

Warren County School District

Buildings and Grounds Services
185 Hospital Drive • Warren, PA 16365
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MEMORANDUM

To: Dr. Robert Towsey,
WCSD Interim Superintendent

From: Dr. Norbert J. Kennerknecht,
WCSD Director of Buildings and Grounds Services

Date: July 11, 2006

Re: Gem and Mineral Collection Update (Levi Smith Collection)

I have recently reviewed an unsolicited second proposal from Bonhams & Butterfields' Natural History Department in Los Angeles, CA, regarding the Levi Smith Collection. In the initial proposal B&B proposed a 20% selling commission; the new proposal offers a reduction of 10%. The B&B proposal estimates that the sale of the collection will realize a probable value of "\$250,000 to \$350,000."

In light of the new, reasonable sales commission I recommend that the Board enter into a sales agreement with B&B to dispose of the Levi Smith Collection by Public Auction. The proposed sale will take place on December 3, 2006. Because of the time necessary to advertise, photograph, and assemble the catalog, time is of the essence, and we should move quickly.

The proposed schedule for this project is as follows:

July 31	Finance Committee Approval
August 14	Board Approval
August 20	Contract
September 2	Shipment
October 21	Photo and Catalog Printing
November 11	Advertisement
December 3	Public Auction

CC: File

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July 12, 2006

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Dr. Norbert Kennerknecht
Warren County School District
185 Hospital Drive
North Warren, PA 16365

RE: Levi Smith Collection

Dear Dr. Kennerknecht:

At your request, we have reviewed the revised sale proposal presented by Bonhams & Butterfields to sell the Levi Smith collection of minerals. The revised proposal is far superior to their earlier proposal; the revised document meets virtually all of the changes that we discussed with you earlier this year.

There remain a few ambiguities in the proposal. The proposal fails to specify which party will bear certain costs. That ambiguity can be resolved by making an addition to the section entitled "Seller's Commission." The following sentence should be added to the end of that paragraph.

This fee will also incorporate all costs associated with the promotion and marketing of the Levi Smith collection, with such costs including, but not necessarily being limited to, advertisement, exhibitions, mailings, press releases, and scheduled events for the promotion and marketing of the collection.

Additionally, the proposal states that the collection will be insured by Bonhams & Butterfields from the moment of pick up, but it fails to specify that the risk of loss will also pass to Bonhams & Butterfields at this time. This ambiguity can be resolved by making an addition to the section entitled "Insurance." This section should be amended to read as follows.

Insurance and Risk of Loss: Bonhams & Butterfields will insure the property and assume the risk of loss for the property from the moment you consign the items, including during their transit to our Los Angeles warehouse and any additional exhibition location. The collection will remain insured on our premises, and at any outside exhibition, until the property is sold.

Mr. Norbert Kennerknecht

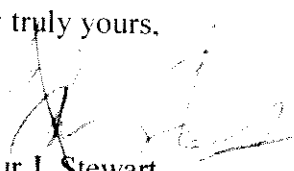
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With these changes, we recommend that you go forward with the proposal as stated. Bonhams & Butterfields appears to be a more reputable firm with contacts far superior to those offered by Dr. Sicree. You may want to share with Dr. Towsey and the Board members the Bonhams & Butterfields top ten list together with some of their other qualifications.

As always, please call with thoughts or questions.

Very truly yours,



Arthur J. Stewart

AJS/ame

c: Mrs. Jacki Nuttall

Dr. Towsey