

Reviewing a Timberland Appraisal for Accuracy and Credibility



**Increase your confidence in understanding
and reviewing appraisal reports
for your clients and company.**

**May 29 - 30, 2019
Holiday Inn Portland South • Wilsonville, OR**

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Timberland appraisals are integral part of many business transactions. Consumers of timberland appraisal services need to have confidence in the reports they receive to make sound business and investment decisions. Through this seminar, you will gain an understanding of basic valuation principals as they relate to the timberland asset class and become a more informed consumer of appraisal services in the timberland market. While this session will not teach you how to conduct an appraisal, it will provide you with the knowledge and tools to understand the valuation process, interact effectively with the appraiser, and evaluate the accuracy and credibility of any forest appraisal.

The seminar instructors will provide you with the background and criteria to evaluate appraisals as well as a checklist to ensure a systematic and consistent method for reviewing and providing comments on future appraisals.

Target Audience

**Timberland investment portfolio managers • Timberland investors
Financial auditors • Lenders • Foresters**

Seminar Agenda

Wednesday - May 29, 2019

1:00 pm Introduction: Course Overview and Objectives

- Welcome
- Facilities
- Introductions - speakers and attendees
- Course Outline
- Handouts/Background Reading

1:20 Overview of Forest Management Concepts & Terminology

- What are the major timber producing regions of the U.S.?
- What are the major timber types within each region?
- Site productivity: the potential of an area to grow trees
- Timber stands: the basic units of management
- Management strategies: even-aged and uneven-aged management
- When to harvest: rotation length & financial vs. biological maturity
- Logging methods for timber harvest: ground vs. cable and types of equipment
- Where do logs go? Timber products, relative values, and their end-use markets
- Land Expectation Value
- Stumpage value

2:00 Drivers of Timberland Value

- Biological factors
- Physical factors
- Location
- Access

- Management history
- Regulatory & environmental issues
- Discount rate

3:00 Break

3:15 Key Concepts & Principals of Valuation

- Market and other types of value
- Elements of market value
- The concept of Highest & Best Use
- Contributory value
- Economic principles underlying valuation
- Appraisal standards
- Scope of work

4:00 The Three Approaches to Value & Their Use in Timberland Appraisal

- Income Capitalization Approach
- Sales Comparison Approach
- Cost Approach

5:00 Adjourn day 1

Thursday - May 30, 2019

8:00 am Application of the Income Approach to Small Properties

- Conversion Return method for merchantable timber
- Valuation pre-merchantable timber
- Contributory value of land
- Sources of data

Seminar Agenda

8:30 Income Approach Exercise

- Split into groups for 60 minute exercise and compare group results for last 30 minutes.

10:00 Break

10:15 Application of the Income Approach to Large Properties

- Modeling discounted cash flow for large properties
- Key factors affecting discounted cash flow valuations
- Projecting log prices
- Determining the market discount rate
- Determining the growth & yield of the forest
- Calculating production & management costs
- Reversion value

11:15 Selection of Sales & Adjustments Under the Sales Comparison Approach

- Sources of sale data
- Selecting “comparable” sales

- Elements & units of comparison
- Sale adjustments and analysis

Noon Lunch (included with registration)

1:00 Sales Comparison Approach Exercise

- Split into groups for 60 minute exercise and compare group results for last 30 minutes.

2:15 Reconciling to a Final Value Opinion

- Strengths and weaknesses of each approach - discussion
- Final reconciliation of the group exercise results

2:45 Break

3:00 Effective Appraisal Review & Interaction with the Appraiser

- How to select the right appraiser
- Providing the right data to the appraiser
- Appraisal review checklist

4:00 Wrap up, Q and A and adjourn

An appraisal review checklist will be provided with the course materials. Use this checklist for a structured and systematic approach to reviewing an appraisal for USPAP compliance as well as evaluating key components of the analysis.

About the Speakers

Roger Lord, ACF is the President of Mason, Bruce & Girard and leads the company's timberland and natural resources valuation services. He has more than 30 years of experience in the areas of timberland appraisal, acquisition and divestiture due diligence, forest economics, and planning.

Roger is a state certified appraiser in Oregon, Washington, and Idaho and specializes in the appraisal of investment grade timberlands throughout the Northwest. In the last five years, the MB&G Appraisal Services Group has completed assignments on 10.8 million acres with an aggregate value of \$26 billion.

Roger received a B.S. in Forest Science and M.S. in Forest Resources and Operations Research from Penn State Univ. He is a Member of the Association of Consulting Foresters, member of the Society of American Foresters, and a Practicing Affiliate of the Appraisal Institute.

Zach Dewees is an appraiser in Mason Bruce & Girard's Appraisal Services Group. He is a State Certified General Appraiser and an SAF Certified Forester with 14 years of experience in timberland appraisal, forest management and planning, economic analysis, growth and yield modeling, inventory, and GIS. Zach specializes in the appraisal of investment grade timberlands and conservation easements as well as non-industrial timberland and recreational properties. He also focuses on stumpage valuations, acquisition and divestiture due diligence, and timber supply studies. Zach received his B.S. in Forest Management from Washington State University. He is a member of the Society of American Foresters and a Candidate for Designation of the Appraisal Institute.



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Meeting Location:

The seminar will be held at the Holiday Inn Portland South at 25425 SW 95th Ave. in Wilsonville, OR. The hotel can be reached at: 503-682-2211 or <http://hiportlandsouth.com>

Lodging:

Reduced rate rooms are available at \$119 single or double plus tax. Mention Western Forestry and Conservation to receive this rate. After 5/2/19, the reduced rate rooms will be subject to availability. Call 503-682-2211 for reservations.

Attendee Laptops:

Attendees are encouraged to bring a laptop with Excel. The session will involve class exercises using Excel.

Registration:

The registration fee is \$575 if received by May 22 or \$675 after May 22. The registration fee includes a book of the speaker's PowerPoint slides and lunch on May 30. Checks should be made payable to Western Forestry and Conservation Association. Purchase orders, VISA/MasterCard, and American Express are accepted. Tax id # 930-331-712.

Group Discount:

Register 3 or more people from your organization and get 10% off each person's registration fee. To redeem the group discount, please contact Melinda at 503-226-4562 or melinda@westernforestry.org.

Cancellations:

Cancellations received by May 22 are subject to a 15% service charge. Cancellations received after that time will be charged the entire registration fee, but substitutions are always welcome.

Continuing Education Credits:

Seminar attendees will be eligible for 10 CFE credits through the Society of American Foresters.

Continuing education credits will also be sought from the following organizations:

1. Oregon Appraiser Certification and Licensure Board
2. State of Washington Department of Licensing— Real Estate Appraiser Section
3. The States of Idaho and North Dakota have reciprocity with Oregon for those wishing to apply for credit there.

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Registration Questions?

Call Melinda at (503) 226-4562 or
melinda@westernforestry.org

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Register online at www.westernforestry.org