

Preliminary Expert Report of

Tony Correia, ARA

August 22, 2005

Preliminary Expert Report of Tony Correia

1) **Conclusions**

It is my understanding that Dr. Michael Harvey, Dr. Charles Hanson, Dr. Peter Hradilek, and Edward Donahue identified various impediments to migratory fish passage on the San Joaquin River above its confluence with the Merced River. These experts identified certain facilities and channel modifications that would be required to allow fish passage.

I have researched the title to the lands that would be required to construct the facilities and channel modifications identified by the other experts and concluded that the Bureau of Reclamation does not own these lands. I have also concluded that there will be significant costs associated with the acquisition of these lands. I have also concluded that those property owners, and third parties such as the Farmers Water District, are likely to suffer significant damages as a result of the construction of the facilities and channel modifications.

My work is ongoing and is not yet complete. I have not yet determined the total amount of acreage required, nor have I determined the amount of costs and damages associated with the construction of the facilities and channel modifications identified by the other experts. This report will be supplemented, and the information and data considered in this assignment will be provided, as soon as this additional information becomes available and I complete my work.

2) **Data and Information Considered**

I am considering the reports and recommendations of Dr. Michael Harvey, Dr. Charles Hanson, Dr. Peter Hradilek, and Edward Donahue; title records and additional materials necessary to determine location, take area, land use, water district; and valuation data, including historical sales transactions and income analyses.

3) **Qualifications, Prior Testimony and Compensation of the Witness**

My qualifications and prior testimony are set forth in my curriculum vitae, which is attached hereto as Exhibit A.

My hourly rate of compensation for this assignment is Three Hundred Dollars (\$300.00) per hour, plus travel and extraordinary expenses. Pre-conference, pre-trial, and ancillary preparation time is charged at Two Hundred Fifty Dollars (\$250.00) per hour. Hourly rates for Correia-Xavier staff are \$100 to \$200 for senior staff appraisers, \$75 to \$100 for staff appraisers, \$65 to \$75 for assistants, and \$35 to \$65 for support staff.



Tony Correia, ARA

EXHIBIT A

Qualifications of Tony Correia, ARA

Tony Correia has been in the real estate appraisal business in Fresno since 1972, specializing in the appraisal of agricultural properties since 1982. He is currently President and owner of the firm of Correia-Xavier, Incorporated, an independent appraisal firm, specializing in the appraisal of agricultural properties. Mr. Correia holds the professional designation of Accredited Rural Appraiser, ARA, the highest appraisal designation of the American Society of Farm Managers and Rural Appraisers (ASFMRA). Mr. Correia is certified by the State of California as a Certified General Real Estate Appraiser, Certificate Number AG008510, expiring March 19, 2007.

Appraisal Experience:

Properties appraised include all types of agricultural properties, including some of the largest and most complex properties in California. Appraisal assignments completed include the Getty Agri-Business Properties (77,000 acres of vineyards, orchards, facilities, and irrigated row cropland in seven counties); very large irrigated row crop farms; the Almaden Vineyards in Monterey and San Benito counties; the Sun World properties in Madera, Kern, and Riverside counties; and 127 parcels of Southern Pacific's "excess land" in Westlands Water District.

Court Experience:

Mr. Correia has qualified as an expert witness in the Superior Courts of Kings, Merced, Fresno, Santa Barbara, Stanislaus and Napa Counties, California; and Federal Bankruptcy Courts in Fresno, California, and Phoenix, Arizona, regarding land values and the economics of production agriculture, and has testified before the California Senate Judiciary Committee.

APPRAISAL CLIENTS: Mr. Correia has appraised properties, on a fee basis, for a broad spectrum of clients, including federal, state, and local government agencies, major local, national and international banks, major insurance companies, pension funds, pension fund advisors, plus numerous attorneys, accountants, corporations, and individual landowners.

Other:

- ◆ Past President, and Past Executive Board Member, California Chapter of the ASFMRA
- ◆ Member, World Association of Valuation Organizations (WAVO)
- ◆ ASFMRA National Committee Chairs; Technology; Appraisal Education; Public Relations
- ◆ Associate member of the Appraisal Institute
- ◆ Member, Agricultural Advisory Board, Great Valley Center
- ◆ Member and Past President, Chapter 50; International Right of Way Association
- ◆ Member and Past Director, San Joaquin Valley Ag Lender's Society
- ◆ Past Member and Chairman, County of Fresno Tax Assessment Appeals Board, 1982 - 1996
- ◆ Member, California Association of Wine Grape Growers
- ◆ Affiliate Member, American Society for Enology and Viticulture
- ◆ Member, Fresno County Farm Bureau
- ◆ Intelligence Analyst and Russian Linguist, U.S. Air Force Security Service (1963 - 1967)

Tony Correia, ARA - Page Two

Professional Education

- ◆ Bachelor of Arts Degree - California State University, Fresno, 1970, Graduate School, 1970 -72
- ◆ **American Society of Farm Managers and Rural Appraisers (ASFMRA)**: Advanced Rural Appraisal; Principles of Rural Appraisal; Administrative Appraisal Review; Income Capitalization Leveraged; Advanced Appraisal Review; Report Writing; Standards and Ethics; Advanced Resources, Conservation Easements, Fractional Interests
- ◆ **Appraisal Institute**: Appraisal Regulations - Federal Banking Agencies; Business Valuation Part I & II; Vineyard & Winery Valuation; Wetlands; “The Masters Class,” Undivided Interests, Case Studies in Limited Partnerships and Common Tenancies
- ◆ **American Society of Appraisers (ASA)**: Principles of Business Valuation; Parts One - Four; BV201 – BV204
- ◆ **International Right of Way Association (IR/WA)**: Appraisal of Partial Acquisitions; Legal Aspects of Easements; The Valuation of Easements
- ◆ **Society of Real Estate Appraisers**: Introduction to Appraising Real Property

Educational Experience: Mr. Correia instructed the Introductory Class in Farm Appraisal at California State University, Fresno, from 1984 to 1996, and has developed, instructed, or co-instructed, the following classes, for the respective professional associations, in the following locations:

- ◆ Conservation Easement Appraisal, ASFMRA, Calif., and the Appraisal Institute, Hawaii
- ◆ Vineyard Valuation, Appraisal Institute, California
- ◆ Appraising Permanent Plantings in Rapidly Changing Markets, ASFMRA, California, and Valuation2000
- ◆ The Appraisal of Agricultural Related Businesses, ASFMRA and the ASA, New Jersey, and California;
- ◆ Valuation of Easements, IR/WA, California;
- ◆ Fundamentals of Rural Appraisal, ASFMRA, California;
- ◆ Principles of Rural Appraisal, the Mexican Institute of Valuation, Mazatlan and Mexico City, Mexico;
- ◆ Administrative Appraisal Review, ASFMRA, California, Arizona, and Montana;
- ◆ Advanced Income Capitalization, UnLeveraged, ASFMRA, California, Montana, and North Carolina;
- ◆ Advanced Resources (Water, Minerals & Timber), ASFMRA, Colorado;
- ◆ Rate Extraction, ASFMRA, Louisiana, Texas, Oregon, and Florida;
- ◆ Advanced Rural Case Studies, ASFMRA and the Appraisal Institute, California;
- ◆ The Appraisal of Permanent Plantings, ASFMRA, California, Arizona, Oregon, and Florida

Tony Correia, ARA - Page Three

MISCELLANEOUS: Mr. Correia is currently a certified instructor for the American Society of Farm Managers and Rural Appraisers and has instructed appraisal classes in California, Hawaii, Arizona, Nevada, Montana, Colorado, Oregon, North Carolina, New Jersey, Texas, Louisiana, Florida and Mexico. He has been a guest lecturer at UC Davis; UC Santa Barbara, California State University, Fresno; Fresno City College; the Institute of Agribusiness at Santa Clara University; the Wine Industry Financial Symposium, the Vineyard Economics Seminar in Napa; The University of Zacatecas in Mexico, and the California Agribusiness Conference. Mr. Correia has been invited to speak before meetings of the Land Trust Alliance, American Bankers Association, American Bar Association, Appraisal Institute, American Society of Appraisers, California Society of Certified Public Accountants, Columbia River, California and Arizona Chapters of the American Society of Farm Managers and Rural Appraisers (ASFMRA), San Joaquin Valley Ag Lenders Society, the San Francisco Bay, Southern California, and San Joaquin Valley Chapters of the Appraisal Institute, San Joaquin Valley Chapter of the International Right of Way Association, Rotary Clubs, Society of Real Estate Appraisers, and the Central Region Assessor's Association. In addition, Mr. Correia has appeared on local and national television and radio regarding Agricultural Property Values, and is frequently interviewed and quoted by newspapers throughout California.

Recent Depositions and Court Testimony

Maple Leaf Farms, Inc., a corporation, vs. American Appraisal Associates, Inc., a corporation; Hammad & Associates, Inc., a corporation; C. Taylor Johnson, III, an individual; Mohamed Hammad, an individual; and DOES 1-50, Case No. CV 01-01321-NM (MANX); Client: Mundell, Oldum, & Haws, LLP; (805) 446-2221 and B. Keith Shake, Henderson Daily Withrow & DeVoe; (317) 639-4121, representing Maple Leaf Farms, Inc., deposed August 19, 2002.

Sumner Peck Ranch, Inc., a California corporation, et al., vs. Bureau of Reclamation, et al., Case No. CV-F-91-048 OWW, CV-F-88-634 OWW; Client: Ted Chester, Smiland & Khachigian.; (213) 891-1010, representing Sumner Peck Ranch, Inc., et al, deposed July 29, 2002.

Harlan Land Company, et al., vs. State of California Department of Transportation, et al., Superior Court of the State of California, Fresno County, CA; Case No. 635131-6; Client: O.J. Solander; (916) 654-2630, representing Cal-Trans., et al, Deposed April 8, 2002, Testified May 26, 2003.

Jessup Cellars vs. Lavonna Wood, Superior Court of California, Napa County, CA; Case No. 26-20797; Client: Mark Pollock; (707) 257-8935, representing Lavonna Wood, deposed June 8, 2004, testified September 1, 2004.

Recent Depositions and Court Testimony, cont.

Jeffrey Lion vs. Ingrid Lion, Hennepin County Court File No. DC 276112, Minneapolis, Minnesota; Client: Katz, Manka, Teplinsky, Due & Sobol, Ltd., Brian Sobol, (612) 333-1671, representing Ingrid Lion, deposed June 10, 2004.

The People of the State of California vs. Hewitson, et al., Kings County Superior Court Consolidated Case No. 01C3285; Client: Joann Georgallis, (916) 654-2630, representing Department of Transportation, deposed October 7 and 15, 2004.

Coelho vs. Coelho, Superior Court of California, County of Fresno Central Division File No. 591120-1; Client: Baker, Manock & Jensen, (559) 432-5649, representing Edward M. Coelho, et al., deposed June 24, 2003, testified February 1, 2005.

Paul Aurignac, Cederquist, et al. vs. Helen Aurignac, Traynor et al. Monterey County Superior Court Case No. M57139; Client: Dennis Law, representing Helen Aurignac, Traynor et al., deposed October 11, 2004, January 5, 2005 and January 12, 2005, testified January 21, 2005.

Hat vs. Hat, United States Bankruptcy Court for the Eastern District of California Sacramento Division; Case No. 04-32497; Client: Raymond H. Aver, (310) 571-3511, representing Sharon Diamante Hat, deposed December 15, 2004.

USA vs. Champion, United States District Court, Eastern District of California Case No. CIV-F-03-6064; Client: US Department of Justice, deposed May 9, and May 27, 2005.

Publications by Tony Correia, ARA

- Correia, Tony, ARA. "Buying and Selling Vineyard Land," *Northbay Biz Magazine*, July 2005, page 83.
- Correia, Tony, ARA. "Wine Renaissance Redux," paper presented at *The Western Economic Association International Conference*, San Francisco, California, USA, July 6, 2005
- Correia, Tony, ARA. Co-Author chapter entitled, "The Financial Picture of Wine," *Wine; A Global Business: Success Strategies for New World Wine*, August 2004.
- Correia, Tony, ARA. "What Goes Around Comes Around." *Wine Business Monthly Magazine*, February 2003, pg. 54.
- Correia, Tony, ARA, with Richard Brockmeyer. "Grape Grief, or: When the Party's Over." *Wine Business Monthly Magazine*, October 2001, pg. 12.
- Correia, Tony, ARA. "All Dried Up, The California Raisin Industry." *Wine Business Monthly Magazine*, August 2001, pg. 42.
- Correia, Tony, ARA. Contributing Author, "The Appraisal of Rural Properties." *Appraisal Institute* 2000.
- Correia, Tony, ARA. "Locational Considerations in the Valuation of Permanent Plantings." 2000 *Journal of the ASFMRA*, pg. 35.
- Correia, Tony, ARA. "Vineyards as Investments." *Practical Winery and Vineyard Magazine*, January 1999.
- Correia, Tony, ARA. "Romance of the Vine." *Grape Grower Magazine*, May 1996.