change relative to the previous 12 months.

Following a steep decline to -20% in early 2009, the leading index shows the growth of primary metals increased to almost 20% in late 2009. Since then, the index has steadily decreased. At the end of 2012, the growth rate was -2%. The primary metals industry was supported by modest metals demand generated from the manufacturing and construction sectors. This is likely to continue into 2013. The nonmetallic mineral products industry was boosted by the rebound in construction activity in 2012, with more than half of its output going to the construction sector. The recovery in the U.S. housing industry is fueling demand for industrial minerals and products. The nonmetallic mineral products leading index growth rate ended 2012 indicating that the nonmetallic mineral products industry is poised for a recovery in 2013.

The estimated value of mineral raw materials produced at mines in the United States in 2012 was \$76.5 billion, a slight increase from \$74.8 billion in 2011. Net exports of mineral raw materials and old scrap contributed an additional \$21 billion to the U.S. economy. Domestic raw materials and domestically recycled materials were used to process mineral materials worth \$704 billion. These mineral materials, including aluminum, brick, copper, fertilizers, and steel, and net imports of processed materials (worth about \$27 billion) were, in turn, consumed by downstream industries with a value added of an estimated \$2.4 trillion in 2012.

The estimated value of U.S. metal mine production in 2012 was \$34.9 billion, about 3% less than that of 2011. Principal contributors to the total value of metal mine production in 2012 were gold (36%), copper (27%), iron ore (15%), molybdenum (10%), and zinc (4%). Average prices for most domestically mined metals decreased in 2012. The yearly average price of gold continued to climb, but no new alltime high was reached during the year. The estimated value of U.S. industrial minerals mine production in 2012 was \$41.6 billion, more than 7% more than that of 2011. The value of industrial minerals mine production in 2012 was dominated by crushed stone (29%), cement (16%), and construction sand and gravel (16%). In general, industrial minerals prices were relatively stable, with modest price variations.

Mine production of 15 mineral commodities was worth more than \$1 billion each in the United States in 2012. These were, in decreasing order of value, gold, crushed stone, copper, cement, construction sand and gravel, iron ore (shipped), molybdenum concentrates, phosphate rock, lime, industrial sand and gravel, soda ash, clays (all types), salt, zinc, and silver.

In 2012, the supply for more than one-half of U.S. apparent consumption of the 41 mineral commodities shown in the figure came from imports, and the United States was 100% import reliant for 18 of those. For the first time since 2002, the United States was not 100% import reliant for rare earths. Although not enough information was available to calculate the exact percentage of import reliance, rare earths mining resumed in Mountain Pass, CA. U.S. import reliance has increased significantly since 1978, the year that this information was first reported. At that time, the United States

was 100% import reliant for 7 mineral commodities, and more than 50% import reliant for 25 mineral commodities. In 2012, the United States was a net exporter of 15 mineral commodities, meaning more of those domestically produced mineral commodities were exported than imported. That figure has remained relatively stable, with net exports of 18 mineral commodities in 1978.

In 2012, 11 States each produced more than \$2 billion worth of nonfuel mineral commodities. These States were, in descending order of value—Nevada, Arizona, Minnesota, Florida, California, Alaska, Utah, Texas, Missouri, Michigan, and Wyoming. The mineral production of these States accounted for 64% of the U.S. total output value.

**MINUTES OF AIMA ANNUAL
MEETING
BUBBA GUMP SHRIMP COMPANY
1437 CALIFORNIA STREET
DENVER, COLORADO 80202
26 FEBRUARY 2013**

Commence: 12:00 PM

1. WELCOME: Fred Pirkle, AIMA President welcomed all attendees.
2. ATTENDANCE: A Sign-In Sheet was circulated.
3. SECRETARY: John Manes was appointed Secretary of the Annual Meeting by Fred Pirkle.
4. QUORUM: A call for members and proxies was performed by Fred Pirkle. A Quorum was established. Present at the meeting were the following people:
 - Albert, Mitch (Member # 1995-4)
 - Bagby, William C. (Member # 2006-3)
 - Bate, Richard (Member # 1999-2)
 - Bertrand, Frank (Associate # 2010-1)
 - Briggs, A.R. (Ron) (Member # 1995-1)
 - Chapman, Matt (Associate # 2011-1)
 - Collins, Daniel L. (Member # 2012-2)
 - Ellis, Trevor (Member # 1994-1)
 - Frahme, Robert B. (Member # 2002-2)
 - Grote, Tracy (Affiliate Member)
 - Guarnera, Barney (Member # 1995-3)
 - Gustavson, John B. (Member # 1992-1)
 - Hart, Robert N. (Member # 1999-5)
 - Knobloch, Tim (Member # 2013-1)
 - Lamphier, Briana (Associate # 2009-1)
 - Manes, John J. (Member # 2008-1)
 - McIntyre, John (Member # 2012-1)
 - Moritz, Edwin (Member # 1993-7)
 - Posgate, Louis R. (Member # 2011-1)

- Vass, Rachel (Associate # 2012-1)
- Warnken, Donald (Member # 1992-2)

Four proxies were received by the AIMA Secretary, authorizing Fred Pirkle to vote in their behalf:

- Crabtree, Albert (Member # 1994-3)
- Melbye, Charles (Member # 1993-4)
- Stagg, Alan (Member # 2003-1)
- Wyman, Richard (Member # 1993-11)

One proxy was received by the AIMA Secretary, authorizing Michael Cartwright (Member # 1992-3) to vote in his behalf:

- Kern, Jeff (Member # 1999-3)

One Member arrived later during the meeting:

- Jolk, Richard (Member # 2010-1)

- AGENDA 2013: A copy of the agenda was distributed. John Gustavson motioned to approve the 2013 agenda, John Manes seconded. All members voted in favor of.
- MINUTES 2012: Fred Pirkle asked to approve the Minutes from the 2012 Annual Meeting, as published in the May 2012 AIMA Newsletter. John Gustavson motioned to approve the 2012 minutes, and Bob Hart Seconded the motion. All members voted in favor of.
- NEW MEMBERS: Fred Pirkle announced new Certified Members (Daniel L. Collins, John S. McIntyre, Tim S. Knobloch), new Associate Members (Ms. Aryn Rowe, Ms. Rachel L. Vass, Bradley Renwick) and new affiliate members (Tracy Grote and Robert D. Congdon).
- OFFICERS 2012/2013: Fred Pirkle introduced the Officers of the AIMA for 2012-2013: Fred Pirkle (President), Mitch Albert (Vice President), Charles Howard (Treasurer, not present), John Manes (Secretary) and John Gustavson (Past President).
- GUESTS: Louis Posgate introduced his guest Steve Warrington, a Financial Advisor from Austin, Texas.
- TREASURER'S REPORT: Bill Bagby presented the Treasurer's Report, in behalf of Charles Howard.
 - There will be a significantly less Annual Meeting expense this year, as a result of this luncheon instead of formal dinner.
 - Do not have a Budget for Year 2013 currently – will have to get from Charles Howard.
 - Budget Expense Item of ~\$2,600 – recording and preparation of DVD at SME conference.

- Income – Received approximately \$730.00 for DVD's last year. Assume it will be the same.
- Dues – Anticipate similar income as last year.
- Cont. Education - \$50 rebate to Associate Members still offered on approved educational courses. Associates also receive a 20% InfoMine Discount. John Gustavson recommends a \$400 budget for rebates in 2013.
- Newsletter – likely same cost as last year.
- Website – John Manes to discuss later. Cost \$1,000 in 2012 for Member Access issues.
- Expenses: Estimate \$2-4K
- Income: Estimate to be the same as last year.

Without a 2013 Budget available, Fred Pirkle recommended that the new budget for 2013 will not exceed the 2012 budget, until more information on budget is available. Members voted, with 13 members being in favor of this recommendation. Fred Pirkle commented that the Executive Committee thinks the AIMA budget will be in better shape this year, compared to the previous.

- OLD BUSINESS: Fred Pirkle continued discussion with old business.
 - Certification Committee: John Manes mentioned that as the 2012-2013 AIMA Secretary, he has supervised the membership screening process per Section 5.3.3 of the AIMA by-laws. New applicants for certified membership were brought forward to the attention of Fred Pirkle and John Gustavson, who appointed an Ad-hoc certification committee.
 - Mentoring Committee: John Gustavson mentioned that we do not have enough Members mentoring associates. Needs someone to volunteer for mentoring. John Gustavson will work harder to get people to volunteer. Trevor Ellis is currently serving/will serve as an advisor to the Chair of the Mentoring Committee.
 - Continuing Education Committee: John Gustavson mentioned that the AIMA has responsibility not only internally within the AIMA, but also to the Public. Members are approaching the end of the current cycle, which runs from January 2011 to December 2013. Members are also allowed (this time only) to pick up any credits from 2010. Have to have 30 CE units by the end of year 2013. Besides courses, Members can purchase and review DVD's from prior SME Conferences in 2011 & 2012. Did have

a list of pre-recommended courses at one time, John Gustavson to review and put something together. Members and Associates are encouraged to send courses for consideration.

- d. Harmonization Standards Committee: Trevor Ellis currently serves as Chair of the SME Standards Committee. The IVSC has had some issues and are not getting mixed up with minerals currently – as they pulled GN14 out of their current 2011 manual. IMVAL formed from the various countries Mining Institutes, and is working to develop standards.
- e. Website: John Manes reported that it cost about \$1,000 last year to bring in an IT consultant and re-obtain access to the AIMA website, FTP, members area, and some required updates. The website is very outdated, and is running on an old dotNetNuke system. At the recommendation of the Executive Committee, he looked into the cost/process of website upgrades.
 - i. Option 1 – Redesign/Recreate the site using newer code & technologies, new administrative backend & new front end, PHP code, Control over design, Easier to manage, New features – such as member votes, file areas, etc., Better Search Engine Optimization and many more features. Also sets website up to be viewed/resized on modern devices such as iPad, smartphones, etc. – approximately \$5,600
 - ii. Option 2 - Redesign and refresh the current site using the same backend and data etc. No changes to functionality for Content Management System. Limited control for old code "table" layouts. Adjustments will be mostly made in graphics, padding, margin spaces, fonts – approximately \$2,000
 - iii. Option 3 - Do nothing. Current site is not very management friendly or modern, and will likely cost money whenever a minor change is needed.

Trevor Ellis mentioned that he is in favor of a whole new website.

Guest Steve Warrington mentioned to look at Facebook, which would allow a small website at no cost.

John Gustavson said the first two options are good ideas, but the AIMA has no budget for either of them, and we will just have to make what we have work.

John Manes mentioned that since the AIMA is a non-profit organization, one option is to accept donations with categories (Gold, Silver, Bronze – or in our case Oil & Gas, Metals and Aggregates!) for donation levels, with the donor having their name & logo on a sponsor tab of the website. Just an idea, but AIMA/Members should consider.

Fred Pirkle mentioned that John Manes should setup and Chair a committee (Website Development) to investigate the possibility of social media, website design, and sponsors. Daniel Collins and Louis Posgate volunteered to help.

- f. Newsletter - Matt Chapman to take over newsletter, under the stipulation that Don Warnken continues to assist with the transition.

12. NEW BUSINESS: Fred Pirkle discussed New Business matters.

- a. Establishment of International Sections – John Gustavson mentioned that we now have Members from Australia, Hong Kong, Africa, and Canada. Move forward with International Institute of Minerals Appraisers (IIMA) with the various countries being a Section of, such as an Australian Section of the IIMA. The AIMA would still remain as is, and would be one of several Sections under the IIMA. The current By-Laws are already setup for this, just have to have a certain number of members in each Section and change the By-Law language from State Sections to Country Sections.

John Gustavson mentioned that credit goes to Barney Guarnera for bringing this concept forward.

Fred Pirkle conducted a straw poll (non-binding) with 16 members voting for, and none against.

Ed Moritz commented to be cautious about a name change, as other industries and trade groups know the AIMA. John Gustavson

mentioned that the AIMA will still exist in its entirety, as a Section under the IIMA.

Fred Pirkle mentioned that nothing will be done without Members input and then an official vote.

Fred Pirkle agreed to work with John Gustavson to solicit members for comments and also highly encourages Members to comment, if they have any concerns.

- b. Membership Status Change: John Brower and William Jennings – Changed their status from Member to Emeritus.
- c. A member had previously recommended that AIMA Members should be able to comment about new members applying for certification.

Frank Bertrand recommended a background check on new Member applicants.

John Gustavson mentioned that something is already included in the By-laws, so that if the AIMA ever receives negative comments about an applicant, then it is the duty of the AIMA to investigate. Would form a three man Ad-hoc committee to investigate, and then provide a recommendation.

Barney Guarnera mentioned that his job includes reviewing various stock exchange listings, and is asked to determine if so & so is competent. All too often, a lot of undesirable people want to obtain an AIMA certification. Don't want this to impact the AIMA.

John Manes mentioned that since the AIMA Secretary supervises the membership certification process, than it would be relatively simple for the AIMA Secretary to e-mail all Certified Members and put them on notice that a new application is being screened for membership. The AIMA Secretary could receive Member comments and then present them to the Executive Committee for further consideration.

Fred Pirkle requested Members to vote if they wanted the AIMA to investigate more into a process for screening new applicants more. Seventeen members voted for this action. John Manes, John Gustavson and Barney Guarnera will work with to come up with some process for consideration of Members with a future vote.

- d. John Gustavson asked what should the AIMA do about issues with non-AIMA appraisers performing poor minerals appraisals?

Frank Bertrand mentioned that one must have some type of standing to report the issue.

John Manes commented and simultaneously volunteered Bob Frahme as an expert to follow up on his comment – USPAP has definitions for Appraisal Practice by Appraisers and also recognizes “outsiders” as Valuation Services provided by Other Professionals. Not sure however if Appraisal Institute has a method for disciplining “outsiders”. Bob Frahme provided discussion on the position and standing of the Appraisal Institute and Appraisal Foundation, in reference to disciplinary actions.

Fred Pirkle warned to be careful about the AIMA going after Non-AIMA members – litigious society and Non-AIMA Members may sue for slander and defamation.

- 13. CARTWRIGHT AWARD: Since the AIMA Annual Meeting is being held this year between the two Valuation Sessions, only ½ papers have been given thus far. Attendees are encouraged to write their votes for best paper and give to the Executive Committee at the end of the Second Session. The Executive Committee will then tally the votes and present the award later.

- 14. VENUE 2014: The SME 2014 Conference will be held in Salt Lake City. Richard Jolk to serve as Chairman, and Tim Knobloch as Co-Chairman.

Adjourned: 1:45 PM

The NEWSLETTER is published by the American Institute of Minerals Appraisers, 5757 Central Avenue, Suite D, Boulder, CO 80301
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Editor: Matthew Chapman and assisted by Donald Warnken.

Special thanks to John Gustavson, John Manes, and USGS for contributions. The strength of the AIMA organization is through the commitment, education, and contributions of its members. We are always looking for articles to enhance our profession and welcome any material that members may provide. Thanks!

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