



**TRIGG, CATLETT
& ASSOCIATES**



**Southwest Aggregates
16470 South Tamiami Trail
Punta Gorda, Florida 33955
Valuation Date: October 1, 2017**

Prepared For:

Mr. Michael R. Whitt, Esquire
Robins Kaplan, LLP
711 Fifth Avenue South, Suite 201
Naples, Florida 34102

Prepared By:

Frank A. Catlett, MAI, SRA
State-Certified General Real Estate Appraiser RZ531

Robert C. Hicks, MAI
State-Certified General Real Estate Appraiser RZ531

Trigg Catlett No. 2017-041



**TRIGG, CATLETT
& ASSOCIATES**

Frank A. Catlett, MAI, SRA
President

December 12, 2017

Mr. Michael R. Whitt, Esquire
Robins Kaplan, LLP
711 Fifth Avenue, Suite 201
Naples, Florida 34102

RE: **Southwest Aggregates**
16407 South Tamiami Trail
Punta Gorda, Florida 33955

Dear Mr. Whitt:

Pursuant with our Letter of Engagement, we have personally inspected and appraised the above captioned property in order to render opinion of the subject's Prospective Market Value as a reservoir. The value conclusion contained herein is applicable to October 1, 2017. This appraisal firm has appraised the subject property on three prior occasions, February 26, 2013, July 11, 2014, and August 13, 2015, but have provided no other services over the three-year period immediately preceding acceptance of this assignment, as an appraiser or in any capacity.

The subject of this appraisal assignment is a 1,204-acre property located between the Cities of Punta Gorda, Fort Myers and Cape Coral, in Charlotte County, Florida. The property rights appraised are Fee Simple subject to Perpetual Conservation Easements, as well as any other encumbrances of record. Your attention is directed to the body of this report for a more detailed description of the property, surrounding environs and valuation analysis.

This appraisal report is intended to be used by our client, Mr. Michael R. Whitt, Esquire, of Robins Kaplan, LLP as legal counsel to Southwest Aggregates and the Neslund Family LTD Partnership II and designated representatives in order to establish Market Value defined and discussed in herein. The intended use of this report is to assist in marketing and potential sale of the reservoir site. No other intended users or uses are known or presumed in this analysis.

This appraisal has been prepared in accordance with Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (2016-2017 Edition) as approved by the Appraisal Standards Board of the Appraisal Foundation, and is classified as an *Appraisal Report*. The report describes significant data and analysis in support of the

Mr. Michael R. Whitt, Esquire
Robins Kaplan, LLP
December 12, 2017
Page 2

assignment results with a thorough reporting of the relevant data, analysis, and conclusions. The undersigned have no current or prospective interest in the subject property or the parties involved

Based upon all the known factors and influences that could affect the valuation of the subject property, it is our considered opinion that the prospective value of the property, as a reservoir, as of October 1, 2017, was:

Prospective Market Value as a Water Storage Reservoir

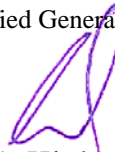
\$42,000,000

This opinion of value is predicated upon the reservoir being able to provide water storage for 12,000 acre-feet. This value conclusion assumes a normal marketing time. A consensus among real estate brokers indicates a typical marketing time for a property like the subject is 12 to 24 months. Should you have any questions pertaining to the property or our valuation thereof, please feel free to contact one of the undersigned at your convenience.

Respectfully Submitted



Frank A. Catlett, MAI, SRA
President
State-Certified General Real Estate Appraiser RZ531



Robert C. Hicks, MAI
Senior Vice President
State-Certified General Real Estate Appraiser RZ1059

TABLE OF CONTENTS

| | |
|---|----|
| Certificate..... | 1 |
| Summary of Salient Facts & Conclusions | 2 |
| Assumptions and Limiting Conditions..... | 5 |
| General Assumptions..... | 5 |
| Extraordinary Assumptions..... | 8 |
| Hypothetical Conditions | 8 |
| Supplemental Standards..... | 8 |
| Principles and Terminology | 9 |
| Identification of the Appraisal Problem..... | 13 |
| Basic Real Estate Valuation Principles..... | 14 |
| Assignment Elements | 16 |
| Purpose of the Appraisal | 16 |
| Property Rights Appraised..... | 16 |
| Client/Intended Users and Intended Use of Appraisal | 16 |
| Type and Definition of Value | 16 |
| Effective Date of Appraisal | 17 |
| Date of Report | 17 |
| Exposure Time..... | 17 |
| Marketing Time | 17 |
| Scope of Work | 17 |
| Competency Provision..... | 19 |
| Reporting Format | 20 |
| Identification of the Property..... | 21 |
| Property Name | 21 |
| Street Address..... | 21 |
| Longitude & Latitude | 21 |
| General Location..... | 21 |
| Property Ownership..... | 21 |
| Tax Identification..... | 21 |
| Section Township Range: | 22 |
| Legal Description..... | 22 |
| Relevant Characteristics of the Subject Property | 25 |
| History of the Property..... | 26 |
| Southwest Florida Regional Overview | 27 |
| Location | 27 |
| Regional Overview..... | 27 |
| Population | 27 |
| Fort Myers/Cape Coral/Lee County..... | 29 |
| Sarasota/Sarasota County | 30 |
| Bradenton/Manatee County..... | 31 |
| Naples/Collier County | 31 |
| Charlotte County..... | 32 |
| Hendry/Glades Counties | 32 |

| | |
|--|----|
| DeSoto/Highlands/Hardee Counties | 33 |
| Neighborhood Analysis | 35 |
| General Data | 37 |
| Physical Characteristics | 38 |
| Social Characteristics | 39 |
| Economic Characteristics | 40 |
| Governmental Considerations | 40 |
| Environmental Considerations | 41 |
| Neighborhood Summary | 42 |
| Description of the Property | 43 |
| Aerial Photograph | 43 |
| Aerial Photograph | 43 |
| Ground Level Photographs | 44 |
| Street Scenes | 44 |
| Existing Excavation | 45 |
| Upcoming Mining Phase Areas | 46 |
| Conservation Easement areas | 47 |
| Size and Shape | 47 |
| Uplands/Wetlands | 48 |
| Reservoir Storage Capacity | 48 |
| Road Frontage | 49 |
| Ingress/Egress/Access | 49 |
| Topographical Features | 49 |
| Flood Plain Data | 49 |
| Environmental Concerns | 50 |
| Soils Map | 52 |
| Utilities | 53 |
| Geology | 53 |
| Limestone Reserves | 53 |
| Site Conclusion | 55 |
| Description of the Improvements | 56 |
| Repair Shop | 56 |
| Tank Well | 57 |
| Truck Scales | 57 |
| Interior Haul Roads | 57 |
| Mining Pits/Lakes | 58 |
| Wetland Mitigation Areas | 58 |
| Improvement Conclusion | 58 |
| Regulations and Use Restrictions | 59 |
| Future Land Use | 59 |
| Zoning | 60 |
| Allowable Density | 61 |
| Charlotte County Setback Distances for Group III Excavations | 61 |
| Conservation Easements | 62 |

| | |
|--|-----|
| Mining Permits | 63 |
| Reservoir Agreement..... | 64 |
| Other Easements, Encroachments, Use Restrictions | 64 |
| Real Estate Tax Analysis | 65 |
| Highest and Best Use Analysis | 66 |
| Highest and Best Use as if Vacant | 66 |
| Legally Permissible..... | 66 |
| Physically Possible..... | 67 |
| Financially Feasible | 68 |
| Maximally Productive | 70 |
| Highest and Best Use as Improved..... | 70 |
| The Appraisal Process | 71 |
| Reservoir Value Drivers | 72 |
| Quantity..... | 72 |
| Legal Transferability..... | 73 |
| Marketable Region | 73 |
| Alternative Water Supplies..... | 73 |
| Water Quality | 73 |
| Seasonality | 74 |
| Highest and Best Use | 74 |
| Methods to Value | 74 |
| Sales Comparison Approach | 75 |
| Comparable Sales Grid..... | 88 |
| Units of Comparison | 89 |
| Elements of Comparison..... | 89 |
| Overall Comparability..... | 91 |
| Income Capitalization Approach | 92 |
| Water Storage Lease Rates | 92 |
| Capitalization Rate..... | 95 |
| Reconciliation of the Income Approach..... | 97 |
| Cost Approach | 98 |
| Reservoir (Ground Excavation Method) | 98 |
| Mining Land Sales | 98 |
| Conservation Easement Remainder Sales | 118 |
| Replacement Cost New..... | 134 |
| Levee (Above Ground Levee Method)..... | 137 |
| Agricultural Land Sales..... | 137 |
| Replacement Cost New..... | 152 |
| Reconciliation of the Cost Approach..... | 153 |
| Reconciliation and Value Conclusions | 154 |

CERTIFICATE

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- Other than prior appraisals prepared by the undersigned having effective dates of February 26, 2013, July 11, 2014 and August 13, 2015, we have performed no services, either as an appraiser, or in any other capacity, regarding the property that is the subject of this appraisal during the three-year period immediately preceding the acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report nor to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of predetermined values or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and reported in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Personal inspections of the property that is the subject of this report have been made by Frank A. Catlett, MAI, SRA and Robert C. Hicks, MAI.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, Frank A. Catlett, MAI, SRA and Robert C. Hicks, MAI have completed the continuing education program for Designated Members of the Appraisal Institute and are certified through December 31, 2021.
- The Florida Department of Business and Professional Regulations requires periodic re-certification. Frank A. Catlett, MAI, SRA and Robert C. Hicks, MAI are both certified through November 30, 2018.
- We certify that, to the best of our knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The intended users of this appraisal are Mr. Michael R. Whitt, Esquire, of Robins Kaplan, LLP as legal counsel to Southwest Aggregates and the Neslund Family LTD Partnership II and designated representatives.
- We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Our opinion of value for the subject property as of the effective date of value, October 1, 2017, is as follows:

Prospective Market Value as a Water Storage Reservoir

\$42,000,000

Attested by:



Frank A. Catlett, MAI, SRA
State-Certified General Real Estate Appraiser RZ531



Robert C. Hicks, MAI
State-Certified General Real Estate Appraiser RZ1059

SUMMARY OF SALIENT FACTS & CONCLUSIONS

| | |
|----------------------------------|--|
| Date of Value | October 1, 2017 |
| Date of Report | December 12, 2017 |
| Inspection Dates | Interior and exterior inspections of the property were made on August 13, 2015, July 11, 2014, and February 26, 2013. Several drive-by inspections have been made since and a review of recent aerial maps have been made as well. |
| Appraisers | TRIGG, CATLETT & ASSOCIATES Frank A. Catlett, MAI, SRA State Certified General Real Estate Appraiser RZ531 Robert C. Hicks, MAI State Certified General Real Estate Appraiser RZ1059 |
| Purpose of Appraisal | Render opinion of the subject's prospective value as a water storage reservoir. |
| Interests Appraised | Fee Simple subject to Perpetual Conservation Easements and other encumbrances of record. |
| Client/Intended User/User | Mr. Michael R. Whitt, Esquire, of Robins Kaplan, LLP as legal counsel to Southwest Aggregates and the Neslund Family LTD Partnership II and designated representatives |
| Intended Use | To assist in marketing and potential sale of the property. |
| Project Identification | Southwest Aggregates Charlotte County Mine & Materials |
| Property Location | East side of Tamiami Trail, south side of Orange Blossom Boulevard, west of Interstate 75, north of Charlotte/Lee county line. |

| | |
|---|---|
| Street Address | 16470 Tamiami Trail South Punta Gorda, Florida 33955 |
| Owners of Record | Neslund Family LTD Partnership II 15210 Wayzata Blvd Wayzata, MN 55391 B P Limited Liability Company 15210 Wayzata Blvd Wayzata, MN 55391 |
| Longitude and Latitude | 81°56'30.61"W, 26°47'18.16"N |
| Census Tract | 105.02 |
| Section, Township, Range | Sections 20, 21, 27, 28, 29, 30, 34, 35 Township 42 South, Range 24 East Charlotte County, Florida |
| Parcel Identification (Tax ID Numbers) | 422420427001, 422421300004, 422427300001, 422427300002, 422427300003, 422428126001, 422428200001, 422428300001, 422428400001, 422429151001, 422429152001, 422429152002, 422429300001, 422429300002, 422429300003, 422429300004, 422429300005, 422429400001, 422429476003, 422430426009, 422430426010, 422430476001, 422434200001, 422435300002 |
| Land Area | 1,204.02 acres, more or less |
| Future Land Use | Agricultural |
| Zoning | “AG” Agriculture, general |
| Flood Zone | Flood Zone D, areas with possible but undetermined flood hazards |
| Easements | Perpetual Conservation Easements encumbering 563.584 acres |

| | |
|-----------------------------------|--|
| Improvements | Mining pits, haul roads, re-established conservation areas, a 6,000 sq. ft. maintenance shed, 420 sq. ft. covered tank farm, 10,000 gallon above ground fuel storage tank, truck scales and asphalt paving. |
| History of the Property | No sales in the past three-year period. |
| Mineable Reserves | 2,250,000 tons (estimated) |
| Reservoir Storage Capacity | 3.9 billion gallons 12,000 acre-feet (per Southwest Engineering & Design) |
| Highest and Best Use | Continuation of the existing rock mining use through depletion of the reserves in approximately five years. The property could then potentially be assembled with the adjacent property to the south as a waterfront passive recreation and conservation amenity or used as a water storage reservoir benefiting one of the surrounding communities or City of Cape Coral. |

VALUE CONCLUSIONS

| | |
|--|---------------------|
| Via Sales Comparison Approach | \$42,715,000 |
| Via Income Capitalization Approach | \$42,350,000 |
| Via Cost Approach | \$40,000,000 |
| Prospective Market Value as a Water Storage Reservoir | \$42,000,000 |
| Exposure Time | 12 months or less |
| Marketing Time | 12 to 24 months |

ASSUMPTIONS AND LIMITING CONDITIONS

The term “Appraisers,” as reference herein, refers to the appraisers preparing the report, the appraisers’ employer for purposes of this appraisal, and other employees of the employer and/or appraisers.

GENERAL ASSUMPTIONS

Legal Matters: The Appraisers assume no responsibility for legal matters affecting the property appraised or the title thereto, nor do the Appraisers render any opinion as to the title, which is assumed to be good and marketable.

Legal Description and Exhibits: The legal description of the property as found in the various partial surveys and public records are assumed to be accurate. Any plats, maps or sketches in this report show approximate dimensions and are included to assist the reader in visualizing the property. Such items may not be to scale and are not surveys unless provided by a registered surveyor.

Management of the Property: The property is appraised as though under prudent and competent ownership and management. Further, the appraisal is based on the premise that there is full compliance with all applicable federal, state and local statutes and/or environmental regulations, unless otherwise stated in the report.

Inclusions: The valuation in this report is based on surface rights and clear of all liens and encumbrances other than those discussed herein, specifically the conservation easements.

Exclusions: Unless specifically cited, the value does not reflect losses in value to the subject due to any outstanding rights of gas or oil that may exist in whole or part. The appraisers are unaware of any significant outstanding oil or gas rights that may affect the property, however, the appraisers performed no title search nor were the appraisers informed by the owner or any other party that significant rights to oil or gas are encumbered.

Information Used: Information, estimates and opinions furnished to the Appraisers, and contained in this report, were obtained from sources considered reliable and believed to be true and correct. However, the Appraisers assume no responsibility for the accuracy of such items. It is suggested that the client independently verify the information provided prior to entering into a transaction that would significantly impact the property or would require a substantial commitment of funds. Unless otherwise noted, no one provided significant professional assistance to the undersigned.

Zoning Compliance: It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report. *Furthermore, it is assumed that use of the property as a water storage reservoir is allowed.*

Occupational and Other Licenses: It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state or national government have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.

Compliance with Federal, state and Local Laws: It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal process.

Encroachment onto Adjacent Lands: It is assumed that the use of the land is within the boundaries of the property.

Acreage and Boundary Reference: The appraisers based facts pertaining to acreage and physical dimensions on site sketches, government survey maps, and property appraiser's plat maps. The appraisal assumes all sources of boundary information and the resulting acreages are correct.

Hidden Components: The Appraisers assume that there are no hidden or unapparent conditions of the property or subsoil that have not been excavated and are excluded from the Conservation Easement, which would render those areas more or less valuable. The Appraisers assume no responsibility for such conditions or for engineering, which might be required to discover such factors.

Geological Conditions: No detailed soil studies or information relating to geological conditions covering the subject properties were available to the appraiser. It was assumed that existing soil conditions are capable of supporting development of the buildable portions of the property and standard construction to the assumed highest and best use without extraordinary foundation or soil remedial expense.

Subsurface: No opinion is expressed as to the value of subsurface oil or gas rights or whether the property is subject to surface entry for the exploration or removal of such materials except as is expressly stated.

Hazardous or Toxic Materials or Gases: The Appraisers are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine effect, if any, on known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations or any other detrimental environmental contamination. The presence of materials such as asbestos, urea-formaldehyde foam insulation, subsurface contaminants, or other potentially hazardous materials may negatively affect the value of the property. The appraisers did perform an inspection of the property and did not detect any *apparent and conspicuous* hazardous conditions, however, hidden conditions beyond the expertise of the appraisers may exist which could be detected by a professional trained in discovering such conditions. It should be noted, however, that there is an above ground fuel storage tank on the property. The appraisers assume no responsibility for such conditions, or for engineering which might be required to discover such factors. The appraisers recommend that the client, or any interested third party,

retain an expert in discovering hazardous substances for conclusive evidence on this issue.

Market Condition Effects on Values: The opinions of value are as of the effective date of the appraisal. Because the markets upon which these estimates and conclusions are based are dynamic in nature, they are subject to change over time. Further, the appraisal report and value opinion are subject to change if future physical, legal, financial and other conditions differ from conditions on the appraisal date.

Changes and Modifications: The Appraisers reserve the right to alter statements, analyses, conclusions, or value opinions in the appraisal if facts become known that are pertinent to the appraisal process that were unknown to the Appraisers at the time of report preparation.

Distribution and Use of Report: Neither all, nor any part of the contents of this report, or copy thereof shall be distributed without prior written consent of the Appraisers. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use. Neither all nor any part of the appraisal report shall be conveyed to the general public through advertising, public relations, news, sales or other media, without the written consent and approval of the Appraisers. The physical report remains the property of the Appraisers for the use of the noted clients.

Fee: The fee for this appraisal or study is for the service rendered and not for the physical report or time spent preparing the physical report itself. The fee for provision of this report is for analytical services provided by the Appraisers and has no relation to the final value reported.

Court Testimony: The Appraiser is not required to give testimony or appear in court because of having made this appraisal with reference to the property in question, unless arrangements have been made previously.

Limit of Liability: The liability of the Appraiser and Catlett & Company, Inc., d/b/a Trigg, Catlett & Associates is limited to the client with no liability or obligation to any other third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The Appraiser assumes no responsibility for any costs incurred to discover or correct deficiencies of any nature present in the property

Confidentiality: This appraisal is to be used only in its entirety; no part is to be used without the entire report. All conclusions and opinions concerning the analysis set forth in the report were prepared by the specific Appraisers whose signatures appear on the appraisal report, unless indicated otherwise in the report. No change in the report shall be made by anyone other than these Appraisers. The Appraisers shall not divulge the material contents of this report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or the client's designee as specified in writing, except as may be required by appraisal organizations to which the Appraisers belong as they may request in confidence for ethics enforcement, or by court of law or other body with power of subpoena.

Acceptance of Conditions: Acceptance of, and/or use of, the appraisal report by the clients or any third party constitutes acceptance of the previous conditions.

EXTRAORDINARY ASSUMPTIONS

An assumption directly related to a specific assignment which, if found to be false, could alter the appraiser's opinions or conclusions. Typically, this type of assumption presumes as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in the analysis. The following extraordinary assumptions have been made in the preparation of this appraisal report:

- Sizes of the overall site, lakes and conservation areas are based on information obtained in the public records, County Property Appraiser's website and information provided by the client. If more accurate information becomes available regarding the size of the property or allocation of lands, our value estimates may be subject to revision.
- The actual amount of reserves remaining is assumed to be 2.25 million tons based upon previously supplied engineering reports and historical production records.
- It is assumed the required permits necessary for the mined pits to operate as fully functional water storage reservoirs capable for storage and discharging of water will be forthcoming from the requisite agencies and that the reservoir use is a permissible use of the property.
- The total water storage capacity of the subject mining pits as provided by Southwest Engineering and Design, the engineering company is reported to be 12,000 acre-feet. Our value estimate is contingent upon this capacity. We reserve the right to revise our value estimate in the event that the total capacity differs from what has been used herein.

HYPOTHETICAL CONDITIONS

That which is contrary to what exists, but is supposed for the purpose of analysis.

- In the preparation of the Cost Approach, a hypothetical condition that the subject site is unmined was used to determine the total value to develop a water storage reservoir on a property where no pits already exist.
- In the preparation of the Cost Approach, a hypothetical condition that a large parcel of land at an unknown but nearby location could be assembled and used to store a similar capacity of water using an above ground levee system rather than a reservoir.

SUPPLEMENTAL STANDARDS

This appraisal has been prepared in accordance with Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (2016-2017 Edition) as approved by the Appraisal Standards Board of the Appraisal Foundation, and is classified as an *Appraisal Report*.

PRINCIPLES AND TERMINOLOGY

Acre-foot – An acre-foot is a unit of volume commonly used in the United States in reference to large-scale water resources, such as reservoirs, aqueducts, canals, and river flows. It defined by the volume of water necessary to cover one acre of surface area to a depth of one foot.

Agents of Production – The elements of land, labor, capital and entrepreneurial coordination, which together create wealth, income or services.

Aggregate – or Construction Aggregate is a broad category of coarse particulate material used in construction, including sand, gravel, crushed stone, slag, recycled concrete and geosynthetic aggregates. It is composed of rock particles that range in size from 0.03 inch to 3.0 inches in diameter and depending on the engineering application they are mixed and blended so the smaller sized fit in the space between larger particles. In construction applications, aggregates are mixed with Portland cement or asphalt materials to form Portland cement concrete or hot mix asphalt.

Anticipation, Principle of – Anticipation means that value is created by the expectation of benefits to be derived in the future. In the market, the current value of a property is not based on historical prices or cost of creation; it is based on what market participants perceive to be the future benefits of acquisition.

Bundle of Rights Theory – Ownership of a parcel of real estate may embrace a great many rights, such as the right to its occupancy and use; the right to sell it in whole or in part; the right to bequeath; the right to transfer, by contract, for specified periods of time, the benefits to be derived by occupancy and use of the real estate. These rights of occupancy and use are called beneficial interests. Within the bundle of rights are both the surface and subsurface rights (mineral interests).

Certified for FDOT – Those aggregate materials that meet the acceptance testing standards set by the FDOT State Materials Testing Office and the regulatory requirements of Rule 14-103, Florida Administrative Code.

Change, Principle of – Change is the result of the relationship between cause and effect that affects real property value. It is inevitable and constantly occurring, although the process may be almost indiscernible because of its often gradual evolution. The pervasive quality of change is evident in the dynamic character of the real estate market. Social, economic, governmental, and environmental forces that affect real estate are in constant, inevitable transition. Because these forces undergo continual change, so do individual property values. Appraisers attempt to identify current property values.

Commercial Grade Limestone – A term used in Florida to mean crushed limestone that has a gradation of particles from small to large that is used as a compacted base layer beneath roads and buildings and for other structural earth fill applications. Base rock can be made from hard or soft limestone. The term is often used interchangeable with the term "base material" or "limerock".

Competition, Principle of – The concept of competition is related to the principle of supply and demand. Competition between buyers or tenants is the interactive efforts of two or more potential purchasers or tenants to secure a purchase or lease. Between sellers or landlords, competition is the interactive efforts of two or more potential sellers or landlords to effectuate a sale or lease. Competition is fundamental to the dynamics of supply and demand in a free enterprise, profit-maximizing economic system.

Contribution, Principle of – The concept of contribution states that the value of a particular component is measured in terms of its contribution to the value of the whole property or as the amount that its absence would detract from the value of the whole.

Crushed Stone Materials – A term that describes all materials certified for FDOT use and non-certified commercial grade products that can be made from the mine materials including aggregates, base rock, limestone, shell rock and rip-rap.

Discount Rate – A discount rate is a return on capital used to convert future payments or receipts into present value. A mathematical correspondence or relationship exists between the discount rate used in a particular analysis and the interest rate, the internal rate of return, or the equity yield rate used.

Discounting – Discounting is a concept of time preference which holds that future income or benefits are worth less than the same income or benefits now, and that they decrease in value systematically as the time for their receipt is further deferred into the future. In appraisal analysis, discounting is the arithmetic procedure of applying a specific rate that is usually derived from the market to the anticipated future income stream in order to develop a present worth estimate.

Easement – Easements represent another division of property ownership. An easement is an interest in real property that conveys use, but not ownership, of a portion of an owner's property. Easements frequently permit a specific portion of a property to be used for access to an adjoining property or as a public right-of-way. Although surface easements are the most common, subterranean and overhead easements are used for public utilities, subways, and bridges.

Exposure Time – The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal.

Fine Aggregate – The aggregate fraction smaller than 0.375 inch.

Finished Stone – A term used by the mining industry to mean stone that has gone through several industrial processing steps that may include crushing, washing, size grading, and blending to produce a product for a specific engineering or construction application.

Future Value – The worth of a current investment at some later date. The compound interest factor that indicates the amount to which \$1 (or other unit of currency) will grow with compound interest at a specified rate for a specified number of periods. The amount of one is one of the six functions of one found in standard financial tables; also called *future value of one*.

Hypothetical Condition – That which is contrary to what exists, but is supposed for the purpose of analysis.

Land Residual Technique – Historically, the land residual technique has been used to estimate land value when sales data on similar parcels of vacant land was not available.

License Agreement – A formal agreement from a lawful source that allows a business or profession to be conducted, e.g. a franchise. Government permission to conduct an activity

Limestone – A rock composed of calcium carbonate materials derived from marine organisms that have accumulated over geologic time.

Limited-market Property – A property or property right that has relatively few potential buyers.

Local Mine – A term used to describe other mines not categorized as mega-mines or regional mines that produce crushed stone materials that are primarily limestone and shell rock to local markets by truck.

Marketing Time – An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Mega-Mine – A term used to describe a large mine that supplies crushed stone materials to local, regional, and state-wide markets by truck, rail or water. A mega-mine can produce in excess of 4 million tons per year and participates in certification of its materials.

Mine – The generic term for the place where the earth's materials are removed from their location so as to make them suitable for commercial, industrial or construction use; but does not include excavation solely in aid of onsite farming or onsite construction. A quarry is a type of surface mine where stone or rock is mined. A pit is a term used for a mine that is producing sand, clay, soft rock, shell or fill materials.

Net Operating Income – Net operating income (NOI) is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income, but before mortgage debt service and book depreciation are deducted.

Normal Marketing Time – This is the amount of time necessary to expose a property to the open market in order to achieve a sale. Implicit in this definition are the following characteristics:

- The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties.
- The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties.
- The sale will be consummated under the terms and conditions of the definition of market value required by the regulation.

Present Value – The current monetary value equals present value. Sometimes it is used synonymously, and unadvisedly, with the term present worth. It is today's cash lump sum which represents the current value of the right to collect future payments. It is the discounted value of aggregate future payments.

Reversionary Interest – Reversionary interest is the return of rights in real estate to the grantor such as the return of the full use of the real estate to a lessor at the expiration of a lease; the estate returned or due to be returned; in mortgage-equity analyses synonymous with proceeds of resale at end of the ownership projection period.

Special-Purpose Property – A property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built; also called a special-design property.

Substitution, Principle of – The principle of substitution states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price attracts the greatest demand and widest distribution. This principle assumes rational, prudent market behavior with no undue cost because of delay. According to the principle of substitution, a buyer will not pay more for one property than for another that is equally desirable.

Supply and Demand, Principle of – In economic theory, the principle of supply and demand states that the price of a commodity, good, or service varies directly, but not necessarily proportionately, with demand and inversely, but not necessarily proportionately, with supply. In real estate, the appraisal principle of supply and demand states that the price of real property varies directly, but not necessarily proportionately, with demand and inversely, but not necessarily proportionately, with supply.

Value in Use – The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually.

Water farming – The practice of capturing and holding water on property in an effort to prevent it from traveling to ecologically sensitive areas.

The previous definitions were taken from The Dictionary of Real Estate, 6th edition, and The Appraisal of Real Estate, 14th edition.

IDENTIFICATION OF THE APPRAISAL PROBLEM

This subject of this appraisal assignment is 1,204-acre mining property that is nearing the end of its minable reserves. Based upon current demand and historical production, there are approximately five years of reserves remaining. In estimating the value of such a property, a great deal of emphasis must be placed upon the Highest and Best Use analysis in determining the types of uses that this property can be put to based up its unique set of physical and legal characteristics.

When appraising a type of property that is not commonly exchanged it may be difficult for an appraiser to determine whether or not an opinion of market value can be reasonably supported. While the subject might be considered somewhat of a limited-market property, it is our opinion that a mining property is not a "special purpose property". For a property to be considered a special purpose property, it cannot generally be converted to other uses. It must have a physical design or features particular to a specific use. A special purpose property has no market other than to an owner/user and no economically feasible alternative use.

One possible use of the former mining pits would be as a water storage reservoir. Special purpose properties like water storage reservoirs are commonly valued principally based upon the Cost Approach. The lack of local market sales of similar reservoirs is one indication that there is limited demand for such a property use. From a local perspective, there could be interest in water storage from several sources to include the Cities of Cape Coral and Fort Myers to the south and Punta Gorda and Port Charlotte to the north. Quite possibly Florida Power & Light, and of course the South Florida Water Management District could be alternate users. However, the costs associated with transporting water from this fixed location decrease the feasibility as distances increase.

Moreover, while "special purpose properties" are rarely bought and sold in the open market, it is the opinion of the appraisers that just because there is a dearth of sales within the subject's sphere of influence, there are few locally known reservoirs like the subject yet within the State of Florida and other states. While there may be some pits remaining after limerock or phosphate mining operations are complete, none appear to have the geological formation considered similar to the subject, with the likely exception of Palm Beach Aggregates. This type of use is driven by demand for water storage which has been expressed by the nearby City of Cape Coral.

Where these conditions exist, such as in the areas in and around Denver, Colorado to include Denver itself, the City of Thornton, City of Aurora, City of Westminster, City of Arvada and purchases made by the Consolidated Mutual Water Company in these areas, sales, as well as Options and purchase Agreements are numerous and, therefore, provide market data from which to estimate value. Again, simply because there have been no sales of reservoirs locally, does not mean that there is no demand for such a use.

This type of property has a limited number of potential buyers at a particular time making it a Limited-market Property. Throughout Florida there are known to be

governmental, and quasi-governmental prospective users of these reservoirs. Moreover, in other arid portions of the United States, where there are former gravel pits, lakes, salt domes, dried up lake beds, and ASR's available, they have been purchased or leased in order to meet the demand for water storage. As population continues to increase in Florida, the demand for clean water grows especially south of Central Florida. If there are existing pits available and suitable for water storage, there will be market demand either now or in the future.

Real property may have both a Use Value and a Market Value. Limited-market properties may be appraised for market value based on their current use or the most likely alternative use. If a market exists for a limited-market property, the appraiser must search diligently for whatever evidence of market value is available. We have done so in this assignment by searching the entire United States for sales and leases of reservoirs and/or vessels for water storage. While Florida is fast becoming an emerging market, there are other states that have similar water storage needs where more sales and leasing activity exist.

Investment Value is defined as the value of the property to of a specific investment to a particular investor. The Investment Value really lies with the limerock excavation and production operation and not with the reservoir use, although considerable capital was required to dig and process the rock. Again, this relates more to the business than the real estate itself.

Public interest value has become a highly controversial issue in recent history. The definition of Public Interest Value is a general term covering a plethora of valuation concepts that ultimately relate to the highest and best use of the property for non-economic uses, such as preservation or conservation. The subject is not being considered for either of the aforementioned, as there are certainly economic uses of the property including residential and recreational. It is the position of the Appraisal Institute that: 1) If the purpose of an appraisal assignment is to estimate market value, then the highest and best use(s) of the property to be appraised must be economic use(s); and 2) preservation and conservation uses are not required as an alternative to be considered in the highest and best use analysis. There are economic uses of the subject that are not public interest related.

BASIC REAL ESTATE VALUATION PRINCIPLES

The basic real estate valuation principles used in the analysis of this appraisal assignment are listed and explained as follows.

- A) **Anticipation** – Value is created by the anticipation of benefits to be derived in the future. Value is based not on historical demand, but upon market participants perception of the future benefits of acquisition.
- B) **Change** – The dynamic nature of social, economic, governmental, and environmental forces that influence real property value accounts for change. Sometimes change is not easily discernable. As appraisers, we must identify both current, as well as anticipated changes in the market that can influence a property's value. We have attempted to address the changes in this particular market where

water storage reservoir sales are not as prevalent as they are in other markets across the nation.

- C) **Supply & Demand** – With the interaction of the four basic factors that create value and the economic principle of supply and demand, we find that the utility of the property, its relative scarcity, the desire to acquire it, coupled with the effective power to buy it, all influence the supply and demand for the property. These forces are evident as relates to the subject.
- D) **Substitution** – This principle states that when several alternatives are available, the one with the lowest price tends to attract the greatest demand. This relates to the cost of acquiring water from other sources or constructing an alternative reservoir on another site versus the acquisition of an existing pit. Property values tend to be set by the price of cost to purchase a similar site and construct a reservoir of equivalent utility (e.g. nonporous, adjacent to a canal system, similar dynamics relating to depth that decrease water loss through evaporation) and assuming no undue cost due to delay (e.g. other financing, permits, etc.).
- E) **Contribution** – This principle states that the value of a particular component (e.g. existing dug or proposed excavated pits) is measured in terms of its contribution to the value of the whole property. The contribution of the improvements made, especially in areas experiencing a transition, may represent an under-utilization of the land. The interim use (e.g. limerock mining operation) will continue until such time as complete or economically feasible for an alternative use.
- F) **Externalities** – This principle states that factors extend to a property (e.g. canal system, water sheet flow, roads, utilities, proximity to a need) can have a positive influence on its value. Real estate is influenced more heavily by externalities than perhaps any other economic good, service, or commodity.

ASSIGNMENT ELEMENTS

Purpose of the Appraisal

The purpose of this report is to render various value opinions for the described property located at 16740 Tamiami Trail South, Punta Gorda, Charlotte County, Florida 33955.

Property Rights Appraised

The subject property has been appraised in Fee Simple title, subject to the Perpetual Conservation Easements discussed herein, and any other encumbrances of record. This latter type of interest is sometimes referred to as *Less Than Fee* or a *Partial or Fractional Interest*.

While Fee Simple implies absolute ownership, unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat, a partial or fractional interest represents divided or undivided rights in real estate that represent less than the whole. Since some of the bundle of rights have been sold off under the conservation easements, the ownership in the property is considered to be "*Less Than Fee Simple*".

Client/Intended Users and Intended Use of Appraisal

This appraisal report is intended to be used by our client, Mr. Michael R. Whitt, Esquire, of Robins Kaplan, LLP as legal counsel to Southwest Aggregates and the Neslund Family LTD Partnership II and designated representatives in order to establish values to assist in the marketing and potential sale of the property. No other intended users or uses are known or presumed in this analysis.

Type and Definition of Value

This appraisal estimates the Prospective Market Value in the limited-market property described herein as a water storage reservoir. This appraisal is based on the definition of Market Value set forth by The Dictionary of Real Estate Appraisal, 6th Edition.

Market Value is defined as "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, knowledgeably 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and

- 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”.

A *Value in Use* or *Use Value* is defined as “the value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value, but is different conceptually.”

Effective Date of Appraisal

Based upon our conversation with the client, the principal intended user of this appraisal, and the type of value being sought, the effective date of this appraisal is determined to be October 1, 2017. Inasmuch, this represents a current valuation of the subject.

Date of Report

The date of this report is _____, the date of conveyance of our appraisal assignment conclusions to the client/intended user.

Exposure Time

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market is estimated to be less than 12 months.

Marketing Time

The amount of time necessary to expose a property to the open market in order to achieve a sale, assuming the property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties, the property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties, the sale will be consummated under the terms and conditions of the definition of market value required by the regulation is estimated to be between 12 month and 24 months.

Scope of Work

Scope of Work is defined by USPAP (2014-2015 Edition) as "the type and extent of research and analyses in an assignment." The scope of work is determined by the problem to be solved. The appraisal problem is formulated primarily by factors such as: "the client and any other intended users; the intended use of the appraisers’ opinions and conclusions; the types and definition of value; the effective date of the appraisers’ opinions and conclusions; the subject of the assignment and its relevant characteristics; and the assignment condition." The scope of work can vary depending upon the needs of

the client. However, the minimum scope of work must produce credible assignment results in the context of the intended use. The scope of work is acceptable when it meets or exceeds the expectations of parties who are regularly intended users for similar assignments and it is consistent with what an appraiser's peers' actions would be in performing the same or a similar assignment. In preparing this appraisal, the appraisers:

- Inspected and photographed the subject property with property representatives Richard Neslund and Howard DeVane on several occasions;
- Obtained pertinent information on the history, financial documents, reserves, operation of the mine, residential site plan proposals and various documents pertaining to conversion for reservoir use;
- Gathered and reviewed specific data such as the legal description, site sketch, prospective development plans, aerials, zoning ordinance, property history, public records information, and historic data relative to the analysis of the subject;
- Gathered relevant data pertaining to the area and neighborhood from a personal inspections of the surrounding areas, as well as local publications and real estate journals;
- Discussed market conditions and trends with local brokers, managers, developers, financial institutions and appropriate governmental agencies;
- Estimated subject's most probable and likely utilizations under the basic real estate valuation Principle of Highest & Best Use;
- Considered appropriate methods to value. The use of the three traditional methods to value have been considered in the preparation of this report. Cost Approach is meaningful to analysis as a reservoir use. The Income Capitalization Approach and Sales Comparison Approach are relevant in estimating land value, the value of the mining operations, as well as the anticipated use as a reservoir;
- Gathered market information pertaining to sales and listings of mining properties, large agricultural tracts of land, reservoir properties and properties encumbered by conservation easements at the time of sale;
- Gathered and reviewed financial information pertaining to the operation of the subject mine and other similar mining properties throughout the state of Florida;
- Analyzed the supply and demand of fill material and limerock aggregate;
- Discussed market conditions and trends with government officials and representatives of mining companies throughout the state of Florida and across the US;
- Gathered market information pertaining to leases and sales of water storage reservoirs and water rights throughout the United States;
- Reconciled all of the data and analysis in to a final estimate of value.

Competency Provision

Frank A. Catlett MAI, SRA has valued more than 50 mining properties in Florida and North Carolina over the past 15 years to include both limerock and phosphate operations. The Mr. Catlett has been involved in appraising eleven mining operations in Florida within the last twelve months, including Lee, Miami-Dade, Indian River, Marion, Columbia and Polk Counties. This appraiser has both the knowledge, as well as experience over the last 41 years to appraise this type of property. This appraiser has also previously appraised the Palm Beach Aggregates water storage reservoir for the South Florida Water Management District, as well as lands purchased for a reservoir in Hillsborough County for the Tampa Regional Water Authority.

Robert C. Hicks, MAI has eleven (11) years of experience appraising a variety of property types, and for 25 years has been employed in various capacities in the real estate industry including sales, leasing, management and construction. This assignment represents his 25th appraisal of a mining property over the past five-year period.

Both appraisers have been involved in the appraisal of lands that are subject to perpetual conservation easements, or lie within future land use districts dedicated for conservation and preservation. As further support of competency in appraising mines and mining properties, the appraisers present the following partial list of appraisals completed on mining properties.

| <u>Mining Properties</u> | <u>Lender/Acquiring Agencies</u> |
|-------------------------------|--|
| Anderson Columbia Co. Inc. | Alico Development, Inc. |
| Old Castle / APAC | Florida Department of Environmental Protection |
| Aripeka Mine | Barnett Capital |
| Atlantic Civil, Inc. | Citizens Financial |
| Bishop & Buttrey, Bithlo Mine | Seaside National Bank |
| Bonita Grande Aggregates | Florida Department of Environmental Protection |
| Bronson Mine | Internal Revenue Service |
| Cemex USA | South Florida Water Management District & Florida Department of Environmental Protection |
| Clear Springs | Key Bank |
| Collier Aggregates | Private Party |
| Dixie Lime & Shale | South Florida Water Management District |
| Florida Rock Industries | Southwest Florida Water Management District |
| Jahna Sand Mining | Private Party |
| Kirby Mining | Private Party |
| Lake Point Restoration | Bank of America |
| MFM Limestone Mining, LLC | Private Party |
| Mosaic Fertilizer LLC | Private Party |
| Palmer Mining | Private Party |
| Preferred Rock | Private Party |
| Sabal Palm Quarry | Private Party |
| Southwest Aggregates | BMO Harris Bank & Bank of America |

| | |
|-----------------------------|--|
| Sunwest Harbortowne | Private Party |
| Vulcan Materials | Florida Department of Environmental Protection |
| Wild Turkey Sand Mine | Farm Credit of Northwest Florida |
| Willow Run Quarry | Private Party |
| Winchester Lakes | Private Party |
| White Rock | Private Party |
| <u>Reservoir Properties</u> | <u>Lender/Acquiring Agencies</u> |
| Palm Beach Aggregates | South Florida Water Management District |
| Tampa Bay Water | Tampa Bay Regional Water Authority |

Reporting Format

This is an *Appraisal Report*, which is intended to comply with the reporting requirements set for in Standard Rule 2-2(a) of USPAP (2016-2017 Edition). As such, it presents limited discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The depth of discussion used in this report is specific to the needs of the client and for the intended use stated in this report.

IDENTIFICATION OF THE PROPERTY

The subject of this appraisal report is a 1,204± acre tract of land located in Charlotte County, Florida that is currently being used for commercial extraction (rock mining) by Southwest Aggregates under a royalty agreement. The location of the property is described in more detail in this section of the report.

Property Name

Southwest Aggregates
Charlotte County Mining & Materials

Street Address

16740 Tamiami Trail South
Punta Gorda, Florida 33955

Longitude & Latitude

81°56'12.68"W
26°47'27.56"N

General Location

The subject property is located on the east side of Tamiami Trail (US Highway 41), west of Interstate 75, south of Zemel Road and north of the Charlotte/Lee County line in an unincorporated portion of Charlotte County Florida. This is a rural, undeveloped area of US Highway 41 between Punta Gorda and Fort Myers.

Property Ownership

Neslund Family LTD Partnership II
15210 Wayzata Blvd
Wayzata, MN 55391, and;

B P Limited Liability Company
15210 Wayzata Blvd
Wayzata, MN 55391

Tax Identification

The Charlotte County Appraiser's Office identifies the subject property under the following twenty-four (24) Parcel Tax ID Numbers:

422420427001, 422421300004, 422427300001, 422427300002, 422427300003,
422428126001, 422428200001, 422428300001, 422428400001, 422429151001,
422429152001, 422429152002, 422429300001, 422429300002, 422429300003,
422429300004, 422429300005, 422429400001, 422429476003, 422430426009,
422430426010, 422430476001, 422434200001, and 422435300002

Section Township Range:

The property is located in Sections 20, 21, 27, 28, 29, 30, 34, 35, Township 42 South, Range 24 East, Charlotte County, Florida.

Legal Description

No boundary survey of the property was made available. The following legal description comes from a document entitled *Additional Collateral Second Mortgage*, recorded in OR Book 3390, pages 2032-2036, in the public records of Charlotte County, Florida. It is assumed that this legal description accurately represents the subject property otherwise described in this report.

Parcel A:

From the Southwest corner of Lot 57, Block 1, Unit 1, ORANGE GROVE PARK, as recorded in Plat Book 6, at Pages 46A, 46B and 46C, Charlotte County Records, ran South 30 degrees 02'30" East along the Easterly line of US 41, (SR45) a distance of 1233.32 feet; thence South 30 degrees 02'30" East 150 feet; thence South 59 degrees 57'30" West 348.90 feet; thence North 30 degrees 09'10" West 150 feet to the Point of Beginning. Being Lots 32, 33 and 34, Block 10, of an unrecorded portion of ORANGE GROVE PARK, Charlotte County, Florida.

Parcel B:

From the Southwest corner of Lot 57, Block 1, Unit 1, ORANGE GROVE PARK, as recorded in Plat Book 6, Pages 46A, 46B and 46C, Charlotte County Records, ran South 30 degrees 02'30" East along the Easterly line of U.S. 41 (S.R. 45) a distance of 1233.32 feet; thence South 30 degrees 02'30" East 250 feet; thence South 59 degrees 57'30" West 348.42 feet; thence North 30 degrees 09'10" West 250 feet to the Point of Beginning. Being Lots 35 through 39, inclusive, Block 10, of an unrecorded portion of ORANGE GROVE PARK.

Parcel C:

From the Southwest corner of Lot 57, Block 1, Unit 1, ORANGE GROVE PARK, as recorded in Plat Book 6, Pages 46-A, 46-B & 46-C, Charlotte County Records, ran South 30 degrees 02'30" East along the Easterly line of U.S. 41 (S.R. 45) a distance of 1233.32 feet; thence South 30 degrees 09'10" East 566.68 feet; thence North 59 degrees 57'30" East 348.90 feet to the Point of Beginning; thence North 30 degrees 02'30" West 10.33 feet; thence East 1867.50 feet; thence North 2471.63 feet; thence East 6537.20 feet; thence South 45 degrees 46'50" East 5427.36 feet; thence South 89 degrees 19' West 1213.70 feet; thence South 89 degrees 19'50" West 5311.57 feet; thence West 1353.26 feet; thence North 1140 feet; thence West 4271.66 feet; thence North 30 degrees 02'30" West 278.46 feet to the Point of Beginning. Lying in Sections 27 through 30, Township 42 South, Range 24 East, Charlotte County, Florida.

Parcel D:

From the Southwesterly corner of Lot 16, Block 4, ORANGE GROVE PARK, Part 1, as recorded in the Plat Book 6, Pages 46 A/C, Charlotte County Records, ran South 50 feet; thence East 140 feet; thence South 600 feet to the P.O.B. Thence East 500 feet; South 500

feet; West 500 feet; North 600 feet to the P.O.B. containing 6.887 acres and lying in Section 29-42-24, Charlotte County, Florida.

Parcel E:

From the Southwesterly corner of Lot 16, Block 4, ORANGE GROVE PARK, Part 1, as recorded in Plat Book 6, Pages 46 A/C, Charlotte County Records, ran South 50 feet; thence East 140 feet; thence South 1200 feet to P.O.B. thence East 500 feet; South 500 feet; West 500 feet; North 600 feet to the P.O.B. containing 6.887 acres and lying in Section 29-42-24, Charlotte County, Florida.

Parcel F:

From the Southwesterly corner of Lot 16, Block 4, ORANGE GROVE PARK, Part 1, as recorded in Plat Book 6, Pages 46 A/C, Charlotte County Records, ran South 50 feet; thence East 140 feet; thence South 1800 feet to the P.O.B. thence East 500 feet; South 671.63 feet, West 500 feet, North 671.63 feet to the P.O.B. containing 7.709 acres and lying in Section 29-42-24, Charlotte County, Florida.

Parcel G:

From the Southwesterly corner of Lot 16, Block 4, ORANGE GROVE PARK, Part 1 as recorded in Plat Book 6, Pages 46 A/C, Charlotte County Records, run South 50 feet; thence East 140 feet to the P.O.B. thence East 500 feet, South 600 feet, West 500 feet, North 600 feet to the P.O.B. containing 6.887 acres and lying in section 29-42-24, Charlotte County, Florida.

Parcel H:

A parcel of land in Sections 29 and 30, Township 42 South, Range 24 East, of Charlotte County, Florida, more particularly described as follows:

From the Southwest Corner of Lot 57, Block 1, Unit 1, ORANGE GROVE PARK, as recorded in Plat Book 6, Pages 46A thru 46C, of the Public Records of Charlotte County, Florida, run South 30°02'03" East along the Easterly Right-of-Way line of U.S. 41 (S.R. 45) a distance of 1,233.32 feet; thence South 30°09'10" East 1822.73 feet; thence North 59°50'50" East 346.47 feet to the Point of Beginning; Thence North 30°02'30" West, 976.91 feet; thence East 4271.66 feet; thence South 1140 feet; thence West 3249.02 feet; thence North 30°09'10" West, 522.52 feet; thence South 59°50'50" West, 313.53 feet to the Point of Beginning.

Parcel I:

Being a part of the Southeast One-Quarter of Section 30 and a part of the South One-Half of Section 29, Township 42 South, Range 24 East, Charlotte County, Florida, more particularly described as follows:

Commencing at the Southwest Corner of Lot 57, Block 1, Unit 1, ORANGE GROVE PARK, as recorded in Plat Book 6, Pages 46A thru 46C, of the Public Records of Charlotte County, Florida run South 30°02'30" East along the Northeasterly Right-of-Way line of U.S. 41 (S.R. 45) a distance of 1,233.32 feet; thence South 30°09' 10" East, along the said Northeasterly Right-of-Way line, a distance of 1822.73 feet to the Point of Beginning; said point being North 30°09'10" West, a distance of 171.93 feet from the Intersection of said Northeasterly

Right-of-Way Line with the South Line of said Section 30; Thence North 59°50'50" East, a distance of 660.00 feet; thence South 30°09'10" East, a distance of 522.52 feet to a point on a line 30 feet North and parallel with the South line of said Section 29; thence due West a distance of 648.29 feet to a point on the West line of said Section 29, lying 30 feet North of the Southwest Corner of said Section 29; thence North 89°33'51" West along a line parallel with and 30 feet North of the South line of said Section 30, a distance of 117.52 feet to a point on the Northeasterly Right-of-Way Line of said U.S. 41; thence North 30°09'10" West, along said Northeasterly Right-of-Way Line a distance of 138.08 feet to the Point of Beginning.

Parcel J:

All those parts of the South Half of Section 20, the South Half of Section 21, Section 28, Section 27 and Section 34, lying Northeasterly of the North right-of-way line of the Seminole Gulf Railroad (formerly Atlantic Coastline Railroad) and Southwesterly of the Southwesterly right-of-way of Interstate Highway 75, Township 42 South, Range 24 East, Charlotte County, Florida.

Parcel K:

From the Southwest corner of Lot 57, Block 1, Unit 1, ORANGE GROVE PARK, as recorded in Plat Book 6, Pages 46A, 46B and 46C of the Public Records of Charlotte County, Florida, run South 30°02'30" East along the easterly line of U.S. 41 (SR 45) a distance of 1233.32 feet; thence South 30°09'10" East 566.68 feet; thence North 59°57'30" East 348.90 feet; thence North 30° 02'30" West 10.33 feet to the POINT OF BEGINNING; thence North 30°02'30" West 1389.67 feet; North 69°57'30" East 435 feet; North 30°02'30" West 300 feet; North 59°57'30" East 50 feet; North 30°02'30" West 33.47 feet; North 55°46'30" East 436.16 feet; South 73°42'20" East 289.30 feet; East 380 feet; North 573.02 feet; East 792 feet; South 2471.63 feet; West 1367.50 feet to the POINT OF BEGINNING. Lying in Sections 29 and 30, Township 42 South, Range 24 East, Charlotte County, Florida.

Parcel L;

Tract A, ORANGE GROVE PARK, Part One, according to the map or plat thereof as recorded in Plat Book 6, Page(s) 46A, Public Records of Charlotte County, Florida.

Parcel M:

That portion of the following described property lying Southwesterly of the right-of-way of Interstate 75.

The South one-half of the following described property: That portion of the following described property lying North and East of the A.C.L. Railroad Right-of-Way to wit: Begin at a point 104 ft. East of the North-South Quarter Section line of Section 35, Township 42 South, Range 24 East on the North line of said Section as a Point-of-Beginning: Thence run Westerly to the Northwest corner of said Section; Thence ran South along the West line of said Section 35 to its intersection with the Northeasterly Right-of-Way of the A.C.L. Railroad; Thence ran Southeasterly along said railroad right-of-way to its intersection with the South line of Section 35; Thence run East along the South line of said Section 35 to a point on said South line 104 ft. East of the North-South Quarter Section line; Thence run

North to the Point-of-Beginning, in Section 35, Township 42 South, Range 24 East, being in Charlotte County, Florida.

Relevant Characteristics of the Subject Property

The subject of this appraisal report is a 1,204± acre parcel of land located in an unincorporated rural portion of Charlotte County, Florida. Since 1992, Southwest Aggregates has been mining limestone and fill at this location. The mining operation is permitted by Charlotte County, however, no blasting is permitted and all materials must be weighed prior to leaving the mine. The products produced are FDOT certified base rock, structural fill, rip rap boulders, white fill, limestone aggregate, screenings and perc sand. Mining permits from county, state and other governmental entities are all valid through 2021. Since 2004 more than 10.8 million tons of rock and fill have been excavated from the mine resulting in lakes occupying more than 500 acres of the property.

This area of Charlotte County is rural and comprised primarily of conservation and wetland areas with small pockets of residential and limited commercial support uses along Tamiami Trail. The Charlotte County ordinance has designated areas acceptable for future mining operations in the southern and eastern portions of the county, giving the subject mine a distinct freight advantage for the Punta Gorda, Cape Coral and Port Charlotte market areas.

Located northwest of the subject is the Babcock-Webb Wildlife Area. This is a 65,758 acre preserve east of Interstate 75 and south of Bermont Road where a natural water shed extends southwestward through the subject neighborhood and the Yucca-Pens area toward the south end of the Charlotte Harbor.

Directly across US Highway 41 from the subject is the Zemel Road County Landfill. The disposal area encompasses 108 acres. The Zemel Road Facility has disposal capacity that is projected to last through the year 2026. Garbage and debris at the landfill are visible from the subject. Odor from the landfill was noticeable from the subject during each of our inspections, producing a negative impact on the marketability for any residential development in this area.

Additionally, the Charlotte Correctional Institution is located across Interstate 75, just one mile from the subject on Oil Well Road. This facility is comprised of six cell units with a maximum capacity of 1,291 inmates. The population is adult male. Another factor impacting residential development potential.

In order to obtain excavation permits, the preservation of 548 unmined acres in the rear of the property was required. A large section of the Perpetual Conservation Easement area has been restored to functional wetlands at the expense of Southwest Aggregates. No mining nor development will ever be allowed on this portion of the property.

Of the remaining area, 105 acres is currently being actively mined with other areas being used for mining operations including wash plant, perc plant, interior roads, stock piles and maintenance. Vegetation clearing on the last phase is currently underway. The remaining mineable reserves on the property are estimated to be 2.25 million tons of rock and fill, as of the date of this appraisal.

Over the next few years, the mine will be nearing the end of its minable reserves. The owners of the property are considering alternative uses for the property once the reserves are exhausted. Ideas that have been considered include a high-density multi-family development offering lake-front views, as well as, a water storage reservoir to serve the demands of surrounding urban communities, specifically the City of Cape Coral which has been experiencing low water levels throughout their freshwater canals.

The value of the property put to a reservoir use is considered the highest and best use of the property, however, there is a limited market and limited potential buyers. This is discussed in detail in that section of this report.

History of the Property

In the absence of a title search or chain of title, the subject property sales history has been determined from the Charlotte County Tax Roll and Official Records. After a search of the public records, we have found no arm's length transactions involving this property in the past five-year reporting period. The property was assembled by the current owners over several years beginning in 1996. The most recent transaction was in 2009. Southwest Aggregates has a royalty agreement with the property owner, Neslund Family Partnership, to mine the property. The property is not currently listed for sale and we were apprised of no current contracts or offers to lease or purchase.

SOUTHWEST FLORIDA REGIONAL OVERVIEW



The subject is located in Southwest Florida. The supply and demand characteristics that affect the subject property, including location, labor force, employment trends, economic base, demographics, and development patterns, are mainly limited to Sarasota, Manatee, Charlotte, Lee and Collier Counties, and their various economic centers: Sarasota, Bradenton, Punta Gorda, Ft. Myers and Naples.

LOCATION

The Southwest Florida area is situated in the southwestern part of Florida. Manatee, Sarasota, Charlotte, Lee and Collier Counties are coastal counties on the western border of the state along the Gulf of Mexico. Collier County is the largest in land area covering 1,994 square miles. Although Collier County is larger in terms of land area, Ft. Myers, in Lee County, is the largest city in the area. The subtropical climate varies about thirty-five degrees from a January mean of 58.4 degrees to an August mean of 93.6 degrees.

REGIONAL OVERVIEW

The gulf shores of the Southwest Florida area to include Manatee, Sarasota, Charlotte, Collier and Lee Counties beckon individuals and businesses searching for an outstanding quality of life and business communities that exude innovative, entrepreneurial spirit.

Southwest Florida is a place where the sparkling blue waters of the Gulf of Mexico produce some of the best shelling in the world on the renowned resort islands of Sanibel and Captiva, and where the unparalleled cosmopolitan lifestyle of Naples attracts residents from throughout the world. It is also home to charming towns like Punta Gorda and Ft. Myers, ranked by *Forbes* magazine as two of the Best Places for Business and Careers.¹

POPULATION

The Southwest Florida region continues to grow, albeit at a slower growth rate than occurred during the “boom” years of 2004 to 2006. The population for the area totals approximately 2,261,010 persons as of 2016. The majority of the population is centered in Lee County with an estimated 2016 population of 713,279 persons up by 10.6% since 2012 that is followed closely by Sarasota, Manatee and Collier Counties.

¹ Enterprise Florida

The following grid depicts the population statistics for the Southwest Florida area. Please note that these are estimates of current population.

| Southwest Florida Population Totals | | |
|--|-----------------------|-----------|
| County | Average Annual Growth | |
| | 2016 | 2012-2016 |
| Charlotte | 175,390 | 7.7% |
| Collier | 369,683 | 11.1% |
| DeSoto | 35,913 | 3.4% |
| Glades | 14,122 | 8.4% |
| Hardee | 28,131 | 2.6% |
| Hendry | 39,885 | 5.8% |
| Highlands | 103,476 | 5.5% |
| Lee | 713,279 | 10.6% |
| Manatee | 370,315 | 10.9% |
| Sarasota | 410,816 | 6.4% |
| Southwest Florida | 2,261,010 | 6.58% |

The mean of all counties in Southwest Florida in terms of growth has increased over the last four years as jobs have increased over the last three to four years. The jobless rates for the respective MSAs within this area are lowest in more populated counties and higher in the more rural counties with smaller population and not having very divergent economic bases.

| JOBS | | | |
|---|-----------|-----------|----------|
| MSA | Dec. 2016 | Dec. 2015 | % Change |
| Sarasota/Bradenton/North Port | 339,316 | 327,716 | +3.5% |
| Fort Myers/Cape Coral | 316,877 | 309,927 | +2.2% |
| Naples/Marco Island | 159,219 | 156,470 | +1.8% |
| Punta Gorda | 68,837 | 64,200 | +2.5% |
| Source: Agency for Workforce Innovation | | | |

| HOMES | | | | |
|--|------------------------|----------------------|------------------------|----------------------|
| Single-family, existing- home sales | | | | |
| MSA | Jan. 2017 Sales | 1-Year Change | Jan. 2017 Price | 1-Year Change |
| Fort Myers/Cape Coral | 819 | +6.0% | \$245,000 | +7.9% |
| Punta Gorda | 285 | +8.8% | \$195,000 | +8.6% |
| Sarasota/Bradenton | 828 | -8.2% | \$269,000 | +6.5% |
| Naples | 314 | +0.3% | \$432,450 | -2.2% |
| Source: Florida Realtors | | | | |

FORT MYERS/CAPE CORAL/LEE COUNTY

The 5 year change in wages/salaries is up 24.3% with the per capita income being \$45,821. Construction led the way with job growth of 14%.

Rental car giant Hertz Global Holdings completed its headquarters move from New Jersey to Lee County and opened a 300,000 square foot facility in Estero for about 700 employees. A planned spinoff of Hertz's equipment rental business into a separate \$2 billion company also is expected to bring about 150 jobs to Bonita Springs.

Lee Health is expanding with several major projects. A dedicated facility for its children's hospital is to open this spring at HealthPark campus in Fort Myers. The new 128 bed, \$242 million Golisano Children's Hospital of Southwest Florida will include a pediatric cancer program, emergency department and 63 private beds in the neonatal intensive care unit. The public non-profit health system also is building Lee Health-Coconut Point, a \$140 million outpatient medical campus with a 24 hour emergency center in southern Lee County. Later this year, Lee Health plans to begin a 24,000 square foot expansion of its Regional Cancer Center and a 275 bed expansion of its Gulf Coast Medical Center.

Fashion footwear company Camuto Group of Greenwich, Connecticut, has taken about 10,000 square feet in Bonita Springs for a new financial office while Universal Trailer Holdings of Cincinnati has moved to the county, creating about 20 jobs.

As CEO of 21st Century Oncology, Daniel Dosoretz leads one of the nation's largest providers of cancer care services. The Fort Myers based company received a \$325 million investment last year from Canada's largest pension fund manager. The company operates 145 treatment centers in the US and 36 in Latin America.

For the second time since 2012, Gartner, a technology consulting company has expanded in Fort Myers. Connecticut based Gartner has completed construction on 132,000 square feet of space in the Gateway area. It employs about 700 locally.

Demographics pertaining to Lee County follows.

| POPULATION | |
|--------------------------|--------------------|
| Lee Population | 713,279 |
| Population Growth | (2012-2017) +10.6% |
| Per Capita Income | \$45,821 |

SARASOTA/SARASOTA COUNTY

Although tourism and retirement related businesses remain Sarasota's economic mainstays, manufacturing added over 1,000 jobs during the year. Among those in growth mode are plastic injection molder Octex, valve maker Sun Hydraulics and door manufacture PGT Industries.

Construction payrolls expanded last year, as an improving job market helped housing. The median sale price for single family homes rose 6.5% last year to \$269,000.

In the downtown area, over 20 projects are in various stages of planning or development in an urban core that measures only one square mile, according to the Greater Sarasota Chamber of Commerce. Plans call for nearly 1,000 apartments, 1,500 condos and townhomes and 1,300 hotel rooms as well as new office and retail space. New financing is pouring into downtown because it's easy to get around and aesthetics. Once financing started to flow after the Great Recession, downtown represented a high target for people.

University Town Center, the 880,000 square foot mall opened a year ago in Sarasota off I-75 with three department stores and many tenants new to the area, including Apple. It debuted with 90% of its space leased and was one of only two enclosed malls nationwide to open last year.

In January, the Atlanta Braves entered into negotiations with the county to move the team's spring camp to North Port from Disney's Wide World of Sports in Orlando. The move depends on construction of a stadium complex in the West Villages district. The project is estimated to cost \$75 million to \$80 million. Terms still in negotiation include about \$22 million in county hotel tax funding and \$20 million from the state. The city of North Port, the Braves and West Villages developers also would provide funding. The Braves hope to be in their new home in 2019.

Demographics pertaining to Sarasota County follows.

| POPULATION | |
|----------------------------|-------------------|
| Sarasota Population | 410,816 |
| Population Growth | (2012-2017) +6.4% |
| Per Capita Income | \$58,741 |

BRADENTON/MANATEE COUNTY

Bright House Networks has added a customer support center in Bradenton, creating 155 jobs over three years. Infrared window manufacturer IRISS that moved its headquarters to Manatee County from the United Kingdom two years ago, has expanded in Lakewood Ranch and hired 25 employees. Companies that are here seem to be more confident about the economy and are investing in facility expansions or buying new equipment.

An expansion of the IMG Academy in Bradenton includes a new Gatorade Sports Science Institute and proposed hotel. McKechnie Field, the Pittsburgh Pirates spring training ballpark, has undergone more than \$16 million in upgrades in recent years.

Star2Star Communicating, a technology company recently added 30,000 square feet to its Manatee County headquarters, a 48% increase, and plans to nearly triple its local work over the next five years. Star2Star provides cloud based telecommunications systems for business phone operations, video conferencing and instate messaging.

Sunz Insurance, a workers' comp insurer, relocated to Bradenton from Sarasota, paying nearly \$2.3 million for a six story headquarters building downtown. Downtown Bradenton's office vacancy rate has fallen from a five year market average of 8.1% to 4.1%, according to Colliers International Tampa Bay. The Bradenton Corp. hired Max Stewart as director of business development. Stewart previously oversaw international trade development in southwestern part of the state for Enterprise Florida.

Demographics pertaining to Manatee County follows.

| POPULATION | |
|---------------------------|--------------------|
| Manatee Population | 370,315 |
| Population Growth | (2012-2016) +10.9% |
| Per Capita Income | \$44,365 |

NAPLES/COLLIER COUNTY

Naples has only experienced a 1.8% job growth since December 2015, the lowest percentage of the four MSAs in Southwest Florida, according to the Agency for Workforce Innovation. Collier County had a 25.2% increase in wages/salaries over the last 5 years.

Local economic development officials are pursuing a three year plan called Opportunity Naples to diversify Collier's economy beyond its four traditional industries. Agriculture, construction, health care and tourism. Potential growth areas include clean manufacturing, information technology and aviation. It appears that every time Collier County comes out of a cyclical downturn, coastal Collier becomes wealthier and the rest of the county becomes poorer. Without diversifying the economy, the middle class will disappear and young people will continue to move away.

Founded in 2009 by former nurse Deanna Renda, Naples Soap Company gave itself a goal for 2016 of opening two new stores in southwest Florida. The company was well on its way to making that goal by February 2016 with a new store lease on Sanibel Island and another in development on Marco Island. The 40 employee company plans to move to a larger facility.

Medical device manufacturer Arthrex will invest more than \$63 million to expand its campus in Naples, adding 560 jobs over the next five years. The expansion comes with a \$5.9 million package of state and county incentives. The new jobs will pay an average of \$54,000 a year. Before the expansion, Arthrex employed about 2,270.

Demographics pertaining to Collier County follows.

| POPULATION | |
|---------------------------|--------------------|
| Collier Population | 369,683 |
| Population Growth | (2012-2016) +11.1% |
| Per Capita Income | \$80,252 |

CHARLOTTE COUNTY

Local officials have attracted industrial tenants for the new Punta Gorda Interstate Airport Park, offering 4,300 acres ready for development. As a bonus, the county's economic development office has worked with an architect to design and permit 20,000 square feet of speculative manufacturing space within the park. Business recruitment supervisor Lucienne Pears says the county will provide those plans at no cost to builders or manufacturing to jump-start development. While commercial construction has been slow to recover from the recession, annual permits for single family homes have increased.

Local tourism officials have begun marketing Charlotte County as one of the best places in Florida for outdoor recreation. New promotional materials include the tagline "Our Best Side is Outside" and the destination name "Punta Gorda/Englewood Beach". The county features 28 miles of sandy beaches and 53 canoe and kayak "blueway" trails totaling more than 190 miles.

Demographics pertaining to Charlotte County follows.

| POPULATION | |
|-----------------------------|-------------------|
| Charlotte Population | 175,390 |
| Population Growth | (2012-2016) +7.7% |
| Per Capita Income | \$39,112 |

HENDRY/GLADES COUNTIES

About a year ago the Legislature provided \$3.5 million to build the Gateway Logistics and Manufacturing Training Center in Glades County as part of an effort to

make Florida's Heartland region more attractive to employers. Construction included 40,000 square feet of classrooms, offices and warehouse space at a county owned business park in Moore Haven, finished in 2016. The challenge in rural Florida is being able to demonstrate to a company that you have a pipeline of talent for their business if they locate here.

Direct Industrial Products, an industrial construction supply store and machine shop, plans to double its local workforce over the next two years. The company employs about 20 in LaBelle. The LaBelle Municipal Airport received a \$3.25 million federal grant to build a new terminal.

The Southwest Florida Community Foundation of Fort Myers gave \$50,000 to the Glades County Regional Training Center, its first sizable grant in the county. The new 40,000 square foot training center will use the money for a telecommunications network.

Demographics pertaining to Hendry/Glades Counties follows.

| POPULATION | |
|--------------------------|-------------------|
| Hendry Population | 39,885 |
| Population Growth | (2012-2016) +5.8% |
| Per Capita Income | \$30,610 |

| POPULATION | |
|--------------------------|-------------------|
| Glades Population | 14,122 |
| Population Growth | (2012-2016) +8.4% |
| Per Capita Income | \$22,911 |

DESOTO/HIGHLANDS/HARDEE COUNTIES

A \$6 million arena for the Arcadia Rodeo is being built near the Turner Agri-Civic Center. Rodeo leaders say the arena was made possible by a \$3 million grant from the Mosaic Company Foundation. The 7,796 seat Mosaic Arena is to open this fall.

CitraPac, a maker of frozen fruit snacks, finished building a 42,000 square foot facility at Sebring Regional Airport's industrial park. County officials say the facility will generate 240 jobs at full production.

J.W. "Jake" Crews IV became president of Wauchula State Bank last year, the fourth generation in his family to own and operate the 88 year old business. The bank also opened its first Polk County location with a branch in Winter Haven.

Sebring Regional Airport that includes a 2,000 acre commerce park has several new tenants. Metal roofing manufacturing GulfCoast Supply & Manufacturing employs about 40 people at an 110,000 square foot facility. Teenam, an Italian manufacturer of

light aircraft, opened a 21,000 square foot facility to serve the North, Central and South American markets. Paradise Aircraft of Brazil will produce its next generation P1 Special Light Sport aircraft at a 5,000 square foot hangar. In a 34,000 square foot hangar, Davie based FLG Technics has a new business, FLG Teardowns, for aircraft parts distribution, recycling and dismantling large planes. Meanwhile, Lockwood Aviation in April will open a 6,000 square foot facility where customers can build their own AirCam twin-engine experimental planes.

Phosphate mining company Mosaic has applied for permits to mine about 22,000 acres in Hardee County and 18,000 acres in DeSoto County having acquired the mineral rights from several families. Future mining operations in both counties will require 500 to 600 full time employees, Mosaic says.

Demographics pertaining to DeSoto/Highlands/Hardee Counties follows.

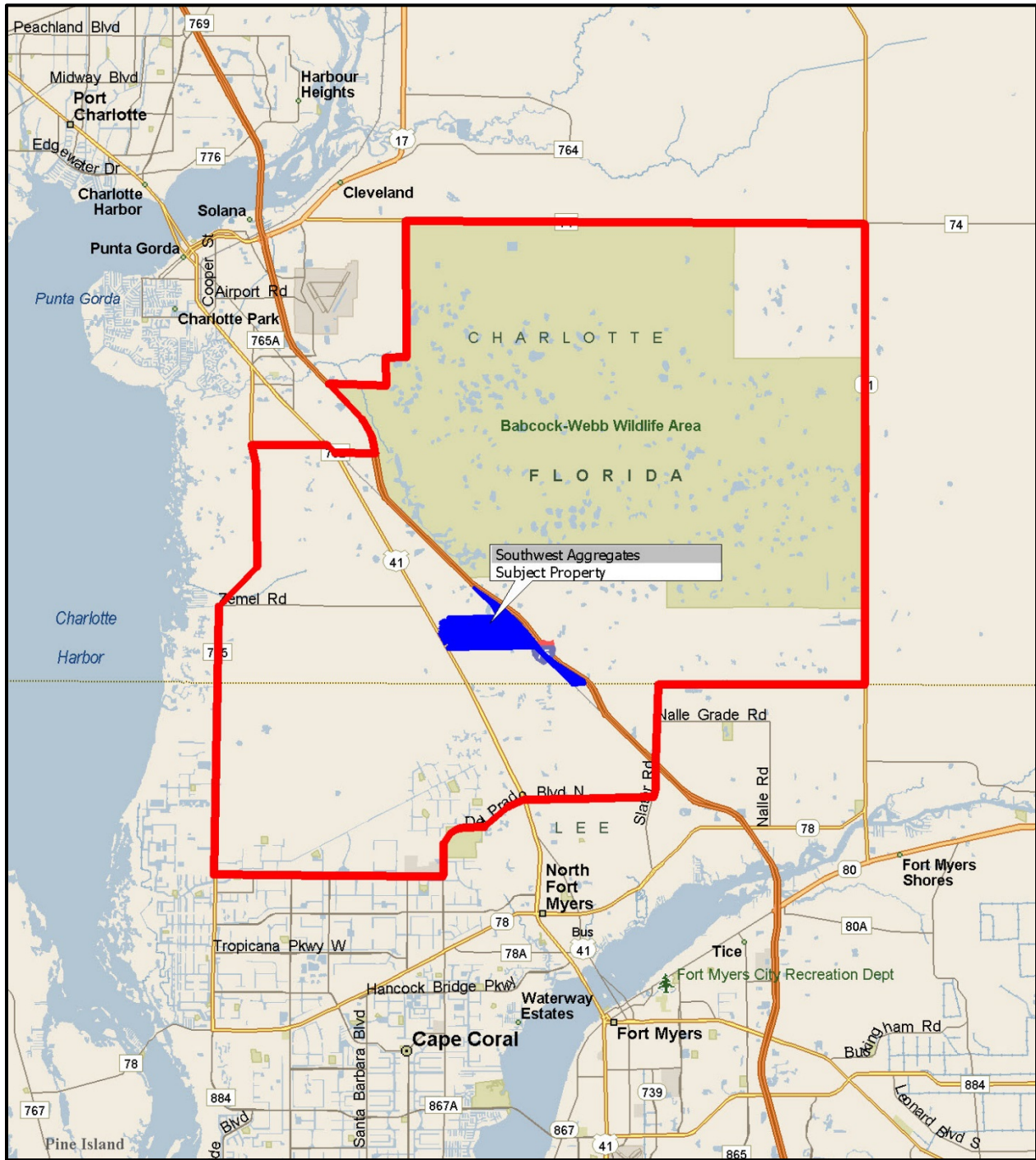
| POPULATION | |
|--------------------------|-------------------|
| DeSoto Population | 35,913 |
| Population Growth | (2012-2016) +3.4% |
| Per Capita Income | \$23,129 |

| POPULATION | |
|-----------------------------|-------------------|
| Highlands Population | 103,476 |
| Population Growth | (2012-2016) +5.5% |
| Per Capita Income | \$33,325 |

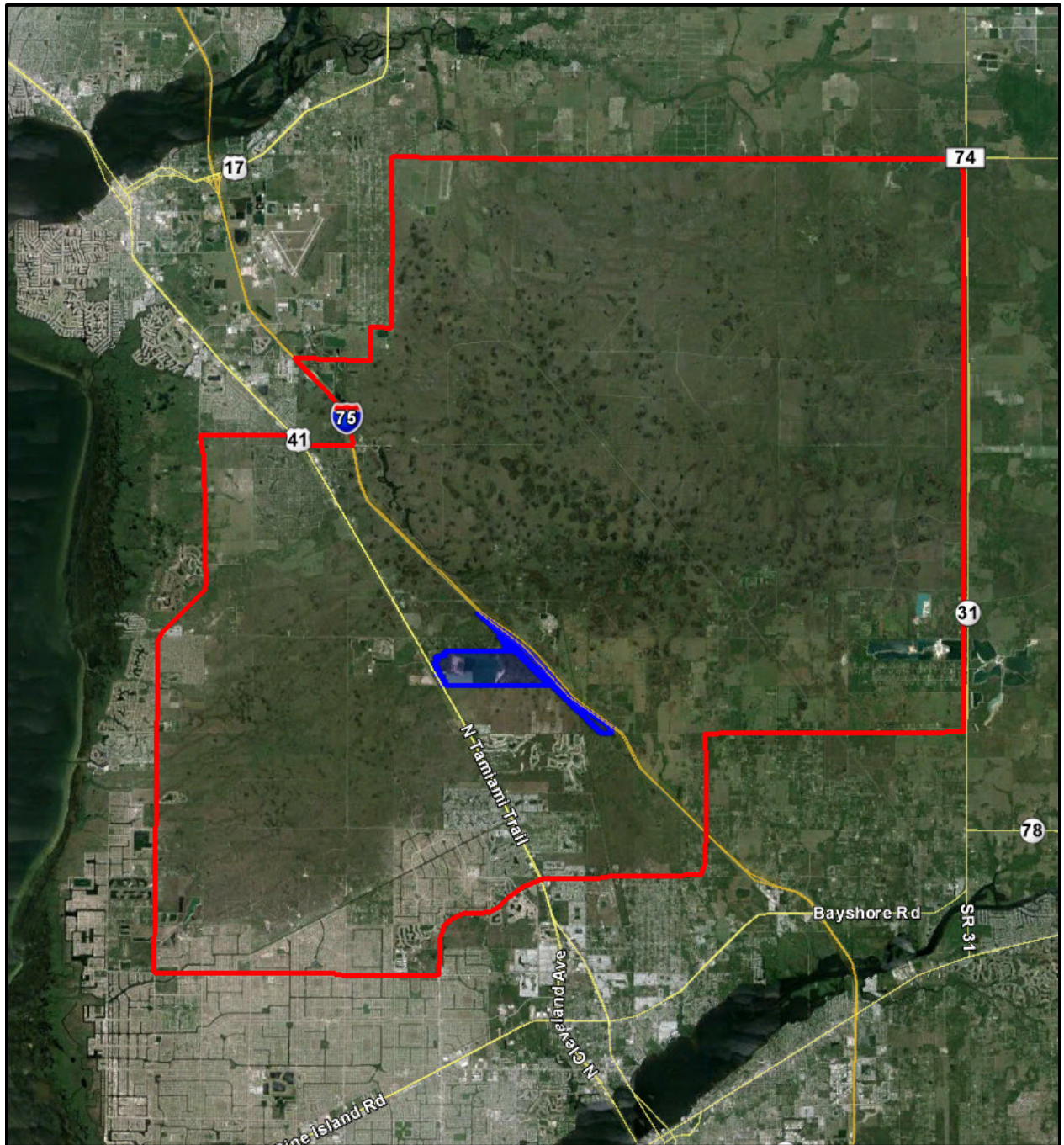
| POPULATION | |
|--------------------------|-------------------|
| Hardee Population | 28,131 |
| Population Growth | (2012-2016) +2.6% |
| Per Capita Income | \$26,002 |

NEIGHBORHOOD ANALYSIS

The subject property is located in the southwest portion of unincorporated Charlotte County, along US Highway 41, between Port Charlotte/Punta Gorda and Fort Myers. Following is a description of the area.



Aerial showing Babcock-Webb Wildlife Area and water shed



GENERAL DATA**Neighborhood Boundaries**

North - Bermont Road (CR 74)
South - Del Prado Boulevard/
Mellow Drive (Lee County)
East - State Road 31
West - Burnt Store Road / CR 765

Predominant Development

This is a rural area bisected by US Highway 41 and Interstate 75 that is primarily an agricultural area of ecologic significance.

Percent Built-Up

10%-15%, the Babcock-Webb Wildlife Management Area comprises a large portion of the neighborhood.

Growth Rate

Slow

Property Values

Property values in the subject's immediate are beginning to stabilize and increase slightly after a long period of decline.

Supply & Demand

There are vacant tracts of land available for sale in this area, and several platted residential subdivisions with paved roads and utilities that have been mostly undeveloped, indicating greater supply than demand.

Marketing Time

Marketing times for properties depend on the seller's expectations in the current market, the property type, and the location. These generally have been ranging from 12 to 18 months, if properties are reasonably priced.

A mixture of pasture land, residential, mobile home park, mining, parks and recreation, conservation and government lands on the interior with a few commercial uses along Tamiami Trail.

Change in Utilization

Eventually more residential development will occur in the developable areas of the neighborhood as the nearby areas are built out and the infrastructure improves. However, this is not likely in the near term foreseeable future.

Area Reputation

Fred C. Babcock / Cecil B. Webb ("Babcock-Webb") Wildlife Management Area, a 65,758-acre preserve, including the 14,577-acre Yucca Pens Unit is surrounded by residential development, citrus groves, and improved pasture. Babcock-Webb is among the last undeveloped expanses of hydric (wet) pine flatwoods in southwest Florida. The area is primarily known as a rural wetlands preservation area.

PHYSICAL CHARACTERISTICS**Location**

The neighborhood is in an unincorporated portion of southwest Charlotte County, situated southeast of Port Charlotte and Punta Gorda, north of Cape Coral and northeast of Fort Myers.

LinkagesNorth/South

Interstate 75, US 41 (Tamiami Trail), State Road 31, and County Road 765 (Burnt Store Road)

East/West

Belmont Road, Truckers Grade Boulevard, Zemel Road, Del Prado Boulevard, Mellow Drive

Residential Developments

Sun & Shade Campground, Tropical Palms Mobile Home Park, Raintree RV Resort, Heron's Glen Subdivision, Magnolia Landing Subdivision, Pinelakes Subdivision, Fountainview RV Park, Burnt Store Colony Mobile Home Park

Adequacy of Utilities

Overall, the following services are provided.

Electric: Florida Power & Light, Lee County Electric Cooperative

Natural Gas: TECO

Telephone: Embarq, Comcast, Vontage

Water & Sewer: Florida Water Services, Charlotte County Utilities, City of Punta Gorda, Englewood Water District, Charlotte Harbor Water Association.

There are no public water or sewer services in the area of the subject property and throughout most of the subject neighborhood. Well and septic systems are used in this area.

Commercial Developments

Young Trucking, Burnt Store Auto and Trailer, Hubcap and Wheel of Charlotte, Horner's Auto Repair, Camper Depot RV, Skip Eppers, Southwest Aggregates, Stone Factory, Zemel Road Landfill, St. Therese Catholic Church, Fairway Lakes Country Club, Holy Trinity Presbyterian Church, Grace Baptist Temple, Publix Supermarket at Del Tura Plaza, Bank of America, Del Tura Country Club, Great Western Auto Upholstery, Custom Carts Inc, Mader Electric Motors, Time Warner Cable, Pine Shadows Airpark

General Appearance

Fair to Average

Appeal to Market

Fair to Average, remote

SOCIAL CHARACTERISTICS

Population

The 2016 population of Charlotte County was 178,465 with an expected growth to 176,300 in 2020. Within the subject census tract area, the population is 2,353.

Education Levels
 7% - Not a High School Graduate
 36% - Graduate of High School
 45% - Attended Some College
 13% - College Graduate
 7% - Graduate Degree

Employment Types
 32% - Sales
 20% - Service
 16% - Blue Collar
 11% - Manager/Professional
 2% - Skilled Labor
 2% - Administrative
 1% - Technical
 1% - Farming

Nuisances & Hazards
 Rock mining, Zemel Road Landfill, Charlotte Correctional Institute, occasional flooding, lack of public utilities

Support Services
 Limited and generally located along Tamiami Trail.

ECONOMIC CHARACTERISTICS

Predominant Ownership Type
 Single family residential, and a mix of owner user and leased fee for commercial, industrial and office uses.

Property Rent Levels
 Below average for the county

Property Value Levels
 Below average for the county

Vacancy Rates For Properties
 Average

Effective Ages of Properties
 New to 50 years

Changes in Property Use
 Unlikely in the near term foreseeable future

GOVERNMENTAL CONSIDERATIONS

General Land Use Plan
 The Future Land Use designations in this area include Residential, Agricultural, Suburban, Community Suburban.

Tax Burden
 Typical for this area of Charlotte County.

| | |
|--------------------------------------|--|
| Quality of Support Facilities | Average quality but limited quantity |
| Any Applicable Restrictions | None noted, other than those of the County zoning and future land use classifications, flood plain and building codes. |

ENVIRONMENTAL CONSIDERATIONS

| | |
|---|--|
| Natural Features | Babcock-Webb Wildlife Area, Charlotte Harbor, Gulf of Mexico, Caloosahatchee River |
| Man-made Features | Charlotte County Airport, Zemel Road Landfill, Charlotte Correctional Institution, Interstate 75, CSX Railway and the surrounding road system. |
| Flood Data | There is a large natural water shed extending southwestward across the neighborhood from the Babcock-Webb Wildlife Area to Charlotte Harbor. The neighborhood is generally located within the 100-year flood prone area. |
| Traffic Conditions | This is a rural area and does not suffer from extreme traffic congestion found in the urban areas. |
| Charlotte Flatwoods Hydrologic Restoration Project | The Cecil Webb WMA is the headwaters of the Charlotte Flatwoods Area which has historically drained west towards Matlacha Pass via the 20,000 acre Yucca Pens Unit. Over the years flow pathways have been altered by development of farms, mining and residential lands on either side of I-75. These developments have berms along their parameters that block the historic flow pathways to Yucca Pens. |

These flow restrictions cause lower water depths and shorter hydroperiods in the Yucca Pens Unit west of I-75. There is a joint effort initiative that includes several governmental agencies to restore the flow pathways. Based on size, use and location, the subject property has been targeted as one possible flow pathway to resolve this issue. The appraisers recently appraised a nearby property that was acquired by the Trust for Public Lands to accommodate the restricted water flow pathway.

NEIGHBORHOOD SUMMARY

The subject neighborhood is located in an unincorporated portion of southwest Charlotte County between the cities of Port Charlotte and Fort Myers. This is a rural area primarily undeveloped. There are areas of residential development at the north and south boundaries of the neighborhood and near the Burnt Store Marina area on the west side of the neighborhood. Most of the commercial uses are located along Tamiami Trail, or US Highway 41.

The Babcock-Webb Wildlife Area is a 65,758 acre preserve located in the northeast portion of the subject neighborhood. This area is full of wetlands and there is a natural water shed southwestward through the subject neighborhood toward the southern end of Charlotte Harbor. The environmental nature of this area has affected development in the neighborhood. The Charlotte Flatwoods Initiative is in the process of trying to restore the natural flow of water and lengthen hydro periods of historic wetlands within Yucca Pens.

There have been few new developments in this area over the past 10 to 20 years. Public water and sewer services are not currently available. The county land fill and a prison are located in this area of the county. There are many platted subdivisions in Lee County to the south of this area that have been developed but still have a number of unimproved lots available. A more recent residential development south of the subject on the east side of Tamiami Trail has fared a little better due to golf course and club house amenities. However, a planned residential development abutting the subject to the south has been indefinitely put on hold. It is anticipated that over the next 20 years, areas to the north and south will build out and residential development will move to this area. Not much development activity is expected in the interim.

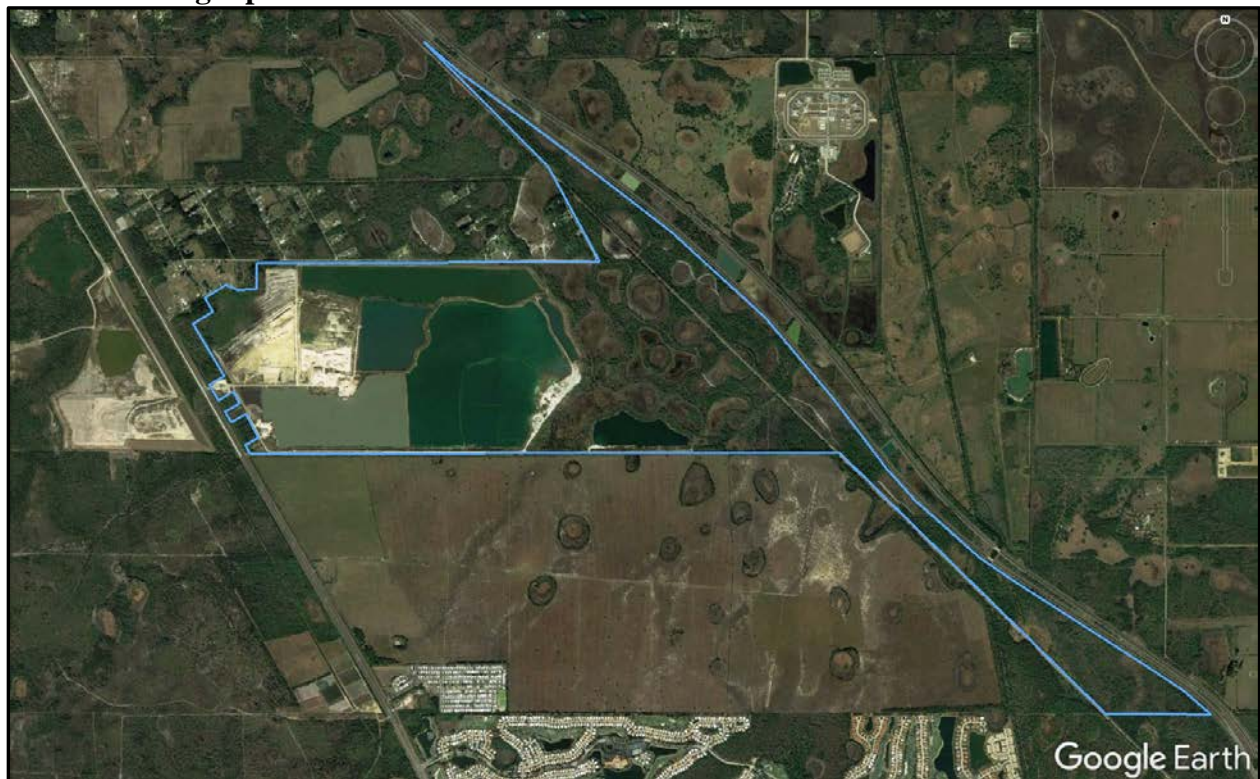
DESCRIPTION OF THE PROPERTY

The subject of this appraisal assignment is a large tract of land located in Charlotte County, Florida. The property has been assembled by the current property owner between the years of 1996 and 2009 for the intended use of commercial excavation of limestone deposits. As of the date of value, approximately 490 acres have been excavated, 105 acres are actively being mined or used in the mining operations. There are 548 acres at the rear of the property (east of the mining pits) that are encumbered by numerous Perpetual Conservation Easements. These areas are being maintained as wetland habitat and may never be developed.

Aerial Photograph

The following is an aerial photograph from Google Earth showing the property boundaries and immediately surrounding area.

Aerial Photograph



Source: Google Earth - Image Date: February 3, 2017

Ground Level Photographs

On the following pages are ground level photographs of the entrance to the property from US Highway 41, passing street scenes, as well as interior shots of various areas around the property. For reference, the following map shows the location of each photographed area on the property.



Street Scenes



B) Southbound US Hwy 41 from SW corner



B) Northbound US Hwy41 from SW corner



A) Southbound US Hwy 41 from entrance



A) Northbound US Hwy 41 from entrance



A) Entrance to mine



A) View of County Dump from entrance

Existing Excavation



D) Fill dirt operation



D) Active mining area



D) Active mining area



D) Active mining area



D) Active mining area



C) Wash plant area

Upcoming Mining Phase Areas



E) Northern rim ditch for new excavation



E) Northeast corner of excavation area



E) Next excavation area



E) Western perimeter rim ditch



G) Final phase in rear of property



G) Final phase in rear of property

Conservation Easement areas



I) Conservation easement area



I) Conservation easement area



J) Conservation easement area



J) Conservation easement area



K) Conservation easement area



H) Mined out area

Size and Shape

The subject property is comprised of twenty-four (24) tax parcels listed on the Charlotte County Tax Rolls. The whole property is bisected by the railroad right-of-way, unpaved right-of-way for Orange Blossom Boulevard, and divided into two primary tracts. No other boundary surveys were provided. The area of the property has been provided by Mr. Gary W. Bayne, P.E., a mining engineer with Southwest Engineering and Design.

According to the mining engineer, the total land area of the subject is 1,204.02 acres, as of May 24, 2017. Of this total, 548.46 acres are encumbered by Perpetual

Conservation Easements “PCE’s” discussed in more detail, herein. Therefore, the total unencumbered area is 655.56 acres.

Much of the unencumbered area has already been mined. A 46-acre portion of Phase 6 is currently being mined; the remaining 47 acres has been cleared and is intended for future mining. There is approximately 30 acres required as residential buffer in the northwest corner of the property. Additionally, 8 acres previously used as a wash plant is available for mining and labeled as Phase 7 – Future Mining. The allocation between minable and non-minable land is as follows:

| | |
|---------------------------|---------------------|
| Phase 6 - Active Mining | 46.00 acres |
| Phase 6 - Future Mining | 47.00 acres |
| Phase 7 - Future Mining | <u>8.00 acres</u> |
| Total Mineable Areas | 101.00 acres |
| Residential Buffer | 30.00 acres |
| Total Excavated Areas | 524.56 acres |
| Total Encumbered PCE Land | <u>548.46 acres</u> |
| Total Acreage | 1,204.02 acres |

Our value estimates contained herein presume that these land area allocations are true and accurate.

Uplands/Wetlands

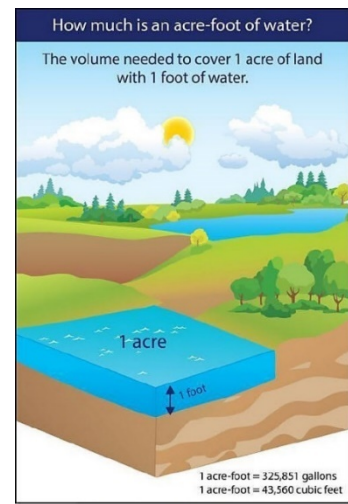
Planned allocations of upland land areas of the unencumbered property are dependent upon the proposed land use and were provided by Southwest Engineering and Design to be as follows:

| Configuration | Lake | Uplands | Preservation | Total |
|---------------|--------------|--------------|--------------|----------------|
| Residential | 490.27 acres | 165.29 acres | 548.46 acres | 1,204.02 acres |
| Reservoir | 576.91 acres | 78.65 acres | 548.46 acres | 1,204.02 acres |

If the property is to be used for residential development, additional land area will be left unmined and preserved for that development.

Reservoir Storage Capacity

According to the mining engineer at Southwest Engineering and Design, the remaining mining pits have the capacity to store water based upon their geology. The engineer has estimated a total storage capacity of 12,000 acre-feet. An acre-foot is a unit of volume commonly used in the United States in reference to large-scale water resources, such as reservoirs, aqueducts, canals, and river flows. It defined by the volume of water necessary to cover one acre of surface area to a depth of one foot. The subject’s 12,000 acre-feet will hold a total of 3.9 billion gallons of water.



Road Frontage

The primary mining parcel has street frontage on Tamiami Trail, also known as US Highway 41 and/or State Road 45. The subject has four lots totaling 788 feet of combined frontage on the east side of Tamiami Trail. Along the north side of the primary tract, there is 6,507 feet of frontage along Orange Blossom Boulevard and 1,430 feet along Nasturtium Drive. The conservation parcel to the rear fronts Interstate 75 for approximately three miles and is adjacent to the CSX railroad tracts but there is no direct access. Visibility and exposure are considered to be good.

Ingress/Egress/Access

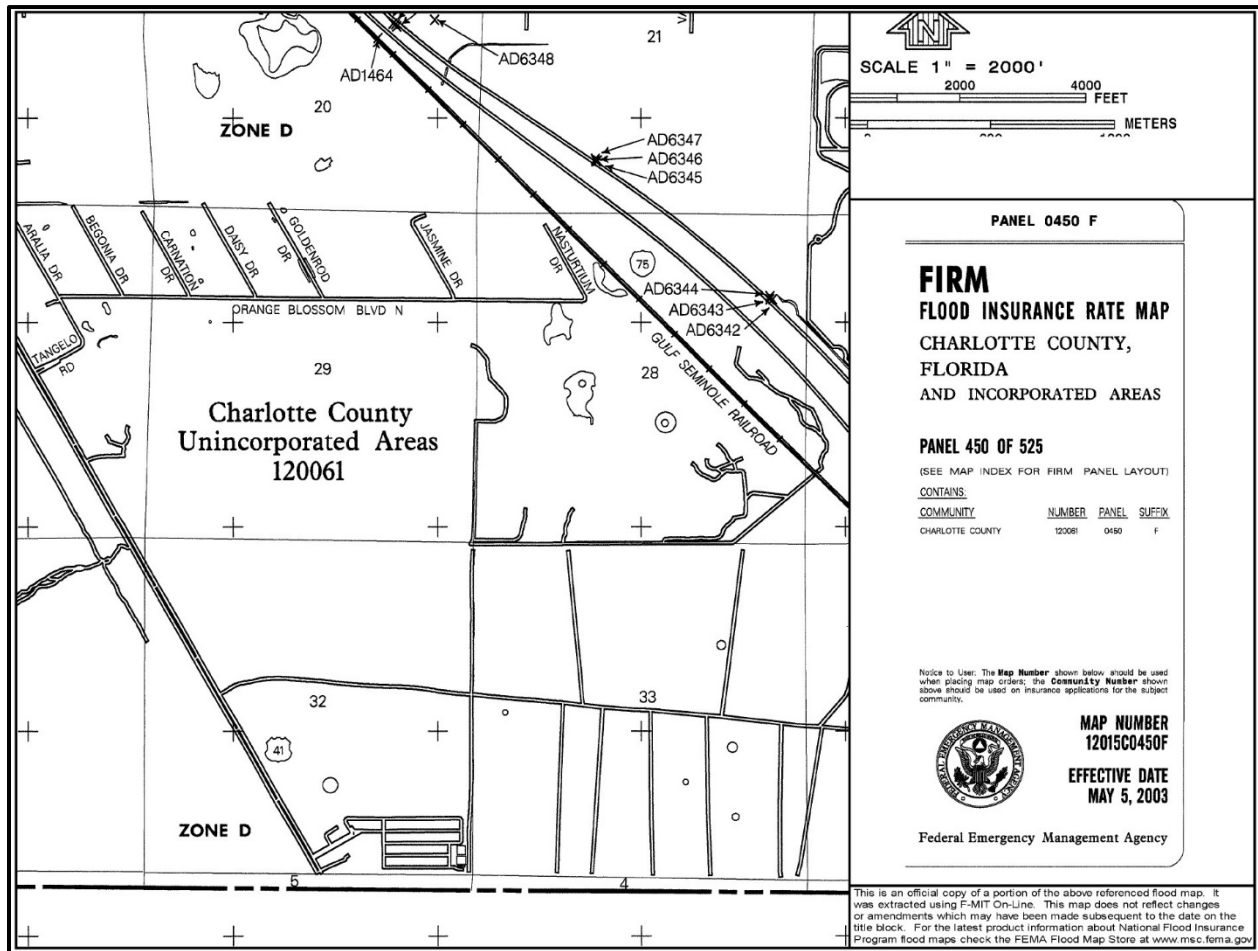
The property has three access points along Tamiami Trail, with a combined total of 788 feet of frontage providing access to the property. The middle lot has a highway drainage swale along its frontage providing no access without constructing a culvert. Additionally, there is 6,507 feet of frontage along Orange Blossom Boulevard and 1,430 feet along Nasturtium Drive. The majority of this frontage is along the lake with a perimeter berm, and along the conservation easement areas where ingress and egress is not physically possible. Current physical access to the mine is via a graded haul road at the northernmost Tamiami Trail frontage. This type of access is considered adequate for the current rock mining use.

Topographical Features

The subject can be described by three distinct topographic areas. The mining areas have been excavated resulting in man-made lakes divided by sandy berms. There is a perimeter ditch surrounding the mining areas. The wetland portions of the property have been restored and are comprised of a series of man-made ponds surrounded by native vegetation with unpaved vehicular pathways throughout. The remaining upland portions of the property, a majority of which are located in the northwest corner are partially wooded and relatively level. No extraordinary topographic features were noted that would inhibit development of the upland portions of the property.

Flood Plain Data

According to Flood Insurance Rate Maps 12015C 0450 F, revised May 5, 2003, the subject property is located in Flood Zone "D." FEMA describes Flood Zone D as areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk. The FIRM Flood Insurance Rate Map for this area is located on the following page.



Environmental Concerns

The subject property is located proximate to the 65,758-acre Babcock-Webb Wildlife Area. This general area of the county contains a large number of wetlands and conservation areas, with limited commercial or residential development. The subject properties under consideration by the Charlotte Flatwoods Initiative as a potential flow pathway to move floodwaters from east of I-75 to the Yucca Pens area west of US Highway 41. The proposed route can be seen on the following aerial. No endangered species or endangered habitats were noted during our inspection.

Upon physical inspection, we observed an above ground petroleum storage container shown in photograph herein. We observed no blatant leakage or apparent ground contamination from the tank. No other environmental concerns were apparent at the time of inspection; however, the appraisers are not trained experts in the identification of environmental problems, and an inspection by environmental specialists is recommended if there are any questions regarding such issues for the subject property. The subject property has been appraised as if no environmental hazards exist in accordance with Advisory Opinion 9 of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Foundation, effective January 1, 2001.

Potential flow path between Babcock-Webb and Yucca Pens Unit



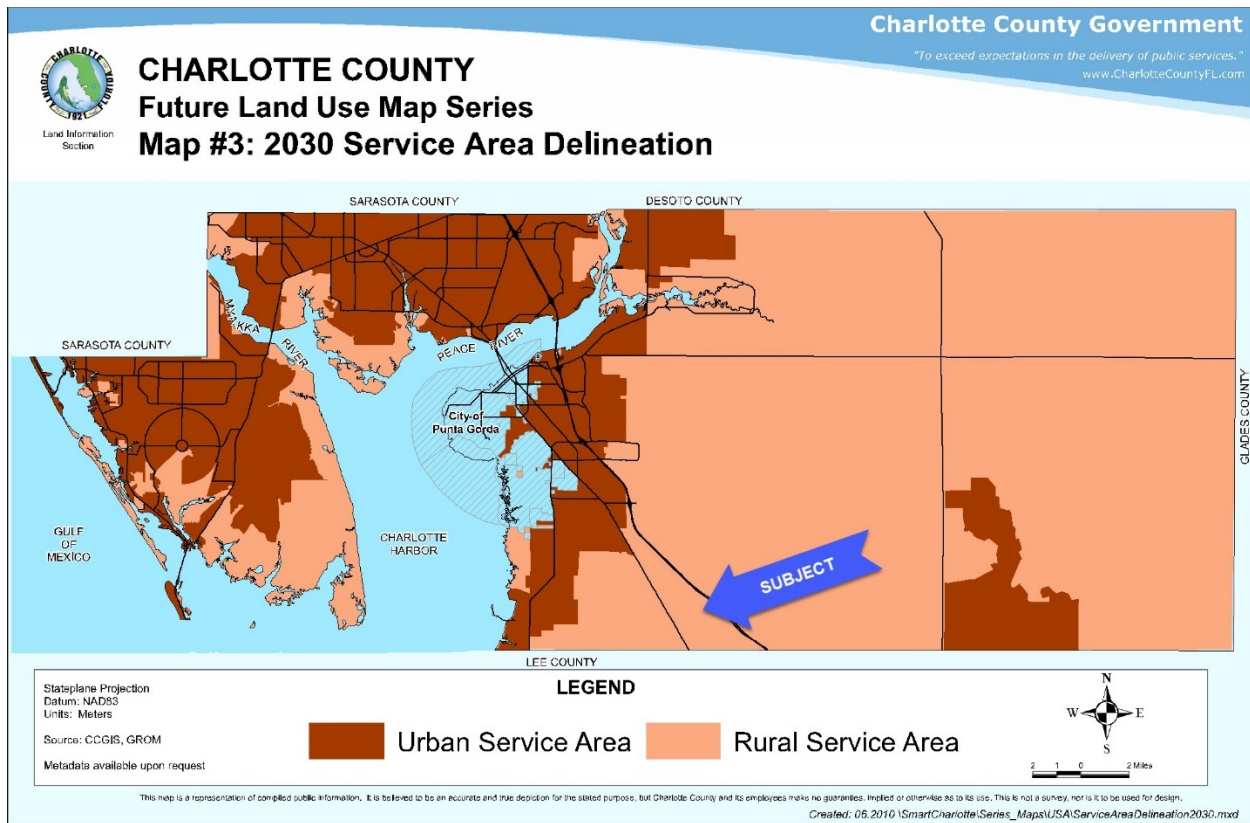
Soils Map



| Charlotte County, Florida (FL015) | | | |
|------------------------------------|-----------------------------------|----------------|----------------|
| Map Unit Symbol | Map Unit Name | Acres in AOI | Percent of AOI |
| 19 | Gator muck | 34.1 | 2.7% |
| 26 | Pineda fine sand | 252.4 | 19.9% |
| 33 | Oldsmar sand | 126.9 | 10.0% |
| 34 | Malabar fine sand | 98.3 | 7.8% |
| 35 | Wabasso sand | 370.3 | 29.2% |
| 44 | Malabar fine sand, depressional | 18.0 | 1.4% |
| 45 | Copeland sandy loam, depressional | 1.5 | 0.1% |
| 49 | Felda fine sand, depressional | 57.2 | 4.5% |
| 51 | Floridana sand, depressional | 18.1 | 1.4% |
| 62 | Winder sand, depressional | 22.9 | 1.8% |
| 63 | Malabar fine sand, high | 26.2 | 2.1% |
| 70 | Heights fine sand | 87.1 | 6.9% |
| 73 | Pineda fine sand, depressional | 125.0 | 9.9% |
| 78 | Chobee muck | 30.9 | 2.4% |
| Totals for Area of Interest | | 1,268.6 | 100.0% |

Utilities

The subject property lies within the Rural Service Area in an unincorporated area of Charlotte County. Electricity is provided in this area by Florida Power and Light. Municipal water and sewer services have yet to be extended to this area of the county. Well and septic systems are generally found to be suitable for the low-density development found in this area. Mid-density to high-density development, to include a residential subdivision would require connection to public water and sewer services.

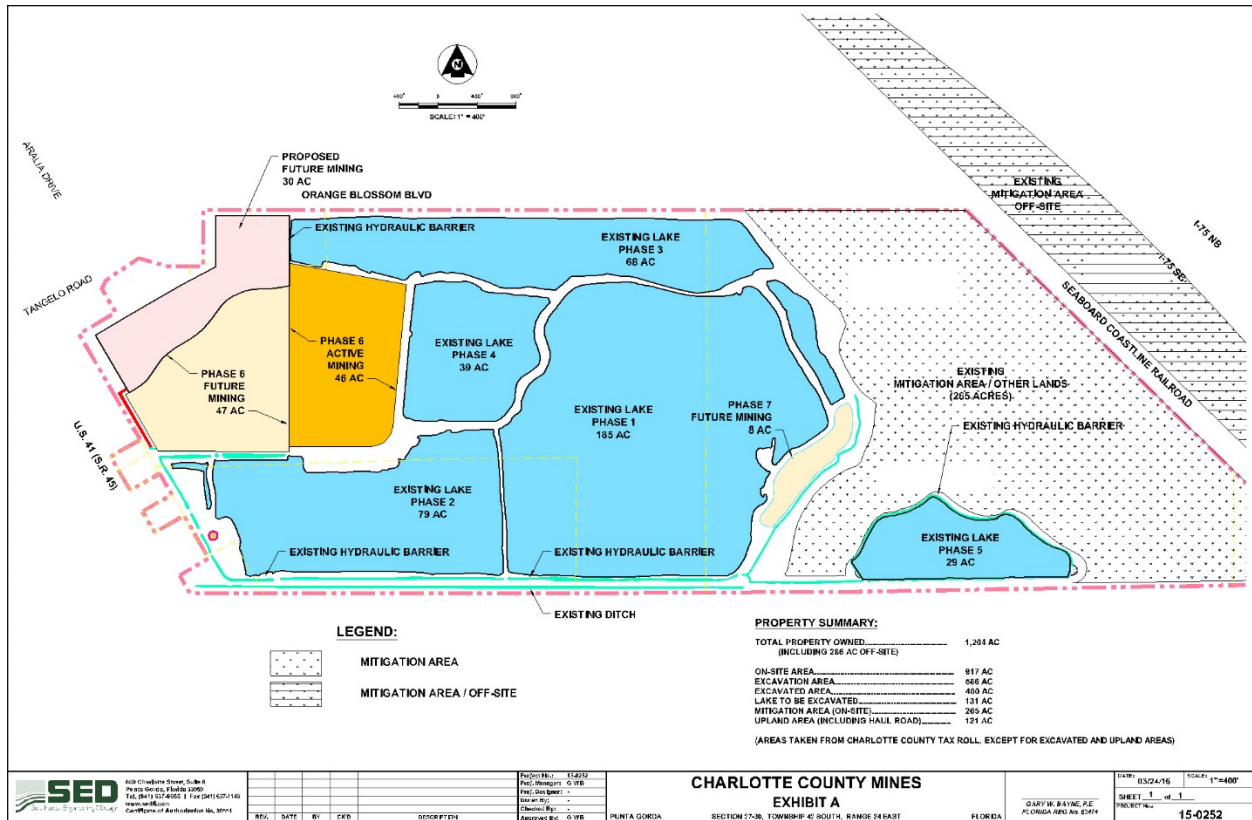


Geology

We have been provided with a Boring Location Plan and Soil Boring Logs report on the primary parcel from 1998 and a Geotechnical Exploration report dated February 6, 2009 for the 84-acre future mining area. This area was previously labeled “Phase 4 Addition” but has now been combined with the current mining area as part of Phase 6. From these reports, it appears that the property contains shell base, shell rock base, limerock, aggregates, structural fill material and drainfield percolation sale up to a depth of 23 feet at which point there is a confining layer to the surficial aquifer.

Limestone Reserves

The majority of the subject’s mineable acreage has been depleted of limestone reserves. The remaining mineable reserves are located in Phases 6 and 7; shown on the following exhibit.



An engineering report dated June 1, 2015 prepared by Southwest Engineering & Design indicated the following estimates of reserves.

| | Acres | Tons Fill (10% Perc Sand) | Tons Rock |
|--------------------------------|-------|------------------------------|--------------|
| Wash Plant Area | 9.3 | 40,000 | 148,500 |
| | 6.2 | | 102,000 |
| Perc Plant & Adjoining Acreage | 55.2 | 328,000 | 921,000 |
| | 2.3 | 30,000 | 50,000 |
| | 8.2 | 107,000 | 177,000 |
| Lake Divider Roads | 5.0 | 54,500 | |
| 51 Acre: New Permit | 51.0 | 666,000 | 935,000 |
| Total Reserves | | 1,225,500 | 2,333,500 |
| Sales Through 5-31-15 | | (82,000) | (126,400) |
| Reserves as of 6-1-15 | | 1,143,500 | 2,207,100 |
| Total Tons on June 1, 2015 | | | 3,350,600 |

Considering historical aggregate sales at a rate of approximately one-half a million tons per year indicates remaining reserves of approximately 2.25 million tons.

Site Conclusion

The subject site is a 1,204-acre parcel of land fronting US Highway 41 (Tamiami Trail) to the west and Interstate 75 to the east. The eastern half of the property is encumbered by conservation easements that significantly restrict the potential uses of the property. The topography of this portion of the property is generally flat and level and has been restored to its native vegetative state thorough a conservation management plan. The western portion of the property has been excavated for the past 25 years and predominately consists of a large water filled pit with average depths of 22 feet and a confining layer of limestone on the bottom. There are small areas of uplands located along the western perimeter of the property proximate to US Highway 41. Approximately 101 acres are left for mining. The remainder is either water filled mining pits or environmentally protected lands.

The property is in a rural location in an undeveloped area of Charlotte County, having no municipal water or sewer services. This location is across US Highway 41 from the county land fill and proximate to a men's correctional facility. These characteristics are considered to have a negative impact on the property's marketability for residential development. The property's location in a major water shed, the geology of the site and existing mining pits on the property make this property suitable for water storage.

DESCRIPTION OF THE IMPROVEMENTS

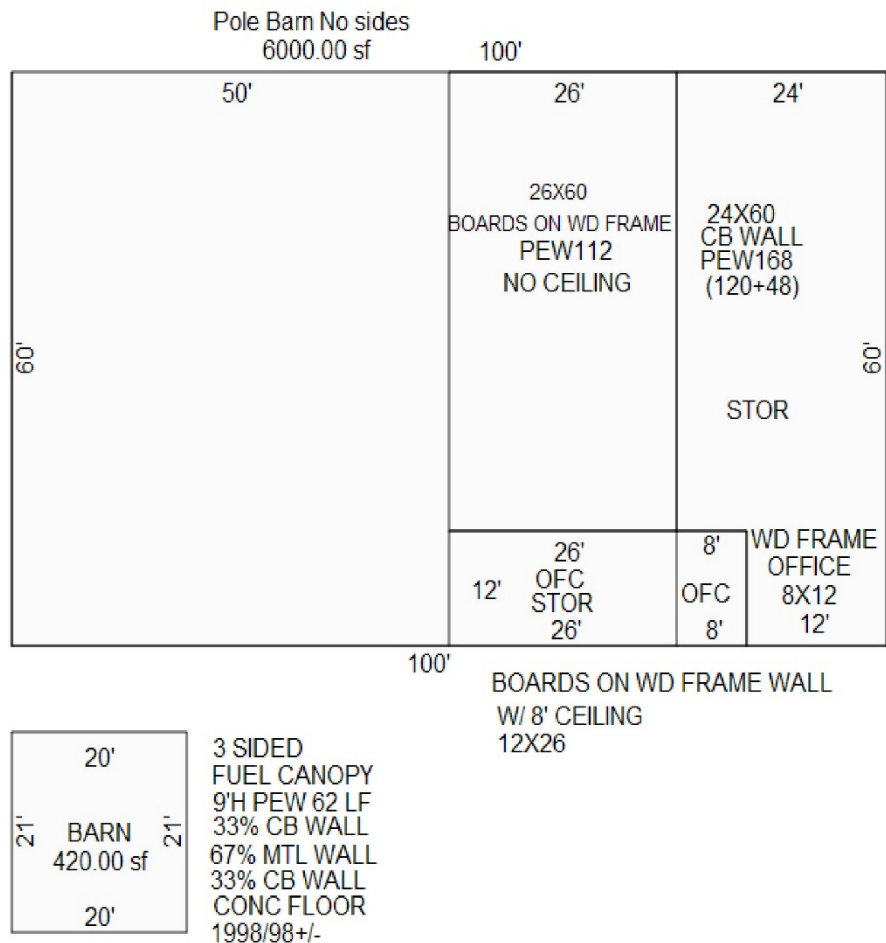
The subject property has been improved with various site improvements associated with the rock mining use. These are each discussed in detail as follows:

Repair Shop

Located in the southwest corner of the property is a metal industrial building used for the maintenance and repair of mining equipment. This is a steel frame structure built over a reinforced poured concrete slab. The roof covering is non-insulated corrugated steel. The building measures 60 feet by 100 feet for a total covered area of 6,000 square feet. One half of the covered area has been enclosed with concrete block and corrugated steel walls. There are suspended florescent lighting fixtures and adequate electrical power to service heavy repair equipment. This structure was built in 1998 indicating an actual age of 17 years. The typical life of a structure of this type is between 25 to 30 years.

DET CANOPY (60X100) 14'H W/CONC FLOOR
STEEL FRAME 1998/1998+/-

1/9/2012 DLH - CHECKED IN W/ OFC - MEAS'D
ALL BLDGS



Tank Well

Adjacent to the repair shop building is a concrete block containment structure for the storage and containment of petroleum products used in the maintenance and operation of the mining equipment. This tank well is covered with corrugated steel. There is a 10,000-gallon double walled aboveground steel tank adjacent to the tank well for storing diesel. The tank is personal property and not included in the value of the real estate.



F) Repair shop exterior



F) Repair shop interior



F) Chemical tank well and storage tanks



A) Scales and scale houses (trailers)

Truck Scales

At the entrance to the property are two prefabricated buildings (personal property) used as scale houses along with two commercial truck scales. One scale is a 50 foot, 100 ton Fairbanks scale used for tractor trailers, and the other is a 30 foot, 100 ton Fairbanks scale used for smaller trucks. Again, these items are considered to be personal property. Their contributory value is included as mining equipment.

Interior Haul Roads

At the entrance to the property is an asphalt paved area surrounding the truck scales. Throughout the property are approximately five miles of internal graded crushed rock haul roads, adequate for transporting mining materials to the entrance of the property.

Mining Pits/Lakes

Over the life of the mining operation, various mining pits have been excavated on the property resulting in 465 acres of deep water lakes. There are dykes separating portions of these lakes that will be removed upon completion of mining operations creating one large lake. The size of the lake upon completion of all phases will be 582.77 acres. Sand berms provide a visual buffer from neighboring residential properties to the north.

Wetland Mitigation Areas

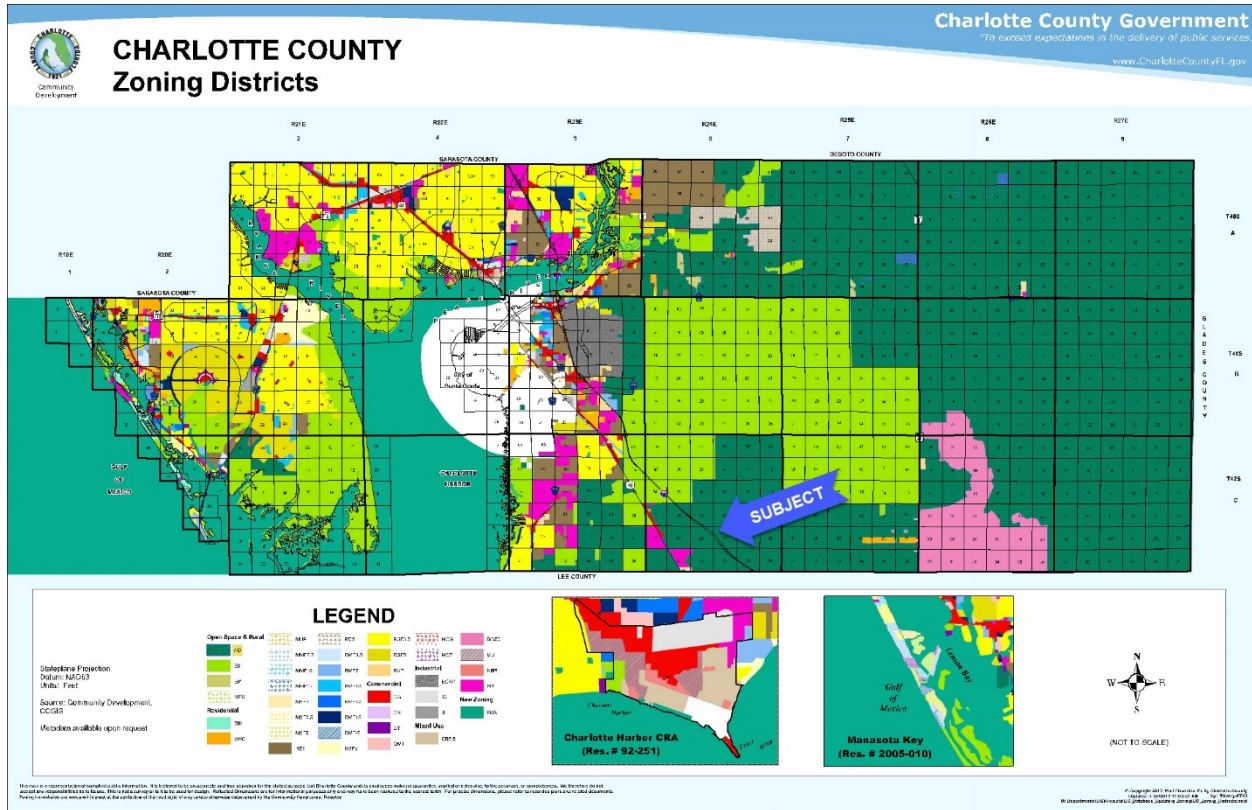
As required by the mining permits, approximately 262.960 acres of wetlands has been created on the eastern portions of the primary mining parcel. These areas were formerly potato fields that have been planted with native vegetation. This area is based on a Sketch and Legal Description prepared by Hole, Montes & Associates Engineering, recorded in OR Book 1816, Page 2174 of the Charlotte County Public Records. Additional parcels located between the railroad right-of-way and Interstate 75 were purchased for mitigation purposes.

Improvement Conclusion

In summary, these improvements to the land are common and adequate for this type of use. With proper maintenance, these structures are anticipated to continue to adequately support the existing mining use throughout the remainder of the mining period. While these improvements are considered to contribute somewhat to the current use of the property, they offer little if any contribution for an alternative use.

Zoning

The subject property is zoned AG, “Agriculture, general” by the Charlotte County Zoning Department. Agriculture districts are intended to retain the open character of the land. Permitted uses are limited to conservation, agriculture, low-density residential, recreation and other uses consistent therewith.



Agriculture and agricultural activities are frequently associated with noise, odors, dust, aerial chemical spraying, and other activities generally incompatible with urban-style living. However, agriculture forms a vital segment of the economy of the state, and provides diversity of economic opportunity and life styles for the county. Therefore, it is the purpose of the agricultural districts to provide areas for the establishment and/or continuation of agricultural operations with residential uses being permitted only at very low densities and to accommodate those individuals who understand and desire to live in an agricultural environment.

The primary difference between AE and AG districts is that agriculture estate (AE) districts are intended to exist only within the urban service area while agriculture general (AG) districts are intended to exist only outside the urban service area.

The following uses and structures are permitted in this district.

- Raising of cattle, sheep, swine or other animals associated with or kept in support of agricultural operations, provided no swine shall be kept within one thousand (1,000) feet of a nonagricultural district.

- Raising of poultry.
- Raising of dairy herds and production and processing of dairy products.
- Breeding, training and boarding of animals associated with or kept in support of agricultural operations.
- Harvesting, cultivation, processing and sale of crops grown on premises, including silviculture, aquaculture and commercial citriculture.
- Single-family dwellings, excluding mobile homes, barns, workshops and other structures incidental to agricultural uses.
- Elementary, middle and high schools.
- Occupied single-family residences used as family day care homes.
- Emergency services.
- One (1) servant's quarters or guest house for each permitted single-family residence, provided that total lot area shall not be less than twice the minimum lot area required for a single-family dwelling.
- Parks and other recreational uses such as hunting, fishing and educational tours.
- Commercial radio, television and other transmitting or receiving stations, and line-of-sight relay devices, structures and towers fifty (50) feet or less in height, in accordance with section 3-9-71.1.

Rock mining is not a primary permitted use under this designation, however, the current mining use has been permitted as a conditional use through additional State and County permits. Rock mining is a legal use of the property.

Allowable Density

The subject is located outside of the urban service area. Therefore, residential development is permitted at a maximum density of one (1) dwelling unit per 10 acres. The maximum FAR allowed under the Future Land Use Plan is 0.10. No commercial uses are allowed under the zoning as primary permitted uses.

Charlotte County Setback Distances for Group III Excavations

Article XXIII, the Excavation and Earthmoving section of the Charlotte County Code requires for following setbacks.

- a) Group III excavations are permissible only in an excavation and mining (EM) zoning district as defined in chapter 3-9 of the Code.
- b) The term of a group III permit shall not exceed ten (10) years.
- c) No excavation, except for ditches permitted by the applicable water management district, is permitted within:
 - (1) One hundred (100) feet of any public right of way.

(2) Twenty-five (25) feet of the side or rear property line abutting property located in areas zoned other than residential.

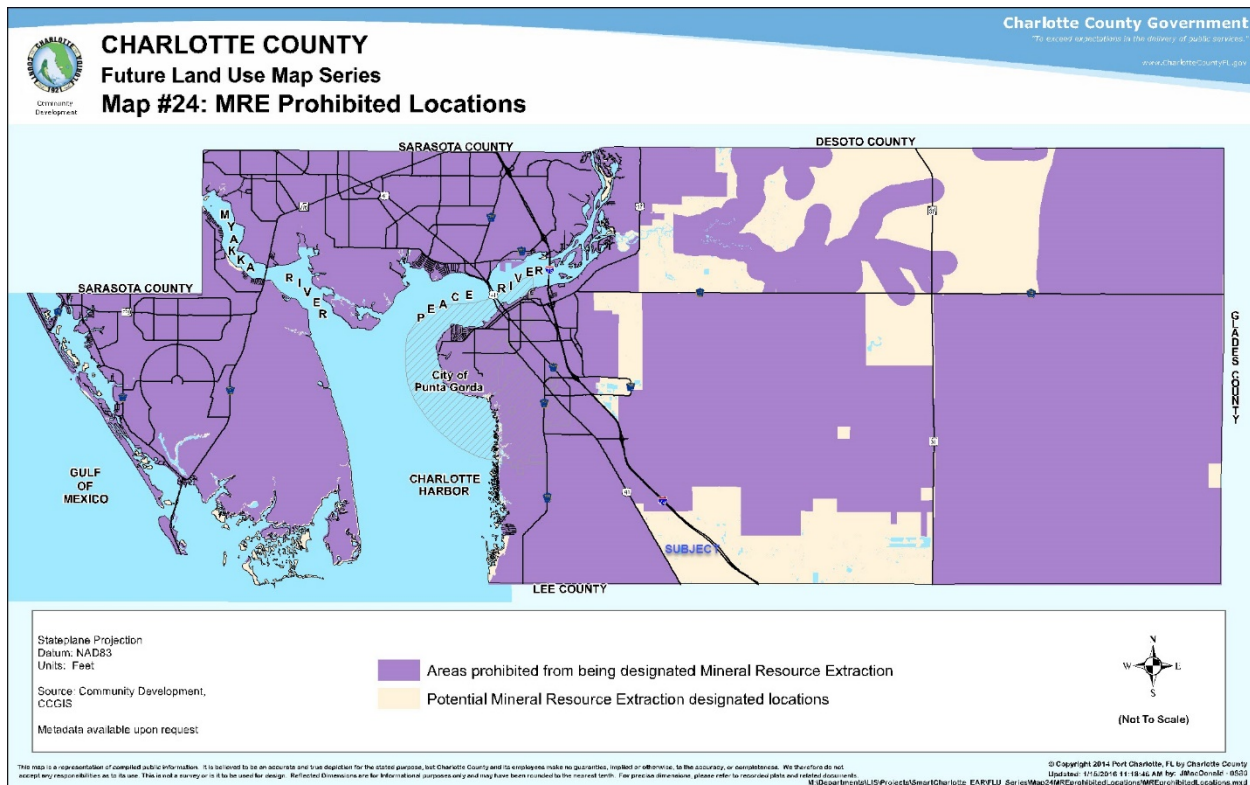
(3) One thousand (1,000) feet of residential or institutional structures.

a) A waiver from this setback may be permitted by the hearing examiner upon a showing that the occupants of the affected structures consent to a reduced setback.

(4) Seventy-five (75) feet from any side or rear abutting property located in areas zoned residential.

d) All loads of material leaving the excavation site must be weighed on-site by FDOT approved scales and each driver given a weight ticket for the correct weight of the load.

As shown in the following graphic, the property is located within an area of the county designated for mining activities.



Conservation Easements

The subject property is subject to a Corrective Mineral Right and Royalty Transfer (“Conservation Easement”), recorded in OR Book 1816, Page 2172 of the Public Records of Charlotte County, Florida. This document prohibits mining activities and/or development of 262.96 acres located east of the primary mining area. It is our understanding that there are three other similar agreements dedicating an additional

285.50 acres as conservation lands with no mining nor development potential. The total encumbered area is 548.46 acres.

The referenced Perpetual Conservation Easements were required by the State of Florida as part of the approval process for the mining use. The easements specifically prohibit any use inconsistent with preserving the wetland areas and restricts development of the property. The conservation areas have been restored and maintained as wetlands habitat by the mining operator.

Mining Permits

Rock mining is permitted at the subject property under the following permits. The County Excavation permits were granted extensions following the state of emergency caused by hurricane damage in the area in 2004. Current permits are valid through August of 2020. Based upon the historic use, current permit compliance, and location of the property in the County, it is possible that permit extensions could be obtained of necessary to reach depletion.

| | |
|----------------------------|---|
| Issuing Agency: | Florida Department of Environmental Protection |
| Permit Type: | Environmental Resource Permit |
| Issue Date: | August 29, 2000 |
| Expiration Date: | August 29, 2020 |
| Remarks: | Insures that all wetland impacts and reclamation plans meet Florida Statutes for the current mining area. |
| Issuing Agency: | Florida Department of Environmental Protection |
| Permit Type: | Environmental Resource Permit |
| Issue Date: | November 15, 2010 |
| Expiration Date: | November 15, 2030 |
| Remarks: | Insures that all wetland impacts and reclamation plans meet Florida Statutes for the future 84 acre mining site. |
| Issuing Agency: | Charlotte County |
| Permit Type: | Excavation Permit No. 02-EX-07 |
| Issue Date: | July 11, 2003 |
| Original Expiration Date: | June 27, 2014 |
| Expiration Extension Date: | November 26, 2021 |
| Remarks: | This County excavation permit was granted extensions following the state of emergency caused by hurricane damage in the area in 2004. All excavations under this permit have been completed. Reclamation is currently underway and must be completed by 2016. Upon expiration, this permit will be combined with 02-EX-20 for reporting purposes. |

| | |
|----------------------------|---|
| Issuing Agency: | Charlotte County |
| Permit Type: | Excavation Permit No. 02-EX-20 |
| Issue Date: | September 15, 2010 |
| Expiration Date: | September 15, 2020 |
| Expiration Extension Date: | June 20, 2023 |
| Remarks: | County excavation permit for the remaining minable area. Expiration can be extended if necessary. |

| | |
|------------------|---|
| Issuing Agency: | US Army Corp of Engineers |
| Permit Type: | Environmental Permit |
| Issue Date: | September 8, 2000 |
| Expiration Date: | September 8, 2020 |
| Remarks: | Confirms that all "waters of the United States" rules have been examined and complied with. |

Reservoir Agreement

The subject property was subject to an agreement between the City of Cape Coral and the owner of the property, BP, LLC. The purpose was to determine the possibility of using the existing mining pits as a water storage reservoir to replenish fresh water canals in the City during the dry months of the year.

Based upon calculations by the Cape Coral Utilities Director, Jeff Pearson, the reservoir would be able to provide 12.5 million gallons of water per day for the 120 days of dry season. It could also store more than 1.5 billion gallons of water in addition to the 2 billion gallons of storage within the 300 miles of freshwater canals.

Preliminary testing was completed at a cost of \$320,000 over a 90-day period in 2017. The use of pumps and other equipment was rented from the property owner for \$140,000. The 90-day test at a rate of 17 million gallons per day has been completed and the data is being analyzed by Southwest Engineering & Design.

In order to purchase the property, City officials put up a bill (HB 3639) appropriating \$2.5 million toward the reservoir project to take effect July 1, 2017. While this bill was received favorably by the Agriculture and natural Resources Appropriations Subcommittee, it died in the Appropriations committee and was indefinitely postponed and withdrawn from consideration.

Other Easements, Encroachments, Use Restrictions

Based upon our inspections of the property and review of the provided surveys and documents and a brief search of the public records, there are no other known easements or encroachments on the property. This analysis of the property presumes no other easements, encroachments and use restrictions.

REAL ESTATE TAX ANALYSIS

The Charlotte County Property Appraiser Office and Tax Collector Office, indicate the following summary values and taxes for 24 tax parcels making up the subject property for tax year 2016.

The 24 tax identification numbers associated with the subject property are listed in the following grid along with each of their market values, 2016 assessments, millage rates and 2016 tax amounts.

| Parcel | Tax ID Number | Appraiser's Just Value | 2016 Assessment | Ad valorem Tax Amount | Non-ad valorem Tax Amount | Millage Rate | 2016 Total Tax |
|--------|---------------|---------------------------|--------------------|--------------------------|------------------------------|--------------|-------------------|
| P2-1-1 | 422420427001 | \$19,777 | \$8,406 | \$137.72 | \$8.63 | 16.3843 | \$146.35 |
| P1-1-1 | 422421300004 | \$66,233 | \$22,888 | \$375.01 | \$28.89 | 16.3843 | \$403.90 |
| P1-2 | 422427300001 | \$4,519 | \$2,555 | \$55.84 | \$1.97 | 16.3843 | \$57.81 |
| P1-2-1 | 422427300002 | \$135,221 | \$76,492 | \$1,671.41 | \$58.98 | 16.3833 | \$1,730.39 |
| P3 | 422427300003 | \$60,353 | \$51,300 | \$857.14 | \$0.00 | 16.7083 | \$857.14 |
| 00TA | 422428126001 | \$44,351 | \$32,490 | \$542.89 | \$66.44 | 16.7093 | \$609.33 |
| P1-2 | 422428200001 | \$234,137 | \$101,284 | \$2,172.68 | \$102.13 | 16.3843 | \$2,274.81 |
| P2 | 422428300001 | \$1,251,977 | \$287,549 | \$5,306.85 | \$0.00 | 16.7093 | \$5,306.85 |
| P1-1 | 422428400001 | \$16,094 | \$6,840 | \$112.07 | \$7.02 | 16.3843 | \$119.09 |
| P1-1 | 422429151001 | \$21,665 | \$18,415 | \$307.70 | \$1,433.85 | 16.7093 | \$1,741.55 |
| P1-7 | 422429152001 | \$43,371 | \$105 | \$256.37 | \$1,499.03 | 16.7093 | \$1,755.40 |
| P1-4 | 422429152002 | \$85,261 | \$47,060 | \$962.35 | \$0.00 | 16.7093 | \$962.35 |
| P1 | 422429300001 | \$138,347 | \$85,797 | \$1,433.61 | \$760.38 | 16.7093 | \$2,193.99 |
| P1-5 | 422429300002 | \$63,998 | \$39,433 | \$762.57 | \$0.00 | 16.7093 | \$762.57 |
| P1-6 | 422429300003 | \$60,999 | \$44,451 | \$793.99 | \$0.00 | 16.7093 | \$793.99 |
| P2 | 422429300004 | \$24,760 | \$21,046 | \$351.66 | \$166.10 | 16.7093 | \$517.76 |
| P1-2 | 422429300005 | \$108,802 | \$133,563 | \$2,265.89 | \$1,292.41 | 16.7093 | \$3,558.30 |
| P1-3 | 422429400001 | \$359,618 | \$305,331 | \$5,104.26 | \$4,551.88 | 16.7093 | \$9,656.14 |
| P1-12 | 422429476003 | \$11,236 | \$9,551 | \$159.59 | \$69.76 | 16.7093 | \$229.35 |
| P1-7 | 422430426009 | \$14,856 | \$8,201 | \$167.69 | \$0.00 | 16.7093 | \$167.69 |
| P1 | 422430426010 | \$108,139 | \$30,087 | \$502.74 | \$260.70 | 16.7093 | \$763.44 |
| P1-8 | 422430476001 | \$24,760 | \$13,668 | \$279.49 | \$0.00 | 16.7093 | \$279.49 |
| P1-2 | 422434200001 | \$154,348 | \$53,159 | \$870.91 | \$67.33 | 16.3833 | \$938.24 |
| P1-2 | 422435300002 | \$211,389 | \$180 | \$2,943.78 | \$92.21 | 16.3833 | \$3,035.99 |
| Totals | | \$3,264,210 | \$1,399,851 | \$28,394.21 | \$10,467.71 | | \$38,861.92 |

The total 2016 Assessment was \$1,399,851 indicating a total tax amount of \$38,861.82. According to the Tax Collector's Office the 2016 real estate taxes were paid on April 5, 2017, and there are no delinquent taxes.

In our opinion, the assessed value and taxes for the subject are considered to be generally reasonable based upon assessments of properties in the area.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use is a basic premise of value. As with value, highest and best use is not an absolute fact; it reflects an appraiser's opinion of the best use of a property based on an analysis of prevailing market conditions. Highest and best use is defined as:

The reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal.

Alternatively: The use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported and financially feasible that results in highest land value.

The previous definition and most definitions of highest and best use indicate that there are two types of highest and best use. The highest and best use separately analyzes the site as vacant and as improved. The highest and best use both as vacant and as improved are analyzed under four criteria: (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive.

The subject of this appraisal report is a 1,204-acre tract of land located between US Highway 41 and Interstate 75 in a rural area between the Cities of Punta Gorda and Fort Myers and Cape Coral. The parcel has been used for the past 25 years as a limestone mine providing aggregate materials for roads and construction in the southwest Florida market area. This property is nearing the end of its limestone reserves. The property owners are considering alternate uses for the property once the limestone reserves have been fully depleted. Alternatives include residential development, recreational uses and, based upon a need from the adjacent City of Cape Coral, a water storage reservoir. Each of these uses will be considered on the basis of legally permissible, physically possible and financially feasible.

HIGHEST AND BEST USE AS IF VACANT

Legally Permissible

The future land use classification for the subject is Agriculture, and the property is zoned "Agriculture, general" by the Charlotte County Zoning Department. Agriculture districts are intended to retain the open character of the land. Permitted uses are limited to conservation, agriculture, low-density residential (one dwelling unit per 10 acres), recreation and other uses consistent therewith. No commercial uses are listed as primary permitted uses.

Development of the eastern portion of the property is prohibited by conservation easements. Therefore, permissible uses of the western portions of the property are mining, low density residential, agriculture, conservation and recreation on the areas of the property that are not encumbered by perpetual conservation easements.

Although not specifically permitted under in the AG zoning district, the current rock mining use is allowed by State and County mining permits. Mining is a legal use of the property. The current Charlotte County Excavation Permit expires in 2020, however,

extensions have been granted because of the state of emergency granted during hurricanes in prior years. Furthermore, it is our understanding that these permits can reasonably be extended, if necessary, to complete the excavation.

Residential development is permitted at a maximum density of one (1) dwelling unit per ten (10) acres. Based upon the size of the developable acreage, the maximum allowable number is limited to a total of 66 residential dwelling units under the current regulations. A proposed site plan has been offered for consideration by the property owner; a copy of which can be found in the Addenda. This plan calls for 214 lots with six units per lot and ten acres of multi-family development, for a total of 1,384 residential dwelling units. This level of density requires a change in zoning and the comprehensive land use plan to increase density from one unit per 10 acres to 10 units per acre. Because of the very speculative nature of this plan it cannot be used as the basis for estimating market value under USPAP.

Permitted agricultural uses include: community garden, dairy, grain, fruit, field crop, vegetable production, cultivation, packing and storage, domestic animal breeding, boarding, training, fish hatchery, horse stable, barn, livestock breeding, and plant nursery. Public utility uses are also legally permissible.

Physically Possible

The property is generally rectangular in shape containing a total of 1,204.02 gross acres. There is a narrow, encumbered area between the rail road and Interstate at the rear of the property having minimal utility due to configuration and legal restrictions. Approximately twenty-five years of commercial excavation has resulted in approximately 400 acres of water-filled mining pits with an average depth of 22 feet over the developable area of the property. Another 46 acres is in an active mining area. The remaining 47 acres of unmined area is located along the western road frontage, comprised of wetlands, berm roads and setbacks around the perimeter of the pits.

This configuration of the unmined, unencumbered property significantly limits the types of uses that would be physically possible on the property. The continuation of the rock mining use throughout the remainder of the permit period, or until the limestone deposits are depleted, would be one possible use.

Frequently former mining properties have been repurposed for use as residential subdivisions offering lakefront amenities. In some instances, like Bonita Grande Aggregates to the south, the mining operations are specifically conducted to preserve land configurations that will facilitate this type of redevelopment. This, however, is not the case with the subject. The location and configuration and topography of the remaining upland areas are not conducive for residential subdivision development. Additionally, there are no municipal water or sewer services in this area. External factors including a county land fill across US Highway 41 and the Charlotte Correctional Institution, a state prison for men, located less than one mile away across Interstate 75 are both considered to be negative influences as relates to future residential development.

Another potential use for a former mining pit is as a storage reservoir for water storage. Upon completion, the mining pits will total 576.91 acres of the property, with an average depth of 22 feet. The volume of these lakes has been calculated to accommodate approximately 12,000 acre-feet, equivalent to nearly 3.9 billion gallons of water storage capacity. The location of this property is in the watershed of the Babcock-Webb Wildlife Area; a 65,758 acre preserve located northeast of the subject. There is a natural water shed southwestward, past the subject property toward the southern end of Charlotte Harbor. The environmental nature of this area has negatively impacted commercial and residential development in the area, but provides an opportunity to source the subject lakes with fresh water.

Agriculture is also a legally permissible use. Most of the permissible uses including vegetable crops, plant nurseries, breeding livestock or equestrian uses require more contiguous uplands, eliminating these alternatives from the list of physically possible uses. Considering all of the legally permissible uses, continued commercial excavation, water storage, recreation and/or conservation appear to be least impacted by the unique physical limitations on this property.

Financially Feasible

In determining the most financially feasible use for the property, we have looked at the income generating ability of the various legal and physical uses. Conservation and recreation uses generate the lowest returns, evidenced by the comparable sales of remainder properties encumbered by Perpetual Conservation Easements ranging from \$1,000 per acre to \$2,000 per acre.

Agricultural uses may be possible on a small portion of the overall property; however, agricultural land values tend to fall near the lower end of value for land. Irrigated cropland in the southern region of Florida has averaged around \$6,500 per acre to \$7,500 per acre, and improved pasture ranges from \$4,000 per acre to \$4,500 per acre. Values of large acreage ranch land ranges from \$3,000 per acre to \$4,000 per acre. These are prices that have been paid for properties with between 60% to 100% useable uplands. Based upon the limited amount of upland acreage at the subject, most of these agricultural uses would not be economically feasible.

Another option is residential development. Private wells and septic systems used in this area of the County will not support the proposed plan to construct 1,284 clustered duplexes and 100 apartment units. The maximum number currently allowed would be 66 units. This development would also need to be clustered potentially impacting the ability to employ private wells and septic systems. In either case, municipal water and sewer services would have to be developed from an extended distance.

Likewise, the onsite costs associated with development of a residential subdivision including back-filling mined-out areas to create a functional site configuration, building interior roads and infrastructure necessary for residential development is not financially feasible based upon the small number of allowable units. In addition, the odor and vibration created by the county dump across US Highway 41 and the perceived security issues based upon the proximity to the County correctional center will have a negative

impact on the pricing structure of the end units. There are several other superior opportunities in the area, including a 721-lot, development-ready subdivision, known as Entrada, purchased in November 2016 by DR Horton. End-unit housing prices in this project range from \$200,000 to \$300,000. The finished lots were purchased for \$28,000± per lot. Using the Marshall and Swift Cost Manual the cost of typical 40' residential streets as shown on the plan was calculated to be just under \$9.5 million. This equates to \$44,000 per lot for the 214 planned lots or \$140,000 for the 66 presently allowable lots. Considering these finished lot prices, as well as the anticipated pricing of the end units in a superior location, residential development at the subject property appears not to be financially feasible.

Rock mining is a legally permissible, physically possible and financially feasible use of the property. This use has been ongoing for the past 25 years; however, the mine is currently undergoing its last phases of extraction. There are less than 2.25 million tons of mineable reserves in the remaining phases. Upon completion, the property configuration will consist of a 577-acre, water-filled pit with an average depth of 22 feet, and 548.46 acres of un-developable protected conservation wetland habitat.

Based upon the topography and geology of the land, and the water-filled pits remaining after 25-years of mining activities the western portion of the property can be used for the detention and storage for up to 3.9 billion gallons of water. The question is market demand for such a volume of water storage capacity.

Although south of the Charlotte/Lee county line, the northern limit of the City of Cape Coral is just over a mile from the subject property. Cape Coral has been experiencing water shortages during the dry season for the past several years, particularly with respect to low water levels in their freshwater canals brought on by residential irrigation usage. Cape Coral has a system of approximately 300 miles of freshwater canals throughout the City that are used for irrigation purposes. City officials have been working on ways to refill these canals during the 120-day dry season.

A pipeline could be installed at a reported price of \$2.2 million, capable of delivering fresh water to the City's canal system. It has been estimated by the Cape Coral Utilities Director that use of the subject former mining pits could provide 12.5 million gallons of water per day during the dry season. The City entered into a temporary agreement with the subject property owner to test the feasibility of this project. Approximately \$320,000 was spent on a 120-day test run for to determine whether the process works and would be cost effective. The City was seeking appropriations of \$2.5 million from the State of Florida to partially fund this project which has been indefinitely postponed and withdrawn due to lack of funds.

There are areas in the United States where water shortages create the need for water storage reservoirs. It appears that these issues are beginning to impact the State of Florida. Monetary consideration is routinely paid for the use of these water storage areas either through purchase or lease of storage space. It appears that Cape Coral has a significant demand for water, and that the location, topography and geology of the subject makes it an excellent candidate as a water storage solution. As such, a reservoir use appears to represent a financially feasible use of the subject property.

Maximally Productive

Of the legally permissible uses, water storage, residential development and rock mining would represent feasible uses. Site size and configuration; location of the lake, lack of public utilities, proximity to the land fill and prison, along with a surplus of available residential sites in established neighborhoods, suggest that residential development is not the current highest and best use for the subject.

While rock mining is a legal and feasible use, the amount of reserves remaining and prices paid for mining property result in a value less than that of a water storage reservoir. A water storage reservoir use can produce a much higher return based upon market evidence found later in this report. In Florida, there is not an active private sector market for this type of property. In the specific case of a nearby municipality having current demand for an additional water source makes this a limited-market, special-purpose property.

All things considered, the maximally productive use of the subject property is represented with a reservoir use. A use of this type represents a legally permissible, physically possible and financially feasible use as vacant. A continuation of the mining use represents an interim use until such time that conversion to a reservoir is completed.

HIGHEST AND BEST USE AS IMPROVED

The subject improvements consist of a 19-year old metal building used as a repair shop, a tank well, storage tanks, truck scales, mining pits, and graded haul roads. These are typical improvements found at an operational mining property but represent little contribution to the value of the mining land. According to appraisal theory, there are five alternatives when considering an existing use.

1. No change;
2. Remodel;
3. Renovation;
4. Conversion; or
5. Demolition.

It is our opinion that continuation of the existing rock mining use through depletion of the reserves, represents an interim use of the property as improved. Once the reserves are depleted and the reclamation is complete, in approximately five years, the property could potentially be assembled with the adjacent property to the south as a waterfront passive recreation and conservation amenity or used as a water storage reservoir benefiting one of the surrounding communities. Again, the water storage reservoir represents the maximally productive use of these alternatives.

THE APPRAISAL PROCESS

A discussion of the appraisal (valuation) process is partially excerpted from, The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute:

The valuation process begins when an appraiser identifies the appraisal problem and ends when he or she reports a conclusion to the client. Each real property is unique and many different types or value can be estimated for a single property. The most common appraisal assignment is performed to estimate market value; the valuation process contains all the steps appropriate to this type of assignment. The model also provides the framework for estimating and other defined modification of the valuation process.

The analysis of data relevant to the problem starts with an investigation of trends observed at all market levels; i.e. international, national, regional, community, and neighborhood. This examination helps the appraiser understand the interrelationships among the principles, forces, and factors that affect real property value in the specific area. It also provides raw data from which to extract quantitative information and other evidence of market trends such as positive or negative percentage changes in property value over a number of years, the population movement into an area, and the number of employment opportunities available and their effect on the purchasing power of potential property users. This data can be analyzed and employed to estimate a defined value. The valuation process is accomplished through specified steps; the number of steps followed depends on the nature of the appraisal assignment and the data available. The model indicates a pattern that can be used in any appraisal assignment to perform market research and data analysis, to apply appraisal techniques, and to integrate the results of these activities into an estimate of defined values.

In assignments to estimate Market Value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all the factors that influence the Market Value of the property being appraised. To achieve this goal, an appraiser studies a property from various different viewpoints, and reconciles the results.

Traditionally, appraisal techniques are the specified procedures within three approaches that are applied to derive indications of real property value. Other procedures such as the use of inferential statistics and economic models also contribute to appraisals. One or more approaches to value may be used depending on their applicability to the particular appraisal assignment.

In preparing the **SALES COMPARISON APPROACH** value is estimated based upon the sale prices of similar properties. The sales prices of the comparable properties are then adjusted to the property appraised to develop an indication of value. The Sales Comparison Approach represents a meaningful approach to value based upon the Principle of Substitution and reflects the motivations and expectations of buyers and sellers in the marketplace. This is relevant for land and improved properties.

In the **INCOME CAPITALIZATION APPROACH**, the value of a property is determined by its ability to produce an income stream. A stabilized estimate of annual net income is

converted into an indication of value by a mathematical process called Capitalization. This can be done either using direct capitalization or use of a discounted cashflow analysis when payments are for a specific term.

In the **COST APPROACH**, the appraisers estimate the value of the underlying land, as if vacant and available for development to its highest and best use. Next, the replacement cost of the improvements to the land are estimated. Traditionally, from this total the amount of estimated depreciation is deducted; depreciation being the loss in improvement value due to physical deterioration or functional and economical obsolescence. The value of the land is then added to the depreciated replacement cost new of the improvements to arrive at an indication of value for the whole property. In the preparation of this report, these three approaches to value have been considered. While some may argue that the Cost Approach is the only means by which the subject can be realistically valued due to the type of property, we have thoroughly investigated the market for sales, as well as income data for reservoirs across the United States and have found sufficient market evidence to support valuation using the other two methods.

In our opinion, all three traditional approaches to value have differing degrees of merit and are considered in our analyses and valuation of the subject. During the valuation process, the appraisers integrate the information drawn from market research and data analysis and from the application of approaches to form a value conclusion. This conclusion may be presented as a single point estimate of value or as a range within which the value may fall. An effective integration of all these elements in the process depends on the appraisers' skill, experience, and judgment. A report of the appraisers' findings and conclusions (verbal or written) is ultimately submitted to the client.

RESERVOIR VALUE DRIVERS

Since there are limited reservoir sales and leases within the State of Florida, a nationwide search was required. The subject is unique, most specifically because of its physical geological characteristics and there may only be a few properties, if any, similar to this in Florida. Water storage and management issues are quickly coming to the forefront in Central and South Florida. Although surface water storage areas have been constructed in South Florida, the conversion of mining pits to water storage reservoirs is a relatively new phenomenon in Florida. Various factors should be considered when evaluating a water storage reservoir.

Valuation of a water reservoir requires the analysis of site specific factors. The following section describes the commonly analyzed attributes and other factors that are considered when establishing value for a water reservoir. Additional site-specific factors may also influence value and would also require consideration when determining value.

Quantity

The quantity of water available can influence the reservoir's value. Frequently, larger quantity transactions have lower unit values when compared with smaller quantity transactions. This can be due to transactions costs spread out across a higher quantity of water in large transactions, or may be due to a limited buyer pool that can utilize large

quantities of water. The size of the subject reservoir is 576.91 acres or 12,000 acre-feet. In this analysis both larger and smaller reservoirs have been used to bracket the subject.

Legal Transferability

When determining the value of a water storage reservoir, it is important to determine the legal ability to move the water to a new location and/or for a new purpose. This valuation is based upon the assumption that there are no legal barriers to transferring water from the subject property to the desired use location. Any legal barriers to moving the water could create a diminishment in value for water storage.

Marketable Region

A key step in a reservoir valuation analysis is to identify the marketable region, or the feasible region in which the stored water can be transferred. The marketable region can be defined by physical or natural limitations of moving the water right to a new user. The ability to move a water right to meet new demands can be enhanced by access existing or new infrastructure. If water is moveable into a canal conveyance system, the transferable region will be enlarged to include the entire canal service area.

Institutional constraints can also influence the marketable region of a water right. For example, in some states individual counties have ordinances preventing water transfers across county borders. This effectively limits the marketable region of water rights to within county borders. This is not understood to be an issue in the State of Florida.

The types of potential buyers within the marketable region can influence value. For example, urban and industrial users will generally pay more for water than agricultural users. Markets by nature are typically localized, with higher values in areas with urban and industrial users.

There is a need for additional water at nearby Cape Coral. During the dry season, miles of fresh water canals drop below acceptable levels. This water is used for many purposes including irrigation and to supply fire hydrants in the area. In fact, the Fire Chief has expressed a concern that without additional fresh water to replenish the fresh water canal system, this could quickly become a life safety issue.

Alternative Water Supplies

The value of a water can also be influenced by the availability of existing water supplies and future water development opportunities within the region. If the demand within the marketable region can be met through obtaining or developing alternative water supplies, the value of water storage reservoirs may be limited. In contrast, if there are few, or costly, water supply alternatives in the region, values may be high.

Water Quality

The quality of a water source can influence the suitability of a water for a potential new use. Poor quality water may require treatment before use for industrial or municipal purposes, or the poor quality of the water source could render the source entirely useless.

For example, water with high saline content can be unsuitable for irrigation due to undesirable impacts on the soil. If the quality of the underlying source water limits its ability to meet new demands, the highest and best use likely will be limited to the current use. The water coming from the subject is fresh water sourced by rain and ground water infusion. This has a positive impact on value.

Seasonality

Often times, the need for additional water is limited to the dry periods of the year, being November 1st through June 1st. However, most high value water demands such as municipal and industrial demands require water on an annual, year-round basis. Infrastructure may be required to extend the period of use from a seasonal appropriation to an annual appropriation. If infrastructure is required to transform a seasonal period of use, these additional capital costs would be borne by the acquiring agency.

Highest and Best Use

Determination of a property's highest and best use includes evaluation of physically possible, legally permissible, financially feasible, maximum productivity, and must result in the highest value. When appraising water reservoirs, highest and best use should always be driven by economic considerations and market forces. It is not commonly accepted to conclude a highest and best use for non-economic uses such as conservation, and preservation. Highest and best use analysis is performed at the individual property level based on site specific circumstances.

METHODS TO VALUE

In the next sections each of the individual methods to value will be explained and supported by available market evidence. The indications from these three methods will be reconciled into final estimates of Market Value in the Reconciliation section to follow. The first approach to be considered is the Sales Comparison Approach.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, market value of a property is estimated by comparing the subject property to similar properties that have sold. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable competitive properties.

The principles of supply and demand, substitution, balance and externalities are the basis of this approach. When there is sufficient data to include value trends, the Sales Comparison Approach may provide the most direct and accurate approach to value. The following system or procedure is used to apply the Sales Comparison Approach:

- Research the market to obtain information on sales transactions, listings, and offerings to purchase properties similar to the subject property.
- Verify the information by confirming that the data obtained are factually accurate and the transactions reflect arm's length market considerations.
- Select relevant units of comparison (e.g., dollars per acre, per acre-foot and develop a comparative analysis.
- Compare the subject property and comparable sale properties using the elements of comparison and adjust the sale price of each comparable appropriately or eliminate the property as a comparable.
- Reconcile the various indications produced from the analysis of comparable sales into a single value indication or a range of values. An imprecise market may indicate a range of values.

As discussed throughout the descriptive sections of this report, the location, configuration and geology make this property an excellent candidate for a water storage reservoir use. In the analysis of this property, we have researched the market across the entire United States for sales of reservoirs, pits, and lakes. As mentioned earlier in the report, while there are no current sales of reservoir properties similar to the subject in Florida, as of the writing of this report, that does not mean that there are no other similar sales across the nation. The use of reservoirs, whether above ground or in subsurface pits that may already have been excavated, is a relatively new phenomenon in Florida. As with the valuation of Remainder parcels of Conservation Easements approximately 20 years ago, there were also no sales. Today a number of Remainder sales can be found across the state. Therefore, it is our opinion that where there may be a number of sales being purchased in the future by private sector companies or either municipalities, there is an up and coming market for this type of property.

In the preparation of this report, several operating mining companies were contacted, including Cemex, Vulcan, White Rock, Martin Marietta, Preferred and Cooley Gravel in our search for comparable sales. Those reservoir sales that represent outright purchases or are mostly the result of Option & Purchase Agreements are detailed on the following pages. A grid format then summarizes the sale data and adjustments. After the grid summary, adjustments are explained and supported.

Vulcan Bellwood Quarry RESERVOIR SALE 1



Property Identification

| | |
|----------------------------|--|
| Property Type | Land, Reservoir |
| Property Name | Bellwood Quarry |
| Address | 900 Lois Street NW, Atlanta, Fulton County, Georgia 30318 |
| Location | South of West Marietta Street NW, north of Donald Lee Hollowell Parkway NW, and west of Interstate 85 in Atlanta, Fulton County, Georgia |
| Tax ID | 017 0190 LL053 and others |
| Longitude, Latitude | 84°26'7.95"W, 33°46'48.16"N |
| MSA | Atlanta |

Sale Data

| | |
|---------------------------|-----------------------------------|
| Grantor | Vulcan Materials Company |
| Grantee | City of Atlanta |
| Sale Date | June 30, 2006 |
| Deed Book/Page | 42930/564 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length |
| Financing | Cash to seller |
| Sale History | No sales in the past three years. |
| Instrument | Warranty Deed |

Verification Mathew Arbuckle, (904) 505-4970; August 1, 2017, Robert C. Hicks, MAI

Sale Price \$40,000,000
Less allocation to park land \$20,000,000 (\$5± per square foot)
Remainder to Reservoir \$20,000,000
Cash Equivalent \$40,000,000

Land Data

Zoning I-1, Industrial
Topography Rolling with 400-foot deep reservoir
Access Via Lois Street NW
Utilities All available
Shape Irregular
Flood Info Zone X
Highest & Best Use Water storage & recreation
Encumbrances None known or noted on the deed

Land Size Information

Gross Land Size 137.237 Acres
Reservoir Size 50 Acres
Reservoir Capacity 5,830 acre-feet

Indicators

Sale Price/Gross Acre \$291,467
Sale Price/Acre-foot \$3,430

Remarks

This property is located about a mile west of Midtown in Atlanta, Georgia proximate to the Chattahoochee River. The City of Atlanta purchased the Bellwood Quarry property from Vulcan Materials Company for approximately \$40 million. Approximately \$25 million was paid for Vulcan's interest in a long-term lease agreement. The underlying fee simple land was acquired for \$15.2 million. This property had been operating as a granite quarry for the past 100 years. The City of Atlanta purchased the property for use as a 50-acre drinking water reservoir with a capacity of 1.9 billion gallons. Vulcan Materials had been mining the site since 1998. The agreement allows for continued mining operations for a period of two additional years under a lease from the City. In 2016, testing began for a \$280 million project linking the quarry with the Chattahoochee River via a five-mile tunnel. Surrounding properties have been assembled totaling a 280-acre "green space" park for the benefit of the Atlanta residents. The project should be completed by 2019.

**East Cooley Pit
RESERVOIR SALE 2**



Property Identification

| | |
|----------------------------|---|
| Property Type | Land, Reservoir |
| Property Name | East Cooley Pit |
| Address | Hazeltine Mine M-2004-03139°53'20.39"N, Thornton, Colorado 80640 |
| Location | North side of E 104 th Avenue, east of the Platte River, west of Brighton Road, Thornton, Adams County, Colorado |
| Tax ID | 0172109300001 |
| Longitude, Latitude | 104°53'51.43"W, 39°53'20.39"N |
| MSA | Denver, CO |

Sale Data

| | |
|--------------------------------|--|
| Grantor | Aggregate Industries-West Central Region, Inc. (Formerly CAMAS Colorado, Inc. & Cooley Gravel Company) |
| Grantee | City of Thornton |
| Sale Date | December 14, 2000 (Date Purchase Agreement Signed) |
| Reservoir Delivery Date | 2016 |
| Recorded | C0747425 |
| Property Rights | Fee Simple (Seller retained mineral rights and water rights) |
| Conditions of Sale | Negotiated – Arm's length |

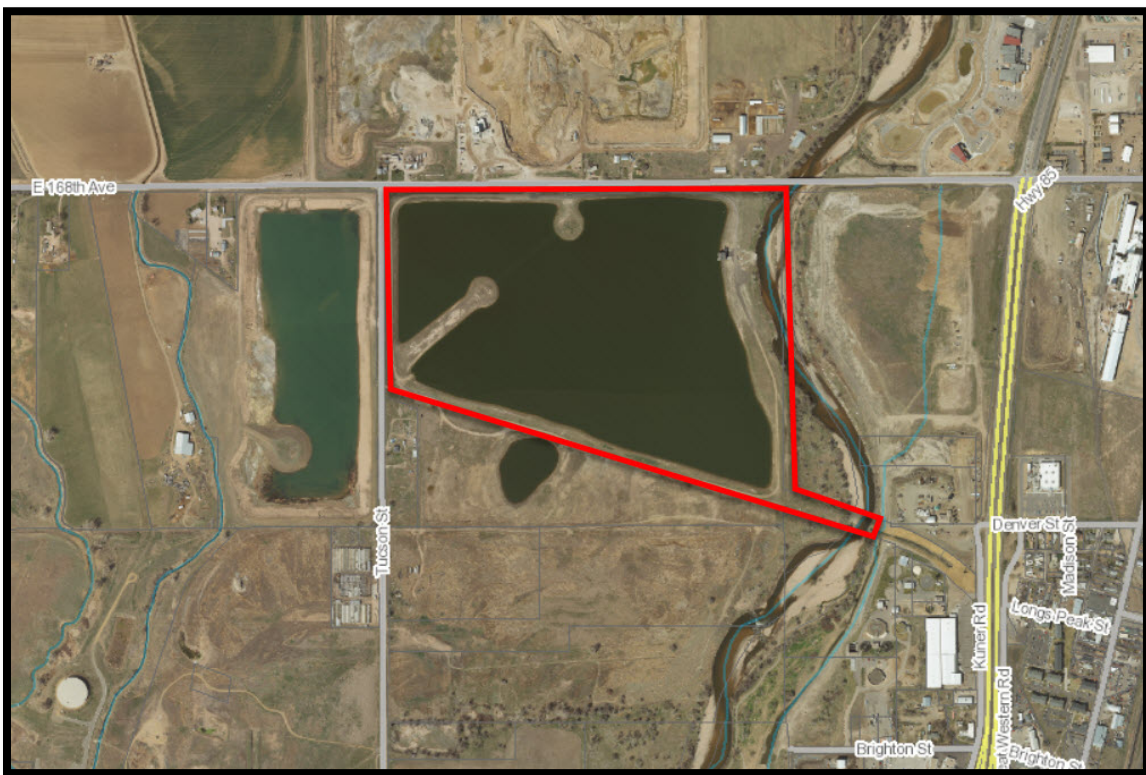
| | |
|-------------------------------------|--|
| Financing | Cash/Terms (\$1,000,000 option plus \$3,005 per Ac/Ft as reservoir built) |
| Sale History | No sales in the past three years. |
| Verification | Mark Kolebar, Water Resources Department, (303) 538-7360; August 23, 2002, Frank A. Catlett, MAI, SRA Scott Twombly, City of Thornton Real Estate Manager (720) 977-6228; August 16, 2017, Robert C. Hicks, MAI |
| Sale Price | \$13,020,000 |
| Cash Equivalent | \$13,020,000 |
| <u>Land Data</u> | |
| Zoning | Mining Conservation |
| Topography | Generally level to rolling. |
| Access | Via E. 104 th Avenue |
| Utilities | Available in area (Within 200 yards) |
| Shape | Irregular |
| Highest & Best Use | Aggregate mining with future municipal water storage reservoir |
| Improvements | No contributory value |
| Encumbrances | Subject to utility easements, ditch easements, and right-of-way easements |
| <u>Land Size Information</u> | |
| Gross Land Size | 164.0 Acres |
| Reservoir Size | 145 Acres |
| Reservoir Capacity | 4,000 acre-feet |
| <u>Indicators</u> | |
| Sale Price/Gross Acre | \$79,390 |
| Sale Price/Acre-foot | \$3,255 |

Remarks

According to the Option and Purchase Agreement, there are two stated prices. Those being \$1,000,000 as the option price and the other being a price of \$3,005 acre-foot for the water storage capacity. This pit includes a soil-bentonite liner in the cost of construction. Also includes a dam. The seller performed all remedial, removal, and mitigation measures at its expense provided the cost does not exceed \$3,255,000. The sale price was agreed upon and the result of a Settlement Agreement. The reservoir was delivered in 2016. All permits were paid by seller. This property has been annexed into the City of Thornton.

This reservoir site is along the S. Platte River. The area is comprised of both agricultural, as well as industrial uses with some scatter subdivisions.

**Rogers Pit
RESERVOIR SALE 3**



Property Identification

| | |
|----------------------------|--|
| Property Type | Land, Reservoir |
| Property Name | Rogers Pit |
| Address | Tuscon Resource Mine M-1991-140, Brighton, Colorado 80601 |
| Location | Southeast corner of E 168 th Avenue and Tuscon Street, Brighton, Adams County, Colorado |
| Tax ID | 0157101002001 |
| Longitude, Latitude | 104°49'58.23"W, 39°59'52.21"N |
| MSA | Denver, CO |

Sale Data

| | |
|--------------------------------|--|
| Grantor | Aggregate Industries-West Central Region, Inc. (Formerly CAMAS Colorado, Inc. & Cooley Gravel Company) |
| Grantee | City of Thornton |
| Sale Date | December 14, 2000 (Date Purchase Agreement Signed) |
| Reservoir Delivery Date | 2010 |
| Recorded | C0747426 |
| Property Rights | Fee Simple (Seller retained mineral rights and water rights) |
| Conditions of Sale | Negotiated – Arm's length |
| Financing | Cash/Terms (Down payment plus "Service Fees" for construction of Reservoir) Not determined at time of options) |

Sale History No sales in the past three years.
Verification Mark Kolebar, Water Resources Department, (303) 538-7360; August 23, 2002, Frank A. Catlett, MAI, SRA
 Scott Twombly, City of Thornton Real Estate Manager (720) 977-6228; August 16, 2017, Robert C. Hicks, MAI

Sale Price \$7,200,000
Cash Equivalent \$7,200,000

Land Data

Zoning Mining Conservation
Topography Generally, level with rise to east
Access Via Tuscon Street
Utilities All available in area (within 1 mile)
Shape Irregular
Highest & Best Use Aggregate mining with future water storage reservoir
Improvements No contributory value
Encumbrances Subject to utility easements, rights-of-way, ditch easements

Land Size Information

Gross Land Size 108.00 Acres
Reservoir Size 98 Acres
Reservoir Capacity 3,000 acre-feet

Indicators

Sale Price/Gross Acre \$66,667
Sale Price/Acre-foot \$2,400

Remarks

According to the Option and Purchase Agreement reviewed, the seller had expected to be complete with mining operations and have the water storage reservoir ready for delivery to the City of Thornton by December 31, 2002. It was not delivered until 2010. The sale price was the result of a Settlement Agreement. An allocation of the purchase price between amounts received for the Reservoir and amounts received in exchange for services performed to prepare the Reservoir for sale to the City of Thornton (Service Fee) was made by the seller. This reservoir has a soil-bentonite liner that was installed by the seller. All permits were paid by seller for approval of reservoir for water storage. The site is adjacent to an abandoned railroad right-of-way (Boulder Branch of Union Pacific Railroad Company).

The area is a mixture of agricultural uses but also a number of mining operations (sand and gravel). There are industrial uses along U.S. 85. Some scattered rural residential on acreage tracts to the west and southwest. It is near the S. Platte River.

**Hammer Pit
RESERVOIR SALE 4**



Property Identification

| | |
|----------------------------|--|
| Property Type | Land, Reservoir |
| Property Name | Hammer Pit |
| Address | 14790 Riverdale Road, Brighton, Colorado 80602 |
| Location | East of Riverdale Road, west of the Platte River, North of E 470 (toll road), Brighton, Adams County, Colorado |
| Tax ID | 0157123201003 |
| Longitude, Latitude | 104°51'32.21"W, 39°57'22.42"N |
| MSA | Denver, CO |

Sale Data

| | |
|--------------------------------|--|
| Grantor | Aggregate Industries-West Central Region, Inc. (Formerly CAMAS Colorado, Inc. & Cooley Gravel Company) |
| Grantee | City of Thornton |
| Sale Date | December 14, 2000 (Date Purchase Agreement Signed) |
| Reservoir Delivery Date | 2010 |
| Recorded | C0747423 |
| Property Rights | Fee Simple (Seller retained mineral rights and water rights) |
| Conditions of Sale | Negotiated – Arm's length |
| Financing | Cash |
| Sale History | No sales in the past three years. |

Verification Mark Kolebar, Water Resources Department, (303) 538-7360; August 23, 2002, Frank A. Catlett, MAI, SRA
 Scott Twombly, City of Thornton Real Estate Manager (720) 977-6228; August 16, 2017, Robert C. Hicks, MAI

Sale Price \$7,800,000
Cash Equivalent \$7,800,000

Land Data

Zoning Mining Conservation
Topography Generally level in center. Slopes from east to west.
Access Via Riverdale Road
Utilities Available in area (Within ½-1 mile near golf course)
Shape Irregular
Highest & Best Use Aggregate mining with future municipal water storage reservoir
Improvements No contributory value
Encumbrances Subject to utility rights-of-way, ditch and utility easements, tributary rights

Land Size Information

Gross Land Size 140.00 Acres
Reservoir Size 120 Acres
Reservoir Capacity 3,000 acre-feet

Indicators

Sale Price/Gross Acre \$55,714
Sale Price/Acre-foot \$3,000

Remarks

According to the Option and Purchase Agreement reviewed, the seller originally anticipated delivery of the reservoir with a water storage capacity of 3,000 acre-foot by December 31, 2006 when all mining operations were to be complete and the soil-bentonite liner installed and paid for by the seller. The sale price of \$3,000 acre-foot was the result of a Settlement Agreement. The option date, or date of delivery was in 2010. Seller determined allocation of the sale price between amounts received in exchange for the reservoir and amounts received in exchange for services performed to prepare the reservoir for the City of Thornton. All permits were paid by seller. Seller agreed to perform all remedial, removal, and mitigation actions identified in Phase I not to exceed \$1,950,000. Closing costs were split 50%/50%.

This property is located in an area predominantly characterized as agricultural, yet is in transition to residential with large homes on acreage tracts along the bluffs and hills in the area. It is near the S. Platte River.

**West Cooley Pit
RESERVOIR SALE 5**



Property Identification

| | |
|----------------------------|---|
| Property Type | Land, Reservoir |
| Property Name | West Cooley Pit |
| Address | 10100 McKay Road, Thornton, Colorado 80640 |
| Location | East side of McKay Road, south side of E 104 th Avenue, west of the Platte River, Thornton, Adams County, Colorado |
| Tax ID | 0172117101001, 0172117102030, 0172117401014, 0172117401002 |
| Longitude, Latitude | 104°54'35.64"W, 39°52'47.67"N |
| MSA | Denver, CO |

Sale Data

| | |
|--------------------------------|--|
| Grantor | Aggregate Industries-West Central Region, Inc. (Formerly CAMAS Colorado, Inc. & Cooley Gravel Company) |
| Grantee | City of Thornton |
| Sale Date | December 14, 2000 (Date Purchase Agreement Signed) |
| Reservoir Delivery Date | 2004 and 2006 |
| Recorded | C0747424 |
| Property Rights | Fee Simple (Seller retained mineral rights and water rights) |
| Conditions of Sale | Negotiated – Arm's length |
| Financing | Cash/Terms (\$1,250,000 down payment plus \$11,853,000 as reservoir built) |

Sale History No sales in the past three years.
Verification Mark Kolebar, Water Resources Department, (303) 538-7360; August 23, 2002, Frank A. Catlett, MAI, SRA
 Scott Twombly, City of Thornton Real Estate Manager (720) 977-6228; August 16, 2017, Robert C. Hicks, MAI

Sale Price \$13,103,000
Cash Equivalent \$13,103,000

Land Data

Zoning Mining Conservation
Topography Generally level to slightly sloping.
Access Via McKay Road
Utilities Available in area (Within ¼ mile)
Shape Irregular
Highest & Best Use Aggregate mining with future municipal water storage reservoir
Improvements No contributory value
Encumbrances Subject to ditch, utility, right-of-way easements, oil & gas leases

Land Size Information

Gross Land Size 165.06 Acres
Reservoir Size 140 Acres
Reservoir Capacity 4,500 acre-feet

Indicators

Sale Price/Gross Acre \$79,383
Sale Price/Acre-foot \$2,912

Remarks

Based upon review of the Option & Purchase Agreement, the seller anticipated delivery of 4,500 acre-foot reservoir to the City of Thornton by December 31, 2006 when all mining will be complete and the reservoir with soil-bentonite liner installed. The transfers were made in phases in 2004 and 2006. The cost of the liner was borne by the seller. The sale price was established by a Settlement Agreement. The payment for the option was \$1,250,000. The balance was based upon having 4,500 acre-foot of water storage capacity at a price of \$2,912 per acre-foot. All permits were paid by seller. The seller performed all remedial, removal, and mitigation actions identified in the Phase I at its expense not to exceed \$3,275,750. Upon completion of reservoir, property was annexed to the City of Thornton.

This reservoir site is along the S. Platte River. The area is comprised of both agricultural, as well as industrial uses with some scatter subdivisions.

**North Dahlia Pit
RESERVOIR SALE 6**



Property Identification

| | |
|----------------------------|---|
| Property Type | Land, Reservoir |
| Property Name | North Dahlia Pit |
| Address | Dahlia Street, Thornton, Colorado 80640 |
| Location | Between Colorado Boulevard and Interstate 76, North of East 88 th Avenue, Thornton, Adams County, Colorado |
| Tax ID | 0172120301002 |
| Longitude, Latitude | 104°55'25.49"W, 39°51'40.08"N |
| MSA | Denver, CO |

Sale Data

| | |
|--------------------------------|--|
| Grantor | Aggregate Industries-West Central Region, Inc. (Formerly CAMAS Colorado, Inc. & Cooley Gravel Company) |
| Grantee | City of Thornton |
| Sale Date | December 14, 2000 (Date Purchase Agreement Signed)/Closing December 31, 2000 |
| Reservoir Delivery Date | 2000 |
| Recorded | C0742224 |
| Property Rights | Fee Simple (Seller retained mineral rights and water rights) |
| Conditions of Sale | Negotiated – Arm's length |

| | |
|-------------------------------------|--|
| Financing | Cash (\$1,928,000 down plus escrow balance at acceptance of reservoir) |
| Sale History | No sales in the past three years. |
| Verification | Mark Kolebar, Water Resources Department, (303) 538-7360; August 23, 2002, Frank A. Catlett, MAI, SRA Scott Twombly, City of Thornton Real Estate Manager (720) 977-6228; August 16, 2017, Robert C. Hicks, MAI |
| Sale Price | \$7,695,000 |
| Cash Equivalent | \$7,695,000 |
| <u>Land Data</u> | |
| Zoning | A1, Agricultural |
| Topography | Generally, level with rise to east |
| Access | Via E 88 th Avenue |
| Utilities | All available in area (within ½ mile) |
| Shape | Irregular |
| Highest & Best Use | Future water storage reservoir |
| Improvements | No contributory value |
| Encumbrances | Subject to utility easements, rights-of-way, ditch easements, oil & gas leases |
| <u>Land Size Information</u> | |
| Gross Land Size | 161.34 Acres |
| Reservoir Size | 145 Acres |
| Reservoir Capacity | 2,700 acre-feet |
| <u>Indicators</u> | |
| Sale Price/Gross Acre | \$47,694 |
| Sale Price/Acre-foot | \$2,850 |

Remarks

Mining was complete on this property at the time the purchase agreement was signed and available for use as a reservoir. Sale price was the result of a Settlement Agreement. Purchase price was based upon an agreed upon price of \$2,850 per acre-foot for water storage rights. All permits to be paid by the seller for approval of reservoir for water storage. Seller to fence entire property and provide access road at their cost.

This reservoir is one of the closest to the City of Thornton. Residential neighborhoods can be found ½-mile to one-mile west of this reservoir. The area is more industrial in character to the east. The subject is near the S. Platte River and is completely mined out.

Comparable Sales Grid

| | RESERVOIR SALE 1 | RESERVOIR SALE 2 | RESERVOIR SALE 3 | RESERVOIR SALE 4 | RESERVOIR SALE 5 | RESERVOIR SALE 6 |
|----------------------------------|---|--|--|---|--|---|
| Reference | Vulcan Bellwood Quarry | East Cooley Pit | Rogers Pit | Hammer Pit | West Cooley Pit | North Dahlia Pit |
| Location | 900 Lois Street NW Atlanta, GA 30318 Vulcan Materials Company | South Platte River/Old Brighton Rd Adams County, CO Aggregate Industries | 168th Avenue/Tucson St Adams County, CO Aggregate Industries | S Platte River/Riverdale Rd Adams County, CO Aggregate Industries | 104th Ave/McKay Rd Adams County, CO Aggregate Industries | Dahlia Street Adams County, CO Aggregate Industries |
| Grantor | | | | | | |
| Grantee | City of Atlanta | City of Thornton | City of Thornton | City of Thornton | City of Thornton | City of Thornton |
| Recorded | OR 42930 Pg 564 | C0747425 | C0747426 | C0747423 | C0747424 | C0742224 |
| Gross Land Area | 137.24 acres | 164.00 acres | 108.00 acres | 140.00 acres | 165.06 acres | 161.34 acres |
| Depth | 400 feet | 25 feet | 25 feet | 20 feet | 25 feet | 18 feet |
| Storage Capacity | 5,830 acre-feet | 4,000 acre-feet | 3,000 acre-feet | 3,000 acre-feet | 4,500 acre-feet | 2,700 acre-feet |
| Intended Use | Water storage | Water storage | Water storage | Water storage | Water storage | Water storage |
| Zoning | Industrial | Mining Conservation | Mining Conservation | Mining Conservation | Mining Conservation | A1- Agricultural |
| Sale Date | June 30, 2006 | December 14, 2000 | December 14, 2000 | December 14, 2000 | December 14, 2000 | December 14, 2000 |
| Reservoir Delivery Date | 2008 | 2016 | 2010 | 2010 | 2004 & 2006 | 2000 |
| Sale Price | \$40,000,000 | \$13,020,000 | \$7,200,000 | \$7,800,000 | \$13,103,000 | \$7,695,000 |
| ELEMENTS OF COMPARISON | | | | | | |
| Transactional Adjustments | | | | | | |
| Property Rights | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Financing Terms | Cash Equivalent | Cash Equivalent | Cash Equivalent | Cash Equivalent | Cash Equivalent | Cash Equivalent |
| Conditions of Sale | Government purchase reservoir allocation -20,000,000 | Arm's length government purchase | Arm's length government purchase | Arm's length government purchase | Arm's length government purchase | Arm's length government purchase |
| Market Conditions | Inferior | Similar | Inferior | Inferior | Inferior | Similar |
| CPI Adjustment | + 13% | + 2% | + 1.3% | + 1.3% | + 25% | + 25% |
| Adjusted Price | \$22,600,000 | \$13,280,400 | \$8,136,000 | \$8,814,000 | \$16,378,750 | \$9,618,750 |
| Adjusted Unit Price | \$3,877 per ac-ft | \$3,320 per ac-ft | \$2,712 per ac-ft | \$2,938 per ac-ft | \$3,640 per ac-ft | \$3,563 per ac-ft |
| Price per Acre-foot | \$164,679 per acre | \$80,978 per acre | \$75,333 per acre | \$62,957 per acre | \$99,229 per acre | \$59,618 per acre |
| Property Adjustments | | | | | | |
| Location | Superior | Similar | Inferior | Inferior | Similar | Similar |
| Land Area | Inferior | Inferior | Inferior | Inferior | Inferior | Inferior |
| Site Configuration | Similar | Similar | Similar | Similar | Similar | Similar |
| Accessibility | Similar | Similar | Similar | Similar | Similar | Similar |
| Canals/Rivers | Similar | Similar | Similar | Similar | Similar | Similar |
| Depth | Superior | Similar | Similar | Similar | Similar | Similar |
| Zoning/Land Use | Similar | Similar | Similar | Similar | Similar | Similar |
| Overall Comparability | Superior - 5% | Inferior + 5% | Inferior + 15% | Inferior + 15% | Inferior + 5% | Inferior + 5% |
| ADJ UNITS OF COMPARISON | | | | | | |
| Price per Acre-foot | \$3,683 per ac-ft | \$3,486 per ac-ft | \$3,119 per ac-ft | \$3,379 per ac-ft | \$3,822 per ac-ft | \$3,741 per ac-ft |

Units of Comparison

While we have analyzed the water reservoir sales on both a price per gross acre and a price per acre-foot, the latter is the most predominant unit of comparison used by many water districts, buyers and sellers of reservoirs and/or water rights of all types. Therefore, this is the unit of comparison used in the valuation of the subject. The unadjusted prices ranged from a low of \$2,400 per acre-foot to a high of \$3,430 per acre-foot.

By nature, each of these sales was purchased by a governmental entity for use as water storage for its citizens. The City of Atlanta purchased a former Vulcan granite mine as a 50-acre reservoir in 2006. It is anticipated to be put into service by 2019. The City of Thornton, Colorado placed Option & Purchase Agreements on fourteen (14) reservoirs at the same time in December 2000, of which we have included five (5) in our analysis. As each of these pits are excavated, Thornton has exercised options to purchase with the most recent being in 2016. Adjustments to the comparable sales are discussed as follows.

Elements of Comparison

The preceding sales have been presented as support for a reservoir value for the subject property. The sales that included some contributing improvements or other allocations that have been deducted to indicate residual value to the reservoir land. The elements of comparison are discussed as follows.

Rights Conveyed

Each of the properties were transferred in Fee Simple Title. There is Fee Simple interest in the portion of the subject being used for reservoir. Therefore, no adjustments for property rights conveyed is necessary in this analysis.

Financing

These properties were purchased with cash. No financing or unusual payment terms were used. Each of these sales prices is considered to be a cash equivalent price.

Conditions of Sale

All of the sale or option/purchase agreements were based upon negotiations between the buyer and seller. Moreover, while the City of Thornton was initially involved in eminent domain proceedings against the Cooley Gravel Company on their East and West Sprat Platte reservoirs, the sales included in this report were not the result of any eminent domain proceedings. These sale prices were negotiated between the buyer and seller after disposition of these two eminent domain proceedings involving reservoirs owned by Cooley Gravel Company. Therefore, no adjustments are warranted for unusual conditions of sale.

Market Conditions

Comparable Nos. 2 through 6 were negotiated during the fall of 2000. These sales entail an initial down payment with the remainder due if the option to purchase is

exercised by the City of Thornton. The reservoir delivery dates represent the dates that the options were exercised. These prices have been adjusted to present based loosely upon changes to consumer price index over time.

Therefore, the "above the line" adjustments for the various units of comparison indicated a price range of \$2,712 per acre-foot to \$3,877 per acre-foot. Having discussed the first four elements of comparison that are unique to each of the sales, we will now compare the properties to the subject property on the basis of physical characteristics.

Location

The subject is located at the edge of suburban development between the Cities of Punta Gorda, Fort Myers, and Cape Coral. Most of the comparable properties enjoy a similar type of location in relationship to the community that purchased them, usually being on the periphery. In the opinion of the appraiser, Comparable Nos. 2, 5, and 6 are considered to have similar locations to the subject. The locations of Comparable Nos. 3 and 4 were considered inferior mostly because of being somewhat more remote locations. Only Sale 1 was considered to be superiorly located in an established area within the loop of Atlanta, Georgia.

Size

The subject reservoir is 576 acres in land area with a reported storage capacity of 12,000 acre-feet. Each of the sales are smaller ranging between 50 acres and 165 acres with capacities ranging from 2,700 acre-feet to 5,830 acre-feet. The subject offers "economies of scale" by having 576 acres of reservoir area in the same location. The City of Thornton had to acquire five (5) reservoirs in order to accumulate 739 acres and only 16,690 acre/feet of water storage capacity. Therefore, all of the comparable sales were considered inferior in this respect.

Site Configuration

The configuration of each of these sites had little or no impact on the prices paid. No adjustments are needed for comparison to the subject.

Accessibility

The subject has a major traffic artery along its western boundary and secondary access along its northern boundary. This offers ample access for multiple points of entry. In considering the road system affecting each of the comparable properties, Comparable No. 1 was considered to have similar access and Sales 2 through 6 were deemed to be either slightly inferior or inferior to the subject. The use of these properties as water storage reservoirs does not rely on accessibility and therefore this factor is deemed to have little impact on prices.

Canals/Rivers

The subject lies within the sheet flow from the Babcock-Webb Wildlife Area to the Yucca Pens area to the west. This water is channeled under Interstate 75 and through a drainage canal extended along the southern perimeter boundary of the subject property. Sale No. 1 is located proximate to the Caloosahatchee River. Sales 2 through 6 are

located in the Platte River basin. Each of these properties is considered to have similar access to water flows in comparison to the subject. No adjustments are required for this attribute.

Depth

The depth of a reservoir is important in that less surface area per acre-foot allows for less evaporation than more shallow pits. The subject is approximately 22 feet deep, similar to Sales 2 through 6. Sale 1 has a maximum depth of 400 feet and is considered to be superior to the subject in this regard.

Zoning/Land Use

This category has little impact on the value of a reservoir. All sales are considered to be similar to the subject in this regard.

Overall Comparability

Based upon the previously described adjustments, the adjusted price per acre-foot falls in the range of \$3,119 to \$3,822 per acre-foot. In addition to these six sales, we have considered a negotiated purchase between Palm Beach Aggregates, Inc and the South Florida Water Management District. Palm Beach Aggregates operated a mining property in Palm Beach County on the east coast of south Florida. Mining pits with total water storage capacity of 40,500 acre-feet were transferred to the District at an overall price of \$157 million. Finished mining cells were transferred in annual phases to the District between the years of 2003 and 2007. The negotiated price paid for these reservoirs is equivalent to \$3,877 per acre-foot. This represented a negotiated settlement and is relevant to the value of water storage reservoirs in the State of Florida. Frank A. Catlett, MAI, SRA appraised these properties for acquisition by the South Florida Water Management District.

The mean and median indicated by these six presented sales are \$3,538 per acre-foot and \$3,584 per acre-foot, respectively. In the opinion of the appraisers, a value of \$3,500 per acre-foot is considered realistic and supportable for the subject based upon the best available market data relative to the sale of reservoirs. To this reservoir value, the value of the surplus conservation land must be added. Therefore, the Prospective Market Value of the property as a water storage reservoir via the Sales Comparison Approach is estimated as follows:

Reservoir

| | |
|--|--------------|
| 12,000 acre-feet x \$3,500 per acre-foot | \$42,000,000 |
|--|--------------|

Area Encumbered by Perpetual Conservation Easements

| | |
|---------------------------------|-----------|
| 548.46 acres x \$1,300 per acre | \$712,998 |
|---------------------------------|-----------|

| | |
|---|---------------------|
| Water Storage Reservoir via Sales Comparison | \$42,712,998 |
|---|---------------------|

| | |
|----------------|----------------------------|
| Rounded | <u>\$42,715,000</u> |
|----------------|----------------------------|

INCOME CAPITALIZATION APPROACH

This approach is not often used in the valuation of land except where there are few comparable properties for analysis. However, the subject is not merely land but land with improvements that have utility as a mine, as well as a water storage reservoir. The improvements made to the property include a 576.91-acre, 22-foot-deep pit that resulted from rock mining activities over the past 25-years. As the mining operations are nearing the end of their limestone reserves, the property owners have been considering alternative uses for this property. As discussed in the Highest and Best Use section of this report, several options have been considered.

There appears to be demand for water storage from the City of Cape Coral. Preliminary discussions resulting in testing have been made indicating an interest in the subject property as a water storage reservoir. Market evidence has been found that indicates that reservoirs are leased throughout the country on an acre-foot basis. Moreover, the rates of return desired by market participants can be determined. The Income Approach is applicable in this case, being very similar to the Ground Rent Capitalization method. Therefore, there is sufficient market data on which to base the various values for the property.

By definition, this approach is defined as: "The ground rent capitalization method of estimating land value that is applicable when the ground rent corresponds to the owner's interest in the land, the leased fee interest; applied by capitalizing ground rent at a market derived rate." This method is useful when comparable rents, rates, factors and reversionary values can be developed from an analysis of market data.

The first step in estimating the value of a water storage reservoir is to research the marketplace for lease rates applicable to similar reservoirs. In our investigation, we were able to find a few market indicators for lease rates pertaining to water storage. Particular attention was paid to make sure we were not dealing with the leasing of any water rights. The lease data herein only addresses lease rates for the storage of water found in reservoirs for multiple users such as municipal use, domestic use, electric power generation, and even fish protection. The lease data considered to be representative of the market is expressed in a rental rate of per acre-foot per year and are summarized as follows.

Water Storage Lease Rates

Because of the relative lack of leased water storage in reservoirs in the State of Florida, several types of deals were analyzed and reconciled into a lease rate for the subject. The first two deals pertain particularly solving to Cape Coral's current water shortage problem.

Cape Coral-Florida Governmental Utility Authority Inter-local Agreement

This is proposed to be a 20-year agreement. The City of Cape Coral is to design, permit and construction of a reclaimed pipeline that connects to the City's reclaimed system south of Pine Island Road. The estimated construction cost of \$1,560,000 will be

shared equally by the two parties. Under the agreement FGUA will deliver a minimum of 1.5 million gallons per day, up to 3.5 million gallons per day, to Cape Coral at a cost of \$0.279/1,000 gallons (or \$90 per acre-foot) with an annual rate increase equivalent to 75% of the consumer price index.

Fort Myers-Cape Coral Reuse Interconnect Pipeline

Fort Myers dumps between 6 million and 11 million gallons of treated wastewater effluent into the Caloosahatchee River each day. This water could be redirected to alleviate water shortages in the nearby Cape Coral canals during the dry months. The cost of the pipeline is estimated to be \$13 million, plus \$19 million in upgrades to the Fort Myer's wastewater treatment plants. The rates being negotiated for this water are between \$0.95 per 1,000 gallons and \$1.50 per 1,000 gallons. This is equivalent to a range of between \$310 per acre-foot and \$489 per acre foot. The \$0.95 rate was based upon an estimate by Burton and Associates, a water rate consultant who works for both the City of Cape Coral and City of Fort Myers.

South Florida Water Management District

In recent years, the South Florida Water Management District has undertaken several water farming projects for the purpose of providing water retention services in the South Florida area. The District has been seeking landowners of large agricultural tracts to enter into agreements allowing for the storage of water on their land. Levees, earthen berms and canals are used to direct water into Stormwater Treatment Areas "STA's" in agricultural areas around Lake Okeechobee. These water storage areas are generally two feet to six feet deep and range in size from 90 acres, to as large as 35,192 acres. The "lease" agreements are generally for a term of 10 years. Levee construction is generally done by the property owner with reimbursement from the State. The annual payments must be reapproved each year.

The following grid shows the agreed upon rates for water storage at various locations in Florida.

| Project | County | Storage Capacity | Storage Rates |
|--|------------|------------------|---------------|
| Adams Ranch, Inc. - Russakis Ranch | St. Lucie | 508 acre-feet | \$155 ac-ft |
| Babcock Property Holdings | Charlotte | 1,214 acre-feet | \$152 ac-ft |
| Clemons Oak Creek | Okeechobee | 1,750 acre-feet | \$152 ac-ft |
| Evans Properties, Inc. | St. Lucie | 3,635 acre-feet | \$149 ac-ft |
| Archbold Expeditions (Buck Island Ranch) | Highlands | 620 acre-feet | \$137 ac-ft |
| Alico Ranch | Hendry | 91,000 acre-feet | \$136 ac-ft |
| Bull Hammock Ranch, LTD | Martin | 228 acre-feet | \$135 ac-ft |
| Rafter T Realty, Inc. | Highlands | 1,298 acre-feet | \$132 ac-ft |
| Blue Head Ranch, LLC | Highlands | 3,462 acre-feet | \$131 ac-ft |
| Mudge Ranch | Glades | 396 acre-feet | \$130 ac-ft |
| Lazy JP, Inc. | Glades | 465 acre-feet | \$120 ac-ft |

The largest of these projects is the Alico Ranch providing 91,000 acre-feet of water storage. The range of payments is from \$120 per acre-foot to \$155 per acre-foot, indicating a mean of \$139 per-acre foot.

These rates are obviously below what the market would pay for deeper reservoir storage for several reasons. Less land is required to accommodate the same storage capacity. The water farming land can be used for other agricultural uses like grazing livestock during periods of dry weather. A reservoir will have much less loss of water from the soil both by evaporation and by transpiration from the plants growing thereon, as well as ground seepage, in comparison with an STA. Per-acre-foot rates for water storage in Stormwater Treatment Areas in south Florida are considered to represent the lower limit for the range of applicable lease rates for reservoir water storage.

Nationwide Survey

Based upon a lack of significant comparable lease information within the State for larger water storage capacities, a nationwide survey was made to locate lease rates in other areas where water demand warrant more of a market for water storage and water rights. Colorado, Texas, Arizona and California are examples of areas in dry climates with significant populations. Five such water storage leases from these areas are listed in the following grid.

| Comparable | 1 | 2 | 3 | 4 | 5 |
|-----------------|---|---|--|--------------------------------------|---|
| State | California | Arizona | Colorado | Colorado | Arizona |
| Acquirer | Cities of Montecito and Santa Barbara | City of Phoenix | Rio Grande Water Conservation District | Colorado Parks & Wildlife Commission | Southern Nevada Water Authority |
| Supplier | City of Santa Maria | Five Active Management Areas | B & R, LLC, Rominger Estate, Colorado CPW, et al | San Luis Valley Irrigation District | Arizona Water Banking Authority |
| Water | 4,000 AF of banked State Water Project supply | 108,348 AF of long term storage credits | 20,000 AF from Rio Grande Reservoir | 8,000 AF from Rio Grande Reservoir | 600,651 million AF of long term storage credits |
| Rates | \$225 - \$600/AF | \$179 - \$375/AF | \$250/AF | \$375/AF | \$204/AF |
| Length of Lease | 1 year | Not stated | Year to year | 30-years | Through 2050 |
| Purpose/Use | Drinking water | Water storage | Water storage | Water storage | Water storage |
| Date | June 2017 | January 2017 | January 2016 | August 2015 | May 2013 |

Based upon these relatively recent lease negotiations that involved the lease of as little as 4,000 acre-feet up to 601± million acre-feet, with lease terms ranging from as little as one year up to 30 years, we have found lease rates ranging from \$179 to \$600 per acre-foot per year. The predominate range, however, appears to be between \$250 per

acre-foot per year and \$375 per acre-foot per year. Variations in rates depend on the amount of demand and other water alternatives in these locations.

Reconciliation of Water Storage Lease Rates

Without the benefit of having numerous Florida based reservoir leases to consider, various other market indicators of potential lease rates were analyzed. Two deals pertaining to the water shortage experienced in Cape Coral provide the best indication for the subject since they are in Florida and involve the City of Cape Coral indicating the motivations and cost/value thresholds of the individual parties. These two deals indicate rates of between \$90 per acre-foot per year and \$489 per acre foot-per year. Burton and Associates, a water rate consultant who works for both the City of Cape Coral and Fort Myers has indicated that a rate of \$310 per acre foot per year is most appropriate.

Next, we considered rates paid to landowners by the South Florida Water Management district to store water on their agricultural lands in STA's, stormwater treatment areas. These arrangements are inferior to the subject reservoir in that although they are 10-year agreements, funding must be reapproved each year. Water storage is accomplished through the use of earthen berms and levees resulting in shallow water storage areas with higher rates of evaporation and seepage and requiring more land to accommodate the same amount of water. These rates range between \$120 per acre-foot per year to \$155 per acre-foot per year representing the absolute lower end of the reasonable range for the subject property.

As a third indication of an appropriate lease rate for the subject, a survey of areas around the country where water storage reservoirs are more prevalent, Colorado, Arizona, California, Texas, was analyzed. Although water rights and climate conditions differ in these area, the indicated lease rate range of \$179 per acre foot per year to \$600 per acre foot per year appears supportive.

Therefore, placing greatest emphasis on the two deals involving Cape Coral here in Florida with secondary emphasis on the survey lease rates, we have reconciled to a lease rate of **\$300 per acre-foot per year** for the subject property.

Capitalization Rate

The next step in this approach would be to discuss who might finance any bond issues that may involve the acquisition and/or leasing of reservoirs. Based upon our review of the Water Strategist, as published by Stratecon, Inc. of Claremont, California that mostly analyzes water marketability, finance, legislation, and litigation issues in the western states, we find that the following are actually involved in this type of financing activity.

Goldman Sachs

Paine Webber and Company

Bank One Corporation

Lehman Brothers

Morgan Stanley

A. G. Edwards

Gognient provides industrial valuation multiples for various industries. In a study of 115 utility companies the following ROI's were reported.

| | |
|-----------------------------|-------|
| Electric Utilities | 9.71% |
| Gas Utilities | 8.77% |
| Independent Power Producers | 9.52% |
| Muti-Utilities | 8.70% |
| Water Utilities | 8.70% |

At this point, we are prepared to address capitalization rates that would be considered appropriate and supportable for the subject. In addressing the Band of Investment Technique, we submit the following:

| | | | | |
|----------------------------|---|--------------------------------|---|---------------|
| <u>Loan to Value Ratio</u> | | <u>Loan K @ 5.00% - 20 yrs</u> | | |
| 0.50 | x | 0.079195 | = | 0.0396 |
| <u>Equity Requirement</u> | | <u>Equity Yield Rate</u> | | |
| 0.50 | x | 0.09 | = | <u>0.0450</u> |
| Estimated OAR | | | | 0.0846 |

Therefore, the capitalization rate for the subject should be situated between 8.4% and 8.7%. Considering the relative merits of each method of derivation, an overall capitalization rate of 8.5% would be considered realistic and supportable for the subject and result in the following overall opinion of value via the Income Approach.

| | | | | |
|-----------------------|---|-------------------|---|---------------------------------|
| <u>Reservoir Area</u> | | <u>Lease Rate</u> | | <u>(Est.) Annual Lease Rate</u> |
| 12,000 acre-feet | x | \$300 per ac-ft | = | \$3,600,000 |

| | |
|--|--------------|
| Capitalized @ 8.5% | \$42,352,941 |
| Reservoir Value indicated by Income Approach | \$42,350,000 |

RECONCILIATION OF THE INCOME APPROACH

The Income Approach is used to convert annual cash flows to an indication of value through the process of capitalization. The Income Approach indicates a reliable value of the property as a reservoir. Annual payments for water storage on the basis of dollars per acre-foot have been capitalized to indicate the value of a reservoir use. The most indicative indication of value involves negotiations between Cape Coral and Fort Myers regarding a Reuse Interconnect Pipeline. Other market lease rates are found to be supportive. The following value indication has been estimated using Income Approach techniques.

| | |
|---|---------------------|
| Value as a Water Storage Reservoir | \$42,350,000 |
|---|---------------------|

COST APPROACH

As defined, the Cost Approach is based on the premise that the value of a property can be derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation from all causes (i.e., deterioration and obsolescence) in the structures. However, in this case, there is no physical deterioration or functional obsolescence. Economic obsolescence may be present; This would be the difference between the values found in the Sales Comparison and Income Approaches as compared to the Cost Approach.

In the valuation of a water storage reservoir, the Cost Approach can represent a meaningful method based upon the cost of recreating the reservoir, over and above the value of the land. Cost estimates can be obtained through comparable projects, or discussions with contractors and/or engineers that have experience in building reservoirs or water storage areas. First, the land value is estimated by analyzing market sales of properties having similar uses and/or utility.

RESERVOIR (GROUND EXCAVATION METHOD)

The subject site has two distinct use areas. The 655.56 acres located at the west side of the property supports mining and development, while the eastern 548.46 acres are encumbered by conservation easements limiting potential uses to conservation, preservation and passive recreation. Two distinct sets of sales have been used in the estimation of land value for reservoir construction on the subject site; properties purchased for mining; and agricultural sites encumbered by conservation easements at the time of sale.

It should be noted that the appraisers have extensive experience in the valuation of mining properties throughout Florida as detailed in the Competency Provision section found earlier in this report. Through the years we have routinely reviewed and analyzed sales of former and active mining properties in the appraising of other mining properties. The sales presented herein represent the best evidence of land value for the subject mine.

Mining Land Sales

Relevant sales of properties purchased for mining limestone are limited. While there are many active limestone mines in the State of Florida, these properties are rarely transferred on an arm's length basis. Based upon barriers to market entry including established aggregate market areas and providers, the specific locations of mineable limestone within the state, and the greatest barrier being the difficulty in obtaining permits for a new mining location, there is a lack of sales of active mining properties. Permitted and operational limestone mines are rarely sold. A recent nationwide search of the CoStar sales database produced less than fifteen sales of mines of any type over the past five years across the entire country.

Local county governments are typically hesitant to issue new permits for new mining locations due to real and perceived backlash from neighbors and environmental

**Mining Land Sale
SALE 1 – MINE**



Property Identification

| | |
|----------------------------|---|
| Record ID | 4513 |
| Property Type | Agricultural, Mining |
| Location | West side of theoretical NW 139 th Avenue and south of theoretical 6 th Street, Miami, Miami-Dade County, Florida 33178 |
| Tax ID | 30-4903-003-0030 |
| Longitude, Latitude | 80°25'16.71"W, 25°46'11.46"N |
| S/T/R | Sections 20, Township 53 South, Range 39 East |
| Site Inspection | September 2017 |
| MSA | Miami-Dade |

Sale Data

| | |
|---------------------------|--|
| Grantor | Jeffry Lefcourt, as Trustee under Trust Agreement dated November 9, 1993 |
| Grantee | Land Venture West, LLC |
| Sale Date | November 13, 2015 |
| Deed Book/Page | 29860/3323-3324 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length sale |
| Financing | Cash to Seller |
| Sale History | No arm's length transactions in past three years |
| Instrument | Special Warranty Deed |

Verification Jeffrey Lefcourt; (305) 864-2942, March 30, 2017; confirmed by Robert C. Hicks, MAI

Sale Price \$900,000

Cash Equivalent \$900,000

Land Data

Zoning GU, General Use, Miami-Dade County

Topography Low and marshy

Utilities No public water or sewer available

Shape Rectangular

FLUM Open Land

Highest & Best Use Rock Mining

Encumbrances None noted in the deed

Land Size Information

Gross Land Size 25.00 Acres or 1,089,000 SF

Uplands Land Size None

Wetlands Land Size 25.00 Acres or 1,089,000 SF, 100%

Est. Limestone Reserves 1.4 million tons

Front Footage No public road frontage

Indicators

Sale Price/Gross Acre \$36,000

Sale Price/Gross SF \$0.83

Sale Price/Useable Acre \$36,000

Sale Price/Useable SF \$0.83

Remarks

This property is located in the southern portion of the Lake Belt area proximate to Tamiami Trail. There is no paved public access available. Legal access is from a platted right of way along the east side of the property. The Buyer purchased this property as an investment with the intention of a future sale to one of the rock mining companies in the area.

**Mining Land Sale
SALE 2 – MINE**



Property Identification

| | |
|----------------------------------|---|
| Record ID | 4481 |
| Property Type | Agricultural, Agricultural Land |
| Property Name | Bond Ranch |
| Address | 33159 Oil Well Road, Punta Gorda, Charlotte County, Florida 33955 |
| Location | South of Oil Well Road, west of Granville Road, north and east of I-75 |
| Tax ID | 422422126007, 422422400001, 422427200001, 422427200002, 422434200002 and 422434200003 |
| Longitude, Latitude S/T/R | W-81.89556, N26.79604 Sections 22, 27 and 34, Township 42 South, Range 24 East |
| Site Inspection | July 2014 |
| MSA | Southwest Florida |

Sale Data

| | |
|---------------------------|--|
| Grantor | Bond Ranch, LLC |
| Grantee | The Trust For Public Land |
| Sale Date | February 03, 2015 |
| Deed Book/Page | 3940/31-34 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length sale |
| Financing | Cash to Seller |
| Sale History | No arm's length transactions in past three years |

Instrument Warranty Deed
Verification Ralph Bond; Confirmed by Robert C. Hicks, MAI

Sale Price \$3,150,000
Cash Equivalent \$3,150,000

Land Data

Zoning AG, Charlotte County, Agricultural
Topography Flat, low lying, partially cleared with areas of wetlands
Utilities No public water or sewer available
Shape Irregular
FLUM Agriculture
Highest & Best Use Agriculture/Mining
Encumbrances None noted in the deed

Land Size Information

Gross Land Size 669.170 Acres or 29,149,045 SF
Uplands Land Size 348.975 Acres or 15,201,351 SF , 52.15%
Wetlands Land Size 320.200 Acres or 13,947,912 SF , 47.85%
Front Footage 102 ft Total Frontage: 102 ft Oil Well Road;5181 ft Interstate 75 (no access)

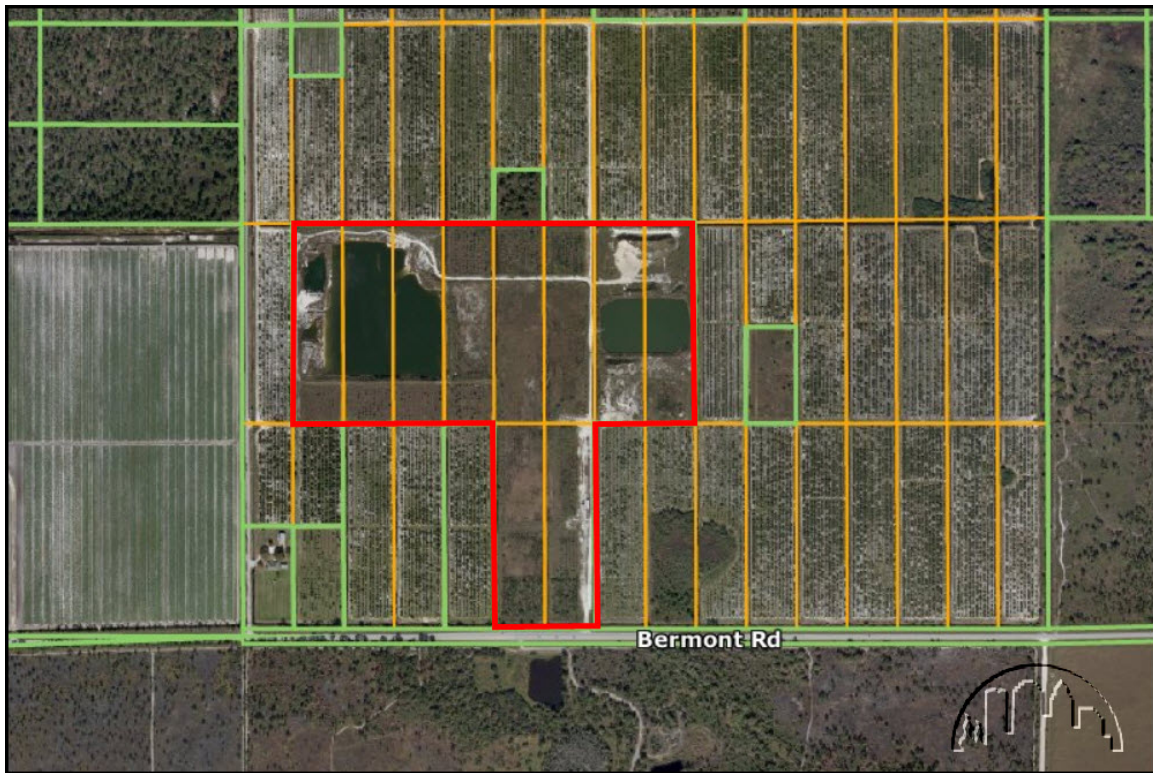
Indicators

Sale Price/Gross Acre \$4,707
Sale Price/Gross SF \$0.11
Sale Price/Uplands Acre \$9,026
Sale Price/Uplands SF \$0.21
Est. Limestone Reserves 15.6 million tons
Sale Price/Front Foot \$30,882

Remarks

This is a 669.17 acre parcel of land located within an unincorporated area of Charlotte County, east of Interstate 75 between the Tucker's Grade and Bayshore Road interchanges, in a rural and mostly undeveloped area of the county. The 65,758 acre Cecil Webb Wildlife Management Area is the headwaters of the Charlotte Flatwoods Area which has historically drained west towards Matlacha Pass via the 20,000 acre Yucca Pens Unit. Over the years flow pathways have been altered by development of farms, mining and residential lands on either side of I-75. These developments, including the subject, have berms along their parameters that block the historic flow pathways to Yucca Pens. This creates the potential for flooding on the subject property that is currently handled through a series of dikes, canals and pumps. Combined with natural wetlands, proximity to the Charlotte Correctional Institution, a medium security prison, and circuitous access, possible uses of the property are severely restricted to ranching or mining. Of the two, mining is the more financially feasible and has been determined to be the highest and best use of the property. Mining reserves have been estimated to be 15,593,000 tons. The property was purchased for conservation and watershed uses. This price was based upon two appraisals, one prepared by this appraiser. The property was not purchased under threat of condemnation. This sale is considered to represent an arm's length market transaction.

**Mining Land Sale
SALE 3 – MINE**



Property Identification

| | |
|----------------------------|--|
| Record ID | 4274 |
| Property Type | Mining, Agricultural Land |
| Property Name | Infinity Aggregate |
| Address | 45150 Bermont Road, Punta Gorda, Charlotte County, Florida 33982 |
| Location | North side of Bermont Road, east of State Road 31 |
| Tax ID | 402634400001 |
| Longitude, Latitude | W-81.70653, N26.94576 |
| S/T/R | Section 34, Township 40 South, Range 26 East |
| Site Inspection | August 2014 |

Sale Data

| | |
|---------------------------|---|
| Grantor | PAB Shell Rock Holding, LLC |
| Grantee | Infinity Lake, LLC |
| Sale Date | July 25, 2013 |
| Deed Book/Page | 3789/1683-1685 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length |
| Financing | Cash to seller |
| Sale History | No arm's length sales in prior 3 years |
| Instrument | Special Warranty Deed |
| Verification | Larry Benton/Florida Community Bank; (540) 829-4024, August 06, 2014; Confirmed by Robert C. Hicks, MAI |

| | |
|------------------------|-----------|
| Sale Price | \$925,000 |
| Cash Equivalent | \$925,000 |

Land Data

| | |
|-------------------------------|---|
| Zoning | AG, Charlotte County, Agricultural |
| Topography | Flat and level with wetlands and mining pits. Old grove |
| Utilities | No public water or sewer. |
| Shape | Irregular |
| FLUM | Agriculture |
| Highest & Best Use | Mining |
| Encumbrances | None noted. |
| Depth | 2640 |

Land Size Information

| | |
|-------------------------------|--|
| Gross Land Size | 100.000 Acres or 4,356,000 SF |
| Uplands Land Size | 53.790 Acres or 2,343,092 SF , 53.79% |
| Wetlands Land Size | 25.910 Acres or 1,128,640 SF , 25.91% |
| Borrow Pit Land Size | 20.300 Acres or 884,268 SF , 20.30% |
| Est. Gravel & Fill | 2.6 million cubic yards |
| Front Footage | 660 ft Total Frontage: 660 ft Bermont Road |

Indicators

| | |
|--------------------------------|----------|
| Sale Price/Gross Acre | \$9,250 |
| Sale Price/Gross SF | \$0.21 |
| Sale Price/Uplands Acre | \$17,197 |
| Sale Price/Uplands SF | \$0.39 |
| Sale Price/Front Foot | \$1,402 |

Remarks

PAB Shell Rock Holding LLC, a Weston subsidiary of Florida Community Bank sold this 100 acre parcel to Infinity Lake LLC for \$925,000. PAB Shell Rock Holdings seized the land after the previous owner, Quality Shell Rock LLC lost a \$2.5 million foreclosure judgement in April 2011. Quality Shell Rock LLC had previously purchased the property for \$2.1 million in September of 2009. The mine has been permitted by Charlotte County under Excavation Permit # 05-EX-24A, since 2006, as part of a larger 301 acre tract. The property reportedly has 2.6 million cubic yards of mineable material comprised for approximately 50% fill and 50% shell. No equipment was included in the sale price. Although the property is not actively being marketed, the property owner stated that they would sell it for \$1,000,000.

**Mining Land Sale
SALE 4 – MINE**



Property Identification

| | |
|----------------------------|--|
| Record ID | 3865 |
| Property Type | Agricultural Acreage, Mixed Use |
| Property Name | Tampa Groves Mine |
| Address | 16410 Balm Wimauma Road, Wimauma, Hillsborough County, Florida 33598 |
| Location | East side of Balm Wimauma Road, 0.2 miles north of State Road 674 |
| Tax ID | 079437.0000 |
| Longitude, Latitude | W-82.2688, N27.71997 |
| S/T/R | S12/T32S/R20E |
| Site Inspection | April 2013 |
| MSA | Tampa Bay |

Sale Data

| | |
|---------------------------|--|
| Grantor | Tampa Groves, LLC |
| Grantee | Razorback Ranch, LLC |
| Sale Date | June 17, 2013 |
| Deed Book/Page | 21962/1373-1376 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length, motivated seller |
| Financing | Cash to seller |
| Sale History | No arm's length sales in prior 3 years |
| Instrument | Special Warranty Deed |

Verification Ryan Sampson; (813) 287-8787, March 28, 2014; Confirmed by Robert C. Hicks, MAI

Sale Price \$3,100,000
Cash Equivalent \$3,100,000

Land Data

Zoning AR, Hillsborough County, Agricultural Rural
Topography Flat and level, partially cleared with lake
Utilities No public water or sewer
Shape Irregular
FLUM Agricultural Mining 1/20 (.25 FAR)
Highest & Best Use Mining/Agriculture/Residential Development
Encumbrances None noted

Land Size Information

Gross Land Size 452.020 Acres or 19,689,991 SF
Uplands Land Size 375.020 Acres or 16,335,871 SF , 82.97%
Wetlands Land Size 77.020 Acres or 3,354,991 SF , 17.04%
Mining Reserves 10 million cubic yards
Planned Units 33
Front Footage 3300 ft Balm Wimauma Road

Indicators

Sale Price/Gross Acre \$6,858
Sale Price/Gross SF \$0.16
Sale Price/Uplands Acre \$8,266
Sale Price/Uplands SF \$0.19
Sale Price/Planned Unit \$93,939

Remarks

This property was owned by Tampa Groves, comprised of four contiguous parcels totaling 452 acres. The southern portion of the property, or Parcel D contains an excavated 40 acre borrow pit and 39 acres of wetlands in the rear. The property was marketed for residential real estate development with 33 lakefront lots at an asking price of \$2.31 million. The northernmost portion of the property, Parcel A, is pasture land containing 109 acre of which 100 acres is usable uplands. This section of the property was being offered for \$1,000,000. The remainder of the property has a sand mine with active permits expiring in 7 years and an estimated 10 million yards of fill in reserve. The entire site was offered for sale at an asking price of \$6.81 million, equivalent to \$15,000 per acre.

The property was eventually sold for \$3,100,000 after an extensive marketing effort at the higher price. The buyer purchased the property to finish mining the remaining sand reserves. There are no plans for any other development on the property at this time.

**Mining Land Sale
SALE 5 – MINE**



Property Identification

| | |
|----------------------------|--|
| Record ID | 3920 |
| Property Type | Vacant Acreage, Mining |
| Property Name | Burnt Store Mine & Fill |
| Address | 4751 Burnt Store Road N, Cape Coral, Lee County, Florida 33993 |
| Location | East side of Burnt Store Road, south of Vincent Avenue |
| Tax ID | 08-43-23-00-00002.0000, 08-43-23-00-00003.0000, 08-43-23-00-00005.0010 |
| Longitude, Latitude | W-82.03644, N26.75037 |
| S/T/R | Section 8, Township 43 South, Range 23 East |
| Site Inspection | March 2013 |
| MSA | Southwest Florida |

Sale Data

| | |
|---------------------------|---|
| Grantor | H2ONC, LLC |
| Grantee | Burnt Store Mine & Fill, LLC |
| Sale Date | May 01, 2012 |
| Deed Book/Page | 2012000099750 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length |
| Financing | Cash to Seller |
| Sale History | No arm's length sales in the past three years |
| Instrument | Warranty Deed |

Verification Daniel Honc; (259) 283-5454, March 18, 2013; Confirmed by Robert C. Hicks, MAI

Sale Price \$425,000

Cash Equivalent \$425,000

Land Data

Zoning RPD, Lee County, Residential Planned Development

Topography Generally flat with 41 acre rock mining pit

Utilities Public water and sewer located across the road

Shape Rectangular

FLUM Open Lands/Wetlands

Highest & Best Use Mining with future residential

Encumbrances None noted

Land Size Information

Gross Land Size 123.190 Acres or 5,366,156 SF

Uplands Land Size 47.200 Acres or 2,056,032 SF , 38.31%

Wetlands Land Size 75.990 Acres or 3,310,124 SF , 61.69%

Est. Mining Reserves 1.9 million cubic yards

Allowable Units 19

Front Footage 1320 ft Total Frontage: 1320 ft Burnt Store Road

Indicators

Sale Price/Gross Acre \$3,450

Sale Price/Gross SF \$0.08

Sale Price/Uplands Acre \$9,004

Sale Price/Uplands SF \$0.21

Sale Price/Allowable Unit \$22,368

Sale Price/Front Foot \$322

Remarks

This site is located on the east side of Burnt Store Road, across from the Burnt Store Marina Golf Course. The land surrounding this site is largely owned by the TIITF/State of Florida and is designated as conservation land. This property falls under a planned development zoning district called Burnt Store Acres which allows 10 years of mining up to 41 acres, 35 feet deep, followed by a maximum of 19 single family residences and a lake. The permit allows for 1.9 million cubic yards of fill to be excavated. The seller, Honc Industries, sold the property after an unsuccessful attempt to rezone five acres of the frontage for commercial use.

**Mining Land Sale
SALE 6 – MINE**



Property Identification

| | |
|----------------------------|--|
| Record ID | 2785 |
| Property Type | Agricultural, Mining |
| Location | West side of theoretical NW 147 th Avenue and south of theoretical 74 th Street, Miami, Miami-Dade County, Florida 33178 |
| Tax ID | 30-3916-000-0010 |
| Longitude, Latitude | 80°26'27.81"W, 25°49'57.42"N |
| S/T/R | Section 16, Township 53 South, Range 39 East |
| Site Inspection | September 2012 |
| MSA | Miami-Dade |

Sale Data

| | |
|---------------------------|---|
| Grantor | Clover Valley Lumber Company |
| Grantee | APAC-Southeast, Inc. |
| Sale Date | September 30, 2004 |
| Deed Book/Page | 22701/2357 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length sale |
| Financing | Cash to Seller |
| Sale History | No arm's length transactions in past three years |
| Instrument | Warranty Deed |
| Verification | Kenny Lane; (941) 355-7178, September 18, 2012; confirmed by Robert C. Hicks, MAI |

| | |
|------------------------|--------------|
| Sale Price | \$17,280,000 |
| Cash Equivalent | \$17,280,000 |

Land Data

| | |
|-------------------------------|------------------------------------|
| Zoning | GU, General Use, Miami-Dade County |
| Topography | Low and marshy |
| Utilities | No public water or sewer available |
| Shape | Rectangular |
| FLUM | Open Land |
| Highest & Best Use | Rock Mining |
| Encumbrances | None noted in the deed |

Land Size Information

| | |
|--------------------------------|-------------------------------------|
| Gross Land Size | 640.00 Acres or 27,878,400 SF |
| Uplands Land Size | None |
| Wetlands Land Size | 640.00 Acres or 27,878,400 SF, 100% |
| Est. Limestone Reserves | 35.2 million tons |
| Front Footage | No public road frontage |

Indicators

| | |
|--------------------------------|----------|
| Sale Price/Gross Acre | \$27,000 |
| Sale Price/Gross SF | \$0.62 |
| Sale Price/Useable Acre | \$27,000 |
| Sale Price/Useable SF | \$0.62 |

Remarks

The property was acquired as an assemblage for an existing rock mining operation. Although this is an older sale it has been considered based upon its similar large acreage size, location within the Lake Belt area and ROZA rock mining overlay district and mineral extraction potential based upon known nearby underground mineral reserves.

Sales Map



Sales Grid

| | LAND SALE 1 - MINE | LAND SALE 2 - MINE | LAND SALE 3 - MINE | LAND SALE 4 - MINE | LAND SALE 5 - MINE | LAND SALE 6 - MINE |
|---------------------------------------|---|--|---|--|---|--|
| Ref No. | 4513 | 4481 | 4274 | 3865 | 3920 | 2785 |
| Location | WS NW 139 Av S/o NW 6 St Miami, FL 33178 | 33159 Oil Well Road Punta Gorda, FL 33955 | 45150 Belmont Road Punta Gorda, FL 33982 | 16410 Balm Wimauma Rd Wimauma, FL 33698 | 4751 Burnt Store Road N Cape Coral, FL 33993 | WS NW147AV S/o NW74 Miami, FL 33178 |
| County | Miami-Dade County | Charlotte County | Charlotte County | Hillsborough County | Lee County | Miami-Dade County |
| Folio Number | 30-4903-003-0030 | 422422126007 + | 402634400001 | 079437 0000 | 08-43-23-00-00002.0000 + | 30-3916-000-0010 |
| Buyer | Land Venture West, LLC | The Trust For Public Land | Infinity Lake, LLC | Razorback Ranch, LLC | Burnt Store Mine & Fill, LLC | APAC-Southeast Inc |
| Seller | Jeffrey Lefcourt, TRE | Bond Ranch, LLC | PAB Shell Rock Holding, LLC | Tampa Groves, LLC | H2ONC, LLC | Clover Valley Lumber |
| OR Book/Page | 29860/3323-3324 | 3940/31-34 | 3789/1683-1685 | 21962/1373-1376 | 2012000099750 | 22701/2357 |
| Gross Acreage | 25 acres | 669 acres | 100 acres | 452 acres | 123 acres | 640 acres |
| Net Upland Acres | 25 acres | 349 acres | 54 acres | 375 acres | 47 acres | 640 acres |
| Est. Mining Reserves | 1.4 million tons | 15.6 million tons | 2.6 million cubic yards | 10 million cubic yards | 1.9 million cubic yards | 35.2 million tons |
| Road Frontage | None | 102 feet | 660 feet | 3,300 feet | 1,320 feet | None |
| Highest & Best Use | Mining | Agriculture/Mining | Mining | Interim Mine/Future Res | Interim Mine/Future Res | Mining |
| Zoning | GU | AG | AG | AR | RPD | GU |
| Future Land Use | Open Land | Agriculture/Mining | Agriculture | Agriculture/Mining | Open Lands/Wetlands | Open Land |
| Sale Date | November 13, 2015 | February 3, 2015 | July 25, 2013 | June 17, 2013 | May 1, 2012 | September 30, 2004 |
| Transaction Price | \$900,000 | \$3,150,000 | \$925,000 | \$3,100,000 | \$425,000 | \$17,280,000 |
| ELEMENTS OF COMPARISON | | | | | | |
| Property Rights | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Financing | Cash to seller | Cash to seller | Cash to seller | Cash to seller | Cash to seller | Cash to seller |
| Conditions of Sale | Arm's length | Arm's Length Gov't Purchase | Arm's length | Motivated Seller +20% | Arm's length | Arm's length |
| Market Conditions | Similar | Similar | Inferior + 3% | Inferior + 3% | Inferior + 3% | Similar |
| NORMALIZED UNITS OF COMPARISON | | | | | | |
| Price per Net Useable Acre | \$36,000 per acre | \$9,026 per acre | \$17,712 per acre | \$10,167 per acre | \$9,274 per acre | \$27,000 per acre |
| ADJUSTMENTS | | | | | | |
| Location | Superior | Similar | Similar | Similar | Similar | Superior |
| Land Size | Superior | Similar | Superior | Similar | Superior | Similar |
| Accessibility | Similar | Inferior | Similar | Similar | Inferior | Similar |
| Topography | Similar | Similar | Similar | Similar | Similar | Similar |
| Legal Entitlements | Similar | Inferior | Similar | Similar | Similar | Similar |
| Mineral Reserves | Superior | Similar | Inferior | Inferior | Inferior | Superior |
| Overall Comparability | Superior | Inferior | Similar | Inferior | Inferior | Superior |

Units of Comparison

In the analysis of vacant land and specifically mining land, the most common units of comparison are price per gross acre and price per net useable (minable) acre. The price per ton of reserves is less meaningful in that the unknown quality of material, types of product, reserve matrix, and amount of overburden that needs to be addressed. Differences in useable acreage is the result of depleted mining pits. Using statistical analysis, it appears that price per useable acre indicates the strongest correlation. For mining properties, areas with reserves remaining are far more valuable than depleted areas. Therefore, price per net useable acre is considered to be the most appropriate unit of comparison and is used throughout this portion of the analysis.

Elements of Comparison

The mining sales presented herein have been included as support of our land value estimates. Following a discussion of the first four elements of comparison, analysis of each sale is explained on a sale by sale basis.

Property Rights Conveyed

The property rights conveyed in each case is Fee Simple interest. The portion of the subject applicable to these sales is also unencumbered Fee Simple. No adjustment for property rights is necessary for comparison.

Financing

In each case, the sellers received cash with no seller financing or unusual terms indicated. All of the sales are considered to be cash equivalent transactions.

Conditions of Sale

All sales are considered to be arm's length transactions with knowledgeable buyers and sellers. Sale 2 was acquired by a governmental entity with the price based upon two MAI appraisal reports. This sale was not under the threat of condemnation and is considered to represent an arm's length sale. Sale 4 was reported to involve higher than normal seller motivation after an extended period of unsuccessful marketing. For comparison to the subject it is reasonable to adjust this sale price upward to account for atypical motivations of the seller.

Market Conditions

Over the past several years a slight upward trending has been observed in market prices across the board. The older sales occurring in 2012 and 2013 have been adjusted upward to account for this trend. Market conditions in 2004, prior to the nationwide recessionary period are considered to be similar to those presently experienced. No adjustments for market conditions have been considered for Sales 1, 2 or 6.

Having discussed the first four elements of comparison that are unique to each of the comparable sales, we now compare each of the properties to the subject.

Location & Physical Characteristics

There is insufficient market information available to support quantitative adjustments to these sales. Instead, each of the physical characteristics have been considered relative to the subject as similar, inferior or superior. The per-acre sale prices are then arranged to create a bracket of reasonable values. Each sale is discussed as follows.

Sale 1 – Mine

In our opinion the best indication of value of mineable acres comes from activity in the Lake Belt area of Miami-Dade County to the southeast. This is an area of known limestones reserves down to a depth of 80 feet. Four of the largest limestone mining operators have active mines in this area. Over the years these companies have routinely purchased infill tracts of 5 to 10 acres for assemblage with their existing operations. The largest assemblage tract was 640 acres purchased in 2004 at a price of \$27,000 per acre, included as Sale 5 in this report. Sale 1 is a 25-acre tract in the Lake Belt. It was purchased as a speculative investment for future sale to the adjacent mining operator. The property is located in an area where mining is permitted and is estimated to contain some 1.4 million tons of limestone reserves. The Lake Belt location is considered superior to that of the subject due to the synergy of the adjacent and surrounding mining activity. The mineral reserves are superior in quality as well as quantity with a maximum depth of the confining layer being 80 feet. A further downward adjustment would be reasonable to account for the smaller land size in comparison to a 655-acre tract. Overall, this **\$36,000 per net useable acre** sale with superior location, mineral reserves and smaller size would tend to represent the absolute upper limit of value for the subject property on a per-acre basis.

Sale 2 – Mine

This is a 669-acre tract of vacant land located in Charlotte County. It is located across Interstate 75, in a similar location to the subject and considered to be similar considering haul distances, market competition and surrounding road systems. This parcel, historically known as Bond Ranch, has been used for grazing cattle. Because of its low topography and location within the Babcock-Webb watershed, a series of pumps and ditches are used to control flooding. Because of its proximity to Southwest Aggregates and location within an area where Charlotte County permits mining, the prior property owner engaged Mr. Gary W. Bayne, P.E., a mining engineer to determine potential limestone reserves. The engineering report indicates some 15.6 million tons of rock and fill in the ground. Prior to obtaining any mining permits this property was sold to State of Florida on a voluntary basis under no threat of condemnation. The purchase price was based upon two appraisals. At **\$9,026 per net useable acre**, this sale is considered to represent a lower limit of land value for the subject mining land. This is due to a lack of mining permits, inferior accessibility, and inferior wet topography.

Sale 3 – Mine

At the time of sale, this was an active mining property located on Bermont Road, northeast of the Babcock-Webb WMA. This property is just 100 acres with only 53.79

acres undisturbed, however, there are reportedly still some reserves in the established mining pits. A subsidiary of Florida Community Bank sold this property to Infinity Lake subsequent to foreclosure. The mine is permitted by Charlotte County under Excavation Permit # 05-EX-24A, with a reported 2.6 million cubic yards of mineable material comprised for approximately 50% fill and 50% rock and shell. Like the others, no mining equipment was included in the sale. After considering an upward adjustment for inferior market conditions at the time of sale, this transaction represents \$9,528 per gross acre and **\$17,712 per net useable acre**. The smaller land size warrants a downward per-unit adjustment; however, this is partially offset by inferior quality of the mineable reserves, making it slightly inferior.

Sale 4 – Mine

Sale 4 is the sale of a sand mine located in Hillsborough County, Florida. The property was originally citrus land with a 40-acre borrow pit in the southern portion. Comprised of four contiguous parcels, the property totals 452 acres. The property was originally marketed for residential development featuring 33 lakefront lots at an original asking price of \$2.3 million. The northern portion of the property, a 109-acre pasture was offered separately for \$1 million. The remainder of the property has a sand mine with active permits with an estimated 10 million cubic yards of fill in reserve at the time of sale. The combined asking price was \$6.81 million or \$15,000 per acre, but it eventually sold for \$3,100,000 after an extensive marketing. The buyer purchased the property to finish mining the remaining sand reserves with no plans for any other type of immediate development. Upward adjustments have been made to account for the elevated motivations of the seller to move the property after an extended marketing period as well as inferior market conditions at the time of sale. The adjusted price is **\$10,167 per net useable acre**. This represents the lower end of the value range due to the economics of a sand mine versus a limestone mine.

Sale 5 – Mine

This property is located on the east side of Burnt Store Road near the Burnt Store Marina Golf Course. The property surrounding this site is largely owned by the TITF/State of Florida and is designated as conservation land. This property falls under a planned development zoning district called Burnt Store Acres which allows 10 years of mining up to 41 acres, 35 feet deep, followed by a maximum of 19 single family residences and a lake. The permit allows for 1.9 million cubic yards of fill to be excavated. This property is located in a similar location to Sale 6, with similarly inferior mineral reserves. At **\$9,274 per net useable acre**, adjusted for market conditions, this sale reflects a lower limit of value for the subject.

Sale 6 – Mine

This is a very dated sale but considered to be the most representative of land value for mining land in this area of Florida. Like Sale 1, this tract is located in the Lake Belt area of Miami-Dade County in an area known for mining activities. At 640 acres, this is one of the largest contiguous tracts assembled by the adjacent active mining operations for future expansion in the area. This property sold for **\$27,000 per net useable acre**. The primary adjustment needed for comparison to the subject is to account for the

superior quality and quantity of limestone mineral reserves in this area and synergy of the surrounding mining uses.

Overall Comparability

The adjusted per-acre prices indicated by Sales 1 through 6 range from \$9,026 per net useable acre to \$36,000 per net useable acre. Each of these properties have been compared with the unencumbered portion of the subject in the following grid.

| <u>Property</u> | <u>Comparisons to Subject</u> | <u>Price per Acre</u> |
|--------------------------------|---|-----------------------|
| Sale 1 | Superior quality and quantity of reserves, smaller size | \$36,000 |
| Sale 6 | Superior quality and quantity of reserves, similar size | \$27,000 |
| Subject Mining Property | | \$24,000 |
| Sale 3 | Smaller useable land area, inferior product types | \$17,712 |
| Sale 4 | Inferior sand mine | \$10,167 |
| Sale 5 | Inferior legal entitlements | \$9,274 |
| Sale 2 | Inferior sand mine | \$9,026 |

The value of the mining portion of the subject property falls well within the range supported by the six comparable sales. While the prices of these sales vary greatly for the reasons previously stated, they do provide a bracketing framework that supports our value estimate.

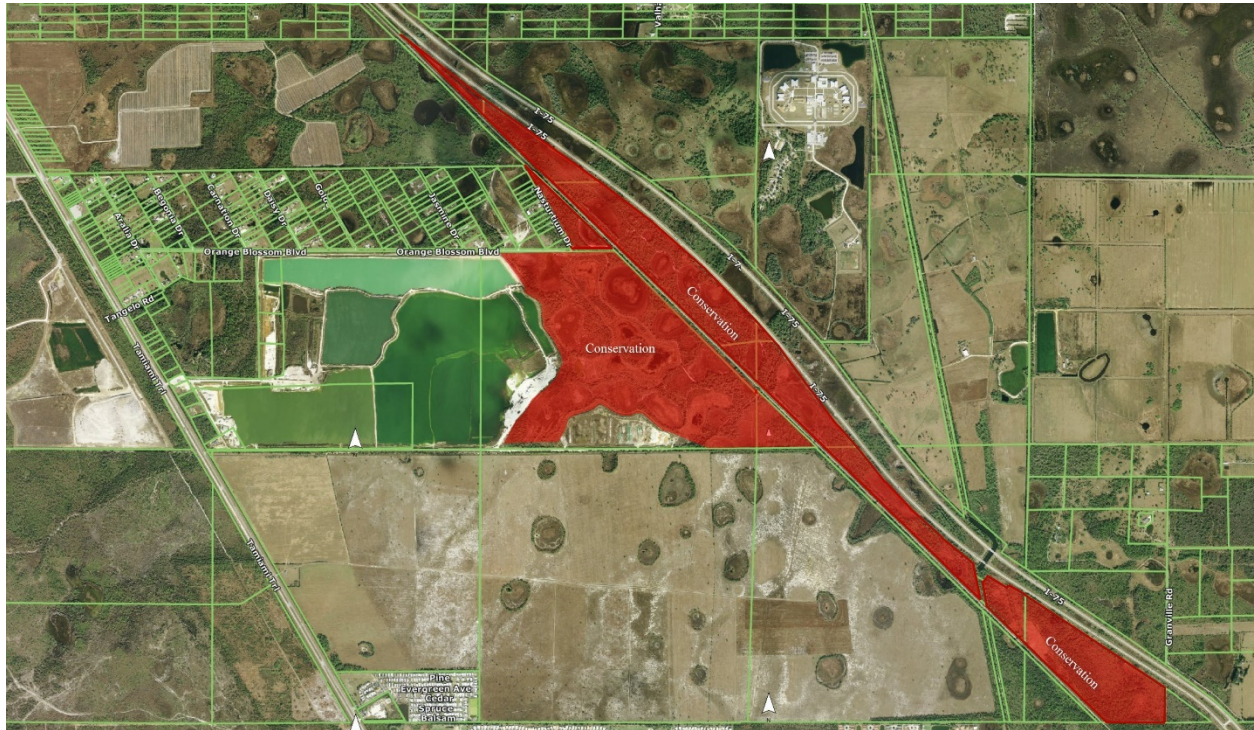
Mining Land Value

\$24,000 per useable acre

The next land sale set pertains to remainder sales; agricultural lands encumbered by conservation easements.

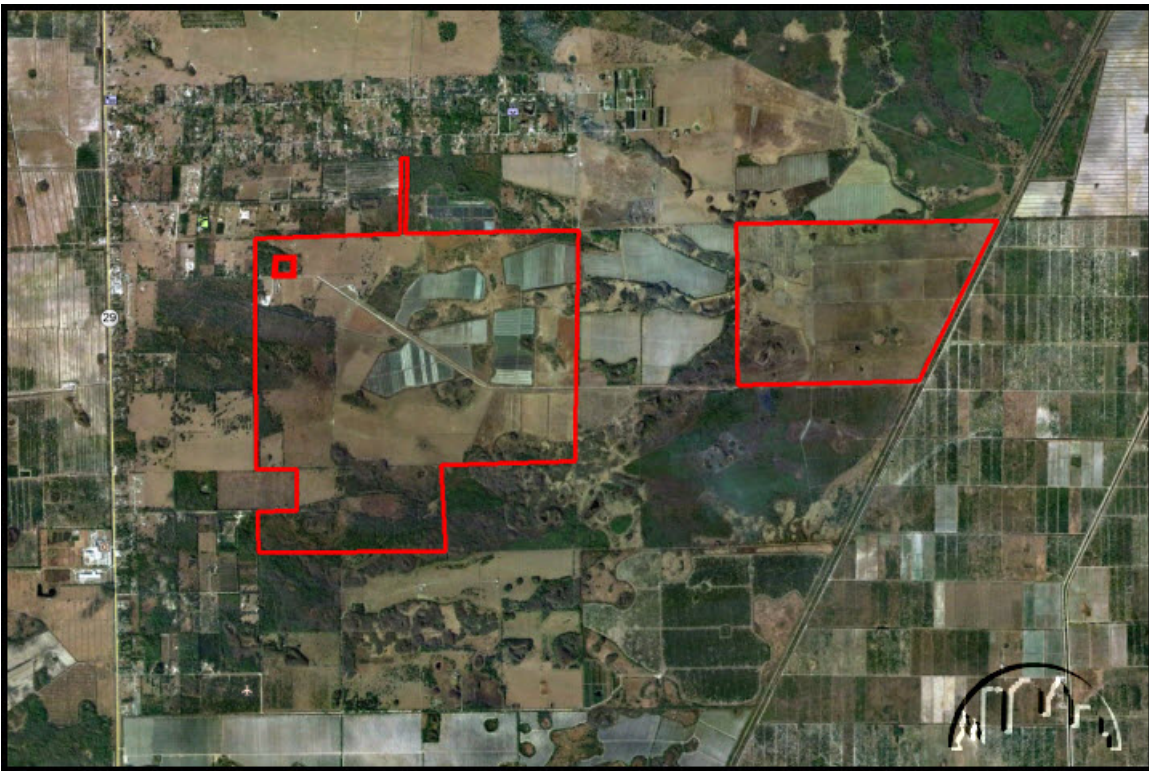
Conservation Easement Remainder Sales

As shown here, a portion of the property is encumbered by conservation easements. Four sales of similarly encumbered properties have been included as support for market values of this section of the property.



For the past four years, this firm has prepared and provided a state-wide market survey of agricultural land values and conservation easement values for the US Department of Agriculture Natural Resource Conservation Services and have valued several private lands encumbered by conservation easements throughout the southern part of the state. In this report are four indications of remainder land values for such encumbered properties. These are indicative of land value of the portions of the subject encumbered by conservation easements

**Conservation Easement Remainder Sale
SALE 7 – CONS**



Property Identification

| | |
|------------------------|--|
| Record ID | 3894 |
| Property Type | Agricultural Land, Conservation Easement |
| Address | LaBelle, Hendry County, Florida |
| Location | East of State Road 29, approximately 3.9 miles south of State Road 80c |
| Tax ID | 1-29-43-34-A00-0001.0000 * |
| S/T/R | 34,43-29; 31-43-30; 3-44-29, 32-43-30, 2-44-29, 27-43-29 |
| Site Inspection | January 2013 |
| Property Type | Vacant Land (Remainder Tract) |

Sale Data

| | |
|---------------------------|--|
| Grantor | SPP Land, LLC |
| Grantee | CPB Properties |
| Sale Date | February 19, 2014 |
| Deed Book/Page | 874/509 |
| Property Rights | Less Than Fee |
| Conditions of Sale | Arm's Length |
| Financing | Cash to seller |
| Sale History | Purchased \$9,039,600 in 2010. Taken back by lender Deed in Lieu in 2011 |
| Instrument | Special Warranty Deed |

Verification Cliff Bowen/Agri-consultants; (239) 936-4041, August 28, 2014;
Confirmed by Kevin D. Manrique

Sale Price \$4,466,000
Cash Equivalent \$4,466,000
Downward Adjustment \$300,000 62 Acres Unencumbered and Improvements
Adjusted Price \$4,166,000

Land Data

Zoning A-2, Agricultural
Utilities Electricity & Telephone
Shape Irregular non-contiguous
FLUM Agriculture
Highest & Best Use Agriculture & Recreation
Encumbrances Encumbered by a Perpetual Conservation Easement, Outstanding OGM's

Land Size Information

Gross Land Size 3,080.000 Acres or 134,164,800 SF
Uplands Land Size 2,156.000 Acres or 93,915,360 SF , 70.00%
Wetlands Land Size 924.000 Acres or 40,249,440 SF , 30.00%
Encumbered Land Size 3,018.000 Acres or 131,464,080 SF , 98.00%
Front Footage State Road 29 Access Easement, partially paved

Indicators

Sale Price/Gross Acre \$1,450
Sale Price/Uplands Acre \$2,071
Adj Price/Encumbered Acre \$1,380 Adjusted

Remarks

This is the February 2014 sale of a 3,080+/- acre agricultural tract with approximately 3,018 acres encumbered by a Conservation Easement in favor of the Board of Trustees of the Internal Improvement Trust (FDEP OR Book 648, Page: 367). There is a reported 77% uplands and 23% wetland within the tract. Approximately 385 acres are currently utilized for sod and melon production. Improvements include a single-family home, 20,000+/- square foot packing-house (cold storage), numerous mobile homes and other attendant site improvements.

The sale price of \$4,466,000 includes an allocation of \$300,000 or \$4,840/acre or \$15/sf (GBA) for the 62 acres of unencumbered land that included the packing house. The seller purchased the property from SPP Land, LLC who purchased the tract from Farm Credit of Central Florida, ACA in December 2012 for \$3,100,000. Farm Credit was a lender who took the property back by means of a Deed in Lieu of Foreclosure in 2011. The most recent transaction in 2014 represents an increase of 44% in price paid over a 14 month period.

The Deed of Conservation Easement was conveyed in October 2002. The purpose of the easement agreement is for the protection of rural character, control of soil erosion, protection of habitat, enhancement of wildlife and game, maintenance or improvement of timber resources and protection of surface water quality, the Florida Aquifer, wetlands and riparian areas. The sale property is located within the greater Caloosahatchee Ecoscape of Hendry and Glades County. The project area totals over

18,000 acres and creates a corridor extending as far south as the Twelve Mile Slough Florida Forever Project, Okaloacoochee Slough State Forest, Okaloacoochee Slough Wildlife Management Area and Devil's Garden Florid Forever Project and as far north as the Caloosahatchee River.

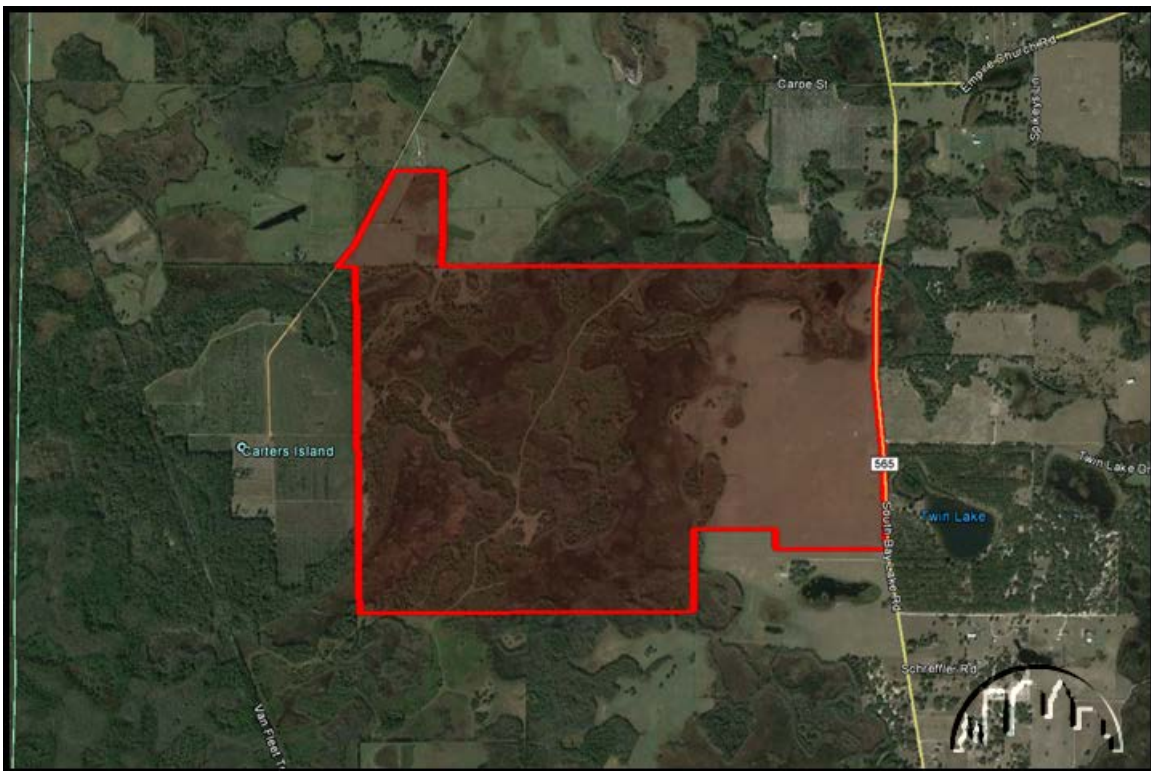
The Easement Agreement allows permits the grantee to preserve and protect the conservation values of the property. Rights to enter the property, right to maintain it in its natural state, Prohibited uses include, storing of hazardous materials, exploration for extraction of oil, gas or minerals, detrimental drainage and flood control, removal of natural vegetation, commercial or industrial activity, new construction, construction or creation of new roads or trails not to equal to 1% of the Property's roadways. No more intense agricultural uses that what existed on the date of easement and Citrus productivity.

The Grantor's Reserved Rights include the right to harvest sod and to plant and harvest row crops and watermelons solely from the existing improved pasture areas. They may harvest no more than 30% of the total improved pasture area in a calendar year. Additional rights include: right to sell, lease, mortgage; right to use, maintain and reconstruct all existing barns, dog pens, outbuildings, fences, roads, ponds, drainage, ditches identified in the Baseline Documentation; right to construct four (4) new residential structures on the property not to exceed 10,000 square feet, limited to 2.5 contiguous acres; right to divide the property for sale of other disposition into one lot for each residence. The remaining parcel shall not be less than 160 acres; right to engage in sustainable silviculture practices, maintain commercial cattle operations upon the areas within the Baseline Documents.

The property was subject to several short-term leases at the time for farming, grazing and hunting purposes. The farm tenant was to be retained and leased the packinghouse and farmland. The packinghouse included packing and sizing equipment lines that were in very good condition. The grazing lease was going to be bought out as the owner planned to graze their own herd of cattle.

*Additional Tax Nos. 1-29-43-34-A00-0001.0200; 1-29-43-34-A00-0002.0000; 1-29-43-34-A00-0002.0100, 1-29-43-34-A00-0005.0000; 1-29-43-34-A00-0006.0000; 1-29-43-34-A00-0007.0000; 1-29-43-34-A00-0007.0100; 1-29-43-34-A00-0008.0000; 1-30-43-31-A00-0001.0000; 1-30-43-32-A00-0001.0000; 1-29-44-03-A00-0001.0000; 1-29-44-02-A00-0001.0000

**Conservation Easement Remainder Sale
SALE 8 – CONS**



Property Identification

| | |
|----------------------------|---|
| Record ID | 4291 |
| Property Type | Agricultural Acreage, Conservation Easement |
| Property Name | Partin Property |
| Address | South Bay Lake Road, Groveland, Lake County, Florida 34736 |
| Location | West side of South Bay Lake Road, across from the western terminus of Twin Lake Drive |
| Tax ID | 1089581; 3248660; 3794018; 1505372 & 1300908 |
| Longitude, Latitude | W-81.9266, N28.51383 |
| S/T/R | 4 & 5-23-24; 31 & 32-22-24 |
| Site Inspection | August 2014 |
| Property Type | Agriculture and recreation |

Sale Data

| | |
|---------------------------|---|
| Grantor | Marshall B. Partin |
| Grantee | George L. Southworth, Trustee |
| Sale Date | May 15, 2014 |
| Deed Book/Page | 4484/1486 |
| Property Rights | Less than fee |
| Conditions of Sale | Arm's Length |
| Financing | Cash to seller |
| Sale History | No Arm's Length transactions within the last five years |
| Instrument | Warranty Deed |

Verification George L. Southworth/Buyer; (352) 683-5633, August 28, 2014;
Howard A. Parton/Seller, (407) 847-2230, August 28, 2014;
Confirmed by Kevin D. Manrique

Sale Price \$1,100,000
Cash Equivalent \$1,100,000
Downward Adjustment (\$96,000) 48 Acres Unencumbered
Adjusted Price \$1,004,000

Land Data

Zoning A, Agricultural
Topography Generally level w/scattered wetland areas ($\pm 41\%$). Soils are mainly poorly drained
Utilities Electricity & telephone
Shape Slightly irregular
FLUM Rural conservation (1du/10) & Core Conservation (1du/20ac)
Highest & Best Use Agriculture and recreation
Encumbrances Encumbered by PCE & LA LPA easements, outstanding OGM's

Land Size Information

Gross Land Size 965.000 Acres or 42,035,400 SF
Uplands Land Size 564.043 Acres or 24,569,691 SF , 58.45%
Wetlands Land Size 401.000 Acres or 17,467,560 SF , 41.55%
Encumbered Land Size 917.000 Acres or 39,944,520 SF , 95.00%
Front Footage 9,000 ft Bay Lake Rd;3900 ft Carter Island Rd

Indicators

Sale Price/Gross Acre \$1,140
Sale Price/Uplands Acre \$1,950
Adj Price/Encumbered Acre \$1,095 Adjusted

Remarks

This is the May 2014 sale of a 965 acre tract encumbered by two conservation easements. The tract is located south of the Groveland area in southwest Lake County, on the west side of South Bay Lake Road, west of the terminus of Twin lake Drive. The tract totals 964 acres with approximately 401 acres of probable wetlands or lower lying lands. The lowlands consist of wet pasture, basin marsh and other depressional areas. The upland areas are generally cleared and improved pasture lands. There is a limited amount of improvements on the property comprised of agricultural fencing and older barns.

The property is encumbered by two easements. Approximately 265 acres are encumbered by a Deed of Conservation Easement in favor of the Board of Trustees of the Internal Improvement trust Fund of the State of Florida (OR Book/Page: 2286/0608), dated April 2002. This easement reserves and protects the conservation values of this portion of the sale property. It includes the right of first refusal to purchase the property in fee; the right to have the property maintained in its natural state, as reflected in its baseline documentation; discretion to cut and remove timber damaged by natural disaster. The prohibited uses include: dumping; exploration for and extraction of oil, gas or other soils or minerals; operation of recreational vehicles; the removal, destruction, cutting, trimming of natural vegetation; commercial or industrial activities; new construction of buildings or roads; dredging of new canals, new dykes or manipulation of natural water courses; no more intense agricultural use of the property than currently exists; and subdivision of the lands.

The Reserved Rights of the Deed of Conservation include: the right to observe, maintain, photograph, fish, hunt, introduce and stock native fish or wildlife; right to controlled or prescribed burning; right to mortgage the property; right to continue to use, maintain, and reconstruct all buildings, barns, roads, ponds and other existing improvements; right to maintain a commercial cattle operation; maintain any present areas of improved pasture areas; sustainable forestry practices in the native pine portions of the property; hunting and fishing rights.

A Land Protection Agreement in favor of the Green Swamp Land Authority (OR Book/Page 1620/1679) encumbers approximately 652 acres of the sale property, all of Section 5, Township 23 South, Range 24 East. This Agreement prohibits exploration for mining of or extraction of oil, gas as well as surface or subsurface materials; new buildings, roads, signs, billboards; change in the intensity of the use of the property, the transfer of development rights, planting of nuisance exotic or non-native plants. Permitted uses include agricultural activities in accordance with BMP's but do not include chicken, pork and dairy operations; Silviculture is permitted in accordance with BMP's subject to upland harvesting. No wetland harvesting is permitted; the right to maintain a cattle operation as determined by the USDA NRCS with the cattle having access to the entire property; a sod operation within the improved pasture area of no more than 25% of the presently improved pasture per calendar year; hunting and fishing rights are retained.

**Conservation Easement Remainder Sale
SALE 9 – CONS**



Property Identification

| | |
|------------------------|---|
| Record ID | 4076 |
| Property Type | Agricultural, Conservation Easement |
| Address | Okeechobee, Okeechobee County, Florida |
| Location | Three miles northeast of Micco Road, approximately 9-miles north of US Highway 98 |
| Tax ID | 1-15-34-32-0A00-00001-0000 * |
| S/T/R | 8,9,10,15,16 & 17-34-32 |
| Site Inspection | September 2013 |
| Property Type | Limited grazing and recreation |

Sale Data

| | |
|---------------------------|---|
| Grantor | Little Ranch, LLC |
| Grantee | L & M Livestock, LLC |
| Sale Date | April 25, 2013 |
| Deed Book/Page | 730/136 |
| Property Rights | Less than fee |
| Conditions of Sale | Arm's Length |
| Financing | Cash to seller |
| Sale History | No Arm's Length transactions within the last five years |
| Instrument | Warranty Deed |
| Verification | Ricardo Fraga/Little ranch, LLC; (352) 338-9500, August 30, 2013; Confirmed by Kevin D. Manrique |

| | |
|----------------------------|--|
| Sale Price | \$1,300,000 |
| Cash Equivalent | \$1,300,000 |
| Downward Adjustment | <u>(\$50,000)</u> 8.32 Acres Unencumbered and Structures |
| Adjusted Price | \$1,250,000 |

Land Data

| | |
|-------------------------------|---|
| Zoning | Agricultural, Agricultural |
| Topography | Oak & cabbage hammocks, prairie, pines & wetlands |
| Utilities | Electricity & telephone |
| Shape | Rectangular |
| FLUM | Agricultural |
| Highest & Best Use | Passive grazing & recreation |
| Encumbrances | Encumbered by a WRP Easement |

Land Size Information

| | |
|-----------------------------|---|
| Gross Land Size | 1,296.713 Acres or 56,485,994 SF |
| Useable Land Size | 972.535 Acres or 42,363,614 SF , 75.00% |
| Encumbered Land Size | 1,288.392 Acres or 56,122,356 SF , 75.00% |
| Front Footage | Unpaved easements |

Indicators

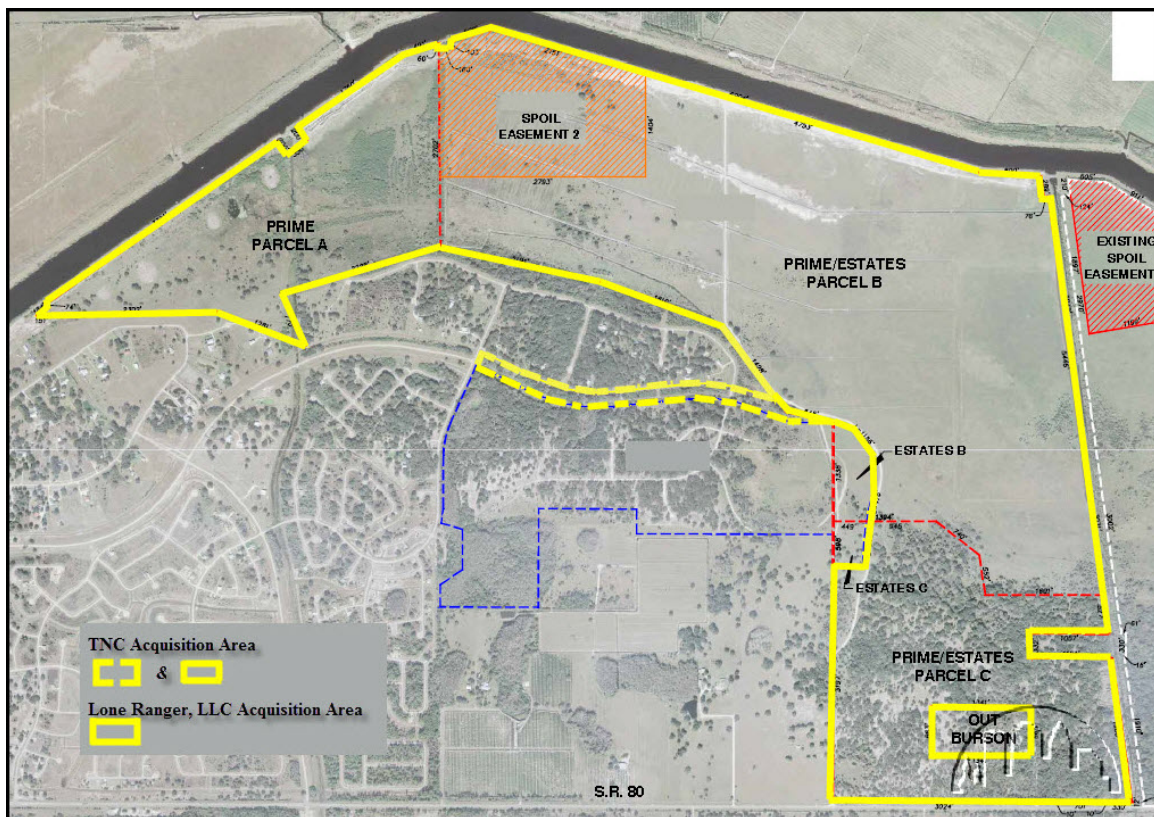
| | |
|----------------------------------|----------------|
| Sale Price/Gross Acre | \$1,003 |
| Sale Price/Useable Acre | \$1,337 |
| Adj Price/Encumbered Acre | \$970 Adjusted |

Remarks

At the time of sale, the property was encumbered by a WRP easement, which essentially limited the use of the property to hunting, passive recreation uses, and mining as long as the mining or drilling activities are outside the easement area. Cattle grazing is specifically prohibited within the easement area, but some buyers have been successful in applying for a 5-year license to graze cattle based upon NRCS's acceptance of a proposed cattle grazing management plan. This easement excluded two areas totaling 8.321 acres of the property, in area in the southwest corner of the property where there are existing improvements are located.

This property is located in a rural agricultural area in Northwest Okeechobee County. The property is accessed from the end of Micco Bluff Road, via a series of private graded road easements that connect to the southwest corner of this property. The natural slope of this property is downward from east to west towards the Kissimmee River. The property is a mixture of oak & cabbage hammocks, palmetto prairies, approximately 40 acres of planted pine trees, approximately 50 acres of hay fields, improved and semi-improved pasture land, and seasonally wet depressions. The property is approximately 75% probable uplands and 25% potential jurisdictional wetlands. There are a number of buildings and structures on this property, all of which are within a specific described envelope that is unencumbered by the easement. The improvements include a 1,512 square foot frame house with an attached screen porch, a 2,266 square foot double wide mobile home built in 2003 with an attached deck, open porch, and carport, a 3,024 square foot barn built in 2004, a 2,520 square foot barn built in 2004, and several metal sheds of 88, 126, and 300 square feet. Additional Tax No. 1-16-34-32-0A00-00001-A000.

**Conservation Easement Remainder Sale
SALE 10 – CONS**



Property Identification

| | |
|------------------------|--|
| Record ID | 3897 |
| Property Type | Agricultural Land, Conservation Easement |
| Property Name | American Prime |
| Address | LaBelle, Glades County, Florida |
| Location | North side of State Road 80, south side of Caloosahatchee River, east of State Road 29 |
| Tax ID | A29-42-30-A00-002B-0000; A33-42-30-A02-001B-0000 * |
| S/T/R | 25-42-29 & 28,29,30,32 & 33-42-30 |
| Site Inspection | November 2011, June 2012 |
| Property Type | Cattle Grazing |

Sale Data

| | |
|---------------------------|--|
| Grantor | The Nature Conservancy |
| Grantee | Lone Ranger, LLC |
| Sale Date | May 16, 2012 |
| Deed Book/Page | 301/415 * |
| Property Rights | Less than Fee |
| Conditions of Sale | Arm's Length |
| Financing | Cash to seller |
| Sale History | Purchased by TNC from Lender May 8 & 10, 2 |
| Instrument | Special Warranty Deed |

| | |
|----------------------------|---|
| Verification | Angela Klug/TNC; (407) 682-3664, May 01, 2012; Confirmed by Kevin D. Manrique |
| Sale Price | \$1,506,400 |
| Cash Equivalent | \$1,506,400 |
| Downward Adjustment | \$50,000 21.65 Acres Unencumbered |
| Adjusted Price | \$1,456,400 |

Land Data

| | |
|-------------------------------|---|
| Zoning | OUPF, OUA & RS |
| Topography | Generally level, pasture, native woods and depressional areas & wetlands. |
| Utilities | Electricity and telephone |
| Shape | Irregular |
| FLUM | American Prime, Residential and Institutional |
| Highest & Best Use | Agriculture and recreation |
| Encumbrances | WRP Easement and Panther Easement |

Land Size Information

| | |
|-----------------------------|---|
| Gross Land Size | 1,278.540 Acres or 55,693,202 SF |
| Uplands Land Size | 988.690 Acres or 43,067,336 SF , 77.33% |
| Wetlands Land Size | 289.850 Acres or 12,625,866 SF , 22.67% |
| Encumbered Land Size | 1,256.890 Acres or 54,750,128 SF , 98.31% |
| Front Footage | 3,251 ft SR 80;14,530 ft Caloosahatchee River |

Indicators

| | |
|----------------------------------|---------|
| Sale Price/Gross Acre | \$1,178 |
| Sale Price/Uplands Acre | \$1,524 |
| Adj Price/Encumbered Acre | \$1,159 |

Remarks

This is a Remainder sale of a 1,256.89 acre tract located on the north side of State Road 80 and the south side of the Caloosahatchee River, east of State Road 80, in the LaBelle area of Glades County. The property was purchased in full fee and a WRP easement was placed on the property (Parcels A & C) between May 8 and May 10, 2012 for a total of \$6,650,100 or \$5,201/acre based upon the total acreage being 1,278.54 (OR Book/Pages: 301/391 & 301-372). The property was purchased from a lender who had taken back the property by means of foreclosure. The property had previously been under contract in May 2011 for \$8,500,000 (\$5,556/acre) based upon a larger size of 1,530 that included additional lands adjacent and west of the sale property (Estates of Port LaBelle). This contract expired and negotiations continued the following year. In May 2012 a WRP Easement was purchased from the seller by the USA and the remaining interests and unencumbered lands were purchased by TNC. This was a public and private acquisition that included The Nature Conservancy (TNC) in partnership with U.S. Fish and Wildlife Service (USFWS), the Department of Agriculture's Natural Resources Conservation Service (NRCS), The National Fish and Wildlife Foundation (NFWF), Wal-mart, the U.S. Army Corps of Engineers and others.

Approximately 21.65 acres of the full fee acquisition was retained by TNC and not encumbered by the WRP easement. The Remainder acquisition occurred on May 16, 2012 and also incorporated a Reserve Conservation Easement to protect the Florida Panther. The rights acquired by Lone Ranger, LLC represent a Remainder Interest on a total of 1,256.89 acres encumbered by two perpetual conservation

easements a WRP Easement located within what is identified as Parcels A and C and a Reserve Conservation Easement (Panther Easement) located within Parcel B.

The WRP Easement encumbers a total of 435 acres (Parcels A&C) and aims to restore, protect, manage, maintain and enhance the function values of wetlands and other lands for conservations. The land owner rights include right to convey, transfer and alienate title; quiet enjoyment; control of access; recreational uses, subsurface rights; water uses and water rights. Prohibitions include: Haying, mowing, or seed harvesting; altering of grassland, woodland, wildlife habitat; dumping refuse; harvesting wood products, draining, dredging; building placing or allowing structures; planting or harvesting any crop; grazing or allowing livestock; developed recreations. It should be noted that the NRCS does allow periodic haying and grazing, and managed timber harvest, as the purchaser tends to graze cattle within the tract.

The Reserved Conservation Easement (Panther Easement) encumbers a total of 821.89 acres (Parcel B) and preserves significant wildlife, fish and plant habitat, including the Florida Panther, and significant scenic and open space values. The protected property is reported to include forested uplands, pasture, forested and herbaceous wetlands, and river frontage and river banks which provide habitat for the Florida Panther. The easement allows the Conservancy the right of entry, to preserve, protect and sustain the biological resources and Conservation Values of the property; enforce the terms and restrictions of the easement. Prohibited Uses include: division, partitioning or subdivision; construction, reconstruction or placement of any road, trails, sign billboard or other advertising, utilities or any other buildings; dumping, removal of trees shrubs, or other vegetation; excavation, dredging, or removal of loam, peat, gravel, soils, rock or other material; mineral exploration; alteration to the general topography; planting of exotic plants; commercial or industrial uses; use of biocides; operation of dune buggies or ATV's; Cars, trucks, ATV's and farm ranch equipment are not considered as recreational vehicles when used for agricultural purposes. The Purchaser (Land Owner) is permitted to the right to remove spoil dredged from the Caloosahatchee River and deposited on the property to restore pasture or native vegetation; right to maintain historical drainage; right to hunt, fish, and recreate; right to graze cattle, horses and other livestock; right to use, maintain and repair existing roads, trails and firebreaks; right to accepted fertilizers, pesticides and herbicides in limited quantities and right to install and maintain fencing for agricultural uses.

The buyer of the Remainder, Lone Ranger, LLC owns lands located adjacent to the east of this parcel with the intent of expanding his cattle operation.

*Additional Tax Nos. A32-42-30-A00-006A-0000; A29-42-30-A00-0020-0000; A28-42-30-A00-003B-0000; A33-42-30-A02-001B-0020 & A30-42-30-A00-0010-0000

**Additional Deeds: 301/394 & 301-399

Sales Map



Sales Grid

| | LAND SALE 7 - CONS | LAND SALE 8 - CONS | LAND SALE 9 - CONS | LAND SALE 10 - CONS |
|------------------------------|------------------------------------|--|---|------------------------------------|
| Ref No. | 3894 | 4291 | 4076 | 3897 |
| Location | SR 29 & SR 80 LaBelle, FL 33935 | South Bay Lake Road Groveland, FL 34736 | N/o Micco Road Okkeechobee, FL 34972 | SR 80 & SR 29 LaBelle, FL 33935 |
| County | Hendry County | Lake County | Okkeechobee County | Hendry County |
| Buyer | SPP Land LLC | George L. Southworth TRE | L & M Livestock, LLC | Lone Ranger, LLC |
| Seller | Farm Credit of Cent FL | Marshall B. Partin | Little Ranch, LLC | The Nature Conservancy |
| OR Book/Page | 874/509 | 4484/1486 | 730/136 | 301/415 |
| Land Size (Encumbered Acres) | 3,018.00 acres | 917.00 acres | 1,288.39 acres | 1,256.89 acres |
| Encumbrances | Perpetual Easement | PCE & LA LPA easements | WRP Easement | WRP & Panther Easement |
| Highest & Best Use | Hold for SFR Development | Hold for SFR Development | Grazing and recreation | Grazing and recreation |
| Zoning | A-2 | A | Agriculture | OUPF, OUA & RS |
| Future Land Use | Agriculture | Rural Conservation | Agricultural | American Prime, Res, Inst |
| Sale Date | February 19, 2014 | May 15, 2014 | April 25, 2013 | May 16, 2012 |
| Transaction Price | \$4,466,000 | \$1,100,000 | \$1,300,000 | \$1,506,400 |
| Less Fee Simple Land Value | <u>(\$300,000)</u> | <u>(\$96,000)</u> | <u>(\$50,000)</u> | <u>(\$50,000)</u> |
| Adjusted Transaction Price | \$4,166,000 | \$1,004,000 | \$1,250,000 | \$1,456,400 |

ELEMENTS OF COMPARISON

| | | | | |
|--------------------|----------------------|----------------------|----------------------|----------------------|
| Property Rights | Less Than Fee Simple | Less Than Fee Simple | Less Than Fee Simple | Less Than Fee Simple |
| Financing | Cash to seller | Cash to seller | Cash to seller | Cash to seller |
| Conditions of Sale | Arm's Length | Arm's Length | Arm's Length | Arm's Length |
| Date of Sale | Similar | Similar | Similar | Similar |

NORMALIZED UNITS OF COMPARISON

| | | | | |
|---------------------------|------------------|------------------|----------------|------------------|
| Price per Encumbered Acre | \$1,380 per acre | \$1,095 per acre | \$970 per acre | \$1,159 per acre |
|---------------------------|------------------|------------------|----------------|------------------|

ADJUSTMENTS

| | | | | |
|------------------------|----------|----------|----------|----------|
| Location | Inferior | Inferior | Inferior | Inferior |
| Land Size | Inferior | Similar | Inferior | Inferior |
| Frontage/Accessibility | Superior | Superior | Inferior | Superior |
| Topography | Superior | Superior | Inferior | Superior |
| Utilities | Similar | Similar | Similar | Similar |
| Accessibility | Similar | Similar | Similar | Similar |
| Zoning/Land Use | Similar | Similar | Similar | Similar |
| Overall Comparability | Similar | Inferior | Inferior | Similar |

Units of Comparison

The most common unit of comparison in this submarket is price per encumbered acre. This is the unit of comparison is used in this section of the report.

Elements of Comparison

These are remainder parcels that are encumbered by Perpetual Conservation Easements where the development rights have been sold off and many of the uses are restricted. Therefore, these properties have very restricted utility similar to those areas of the subject property.

Property Rights Conveyed

Comparable Sales 7, 8, 9, and 10 were encumbered by conservation easements at the time of sale. The property rights purchased in each case were less than Fee Simple.

The conservation easement encumbrance on a portion of the subject property represent similar property rights. No adjustment is necessary for comparison.

Financing

In each case, the sellers received cash with no seller financing or unusual terms indicated. All of the sales are considered to be cash equivalent transactions.

Conditions of Sale

All sales were confirmed to be representative of arm's length transactions. No adjustments for unusual conditions of sale are necessary.

Market Conditions

The market for these types of properties has been relatively stable in recent years and no adjustments for changes in market conditions are quantifiable.

Having discussed the first four elements of comparison that are unique to each of the comparable sales, we will now compare the properties to the subject.

Location

The locations of all four sales are considered to be rural and somewhat inferior to that of the subject. Slight upward adjustments for inferior location have been considered in reconciling these sales.

Land size

The portion of the subject property that is encumbered by conservation easement is 548.46 acres. Three of the four comparable sales are larger than 1,000 acres. In the market, we find that per-acre prices on larger parcels trend lower than those on smaller parcels due, in part, to economies of scale. This effect is less apparent on tracts of land over 1,000 acres.

Frontage/Accessibility

The portion of the subject property encumbered by easement is in the rear of the property with minimal direct access via Orange Blossom Boulevard and Nasturtum Drive. Sales 7, 8 and 10 have superior road frontage and access. Sale 9 has inferior access.

Topography

The topography of the subject and all four comparable sales is similar in that it is covered in vegetation with significant wetland ecosystems. No adjustments are warranted in comparing the topography of each of the sales with the subject property.

Utilities

Similar to access, utilities are not needed for these types of uses. No adjustments are considered.

Zoning/Land Use

Based on the fact that these are sales of remainder parcels that are basically stripped of development potential, no adjustments for zoning or land use entitlements are necessary.

Overall Comparability

The adjusted price per acre indicated by Conservation Easement Remainder Sales 7 through 10 ranges from \$970 per acre to \$1,380 per acre. The midpoint is \$1,175 per acre and the mean is \$1,151 per acre. A standard deviation of \$172 per acre and the Coefficient of Variance is 14.9% indicate a relative correlation in the data. Considering all factors affecting market value and placing greater emphasis on the more proximate sales, we have reconciled to the upper end of the range. It is our opinion that the market value of the portions of the subject property encumbered by conservation easement is \$1,300 per acre. The highest and best use of this portion of the property represented by passive recreation.

Conservation Land Value**\$1,300 per encumbered acre**

Since we are attempting to determine the cost of creating a reservoir, the value of the land has been estimated under the hypothetical condition that the land is raw and unmined, so that the cost of developing the pit on a mining site can be accurately built up. For this analysis, all 655.56 acres are considered to be useable acres required for the 12,000 acre-foot reservoir. The remaining 548.46 acres of the property are encumbered by a Perpetual Conservation Easement with very limited uses and thus have been valued that way.

Reservoir Area

| | |
|--|--------------|
| 655.56 useable acres x \$24,000 per useable acre | \$15,733,440 |
|--|--------------|

Area Encumbered by Perpetual Conservation Easements

| | |
|---------------------------------|-----------|
| 548.46 acres x \$1,300 per acre | \$712,998 |
|---------------------------------|-----------|

Reservoir Land Value**\$16,446,438****Rounded****\$16,450,000***

*This value estimate is representative of land value for the subject mining property under the hypothetical condition that there currently no mining pits on the property. The mining pits represent an improvement to the property required for the storage of 12,000 acre-feet on 655.56 acres.

Replacement Cost New

The next step in the Cost Approach is to estimate the Cost of creating the water storage reservoir. This property involves the construction of the 576.91-acre water storage reservoir on the vacant mining land. The estimation of Reproduction Cost New can be either extremely complex and very detailed or very simplistic. Without the assistance of engineers, geologists, or operators involved in mining operations, we have opted to present this approach as simply as possible using two alternative methods.

Within the more simplified estimate of costs, we know that these costs consist of excavating millions of cubic yards of material (both overburden and limerock), drilling, stockpiling, and transportation of materials, dewatering to include ditches, canals, and pumping along with other indirect costs as well as any required reclamation. The development of a ground-level reservoir that could accommodate 12,000 acre-feet of storage would require the removal of 19,360,000 cubic yards of aggregate materials (12,000 feet x 43,560 feet ÷ 27 feet).

From a review of historic financial records of subject mining operations, historical excavation costs have averaged \$4.45 per ton. Based upon the density of the rock in this location, that is equivalent to a \$3.42 per cubic yard cost (\$4.45/1.3) of excavation to reproduce the subject reservoir. If one were to build a substitute below-grade reservoir, these costs would be incurred in development.

As a "check of the reasonableness" of the historical costs associated with completing this reservoir and preparing it for use and occupancy as a water storage reservoir, we have researched the marketplace for additional support of excavation costs, as well as comparable costs for reservoirs. The data we have gathered from the marketplace is briefly summarized in the following grid:

| Cost Comparable | Name | Location | Mineable Acreage | Historic Excavation Costs |
|-----------------|--------------------------|-------------------|------------------|---------------------------|
| Subject | Southwest Aggregates | Charlotte County | 656 acres | \$3.42 per cy |
| 1 | Lake Point Restoration | Martin County | 985 acres | \$2.94 per cy |
| 2 | Bonita Grande Aggregates | Lee County | 898 acres | \$3.46 per cy |
| 3 | Palm Beach Aggregates | Palm Beach County | 942 acres | \$3.62 per cy |
| 4 | Anderson Columbia | Lake County | 357 acres | \$3.72 per cy |
| 5 | Kirby Mine | Lake County | 302 acres | \$3.58 per cy |
| 6 | Atlantic Civic | Miami Dade County | 250 acres | \$4.02 per cy |
| 7 | Harmon Bros. | Collier County | 115 acres | \$3.50 per cy |

Based upon market evidence, the excavation costs range from a low of \$2.94 per cubic yard to a high of \$4.02 per cubic yard. The mean of all comparable excavation costs is \$3.53 per cubic yard. In our opinion, excavation costs at \$3.50 per cubic yard would be considered reasonable and supportable. Using this unit of cost would indicate a total replacement cost as follows:

| | |
|-------------------------------------|---------------------|
| Total reservoir capacity | 12,000 acre-feet |
| Total cubic yards to be excavated | 19,360,000 |
| Excavation cost per cubic yard | <u>\$3.50</u> |
| Total cost of excavation | \$67,760,000 |
| Plus: 15% entrepreneurial incentive | \$10,164,000 |
| Less: depreciation from all sources | <u>(\$0)</u> |
| Total Cost to Construct | <u>\$77,924,000</u> |
| Cost Per Acre-foot | \$6,493/ac-ft |

As an "ancillary or alternative" method of estimating Replacement Cost New, we have researched the marketplace with respect to development costs associated with other reservoirs excluding any land values. A brief summary of costs is shown on the following grid.

| Project | Central Lakebelt | North Lakebelt | L-8 (Alternative) | Tampa Bay Water |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| County | Dade County | Dade County | Palm Beach County | Hillsborough County |
| Total Site Size | 5,770 acres | 5,120 acres | 4,240 acres | 5,232 acres |
| Reservoir Size | 5,200 acres | 4,500 acres | 3,994 acres | 980 acres |
| (Est.) Depth | 8' - 36' | 12' - 20' | 10' | 50± |
| Storage Capacity | 169,280 ac-ft | 80,000 ac-ft | 39,848 ac-ft | 48,000 ac-ft |
| Total Cost | \$395,677,000 | \$381,193,000 | \$126,936,000 | \$130,800,000 |
| Cost per Ac-Ft | \$2,337 per ac-ft | \$4,765 per ac-ft | \$3,186 per ac-ft | \$2,725 per ac-ft |
| Time Adjustment | x 1.49 | x 1.49 | x 1.38 | x 1.44 |
| Adjusted Cost \$ Ac-Ft | \$3,483 per ac-ft | \$7,100 per ac-ft | \$4,396 per ac-ft | \$3,924 per ac-ft |

Central Lakebelt - These costs reflect those estimated by the U.S. Army Corps of Engineers (USACOE). The total water storage capacity per acre/feet was based upon a reservoir area of 4,560 acres at a depth of 36' and a STA area of 640 acres at a depth of 8'. It has been adjusted for time based upon the consumer price index.

North Lakebelt - Again, these costs were estimated by the USACOE in April 1999 and have been adjusted for time. The total water storage capacity per acre/feet was based upon a reservoir area of 3,250 acres at a depth of 20' and a STA area of 1,250 acres at a depth of 12'.

L-8 Alternative - This is a cost estimate provided by the South Florida Water Management District. Since it includes the costs of pumps and spillways, we have left these costs in the other cost comparables and not made any deduction for same. This cost estimate also accounts for wetland mitigation, seepage control/liner and distance to inflow/discharge.

Tampa Bay Water - This appraiser worked with Tampa Bay Water and the Southwest Florida Water Management District on this project in the past. The acreage was acquired under both friendly acquisition, as well as through eminent domain

proceedings. The proposed costs of creating the reservoir were obtained from Mr. Ed Copeland of HDR Engineering, Inc. that had worked on the project for the District and Tampa Bay Water. A breakdown of the costs, excluding any land value, is as follows:

| | |
|----------------------------------|----------------------|
| Construction Contract | \$86,300,000 |
| Pipeline Construction Contract | \$16,500,000 |
| Design, Engineering & Permitting | \$16,000,000 |
| Construction Management Contract | \$9,000,000 |
| Easements Acquisitions | \$3,000,000 |
| Total | <u>\$130,800,000</u> |

In conclusion, these comparable reservoir costs ranged from a low of \$3,483 per acre-foot to a high of \$7,100 per acre-foot, again all excluding any land value. The estimated replacement cost for the subject is \$6,776 per acre-foot. Although it is within the indicated range, it appears to be higher than most of the other comparable projects. In further support of the costs of excavation, that also includes soil-bentonite liners and spillways, we have observed historical costs in the Denver area to be in the range of \$2,400 to \$4,500 per acre-foot with the median being \$3,200 per acre-foot. All things considered, the cost of excavation for 12,000 acre-feet of water storage at the subject property is estimated to be approximately \$4,000 per acre-foot.

We have estimated approximately 19.36 million cubic yards of fill would need to be removed. Any income offset for selling dirt as fill should be deducted. At a price of \$4.50 per cubic yard with expenses of \$3.50 per cubic yard a profit of \$1.00 per cubic yard is indicated. Assuming five years to sellout the fill at a discount rate previously established (10.75%) indicates profit of \$14.4 million.

| | |
|---|----------------------------|
| Water Storage Capacity | 12,000 acre-feet |
| Estimated Unit Cost | <u>\$4,000 per ac-ft</u> |
| Total Cost of Excavation | \$48,000,000 |
| Plus: Contributory Value of the Land | \$16,450,000 |
| Less: Profits from sale of fill dirt | <u>(\$14,400,000)</u> |
| Value Estimate via the Cost Approach | <u>\$50,050,000</u> |
| Value Estimate per Acre-Foot | \$4,171/ac-ft |

LEVEE (ABOVE GROUND LEVEE METHOD)

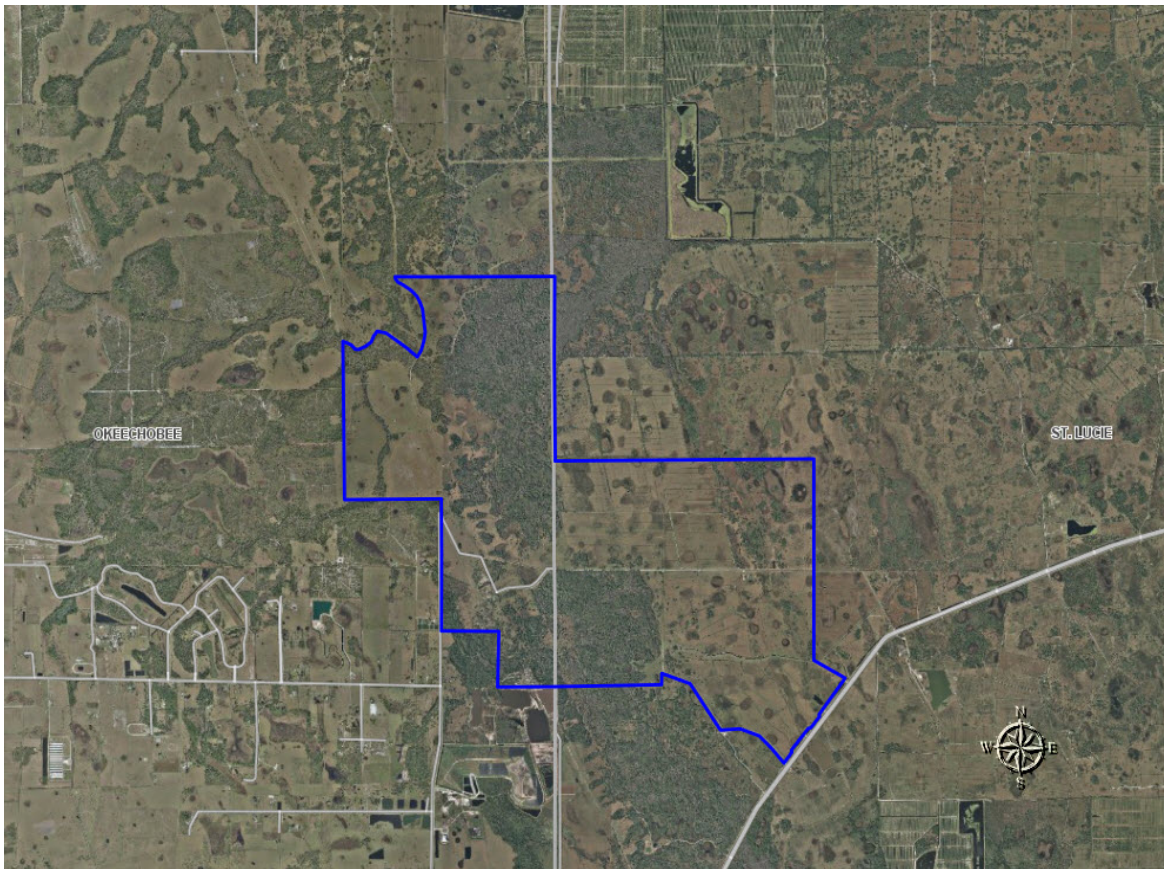
An alternative method of creating areas for water storage is being used by the South Florida Water Management District. There is a need for water storage in and around the area of Lake Okeechobee to prevent algae blooms in the lake. The Water Management District has been seeking lands on which to store storm water prior to entering the lake and everglades systems. Levees and earthen dams are created to store excess water on agricultural acreage. As support for agricultural land values of this acreage, the following five sales have been offered. While the comparable sales analysis supporting land value is found here in the Sales Comparison Approach, the cost analysis is found in the Cost Approach section later in the report.

Although this method may cost much less to construct, a far greater land area is required since the average storage area depth is around three (3) feet. The amount of land needed to store 12,000 acre-feet of water, three feet deep, would be 4,000 acres. Add to this additional land area needed to build the levees, roads and perimeter buffers, approximately 10% more, and the total land area needed to accommodate 12,000 acre-feet would be 4,400 acres.

Agricultural Land Sales

These levee projects around Lake Okeechobee are not located on mining land but rather much less expensive agricultural acreage. In this section of the report, five sales of large agricultural tracts are presented as an indication of what this type of land would cost. Sales datasheets begin on the following page.

**Agricultural Land Sale
SALE 11 – AGRI**



Property Identification

| | |
|----------------------|---|
| Property Type | Agricultural/Ranch |
| Address | Okeechobee & Saint Lucie Counties, Florida |
| Location | Northwest side of State Road 70, approximately 3.75 miles east of the Saint Lucie/ Okeechobee County Line |
| Tax ID | See Remarks |
| S/T/R | All or portions of Section 25, 26, 35 and 36, Township 35 South, Range 36 East, Section 1 and 12, Township 36 South, Range 36 East, Okeechobee County, Florida Sections 4, 5, 6, 7, 8, 9, 16 and 17, Township 36 South, Range 37 East, saint Lucie County, Florida |
| Present Use | Cattle ranch & hunting |

Sale Data

| | |
|------------------------|---|
| Grantor | Sunbreak Farms Smith, LLC |
| Grantee | Cow Creek Ranch Land, LLC |
| Sale Date | November 8, 2016 |
| Deed Book/Page | 3931/1628 (St. Lucie County) 782/604 (Okeechobee County) |
| Property Rights | Fee Simple |

| | |
|-------------------------------|--|
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Sale History | See Remarks |
| Instrument | Special Warranty Deed |
| Verification | Brian Beasley; Broker (863)648-1528; Confirmed by Kyle A. Catlett |
| | |
| Sale Price | \$22,062,300 |
| Cash Equivalent | \$22,062,300 |
| | |
| Land Data | |
| Zoning | Agriculture (Okeechobee County) & Agriculture-5 (St. Lucie County) |
| Utilities | Well & Septic System. Electric & telephone provided by local provider. |
| Improvements | Three small farm worker residences and a 1,217-square foot concrete block bunk house with metal roof. A 9,100-square foot prefabricated steel barn. |
| Shape | Irregular |
| Highest & Best Use | Continued operation as cattle ranch/ recreational uses |
| Encumbrances | There are several easements listed on the acquiring deed and are as follows: <ul style="list-style-type: none"> • FP&L right of way, Deed Book 74, Page 298 St Lucie County • Reservations contained in Deed given by State of Florida Board of Education, Deed Book 109, Page 336, St Lucie County • Pipeline easement to Florida Southeast Connection dated September 18, 2015, OR Book 765, Page 93, Okeechobee County • Cross Access Easement and Maintenance Easement between HCG Smith Ranch recorded August 1, 2016, OR Book 778, Page 379, Okeechobee County • Declaration of Joint Easement of Recognition of Historic flows recorded August 1, 2016, OR Book 778, Page 399, Okeechobee County • Drainage Easement recorded in OR Book 1883, Page 1778, St Lucie County • FP&L Easement recorded in OR Book 1954, Page 891, St Lucie County • Subject to the rights of others to use drainage ditches on the land as currently laid out and in use |
| | |
| Land Size Information | |
| Gross Land Size | 6,784.77 Acres |
| Upland Land Size | 4,749.34 Acres, 70% |
| Wetland Land Size | 592.26 Acres, 30% |
| | |
| Indicators | |
| Sale Price/Gross Acre | \$3,252 |
| Sale Price/Upland Acre | \$4,645 |

Remarks

This property previously sold as a three-property portfolio package on October 22, 2015 for a total of \$67,985,000. The three properties within the portfolio were the Cloud Grove Ranch, the Ginn Ranch and the Smith Ranch. The buyer of the portfolio package, Metropolitan Life Insurance Company was only interested in the Cloud Grove Ranch and subsequently listed the other two with Dean Saunders. The Smith Ranch was sold in a north and south parcel to two separate buyers. This comparable sale represents the sale of the southern parcel of the Smith Ranch. Sale 2 represents the northern portion of the Smith Ranch. The broker mentioned that the pastures were in good shape and had been well maintained.

Improvements to the property including 8-foot-tall perimeter fencing and cross fencing, cow pens, three small workers residences, a bunk house and metal barn.

Parcel Identification Numbers:

Saint Lucie County: 3108-111-0002-000-5

3104-211-0001-000-3

3106-111-0001-000-2

Okeechobee County: 1-26-35-36-0A00-0001-0000

1-25-35-36-0A00-00001-0000

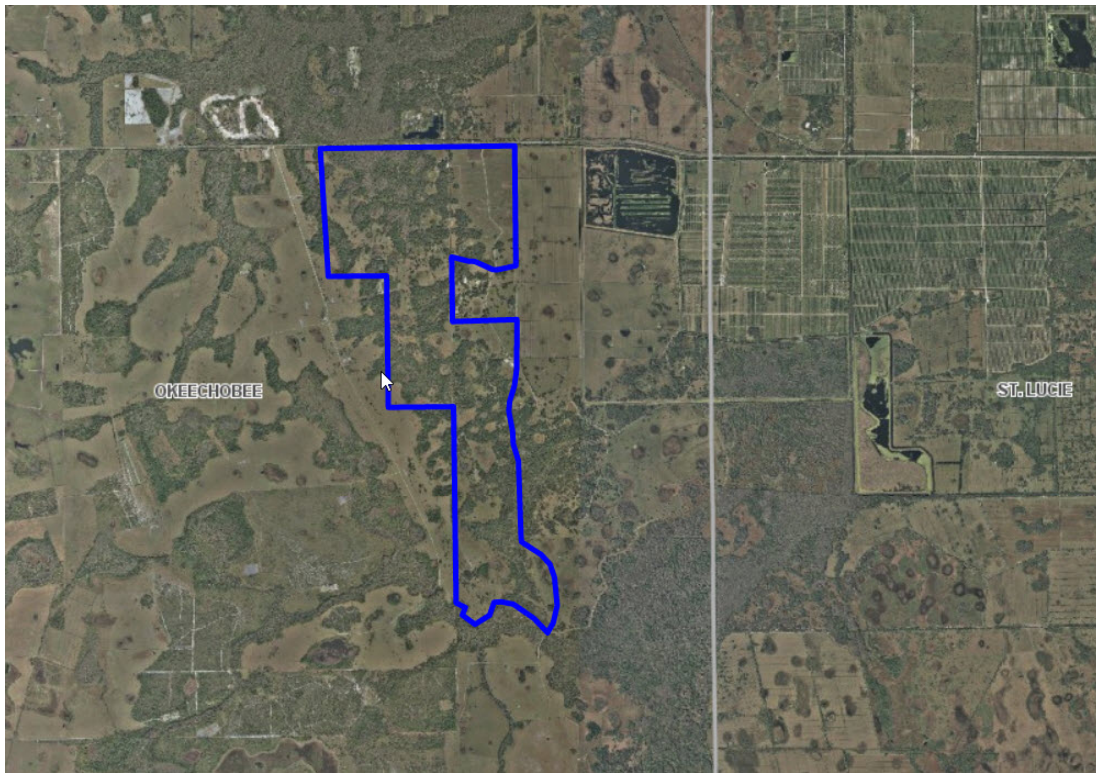
1-35-35-36-0A00-00001-0000

1-36-35-36-0A00-00001-0000

1-01-36-36-0A00-00001-0000

1-12-36-36-0A00-00001-0000

**Agricultural Land Sale
SALE 12 – AGRI**



Property Identification

| | |
|----------------------|---|
| Property Type | Agricultural/Ranch |
| Address | 11124 NE 224th Street, Okeechobee County, Florida |
| Location | South side of 224th Street, east and west sides of Tripples Ranch Road, 1.6 miles west of St. Lucie County Line |
| Tax ID | 1-10-35-36-0A00-00001-A000 |
| S/T/R | 10/35/36 |
| Present Use | Cattle ranch, hay sales, hunting |

Sale Data

| | |
|---------------------------|---|
| Grantor | Sunbreak Farms Smith, LLC |
| Grantee | HCG Smith Ranch, LLC |
| Sale Date | July 22, 2016 |
| Deed Book/Page | 778/374 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Sale History | See Remarks |
| Instrument | Special Warranty Deed |
| Verification | Brian Beasley; Broker (863)648-1528; Confirmed by Kyle A. Catlett |
| Sale Price | \$8,291,600 |
| Less: Improvements | <u>(\$270,000)</u> |
| Adjusted Price | \$8,021,600 |

Land Data

| | |
|-------------------------------|--|
| Zoning | A, Agriculture |
| Utilities | Electric, telephone available from local provider. Improvements utilize well and septic system |
| Shape | Irregular |
| Highest & Best Use | Continued operation as cattle ranch |
| Encumbrances | |

Land Size Information

| | |
|---------------------------|--|
| Gross Land Size | 1,974.190 Acres or 85,995,716 SF |
| Useable Land Size | 1,381.930 Acres or 60,196,871 SF, 70.00% |
| Unusable Land Size | 592.260 Acres or 25,798,846 SF, 30.00% |
| Front Footage | 5280 ft Total Frontage: 3960 ft NE 224th Street; 1320 ft Tripples Ranch Road |

Indicators

| | |
|--------------------------------|------------------------------------|
| Sale Price/Gross Acre | \$4,200 Actual or \$4,063 Adjusted |
| Sale Price/Useable Acre | \$6,000 Actual or \$5,805 Adjusted |

Remarks

This is a very irregular shaped parcel that has more depth than frontage. It has scattered cleared improved and semi-improved pasturelands. There are also wooded pasturelands, upland hardwoods, a small reservoir of 3.51 acres along with bay swamp, cypress/cypress domes and freshwater marshes. Soil types are predominantly Basinger fine sands, Wabasso fine sands and Riviera fine soils in the uplands areas. There were various ranch improvements including two story lodge, enclosed storage with restrooms, mobile home, equipment barn and cow pens. Additionally, there is 8-foot-high perimeter fencing and cross fencing. Furthermore, there was exotic game located on the property to include Axis deer and Red deer and was considered to have some contributory value to the sale price. Overall, the lodge and exotic game have a Contributory Value of \$270,000 that has been deducted from the sale price. There was a cattle lease in place as well as hay sales and hunting lease.

This property previously sold as a three-property portfolio package on October 22, 2015 for a total of \$67,985,000. The three properties within the portfolio were the Cloud Grove Ranch, the Ginn Ranch and the Smith Ranch. The buyer of the portfolio package, Metropolitan Life Insurance Company was only interested in the Cloud Grove Ranch and subsequently listed the other two with Dean Saunders. The Smith Ranch was sold in a north and south parcel to two separate buyers. This comparable sale represents the sale of the northern parcel of the Smith Ranch. Sale 1 represents the southern portion of the Smith Ranch. The buyer of this property owns adjacent agricultural lands along the north side of NW 240th Street in the area.

**Agricultural Land Sale
SALE 13 – AGRI**



Property Identification

| | |
|----------------------|---|
| Property Type | Agricultural/Ranch |
| Address | 10280 Curtis Road, Myakka City, Manatee County, Florida 34251 |
| Location | Northwest side of Curtis Road |
| Tax ID | 86700109 |
| S/T/R | 2/36/22 |
| Present Use | Agriculture/Recreation |

Sale Data

| | |
|---------------------------|--|
| Grantor | Betty L. Valenti et al |
| Grantee | Team Pentecost, LLC |
| Sale Date | January 15, 2016 |
| Deed Book/Page | 2450/4325 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Sale History | No arm's length sales in last 3 years. |
| Instrument | Special Warranty Deed |
| Verification | Bill Eschenbaugh, Broker; Confirmed by Kyle A. Catlett |
| Sale Price | \$6,842,500 |
| Cash Equivalent | \$6,842,500 |
| Less: Improvements | <u>(\$100,000)</u> |

Adjusted Price \$6,742,500

Land Data

Zoning A (1 DU/5 Ac), Agriculture
Topography Generally level
Utilities Well, septic, electric
Shape Irregular
FLUM AG-R, Agricultural-Rural
Highest & Best Use Agricultural uses
Encumbrances None known

Land Size Information

Gross Land Size 1,954.918 Acres or 85,156,228 SF
Uplands Land Size 1,759.430 Acres or 76,640,771 SF , 90.00%

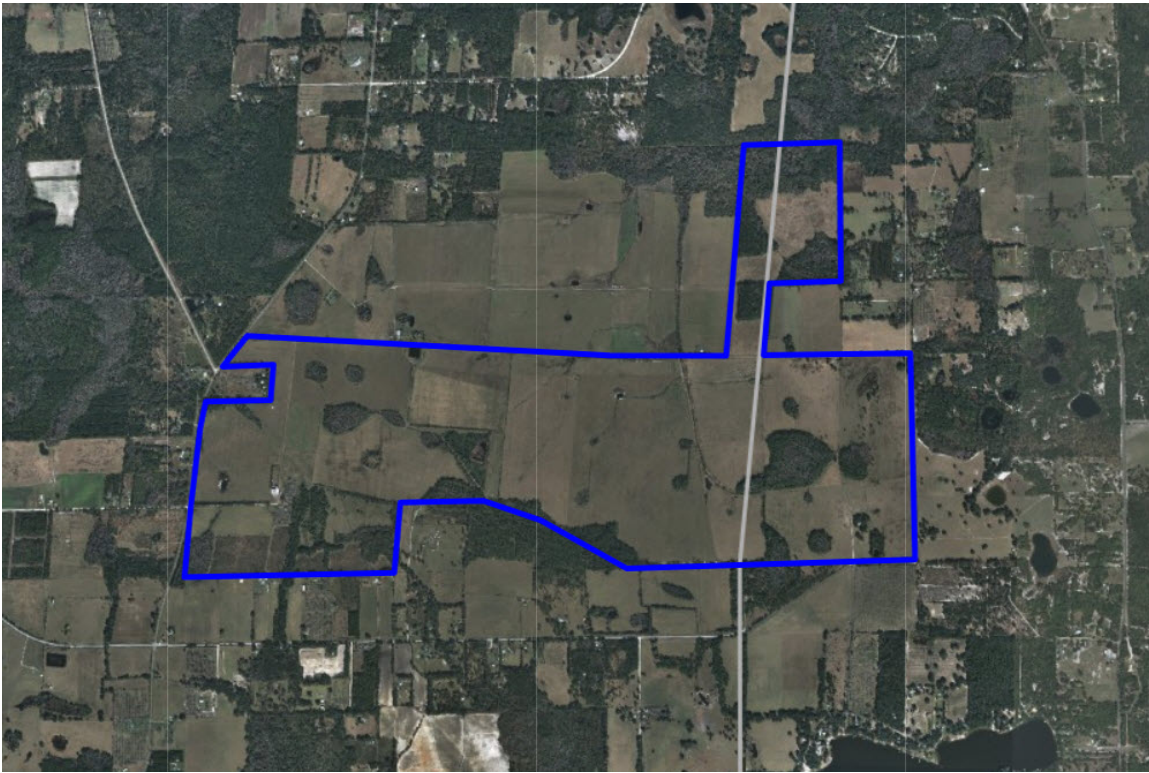
Indicators

Sale Price/Gross Acre \$3,500 Actual or \$3,449 Adjusted
Sale Price/Uplands Acre \$3,889 Actual or \$3,832 Adjusted

Remarks

This is a rectangular shaped parcel comprised of 1,955 acres. The property is improved with a 1,288 square foot 3 bedroom, 2 bathroom residence built in 1999. There are two creeks crossing the property; Owens Creek runs along the southern boundary and Owens Branch Creek runs from the northeast corner to the southwest corner where these two creeks join. This is an active cattle ranch. The improvements have an estimated contributory value of \$100,000.

**Agricultural Land Sale
SALE 14 – AGRI**



Property Identification

| | |
|----------------------|--|
| Property Type | Agricultural/Ranch |
| Address | 1205 NE County Road 219A, Alachua/Putnam County, Florida |
| Location | East side of NE County Road 219A, north of County Road 234 |
| Tax ID | See Remarks |
| Present Use | Cattle ranch |

Sale Data

| | |
|---------------------------|---|
| Grantor | Connie C. Carpenter & Florida Cracker Investments Partnership |
| Grantee | RGS Realty, LLC |
| Sale Date | January 28, 2016 |
| Deed Book/Page | 4406/1990 & 1431/194 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Sale History | No arm's length sales in last 3 years. |
| Instrument | Special Warranty Deed |
| Verification | Connie Carpenter; Confirmed by Frank Catlett, MAI, SRA |
| Sale Price | \$4,850,000 |
| Less: Improvements | <u>(\$90,000)</u> |
| Adjusted Price | \$4,760,000 |

Land Data

| | |
|-------------------------------|-------------------------------------|
| Zoning | A, Agricultural |
| Topography | Generally level |
| Utilities | Electric, telephone |
| Shape | Irregular |
| Highest & Best Use | Continued operation as cattle ranch |
| Encumbrances | None known |

Land Size Information

| | |
|---------------------------|--|
| Gross Land Size | 1,310.730 Acres or 57,095,399 SF |
| Useable Land Size | 1,254.730 Acres or 54,656,039 SF, 95.73% |
| Unusable Land Size | 56.000 Acres or 2,439,360 SF, 4.27% |

Indicators

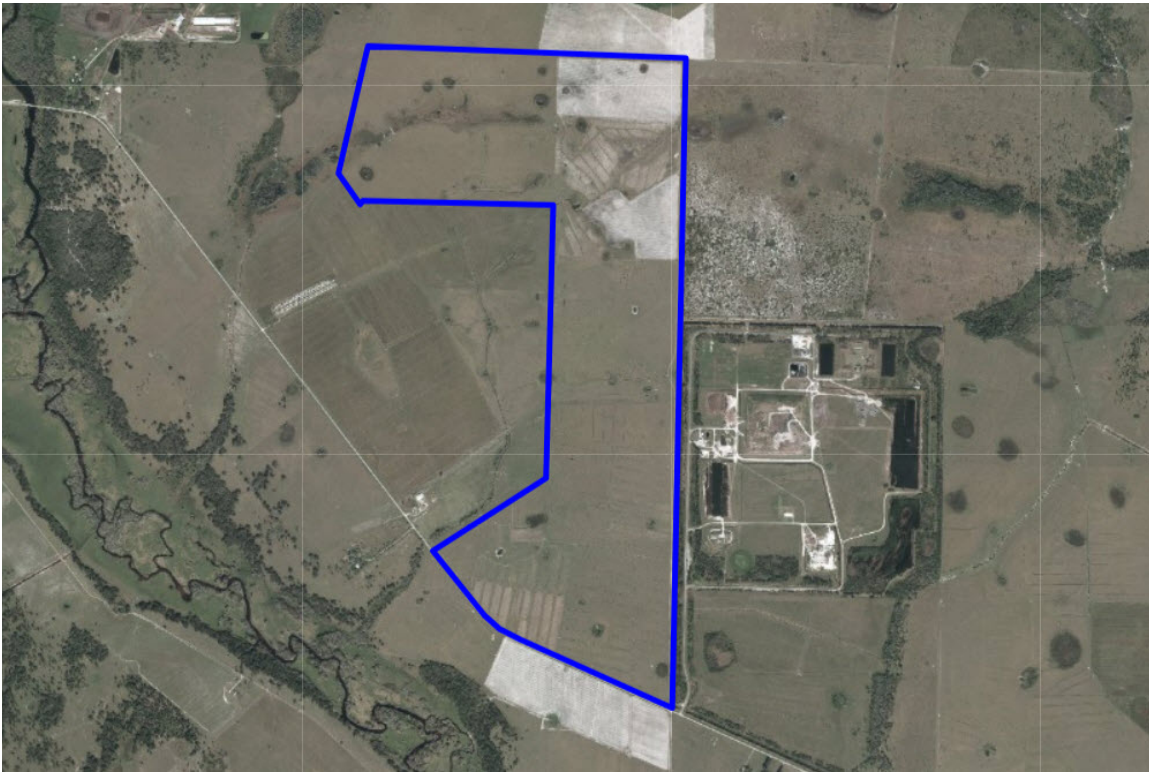
| | |
|--------------------------------|------------------------------------|
| Sale Price/Gross Acre | \$3,700 Actual or \$3,632 Adjusted |
| Sale Price/Useable Acre | \$3,865 Actual or \$3,794 Adjusted |

Remarks

This property has its main road frontage along the east side of CR 219A with secondary access to the rear along the west side of Price Road. This property has more depth than frontage. This property included two mobile homes considered personal property. However, there were two homes on site having a Contributory Value of \$90,000 that has been deducted from the sale price.

Tax ID Nos.: Alachua County 18901-000-000, 19048-001-000, 19048-000-000, 19044-001-001, and 19044-000-000. Putnam County 31-09-23-0000-0080-0010, 31-09-23-0000-0080-0000, and 30-09-23-0000-0120-0000

**Agricultural Land Sale
SALE 15 – AGRI**



Property Identification

| | |
|----------------------|--|
| Record ID | 4479 |
| Property Type | Agriculture/Ranch Lands |
| Address | Highlands County, Florida |
| Location | Northeast side of Arbuckle Creek Road, southeast of Arbuckle Creek and east of Sebring |
| Tax ID | C-16-34-30-A00-0020-0000 |
| S/T/R | 16, 17, 21, 24/34/30 |
| Present Use | Agriculture |

Sale Data

| | |
|---------------------------|--|
| Grantor | Rocking Cross Ranch, Inc. |
| Grantee | S.Y. Hartt & Son, Inc. |
| Sale Date | May 29, 2014 |
| Deed Book/Page | 2430/1621 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Sale History | No arm's length sales in last 3 years. |
| Instrument | Corporate Warranty Deed |
| Verification | Jennifer Hartt; Confirmed by Frank Catlett, MAI, SRA |
| Sale Price | \$4,040,400 |
| Cash Equivalent | \$4,040,400 |

Land Data

| | |
|-------------------------------|--|
| Zoning | AU, Agriculture |
| Topography | Generally level |
| Utilities | Electric, telephone, well & septic |
| Shape | Irregular |
| FLUM | Agriculture |
| Highest & Best Use | Agriculture with long term potential for residential subdivision |
| Encumbrances | None known |

Land Size Information

| | |
|---------------------------|--|
| Gross Land Size | 1,036.540 Acres or 45,151,682 SF |
| Uplands Land Size | 881.100 Acres or 38,380,716 SF, 85.00% |
| Wetlands Land Size | 155.400 Acres or 6,769,224 SF, 14.99% |

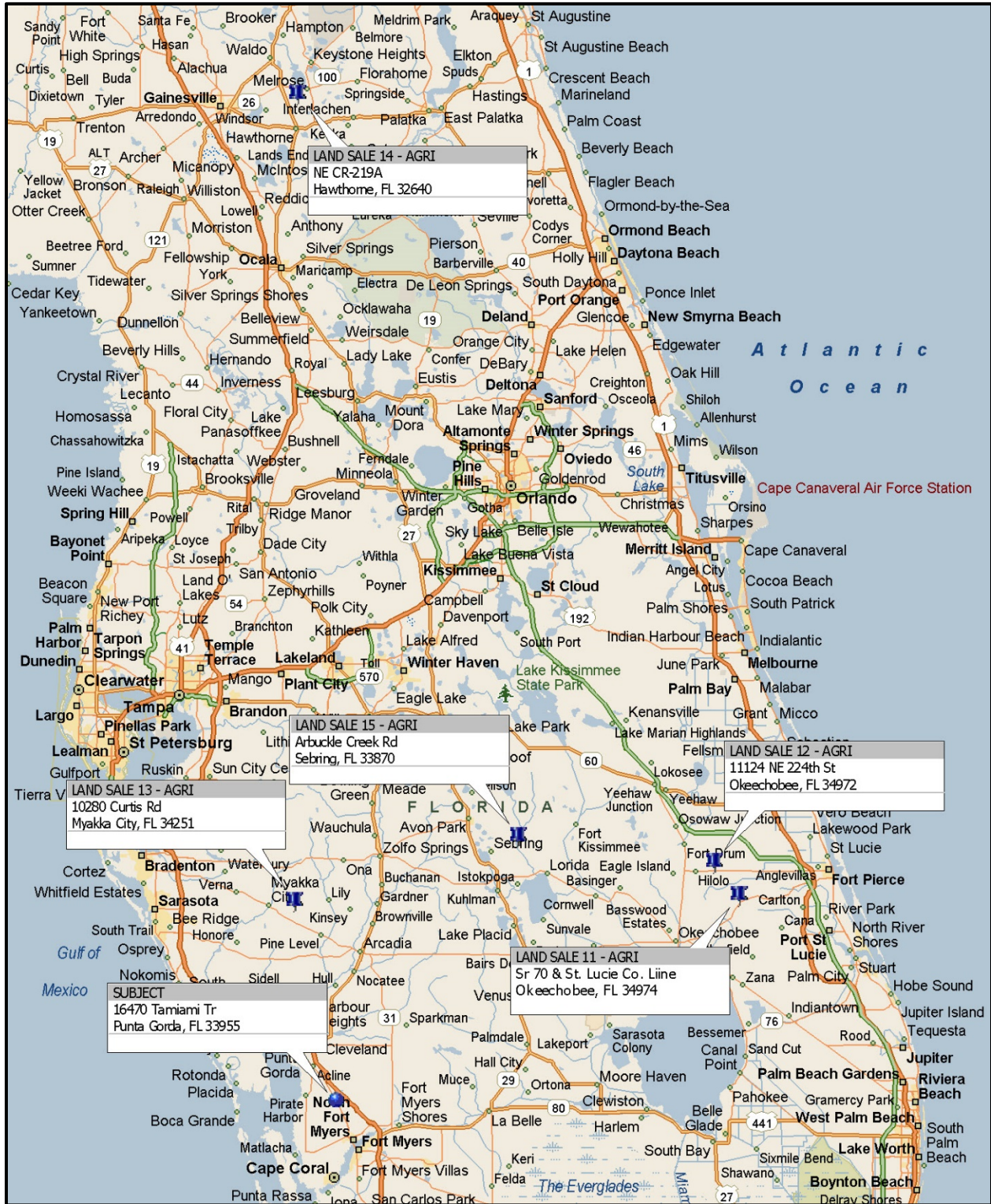
Indicators

| | |
|--------------------------------|---------|
| Sale Price/Gross Acre | \$3,898 |
| Sale Price/Uplands Acre | \$4,586 |

Remarks

This sale represents an irregular shaped tract of land that has paved road frontage on the northeast side of Arbuckle Creek Road. According to the Highlands County Property Appraiser, this tract contains 1,036.54 acres. All of the uplands have been cleared and replanted to improved pasture grasses. There is evidence that portions of this property have been farmed at one time - elevated beds and drainage ditches. It also appears that there is some farming in the northeast corner of this property. Improvements include fences, cross-fences, gates, ditches, culverts, water holes, dirt roads and a deep irrigation well. Although confirmed with Jennifer Hartt, this represented an arm's length transaction. However, since the land had been a resale and repurchase among family members, there is some motivation that needs to be considered.

Sales Map



Sales Grid

| | LAND SALE 11 - AGRI | LAND SALE 12 - AGRI | LAND SALE 13 - AGRI | LAND SALE 14 - AGRI | LAND SALE 15 - AGRI |
|---------------------------------------|---|---|--|---|--|
| Ref No. | 4247504 | 2016053782 | 3469710 | 3310653 | 1753171 |
| Location | SR 70 & St Lucie Co. Line Okeechobee, FL 34974 | 11124 NE 224th Street Okeechobee, FL 34972 | 10280 Curtis Road Myakka City, FL 34251 | 1205 NE CR 219A Hawthorne, FL 35640 | Arbuckle Creek Road Sebring, FL 33870 |
| County | Okeechobee/Saint Lucie | Okeechobee | Manatee | Alachua/Putnam | Highlands |
| Buyer | Sunbreak Farms Smith, LLC | HCG Smith Ranch, LLC | Team Pentecost, LLC | RGS Realty, LLC | S.Y. Hartt & Son, Inc. |
| Seller | Cow Creek Ranch Land, LLC | Sunbreak Farms Smith, LLC | Betty L. Valenti, etal | Connie C. Carpenter & FL Cracker Investments | Rocking Cross Ranch, Inc. |
| OR Book/Page | 3931/1628(St. Lucie) 782/604 (Okeechobee) | 778/374 | 2603/4156 | 4406/1990 & 1431/194 | 2430/1621 |
| Gross Land Area | 6,784.8 acres | 1,974.2 acres | 1,954.9 acres | 1,310.7 acres | 1,036.5 acres |
| Upland Ratio | 71% | 70% | 90% | 96% | 85% |
| Road Frontage | SR 70 | NE 224th Street/Tripples Ranch Road | Curtis Road/easement | NE CR 219A | Arbuckle Creek Road |
| Highest & Best Use | Agriculture | Agriculture | Agriculture | Agriculture | Agriculture |
| Zoning | Agriculture | Agriculture | Agriculture | Agriculture | Agriculture |
| Future Land Use | Agriculture/AG-5 | Agriculture | AG-R | Agriculture | Agriculture |
| Sale Date | November 8, 2016 | July 22, 2016 | January 15, 2016 | January 28, 2016 | May 29, 2014 |
| Sale Price | \$22,062,300 | \$8,291,600 | \$6,842,500 | \$4,850,000 | \$4,040,400 |
| Less: Impr Contribution | \$0 | (\$270,000) | (\$100,000) | (\$90,000) | \$0 |
| Adjusted Sale Price | \$22,062,300 | \$8,021,600 | \$6,742,500 | \$4,760,000 | \$4,040,400 |
| ELEMENTS OF COMPARISON | | | | | |
| Property Rights | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Financing | Cash to seller | Cash to seller | Cash to seller | Cash to seller | Cash to seller |
| Conditions of Sale | Arm's Length | Arm's Length | Arm's Length | Arm's Length | Arm's Length |
| Date of Sale | Similar | Similar | Similar | Similar | Similar |
| NORMALIZED UNITS OF COMPARISON | | | | | |
| Price per Gross Acre | \$3,252 per acre | \$4,063 per acre | \$3,449 per acre | \$3,632 per acre | \$3,898 per acre |

Units of Comparison

In the analysis of vacant agricultural land, the most common units of comparison are price per gross acre and price per net useable (uplands) acre. For the purposes of this analysis, the proposed use is to flood the land so the appropriate unit of comparison would be price per gross acre.

Elements of Comparison

The presented agricultural acreage sales been included as support of land value estimates under the hypothetical condition that an above ground levee system at some unknown surrounding location would be used to store the required capacity of water. Four transactional elements must be considered prior to reconciling value.

Property Rights Conveyed

The property rights conveyed in each case is Fee Simple interest. The value estimated for the subject is also Fee Simple. No adjustment for property rights is necessary for comparison.

Financing

In each case, the sellers received cash with no seller financing or unusual terms indicated. All of the sales are considered to be cash equivalent transactions.

Conditions of Sale

All sales are considered to be arm's length transactions with knowledgeable buyers and sellers. No unusual conditions of sale were reported during sales verification.

Market Conditions

Over the past several years a slight upward trending has been observed in market prices across the board. The older sale occurring in 2014 has been adjusted upward by 5% to account for this trend. No adjustments for market conditions have been considered for Sales 11 through 14.

Overall Comparability

Typically, at this point in the analysis adjustments would be made for locational & physical differences between each of the sales and the subject. Since the subject in this case is a hypothetical tract of land, these direct comparisons are impossible. The sales are simply compared on an overall price per gross acre. The adjusted per-acre residual land values indicated by Sales 11 through 15 range from \$3,252 per acre to \$4,063 per acre. The midpoint of this range is \$3,657 per acre with a mean of \$3,659 per acre. Most of these are located in more rural areas near the center of the state. A premium would be anticipated to acquire this amount of land in a location proximate to an urban area with a need for water. For the purposes of this analysis, we have reconciled to the upper end of the range to \$4,000 per gross acre, considered to be representative of the value of large agricultural tracts of land in the area of the subject.

The cost of the necessary land area can be estimated as follows:

| | |
|--|----------------------------|
| Water storage capacity | 12,000 acre-feet |
| Divided by average depth | 3 feet |
| Required water storage area | 4,000 acres |
| Plus: additional land for levees, roads and perimeter buffer | 400 acres |
| Total required land area | 4,400 acres |
| Per acre land value | \$4,000 per acre |
| Est. Cost of Land | <u>\$17,600,000</u> |

Replacement Cost New

Construction costs pertaining to six such projects have been reported by the District in the following grid.

| Cost Comp | Project | Location | Acreage | Storage Capacity | Construction Cost | \$ Per Ac-Ft |
|-----------|-------------------------------|------------------|--------------|------------------|-------------------|--------------|
| 1 | Nicodemus Slough (Lykes Bros) | Glades County | 16,000 acres | 34,000 acre-feet | \$4,500,000 | \$132 ac-ft |
| 2 | Caulkins Citrus Pilot | Martin County | 413 acres | 6,780 acre-feet | \$301,976 | \$45 ac-ft |
| 3 | Evans Properties, Inc. | St. Lucie County | 970 acres | 3,635 acre-feet | \$317,780 | \$87 ac-ft |
| 5 | Blue Head Ranch, LLC | Highlands County | 5,020 acres | 3,462 acre-feet | \$193,750 | \$56 ac-ft |
| 4 | Spur Land & Cattle | Martin County | 60 acres | 870 acre-feet | \$136,000 | \$156 ac-ft |
| 6 | Mudge Ranch | Glades County | 693 acres | 396 acre-feet | \$17,200 | \$43 ac-ft |

The levee construction cost from the six District projects shown in the preceding grid represent a range of \$43 per acre-foot up to \$156 per acre-foot. Within this range, \$125 per acre-foot construction cost for the levee and a 20% entrepreneurial incentive indicate the following value indication.

It should be noted that the resultant value range using the \$43 per acre-foot minimum construction cost and \$156 per acre-foot maximum construction cost is from \$15.9 million to \$17.5 million; just a 10% variation. Under this method, the majority of the cost is in the land.

| | |
|---|------------------------------|
| Total reservoir capacity | 12,000 acre-feet |
| Levee construction cost per acre-foot | \$125/acre-foot |
| Total cost of excavation | \$1,500,000 |
| Plus: 20% entrepreneurial incentive | \$300,000 |
| Total Cost to Construct | \$1,800,000 |
| Plus: Contributory Value of the Land | \$17,600,000 |
| Value Estimate via the Cost Approach | \$19,400,000 |
| Rounded | <u>\$19.4 million</u> |
| Value Estimate per Acre-Foot | \$1,620/ac-ft |

RECONCILIATION OF THE COST APPROACH

As a Special-purpose Property, like a reservoir, however, the Cost Approach has merit. This cost analysis for the construction of a water storage reservoir has resulted in two cost estimates for the subject property. The strengths and weaknesses of each method are discussed and reconciled herein. The cost indications are as follows:

Reservoir Costing Methods

| | |
|---------------------------|--------------|
| Ground Excavation Method | \$50,050,000 |
| Above Ground Levee Method | \$19,400,000 |

The “Above Ground Levee Method” of solving the water storage problem is less expensive, however, comes with some inherent disadvantages. The first is the unlikely prospect of finding a 4,400-acre agricultural tract in a location close enough for supplying water to an urban area. Having a significant water source passing by the property. Unlike the subject, the floor of this agricultural land storage area will probably not have a confining layer of rock, allowing for water loss by seepage. The large surface area will cause further water loss through evaporation, compared with a deeper reservoir like the subject. For these reasons, the use of an excavated site like the subject as a reservoir is considered to be a better solution to the water storage problem.

In conclusion, the Cost Approach to value supports a value significantly above \$19.4-million, up to as high as \$50 million. Based upon market data that has been discussed and analyzed within the Sales Comparison and Income Approaches found earlier in the report, it is the opinion of the appraisers that a value in the mid-range of the range at, say \$40-million, is considered most realistic and supportable. This equates to a cost per acre-foot of \$3,333±.

| | |
|--|---------------------|
| Reservoir Value via Cost Approach | \$40,000,000 |
|--|---------------------|

RECONCILIATION AND VALUE CONCLUSIONS

The subject of this appraisal assignment is a 1,204-acre parcel of land located within an unincorporated portion of Charlotte County, Florida. This area of Charlotte County is rural in nature and comprised predominately of conservation and wetland areas with small enclaves of residential properties and limited commercial support fronting Tamiami Trail, (a/k/a US Highway 41). Over the past 25 years the property has been used for commercial excavations of limerock and fill dirt. The result is a 576.91-acre pit with an average depth of 22 feet. Based upon configuration and geology, this pit has the capability of holding 3.9 billion gallons of water. The limestone reserves are expected to be depleted over the next five years. As there is a need for additional water at the nearby City of Cape Coral the use of the subject mining pits for water storage has been considered.

In the evaluation of this property, the three traditional appraisal methodologies have been employed in estimating the various values and interests in the property. A summary of these value indications follows.

| | |
|--------------------------------|--------------|
| Sales Comparison Approach | \$42,715,000 |
| Income Capitalization Approach | \$42,350,000 |
| Cost Approach | \$40,000,000 |

In the Sales Comparison Approach, four datasets were considered. Three were analyzed in estimating various components of land value based upon utility. Additionally, sales of land improved with existing reservoirs were considered in estimating the value as a reservoir. This approach factors in the motivations of buyers and sellers in the marketplace. Although a nationwide search for reservoir sales was required, these sales indicate what the market will pay for these types of properties where demand for water warrants this use. The value indications found using this method are supportive of those from the other two approaches.

In the Income Capitalization Approach, income capitalization was used to estimate value. The anticipated annual cash flow was determined by considering other similar water storage leases and agreements. This annual payment was capitalized at an appropriate capitalization rate yielding an estimate of value based upon income.

The Cost Approach has been used in estimating the value of the property as a reservoir by adding the value of the necessary land needed to store a similar amount of water to the cost of developing a storage reservoir or levee system. The values indicated by the Cost Approach bracket the estimates from the other two approaches and are considered to be supportive.

In our final reconciliation of value for the subject as a reservoir, greatest emphasis has been placed upon the Income Approach, with support from the Sales Comparison and Cost Approach. The value indications for the reservoir use assume infrastructure is already in place that is needed to store and transfer water to its final destination.

After careful consideration of all of the known factors and influences that could affect the valuation, it is our opinion that the Prospective Market Value of the subject property as of October 1, 2017, is as follows:

Prospective Value as a Water Storage Reservoir **\$42,000,000**

The value conclusions assume a normal marketing time. A consensus among real estate brokers indicates a typical marketing time for a property like the subject is 12 – 24 months. This is supported by the market data for similar properties.

ADDENDA

APPRAISER CERTIFICATIONS

RICK SCOTT, GOVERNOR



KEN LAWSON, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

| LICENSE NUMBER |
|----------------|
| RZ531 |

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2018

CATLETT, FRANK A
112 N. EAST STREET
SUITE A
TAMPA FL 33602



ISSUED: 11/14/2016 DISPLAY AS REQUIRED BY LAW SEQ # L1611140001273

RICK SCOTT, GOVERNOR



KEN LAWSON, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

| LICENSE NUMBER |
|----------------|
| RZ1059 |

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2018

HICKS, ROBERT C
3824 OBISPO ST
TAMPA FL 32629



ISSUED: 10/04/2016 DISPLAY AS REQUIRED BY LAW SEQ # L1610040003354

APPRAISER QUALIFICATIONS

QUALIFICATIONS

Frank A. Catlett

EDUCATION:

Undergraduate Studies

University of Florida, Urban Geography, 1969 - 1973

Graduate Studies

University of Florida, Real Estate/Urban Planning, 1975 - 1976

School of Banking of the South (LSU), 1981

PROFESSIONAL EDUCATION:

Courses completed under the direction of the American Institute of Real Estate Appraisers or Appraisal Institute

| | |
|--|---------------------------------|
| Basic Principles of Appraising | Real Estate Investment Analysis |
| Income Capitalization | Industrial Properties |
| Urban Properties | Retail Properties |
| Litigation Valuation | Market Analysis |
| Standards of Professional Practice | |
| Condemnation Appraising (Basic & Advanced) | |

(Other)

American Institute of Banking - Real Estate Finance (Instructor)

Federal Income Tax & Real Estate

Income Property Computer Applications

Business Valuation I & II

Money Market and its Impact on Real Estate

Appraisal Regulations of the Federal Banking Agencies

Appraising Troubled Properties - (1992)

Appraisal Review - Income Properties - (1993)

Market Extraction - Income Properties - (1993)

Appraisers Guide to the URAR Appraisal Report - (1993)

Small Income Property Appraisal Report - (1994)

The Appraiser as Expert Witness - (1994)

Persuasive Writing Style in Appraisal Reports - (1994)

Maximizing the Value of an Appraisal Practice - (1994)

Fair Lending and The Appraiser - (1995)

Understanding Limited Appraisals - (1995)

Appraisal of Nursing Homes - (1996)

Standards of Professional Practice - Parts A & B - (1996)

Standards of Professional Practice - Part C - (1998)

State of Florida License Law Update - (1998)

Loss Prevention Program For Real Estate Appraisers - (1998)

Appraising From Blueprints and Specifications - (1998)

Attacking & Defending an Appraisal in Litigation - (2000)

Retail Properties - (2000)

Condemnation Appraising - Basic Principles & Applications - (2000)

Condemnation Appraising- Advanced Topics & Applications - (2000)
Florida Core Law Update - (2000)
Eminent Domain Conference - (2001)
Apartment Appraisals - (2001)
USPAP - Part A - (2004)
Southwest Florida Water Management District Seminar (2004)
State of Florida Conservation Conference (2005)
Florida Broker Continuing Education (2006-2014)
Florida Law Update (2006)
National Uniform Standards of Professional Practice (2006)
Business Practice and Ethics (2006)
Instructor Leadership & Development Conference- Appraisal Institute (2007)
Valuation of Conservation Easements - Appraisal Institute (2008)
Sovereignty Submerged Land Easement - Florida Department of Environmental Protection (2008)
Basic Appraisal Procedures - Instructor Preparation (2008)
General Appraiser Income Approach, Parts I and II - Instructor Preparation (2008)
General Appraiser Site Valuation and Cost Approach-Instructor (2008)
7 Hour National USPAP Update Course (2008/2010/2012/2014)
Florida Supervisor/Trainee Roles and Rules (2008/2010/2012/2014)
General Appraiser Sales Comparison Approach - Instructor (2009/2014)
General Appraiser Income Approach, Part I - Instructor (2009/2013)
Florida Law Update (2010/2012)
Business Ethics (2011)
Real Estate Finance, Statistics, and Valuation Modeling - Instructor (2012)

**PROFESSIONAL
AFFILIATIONS:**

MAI designation of the Appraisal Institute
SRA designation of the Appraisal Institute
SRPA designation with the former Society of Real Estate Appraisers
Registered Real Estate Broker, State of Florida (Since 1975)
Member of Rho Epsilon National Honorary Real Estate Fraternity
Greater Tampa Association of Realtors (GTAR)
Florida Gulf Coast Association of Realtors (FGCAR)
Mid-Florida Regional MLS
Real Estate Investment Council (REIC)
Association of Eminent Domain Professionals (AEDP)
State Certified General Real Estate Appraiser - RZ531 (FL)
General Appraiser - A 7385 (NC)

Instructor for Appraisal Institute

- Principles
- Procedures

- Site & Cost Approach
- Sales Comparison Approach
- Income I & II
- Finance, Statistics & Valuation Modeling

Advisory Board Member, Geography Department, University of Florida

**PROFESSIONAL
EXPERIENCE:**

1976-1981 - Vice President & Senior Real Estate Underwriter -
Flagship Bank of Tampa
1981 - 1992 - Vice President with Trigg, Catlett & Associates, Inc.
1992 - Present - President with Trigg, Catlett & Associates
1992 - 1994 Special Master for Hillsborough County Value Adjustment
Board
1995 - Present - Review Appraiser for Florida Department of
Environmental Protection
1995 - Present - Review Appraiser for Southwest Florida Water
Management District
1998 - Present - Review Appraiser for The Nature Conservancy

**PROFESSIONAL
RECOGNITION:**

Tampa Bay Business Journal - Top 25 Appraisers, 2005 & 2006
Outstanding Alumni Award, University of Florida, Geography
Department (2007)

**TYPE OF
APPRAISALS:**

Automobile Dealerships - 185+, Apartment Complexes - 50-600 Units,
Industrial Buildings/Plants - 20,000-1,900,000 SF, Industrial Parks,
Business Parks, Office Buildings - 10,000-800,000 SF, Planned Unit
Developments - 600-5,980 Dwelling Units, Shopping Centers - 50,000-
1,000,000 SF, Hi-rise Condominium Projects,
Hi-rise Luxury Apartments, Hotels and Motels - 50-600 Rooms, Time
Share Projects, Restaurants - 3,000-30,000 SF, Private Airports,
Aquariums, Financial Institutions, Wastewater Treatment Plants,
Marinas, Island Developments, Mobile Home Parks, Truck and
Waterborne Terminals, Limerock and Phosphate Mining Operations,
Radio/TV Towers, Railroad/Pipeline/Transmission Corridors, Large
Agricultural Tracts Up To 250,000± Acres, Transfer of Development
Rights, Leasehold Interests, Condemnations, Minority Interests,
Business Valuations, Conservation Easements, Natural Springs, Water
Rights Valuations and Reservoirs, Air Rights.

**MILITARY
SERVICE:**

United States Army (Lieutenant), 1973 - 1975
Florida National Guard (Captain), 1975 - 1981

QUALIFICATIONS

Robert C. Hicks

EDUCATION

Appraisal Institute

Florida Appraisal Law and Rules (2016)
2016-2017 Uniform Standards of Professional Practices
Value Adjustment Board Training (2016)
Trial Components: A Recipe for Success or Disaster (2016)
General Demonstration Report Writing (2016)
Quantitative Analysis (2015)
Advanced Market Analysis and Highest and Best Use (2015)
Advanced Concepts & Case Studies (2015)
Advanced Income (2015)
General Appraiser Report Writing and Case Studies (2014)
Intermediate Regression Modeling (2014)
Florida Appraisal Laws and Regulations (2014)
2014-2015 Uniform Standards of Professional Practices
Market Analysis and Highest and Best Use (2014)
Appraisal Business Practices and Ethics (2014)
Report Writing & Valuation Analysis 540 (1993)
Basic Valuation Procedures 1A2 (1992)
Capitalization Theories and Techniques 1BA (1991)
Capitalization Theories and Techniques 1BB (1991)

Florida Department of Revenue

2016 & 2017 Value Adjustment Board Certification Training

Florida Association of REALTORS®

GRI Course 1 Residential Real Estate, (1989)
GRI Course 2 Advanced Residential Real Estate, (1990)
GRI Course 3 Real Estate Specialties, (2005)
FAR/BAR Contracts, (2005)

Dispute Resolution Center of the Florida Courts

Florida Circuit Civil Mediation Training (2011)
Florida County Mediation Training (2011)

Florida State University

Bachelor of Science in Real Estate (1989)
Bachelor of Science in Finance, Finance Society President

PROFESSIONAL AFFILIATIONS

MAI designation from the Appraisal Institute
National Association of REALTORS®
Florida Association of REALTORS®
Mid-Florida Regional MLS
Greater Tampa Association of REALTORS®

**PROFESSIONAL
EXPERIENCE**

2011-Present – **Florida Certified General Real Estate Appraiser**
Trigg, Catlett & Associates, Inc.

2016-Present – **Florida Certified General Appraiser Magistrate**
Value Adjustment Board – Hillsborough, Pasco & Sarasota Counties

2015-Present – **Certified County Court Mediator**
Florida Supreme Court Sixth Judicial Circuit – Pasco County

2007-Present – **Real Estate and Governmental Affairs Consultant**
Logan Outdoor Advertising, Inc.

2007-2011 – **Commercial Real Estate Broker-Owner**
Hicks Real Estate Brokerage & Investments

2006-2007 – **Vice President, Commercial Real Estate Broker**
Harris and Company, Inc.

1995-2005 – **Vice President of Real Estate**
Clear Channel Outdoor, Inc. f/k/a Eller Media, f/k/a Patrick Media

1994-1995 – **Commercial Real Estate Broker-Associate**
Grubb & Ellis of Florida, Inc.

1989-1994 – **Commercial Real Estate Appraiser**
DeLaVergne, Ellis, McKeon & Menard and McKeon & Stroud

**APPRAISAL
COMPETENCY**

Rock mining, reservoir, agricultural acreage, conservation easement, right of way corridor, parking lot, billboard lease, retail land lease, transfer development rights, impact fee credits, timeshare, timberland, residential subdivision, apartment, coastal, environmental and island acreage, conservation land, farmland, RV/MH Park, single and multi-tenant office and retail, nursing home, self-storage, industrial manufacturing and auto dealership properties located throughout 24 Florida counties, as well as an annually state-wide survey of agricultural sales for the United States Department of Agriculture – Natural Resources Conservation Services

CERTIFICATION

Licensed Florida Real Estate Broker, since 1990
License No. BK534411

State-Certified General Real Estate Appraiser, since 1991
License No. RZ1059

Florida Supreme Court Certified County Mediator, since 2011
No. 28217C

CLIENT LIST

**REPRESENTATIVE CLIENTS
(PARTIAL LIST)**

FINANCIAL/MORTGAGE/INVESTMENT (Partial)

Allstate Insurance Company
 AmeriBank
 Banc One
 Bank Atlantic
 Bank of America
 Bank of Boston
 Bank of North America
 Bank of Tampa
 Boston Safe Deposit & Trust Co.
 Branch Bank & Trust (BB&T)
 CenterState Bank
 Chemical Bank
 Citicorp
 Citizens Bank
 Citrus Park Bank
 City Bank
 City Bank of Tampa
 Comercia of Florida
 Continental Bank
 Crestar Bank
 DG Anlage – Gesellschaft MBH
 Deposit Guaranty Financial Services, Inc.
 Equitable Real Estate
 Farm Credit of Central & Northwest Florida
 Federal Deposit Insurance Corp.
 Fidelity Bank
 First American Title
 First Bank & Trust Company
 First Fidelity Bank
 First National Bank of Tampa
 First of America
 General Motors Acceptance Corp.
 Gibraltar Savings Bank
 Glendale Federal
 Great Western Bank
 Gulf Bay
 Hancock/Whitney Bank
 HomeBanc

Home Savings Bank of American
 Huntington Bank
 Intervest Bank
 Key Bank of Cleveland
 LaSalle Bank
 Life of Georgia
 M & I Bank
 Manufacturers Bank of Florida
 Mellon Bank
 Mercantile Bank
 Meritor Savings
 Metropolitan Life Insurance Co.
 Nationwide Insurance Co.
 Northern Trust of Florida
 Northwestern Mutual Life Insurance Co.
 Ohio Savings Bank
 Pilot Bank
 Plant State Bank
 Platinum Bank
 Prudential Realty Group
 RBC Centura Bank
 Regions Bank
 Republic Bank
 S & T Bank
 Signature Bank
 SNS Property Finance – Netherlands
 Southern Pacific Bank
 St. Paul Federal Bank
 SunTrust Bank of Tampa Bay
 Superior Bank
 The Principle Group
 Trust Company of Georgia
 United State Trust Company
 Valrico State Bank
 Wachovia
 Wells Fargo Realty Advisors
 Western Savings
 Zurich Insurance

GOVERNMENT (Partial)

City of Pinellas Park
 City of Tampa
 City of Temple Terrace
 Crosstown Expressway
 Florida Department of Environmental Protection
 Florida Department of Forestry
 Environmental Land Acquisitions & Protection Program
 Escambia County
 Florida Communities Trust
 Florida Department of Transportation
 (Middle & Southern Districts)
 Florida Fish & Wildlife Conservation Commission
 Hernando County
 Hillsborough County

Hillsborough County Aviation Authority
 Hillsborough County School Board
 Internal Revenue Service
 Manatee County
 Pasco County
 Pinellas County
 Polk County
 Sarasota County
 South Florida Water Management District
 Southwest Florida Water Management District
 Tampa Port Authority
 The Nature Conservancy
 Trust for Public Lands
 United States Postal Service

| | |
|--|---|
| <p><u>DEVELOPERS/BUILDERS (Partial)</u> Alfred Austin American Tectonics Beneficial Finance Corp. Criterion Development Corp. Ellis & Co. Flag Development Corporation Gulfstream Homes JIREH, Inc. Lennar Homes Lincoln Property Co.</p> | <p>Major-Pru Realty Stuart S. Golding Company The Landmark Group The Shimberg Cross Company The Wymnton Group TowerMarc Corporation Towne Management Co. Trammel-Crow Co. Westbriar Properties Wittner Development</p> |
| <p><u>LAW FIRMS/ATTORNEYS (Partial)</u> Allen Dell, P.A. Ackerman LLP Barnett, Bolt, Kirkwood, Long & Koche Becker & Poliakoff Bricklemyer Law Group Broad & Cassel Buchanan, Ingersoll & Rooney Bush, Ross Burr & Forman Carlton, Fields Cranfill, Sumner & Hartzog Foley & Lardner, LLP Gaylord, Merlin, Ludovici, & Diaz Glenn, Rasmussen, P.A. Gray Robinson, P.A.</p> | <p>Hill, Ward & Henderson, P.A. Holland & Knight, LLP Lau, Lane, Pieper, Conley & McCreddie Linsky & Linsky MacFarlane, Ferguson & McMullen Maney, Damsker & Jones & Kuhlman, P.A. Mechanik, Nuccio, Hearne & Webster Piper, Marbury, Rudnick & Wolfe Roger, Townsend, Thomas, PC Ruden, McCloskey, Smith, Schuster & Russell, P.A. Salem Law Group Shumaker, Loop & Kendrick, LLP Stearns, Weaver, Miller, Weissler, Alhadeff & Sitterson, P.A. Stichter, Reidel, Blain & Prosser, P.A. Trenam, Kemker</p> |
| <p><u>COMMERCIAL ACCOUNTS (Partial)</u> Amerada Hess Bonita Grande Aggregates Bordens, Inc. Capital One Services, Inc. Cardno TBE CEMEX CITGO, Inc. Consolidated Minerals, Inc. Days Inn Dunkin Donuts Eli Witt Embassy Suites Florida Rock Industries Ford Motor Company Golden Corral Restaurants</p> | <p>GMAC Hertz-Penske Hometels Holiday Inn Howard Johnson's Kentucky Fried Chicken Krispy Kreme Marriott Midas Muffler Preferred Materials Ramada Inns Tampa Electric Company Texaco, Inc. Vulcan Materials</p> |