

# HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
(612) 521-5700 • Fax: (612) 521-9358

*(Name of Client Company)*  
*(Street Address)*  
*(City, State Zip Code)*

*Inspection Date & Effective Date*  
*00/00/0000*

## *SUMMARY APPRAISAL REPORT*

*Prepared for*

*(Name of Client Company)*  
*(Street Address)*  
*(City State, Zip Code)*

# HOFF APPRAISAL ASSOCIATES

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THIS REPORT IS ONLY VALID IN ITS ENTIRETY

Minneapolis  
1325 Quincy St. NE  
Minneapolis, MN 55413  
(612) 521-5700  
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**HOFF APPRAISAL ASSOCIATES**

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Omaha  
7914 West Dodge Road  
Suite 421  
Omaha, NE 68114  
(402) 345-5900

(Date)

**(Name of Client Contact)**  
**(Name of Client Company)**  
**(Street Address)**  
**(City State Zip Code)**

Dear Mr./Ms. **(Name of Client Contact)**:

Pursuant to your request I have prepared this Summary Appraisal Report of the Machinery and Equipment located at **(Name of Company Appraised)**. The Machinery and Equipment detailed in this report was viewed by the Signature Appraiser on **(Date of Inspection)**. The Intended User of this report is **(Name of Client Company)**, **(City, State)**. The Intended Use of this report is to provide information to **(Name of Client Company)** that will be used in discussions with **(Name of Company Appraised)** for Business and Financial Planning purposes. The value definitions reported were chosen through discussions between **(Name of Client Company)**, and Hoff Appraisal Associates. Based on the provided information, the value type was determined by the appraiser to be appropriate for the Intended Use of this report.

It is my opinion that as of the effective date and the inspection date of **(Wednesday Date)** the Machinery and Equipment has a Fair Market Value of **\$248,200**.

The "FAIR MARKET VALUE" as defined by the (AMEA) Association of Machinery and Equipment Appraisers being as follows:

"FAIR MARKET VALUE", as used in this report is a professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the appraisal report.

*(Name of Client Contact)*  
*(Name of Client Company)*  
*(Street Address)*  
*(City State Zip Code)*

It is my opinion that as of the effective date and inspection date of **(Wednesday Date)** the Machinery and Equipment has a "ORDERLY LIQUIDATION VALUE" of **(\$207,800)**.

The "ORDERLY LIQUIDATION VALUE", as defined by the (AMEA) Association of Machinery and Equipment Appraisers being as follows:

"ORDERLY LIQUIDATION VALUE", as used in this report being defined is a professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the assets appraised could change the psychological and/or monetary appeal necessary to gain the value indicated.

No investigation has been made into title to the property and all items described are assumed to be the property of the subject company.

This opinion is based upon the belief that there are no extraordinary conditions which would have an impact on the value.

No Allowance has been made for possible liens or encumbrances which may be against the property.

*(Name of Client Contact)*  
*(Name of Client Company)*  
*(Street Address)*  
*(City State Zip Code)*

Consideration for possible environmental hazards from any source is beyond the scope of this appraisal

Since the conclusion and/or opinions of the writer of this letter are based upon judgments, isolation of any single element as the sole basis of comparison to the whole letter may be inaccurate.

As an agent of Hoff Appraisal Associates, I certify that this opinion is unbiased and that neither I nor Hoff Appraisal Associates or any of its employees have any interest in the subject property. The fees charged for this opinion were not contingent on the values reported nor were any undisclosed fees, commissions, or other compensation received.

Mr. Hoff has been actively engaged in Industrial Appraisals for over 45 years. Mr. Hoff is currently a member in good standing of the Association of Machinery and Equipment Appraisers, an associate member of the International Society of Appraisers, and is also a past Officer of the MDNA.

Yours Truly,

Dennis Hoff, CEA, CSA  
President  
HOFF APPRAISAL ASSOCIATES

DH:ml

# HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
(612) 521-5700 • Fax: (612) 521-9358

DOES

## *CERTIFY*

That on this date given in the certificate, the property of

*(Name of Client Company)*  
*(Street Address)*  
*(City State Zip Code)*

WAS WELL AND REASONABLY WORTH:

**\$248,200**

ON THE BASIS OF ITS FAIR MARKET VALUE  
SUMMARY APPRAISAL REPORT

The "FAIR MARKET VALUE" as defined by the (AMEA) Association of Machinery and Equipment Appraisers being as follows:

The "FAIR MARKET VALUE", as used in this report being defined as a professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the appraisal report.

The Signature Appraiser has Not appraised these assets within the last 3 years.

"Effective Date"  
(DATE)

BY: \_\_\_\_\_  
Dennis Hoff, CEA, CSA  
President

## HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
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DOES

*CERTIFY*

That on this date given in the certificate, the property of

*(Name of Client Company)*

*(Street Address)*

*(City State Zip Code)*

WAS WELL AND REASONABLY WORTH:

**\$207,800**

ON THE BASIS OF ITS ORDERLY LIQUIDATION APPRAISAL.  
SUMMARY APPRAISAL REPORT

The "ORDERLY LIQUIDATION VALUE", as defined by the (AMEA) Association of Machinery and Equipment Appraisers being as follows:

"ORDERLY LIQUIDATION VALUE", as used in this report being defined is a professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the assets appraised could change the psychological and/or monetary appeal necessary to gain the value indicated.

The Signature Appraiser has Not appraised these assets within the last 3 years.

"Effective Date"  
(DATE)

BY: \_\_\_\_\_

Dennis Hoff, CEA, CSA  
President



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### CERTIFICATION

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have personally viewed the property that is the subject of this report.

No one provided significant professional assistance to the person signing this certification.

\_\_\_\_\_  
Dennis Hoff, CEA, CSA

Date: \_\_\_\_\_



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### NOTES AND COMMENTS

The Machinery and Equipment detailed in this report was physically inspected by the Signature Appraiser on ***(Date of Inspection)***. The Intended User of this report is ***(Name of Client Company)***, ***(City, State Zip Code)***. The Intended Use of this report is to provide information to ***(Name of Client Company)*** that will be used in discussions with ***(Name of Company Appraised)*** for Business and Financial Planning purposes. The value definitions reported were chosen through discussions between ***(Name of Client Company)***, and Hoff Appraisal Associates. Based on the provided information, the value type was determined by the appraiser to be appropriate for the Intended Use of this report. The following comments should be considered an integral part of this report.

The Machinery and Equipment, at the time of the inspection, appeared to be in good operating condition. Machines not in service are noted as such in the appraisal. The machinery detailed in this report is standard metalworking type and can be used in most standard manufacturing processes. The machinery is not limited to producing only the parts being manufactured for existing customers. The company is a "Job Shop Stamping and Fabricating" facility that is capable of producing varied parts for many industries.

The Cost, Income, and Market Approaches were considered for this report. The Cost and Market Approaches were used and the Income Approach was deemed inappropriate for the value conclusions found in this report.

The Review Appraiser is an owner of Hoff Appraisal Associates, Hoff Machinery, and Hoff On-Line Auction Services (Formerly Hoff-Hilk Auction Service). Hoff Machinery or Hoff On-Line Auction Service May or May Not Have sold equipment to ***"Company Name being Appraised"*** within the last 3 years.

The scope of this report is limited to the Machinery and Equipment at this facility and does not include any land, buildings, or lease hold improvements.

Perishable tooling, inspection hand tools, machine accessories, factory supplies, minor shop equipment, selected business machines and office furnishings will be grouped, identified and evaluated in aggregate as lots.

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### **NOTES AND COMMENTS**

(Continued)

The values placed on the Machinery and Equipment is determined by the use of standard and accepted appraisal procedures. This includes the physical inspection of each machine. During the inspection, the manufacture, model, serial number, attachments, and tooling are identified. The ages of the machines are determined through the Serial Number Reference Book and also through calls to distributors and manufacturers. The values are determined by the use of comparative recent selling prices of similar machines. The recent selling figures were obtained from the data collected in the course of research and analysis may include, but not limited to; Market Data from Used Equipment Dealers that sell comparable equipment; conversations with New Equipment Manufacturer's; Consultation with Auctioneers, Liquidators and Equipment Brokers of comparable equipment; In-House Data Bases; Industry Data Bases; Trade Journals and Industry Periodicals and the Appraiser's over 45 years of experience in the buying and selling of Capital Equipment were also utilized.

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### RESEARCH BIBLIOGRAPHY

1. The Surplus Record  
Chicago, Illinois
2. The Book  
Gainesville, Georgia
3. AMEA Reference Library  
Alexandria, Virginia
4. Used Equipment Directory  
Paramus, New Jersey
5. Hoff Machinery Reference Library  
Minneapolis, Minnesota



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### APPROACHES TO VALUE

**"All approaches below have been considered"**

#### **Market Approach:**

One of the three recognized approaches used in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the 'Comparison Sales Approach'. The primary intent of the market approach is to determine the desirability of the assets and recent sales of offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

#### **Cost Approach:**

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the sale utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

#### **Income Approach:**

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of future benefits derived from ownership and is usually measured through the capitalization of a specific level of income. This approach is the least common approach used in the valuation of machinery and equipment since it is difficult to isolate income attributable to such assets. "As it relates to the subject, the assets do not trade on income".

### DEPRECIATION

Defined as the actual loss in value or worth of a property from all causes including those resulting from physical deterioration, functional obsolescence, and economic obsolescence.

#### **Physical Deterioration:**

A form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

#### **Functional Obsolescence:**

A form of depreciation where the loss in value is due to factors inherent in the property itself and due to changes in design, or process resulting in inadequacy, over capacity, excess construction, lack of functional utility, or excess operating costs.

#### **Economic Obsolescence:**

A form of depreciation caused by unfavorable external conditions or loss in value. These can include such things as the economics of the industry, availability of financing, loss of material and labor sources, passage of new legislation, and changes in ordinances.

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## DEFINITION OF VALUES<sup>1</sup>

### Fair Market In-Place Value:

A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts, as installed for intended utilization, as of the effective date of the appraisal report.

### Fair Market Value:

The "FAIR MARKET VALUE", means the value in arm's-length transactions, consistent with the general market value. 'General Market value' means the price that an asset would bring as the result of *bona fide* bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of *bona fide* bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which *bona fide* sales have been consummated for assets of like type, equality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in *bona fide* service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals.

### Orderly Liquidation Value:

A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the assets appraised could change the psychological and/or monetary appeal necessary to gain the value indicated.



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### DEFINITION OF VALUES<sup>2</sup>

#### Forced Liquidation Value:

A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the price indicated.

#### Insurable/Cash Value:

A professional opinion estimated in terms of currency that would be required to duplicate, as nearly as possible, the equipment described in the appraisal report. This value includes machine cost, freight, rigging, installation, electrical and pneumatic connections, foundation costs and leveling of the equipment. In cases where individual machines cannot be replaced model for model, a machine of equal capacity and similar age would be substituted. This value makes no provisions for travel costs, loss of business costs, and applicable taxes.

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The "Fair Market Value" According to Section 1877(h)(3) of the Social Security Act and further defined in the Stark II, Phase III Final Rule (42 CFR Section 411.351), an appropriate premise of value when purchasing medical practices is Fair market Value, as defined below.

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### STATEMENT OF CONDITIONS

All facts and data set forth in this report are based upon an estimate of value only and are true and accurate to the best of the appraiser's knowledge and belief.

No investigation has been made into the title of the property and all items listed are assumed to be the property of the subject company.

No consideration has been given to liens or encumbrances, which may be against the property other than those discussed in this report.

The appraiser's opinion of machinery and equipment condition is derived from a limited visual inspection and/or discussions with maintenance personnel or operators, if available. The equipment was not tested under power for defects. Operating individual pieces of equipment to test their status was beyond the scope of the investigation. The values reported assume the equipment is operational and serviceable unless otherwise stated in the report.

We have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

This appraisal has been made in accordance with accepted appraisal practices and in accordance with the Association of Machinery and Equipment Appraisers Standards and Procedures of Professional Appraisal Ethics and Practice and the Uniform Standards of Professional Appraisal Practice and reflects the best judgment of the appraiser. When appropriate, new and used equipment dealers have been consulted for comparable prices; and catalogs, trade publications and comparative results of auction sales have been utilized.

Information provided by others has been assumed to be correct for the purposes of this report and no responsibility is taken for the accuracy of it.

Since conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.

The fees for this appraisal are not contingent upon values reported.

Consideration of possible environmental hazards from any source goes beyond the scope of this appraisal report.

It is assumed that there are no hidden or unapparent conditions of the equipment, which would render it more or less valuable.

Other limitations or assumptions, if any, are clearly defined and individually set out at the point relating to the subject.

The appraiser is not required to give testimony, be present in any court of law, or appear before any commission or board by reason of this appraisal, unless prior arrangements have been made.



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*(Name of Client Company)*  
*(Street Address)*  
*(City, State Zip Code)*

*Inspection Date & Effective Date*  
*00/00/0000*

SUMMARY APPRAISAL REPORT

## HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
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<u>ITEM #</u>	<u>AIR COMPRESSORS</u>	<u>ORDERLY LIQUIDATION</u>	<u>FAIR MARKET</u>
1	1-Used Ingersoll Rand Model PAC-AIR 75 Rotary Type Air Compressor, Serial No. K2116U66435, (New 1985), 340 CFM, 120 Gallon Horizontal Receiving Tank, 125-HP Motor & Controls	\$12,500	\$14,000
2	1-Used Gardner Denver Model "Electro Saver II" Rotary Screw Type Air Compressor, Serial No. A117664, (New 2002), 50-HP Motor & Controls	\$5,000	\$6,500
3	1-Used Ingersoll Rand Model 30T Reciprocating Type Air Compressor, Serial No. 14765, (New 1985), 120 Gallon Horizontal Receiving Tank, 60-HP Motor & Controls	\$3,000	\$4,200
4	1-Used Zeks Model 600 HSEA 500 Heatsink Refrigerated Air Dryer, Serial No. 155439-M200, (New 2000), 600 SCFM, LED Controller, 1-HP Motor & Controls	\$2,000	\$2,500

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<u>ITEM #</u>	<u>BRAKE-PRESSES</u>	<u>ORDERLY LIQUIDATION</u>	<u>FAIR MARKET</u>
5	1-Used Pacific Model J55 Hydraulic Press Brake, Serial No. 7645, (New 1973), 55 Ton Capacity, 8' Bed & Ram, 6'6" Between Housings, DRC Single Axis CNC Back Gauge, Motor & Controls	\$8,500	\$10,000
6	1-Used Verson Model 1050 Mechanical Press Brake, Serial No. 19265-1647, (New 1996), 15 Ton Capacity, 4' Bed & Ram, 3'2" Between Housings, Hand Ram Adjustment, Motor & Controls	\$2,800	\$4,000

## HOFF APPRAISAL ASSOCIATES

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<u>ITEM #</u>	<u>MACHINING CENTERS VERTICAL</u>	<u>ORDERLY LIQUIDATION</u>	<u>FAIR MARKET</u>
7	1-Used Okuma Model MU-410V Vertical Machining Center, Serial No. 104652, (New 2002), 30" X-Travel, 18" Y-Travel, 18" Z-Travel, 8000 RPM, 48 Tool Automatic Tool Changer, CAT 50 Taper In Spindle, Chip Conveyor, w/Okuma CNC Control, Motor & Controls	\$135,000	\$150,000
8	1-Used Fadal Model VMC-15 CNC Vertical Machining Center, Serial No. 933268, (New 1994), 20" X-Travel, 16" Y-Travel, 20" Z-Travel, 15 Tool Automatic Tool Changer, 4 <sup>th</sup> Axis Interface, CAT 40 Taper In Spindle, Rigid Tapping w/Fadal CNC 88HS CNC Control, Motor & Controls	\$15,000	\$20,000

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<u>ITEM #</u>	<u>MATERIAL HANDLING EQUIPMENT</u>	<u>ORDERLY LIQUIDATION</u>	<u>FAIR MARKET</u>
9	1-Used Clark Model CGC30 Fork Lift Truck, Serial No. 465L-5386-6533FB, (New 1966), 5000 LB Capacity, 205" Vertical Lift, Side Shift, Cushion Tires, LP Powered	\$5,000	\$6,500
10	1-Used Caterpillar Model T40D Fork Lift Truck, Serial No. 1LC43223, (New 1990), 4000 LB Capacity, 173" Vertical Lift, Cushion Tires, LP Powered	\$4,000	\$5,500

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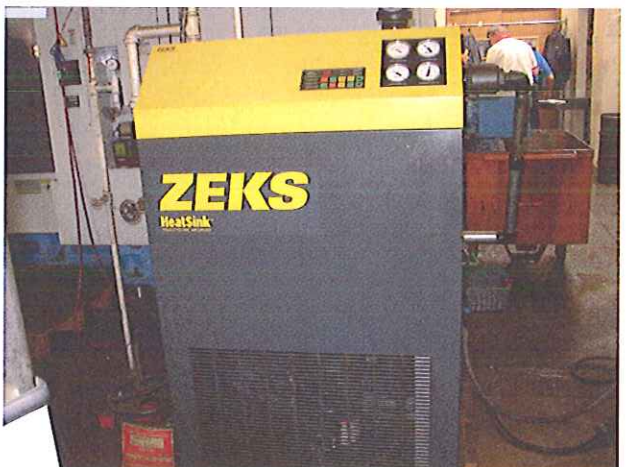
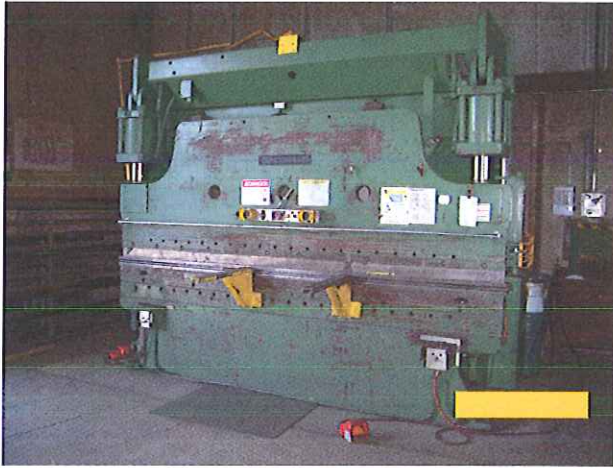
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<u>ITEM #</u>	<u>MISCELLANEOUS MACHINERY &amp; EQUIPMENT</u>	<u>ORDERLY LIQUIDATION</u>	<u>FAIR_ MARKET</u>
24	1-Used Lot of Machinery and Equipment Including But Not Limited to: 1-HP Portable Vacuum Pump; 2-Wheelers; Belt Driven Buffer with Cabinet; Assorted Step Ladders; Craftsman Pedestal Grinder; Barrel Carts, Shop Vacuums; Tape Dispensers; Pipe Pipe Fittings; Pipe Vise; Camel Back Drill; Buffer; Fork Extensions; Die Filer, Etc.	\$15,000	\$25,000
TOTAL MACHINERY & EQUIPMENT		<u>\$207,800</u>	<u>\$248,200</u>



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"Company Name Appraised"



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### **Dennis Hoff**

E-mail: [dennis.hoff@hoffappraisal.com](mailto:dennis.hoff@hoffappraisal.com)

#### **EDUCATIONAL BACKGROUND:**

University of Minnesota  
B.S. Business 1967

#### **PROFESSIONAL BACKGROUND:**

Mr. Hoff has been in the used machinery business since 1961, employed by Midwestern Machinery through 1971. He founded Hoff Machinery, Inc. in 1972.

Mr. Hoff is a:

- Member of Equipment Appraisers Association of North America
- CSA (Certified Senior Appraiser)
- CEA (Certified Equipment Appraiser)
- Board of Directors of Equipment Appraisers Association of North America
- Graduate of USPAP Course (Uniform Standards of Professional Appraisal Practice)
- Past Vice President of MDNA (Machinery Dealers National Association)

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### **REFERENCES:**

**Alegent Health, Omaha, Nebraska**

**Anchor Bank, Blaine, Minnesota**

**BMO Harris Bank, Minneapolis, Minnesota**

**Bremer Bank, St. Paul, Minnesota**

**Central Bank, Golden Valley, Minnesota**

**Enterprise Bank, Omaha, Nebraska**

**First Bank & Trust, Brookings, South Dakota**

**First National Bank, Omaha, Nebraska**

**Midwest MN Community Development, Detroit Lake, Minnesota**

**North American Banking Company, Minneapolis, Minnesota**

**Office of the City Attorney, Los Angeles, California**

**Spell Capital, Minneapolis, Minnesota**

**State Bank of Faribault, Faribault, Minnesota**

**US Bank, Minneapolis, Minnesota**

**Voyager Bank, Eden Prairie, Minnesota**

Contact names will be provided upon request.

**EQUIPMENT APPRAISER  
ASSOCIATION OF NORTH AMERICA**

PRESENTS THIS CERTIFICATE OF ACHIEVEMENT TO

**DENNIS HOFF**

IN RECOGNITION OF ATTENDING THE CLASS AND SUCCESSFULLY  
COMPLETED THE 7-HOUR NATIONAL USPAP COURSE

**UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE**

PITTSBURGH, PA    JANUARY 26, 2012

*Jean Flourey Vice*  
SIGNATURE

1 / 26 / 2012

DATE

## **HOFF APPRAISAL ASSOCIATES**

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### **Doug Killion**

7914 West Dodge Road, PMB 421  
Omaha Nebraska 68114-3423  
Telephone: (402) 345-5900 • FAX: (866) 542-4050  
E-mail: [doug.killion@hoffappraisal.com](mailto:doug.killion@hoffappraisal.com)

#### **PROFESSIONAL BACKGROUND:**

Mr. Killion was employed at Arnold Tool & Die in Council Bluffs, Iowa from 1968-2002. His titles include: Tool & Die Maker, CNC Programmer, and Manager. He was responsible for all equipment purchase justifications for both CNC and Tool & Die Equipment. He assumed part ownership of the company in 1996. In the fall of 2002, Mr. Killion joined Hoff Appraisal Associates, opening a branch office in Omaha, Nebraska. He specializes in Machine Tools along with other Machinery and Equipment.

- Graduate of USPAP Course (Uniform Standards of Professional Appraisal Practice)
- CSA (Certified Senior Appraiser) in the Equipment Appraisers Association of North America (EAANA)
- ASA (Accredited Senior Appraiser) in the American Society of Appraisers

#### **EDUCATIONAL BACKGROUND:**

Served Apprenticeship for Tool & Die through Arnold Tool & Die and Tech School program.

Completed Courses in CNC Programming, Auto-Cad, and Robotic Programming.

Completed Courses ME201 Through ME204 American Society of Appraisers Machinery & Equipment Valuations

#### **REFERENCES:**

**Wells Fargo**, Omaha, Nebraska

**Security National Bank**, Omaha, Nebraska

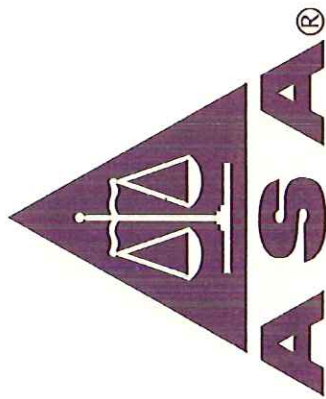
**Enterprise Bank**, Omaha, Nebraska

**Wells Fargo Bank**, Ames, Iowa

**Home Federal Bank**, Sioux Falls, South Dakota

**U.S. Bank Business Finance**, Minneapolis, Minnesota





The American Society of Appraisers

Attests that

**DOUGLAS J. KILLION, ASA**

has successfully participated in the  
**Society's mandatory Reaccreditation Program**  
and has complied with its continuing education requirements,  
as set forth in the organization's Constitution, Bylaws and  
Administrative Rules. Therefore, formal reaccreditation has  
been granted by the International Board of Governors and will

remain valid through

**December 28, 2017**



International President  
*Douglas J. Killion*  
Chairman, Int'l Board of Examiners

**EQUIPMENT APPRAISER  
ASSOCIATION OF NORTH AMERICA**

PRESENTS THIS CERTIFICATE OF ACHIEVEMENT TO

**DOUG KILLION**

IN RECOGNITION OF ATTENDING THE CLASS AND SUCCESSFULLY  
COMPLETED THE 7-HOUR NATIONAL USPAP COURSE

**UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE**

PITTSBURGH, PA    JANUARY 26, 2012

*Joan Horvath Kiss*  
SIGNATURE

1/26/2012

DATE

## **HOFF APPRAISAL ASSOCIATES**

1325 Quincy Street NE, Minneapolis, MN 55413  
(612) 521-5700 • Fax: (612) 521-9358

### **Gregory K. Bohrer**

E-mail: greg.bohrer@hoffappraisal.com

#### **EDUCATIONAL BACKGROUND:**

St. John's University, Graduated 1967

#### **PROFESSIONAL BACKGROUND:**

Mr. Bohrer has been in the packaging business since 1973 as owner of two Packaging Companies. Mr. Bohrer has been appraising Industrial Equipment for over Fourteen (14) Years.

- Firm is Member of Machinery Dealers National Association since 1975
- Member, Twin Cities Manufactures Association
- Member, Mayor's Advisory Council on Accessibility
- Graduate of USPAP Course (Uniform Standards of Professional Appraisal Practice)
- CSA (Certified Senior Appraiser)

#### **REFERENCES:**

**Anchor Bank**, Minneapolis & St. Paul, Minnesota

**Associated Bank**, Eagan, Minnesota

**Bremer Bank**, St. Paul, Minnesota

**Central Bank**, Stillwater, Minnesota

**First Bank & Trust**, Sioux Falls, South Dakota

**HiWay Federal Credit Union**, St. Paul, Minnesota

**Northeast Bank**, Minneapolis, Minnesota

**Premier Bank**, Maplewood, Minnesota

**U.S. Bank**, Portland, Oregon

**U.S. Bank**, Mankato, Minnesota

**Voyager Bank**, Minnetonka, Minnesota

**Wells Fargo Bank**, Minneapolis, Minnesota

**Western Bank**, Maplewood, Minnesota



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**UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE**

**PITTSBURGH, PA    JANUARY 26, 2012**

*Jeanne Stouffer*  
SIGNATURE

**1 / 26 / 2012**

DATE

Minneapolis  
1325 Quincy St. NE  
Minneapolis, MN 55413  
(612) 521-5700  
(612) 521-9358 *fax*

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**HOFF APPRAISAL ASSOCIATES**

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Omaha  
7914 West Dodge Road  
Suite 421  
Omaha, NE 68114  
(402) 345-5900

(Date)

**(Name of Client Contact)**  
**(Name of Client Company)**  
**(Street Address)**  
**(City, State Zip Code)**

Dear Mr./Ms. **(Name of Client Contact)**:

We will undertake the Summary Appraisal Report of the Machinery and Equipment located at **(Name of Company Appraised, Street Address, City State)** providing you with the "Fair Market Value" and "Orderly Liquidation Value" of the assets. The Intended User of this report is **(Name of Client Company), (City, State Zip Code)**. The Intended Use of this report is to provide information to **(Name of Client Company)** that will be used in discussions with **(Name of Company Appraised)** for Business and Financial Planning purposes.

The "FAIR MARKET VALUE" as defined by the Association of Machinery and Equipment Appraisers being as follows:

The "FAIR MARKET VALUE", as used in this report being defined is a professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the appraisal report and;

The "ORDERLY LIQUIDATION VALUE" as defined by the Association of Machinery and Equipment Appraisers being as follows:

The "ORDERLY LIQUIDATION VALUE", as used in this report being defined is a professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the assets appraised could change the psychological and/or monetary appeal necessary to gain the value indicated.

*(Name of Client Contact)*  
*(Name of Client Company)*  
*(Street Address)*  
*(City, State Zip Code)*

The appraiser will maintain confidentiality as far as possible. The client recognizes that the appraiser is required to speak to dealers who may draw their own conclusions as to the ownership of the machinery and equipment.

Hoff Appraisal Associates will be paid a fee of (\$000.00) for the work associated with providing the report. The attached Engagement Terms and Conditions are necessarily part of this agreement. For accounting and contractual purposes, we require a duly authorized signature confirming our understanding and that there are no contingencies regarding payment for this appraisal.

We will supply two (2) bound original reports and one (1) Electronic report with no photos upon request. The reports will conform to current USPAP Appraisal Standard guidelines. Payment for the completed reports is due upon delivery. Please sign and date one of the Engagement Letters and mail back in the enclosed envelope. Thank you for the opportunity to be of service.

Sincerely,

Dennis Hoff, CEA, CSA  
President  
HOFF APPRAISAL ASSOCIATES  
DH:ml

---

Accepted By:

---

Date:

## HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
(612) 521-5700 • Fax: (612) 521-9358

### ENGAGEMENT TERMS AND CONDITIONS

#### Payment Terms:

The Client is responsible to make full payment upon completion and delivery of the appraisal report. Payment not received within 15 days of completion of the report will be charged an additional 10% processing fee.

#### Signed Engagement Letter:

A signed Engagement Letter must be returned to Hoff Appraisal Associates before the inspection of the plant or the completion and delivery of the reports. In signing this engagement letter you are agreeing to all the above terms and conditions.

#### Cancellations:

The client will receive an invoice for all related direct expenses and research work up to the cancellation date if the client cancels the appraisal prior to its completion.

#### Changes:

The fee quoted on the Engagement Letter is based on information provided to the appraiser. In engagement situations where the appraiser has not visited the site prior to determining the fee, the appraiser has the right to negotiate a change in the fee if the information provided was not accurate.

#### Contingencies:

The client will receive up to two (2) hours of post-appraisal discussion and consulting at no charge. If the appraiser is requested to provide additional time for review or if the appraiser is required to testify in any legal matter related to the engagement, the client will be charged at a rate of \$300.00 per hour.

#### Copies:

Additional copies of the Appraisal Report will be provided at a cost of \$100.00 per report with photos and \$75.00 for report with no photos. This cost includes all office and production costs associated with providing the additional copies.

#### Delivery:

The delivery of the final copies of the Appraisal Report will be by the most expeditious method available. If the use of overnight delivery or a courier service is required, the fee will be charged to the client.

#### Draft Review:

The client will receive a draft copy of the Appraisal Report for review and acceptance, time permitting. It is the responsibility of the client to review the draft and inform the appraiser of necessary changes, additions, or deletions in a timely manner. Changes requested after review can result in additional fees.



## HOFF APPRAISAL ASSOCIATES

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### **Expenses:**

Direct expenses related to processing the Appraisal Report include the following items: mileage, airfare, airport parking, auto rental, taxi fares, lodging, meals, and permits. Air travel will be arranged at the lowest available cost for direct flights. Lodging will include weekend stays if it results in a lower overall cost to the client.

### **Separate Reports:**

If the appraiser is required to issue the appraisal report to separate and/or additional parties, the client will be charged a fee of \$150.00.

### **Separation of Assets:**

If any assets need to be separated out from the main body of the appraisal report, the appraiser may require additional fees for such separate and distinct sets of reports.

### **Items not included in Appraisal:**

This report is limited to the Machinery and Equipment at the described location and does not include any land, buildings, general inventory, or lease hold improvements.

### **Grouped Items:**

Perishable tooling, inspection hand tools, machine accessories, factory supplies, minor shop equipment, selected business machines and office furnishings will be grouped, identified and evaluated in aggregate as lots.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
02/21/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

**PRODUCER**

MN-01 - Burns & Wilcox, Ltd. - Minnesota  
333 South 7<sup>th</sup> Street, Suite 1300  
Minneapolis MN 55402

**INSURED**

DENNIS HOFF  
1325 QUINCY ST. NE  
MINNEAPOLIS, MN 55413

**INSURERS AFFORDING COVERAGE****NAIC #**

INSURER A CERTAIN UNDERWRITERS AT LLOYDS

INSURER B

INSURER C

INSURER D

INSURER E

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO- <input type="checkbox"/> LOC JECT				EACH OCCURRENCE	\$
					FIRE DAMAGE (Any one fire)	\$
					MED EXP. (Any one person)	\$
					PERSONAL & ADV INJURY	\$
					GENERAL AGGREGATE	\$
					PRODUCTS - COVP/O <sup>2</sup> AGG	\$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTO <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/>				COMBINED SINGLE LIMIT (Ea accident)	\$
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE (Per accident)	\$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/>				AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN EA ACC	\$
					AUTO ONLY AGG	\$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
					AGGREGATE	\$
						\$
						\$
						\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/ MEMBER EXCLUDED? If yes describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATU- TORY LIMITS <input type="checkbox"/> OTH- ER	
					E.L. EACH ACCIDENT	\$
					E.L. DISEASE -EA EMPLOYEE	\$
					E.L. DISEASE - POLICY LIMIT	\$
A	<b>OTHER ERRORS &amp; OMISSIONS</b>	LBW451612	07/29/2012	07/29/2013	EACH CLAIM	\$1,000,000
					ANNUAL AGGREGATE DISABLED-CLAIMS MADE	\$1,000,000 INCLUDED W/LIMITS

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

**CERTIFICATE HOLDER**

EVIDENCE OF COVERAGE

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE