REQUEST FOR QUALIFICATIONS

ARCHITECTURAL SERVICES FOR FREDERICK DOUGLASS GYM EXTENSION

City of Key West RFQ # 19-001

MAYOR: TERI JOHNSTON

COMMISSIONERS:

MARY LOU HOOVER
CLAYTON LOPEZ
JIMMY WEEKLEY
SAM KAUFMAN
BILLY WARDLOW
GREGORY DAVILA

Prepared By:
L. Kreed Howell, Senior Construction Manager
Engineering Department
City of Key West

SUBJECT:	CITY OF KEY WEST REQUEST FOR QUALIFICATIONS # 19-001 ARCHITECTURAL SERVICES FOR FREDERICK DOUGLASS GYM EXTENSION RENOVATIONS
ISSUE DATE:	**28 January 2019**
MAIL OR DELIVER RESPONSES TO:	City Clerk City of Key West 1300 White Street Key West, Florida 33040
CLARIFICATION SUBMITTAL DEADLINE:	**NO LATER THAN 12pm 13 February 2019**
RESPONSES DEADLINE DATE:	**NO LATER THAN 3pm 28 February 2019**
BID DUE DATE:	**NO LATER THAN 3pm 6 March 2019**

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City of Key West RFQ # 19-001
Architectural Services for Frederick Douglass Gym Extension

A.1 Purpose

This Request for Qualifications (RFQ) is designed to provide firms with the information necessary for the preparation of competitive responses. The RFQ process is for the City of Key West's benefit and is intended to provide the City of Key West with comparative information to assist in the selection process. This RFQ is not intended to be a comprehensive list of all work and materials necessary to complete the project or supply goods and services. Each firm is responsible for determining all factors necessary for submission of a comprehensive response.

The Consultant who is chosen shall provide services that involve expertise in architecture including design development, design, permitting and construction document preparation. The consultant will be responsible to determine the required architectural level of effort and then complete indicated actions in accordance with federal, state and local statutes and regulations.

A.2 Project Description

The City of Key West (City) is seeking a consultant to perform architecture for development of a community center annex located adjacent to the newly renovated Frederick Douglass Gymnasium. The new development will provide a 6,800 square foot multi-use community center. A conceptual design package is presented in Exhibit C. As indicated on the Site Survey in Exhibit C, the Site is currently developed with a one-story former Roosevelt Sands Community Center and occupied by a City of Key West sponsored afterschool program.

A.3 Requirements

The following Local and State requirements must be adhered to:

1. City Requirements

Each Professional Consultant submitting a proposal on a solicitation for professional services must complete and submit the following City required forms and affidavits included in Exhibit A.

Indemnification Affidavit
Anti-Kickback Affidavit
Public Entity Crimes Affidavit
Non-Collusion Declaration and Compliance Affidavit

Florida Trench Safety Act Compliance Affidavit
Cone of Silence Affidavit
Equal Benefits for Domestic Partners Affidavit

2. Truth in Negotiation Certification

Pursuant to Section 287.055(5)(a), Florida Statutes, the Truth in Negotiations Certification, Form 375-030-30, is required for any lump-sum or cost-plus-a-fixed fee professional services contract over the threshold amount of $195,000 (F.S. 287.017 Category Four). Form is in Exhibit A.

A.4 Anticipated Timetable

RFQ Advertised	28 January 2019
Deadline for written questions	13 February 2019
Deadline for Responses	28 February 2019
Due Date and Time for this RFQ	6 March 2019
Selection Committee Ranking	20 March 2019
Award Recommendations	3 April 2019

B. SCOPE OF WORK/SERVICES

Task 1 – Development/Design

1. Kick-Off/Pre-Design Meeting(s)
2. Geotechnical Investigation
3. Asbestos and Lead Based Paint Survey
4. City Code Analysis and Minimum LEED Standards Required for Project
5. Schedule Development
6. Ensure that the design accommodates Flood Zone requirements applicable to the site; Flood Zones AE 6' and AE 7' are present at the site.
7. Project Management

Task 2 – Schematic Design

1. Schematic Design Drawings
2. Preliminary Cost Estimate
3. Client Reviews
4. Historic Architectural Review Commission (HARC) Submittal and Approval
5. Project Management

Task 3 – Design Development

1. Design Development Drawings (Building, Site, Landscaping, etc.)
2. Client Reviews
3. Tree Commission Submittal and Approval
4. Development Review Committee (DRC) Submittal and Approval
5. Planning Board Submittal and Approval
6. City Commission/CRA Presentation
7. Additional Required Permits (i.e., South Florida Water Management District)
8. Update Cost Estimate
9. Project Management

Task 4: - Construction Documents

1. 100% Construction Drawings and Specifications
2. Project Manual Assembly including Bidding Boiler Plate
3. City Review
4. Final Cost Estimate
5. Project Management

Bid Period Support and Construction Period Services are not included in the current scope of work and will be negotiated following establishment of bid and construction schedule based on available CRA funds.

C. QUALIFICATIONS CRITERIA

The qualification criteria applied to the selections of firms for further consideration are the following:

1. Specialized experience and technical competence of the firm including design and permitting of buildings within the City of Key West.
2. Qualifications of Project Team including examples of architect and subconsultants working together. The firm must have a registered Architect on staff and be certified to perform architectural services within the State of Florida at the time of RFQ submission. Identify LEED accredited staff professionals within team.
3. Ability and capacity of assigned staff to perform the services expeditiously at the request of the CITY. Location and availability of technical support people and assigned Project Manager to the CITY will be a factor in overall evaluation.
4. Provide comments/critique on conceptual plan in Exhibit C of this RFQ including City Code compliance, floor areas, anticipated variances, permitting/approval issues, conformity, etc.
5. Qualifications of Project Team, including examples, of Firm working within the Historic District of the City of Key West.

D. SUBMISSION DETAILS

Architect firms should submit a complete qualifications package addresses, and is organized by, Qualifications criteria 1 through 4 presented above.

Responses should be limited to a total of 20 double sided pages not including required forms.

The costs of response preparation for both steps in the process are not reimbursable. Response preparation costs are the applicant's total responsibility.

The initial response must contain the signature of a duly authorized officer or agent of the proposer's company empowered with the right to bind the respondent to the RFQ. The respondent must provide evidence of the authority of the officer or agent to bind the respondent.

All responses and related materials provided to the City related to this RFQ will become the property of the City of Key West.

At the time the proposal is submitted, the Responder must show satisfactory documentation of state licenses. Please note that the winning respondent will also be required to obtain and maintain a City of Key West Business Tax Receipt for the duration of the work.

See below for a detailed example of deliverables:

1. Cover Letter – No more than one page

2. Information Page – Include project name, name of firm (prime) submitting the response, contact information for the person who will act as project manager and contact information for the person who has authority to make representations for the firm, including name, title, address, telephone and fax numbers and email addresses.

3. Organization Chart – Show prime consultant, sub-consultants, key personnel, areas of responsibility and location of personnel.

4. Company Information – Background information about the company and each subcontractor and the services each provides.

5. Methodology and Approach – Project specific descriptions which enable the City to assess the proposer's capability to provide architectural services in a structured and efficient manner.

6. Personnel – Resumes of the principals(s) assigned to the project and staff personnel, and/or sub-consultants available to support the proposed efforts.

7. Qualifications – Description of relevant experience (i.e., community/cultural development centers, City of Key West Development Review process, etc.) for the prime consultant and each subconsultant connected with providing project work. Experience of team members working successfully together on other similar projects should be included.

8. Sworn Statements and Affidavits – The Consultant shall have signed and returned all forms attached herein as Exhibit A (Anti-Kickback, Public Entity Crimes, Equal Benefits for Domestic Partners, Cone of Silence).

The evaluation of the RFQ will be based on a respondent's aptitude, experience and approach to tasks as identified herein by the City. Responses should be submitted to the submittal address by the date and time listed in the submission details. The City will not be responsible for submittals that are delinquent, lost, mismarked, or sent to an address other than that given above. The City reserves the right, after opening the submittal, to reject any or all responses, or to accept the response(s) that in its sole judgment is (are) in the best interest of the City. Also, the City will not be responsible for responses submitted after the specified date and time.

All questions from any Proposer regarding the RFQ or matters relating thereto must be submitted to lhowell@cityofkeywest-fl.gov, at the Key West Engineering Department via email no later than 12:00 p.m. noon on 13 February 2019. Each question must identify the section number in this RFQ for which clarification is being requested. City Engineering Department will respond to all properly submitted questions by addendum at least five (5) business days prior to the date that the

Proposals are due. All questions will be posted as an addendum at www.cityofkeywest-fl.gov and www.DemandStar.com.

Submit to:

City Clerk, City of Key West
1300 White Street
Key West, Florida 33040

Due Date: 6 March 2019, NO LATER THAN 3 PM

Identification of Responses:

Responses shall be submitted in a sealed envelope, clearly marked on the outside "Qualifications for Architectural Services for Frederick Douglass Gym Extension, RFQ # 19-001" addressed and delivered to the City Clerk at the address and by the date and time noted above.

Number of Copies:

Applicants shall submit (1) one printed copy and (2) two flash drives, each with a single PDF file of the entire bid package.

E. INSURANCE

CONSULTANT is to secure, pay for, and file with the City of Key West, prior to commencing any work under the Contract, all certificates for workers' compensation, public liability, and property damage liability insurance, and such other insurance coverages as may be required by specifications and addenda thereto, in at least the following minimum amounts with specification amounts to prevail if greater than minimum amounts indicated. Notwithstanding any other provision of the Contract, the CONSULTANT shall provide the minimum limits of liability insurance coverage as follows:

Auto Liability	$1,000,000	Combined Single Limit
General Liability	$2,000,000	Aggregate (Per Project)
	$2,000,000	Products Aggregate
	$1,000,000	Any One Occurrence
	$1,000,000	Personal Injury
	$ 300,000	Fire Damage/Legal
Professional Liability	$2,000,000	Per Claim / Aggregate

CONSULTANT shall furnish an original Certificate of Insurance indicating, and such policy providing coverage to, City of Key West named as an additional insured on all policies—excepting Professional Liability—on a PRIMARY and NON CONTRIBUTORY basis utilizing an ISO standard endorsement at least as broad as CG 2010 (11/85) or its equivalent, (combination of CG 20 10 07 04 and CG 20 37 07 04, providing coverage for completed operations, is acceptable) including a waiver of subrogation clause in favor of City of Key West on all policies. CONSULTANT will maintain the Professional Liability, General Liability, and Umbrella Liability insurance coverages summarized above with coverage continuing in full force including the additional insured endorsement until at least three (3) years beyond completion and delivery of the work contracted herein.

Notwithstanding any other provision of the Contract, the CONSULTANT shall maintain complete workers' compensation coverage for each and every employee, principal, officer, representative, or agent of the CONSULTANT who is performing any labor, services, or material under the Contract. Further, CONSULTANT shall additionally maintain the following minimum limits of coverage:

Bodily Injury Each Accident	$1,000,000
Bodily Injury by Disease Each Employee	$1,000,000
Bodily Injury by Disease Policy Limit	$1,000,000

CONSULTANT's insurance policies shall be endorsed to give 30 days written notice to the City of Key West in the event of cancellation or material change, using form CG 02 24, or its equivalent. Certificates of Insurance submitted to the City of Key West will not be accepted without copies of the endorsements being requested. This includes additional insured endorsements, cancellation/material change notice endorsements, and waivers of subrogation. PLEASE ADVISE YOUR INSURANCE AGENT ACCORDINGLY.

CONSULTANT will comply with any and all safety regulations required by any agency or regulatory body including but not limited to OSHA. CONSULTANT will notify City of Key West immediately by telephone at (305) 809-3964 of any accident or injury to anyone that occurs on the jobsite and is related to any of the work being performed by the CONSULTANT. It shall be the responsibility of the Consultant to ensure that all subconsultants/subcontractors comply with the same insurance requirements as is required of Consultant.

In addition, it is understood if at any time any of the policies required by the City shall become unsatisfactory to the City as to form or substance, or if a company issuing any such policy shall become unsatisfactory to the City, the Consultant shall obtain a new policy, submit the same to the City for approval and submit a certificate of insurance as which may be required by the contract. It is understood that upon failure of the Consultant to furnish, deliver and maintain such insurance as required above, the contract at the election of the City may be declared suspended, discontinued or terminated. Further, failure of the Consultant to take out and/or maintain any required insurance shall not relieve the Consultant from any liability under the contract, nor shall the insurance

requirements be construed to conflict with the obligations of the Consultant concerning indemnification.

INDEMNIFICATION

To the fullest extent permitted by law, the CONSULTANT expressly agrees to indemnify and hold harmless the City of Key West, their officers, directors, agents, and employees (herein called the "indemnitees") from liabilities, damages, losses and costs, including, but not limited to, reasonable attorney's fees and court costs, such legal expenses to include costs incurred in establishing the indemnification and other rights agreed to in this Paragraph, to persons or property, to the extent caused by the negligence, recklessness, or intentional wrongful misconduct of the CONSULTANT, its Subcontractors or persons employed or utilized by them in the performance of the Contract. Claims by indemnitees for indemnification shall be limited to the amount of CONSULTANT's insurance or $1 million per occurrence, whichever is greater. The parties acknowledge that the amount of the indemnity required hereunder bears a reasonable commercial relationship to the Contract and it is part of the project specifications or the bid documents, if any.

The indemnification obligations under the Contract shall not be restricted in any way by any

limitation on the amount or type of damages, compensation, or benefits payable by or for the CONSULTANT under workers' compensation acts, disability benefits acts, or other employee benefits acts, and shall extend to and include any actions brought by or in the name of any employee of the CONSULTANT or of any third party to whom CONSULTANT may subcontract a part or all of the Work. This indemnification shall continue beyond the date of completion of the work.

EXHIBIT A

AFFIDAVITS AND FORMS

ANTI-KICKBACK AFFIDAVIT

STATE OF FLORIDA

SS:

COUNTY OF MONROE

I the undersigned hereby duly sworn, depose and say that no portion of the sum herein response will be paid to any employee of the City of Key West as a commission, kickback, reward or gift, directly or indirectly by me or any member of my firm or by an officer of the corporation.

BY:_____

sworn and prescribed before me this _____ day of _____, 2019

NOTARY PUBLIC, State of Florida

My commission expires:

NON-COLLUSION AFFIDAVIT

STATE OF FLORIDA)
: SS
COUNTY OF MONROE)

I, the undersigned hereby declares that the only persons or parties interested in this Proposal are those named herein, that this Proposal is, in all respects, fair and without fraud, that it is made without collusion with any official of the Owner, and that the Proposal is made without any connection or collusion with any person submitting another Proposal on this Contract.

By: _____

Sworn and subscribed before me this

_____ day of _____, 2019.

_____
NOTARY PUBLIC, State of Florida at Large

My Commission Expires: _____

SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A)
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS,

1. This sworn statement is submitted to _____

   by _____

   for

   (print individual's name and title) _____

   (print name of entity submitting sworn statement)

   whose business address is _____

   and (if applicable) its Federal Employer Identification Number (FEIN) is

   _____

   (if the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement):

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "conviction" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 01, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:

   a. A predecessor or successor of a person convicted of a public entity crime: or

b. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members and agent who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment of income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statute means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement (indicate which statement applies).

Neither the entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July, 1989.

_____The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989.

_____The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list (attach a copy of the final order.

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH ONE (1) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR THE CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

_____

(SIGNATURE)

_____

(DATE)

STATE OF_____

COUNTY OF_____

PERSONALLY APPEARED BEFORE ME, the undersigned authority
_____who, after first being sworn by me,
(name of individual)
affixed his/her signature in the space provided above on this
_____day of _____, 2019

_____NOTARY PUBLIC

My commission expires:

EQUAL BENEFITS FOR DOMESTIC PARTNERS AFFIDAVIT

STATE OF _____)

: SS

COUNTY OF _____)

I, the undersigned hereby duly sworn, depose and say that the firm of _____

_____

provides benefits to domestic partners of its employees on the same basis as it provides benefits to employees' spouses, per City of Key West Code of Ordinances Sec. 2-799.

By: _____

Sworn and subscribed before me this _____day of _____20____.

NOTARY PUBLIC, State of _____ at Large

My Commission Expires:

CONE OF SILENCE AFFIDAVIT

Pursuant to City of Key West Code of Ordinances Section 2-773 (attached below)

STATE OF _____)
: SS
COUNTY OF _____)

I the undersigned hereby duly sworn depose and say that all owner(s), partners, officers, directors, employees and agents representing the firm of _____ have read and understand the limitations and procedures regarding communications concerning City of Key West issued competitive solicitations pursuant to City of Key West Ordinance Section 2-773 Cone of Silence (attached). Sworn and subscribed before me this

_____day of _____, 2019.

_____
NOTARY PUBLLIC, State of _____ at Large

My Commission Expires: _____

Sec. 2-773. Cone of Silence.

(a) *Definitions.* For purposes of this section, reference to one gender shall include the other, use of the plural shall include the singular, and use of the singular shall include the plural. The following definitions apply unless the context in which the word or phrase is used requires a different definition:

(1) *Competitive solicitation* means a formal process by the City of Key West relating to the acquisition of goods or services, which process is intended to provide an equal and open opportunity to qualified persons and entities to be selected to provide the goods or services. Completive solicitation shall include request for proposals ("RFP"), request for qualifications ("RFQ"), request for letters of interest ("RFLI"), invitation to bid ("ITB") or any other advertised solicitation.

(2) *Cone of silence* means a period of time during which there is a prohibition on communication regarding a particular competitive solicitation.

(3) *Evaluation or selection committee* means a group of persons appointed or designated by the city to evaluate, rank, select, or make a recommendation regarding a vendor or the vendor's response to the competitive solicitation. A member of such a committee shall be deemed a city official for the purposes of subsection (c) below.

(4) *Vendor* means a person or entity that has entered into or that desires to enter into a contract with the City of Key West or that seeks an award from the city to provide goods, perform a service, render an opinion or advice, or make a recommendation related to a competitive solicitation for compensation or other consideration.

(5) *Vendor's representative* means an owner, individual, employee, partner, officer, or member of the board of directors of a vendor, or a consultant, lobbyist, or actual or potential subcontractor or sub-consultant who acts at the behest of a vendor in communicating regarding a competitive solicitation.

(b) *Prohibited communications.* A cone of silence shall be in effect during the course of a competitive solicitation and prohibit:

(1) Any communication regarding a particular competitive solicitation between a potential vendor or vendor's representative and the city's administrative staff including, but not limited to, the city manager and his or her staff;

(2) Any communication regarding a particular competitive solicitation between a potential vendor or vendor's representative and the mayor, city commissioners, or their respective staff;

(3) Any communication regarding a particular competitive solicitation between a potential vendor or vendor's representative and any member of a city

evaluation and/or selection committee therefore; and

(4) Any communication regarding a particular competitive solicitation between the mayor, city commissioners, or their respective staff, and a member of a city evaluation and/or selection committee therefore.

(c) *Permitted communications.* Notwithstanding the foregoing, nothing contained herein shall prohibit:

(1) Communication between members of the public who are not vendors or a vendor's representative and any city employee, official or member of the city commission;

(2) Communications in writing at any time with any city employee, official or member of the city commission, unless specifically prohibited by the applicable competitive solicitation.

(A) However, any written communication must be filed with the city clerk. Any city employee, official or member of the city commission receiving or making any written communication must immediately file it with the city clerk.

(B) The city clerk shall include all written communication as part of the agenda item when publishing information related to a particular competitive solicitation;

(3) Oral communications at duly noticed pre-bid conferences;

(4) Oral presentations before publicly noticed evaluation and/or selection committees;

(5) Contract discussions during any duly noticed public meeting;

(6) Public presentations made to the city commission or advisory body thereof during any duly noticed public meeting;

(7) Contract negotiations with city staff following the award of a competitive solicitation by the city commission; or

(8) Purchases exempt from the competitive process pursuant to section 2-797 of these Code of Ordinances;

(d) *Procedure.*

(1) The cone of silence shall be imposed upon each competitive solicitation at the time of public notice of such solicitation as provided by section 2-826 of this Code. Public notice of the cone of silence shall be included in the notice of the competitive solicitation. The city manager shall issue a written notice of the release of each competitive solicitation to the affected departments, with a copy thereof to each commission member, and shall include in any public solicitation for goods and services a statement disclosing the requirements of this ordinance.

(2) The cone of silence shall terminate at the time the city commission or other authorized body makes final award or gives final approval of a contract, rejects all bids or responses to the competitive solicitation, or takes other action

which ends the competitive solicitation.

(3) Any city employee, official or member of the city commission that is approached concerning a competitive solicitation while the cone of silence is in effect shall notify such individual of the prohibitions contained in this section. While the cone of silence is in effect, any city employee, official or member of the city commission who is the recipient of any oral communication by a potential vendor or vendor's representative in violation of this section shall create a written record of the event. The record shall indicate the date of such communication, the persons with whom such communication occurred, and a general summation of the communication.

(e) *Violations/penalties and procedures.*

(1) A sworn complaint alleging a violation of this ordinance may be filed with the city attorney's office. In each such instance, an initial investigation shall be performed to determine the existence of a violation. If a violation is found to exist, the penalties and process shall be as provided in section 1-15 of this Code.

(2) In addition to the penalties described herein and otherwise provided by law, a violation of this ordinance shall render the competitive solicitation void at the discretion of the city commission.

(3) Any person who violates a provision of this section shall be prohibited from serving on a City of Key West advisory board, evaluation and/or selection committee.

(4) In addition to any other penalty provided by law, violation of any provision of this ordinance by a City of Key West employee shall subject said employee to disciplinary action up to and including dismissal.

(5) If a vendor is determined to have violated the provisions of this section on two more occasions it shall constitute evidence under City Code section 2-834 that the vendor is not properly qualified to carry out the obligations or to complete the work contemplated by any new competitive solicitation. The city's purchasing agent shall also commence any available debarment from city work proceeding that may be available upon a finding of two or more violations by a vendor of this section. *(Ord. No. 13-11, § 1, 6-18-2013)*

EXHIBIT B

CITY STAFF SELECTION CRITERIA MATRIX

Name: REQUEST FOR QUALIFICATIONS FOR ARCHITECTURAL SERVICES FOR FREDERICK DOUGLASS GYMNASIUM EXTENSION

Number: RFQ #19-001

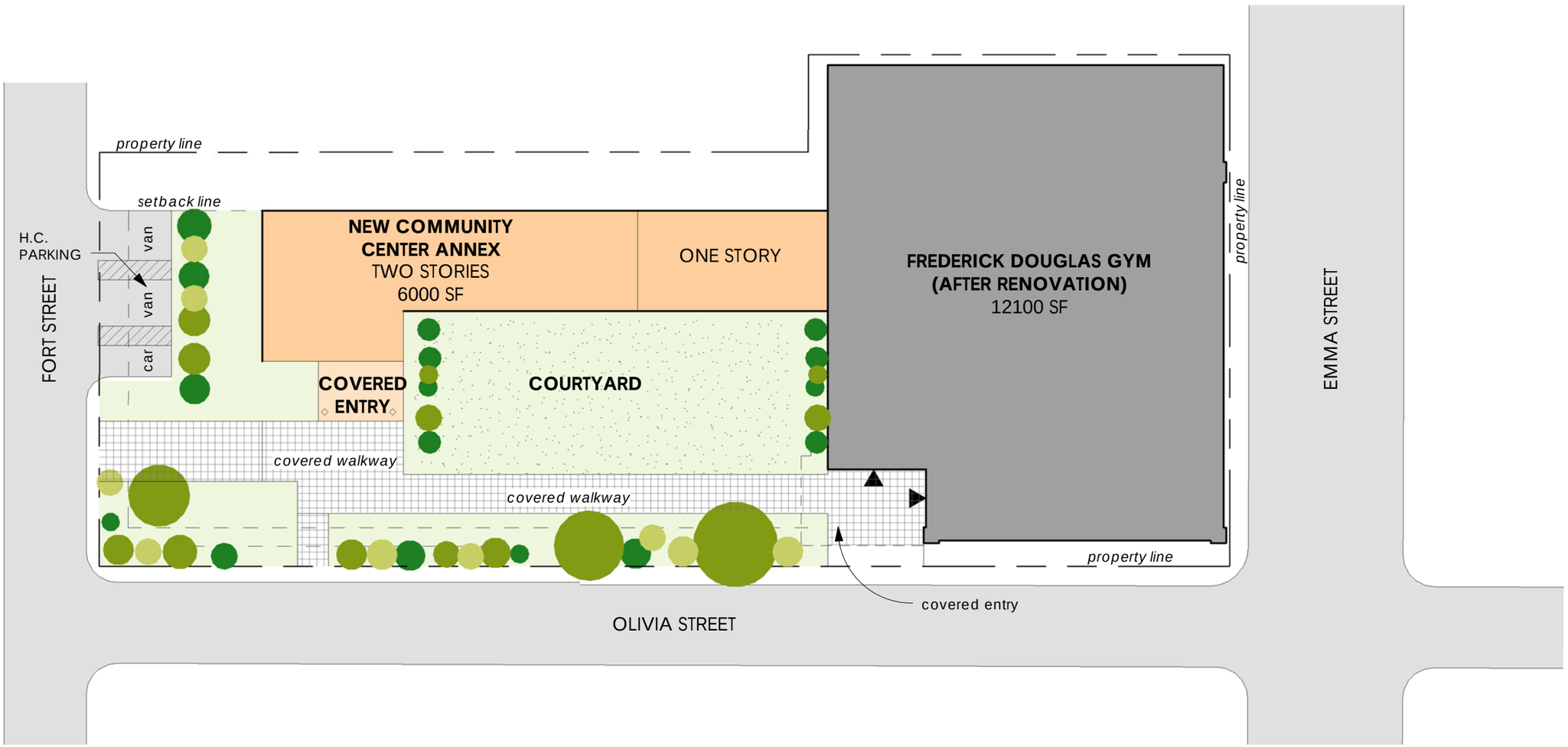
Firm Name: _____

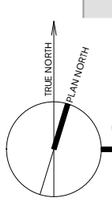
Date _____

SELECTION CRITERIA	POINTS ALLOWED	POINTS EARNED
Specialized experience and technical competence of the firm including design and permitting of buildings within the City of Key West Historic District.	40	
Qualifications of Project Team including examples of architect and subconsultants working together. The firm must have a registered Architect on staff and be certified to perform architectural services within the State of Florida at the time of RFQ submission. Identify LEED accredited staff professionals within team.	20	
Ability and capacity of assigned staff to perform the services expeditiously at the request of the City. Location and availability of technical support people and assigned Project Manager to the City within a reasonable timeframe will be a factor in overall evaluation.	20	
Comments/critique on conceptual plan in Exhibit C of this RFQ including City Code compliance, floor areas, anticipated variances, permitting/approval issues, conformity, etc.	10	
Qualifications of Project Team, including examples, of Firm working within the Historic District of the City of Key West.	10	
TOTAL POINTS	**100**	

EXHIBIT C

SURVEY AND CONCEPTUAL PLANS

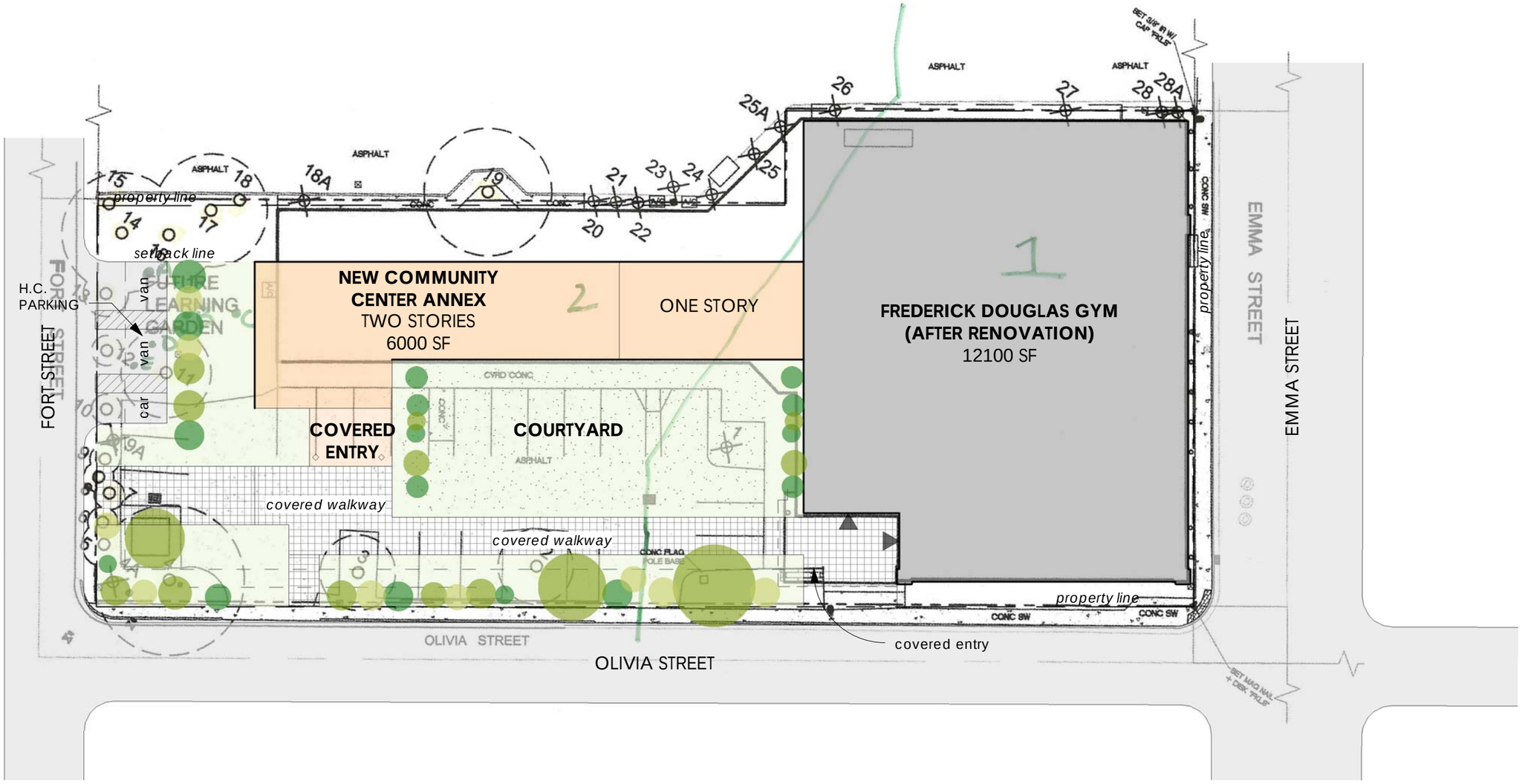


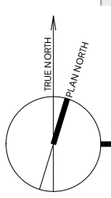


CONCEPTUAL SITE STUDY

1" = 30'-0"

0' 8' 30' 60'

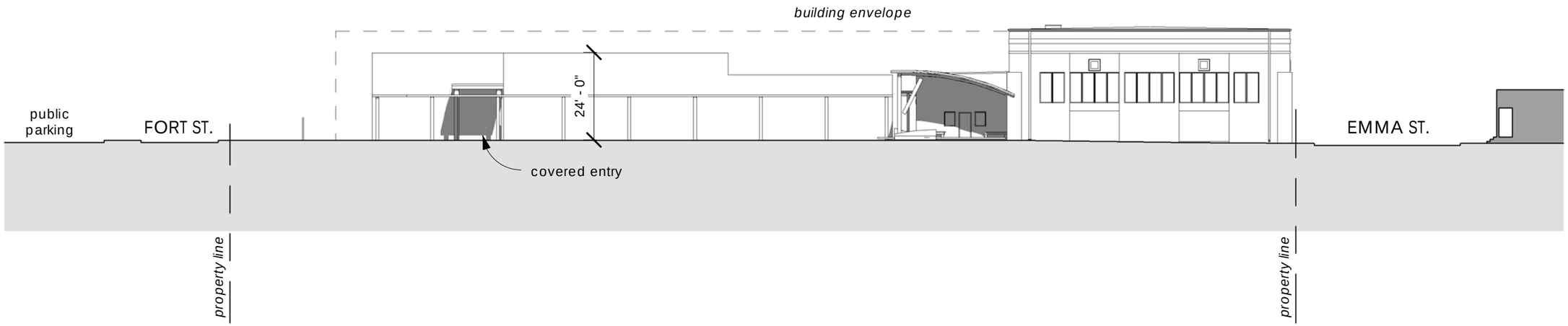




CONCEPTUAL LANDSCAPE ANALYSIS

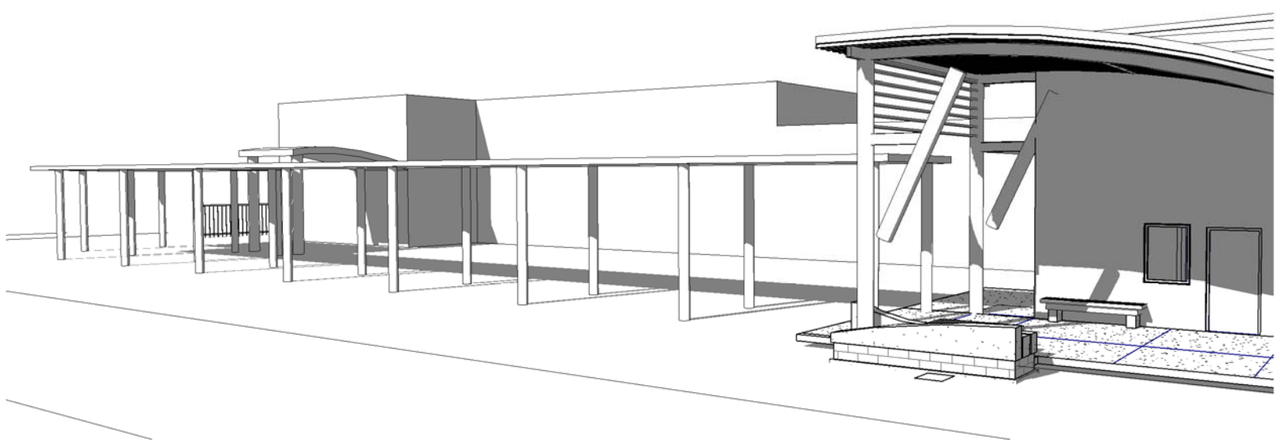
1" = 30'-0"

0' 8' 30' 60'

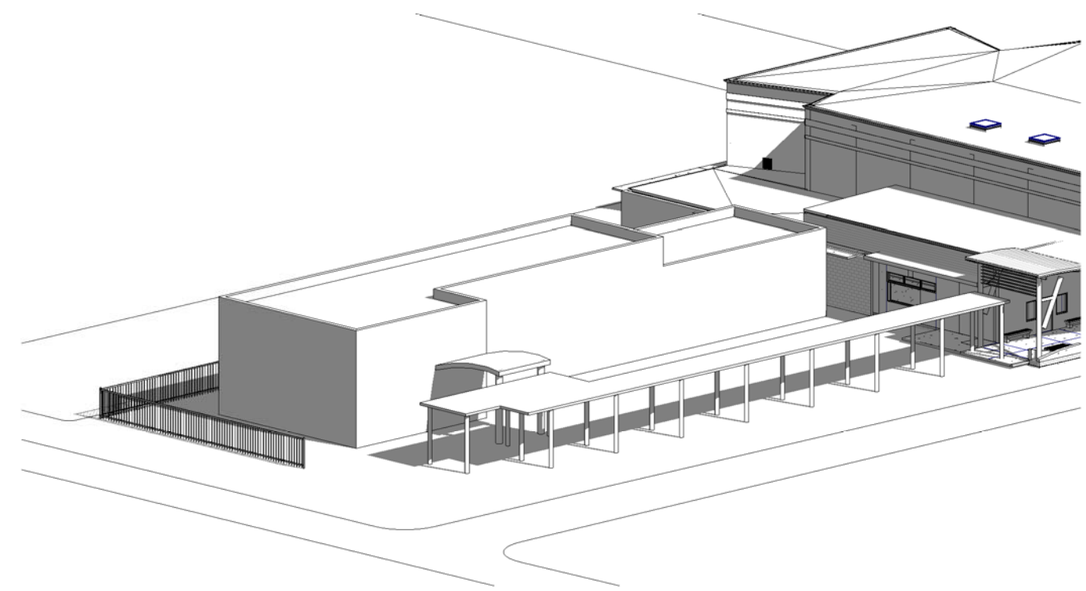


SOUTH ELEVATION

SCALE: 1" = 30'-0"



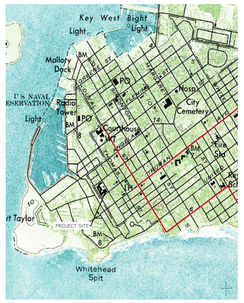
STREET PERSPECTIVE



BIRD'S EYE VIEW

BOUNDARY & TOPOGRAPHIC SURVEY MAP OF FREDERICK DOUGLAS GYMNASIUM

111 OLIVIA STREET, KEY WEST, MONROE COUNTY, STATE OF FLORIDA

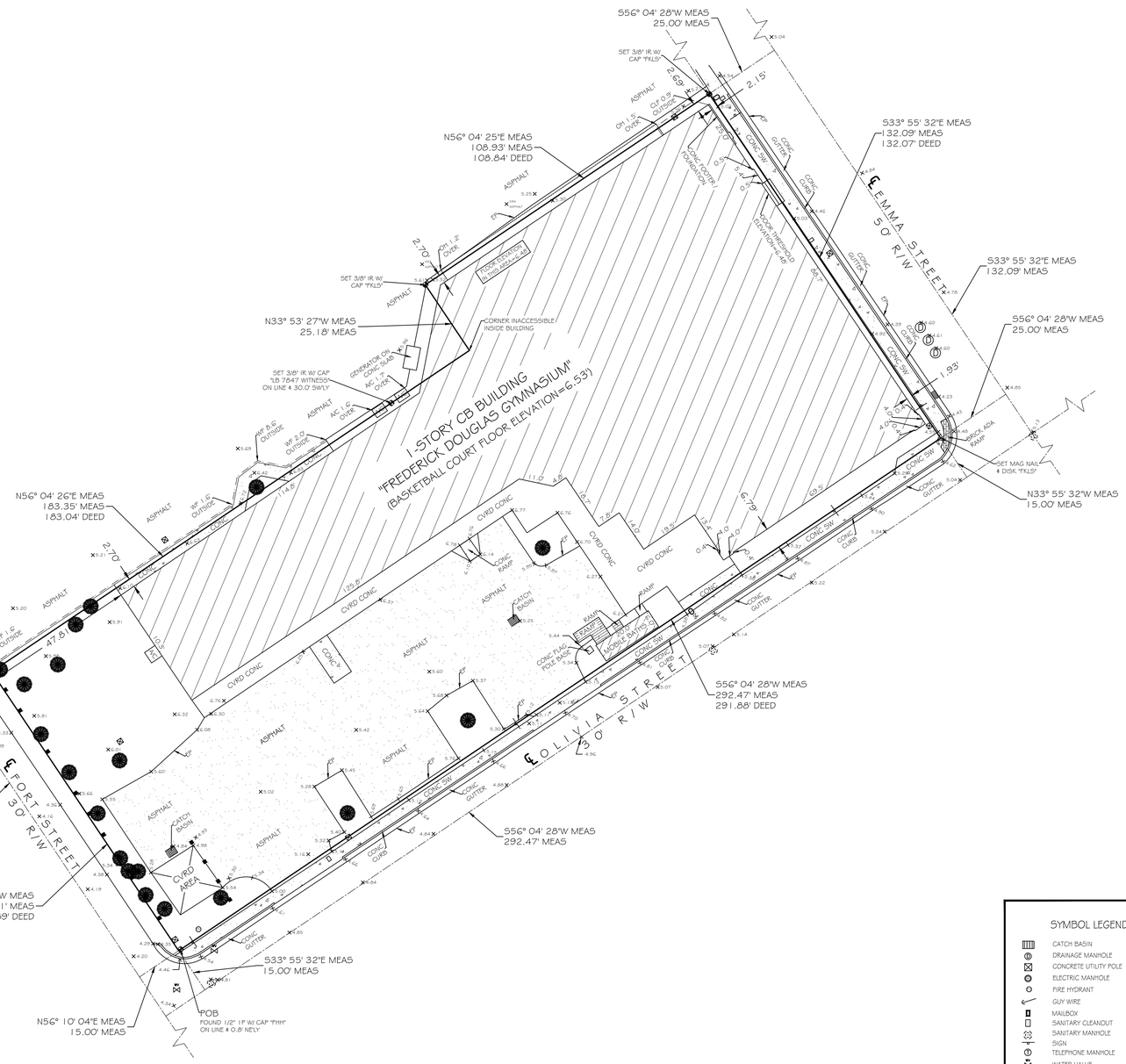


LOCATION MAP - NTS
SEC. 6-T68S-R25E

N
W E
S

1"=20'
0 10 20 40

*VERIFY ORIGINAL SCALE OF 2"



TOTAL AREA = 34,001.17 SQFT±
(0.78 ACRES±)

SYMBOL LEGEND:

- CATCH BASIN
- DRAINAGE MANHOLE
- CONCRETE UTILITY POLE
- ELECTRIC MANHOLE
- FIRE HYDRANT
- GUY WIRE
- MAILBOX
- SANITARY CLEANOUT
- SANITARY MANHOLE
- SIGN
- TELEPHONE MANHOLE
- WATER VALVE
- WATER METER
- WELL TEST STATION
- WOOD UTILITY POLE
- WOOD 4"X4" POST
- TREE (TYPICAL)
- ×4.85 SPOT ELEVATION (TYPICAL)

LEGAL DESCRIPTION -

In the City of Key West, Monroe County, Florida, and being known as part of Lots Six (6), and Ten (10), Tract Three (3), according to Charles W. Tift's map, and being more particularly described as follows:

Begin at the intersection of the Northeasterly right-of-way line of Fort Street and the Northwesterly right-of-way line of Olivia Street; thence in a Northwesterly direction along the said Northeasterly right-of-way line of Fort Street for One Hundred Six and 89/100 (106.89) feet; thence at a right angle and in a Northeasterly direction for One Hundred Eighty-three and 04/100 (183.04) feet; thence at a right angle and in a Northwesterly direction for Twenty-five and 18/100 (25.18) feet; thence at a right angle and in a Northeasterly for One Hundred Eight and 84/100 (108.84) feet to the Southwesterly right-of-way line of Emma Street; thence at a right angle and in a Southeasterly direction along the said Southwesterly right-of-way line of Emma Street for One Hundred Thirty-two and 07/100 (132.07) feet to the said Northwesterly right-of-way line of Olivia Street; thence at a right angle and in a Southwesterly direction along the said Northwesterly right-of-way line of Olivia Street for Two Hundred Ninety-one and 88/100 (291.88) feet to the Point of Beginning.

SURVEYOR NOTES -

BEARINGS AND COORDINATES SHOWN HEREON ARE REFERENCED TO GRID NORTH, BASED ON THE 1990 ADJUSTMENT OF THE NORTH AMERICAN DATUM OF 1983 (NAD 83/90), OF THE FLORIDA STATE PLANE COORDINATE SYSTEM (TRANSVERSE MERCATOR PROJECTION), EAST ZONE.

COORDINATES WERE ESTABLISHED BY A REAL-TIME KINEMATIC (RTK) GPS CONTROL SURVEY WHICH IS CERTIFIED TO A 2 CENTIMETER LOCAL ACCURACY, RELATIVE TO THE NEAREST CONTROL POINT WITHIN THE NATIONAL GEODETIC SURVEY (NGS) GEODETIC CONTROL NETWORK.

A) METHOD: WIDE AREA CONTINUOUSLY OPERATING GPS REFERENCE STATION NETWORK.
B) EQUIPMENT USED: TRIMBLE R10 GNSS, SERIAL NUMBER 5249419679 (DUAL FREQUENCY RECEIVER).
C) PROCESSING SOFTWARE: TRIMBLE GEOMATICS OFFICE, VERSION 1.63.
D) HORIZONTAL TIES WERE MADE TO THE NATIONAL GEODETIC SURVEY CONTROL POINT "WEST MARTELLO TOWER 2" (P.I.D. AA1146), HAVING A HAVING A DIFFERENTIAL OF N 0.02', E 0.12', FROM THE PUBLISHED VALUE OF: WEST MARTELLO TOWER 2 (P.I.D. AA1146)= N 78,401.68 E 394,906.10

ELEVATIONS SHOWN HEREON ARE IN FEET AND BASED ON THE NATIONAL GEODETIC VERTICAL DATUM OF 1929 (NGVD 1929).

BENCHMARK DESCRIPTION: NATIONAL GEODETIC SURVEY BENCHMARK "872 4580 TIDAL BASIC" (P.I.D. AA0008), ELEVATION=14.32' (NGVD 1929).

ALL ANGLES DEPICTED ARE 90 DEGREES UNLESS OTHERWISE INDICATED.

ALL UNITS ARE SHOWN IN U.S. SURVEY FEET.

ALL FIELD DATA WAS ACQUIRED BETWEEN 10/22/2014-11/06/2014

ADDRESS: 111 OLIVIA STREET, KEY WEST, FLORIDA 33040

NOTE: FOUNDATIONS BENEATH THE SURFACE ARE NOT SHOWN. MEASURED DIMENSIONS EQUAL PLATTED OR DESCRIBED DIMENSIONS UNLESS INDICATED OTHERWISE.
THE FOLLOWING IS A LIST OF ABBREVIATIONS THAT MAY BE FOUND ON THIS SHEET.

BFP = BACKFLOW PREVENTER
BO = BLOW OUT
C & G = 2' CONCRETE CURB & GUTTER
CB = CONCRETE BLOCK
CBW = CONCRETE BLOCK WALL
CL = CENTERLINE
CLF = CHAINLINK FENCE
CM = CONCRETE MONUMENT
CONC = CONCRETE
CPP = CONCRETE POWER POLE
D = DEED DATA
DELTA = CENTRAL ANGLE
DEASE = DRAINAGE EASEMENT
EL = ELEVATION
ENCL = ENCLOSURE
EP = EDGE OF PAVEMENT
FF = FINISHED FLOOR ELEVATION
FH = FIRE HYDRANT
FI = FENCE INSIDE
FND = FOUND
FO = FENCE OUTSIDE
FOL = FENCE ON LINE
GUY = GUY WIRE
HB = HOSE BIB
IF = IRON PIPE
IR = IRON ROD
L = ARC LENGTH
LS = LANDSCAPING
MB = MAILBOX
MEAS = MEASURED
MF = METAL FENCE
MHWL = MEAN HIGH WATER LINE
NGVD = NATIONAL GEODETIC VERTICAL DATUM (1929)
NTS = NOT TO SCALE
OH = ROOF OVERHANG
OHW = OVERHEAD WIRES
PC = POINT OF CURVE
PM = PARKING METER
POCC = POINT OF COMPOUND CURVE
PCP = PERMANENT CONTROL POINT
PK = PARKER-KALON NAIL
POB = POINT OF BEGINNING
PI = POINT OF INTERSECTION
POC = POINT OF COMMENCEMENT
PRC = POINT OF REVERSE CURVE
PRM = PERMANENT REFERENCE MONUMENT
PT = POINT OF TANGENT
R = RADIUS
R/W = RIGHT OF WAY LINE
SSCO = SANITARY SEWER CLEAN-OUT
SW = SIDE WALK
TBM = TEMPORARY BENCHMARK
TOB = TOP OF BANK
TOS = TOE OF SLOPE
TS = TRAFFIC SIGN
TYP = TYPICAL
UE = UNDERGROUND ELECTRIC EASEMENT
WD = WOOD DECK
WF = WOOD FENCE
WL = WOOD LANDING
WM = WATER METER
WPP = WOOD POWER POLE
WRACK LINE = LINE OF DEBRIS ON SHORE
WV = WATER VALVE

NOTE: LEGAL DESCRIPTIONS HAVE BEEN FURNISHED BY THE CLIENT OR HIS/HER REPRESENTATIVE.PUBLIC RECORDS HAVE NOT BEEN RESEARCHED BY THE SURVEYOR TO DETERMINE THE ACCURACY OF THESE DESCRIPTIONS NOR HAVE ADJOINING PROPERTIES BEEN RESEARCHED TO DETERMINE OVERLAPS OR HIATUS. ADDITIONS OR DELETIONS TO SURVEY MAP OR REPORT BY OTHER THAN THE SIGNING PARTY IS PROHIBITED WITHOUT WRITTEN CONSENT OF THE SIGNING PARTY. THE BOLD LINE SHOWN HEREON REPRESENTS THE SURVEYORS OPINION OF THE DEED LINES. THE MEAN HIGH WATER LINE WAS NOT DETERMINED FOR THIS SURVEY, THE APPARENT MEAN HIGH WATER LINE IS SHOWN FOR REFERENCE ONLY.

I HEREBY CERTIFY THAT THIS SURVEY WAS MADE UNDER MY RESPONSIBLE CHARGE AND MEETS THE STANDARDS OF PRACTICE AS SET FORTH BY THE FLORIDA BOARD OF PROFESSIONAL SURVEYORS AND MAPPERS IN CHAPTERS 2014-17 & 5J-17.05, FLORIDA ADMINISTRATIVE CODE, PURSUANT TO SECTION 472.027, FLORIDA STATUTES AND COMPLIES WITH CHAPTER 177, PART II FLORIDA STATUTES.

SIGNED

ERIC A. ISAACS, PSM #6763, PROFESSIONAL SURVEYOR AND MAPPER, LB# 7847

NOT VALID WITHOUT THE SIGNATURE AND THE RAISED SEAL OF A FLORIDA SURVEYOR AND MAPPER

FLORIDA KEYS LAND SURVEYING
19960 OVERSEAS HIGHWAY
SUGARLOAF KEY, FL 33042
PHONE: (305) 394-3690
FAX: (305) 509-7373
EMAIL: FKLSemail@Gmail.com

BOUNDARY & TOPOGRAPHIC SURVEY MAP
FREDERICK DOUGLAS GYMNASIUM
KEY WEST, MONROE COUNTY, STATE OF FLORIDA

DATE: 11/07/2014	SURVEY BY: EAI	PROJECT: CKW PO#93085
ORDER:	DRAWN BY: MPB	H. SCALE: 1"=20'
BOOK:	CHECKED BY:	SHEET 1 OF 1

EXHIBIT D

APPRAISERS OF THE KEYS – APPRAISAL REPORT

Appraisal Report
REAL ESTATE APPRAISAL

Of

Frederick Douglas Gym,
830 Emma St,
Key West,
FL 33040

As of
August 29th, 2018

Prepared For
Mr. L. Kreed Howell,
Sr. Construction Manager,
City of Key West,
1300 White St,
Key West,
FL 33040

Client File:
NA

Prepared by
APPRAISERS OF THE KEYS

Kevin Talbott SRA, CertGen RZ2139
&
Nicholas Farrar MRICS, CertGen RZ3742

Client File No.
BV55021701

Our File No:
15324

APPRAISERS OF THE KEYS

3208 Flagler Ave
Key West,
FL, 33040

305-296-0831
aokreal@aol.com
appraisersofthekeys.com

September 10th, 2018

Mr. L. Kreed Howell,
Sr. Construction Manager,
City of Key West,
1300 White St,
Key West,
FL 33040

Re: Appraisal Report, Real Estate Appraisal

Frederick Douglas Gym,
830 Emma St,
Key West,
FL 33040

Client File No: BV55021701
Our File No: 15324

Dear Mr. Howell.

At your request, I have prepared an Appraisal Report for the above referenced property. This report is limited to the client and intended users identified in this report. The purpose of the report is to estimate the current AS IS Market Value of the subject property, in Fee Simple title, for internal purposes only as of the effective date August 29th, 2018. This report is not to be used for lending purposes. A full external and internal inspection of the subject property was undertaken on August 29th, 2018 by Nicholas Farrar, MRICS.

Market Value may be 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 that the price is not affected by undue stimulus.

The subject comprises of a community physical education building housing a gym, restrooms, kitchen, and associated offices along with an attached building currently housing community service offices. The property was originally constructed in 1945 with the gymnasium part of the property having been fully renovated in 2016-2017. The improvements are situated on a corner infill lot totaling 33,700 sq.ft. (0.773 acres) in the Old Town neighborhood of Key West. The site is surrounded by residential, neighborhood commercial, and sits across the street from the US Navy property. The site is within the Bahama Village section of Old Town.

The subject is a legal non-conforming use as the subject does not conform to the current set-backs however, was in place and operating prior to the current zoning. The improvements can be rebuilt if unintentionally destroyed. The subject's site has multiple zoning designations as per the City of Key West both HNC-3 and HMDR allowing for multiple uses. The subject is located within an active flood zone (Flood zone: AE, Flood Map: 120871516K (date 02-18-2005)).

This appraisal conforms to the *Uniform Standards of Professional Appraisal Practice (*USPAP), Standards 1 and 2, and is reported in a summary format. No extraordinary assumptions or hypothetical conditions are necessary in this assignment.

Please reference pages 19-21 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis, and valuation methodology. Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 15). Acceptance of this report constitutes an agreement with these conditions and assumptions. We note the following:

Hypothetical Conditions:

- There are no hypothetical conditions.

Extraordinary Assumptions:

- The appraiser has not been provided with an environmental survey of the site. An extraordinary assumption has been used and assumes that the site does not contain significant native species or areas of wetland that would affect development of the site.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions, and Hypothetical Conditions (if any), we have made the following value conclusion(s):

The Current **"AS IS" Market Value** of the subject property, in Fee Simple title, as of August 29th, 2018 is

$6,800,000
(Six Million, Eight Hundred Thousand Dollars)

The market exposure time preceding August 29th, 2018 would have been 12 - 18 months and the estimated marketing period as of August 29th, 2018 is 12 - 18 months.

Respectfully submitted,

Kevin Talbott, SRA
CertGen RZ2139

Nicholas Farrar, MRICS
CertGen RZ3742

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Subject Photographs

Subject Front

Subject Exterior

Subject Exterior

Subject Exterior

Street view – Emma St.

Street view – Olivia St.

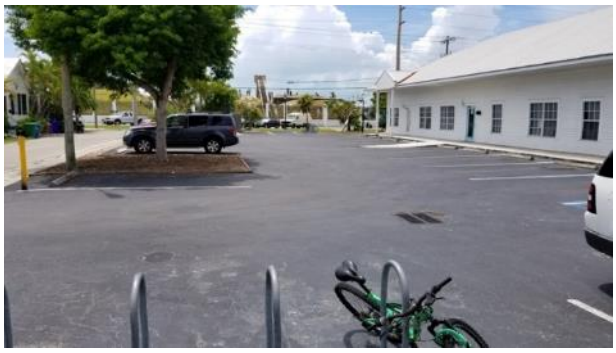
Subject Exterior – office building

Subject Exterior – office building

Subject Exterior – office building

Subject Exterior – office building

Parking lot



Parking lot

Generator

Interior of renovated gym - office

Interior of renovated gym – community room

Interior of renovated gym - kitchen

Interior of renovated gym – restroom

Interior of renovated gym - restroom

Interior of renovated gym – restroom

Interior of renovated gym

Interior of renovated gym

Interior of renovated gym

Interior of renovated gym

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Interior of office space – single story building

Definitions

Market Value:[1]

Market value means 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 and 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:
(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) A reasonable time is allowed for exposure in the open market;
(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and if neither is under undue duress.

A **Fee Simple** estate is defined [2] as:

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 **Leased Fee** interest is defined [2] as:

A freehold (ownership interest) where the possessory interest has been granted to another party by the creation of a contractual landlord-tenant relationship (i.e., a lease).

Marketing Time is defined [2] as:

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 the appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.

Exposure Time is defined [2] as:

(1) The time a property remains on the market.

(2) 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 on an analysis of past events assuming a competitive and open

[1] Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

market.

See Marketing Time, above.

Gross Building Area (GBA):

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically, included in the region.[2]

Rentable Area (RA):

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring the inside finished surface of the dominant portion of the permanent building walls, excluding any major based; calculated according to local practice.[2]

Gross Leasable Area (GLA):

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.[2]

As Is Market Value:

The estimate of the market value of the real property in its current physical condition, use and zoning as of the appraisal date.[2]

Stabilized Value:

Stabilized value is the prospective value of a property after construction has been completed and market occupancy and cash flow have been achieved.[2]

[2] Narrative1.com. Thomas W. Armstrong, MAI

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or another media.

All files, work papers and documents developed in connection with this assignment are the property of Appraisers of the Keys. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil, or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements, or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Appraisers of the Key's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

- **Hazardous Waste:** No information regarding the presence or absence of hazardous waste on the subject property was provided. This appraisal assumes the absence of any and all hazardous waste on the subject property. If hazardous waste is found to be present on the subject property, an adjustment to the valuation contained in this report may be required.

- **Title Conditions:** No current title commitment/ report was provided for review. It is assumed that any special exceptions, other than those noted previously in this report, are typical, and there is no adverse impact on value. The right to modify the valuation contained in this report is reserved upon review of title conditions.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Appraisers of the Keys has not made a determination regarding the subject's ADA compliance or non-compliance**. Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal**.

Executive Summary:

Name:	Frederick Douglas Gym.
Location:	830 Emma St, Key West, FL 33040
Current Improvements:	Gymnasium with associated office space.
Gross Building Area:	18,053 sq.ft. (As per architect drawings)
Gymnasium:	12,078 sq.ft.
Offices:	5,975 sq.ft.
Owner:	City of Key West.
Parcel No. / Alt Key #:	00014720-000000, Alt Key #1015091
Legal Description:	KW PT LOT 6 & PT LOT 10 OF TRACT 3 H2-391/93 G13-54/57/575/77 OR56-396/99 OR61-451/52 OR61-451/452 OR1106-123/125 OR1122-1308/11/C
Property Type:	Fee Simple
Date of value opinion:	August 29th, 2018
Intended Use:	The intended use is to determine the current AS IS market value for internal purposes only. This report is not to be used for lending purposes.
Intended User(s):	The intended user of this report is the City of the Key West. No other intended users have been identified.
Zoning:	HNC-3 and HMDR
Zoning Authority:	City of Key West
Highest and Best Use:	
As Vacant:	Residential development.
As improved:	Current use as a gymnasium with associated office space.
Flood Zone:	AE
Flood Map / Map Date	120871516K / 02-18-2005

RECONCILED VALUES

Market Value via Sales Comparison Approach	**Not Developed**
Market Value via Income Approach	**Not Developed**
Market Value via Cost Approach	**$6,800,000**
Market Value Final Reconciliation:	**$6,800,000**

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Mr. L Kreed Howell of the City of Key West. The problem to be solved is to estimate the Current 'AS IS' market value of the subject property's Fee Simple Interest as of the date of inspection August 29th, 2018 which is the effective date. The intended use is to determine the AS IS Market value for internal purposes. This report is not to be used for lending purposes. The intended users of this report are the City of Key West only. No other intended users have been identified.

Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Appraisers of the Keys will not be responsible for unauthorized use of the report, it's conclusions or contents used partially or in its entirety.

Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data, and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	An exterior and interior inspection of the subject property has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible, and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value:	Current AS IS Market Value

VALUATION ANALYSES

Cost Approach:	A **cost approach** was applicable and has been developed as the subject is classed as a special purpose property. There have been vacant land sales in the area with the value of the land derived by the Sales Comparison Approach. There is adequate and reliable data to determine the cost new of the improvements from local contractors, contracts provided by the client, and from recognized cost manuals (Marshall and Swift). There is adequate data to determining the level of depreciation by multiple methods. This is the most reliable indicator of value when appraising these special purposes properties.
Sales Comparison Approach:	A **sales comparison** analysis was considered but has not been developed. There have been no sales of similar community properties in the Florida Keys over the past 10 years. This approach has been used to develop an opinion of value for the vacant lot.
Income Approach:	An **income analysis** was not developed as these properties are not rented in the open market and this approach would not give a reliable opinion of value.
Hypothetical Conditions:	There are no Hypothetical Conditions for this appraisal.
Extraordinary Assumptions:	The appraiser has not been provided with an environmental survey of the site. An extraordinary assumption has been used and assumes that the site does not contain significant native species or areas of wetland that would affect development of the site. Any changes in assumptions may affect value conclusions.

Preamble.

The property being appraised comprises of a physical education building with attached community office space. The buildings were originally constructed in 1945 (as the Monroe County Property Appraiser (MCPA) and a plaque attached to the building) and comprise of two sections, the gymnasium and the community office space. The improvements are located on a 33,700 sq.ft. (0.7736 acre) infill, double corner lot in the Old Town neighborhood of Key West. The site is bounded by Emma St to the Northeast, Olivia St to the Southeast, Fort St to the Southwest, and a neighboring apartment complex to the Northwest.

The subject has undergone partial renovations over the past 2 years with the majority of the works centered on the gymnasium. The gymnasium has been completely renovated (2016-2017) and includes repairs to the structural concrete, new roof deck and covering, new entrance structure, renovation of restrooms, offices, electrical components, and plumbing. The single level office building has not been renovated in the last 15 years with the last permitted renovation being in 2002 (as per MCPA).

The site has off-street parking in the form of an asphalt stripped parking lot with 19 parking spaces including 1 disabled space. Landscaping is typical for the area with several native trees and shrubs along with a small area of grass to the rear of the property, abutting Fort St.

Property History:

Prior Sale:
There have been no prior sales or transfers of the subject in the last 3 years prior to the effective date. The subject has been in public ownership since original construction.

Current Listing:
The subject is not currently listed in the local MLS system (Key West Association of Realtors, Inc) nor has been in the last 3 years.

Contract Analysis:

Not Applicable

Our investigation and analysis of the property included but was not limited to the following:

- An external and internal inspection of the subject property and its site was undertaken
- A detailed Market analysis was performed to determine market value via obtaining sales of comparable properties.
- A detailed Market analysis was performed to determine market value via obtaining rental data of comparable properties and determining an appropriate capitalization rate.
- Analysis of comparable land sales and cost data to determine the value by the Cost Approach.

The value conclusions set forth herein is predicated upon current market conditions as they can be recognized and interpreted.

Area Analysis:

The State of Florida has increased rapidly in population from 9,746,000 in 1980 to 16,396,515, in 2007 to 18,801,310 as of the 2010 Census Data with the last estimate of 19,893,297[3]. Florida in the past has been known principally for its tourist attractions, citrus, and winter produce. In addition to the area being a year-round resort area, the State has experienced an influx of growth of industry and manufacturing since World War II. Florida is now less dependent upon tourism which indicates a more stable year-round economy. The trend of the Florida economy generally parallels that of the nation with favorable future economic forecasts.

Monroe County stretches 150 miles south and west of Miami and Miami-Dade County along a series of islands or keys connected by 42 bridges carrying U.S. #1 (Overseas Highway) to terminus Key West, the County seat. Total usable land area scattered over the larger keys is about 100 square miles, which includes Key West's 6+ square miles. Of these 100 square miles, only 25% is improved. However, most of the 75% vacant land is not develop able, meaning it is wetlands, mangroves, or native areas protecting endangered species of birds, animals, plants and marine life.

Virtually all of this land is 0 to 18 feet above mean high water and classified within the FEMA 500-year flood hazard zone. The geology is mostly oolite (calcium carbonate granules) and coral rock. Tropical vegetation covers surface areas with a wide assortment of grasses, vines, shrubs and trees such as palms and pines. The shoreline is extensive and nearly all in mangroves, a protected species. Sand beaches are few and are usually found in five or six state parks.

On the Atlantic Ocean or Florida Straits side of the Keys is a string of barrier reefs four to six miles off-shore with the axis of the Gulf Stream two to four miles beyond, flowing northward. This band of turquoise and blue water contains some of the finest sport fishing in the world. Snorkeling and scuba diving are very popular, especially at John Pennecamp and Looe Key State Underwater Parks.

Monroe County is the southernmost of Florida's 67 counties beginning at the Miami-Dade County line about 40 miles south of Miami, extending west and north to include the Everglades National Park and part of the Big Cypress National Preserve, and stretching 120 miles south and west along the largest of some 800 islands or Keys across 42 bridges carrying U.S. #1 (Overseas Highway) to terminus in Key West, the County seat. Total county area is 1,788 square miles, 1,672 square miles of which is national park and preserve. Unincorporated public and private usable areas are 94 square miles plus 6.25 square miles in the City of Key West, 4.87 square miles private and 1.4 square miles military. There is another 116 square miles in offshore Islands.

The 2017 total population of Monroe County is estimated at approximately 77,537 permanent residents increasing to approximately 125,000 during the peak winter season. Key West has approximately 35,123 permanent residents increasing to approximately 90,000 in season and is host to about 2.2 million tourists. This population is spread among the Upper Keys (Key Largo to Lower Matecumbe) 28%, Middle Keys (Long Key to Marathon) 17% and Lower Keys (Big Pine to Stock Island) 23%. Approximately 15,000 vehicles per day cross into Monroe County according recent traffic counts.[4] The overall permanent population has remained stable with only a less than 1% increase forecasted over next 5 years based on information taken from the US Census Bureau and ESRI, a commercial services projection.

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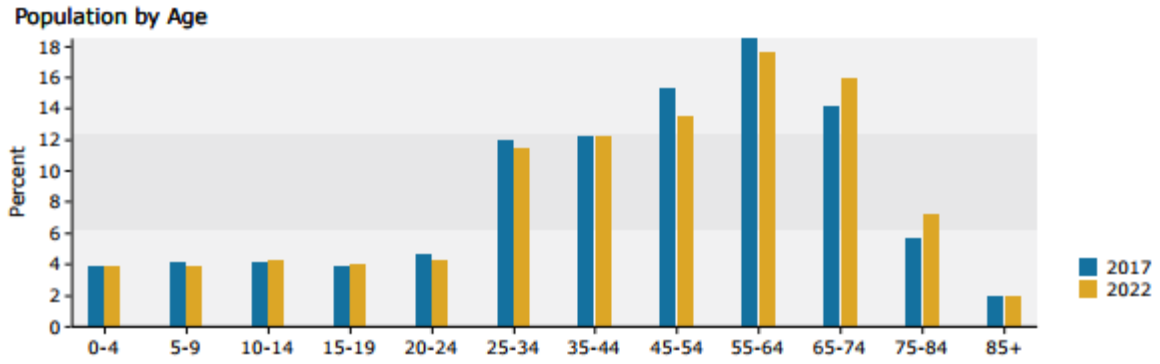
[3] US Census Data
[4] U.S. Census Bureau

	Monroe County...
Census 2010 Summary	
Population	73,090
Households	32,629
Families	18,219
Average Household Size	2.18
Owner Occupied Housing Units	18,501
Renter Occupied Housing Units	14,128
Median Age	46.4
2017 Summary	
Population	77,537
Households	34,484
Families	19,083
Average Household Size	2.19
Owner Occupied Housing Units	18,263
Renter Occupied Housing Units	16,221
Median Age	48.8
Median Household Income	$59,153
Average Household Income	$85,194
2022 Summary	
Population	81,143
Households	36,044
Families	19,864
Average Household Size	2.20
Owner Occupied Housing Units	18,960
Renter Occupied Housing Units	17,084
Median Age	50.0
Median Household Income	$67,717
Average Household Income	$101,151
Trends: 2017-2022 Annual Rate	
Population	0.91%
Households	0.89%
Families	0.81%
Owner Households	0.75%
Median Household Income	2.74%

Table 1 - Monroe County population

There are a number of families who make Key West their home who were born and raised here. The demographics of the area are similar to the remainder of Florida with an aging population. A number of the older residents typically move away after retirement to be closer to family and improved health care. As previously stated there are a number of non-permanent residents who visit Key West over the winter months and are typically from the northern states. These non-permanent residents own property in Key West and are typically retired individuals.



Source: US Census Bureau, Census 2010 – Esri forecasts of 2017 and 2022

Table 2 - Population breakdown

Commercial fishing is equal in importance to the tourist industry. Industry in the Florida Keys, which was dominated by commercial fishing until recently, has changed in recent years to sport fishing and diving, marinas,

motels, time-share resorts, restaurants, and other tourist-oriented businesses. Over the past ten years, the tourist season has expanded from a few months a year to almost year-round.

The United States Navy also contributes significantly to the Lower Keys economy, since Key West Trumbo Point and Boca Chica Naval Air Station are home to naval fighter training and development. All services are represented with highly trained units. These numbers result not only in a substantial military population requiring housing and service needs, but also employment for local civilians.

Monroe County growth and population has stabilized after years of growth. Much of the new resident population has located throughout the Keys. However, the greatest concentration of growth has been in Key Largo and the northern part of the county.

Tourism is now the single major economic driving force. 762,079 cruise ship passengers disembarked in Key West in 2017. This was a 9.3% increase from the previous year, the figures from the Key West Chamber of Commerce shows that the numbers decreased in from 2012 to 2013 increased from 2013 to 2014 and decreased though the end of 2016. Recent events in the cruise ship industry including several high-profile accidents and incidents has reduced the number of passengers on ships worldwide. The number of ships visiting Key West has increased over the past 12 months and back to the trip numbers for 2010. A vote by the residents of Key West, in 2014, stopped any consultation on dredging the channel to allow for the larger, more modern cruise ships. This would have involved damage to the nature reserve and sanitary through which the ships would have passed.

Key West airport, originally built to handle 35,000 people, handled 375,283 in 2017 which was an increase over the previous year. A regional jet service has been running since 2002, with Delta Airlines which now operates direct regional jet service to Atlanta as well as daily flights by American Airlines to Miami and Charlotte, and by Silver Airways to Tampa, Fort Lauderdale, and Orlando. There are direct nonstop services to New York, Washington, and Chicago over the winter months which has typically been a prelude to full time regular flights. There is no commercial carrier flying internationally from Key West, with local charter services available to the Caribbean, The Bahamas and recently to Cuba. Key West airport also recently went under significant renovations over the past 10 years with an improved customs, arrival and departure areas and a new parking garage.

The Upper Florida Keys does not have a general aviation airport, there is one private airport at mile marker 90. Visitors to the upper keys, fly into Key West or Miami airport. The Miami International Airport is approximately a one-hour drive from the Upper Florida Keys (Key Largo).

Key West has approximately 2.307 hotel and 1,531 motel rooms with another 453 rooms in guest houses, and 1,073 in transient multi-unit complexes and 843 vacation rentals for a total of 6,207 units of total lodging. Reports indicate occupancy rates of 70% in the county areas and 75% + for transient properties in Key West. This high occupancy factor is due to occupancy increases in the off-season, as Key West and the Florida Keys become a year-round tourist destination.[5]

In 1981, Monroe County created the County Tourist Development Council (TDC). This is a non-governmental entity of Monroe County whose sole purpose is to promote and advertise tourism for all of Monroe County. The Monroe County TDC is funded by a 3% tax on all overnight accommodations in Monroe County. The first two percent of this 3% tax is used to promote all of Monroe County including the City of Key West. The second portion of the TDC's bed tax is a one percent tax on all overnight accommodations in Monroe County. This 1% revenue is then allocated among different sections of the county (Marathon and the Lower Keys, Key Largo, Key West etc.), based on their pro-rated contribution of revenues. The portion of this revenue allocated to Key West is approximately 55% (per the TDC).

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[5] Smith Travel Research, Key West Chamber of Commerce.

These funds are used for direct expenditures for advertising, promotion, tourist information services and special events promotions. Of this total collected tax, approximately 65% goes to promotion and advertising and 35% to special events.

Neighborhood Analysis.

The subject is on the island of Key West, the southern-most City of the Continental United States of America and is connected to the Florida mainland by a series of islands and bridges running from Key Largo in the North to Key West in the South. The city of Key West is split into several neighborhoods each with their own unique characteristics. The neighborhoods are Old Town, Casa Marina, The Meadows, Truman Annex, Mid-Town, and New Town.

The subject is within the Old Town neighborhood which is on the western part of the island and comprises of the older historic buildings typically built in the last 1800's and early 1900's and are "Conch" style timber frame homes that are protected due to their historic nature. The Old Town neighborhood also contains the main commercial and tourist areas with the highest concentration of bars, restaurants, hotels, and shopping surround Duval St. The Old Town neighborhood also contains the Historic Seaport and the cruise ship terminal.

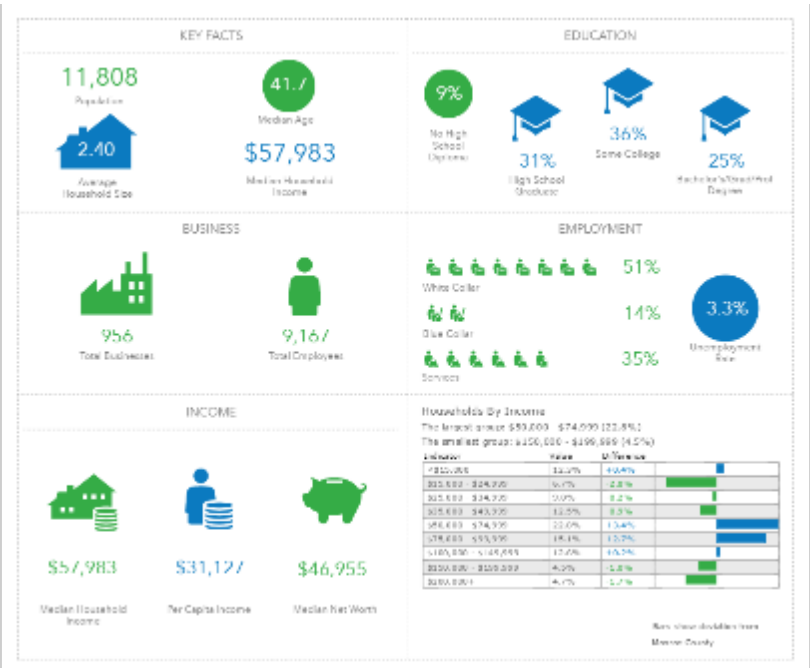


Figure 1 – Demographic within 5-minute drive of subject (Source: ESRI – Site to Do Business (STDB))

The City of Key West is one of largest islands in the Florida Keys and provides a police and fire departments as well as sewage and waste disposal systems. Water is provided by the Florida Keys Aqueduct Authority whilst Keys Energy Service provide power.

Linkages

By Road:

The Florida Keys is a series of islands, connected by a single overseas highway – US Route 1 (aka Overseas Hwy), which is the only entrance into Key West from the Florida Mainland. For most of its length, US Route 1 is a dual lane highway. Traffic can often be slow, and transportation linkages are limited and often difficult.

By Air:

The Lower Keys can be accessed via air from Key West International airport approximately 1 mile from the subject. Key West airport has expanded its operations over the past 5-10 years with daily flights to Tampa, Miami, Atlanta, Fort Lauderdale, and Orlando.

By Water:
The Florida Keys are a series of islands with several marinas mainly catering towards the charter and pleasure boat sector. The island of Key West has a mixture of large and small marinas which allow boats to dock. There is a ferry terminal which has a daily service to Fort Meyers which is located within 1 mile of the subject. There are currently no international connections from the terminal, however there is a Custom port of entry at the ferry terminal.

Cruise ships dock in Key West daily, on their way to the Bahamas or Caribbean. This results in large numbers of tourists visiting the island, however are only on the island on average for less than 6 hours.

Economy
The City of Key West, as with the remainder of the Florida Keys, is a tourist driven economy with the world-famous Duval St being the main center of many people's trips to the area. There is a small permanent resident population who live year-round, however in the height of the tourist season the numbers can be increased to 5 times these numbers. The main retail area is Duval St, which runs from the Gulf of Mexico to the Atlantic Ocean and is in the Old Town neighborhood. Properties on Duval St mainly comprise of national and local brand retail units, bars and restaurants, and lodging facilities and make up much of the gross retail sales in the area. The figure below shows the value of retail goods sold in 2017 in Key West.

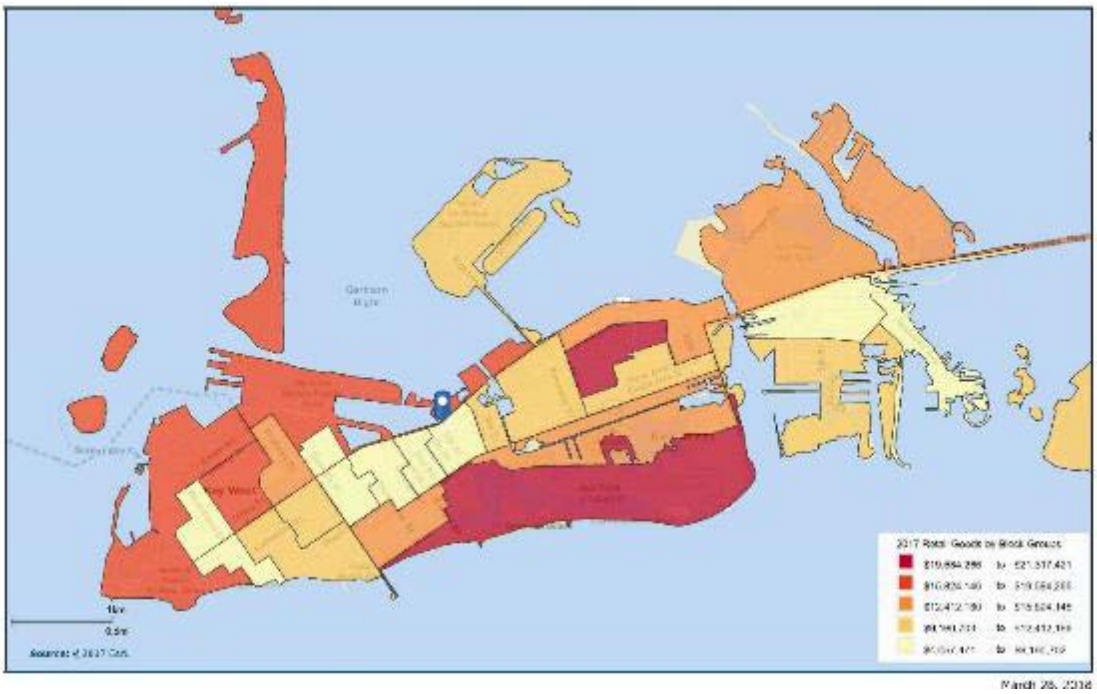


Figure 2 - 2017 Retail Goods sold - (Source: ESRI – Site to Do Business)

The figure above shows that the areas closest to the main tourist areas have a higher level of retail goods sold with the further away from these areas, and into the more residential neighborhoods, the lower the figures become. The largest concentration is around the airport with the figures including all fares from the airport. The Old Town neighborhood contains most of the major retailers. The retailers comprise of larger national and international retailers mixed in with local retailers that support the tourist industries. The tenants are a mixture of national and local occupiers ranging from t-shirt shops to the larger national brands such as Gap and Banana Republic. The City

of Key West is 4 miles by 2 miles, at its widest point, and is a very walk able City with most of the commercial retail and office spaces are within a 15-minute walk of the downtown area.

Additional larger retail areas are in the Mid and New Town neighborhoods and comprise of larger plazas with national retailers acting as anchor tenants. These plazas support the local residential neighborhoods that surround them in the New Town area and accounts for the high retail spend in the area.

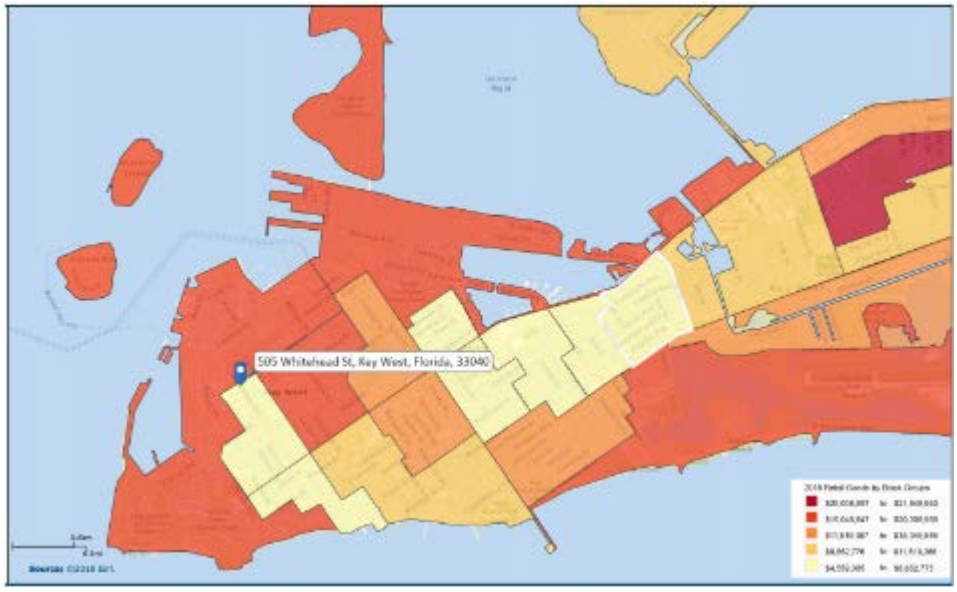


Figure 3 – Retail property density - (Source: ESRI – Site to Do Business)

The retail market has improved over the past years mainly driven by the return of the tourist industry. Hotels and guest house are reporting historically high occupancy levels and Average Daily Rates, which in turn has increased the overall retail sales in the area. Major retailers are in the market and have taken space on Duval St and include Gap, Banana Republic, Walgreens, Starbucks, and CVS. These retailers are taking up the large spaces as either newer occupants or due to expansion. There are currently several vacant spaces on Duval St showing that market may be slowing. Property owners are asking high rents which is putting off local retail tenants.

The larger plazas in the Mid and New Town areas are reporting close to the 100% occupancy with a mix of national and local tenants. Recent national tenants include AutoZone, Bealls, Papa John's Pizza, and Sonic which has just opened along N. Roosevelt Blvd.

Tourist numbers have increased regarding the number of visitors to the island with cruise ship and airplane arrivals increasing year on year. The money brought in from tourism on bed taxes has however, declined and has not yet recovered from the previous year. This is still in part to the effects of the recent hurricane (IRMA) which hit the area in September 2017. The most recent data from Smith Travel Research (STR) show that the occupancy levels in the early part of the 2018 have recovered close to the previous year month-on-month with the Average Daily Rate (ADR) and RevPAR for lodging properties slightly below the previous years. The market appears to have reached frictional vacancy levels of 90%.

Key West Bed Tax Data - Four Penny Collection of Bed Tax *(See Note Below)*
Bed Tax Collected
(Source: Monroe County Tax Collector's Office)

Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan	$ 753,349	$ 817,090	$ 785,983	$ 1,083,058	$ 1,145,675	$ 1,376,288	$ 1,527,836	$ 1,738,162	$ 1,934,556	$ 2,007,275	$ 2,029,512	$ 1,820,616
Feb	$ 860,734	$ 968,999	$ 866,176	$ 1,272,590	$ 1,380,202	$ 1,607,747	$ 1,691,713	$ 1,890,533	$ 2,132,605	$ 2,286,782	$ 2,205,714	$ 2,183,804
Mar	$ 985,397	$ 1,103,404	$ 958,232	$ 1,483,771	$ 1,704,052	$ 1,917,757	$ 2,047,091	$ 2,157,367	$ 2,352,981	$ 2,566,603	$ 2,454,408	$ 2,442,263
Apr	$ 796,705	$ 816,302	$ 808,724	$ 1,192,659	$ 1,405,623	$ 1,431,807	$ 1,496,748	$ 1,668,180	$ 1,836,053	$ 1,894,250	$ 2,032,121	$ 1,875,110
May	$ 658,212	$ 724,698	$ 678,054	$ 992,116	$ 1,124,586	$ 1,229,379	$ 1,328,778	$ 1,500,912	$ 1,569,471	$ 1,676,701	$ 1,663,218	
Jun	$ 574,856	$ 582,443	$ 749,657	$ 789,439	$ 964,425	$ 1,088,360	$ 1,148,716	$ 1,216,309	$ 1,318,717	$ 1,379,306	$ 1,399,174	
Jul	$ 588,030	$ 634,553	$ 828,830	$ 854,038	$ 1,106,614	$ 1,174,440	$ 1,246,382	$ 1,297,506	$ 1,517,371	$ 1,637,227	$ 1,642,610	
Aug	$ 467,980	$ 485,705	$ 675,302	$ 654,353	$ 842,738	$ 884,273	$ 1,054,970	$ 1,168,847	$ 1,242,373	$ 1,248,905	$ 1,278,872	
Sep	$ 386,574	$ 263,462	$ 491,509	$ 526,867	$ 669,914	$ 729,605	$ 765,852	$ 812,241	$ 996,771	$ 1,042,476	$ 385,740	
Oct	$ 534,464	$ 542,332	$ 758,370	$ 817,899	$ 987,873	$ 1,069,721	$ 1,183,046	$ 1,276,637	$ 1,392,397	$ 1,388,975	$ 1,109,146	
Nov	$ 602,065	$ 557,221	$ 815,867	$ 855,692	$ 1,073,227	$ 1,118,607	$ 1,244,252	$ 1,332,424	$ 1,538,860	$ 1,549,802	$ 1,318,900	
Dec	$ 686,112	$ 675,493	$ 974,022	$ 970,308	$ 1,169,583	$ 1,255,016	$ 1,488,023	$ 1,648,305	$ 1,806,361	$ 1,890,171	$ 1,633,194	
Total	$ 7,894,480	$ 8,171,702	$ 9,390,726	$ 11,492,790	$ 13,574,510	$ 14,883,000	$ 16,223,407	$ 17,707,424	$ 19,638,516	$ 20,568,473	$ 19,152,608	$ 8,321,794

Key West Bed Tax Data - Four Penny Collection of Bed Tax *(See Note Above)*
Percentage Change from Prior Year
(Source: Monroe County Tax Collector's Office)

Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan	-1.5%	8.5%	-3.8%	37.8%	5.8%	20.1%	11.0%	13.8%	11.3%	3.8%	1.1%	-10.3%
Feb	3.1%	12.6%	-10.6%	46.9%	8.5%	16.5%	5.2%	11.8%	12.8%	7.2%	-3.5%	-1.0%
Mar	1.9%	12.0%	-13.2%	54.8%	14.8%	12.5%	6.7%	5.4%	9.1%	9.1%	-4.4%	-0.5%
Apr	2.2%	2.5%	-0.9%	47.5%	17.9%	1.9%	4.5%	11.5%	10.1%	3.2%	7.3%	-7.7%
May	-1.3%	10.1%	-6.4%	46.3%	13.4%	9.3%	8.1%	13.0%	4.6%	6.8%	-0.8%	
Jun	1.9%	1.3%	28.7%	5.3%	22.2%	12.9%	5.5%	5.9%	8.4%	4.6%	1.4%	
Jul	0.3%	7.9%	30.6%	3.0%	29.6%	6.1%	6.1%	4.1%	16.9%	7.9%	0.3%	
Aug	30.7%	3.8%	39.0%	-3.1%	28.8%	4.9%	19.3%	10.8%	6.3%	0.5%	2.4%	
Sep	19.5%	-31.8%	86.6%	7.2%	27.2%	8.9%	5.0%	6.1%	22.7%	4.6%	-63.0%	
Oct	13.1%	1.5%	39.8%	7.8%	20.8%	8.3%	10.6%	7.9%	9.1%	-0.2%	-20.1%	
Nov	16.4%	-7.4%	46.4%	4.9%	25.4%	4.2%	11.2%	7.1%	15.5%	0.7%	-14.9%	
Dec	17.1%	-1.5%	44.2%	-0.4%	20.5%	7.3%	18.6%	10.8%	9.6%	4.6%	-13.6%	
Total	6.4%	3.5%	14.9%	22.4%	18.1%	9.6%	9.0%	9.1%	11.4%	4.4%	-9.0%	-4.9%

Figure 4 - Bed Tax data (Source: Key West Chamber of Commerce)

Vacation rental properties are becoming prevalent in the market place with the City allowing properties to be rented monthly. Some units can be rented on a short-term basis as long as they have a City of Key West transient license. These licenses allow the owners to operate the property similar to a hotel room allowing short-term (nightly) rentals. These are typically managed by a professional management company who can take up to 25% of the revenue as a management cost. VRBO and Airbnb has allowed owners to reduce these costs considerably however, as many of the owners do not live in the area the former situation is more typical. These transient licenses are no longer being issued by the City of Key West and are very rarely available in the market. There are only certain areas of the city where these can be applied. There are some properties that have these licenses, that are located outside of the permitted zones, and these are grandfathered in. There have been some properties which have moved their licenses from these grandfathered areas to the more popular areas closer to the downtown area.

There has been a trend towards visitors using these properties more than the hotels. They are typically larger detached units that offer the ability to house larger parties and most have the added bonus of private pools, off-street parking, and the feeling of owning a property in paradise. These properties are typically single unit homes with full kitchens although there are many condominiums also with transient licenses.

Hurricane Irma:

Hurricane Irma hit the Florida Keys on September 10, 2017. The Lower Keys from mile marker 5 through 35 sustained the most wind damage along with the City of Marathon, while the Upper Keys sustained the most water damage. The storm did impact the entire county, (Monroe County) and there are damaged properties throughout the entire county. Historically, sales volumes increase and the mean sales price decreases after a storm, which is typically due to investors purchasing damaged homes, AS IS, to repair and flip. After Hurricane Wilma in October 2005, values did decline, this however was mainly due to the overall economy as the nationwide recession followed less than 18 months after the storm. After Hurricane Georges in September 1998, values were not negatively impacted. There was a short period of lower sale prices, again mainly due to the damaged homes being

sold off AS IS. There are no historic patterns from which to derive a conclusion as to any effect on marketability or market values. Key West itself did not suffer significant damage with only minor damages to buildings.

The Chamber of Commerce and the Tourist Development Council embarked on a multi-million-dollar advertising program to encourage tourism back into the area in the early part of 2018. Most of the hotels, motels, and guesthouses have re-opened with many taking the time after the storm to carrying out repairs and improvements. The data from STR for Key West and the Upper Keys shows that the occupancy levels have returned close to the pre-storm levels with ADR's beginning to stabilize. The storm did hit during the off-season where occupancy levels are historically low and from the information provided there was a significant difference in the occupancy, ADR, and RevPAR numbers in the immediate 3 months after the storm. Information from front office and general managers show that the occupancy levels are returning to the pre-storm levels on a seasonal basis.

Housing Trends:

The subject's immediate area comprises of a mixture of single unit homes, commercial units located on dry lots, community buildings, government properties, and hotels. There are restrictions on the number of properties that can be built in the city largely in part due to the ROGO (Rate of Growth Ordinance) restrictions which were set in place to control the level of development in the Florida Keys. Building restrictions are tougher in the Old Town neighborhood due to the lack of vacant lots and the restrictions on demolishing homes due to the protection afforded to many by the local historic review committee. (HARC). The housing market has continued to improve over the past 2-3 years with levels coming close to the pre-recession levels. There is currently a shortage of supply of homes, especially in the Old Town neighborhood, which has driven the prices up in the past, however currently the market is stable with many of the properties listed above market value. The sell-off of the distressed and homes in poor condition had also helped increase the property values however, there are very little of these properties that remain.

New construction has returned to the market, with several new developments in the City of Key West. These have been redevelopments of older manufactured home parks by using the existing ROGO exemptions. The developments have been of PUD's with attached and detached units aimed towards the upper end of the market. The lack of affordable housing in the area remains a problem with no new affordable housing being constructed especially in the Old Town neighborhood. The most recent affordable housing development have been outside of the city limits on the neighboring Keys, Stock Island and Big Coppitt.

The homes in Key West vary with predominately the historic frame homes located in the Old Town neighborhoods within Historic Districts while the newer homes, built in the 1950's onwards are within the Mid and New Town neighborhoods. The homes in the New and Mid neighborhoods were developed as Key West expanded with the Navy providing fill from the constructed of several of their facilities. These homes are typically concrete grade level homes. The homes in Old Town are on smaller lots than those in the New and Mid-Town neighborhoods.

The City of Key West is issuing new permits for single unit homes with new guidelines with the aim of constructing "Green Buildings". The ROGO units can be added to existing buildings as long as it does not change the density. There are currently 91 new building permits issued each year. The lack of buildable land in the city and especially in the Old Town neighborhood has slowed new construction. The trend is to renovate the older homes while keeping the historic look and feel. HARC does allow partial demolition with the aim of maintaining the historic street scenes. The following table shows the breakdown of the owner occupier and renters in the City of Key West and Monroe County.

33040 (Key West)
33040 (Key West)
Geography: ZIP Code

Prepared by Esri

Population		Households	
2010 Total Population	32,871	2017 Median Household Income	$58,971
2017 Total Population	35,123	2022 Median Household Income	$66,813
2022 Total Population	36,872	2017-2022 Annual Rate	2.53%
2017-2022 Annual Rate	0.98%		

	Census 2010		2017		2022	
Housing Units by Occupancy Status and Tenure	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	18,069	100.0%	19,804	100.0%	20,882	100.0%
Occupied	14,154	78.3%	15,071	76.1%	15,813	75.7%
Owner	6,277	34.7%	6,120	30.9%	6,362	30.5%
Renter	7,877	43.6%	8,951	45.2%	9,451	45.3%
Vacant	3,915	21.7%	4,733	23.9%	5,069	24.3%

Monroe County, FL
Monroe County, FL (12087)
Geography: County

Prepared by Esri

Population		Households	
2010 Total Population	73,090	2017 Median Household Income	$59,153
2017 Total Population	77,537	2022 Median Household Income	$67,717
2022 Total Population	81,143	2017-2022 Annual Rate	2.74%
2017-2022 Annual Rate	0.91%		

	Census 2010		2017		2022	
Housing Units by Occupancy Status and Tenure	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	52,764	100.0%	57,229	100.0%	60,013	100.0%
Occupied	32,629	61.8%	34,484	60.3%	36,044	60.1%
Owner	18,501	35.1%	18,263	31.9%	18,960	31.6%
Renter	14,128	26.8%	16,221	28.3%	17,084	28.5%
Vacant	20,135	38.2%	22,745	39.7%	23,969	39.9%

Figure 5 - Housing profile (Key West and Monroe County)

Major Employers:

There are no single large commercial employers who operate in the Florida Keys and Key West, however one of the largest employers apart from Monroe County is the US Navy, which is based at several sites both on Key West and in the Lower Keys. Typically, these employees are ex-serviceman and women who have recently retired from the service and can take civilian jobs on the sites. There is a large labor force associated with the tourism industry which is the primary sector in Key West with a higher proportion of bars, restaurants, guesthouses, and hotels making up most of the businesses.

Many of the business owners in Key West and the Lower Keys are local "Mom and Pop' businesses, typically with smaller numbers of employees, who have been in the same building for several years with many of the businesses having been passed down through the generations. The larger national chain stores are typically located outside of the downtown area in the large plazas in Mid and New Town as well as other cities in the Florida Keys. Duval St is the main retail section in the downtown area with several national and international brands.

The office sector (finance, insurance etc.) is predominately in several office condominium units in the Mid and New Town neighborhoods although there are office spaces in the Old Town neighborhood with most being in converted properties.

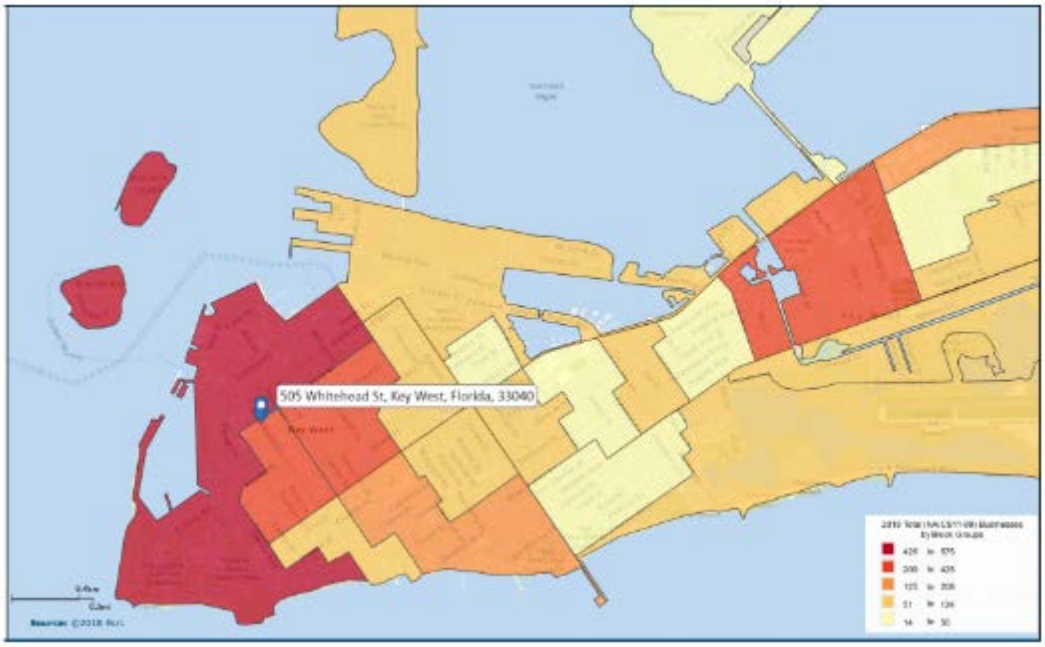
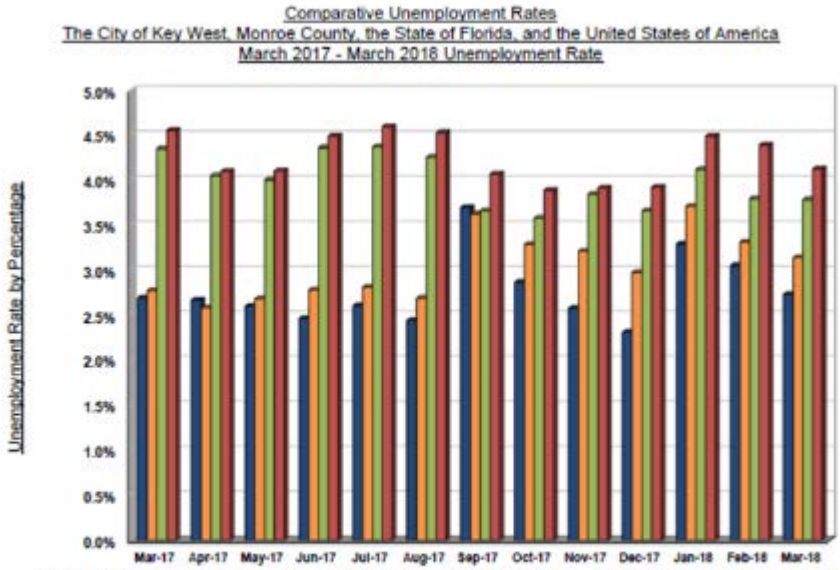


Figure 6 – Business numbers.

Unemployment trends:

Monroe County has one of the lowest unemployment rates in the country and is well below the national average. Historically the Florida Keys has had a lower than average unemployment rate compared to the rest of the country. The area is predominately tourist driven with second and third home buyers which causes the transient employees to come to the area during the tourist seasons. The graph below shows the unemployment rates for Monroe County and for Florida. This information has been taken from the Key West Chamber of Commerce website and information provided by the Tourist Development Council.



	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Key West	2.7%	2.7%	2.6%	2.5%	2.6%	2.4%	3.7%	2.9%	2.6%	2.3%	3.3%	3.1%	2.7%
Monroe County	2.8%	2.6%	2.7%	2.8%	2.8%	2.7%	3.6%	3.3%	3.2%	3.0%	3.7%	3.3%	3.1%
Florida	4.4%	4.1%	4.0%	4.4%	4.4%	4.3%	3.7%	3.6%	3.8%	3.7%	4.1%	3.8%	3.8%
United States	4.6%	4.1%	4.1%	4.5%	4.6%	4.5%	4.1%	3.9%	3.9%	3.9%	4.5%	4.4%	4.1%

Figure 7 - Unemployment Rates.

Market Analysis:

Commercial Market:

The commercial real estate market has lagged behind the residential market with the hospitality units having driven the market mainly due to the continued growth in the local tourism industry. Commercially there are no single, large companies who operate in the Florida Keys with most of the business owners being local companies or "Mom and Pop" organizations with small number of employees who typically purchase and occupy the small units. There are no large institutional grade properties in the Keys and no speculative new building with most of the commercial properties being older properties. Commercial construction has been slow predominately due to the current oversupply in the market and the lack of available commercial land. Other factors restricting development include the high build costs quoted by local contractors and the unique geography of the area.

The typical commercial purchaser and renter is looking for smaller individual units either for office or retail space with exposure to the passing traffic on the Overseas Highway or within the main tourist areas of Key West. Larger national and regional retailers are looking for the larger stand-alone properties or units in the larger shopping plazas and are typically drawn towards the higher populated centers of Key West, Marathon and Key Largo. There are several larger shopping plazas spread out over the Florida Keys typically with an anchor tenant. Most commercial units are on the Overseas Highway utilizing the good exposure and visibility to the passing traffic; residential uses are reserved for the established neighborhoods on the secondary streets.

Industrial units are typically older grade level concrete buildings with some newer metal framed structures. The industrial units are typically owner occupied with the businesses catering to the maritime and fishing industries in the area. There is a good demand for storage buildings and lots with local businesses looking to purchase buildings and lots instead of paying self-storage fees. There is good demand also for storage for personal use with several self-storage facilities spread out over the Keys. These are a mix of older non-air-conditioned units, modern purpose-built facilities, and locally run facilities which offer both boat and RV storage.

The following pages show the trend of the local property market based when searching the Florida Keys. The properties in the City of Key West sell for higher values due to their superior location within the prime shopping and tourist areas of the Keys and would not appeal to the same purchasers as those purchasing up the Keys. The typical unit of comparison is the price per square foot of gross building area with the guest houses, motels/hotels, restaurants, and marinas are typically purchased on a price per unit, price per seat, or price per slip and these can distort the figures. Buyers are a mix of investors who have experience in running and operating these specialist types of businesses and owner occupiers who are purchasing the smaller properties.

The data used has been obtained from the local MLS system as well as searching public records and contains all commercial properties.

My Market Report for 8/1/2015 - 7/31/2018
Search parameters: Property type Commercial; Status of 'Active', 'Closed', 'Pending','Contingent/Show','Contingent'; For Sale/Lease of 'For Sale'; Under Contract Date between '8/28/2017' and '8/28/2028'; Sold Date between '8/28/2014' and '8/28/2028'.

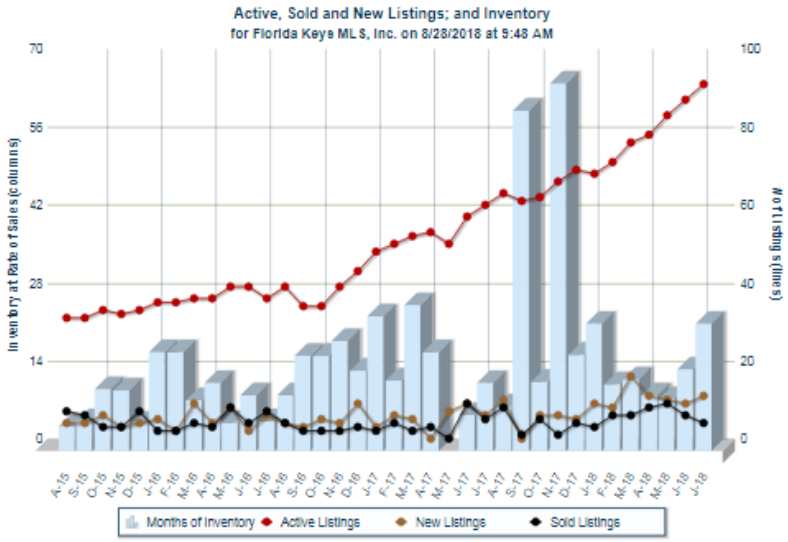


Figure 8 – Inventory and Sales volumes (source Flex MLS)

The graph above shows the inventory and sales volumes for the commercial market. This shows that there is currently an oversupply of properties with the sales volumes stable, on a month by month basis, over the past 3 years. The market has been driven by sales of mixed use properties and hospitality and lodging properties as investors are looking to capitalize on the increase in tourist figures.

My Market Report for 8/1/2015 - 7/31/2018
Search parameters: Property type Commercial; Status of 'Active', 'Closed', 'Pending','Contingent/Show','Contingent'; Key/Island of 'Key West'; For Sale/Lease of 'For Sale'; Under Contract Date between '8/28/2017' and '8/28/2028'; Sold Date between '8/28/2014' and '8/28/2028'.

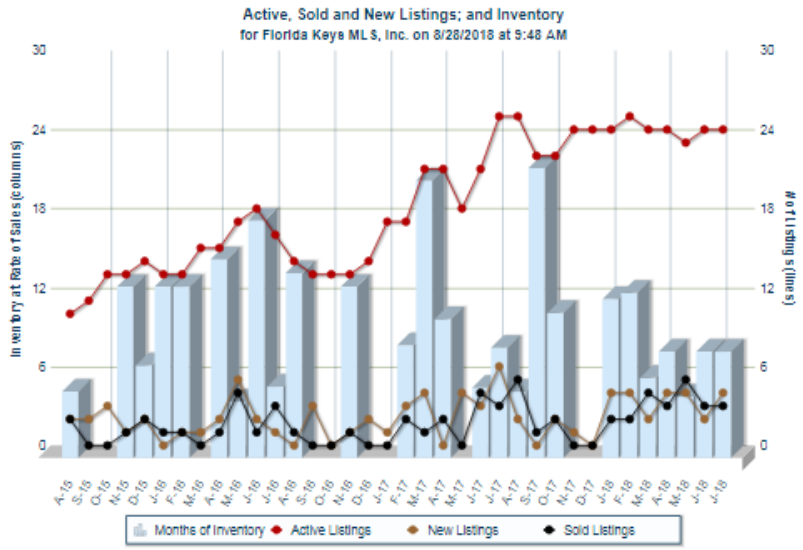
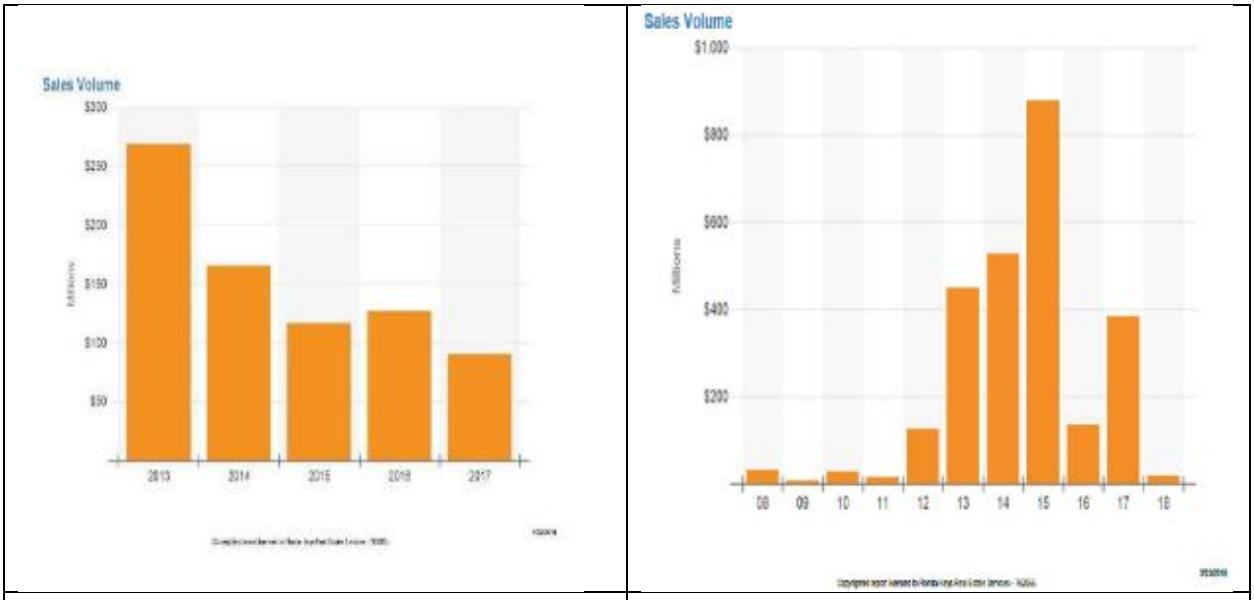


Figure 9 – Inventory and Sales volumes - Key West (source Flex MLS)

The graphs above show the overall Monroe County market and the local Key West market and shows that the sales volumes have remained stable with the number of listings increasing. Within the city of Key West there is an

oversupply of properties with close to 6 months of inventory. The following graph supports the data taken from the local MLS system and is provide by a 3rd party commercial research website. (CoStar).



Monroe County	Key West

Figure 10 – Sales volumes in Monroe County in dollars and Key West (Source – CoStar)

There is still an oversupply of commercial units with median marketing time of less than 12 months with the sales volumes having fluxuations based on seasonal variations.

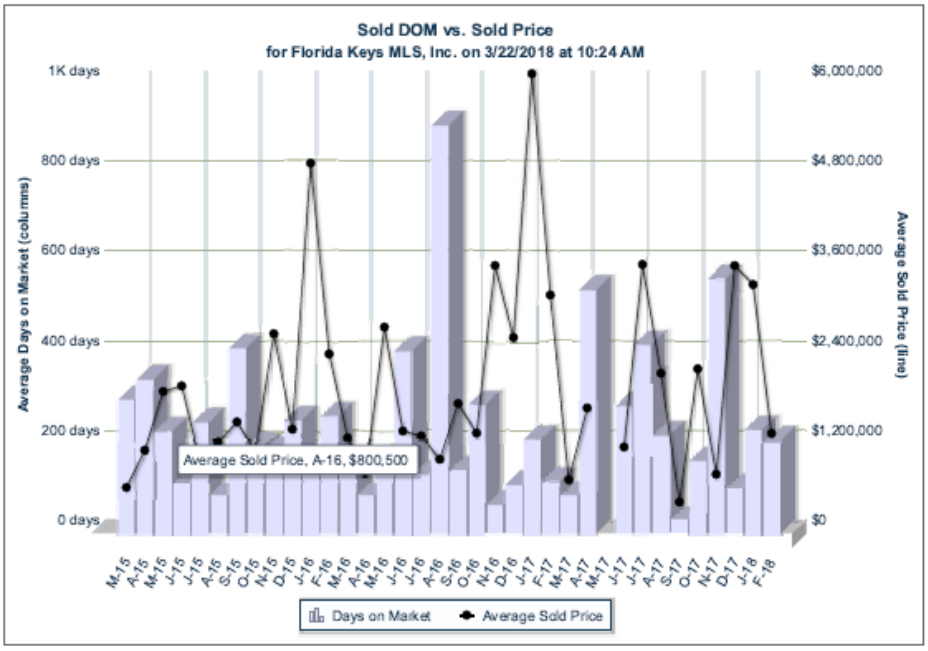


Figure 11 - Sale volumes commercial market – Monroe County

Rental market and occupancy rates:

The rental market is typically stronger in the more populated centers, such as Key West, Marathon and Key Largo. Rents in the City of Key West are within the $20.00-40.00 per square foot range for office space with much higher rents found the closer to the courthouse and Historic Centers with retail space on Duval St closer to $100 per sq. ft. From research of rents in the City of Marathon, they range from $14.00 to $26.00 psf with the higher figures located in the larger plazas occupied by an anchor tenant. The rents in the Upper Keys are in the $15.00 to $25.00 per square foot basis with the higher rents once again around the more populated areas including the commercial corridors in Islamorada, around mile marker 80 to 85 and in Key Largo around the 100-mile marker. Commercial units away from these centers typically are towards the lower end of the rental range.

There are some larger plazas both solely on the 1st floor with a few plazas being 2 stories. Units located on the 1st floor typically rent for more than the units on the 2nd floor and has been confirmed by rents found in the local market. This is also reflected in the occupancy rates with several units on the 2nd and 3rd floor reporting lower occupancy rates and longer marketing times. There are several multi-tenant properties located in the Upper Keys which have the higher rental figures due to their location in established plazas anchored by national tenants. The rates are higher as these properties typically have a Common Area Maintenance (CAM) fees. These plazas are showing higher occupancy rates and lower marketing times.

Monroe County

Key West

Figure 12 – Rental data – Monroe County / Key West - CoStar

The data above is taken from Costar and includes all commercial properties in Monroe County and Key West. Most of the smaller units are owner occupied and mainly comprise of detached 1,500 – 2,500 sq. ft. properties or smaller mixed-use properties with a residential space above which is either rented out or occupied by the owner and the commercial space is typically a single unit. Multi-unit properties are investor driven due to the income potential.

Vacancy rates in the Keys are low with many tenants having been in place for several years on recurring leases. Many leases were signed over 5 years ago and are now on month-to-month terms at similar rents. Landlords in the area are happy to retain tenants at a lower rate than have the unit vacant and try to obtain a higher rent. Asking rents are increasing over the past 3+ years due to the lack of new construction in the county.

Residential:

The residential market has increased quicker than the commercial market and has been driven by the second and third home buyers. The homes in Monroe County vary in terms of style, condition, location, and views and comprises of several custom-built neighborhoods with no tract housing. The homes vary from the older manufactured homes located on dry lots to larger custom built, estate style homes on large open water lots. There has been an increase in the residential construction market with several new homes and developments being constructed with many of these developments have been for market rate units.

Development in the Florida Keys is regulated by the county under the ROGO system. The following in an extract taken from "A New Era in Growth Management: A Layman's Guide to Residential ROGO" published by Monroe County. [6]

"The process of receiving a building permit in Monroe County is a competitive process. ROGO establishes the rules and procedures for that competition. This competition is a point-based system that allows everyone applying for a new residential or commercial building permit to compete against each other for the limited number of allocations issued each year. The number of allocations available is determined through the adoption of an administrative rule on the state level. The number of allocations is based on the progress Monroe County has made toward achieving state set goals such as a central wastewater system being available keys wide. The total number of available allocations is split among the three sub-areas of Monroe County. The Upper Keys, Lower Keys and the Big Pine and No Name Key planning area. Each applicant competes against the other applicants located within the same sub-area. There is one exception to this process, applicants for affordable housing. Affordable housing applicants compete against all applicants for affordable housing permits keys wide. Allocations are awarded each quarter in each sub-area with the exception of Big Pine Key and No Name Key where allocations are awarded annually."

The following graphs have been taken from the local MLS (Key West Association of Realtors, Inc) provided by Trendgraphix products and show the overall residential market for Monroe County.

[6] http://www.floridakeyskeywestrealestate.com/pdf/laymansguideROGO.pdf (found August 14th, 2013)

My Market Report for 8/1/2015 - 7/31/2018
Search parameters: Property type Residential; Status of 'Active', 'Closed', 'Pending','Contingent/Show','Contingent'; Key/Island of 'Key West'; Under Contract Date between '8/28/2017' and '8/28/2028'; Sold Date between '8/28/2014' and '8/28/2028'.

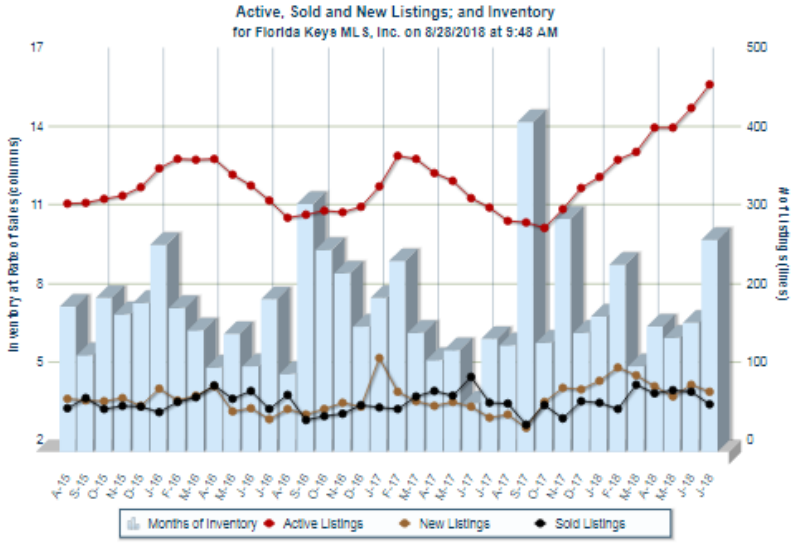


Figure 13 - Monroe County residential market over past 3 years

The graph shows the overall residential market for Key West and shows that the market has increased from 2015 at a steady rate. Seasonal variations effect the residential market with typically higher sales volumes over the winter months when tourist figures and seasonal resident numbers increase. Overall the residential market has improved over the past 3 years with a shortage of supply in the market, however has since stabilized and is affected by the high list prices.

Rental levels in Key West and the Keys have increased over the past few years. There is good demand for rental units in the area with many rented as vacation rentals for a mix of nightly, weekly, or monthly dependent upon its location and license type. These homes can rent for upwards of $3,000 per month however, are only leased for part of the year.

Long term rentals typical rent for lower monthly levels with a good range of property types from studio apartments to single unit homes. The properties range in condition with some owners renovating the rental units as tenants move out. There are other properties that are rented for lower values and are typically the un-renovated units that have had tenants in place for many years with little or no rental increases. Although there is good demand for properties towards the lower range of rents the owners are reluctant to remove the existing tenants. Owners are happy to have the guaranteed income from the existing tenants than the higher rents but with the possibility of higher turnover and vacancy.

Figure 14 – CoStar Apartment data.

Rents	Survey	5-Year Avg
Studio Asking Rent	$915	$876
1 Bed Asking Rent	$1,690	$1,549
2 Bed Asking Rent	$2,052	$1,838
3+ Bed Asking Rent	$2,464	$2,151
Concessions	0.2%	0.7%

Sales	Past Year	5-Year Avg
Sale Price Per Unit	$294,925	$254,175
Asking Price Per Unit	$167,857	$148,437
Sales Volume (Mil.)	$170	$66
Cap Rate	5.6%	6.2%

Figure 15 – CoStar Apartment data -Asking rent

Affordable Housing:

The lack of Affordable Housing has been an ongoing problem for both Key West and Monroe County. Much of the City of Key West is 100% developed with any new developments being the replacement of older manufactured homes with new PUD developments all as market rate properties aimed towards the upper end of the market. The removal of these older manufactured homes has reduced the number of affordable units with many of the new replacement homes being purchased as second and/or third homes. The majority of the Affordable Housing in the city is older 1950 – 1970's apartments owned and managed by the Housing Authority of Key West. There are several sites around the city and include a mix of public housing projects and affordable housing units and total over 770 units.

There are currently discussions with the local community about the need to develop Affordable Housing both as government run and locally designated. The need has become greater after the recent hurricane which caused damage to several of the remaining manufactured home parks that were being rented as affordable housing. As of the date of the report numerous working groups have been set up with several sites having been identified as possible locations. There is some resistance from residents who do not want Affordable Housing units within the area. Further analysis of Affordable Housing is discussed in the Market Data section that follows. A new project has just broken ground on the outskirts of the city after several years of discussions.

There have been sales of affordable housing units which are restricted by the maximum sales prices designated by either Monroe County or the City of Key West. These units are selling at 100% of their maximum price. These units are typically townhomes located in PUD or condominium developments which offer common areas amenities such as pools, parking, landscaping and in some cases clubhouse with gyms etc. There is both local and government affordable housing with the development offering government assistance (Section 8, LIHTC, etc) having waiting lists of over 1 year.

The higher cost of living reported in the Florida Keys and the large number of lower paid service industry employees along with the large number of second and third home owners has driven both the sales and rentals

out of the range of these employees. The lack of available land, zoning and the “Not in my back yard” groups have restricted new developments of affordable housing in the County. The City of Marathon is offering a program that allows for the transfer of ROGO units from one site to another with the old site and improvements being designated as affordable. This has been extended to the remainder of the county. The Village of Islamorada offers their own programs.

Market Participant Interviews:

Several interviews were undertaken with local realtors and brokers to further support the market trends shown above, as well as discussions regarding capitalization rates in the market. The realtors interviewed have been finding that there have been very few sales of retail space in the Old Town neighborhood. The properties on Duval St are not marketed as often as the other retail spaces in the Mid and New Town neighborhoods. There have been several recent leases of retail units on Duval St with some available space that is marketed privately. Most of the commercial properties which have sold are guest-houses purchased by a mix of local and regional investors.

Most of the commercial sales have been arm's length transactions with the typical unit of comparison for these properties being on a price per sq.ft. Lodging properties are typically sold on a price per unit or licensed room basis. The purchaser is also analyzing the income producing potential and basing decisions on the historic data form profit and loss accounts. This is typical for the multi-unit properties with typically the smaller single units being purchased by owner occupiers who are not looking for a rate of return. The units on Duval St are predominately investor driven and do not sell as often.

To calculate capitalization rates from comparable sales, extraction has been used if no detailed financial data has been provided. The recent sales show that the range of rates is from 5% - 10%. The lower rates are attached to the properties which have additional income potential and those located closer to or on Duval St in the City of Key West.

S.W.O.T Analysis (Strengths, Weaknesses, Opportunities, and Threats):

Strengths/Opportunities:

The subject is a well-maintained community center which has a gymnasium and associated office space. The gymnasium part of the property has been recently renovated which has significantly reduced its effective age.

The site is level at grade and can be accessed from both Olivia St and Fort St. Access to the building is from Emma St and Olivia St.

The attached office spaces are well maintained however, have not been updated in the last 15 years with the last major renovation being in 2002 as per MCPA.

Weaknesses/Threats:

The subject has is located in an active flood zone (Zone AE, Map # 120871516K) and any substantial renovation must be undertaken in accordance with FEMA and local government requirements regarding building in an active flood zone.

Conclusion:

The overall economy of Monroe County has improved over the past 3-4 years with tourism still accounting for the primary source of funds generated for the local economy. From the figures provided by Smith Travel Research and the Key West Chamber of Commerce, tourist figures have continued to increase over the past 3 years with the outlook for the remainder of 2018 unknown due to the recent storm. The Florida Keys has embarked on a large marketing campaign in the national media showing that the Florida Keys is open for business with the local Tourist Development Council (TDC) has spent over $1 million on advertising.

There have been sales of both residential and commercial properties since the storm with only the properties with significant damage showing larger price reductions. Homes that were not damaged have not been reduced with many sales under contract prior to the storm closing at the agreed price. The Florida Keys is a tourist driven economy with second and third home buyers active in the market. The high season starts at the beginning of year and runs through April were typically there are higher sales volumes compared to the summer months with September normally the quietest time.

The residential market has stabilized over the past 12 months. Marketing times are beginning to increase in keeping with the seasonal variations with several properties having price revisions.

The commercial market has slowed mainly due to the higher list prices of the active properties. Over the past 12 months the sales volumes have remained stable from the previous years with investors purchasing the lodging properties. There is an oversupply of commercial properties listed for sale with the marketing times over 6 months.

The rental market has remained stable and there have been several commercial spaces leased both office and retail in the past 12 months. As stated earlier office space is being leased to government agencies and contractors involved in the clean-up of the Florida Keys. These units are leasing at full asking rent for up to 2 years.

The tourist numbers have continued to re-bound from the storm in late 2017, with good demand for short-term rental properties. The increase in tourist figures has increased the Average Daily Rate (ADR) being reported by guest house, hotels, and transient rental units.

Identification of the Subject.

Site Description.

Gross Site Area:	33,700 sq.ft. – 0.7736 acres
Primary Road Frontage:	Emma St. – approx. 131 ft.
Secondary Road Frontage:	Olivia St. – approx. 292 ft and Fort St. – approx. 106 ft.
Shape:	The site is irregular and is a double corner lot.
Visibility:	Average.
Water Frontage:	No.
Topography:	The subject has level topography at grade.
Zoning:	HNC-3 (Historic Neighborhood Commercial) and HMDR (Historic Medium Density Residential) as per City of Key West.
Permitted Uses:	
HNC–3:	Single and two-family residential dwellings, offices, group homes, places of worship, business and professional offices, commercial retail low intensity less than 2,500 sq.ft., hotels and motels, medical services, vets, and parking lots. Conditional uses include larger group homes, cultural and civic activities, educational, nursing homes, parks, protective services, public and private utilities, and restaurants.
HMDR:	Single, two-family residential, multiple-family residential dwellings, and group homes. Conditional uses include larger group homes, cultural and civic activities, educational institutions, nursing homes, parks, places of worship, protective services, public and private utilities, and parking lots.
Dimensional requirement	
HNC-3:	Density: 16 dwelling units per acre Maximum floor area ratio: 1.0 Maximum height: 30 feet Maximum lot coverage: 40% (Impervious 60%) Minimum lot size: 4,000 sq. ft. (40 feet width, 90 feet depth) Minimum setbacks: Front – None; Side – 5ft; Rear – 15ft; Street – 7.5ft.
HMDR:	Density: 16 dwelling units per acre Maximum floor area ratio: 1.0 Maximum height: 30 feet Maximum lot coverage: 40% (Impervious 60%) Minimum lot size: 4,000 sq. ft. (40 feet width, 90 feet depth) Minimum setbacks: Front – 10ft; Side – 5ft; Rear – 15ft; Street – 7.5ft.
Conformity to Code	The current use is legal, non-conforming and was constructed prior to the changes in zoning. The subject has a grandfathered use and can be re-built if unintentionally destroyed.

Zoning changes Likely	Unlikely
Flood Zone:	**Flood zone AE,** which is classified as a flood hazard area. **FEMA Map Number: 12087C1516K** **FEMA Map Date: 02-18-2005**
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	Electricity: Keys Energy Sewer: Mains (FKAA) Water: FKAA Gas: None – Not a public utility – Propane is available.
Site Improvements:	Gymnasium, offices, landscaping, concrete walkways, and asphalt parking lot.
Encroachments / Easements:	None noted at time of inspection. A survey was provided.
Environmental Issues:	**Hazardous Waste:** No information regarding the presence or absence of hazardous waste on the subject property was provided. This appraisal assumes the absence of any and all hazardous waste on the subject property. If hazardous waste is found to be present on the subject property, an adjustment to the valuation contained in this report may be required. The appraiser has not been provided with an environmental survey of the site. An extraordinary assumption has been used and assumes that the site does not contain significant native species or areas of wetland that would affect development of the site. Any changes in assumptions may affect value conclusions.

Conclusion:

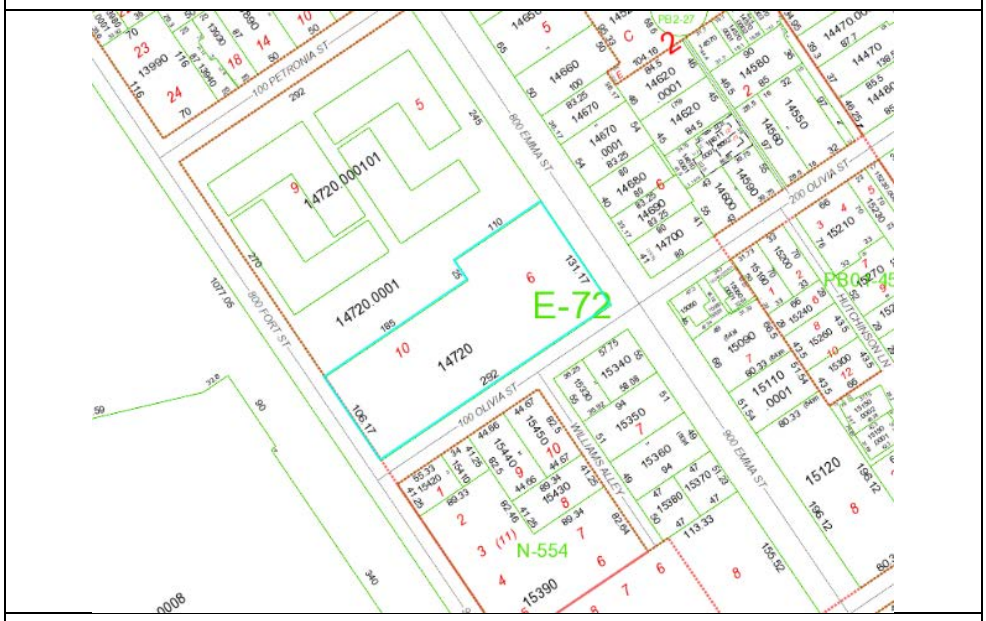
The subject site is a large lot in the Old Town neighborhood which has access from 3 streets and takes up one end of a city block. The lot is within the Bahama Village section of Old Town and is surrounded by a neighborhood commercial, residential, and governments uses. The site is generally level at grade with no slope and is serviced by all city utilities; gas is not a public utility.

There are curb cuts from both Olivia St and Fort St and has good access over local residential streets to the remainder of Key West. The subject comprises of Part Lot 6 and Part of Lot 10 as per the legal description. The site is currently a single parcel of land with multiple zoning designations with the zoning boundaries drawn before the site was platted.

The site would be able to support all types of development as the 2 zoning designations offer similar uses and would fulfill the minimal lot size required.

Aerial and Plat.

Aerial



Plat

Figure 16 - Aerial and plat map

Location Map

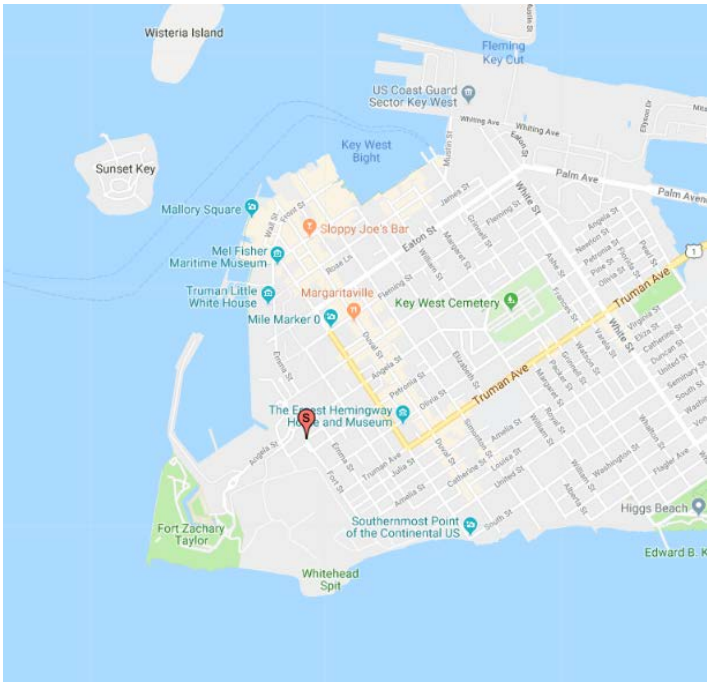


Figure 17 - Subject Location and area map

Improvements Description:

The subject comprises of a gymnasium and an attached office building comprising of different construction types. There is currently no internal access between the 2 sections. Each individual section is described in the following pages.

Gymnasium:
The gymnasium sections is a concrete built structure with reinforced CBS walls with a painted stucco finish built on a poured concrete slab. The roof is a flat roof structure with steel trusses and a metal roof deck. Windows are impact resistant pre-engineered translucent glazing panels. There is a new metal canopy to the front entrance. Internally, the improvements have been fully renovated with new acoustic ceiling tile system, painted dry-lined walls and ceilings, newer CBS internal walls, and new floor coverings including ceramic and vinyl tiles. The gymnasium part has a newer floor covering and removal bleachers.

The gymnasium has new electrical and plumbing including all new restrooms and shower area. A new fire-system has also been installed.

The improvements have a mix of ceiling heights with the office and restroom areas having 9ft ceilings while the gym area has 29ft. ceilings.

Office:
The office spaces comprise of a single-story timber framed structure with a pitched and gabled roof with a standing seam metal roof covering. The structure is built on a poured concrete slab. The exterior walls are timber frame with a paint wood siding with single hung windows and partially glazed entrance doors. Internally, the space has been used as health clinic and is currently set up as several classrooms used by a community program. There are 9ft. ceiling both acoustic tile system and painted dry-lined. Walls have painted dry-lined finishes to the internal face of the external walls as well as to the internal partitions. Flooring comprises of carpet, ceramic tile, and vinyl tile coverings. There are multiple restrooms and break areas.

Construction Details:

General

Design/Use	Gymnasium with attached offices
Number of Buildings	1
Number of Stories	1
Building Size	*Gross Building Area* *Gym.* 12,078sq.ft. *Offices* 5,975 sq.ft. TOTAL 18,053 sq.ft.
Year Built	1945
Last Renovation Year	2016 (Full renovation to the gym portion) 2002 (Renovation to the office)
Land to Building Ratio:	1.866 to 1
Floor Area Ratio:	0.535 to 1

Exterior/Structural

	Gymnasium	Office
Quality	Excellent	Average
Foundation	Poured concrete slab	Poured concrete slab
Exterior Walls	Reinforced CBS walls system	Timber frame
Exterior Finishes	Painted stucco	Painted timber siding
Exterior Condition	Good	Average
Roof Material	Metal roof deck	Metal v-crimp standing seam
Roof Description	Flat	Pitched and gabled
Windows	Impact resistant glazing system	Single hung timber
Doors	Impact resistant vinyl framed glazed doors.	Solid core and partially glazed timber doors.

Interior Finish

	Gymnasium	Office
Percent finished	100%	100&
Floor Cover	Tile, vinyl tile, and concrete	Tile, vinyl tile, and carpet
Floor Structure	Poured concrete slab	Poured concrete slab
Wall Type	CBS and timber	CBS and timber
Wall Cover	Painted drylined finishes	Painted drylined finishes
Ceilings	Acoustic tile and painted drylined	Acoustic tile and painted drylined
Trim	Timber trim with paneled doors	Timber trim with paneled doors
Lighting	Incandescent and fluorescent	Incandescent and fluorescent
Bathrooms	Restrooms	Restroom
Condition	Renovated	Average

Mechanical

	Gymnasium	Office
Fire Sprinkler Type	Sprinkler system and automatic fire-alarm system	None
Number of Elevators	None	
Heating	Forced warm air	
Air conditioning	Central A/C to all areas.	
Plumbing	Updated and assumed adequate to meet code requirements	Average and assumed adequate to meet code requirements
Electrical	Updated and assumed adequate to meet code requirements.	Average and assumed adequate to meet code requirements
Condition	The appraisal inspection was limited to a visual inspection of the building components. It is not possible to determine the integrity of concealed structural components or the serviceability of mechanical systems. Inspections of this type are beyond the scope of the investigation required for this assignment. Mechanical systems were reportedly in operable condition.	

Parking and Site Improvements

Parking	
Parking Description	Off street parking for 19 cars inc.1 disabled space. Asphalt covering with stripes.
Adequacy	Typical for the Old Town neighborhood
Site Improvements	
Landscaping	Concrete walkways, grass with tropical landscaping.
Drainage and Retention	Adequate.

Economic Age and Life:

	Gymnasium	Office
Actual Age of improvements:	73	73
Estimate of effective age:	5	20
Total economic life:	45	55
Estimate of remaining life of improvements:	40	35
Accrued Physical Incurable Depreciation:	11.11%	36.36%

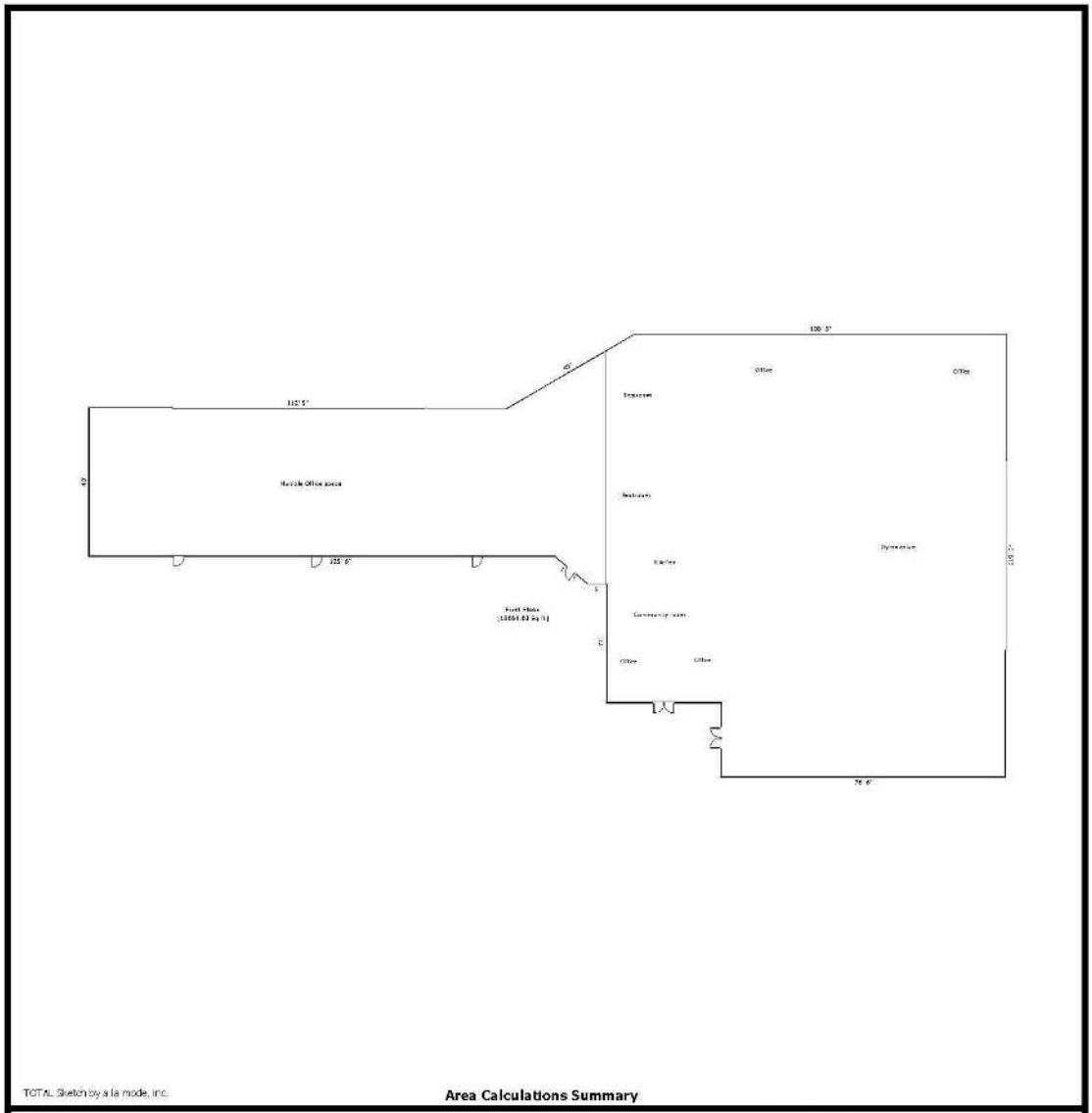
Conclusion:

The improvements have been well maintained and updated over the years which has reduced the effective age and extended the economic life of the property. The most recent updates include a full renovation in 2016 to the gymnasium which included new flooring, concrete repairs, new roof covering, new windows, new HVAC and electrical systems. The office part of the improvements was last updated in 2002 and have a different effective age to the gym portion.

The subject has incurable obsolescence due to the building structure and the actual age of the property. The curable maintenance items including the A/C and roof which have been well maintained. This has reduced the effective age of the buildings. The subject is presented in average-good condition overall with the quality of the building being average-good.

A discussion on the Economic Life and depreciation can be found in the Cost Approach section of the report that follows.

Improvement plan.



TOTAL Sketch by a la mode, inc.

Area Calculations Summary

Living Area		Calculation Details		
First Floor	18054.03 Sq ft	0.5 × 34.59 × 20.09	=	347.39
		0.5 × 0.08 × 20.09	=	0.83
		100.42 × 20.09	=	2016.92
		0.5 × 112.4 × 0.31	=	17.47
		0.5 × 0.16 × 39.69	=	3.24
		247.24 × 39.69	=	9812.95
		0.5 × 0.03 × 7.51	=	0.12
		0.5 × 7.51 × 8.98	=	33.7
		112.73 × 7.51	=	846.14
		0.5 × 0.13 × 31.99	=	2.11
		0.5 × 31.99 × 0.02	=	0.31
		107.58 × 31.99	=	3442.02
		0.5 × 0.08 × 20	=	0.82
		76.5 × 20	=	1530
Total Living Area (Rounded):	**18054 Sq ft**			

TOTAL Sketch software by a la mode, inc. 1-800-alamode

Figure 18 – Improvement plan.

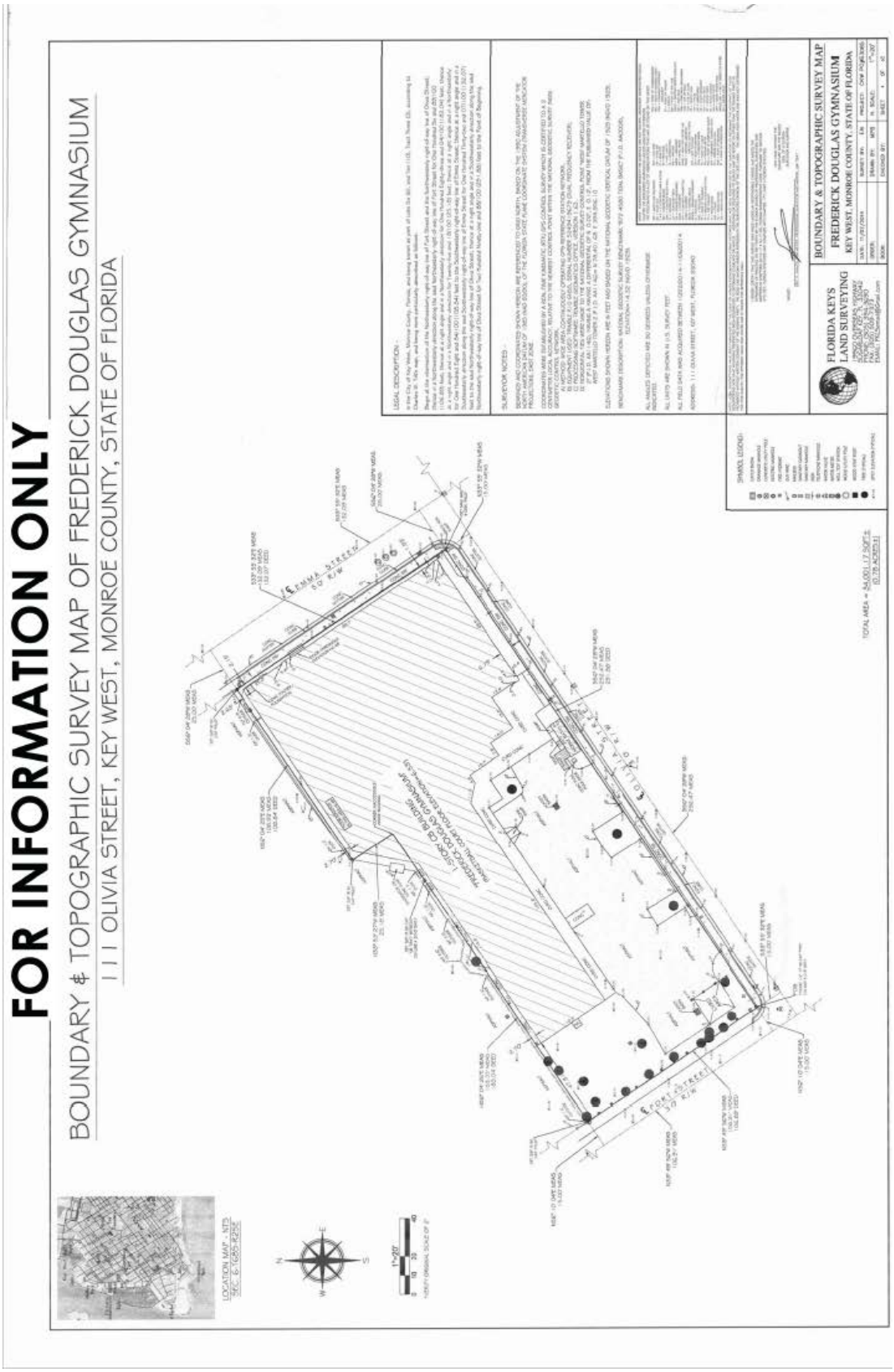


Figure 19 – Site Survey (Florida Keys Land Surveying)

Assessment and Taxes

Tax Year	2015	2016	2017	2018
Actual Value				
Land	$1,637,712	$1,637,712	$1,637,712	$1,637,712
Improvements	$3,189,869	$3,191,796	$3,191,796	$3,191,796
Tax Market Value	$4,827,581	$4,829,508	$4,829,508	$4,829,508
Assessment Ratio	100.0%	100.0%	100.0%	100.0%
Assessed Value	$4,827,581	$4,829,508	$4,829,508	$4,829,508
Taxable Value	$4,827,581	$4,829,508	$4,829,508	$4,829,508
Tax Rate	9.973100	9.717100	9.172900	-
Real Estate Taxes	$0.00	$0.00	$0.00	$0.00
Special Assessments	$0.00	$0.00	$0.00	$0.00
Total Taxes	$0.00	$0.00	$0.00	$0.00
Payment Status	-	-	-	-
Amount Due	-	-	-	

Table 3 - Real Estate taxes - 2018 assessed year

Note: 1 Total Assessed Value taken from Monroe County Property Appraisers website and records. Other taxes are for the City of Key West waste water. (Non-Ad Valorem taxes).

Tax History:

Many purchasers and investors are aware that real estate may be reassessed upon the completion of construction, substantial remodeling or renovation or a market sale. The taxes shown in the grid above are based on the assessed value from the Monroe County Property Appraiser and using the current tax rate. The tax rate for the City of Key West has decreased over the past 4 years from 10.3944 to 9.1729. The subject is owned by the City of Key West and except from real estate taxes.

The subject appears to be assessed in line with similar properties in the area and should not be appealed.

Zoning

The subject is zoned by the City of Key West as both HNC-3 (Historic Neighborhood Commercial) and HMDR (Historic Medium Density Residential). The following is an extract taken from the City of Key West Code of Ordinance (July 22, 2016) and sets out the uses permitted in each zoning designation.

Subdivision II. - Historic Medium Density Residential District (HMDR)

Sec. 122-596. - Intent.

(a) The historic medium density residential district (HMDR) is established to implement comprehensive plan policies for areas designated "HMDR" on the comprehensive plan future land use map. The HMDR district shall accommodate historic Old Town medium density residential development for permanent residents, including single-family, duplex, and multiple-family residential structures. The HMDR district shall provide a management framework for preserving the residential character and historic quality of the medium density residential areas within Old Town.

(b) In addition, accessory uses, including approved home occupations conducted within the residential structure, and customary community facilities can be located in the HMDR designated area. This area shall not accommodate transient residential uses, including guesthomes, motels or hotels. Similarly, the area shall not accommodate commercial office, retail, or other commercial uses. Lawfully existing office or commercial uses shall be permitted to continue to exist as lawful nonconforming uses if such uses continue to comply with conditions invoked when the respective uses were approved.

In the event the city owns the portion of the Truman Waterfront Parcel designated HMDR, the site will be developed for 100 percent affordable housing. If the site is privately owned, one-third of the dwelling units will be affordable.

(Ord. No. 97-10, § 1(2-5.5.1(A)), 7-3-1997; Ord. No. 99-18, § 1 (Exh. A(2-5.5.1(A)), 9-8-1999)

Sec. 122-597. - Permitted uses.

Uses permitted in the historic medium density residential district (HMDR) are as follows:

(1) Single-family and two-family residential dwellings.

(2) Multiple-family residential dwellings.

(3) Group homes with less than or equal to six residents as provided in section 122-1246.

(Ord. No. 97-10, § 1(2-5.5.1(B)), 7-3-1997; Ord. No. 99-18, § 1 (Exh. A(2-5.5.1(B)), 9-8-1999)

Sec. 122-598. - Conditional uses.

Conditional uses in the historic medium density residential district (HMDR) are as follows:

(1) Group homes with seven to 14 residents as provided in section 122-1246.

(2) Cultural and civic activities.

(3) Educational institutions and day care.

(4) Nursing homes/rest homes and convalescent homes.

(5) Parks and recreation active and passive.

(6) Places of worship.

(7) Protective services.

(8) Public and private utilities.

(9) Parking lots and facilities.

(Ord. No. 97-10, § 1(2-5.5.1(C)), 7-3-1997; Ord. No. 99-18, § 1 (Exh. A(2-5.5.1(C)), 9-8-1999)

Sec. 122-599. - Prohibited uses.

In the historic medium density residential district (HMDR), all uses not specifically or provisionally provided for in this subdivision are prohibited.

(Ord. No. 97-10, § 1(2-5.5.1(D)), 7-3-1997; Ord. No. 99-18, § 1 (Exh. A(2-5.5.1(D)), 9-8-1999)

Sec. 122-600. - Dimensional requirements.

The dimensional requirements in the historic medium density residential district (HMDR) are as follows; however, construction may be limited by proportion, scale and mass considerations as expressed through the historic architectural review commission design guidelines:

(1) Maximum density: 16 dwelling units per acre (16 du/acre).

(2) Maximum floor area ratio: 1.0.

(3) Maximum height: 30 feet.

(4) Maximum lot coverage:

a. Maximum building coverage: 40 percent.

b. Maximum impervious surface ratio: 60 percent.

(5) Minimum lot size: 4,000 square feet.

a. Minimum lot width: 40 feet.

b. Minimum lot depth: 90 feet.

(6) Minimum setbacks:

a. Front: 10 feet.

b. Side: 5 feet.

c. Rear: 15 feet.

d. Street side: 7.5 feet.

(Ord. No. 97-10, § 1(2-5.5.1(E)), 7-3-1997; Ord. No. 99-18, § 1 (Exh. A(2-5.5.1(E)), 9-8-99; Ord. No. 10-04, § 3, 1-5-201**0)**

Secs. 122-601—122-610. - Reserved.

Subdivision IV. - Historic Neighborhood Commercial District (HNC-3)

Sec. 122-866. - Intent.

The historic neighborhood commercial district (HNC-3) consists of the Bahama Village commercial core. The HNC-3 Bahama Village commercial core district includes the Bahama Village neighborhood commercial core along Petronia Street, approximately 200 feet southwest of Duval Street, and extends southwestward to the rear property lines of lots abutting the southwest side of Emma Street. The village area is a redevelopment area, including a commercial center linked to Duval Street. Consistent with the comprehensive plan, development in the district shall be directed toward maintaining and/or revitalizing existing housing structures, preventing displacement of residents, and compliance with concurrency management.

(Ord. No. 97-10, § 1(2-5.5.4(3)(A)), 7-3-1997)

Sec. 122-867. - Uses permitted.

Within the historic neighborhood commercial district (HNC-3), redevelopment or conversion of permanent housing structures to transient residential, office, or other allowable commercial uses shall be permitted only if no on-site reduction in housing units for permanent residents occurs. Uses permitted include the following:

(1) Single-family and two-family residential dwellings.

(2) Multiple-family residential dwellings.

(3) Group homes with less than or equal to six residents as provided in section 122-1246.

(4) Places of worship.

(5) Business and professional offices.

(6) Commercial retail low intensity less than or equal to 2,500 square feet.

(7) Hotels, motels, and transient lodging.

(8) Medical services.

(9) Parking lots and facilities.

(10) Veterinary medical services, without outside kennels.

(Ord. No. 97-10, § 1(2-5.5.4(3)(B)), 7-3-1997)

Sec. 122-868. - Conditional uses.

Conditional uses in the historic neighborhood commercial district (HNC-3) are as follows:

(1) Group homes with seven to 14 residents as provided in section 122-1246.

(2) Cultural and civic activities.

(3) Educational institutions and day care.

(4) Nursing homes, rest homes and convalescent homes.

(5) Parks and recreation, active and passive.

(6) Protective services.

(7) Public and private utilities.

(8) Commercial retail low intensity greater than 2,500 square feet to less than or equal to 5,000 square feet.

(9) Restaurants, excluding drive-through.

(Ord. No. 97-10, § 1(2-5.5.4(3)(C)), 7-3-1997)

Sec. 122-869. - Prohibited uses.

In the historic neighborhood commercial district (HNC-3), all uses not specifically or provisionally provided for in this subdivision are prohibited.

(Ord. No. 97-10, § 1(2-5.5.4(3)(D)), 7-3-1997)

Sec. 122-870. - Dimensional requirements.

The dimensional requirements in the historic neighborhood commercial district (HNC-3) are as follows; however, construction may be limited by proportion, scale and mass considerations as expressed through the historic architectural review commission design guidelines:

(1) Maximum density: 16 dwelling units per acre (16 du/acre).

(2) Maximum floor area ratio: 1.0. Refer to section 122-776 for additional restrictions that regulate the square footage of gross leasable floor area based on trip generation within HNC areas.

(3) Maximum height: 30 feet.

(4) Maximum lot coverage:

a. Maximum building coverage: 40 percent.

b. Impervious surface ratio: 60 percent.

(5) Minimum lot size: 4,000 square feet.

a. Minimum lot width: 40 feet.

b. Minimum lot depth: 90 feet.

(6) Minimum setbacks:

a. Front: none.

b. Side: 5 feet.

c. Rear: 15 feet.

d. Street side: 7.5 feet.

(Ord. No. 97-10, § 1(2-5.5.4(3)(E)), 7-3-1997; Ord. No. 10-04, § 12, 1-5-2010)

Secs. 122-871—122-895. - Reserved.

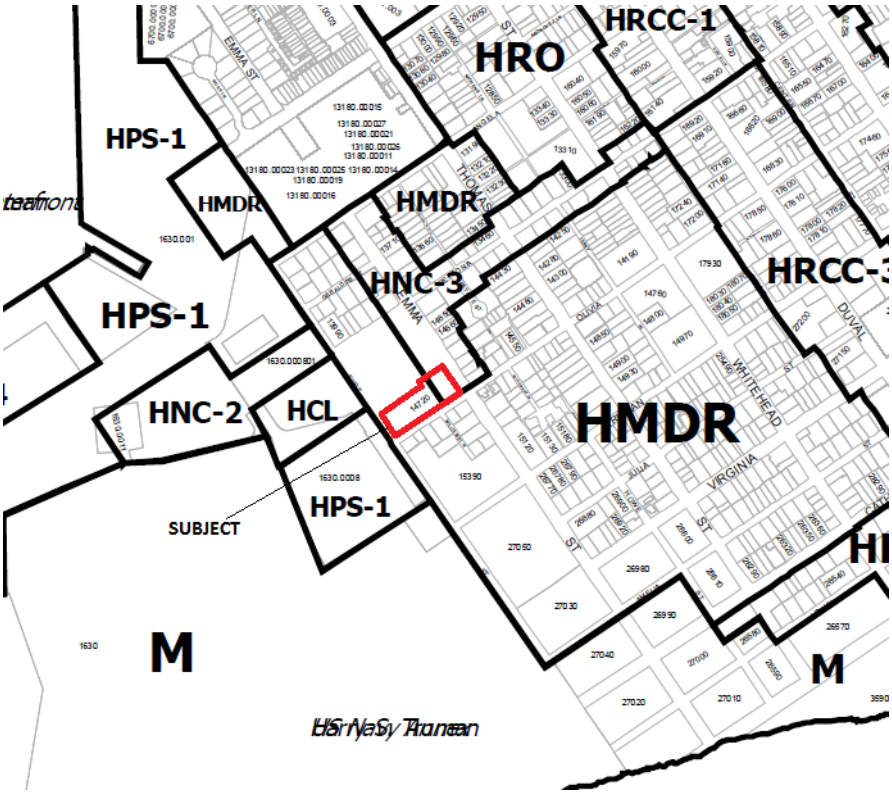


Figure 20 – Subjects zoning map

Highest and Best Use

Highest and best use may be defined as:

"The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?

2. **Physically Possible:** To what use is the site physically adaptable?

3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?

4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site as Vacant:

Legally Permissible:

The subject site is within two zoning districts as designated by the City of Key West. The zoning districts are HNC-3 (Historic Neighborhood Commercial) and HMDR (Historic Medium Density Residential). There are no known easements that could adversely affect the development of marketability of the subjects' parcel. Both the HNC-3 and HMDR zones accommodates residential and commercial uses. Uses consistent with both zoning districts include single and multiple residential dwellings and group homes as well as conditional uses including larger group homes, community centers, educational institutions, protective services, and parks. The HNC-3 district does allow for commercial uses including restaurants, offices, retail, and hotels and transient lodging.

Based on the current layout with multiple zoning designations an analysis of whether there is a possibility of a zoning change has been undertaken. The surrounding area is predominately residential and is within the HMDR zone. The HNC-3 zone does allow for commercial space such as retail and lodging however, due to the fact the site is not within a prime retail location and that lodging properties are not being permitted due to the lack of available transient licenses makes these uses legally unacceptable.

The land alternatives that remain include single and multi-family properties, community centers, educational, protective services, and parks. All but single and multi-family properties would require a conditional use. Based on the current zoning residential and mixed-use uses are legally permissible. The possibility of a zoning change to a single zone is high due to the surrounding properties. The majority of the area comprises of residential uses with both single and multi-family homes in the area. There is limited commercial retail space.

Physically Possible:

The subject comprises of a single tract of land under a single parcel ID number. The total lot size is 33,700 sq.ft. and is roughly "L" shaped. Based on the site inspection and topographical surveys provided the tract is level at grade and has no significant slope.

The site current has two zoning designations. The HNC-3 zone has a minimum lot size of 4,000 sq.ft. with setbacks of 0ft to the front and up to 15ft at the rear. The maximum Floor Area Ratio (FAR) is 1.0 with the maximum building coverage being 40% with an impervious surface ratio of 60%. Density requirements are 16 units per acre and a maximum building height of 30ft. The HMDR zone has a minimum lot size of 4,000 sq.ft. with setbacks of between 5ft. and 15ft. The maximum FAR is 1.0 with the maximum building coverage of 40% with an impervious surface ratio of 60%. Density requirements are 16 units per acre and have a maximum building height of 30ft.

Based on information provided the site sizes as per the current zoning are: HNC-3 - 12,800 sq.ft. (0.2939 acres) and HMDR – 20,900 sq.ft. (0.4798 acres). Both sections of the parcel have adequate square footage to support development with each section having access from either Emma St., Olivia St. or Fort St. Based on this all legally permitted uses are physically possible.

Financially Feasible:

The lot is in the Bahama Village section of the Old Town neighborhood of Key West and has adequate exposure to the passing traffic both vehicular and pedestrian. Neighboring uses comprise of mainly residential property both single and multi-family properties with some neighborhood commercial uses including retail and community uses.

Uses that passed the legally permissible and physically possible are single unit and multi-unit residential properties and community centers. The financially feasible test has been applied to these uses. There is very little demand for retail and office space in the area as the subject is in a secondary location off the main retail streets. There is a shortage of residential units in the city with several new developments having been or are close to completion. These developments are quoting reduced marketing times with most of the units having been sold or pre-sold.

Based on the above analysis the building of a multi-unit residential property is the most financially feasible use and would include the development of both sites as multi-unit residential is permissible in both zones.

Maximally Productive:

A determination must be made as to which of the feasible uses that passed the financially feasible section is the Highest and Best use of the parcel if vacant. The Highest and Best Use is the use that produces the highest or greatest return to the land.

The subject lot is surrounded by predominately residential uses both single and multi-family. The site has two zoning designation however, these do have the same density and minimum lot size requirements. The site comprises of 33,700 sq.ft. or 0.7736 acres of total area and would therefore allow up to 12 residential units. The FAR as per zoning is 1.0 and therefore the total floor area allowed is 33,700 sq.ft. which would allow for units totaling a maximum of 2,800 sq.ft. each. The typical home in the area is between 1,500 and 2,000 sq.ft. and due to the site location in an active flood zone the improvements would have to comply with building requirements in an active flood zone.

The Highest and Best use is to develop the site to maximum density. Due to the site location in the Old Town neighborhood and that any construction would have to be confirmed by HARC, the ideal improvements would be built in keeping with the surrounding area and reflect the historic nature of the area. There are no requirements for off-street parking in this section of Old Town.

There is good demand residential units and construction would start immediately.

Highest and Best Use as Vacant	
Use	Single unit residential property development.
Timing	Current
Market Participants	
- Users:	Moderate income occupants.
- Most Probable Buyers	Single unit developers.

Highest and Best Use as Improved:

The final step is to analyze the site "as improved" The existing improvements are compared to the ideal improvements.

The current use is legal non-conforming as the subject was built prior to the change in zoning and does not comply with current setbacks and impervious site coverage. The subject does comply with the current FAR (0.535 current, 1.0 as per zoning). The property could be re-built to its current size if unintentionally destroyed. The subject was constructed in 1945 and sits within the confines of the site with no easements or encroachments noted. The subject appears to be typical for the area and is surrounded by properties similar in age.

The highest and best use of the subject's land as improved would be a residential development. The subjects current use is not an interim use as the improvements do add value to the site. The value of raw residential land is similar to that of raw commercial land and therefore there is no functional obsolescence. Entitled residential land does add value.

Therefore, it is the appraiser's opinion that the Highest and Best use of the subject is the current use as a physical education building with associated office space.

Highest and Best Use as Improved	
Use	Community owned physical education building.
Timing	Current
Market Participants	
- Users:	Community owned.
- Most Probable Buyers	Local authority or private investor.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:
Cost New
- Depreciation
+ Land Value
= Value

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analysis Applied

A **Cost Approach** was applied and is the most reliable indicator of value when appraising these special purpose properties. There is adequate data to determine the value of the land with several land sales in Key West. The Sales Comparison approach has been used to determine the land value. There is adequate and reliable data to determine the cost new as well as the level of depreciation by several methods. This is the most reliable indicator of value and is the only approach developed.

A **Sales Comparison** analysis was considered but not developed. These properties are not brought and sold in the open market and there have been no sales of similar properties when searching the whole of the Florida Keys.

An **Income Approach** was considered but has not been developed as this is not a reliable indicator of value. There have been no leases of gymnasiums in the area over the past 5 years.

Cost Approach

Like the sales comparison and income capitalization approaches, the cost approach to value is based on market comparisons. In the cost approach, the appraiser analyzes the cost of the subject improvements by comparison to the cost to develop similar or exact improvements as evidenced by the cost of construction of substitute properties with the same utility as the subject property. The estimate of cost is adjusted for market-extracted losses in value caused by the age, condition, and utility of the subject improvements or for location problems. Next, the land value is added. The sum of the value of the land and the improvements is adjusted for the property rights conveyed based on market comparisons.

The principle of substitution, the underlying rationale of this approach, holds that no prudent person will pay more for a property than the price of a site and the cost of constructing, without undue delay, an equally desirable and useful property.

In the cost approach, the following steps are typically employed:

1. Estimate the value of the site as though vacant and available to be developed to its highest and best use.

2. Determine which cost basis is most applicable to the assignment: reproduction cost or replacement cost.

3. Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date.

4. Estimate the appropriate entrepreneurial profit or incentive from analysis of the market.

5. Add the estimated direct costs, indirect costs, and entrepreneurial profit or incentive to arrive at the total cost of the improvements.

6. Estimate the amount of depreciation in the structure and, if necessary, allocate it among the three major categories:

    - Physical deterioration
    - Functional obsolescence
    - External obsolescence

7. Deduct estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.

8. Estimate the contributory value of any site improvements that have not already been considered.

9. Add site value to the total depreciated cost of all the improvements to develop the market value of the property.

10. Adjust the value conclusion if any personal property (e.g., furniture, fixtures, and equipment) or intangible assets are included in the appraisal assignment. If necessary, this value, which reflects the value of the fee simple interest, may be adjusted for the property interest being appraised to arrive at the indicated value of the specified interest in the property.

Definitions of terms that may be used in the cost approach analysis include:

Breakdown method. A method of estimating depreciation in which the total diminution in the value of a property is estimated by analyzing and measuring each cause of depreciation (physical, functional, and external) separately.

Cost approach. A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.

Curable functional obsolescence. An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected.

Curable physical deterioration. A form of physical deterioration that can be practically and economically corrected as of the date of appraisal; excludes vandalism and damage, which are curable conditions but are not accounted for in an estimate of replacement cost or reproduction cost.

Depreciation. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Direct costs. Expenditures for the labor and materials used in the construction of improvements; also called hard costs.

Economic age-life method. A method of estimating depreciation in which the ratio between the effective age of a building and its total economic life is applied to the current cost of the improvements to obtain a lump-sum deduction; also known as the age-life method.

Economic life. The period over which improvements to real estate contribute to property value.

Entrepreneurial incentive. The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called developer's profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. The amount of entrepreneurial incentive required for a project represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary in seeing the project through to completion.

External obsolescence. A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.

Functional obsolescence. The impairment of functional capacity of improvements according to market tastes and standards.

Incurable functional obsolescence. An element of depreciation; a defect caused by a deficiency or super adequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal.

Incurable physical deterioration. A form of physical deterioration that cannot be practically or economically corrected as of the effective date of appraisal.

Indirect costs. Expenditures or allowances for items other than labor and materials that are necessary for construction but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called soft costs.

Physical deterioration. The wear and tear that begins when a building is completed and placed into service.

Physical life. An estimate of how old a building or improvement will be when it is worn out.

Quantity survey method. A cost-estimating method in which the quantity and quality of all materials used, and all categories of labor required are estimated and unit cost figures are applied to arrive at a total cost estimate for labor and materials.

Reproduction cost. The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super adequacies, and obsolescence of the subject building.

Unit-in-place method. A cost-estimating method in which total building cost is estimated by adding together the unit costs for the various building components as installed; also called the segregated cost method.

Useful life. The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed.

Site Valuation

The first step in the cost approach is to estimate the value of the site as though vacant. The site valuation is performed to derive a value for the underlying land associated with the subject property. Typically, one of four different methods are used for the site valuation

1. Sales comparison
2. Allocation
3. Extraction
4. Income capitalization

Sales comparison is the most common technique for valuing the underlying site as though vacant, and it is the preferred method when comparable sales are available. To apply this method, data on sales of similar parcels of land is collected, analyzed, compared, and adjusted to provide a value indication for the site being appraised.

The allocation method is based on the principle of balance and the related concept of contribution. Both affirm that there is a normal, or typical, ratio of site value to property value for specific categories of real estate in specific locations. The allocation method has its greatest benefit and accuracy when estimating the value of residential lots.

Market extraction is a technique in which site value is extracted from the sale price of an improved property by deducting the contributory value of the improvements, often estimated at their depreciated cost. The remaining value is the value of the site. Improved sales in rural areas are frequently analyzed in this way because the building and site improvements contribute little value in comparison to the underlying site value.

The various income capitalization procedures used to estimate land or site values rely on information that is often difficult for an appraiser to obtain. Therefore, these techniques are generally not used as primary valuation techniques except in special situations such as subdivision development analysis. The two most common income capitalization methods are the land residual technique and ground rent capitalization. The land residual technique is used almost exclusively in the highest and best use analysis to test the productivity of alternate uses of the site as though vacant. The ground rent capitalization procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and capitalization rates.

Comparable Sales

Before the value of the improved property can be estimated by the cost approach, it is necessary to estimate the value of the site, as if vacant. We have valued the site using the Sales Comparison approach and this involved collecting data on sales of similar sites, adjusting these sales for differences between them and the subject, and concluding a value indication from our analysis of these sales. Land sales have been researched based on a similar highest and best use.

After researching and evaluating the available data regarding area land sales, we selected sales believed to provide the best indications of value for the subject. Detailed descriptions of these sales are included at the end of this section. These data sheets summarize the pertinent details for each sale. A summary of the sales follows.

In evaluating the comparable sales, we selected price per square foot as the primary unit of comparison. This is the unit of comparison most commonly used for this type of property in the marketplace. The search parameters were all vacant lots both residential and commercial in the City of Key West and in the surrounding area. As discussed, the Highest and Best Use of the vacant site is a residential development.

The appraiser has carried out market analysis and paired sales analysis to determine market adjustments and this analysis is detailed in the following pages.

Summary:
The following table shows the sales determined by the appraiser to be the most comparable to the subject and to be used to determine the opinion of site value.

Land Sales

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6	Sale # 7	Sale # 8
Address	801 Fort St	1211 Laird St	1028 Truman Ave	2312 N Roosevelt Blvd	2318 N Roosevelt Blvd	1100 White St	725 Caroline St	1315 Whitehead St	5610 Overseas Hwy
City	Key West	Key West	Key West	Key West	Key West	Key West	Key West	Key West	Stock Island
Sale Price	N/A	$600,000	$410,000	$1,000,000	$780,000	$540,000	$2,000,000	$1,750,000	$2,300,000
Date of Sale	N/A	3/13/2018	2/1/2018	6/7/2017	6/7/2017	2/13/2015	8/7/2014	5/6/2015	3/7/2014
Adjusted Sale Price	N/A	$600,000	$410,000	$1,035,000	$795,000	$540,000	$2,000,000	$1,815,000	$2,300,000
Land Sq Ft	33,700	5,280	5,000	19,689	11,960	5,168	18,780	19,775	109,340
Price / SF of Land	N/A	$113.64	$82.00	$52.57	$66.47	$104.49	$106.50	$91.78	$21.04
Land Acres	0.774	0.121	0.115	0.452	0.275	0.119	0.431	0.454	2.510
Price / Acre	N/A	$4,950,005	$3,571,926	$2,289,838	$2,895,500	$4,551,546	$4,638,983	$3,998,044	$916,298
Zoning Code	HNC-3 and HMDR	SF	HNC-1	CG	CG	HNC-1	HRCC-1	HHDR	UC
Proposed Use		SFR	Mixed use	Fast food	Fast food	Commercial	Commerical	PUD	Commercial/retai

Table 4 – Comparable land sales.

The sales used above are shown on the following map in relation to the subject along with detailed comparable sales sheets.

Comparable Sales Sheets:

Land Sale No. 1

Transaction			
Address	1211 Laird St	**Sale Date**	03-13-2018
City	Key West	**Sale Price**	$600,000
State	Florida	**Price/Acre of Usable Land**	$4,950,000
Seller	Susan Reut	**Price/SF Usable Land**	$113.64
Buyer	Seashell Investments LLC		
Book/Page	2896-2422	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	104
Sale Conditions	Arm's length	**Confirmed With**	Realtor
Legal Description	KW PROG LAND IMP CO DIAG PB1-1 LOT 8 SQR 1 TR 28 G63-172/173 OR403-464/465 OR640-226D/C OR936-1659 OR2234-1209 OR2376-777C/T OR2407-1909/11 OR2896-2422/23 OR2911-312/13		

Site			
Land Acres	0.12121	**Topography**	Level
Land Sq Ft	5,280	**Zoning**	SF
Frontage	Laird St	**In Flood Plain?**	Yes
Shape	Rectangular		
Utilities	All city	**Environ. Issues?**	No

Improvements and Ratios			
No. of Lots	1	**Adj $/ Lot**	$600,000

Remarks
ROGO exempt residential lot in the Mid- Town neighborhood close to the beaches and the Old Town neighborhood. Property has an old home that was demolished.

Land Sale No. 2

Transaction			
Address	1028 Truman Ave	**Sale Date**	02-01-2018
City	Key West	**Sale Price**	$410,000
State	Florida	**Price/Acre of Usable Land**	$3,571,920
Seller	IIC VIE LLC	**Price/SF Usable Land**	$82.00
Buyer	Sun Valley LLC		
Book/Page	2889-2495	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	49
Sale Conditions	Arm's length	**Confirmed With**	Keith Bland
Legal Description	KW GWYNN SUB PT OF TR 13 G61-385/86 OR754-1705/06 OR865-1402C/T OR1418-343/44 OR2620-2290/91 OR2889-2495/96		

Site			
Land Acres	0.11478	**Topography**	Level
Land Sq Ft	5,000	**Zoning**	HNC-1
Frontage	Truman Ave	**In Flood Plain?**	Yes
Shape	Rectangular		
Utilities	All city utilities	**Environ. Issues?**	No

Improvements and Ratios			
No. of Lots	1	**Adj $/ Lot**	$410,000

Remarks
Vacant commercial lot in the Old Town neighborhood with good visibility to the passing traffic. Property was sold with 2 BPAS ROGO units due to the removal of an old building in 2015.

Land Sale No. 3

Transaction			
Address	2312 N Roosevelt Blvd	**Sale Date**	06-07-2017
City	Key West	**Sale Price**	$1,035,000
State	Florida	**Price/Acre of Usable Land**	$2,212,403
Seller	Richard and Jean Rodriquez	**Price/SF Usable Land**	$50.79
Buyer	Reel Developments LLC		
Book/Page	2858-1684	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	168
Sale Conditions	Arm's length	**Confirmed With**	Tommy Mack
Legal Description	KW PLAT OF SURVEY OF LANDS ON ISLAND OF KEY WEST MONROE FLA PT TR 13 PB3-35 OR67-89/90 OR520-911 OR1088-863 OR1290-1848/1849 OR2721-98/99 OR2858-1667D/C OR2858-1684/86 OR2858-1687/89 OR2891-1781/82		

Site			
Land Acres	0.45200	**Topography**	Level
Land Sq Ft	19,689	**Zoning**	CG
Frontage	N. Roosevelt Blvd	**In Flood Plain?**	Yes
Shape	Irregular		
Utilities	All city utilities	**Environ. Issues?**	No

Improvements and Ratios			
No. of Lots	1	**Adj $/ Lot**	$1,035,000

Remarks
Site contained an industrial building that was demolished. Site was purchased for land as the site is to be developed with a fast food restaurant.

Land Sale No. 4

Transaction			
Address	2318 N Roosevelt Blvd	**Sale Date**	06-07-2017
City	Key West	**Sale Price**	$795,000
State	Florida	**Price/Acre of Usable Land**	$2,840,870
Seller	Premiere Suites Inc	**Price/SF Usable Land**	$65.22
Buyer	Reel Developments		
Book/Page	2858-1690	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	0
Sale Conditions	Arms Length	**Confirmed With**	Tommy Mack
Legal Description	KW PLAT OF SURVEY OF LANDS ON ISLAND OF KEY WEST MONROE COUNTY FLA PT TR 13 PB3-35 OR187-388/89 OR909-479D/C OR909-480/81P/R OR971-719 OR1264-1315/17 OR2858-1690/95 OR2865-143/48		

Site			
Land Acres	0.27456	**Topography**	Level
Land Sq Ft	11,960	**Zoning**	CG
Frontage	N. Roosevelt Blvd	**In Flood Plain?**	Yes
Shape	Irregular		
Utilities	All city utilities	**Environ. Issues?**	No

Improvements and Ratios			
No. of Lots	1	**Adj $/ Lot**	$795,000

Remarks
Sale of an old retail unit for land value. Purchased by the buyer of the adjoining lot to combine the lots for a large fast food development. Building was demolished. Seller was not related to the seller of the adjoining lot.

Land Sale No. 5

Transaction			
Address	1100 White St	**Sale Date**	02-13-2015
City	Key West	**Sale Price**	$540,000
State	Florida	**Price/Acre of Usable Land**	$4,551,548
Seller	Wellington and Janet S Goddin	**Price/SF Usable Land**	$104.49
Buyer	1100 White Street LLC		
Book/Page	2725-2366	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	1
Sale Conditions	Arm's length	**Confirmed With**	Sean Farrer (Realtor)
Legal Description	KW GWYNN SUB 0-195 PT LOTS 1-2 SQR 2 TR 13 G50-444/45 OR561-461 OR1709-178 OR2402-749/50 OR2725-2366/67		

Site			
Land Acres	0.11864	**Topography**	Level
Land Sq Ft	5,168	**Zoning**	HNC-1
Frontage	White St	**In Flood Plain?**	Yes
Shape	Rectangular		

Improvements and Ratios			
No. of Lots	1	**Adj $/ Lot**	$540,000

Remarks
Vacant parcel of commercial land in the Old Town neighborhood. Property has been redeveloped with a commercial retail/office building. Purchased as an arm's length transaction not listed in the local MLS system except for statistical purposes only. Realtor confirmed the sale.

Land Sale No. 6

Transaction			
Address	725 Caroline St	**Sale Date**	08-07-2014
City	Key West	**Sale Price**	$2,000,000
State	Florida	**Price/Acre of Usable Land**	$4,638,983
Seller	Galleta Property Group LLC	**Price/SF Usable Land**	$106.50
Buyer	Land Trust Number 725KW		
Book/Page	2697-1806	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	523
Sale Conditions	Arm's length	**Confirmed With**	Buyer
Legal Description	KW PT LOT 1 SQR 11 OR407-754/55 OR935-73/77 OR966-2453/54R/S OR1279-997/98R/S OR1385-2288/89 OR1385-2290/91 OR2182-2470/72 OR2697-1806/07 OR2722-161/63		

Site			
Land Acres	0.43113	**Topography**	Level
Land Sq Ft	18,780	**Zoning**	HRCC-1
Frontage	Caroline St	**In Flood Plain?**	Yes
Shape	Rectangular		
Utilities	All city utilities	**Environ. Issues?**	No

Improvements and Ratios			
Proposed GBA	7,116	**Adj $/Proposed SF**	$281.06
Proposed Units	2	**Adj $/Proposed Unit**	$1,000,000
No. of Lots	4.64	**Adj $/ Lot**	
Proposed Buildings	1	**Current Use**	Retail

Remarks
Fully renovated retail building that has been split into 2 units. The most recent sales was for land value as the old industrial building was completely rehab-ed.

Land Sale No. 7

Transaction			
Address	1315 Whitehead St	**Sale Date**	05-06-2015
City	Key West	**Sale Price**	$1,815,000
State	Florida	**Price/Acre of Usable Land**	$3,998,044
Seller	Southwhitehead LLC	**Price/SF Usable Land**	$91.78
Buyer	PpKW LLC		
Book/Page	2739-1370	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	1156
Sale Conditions	Arms Length	**Confirmed With**	Listing agent
Legal Description	KW Filer Boyle Sub N-476 Lot 6 Sqr 3 Tr 16 OR312-514/515		

Site			
Land Acres	0.45397	**Topography**	Level
Land Sq Ft	19,775	**Zoning**	HHDR
Frontage	Whitehead St	**In Flood Plain?**	Yes
Shape	Rectangular		
Utilities	All city	**Environ. Issues?**	No

Improvements and Ratios			
No. of Lots	7	**Adj $/ Lot**	$302,500
Proposed Buildings	PUD	**Current Use**	Office

Remarks
Office building that is to be removed and re-developed with 7 residential units.

Land Sale No. 8

Transaction			
Address	5610 Overseas Hwy	**Sale Date**	03-07-2014
City	Stock Island	**Sale Price**	$2,300,000
State	Florida	**Price/Acre of Usable Land**	$916,298
Seller	Keys FCU	**Price/SF Usable Land**	$21.04
Buyer	CVS 10122 FL LLC		
Book/Page	2674-2388	**Rights Conveyed**	Fee Simple
Sale Status	Closed	**Days on Market**	405
Sale Conditions	Arm's length	**Confirmed With**	Claude Gardner
Legal Description	LOTS 1 THRU 20 AND ADJ PART OF US HWY 1 AND THE WLY 5,095 SF OF THE RIGHT-OF-WAY OF SECOND STREET STOCK ISLAND MALONEY SUB SUBDIVISION PB 1-55 G34-419/20 G43-5/6 OR571-769 OR682-796 OR734-9/10 OR852-791/793 RESOLUTION NO 113-1982 OR1438-1537/38 OR1878-1695 OR2318-793/96 OR2674-2388/91 RESOLUTION 019-2014		

Site			
Land Acres	2.51010	**Topography**	Level
Land Sq Ft	109,340	**Zoning**	UC
Frontage	Highway	**In Flood Plain?**	Yes
Shape	Irregular		
Utilities		**Environ. Issues?**	No

Improvements and Ratios			
Proposed GBA	14,822	**Adj $/Proposed SF**	$155.17
Proposed Units	1	**Adj $/Proposed Unit**	$2,300,000
No. of Lots	0.40	**Adj $/ Lot**	$2,300,000

Remarks
Vacant commercial lot located on the Overseas Hwy on Stock Island on the outskirts of Key West. The property was bank owned and was purchased for development of a national retail brand (CVS). Originally listed on 07/02/2010 for $2,640,000 and contingent on 08/11/2011. Arms length transaction

Land Sales Map:

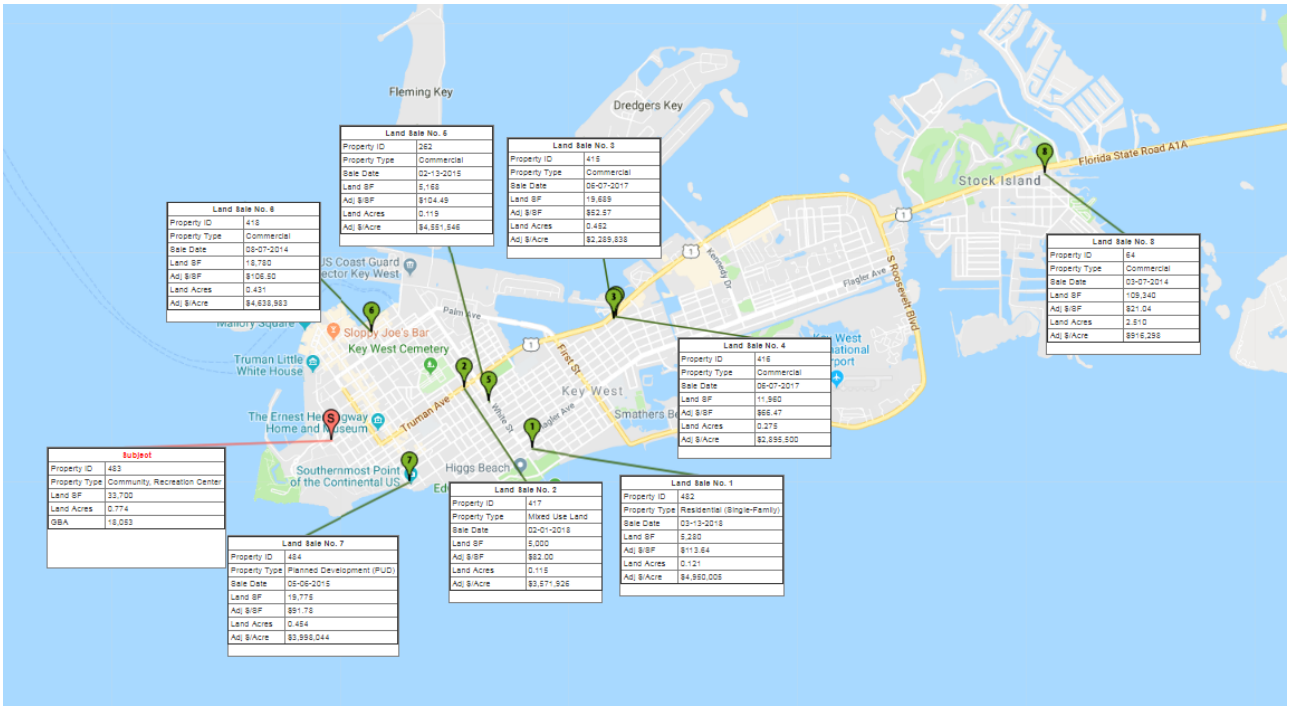


Figure 21 - Comparable land sales map.

Analysis:

There are two basic methods of adjustment used to determine the market value of the subject: Quantitative and qualitative with the quantitative method the most commonly used. This method is the process of applying basic mathematical techniques where the comparable sales are adjusted for the differences between them and the subject. Analysis of the differences can be determined by paired sales analysis where two sales are compared with each other to determine the single differences and regression analysis.

Vacant lots can be appraised on a price per sq. ft., price per acre, or price per road frontage as a unit of comparison. The appraiser has carried out an analysis of the three units of comparison to the determine the most appropriate unit. This is based on the lowest coefficient of variation, which is the standard deviation of the data set divided by the median. The data shows that the price per square foot and price per acre are the most relative unit of comparison for the lots. The appraiser has based the adjustments for the value of the lot on a price per sq.ft. basis.

Once the unit of comparison has been determined the appraiser adjusts the sales to the subject. The first part is to adjust the sales bundle of rights which include real property rights, financing, conditions of sale, and adjustments for market conditions.

Transactional Adjustments:

<u>Real Property Rights conveyed:</u>

When real property is sold, they may be the sole subject of the contract or the contract may include other rights, less than all of the real property rights, or even rights to another property or properties. The most common real property rights conveyed are Fee Simple or Leased Fee Simple. All the properties used in the analysis were sold as Fee Simple or Leased Fee and no adjustments are warranted.

Financing Terms:

The transaction price of one property may differ from that of an identical property due to the different financing arrangements. The most common financing terms are conventional financing or cash-to-seller. Adjustments are typically necessary in these section for favorable financing terms. The sales used all had conventional financing or were cash-to-seller with no favorable financing noted.

Conditions of Sale:

The definition of market value requires typical motivation of buyers and sellers where there is no duress on either party to consummate the sale. An adjustment for conditions of sale usually reflects the motivation of either a buyer or seller who is under duress. Atypical motivated sales are not considered arm's length transactions and may have to be adjusted. The sales used were all reported to be arm's length transactions with no concessions.

Expenditures immediately after purchase:

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include:

- Costs to cure deferred maintenance,
- Costs to demolish and remove any portion of the improvements
- Costs to petition a zoning change, and
- Costs to remediate environmental contamination.

These costs are often quantified in price negotiations and can be discovered through verification sources. Sales 3, 4, and 7 required adjustments for the cost of demolishing the buildings on site at time of sale and this has been calculated on a price per sq.ft. basis.

Market conditions:

From the market analysis shown earlier in the report the market has increased over the past 4 years based on paired sales analysis. The following graphs show that land values have increased over the time period selected. There have been no recent vacant land sales in the market.

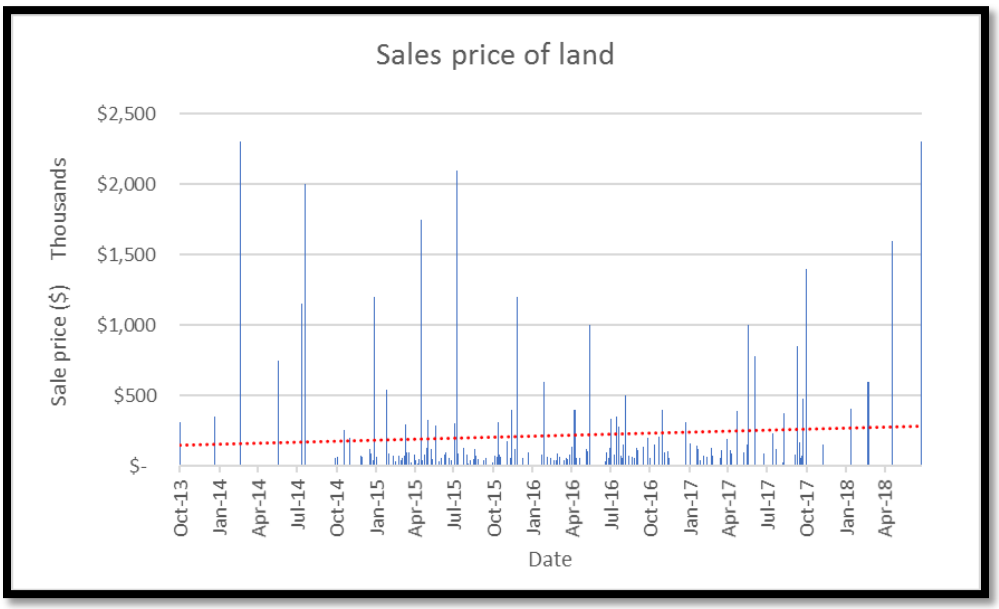


Figure 22 – Sale price of vacant land.

The data above is further supported by multiple paired sales analysis which shows that the vacant land market increased from the end of 2014 to the middle of 2016 at a rate of 0.43% per month. The market then increased at a higher rate based on paired sales from the middle of 2016 to the middle of 2017 at a rate of 0.86% per month. The adjustments above have been used in the comparison grid that follows for the sales most comparable to the subject.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, zoning, size of lots, and uses. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Size Adjustments:
The sales analyzed range in size from 5,000 sq.ft. (0.121 acres) to 109,340 sq.ft. (2.510 acres) and range from $21.04 to $113.64 per sq.ft. The appraiser analyzed the sales on a price per sq.ft. basis to determine whether there is a correlation between lot size and price per sq.ft. The principle of economies of scale were tested where larger properties tend to sell for less per square foot that the smaller properties. (see Figure 23)**.**

Adjustments have been based on the data above and calculated by regression analysis and paired sales data.

Location Adjustments:
The subject is within the Old Town neighborhood and is surrounded by residential, neighborhood commercial, and government uses. The 8 sales used in the grid are all from the City of Key West or the surrounding neighborhoods. Sale 8 is the only sale used that is not on the island of Key West. This is on Stock Island which is the next island in the chain making up the Florida Keys. This is within Monroe County but is classed as Key West as per USPS.

Sales 2 and 3 are within the New Town neighborhood along one of the main streets in and out of Key West. These have superior access and view however, based on paired sales analysis these are inferior to the subject based on value of the land on price per sq.ft. basis. Sale 8, as previously, discussed is outside of the Key West city limits and on the neighboring island. Based on paired sales analysis a large adjustment is warranted for the difference in land value.

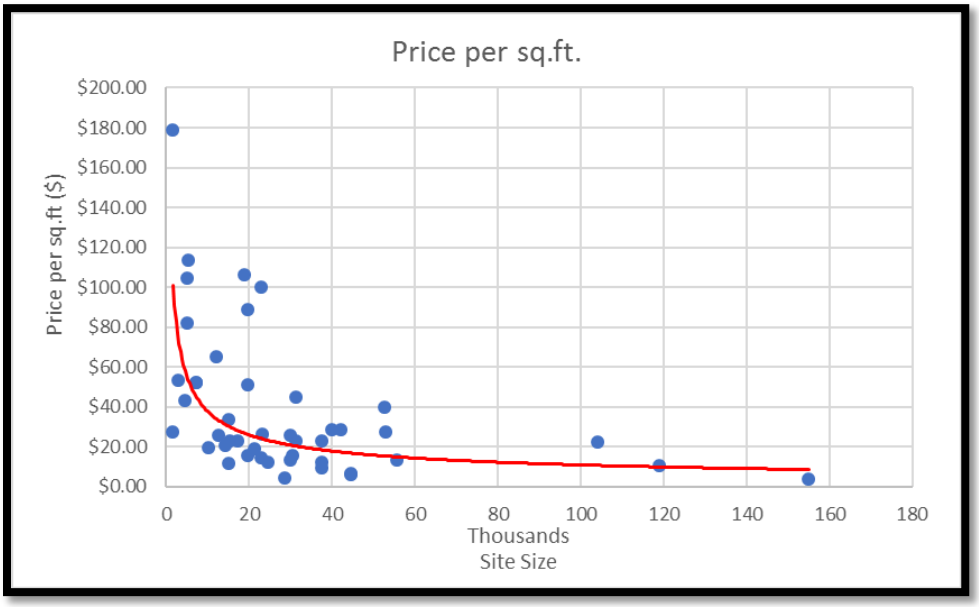


Figure 23 – Price per sq.ft v site size.

Zoning Adjustments:

The subject has 2 zoning designations which would allow the site to be developed with multiple uses. There is also a high probability that the site could be re-zoned to a single zoning designation based on the surrounding uses. The current zone allows for the single and multi-unit properties which has been determined as the highest and best use of the site as if vacant. The comparable sales have a mix of zoning which all would all allow the same Highest and Best Use. Based on the analysis of the sales only Sale 8 required an adjustment for inferior zoning. There appears to be little difference between the value of residential and commercial land within the city. Most of the Key West zoning code allows for single and or multi-unit properties.

Entitlements:
The subject as if vacant would not have any entitlements to build and would be classified as vacant land. Sales 5 and 8 where the only sales found that had no building entitlements and were classed as raw land. The other sales all had some entitlements either existing ROGO units from the removal of an old home or had a prior commercial building on the site. Based on paired sales of Sales 5 and 8 there appears to be no measurable difference between entitled and raw land. There is a number of ROGO's available from the city to develop the sites.

Improvements:
As discussed earlier, several of the lots were purchased with existing improvements with Sales 3, 4, and 7 having these removed to develop a new use. Sale 6 had an existing steel frame warehouse on site that was partially demolished. Based on discussions with the buyer/developer of the site some value was given to the structure and most of the metal skeleton was kept. These was therefore, not technically vacant land as the buyer did give some value to the improvements. An adjustment has been made for the value of the improvements kept.

Summary of Adjustments

The comparable sales and the adjustments used for each are summarized in the table below.

Land Sale Adjustments

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6	Sale # 7	Sale # 8
Address	801 Fort St	1211 Laird St	1028 Truman Ave	2312 N Roosevelt Blvd	2318 N Roosevelt Blvd	1100 White St	725 Caroline St	1315 Whitehead St	5610 Overseas Hwy
City	Key West	Key West	Key West	Key West	Key West	Key West	Key West	Key West	Stock Island
Land Area SF	33,700	5,280	5,000	19,689	11,960	5,168	18,780	19,775	109,340
Land Area in Acres	0.774	0.121	0.115	0.452	0.275	0.119	0.431	0.454	2.510
Ratio - Comp to Subject		0.16	0.15	0.58	0.35	0.15	0.56	0.59	3.24
Sale Date	N/A	3/13/2018	2/1/2018	6/7/2017	6/7/2017	2/13/2015	8/7/2014	5/6/2015	3/7/2014
Density (Lots/Acre)		8.25	8.71	2.21	3.64	8.43	2.32	13.22	0.40
Zoning	HNC-3 and HMDR	SF	HNC-1	CG	CG	HNC-1	HRCC-1	HHDR	UC
Sale Price	N/A	$600,000	$410,000	$1,000,000	$780,000	$540,000	$2,000,000	$1,750,000	$2,300,000
Land Sq Ft	33,700	5,280	5,000	19,689	11,960	5,168	18,780	19,775	109,340
Unadjusted Price/SF	N/A	$113.64	$82.00	$50.79	$65.22	$104.49	$106.50	$88.50	$21.04
Time Adjusted Price/SF	N/A	$113.64	$82.00	$54.79	$69.22	$112.85	$117.15	$98.98	$23.78
Adjusted Price/SF	N/A	$90.91	$65.60	$71.23	$89.99	$90.28	$93.72	$89.08	$64.19
Property Rights		Similar	Similar	Inferior	Inferior	Similar	Similar	Inferior	Similar
% Adjustment		0.0%	0.0%	7.9%	6.1%	0.0%	0.0%	4.5%	0.0%
$ Adjustment		$0.00	$0.00	$4.00	$4.00	$0.00	$0.00	$4.00	$0.00
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Conditions of Sale		Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Time/Market Conditions	N/A	Mar-18	Feb-18	Jun-17	Jun-17	Feb-15	Aug-14	May-15	Mar-14
% Adjustment		0.0%	0.0%	0.0%	0.0%	8.0%	10.0%	7.0%	13.0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$8.36	$10.65	$6.48	$2.74
Time Adjusted Price/SF		$113.64	$82.00	$54.79	$69.22	$112.85	$117.15	$98.98	$23.78
Location/Access		Similar	Similar	Inferior	Inferior	Similar	Similar	Similar	Inferior
% Adjustment		0.0%	0.0%	40.0%	40.0%	0.0%	0.0%	0.0%	100.0%
$ Adjustment		$0.00	$0.00	$21.92	$27.69	$0.00	$0.00	$0.00	$23.78
Zoning/Density		Similar	Similar	Similar	Similar	Similar	Similar	Similar	Inferior
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$11.89
Size		Superior	Superior	Superior	Superior	Superior	Superior	Superior	Inferior
% Adjustment		-20.0%	-20.0%	-10.0%	-10.0%	-20.0%	-10.0%	-10.0%	20.0%
$ Adjustment		-$22.73	-$16.40	-$5.48	-$6.92	-$22.57	-$11.72	-$9.90	$4.76
Entitlements		Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Use		Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Improvements		Similar	Similar	Similar	Similar	Similar	Superior	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	-10.0%	0.0%	0.0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	-$11.72	$0.00	$0.00
Total Adjustments									
Net % Adjustments		-20.0%	-20.0%	40.2%	38.0%	-13.6%	-12.0%	0.7%	205.1%
Net $ Adjustments		-$22.73	-$16.40	$20.44	$24.77	-$14.21	-$12.78	$0.58	$43.15
Total % Adjustments		20.0%	20.0%	61.8%	59.2%	29.6%	32.0%	23.0%	205.1%
Total $ Adjustments		$22.73	$16.40	$31.40	$38.61	$30.93	$34.08	$20.37	$43.15
Adjusted Price/SF		$90.91	$65.60	$71.23	$89.99	$90.28	$93.72	$89.08	$64.19

Table 5 – Land adjustments grid

Value Conclusion -- Land

The adjustments are summarized in the following "Summary Grid of Adjustments".

Sale 1 is a recent sale of a small parcel of vacant land within the city limits. The site is located on the edge of Old Town close to the beaches and the Southernmost Point. This is a single residential lot that has been added as it has a similar location to the subject and has a similar Highest and Best use as a residential lot. This sold with entitlements for a single unit residence due to an existing ROGO. This required a large adjustment for the smaller lot size which requires a negative adjustment based on the analysis of land sales. This sold in the last 6 months and is the most recent vacant land sale in the neighborhood. No adjustment is warranted for market conditions.

Sale 2 is a recent sale of a vacant commercial lot on one of the main streets in and out of Key West. This is within the Old Town neighborhood and has a similar zoning designation to the subject and the same Highest and Best use. This a smaller lot requiring a negative adjustment based on the analysis of land sale and the relationship found between sales prices and lot size. This was sold with entitlements to re-develop a mixed-use property that was previously on the site. This sold within the last 6 months and no adjustment is warranted for market conditions.

Sale 3 is a sale of a larger parcel of commercial land on the main road in and out of Key West. This is within the Mid-Town neighborhood and was sold with an old commercial building that has since been demolished and re-developed with a fast food restaurant. This required adjustments for its inferior location in the Mid-Town neighborhood which has typically lower land values than the Old Town neighborhood.

Sale 4 is the sale of the adjoining parcel to Sale 3 and was purchased by the same buyer for the fast food restaurant development. The parcel was owned by a separate person to the parcel sold for Sale 3 and this was a separate negotiation. This was also sold with an existing commercial building that was then demolished as part of the re-development.

Sale 5 was the sale of a vacant commercial lot with no entitlements in the Old Town neighborhood. This lot is located on a signalized intersection surrounded by mixed-use, commercial, residential, and governmental properties. This was a smaller site and has since been developed with a small retail building. This lot sold in the early part of 2015 and requires an adjustment for the difference in market conditions.

Sale 6 was the sale of an existing building that was in poor condition and has since been completely renovated. The skeleton of the structure was retained and based on interviews with the buyer and developer some value was given to the structure. This is in the Old Town neighborhood and is just under 20,000 sq.ft. of land. This sold in the middle of 2014 and requires an adjustment for the difference in market conditions.

Sale 7 was the sale of an old office building that was demolished and has since been re-developed with a small residential development. This is within the Old Town neighborhood similar to the subject. The site has since been developed with 7 detached residential units and supports the opinion of the highest and best use. The lot was sold as a commercial lot with residential entitlements and further supports no adjustment for the difference in commercial and residential lot prices in the city. This lot sold in the middle of 2015 and requires adjustments for the market conditions.

Sale 8 has been added as it brackets the subject's lot size and shows that the subject lot is not atypical. This sold in the early part of 2014 and requires an adjustment for market conditions. This was the sale of a large vacant commercial lot on the outskirts of Key West on Stock Island which is with Monroe County. This was raw and with no entitlements and was developed with a large national retailer.

Reconciliation:

The sales used are the most recent and similar sales in the city of Key West over the past 4 years. As can be seen there have been very few sales as I have had to use sales up to 4 years old. The city of Key West and especially the Old Town neighborhood is close to 100% built up with the typical vacant lot being a smaller single residential lot.

Most weight and emphasis is given to Sale 7 as this is a larger lot which has a similar zoning designation as the subject and was purchased to redevelop with a single family residential project. This is within the Old Town neighborhood of Key West however, did sell over 3 years ago requiring adjustments. This sale is supported by Sale 6 which was the sale of a larger lot with an old building on. Adjustments have been made for the value of the improvements left on Sale 6. This site was redeveloped with a retail premises. Sale 5 is also given emphasis as it is the same of a vacant lot without entitlements in the Old Town neighborhood. This was a smaller lot which has since been re-developed with a retail building. Sales 1 and 2 are given some emphasis as they are the most recent sales of vacant land in the Old Town neighborhood. These are smaller lot with Sale 1 only able to support a single building. Sale 2 although smaller had building entitlements to develop a mixed-use property.

Sales 3, 4, and 8 have been added for additional support but require larger adjustments mainly due to their inferior location. Sales 3 and 4 are in the Mid-Town neighborhood of Key West which have inferior land values as compared to the Old Town section. Sale 8 has been added as it brackets the subjects lot size but is located outside of the Key West city limits and within Monroe County. This requires large adjustments and is less reliable.

As discussed in the prior sections the city of Key West is close to 100% built up with very little vacant land. There have been several sales of older properties that have been purchased and demolished and redeveloped. These have included no only Sales 3, 4, and 7 shown in the grid above but other old manufactured home parks that have since been redeveloped with high values residential units. These lots have been able to be cleared as the structures did not contribute to the local area in a historical nature.

I search sales of all properties in the city of Key West to see if there were any other more recent sales which may be demolished. There was 1 additional sale found 1319 William St which sold on 07-16-2018 for $2,300,000. This comprised of a large 5,234 sq.ft. office building on a 23,000 sq.ft. lot. Based on interviews with the selling agent the buyers are planning to convert part of the building into condominiums and develop the remainder of the site with attached or detached residential units. Some value was given to the current improvements. This sale was analyzed on a pure price per sq.ft. of land which equated to was $100.00 per sq.ft.. This further supports the analysis below and the final opinion of value for the vacant lot.

The sales originally had a range of values from $21.04 to $113.64 on a price per sq.ft. basis with the sales price ranging from $410,000 to $2,300,000. After adjustments based on paired sale, regression analysis, and qualitative analysis the range of value was tightened to $64.19 to $93.72 per sq.ft.. It is my opinion that the subject would fall towards the middle to lower end of the range of value as if vacant as the subject would be raw land and although it is in the Old Town neighborhood it is not surrounded by the higher value properties in the other neighborhoods.

Based on the preceding analysis, I have estimated the value for the subject site to be $75.00 per square foot. The estimated value for the subject land is calculated as follows:

Land Value Conclusion		
Subject Site	33,700	Land SF
Indicated Unit Value	$75.00	per SF
Indicated Value	2,527,500	
Rounded	$2,500,000	

Therefore, by taking the subject lot size of 33,700 sq.ft. and multiplying this by the reconciled price per sq.ft. of $75.00 equates to a total land value of $2,527,500 or $2,500,000 rounded.

Current AS IS Market Value of the vacant lot as of August 29th, 2018 is:

$2,500,000
(Two Million, Five Hundred Thousand Dollars)

Estimated Replacement Cost of the Building Improvements:

Marshall Valuation Service

In order to determine the value via the Cost Approach the reproduction cost has been estimated. The subject is a special purpose property and comprises of a gym and associated offices. Reproduction costs are the estimated cost to construct, as of the effective date, an exact duplicate or replica of the building being appraised, insofar as possible, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject improvements.

Data has been collected from local contractors active in the areas as well as the *Marshall Valuation Service* as a source for calculating the replacement cost of the subject improvements. *Marshall Valuation Service* is a cost estimating service that has had good reliability in properties like the subject and is recognized throughout the industry for its value in estimating building costs. The base cost per square foot provided by *Marshall Valuation Service* includes many indirect costs including architect's fees, contractor's profit, sales taxes, permit fees, builder's risk insurance and construction loan interest and processing fees. *Marshall Valuation Service* does not include entrepreneurial profit, which has been calculated separately, if necessary. Base cost calculations are summarized in the following table.

The Marshall Valuation service provides the appraiser two ways to determine the cost, the Calculator Method and the Segregated Cost method. The Calculator Method allows the appraiser to determine the use and derive a value as this method contains average square foot cost for the various classes, occupancy types, and qualities of building together with modifiers for common deviations from the descriptions of the typical buildings listings. This method is typically used to determine the replacement cost.

The Segregated Cost method is a more detailed method and is calculated by determining the size of each component in the building and using the cost per sq.ft. of each individual component (e.g. foundation, frame, floor, walls, etc). This method is typically used when calculating the reproduction cost.

Segregated Cost Method			
Source: Marshall and Swift - (Section 48 1-8) or (Section 18 -24) - Physical Ed building			
Category	**Size/Units**	**Cost per unit**	**Cost New**
Building improvements			
Excavation	33,700 per cub ft.	$0.62	$20,894
Site Prep	33,700 per sq.ft	$0.48	$16,176
Foundation			
Concrete	12,078 per sq.ft	$5.85	$70,671
Wood	5,975 per sq.ft	$3.42	$20,435
Framing			
Concrete	12,078 per sq.ft	$27.95	$337,520
Wood	5,975 per sq.ft	$6.86	$40,989
Floor Structure	18,053 per sq.ft	$7.50	$135,398
Exterior walls			
Concrete	12,078 per sq.ft	$30.50	$368,379
Wood	5,975 per sq.ft	$20.70	$123,683
Floor Covering - tile	7,081 per sq.ft	$18.30	$129,582
Floor Covering - vinyl	1,900 per sq.ft	$8.23	$15,637
Floor Covering - carpet	350 per sq.ft	$7.01	$2,454
Floor Covering - Basketball	4,200 per sq.ft	$12.45	$52,290
Dry-wall ceilings	1,900 per sq.ft	$2.60	$4,940
Acoustic ceilings	7,081 per sq.ft	$3.46	$24,500
Frame interior partitions			
Gym	12,078 per sq.ft	$35.75	$431,789
Office	5,975 per sq.ft	$33.25	$198,669
Plumbing	18,053 per sq.ft	$13.25	$239,202
HVAC	18,053 per sq.ft	$10.55	$190,459
Electrical and lighting	18,053 per sq.ft	$16.90	$305,096
Roof joists and deck (gym)	12,078 per sq.ft	$13.15	$158,826
Roof cover and insulation (gym	12,078 per sq.ft	$5.84	$70,536
Roof (office)	5,975 per sq.ft	$11.25	$67,219
Roof cover (office)	5,975 per sq.ft	$15.30	$91,418
Stage	693 per sq.ft	$43.50	$30,146
Canopy			$318,801
Sub-Total			**$3,465,704**
Current Cost			1.07
Sub-Total			**$3,708,303**
Local Cost			1.14
Sub - building			**$4,227,466**

Table 6 – Base Cost summary

The appraiser has used the most recent costs from the Marshall and Swift Cost Estimate book and has determined the Type/Class/Quality of the building above. The data above has been adjusted for the current cost multiplier and local multiplier. The Current Cost multiplier is 1.07 and the local cost multiplier is 1.14. The subtotal for the building has been calculated at $4,227,466 or $234.17 per square feet.

Site Improvements

The costs of the site improvements were not included in the estimated building costs above. We have referred to *Marshall Valuation Service* for estimating site improvement costs, and our estimates are summarized below:

Source: Marshall and Swift - (Section 66 1-12				
Site Improvements				
Asphalt Parking lot	19	per space	$1,860.00	$35,340
Concrete sidewalks	2018	per sq.ft.	$4.46	$9,000
Landscaping	500	per sq.ft.	$5.64	$2,820
Scoreboard (int)	200	per sq.ft.	$144.00	$28,800
Bleachers	120	per lin ft.	$40.00	$4,800
Sub-Total				**$80,760**
Current Cost				1.07
Sub				**$86,413**
Local Cost				1.14
Sub - Site Improvements				**$98,511**

Table 7 – Site Improvements base cost

The above data has also been adjusted for the local and current cost multipliers with the current cost multiplier for the site improvements being 1.07 and the local cost multiplier of 1.14. This results in subtotal for the site improvements of $98,511. Therefore, the reproduction cost of the subject property is the total of the cost of the improvement plus the cost of the site improvements as shown below:

Sub - building	**$4,227,466**
Sub - Site Improvements	**$98,511**
Total Cost New	**$4,325,977**

Table 8 – Total Direct Costs

Indirect Costs

Indirect costs which are not accounted for in the *Marshall Valuation Service* estimate include allowances for planning and zoning fees, soil and lab tests, utility installations, legal and closing costs, tap fees, appraisal fees, permanent financing fees, accounting fees, administration, leasing commissions and marketing expenses.

Several interviews were undertaken of local developers as to their indirect costs. This allows the appraiser to determine a % of Direct Costs of **10.00%.**

Developer's Profit/Entrepreneurial Incentive.

Developer's profit, also commonly referred to as entrepreneurial profit, represents the profit required to motivate a developer to construct a property. Anticipated developer's profit can vary widely between individual projects depending on location and market conditions. In most cases, if profit drops below 10%, the project is considered no better than marginally feasible. The appraiser has carried out research into the entrepreneurial incentive in the Key West market and found a range of values of 10% to 25% of total project costs.

From this analysis the appraiser has estimated an estimate of the **entrepreneurial incentive at 15%.**

Conclusion of Unit in Place method using the Marshall Valuation Service.

Therefore, the total Reproduction Cost of the subject property is the direct costs of the improvements and site improvements, plus the indirect costs plus the entrepreneurial incentive.

Cost Approach Summation								
Reproduction Cost								
Base Cost								
	Gym 18,053 SF @ $234.17 per SF							$4,227,381
	Total = 18,053 SF @ $234.17 per SF							$4,227,381
Other Costs								
	Item	*Qty*	*Unit*	*Unit Cost*		*Total Cost*		
	Asphalt Parking lot	19	per space	$1,860.00	=	$35,340		
	Concrete sidewalks	2,018	per sq.ft.	$4.46	=	$9,000		
	Landscaping	500	per sq.ft.	$5.64	=	$2,820		
	Scoreboard (int)	200	per sq.ft.	$144.00	=	$28,800		
	Bleachers	120	per lin ft.	$40.00	=	$4,800	**$98,511**	
	Indirect Costs	**10%**	**of Base Cost**				**$422,738**	
	Total Other Costs							$521,249
Reproduction Cost Before Profit ($263.04 per SF of GBA)								$4,748,630
Developer's Profit at 15% of Bldg. Cost, Site Impr. & Land Value (Rounded)								$1,100,000
Reproduction Cost New ($323.97 per SF of GBA)								$5,848,630

Table 9 – Reproduction cost new

TOTAL REPRODUCTION COST NEW: $5,848,630 or $5,900,000 (rounded)

Accrued Depreciation

Depreciation can be estimated via a number of different methods. The appraiser has identified both the Economic Age-Life Method and the Breakdown method as the most reliable indicators of value.

The Economic Age-Life method, the total depreciation is estimated by calculating the ratio of the effective age of the property to its economic life expectancy and applying this ratio to the property's total cost. The formula is:

(Effective Age / Total Economic Life) x Total Cost = Depreciation

This is the simplest way to estimate depreciation. Research was undertaken to determine the anticipated total economic life of similar structures in the market area and estimate the effective age of the subject building. The estimated effective age of the subject by the anticipated total economic life of similar structures. The resulting ratio is then applied to the subject's cost to estimate total lump-sum depreciation. The lump sum depreciation is then subtracted from the cot of the subject improvement to arrive at the improvement's contribution to the property value.

The following table details the extracted depreciation on an annual basis with the data deemed to be reliable and having been confirmed by contractors and brokers in the area.

Market Extraction Method

Sale No	1	2	3	4	5	6	7
Address	**1438 Kennedy Dr**	**524 Front St**	**520 Front St**	**323 Petronia St**	**901 Fleming St**	**817 Simonton St**	**916 Pohalski St**
City	**Key West**	**Key West**	**Key West**	**Key West**	**Key West**	**Key West**	**Key West**
Sales Price	$478,000	$2,350,000	$2,450,000	$1,570,990	$1,150,000	$935,000	$450,000
Expenditure after sale	$0	$0	$0	$0	$0	$0	$0
Adjusted Sales Price	$478,000	$2,350,000	$2,450,000	$1,570,990	$1,150,000	$935,000	$450,000
***Less* Value of land**	$219,775	$1,567,200	$1,188,600	$994,980	$431,340	$585,000	$164,955
Depreciated cost of Improvements	$258,225	$782,800	$1,261,400	$576,010	$718,660	$350,000	$285,045
Cost of Improvements	$576,000	$2,189,250	$1,902,375	$650,025	$903,000	$418,500	$376,800
***Less* Depreciated cost of improvements**	$258,225	$782,800	$1,261,400	$576,010	$718,660	$350,000	$285,045
Total Depreciated in dollars	$317,775	$1,406,450	$640,975	$74,015	$184,340	$68,500	$91,755
Total Depreciated in Percent	55.17%	64.24%	33.69%	11.39%	20.41%	16.37%	24.35%
Actual Age	36	41	70	40	122	65	100
Average annual depreciation rate	1.53%	1.57%	0.48%	0.28%	0.17%	0.25%	0.24%

Table 10 – Market extracted total economic life expectancy

The sales used vary in actual age and have all been updated over the years. As can be seen from the data above there are a wide range of depreciation rates from 0.17% to 1.55% with some of the older buildings having lower annual depreciation rates due to a higher level of renovation.

Information obtained from Marshall and Swift (Section 97, Page 13) supports an estimate of the total life expectancy of 45 years for a physical education building. There have been improvements to the property over the life span of the property which has extended the life expectancy and economic life. The subject was originally built in 1945 and is 73 years old with part of the property having been updated over the years.

Effective Age estimate:

Effective age is the age indicated by the condition and utility of a structure and is based on the appraiser's judgement and interpretation of market perceptions. Newer buildings can have the same actual and effective ages, but the older buildings mostly have a difference between the actual and effective ages. The subject was originally built in 1945 and has an actual age of 73 years. The appraiser has use information provided by the owner, details from the MCPA property appraisers property card, and permit history to estimate the effective age.

The appraiser has estimated the economic life expectancy for the subject as **45 years.**

This results in the effective age of the property to decrease and it is the appraiser's opinion that the subjects effective age is **8 years.**

Depreciation Accrued to the Subject.

Total depreciation to the subject has been calculated by analysis of the incurable and curable depreciation. Based on the market data above comparable properties have depreciated at between 0.17% and 1.55% annually. The economic life method calculates the depreciation as:

Effective Age/Total Economic Life = % depreciation.

% Depreciation = 8 / 45 = 18.0% (rd)

Annual % depreciation = 18.00% / 73 years = 0.25%

The subject has had some updating over the years that has reduced the effective age of the building.

Breakdown Method:
The other method used is the breakdown method which is the most comprehensive and detailed way to measure depreciation because is segregates total depreciation into individual component parts:

1) Curable Physical Deterioration
2) Incurable Physical Deterioration
3) Curable Functional Obsolescence
4) Incurable Functional Obsolescence and.
5) External Obsolescence.

The total depreciation applicable from each of the above categories is added to derive a total estimate of depreciation for the property.

Curable Physical Deterioration

Curable Physical Deterioration, also known as deferred maintenance, applies to items in need of immediate repair in the effective date of the appraisal. This can for example include broken windows, a broken or inoperable HVAC system, flooring that needs immediate repair, or a leaking roof that needs replacement. For most properties, deferred maintenance involves relatively minor items that are 100% physically deteriorated. Deferred maintenance is measured as the cost to cure the item or to restore it to a new or reasonably new condition.

The subject is a 73-year-old building that has been well maintained and updated over the years with the gymnasium part of the property having been completely renovated in the last 2 years. Based on the inspection of the property there is no deferred maintenance.

Incurable Physical Deterioration

Incurable physical deterioration for both short-lived and long-lived items has been estimated. This is estimated after the curable physical depreciation has been estimated and is broken down into short-lived and long-lived items.

Short-Lived Items:
Short-lived items are those that are not ready to be replaced as of the effective date but will more than likely have to be replaced in the foreseeable future (i.e., short-term). Examples include the roof covering, interior flooring finishes, HVAC, and painting. A short-lived item that is not 100% physically deteriorated does not have to be cured.

The deterioration in short-lived items is measured by estimating a separate age-life ratio and applying it to the current cost of each short-lived item. Because each short-lived item usually has a different age and a different total useful life expectancy, a separate age-life ratio or schedule is calculated for each item.

The appraiser has determined the cost new of each of the short-lived items and these have been confirmed by cost manuals including Marshall Valuation Services. Landscaping/irrigation and utilities have not been depreciated. The data below has been taken from the Contractors Method which is the most accurate method.

Short-Lived Items - MVS									
Item	**Cost New**	**Add Indirect**	**Total**	**Add EI**	**Total**	**Effective Age (years)**	**Useful Life**	**% Depreciated**	**$ Depreciated**
Floor Covering - tile	$129,582	$12,958	$142,541	$21,381	$163,922	15	45	33%	$54,641
Floor Covering - vinyl	$15,637	$1,564	$17,201	$2,580	$19,781	1	14	7%	$1,413
Floor Covering - carpet	$2,454	$245	$2,699	$405	$3,104	3	7	43%	$1,330
Floor Covering - Basketball	$52,290	$5,229	$57,519	$8,628	$66,147	1	5	20%	$13,229
Dry-wall ceilings	$4,940	$494	$5,434	$815	$6,249	10	12	83%	$5,208
Acoustic ceilings	$24,500	$2,450	$26,950	$4,043	$30,993	10	20	50%	$15,496
Paint	$14,302	$1,430	$15,732	$2,360	$18,092	5	12	42%	$7,538
Plumbing	$239,202	$23,920	$263,122	$39,468	$302,591	10	20	50%	$151,295
HVAC	$190,459	$19,046	$209,505	$31,426	$240,931	8	16	50%	$120,465
Electrical and lighting	$305,096	$30,510	$335,605	$50,341	$385,946	9	19	47%	$182,817
Roof cover and insulation (gym)	$70,536	$7,054	$77,589	$11,638	$89,227	1	35	3%	$2,549
Roof cover (office)	$91,418	$9,142	$100,559	$15,084	$115,643	15	30	50%	$57,822
Site improvements									
Concrete sidewalks	$9,000	$1,350	$10,350	$1,553	$11,903	5	16	31%	$3,720
TOTAL	$1,149,415				$1,454,528				$617,523

Table 11 – Short Lived items

The table above shows that the overall depreciation of the short-lived items would be $617,523.

Item	RCN	% of RCN		Effective Age		Weighted Avg	% of RCN		Useful Life	Weighted Avg
Floor Covering - tile	$163,922	11.27%	x	15	x	1.69	22.66%	x	45	10.20
Floor Covering - vinyl	$19,781	1.36%	x	1	x	0.01	0.18%	x	14	0.03
Floor Covering - carpet	$3,104	0.21%	x	3	x	0.01	0.09%	x	7	0.01
Floor Covering - Basketball	$66,147	4.55%	x	1	x	0.05	0.61%	x	5	0.03
Dry-wall ceilings	$6,249	0.43%	x	10	x	0.04	0.58%	x	12	0.07
Acoustic ceilings	$30,993	2.13%	x	10	x	0.21	2.86%	x	20	0.57
Paint	$18,092	1.24%	x	5	x	0.06	0.83%	x	12	0.10
Plumbing	$302,591	20.80%	x	10	x	2.08	27.89%	x	20	5.58
HVAC	$240,931	16.56%	x	8	x	1.33	17.77%	x	16	2.84
Electrical and lighting	$385,946	26.53%	x	9	x	2.39	32.02%	x	19	6.08
Roof cover and insulation (gym)	$89,227	6.13%	x	1	x	0.06	0.82%	x	35	0.29
Roof cover (office)	$115,643	7.95%	x	15	x	1.19	15.99%	x	30	4.80
Site improvements										
Concrete sidewalks	$11,903	0.82%	x	5	x	0.04	0.55%	x	16	0.09
TOTAL	$1,454,528	100.00%				7.46	100.00%			20.45

Table 12 – Weighted average of short-lived items.

The table above shows the weighted average physical life and has been used to determine the long-lived items that follows.

Total Building RCN (reproduction cost)	=	$5,900,000
Curable and short-lived % of total ($1,454,528 / $5,900,000)	=	24.65%
Long-lived & of total (100% - 24.65%)	=	75.34%

Long-Lived Items:
Long-lived items include the structure and are items that are unlikely to require repair or replacement during the economic life of the building assuming they are not subject to normal wear and tear or accidental damage. A building component with an expected economic life that is the same as the remaining economic life of the structure is a long-lived item.

	% of RCN		Weight Average Total Economic Life			
Total Property	1.000			=	40	years
Short-lived	0.249	x	20.45	=	5.09	years
Long-lived	0.751		?		34.91	years
		=	46.47	years		

	% of RCN		Weight Average Total Economic Life			
Total Property	1.000			=	8	years
Short-lived	0.25	x	7.46	=	1.85	years
Long-lived	0.751		?		6.15	years
		=	8.18	years		

Long-Lived Physical Incurable Depreciation				
Weighted Average Effective age	=	8.18	=	17.60%
Weighted Average Total Economic Life		46.47		

Incurable Physical Deterioration, Long-Lived Components				
Current Costruction Cost				$5,848,630
Less :	RCN - Curable Physical		$0.00	
	RCN - short-lived		$613,804	
	Total			$613,804
RC Total Long-lived components				$5,234,827
Weighted average effective age		8.00		
Weighted average economic life(new)		46.00	*(8.18 / 46.47)*	17%
Total incurable physical deterioration long-lived components				$910,405
		ROUNDED		$910,000

Table 13 – Depreciation estimate.

Functional Obsolescence

Functional obsolescence is caused by a flaw in the structure, materials, or design of the improvements when compared with the highest and best use and the most cost-effective functional design requirements at the time of the appraisal. A building that was functionally adequate at the time of construction can become inadequate or less appealing as design standards, mechanical systems, and construction materials change over time. Functional

obsolescence is attributable to defects within the property. In some case, functional obsolescence is created by a developer or owner who incorporates special features at the request of the occupants.

Functional obsolescence, which can be either curable or incurable, is that damage to the property caused by a defect in the structure, materials, or design of an improvement. These defects can have the nature of an inadequacy or a super-adequacy.

Our inspection of the improvements did not reveal any significant functional problems, and we have not applied an adjustment for functional obsolescence.

External Obsolescence

External obsolescence is a reduction in value, usually incurable, that is caused by negative influences outside the site. This includes adverse economic conditions or overbuilding in the market that result in low occupancy and rental rates. External obsolescence can either be temporary or permanent and they frequently affect both the land and the building components of a property's value.

In the case of the subject property, there is no evidence of external obsolescence in the surrounding market.

Total Accrued Depreciation

The preceding estimates of depreciation and obsolescence allows the appraiser to determine total Accrued Depreciation. The subject is a 73-year-old building which has been estimated to have an effective age of 8 years and a total economic life of 46 years. The subject has depreciated 17.4% and is it confirmed by the sales used in the previous sections.

Cost Approach Summation								
Reproduction Cost								
Base Cost								
	Gym 18,053 SF @ $234.17 per SF							$4,227,381
	Total = 18,053 SF @ $234.17 per SF							$4,227,381
Other Costs								
	Item	*Qty*	*Unit*	*Unit Cost*		*Total Cost*		
	Asphalt Parking lot	19	per space	$1,860.00	=	$35,340		
	Concrete sidewalks	2,018	per sq.ft.	$4.46	=	$9,000		
	Landscaping	500	per sq.ft.	$5.64	=	$2,820		
	Scoreboard (int)	200	per sq.ft.	$144.00	=	$28,800		
	Bleachers	120	per lin ft.	$40.00	=	$4,800	**$98,511**	
	Indirect Costs	**10%**	**of Base Cost**				**$422,738**	
	Total Other Costs							$521,249
Reproduction Cost Before Profit ($263.04 per SF of GBA)								$4,748,630
Developer's Profit at 15% of Bldg. Cost, Site Impr. & Land Value (Rounded)								$1,100,000
Reproduction Cost New ($323.97 per SF of GBA)								$5,848,630
Less Accrued Depreciation								
Physical Deterioration								
	Curable (Deferred Maintenance)							
	Incurable							
	Short Lived							
	Item	Total Cost	Effective Age	Economic Life	Percent Depr.		Total Depreciation	
	Floor Covering - tile	$163,922	15	45	33.33%	=	$54,641	
	Floor Covering - vinyl	$19,781	1	14	7.14%	=	$1,413	
	Floor Covering - carpet	$3,104	3	7	42.86%	=	$1,330	
	Floor Covering - Basketl	$66,147	1	5	20.00%	=	$13,229	
	Dry-wall ceilings	$6,249	10	12	83.33%	=	$5,208	
	Acoustic ceilings	$30,993	10	20	50.00%	=	$15,496	
	Paint	$18,092	5	12	41.67%	=	$7,538	
	Plumbing	$302,591	10	20	50.00%	=	$151,295	
	HVAC	$240,931	8	16	50.00%	=	$120,465	
	Electrical and lighting	$385,946	9	19	47.37%	=	$182,817	
	Roof cover and insulati	$89,227	1	35	2.86%	=	$2,549	
	Roof cover (office)	$115,643	15	30	50.00%	=	$57,822	
	Total Short Lived							($613,804)
	Long Lived							
	8 year effective age/46 year economic life = 17.4% x $5,234,827)							($910,405)
Total Physical Deterioration								($1,524,208)
Functional Obsolescence								$0
External Obsolescence								$0
Total Accrued Depreciation of Building Improvements (-$84.43 per SF of GBA)								($1,524,208)
Depreciated Cost of Building Improvements								$4,324,422
Depreciated Cost of Site Improvements								
	Item	Qty	Unit	Unit Cost	Total Cost		Percent Depr.	Depreciated Cost
	Concrete sidewalks	2,018	per sq.ft.	$5.90	$11,903		31%	$8,183
Total Depreciated Site Improvements								$8,183
Total Depreciated Cost of Improvements								$4,332,605
Add Site Value								$2,500,000
Subtotal								$6,832,605
Indicated Value By The Cost Approach								$6,832,605
Rounded ($378.47 per SF of GBA)								**$6,800,000**

Table 14 – Cost Approach conclusions.

The summation also provides our conclusions regarding accrued depreciation. The rates of depreciation vary from those of the building improvements due to the fact that most site improvements have shorter economic lives.

Value Conclusion -- Cost Approach
As indicated in the prior Cost Approach Summation, the indicated value for the subject property (rounded) is as follows:

AS IS Market Value of the Real Property via Cost Approach as of August 29th, 2018 is:

$6,800,000
(Six Million, Eight Hundred Thousand Dollars)

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution, and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

Comparables:

Ideal comparable sales are sometimes unavailable due to the unique attributes of the subject property and the local Florida Keys market. The appraiser has attempted to identify the most comparable sales considering the most likely buyer and demand profile for the subject.

Due to the unique nature of the property being appraised there have been no sales of similar gyms in the market over the past 5 years. This is not a reliable indicator of value for this property type and the Sales Comparison Approach has not been developed.

Income Approach to Value

Income Approach Capitalization Premise

Capitalization in Real Estate terminology is the process by which an income projection is converted into an indication of value. The element that transforms the income projection is a rate that reflects the return necessary to attract investment capital. The process of Income Capitalization generally reflects the principle of anticipation. Thought of as the present worth of an anticipated future benefit, anticipation follows a pattern similar to investor thinking and motivation.

Income producing real estate is typically purchased as an investment, and from an investor's point of view, earning power is the critical element affecting property value. One investment premise holds that the higher the earnings, the higher the value, provided the amount of risk remains constant. An investor who purchases income producing real estate is essentially trading present dollars for the expectation of receiving future dollars. The Income Capitalization Approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits and convert these benefits into an indication of value.

The capitalization process must reflect the possibility that actual future income, expenses, and property may differ from those originally anticipated by an investor on the date of the appraisal. The more uncertainty there is concerning the future levels of these variables, the riskier the investment. Investors expect to earn a higher rate of return on investments that are riskier. This should be reflected in the support for the discount rate and capitalization rate obtained from market research.

Direct Capitalization and Yield Capitalization are two generally accepted capitalization methods. Direct Capitalization is widely used when properties are already operating on a stabilized basis and there is an ample supply of comparable sales with similar risk levels, incomes, expenses, physical and location characteristics, and future expectations. This methodology may be less useful for properties going through an initial lease-up or when income and expenses are expected to change in an irregular pattern over time. Comparables with similar future expectations may not be available in these cases and one of the Yield Capitalization techniques may be more appropriate. The advantages of Direct Capitalization are that it is simple to use, easy to explain, often expresses market thinking, and provides strong market evidence of value when adequate sales are available.

Direct Capitalization is distinct from Yield Capitalization in that the former does not directly consider the individual cash flows beyond the first year. Although Yield Capitalization explicitly calculates year-by-year effects of potential changing income patterns, changes on the original investment's value, and other considerations, Direct Capitalization processes a single year's income into an indication of value. Either Direct Capitalization or Yield Capitalization may correctly produce a supportable indication of value when based on relevant market information derived from comparable properties, which should have similar income-expense ratios, land value to building value ratios, risk characteristics, and future expectations of income and value changes over a typical holding period. A choice of capitalization method does not produce a different indication of value under this circumstance.

The Direct Capitalization technique projects the net operation income attributable to the real estate and associated personally, which is the remaining income after subtracting vacancy losses and operating expenses from the potential gross income. Next, a capitalization rate is selected, which is used to capitalize the net operating income by the rate selected.

The potential gross income is the total income attributable to real property at full occupancy before operating expenses and vacancy and collection losses are deducted. The effective gross income is the anticipated income from all operations of the real property, adjusted for vacancy and collection losses. This adjustment covers losses incurred due to unoccupied space, turnover, and non-payment of rent by tenants. The net operating income is the actual or anticipated net income remaining after all operating expenses are deducted from the effective gross income. Net operating income is expressed as an annual amount. In certain income applications, a single year's net operating income may represent a steady stream of fixed income that is expected to continue for several

years. Operating expenses are the periodic expenditures necessary to maintain the real property and continued production of the effective gross income, assuming prudent and competent management. Operating expense statements that conform to this definition are used for appraisal purposes. A reconstructed operating statement may differ from statements prepared for an owner because they often include non-cash expenses such as depreciation or interest expenses.

Income rates express the relationship between one year's income and the corresponding capital value of the property. An overall capitalization rate is an income rate for a total property that reflects the relationship between a single year's net operating income into an indication of overall property value or price. It is used to convert net operating income into an indication of overall property value. An overall capitalization rate is not a rate of return on capital or a full measure of investment performance. It may be more than, less than, or equal to the expected yield on the capital invested, depending on the projected income or value changes.

Whether estimating an income or yield rate, the conversion of income into property should represent the annual rate of return the market indicates is necessary to attract investment capital. This rate is influenced by factors such as:

- The degree of risk
- Market expectations
- Prospective rates of return for alternative investments
- Rates of return earned by comparable properties in the past
- Availability of debt financing
- Prevailing tax law

Generally, the higher overall capitalization rates are associated with less desirable properties and the lower overall capitalization rates with more attractive properties. The suitability of a rate of return, which is the full recovery of the amount invested and a reward for the assumed risk, cannot be proven with market evidence, but the rate estimated should be consistent with the data available. Rate estimation requires appraisal judgment and knowledge of prevailing market attitudes and economic indicators. Typically, investors expect to receive a return on capital that represents the time value of money, with an appropriate adjustment for perceived risk. The minimum rate of return for invested capital is sometimes referred to as the safe rate, or the rate on insured savings accounts or securities. Theoretically, the difference between the total rate of return on capital and the safe rate may be considered a premium to compensate the investor for risk.

(Source: The Appraisal of Real Estate- Fourteenth Edition, The Appraisal Institute, 2013)

Due to the unique nature of the property being appraised these properties are not typically leased. The office portion could be leased however, there is inadequate market data to determine the market rent of the gymnasium portion of the site. This is not a reliable indicator of value for this property type and the Income Approach to Value has not been developed.

Final Reconciliation:

The previous sections of the report considered the three approaches to value. The analysis of all pertinent facts and data considered to influence the value of the subject property has led to the following value opinions:

The nature of reconciliation depends on the appraisal problem specific to the subject property, the approaches that have been used, and the reliability and adequacy of the data used. The subject being appraised is a special purpose property and is a gymnasium. These are not sold or rented in the open market and therefore the inapplicability of both the Sales Comparison Approach and the Income Approach constitutes the Cost Approach to value as the most reliable indicator of value for the subject property.

The **Sales Analysis Approach** to value has not been developed as there have been no sales of similar physical education buildings in the Florida Keys over the past 5 years. These properties are not sold in the market and this approach is not reliable and has not been developed.

The **Income Approach** to value has not been developed as there is inadequate data to determine market rents of the office and gymnasium spaces and well as the capitalization rates. These properties are not typical investor driven and are typical purchased by the local authority. This approach is not reliable and has not been developed.

The **Cost Approach** is the most reliable and is the typical approach used to value these special purpose properties. There is adequate data in the market place to determine the value of the site as if vacant from several land sales in the city of Key West over the past 4 years. There is adequate data to determine the cost of the structure as new. The appraiser has used the reproduction cost as this gives the most accurate and reliable value of the structure. There is adequate data from price books, contractors, and from information provided by the client to determine both build costs and the total depreciation of the building. This is the only approach to value used and is the most reliable.

Value By All Approaches

To estimate the market value of the subject property, the data pertaining to the property has been analyzed by the Cost, Sales Comparison, and Income Approaches, if applicable. The value estimates are as follows:

Cost Approach	$6,800,000
Sales Comparison Approach	Not Developed
Income Capitalization Approach	Not Developed

Value Conclusion:

The Cost Approach is the only approach to value developed as the Sales and Income Approach are not reliable. The Cost Approach is typically used to appraise these special purpose properties. Therefore, in recognition of the purpose of this appraisal, and the type of property appraised our value opinions are as follows:

Current AS IS Market Value of the Fee Simple Interest as of August 29th, 2018 is:

$6,800,000
(Six Million, Eight Hundred Thousand Dollars)

Opinion of Marketing Time

Reasonable marketing time is: 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.

Source: Uniform Standards of Professional Appraisal Practice (USPAP), 2018-2019

12 - 18 months is an estimated marketing time.

12 - 18 months is an estimated exposure time.

Privacy Policy Notice

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing any nonpublic personal information about you with a nonaffiliated party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Appraisers of the Keys, Inc.

We may collect nonpublic personal information about you from the following sources:

Information, such as your social security number, that we receive from you, your lender, or others involved in your transaction, such as the real estate agent, on applications or other forms;

Information about your transactions with us, our affiliates, or others, such as your loan account balances, payment history, parties to transactions, transaction expenses and your home's appraised value;

Information we receive from a consumer-reporting agency, such as your creditworthiness and credit history;

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements. Entities with whom Appraisers of the Keys, Inc. has a joint marketing agreement have agreed to protect the privacy of our customer's nonpublic personal information by utilizing similar precautions and security measures as Appraisers of the Keys, Inc. uses to protect this information and to use the information for lawful purposes.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Certification Statement

- 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 future interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or 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 a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, 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 this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- Kevin Talbott SRA: I have performed no prior service, or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Nicholas Farrar, MRICS: I have performed no prior service, or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The appraiser certifies and agrees that this appraisal report was prepared in accordance with the requirements of Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act (FIRREA) of 1989, as amended (12 U.S.C. 3331 et seq.), and any applicable implementing regulations in effect at the time the appraiser signs the appraisal certification.
- 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 Standards of Professional Appraisal Practice of the Appraisal Institute."
- "As of the date of this report, I Kevin Talbott have completed the continuing education program for Designated members of the Appraisal Institute."

- As of the date of this report, I Nicholas Farrar have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- Kevin Talbott, SRA, Cert Gen RZ2139 did not inspect the property and reviewed the report.
- Nicholas Farrar, MRICS, CertGen, RZ3742 inspected the property, inspected the comparable properties from the exterior, collected data and narrated the report.

Kevin Talbott, SRA
CertGen RZ2139

Nicholas Farrar, MRICS
CertGen RZ3742

ADDENDUM

Appraiser Licenses.

Engagement letter:

CITY OF KEY WEST
P.O. BOX 1409
KEY WEST, FL 33041-1409
PHONE: 305-809-3700

PURCHASE ORDER NO.
P.O. : 087414
08/14/2018

VENDOR #: V0011208
VENDOR: Florida Keys Appraisal Services
ADDRESS: 3208 Flagler Ave
KEY WEST, FL 33040

VENDOR EMAIL: aokreal@aol.com

VENDOR PHONE:

VENDOR FAX: (305) 296-3717

SHIP TO: ENGINEERING SERVICES
CITY OF KEY WEST
1300 White Street
KEY WEST, FL 33040

BILL TO: CITY OF KEY WEST - ACCOUNTS PAYABLE
PO BOX 1409
KEY WEST, FL 33041

THE P.O. # MUST APPEAR ON ALL INVOICES, PACKAGES, AND CORRESPONDENCE

SPECIAL INSTRUCTIONS

DELIVER BY	REQUISITION #	REQUISITION DATE	REQUISITIONED BY
	PR008472	08/10/2018	Andrea Gomez
FOB	**ACCOUNT NUMBER**	**PROJECT NUMBER**	**TERMS**
KEY WEST, FL		BV55021701	45 Days from Receipt of Invoice

ITEM #	QUANTITY	UNIT	DESCRIPTION/ARTICLE OF SERVICE	UNIT COST	EXT. COST
0001	1.00	DL	Market Analysis of Douglass Gym	$3,000.00	$3,000.00

TOTAL PURCHASE AMOUNT: $3,000.00

ABOVE REFERENCED ORDER NUMBER IS TO BE REFERENCED ON ANY DOCUMENT RELATING TO THIS ORDER.

AUTHORIZED SIGNATURE

FLORIDA SALES TAX EXEMPT NUMBER
85-8012621608C-5

** THIS PURCHASE ORDER IS ISSUED PURSUANT TO THE CITY OF KEY WEST PURCHASE ORDER TERMS AND CONDITIONS SPECIFIED ON THE PAGES TO FOLLOW. **

PAGE
1

Flood Map:

CoreLogic RiskMeter

The closest match to 801 FORT ST, KEY WEST, FL 33040 is 801 FORT ST KEY WEST, FL 33040

801 FORT ST KEY WEST, FL 33040

LOCATION ACCURACY: Fair

Flood Zone Determination Report

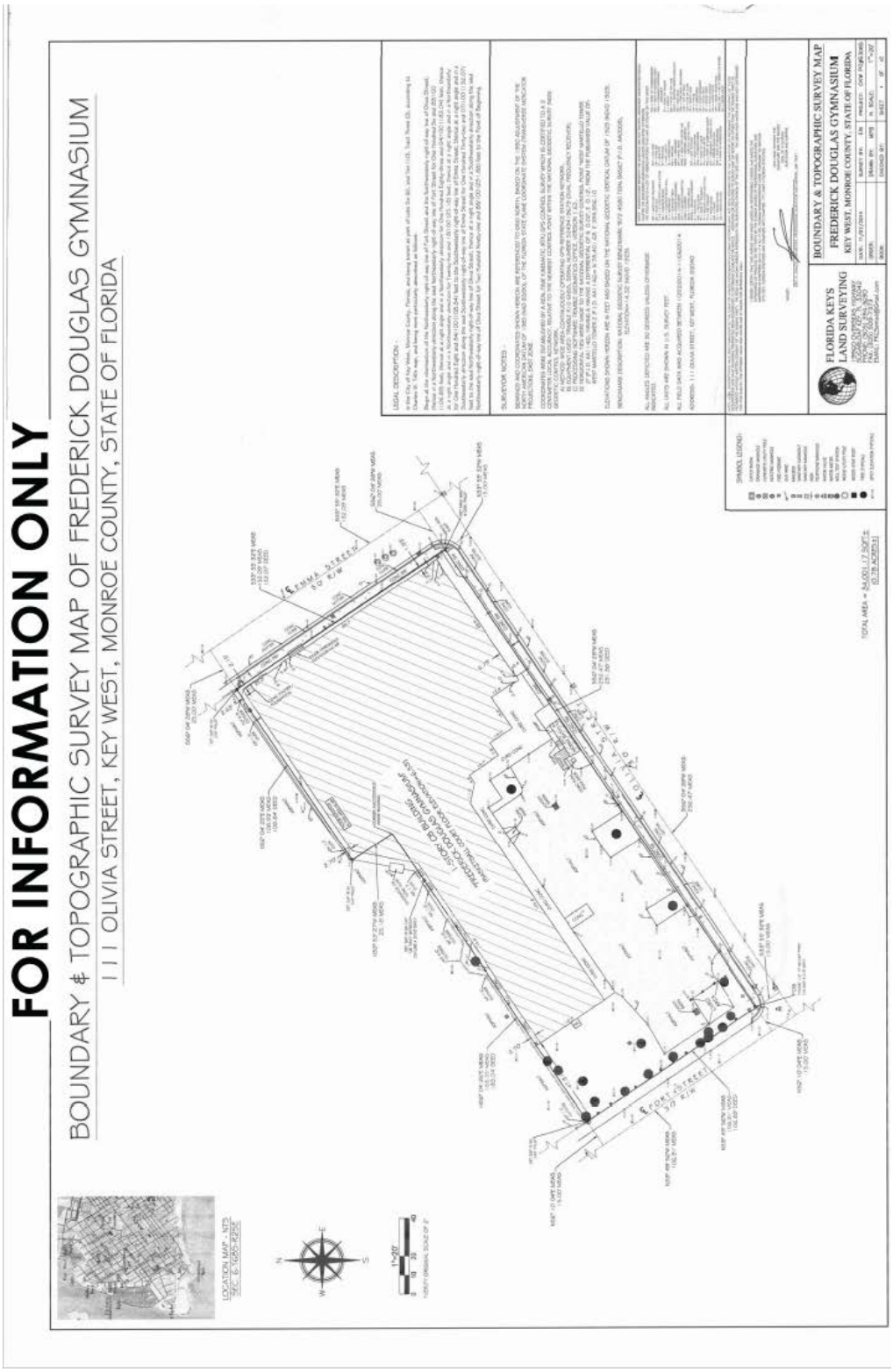
Flood Zone Determination: IN

PANEL DATE	February 18, 2005	MAP NUMBER	120871516K

Report generated Sep 6, 2018 by nicfarrar17@yahoo.com

Page 1 of 1

Survey:


FOR INFORMATION ONLY
BOUNDARY & TOPOGRAPHIC SURVEY MAP OF FREDERICK DOUGLAS GYMNASIUM
111 OLIVIA STREET, KEY WEST, MONROE COUNTY, STATE OF FLORIDA
LOCATION MAP - NTS
SEC. 6 - T.68S - R.25E
LEGAL DESCRIPTION:
SURVEYOR NOTES:
SYMBOL LEGEND:
EMMA STREET
FORT STREET
FREDERICK DOUGLAS GYMNASIUM
TOTAL AREA = 34,001.17 SQ.FT. (0.78 ACRES)
FLORIDA KEYS LAND SURVEYING
BOUNDARY & TOPOGRAPHIC SURVEY MAP
FREDERICK DOUGLAS GYMNASIUM
KEY WEST, MONROE COUNTY, STATE OF FLORIDA

Glossary:

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate.* 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal.* 5th ed. 2010. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary, 5th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
   - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
   - CAM can refer to all operating expenses.
   - CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative

     load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 5th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

Discount Rate

A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 5th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

Effective Date

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.

2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time
1. The time a property remains on the market.
2. 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 on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

External Obsolescence
An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant. (Dictionary, 5th Edition)

Extraordinary Assumption
An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume 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 about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

Fee Simple Estate
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. (Dictionary, 5th Edition)

Functional Obsolescence
The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 5th Edition)

Functional Utility
The ability of a property or building to be useful and o perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

Gross Building Area (GBA)
Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

Gross Leasable Area (GLA)
Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

Highest & Best Use
The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant
Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved
The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition
That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or

about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Leased Fee Interest
A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

Market Area
The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Rent
The most probably rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 5th Edition)

Market Value
The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.
2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
    - Identification of the specific property rights to be appraised.
    - Statement of the effective date of the value opinion.
    - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
    - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and 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 best interests;
    - A reasonable time is allowed for exposure in the open market;
    - Payment is made in terms of cash in U.S. 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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)
4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on

the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)

5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

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 the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

Net Operating Income (NOI)
The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt

Scope of Work
The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)

Stabilized Occupancy
An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.

service and book depreciation are deducted. (Dictionary, 5th Edition)

Obsolescence
One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

Parking Ratio
A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

Rentable Area
For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 5th Edition)

Replacement Cost
The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)

2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

Vacancy and Collection Loss
A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised,

property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)

Appendices

Appendix #1 – Certificate of Liability Insurance

ACORD **CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A :	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Design Professional Sample

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY						EACH OCCURRENCE	$1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$300,000
	CLAIMS-MADE X OCCUR	X	X				MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$2,000,000
								$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS	X	X				BODILY INJURY (Per accident)	$
	X HIRED AUTOS / X NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
	X UMBRELLA LIAB X OCCUR						EACH OCCURRENCE	$,000,000
	EXCESS LIAB CLAIMS-MADE	X	X				AGGREGATE	$,000,000
	DED X RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						X WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N (Mandatory in NH)	N/A	X				E.L. EACH ACCIDENT	$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000
	Professional Liability						**Per Claim**	$1,000,000
							Aggregate	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

City of Key West
P.O. Box 1409
Key West, FL 33041-1409

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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ACORD 25 (2010/05) 1 of 1 The ACORD name and logo are registered marks of ACORD

Appendix #2 – Additional Insured – Scheduled Person or Organization

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 10 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

CG 20 10 07 04 © ISO Properties, Inc., 2004 Page 1 of 1 □

Appendix #3 – Additional Insured – Completed Operations

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 37 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location And Description Of Completed Operations
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

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Appendix #4 – Earlier Notice of Cancelation Provided by Us

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARLIER NOTICE OF CANCELLATION PROVIDED BY US

Number of Days Notice 30

For any statutorily permitted reason **other than nonpayment of premium**, the number of days required for notice of cancellation is increased to the number of days shown in the Schedule above.

If this policy is cancelled by us we will send the Named Insured and any party listed in the following schedule notice of cancellation based on the number of days notice shown above.

Schedule

Name of Person or Organization

Mailing Address

Appendix #5 – Waiver of Transfer of Rights of Recovery

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 24 04 05 09

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph **8. Transfer Of Rights Of Recovery Against Others To Us** of **Section IV – Conditions:**

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

CG 24 04 05 09 © Insurance Services Office, Inc., 2008 Page 1 of 1 □

Appendix #6 – Worker's Comp Waiver of Rights to Recover from Others Endorsement

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY **WC 00 03 13**

(Ed. 4-84)

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective Policy No. Endorsement No.
Insured Premium

Insurance Company Countersigned by_____

WC 00 03 13
(Ed. 4-84)

© 1983 National Council on Compensation Insurance.

Appendix #7 Sample Contract

SAMPLE CONTRACT

THE FOLLOWING AGREEMENT IS A DRAFT AGREEMENT AND SHOULD NOT BE FILLED OUT AS PART OF THE SUBMISSION PACKAGE. FINAL AGREEMENT WILL BE IN SUBSTANTIAL CONFORMANCE WITH THE ATTACHED

AGREEMENT

between

CITY OF KEY WEST

and

ARCHITECTURAL SERVICES:

FREDERICK DOUGLASS GYM EXTENSION RENOVATIONS

KEY WEST, FLORIDA

This is an Agreement between: CITY OF KEY WEST, its successors and assigns, hereinafter referred to as "CITY," and _____, a corporation organized under the laws of the State of _____, its successors and assigns, hereinafter referred to as "CONSULTANT".

W I T N E S S E T H, in consideration of the mutual terms and conditions, promises, covenants and payments hereinafter set forth, CITY and CONSULTANT agree as follows:

ARTICLE 1

DEFINITIONS AND IDENTIFICATIONS

For the purposes of this Agreement and the various covenants, conditions, terms and provisions which follow, the definitions and identifications set forth below are assumed to be true and correct and are agreed upon by the parties.

1.1. Agreement: This document, Articles 1 through 7, inclusive. Other terms and conditions are included in the CITY's RFQ 19-001 Architectural Services for the Frederick Douglass Gym Extension Renovations, CONSULTANT's Response to RFQ dated _____ __, 2019, exhibits, Works, and supplemental documents that are by this provision expressly incorporated herein by reference.

1.2. Commissioners: Members of the City Commission with all legislative powers of the CITY vested therein.

1.3. CONSULTANT: The architect selected to perform the services pursuant to this Agreement.

1.4. Contract Administrator: The ranking managerial employee of the CITY or some other employee expressly designated as Contract Administrator by the City Manager, who is the representative of the CITY. In the administration of this Agreement, as contrasted with matters of policy, all parties may rely upon instructions or determinations made by the Contract Administrator; provided, however, that such instructions and determinations do not change the Scope of Services.

1.5. Contractor: The person, firm, corporation or other entity that enters into an agreement with CITY to perform the construction work for the Work.

1.6. CITY: City of Key West.

ARTICLE 2

PREAMBLE

In order to establish the background, context and frame of reference for this Agreement and generally to express the objectives and intentions of the respective parties hereto, the following statements, representations and explanations shall be accepted as predicates for the undertakings and commitments included within the provisions which follow and may be relied upon by the parties as essential elements of the mutual considerations upon which this Agreement is based.

2.1. The CONSULTANT is not entitled to receive, and the CITY is not obligated to pay, any fees or expenses in excess of the amount budgeted for Works authorized under this Agreement in each fiscal year (October 1-

September 30) by CITY. The budgeted amount may only be modified per City Ordinance(s).

2.2. The CITY has met the requirements of the Consultants' Competitive Negotiation Act, as set forth in Section 287.055, Florida Statutes, and has selected CONSULTANT to perform the services hereunder based on the Request for Qualifications 17-001 incorporated by reference and made a part hereof and the Response to the Request for Qualifications from Consultant dated _____ __, 20__, incorporated by reference and made part of.

2.3. Negotiations pertaining to the services to be performed by CONSULTANT were undertaken between CONSULTANT and staff selected by the Commission, and this Agreement incorporates the results of such negotiations.

ARTICLE 3

SCOPE OF SERVICES AND STANDARD OF CARE

3.1. CONSULTANT's services may include but are not limited to the following in regard to the Agreement:

_____

_____

_____

3.2. CONSULTANT's services shall include Architectural design services, including, but not limited to, building and structure design, general site design, consulting for facilities planning, surveying, permitting, preliminary and ongoing cost estimating, auto CAD services, on-site construction services, and any other lawful professional Architectural services that the CONSULTANT is qualified to provide and that the CITY authorizes the CONSULTANT to undertake in connection with this Agreement. CONSULTANT shall provide all necessary, incidental and related activities and services as required.

3.3. CONSULTANT and CITY acknowledge that the Scope of Services does not delineate every detail and minor work task required to be performed by CONSULTANT to complete any particular task order. If, during the course of the performance of the services included in this Agreement, CONSULTANT determines that work should be performed to complete the Task Order which is, in the CONSULTANT's opinion, outside the level of effort originally anticipated, whether or not the Scope of Services identifies the work items, CONSULTANT shall notify Contract Administrator in writing in a timely manner before proceeding with the Work. If CONSULTANT proceeds with such work without notifying the Contract Administrator, the work shall be deemed to be within the original level of effort, whether or not specifically addressed in the Scope of Services. Notice to Contract Administrator does not constitute authorization or approval by CITY to perform the work. Performance of work by CONSULTANT outside the originally anticipated level of effort without prior written CITY approval or modification of Work is at CONSULTANT's sole risk.

3.4. The specific services to be provided by the CONSULTANT and the compensation for such services shall be as mutually agreed to in this AGREEMENT.

3.5. The CITY may make or approve changes within the general Scope of Services. If such changes affect the CNSULTANT'S cost of or time required for performance of the services, an equitable adjustment shall be made.

3.6. The CONSULTANT shall begin services when authorized by a Purchase Order issued by the CITY and delivered to CONSULTANT.

3.7. The CITY and CONSULTANT may negotiate additional scopes of services, compensation, time of performance and other related matters as allowed by this Agreement. If CITY and CONSULTANT cannot contractually agree, CITY shall have the right to immediately terminate negotiations at no cost to CITY and procure services from another source.

3.8. CONSULTANT shall perform the professional services under this Agreement at the level customary for competent and prudent professionals in CONSULTANT'S field performing such services at the time and place where the services are provided. In the event CONSULTANT does not comply with this standard, and omissions or errors are made by CONSULTANT, CONSULTANT will correct such work that contains errors or omissions and reimburse CITY through compensation for damages.

3.9. CONSULTANT is required to perform the Work consistent with current applicable Federal, State and City laws, codes and regulations that pertain to the Work. Where changes to any laws, codes or regulations affecting work have an effective date or are anticipated to be effective at a future date, or if knowledge of anticipated changes is available to CONSULTANT or any sub-consultant, CONSULTANT shall present options for their use or implementation.

3.10. Construction Responsibility - Notwithstanding anything in this Agreement, CONSULTANT shall not have control or charge of and shall not be responsible for construction means, methods, techniques, sequences or procedures, or for safety measures, precautions and programs including enforcement of Federal and State safety requirements, in connection with construction work performed by CITY's construction contractors.

3.11. Estimates - Since CONSULTANT has no control over local conditions, the cost of labor, materials, equipment or services furnished by others, or over competitive bidding or market conditions, CONSULTANT does not guarantee the accuracy of any opinions of probable construction cost as compared to construction contractor's bids or the actual cost to the CITY.

ARTICLE 4

TERM OF AGREEMENT; TIME FOR PERFORMANCE; CONTRACTOR DAMAGES

The term of this Agreement shall be for the duration of this project as determined by the CITY and CONSULTANT and shall be incorporated into the Agreement by an attachment that will include required milestones to be meet.

4.1. CONSULTANT shall perform the services described in this Agreement within the time periods specified.

4.2. In the event CONSULTANT is unable to complete the above services because of delays resulting from untimely review by CITY or other governmental authorities having jurisdiction over the Work, and such delays are not the fault of CONSULTANT, or because of delays which were caused by factors outside the control of CONSULTANT, CITY shall grant a reasonable extension of time for completion of the services and shall provide reasonable compensation, if appropriate. It shall be the responsibility of CONSULTANT to notify CITY within 10 days in writing whenever a delay in approval by a governmental agency, including CITY, is anticipated or experienced, and to inform the Contract Administrator of all facts and details related to the delay.

4.4. In the event the Contractor fails to substantially complete the Work on or before the substantial completion date specified in its agreement with CITY or if Contractor is granted an extension of time beyond said substantial completion date, and CONSULTANT's services are extended beyond the substantial completion date, through no fault of CONSULTANT, CONSULTANT shall be compensated in accordance with Article

5 for all services rendered by CONSULTANT beyond the substantial completion date.

4.5. In the event Contractor fails to substantially complete the Work on or before the substantial completion date specified in its agreement with CITY, and the failure to substantially complete is caused in whole or in part by a negligent act, error or omission of CONSULTANT, then CONSULTANT shall pay to CITY its proportional share of any claim or damages to Contractor or CITY arising out of the delay. This provision shall not affect the rights and obligations of either party as set forth in Paragraph 7.8, INDEMNIFICATION OF CITY.

ARTICLE 5

COMPENSATION AND METHOD OF PAYMENT

5.1. AMOUNT AND METHOD OF COMPENSATION

The types of compensation methods, which shall be used to pay for the CONSULTANT's services, are limited to the following:

5.1.1. Lump sum payment/Not-to-Exceed, which includes compensation for all the CONSULTANT'S salaries, general overhead costs, direct expenses, and profit.

5.1.1.1. If Work timing deviates from the assumed schedule for causes beyond CONSULTANT's control, CONSULTANT and/or the CITY reserves the right to request renegotiation of those portions of the lump sum affected by the time change. During construction contract administration, if tasked, it is agreed by both parties that whether construction is completed earlier or later, that a proportional part of the compensation will be adjusted and either given to CONSULTANT for additional work or deleted from the amount owed CONSULTANT for less time required.

5.1.1.2. In the event of a change of scope, CITY shall authorize in writing an appropriate decrease or increase in compensation.

5.1.1.3. Monthly invoicing will be based on an estimate of the percent of work completed at the end of the preceding month.

5.1.1.4. The CONSULTANT shall submit wage rates and other actual unit costs supporting the compensation. The CONSULTANT shall submit a Truth in Negotiation Certificate stating that all data supporting the compensation is accurate, complete, and current at the time of contracting.

5.1.2. Cost Reimbursable-Per Diem (Time and Expenses)

5.1.2.1. Per diem rates are those hourly or daily rates charged for work performed on the WORK by CONSULTANT's employees of the indicated classifications and include all salaries, overheads, and profit, but do not include allowances for Direct Expenses. These rates are subject to annual adjustments based on the Consumer Price Index Urban U.S. City Average All Items U.S. Department of Labor Bureau of Labor Statistics.

5.1.2.2. Hourly rates for the contract (CONSULTANT AND Sub-consultants):
See attached Exhibit A.

5.1.2.3. A Not-to-Exceed budgetary amount will be established for the Work. This budgetary amount shall not be exceeded unless prior written approval is provided by the CITY. CONSULTANT shall make

reasonable efforts to complete the Work within the budget and will keep CITY informed of progress toward that end so that the budget or work effort can be adjusted if found necessary.

5.1.2.5. CONSULTANT is not obligated to incur costs beyond the indicated budgets, as may be adjusted, nor is CITY obligated to pay CONSULTANT beyond these limits.

5.1.2.6. When any budget has been increased, CONSULTANT's excess costs expended prior to such increase will be allowable to the same extent as if such costs had been incurred after the approved increase.

5.2. REIMBURSABLE EXPENSES

5.2.1.1. Direct non-salary expenses, entitled Reimbursable Expenses, directly attributable to the Work shall be charged at actual cost, and shall be limited to the following:

5.2.1.2. Identifiable transportation expenses in connection with the Work, subject to the limitations of Section 112.061, Florida Statutes. There shall be no mileage reimbursement for travel within the City of Key West. Transportation expenses to locations outside the City area or from locations outside the City will not be reimbursed unless specifically pre-authorized in writing by the Contract Administrator.

5.2.1.3. Identifiable per diem, meals and lodgings, taxi fares, automobile rental, and miscellaneous travel-connected expenses for CONSULTANT's personnel subject to the limitations of Section 112.061 Florida Statutes. Meals for class C travel inside the City of Key West will not be reimbursed. Lodging will be reimbursed only for room rates equivalent to Hampton Inn or Best Western located within the City of Key West city limits.

5.2.1.4. Identifiable communication expenses approved by Contract Administrator, long distance telephone, courier and express mail utilized to render the services required by this Agreement.

5.2.1.5. Cost of printing, reproduction or photography that is required by or of CONSULTANT to deliver services set forth in this Agreement.

5.2.1.6. Identifiable testing costs approved by Contract Administrator.

5.2.1.7. All permit fees paid to regulatory agencies for approvals directly attributable to the Work. These permit fees do not include those permits required for the Contractor.

5.2.2. It is acknowledged and agreed to by CONSULTANT that the dollar limitation set forth in Paragraphs 5.2.1.1 through 5.2.1.7 is a limitation upon, and describes the maximum extent of, CITY's obligation to reimburse CONSULTANT for direct, non-salary expenses. If CITY or Contract Administrator requests CONSULTANT to incur expenses not contemplated in the amount for Reimbursable Expenses, CONSULTANT shall notify Contract Administrator in writing before incurring such expenses. Any such expenses shall be reviewed and approved by CITY prior to incurring such expenses.

5.2.3. All sub-consultants' hourly rates shall be billed in the actual amount paid by CONSULTANT. Sub-consultant Reimbursable Expenses are limited to the items in Paragraphs 5.2.1.1 through 5.2.1.7 described above when the sub-consultant's agreement provides for reimbursable expenses.

5.3. METHOD OF BILLING

5.3.1. Lump Sum Compensation

CONSULTANT shall submit billings identifying type of work completed on a monthly basis in a timely

manner. These billings shall identify the nature of the work performed and the estimated percent of work accomplished. The statement shall show a summary of fees with accrual of the total and credits for portions paid previously. When requested, CONSULTANT shall provide backup for past and current invoices that record hours, personnel, and expense costs on a task basis, so that total hours and costs by task may be determined.

5.3.2. Cost Reimbursable-Per Diem (Time and Expenses) Compensation

CONSULTANT shall submit billings identifying the type of work completed on a monthly basis in a timely manner for all personnel hours and reimbursable expenses attributable to the Work. These billings shall identify the nature of the work performed, the total hours of work performed and the employee category and name of the individuals performing same. Billings shall itemize and summarize reimbursable expenses by category and identify same as to the personnel incurring the expense and the nature of the work with which such expense was associated. Where prior written approval by Contract Administrator is required for reimbursable expenses, a copy of the approval shall accompany the billing for such reimbursable. The statement shall show a summary of salary costs and reimbursable expenses with accrual of the total and credits for portions paid previously. External reimbursable expenses and sub-consultant fees must be documented by copies of invoices or receipts that describe the nature of the expenses and contain the purchase order number or other identifier that clearly indicates the expense is identifiable to the Work. Subsequent addition of the identifier to the invoice or receipt by the CONSULTANT is not acceptable except for meals and travel expenses. Appropriate CONSULTANT's cost accounting forms with a summary of charges must document internal expenses by category. When requested, CONSULTANT shall provide backup for past and current invoices that records hours and rates by employee category, reimbursable expenses by category, and subcontractor fees on a task basis, so that total hours and costs by task may be determined.

5.3.3. If requested, CONSULTANT shall provide copies of past paid invoices to any subcontractor or sub-consultant prior to receiving payment. CITY reserves the right to pay any subcontractor or sub-consultant, if CONSULTANT has not paid them timely and the services of the subcontractor or sub-consultant are necessary to complete the Work.

5.4. METHOD OF PAYMENT

5.4.1. CITY shall pay CONSULTANT within forty-five (45) calendar days from receipt of CONSULTANT's proper invoice with documentation as provided above.

5.4.2. In the event CONSULTANT has utilized a Sub-consultant to perform the Work, CONSULTANT will be required to provide documentation that Sub-consultant and Sub-consultants of Sub-consultants have been paid prior to payment being made to CONSULTANT.

5.4.3. Payment will be made to CONSULTANT at:

Address: _____

_____

_____

ARTICLE 6

CITY 'S RESPONSIBILITIES

6.1. CITY shall assist CONSULTANT by placing at CONSULTANT's disposal all information CITY has available pertinent to the Work including previous reports and any other data relative to design or construction of the Work.

6.2. CITY shall arrange for access to, and make all provisions for, CONSULTANT to enter upon public and private property as required for CONSULTANT to perform its services.

6.3. CITY shall review the CONSULTANT's itemized deliverables/documents identified in the Work and respond in writing with any comment within the time set forth in the Work or within a reasonable time.

6.4. CITY shall give prompt written notice to CONSULTANT whenever CITY observes or otherwise becomes aware of any development that affects the scope or timing of CONSULTANT's services or any defect in the work of any Consultant.

ARTICLE 7

MISCELLANEOUS

7.1. OWNERSHIP OF DOCUMENTS

All finished or unfinished documents, data, data matrices and calculations generated and used to evaluate and compute the construction or material requirements for the Work, studies, surveys, drawings, maps, models, photographs and reports prepared or provided by CONSULTANT in connection with this Agreement, whether in hard copy or electronic form, shall become the property of CITY, whether the Work for which they are made is completed or not. If applicable, CITY may withhold any payments then due to CONSULTANT until CONSULTANT complies with the provisions of this Article. CONSULTANT is not responsible for damages caused by the unauthorized re-use by others of any of the materials for other work.

7.2. TERMINATION

7.2.1. This Agreement may be terminated with or without cause by CITY at any time.

7.2.2. Notice of termination shall be provided in accordance with paragraph 7.12 NOTICES of this Agreement.

7.2.3. In the event this Agreement is terminated, CONSULTANT shall be paid for any services performed to the date the Agreement is terminated. Compensation shall be withheld until all documents specified in Section 7.1 of this Agreement are provided to the CITY. Upon being notified of CITY's election to terminate, CONSULTANT shall refrain from performing further services or incurring additional expenses under the terms of this Agreement. Under no circumstances shall CITY make payment of profit for services that have not been performed.

7.3. AUDIT RIGHT AND RETENTION OF RECORDS

7.3.1. CITY shall have the right to audit the books, records, and accounts of CONSULTANT that are related to any Work. CONSULTANT shall keep such books, records, and accounts as may be necessary in order to

record complete and correct entries related to the Work.

7.3.2. CONSULTANT shall preserve and make available, at reasonable times for examination and audit by CITY, all financial records, supporting documents, statistical records, and any other documents pertinent to this Agreement for the required retention period of the Florida Public Records Act (Chapter 119, Fla. Stat.), if applicable, or, if the Florida Public Records Act is not applicable, for a minimum period of three (3) years after termination of this Agreement. If any audit has been initiated and audit findings have not been resolved at the end of the retention period or three (3) years, whichever is longer, the books, records, and accounts shall be retained until resolution of the audit findings. If the Florida Public Records Act is determined by CITY to be applicable to CONSULTANT's records, CONSULTANT shall comply with all requirements thereof; however, CONSULTANT shall violate no confidentiality or non-disclosure requirement of either federal or state law. Any incomplete or incorrect entry in such books, records, and accounts shall be a basis for CITY's disallowance and recovery of any payment upon such entry.

7.4. NONDISCRIMINATION, EQUAL EMPLOYMENT OPPORTUNITY, AMERICANS WITH DISABILITIES ACT, AND EQUAL BENEFITS FOR DOMESTIC PARTNERS

7.4.1. CONSULTANT shall not unlawfully discriminate against any person in its operations and activities in its use or expenditure of the funds or any portion of the funds provided by this Agreement and shall affirmatively comply with all applicable provisions of the Americans with Disabilities Act (ADA) in the course of providing any services funded in whole or in part by CITY, including Titles I and II of the ADA (regarding nondiscrimination on the basis of disability), and all applicable regulations, guidelines, and standards.

7.4.2. CONSULTANT's decisions regarding the delivery of services under this Agreement shall be made without regard to or consideration of race, age, religion, color, gender, sexual orientation, gender identity or expression, national origin, marital status, physical or mental disability, political affiliation, or any other factor that can not be lawfully or appropriately used as a basis for service delivery. CONSULTANT shall comply with Title I of the Americans with Disabilities Act regarding nondiscrimination on the basis of disability in employment and further shall not discriminate against any employee or applicant for employment because of race, age, religion, color, gender, sexual orientation, national origin, gender identity or expression, marital status, political affiliation, or physical or mental disability. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay, other forms of compensation, terms and conditions of employment, training (including apprenticeship), and accessibility.

7.4.3. Consultant shall comply with City Ordinance Sec. 2-799 Requirements for City Contractors to Provide Equal Benefits for Domestic Partners

7.5. PUBLIC ENTITY CRIMES ACT

7.5.1. CONSULTANT represents that the execution of this Agreement shall not violate the Public Entity Crimes Act (Section 287.133, Florida Statutes), which essentially provides that a person or affiliate who is a contractor, consultant or other provider and who has been placed on the convicted vendor list following a conviction for a Public Entity Crime may not submit a bid on a contract to provide any goods or services to CITY, may not submit a bid on a contract with CITY for the construction or repair of a public building or public work, may not submit bids on leases of real property to CITY , may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with CITY , and may not transact any business with CITY in excess of the threshold amount provided in Section 287.017, Florida Statutes, for category two purchases for a period of 36 months from the date of being placed on the convicted vendor list. Violation of this section shall result in termination of this Agreement and recovery of all monies paid hereto, and may result in being barred from CITY's competitive procurement activities.

7.5.2. In addition to the foregoing, CONSULTANT further represents that there has been no determination, based on an audit, that it or any sub-consultant, has committed an act defined by Section 287.133, Florida Statutes, as a "public entity crime" and that it has not been formally charged with committing an act defined as a "public entity crime" regardless of the amount of money involved or whether CONSULTANT has been placed on the convicted vendor list.

7.5.3. CONSULTANT shall promptly notify CITY if it or any subcontractor or sub-consultant is formally charged with an act defined as a "public entity crime" or has been placed on the convicted vendor list.

7.6. SUB-CONSULTANTS

CONSULTANT may use the sub-consultants identified in the proposal that was a material part of the selection of CONSULTANT to provide the services under this Agreement. The CITY reserves the right to accept the use of a sub-consultant or to reject the selection of a particular sub-consultant and to inspect all facilities of any sub-consultants in order to make determination as to the capability of the sub-consultant to perform properly under this Contract. The CITY's acceptance of a sub-consultant shall not be unreasonably withheld. CONSULTANT shall obtain written approval of Contract Administrator prior to changing or adding to the list of sub-consultants. The list of sub-consultants submitted and hourly rates for such said Sub-consultants are as on attached Exhibit A.

7.7. ASSIGNMENT AND PERFORMANCE

7.7.1. Neither this Agreement nor any interest herein shall be assigned, transferred, or encumbered by either party and CONSULTANT shall not subcontract any portion of the work required by this Agreement except as authorized pursuant to Section 7.6.

7.7.2. CONSULTANT represents that all persons delivering the services required by this Agreement have the knowledge and skills, either by training, experience, education, or a combination thereof, to adequately and competently perform the duties, obligations, and services set forth in the Scope of Services and to provide and perform such services to CITY's satisfaction for the agreed compensation.

7.7.3. CONSULTANT shall perform its duties, obligations, and services under this Agreement in a skillful and respectable manner. The quality of CONSULTANT's performance and all interim and final product(s) provided to or on behalf of CITY shall be in accordance with the standard of care set forth in Paragraph 3.6.

7.7.4. CONSULTANT shall not change or replace overall project manager identified in the CONSULTANT's response to the RFQ without the Contract Administrator's prior written approval.

7.8. INDEMNIFICATION OF CITY

7.8.1. To the fullest extent permitted by law, the CONSULTANT expressly agrees to indemnify and hold harmless the City of Key West, their officers, directors, agents, and employees (herein called the "indemnities") from liabilities, damages, losses and costs, including, but not limited to, reasonable attorney's fees and court costs, such legal expenses to include costs incurred in establishing the indemnification and other rights agreed to in this Paragraph, to persons or property, to the extent caused by the negligence, recklessness, or intentional wrongful misconduct of the CONSULTANT, its Subcontractors or persons employed or utilized by them in the performance of the Contract. Claims by indemnities for indemnification shall be limited to the amount of CONSULTANT's insurance or $1 million per occurrence, whichever is greater. The parties acknowledge that the amount of the indemnity required hereunder bears a reasonable commercial relationship to the Contract and it is part of the project specifications or the RFQ documents, if any.

7.8.2. The indemnification obligations under the Contract shall not be restricted in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the CONSULTANT under workers' compensation acts, disability benefits acts, or other employee benefits acts, and shall extend to and include any actions brought by or in the name of any employee of the CONSULTANT or of any third party to whom CONSULTANT may subcontract a part or all of the Work. This indemnification shall continue beyond the date of completion of the Work.

7.9. INSURANCE

7.9.1. CONSULTANT is to secure, pay for, and file with the City of Key West, prior to commencing any work under the Contract, all certificates for workers' compensation, public liability, and property damage liability insurance, and such other insurance coverages as may be required by specifications and addenda thereto, in at least the following minimum amounts with specification amounts to prevail if greater than minimum amounts indicated. Notwithstanding any other provision of the Contract, the CONSULTANT shall provide the minimum limits of liability insurance coverage as follows:

Auto Liability	$1,000,000	Combined Single Limit
General Liability	$2,000,000	Aggregate (Per Project)
	$2,000,000	Products Aggregate
	$1,000,000	Any One Occurrence
	$1,000,000	Personal Injury
	$ 300,000	Fire Damage/Legal
Professional Liability	$2,000,000	Per Claim / Aggregate

7.9.2. CONSULTANT shall furnish an original Certificate of Insurance indicating, and such policy providing coverage to, City of Key West named as an additional insured on all policies— excepting Professional Liability—on a PRIMARY and NON CONTRIBUTORY basis utilizing an ISO standard endorsement at least as broad as CG 2010 (11/85) or its equivalent, (combination of CG 20 10 07 04 and CG 20 37 07 04, providing coverage for completed operations, is acceptable) including a waiver of subrogation clause in favor of City of Key West on all policies. CONSULTANT will maintain the Professional Liability, General Liability, and Umbrella Liability insurance coverages summarized above with coverage continuing in full force including the additional insured endorsement until at least 3 years beyond completion and delivery of the work contracted herein.

7.9.3. Notwithstanding any other provision of the Contract, the CONSULTANT shall maintain complete workers compensation coverage for each and every employee, principal, officer, representative, or agent of the CONSULTANT who is performing any labor, services, or material under the Contract. Further, CONSULTANT shall additionally maintain the following minimum limits of coverage:

Bodily Injury Each Accident	$1,000,000
Bodily Injury by Disease Each Employee	$1,000,000
Bodily Injury by Disease Policy Limit	$1,000,000

7.9.5. CONSULTANT's insurance policies shall be endorsed to give 30 days written notice to the City of Key West in the event of cancellation or material change, using form CG 02 24, or its equivalent.

7.9.6. Certificates of Insurance submitted to the City of Key West will not be accepted without copies of the endorsements being requested. This includes additional insured endorsements, cancellation/material change notice endorsements, and waivers of subrogation. Copies of USL&H Act and Jones Act endorsements will also be required if necessary. PLEASE ADVISE YOUR INSURANCE AGENT ACCORDINGLY.

7.9.7. CONSULTANT will comply with any and all safety regulations required by any agency or regulatory body including but not limited to OSHA. CONSULTANT will notify City of Key West immediately by telephone at (305) 809-3964 any accident or injury to anyone that occurs on the jobsite and is related to any of the work being performed by the CONSULTANT.

7.9.8. It shall be the responsibility of the Consultant to ensure that all sub-consultants/subcontractors comply with the same insurance requirements as is required of Consultant.

7.9.9. In addition, it is understood if at any time any of the policies required by the City shall become unsatisfactory to the City as to form or substance, or if a company issuing any such policy shall become unsatisfactory to the City, the Consultant shall obtain a new policy, submit the same to the City for approval and submit a certificate of insurance as which may be required by the contract. It is understood that upon failure of the Consultant to furnish, deliver and maintain such insurance as required above, the contract at the election of the City may be declared suspended, discontinued or terminated. Further, failure of the Consultant to take out and/or maintain any required insurance shall not relieve the Consultant from any liability under the contract, nor shall the insurance requirements be construed to conflict with the obligations of the Consultant concerning indemnification.

7.10. REPRESENTATIVE OF CITY AND CONSULTANT

7.10.1. The parties recognize that questions in the day-to-day conduct of the Work will arise. The Contract Administrator, upon CONSULTANT's request, shall advise CONSULTANT in writing of one (1) or more CITY employees to whom all communications pertaining to the day-to-day conduct of the Work shall be addressed.

7.10.2. CONSULTANT shall inform the Contract Administrator in writing of CONSULTANT's representative to whom matters involving the conduct of the Work shall be addressed.

7.11. ALL PRIOR AGREEMENTS SUPERSEDED

7.11.1. This document incorporates and includes all prior negotiations, correspondence, conversations, agreements or understandings applicable to the matters contained herein; and the parties agree that there are no commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained in this document and the exhibits attached. Accordingly, the parties agree that no deviation from the terms hereof shall be predicated upon any prior representations or agreements whether oral or written.

7.11.2. It is further agreed that no modification, amendment or alteration in the terms or conditions contained herein shall be effective unless contained in a written document executed with the same formality and of equal dignity herewith.

7.12. NOTICES

Whenever either party desires to give notice unto the other, such notice must be in writing, sent by certified United States mail, return receipt requested, addressed to the party for whom it is intended at the place last specified; and the place for giving of notice shall remain such until it shall have been changed by

written notice in compliance with the provisions of this paragraph. For the present, the parties designate the following as the respective places for giving of notice:

FOR CITY OF KEY WEST:

City of Key West
1300 White Street
Key West, FL 33040

FOR CONSULTANT:

Contact Name: _____

Address: _____
_____
_____

7.13. TRUTH-IN-NEGOTIATION CERTIFICATE

Signature of this Agreement by CONSULTANT shall act as the execution of a truth-in negotiation certificate stating that wage rates and other factual unit costs supporting the compensation of this Agreement are accurate, complete, and current at the time of contracting. The original contract price for any Work and any additions thereto shall be adjusted to exclude any significant sums, by which CITY determines the contract price was increased due to inaccurate, incomplete, or non-current wage rates and other factual unit costs. All such contract adjustments shall be made within one (1) year following the end of this Agreement.

7.14. INTERPRETATION

The language of this Agreement has been agreed to by both parties to express their mutual intent and no rule of strict construction shall be applied against either party hereto. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement shall include the other gender, and the singular shall include the plural, and vice versa, unless the context otherwise requires. Terms such as "herein," "hereof," "hereunder," and "hereinafter" refer to this Agreement as a whole and not to any particular sentence or paragraph where they appear, unless the context otherwise requires. Whenever reference is made to a Paragraph or Article of this Agreement, such reference is to the Paragraph or Article as a whole, including all of the subsections of such Paragraph, unless the reference is made to a particular subsection or subparagraph of such Paragraph or Article.

7.15. CONSULTANT'S STAFF

7.15.1. CONSULTANT shall provide the key staff identified in their proposal for Task Order as long as such key staffs are in CONSULTANT's employment.

7.15.2. CONSULTANT shall obtain prior written approval of Contract Administrator to change key staff. CONSULTANT shall provide Contract Administrator with such information as necessary to determine the suitability of proposed new key staff. Contract Administrator shall be reasonable in evaluating key staff qualifications.

7.15.3. If Contract Administrator desires to request removal of any of CONSULTANT's staff, Contract

Administrator shall first meet with CONSULTANT and provide reasonable justification for said removal.

7.15.4. The CITY reserves the right to approve the members of the Consulting Team and the roles they will undertake in the assignment. The CITY's acceptance of a team member shall not be unreasonably withheld.

7.15.5. Each assignment issued under this Agreement by the CITY to the Consultant, the Consultant will at the CITY's request, disclose the role, qualifications and hourly rate of each individual working on the assignment.

7.15.6. The CITY reserves the right to require replacement of any of the members of the Consulting Team. Any proposed addition or change of members of the Consulting Team initiated by the Consultant must obtain the CITY Representative's prior written approval.

7.15.7. In the event of the death, incapacity or termination of employment of any member of the Consulting Team before Completion of the Services, the Consultant shall at its own expense and as soon as reasonably practicable arrange to substitute or replace the individual member concerned.

7.15.8. The Consultant shall ensure that the substitute or replacement is no less qualified in terms of relevant experience and qualifications than the outgoing individual and is available at the relevant time to act as such replacement or substitute. The Consultant shall without delay forward curriculum vitae of the proposed substitute or replacement to the CITY. The deployment of such substitute or replacement shall be subject to the CITY's consent.

7.15.9. The Consultant shall solely be responsible for all direct, indirect and consequential costs or losses that may arise from the substitution or replacement of members of the Consulting Team.

7.16. INDEPENDENT CONTRACTOR

CONSULTANT is an independent contractor under this Agreement. Services provided by CONSULTANT shall be subject to the supervision of CONSULTANT. In providing the services, CONSULTANT or its agents shall not be acting and shall not be deemed as acting as officers, employees, or agents of the CITY, nor shall they accrue any of the rights or benefits of a CITY employee. The parties expressly acknowledge that it is not their intent to create any rights or obligations in any third person or entity under this Agreement.

7.17. THIRD PARTY BENEFICIARIES

Neither CONSULTANT nor CITY intend directly or substantially to benefit a third party by this Agreement. Therefore, the parties agree that there are no third party beneficiaries to this Agreement and that no third party shall be entitled to assert a claim against either of them based upon this Agreement. No subcontractor or sub-consultant, whether named or unnamed, shall be a third party beneficiary of this Agreement.

7.18. CONFLICTS

7.18.1. Neither CONSULTANT nor its employees shall have or hold any continuing or frequently recurring employment or contractual relationship that is substantially antagonistic or incompatible with CONSULTANT's loyal and conscientious exercise of judgment related to its performance under this Agreement.

7.18.2. CONSULTANT agrees that none of its officers or employees shall, during the term of this Agreement, serve as an expert witness against CITY in any legal or administrative proceeding in which he or she is not a party, unless compelled by court process, nor shall such persons give sworn testimony or issue a report or writing, as an expression of his or her expert opinion, which is adverse or prejudicial to the interests of CITY or in connection with any such pending or threatened legal or administrative proceeding.

The limitations of this section shall not preclude such persons from representing themselves in any action or in any administrative or legal proceeding.

7.18.3. In the event CONSULTANT is permitted to use sub-consultants to perform any services required by this Agreement, CONSULTANT agrees to prohibit such sub-consultants from having any conflicts as within the meaning of this section, and shall so notify them in writing.

7.19. CONTINGENCY FEE

CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for CONSULTANT, to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for CONSULTANT, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. For a breach or violation of this provision, CITY shall have the right to terminate this Agreement without liability at its discretion, or to deduct from the Agreement price or otherwise recover the full amount of such fee, commission, percentage, gift, or consideration.

7.20. WAIVER OF BREACH AND MATERIALITY

7.20.1. Failure by CITY to enforce any provision of this Agreement shall not be deemed a waiver of such provision or modification of this Agreement. A waiver of any breach of a provision of this Agreement shall not be deemed a waiver of any subsequent breach and shall not be construed to be a modification of the terms of this Agreement.

7.20.2. CITY and CONSULTANT agree that each requirement, duty, and obligation set forth herein is substantial and important to the formation of this Agreement and, therefore, is a material term hereof.

7.21. COMPLIANCE WITH LAWS

CONSULTANT shall comply with federal, state, and local laws, codes, ordinances, rules, and regulations in performing its duties, responsibilities, and obligations related to this Agreement applicable at the time the scope of services was drafted for this agreement**.** In addition, at the time each Work is executed, any revisions to applicable federal state, and local laws, codes, ordinances, rules and regulations shall apply.

7.22. SEVERABILITY

In the event this Agreement or a portion of this Agreement is found by a court of competent jurisdiction to be invalid, the remaining provisions shall continue to be effective unless CITY or CONSULTANT elects to terminate this Agreement.

7.23. JOINT PREPARATION

Preparation of this Agreement has been a joint effort of CITY and CONSULTANT and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than any other.

7.24. PRIORITY OF PROVISIONS

If there is a conflict or inconsistency between any term, statement, requirement, or provision of any exhibit attached hereto, any document or events referred to herein, or any document incorporated into this Agreement by reference and a term, statement, requirement, or provision of this Agreement, the term, statement,

requirement, or provision contained in Articles 1 through 7 of this Agreement shall prevail and be given effect.

7.25. APPLICABLE LAW AND VENUE

The laws of the State of Florida govern the validity of this Agreement, its interpretation and performance, and any claims related to it. The venue for mediation, arbitration or any other legal proceeding shall be Monroe County, Florida.

7.26. INCORPORATION BY REFERENCE

The attached exhibits are incorporated into and made a part of this Agreement: *Exhibit A – CONSULTANT/Sub-consultants' Hourly Rates; Exhibit B – RFQ #19-002; Exhibit C – Consultants Proposal*

7.27. COUNTERPARTS

This Agreement may be executed in three (3) counterparts, each of which shall be deemed to be an original.

WHEREOF, the parties hereto have made and executed this Agreement on the respective dates under each signature.

By: CITY OF KEY WEST

_____
James Scholl, City Manager

_____day of _____, 20____

Attest:

_____
Cheryl Smith, City Clerk

_____ day of _____,20___

By: CONSULTANT

_____
(Signature)

_____
(Print Name and Title)

_____day of _____,20___

Attest:

_____
(Signature)

_____
(Print Name and Title)

_____day of _____, 20___