

My Choice Family Care

Fair Market Value-Installed
Of Certain Personal Property
Located In Milwaukee, Wisconsin



Engagement Number: 14611
Date of Report: February 22, 2016

My Choice Family Care

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Personal Property Valuation

Identification of the Property

Valuation Research Corporation (“VRC”) has conducted an investigation and valuation of certain personal property assets (“Subject Assets”) associated with My Choice Family Care (“MCFC”) located in Milwaukee, Wisconsin.

The Subject Assets appraised consist of computer equipment, software, office equipment, and furniture and fixtures. No other assets were appraised.

The Subject Assets located at the MCFC’s Milwaukee facility were personally inspected by VRC’s personal property appraiser on February 12, 2016. MCFC senior management personnel (“Management”) were readily available for the inspection and provided information used in our analysis.

The Subject Assets located offsite (i.e. the disaster recovery facility in Madison, Wisconsin and production facility in Pewaukee, Wisconsin) were not inspected and were appraised on a desktop basis from information provided to VRC by Management.

Company Overview

MCFC serves people with physical disabilities, people with intellectual/developmental disabilities and frail elders with the specific goals of: giving people better choices about where they live and what kinds of services and supports they get to meet their needs; improving access to services; improving quality through a focus on health and social outcomes; and creating a cost-effective system for the future.

Since being launched as one of the original pilot Family Care programs in 2000 by the State of Wisconsin, MCFC has become a robust and thriving operation celebrating 15 years of successfully serving more than 24,000 Family Care Members. MCFC currently serves over 8,400 Members in eight Wisconsin counties.

Date of Appraisal

The effective date of this appraisal is February 17, 2016 (or the “Valuation Date”).

Purpose of the Appraisal

VRC has been asked to provide assistance to Milwaukee County, a Wisconsin Municipal body corporate, to provide a valuation of the Subject Assets for restructuring purposes.

The Company has requested VRC to provide an estimate of the Fair Market Value-Installed (“FMVI”) for the Subject Assets as of the Valuation Date.

Definition of Value

Fair Market Value-Installed is the estimated amount, expressed in terms of money, that may reasonably be expected for an installed property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs, necessary to make the property fully operational.

Scope of the Appraisal

- Discussions with Management familiar with the engagement and the Subject Assets.
- Request and receipt of electronic data for MCFC’s fixed assets that will be included in the restructuring.
- Inspection of the Subject Assets located at MCFC’s Milwaukee, Wisconsin facility.

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- Review and initial development (i.e. direct cost approach) of fixed asset files.
- Market Approach or market derived depreciation technique for specific active secondary market classes.
- Development of appropriate appraisal techniques needed to accurately estimate the value of the Subject Assets relative to our definitions of value and objectives of the assignment.

Description of the Personal Property

The personal property included in this appraisal is described as follows:

- **Computer Equipment** – Includes storage-area network (SAN) and network attached storage (NAS) hardware, servers, switches, routers, printers, scanners, monitors, and an interactive LCD flat-panel display. Manufacturers include Hewlett Packard, Synology, Buffalo Americas, Cisco, Dell, Samsung, Canon, Brother, Xerox, Google, and SMART Technologies.
- **Software** – Consists of off-the-shelf type purchased software.
- **Office Equipment** – Includes printers, copiers and fax machines; an LCD flat panel display monitor; projectors; and a digital camera.
- **Furniture & Fixtures** – Includes desks, end tables, conference room tables, lateral and vertical filing cabinets, desk chairs, guest chairs, workstations, a projector screen, a credenza, a book shelf, and a safe.

Overall, the Subject Assets inspected appear to be in good to average condition.

Valuation Approaches

Valuation procedures require that the appraiser consider three basic approaches: market, income, and cost. These approaches are based on market exchanges for comparable business interests or assets, the capitalization of income, and the cost to reproduce or replace the assets. A brief explanation of each approach follows.

Market Approach

The market approach estimates value based on market prices in actual transactions and on asking prices for currently available assets. The process compares and correlates the subject property with other similar properties. This technique studies available market information and adjusts for such comparability factors as location, time of sale, physical characteristics, and conditions of sale.

Income Approach

The income approach provides another method for estimating value. This approach measures in dollars the present worth of future benefits derived from the ownership of an asset or group of assets. This approach is predicated on developing either cash flow or income projections, which are then discounted for various risk factors and time. The discount and/or capitalization rate is market-derived and relates to the Principle of Substitution in that an investor would not be justified in paying more for a particular income stream than they would have to pay for an equal income stream with a similar degree of risk.

Cost Approach

The cost approach uses the concept of replacement as a value indicator. This approach recognizes that a prudent investor would pay no more for the assets than the cost to reproduce or replace the assets with an identical or similar unit of equal utility. Reproduction/replacement cost new (CRN) establishes the highest amount a prudent investor would pay for the assets. To the extent that the assets we are valuing

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will provide less utility than new assets, we adjust for losses in value due to physical deterioration, functional obsolescence and economic obsolescence.

In conjunction with the cost approach, it is appropriate to define the following terminology:

Replacement Cost New – The cost of replacing a property with a modern new unit of the nearest equivalent utility, using current rates for material and labor.

Reproduction Cost New – The cost of creating a new duplicate of the property from the same or highly similar materials, using current rates for material and labor.

Depreciation – Loss in value from all causes, including factors of physical deterioration, functional obsolescence and economic obsolescence.

Physical Deterioration – Reduction in utility resulting from impairment of physical condition brought about by such factors as age, wear and tear, structural defects, and exposure to damaging elements.

Functional Obsolescence – Impairment of functional capacity or efficiency caused by factors inherent in the property. This is brought about by such factors as overcapacity, inadequacy, excess operating costs, and changes in the technology that affect the asset or its relation to other items comprising a larger property. The term also refers to an asset's inadequacies in performing the function for which it is currently employed.

Economic Obsolescence – Impairment of desirability or useful life arising from factors external to the property, such as economic forces or environmental changes that affect supply-demand relationships in the market. Among the causes of economic

obsolescence are changes in optimum use, legislative enactments, and social trends.

Approaches Used

The use of more than one approach is desirable because it provides a check on the other approaches to value. In some cases, all three approaches to value are applicable, but typically one or two approaches to value are utilized.

Based on the scope of the assignment and the definition of value, the Cost and Market Approaches were utilized in our estimate of the FMVI of the personal property.

Valuation Procedures

We have not included in this personal property appraisal any equipment under operating leases, any property of others, or any assets not included in the asset records provided by Management. At Management's request, we have excluded any desktop and laptop personal computers, as well as the installed software associated with this equipment.

The initial phase of the project began with the receipt of MCFC's fixed asset records, which contained the personal property assets most likely to be included in the restructuring. The asset records were the primary source of information regarding the Subject Assets. The records provided a listing of MCFC's assets and included descriptions for each asset, asset category and subcategory, location or assigned employee, and in some cases in service dates and acquisition costs.

During our inspection and discussion with Management, we used MCFC's fixed asset records to identify the Subject Assets on site and gather additional information considered pertinent in our analysis.

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Valuation Analysis

Fair Market Value-Installed employ's the market approach premise, and incorporates all normal direct and indirect installation and assemblage costs necessary to make the property fully operational. Market data, when carefully verified and analyzed is the best evidence of value because it presents the actions of buyers and sellers. It is essential to determine the availability and desirability of particular types of personal property, as supply and demand is a predominant factor influencing marketplace transactions.

This valuation assumes the assets would be sold in their present condition and location, and does not take into consideration any costs related to the demolition, teardown, removal, disposal, site cleanup, or any other costs associated with the removal and subsequent shipping of equipment that might be incurred in the restructuring.

We have made no investigation of and assume no responsibility for the title to the assets appraised.

Factors considered pertinent in our analysis include the local marketplace with regards to the equipment vintages, technology levels, current economic conditions within the industry, adaptability of the equipment, technology level comparisons with primary marketplace competitors, under or overcapacities within the business segments, and desirability of the equipment.

We have developed certain information based upon prevailing market conditions as of the Valuation Date and the nature of the assets appraised. The marketable assets should bring the most probable price in a competitive market under conditions requisite to a fair sale given proper time to sell and proper advertisement to the public.

Our FMVI analysis included the used equipment market for similar assets sold or available for sale. We obtained this information primarily from internet web sites of used equipment sales.

We analyzed the data gathered from the used market, making necessary adjustments to account for differences in comparability with the Subject Assets, including factors such as physical characteristics, age, condition, refurbish and upgrade status, and level of customization. Where used market data was not available, we obtained current replacement costs of similar or equivalent equipment by gathering new equipment pricing information online or by contacting equipment manufacturers. The replacement cost new was then adjusted for accrued depreciation resulting from age, physical condition, usage, operating efficiencies, and any functional and/or economic obsolescence.

Conclusion

Based upon our investigation and analysis as described in this report and subject to the Assumptions and Limiting Conditions presented herein, it is our opinion that the FMVI of the personal property of MCFC as of February 17, 2016, is reasonably stated and summarized as follows:

Summary of Personal Property Values

VRC Account	Fair Market Value- Installed
Computer Equipment	168,330
Software	27,440
Office Equipment	12,190
Furniture & Fixtures	25,820
Grand Total	\$233,780
Rounded to	\$234,000

A detailed excel asset file showing the personal property values by account has been provided separately from this report.

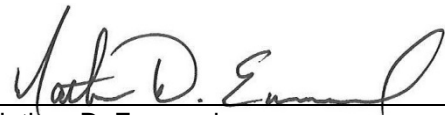
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Appendix 1

Certification

The undersigned certifies that, to the best of our knowledge and belief:

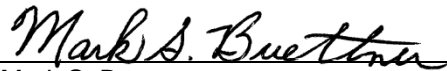
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the report 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.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and with the Codes of Ethics of the Appraisal Institute and the American Society of Appraisers.
- Nathan Emanuel personally inspected the Subject Assets located at MCFC's Milwaukee, Wisconsin facility on February 12, 2016.
- We have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.



Nathan D. Emanuel

February 22, 2016

Date



Mark S. Buettner
Senior Vice President

February 22, 2016

Date

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Appendix 2

Assumptions and Limiting Conditions

This appraisal is subject to the following assumptions and limiting conditions.

1. This report and the conclusions arrived at can only be relied upon by the parties to whom the transmittal letter is addressed for the sole and specific purposes as noted and as of the appraisal date specified. Furthermore, the report and conclusions are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusions reached represent the considered opinion of Valuation Research Corporation (“VRC”), based upon information furnished to them by the Company and other sources.
2. In accordance with recognized professional standards as generally practiced in the valuation industry, the fee for these services is not contingent upon the conclusions of value contained in the report. VRC has determined to the best of its knowledge and in good faith that neither it nor any of its agents or employees has a material financial interest in the Company.
3. VRC assumes that all laws, statutes, ordinances, zoning and use regulations, other regulations, or regulations of any governmental authority relevant to and in connection with this engagement are complied with unless express written noncompliance is brought to the attention of VRC by those relied on by VRC, including the Company and its management, and stated and defined in the appraisal report.
4. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
5. VRC has relied on certain public information and statistical information furnished by others, including, but not limited to, the Company, without verification. VRC believes such information to be reliable as to accuracy and completeness but offers no warranty or representation to that effect; however, nothing has come to our attention in the course of this engagement that would cause us to believe that any furnished information is inaccurate in any material respect or that it is unreasonable to utilize and rely upon such information.
6. In the event this report is used for a sale price, financing, or tax purposes, no responsibility is assumed for the inability to negotiate favorably on the basis of the values expressed herein.
7. VRC has not made a specific compliance survey or analysis of the subject property to determine whether it is subject to or in compliance with the Americans with Disability Act of 1990 (ADA) and this report does not consider the impact, if any, of non-compliance in estimating the value of the property.
8. Material changes in the industry or in market conditions that might affect the Company’s business from and after the appraisal date, which are not reasonably foreseeable, are not taken into account.
9. The issuance of this report by VRC does not represent an assurance, guarantee, or warranty that the Company will not default on any debt obligations, if any, associated with the values stated in the report, nor does VRC make any assurance, guarantee, or warranty that the covenants for any financing will not be broken in the future.
10. Future services regarding the subject matter of this report, including, but not limited to, testimony or attendance in court, shall not be required of VRC, unless previous arrangements have been made in writing.
11. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of any appraiser or appraisers, or the firm with which such appraisers are connected, or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any

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- other public means of communication, without the prior written consent and approval of VRC.
12. No representation is made as to the legal sufficiency for any purpose of the definitions contained in the body of the report; such definitions are used solely for setting forth the scope of this report and VRC believes such definitions to be reasonable for the purposes of rendering this report.
 13. Neither VRC, nor its agents or employees assume any responsibility for matters legal in nature, nor do they render any opinion as to any title to, or legal status of, property, which may be involved, both real and personal, tangible and intangible. Title is assumed to be good and marketable.
 14. The Company agrees to reimburse VRC for any expenses that VRC may incur, as a party, witness or participant in connection with any litigation or dispute involving this engagement. This includes, unless it resulted from VRC's gross negligence or willful misconduct, all reasonable out-of-pocket costs such as travel expenses, attorney fees and, if necessary, costs of enforcing this agreement.
 15. Where there may be real property involved, and unless specifically stated, VRC has not made a land survey of the property and has assumed that the Company has clear title to the property. VRC assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such unapparent conditions or for arranging for engineering studies that may be required to discover such unapparent conditions or any such unapparent conditions, which may exist.
 16. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless otherwise specified within the report. The property is appraised and conclusions of value are based upon the assumption that responsible ownership and competent management will continue.
 17. Our opinion is necessarily based on economic, market, financial and other conditions as they exist on the date of this report. While various judgments and estimates which we consider reasonable and appropriate under the circumstances were made by us in the determination of value, no assurance can be given by us that the sale price which might ultimately be realized in any actual transaction, if and when effected, will be at the Fair Value indicated.
 18. Material changes in the industry or in market conditions that might affect the Company's business from and after the appraisal date, which are not reasonably foreseeable, are not taken into account.
 19. The conclusions of value are based upon the assumption that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners participation would not be materially or significantly changed.
 20. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocation of value for land and improvements must not be used in conjunction with any other appraisal and is invalid if so used.
 21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report. It is further assumed that any mechanical and electrical equipment, which is considered part of the real estate, is in proper operating condition except when noted herein. These include, but are not limited to, such items as the heating, air conditioning, plumbing, sprinkler, and electrical systems.
 22. Detailed architectural and engineering drawings were not always available to the appraisers. Construction details are based on the property inspections, available drawings, tax records, and

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- interviews with the plant managers. However, some construction details in this report may differ from the actual construction.
23. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
 24. In this report, the existence of potentially hazardous material used in the construction or maintenance of any structures, such as the presence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by VRC, its employees or contractors, nor do they have any knowledge of the existence of such materials on or in the property except as noted. The appraisers, however, are not qualified to detect such substances. The existence of such substances may have an effect on the value of the property or properties appraised. VRC urges the client to retain an expert in this field if so desired.
 25. It is assumed that the utilization of any land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
 26. VRC is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report wishing to know whether such liabilities exist, or their scope, and the effect on the value of the property is encouraged to obtain a professional environmental assessment. VRC does not conduct or provide environmental assessments and has not performed one for this report.
 27. VRC has not determined independently whether the Company is subject to any present or future liability relating to environmental matters, including but not limited to CERCLA/ Superfund liability. VRC's report takes no such liabilities into account. To the extent such information has been reported to us, VRC has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.
 28. VRC does not conduct or provide environmental liability assessments of any kind in performing its appraisals so that our opinion of the appraised value will not reflect any actual or contingent environmental liabilities except to the extent we are provided with a specific monetary assessment of such liabilities in writing. In any event, VRC will not verify such monetary assessment and will offer no warranty or representation as to its accuracy or completeness.