WINDERWEEDLE, HAINES, WARD & WOODMAN, P.A. 329 Park Avenue North Second Floor Post Office Box 880 Winter Park, Florida 32790-0880 Telephone (407) 423-4246 Facsimile (407) 645-3728

# **MEMORANDUM**

To: Central Florida Expressway Authority Board Members

James Edward Cheek, III, Right of Way Counsel Winderweedle, Haines, Ward & Woodman, P.A. FROM:

DATE: September 21, 2015

S.R. 429 Wekiva Parkway, Project 429-202: Parcels 275 & 279 -RE:

Approval for Statutory Business Damage Counter-Offer

Winderweedle, Haines, Ward & Woodman, P.A., right of way counsel, seeks this Board's approval of a business damage counter-offer to be made pursuant to Florida Statute Section 73.015(2)(d), to the Holder & Strite Corporation ("Holder & Strite"). Holder & Strite is a company doing business on 429-202, Parcels 275 and 279.

## **DESCRIPTION and BACKGROUND:**

This case involves the taking of approximately 28 acres of property used in the hay farming and cattle raising business conducted by Holder & Strite for more than five (5) years prior to the condemnation action. Specifically, CFX has acquired 17.888 acres through the middle of Parcel 275, which originally contained 52.737 acres, leaving in a bisected western remainder of 7.691 acres and eastern remainder of 27.230 acres. This parcel is owned by Thomas J. Holder, Sr. as Trustee of the Sally R. Holder Credit Shelter Trust and the Thomas J. Holder, Sr. Family Trust. Additionally, CFX acquired 10.311 acres from Parcel 279, which originally contained 14.14 acres, leaving a 3.829 acre remainder. This property is owned by Adelpha Howell. Parcels 275 and 279 are adjoining properties and Holder & Strite conducts its farming activities over both properties, so these cases have been consolidated for trial.

CFX retained the services of Richard MacMillan to appraisal the real estate claims for both parcels. Mr. MacMillan estimated the value of the taking for Parcel 275 to be \$1,163,600.00 and for Parcel 279 to be \$344,500.00, for a total value of \$1,508,100.00 for the real estate claims. The landowners have not yet submitted an appraisal report for their real estate claims, and are not required to submit these reports under the Case Management Order until November 18, 2015. these appraised amounts are for the real estate only, they do not include business damages. This information is being provided to the Board for background purposes only.

The issue before the Board today is whether to make a business damage counter-offer to Holder & Strite. The amount paid for business damages would be in addition to the amounts sought for the real estate claims outlined above. Pursuant to Florida Statute Section 73.015(2), Holder & Strite served CFX with a business damage claim of \$553,795.00 (apportioned as \$390,914.00 for Parcel 275 and \$162,881.00 for Parcel 279). The statute authorizes, but does not require, CFX to make a business damage counter-offer. The failure to respond to the business damage offer is deemed a counter-offer of zero dollars for the purpose of computing attorneys fees under Section 73.092(1). If the business owner does not accept CFX's counter-offer, attorneys fees are based on a percentage of the betterment between CFX's offer and the amount recovered in settlement or at trial. If the business owner accepts CFX's business damage counter-offer, attorneys fees will be based on the factors set forth in Section 73.092(2), which considers the time involved, complexity of the case, amount of money at issue, and other factors.

The undersigned attorney believes that it is in the best interest of the Authority to make a business damage counter-offer in this case, in the interest of good faith negotiation, and to limit attorneys fees.

## **BUSINESS DAMAGE ANALYSIS:**

As stated previously, Holder & Strite is a company that has conducted a hay bailing and cattle raising business on the subject properties for more than five years. Holder & Strite has alleged that the taking will negatively impact its business in several ways, including (1) the loss of the ability to move tractors, trailers, and other farm equipment from the storage area to the southern hay fields via internal roads; (2) the loss of the ability to move the hay bales and rolls from the fields to the covered hay storage barn using internal roads; (3) loss of the ability to move cattle to different grazing fields through internal roads; (4) increased time and costs to travel using public roads; (5) lost security; (6) loss of easy access and circulation for customers; (7) overall loss of efficiency and maneuverability caused by the bisection of the properties.

Holder & Strite retained the legal counsel of Maguire Lassman, P.A., who retained Thomas Durkee, CPA, from the firm of Averett Warmus Durkee, P.A., to analyze its business damage claims. Holder & Strite presented a claim for \$390,914.00 for Parcel 275 and \$162,881.00 for Parcel 279, for a total business damage claim of \$553,795.00. CFX retained the services of Les Eiserman, CPA from Cliften Larson Allen LLP, who estimated that business damages in this case were \$55,627.00 for Parcel 275 and \$23,178.00 for Parcel 279, supporting a total business damage counter-offer of \$78,805.00.

Florida law allows a business owner to receive "the probable damage to such business which the denial of the use of the property so taken may reasonably cause." § 73.071(3)(b), Fla. Stat. (2014). The Florida Supreme Court has held that this statute, "does not require the calculation of business damages by one mechanically applied, one-size-fits-all formula which would not produce proper results. For an ongoing business,...business damages are inherently fact-intensive." While the Legislature did not define precisely what constitutes business damages, "there is absolutely no indication that it intended this statute to be construed as allowing business damages for lost profits only." *System Component Corp. v. FDOT*, 14 So. 3d 967 (Fla. 2009). The Florida Supreme Court noted that case law has identified at least three types of business damages: (1) lost profits, (2) moving / relocation expenses, and (3) loss of goodwill. However, the Court further stated that business damages are not limited to only these categories. The Court also recognized three approaches to valuing a business: (1) the income approach (based

on current and future revenue stream discounted to a total present value), (2) market-based approach (based on comparable businesses existing in the market), and (3) the asset-based approach (the value based on total assets net liabilities). The Court noted that the asset approach was most commonly used to value businesses that are not profitable.

In the subject case, the Holder & Strite business has not been profitable since its inception in 2010. The negative cash flow from operations for the 5 year period ending December 31, 2014 totals \$285,271.00, and was negative by approximately \$27,000.00 to \$100,000.00 per year during this period. Since the business has not operated at a profit, both business damage experts valued the business using the asset approach.

Holder & Strite asserts that even though its business does not currently operate at a profit, the business enhances the value of the land, has an asset based value, and the Company planned to achieve profitability in the future. It is Holder & Strite's position that the business cannot operate effectively, sufficiently or profitable on the land remaining after the taking because of the reduced size of the parcels and other inefficiencies. Holder & Strite has therefore concluded that the damage to the business includes the entire value of the farming business located on the site.

Holder & Strite's asserted business damages primarily consist of the value of (1) special purpose trade fixtures, (2) special process systems, (3) moveable personal property, and (4) improvements made to the leasehold. By far the largest component of its damages is the value of its personal property, which is estimated at \$579,834.00 (this amount was then adjusted downward to account for the fact the personal property is also used on another 6 acre tract not at issue in this litigation). Holder & Strite also analyzed the cost to move this personal property, with the estimated Disconnect & Reconnect Cost (D&R Cost) to be \$28,130.00. The D&R cost is not included in the damage claim asserted by Holder & Strite.

CFX's business damage valuation expert accepts, for the purposes of this counter-offer, several of Holder & Strite's calculations where the cost to redo the analyses would exceed the value of the actual claim. However, CFX's business damage report does not accept, and does not include, certain elements of the claims asserted by Holder & Strite. Most significantly, CFX's business damage counter-offer compensates the business only the disconnect and reconnect (D&R) costs associated with the moveable personal property, and not the value of the personal property itself. Furthermore, CFX's proposed counter-offer does not include the value of the leasehold improvements (i.e. the value associated with clearing and preparing the land), as this is implicitly included in the real estate value appraised by Richard MacMillan, and should be asserted as an apportionment claim, if at all.

The parties' business damage valuations are summarized below as follows:

Parcel 275 & 279	CFX	Strite & Holder
Special Purpose Trade Fixtures	\$25,425.00	\$25,425.00
Special Process Systems	\$25,250.00	\$25,250.00
Moveable Personal Property (adjusted)	-	\$424,920.00
Disconnect & Reconnect (D&R) Cost	\$28,130.00	ıī.
Improvements to the leasehold		
(clearing and preparing the land)		\$78,200.00
Total Business Damages	\$78,805.00	\$553,795.00

# **RECOMMENDATION:**

The proposed business damage counter-offer was recommended for Board approval by the Right of Way Committee at the September 23, 2015 meeting. We respectfully request this Board's approval of the proposed statutory business damage counter-offer to Holder & Strite in the amount of \$78,805.00 for Parcels 275 and 279, or such other and further action that this Board deems appropriate.

# **ATTACHMENTS:**

Holder & Strite Business Damage Reports Les Eiserman Business Damage Report MEI Civil Engineering Report Parcel Sketches



605 E. ROBINSON ST., SUITE 140 ORLANDO, FLORIDA 32801

OFFICE: 407.228.9522 TOLL-FREE: 888.216.6870 FAX: 407.228.9665

March 30, 2015

# Via Certified Mail: 7007-149-0000-5533-8439

J. Edward Cheek, III, Esquire Winderweedle, Haines, Ward & Woodman, P.A. P.O. Box 880, 329 Park Avenue North, Second Floor, Winter Park, FL 32790

RE: CFX / SR 429 (Wekiva Pkwy) - Section 2B (System Interchange near Ondich Rd.-Haas Rd. & Mt. Plymouth Rd.) / pre-suit
Holder & Strite Corporation - Business Damage Claim - Parcel 175 & 179
Total \$553,795.00

Our File No.: 08-702B-HOL\*+

Dear Mr. Cheek:

Enclosed is a complete copy of my above-referenced client's good faith written offer to settle any claims of business damages. This written offer contains this two page cover letter, three business damage reports (1st Report: cover and 17 pages for parcels 275 & 279 totaling \$553,795.00 claimed; 2nd Report: cover and 17 pages for parcel 275 exclusively totaling \$390,914.00 claimed; 3<sup>rd</sup> Report: cover and 17 pages for parcel 279 exclusively totaling \$162,881,00 claimed). As attachments to each such report are Exhibit 1, a curriculum vitae of Thomas Durkee, CPA and Sandra Breitenstein, CPA; as Exhibit 2, two pages of historical information; as Exhibit 3, a two page list of relied upon documents. The extensive supporting Exhibit 3 of provided documentation listed in the reports, is http://71.43.201.38:5000/fbsharing/NzlismlV

As you will see from reviewing this business damage offer, it includes an explanation of the nature, extent, and monetary amount of such damage. As is also apparent, it was prepared by Thomas V. Durkee, CPA, who familiarized himself with the nature of the operations of the owner's business.

Also enclosed, or provided in the above cloud link, are copies of the owner's business records (as defined in Section 73.015(2)(c), Florida Statutes) that substantiate this good faith offer to settle the business damage claim.

Additionally, our above referenced client claims attorneys' fees as provided by state statute, reasonable expert witness fees, and costs pertaining to the preparation of this claim and such further negotiations and/or litigation as may be required.

My client looks forward to your client's response within the statutory 120 days. Please ensure that that response is sent to my client through me.

Harold A. Lassman

# HAL/tar Enclosures

CC:

Bryan Holder

Jerry Holder

H. John Feldman, Esquire. Jason Radson, Esquire

L35\08-702B-HOL\*+\1321

# IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT ORANGE COUNTY, FLORIDA

CASE NO.: 2014-CA-10718-0 SUBDIVISION: 39 PARCEL NO. 275 AND 279

Central Florida Expressway Au	thority
Petitioner,	
v.	
Holder & Strite Corporation	
Respondent.	
	,

# EXPERT REPORT FOR RESPONDENT

March 25, 2015 (Valued as of January 23, 2015)

Thomas V. Durkee CPA Averett Warmus Durkee, P.A. 1417 East Concord Street Orlando, FL 32803 (407) 849-1569

## INTRODUCTION

- 1) Averett Warmus Durkee, P.A. ("AWD") was retained by Maguire Lassman, P.A. for its client, Holder & Strite Corporation (the "Company"), with respect to the proposed taking of a portion of the property on which it presently conducts its hay baling operation under long-term leases known as Parcel 275 and 279. The date of this report is March 25, 2015 and the valuation date is January 23, 2015. As part of this engagement, AWD performed the following:
  - a. Summarized certain information contained in the Company's U.S. Income Tax Return for an S Corporation provided by the Company for the years ended December 31, 2010 through 2014.
  - b. Obtained and reviewed general ledgers and income and expense summaries prepared by management for the years ended December 31, 2010 through 2014.
  - c. Performed a site visit and conducted interviews with the Company's personnel.
  - d. Read various documents as listed below in the section of this report entitled "Documents Used or Relied Upon."
  - e. Rendered our opinion of the value of the business damages.
- 2) The Company reserves its right, to modify or supplement this report to rebut Petitioner's (as yet incomplete) report and analysis of those claims where Petitioner carries the burden of proof.
- 3) Thomas V. Durkee CPA prepared this report and was assisted by Sandra E. Breitenstein, CPA, CVA. Mr. Durkee's and Mrs. Breitenstein's curriculum vitae are attached as Exhibit 1.
- 4) AWD's hourly fees for this engagement are \$300 per hour for all work on the engagement including trial and deposition testimony:

# BACKGROUND AND RELEVANT FACTS

- 5) The subject matter of this report is Project 429-04, SR 429, Wekiva Parkway Section 2B (System Interchange near Ondich Road Haas Road and Mt. Plymouth Road) and the taking of Parcels 275 and 279 which are used by the Company in its business, to accommodate the Project.
- 6) The taking is for the purpose of a roadway project which includes the construction of a new six (6) lane divided expressway and an on-ramp and an off-ramp which is proposed to

bisect the subject property and also take a residence and several other buildings located on the subject property, which have been used in the hay farming and cattle raising business conducted by the Company for more than 5 years prior to the taking of Parcels 275 and 279.

- 7) As described in the report dated February 12, 2015, the Project will take land from both Parcels 275 and 279.
- 8) Parcel 275, originally consisting of 52.737 acres, will be bisected into two parcels of 7.619 and 27.230 acres. The taking from Parcel 275 is 17.888 acres. As of the date of the taking, 24 acres of this property are used in the hay business. All of the acreage in this parcel is used in the cattle raising business.
- 9) Parcel 279, originally consisting of 14.14 acres, will be reduced to 3.829 acres after the taking. As of the date of the taking, 10 acres of this property are used in the hay business. All of the acreage in this parcel is used in the cattle raising business.
- 10) It is our opinion that the business cannot operate effectively, sufficiently or profitably on the land remaining after the taking because of the reduced size of the parcels, and other factors referred to in the MEI Report and in the Williams Report.
- 11) The damage to the business conducted by Holder & Strite Corporation is, therefore, the entire value of the farming business conducted on the site.
- 12) The Company has a tree farming business which is conducted on another site and also grows and harvests hay farmed on an abutting 6 acre field (known as the Avery tract) under an informal arrangement with its owner.
- 13) While the Company has conducted a farming business on Parcels 275 and 279, the land owners have benefited from an agricultural zoning on the subject property for property tax purposes. Because of the benefit to the land-owner of maintaining the agricultural exemption for property tax purposes, the Company has been able to negotiate and procure lease terms which include annual lease payments of minor amounts. It is our understanding that this is a common practice employed by non-operating land owners so they may maintain their agricultural zoning status for their property.
- 14) Although the owners entered into the business with plans to generate a profit and continue to clear the land so that they may produce more hay, the business has not been profitable since its inception in 2010. The business does, however, enhance the value of the land, has asset based value, and the Company has plans to achieve profitability.

## ANALYSIS AND FINDINGS

- 15) The tax returns and Company financial records reflect that the Company's activities have not been profitable during 2010 through 2014. The Company income, expenses, and cash flow for the period from 2009 through 2014 are attached.
- 16) The hay and cattle operations are inextricably intertwined. The cattle contribute to the clearing of the brush on the land and in the fertilization of the land. The cattle feed in the hay fields and accordingly consume hay that would otherwise be available for sale.
- 17) The negative cash flow from operations for the 5 year period ended December 31, 2014 totals \$285,271 and was approximately \$27,000 to \$100,000 per year during this period.
- 18) The historical operations include the cost of clearing the acreage which has been prepared for hay production. Management has informed us that this activity would cost \$2,300 per acre if they were to have contracted with a third party for this work. 24 acres on parcel 275 and 10 acres on parcel 279 have been prepared for hay production. The value therefore of the enhancement to the leasehold interest in Parcels 275 and 279 is \$78,200.
- 19) The real property used in the farm operation is leased; accordingly it is not included in this report, other than to include a component for the improvement to the leasehold interest referred to above.
- 20) It is apparent that the business conducted on the property has been conducted with the expectation of generating profits.
- 21) We considered but did not use the income approach in arriving at our conclusion because of the Company's inability to generate a profit or positive cash flows over the 5-year period ended December 31, 2014. Therefore, the business should be valued based on the in place value of the assets used in the business, less the salvage value of those assets.
- 22) The tangible personal property ("TPP") used in the business is valued by Cawthra Consulting & Appraisals, Inc. at \$619,869 based on a market value in-place as a functional unit and at a salvage value of \$60,345 for a net amount of \$559,524.
- The acreage in use is 40 acres, which includes the 6 acre Avery property which is not part of the subject taking, 24 acres of which relate to Parcel 275 and 10 acres which relate to Parcel 279. The damages, therefore, attributable to Parcel 275 are \$335,714 and the damages attributable to Parcel 279 are \$139,881.
- 24) The improvements to the leasehold interest which will be useless to the Company after the taking is valued at \$78,200, as referred to earlier in this report. The loss of value related to Parcel 275 is 24 acres multiplied by \$2,300 which is \$55,200. The loss of value related to Parcel 279 is 10 acres multiplied by \$2,300 which is \$23,000.

25) The total value of the business damages for Parcel 275 is \$390,914. The total value of the business damages for Parcel 279 is \$162,881. The total for both Parcel 275 and Parcel 279 is \$553,795.

## CERTIFICATION

I hereby submit to the Court this report, including my opinions based on the evidence available and analysis performed through the date of this report. I reserve the right to supplement, modify, or amend this report should additional relevant information become available that bears on the analysis, opinions, or conclusions contained herein.

Thomas V. Durkee, CPA Averett Warmus Durkee, P.A.

# EXHIBIT 1

**CURRICULUM VITAES** 

Curriculum Vitae

#### PROFESSIONAL PROFILE:

Tom is a founding member of **Averett Warmus Durkee** and practices in the Assurance and Accounting Department of the firm. Tom has a broad range of experience from assurance partner to a trusted tax advisor to a myriad of businesses and individuals. He provides consulting and litigation support services.

# **EDUCATION:**

Bachelor's Degree, Rollins College

# **CERTIFICATIONS AND DESIGNATIONS:**

Certified Public Accountant

# **EXPERIENCE:**

Averett Warmus Durkee 1989 – present Coopers & Lybrand 1986 – 1989 Colley, Trumbower & Howell 1979 – 1986

## SERVICE AREAS INCLUDE:

- Litigation Support
- · Forecasts and Projections
- Mergers and Acquisitions
- Succession Planning
- Business Analysis
- Audits, Reviews and Compilations
- Agreed-upon Procedures
- Fraud and Investigative Accounting
- Tax Planning and Return Preparation

## **CLIENT INDUSTRIES INCLUDE:**

- Construction
- Exempt Organizations
- Employee Benefit Plans
- Business and Individual Tax
- Timeshare Entities
- Agricultural
- Professional Associations
- Common Interest Realty Associations
- Retail and Wholesale Distributor
- Real Estate

#### **PUBLICATIONS:**

(April/May 2009), "Are Timeshares in for a Troubled Audit Season", *Developments* magazine (October 2009), "The New Bean Counter", *firstMonday* Magazine

(October, 2009), "Tax Savvy Strategies to Close Out 2009", Orlando Business Journal

(January 2010), "Setting Course for Smooth Sailing this Audit Season", Developments magazine (March, 2010), "How New Auditing Guidelines Will Impact Architectural/Engineering Firms", Florida

Engineering Society Journal (August 2010), "What Health Care Reform Means to Timeshare Employers", Developments magazine (April/May 2011), "Analysis of Florida Timeshare Associations: Executive Summary", Developments

(2012), "Financial Trends and Benchmarking of Florida Timeshare Associations", Developments magazine

# Thomas Durkee, CPA

# Averett Warmus Durkee, P.A.

Curriculum Vitae

(January 2013), "Obamacare: How Will It Affect Your Business?", Developments magazine **PROFESSIONAL AFFILIATIONS:** 

American Institute of Certified Public Accountants (AICPA), member Florida Institute of Certified Public Accountants (FICPA), member FICPA Accounting Principles and Auditing Standards Committee FICPA – Common Interest Realty Association Section – Past Chair American Resort Development Association (ARDA), Trustee Member Central Florida Foundation – Member of the Board of Directors

#### LITIGATION SUPPORT ENGAGEMENTS:

- R. Baker v. Grubbs Environmental Services Began engagement in November, 2007. Prepared for trial including preparation of report of damages as a result of underpayment related to hurricane cleanup. The matter was settled between the two parties prior to going to court.
- <u>FF Station LLC v. Amura Japanese Restaurant, Inc.</u> Began engagement in January, 2007.
   Prepared for trial including preparation of report of damages related to early termination of restaurant lease. The matter was not pursued beyond this stage.
- Wachovia v. Nicholson Companies Began engagement in March 2009. Prepared for trial, however, settled by parties prior to deposition.
- <u>Pirkowski v. Florida Oncology Network, P.A.</u> Began engagement in April 2009. Prepared for trial including preparation of report of damages, provided deposition and trial testimony.
- Polynesian Isles Resort Condominiums, IV v. Diamond Resorts Began engagement in 2010 and is ongoing. Provided deposition testimony on financial matters.
- Thomas Davis, III, et al. v. Planet Hollywood Las Vegas, LLC, et al. Began engagement in 2010 and is settled. Litigation support services and testimony involving wage and hour matters.
- Deborah Pittman, et al. v. Planet Hollywood Las Vegas, LLC, et al. Began engagement in 2011 and is settled. Litigation support services involving wage and hour matters.
- BB&T v. Trafalgar Enterprises, Inc., et al. Began engagement in 2012 and is completed.
   Litigation support services and testimony involving calculation of financial damages.
- New VUE, LLC v. Caroline Boswell Began engagement in 2012. Engagement is ongoing and is not active.
- Singing Hills, LLC v. Lincoln Corn Farms I, LLC Began engagement in 2012. Litigation support services involving calculation of financial damages. Settled prior to trial.

# Curriculum Vitae

- Polynesian Isles Resort Condominium Association, Inc. and Polynesian Isles Resort
   Condominium IV Association, Inc. v. Polynesian Isles Resort Master Association, Inc., et al. –

   Testimony involving accounting, auditing and timeshare industry matters in September 2012.
- Lake Cogen, Ltd., v. Florida Power Corporation, d/b/a Progress Energy Florida, Inc. Began
  engagement in 2012 and has been settled. Litigation support services involving damage
  calculations.
- Thornton v. Echemendia. 2013 engagement. Appointed by court to do a forensic accounting related to disputed issues. Provided deposition testimony. Case settled.
- Gloria y. Singer v. Uniprop. Retained in 2014 to provide consultation to counsel for Uniprop.

Curriculum Vitae

## PROFESSIONAL PROFILE

Sandi was born in Orlando and graduated from the University of Central Florida with a Bachelors degree and Master of Business Administration. She worked for an international accounting firm before joining **Averett Warmus Durkee** in 1992.

Sandi became a principal with **Averett Warmus Durkee** in 2004. She practices in the Assurance and Accounting Department of the firm with wide-ranging responsibilities for business assurance clients. She focuses in servicing the defense, timeshare developer, real estate, common interest realty association, engineering, and construction industries and has more than 20 years of experience in accounting and consulting.

#### **EDUCATION**

University of Central Florida B.S. in Business Administration-Accounting Master of Business Administration

#### CERTIFICATIONS AND DESIGNATIONS

Certified Public Accountant, Florida Certified Valuation Analyst

#### **EXPERIENCE**

Averett Warmus Durkee 1992 – Present Coopers & Lybrand 1990 – 1992

#### SERVICE AREAS INCLUDE:

- Acquisition assistance for various industries
- · Sale assistance for distributor of oil and gas
- Assisted engineering firm and real estate entities in bankruptcy matters
- Litigation support for a concrete company
- Assisted court appointed receiver
- Valuation of companies in various industries
- Litigation and valuation work for eminent domain cases

Sandi's experience also includes working with professional associations, manufacturing, governmental/single audit, employee benefit plans, business and individual tax, exempt organizations, and retail and wholesale distributors. Her areas of focus include:

### Curriculum Vitae

- Internal audit outsourcing
- · Audits, reviews, and compilations
- Client outsourced services
- · Agreed-upon procedures
- Internal control evaluation
- Litigation support
- Business analysis
- · Operational and financial consulting
- Mergers and acquisitions

# PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants (AICPA), member Florida Institute of Certified Public Accountants (FICPA), member Information Technology Section

National Association of Certified Valuators and Analysts (NACVA), member Association of Certified Fraud Examiners (ACFE), member

National Association of Women in Construction

UCF Accounting Advisory Board

Valencia Community College Accounting Technology Advisory Committee

OCA, Board of Director Member

Orlando Sports Foundation, Treasurer

## CONTINUING EDUCATION

Sandi has instructed the following:

- The Evolution and Current State of the Timeshare Industry, presented at the UCF and Kenneth G. Dixon School of Accounting 27th Annual Accounting Conference
- Audit Committee Responsibilities, presented at the 2009 FICPA FAB Expo
- Internal Control Essentials for Financial Managers, Accountants and Auditors, presented to the Central Florida Chapters of the Institute of Internal Auditors and American Society of Women Accountants, December 2011
- Business Valuations, presented at the UCF and Kenneth G. Dixon School of Accounting 31st Annual Accounting Conference
- Red Flags of Fraud Flying Over Your Business, presented at the UCF and Kenneth G. Dixon School of Accounting 33rd Annual Accounting Conference
- Business Valuations, presented to the Orange County Bar Association, May 2012
- Overhead Audits: A CPA Firm's Perspective, presented at the 2014 FICE/FDOT Financial Manager's Workshop
- DCAA and FAR Accounting Requirements: Preserving the Value of Your Contract, presented at the August 2014 Dollars and Sense for Simulation and IT Companies event

Curriculum Vitae

Sandi maintains the continuing education requirements for all the professional affiliations for which she belongs, the certifications for which she has, and those requirements established to perform audits in the following areas:

- Non-public Companies
- Not-for-profit Organizations
- Florida Single Audits
- Employee Benefit Plans
- Governmental Entities

# EXHIBIT 2 HISTORICAL INFORMATION

# **EXHIBIT 2-A**

# Maguire Lassman Holder Strite Historical Balance Sheets

	100					December 31,				// -
	-	2010	2010		2012			2013		2014
Assets										
Current assets										
Cash	\$	15,000	\$	8,232	\$	12,923	\$	18,602	\$	18,329
Total Current Assets	Management	15,000		8,232		12,923		18,602		18,329
Property and equipment										
Property and equipment		194,514		194,514		194,514		200,821		193,189
Accumulated depreciation		(147,590)		(163,933)		(177,742)		(184,591)		(172,220)
Land		360,562		360,562		360,562		360,562		360,562
Total Property and Equipment	-	407,486		391,143		377,334		376,792		381,531
Total Assets	S	422,486	S	399,375	S	390,257	S	395,394	\$	399,860
Liabilities and Net Worth										
Loans from shareholders		699,847		779,347		859,067		927,038		965,518
N/P - New Holland		46,773		13,699		5,147		29,977		46,752
Total Long-Term Liabilities	-	746,620		793,046		864,214		957,015		1,012,270
Total Liabilities	-	746,620		793,046		864,214		957,015		1,012,270
Net Worth										
Capital Stock		1,000		1,000		1,000		1,000		1,000
Retained Earnings		(325, 134)		(394,671)		(474,957)		(562,621)		(613,410)
Total Net Worth	hydyn Albana Albana	(324,134)		(393,671)		(473,957)		(561,621)		(612,410)
Total Liabilities and Net Worth	S	422,486	\$	399,375	\$	390,257	S	395,394	S	399,860

Historical financial information obtained from tax returns for the applicable year

**EXHIBIT 2-B** 

# Maguire Lassman Holder Strite Historical Income Statements

	8350 V 1840 V	I (COMI	Years	Enc	led Decemb	er 31		Sec.	1100000
	2010		2011		2012		2013		2014
Revenues									
Sale of livestock, produce, grains, etc.	\$ 26.9	31 \$	48,272	\$	27,100	5	22,350	\$	26,020
Other Income	\$	- \$	**	\$	9.061	\$	11,188	S	19,971
Total revenues	26,9	931	48,272		36,161		33,538		45,991
Farm Expenses									
Chemicals			17,531		19,666		25,035		16,637
Custom hire (machine work)		-	950		300		-		300
Depreciation	17,8	178	16,343		13,809		25,373		21,866
Feed			3,027		2,494		3,570		2,976
Gasoline, fuel and oil		-	8,926		11,496		9,773		8,428
Insurance	2,2	808	4,985		3,935		3,387		1,138
Interest (other)	,	Bri.	2,277		429		1,566		551
Labor hired		_	24,025		24,025		24,455		24,455
Rent or lease: Machinery and equipmer					1,369		_		-
Repairs and maintenance		-	11.910		6,183		4,451		6,606
Seeds and plants	128,6	26	-		~		_		-
Supplies		-	11,716		17,306		7,059		3,630
Taxes		and .	8,608		6,561		8,352		4,142
Utilities		**	995		1,640		1,502		1,515
Other Expenses:					1.0				_
Auto Licenses	6	16			-				ω.
Hay			- 2		330				-
Hay Baling			**		1,540		500		44
Miscellaneous			60		_				wx
Licenses and Permits			907		499		679		472
Telephones			2,947		3,233		3.868		3,284
Professional Fees		M	1,760		1,583		1,293		780
Small Tools and Equipment			856		-		363		
50% of Meals & Entertainment					32		_		-
Total Farm Expenses	149,3	28	117,823		116,430		121,226		96,780
Net Farm Income (Loss)	(122,3	97)	(69,551)		(80,269)		(87,688)		(50,789)
Other Income (Deductions)									
Interest Allowed		82	14		15		24		7
Disallowed Entertainment Expense		*	_		(32)		~ 1		105
Total Other Income (Deductions)		82	14		(17)		24		
Net Income (Loss)	\$ (122,3	15) \$	(69,537)	S	(80,286)	S	(87,664)	S	(50,789)

# EXHIBIT 3 RELIED UPON DOCUMENTS

# **EXHIBIT 3**

# **Relied Upon Documents**

1120S Tax Return Holder & Strite Corporation 2010 1120S Tax Return Holder & Strite Corporation 2011 1120S Tax Return Holder & Strite Corporation 2012 1120S Tax Return Holder & Strite Corporation 2013 1120S Tax Return Holder & Strite Corporation 2014 180 Day Notice to Owner Parcel 275-0 000IBD-04 180 Day Notice to Owner Parcel 279-T 000IBC-04 2010 Paid Tangible Tax 2010 Tangible Tax Return 2011 Paid Tangible Tax 2011 Tangible Tax Return 2012 Paid Tangible Tax 2012 Tangible Tax Application Data 2013 Tangible Tax Application Data 2014 Paid Tangible Tax 2014 Tangible Tax Application Data 2014 Paid Tangible Tax 2014 Tangible Tax Application Data Additional Client Data Regarding Hay Operation Adelpha Howell 2 <sup>nd</sup> Additional Parcel 279 Ag Application Parcel 279 Appraisal 5-2-14 Case Parties Report - Holder Cawthra Final Equipment Appraisal Report Company GL's and Financial Information Consolidated Bank Ledgers by Year Fields Area of Take Financial Summaries PBC· Updated 3-7-2015 Holder - Howell - Exhibit 2 Holder exhibits- Preliminary Holder Parcel 275 Area of Take Holder Site Visit Notes
Howell 191011 11 x 17 Exhibit 09-01-2014
Howell Exhibit Continued - Preliminary Howell Parcel 279 Before Conditions
Howell Exhibit - Preliminary Howell Parcel 279 Uncured Remainder
Joint Exhibits Legal Description 275
Legal Description 279
Map - Preliminary concept map
MEI Civil Report of Impacts re 275
NAICS Code 111940 Hay Farming
NAICS Code 112111 Beef Cattle Ranching and Farming
NAICS Code 112130 Dual Purpose Cattle Ranching and Farming

NAICS to SIC Crosswalk
Parcel 275 Appraisal 5-13-14
Projected Hay Income
Projected Hay Operation Costs
Projections Using Client Data
Thomas Estate Lease - Parcel 275
W-3 Tax Return Holder & Strite Corporation 2010
Williams Development Services - Land Use Report

# IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT ORANGE COUNTY, FLORIDA

CASE NO.: 2014-CA-10718-0 SUBDIVISION: 39 PARCEL NO. 275

Central Florida Expressway Authority
Petitioner,
v.
Holder & Strite Corporation
Respondent.

# EXPERT REPORT FOR RESPONDENT

March 25, 2015 (Valued as of January 23, 2015)

Thomas V. Durkee CPA Averett Warmus Durkee, P.A. 1417 East Concord Street Orlando, FL 32803 (407) 849-1569

## INTRODUCTION

- 1) Averett Warmus Durkee, P.A. ("AWD") was retained by Maguire Lassman, P.A. for its client, Holder & Strite Corporation (the "Company"), with respect to the proposed taking of a portion of the property on which it presently conducts its hay baling operation under long-term leases known as Parcel 275 and 279. The date of this report is March 25, 2015 and the valuation date is January 23, 2015. As part of this engagement, AWD performed the following:
  - a. Summarized certain information contained in the Company's U.S. Income Tax Return for an S Corporation provided by the Company for the years ended December 31, 2010 through 2014.
  - b. Obtained and reviewed general ledgers and income and expense summaries prepared by management for the years ended December 31, 2010 through 2014.
  - c. Performed a site visit and conducted interviews with the Company's personnel.
  - d. Read various documents as listed below in the section of this report entitled "Documents Used or Relied Upon."
  - e. Rendered our opinion of the value of the business damages.
- 2) The Company reserves its right, to modify or supplement this report to rebut Petitioner's (as yet incomplete) report and analysis of those claims where Petitioner carries the burden of proof.
- 3) Thomas V. Durkee CPA prepared this report and was assisted by Sandra E. Breitenstein, CPA, CVA. Mr. Durkee's and Mrs. Breitenstein's curriculum vitae are attached as Exhibit 1.
- 4) AWD's hourly fees for this engagement are \$300 per hour for all work on the engagement including trial and deposition testimony:

## BACKGROUND AND RELEVANT FACTS

- 5) The subject matter of this report is Project 429-04, SR 429, Wekiva Parkway Section 2B (System Interchange near Ondich Road Haas Road and Mt. Plymouth Road) and the taking of Parcels 275 and 279 which are used by the Company in its business, to accommodate the Project.
- 6) The taking is for the purpose of a roadway project which includes the construction of a new six (6) lane divided expressway and an on-ramp and an off-ramp which is proposed to

bisect the subject property and also take a residence and several other buildings located on the subject property, which have been used in the hay farming and cattle raising business conducted by the Company for more than 5 years prior to the taking of Parcels 275 and 279.

- 7) As described in the report dated February 12, 2015, the Project will take land from both Parcels 275 and 279.
- 8) Parcel 275, originally consisting of 52.737 acres, will be bisected into two parcels of 7.619 and 27.230 acres. The taking from Parcel 275 is 17.888 acres. As of the date of the taking, 24 acres of this property are used in the hay business. All of the acreage in this parcel is used in the cattle raising business.
- 9) Parcel 279, originally consisting of 14.14 acres, will be reduced to 3.829 acres after the taking. As of the date of the taking, 10 acres of this property are used in the hay business. All of the acreage in this parcel is used in the cattle raising business.
- 10) It is our opinion that the business cannot operate effectively, sufficiently or profitably on the land remaining after the taking because of the reduced size of the parcels, and other factors referred to in the MEI Report and in the Williams Report.
- 11) The damage to the business conducted by Holder & Strite Corporation is, therefore, the entire value of the farming business conducted on the site.
- 12) The Company has a tree farming business which is conducted on another site and also grows and harvests hay farmed on an abutting 6 acre field (known as the Avery tract) under an informal arrangement with its owner.
- 13) While the Company has conducted a farming business on Parcels 275 and 279, the land owners have benefited from an agricultural zoning on the subject property for property tax purposes. Because of the benefit to the land-owner of maintaining the agricultural exemption for property tax purposes, the Company has been able to negotiate and procure lease terms which include annual lease payments of minor amounts. It is our understanding that this is a common practice employed by non-operating land owners so they may maintain their agricultural zoning status for their property.
- 14) Although the owners entered into the business with plans to generate a profit and continue to clear the land so that they may produce more hay, the business has not been profitable since its inception in 2010. The business does, however, enhance the value of the land, has asset based value, and the Company has plans to achieve profitability.

## **ANALYSIS AND FINDINGS**

- 15) The tax returns and Company financial records reflect that the Company's activities have not been profitable during 2010 through 2014. The Company income, expenses, and cash flow for the period from 2009 through 2014 are attached.
- 16) The hay and cattle operations are inextricably intertwined. The cattle contribute to the clearing of the brush on the land and in the fertilization of the land. The cattle feed in the hay fields and accordingly consume hay that would otherwise be available for sale.
- 17) The negative cash flow from operations for the 5 year period ended December 31, 2014 totals \$285,271 and was approximately \$27,000 to \$100,000 per year during this period.
- 18) The historical operations include the cost of clearing the acreage which has been prepared for hay production. Management has informed us that this activity would cost \$2,300 per acre if they were to have contracted with a third party for this work. 24 acres on parcel 275 and 10 acres on parcel 279 have been prepared for hay production. The value therefore of the enhancement to the leasehold interest in Parcels 275 and 279 is \$78,200.
- 19) The real property used in the farm operation is leased; accordingly it is not included in this report, other than to include a component for the improvement to the leasehold interest referred to above.
- 20) It is apparent that the business conducted on the property has been conducted with the expectation of generating profits.
- 21) We considered but did not use the income approach in arriving at our conclusion because of the Company's inability to generate a profit or positive cash flows over the 5-year period ended December 31, 2014. Therefore, the business should be valued based on the in place value of the assets used in the business, less the salvage value of those assets.
- 22) The tangible personal property ("TPP") used in the business is valued by Cawthra Consulting & Appraisals, Inc. at \$619,869 based on a market value in-place as a functional unit and at a salvage value of \$60,345 for a net amount of \$559,524.
- 23) The acreage in use is 40 acres, which includes the 6 acre Avery property which is not part of the subject taking, 24 acres of which relate to Parcel 275 and 10 acres which relate to Parcel 279. The damages, therefore, attributable to Parcel 275 are \$335,714 and the damages attributable to Parcel 279 are \$139,881.
- 24) The improvements to the leasehold interest which will be useless to the Company after the taking is valued at \$78,200, as referred to earlier in this report. The loss of value related to Parcel 275 is 24 acres multiplied by \$2,300 which is \$55,200. The loss of value related to Parcel 279 is 10 acres multiplied by \$2,300 which is \$23,000.

25) The total value of the business damages for Parcel 275 is \$390,914.

# CERTIFICATION

I hereby submit to the Court this report, including my opinions based on the evidence available and analysis performed through the date of this report. I reserve the right to supplement, modify, or amend this report should additional relevant information become available that bears on the analysis, opinions, or conclusions contained herein.

Thomas V. Durkee, CPA

Averett Warmus Durkee, P.A.

# EXHIBIT 1

**CURRICULUM VITAES** 

Curriculum Vitae

# PROFESSIONAL PROFILE:

Tom is a founding member of **Averett Warmus Durkee** and practices in the Assurance and Accounting Department of the firm. Tom has a broad range of experience from assurance partner to a trusted tax advisor to a myriad of businesses and individuals. He provides consulting and litigation support services.

#### **EDUCATION:**

Bachelor's Degree, Rollins College

### CERTIFICATIONS AND DESIGNATIONS:

Certified Public Accountant

# **EXPERIENCE:**

Averett Warmus Durkee 1989 – present Coopers & Lybrand 1986 – 1989 Colley, Trumbower & Howell 1979 – 1986

### SERVICE AREAS INCLUDE:

- Litigation Support
- Forecasts and Projections
- Mergers and Acquisitions
- Succession Planning
- Business Analysis
- Audits, Reviews and Compilations
- Agreed-upon Procedures
- Fraud and Investigative Accounting
- Tax Planning and Return Preparation

# CLIENT INDUSTRIES INCLUDE:

- Construction
- Exempt Organizations
- Employee Benefit Plans
- Business and Individual Tax
- Timeshare Entities
- Agricultural
- Professional Associations
- Common Interest Realty Associations
- Retail and Wholesale Distributor
- Real Estate

#### **PUBLICATIONS:**

(April/May 2009), "Are Timeshares in for a Troubled Audit Season", Developments magazine (October 2009), "The New Bean Counter", firstMonday Magazine

(October, 2009), "Tax Savvy Strategies to Close Out 2009", Orlando Business Journal

(January 2010), "Setting Course for Smooth Sailing this Audit Season", Developments magazine

(March, 2010), "How New Auditing Guidelines Will Impact Architectural/Engineering Firms", Florida Engineering Society Journal

(August 2010), "What Health Care Reform Means to Timeshare Employers", Developments magazine (April/May 2011), "Analysis of Florida Timeshare Associations: Executive Summary", Developments magazine

(2012), "Financial Trends and Benchmarking of Florida Timeshare Associations", Developments magazine

Curriculum Vitae

(January 2013), "Obamacare: How Will It Affect Your Business?", Developments magazine PROFESSIONAL AFFILIATIONS:

American Institute of Certified Public Accountants (AICPA), member Florida Institute of Certified Public Accountants (FICPA), member FICPA Accounting Principles and Auditing Standards Committee FICPA – Common Interest Realty Association Section – Past Chair American Resort Development Association (ARDA), Trustee Member Central Florida Foundation – Member of the Board of Directors

# LITIGATION SUPPORT ENGAGEMENTS:

- R. Baker v. Grubbs Environmental Services Began engagement in November, 2007. Prepared for trial including preparation of report of damages as a result of underpayment related to hurricane cleanup. The matter was settled between the two parties prior to going to court.
- FF Station LLC v. Amura Japanese Restaurant, Inc. Began engagement in January, 2007. Prepared for trial including preparation of report of damages related to early termination of restaurant lease. The matter was not pursued beyond this stage.
- Wachovia v. Nicholson Companies Began engagement in March 2009. Prepared for trial, however, settled by parties prior to deposition.
- <u>Pirkowski v. Florida Oncology Network, P.A.</u> Began engagement in April 2009. Prepared for trial including preparation of report of damages, provided deposition and trial testimony.
- Polynesian Isles Resort Condominiums, IV v. Diamond Resorts Began engagement in 2010 and is ongoing. Provided deposition testimony on financial matters.
- Thomas Davis, III, et al. v. Planet Hollywood Las Vegas, LLC, et al. Began engagement in 2010
  and is settled. Litigation support services and testimony involving wage and hour matters.
- Deborah Pittman, et al. v. Planet Hollywood Las Vegas, LLC, et al. Began engagement in 2011 and is settled. Litigation support services involving wage and hour matters.
- BB&T v. Trafalgar Enterprises, Inc., et al. Began engagement in 2012 and is completed.
   Litigation support services and testimony involving calculation of financial damages.
- New VUE, LLC v. Caroline Boswell Began engagement in 2012. Engagement is ongoing and is not active.
- Singing Hills, LLC v. Lincoln Corn Farms I, LLC Began engagement in 2012. Litigation support services involving calculation of financial damages. Settled prior to trial.

Curriculum Vitae

- Polynesian Isles Resort Condominium Association, Inc. and Polynesian Isles Resort
   Condominium IV Association, Inc. v. Polynesian Isles Resort Master Association, Inc., et al. –

   Testimony involving accounting, auditing and timeshare industry matters in September 2012.
- <u>Lake Cogen, Ltd., v. Florida Power Corporation, d/b/a Progress Energy Florida, Inc.</u> Began
  engagement in 2012 and has been settled. Litigation support services involving damage
  calculations.
- <u>Thornton v. Echemendia.</u> 2013 engagement. Appointed by court to do a forensic accounting related to disputed issues. Provided deposition testimony. Case settled.
- Gloria y. Singer v. Uniprop. Retained in 2014 to provide consultation to counsel for Uniprop.

Curriculum Vitae

## PROFESSIONAL PROFILE

Sandi was born in Orlando and graduated from the University of Central Florida with a Bachelors degree and Master of Business Administration. She worked for an international accounting firm before joining **Averett Warmus Durkee** in 1992.

Sandi became a principal with **Averett Warmus Durkee** in 2004. She practices in the Assurance and Accounting Department of the firm with wide-ranging responsibilities for business assurance clients. She focuses in servicing the defense, timeshare developer, real estate, common interest realty association, engineering, and construction industries and has more than 20 years of experience in accounting and consulting.

#### **EDUCATION**

University of Central Florida B.S. in Business Administration-Accounting Master of Business Administration

## **CERTIFICATIONS AND DESIGNATIONS**

Certified Public Accountant, Florida Certified Valuation Analyst

# **EXPERIENCE**

Averett Warmus Durkee 1992 – Present Coopers & Lybrand 1990 – 1992

#### SERVICE AREAS INCLUDE:

- · Acquisition assistance for various industries
- Sale assistance for distributor of oil and gas
- Assisted engineering firm and real estate entities in bankruptcy matters
- Litigation support for a concrete company
- Assisted court appointed receiver
- Valuation of companies in various industries
- Litigation and valuation work for eminent domain cases

Sandi's experience also includes working with professional associations, manufacturing, governmental/single audit, employee benefit plans, business and individual tax, exempt organizations, and retail and wholesale distributors. Her areas of focus include:

# Curriculum Vitae

- Internal audit outsourcing
- · Audits, reviews, and compilations
- Client outsourced services
- Agreed-upon procedures
- Internal control evaluation
- Litigation support
- Business analysis
- Operational and financial consulting
- Mergers and acquisitions

#### PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants (AICPA), member Florida Institute of Certified Public Accountants (FICPA), member Information Technology Section

National Association of Certified Valuators and Analysts (NACVA), member

Association of Certified Fraud Examiners (ACFE), member

National Association of Women in Construction

UCF Accounting Advisory Board

Valencia Community College Accounting Technology Advisory Committee

OCA, Board of Director Member

Orlando Sports Foundation, Treasurer

#### CONTINUING EDUCATION

Sandi has instructed the following:

- The Evolution and Current State of the Timeshare Industry, presented at the UCF and Kenneth G.
   Dixon School of Accounting 27th Annual Accounting Conference
- Audit Committee Responsibilities, presented at the 2009 FICPA FAB Expo
- Internal Control Essentials for Financial Managers, Accountants and Auditors, presented to the Central Florida Chapters of the Institute of Internal Auditors and American Society of Women Accountants, December 2011
- Business Valuations, presented at the UCF and Kenneth G. Dixon School of Accounting 31st Annual Accounting Conference
- Red Flags of Fraud Flying Over Your Business, presented at the UCF and Kenneth G. Dixon School of Accounting 33rd Annual Accounting Conference
- Business Valuations, presented to the Orange County Bar Association, May 2012
- Overhead Audits: A CPA Firm's Perspective, presented at the 2014 FICE/FDOT Financial Manager's Workshop
- DCAA and FAR Accounting Requirements: Preserving the Value of Your Contract, presented at the August 2014 Dollars and Sense for Simulation and IT Companies event

Curriculum Vitae

Sandi maintains the continuing education requirements for all the professional affiliations for which she belongs, the certifications for which she has, and those requirements established to perform audits in the following areas:

- Non-public Companies
- Not-for-profit Organizations
- Florida Single Audits
- Employee Benefit Plans
- Governmental Entities

# EXHIBIT 2 HISTORICAL INFORMATION

# **EXHIBIT 2-A**

# Maguire Lassman Holder Strite Historical Balance Sheets

	December 31,							005		
	No.	2010		2011		2012		2013		2014
Assets										
Current assets										
Cash	\$	15,000	\$	8,232	\$	12,923	\$	18,602	\$	18,329
Total Current Assets	Measurement	15,000		8,232		12,923		18,602		18,329
Property and equipment										
Property and equipment		194,514		194,514		194,514		200,821		193,189
Accumulated depreciation		(147,590)		(163,933)		(177,742)		(184,591)		(172,220)
Land		360,562		360,562		360,562		360,562		360,562
Total Property and Equipment	*****	407,486		391,143		377,334		376,792		381,531
Total Assets	S	422,486	\$	399,375	S	390,257	\$	395,394	\$	399,860
Liabilities and Net Worth										
Loans from shareholders		699,847		779,347		859,067		927,038		965,518
N/P - New Holland		46,773		13,699		5,147		29,977		46,752
Total Long-Term Liabilities	**************************************	746,620		793,046		864,214		957,015		1,012,270
Total Liabilities	Province	746,620		793,046		864,214		957,015		1,012,270
Net Worth										
Capital Stock		1,000		1,000		1,000		1,000		1,000
Retained Earnings	territori di hannago	(325,134)		(394,671)		(474,957)		(562,621)		(613,410)
Total Net Worth	All and property and the	(324,134)		(393,671)		(473,957)		(561,621)		(612,410)
Total Liabilities and Net Worth	S	422,486	S	399,375	\$	390,257	\$	395,394	\$	399,860

Historical financial information obtained from tax returns for the applicable year

# **EXHIBIT 2-B**

# Maguire Lassman Holder Strite Historical Income Statements

	Years Ended December 31,							
	2010	2011		2012	2013	2014		
Revenues								
Sale of livestock, produce, grains, etc.	\$ 26,931	\$ 48,27	2 \$	27,100	\$ 22,350	\$ 26,020		
Other Income	\$ -	\$	- \$	9,061	\$ 11,188	\$ 19,971		
Total revenues	26,931	48,27	2	36,161	33,538	45,991		
Farm Expenses								
Chemicals	-	17,53	1	19,666	25,035	16,637		
Custom hire (machine work)		95	0	300	,	300		
Depreciation	17,878	16,34	3	13,809	25,373	21.866		
Feed	_	3,02		2,494	3,570	2,976		
Gasoline, fuel and oil	_	8,92		11,496	9,773	8,428		
Insurance	2,208	4,98		3,935	3,387	1,138		
Interest (other)	-	2,27		429	1,566	551		
Labor hired		24,02		24.025	24,455	24,455		
Rent or lease: Machinery and equipmer	-	- ,		1,369	27,733	24,433		
Repairs and maintenance	-	11,91	0	6,183	4,451	6,606		
Seeds and plants	128,626	,-	*	.,	1,131	0,000		
Supplies	*	11,71	6	17,306	7.059	3,630		
Taxes		8,60		6,561	8,352	4,142		
Utilities	-	99		1,640	1,502	1,515		
Other Expenses:			-	-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,		
Auto Licenses	616			-		- 9		
Hay				330	221			
Hay Baling			_	1,540	500			
Miscellaneous	2	6	0		500	-		
Licenses and Permits	**	90	7	499	679	472		
Telephones	*	2,94	7	3,233	3,868	3,284		
Professional Fees		1,76		1,583	1,293	780		
Small Tools and Equipment		856			363	780		
50% of Meals & Entertainment	2		w.	32	505	7.0		
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other Income (Deductions)								
Interest Allowed	82	12		15	24			
Disallowed Entertainment Expense				(32)	27			
otal Other Income (Deductions)	82	14		(17)	24	43		
Net Income (Loss)	S (122,315)	\$ (69,537	7) \$	(80,286)	\$ (87,664)	\$ (50,789)		

# EXHIBIT 3 RELIED UPON DOCUMENTS

## **EXHIBIT 3**

# **Relied Upon Documents**

Timos tallitement of still conformation
1120S Tax Return Holder & Strite Corporation 2012
1120S Tax Return Holder & Strite Corporation 2013
1120S Tax Return Holder & Strite Corporation 2014
180 Day Notice to Owner Parcel 275-0 000lBD-04
180 Day Notice to Owner Parcel 279-T 000IBC-04
2010 Paid Tangible Tax
2010 Tangible Tax Return
2011 Paid Tangible Tax
2011 Tangible Tax Return
2012 Paid Tangible Tax
2012 Tangible Tax Application Data
2013 Tangible Tax Application Data
2014 Paid Tangible Tax
2014 Tangible Tax Application Data
Additional Client Data Regarding Hay Operation
Adelpha Howell 2 <sup>nd</sup> Additional Parcel 279
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NAICS Code 111940 Hay Farming
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NIATOR O 1 110100 D 1D O H D 1' IF '

NAICS Code 112130 Dual Purpose Cattle Ranching and Farming

1120S Tax Return Holder & Strite Corporation 2010 1120S Tax Return Holder & Strite Corporation 2011

NAICS to SIC Crosswalk
Parcel 275 Appraisal 5-13-14
Projected Hay Income
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Thomas Estate Lease - Parcel 275
W-3 Tax Return Holder & Strite Corporation 2010
Williams Development Services - Land Use Report

# IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT ORANGE COUNTY, FLORIDA

CASE NO.: 2014-CA-10718-0 SUBDIVISION: 39 PARCEL NO. 279

Central Florida Expressway Authority
Petitioner,
v.
Holder & Strite Corporation
Respondent.

# EXPERT REPORT FOR RESPONDENT

March 25, 2015 (Valued as of January 23, 2015)

Thomas V. Durkee CPA Averett Warmus Durkee, P.A. 1417 East Concord Street Orlando, FL 32803 (407) 849-1569

## INTRODUCTION

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  - a. Summarized certain information contained in the Company's U.S. Income Tax Return for an S Corporation provided by the Company for the years ended December 31, 2010 through 2014.
  - b. Obtained and reviewed general ledgers and income and expense summaries prepared by management for the years ended December 31, 2010 through 2014.
  - c. Performed a site visit and conducted interviews with the Company's personnel.
  - d. Read various documents as listed below in the section of this report entitled "Documents Used or Relied Upon."
  - e. Rendered our opinion of the value of the business damages.
- 2) The Company reserves its right, to modify or supplement this report to rebut Petitioner's (as yet incomplete) report and analysis of those claims where Petitioner carries the burden of proof.
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- 5) The subject matter of this report is Project 429-04, SR 429, Wekiva Parkway Section 2B (System Interchange near Ondich Road Haas Road and Mt. Plymouth Road) and the taking of Parcels 275 and 279 which are used by the Company in its business, to accommodate the Project.
- 6) The taking is for the purpose of a roadway project which includes the construction of a new six (6) lane divided expressway and an on-ramp and an off-ramp which is proposed to

bisect the subject property and also take a residence and several other buildings located on the subject property, which have been used in the hay farming and cattle raising business conducted by the Company for more than 5 years prior to the taking of Parcels 275 and 279.

- 7) As described in the report dated February 12, 2015, the Project will take land from both Parcels 275 and 279.
- 8) Parcel 275, originally consisting of 52.737 acres, will be bisected into two parcels of 7.619 and 27.230 acres. The taking from Parcel 275 is 17.888 acres. As of the date of the taking, 24 acres of this property are used in the hay business. All of the acreage in this parcel is used in the cattle raising business.
- 9) Parcel 279, originally consisting of 14.14 acres, will be reduced to 3.829 acres after the taking. As of the date of the taking, 10 acres of this property are used in the hay business. All of the acreage in this parcel is used in the cattle raising business.
- 10) It is our opinion that the business cannot operate effectively, sufficiently or profitably on the land remaining after the taking because of the reduced size of the parcels, and other factors referred to in the MEI Report and in the Williams Report.
- 11) The damage to the business conducted by Holder & Strite Corporation is, therefore, the entire value of the farming business conducted on the site.
- 12) The Company has a tree farming business which is conducted on another site and also grows and harvests hay farmed on an abutting 6 acre field (known as the Avery tract) under an informal arrangement with its owner.
- 13) While the Company has conducted a farming business on Parcels 275 and 279, the land owners have benefited from an agricultural zoning on the subject property for property tax purposes. Because of the benefit to the land-owner of maintaining the agricultural exemption for property tax purposes, the Company has been able to negotiate and procure lease terms which include annual lease payments of minor amounts. It is our understanding that this is a common practice employed by non-operating land owners so they may maintain their agricultural zoning status for their property.
- 14) Although the owners entered into the business with plans to generate a profit and continue to clear the land so that they may produce more hay, the business has not been profitable since its inception in 2010. The business does, however, enhance the value of the land, has asset based value, and the Company has plans to achieve profitability.

## ANALYSIS AND FINDINGS

- 15) The tax returns and Company financial records reflect that the Company's activities have not been profitable during 2010 through 2014. The Company income, expenses, and cash flow for the period from 2009 through 2014 are attached.
- 16) The hay and cattle operations are inextricably intertwined. The cattle contribute to the clearing of the brush on the land and in the fertilization of the land. The cattle feed in the hay fields and accordingly consume hay that would otherwise be available for sale.
- 17) The negative cash flow from operations for the 5 year period ended December 31, 2014 totals \$285,271 and was approximately \$27,000 to \$100,000 per year during this period.
- 18) The historical operations include the cost of clearing the acreage which has been prepared for hay production. Management has informed us that this activity would cost \$2,300 per acre if they were to have contracted with a third party for this work. 24 acres on parcel 275 and 10 acres on parcel 279 have been prepared for hay production. The value therefore of the enhancement to the leasehold interest in Parcels 275 and 279 is \$78,200.
- 19) The real property used in the farm operation is leased; accordingly it is not included in this report, other than to include a component for the improvement to the leasehold interest referred to above.
- 20) It is apparent that the business conducted on the property has been conducted with the expectation of generating profits.
- 21) We considered but did not use the income approach in arriving at our conclusion because of the Company's inability to generate a profit or positive cash flows over the 5-year period ended December 31, 2014. Therefore, the business should be valued based on the in place value of the assets used in the business, less the salvage value of those assets.
- 22) The tangible personal property ("TPP") used in the business is valued by Cawthra Consulting & Appraisals, Inc. at \$619,869 based on a market value in-place as a functional unit and at a salvage value of \$60,345 for a net amount of \$559,524.
- The acreage in use is 40 acres, which includes the 6 acre Avery property which is not part of the subject taking, 24 acres of which relate to Parcel 275 and 10 acres which relate to Parcel 279. The damages, therefore, attributable to Parcel 275 are \$335,714 and the damages attributable to Parcel 279 are \$139,881.
- 24) The improvements to the leasehold interest which will be useless to the Company after the taking is valued at \$78,200, as referred to earlier in this report. The loss of value related to Parcel 275 is 24 acres multiplied by \$2,300 which is \$55,200. The loss of value related to Parcel 279 is 10 acres multiplied by \$2,300 which is \$23,000.

25) The total value of the business damages for Parcel 279 is \$162,881.

## CERTIFICATION

I hereby submit to the Court this report, including my opinions based on the evidence available and analysis performed through the date of this report. I reserve the right to supplement, modify, or amend this report should additional relevant information become available that bears on the analysis, opinions, or conclusions contained herein.

Thomas V. Durkee, CPA

Averett Warmus Durkee, P.A.

# EXHIBIT 1

**CURRICULUM VITAES** 

# Thomas Durkee, CPA Averett Warmus Durkee, P.A.

Curriculum Vitae

#### PROFESSIONAL PROFILE:

Tom is a founding member of **Averett Warmus Durkee** and practices in the Assurance and Accounting Department of the firm. Tom has a broad range of experience from assurance partner to a trusted tax advisor to a myriad of businesses and individuals. He provides consulting and litigation support services.

### **EDUCATION:**

Bachelor's Degree, Rollins College

## **CERTIFICATIONS AND DESIGNATIONS:**

Certified Public Accountant

## **EXPERIENCE:**

Averett Warmus Durkee 1989 – present Coopers & Lybrand 1986 – 1989 Colley, Trumbower & Howell 1979 – 1986

#### SERVICE AREAS INCLUDE:

- Litigation Support
- · Forecasts and Projections
- Mergers and Acquisitions
- Succession Planning
- Business Analysis
- Audits, Reviews and Compilations
- Agreed-upon Procedures
- Fraud and Investigative Accounting
- Tax Planning and Return Preparation

# **CLIENT INDUSTRIES INCLUDE:**

- Construction
- Exempt Organizations
- Employee Benefit Plans
- Business and Individual Tax
- Timeshare Entities
- Agricultural
- Professional Associations
- Common Interest Realty Associations
- Retail and Wholesale Distributor
- Real Estate

## **PUBLICATIONS:**

(April/May 2009), "Are Timeshares in for a Troubled Audit Season", Developments magazine (October 2009), "The New Bean Counter", firstMonday Magazine

(October, 2009), "Tax Savvy Strategies to Close Out 2009", Orlando Business Journal

(January 2010), "Setting Course for Smooth Sailing this Audit Season", Developments magazine

(March, 2010), "How New Auditing Guidelines Will Impact Architectural/Engineering Firms", Florida Engineering Society Journal

(August 2010), "What Health Care Reform Means to Timeshare Employers", Developments magazine (April/May 2011), "Analysis of Florida Timeshare Associations: Executive Summary", Developments magazine

(2012), "Financial Trends and Benchmarking of Florida Timeshare Associations", Developments magazine

# Thomas Durkee, CPA Averett Warmus Durkee, P.A.

Curriculum Vitae

(January 2013), "Obamacare: How Will It Affect Your Business?", Developments magazine PROFESSIONAL AFFILIATIONS:

American Institute of Certified Public Accountants (AICPA), member Florida Institute of Certified Public Accountants (FICPA), member FICPA Accounting Principles and Auditing Standards Committee FICPA – Common Interest Realty Association Section – Past Chair American Resort Development Association (ARDA), Trustee Member Central Florida Foundation – Member of the Board of Directors

# LITIGATION SUPPORT ENGAGEMENTS:

- R. Baker v. Grubbs Environmental Services Began engagement in November, 2007. Prepared for trial including preparation of report of damages as a result of underpayment related to hurricane cleanup. The matter was settled between the two parties prior to going to court.
- <u>FF Station LLC v. Amura Japanese Restaurant, Inc.</u> Began engagement in January, 2007.
   Prepared for trial including preparation of report of damages related to early termination of restaurant lease. The matter was not pursued beyond this stage.
- Wachovia v. Nicholson Companies Began engagement in March 2009. Prepared for trial, however, settled by parties prior to deposition.
- <u>Pirkowski v. Florida Oncology Network, P.A.</u> Began engagement in April 2009. Prepared for trial including preparation of report of damages, provided deposition and trial testimony.
- Polynesian Isles Resort Condominiums, IV v. Diamond Resorts Began engagement in 2010 and is ongoing. Provided deposition testimony on financial matters.
- Thomas Davis, III, et al. v. Planet Hollywood Las Vegas, LLC, et al. Began engagement in 2010 and is settled. Litigation support services and testimony involving wage and hour matters.
- Deborah Pittman, et al. v. Planet Hollywood Las Vegas, LLC, et al. Began engagement in 2011 and is settled. Litigation support services involving wage and hour matters.
- BB&T v. Trafalgar Enterprises, Inc., et al. Began engagement in 2012 and is completed.
   Litigation support services and testimony involving calculation of financial damages.
- New VUE, LLC v. Caroline Boswell Began engagement in 2012. Engagement is ongoing and is not active.
- Singing Hills, LLC v. Lincoln Corn Farms I, LLC Began engagement in 2012. Litigation support services involving calculation of financial damages. Settled prior to trial.

# Thomas Durkee, CPA Averett Warmus Durkee, P.A.

# Curriculum Vitae

- Polynesian Isles Resort Condominium Association, Inc. and Polynesian Isles Resort
   Condominium IV Association, Inc. v. Polynesian Isles Resort Master Association, Inc., et al. —

   Testimony involving accounting, auditing and timeshare industry matters in September 2012.
- Lake Cogen, Ltd., v. Florida Power Corporation, d/b/a Progress Energy Florida, Inc. Began
  engagement in 2012 and has been settled. Litigation support services involving damage
  calculations.
- Thornton v. Echemendia. 2013 engagement. Appointed by court to do a forensic accounting related to disputed issues. Provided deposition testimony. Case settled.
- Gloria y. Singer v. Uniprop. Retained in 2014 to provide consultation to counsel for Uniprop.

# Sandra E. Breitenstein, CPA, CVA Averett Warmus Durkee

Curriculum Vitae

## PROFESSIONAL PROFILE

Sandi was born in Orlando and graduated from the University of Central Florida with a Bachelors degree and Master of Business Administration. She worked for an international accounting firm before joining **Averett Warmus Durkee** in 1992.

Sandi became a principal with **Averett Warmus Durkee** in 2004. She practices in the Assurance and Accounting Department of the firm with wide-ranging responsibilities for business assurance clients. She focuses in servicing the defense, timeshare developer, real estate, common interest realty association, engineering, and construction industries and has more than 20 years of experience in accounting and consulting.

#### **EDUCATION**

University of Central Florida B.S. in Business Administration-Accounting Master of Business Administration

#### CERTIFICATIONS AND DESIGNATIONS

Certified Public Accountant, Florida Certified Valuation Analyst

#### **EXPERIENCE**

Averett Warmus Durkee 1992 – Present Coopers & Lybrand 1990 – 1992

### SERVICE AREAS INCLUDE:

- Acquisition assistance for various industries
- Sale assistance for distributor of oil and gas
- Assisted engineering firm and real estate entities in bankruptcy matters
- Litigation support for a concrete company
- Assisted court appointed receiver
- Valuation of companies in various industries
- Litigation and valuation work for eminent domain cases

Sandi's experience also includes working with professional associations, manufacturing, governmental/single audit, employee benefit plans, business and individual tax, exempt organizations, and retail and wholesale distributors. Her areas of focus include:

# Sandra E. Breitenstein, CPA, CVA Averett Warmus Durkee

## Curriculum Vitae

- Internal audit outsourcing
- Audits, reviews, and compilations
- Client outsourced services
- Agreed-upon procedures
- Internal control evaluation
- Litigation support
- Business analysis
- · Operational and financial consulting
- Mergers and acquisitions

# PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants (AICPA), member Florida Institute of Certified Public Accountants (FICPA), member Information Technology Section

National Association of Certified Valuators and Analysts (NACVA), member Association of Certified Fraud Examiners (ACFE), member

National Association of Women in Construction

UCF Accounting Advisory Board

Valencia Community College Accounting Technology Advisory Committee

OCA, Board of Director Member

Orlando Sports Foundation, Treasurer

## **CONTINUING EDUCATION**

Sandi has instructed the following:

- The Evolution and Current State of the Timeshare Industry, presented at the UCF and Kenneth G.
   Dixon School of Accounting 27th Annual Accounting Conference
- Audit Committee Responsibilities, presented at the 2009 FICPA FAB Expo
- Internal Control Essentials for Financial Managers, Accountants and Auditors, presented to the Central Florida Chapters of the Institute of Internal Auditors and American Society of Women Accountants, December 2011
- Business Valuations, presented at the UCF and Kenneth G. Dixon School of Accounting 31st Annual Accounting Conference
- Red Flags of Fraud Flying Over Your Business, presented at the UCF and Kenneth G. Dixon School of Accounting 33rd Annual Accounting Conference
- Business Valuations, presented to the Orange County Bar Association, May 2012
- Overhead Audits: A CPA Firm's Perspective, presented at the 2014 FICE/FDOT Financial Manager's Workshop
- DCAA and FAR Accounting Requirements: Preserving the Value of Your Contract, presented at the August 2014 Dollars and Sense for Simulation and IT Companies event

# Sandra E. Breitenstein, CPA, CVA Averett Warmus Durkee

Curriculum Vitae

Sandi maintains the continuing education requirements for all the professional affiliations for which she belongs, the certifications for which she has, and those requirements established to perform audits in the following areas:

- Non-public Companies
- Not-for-profit Organizations
- Florida Single Audits
- Employee Benefit Plans
- Governmental Entities

# EXHIBIT 2 HISTORICAL INFORMATION

# **EXHIBIT 2-A**

# Maguire Lassman Holder Strite Historical Balance Sheets

	December 31,							No.		
		2010		2011		2012		2013		2014
Assets										
Current assets										
Cash	\$	15,000	\$	8,232	\$	12,923	\$	18,602	\$	18,329
Total Current Assets	1/71	15,000		8,232		12,923		18,602		18,329
Property and equipment										
Property and equipment		194,514		194,514		194,514		200,821		193,189
Accumulated depreciation		(147,590)		(163,933)		(177,742)		(184,591)		(172,220)
Land		360,562		360,562		360,562		360,562		360,562
Total Property and Equipment	dampha.	407,486		391,143		377,334		376,792		381,531
Total Assets	\$	422,486	\$	399,375	\$	390,257	S	395,394	S	399,860
Liabilities and Net Worth										
Loans from shareholders		699,847		779,347		859,067		927,038		965,518
N/P - New Holland		46,773		13,699		5,147		29,977		46,752
Total Long-Term Liabilities		746,620		793,046		864,214		957,015		1,012,270
Total Liabilities		746,620		793,046		864,214		957,015		1,012,270
Net Worth										
Capital Stock		1,000		1,000		1,000		1,000		1,000
Retained Earnings		(325,134)		(394,671)		(474,957)		(562,621)		(613,410)
Total Net Worth	-	(324,134)		(393,671)		(473,957)		(561,621)		(612,410)
Total Liabilities and Net Worth	\$	422,486	S	399,375	S	390,257	\$	395,394	5	399,860

Historical financial information obtained from tax returns for the applicable year

EXHIBIT 2-B

# Maguire Lassman Holder Strite Historical Income Statements

	Years Ended December 31,						
	2010	2011	2012	2013	2014		
Revenues					***************************************		
Sale of livestock, produce, grains, etc.	\$ 26,931	\$ 48,272	\$ 27,100	\$ 22,350	\$ 26,020		
Other Income	\$ -	\$ -	\$ 9.061	\$ 11,188	\$ 19,971		
Total revenues	26,931	48,272	36,161	33,538	45,991		
Farm Expenses							
Chemicals	-	17,531	19,666	25,035	16,637		
Custom hire (machine work)		950	300	-	300		
Depreciation	17,878	16,343	13,809	25,373	21,866		
Feed	**	3,027	2,494	3,570	2,976		
Gasoline, fuel and oil	: +:	8,926	11,496	9,773	8,428		
Insurance	2,208	4,985	3,935	3,387	1,138		
Interest (other)		2,277	429	1,566	551		
Labor hired	-	24,025	24,025	24,455	24,455		
Rent or lease: Machinery and equipmer		-	1,369	2.1,133	27,755		
Repairs and maintenance		11,910	6,183	4,451	6,606		
Seeds and plants	128,626		- ,	,,,,,,	0,000		
Supplies	10	11,716	17,306	7,059	3,630		
Taxes	-	8,608	6,561	8,352	4,142		
Utilities		995	1,640	1,502	1,515		
Other Expenses:	-		-	3,000	3,010		
Auto Licenses	616	2					
Hav	444	-	330	650			
Hay Baling	19	+	1,540	500	9		
Miscellaneous		60		300	-		
Licenses and Permits	***	907	499	679	472		
Telephones	-	2,947	3,233	3,868	3,284		
Professional Fees	32	1,760	1,583	1,293	780		
Small Tools and Equipment		856	*,000	363	700		
50% of Meals & Entertainment		*	32	505			
Total Farm Expenses	149,328	117,823	116,430	121,226	96,780		
Net Farm Income (Loss)	(122,397)	(69,551)	(80,269)	(87,688)	(50,789)		
Other Income (Deductions)							
Interest Allowed	82	14	15	24	Ē.		
Disallowed Entertainment Expense		**	(32)	Ph.	2		
Total Other Income (Deductions)	82	14	(17)	24	~		
Net Income (Loss)	\$ (122,315)	\$ (69,537)	\$ (80,286)	\$ (87,664)	\$ (50,789)		

# EXHIBIT 3 RELIED UPON DOCUMENTS

# **EXHIBIT 3**

# **Relied Upon Documents**

1120S Tax Return Holder & Strite Corporation 2010
1120S Tax Return Holder & Strite Corporation 2011
1120S Tax Return Holder & Strite Corporation 2012
1120S Tax Return Holder & Strite Corporation 2013
1120S Tax Return Holder & Strite Corporation 2014
180 Day Notice to Owner Parcel 275-0 000lBD-04
180 Day Notice to Owner Parcel 279-T 000IBC-04
2010 Paid Tangible Tax
2010 Tangible Tax Return
2011 Paid Tangible Tax
2011 Tangible Tax Return
2012 Paid Tangible Tax
2012 Tangible Tax Application Data
2013 Tangible Tax Application Data
2014 Paid Tangible Tax
2014 Tangible Tax Application Data
Additional Client Data Regarding Hay Operation
Adelpha Howell 2 <sup>nd</sup> Additional Parcel 279
Ag Application Parcel 279
Appraisal 5-2-14
Case Parties Report - Holder
Cawthra Final Equipment Appraisal Report
Company GL's and Financial Information
Consolidated Bank Ledgers by Year
Fields Area of Take
Financial Summaries PBC · Updated 3-7-2015
Holder - Howell - Exhibit 2
Holder - Howell 275 - Exhibit l
Holder exhibits - Preliminary Holder Parcel 275 Area of Take
Holder Site Visit Notes
Howell 191011 11 x 17 Exhibit 09-01-2014
Howell Exhibit Continued - Preliminary Howell Parcel 279 Before Conditions
Howell Exhibit - Preliminary Howell Parcel 279 Uncured Remainder
Joint Exhibits
Legal Description 275
Legal Description 279
Map - Preliminary concept map
MEI Civil Report of Impacts re 275
NAICS Code 111940 Hay Farming
NAICS Code 112111 Beef Cattle Ranching and Farming
NAICS Code 112130 Dual Purpose Cattle Ranching and Farming

NAICS to SIC Crosswalk
Parcel 275 Appraisal 5-13-14
Projected Hay Income
Projected Hay Operation Costs
Projections Using Client Data
Thomas Estate Lease - Parcel 275
W-3 Tax Return Holder & Strite Corporation 2010
Williams Development Services - Land Use Report

# BUSINESS DAMAGE REPORT OF HOLDER & STRITE CORPORATION

Orange County, Florida As of January 23, 2015

September 9, 2015

Prepared By:

Les W. Eiserman CPA, CVA

CliftonLarsonAllen LLP 420 South Orange Avenue Suite 500 Orlando, FL 32801



September 9, 2015

Mr. J. Edward Cheek, III, Esquire Winderweedle, Haines, Ward & Woodman, P.A. 329 Park Avenue North, Second Floor Winter Park, FL 32790

Re: Central Florida Expressway Authority v. Holder & Strite Corporation Case No.: 2014-CA-10718-0, Subdivision: 39, Parcel No. 275 and 279

Dear Mr. Cheek,

The enclosed Business Damage Report has been developed for the exclusive and confidential use of you, the Central Florida Expressway Authority and Holder & Strite Corporation (the "Company"). The report has been prepared by CliftonLarsonAllen LLP and was made by and/or under the direct supervision of the undersigned.

At your request, CliftonLarsonAllen LLP was retained to prepare a business damage analysis and conclusion of damage ("report") to assist you in the determination of the damages related Holder & Strite Corporation ("Subject Interest") related to the taking of the above referenced parcels. The Subject Interest operates a business on the above referenced parcels. The damage conclusion is considered as a cash or cash equivalent value. The damages date is January 23, 2015. This damages report is to be used only as of this date and is not valid as of any other date.

It is our opinion that the damages incurred by the Company related to the taking of the above parcels at January 23, 2015 is:

Parcel 275	\$55,627
Parcel 279	\$23,178
Total	\$78,805

Distribution of this letter and report and associated results, which are to be distributed only in their entirety, are intended for and restricted to you, the Central Florida Expressway Authority and Holder & Strite Corporation and their legal and professional advisors, solely to assist you and the Central Florida Expressway Authority in your determination of the fair value (i.e. damages) of the Subject Interest for litigation purposes, and are valid only as of January 23, 2015. This letter and accompanying report are not to be used with, circulated, quoted or otherwise referred to in whole or in part for any other purpose, or to any other party for any purpose, without our express written consent.

Holder & Strite Corporation As of January 23, 2015 Page 2

The enclosed narrative report and exhibits constitute the basis upon which our conclusion of damages was determined. Statements of fact contained in this report are, to the best of our knowledge and belief, true and correct. No present or future environmental issues were contemplated in this damage analysis. In the event that facts or other representations relied on in the attached narrative report are revised or otherwise changed, our conclusion as to the damages to the Company may require updating. However, CliftonLarsonAllen LLP has no obligation to update this conclusion of damages for information that comes to our attention after the date of this report. If upon request, and new information is provided, we reserve the right to update this report.

No principal or employee of CliftonLarsonAllen LLP has any current or contemplated interest in the Company or any other interest that might tend to prevent making a fair and unbiased damage analysis. Compensation of CliftonLarsonAllen LLP is not contingent on the opinions or conclusions reached in this report.

Sincerely yours,

CLIFTONLARSONALLEN LLP

Les W. Eisen

Les W. Eiserman, CPA/CVA

Principal

Forensic and Valuation Services Group

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# Appendices

APPENDIX A

Assumptions and Limiting Conditions Analyst's Representations Qualifications of the Analyst APPENDIX B APPENDIX C The National Economic Review APPENDIX D

# **Exhibits**

EXHIBIT A	Damages Summary
EXHIBIT B	Net Asset Value Method
EXHIBIT C	Historical Income Statements
EXHIBIT D	Historical Balance Sheets

## EXECUTIVE SUMMARY

Purpose of Damage

Analysis: To assist in the determination of the damages to Holder and Strite

Corporation related to the taking of Parcels 275 and 279 as of January 23,

2015.

Standard of Damage

Analysis:

Fair value

Premise of Damage

**Analysis:** 

Going concern

Conclusion: It is our opinion that the damages incurred by the Company related to the

taking of the above parcels at January 23, 2015 is \$78,805 (\$55,627 for

parcel 275 and \$23,178 for parcel 279).

# INTRODUCTION

# **Assignment Definition**

CliftonLarsonAllen LLP was retained to determine the damages incurred by the Company related to the taking of the above parcels at January 23, 2015. The taking is two parcels, parcel 275 and 279. Parcel 275 originally consisted of 52.737 acres. The taking includes 17.888 acres, with 34.849 acres remaining after the taking. Parcel 279 originally consisted of 14.14 acres. The taking consists of 10.311 acres with 3.829 acres remaining after the taking.

No reproduction, publication, distribution, or other use of this report is authorized without the prior consent of Les W. Eiserman and/or CliftonLarsonAllen LLP, by parties not identified in this report.

We have performed a damage analysis engagement and present our detailed report.

It has been represented that after the taking the Company will not be able continue to operate its business on the remaining property as a sustainable or profitable business. This assumption cannot be challenged at this time because no documentation has been provided to concur or dispute this representation. If the business was able to operate on the remaining property, any such value attached to this on-going operation would serve as a mitigating amount to this damage amount conclusion. However, the existing business could not operate as a profitable business, therefore, it is concluded that if the business continues on the remainder, it would continue to operating at a loss. Therefore, no mitigation would be applicable.

## Scope of Work

To gain an understanding of the operations of the Company we reviewed financial information as detailed in "Sources of Information" presented later in this report. To understand the environment in which the Company operates, we researched the status of and trends of the industry that it operates in. We also studied economic conditions as of the Damages Date and their impact on the Company.

As discussed in this report, we considered several damage approaches and methods and applied the most appropriate methods from the Income, Asset and Market Approaches to derive an opinion of damages of the Subject Interest. Our conclusion of damages reflects these findings, our judgment and knowledge of the marketplace, and our expertise in performing such services.

The procedures employed in determining the damages for the Subject Interest in the Company included such steps as we considered necessary, including (but not limited to):

- An analysis of the Company's financial and non-financial information supplied by Management;
- An analysis of the industry;
- An analysis of the general economic environment as of the damages date; and
- An analysis of other pertinent facts and data resulting in our conclusion of damages.

The approaches and methodologies used in our work did not comprise an examination or any attest service in accordance with generally accepted auditing standards, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles. We express no opinion and accept no responsibility for the accuracy and completeness of the financial information (audited, reviewed, compiled, internal, prospective or tax returns), or other data provided to us by others, and we have not verified such information unless specifically stated in this report. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our damage analysis.

# History and Nature of the Business

The Company is a Florida S-corporation that was incorporated on February 13, 2006. The Company is engaged primarily in cattle raising and hay farming. The Company rents the land it uses from a related party. The land in which it operates its business includes parcel 275 and 279.

The shareholders of the Corporation are as follows:

NAME	% OWNERSHIP
Estate of Sally Holder	20.0%
Thomas J. Holder, Jr.	20.0%
Bryan Holder	20.0%
Beth Ann Arnold	20.0%
Thomas J. Holder	20.0%
Total	100.0%

## THE ECONOMIC OUTLOOK

In conjunction with the preparation of this damages opinion, we have reviewed and analyzed current economic conditions as of the January 23, 2015, date of damages. Summary discussions and analysis of the national outlook for the period closest to the date of damages can be found attached to this report as **Appendix E**. These discussions are based upon a review of current economic statistics, articles in the financial press and economic reviews. The purpose of the reviews is to provide a representative "consensus" review of the condition of the economy and its general outlook as of the date of damages.

## Economic Conclusions

While the aptly named Great Recession reached its official end in mid-2009, economic growth remains somewhat subdued. Although the housing market has strengthened, growth in the market remains weak. The unemployment rate reached pre-recession levels in December 2014, but labor force participation remains low and has continued to fall. Economic growth is expected to remain positive, though government spending cuts, political uncertainty, and rising interest rates are causes for concern. GDP growth expectations from private economists surveyed by *The Wall Street Journal* are on the order of 2.8% for the first quarter of 2015 and 2.8% for all of 2015. This compares to GDP growth of 2.3%, 2.2%, and 2.4% in 2012, 2013, and 2014, respectively. Although the Federal Reserve ended its asset purchases, a significant tightening of monetary policy (via an increase in the target federal funds rate) is unlikely in the short run until unemployment declines and inflation rises.

# INDUSTRY OUTLOOK<sup>1</sup>

#### Cattle Ranching:

Companies in this industry are ranches and farms that raise cattle, including those intended for dairy herd replacements, and feedlots that fatten cattle in preparation for slaughter. Major companies include AgriBeef; Cactus Feeders; and Friona Industries (all based in the US); JBS and Minerva (both headquartered in Brazil); Australia's Teys Australia Meat Group, which is partially owned by US-based Cargill, and NH Foods (Japan).

The global cattle herd totals more than 1 billion head, including about 90 million raised in the US. India, the US, Brazil, the EU, China, Argentina, and Colombia are the world's top cattle and beef producers. Rising global demand for meat will fuel growth in the cattle ranching industry.

The US cattle ranching industry includes about 915,000 operators with combined annual revenue of about \$67 billion.

The industry doesn't include slaughter, processing, or packing operations. Meat processing is covered in the Meat Product Manufacturing profile.

Demand is driven by food prices, population growth, and global trade policies. The profitability of individual operations depends on production efficiency and anticipating market demand. Large operators have some advantages in volume purchasing and efficient use of labor and equipment. Small operators can compete successfully by producing special grades of beef cattle and by controlling costs carefully. The industry is concentrated: the top 6 percent of farms generate about 75 percent of revenue.

<sup>&</sup>lt;sup>1</sup> First Research Industry Profile

US trade in live cattle takes place primarily with Canada and Mexico. Live cattle imports account for about 3 percent of the US market; exports account for about 1 percent of US production.

US cattle prices are influenced by not only by domestic demand for beef products but also by demand from beef export markets. Concern over diseases such as BSE (bovine spongiform encephalopathy, or mad cow disease) can abruptly restrict exports and thus reduce demand from meat products manufacturers.

Major services include raising live cattle and "finishing" cattle on feedlots in preparation for slaughter.

Beef typically is produced from cows (females that have borne at least one calf); steers (castrated males); heifers (females that have never given birth); and bulls under two years old. Major breeds include Angus, Hereford, and Simmental.

The operations of beef cattle ranchers revolve around breeding cows, feeding cattle, and providing veterinary care. Beef cattle ranchers mainly breed their own animals, with a traditional calving season in the early spring. Cows can produce one calf per year and are either naturally bred by a bull or artificially inseminated by a technician. Cows have a nine-month gestation period. From birth until weaning, calves depend on their mother's milk and forage resources. Calves are typically weaned when they weigh between 400 and 600 pounds and are either retained by the rancher or sold. Weaned calves either go directly to the feedlot for finishing or are fed a high forage diet. Generally calves enter the feedlot phase, where they're transitioned to a high grain ration, at around 800 pounds. Cattle are typically ready for slaughter when they weigh around 1,200 pounds and have been fed a grain-based ration for at least 120 days.

Because the quality of the forage on grazing land varies widely, the animal carrying capacity of land also varies. The actual stocking rate on land is the number of acres per animal unit (typically a cow-calf pair), or the number of 1,000-pound animal units per month (AUM) on a particular piece of land. Depending on the quality of the forage, an animal unit may need from three acres in high-rainfall areas to 40 in arid regions. A higher than recommended stocking rate may reduce the live-weight gain per animal per day, which is typically between 1 and 2 pounds. Ranches often rotate their animals through a number of pastures to prevent overgrazing and soil erosion in any one spot during grazing season. Ranchers may produce or buy harvested forage, typically alfalfa or other hay, to feed their cattle during the winter months.

Veterinary services are needed to help in calving problems, treat illnesses, and provide routine vaccinations to prevent diseases, especially communicable ones. Bovine spongiform encephalopathy (BSE), otherwise known as mad cow disease, can be transmitted by eating meat or byproducts from an infected animal.

Although most ranchers raise cattle on their own land, some may lease private land or have permits to use federal lands. The federal grazing fee for a cow-calf AUM is determined annually by the Bureau of Land Management and the Forest Service, and has in recent years been just under \$2 per month. Federal grazing permits are tied to a rancher's "deeded" land and are transferable upon the sale of deeded land. Leased federal land typically is adjacent to a ranch's deeded land to facilitate efficient management.

### Crop Production-

Companies in this industry grow crops such as grain, oilseeds, tobacco, dry beans, potatoes, vegetables and melons, fruits and nuts, and floriculture. Major companies include Amaggi Exportação e Importação, Chiquita Brands International, Dole Food Company, Fresh Del Monte Produce, Sunkist Growers, and Total Produce. Global crop production revenue exceeds \$1 trillion. Sugarcane, corn, rice and wheat are the most highly produced crops by volume. The US and China are among the top crop producers.

The US crop production industry includes about 1.2 million farms with combined annual revenue of about \$225 billion.

Demand is driven by federal agricultural policy programs, food consumption trends, and the grain and oilseed export market. The profitability of individual companies depends on maximizing crop yield and minimizing disease risk. Large companies have advantages in highly automated technologies and access to the latest in seed and crop technologies. Small operations can compete effectively by harvesting heirloom, non-genetically modified (GM), or specialty products.

Crop exports, mainly oilseeds and grains, account for about 30 percent of US production. China, Mexico, and Japan are the top grain export markets. China is the largest importer of US oilseed and grain, accounting for about 35 percent of all US oilseed and grain exports. Crop imports account for less than 20 percent of the US market. The US imports more vegetables, melons, fruits, and nuts than it exports.

The rapid expansion of corn-based ethanol production may slow the US grain export market. Long-term, the USDA expects that exports of soybeans will decline as farmers produce grain for ethanol, and as Asian oilseed farms address global demand for crushed and fresh soybeans.

Major products are corn (35 percent of industry revenue); soybeans (20 percent); fruits and nuts (12 percent); and wheat (8 percent). Other major crops include vegetables and melons, cotton, and potatoes. Of all cropland farms, nearly 40 percent focus on grain, oilseed, or dry beans/peas; these farms account for 80 percent of all cropland revenue.

Crop farming operations consist of soil preparation; planting; application of fertilizer, pesticides, and water; and harvesting. Most farmers concentrate on one or a few crops, depending on local soil, weather, and water conditions. Many farms harvest multiple crops multiple times during the year. Corn for grain is planted in spring after the danger of frost has passed, while wheat is planted in fall to allow its root system to develop over the winter.

Grain and oilseed farmers commonly practice crop rotation, typically alternating between plantings of grain corn and soybeans. Planting these two crops in succession improves weed control, lowers pest and disease risk, and requires less fertilizer.

Farmers must accurately measure the number of seeds per acre: crowded seeds can delay maturity and stunt growth, while low plant populations result in poor yields. Farmers closely monitor crop yield per acre, which is affected by weather, fertilizer, and pesticide applications and proper crop and seed selection. Yields can fluctuate yearly. For most crops, plants are harvested when moisture content drops to a certain level. Most crop farms are highly mechanized for activities like tilling, planting, and applying fertilizer. Harvesting is often done using specialized machinery, but also may require large amounts of manual labor, depending on the crop. One-third of all grain and oilseed farms require farm labor beyond the operator's own contribution. The average grain or oilseed farm is 790 acres. Vegetable and melon farms average 230 acres; fruit and nut farms, 125.

Common inputs include seed, fertilizer, chemicals for weed control, fuel, electricity, machinery, and repairs. Recent technological advances include new strains of hybridized and GM seed and improved fertilizers and chemicals for controlling weeds, pests, and disease. Farm machine innovations have improved seed planting, threshing, and the transfer of grains and oilseeds to silos and elevators. New GPS guidance and autosteer technologies can improve crop yield.

## **BOOK VALUE AND FINANCIAL POSITION**

### Income Statement Analysis

#### Revenues

Revenues are generally the first component to be reviewed by financial analysts. Increases in revenues, all things being equal, should lead to higher profitability as the Company's fixed costs are spread over a wider revenue base leading to lower fixed costs per dollar of revenue. The following table represents the actual net revenue of the Company and the growth trend associated with each year.

	2010	2011	2012	2013	2014
Net Revenue	\$26,931	\$48,272	\$36,161	\$33,538	\$50,330

As shown above, revenue has been up and down over the last five years. Revenue is from cattle revenue, hay revenue, shop revenue and rental revenue.

The Company has realized the following pre-tax losses as represented in the following table.

	2010	2011	2012	2013	2014
Pre-Tax Profit	\$-122,315	\$-69,551	\$-80,254	\$-87,664	\$-50,789

## Balance Sheet Analysis

### Assets

Current assets are represented by assets that are considered the most liquid should the Company need to generate cash. Fixed assets are the Company's physical property utilized in core business operations and include land and buildings. Shareholders' equity refers to the difference between the book value of a company's assets and its liabilities.

The following table illustrates the Company's assets and liabilities as a percentage of total assets:

	2010	2011	2012	2013	2014
Cash and equivalents	3.55%	2.06%	3.31%	4.70%	4.58%
Net fixed assets	96.345%	97.94%	96.69%	95.30%	95.42%
Other liabilities	11.07%	3.43%	1.32%	7.58%	11.69%
Loans from shareholders	165.65%	195.14%	220.13%	234.46%	241.46%
Stockholders' Equity (Deficit)	0%	-98.57%	-121.45%	-142.04%	-153.16%

#### Conclusion

The Company has had negative earnings for the last five years. In addition, the Company's stockholders equity has been negative for the last five years. Overall, financial results are poor and are not expected to improve in the near term future.

## DAMAGES ANALYSIS

### Standard of Value

The standard of value used in this report is fair value. Fair value is defined by Florida Statute 607.1302 and as set forth in paragraph 607.1301(4) as follows:

- Immediately before the effectuation of the corporate action to which a shareholder objects.
- Using customary and current valuation concepts and techniques generally employed
  for similar businesses in the context of the transaction requiring appraisal, excluding
  any appreciation or depreciation in anticipation of the corporate action unless
  exclusion would be inequitable to the corporation and its remaining shareholders.
- For a corporation with 10 or fewer shareholders, without discounting for lack of marketability or minority status.

### Factors Considered

Among other factors, this damage report considers elements of appraisal listed in the Internal Revenue Service's Revenue Ruling 59-60, which "outlines and reviews in general the approach, methods, and factors to be considered in valuing shares of the capital stock of closely held corporations..."<sup>2</sup> The damage analysis prepared is similar to an approach use to value a business. Specifically, Revenue Ruling 59-60 states that the following factors should be carefully considered in a valuation of closely held stock.<sup>3</sup>

- (1) The nature of the business and history of the enterprise from its inception The Company was formed in 2006 and is located in Florida. The Company raised cattle and does hay farming.
- (2) The economic outlook in general and condition and outlook of the specific industry in particular The consideration of the economic outlook is essential in performing a damage analysis. How the economy is performing has a bearing in part on how the Company performs (see discussion of economic and industry outlook).
- (3) The book value of the stock and the financial condition of the business The adjusted book value of the invested capital of the Company was calculated to be negative \$612,410 (see discussion in the "book value and financial position" section for details on the financial condition of the Company).
- (4) The earning capacity of the Company The Company's earnings have been negative for the last five-year period.
- (5) The dividend-paying capacity The Company has not paid distributions.
- (6) Whether or not the enterprise has goodwill or other intangible value It is generally acknowledged that goodwill may be measured by the earnings ability of an enterprise being valued. It can be broadly defined as those characteristics that induce customers to continue to do business with the Company and to induce new customers. Entity goodwill is that goodwill, which attaches to the entity rather than the individuals associated with the Company. In a fair market valuation, only the entity goodwill will be considered in arriving at a conclusion of value under the income approach. Our

<sup>&</sup>lt;sup>2</sup> Internal Revenue Service, Revenue Ruling 59-60

<sup>&</sup>lt;sup>3</sup> Ibid

analysis suggests that the Company does not have goodwill, as the value of its identifiable assets adjusted to fair value under the asset approach is higher than its value calculated under the income approach.

- (7) Sales of the stock and size of the block to be valued We are not aware of any recent ownership sales of the Company, which would provide an indication of value during the period being analyzed.
- (8) The market prices of the stock of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter The Market Approach has been considered in this damage analysis, a discussion of which may be found later in this report.

#### Sources of Information

Sources of information used in this damage analysis included the following:

- National Economic Review provided by Mercer Capital Management, Inc. for the fourth quarter of 2014;
- First Research Industry Profile;
- Federal tax returns for 2010 through 2014;
- Equipment appraisal performed by Cawthra Consulting & Appraisals, Inc.;
- Written answers to questions submitted to Cawthra Consulting & Appraisals, Inc.;
- Expert Report for Respondent dated March 25, 2015 from Thomas V. Durkee CPA of Averett Warmus Durkee, P.A.;
- Interview with management of the Company and a site visit;
- Letter from Williams Development Services, Inc. dated February 4, 2015;
- Letter from me i civil dated February 12, 2015;
- Documentation related to the cost of land clearing;
- Notice to Business Owner, dated August 27, 2014, from the Central Florida Expressway Authority related to parcel 275 and parcel 279;
- Notes from files of Averett Warmus Durkee;
- Petitioner's First Request for Production of Documents Directed to Respondents, Thomas J. Holder, SR., Beth Ann Holder, Adelpha Howell and Holder & Strite Corporation;
- Response of Respondents to Petitioner's First Request for Production;
- Answers to Petitioner's First Set of Interrogatories;
- Second Addendum to Lease Agreement;
- Map showing the taking of the parcels 275 and 279;
- Lease, Field Management and Baling Proposal dated September 30, 2014 from Holder & Strite Corporation to Mr. Thomas J. Holder Sr., Trustee of the Sally R. Holder Credit Trust and Thomas J. Holder Sr. Family Trust.

This is not a complete list of the sources of information that was used to produce this report. We have included this list of the most prevalent sources to assist the reader.

In all cases, we have relied upon the referenced information without independent verification. This report is, therefore, dependent upon the information provided. A material change in critical information relied upon in this report would be cause for a reassessment to determine the effect, if any, upon our conclusion.

#### APPROACHES TO DAMAGES

Damage analysis is not subject to a precise formula, but is based on relevant facts, elements of common sense, informed judgment and reasonableness. Therefore, precise rules for determining applicable damages cannot be prescribed, however there are industry norms/standards that can be applied.

It is generally agreed that damage methods related to the value of a business (loss of business as a result of the taking) fall into three general categories: cost/asset approach, income approach, and market approach. However, it is not unusual for each of the approaches to use elements of other approaches in order to reach a conclusion of value (and resulting damages). Each of these methods will be discussed individually.

An asset approach is a method of determining a value of assets and/or equity interests using one or more methods based directly on the value of the assets of the business, taken or damaged as a result of the taking. It is analogous to the cost approach of other disciplines. This approach can include the value of both tangible and intangible assets. However, this approach is often unnecessary in the valuation of a profitable operating company as a going concern, as the tangible and intangible assets are automatically included, in aggregate, in the market and income approaches to value.

An income approach is a general method of determining a value indication of a business, asset, or equity interest using one or more methods wherein a value is determined by converting anticipated benefits. Depending on the nature of the business, asset or security being appraised, as well as other factors, anticipated benefits may be reasonably represented by such items as net cash flow, dividends, and various forms of earnings. Conversion of those benefits may be accomplished by either capitalization or discounting techniques. A capitalized returns method tends to be the more appropriate valuation method when it appears that current operations would have been indicative of future operations, assuming a normal growth rate. However, if the earnings of a business, as adjusted for normalized income and expense items, are low or negative, the earnings approaches should not be used.

Alternatively, a discounted future returns method tends to be more appropriate when future returns can be estimated with reasonable accuracy and are expected to be substantially different from current operations.

A market approach is a general method of determining a damage value indication of a business or equity interest using one or more methods that compare the subject to similar investments that have been sold. It has its theoretical basis in the principle of substitution, which states that the value of an object tends to be determined by the cost of acquiring an equally desirable substitute. Market transactions in business, business ownership interests, or securities can provide objective, empirical data for developing value measures to apply in business valuation. Such comparisons provide a reasonable basis for estimation to the relative investment characteristics of the asset being valued. Ideal guideline assets are in the same industry and use as the asset being valued, but if there is insufficient transactional evidence available in the same industry or use, it may be necessary to consider assets with an underlying similarity of relevant investment characteristics such as markets, products, growth, cyclical variability and other salient factors.

#### Summary of the Damages Analysis Approaches and Methods

In our damage analysis of the Company, we considered all three approaches to calculate damages. The theory being that the taking of the parcels will, in essence, be the taking of the entire business operations of the Company and that the remainder would not be able to operate as a profitable or sustainable business operation. Under the asset approach, we prepared an analysis using the net asset value method based on what was taken as compared to its fair value. We determined that the market and income approaches were not appropriate for the valuation of the Company. The income approach is not appropriate due to the

historical and anticipated future losses. The market approach is not appropriate due to a lack of comparable companies and transactions and the special situation related to the business operating of land, only a portion of which is being taken, which would render the business even less profitable.

#### APPLICATION OF THE DAMAGES ANALYSIS PROCESS

It is the analyst's task to review the pertinent information regarding the subject interest, apply accepted methodologies, as well as experience and judgment, to reach a supportable conclusion. In this matter, and as described in the following paragraphs, each of the three commonly accepted damage approaches was considered in arriving at the ultimate conclusion of damages.

#### Asset Approach

This method consists of determining the fair value of the assets that were taken. In preparing our calculation of value, we have utilized the Company's balance sheet as of December 31, 2014.

Damages under the asset approach would only include the market value of assets that were taken or damaged in the taking. We did not include assets the Company would retain (or not be damaged due to the taking) because the theory of the Company being able to sell or retain the remaining assets at fair value if they chose to continue operations on the remaining land after the taking or on other leased property. Damages would be calculated as follows:

- Immoveable assets, which include:
  - Special purpose trade fixtures
  - o Special process systems;
- D&R relocation costs for moveable personal property that the Company will retain.

Asset values were provided by an equipment appraisal performed by Cawthra Consulting & Appraisals, Inc. The details of our calculation for the net asset value method can be found on **Exhibit B**. In our opinion, the fair value of the assets damaged of the Company, on a control, marketable basis as of January 23, 2015, for damage purposes derived from this method, is \$78,805, for both parcels. In order to allocate the damages by parcel 275 and 279 we utilized the remained acreage of 24 for parcel 275 and 10 for parcel 279.

#### Income Approach

#### Capitalized Income Method

This method determines the damages of a Company, as the result of the taking and the ultimate loss of the entire earning capacity of the business as the present value of all of the future cash flows that the business can generate to infinity. An appropriate cash flow is determined and then divided by a risk adjusted capitalization rate. This method did not result in a positive indication of value because the company has a history of negative earnings.

#### Market Approach

Market approach methods were reviewed to determine if third party transactions exist which would provide an indication of the value of the subject entity. The use of comparable companies requires the analyst to quantify items of similarity, and adjust the indicated prices to provide for a true measurement of the subject entity's worth. The analyst must show that the comparable transactions are, in fact, comparable to the subject transaction.

We considered the following transactions in the market approach:

- 1. Actual or Proposed Sales of the Subject company
- 2. Transaction Method
- 3. Publicly-Traded Guideline Company Method

#### Actual or Proposed Sales of the Subject Company

We are not aware of any recent actual or proposed sales of the Company's common stock so this method can not be used.

#### Transaction Method

This method determines the value of a company by applying multiples from transactions involving comparable companies to its financial data. In this instance, we investigated the market using the Bizcomps and Pratt's Stats databases and were unsuccessful in finding sufficient information regarding the transactions of comparable companies. We have, therefore, not included this analysis in our final conclusion of value.

#### Publicly-Traded Guideline Company Method

A market approach using guideline companies requires estimates of (1) ongoing earnings (or a variation thereof such as EBITDA) for the Company; and (2) a capitalization rate (or multiple) derived from publicly-traded guideline companies, as described in the following paragraphs.

#### Search for Guideline Companies

Guideline companies are companies that provide a reasonable basis for comparison to the relevant investment characteristics of a company being valued. Guideline companies are most often publicly-traded companies in the same or similar business as the valuation subject. Guideline companies are used as a basis to develop valuation conclusions with respect to a subject company under the presumption that a similar market exists for the Company as exists for the guideline companies.

Ideal guideline companies are in the same business as the company being valued. However, if there is insufficient transaction evidence in the same business, it may be necessary to consider companies with an underlying similarity of relevant investment characteristics, such as markets, products, growth, cyclical variability, and other salient factors. In this instance, we have considered those companies that are similar based upon their product line.

In performing our search for publicly-traded guideline companies, we followed *Business Valuation Standard-V* of the American Society of Appraisers. Our procedure for deriving group guideline companies involves the following steps:

- Identify the industry in which the Company operates.
- Identify the Standard Industrial Classification Code (SIC) for the industry in which the Company operates.
- Using Internet search tools, search filings with the Securities & Exchange Commission (SEC) for businesses that are similar to the Company.

- Screen the initial group of companies to eliminate those that have negative earnings, those with a
  negative long-term debt to equity ratio and those companies for which the price of their stock could
  not be obtained.
- Review in detail the financial and operational aspects of the remaining potential guideline companies eliminating those with business lines distinctly different from the Company.

Based on the above criteria, our search did not identify any publicly-traded companies that are similar<sup>4</sup> to the Company. We have, therefore, not included this analysis in our final conclusion of value.

#### **BUSINESS DAMAGES CONCLUSION**

Based on our analysis as described in this business damages report, and the facts and circumstances as of the damages date, the damages incurred by the Company related to the taking of the above parcels at January 23, 2015 is:

Parcel 275	\$55,627
Parcel 279	\$23,178
Total	\$78,805

This damage conclusion is subject to the Statement of Assumptions and Limiting Conditions found in **Appendix A** of this report and to the Analysts' Representations found in **Appendix B** of this report. We have no obligation to update this report or our conclusion of damages for information that comes to our attention after the date of this report.

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<sup>&</sup>lt;sup>4</sup> "Similar" in relation to the use of this method refers to publicly-held companies that are the closest to the Company. They might not be identical in operations, but they are close enough in identity to allow for a conclusion on how the Company might react in the public market.

## Appendix A Assumptions and Limiting Conditions

The primary assumptions and limiting conditions pertaining to the damage estimate conclusion(s) stated in this detailed business damage report are summarized below. Other assumptions are cited elsewhere in this report.

- The conclusion of damages arrived at herein is valid only for the stated purpose as of the date of the damage analysis.
- 2. Financial statements and other related information provided by Holder & Strite Corporation or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. CliftonLarsonAllen LLP has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
- 3. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
- 4. The conclusion of damages arrived at herein is based on 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.
- 5. This report and the conclusion of damages arrived at herein are for the exclusive use of you and the parties identified in this report for the sole purpose noted herein. They may not be used for any other purpose or by any other party for any purpose. Furthermore the report and conclusion of damages are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of damages represents the considered opinion of CliftonLarsonAllen LLP, based on information furnished to them by Holder & Strite Corporation and other sources.
- 6. Neither all nor any part of the contents of this report (especially the conclusion of damages, the identity of any analyst, or the firm with which such damages specialists 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 other means of communication, including but not limited to the Securities and Exchange Commission or other governmental agency or regulatory body, except those identified within this report, without the prior written consent and approval of CliftonLarsonAllen LLP.
- 7. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of CliftonLarsonAllen LLP unless previous arrangements have been made in writing.
- 8. CliftonLarsonAllen LLP 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 the scope and their effect on the value of the property, is

encouraged to obtain a professional environmental assessment. CliftonLarsonAllen LLP does not conduct or provide environmental assessments and has not performed one for the subject property. No special subsoil or toxic inspection or engineering studies were requested or conducted. Our report does not take into consideration the existence of any toxic, hazardous, or contaminated substances or materials and the cost of encapsulation treatment or removal of such material, if any. If there is concern over the existence of such conditions and the cost of treatment, a qualified engineer or contractor should be consulted.

- 9. CliftonLarsonAllen LLP has not determined independently whether Holder & Strite Corporation is subject to any present or future liability relating to environmental matters (including, but not limited to CERCLA/Superfund liability) nor the scope of any such liabilities.
- 10. No change of any item in this business damage report shall be made by anyone other than CliftonLarsonAllen LLP, and we shall have no responsibility for any such unauthorized change.
- 11. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
- 12. Except as noted, we have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets. No investigation of legal fees or title to the property has been made, and the owner's claim to the property has been assumed valid.
- 13. The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles. We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation.
- 14. The damage analysis may not be used in conjunction with any other appraisal or study. The damage conclusion(s) stated in this report is based on the program of utilization described in the report, and may not be separated into parts. The report was prepared solely for the purpose, function and party so identified in the report. The report may not be reproduced, in whole or in part, and the findings of the report may not be utilized by a third party for any purpose, except as noted in the report, without the express written consent of CliftonLarsonAllen LLP.
- 15. Unless otherwise stated in the damage analysis, the damage analysis of the business has not considered or incorporated the potential economic gain or loss resulting from contingent assets, liabilities or events existing as of the valuation date.
- 16. The working papers for this engagement are being retained in our files and are available for your reference. We would be available to support our damage conclusion(s) should this be required. Those services would be performed for an additional fee.
- 17. All facts and data set forth in our letter and report are true and accurate to the best of the Analyst's knowledge and belief.

- 18. All calculations as to damages are presented as the Analyst's conclusion based on the facts and data set forth in this report.
- 19. During the course of the damage analysis, we have considered information provided by management and other third parties. We believe these sources to be reliable, but no further responsibility is assumed for their accuracy.
- 20. We made an on-site visit to selected Company facilities.
- 21. We have no responsibility or obligation to update this report for events or circumstances occurring subsequent to the date of this report.
- 22. Our report is based on historical financial information provided to us by management and other third parties. This information has not been audited, reviewed or compiled by us, nor has it been subjected to any type of audit, review or compilation procedures by us, nor have we audited, reviewed or compiled the books and records of the subject company. Had we audited, reviewed or compiled the underlying data, matters may have come to our attention which would have resulted in our using amounts which differ from those provided; accordingly, we take no responsibility for the underlying data presented or relied upon in this report.
- 23. Our damages judgment, shown herein, pertains only to the subject business, the stated value standard (fair value), as at the stated valuation date, and only for the stated damages purpose(s).
- 24. The various estimates of value presented in this report apply to the damage report only, and may not be used out of the context presented herein.
- 25. In all matters that may be potentially challenged by a Court or other party we do not take responsibility for the degree of reasonableness of contrary positions that others may choose to take, nor for the costs or fees that may be incurred in the defense of our recommendations against challenge(s). We will, however, retain our supporting workpapers for your matter(s), and will be available to assist in defending our professional positions taken, at our then current rates, plus direct expenses at actual, and according to our then current Standard Professional Agreement.
- 26. The report assumes all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state or national government, or private entity or organization have been or can be obtained or reviewed for any use on which the opinion contained in the report are based.
- 27. The obligations of CliftonLarsonAllen LLP are solely corporate obligations, and no officer, director, employee, agent, contractor, shareholder, owner or controlling person shall be subject to any personal liability whatsoever to any person, nor will any such claim be asserted by or on behalf of any other party to this agreement or any person relying on the report.
- 28. We express no opinion for matters that require legal or other specialized expertise, investigation, or knowledge beyond that customarily employed by business damage analysts.
- 29. Unless stated otherwise in this report, we express no opinion as to: 1) the tax consequences of any transaction which may result, 2) the effect of the tax consequences of any net value received or to be received as a result of a transaction, and 3) the possible impact on the market value resulting from any need to effect a transaction to pay taxes.

30. Management is assumed to be competent, and the ownership to be in responsible hands, unless noted otherwise in this report. The quality of business management can have a direct effect on the viability and value of the business.

## Appendix B Analysts' Representations

I represent that, to the best of our knowledge and belief:

- 1. The statements of fact contained in this detailed business damage report are true and correct.
- 2. The reported analyses, opinions and conclusions of damages are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, independent, unbiased, objective professional analyses, opinions and conclusions.
- 3. I have no present or prospective/contemplated financial or other interest in the business or property that is the subject of this report, and I have no personal financial or other interest or bias with respect to the property or the parties involved.
- 4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 5. Our compensation for completing this assignment is fee-based and is not contingent upon the development or reporting of a predetermined damages or direction in value, the outcome of the damage analysis, the amount of the damage opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this analysis.
- 6. The economic and industry data included in the valuation report have been obtained from various printed or electronic reference sources that the analysts believe to be reliable. The analysts have not performed any corroborating procedures to substantiate that data.
- 7. The parties for which the information and use of the valuation report is restricted are identified; the valuation report is not intended to be and should not be used by anyone other than such parties.
- 8. The analyst used the work of one or more outside specialists to assist during the damage engagement. The specialist is Mr. Charles Cawthra with the firm Cawthra Consulting & Appraisals, Inc.
- 9. The analysts have no obligation to update the report or the opinion of value for information that comes to our attention after the date of the report.
- 10. This report and analysis were prepared under the direction of Les W. Eiserman with significant professional assistance from Jessica C. Soppe.
- 11. The undersigned is an analyst who regularly performs damages and fair value determinations. His background, experience, education, and professional association memberships (and activities) are presented in **Appendix C** and demonstrate our qualifications to perform these valuations.

Las W. Eisen	9/9/15	
Les W. Eiserman, CPA/CVA	Date	
Principal		

Forensic and Valuation Services Group

# Appendix C <u>Qualifications of Analyst</u>

#### Les W. Eiserman, CPA, CVA

CliftonLarsonAllen LLP

Principal

les.eiserman@CLAconnect.com

407-802-1200

#### **PROFILE**

Orlando, FL

Principal-in-Charge of the CliftonLarsonAllen Audit and Review Practice in the Orlando Office. Les also serves as the Construction and Real Estate lead for the Southeast US Region. In addition, Les is a member of the CliftonLarsonAllen Construction and Real Estate National Leadership Team. Les has over 30 years of accounting and audit experience. Les spent his first 7 years with an international accounting firm as an audit manager. Les's will utilize industry knowledge and the information obtained through the audit to bring best practice ideas and solutions to the Company's management team.

Les has significant accounting and auditing experience with real estate partnerships. He has been involved with the ZOM entities and has serves as the audit principal on all the real estate partnerships for this entity. In addition, Les served as the audit principal for numerous real estate partnerships managed by Ginn Development. Finally, Les has served as the audit or consulting principal on various other real estate partnerships.

#### PROFESSIONAL EXPERIENCE

- Directly overseeing the planning, performance and review of accounting, litigation, consulting and valuation procedures.
- Over twenty-nine years of auditing and consulting experience.
- Former manager of audit and financial consulting services in the Orlando office of Arthur Andersen & Co.
- Principal and Director of Auditing, Litigation, Accounting and Consulting Services at CliftonLarsonAllen.
- Member of Natoinal Construction and Real Estate Leadership Team at CliftonLarsonAllen.
- Litigation support services, forensic and investigation analysis.
- Over twenty years of valuation services to public and privately held businesses.
- Expert testimony, special master and receivership.

#### PROFESSIONAL AFFILIATIONS

- Member of the American and Florida Institutes of Certified Public
- Accountants.
- Member of the National Association of Certified Valuation Analysts.
- Member of the Association of Certified Fraud Examiners.





- Member of the Business Valuation Forensic Litigation Services division of AICPA.
- Member of the Association for Corporate Growth.
- Member of the Urban Land Institute.
- Member and Advisory Board for the Associated General Contractors of Central Florida.

#### CIVIC AFFILIATION/COMMUNITY INVOLVEMENT

- · Board of Directors (past Chairman), Investment and Finance
- Committee member for the Boys and Girls Clubs of Central Florida.
- Member of the University of Central Florida Golden Knights Club (former BOD member).
- Former mentor for the University of Central Florida Student Alumni Association.
- Past President and member of the Executive Committee of the University of Central Florida Alumni Association.
- Member of UCF College of Business Administration Dean's Executive Council.
- Member and former Board of Directors, UCF College of Business Alumni Chapter.
- Member of Leadership Orlando Alumni Association and former member of Board of Directors.
- Former Member and Treasurer of Orangewood Christian School Board.
- Finance Committee of Orangewood Presbyterian Church.
- Board Member and Treasurer of The Jobs Partnership of Central Florida.

#### **EDUCATION AND LICENSES**

- Certified Valuation Analyst.
- Licensed CPA in the state of Florida.
- B.S., Accounting, University of Central Florida.
- Masters in Business Administration, University of Central Florida.



#### APPENDIX D

#### **National Economy**

#### Fourth Quarter 2014

#### General Economic Overview

#### Gross Domestic Product

According to advance estimates released by the Department of Commerce's Bureau of Economic Analysis, Real Gross Domestic Product ("GDP"), the output of goods and services produced by labor and property located in the United States, increased at an annualized rate of 2.6% during the fourth quarter of 2014. The increase in real GDP during the fourth quarter was attributable to personal consumption expenditures, private inventory investment, exports, nonresidential fixed investment, state and local government spending, and residential fixed investment. Federal government spending declined. Imports, which are subtracted from the national income and product accounts used in the calculation of GDP, increased and partially offset the positive contributors.

The 2.6% increase in real GDP during the fourth quarter of 2014 was generally lower than economists' expectations and follows increases of 4.6% and 5.0% in the second and third quarters of 2014, respectively. Economists attribute the GDP growth in part to improving customer spending, which was in turn driven by labor market improvement. Durable goods growth declined to 7.4%, following increases of 14.1% and 9.2% in the second and third quarters. Economists generally anticipate growth to continue, though not at rates seen in 2014. A survey of economists conducted by *The Wall Street Journal* reflects a consensus GDP forecast of 2.8% GDP in the first quarter of 2015.

#### **Economic Indicators**

The Conference Board reported that the Leading Economic Index ("LEI"), the government's primary forecasting gauge, increased 0.5% in December 2014 to 121.1, after increases of 0.6% and 0.4% in October and November, respectively. Traditionally, the index is thought to gauge economic activity six to nine months in advance. Multiple consecutive moves in the same direction are said to be indicative of the general direction of the economy. The LEI increased or remained level in each of the past eleven months. The LEI declined in only two months dating back to late-2012. Beginning in January 2015, the base years of the indices were changed from 2004 to 2010.

Economists at the Conference Board view the LEI's performance positively and forecast accelerating economic growth in the second half of 2015. According to Ataman Ozyildirim, an economist at The Conference Board, "December's gain in the LEI was driven by a majority of its components, suggesting the short-term outlook is getting brighter and the economy continues to build momentum." He added, "Still, a lack of growth in residential construction and average weekly hours in manufacturing remains a concern." Eight of the LEI's ten leading economic indicators rose during December 2014. The positive contributors to the LEI (largest to smallest) included the interest rate spread, the Leading Credit Index<sup>TM</sup> (inverted), average weekly initial claims for unemployment insurance (inverted), average consumer expectations for business conditions, manufacturers' new orders for nondefense capital goods excluding aircraft, the ISM® new orders index, stock prices, and manufacturers' new orders for consumer gods and materials. Building permits declined. Average weekly manufacturing hours for business conditions were flat. The pace of the rolling sixmonth percentage change in LEI decelerated in the fourth quarter of 2014; however the six-month trend finished the fourth quarter at 3.3%, faster than the 3.0% growth observed in the six month period that ended June 2014 and higher than the average pace for the full 2014 year. In December, the Coincident Economic Index increased 0.2% and the Lagging Economic Index increased 0.3%.

Historical Business Cycle and Fiscal Situation

The economy deteriorated considerably during the second half of 2008 and continued to display declining performance during the first half of 2009 as crisis engulfed the financial sector, causing significant damage to financial institutions on a global scale. As a result of the crisis, lending activities and market liquidity became constrained, intensifying a downward spiral in the broader economy as businesses struggled to obtain the capital necessary for operations and investment while consumers reduced spending in response to high unemployment and depressive conditions in the housing market.

In September 2010, the Business Cycle Dating Committee of the National Bureau of Economic Research ("NBER") determined that the contraction that began in December 2007 had ended in June 2009. The following table provides perspective concerning NBER business cycles dating from the Great Depression through June 2009. The 2008/2009 contraction represented the longest of 13 contractions subsequent to the Great Depression.

Month & Yea	r of Economic	Duration i	in Months of
Peak	Trough	Contraction	Prior Expansion
August 1929	March 1933	43	21
May 1937	June 1938	13	50
February 1945	October 1945	8	80
November 1948	October 1949	11	37
July 1953	May 1954	10	45
August 1957	April 1958	8	39
April 1960	February 1961	10	24
December 1969	November 1970	11	106
November 1973	March 1975	16	36
January 1980	July 1980	6	58
July 1981	November 1982	16	12
July 1990	March 1991	8	92
March 2001	November 2001	8	120
December 2007	June 2009	18	73

On August 2, 2011 (the date the Treasury Department expected the U.S. to reach its congressionally mandated debt ceiling), President Obama signed the Budget Control Act of 2011 (the "BCA"), ending the debt ceiling crisis in the near term, and thus ameliorating concerns for a default on the nation's debt. The BCA immediately increased the debt ceiling by \$400 billion, with additional increases contingent upon congressional disapproval (i.e., Congress must vote to deny the ceiling increase requests), and created the Joint Select Committee on Deficit Reduction (commonly referred to as the "Supercommittee") tasked with recommending policies to reduce the budget deficit by at least \$1.2 trillion over the next ten years. In the event that a consensus could not be reached by the Supercommittee, the BCA called for automatic spending cuts (the "sequester") starting in 2013.

The United States reached its statutory debt limit again on December 31, 2012. In January 2013, Congress passed legislation suspending the federal government's borrowing limit until May 19, 2013, at which point the debt ceiling was reset to reflect borrowings through that date, but was not raised above that level. The Treasury Department began employing "extraordinary measures" to avoid breaching the debt ceiling. Political infighting over U.S. federal government's budget led to a government shutdown beginning on October 1, 2013. After 16 days, Congress passed legislation to fund government operations through January 15, 2014 and suspend the debt ceiling through February 7, 2014. Later legislation set spending levels for fiscal 2014 through 2015 and eased automatic spending cuts called for under sequestration and raised the debt limit through March 2015 without conditions. According to a report released by the White House in November 2013, the shutdown resulted in an estimated \$2 billion to \$6 billion in lost economic output. Despite a reduction in budget battles through most of 2014, another shutdown potential loomed in December 2014 as Congress continued to debate a budget. Congress ultimately passed a budget ahead of the

December 11, 2014 deadline, which avoided a government shutdown and funded government activity through September 2015.

By October 2014, the US Treasury announced that the fiscal 2014 federal budget deficit had fallen to \$483 billion, the lowest level recorded since 2008. The deficit as a percentage of GDP declined to 2.8% of GDP, the lowest level since fiscal 2007 and below the 40 year average level. According to the CBO, the deficit reduction was due largely to increased revenue (up 9.0% relative to 2013) rather than a decline in outlays, which ultimately increased 1.0% from fiscal 2013. Increases in revenue were attributable to the growing job market as well as the expiration of payroll tax reductions.

#### Consumer Spending and Inflation

Inflation

According to the Bureau of Labor Statistics, the Consumer Price Index ("CPI") declined 0.4% in December 2014 (on a seasonally adjusted basis), following no change in October and a decrease of 0.3% in November. The unadjusted CPI stood at 234.8 (CPI-U all urban consumers, 1982-1984 = 100). December's change was largely a function of the gasoline index, which declined 9.4%. The Core CPI, which excludes food and energy prices, held constant in December, following increases of 0.2% and 0.1% in October and November, respectively.

The seasonally adjusted annual rate ("SAAR") of inflation for the fourth quarter was negative 2.5%, compared with 3.5% in the second quarter and negative 0.1% in the third quarter. Core inflation was 1.1% (SAAR) in the fourth quarter of 2014, following rates of 2.5% and 1.0% in the second and third quarters of 2014, respectively. Over the previous twelve months, the CPI and Core CPI increased 0.8% and 1.6%, respectively, on an unadjusted basis. The recent low level of inflation has raised concerns related to the Federal Reserve's plans to increase interest rates in 2015.

The Producer Price Index ("PPI"), which is generally recognized as predictive of near-term consumer inflation, decreased 0.3% in December 2014 (PPI for final demand, seasonally adjusted), after an increase of 0.2% in October and a decline of 0.2% in November. In January 2014, the BLS transitioned from the Stage of Processing to the Final Demand-Intermediate Demand (FD-ID) aggregation system. The FD-ID system captures a larger portion of the economy (including services and government purchases, of which neither was previously included in PPI measurements). The change in system limits direct comparability to prior PPI releases. The core PPI for final demand goods (excluding food and energy) increased 0.2% in December. The final demand goods PPI (excluding foods and energy) decreased 0.1% in both October and November. The final demand services PPI increased 0.2% in December, following increases of 0.5% and 0.1% in October and November, respectively. On an unadjusted basis, the twelve-month change in the final demand PPI was 1.1%.

#### Retail Sales and Personal Consumption

According to the Census Bureau of the U.S. Department of Commerce, the advance estimates of U.S. retail and food service sales (adjusted for seasonal, holiday, and trading-day differences) for December 2014 declined 0.9% from the previous month but increased 3.2% relative to December 2013. Core retail and food service sales (which exclude motor vehicles & parts) declined 1.0% relative to November 2014 and increased 1.9% relative to December 2013. In the fourth quarter of 2014, retail and food service sales increased 0.1% relative to the third quarter of 2014 and were 4.1% above the level observed in the fourth quarter of 2013. Personal consumption spending represents approximately two-thirds of total economic activity and is a primary component of overall economic growth. Real personal consumption spending increased 4.3% in the fourth quarter of 2014, following increases of 2.5% and 3.2% in the second and third quarters of 2014, respectively. According to the Bureau of Economic Analysis, durable goods purchases increased 7.4% in the fourth quarter of 2014, following increases of 14.1% and 9.2 % in the second and third quarters, respectively.

Noteworthy in the economy during 2014 was a marked decline in retail motor fuel prices. According to the U.S. Energy Information Administration, the average price per gallon of regular grade gasoline in December 2014 declined to \$2.54 from the previous year's price of \$3.28. Pricing was driven by a steep decline in oil prices resulting from increasing U.S. production and global supply. The American Automobile Association estimates that the average American household saved \$115 on gasoline in 2014 relative to 2013 with most of the savings occurring late in the year.

#### Business and Manufacturing Productivity

According to the Bureau of Labor Statistics, seasonally adjusted nonfarm business productivity, as measured by the hourly output of all persons, decreased at an annual rate of 1.8% in the fourth quarter of 2014. The productivity increase was a function of the 5.1% increase in hours worked exceeding the 3.2% increase in output. The productivity decline was contrary to economists' expectations and follows a revised 3.7% increase in productivity during the third quarter. Real hourly compensation increased 2.1% during the fourth quarter. Annual average productivity was stable in the fourth quarter of 2014 relative to the fourth quarter of 2013.

Productivity decreased 2.0% for the business sector (inclusive of farming activity) in the fourth quarter of 2014. This was the result of a 3.3% increase in output and a 5.3% increase in hours worked. Manufacturing productivity, generally more volatile in its quarterly measures, increased 1.3% during the quarter.

#### Industrial Production and Capacity Utilization

According to the Federal Reserve, seasonally adjusted industrial production decreased 0.1% in December 2014, after no change in October and an increase of 1.3% in November. Manufacturing output increased 0.3% and mining output increased 2.2%. Due to warmer-than-usual weather in December, utility output declined 7.3%. Fourth quarter production increased at an annual rate of 5.6%, following increases of 5.7% and 4.1% in the second and third quarters, respectively. In the fourth quarter, manufacturing output increased at an annual rate of 5.2%, following increases of 7.0% and 4.3% in the second and third quarters, respectively.

Seasonally adjusted capacity utilization was 79.7% in December 2014, after measures of 79.2% and 80.0% in October and November, respectively. Overall capacity in December 2014 increased 3.2% over December 2013. Capacity utilization for the fourth quarter measured 79.7%. During the second and third quarters, capacity utilization measured 79.1% and 79.3%, respectively. In November 2014, capacity utilization reached the historical average of approximately 80% (dating back to the early 1970s). High rates of capacity utilization (generally above 80%) can be a harbinger of higher inflation as incremental output becomes more difficult to achieve without higher wages and capital investment. Continuing increases in utilization measures suggest the potential for a renewal of business investment in the foreseeable future.

#### The Financial Markets

Broad market equity indices exhibited generally upward performance in the fourth quarter of 2014. Despite some losses in December, the Dow Jones recorded its sixth straight annual gain. Both the Dow Jones and the S&P reached records highs repeatedly throughout 2014. Yields on short-term U.S. Treasury securities rose during the fourth quarter, while yields on longer-term treasuries fell.

The Dow Jones Industrial Average ended the fourth quarter of 2014 at 17823.07, up 4.6% for the quarter, following gains of 2.2% and 1.3% in the second and third quarters of 2014, respectively. The Dow was up 7.5% during 2014.

The S&P 500 Index increased 4.4% during the fourth quarter to close at 2058.9, following increases of 4.7% and 0.6% in the second and third quarters of 2014, respectively. The S&P 500 was up 11.4% in 2014.

The NASDAQ Composite Index rose 5.4% during the fourth quarter to close at 4736.05, following gains of 5.0% and 1.9% in the second and third quarters of 2014, respectively. During 2014 the NASDAQ rose 13.4%.

The broad market Wilshire 5000 Index closed at 21669.86, up 4.4% for the quarter, following a gain of 4.3% in the second quarter of 2014 and a loss of 0.5% in the third quarter of 2014. It was up 10.0% during 2014. The following chart shows the relative price performance of the Dow Jones Industrial Average, S&P 500, and NASDAQ Composite Indices.

The following chart shows the relative total return performance (which includes reinvested dividends) of the Dow Jones Industrial Average, S&P 500, and NASDAQ Composite Indices.

Standard & Poor's downgrade of America's credit rating in August 2011 had the somewhat ironic effect of inspiring a rally in Treasuries as investors fled to quality, pushing down yields. The yield on ten-year Treasury securities set a historic low in 2011 before falling even further in 2012. Although ten-year yields recovered somewhat in 2013, yields declined consistently throughout 2014.

In mid-June 2013, then Federal Reserve Chairman Ben Bernanke discussed potentially slowing the rate of central bank Treasury security and mortgage-backed security purchases later in the year (widely referred to in the media as "tapering"), causing longer-term Treasury yields to increase in the third quarter of 2013. However, yields declined in late September 2013 after the Federal Reserve announced that it would not begin tapering asset purchases, but subsequently rebounded that December as the Federal Reserve announced that it would reduce its bond buying activities beginning in January 2014. Throughout 2014, longer-term yields have generally fallen. Bond prices are negatively correlated with their respective yields, which can shift abruptly due to investor reactions to major variances in reported economic data versus market expectations (e.g., expected inflation, growth, monetary policy, other Federal Reserve actions). Economists surveyed by The Wall Street Journal anticipate yields to rise over the next several years.

#### Housing market

Home building activity has traditionally been a primary driver of overall economic activity because new home construction stimulates a broad range of industrial, commercial, and consumer spending and investment. According to the U.S. Census Bureau, new privately owned housing starts were at a seasonally adjusted annualized rate of 1,089,000 units in December 2014, 4.4% above the revised November rate of 1,043,000 units, and 5.3% above the December 2013 level. The seasonally adjusted annual rate of private housing units authorized by building permits (considered the best indicator of future housing starts) was 1,032,000 units in December 2014, 1.9% below the revised November estimate of 1,052,000, but 1.0% above the December 2013 level.

According to the National Association of Realtors, existing-home sales (at a seasonally adjusted annual rate) totaled 5.04 million in December 2014, 2.4% above the November level, and 3.5% above the December 2013 level. Existing home sales have increased year-over-year for three straight months. Housing inventory stood at 1.85 million existing homes, representing approximately 4.4 months of supply at the current sales pace. The national median existing-home price increased 6.0% relative to December 2013. Distressed sales, which include foreclosures and short sales, accounted for approximately 11% of sales in December 2014, relative to 14% of home sales in December 2013.

Overall, the December 2014 data indicate that the housing market recovery has improved, though the pace of activity indicates that continuing growth is still tentative. The housing market improved considerably from the depths of the financial crisis, though it remains well below highs seen in 2005 and 2006. Going forward, slow wage growth and higher interest rates pose additional risks to the housing market recovery.

Unemployment and Payroll Jobs

According to the Labor Department's Bureau of Labor Statistics ("BLS"), the unemployment rate was 5.6% in December 2014, down slightly from 5.7% in October and 5.8% in November. Unemployment rates increased steadily throughout 2008 and into 2009, peaking at a level of 10% in October 2009. The October 2009 unemployment rate represented the highest level since 1983. The December 2014 rate is the lowest rate since June 2008 and marks a return to pre-recession unemployment levels. While the December unemployment rate is lower than rates observed over the past several years, the labor force participation rate is also lower. The last time the labor force participation was lower than its current level was 1977. As job availability increases, the labor force will likely increase due to individuals re-entering the workforce, which could lead to an increase in the unemployment rate in the short term. Economists surveyed by *The Wall Street Journal* anticipate an unemployment rate of 5.5% in June 2015 and a continued decline to 5.3% by year-end 2015.

The number of nonfarm payroll jobs increased by 252,000 in December 2014, slightly above economists' expectations. December's gain follows increases of 261,000 and 353,000 jobs in October and November, respectively. During 2008 and 2009, the economy lost nearly 8.7 million nonfarm payroll jobs. In 2014, the economy added approximately 3.0 million nonfarm payroll jobs, with the private services sector being the largest producer of jobs. Economists surveyed by *The Wall Street Journal* anticipate payroll gains of approximately 218,000 jobs per month over the next year. Population growth adds approximately 120,000 individuals to the workforce per month.

#### Monetary Policy and Interest rates

The Federal Reserve's Open Market Committee ("FOMC") lowered its target for the federal funds rate to a range of 0% to 0.25% during the fourth quarter of 2008. Target rates were held steady during 2009 and have remained unchanged through the fourth quarter of 2014. In September 2012, the FOMC announced that rates would likely stay low until mid-2015. In December 2012, the mid-2015 language was replaced with more explicit language regarding unemployment and inflationary thresholds that must be met before the target federal funds rate will be changed. The FOMC stated that the target range for the federal funds rate would remain at low levels while near-term inflation expectations do not exceed the Fed's 2% long-run goal by more than 0.5 percentage points and longer-term inflation expectations continue to be well anchored. In March 2014, the FOMC dropped its reference to a 6.5% unemployment rate as guidance, referencing the difficultly in determining the strength of the labor market amid shrinking payrolls and part-time workers seeking full-time employment, both of which exert a downward pressure on traditionally calculated unemployment figures. The FOMC stressed that it remained committed to its goal of returning to full employment, but has not set a firm definition of "full employment." The FOMC reaffirmed its commitment to full employment and 2.0% inflation in December 2014 and noted that actual and anticipated economic conditions allow the FOMC to be "patient" in its process of changing rates.

The Federal Reserve has undertaken several accommodative monetary policy actions to keep interest rates low in an effort to spur the economic recovery. Previously, those actions included the purchase of agency mortgage-backed securities and long-term Treasury securities. The December 2013 FOMC statement indicated that asset purchases would be reduced by \$10 billion (in aggregate) per month, beginning in January 2014. These reductions occurred as scheduled and the program was officially terminated in October 2014. In a December 17th press conference, Fed Chair Janet Yellen stated that the FOMC's ability to be "patient" with regards to rate changes "does not signify any change in the Committee's policy intentions as set forth in its recent statements. As before, this judgment is based on the Committee's assessment of realized and expected progress toward its objectives of maximum employment and 2 percent inflation – an assessment that is based on a wide range of information, including measure of labor market conditions, indictors of inflation pressures and inflation expectations, and readings on financial developments."

Information received by the FOMC indicated that economic growth has rebounded. The effect of fiscal policy on growth continues to diminish. The unemployment rate has declined to pre-recession levels, though

labor force participation remains low. While household spending and business fixed investment have shown improvement, the housing sector recovery has slowed in recent months. Inflation in recent periods has been lower than the FOMC's long-run objective, though long-term expectations have remained stable. The FOMC expects economic growth to continue, with projected real GDP growth in 2015 and 2016 exceeding long-run expectations. In its most recent press release, the FOMC rephrased its guidance relating to interest rate increases, indicating that the FOMC may keep the federal funds rate "below levels the Committee views as normal in the longer run," based on future economic conditions. The FOMC continued to emphasize that it will be considering broader representations of the labor market beyond the traditionally calculated unemployment rate when assessing the health of the labor market.

The following was excerpted from the Federal Reserve's December 17th press release:

Information received since the Federal Open Market Committee met in October suggests that economic activity is expanding at a moderate pace. Labor market conditions improved further, with solid job gains and a lower unemployment rate. On balance, a range of labor market indicators suggests that underutilization of labor resources continues to diminish. Household spending is rising moderately and business fixed investment is advancing, while the recovery in the housing sector remains slow. Inflation has continued to run below the Committee's longer-run objective, partly reflecting declines in energy prices. Market-based measures of inflation compensation have declined somewhat further; survey-based measures of longer-term inflation expectations have remained stable.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators moving toward levels the Committee judges consistent with its dual mandate. The Committee sees the risks to the outlook for economic activity and the labor market as nearly balanced. The Committee expects inflation to rise gradually toward 2 percent as the labor market improves further and the transitory effects of lower energy prices and other factors dissipate. The Committee continues to monitor inflation developments closely.

To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to 1/4 percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress--both realized and expected-toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial developments. Based on its current assessment, the Committee judges that it can be patient in beginning to normalize the stance of monetary policy. The Committee sees this guidance as consistent with its previous statement that it likely will be appropriate to maintain the 0 to 1/4 percent target range for the federal funds rate for a considerable time following the end of its asset purchase program in October, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored. However, if incoming information indicates faster progress toward the Committee's employment and inflation objectives than the Committee now expects, then increases in the target range for the federal funds rate are likely to occur sooner than currently anticipated. Conversely, if progress proves slower than expected, then increases in the target range are likely to occur later than currently anticipated. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.

When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent. The Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic

conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

# Damages Summary As of December 31, 2014

THE REPORT OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TWO		78,805	55,627	23,178	
		7.	5	2	
		75 and 279 \$	\$	\$	
STATE OF THE CASE OF THE		Combined Parcels 275 and 279 \$	Parcel 275	Parcel 279	
STATISTICS STATISTICS		Exhibit B			
Summary	Asset Approach:	Net asset value method			Notes:

# Holder & Strite Corporation

Valuation for Damage Purposes Asset Approach - Net Asset Value Method As of December 31, 2014

# Assets

ASSPTS	
Immoveable	
value -	5
market	2 22 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
Fair	

25,425	25,250
\$	
Special Purpose Trade Fixtures	Special Process Systems

rty
prope
personal
oveable
Ĭ

D&R relocation cost

28,130

78,805
S
Total Damages

# Notes:

#### **Holder & Strite Corporation**

Valuation for Damage Purposes Historical Income Statements

Exhibit C

		For the	Year	Ended Decer	nber 3	1.	21		5-Yr
	2010	2011		2012		2013	***************************************	2014	Avg
Revenue									
Cattle and hay	\$ 13,606 \$	35,496	\$	27,100	\$	22,350	\$	26,020	
Shop income	1,200	1,026		2,461		3,738		10,560	
Rental income	12,125	11,750		6,600		7,450		13,750	
Total revenue	\$ 26,931 \$	48,272	\$	36,161	\$	33,538	\$	50,330	\$ 39,0
Operating Expenses									
Depreciation - Op Ex	17,878	16,343		13,809		25,373		21,866	19,0
Insurance	2,208	4,985		3,935		3,387		1,138	3,1
Seeds and plants	128,626	-		-		_		_	25,7
Auto Licenses	616	-		_				-	1
Repairs and Maintenance	-	11.910		6,183		4,451		6,606	5,8
Utilities	4	995		1,640		1,502		1.515	1.1
Taxes		8,608		6,561		8,352		4,142	5,5
Miscellaneous		60		-		_		_	-,-
Small Tools		856		-		363		_	2
Telephones		2,947		3,233		3,868		3,284	2,6
Professional Fees	1,000	1,760		1,583		1,293		780	1,0
License and permits		907		499		679		472	5
Chemicals		17,531		19,666		25,035		16,637	15,7
Custom hire	-	950		300				300	3
Feed		3,027		2,494		3,570		2,976	2.4
Gas and oil		8,926		11,496		9,773		8,428	7.7
Other	<u> </u>	2,277		429		1,566		-	.,,
Labor Hired		24,025		24,025		24,455		24,455	19,3
Supplies	9	11,716		17,306		7,059		3,630	7,9
Vehicles and machinery		11,710		1,369		7,055		3,030	7,=
Hay	8	-		330		_		-	2
Hay Baling		-		1,540		500		-	4
50% meals and entertainment	-	-		32		300			4
Total Operating Expenses	149,328	117,823		116,430		121,226		96,229	120,2
Operating Income	(122,397)	(69,551)		(80,269)		(87,688)		(45,899)	(81,1
Other Income (Expense)									
Interest income	82	*		15		24		20	
Interest expense	-			-		-		(551)	(1
Gain (Loss) on disposal of assets	-	-		-		-		-	-
Rental expenses	-	-		-		-		(4,359)	(8
Total Other Income (Expense)	82			15		24		(4,890)	(9
Earnings Before Taxes	\$ (122,315) \$	(69,551)		(80,254)		(87,664)	4	(50,789)	\$ (82,1

#### Notes:

<sup>(</sup>a) Financial data from Tax Returns provided by management

Historical	<b>Balance Sheets</b>	(a)
------------	-----------------------	-----

	As of December 31,									
		2010		2011		2012		2013		2014
Current Assets										
Cash and equivalents	\$	15,000	\$	8,232	\$	12,923	\$	18,602	\$	18,329
Total Current Assets		15,000		8,232	_	12,923		18,602		18,32
Fixed Assets										
Buildings and other depreciable assets		194,514		194,514		194,514		200,821		193,18
Land		360,562		360,562		360,562		360,562		360,56
Gross fixed assets		555,076		555,076		555,076		561,383		553,75
Less: Accumulated depreciation		147,590		163,933		177,742		184,591		172,22
Net Fixed Assets		407,486		391,143		377,334		376,792		381,53
Other Assets										
Total Other Assets		.=.				- 5		- 2		-
TOTAL ASSETS	\$	422,486	\$	399,375	\$	390,257	\$	395,394	\$	399,86
Current Liabilities										
Accounts payable	\$	-	\$	_	\$	-	\$	-	\$	
Other		46,773		13,699		5,147		29,977		46,75
Total Current Liabilities		46,773		13,699		5,147		29,977		46,75
Interest Bearing and Long-Term Liabilities										
Loans from shareholders		699,847		779,347		859,067		927,038		965,51
Total Interest Bearing and Long-Term Liabilities		699,847		779,347		859,067		927,038		965,51
Total Liabilities		746,620		793,046		864,214		957,015		1,012,27
Capital Stock		1,000		1,000		1.000		1,000		1,00
Retained Earnings		(325,134)		(394,671)		(474,957)		(562,621)		(613,41
Shareholders' Equity		(324,134)		(393,671)		(473,957)		(561,621)		(612,41
TOTAL LIABILITIES AND										
SHAREHOLDERS' EQUITY	\$	422,486	\$	399,375	\$	390,257	\$	395,394	\$	399.86

Notes:

(a) Financial data from Tax Returns provided by management

## CAWTHRA CONSULTING & APPRAISALS, INC.

Professional Consultants for Commerce and Industry

#### **Summary Appraisal Report**

(Reference USPAP 8.2)

OF
HOLDER & STRITE CORPORATION
5757 PLYMOUTH SORRENTO RD
APOPKA, FL
C/O MAGUIRE LASSMAN, P.A.

Parcel No. 275

BY
CAWTHRA CONSULTING & APPRAISALS, INC
Charles E. Cawthra III, ASA

FOR
Raymer F. Maguire III
605 E. Robinson Street, Ste. 140
Orlando, FL 32801

As of: DECEMBER 10, 2014

(Last Day of Field Inspection)

File No 12102014 Fractional Technical Report







February 12, 2015

Raymer F. Maguire, III, Esquire Maguire Lassman PA 605 E. Robinson Street, Suite 140 Orlando, Florida 32801

Subject: SR 429 (Wekiva Parkway) – Parcel 275

Holder & Strite Corporation Preliminary Engineering Report

Dear Mr. Maguire:

MEI Civil, LLC (MEI) has completed a preliminary analysis of the impacts that the proposed SR 429 (Wekiva Parkway) construction project in Orange County will have on the subject property and business operations. MEI has conducted several site visits and reviewed the Construction Plans for Section 2B, dated February 12, 2014 prepared by Atkins North America, Inc.

The Central Florida Expressway Authority (CFEA), previously known as Orlando-Orange County Expressway Authority, project is proposing to construct the connecting link to complete the by-pass around downtown Orlando, as authorized by the 2004 Wekiva Parkway Legislation. This segment, Section 2B, is located north of Apopka near Sorrento and is a new section of road. Section 2B begins south of Ondich Road and continues northwest toward Mt. Dora. The segment includes an interchange just north of Ondich Road that connects to SR 429 headed east.

Specifically, the roadway project in the vicinity of the subject property includes the construction of a new four (4) lane divided rural expressway that is elevated and has a two (2) lane entrance and two (2) lane exit ramp for a total of eight (8) lanes. The improvement/widening is proposed to bisect the subject property and take the family homeplace, a garage building next to the homeplace, a portion of barns, and climate controlled equipment storage building.

#### **Before Taking Conditions**

The subject property is located on Plymouth-Sorrento Road, about two miles south of the intersection of CR 46 in Sorrento and approximately 1.4 miles north of West Kelly Park Road in Apopka. It is situated between Haas Road to the south and Boch Road to the north. The address of the subject property is 6229 and 6251 Plymouth-Sorrento Road, Apopka, Florida 32712. The subject property is generally rectangular in shape, however it has a narrow access connection to Boch Road. The property is approximately 52.737 acres. The subject property has frontage of approximately 1,630 feet along Plymouth-Sorrento Road, 1,453 feet along Haas Road, and 14.58 feet along Boch Road. Full access to the subject property is provided by one (1) gravel/dirt drive with a remote controlled, 16 foot wide gate connected to Plymouth-Sorrento Road. It is the main driveway access to the subject property; however,

Raymer Maguire, III, Esq. February 12, 2015
Page 2 of 7

there is also a gated driveway that connects to Haas Road. The existing use of the subject property is for hay farming and raising cattle. The Owner discussed the cattle and hay business in the enclosed "Estimated Hav Costs for the 2014-2015 Season" as follows. "our company grows hay for the express purpose of both a guaranteed winter food source for our livestock and a product to be sold. The hay product is grown in an area commonly described as a Hay Field or Field. For the purpose of this document these fields are approximately 5 to 10 acres in size." The fields are configured to enable the hay and cattle to be kept in separate areas. There are internal unpaved roads, fences, and gates throughout the subject property that are used to manage the cattle and also transport the hay and equipment without using public roads. The internal roads connect the various fields and allow the farm equipment and cattle to travel from field to field internally. This ability to access different areas of the property internally allows the business to be very efficient. Time is saved by eliminating dealing with traffic on the adjacent busy roadways. The hay can be moved to the hay storage barns on trailers that are not for use on public roadways. The trailers can be loaded with more hay than if they were to be driven on public roadways, all of which saves time and makes the farm easier to manage. Also, the cattle can be moved by opening and closing gates so that they can walk to a new field. This is much less traumatic for the cattle than being forced into a cattle carrier and driven to a new field. It also allows for the whole herd to be moved at the same time, instead of piecemeal in the cattle carrier. This saves time and also makes the farm easier to manage.

The subject property is the home of some multi-generational Holder/Strite family members and has been in the family for generations. There is one residence (Strite home) on the subject property; it is over 100 years old and still serves as the family home. Adjacent to the home is a 4-bay garage. There are two (2) wells near the home. The well on the east side of the Strite house was connected to a water storage tank that is elevated 30 feet. This water tank provided water for the home during the first half of the life of the home. Modifications, upgrades, and additional wells now bypass the old water storage tank facility. Near the northwest corner of the subject property are the barn structures. At the east end of the barns, there is a climate controlled concrete block equipment storage building, covered fuel storage building, a workshop area, and a farm equipment storage area that is approximately two (2) stories in height. There is a third well that is located in the barn area adjacent to the concrete block building. According to the Owner, there is an underground water piping system that connects the well at the barn area with the well on the west side of the Strite house. Spur/feeder lines then branch from the main water line and head south toward the fields. These feeder lines and dual water supply provide the needed water source for the existing cattle operation on the south portion of the site.

There is a power line above the woods along Plymouth-Sorrento Road. The area around the barns and home is also wooded. The woods provide a buffer from Plymouth-Sorrento Road and some security/privacy for the subject property. There is one (1) small natural spring on the subject property, which, according to the Owner, flows continuously even during drought conditions. When there is a power outage, this spring provides a water source for the cattle without water needing to be pumped from a well. The subject property is divided by both barbed wire and field/woven wire fencing with gates that allow for access into hay fields and cattle grazing areas. There is a narrow fenced and gated corridor that connects the Holder property to the Howell property to the east. This corridor allows the

Raymer Maguire, III, Esq. February 12, 2015 Page 3 of 7

movement of cattle and hay between the properties internally without exiting onto a public roadway. All of the farming activities are conducted on-site without having to utilize any public roadways. The hay barns can be accessed from the parent tract and also from the adjacent properties via a series of internal unpaved roadways. The workshop area houses equipment used to repair and construct equipment used in the hay farming business. Some of the equipment needed is specialized to this farm at this location and is not generally available at farm equipment stores. When a need arises, the piece of equipment is handmade in the workshop. This includes specialized equipment for moving hay bales or rolls with a tractor or forklift. Also, customers that purchase hay can access the hay barns with their trucks and trailers using the internal stabilized gravel road.

Based on the drainage maps within the CFEA construction plans and USGS information, the subject property's topography varies from an approximate elevation of 140 feet along Plymouth-Sorrento Road to an approximately elevation of 90 feet to the east. The fall in topography fluctuates throughout the subject property and is not a consistent drop in elevation. In general, the subject property's topography consists of a high point/divide line generally located in the middle of the subject property and south of a natural spring. That high point/divide line separates drainage patterns into north and south basins on-site. The drainage from the northern portion of the subject property generally flows south southeasterly to a natural spring area. This natural spring flows easterly to a sinkhole located on the adjacent property. According to the Owner, this spring has always flowed, even during drought conditions. The drainage from the southern portion of the subject property generally flows west to east to a sinkhole located near the eastern property line in the southeast corner of the property. Around the sinkhole area, the elevations are steeper than on the rest of the property. The sinkhole area is grassy without the appearance of standing water. Please note that elevations are approximate and subject to a topographic survey being obtained.

#### Area of Take

CFEA is taking Parcel 275 from the subject property. Parcel 275 contains approximately 17.888 acres, is irregular in shape, and sweeps through the center of the subject property. The take extends from the western property line along Plymouth-Sorrento Road to the northeast ending at the eastern property line. The dimensions of the take are 783.59 feet in length along western property line, then extending 1,445.34 feet to the northeast, then 360.02 feet along the eastern property line and then extending 1,629.04 feet to the southwest. Parcel 275 bi-sects the subject property leaving remainders to the north and the south of the taking.

#### Existing Improvements within the Area of Take

At the time of this preliminary report, there are no right-of-way maps available for the project. The items in the take will be confirmed once the right-of-way maps are made available. The area of take for Parcel 275 contains the Strite residence, adjacent garage, two (2) wells, water piping from the wells to the barn area, a portion of the barns and adjacent concrete

Raymer Maguire, III, Esq. February 12, 2015 Page 4 of 7

block building, access roads, fencing, and gates. A more detailed listing and the costs associated with the improvements will be provided by others.

#### **After Condition**

In the after condition, there is a large interchange just west of Plymouth-Sorrento Road and north of Ondich Road. This interchange allows north-south traffic to go east toward Sanford, and east-west traffic from Sanford can go north-south. There is no access to Plymouth-Sorrento Road from the new roadway at this interchange. However, there is an exit from the Wekiva Parkway to West Kelly Park Road which allows vehicles to exit the Parkway and turn on Plymouth Sorrento Road.

In this area, in addition to the Wekiva Parkway, there is an on-ramp (Ramp M) to the south of the roadway and an off-ramp (Ramp L) to the north of the roadway. These ramps increase the width of the new roadway so the taking increases from 360 feet to 783 feet as it passes east to west through the Holder property. There will be two maintenance access driveways on Plymouth-Sorrento Road that will provide access to the limited access area north of Ramp L and between Ramp M and Wekiva Parkway.

The height of the roadway/Ramp L along the north remainder parcel will vary from approximately 24.5 feet at Plymouth-Sorrento Road to 5.5 feet above existing ground near the east property line. There is a retaining wall beginning at Plymouth-Sorrento Road and extending to the east for approximately 900 feet, ending approximately 560 feet west of the east property line. Ramp M, which is adjacent to the south remainder parcel, will vary in height from 28 feet at Plymouth-Sorrento Road to 5.5 feet above existing ground as the roadway approaches the east property line. The roadway to the north of Ramp M will vary in height from 32 feet near Plymouth-Sorrento Road to 7 feet above existing ground where the ramp merges into to the roadway. There is also a retaining wall that extends from Plymouth-Sorrento Road east for approximately 800 feet, ending approximately 760 feet west of the east property line.

The subject property will be bisected into two (2) remainder parcels. The north parcel will contain approximately 331,884 square feet (7.619 acres) and the south parcel will contain approximately 1,186,138 square feet (27.23 acres). The north parcel will contain the remaining barns, equipment storage area, and fuel storage area and the remaining water well. The south remainder will contain the remaining cattle grazing fields and hay fields. The entrance driveway along with fence and gate is located in the taking. The north remainder has no connection to Plymouth-Sorrento Road and has no internal access to the south remainder property. The new expressway will eliminate all existing on-site ingress/egress between the two remainders in addition to severing all water supply sources to the south remainder property.

The drainage from the northern remainder will be collected by a drainage ditch inside and parallel to the new right-of-way and conveyed easterly off-site. As for the southern remainder, drainage is collected from approximately 640 feet of Plymouth-Sorrento Road and piped east to a drainage structure located between the roadway and Ramp M. This drainage structure also collects runoff from approximately two acres of side slope north of

Raymer Maguire, III, Esq. February 12, 2015 Page 5 of 7

Ramp M and south of the Wekiva Parkway. From this drainage structure, drainage is diverted south to an outfall point on the south side of Ramp M and directed to the southern remainder. The outfall to the south is fabric-formed concrete riprap approximately 1 foot deep. Once the basin formed by the riprap is filled up, the water overflows the structure and discharges south onto the Holder remainder. Also, the runoff from approximately 2.7 acres of side slope on the south side of Ramp M will drain via overland flow onto the southern remainder.

The impacts to the business operations will include:

- The loss of the ability to move tractors, trailers, and other farm equipment from the equipment storage area to the southern hay fields via internal roads. The equipment will have to be driven on busy public roads to access the hay fields. Utilizing public roads will increase the time required to access the remaining hay fields. The movement of equipment on public roads is a safety hazard for both the equipment driver and the drivers of vehicles on the public roads.
- The loss of the ability to move the hay bales and rolls from the fields to the covered hay storage barn using internal roads. Currently the hay bales and rolls are loaded onto a trailer and moved to covered hay storage barns adjacent to the equipment storage area. Keeping the hay bales and rolls in a covered storage area preserves the integrity of the hay bales and rolls, allowing them to be sold for a higher price. In the after condition, the hay bales will have to be transported via public roads to the hay storage barns. The hay will have to be loaded more carefully to prevent any falling off the trailer during transport. The transport of the hay products will become more time and personnel intensive. Transporting these products on public roads also increases the danger to both the driver of the hay trailer and drivers on the public road.
- Increased cost of tires for farm equipment that normally doesn't utilize paved roads.
   Traveling between fields on public roads increases wear and tear on the soft tires of the farm equipment.
- Increased time needed to transport products and equipment using busy public roads. The farm equipment will have to wait for an appropriate opening in traffic to allow them to enter and exit the roadway. Plymouth Sorrento Road is already very busy and will continue to be so. With the exit from Wekiva Parkway to West Kelly Park Road, it is a short distance to Plymouth Sorrento Road which connects to Sorrento. Waiting to enter or exit the road will increase the time and tie up equipment and personnel for longer periods of time than what is currently expended for transport.
- The loss of the ability to move cattle to different grazing fields via internal roads. Currently the cattle are walked from field to field using internal roads. The internal roads allow the cattle to walk to the new field by opening and closing a series of gates. After the taking, the cattle will have to be loaded onto a cattle carrier and driven to the new field. This will require more time and trips to move the cattle. Herding the cattle and forcing them into the cattle carrier will also be more traumatic to the cattle. It will also be a safety issue for the both the driver of the cattle carrier and the other drivers on the busy public roads that they will be using.
- The climate controlled building contains machinery and materials used for repairing or modifying farm equipment for use on this farm. It is currently adjacent to the

equipment / tractor storage area and the hay storage barns. Loss of this building will require replacing it in the vicinity of the equipment / tractor storage area. This area has limited room for the replacement building due to the replacement of the entrance driveway and maneuvering area for customers entering the property to purchase hay.

- The more heavily used internal roads around the equipment / tractor storage area have been stabilized with gravel. These roads have plenty of room for equipment and trailers to maneuver, allowing hay from the fields to be stored in the hay barns and also loading purchased hay onto customer's trailers. These roads are in the taking and the roads used by the equipment after the taking will require the same stabilization.
- The area surrounding the hay storage barn is much smaller and once a new driveway is constructed, the area available for access roads around the hay storage barns will be much less than in the before condition.
- The entrance road and gate off Plymouth Sorrento Road are in the taking. A new entrance road will have to be constructed and the gate replaced. The existing road and gate are positioned well south of the equipment and hay storage barns. The placement of the entrance road and the vegetative buffer along Plymouth Sorrento Road were intentional to provide security for the equipment and hay storage barns. After the taking, the available location for a new road and gate is much closer to the hay storage and equipment areas and will not provide the same amount of security.
- The entrance road and parking / drive areas adjacent to the hay storage barn allow customers to pull in and have the hay loaded on their vehicles or trailers easily. In the after condition that easy circulation for customers will be eliminated and cannot be replaced. Therefore, it will be more difficult to deliver the hay to the customer. If a customer pick-up area is constructed in the southern remainder, the hay would have to be transported from the hay storage barns, via public roads, requiring more time and effort for a customer to purchase hay.
- The current circulation roads around the hay and equipment storage areas are in the taking. The remainder has limited space to replace this circulation, which may affect the location of the equipment storage and maintenance area in the after condition.
- There are three established wells that are connected with a piping system. Two wells are near the Strite house and are in the taking. The third well is near the equipment storage area and may be in the taking. These wells are connected by a piping system and provide water for the cattle, Strite house, and other uses on the property. Two of these wells are in the taking along with the piping system. Replacement wells would have to be drilled to provide water to the southern remainder for the cattle and other uses. Drilling wells may require permits that have jurisdiction over the uses and amount of water pumped by the wells. Obtaining permits will require time and paying fees and there will be costs to drill the new wells.
- There is electric service to the Strite house, well pumps and equipment storage area.
   This service is in the taking and will have to be re-established for both the northern and southern remainder.
- A portion of the fences and gates that make up the internal road system are in the taking. The remaining fences and gates will have to be reconfigured to fit the southern remainder.

Raymer Maguire, III, Esq. February 12, 2015 Page 7 of 7

Based on the analysis of the impacts the taking will have to the property, the Holder – Strite Corporation will have many challenges to overcome in order to continue business at this location. There is no cure that can be implemented on-site to lessen or eliminate most these impacts. Many of these challenges are listed above and a cost analysis will need to be done to determine if the business can overcome the impacts of the taking.

This is our assessment based on current construction plans and other pertinent information. This report will be revised to reflect any changes to existing construction plans and/or site conditions and if new or additional information becomes available that may affect the parcel.

Sincerely,

MEI Civil, LLC

Glena S. Morris, P.E.

Principal

Encl: Location Map

Site Aerial Flood Map

**USGS** Quad Map

lana KMarus

Preliminary Before Condition Preliminary Area of Take

Preliminary Overall Uncured Remainder

Preliminary Uncured Remainder

Estimated Hay Costs for the 2014-2015 Season

PARCEL 275 SR 429 (WEKIVA PARKWAY) ORANGE COUNTY, FLORIDA



SECTION 6, TOWNSHIP 20 SOUTH, RANGE 28 EAST

LAT.- 28°46'28" LONG. - 81°33'26"

## **USGS QUAD MAP**

SOURCE: USGS QUADRANGLE SORRENTO, FLORIDA



PARCEL 275 **SR 429 (WEKIVA PARKWAY) ORANGE COUNTY, FLORIDA** 

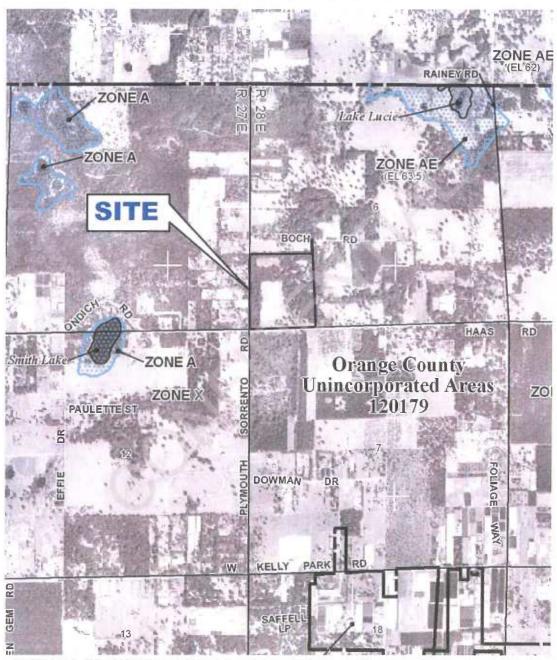


SECTION 6, TOWNSHIP 20 SOUTH, RANGE 28 EAST LAT. - 28°46'28" LONG. - 81°33'26"

## SITE AERIAL



# PARCEL 275 SR 429 (WEKIVA PARKWAY) ORANGE COUNTY, FLORIDA



SECTION 6, TOWNSHIP 20 SOUTH, RANGE 28 EAST

LAT.- 28°46'28" LONG. - 81°33'26"

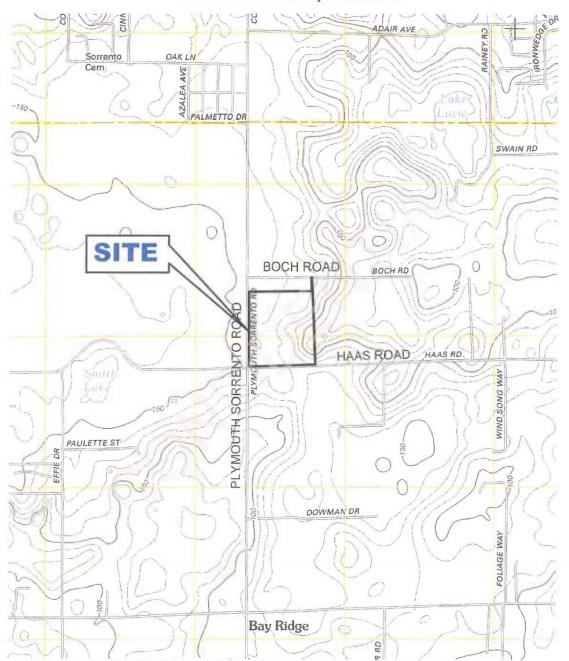
#### FLOOD MAP

SOURCE: FEMA FIRM PANEL 50 OF 750 (MAP No.12095C0050F DATED 09/25/09)



#### PARCEL 275

# SR 429 (WEKIVA PARKWAY) ORANGE COUNTY, FLORIDA



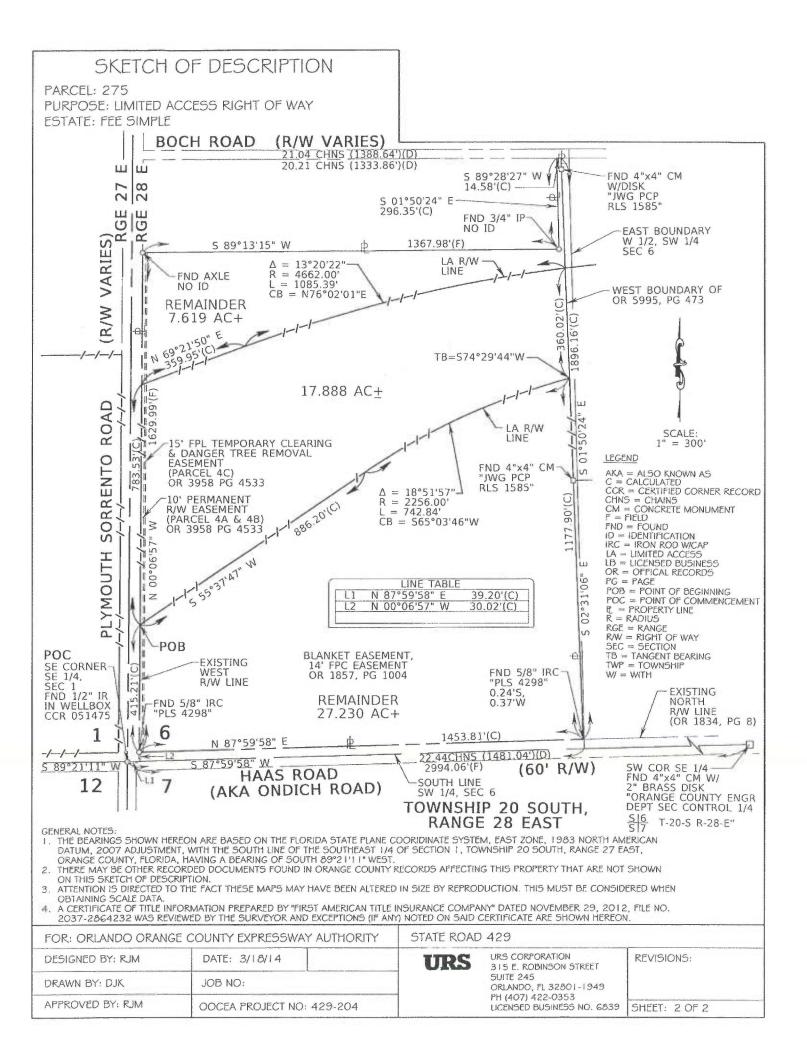
SECTION 6, TOWNSHIP 20 SOUTH, RANGE 28 EAST

LAT.- 28°46'28" LONG. - 81°33'26"

### **USGS QUAD MAP**

SOURCE: USGS QUADRANGLE SORRENTO, FLORIDA



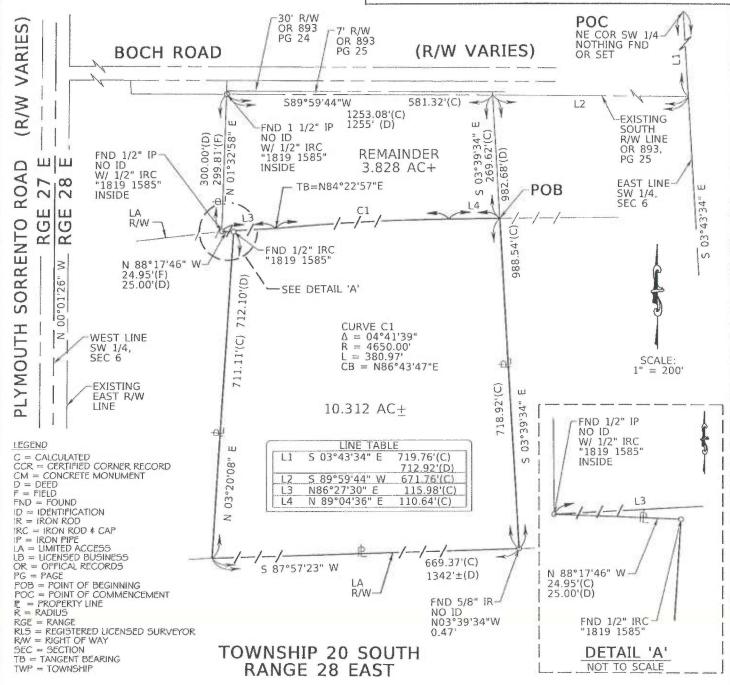


#### SKETCH OF DESCRIPTION

PARCEL 279

PURPOSE: LIMITED ACCESS RIGHT OF WAY

ESTATE: FEE SIMPLE



#### GENERAL NOTES

1. THE BEARINGS SHOWN HEREON ARE BASED ON THE FLORIDA STATE PLANE COORIDINATE SYSTEM, EAST ZONE, 1983 NORTH AMERICAN DATUM, 2007 ADJUSTMENT, WITH THE WEST LINE OF THE SOUTHWEST 1/4 OF SECTION 6, TOWNSHIP 20 SOUTH, RANGE 27 EAST, ORANGE COUNTY, FLORIDA, HAVING A BEARING OF NORTH 00°01'26" WEST.

2. THERE MAY BE OTHER RECORDED DOCUMENTS FOUND IN ORANGE COUNTY RECORDS AFFECTING THIS PROPERTY THAT ARE NOT SHOWN ON THIS SKETCH OF DESCRIPTION.

3. ATTENTION IS DIRECTED TO THE FACT THESE MAPS MAY HAVE BEEN ALTERED IN SIZE BY REPRODUCTION. THIS MUST BE CONSIDERED WHEN OBTAINING SCALE DATA.

4. A CERTIFICATE OF TITLE INFORMATION PREPARED BY "FIRST AMERICAN TITLE INSURANCE COMPANY" DATED OCTOBER 18, 2012, FILE NO. 2037-2840301 WAS REVIEWED BY THE SURVEYOR AND EXCEPTIONS (IF ANY) NOTED ON SAID CERTIFICATE ARE SHOWN HEREON.

FOR: ORLANDO ORANGE COUNTY EXPRESSWAY AUTHORITY		STATE ROAD 429		
DESIGNED BY: RJM	DATE: 3/18/14	URS	URS CORPORATION 315 E. ROBINSON STREET SUITE 245 ORLANDO, FL 32801-1949 PH (407) 422-0353 LICENSED BUSINESS NO. 6839	REVISIONS:
DRAWN BY: DJK	JOB NO:			
APPROVED BY: RJM	OOCEA PROJECT NO: 429-204			SHEET: 2 OF 2