

Charles M. Ritley Associates LLC

Property
Economists

23875 Commerce Park Road
Beachwood, Ohio 44122
216 464 8686 Fax 464 2774
www.propertyeconomists.com

April 3, 2018

Via email: bryce.sylvester@lakewoodoh.net

City of Lakewood
attn: Mr. Bryce Sylvester, AICP
Director of Planning & Development
12650 Detroit Avenue
Lakewood, Ohio 44107

Re: Appraisal of
Former Lakewood Hospital Site
±5.7 Acres of Land
Southeast Corner of Detroit and Belle Avenues
Lakewood, Ohio

Dear Mr. Sylvester:

We welcome the opportunity to submit a proposal to prepare an appraisal of the above captioned property. Our appraisal will be presented in a narrative report format. For purposes of clarity, we have divided the proposal into the following appropriate sections.

NATURE OF THE PROPOSED STUDY

This assignment is to estimate the market value of the above captioned property in its "as is" condition and under the hypothetical assumption that it is vacant land. The intended use of the appraisal is to determine the City of Lakewood's investment in the proposed redevelopment of the property or the price a developer would be required to pay the city for the site. No other use is intended or permitted without the prior written permission of Charles M. Ritley Associates LLC. Market value is defined as:

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

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what he considers his own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. 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.

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April 3, 2018

NATURE OF THE PROPOSED STUDY (Continued)

Our appraisal will cover the value of the real estate only as of the effective date of the appraisal. No personal property will be included in this study.

BASIC APPROACHES

Our appraisal will consider all three approaches to value. However, since the subject property is a former hospital facility that has extremely limited redevelopment potential our appraisal will likely utilize only one of the three recognized approaches to value. The Cost and Income Approaches will not be developed. Our estimates of value by the Sales Comparison Approach will take into account sales which we are able to determine have taken place or offerings (if there are no sales) of reasonably comparable parcels of vacant land, making adequate adjustments for the differences between these comparables and the subject property. In the "as is" valuation scenario we will incorporate the estimated costs of razing the existing improvements and back filling the site into our analysis.

WORK PROGRAM

Our appraisal procedure will involve the following:

- A physical inspection of the subject property and its environs to determine its suitability for its future development. This portion of the study is to detail the strength of the market for the existing utilization by examining the demographic and land use patterns as well as the state of the local economy as they are believed to affect the potential productivity of this parcel of land.
- A search for comparable sales, involving personal examination of public records and investigations through owners, developers, local real estate brokers, MAI's and other appraisers, mortgage brokers, and consultants.
- An analysis of the transactions uncovered discussing the strengths and weaknesses of each, together with a final value conclusion.
- We will deliver an electronic copy as well as four hard copies of the appraisal report, addressed to you.

We have assumed that you will provide us with the following for the assignment:

- A plat or survey of the property.
- A legal description of the property.
- A preliminary title report for the property.

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WORK PROGRAM (Continued)

- Any soils test results, engineering, and environmental studies that may be available.
- Copies of any environmental abatement studies and demolition cost estimates that may have been prepared for the former hospital building.

LIABILITY

The liability of Charles M. Ritley Associates LLC, its employees and/or agents is limited only to the client who is paying the fee ("Client"), ~~and to the amount of the fee actually received by the firm.~~ Further, acceptance and use of this report constitutes agreement by anyone relying on it to these terms and conditions and that there is no accountability, obligation, or liability to any third party. If this report is given to anyone other than Client, the Client shall make such party aware of all the limiting conditions and assumptions incorporated in this assignment. The appraisers are not responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; whether physical, financial, and/or legal. In accepting the delivery of the report, client agrees, in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, as well as any tenant, beneficiary, or any other party), any and all awards or settlements of any type in such suit, regardless of the outcome, that the Client and all parties will completely hold harmless this firm, its employees and/or agents in any such action. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his/her own risk. The parties hereby agree the jurisdiction venue shall be in Cuyahoga County, Ohio.

JCS
JAH

TIMING

Our office will be able to undertake this assignment upon your written authorization to proceed and have the completed report to you within four weeks (contingent upon timely receipt of all requested information noted herein). Our fee for services is due upon the submission of our narrative report. If payment is not received within 15 days, an interest charge of 1.0% per month will be added to the outstanding balance. You also agree to pay and reimburse us for any costs, fees or expenses, including attorney's fees, incurred by us to collect any portion of unpaid invoices to you.

COST

We will perform this appraisal for \$11,000. Since this is a local assignment, there are no out-of-pocket charges. However, if required, any post appraisal counseling, presentations at city council or planning meetings or appearance and testimony in a court of law will be billed at my standard hourly billing rate of \$300 per hour. If, for any reason, the project is cancelled after work has commenced, client agrees to reimburse Charles M. Ritley Associates LLC for its personnel's time at the firm's standard hourly billing rates (which presently range from \$130 to \$350 per hour) and all chargeable expenses (special third party reports, travel, etc.) incurred up to the time of cancellation. Client's putting projects on hold (which have already commenced) for more than 30 days may incur a reinitiation expense.

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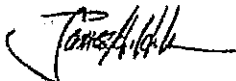
Mr. Bryce Sylvester, AICP
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AUTHORIZATION

If this proposal is satisfactory, the responsible party may formally authorize us to proceed by executing a copy of this proposal and return it to Charles M. Ritley Associates, LLC. Upon receipt of the same, we will accept the engagement by executing it and return to you a fully executed engagement letter for your files. If there are any questions with regard to the scope of this proposal or our understanding of the contemplated assignment, please contact me so that any additions or corrections can be made.

Yours truly,

CHARLES M. RITLEY ASSOCIATES LLC



By: James A. Huber, MAI
Vice President
State Certified Real Estate Appraiser
General Certificate Number 450141

JAH/lr

J:\LETTERS\PROPOSAL\2018\Sylvester 5.7 Acres Land JAH 04-03-18.wpd

CLIENT ACKNOWLEDGMENT/AGREEMENT

**CHARLES M. RITLEY ASSOCIATES LLC
ACCEPTANCE**

By:  4/18/18
Authorized Signature Date

By:  4/18/2018
Authorized Signature Date


MICHAEL P. SUMNER
Print Name and Title

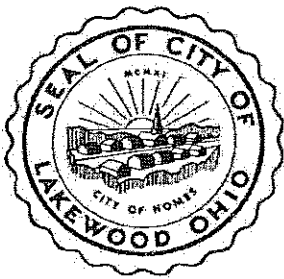
JAMES A. HUBER - VICE PRESIDENT
Print Name and Title

Billing Address: _____

Telephone Number: _____

Email: _____

Approved As To Legal Form:

Director of Law, City of Lakewood



12650 DETROIT AVENUE ■ 44107 ■ 216-529-6075 ■ 216-529-6806

Reference No. BC-18-127

April 5, 2018

Board of Control
City of Lakewood, Ohio 44107

Subject: ~~Award~~ Contract – Professional Service Contract – Re: Appraisal Services

Dear Members of the Board:

Based on a review conducted by the Division of Purchasing in conjunction with the Department of Planning & Development, and the attached letter of recommendation, I am submitting for your consideration this request to award a professional services contract with Charles M. Ritley Associates, LLC in the amount of \$11,000 to provide professional services to complete an appraisal on the former hospital site at the corner of Belle & Detroit.

Charles M. Ritley Associates, LLC was chosen to perform the appraisal services based on their knowledge of the Lakewood marketplace and surrounding area, including their research and work conducted as part of the Family Health Center land appraisal.

Contracting Authority:	Ordinance 43-17 \$500,000
Contracting Balance:	\$437,300 / \$426,300
Funding:	Lakewood Hospital Special Revenue Fund
Account Distribution:	260-7001-461-30-10 \$100,000
Account Balance:	\$25,260 / \$14,260
Contract Approved by Law:	Yes ___ / No ___ / PO ___ / c/c ___
Object Code:	Professional Services
Commodity Code:	946-015
Bid Reference:	Professional Service

Kim Smith
Purchasing Manager

	<u>Approved</u>	<u>Disapproved</u>	<u>Date</u>
Joseph J. Beno PE, Director of Public Works	<u></u>	_____	<u>4/5/18</u>
Kevin M. Butler, Director of Law	<u></u>	_____	<u>4-5-18</u>
Jennifer Pae, Director of Finance	<u></u>	_____	<u>4/5/18</u>
Michael P. Summers, Mayor	<u></u>	_____	<u>4-5-18</u>

Prof Svs related to Lkwd Hosp 2018 D