



MEMBERS:
Dennis Bjorkquist, Chairperson
B. Allan O'Shea, Vice-Chairperson
Colleen Kenny, Secretary

MINUTES

Monday, April 20, 2010
4:00 P.M.

Manistee County Courthouse & Government Center
415 Third Street, Manistee, MI

Members Present: Dennis Bjorkquist, Chairperson; B. Allan O'Shea, Vice-Chairperson; and Colleen Kenny, Secretary

Others Present: Thomas Kaminski, Recording Secretary; Rachel Nelson, Administrative Secretary; David Heinowski, Heinowski Appraisal and Consulting LLC; Sharon Frischman and Howard Frischman, Frischman Appraisal & Consulting; and numerous audience members representing Manistee County, the Townships, the Public, and the Media

The meeting was called to order at 4:00 P.M. The Pledge of Allegiance was recited. Roll call was taken.

The Chairman requested approval of the meeting Agenda.

There was a motion by Mr. O'Shea, supported by Ms. Kenny to approve the Monday, April 19, 2010 meeting Agenda. Motion carried.

The Chairman then requested approval of the minutes from the Monday, April 12, 2010 meeting of the Manistee Local Revenue Sharing Board.

There was a motion by Ms. Kenny, supported by Mr. O'Shea to approve the Monday, April 12, 2010 Minutes of the Manistee Local Revenue Sharing Board, as presented. Motion carried.

The Chairman informed the Board that the Special Meeting Minutes of Monday, March 15, 2010 would need to be corrected/amended to reflect that the action to hire an appraisal and consulting firm to conduct Phase I and Phase II consulting tasks was not approved because the vote was not unanimous as required in the Compact and Board Bylaws. The March 15, 2010 Minutes originally stated that the motion had passed by a 2-1 vote. After review of the Compact and Bylaws, it was discovered that a unanimous vote is required to distribute any compact revenues, and therefore, the motion did not pass.

There was a motion by Mr. O'Shea, supported by Ms. Kenny to correct/amend the Special Meeting Minutes of Monday, March 15, 2010 to reflect that the motion to hire Frischman/Heinowski Appraisal and Consulting, LLC, did not pass. Motion carried.

There was discussion with the appraisal and consulting firm of Heinowski and Frischman for the purpose of determining the scope of work and selection of a firm to provide casino appraisal services to the Local Revenue Sharing Board. Ms. Frischman and Mr. Heinowski explained the appraisal process and asked questions regarding the Board's expectations. Ms. Kenny wondered if Phase I was necessary (reviewing the prior year's appraisals to ensure that the correct multipliers and ECF's were used). Ms. Frischman stated that it was up to the Board whether they felt it was necessary or not, but from an appraising standpoint, Phase I is not necessary for Phase II. Mr. Bjorkquist stated that his priority is

to get a taxable value so that the 2009 P.I.L.T. grants can be awarded. The Board made sure that the firm was aware that they may have access issues at the casino and that the County Equalization Department has information that would be helpful. The appraisal will be done as of December 31, 2008, not as of December 31, 2009 as stated in the proposal. Ms. Kenny wondered what the "out of pocket costs" mentioned in the proposal would be. Mr. Heinowski stated that this is a standard clause and he wouldn't expect there to be any out of pocket costs, however, if there were, the Board would be asked to approve those costs before they were incurred. Ms. Frischman added that the hourly rate that is mentioned is not for presenting information to the Board, but for instance, if they had to go to court, and that this is another standard clause. It was also noted that the firm will honor the pricing in their proposal even though it has expired. The firm felt that it was reasonable that they would have the appraisal completed by August 31, 2010. Ms. Kenny wondered about the possibility of releasing 50% of the P.I.L.T. grants at the June 14, 2010 meeting. Mr. Kaminski stated that since the value wouldn't be determined by then, it would be hard to calculate 50%, but something could be figured out if the Board would like to do so. After discussion,

There was a motion by Mr. O'Shea, supported by Ms. Kenny to hire the firm of Frischman/Heinowski Appraisal and Consulting, LLC, to conduct Phase II (to determine the true cash and taxable values of the casino under the new definition), at a cost not to exceed \$24,000, with the value being determined as of December 31, 2008 and the appraisal to be completed by August 31, 2010, and to authorize the release of the \$12,000 initial retainer fee to the firm. Motion carried by unanimous vote.

(APPENDIX A = Appraisal/Consulting Services Agreement [Phase II Only])

Chairman Bjorkquist asked the other Board members to compile their priority lists for the 2010 Cycle I grant applications and submit them to the County Administrator's Office by 5:00 P.M. on Friday, May 28, 2010.

There being no further business to come before the Revenue Sharing Board and with no other concerns from Board members, the meeting was adjourned at 4:50 P.M.

Respectfully submitted,

Colleen Kenny, Secretary

(APPENDIX A-1)

Heinowski
Appraisal and
Consulting, LLC

FRISCHMAN
APPRAISAL & CONSULTING

**Partnering to provide Professional Appraisal and
Consulting Services for the**

Manistee Local Revenue Sharing Board

(A-2)

Attachment B

Task Two Discussion and Bid

Determine the taxable, true cash, and state equalized Values of the "Class III Gaming Facility" as newly defined (including personal property located in the "Class III Gaming Facility") for tax year ~~2010~~, as if the "Class III Gaming Facility" were subject to Michigan property taxes. 2009

(A-3)

Task 2

Heinowski Appraisal and Consulting, LLC in partnership with **Frischman Appraisal & Consulting, LLC** propose to provide professional appraisal and consulting services as described above to be divided into the following steps and payment schedules:

Jointly **Heinowski Appraisal and Frischman Appraisal** proposes to perform the Real Property appraisal for \$24,000.00 plus reasonable out of pocket expenses. This total includes a single valuation date, December 31, ~~2009~~, for the ~~2010~~ tax year. A breakdown of the fees is as follows

2008 2009
AR AR

1. **Retainer.** Step One: A retainer of one half of the total fee, of \$12,000, will be required at the execution of this agreement and prior to the start of work.
2. **Phase One (1) of the Real Property Appraisal.** Step Two. This Phase of the real property appraisal assignment will include a complete appraisal report in a summary format (as itemized below). Upon completion of this step, half of the overall appraisal fee, \$12,000.00 is due and payable

Any out of pocket expense greater than \$250.00 must be approved by the client or its representative prior to the expenditure being made in order for reimbursement to be sought.

The payments shall become due and payable within 30 days of invoice and will be invoiced upon completion. Any late payment without prior consent will incur a 10% late fee based on the total agreement price plus an interest charge of 1.0% per month

Please note that this proposal covers a single valuation date including the "as-is" true cash value determination as of December 31, ~~2009~~ for the ~~2010~~ tax years which will be documented in a complete appraisal in a summary format.

2008 2009
AR AR

The appraisal report will be consistent with USPAP SR 2-2(b) and outlined as follows.

Letter of Transmittal

Introduction

- Summary of Salient Facts and Conclusions
- Identification of the Subject Property
- Property Rights being Appraised
- Scope of work
- Statement of Competency
- Identification and Definition of Interest being Appraised
- Purpose of Function of the Appraisal
- Date of Report and Date(s) of Valuation
- Sales History of the Property
- Statement of Assumptions and Limiting Conditions

(A-4)

Area and Neighborhood Analysis

- Area Description
- Neighborhood Descriptions
- Adjoining Property Uses

Property Description and Legal Information

- Site Description (with site plan if available)
- Improvement Descriptions (and floor plans if available)
- Real Estate Assessment and Property Tax
- Zoning

Market Analysis

- Market Overview
- Competitive Supply
- Market Demand
- Balance of Supply and Demand
- Market Position of Subject
- Highest and Best use of Subject as if Vacant
- Highest and Best Use of Subject as Improved

Valuation

- Valuation Methodology
- Cost Approach to Value, (if applicable)
- Income Capitalization Approach to Value
- Sales Comparison Approach to Value
- Reconciliation of Approaches and Valuation Conclusion
- Certificate of Appraisal

Proposed Additional Fee Structure

Heinowski Appraisal and Consulting, LLC together with Frischman Appraisal & Consulting, LLC proposes to perform additional services including the determination of true cash, assessed, and taxable values of the personal property utilizing original cost and the appropriate STC Multipliers and/or related directly to the above real property appraisal may be performed at a separate per diem rate of \$200.00 per hour for Mr. Heinowski and at a separate per diem rate of \$150.00 per hour for Ms. Frischman for any post appraisal time or services.

A per diem rate of \$250.00 per hour for either Mr. Heinowski or Ms. Frischman will be charged for any testimony, hearings or attendance to post appraisal meetings relating to testimony or pending testimony, including preparation time.

(A-5)

Required Appraisal Items and Information Request

- Name and phone number of local contact person
- Building plans and specification
- Site survey/site plan
- Copies of any and all existing appraisals
- Design specifications for any renovated space
- Any baseline environmental report or other environmental information
- Any material in your possession that could be of help or should be considered in opinion value
- Property record cards (both current and historic if available)
- Personal property asset listing (if any) including original installed cost and date of acquisition along with any prior submitted personal property statement.

This bid for appraisal services is good for 30 days of date submitted, after which it is null and void. Upon signing, the pricing as stated herein for this specific task remains as stated for the life of the agreement.

Please sign below if you are in agreement with the terms and condition of this proposal.

Work on this assignment will commence only upon execution of this agreement and receipt of the required retainer.

Respectfully submitted,
Heinowski Appraisal and Consulting, LLC

David M. Heinowski, MAI, CMAE III
Owner/Single Member

Date 3/8/2010

Frischman Appraisal & Consulting, LLC

Sharon L. Frischman, CMAE IV
Owner/Single Member

Date 3-8-10

MANISTEE LOCAL REVENUE SHARING BOARD

Date 4/19/10

NAME
DENNIS BJORKQUIST

CHAIRMAN
Title