



May 28, 1010

Jean Wolfgang  
CITY OF RACINE  
730 Washington Ave, Rm 102  
Racine, WI

Re: Cliff's Lounge  
Proposal for Fixture/Equipment appraisal

Ms. Wolfgang:

Thank you for the opportunity to discuss your appraisal requirements and to herewith submit our proposal based on your specifications as we understand them. If these specifications can be improved upon, please advise.

We offer to provide a detailed appraisal report for eminent domain/relocation purposes, subject assets being the Fixtures and Equipment of Cliff's Lounge, 1348 State St., Racine, Wisconsin. We have had significant experience in providing services relative to the purpose as mentioned and with the assets subject to the proposed appraisal. Our efforts are performed relative to USPAP standards, and under the dictates of the American Society of Appraisers.

The report will include a narrative section summarizing the results, defining appraisal terms, outlining the scope of the study, disclosing any contingent and limiting conditions, appraisers' certification and qualifications, and an inventory including photos (major items) of assets appraised. The inventory will include information as previously mentioned, and will be in the order of classification as "fixed", "moveable attached", "portable", and "value not calculated-info only". The following premises of value will be reported for fixed and capital moveable items:

**REPLACEMENT COST NEW** is the current cost new of an identical asset, or of a similar new property having the nearest equivalent utility as the property being appraised with adjustment made for differences.

**FAIR MARKET VALUE-IN USE** is defined here as "The estimated amount in U.S. currency at which the property would theoretically exchange between a willing buyer and a willing seller, neither acting due to abnormal compulsion, each having reasonable knowledge of relevant facts, with equity to both, and with both parties contemplating retention of the facility in its present use and operation." The opinion shown herein is based on the assumption that profits would represent a reasonable return on investment under present circumstances and influences. No formal investigation was made as to profitability of the enterprise or store, nor is any opinion of such expressed or implied by issuance of this appraisal.

(Continued)

Cliff's Tavern, City of Racine (continued)

**SALVAGE VALUE** is defined here as "The estimated amount in US dollars that would probably be realized, under normal circumstances, by the seller, from disposition of the assets on the open market to other users, the seller with reason to sell, the buyer not necessarily compelled to buy, and the buyer responsible for removal and transportation, with reasonable time being allowed for advertising and promoting the sale." The costs of the orderly sale are not considered in our valuation. Reasonable time for sale in this instance, with diligent effort, is estimated to be 2 to 4 months for the subject property. In most instances this premise of value implies "piecemeal" disposition for alternate use.

This premise of value considers a cash liquidation of the assets on the open market on an "as-is" basis, under the most economically reasonable method of sale, realizing a risk of ownership. Factors such as original freight, taxes, installation, foundations, connections, etc., have little or no value, and in many situations detract from value as compared with an asset which is "transport ready". Estimated value is affected by a time/cost of investment/desirability relationship.

Our fee based on the specifications and information currently available will be: **\$1,700** including travel time and expenses. We estimate that one day will be required on site if scheduling of all parties allows. The fee is based on estimated time necessary for competent and responsible completion of the project, and is in no way affected by concluded or pre-estimated values, or any other contingency such as financing agreements, or consummation of transaction.

Delivery time of the appraisal report is dependant upon timing of site inspection. The report can be available within three to four weeks of site inspection.

We appreciate the opportunity to submit this proposal, and we assure you of a conscientiously prepared appraisal. We are open to discussion regarding format and procedural specifications relative to your particular needs.

Respectfully submitted,

AAI ASSOCIATES  
by



Randy Stewart, ASA

City of Racine by

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title

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date

## **STATEMENT OF QUALIFICATIONS**

### RANDY STEWART, ASA

#### **ACCREDITATION**

Accredited Senior Appraiser (ASA), American Society of Appraisers, Machinery and Technical Specialties since 1982. Requirements include comprehensive written examination, review and approval of appraisal reports, minimum 5 years full-time appraisal experience, USPAP course and exam, interview with Society designee relating to technical and character background, mandatory re-accreditation based on continuing education every 5 years.

#### **APPRAISAL EXPERIENCE**

Full-time appraiser since 1977, independent appraiser since 1984, eventually leading to organizing the firm presently known as AAI ASSOCIATES, in 1986. Appraisal services have been conducted for lenders, CPA firms, courts, attorneys, individuals and firms, other appraisal firms, etc., internationally.

Specializing in, but not limited to valuation consultation of tangible personal property assets, i.e. machinery/equipment, commercial and institutional assets, etc. Previously employed by the American Appraisal Co., and Fidelity Appraisal Company. Acted as project manager on various multi-discipline engagements as well as "responsible appraiser" of particular aspects. Results have withstood scrutiny by the IRS, SEC, public audit and accounting firms, attorneys, courts, and others. Subjects have included "Fortune 500" companies and many smaller industrial and commercial businesses internationally.

#### **OTHER EXPERIENCE (Previous)**

Owner/operator of precious metals electroplating business; President of import/export/ wholesale/retail business in California; management consultant for Standard Business Research Corp., Chicago, Illinois; Operations Manager with the Wickes Corp., Furniture Division.

#### **EDUCATION**

Accounting major, attending the University of California-Irvine campus, and Orange Coast College in Costa Mesa, California. Real Estate Appraisal, and Valuation of Income Property courses at Waukesha County Technical College. Various seminars sponsored by The American Society of Appraisers, WCTC, the American Appraisal Co., and others. Completion of USPAP course and exam, 1992, 1998, 2002.

#### **MISCELLANEOUS**

Qualified, experienced as Expert Witness and Review Appraiser. Commercial Panel of Arbitrators, American Arbitration Association. Approved for valuation consultation, appraisal services by the Resolution Trust Corp. ASA chapter counselor for M & TS appraisal candidates. Workshop instructor at the 1996 Wisconsin Municipal Assessors' Institute. Representative to the Wisconsin Appraisers' Coalition. Member, International Right of Way Association. ASA course "Appraisal Review and Management 201".