

APPRAISAL REPORT RECEIVED

Restricted Appraisal Report

AUG 26 2008

Property Type:

CITY MANAGER

SUBJECT PARCEL "A": COMMERCIAL OFFICE USE PROPERTY
SUBJECT PARCEL "B": COMMERCIAL OFFICE/WAREHOUSE USE PROPERTY
SUBJECT PARCEL "C": VACANT PARCEL WITHOUT MOBILE HOME

Located At:

SUBJECT PARCEL "A": FLORIDA EASTER SEAL SOCIETY
5220 COLLEGE ROAD
KEY WEST, FLORIDA 33040

SUBJECT PARCEL "B": FLORIDA KEYS MOSQUITO CONTROL DISTRICT
5224 COLLEGE ROAD
KEY WEST, FLORIDA 33040

SUBJECT PARCEL "C": PARCEL WITH MOBILE HOME
5228 COLLEGE ROAD
KEY WEST, FLORIDA 33040

Prepared For:

MR. MICHAEL C. SPOTO, DISTRICT SUPERINTENDENT
FLORIDA KEYS MOSQUITO CONTROL BOARD
5224 COLLEGE ROAD, KEY WEST, FLORIDA 33040

Inspection Date:

JULY 24, 2008

Prepared By:

RICHARD PADRON, CCIM, MSA
STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER
CERTIFICATION No.: RZ 0000544

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STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER
CERTIFICATION No. RZ 0002164

APPRAISAL COMPANY OF KEY WEST
3229 Flagler Avenue, Suite 101
Key West, Florida 33045

OUR FILE NO.: 170-08



APPRAISAL CO.
OF KEY WEST

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August 22, 2008

Mr. Michael C. Spoto, District Superintendent
Florida Keys Mosquito Control District
5224 College Road
Key West, Florida 33040

Subject: Updated Restricted Appraisal Report:
Subject Parcel "A": Florida Easter Seal Society
5220-5222 College Road
Key West, Florida 33040

Subject Parcel "B": Florida Keys Mosquito Control District
5224 College Road
Key West, Florida 33040

Subject Parcel "C": Vacant Parcel with Mobile Home
5228 College Road
Key West, Florida 33040

Our File No.: 170-08
Update of Our Previous File No.: 222-07

Dear Mr. Spoto:

We have personally examined and appraised the above properties for the purpose of reporting to you our opinion of the "*As Is*" Market Value of the Fee Simple Interest of these properties, as of July 24, 2008.

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 restricted appraisal report has been performed to update a previous appraisal report dated July 19, 2007, our File Number 222-07. This report has been prepared to comply with our understanding of the requirements of the Uniform Standards of Professional Appraisal Practice.

The subject properties consist of three contiguous, individually platted sites: Parcel "A" is an irregularly-shaped corner site fronting an estimated 300.0 feet along the easterly side of College Road



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Mr. Michael C. Spoto, District Superintendent
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and extending easterly along Aguero Circle. Parcel "B" is located southeasterly of Parcel "A" with 135.05 feet of frontage along Aguero Circle; it is an irregular in shape. Parcel "C" is a rectangular-shaped site fronting approximately 150.0 feet along the easterly side of College Road and extending easterly 126 feet in depth, where it meets Parcel "B." The following summary details each Parcel:

Subject Properties Descriptions and Parcel Sizes				
Parcel	Street Address	Alternate Key Number	Lot Size Sq. Ft.	Lot Size Acres
A	5220 College Road, Key West	8757883	46,174	1.06
B	5224 College Road, Key West	8757875	35,241	0.81
C	5228 College Road, Key West	1076155	18,900	0.43
Totals			100,315	2.30

Subject Parcel "A" site is improved with two detached structures, Building #1 that fronts on the corner is a one-story CBS/masonry structure utilized by the Florida Easter Seal Society (Building #1) as a therapy center. Behind Building #1 there is wood frame modular office building (Building #2) that was not accessible during our recent site visit; however, a walk-through was performed previously. Building #1 contains 2,901 square feet of gross building area plus a 505 square foot canopy at the entrance. The modular building, Building #2, contains a total of 1,760 square feet of gross building area and has a wood porch around three sides, plus a wood ramp abutting the balcony on one side. Both of these structures contain a total gross building area of 4,661 square feet. According to the Monroe County Tax Appraiser's records, Building #1 was built in 1950 and Building #2 was built in 1999. In addition, there is a small utility building that is not considered in the gross building area located behind Building #1. This utility structure appears to have been built more recently, although the construction date was not noted on the Monroe County Tax Appraiser's property records.

Behind and contiguous with Subject Parcel "A" is Subject Parcel "B" which is occupied by the Florida Keys Mosquito Control District and consist of two detached buildings. The main building is a two-story CBS/masonry structure (Building #3) which consists of office space on half of the first level and all of the second level. The remainder of the first level is made of a garage storage area with five garage bays and a sixth bay with dock height flooring. The second building is a one story chemical building (Building #4) which is a CBS/masonry warehouse with a mezzanine for storage. Building #3 was built in 1979 and Building #4 was built in 1999 according to Monroe County Appraiser's Office. The building measurements were taken on-site by the appraisers. The office portion of the structure on the first level contains 2,399 square feet of gross building area and 4,993 square feet on the second level. The first level garage area contains 2,399 square feet of gross building area. The total gross building area for the Building #3 is 9,791 square feet. Building #4, the chemical/warehouse building contains 1,228 square feet of gross building area plus an unfinished storage mezzanine that contains 379 square feet that accessed by a metal spiral staircase. The total gross building area for Building #3 and #4 on Parcel "B" is 11,398. Overall the buildings are in good to very good condition; however, there were some areas of concrete spalling on the office/garage building.

Mr. Michael C. Spoto, District Superintendent
Florida Keys Mosquito Control District
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Subject Parcel "C" is improved with a double wide mobile home that was built in 1951 according to the Monroe County Tax Appraiser's records. The appraisers have not considered any contributory value to the mobile home due to its age and condition. Hence, our evaluation of this parcel, we have considered only the land value for Parcel "C."

The subject improvements were personally visited with exterior dimensions taken from our previous appraisal report, as well as from a survey prepared by Frederick H. Hildebrandt, drawing 99-246 for Subject Parcel "B," with the latest revisions made on June 22, 1999. Subject Parcel "A" site sizes were taken from the Monroe County Property Appraiser's records and Subject Parcel "C" site dimensions and size was taken from the plat map less the split-out that was allocated to Parcel "B," as a survey was not made available on either of these sites. Any deviations from these sizes may result in a change in value.

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 property 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. A Leased Fee valuation considers any existing long-term leases. Subject Parcels "A" and "B" are leased to third party nonprofit organizations that are not considered arms length transactions. To our knowledge there is no existing lease for Subject Parcel "C." Hence, a Leased Fee valuation was not considered applicable. No personal property has been included in the valuation herein. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

Based on analysis of market data, site visit and research, it is our opinion that the *"As Is" Market Value of the Fee Simple Interest of Subject Parcel "A"* commonly known as the Florida Easter Seal Society, 5220 and 5222 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 19, 2007, is:

ONE MILLION SEVEN HUNDRED NINETY THOUSAND DOLLARS
(\$ 1,790,000)

In addition, based on analysis of market data, site visit and research, it is our opinion that the *"As Is" Market Value of the Fee Simple Interest of Subject Parcel "B"* commonly known as the Florida Keys Mosquito District, 5224 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 19, 2007, is:

TWO MILLION FOUR HUNDRED TEN THOUSAND DOLLARS
(\$ 2,410,000)

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Florida Keys Mosquito Control District
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Furthermore, based on analysis of market data, site visit and research, it is our opinion that the "*As If Vacant*" Market Value of the Fee Simple Interest of Subject Parcel "C" commonly known as 5228 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 19, 2007, is:

EIGHT HUNDRED EIGHTY FOUR THOUSAND DOLLARS
(\$ 884,000)

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 the valuation herein.

This is a restricted appraisal process for the sake of brevity and economy at the client's request. The following Restricted Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a restricted 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 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.

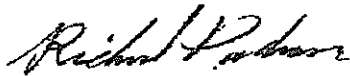
This confidential report was prepared for the sole use and benefit of Florida Keys Mosquito Control Board, is based, in part, upon documents, writings, and information owned and possessed by Florida Keys Mosquito Control Board. This report is provided for informational purposes only to third parties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

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 51 pages including related exhibits, in order for the value opinion set forth to be considered valid.

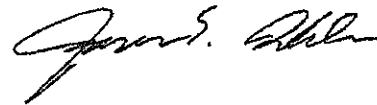
Mr. Michael C. Spoto, District Superintendent
Florida Keys Mosquito Control District
August 22, 2008
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If you have any questions regarding this appraisal report, please feel free to contact us. Thank you for giving us the opportunity to provide this service for you.

Respectfully submitted,



Richard Padron, CCIM, MSA
State-Certified General Real Estate Appraiser
License No. RZ 0000544



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

Report Attached:

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RESTRICTED APPRAISAL REPORT

This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under S.R. 2-2(c) of the Uniform Standards of Professional Appraisal Practice. As such, it presents limited discussion 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 original file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraisers are not responsible for unauthorized use of this report. The attached restricted appraisal report has been performed to update a previous appraisal report dated July 19, 2007, our File Number 222-07.

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. 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. Since the subject units are not encumbered by any long-term leases, according to the client, a Leased Fee valuation was not applicable. Hence, market rent and terms were projected. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

MARKET VALUE DEFINITION

Market Value, in the definitions of the Uniform Standards of Professional 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."

CLIENT: Mr. Michael C. Spoto, District Superintendent
Florida Keys Mosquito Control District
5224 College Road
Key West, Florida 33040

APPRAISERS: Mr. Richard Padron, CCIM, MSA
State-Certified General Real Estate Appraiser
License No. RZ 0000544

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

SUBJECT: Subject Parcel "A": Florida Easter Seal Society
5220-5222 College Road
Key West, Florida 33040

Subject Parcel "B": Florida Keys Mosquito Control District
5224 College Road
Key West, Florida 33040

Subject Parcel "C": Vacant Parcel with Mobile Home
5228 College Road
Key West, Florida 33040

A Leased Fee valuation considers any existing long-term leases. Subject Parcels "A" and "B" are leased to third party nonprofit organizations a governmental agency, respectively that are not considered arms length transactions. To our knowledge there is no existing lease for Subject Parcel "C." Hence, a Leased Fee valuation was not considered applicable for any of the subject properties. Therefore, only the Fee Simple Estate was considered in our evaluation of the subject properties. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

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 less reliable indicator of value because the subject properties are in a Public Service use zoning district.

The appraisers have been instructed to estimate a market value for the subject property. Thus, we have considered some comparable sales of properties that are similar but less restrictive because they were in a different zoning district.

Each of the comparable sales indicates a unit of measure value based on its sale price. Due to the dissimilarity of the comparable sales, due to the Public Service zoning the Sales Comparison Approach was not deemed applicable. The Cost Approach and Income Approach were considered the most reliable and weighted heaviest.

In Summary the appraisers utilized all three valuation techniques, weighted each approach to value according to its reliability, and reconciled the values into our opinion of the "As Is" Market Value of the Fee Simple Estate, as of July 24, 2008. The Cost and Income Approaches were considered reliable in estimating a market value for Subject Parcels "A," and "B." The most reliable approach in valuing Subject Parcel "C" was the Sales Comparison Approach (Land Valuation).

This restricted appraisal report is a synopsis of the appraisers' analyses and conclusions. Supporting documentation is retained in the appraisers' file.

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 value of the land. This approach is based on the Principle of Substitution, which states 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.

Land Valuation of Subject Parcel A:

A thorough search was conducted for recent sales of similarly zoned land in Key West and the Florida Keys. Our search included recent sales of similar acreage properties which were purchased for public services, including offices, park, or recreation facilities. A survey of the market area resulted in twenty sales, which were considered and utilized in a value estimate for the subject property. A summary of the comparable sales is depicted below with details on each sale following the resume.

Comparable Land Sales												
Comp. No.	Acres	Site Date	Site Price	Land Price Adj'd	Sales Price This Adjusted	Updmt Size Sq. Ft.	Site Cleared	Updmt Acres	Adjusted Price/Sq. Ft.	Adjusted Price/Acre	Land/Acre	Zone
1	9.5	08/24/06	\$3,500,000	\$0	\$3,500,000	174,676	1.0	4.01	\$20.04	\$872,800		I
2	81.1	06/27/06	\$1,660,000	\$0	\$1,952,000	191,747	0.5	4.40	\$10.18	\$443,600		HC
3	5.0	02/17/06	\$600,000	(\$155,000)	\$502,000	6,250	0.0	0.14	80.32	\$3,585,700		MU
4	21.0	01/06/06	\$875,000	\$0	\$1,067,000	32,872	0.0	0.75	32.46	\$1,422,700		MU
5	92.5	08/31/05	\$1,450,000	\$0	\$1,818,000	118,483	1.0	2.72	\$15.34	\$668,400		SC
6	102.0	06/16/05	\$2,503,000	\$0	\$3,267,000	147,756	1.0	3.39	\$22.11	\$963,100		I
7	102.0	07/14/04	\$1,800,000	\$0	\$2,465,000	183,255	1.0	4.21	\$18.45	\$385,500		SC
8	24.8	03/31/04	\$325,000	(\$45,000)	\$392,000	12,000	0.5	0.28	32.67	\$1,400,000		SC
9	21.3	06/02/03	\$188,000	\$0	\$281,000	35,154	1.0	0.81	\$7.99	\$346,900		SC
10	52.1	04/28/03	\$1,400,000	\$0	\$2,108,000	374,180	0.0	8.59	\$5.63	\$245,400		SR/DR
11	30.5	06/02/02	\$2,211,200	(\$1,226,000)	\$1,992,000	422,968	0.0	9.71	\$3.76	\$164,000		SC
12	89.8	05/16/02	\$230,000	\$0	\$373,000	45,000	1.0	1.03	\$8.29	\$362,100		SC
13	30.0	08/10/00	\$531,000	\$0	\$988,000	170,320	0.0	3.21	\$5.80	\$252,700		SC
14	30.0	08/02/00	\$407,000	\$0	\$759,000	129,373	0.0	2.97	\$5.87	\$255,600		SC
15	24.0	12/15/99	\$1,800,000	(\$269,000)	\$2,998,000	272,686	0.5	6.26	\$10.99	\$478,900		MU
16	87.0	02/01/99	\$9,000,000	(\$2,800,000)	\$12,993,000	1,718,878	0.0	39.46	\$7.56	\$329,300		DR
17	48.5	05/01/96	\$1,337,900	\$0	\$3,477,000	351,529	0.5	8.07	\$9.89	\$450,900		SC
18	99.0	05/01/95	\$1,750,000	\$0	\$4,918,000	526,640	0.0	12.09	\$9.34	\$406,800		UC
19	91.5	05/01/95	\$650,000	\$0	\$1,827,000	126,324	0.5	2.90	\$14.46	\$630,000		UC
20	5.0	09/30/92	\$900,000	\$0	\$3,094,000	280,091	1.0	6.43	\$11.05	\$481,200		MU
			Mean		\$2,518,550	266,009		6.11	\$16.36	\$716,280		
			Median		\$1,889,600	172,498		3.96	\$10.59	\$461,250		
			Minimum		\$281,000	6,250		0.14	\$3.76	\$164,000		
			Maximum		\$12,993,000	1,718,878		39.46	\$80.32	\$3,585,700		
			Site Cleared		Yes = 1 No = 0							

Evaluation Date 07/24/08
Appreciation Rate 8.0%

Note: These comparables had existing improvements; therefore, the land values were extracted by deducting the depreciated value of the existing improvements from the sales price.

The appraisers researched the market area for resales or similar sales which would indicate an appreciation or depreciation in prices. It appears that the market is appreciating at between 5% to nearly 19% per annum, with the rates fairly stable over the past decade. Based on market analysis, we have adjusted Comparable Land Sales at a conservative appreciation rate of 8.0% per annum accordingly for disparities in time for sales which transpired over two-year prior to the effective valuation date.

1. Valuation Regression Analysis:

After analyzing more than twenty five comparables and dismissing the outliers and non-government sales in our 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 very tight correlation between the site size on an acreage basis and the comparables' adjusted sales prices.

The x-variable, independent variable, is the land size (square feet), and if the site was cleared for each comparable. The y-variable, dependent variable, is the comparable's adjusted sale 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 tight correlation of +0.939 was indicated. Correlations near 1.0 are considered most reliable; therefore, the subject's correlation is considered very 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:

Subject No./Coefficients	(\$123,987.92)	
	Site Area (SF) ₁	Site Cleared ₂
Parcel A - X _n	46,174	1.00
Parcel B - X _n	35,241	1.00
Parcel C - X _n	18,900	0.70
B_n	\$7.49	\$1,237,330.05

In equation form, the regression model looks like this:

$$Y = (X_1b_1) + (X_2b_2) + \text{Intercept}$$

$$\text{Parcel "A"} = (46,174 \times \$7.49) + (1.0 \times \$1,237,330.05) + (-\$123,987.92) = \$1,459,185$$

$$\text{Parcel "B"} = (35,241 \times \$7.49) + (1.0 \times \$1,237,330.05) + (-\$123,987.92) = \$1,377,297$$

$$\text{Parcel "C"} = (18,900 \times \$7.49) + (0.70 \times \$1,237,330.05) + (-\$123,987.92) = \$ 883,704$$

2. Conclusion:

The Sales Comparison Approach was most applicable in valuing the vacant land of the subject property. The sales considered most applicable were transfers of sites to government entities for public service uses, including park/recreation use. In other cases the sites were purchased for a hospital facility, electrical substation, county or city offices, maintenance facility, utilities, solid waster transfer and sewer treatment plant, while all other purchases were converted to recreation/park use.

For purposes of this report, Parcels "A" and "B" were values as vacant land. Parcel "C" was valued "As If" Vacant subject to clearing the site. The improvements on the site did not appear to have any contributory value. In valuing the "As If Vacant" value of this subject site, we have assumed an extraordinary assumption that the subject property has been cleared and the improvements have been razed although the necessary removal of the mobile home and clean-up has been considered in the site cleared ranking for subject Parcel "C".

Summary of Land Valuation					
Subject Property	Estimated Value (Rnd.)	Site Size S.F.	Site Size Acre	Site \$ / S.F.	Site \$ / Acre
Parcel "A" - 5220 College Road	\$1,459,000	46,174	1.06	\$31.60	\$1,376,403
Parcel "B" - 5224 College Road	\$1,377,000	35,241	0.81	\$39.07	\$1,702,055
Parcel "C" - 5228 College Road	\$884,000	18,900	0.43	\$46.77	\$2,037,410

3. Estimate Cost Approach of Subject Parcel "A":

The existing land and building improvements were described earlier in this report, the replacement cost of improvements has been estimated using the Marshall Valuation Service and our knowledge of actual cost to construct in the area. These costs are continuously updated and adjusted for local differences.

The Marshall Valuation Service cost estimates include labor, materials and sales tax, average architect and engineer's fees, job supervision and insurance, and contractor's overhead and profit. The cost estimates do not include: costs of buying/assembling the land (i.e., escrow fees, legal fees, demolition, storm drains or rough grading), costs of land planning or preliminary concept and layout for a large development, discounts or bonuses for financing, developer's overhead and profit, and interest or taxes on land.

The subject property's replacement cost estimate utilizing the Marshall Valuation Service developed by Marshall and Swift may be found on the following page. This Cost Manual is updated on a quarterly basis and adjusted for local conditions. Depreciation estimates and details follows:

Replacement Cost New				
Florida Keys Mosquito Control Board				
5220-5222 College Road, Stock Island, FL				
<u>Parcel A</u>				
Detailed Cost Estimate	Size	Unit Cost	Replacement Cost New	Depreciated Value⁽¹⁾
Cost New For Office Building No. 1	2,901	\$217	\$629,517	\$226,626
Cost New for Canopy and Porche	505	\$65	\$32,825	\$10,668
Cost New For Modular Office Building No. 2	1,760	\$162	\$285,120	\$171,072
Cost New for Exterior Balcony/Ramp	1,348	\$27	\$36,396	\$21,838
Cost New for Modular Foundation	1	\$12,000	\$12,000	\$7,200
Total Cost for Building Improvements Before Indirect Costs:			\$995,858	\$437,404
Plus Indirect Costs*:			<u>\$116,000</u>	<u>\$65,050</u>
Total Cost for Office Building Improvements:			\$1,111,858	\$502,454
Extras and Amenities:				
Cost New for Utility Building	264	\$31	\$8,184	\$4,910
Cost New for Landscaping and Site Improvements	1	\$25,000	\$25,000	\$25,000
Total Cost for Chemical Building Improvements:			\$33,184	\$29,910
Total Estimated Cost Before Entrepreneurial Incentive:			\$1,145,042	\$532,364
Estimated Land Value				<u>\$1,459,000</u>
Total Cost New of Buildings Without Land Value: (Rounded)			\$1,150,000	\$1,991,364
Estimated Value via Cost Approach (Rounded):				\$1,990,000

(1) The Depreciated Value of the buildings and improvements was based on an estimated effective ages and total economic lives, which are detailed on the following page. For items under Site Improvements, the depreciation was accelerated, based on the effective age of the item and its estimated economic life.

****Indirect Costs:**

The Indirect Costs in the Replacement Cost Analysis are expenditures for items other than labor and materials, such as professional fees, financing costs, and taxes and insurance during construction. Because of the construction expenses incurred in Monroe County, including impact fees for commercial uses plus permit fees, these Indirect Costs

are a necessary part of our Replacement Cost Analysis. It is based on estimated impact fees, plus a percentage of the Replacement Cost New which we have found to be consistent. This cost is grouped with other miscellaneous costs such as site improvements and is part of the building cost as it is depreciable.

Depreciation Estimate

The appraisers utilized the Modified Economic Age-Life Method in estimating physical depreciation for the subject building. According to the Monroe County Tax Appraiser's records, the main subject structure Building #1 was built in 1950 with subsequent additions made over time, while Building #2 was built in 1999. Upon inspection of the subject property, the subject building improvements appeared to be in overall good to very good condition. We estimated the Effective Age of the subject structure, as well as its total economic life in order to calculate depreciation.

We have estimated the Effective Age of the structure, as well as, its total economic life in order to estimate depreciation. Depreciation was calculated on the individual line items for each building and component. The appraisers have utilized the Age-Life method of physical depreciation according to the following formula:

$$\text{Depreciation} = \frac{\text{Effective Age}}{\text{Total Life}}$$

"AS IS" VALUE OF THE FEE SIMPLE INTEREST OF SUBJECT PARCEL "A" AS INDICATED BY THE COST APPROACH (Rounded) \$ 1,990,000

4. Estimate Cost Approach of Subject Parcel "B":

Replacement Cost New							
Florida Keys Mosquito Control Board							
5224 College Road, Stock Island, FL							
Parcel B							
Detailed Cost Estimate	Size	Unit Cost	Age	Total Life	Depreciation Factor	Replacement Cost New	Depreciated Value
Cost New For Office Building/ Bldg. #3	7,392	\$265	27	50	54.0%	\$1,958,880	\$901,085
Cost New for Porches and Balconies	2,298	\$66	27	50	54.0%	\$151,668	\$69,767
Cost New for Accordion Hurricane Shutters	1	\$52,477	27	50	54.0%	\$52,477	\$24,140
Cost New for Exterior Stairwell Per Riser	25	\$257	27	50	54.0%	\$6,433	\$2,959
Cost New for Garage Area	2,399	\$154	27	50	54.0%	\$369,446	\$169,945
Cost New for Bay with Dock Height Floors	355	\$4.88	27	50	54.0%	\$1,733	\$797
Cost New for Roll Up Garage Doors with Electric Openers	6	\$4,434	12	15	80.0%	\$26,605	\$5,321
Total Cost for Building Improvements Before Indirect Costs:						\$2,567,241	\$1,174,014
Cost to Cure Building Deficiencies							(\$356,000)
Plus Indirect Costs*:					54.3%	\$280,000	\$128,046
Total Cost for Office/Garage Building Improvements:						\$2,847,241	\$906,060
Cost New for Warehouse/Chemical Building/ Bldg. #4	1,228	\$142	10	40	25.0%	\$174,376	\$130,782
Cost New for Mezzanine	379	\$17	10	40	25.0%	\$6,443	\$4,832
Cost New for Interior Spiral Staircase	1	\$4,800	10	40	25.0%	\$4,800	\$3,600
Cost New for Small Roll Up Garage Door with Electric Opener	1	\$3,420	10	40	25.0%	\$3,420	\$2,565
Cost New for Large Roll Up Garage Door with Electric Opener	1	\$5,420	10	40	25.0%	\$5,420	\$4,065
Total Cost for Building Improvements Before Indirect Costs:						\$194,459	\$145,844
Plus Indirect Costs*:					25.0%	\$27,000	\$20,250
Total Cost for Chemical Building Improvements:						\$221,459	\$166,094
Cost New for Generator, 125 Kilowatt, Diesel	1	\$60,000	12	25	48.0%	\$60,000	\$31,200
Total Estimated Cost Before Land Value:						\$3,128,700	\$1,103,354
Estimated Land Value							\$1,377,000
Total Cost New of Buildings Without Land Value: (Rounded)						\$3,130,000	\$2,480,354
Estimated Value via Cost Approach (Rounded):							\$2,480,000

Depreciation Estimate

The appraisers utilized the Modified Economic Age-Life Method in estimating physical depreciation for the subject building. According to the Monroe County Tax Appraiser's records, the main subject structure, Building #3, was built in 1979 with subsequent renovations made over time, while Building #4 was constructed in 1999. Upon inspection of the subject property, the subject building improvements appeared to be in overall good to very good condition. We estimated the Effective Age of the subject structure, as well as its total economic life in order to calculate depreciation.

We have estimated the Effective Age of the structure, as well as, its total economic life in order to estimate depreciation. Depreciation was calculated on the individual line items for each building and component. The appraisers have utilized the Age-Life

method of physical depreciation according to the following formula:

$$\text{Depreciation} = \frac{\text{Effective Age}}{\text{Total Life}}$$

Adjustment for Cost to Cure:

The building improvements are in overall good condition except for some spalling concrete detailed in a structural inspection report prepared by Metric Engineering, Inc. The quality of construction appears to also be good quality materials and workmanship. According to the engineering report provided the spalling repairs was estimated at \$344,000, to repair all the defects. This estimate was adjusted upward as it was based on the report prepared in May 2006, and has deteriorated further. The appraisers have estimated this cost to be \$396,000. Hence, the appraisers have considered this additional costs to cure these deficiencies in our final value estimate for Subject Parcel "B" by deducting the estimated costs to cure from the depreciated value of the improvement.

"AS IS" VALUE OF THE FEE SIMPLE INTEREST OF SUBJECT PARCEL "B" AS INDICATED BY THE COST APPROACH (Rounded) \$ 2,480,000

5. Conclusion:

The Cost Approach is generally considered to have limited applicability in valuing commercial properties; except in the case of special-use properties. In the case at hand, the subject properties are considered special use, because of the public use in a specific zoning district. The structures have been renovated and are in overall average to very good condition with some deferred maintenance and a cost to cure that has been taken into consideration. Therefore, the depreciation estimates for the subject improvements are considered to be reliable. The land sales utilized included recent sales of similar acreage properties which were purchased for public services, including offices, park, or recreation facilities. Hence, this approach was considered to be reliable and weighted heavily in the final indicated value for Subject Parcels "A" and "B." The Cost Approach set the upper limit of value for Subject Parcel "A" and "B."

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, similar large office use properties are typically purchased for rental income production or partial use by an owner-user. The subject property has historically been utilized for public service uses. The traditional Direct Capitalization Method was considered and utilized in valuing the subject property. The value indicated by this approach was considered due to the reliable income and expense data within the subjects' market area. This approach was moderately weighted in the valuation of Subject Parcels "A" and "B."

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 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. A Leased Fee valuation considers any existing long-term leases. Subject Parcels "A" and "B" are leased to third party nonprofit organizations that are not considered arms length transactions. To our knowledge there is no existing lease for Subject Parcel "C." Hence, a Leased Fee valuation was not considered applicable. No personal property has been included in the valuation herein. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

1. Income Approach Analysis for Subject Parcel "A":

The appraisers have projected the stabilized income and expense analysis as follows:

Stabilized Operating Income Statement			
5220-5222 College Road, Stock Island, FL			
<u>Parcel A</u>			
<u>Income:</u>		<u>Percent of E.G.I.</u>	<u>Dollars Per Sq.Ft.</u>
Potential Annual Office Rental Income:	\$149,152		\$32.00
Less: Vacancy & Collection Loss (5%)	(\$7,458)		
Effective Gross Income:	\$141,694		\$30.40
 Total Operating Income:	 \$141,694		
<u>Operating Expenses:</u>			
Real Estate Taxes	\$15,268	10.8%	\$3.28
Hazard Insurance	\$11,653	8.2%	\$2.50
Management Fee	\$5,668	4.0%	\$1.22
Repairs & Maintenance	\$4,661	3.3%	\$1.00
Reserves	\$2,403	1.7%	\$0.52
Total Expenses	\$39,653	28.0%	\$8.51
 Net Operating Income:	 \$102,041		 \$21.89

Capitalization:

Capitalization can be defined as a method of converting an income stream into a capital sum by dividing the net income of the future income stream by an overall rate (OAR) or capitalization rate. The result should be the indicated value of the total property or the income-producing package. The O.A.R. by the Mortgage Equity Method was estimated at 8.0%. Based on market data we have estimated a 7.5% capitalization rate for the subject property via the Comparable Sales Method (Market Approach), based on recent sales of commercial use properties and overall rates published in RealtyRates.com and an overall rate based on the Debt Coverage Method was estimated at 7.3%.

Correlation of Capitalization Rates:

An OAR of 7.75% has been estimated for the subject property with most weight placed on the Comparable Sales Method, which is reflective of the local market, plus national surveys via RealtyRates.com. The indicated value via Direct Capitalization is developed as follows:

Subject GBA:	4,661		
Subject Site Size (SF):	46,174		
Net Operating Income (NOI):	\$102,041	Value Per	Value Per
NOI Divided by Cap Rate:	7.75%	SF of GBA	SF of Land
Value Via the Income Approach:	\$1,316,663		
"As Is" Indicated Value - Fee Simple (Rounded):	\$1,320,000	\$283.20	\$28.59

"AS IS" MARKET VALUE OF THE FEE SIMPLE INTEREST BY THE INCOME APPROACH FOR SUBJECT PARCEL "A" (Rounded): \$ 1,320,000

2. Income Approach Analysis for Subject Parcel "B":

The appraisers have projected the stabilized income and expense analysis as follows:

Stabilized Operating Income Statement			
5224 College Road, Stock Island, FL			
<u>Parcel B</u>			
		Percent of E.G.I.	Dollars Per Sq.Ft.
Income:			
Potential Annual Office Rental Income:	\$273,838		\$24.03
Less: Vacancy & Collection Loss (5%)	(\$13,692)		
Effective Gross Income:	\$260,146		\$22.82
Total Operating Income:	\$260,146		
Operating Expenses:			
Real Estate Taxes	\$18,098	7.0%	\$1.59
Hazard Insurance	\$22,796	8.8%	\$2.00
Management Fee	\$10,406	4.0%	\$0.91
Repairs & Maintenance	\$8,549	3.3%	\$0.75
Reserves	\$3,012	1.2%	\$0.26
Total Expenses	\$62,861	24.2%	\$5.52
Net Operating Income:	\$197,285		\$17.31

Correlation of Capitalization Rates:

An OAR of 7.75% has been estimated for the subject property with most weight placed on the Comparable Sales Method, which is reflective of the local market, plus national surveys via RealtyRates.com. The indicated value via Direct Capitalization is developed

as follows:

Subject GBA:	11,398		
Subject Site Size (SF):	35,241		
Net Operating Income (NOI):	\$197,285	Value Per	Value Per
NOI Divided by Cap Rate:	7.75%	SF of GBA	SF of Land
Value Via the Income Approach:	\$2,545,614		
Less Cost to Cure:	(\$396,000)		
"As Is" Indicated Value - Fee Simple (Rounded):	\$2,150,000	\$188.63	\$61.01

Adjustment for Cost to Cure:

The building improvements are in overall good condition except for some spalling concrete detailed in a structural inspection report prepared by Metric Engineering, Inc. The quality of construction appears to also be good quality materials and workmanship. According to the engineering report provided the spalling repairs was estimated at \$396,000, to repair all the defects. Hence, the appraisers have considered this additional costs to cure these deficiencies in our final value estimate for Subject Parcel "B" by deducting the estimated costs to cure from the value indicated by the Income Approach.

"AS IS" MARKET VALUE OF THE FEE SIMPLE INTEREST BY THE INCOME APPROACH FOR SUBJECT PARCEL "B" (Rounded): \$ 2,150,000

THE SALES COMPARISON APPROACH

This approach to value 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. From these comparable sales, the appraiser must extract meaningful "common denominators" to be applied to the subject building. Typically, the sale price per square foot of the building area (gross area and net rentable area), and the overall sale price is the most common denominators used in estimating the value of the properties similar to the subject. Adjustments are made to the indicated sale prices for differences between the sale and the subject, when possible. The more similar the sale is to the subject property, the fewer required adjustments, and the better it serves as an indicator of value.

In the case at hand, this approach was not considered to be applicable because the subject parcels are all zoned Public Service. This zoning district is very restrictive in use. There are very few sections of the City that has this zoning district, in other words this zoning use is scarce. Furthermore, the subject parcels have very low to low floor area ratios and are being under-utilized. Hence, the Sale Comparison Approach was not utilized in valuing the Subject Parcels "A" and "B".

RECONCILIATION AND CONCLUSION

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

Reconciliation	
5220 College Road, Stock Island, FL	
Parcel A	
Valuation Method:	"As Is" Fee Simple Market Value
Cost Approach	\$1,990,000
Income Approach	\$1,320,000
Sales Comparison Approach	Not Applicable
"As Is" Market Value, as of July 24, 2008: (Rounded):	
	\$1,790,000

Reconciliation	
5224 College Road, Stock Island, FL	
Parcel B	
Valuation Method:	"As Is" Fee Simple Market Value
Cost Approach	\$2,480,000
Income Approach	\$2,150,000
Sales Comparison Approach	Not Applicable
"As Is" Market Value, as of July 24, 2008: (Rounded):	
	\$2,410,000

Reconciliation	
5228 College Road, Stock Island, FL	
Parcel C	
Valuation Method:	"As Is" Fee Simple Market Value
Cost Approach	Not Applicable
Income Approach	Not Applicable
Sales Comparison Approach (Land Value)	\$884,000
"As If Vacant" Market Value, as of July 24, 2008:	
	\$884,000

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 an analysis of the real estate market activity in the subject property's market area, and after considering the reliability of the Cost, Income and Sales Comparison Approaches, it is the appraisers' opinion that the Market Value

of the Subject Parcels "A" and "B" is most accurately indicated by the Cost Approach due to the special use and restrictive zoning district. Hence, this approach was weighted heaviest for Parcels "A" and "B." The Income Approach was moderately weighted for Subject Parcels "A" and "B" due to reliable market income and expense data from similar use properties. The Sales Comparison Approach was not utilized because of the subjects zoning and public use restriction, as well as the parcels being under utilized. However, the Sales Comparison Approach, Land Valuation, was the only applicable approach for Subject Parcel "C," as this parcel was valued "As If" Vacant Land. It is felt that these approaches were the most reliable market data available for these analyses.

Based on analysis of market data, site visit and research, it is our opinion that the "As Is" Market Value of the Fee Simple Interest of Subject Parcel "A" commonly known as the Florida Easter Seal Society, 5220 and 5222 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 24, 2008, is:

ONE MILLION SEVEN-HUNDRED NINETY THOUSAND DOLLARS
(\$ 1,790,000)

In addition, based on analysis of market data, site visit and research, it is our opinion that the "As Is" Market Value of the Fee Simple Interest of Subject Parcel "B" commonly known as the Florida Keys Mosquito District, 5224 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 24, 2008, is:

TWO MILLION FOUR HUNDRED TEN THOUSAND DOLLARS
(\$ 2,410,000)

Furthermore, based on analysis of market data, site visit and research, it is our opinion that the "As If Vacant" Market Value of the Fee Simple Interest of Subject Parcel "C" commonly known as 5228 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 24, 2008, is:

EIGHT HUNDRED EIGHTY FOUR THOUSAND DOLLARS
(\$ 884,000)

CERTIFICATE OF APPRAISAL

WE HEREBY CERTIFY THAT UPON APPLICATION FOR VALUATION BY:

**MR. MICHAEL C. SPOTO, DISTRICT SUPERINTENDENT
FLORIDA KEYS MOSQUITO CONTROL DISTRICT
5224 COLLEGE ROAD
KEY WEST, FLORIDA 33040**

We have personally examined the following described properties:

COMMONLY KNOWN AS:

Subject Parcel "A": Florida Easter Seal Society
5220 College Road
Key West, Florida 33040

Subject Parcel "B": Florida Keys Mosquito Control District
5224 College Road
Key West, Florida 33040

Subject Parcel "C": Vacate Parcel with Mobile Home
5228 College Road
Key West, Florida 33040

and based on analysis of market data, site visit and research, it is our opinion that the "As Is" Market Value of the Fee Simple Interest of Subject Parcel "A" commonly known as the Florida Easter Seal Society, 5220 and 5222 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 24, 2008, is:

**ONE MILLION SEVEN HUNDRED NINETY THOUSAND DOLLARS
(\$ 1,790,000)**

In addition, based on analysis of market data, site visit and research, it is our opinion that the "As Is" Market Value of the Fee Simple Interest of Subject Parcel "B" commonly known as the Florida Keys Mosquito District, 5224 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 24, 2008, is:

TWO MILLION FOUR HUNDRED TEN THOUSAND DOLLARS
(\$ 2,410,000)

Furthermore, based on analysis of market data, site visit and research, it is our opinion that the "As If Vacant" Market Value of the Fee Simple Interest of Subject Parcel "C" commonly known as 5228 College Road, Key West, Florida 33040, subject to definitions, assumptions and limiting conditions, as of July 24, 2008, is:

EIGHT HUNDRED EIGHTY FOUR THOUSAND DOLLARS
(\$ 884,000)

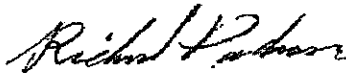
WE ADDITIONALLY CERTIFY that, to the best of our knowledge and belief:

- 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 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.

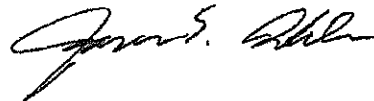
- Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- Richard Padron and James E. Wilson have made a personal on-site visit and walk through of the property that is the subject of this report.
- No one has provided significant professional assistance to the persons signing this report.
- 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 reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

APPRAISAL COMPANY OF KEY WEST

SEAL



Richard Padron, CCIM, MSA
State-Certified General Real Estate Appraiser
License No. RZ 0000544



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

ASSUMPTIONS AND LIMITING CONDITIONS

This is a restricted appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a restricted appraisal report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The values contained herein are estimated based on limited data which was made available; any discrepancies found in data may affect the value indications herein. The appraisers are not responsible for the unauthorized use of this report.

The attached restricted appraisal report has been performed to update a previous appraisal report dated July 19, 2007, our File Number 222-07. This Restricted Appraisal Report is a brief recapitulation of the appraiser's analyses and conclusions. Supporting documentation is retained in the appraiser's file.

THIS VALUATION IS CONTINGENT UPON THE FOLLOWING CONDITIONS:

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

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 authors, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are 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.

The property has been appraised as though free of liens and encumbrances, except as herein described.

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

The subject improvements were personally visited with exterior dimensions taken from our previous appraisal report, as well as from a survey prepared by Frederick H. Hildebrandt, drawing 99-246 for Subject Parcel "B," with the latest revisions made on June 22, 1999. Subject Parcel "A" site sizes were taken from the Monroe County Property Appraiser's records and Subject Parcel "C" site dimensions and size was taken from the plat map less the split-out that was allocated to Parcel "B," as a survey was not made available on either of these sites. Any deviations from these sizes may result in a change in value.

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. We reserve the right to change the final indicated value herein if and when any discrepancies are found in regard to easements and/or encroachments.

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. 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. A Leased Fee valuation considers any existing long-term leases. Subject Parcels "A" and "B" are leased to third party nonprofit organizations and a governmental agency, respectively, that are not considered arms length transactions. To our knowledge there is no existing lease for Subject Parcel "C." Hence, a Leased Fee valuation was not considered applicable. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

Subject Parcel "C" is improved with a double wide mobile home that was built in 1951 according to the Monroe County Tax Appraiser's records. The appraisers have not considered any contributory value to the mobile home due to its age and condition. Hence, our evaluation of this parcel, we have considered only the land value "As If Vacant" for Parcel "C."

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.

No personal property has been included in the valuation herein.

Information, estimates and opinions furnished to the appraisers, 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 is assumed by the Appraisers.

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.

An engineering report prepared by Metric Engineering, dated July 24, 2006, was made available to the appraisers. We utilized the engineering report's estimated cost of repairs in the Cost and Income Approaches, as a Cost to Cure the deficiencies in Building #3. As a result, the overall structure was deemed to be in good condition.

An environmental screening or audit of the subject property was not made available to the appraisers. 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.

In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, 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. We reserve the right to change the values herein if and/or when an environmental audit is made available. The appraisers are not qualified to detect such hazardous substances. We urge the client to retain an expert in this field if desired.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The subject building does have a handicap accessible ramp and restroom facilities. However, 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, possible noncompliance with the requirements of the ADA in estimating the value of the property has not been considered.

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.

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 appraiser conducting this appraisal is not qualified to detect latent conditions and has 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 appraiser conducting this appraisal, nor the APPRAISAL COMPANY OF KEY WEST makes 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.

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.

We do 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 National Association of Master Appraisers and the Appraisal Institute.

SUBJECT PROPERTY:



Street Scene Looking Southerly along College Road Toward US Highway No. 1

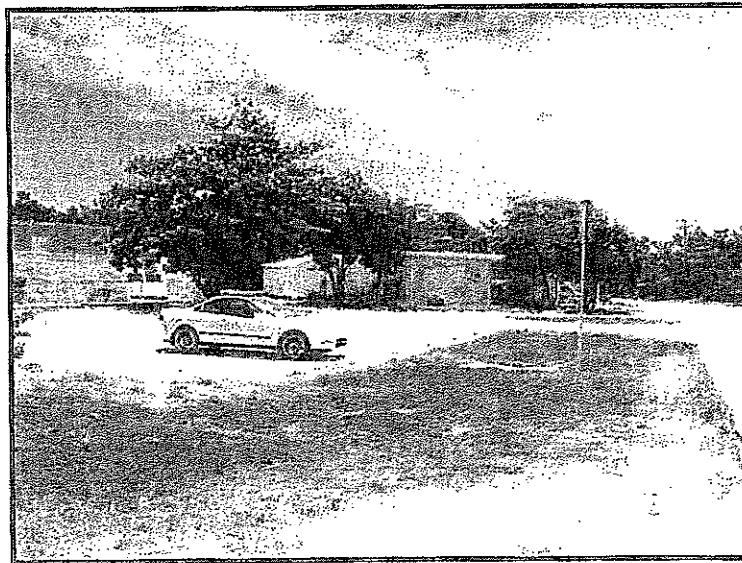


Street Scene Looking Northeasterly Along College Road

SUBJECT PROPERTY:

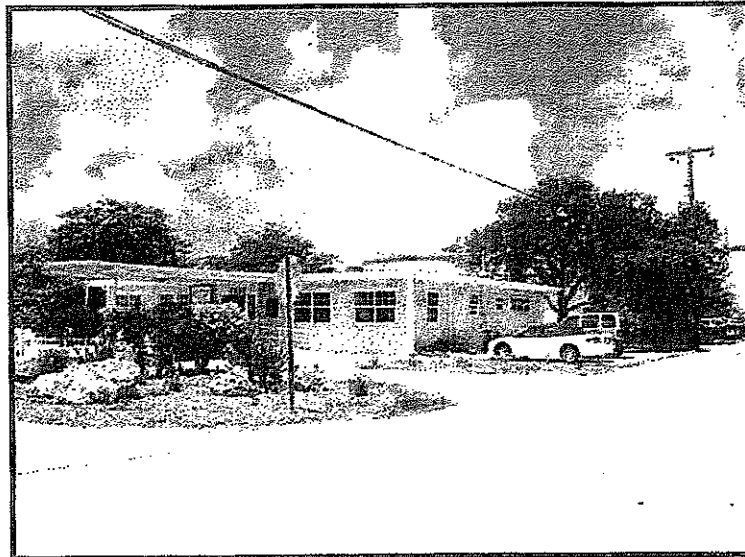


Street Scene Looking Easterly along Road Easement Toward Subject Parcel "B"

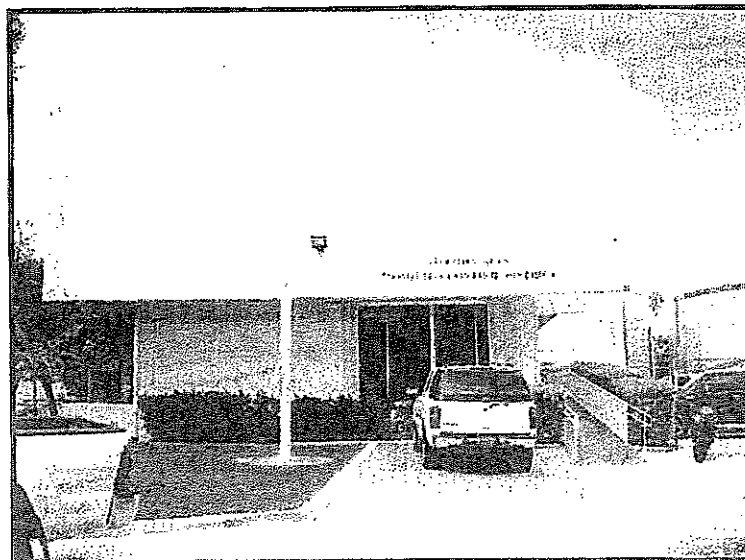


Side Entrance View Looking Southeasterly from Parking Lot of Subject Parcel "A"

SUBJECT PROPERTY:

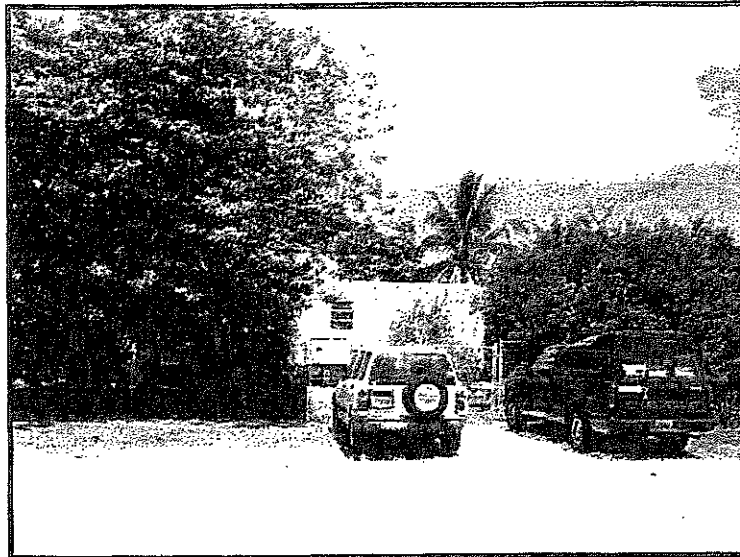


Front View of Subject Parcel "A" Looking Southeasterly from College Road



Front View of Subject Parcel "B" Looking Easterly from Easement Road

SUBJECT PROPERTY:

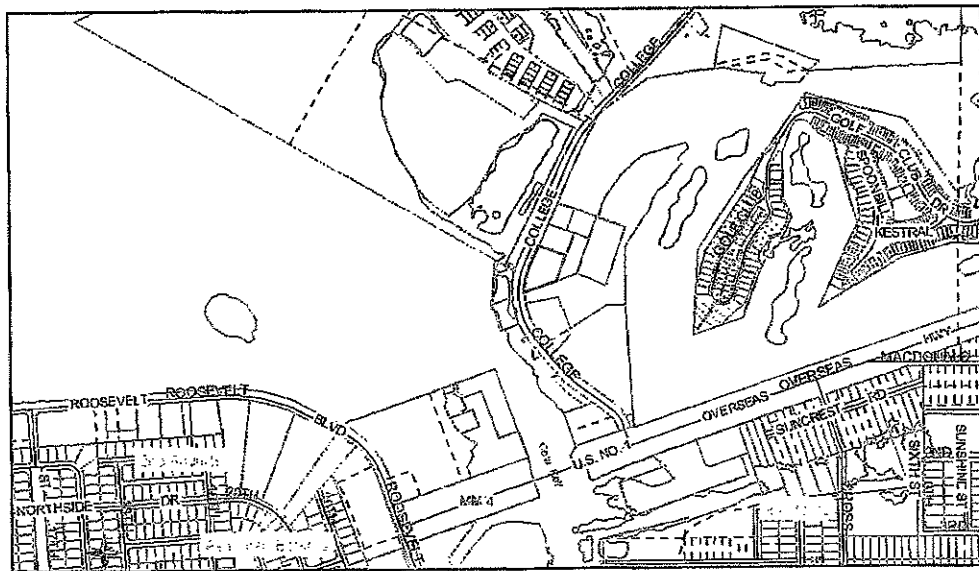
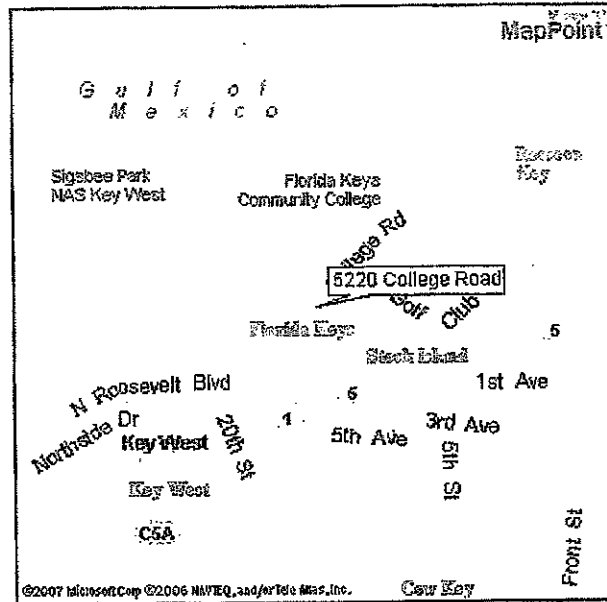


Front View of Subject Parcel "C" Looking Easterly from Easement Road

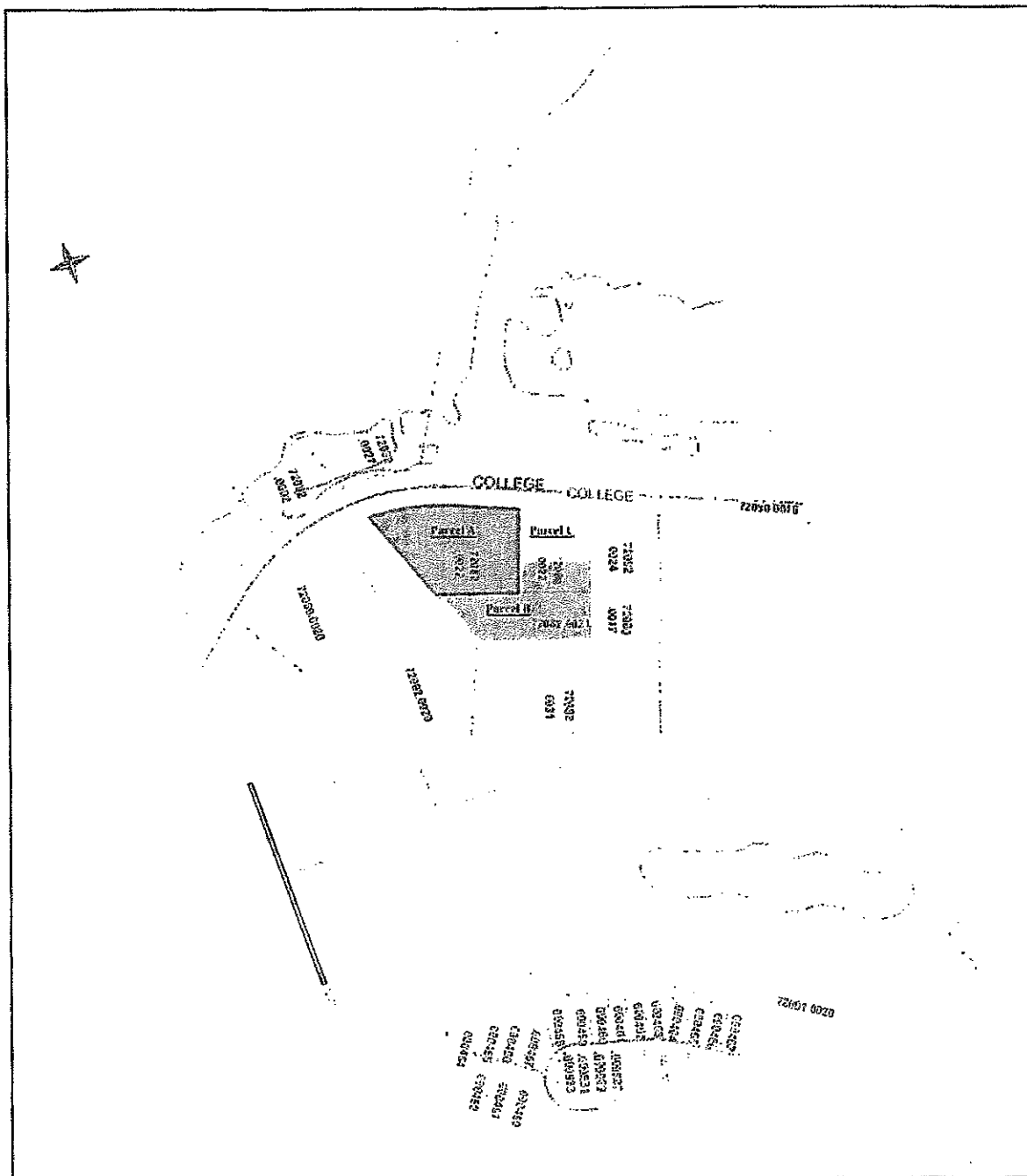


Front View of Building No. 2 Looking Easterly from Subject Parcel "B"

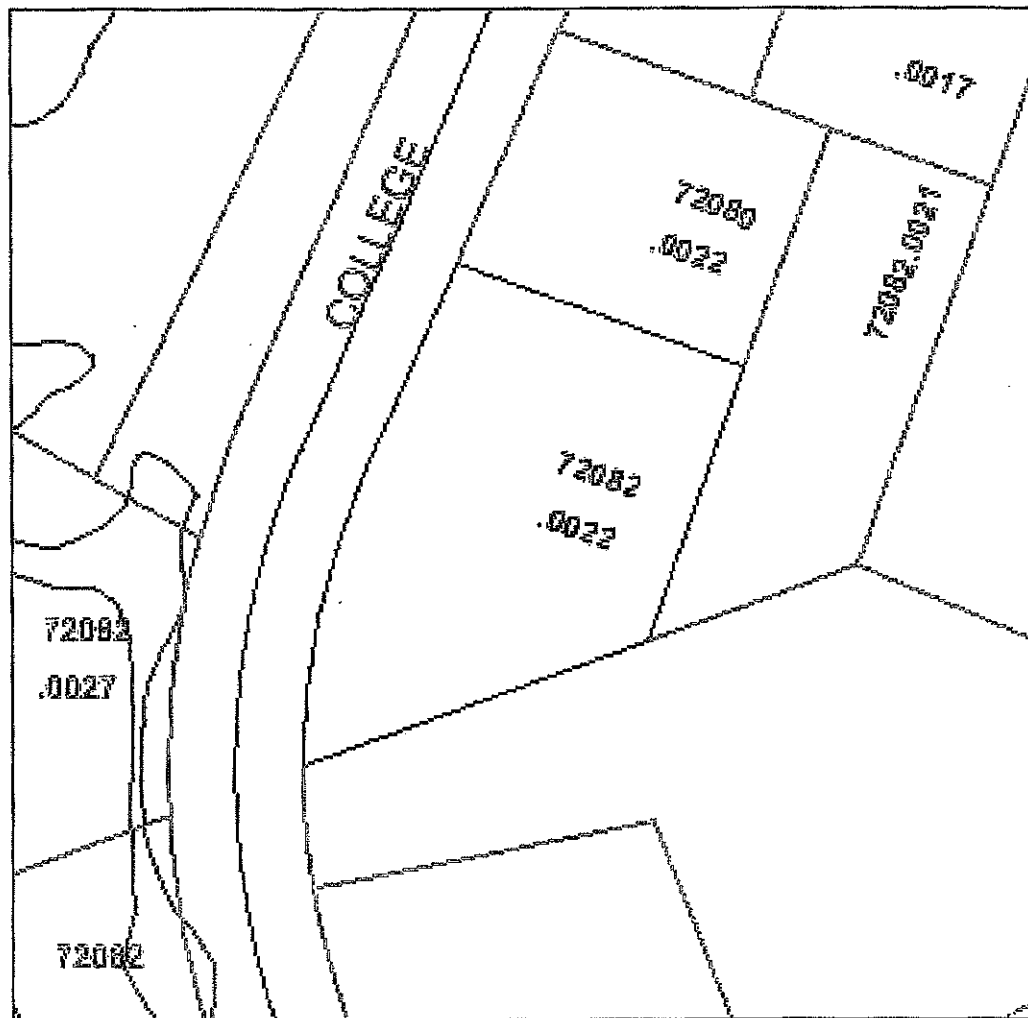
LOCATION MAP



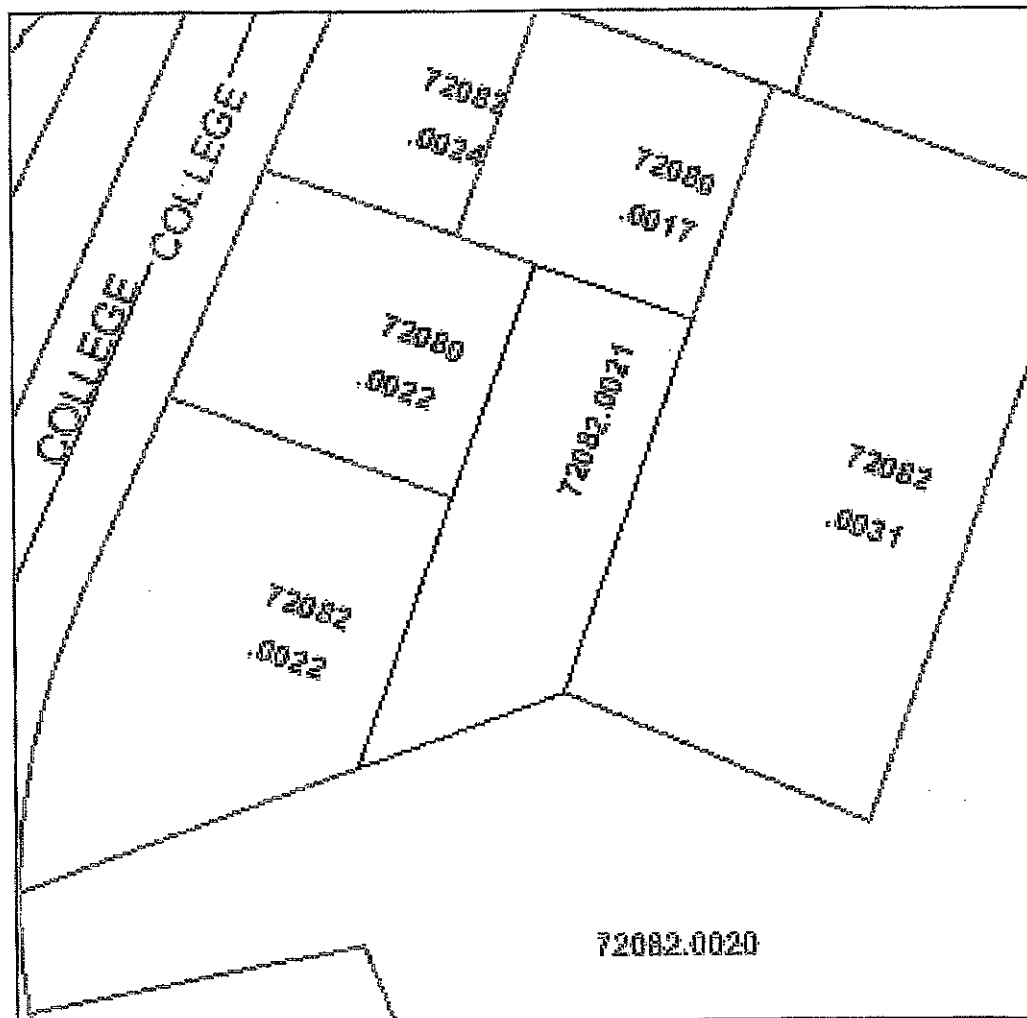
OVERALL PLAT MAP FOR THREE SUBJECT PARCELS



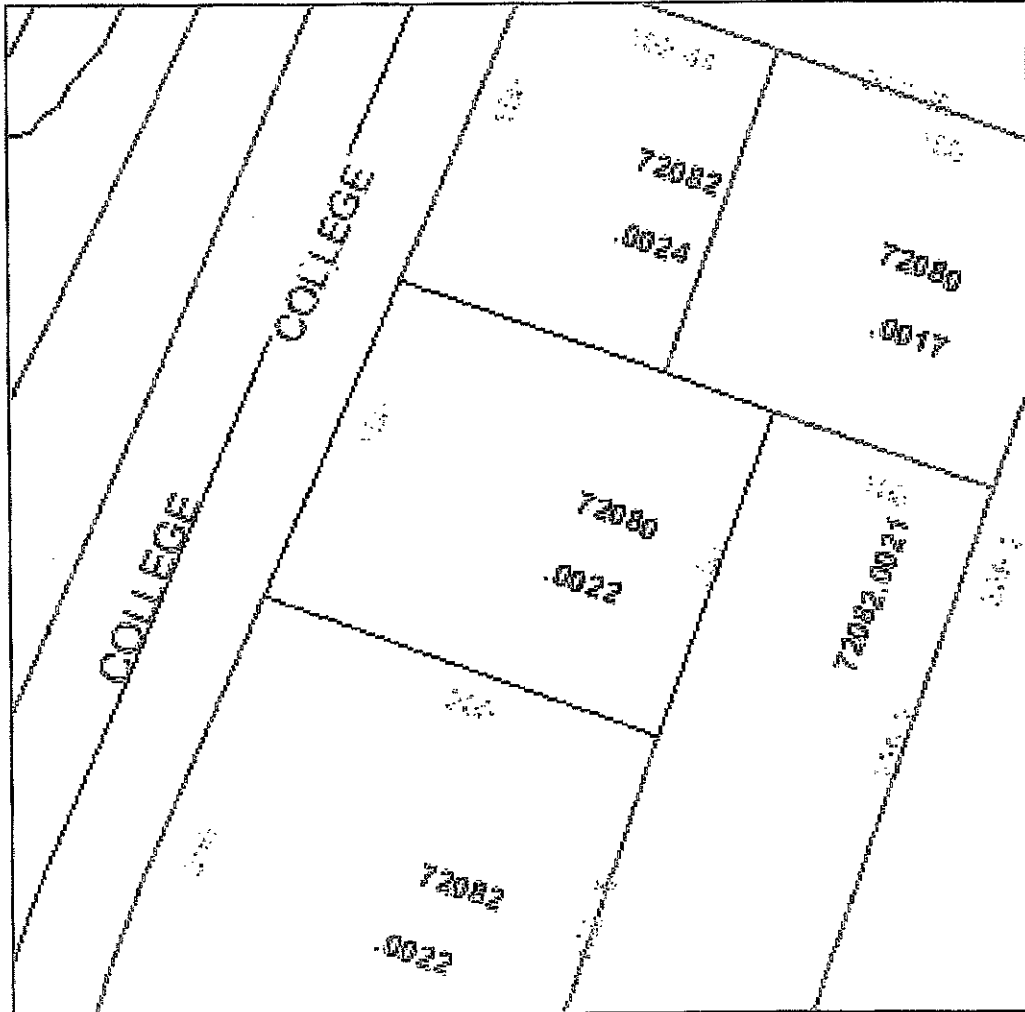
PLAT MAP FOR SUBJECT PARCEL "A"



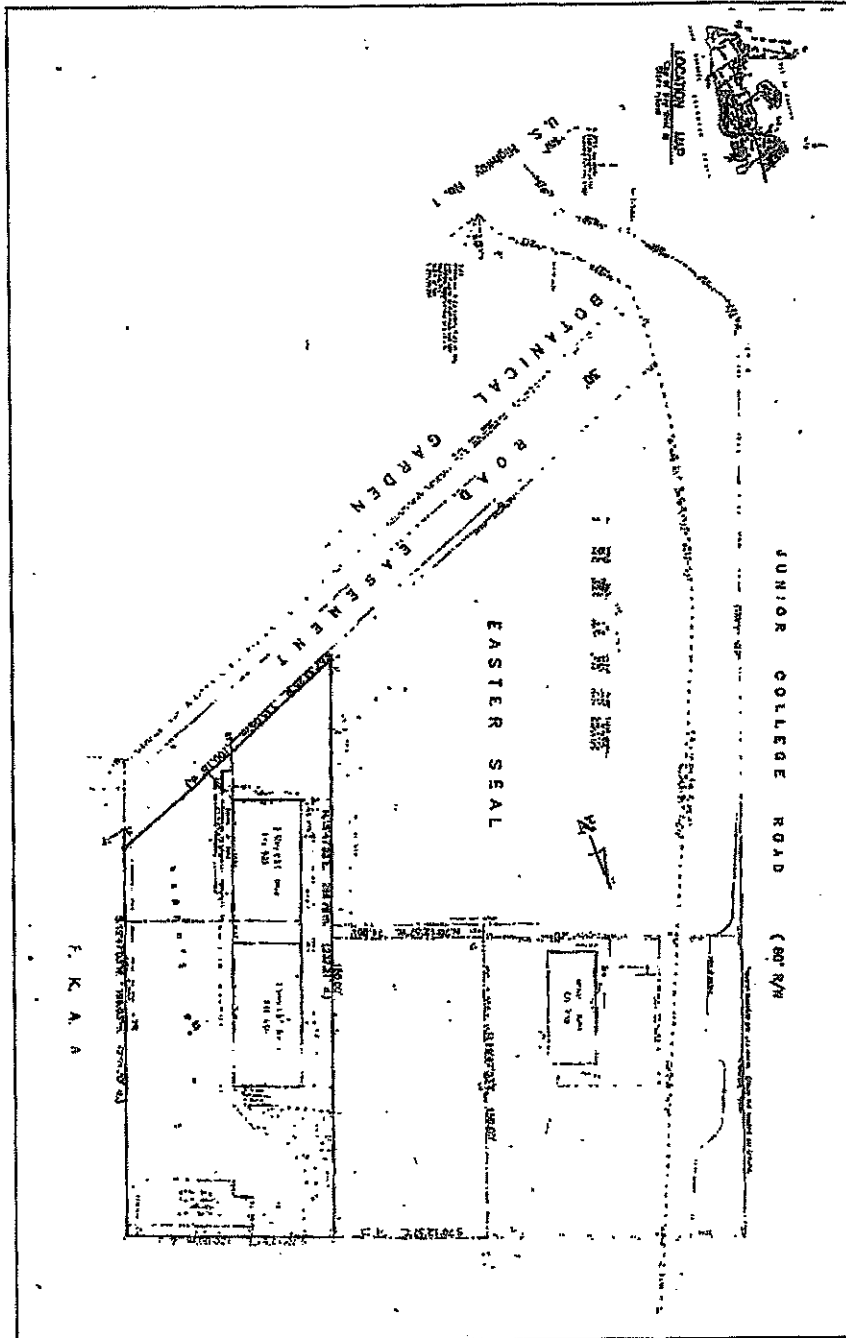
PLAT MAP FOR SUBJECT PARCEL "B"



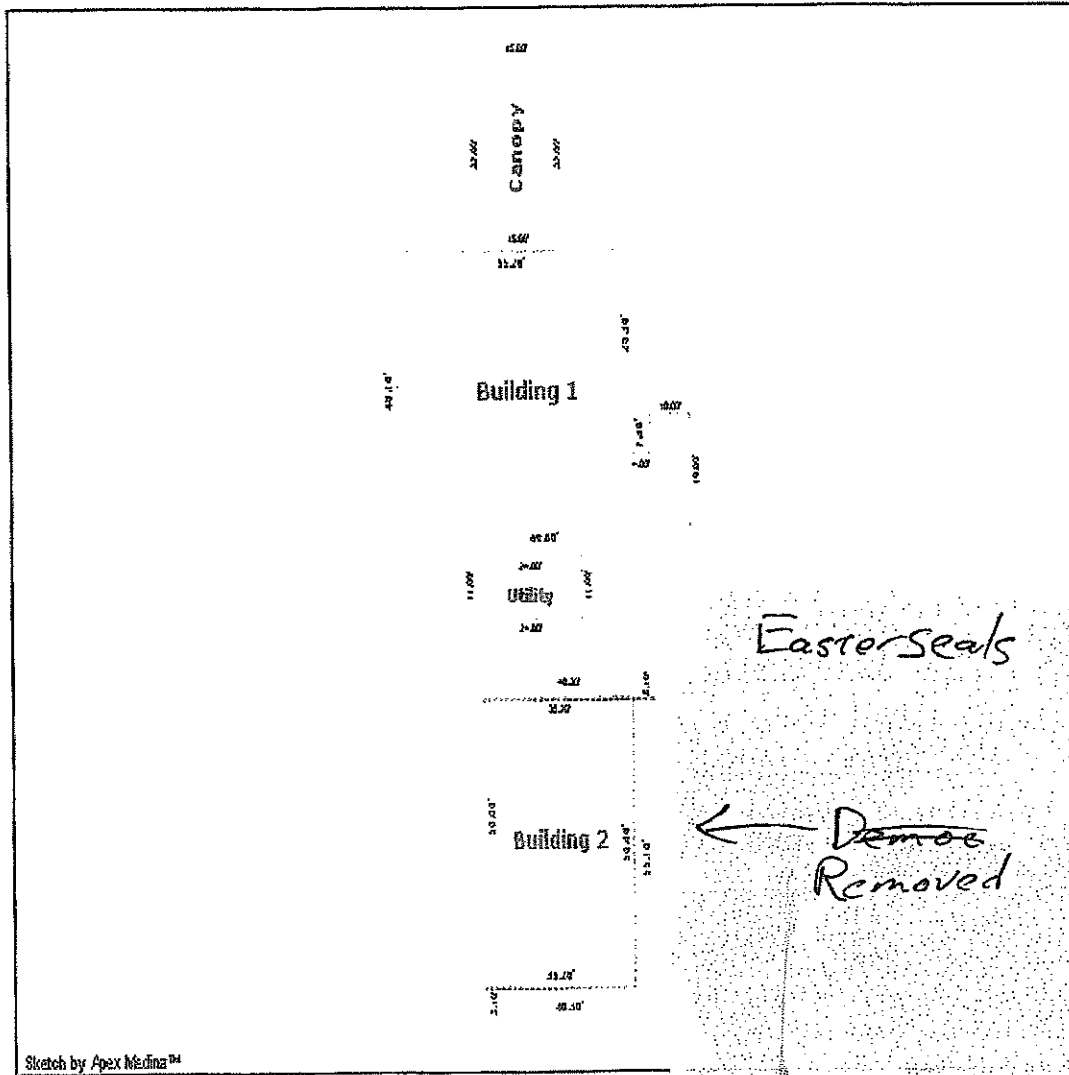
PLAT MAP FOR SUBJECT PARCEL "B"



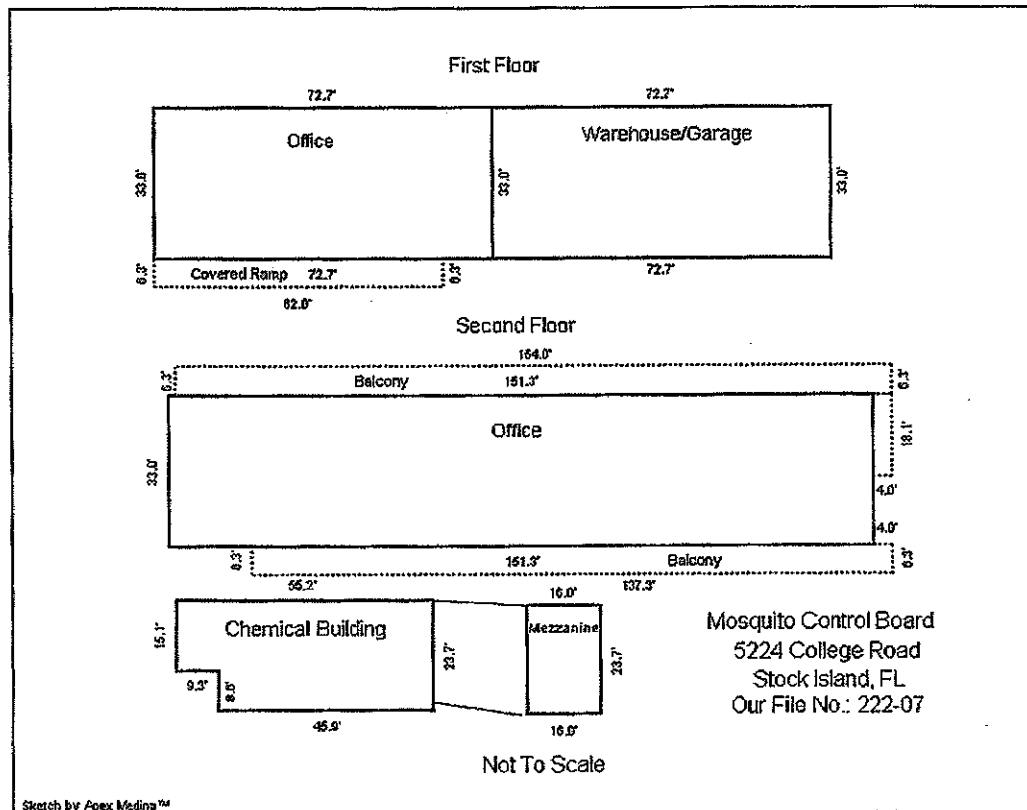
SURVEY



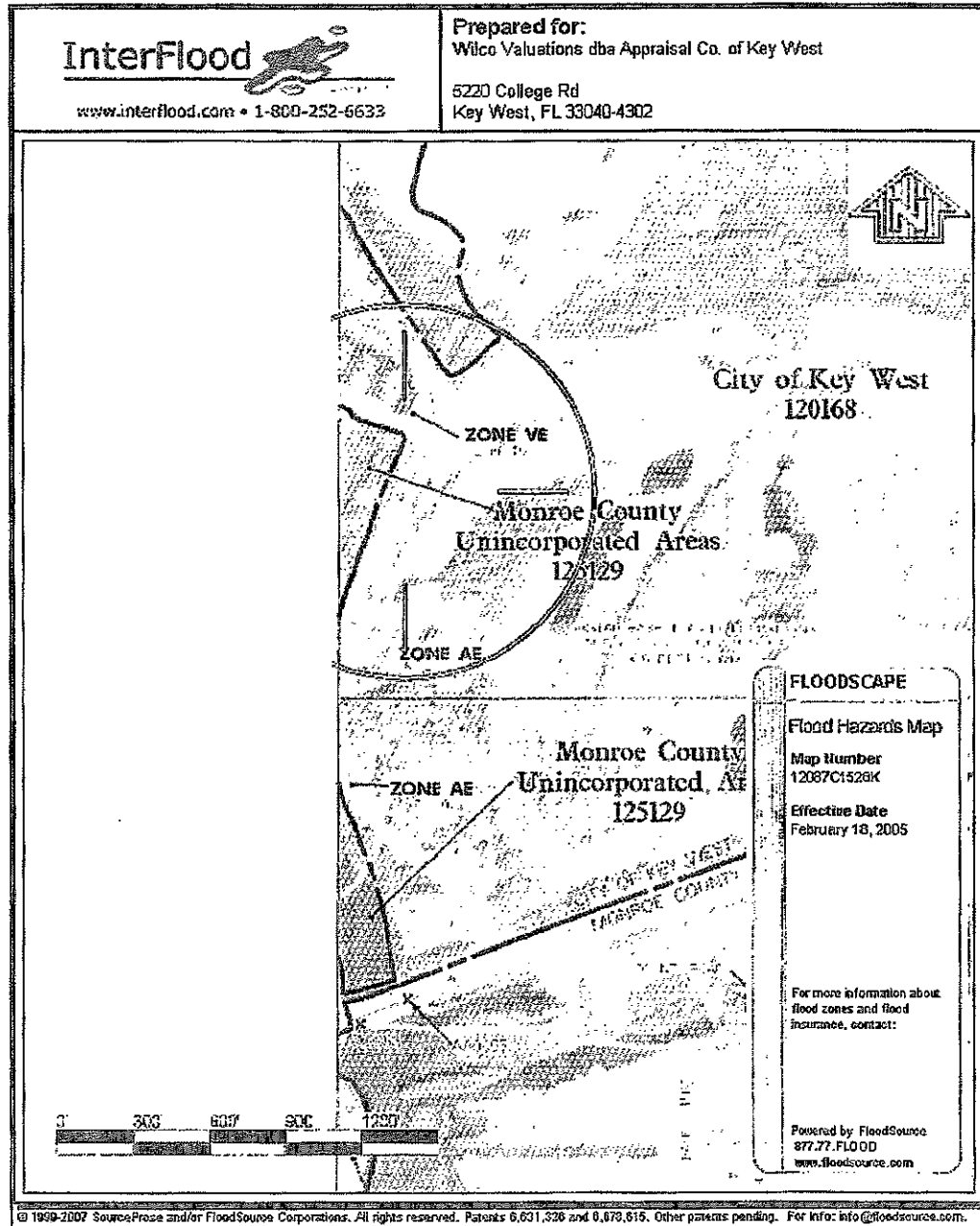
BUILDING SKETCH FOR SUBJECT PARCEL "A"



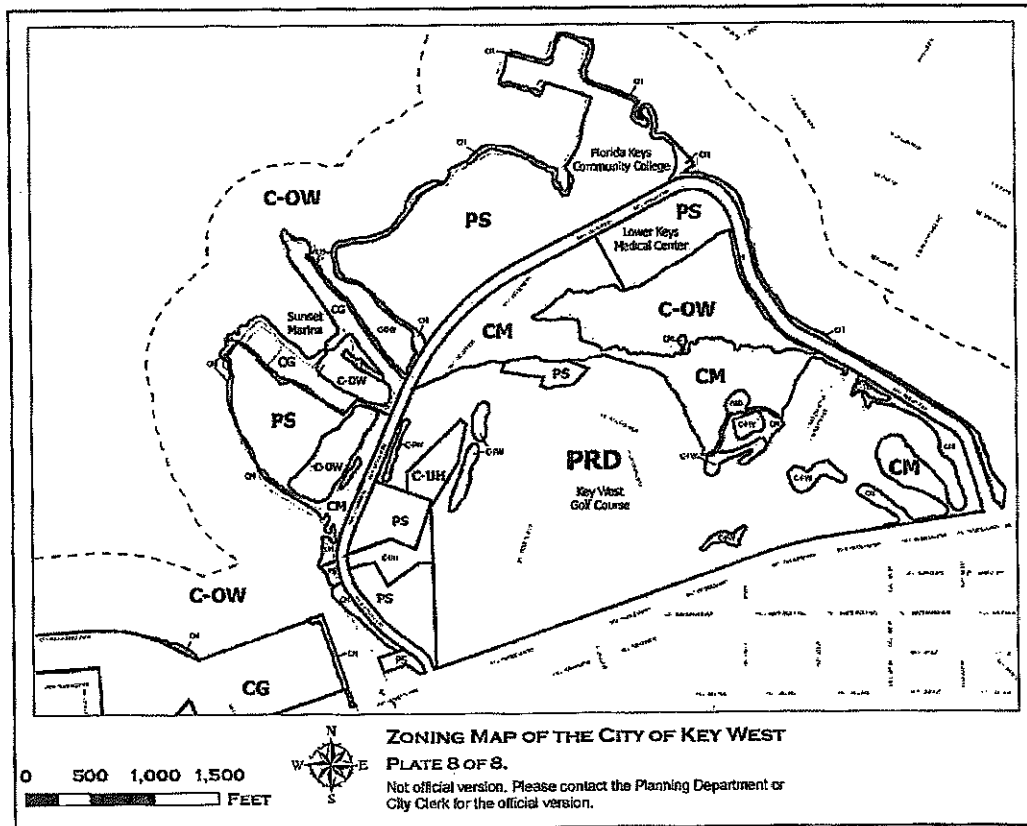
BUILDING SKETCH FOR SUBJECT PARCEL "B"



FLOOD MAP



ZONING MAP





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 12 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

GOLD COAST SCHOOL OF REAL ESTATE

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

Successful Completion of Salesman Post-License Program, February, 1994.

Successful Compl. of Mortgage Broker, Exam-Prep Program, September, 1992.

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

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

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

Professional Qualifications of James E. Wilson, III (Continued)

GOLD COAST SCHOOL OF REAL ESTATE (Continued)

- Successful Completion of AB III - Appraisal Board - Certified General Appraisal Course (Income Capitalization Course), February, 1995.
- Successful Compl.of USPAP - Uniform Standards of Professional Appraisal Practice, 6/92.
- Successful Completion of USPAP Course, September, 1995.
- Successful Completion of A-102 - Plan Reading for Appraisers, September, 1995.
- Successful Completion of National USPAP Update Course, June 2006
- Successful Completion of Techniques of Income Property Appraisal, June 2006

McKISSOCK DATA SYSTEMS

- Successful Completion of Automated Valuation Models, October, 2000.
- Successful Completion of Uniform Standards of Professional Appraisal Practice, October,2000.
- Successful Completion of Factory Built Housing, October, 2000.
- Successful Completion of Appraiser Liability, September, 2002.
- Successful Completion of Appraising Nonconforming & Difficult Properties, September,2002.
- Successful Completion of Appraiser Liability, USPAP, September, 2002.
- Successful Completion of Appraising for the Secondary Market, October, 2004
- Successful Completion of Appraising High-Value Residential Properties, October, 2004
- Successful Completion of Florida Laws and Regulations, October, 2004
- Successful Completion of Limited Appraisals and the Scope of Work Decision, October, 2004
- Successful Completion of National USPAP Equivalent, October, 2004
- Successful Completion of Florida Laws and Regulations, September 2006
- Successful Completion of Disclosures and Disclaimer, September, 2006
- Successful Completion of Appraisal Trends, September 2006

VALUE INFORMATION TECHNOLOGY, INC., Successful Completion of "Perspectives on Appraisals" FREAB Course ACE#1591, June, 1995.

NORTH BROWARD BOARD OF REALTORS, Successful Completion of 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: President of the Key West Gator Club (Alumni Organization of the University of Florida)
Member of Class VIII, Leadership Monroe County
Member of the Rotary Club of Sunset Key West

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

APPRAISER CERTIFICATION

AC# 2930821			STATE OF FLORIDA		
			DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION FLORIDA REAL ESTATE APPRAISAL BD		
			SEQ#L0610310301		
DATE	BATCH NUMBER	LICENSE NBR			
10/31/2006	060303596	RZ2164			
The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS. Expiration date: NOV 30, 2008					
WILSON, JAMES E 3229 FLAGLER AVE #101 P O BOX 2152 KEY WEST FL 33045-2152					
JEB BUSH GOVERNOR			SIMONE MARSTILLER SECRETARY		
DISPLAY AS REQUIRED BY LAW					

Professional Qualifications

Richard Padron, CCIM, MSA, AAR, SRC

Richard Padron has a diverse background in the real estate industry. His experience and education in the real estate profession have continually excelled. He has been affiliated in residential construction, real estate development and the real estate brokerage business for more than 28 years. During this time, he has managed construction projects, marketed, and sold several hundred homes in various subdivisions in the Florida Keys and Key West, and has appraised thousands of single family, multi-family and commercial properties. His real estate career has involved the entire development process from acquisition to project sellout, including the permitting and operation of wastewater treatment systems, as well as dealing with environmental concerns.

Prior to founding the firm, Appraisal Company of Key West, Inc., Mr. Padron formed the corporation of Richard Padron & Associates, Inc., a real estate brokerage corporation. These corporations have been in existence since 1984, providing all types of real estate services, including brokerage; market, financial and investment analysis; expert witness testimony; appraisals; property operation review, and planning and feasibility analysis.

Education: Real Estate Certificate from Florida Keys Community College

Professional Activities:

MSA: Master Senior Appraiser, (1984). Certificate No. 00883.
CCIM: Certified Commercial-Investment Member, (1986). Certificate No. 2765.
AAR: Accredited in Appraisal Reviewer, (1987). Certificate No. 77.
SRC: Senior Real Estate Councilor, (1993). Certificate No. 89.

Certification: State-Certified General Real Estate Appraiser, License No. 0000544, (1990).
Licensed Real Estate Broker, State of Florida.
Licensed Class A Wastewater Treatment Plant Operator, State of Florida.

Associations: National Association of Realtors
Florida Association of Realtors
Key West Board of Realtors
Marathon and Lower Keys Board of Realtors.
National Association of Master Appraisers
Commercial-Investment Real Estate Council.

Accredited Review Appraisers Council
National Association of Counselors

Experience:

Appraisal Company of Key West, Inc. (Since 1987)
Richard Padron & Associates, Inc. (Since 1984)
Michael A. Padron, Inc. (1978-1984)
Riviera Enterprises, Inc. (1968-1984)

Area of Expertise:

- Analysis and evaluation of many types of real estate
- Assessment of project feasibility including:
 - Market research, investment analysis, and feasibility study
 - Highest and Best Use Analysis
- Litigation support and expert witness testimony
- Types of properties appraised, evaluated, and analyzed:
 - Hotels, Motels & Guesthouses Retail/Office and/or Specialty Stores
 - Shopping Centers & Malls
 - Warehouses (Mini, Storage & Distribution)
 - Restaurants
 - Theaters
 - Marinas, Boat Storage & Repairs
 - Seafood Packing House
 - Multi-Family Projects
 - Proposed Development Projects
 - Highest & Best Use Study
 - Mobile Home & Recreation Vehicle Parks
 - Single Family Residential & Condominiums
 - Multi-Family & Income Properties
 - Environmentally Sensitive Tracts

APPRAISER CERTIFICATION

AC# 2954775. STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL ED SEQ#L06111502977

DATE	BATCH NUMBER	LICENSE NBR
11/15/2006	060333755	R2544

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2008

DADRON, RICHARD
3229 FLAGLER AVE #101
KEY WEST FL 33040

JEB BUSH
GOVERNOR

DISPLAY AS REQUIRED BY LAW

SIMONE MARSTILLER
SECRETARY