



APPRAISAL CO.

OF KEY WEST

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April 13, 2010

Ms. Marilyn D. Wilbarger, RPA, CCIM
c/o City of Key West
626 Josephine Parker Drive, Suite 201
Key West, Florida 33040

RE: Appraisal Report:
Vacant Parcel
250 Trumbo Road
Key West, Florida 33040
Our File No.: 141-10

Dear Ms. Wilbarger:

We have performed a summary appraisal report to estimate the market value of the above referenced property. We have personally examined and appraised the subject property for the purpose of reporting our opinion of the "*As Is*" Market Value of the *Fee Simple Interest* based on the Highest and Best Use of this property, as of March 23, 2010.

The assumptions and the real estate referenced above are more clearly defined in the general and extraordinary assumptions and limiting conditions and in the property description section of this report. The attached complete appraisal process, summary report, assignment has been prepared to comply with our understanding of the requirements of the Uniform Standards of Professional Appraisal Practice.

The subject property consists of a rectangular-shaped, 67,320 square foot or 1.55 acre corner site, which fronts approximately 382 feet along the easterly side of Trumbo Road and approximately 195 feet in depth along an access road to the District School Board of Monroe County. The subject property is vacant undeveloped land that has been scarified.

A survey of the subject property was not made available. The site size and measurements were taken from the Monroe County Tax Appraisers plat map and the legal description. However, the Monroe County School Board has an ingress/egress arrangement through the subject site. No easements or encroachments were noted on the strip map. Valuation is reported without regard to questions on boundaries. No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed. Any deviations from these sizes may result in a change in value. If and when a more

Ms. Marilyn D. Wilbarger, RPA, CCIM
City of Key West
March 26, 2010
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recent survey is made available or if any discrepancies are noted due to dimensions, encroachments or easements, the appraisers reserve the right to change the final indicated value herein.

Market Value is defined as the most probable price in cash (or its equivalency) for which the appraised property will sell in a competitive market under all conditions requisite to a fair sale. Market value assumes a normal or reasonable time for exposure on the open market.

This report contains the results of our investigation and analysis made in order to furnish an estimate of the *"As Is" Market Value of the Fee Simple Interest* of the subject properties described herein. The Fee Simple Interest is the unencumbered value of the subject property; basically, market rents and terms are considered with no regard to existing leases and terms. However, the reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

Based on market analysis, site visit and research, it is our opinion that the *"As Is" Market Value of the Fee Simple Interest* of the subject property, commonly known as 250 Trumbo Road, Key West, Florida, subject to definitions, assumptions and limiting conditions, as of March 23, 2010, is:

FOUR MILLION DOLLARS
(\$4,000,000)

No personal property has been included in this valuation.

This is a summary appraisal report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's work files.

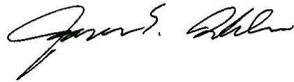
This confidential report was prepared for the sole use of and benefits of the City of Key West and is based, in part, upon documents, writings, and information owned and possessed by them. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with the City of Key West as the client. This report should not be used for any purpose other than to understand the information available to the City of Key West concerning this property. The Appraisal Company of Key West assumes no responsibility if this report is used in any other manner.

The undersigned Appraisers have no present or contemplated future interest in the property and the compensation is in no manner contingent upon the value reported.

Ms. Marilyn D. Wilbarger, RPA, CCIM
City of Key West
March 26, 2010
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If you have any questions regarding this appraisal report, please feel free to contact us. Thank you for giving us the opportunity to provide this service for you. This transmittal letter must remain attached to the report, which contains 67 pages including related exhibits, in order for the value opinion set forth to be considered valid. Please see the Supplement Appraisal at the rear of this report.

Respectfully submitted,



James E. Wilson, President
State-Certified General Real Estate Appraiser
License No. RZ 2164



Alan J. Toriello
State-Certified General Real Estate Appraiser
License No. RZ 3235

Report Attached:

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APPRAISAL REPORT

Summary Appraisal Report

Property Located at:

250 Trumbo Road
Key West, Florida 33040

Property Type:

Vacant Commercial Parcel

Prepared For:

MS. MARYILN D. WILBARGER.RPA, CCIM
CITY OF KEY WEST

Valuation Date:

March 23, 2010

Prepared By:

James E. Wilson, President
State-Certified General Real Estate Appraiser
License No. RZ 2164

Alan J. Toriello
State-Certified General Real Estate Appraiser
License No. RZ 3235

APPRAISAL COMPANY OF KEY WEST
3229 Flagler Avenue, Suite 101
Key West, Florida 33040

Our File No.: 141-10

SUMMARY OF FACTS AND CONCLUSIONS

Subject Property Address: 250 Trumbo Road
Key West, Florida 33040

Property Type: Vacant Parcel

Land Size: 67,320 Square Feet or 1.55 Acres

Zoning: HRCC-2- Historic Residential Commercial Core (Key West Bight) District, City of Key West.

Valuations:

<u>Reconciliation</u>	
250 Trumbo Road, Key West, Florida 33040	
Valuation Method:	Fee Simple Interest
Cost Approach	Not-Applicable
Income Approach	Not-Applicable
Sales Comparison Approach	\$4,000,000
"As Is" Market Value of the Fee Simple Estate as of March 23, 2010 (Rounded):	\$4,000,000

Date of Site Visit and Valuation: March 23, 2010

Date of Report: April 13, 2010

Marketing Time: 12 to 24 Months based on a list price within 5 percent of appraised value and based on reduced supply of existing inventory.

Exposure Time: 12 to 24 Months, based on a list price within 5 percent of appraised value.

SUMMARY APPRAISAL REPORT

This is a complete appraisal process, summary report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's work files.

CLIENT: Ms. Marilyn D. Wilbarger, RPA, CCIM
c/o City of Key West
626 Josephine Parker Drive, Suite 201
Key West, Florida 33040

APPRAISERS: James E. Wilson, President
State-Certified General Appraiser
License No. RZ 2164

Alan J. Toriello
State-Certified General Appraiser
License No. RZ 2164

SUBJECT: Vacant Parcel
250 Trumbo Road
Key West, Florida 33040

PURPOSE OF THE APPRAISAL:

The *purpose* of this appraisal is to estimate the "As Is" Market Value of the Fee Simple Estate of the subject property based on the Highest and Best Use, as of March 23, 2010.

INTENDED USE AND USER OF THE REPORT:

The *intended use* of this appraisal is to provide general information to the City of Key West for possible sale of the subject property and asset management. The *intended user* is Ms. Marilyn D. Wilbarger, RPA, CCIM, City of Key West.

LEGAL DESCRIPTION:

The legal description for the subject property was taken from the Official Records, Book 551, Page 219:

Commencing at the southwest property corner of the Naval Station Annex (Advanced Undersea Weapons School Area); thence Easterly along the South boundary line a distance of two hundred ten (210) feet to a point, thence in a Northerly direction at right angles a distance of fifty (50) feet to a point; thence at right angles in a Westerly direction a distance of fifteen (15) feet to a point; then in a Northerly direction at right angles for a distance of two hundred (200) feet to a point; thence at right angles in a Westerly direction a distance of one hundred ninety five (195) feet, thence in a Southerly direction at right angles a distance of two hundred fifty (250) feet back to the Point-of-Beginning, containing 1.14 acres more or less.

AND (Official Record, Book 813, Page 2460)

Commencing at the southwest property corner of the Naval Station Annex (Advanced Undersea Weapons School Area); thence run N 80° 16' 24" W along the westerly boundary line of said property for a distance of 250 feet to the point of beginning, thence continue N 8° 16' 24" for a distance of 132 feet to a point; thence at right angles in an easterly direction run N 81° 43' 36" E for a distance of 135 feet to a point; then at right angles in a southerly direction run S 8° 16' 24" E for a distance of 132 feet to a point; thence at right angles in a westerly direction run S 81° 43' 36" W for a distance of 135 feet to the point of beginning, containing 0.409 acre more or less.

PROPERTY RIGHTS APPRAISED:

This appraisal is made with the understanding that the present ownership of the property includes all the rights that may lawfully be held under a *Fee Simple Estate*. These rights are sometimes referred to in appraisal literature as the "bundle of rights." It includes the right to use, keep others from using, sell, rent or otherwise dispose of the property. The elements which have been included in this appraisal are the land and existing improvements.

At the time of site visit the property was a Vacant Parcel owned by the City of Key West. Hence, the subject is not encumbered by any long-term leases; thus, a Leased Fee valuation was not applicable.

Therefore, the Fee Simple Estate was reported herein. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein. No personal property has been included in this valuation.

MARKET VALUE DEFINITION:

Market Value, in the definitions of the Uniform Standards of Professional Appraisal Practice, is defined as:

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

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised and each acting in what he considers his own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) 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."

Fee Simple Estate Definition: According to The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, "Fee Simple Estate is 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."

OWNERSHIP: According to the Monroe County Tax Appraiser's Records, the subject property is owned by:

CITY OF KEY WEST FL
PO BOX 1409
KEY WEST, FL 33041

SALES HISTORY: According to the Monroe County Tax Appraiser's records, the subject property has been owned by the current owner for many years with no recent sales noted. According to the local MLS (Multiple Listing Service), the subject property is not listed for sale. The intended use of this report is to develop a market listing price, perhaps to sell the subject property to a contiguous property owner. There are currently no offers or intents to purchase at this time.

ZONING: Subdivision III. HRCC-2 Key West Bight District

Sec. 122-716. Intent.

(a) Consistent with the comprehensive plan future land use map, the HRCC-2 Key West Bight district includes the Key West Bight area. Development within this district shall reinforce the following:

- (1) Preservation of public waterfront access as well as waterfront views;
- (2) Improved pedestrian linkages with adjacent and nearby activity centers;
- (3) Protection and enhancement of opportunities for water-dependent and water-related land use activities, while preventing undue concentrations of population within the coastal high hazard area;
- (4) Accommodation of public improvements necessary to achieve redevelopment plan objectives;
- (5) Implementation of urban design schemes which attract pedestrians, increase waterfront exposure, reinforce the ambiance of the waterfront, and regulate against structures which wall off or otherwise inhibit access to waterfront views, strategic open spaces, or pedestrian linkages; and
- (6) Consistency with the redevelopment plan for the Key West Bight and the Caroline Street Redevelopment Area.

(b) This threshold shall be consistent with the limits established in F.S. § 420.9071(20) for moderate income persons. The HRCC-2 area is the only designated receiving area for transfers of development rights.

(Ord. No. 97-10, § 1(2-5.5.3(2)(A)), 7-3-1997)

Sec. 122-717. Uses permitted.

In the HRCC-2 Key West Bight district, only water-dependent uses shall be located within the first 30 feet landward of the mean high water (MHW) or the bulkhead. Similarly, only water-related uses shall be located between the 30-foot setback and the 100-foot setback from the mean high water or the bulkhead. No permanent residential use shall be located within 100 feet of the mean high water, and no transient residential uses shall be allowed within any portion of the HRCC-2 district.

Permitted uses 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 and medium intensity less than or equal to 5,000 square feet as provided in division 11 of article V of this chapter.
- (7) Medical services.
- (8) Parking lots and facilities.
- (9) Restaurants, excluding drive-through.
- (10) Veterinary medical services without outside kennels.

(Ord. No. 97-10, § 1(2-5.5.3(2)(B)), 7-3-1997)

Sec. 122-718. Conditional uses.

Conditional uses in the HRCC-2 Key West Bight district are as follows:

- (1) Group homes with seven to 14 residents as provided in section 122-1246.
- (2) Community centers, clubs, and lodges.
- (3) Cultural and civic activities.
- (4) Educational institutions and day care.

- (5) Nursing homes, rest homes and convalescent homes.
- (6) Parks and recreation, active and passive.
- (7) Protective services.
- (8) Public and private utilities.
- (9) Bars and lounges.
- (10) Boat sales and service.
- (11) Commercial retail low and medium intensity greater than 5,000 square feet as provided in division 11 of article V of this chapter.
- (12) Commercial retail high intensity as provided in division 11 of article V of this chapter.
- (13) Funeral homes.
- (14) Light industrial.
- (15) Marinas.
- (16) Small recreational power-driven equipment rentals.

(Ord. No. 97-10, § 1(2-5.5.3(2)(C)), 7-3-1997)

Sec. 122-719. Prohibited uses.

In the HRCC-2 Key West Bight district, all uses not specifically or provisionally provided for in this subdivision are prohibited.

(Ord. No. 97-10, § 1(2-5.5.3(2)(D)), 7-3-1997)

Sec. 122-720. Dimensional requirements.

The dimensional requirements in the HRCC-2 Key West Bight district are as follows:

- (1) Maximum density: Density of areas designated HRCC-2 on the future land use map shall carry a base density of eight units per gross acre. These HRCC-2 designated areas may develop to a density of 12 units per acre under the transfer of development rights program assuming that the owner/developer certifies by affidavit as described in this subsection that a minimum of 40 percent of the residential units shall be provided and maintained as affordable housing as described. Areas designated "HRCC-2" on the future land use map may be increased to 20 units per acre if all units within the development are certified by affidavit of the owner/developer as affordable residential units. All increases in density above the base density of eight units per acre shall be only by transfer of development rights. An affordable housing affidavit shall guarantee that the affordable units shall be inhabited in perpetuity by residents whose income levels are consistent with income thresholds to be established in the city's affordable housing in division 10 of article V of this chapter. All developments in the HRCC-2 district involving transfer of development rights and affordable housing shall be approved pursuant to a development agreement as provided in chapters 94, 102 and 106; articles I and III through IX of chapter 108; and chapters 110 and 114. This threshold shall be consistent with the limits established in F.S. § 420.9071(20) for moderate income persons. The HRCC-2 area is the only designated receiving area for transfers of density.
- (2) Maximum floor area ratio: 0.5.
- (3) Maximum height: 35 feet, except within the 100-foot setback from mean high water, the following restrictions apply:
 - a. The minimum open space ratio shall be 0.5.
 - b. The height of buildings shall be one habitable floor/story above the base flood elevation.
- (4) Maximum lot coverage: Within the 100-foot setback from mean high water, the minimum open space ratio shall be 0.50, and the maximum height of buildings shall be restricted to one habitable floor/story above base flood elevations. The open space restriction shall not apply to a ferry terminal if the Chevron property within the Key West Bight area is selected for the city ferry terminal. The redevelopment plan shall provide design criteria which shall protect waterfront views, mandate pedestrian access improvements, and ensure preservation of open space. Landward of the 100-foot setback area the following restrictions shall apply:
 - a. Maximum building coverage: 50 percent.
 - b. Maximum impervious surface ratio: 60 percent, excepting the first 100 feet from mean high water as provided in section 122-716.
- (5) Minimum lot size: 5,000 square feet.
 - a. Minimum lot width: 50 feet.
 - b. Minimum lot depth: 100 feet.

- (6) Minimum setbacks:
 - a. Front: 10 feet.
 - b. Side: 7.5 feet.
 - c. Rear: 15 feet but ten when abutting an alley.
 - d. Street side: 7.5 feet.

(Ord. No. 97-10, § 1(2-5.5.3(2)(E)), 7-3-1997)

SUBJECT'S MARKET AREA (NEIGHBORHOOD) ANALYSIS

The subject property is located in the northerly section of Key West called "Old Town." The subject is approximately six and one-half blocks northerly from Duval Street, the busiest shopping district within the "Old Town" section of the City of Key West. The situs along the easterly side of Trumbo Road Street, a two-way street in downtown Key West provides limited access and little exposure to vehicular and pedestrian traffic.

Connecting westerly to Duval Street and Mallory Square, the cruise port into the City. This area is popular for its panoramic view of the sunset, with a sunset celebration taking place each evening. Duval Street is the main street through downtown Key West, and its most desirable shopping area. It is a two-way asphalt paved street extending northerly and southerly from the Gulf of Mexico to the Atlantic Ocean.

The subject neighborhood can be described as bordered on the north by the Gulf of Mexico (Key West Harbor, the main shipping channel into Key West waters), on the east by Kennedy Avenue, on the south by the Atlantic Ocean, and on the south by Fort Zachary Taylor State Park. The subject's general "Old Town" neighborhood has seen a great deal of growth or revitalization. Prior to the national economic downturn, there had been steady development in the area, with the remodeling and renovation of existing frame and CBS/masonry structures. The subject site does contain the essential elements: location, situs and access. The subject site is located on the easterly side of Trumbo Road, providing very good access to Key West Bight and harbor area and access from the easterly side Grinnell Street only one and one-half blocks from the City of Key West parking lot. Few old and unsightly structures still exist in this area and improvements had been taking place prior to the national downturn of the residential real estate market. Recent renovation projects and new re-development, presently postponed, have indicated an interest in gentrification of this area, especially with its proximity to the Key West Bight. In the appraisers' opinion, once a turnaround in the local economics occurs, the rehabilitation and restoration to all of the surrounding areas will begin, with eventual rehabilitation of the commercial properties in the "Old Town" area.

The businesses in this area are supported by an estimated 3 million visitors that visit the City every year. The Florida Keys and in particular, the City of Key West have historically been the one the last communities to feel the impact of economic recessions and have been one of the first to begin the rebound. Due to the increasing popularity of Key West as a Port-of-Call, the number of tourists is expected to increase once cruise ship activity, ferry service from Tampa and air line traffic return to previous levels.

There appears to be a decline in rental rates with vacancy rates for commercial properties ranging from 8% to 12%. Some vacancies are noted on Duval Street and the immediately surrounding streets within the Central Business District due to the escalating rents over the past decade and the recent downturn in tourism spurred by the national economic conditions. Retail rental rates have decreased with rent

concessions appearing and renewal leases are experiencing reductions of at least 10% to 30%. Further, Residential real estate sales have generally declined 30 % to 60% from the peak of 2005. Commercial real estate has declined 10% to 30% from the peak of 2007.

Once the national financial downturn has stabilized, there is reason to expect that the increased demand for residential and commercial units will resume; however, there is a substantial amount of inventory that needs to be absorbed. Residential declines have been from 10% to 50% depending upon location, property type and price range. Stability may not arrive until late 2010 or into 2011.

The following average daily two-way traffic data was provided by the State of Florida Department of Transportation:

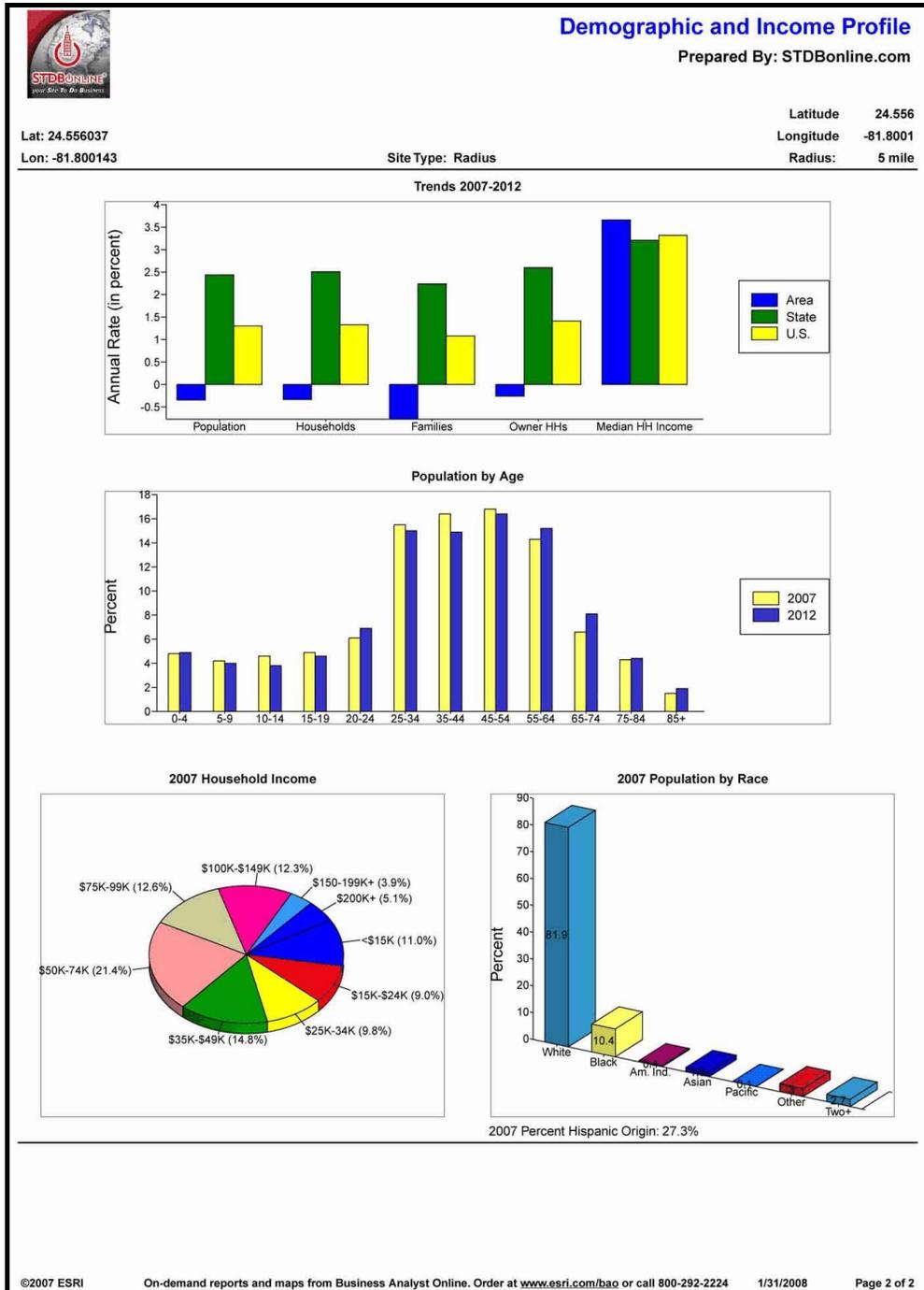
AVERAGE DAILY TRAFFIC COUNTS

Average Daily Traffic Count (Both Directions)		
D.O.T. Station	Location	2008
20	Eaton St. 200', W. Duval St	5,300
25	White St. 200' NW SR 5/US 1/Truman Ave.	5,600

DEMOGRAPHICS

In terms of demographic trends taking place in Key West, Florida within a 7.75 mile radius of the subject property has been compiled:

Demographic and Income Profile							
Prepared By: STDBonline.com							
Lat: 24.556037						Latitude	24.556
Lon: -81.800143						Longitude	-81.8001
Site Type: Radius						Radius:	5 mile
Summary	2000		2007		2012		
Population	30,885		30,659		30,136		
Households	13,104		13,080		12,863		
Families	6,827		6,641		6,388		
Average Household Size	2.29		2.28		2.28		
Owner Occupied HUs	6,230		6,749		6,661		
Renter Occupied HUs	6,874		6,331		6,202		
Median Age	38.9		41.1		42.4		
Trends: 2007-2012 Annual Rate	Area		State		National		
Population	-0.34%		2.44%		1.30%		
Households	-0.33%		2.51%		1.33%		
Families	-0.77%		2.24%		1.08%		
Owner HHS	-0.26%		2.6%		1.41%		
Median Household Income	3.66%		3.21%		3.32%		
	2000		2007		2012		
Households by Income	Number	Percent	Number	Percent	Number	Percent	
< \$15,000	1,955	14.9%	1,442	11.0%	1,192	9.3%	
\$15,000 - \$24,999	1,616	12.3%	1,182	9.0%	821	6.4%	
\$25,000 - \$34,999	1,703	13.0%	1,276	9.8%	1,019	7.9%	
\$35,000 - \$49,999	2,298	17.5%	1,938	14.8%	1,629	12.7%	
\$50,000 - \$74,999	2,682	20.5%	2,796	21.4%	2,704	21.0%	
\$75,000 - \$99,999	1,313	10.0%	1,652	12.6%	1,639	12.7%	
\$100,000 - \$149,999	859	6.6%	1,612	12.3%	2,146	16.7%	
\$150,000 - \$199,000	315	2.4%	516	3.9%	692	5.4%	
\$200,000+	362	2.8%	666	5.1%	1,021	7.9%	
Median Household Income	\$42,531		\$55,015		\$65,851		
Average Household Income	\$57,784		\$76,468		\$94,417		
Per Capita Income	\$25,105		\$33,046		\$40,786		
	2000		2007		2012		
Population by Age	Number	Percent	Number	Percent	Number	Percent	
0 - 4	1,507	4.9%	1,481	4.8%	1,482	4.9%	
5 - 9	1,555	5.0%	1,298	4.2%	1,201	4.0%	
10 - 14	1,428	4.6%	1,397	4.6%	1,151	3.8%	
15 - 19	1,415	4.6%	1,505	4.9%	1,373	4.6%	
20 - 24	1,964	6.4%	1,881	6.1%	2,072	6.9%	
25 - 34	5,305	17.2%	4,742	15.5%	4,515	15.0%	
35 - 44	5,830	18.9%	5,029	16.4%	4,485	14.9%	
45 - 54	5,182	16.8%	5,138	16.8%	4,942	16.4%	
55 - 64	3,182	10.3%	4,377	14.3%	4,569	15.2%	
65 - 74	1,952	6.3%	2,018	6.6%	2,433	8.1%	
75 - 84	1,223	4.0%	1,329	4.3%	1,335	4.4%	
85+	342	1.1%	464	1.5%	578	1.9%	
	2000		2007		2012		
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent	
White Alone	26,137	84.6%	25,123	81.9%	24,152	80.1%	
Black Alone	2,830	9.2%	3,186	10.4%	3,355	11.1%	
American Indian Alone	118	0.4%	120	0.4%	118	0.4%	
Asian Alone	381	1.2%	482	1.6%	547	1.8%	
Pacific Islander Alone	17	0.1%	19	0.1%	21	0.1%	
Some Other Race Alone	694	2.2%	914	3.0%	1,065	3.5%	
Two or More Races	708	2.3%	815	2.7%	878	2.9%	
Hispanic Origin (Any Race)	6,242	20.2%	8,360	27.3%	9,842	32.7%	
Data Note: Income is expressed in current dollars.							
Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2007 and 2012.							
©2007 ESRI	On-demand reports and maps from Business Analyst Online. Order at www.esri.com/bao or call 800-292-2224				1/31/2008	Page 1 of 2	



Below is a resume of mixed-use property listings through the Key West Association of Realtors Multiple Listing Service (MLS) for the local market area.

Resume of Sales for Active Vacant Land Listings								
Through March 23, 2010								
MLS Listing #	Alternate Key #	Address	Listing Status	Asking Price	Site Area S.F.	Price/ Sq. Ft.	DOM	Zoning
111698	8735669	728-730 Waddell Ave.	Active	\$1,500,000	12,196	\$122.99	168	HMDR
110978	1060437 (11)	1300-1313 Atlantic Dr	Active	\$6,000,000	72,619	\$82.62	297	SF
112250	1040762	909 Flagler Ave.	Active	\$899,000	10,023	\$89.69	81	SF
112210	1038181	1426 Reynolds St.	Active	\$1,150,000	11,500	\$100.00	86	HMDR
Mean				\$2,387,250	26,585	\$98.83	158	
Median				\$1,325,000	11,848	\$94.85	127	
Minimum				\$899,000	10,023	\$82.62	81	
Maximum				\$6,000,000	72,619	\$122.99	297	
Count				4				

MARKETING TIME

Based on sales of comparable commercial properties in the subjects' market area, we have estimated a 12 to 24 month marketing time if listed within 5.0 percent of the appraised value. The market time estimate is based on interviews of real estate agents and market time information for the comparable properties. This marketing time could be negatively affected by competition from similar facilities. However, similar Old Town properties have become more marketable due to sales and renovation activity in the immediate area.

EXPOSURE TIME

Exposure time considers the amount of time necessary to effect a sale of the subject properties on the valuation date. In the case at hand, it is our opinion that the exposure time would be equal to the marketing time, based on a listing price within 5.0% of our appraised value.

At this time, we have estimated a marketing time equal to exposure time, if listed within 5% of the appraised value.

REAL ESTATE TAX ASSESSMENT AND BURDEN

Real Estate Property Taxes							
250 Trumbo Road, Key West							
Parcel No. 00001720-000200 - Alternate Key 1001805							
Year	Land	Building Improvement	Misc. Imprv.	Total Assessment	School Exempt	Tax Burden	Tax Millage
2009	\$5,049,000	\$0	\$200,200	\$5,249,200	\$5,249,200	\$0.00	10.1623

The subject property is owned by a non-profit, government agency; therefore, the subject property is exempt from real estate taxes. However, based on the total 2009 assessed value of the subject property and the millage rate of \$10.16230 per \$1,000 of the total assessment, the estimated tax burden for the subject property would be approximately \$53,343.95 based on the current assessment, if the subject property owner were not tax-exempt. Furthermore, according to the 2009 Tax Assessment of \$5,249,200, for the subject property, is approximately 122% of our final valuation. Our valuation is conservative, but in line with significant declines in the commercial real estate market over the past three years. Thus, the assessed value is close to our estimated value of the overall property at its Highest and Best Use, a tax appeal would not appear to be feasible, if the owner was not exempt from ad valorem taxes. No other liens or encumbrances were noted on the subject property, however, the reader is cautioned that a title search was *not* made for the subject property.

The Highest and Best Use of the subject property is for future development. Therefore, an actual tax analysis was not considered applicable to the case at hand.

DESCRIPTION OF THE SUBJECT PROPERTY

Site Analysis: The subject property consists of a rectangular-shaped, 67,320 square foot or 1.55 acre interior site, which fronts approximately 382 feet along the easterly side of Trumbo Road and approximately 195 feet in depth along an access road to the District School Board of Monroe County. The original parcel contained approximately 49,500 square feet (OR Book 551, Page 219) of land area and an additional parcel was added in July 1980 (OR Book 813, Page 2460) containing an additional 17,820 square feet. The two parcel area calculations were computed from the legal descriptions (see Addenda). The subject property is considered to be a vacant undeveloped commercial land that has been scarified.

A survey of the subject property was not made available. The site size and measurements were taken from the Monroe County Tax Appraisers plat map and from the two legal descriptions. However, the Monroe County School Board has an ingress/egress agreement through the subject site. No easements or encroachments were noted on the strip map. Valuation is reported without regard to questions on boundaries. No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed. Any deviations from these sizes may result in a change in value. If and when a more recent survey is made available or if any discrepancies are noted due to dimensions, encroachments or easements, the appraisers reserve the right to change the final indicated value herein.

No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed. Any deviations from these sizes may result in a change in value. If and when a more recent survey is made available, and if any discrepancies are noted due to dimensions, encroachments or easements, permitted buildability and use, the appraisers reserve the right to change the final indicated value herein. Valuation is reported without regard to questions on boundaries.

Subject Improvement Analysis: The subject property was enclosed on three sides with chain link fencing plus a masonry wall along the easterly boundary. This improvement was not considered to have any contributory value. Further, a sanitary sewer transfer station is situated on the property. This improvement is considered to a municipal function and provides no contributory value to the site. Thus, the subject property is being valued as vacant, unimproved commercial land.

According to preliminary Monroe County 1990 Census Maps, the subject property is located in Census Tract Number 9721.

The subject is located within a Special Flood Hazard Area, specifically Zone AE, Elevation 9 and VE 10, according to Flood Insurance Rate Maps of Monroe County, Florida, Unincorporated Areas, Map 12087C1508K, both dated February 18, 2005. Monroe County participates in a National Flood Insurance Program and is covered by a regular program. The subject is a vacant lot; however, a flood elevation certificate was not made available.

Access: The subject property may be accessed by Trumbo Road to Grinnell Street. Trumbo Road is a narrow east/west, that leads north easterly from Grinnell Street to the Navy Base and the Monroe County School Offices. Grinnell Street is an north/south, secondary road that intersects with Eaton Street, which extends via Palm Avenue to US Highway 1, aka North Roosevelt Boulevard. US Highway 1 is the main thoroughfare leading to mainland Florida. The neighborhood adjacent to Trumbo Road is mostly governmental service facilities, US Navy, Coast Guard, Monroe County School Board, Keys Energy and some commercial with residential units adjacent to the subject site at the old steam plant location.

Easements/Encroachments: A survey of the subject site was made not available as noted above, therefore, no easements or encroachments can be verified. However, the Monroe County School Board utilizes a driveway cut through the subject property as an access to the administration complex, without a formal easement to be found. Valuation is reported without regard to questions on boundaries. No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. If any discrepancies are noted due to the site size, easements and/or encroachments, we reserve the right to amend the final indicated values herein.

Environmental Issues: In this appraisal assignment, the existence of potentially hazardous materials which may or may not be present on the subject property, has not been considered. However, the appraisers are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

HIGHEST AND BEST USE

In order to estimate the Highest and Best Use of the subject property, the appraisers have considered those uses that are physically possible, legally permissible, maximally productive, and financially feasible.

"As If Vacant": The subject property consists of a rectangularly-shaped, 1.55 acre, interior site, which fronts approximately 382 feet along the easterly side of Trumbo Road and the access road to the Monroe County is contiguous to the Monroe County School Board's westerly boundary. The subject property is vacant and scarified. Vehicles of various condition are parked on the property. The site size and measurements were taken from the Monroe County Tax Appraisers plat map and the legal description and were utilized for land measurements.

According to the legal descriptions, the subject property contains approximately 67,320 square feet or 1.55 acres. Based on a preliminary review of the subject property, according to the City of Key West zoning district HRCC-2, it was determined that the subject property could be developed with eight units per acre or if transferable development rights up to 12 units per acre or up to 20 affordable housing units per acre; however, the developer would have to obtain the market rate ROGO units, which are readily available but costly at the approximate market price of \$50,000 each. Alternatively, the subject property could be developed for permitted commercial uses “as of right.”

Therefore, the site “as if vacant” would be for commercial, mixed-use development. Based on the current zoning, the appraisers have concluded that the Highest and Best Use of the subject property would be for commercial, development, as permitted by zoning. Residential development would likely not be feasible until the residential housing market begins to rebound. For purposes of our analysis herein, we have based our evaluation on comparable historical commercial zoned land sales, which was considered to be the Highest and Best Use.

"As Improved": Not applicable, the subject property is vacant, unimproved land.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS
SCOPE OF WORK

There are three typical approaches to value to consider in each appraisal assignment. The three traditional approaches to value are the Cost Approach, the Direct Sales Comparison Approach and the Income (Direct Capitalization and/or Discounted Cash Flow) Approach. The three approaches to value are not always applicable to the assignment; however, the three approaches to value are always considered.

All appraisals begin by identifying the subject property (property to be appraised) and the appraisal problem. Data relevant to the subject property is obtained from various sources including but not limited to: the Monroe County Tax Appraiser's Office, surveys, building plans and specifications and the property owner. If possible, more than one source is utilized to confirm the information. Improvements, if applicable, are inspected and measured by the appraisers. If and when building plans or sketches are made available, the measurements are verified for accuracy. Land size is based on recorded plat maps, Monroe County public records, legal descriptions or surveys (when available). The local geographical market was researched and analyzed.

The appraisers describe the building improvements in detail, if applicable; these descriptions are based on a physical inspection and/or plans and specifications. The appraisers are not contractors nor structural engineers; therefore, structure soundness or damage cannot be warranted. The appraiser will note any apparent or potential problems such as deferred maintenance, water damage or spalding.

The Cost Approach consists of combining the estimated value of the land, based on comparable sales, with the depreciated value of the improvements. The vacant land sales are always inspected. The cost of the improvements is estimated by utilizing a cost service, Marshall and Swift, plus knowledge of costs to construct obtained from local contractors.

Exterior site visits of the comparable improved sales are always made; interior walk-through visits are made when possible. Sales prices for the comparable sales are obtained from the public records. Prices are customarily confirmed with a party to the transaction, i.e., buyer, seller, closing agent/attorney, or real estate agent. The public records are researched for mortgage terms and information.

The comparable sales are researched utilizing First America Real Estate Solution and Realist.com, (FARES), and Rapattoni, LoopNet, both computerized MLS (Multiple Listing System). All sources use data from the Monroe County Property Appraiser's Office, as well as, from the public records. The data is verified and compiled into sale sheets located within the Addenda of this report. Additional data sources include: newspaper clippings and the National Multiple Listing Service. Real estate agents in the market area are interviewed for the most current information on sales and listings. All of the information is analyzed in preparing the report and is utilized in supporting the indicated value.

The reader of the appraisal should be made aware that the valuation contained herein is based on a specific date. The value estimated on the specified valuation date will likely differ from the value one, two or three years in the future or in the past. The reader is advised to review the Assumptions and Limiting Conditions in Section, as well as, the Certificate of Value.

Finally, the three indicated values developed by the approaches, are reconciled to produce the final estimate of value. A brief description of each of the approaches to value follows:

THE COST APPROACH:

The Cost Approach is determined by taking the value of the land and adding to it the depreciated value of the present improvements. A separate land analysis is considered to determine the land value. This approach is based on the fact that a purchaser will not pay more for an existing property than the cost to reproduce it in a similar area, assuming that it could be reproduced without delay.

A purchaser would normally give little consideration to this value approach when his primary interest in the property is its income stream and desirable rate of return on his equity. The two major exceptions might be in the case of a purchaser who is acquiring a property for his own use and occupancy, an owner-user property, or in valuing a special use property. This approach was considered not applicable, as the subject property is vacant, unimproved land. Though the subject property was enclosed on three sides with chain link fencing, plus a masonry wall along the easterly boundary, which were not considered to have any contributory value.

THE INCOME APPROACH:

The Income Approach to value presumes that no prudent buyer will pay more for the subject property than the capitalized rental value attainable through ownership of the property. The buyer will only be willing to pay the present value of what he/she considers those future benefits to be. This approach is considered to be the strongest indicator of current fair market value when the property is purchased as an income-producing property having a reliable historical cashflow. In the case at hand, the appraisers considered the Income Approach but deemed it not applicable, as the subject property is vacant land, which is not typically leased in the subject's market area.

THE SALES COMPARISON APPROACH

This approach is also based on the Principle of Substitution. When applied, it states that when similar (comparable) properties in similar locations are adjusted for any dissimilarities, the value from these comparable properties can indicate an estimate of value. This approach was also considered a reliable indicator of value as the subject property is an investor type property.

The appraisers have been instructed to estimate a market value for the subject property; thus, we have considered some comparable sales of similar commercial land sales in the valuation of the subject property within the subject property's market area.

Each of the comparable sales indicates a unit of measure value based on its sale price. An analysis of the sales on a price per square foot of site area resulted in a relatively tight value range. In order to eliminate some of the disparities, we have also analyzed the comparable sales based on the linear foot of street frontage. Due to the differences between the subject property and the comparable sales, plus the amount of market data, the appraisers use a multi linear regression model. In valuing subject property using reliable land sales, the Sales Comparison Approach was considered to be the most reliable approach and was totally weighted in the final value conclusion.

THE COST APPROACH

The Cost Approach is determined by taking the value of the land and adding to it the depreciated value of the present improvements. A separate land analysis is considered to determine the land value. This approach is based on the fact that a purchaser will not pay more for an existing property than the cost to reproduce it in a similar area, assuming that it could be reproduced without delay. There can be complications in applying this approach, because identifying sales of vacant land to develop a value indication for the subject site can be difficult. Another problem in applying this approach arises if the building improvements are older, for accurately estimating the depreciation in older buildings is also difficult. Since estimates of depreciation will have a significant impact on the resulting value estimate, the reliability of the Cost Approach diminishes when valuing older properties.

In the case at hand, due to the fact that the subject property is vacant unimproved land, the Cost Approach was considered, but deemed as not applicable, in the case at hand.

THE INCOME APPROACH

The Income Approach to value presumes that no prudent buyer will pay more for the subject property than the capitalized rental value attainable through ownership of the property. The buyer will only be willing to pay the present value of what he/she considers those future benefits to be. The traditional Direct Capitalization Method analyzes what the subject property would rent for with analysis of the respective expenses.

However, this approach was not considered applicable in the valuation of the subject similar parcels are not typically rented for extended periods, commercial development is the highest and best use.

THE SALES COMPARISON APPROACH

The Sales Comparison Approach is an appraisal technique in which the market value estimate is based on the prices paid in actual market transactions and current listings. The actual transaction will fix the lower limits of value in a static or advancing market and higher limit in a declining market. It is a process of correlation and analysis of similar properties that recently sold in the subject's market area.

This approach is based upon the principal of substitution; that is, when a property is placed in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delays in making the substitution. The Sales Comparison Approach bases its value indication on sales of other similar properties in the area. These sales are analyzed and compared to the subject property. The Sales Comparison Approach bases its value indication on recent sales that are pertinent to the value of the subject property.

A. Market Data:

A thorough search was conducted for recent sales of commercial vacant parcels or which have been purchased for redevelopment within the Key West, Historic, Old Town market area. Recent land sales within the Old Town section of the City of Key West were found and analyzed. The sales indicate a relatively tight range of value and were considered reliable, and all are located within one and one-half miles of the subject property.

On the following pages, we have included a detail description of each sale and a resume of comparable sales. We feel these sales provide the best available indication of the subject's site value.

Resume of Comparable Land Sales												
Sale No.	Address	Sale Date	Sales Price	Value of Improvement	Adjusted Sales Price	Land Sq. Ft.	Front Foot	Location	Adjusted \$/Front Ft	Adjusted \$/SF Land	Zoning	
1	808 Southard St*	08/20/09	\$4,500,000	(280,000)	\$3,966,100	85,409	889.58	0.50	\$4,458	\$46.44	HNC-2/HHDR	
2	200 Blk. Simonton St.(5 Parcels) *	04/30/09	\$4,500,000	(597,500)	\$3,551,000	25,751	206.32	1.00	\$17,211	\$137.90	HRCC-1	
3	416-420 Southard Street	05/30/07	\$1,575,000		\$1,170,600	15,425	96.62	0.50	\$12,116	\$75.89	HRO	
4	119-135 Simonton Street*	03/01/07	\$10,000,000	(708,000)	\$6,729,000	52,685	439.93	1.00	\$15,296	\$127.72	HRCC-1	
5	511 Greene Street *	02/16/04	\$4,800,000	(2,705,000)	\$2,009,700	18,758	279.00	0.75	\$7,203	\$107.14	HRCC-1	
6	1316 Duval Street	08/18/00	\$1,050,000		\$1,412,000	19,775	100.00	1.00	\$14,120	\$71.40	HCT	
Subj.	250 Trumbo Road	NA	NA	NA	NA	67,320	382.00	0.50	NA	NA	HRC C-2	
Location: Downtown=1												
Valuation Date :		03/23/10	Average		\$3,139,733	36,301	335.24		\$11,734	\$94.41		
Appreciation Rate (1999-2006)		8.0 %	Median		\$2,780,350	22,763	242.66		\$13,118	\$91.51		
Depreciation Rate (2007-2010)		-10.0 %	Minimum		\$1,170,600	15,425	96.62		\$4,458	\$46.44		
Market Peak Date		12/31/06	Maximum		\$6,729,000	85,409	889.58		\$17,211	\$137.90		

* Indicates properties which have the depreciated improvements extracted from the sales price to derive the land values.

Note: The market peaked toward the end of 2006 and began to decline thereafter. Hence, the appraisers have considered a market conditions (“time”) adjustment based on an 8% appreciation rate per annum until the end of 2006 and a 10% depreciation rate per annum until the effective date of the appraisal. All sales were adjusted for appreciation and subsequent depreciation over time.

LAND SALE 1

PROPERTY TYPE: Previous Harris School Building

CURRENT USE: Planned Conversion to Office

PROPERTY LOCATION: 808 Southard Street

DATE OF SALE: 8/20/09 **DAYS ON MARKET:** 0

SALE PRICE: \$4,500,000 **LISTING PRICE:** \$8,500,000 **RATIO:** 53%

PURCHASE PRICE:	Total Purchase Price	\$4,500,000
	Less Depreciated Value of Improvements	<u>\$ 280,000</u>
	Extracted Land Value	\$4,220,000

GRANTOR: Monroe County School Board **GRANTEE:** 808 Southard Street, LLC

DOCUMENT TYPE: Warranty Deed **OFFICIAL RECORD BOOK:** 2428 PAGE:550

LEGAL DESCRIPTION: KW PT Lots 2 & 3, SQR 58, A2-396

PARCEL ID: 00011470-000000 **ALTERNATE KEY#** 1011771

VERIFICATION: Selling Agent, School Board, MLS, Site visit, Appraisal Report

FINANCING: Cash to Buyer **CONDITIONS OF SALE:** Arm's Length Transaction

PRIOR SALES LAST 3 YEARS: None

LAND SIZE: 85,409 SF **BUILDING AREA:** 17,543 SF

FLOOR AREA (BUILDING TO LAND) RATIO: 0.21

ZONING: HNC-2/ HHDR

BUILDING DESCRIPTION: Old School Structure, Two Story

CONSTRUCTION: CBS/Masonry

LAND SALE 1 (Continued)

CONDITION: Fair

YEAR BUILT: 1905

PARKING: 40 Spaces On-site

WATERFRONT: No

SALES PRICE PER SQUARE FOOT OF GBA: \$255.51

SALES PRICE PER SQUARE FOOT OF SITE AREA: \$49.41

SALES PRICE PER LINEAR FOOT OF FRONTAGE: \$4,743.81

COMMENTS: This property consists of a former elementary school facility containing a gross building area of 17,543 square feet. The only structure on the site was originally built in 1905, according to historical sources as an elementary school. The property was utilized as an elementary school until 1982, when it was no longer needed by the Monroe County School Board. Subsequently, the property has been occupied by several public service agencies and Monroe Association for Retarded Citizens (MARC) House. There were formerly six additional buildings that were razed in 2008 and was appraised by this office. The historic school building is presently vacant. The estimated contributory value of age improvements (\$280,000) were deducted from the sale price to obtain the extracted land value.

The survey was prepared by Mr. Frederick H. Hildebrandt, Inc., Professional Land Surveyor, Drawing Number 98-199, dated July 25, 1999. The improvements are situated on an irregular-shaped site containing a total of 85,409 square feet with 297.6 feet of frontage along the southerly side of Southard Street, and 291 feet along the westerly side of Margaret Street and 300.98 feet fronting along the northerly side of Carsten's/Kelsey Lane. Since Carsten Lane is very narrow, we have utilized the total street frontage on Southard and Margaret Streets in our analysis. This sale is located approximately five blocks southwesterly from the subject property. This property was appraised by this office.

APPRAISED BY OUR OFFICE Yes

FILE NUMBER:

273-09



LAND SALE 2

LOCATION: 200 Block Simonton Street, Old Town, Key West

COUNTY APPRAISER PARCEL NO: 00001111-000400, -000500, -000600, -000700, -000800

ZONING: HRCC-1

GRANTOR: Spottswood Partners II, Ltd.

GRANTEE: Peter N. Brawn

DATE OF SALE: 4/30/09

OFFICIAL RECORD BOOK: 2410 **PAGE:** 2243

VERIFICATION: Listing Agent, Site Visit, Public Records, Appraisal

LAND SIZE: Irregular Shaped Interior Parcels, 166.32 Ft. on Simonton St., and 40 Ft. on Ann St.

AREA: 25,751 square feet

PURCHASE PRICE: Total Purchase Price	\$4,500,000
Less Depreciation Value of Improvements, plus contributory value of ROGO Units	<u>\$ 597,500</u>
Extracted Lane Value	\$3,902,500

PRICE PER SQUARE FOOT LAND: \$ 151.54

PRICE PER FRONT FOOT LAND: \$ 18,915

HIGHEST AND BEST USE: Mixed Use Development - Office/Residential

TERMS OF SALE: Cash to Seller

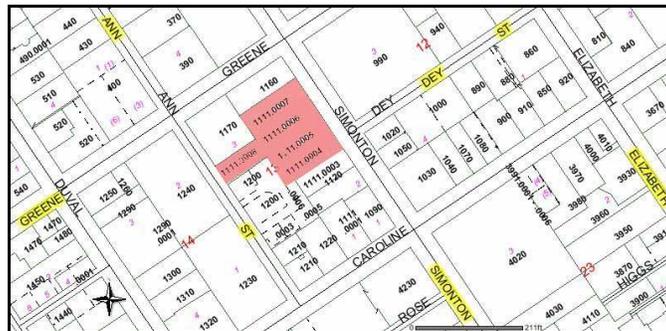
INTEREST CONVEYED: Fee Simple

2008 TAX ASSESSMENT:

2008 Land Assessment:	\$3,054,337
2008 Tax Burden for Land Only :	\$27,164
2008 Tax Burden Per Square Foot of Land:	\$1.05/ S.F.

LAND SALE 2 (CONTINUED)

COMMENTS: This 5 contiguous parcel, land sale, contains approximately 25,751 square feet, 5 ROGO units with transient rental capacity (although they did not appear to be utilized as such) and is located five blocks westerly from the subject property. This site is mainly scarified, currently utilized as a parking lot. The main tourist attractions are located within a few blocks southwesterly from this location. The depreciated value of the small building improvements and the cost of the ROGO units were deducted to arrive at the extracted land value. According to the selling agent, the buyer paid a premium because he owns the adjoining property at 512 Greene Street.



LAND SALE 3

LOCATION: 416-420 Southard Street, Old Town, Key West

COUNTY APPRAISER PARCEL NO: 00012670-000000

ZONING: HRO

GRANTOR: Old Town Key West Development, LTD

GRANTEE: Key West Office Management, Inc.

DATE OF SALE: 5/30/07

OFFICIAL RECORD BOOK: 2301 **PAGE:** 550

VERIFICATION: Site Visit, Public Records, Appraisal

LAND SIZE: Rectangular Shaped Corner Lot, 96.62 Ft. on Southard St., by 151'on Lang Milian Alley (Very Narrow)

AREA: 15,425 square feet

PURCHASE PRICE: \$1,575,000

PRICE PER SQUARE FOOT LAND: \$ 102.11

PRICE PER FRONT FOOT LAND: \$ 16,301

HIGHEST AND BEST USE: Mixed Use Development - Office/Residential

TERMS OF SALE: Conventional Bank Financing of 77.8% of Purchase Price

INTEREST CONVEYED: Fee Simple

2007 TAX ASSESSMENT:

2007 Land Assessment:	\$1,355,686
2007 Tax Burden for Land Only :	\$11,187
2007 Tax Burden Per Square Foot of Land:	\$0.73/ S.F.

LAND SALE 3 (CONTINUED)

COMMENTS: This comparable's land sale was the most recent land sale with commercial zoning. The property consists of a corner parcel of land containing 15,425 square feet with 96.62 feet fronting on Southard Street and 151 feet fronting on Lang Milian Alley. This comparable is located at the southwesterly corner of Southard Street and Land Milian Alley. The property was unimproved and scarified with some fencing and a small utility shed.

This comparable has a good corner and is located one-half block westerly of Duval Street. The property is located about 9.5 blocks southwesterly from the subject property. This sale is an arm's length transaction that was financed with a conventional bank mortgage of \$1,225,000 or 77.8% of the purchase price. This property was appraised by our office at the time of sale.



LAND SALE 4

LOCATION: 119-135 Simonton Street, Old Town, Key West

COUNTY APPRAISER PARCEL NO: 00000240-000000

ZONING: HRCC-1

GRANTOR: City Parking Systems, LLC and Old St. Pete Development Corporation

GRANTEE: Key West '07, LLC

DATE OF SALE: 3/01/07

OFFICIAL RECORD BOOK: 2278 **PAGE:** 1977

VERIFICATION: Site Visit, Public Records, Buyer, Seller, Appraisal

LAND SIZE: Irregular Shaped Lot, 298.1 Feet on Simonton Street and 141.83 Feet on Greene Street

AREA: 52,685 square feet

PURCHASE PRICE: Total Purchase Price	\$10,000,000
<u>Less Depreciated Value of Improvement</u>	<u>-\$708,000</u>
Estimated Land Value (Extracted)	\$9,292,000

PRICE PER SQUARE FOOT LAND: \$ 176.37

PRICE PER FRONT FOOT LAND: \$ 21,122

HIGHEST AND BEST USE: Mixed Use Development

TERMS OF SALE: Conventional Bank Financing of 100% of Purchase Price \$10,586,000, sales price not affected

INTEREST CONVEYED: Fee Simple

2007 TAX ASSESSMENT:

2007 Land Assessment:	\$6,941,016
2007 Tax Burden for Land Only :	\$57,531
2007 Tax Burden Per Square Foot of Land:	\$1.09/ S.F.

LAND SALE 4 (CONTINUED)

COMMENTS: This property consists of two individual contiguous parcels. The southerly portion of the subject fronts 298.1 along the easterly side of Simonton Street and 141 feet along the northerly side of Greene Street; the parcel is situated at the northeast corner of Simonton and Greene Streets. The second parcel is improved with open lumber storage buildings and three enclosed warehouses. The entire site is slightly irregular shaped and contains an estimated 144 parking spaces available at the time. The buyer purchased this lot for future development, including 20 townhouses. According to the seller, the property was sold with no residential development entitlements. Thus, the buyer has purchased the required residential ROGO permits on the open market. The sale was an arm's length transaction with conventional financing. According to the listing agent, this comparable will operated as a parking lot until such time as it is commercially developed. This sale is located six blocks northwesterly from the subject and was appraised by this office in the past.



LAND SALE 5

LOCATION: 511 Greene Street, Old Town, Key West

COUNTY APPRAISER PARCEL NO: 00000400-000000

ZONING: HRCC-1

GRANTOR: CB Key West, LLC

GRANTEE: 511 Greene Street, LLC

DATE OF SALE: 2/16/04

OFFICIAL RECORD BOOK: 1979 **PAGE:** 0994

VERIFICATION: Site Visit, Public Records, Buyer, Seller, by James Wilson.

LAND SIZE: Rectangular Shaped Lot, with approx. 113 feet on Greene Street and 166' on Ann Street

AREA: 18,758 square feet

PURCHASE PRICE: Total Purchase Price	\$4,800,000
<u>Less Depreciated Value of Improvement</u>	<u>-\$2,705,000</u>
Estimated Land Value (Extracted)	\$2,095,000

PRICE PER SQUARE FOOT LAND: \$ 111.69

PRICE PER FRONT FOOT LAND: \$ 7,509

HIGHEST AND BEST USE: Retail/Restaurant Redevelopment

TERMS OF SALE: Conventional Bank Financing of 75% of Purchase Price \$3,609,000
Adjustable Rate Mortgage with 20 year amortization.

INTEREST CONVEYED: Fee Simple

2004 TAX ASSESSMENT:

2004 Land Assessment:	\$1,125,480
2004 Tax Burden for Land Only :	\$12,394
2004 Tax Burden Per Square Foot of Land:	\$0.66/ S.F.

LAND SALE 5 (CONTINUED)

COMMENTS: This sale is an arm's length transaction that was financed with a conventional mortgage in the amount of \$3,600,000 or about 75% of the purchase price. This comparable is the sale of an improved site at the northwest corner of Greene and Ann Street, located 6.5 blocks northwesterly from the subject property. This sale was personally inspected and appraised by our office at the time of sale. The sale price was \$4,800,000 with the depreciated value of the site improvements considered and deducted from the sale price in order to arrive at an extracted land value for this comparable. This parcel consisted of 18,758 square feet or 113 front feet of land on Greene Street, plus 166 feet on Ann Street.



LAND SALE 6

LOCATION: 1316 Duval Street

KEY (ISLAND): Key West

COUNTY APPRAISER PARCEL NO.: 00036170-000000

ZONING: HCT

GRANTOR: Southernmost, LTD.

GRANTEE: Wings of Imagination, Inc.

DATE OF SALE: 8/18/2000

OFFICIAL RECORD BOOK: 1649 **PAGE:** 4

LAND SIZE: 100' Frontage x 197.75 feet

AREA: 19,775 sq.ft.

PURCHASE PRICE: \$ 1,050,000

PRICE PER SQ. FT.: \$ 53.10

PRICE PER FRONT FOOT: \$ 10,500

HIGHEST AND BEST USE: Commercial Development

TERMS OF SALE: Cash to Seller

INTEREST CONVEYED: Fee Simple

2000 TAX ASSESSMENT:

Total Assessment: \$ 673,072

2000 Tax Burden: \$9,684.03

2. Valuation Regression Analysis:

These comparables were the most similar recent comparables and were the most reliable in valuing the subject property. Due to the lack of paired sales data, percentage adjustments and/or comparisons were not utilized. Instead, we have considered a linear regression analysis of the comparables based on reasonable units of measure. We have found a tight correlation between the land square footage, main street frontage, location and the adjusted sales price.

The x-variables, two independent variables, is the land site size, main street frontage and location for each comparable. The y-variable, dependent variable, is the comparables adjusted sales price. This data population sample of the comparable sales indicates a tight correlation which is measured by the R² of the data set. In the case at hand, a correlation of +0.700 was indicated. Correlations near 1.0 are considered most reliable; therefore, the subject’s correlation is considered reliable, and the population sample appears appropriate in our valuation model and can be considered credible in the units of measure for the subject property. The computer analysis of this model indicated the following values:

Intercept =	(\$2,734,352.94)		
	Land Area SF₁	Front LF₂	Loc. ₃
Subject Coefficients	67,320	382	0.50
B_n	\$74.45	(\$1,355.09)	\$4,579,892.07

In equation form, the regression model looks like this:

$$Y = (X_1b_1) + (X_2B_2) + (X_3B_3) + \text{Intercept}$$

$$Y = (67,320 \times \$74.45) + (382 \times \$-1,355.09) + (0.50 \times \$4,579,892.07) + -\$2,734,352.94 = \$4,049,923.$$

Land Valuation Summary

Adjusted sale price per square foot of land for the comparable ranged from \$46.44 to \$137.90 with a mean of \$94.44 and a median of \$91.51 per square foot. While the dollars per front foot for the comparables ranged from \$4,458 to \$17,211, with the mean of \$11,734 and the median of \$13,118 per linear foot. The indicated value for the subject was considered credible and reliable as the dollar per square foot of land calculates to \$59.42 per square foot and the dollars per linear foot calculated at \$10,471 per linear front foot. Our estimated value per square foot is near the lower range of the sales due to the larger size and the off-beat location of the subject. Furthermore, the appraisers’ note that the subject property is larger than all but one of the comparable sales, as there have not been many recent sales of property this large within the market

area. Typically, the dollars per square foot is inversely related to the site size, in other words the larger the site the lower the dollar per square foot. However, the value per linear front foot is near the mid-part of the range. The location was deemed to be 0.50 due to the proximity to Key West Bight and the relative distance to the tourist attractions of Mallory Square and the main shopping/entertainment district of Duval Street. These values are well supported by the Simonton Street sales.

Land Value Indicated for Subject Property by the Sales Comparison Approach (Rounded): **\$4,000,000**

RECONCILIATION AND CONCLUSION

The following indications of property value have been developed in our analysis of market data.

<u>Reconciliation</u>	
250 Trumbo Road, Key West, Florida 33040	
Valuation Method:	Fee Simple Interest
Cost Approach	Not-Applicable
Income Approach	Not-Applicable
Sales Comparison Approach	\$4,000,000
"As Is" Market Value of the Fee Simple Estate as of March 23, 2010 (Rounded):	\$4,000,000

The greatest weight is given to that approach in which the appraiser has the highest degree of confidence. This implies a minimum of assumptions and a sufficient quantity of data. Based on analysis of the real estate market activity in the subject property market area, and after considering the applicability and reliability of each of the three value indications derived by the Cost, Sales Comparison and Income Approaches. It is the appraisers' opinion that the Market Value of the subject property is most reliably indicated by the Sales Comparison Approach which was totally weighted, due to recent land comparable sales. The Cost Approach, due to vacant, undeveloped parcel, was considered but deemed as not-applicable. The Income Approach was also considered but deemed at not applicable due to the limited ground leases in the subject's market area.

No responsibility is assumed by the Appraiser for matters which are of legal nature, nor is any opinion on the title rendered herewith. Good title is assumed as a title search was not made available.

The Sales Comparison Approach is a direct measure of the buying and selling behavior of the participants in the real estate market. This approach directly measures what sellers are accepting and buyers are paying for property. Therefore, if a significant number of comparable sales have occurred and are available for analysis, then the Sales Comparison Approach becomes an important method in developing a value indication. The appraiser included many sales of the similar properties "ready" for redevelopment within the subject's market area for subject property. The comparables demonstrate an active market, as well as a reliable correlation and resulting value estimate for the subject. This approach was considered the most reliable in the final "As Is" Market Value estimate for the subject property; thus, was totally weighted.

Based on market analysis, site visit and research, it is our opinion that the "*As Is*" Market Value of the *Fee Simple Interest* of the subject property, commonly known as Vacant Parcel, 250 Trumbo Road, Key West, Florida, subject to definitions, assumptions and limiting conditions, as of March 23, 2010, is:

FOUR MILLION DOLLARS
(\$4,000,000)

No personal property has been included in this valuation.

ASSUMPTIONS AND LIMITING CONDITIONS

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraiser inspected the subject site and both the exterior and interior of the improvements. Information on comparable land and improved sales were gathered, confirmed, and analyzed. This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-4(b) the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Such discussion of the data would not change the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

In preparing this appraisal, the appraisers visited the subject site and a physical walk-through of the improvements. Information on comparable improved sales and rentals was gathered, confirmed, and analyzed.

The appraisers performed a summary appraisal report, as defined by the Uniform Standards of Professional Practice. This summary appraisal report is a synopsis of the appraisers' analyses and conclusions. Supporting documentation is retained in the appraisers' file.

THIS VALUATION IS CONTINGENT UPON THE FOLLOWING CONDITIONS:

The subject property consists of a rectangular-shaped, 67,320 square foot or 1.55 acre corner site, which fronts approximately 382 feet along the easterly side of Trumbo Road and approximately 195 feet in depth along an access road to the District School Board of Monroe County. The subject property is vacant undeveloped commercial land that has been scarified.

A survey of the subject property was not made available. The site size and measurements were taken from the Monroe County Tax Appraisers plat map and the legal descriptions. However, the Monroe County School Board has an ingress/egress arrangement through the subject site. No easements or encroachments were noted on the strip map. Valuation is reported without regard to questions on boundaries. No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed. Any deviations from these sizes may result in a change in value. If and when, an updated survey is made available for the subject property, noting changes in the measurements used in this report, the appraisers reserve the right to change the final value. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not

measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed.

This appraisal is to be used in whole and not in part, in particular, no part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraisers or firm with which he or she is connected.

The distribution of value between land and building applies only under the present program of utilization and is invalidated if used in making a summation appraisal.

No responsibility is assumed by the Appraisers for matters which are of legal nature, nor is any opinion on the title rendered herewith. Good title is assumed as a title search was not made available.

The property has been appraised as though free of liens and encumbrances, except as herein described. Charges for solid waste collection are a special assessment in Monroe County; delinquent charges for solid waste collection, or other liens against the subject property have not been considered in the valuation contained herein as a title search was not made available or conducted by the appraisers.

The management of the property is assumed to be competent and the ownership in responsible hands.

At the time of site visit the subject property was vacant, currently utilized as vehicle storage and as a site for the Municipal Sanitary Sewerage Transfer Station.

This report contains the results of our investigation and analysis made in order to furnish an estimate of the "*As Is*" Market Value of the Fee Simple Interest of the property described herein. Since, the subject is vacant and not encumbered by a long-term lease, a Leased Fee valuation was not applicable. However, the reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

The Appraisers herein are not required to give testimony in court unless arrangements have been previously made thereof.

The Appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraisers assume no responsibility for such conditions, or for engineering which might be required to discover such factors.

Information, estimates and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraisers can be assumed by the Appraisers.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific survey or analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, a possible noncompliance with the requirements of the ADA in estimating the value of the property has not been considered.

Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraisers are affiliated.

The undersigned Appraisers have no present or contemplated future interest in the property and the compensation is in no manner contingent upon the value reported.

Possession of this report does not carry with it the right of publication or advertisement of any of its conclusions, nor may any except the applicant use the same for any purpose without the previous written consent of the appraiser or the applicant.

In this appraisal assignment, the existence of potentially hazardous material, such as the presence of radon, asbestos insulation and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which the Appraisers are affiliated.

This appraisal report is in conformity with the Uniform Standards of Professional Appraisal Practices and this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The appraisers are not experts in the field of environmental hazards. An expert in the field is recommended if desired, as no environmental tests were made by the appraisers.

The discovery of latent conditions is beyond the scope of this appraisal. Detection of latent conditions requires the expertise of qualified persons such as architects and engineers. Latent conditions include, among other things, non-apparent structural conditions; presence of prohibited hazardous wastes; presence of radon gas, methane gas, asbestos, lead, petroleum products and other air, soil, or water contaminants; and many other conditions too numerous to mention which may affect the value of the property being appraised. The appraisers conducting this appraisal are not qualified to detect latent

conditions and have conducted this appraisal upon the assumption that no latent conditions (including those mentioned above and others) exist on the property covered by this appraisal.

ACCORDINGLY NOTICE IS HEREBY GIVEN that neither the appraisers conducting this appraisal, nor the APPRAISAL COMPANY OF KEY WEST make any warranty, express or implied, to property covered by this appraisal, and neither shall have any liability to any person for differences in the value of the appraised property, or other damages, resulting from discovery of latent conditions (including those mentioned above and others) on, or in proximity to, the appraised lands.

We hereby certify that to the best of our knowledge and belief the statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct; also this report sets forth all the limiting conditions affecting the analyses, opinions and conclusions contained in this report; also this report has been made in conformity with the Appraisal Institute.

CERTIFICATE OF APPRAISAL

WE HEREBY CERTIFY THAT UPON APPLICATION FOR VALUATION BY:

MS. MARILYN D. WILBARGER, RPA, CCIM
CITY OF KEY WEST

We have personally examined the following property:

Commonly Known as:
Vacant Parcel
250 Trumbo Road
Key West, Florida 33040

Based on market analysis, site visit and research, it is our opinion that the *"As Is" Market Value of the Fee Simple Interest* of the subject property, commonly known as Vacant Parcel, 250 Trumbo Road, Key West, Florida, subject to definitions, assumptions and limiting conditions, as of March 23, 2010, is:

FOUR MILLION DOLLARS
(\$4,000,000)

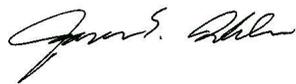
No personal property has been included in this valuation.

WE ADDITIONALLY 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, opinion, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- " We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. We have previously appraised the subject property within the three years of the effective date. The last appraisal report for the subject property has an effective valuation date of November 10, 2005.
- " 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 a direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- " Our 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.
- " Our reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- " The use of this report is subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board of the Department of Professional Regulations, Division of Real Estate.
- " The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- " James E. Wilson and Alan J. Toriello have made a site visit of the subject property.
- " No one has provided significant professional assistance to the persons signing this report.

APPRAISAL COMPANY OF KEY WEST



James E. Wilson, President
State-Certified General Real Estate Appraiser
License No. RZ 2164



Alan J. Toriello
State-Certified General Real Estate Appraiser
License No. RZ 3235

PHOTOGRAPHS OF SUBJECT NEIGHBORHOOD



Front View of Subject Looking Southwesterly Along Trumbo Road



Front View Looking Southeasterly Along Trumbo Road-Depicting Sanitary Transfer Station and Vehicle Storage to Left

PHOTOGRAPHS OF SUBJECT NEIGHBORHOOD



Side View of Subject Property Looking Southeasterly-Depicting the Masonry Wall Along the Contiguous Boundary to the School Board Administration Complex



Side View of Subject Property Looking Southeasterly Along the Boundary with “Old Steam Plant” Development

PHOTOGRAPHS OF SUBJECT PROPERTY



Subject Property Looking Northeasterly From Rear Masonry Wall



View of Key West Bight Looking Northerly From Trumbo Road

PHOTOGRAPHS OF SUBJECT PROPERTY



Street Scene Looking Northeasterly Along Trumbo Road with Subject to Right



Street Scene Looking Southwesterly Along Trumbo Road with Subject to Left



PROFESSIONAL QUALIFICATIONS

JAMES E. WILSON, III

James E. Wilson has been a resident of South Florida since 1976. His education includes a Bachelor of Science in Business Administration with a Major in Economics from the University of Florida, 1987-1991. His experience in the real estate industry began in early 1992 as a residential real estate appraiser in Pompano Beach, Florida. He appraised a wide variety of single and multi-family residential properties in Dade, Broward, and Palm Beach counties over a two-year period. In the search of advancement and challenge, James Wilson moved to the City of Key West, Monroe County, Florida in order to obtain experience and practice commercial real estate appraisal valuation techniques in a demanding and somewhat unique market area. Over the past 17 years James has been exposed to a wide-range of appraisal projects, including highest and best use studies, complex property appraisals, and wetland and environmentally sensitive valuations including transferrable development rights. His appraisal experience includes financial and investment analysis, appraisal review, feasibility and planning analysis, as well as market research and analysis. James Wilson has strived from a State Registered Real Estate Appraiser (apprentice) to a State Certified Residential Real Estate Appraiser to a State Certified General Real Estate Appraiser (licensed to perform residential and commercial appraisals) and a General Associate Member of the Appraisal Institute. He has passed the General Comprehensive Test of the Appraisal Institute and is completing the Demonstration Report, in order to fulfill the remaining requirements to become a Member of the Appraisal Institute (MAI).

Education: **SOUTH BROWARD HIGH SCHOOL**, Hollywood, FL, 1987.

UNIVERSITY OF FLORIDA, Gainesville, Florida - Bachelor of Science in Business Administration - Major in Economics, 1987-1991.

APPRAISAL INSTITUTE

Appraisal Reporting of Complex Residential Properties, October, 1993.

Persuasive Style in Narrative Appraisal Reports, May, 1994.

ACE 1779 - "Special Purpose Properties - The Challenge of Real Estate Appraising in Limited Markets", September, 1996.

410 Standards of Professional Practice, Part A (USPAP), 8/97.

420 Standards of Professional Practice, Part B, August, 1997.

520 Highest & Best Use and Market Analysis, October, 1997.

Non-Conforming Uses Seminar, January, 1998.

510 Advanced Income Capitalization, May, 1998.

530 Advanced Sales Comparison & Cost Approach, May, 1998.

540 Report Writing & Valuation Analysis, August, 1998.

550 Advanced Applications, February, 1999.

Regression Analysis in Appraisal Practice: Concepts & Applications, Seminar, March, 2000.

General Demonstration Appraisal Report Writing Seminar, March, 2000.

800 Separating Personal & Real Property from Intangible Business Assets, March, 2002.

Successful Completion of the General Comprehensive Examination for the Appraisal Institute

Uniform Appraisal Standards for Federal Land Requisitions, March, 2007

General Demonstration Appraisal Report Writing Seminar, August, 2007

Valuation of Conservation Easements, January, 2008.

Appraising Distressed Commercial Real Estate, June, 2009

Professional Qualifications of James E. Wilson, III (Continued)**GOLD COAST SCHOOL OF REAL ESTATE (Continued)**

Real Estate Principles, Practices, and Law - FREC Course I, May, 1992.

Salesman Post-License Program, February, 1994.

Mortgage Broker, Exam-Prep Program, September, 1992.

AB I - Appraisal Board - Fundamentals of R.E. Appraising, 5/92.

AB II - Appr. Board - Appraising Resid. & Income Properties, 2/94.

AB IIb - Appraisal Board - Cert. Resid. Appraisal Course, 7/94.

AB III - Appraisal Board - Certified General Appraisal Course (Income Capitalization Course), February, 1995.

USPAP - Uniform Standards of Professional Appraisal Practice, 6/92.

USPAP Course, September, 1995.

A-102 - Plan Reading for Appraisers, September, 1995.

National USPAP Update Course, June 2006

Techniques of Income Property Appraisal, June 2006

McKISSOCK DATA SYSTEMS

Automated Valuation Models, October, 2000.

Uniform Standards of Professional Appraisal Practice, October, 2000.

Factory Built Housing, October, 2000.

Appraiser Liability, September, 2002.

Appraising Nonconforming & Difficult Properties, September, 2002.

Appraiser Liability, USPAP, September, 2002.

Appraising for the Secondary Market, October, 2004

Appraising High-Value Residential Properties, October, 2004

Florida Laws and Regulations, October, 2004

Limited Appraisals and the Scope of Work Decision, October, 2004

National USPAP Equivalent, October, 2004

Florida Laws and Regulations, September 2006

Disclosures and Disclaimer, September, 2006

Appraisal Trends, September 2006

National USPAP Update Equivalent(2008-2009), November, 2008.

Introduction to Expert Witness Testimony, November 2008

Mortgage Fraud-Protect Yourself, November, 2008.

Florida Appraisal Supervisor-Trainee Roles and Relationships, November, 2008.

Florida Laws and Regulations, November, 2008.

VALUE INFORMATION TECHNOLOGY, INC.

"Perspectives on Appraisals" FREAB Course ACE#1591, June, 1995.

NORTH BROWARD BOARD OF REALTORS

ACE 591 - Basics of Construction - How a Florida Home is Built II, January, 1994.

Certification:

State Certified General Real Estate Appraiser, as designated by the Department of Professional Regulation, State of Florida; Registration No. RZ 0002164.

Licensed Real Estate Salesperson, as designated by the Department of Professional Regulation, State of Florida; License No. SL 0589552 (currently inactive).

Professional Associations:

Key West Board of Realtors

General Associate Member of the Appraisal Institute

Affiliations: Past President of the Key West Gator Club (Alumni Organization of the University of Florida)
 Member of Class VIII, Leadership Monroe County
 Board Member of the Rotary Club of Sunset Key West
 2009 Treasurer, 2010 Vice President, Board of the Key West Chamber of Commerce

Experience: **WILCO VALUATIONS, P.A. d/b/a APPRAISAL COMPANY OF KEY WEST**, James Wilson, President and his wife, Maria Virginia Wilson, also a State Certified General Real Estate Appraiser purchased the Appraisal Company of Key West from Mr. Richard Padron in April, 2004. Mr. Padron has continued to be a Fee Commercial Real Estate Appraiser with the Appraisal Company of Key West, which will ensure continuity and quality control.

APPRAISAL COMPANY OF KEY WEST, INC., Fee Commercial Real Estate Appraiser, April, 1994 to April, 2004.

F.C.P. APPRAISAL SERVICES, INC., Senior Real Estate Appraiser and Trainer, May, 1992 to April, 1994.

Appraised various types of properties in the Florida Keys, including:

- | | |
|-----------------------|--|
| Retail Stores | Commercial/Residential Condominiums |
| Restaurants | Full-Service Marinas/Boat Yards |
| Strip Centers | Environmentally Sensitive Acreage |
| Office Buildings | Industrial Uses |
| Mixed-Use Properties | Guest Houses /Hotels/Motels |
| Service Stations | Mobile Home and RV Parks |
| Multi-family Projects | Warehouse (including mini-storage) |
| Proposed Developments | Special-Use Properties including Schools |
| Single-family Estates | Seafood Processing Plants |

APPRAISER CERTIFICATION

AC# 4148027		STATE OF FLORIDA	
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION			
FLORIDA REAL ESTATE APPRAISAL BD			
			SEQ# L08111801936
DATE	BATCH NUMBER	LICENSE NBR	
11/18/2008	087037694	RZ2164	
The CERTIFIED GENERAL APPRAISER			
Named below IS CERTIFIED			
Under the provisions of Chapter 475 FS.			
Expiration date: NOV 30, 2010			
WILSON, JAMES E		FL 33045-2152	
3229 FLAGLER AVE #101			
KEY WEST			
CHARLIE CRIST		CHARLES W. DRAGO	
GOVERNOR		SECRETARY	
DISPLAY AS REQUIRED BY LAW			

Professional Qualifications

Alan J. Toriello, BSME, MBA

Alan Toriello has a vast breath and depth of experiences in the areas of industrial, institutional, health care, commercial, and educational properties. These experiences range from management of physical plant, training and motivation of personnel, labor relations (union/non-union), financial budgets and projections, military purchasing, and site evaluations. Geographically, these work environs cover 25 states, inner-city and rural, and recently within the Florida Keys.

Business proficiency includes entrepreneurial as well as corporate, retail and service sector, health care to solid waste management, metropolitan to rural, and private to governmental.

Education:

Bachelor of Science in Mechanical Engineering (BSME)
Pennsylvania Military College 1962

Master of Business Administration (MBA)
Widener University 1983

Basic Appraisals Principles of Professional Appraisal (Appraisal Institute)
Florida International University 2005

Basic Appraisal Practices (Appraisal Institute)
Florida International University 2005

National Uniform Standards of Professional Appraisal Practice-15 Hr Course (USPAP)
Gold Coast Professional School of Real Estate 2005, 2008

FHA-Residential Handbook, Course #4150.2, Gold Coast 2006

Techniques of Income Property Appraisal,, Gold Coast 2006
Income Capitalization, #310 (Appraisal Institute)
Florida Atlantic University 2006

Mastering Real Estate Appraisal Course II (AB II-Residential)
Gold Coast Professional School of Real Estate 2007

FREAB-General Appraisal Course III (AB III-Commercial/Investment Analysis)
Gold Coast School of Real Estate, 2007

Florida Law-Appraisal Institute-2006, 2008, 2010

Roles and Rules for Supervisor & Trainee- Appraisal Institute-2008, 2010

Appraising Distressed Commercial Real Estate-Appraisal Institute-2009

Valuation for Financial Reporting-Appraisal Institute-2009

National Uniform Standards of Professional Appraisal Practice-7 Hour Course (USPAP)
Appraisal Institute-2010

Business Practices and Ethics-Appraisal Institute-2010

Hotel Appraising-New Techniques for Today's Uncertain Times-Appraisal Institute-2010

Certification:

Emergency First Aid and Light Rescue
American Red Cross 1964

Certified Plant Engineer (CPE)
American Industrial Plant Engineer Association 1974

Life Safety Codes NFPA101
National Fire Prevention Association 1975

Medical Reserve Core (Fl. Dept. Of Health)
Middle Key Team Leader 2009

CPR/AED Resuscitation for Adults and Children
Florida Department of Health-2009

State-Certified General Real Estate Appraiser 2008-10
Licence RZ 3235

Affiliations:

Appraisal Institute, Associate Membership, #471486
Chicago, Illinois

South Florida Chapter of the Appraisal Institute
Commercial Division, Region X

Experience:

US Army Security Agency (Top Secret/Crypto)
Headquarters, Washington DC 1962-1965
General Staff, G4, Purchasing/Budget Div.

Central Bergen Heating and Air Conditioning
Sales Engineer 1965-1970

Contex Fuel Companies
Sparta, New Jersey 1970-1975
General Manager/Corporate VP

ServiceMaster Industries, Inc.
 Support Engineer-Health Care Facilities 1975-1984
 Regional Sales Manager (Education Division) 1984-1990
 National Sales Manager (Industrial Division) 1990-1995

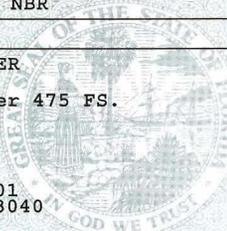
Quality Home Furnishings (20,000sq ft. retail store), Key West, Florida
 Co-owner w/ Spouse 1995-2005

Wilco Valuations, PA d/b/a: Appraisal Company of Key West
 Commercial Appraisals-August 2005 to Present

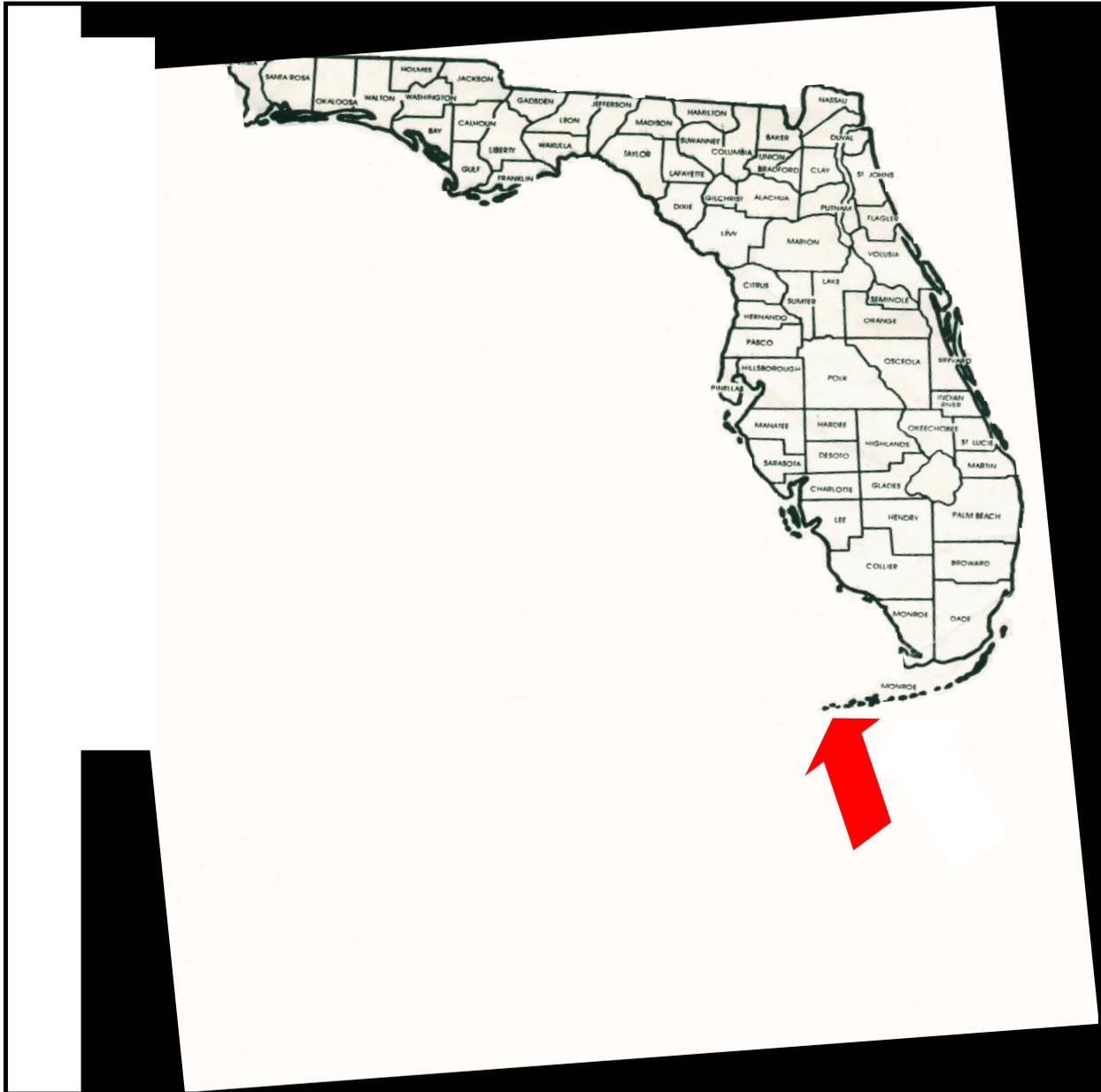
Appraised Various Types of Properties in the Florida Keys, including:

- Commercial/Residential Condominium
- Market Rent Analysis
- Replacement Cost New (RCN)-For Insurance Purposes
- Mixed-Use Properties
- Office Buildings-Professional, Medical, Owner-occupied
- Retail Stores- Leased/Sold
- Restaurant/Bar, Package Store- Liquor Licenses
- Shopping & Neighborhood Strip Centers
- Proposed Development
- Retrospective-Estate Property
- Distressed Commercial Real Estate, Foreclosures and Liquidation Valuations
- Special Use Properties-Schools, Gas Stations/Convenience Store, Governmental, Religious
- Cemetery, Crematorium and Mortuaries
- Warehouses & Mini Storage Units
- Vacant Land/Ground Leases/Parking Lot Properties/Kiosks

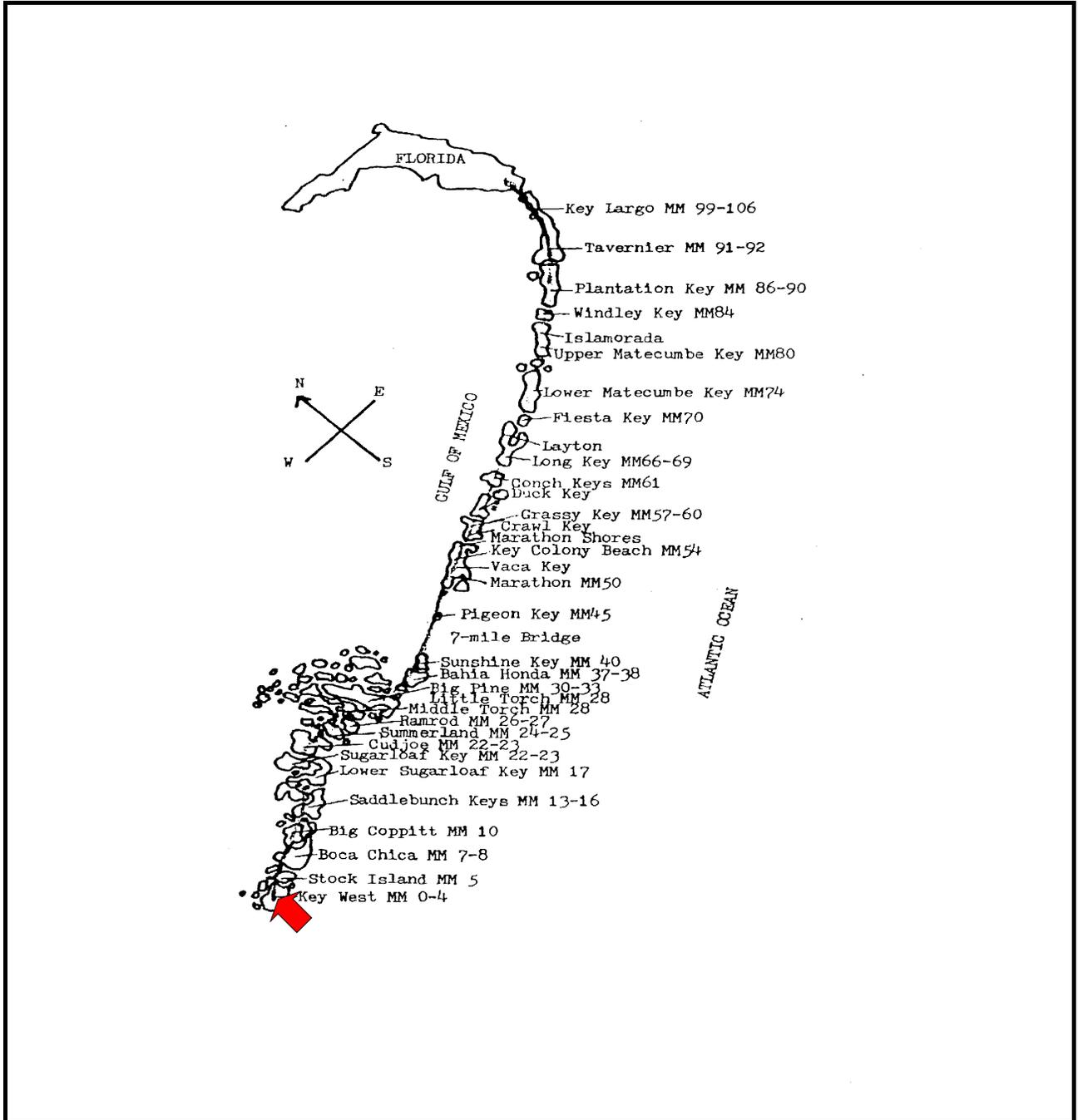
APPRAISER CERTIFICATION

AC# 4026240		STATE OF FLORIDA	
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION		FLORIDA REAL ESTATE APPRAISAL BD	
		SEQ# L08092300367	
DATE	BATCH NUMBER	LICENSE NBR	
09/23/2008	000000000	RZ3235	
The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS. Expiration date: NOV 30, 2010			
			
TORIELLO, ALAN J 3229 FLAGLER AVE. SUITE 101 KEY WEST FL 33040			
CHARLIE CRIST GOVERNOR		CHARLES W. DRAGO SECRETARY	
DISPLAY AS REQUIRED BY LAW			

STATE MAP



FLORIDA KEYS MAP



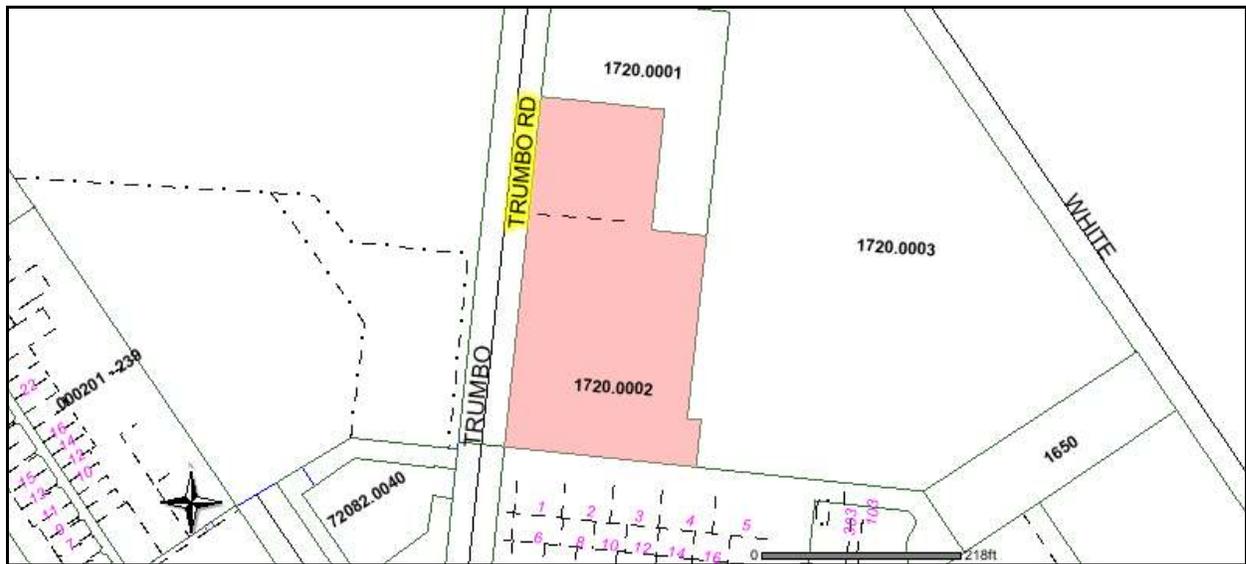
LOCATION MAP



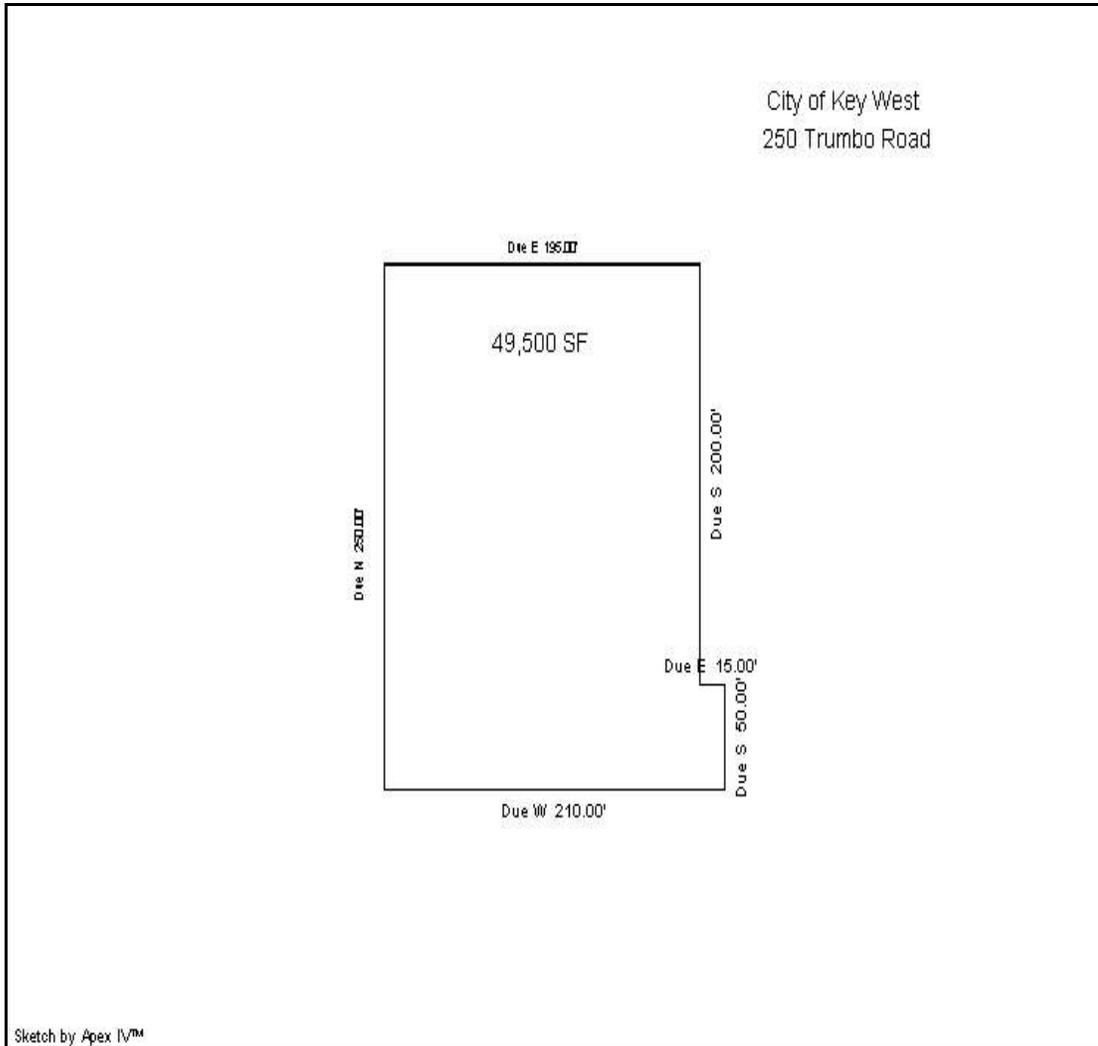
AERIAL MAP



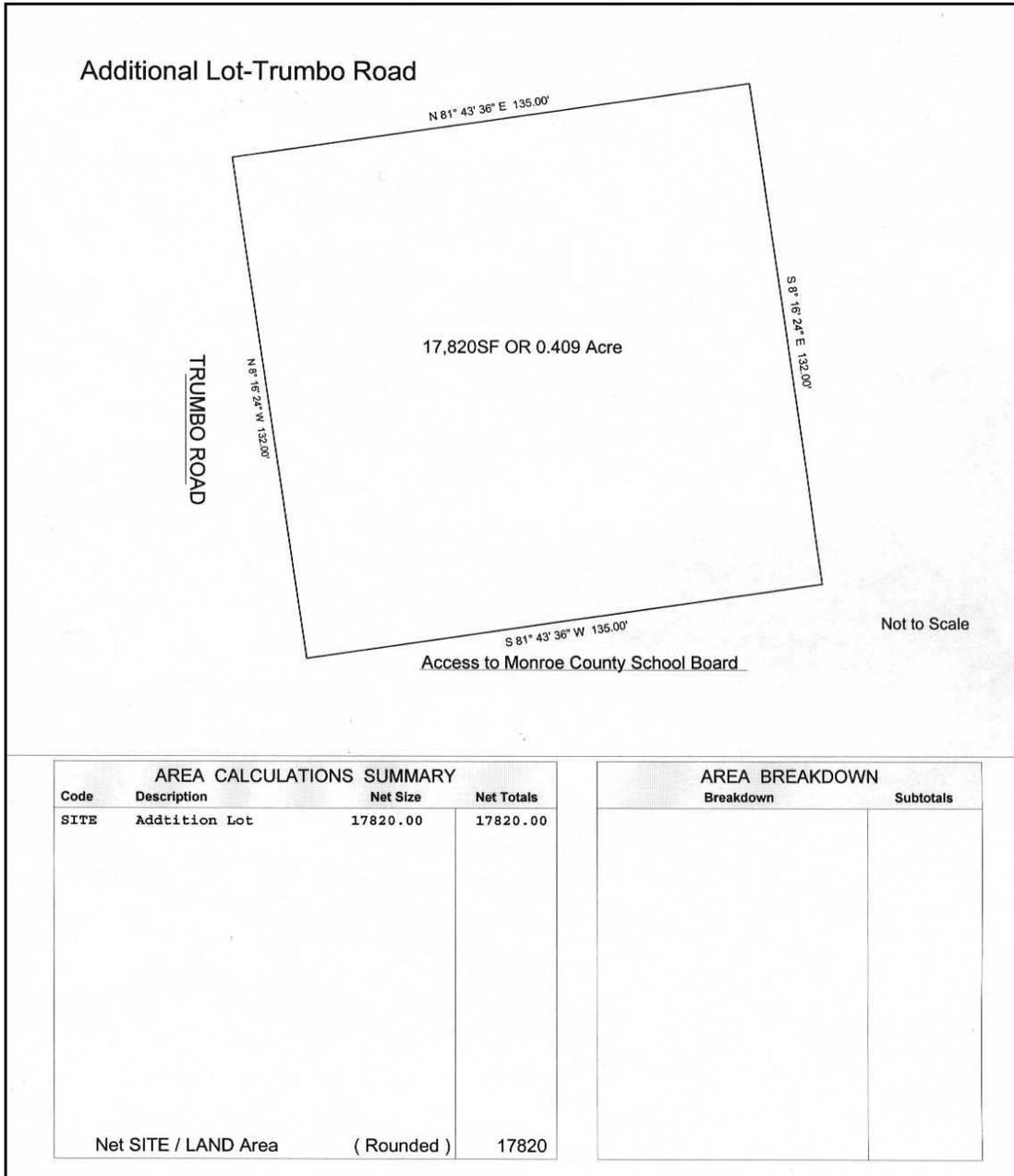
PLAT MAP



SITE AREA PER LEGAL DESCRIPTION-A



SITE AREA PER LEGAL DESCRIPTION-B



FLOOD MAP



REAL PROPERTY TAX INFORMATION

DANISE D. HENRIQUEZ, C.F.C. MONROE COUNTY TAX COLLECTOR		2009 Real Estate NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS			
ALTERNATE KEY NUMBER	ESCROW CD				MILLAGE CODE
1301805					12KW
CITY OF KEY WEST FL P O BOX 1409 KEY WEST, FL 33041		00001720000200316725 250 TRUMBO RD KW PT OF TRUMBO ISLAND OR551-218 OR813-2458/2464			
AD VALOREM TAXES					
TAXING AUTHORITY	MILLAGE RATE	ASSESSED VALUE	EXEMPTION AMOUNT	TAXABLE VALUE	TAXES LEVIED
SCHOOL STATE LAW	1.6880	5,249,200	5,249,200	0	0.00
SCHOOL LOCAL BOARD	1.6990	5,249,200	5,249,200	0	0.00
GENERAL REVENUE FUND	1.0775	5,249,200	5,249,200	0	0.00
F&F LAW ENFORCE JAIL JUDICIAL	1.9766	5,249,200	5,249,200	0	0.00
HEALTH CLINIC	0.0275	5,249,200	5,249,200	0	0.00
FLORIDA KEYS MOSQUITO CONTROL	0.4262	5,249,200	5,249,200	0	0.00
CITY OF KEY WEST	2.6414	5,249,200	5,249,200	0	0.00
SO FL WATER MANAGEMENT DIST	0.2549	5,249,200	5,249,200	0	0.00
OKEECHOBEE BASIN	0.2797	5,249,200	5,249,200	0	0.00
EVERGLADES CONSTRUCTION PRJT	0.0894	5,249,200	5,249,200	0	0.00
TOTAL MILLAGE		10.1623	AD VALOREM TAXES		\$0.00
NON-AD VALOREM ASSESSMENTS					
LEVYING AUTHORITY	RATE	AMOUNT			
NON-AD VALOREM ASSESSMENTS					\$0.00
COMBINED TAXES AND ASSESSMENTS		\$0.00		See reverse side for important information.	
If Postmarked By Please Pay	Nov 30, 2009 \$0.00	Dec 31, 2009 \$0.00	Jan 31, 2010 \$0.00	Feb 28, 2010 \$0.00	Mar 31, 2010 \$0.00
					IF PAID B
DANISE D. HENRIQUEZ, C.F.C. MONROE COUNTY TAX COLLECTOR		2009 Real Estate NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS			
ALTERNATE KEY NUMBER	ESCROW CD				MILLAGE CODE
1001805					12KW
CITY OF KEY WEST FL P O BOX 1409 KEY WEST, FL 33041		00001720000200316725 250 TRUMBO RD KW PT OF TRUMBO ISLAND OR551-218 OR813-2458/2464			
CHECKS ON U.S. BANKS ONLY TO DANISE D. HENRIQUEZ, C.F.C TAX COLLECTOR P.O. BOX 1129, KEY WEST, FL 33041-1129					
If Postmarked By Please Pay	Nov 30, 2009 \$0.00	Dec 31, 2009 \$0.00	Jan 31, 2010 \$0.00	Feb 28, 2010 \$0.00	Mar 31, 2010 \$0.00

RETAIN THIS PORTION FOR YOUR RECORDS.
WALK-IN CUSTOMERS
PLEASE BRING FOR RECEIPT.

Ms. Marilyn D. Wilbarger, RPA, CCIM
 City of Key West
 Page 2

Requested Documents:

- | | |
|--|--|
| <input checked="" type="checkbox"/> A Signed Copy of this Engagement Letter | <input checked="" type="checkbox"/> Copy of Contract for Sale and Purchase, if available |
| <input type="checkbox"/> Legal Description | <input type="checkbox"/> Plans and Specifications |
| <input checked="" type="checkbox"/> Most Recent Survey, if available | <input type="checkbox"/> Cost Estimates for Proposed Construction |
| <input type="checkbox"/> Biological Study | <input type="checkbox"/> Income and Expense Statements for _____ years |
| <input type="checkbox"/> Buildability Letter | <input type="checkbox"/> Rate Cards for ____ year(s) |
| <input type="checkbox"/> Warranty Deed | <input type="checkbox"/> Balance Sheets for __ year(s) |
| <input checked="" type="checkbox"/> Environmental Report, if available | <input type="checkbox"/> Current Rent Roll |
| <input checked="" type="checkbox"/> Copy of any existing Leases | <input type="checkbox"/> Current Wind, Fire & Flood Insurance Premiums |
| <input type="checkbox"/> Copy of Occupational Licenses | |
| <input type="checkbox"/> Letter of Development Rights Determination from Monroe County | |

Appraisal Report: Appraiser agrees to prepare in writing a narrative Appraisal Report in conformity with USPAP, (Uniform Standards for Professional Appraisal Practice).

- Restricted Use Report
- Summary Report
- Self-Contained Report

The report shall conform to any professional organizations to which the Appraiser may belong. The appraiser shall consider, if applicable, at least the three traditional approaches to value, Cost Approach, Direct Sales Comparison Approach and Income Approach, plus any other approach deemed appropriate by the Appraiser.

Conditions: The Appraisal Report shall be subject to the Appraiser's assumptions, conditions and limitations standard. The Appraisal Report will be prepared for the sole and exclusive use of Client. The appraisal report shall not be reproduced, printed or distributed in any manner without written consent of Appraiser, as it consists of "trade secrets and commercial and financial information" which is privileged, confidential and exempted from disclosure.

Litigation: In the event Appraiser is called upon voluntarily or otherwise, to testify in court or deposition regarding the Appraisal Report herein, Client agrees to pay an additional sum of \$200.00 per hour plus Appraiser's usual and customary expenses, minimum of 2 hours.

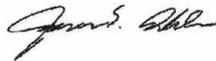
Payment: The agreed fee shall be paid in full before the report is released.

* Ms. Marilyn D. Wilbarger, RPA, CCIM
City of Key West
Page 3

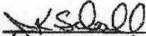
Please sign and return this agreement with the required information so that we may schedule the inspection. Quotes are valid for 48 hours. If you have any questions, please do not hesitate to call me. Thank you for considering our firm to provide you this service.

For questions concerning the appraisal report, contact Jim or Kay at 3229 Flagler Avenue, Suite 101, Appraisal Company of Key West, phone (305) 296-4568.

APPRAISAL COMPANY OF KEY WEST



By: James E. Wilson, President
State-Certified General Real Estate Appraiser
License No. RZ-0002164

Accepted by: 
Signature

Name: J. K. Schou Date: 09 MARCH 2010

JW/kic

G:\Engagement_Letters\City of Key West-Marilyn Wilbarger_.wpd