

**CONFIDENTIAL**

July 6, 2022

Mr. Joseph M. Infante  
Miller, Canfield, Paddock and Stone, PLC  
99 Monroe Avenue NW, Suite 1200  
Grand Rapids, MI 49503

**Supplemental Report**

I have been engaged by you in connection with the matter of *Wineries of the Old Mission Peninsula (WOMP) Assoc.; Bowers Harbor Vineyard & Winery, Inc.; Brys Winery, LLC; Chateau Grand Traverse, Ltd.; Chateau Operations, Ltd.; Grape Harbor, Inc.; Montague Development, LLC; OV The Farm, LLC; Tabone Vineyards, LLC; Two Lads, LLC; Villa Mari, LLC; and, Winery at Black Star Farms, LLC ( collectively “the Wineries” or “the Plaintiffs”) v Peninsula Township.*

The purpose of this report is to supplement my original report that was issued on August 10, 2021 in connection with the above-referenced matter. Please refer to my August 10, 2021 report when reviewing this report and its conclusion.

This supplemental report is being issued to update the original report for additional factors that have been considered and to correct errors in the original report. The updated information in the supplemental report is also based on interviews I conducted via videoconferences with each of the Wineries subsequent to the issuance of my original report.

The conclusions in this supplemental report do not include any damage computations for any periods beyond December 31, 2020. However, other than the impact of any COVID related

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reductions, it would be reasonable to assume that damages would have likely continued at the same level as prior years into 2021 and 2022.

### Conclusion

Based on the analysis as outlined in my original report, as updated here, it is my opinion that the damages incurred by the Wineries as a result of the actions of Peninsula Township are approximately \$135,672,101.

<b>Total lost profits from increased grape costs</b>	\$213,847
<b>Total lost profits from lost catering</b>	\$1,306,965
<b>Total lost profits from limited hours</b>	\$20,962,571
<b>Total lost profits from lost restaurant sales</b>	\$47,982,263
<b>Total lost profits from lost merchandise sales</b>	\$524,686
<b>Total lost profits from lost small event hosting (small events)</b>	\$6,126,651
<b>Total lost profits from lost event hosting (large events and weddings)</b>	\$58,555,119
<b>Less fixed asset investments required</b>	<u>TBD</u>
<b>TOTAL DAMAGES</b>	<u>\$135,672,101</u>

Sincerely,



Eric J. Larson, CPA/ABV, ASA, CBA, CMA, CFE

# ATTORNEY EYES ONLY

## SCHEDULE 1

	Actual Volume for Damage Period (tons)	Actual Pricing in Damage Period (per ton)	Price for Grapes from Other Markets (per ton)	Total Additional Costs	Notes
<b>OV The Farm, LLC</b>					
2016	0	\$0	\$0	\$0	(a)
2017	18.4	\$2,100	\$1,500	\$11,040	(a)
2018	14.5	\$2,100	\$1,500	\$8,700	(a)
2019	4.4225	\$2,100	\$1,500	\$2,654	(a)
2020	8.72	\$1,700	\$1,500	\$1,744	(a)
<b>Bowers Harbor Vineyard &amp; Winery, Inc.</b>					
2020	84.53	\$1,823	\$1,760	\$5,325	(a)
<b>Chateau Operations, Ltd.</b>					
2016	76.01	\$1,699	\$1,500	\$15,126	(a) (b)
2017	132.94	\$1,699	\$1,500	\$26,455	(a) (b)
2018	98.56	\$1,699	\$1,500	\$19,613	(a) (b)
2019	94.91	\$1,699	\$1,500	\$18,887	(a) (b)
2020	102.99	\$1,699	\$1,500	\$20,495	(a) (b)
<b>Tabone Vineyards, LLC</b>					
2019	4.0	\$2,000	\$1,500	\$2,000	(a) (c) (d)
2020	4.0	\$2,000	\$1,500	\$2,000	(a) (c) (d)
<b>Two Lads, LLC</b>					
2016	42.98	\$1,806	\$1,500	\$13,152	(a)
2017	54.986	\$1,921	\$1,500	\$23,149	(a)
2018	24.4915	\$1,999	\$1,500	\$12,221	(a)
2019	18.919	\$2,028	\$1,500	\$9,989	(a)
2020	31.18	\$2,183	\$1,500	\$21,296	(a)
<b>TOTAL</b>				<b>\$213,847</b>	

- (a) Approximate average price for grapes from Wineries' data
- (b) Actual price is average for the time period
- (c) Estimate of 4 tons per year purchased
- (d) Average of estimated price range of \$1,700 - 2,300

**ATTORNEY EYES ONLY**

**SCHEDULE 2**

	<b>Number of Events Per Year</b>	<b>Number of People at Typical Event</b>	<b>Charge Per Person</b>	<b>Estimated Gross Profit Percentage</b>	<b>Lost profits</b>	<b>Notes</b>
OV The Farm, LLC	50	22	\$50	60%	\$33,000	(a) (b) (c) (d)
Winery at Black Star Farms, LLC	50	22	\$50	60%	\$33,000	(a) (b) (c) (d)
Bowers Harbor Vineyard & Winery, Inc.	75	22	\$50	60%	\$49,500	(a) (b) (c) (d)
Brys Winery, LLC	50	22	\$50	60%	\$33,000	(a) (b) (c) (d)
Chateau Operations, Ltd.	25	22	\$50	60%	\$16,500	(a) (b) (c) (d)
Chateau Grand Traverse, Ltd.	25	22	\$50	60%	\$16,500	(a) (b) (c) (d)
Grape Harbor , Inc.	25	22	\$50	60%	\$16,500	(a) (b) (c) (d)
Montague Development, LLC	50	22	\$50	60%	\$33,000	(a) (b) (c) (d)
Tabone Vineyards, LLC	50	22	\$50	60%	\$13,200	(a) (b) (c) (d) (e)
Two Lads, LLC	50	22	\$50	60%	\$33,000	(a) (b) (c) (d)
Villa Mari, LLC	25	22	\$50	60%	\$16,500	(a) (b) (c) (d)
<b>Lost profits from lost catering per year</b>					\$293,700	
<b>Damage period</b>					<u>5</u>	
<b>Total lost profits from lost catering before COVID impact adjustment</b>					\$1,468,500	
<b>Estimated impact of COVID restrictions</b>					<u>(\$161,535)</u>	(f)
<b>Total lost profits from lost catering</b>					<u><u>\$1,306,965</u></u>	

(a) Number of events estimated by Wineries

(b) Estimate of typical group size - average of 20 - 25 people

(c) Estimated charge per person

(d) Estimated gross profit provided by Wineries and RMA

(e) Lowered to 40% to account for only two years of operations (2/5 years = 40%)

(f) Total lost profits for 2020 lowered by estimate of 55% due to capacity reductions of 50% and 100% during portions of the year

# ATTORNEY EYES ONLY

## SCHEDULE 3

	Current Closing Time	Preferred Closing Time (f)	Additional Sales Hours	Typical Evening Sales Per Hour	Estimated Gross Profit Percentage	Lost Revenues From Limited Hours	Notes
OV The Farm, LLC	9:00	11:00 PM	1.5	\$1,000	60%	\$328,500	(b) (c)
Winery at Black Star Farms, LLC	6:00	11:00 PM	1.5	\$1,500	60%	\$492,750	(b) (c)
Bowers Harbor Vineyard & Winery, Inc.	7:00	11:00 PM	1.5	\$1,500	60%	\$492,750	(a) (b) (c)
Brys Winery, LLC	6:30	11:00 PM	1.5	\$2,600	60%	\$854,100	(a) (b) (c)
Chateau Operations, Ltd.	8:00 PM	11:00 PM	1.5	\$1,200	60%	\$394,200	(b) (c)
Chateau Grand Traverse, Ltd.	7:00 PM	11:00 PM	1.5	\$1,000	60%	\$328,500	(b) (c)
Grape Harbor, Inc.	6:00 PM	11:00 PM	1.5	\$1,200	60%	\$394,200	(c) (d)
	5:00 PM S-T, 7:00						
Montague Development, LLC	PM W-S	11:00 PM	1.5	\$305	60%	\$100,193	(b) (c)
Tabone Vineyards, LLC	7:00 PM	11:00 PM	1.5	\$750	60%	\$98,550	(b) (c) (e)
	6:00 PM M-S, 5:00						
Two Lads, LLC	PM Sun	11:00 PM	1.5	\$735	60%	\$241,448	(b) (c)
	7:00 PM M-S, 5:00						
Villa Mari, LLC	PM Sun	11:00 PM	1.5	\$3,000	60%	\$985,500	(b) (c)
<b>Lost profits from limited hours per year</b>						\$4,710,690	
<b>Damage period</b>						5	
<b>Total lost profits from limited hours before COVID impact adjustment</b>						\$23,553,450	
<b>Estimated impact of COVID restrictions</b>						(\$2,590,880)	(g)
<b>Total lost profits from limited hours</b>						<b>\$20,962,571</b>	

(a) Preferred close is 2:00 am on weekends, but we have used 11:00 for all days

(b) Based on sales/hour data of Wineries

(c) Estimated gross profit provided by Wineries and RMA

(d) Based on average of other Wineries

(e) Lowered to 40% to account for only two years of operations (2/5 years = 40%)

(f) Preferred closing time for this analysis is not a concession that the Township has the authority to regulate closing time

(g) Total lost profits for 2020 lowered by estimate of 55% due to capacity reductions of 50% and 100% during portions of the year

**ATTORNEY EYES ONLY**

**SCHEDULE 4**

	Current Annual Restaurant/Prepacked			Estimated Gross Profit Percentage	Lost Profit from Restaurant Sales	Notes
	Food Sales	Expected Daily Sales	Expected Annual Sales			
OV The Farm, LLC	\$135,000	\$6,000	\$2,190,000	60%	\$1,233,000	(a) (b) (c) (d)
Winery at Black Star Farms, LLC	\$150,000	\$4,000	\$1,460,000	60%	\$786,000	(a) (b) (c) (d)
Bowers Harbor Vineyard & Winery, Inc.	\$57,500	\$5,000	\$1,825,000	60%	\$1,060,500	(a) (b) (c) (d)
Brys Winery, LLC	\$155,000	\$10,000	\$3,650,000	60%	\$2,097,000	(a) (b) (c) (f)
Chateau Operations, Ltd.	\$153,000	\$7,600	\$2,774,000	60%	\$1,572,600	(a) (b) (c) (h)
Chateau Grand Traverse, Ltd.	\$26,000	\$1,960	\$715,400	60%	\$413,640	(a) (b) (c) (d)
Grape Harbor , Inc.	\$0	\$1,050	\$383,250	60%	\$229,950	(a) (b) (c) (d)
Montague Development, LLC	\$13,000	\$2,500	\$912,500	60%	\$539,700	(a) (b) (c) (d)
Tabone Vineyards, LLC	\$0	\$2,160	\$788,400	60%	\$189,216	(a) (b) (c) (d) (j)
Two Lads, LLC	\$12,000	\$7,500	\$2,737,500	60%	\$1,635,300	(a) (b) (c) (d) (i)
Villa Mari, LLC	\$70,000	\$4,875	\$1,779,375	60%	\$1,025,625	(a) (b) (c) (g)
<b>Lost profits from lost restaurant sales per year</b>					\$10,782,531	
<b>Damage period</b>					<u>5</u>	
<b>Total lost profits from lost restaurant sales before COVID impact adjustment</b>					\$53,912,655	
<b>Estimated impact of COVID restrictions</b>					<u>(\$5,930,392)</u>	(k)
<b>Total lost profits from lost restaurant sales</b>					<u><u>\$47,982,263</u></u>	

(a) Daily sales based on seating capacity, one seating per day, and estimated charge per seat

(b) Annual sales at 365 days per year

(c) Estimated gross profit provided by Wineries and RMA

(d) Actual sales data based on average 2018 - 2020 restaurant or prepackaged food sales data

(e) Actual sales data based on average 2018 - 2020 restaurant or prepackaged food sales data

(f) Actual sales data based on average 2019 - 2020 restaurant or prepackaged food sales data

(g) Actual sales data based on average 2017 - 2019 restaurant or prepackaged food sales data

(h) Actual sales data based on 2019 restaurant or prepackaged food sales data

(i) Capacity is based on average of on-season and off-season capacity

(j) Lowered to 40% to account for only two years of operations (2/5 years = 40%)

(k) Total lost profits for 2020 lowered by estimate of 55% due to capacity reductions of 50% and 100% during portions of the year

**ATTORNEY EYES ONLY**

**SCHEDULE 5**

	<b>Current Merchandise</b>	<b>Expected</b>	<b>Estimated Gross Profit</b>	<b>Lost Profit on</b>	
	<b>Sales</b>	<b>Merchandise Sales</b>	<b>Percentage</b>	<b>Merchandise</b>	<b>Notes</b>
	<b>Sales</b>	<b>Merchandise Sales</b>	<b>Percentage</b>	<b>Sales</b>	
<b>Winery at Black Star Farms, LLC</b>	\$0	\$85,000	50%	\$42,500	<i>(a) (b)</i>
<b>Grape Harbor , Inc.</b>	\$0	\$85,000	50%	\$42,500	<i>(a) (b)</i>
<b>Tabone Vineyards, LLC</b>	\$10,000	\$85,000	50%	\$15,000	<i>(a) (b) (c)</i>
<b>Two Lads, LLC</b>	\$49,186	\$85,000	50%	\$17,907	<i>(a) (b)</i>
<b>Lost profits from lost merchandise sales per year</b>				\$117,907	
<b>Damage period</b>				<u>5</u>	
<b>Total lost profits from lost merchandise sales</b>				\$589,535	
<b>Estimated impact of COVID restrictions</b>				<u>(\$64,849)</u>	<i>(d)</i>
<b>Total lost profits from lost merchandise sales before COVID impact adjustment</b>				<u><u>\$524,686</u></u>	

*(a) Based on average merchandise sales of other wineries who sell merchandise*

*(b) Estimated gross profit provided by Wineries and RMA*

*(c) Lowered to 40% to account for only two years of operations (2/5 years = 40%)*

*(d) Total lost profits for 2020 lowered by estimate of 55% due to capacity reductions of 50% and 100% during portions of the year*

# ATTORNEY EYES ONLY

## SCHEDULE 6

	On Season Events	Rate/person for On	Number of People at	Off Season Events	Rate/person for Off	Number of People at	Estimated Gross Profit		
	Per Week	Season Events	Typical Event	Per Week	Season Events	Typical Event	Percentage	Lost Profits	Notes
OV The Farm, LLC	7	\$40	20	1	\$40	20	65%	\$108,160	(a) (b) (c) (d)
Winery at Black Star Farms, LLC	3	\$40	20	1	\$40	20	65%	\$54,080	(a) (b) (c) (d)
Bowers Harbor Vineyard & Winery, Inc.	7	\$40	22	7	\$40	22	65%	\$208,208	(a) (b) (c) (d)
Brys Winery, LLC	7	\$40	22	4	\$40	22	65%	\$163,592	(a) (b) (c) (d)
Chateau Operations, Ltd.	3	\$45	35	1	\$45	35	65%	\$106,470	(a) (b) (c) (d)
Chateau Grand Traverse, Ltd.	1	\$30	22	1	\$30	22	65%	\$22,308	(a) (b) (c) (d)
Grape Harbor, Inc.	2	\$35	30	1	\$35	30	65%	\$53,235	(a) (b) (c) (d)
Montague Development, LLC	3	\$40	20	1	\$40	20	65%	\$54,080	(a) (b) (c) (d)
Tabone Vineyards, LLC	7	\$35	22	7	\$35	22	65%	\$127,527	(a) (b) (c) (d) (e)
Two Lads, LLC	7	\$50	22	7	\$50	22	65%	\$260,260	(a) (b) (c) (d)
Villa Mari, LLC	7	\$37	25	7	\$37	25	65%	\$218,855	(a) (b) (c) (d)
<b>Lost profits from lost event hosting (small events) per year</b>								\$1,376,775	
<b>Damage period</b>								5	
<b>Total lost profits from lost small event hosting (small events) before COVID impact adjustment</b>								\$6,883,877	
<b>Estimated impact of COVID restrictions</b>								(\$757,226)	(f)
<b>Total lost profits from lost small event hosting (small events)</b>								<u><u>\$6,126,651</u></u>	

(a) On-season at 26 weeks, off-season at 26 weeks

(b) Number of events estimated by Wineries

(c) Rate/person estimated by Wineries

(d) Estimated gross profit provided by Wineries and RMA

(e) Lowered to 40% to account for only two years of operations (2/5 years = 40%)

(f) Total lost profits for 2020 lowered by estimate of 55% due to capacity reductions of 50% and 100% during portions of the year



# ATTORNEY EYES ONLY

## SCHEDULE 7

	On Season Events Per Week	Rate/person for On Season Events	Number of People at Typical Event	Flat Rental Charge	Off Season Events Per Week	Rate/person for Off Season Events	Number of People at Typical Event	Flat Rental Charge	Estimated Gross Profit Percentage	Lost Profits	Notes
OV The Farm, LLC	3	\$250	75		1	\$250	75		65%	\$1,267,500	(a) (b) (c) (d)
Winery at Black Star Farms, LLC	3	\$100	125	\$8,000	0.5	\$100	40	\$8,000	60%	\$1,344,200	(a) (b) (c) (d)
Bowers Harbor Vineyard & Winery, Inc.	3	\$125	120	\$5,000	3	\$125	120	\$5,000	60%	\$2,184,000	(a) (b) (c) (d) (e)
Brys Winery, LLC	3	\$200	100		1.5	\$200	75		65%	\$1,394,250	(a) (b) (c) (d)
Chateau Operations, Ltd.	3	\$200	200		1	\$200	75		65%	\$2,281,500	(a) (b) (c) (d)
Chateau Grand Traverse, Ltd.	3	\$125	85		0.5	\$125	70		65%	\$612,625	(a) (b) (c) (d)
Grape Harbor , Inc.	1	\$125	70		0.25	\$125	30		65%	\$163,719	(a) (b) (c) (d)
Montague Development, LLC	3	\$125	50		1	\$125	50		65%	\$422,500	(a) (b) (c) (d)
Tabone Vineyards, LLC	3	\$150	62		1	\$150	40		65%	\$572,910	(a) (b) (c) (d) (f)
Two Lads, LLC	3	\$250	100		1.5	\$250	100		65%	\$1,901,250	(a) (b) (c) (d)
Villa Mari, LLC	2	\$200	100		1	\$200	100		65%	\$1,014,000	(a) (b) (c) (d)
Lost profits from lost event hosting (large events and weddings) per year										\$13,158,454	
Damage period										<u>5</u>	
Total lost profits from lost event hosting (large events and weddings) before COVID impact adjustment										\$65,792,269	
Estimated impact of COVID restrictions										<u>(\$7,237,150)</u>	(g)
Total lost profits from lost event hosting (large events and weddings)										<u><u>\$58,555,119</u></u>	

(a) On-season at 26 weeks, off-season at 26 weeks

(b) Number of events estimated by Wineries

(c) Rate/person estimated by Wineries

(d) Estimated gross profit provided by Wineries and RMA

(e) Estimated flat rental charge per event

(f) Lowered to 40% to account for only two years of operations (2/5 years = 40%)

(g) Total lost profits for 2020 lowered by estimate of 55% due to capacity reductions of 50% and 100% during portions of the year