



CITY of NOVI CITY COUNCIL

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Agenda Item C
January 8, 2007

SUBJECT: Award of Professional Services Agreement with Walden-Marling, Inc. for appraisal services for Fountain Walk for Tax Years 2004, 2005, and 2006 in the amount of \$37,500.

SUBMITTING DEPARTMENT: Assessing Department

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CITY MANAGER APPROVAL:

Table with 2 columns: Category and Amount. Rows include EXPENDITURE REQUIRED (\$37,500), AMOUNT BUDGETED (\$20,000), APPROPRIATION REQUIRED (\$37,500), and LINE ITEM NUMBER (101-209.00-816.900).

BACKGROUND INFORMATION:

The Fountain Walk property has been under appeal since 2004. The Michigan Tax Tribunal docket for tax years 2004 and 2005 has been consolidated with that of 2006 so that the cases can be heard at one time. Due to the unique and complex nature of Fountain Walk, an appraiser is needed with knowledge and experience in appraisals for this type of property.

RECOMMENDED ACTION: Award of Professional Services Agreement with Walden-Marling, Inc. for appraisal services for Fountain Walk for Tax Years 2004, 2005, and 2006 in the amount of \$37,500.

Table for Mayor and Council Member responses with columns 1, 2, Y, N. Rows include Mayor Landry, Mayor Pro Tem Capello, Council Member Gatt, and Council Member Margolis.

Table for Council Member responses with columns 1, 2, Y, N. Rows include Council Member Mutch, Council Member Nagy, and Council Member Paul.



WALDEN-MARLING, INC.

ATLANTA • CHICAGO • LOS ANGELES • NEWPORT BEACH

January 2, 2007

Mr. D. Glenn Lemmon
City Assessor
City of Novi
c/o
Ms. Stephanie Simon Morita
Attorney at Law
Secrest Wardle
30903 Northwestern Highway
P.O. Box 3040
Farmington Hills, MI 48333

Re: Proposal for Valuation Services
Fountain Walk
Novi, Michigan

Dear Mr. Lemmon:

We are pleased to submit this proposal to you, a representative of the City of Novi, Michigan, to provide appraisal services for the property identified above. Briefly, the subject property consists of a 711,331-square foot retail and entertainment center that was constructed in 2000-01, and is situated on a land parcel containing 67.21 acres of useable land area. The property is located within the southwest quadrant of the 12 Mile Road and Novi Road intersection in Novi, Michigan.

I. Purpose:

The purpose of the assignment will be to provide opinions of the retrospective market values of the fee simple interest in the subject property as of December 31, 2003, December 31, 2004 and December 31, 2005, respectively.

II. Scope and Description of Assignment:

Walden-Marling proposes to conduct the necessary investigations and analyses leading to the preparation of appraisals presented in self-contained reports for the above-identified property.

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The scope of an appraisal is the extent of the process of collecting, confirming, and reporting data. Data collection will commence with the commencement of this engagement. Comparable data will be collected from various sources including principals, brokers, managers, public records and our files. Data relied upon in reaching the value conclusion will be or have been confirmed to the maximum extent possible. Historic operating data, current operating data, and forecast operating budgets will be analyzed as a basis for operating projections. Regional, city data and some types of market data will generally be obtained from secondary sources that will be identified in the appraisal report.

III. Type of Report:

The report to be furnished will be an "Appraisal in a Self-Contained Format" as defined by Standard 2-2 of USPAP.

IV. Litigation Services:

Litigation-related services provided within twelve (12) months of the date of delivering the appraisal will be charged on the following basis:

Pre-trial Conferences:	\$ <u>175.00</u> per hour with a four-hour minimum.
Testimony/Hearings:	\$ <u>275.00</u> per hour with a four-hour minimum.
Depositions:	\$ <u>275.00</u> per hour with a four-hour minimum.
Office Stand-by:	<u>\$1,200.00</u> per half-day.
Court Stand-by:	Same as testimony.

\$2,000.00 per day for any scheduled testimony day not canceled three (3) business days in advance.

Pre-Trial Studies: Based on the hourly rate of the professionals providing the services, subject to your approval.

If the litigation services are provided more than twelve (12) months after the date of delivery of the report, the fee structure shall be in accordance with the then prevailing fees of Walden-Marling.

All travel and related expenses incurred for any of these post-related appraisal services will be billed in addition to the hourly billed charges.

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V. Providers of Service:

Valuation services will be conducted by David R. Walden, CRE, FRICS and John I. Wrzesinski, MAI, CRE, as principal appraisers, each of whom will participate in all aspects of the appraisal process, are licensed to provide these services in the State of Michigan and will certify to the same.

VI. Fee, Retainer, Expense Reimbursements, Delivery Schedule and Number of Reports:

The fee to provide the above-referenced appraisal report is \$37,500 with a retainer of 50 percent due upon engagement. The fee is inclusive of all services including travel and report costs. Any additional time and expenses after completion of the report will be billed at the rates indicated in the above litigation services section.

The fee is not contingent upon the finding of a specific value or the occurrence of any outside event or third party act, and is due and payable upon the rendering of the services agreed to herein.

The balance of the fee shall be due and payable within thirty (30) days of delivery of the reports. If the terms of this engagement require the review of a draft report prior to completing and delivering the final appraisal report, then this assignment shall be considered to have been completed with the delivery of the draft report and all fees shall be considered earned and payable. The above fee quote includes three (3) original copies of the appraisal report.

We estimate that we will require approximately 45 to 60 days to complete the appraisal and deliver to you three copies of each report.

In order to meet the stated delivery schedule, we will require the following: an executed copy of this letter of authorization to proceed and all required data necessary to complete the assignment.

VII. Dates of Value:

The value dates will be December 31, 2003, December 31, 2004 and December 31, 2005.

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VIII. Relationship After Delivery of Report:

The above fees include necessary client teleconferences during the performance of the appraisal. If additional consultation or services outside the scope of this assignment are required as a result of this undertaking, such will be provided at our customary hourly billing rates in effect at the time. You will be notified in advance and such services will be agreed to before work commences.

IX. Assumptions and Limiting Conditions:

There are a number of factors that may affect the appraised value of property. Therefore, appraisals and evaluations are typically subject to certain basic assumptions and limiting conditions. Unless Walden-Marling is instructed to the contrary, wherever the term "market value" is utilized, said term shall mean:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of the sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

This definition of market value is taken from the final rules issued by the Board of Governors of the Federal Reserve System (CFR Parts 208 and 225, July 5, 1991); National Credit Union Administration (CFR Parts 701, 722 and 741, July 25, 1990); Federal Deposit Insurance Corporation (12 CFR Part 323, August 20, 1990); Resolution Trust Corporation (12 CFR Part 1608, August 22, 1990); Office of Thrift Supervision, Treasury (12 CFR Parts 506, 545, 563, 564 and 571, August 23, 1990); and the Office of the Comptroller of the Currency, Treasury (12 CFR Part 34, August 24, 1990). The issuing of these rules is the result of a requirement by the Financial Institutions Reforms, Recovery and Enforcement Act (FIRREA), February 9, 1990. This definition is consistent with the definition of market value contained in the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation on January 30, 1989, as amended April 2, 1990 and June 5, 1990.

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In the event that this proposal letter is not accepted by January 5, 2007, our ability to meet the time schedule set forth in Section VI is subject to change. If this proposal is accepted after January 5, 2007, we will notify you as soon as possible if a revised time schedule is necessary and will obtain your approval for such revised schedule before commencing work on this assignment.

We appreciate the opportunity of providing this proposal for services. If you have any additional questions, please let us know. Please sign and return one copy of this document to our offices via facsimile at (312) 587-1623. We look forward to working with you on this assignment.

Respectfully,

WALDEN-MARLING, INC.



David R. Walden, CRE, FRICS
Principal of the firm



John I. Wrzesinski, MAI, CRE
Principal of the firm

AGREED TO AND ACCEPTED BY:

Mr. D. Glenn Lemmon
City Assessor - City of Novi

Dated

Ms. Maryanne Cornelius
City Clerk - City of Novi

Dated

Mr. David Landry
Mayor - City of Novi

Dated