



CENTRAL FLORIDA EXPRESSWAY AUTHORITY

MEMORANDUM

TO: Right of Way Committee Members
Central Florida Expressway Authority Board Members

FROM:  Joseph L. Passiatore, General Counsel
 Linda S. Brehmer Lanosa, Deputy General Counsel

DATE: May 22, 2015

RE: *Central Florida Expressway Authority v. Mattamy Homes USA*, Parcel 104
Location: Southwest Quadrant of the S.R. 528 / S.R 417 Interchange
Size of Acquisition: 2.77 acres plus Temporary Construction Easement

CFX staff has been negotiating with Mattamy Homes U.S.A. for the acquisition of a 2.77-acre parcel located generally at the southwest quadrant of the S.R. 528 / S.R 417 Interchange, as part of pre-acquisition process for the multi-modal corridor.

This matter is being brought to the Committee at the direction of the Executive Director because of the time constraints attached to the counteroffer and the development schedule and ongoing construction work of the property owner.

Attached please find a ten-page email string which outlines the negotiations for this parcel and a draft appraisal report dated May 18, 2015.

If approved by the Committee and the Board, the transaction will proceed to closing on May 29, 2015, for the all-inclusive purchase price of \$3.5 million.

This matter has been scheduled for an emergency session with the Board on Thursday, May 28, 2015, at 8:30 a.m.

cc: Laura Kelley, Executive Director

Joe Passiatore

From: Kent L. Hipp <Kent.Hipp@gray-robinson.com>
Sent: Thursday, May 21, 2015 5:38 PM
To: Linda Lanosa
Cc: Tom McCarthy; Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore; Rachael M. Crews; Jim Leiferman (Jim.Leiferman@mattamyhomes.com)
Subject: RE: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - COMMUNICATIONS IN AID OF SETTLEMENT

Linda,

Per our call of just now, this will confirm that Jim Leiferman authorized me to convey to CFX that Mattamy will agree to drop the sound wall and indemnification requirements (items 3 and 4 in my below email) but he cannot change either the overall price of \$3,500,000 or the May 29th deadline for the reasons we discussed during our call. If CFX can meet those 2 requirements then we have a deal.

You indicated that you thought the time requirement could be met, so to me it comes down to whether CFX staff believes that a deal that is approximately 10% over its appraisal (inclusive of all attorney's fees, experts' fees and costs) is a good deal. It would be hard for me to believe that staff wouldn't agree to recommend that. Moreover, the real question should be whether CFX will be able to complete this acquisition in the future condemnation case for that amount or less. I believe that everyone involved in this matter for both parties knows that that will not be the case for a number of reasons – not the least of which is that the Mattamy property will be developed before CFX can take the property. Thus, all of the appraisers will be estimating damages to improved homes rather than vacant lots. That said, we will look forward to hearing from you either way.

Best regards,
Kent

Kent L. Hipp | Shareholder
GRAY | ROBINSON

301 East Pine Street, Suite 1400 | Orlando, Florida 32801
T: 407-843-8880 | **F:** 407-244-5690
[E-mail](#) | [Website](#) | [Bio](#) | [vCard](#)

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From: Linda Lanosa [mailto:Linda.Lanosa@CFXWay.com]
Sent: Thursday, May 21, 2015 4:56 PM
To: Kent L. Hipp
Cc: Tom McCarthy; Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore; Rachael M. Crews; Jim Leiferman (Jim.Leiferman@mattamyhomes.com)
Subject: RE: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - COMMUNICATIONS IN AID OF SETTLEMENT

Kent,

CFX staff is unable to recommend acceptance of Mattamy's counteroffer at this time. As a result, the item did not make the agenda for the May 27th Right-of-Way Committee meeting. Nevertheless, if your client will accept CFX's oral offer, please advise and we will seek approval to send out a supplement to the agenda.

We seriously appreciate the dialogue with Mattamy's representatives and remain hopeful that discussion will lead to an amiable resolution in relatively short order.

Linda

.....
Linda Brehmer Lanosa
Deputy General Counsel

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
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(f) 407.690.5034
Linda.Lanosa@cfxway.com

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From: Kent L. Hipp [<mailto:Kent.Hipp@gray-robinson.com>]
Sent: Thursday, May 21, 2015 11:28 AM
To: Linda Lanosa
Cc: Tom McCarthy; Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore; Rachael M. Crews; Jim Leiferman (Jim.Leiferman@mattamyhomes.com)
Subject: Re: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - COMMUNICATIONS IN AID OF SETTLEMENT

Linda,

Other than my last email - do you need anything from Mattamy to get on the agenda and go to the Right-of-way Committee? Please advise.

Thanks for your continued efforts.
Kent

Sent from my BlackBerry 10 smartphone.

From: Kent L. Hipp

Sent: Thursday, May 21, 2015 8:02 AM

To: Linda Lanosa

Cc: Tom McCarthy; Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore; Rachael M. Crews; Jim Leiferman (Jim.Leiferman@mattamyhomes.com)

Subject: RE: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - COMMUNICATIONS IN AID OF SETTLEMENT

Linda,

This will confirm our communications of yesterday and set the ground for the settlement of this matter.

During our first call of late yesterday afternoon you provided me with CFX's oral settlement offer as follows:

1. CFX to pay Mattamy \$3,120,000 plus attorney's fees, expert fees and costs for the proposed approximately 3 acre taking inclusive of all severance damage and other claims that could be made for the taking except for the attorney's fees, experts' fees and costs. You indicated that the figure was based upon appraiser Woody Hanson's verbal indication of the amount of his forthcoming appraisal. You also indicated that the offer was contingent upon all of the following items:
2. Agreement on all attorney's fees, experts' fees and costs or a total global settlement number inclusive of those fees and costs;
3. Mattamy to provide CFX with a Quit Claim Deed for the approximately 50 feet of acknowledged encroachment area where a portion of Mattamy's existing retention pond berm sits;
4. Mattamy to agree to cooperate in CFX's efforts to obtain a utility subordination from FP&L for the existing power line easement;
5. Mattamy to grant CFX a Temporary Construction Easement over the portion of the existing Mattamy retention pond that is not within the 3 acres being acquired in fee by CFX;
6. Agreement contingent upon CFX receipt of appraiser Woody Hanson's appraisal report (please email me a copy of this report upon your receipt of same);
7. Agreement contingent upon CFX Right-of-Way Committee approval; and
8. Agreement contingent upon CFX full Board approval.

In response, and during our second call, I advised you that Jim on behalf of Mattamy authorized me to provide you with his bottom line response as follows:

1. CFX to pay Mattamy a global settlement amount of \$3,500,000 inclusive of all claims that Mattamy could make for the taking of the 3 acres AND inclusive of ALL attorney's fees, experts' fees and costs and Mattamy agrees to items 3-8 above contingent upon the following items which are absolute:
2. Payment MUST be RECEIVED by Mattamy by close of business on Friday, May 29, 2015. If this condition is not met the deal is voided and none of the contents of the deal may be used by either party in future proceedings;
3. CFX/AAF to build an appropriate sound wall at the northern edge of the taking parcel as part of its project (the distance to be covered appears to be about 900 feet from Mattamy's western property line to the existing conservation area). Like the I-4 project and other major infrastructure projects abutting existing residential communities the AAF

project may already have this incorporated but we could not tell from our quick review of the project materials available on-line. If it is not already included in the project, it will be a de minimis expense to add it in the context of the overall AAF project; and

4. CFX to indemnify Mattamy from any fees or costs from Thorpe Early who apparently was an intermediary retained earlier by CFX or its outside counsel to attempt to broker a settlement deal between CFX and Mattamy on the previously proposed 12 acre taking. Jim was not in charge of this matter for Mattamy and my firm and I had not yet been retained so that is all of the information that we have at this time.

I believe that covers everything for now. We thank all of you for your efforts to date and stand ready to assist in the preparation of the appropriate settlement documents (Purchase Agreement, Fee Simple Deed for the 3 acres, Temporary Construction Easement, Quit Claim Deed for the encroachment area, etc.) and otherwise also stand ready to assist in completing all of the above necessary steps to timely complete this deal.

Best regards,
Kent

Kent L. Hipp | Shareholder
GRAY | ROBINSON

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T: 407-843-8880 | **F:** 407-244-5690
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From: Linda Lanosa [<mailto:Linda.Lanosa@CFXWay.com>]

Sent: Wednesday, May 20, 2015 1:25 PM

To: Jim Leiferman; Kent L. Hipp

Cc: Tom McCarthy; Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hcollins@kcgcorp.com); Joe

Passiatore; Rachael M. Crews

Subject: RE: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - Communication in aid of Settlement

Kent,

Are you available for a telephone conference this afternoon? If so, when and what number shall I call?

Linda

From: Jim Leiferman [<mailto:Jim.Leiferman@mattamyhomes.com>]

Sent: Monday, May 18, 2015 7:06 PM

To: Kent L. Hipp; Linda Lanosa

Cc: Tom McCarthy; Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore; Rachael M. Crews

Subject: Re: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - Communication in aid of Settlement

Kent/Linda

I will be in meetings or traveling the bulk of the day tomorrow but will try to make myself available to the extent practical. There doesn't seem to be much in the way of a sense of urgency from my perspective unless pushing a potential offer from the Authority to the last possible day is some rookie negotiating ploy? We burned 50% of the time remaining before an agreed to offer would go on the public notice for the next agenda for the Right-of-Way Committee meeting answering requests for a "clearer" plat document and responding to queries regarding legal fees.

Best

Jim Leiferman
President - Mattamy Homes USA
1900 Summit Tower Blvd., Suite 500
Orlando, FL. 32810

Office - (407) 599-2228

Cell - (407) 810-1921

On May 18, 2015, at 4:32 PM, Kent L. Hipp <Kent.Hipp@gray-robinson.com> wrote:

Linda,

Please make an offer to Mattamy for what CFX believes is the appropriate compensation amount based on what it knows at this time. Has Woody Hanson provided you with his estimated compensation amount so that you can make an offer? I thought that was the reason we had the meeting with your experts.

Again, I am sure that if we are able to reach consensus between CFX and Mattamy - we can resolve the fee and cost items.

Thanks,
Kent

Kent L. Hipp | Shareholder
GRAY | ROBINSON

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From: Linda Lanosa [<mailto:Linda.Lanosa@CFXWay.com>]

Sent: Monday, May 18, 2015 3:59 PM

To: Kent L. Hipp

Cc: Jim Leiferman (Jim.Leiferman@mattamyhomes.com); Tom McCarthy (Tom.McCarthy@mattamyhomes.com); Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore

Subject: RE: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - Communication in aid of Settlement

Kent,

Thank you for agreeing to negotiate with CFX without a finished appraisal report and without an official first written offer. I don't think that CFX can agree to base attorney's fees on a draft of an appraisal report that has not been reviewed. When there is no official first written offer and the parties are able to reach a resolution as to full compensation with the owner, what do you typically expect in attorney's fees? Do you base fees on the number of hours times a reasonable hourly rate? Or, do you make all-in offers?

Linda

From: Kent L. Hipp [<mailto:Kent.Hipp@gray-robinson.com>]

Sent: Monday, May 18, 2015 2:08 PM

To: Linda Lanosa

Cc: Jim Leiferman (Jim.Leiferman@mattamyhomes.com); Tom McCarthy (Tom.McCarthy@mattamyhomes.com); Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore

Subject: RE: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - Communication in aid of Settlement

Linda,

Thank you for your email. I have discussed this matter with Jim and we agree that the Authority should provide us with an offer – oral or in an email – it doesn't matter to us. Last week Woody Hanson advised us during our Joint Meeting that he would have his appraisal report submitted early this week. I have known and worked with and against Woody for 25 years. I am quite certain that he has or could disclose his approximate appraisal opinion to the Authority and that CFX can make its offer to Mattamy on that basis - even without having Woody's full formal written report in hand and reviewed. We will agree to base the statutory attorney's fee on whatever amount Woody's appraisal report estimates. In this fashion, the amount paid by CFX and received by Mattamy is the issue and the attorney's fee is not. We also have some expert fees which we will need to address but Jim is confident that all of the fee and cost issues can be resolved if the compensation and timing issues are resolved.

Finally, as we reviewed in detail at our meetings – while we are working under a tight time constraint based upon Mattamy's fiscal year end - there are clearly benefits to BOTH parties if this matter can be timely completed. To that end, we look forward to continuing our efforts with you and receiving the offer and, soon after that, the appraisal that Woody said would be submitted.

Thanks and
Best regards,
Kent

Kent L. Hipp | Shareholder
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From: Linda Lanosa [<mailto:Linda.Lanosa@CFXWay.com>]
Sent: Monday, May 18, 2015 12:40 PM
To: Kent L. Hipp
Cc: Jim Leiferman (Jim.Leiferman@mattamyhomes.com); Tom McCarthy (Tom.McCarthy@mattamyhomes.com); Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com); Joe Passiatore
Subject: RE: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - Communication in aid of Settlement

Kent,

Thank you and your client for meeting with us. We appreciate the opportunity to have an open dialogue with you. Would you consider any other forms of negotiation besides the issuance of a written offer? For example, given your client's time constraints, would you and your client consider oral negotiations involving price before an appraisal report is completely written and reviewed?

I understand that your concern may be one of attorney's fees, which are based on the first written offer. Is there any other means of addressing your attorney's fees that would allow the parties to discuss full compensation for the property owner without having to wait for a completed appraisal report and tendering a first written offer?

Thank you for your consideration.

Linda

.....
Linda Brehmer Lanosa
Deputy General Counsel

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From: Kent L. Hipp [<mailto:Kent.Hipp@gray-robinson.com>]
Sent: Sunday, May 17, 2015 10:48 PM
To: Linda Lanosa
Cc: Jim Leiferman (Jim.Leiferman@mattamyhomes.com); Tom McCarthy (Tom.McCarthy@mattamyhomes.com); Keeter, Deborah D; Laura Kelley; Woody Hanson; Hal Collins (hhcollins@kcgcorp.com)
Subject: CFX/AAF proposed acquisition from Mattamy Homes/ Randal Park residential development property - Communication in aid of Settlement

Linda,

As a follow up to our meetings with you and the CFX/AAF team and consultants, I want to express Mattamy's gratitude for CFX's efforts to expedite this matter.

I also want to confirm to you that Mattamy has now been advised by its title insurer that the property in the attached 1966 deed does belong to CFX and not Mattamy.

Finally, and perhaps most importantly, as we discussed, in order to have a chance at making our schedule we will need to receive the Authority's written Offer and appraisal early this week – please confirm that will happen. Again, Mattamy commits to providing you with its response within 24 hours of receipt of the offer from CFX.

We look forward to hearing from you and continuing our efforts towards an amicable and mutually beneficial resolution to this matter.

Thanks and
Best regards,
Kent

From: Keeter, Deborah D [<mailto:Deborah.Keeter@atkinsglobal.com>]
Sent: Tuesday, May 12, 2015 7:35 AM
To: Kent L. Hipp
Cc: Linda Brehmer- Lanosa
Subject: CFX - Mattamy

Kent

Please confirm that Mattamy agrees that the property in the attached Deed is owned by CFX, and that Mattamy has no claim to the property.

Thanks

Deb

Deborah Keeter
Project Manager
Direct: 407-806-4183

Atkins

482 S. Keller Rd., Orlando, FL 32810 | Cell: +1 (407) 461-7116 | Fax: +1 (407) 806-4500

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From: Kent L. Hipp
Sent: Thursday, May 14, 2015 12:27 PM
To: HREA
Cc: Jim Leiferman (Jim.Leiferman@mattamyhomes.com); Tom McCarthy (Tom.McCarthy@mattamyhomes.com); Linda Lanosa (Linda.Lanosa@CFXWay.com); Linda Brehmer-Lanosa; Keeter, Deborah D; Laura Kelley; Hal Collins
Subject: Mattamy Homes - Answers to Questions/Information regarding Randal Park requested by CFX Appraiser Woody Hanson

Woody,

As a follow up to our meeting of this past Tuesday afternoon and so that CFX can provide us with your appraisal and an offer in this matter asap please see Mattamy's answers to the questions that you stated below. Please note that some of this information (e.g. the answer to question 6) will change as the Mattamy construction and development is progressing daily.

Thanks and
Best regards,
Kent

1. What are the 12 lots on the taking pond worth
\$2,200 a Front Foot \$132,000

2. What are the 17 lots on the pond next to the ROW worth
\$2,200 a Front Foot \$132,000
3. For the "60" footers what is a base price of a home worth
Ranges from \$321,990 to \$371,990
4. For the "60" footers, What are the lot premiums.
Would range from \$5,000 to \$30,000 depending on location
From superior location to oversize 60 foot lot
5. For the "60" footers, What are the pond premiums
Pond Premiums for the "12" Lots is \$20,000
and "17" lot locations is \$25,000
6. Total capital required to finish the entire project, land development and home construction. .
The unconstructed portion of the project will require \$86,000,000 to complete the improvements and home construction.
7. Rate of sales, particularly the 60 footers.
Starting with Phase 2 sales in November 2014 pace is 17.8 per month

DRAFT

HREA ASSIGNMENT NO. 15001002.C

Appraisal Services Contract No. 001092
CFX Project: SR 528 Multimodal Corridor in Orange County
Parcel No.: 104 (Mattamy Homes)
City/State: Orlando, Florida

THE CLIENT

Central Florida Expressway Authority
4974 Orl Tower Road
Orlando, Florida 32807

EFFECTIVE DATE OF THE APPRAISAL

May 18, 2015

PREPARED BY

Hanson Real Estate Advisors, Inc.
2233 Second Street
Fort Myers, FL 33901-3051

HANSON REAL ESTATE ADVISORS, INC.

Real Estate Consulting • Appraisal • Brokerage

May 21, 2015

Joseph L. Passiatore
General Counsel
Central Florida Expressway Authority
4974 Orl Tower Road
Orlando, Florida 32807

Re: HREA Assignment No. 15001002.C
Appraisal Services Contract No. 001092
CFX Project: SR 528 Multimodal Corridor in Orange County
Parcel No. 104 (Mattamy Homes)
City/State: Orlando, Florida

Dear Mr. Passiatore:

Hanson Real Estate Advisors, Inc. (the Appraiser) has completed the real property appraisal assignment referenced above (the Appraisal). The Appraiser's opinions and conclusions are set forth in the Restricted Appraisal Report (the Appraisal Report) attached to this letter of transmittal.

The purpose of the Appraisal is to estimate the monetary amount due the property owner as a result of the acquisition of Parcel 104 of the Multimodal Corridor in Orange County Project.

Central Florida Expressway Authority is the client and the intended user of the Appraisal Report. It is the Appraiser's intent that the appraisal report only be used for purposes related to the voluntary acquisition or condemnation of Parcel 104.

As a result of my investigation and analysis, it is my opinion that the amount due the owner, as of May 18, 2015, was:

THREE MILLION-ONE HUNDRED TWENTY THOUSAND-THREE HUNDRED-FIFTY DOLLARS
(\$3,120,350)

If you have any questions regarding the appraisal or related matters, please contact me at your earliest convenience.

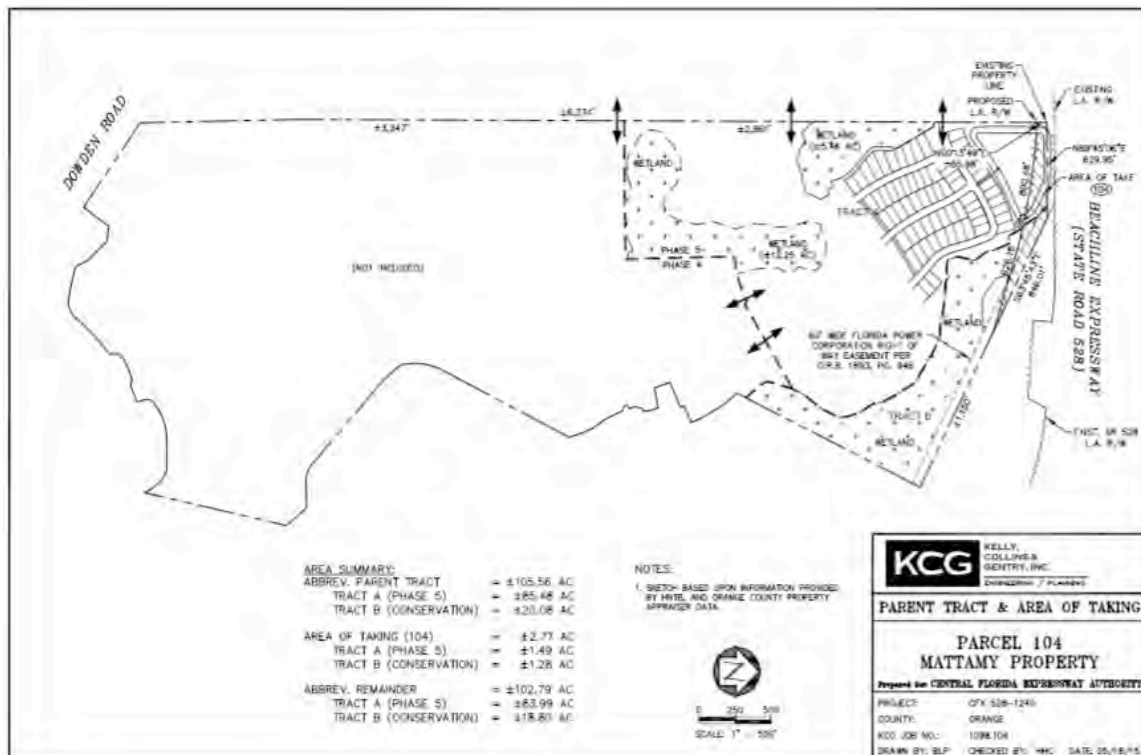
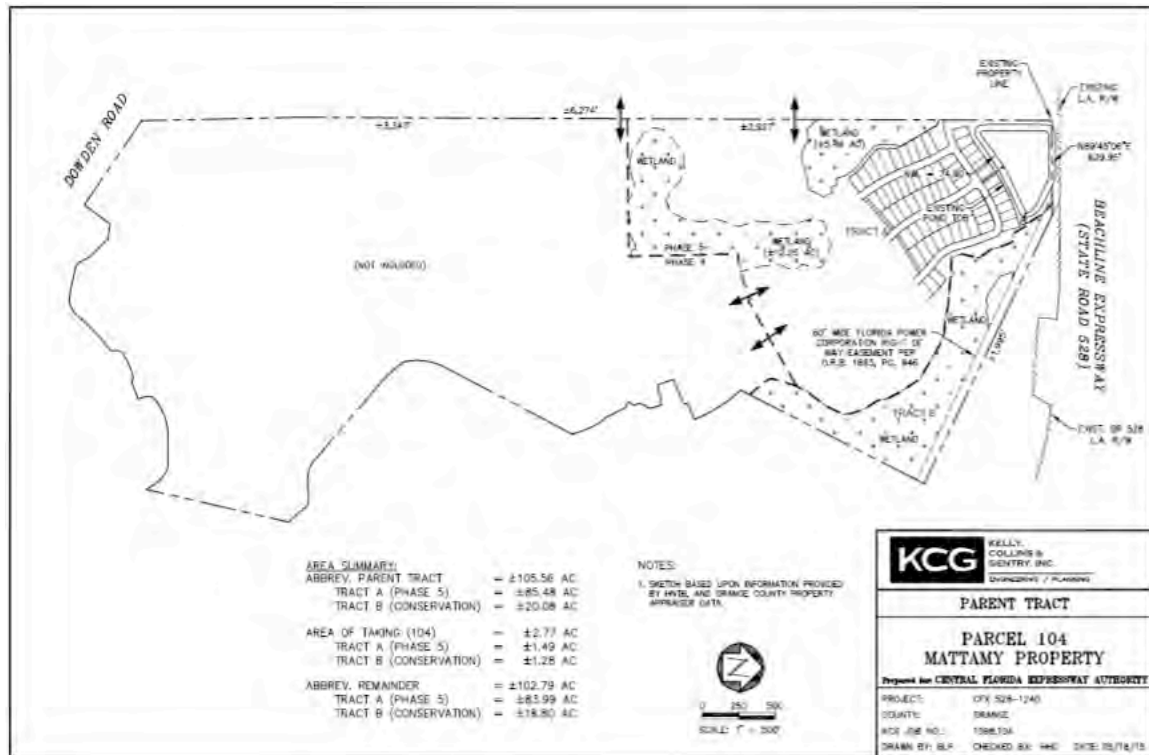
Respectfully submitted,

Woodward S. Hanson, MAI, CRE, CCIM, FRICS
Cert Gen RZ1003

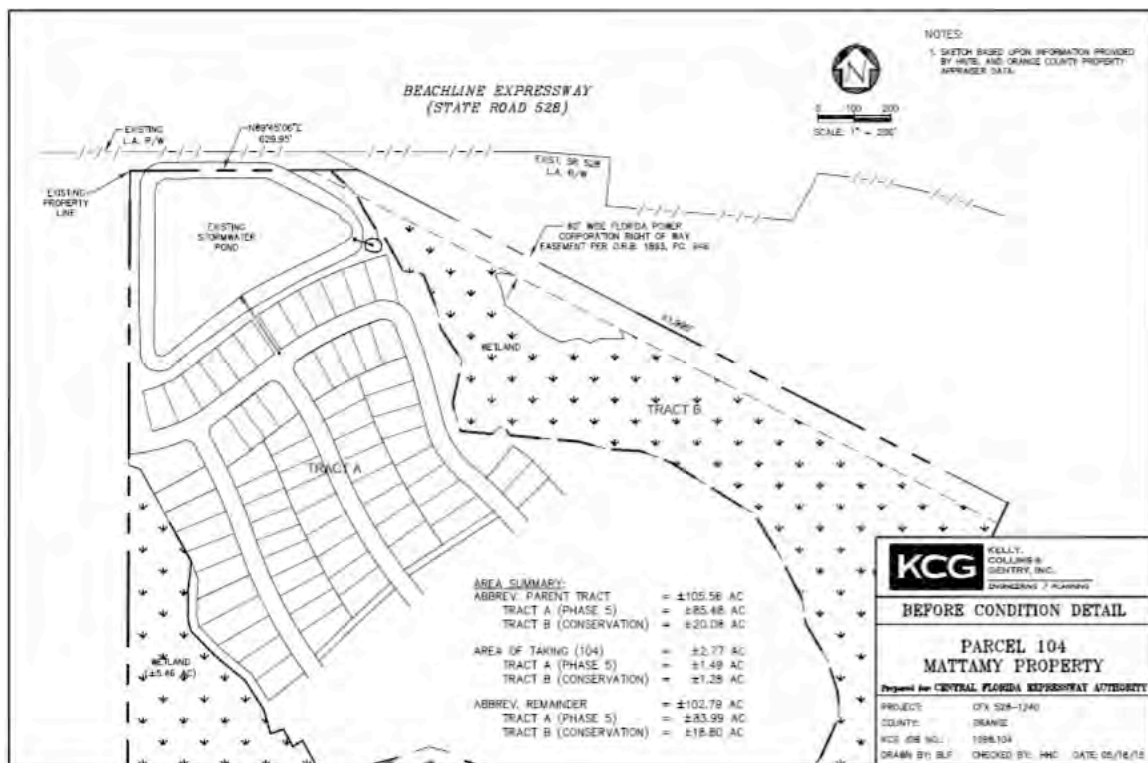
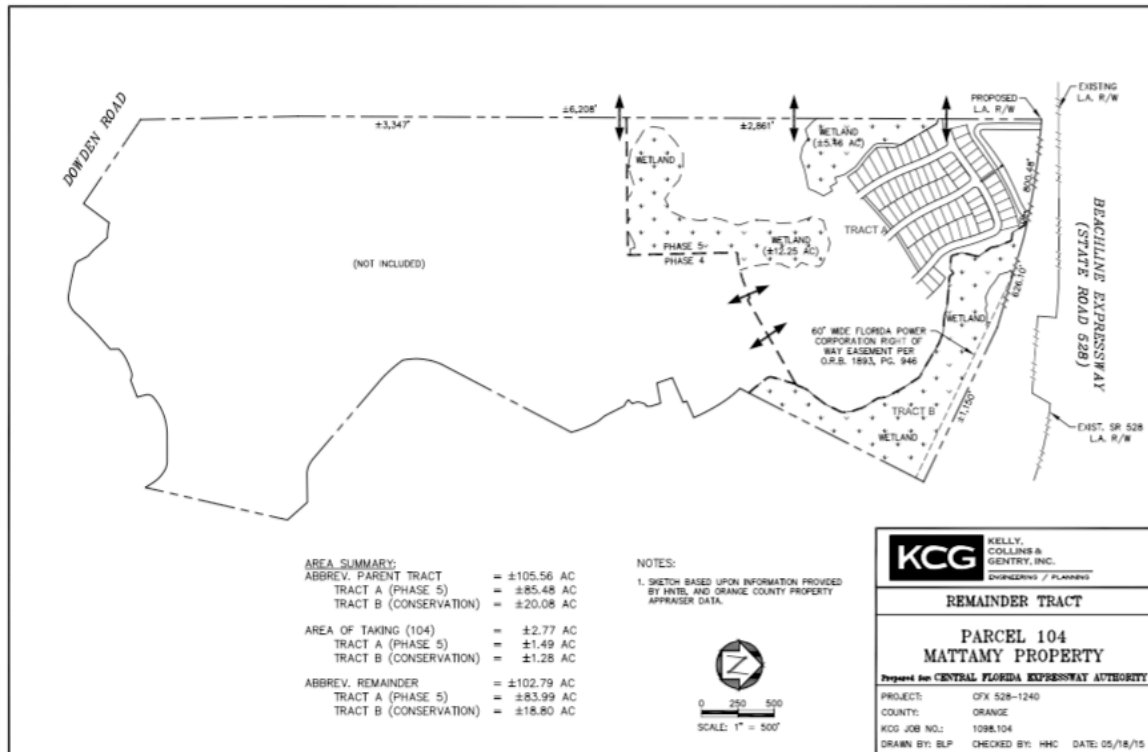
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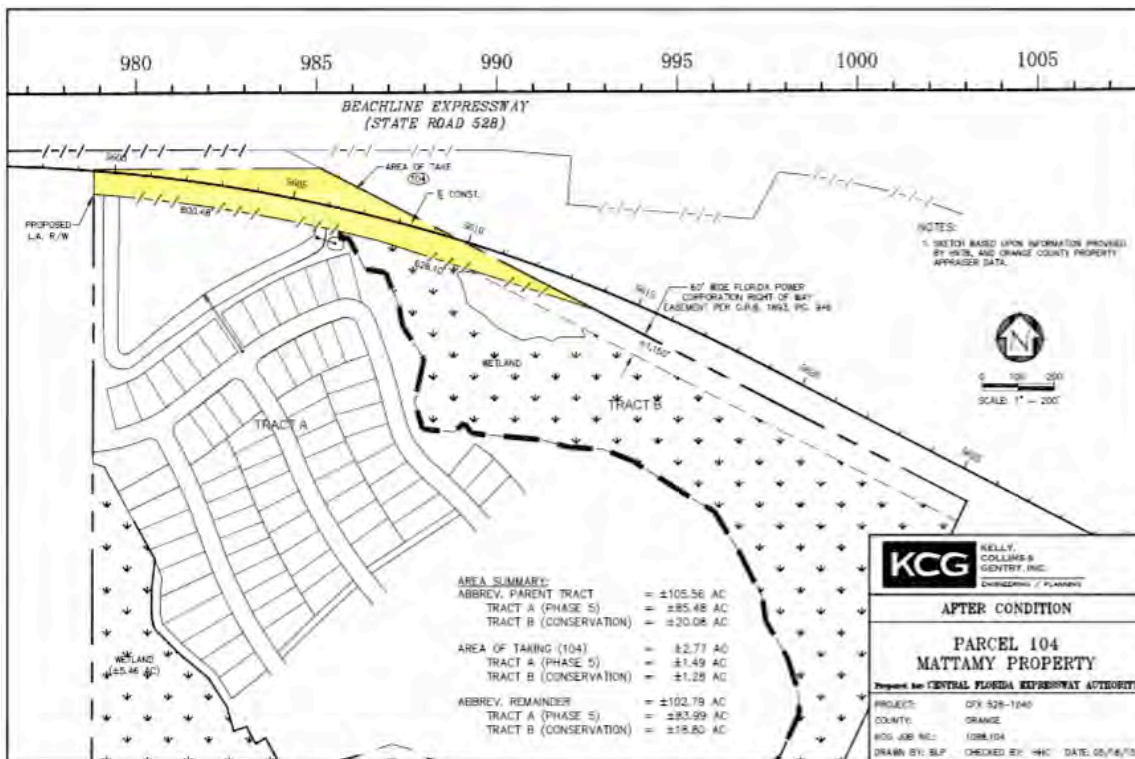
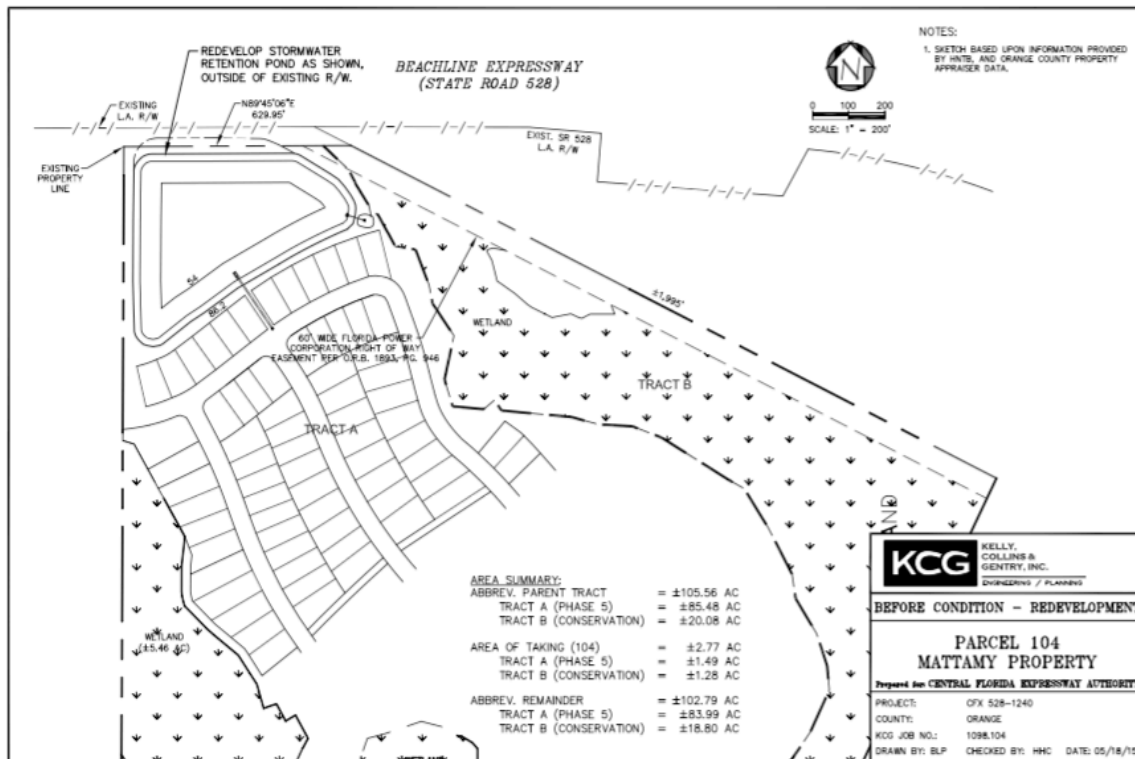
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W.D. Richardi, Inc. Cost Estimates	Addendum D
AAF Railroad Track Plan/Profile Sheet	Addendum E



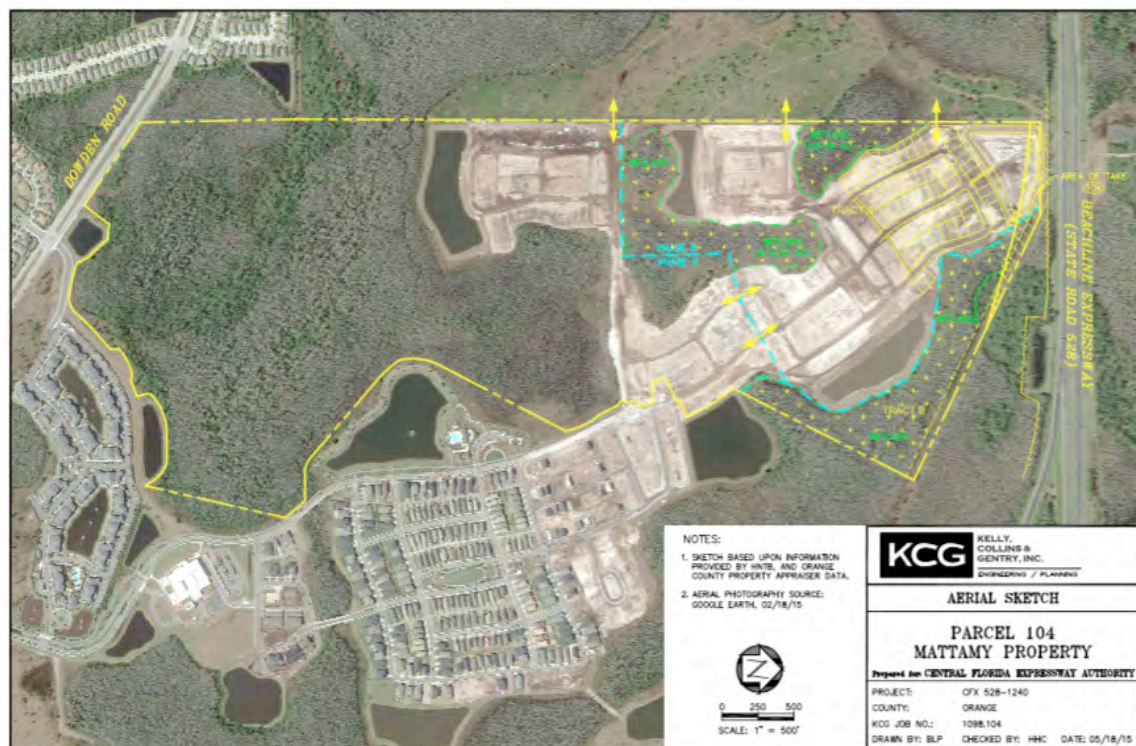
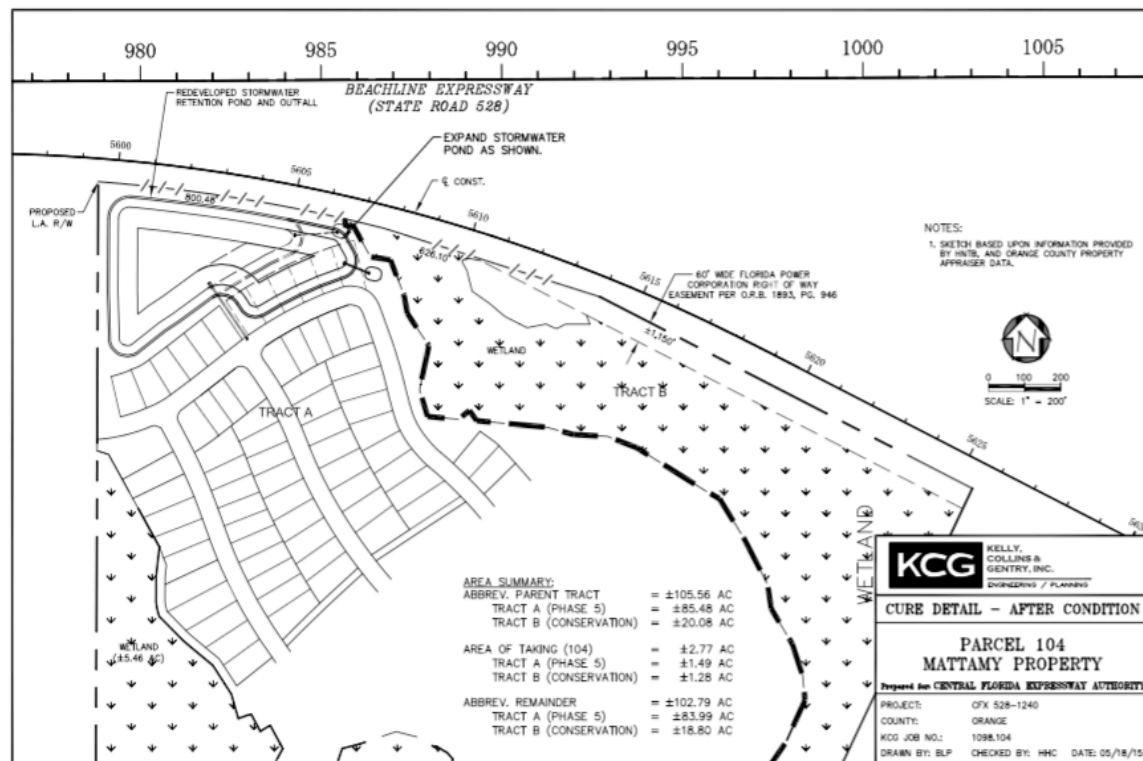
CFX PROJECT No. 528-124 (MULTIMODAL CORRIDOR IN ORANGE COUNTY)
HREA ASSIGNMENT No. 15001002.C (PARCEL 104: MATTAMY HOMES)



CFX PROJECT No. 528-124 (MULTIMODAL CORRIDOR IN ORANGE COUNTY)
HREA ASSIGNMENT No. 15001002.C (PARCEL 104: MATTAMY HOMES)



CFX PROJECT No. 528-124 (MULTIMODAL CORRIDOR IN ORANGE COUNTY)
HREA ASSIGNMENT No. 15001002.C (PARCEL 104: MATTAMY HOMES)



PHOTOGRAPHS

Taken on January 16, 2015

Taken by Woodward S. Hanson, MAI, CRE, CCIM, FRICS



Interior View of the Mattamy Property



Interior View of the Mattamy Property



View of the Mattamy Property from SR 528 (Beachline Expressway)



East View along SR 528 (Beachline Expressway) along north side of the Mattamy Property

1.0 ELEMENTS OF THE ASSIGNMENT

1.0 ELEMENTS OF THE ASSIGNMENT

1.1 THE CLIENT

The client is the party or parties who engage, by employment or contract, an appraiser in a specific assignment.¹ The client is the Central Florida Expressway Authority (Client), 4974 ORL Tower Road, Orlando, FL 32807.

1.2 THE INTENDED USERS OF THE APPRAISAL REPORT

The intended user of the appraisal report is the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment.² It is the appraisers intent that the appraisal report be used, solely by the Client (Intended User).

1.3 THE INTENDED USE OF THE APPRAISAL REPORT

The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.³ It is the appraisers intent that the appraisal report be used, solely for the voluntary acquisition or condemnation of that certain property identified herein as the Parcel 104, the Part Taken, or proposed acquisition area (Intended Use).

1.4 REAL PROPERTY INTEREST TO BE APPRAISED

Real property is the interests, benefits, and rights inherent in the ownership of real estate.⁴ The fee simple estate is the property interest that is the subject of this appraisal.

1.5 TYPE OF VALUE TO BE ESTIMATED

Market value is the type of value that will be estimated in this appraisal. Although there are many definitions for market value, generally, they are similar in many, if not all respects. The definition, below, is used in this assignment.

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeable and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
3. a reasonable time is allowed for exposure in the open market;

¹ Appraisal Standards Board. *Uniform Standards of Professional Practice*. (Washington, D.C.: The Appraisal Foundation, 2014), U-2.

² Ibid., U-3.

³ Ibid.

⁴ Ibid.,U-4.

4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”⁵

1.6 DATE OF THE VALUE OPINION

The effective date of the assignment results, also known as the date of the value, is May 18, 2015 (the Date of Value) and the date of the report is May 20, 2015 (the Date of the Report).

1.7 SCOPE OF WORK

The type and extent of research and analyses in performed by the Appraiser in the preparation and development of the appraisal include (without limitation):

1. Extent of the Property Identification: Several methods have been used by the Appraiser to identify the Parent Tract, the Part to be Acquired (Parcel 104), and the Remainder Property. These include: a) a metes and bounds legal description, prepared by AMEC Environmental and Infrastructure, Inc., b) a narrative description, and c) visual aids and illustrations.
2. Extent of the Property Inspection: The Parent Tract, containing 105.56 acres, is located in the Randal Park PD multiple phase plan development. The Parent Tract and the area proposed to be acquired (Parcel 104) were inspected by Woodward S. Hanson, MAI, CRE, CCIM, FRICS and Nelson P. Taylor, Cert Gen RZ3732. Each appraiser made an on-site inspection of the property.
3. Type and Extent of Data Researched: The type of data researched included macro-economic data pertaining to the U.S. economy, the Orange County Metro area, and nearby submarkets; micro-economic data pertaining to recent transactions and listings of similar properties; and data pertaining to the property contiguous to the Mattamy Parcel and owned by Mattamy Homes, a Florida general partnership.
4. Type and Extent of Analysis Applied: The sales comparison approach is the appraisal method or analysis that was used by the Appraiser in developing a market value estimate for the Parent Tract and the Remainder Properties. In the course of this analysis, the Appraiser identified submarkets from which data pertaining to recent transactions or listings of similar properties was collected. This information was used in a comparative analysis, in which qualitative techniques were applied to derive a value indication.

1.8 ASSIGNMENT CONDITIONS

The nature of the appraisal problem determines whether or not any extraordinary assumptions, hypothetical conditions, or jurisdictional exception apply to a specific assignment. Given the purpose of the appraisal and the intended use of the appraiser’s opinions and conclusions, the assignment conditions are defined as:

⁵ The Appraisal Institute. *The Appraisal of Real Estate – 14th Edition*. (Chicago, IL.: The Institute, 2013), 59.

A. Extraordinary Assumptions: An extraordinary assumption, is directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.⁶

The appraiser's opinions or conclusion are based on the extraordinary assumptions identified below:

1. The transactional information contained in the appraisal report and used by the Appraiser in application of the sales comparison approach, is correct and accurate.
2. The Property information and the market data contained in the Appraisal Report are complete and accurate.

B. Hypothetical Conditions: A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purpose of analysis.⁷

Neither the analyses nor opinions expressed herein are not based upon a hypothetical condition.

1.9 APPRAISAL ASSISTANCE

The opinions contained in the Appraisal Report are solely those of Woodward S. Hanson, MAI, CRE, CCIM, FRICS. Mr. Hanson was assisted by Nelson P. Taylor, a member of his staff, and Kelly, Collins & Gentry, Inc., who provided land planning and engineering services; and W.D. Richardi, Inc., who provided cost estimates for the various project elements.

⁶ USPAP, U-3.

⁷ Ibid.

2.0 ECONOMIC CONDITIONS AND TRENDS

2.0 ECONOMIC CONDITIONS AND TRENDS

2.1 THE U.S. ECONOMY

2.1.1 Economic Momentum Slowed in First Quarter

- Recent economic data demonstrate that the economy softened in first quarter 2015. GDP growth fell to 0.2 percent, according to the BEA, and the majority of state unemployment rates increased in March.
- Interest rates could begin to increase this year, although most investors expect them to remain low on a relative basis for the near term as the Federal Reserve continues to monitor inflation and employment before they raise the target range for short term rates.
- The 10-year U.S. Treasury yield rate ended first quarter at 1.94 percent, but has since increased to 2.24 percent. This is very close to the average that Situs RERC's institutional investment survey respondents predicted over the next 6 months. Respondents expected the 10-year U.S. Treasury yield rates will increase further over the next 12 months to an average of 2.52 percent.⁸

2.1.2 Underwriting standards are loosening. Are we at a tipping point?

- Investors are worried about weak underwriting standards for commercial real estate. Situs RERC's institutional investment survey respondents, rated the overall discipline of capital at 6.0 on a scale of 1 to 10, with 10 representing very tight underwriting standards, in first quarter 2015. This is down from a rating of 6.2 in fourth quarter 2014.
- Are we entering dangerous territory? Not yet, because the availability of capital remains fairly stable, even declining slightly to a rating of 8.2 in first quarter 2015 from a rating of 8.3 in fourth quarter 2014 and a rating of 8.5 in third quarter. However, we may be at a tipping point, as the spread between the availability and discipline of capital has been increasing and is comparable to that point in 2003 where the availability and discipline began to diverge very broadly, leading to the biggest credit crisis in recent history.⁹

2.1.3 Strong Demand Pushes Aggressive Pricing.

- We continue to see exceptional demand for commercial real estate. Recent reports about the sale of GE Capital's real estate assets for \$26.5 billion (the largest deal since Blackstone's acquisition of Equity Office Properties Trust in 2007) and the sale of Willis tower for \$1.3 billion (the highest price paid for a U.S. office tower outside of New York City, according to *MarketWatch*), are whetting the appetites of investors. As long as interest rates and cap rates remain at near record lows, the rally continues. This is the most important inflection period in this cycle as prices begin to peak. The size of deals is larger and prices are higher than even before the credit crisis.
- Willing buyers are finding the capital they need (plus more) to pay top prices. From a performance perspective, values are holding their own and then some, despite the pressure from prices. Solid risk-adjusted returns continue to place commercial real estate among the most attractive investment alternatives at the present. However, there is increasing concern that

⁸ "Executive Summary: First Quarter 2015," *Situs RERC Real Estate Report: Dynamic Equilibrium* 44, no. 1 (Spring 2015).

⁹ Ibid.

once interest rates increase, values could quickly decrease and investors will be left holding the keys.¹⁰

2.1.4 WHAT DOES THIS MEAN FOR COMMERCIAL REAL ESTATE VALUES?

- There are huge amounts of capital still pressuring commercial real estate investment. This, along with low interest rates, which are expected to remain quite low on a relative basis, indicate that this cycle should continue in the current direction for another 12 months or so.
- Property fundamentals have been improving, and expectations are that they will continue to do so for the rest of the year. In addition, with the exception of the apartment sector in some markets, new construction has not gotten too far ahead of fundamentals.
- Situs RERC remains quite bullish on commercial real estate for the near term. We have already seen some of the highest prices ever paid for commercial real estate and it is likely that we will see more of these in 2015. We also expect both debt and equity volume to increase in 2015 over 2014 volume. However, at some point, cap rates will start to increase.
- Investors should not become complacent. Eventually this commercial real estate cycle – like all cycles – will correct. “In general, the longer the run, the more severe the correction. Far better for commercial real estate as a whole, if prices didn’t get so high and didn’t have such a sharp correction,” stated Situs RERC President Ken Riggs.¹¹

2.2 OUTLOOK FOR THE U.S. AND CENTRAL FLORIDA 2015-2018

2.2.1 Orlando – Kissimmee Profile

The Orlando–Kissimmee MSA is comprised of Lake, Orange, Osceola and Seminole Counties. Located in the southern center of the state, this area is home to numerous tourist attractions such as Walt Disney World, Universal Studios and Sea World. It is also home to the Orlando Magic and the Orlando City Soccer Club. Orlando hosts many conventions utilizing some of the biggest hotels in the country and America’s second largest convention center. The University of Central Florida, the nation’s second largest university, and many other places of higher education also reside in the MSA.¹²

2.2.2 Orlando – Kissimmee Quick Facts

- MSA population estimate of 2,267,846 as of July 1, 2013 (U.S. Census Bureau).
- Lake County population estimate of 308,034 as of July 1, 2013 (Metro Orlando Economic Development Commission).
- Orange County population estimate of 1,224,267 as of July 1, 2013 (Metro Orlando Economic Development Commission).
- Osceola County population estimate of 298,504 as of July 1, 2013 (Metro Orlando Economic Development Commission).
- Seminole County population estimate of 436,041 as of July 1, 2013 (Metro Orlando Economic Development Commission).
- Civilian labor force of 1,204,111 in January 2015 (Florida Research and Economic Database).

¹⁰ Ibid.

¹¹ Ibid.

¹² ¹² “Florida Metro Forecast 2015-2018: March 2015 Report, “*University of Central Florida, Institute for Economic Competitiveness: Florida Forecast* (March 2015).

- An unemployment rate of 5.6% as of January 2015, not seasonally adjusted. This amounts to 67,270 unemployed people (Florida Research and Economic Database).¹³

2.2.3 Orlando – Kissimmee Outlook Summaries

The Orlando–Kissimmee area is expected to show varying strengths and weaknesses in the economic indicators. Personal income growth is expected to average 6.2 percent annually, the second highest of the twelve Metropolitan Statistical Areas (MSAs). The real per capita income level is expected to average \$36,800. Average annual wage growth will be 3.2 percent. The average annual wage will be at a level of \$49,300. The Orlando MSA will see an average population growth of 2.3 percent, the second highest of the studied MSAs. Gross Metro Product is expected to average at 122,645.35 million dollars, the third highest of the MSAs. Employment growth is forecasted to average 3.0 percent annually, the second highest of the MSAs. The metro will see an average unemployment rate of 5.0 percent. In the Orlando area, the fastest growing sector is expected to be the Construction and Mining sector with an average annual growth rate of 9.3 percent. This will be followed by the Professional and Business Services sector, with an average annual growth rate of 4.4 percent, and the Educational and Health Services sector at 2.9 percent. None of the sectors are expected to decline.¹⁴

2.2.4 Orlando – Kissimmee Metro News Summaries

Orlando ranks No. 11 in U.S. for economic performance

- Orlando ranked 11th highest in the nation and 73rd highest in the world in the Brookings Institution Economic Performance measurement released in January.
- Over 2013-2014, Orlando increased employment by 3.5 percent while the national average was only 1.2 percent. Orlando's Gross Domestic Product also showed an increase of 0.1 percent over the 2013- 2014 period. Overall, Orlando is still listed as having only “partially recovered” from the recession.
- Austin and Houston ranked highest among U.S. metros in the international rankings at numbers 38 and 39, respectively. China performed extremely well having 26 of the top 45 metros.

UCF gets OK on \$5.8M to start plans for downtown Orlando campus

- On February 19th, the Florida Board of Governors unanimously approved a \$5.8 million funding request to begin the first building in UCF's planned downtown Orlando campus.
- A portion of the funding will go towards planning “Building A,” a proposed \$57.8 million joint Valencia/UCF student support and services building. This would be the first of two buildings planned by UCF to be built in downtown's Creative Village development.
- Thus far, the project has not received any capital appropriations. UCF received \$2 million in operating appropriations from the 2014 Legislature for a feasibility study of the downtown campus.
- The downtown campus is slated to have 13,000 students. Decisions regarding which academic programs will be moved to the new campus are expected in late spring 2015.

¹³ Ibid.

¹⁴ Ibid.

Orlando City Soccer sells out Citrus Bowl for MLS debut

- The Orlando City Soccer Club Lions sold out the 60,000-plus Orlando Citrus Bowl for the March 8th opener, the team's first Major League Soccer game.
- At the start of March, the team had already passed 13,000 season ticket sales, with a goal of 14,000 season ticket holders by opening day.
- Phil Rawlins, founder and president of Orlando City Soccer, hopes to have all 14,000 season ticket holders at each game plus an additional 6,000 attendees for an average of 20,000 in attendance. He believes this is on par for what the team will be dealing with for its new \$110 million stadium slated to open next season.

Developer Plans new 1,100-home I-Drive neighborhood near SeaWorld

- Ridgewood Real Estate Partners, based in Florham, New Jersey, and Angel Gordon & Co. LP, based in New York, are seeking approval from Orange County for a 1,136 home neighborhood that will include single-family lots, townhome lots, and rental apartment parcels.
- The development is planned atop the Marriott Grande Pines golf course on International Drive and Westwood Boulevard. Construction could begin by the 4th quarter of this year.
- Jonathan Grebow, president of Ridgewood Real Estate Partners, expects the homes to sell to end users as opposed to vacation homes. New apartment development in the nearby area includes the \$40 million Integra Cove complex and the \$43 million Sea Isle Apartments.

Marglev hires train car designer for Orlando airport- to-I-Drive rail

- American Marglev Technology Inc. selected Van Buren Township, Michigan-based engineering consultant Richardo Plc to handle the design, engineering, and integration of their planned magnetic-levitation passenger trains.
- The trains are to be part of the \$400 million passenger rail line connecting Orlando International Airport with the Orange County Convention Center, which is planned to begin operating in 2017.
- Once complete, Marglev will include six or seven stations, including stops at the airport's new Intermodal Transportation Facility, the Florida Mall, and several on Orlando's I-Drive tourist corridor. Additionally, the project is expected to generate 85 local, high-tech jobs with potential for 100-plus permanent jobs.¹⁵

2.3 SUMMARY AND CONCLUSION OF ECONOMIC CONDITIONS AND TRENDS

In summary, the U.S., Florida, and Orlando-Kissimmee MSA have fully recovered from the recessionary cycle of 2010. Each of these markets appear to be experiencing economic growth and expectations for the future remain optimistic. The U.S. economy has enjoyed the economic growth attributable to low interest rates and the DJIA recently closed at a record high.. The Orlando-Kissimmee MSA is experiencing increases in construction of new residential dwelling units and will likely be one of Florida's strongest MSAs going forward. Each of these markets and the economic expectations associated with them suggest continued economic growth into the reasonably foreseeable future. Furthermore, most of these considerations will likely have favorable effects on the real estate market, particularly in Florida and the Orlando-Kissimmee MSA.

¹⁵ Ibid.

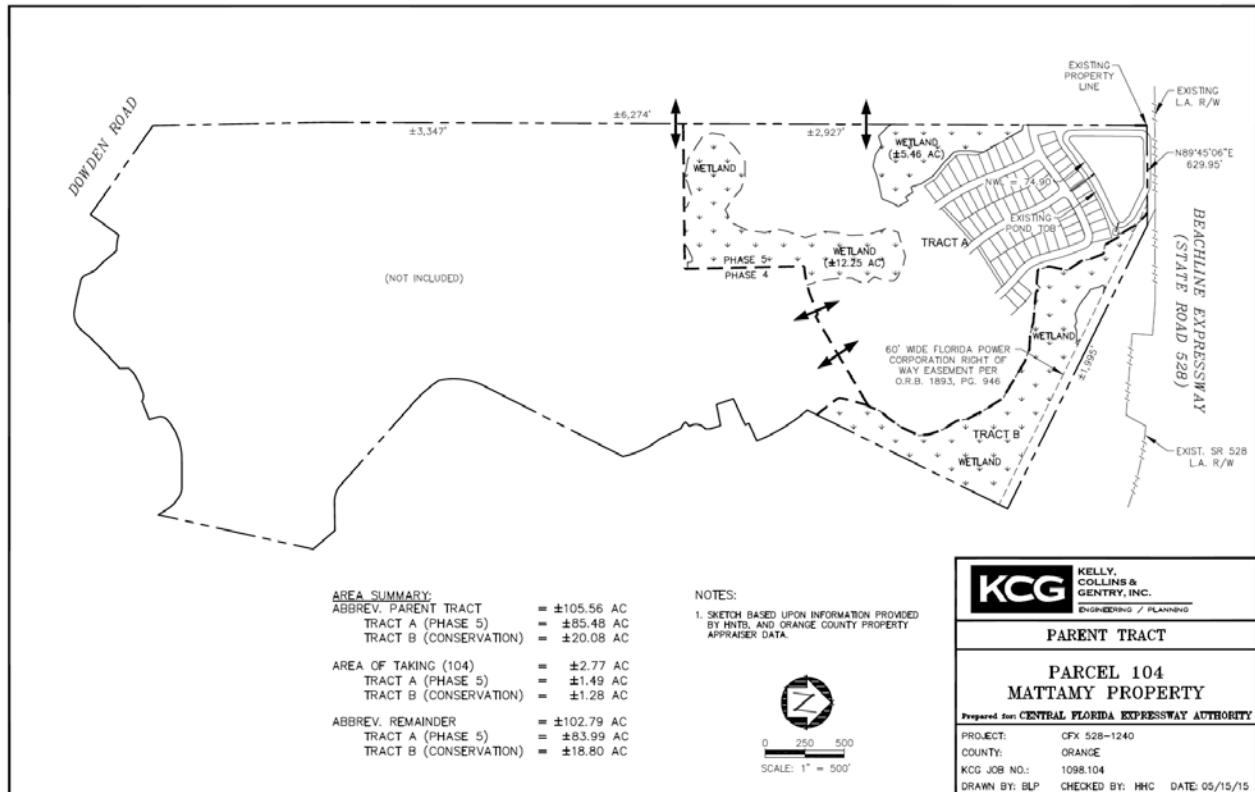
3.0 IDENTIFICATION OF THE PARENT TRACT

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3.1 PHYSICAL CONDITIONS

3.1.1 Parent Tract

Containing approximately 105.6 acres of gross land area, the Parent Tract is part of a 461.5 acre multiple phase planned development known as Randal Park PD. The Parent Tract is identified as: (1) Tract A (Phase 5 of Randal Park PD) = ± 85.48 acres, and (2) Tract B (Undeveloped/Wetlands) = ± 20.08 acres.



3.1.2 Location

The property is located in east Orange County, within the City of Orlando, and south of State Road 528 (SR-528), west of State Road 417 (SR-417), and north of Dowden Road. Access to the property is from SR-417 or Narcoossee Road via Dowden Road. Randal Park Boulevard extends north from Dowden Road providing access to the parent tract.

3.1.3 Size and Shape

The property, containing approximately 105.6 acres, is of irregular shape and has a west boundary that measures $\pm 2,927$ feet, a north boundary along the south limited-access right-of-way of SR-528 Beachline Expressway that measures ± 629.95 feet, and a northeast boundary that measures $\pm 1,995$ feet.

3.1.4 Access

Two roads, internal to the Randal Park PD subdivision, provide access to the property. The internal road network includes a spine road known as Randal Park Boulevard, which provides access to Dowden Road to the south.

3.1.5 Utilities

The property is serviced by the City of Orlando for sewer and the Orlando Utilities Commission (OUC) for water and electricity.

3.1.6 Easement/Encumbrances

The north/northeast property line is encumbered by an existing 60 ft wide Florida Power Corporation right-of-way easement per an instrument recorded at O.R. Book 1893, Page 946, Public Records of Orange County, Florida.

3.1.7 Topography

Elevations at the property range from EL±85 NGVD at the northwest portion of the site to EL±82 at the low/wetland portions generally out falling to the southeast. Portions of the parent tract are currently under construction with mass grading and utility/site infrastructure.

Portions of Tract A have recently been cleared, mass graded, and a stormwater pond facility constructed in the northwest corner of the parent tract. A portion of the pond encroaches upon the SR-528 Beachline Expressway right-of-way.

3.1.8 Existing Use and Adjoining Uses

The property is Phase 5 of a single-family (detached and townhomes) residential community that is currently being developed by Mattamy Homes. Land uses adjacent to the property are:

North – SR-528 & Vacant/Undeveloped

East – SR-417 & Vacant/Undeveloped

South – Single Family Residential (Phase 4 of Randal Park)

West – Vacant/Undeveloped

3.1.9 Stormwater/Drainage

The northwest portion of the parent tract is improved with a wet detention pond. According to engineering plans and drainage calculations for SFWMD Environmental Resource Permit #48-01727-P-02 (Issued May 23, 2014), stormwater management sub-basin B-NV3 is approximately 15.4 acres in size with the pond comprising approximately 33% of the basin. This percentage typically suggests that the SWM pond is over designed; and this is essentially confirmed based upon the comparison of required vs. provided water quality treatment volume within the pond.

3.1.10 Environmental

Site plans filed with the City of Orlando indicate that the Randal Park PD contains 461.5 acres, of which 285.9 acres are preserved wetland conservation area and 175.6 acres of developable upland area. The parent tract contains 105.56 acres of which 20.08 acres are preserved wetland conservation area and 85.48 acres of developable upland area.

3.1.11 Flood Zone

The parent tract is identified on the FEMA Flood Insurance Map 12095C0455F, Panel 455 of 750, with upland portions located within Zone X outside the limits of the 100 year floodplain (EL 82) with select wetland areas located with Zone A, subject to the floodplain.

3.1.12 Soils

According to the U.S. Department of Agriculture, Natural Resources Soil Conservation Service (NRCS), the upland portions of the parent tract are comprised primarily of Smyrna-Smyrna wet, fine sand, characterized as poor drainage and 0.2% slope.

3.2 FUTURE LAND USE ANALYSIS

3.2.1 Future Land Use

The property is designated *Office Low Intensity & Conservation* on the Future Land Use Map of the City of Orlando's Comprehensive Plan. Office Low Intensity Land Use allows for a maximum density of 21 dwelling units per acre (du/ac) and a maximum intensity of 0.4 floor area ratio (FAR). Conservation Land Use (Wetlands) allows for a maximum density of 1 du/5 ac, and a maximum intensity of 0.05 FAR.

3.2.2 Future Land Use Policies

Policy S.35.2 of the City's comprehensive plan states that the property is well situated for appropriately timed urbanization. Policy S.35.6 identifies maximum development capacity with respect to the overall Randal Park planned development to include a maximum of: 2,200 residential units, 400,000 sf office, 750,000 sf retail, and a maximum of 600 hotel rooms.

Any increase beyond that allowed by the subarea policy shall require a comprehensive plan amendment. The overall master land use plan is required to comply with preservation of natural features, provide public park facilities (min 12 acres), coordinate with Orange County Public Schools regarding a future school site and provide transportation improvements in compliance with development approvals.

3.2.3 Southeast Sector Plan

Approved in 1996, the original Southeast Sector Plan included over 19,300 acres in southeast Orlando and portions of Unincorporated Orange County including the subject property. In 2012, the plan was revised to approximately 10,000 acres with Randal Park, Bal Bay, and LaVina opting out of the plan area.

However, development patterns within the Southeast Sector Plan are noteworthy including the $\pm 7,000$ acre Lake Nona DRI/PD and recently annexed $\pm 1,266$ acre property directly east of the subject property originally known as the Wewahootee PD renamed Storey Park. Storey Park was recently approved for 2,752 residential units, 627,000 sf of office, and 713,845 sf of retail uses.

According to the City's Growth Management Plan – Growth Projections Report for 2013-2040, the southeast sector of Orlando is projected to experience the most growth in the City over the 27-year period. Also, the projection suggests that $\pm 90\%$ of all the single family residential properties, that will be built during this period, will be built in the southeast sector.

3.3 ZONING ANALYSIS

3.3.1 Zoning

The subject property is part of a large mixed-use planned development that received development approval in 2006 and was rezoned Planned Development (PD)-Randal Park in 2010. The Randal Park PD was approved for a maximum of 2,200 residential units, 400,000 sf office, 750,000 sf retail, and 600 hotel rooms. However, the Master Concept Plan for Randal Park PD indicates that the project is approved for 797 residential units, consisting of 574 single family units and 223 townhome units, and an elementary school.

The parent tract, Phase 5 – Randal Park, is approved for 206 residential units, including 40 townhomes and 166 single family residential homes. Office and retail may be accessory uses only.

3.3.2 Eminent Domain and Concurrency

Section 7G of the City of Orlando's Code of Ordinance gives staff the authority to grant waivers and exceptions to City land development regulations, as well as engineering codes, and regulations, or to seek waivers or variances before the appropriate boards, in order to ensure that legally affected property owners have a viable and fair means of preventing or reducing any adverse impact upon their property as a result of the condemnation process, and to allow the continued use of said property in a manner as similar to its pre-condemnation condition as practicable.

The subject property meets or exceeds the minimum requirements of the State of Florida's concurrency management policies.

4.0 HIGHEST & BEST USE OF THE PARENT TRACT

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4.1 LEGALLY PERMISSIBLE USES

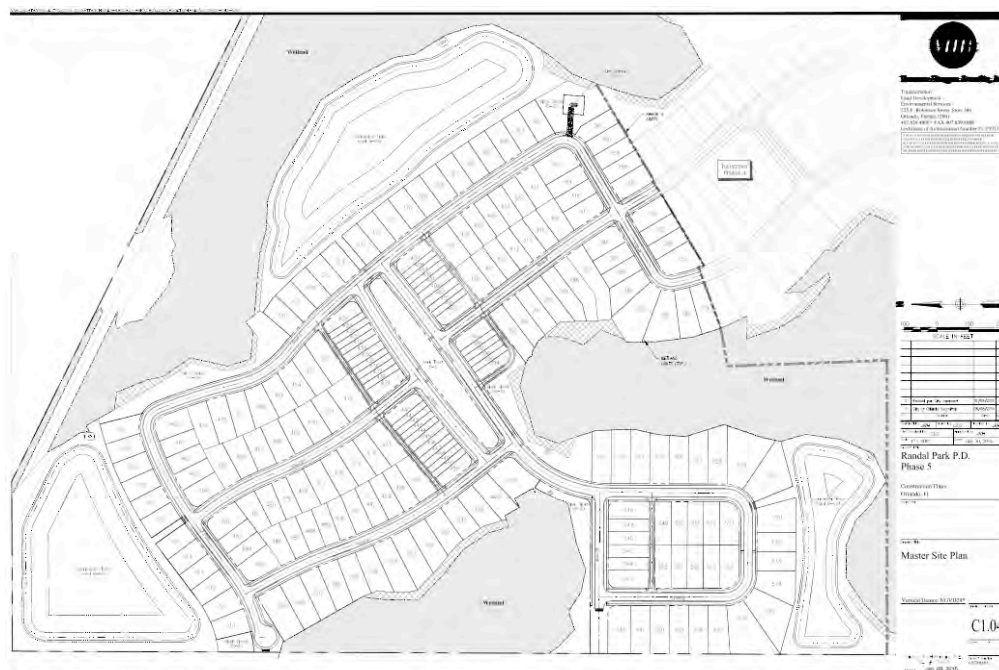
Generally, the Parent Tract includes Phase 5 of the Randal Park PD and contiguous wetland/conservation area. Combined, the Parent Tract contains ± 105.56 acres, of which ± 85.48 acres are developable uplands and ± 20.08 acres are wetland/conservation areas. Randal Park PD is a multiple-phase, mixed-use planned development, originally approved in 2006 and rezoned in 2010 as the Randal Park PD. In accordance with approved site plans, the Randal Park PD has been designed and permitted for 797 residential units and an elementary school. The residential component consists of 574 single family units and 223 townhomes.

That portion of the Randal Park PD that applies to the Parent Tract includes 206 residential units, consisting of 166 single family units and 40 townhomes. To the extent that office or retail use may be permitted, it would be done so only as an accessory use. Based upon the information summarized above and other information contained in the KCG Report, it is the appraiser's opinion that the development of 206 residential units at the Parent Tract is legally permissible.

4.2 PHYSICALLY POSSIBLE USES

The Parent Tract, containing ± 105.56 acres, consists of ± 85.48 acres that are developable uplands. Being of irregular shape, the west boundary of the Parent Tract measures $\pm 2,927$ ft, the north boundary measures ± 629.95 ft, and the northeast boundary measures $\pm 1,995$ ft. Portions of the Parent Tract have been cleared, mass graded, and a stormwater pond facility has been constructed in the northwest area of the Parent Tract.

On May 18, 2015, at the appraiser's request, the property owner's representative provided the appraiser a land utilization study, identified as "Master Site Plan, Randal Park P.D., Phase 5." The visual aid is provided below.



The site utilization study suggests that the Parent Tract has the physical capacity to accommodate the development of 206 residential units, internal roadways, stormwater facilities, and other improvements. Based upon the visual interpolation of the site utilization study and consideration of information obtained from secondary sources, it appears as though the 166 residential units will range in width from 40-ft to 60-ft.

Based upon the information provided by the property owner's representative and other information obtained from primary and secondary sources, it is the appraiser's opinion that the Parent Tract is physically capable of accommodating the development of 206 residential units, consisting of 166 single family residential units and 40 townhomes.

4.3 FINANCIALLY FEASIBLE USES

Financial feasibility pertains to the capability of a physically possible and legal use of property to produce a positive return to the land after considering risk and all costs to create and maintain the use.¹⁶ The appraiser has prepared a financial analysis of the proposed uses of the Parent Tract for the purpose of evaluating the potential feasibility of those uses (see below).

<i>End of Period</i>	Quarter 1 <i>(Aug. 31, 2015)</i>	Quarter 2 <i>(Nov. 30, 2015)</i>	Quarter 3 <i>(Feb. 29, 2016)</i>	Quarter 4 <i>(May 31, 2016)</i>	Quarter 5 <i>(Aug. 31, 2016)</i>
Number of Lots					
- Beginning of Period	206	206	116	71	26
- End of Period	206	116	71	26	0
- Lot Sales	0	90	45	45	26
Average Lot Price	\$91,269	\$91,269	\$91,269	\$91,269	\$91,269
Gross Sales Revenue		\$8,214,210	\$4,107,105	\$4,107,105	\$2,372,994
Expenses and Deductions					
- Real Estate Taxes	-51,500	-51,500	-29,000	-17,750	-6,500
- HOA Fees	0	-61,800	-34,800	-21,300	-7,800
- Commissions (1.0%)	0	-82,142	-41,071	-41,071	-23,730
- Marketing (1.0%)	-82,142	-82,142	-41,071	-41,071	-23,730
- Administrative (1.0%)	<u>-41,071</u>	<u>-82,142</u>	<u>-41,071</u>	<u>-41,071</u>	<u>-23,730</u>
Sub-Total	-174,713	-359,726	-187,013	-162,263	-85,490
Cash Flow Before Profit	-\$174,713	\$7,854,484	\$3,920,092	\$3,944,842	\$2,287,504
Entrepreneurial Profit (15%)	0	-1,178,173	-588,014	-591,726	-343,126
Capital Expenditures	<u>-5,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub-Total	-5,000,000	-1,178,173	-588,014	-591,726	-343,126
Cash Flows FV	-\$5,174,713	\$6,676,311	\$3,332,078	\$3,353,116	\$1,944,379
Present Value Factor (8.0%)	1.0000	0.9612	0.9423	0.9238	0.9057
Cash Flows PV	-\$5,174,713	\$6,417,062	\$3,139,892	\$3,097,760	\$1,761,084
Cash Flows PV Total	\$9,241,084				
Cash Flows PV Per Lot	\$44,860				

¹⁶ *The Appraisal of Real Estate – 14th Edition, 341.*

The financial analysis suggests that the Parent Tract has an economic value of approximately \$9.25 million. In this case, economic value is not intended to be the same as market value. The financial analysis consists of a number of input assumptions and variables, some of which were provided by the property owner's representative and others that were estimated by the appraiser. Information provided by the property owner's representative indicated that 29 single family lots, identified on the site utilization study, will be located along one of two ponds and that these lots are worth \$2,200 a Front Foot, thus, suggesting prices of approximately \$132,000 for these lots. The Intended User must realize that the term "worth" pertains to probable "market price," as opposed to "market value," and that the reported price is for a "pad-ready lot," as opposed to a proposed residential lot that is not ready for immediate development of a single family residence.

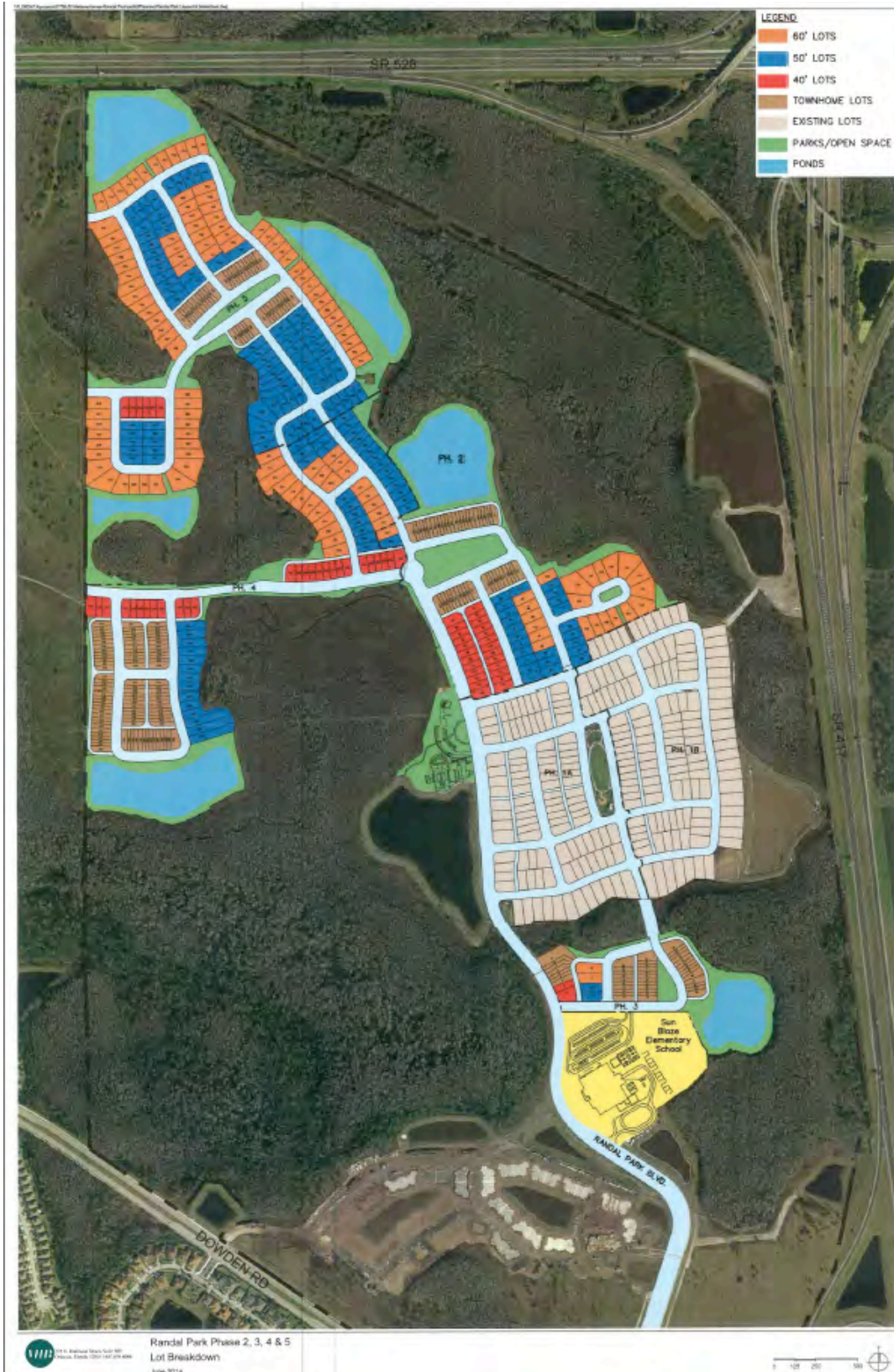
Other information provided by the property owner's representative to the appraiser indicates that the base price of the single family homes that will be built on those lots that are 60-ft wide will range from \$321,990 to \$371,990; that lot premiums ranging from \$5,000 to \$30,000 are applied to the "base price" of the 60-ft wide lots, depending on location and lot size; lot premiums ranging from \$20,000 to \$25,000 are applied to the "base price" of the 60-ft wide lots located along either of the two ponds; the unconstructed portion of the project will require \$86.0 million to complete the improvements and home construction; starting with Phase 2 sales in November 2014, the pace of sale has been 17.8 residential units per month; and \$5.0 million in capital expenditures will be required to complete the land development phase of the Parent Tract before residential units may be constructed.

In conclusion, the financial analysis suggests that the development of 206 residential units at the Parent Tract is financially feasible, given certain input assumptions. Furthermore, the analysis suggests that the economic value of the Parent Tract is approximately \$9.25 million, or approximately \$45,000 per allowable residential unit. Neither of these numbers should be interpreted as the market value of the Parent Tract. However, these numbers are intended to suggest that price that may be paid for the Parent Tract, given the legal and physical uses, and produce a positive return to the land, after considering risks and all costs to create and maintain their use.

4.4 MAXIMALLY PRODUCTIVE

In conclusion, it is the appraiser's opinion that the highest and best use of the Parent Tract is for development of 206 residential units, consisting of 166 single family residential units and 40 townhomes.

5.0 MARKET VALUE OF PARENT TRACT



Randal Park Phases 2, 3, 4 & 5

5.0 MARKET VALUE OF THE PARENT TRACT

5.1 INTRODUCTION

In valuing the Parent Tract, the sales comparison approach is the only method considered applicable. Because there have been several recent transactions of similar properties, the appraiser is able to use this information and reasonably predict the behavior of buyers and sellers. Neither the cost approach nor the income capitalization approach is considered applicable in this assignment because the Parent Tract is unimproved land.

5.1 SALES COMPARISON APPROACH

Three recent transactions of properties that are proposed for residential development have been identified and are used as primary source data in the application of the sales comparison approach. The table, below, provides a summary of information pertaining to these properties.

	<u>Parent Tract</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>
A. Transaction Data				
- Sale Date	N/A	3/19/2014	5/30/2014	9/12/2014
- Seller	N/A	JEN Fla V, LLC	Seidel, LLC	SLF IV/Boyd Horizon West
- Buyer	N/A	KB Home Orlando, LLC	Toll FL XII, LP	Saguaro Fla. I, LLC
- Public Record	N/A	10722-8520	10751-4803	10804-9211
- County	Orange Co	Orange Co	Orange Co	Orange Co
- Sale Price	N/A	\$10,000,000	\$16,000,000	\$13,700,000
B. Property Data				
- Project	Randal Park PD	Orchard Park	Lakeshore	Hamlin Reserve
- Location	East Orange Co	Horizon West	Horizon West	Horizon West
- Access	Dowden Road	Tiny Road	Seidel Road	Porter Road
- Utilities Available	Yes	Yes	Yes	Yes
- Topography	Level	Level	Level	Level
- Size (Acres)				
- Upland	85.5	64.0	152.8	71.0
- Wetland	<u>20.1</u>	<u>2.3</u>	<u>36.5</u>	<u>11.0</u>
- Total	105.6	66.3	189.3	82.0
C. Highest & Best Use				
- Use on Sale Date	Unimproved	Unimproved	Unimproved	Unimproved
- Comp Plan - FLU	Office Low/Cons	Village	Village	Village
- Zoning	Planned Dev	Planned Dev	Planned Dev	Planned Dev
- Proposed Use	Residential	Residential	Residential	Residential
- No. of Units	206	200	365	349
- Single Family	166	200	281	349
- Townhomes	40	0	84	0
- Density	2.4	3.1	2.4	4.9
- Highest & Best Use	Residential	Residential	Residential	Residential
D. Price Metrics				
- Dollars/Unit	N/A	\$50,000	\$43,836	\$39,255
- Dollars/Net Ac.	N/A	\$156,250	\$104,712	\$192,958

Purchased between March 2014 and September 2014, the three sale properties ranged in price from \$10.0 million to \$16.0 million. The buyers purchased the properties with the intent of developing a residential community; the smallest, proposed for 200 dwelling units, and the largest, proposed for 365 dwelling units. The highest and best use of the Parent Tract is estimated to be for 206 dwelling units. The residential developments proposed for the three properties suggest net project densities (i.e., residential units per net developable acre) ranging from 2.4 to 4.9, whereas the density at the Parent Tract is 2.4. Each of the three properties are located in the Horizon West submarket, an area located along the Western Beltway. Similar to the submarket where the Parent Tract is located, the Horizon West submarket is in the growth stage of its life cycle and the construction of new residential properties is occurring at a brisk pace.

The transactions indicated prices that range from \$39,255 Per Dwelling Unit to \$50,000 Per Dwelling Unit. Sale No. 1 and 2 cluster towards the higher end of the range. Most similar to the Parent Tract in regards to density, Sale No. 2 indicates a market price of \$43,836 Per Dwelling Unit. Sale No. 2, similar to the Parent Tract, includes townhomes, whereas Sale No. 1 and Sale No. 3 do not. Consideration has been given to the prices paid for each of the three properties, however, greatest weight is given to Sale No. 1, because it is most similar to the Parent Tract in regards to the total number of units.

It is the appraiser's opinion that the market value of the specified interest in the Parent Tract, as of the Date of Value is \$50,000 Per Dwelling Unit. Therefore, the market value of the Parent Tract, exclusive of the contributory value of the stormwater pond, is:

$$\text{Market Value of Parent Tract: } (206 \text{ DU}) \times (\$50,000 \text{ Per DU}) = \$10,300,000$$

The Parent Tract is improved with a 4.8 acre wet detention pond that is part of a stormwater management system that has been constructed on the Parent Tract. The replacement cost new of the pond is \$551,889, or approximately \$550,000. Adding the cost estimate for the pond to the estimate of the market value for the land indicates a market value for the Parent Tract of \$10,850,000.

6.0 THE PROJECT AND THE PROPOSED ACQUISITION

6.0 THE PROJECT AND THE PROPOSED ACQUISITION

6.1 THE PROJECT

The KCG Report indicates that the preliminary plans for the proposed project include a “conceptual study for the 8 laning of SR 528 dated September 13, 2013. The Federal Railroad Administration has prepared a Draft Environmental Impact Statement (DEIS) and Section 4(f) Evaluation with Appendices dated September 2014 providing an in depth overview of the proposed Orlando to Miami Intercity Passenger Rail project.”¹⁷

The proposed project is described in the KCG Report as the “Reconstruction of SR 528 into a multimodal corridor includes widening sections of SR 528 to 8 lanes, new interchange/overpasses and stormwater facilities. In addition to the roadway improvements, the project proposes multiple rail systems south of SR 528, including an intercity passenger rail service that will ultimately connect Orlando and Miami.”¹⁸

All Aboard Florida (AAF) is proposing to construct and operate a privately owned and operated intercity passenger railroad system that will connect Orlando and Miami, with intermediate stops in Fort Lauderdale and West Palm Beach, Florida (Project). AAF proposes to implement the Project through a phased approach. Phase I would provide rail service on the West Palm Beach to Miami section while Phase II would extend service to Orlando. Phase I would provide passenger rail service along the 66.5 miles of the Florida East Coast Railroad (FECR) Corridor connecting West Palm Beach, Fort Lauderdale, and Miami.¹⁹

Phase II of the Project includes constructing a new railroad line parallel to State Road (SR) 528 between the Orlando International Airport (MCO) and Cocoa, constructing a new Vehicle Maintenance Facility (VMF) on property owned by the Greater Orlando Airport Authority (GOAAA), adding a second tract within 128.5 miles of the FECR Corridor between West Palm Beach and Cocoa, and additional bridge work between Miami and West Palm Beach. The proposed service would use a new intermodal facility at MCO that is being constructed by GOAA as an independent action. The Project includes purchasing five additional passenger train sets, and would add 16 new round-trip intercity passenger train trips (32 one-way trips) on the new railroad segment and on the FECR Corridor between Cocoa and West Palm Beach. No additional trips beyond those considered in the 2012 (16 round-trip intercity passenger train trips [32 one-way trips]) would be added on the West Palm Beach to Miami section.²⁰

The purpose of the Project is to provide reliable and convenient intercity passenger rail transportation between Orlando and Miami, Florida, by extending (in Phase II) the previously reviewed Phase I AAF passenger rail service between West Palm Beach and Miami and by maximizing the use of existing transportation corridors. This transportation service would offer a safe and efficient alternative to automobile travel on congested highway corridors, add transportation capacity within those corridors (particularly Interstate 95 [I-95]) and encourage

¹⁷ Kelly, Collins & Gentry, Inc. *Land Planning/Engineering Report: Multimodal Corridor in Orange County*. March 18, 2015. 2.

¹⁸ Ibid.

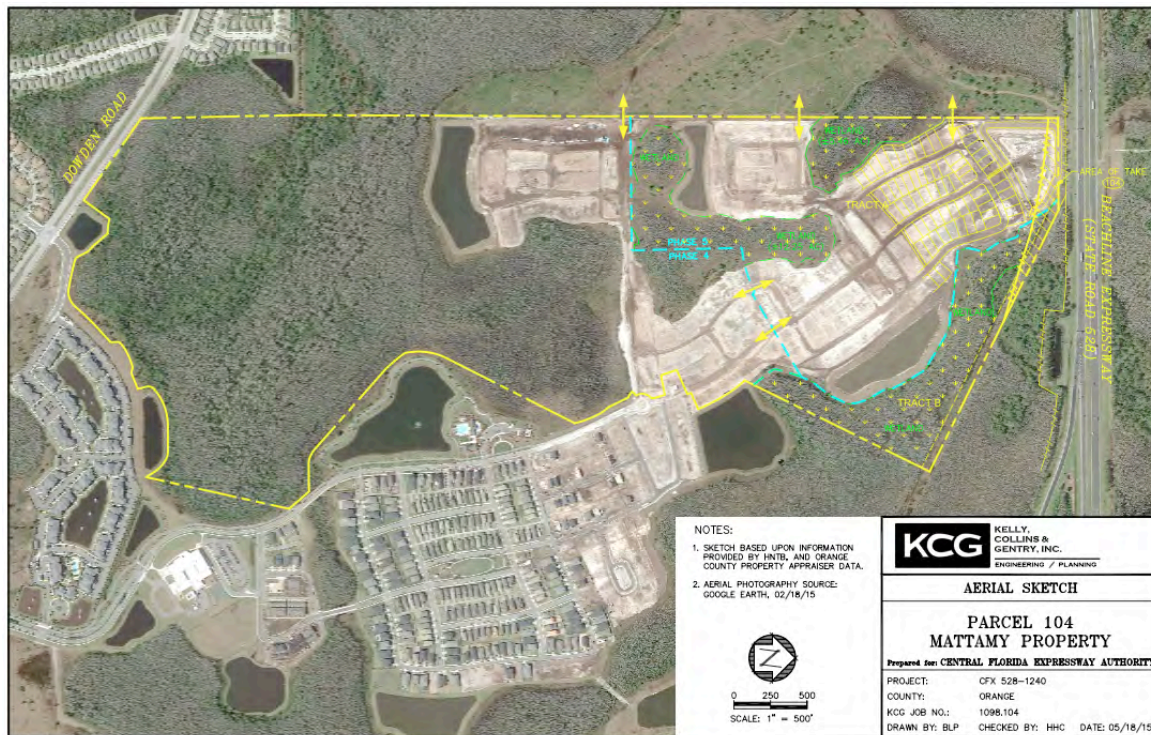
¹⁹ USDOT Federal Railroad Administration. *All Aboard Florida – Intercity Passenger Rail Project: Orlando to Miami, Florida/Draft Environmental Impact Statement and Section 4(f) Evaluation*. Volume I: Text. September 2014, S-1.

²⁰ Ibid., S-2.

connectivity with other modes of transportation such as light rail, commuter rail and air transportation.²¹

6.2 THE PROPOSED ACQUISITION – PARCEL NO. 104

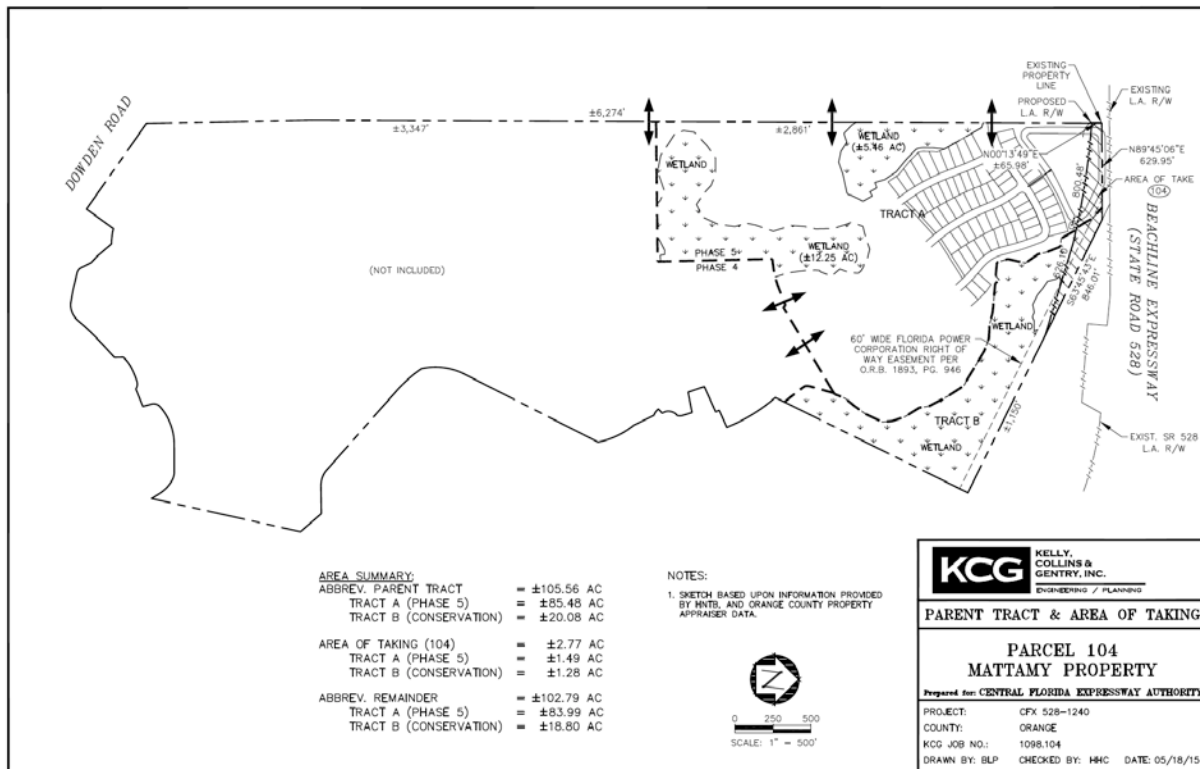
The proposed acquisition area is generally known as Parcel 104 of the “SR 528 – Multimodal Corridor in Orange County.” Parcel 104 is the fee simple acquisition of an irregular shaped strip impacting the northwest portion of the site (see illustration below).



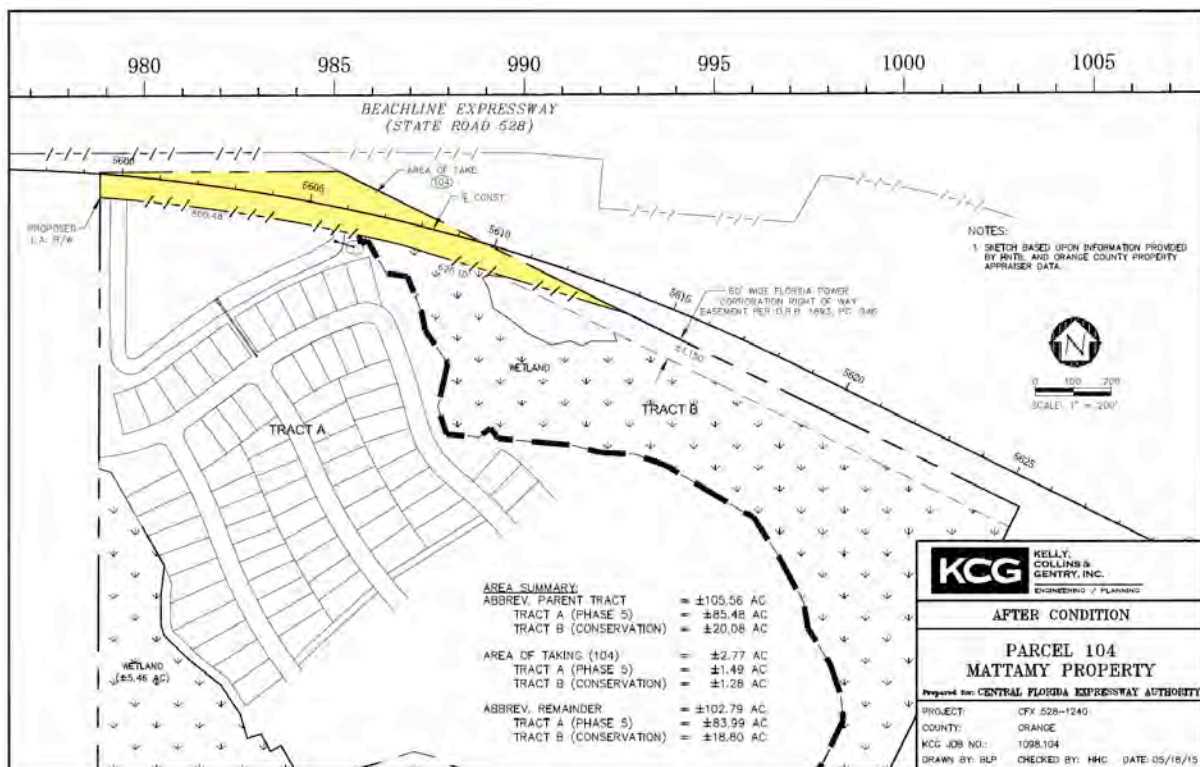
Parcel 104/Mattamy Property: Aerial Sketch

²¹ Ibid., S-5.

CFX PROJECT No. 528-124 (MULTIMODAL CORRIDOR IN ORANGE COUNTY)
HREA ASSIGNMENT No. 15001002.C (PARCEL 104: MATTAMY HOMES)

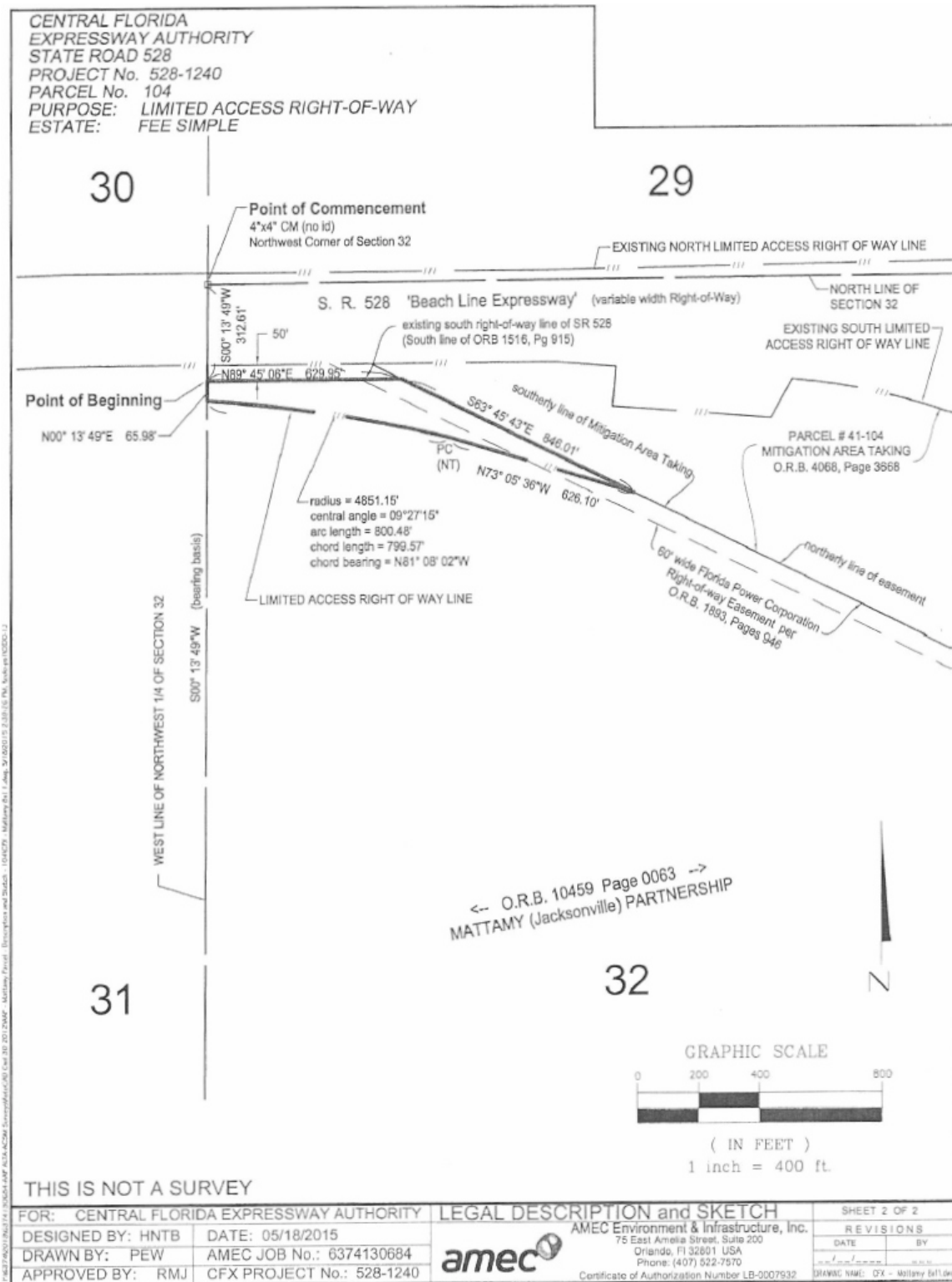


Parcel 104/Mattamy Property: Parent Tract & Area of Taking.



Parcel 104/Mattamy Property: Area of the Taking

CFX PROJECT No. 528-124 (MULTIMODAL CORRIDOR IN ORANGE COUNTY)
HREA ASSIGNMENT No. 15001002.C (PARCEL 104: MATTAMY HOMES)



Parcel 104/Mattamy Property: Sketch accompanying legal description of the Part Taken.

Parcel 104, containing 2.77 acres, consists of 1.49 acres of upland area and 1.28 acres of wetland/conservation area. Of irregular shape, Parcel 104 measures 629.95 ft along its northerly edge, 846.01 ft along its northeast edge, 65.98 ft along its west edge, and 1,426.58 ft along its southwest boundary. The north boundary of Parcel 104 is the south limited-access right-of-way of SR 528. A Florida Power Corporation powerline easement encumbers the northeast 60 ft of Parcel 104. The area of Parcel 104 has been recently improved with a wet detention stormwater management pond. Roadway, railway, and drainage improvements will be constructed in the area taken.

6.3 THE VALUE OF THE PART TAKEN

Previously, the appraiser estimated and reported the market value of the specified interest in the Parent Tract to be \$10,850,000, allocated \$10,300,000 to land value and \$550,000 to site improvement value. The land value estimate, \$10.3 million, indicates a value of \$120,496 Per Upland Acre.

Parcel 104 contains 1.49 acres of upland area and the replacement cost new of the site improvements located in the area of the acquisition is \$121,397. The value of the Part Taken (Parcel 104) is:

<u>Item</u>	<u>Net Acres</u>		<u>Value/Ac</u>		<u>Total</u>
Land	1.49	x	\$120,496	=	\$179,539
Site Improvements					<u>121,397</u>
Value of Part Taken					\$300,936

7.0 THE REMAINDER PROPERTY

7.0 THE REMAINDER PROPERTY

7.1 VALUATION OF THE REMAINDER AS PART OF THE WHOLE

The difference between the value of the whole property and the value of the part acquired equals the value of the remainder as part of the whole. Therefore:

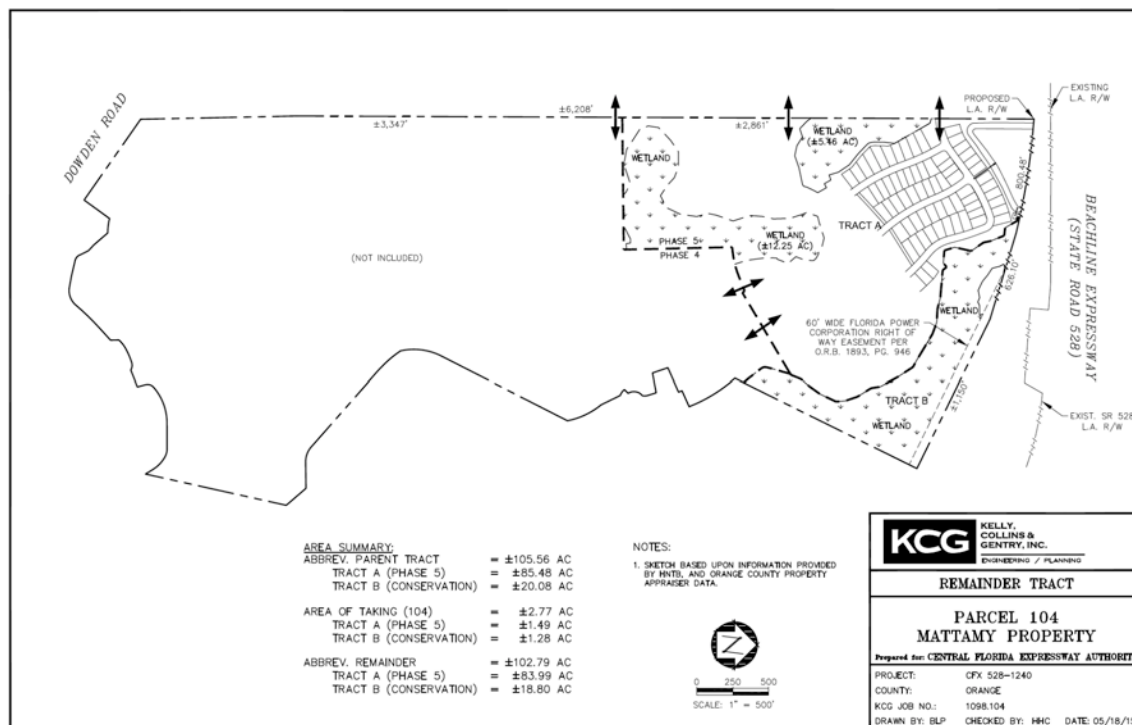
	Land Value	Site Imp.	Total
Value of Whole (Before Acquisition).	\$10,300,000	\$550,000	\$10,850,000
(Less) Value of Part Acquired (Fee Simple - Parcel 104)	<u>-\$179,500</u>	<u>-\$121,400</u>	<u>-\$300,900</u>
Value of the Remainder as a Part of the Whole	\$10,120,500	\$428,600	\$10,549,100

7.2 VALUATION OF THE REMAINDER AFTER THE ACQUISITION

In Section 7.1 (Value of the Remainder as Part of the Whole) of the appraisal report, the market value of the Parent Tract before the taking is shown with the value of the part acquired subtracted. This results in the estimated value of the remainder as part of the whole. This value is then compared to the estimated value of the remainder (Uncured) to determine if there are any damages or special benefits caused by the acquisition. Note that the appraisal is performed under the assumption that the multimodal corridor has been completed according to the constructions plans and that the facility is open for public use.

7.3 DESCRIPTION OF REMAINDER UNCURED

The property sketch, below, is an illustration of the Remainder Uncured.



Parcel 104/Mattamy Property: Remainder Tract

The Remainder, containing ± 102.79 acres, consists of ± 83.99 acres of uplands and ± 18.80 acres of conservation/wetlands area, and retains the same general shape as the before condition. A portion of the on-site stormwater treatment pond located on the Parent Tract was impacted by the taking and will require redevelopment as a cost to cure to restore stormwater management commensurate with the before condition. Access from Randall Park Boulevard is unaffected. The topography, generally, is unaffected; however, a cost to cure will be necessary to redevelop the stormwater on the remainder property. Drainage is affected, as the taking impacts the wet detention pond in the northwest portion of the site.²²

The overall abbreviated parent tract is reduced by $\pm 3\%$ to 102.79 acres in size. Tract A (Phase 5) is reduced ± 1.49 acres from ± 85.49 acres, a reduction of approximately 2%. As in the before condition, the site as if vacant remains physically adequate in size and shape to support a variety of development scenarios. Consistent with the Office-Low future land use designation, reasonable use of the property would include residential home sites consistent with those approved within Randal Park PD.²³

The cure restores the Remainder back in a similar condition with respect to onsite stormwater management in support of future development. As cured, the Remainder suffers a permanent loss of six residential home sites, a reduction of $\pm 3\%$ as compared to the total home sites (206) permitted in Phase 5 of the development program.²⁴

Damages due to railway proximity and noise may be considered by the appraiser. Residential lots most proximate to the proposed right-of-way are located 200 ft to 500 ft away. Noise impacts are generally based upon the decibel increases above existing ambient sound levels. Given the proximity to an existing high speed limited access expressway and interchange, and to the Orlando International Airport (OIA), baseline noise levels may vary considerably and a study by qualified noise consultant would be required to fully understand sound impacts subject to the taking.²⁵

The market value of the Remainder Uncured is affected by the taking in two ways: (1) cost to cure damages caused by the taking of a portion of the existing wet detention pond located in the north portion of the Remainder, and (2) detrimental conditions associated with the proposed use of the part taken for multimodal purposes. These factors are further described:

1. Cost to Cure Damages: On May 18, 2015, an estimate of the cost to cure the detrimental impacts to the stormwater detention pond was prepared by a general contractor. The cost-to-cure amount is \$441,750.40 and includes construction of 3.3 ac of stormwater storage, a control structure, 100 LF of 24" reinforced concrete pipe, 2 mitered earth stabilization culverts, a spreader swale. The proposed cure will be discussed in a subsequent section of the appraisal report.
2. Detrimental Conditions: In addition to the cost-to-cure damages, the Remainder Uncured will be adversely affected by: (1) a loss of six potential homesites caused by the reconstruction of the wet detention pond, and (2) the detrimental conditions associated with the use of the Part Taken for construction, maintenance, and operations of a multimodal transportation corridor, particularly the intercity passenger train component.

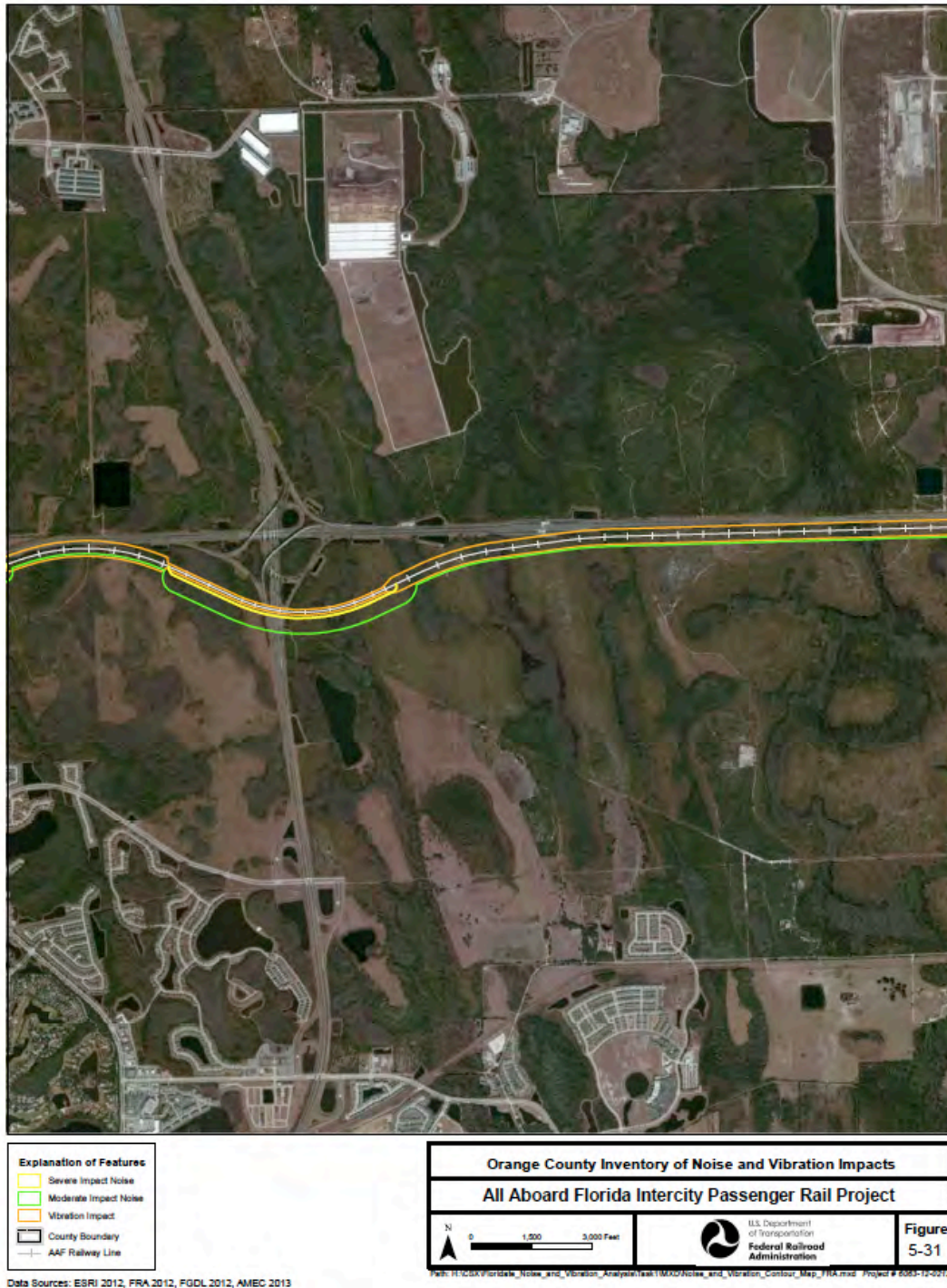
²² Kelly, Collins & Gentry, Inc. *Land Planning/Engineering Report*. Parcel 104, 7-8.

²³ Ibid., 8.

²⁴ Ibid., 9.

²⁵ Ibid.

Noise and vibrations will be generated by the passenger train. Noise is defined as unwanted sound. The visual aid, below, illustrates the approximate locations of noise and vibration contours at the Remainder:



Parcel 104/Mattamy Property: Noise and Vibration Impacts

The appraiser has identified recent transactions of properties located along or in close proximity to that portion of the OUC railway corridor, generally located between Lake Nona Boulevard and SR-528 (Beachline Expressway). The visual aid, below, illustrates the

approximate location of the OUC railway (yellow line) and three properties, purchased by national homebuilders for residential development, that abut the OUC railway.



Regarding the OUC railway use and operation, the average OUC train is about one mile long and travels no faster than 25 mph. The trains carry coal to the Stanton Energy Center located north of SR-528 at its intersection with ICP Boulevard. Typically, the rail is $\pm 2-3$ ft above existing grade, except for those points of intersection with an existing roadway, whereupon the rail elevation is at or approximate to the crown of the road. Although OUC does not have a set schedule, the trains run several times a week and at all hours.²⁶



OUC railway crossing at Moss Park Road (Date of Photo: October 2014).

²⁶ Email: Tim Trudell to Deborah D Keeter. May 13, 2015.

The line with the blue color illustrates the approximate perimeter of a property that was purchased by Pulte Home Corporation in December 2013. Pulte, a national home builder, paid $\pm\$14.0$ million for the property, containing ± 70.0 acres and proposed for the development of 140 single family residential units, or \$100,000 per unit. Currently, Pulte is developing the property with a single family residential community known as The Enclave at Village Walk, pictured below:



Lake Nona Boulevard is located between the OUC railway right-of-way and the southeast boundary of the residential development. Pulte constructed a privacy wall along the southeast boundary of the property. Pulte is constructing single family residences at the property that are located approximately 300 ft from the train tracks. Base price for the residences, excluding lot premiums, range from \$579,990 for a 3,188 sf single-story residence to \$719,990 for a 5,118 sf two-story residence. Lots facing the preserve area to the west, command lot price premiums that range from \$100k to \$145k. Lots facing the privacy wall command lot price premiums of \$15k to \$20k. Phase I, including 36 homesites, of which 19 homesites are located along the privacy wall, is nearing sell-out. Generally, this information suggests that an active at-grade railway, used for the transportation of freight, has an adverse effect on the nearby residential property. Even so, the developer, a national home builder with knowledge of the presence and effects of the nearby OUC railway chose to purchase the property, regardless of the railway, and appears to have been successful in the sales of residences located along the property line located along Lake Nona Boulevard.

The line with the red color illustrates the approximate perimeter of a property that was purchased by Lennar Homes LLC in March 2013. Lennar, a national home builder, paid $\pm\$9.0$ million for the property, containing ± 292.8 net acres and entitled for development of 1,194

residential units. This transaction consists of five non-contiguous tracts of land, of which three are located along the OUC railway corridor. One of the three tracts has been developed with a residential community known as The Enclave at Moss Park. This residential community consists of 45 single family homesites, of which 13 are located along a powerline transmission corridor which is contiguous to the OUC railway corridor, picture below:



Residences located ± 400 ft from the railway track have been sold for prices ranging from \$257k to \$330k. This information suggests that the OUC railway, in and of itself, did not cause the property to remain vacant and idle. Lennar, a national homebuilder, aware of the presence and locations of the powerline and railway corridors, developed the property regardless of these externalities. Although the OUC railway is different than the proposed All Aboard Florida passenger railway, the property was purchased and developed by a national homebuilder who has had success with the sales of new single family residences that are located near to an active, at-grade, freight train corridor.

The line with the orange color illustrates the approximate perimeter of a property that was purchased by Lennar Homes LLC in March 2013. Lennar, a national home builder, paid $\pm \$15.0$ million for the property, containing ± 169.9 net acres and entitled for development of 1,112 residential units and known as Storey Park. The number of units that are proposed for development is less than the number of residential units that were entitled at the time of purchase. The master concept plan illustrates a development with single family, duplex, and multiple family residences proposed to be constructed at locations within the development that are within a distance of ± 400 ft to ± 450 ft from the rail of the OUC railway corridor. Until such time that the residential products are brought to market, the effects of the proximity to the OUC railway are not known. However, Lennar's purchase of the property and the

development, as proposed at this time, suggests that the OUC railway corridor, in and of itself, did not have such an adverse effect as to prevent the purchase of the property nor alter the uses proposed at the property.

The table, below, provides information pertaining to the height of the proposed railroad track at various station points:

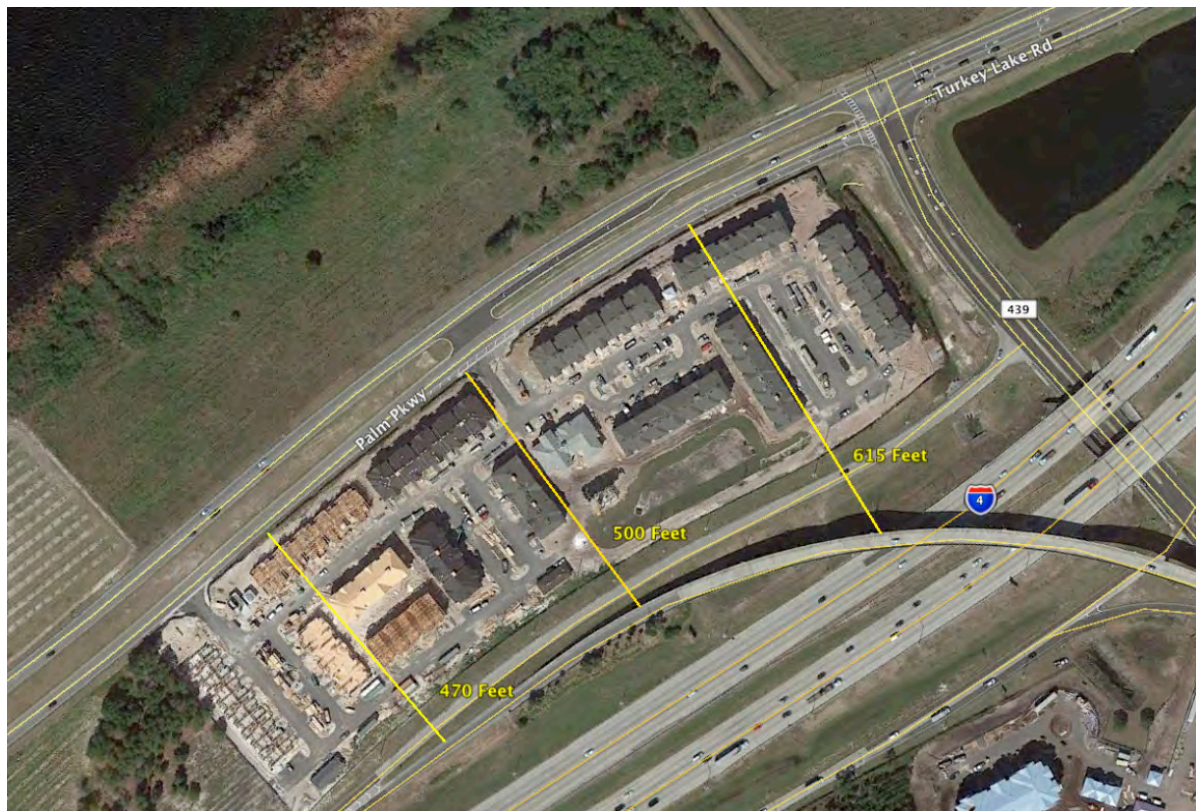
	Station	CL Elevation		Delta
		Ex. Gnd	Pr. Track 1	
Begin Parcel 104 Sta. 5599+41	5599 + 00	83.4	91.43	8.03
	5600 + 00	85.6	91.37	5.77
	5601 + 00	87.0	91.3	4.30
	5602 + 00	84.3	91.24	6.94
	5603 + 00	84.8	91.17	6.37
	5604 + 00	84.5	91.11	6.61
	5605 + 00	83.5	91.04	7.54
	5606 + 00	83.0	90.98	7.98
	5607 + 00	82.5	90.91	8.41
	5608 + 00	84.0	90.85	6.85
	5609 + 00	83.0	90.78	7.78
	5610 + 00	83.2	90.72	7.52
	5611 + 00	84.0	90.65	6.65
	5612 + 00	84.0	90.59	6.59
End Parcel 104 Sta. 5614+00	5613 + 00	84.1	90.52	6.42
	5614 + 00	83.8	90.46	6.66
	5615 + 00	83.6	90.39	6.79
	5620 + 00	82.6	90.07	7.47
	5625 + 00	82.3	93.12	10.82
	5630 + 00	82.4	104.33	21.93
	5635 + 00	82.5	116.53	34.03
Ex SR 417 intch Ex SR 417 intch	5640 + 00	84.1	128.05	43.95
	5645 + 00	104.3	131.72	27.42
	5650 + 00	84.4	125.63	41.23
	5655 + 00	82.4	113.51	31.11

Source: Kelly, Collins & Gentry, Inc.

The elevation of the railway track at its western end has an elevation of ± 5.8 ft and at its eastern end an elevation of ± 6.7 ft. Thus, the track slopes upward, slightly, as it moves from west to east. Thereafter, its height increases to a maximum of ± 44.0 feet as it crosses SR 417.

The appraiser has identified a recent transaction of a property located near the intersection of Interstate 4 (I-4) and the Central Florida Parkway that is adjacent to an elevated ramp that provides access for vehicles traveling westbound on the Central Florida Parkway to the southbound lanes of I-4. Purchased in March 26, 2014 for \$5,308,000, the property, containing ± 13.5 acres, has been developed with a luxury apartment project known as Altis Sand Lake. Approved for 334 residential rental units, the buyer paid approximately \$15,892 Per Unit for the site. The elevated ramp runs along the easterly side of the property and returns to grade at a point located near the southeast corner of the property. The aerial

photograph and street view, below, provides an illustration of the property and the elevated ramp:



Aerial view of property located adjacent to elevated ramp to I-4.



Street view of property located adjacent to elevated ramp to I-4 (March 2015).

The structures that have been built on the property are located a distance of ± 160 ft to ± 225 ft from the elevated ramp. The northwest boundary of the property is located a distance of ± 470 ft to ± 615 ft from the elevated ramp.

For use in a paired sales analysis, a recent transaction involving an apartment site that is not influenced by an elevated ramp, was identified. Purchased in December 18, 2013 for \$6,567,500, the property is located ± 2.25 miles northeast of the property located adjacent to the elevated ramp. Currently, 355 luxury apartment units are being constructed at the property and the project is generally known as The Courtney at Universal Boulevard. The buildings will range in floor height from three stories to four stories. The purchase price indicates a price of \$18,500 Per Unit.

Comparatively, the luxury apartment site located adjacent to the elevated ramp was purchased for \$15,892 Per Unit of \$9.01/SF of land area, whereas the luxury apartment site that is not located adjacent to an elevated ramp was purchased for \$18,500 Per Unit and \$12.06/SF of land area. Comparative analysis of these prices suggests that the luxury apartment site located adjacent to the elevated ramp sold at a price that was approximately 14.1% less than the luxury apartment site that is not located next to an elevated ramp, when compared on a Dollars Per Unit basis, and for approximately 25.4% less when viewed on a Dollars Per Square Foot of Land Area basis.

Having considered the information pertaining to the three properties located adjacent to the OUC railway corridor and having analyzed the variance in the lot premiums charged for properties near the OUC railway corridor, as opposed to those properties that are not located along the OUC railway corridor; the paired sales analysis of the luxury apartment sites, one located adjacent to an elevated ramp that provides vehicular access from Central Florida Parkway to I-4 southbound; and the information pertaining to the proposed intercity passenger rail, it is the appraiser's opinion that the Remainder Uncured has suffered a diminution in value of 25%.

7.4 VALUATION OF THE REMAINDER UNCURED

The Remainder Uncured contains ± 102.79 acres, of which ± 83.99 acres is uplands and ± 18.80 acres are conservation/wetland areas. The development capacity of the Remainder Uncured has been reduced by six units because the proposed cure to the wet detention pond will utilize land area that otherwise would have been available for residential development.

The contributory value of the wet detention pond as part of the Remainder as Part of the Whole is \$428,600. However, the cost to cure the stormwater pond is \$441,750. Therefore, the wet detention pond does not have contributory value to the Remainder Uncured.

Recognizing that the number of developable residential units has declined from 206 units to 200 units, the value of the property has declined from \$50,000/Unit to \$37,500/Unit, and that the wet detention pond has no contributory value, the market value of the Remainder Uncured is estimated as:

	<u>Units</u>		<u>Value/Un.</u>		<u>Total</u>
Land Value	200	x	\$37,500	=	\$7,500,000
Site Improvements					<u>0</u>
Remainder Uncured					\$7,500,000

7.5 SUPPORT FOR DAMAGES/NO DAMAGES TO THE REMAINDER

If the market value of the Remainder as Part of the Whole is greater than the Market Value of the Remainder Uncured, the remainder has suffered damages. Conversely, if the Market Value of the Remainder Uncured is greater than the Market Value of the Remainder as Part of the Whole, then the property has enjoyed a benefit. The difference in the market value estimates for these properties indicates the following:

MV - Remainder as Part of the Whole	\$10,549,100
MV - Remainder Uncured	<u>-7,500,000</u>
Damages (Benefits or No Damages)	\$3,049,100

The damages to the Remainder are caused by a reduction in the density or number of residential units that can be built at the site, a reduction in the value of the potential residential units caused by the detrimental conditions associated with the project improvements that are proposed for construction in the Part Taken, and the loss of the functional capacity of the wet detention pond.

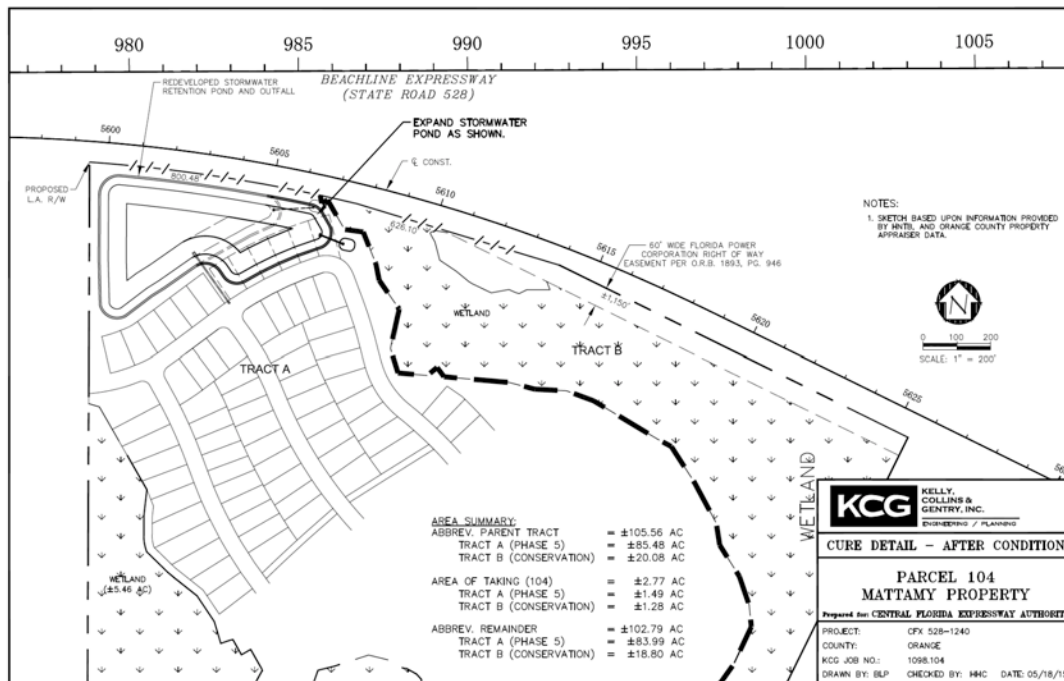
7.6 COST TO CURE DAMAGES

Another method applied to estimate a proper adjustment for damage is known as the *Cost to Cure*. This method can be used when the property being appraised has suffered damage that can be physically and economically corrected (e.g., through correction of drainage, replacement of fencing, reestablishment of physical access, or replacement of sewage or water systems). Under no circumstances can the cost to cure measure of damage be applied if the cost to cure exceeds the diminution in value that would result if such a cure were not undertaken. However, if the cost to cure is less than the diminution in the value of the remainder, the cost to cure measure of damage must be used.²⁷

A cured remainder plan has been prepared to address impacts to the subject property created by the acquisition. Proposed cure activities include the following: (1) Redevelop the stormwater management facility with sufficient capacity commensurate with the before condition. (2) Restore outfall discharge structures/spreader swale. (3) Restore disturbed areas in kind. (4) amend environmental permits as required. (5) Amend entitlement approvals as required.²⁸ The property sketch, below, illustrates the impacts of the proposed cure on the remainder property in the after condition.

²⁷ Real Estate Valuation in Litigation – 2nd edition. (Chicago, IL: The Appraisal Institute), 296.

²⁸ Kelly, Collins & gentry, Inc., 8.



The improvements or modifications to the wet detention pond that are necessary to restore its utility and functional capacity have a probable cost of \$441,750.

7.7 REMAINDER VALUE (AS CURED)

Although the improvements and modifications to the wet detention pond will restore its contributory value, the proposed cure will not affect the value of the site. Therefore, the Remainder Value (Cured) is estimated as follows:

	<u>Units</u>	<u>Value/Cured</u>	<u>Total</u>
Land Value	200 x	\$37,500	= \$7,500,000
Site Improvements			<u>550,000</u>
Remainder Cured			\$8,050,000

7.8 SPECIAL BENEFITS

The acquisition does not result in any special benefits to the Remainder Property.

8.0 SUMMARIES AND CONCLUSION

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8.1 SUMMARY OF THE ESTIMATES

1) Before Property		\$10,850,000
2) Part Acquired		\$300,900
- Land Value:	\$179,500	
- Site Improvements:	\$121,400	
3) Remainder (Part of the Whole)		\$10,549,100
4) Remainder Appraised, Uncured		\$7,500,000
5) Damages	[3] - [4]	\$3,049,100
6) Special Benefits		-
7) Damages	[5] - [6]	\$3,049,100
8) Remainder (Cured) (or 3, whichever is less)		\$8,050,000
9) Remainder (appraised, uncured)	[4]	\$7,500,000
10) Damages, Curable	[8] - [9]	\$550,000
11) Damages, Uncurable	[7] - [10]	\$2,499,100
12) Cost to Cure (Re-establish)		\$441,750
13) Improvements Cured		\$121,400
14) Net Cost to Cure	[12] - [13]	\$320,350

8.2 AMOUNT DUE THE OWNER (ESTIMATED)

In conclusion, the amount due the owner, as a result of the acquisition of Parcel 104, is estimated to be:

Land	\$179,500	
Site Improvements	<u>121,400</u>	
Total Part Taken		\$300,900
Damages, Uncurable		\$2,499,100
Net Cost to Cure		<u>\$320,350</u>
Total Compensation (Parcel 104)		\$3,120,350