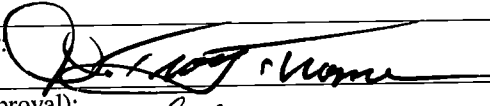
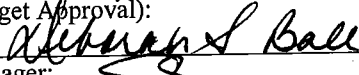
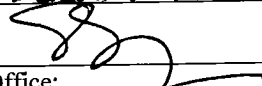
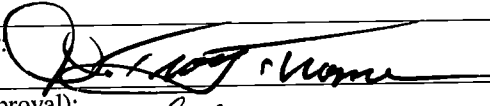
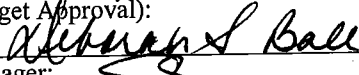
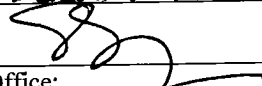
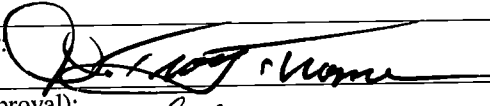
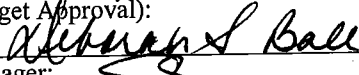
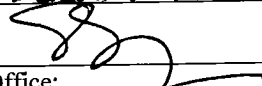


REQUEST FOR LEGISLATIVE ACTION

Completed by County Counselor's Office:

Res/~~Ord~~ No.: 18212
 Sponsor(s): Scott Burnett
 Date: July 15, 2013

SUBJECT	Action Requested <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance Project/Title: <u>Awarding a Contract for Appraisal Services for the Finance and Purchasing Department to American Appraisals of Lisle, Illinois in an amount not to exceed \$24,840.00, as a Sole Source.</u>											
BUDGET INFORMATION To be completed By Requesting Department and Finance	<table border="1" data-bbox="324 556 1396 745"> <tr> <td>Amount authorized by this legislation this fiscal year:</td> <td>\$24,840.00</td> </tr> <tr> <td>Amount previously authorized this fiscal year:</td> <td>\$</td> </tr> <tr> <td>Total amount authorized after this legislative action:</td> <td>\$24,840.00</td> </tr> <tr> <td>Amount budgeted for this item * (including transfers):</td> <td>\$24,840.00</td> </tr> <tr> <td>Source of funding (name of fund) and account code number: 060-5160-56040 Self-Insurance Fund, Non-Departmental, Appraisal Services</td> <td>\$24,840.00</td> </tr> </table> <p>* If account includes additional funds for other expenses, total budgeted in the account is: \$</p> <p>OTHER FINANCIAL INFORMATION:</p> <p><input type="checkbox"/> No budget impact (no fiscal note required) <input type="checkbox"/> Term and Supply Contract (funds approved in the annual budget); estimated value and use of contract: Department: _____ Estimated Use: \$ _____</p> <p>Prior Year Budget (if applicable): _____ Prior Year Actual Amount Spent (if applicable): _____</p>		Amount authorized by this legislation this fiscal year:	\$24,840.00	Amount previously authorized this fiscal year:	\$	Total amount authorized after this legislative action:	\$24,840.00	Amount budgeted for this item * (including transfers):	\$24,840.00	Source of funding (name of fund) and account code number: 060-5160-56040 Self-Insurance Fund, Non-Departmental, Appraisal Services	\$24,840.00
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Amount budgeted for this item * (including transfers):	\$24,840.00											
Source of funding (name of fund) and account code number: 060-5160-56040 Self-Insurance Fund, Non-Departmental, Appraisal Services	\$24,840.00											
PRIOR LEGISLATION	Prior ordinances and (date): _____ Prior resolutions and (date): _____											
CONTACT INFORMATION	RLA drafted by (name, title, & phone): Barbara Casamento, Purchasing Supervisor, 881-3253											
REQUEST SUMMARY	The Finance and Purchasing Department requires Appraisal Services for internal analysis of our insurance needs. The properties to be appraised are: Arrowhead Stadium, Kauffman Stadium and Truman Medical Center – Lakewood. Pursuant to Section 1030.1 of the Jackson County Code, the Director of Finance and Purchasing recommends the award of a contract for Appraisal Services for the Finance and Purchasing Department to American Appraisal of Lisle, Illinois in an amount not to exceed \$24,840.00, as a Sole Source purchase. American Appraisal is considered a Sole Source due to their skills in appraisal of sports facilities and their familiarity and knowledge of the County's stadiums.											
CLEARANCE	<input type="checkbox"/> Tax Clearance Completed (Purchasing & Department) N/A <input type="checkbox"/> Business License Verified (Purchasing & Department) N/A <input checked="" type="checkbox"/> Chapter 6 Compliance - Affirmative Action/Prevailing Wage (County Auditor's Office)											
ATTACHMENTS	The quote from American Appraisal and a letter from James Collins of Lockton Companies											
REVIEW	<table border="1" data-bbox="324 1690 1518 1921"> <tr> <td>Department Director: </td> <td>Date: 7/2/2013</td> </tr> <tr> <td>Finance (Budget Approval): If applicable </td> <td>Date: 7-3-13</td> </tr> <tr> <td>Division Manager: </td> <td>Date: 7/3/13</td> </tr> <tr> <td>County Counselor's Office:</td> <td>Date:</td> </tr> </table>		Department Director: 	Date: 7/2/2013	Finance (Budget Approval): If applicable 	Date: 7-3-13	Division Manager: 	Date: 7/3/13	County Counselor's Office:	Date:		
Department Director: 	Date: 7/2/2013											
Finance (Budget Approval): If applicable 	Date: 7-3-13											
Division Manager: 	Date: 7/3/13											
County Counselor's Office:	Date:											

Fiscal Information (to be verified by Budget Office in Finance Department)

- This expenditure was included in the annual budget.
- Funds for this were encumbered from the _____ Fund in _____.
- There is a balance otherwise unencumbered to the credit of the appropriation to which the expenditure is chargeable and there is a cash balance otherwise unencumbered in the treasury to the credit of the fund from which payment is to be made each sufficient to provide for the obligation herein authorized.
- Funds sufficient for this expenditure will be/were appropriated by Ordinance # _____
- Funds sufficient for this appropriation are available from the source indicated below.

Account Number:	Account Title:	Amount Not to Exceed:

- This award is made on a need basis and does not obligate Jackson County to pay any specific amount. The availability of funds for specific purchases will, of necessity, be determined as each using agency places its order.
- This legislative action does not impact the County financially and does not require Finance/Budget approval.

Fiscal Note:

This expenditure was included in the Annual Budget.

PC# _____

Date: July 3, 2013

RES # 18212

<u>Department / Division</u>	<u>Character/Description</u>	<u>Not to Exceed</u>
060 - Self-Insurance Fund		
5160 - Non-departmental	56040 - Appraisal Services	24,840
Total		24,840

Deborah S. Ball 7-3-B
 Budgeting

Troy Thomas

From: Collins, Jim [jcollins@lockton.com]
Sent: Friday, June 28, 2013 8:28 AM
To: Troy Thomas
Cc: Jay D. Haden; Celestine I. Williams
Subject: American Appraisal

Troy,

Although there are a couple of other appraisal companies out there capable of performing an appraisal on structures as large and complex as the stadiums and Lakewood, it is going to be the most cost effective to consider American Appraisal. Here are some of the reasons why:

- AA's last appraisal of the entire county (including the stadiums) was in 2003. Their fee is leveraged based on their intimate knowledge of the facilities as well as having a base collection of building construction data. They know that both stadiums have experienced considerable renovations and are able to use some of their structural data to assist with the valuation for the current year. This helps them lower their fee schedule and provide their conclusions at a reduced rate.
- Valuations of major sports facilities requires a unique skill set and experience that most other valuation firms do not have the capabilities. Over the last couple of years AA has completed the replacement cost valuations for Major League Baseball which includes 90% of the pro stadiums across the country. Their staff specializes in unique properties and have a considerable amount of experience.
- Their approach to determining replacement costs includes a segregated cost approach that has been accepted by insurers and re-insurers worldwide. There is no one way to value a building or structure and each firm utilizes their own approach and methodology. Their approach has been tested by the insurance industry and will result in a product that the County and the insurers can have full confidence. In addition, they will be employing similar approaches today that were used in 2003 which provide consistency between the valuations.

I hope this is the information that you need. Please feel free to call with any questions.

Jim

James E. Collins, CIC
Enterprise Team Leader
Unit Manager
Senior Vice President
Lockton Companies, LLC
444 W. 47th Street, Suite 900
Kansas City, MO 64112
Tel: 816.960.9970
Fax: 816.783.9970
E-mail: jcollins@lockton.com

American Appraisal Associates, Inc.
801 Warrenville Road, Lisle, IL 60532
tel 630 541 4650 ext 212 / fax 630 541 4660



Leading / Thinking / Performing

June 6, 2013

Ms. Celestine Williams
Risk Manager
Jackson County
415 E. 12th Street Room 105
Kansas City, MO 64106

Dear Ms. Williams:

American Appraisal Associates, Inc. will provide Jackson County ("the County") the appraisal services described within this agreement ("Agreement").

PURPOSE OF THE ENGAGEMENT

The purpose of this engagement is to provide the County a property insurance appraisal for the County's use in connection with its internal analysis of its insurance needs with respect to the Identified Property. Our analysis will be dated as of the last day of our site inspection. Our Opinion is intended to assist the County in making informed business decisions; it is not a recommendation. Any decisions relating to insurance coverage shall remain the County's responsibility and be made solely at its discretion.

ENGAGEMENT SCOPE

We will research and report the insurable value (our "Opinion") of certain County property.

Description of Identified Property

The property to be appraised as identified by the County is listed below:

- Arrowhead Stadium
- Kauffman Stadium
- Truman Medical Center - Lakewood

These property classifications will be included in the engagement:

- 1) Buildings, including 3 buildings

Assets not identified above will be excluded from the engagement.

If the County's insurance policy excludes coverage of specific property classifications, in part or whole, the County should notify us in writing prior to beginning the engagement if those assets should be excluded.



We will work with the County during the engagement to further refine the scope of the identified property to be included in the engagement, if applicable. Depending on the nature and extent of changes in the scope of the engagement we may need to revise our fee.

Definition of Insurable Value

Our opinion of insurable value will be developed on the basis of cost of reproduction new ("CRN"), defined as the amount required to reproduce a duplicate or a replica of the entire property at one time in like kind and materials in accordance with current market prices for materials, labor, and manufactured equipment; contractors' overhead and profit; and fees, but without provision for overtime, bonuses, or premiums for material or equipment. We consider CRN synonymous with the insurance industry term "replacement cost."

In developing our opinion of insurable value, we will allow for national building codes, however, we will not consider any construction codes imposed by state / provincial or local municipalities, ordinances, or other legal restrictions, nor will we consider the cost of demolition in connection with reconstruction or the cost of removal of destroyed property.

Valuation Methodology

Our appraisal will rely solely on the cost approach because the market and income approaches are not applicable to the purpose of this engagement.

Scope of Work

We anticipate this engagement will include the following:

Buildings

We will utilize a full-scope segregated cost approach including an inspection of each building to identify construction data that will be used in the valuation process. During inspection of the premises, we will calculate each building's area and perimeter by measuring the structure or through an analysis of the as-built blueprints; identify and record data of the major construction components (type of structure, walls, roof, etc.); record data of major service systems (electrical, plumbing, security, elevators, heating, ventilation, cooling, etc.); photograph the building; and record the GPS coordinates. The insurable value of each building and the related construction, occupancy, protection, and exposure data obtained during the inspection will be reported on an itemized basis.

TERMS AND CONDITIONS

This Agreement is subject to and incorporates the **Terms and Conditions** attached as **Exhibit A**.

FEE

The fee is \$21,600, plus expenses (not to exceed 15%), and will be invoiced as follows:



- \$6,500 upon authorization of the engagement
- Progress billing as time is charged and expenses are incurred

This fee includes issuing the deliverables below to both the County and Lockton Companies and responding to customary questions from the County and Lockton Companies or its advisors. Additional fee will be required for an increase in engagement scope or involvement in subsequent reviews beyond the customary work effort.

The County may cancel this engagement at any time and will only be obligated for fees and expenses incurred. Our fee is not contingent on our Opinion or any subsequent event related to it.

TIMING AND DELIVERABLES

This engagement will require cooperation, access, and timely receipt of requested information from management of the County. After this Agreement is signed and all requested information is received, we will begin our analyses and provide our Final report within 4-6 weeks of fieldwork completion.

The report will present our Opinion and related narrative discussion of the supporting analyses and assumptions, along with appropriate exhibits. Additional relevant information and analyses considered in our Opinion will be retained in our work files.

Only the signed Client of Record, the County, is the Intended User of, and may rely on, the report. the County may disclose a copy of the report to its insurance broker or advisors.

CONCLUSION

We appreciate the opportunity to serve the County. To authorize, please sign below and return the full executed copy to mdomin@american-appraisal.com. This Agreement shall remain valid for signature for 30 days. Please contact me at 630 541 4650 x212 with any questions.

Sincerely,

Handwritten signature of Michael Domin.

Michael Domin
Director

Client of Record:

Jackson County

Signature: _____

Name: _____

Title: _____

Date: _____



EXHIBIT A – TERMS AND CONDITIONS

Entire Agreement – This is the entire Agreement between American Appraisal and the County and supersedes any prior oral or written agreements, and may only be modified in writing. Any purchase order covering this engagement is only for the County's internal needs and shall not modify this Agreement.

Client of Record and Limited Reliance – Only the signed Client of Record, the County, is the Intended User of, and may rely on, American Appraisal's report. The County may not substitute this reliance for its own due diligence. The County may disclose a complete copy of our report to its auditor, tax, or legal advisors. However, no third party shall have the right of reliance on the report, and neither receipt nor possession of the report by any third party shall create any express or implied third-party beneficiary rights.

Confidentiality – American Appraisal shall maintain the confidentiality of the County's information and will not disclose or use it for any purpose other than the County's engagement. This excludes information (i) available to the public, (ii) already in American Appraisal's possession, or (iii) from a party having no confidentiality obligation to the County. American Appraisal may include the County's name and logo in its client list, with proper reference.

Engagement Limits – American Appraisal's report may only be used for the specific purpose and premise of value stated in this Agreement and the report, and may not be referenced in any SEC filing without American Appraisal's prior written consent.

Independent Contractor – American Appraisal shall perform as an independent contractor, with no authority to bind or obligate the County in any way, and reserves the right to use subcontractors.

Information Provided by the County – American Appraisal will not independently verify information provided by the County, its advisors, or third parties acting at the County's direction. American Appraisal will assume and rely on the accuracy and completeness of all such information.

Retention – All files, documents, and work papers developed during the engagement will be retained for five years. During this retention period, the County shall have full access to these documents, subject only to reasonable notification. If lawfully compelled to disclose any documents, American Appraisal will provide the County written notice so that it may seek a protective remedy, if applicable. Work papers for engagements canceled or abandoned prior to producing a final report will be destroyed.

Indemnification – American Appraisal shall indemnify the County for losses and reasonable attorneys' fees associated with any bodily injury or property damage caused by American Appraisal's personnel or representatives in connection with this engagement, except to the extent caused by the County's negligence or misconduct. American Appraisal personnel will comply with all safety instructions.

The County shall indemnify American Appraisal for all reasonable attorneys' fees that American Appraisal incurs as a result of becoming part of, or named in, an administrative or legal dispute in connection with this engagement, except to the extent caused by American Appraisal's negligence or misconduct. The County shall have the right to approve American Appraisal's counsel in any such proceeding.

Environmental Policy – American Appraisal will not investigate, nor assume responsibility for, the existence or impact of any contamination or hazardous substance related to property or assets associated with this engagement.

Governing Law – This Agreement is governed by the laws of the County's state as addressed above.