

# INTERNATIONAL INSTITUTE OF MINERALS APPRAISERS

P.O. Box 19529      Boulder, Colorado 80308

## NEWSLETTER

April 2019

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## SME 2019 IIMA / SME CONFERENCE

Evan Mudd, IIMA Newsletter Editor



The 2019 IIMA annual conference and meeting was held on Feb. 25 and 26 in Denver, CO. Events kicked off Monday evening with a short Mentor-Mentee Workshop in the Society's Hyatt Regency hotel suite. Fred Pirkle led discussion on the Three Pillars of mineral valuation with special emphasis for mentees. After this talk, IIMA's mentoring chair, Darwin Werthessen, followed by sharing his personal journey toward becoming a minerals appraiser in the U.S. Northeast. Finally, John Gustavson closed with a walkthrough of Federal Land Acquisitions including VIP bonus material for clinic attendees. Thank you, Fred, Darwin, and John!

By the generous support of our 2019 Social Event sponsors, attendees enjoyed a happy hour reception on Monday evening. Many smiles, laughter and several deep valuation discussions filled the room as old colleagues reconnected and new friends were made. Hats off to our sponsors and arrangements chair, John G., for making this event possible.

### Gold Level Sponsors:

- Mineral Valuation Specialists
- Resource Technologies Corp.

### Silver Level Sponsors:

- Black River, Ltd.
- Groff Engineering and Consulting
- Gustavson Associates, LLC
- Stagg Resource Consultants, Inc.

### Copper Level:

- Howard Engineering, Inc.
- James Knobloch Petroleum, Inc.
- RPA, Inc.

If you would like to volunteer with future events, please contact the IIMA leadership to learn more about upcoming opportunities. Volunteering shares your knowledge, talent and expertise with others, and

benefits you as well by strengthening your connection to fellow IIMA members.

In addition, two valuation sessions were held on Tuesday at the Denver Convention Center. Special recognition is in order for all our session speakers and volunteers. Thank you for sharing your lessons learned and case study experience with the group. These are valuable sessions for anyone who is appraising or learning to appraise minerals, and your effort is greatly appreciated.

The annual IIMA business meeting occurred between these two sessions. Minutes from that meeting are on the following page of this newsletter.

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## **2019 IIMA/SME Conference Sessions**

In case you were unable to attend, or would like to reference these talks, three specially selected presentations have been added to the free SME-hosted tutorial website:

<https://www.smenet.org/publications-resources/resources/sme-valuation-standards/sme-valuation-tutorials>

Presentations and speakers from the 2019 valuation sessions are listed alphabetically by author as follows:

### **Eminent Domain Mineral Property Valuations: When Self-Proclaimed “Latitude” Falls Somewhere South of Competence and Ethical Obligations**

James Beck; J. M. Beck & Associates, Denver, CO

### **How to Identify a Successful Junior Mining Company**

Mario Alejandro Bendezu de la Cruz; Lima, Peru

### **Observations of Discounted Cash Flow Models Used in Regulatory Filings**

Robert Cameron and Amy Jacobsen; Behre Dolbear Group, Inc.

### **The Role of Commodity Futures Markets in Mine Planning and Valuation**

Graham Davis and Florin Dorobantu; Golden CO /  
The Brattle Group, New York, NY

### **Mineral Highlights from Uniform Appraisal Standards for Federal Land Acquisitions**

John Gustavson; Boulder, CO

### **Valuation of Mineral Properties with Split Ownership**

Douglas Hambley; Denver, CO

### **New Technology Boosts Industrial Minerals: A Valuation Perspective**

Evan Mudd; Rock Associates, Overland Park, KS

### **Definition of Rights Case History**

Edwin Moritz; Gustavson Associates, Boulder, CO

### **International Valuation Problems -- Solutions by IMVAL**

Fred Pirkle; Gannett Flemming, Jacksonville, FL

### **Three Pillars of Mineral Valuation**

Fred Pirkle; Gannett Flemming, Jacksonville, FL

### **Trends in Gold Property Transaction Values 2016-18**

William Roscoe; RPA, Inc, Toronto, ON

### **Highest and Best Use Analysis and Its Application in Appraising Undeveloped Mineral Properties**

Alan Stagg; Stagg Resource Consultants, Cross  
Lanes, WV

### **Appraisal Education: An Overview and Recent Experiences**

Darwin Werthessen; Integra Realty Resources,  
Boston, MA

# INTERNATIONAL INSTITUTE OF MINERALS APPRAISERS ANNUAL MEETING MINUTES

26 February 2019

Location: Bubba Gump Shrimp, Denver Colorado

## Call to Order

John Gustavson, IIMA Vice President, gave the meeting call to order and welcome at ~12:00 PM.

## Welcome

John Gustavson welcomed all attendees.

## Attendance

A sign-in sheet was circulated, and 24 members and guests were present.

In detail, Certified Members: 13; Associate Members: 9; Affiliate: 0; Guests: 2; and Certified Member Proxies: 11. Certified Members present and by Proxy: 24 voting parties.

## Appointment of Recorder

Evan Mudd was appointed by John Gustavson to take notes for the Minutes and present them to the Secretary of the Institute, David Shetler.

## Establishment of Quorum

A call for members and proxies was performed by John Gustavson, that yielded 24, including 3 Officers, plus 2 Officers by Proxy. Thus, a Quorum was established. See attached sign in sheet for list of members.

## Approval of 2019 Agenda

A copy of the agenda was distributed. Craig Wood motioned to approve the agenda, it was duly seconded by Fred Pirkle. All members voted in favor of 2019 Meeting Agenda.

## Introduction of New Members, Associate Members, and Guests

David Shetler introduced new Certified Members: Craig Wood, Jim Beck, and David Falkenstern.

Fred Pirkle introduced the new 2018 associate members: Melissa Nance, Douglas Hambley, Melanie Barsotti, Mitchell Houston, Kimberly Ayers, Josh Hickman, Dan Billman, Heidi Samuel, and Ian Lucas. Only Doug Hambley was present at the meeting.

Fred also introduced Grant Malensek and Bill Roscoe, both with RPA Canada, who were guests present at the meeting. It was announced that Richard Bate has now retired and will be receiving emeritus status.

## Approval of 2018 Annual Meeting Minutes

John Gustavson noted that the minutes from the 2018 Annual Meeting had been published in the IIMA News Letter as well as circulated to the membership via email. JG requested a motion from the floor to approve the 2018 Annual Meeting Minutes. Donald Lumm motioned to approve the

minutes, and Chris Wyatt seconded the motion. All members voted in favor of approval and the 2018 Meeting Minutes were approved.

## Treasurer's 2018 Report

The Treasurer's Report was presented by Charles Howard.

January 1, 2018 beginning balance:	\$ 8,363.24
Total 2018 Income:	\$ 16,503.00
Total 2018 Expenses:	\$ 16,107.71
2018 Annual Net Income:	\$ 395.29
Cash Balance on Dec. 31, 2018:	\$ 8,758.53

Charles noted that Paypal was a new expense item, as well as the payment for a permanent post office box in Boulder, CO. John Gustavson motioned to approve the Treasurer's Report. Briana Lamphier seconded, and the motion was carried by unanimous vote.

## Committee Reports

Certification Committee Report: Given by the Chair, David Shetler.

- DS reported that three applicants were certified in 2018: Craig Wood, Jim Beck, and David Falkenstern

- DS thanked those who had participated as part of the confidential Ad-Hoc Committees for the three applicants.

Continuing Education Committee Report: Given by the Chair, John Gustavson.

- JG as CE chair focused on reviewing courses and education materials, making them available to the membership, and negotiating discounts for courses and materials.
- Donnie Lumm will be serving as 2019 Continuing Education Committee Chair.

Ethics Committee Report: Fred Pirkle spoke for Bill Bagby, Ethics Committee Chair.

- Fred noted that after the modified ethics code was circulated to the membership, several comments were received and that the comments would have to be reviewed and addressed by reconvening the Ad Hoc Committee. Thereafter, the edited code would have to be approved by the Executive Committee before finally putting the edited code to a vote.
- Ed Moritz will be the new 2019 Ethics Committee Chair, while Bill Bagby will reconvene the Ad Hoc Committee and see any further editing through.

Membership and Mentoring Committee Report: Given by the Chair, Fred Pirkle.

- There are currently 38 certified, 25 associate, 6 affiliate, and 2 emeritus members.
- FP announced the splitting of Membership and Mentoring functions in the future and his own resignation from both. Fred has accepted the Chairmanship of the SME Valuation Standards Committee, which will consume all his time set off for professional appraisal society matters.
- Craig Wood, (Membership Committee Chair), and Darwin Werthessen, (Mentoring Committee Chair), will serve as Chairs of the two separate committees, respectively.

International Organization Committee Report: Given by the Chair, John Gustavson:

- IMVAL seeks to harmonize reporting standards across borders. As Representative of the IIMA to IMVAL, John has also served as Chair of the IMVAL Liaison Subcommittee.
- Major efforts have been put into liaison with conventional real estate appraisal organizations, including the Appraisal Institute and the American Society of Appraisers. Liaison with the International Accounting Standards Board is beginning. JG has agreed to continue as Chair, and as Representative to IMVAL.

Website Committee Report: Chair, John Manes was absent, so John Gustavson reported for Manes:

- Last year there were some expensive website related activities; but many of these expenses should not be recurring.
- John Gustavson commented that Manes was doing a great job as webmaster. Manes has also been tasked to establish a website for IMVAL. JG asked if anyone with experience would be willing to help as JM's assistant. Heidi Samuel said that she did have experience and volunteered to help.

Newsletter Committee Report: Matt Chapman/Evan Mudd

- The content of the 2018 IIMA Newsletters was complimented by John Gustavson.
- Evan will be taking over as Newsletter Editor in 2019.
- Evan will be looking for content and reprinting good articles from previous editions.
- Evan commented that there will most likely be 3 to 4 newsletters/year.

**Other Old Business**

- Proposal to Update the IIMA Ethics Code – Comments by John Gustavson and Fred Pirkle

- The proposal will be tabled until the comments received regarding the proposed changes can be reviewed and incorporated or addressed.
  - Any additional comments from the membership regarding the proposed changes need to be received in writing by March 15th.
  - The code of ethics must be in harmony with the IIMA Bylaws and is still a work in progress.
- 2018 Eastern Conference & Workshop
    - The mid-year workshop was a success but not something that is intended to be an annual event, due to the amount of work required to put an event like this together.
    - Tim Knobloch and JG and focused on putting together the materials and content for the midyear meeting.
    - This meeting served to educate the satellite professions such as land, accounting and legal.
  - JG asked of there was any other old business – there was none.

**New Business**

- Membership Fee Increase – John Gustavson
  - Will use additional proceeds to help build a reserve fund and improvement of website.
  - The Certified Members will absorb the bulk of the increase. The intent is to make it easy for Associate Members to join.
  - The new annual fee for Certified Members will be \$190.
  - Dividing Membership and Mentoring Committees – Fred Pirkle
  - These are two very time-consuming activities, so Fred Pirkle suggest that they

- be divided and the President, Tim Knobloch has so decided.
- 2019 Mentoring Committee Chair will be Darwin Werthessen.
- 2019 Membership Committee Chair will be Craig Wood.
- Other 2019 Committee Chairs:
  - Certification – David Shetler, automatically as IIMA Secretary
  - Continuing Education – Donnie Lumm
  - Ethics – Ed Moritz
  - International Standards Harmonization – John Gustavson
  - Website – John Manes with Heidi Samuel to assist
  - Newsletter – Evan Mudd, Editor.

- Proposed 2019 Budget

- Charles Howard presented the proposed budget

Expected Income:

•Dues	\$ 9,525
•Other Income	<u>\$ 3,870</u>
•Total Income	\$13,395

Expected Expense:

•Website Hosting	\$ 500
•Cash Reserve Fund	\$ 1,000
•Session Recordings	\$ 2,350
•E&O Insurance	\$ 2,300
•IMVAL Membership	\$ 1,000
•Other Expenses	<u>\$ 4,360</u>
•Total Expense	<u>\$11,510</u>

Expected Surplus \$ 1,885

- Proposed \$1000 IMVAL membership fee is a new item, which will be brought up by JG to the Executive Committee later in the day (Note: It passed). It will be contingent upon all parties contributing: SME, IIMA, Canada's CIMVal, Australia's VALMIN, and South Africa's SAMVAL.

- IIMA plans for valuation papers at the SME 2020 Conference in Phoenix, Arizona as well as having the IIMA Annual Meeting Luncheon associated with this venue.
  - Program Chair – Tim Knobloch
  - Arrangements – John Manes
  - Session Chairs:
    - Evan Mudd – Morning Sessions
    - Darwin Werthessen - Afternoon Sessions
- JG asked if there was any other new business – there was none.

**Meeting Adjournment**

- The meeting adjournment was duly motioned by Chris Wyatt and seconded by Fred Pirkle. Motion to adjourn was carried by unanimous vote. The meeting was adjourned at 1:45 PM.

**Respectfully Submitted**

**David Shetler, IIMA Secretary**

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## **IIMA APPOINTS NEW REPRESENTATIVE TO IMVAL**

Many thanks go to Andy Clay for serving as IIMA representative to IMVAL over the past couple of years. Andy’s accounting background was especially helpful in this role, which sometimes involved attending phone conferences at extreme hours. Thanks, Andy!

In place of Andy, John Manes has been chosen in order to maximize the support needed for IMVAL to develop its website. IIMA is also proposing that IMVAL Members provide funding for the new website through annual dues. This may ultimately lead to a much-needed CRIRSCO-type of “front window” for IMVAL.

The International Mineral Valuation (IMVAL) Committee was founded in 2012 with the vision to establish consistent international standards for minerals valuation and reporting. IMVAL has published a consensus of best practices and strategies for international minerals valuations within the organization’s IMVAL template. While we currently await the new IMVAL website, the template can be found on several other society websites including CIM, VALMIN, and SAMREC.

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## **MINING AND METALLURGICAL SOCIETY OF AMERICA (MMSA) & IIMA JOINT MEETING OPPORTUNITY**

Recently, an opportunity has been made available for IIMA to conduct a joint educational seminar with the MMSA in Denver, CO, during 2019 or 2020.

MMSA is a geologic and mining centric society with approximately 350 members, including many industry engineers and executives. The Society typically concerns itself with fundamental principles and with problems facing the industry in such areas as legislation, economic and education, as well as environmental concerns, labor relations, and health and safety. Representatives of the Society also, from time to time, testify before legislative bodies and provide advice to federal agencies.

Several areas of collaboration with MMSA may include a seminar or networking event with:

- Financial education sessions
- Legislative education sessions
- Focus groups for issues facing our profession

- MMSA’s Qualified Person (QP) program overview
- Simple meet-and-greet opportunities

If this sounds interesting, please get in touch with our IIMA Leadership to share your thoughts or ideas. More information about MMSA can be found on their website at [www.mmsa.net](http://www.mmsa.net).

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## SPECIAL OPPORTUNITY ALERT: THE WVDOT WANTS YOU!

Although IIMA officially and specifically makes zero client relationship endorsements, what follows is a requested announcement from the West Virginia Department of Transportation:

### NOTICE OF RIGHT OF WAY MINERAL APPRAISAL SERVICES

#### INVITATION TO QUALIFY FOR INCLUSION ON THE

#### WVDOT PRE-QUALIFIED APPROVED APPRAISER LIST

Notice is hereby given by the West Virginia Department of Transportation, Division of Highways, that **Right of Way Mineral Appraisal Services** related to transportation projects will be used for statewide projects.

All individuals interested in providing Mineral Appraisal Service contracts for statewide projects **must** be pre-qualified and approved by the WVDOT, DOH Right of Way Division in order to submit bids on upcoming projects.

**Individuals interested in being considered for this work must submit to Mr. Ward E. Lefler, Director, Right of Way Division, West Virginia Department of Transportation, Division of Highways, Building 5, Room 820, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305-0430, the following:**

1. Letter of Interest
2. Statement of Qualifications
3. Two (2) redacted appraisal work-product samples
4. Proof of current Licensure/Certification in good standing

Individuals desiring to be included on the pre-qualified list for real estate **MINERAL APPRAISAL SERVICES** **must** meet criteria established by the Right of Way Division and the Federal Highway Administration, and must be competent, as defined by the competency rule, Standards and Provisions of the “Uniform Standards of Professional Appraisal Practice” (USPAP), and the “Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970” (Uniform Act) P.L. 91-646, 49 CFR Part 24

Requirements to be considered for Mineral Appraisal Services include, but are not limited to:

- Provide independent, unbiased market value appraisals (fair market valuations) of mineral properties and mineral rights, from exploration and development tracts to operating mines and quarries as it pertains to eminent domain.
- A minimum of three (3) years of full-time or equivalent part-time experience in real estate mineral valuations.
- Competent, as defined by the Competency Rule and Standards and Provisions of the “Uniform Standards of Professional Appraisal Practice” (USPAP), and the “Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970” (Uniform Act) P.L. 91-646, 49 CFR Part 24
- Ability to qualify as an expert witness in condemnation proceedings and shall provide such testimony at all types of condemnation proceedings upon request and/or subpoena
- Training in the appraisal of partial acquisitions and condemnation appraisal principles and applications is recommended.

For a copy of the manual “Information for Appraisers” and/or the criteria established by the WVDOT, submit a request in writing to the address above.

Prior employment by a State Department of Transportation is not required in order to apply for inclusion on the West Virginia Department of Transportation's Pre-Qualified Appraiser List, or to submit proposals to perform Mineral Appraisal Services as may be requested by the WVDOT.

It is the policy of the West Virginia Department of Transportation, Division of Highways, that Disadvantaged and Women-owned Business Enterprises shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds.

**Please Note: Please contact Carrie L. Pugh at (304) 558-7444 or at [Carrie.L.Pugh@wv.gov](mailto:Carrie.L.Pugh@wv.gov) if you have questions regarding the requested information above. All submission packets may be emailed to Carrie Pugh at [Carrie.L.Pugh@wv.gov](mailto:Carrie.L.Pugh@wv.gov).**

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## SESSION VIDEOS AVAILABLE ON DVD OR DOWNLOAD

Synchronized presentations are now available for the 2019 SME / IIMA valuation sessions. Perhaps you like to download these presentations to your personal computer, or maybe you prefer to play them on your living room DVD player. The great news is you can do both! All sessions are available for download or DVD purchase from the IIMA website.

Also, while supplies last, the earlier sessions are still available for purchase. Price of DVDs (when shipping within North America. Added postage may apply when shipping overseas):

Twin-set: 2014, 2015, 2016, 2017, 2018, or 2019  
**\$95 each set**

Please, mail your check made out to the "IIMA" with your name and address and allow 2 weeks for delivery.

Older DVD sets are still available at the following prices:

2-set from 2013 \$90  
2-set from 2012 \$90  
3-set from 2011 \$120

### Continuing Education

Members of the International Institute of Minerals Appraisers may claim up to 6 Hours of Continuing Education Credits after attending the Valuation Sessions. Subsequent hours recorded by our CMAs for your own serious desk study of the DVD material may also be claimed as contact hours toward CE credits.

And there's more! As an alternative to buying DVD sets from years prior to 2018, the IIMA provides an exclusive benefit to members, making older presentations accessible for FREE viewing via the IIMA web site!

This approach continues to move forward year by year on a rolling basis, so the two most recent annual sets will be available at a price, while older papers may be uploaded for free by Members.

And in addition, as of 2019, 22 carefully selected presentations from Annual Conferences including 2019 and going back to 2011 can be accessed on YouTube through the SME Tutorial Website.

<https://www.smenet.org/publications-resources/resources/sme-valuation-standards/sme-valuation-tutorials>

These are for both our Members and also the education of the Public. Spread the word!

Please address any questions to the IIMA Chair, Continuing Education at [dslumm@windstream.net](mailto:dslumm@windstream.net)



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Special thanks to the contributions made. The strength of the IIMA 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.

All articles are contributed on a volunteer basis. The views and opinions expressed in any and all articles are those of the authors and do not necessarily reflect those of IIMA or your Newsletter Editor. If any IIMA member would like to professionally add-on to, rebut, or clarify any articles, I will feature such articles in the following newsletter. Thank you!

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