

INTERNATIONAL INSTITUTE OF MINERALS APPRAISERS

NEWSLETTER

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CARTWRIGHT AWARD 2017

The winner of the Cartwright Award was Graham Davis, The Market Capitalization Approach to Valuation. Congratulations Graham!

There is considerable distrust of the market capitalization approach to valuing mineral assets. CIMVal lists the approach as a secondary valuation method, and the SME Valuation Committee's comments to the IVSC indicate disagreement within that committee as to the approach's validity. This paper provides the theory and practice of the capitalization approach, showing where it may be useful and where it may not be useful. It certainly should be considered a primary approach in single asset companies or in companies where a single asset dominates its portfolio. Worries that the capitalization approach does not take into account acquisition premia are easily addressed.

IMVAL COMMITTEE UPDATE

Four of our IIMA members are also appointed members of the International Valuation Committee (IMVAL): John Gustavson, Fred Pirkle, John Manes and Trevor Ellis.

IMVAL is working towards the harmonization of mineral valuation standards to help assure uniformity of fundamental valuation principals and framework of application across all mineral valuation standards of significance, globally, and between the mineral valuation standards and the major comprehensive valuation standards such as the IVSs and USPAP.

Regular updates have been and will continue to be given on IMVAL. At this time, please recognize the commitment and volunteer efforts of our members helping to shape and improve our professional field. Thank you!

2017 SME Conference and

IIMA Annual Meeting RE-Cap

Although not a part of the typical Tuesday activities, the Mentor-Mentee Clinic was a great way to start off the conference on Monday evening. Although we did not have a lot of Associate Members, the ones that were there are all at the point of their training where they are trying to wrap up reports and submit their applications for certification status. Marc Springer gave a great talk about what it means to be certified and why certification is so important.

The presentations were both informative and thought provoking this year. I would classify it as the best year that I have attended so far. The combination presentation by John Fognani and Barney Guarnera and the presentation by Zach Smith were relevant to my current projects and client needs. This is something important to me as a conference attendee. Alan Stagg's presentation reminded me of some fundamentals of appraising that should not be forgotten. Although out of my experience area, the presentations by Chris Wyatt, William Roscoe, and Evan Mudd/Marc Springer were very interesting and informative. I also realized that you could learn just as much by giving a talk as listening. I fully appreciated some of the questions asked while I was at the podium. Most importantly, the day could not have gone nearly as smoothly without the firm hand of the moderators. It is a task that is definitely under appreciated.

Last but not least, the Annual Meeting went very well. It was great to meet the new Associates attending the meeting for the first time. At least we all got our food before we needed to leave for the afternoon presentations!

Rachel Vass

INTERNATIONAL

INSTITUTE OF MINERALS APPRAISERS ANNUAL MEETING MINUTES

21 February 2017

Location: Bubba Gump, Colorado

Call To Order

John Manes, IIMA President, gave the meeting call to order and welcome at 12:20 PM.

Welcome

John Manes, IIMA President welcomed all attendees

Attendance

A sign-in sheet was circulated

Total: 28, Certified Members: 13 Associate Members: 7, Affiliate: 0, Guests: 1, Proxies: 7 Certified Members

2016-2017 IIMA and AIMA Officers in Attendance

- John Manes – President
- John Gustavson – Vice President
- Charles Howard – Treasurer – Not Present
- Tim Knobloch – Secretary
- Fred Pirkle – Past President

Establishment of Quorum

- A call for members and proxies was performed by John Manes
- A Quorum was established – 20 Certified Members including 4 board members.
- See attached meeting sign in sheet for list of members and guests.

Appointment of Secretary of the Annual Meeting Minutes

Tim Knobloch, Secretary of the Institute, was appointed by John Manes to take minutes.

Approval of 2017 Meeting Agenda

A copy of the 2017 Meeting agenda was distributed. **John Gustavson** motioned to approve the agenda.

Fred Pirkle seconded the motion. **All** members voted in favor of 2017 Meeting Agenda. 0 Voted Against, 0 Abstained. **2017 Meeting Agenda approved.**

Approval of 2016 Meeting Minutes

John Manes asked to approve the Minutes from the 2016 Annual Meeting, as published in the April 2016 (Volume 20, No. 2) IIMA Newsletter. **John Gustavson** motioned to approve the minutes. **Fred Pirkle** seconded the motion. **All** members voted in favor of 2016 Meeting Minutes. 0 Voted Against, 0 Abstained. **2016 Meeting Minutes approved.**

New Members

- Tim Knobloch announced there were no new Certified Members since the last meeting.
- There were three new Associate Members (Karsten Eden, David Falkenstern, and Donald Lumm.
- There were **no** new Affiliates.

Introduction of Guests:

- Guests present in the meeting room were introduced. **William Roscoe**, Canada, Chair of the International Mineral Valuation Committee of which the IIMA is a Member, was introduced.

Treasurer's Report

- The **Treasurer's Report** was presented by **Alan Stagg** on behalf of the Treasurer, Charles Howard, in his absence.
- January 1, 2016 beginning balance: \$11,733.04
- Total 2016 Income: \$9,903.52.
- Total 2016 Expenses: \$9,020.73
- 2016 Annual Net Income: \$882.79
- Cash Balance 31 December 2016: \$12,615.83

John Gustavson motioned to approve the Treasurer's Report. **Bill Bagby** seconded the motion. No Discussion. **All** members voted in favor of 2016 Treasurer's Report. 0 Voted Against, 0 Abstained. **The Treasurer's report was approved.**

Newsletter Editor Report

Editor, Matt Chapman was not present. Don Warnken said a special *thank you* to Matt Chapman and invited everyone to submit articles for the Newsletter. Thanks for a great job with a round of applause to Matt!

Committee Reports:

Certification Committee Report: Given by the Chair, Timothy Knobloch.

- Thanks to those who have participated as part of the confidential Ad-Hoc Committees for the membership applications.
- Tim Knobloch presented a written report as summarized below:
- Mr. Donald Lumm Reviewed in 2016 and recommended as an Associate Member with the only requirement to complete the 15-hour USPAP course and study the layout of Appraisal Reports prior to Certification as a Certified Minerals Appraiser.
- Mr. Brian Groff Ad hoc committee recently formed
- Mr. Zachery Smith Applied - Waiting on additional application materials
- **Upcoming Expected Applicants in 2017**
- Mr. Russell Martin Received Sponsor Letter - Waiting on application materials
- Mr. Wes Casto Waiting on all application materials
- Mr. Marty Shumway Expected to apply in 2017
- Ms. Betsy Suppes Expected to apply sometime in the future

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

- Relevant courses have been communicated to all members with discounts for some.
- Prior Years IIMA/SME valuation sessions presentations have been added to the IIMA website after attempts to interest the SME bore no fruit. The individual format is MP-4 and is downloadable after PayPal payment @ \$10 as applicable.
- Past two years of presentations are available for sale, while years prior to the last two years are available at no cost to members.
- A request for a co-chair to provide additional educational services to the public and to the members was made by John Gustavson. Briana Lamphier offered to assist John Gustavson.
- John Gustavson noted benefits of taking the required 7-hour USPAP class every two years.

Ethics Committee Report: Given by the Chair, William (Bill) Bagby.

- No ethics violations of Certified Minerals Appraisers were reported.
- Bill noted some Ethics Committee activity regarding an Associate Member, which was satisfactorily resolved.
- Nothing currently in front of Committee.
- Bill suggested printing off copy of code of ethics and review prior to taking on new assignments. The Ethics Code is on the IIMA website.

International Organization Committee Report:

Given by the Chair, John Gustavson.

Canada – 4 members (2 CMAs and 2 Associate)

Hong Kong – 4 members (2 CMA's and ___2 Associates)

Australia – 1 member (1 CMA)

South Africa – 1 member (1 CMA)

- Still going forward with IIMA name.
- No international chapters formed, yet.
- Hong Kong members talking, but no action yet.
- John McIntyre spoke regarding Australia Institute of Minerals Appraisers. Some movement going forward. John McIntyre is on VALMIN Committee.

Membership Committee Report: Given by the Chair, John Manes.

- Total Members: 65
- Certified Members: 35
- Emeritus Members: 2
- Affiliated Members: 4
- Associate Members: 24

Mentoring Committee Report: Given by Chair, Rachel Vass.

- Rachel indicated that it was a good Mentor-Mentee clinic on Monday afternoon. About a dozen attended.
- Most Associates are now paired with a Mentor.
- Rachel was given a round of applause in recognition of her efforts as chair.

Standards Harmonization Committee Report:

Given by the Chair, Trevor Ellis

Trevor had provided an update earlier in the day at the morning Valuation Session about the SME Valuation Standards Committee status, which is closely followed by the IIMA. Trevor noted his

expectations for continuing enhancements to the Valuation Standards and improved harmonization with the Canadian CIMVal Standards.

Website Committee Report: Given by the Chair, John Manes.

- The new Institute website is now up and running although Members-Only features were not fully functional.
- John Manes is to supply a written report for the Newsletter on the website features.
- Motion by John Gustavson to get everything done as soon as possible. Not seconded, but noted for the Minutes.
- John Gustavson also thanked John Manes on behalf of the Institute for all of his personal efforts in regards to the website development. Applause by the membership.
- John Manes also thanked Tim Knobloch for providing a listing of all prior year presentations.
- An Ad hoc committee was formed to provide historic executive committee names for John Manes. Tim Knobloch and Marietta College technicians to complete the work necessary.
- Thank you to John Manes for digitizing all historic Institute data.
- Thank you to Wanda Bates for keeping track of all historic data over the years.

Old Business

There was no old business.

New Business

- Bill Bagby provided a description of the Michael Cartwright award.
- Marc Springer thanked Ed Moritz for the use of his office space for the Continuing Education class on Wednesday.
- Tim Knobloch asked if it was possible to consider another day (Sunday or Monday) for the Continuing Education class for additional member attendance. There was some discussion. John Gustavson suggested contacting SME to see if we could run it through them and further promote the classes and expand attendance. John Gustavson suggested that the Executive Committee bring this up at its next Quarterly Meeting.
- Don Warnken spoke in regards to the Unit Rule as described in the *Uniform Appraisal Standards for Federal Land Acquisitions* in relationship to the Marcellus Shale as an example, looking for support from the Appraisal Institute. Allan Stagg

spoke up recognizing the different estates. Don Warnken was invited to submit his concern about the Unit Rule as an article for the Newsletter for starters.

Cartwright Award: Deferred to next week after all papers had been presented. Bill Bagby to provide a summary of the votes after the afternoon valuation session.

2017 Budget

The following Budget Developed by Treasurer Charles Howard was prepared.

Net income in the Treasurer's 2017 budget is projected as follows:

Total Dues: \$6,450.00

Total Other Income: \$4,316.50

Total Income: \$10,766.50

Total Expenses: \$16,766.50*

- * About \$6,000 are a one-time expense for the website update and server problems. See attached draft budget.
- Thanks to Lou Postgate, John Manes and Trevor Ellis for donations to the new website, which assist in reducing the impact of the website costs.
- John Manes donated funds toward the Monday night social, which are gratefully acknowledged. Additional donations are also being sought to offset costs for the annual Monday night IIMA social.

John Gustavson motioned to approve the 2017 Budget. Bill Bagby seconded the motion. All members voted in favor of 2017 Budget. 0 Voted Against. 0 Abstained. The Treasurer's Budget was approved.

2018 IIMA Annual Meeting Venue

The 2018 SME Annual Conference and IIMA Annual Meeting will be held in Minneapolis, Minnesota, 21-24 February. Tim Knobloch volunteered to act as Program Chair for the Valuation

Sessions. Evan Mudd volunteered to be the Arrangements Chair.

Meeting Adjournment

John Gustavson motioned to adjourn the 2017 Annual General Meeting. Mark Springer seconded the motion. All members voted in favor of adjourning the 2017 Meeting. 0 Voted Against. 0 Abstained. The 2017 Meeting as adjourned at 1:45 PM.

Tim Knobloch, Meeting Secretary

Tim Knobloch, IIMA Secretary

New Associate Member

Meet the new Associate Member, DAVID FALKENSTERN!!! David works with Resource Technologies Corporation at their Boulder, Colorado location. He has over 15 years of experience assisting with the valuation of coal and aggregate mining operations and reserve properties and is a licensed geologist in Pennsylvania. He specializes in mineral pricing, market review and reviewing mine plans. He also develops large scale mineral valuation programs using Geographic Information Systems to link mineral market conditions, mineral quality, and environmental concerns. Mr. Jeff Kern, a CMA since 1999 and also with Resource Technologies Corporation, has agreed to serve as David's mentor. Already fast on the path towards certification, David is a great addition to the pool of Associate Members. If you would like to connect with David via LinkedIn his profile is: <https://www.linkedin.com/in/david-falkenstern-a775a060/>

HIGHEST AND BEST USE

By John B. Gustavson, IIMA CMA 1992-1

The determination of Highest and Best Use is fundamental in appraisal, but frequently misunderstood or even neglected. The following article attempts to summarize this important concept. Comments are invited.

Authority.

Estimates of a monetary value must follow the standards of the *Uniform Standards of Professional Appraisal Practice* (USPAP). This is a fact for appraisals made in all States of the Union and for all US companies and properties when working internationally.

Minerals including oil and gas are real estate when located in the ground. Under the *Standards for Real Property Appraisal*, Standards Rule 1-3 states:

“When necessary for credible assignment results in developing a market value opinion, an appraiser must:

(a) identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic supply and demand, the physical adaptability of the real estate, and market area trends; and

(b) **develop an opinion of the highest and best use of the real estate.**” [emphasis added]

The following comment is attached to item (b): “An appraiser must analyze the relevant legal, physical, and economic factors to the extent necessary to support the appraiser’s highest and best use conclusion(s).”

An appraiser of a mineral property must therefore always determine the Highest and Best Use of any mineral asset, which is being valued. In addition, that result must be included in the Appraisal Report. Standards Rule 2-2, (a), (x) involving contents states that the “....opinion of highest and best use [must] summarize the support and rationale for that opinion”.

Consequently, a Highest and Best Use determination must be conducted and the result must be reported.

Definition.

A number of definitions have been forwarded by various authorities. As an example, the *Uniform Standards of Professional Appraisal Practice* (USPAP) refers to the term "Highest and Best Use" throughout its 2016-17 edition, although it does not define the term itself under its *Definitions* section. Instead and for the best guidance, the simplest definition is listed in the *Uniform Appraisal Standards for Federal Land Acquisitions* (2016) as follows:

"The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future." [emphasis added]

The reason for emphasizing the timing of the use on the Effective Date or "in the reasonably near future" is to make sure that the Appraiser is not using a process involving “mere speculation and conjecture to become a guide for the ascertainment of value....”

The Supreme Court statement in *Olson v. United States* reads:

"Elements affecting value that depend upon events or combinations of occurrences which, while within the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration, for that would be to allow mere speculation and conjecture to become a guide for the ascertainment of value—a thing to be condemned in business transactions as well as in judicial ascertainment of truth."

As a consequence, a fresh mineral discovery cannot be determined to have a Highest and Best Use of mineral production, because that would be "mere speculation".

Other definitions and their explanation generally follow the above. *The Appraisal Institute* defines Highest and Best Use succinctly as follows:

"That reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

Other examples are found in *Uniform Standards of Professional Appraisal Practice* (page 20 in 2016-17 ed.), *International Valuation Standards* (page 24 in 2017 ed.), *International Mineral Property Valuation Standards Template* (IMVAL, page 6 in 2016 ed.), and *SME Standards and Guidelines for Valuation of Mineral Properties* (SME, page 11 in 2015 ed.).

Determination of Highest and Best Use

The determination of a mineral property's Highest and Best Use must take place early in the appraisal process and is one of the most important functions in the entire process. The Highest and Best Use of a mineral property, determined sequentially and conditionally, must answer these four question:

1. Is the use physically possible?
2. Is the use legally permissible?
3. Is the use financially feasible on the valuation date? And
4. Does the use maximize the potential of the mineral property?

Thus, the four criteria, which the studied Highest and Best Use must meet, are physical possibility, legal permissibility, financial feasibility and maximum profitability.

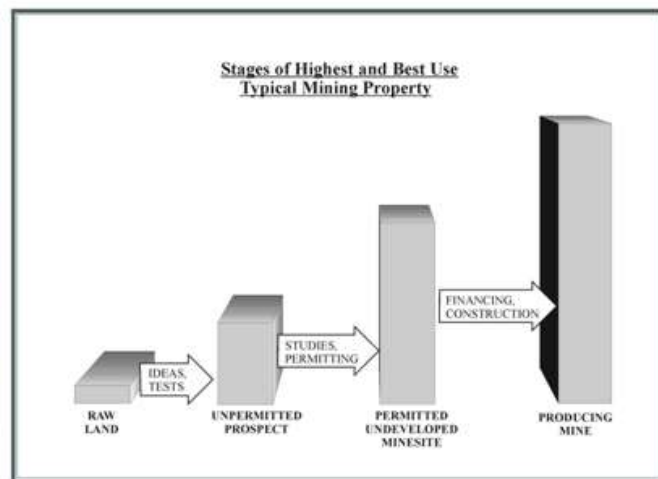
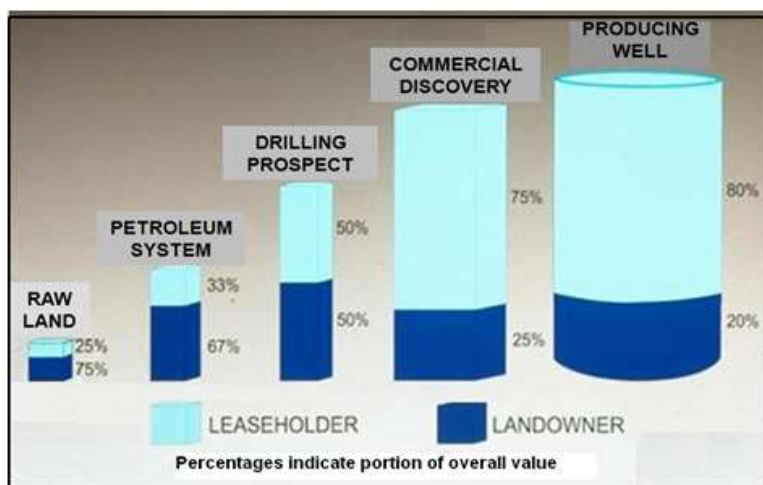
As mentioned above, an appraiser cannot consider stages of development of a property that are conjectural and speculative in nature and have no basis in fact. Guidance on this issue may be taken from "*Real Estate Valuation in Litigation*", which states on page 81:

"The key to determining, whether a specific highest and best use can be considered, is whether the potential for that use has an effect on market value as of the effective date of the appraisal."

Fortunately, both the mining and the petroleum sectors of the extractive industries have identified stages of development, which offer initial candidates for the determination of a Highest and Best Use. Figures 1 and 2 show a simplified layout, which was originally developed for a Continuing Education seminar on oil and mineral appraisal at the University of Tulsa (1985 – 2008).

This conceptual layout is general for practically all types of mineral properties. Petroleum is shown to the left, mining properties to the right. The petroleum figure also shows the concept of apportionment between the two owners of an overall leased mineral property, namely the leaseholder (the operator) and the mineral estate owner (the landowner).

The figures demonstrate that the value of a mineral property generally increases in steps from left to right until production has been reached. The total size of each column depicts the overall value of the property at each use. For petroleum during the early stages the operator's share is a small percentage of the total. During the latter stages the operator has invested and worked on the prospect, has taken risks and has increased the total value and also his own percentage of the overall value.



Figures 1 and 2. Stages of Highest and Best Use of Petroleum and Mining Properties

At each of the stages the property has a unique use ranging from an opportunity or idea to be swapped, bartered or tested by an exploration company (left side of figures) to the generation of cash flow from producing wells or mines (right side of figures).

Industry as well as regulatory agencies have expanded on this concept. As an example, numerous suggested stages of Highest and Best Use are shown in Figure 3 for oil & gas properties in an unconventional oil and gas play. As above, a property gains value from left to right in the figure.

Unleased land over general shale area	Unleased land over shale fairway	Leased land over shale fairway	Unitized acreage	Unitized, permitted well location	Well drilled vertically, but no lateral	Drilled horizontal, but un-fracked well	Fracked, but not "rested" and tested	Completed well awaiting hook-up	Producing well with no records	Producing well with published history
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Figure 3. Stages of Highest and Best Use of Unconventional Oil & Gas Play.

A similar approach is found for mining properties. Figure 4 shows the suggested stages of use of a mineral deposit. It has been observed from the market that these stages of use roughly follow the Canadian regulatory system of reporting.

Uncontrolled raw land	Land position under control, favorable exploration environment	Anomalies noted by geophysical, geochemical or grab sampling	Minerals identified with drilling intersections	Delineated prospect at Scoping phase	Deposit showing positive Pre-Feasibility, but no PEA, yet	Positive Pre-Feasibility plus PEA with Mine Plan	Undeveloped deposit with full Feasibility and all permits	Financed and engineered mine at construction Go-Ahead	New producing mine	Producing mine with history
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Figure 4. Stages of Highest and Best Use of Mining Project.

The *CIM Definition Standards for Mineral Resources and Mineral Reserves* developed by the *Canadian Institute of Mining, Metallurgy and Petroleum* are evident. These have also been adopted into the regulatory *National Instrument 43-101*, which, while setting the *Standards of Disclosure for Mineral Projects* within Canada, is widely used internationally.

It is therefore practical to test from left to right in the above figures for the Highest and Best Use of a mineral property. This procedure leads to the determination of that development stage, the use of which meets all four

criteria of physical possibility, legal permissibility, financial feasibility and maximum profitability. Details of how each of the four criteria are tested and met are then described in the appraisal report.

Application of Highest and Best Use

The most important application of the Highest and Best Use is in the Sales Comparison approach to appraisal of the mineral property. A reliable and relevant market value is best achieved when sales comparison candidates are determined to display a similar Highest and Best Use as the Subject. This is particularly important in cases where the Subject property is somewhere in the exploratory stages. Other appraisal approaches such as the Discounted Cash Flow approach are generally inapplicable (involving "mere speculation"), so the results from the Sales Comparison approach will govern during reconciliation.

Making adjustments, when having to move left or right from a Sale to the Subject's Highest and Best Use in the above figures, is highly problematic. Comparable sales candidates are difficult to find at exactly the same Highest and Best Use as the Subject, so an Appraiser must select those Sales, which minimize the adjustments.

Reference Material

Uniform Standards of Professional Appraisal Practice (USPAP), 2016-17 edition, published by *The Appraisal Foundation*, Washington, DC, USA.

Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), 2016 edition, *The Interagency Land Acquisition Conference*, published by *The Appraisal Institute*, Chicago, IL, USA in cooperation with the U.S. Department of Justice, Washington, DC, USA.

Olson v. United States, 292 U.S. 246, 257 (1934), U.S. Supreme Court, Washington, DC, USA.

International Valuation Standards, 2017 edition, published by the *International Valuation Standards Council*, LONDON EC2V 8AU, UK.

International Mineral Property Valuation Standards Template, 2016 edition, published by the *International Mineral Valuation Committee (IMVAL)*, c/o Roscoe Postle Associates, Toronto, ON, Canada.

SME Standards and Guidelines for Valuation of Mineral Properties, 2015 edition, published by the *Society for Mining, Metallurgy, and Exploration*, Englewood, CO, USA.

The Appraisal of Real Estate, 14th edition, published by *The Appraisal Institute*, Chicago, IL, USA, 2013.

Real Estate Valuation in Litigation, Eaton, J.D., Second Edition, published by *The Appraisal Institute*, Chicago, IL, USA, 1995.

Appraisal of Oil & Gas Properties, Gustavson, John B. and Edwin C. Moritz, *University of Tulsa*, Division of Continuing Engineering & Science Education, Seminar Work Book, Houston, TX, 15-16 October 2008, p 64.

CIM Definition Standards for Mineral Resources and Mineral Reserves, 2010, developed by the *Canadian Institute of Mining, Metallurgy and Petroleum*, Westmount, QC, Canada.

National Instrument 43-101 Standards of Disclosure for Mineral Projects, 2001, published by the Ontario Securities Commission, Toronto, ON, Canada.

IIMA Website Update

Home, Banner, Events

Seeking Pictures from members as all stock photos by developer - Banner photo must be 3x width.

IIMA Seals and logos shown, IIMA address on page.

Member login and join members pages built – being proofed currently.

About Tab

Executive committee, committees, Bylaws now as rollups for ease of navigation, Ethics

Directory Tab

Certified, Emeritus, Associate, Affiliate as separate lists

Click on name for single page listing

Newsletters Tab – All current, Rollups per decade

All online through February 2017

Education Page

Presentations (Sale to Public) 2011-2017

.mp4's for \$10 each, 60GB Data

Thank you Tim Knobloch for preparing index of presentations

Member Papers are now rollups. Needs some cleanup. Seeking Papers

Allied Papers - old listing, needs revising

Standards - old listing, needs revising

Resources Page

Few hundred links (old) now grouped by organization: Universities, Government, Other

Contact Page

Working

Join IIMA Subpage

Provides contact information

Rolldown for each class with full details/requirements and all application forms online

Member Login Tab – In process currently – need another week or two to finalize. Please refrain from logging in until further announced.

1. User Name is your Email of record
2. Can reset password via Email
3. Can change Email
4. Can change your name
5. Can edit: Professional designations (up to 2 per Institute), company, website, address, phone, cell, fax
6. Can change password
7. Can pay dues or fees online via PayPal and/or credit card. Sends money and report to Treasurer
8. Per IIMA Executive committee MP4 presentations up to last 2 years will be available for free to all members. (Building similar table as per education tab inside members area)
9. IIMA Associates Area not in place yet. Setting up file directory exchange.
10. Continuing Education add/edit – brought in 465 CE records from old site and tied back to owners

Future Plans

- Bagby Photo Gallery
- 2017 MP4 Presentations
- CE credits/compliance
- Starting dates from members
- Can optionally add pdf of certificate to user's profile

IIMA File Digitization

4 Bankers Boxes from Gustavson Associates archives and

John Gustavson's digital uploads/USB's

322 MB - 1,083 Files - 166 folders

65 GB - 2,733 Files - 335 folders

317 MB - 1,073 Files - 163 folders

65.9 GB 4,889 Files 664 Folders unsorted

Looking to add File Directory, User Access and Setup Online. Have some systems considered.

Ability for IIMA Executive committee, and committees to access necessary files online.

Special Thanks to:

- Wanda Bates, Gustavson & Associates – Maintained hard copies for all these years. Extremely well organized records that made scanning very simple.

- John B. Gustavson - Maintaining digital files and copies
- Mineral Valuation Specialist's Staff – scanning, proofing and assembling all digital records.

2017 IIMA Continuing Education Short Course

IIMA held this year's continuing education short course on 22 February 2017 at the Gustavson Associates 16th Street Mall Conference room in Denver. Marc Springer instructed the course, entitled *Elements of Mineral Property Appraisal and Avoiding Valuation Pitfalls*. Attendees included a good blend of CMA's and Associates representing a wide range of professional backgrounds, experience levels, and geographic regions; hence, the short course quickly evolved to an interactive workshop format, as the attendees chimed in with supportive questions and comments, which provided a contributory value to the course.

The course featured a balance of geology, mining engineering, and real property appraisal elements, highlighting:

- Federal Mineral Interests, Rights & Authorities
- Mineral & Surface Rights & Split Estates
- Mineral Property Highest and Best Use Assessment
- Mineral Property Prefeasibility/Feasibility Analyses
- Real World Examples of Incompetent, Misleading & Biased Mineral Rights Appraisals

Continuation Education Requirement

In early 2011 the AIMA membership was informed that we, your Executive Committee Management, had no authority to state that you must not designate yourself as a Certified Minerals Appraiser for reason of non-compliance with CE requirements. Likewise, we had no authority to prevent you from voting for

the same reason. The reason was that the Bylaws did not formally impart that authority to AIMA management.

To remedy that flaw formal ballots were sent to all members with a due date of 31 May 2011. The ballots called for voting on the addition in Article 2.5.2 of the requirement "for Certified Members, only, to comply with the continuing education requirements to be established by vote of the Certified Membership from time to time." All ballots, which were returned, voted in favor of that change of Bylaws and the Bylaws were accordingly changed.

In addition, the ballots queried the members as follows: "Shall the continuing education requirement be 5, 10 or 20 hours per year over a 3-year average, commencing in 2011 with allowance for inclusion in the 2011-2013 period of any claimed 2010 CE Credits?" The members vote fell by large majority on 10 hours per year over a 3-year average.

The current CE requirement is therefore 10 hours per year over a 3-year average. Therefore, from 1 January 2013 through 31 December 2016 you should have accumulated 30 CE Credits in order to stay in compliance. As a part of the 30 hours, note the 7-Hour National USPAP Update Course is required every two years.

The Institute applies the calendar year to the terms of its Officers (Bylaws 5.1.2 *Duration of Terms* ...Officers shall assume office on the first day of January...). In parallel, the "year" for purposes of accumulation of CE Credits also runs from 1 January through 31 December.

Each member has the opportunity to claim and to keep record of his/her claimed CE Credits on the "Member Login" web site.

To review your current CE standing, log in to your private CE Record Keeping at

<http://www.mineralsappraisers.org/members/MemberProfileCEC.aspx> under Member LogIn)

If you are a new Certified Member or if you have mislaid your username/password, please contact the

Webmaster John Manes john@minvalspec.com for an updated version. If you have further questions please contact the education chair.

John B. Gustavson,
Vice President

IMPORTANT DVD NEWS

In addition to the new availability on our website of DVD's with speakers' ACTUAL WORDS and SYNCHRONIZED SLIDES, DVD's are also available from the two Valuation Sessions at the 2016 SME Annual Meeting!

Also, while supplies last, the 2015 DVD sessions are still available for purchase.

Price of DVDs (when shipping within North America. Added postage may apply when shipping overseas):

- Twin-set from 2016 \$95
- Twin-set from 2015 \$95

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

Continuing Education. Members of the *International Institute of Minerals Appraisers* may claim up to 6 Hours of Continuing Education Credits when personally having attended the Valuation Sessions. Subsequent hours recorded by our CMA's for your own serious desk study of the DVD material may also be claimed as contact hours toward CE credits.

Older DVD's. Older DVD sets are still available at the following prices:

2-set from 2014	\$95
2-set from 2013	\$90
2-set from 2012	\$90
3-set from 2011	\$120

But WAIT! As a NEW alternative to buying the old DVD sets from years earlier than 2016, the IIMA

membership voted at the 2016 Annual Meeting to make such earlier papers available to Members for FREE when uploading from the IIMA web site!

This approach will 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.

Please, address any questions to the *IIMA Chair, Continuing Education* at johngustavson1@aol.com

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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!

E-mail: matt@hapmanappraisers.com;
