

RESOLUTION
of the
BOROUGH OF NEW PROVIDENCE
Resolution No. 2014-415

Council Meeting Date: 12-15-2014

Date Adopted: 12-15-2014

TITLE: RESOLUTION APPROVING AGREEMENT BETWEEN THE BOROUGH OF NEW PROVIDENCE AND AMERICAN APPRAISAL ASSOCIATES, INC. FOR FIXED ASSET ACCOUNTING

Councilperson Galluccio submitted the following resolution, which was duly seconded by Councilperson Kapner.

BE IT RESOLVED by the Mayor and Council of the Borough of New Providence, in the County of Union and State of New Jersey, that they do hereby approve and authorize an agreement between American Appraisal Associates, Inc. and the Borough of New Providence, in the form attached hereto, in an amount not to exceed \$7,950.00; and

BE IT FURTHER RESOLVED; the Mayor and Council of the Borough of New Providence, in the County of Union and State of New Jersey, they do further authorize and direct the Mayor and Borough Clerk to execute same on behalf of the Borough of New Providence.

APPROVED, this 15th day of December, 2014.

RECORD OF VOTE

	AYE	NAY	ABSENT	NOT VOTING
GALLUCCIO	X			
GENNARO			X	
KAPNER	X			
MADDEN	X			
MUÑOZ	X			
ROBINSON			X	
HERN			TO BREAK COUNCIL TIE VOTE	

I hereby certify that the above resolution was adopted at a meeting of the Borough Council held on the 15th day of December, 2014.

Wendi B. Barry, Borough Clerk



Leading / Thinking / Performing

December 10, 2014

Ms. Wendi B. Barry
Borough Clerk
Borough of New Providence
360 Elkwood Avenue
New Providence, N.J. 07974

Dear Ms. Barry:

American Appraisal Associates, Inc. will provide Borough of New Providence (“Borough of New Providence”) the consulting services described within this agreement (“Agreement”).

PURPOSE OF THE ENGAGEMENT

The purpose of this engagement is to provide Borough of New Providence:

- 1) Updated fixed asset accounting records for internal accounting control and financial reporting as of December 31, 2014.
- 2) A property insurance appraisal for Borough of New Providence’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 Borough of New Providence in making informed business decisions; it is not a recommendation. Any decisions relating to insurance coverage shall remain Borough of New Providence’s responsibility and be made solely at its discretion.

ENGAGEMENT SCOPE

We will complete the following steps:

- 1) Inventory and report the historical cost of Borough of New Providence’s identified fixed assets
- 2) Research and report the insurable value (our “Opinion”) of certain Borough of New Providence property

Description of Identified Fixed Assets and Property

- 1) The identified fixed assets, in the asset classes listed below, are located at sites as identified by Borough of New Providence in the Property Schedule (Exhibit B):
 - Buildings
 - Moveable equipment
 - Land improvements

We understand the moveable equipment is located within approximately 14 buildings totaling approximately 98,777 square feet, including a waste water treatment plant that has a rated capacity of 1.5 MGD. Assets not identified above will be excluded from the engagement.

If requested, fixed assets not inventoried by us may be segregated and incorporated into our report based on information supplied by Borough of New Providence.

- 2) Insurable property will include the identified fixed assets except land, infrastructure, and assets not inventoried by us.

We will work with Borough of New Providence during the engagement to further refine the scope of identified fixed assets 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 Historical Cost and Insurable Value

Historical cost is defined by Generally Accepted Accounting Principles as the amount of cash, or its equivalent, paid to acquire an asset.

We will develop our opinion of insurable value as cost of reproduction new (“CRN”), defined as the estimated 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 for labor, or premiums for material or equipment. CRN, as defined, is synonymous with the insurance-industry term “replacement cost new.”

In estimating insurable value, we will allow for national building codes; however, we will not consider any construction codes imposed by state 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 for the purpose of this engagement.

Scope of Work

We anticipate this engagement will include the following:

Buildings/Structures

The appraisal will include an inspection of Borough-owned buildings/structures. The inspection will include a tour of the premises, the recognition and recording of various components of construction, measuring and photographing the buildings and preparing an inventory of the fixed equipment. Site

maps will be requested to assist the appraisal team in determining the identification and location of buildings.

Upon the completion of the building inspection, the buildings will be compared to your current property records to assure the consistency in data elements such as date and cost of original construction, as well as any significant renovations and additions or improvements to the designated buildings. Individual buildings where this information is not provided will be estimated utilizing accepted appraisal procedures.

For accounting reports, buildings will be included based information provided by the Borough of New Providence.

Moveable Equipment

We will inspect Borough of New Providence's locations identified in the Property Schedule to inventory moveable equipment with a unit cost over \$5,000, and apply a bar code tag to each identified fixed asset. Borough of New Providence is responsible for the purchase of the bar code tags. Attached is an order form (Exhibit C) for Borough of New Providence to order the bar code tags directly through ParCode.

Land Improvements

We will inspect and record data regarding the nature of land improvements including improved parking lots, signage, outdoor lighting, and fencing.

Insurable Value

We will develop an opinion of insurable value for the identified property.

TERMS AND CONDITIONS

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

FEE

The fee is \$7,950, including expenses, and will be invoiced as follows:

- \$2,400 upon commencement of the engagement
- Progress billing as time is charged

This fee includes issuing the deliverables below and responding to customary questions from Borough of New Providence and its auditor, broker, or advisors. Additional fee will be required for an increase in engagement scope or involvement in subsequent reviews beyond the customary work effort.

Borough of New Providence 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 Borough of New Providence. After this Agreement is signed and all requested information is received, we will begin our analyses and provide our Final report within 4 to 6 weeks of the completion of the site visit.

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

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

CONCLUSION

We appreciate the opportunity to serve Borough of New Providence. To authorize, please sign below and return the full executed copy to lforsythe@american-appraisal.com. This Agreement shall remain valid for signature for 30 days. Please contact me at 215 598 9304 with any questions.

Sincerely,

A handwritten signature in black ink that reads "Lynn Forsythe".

Lynn Forsythe
Managing Director/AVP

Client of Record:
Borough of New Providence

Signature: _____

Name: _____

Title: _____

Date: _____



EXHIBIT A – TERMS AND CONDITIONS

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

Client of Record and Limited Reliance – Only the signed Client of Record, Borough of New Providence, is the Intended User of, and may rely on, American Appraisal’s report. Borough of New Providence may not substitute this reliance for its own due diligence. Borough of New Providence 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 Borough of New Providence’s information and will not disclose or use it for any purpose other than Borough of New Providence’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 Borough of New Providence. American Appraisal may include Borough of New Providence’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 Borough of New Providence in any way, and reserves the right to use subcontractors.

Information Provided by Borough of New Providence – American Appraisal will not independently verify information provided by Borough of New Providence, its advisors, or third parties acting at Borough of New Providence’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, Borough of New Providence shall have full access to these documents, subject only to reasonable notification. If lawfully compelled to disclose any documents, American Appraisal will provide Borough of New Providence 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 Borough of New Providence 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 Borough of New Providence’s negligence or misconduct. American Appraisal personnel will comply with all safety instructions.

Borough of New Providence 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. Borough of New Providence 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 Borough of New Providence’s state as addressed above.



EXHIBIT B – PROPERTY SCHEDULE

Locations & Property Values Schedule

Municipality: New Providence
 Zip: 07974

ID	Location	Type	Sq Ft	Floors	Year Built	Block	Lot	Construction	Miles From Coast	FLD	Building Value	Contents Value	TIV
2,044	380 Elkwood Ave	Municipal Complex	43,638		1940			Joisted Masonry	20		\$10,041,745	\$801,682	\$10,843,427
2,045	377 Elkwood Avenue	Municipal Library	10,950		1972			Joisted Masonry	20		\$1,698,662	\$108,885	\$1,807,547
2,046	76 Park Place	DPW Complex Garage	13,104		1970			Joisted Masonry	20		\$685,065	\$656,961	\$1,352,046
2,047	76 Park Place	DPW Admin & Pump Station	2,970		1970			Joisted Masonry	20		\$783,496	\$11,566	\$795,062
2,048	78 Park Place	DPW Sewerage & Pump	5,605		1970			Joisted Masonry	20		\$925,561	\$39,537	\$965,098
2,049	76 Park Place	Waste Water Plant						Joisted Masonry	20		\$13,373,345	\$46,348	\$13,419,693
2,050	76 Park Place	Salt Storage			2004			Frame	20		\$162,481	\$0	\$162,481
2,051	1350 Springfield Ave	Historic Society	1,000		1910			Frame	20		\$135,280	\$0	\$135,280
2,052	15 Fourth Street	Senior Citizens Center	8,082		1985			Joisted Masonry	20		\$967,926	\$119,080	\$1,087,006
2,053	15 Fourth Street	Senior Citizens Center Garage			1977			Frame	20		\$102,048	\$0	\$102,048
2,054	1243 Springfield Ave	Old Boro Hall	7,659		1935			Frame	20		\$437,530	\$0	\$437,530
2,055	175 Floral Ave	Firehouse						Joisted Masonry	20		\$2,331,523	\$196,817	\$2,528,340
2,056	Multiple Locations	Street Lights						No Structure	20		\$0	\$2,030,868	\$2,030,868

Municipality: New Providence
 Zip: 07974

ID	Location	Type	Sq Ft	Floors	Year Built	Block	Lot	Construction	Miles From Coast	FLD	Building Value	Contents Value	TIV
2,057	7 Academy Street	Rescue Squad	5,769					Non-Combustible	20		\$1,747,648	\$0	\$1,747,648
2,058	35 Ashwood Road	Lessors Risk Only			1957	91	3	Frame	20		\$0	\$0	\$0
2,059	360 Elkwood Ave	Lessors Risk Only						Joisted Masonry	20		\$0	\$0	\$0
Grand Totals:											\$33,402,330	\$3,811,744	\$37,214,074



EXHIBIT C – PARCODE ORDER FORM

ParCode

PAR CODE SYMBOLOGY INC

119 Harrison Avenue
Roseland, NJ 07068
Phone: (973) 618-0550, Fax (973) 618-9901
email: krys@parcode.com

BAR CODE LABEL ORDER FORM

To place an order, email to Krystyna Olsiewicz at krys@parcode.com or fax to (973)618-9901.

Date:

Ordered by:

Phone:

Client Name:

Client PO #:

American Appraisal Use	Dept #:
	Contract #:

SPECIFICATIONS

Wording to appear on tag:

Line one:

Line two:

Number of Tags:

Number of digits: (standard 5 or 6)

Date Needed:

Starting #:

Ending #:

Time Needed:

Item #: LTF2010SP004 New Size **1" x 2" laminated polyester labels**

Qty	Price	Qty Ordered			Total
250-499	\$0.82 x	<input style="width: 100%;" type="text"/>	=		<input style="width: 100%;" type="text"/>
500-999	\$0.41 x	<input style="width: 100%;" type="text"/>	=		<input style="width: 100%;" type="text"/>
1,000-1,499	\$0.205 x	<input style="width: 100%;" type="text"/>	=		<input style="width: 100%;" type="text"/>
1,500-2,499	\$0.135 x	<input style="width: 100%;" type="text"/>	=		<input style="width: 100%;" type="text"/>
2,500-4,999	\$0.11 x	<input style="width: 100%;" type="text"/>	=		<input style="width: 100%;" type="text"/>
5,000-9,999	\$0.10 x	<input style="width: 100%;" type="text"/>	=		<input style="width: 100%;" type="text"/>
10,000 & up	\$0.095 x	<input style="width: 100%;" type="text"/>	=		<input style="width: 100%;" type="text"/>

If you have received a quote from Par Code on another Item # with different pricing, enter here:

<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>			<input style="width: 100%;" type="text"/>
Item #	Price	Qty			
	Freight Charges:		=		<input style="width: 100%;" type="text"/>
	GRAND TOTAL:		=		<input style="width: 100%;" type="text"/>

Ship to: American Appraisal Client

Attention _____

Company _____

Address _____

City _____ State _____ ZIP _____

Phone _____

Bill to: American Appraisal Client

Attention _____

Company _____

Address _____

City _____ State _____ ZIP _____

Phone _____

NOTES

Referral by: American Appraisal