



February 16, 2015

Mr. Stanley T. Rzad, Compliance Administrator
Keys Energy Services
1001 James Street
P.O. Box 6100
Key West, Florida 33041-6100

Re: Appraisal Report:
Former Diesel Plant
100 Angela Street, 709 Front Street & 101 Geraldine Street
Key West, Florida 33040

Dear Mr. Rzad:

I performed an Appraisal Report and estimate of value for the above referenced property. I personally examined and appraised the subject property for the purpose of reporting to you my opinion of the "As Is" Market Value of the Fee Simple Interest of this property, as of January 23, 2015. The reader is advised to review the Scope of Work section within this report.

The subject site consists of three contiguous lots with the address of 100 Angela Street, 709 Front Street and 101 Geraldine Street. The three lots combined form a corner, rectangular-shaped site with a total of 104.82 feet of frontage along the southerly side of Angela Street, with 173.86 feet of frontage along the easterly side of the proposed Fort Street Extension, plus 104.81 feet along the northerly side of Geraldine Street. This site is depicted as Lease Area 1 on the most recent survey and contains 18,223 site area. However, the City of Key West is proposing extending Fort Street from the Geraldine intersection to Angela Street. As a result, a section 30 feet wide by 173.86 deep or 5,216 square feet needs to be deducted, resulting in an amended site area for the subject property of 13,007 square feet, which will be utilized throughout the report herein. The adjusted site dimensions are approximately 74.81 feet (frontage along Angela and Geraldine Streets) in width by 173.86 feet (frontage along Fort Street) in depth. The site and building dimensions were referenced from a survey performed by Island Surveying, Inc., Engineers Planners Surveyors, 3152 Northside Drive, Key West, Florida 33040, dated November 10, 2010.

The subject site is improved with three attached one-story brick/partial CBS/masonry buildings. The buildings are connected and contain 11,701 square feet of gross building area, which were formerly used as a diesel electric plant. Due to the proposed Fort Street extension, the westerly portion of the 101 Geraldine Street Building (22.00 feet wide by 61.72 feet in depth) will likely be demolished; thus 1,352

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square feet has not been included in my gross building area calculation. According to the Monroe County Property Appraiser's records, all of the subject structures were built in 1923, although historical sources indicate development on the subject site circa 1890.

Any deviations from the subject's site and building area calculations could result in a change in value. If and when, a more recent survey is made available for the subject property, noting changes from the original survey or the dimensions used in this report, I reserve the right to change the final value. The survey is located in the Addenda Section of this report.

The appraisal herein includes a hypothetical condition, as well as extraordinary assumptions. The hypothetical condition assumes that the subject site property and building improvements are "environmentally clean". The property has been generally vacant since the closure of the plant, except for the electrical substation that was built in the late 2000s. The historical generators are still located within the subject buildings and are surrounded with 14 feet by 40 feet concrete lined pits with depths ranging from 2 feet to 8 feet. The pits do have some standing water. According to the Surface Water Sampling Report by PM Environmental Inc., the standing water in the pits does not appear to be hazardous.

In addition, A Supplemental Site Assessment Report of the subject property by PM Environmental Inc. for the Florida Department of Environmental Protection (FDEP), dated August 25, 2014 was provided by Mr. Rzad, Compliance Administrator, Keys Energy Services (KES). The report indicated that groundwater samples from seven monitoring wells were collected and contamination, although decreasing, is still present. It does not appear to be serious; however, PM recommends continuation of the quarterly monitoring only program.

Upon inspection, the interior of the structure still likely required some asbestos abatement as well as lead paint issues. The extraordinary assumptions herein consider that the removal cost of all existing generator equipment is equal to the salvage value. Furthermore, I have assumed that the proposed Fort Street extension will take place requiring that the subject's site and building area will be diminished as previously noted. Any necessary removal and remediation costs were not available. The appraiser is not an expert in these fields and urge that the client obtain such estimates from professionals in the respective disciplines. The subject's value may be negatively impacted depending on the findings and conclusions of future required clean-up and salvage.

The subject lots are zoned HMDR, Historic Medium Density Residential. According to the City Planning Staff, the subject buildings appear to be "contributing" to the Key West Historic District and cannot be demolished unless deemed unsafe by the Building Official. Furthermore, the commercial legal, nonconforming use or grandfathered status of the subject buildings appear to be lost as they have been vacant for an extended period of time. The Planning Department does not recognize any residential entitlements for the subject property. Since the subject lots are not vacant, they cannot receive a residential unit via a Beneficial Use application. Also, transient BPAS units cannot be transferred into

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the HMDR zoning district, which does not allow transient use. Furthermore due to the adjacent electrical substation, residential uses within the subject property may not be permissible. As a result, it does not appear that residential redevelopment of the subject property is possible. Finally, the only remaining option is to apply for a zoning change to HNC-3, Historic Neighborhood Commercial, wherein residential, plus a number of commercial uses are allowed. The subject is adjacent to one of the thoroughfares to the Truman Waterfront, which is the process of being redeveloped into a waterfront park with accessory uses. Commercial redevelopment of the subject property appears to be an option. An interim use may be for covered parking. The City of Key West is exploring the option of purchasing the subject property for a maintenance or storage facility servicing the Truman Waterfront. Unfortunately, warehouse, storage and/or maintenance facility is not a permissible use in the HNC-3 zoning district. It would seem that a solution would be found by the City due to the historic industrial use of the property. As a result, I have made a Hypothetical Condition that the subject could be redeveloped for commercial uses, in addition to the City's proposed maintenance facility or storage use.

Based on analysis of market data, site visit, walkthrough and research, it is my opinion that the "*As Is*" *Market Value of the Fee Simple Interest* of the subject property, Former Diesel Plant, 100 Angela Street, 709 Front Street and 101 Geraldine Street, Key West, Monroe County, Florida 33040, subject to definitions, assumptions and limiting conditions, as of January 23, 2015, is:

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

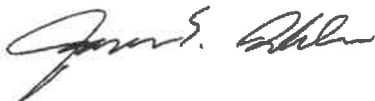
This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal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

This confidential report is prepared for the sole use of and benefit of Keys Energy Services. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with Keys Energy Services, as the client. This report should not be used for any purpose other than to understand the information available to the Bank concerning this property. Appraisal Company of Key West assumes no responsibility if this report is used in any other manner.

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If you have any questions regarding this appraisal report, please feel free to contact me. This transmittal letter must remain attached to the report, which contains 86 pages including related exhibits, in order for the value opinion set forth to be considered valid.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James E. Wilson".

James E. Wilson, MRICS, President
State-certified general real estate appraiser
RZ 2164

Report Attached:
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APPRAISAL REPORT

Property Commonly Known as:

FORMER DIESEL PLANT
100 ANGELA STREET, 709 FRONT STREET & 101 GERALDINE STREET
KEY WEST, FLORIDA 33040

Property Type:

FORMER ELECTRIC POWER PLANT/DIESEL GENERATORS

Prepared For:

MR. STANLEY T. RZAD, COMPLIANCE ADMINISTRATOR
KEYS ENERGY SERVICES
1001 JAMES STREET
P.O. BOX 6100
KEY WEST, FLORIDA 33041-6100

Valuation Date:

JANUARY 23, 2015

Prepared By:

JAMES E. WILSON, MRICS, PRESIDENT
STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER
RZ 2164

APPRAISAL COMPANY OF KEY WEST
3144 Northside Drive, Suite 201
Key West, Florida 33040

OUR FILE NO.: 187-14

SUMMARY OF FACTS AND CONCLUSIONS

Subject Property

Address: Former Diesel Plant
100 Angela Street, 709 Front Street & 101 Geraldine Street
Key West, Florida 330403440 Duck Avenue

Owner: The Utility Board of the City of Key West
1001 James Street
Key West, Florida 33040-6935

Property Type: Former Electric Power Plant/Diesel Generators

Site Description: Rectangular-Shaped Site
Three Contiguous Platted Lots
74.81 feet of Frontage Along Angela Street,
173.86 feet of Frontage Along Fort Street Extension
Total Site Area of 13,007 Square Feet

Gross Building

Area: 100 Angela Street: 3,658 Square Feet
709 Fort Street: 3,755 Square Feet
101 Geraldine Street: 4,288 Square Feet
Gross Building Area: 11,701 Square Feet

Flood Hazard

Zone: Map No.: 12087C1516K, 2/18/05: Zone AE-Elevation 6 Feet & Zone X

Zoning: HMDR-Historic Medium Density Residential, City of Key West.

Highest and Best Use:

“As If Vacant” Three Market-Rate Single Family Residences (one per lot), if SF zoning
Commercial office/warehouse or Mixed-Use development to the maximum
density, if CL zoning

“As Improved” Office/Service/Warehouse/Storage (Possible Interim Use)

Value Indications:

<u>Reconciliation</u>	
100 Front St., 709 Fort St. & 101 Geraldine St. Key West, Monroe County, Florida 33040	
Valuation Method:	Fee Simple Market Value
Cost Approach:	\$1,790,000
Income Approach:	Not Applicable
Sales Comparison Approach:	Not Applicable
"As Is" Market Value of the Fee Simple	
Interest, as of January 23, 2015 (Rounded):	\$1,790,000

Date of On-site

Visit: December 16, 2014 (Interior & Exterior)
& January 23, 2015 (Exterior)

Effective

Valuation Date: January 23, 2015

Date of Report: February 16, 2015

Marketing Time: 12 to 18 Months for the estimated marketing time.

Exposure Time: Exposure time is the amount of time necessary to affect a sale of the subject property on the valuation date. 12 to 18 Months for the estimated exposure time.

Environmental

Issues: According to information provided by Keys Energy Services for a prior appraisal, there remains some asbestos issues within window glaze and insulation, as well as lead paint at high levels, including engine housings, electrical control panels, tanks, stacks, walls and beams—the range is estimated from 0.01% to 30% in the building. These contaminants are assumed to be “cured” in the valuation herein and have been assumed as such in a hypothetical condition. The “cost” to abate these contaminants was not provided and thus not considered herein.

In addition, A Supplemental Site Assessment Report of the subject property by PM Environmental Inc. for the Florida Department of Environmental Protection (FDEP), dated August 25, 2014 indicated that groundwater samples from seven

monitoring wells were collected and contamination, although decreasing, is still present. It does not appear to be serious; however, PM recommends continuation of the quarterly monitoring only program. The appraiser is not an expert in these fields and urge that the client obtain such estimates from professionals in the respective disciplines. The subject's value may be negatively impacted depending on the findings and conclusions of future required clean-up and salvage.

AN APPRAISAL REPORT

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. As such, it might not include full 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 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 of and benefits of Keys Energy Services. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with Keys Energy Services 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. The appraiser is not responsible for unauthorized use of this report. The reader is referred to the Scope of Work section of this report.

CLIENT/

INTENDED USER: Mr. Stanley T. Rzad, CPM
Keys Energy Services
P.O. Box 6100
Key West, FL 33040

APPRAISER: James E. Wilson, MRICS, President
State-certified general real estate appraiser
RZ 2164

SUBJECT: 3440 Duck Avenue
Key West, Florida 33040

PURPOSE AND INTENDED USE OF THE APPRAISAL

The *purpose* of this appraisal is to render my opinion of the "As Is" Market Value of the Fee Simple Interest of this property, as of January 23, 2015.

The *intended use* of this appraisal is to provide general information for the exclusive use of Keys Energy Services for possible sale of the subject property. The *intended user* of the appraisal report is Keys Energy Services.

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 Interest*. 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. A Leased Fee analysis was not applicable as no long-term leases are encumbering the subject property. The "As Is" Market Value of the Fee Simple Interest in the subject property is estimated and reported herein.

LEGAL DESCRIPTION

The metes and bounds, legal description of the subject property was taken from the previously mentioned survey, prepared by Island Surveying, Inc., Engineers Planners Surveyors, 3152 Northside Drive, Key West, Florida 33040, dated November 10, 2010. The legal description is quite lengthy and is found in the Addendum of this report

DEFINITIONS

Market Value: Market Value is defined by the Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C, as follows:

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.

Market Value: Market Value, or Value in Use is described as the “the value a specific property has for a specific use: may be the highest and best use of the property or some other use specified as a condition of the appraisal.....”.

Fee Simple Interest: According to The Dictionary of Real Estate Appraisal, Fifth Edition, Fee Simple Interest 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.

SUBJECT’S MARKET AREA (NEIGHBORHOOD) ANALYSIS

The subject property is located within the downtown commercial business district in the northwesterly quadrant of the City of Key West with frontage on Angela and Geraldine Streets, plus the Front Street extension. The subject property is located four blocks northerly from Truman Avenue, U. S. Highway No. 1, the main thoroughfare into and out of the City of Key West and the Florida Keys. Truman Avenue is a two-way asphalt paved street extending east and west, and widening into four lanes at the intersection of Eisenhower Drive. Truman Avenue provides excellent access to Whitehead Street. Mallory Square, the cruise port into the City, is located five blocks northerly from the subject property. This area is popular for its panoramic view of the sunset, with a sunset celebration taking place each evening. The subject property is located only three blocks westerly from Duval Street. 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. This general area of the island can be considered the "Old Town", “Bahama Village” section of Key West, where the architecture and building construction are historically preserved.

The subject neighborhood can be described as being bordered on the north by the Gulf of Mexico (Key West Harbor, the main shipping channel into Key West waters), on the east by Eisenhower Drive, on the south by the Atlantic Ocean, and on the west by Fort Zachary Taylor State Park.

The subject property is located within the Bahama Village neighborhood. Bahama Village consists of approximately 22 blocks at the northwesterly quadrant of the City of Key West. Bahama Village is west of Duval Street; it is bounded by Fort Street to the west, Angela Street to the north and the Truman Annex Naval Base to the south.

The subject property is located at the northwesterly tip of Bahama Village, abutting the U.S. Navy owned Truman Annex. Truman Annex (approximately 34 acre) consists of property owned by the U.S. Navy and commonly known as Truman Harbor/Outer Navy Mole property and the Duval Street shopping and

entertainment district. The Navy property was recently annexed to the City of Key West for the City's use as a waterfront park. This area currently has had an increase in vehicular and pedestrian traffic, especially tourist traffic. As such property values and rental rates within the area will likely increase as the area becomes even more desirable. There is some evidence of rental rates increasing already, especially within the Petronia Street corridor.

There is a proposed redevelopment plan which includes improvements adjacent to or near the subject property. These improvements could have a very positive impact on the subject property's appeal; thereby increasing its marketability and value. These plans include the Truman Waterfront to the west of Bahama Village. Phase I of the redevelopment is underway. Fort Street will likely be extended to allow entry into Fort Zachary Taylor, with extensive landscaping added along nearly all of the streets.

Based on the redevelopment plan, as well as, general economic conditions, it is expected that the present conditions and general appeal of the Bahama Village neighborhood will continue to improve, especially as the commercial and residential real estate continues to rebound from the recession.

General Economic Conditions:

The Florida Keys and specifically Key West have flourished over the past three decades with tourism developing as the County's primary economic base. The County has had tremendous success with its advertising efforts and attraction of tourists of all Nationalities. Hotels and motel facilities in Monroe County have flourished over this time period. As a result of the very active hurricane seasons of 2004 and 2005, coupled with the national recession the local market experienced an economic decline. However, during the past two years, 2013 and 2014, the (TDC) Tourist Development Council's, records indicate that this "season" has shifted and expanded to be one of the best periods since the decline of 2005 in the hospitality industry. A large portion of this shift has resulted from the marketing efforts of the Tourist Development Council and additional annual events, as well as the deflated U.S. dollar abroad, stimulating travel within the United States.

Development within Key West had been very heated until 2007 with many condominium conversion projects, rejuvenation of older properties and ongoing speculative development. The renovations, improvements and demand for properties within the area had been steady; however, because of the national slow down in the housing market and recession, it appears that supply exceeded the demand. However, according to Mr. Claude Gardner, a local commercial Realtor, the commercial rental market appeared to bottomed out since mid to late 2011 and indicates a turnaround of the local economy. During the past year, 2013 and year-to-date 2014 many of commercial vacancies have been absorbed. Recent commercial real estate activity includes signed rental agreements for several large retail spaces, as well as large rental units in traditional strip center shopping centers along North Roosevelt Boulevard have been leased. New tenants are quickly absorbing any vacancies on Duval Street. CVS and The Gap are opening new locations on Duval Street.

Prior to the real estate slump, the market steadily absorbed new space. Based on the general economic environment, it is our opinion that increasing real estate values for commercial and residential properties will continue after stabilizing, but at a reduced rate, spurred by supply and demand forces within the City of Key West, which is 98 percent built-out. Tourism, the economic base of Key West and the Florida Keys, has experienced steady growth over the last three decades with recent declines observed due to the national economic conditions. However, stabilization began in 2011 with a rebound noted in 2012 through year-end 2014.

Supply and Demand:

With growth in the tourism economy, a great need for affordable and residential housing units has developed. This need is great in the City of Key West, which boasts the highest rental rates within the County. In the mid-1990's increased tourism spawned conversion of formerly non-transient residential rental units to transient rental with a 40% increase documented between 1994 and 1996. This conversion resulted in a shortage of long-term housing units. The market has continually attempted to balance the needs of the service employees and the limited supply of housing; however, the result has been increasing rental rates and displacement of workers.

After Hurricane Wilma, which affected the Florida Keys October 24th and 25th, 2005, the real estate market began to soften, which was demonstrated by increased inventory and decreased closed transactions (number of sales and overall sales dollars). Furthermore, the national economic downturn, housing market decline, credit crisis and recession have affected the local market. In most of the Florida Keys, residential real estate values dropped since the height of the market (mid to end of 2005) from 30% to 60%. It appears that prices have started to rebound for residential property entities. The amount of inventory has declined greatly over the past two years. Fortunately, the Florida Keys has enjoyed six straight years of quiet hurricane seasons. The second home market has experienced significant increase in 2013 with 50% to 60% of residential transactions, all cash.

It appears that the tourism market has returned with gains in average daily and occupancy rates for lodging facilities for about four straight years. Many lodging facilities in the City of Key West have surpassed the former highs of 2007 room revenue figures in 2013 and further year-end 2014. There has been a significant increase in sales activity for large resort hotels since 2013, most transactions have eclipsed sales prices of \$90 million with price per key or room at all time high levels. Unfortunately, downtown retailers have not experienced such revenue growth as tourists are spending more on lodging and restaurants/bars. Typically, the real estate market in the Keys had been more resilient than the mainland as the supply of new developments is still rather inelastic as older properties are redeveloped based on existing entitlements.

With respect to the commercial retail sector, the market has traditionally absorbed most of the commercial space in the commercial sector of Key West until 2006-2007. However, due to the slow down in economic conditions, commercial rentals began to decline with landlords giving rent concessions to entice tenants. Further, the quantity of vacancies in the commercial sector had increased, as well as increasing vacancies noted on Duval Street, the main shopping and entertainment street of downtown Key West and the immediately surrounding streets. Subsequent to 2007 within the Downtown Commercial Business District, plus along North Roosevelt Boulevard, a.k.a. US Highway 1, vacancies had increased due to the recession. However, since late 2011, most of the large vacant retail units have been absorbed with growth noted in rental rates. The commercial market along North Roosevelt Boulevard appears to be stabilizing as the FDOT reconstruction project has been completed. The 500 hotel rooms at the Triangle are being totally renovated and should be back online by mid to late 2015. There still appears to be turnover along Duval Street; however, vacancies have definitely waned since 2009/2010 and are quickly absorbed.

There has been a recent easing of credit noted for conventional financing. A large percentage of real estate sales, especially residential transactions have been cash. The marketing times for properties of all types are declining. According to real estate agents, a six to ten percent real estate commissions are being negotiated with five to six percent being typical for large commercial properties.

I interviewed or obtained information from the following market participants including Claude J. Gardner Jr., (Prudential Knight & Gardner Realty), Curtis A. Skomp, CCIM, (RE/Max), Marilyn Wilbarger, Senior Property Manager for the City of Key West, and Mr. Benjamin McPherson, Treasurer

Historic Tours of America. Other commercial Realtors, real estate investors, tenants and landlords, were also contacted in my research.

DEMOGRAPHICS

In terms of demographic trends taking place in Key West, Florida, the Key West Chamber of Commerce has compiled the following statistics.

Key West and Monroe County Demographics								
9/24/13								
<p>Key West is an island city some 4 miles long by 1.5 miles wide. The island is located at the southern end of U.S. Highway 1, 153 miles southwest of Miami, Florida and 93 miles northwest of Havana, Cuba, at 24.5 degrees north of the equator. Key West is the county seat of Monroe County. The city occupies the entire island as well as a portion of neighboring Stock Island to the northeast. The principal industry is tourism. The US Navy and Coast Guard maintain a presence here as well.</p>								
Florida Keys Visitor Person-Trip Estimates								
	2005	2006	2007	2008	2009	2010	2011	2012
Key West Overnight Visitors	1,046,111	1,063,752	1,084,847	1,112,978	1,165,300	1,517,600	1,577,500	1,588,607
Key West Day Trippers	237,460	196,794	202,510	205,901	236,400	299,100	313,300	311,337
Cruise Ship Passengers	925,795	888,183	816,919	739,218	658,409	850,270	811,458	813,713
Total Key West Visitors	2,209,366	2,148,729	2,114,076	2,058,097	2,263,109	2,666,970	2,702,258	2,713,658
Key West Lodging Occupancy %	76.2%	73.5%	75.3%	74.2%	76.9%	78.1%	82.5%	83.1%
All Keys Overnight Visitors	1,937,244	2,030,062	2,089,021	2,169,565	2,103,100	2,502,200	2,742,500	3,026,165
All Keys Day Trippers	439,742	375,561	386,469	401,369	404,400	473,300	519,400	565,785
Cruise Ship Passengers	925,795	888,183	816,919	739,218	658,409	850,270	811,458	813,713
Total All Keys Visitors	3,302,781	3,293,806	3,292,409	3,310,152	3,366,809	3,825,770	4,073,358	4,405,662
Monroe County Lodging Occupancy %:	70.0%	66.5%	68.1%	67.5%	69.4%	70.5%	74.3%	75.9%

Sources: Monroe County Tourist Development Council; Smith Travel Research

Population:		
Year	Monroe County	Key West
1980	63,188	24,382
1990	78,024	24,832
2000	79,589	25,478
2005	75,750	23,935
2010	73,090	24,649
2011	73,873	24,909
2012	74,809	25,057

Military – NAS Key West (October 2009 Estimate)

Base Uniform Personnel	
Navy	771
Coast Guard	752
Army/Air Force/Marines	153
Total Uniform Personnel	1,676
Civilian Support Staff	848
Contractors	358
Total Payroll	2,882
Family Members	1,015
Military Present for Training	439
Retired Military Recreating	685
Grand Total	5,021

Sources: US Census Bureau for Decennial Data, US Census Bureau, US Dept of Defense, Key West for Military Data

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Population Age Breakdown:	Key West 2011	Monroe County 2011	Florida 2011	Nation 2011
0-19	18%	17%	24%	27%
20-34	21%	17%	19%	21%
35-44	17%	14%	13%	13%
45-54	17%	18%	15%	14%
55-64	16%	18%	12%	12%
65-74	8%	10%	9%	7%
75+	6%	6%	8%	6%

Median Age: 42.1 46.1 40.5 37.3
 Source: US Census Bureau, American FactFinder, 2011

Population Racial Breakdown:	Key West 2011	Monroe County 2011	Florida 2011	Nation 2011
White	66.0%	71.4%	60.5%	63.4%
Black	7.6%	5.0%	12.7%	12.3%
Hispanic	21.2%	21.0%	22.9%	16.7%
Other	4.4%	2.6%	3.9%	7.6%

Source: US Census Bureau, American FactFinder, 2011

Registered Voters (As of 9/24/2013)

Affiliation	Key West	Monroe County
Democrat:	6,914	17,731
Republican:	3,382	19,350
Other:	4,791	15,381
Total:	15,087	52,462

Source: www.keyselections.org

Monroe County Income (2007-2011 five-year estimate)

Median Household Income:	\$53,889
Per Capita Income:	\$35,074
Average Household Size:	2.53 persons

Sources: US Census Bureau; American Factfinder

Memo: Per Capita Personal Income Incl. Dividends, Interest & Rent (2011) \$58,941

Sources: US Dept of Commerce, Bureau of Economic Analysis

Economy - Gross Sales

Monroe County: (2009)	\$3,352,780,910
Monroe County: (2010)	\$3,426,421,285
Monroe County: (2011)	\$3,787,980,413
Monroe County: (2012)	\$3,953,360,881

Source: Florida Department of Revenue

Ad Valorem Millage Rate 2010-2011	
Monroe County	3.1229
School	3.6600
City of Key West	2.9185
South Florida Water Management District	0.4289
Mosquito Control	0.5171
Total per \$1,000 Assessed Value	10.6474

Source: Monroe County Property Appraiser

Employment	Key West	Monroe County	Florida	United States
Per Capita Income 2011	\$58,941 ²	\$58,941 ²	\$39,636 ²	\$41,560 ²
Civilian Labor Force - 12/12	17,231 ¹	49,194 ¹	9,347,425 ¹	154,904,000 ¹
Unemployment Rate - 12/12	4.0% ¹	4.5% ¹	8.0% ¹	7.6% ¹

¹Bureau of Labor Statistics ²Bureau of Economic Analysis

Monroe County 2012 Price Level Index: U.S. Average = 100

<u>Monroe County</u>	<u>Index</u>
Overall	139.30
Food & Beverage	105.13
Utilities	93.24
Housing	NA
Miscellaneous	99.48

Source: EFlorida.com reporting University of Florida Bureau of Economic & Business Research data

Housing Profile (2007-2011 five-year estimate)	Key West	Monroe County
Total Housing Units	14,250	52,818
Occupied Housing Units	9,191	28,272
Average Number of Rooms	4.1	4.3
Average Number of Vehicles	1.29	1.56
Median Household Income	\$ 51,385	\$ 53,889
<u>Owner Occupied Housing Units</u>	4,570	18,178
Percent of Occupied Units	50%	64%
Average number of household members	2.50	2.49
Median Value Occupied Unit	\$ 494,200	\$ 463,100
Median monthly housing cost with mortgage	\$ 2,929	\$ 2,410
<u>Renter Occupied Housing Units</u>	4,621	10,094
Percent of Occupied Units	50%	36%
Average number of household members	2.59	2.60
Median monthly housing cost	\$ 1,380	\$ 1,269

Source: U.S. Census Bureau; American FactFinder

Median Property Sales – The median value represents that value at which one-half of the unit sales are above and one-half of the unit sales are below the value.

	2012	2011	2010	2009
Key West Single Family Home:	\$425,000	\$420,000	\$375,000	\$349,000
Key West Condominium:	\$330,000	\$325,000	\$316,000	\$236,000

Source: Monroe County Property Appraiser Qualified sales including short sales and bank sales

Monroe County Employees by Industry 2011:

Industry	# Jobs	Percentage
Total Employment	55,813	100.0%
Private employment	48,169	86.6%
Utilities	N/A	N/A
Construction	3,064	5.5%
Manufacturing	374	0.7%
Wholesale trade	N/A	N/A
Retail trade	6,107	11.0%
Transportation and warehousing	1,484	2.7%
Information	583	1.0%
Finance and insurance	1,830	3.3%
Real estate and rental and leasing	4,497	8.1%
Professional and technical services	2,650	4.8%
Administrative and waste services	3,281	5.9%
Educational services	658	1.2%
Health care and social assistance	2,900	5.2%
Arts, entertainment, and recreation	2,274	4.1%
Accommodation and food services	11,620	20.9%
Other services, except public administration	3,612	6.5%
Government and government enterprises	7,444	13.4%
Federal, civilian	1,280	2.3%
Military	1,594	2.9%
State and local	4,570	8.2%
State government	636	1.1%
Local government	3,934	7.1%

Source: US Bureau of Economic Analysis

Key West Industry Summary

Number of Business Licenses	Licenses	Units
Hotel/Motels (5/2011)	53	3,987
B&B's (5/2011)	46	430
Resort Condos (5/2011)	19	702
Subtotal Lodging (w/o Vacation Rentals)	118	5,119
Vacation Rentals (5/2011)	331	1,764
Total Lodging	449	6,883
Retail (6/2011)	682	
Rental: Bikes/Scooters/Jet Skis (6/2011)	105	
Food Service (6/2011)	286	
Charter Boats (6/2011)	175	

Source: City of Key West (6/2011) and Florida State Licensing File (5/1/11)

Additional updates for this section are currently under review.

Living In Key West: Schools, Worship, Shopping and Activities

Schools:

Elementary	3
Elementary Parochial	2
Public Middle School	1
Public High School	1
Charter Schools (Montessori, Sigsbee, Key West Collegiate School)	3
HS2 - Home School	1
City enrollment in Monroe County School District (October 2013):	4,148

Source: Monroe County School District

Places of Worship:

Churches	37
Synagogues	2

Shopping & Activities:

Large Grocery Stores	5
Public Beaches	5
Movie Theaters	2
Dramatic Theaters	3
Hospitals	1
Community College	1
Public Parks	3
Playing Fields	7
Stadium	1
Airport	1

Climate

Key West has a mild climate because of the nearness of the Gulf Stream in the Straits of Florida and the tempering effects of the Gulf of Mexico to the west and north. Average temperature during the winter is only about 14 degrees lower than in the summer. Daily variations throughout the year average only about 10 degrees. There is no record of frost, ice, sleet, or snow in Key West.


The period of December through April receives abundant sunshine and slightly less than 25% of the annual rainfall. June through October normally receive 53% of the yearly rainfall total, with numerous showers and thundershowers.

	Average High	Average Low	Mean	Average Precipitation (inches)	Modern Era Record High	Modern Era Record Low
January	75°F	65°F	70°F	2.22	86°F(1991)	41°F(1981)
February	76°F	66°F	71°F	1.51	86°F(1957)	45°F(1996)
March	79°F	69°F	74°F	1.86	88°F(1994)	47°F(1986)
April	82°F	72°F	77°F	2.06	90°F(1991)	48°F(1987)
May	85°F	76°F	81°F	3.48	92°F(1953)	64°F(1992)
June	88°F	79°F	83°F	4.57	94°F(1957)	67°F(1956)
July	89°F	80°F	85°F	3.27	95°F(1957)	69°F(1952)
August	90°F	79°F	84°F	5.40	97°F(1956)	68°F(1952)
September	88°F	79°F	83°F	5.45	95°F(1956)	69°F(1985)
October	85°F	76°F	80°F	4.34	93°F(1962)	60°F(1957)
November	81°F	72°F	76°F	2.64	89°F(1988)	49°F(1959)
December	77°F	67°F	72°F	2.14	86°F(1994)	44°F(1989)

Source: www.srh.flwrp.gov

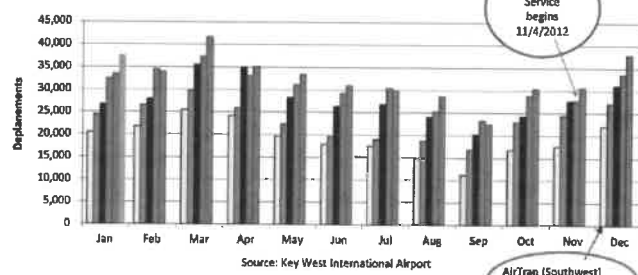
Key West

CHAMBER OF COMMERCE



Key West, Florida

Key West International Airport Arrivals January 2009 - January 2014

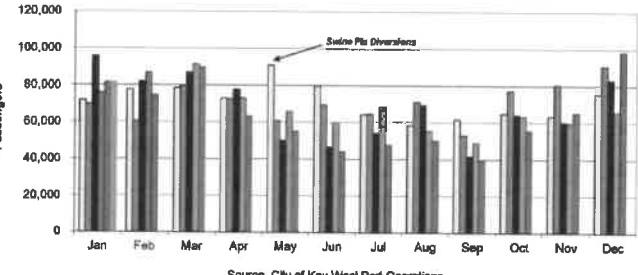


Source: Key West International Airport

Passenger arrivals to Key West International Airport in January 2014 totaled 37,639. This is an increase of 12.2% from January 2013.

The large number of arrivals in January 2014 sets an all-time record for the month, as indicated by the chart. In fact, passenger arrivals in January has doubled over the last ten years.

Key West Cruise Ship Passengers January 2009 - January 2014



Source: City of Key West Port Operations

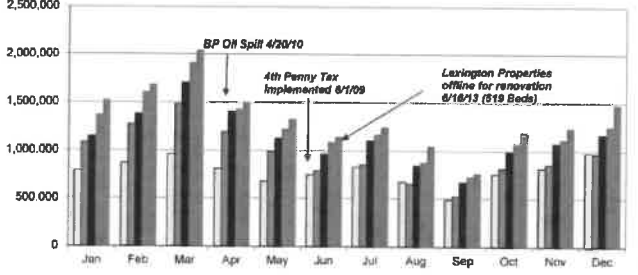
A total of 98,418 cruise ship passengers disembarked into Key West during January 2014. This was a percentage change over time of 0.2% higher than January of 2013, which saw 81,799 passengers disembark.

For the year of 2013, cruise ship arrivals saw 765,132 passengers disembark. Disembarkments decreased -6% compared with the year of 2012.

The cruise ship schedule for March 2014 thru May 2014 compared with the same three months in 2013 is shown below:

	Number of Ships	
	2013	2014
March	36	47
April	39	33
May	20	25

Key West Bed Tax Collections January 2009 - December 2013



Source: Monroe County Tax Collector

Reported "Bed Tax Collections" for Key West were \$1,480,985 for December 2013, an increase of 18% compared to December 2012.

According to Smith Travel, December 2013 occupancy was 85.8%, an increase of thirteen percentage points from the December 2012 occupancy rate of 75.9%. In fact, for all of 2013 the occupancy rate increased 5.6% over 2012.

The "Average Daily Rate" was reported at \$287.45 for December 2013, an increase of 16.2% from the "ADR" of \$247.28 posted for December 2012. This continues the record of 48 months where the ADR has been higher than the previous year. In fact, the last 34 months

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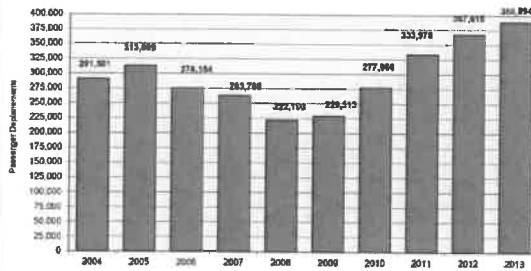
CHAMBER OF COMMERCE



Key West, Florida

Ten Years in Review

Key West Airport Arrivals
January - December Volume
Ten Year Summary, 2004 - 2013

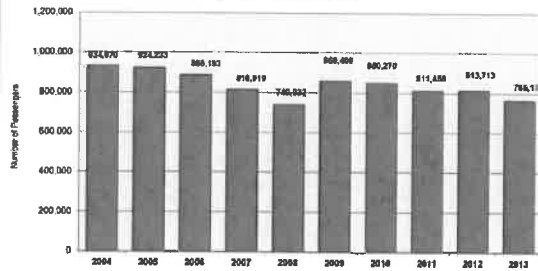


The first chart shows the number of passengers arriving into the Key West International Airport over the past ten years.

Setting an all-time record, air passenger arrivals during 2013 were 5.8% above 2012 levels. This continues the solid reversal of the trend that began in 2006 wherein passenger arrivals declined from the previous all-time peak volume established in 2005.

From 2005 thru 2008, arrivals at Key West had been declining at a compound annual rate of almost 11%. At the same time the estimate of Key West overnight visitors by the TDC had been increasing at a 2.1% rate indicating that more visitors were driving into Key West, either from their homes or from another airport like Miami. Although this trend began to reverse in 2009, the double-digit increases of the last four years are quite impressive.

Key West Port Passenger Arrivals
January - December Volume
Ten Year Summary, 2004 - 2013

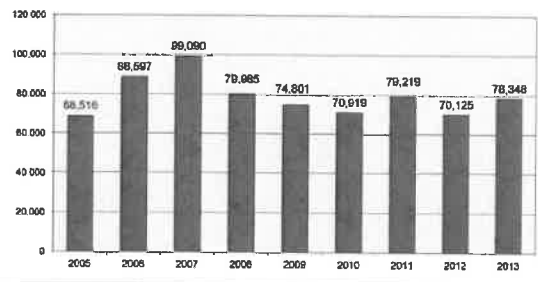


Cruise Ship passenger arrivals introduced 765,132 visitors in 2013. There were 311 ships that ported in Key West during 2013, a decrease of 16 vessels from the 327 that docked in 2012.

Over the past decade, statistics show a repeat of a five-year decrease pattern. This "double-dip" is best associated with the economy of the country as a whole.

Over the past few years, there is a slow downward trend in the number of ships and passengers visiting Key West. This trend is likely to continue as the cruise industry phases out smaller ships in the coming years. Due to channel restrictions, Key West cannot accommodate larger cruise ships.

Key West Ferry Passenger Arrivals
January - December Volume
Nine Year Summary, 2005-2013



The Chamber began keeping statistics regarding passenger arrivals by ferry in 2005.

The whale's share of the volume comes from Fort Myers, as both Fort Myers and Marco Island are ferry departure points for Key West. Marco Island is served as a seasonal route, December through April. Despite an uptick to 78,348 arriving passengers, the number of passengers has been steadily declining in passenger count from its peak in 2007 when over 99,000 visitors were ferried to Key West.

Ferry passenger arrivals increased 7.2% for the year. A portion of this increase is attributable to all ferries being offline for maintenance during a three-week period in September 2012. The 2013 ferry usage numbers closely match those of 2011. Although small compared with cruise ship volume, the ferry brings overnight guests that help increase occupancy rates at our lodging establishments.

MARKETING TIME

The appraiser has forecasted 12 to 18 months for the estimated marketing time.

EXPOSURE TIME

Exposure time is the amount of time necessary to affect a sale of the subject property on the valuation date. The appraisers have forecasted 12 to 18 months for the estimated exposure time.

SALES HISTORY, LISTING HISTORY AND CURRENT CONTRACT OF SALE

Sale Date	Official Record Sale Price	Grantor	Grantee	Book/Page
09/26/12	Corr. Quit Claim Deed	Utility Board of KW	Utility Board of KW	2592/2258
04/25/12	Corr. Quit Claim Deed	Utility Board of KW	Utility Board of KW	2571/2253

The subject property sales history was referenced from the Monroe County Property Appraiser’s records and the Monroe County Public Records. The last transfers were not arm’s length as the parties are the same and they were Corrective Quit Claim Deeds in order to correct the apparent record title to the parcels owned by the Utility Board of the City of Key West. The subject property has been owned by the City of Key West and subsequently the Utility Board since circa 1890. The subject property has not been listed in the Local Board of Realtor’s Multiple Listing Service or Under Contract for Sale and Purchase in the prior three years. The subject was part of a lease to a group, who was going to develop an assisted-living facility (ALF); however, it fell through with the City of Key West and Keys Energy Services. The City of Key West is reportedly interested in purchasing the subject property for use as a maintenance and storage facility. The subject is not presently under contract for sale and purchase.

ZONING

The subject property is presently located within the Historic Medium Density Residential, HMDR zoning district, per the City of Key West Planning Department.

Sec. 122-597. - Permitted uses.

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

1. Single-family and two-family residential dwellings.
2. Multiple-family residential dwellings.
3. Group homes with less than or equal to six residents as provided in section 122-1246 (Ord. No. 97-10, § 1(2-5.5.1(B)), 7-3-1997; Ord. No. 99-18, § 1 (Exh. A(2-5.5.1(B)), 9-8-1999)

Sec. 122-598. - Conditional uses.

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

1. Group homes with seven to 14 residents as provided in section 122-1246
2. Cultural and civic activities.

3. Educational institutions and day care.
4. Nursing homes/rest homes and convalescent homes.
5. Parks and recreation active and passive.
6. Places of worship.
7. Protective services.
8. Public and private utilities.
9. Parking lots and facilities.

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

Sec. 122-599. - Prohibited uses.

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

It does not appear that the subject could be utilized as a commercial use, as it has likely lost its grandfathered status, as a result, changing the subject's zoning to HNC-3, Historic Neighborhood Commercial, may be an option.

Historic Neighborhood Commercial District (HNC-3)

Sec. 122-866. - Intent.

The historic neighborhood commercial district (HNC-3) consists of the Bahama Village commercial core. The HNC-3 Bahama Village commercial core district includes the Bahama Village neighborhood commercial core along Petronia Street, approximately 200 feet southwest of Duval Street, and extends southwestward to the rear property lines of lots abutting the southwest side of Emma Street. The village area is a redevelopment area, including a commercial center linked to Duval Street. Consistent with the comprehensive plan, development in the district shall be directed toward maintaining and/or revitalizing existing housing structures, preventing displacement of residents, and compliance with concurrency management. (Ord. No. 97-10, § 1(2-5.5.4(3)(A)), 7-3-1997)

Sec. 122-867. - Uses permitted.

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

- (1) Single-family and two-family residential dwellings.
- (2) Multiple-family residential dwellings.
- (3) Group homes with less than or equal to six residents as provided in section 122-1246
- (4) Places of worship.
- (5) Business and professional offices.
- (6) Commercial retail low intensity less than or equal to 2,500 square feet.
- (7) Hotels, motels, and transient lodging.
- (8) Medical services.
- (9) Parking lots and facilities.
- (10) Veterinary medical services, without outside kennels.

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

Sec. 122-868. - Conditional uses.

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

- (1) Group homes with seven to 14 residents as provided in section 122-1246
- (2) Cultural and civic activities.
- (3) Educational institutions and day care.
- (4) Nursing homes, rest homes and convalescent homes.
- (5) Parks and recreation, active and passive.

- (6) Protective services.
 - (7) Public and private utilities.
 - (8) Commercial retail low intensity greater than 2,500 square feet to less than or equal to 5,000 square feet.
 - (9) Restaurants, excluding drive-through.
- (Ord. No. 97-10, § 1(2-5.5.4(3)©), 7-3-1997)

Sec. 122-869. - Prohibited uses.

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

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

Sec. 122-870. - Dimensional requirements.

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

- (1) Maximum density: 16 dwelling units per acre (16 du/acre).
- (2) Maximum floor area ratio: 1.0. Refer to section 122-776 for additional restrictions that regulate the square footage of gross leasable floor area based on trip generation within HNC areas.
- (3) Maximum height: 30 feet.
- (4) Maximum lot coverage:
 - a. Maximum building coverage: 40 percent.
 - b. Impervious surface ratio: 60 percent.
- (5) Minimum lot size: 4,000 square feet.
 - a. Minimum lot width: 40 feet.
 - b. Minimum lot depth: 90 feet.
- (6) Minimum setbacks:
 - a. Front: none.
 - b. Side: 5 feet.
 - c. Rear: 15 feet.
 - d. Street side: 7.5 feet.

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

Secs. 122-871-122-895. - Reserved

Please refer the Highest and Best Use section of this report for more in depth discussion of the subject's options for use, possible zoning change, and redevelopment options.

REAL ESTATE TAX AND ASSESSMENT

Monroe County Tax Collector								
Parcel No. 00013950-000000 - Alternate Key 1014338								
<i>Front Part of Subject Property: 100 Angel Street</i>								
Year	Land	Building Imprv.	Misc. Imprv.	Total Assessment	Tax Burden	+ Non Ad Valorem Assessments	= Total Tax Burden	Tax Millage
2011	\$451,423	\$207,966	\$36	\$659,425	\$0.00	\$0.00	\$0.00	10.69460
2012	\$338,567	\$207,966	\$35	\$546,568	\$0.00	\$0.00	\$0.00	10.64740
2013	\$338,567	\$207,966	\$34	\$546,567	\$0.00	\$0.00	\$0.00	10.53450
2014	\$443,216	\$207,966	\$33	\$651,215	\$0.00	\$0.00	\$0.00	10.39440

Monroe County Tax Collector								
Parcel No. 00013960-000000 - Alternate Key 1014346								
<i>Middle Part of Subject Property: 709 Front Street</i>								
Year	Land	Building Imprv.	Misc. Imprv.	Total Assessment	Tax Burden	+ Non Ad Valorem Assessments	= Total Tax Burden	Tax Millage
2011	\$451,423	\$208,429	\$0	\$659,852	\$0.00	\$0.00	\$0.00	10.69460
2012	\$338,567	\$208,429	\$0	\$546,996	\$0.00	\$0.00	\$0.00	10.64740
2013	\$338,567	\$208,429	\$0	\$546,996	\$0.00	\$0.00	\$0.00	10.53450
2014	\$443,216	\$208,429	\$0	\$651,645	\$0.00	\$0.00	\$0.00	10.39440

Monroe County Tax Collector								
Parcel No. 00013970-000000 - Alternate Key 1014354								
<i>Front Part of Subject Property: 101 Geraldine Street</i>								
Year	Land	Building Imprv.	Misc. Imprv.	Total Assessment	Tax Burden	+ Non Ad Valorem Assessments	= Total Tax Burden	Tax Millage
2011	\$451,423	\$314,000	\$0	\$765,423	\$0.00	\$0.00	\$0.00	10.69460
2012	\$338,567	\$314,000	\$0	\$652,567	\$0.00	\$0.00	\$0.00	10.64740
2013	\$338,567	\$314,000	\$0	\$652,567	\$0.00	\$0.00	\$0.00	10.53450
2014	\$443,216	\$314,000	\$0	\$757,216	\$0.00	\$0.00	\$0.00	10.39440

Year	Total Assessment	% Change	Total Tax Burden	% Change
Totals 2011	\$2,084,700		\$0.00	
Totals 2012	\$1,746,131	-16.2%	\$0.00	0.0%
Totals 2013	\$1,746,130	0.0%	\$0.00	0.0%
Totals 2014	\$2,060,076	18.0%	\$0.00	0.0%

Real Estate Tax Analysis For 2014	
	\$ / S.F.
Total Assessment per Sq. Ft. of Building Area:	\$176.06
Total Assessment per Sq. Ft. of Site Area:	\$158.38
Total Burden per Sq. Ft. of Building Area:	\$0.00
Total Burden per Sq. Ft. of Site Area:	\$0.00

There appear to be no outstanding delinquent taxes on the subject property as taxes are not levied due to the subject property owner being a public utility. However, a title search was *not* made for the subject property. The 2014 total tax assessment for the subject property's is about 115% of my opinion of the subject's market value herein. Therefore, a tax appeal does not appear to be feasible at this time.

Census Tract: According to Mr. Jim Anderson of the (Tallahassee) Florida Division of the United States Census Bureau, Monroe County is not divided into Census Tracts; but rather "Block Numbering Areas." The subject property is located within Block Number 9724.

DESCRIPTION OF THE SUBJECT PROPERTY

Site Analysis: The subject site consists of three contiguous lots with the address of 100 Angela Street, 709 Front Street and 101 Geraldine Street. The three lots combined form a corner, rectangular-shaped site with a total of 104.82 feet of frontage along the southerly side of Angela Street, with 173.86 feet of frontage along the easterly side of the proposed Fort Street Extension, plus 104.81 feet along the northerly side of Geraldine Street. This site is depicted as Lease Area 1 on the most recent survey and contains 18,223 site area. However, the City of Key West is proposing extending Fort Street from the Geraldine intersection to Angela Street. As a result, a section 30 feet wide by 173.86 deep or 5,216 square feet needs to be deducted, resulting in an amended site area for the subject property of 13,007 square feet, which will be utilized throughout the report herein. The adjusted site dimensions are approximately 74.81 feet (frontage along Angela and Geraldine Streets) in width by 173.86 feet (frontage along Fort Street) in depth. The site and building dimensions were referenced from a survey performed by Island Surveying, Inc., Engineers Planners Surveyors, 3152 Northside Drive, Key West, Florida 33040, dated November 10, 2010.

Site Area: **13,007 Square Feet**

Any deviations from the subject's site and building area calculations could result in a change in value. If and when, a more recent survey is made available for the subject property, noting changes from the original survey or the dimensions used in this report, I reserve the right to change the final value. The survey is located in the Addenda Section of this report.

Topography: Although a soil engineering report was not made available, it appears that the site and most of the properties in the immediate neighborhood show no signs of any subsurface instability. The subject site is generally level and slightly above the street grade, and appears to have adequate drainage within the property.

Easements/Encroachments: The above mentioned survey of the subject property indicates that the southerly portion of the subject building or 101 Geraldine Street encroaches 1.25 feet to 1.40 feet the southerly property line, while there are shed, concrete paving, and a covered area that encroaches over the easterly property line. As noted previously, a portion of 101 Geraldine Street Building would need

to be razed along with some tanks in order for the Fort Street extension. The reader is advised to review the copies of the survey located within the Addenda section of this report. Minor encroachments in Key West typically do not significantly adversely impact marketability of similarly impacted properties. No easements on the subject property were noted on the survey. No responsibility is taken by this office for accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. The appraiser reserves the right to change the final indicated value herein, if a discrepancy is noted with respect to the subject's land size, easements and/or encroachments.

Flood Zone: The site is located in Zone AE-Elevation 6 Feet and outside of the flood zone, Zone X, as designated by the Federal Emergency Management Agency, Flood Insurance Rate Maps of Monroe County, Florida, City of Key West, Map Number 12087C1516K, dated February 18, 2005. Monroe County participates in a National Flood Insurance Program and is covered by a regular program.

If the subject structures do not meet present flood criteria and if the building improvements are destroyed beyond 49.9% of their market value (improvement only); then, the structures would be required to meet flood elevation regulations in effect at the time of reconstruction. There are insurance riders available for such reconstruction. The appraiser could not determine whether or not the subject buildings conform to FEMA elevation requirements without the benefit of elevation certificates. However, it is likely that the subject building does not meet current FEMA elevation requirements as it was constructed well before the inception of FEMA.

Access: Access to the subject property is good via Angela Street, which terminates at the Fort Street Extension, and Geraldine Street. Angela Street is a secondary, two-way, two-lane, asphalt paved street bordered by mostly residential uses. Geraldine Street is similar, but one-way. The subject property is located about three blocks northerly from Truman Avenue, U. S. Highway No. 1, the main thoroughfare into and out of the City of Key West and the Florida Keys. Truman Avenue is a two-way asphalt paved street extending east and west, and widening into four lanes at the intersection of Eisenhower Drive. Truman Avenue provides excellent access to Whitehead Street, which is the easterly border of the Bahama Village market area.

Utilities: Municipal services available and currently serving the property include public electricity, water, and sewer. Private utilities include solid waste removal, cable or satellite television and telephone service. The electrical system and the plumbing systems in the building are likely not functional as the subject structures have been vacant for an extended period of time.

Subject Improvement Analysis:

The subject site is improved with three attached one-story brick/partial CBS/masonry buildings. The buildings are connected and contain 11,701 square feet of gross building area, which were formerly used as a diesel electric plant. Due to the proposed Fort Street extension the westerly portion of the 101 Geraldine Street Building (22.00 feet wide by 61.72 feet in depth) will likely be demolished; thus 1,352 square feet has not been included in my gross building area calculation. According to the Monroe County Property Appraiser's records, all of the subject structures were built in 1923. However,

according to the PM Environmental, Inc. Report dated August 25, 2014, the overall site was first developed in 1884 and was operated as a gas plant that operated until 1889. The property operated as an electrical power plant circa 1890 until the 1950s/1960s. It should be noted that historical sources note five residential dwellings were present on the northern and southern portions of the KEYS property (adjacent to the subject property) from 1892 to 1899. The property has been generally vacant since the closure of the plant, except for the electrical substation that was built in the late 2000s. The historical generators are still located within the subject buildings and are surrounded with 14 feet by 40 feet concrete lined pits with depths ranging from 2 feet to 8 feet. The pits do have some standing water. According to the Surface Water Sampling Report by PM Environmental Inc., the standing water in the pits does not appear to be hazardous.

Gross Building Area (GBA): 11,701 Square Feet

The building has broken windows throughout with some wood plywood covered openings for security purposes noted. Generally existing fenestration needs replacement. The building has various entries, which have been boarded or closed due to the vacant nature of the building for many years. The structure has a heavy industrial concrete footer foundation with concrete slab on grade floor structure. There are openings within some of the floor areas for equipment access and/or equipment housing. The roof cover on the 100 Angela Street building has been fairly recently replaced, while there were holes in the roof structures of the other two structures.

The following description of the property and improvements is based upon my site-visit and walk through of subject property, plus the Monroe County Tax Appraiser's records and prior appraisal reports. A construction summary of the building improvements follows:

**Former Diesel Plant: 100 Angela Street, 709 Front Street & 101 Geraldine Street
Key West, Florida 33040**

Element	Description
Basic Structures:	One-Story, Brick and CBS/masonry
Gross Building Area:	11,701 Square Feet
Use:	Former Electric Power Plant/Diesel Generators
Years Built:	1923 Tax Appraiser, Circa 1890 Historical Sources
Foundations & Floor Structures:	Heavy Industrial Concrete Footer Foundation and Slab
Exterior Walls:	Brick and Some Concrete Block Walls
Exterior Doors & Windows:	Metal Frame & Wood, Needs Replacement
Roof Structure & Cover:	Gabled Roof with Metal V-Crimp or Panels 2/3rd Needs Replacement
Interior Floor Finish:	Finished Concrete Throughout
Interior Walls & Ceilings:	Painted Brick & Some Concrete Walls
Electric Service:	Does Not Appear to Be Functional
Plumbing:	Does Not Appear to Be Functional
Air Conditioning:	None
Amenities:	None

Construction Quality: Low Cost, Average to Good

Improvement Condition: Fair to Poor, Basically a Shell Overall

Building Age:

Actual Age (1923):	92 Years
Actual Age (if 1890):	125 Years
Effective Ages:	28-40 Years
Economic Lives:	55 Years
Remaining Economic Life:	15-27 Years

Parking: Since the subject site is basically the footprint of the building, the subject has no on-site parking.

ADA Compliance: The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has 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. The appraiser recommends that a Contractor or Engineer be hired to determine compliance or noncompliance, if so desired. The appraiser is not a contractor and not qualified to make a determination if the building adheres to the requirements. The property, together with a detailed analysis of the requirements of the ADA, could reveal that the property may or may not be in compliance with one or more of the requirements of the Act. If so, this fact could have an effect upon the value of the property.

Lot Coverage Ratio:

The subject's lot coverage ratio is calculated by dividing the first floor building footprint, including any attached canopy/porches by the land area. Therefore, the subject's lot coverage ratio is:

90.0% (11,701 SF / 13,007 SF)

The subject property is well above the 40% maximum lot area ratio currently permitted in the HMDR zoning and 40% in the HNC-3 zoning district.

Floor Area Ratio:

The subject's floor area ratio (FAR) is calculated by dividing the total gross building area by the land area. The subject property has Floor Area Ratio of:

0.900:1.00 (11,701 SF / 13,007 SF)

The subject's ratio within the 1.00:1.00 maximum floor area ratio in the HMDR and HNC-3 zoning districts.

Environmental Issues:

According to information provided by Keys Energy Services for a prior appraisal, there remains some asbestos issues within window glaze and insulation, as well as lead paint at high levels, including engine housings, electrical control panels, tanks, stacks, walls and beams—the range is estimated from 0.01% to 30% in the building. These contaminants are assumed to be “cured” in the valuation herein and have been assumed as such in a hypothetical condition. The “cost” to abate these contaminants was not provided and thus not considered herein.

In addition, A Supplemental Site Assessment Report of the subject property by PM Environmental Inc. for the Florida Department of Environmental Protection (FDEP), dated August 25, 2014 indicated that groundwater samples from seven monitoring wells were collected and

contamination, although decreasing, is still present. It does not appear to be serious; however, PM recommends continuation of the quarterly monitoring only program. The appraiser is not an expert in these fields and urge that the client obtain such estimates from professionals in the respective disciplines. The subject's value may be negatively impacted depending on the findings and conclusions of future required clean-up and salvage.

HIGHEST AND BEST USE

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

"As If Vacant": The subject property's Highest and Best Use "As If Vacant" would be for future development project with maximum residential density and utilization of the site. If the subject lots were vacant, then they would probably receive "Beneficial Use" permits and they could be developed with single or multi-family uses. However, the adjacent electrical substation would likely need to be removed to allow residential development, according to Mr. Stanley T. Rzad, Compliance Administrator, Keys Energy Services.

"As Improved":

Determining the Highest and Best Use of the subject property, "As Improved" is quite difficult due to a number of factors. The appraisal herein includes a hypothetical condition, as well as extraordinary assumptions. The subject site is improved with three attached one-story brick/partial CBS/masonry buildings. The buildings are connected and contain 11,701 square feet of gross building area, which were formerly used as a diesel electric plant. According to the Monroe County Property Appraiser's records, all of the subject structures were built in 1923, although historical sources indicate development on the subject site circa 1890.

I have made a hypothetical condition which assumes that the subject site property and building improvements are "environmentally clean". The property has been generally vacant since the closure of the plant, except for the electrical substation that was built in the late 2000s. The historical generators are still located within the subject buildings and are surrounded with 14 feet by 40 feet concrete lined pits with depths ranging from 2 feet to 8 feet. The pits do have some standing water. According to the Surface Water Sampling Report by PM Environmental Inc., the standing water in the pits does not appear to be hazardous.

In addition, A Supplemental Site Assessment Report of the subject property by PM Environmental Inc. for the Florida Department of Environmental Protection (FDEP), dated August 25, 2014 was provided by Mr. Rzad, Compliance Administrator, Keys Energy Services (KES). The report indicated that groundwater samples from seven monitoring wells were collected and contamination, although

decreasing, is still present. It does not appear to be serious; however, PM recommends continuation of the quarterly monitoring only program.

Upon inspection, the interior of the structure still likely required some asbestos abatement as well as lead paint issues. The extraordinary assumptions herein consider that the removal cost of all existing generator equipment is equal to the salvage value. Furthermore, I have assumed that the proposed Fort Street extension will take place requiring that the subject's site and building area will be diminished as previously noted. Any necessary removal and remediation costs were not available. The appraiser is not an expert in these fields and urge that the client obtain such estimates from professionals in the respective disciplines. The subject's value may be negatively impacted depending on the findings and conclusions of future required clean-up and salvage.

The subject lots are zoned HMDR, Historic Medium Density Residential. According to the City Planning Staff, the subject buildings appear to be "contributing" to the Key West Historic District and cannot be demolished unless deemed unsafe by the Building Official. However, the commercial legal, nonconforming use or grandfathered status of the subject buildings appear to be lost as they have been vacant for an extended period of time. The Planning Department does not recognize any residential entitlements for the subject property. Since the subject lots are not vacant, they cannot receive a residential unit via a Beneficial Use application. Also, transient BPAS units cannot be transferred into the HMDR zoning district, which does not allow transient use. Furthermore due to the adjacent electrical substation, residential uses within the subject property may not be permissible. As a result, it does not appear that residential redevelopment of the subject property is possible.

Finally, the only remaining option is to apply for a zoning change to HNC-3, Historic Neighborhood Commercial, wherein residential, plus a number of commercial uses are allowed. The subject is adjacent to one of the thoroughfares to the Truman Waterfront, which is the process of being redeveloped into a waterfront park with accessory uses. Commercial redevelopment of the subject property appears to be an option. An interim use may be for covered parking. The City of Key West is exploring the option of purchasing the subject property for a maintenance or storage facility servicing the Truman Waterfront. Unfortunately, warehouse, storage and/or maintenance facility is not a permissible use in the HNC-3 or even Historic Public Service zoning district. It would seem that a solution would be found by the City due to the historic industrial use of the property. As a result, I have made a hypothetical condition that the subject could be redeveloped for commercial uses, in addition to the City's proposed maintenance facility or storage use. According to the Dictionary of Real Estate Appraisal, 4th Edition, a hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. An extraordinary assumption is an assumption directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions.

The existing improvements still makes some contribution to the total property in excess of the value of the site. The Highest and Best Use of the site, as improved, as of the date of this report would likely be for commercial maintenance/service/warehouse use in its present condition; however, there would likely have to be change in zoning or a determination that the grandfathered, legal, nonconforming industrial

use is still intact. The subject would still require significant repairs, renovations and possible build-out depending on the allowable use. The subject is a vacant, outmoded diesel, electric generation plant, which was a special purpose property.

SCOPE OF WORK
APPRAISAL DEVELOPMENT AND REPORTING PROCESS

This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. 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.

In preparing this appraisal, the appraiser performed a site visit and walk-through of the subject property building improvements. Market data on comparable sales of vacant commercial land, improved sales and land leases were researched and analyzed.

There are three typical approaches to value to consider in each appraisal assignment. The three traditional approaches to value are the Cost Approach, the 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 information. Improvements, if applicable, are walked through. 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 appraiser describes the building improvements in detail, if applicable; these descriptions are based on a physical inspection and/or plans and specifications. The appraiser is not a contractor or structural engineer; therefore, the structural soundness or damage can not be warranted. The appraiser will note any apparent or potential problems such as deferred maintenance, water damage or salting.

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. 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 purpose property. In the case at hand, the subject property is a former special-purpose property, which has been vacant for an extended period of time and is in disrepair. Since the subject building improvements are basically an industrial shell and have been heavily depreciated in my analysis, the contributory value has been diminished and most of the value is the land. Therefore, the Cost Approach has become the most reliable method of valuation and was weighted totally, in the case at hand.

The Income Approach to value presumes that a buyer will not pay more for the subject property than the capitalized rental value attainable through ownership of the property. The buyer is willing to pay the present value of what he considers those future benefits to be. This approach is considered to be the strongest indicator of current Market Value when the property is purchased as an income-producing property having a reliable historical cash flow. In the case at hand, the subject property is a vacant dilapidated commercial former industrial use property. The Highest and Best Use is for likely maintenance/warehouse use based on its current condition. Market rent comparables for similar properties are not available. As a result, the Income Approach is not considered applicable herein.

There were not any recent similar comparable sales of vacant, former industrial use buildings requiring significant repairs, renovations, and possibly redevelopment in the Old Town Area of Key West. As a result, Sales Comparison Approach was not considered applicable for this assignment.

COST APPROACH

The Cost Approach is based on the principle of substitution, the belief that a purchaser would not pay more than the cost of acquiring a similar site plus the cost of construction of a replica of or similar improvements. The Cost Approach is based on the understanding that market participants relate value to cost. In the Cost Approach, the value of a property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation (i.e., deterioration and obsolescence) in the structures from all causes. Incentive for coordination by the entrepreneur is included in the value indication. This approach is particularly useful in valuing new or nearly new improvements and properties that are not frequently exchanged in the market. Cost Approach techniques can also be employed to derive information needed in the Sales Comparison and Income Approaches to value. The current costs to construct the improvements can be obtained from cost estimators, cost estimating publications, builders and contractors. Depreciation is measured through market research and the application of specific valuation procedures. Land value is estimated separately in the cost approach.

The Cost Approach consists of combining the estimated value of the land, based on comparable sales, with the depreciated value of the improvements. 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 purpose property. In the case at hand, the subject complex will likely be utilized as a maintenance/warehouse type facility, at least as an interim use, until a future highest and best use is determined based on market conditions and possible zoning changes.

Site Valuation:

A thorough search was conducted for recent sales of similar zoned land in the "Old Town" section of Key West. The area is approximately 98% built-up. The comparable sales in the subject's immediate area available for analysis are reported herein. I found a decent amount of activity involving parcels similar in size to the subject. I feel these sales provide the best available indication of site value.

Resume of Comparable Key West Commercial 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 \$/S F Land	Zoning
1	1100-1104 White St.	Pending	\$540,000	0	\$540,000	5,168	144.00	1.00	\$3,750	\$104.49	HNC-1
2	631 Whitehead S.	07/21/14	\$1,200,000	0	\$1,200,000	9,514	209.00	1.00	\$5,742	\$126.13	HRO
3	921 Truman Ave.	02/28/14	\$880,000	0	\$880,000	8,347	188.08	1.00	\$4,679	\$105.43	HNC-1
4	418-422 Petronia St.	07/01/11	\$400,000	0	\$400,000	4,620	90.00	0.00	\$4,444	\$86.58	HRCC-3
5	200 Blk. Simonton St	04/30/09	\$4,500,000	(\$597,500)	\$3,902,500	25,751	206.32	1.00	\$18,915	\$151.55	HRCC-1
Subj.	100 Angela Street, Etc.	NA	NA	NA	NA	13,007	327.49	0.00	NA	NA	HMDR/HNC-3
Location: Downtown=1 0=Offbeat											
Valuation Date:		01/23/15	Average		\$1,384,500	10,680	167.48		\$7,506	\$114.83	
			Median		\$880,000	8,347	188.08		\$4,679	\$105.43	
			Minimum		\$400,000	4,620	90.00		\$3,750	\$86.58	
			Maximum		\$3,902,500	25,751	209.00		\$18,915	\$151.55	

COMPARABLE LAND SALES MAP



Discussion of Land Sales:

Pending Land Sale No. 1-1100-1104 White Street: This pending sale is a vacant commercial lot located at 1100, 1102, and 1104 White Street, Key West, Florida. According to a survey prepared by Norby and Associates, Inc., dated June 29, 2001, and confirmed by the Monroe County Property Appraiser's Office records, the site consists of a 5,168 square foot corner lot which fronts 68 feet along the westerly side of White Street and 76 feet along the southerly side of Virginia Street. The property was improved with a one-story CBS retail/office building encompassing three units and 4,324 square feet of gross building area. The structure was destroyed by fire on June 8, 2008 and was subsequently razed. The lot has entitlements to build a new structure on the former footprint; thus, current minimum setbacks, maximum lot coverage, and floor area ratio requirements, do not need to be met. The buyer plans on redeveloping the property with a retail/office and nontransient apartment mixed-use. This property was appraised by my office at the time of sale. The current contract for sale and purchase indicates a price of \$540,000. The prior sale after the fire was for \$390,000 on March 2, 2009. Based on the sale/resale of this vacant lot, an appreciation rate of 5.5% per annum is indicated for this comparable.



Land Sale No. 2-631 Whitehead Street: This is the recent sale of an improved property consisting of a vacant, two story, CBS/wood frame, mixed-use building, which has two commercial offices containing 2,366 square foot and one unlicensed, non-transient 1,384 square foot, residential unit. The building contains a gross building area of 3,750 square feet. According to the Monroe County Property Appraiser's records, the structure was built in 1958. This sale also includes the adjacent vacant lot located at 409 Angela Street is a 10 space, parking lot with no improvements. The site located at 631 Whitehead Street consists of a 7,638 square foot corner lot which fronts 67 linear feet along the easterly side of Whitehead Street and extends easterly approximately 114 linear along the northerly side of Angela Street. The site located at 409 Angela Street fronts 28 linear feet along the northerly side of Angela Street and extends 67 linear feet in depth encompasses the site 1,876 square feet. The two parcels contain a total of 9,514 square feet of site area and were purchased as one economic unit.

The buyer's plan was to raze the existing structure and construct a large commercial parking lot, which were serve nearby guest house complexes that she owns. As a result, at the time of purchase the existing improvements did not add any significant contributory value. This was an arm's length sale with conventional financing. This property was appraised by my office at the time of sale.



Land Sale No. 3-921 Truman Avenue: This property, was formerly the Kyushu Japanese Restaurant which was destroyed by fire in January 2011. The site has 71.75 feet of frontage along the northerly side of Truman Avenue and 116.33 feet along the westerly side of Packer Street. The site contains 8,347 square feet. The building has no contributory value as it will be demolished by the new owner. This will eventually be the new location of Seven Fish, a popular nearby restaurant with limited seating. This was a cash sale with no financing.



Land Sale No. 4-418-422 Petronia Street: This property, formerly the Blue Moon Jazz Club, has had the improvements razed in September 2009. The property had a shell of the building(walls only) for a long period of time). This property was vacant at the time of sale, but has commercial floor area entitlements. Currently, this site is utilized for vehicle parking.



Land Sale No. 5-200 Simonton Street: The sale includes Lots 4,5,6,7 & 8 of Mary Spottswood's Back Yard. Lots 4,5,6,&7 are vacant lots and Lot 8 is 209 Ann Street which is 4 bedroom 4 bath quadraplex. Pursuant to the plat of Mary Spottswood's Backyard, the transfer included 5 full residential ROGO units with transient rental capacity. The contributory value of the improvements of approximately \$597,500 was deducted from the sale price, in order to estimate the extracted land value. The majority of this property is presently utilized as a parking lot.



Value Conclusion:

Each of the comparable sales was also analyzed in order based on the following factors to make comparisons to the subject property. I analyzed three comparable Land Sales in the following adjustment grid. Each sale is considered generally similar to the subject in location within the commercial market area, though one is considerably superior in site size. However, adjustments are required for individual physical characteristics which typically affect value. Each characteristic is detailed below with an explanation of adjustments which were made to the comparable sales.

Market Conditions:

Analysis of the comparable sales and historical sales data indicates that the market has stabilized with recent appreciation as noted for Pending Sale No. 1, although the prior sale was in March 2009, when the market crashed. As a result, no adjustments for market conditions were warranted. In general, it appears that the commercial real estate market began to rebound in late 2011.

Financing/Condition of Sale:

All of the comparable sales were considered cash equivalent, either cash or owner financing at market rates. Thus, none of the comparables required adjustment for financing. All the sales were arm's length transactions, hence, no adjustment were required for conditions of sale.

Location:

The subject property is located on Angela Street, Geraldine Street and future Fort Street extension within Bahama Village, the westerly boundary of the Old Town market area of the City of Key West. Land Sale Nos. 1, 2, 3 and 5 have superior locations on busy streets; thus, they were negatively adjusted in my sales

grid . Land Sale No. 4 has a similar location on Petronia Street, which is narrow and not as heavily traveled on the 400 block.

Site Size:

Land Sale Nos.1 through 4 are smaller than the subject. Sale Nos. 5 is similar to the subject in size. Lot size has an inverse relationship to the price per square foot, which is my unit of measure. In this case, the smaller sites were negative adjusted, while the larger site received a positive adjustment.

Zoning/Development Rights:

Land Sale Nos. 1, 2 and 3 were similar to the subject and all had commercial floor area entitlements. Land Sale Nos. 4 and 5 are located in superior zoning district. Thus, they were negatively adjusted herein. I have assumed that the subject will receive a zoning change or it's grandfathered status will be considered intact.

Adjustment Grid: Each of the comparable sales was analyzed in order to make comparisons to the subject parcel. Due to the lack of paired sales, percentage adjustments were not utilized. Based on the characteristics of the individual sales, the appraisers have provided an adjustment grid which details the required adjustments for the comparable properties based on the comments above. A plus (+) sign indicates that the comparable's characteristic is inferior to the subject's, therefore requiring an upward adjustment. A minus (-) sign indicates that the comparable's characteristic is superior to the subject's, therefore requiring a downward adjustment. An equal (=) sign reflects that the comparable's characteristic is similar to the subject's. The following grid summarizes each sale and shows the necessary adjustments as previously described:

Adjustment Grid						
Subject /Comparable:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address:	100 Angela Street, Etc.	1100-1104 White St.	631 Whitehead St.	921 Truman Ave.	418-422 Petronia St.	200 Blk Simonton St
Key:	Key West	Key West	Key West	Key West	Key West	Key West
Adjusted Sales Price	NA	\$540,000	\$1,200,000	\$880,000	\$400,000	\$3,902,500
Sales Date	NA	Pending	7/21/14	2/28/14	7/1/11	4/30/09
Site Size (SF)	13,007	5,168	9,514	8,347	4,620	25,751
Zoning	HMDR/HNC-3	HNC-1	HRO	HNC-1	HRCC-3	HRCC-1
Adjustments						
Adjusted Sales Price per SF	NA	\$104.49	\$126.13	\$105.43	\$86.58	\$151.55
Financing / Sales Cond.	NA	= / =	= / =	= / =	= / =	= / =
Location	Old Town/Bahama Village	-	-	-	-	-
Site Size/SF	13,007	+	+	+	+	-
Zoning/Development Rights/Utili	HMDR/HNC-3	=	=	=	-	-
Indicated Overall Adjustment		=	-	-	=	--
Date:	01/23/15					
						\$90.00

The price per square foot of site area for the comparable sales range from \$86.58 per square foot to \$151.55 square foot with a mean of \$114.83 and a median of \$105.43 per square foot of site area. The subject contains 13,007 square feet of site area. The subject is deemed to be most similar to Land Sale No. 1 (\$104.49/SF) and No. 4 (\$86.58/SF). As a result, I projected a land value of the subject at \$90.00 per square foot of site area.

<u>Land Area</u>	<u>Multiplied By</u>	<u>Price per SF of Site Area</u>	<u>Equals</u>	<u>Value</u>
13,007 SF	X	\$90.00/SF	=	\$1,170,630

**Indicated Land Value of the Subject Property Site
as of January 23, 2015 Is (Rounded): \$1,170,000**

In addition, I have researched residential land sales within the Old Town area of the City of Key West. The recent sales are summarized as follows.

Vacant Residential Land Sales in the Old Town Market Area								
Comp. No.	Address	Sale Date	Sales Price & ROGO Adj.	Improvement Adjusted Sales Price	Adjusted Site Area SF	Adjusted \$ / SF	Zoning	
6	211 Viginia St., KW	Listing	\$275,000	-\$41,250	\$233,750	2,173	\$107.57	HMDR
7	820 Viginia St., KW	06/27/13	\$325,000	\$0	\$325,000	3,631	\$89.51	HMDR
8	317 Angela St., KW	06/19/13	\$250,000	\$0	\$250,000	4,221	\$59.23	HRO
9	811 White St., KW	06/04/13	\$300,000	\$0	\$300,000	4,179	\$71.79	HMDR
10	617 Free School Ln., KW	01/07/13	\$695,000	\$0	\$695,000	7,236	\$96.05	HHDR
Subj. 100 Angela St., Etc., KW		NA	NA	NA	13,007	NA	HMDR	
	Effective Date	01/23/15		Mean	\$360,750	4,288	\$84.83	
				Median	\$300,000	4,179	\$89.51	
				Minimum	\$233,750	2,173	\$59.23	
				Maximum	\$695,000	7,236	\$107.57	

Comparables 6 through 8 are within the Bahama Village neighborhood. Based on the above comparable sales, the estimated land value for the subject site is also well-supported by residential lot sales.

Estimated Replacement & Depreciated Costs of the Subject Structure Improvements:

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 & Swift Boeckh cost estimator includes 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 pages. This Cost Manual is updated on a quarterly basis and adjusted for local conditions. On the following pages, the replacement cost new, depreciated cost, for the subject buildings and site improvements have been considered.

100 Front Street - Front Building Key West, Monroe County, Florida	
Industrial, Heavy	Data Input
Low Cost Quality, Class B	
Section 14, Page 15 Dated 02/2014	
Basic Structure Cost (per S.F. of Building Area):	\$107.88
<u>Less Lack of Build-out Cost (per S.F. of Building Area):</u>	<u>-\$30.00</u>
Total Basic Structure Cost (per S.F. of Building Area):	\$77.88
<u>Refinement Multipliers:</u>	
Floor Area/Perimeter Multipliers :	1.169
<u>Story Height Multiplier:</u>	<u>1.231</u>
Total Basic Structure Cost (per S.F. of Building Area):	\$112.07
<u>Time and Local Multipliers:</u>	
Time (Section 99/Page 3/ Dated 12/14)	1.05
Local (Section 99/Page 7/ Dated 10/14)	1.14
<u>Labor Shortage/Resort Multiplier (Section 99/Page 1/ Dated 1/14)</u>	<u>1.30</u>
Adjusted Cost per Square Foot:	\$174.39
Estimated Cost per Square Foot (Rounded):	\$174

709 Fort Street - Middle Building Key West, Monroe County, Florida	
Industrial, Heavy	Data Input
Low Cost Quality, Class B	
Section 14, Page 15 Dated 02/2014	
Basic Structure Cost (per S.F. of Building Area):	\$107.88
<u>Less Lack of Build-out Cost (per S.F. of Building Area):</u>	<u>-\$30.00</u>
Total Basic Structure Cost (per S.F. of Building Area):	\$77.88
<u>Refinement Multipliers:</u>	
Floor Area/Perimeter Multipliers :	1.169
<u>Story Height Multiplier:</u>	<u>1.041</u>
Total Basic Structure Cost (per S.F. of Building Area):	\$94.77
<u>Time and Local Multipliers:</u>	
Time (Section 99/Page 3/ Dated 12/14)	1.05
Local (Section 99/Page 7/ Dated 10/14)	1.14
<u>Labor Shortage/Resort Multiplier (Section 99/Page 1/ Dated 1/14)</u>	<u>1.30</u>
Adjusted Cost per Square Foot:	\$147.47
Estimated Cost per Square Foot (Rounded):	\$147

101 Geraldine Street - Rear Building Key West, Monroe County, Florida	
Industrial, Light	Data Input
Average to Good Quality, Class B/C	
Section 14, Page 14 Dated 02/2014	
Basic Structure Cost (per S.F. of Building Area):	\$70.00
<u>Less Lack of Build-out Cost (per S.F. of Building Area):</u>	<u>-\$20.00</u>
Total Basic Structure Cost (per S.F. of Building Area):	\$50.00
Refinement Multipliers:	
Floor Area/Perimeter Multipliers :	1.094
<u>Story Height Multiplier:</u>	<u>1.086</u>
Total Basic Structure Cost (per S.F. of Building Area):	\$59.40
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 12/14)	1.05
Local (Section 99/Page 7/ Dated 10/14)	1.15
<u>Labor Shortage/Resort Multiplier (Section 99/Page 1/ Dated 1/14)</u>	<u>1.30</u>
Adjusted Cost per Square Foot:	\$93.24
Estimated Cost per Square Foot (Rounded):	\$93

***Indirect Costs:** The Indirect Costs in the Cost Approach are based on 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 the City of Key West, including impact fees for commercial and residential uses, plus permit fees, these Indirect Costs are a necessary part of my Cost Approach 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 site value, and is part of the building cost as it is depreciable. In the case at hand, due to the age of the structures, impact fees would not be charged. Thus, this expense was not included.

**** Entrepreneurial Incentive:** Entrepreneurial Incentive is a market-derived figure that reflects the amount an entrepreneur expects to receive for his or her contribution. This amount is in addition to the costs of the project. There are a couple of methods which can be utilized in order to estimate a market entrepreneurial profit rate. Recently constructed properties in the market area could be analyzed by estimating the difference between their sales price and the total costs (direct and indirect) plus land value. This method of estimating entrepreneurial incentive was not available, due to the lack of comparable.

Upon interviews of several local developers, it is our opinion that a profit of 10% is reasonable for such a project based on current market conditions.

The subject building is an older structure, constructed in 1923 and possibly earlier in circa 1890s, which has had some renovations over its life, but is generally in poor to fair condition due to being vacant for an extended period of time. Depreciation can be categorized into the following groups:

- a. Physical deterioration. This is an element of accrued depreciation, which can be curable or incurable. Curable physical deterioration is a curable defect caused by deferred maintenance. Incurable physical deterioration is an incurable defect caused by physical deterioration that is impractical or uneconomic to correct.
- b. Functional obsolescence. This is a loss in value caused by factors inherent within a building or building equipment unit. Factors include changes in construction materials and techniques, which result in excess capital costs in existing facilities; lack of full use of space; and an inability to expand or update the property.
- c. Economic obsolescence. This is caused by external factors such as general economic conditions, availability of financing, or disharmonious property uses.

The physical depreciation was calculated by dividing the effective age by the total economic life for the subject building and site improvements. Depreciation estimates are detailed on the following chart. The Cost Approach to value is noted as follows.

Cost Approach for The Subject Property								
100 Front Street, 709 Fort Street & 101 Geraldine Street, Key West, FL								
Detailed Cost Estimate	Quantity/ Size SF	Unit Cost	Effective Age	Total Life	Deprec.	Replacement Cost New	Depreciated Value	Dollar Per S.F.
Cost for Building: 100 Front St.:	3,658	\$174	28	55	50.9%	\$636,492	\$312,518	
Cost for Building: 709 Fort St.:	3,755	\$147	35	55	63.6%	\$551,985	\$200,923	
Cost for Building: 101 Geraldine St.:	4,288	\$93	40	55	72.7%	\$398,784	\$108,868	
Total Cost for Buildings:	11,701					\$1,587,261	\$622,309	\$53.18
Plus Indirect Costs*:						\$0	\$0	
Plus Entrepreneurial Incentive**:						\$0	\$0	
Subject Land Value:						\$1,170,000	\$1,170,000	
Cost Approach Value (Rounded):							\$1,790,000	\$152.98

INDICATED VALUE OF THE FEE SIMPLE INTEREST OF THE SUBJECT PROPERTY VIA THE COST APPROACH AS OF JANUARY 23, 2015 (ROUNDED) IS: \$1,790,000

RECONCILIATION AND FINAL ESTIMATE OF VALUE

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

<u>Reconciliation</u>	
100 Front St., 709 Fort St. & 101 Geraldine St. Key West, Monroe County, Florida 33040	
Valuation Method:	Fee Simple Market Value
Cost Approach:	\$1,790,000
Income Approach:	Not Applicable
Sales Comparison Approach:	Not Applicable
"As Is" Market Value of the Fee Simple Interest, as of January 23, 2015 (Rounded):	\$1,790,000

The greatest weight is given to that approach in which the appraisers have 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 Approach, Income Approach and Sales Comparison Approaches, it is my opinion that the Market Value of the subject property is most accurately indicated by the Cost Approach. Since the subject building improvements are basically an industrial shell and have been heavily depreciated in my analysis, the contributory value has been diminished and most of the value is the land. Therefore, the Cost Approach has become the most reliable method of valuation and was weighted totally, in the case at hand.

There were not any recent similar comparable sales of vacant, former industrial use buildings requiring significant repairs, renovations, and possibly redevelopment in the Old Town Area of Key West. As a result, Sales Comparison Approach was not considered applicable.

The Income Approach is considered to be the strongest indicator of current Market Value when the property is purchased as an income-producing property having a reliable historical cash flow. In the case at hand, the subject property is a vacant dilapidated commercial former industrial use property. The Highest and Best Use is for likely maintenance/warehouse use based on its current condition. Market rent comparables for similar properties are not available. As a result, the Income Approach is not considered applicable herein.

Based on analysis of market data, site visit, walkthrough and research, it is my opinion that the “*As Is*” *Market Value of the Fee Simple Interest* of the subject property, Former Diesel Plant, 100 Angela Street, 709 Front Street and 101 Geraldine Street, Key West, Monroe County, Florida 33040, subject to definitions, assumptions and limiting conditions, as of January 23, 2015, is:

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

The reader is referred to the attached Assumptions and Limiting Conditions and Certification of Value.

No personal property has been included in this valuation.

CERTIFICATE OF APPRAISAL

I HEREBY CERTIFY THAT UPON APPLICATION FOR VALUATION BY:

**Mr. Stanley T. Rzad, Compliance Administrator
Keys Energy Services
1001 James Street
P.O. Box 6100
Key West, Florida 33041-6100**

I personally examined the following described property:

COMMONLY KNOWN AS:

**Former Diesel Plant
100 Angela Street, 709 Front Street & 101 Geraldine Street
Key West, Florida 33040**

and based on analysis of market data, site visit, walkthrough and research, it is my opinion that the “*As Is*” Market Value of the Fee Simple Interest of the above subject property, subject to definitions, assumptions and limiting conditions, as of January 23, 2015, is:

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

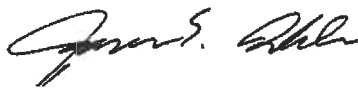
No personal property has been included in this valuation.

I ADDITIONALLY CERTIFY that, to the best of my 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- My engagement in this assignment was not contingent upon developing or reporting predetermined results. My office has made a prior appraisal of the subject property with an effective date of March 26, 2004. Since the latest report, I have not appraised the property, nor engaged in a feasibility study, consultation assignment, or any other related service in connection with the above subject property.
- My 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.
- My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- James E. Wilson made a site visit to the property that is the subject of this report on December 16, 2014 (interior and exterior) and later January 23, 2015 (exterior).
- No one has provided significant professional assistance to the person 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



James E. Wilson, MRICS, President
State-certified general real estate appraiser
RZ 2164

ASSUMPTIONS AND LIMITING CONDITIONS

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraiser inspected the subject site. Information on comparable improved sales was gathered, confirmed, and analyzed. This is a an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. 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 VALUATION IS CONTINGENT UPON THE FOLLOWING CONDITIONS:

This confidential report is prepared for the sole use of and benefit of Keys Energy Services. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with Keys Energy Services, as the client. This report should not be used for any purpose other than to understand the information available to the Bank concerning this property. 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 author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he 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.

A Leased Fee analysis was not applicable, since no long-term leases are encumbering the subject property. The "As Is" Market Value of the Fee Simple Interest in the subject property is estimated and reported herein. However, the reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

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.

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 appraisal herein includes a hypothetical condition, as well as extraordinary assumptions. The hypothetical condition assumes that the subject site property and building improvements are “environmentally clean”. The property has been generally vacant since the closure of the plant, except for the electrical substation that was built in the late 2000s. The historical generators are still located within the subject buildings and are surrounded with 14 feet by 40 feet concrete lined pits with depths ranging from 2 feet to 8 feet. The pits do have some standing water. According to the Surface Water Sampling Report by PM Environmental Inc., the standing water in the pits does not appear to be hazardous.

In addition, A Supplemental Site Assessment Report of the subject property by PM Environmental Inc. for the Florida Department of Environmental Protection (FDEP), dated August 25, 2014 was provided by Mr. Rzad, Compliance Administrator, Keys Energy Services (KES). The report indicated that groundwater samples from seven monitoring wells were collected and contamination, although decreasing, is still present. It does not appear to be serious; however, PM recommends continuation of the quarterly monitoring only program.

Upon inspection, the interior of the structure still likely required some asbestos abatement as well as lead paint issues. The extraordinary assumptions herein consider that the removal cost of all existing generator equipment is equal to the salvage value. Furthermore, I have assumed that the proposed Fort Street extension will take place requiring that the subject’s site and building area will be diminished as previously noted. Any necessary removal and remediation costs were not available. The appraiser is not an expert in these fields and urge that the client obtain such estimates from professionals in the respective disciplines. The subject’s value may be negatively impacted depending on the findings and conclusions of future required clean-up and salvage.

The subject lots are zoned HMDR, Historic Medium Density Residential. According to the City Planning Staff, the subject buildings appear to be “contributing” to the Key West Historic District and cannot be demolished unless deemed unsafe by the Building Official. Furthermore, the commercial legal, nonconforming use or grandfathered status of the subject buildings appear to be lost as they have been vacant for an extended period of time. The Planning Department does not recognize any residential entitlements for the subject property. Since the subject lots are not vacant, they cannot receive a residential unit via a Beneficial Use application. Also, transient BPAS units cannot be transferred into the HMDR zoning district, which does not allow transient use. Furthermore due to the adjacent electrical substation, residential uses within the subject property may not be permissible. As a result, it does not appear that residential redevelopment of the subject property is possible. Finally, the only remaining option is to apply for a zoning change to HNC-3, Historic Neighborhood Commercial, wherein residential, plus a number of commercial uses are allowed. The subject is adjacent to one of the thoroughfares to the Truman Waterfront, which is the process of being redeveloped into a waterfront park with accessory uses. Commercial redevelopment of the subject property appears to be an option. An interim use may be for covered parking. The City of Key West is exploring the option of purchasing

the subject property for a maintenance or storage facility servicing the Truman Waterfront. Unfortunately, warehouse, storage and/or maintenance facility is not a permissible use in the HNC-3 zoning district. It would seem that a solution would be found by the City due to the historic industrial use of the property. As a result, I have made a Hypothetical Condition that the subject could be redeveloped for commercial uses, in addition to the City's proposed maintenance facility or storage use.

The site and building dimensions were referenced from a survey performed by Island Surveying, Inc., Engineers Planners Surveyors, 3152 Northside Drive, Key West, Florida 33040, dated November 10, 2010. Any deviations from the subject's site and building area calculations could result in a change in value. If and when, a more recent survey is made available for the subject property, noting changes from the original survey or the dimensions used in this report, I reserve the right to change the final value. The survey is located in the Addenda Section of this report.

The above mentioned survey of the subject property indicates that the southerly portion of the subject building or 101 Geraldine Street encroaches 1.25 to 1.40 over the southerly property line, while there are shed, concrete paving, and a covered area that encroaches over the easterly property line. As noted previously, a portion of 101 Geraldine Street Building would need to be razed along with some tanks in order for the Fort Street extension. The reader is advised to review the copies of the survey located within the Addenda section of this report. Minor encroachments in Key West typically do not significantly adversely impact marketability of similarly impacted properties. No easements on the subject property were noted on the survey. No responsibility is taken by this office for accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. The appraiser reserves the right to change the final indicated value herein, if a discrepancy is noted with respect to the subject's land size, easements and/or encroachments.

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

The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes 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 Appraiser can be assumed by the Appraiser.

The undersigned Appraiser has 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 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.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has 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. The appraiser recommends that a Contractor or Engineer be hired to determine compliance or noncompliance, if so desired. The appraiser is not a contractor and not qualified to make a determination if the building adheres to the requirements. The property, together with a detailed analysis of the requirements of the ADA, could reveal that the property may or may not be in compliance with one or more of the requirements of the Act. If so, this fact could have an effect upon the value of the property.

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 Appraiser is 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 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.

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.

I do hereby certify that to the best of my 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 that this report has been made in conformity with the Appraisal Institute.

ADDENDA



PROFESSIONAL QUALIFICATIONS

JAMES E. WILSON, III, MRICS

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 22 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 is a State Certified General Real Estate Appraiser (licensed to perform residential and commercial appraisals) and a General Associate Member of the Appraisal Institute. He is a member of RICS (Royal Institution of Chartered Surveyors), which is an international member organization for professionals in property, land, real estate, construction and related environmental issues. Jim is past President of the Key West Gator Club, 2013/2014 President of the Sunset Key West Rotary Club, member of Class VII Leadership Monroe, 2012 President of the Key West Chamber of Commerce, and has been elected to continue to serve on the Board of Directors of the Key West Chamber of Commerce. Jim is still an active member on the Board of Directors for the Key West Chamber of Commerce.

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

Oil Spills and Property Values, Webinar, August, 2010

Business Practices and Ethics, September, 2010

A Debate of the Allocation of Hotel Total Assets, October 26, 2010

Appraisal Institute Update, May 19, 2011

Appraisal Curriculum Overview (2-day General) May, 2011

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

APPRAISAL INSTITUTE

Perspectives from Commercial Review Appraisers, July 20, 2011

Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets, 05/07/2012 - 05/08/2012

Purchase Price Allocations for Financial Report and Tax, April 16, 2014

Behind the Headlines, the New Real Estate Real Estate Economy, May 16, 2014

GOLD COAST SCHOOL OF REAL ESTATE

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.

National USPAP Update Equivalent (2010-2011), August, 2010.

Risky Business: Ways to Minimize Liability, August, 2010.

Florida Laws and Regulations, August 2010.

Florida Appraisal Supervisor-Trainee Roles and Relationships, August, 2010.

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

Introduction to Regression Analysis for Appraisers, October, 2012
Introduction to Residential Green Building for Appraisers, October, 2012
Florida Appraisal Laws and Regulations Update
National USPAP Update Equivalent (2012-2013), October, 2012
UAD-Up Close and Personal, November, 2014
Expert Witness Testimony: To Do or Not to Do, November, 2014
Analyze This! Applications of Appraisal Analysis, November, 2014
Florida Appraisal Laws and Regulations Update
Reviewers Checklist, November, 2014
National USPAP Update Equivalent (2014-2015), November, 2014

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 2164.

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
Member of RICS (Royal Institute of Chartered Surveyors), October, 2010 Member#1299389

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, 2013/2014 President, 2009 Treasurer, 2010 Vice President, 2011 President-Elect, 2012 President Board of Directors of the Key West Chamber of Commerce, Current Board Member

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 has ensured 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

RICK SCOTT, GOVERNOR		KEN LAWSON, SECRETARY	
STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION FLORIDA REAL ESTATE APPRAISAL BOARD			
LICENSE NUMBER			
RZ2184			
The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS. Expiration date: NOV 30, 2016			
WILSON, JAMES E 3229 FLAGLER AVE #101 KEY WEST FL 33045-2152			
ISSUED: 11/25/2014	DISPLAY AS REQUIRED BY LAW		SEQ # L1411250002318

SUBJECT PROPERTY



Street View of Angela Street Looking Easterly



Street View of Angela Street Looking Easterly

SUBJECT PROPERTY



View of the Subject Property and Proposal Fort Street Extension



Street View of Geraldine Street Looking Easterly, Subject to the Left

SUBJECT PROPERTY



Street View of Geraldine Street Looking Intersecting Fort Street Looking Westerly



Partial View of Proposed Fort Street Extension Looking Northerly

SUBJECT PROPERTY

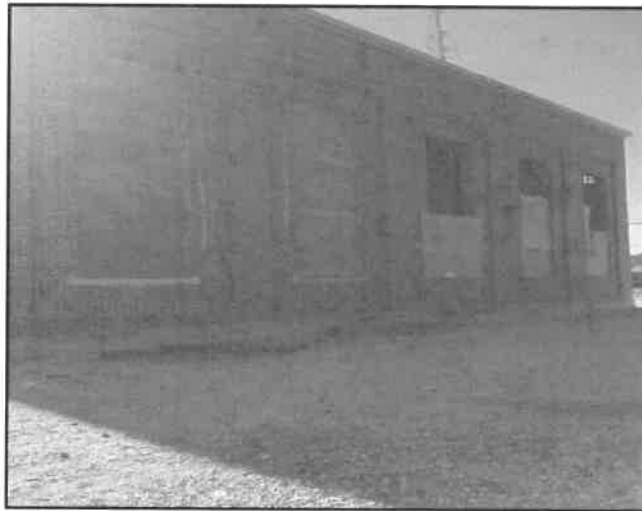


Street View of Fort Street Looking Southerly



Front/Side View of 100 Angela Street of Subject Property

SUBJECT PROPERTY



Front View of 100 Angela Street of Subject Property



Side View of 100 Angela Street of Subject Property

SUBJECT PROPERTY



Side View of Entire Subject Property

SUBJECT PROPERTY



Front View of 101 Geraldine Street of Subject Property

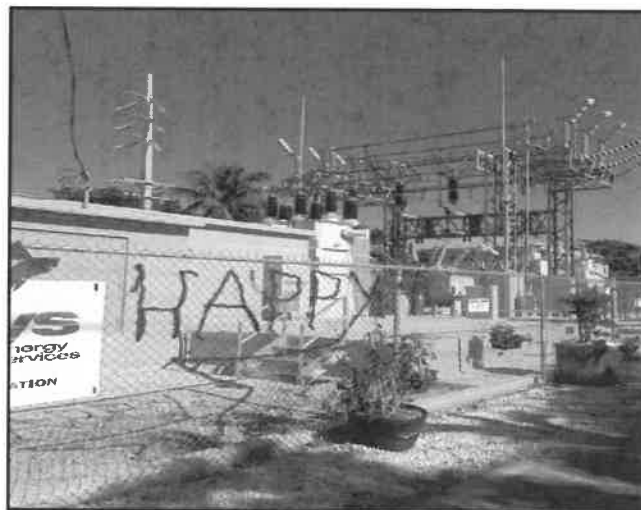


Front View of 101 Geraldine Street of Subject Property
(Part of Building with Mural will be Demolished for Proposed Fort Street Extension)

SUBJECT PROPERTY



Front View of 101 Geraldine Street of Subject Property



View of Adjacent Keys Energy Services Transformers & Electrical Equipment

SUBJECT PROPERTY



View of 100 Angela Street Building



View of 100 Angela Street Building

SUBJECT PROPERTY



View of 709 Fort Street Building



View of 101 Geraldine Street Building

SUBJECT PROPERTY



View of 101 Geraldine Street Building

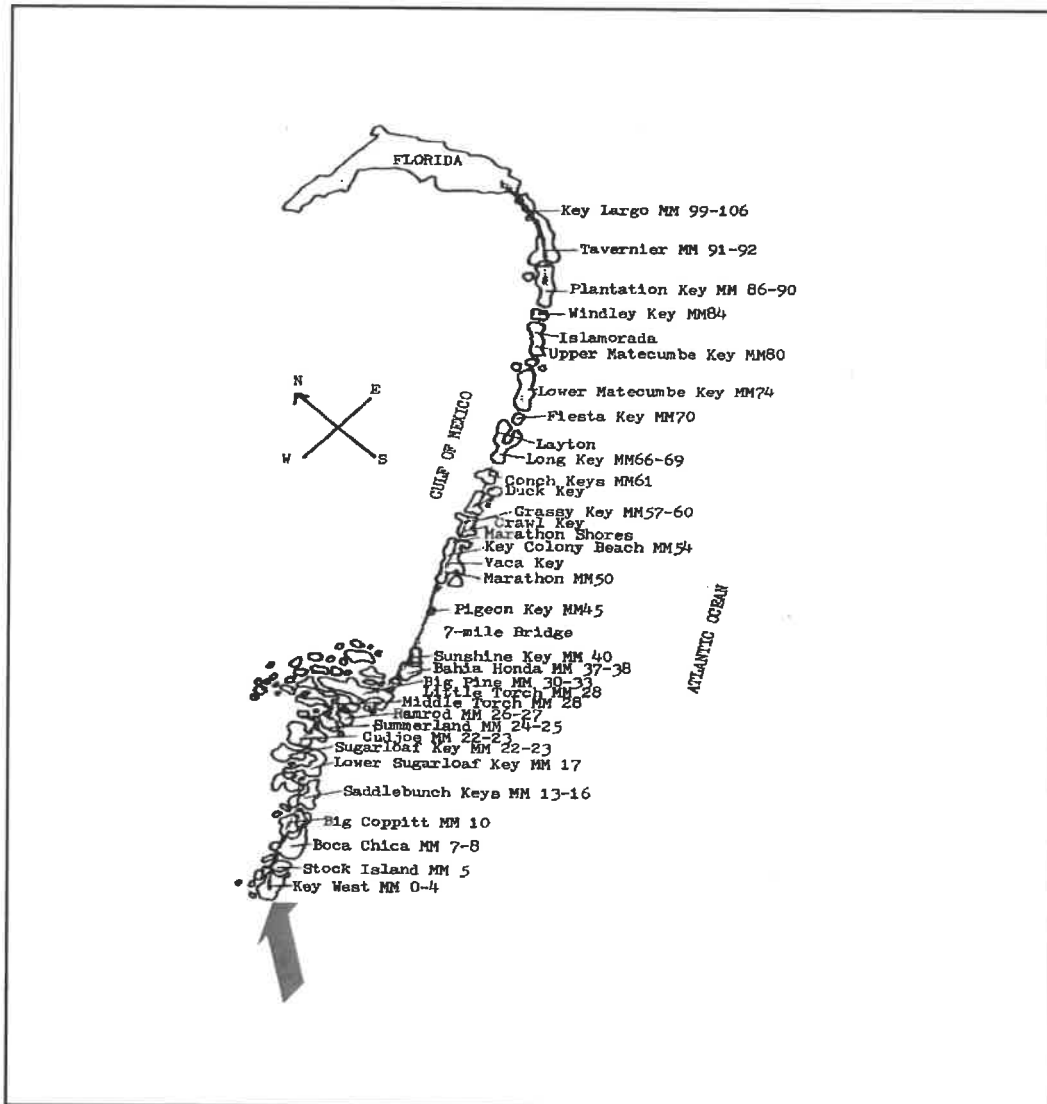


View of 101 Geraldine Street Building

STATE MAP



FLORIDA KEYS MAP



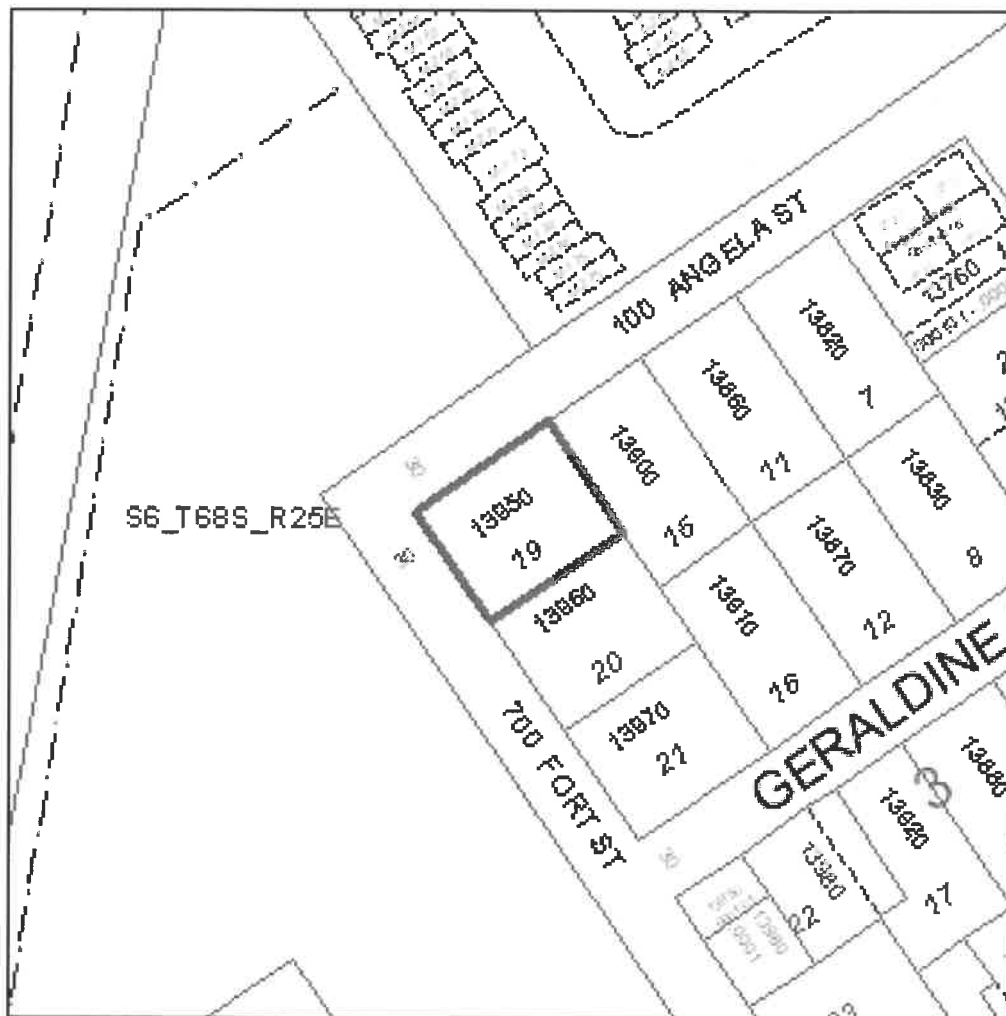
LOCATION MAP



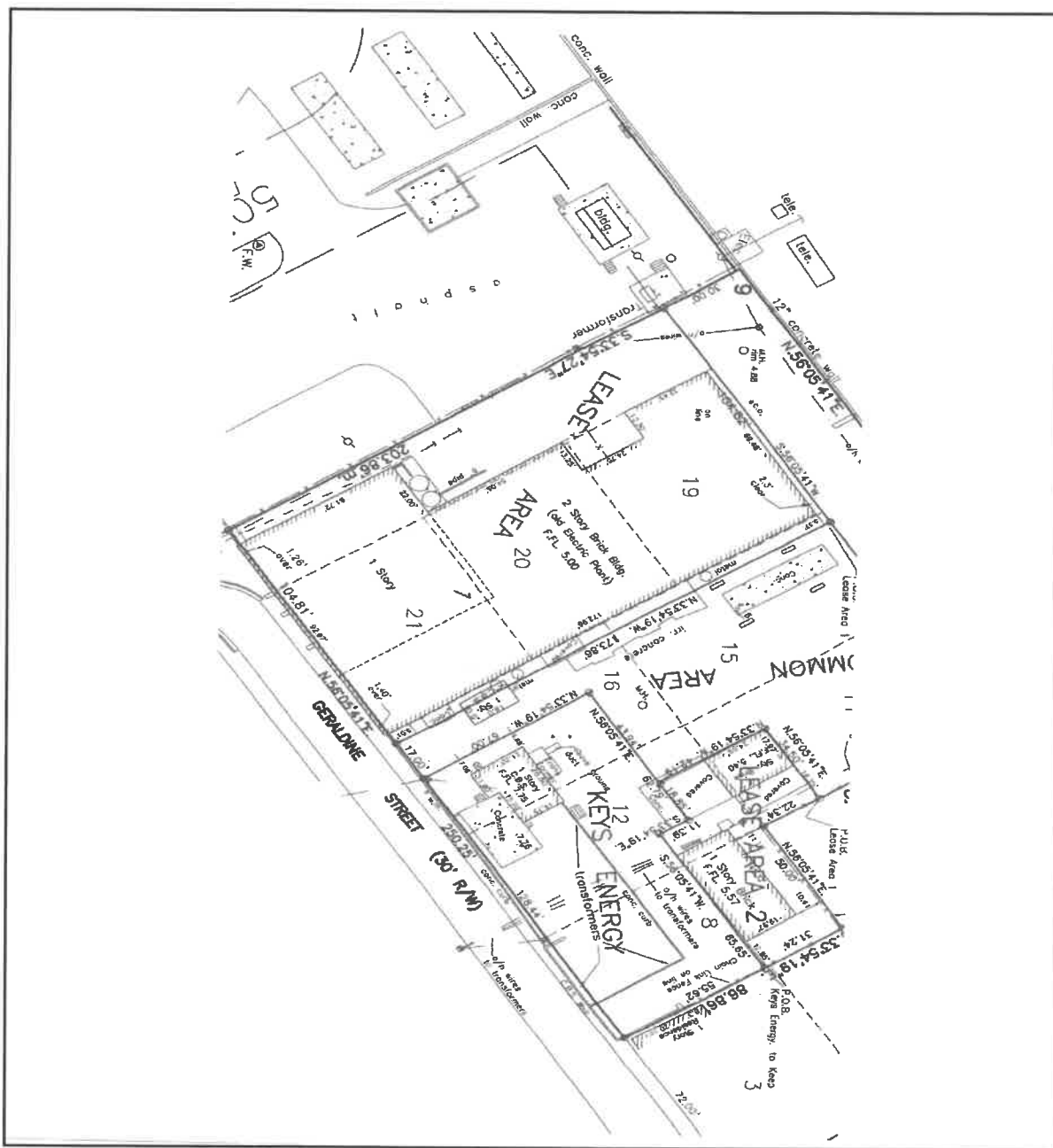
LOCATION MAP



PLAT MAP



SURVEY



LEGAL DESCRIPTION

Legal Description: Lease area to Assisted Living No. 1
Prepared by undersigned.
Lots 19, 20 & 21, and a portion of Lots 15 & 16, of Square 2, of Tract 3, according to a plat thereof recorded in Deed Book 1, Page 77, of the Public Records of Monroe County, Florida and a portion of Fort Street, and lying in Keys Electric Property, located adjacent to Truman Annex, and being more particularly described as follows.
Commence at the intersection of the Southwesterly Right-of-Way Line of Emma Street and the Southeasterly Right-of-Way line of Angela Street; thence S 56°05'41" W along the said Southeasterly Right-of-Way Line of Angela Street for a distance of 217.55 feet to the Point of Beginning; thence continue S 56°05'41" W along the said Southeasterly Right-of-Way Line of Angela Street for a distance of 104.82 feet to the extension of the Southwesterly Right-of-Way line of Fort Street; S 33°54'27" E along the extension of the Southwesterly Right-of-Way line of Fort Street for a distance of 203.86 feet to the Northwesterly Right-of-Way Line of Geraldine Street; thence N 56°05'41" E along the said Northwesterly Right-of-Way Line of Geraldine Street for a distance of 104.81 feet; thence N 33°54'19" W for a distance of 173.86 feet to the said Southeasterly Right-of-Way Line of Angela Street and the Point of Beginning.
Containing 18,222.66 square feet or 0.418 acres, more or less.

F
Angels
Comm
Lease
Keys

TAX INFORMATION

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DANISE D. HENRIQUEZ, C.F.C.
MONROE COUNTY TAX COLLECTOR


2014 Paid Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CD		MILLAGE CODE
1014338			11KW

THE UTILITY BOARD OF THE CITY OF
KEY WEST
1001 JAMES ST
KEY WEST, FL 33040-6935

100 ANGELA ST
KW LOT 19 SQR 3 TR 3 G12-473/74
OR1428-1157/75F/J OR2571-2253/75
OR2592-2258/80C

AD VALOREM TAXES						
TAXING AUTHORITY	MILLAGE RATE	ASSESSED VALUE	EXEMPTION AMOUNT	TAXABLE VALUE	TAXES LEVIED	
SCHOOL STATE LAW	1.8780	651,215	651,215	0	0.00	
SCHOOL LOCAL BOARD	1.7480	651,215	651,215	0	0.00	
GENERAL REVENUE FUND	0.9485	601,223	601,223	0	0.00	
F&F LAW ENFORCE JAIL JUDICIAL	2.1213	601,223	601,223	0	0.00	
HEALTH CLINIC	0.0577	601,223	601,223	0	0.00	
FLORIDA KEYS MOSQUITO CONTRC	0.4824	601,223	601,223	0	0.00	
CITY OF KEY WEST	2.7743	601,223	601,223	0	0.00	
SO FL WATER MANAGEMENT DIST	0.1577	601,223	601,223	0	0.00	
OKEECHOBEE BASIN	0.1717	601,223	601,223	0	0.00	
EVERGLADES CONSTRUCTION PRJ	0.0548	601,223	601,223	0	0.00	
TOTAL MILLAGE		10.3944	AD VALOREM TAXES		\$0.00	

NON-AD VALOREM ASSESSMENTS		
LEVYING AUTHORITY	RATE	AMOUNT
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">PAY YOUR BILL</p>		
NON-AD VALOREM ASSESSMENTS		\$0.00

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

COMBINED TAXES AND ASSESSMENTS	\$0.00				
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See reverse side for important information.

If Postmarked By	Nov 30, 2014	Dec 31, 2014	Jan 31, 2015	Feb 28, 2015	Mar 31, 2015
Please Pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

IF PAID BY...

DANISE D. HENRIQUEZ, C.F.C.
MONROE COUNTY TAX COLLECTOR

2014 Paid Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCROW CD		MILLAGE CODE
1014338			11KW

THE UTILITY BOARD OF THE CITY OF
KEY WEST
1001 JAMES ST
KEY WEST, FL 33040-6935

0001395000000066825
100 ANGELA ST
KW LOT 19 SQR 3 TR 3 G12-473/74
OR1428-1157/75F/J OR2571-2253/75
OR2592-2258/80C

RETURN WITH PAYMENT

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	Nov 30, 2014	Dec 31, 2014	Jan 31, 2015	Feb 28, 2015	Mar 31, 2015
Please Pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

TAX INFORMATION

MIDDLE

DANISE D. HENRIQUEZ, C.F.C.
MONROE COUNTY TAX COLLECTOR


2014 Paid Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER 1014345	ESCR/W/CD		MILLAGE CODE 11KW
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THE UTILITY BOARD OF THE CITY OF
KEY WEST
1001 JAMES ST
KEY WEST, FL 33040-6935

709 FORT ST
KW LOT 20 SQR 3 TR 3 G12-473/74
OR1428-1157/75F/J OR2571-2253/75
OR2592-2258/80C

AD VALOREM TAXES					
TAXING AUTHORITY	MILLAGE RATE	ASSESSED VALUE	EXEMPTION AMOUNT	TAXABLE VALUE	TAXES LEVIED
SCHOOL STATE LAW	1.8780	651,645	651,645	0	0.00
SCHOOL LOCAL BOARD	1.7480	651,645	651,645	0	0.00
GENERAL REVENUE FUND	0.9485	601,695	601,695	0	0.00
F&F LAW ENFORCE JAIL JUDICIAL	2.1213	601,695	601,695	0	0.00
HEALTH CLINIC	0.0577	601,695	601,695	0	0.00
FLORIDA KEYS MOSQUITO CONTRC	0.4824	601,695	601,695	0	0.00
CITY OF KEY WEST	2.7743	601,695	601,695	0	0.00
SO FL WATER MANAGEMENT DIST	0.1577	601,695	601,695	0	0.00
OKEECHOBEE BASIN	0.1717	601,695	601,695	0	0.00
EVERGLADES CONSTRUCTION PRJ	0.0548	601,695	601,695	0	0.00
TOTAL MILLAGE		10.3944	AD VALOREM TAXES	\$0.00	

NON-AD VALOREM ASSESSMENTS	
LEVYING AUTHORITY	AMOUNT
 PAY YOUR BILL	
NON-AD VALOREM ASSESSMENTS \$0.00	

COMBINED TAXES AND ASSESSMENTS	\$0.00	<small>See reverse side for important information.</small>
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If Postmarked By	Nov 30, 2014	Dec 31, 2014	Jan 31, 2015	Feb 28, 2015	Mar 31, 2015
Please Pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

IF PAID BY...

DANISE D. HENRIQUEZ, C.F.C.
MONROE COUNTY TAX COLLECTOR

2014 Paid Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER 1014345	ESCR/W/CD		MILLAGE CODE 11KW
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THE UTILITY BOARD OF THE CITY OF
KEY WEST
1001 JAMES ST
KEY WEST, FL 33040-6935

0001396000000066825
709 FORT ST
KW LOT 20 SQR 3 TR 3 G12-473/74
OR1428-1157/75F/J OR2571-2253/75
OR2592-2258/80C

RETURN WITH PAYMENT

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	Nov 30, 2014	Dec 31, 2014	Jan 31, 2015	Feb 28, 2015	Mar 31, 2015
Please Pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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

TAX INFORMATION

2014

DANISE D. HENRIQUEZ, C.F.C.
MONROE COUNTY TAX COLLECTOR


2014 Paid Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCRIP/CD			MILLAGE CODE
1014354				11KW

THE UTILITY BOARD OF THE CITY OF
KEY WEST
1001 JAMES ST
KEY WEST, FL 33040-6935

101 GERALDINE ST
KW LOT 21 SQR 3 TR 3 G12-473/74
OR1428-1157/75FJ OR2571-2253/75
OR2592-2258/80C

AD VALOREM TAXES					
TAXING AUTHORITY	MILLAGE RATE	ASSESSED VALUE	EXEMPTION AMOUNT	TAXABLE VALUE	TAXES DUE/REB
SCHOOL STATE LAW	1.8780	757,216	757,216	0	0.00
SCHOOL LOCAL BOARD	1.7480	757,216	757,216	0	0.00
GENERAL REVENUE FUND	0.9485	717,823	717,823	0	0.00
F&F LAW ENFORCE JAIL JUDICIAL	2.1213	717,823	717,823	0	0.00
HEALTH CLINIC	0.0577	717,823	717,823	0	0.00
FLORIDA KEYS MOSQUITO CONTRC	0.4824	717,823	717,823	0	0.00
CITY OF KEY WEST	2.7743	717,823	717,823	0	0.00
SO FL WATER MANAGEMENT DIST	0.1577	717,823	717,823	0	0.00
OKEECHOBEE BASIN	0.1717	717,823	717,823	0	0.00
EVERGLADES CONSTRUCTION PRJ	0.0648	717,823	717,823	0	0.00
TOTAL MILLAGE		10.3944	AD VALOREM TAXES		\$0.00

NON-AD VALOREM ASSESSMENTS		
LEVYING AUTHORITY	RATE	AMOUNT
 PAY YOUR BILL		
NON-AD VALOREM ASSESSMENTS		\$0.00

RETAIN THIS PORTION FOR YOUR RECORDS
PLEASE BRING FOR RECEIPT.

COMBINED TAXES AND ASSESSMENTS \$0.00 See reverse side for important information.

If Postmarked By Please Pay	Nov 30, 2014 \$0.00	Dec 31, 2014 \$0.00	Jan 31, 2015 \$0.00	Feb 28, 2015 \$0.00	Mar 31, 2015 \$0.00
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IF PAID BY...

DANISE D. HENRIQUEZ, C.F.C.
MONROE COUNTY TAX COLLECTOR

2014 Paid Real Estate
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

ALTERNATE KEY NUMBER	ESCRIP/CD			MILLAGE CODE
1014354				11KW

THE UTILITY BOARD OF THE CITY OF
KEY WEST
1001 JAMES ST
KEY WEST, FL 33040-6935

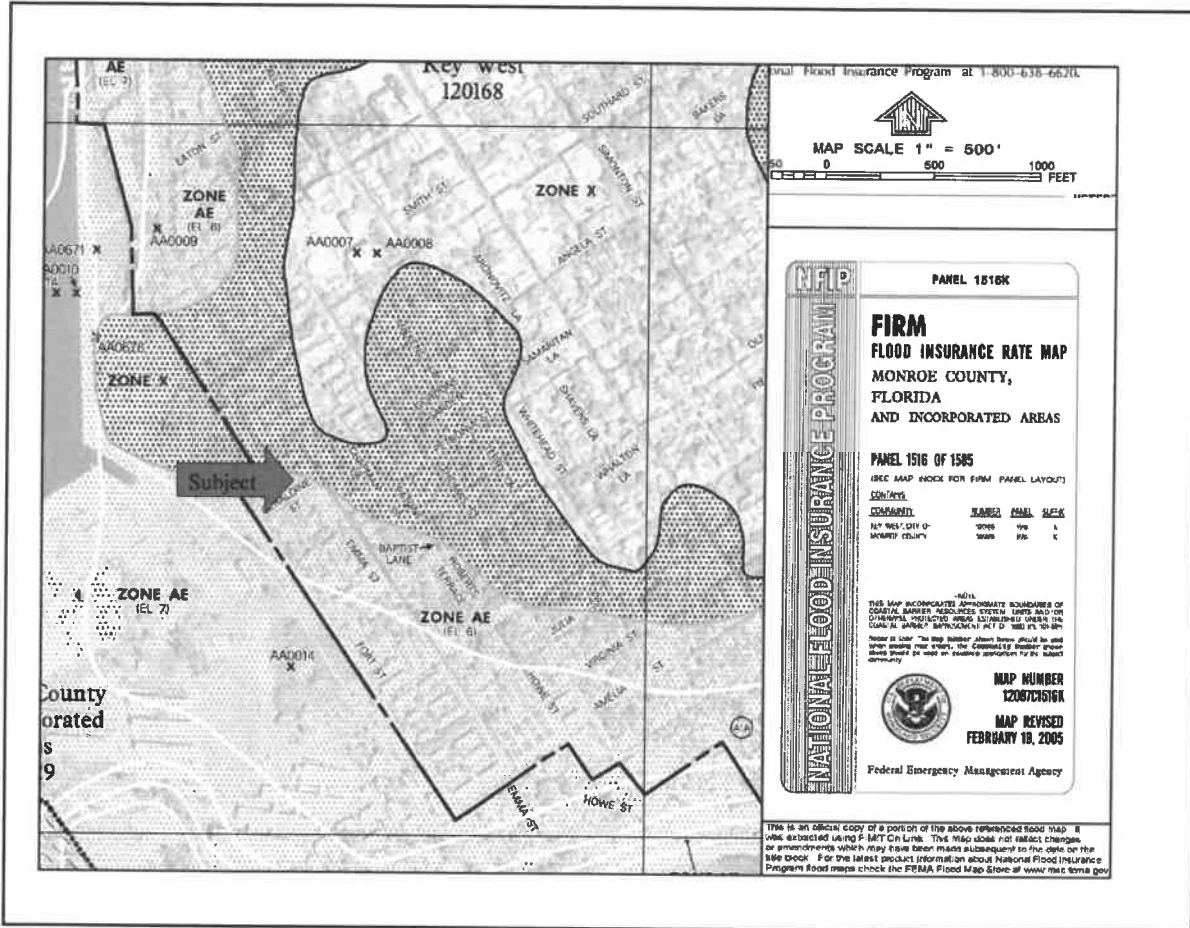
0001397000000066825
101 GERALDINE ST
KW LOT 21 SQR 3 TR 3 G12-473/74
OR1428-1157/75FJ OR2571-2253/75
OR2592-2258/80C

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, 2014 \$0.00	Dec 31, 2014 \$0.00	Jan 31, 2015 \$0.00	Feb 28, 2015 \$0.00	Mar 31, 2015 \$0.00
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RETURN WITH PAYMENT

FLOOD MAP & PANEL



PURCHASE ORDER



1001 JAMES STREET
P.O. BOX 6100
KEY WEST, FL 33040-6100
(305) 295-1149
www.KeysEnergy.com

The Utility Board of the City of Key West

PURCHASE ORDER	
No.	16033
ORDER DATE	01/13/10
Quote:	
REQUIRED DELIVERY DATE	

VENDOR APPRAISAL CO OF KEY WEST
PO BOX 2152
432 KEY WEST FL 33041-2152
Fax#305 296 3493

DELIVERY LOCATION:
(001) KEYS ENERGY SERVICES
STOCK ISLAND WAREHOUSE
6830 FRONT STREET EXTENDED
KEY WEST FL 33040

BID NO.	REQUISITION	REQUISITIONER	TERMS	BLANKET ORDER EXPIRES	R.O.B. INFORMATION
	18766	JW/SR	NET 30		NOT APPLICABLE

COMMENTS:
DD NET TAX

ITEM	QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	EXTENDED AMOUNT
1	1.00		FORMER DIESEL PLANT 100 ANGELA STREET AT FRONT STREET ***** Memo Accounting Information Only General Ledger Account Number 1 22 923105 53 2715*	3,000.000 3,000.00	3,000.00

SEND ALL INVOICES TO THE ATTENTION OF ACCOUNTS PAYABLE - SEND BILL OF LADING WITH SHIPMENT
THIS ORDER IS SUBJECT TO THE FOLLOWING CONDITIONS

- This order is subject to modification or cancellation in event of conditions beyond our control.
- KES reserves the right to cancel any portion of this order if not fully specified.
- Defective goods will be at the vendor's expense and credit taken.
- By accepting this order the vendor agrees to defend, protect and hold harmless the Utility Board of the City of Key West, its successors, assigns, customers, and the users of its products against all suits at law or in equity, and from all damages, claims and demands for actual or alleged false payments of United States or Canadian money orders, by reason of the use of articles hereby ordered.
- This purchase order is not legal unless approved by the Chief Financial Officer.
- Payments will be made only in accordance with this order, certificate or price adjustments must be authorized by the Buyer prior to shipment of goods.
- If this contract is breached, the non-breaching party shall be entitled to reasonable attorney's fees and costs.

Assistant General Manager & CFO

Jack Wetzel

SUB. TOTAL	3,000.00
SALES TAX	0.00
FREIGHT	0.00
TOTAL	3,000.00

ENGAGEMENT LETTER



APPRAISAL Co.
OF KEY WEST

3144 Northside Drive, Ste 201
Key West, FL 33018
Office: (305) 296-8563
Fax: (305) 923-2119

Website: <http://www.keyappraisals.com>
E-mail: Jan@keyappraisals.com

December 16, 2014

Mr. Stanley T. Rzad, Compliance Administrator
Keys Energy Services
Email: Stanley.rzad@keysenergy.com

Subject: Former Diesel Plant
Address: 100 Block Angela Street at Fort Street
Key West, FL 33040
Our File No. 187-14

Dear Mr. Rzad;

Pursuant to your request, please find our proposal outlined, and a list of the required documents in order to perform the assignment. The appraisal inspection will be scheduled upon receipt of the requested documents.

Purpose: Market Value "As Is" "As Proposed"
 Going-Concern Value Upon Completion Upon Stabilization
 Prospective Value Retrospective Value As of _____
 Market Value for FEMA
 Replacement Cost for Insurance purposes
 Business Valuation

Interest: Fee Simple Leased Fee

Function: Evaluation of subject property for: Purchase Foreclosure
 Refinance Estate
 Partnership Buyout/Dissolution
 Possible Sale/Transfer

Fee: \$3,000 for 2 original reports.
Additional Original(s) ____ @ \$50.00 each.

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

Mr. Stanley T. Rząd, Compliance Administrator
Page 2

Time: Completion within Mid January from receipt of all required documents to be provided by the owner/client.

Requested Documents:

- | | |
|--|---|
| <input checked="" type="checkbox"/> A Signed Copy of this Engagement Letter | <input type="checkbox"/> Copy of Contract for Sale and Purchase, if applicable |
| <input type="checkbox"/> Legal Description | <input type="checkbox"/> Plans and Specifications |
| <input checked="" type="checkbox"/> Most Recent Survey, if available | <input checked="" type="checkbox"/> Cost Estimates for Proposed Remediation |
| <input type="checkbox"/> Biological Study | <input type="checkbox"/> Income and Expense Statements for 2 years |
| <input type="checkbox"/> Buildability Letter | <input type="checkbox"/> Year-to-Date Income & Expense for 2 years |
| <input type="checkbox"/> Warranty Deed | <input type="checkbox"/> Rack Rates, ADR and Occupancy Statistics for for 2 year(s) |
| <input type="checkbox"/> Environmental Report, if available | <input type="checkbox"/> Balance Sheets for __ year(s) |
| <input type="checkbox"/> Copy of any existing Leases, if applicable | <input type="checkbox"/> Current Rent Roll |
| <input type="checkbox"/> Copy of Occupational Licenses | <input checked="" type="checkbox"/> Current Wind, Fire & Flood Insurance Premiums, if any |
| <input checked="" type="checkbox"/> Letter of Development Rights Determination from City of Key West, if available | |

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

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

Mr. Stanley T. Rzed, Compliance Administrator
Page 3

pay an additional sum of \$225.00 per hour plus Appraiser's usual and customary expenses, minimum of 2 hours.

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 Patti at 3144 Northside Drive, Suite 201, Appraisal Company of Key West, phone (305) 296-4563.

APPRAISAL COMPANY OF KEY WEST



James E. Wilson, MRICS, President
State-certified general real estate appraiser
RZ 2164

Accepted by: 
Signature

Name: Stanley T. Rzed Date: 12/2/14
Compliance Administrator
KW Energy Services

JW/pdl

R:\Management Letters\Winkley Road - KWS\Management Letter wpd