

**FLAGLER COUNTY BOARD OF COUNTY COMMISSIONERS  
WORKSHOP/ AGENDA ITEM # 4**

**SUBJECT:** Consideration of an Agreement for the Purchase of the Former Hospital at 901 E. Moody Boulevard in the Amount of \$1,230,000.

**DATE OF MEETING:** May 6, 2013

**OVERVIEW/SUMMARY:** Staff is presenting to the Board for its consideration a new alternative for the relocation of the Flagler County Sheriff's Office with the purchase of the former hospital property in Bunnell in the amount of \$1,230,000. Staff has secured the price and terms via a no cost Option Agreement, subject to the Board's approval on May 6, 2013.

Approval of the Option Agreement on May 6 would start the due diligence period with closing likely to occur in less than 120 days, if the County's due diligence only discovers minor concerns. A copy of the Option Agreement is attached and is summarized later in this agenda memo.

To date, the Board has primarily looked at three other alternatives, which have their positive and negatives, which are noted below:

1. Adding to the Existing Office – Existing space but remote; lack of upland area on which to build upon and provide parking; land eventually will be needed for the Jail expansion.
2. Historic Courthouse Annex at 36,000s.f. – Good value and reuse; but shared building site; three-story; limited expansion opportunities; difficult to renovate.
3. Former jail at 18,000s.f. – New construction; future expansion potential and good reuse, but many unknowns; lack of value; would not meet initial space needs.

In comparison to some of these alternatives, the property proposed today would offer a good overall value and reuse and would be completely County controlled. It is also a one-story building and, as such, renovation would be much easier than the three-story Courthouse Annex. In addition, there are on-site expansion opportunities for the Sheriff's Office or for other County services. This project would offer the ability to build out over time and offer plenty of parking for both current and future needs. Staff believes from a functional and long-term perspective this is the best option to date.

According to the Property Appraiser's website the hospital property is approximately 7.25 acres (which may or may not include the right-of-way depicted on the east side of the property). The Property Appraiser also shows just under 60,000s.f. of building, to include the freestanding building in the southwest corner of the main property. See attached sketch of property in Attachment 5.

Cost wise, this project is expected to be similar in total cost to the other projects that have been evaluated, with an overall total project, estimated cost at right around \$5,000,000. We will only have estimates until we engage professional design services and bid out the project.

### **Project Estimates**

Purchase price	\$1,230,000
Due diligence	\$ 70,000
Design Costs	\$ 170,000
Construction Costs (\$100 @ 28,000)	\$2,800,000
Site Work	\$ 400,000
Furnishings	\$ 200,000
Contingency	<u>\$ 130,000</u>
<b>Total</b>	<b>\$5,000,000</b>

Note: The Sheriff has indicated a minimum initial space need of 22,000s.f. Therefore, if there are budgetary constraints, the County could build-out less space initially than the 28,000s.f. indicated above.

The County Administrator has completed a cursory inspection of the premises and believes the buildings and property are in fair condition. Built in 1979, the main building faces many of the same challenges that the Annex is facing, in that the building is in decent condition, but the County will have to upgrade and replace most of the major support systems ranging from HVAC, to electric, to technology, etc.

The County performed an analysis of the building in 2002 when the County was evaluating the location to potentially meet the County's office needs and discovered two items of concern at that time: (1) a structural joist issue; and (2) asbestos in a few locations (Attachment 2 County 2002 Analysis). Since then most of the asbestos found has been removed by the owner. Both of these issues will be thoroughly investigated as part of our due diligence phase, to include any cost estimates for remedying the items. Landscaping, signage, redoing the parking lot /striping and drainage will all be part of any redevelopment.

Staff did not contract for an independent appraisal of the property. However, a certified appraisal was completed for the bank holding the note which sets the market value at \$1,450,000. The appraisal is Attachment 3. Also, the seller's representative has provided you with additional information about the \$750,000 sales price shown on the Property Appraiser's website. According to the information provided, the actual purchase of the property was more complicated and involved stock and other issues totaling \$1,650,000.

To recap some of the key proposed contract terms, the option expires at 5 PM on May 6. There is no financial penalty if the Board allows the option to expire. If the Board approves exercising the option, the document converts into a binding purchase and sale agreement. The County is not required to pay a deposit. All cash is paid at closing. Closing must occur on or before October 4, 2013 (the 150 day maximum period under the agreement given all possible extensions).

The property is being purchased in an "as is" condition subject to two exceptions. The first is that the County can terminate the agreement within 60 days (by July 5, 2013) without penalty if its due diligence investigation reveals any structural flaw or deficiency in the land or buildings that the County finds unacceptable. Or otherwise, the County can accept the flaw or deficiency and continue the process.

The second exception is if the Administrator determines that the estimated cost to repair any defects exceeds \$250,000 for any structural repair, environmental hazard remediation or any other situation that was not anticipated. At this point the Administrator is required to return to the Board within 90 days (August 4, 2013) to obtain approval from the Board to continue or terminate the transaction. The County may also at its option extend the closing for an additional 30 days for further procedures addressing hazardous materials if indicated.

An additional feature of the agreement is that the purchase is conditioned on the County obtaining financing for the purchase within 90 days (by August 4, 2013). The financing must be at no more than a fixed rate not exceeding 4% per annum for a term of no less than 5 years. Our intention is to obtain funding from the Florida Association of Counties' credit facility that the County used to obtain interim construction financing for the Beverly Beach Utility project. If we are unable to obtain the financing as prescribed within the specified time period, the County may terminate the agreement.

**Other items to note:**

- The Sheriff has indicated he appreciates the Board addressing his critical space issues and is comfortable with any option considered, so long as the cost is not higher than the project budgets we have been using of approximately \$5,000,000.
- The County cannot pick the property owners and was previously interested in the property with different property owners.
- **The cost of the acquisition, plans, and construction would come from Small County Sales Tax and not from local ad valorem property taxes.**
- There is a diagonal right-of-way on the southeast corner of the property that we will need to vacate to fully utilize the entire property. We will seek this vacation through a petition to the City of Bunnell.
- **We will take the Board on a tour of the facility as part of the workshop on Monday, May 6th. Please wear shoes and some clothes that could get dirty.**

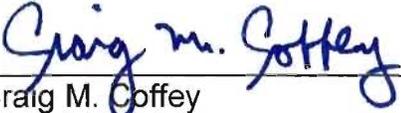
**FUNDING INFORMATION:** If the Board chooses to move forward on this Option /Purchase Agreement, the budget will be amended to account for this purchase. Short-term funding will come from the FAC commercial paper program until longer range funding replaces it at the time of construction. Construction would be anticipated to occur in the next fiscal year and would be included as part of the FY 2013/14 budget.

**DEPT./CONTACT/PHONE #:** Craig M. Coffey, County Administrator, 313-4001.

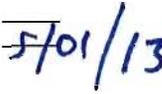
**RECOMMENDATIONS:** Recommend the Board's approval of the Option Agreement, acquiring the former hospital property for a future Flagler County Sheriff's Office and authorize staff to proceed with the due diligence process for the purpose of the property. In addition directing staff to draft documents to turn Historic Court House and Annex property over to the City of Bunnell.

ATTACHMENTS:

1. Option Agreement for Purchase of the Property
2. Construction/Renovation Study dated June 2002 by Gibraltar Design, St. Augustine.
3. Appraisal performed by Hamilton & Jacobs for Seller's Mortgage Holder
4. Statement of Acquisition Cost related to the facility by Seller's Representative.
5. Property Appraiser's website information (site, aerial photo, building layouts, etc.)
6. Information on asbestos removal by Seller.
7. Drawings – "as built" of Main building floor layout and 2006 conceptual site plan

  
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Craig M. Coffey  
County Administrator

1 May 2013  
Date

	<u>Initials</u>	<u>Date</u>
Deputy County Admin.	_____	_____
Financial Services	_____	_____
Legal		

FILE

## OPTION AGREEMENT FOR SALE AND PURCHASE

**THIS OPTION AGREEMENT FOR SALE AND PURCHASE** (the "Agreement" or the "Option Agreement") is made this 19<sup>th</sup> day of April, 2013 (the "Effective Date") by and between **FLAGLER CROSSROADS, INC.**, a Florida corporation, whose address is 880 Airport Road, Suite 108, Ormond Beach, Florida 32174 ("Seller"), and **FLAGLER COUNTY**, a political subdivision of the State of Florida, whose address is 1769 East Moody Blvd, Bunnell, Florida, 32110 ("Buyer"). Buyer and Seller may hereafter be referred to individually as "Party" and collectively as "Parties".

1. Grant of Option. In consideration of the mutual agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller grants to Buyer an exclusive option to purchase the real property located in **Flagler County, Florida**, legally described in Exhibit "A" attached hereto and incorporated herein by reference, together with all buildings, structures, timber, transferable development rights, improvements, easements, appurtenances, hereditaments, and riparian and littoral rights, if any (the "Property"), in accordance with the provisions of this Agreement. This Option Agreement becomes legally binding upon execution hereof, but exercise of the option is subject to approval by Buyer and is effective only if Buyer gives written notice of exercise to Seller.

2. Option Period. The term of this Option Agreement (the "Option Period") shall commence beginning on the Effective Date and shall expire at 5 p.m. on May 6, 2013 unless otherwise agreed upon by the Parties in writing (the "Option Date").

3. Exercise of Option. Buyer shall exercise its option to purchase the Property by voting to approve this Agreement at a publicly noticed meeting on the Option Date. If Buyer votes to approve this Agreement at such time, Buyer shall indicate its approval by having the Chairman of the Flagler County Board of County Commissioners execute the Option Agreement Approval, as set forth in Exhibit "B" attached hereto and incorporated herein by reference ("Approval"). Upon execution of the Approval, this Agreement shall henceforth be considered a binding purchase and sale agreement pursuant and subject to the terms and conditions hereinafter set forth.

4. Automatic Termination of Agreement. Except as otherwise set forth by this Agreement, if the Approval is executed by Buyer on the Option Date, the terms and conditions of this Agreement shall be binding upon Parties until the earliest occurrence of (i) the Closing, as defined hereafter, (ii) receipt of written notice of a Party's intention to terminate the Agreement, (iii) the passage of one hundred and fifty (150) days from the Option Date, ("Option Expiration Date") or (iv) the occurrence of a "Material Adverse Change" prior to Closing, which shall mean any loss or damage to the Property that materially reduces its value in the aggregate and/or the ability to operate the utility services as operated by Seller prior to Closing.

5. Obligations Incident to Closing. At Closing, neither Party shall be prohibited by law, decree or any pending legal action or proceeding from fulfilling its respective obligations required for Closing, as more fully set forth below. A Party's inability to make or continue the warranties and representations contained herein, or its failure to perform any obligations hereunder, shall constitute grounds for the immediate termination of this Agreement.

6. Financing Condition Precedent. As a condition precedent to Closing, Buyer shall obtain financing for the Property through a loan with an annual interest rate of no greater than four percent (4.0%) and a minimum term of five (5) years. If Buyer is unable to obtain financing on such terms, Buyer may terminate the Agreement at its discretion.

7. Purchase Price. The total purchase price for the Property is ONE MILLION TWO HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS (\$1,230,000.00) ("Purchase Price") which will be paid by Buyer at Closing. Seller has advised Buyer that it intends to seek an income tax deduction for a charitable contribution based on an appraisal of the Property obtained by Seller (but not disclosed to Buyer). Buyer will complete any documentation required by the U.S. Internal Revenue Service and any other applicable governmental agencies stating the Purchase Price and other applicable terms of this Agreement to assist Seller with seeking the tax deduction.

8. Inspection/Testing Rights.

(a) Buyer shall have sixty (60) days from the Effective Date ("Due Diligence Period") to conduct an investigation of the Property. During the Due Diligence Period, Buyer shall have absolute access to the Property to conduct any inspections or tests which Buyer deems necessary or desirable, including but not limited to the land and all structures thereon. Such inspections/tests shall be normal and customary, as further described in paragraph 10.

(b) No evasive or damaging inspections or tests may be conducted without the prior written consent of Seller as to the nature and scope of such inspection or test. Buyer hereby agrees to indemnify and hold Seller harmless from any loss or liability incurred by Seller as a result of any of Buyer's actions relative to such inspection and/or investigation activities. If Buyer has not terminated this Agreement, as provided herein, or defaulted hereunder, the right of entry and investigation granted in this paragraph 8 shall continue unabated through Closing or until this Agreement is otherwise terminated. During the Due Diligence Period, Buyer shall have the absolute right, in its sole discretion, to terminate the contract if it discovers or detects any structural flaw or deficiency in the land, buildings or any other improvements situated on the Property that it deems unacceptable.

(c) Within fifteen (15) days of the Effective Date, Seller shall provide to Buyer or Buyer's counsel copies of the following, to the extent such items are within Seller's possession: any plats affecting the Property, all existing title insurance policies, any boundary or topographical surveys (collectively, the "Survey"), any building or property inspection reports, any structural or engineering reports related to the buildings located on the Property, any environmental site assessment reports, any geotechnical reports, any local, state and federal government permits and approvals for the Property, and any other documents related to the condition and use of the Property and the buildings located thereon.

9. Defect Remedies. If any defects are discovered on the Property or any building located thereon, Buyer, at its sole option, may elect to conduct any necessary repairs or to terminate this Agreement. If the County Administrator's cost estimate of work necessary to repair any defects equals or exceeds Two Hundred and Fifty Thousand Dollars (\$250,000) in total, above the repairs contemplated in the initial project budget, it will be necessary for the Flagler County Board of County Commissioners to provide an additional concurrence to move forward with the Buyer's purchase of the Property and related repair of the defects. At a minimum, such defects not contemplated in the project budget shall generally be structural or environmental, but shall not preclude the County Administrator from presenting any other unanticipated defect that he believes will materially affect the initial project budget.

10. Environmental Site Assessment. Buyer may conduct normal and customary environmental site assessments of the Property, including but not limited to Phase I and II Environmental Site Assessments, to determine the existence and extent, if any, of mold, lead, radon, asbestos or any other Hazardous Materials on the Property. If further investigations, testing, monitoring or environmental

site assessments are required to determine the existence or extent of Hazardous Materials on the Property, Buyer, at its sole option, may elect to extend the Option Expiration Date by thirty (30) days to conduct such procedures. For purposes of this Agreement, "Hazardous Materials" shall mean any hazardous or toxic substance, material or waste of any kind or any other substance which is regulated by any Environmental Law as hereinafter defined in paragraph 11.

11. Hazardous Materials. If the environmental site assessment provided for in paragraph 8 confirms the presence of Hazardous Materials on the Property, Buyer, at its sole option, may elect to terminate this Agreement and neither Party shall have any further obligations under this Agreement. Should Buyer elect not to terminate this Agreement, and Seller agrees to remediate the Hazardous Materials, Seller shall, at Seller's sole cost and expense and prior to the exercise of the option and Closing, promptly commence and diligently pursue any assessment, clean up and monitoring of the Property necessary to bring the Property into full compliance with Environmental Law. "Environmental Law" shall mean all federal, state and local laws, including statutes, regulations, ordinances, codes, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the protection of the environment or human health, welfare or safety, or to the emission, discharge, seepage, release or threatened release of any contaminant, solid waste, hazardous waste, pollutant, irritant, petroleum product, waste product, radioactive material, flammable or corrosive substance, carcinogen, explosive, polychlorinated biphenyl, asbestos, hazardous or toxic substance, material or waste of any kind into the environment, including, without limitation, ambient air, surface water, ground water or land including, but not limited to, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource and Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act of 1986, Chapters 161, 253, 373, 376 and 403, Florida Statutes, Rules of the U.S. Environmental Protection Agency, Rules of the Florida Department of Environmental Protection, and the rules of the Florida water management districts now or at any time hereafter in effect. However, should the estimated cost to Seller of cleanup of Hazardous Materials exceed a sum which is equal to or greater than five percent (5%) of the Purchase Price as stated in paragraph 7, Seller may elect to terminate this Agreement, and neither party shall have any further obligations under this Agreement. If Hazardous Materials placed on the Property prior to Closing are discovered after Closing, Seller shall remain obligated hereunder, with such obligation to survive the Closing, delivery, and recording of the deed described in paragraph 18 of this Agreement and to survive Buyer's possession of the Property, and Seller shall diligently pursue and accomplish the cleanup of Hazardous Materials in a manner consistent with all applicable Environmental Laws and at Seller's sole cost and expense.

Further, if neither party elects to terminate this Agreement as provided above, Seller shall indemnify and save harmless and defend Buyer, its respective officers, servants, agents and employees from and against any and all claims, suits, actions, damages, liabilities, expenditures or causes of action of whatsoever kind arising from Hazardous Materials placed on the Property prior to Closing. Seller shall defend, at Seller's sole cost and expense, any legal action, claim or proceeding instituted by any person against Buyer as a result of any claim, suit or cause of action for injuries to body, life, limb or property for which Hazardous Materials placed on the Property prior to Closing are alleged to be a contributing legal cause. Seller shall save Buyer harmless from and against all judgments, orders, decrees, attorney's fees, costs, expenses and liabilities in and about any such claim, suit, investigation or defense thereof, which may be entered, incurred or assessed as a result of the foregoing.

The limitation herein on Seller's contractual obligation to indemnify Buyer as specified in this paragraph 11 shall not be construed to limit Seller's legal liability under any Environmental Law for Hazardous Materials located on the Property or to limit Buyer's legal and equitable remedies against Seller under any Environmental Law for Hazardous Materials located on the Property.

12. Updated Survey. Buyer shall have the right, but not the obligation at Buyer's sole cost and expense, to obtain an updated boundary survey for the Property (the "Updated Survey"). If Buyer elects to obtain an Updated Survey, and the Updated Survey shows any encroachment, hiatus or other condition that could affect the marketability of title to the Property, Buyer shall have the right to object to such condition as a Title Objection pursuant to the provisions of paragraph 13.

13. Title Evidence. Seller shall purchase and deliver to Buyer at Closing a fee title insurance policy (the "Policy") (unqualified, except as provided in this paragraph 13) with all printed standard exceptions deleted, insuring Buyer as the fee simple Seller of the Property in the full amount of the Purchase Price for the Property; such Policy to be purchased from and issued by a reputable, national title insurance company acceptable to Buyer and Seller (the "Title Company"). Within fifteen (15) calendar days after the Effective Date, a commitment for such title insurance policy shall be delivered to Buyer by Seller, including legible copies of all documents shown in exceptions (the "Title Commitment"). The Title Commitment shall be dated later than the Effective Date, shall be in the full amount of the Purchase Price, and shall have attached to it copies of all instruments described in said commitment. The Title Commitment must disclose the title to be good, marketable and insurable. If either the Survey or the Title Commitment reveals any encroachments, overlaps, easements, restrictions, covenants, conditions or other title defects (the "Title Objections"), the Buyer, within thirty (30) calendar days after the Effective Date, may notify Seller of the Title Objections. Seller shall have the later of (i) thirty (30) calendar days after receipt of notice of the Title Objections, or (ii) the Closing Date to cure any such Title Objections. Seller shall have no duty to cure any Title Objections except that Seller must cure liens or encumbrances evidencing monetary obligations of Seller at or before Closing. If any such Title Objections, other than those that will be cured or satisfied at Closing, remain uncured by Seller at the end of thirty (30) calendar days after Seller receives notice of the Title Objections, then Seller shall give Buyer written notice of Seller's failure to cure all the Title Objections and describe with specificity in that notice the Title Objections which remain uncured and those Title Objections which will be satisfied at Closing. Buyer may then do one of the following as Buyer's sole remedy:

(a) Accept the uncured Title Objections and require Seller to deliver the title to the Property at the Closing in its existing condition with no reduction in the Purchase Price; or

(b) Terminate this Agreement, whereupon all parties shall be released from further obligation hereunder.

Buyer shall give Seller written notice of Buyer's decision either to accept the uncured Title Objections or to terminate this Agreement within ten (10) business days after Buyer receives written notice from Seller of the uncured Title Objections. The failure of Buyer to give Seller notice of termination within ten (10) business days shall be deemed to constitute an acceptance by Buyer of the uncured Title Objections that then remain. Any matter disclosed by the Title Commitment or by the Survey which is not timely specified in Buyer's written notice to Seller shall be deemed a "Permitted Exception."

14. Buyer's Intended Use. Buyer intends to construct a Sheriff's Operations Center on the Property and co-locate other non-profit and government type services thereon (together, the "Intended Use"). Notwithstanding the foregoing, Buyer may use the Property for other good and lawful purposes.

15. Default.

(a) If Buyer defaults in its obligation to purchase the Property in accordance with the terms of this Agreement or otherwise defaults in its obligations hereunder that are to be performed at or before Closing, Seller's sole and only remedy against Buyer for Buyer's default shall be to retain any Option Fees as liquidated and agreed upon damages.

(l) To the best of Seller's knowledge, none of the Property was excavated, other than in connection with the standard construction practices for the construction of a building or buildings on the Property, no landfill was deposited on or taken from any part of the Property, nor was any construction debris or any other debris or contamination (such as, but not limited to rocks, stumps or concrete or Hazardous Materials) buried on any of the Property, and the Property is free from contamination by any Hazardous Materials as defined in paragraph 11.

Seller shall indemnify, defend and hold Buyer harmless from and against any and all liabilities which arise after the Effective Date of this Agreement due to a breach of any of the foregoing representations and warranties by Seller.

Seller shall not by any act or omission of Seller, alone or in conjunction with others, cause to arise any defect in or burden or cloud upon the title (other than regular ad valorem taxes) to the Property subsequent to the execution of this Agreement and prior to Closing.

Each of the warranties and representations contained in this paragraph 16 shall be deemed made as of the date of this Agreement and again as of the date of Closing. Seller shall remain fully liable to Buyer for any loss, harm, damage or expense, including reasonable attorney's fees and court costs incurred by Buyer arising out of any breach or inaccuracy of any warranty or representation given hereunder or under any other Paragraph of this Agreement and Buyer, at its option, shall be entitled to an offset and reduction of the Purchase Price for any loss sustained or payment by Seller in cash upon demand.

17. Interest Conveyed. Upon execution of this Agreement, Seller shall submit to Buyer a properly completed and executed beneficial interest affidavit and disclosure statement as required by Sections 286.23, 375.031(1) and 380.08(2), Florida Statutes. At Closing, Seller shall execute and deliver to Buyer a statutory warranty deed in accordance with the provisions of Section 689.02, Florida Statutes, conveying marketable title to the Property in fee simple free and clear of all liens, reservations, restrictions, easements, leases, tenancies and other encumbrances, except for those that are Permitted Exceptions, in the sole discretion of Buyer and do not impair the marketability of the title to the Property. The Parties shall also execute a closing statement, a title, possession and lien affidavit certified to Buyer, an assignment of development rights, an environmental affidavit and any other Closing documents required by Buyer, Seller or the Title Company. In addition, Seller shall authorize Buyer to issue funds for the Purchase Price directly to an escrow agent who is authorized by law to receive such payments and who is acceptable to Buyer, and to require the escrow agent to pay Seller's expenses of sale and real estate taxes from the funds deposited with escrow agent.

18. Preparation of Closing Documents. Prior to the Closing hereunder, Seller shall submit to Buyer a properly completed and executed beneficial interest affidavit and disclosure statement as required by Sections 286.23, 375.031(1) and 380.08(2), Florida Statutes. The Closing agent shall prepare the deed described in paragraph 17 of this Agreement, the Buyer's and Seller's Closing statements, the title, possession and lien affidavit certified to Buyer, the title insurance commitment, an assignment of development rights, an environmental affidavit and any other Closing documents required by Buyer, Seller or the Title Company.

19. Proration of Property Taxes and Assessments. Real property taxes upon the Property for the year of Closing shall be prorated as of the Closing Date on the basis of maximum discounts allowed by taxing authorities, if any. Real property taxes for all prior years shall be Seller's responsibility and shall be paid by Seller at or prior to Closing. If the amount of taxes for the current year cannot be ascertained as of the Closing, the rates, millage and assessed valuations for the preceding calendar year (with known changes) shall be used for purposes of making a tentative proration at Closing; however, said taxes shall thereafter be finally re-prorated by and between Seller and Buyer (on the basis

of maximum allowable discounts) upon receipt by Seller or Buyer of the statement or statements therefor from the proper taxing authorities. The cash payment due Seller from Buyer at Closing shall be increased or decreased as may be required by such proration of taxes. If the Property is not yet a separate tax parcel and is included in other property of Seller, Seller shall receive Buyer's credit at Closing and shall be responsible for paying the taxes for the year in which the Closing occurs.

20. Permits. Seller shall transfer and assign to Buyer all St. Johns River Water Management District, Florida Department of Environmental Protection, U.S. Army Corps of Engineer, Florida Fish and Wildlife Conservation Commission, and any and all other local, state or federal permits and approvals applicable to the Property, if any, prior to Closing. Seller shall execute any documents necessary to effectuate such permit assignments.

21. Closing Place and Date. The Closing hereunder (the "Closing") shall be on or before ninety (90) days after Buyer exercises the option granted herein; provided, however, that if a defect exists in the title to the Property, title commitment, Survey, environmental site assessment, or any documents required to be provided or completed and executed, the Closing shall occur either on the original Closing date or within thirty (30) days after receipt of documentation removing the defects, whichever is later. Buyer shall set the date, time and place of Closing. Closing may be extended beyond the conditions stated above, with authorization of Buyer, for an additional thirty (30) days to allow Seller time to comply with this paragraph.

22. Risk of Loss and Condition of Property. Seller assumes all risk of loss or damage to the Property prior to the date of Closing and warrants that the Property shall be transferred and conveyed to Buyer in the same or essentially the same condition as of the date of Seller's execution of this Agreement, ordinary wear and tear excepted. If the condition of the Property is altered, by an act of God or other natural force beyond the control of Seller, however, Buyer may elect, at its sole option, to terminate this Agreement and neither party shall have any further obligations under this Agreement. Seller represents and warrants that there are no parties other than Seller in occupancy or possession of any part of the Property. Seller warrants that there are no facts known to Seller materially affecting the value of the Property which are not readily observable by Buyer or which have not been disclosed to Buyer. Buyer acknowledges that the buildings located on the Property have been vacant for a number of years and that Buyer is purchasing the Property in "as is condition".

23. Right to Enter Property and Possession. Seller agrees that from the date this Agreement is executed by Seller, Buyer and its agents, upon reasonable notice, shall have the right to enter the Property for all lawful purposes in connection with this Agreement. Seller shall provide Buyer with keys to all buildings on the Property for such purposes. Seller shall deliver possession of the Property to Buyer at Closing.

24. Brokers. Seller warrants that no persons, firms, corporations or other entities are entitled to a real estate commission or other fees as a result of this Agreement or subsequent Closing, except as accurately disclosed on the disclosure statement required in paragraph 17. Seller shall indemnify and hold Buyer harmless from any and all such claims, whether disclosed or undisclosed.

25. Recording. Buyer may record this Agreement, or notice of it, in the Public Records of Flagler County, Florida, at its discretion and expense. If Buyer subsequently terminates this Agreement, if Buyer has recorded the Agreement or notice thereof, Buyer shall record a Notice of Termination.

26. Assignment. This Agreement may be assigned by Buyer to another government entity, in which event Buyer will provide written notice of assignment to Seller. Seller may not assign this Agreement without the prior written consent of Buyer.

27. Time. Time is of essence with regard to all dates or times set forth in this Agreement.

28. Severability. If any of the provisions of this Agreement are deemed to be unenforceable and the unenforceability of said provisions does not adversely affect the purpose and intent of this Agreement, in Buyer's sole discretion, the enforceability of the remaining provisions of this Agreement shall not be affected.

29. Successors in Interest. This Agreement shall bind and inure to the benefit of Seller and Buyer and their respective heirs, legal representatives and successors. Whenever used, the singular shall include the plural and one gender shall include all genders.

30. Entire Agreement. This Agreement contains the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties. Notwithstanding the foregoing, the parties acknowledge that the legal description contained in Exhibit "A" was prepared based upon historic chain of title information, without the benefit of a current survey of the Property. The parties agree that if, in the opinion of Buyer, it becomes necessary to amend the legal description of the Property to correct errors, to more properly describe the Property, to cut out portions of the Property affected by title defects unacceptable to Buyer or which cannot be timely cured by the Seller, or to otherwise revise the legal description of the Property, the legal description to be used in the Survey (if any) and in the Closing instruments required by this Agreement shall be revised by or at the direction of Buyer, and shall be subject to the final approval of Buyer. Anything to the contrary hereinabove notwithstanding, such a revision of the legal description of the Property shall not require a written amendment to this Agreement. In such event, the Seller's execution and delivery of the Closing instruments containing the revised legal description and Buyer's acceptance of said instruments and of the final Survey (if any) containing the revised legal description shall constitute a full and complete ratification and acceptance of the revised legal description of the Property by the parties.

31. Waiver. Failure of Buyer to insist upon strict performance of any covenant or condition of this Agreement, or to exercise any right herein contained, shall not be construed as a waiver or relinquishment for the future of any such covenant, condition or right; but the same shall remain in full force and effect.

32. Counterparts. This Agreement may be executed in one or more counterparts, but all such counterparts, when duly executed, shall constitute one and the same Agreement.

33. Addendum. Any addendum attached hereto that is signed by the parties shall be deemed a part of this Agreement.

34. Notice. Whenever either party desires or is required to give notice unto the other, it must be given by written notice, and either delivered personally, transmitted via facsimile transmission, mailed postage prepaid, certified mail, or sent by overnight courier to the appropriate address indicated on the first page of this Agreement, or such other address as is designated in writing by a party to this Agreement. A copy of any notice given to Buyer shall also be given to the following representatives of the Buyer: County Administrator, at 1769 E. Moody Blvd., Bldg. #2, Bunnell, Florida 32110, and also to

County Attorney, at 1769 E. Moody Blvd., Bldg. #2, Bunnell, Florida 32110. A copy of any notice given to Seller shall also be given to the following representatives of the Seller: Caroline McNeil, Chiumento Selis Dwyer, PL, 145 City Place, Suite 301, Palm Coast, Florida 32164. and also to Ms. Margaret Sheehan-Jones, CCIM, Broker Associate, Parkside Realty Group, Commercial Division, 210 Old Kings Road S. Suite 500. Flagler Beach 32136.

35. Survival. The covenants, warranties, representations, indemnities and undertakings of Seller set forth in this Agreement shall survive the Closing, the delivery and recording of the deed described in paragraph 18 of this Agreement and Buyer's possession of the Property.

IF THIS INSTRUMENT IS NOT EXECUTED BY THE SELLER ON OR BEFORE THE 25<sup>th</sup> DAY OF April, 2013, BUYER SHALL BE UNDER NO OBLIGATION TO ACCEPT THIS INSTRUMENT. THE EXERCISE OF THE OPTION PROVIDED FOR HEREIN IS SUBJECT TO: (1) APPROVAL BY THE FLAGLER COUNTY BOARD OF COUNTY COMMISSIONERS, (2) ADEQUATE BUYER FUNDING AS DEFINED HEREIN, AND (3) BUYER APPROVAL OF ALL DOCUMENTS TO BE FURNISHED HEREUNDER.

THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT WHEN DULY EXECUTED.

[Signatures on Following Pages]

SELLER:

FLAGLER CROSSROADS, INC., a Florida corporation

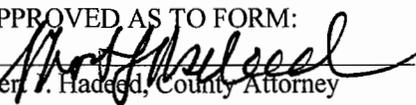
By:   
Name: James A. Newslow  
As Its: president  
4/25/2013

Date signed by Seller

BUYER:

FLAGLER COUNTY

BY:   
Craig Coffey, County Administrator

APPROVED AS TO FORM:  
  
Albert F. Haddad, County Attorney

**Exhibit "A"**

**Legal Description of Property located at 901 MOODY BLVD E**

Parcel Number 10-12-30-0850-00180-0000

TOWN OF BUNNELL BLKS 18, 33, 34 & 37 & VAC ALLEY & VAC S ORANGE STREET & THAT  
PT OF BL C TR 11 & 14 LYING SW OF LEMON ST. OR 101 PG 272 OR 100 PG 668 OR 85 PG 555-  
556 OR 139 PG 702 OR 397 PG 170 OR 400 PG 342 OR 894 PG 1752 OR 1329/1323-RESOL OR  
1474/1350-ORD-06-23 OR 1474 PG 1356.

[To be verified by Updated Survey].

**Exhibit "B"**

**Option Agreement Approval**

On May 6, 2013, the Board of County Commissioners voted to approve the Option granted in the Option Agreement for Sale and Purchase by and between Flagler Crossroads, Inc. and Flagler County, to which this Approval is attached as Exhibit "B". Upon execution of the Approval, the Option Agreement shall henceforth be considered a binding purchase and sale agreement pursuant to its terms and conditions.

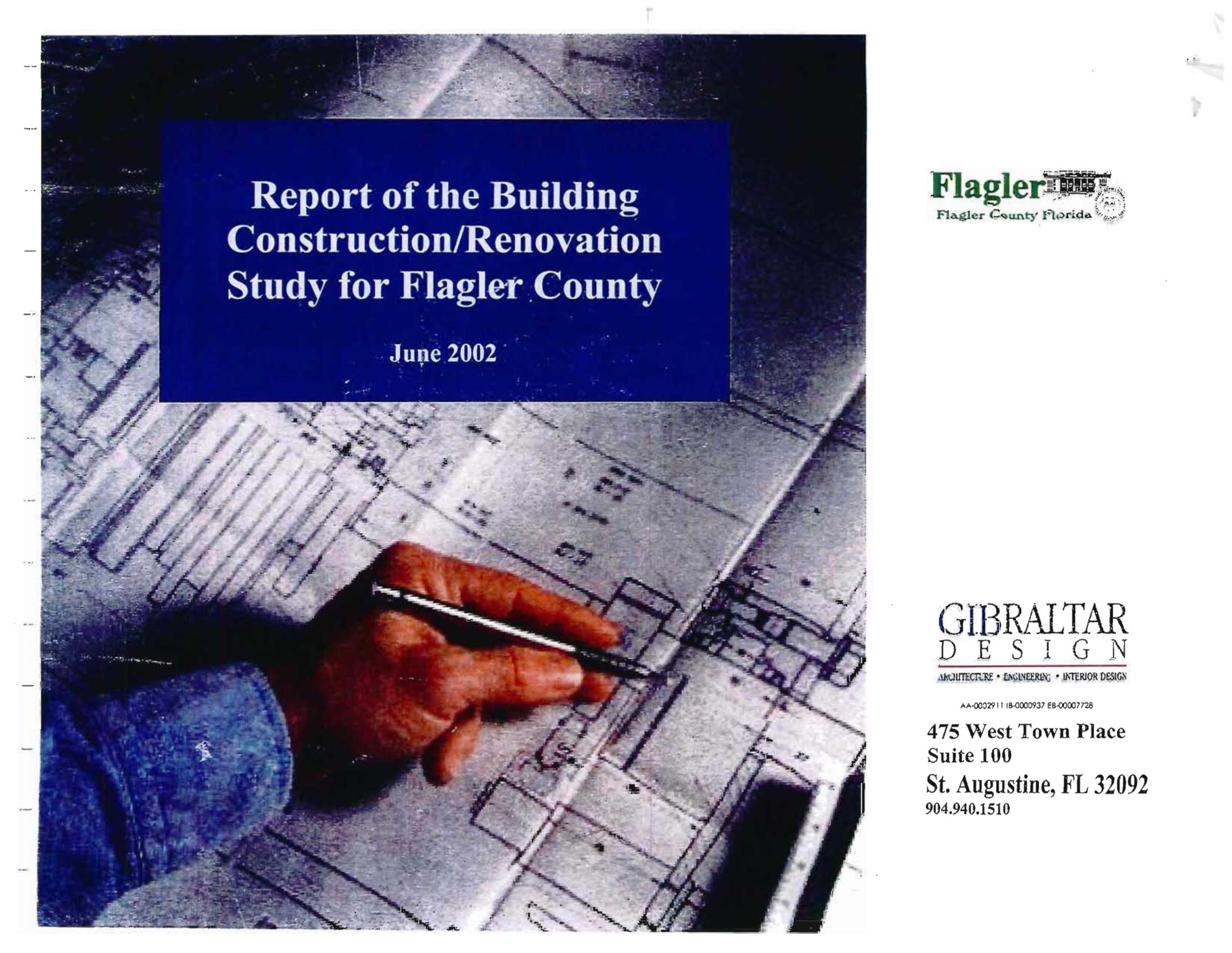
FLAGLER COUNTY BOARD OF  
COUNTY COMMISSIONERS  
ATTEST:

BY: \_\_\_\_\_  
Nate McLaughlin, Chair

\_\_\_\_\_  
Gail Wadsworth, Clerk, and Ex Officio  
Clerk to the Board of County  
Commissioners of Flagler County

APPROVED AS TO FORM:

\_\_\_\_\_  
Albert J. Hadeed, County Attorney



**Report of the Building  
Construction/Renovation  
Study for Flagler County**

**June 2002**



**GIBRALTAR**  
**DESIGN**  
ARCHITECTURE • ENGINEERING • INTERIOR DESIGN

AA-0002911 IB-0000937 EB-00007728

**475 West Town Place  
Suite 100  
St. Augustine, FL 32092  
904.940.1510**

# Flagler County Building Construction/Renovation Study

## 8. Memorial Hospital Moody Boulevard, Bunnell

**Ownership: Adventist Hospital Group**  
**Sale Price: \$2,000,000**

### Building Information

- a) The Hospital totals 46,051 square feet, which includes four wings with approximately 60 patient rooms equaling 16,540 square feet. The Hospital is located on the east side of the property. Each room is sized at 12' x 18'. Each room includes a bathroom and an individual AC unit; and each room is currently wired for cable and telephone. The nurse's station adjoining the rooms is 1,161 square feet and is designed so that each department can staff to handle client questions. This total ward area is 19,416 square feet with approximately 3,000 square feet of corridors.
- b) The cafeteria area totals 4,650 square feet, which includes the spaces of the dining room, kitchen, and storage area.
- c) Administration, lobby, business offices and records areas total 11,799 square feet and are located in the north main entrance facing the parking lot and SR-100.
- d) The remaining areas of emergency room, operating rooms, X-Ray, central services and laboratories total 6,771 square feet and are located in the west area of the building with an entrance off the side parking lot.
- e) The rear of the building houses a loading dock.



*Front entrance to Hospital*

# Flagler County Building Construction/Renovation Study

## Hospital Existing Space Per Section

Description	Area (sq. ft.)
Wing – Rooms 101 thru 113	4,080
Wing – Rooms 201 thru 212	3,936
Wing – Rooms 301 thru 312	3,936
Wing – Rooms 401 thru 414	4,588
Nurses Station & Adjoining Rooms	1,161
Offices CCU/ICU & Nurses	1,715
CCU/ICU, Administration & Lobby	6,498
Business Office & Records	5,301
Material Management/PT & Labs	5,175
X-ray, Central Supply, Operating Room	6,771
Corridors Areas (4,664)	4,664
Cafeteria Area (4,650)	4,650
Maintenance Area	2,890
<b>Total Area</b>	<b>46,051</b>

5 55,365

## Site

### General Site Description:

The hospital is located on Moody Boulevard (State Road 100) near the business district of Bunnell, approximately one-half mile west of the existing County annex buildings and one-half mile east of the Flagler County Courthouse. State Road 100 is in the process of being widened by the Department of Transportation in the 2003 – 2005 time line. This two-

lane road, the town’s main street heading east and west, will be expanded to three lanes. Entrance to the site is gained from several locations. The north entrance off State Road 100 (Moody Boulevard) has a separated ingress and egress service road. This entrance has a median with ground cover and shrubs with an identity sign at the SR-100 entrance. Along both sides of this entry are the general public and staff parking areas with 110 parking spaces. The other entranceways, either east or west, are from the side street of Court Avenue.



Hospital parking lot

# Flagler County Building Construction/Renovation Study

The hospital, built in the late 70's, is a simple single-story ±50,000 square foot stucco-finished masonry facility that appears in good shape—painted, landscaped and maintained through a quality program. The campus sits on ± five acres of land surrounded by residential on the south, commercial on the west and north, and mixed use on the east. We observed that the site has no permitted storm water management treatment facilities, but has a drainage canal on the south fence line. The parking lot to the west, located at the entrance to the emergency room, has 40 parking spaces and includes a helicopter pad. In the rear of the building, a service driveway provides access with an entrance to the cafeteria and loading docks for general deliveries. There is grass area to the west that, if required, could be used for additional parking.



*Entry to hospital from SR-100*



*Hospital maintenance facility*

# Flagler County Building Construction/Renovation Study

## Field Observations:

Our firm visited the site on March 22, 2002, and performed a cursory review. The site is in generally good condition. Groundcover, landscaping and trees have been well maintained. We observed a functional sprinkler system currently used by the hospital in the front area of the facility. The aesthetics and functionality of the parking lot could be improved by resurfacing and restriping.

## Conclusions:

The general conditions of the site would require little capital improvement for the County to move in.



*Hospital front entrance*

## Structural

McVeigh & Mangum Engineering, Inc., consulting firm to Gibraltar Design, conducted the Hospital Facility Structural Analysis. Their report is as follows:

### A. General Structural System Description

Information presented herein has been developed from a review of the architectural and structural drawings of the building's original construction documents and a site visit performed on March 21, 2002. The architectural and structural project drawings provided are dated December 1977 and July 1978. The firm of Willis & Veenstra prepared the architectural drawings, and the firm of Bowen, Joshi and Associates prepared the engineering drawings.

The building is single story. All of the building's roof surface slopes from an interior ridge line to exterior walls at the perimeter of the building. The composition of the roof consists of built-up roofing over 2" of lightweight fill, over 2" of rigid insulation. The roofing system is supported by 24 gage galvanized metal roof deck, which spans between steel roof joists, spaced at 4 feet on center. The roof joists span between steel beams and load bearing concrete masonry unit walls. Steel columns at the interior of the building and concrete columns, constructed integrally with the exterior concrete masonry unit walls, support the steel roof beams.

It appears that the concrete masonry unit walls of the building provide the building's lateral support and carry wind loads applied to the building.

# Flagler County Building Construction/Renovation Study

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The building's slab on grade is 4" thick over the majority of the building. At the Mechanical Equipment Room, located at the west end of the building, the slab thickness is increased to 5". All of the slabs on grade are reinforced with welded wire fabric, placed on a vapor barrier over compacted fill. The foundation system of the building consists of shallow concrete spread footings and strip wall footings.

## B. Field Observations

On March 21, 2002, our firm performed a cursory inspection of the building. During this inspection, the building was inspected for signs of structural distress or deterioration. At the time of our visit, the majority of the structure was not exposed to view. In order to examine the roof, ceiling tiles were temporarily removed at various locations throughout the building. Our inspection of the roof deck and framing focused on areas that may have previously experienced roof leaks, as identified by hospital maintenance personnel and locations where new or stained roof tiles were observed.

The exterior of the building was also examined. The exterior walls of the building are finished with a spray coating. An attempt was made to identify any significant cracking in the walls of the spray coating finish of the walls.

The building appears to have been well maintained, with no signs of distress or deterioration observed. The areas of the roof and floor decks and roof and floor framing, which were observed through temporary openings in the ceiling

grid, were in good condition, displaying no signs of corrosion or deterioration. The exterior finish system of the building also appeared to be in good condition with minimal visible cracking at a few locations, which appear to be non-structural in nature.

## C. Structural Analysis

As part of our structural evaluation of this building, we have performed calculations in an attempt to verify the adequacy of various typical framing elements specified on the construction documents provided. Our analysis was limited to the building's typical joist, beam, column, and foundation sizes, and typical exterior concrete masonry unit wall reinforcing. This analysis should not be interpreted to be a comprehensive check of all of the structural elements specified on the drawings provided. Also, we do not certify that the building's structural elements were constructed in accordance with the construction documents.

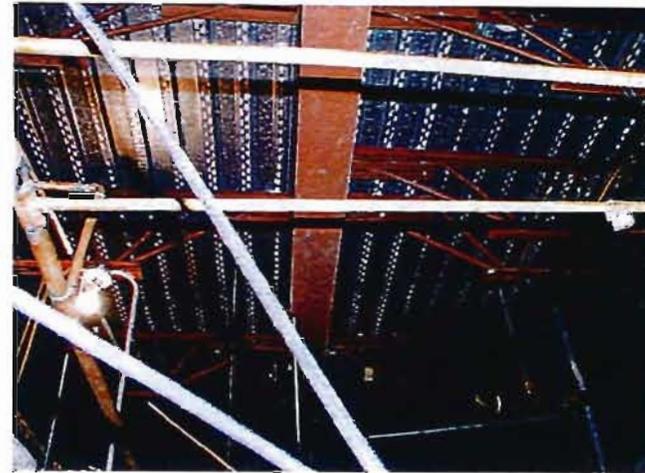
We discovered two potential deficiencies through our cursory structural analysis. These deficiencies are the lack of concrete masonry unit vertical wall reinforcing and the lack of bottom flange bracing of the structural steel beams of the roof. According to the notes on the structural drawings, vertical reinforcing was only provided at door and window openings and at the corners of the building. With the use of this limited amount of reinforcing, for analysis purposes, the walls are essentially unreinforced. The current building codes do not allow non-reinforced masonry to be used for walls of the height of this building. Cursory calculations suggest that a minimum of #5 bars in grout filled cells @ 48" would be required to satisfy the

## Flagler County Building Construction/Renovation Study

current code. More reinforcing would be required at the higher walls of the building's gable ends.

The second potential structural deficiency, which we discovered, is the lack of bottom flange bracing of the structural steel beams of the roof. The beams are articulated, or extend over the interior columns. This beam configuration generates a compressive stress in the beams bottom flange near the column when the beam is subjected to downward roof loads. Likewise, when wind uplift is applied to the building's roof, the bottom flange of the beams— between columns—experiences compressive stresses. It is necessary that the bottom flanges of beams in compression be braced. Without these braces there is a possibility that the bottom flanges of these beams would buckle under the compressive stresses experienced. The required spacing of the bracing would vary, depending upon the size of the beam and the load imposed. Our firm typically specifies that a 2x2x1/4 angle be installed at each joist, from the beam bottom chord to the top chord of the joist. I would assume that bracing similar to this would be necessary for several beams of this project.

In summary, our cursory structural analysis revealed no deficiencies, except for the lack of concrete masonry unit vertical wall reinforcing and the lack of bottom flange bracing of the structural steel beams of the roof. The loads used in the preparation of the structural construction documents appear to be appropriate, and the structural member sizes specified are adequate to support the imposed loads.



*Existing roof structure*



*Existing rated wall*

## Flagler County Building Construction/Renovation Study

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### D. Conclusions

Our site visit and review of the architectural and structural drawings of the building's original construction documents have revealed no general deficiencies or matters of concern, except for the two potential structural deficiencies described above, related to the concrete masonry unit wall reinforcing and steel beam bottom flange bracing. These deficiencies may not be apparent in the building's performance unless the building is subjected to a hurricane force design wind pressure.

With the exception of these two items, the building's structural design appears to be in compliance with current codes and the structural elements of the building appear to be in good condition.

This evaluation has been based on a cursory visual inspection with minimal engineering calculations. A detailed structural analysis and visual investigation of each structural member could not be performed within the scope of this project, and without disruption of the operations of current users of this building. However, an attempt has been made to identify any general problems and document matters of structural concern that warrant further investigation and evaluation.

# Flagler County Building Construction/Renovation Study

## Building Exterior

- o The glass and window frame system is in good condition.
- o The operable windows are all functional; however, some require minor adjustments for smoother operation.
- o All entry doors and hardware are functional.
- o All hollow metal doors show signs of use. All hollow metal doors and frames should be sanded and repainted.
- o All aluminum storefront doors and frames are functional and in good condition.
- o The exterior walls are covered with an EIFS (exterior insulation and finish system). Overall this system is in good condition. There are a number of areas at ground level that have been penetrated with mowing equipment, which should be patched and repaired.



*Hospital building exterior*

- o The roof is an approximately 2/12 pitch. The roof is a modified bitumen with a gutter system tied into subsurface drainage. The roof is in very good condition with no sign of leaks. (See Exhibit “A”, roofing contractor’s report.)



*Hospital building exterior*

# Flagler County Building Construction/Renovation Study

## Building Interior

- 1) Carpet
  - a) The carpet in some areas appears to be relatively new, and may only require steam cleaning.
  - b) There are several areas of old/worn carpet that should be replaced.
- 2) Doors
  - a) All interior doors and hardware are functional.
  - b) All interior doors are plastic laminate, show signs of use and need repair.



*Corridor*

- 3) Walls
  - a) All interior walls are in good condition with only minor patchwork required before painting.
  - b) Painting in many areas shows sign of wear. The building should be painted throughout.
  - c) In the administration area, the walls are metal stud with drywall or metal stud with paneling. The paneling is dark in color, which decreases the lighting level. Paneling should be replaced upon renovation of the building.
  - d) The scope of our study did not include research on evidence of lead.



*Nurses' Station*

# Flagler County Building Construction/Renovation Study

## 4) Ceilings and Floors

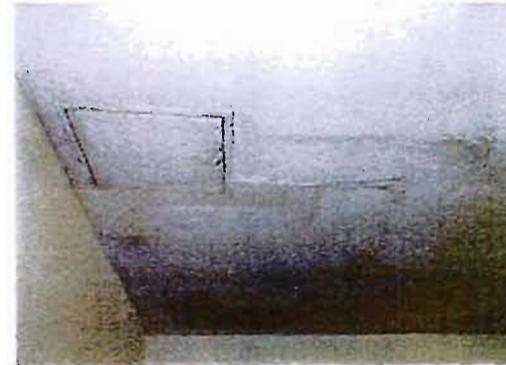
- a) The ceiling is a 2 x 4, lay-in acoustical grid system. All ceiling tiles are in place.
- b) Ceiling grid and tiles are old and discolored throughout the building. Ceiling tiles have been replaced in many areas and do not match. Ceiling grid and tile should be replaced upon renovation of the building.
- c) In the kitchen area, the floor is quarry tile and is in good condition. The ceiling is a plastered ceiling with several water-damaged areas that have been patched.



*Kitchen floor*

The kitchen ceiling should be removed and replaced with an acoustical grid system.

- d) The receiving room area is in very good condition. The floors are exposed concrete. The ceiling is exposed. One overhead roll-up door is in place; however, the opening has been closed with masonry. This area could be re-opened for deliveries.
- e) The scope of our study did not include research on evidence of asbestos. (See Exhibit "B", Limited Asbestos Survey provided by Owner.)



*Water stains on ceiling*



*Smoke detector*

# Flagler County Building Construction/Renovation Study

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*Kitchen*

## Accessibility

Based on the current Florida Accessibility Code, buildings, structures or facilities that were existing, under construction or under contract for construction prior to the prevailing date of January 26, 1992, are exempt from compliance with this Code. The Flagler Memorial Hospital Building was constructed in the late 1970's and, therefore, exempt. Any future additions and/or alterations should be evaluated individually to determine the extent of accessibility required to meet the current Code. In general, any portion of the building that is altered would be required to meet the current Florida Accessibility Code.

## Mechanical & Electrical

The Mechanical & Electrical Analysis was conducted by McVeigh & Mangum Engineering, Inc., consulting firm to Gibraltar Design. Their report is as follows:

On Wednesday, March 20, 2002, representatives of our firm performed a cursory inspection of the mechanical, plumbing and electrical systems serving the existing facility. Our observations and findings are outlined in the following paragraphs. Included is information obtained through review of original construction documents as well as obtained verbally from mechanics responsible for maintenance of the existing systems. This firm is not certified in the investigation of hazardous materials and any reference to such materials (asbestos, polychlorinatedbiphenyl, etc.) is made to prompt further investigation by others as may be necessary.



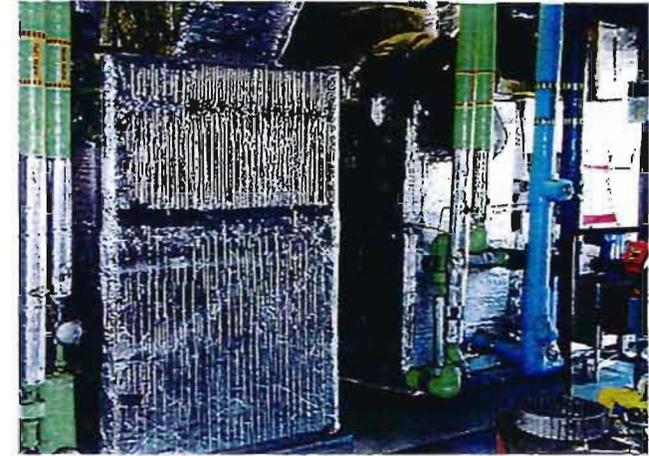
*Mechanical equipment*

# Flagler County Building Construction/Renovation Study

## I. MECHANICAL

### A. General Mechanical System Description

The common areas and administrative areas of the existing hospital facility are mechanically cooled by two air-cooled water chillers piped in parallel and located on the ground outside the central plant. From the manufacturer's nameplate data, each chiller has an approximate capacity of 100 tons. Chilled water from the two chillers is circulated by way of a single, constant-speed chilled water pump to several central station air handling units located throughout the building. Each air-handling unit is equipped with a three-way chilled water valve with bypass. Supply air is distributed from the central station air handling units through externally insulated sheet metal ductwork to ceiling and sidewall air terminal devices. The patient rooms are heated and cooled by packaged terminal air conditioners with electric resistance heat located in the exterior walls. However, the packaged terminal units have been removed and a packaged rooftop direct-expansion cooling unit has been added to serve Wing C. According to hospital facilities maintenance staff, all packaged terminal air conditioners were replaced approximately one year ago.



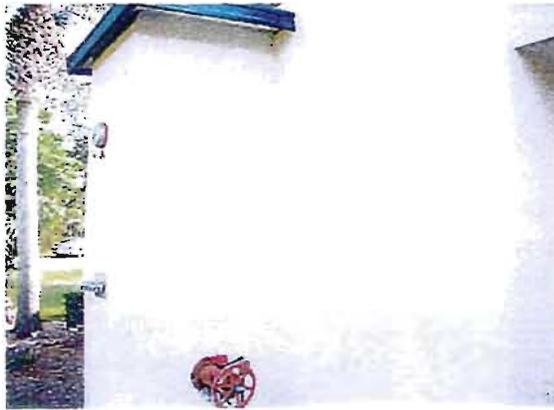
*Mechanical equipment*



*Rooftop exhaust fans*

# Flagler County Building Construction/Renovation Study

The common areas and administrative areas of the existing facility are heated by two gas-fired hot water boilers located in the central plant. Hot water is circulated from the two boilers by way of a single, constant-speed hot water pump to central station air handling units located throughout the building. Each air-handling unit is equipped with a three-way hot water valve with bypass.



*Shut-off valve*

## B. Field Observations

Air-cooled chillers: One chiller appears to be the original equipment installed when the building was initially constructed. The other chiller appears to have been installed five or six years ago. Both chillers were running at the

time of our inspection and appeared to be operating properly. The newer chiller is a McQuay Model ALR080E (Serial #57B8128101) manufactured in 1997 and appears to be in good condition. The other chiller is a McQuay Model ALR085AD (Serial #3HK00420 05) and appears to be in fair condition with some minor deterioration.

Gas-fired hot water boilers: Each boiler is a Cleaver-Brooks Model M4W-2500 (Serial #G-J2044-M4 & #C-12043-M4) with 2,500,000 Btu/hr input rating and 2,000,000 Btu/hr output rating. Both manufactured in 1978, the boilers appear to be the original equipment installed when the building was initially constructed and appear to be in good condition. Propane gas is supplied to the boilers from two above-ground tanks located adjacent to the existing Shop building. Hot water from the boilers is piped to a Patterson-Kelley hot water tank (Serial #249368), which has recently been replaced and appears in good condition.

Chilled water pump: The constant-speed chilled water pump is manufactured by Taco, but the nameplate is illegible. The pump shows signs of severe deterioration and appears in poor condition.

Hot water pump: The 7.5 hp, constant-speed hot water pump is a Taco Model BB3010 (Serial #C5B2F2TLO) manufactured in 1980 and appears to be in fair condition.

# Flagler County Building Construction/Renovation Study

Central station air handling units: The central station air handling units are McQuay Series LSL and appear to be the original equipment installed when the building was initially constructed. Nearly all of the air handling unit coils and condensate drain pans show signs of severe deterioration and appear in poor condition. Many of the air handling units have inadequate traps in the condensate drain lines resulting in inadequate condensate drainage while the units are running. According to the facilities maintenance staff, the air handling unit coils are scheduled to be cleaned in the near future.

Chilled water and hot water piping systems: The portions of the chilled water and hot water piping systems and associated insulation, which were observed during our cursory investigations, appeared to be in good condition.

Air distribution systems: The portions of the existing sheet metal ductwork observed during our cursory investigations appeared to be in fair to good condition. Portions of the ductwork and connected air terminals appeared somewhat dirty and need to be professionally cleaned.



*Hot water tank*

## C. Conclusions & Recommendations

As indoor air quality becomes an increasingly significant issue, more attention should be given to the condition and maintenance of air handling equipment. The existing air handling unit coils and drain pans are extremely dirty, rusted and corroded. Also, the inadequate condensate pan drainage mentioned above could result in the growth of bacteria, mold and mildew inside the unit casings. These volatile organic compounds (VOC's) could then migrate into the supply airstreams and be transmitted to the building occupants. The existing central station air handling units are approximately 22 years old, in poor condition and are due to be replaced. New double-walled, central station air handling units with sloped, stainless steel drain pans

# Flagler County Building Construction/Renovation Study

*Mechanical, continued*

should be considered. New air handling units should utilize 2" pleated pre-filters and 4"-6" cartridge filters similar to those used in the existing units.

As stated above, the existing chilled water pump appears to be original equipment. The pump appears in poor condition and is due to be replaced.

In summary, the existing mechanical systems appear to be in good condition, with the few exceptions mentioned above. According to the facilities maintenance staff, a comprehensive equipment maintenance program has been implemented over the last six months. It is highly recommended that this maintenance program be continued.



*Roof AHU*

## II. ELECTRICAL

### A. Power Distribution

The hospital's utility power is served from a Florida Power & Light 277/480V, 3-phase, 4-wire, 700-kVA transformer. According to Florida Power & Light, the past maximum power demand for the facility is approximately 480 kW or approximately 600 kVA. Electrical service is brought into a 480V, 4000A main switchboard. The maximum 600 kVA demand translates to 722 amps, thus the switchboard has seen less than 20% of its maximum capability. From the main service entrance equipment, distribution is extended throughout via electrical closets in each wing/area.

Emergency power is provided for the hospital by way of a 300 kW, diesel-driven engine-generator set manufactured by Onan. The 2000 gallon concrete encased "Convault" fuel tank will provide a minimum of 90 hours run time, assuming the system is fully loaded.

Emergency power is split into 4 branches: life safety, critical equipment and HVAC. This is typical of hospital design requirements and affords some protection against a fault in one branch causing all emergency power to fail. The generator has been maintained fairly well under a typical service contract and has been

# Flagler County Building Construction/Renovation Study

*Electrical, continued*

exercised regularly. Accordingly, the system should continue to provide adequate service with normal routine maintenance.



*Generator*

## B. Lighting

Lighting for the hospital is typically provided by fluorescent 2 x 4 troffers. Lamping is energy-saving T12 (34W) lamps driven by energy-saving magnetic ballasts. Normal maintenance on an “as-needed” basis has been provided for the lighting systems. The author is not an expert in ballast manufacturing, but the late 1970s original construction date indicates there should be no ballasts containing polychlorinated biphenyl (PCBs). A more thorough investigation of this issue may be warranted.

The life safety emergency system branch distribution serves exit and emergency egress lighting. Exit lights are typically white with green letters and provided with long-life incandescent lamps. There is a program in place to replace these lights with new L.E.D. lamped exit lights. Selected fluorescent light fixtures along paths of egress provide the necessary emergency illumination. The critical brand emergency system also serves other selected lights (in patient rooms and other non-egress areas). This critical lighting is typically controlled in local switches whereas life safety lighting is not switched and is always on.

## C. Special Systems

The fire alarm system is served by a Simplex Time Recorder Company (currently owned by Tyco) control panel believed to be installed under original construction. Smoke detection is provided throughout the facility (though no smoke or heat detectors were observed in the kitchen). Only one wing (TCU or “C” Wing) is provided with full fire sprinkler protection. Other selected areas such as storage closets are provided with fire sprinkler protection. Alarm annunciation is sounded by a chime system. Though this system appears to be serviceable, its age and arrangement make it a likely system for upgrade/renovation by a new owner.

# Flagler County Building Construction/Renovation Study

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*Electrical, continued*

Telephone service is brought in by (3) 2” conduits to a main telephone room, and then distributed to sub-closets located in each wing. Obviously service has been adequate for the hospital’s needs to date. Any new owner would have to review the system in place against new requirements. Similarly, the hospital is provided with a limited security system that is monitored in the main telephone. This system may not be adequate for a new owner’s demands, especially in light of 9/11.

against new needs. Fire alarm system renovation would be “optional” but, depending on the extent of interior renovations and future needs, may be prudent.

## D. Conclusions & Recommendations

In summary, the electrical systems appear in good condition at this time and we see no reason they shouldn’t continue to be serviceable. Service size is more than adequate for new office loading. The original construction is neat and workmanship like and has been well maintained. Part of the maintenance program has been to thermo-scan all distribution gear, looking for any hidden evidence of heat degradation. We’ve been told that the very few problems detected have been remedied. Generally, light fixtures are in acceptable condition with scattered minor blemishes and discoloration of lenses as would be expected of a facility of this age. Any new owner would have to perform a detailed survey of existing telephone and security systems for evaluation

### Architectural Evaluation of Memorial Hospital

The chart on the following page provides options of renovation from simply painting the walls and moving in to complete renovation. With the given size and layout of the existing hospital, the space would not function very efficiently.

If 50 percent of the area were remodeled, your efficiency would be greatly improved. The most effective solution to meet your needs in the existing structure would be to demo all non-load bearing walls and design the interior space to your specifications. The only solution that would be more efficient is to design a new building.

# Flagler County Building Construction/Renovation Study

## Memorial Hospital Evaluation Estimated Construction Costs

OPTION #	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST	REMARKS
1	Patch & paint existing walls.	51,485	SF	\$1.35	\$69,505	Includes \$.25 s.f. for wall patch/repair.
2	Demo 50% of interior walls.	3,268	LF	\$7.74	\$25,294	
	Patch & paint existing walls.	25,743	SF	\$1.35	\$34,752	Includes \$.25 s.f. for wall patch/repair.
	Replace interior demo.	25,743	SF	\$69.65	\$1,793,000	Includes basic cabinetry for offices.
	Demo all flooring.	5,721	SY	\$1.01	\$5,778	
	<b>Total for Option #2</b>				<b>\$1,858,824</b>	
3	Demo 100% interior.	6,536	LF	\$7.74	\$50,589	
	Replace interior.	51,485	SF	\$71.00	\$3,655,435	Includes basic cabinetry for offices.
	<b>Total for Option #3</b>				<b>\$3,706,024</b>	
<b>Optional Costs:</b>						
	Replace exterior stucco.	24,290	SF	\$4.25	\$103,233	Includes minimum wall repair.
	Replace air handlers per recommendations.	1	LS	\$46,883.00	\$46,883	Per fan coil schedule.
	Price to resurface/restripe parking.	3000	SY	\$6.78	\$18,300	
	Total demo of existing building.	51,485	SF	\$5.05	\$259,999	Includes dumpster.
	Replace existing window & doors.	1		\$54,915.00	\$54,915	Includes minimum wall repair.
<b>General Notes:</b>						
Air handler pricing assumes connection points are reusable.						
Total demo of existing building assumes easy access to building without occupancy.						
No asbestos, lead paint, or other hazardous materials figured in demo pricing.						

### C. Options and Recommendations

#### Comparison of Options:

There are advantages and disadvantages to the various options. Gibraltar Design has identified four areas of comparison that will provide relevant focus and assist the County Commissioners to determine which option is the best for Flagler County. The points of comparison are:

1. The **initial costs** associated with the purchase of property, design and construction of the needed space.
2. The **ability to expand** and meet future space requirements for the County.
3. **Parking** is a major issue; options vary greatly in their impact on parking.
4. **Public acceptance of the location and facility** cannot be overlooked. Public acceptance will vary greatly between the various options.

## Flagler County Building Construction/Renovation Study

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### Estimated Property and Construction Costs:

**Option #1**, The Justice Lane (Sheriff's Operation Center/County Inmate Facility parcel), is owned by Flagler County. The property cost would be that associated with determining the uplands available to construct a 46,000 square foot single-story administration building. A wetland delineation and agency review would be required. This study did not address wetland delineation, soil borings and ecological.

**Total Cost = \$4,600,000**

**Option #2**, The Bunnell Wastewater Treatment Plant parcel, is owned by the City of Bunnell. This site does not have the sufficient vacant property available for development.

**Total Cost = N/A**

**Option #3** assumes (1) the purchase of the First Baptist Church for \$900,000 asking price or best-negotiated price, that all existing buildings on this property are demolished; (2) use of the Flagler County Parking Lot property; (3) purchase of Dr. John Canakaris' multiple parcel site for \$400,000 (vacant property with frontage on SR-100) and \$500,000 (vacant building and property corner of Bracher Street and Court Street) for these asking or best negotiated prices; and (4) construction of a new 46,000 square foot single-story administration building.

**Total Cost = \$6,451,000**

**Option #4**, Flagler County Annex Property, owned by Flagler County. The remaining easterly property available after DOT planned purchase and determination of its retention ponds along with existing wetland would add approximately \$1,100,000 to this site for construction of a new 46,000 square foot single-story building. A wetland delineation and agency review would be required.

**Total Cost = \$5,700,000**

# Flagler County Building Construction/Renovation Study

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**Option #5** assumes the purchase of CGII LLC Property for \$527,500, its asking price or best-negotiated price. Additional analysis will be required to determine wetlands and additional fill requirements. This site meets the project land requirements; however, it is located approximately 1.25 miles from downtown Bunnell. This study did not address the cost of wetland impact or site preparation requirements; however the construction of the new 46,000 square foot single story building with adequate parking could be accommodated on this property. \$100,000 estimated to provide city water and utilities to site for direct underground bore.

**Total Cost: = \$5,227,500**

**Option #6**, Bunnell Water Treatment Plant, is owned by the City of Bunnell. This site does not have the sufficient vacant property available.

**Total Cost = N/A**

**Option #7** assumes the purchase of George Lee's property for \$342,000 assuming a 50% frontage at \$80,000 per acre described as property 450 feet off SR-100 and 50% at \$40,000 per acre non Hwy 100 frontage. The site meets the project land requirements; however, it is located approximately 1.5 miles from downtown Bunnell. This study did not identify specific wetland impacts; however, an upland site to accommodate the construction of the new 46,000 square foot single story building can be identified. This site is not platted, will need to be rezoned and changes made to the City's Comprehensive Land Use Plan. This property can be entered from east and west after the completion of Hwy 100 construction project.

**Total Cost = \$4,942,000**

**Option #8** assumes that the County does purchase the Memorial Hospital Bunnell site for \$2,000,000 at its firm asking price. Also assumes that the County plans to remodel 100% of the interior section and replace interior with all new cabinetry, flooring, ceilings, replace exterior stucco, window and doors, resurface and restripe parking, and replace air conditions handlers per recommendations. The hospital site will become available after October 1, 2002. This site meets the land requirements and the existing building is 46,000 square feet with existing parking of 150 spaces.

**Total Cost = \$5,771,900**

# Flagler County Building Construction/Renovation Study

## Comparison of Options

	Adequate Space	Estimated Property and Const. Cost	Expandability of Building by 50%	Parking	Potential for Wetland Mitigation Cost	Total
Option #1 Sheriff's Operation Center/ County Inmate Facility	10	6	10	10	1	37
Option #2 Bunnell Wastewater Treatment Plant	1	8	1	1	10	21
Option #3 First Baptist Church of Bunnell, Flagler County Parking Lot Property and Property of Dr. John Canakaris	10	1	10	10	10	41
Option #4 Existing Flagler County Courthouse Annex Property on SR 100	10	3	1	10	5	29
Option #5 CGIILLC Property	10	4	10	10	1	35
Option #6 Bunnell Water Treatment Plant	1	8	1	1	10	21
Option #7 Lee's Development	10	5	1	10	1	27
Option #8 Memorial Hospital	10	2	1	10	10	33

**Key:**

<b>Adequate Space</b>	1 too small	10 adequate space
<b>Cost of acquisition</b>	1 most expensive	8 least expensive
<b>Expandability</b>	1 no room to expand	10 space to expand building by 50%
<b>Parking</b>	1 no space for parking	10 adequate space with area to expand parking
<b>Potential for Wetland Mitigation Cost</b>	1 Greatest potential for cost	10 Least potential for cost

# Flagler County Building Construction/Renovation Study

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## Ranking of Options

Rank	Options	Total
1	Option #3 First Baptist Church of Bunnell, Flagler County Parking Lot Property and Property of Dr. John Canakaris	41
2	Option #1 Sheriff's Operation Center/ County Inmate Facility	37
3	Option #5 CGILLC Property	35
4	Option #8 Memorial Hospital	33
5	Option #4 Existing Flagler County Courthouse Annex Property on SR 100	29
6	Option #7 Lee's Development	27
7	Option #6 Bunnell Water Treatment Plant	21
8	Option #2 Bunnell Wastewater Treatment Plant	21



# B·B·G CONTRACTING GROUP, INC.

10562 New Kings Road ♦ Jacksonville, Florida 32219  
Telephone: (904) 766-5800 ♦ General Fax: (904) 766-1010 ♦ Estimating Dept. Fax (904) 766-8747

EXHIBIT "A"

June 4, 2002

Gibraltar Design  
Towne Center #1 Office Building  
75 West Towne Place  
Suite #100  
St. Augustine FL 32092

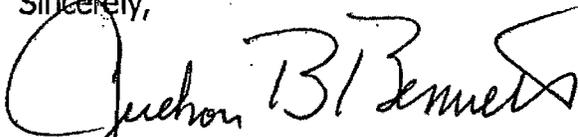
Attn: Rex Smith

Re: Flagler Hospital  
Highway 100  
Bunnell, FL

Dear Mr. Smith:

Upon your request, I conducted an on-site visit to the above referenced facility and inspected the roof. I found the roof to be in good condition. There were very few blisters and the gravel surfacing was well adhered. The base-flashing around the exhaust fans were tight and were showing very little sign of deterioration. I did observe some gravel stop stripping plies, sheet-metal coverplates and flashing around one air conditioning unit that was in need of some minor repairs. This work was minor in nature and could be repaired very easily. Overall, my visual inspection showed that this roof should give several more years of service if properly maintained.

Sincerely,

  
Judson B. Bennett  
President  
JBB/pm

**LIMITED ACCESS SURVEY FOR ASBESTOS CONTAINING MATERIALS (ACM)  
MEMORIAL HOSPITAL - FLAGLER  
ROUTE 1 MOODY BOULEVARD  
BUNNELL, FLORIDA**

EXHIBIT "B"

**Prepared for:**

**Mr. Frank Gidus  
Hartman & Associates, Inc.  
Suite 1000  
Orlando, FL 32801**

**Prepared by:**

***PbO<sub>3</sub>* Environmental Testing & Service Company  
473 North Pine Meadow Drive  
DeBary, Florida 32713  
(407) 668-4545  
#00A-09-214**



**Peter Swarr, PE No.44159  
Licensed Asbestos Consultant No.63**

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## 1.0) INTRODUCTION

Airborne asbestos contamination in a facility is a significant environmental problem. It has been determined and documented that inhalation of significant quantities of airborne asbestos fibers over an extended period of time can have serious health affects. In order to assess any potential health risks within a facility, it is necessary to conduct a survey of the facility to identify and locate any friable or non-friable asbestos-containing materials (ACM's) that may be located within it.

If and when ACM's are located within a facility, the ACM's must then be evaluated and assessed to determine whether any immediate health hazards are presented to the building occupants. It must be noted that the presence of asbestos does not necessarily mean that the health of the building occupants is endangered. As long as an ACM remains intact, in good condition and is not disturbed, damaged, or mutilated, exposure of asbestos fibers to the air is unlikely.

**PbO<sub>3</sub>** Environmental Testing & Services Co. (**PbO<sub>3</sub>**) was contracted to perform a survey of the Memorial Hospital-Flagler, Bunnell, Florida.

**PbO<sub>3</sub>'s** Asbestos Inspector(s), Mr. Kevin O'Malley and Mr. Joseph Frasher, conducted the inspection, which occurred September 5<sup>th</sup> through September 7<sup>th</sup>, 2000. The inspection identified areas where materials suspected of containing asbestos were located. Wherever such materials were found, data was collected regarding area quantities, conditions, and potential hazard concerns and deterioration factors. As necessary, samples of each type of material were taken in different locations to determine actual asbestos content.

All samples collected in this survey were analyzed for asbestos content. The analysis followed the Environmental Protection Agency's (EPA) recommended method of Polarized Light Microscopy (PLM), and the EPA-PLM protocol for the determination of asbestos fibers in bulk insulation materials.

## 2.0 REGULATORY REQUIREMENTS

Facility owners and operators are required to insure that employees or occupants of their facility are not exposed to unsafe levels of airborne asbestos. Allowable fiber levels are defined by the regulatory agencies and standards to be:

### **0.01 f/cc - Environmental Protection Agency (EPA) Clean Air Standard**

-This standard was designed as a clearance criterion for asbestos removal projects in schools. This means that if a removal project occurs in a school, air testing must be conducted in the removal area after work is completed. The results of this sampling must be below this level in order to allow re-occupancy of this area.

### **0.10 f/cc - Occupational Safety and Health Administration (OSHA) Personal Exposure Level**

-This is the OSHA permissible exposure limit (PEL) average over an 8-hour day. This means that this is the maximum level of asbestos that workers and/or employees can be exposed to without respirator protection and protective clothing. Should air sampling be at or near the PEL the employer will have to:

- Notify Workers
- Post Danger Signs
- Establish periodic air monitoring regulated areas, and decontamination facilities
- Provide respiratory protection and personnel protective clothing

For these reasons, it is important that the owner conduct a combination of a complete asbestos bulk survey and periodic air monitoring to determine what types of asbestos containing materials (ACM) are present in their building, what condition these materials are in and to what extent these materials have become airborne.

Although only schools are federally mandated to conduct asbestos surveys of their buildings, most private industry and governmental institutions are having asbestos surveys conducted to limit their liability with regards to ACM. Facility owner are also arranging for periodic air monitoring to be conducted in areas of the building where ACM exists and can not be immediately removed. These air results can be compared to current regulations as shown above to determine if the airborne concentrations are excessive.

### **3.0) HEALTH ASPECTS OF ASBESTOS**

Asbestos is a generic term encompassing various fibrous mineral silicates, including chrysotile (hydrated magnesium silicate), amosite (iron magnesium silicate), crocidolite (sodium-iron silicate), tremolite (calcium-magnesium silicate), anthophyllite (another iron-magnesium silicate), and actinolite (calcium-magnesium-iron silicate).

The potential health hazards associated with exposure to asbestos results from inhalation of airborne fibers; small asbestos fibers can pass readily through the upper respiratory tract and be deposited in the terminal bronchioles of the lung. There they can produce a local irritation, which the body attempts to neutralize by initiating a tissue response. The resulting body response is encapsulation of the fibers and consequent formation of "asbestos nodules." Asbestos fibers are the causative agents in cases of asbestosis.

In its most severe form asbestosis can contribute to, and result in, death due to the inability of the body to obtain oxygen because of the heart's ability to pump blood through scarred lungs. Exposure to airborne asbestos fibers has also been associated with bronchogenic carcinoma (a malignancy of the interior of the lung), mesothelioma (a diffuse malignancy of the lining of the chest cavity or abdomen), and cancer of the stomach, colon, and rectum. Cigarette smoking can enhance the incidence of bronchogenic carcinoma.

A NIOSH/OSHA committee concluded that "evaluation of all available human data provides no evidence for a threshold or for a safe level of asbestos exposure." The committee goes on to recommend that, to the extent uses of asbestos cannot be eliminated or less toxic materials substituted for asbestos, worker exposure to asbestos must be controlled to the maximum extent possible."

In order to protect workers from such occupational hazards, OSHA has established a permissible exposure limit of 0.1 fibers (longer than 5 micrometers) per cubic centimeter of air (fibers/cc) with an 8-hour, time-weighted average (TWA) concentration limit.

#### 4.0) COLLECTION OF DATA AND SURVEY OF FACILITY

All sample collection, analysis, and interpretation were completed in accordance with all federal, state, and local regulations affecting these procedures. The sampling and analytical techniques used during the survey are described below:

##### 4.1) SAMPLING PROTOCOL

The Building and areas included within this contract were accessed and visually inspected for the presence of any ACM. This inspection included all electrical, mechanical and fireproofing systems and the materials thereof.

##### 4.2) SITE INSPECTION

**PbO<sub>3</sub>'s** Building Inspectors, Mr. Kevin O'Malley and Joseph Frasher, inspected the facility for ACM's. The site inspection involved three steps: (1) reviewing available blueprints, (2) arranging physical access and (3) conducting the actual inspection.

Inspection of available blueprints, building specifications, previous asbestos surveys, or floors plans to determine known or likely locations of asbestos. Copies of reproducible floor plans (if available) were made in order to mark the sample locations of suspected ACM's.

Arrangements for physical access. As necessary, arrangements were made to obtain keys, ladders, and access sites. If possible, time periods of low activity were selected to minimize interference with building users.

Initial inspection. Mr. O'Malley and Mr. Frasher inspected the facility, according to a predetermined search scheme and prepared a list of potential sampling sites. Along with this, pertinent data such as material condition, location, friability, quantity and factors used to determine exposure were gathered. Assessments of all friable ACMs were made.

#### 4.3 SAMPLE SITE SELECTION

Potential sampling sites were selected by their ability to characterize the building's asbestos content and by their estimated exposure potential. Large surfaces with high exposure potential were frequently sampled more than once. This was done to allow for the possibility that the surface, appearing homogeneous, is in fact composed of more than one construction material.

#### 4.4) SEARCH PATTERN

In an effort to determine a pattern, several steps were taken. The **PbO<sub>3</sub>** Building Inspector relied on his own judgement as to whether more than one pipe or duct system supplied the site. When there was more than one system, the boundaries of those systems were inspected for changes in construction material.

In each room or area that was addressed, hidden locations were surveyed where possible. These included such locations as above suspended ceilings, crawlspaces and underground pipelines.

#### 4.5 SAMPLE TYPES AND CONCERNS

Although asbestos is used for over 2000 commercial applications, only about ten of these forms are truly common. With these forms, a high degree of certainty can be obtained with a visual inspection. Other potential ACM's were selected for sampling based on the application for which they were used. These surfaces were selected from the following types:

1. Spray-on materials applied to surfaces in public places or in air plenums generally take top precedence. Those of a highly friable nature were considered highly appropriate for sampling. These surfaces typically included spray-on ceilings and beams with spray-on insulation.
2. Debris and dust, if found in great amounts and considered to be possible ACM (generally if found near a known ACM in poor condition), were given high priority for sampling. This is because dust and debris is generally cleaned up in a manner that encourages the creation of airborne asbestos dust, the very thing that should be avoided.
3. Pipe insulation, the most common of the ACM's.

4. Pipe joints associated with ACM pipe insulation but may also be found on fiberglass insulated pipelines.
5. Closely associated with pipes is boiler and tank insulation. These have the highest likelihood of being ACM's.
6. Duct insulation, where found, was commonly sampled.
7. Ceiling tile or panels.
8. Floor tiles are commonly asbestos particularly 9" x 9" tiles.
9. Transite Panels for heat protection.
10. Roofing Material
11. Expansion Materials between concrete
12. Flexible connectors between Metal Ducting

#### 4.6 SAMPLE ACQUISITION

All samples were taken according to the following methodologies:

1. First wetting the surface of the material to prevent the release of fibers during the sampling procedure.
2. Extracting the sample with a corer or other appropriate tool, being careful to collect a representative sample of all layers encountered.
3. Placing the sample in a sealed impermeable container.
4. Labeling the sample container with appropriate information and logging the information into a field notebook.
5. Sealing the surface of the sampled area with duct tape or other appropriate means to prevent the release of fibers as a result of sampling techniques.
6. Delivering the sealed sample to the laboratory for analysis.

In addition to taking samples of the friable materials encountered during the survey, **PbO<sub>3</sub>'s** inspector also assessed the overall condition, friability, accessibility, types of damage, and factors affecting potential fiber release of each material.

## 5.0 ANALYSIS PROTOCOL

All bulk samples were analyzed using Polarized Light Microscopy (PLM). This is the method of choice, which was recognized by the Environmental Protection Agency (EPA). PLM serves several functions. Its main purpose is to identify fibrous asbestos in bulk samples. The PLM method is also used to distinguish between the various types of asbestos within the sample.

When a bulk asbestos sample is received, several representative portions of the sample are removed and put into a labeled petri dish. The sample parts are extracted using forceps. These extracted fibers are then placed on a microscopy slide and mounted using a liquid of similar refractive indices.

After mounting, the fibers are identified using Polarized Light Microscopy (PLM), supplemented by dispersion staining. After fiber identification by PLM, estimation is made as to the percent composition of asbestos. The estimated percentages are based on size, number, shape, density of each of the components, and on comparison to a standard set of samples previously quantitated by the Interim Research Triangle Institute (RTI) method.

**PbO<sub>3</sub>** uses a laboratory, which participates in several quality assurance programs, including the EPA Bulk Sample Rounds. Bulk samples are sent to participating laboratories quarterly, for microscopic identification of asbestos content. The results of this Quality Assurance program are available for public review. The laboratory also, participates in the NIOSH-PAT Program for Asbestos Air Analysis. These samples are sent to participating laboratories quarterly as well. The samples are analyzed using Phase Contrast Microscopy and compared to results from other laboratories. All laboratories receive a "Proficient" or "Non-Proficient" rating, and the results are available for public review.

As of September 11, 2000 a QA/QC review of the analytical results (verifications) has not been completed for this project.

## 6.0 SURVEY LIMITATIONS AND PROBLEMS

Throughout the course of any asbestos survey, there are a number of problems and limitations that affect the quality of the final report. These limitations may be caused by access concerns, materials with conflicting analytical results, materials that can not be sampled, materials that can not be quantified and/or materials that were not surveyed due to recent renovations or instruction from the client.

## 6.1 INACCESSIBLE AREAS

There are certain spaces within a building that can not be accessed during the course of a normal survey without demolition activities. Those areas would include, but are not limited to:

- Pipe and pipe joint insulation and other potential ACBM behind and within walls; above and within plaster ceilings; below and within floors - that do not have access either through doors or by the raising of ceiling panels.
- Tunnels which are enclosed, very small or unsafe.
- Boiler Breeching and ducts that are enclosed with steel or other materials without access doors or panels.
- Inaccessible interior boiler insulation or gasket material.
- Floor tile located underneath carpeting, other floor tile or other materials that can not be destroyed or damaged.
- Materials located at a height not accessible by ladders or other means.
- Underground pipe lines.

As these areas are inaccessible and can not be surveyed without destroying building materials, **PbO<sub>3</sub>** did not survey these areas. If at some future point, access is gained to these areas for maintenance or other purposes, they should be inspected for ACM's.

Inaccessible Areas within this project include but are not limited to:

1. Pipe Chases Behind Walls, Ceilings, Basements
2. Tile under Rolled Flooring, Tile and/or Carpet
3. All Secured Rooms
4. Patient Occupied Rooms

## 6.2 MATERIALS WITH CONFLICTING ANALYTICAL RESULTS

Throughout the course of an asbestos inspection, samples are taken of materials that might possibly contain asbestos. The number of samples taken and the locations from which the samples are taken is largely dependent on the type and quantity of the materials.

Although the inspector constantly endeavors to place the materials into homogeneous groups, the analytical results often come back with conflicting results with some being positive and others being negative. When this occurs, the inspector will return to the area and attempt to take more samples of the material or define where the barrier between the positive material and negative material exists.

In some circumstances, it is impossible to determine a difference between the positive and negative materials with either building dates or physical appearance. When this dilemma occurs, the inspector must review the available data and make generalizations as to asbestos content. It is important that these materials be addressed on a case by case basis and be tested if they have been assumed to be positive.

Materials within the Project which have conflicting analytical results include but are not limited to:

1. NONE

## 6.3 MATERIALS THAT CAN NOT BE SAMPLED

In most asbestos survey projects, there are some materials that can not be sampled. These materials are either not able to be accessed (i.e. above plaster ceilings), would require significant damage to sample (i.e. roofing systems, fire doors) or are located behind, beneath or around other materials that are not to be disturbed (i.e. floor tile located beneath other floor tile or carpeting).

These materials that could not be sampled must be assumed to contain asbestos until they can be properly accessed and sampled. Once this follow up sampling has occurred, that facility should update the data regarding this material.

The materials within the project buildings that could not be sampled but must be assumed to be asbestos until tested otherwise include but are not limited to:

1. Roofing system
2. Multi-layer flooring

#### 6.4 MATERIALS THAT WERE SAMPLED BUT NOT QUANTIFIED

During the course of this survey, there were materials, which **PbO<sub>3</sub>** was able to sample but was not able to quantify. This occurred due to materials that were too extensive to quantify (i.e. mastics, glues, paints, etc.); materials that routinely do not contain asbestos (i.e. drywall, plaster, etc.) or materials that are not currently regulated (i.e. roofing, floor tile, etc.).

For the materials that were not quantified during the survey, the facility should follow the analytical results that are presented and treat each material accordingly. Should quantification be required at a future time, **PbO<sub>3</sub>** will return to the site and quantify these materials as in the form of an Abatement Plan. All quantities in this survey are approximates and should not be used for abatement activities without field verification.

Sampled materials that were not quantified within the project include but are not limited to:

1. All Materials that were reported to be Non-Asbestos Containing
2. Duct Mastics
3. Flooring and most non-friable materials

#### 6.5 STAIRWELLS & AREAS THAT COVER MORE THAN ONE FLOOR

Some areas are not simply categorized due to their locations. These materials usually encompass more than one floor or building within the facility. Given this, they are not easily grouped or sorted in the computerized program provided for this facility.

The facility must endeavor to acknowledge these materials and/or areas when determining which areas to address for removal, repair or encapsulation.

Materials encompassing a variety areas throughout the facility of within the project include but are not limited to:

1. Thermal System Insulation
2. Flooring

#### 6.6 AREAS NOT SURVEYED (PER INSTRUCTIONS)

The survey for this project required **PbO<sub>3</sub>** to survey all accessible areas; however, there were some areas, which were excluded due to recent renovation or instructions from the client not to survey these areas. These areas are not included in the hard copy of this report nor are they included within the computer program.

It is important to reiterate that **PbO<sub>3</sub>** can not be held liable for asbestos containing materials that may be located with these areas as we were specifically instructed not to survey or include these areas within the survey.

Areas that were not surveyed within the project include but are not limited to:

1. Roofing System

#### 6.7 AREAS WITH LIMITED ACCESS

There are some specific rooms and areas with the project, which could be initially accessed, but a full survey and sampling was not possible. This usually occurred in sensitive areas such as presidents' offices, accounting areas and personnel offices.

These areas have limited accuracy and all materials within these areas may not be properly identified. Each of these areas should be carefully reviewed and checked prior to renovation or removal activities.

Areas which could be accessed but could not be completely surveyed and addressed within the project buildings include but are not limited to:

1. They were a very large number of rooms that could not be accessed due to secured locks or patient occupied. It is assumed the rooms not sampled contained ACM identified in other areas accessed.

## 7.0 DATA COLLECTION FORM DESCRIPTION

The field inspection data collection sheets found in **Appendix I** contain information regarding the materials within the survey of each area. Each material sampled is listed by Sample ID Number, Sample Description and Sample Location. This allows **PbO<sub>3</sub>** to distinguish areas of the building where the same type of material may be found in different conditions or present different levels of concern. Every line of data pertains to one material within one room or functional area.

**Appendix I** provides the Data Collection Chain of Custody for the sampling conducted throughout the facility. Also, included in this appendix is the laboratory analysis report for all samples taken.

**Appendix II** provides a summary of all sample results.

**Appendix III** provides summary of positive sample results.

**Appendix IV** provides the building drawings (*if available*) indicating where each material sample was taken. These are general drawings and not drawn to scale. This will prove helpful when planning or scheduling renovation or repair projects.

## 8.0 BULK SAMPLE RESULTS FORM DESCRIPTION

**Appendix II** contains the results of the bulk samples taken during the survey.

## 9.0 FACILITY FINDINGS

***Asbestos containing materials were found to be present in the sampled materials listed below.***

Please see **Appendix III** for quantity, condition and fiber count.

- 1) Thermal System Insulation (TSI) Wrap-Non-Friable Asbestos- Boiler Room**
- 2) Duct Mastic (Black) -Non-Friable- Through-out**

## 10.0 SUMMARY, CONCLUSIONS and RECOMMENDATIONS

**PbO<sub>3</sub>** Environmental Testing & Service Co., Inc. was contracted by Hartman and Associates, Inc. to conduct an Asbestos Survey of the Memorial Hospital - Flagler. The property is located at Route 1, Moody Boulevard in Bunnell, Florida.

The Hospital is a (81) bed facility. The facility is mainly constructed of concrete and block with a peaked roof. The building was originally constructed in 1970 with no additions and minimal renovations.

**PbO<sub>3</sub>'s** Asbestos Inspector(s), conducted the inspection on September 5<sup>th</sup> through September 7<sup>th</sup>, 2000. The inspection identified areas where materials suspected of containing asbestos were located. Wherever such materials were found, data was collected regarding, conditions, and potential hazard concerns and deterioration factors. As necessary, samples of each type of material were taken in different locations (excluding the roofing system) to determine actual asbestos content.

All samples collected in this survey were analyzed for asbestos content. The analysis followed the Environmental Protection Agency's (EPA) recommended method of Polarized Light Microscopy (PLM), and the EPA-PLM protocol for the determination of asbestos fibers in bulk insulation materials. The samples were analyzed by a National Institute for Standards and Technology/National Voluntary Laboratory Accreditation Program (NIST/NVLAP) accredited laboratory.

There was a total of (18) bulk samples (excluding of all potential sub-samples) of suspect materials collected and (21) samples were analyzed by EPA 600/R-93/116 Method. Based upon our visual observations, bulk sampling of suspect materials and subsequent microscopic analysis, we have determined that regulated and non-regulated amounts of asbestos minerals were detected in (03) samples.

The following asbestos containing materials were identified in the building. (Reference-"Summary of Positive Asbestos Samples")

- **Black Duct Mastic**
- **TSI (Thermal System Insulation)- Non-Friable**

### CONCLUSION:

This survey should be used to identify asbestos containing material and components prior to any planned demolition, renovation, and/or maintenance activities.

The asbestos containing materials (all non-friable) identified in this survey were observed to be *generally intact and in good condition*. (Reference - "Bulk Sample Analysis and Location Summary").

**RECOMMENDATIONS:**

- Operation and Maintenance Plan (for the management of asbestos in place) should be implemented to protect all occupants and maintenance/ service workers from the potential releases of asbestos. This plan should remain in effect until such time the asbestos containing material is abated. The Operation and Maintenance Plan shall be designed by a Florida Licensed Asbestos Consultant to comply with federal, state, and local regulatory requirements including but not limited to OSHA Standard (29CFR 1926.1101)
- Conduct Asbestos Awareness Training for all personnel working within areas of Asbestos containing Materials, in accordance with Asbestos Standard 29CFR 1926.1101.

# APPENDIX I

**APPENDIX I**

**DATA COLLECTION CHAIN OF CUSTODY  
SHEETS AND LABORATORY BULK  
ASBESTOS SAMPLE ANALYSIS  
REPORTS**

CAROLINA ENVIRONMENTAL, INC.  
 102-N Commonwealth Court, Cary, NC 27511  
 Phone: (919) 481-1413 Fax: (919) 481-1442

# LABORATORY REPORT

## ASBESTOS BULK ANALYSIS

Client: **Pb03 Environmental Testing Service Co., Inc.**  
 473 N. Pine Meadow Drive  
 Debary, FL 32713

CEI Lab Code: A00-3491  
 Received: 09-08-00  
 Analyzed: 09-08-00  
 Analyst: Scott Minyard

Project: Memorial Hospital - Flagler

CLIENT ID	CEI LAB ID	SAMPLE DESCRIPTION	% ASBESTOS			
FH-01	A42512	<u>DRYWALL</u>	ND			
		Off-white, Blue, Fibrous, Loosely Bound				
		GYPSUM 75 %	CELL	10 %		
		BIND 5 %	FBGL	5 %		
		PAINT 5 %				
FH-02	A42513	<u>ROOFDECK MATERIAL</u>	ND			
		Tan, Beige, Non-fibrous, Loosely Bound				
		BIND 75 %	CELL	<1 %		
		MICA 25 %				
FH-03	A42514	<u>CEILING TILE</u>	ND			
		Grey, Off-white, Fibrous, Loosely Bound				
		BIND 40 %	CELL	25 %		
		PAINT 6 %	FBGL	15 %		
		PERL 15 %				
FH-04	A42515	<u>MASTIC</u>	ND			
		Tan, Off-white, Fibrous, Bound				
		MAST 90 %	CELL	3 %		
		PAINT 7 %				
FH-05	A42516	<u>VINYL FLOORING AND MASTIC</u>	ND			
		Beige, Off-white, Non-fibrous, Bound				
		VINYL 90 %	CELL	<1 %		
		BIND 5 %				
		MAST 5 %				
FH-06	A42517	<u>MASTIC</u>	CHRY 8 %			
		Black, Fibrous, Bound				
		CHRY 8 %	MAST	92 %	CELL	<1 %

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 Phone: 919-481-1413 Fax: 919-481-1442

Project: Memorial Hospital - Flagler  
 Lab Code: A00-3491

CLIENT ID	CEI LAB ID	SAMPLE DESCRIPTION	% ASBESTOS			
FH-07	A42518	<u>WALL PENETRATION MASTIC</u> Red, Fibrous, Bound MAST 85 % SYNT 15 %	ND			
FH-08	A42519	<u>ISLWRAP</u> Tan, Silver, Fibrous, Loosely Bound BIND 45 % CELL 25 % FOIL 20 % FBGL 10 %	ND			
FH-09	A42520A	<u>FLOOR TILE</u> Off-white, Blue, Non-fibrous, Tightly Bound VINYL 97 % CELL <1 % MICA 3 %	ND			
	A42520B	<u>MASTIC</u> Yellow, Non-fibrous, Bound MAST 100 % CELL <1 %	ND			
FH-10	A42521	<u>DUCT MASTIC</u> Off-white, Fibrous, Bound MAST 80 % SYNT 10 % WOLL 10 %	ND			
FH-11	A42522	<u>DUCT MASTIC</u> Grey, Non-fibrous, Bound MAST 100 % CELL <1 %	ND			
FH-12	A42523	<u>CEILING TILE</u> Grey, Off-white, Fibrous, Loosely Bound BIND 45 % CELL 25 % PAINT 2 % FBGL 15 % PERL 13 %	ND			
FH-13	A42524	<u>VENT HOOD DUCT</u> Off-white, Fibrous, Loosely Bound BIND 60 % CELL 25 % SYNT 15 %	ND			

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Project: Memorial Hospital - Flagler

Lab Code: A00-3491

CLIENT ID	CEI LAB ID	SAMPLE DESCRIPTION	% ASBESTOS
FH-14	A42525	<u>DUCT MASTIC</u> Off-white, Fibrous, Bound MAST 95 % CELL 5 %	ND
FH-15	A42526	<u>DUCT MASTIC</u> Black, Fibrous, Bound CHRY 8 % MAST 92 % CELL <1 %	CHRY 8 %
FH-16	A42527	<u>DRYWALL AND JOINT COMPOUND</u> Off-white, Beige, Fibrous, Loosely Bound GYPSUM 70 % CELL 15 % BIND 10 % PAINT 5 %	ND
FH-17	A42528	<u>CEILING TILE</u> Beige, Off-white, Fibrous, Loosely Bound BIND 43 % CELL 35 % PAINT 2 % FBGL 10 % PERL 10 %	ND
FH-18	A42529A	<u>FLOOR TILE</u> Beige, Tan, Non-fibrous, Tightly Bound VINYL 95 % CELL <1 % MICA 5 %	ND
	A42529B	<u>MASTIC</u> Yellow, Fibrous, Bound MAST 98 % CELL 2 %	ND
FH-20	A42530	<u>WRAP</u> Blue, Off-white, Fibrous, Bound CHRY 10 % BIND 70 % CELL <1 % PAINT 10 % PERL 10 %	CHRY 10 %

The following definitions apply to the abbreviations used in the ASBESTOS BULK ANALYSIS REPORT:

CHRY = Chrysotile	CELL = Cellulose	DEBR = Debris
AMOS = Amosite	FBGL = Fibrous Glass	BIND = Binder
CROC = Crocidolite	ORGN = Organics	SILI = Silicates
TREM = Tremolite	SYNT = Synthetics	GRAV = Gravel
ANTH = Anthophyllite	WOLL = Wollastonite	MAST = Mastic
ACTN = Actinolite	CERWL = Ceramic Wool	PLAS = Plaster
ND = None Detected	NTREM = Non-Asbestiform Tremolite	PERL = Perlite
NANTH = Non-Asbestiform Anthophyllite		RUBR = Rubber

CLIENT: Pb03 Environmental Testing Service Co., Inc.

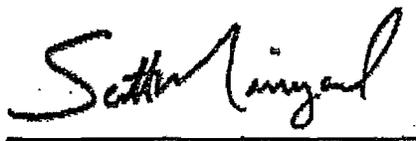
PROJECT: Memorial Hospital - Flagler  
 CEI LAB CODE: A00-3491

Stereoscopic microscopy and polarized light microscopy coupled with dispersion staining is the analytical technique used for sample identification. The percentage of each component is visually estimated by volume. These results pertain only to the samples analyzed. The samples were analyzed as submitted by the client and may not be representative of the larger material in question. Unless notified in writing to return samples, Carolina Environmental, Inc. will discard all bulk samples after 30 days.

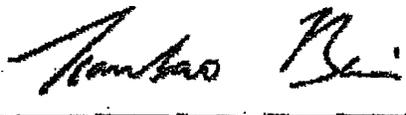
The EPA has no approved test method for the identification of asbestos in vinyl floor tiles. Many vinyl floor tiles have been manufactured using greater than 1% asbestos. Often the asbestos was milled to a fiber size below the detection limit of polarized light microscopy. Therefore, a "None Detected" (ND) reading on vinyl floor tile does not necessarily exclude the presence of asbestos. Transmission electron microscopy provides a more conclusive form of analysis for vinyl floor tiles.

It is certified by the signature below that Carolina Environmental, Inc. is accredited by the National Voluntary Accreditation Program (NVLAP) for the analysis of asbestos in bulk materials. The accredited test method is EPA/600/M4-82/020 for the analysis of asbestos in building materials. Procedures described in EPA/600/R-93/116 have been incorporated where applicable. Carolina Environmental, Inc.'s NVLAP accreditation number is #101768-0. This report is not to be used to claim product endorsement by NVLAP or any agency of the U. S. Government. This report and its contents are only valid when reproduced in full.

ANALYST



REVIEWED BY



Tianbao Bai, Ph.D.  
 Laboratory Director



ENVIRONMENTAL TESTING & SERVICE (

LEAD-ASBESTOS-INDUSTRIAL HYGIENE/IAI

CLIENT: Hartman & Assoc.  
PROJECT: Memorial Hospital - Flagler  
SAMPLE DATE: 09/05/00  
Flagler FH

MELBOURNE / COCOA  
(407) 723-4663  
ORLANDO  
(407) 677-9898

473 N. PINE MEADOW  
SUITE 101  
DEBARY, FL 32713  
(407) 668-4545  
(407) 668-4566

SAMPLED MATERIAL

Sample No.	Material/System ID	Location	Lab Results Asbestos Present
FH-01	Drywall	Rm 102	
02	roof deck Material	hall by 102	
03	2'x4' CT-drop - Fisher	Rm 102	
04	Base coat Mastic	" " bathroom	
05	rolled flooring	" " bathroom	
06	Duct Mastic - blk	hall by 101e	
07	Wall Penetration Mastic - Red	hall by notes station	
08	TSI-4" wrap	hall by Rm 204	
09	12"X12' FT	Rm 301	
10	Duct Mastic - wht.	hall by 303	
11	Duct Mastic - Grey metal	" "	
12	2'x4' CT-drop - Fisher	hall by ICU	
13	Vent hood Duct	Cafe	
14	Duct Mastic - wht	hall by	
15	" " - blk		
16	Drywall/Mod System <sup>Composit</sup>	hall by ER	
17	12"X12" FT	X-Ray	
18	2'x4' CT-drop - Fisher		

**HJA FILE #12-3904**



**Summary Appraisal Report  
of**

Flagler Crossroads Property  
901 East Moody Boulevard  
Bunnell, Flagler County, FL 32110

**Effective Date**

September 27, 2012

**Prepared for**

Robert A. Erickson, Senior Credit Underwriter  
Independent Bankers Bank  
615 Crescent Executive Ct, Ste 400  
Lake Mary, FL 32746-2109

**Prepared by**

Russell J. Hamilton, MAI  
State-Certified General Real Estate Appraiser RZ1292

HAMILTON & JACOBS, LLC  
*Commercial Real Estate Appraisers*  
4606 S. Clyde Morris Blvd., Ste 2B  
Port Orange, FL 32129-7454

# HAMILTON & JACOBS

A LIMITED LIABILITY COMPANY

COMMERCIAL REAL ESTATE APPRAISERS & CONSULTANTS

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4606 S. Clyde Morris Blvd., Suite 2B  
Port Orange, Florida 32129-7454



Alfred A. (Chip) Hamilton, MAI  
State-Certified General Real Estate Appraiser RZ714

Russell J. Hamilton, MAI  
State-Certified General Real Estate Appraiser RZ1292

T 386.236.0848  
F 386.236.0852  
info@hjappraisals.com  
www.hjappraisals.com

October 4, 2012

Robert A. Erickson, Senior Credit Underwriter  
Independent Bankers Bank  
615 Crescent Executive Ct, Ste 400  
Lake Mary, FL 32746-2109

Re: Flagler Crossroads Property  
901 East Moody Boulevard  
Bunnell, Flagler County, FL 32110  
HJA File #12-3904

Dear Mr. Erickson:

At your request, we have prepared an appraisal for the above referenced property. The purpose of this appraisal is to provide our opinion of the market value of the fee simple interest in the subject. The intended use of this appraisal report is for loan underwriting purposes. This appraisal is intended for the use of Independent Bankers Bank, loan participants and appropriate regulatory agencies only; there are no other intended users.

This summary appraisal report has been completed in accordance with Standards 1 and 2 (the Real Property Appraisal standards) of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA). The attached report details the scope of the appraisal, level of reporting, definition of value, valuation methodology, and pertinent data researched and analyzed in the development of this appraisal.

We certify that we have no present or contemplated future interest in the property beyond this opinion of value. Your attention is directed to the General Assumptions and Limiting Conditions, located on page 10. Acceptance of this report constitutes an understanding of and agreement with these assumptions and conditions.

**Extraordinary Assumptions:** None

**Hypothetical Conditions:** None

Robert A. Erickson, Senior Credit Underwriter  
Independent Bankers Bank  
October 4, 2012

It is our opinion that the market value of fee simple interest in the subject, "as is", as of September 27, 2012, was:

**ONE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS  
(\$1,450,000)**

*This confidential report is prepared for the sole use and benefit of Independent Bankers Bank (IBB) and is based, in part, upon documents, writings, and information owned and possessed by IBB. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with IBB 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. IBB and the appraiser assume no responsibility if this report is used in any other manner.*

**IN ORDER FOR THIS VALUE OPINION TO BE CONSIDERED VALID, THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS 40 PAGES PLUS RELATED EXHIBITS.**

Thank you for the opportunity to be of service. If you have any questions about this report, please do not hesitate to give us a call.

Respectfully submitted,

HAMILTON & JACOBS, LLC



Russell J. Hamilton, MAI  
State-Certified General Real Estate Appraiser RZ1292

## Certification Statement

I 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, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

I have performed no appraisal or other service regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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 compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value 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 requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. It is also subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board.

No one provided significant real property appraisal assistance to the person signing this certification.

I have made a personal inspection of the property that is the subject of this report.

As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



Russell J. Hamilton, MAI  
State-Certified General Real Estate Appraiser RZ1292  
Date Signed: October 4, 2012

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## Executive Summary

<b>Property Name:</b>	Flagler Crossroads Property
<b>Client:</b>	Independent Bankers Bank
<b>Property Location:</b>	The improved building site is located along the south side of Canakaris Street, between South Lemon Street and South Chapel Street in Bunnell, while the parking lot site is located along the south side of East Moody Boulevard, between those same streets. The street address is 901 East Moody Boulevard, Bunnell, Flagler County, FL 32110.
<b>County Parcel ID Number:</b>	10-12-30-0850-00180-0000
<b>Apparent Owner of Record:</b>	Flagler Crossroads, Inc., 880 Airport Road, #108, Ormond Beach, FL 32174
<b>Land Area:</b>	278,850± square feet or 6.40± acres
<b>Building Area:</b>	57,954± square feet gross building area, including 53,827± square feet in the old hospital building and 4,127± square feet in a former maintenance/storage building.
<b>Year Built:</b>	1979 – old hospital building 1985 – maintenance/storage building
<b>Property Overview:</b>	<p>The subject is a former 81-bed hospital property. It was utilized as Flagler County's only acute-care hospital from about 1979 until early 2003, when Florida Hospital opened its new hospital on SR 100 near Interstate 95. The subject has been unoccupied since early 2003.</p> <p>It is comprised of the former hospital building that is located along the south side of Canakaris Avenue, and a maintenance/storage building located in the southwest corner of the site that has access from South Chapel Street. The former hospital building was constructed of average quality materials and workmanship, but currently is in shell condition only. Additionally, there are two parking lots across Canakaris Street from the former hospital building that are part of the overall property.</p>
<b>Census Tract:</b>	0602.09
<b>Type of Value:</b>	Market value
<b>Property Rights Appraised:</b>	Fee simple interest
<b>Highest &amp; Best Use As Though Vacant:</b>	Hold as vacant for future commercial development as demand dictates

HAMILTON & JACOBS, LLC

File #12-3904: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110

Page 7

**As Improved:** Continue to hold as a shell building until there is market demand for redevelopment of the property

**Future Land Use Category:** The improved building site has an existing FLU designation of Public (Bunnell). A discussion with Dennis Fischer, Bunnell Building Official, indicated that this designation was instituted specifically for the former hospital's use and that it may eventually be changed to allow more commercial uses; a FLU designation of Commercial High Intensity may be possible.

The parking lot site has an existing FLU designation of Commercial High Intensity

**Zoning Classification:** The improved building site is zoned O-1, Office, medical & related services; the parking lot site is zoned B-2, Business; existing zoning is consistent with the existing FLU.

**Assessments:** \$534,000 (2011 certified)  
\$353,952 (2012 preliminary)

**Reporting Option:** Summary appraisal report

**Effective Date of Value:** September 27, 2012

**Date of Report:** October 4, 2012

**Fee Simple Value, As Is:** \$1,450,000

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**Extraordinary Assumptions:** None

**Hypothetical Conditions:** None

### ***Important Considerations***

After the current owners purchased the property in 2006, they did some limited interior demolition work to prepare the property for redevelopment into offices. Once the economy took a turn for the worse, the interior demolition work stopped. The owners are awaiting an improvement in the economy before proceeding with redevelopment plans. There have been discussions with a number of potential buyers/tenants, but so far no definitive plans have been agreed upon.

Although all of the carpet and much of the ceiling has been removed from the former hospital building, additional interior demolition would be required prior to any redevelopment of the building. We understand from Eric Garvey, the owners' construction representative, that the building's exterior and load-bearing walls and roof are structurally sound, although the roof covering will likely need to be

replace during redevelopment. It is assumed that the basic mechanical, plumbing and electrical components are in usable condition, although the air conditioning system, plumbing fixtures and some electrical work will undoubtedly need to be replaced during redevelopment. About 15% of the building is currently fire sprinklered; according to Bunnell city officials, the entire building must be fire sprinklered prior to being re-occupied. And according to Tim Newslow, the subject's owner, he has maintained the certification for the fuel storage tank for the emergency generator, however, the emergency generator itself has not been tested in several years. That item may or may not need to be replaced during redevelopment. ***The contributory value of the fuel storage tank and the emergency generator has not been included in our value conclusion.***

We were unable to access the interior of the maintenance/storage building, but assume it is also in basically shell condition.

Site improvements include asphalt paved parking/drives, irrigated landscaping and site lighting. All of these items will need to be replaced during redevelopment of the property. According to city officials, if redevelopment results in additional impervious areas being created, onsite stormwater retention would be required. There are currently 136± marked parking spaces, resulting in a parking ratio of about 2.3 spaces per 1,000 square feet of building area. The site is served by city water and sanitary sewer.

## General Assumptions and Limiting Conditions

This appraisal and report has been made with the following **general assumptions**:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any and all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
- It is assumed that the property conforms to all applicable zoning and land use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal report.
- It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. We have no knowledge of the existence of such materials on or in the property. We, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. These opinions of value are predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
- No information regarding the soil conditions of the subject site was provided for this analysis. These opinions of value are predicated on the assumption that there are no such adverse soil conditions impacting the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired. A survey revealing any adverse soil conditions on the site could have an impact on the values concluded herein.
- No information regarding the environmental condition of the subject site was provided for this analysis. These opinions of value are predicated on the assumption that there are no such adverse environmental conditions impacting the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired. An audit revealing any adverse environmental conditions on the site could have an impact on the value concluded herein.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey or analysis of the property to determine whether or not it is in

conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirement of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since we have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in reaching the value concluded herein.

- No building inspection report was provided for this analysis. The condition of the subject improvements relied upon for this analysis was based on a cursory viewing of the subject property, and based solely on conditions that were readily apparent during a normal viewing of the property. This opinion of value is predicated on the assumption that there are no such adverse conditions impacting the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. An inspection by a qualified professional building inspector is recommended in order to verify the structural and mechanical integrity and conditions of the property. An audit revealing any adverse conditions could have an impact on the value concluded herein.

This appraisal and report has been made with the following **general limiting conditions**:

- Any allocation of the total value concluded in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such division of interests has been set forth in the report.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The appraisers, by reason of this appraisal, are not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the appraisers.
- The forecasts, projections or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors and a stable economy. These forecasts are, therefore, subject to changes with future conditions.

### ***Extraordinary Assumptions***

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

(USPAP, 2012-2013 ed., Definitions and SR-1-2(f))

This appraisal and report is made with the following extraordinary assumptions:

- None

### ***Hypothetical Conditions***

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

(USPAP, 2012-2013 ed., Definitions and SR-1-2(g))

This appraisal and report is made with the following hypothetical conditions:

- None

# Premises of the Appraisal

## ***Purpose of the Appraisal***

The purpose of this appraisal is to provide our opinion of the market value of the fee simple interest in the subject.

## ***Intended Use***

The intended use of this appraisal report is for loan underwriting purposes.

## ***Intended Users***

This appraisal is intended for the use of Independent Bankers Bank, loan participants and appropriate regulatory agencies only; there are no other intended users.

## ***Property Interest Appraised***

Fee simple interest

## ***Client***

Independent Bankers Bank

## ***Date of Report***

October 4, 2012

## ***Effective Date of Value***

September 27, 2012

## ***Market Value Definition***

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."<sup>1</sup>

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<sup>1</sup> Interagency Appraisal & Evaluation Guidelines, December 2, 2010 (The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA)), Page 42.

*Market Value Comments: The factors of utility, scarcity, desire and effective purchasing power are apparent in the definition. The implication that buyer and seller are working under equal pressure is seldom completely true, although typical motivation for each does imply a reasonable balance for a market value transaction.*

*Market prices do not necessarily follow all of these concepts and are often affected by salesmanship and the urgency and need of the buyer and/or seller. The central difference between market price and market value lies in the premise of knowledge and willingness both of which are contemplated in market value, but not in market price. Stated differently, at any given moment of time, market value denotes what a property is actually worth under certain specified conditions, while market price denotes the actual sale price.*

*Probability of Value Change: The opinion of market value of the property expressed in this report is concluded as of the date value. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a review of the appraisal to determine its current validity.*

## **Competency Rule**

USPAP requires that prior to accepting an assignment the appraiser must identify the appraisal problem and have the knowledge and experience to complete it competently. Alternatively, the appraiser can disclose the lack of knowledge and/or experience and take the steps necessary to complete the assignment competently, describing this in the appraisal report.

We have experience in appraising properties of this type in this market. We have the knowledge and experience to perform this assignment competently.

## **Exposure Period**

Exposure time precedes the effective date of the appraisal. The Appraisal Standards Board of the Appraisal Foundation defines exposure time in the *Statement on Appraisal Standards No. 6 (SMT-6)* as follows:

"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market."

The following table summarizes the exposure times for those sales used in the Sales Comparison Approach presented later:

<b>Exposure Times</b>		
<b>Sale No.</b>	<b>Date of Sale</b>	<b>Exposure Time</b>
1	Jul 2012	6± years
2	Apr 2011	1-2± years
3	Jul 2010	12± months
L-1	Sep 2012	4± years
L-2	Sep 2012	2-3± years
L-3	Sep 2012	4+ years
L-4	Sep 2012	2± years
L-5	Sep 2012	3+ years
L-6	Sep 2012	3± years

**Compiled by HJA**

Referencing our discussion on the Current Economics Conditions on page 18, there remained considerable uncertainty given the economic climate that existed at the date of value. We have attempted to develop an opinion of value that a potential sale could have achieved within a 12± month period immediately preceding the effective date of value.

## **Property Identification and History**

### ***Location***

The improved building site is located along the south side of Canakaris Street, between South Lemon Street and South Chapel Street in Bunnell, while the parking lot site is located along the south side of East Moody Boulevard, between those same streets. The street address is 901 East Moody Boulevard, Bunnell, Flagler County, FL 32110.

### ***Current Owner of Record***

Flagler Crossroads, Inc., 880 Airport Road, #108, Ormond Beach, FL 32174

### ***Legal Description***

Blocks 18, 33, 34 and 37 **AND** vacated alley **AND** vacated South Orange Street **AND** that part of Block C, Tracts 11 and 14 lying southwest of Lemon Street, Town of Bunnell Subdivision, Plat Book 1, Page 2, Flagler County Records. A complete metes and bounds legal description is provided within the Warranty Deed transferring title to the current owner. It should be noted that the name under which the property was acquired, Maluchi Development Corporation, was subsequently changed to the current owner name of Flagler Crossroads, Inc. This was a corporate name change only; the principals of each company are the same.

### ***Three-Year Sale History***

Research of the applicable public records, private data services and an interview with the subject's owner revealed that the subject had not been transferred during the three years prior to the date of value of this report.

### ***Current Listing/Pending Contracts***

Additionally, according to these sources, the subject had been listed for sale in the past, but is not officially listed for sale at the effective date of value. It should be noted that a local broker has the property listed in the Loopnet commercial multiple listing service for \$3.5 million, but according to the subject's owner, the subject's ownership has no formal listing agreement with this broker.

**Research:**

Flagler County/Volusia County market area. In addition to market data developed in the course of previous appraisal work and retained in our work files, other sources of information include:

- Flagler County and Volusia County Property Appraisers' information contained on their internet web sites for the subject and comparable properties
- Researched the Loopnet commercial database for Flagler and Volusia Counties for larger commercial shell buildings or properties whose buildings were purchased for redevelopment
- Researched sales of comparable properties with local commercial brokers, appraisers and other market participants

Where warranted, a party to the transaction or other reliable sources has confirmed market data relied upon.

**The Type and Extent of Analysis:**

- Cost Approach: Typical market participants are not currently considering new construction as an alternative to buying existing properties due to prevailing market conditions and the relatively low prices of existing properties relative to the costs of new construction. This approach is not necessary for a credible appraisal and has not been developed.
- Sales Comparison Approach: This approach is applicable, necessary and has been fully developed.
- Income Capitalization Approach: A shell building is not typically purchased based on its income producing potential. This approach is not necessary for a credible appraisal and has not been developed.

**Qualifications of the Appraisers:**

We have been educated, trained and is experienced in the normal property economics that are typical of real estate appraisers with similar levels of qualifications and experience. In the course of normal appraisal experience, we are exposed to a wide variety of specialties. These include surveying, civil engineering, environmental engineering, biological consultants, architects, construction-related engineers, building contractors and inspectors, attorneys, developers, business specialists, title abstractors and land planners, to name only the most common. While we have gained some familiarity with these specialties we have by no means developed an expertise in these areas. Our knowledge and experience in these areas is sufficient for the purposes of this appraisal assignment. For matters requiring expertise outside this Scope of Work, an appropriate expert should be consulted.

# Market Area Analysis

## *Current Economic Conditions*

### **Summary of the Local Real Estate Market**

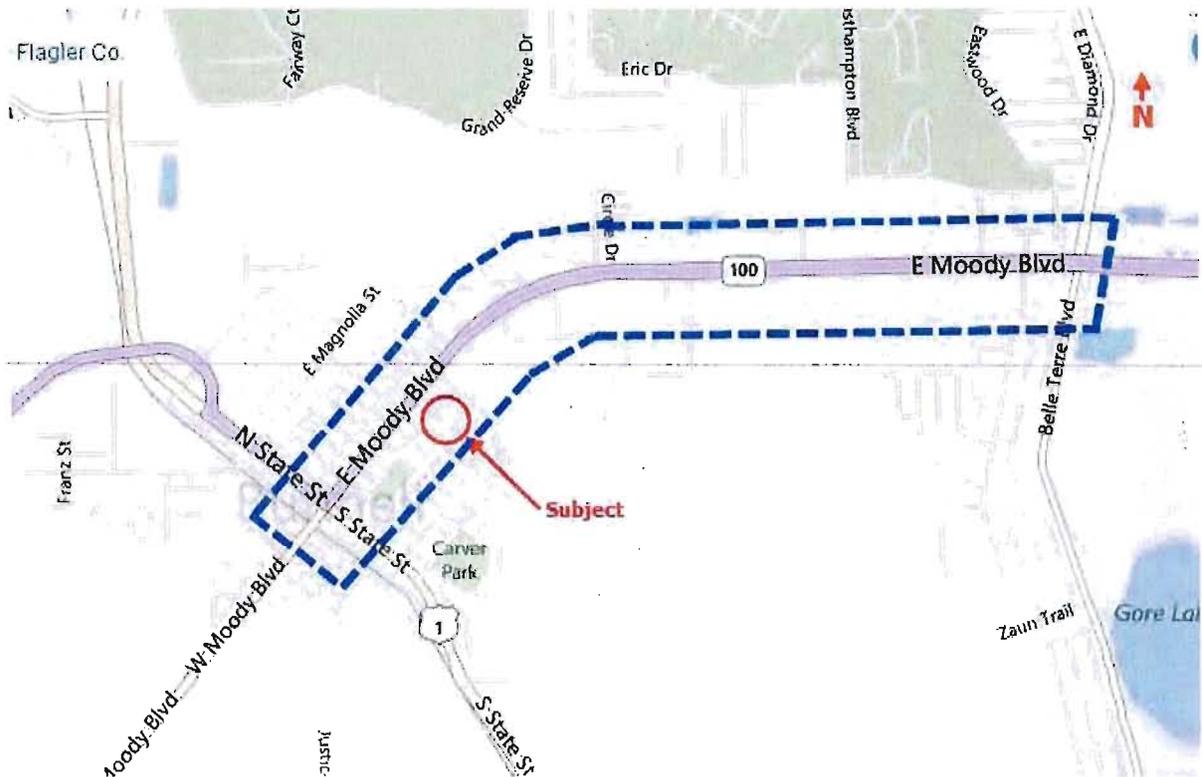
- Discussions with local market participants, including developers, homebuilders, commercial brokers, leasing agents, management companies and other market participants indicate that the uncertainty in the current economy has left them with no clear indication of the future of the real estate development market. While there is hope that the actions of the federal government may have some calming effect on the investment and credit markets in the long term, in the short-term the financial markets remain somewhat jittery and the economy remains sluggish.
- The general consensus of informed real estate professionals in our market area appears to be that:
  - demand for commercial, office, retail and industrial space is down significantly from peak, although in the most desirable commercial hubs, demand remains somewhat stable
  - commercial and industrial rents are probably down 25% to 50% from peak with rents in the most desirable commercial hubs not down as much as in the less desirable markets
  - commercial and industrial values are down significantly from peak with values for the most desirable commercial hubs down not as much as in the less desirable markets
  - commercial, retail and industrial occupancy rates are down from peak with the occupancy rates of the most desirable commercial hubs not down as much as the less desirable markets
  - there is little demand for commercial and industrial vacant land in this market, except for a few pockets in prime locations
  - the occupancy and average daily rates for hotels in this area are down from peak, although up over the past year or so
  - although the number of homes sold in the Daytona Beach Metropolitan Statistical Area has increased over the past year or so, this has come at the expense of price; the price of residential real estate appears to have begun to stabilize somewhat, although there continues to be a high number of foreclosed properties on the market
  - there is virtually no demand for vacant single residential acreage to be purchased for development
  - there is little demand for finished residential homesites in this market at the present time, although there have been a few bulk sales of finished lots for prices significantly below the cost of the infrastructure alone
  - there is no demand for vacant land for residential condominium development at the present time, either on the waterfront or inland
  - there has been limited demand for new multifamily residential projects over the past couple of years; most of this demand has been for senior and affordable housing
- There is very limited new commercial development at this time. This new development is primarily in small owner-occupied medical offices and in new dollar stores. Additionally, there have been a number of new retail and restaurant development in the most appealing commercial hubs in the Volusia County market.
- Otherwise, sales and rental activities, although generally higher than just a year or so ago, are still fairly slow and will likely remain that way until there is some clear direction, or at least a better indication, of where the market is headed and the likely timing of a recovery. In this type of market, value conclusions become less reliable than in times of an active and stable market.

## Neighborhood Analysis

A neighborhood is defined by The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, as a *group of complementary land uses; a congruous grouping of inhabitants, buildings or business enterprises*. Within any given neighborhood, any number of districts or homogeneous land uses may be prevalent. Each neighborhood has qualities all its own. Complementary land uses (neighborhoods) and homogeneous land uses (districts) usually evolve through four stages:

- Growth: period where the neighborhood gains public favor and acceptance
- Stability: period of equilibrium without marked gains or losses
- Decline: period of diminishing demand
- Revitalization: period of renewal, modernization and increasing demand.

The neighborhood would be generally described as the City of Bunnell and unincorporated areas along the north and south sides State Road 100 (Moody Boulevard) from U.S. Highway 1 on the west to Belle Terre Parkway on the east.



US 1 is the primary north-south thoroughfare in the neighborhood, extending through the State of Florida. It intersects with I-95 near Palm Coast, approximately 12 miles north of Bunnell and near Ormond Beach which is approximately 10 miles south of Bunnell. Moody Boulevard (SR 100) has an exit off of I-95 and has become one of the major east/west corridors through the Palm Coast/Flagler County area over the last few years.

The surrounding residential base and the Flagler County courthouse and administrative center support the commercial uses along East Moody Boulevard and US 1. Typical uses along this highway include automotive, service shops, offices, numerous strip shopping centers, mini-storage warehouses, a manufactured home community, churches and government offices. Residential uses are located mostly inland from the highway, both to the north and south of SR 100. Bunnell is a city with a population of

about 2,700 which is surrounded on the north, south and east by Palm Coast with a population of over 75,000.

There are shopping facilities within downtown Bunnell and some along Moody Boulevard, but this is mostly local, secondary commercial type uses. The area east of Belle Terre Parkway, just beyond the subject neighborhood, is a more primary commercial area with the new Palm Coast Landings shopping area which includes a Target, Books-a-Million, Ross Dress for Less, a Walgreens and numerous others. A Publix-anchored shopping center is located just north of SR 100 along the east side of Belle Terre Pky.

Bunnell is the county seat for Flagler County and the new county courthouse and government services facilities are located within the subject neighborhood, a short distance east of the subject on Moody Boulevard. City of Bunnell furnishes police and fire protection and city water, sewer and garbage service. Electrical service is provided by FPL (fka Florida Power and Light Company) and AT&T and others provide telephone service. The City of Bunnell annexed property to the east along SR 100 up to Belle Terre Parkway and north along US 1 a number of years ago, totaling over 87,000 acres. The annexation of properties along both US 1 and Highway 100 has been done to accommodate future commercial and multi-family growth along these routes.

There has been minimal growth in the subject area over the last five years or so, but this mirrors the overall economy. A new Wendy's restaurant on SR 100 near the county administrative center, a combination Red Lobster/Olive Garden restaurant just outside the neighborhood boundaries in the Palm Coast Landing shopping center and a Panera Bread closer to I-95, also outside the neighborhood, are the newest commercial activities in the past several years. Commercial development in downtown Bunnell has historically been limited, although an 8,000± square foot Family Dollar retail store is currently planned for a site at the southwest corner of East Moody Blvd and South Bacher Street in downtown Bunnell. The project is currently going through the approval process and construction should begin by the end of 2012. This will be a welcome addition to the downtown area.

Currently the area would be considered in a stability stage of development. But with a considerable amount of vacant land in the area for future development, there is definitely the potential to the return of growth. Bunnell and the subject neighborhood area are poised for continued growth once the overall economy - nationally, regionally and locally - begins to improve.

## Property Description – Site

**Location:** 901 East Moody Boulevard, Bunnell, Flagler County, FL 32110

**Site Size:** Improved building site: 219,000± square feet  
Parking lot site: 59,850± square feet  
Total site: 278,850± square feet

**Site Shape:** Each site is rectangular with the following dimensions per the recorded plat. An up-to-date survey would be advisable for more accurate dimensions.

### Improved Building Site

North: 730' (Canakaris Av)  
East: 300' (S Lemon St)  
South: 730'  
West: 300' (S Chapel St)

### Parking Lot Site

North: 210' (E Moody Blvd)  
East: 285'  
South: 210' (Canakaris Av)  
West: 285'



**Site Topography:** Both sites are generally level, near road grade and cleared except for the present improvements. The soil is sandy and the drainage appears adequate.

There is a drainage ditch that runs along the rear of the hospital site, but that ditch is not shown on the old site plans we have available. An up-to-date survey would give more information on this canal and whether it impacts the subject or not. We assume in this analysis that the drainage ditch has no adverse impact on the value of the subject as concluded herein.

**Road Frontage/Access:** The improved building site has frontage along South Chapel Street, Canakaris Street and South Lemon Street. Access to the former hospital

HAMILTON & JACOBS, LLC

File #12-3904: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110

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building is currently from Canakaris Street and South Lemon Street; access to the maintenance/storage building is from South Chapel Street.

The parking lot site has frontage along and direct access to both Moody Boulevard and Canakaris Street.

**Utilities:**

All municipal utilities are available and connected; these include water, sewer and garbage service by the City of Bunnell, electrical service by FPL (fka Florida Power & Light Company) and telephone service by AT&T and others.

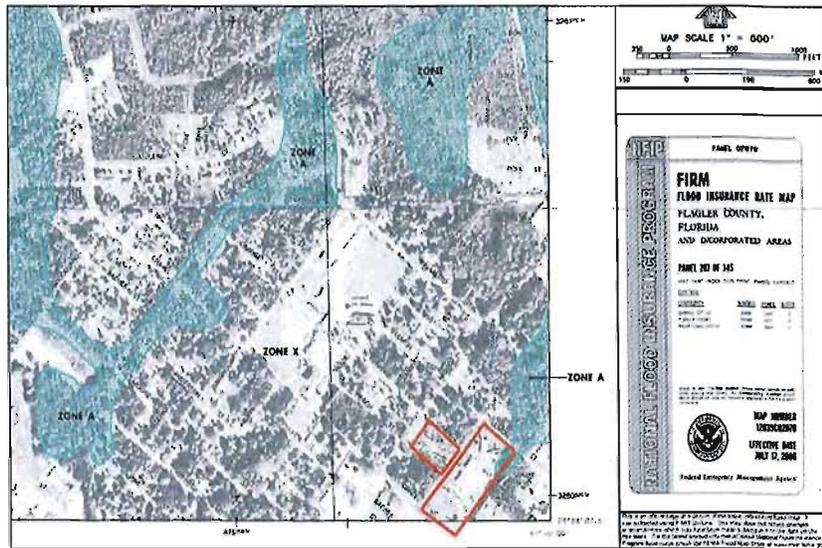
**Flood Zone:**

The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA).

FEMA Map Number: 12035C0207-D

FEMA Map Date: July 17, 2006

FEMA Zone Classification: The vast majority of the subject is located in Zone X (unshaded), an area outside the 500-year flood plain. Only a very small portion of the subject at its southeast corner is located within Zone A, an area within the 100-year flood plain.



**Easements/  
Encroachments:**

We were not provided an up-to-date survey of the sites, although we were provided a Paving & Drainage Site Plan prepared December 6, 1977 by Willis & Veenstra, Architects/Planners. This site plan does not show any easements or encroachments. We assume no adverse easements or encroachments exist.

**Land to Building Ratio:** 4.81 to 1 (land area to gross building area)

**Traffic Counts:** Florida Dept of Transportation, Year 2011  
Station #73-0033, SR 100, 0.159 mile NE of US 1  
East + West = 11,600 cars per day

**Census Tract:** 0602.09

**Soil Survey & Conditions:**

No soil boring tests or composition analyses were supplied to determine the development potential or soil carrying capacity of the subject. A subsoil analysis is beyond the area of appraisal expertise; therefore, no responsibility is taken for the detection of hidden or unapparent subsoil conditions on the subject. A qualified engineer should be consulted to determine the soil composition and carrying capacity if desired.

**Environmental Issues & Disclaimer:**

The value opinion in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. We lack the knowledge and experience with respect to the detection and measurement of hazardous substances. Therefore, this assignment does not cover the presence or absence of such substances as discussed in the General Underlying Assumptions section. However, any visual or obviously known hazardous substances affecting the property will be reported and an indication of its impact on value will be discussed. We suggest an environmental specialist be retained if desired.

To our knowledge, there are no known or suspected environmental issues with this property.

**Current Use:**

Commercial shell building

**Surrounding Uses:**

Improved Bldg Site

- North: Parking lots (part of subject), vacant land and a residence
- East: Medical offices and vacant land
- South: Residential and Flagler Co. Health Dept beyond canal
- West: Former hospital building; unoccupied and shuttered

Parking Lot Site

- North: Office beyond E Moody Blvd
- East: Vacant land and residence
- South: Former hospital property (part of subject)
- West: Single family residence

**Street Improvements:**

Moody Boulevard is a 2-lane, asphalt paved state highway (SR 100) with streetlights, concrete curbs and gutters, concrete sidewalks and storm drains.

Canakaris Street is a 2-lane, asphalt paved city street with a concrete sidewalk but no streetlights, no concrete curbs and gutters and no storm drains.

South Chapel Street is a 2-lane, asphalt paved city street with streetlights and a concrete sidewalk, but no concrete curbs and gutters.

South Lemon Street is a 2-lane, asphalt paved city street with a concrete sidewalk but no streetlights, no concrete curbs and gutters and no storm drains, although there is a drainage swale along the east side of the street.

Tax Year:	Certified 2011	Preliminary 2012
Assessed Value Land:	\$ 1	\$353,951
Assessed Value Building:	\$533,999	\$ 1
Assessed Value Misc:	\$ 0	\$ 0
Total Assessed Value:	\$534,000	\$353,952
Exempt Value:	\$ 0	\$ 0
Taxable Value:	\$534,000	\$353,952
Tax Rate:	22.36780	23.1754 (Prop. 2012)
Gross Real Estate Taxes:	\$11,944	\$8,203 (est. only)
Net Real Estate Taxes:	\$11,467	\$7,875 (est. only)
Past Due Taxes:	None	n/a

**Comments on Taxes:** The chart below summarizes the subject's historical assessments; the effect of the economic downturn is evident in these assessments:

History of Subject's Assessed Values					
Tax ID No.	Land	Building	Misc	Total	% Chg
Certified 2006	\$421,000	\$1,311,634	\$57,474	\$1,790,108	n/a
Certified 2007	\$610,000	\$1,180,470	\$56,951	\$1,847,421	3.20%
Certified 2008	\$563,340	\$596,625	\$59,371	\$1,219,336	-34.00%
Certified 2009	\$1	\$842,336	\$0	\$842,337	-30.92%
Certified 2010	\$1	\$564,585	\$0	\$564,586	-32.97%
Certified 2011	\$1	\$533,999	\$0	\$534,000	-5.42%
Preliminary 2012*	\$353,951	\$1	\$0	\$353,952	-33.72%
<i>Change from 2006</i>	<i>-16%</i>	<i>-100%</i>	<i>-100%</i>	<i>-80%</i>	

*\*Flagler County Property Appraiser assumes the building improvements have no value*

**Compiled by HJA**

We have analyzed the assessments of those properties used in the Sales Comparison Approach in order to determine the reasonableness of the subject's assessment. The following chart indicates the results of that study:

Tax Comparables						
Comparable	City	2012 AV	GBA	AV/SF GBA	Use	Yr Built
Sale 1	Port Orange	\$640,954	24,015	\$26.69	Shell	2006
Sale 2	Port Orange	\$479,892	23,111	\$20.76	Shell	1985
Sale 3*	Ormond Beach	\$1,293,566	49,097	\$26.35	Shell/Remod	1983
Listing 1	Daytona Bch	\$392,946	28,224	\$13.92	Office	1966
Listing 2	Daytona Bch	\$456,629	20,784	\$21.97	Office/Shell	1954
Listing 3	Ormond Beach	\$628,094	44,526	\$14.11	Office	1964
Listing 4	Bunnell	\$596,000	16,988	\$35.08	Office/Remod	1960
Listing 5	Daytona Bch	\$471,805	26,662	\$17.70	Office	1952
Listing 6	Palm Coast	\$1,900,000	55,042	\$34.52	Off/Retail Shell	2009
<b>Subject</b>	<b>Bunnell</b>	<b>\$353,952</b>	<b>57,954</b>	<b>\$6.11</b>	<b>Shell</b>	<b>1979</b>

\* renovated in 2010

**Compiled by HJA**

The total assessments range from \$13.92 to \$35.08 per square foot of building area, with a mean (average) of \$23.46 and a median of \$21.97 per square foot. The subject's assessment is \$6.11 per square foot. The subject's assessment is significantly below these comparable properties, and its assessment is considered favorable, at least as compared to this sampling.

**Aerial Views of Subject Site**



*Flagler County Property Appraiser's site*



*Bingmaps.com*

## Property Description – Improvements

<b>Property Type:</b>	Retail-Commercial/shell building		
<b>Year Built:</b>	1979		
<b>Econ. Life Expectancy:</b>	35± years		
<b>Effective Age:</b>	10-15± years		
<b>Remaining Econ. Life:</b>	20-25± years		
<b>SF Building Area:</b>	Former hospital:	53,827±	Shell building
	Maintenance/storage:	4,127±	Assume shell building
	Total:	57,954±	
<b>No. Stories:</b>	Both buildings are one story		
<b>Building Height:</b>	16'-18'± for the former hospital building 10'± for the maintenance/storage building		

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### Former Hospital Building

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<b>Foundation/Frame:</b>	Reinforced concrete foundation
<b>Floor:</b>	Reinforced concrete slab on grade
<b>Exterior Walls:</b>	Painted stucco over concrete block
<b>Roof:</b>	Metal trusses on steel frame with builtup tar and gravel cover
<b>Windows:</b>	Fixed glass in aluminum frames
<b>Personnel Doors:</b>	Typical storefront entry doors for the main entrance and former emergency room entrance; metal personnel doors for the other entrances
<b>Elevators:</b>	None
<b>Stairways:</b>	None
<b>Interior Finishes</b>	
Floors:	Reinforced concrete slab; no floor coverings in shell
Walls:	Primarily painted drywall in poor condition; the drywall walls would need to be removed prior to redevelopment; assume none in shell
Ceilings:	Most of the ceilings have been removed; the remaining ceilings would need to be removed prior to redevelopment; assume none in shell
Lighting:	Most of the lighting has been removed; any remaining lighting would need to be removed prior to redevelopment; assume none in shell

<b>HVAC:</b>	Although some air conditioning systems and ductwork remain, based on comments by the owners' representative, they would be removed during redevelopment; assume none in shell
<b>Electrical:</b>	Much of the electrical system has been removed; the remaining portions of this system will need to be removed prior to redevelopment; assume electric is stubbed to the building
<b>Plumbing:</b>	Some of the plumbing fixtures have already been removed during the minor demolition; the remaining fixtures would need to be removed prior to redevelopment; assume no fixtures in shell; however, the existing plumbing infrastructure <u>may</u> be in serviceable condition
<b>Fire Sprinklers:</b>	According to Bunnell building officials, about 15% of the building is currently fire sprinklered; we assume this system is serviceable; Bunnell city officials indicate the entire building would require fire sprinklers to be installed during redevelopment
<b>Maintenance/Storage Building:</b>	Painted concrete block exterior walls, wood roof trusses, composition tile shingles, concrete floors, painted drywall or concrete block walls, unfinished or plywood ceilings and surface mounted or chain hung fluorescent lighting fixtures. There is a small office that is heated/cooled by a wall unit. This building is of average quality and is in average condition. (This description was taken from a 2003 appraisal report.) We were unable to access the interior of this building in September 2012, but based on discussions with the owners' representative, we assume these improvements have not changed much over the years. We assume this building, like the former hospital building, is basically a shell building in average condition.
<b>Site Improvements:</b>	<ul style="list-style-type: none"> <li>• Concrete sidewalks</li> <li>• Chain link fencing</li> <li>• Small maintenance building (200± square feet) in fair/poor condition</li> <li>• Irrigated landscaping in poor condition; would require replacement</li> <li>• 2,000-gallon concrete-vaulted fuel storage tank</li> <li>• 300KW diesel driven emergency generator for standby power</li> <li>• Site lighting via parking lot light poles and building wall packs</li> <li>• Asphalt drives and parking in poor condition; would require replacement</li> </ul> <p>According to the subject's owner, the certification for the fuel storage tank that serves the emergency generator has been maintained, although the emergency generator itself has not been tested in years. <b><i>The contributory value of the fuel storage tank and the emergency generator has not been included in our value conclusion.</i></b></p>
<b>Parking:</b>	The subject formerly contained 136± parking spaces, of which 68± were located on the parking lot site. The number of required parking spaces is determined by the use of the improvements. Because the highest and best use of the property is no longer a hospital but rather some type of retail-commercial-office use, the parking requirements will be determined once the economy improves and the future use becomes apparent from market demand. There is additional land on the improved building site

which was formerly used for a helicopter landing pad. This area could likely be utilized as additional parking or stormwater retention if required.

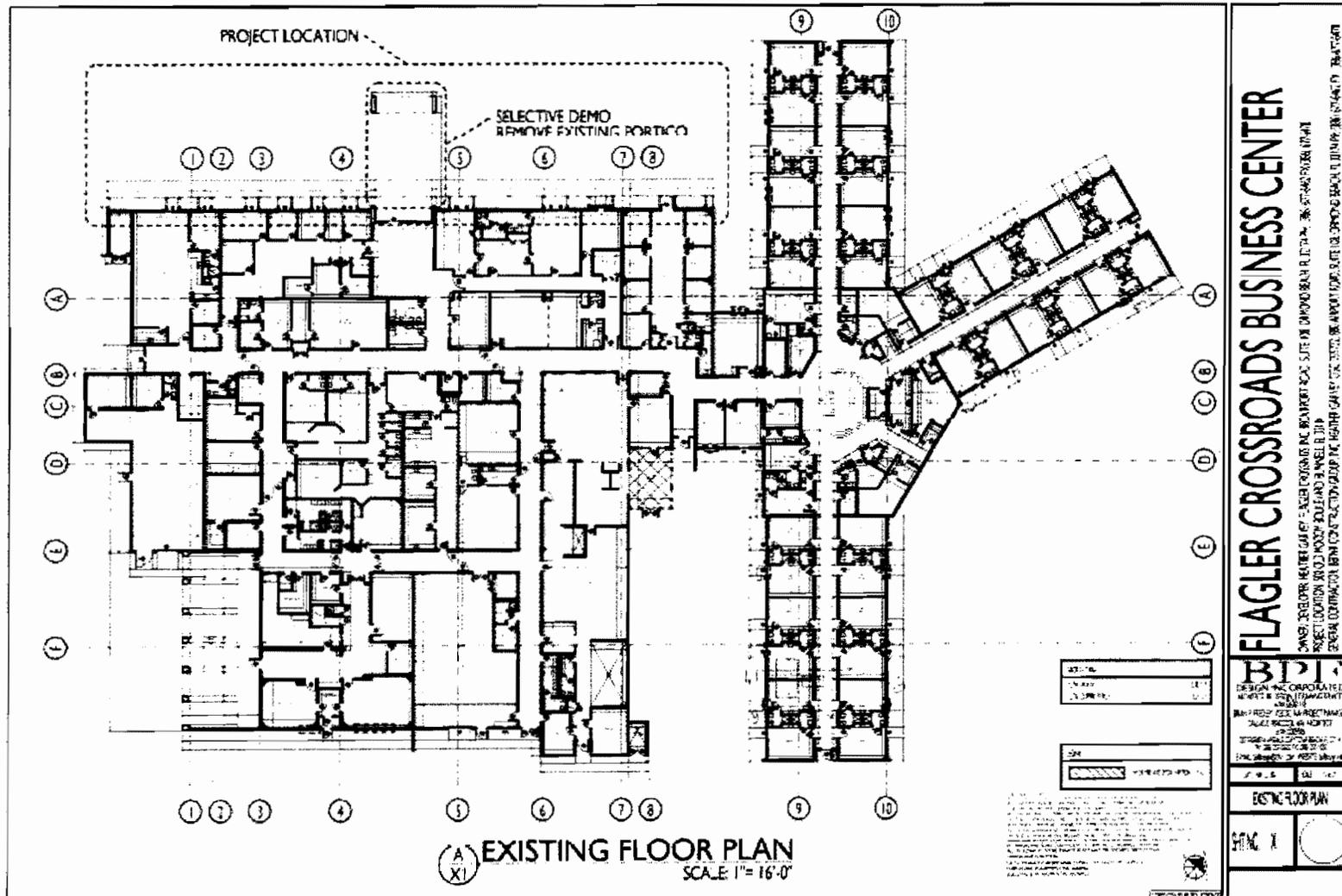
**Functional Utility:** The building floor plan and site layout are generally functional

**Design & Appeal:** Average design and average appeal; average quality construction; at the date of value, subject in average shell condition

**Recent Improvements:** None noted

**Deferred Maintenance:** The subject is in shell condition. There remain interior improvements that would need to be removed prior to redevelopment. Much of the site improvements, including paving and landscaping, would likewise need to be replaced during redevelopment. It is generally common to have such work needed prior to redevelopment of a building; no deferred maintenance is deducted in our value conclusion.

# Existing Floor Plan (May 2007)



## **Highest and Best Use**

A site is always valued in terms of its Highest and Best Use, which is defined as “the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity.”<sup>2</sup>

Implied in this definition is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. There are four tests involved for the appraiser to consider in the determination of highest and best use. The four tests are presented as follows:

### ***Legally Permissible***

Do zoning, building codes and deed restrictions permit the use? In addition to the economics section of this report, another issue regarding the legally permissible use of a property is the advent of city and county Comprehensive Land Use Plans. The comprehensive plan has been implemented as a result of state mandate for counties and cities to integrate a land use plan that is governed by the levels of services available in the area.

### ***Physically Possible***

Can the site physically support improvements? An analysis of the physical qualities of the site is considered such as topography, size, and subsoil conditions.

### ***Financially Feasible***

Does the neighborhood warrant such a use? Considerations such as population, neighborhood competition, and supply and demand are addressed in this analysis with the intent of identifying profitable and appropriate utilizations of the property.

### ***Maximally Productive***

Does the use represent the most profitable utilization of the land? From the uses that meet the above criteria, which one is expected to generate the greatest rate of return over a given period of time? This analysis is beyond the scope of this assignment and beyond my expertise. Detailed analysis requires the consultation with additional professionals, such as architects and civil engineers, which is only appropriate for an in depth highest and best use study. The analysis of the maximally productive use as made herein is more intuitive than based on a detailed study of possible uses and configurations that meet the other criteria.

### ***Highest and Best Use as Though Vacant***

The subject is comprised of two sites: (1) the improved building site and (2) the parking lot site.

### **Improved Building Site**

This site is zoned O-1, Office, medical and related services (Bunnell), and allows as permitted uses those uses noted earlier in the Zoning discussion on page 24. As noted earlier, city officials indicated that the O-1 district was designed specifically for the former hospital use. Now that the hospital use is no longer valid, the City may very well rezone this property to allow additional commercial development, maybe along the order of the B-2, Business district. Although we have not assumed that such a rezoning will

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<sup>2</sup> The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago: The Appraisal Institute, 2010), Page 93.

take place, nevertheless, it appears to be a possibility. This site, as though vacant, is of such size, shape and topography as to allow development with one or more of the permitted uses in both the O-1 and B-2 zoning districts.

The financial feasibility of developing the subject site in today's market is highly speculative. A financially strong owner-user may be able to develop the site and make it work. However, it is not financially feasible for a developer to build a spec project on this site at the date of value. Typically in this market the cost of construction outweighs the income that can be earned. Based on the market conditions at the date of value, the highest and best use of the subject site as though vacant is to hold as vacant for future commercial development as demand dictates.

### **Parking Lot Site**

This site is zoned B-2, Business (Bunnell), and allows as permitted uses those uses noted earlier in the Zoning discussion on page 24. This site, as though vacant, is of such size, shape and topography as to allow development with one of the permitted uses.

As with the improved building site, the financial feasibility of developing the parking lot site in today's market is speculative. A financially strong owner-user or a developer building a specific project for a net-leased tenant, such as a Dollar General retail store, may be able to develop the site and make it work. However, it is not financially feasible for a developer to build a spec project on this site at the date of value. Typically in this market the cost of construction outweighs the income that can be earned. Based on the market conditions at the date of value, the highest and best use of the subject site as though vacant is to hold as vacant for future commercial development as demand dictates.

### ***Highest and Best Use as Improved***

The subject's improved building site is improved with 57,954± square feet of gross building area in two buildings: the former hospital building containing 53,827± square feet and a maintenance/storage building containing 4,127± square feet. This property was originally designed and constructed as an acute care hospital and it served that use for over 20 years, from about 1979 to late 2002. The hospital was closed in January 2003 when Adventist Health Systems, which had purchased the hospital, moved into its new hospital property on SR 100 near Interstate 95. The subject has been vacant ever since. The parking lot site is improved with two parking lots that served the old hospital. Because there was insufficient parking on the improved building site for the needs of the hospital, the parking lot site was an integral part of the improved building site. That remains the case in this analysis.

The current owner purchased the property in 2006 with the intent to redevelop the building into medical and/or professional offices. At that time, they had completed some limited interior demolition, but when the economy faltered, their work ceased. The building improvements are now in shell condition.

To determine whether the improvements contribute value to the land, we analyzed a number of sales of shell, or mostly shell, buildings that have sold over the past couple of years. Additionally, we analyzed six current listings of office/commercial properties that are, or could be, candidates for redevelopment, or are mostly in shell condition. That analysis is discussed in the Sales Comparison Approach beginning on page 34. The value conclusion as improved in the Sales Comparison Approach is \$1,450,000. Our analysis indicates that although the subject's building improvements are only in shell condition and it would require a substantial renovation to convert it to another use, nevertheless, the value of the subject, as improved, is higher than the value of the subject as though vacant, and therefore, it is financially feasible to retain the building improvements.

Based on our analysis, we have concluded that the highest and best use of the subject, as improved, is to continue to hold as shell buildings until there is market demand for redevelopment of the property. The type of development will not become clear until the market begins its recovery.

# Valuation Methodology

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

- **Cost Approach:** "A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised."<sup>3</sup>
- **Sales Comparison Approach:** "The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison."<sup>4</sup>
- **Income Capitalization Approach:** "A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specific yield rate."<sup>5</sup>

This appraisal includes the following:

- **Cost Approach:** Typical market participants are not currently considering new construction as an alternative to buying existing properties due to prevailing market conditions and the relatively low prices of existing properties relative to the costs of new construction. This approach is not necessary for a credible appraisal and has not been developed.
- **Sales Comparison Approach:** This approach is applicable, necessary and has been fully developed. The value indicated by this approach is the fee simple interest in the property.
- **Income Capitalization Approach:** A shell building is not typically purchased based on its income producing potential. This approach is not necessary for a credible appraisal and has not been developed.

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<sup>3</sup> The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago: The Appraisal Institute, 2010), Page 47.

<sup>4</sup> The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago: The Appraisal Institute, 2010), Page 175.

<sup>5</sup> The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago: The Appraisal Institute, 2010), Page 99.

## Sales Comparison Approach – Shell Building

The Sales Comparison Approach is an appraisal technique whereby the subject is valued on the basis of comparison to other similar type properties that have sold in the marketplace. This approach is based upon the economic "Principle of Substitution" which states that the value of a property tends to be fixed by the price of acquiring an equally desirable substitute property with the same or similar type utility without undue delay.

The subject is a former hospital building that has been vacant since January 2003, nearly 10 years. The current owner did some limited interior demolition work many years ago, but stopped when the economy declined and their plans for renovating the building into offices fell away. According to the architect's floor plan presented on page 30, the former hospital building contains 53,827± square feet and the separate maintenance/storage building contains 4,127± square feet, for a total of 57,954± square feet of building area. The improvements are constructed of average quality materials and workmanship and are in average shell condition.

There have been few sales of properties highly comparable to the subject within the Volusia County/Flagler County market area over the past couple of years. The sales used in this report are the most recent sales and the most comparable to the subject. Additionally, we have analyzed current listings of properties in this market that are generally comparable to the subject and which, like the subject, may be suitable for redevelopment. The sale properties are compared on the following salient features:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics

The sales and listings used in direct comparison with the subject are noted below:

Summary of Comparable Improved Sales								
Sale No.	Property Name	Location	Date of Sale	Price	SF Bldg*	Price/SF	Mktg	Occup @ Sale
1	Former Church Shell	4015 S Williamson Blvd Port Orange	7/26/2012	\$427,800	24,015	\$17.81	6± years	0%
2	Former Port Orange 6 Theaters	1015 Eagle Lake Tr Port Orange	4/13/2011	\$500,000	23,111	\$21.63	1-2± years	0%
3	Bright Beginnings	499 S Nova Rd Ormond Beach	7/12/2010	\$2,000,000	49,097	\$40.74	12± months	0%
Listing 1	Former SunTrust Mortgage	320 Orange Av Daytona Beach	9/25/2012	\$1,275,000	28,224	\$45.17	4± years	0%
Listing 2	Former FPL Office Building	228 N Ridgewood Av Daytona Beach	9/25/2012	\$639,000	20,784	\$30.74	2-3± years	0%
Listing 3	Accumen Center	110 E Granada Blvd Ormond Beach	9/25/2012	\$1,990,000	44,526	\$44.69	4+ years	65-70%
Listing 4	Bunnell Pharmacy Building	703 Moody Blvd Bunnell	9/25/2012	\$1,200,000	16,988	\$70.64	2± years	50%
Listing 5	Courtyard Center South	115-119 S Palmetto Av Daytona Beach	9/25/2012	\$995,000	26,662	\$37.32	3+ years	40%
Listing 6	Roma Court	515 Palm Coast Pky SW Palm Coast	9/21/2012	\$2,480,000	55,042	\$45.06	3± years	13%
<b>Subject</b>	<b>Former Bunnell Hospital</b>	<b>901 E Moody Blvd Bunnell</b>	<b>9/27/2012</b>		<b>57,954</b>		<b>&gt; 5 years</b>	<b>0%</b>

\*gross building area

Compiled by HJA

The unit of comparison is the price per square foot of gross building area. The sales analysis grid is found on the following page.

# Sales Analysis Grid

Sales Summary/Analysis Grid										
Subject	Sale 1	Sale 2	Sale 3	Listing 1	Listing 2	Listing 3	Listing 4	Listing 5	Listing 6	Listing 7
<b>Deed Book/Page</b>	n/a	6743-9980	6587-3073	6496-4568	n/a	n/a	n/a	n/a	n/a	n/a
<b>Tax ID Number</b>	10-12-30-0450-00180-0000	6201-00-00-0050	6309-01-00-0030	4221-00-03-0090	5379-01-19-0010	5379-02-00-0071	4211-11-00-0360	10-12-30-0850-00560-0010	5379-09-02-0010	14-11-30-5538-00000-0080
<b>Date Comp No.</b>	n/a	1420	1421	963	1321	958	1423	1424	1424	1425
<b>Project/Property Name</b>	Old Bunnell Hospital	Former Church Property	Former Port Orange 6 Theaters	Bright Beginnings	Former SunTrust Mortgage	Former FPL Office Building	Acumen Center	Bunnell Pharmacy Building	Courtney Center South	Roma Court
<b>Address</b>	901 E Moody Blvd	4015 S Williamson Blvd	1015 Eagle Lake Tr	499 S Nova Rd	320 Orange Av	228 N Ridgewood Av	110 E Granada Blvd	703 E Moody Blvd	115-119 S Palmetto Av	515 Palm Coast Pky SW
<b>City</b>	Bunnell	Port Orange	Port Orange	Ormond Beach	Daytona Beach	Daytona Beach	Ormond Beach	Bunnell	Daytona Beach	Palm Coast
<b>Grantor</b>	Flagler Crossroads, Inc	GoldStar Trust Company	Royal Chemas, Inc	499 N Nova Road, LLC	ZESV20, LLC	Harbor Community Bank	100 East Granada, LLC	Prescription for Investments	Maverick Properties of Lee County	Exgle FL I SPE, LLC
<b>Grantee</b>		Rainbow Development Group	Port Orange Investors, LLC	Bright Beginnings Ormond, LLC	n/a	n/a	n/a	n/a	n/a	n/a
<b>Sale Date</b>		7/26/2012	4/13/2011	7/12/2010	9/25/2012	9/25/2012	9/25/2012	9/25/2012	9/25/2012	9/21/2012
<b>Sale Price</b>		\$427,800	\$500,000	\$2,000,000	\$1,275,000	\$639,000	\$1,990,000	\$1,200,000	\$995,000	\$2,480,000
<b>Sale Price/Gross SF Bldg</b>		\$17.81	\$21.63	\$40.74	\$45.17	\$30.74	\$44.69	\$70.64	\$27.32	\$45.06
<b>Property Rights</b>	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Leased fee	Leased fee	Leased fee	Leased fee
<b>% Adjustment</b>		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Financing</b>	Assume cash to seller	Cash to seller	Cash to seller	Seller financing; market terms	Assume cash to seller	Assume cash to seller	Assume cash to seller	Assume cash to seller	Assume cash to seller	Assume cash to seller
<b>% Adjustment</b>		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Conditions of Sale</b>	Assume normal - arm's length	Normal - arm's length	Normal - arm's length	Normal - arm's length	Assume normal - arm's length	Assume normal - arm's length	Assume normal - arm's length	Assume normal - arm's length	Assume normal - arm's length	Assume normal - arm's length
<b>% Adjustment</b>		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Market Conditions</b>	9/17/2012	7/26/2012	4/13/2011	7/12/2010	9/25/2012	9/25/2012	9/25/2012	9/25/2012	9/25/2012	9/21/2012
<b>Months Elapsed</b>	-->	2.10	17.77	26.93	0.07	0.07	0.07	0.07	0.07	0.20
<b>% Adjustment</b>		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Adjusted Price PSF Bldg</b>		\$17.81	\$21.63	\$40.74	\$45.17	\$30.74	\$44.69	\$70.64	\$27.32	\$45.06
<b>Location</b>	901 E Moody Blvd	4015 S Williamson Blvd	1015 Eagle Lake Tr	499 S Nova Rd	320 Orange Av	228 N Ridgewood Av	110 E Granada Blvd	703 E Moody Blvd	115-119 S Palmetto Av	515 Palm Coast Pky SW
<b>Comparison</b>		Generally comparable	Superior - more active area; major commercial corridor	Superior - more active area; major commercial corridor	Somewhat superior - more active market	Somewhat superior - more active market; inferior access	Somewhat superior - more active area; major commercial corridor	Somewhat superior - same neighborhood; better visibility	Generally comparable	Somewhat superior - more active market
<b>% Adjustment</b>		0%	-15%	-15%	-10%	-10%	-10%	-5%	0%	+10%
<b>\$ Adjustment</b>		\$0.00	(\$3,253)	(\$6,113)	(\$4,321)	(\$3,077)	(\$4,477)	(\$2,533)	\$0.00	(\$4,511)
<b>SF Site Area/Leasehold Ratio</b>	278,850 sq ft / 4.81 to 1	349,787 sq ft / 14.57 to 1	216,647 sq ft / 9.38 to 1	199,000 sq ft / 4.05 to 1	98,110 sq ft / 3.48 to 1	46,391 sq ft / 2.23 to 1	67,075 sq ft / 1.51 to 1	59,850 sq ft / 3.32 to 1	45,355 sq ft / 1.79 to 1	174,240 sq ft / 3.17 to 1
<b>Parting (if spec res to bldg)</b>	1.34 x - 2.3 sp/1,000 of + pkg field	Not yet built - assume similar	330 x - 14.3 sp/1,000 of Superior	150 x - 3.1 sp/1,000 of Generally comparable	107 - 3.8 sp/1,000 of Generally comparable	55 x - 2.6 sp/1,000 of Somewhat inferior	91 - 2.0 sp/1,000 of Somewhat inferior	38 - 2.2 sp/1,000 of + open field	43 x - 1.8 sp/1,000 of + public pkg	281 - 5.1 sp/1,000 of Somewhat superior
<b>Comparison</b>		Generally comparable	Generally comparable	Generally comparable	Generally comparable	Somewhat inferior	Somewhat inferior	Generally comparable	Generally comparable	Somewhat superior
<b>% Adjustment</b>		0%	0%	0%	0%	0%	0%	0%	0%	-5%
<b>\$ Adjustment</b>		\$0.00	(\$2,161)	\$0.00	\$0.00	\$1,164	\$2,233	\$0.00	\$1,883	(\$2,251)
<b>Interior Buildouts</b>	Assume shell condition w/ stubbed elec, plumb in place	100% open shell interior	100% shell - former theaters	100% shell - former retail	100% office/some shell areas	50% office, 50% open	100% office/some shell areas	100% offices	100% offices	21% office/retail, 79% shell
<b>Comparison</b>		Generally comparable	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior
<b>\$ Adjustment</b>		\$10,000	\$0.00	\$0.00	(\$10,000)	(\$0,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$5,000)
<b>Gross SF Building</b>	57,954	24,015	23,111	49,097	28,224	20,784	44,526	16,988	26,662	53,042
<b>Comparison</b>		Smaller - higher unit value	Smaller - higher unit value	Generally comparable	Smaller - higher unit value	Smaller - higher unit value	Generally comparable	Smaller - higher unit value	Smaller - higher unit value	Generally comparable
<b>% Adjustment</b>		-10%	-10%	0%	-10%	-10%	0%	-10%	-10%	0%
<b>\$ Adjustment</b>		(\$1,778)	(\$2,161)	\$0.00	(\$4,521)	(\$3,077)	\$0.00	(\$17,046)	(\$3,773)	\$0.00
<b>Year Built/Condition as shell</b>	1979/Average	2006/Average	1965/Average	1983/Average	1966/Average	1954/Average	1964/Average	1960/Average	1952/Average	2009/Average
<b>Comparison</b>		Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable
<b>% Adjustment</b>		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>\$ Adjustment</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Construction Quality</b>	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average
<b>Comparison</b>		Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable	Generally comparable
<b>% Adjustment</b>		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>\$ Adjustment</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Final Adjusted Price Per SF</b>		\$26.03	\$14.08	\$34.63	\$36.34	\$21.33	\$32.46	\$70.64	\$23.45	\$32.30
<b>Net Adjustments</b>		\$8,222	(\$7,077)	(\$6,111)	(\$19,033)	(\$3,077)	(\$10,233)	(\$10,000)	(\$11,877)	(\$11,770)
<b>Weighting, 1-10</b>		10	10	10	0	0	0	0	0	0
<b>Average Per SF</b>	\$24.91				(adjusted asking price)	(adjusted asking price)	(adjusted asking price)	(adjusted asking price)	(adjusted asking price)	(adjusted asking price)
<b>Weighted Average Per SF</b>	\$24.91									
<b>Reconciled Value Per SF</b>	\$25.00									
<b>Analysis by HCA</b>										

## ***Adjustment Notes***

### **Property Rights, Financing & Conditions of Sale**

Each of the sales and Listings 1 and 2 transferred, or would transfer, the fee simple interest in the property. This is the same interest being appraised for the subject; no adjustments are necessary. Listings 3 through 6 would transfer the leased fee interest. The rental rates for each of these properties is thought to be at or near market rent, and therefore, the value of the leased fee interest would be similar to the value of the fee simple interest; no adjustments are required.

Financing for each of the sales was either cash to the seller or seller financing at market terms; no adjustments are needed. Financing for each of the listings is assumed to be cash to the seller.

The sales were normal, arm's length transactions where neither the buyer nor the seller was under duress; no adjustments are necessary. The listings are assumed to be normal, arm's length transactions.

### **Market Conditions**

Generally speaking, market conditions for commercial real estate changed dramatically from about 2006 through 2009. During this time period, distressed properties and foreclosures became more common. Lenders tightened credit requirements and it became very difficult for the buyer to obtain a loan. Values for commercial properties appear to have remained somewhat more stable since about the beginning of 2010. However, obtaining credit has remained a challenge. Each of the sales occurred during this period of relative stability; no adjustments are necessary. No adjustments are needed for the listings.

### **Location and Physical Characteristics**

Location and physical characteristics were reviewed for variances between subject and the comparables. Positive adjustments are made for factors where the comparables are considered inferior to the subject while negative adjustments are made for factors where the comparables are considered superior to the subject.

The sale and listing properties are generally comparable to the subject in year built/condition of the shell building and construction quality; no adjustments are needed.

The location of a site has a large influence on the subject's value. An adjustment may be made to the sale property if the sale property's location is considered to have a different value influence than the subject's. Sale 1 is located at the northeast corner of Williamson Blvd and Madeline Avenue in Port Orange. Although this location is a short distance from very desirable commercial hubs, it nevertheless does not have the exposure to considerable commercial traffic at this time; this is overall, generally comparable to the subject; no adjustment is necessary. And Listing 5 is located in downtown Daytona Beach, just south of West Intl Speedway Blvd. Although Intl Speedway Blvd is a major commercial highway, Listing 5 has no exposure to the passing traffic. Overall, this is generally comparable to the subject; no adjustment is required. Sales 2 and 3 are located along Nova Road in Port Orange and Ormond Beach, respectively. These are much more active and desirable commercial locations than the subject; downward adjustments are needed. Listings 1 and 2 are located in downtown Daytona Beach, Listing 3 is located on the beachside along SR 40 in Ormond Beach and Listing 6 is located just west of Belle Terre along Palm Coast Parkway in Palm Coast. Each of these locations is also superior to the subject's location, but less superior than Sales 2 and 3; lower downward adjustments are required. Listing 4 is located along East Moody Boulevard in Bunnell, just west of the subject. This property is somewhat superior to the subject because its visibility from Moody Blvd is better; a slight downward adjustment is in order.

Site utility (site size/land to building ratio/parking ratio) may be defined as the overall usability of the site from a development standpoint. It also deals with the overall suitability of the site for its use as a commercial building. This is measured in its land to building ratio (amount of land area per square foot of gross building area) and the availability of parking for the subject. The subject has about 136 parking spaces, with a ratio of 2.3 spaces per 1,000 square feet of building area. It also has the former heli-pad site that could likely be used for additional parking and/or stormwater retention if needed. Sale 1 was in the process of being constructed when the economy declined and construction stopped. This sale has a considerably higher land to building ratio than does the subject, which would typically require a downward adjustment. However, a significant amount of the land is improved with a very large stormwater retention pond to compensate for the property being located in the flood zone. And Sale 1's parking was never constructed, but it is thought that the parking ratio would be generally comparable to the subject. Overall, Sale 1 is considered generally comparable to the subject; no adjustment is needed. Sale 3 and Listings 1 and 4 are also considered comparable to the subject; no adjustments are required. Sale 2 and Listing 6 have higher parking ratios than the subject; downward adjustments are in order. And Listings 2, 3 and 5 have lower land to building and parking ratios than the subject. Each of these properties is inferior to the subject and each requires an upward adjustment.

As for interior buildouts, the subject is a former hospital building that is currently in shell condition. As noted earlier, we assume the subject has stubbed electric and plumbing. Sales 2 and 3 are generally comparable to the subject; no adjustments are needed. Sale 1 was a base shell with exterior walls, roof and reinforced concrete floor. This property is somewhat inferior to the subject; an upward adjustment is necessary. Each of the listings is somewhat superior to the subject; each requires a downward adjustment.

Building size deals with the "scale" or volume discount factor normally associated with the economies of scale. Generally speaking in real estate, all else being equal, a smaller building will sell for a higher price per square foot than a large building; that is, there is an inverse relationship between size and price. When a sale property is generally equivalent in size to the subject, no adjustment is necessary; however, when the sale property is more divergent from the subject's size, an adjustment may be warranted.

### ***Value Indication***

The sales range in adjusted selling prices from \$14.06 to \$34.63 per square foot of gross building area, with the mean (average) adjusted price of \$24.91 per square foot and the weighted average price of \$24.91 per square foot. The listings range in adjusted *asking prices* from \$21.13 to \$50.04 per square foot, with a mean (average) adjusted asking price of \$31.42 per square foot and a median adjusted asking price of \$29.30 per square foot. In this analysis, equal emphasis is given to each sale. No emphasis is given to the listings as they are asking prices only, not closed sales; they are provided for informational purposes only.

We have adopted a value of **\$25.00 per square foot** (rounded) for the subject's gross building area. The value of the subject is calculated to be

<b>SF Bldg Size</b>	<b>x</b>	<b>Value/SF Building</b>	<b>=</b>	<b>Value Indication</b>
57,954±		\$25.00		\$1,448,850

As noted earlier, due to its shell condition, the subject suffers no deferred maintenance.

It is our opinion that the market value indication of the fee simple interest in the subject, "as is", subject to the assumptions and conditions noted herein, as of September 27, 2012, by the Sales Comparison Approach, was (rounded to the nearest \$10,000): **\$1,450,000**.

## Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Each approach has been considered separately.

Value Indications	
Cost Approach	n/a
Sales Comparison Approach	\$1,450,000
Income Capitalization Approach	n/a
Compiled by HJA	

### ***Sales Comparison Approach***

Generally speaking, the Sales Comparison Approach compares the subject to somewhat similar properties that have sold reasonably close to the date of value. This approach directly measures the motivations of the buyers and sellers in the market. It is also the approach best understood by the general public. When sufficient data is available, it is the most direct and systematic approach to value. The reliability of this approach depends upon the availability and comparability of the market data. The Sales Comparison Approach is developed using the price per square foot of gross building area method.

As noted earlier, there have been few sales of properties highly comparable to the subject over the past couple of years. The sales used in this appraisal are of properties considered most comparable to the subject. The sale properties were adjusted for differences in location, site size/land-to-building ratio/parking ratio, interior buildouts, building size, year built/condition and construction quality. Although we would prefer to have had additional sales data, nevertheless, the quantity and quality of the sales and listings data presented are considered sufficient from which to conclude a reliable value indication for the subject.

### ***Final Value Conclusion***

It is our opinion that the market value of the fee simple interest in the subject, "as is", as of September 27, 2012, subject to the assumptions and conditions noted herein, was

**ONE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS  
(\$1,450,000)**

*This confidential report is prepared for the sole use and benefit of Independent Bankers Bank (IBB) and is based, in part, upon documents, writings, and information owned and possessed by IBB. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with IBB 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. IBB and the appraiser assume no responsibility if this report is used in any other manner.*

## Marketing Time

Reference is made to "Advisory Opinion 7" in the Uniform Standards of Professional Practice": Marketing time occurs after the effective date of the market value opinion and the marketing time opinion is related to, yet apart from, the appraisal process. Therefore, it is appropriate for the section of the appraisal report that discusses marketing time and its implications to appear toward the end of the report after the market value conclusion. The request to provide a reasonable marketing time opinion exceeds the normal information required for the appraisal process and should be treated separately from that process.

It is also appropriate for the appraiser to discuss the impact of price/value relationships on marketing time and to contrast different potential prices and their associated marketing times with the reasonable marketing time at the market value opinion level.

Marketing Time is defined as "an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."<sup>6</sup>

The subject is a former hospital property that contains two buildings totaling 57,954± square feet of gross building area located on two sites totaling 6.4± acres. The buildings are of average quality construction and are currently in average shell condition. The subject's improved building site is located removed and hidden from East Moody Boulevard (SR 100), but signage on its parking lot site located along the south side of Moody Blvd could help to neutralize its overall lack of visibility.

Currently the local economy is sluggish and there still remains a significant amount of uncertainty as to where the economy is headed. We have attempted to develop an opinion of value that could be achieved within a 12± month marketing period, although the marketing period may be somewhat longer, perhaps 12-18± month. The marketing time is subsequent to the date of the appraisal.

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<sup>6</sup> The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago: The Appraisal Institute, 2010), Page 121.

## **Addenda**

HAMILTON & JACOBS, LLC

File #12-3904: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110  
Page 40

**SUBJECT PHOTOGRAPHS**



Front Entrance To The Former Hospital Building Looking South From Near Canakaris Street.



West Entrance To Former Emergency Department.



West Elevation Of Former Hospital Building.



Former Covered Physician Parking.



South Elevation.



Former Patient Room Wings On The East End Of The Former Hospital Building.



Former Patient Room Wings On The East End Of The Former Hospital Building.



Rear Of Former Hospital Building Looking West Along The Rear Driveway.



Interior Corridor Near Former Emergency Department; Typical Shell Condition.



Typical Interior Room In Shell Condition.



Typical Interior Room In Shell Condition.



Typical Interior Room In Shell Condition.



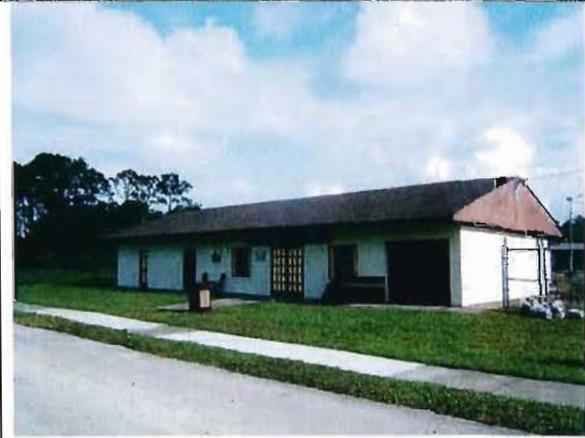
Roof Structure With Steel Trusses And Metal Decking.



Emergency Generator In The Background; Concrete-Vaulted Fuel Storage Tank To The Left.



Maintenance/Storage Building Looking West From Near Former Hospital Building.



Maintenance/Storage Building Looking East Across South Chapel Street.



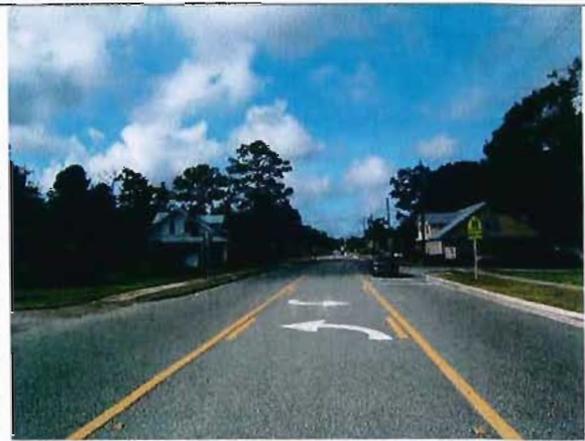
Open Field To The West Of The Former Hospital Building And To The North Of The Maintenance/Storage Building; Formerly Used For Helicopter Landing Pad.



Main Entrance To The Subject Looking South Across East Moody Boulevard.



East Moody Boulevard (State Road 100) Looking East; Main Entrance To The Subject Is To The Right.



East Moody Boulevard Looking West; Entrance To The Subject Is To The Immediate Left (Out Of View).



Parking Lot Site (West Side) Looking North From Near Canakariss Street.



Parking Lot Site (East Side) Looking North From Near Canakariss Street.



Main Entrance Drive From Moody Boulevard Looking North Across Canakariss Street; Parking Lots Are Located On Either Side Of This Driveway.



Canakariss Street Looking East; Improved Building Site To The Right; Parking Lot Site To The Left.



Canakaris Street Looking West; Improved Building Site To The Left; Parking Lot Site To The Right (Out Of View).

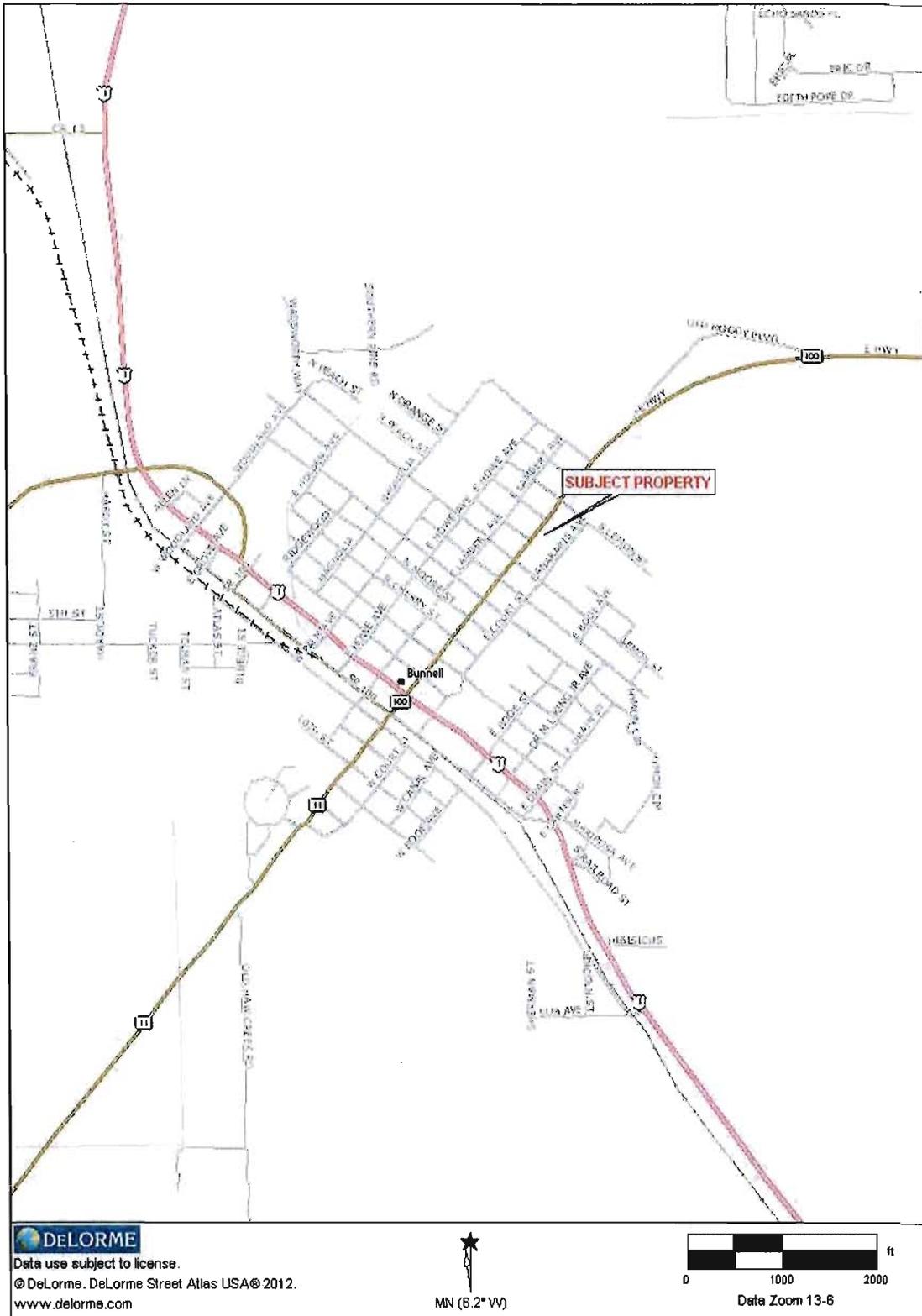


South Lemon Street Looking North; Improved Building Site Is To The Left.



South Lemon Street Looking South; Improved Building Site Is To The Rear-Right Of The Camera.

# LOCATION MAP



# ZONING MAP & ORDINANCE



Legend	
<b>BUNNELL ZONING**</b>	
	AC, AGRICULTURE (FLAGLER)
	AG, AGRICULTURAL
	B-1, BUSINESS
	<b>B-2, BUSINESS</b>
	C-1, COMMERCIAL (FLAGLER)
	C-2, COMMERCIAL (FLAGLER)
	<b>O-1, OFFICE, MEDICAL &amp; RELATED SERVICE</b>
	L-1, LIGHT INDUSTRIAL
	P, PUBLIC
	PUD, PLANNED UNIT DEVELOPMENT
	R-1, SINGLE-FAMILY RESIDENTIAL
	R-2, MULTI-FAMILY RESIDENTIAL
	R-3A, MULTI-FAMILY RESIDENTIAL
	R-3, MULTI-FAMILY RESIDENTIAL (ZERO LOT LINE)
	MH-1, RURAL MOBILE HOME (FLAGLER)
	UNDESIGNATED

**Sec. 34-117. - O-1 Office, medical and related services district.**

- (a) *Scope and general description.* This section applies to the O-1 Office, medical and related services district. This district is intended to provide areas of professional and business offices and related activities that require separate buildings and building groups surrounded by landscaped yards and open areas. The intent here is to provide centralized, compact locations for business offices, clinics, medical and dental offices. No new O-1 Office, medical and related services district may be created which contains less than two acres.
- (b) *Permitted principal and accessory uses and structures.* Within the O-1 Office, medical and related services district, no building, structure or land shall be used except for one or more of the following uses:
- (1) Professional and business offices, which shall include, but not be limited to, offices for lawyers, architects, engineers, insurance and real estate agents.
  - (2) Hospital, clinics, and medical and dental offices.
  - (3) Undertaking establishments and funeral homes.
  - (4) Drug stores in connection with medical clinics.
  - (5) Public buildings.
  - (6) Banks and other financial institutions.
  - (7) Other uses similar in character to those enumerated above, and which is the opinion of the city commission will not be injurious to the district.
  - (8) Any use permitted in the R-1 Single-family residential district.
- (c) *Area regulations.* Area regulations within the O-1 Office, medical and related services district shall be as follows:
- (1) *Front yard.* There shall be a front yard of not less than 25 feet measured from the property line to the front building line.
  - (2) *Side yard.* There shall be a side yard of not less than ten feet.
  - (3) *Rear yard.* There shall be a rear yard of not less than 25 feet.
  - (4) *Building site area regulations.* The minimum lot or building site area shall be 10,000 square feet and have a width of not less than 100 feet measured at the front building line.
  - (5) *Maximum lot coverage.* All main and accessory buildings shall not cover more than 50 percent of the lot area.
- (d) *Height regulations.* No main building or tower shall exceed two stories in height and no accessory building more than one story.
- (LDC 1991, ch. 4, art. X, § V)

**Sec. 34-116. - B-2 Business district.**

- (a) *Scope and general description.* This section applies to the B-2 business district. This business commercial district is intended to facilitate the change from residential to business usage, that require separate buildings or group of buildings surrounded by landscaping and open areas. It is not the intent to encourage strip development but rather a commercial district that is urban in nature to support the residential population of the city. No new B-2 district may be created which contains less than two acres.
- (b) *Permitted principal and accessory uses and structures.* Within any B-2 district, no building, structure, or land shall be used except for one or more of the following uses:
- (1) Any use permitted in the R-1 single-family residential district.
  - (2) Any use permitted within the O-1 office, medical and related use district.
  - (3) Commercial and professional offices having a gross floor area limited to 2,000 square feet. Including, but not limited to, art supplies, photo studios, barber and beauty shops, baked goods, book stores, clothing stores, electronics stores, fine antiques, tobacco stores, florists, gift shops, sporting goods, tailors and dressmakers, toy stores, clock and curio shops, eat-in restaurants, pet supplies and grooming, shoe stores, travel agencies, upholstery shops.
  - (4) Other uses similar in character to those enumerated above, and which is in the opinion of the planning, zoning and appeals board will not be injurious to the district.
  - (5) Buildings and uses immediately and exclusively accessory to the permitted uses, including automobile parking.
- (c) *Permitted special exception.* Permitted special exceptions, which are subject to approval by the local planning agency, in the B-2 district shall be as follows:
- (1) Rooming house, lodging house, and dormitory subject to the following minimum requirements:
    - a. Rentals must be made on a monthly, semi-annual, or annual basis. No hourly, daily, or weekly rentals permitted.
    - b. All rooms must be accessible from a single building entrance.
    - c. All shared facilities (i.e., bathrooms, laundry room, kitchen) must be internally accessible from all rooms.
    - d. There shall be no less than one bathroom containing a toilet, sink, and shower/tub provided per every four rooms.
    - e. An 8" x 12" sign shall be posted next to the front building entrance containing the name and phone number of the entity responsible for managing the property.
- (d) *Uses not permitted.* The following uses are not permitted in the B-2 business district:
- (1) Any use not allowed in subsection (b) above.
  - (2) Any use which would create any obnoxious, corrosive, or offensive noise, gas, odor, smoke, dust, fumes, vibration or light, and which would be detrimental to

other surrounding properties or to the welfare and health of the citizens in the area.

- (3) Outside storage or displays of merchandise or supplies. Sale, display, preparation and storage to be conducted within a completely enclosed building.
- (4) On-street parking, parking to comply with article V, division 2 of this chapter.

(e) *Area regulations.* Area regulations within the B-2 business district shall be as follows:

- (1) *Front yard.* There shall be a front yard of not less than 25 feet measured from the property line to the front building line.
- (2) Side yard.
  - a. There shall be a side yard of not less than ten feet.
  - b. When a lot in the B-2 district abuts a residential district there shall be a 15-foot buffer area.
- (3) Rear yard.
  - a. There shall be rear yard of not less than 25 feet.
  - b. Where a lot in the B-2 district abuts a residential district there shall be one buffer area within the 25-foot setback.
- (4) *Building site regulations.* The minimum lot or building site area shall be 10,000 square feet and have a width of 100 feet measured at the front building line.
- (5) *Maximum lot coverage.* All main and accessory buildings shall not cover more than 50 percent of the lot area.
- (6) Ingress and egress.
  - a. All corner lots shall have ingress and egress restricted to side streets.
  - b. Lots that are not on a corner shall be restricted to one 24-foot wide driveway.
  - c. Interior lots not on a corner will be encouraged to have shared driveways.
- (f) *Height regulations.* No main building or tower shall exceed two stories in height and no accessory building more than one story.

*(Ord. No. 1993-6, § 4, 3-16-93; Ord. No. 2010-18, § 1, 1-10-11)*

## Off-street Parking Requirements

Sec. 34-201. - Off-street parking requirements.

- (a) *Off-street parking requirements; general.* In all districts, there shall be provided at such time any building or structure is erected or enlarged or increased in capacity, off-street parking spaces for automobiles in accordance with the following requirements:
- (1) Off-street parking for other than residential use shall be either on the same lot or within 200 feet of the building it is intended to serve measured from the nearest point of the off-street parking lot, without crossing any major thoroughfare; provided, however, churches may establish joint parking facilities not to exceed 50 percent of the required spaces, with institutions and agencies that do not have a time conflict in parking demand. The joint parking facilities shall be located not to exceed 400 feet from the church sanctuary.
  - (2) Residential off-street parking space shall consist of a parking lot, driveway, garage, or combination thereof and shall be located on the lot they are intended to serve.
  - (3) For uses not specifically mentioned herein, off-street parking requirements shall be interpreted by the city commission.
  - (4) Any area once designated as required off-street parking shall not be changed to any other use unless and until equal facilities are provided elsewhere.
  - (5) Off-street parking existing on January 31, 1992, in connection with the operation of an existing building or use shall not be reduced to an amount less than hereinafter required for a similar new building or use.
  - (6) Two or more buildings or uses may collectively provide the required off-street parking, in which case, the required number of parking spaces shall be not less than the sum of the requirements for the several individual uses computed separately.
  - (7) The required off-street parking shall be for occupants, employees, visitors, patrons and shall be limited in use to motor vehicles. The storage of merchandise, motor vehicles for sale, or the repair of vehicles is prohibited.
  - (8) Every company car, truck, tractor and trailer normally stored at the plant site shall be provided with off-street parking space in an area reserved for the use as determined by the city commission.
  - (9) In cases of dual functioning of off-street parking where operating hours do not overlap, the city commission may grant an exception.
  - (10) The minimum number of off-street parking spaces shall be determined in accordance with the following table of parking spaces required.

*Table of parking spaces required.*

Type of Business	Parking Space Requirement
Automobile wrecking, junk, or salvage yard which offers for sale to the public any new or used merchandise	1 space for each 2 employees, plus 1 space for each 10,000 square feet of lot area, or 2 spaces for each 1,000 square feet of floor area, whichever is greater.
Banks, business or professional offices	1 per 300 square feet of usable floor area, plus 1 per each 3 employees.
Barber shop or beauty parlor	2 per barber or 3 beauticians based on the design capacity of the structure.
Boarding or rooming house	1 space for each 3 boarders not rooming on the premises. 1 for each 2 guests provided overnight accommodations.
Bowling alleys	5 per alley.
Churches	1 per 4 seats; or 1 per 30 square feet of usable floor area of auditorium, whichever is greater.
Commercial recreation uses	1 per 3 patrons, based on the design capacity of the facility.
Country club	1 per 5 members.
Dwellings (single- and two-family)	2 per dwelling unit.
Dwellings (multiple-family)	1½ spaces per dwelling unit for the first 20 units, plus 1 space for each dwelling unit exceeding 20 units.
Establishments for sale and consumption, on the premises, of beverages, food, or refreshment	1 per 3 employees, plus 1 per 200 square feet of usable floor space, or 1 per 3 fixed seats, whichever is the greater.
Gasoline service stations	1 parking space for each employee, plus 2 for each service bay.
Governmental office building	1 per 300 square feet of usable floor area, plus 1 per each 3 employees. Every governmental vehicle shall be provided with a reserved off-street parking space.

Homes for the aged, sanitariums, convalescent or nursing homes	1 per 3 employees, plus 1 per 200 square feet of usable floor space, or 1 per 3 fixed seats, whichever is the greater.
Hospitals	1 per 3 patient beds, exclusive of bassinets, plus 1 space for each staff doctor, plus 1 space for each 2 employees including nurses on the maximum working shift, plus adequate area for parking emergency vehicles.
Hotels	1 per 2 rooms or suites, plus 2 per 3 employees.
Hotels (apartments)	1 parking space for each 2 individual rooms or apartments is required.
Industrial establishments, mechanical garages	2 per 3 employees on the combined 2 largest successive shifts, plus adequate parking space for customer and visitor vehicles as determined by the city commission.
Library	1 for each 400 square feet of floor area.
Medical clinics	3 patient's parking spaces per staff doctor, plus 2 per 3 employees, plus 1 per staff doctor.
Mortuaries or funeral parlors	5 spaces per parlor or chapel unit, or 1 per 4 seats, whichever is greater.
Motels and tourist courts	1 per guest bedroom.
Private clubs, lodge, or union headquarters	1 per 3 members based on the design capacity of the facility.
Retail stores and personal service establishments except as otherwise specified herein	1 per 200 square feet of retail floor space.
Schools shall be provided with parking spaces under the following schedule: elementary, junior high and the equivalent private or parochial schools	2 spaces per 3 teachers and employees normally engaged in or about the building or grounds, plus 1 space for each 150 square feet of seating area, including aisles in any auditorium.
Senior high schools and the equivalent private or parochial schools	2 spaces per 3 teachers and employees normally engaged in or about the building or grounds, plus 1 space per 5 students, or 1 space for each 150 feet of seating area, including aisles, in any auditorium, gymnasium or a cafeteria intended to be used as an auditorium, whichever is greater.
Kindergartens, day schools, and the equivalent	2 parking spaces per 3 employees normally engaged in or about the building or

private or parochial schools	grounds, plus 1 off-street loading space per 8 pupils.
Stadiums and sports arenas	1 per 30 seats or 12 feet of benches.
Swimming pools	1 per 30 square feet of water area.
Theaters, auditoriums, and places of assembly without fixed seats	1 per 3 people based on the seating capacity of the structure.
Wholesale establishments and business services, cold storage and frozen food lockers, laundromat and other self service activities	1 for every 50 square feet of customer service area, plus 2 per 3 employees based on the design capacity of the largest shift.

### **Off-street Loading**

#### **Sec. 34-204. - Off-street loading and unloading requirements.**

In all districts, and on the same premises, with every building, structure, or part thereof, erected and occupied for manufacturing, storage, warehouse goods, a wholesale store, a market, a hotel, a hospital, or other uses similarly involving the receipt or distribution of vehicles, materials or merchandise, there shall be provided and maintained on the lot adequate space for standing, loading and unloading services adjacent to the opening used for loading and unloading in order to avoid undue interference with public use of the streets or alleys. Off-street loading and unloading space shall be provided as follows:

- (1) One off-street loading and unloading space shall be provided for buildings up to and including 20,000 square feet of floor area, plus one additional off-street loading and unloading space for each additional 20,000 square feet of floor area up to and including 100,000 square feet.
- (2) Where trailer trucks are involved such loading and unloading space shall be an area 12 feet by 45 feet with a 14-foot height clearance and shall be designed with appropriate means of truck access to a street or alley as well as adequate maneuvering area.
- (3) All areas devoted to permanent off-street loading and unloading as required under this section shall be of a sealed-surface construction and maintained in such a manner that no dust will result from continuous use. Reduction of impervious pavement surface material is encouraged by the city. Any permeable loading surface including substructure must be approved by the planning, zoning, and appeals board as determined by evidence and testimony provided to the planning, zoning and appeals board.

*(LDC 1991, ch. 4, art. XIII, § IV; Ord. No. 2008-54, § 1, 1-6-09)*

# IMPROVED SALE DATA SHEETS & MAPS

## Improved Sale No. 1



### Property Identification

**Record ID** 1420  
**Property Type** Special Purpose, Free Standing Bldg.  
**Property Name** Former Church Property  
**Address** 4015 South Williamson Boulevard, Port Orange, Volusia County, Florida 32129  
**Location** NEC S Williamson Blvd & Madeline Av  
**Tax ID** 6201-00-00-0050

### Sale Data

**Grantor** GoldStar Trust Company  
**Grantee** Rainbow Development Group, LLC  
**Sale Date** July 26, 2012  
**Deed Book/Page** 6743-4980  
**Property Rights** Fee simple  
**Marketing Time** 6± years  
**Conditions of Sale** Normal - arm's length  
**Financing** Cash to seller  
**Verification** Teri Gonzales, GoldStar Trust Co, seller; via email, September 25, 2012; Other sources: Public records, Confirmed by Russell Hamilton MAI

**Sale Price** \$427,800

### Land Data

**Land Size** 8.030 Acres or 349,787 SF  
**Front Footage** 675 ft S Williamson Blvd; 514 ft Madeline Av

HAMILTON & JACOBS, LLC

## Improved Sale No. 1 (Cont.)

### Land Data (cont.)

<b>Zoning</b>	PCD, Planned Commercial Development
<b>Topography</b>	Level, near road grade, cleared
<b>Utilities</b>	All municipal utilities are available
<b>Dimensions</b>	N=500'; E= 700'; S= 514'; W= 675'
<b>Shape</b>	Generally rectangular

### General Physical Data

<b>Building Type</b>	Single tenant
<b>Gross SF</b>	24,015
<b>Construction Type</b>	Concrete block & stucco
<b>Roof Type</b>	Metal
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	None in shell
<b>HVAC</b>	None in shell
<b>Sprinklers</b>	None in shell
<b>Stories</b>	1
<b>Floor Height</b>	16'±
<b>Year Built</b>	2006
<b>Condition</b>	Average

### Indicators

<b>Sale Price/Gross SF</b>	\$17.81
<b>Floor Area Ratio</b>	0.07
<b>Land to Building Ratio</b>	14.57:1
<b>Occupancy at Sale</b>	0%

### Remarks

**9/25/2012 (RJH):** This is the sale of a shell building. The building contains exterior walls, a concrete slab and a roof. There were no interior improvements beyond the concrete slab and stubbed plumbing.

This building was originally designed to be a church, but the church ran into financial difficulties as the economy started faltering, and construction abruptly stopped. The property had been listed since about 2006 or 2007. The original listing price had been several million dollars, but declined over the following 5+ years. The most recent listing agent indicated that he had the listing for 7-8± months prior to the sale and that his original listing price was about \$995,000. At the time of sale, the asking price had been reduced to \$640,000.

Foreclosure proceedings began in about 2007 and a Final Judgment of Foreclosure was entered in March 2009. The listing agent indicated that the buyer mentioned possibly developing the property with an assisted living facility, but he doesn't know for sure.

According to Dick McNeerney, a local broker who originally had the property listed for about 5 years, the existing shell building is about all the building area that can be developed on this large site due to the amount of compensating stormwater retention required. The property is located in a flood plain and was required to construct the large stormwater retention pond that surrounds the building on the south and west sides. Mr. McNeerney also indicated that the building will need to be modified to meet new wind load regulations.

## Improved Sale No. 2



### Property Identification

<b>Record ID</b>	1421
<b>Property Type</b>	Retail, Free Standing Bldg.
<b>Property Name</b>	Former Port Orange 6 Theaters
<b>Address</b>	1015 Eagle Lake Trail, Port Orange, Volusia County, Florida 32129
<b>Location</b>	NWC Eagle Lake Tr & Nova Rd
<b>Tax ID</b>	6309-10-00-0030

### Sale Data

<b>Grantor</b>	Regal Cinemas, Inc
<b>Grantee</b>	Port Orange Investors, LLC
<b>Sale Date</b>	April 13, 2011
<b>Deed Book/Page</b>	6587-3073
<b>Recorded Plat</b>	MB 39, P 164
<b>Property Rights</b>	Fee simple
<b>Marketing Time</b>	12+ months
<b>Conditions of Sale</b>	Normal - arm's length
<b>Financing</b>	Cash to seller
<b>Verification</b>	John Trost, listing broker; 386-295-5723, September 19, 2011; Other sources: Public records, Confirmed by Alfred (Chip) Hamilton MAI

<b>Sale Price</b>	\$500,000
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### Land Data

<b>Land Size</b>	4.974 Acres or 216,667 SF
<b>Front Footage</b>	200 ft Nova Rd; 450 ft Eagle Lake Tr
<b>Zoning</b>	PCD, Planned Commercial Development
<b>Topography</b>	Level, near road grade, cleared
<b>Utilities</b>	All municipal utilities are available
<b>Shape</b>	Irregular; good utility
<b>Flood Info</b>	Zone X, Map 12127C0369-G; 4/15/2002

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## Improved Sale No. 2 (Cont.)

### General Physical Data

<b>Building Name</b>	Port Orange 6 Theaters
<b>Building Type</b>	Single tenant
<b>Gross SF</b>	23,111
<b>Construction Type</b>	Concrete block & stucco
<b>Roof Type</b>	Flat, builtup composition
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	None in shell
<b>Sprinklers</b>	100%
<b>Stories</b>	1
<b>Floor Height</b>	20'±
<b>Year Built</b>	1985
<b>Condition</b>	Average

### Indicators

<b>Sale Price/Gross SF</b>	\$21.63
<b>Floor Area Ratio</b>	0.11
<b>Land to Building Ratio</b>	9.38:1
<b>Occupancy at Sale</b>	0%

### Remarks

**9/19/2011 (AAH):** This property was purchased by a local developer/investor after it had been on the market for an extended period of time. It is improved with a 25± year old, six screen movie theater that had been made obsolete with the opening of a modern, high tech theater in a new shopping mall just a few miles away. It had suffered for years before that from the competition from more modern movie theater complexes in Daytona Beach and Ormond Beach.

The buyer has plans for an extensive renovation and rebuilding of the building and to divide the property with an outparcel along the Nova Road frontage. The large parking lot was in poor condition and will have to be completely rebuilt for any future use. The buyer is testing the market with conceptual designs of a renovated building.

There are about 330 parking spaces, indicating a parking ratio of 14.3 spaces per 1,000 square feet of building area.

### Improved Sale No. 3



#### Property Identification

**Record ID** 983  
**Property Type** Retail/Commercial  
**Property Name** Bright Beginnings Day Care  
**Address** 499 South Nova Road, Ormond Beach, Volusia County, Florida 32174  
**Location** East side of Nova road, north of Division Avenue  
**Tax ID** 4221-00-03-0090

#### Sale Data

**Grantor** 499 N Nova Road, LLC  
**Grantee** Bright Beginnings Ormond, LLC  
**Sale Date** July 12, 2010  
**Deed Book/Page** 6496-4568  
**Property Rights** Fee simple  
**Marketing Time** 12± months  
**Conditions of Sale** Normal  
**Financing** Seller financing at market terms  
**Sale History** 05/2009 \$1,250,000 Per PRVC 6354-2668  
**Verification** Charles Williams, Jr, seller; 386-676-0210, September 21, 2011;  
Other sources: News-Journal; Public Records, Confirmed by Russell Hamilton MAI

**Sale Price** \$2,000,000  
**Cash Equivalent** \$2,000,000

#### Land Data

**Land Size** 4.568 Acres or 199,000 SF  
**Front Footage** 293 ft S Nova Rd  
**Zoning** B-8, Commercial  
**Topography** Level, near road grade, cleared  
**Utilities** All available  
**Dimensions** N= 812'±; E= 271'±; S= 770'±; W= 393'±  
**Shape** Parallelogram

HAMILTON & JACOBS, LLC

### Improved Sale No. 3 (Cont.)

#### **General Physical Data**

<b>Building Name</b>	Bright Beginnings
<b>Building Type</b>	Single tenant
<b>Gross SF</b>	49,097
<b>Construction Type</b>	Concrete block
<b>Roof Type</b>	Flat, builtup composition
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Assumed adequate
<b>HVAC</b>	Yes (100%)
<b>Sprinklers</b>	Yes (91%)
<b>Stories</b>	1
<b>Floor Height</b>	17'±
<b>Year Built</b>	1983
<b>Condition</b>	Average

#### **Indicators**

<b>Sale Price/Gross SF</b>	\$40.74
<b>Floor Area Ratio</b>	0.25
<b>Land to Building Ratio</b>	4.05:1
<b>Occupancy at Sale</b>	0%

#### **Remarks**

**9/21/2011 (RJH):** This is a former furniture retail store that was purchased to convert to a daycare center. The seller indicated that he did some renovation work and cleaned up the property before the sale, including removing interior partitions, air conditioning work, new landscaping and resealing the parking lot.

There are about 150 marked parking spaces, indicating a parking ratio of 3.1 spaces per 1,000 square feet of building area.

## Improved Listing No. 1



### **Property Identification**

**Record ID** 1121  
**Property Type** Office, Professional Office  
**Property Name** Former SunTrust Mortgage Building  
**Address** 320 Orange Avenue, Daytona Beach, Volusia County, Florida 32114  
**Location** NWC S Ridgewood Av & Orange Av  
**Tax ID** 5339-01-19-0010, 0023 & 5339-29-00-0140

### **Sale Data**

**Grantor** ZES320, LLC  
**Survey Date** September 25, 2012  
**Property Rights** Fee simple  
**Marketing Time** 4+ years  
**Conditions of Sale** Assume normal - arm's length  
**Financing** Assume cash to seller  
**Sale History** December 2006 for \$1,451,000  
**Verification** Claude Gardner, listing agent; 386-253-8565, September 25, 2012;  
Confirmed by Russell Hamilton MAI

**Listing Price** \$1,275,000

### **Land Data**

**Land Size** 2.252 Acres or 98,110 SF  
**Front Footage** Ridgewood Av; Orange Ave  
**Zoning** RDD-3, Redevelopment District  
**Topography** Slightly sloping downward from east to west  
**Utilities** All municipal utilities are available  
**Dimensions** Irregular  
**Shape** Irregular  
**Landscaping** Adequate

HAMILTON & JACOBS, LLC

## Improved Listing No. 1 (Cont.)

### General Physical Data

<b>Building Name</b>	Former SunTrust Mortgage
<b>Building Type</b>	Single tenant
<b>Gross SF</b>	28,224
<b>Construction Type</b>	Masonry
<b>Roof Type</b>	Flat, built-up composition
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	Central electric
<b>Sprinklers</b>	None
<b>Stories</b>	2
<b>Floor Height</b>	12'±
<b>Year Built</b>	1966
<b>Condition</b>	Average

### Indicators

<b>Sale Price/Gross SF</b>	\$45.17
<b>Floor Area Ratio</b>	0.29
<b>Land to Building Ratio</b>	3.48:1
<b>Occupancy at Sale</b>	0%

### Remarks

**6/2010 (RHL):** This property has been on the open market for sale or lease in excess of 2 years. The property is currently being offered for \$2,000,000 including an "out parcel" (224' x 132') at the Ridgewood/Orange Ave. intersection. The property is also offered, excluding the "out parcel" for a price of \$1,500,000 (\$53.15/SF). The building has one elevator accessing the second floor (16,000± SF).

There are 61 parking spaces on-site and 46 spaces on a separate offsite lot across Segrave Ave. from the building. The 107 parking spaces is equivalent to 3.8 spaces per 1,000 square feet of building area.

**5/2011 (MCM):** Listing of the building only is now reduced from \$1,500,000 to \$1,450,000. Also listed for lease at \$5/sf/yr NNN.

The property, or any division of it, has been offered for lease at rates that began at \$8.50/SF in 2006, increased to as much as \$12/SF in November of 2008, and is currently offered at a rate of \$5.00/SF. No leases have been secured during this period.

**9/25/2012 (RJH):** According to the listing agent, the asking price has been reduced to \$1,275,000. The building, or a portion of it, is still listed for lease at \$5.00 per square foot per year triple net. No leases have been written.

There has been limited interest in this property over the past 6± months. The listing agent indicated that there is no carpet in the building, but the interior has been painted. Repairs for the roof and air conditioning system would cost about \$25,000 and have not been done.

## Improved Listing No. 2



### Property Identification

**Record ID** 958  
**Property Type** Office, Professional Office  
**Property Name** Former FPL Office Building  
**Address** 228 North Ridgewood Avenue, Daytona Beach, Volusia County, Florida 32114  
**Location** West side of Ridgewood Av, just north of US 92  
**Tax ID** 5339-02-53-0071

### Sale Data

**Grantor** Harbor Community Bank  
**Survey Date** September 25, 2012  
**Recorded Plat** MB 1, P 151  
**Property Rights** Fee simple  
**Marketing Time** 2-3± years  
**Conditions of Sale** Assume normal - arm's length  
**Financing** Assume cash to seller  
**Verification** Bob Rand, listing agent; 386-672-8530, September 25, 2012; Other sources: Public records, Loopnet # 16615878, Confirmed by Russell Hamilton MAI

**Listing Price** \$639,000

### Land Data

**Land Size** 1.065 Acres or 46,375 SF  
**Front Footage** 100 ft N Ridgewood Av; 100 ft N Segrave Av  
**Zoning** RDD-3, City of Daytona Beach, Residential Professional  
**Topography** Site slopes downward from Ridgewood Av toward the west  
**Utilities** All municipal utilities are available  
**Dimensions** 100' X 464'±  
**Shape** Rectangular

HAMILTON & JACOBS, LLC

## Improved Listing No. 2 (Cont.)

### General Physical Data

<b>Building Name</b>	Former FP&L Bldg
<b>Building Type</b>	Single tenant
<b>Gross SF</b>	20,784
<b>Construction Type</b>	Masonry, 2-story
<b>Roof Type</b>	Flat, built-up composition
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	Central electric
<b>Sprinklers</b>	None
<b>Stories</b>	2
<b>Floor Height</b>	10'±
<b>Year Built</b>	1957
<b>Condition</b>	Average

### Indicators

<b>Sale Price/Gross SF</b>	\$30.74
<b>Floor Area Ratio</b>	0.45
<b>Land to Building Ratio</b>	2.23:1
<b>Occupancy at Sale</b>	0%

### Remarks

**6/2010 (RHL):** This building was formerly utilized by FP&L and later by "The Office Place" and a religious congregation. The ground floor has a largely "open" floor plan while the second floor is subdivided for general office use. The building's overall condition is typical for its age and shows some signs of deferred maintenance. The building is 100% vacant. The property includes an amply sized parking lot (70± spaces) to the rear (west of) the building. The building does not include an elevator to access the upper story. The listing broker reports the property has been on the market since Putnam Bank's foreclosure in October 2009 and that there have been only a few inquires about the property. The listing agent is Scott Harter (CB Commercial Benchmark Realty) and the asking price is \$825,000.

**9/25/2012 (RJH):** The former owner of the property, Putnam State Bank, was acquired by Harbor Community Bank (Indiantown, FL) after the FDIC closed Putnam State Bank. The new listing agent, also with CB Commercial Benchmark, is Bob Rand who indicated that the asking price was recently reduced to \$639,000. There has been limited interest in the property, most recently by Bethune Cookman University for their doctoral program, but the university has not pursued the purchase, presumably due to a lack of funding. The listing agent indicated that the building is structurally sound. He further indicated that the parking lot could be reconfigured and restriped to accommodate about 55 cars. At 55 parking spaces, the parking ratio would be about 2.6 spaces per 1,000 square feet of building area.

The listing agent indicated that the roof, air conditioning system and elevator need repairs/replacement. He estimated the cost for these items at about \$275,000 based on discussions with contractors.

### Improved Listing No. 3



#### **Property Identification**

**Record ID** 1422  
**Property Type** Office, Professional Office  
**Property Name** Accumen Center  
**Address** 110 East Granada Boulevard, Ormond Beach, Volusia County, Florida 32176  
**Location** SEC E Granada Blvd & Seton Tr  
**Tax ID** 4214-11-00-0360

#### **Sale Data**

**Grantor** 100 East Granada LLC  
**Survey Date** September 25, 2012  
**Recorded Plat** MB 1, P 121  
**Property Rights** Leased fee  
**Marketing Time** 4+ years  
**Conditions of Sale** Assume normal - arm's length  
**Financing** Assume cash to seller  
**Verification** Greg Antonich, listing agent; 386-673-7001, September 25, 2012;  
Other sources: Public records, Loopnet #15738201, Confirmed by  
Russell Hamilton MAI

**Listing Price** \$1,990,000

#### **Land Data**

**Land Size** 1.540 Acres or 67,075 SF  
**Front Footage** 223 ft E Granada Blvd; 300 ft Seton Tr; 102 ft Vining Ct  
**Zoning** B-4, Central Business  
**Topography** Level, near road grade, cleared  
**Utilities** All municipal utilities are available  
**Shape** Irregular; good utility

HAMILTON & JACOBS, LLC

### Improved Listing No. 3 (Cont.)

#### General Physical Data

<b>Building Name</b>	Accumen Center
<b>Building Type</b>	Multi Tenant
<b>Gross SF</b>	44,526
<b>Construction Type</b>	Concrete block & stucco
<b>Roof Type</b>	Flat, builtup composition
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Floor Height</b>	11-12'±
<b>Year Built</b>	1964
<b>Condition</b>	Average

#### Indicators

<b>Sale Price/Gross SF</b>	\$44.69
<b>Floor Area Ratio</b>	0.66
<b>Land to Building Ratio</b>	1.51:1
<b>Occupancy at Sale</b>	65-70%

#### Remarks

**9/25/2012 (RJH):** The listing agent indicated that about 65%-70% of the space is either owner-occupied or leased. Lease terms are for no longer than 1-2 years. He indicated that the common areas are dated and tired looking, but that the mechanical systems (elevator, air conditioning, electrical) are in average condition; the restrooms would need to be updated and enlarged. There has been little interest in this building at the current asking price, which has been in place since the property was originally listed in 2008.

There are about 91 parking spaces on-site, resulting in a parking ratio of 2.0 spaces per 1,000 square feet of building area.

## Improved Listing No. 4



### **Property Identification**

<b>Record ID</b>	1423
<b>Property Type</b>	Office, Professional Office
<b>Property Name</b>	Bunnell Pharmacy & Office Building
<b>Address</b>	703 East Moody Boulevard, Bunnell, Flagler County, Florida 32110
<b>Location</b>	SEC E Moody Blvd & Bacher St
<b>Tax ID</b>	10-12-30-0850-00560-0010

### **Sale Data**

<b>Grantor</b>	Prescription for Investments
<b>Survey Date</b>	September 25, 2012
<b>Property Rights</b>	Leased fee
<b>Marketing Time</b>	2± years
<b>Conditions of Sale</b>	Assume normal - arm's length
<b>Financing</b>	Assume cash to seller
<b>Verification</b>	Ed Schwarz, listing broker; 386-672-8530, September 25, 2012; Other sources: Public records, Loopnet #17312102, Confirmed by Russell Hamilton MAI

<b>Listing Price</b>	\$1,200,000
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### **Land Data**

<b>Land Size</b>	1.374 Acres or 59,850 SF
<b>Front Footage</b>	210 ft E Moody Blvd;285 ft Bacher St;285 ft Chapel St
<b>Zoning</b>	B-2, Business
<b>Topography</b>	Level, near road grade, cleared
<b>Utilities</b>	All municipal utilities are available
<b>Dimensions</b>	210' x 285'±
<b>Shape</b>	Rectangular

## Improved Listing No. 4 (Cont.)

### General Physical Data

<b>Building Name</b>	Bunnell Pharmacy/Offices
<b>Building Type</b>	Single tenant
<b>Gross SF</b>	16,988
<b>Construction Type</b>	Concrete block & brick
<b>Roof Type</b>	Wood or steel trusses & compos
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Floor Height</b>	10'±
<b>Year Built</b>	1960
<b>Condition</b>	Average

### Indicators

<b>Sale Price/Gross SF</b>	\$70.64
<b>Floor Area Ratio</b>	0.28
<b>Land to Building Ratio</b>	3.52:1
<b>Occupancy at Sale</b>	50%

### Remarks

**9/25/2012 (RJH):** This is the listing of a multi-tenant, medical and professional office building located on SR 100 in Bunnell. Tenants include a pharmacy and several governmental agencies. The owner's former medical practice was also located in this building.

According to the listing agent, the roof and air conditioning system are in average condition. One of the main tenants is vacating in the next few months, which will reduce the gross income by about 40%. The property has been listed for sale for about 2 years. The listing agent indicated that there has been limited interest at the asking price.

There are 38 marked, paved parking spaces on-site and there is a grass parking field to the south of the building that could accommodate another 20± spaces. At 58± spaces, the parking ratio would be about 3.4 spaces per 1,000 square feet of building area.

## Improved Listing No. 5



### **Property Identification**

**Record ID** 1424  
**Property Type** Office, Free Standing Bldg.  
**Property Name** Courtyard Center South  
**Address** 115-119 South Palmetto Avenue, Daytona Beach, Volusia County, Florida 32114  
**Location** East side of S Palmetto Av, south of US 92  
**Tax ID** 5339-09-02-0010

### **Sale Data**

**Grantor** Maverick Properties of Lee County, RLLP  
**Survey Date** September 25, 2012  
**Recorded Plat** MB 3, P 125  
**Property Rights** Leased fee  
**Marketing Time** 3+ years  
**Conditions of Sale** Assume normal - arm's length  
**Financing** Assume cash to seller  
**Verification** Gary Clarke, listing agent; 386-871-0420, September 25, 2012; Other sources: Public records, Loopnet #17693347, Confirmed by Russell Hamilton MAI

**Listing Price** \$995,000

### **Land Data**

**Land Size** 1.041 Acres or 45,355 SF  
**Front Footage** 150 ft S Palmetto Av  
**Zoning** RDD-2, Redevelopment District  
**Topography** Level, near road grade, cleared  
**Utilities** All municipal utilities are available  
**Dimensions** N= 295'; E= 150'; S= 285'; W= 150'  
**Shape** Generally rectangular

HAMILTON & JACOBS, LLC

## Improved Listing No. 5 (Cont.)

### **General Physical Data**

<b>Building Name</b>	Courtyard Center South
<b>Building Type</b>	Multi-tenant
<b>Gross SF</b>	26,662
<b>Construction Type</b>	Concrete block
<b>Roof Type</b>	Flat, builtup composition
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	2
<b>Floor Height</b>	12'±
<b>Year Built</b>	1952
<b>Condition</b>	Average

### **Indicators**

<b>Sale Price/Gross SF</b>	\$37.32
<b>Floor Area Ratio</b>	0.59
<b>Land to Building Ratio</b>	1.70:1
<b>Occupancy at Sale</b>	40%

### **Remarks**

**9/25/2012 (RJH):** This is a former furniture store that was renovated into professional offices in the 1980s. The building consists of a first floor of about 22,000 square feet and a second floor of about 4,000 square feet at the east end of the building (no elevator). The listing agent indicated that the owner did some remodeling in 2004 after his purchase. The building is structurally sound with the roof and mechanical systems reportedly in average condition.

There was a recent offer of about \$800,000 that was turned down. We understand that the broker involved with that potential buyer is working to put in an offer "in a more acceptable form". It is unclear what that means.

There are about 48 parking space on-site, resulting in a parking ratio of 1.8 spaces per 1,000 square feet of building area. There are a couple of public parking lots in close proximity to this building which would effectively increase this parking ratio.

## Improved Listing No. 6



### **Property Identification**

**Record ID** 1425  
**Property Type** Retail/Commercial, Mixed Use/Retail-Office  
**Property Name** Roma Court  
**Address** 515 Palm Coast Parkway SW, Palm Coast, Flagler County, Florida 32137  
**Location** NWC Palm Coast Pky (eastbound) & Corporate Dr  
**Tax ID** 14-11-30-5538-00000-0080

### **Sale Data**

**Grantor** Eagle FL I SPE, LLC  
**Survey Date** September 21, 2012  
**Property Rights** Leased fee  
**Marketing Time** 3± years  
**Conditions of Sale** Assume normal - arm's length  
**Financing** Assume cash to seller  
**Verification** Loopnet #16696439; Other sources: Public records; appraisal on file, Confirmed by Russell Hamilton MAI

**Listing Price** \$2,480,000

### **Land Data**

**Land Size** 4.000 Acres or 174,240 SF  
**Front Footage** 605 ft Palm Coast Pky (eastbound); 353 ft Corporate Dr  
**Zoning** COM-2, General Commercial  
**Topography** Level, near road grade, cleared  
**Utilities** All municipal utilities are available  
**Shape** Irregular; good utility

HAMILTON & JACOBS, LLC

## Improved Listing No. 6 (Cont.)

### General Physical Data

**Building Name** Roma Court  
**Building Type** Multi-tenant  
**Gross SF** 55,042

**Construction Type** Concrete tilt wall with stucco  
**Roof Type** Flat, concrete slab with rubber covering  
**Foundation** Reinforced concrete  
**Electrical** None in shell area  
**HVAC** None in shell area  
**Sprinklers** 100%  
**Stories** 3  
**Floor Height** 13'±  
**Year Built** 2009  
**Condition** Average

### Indicators

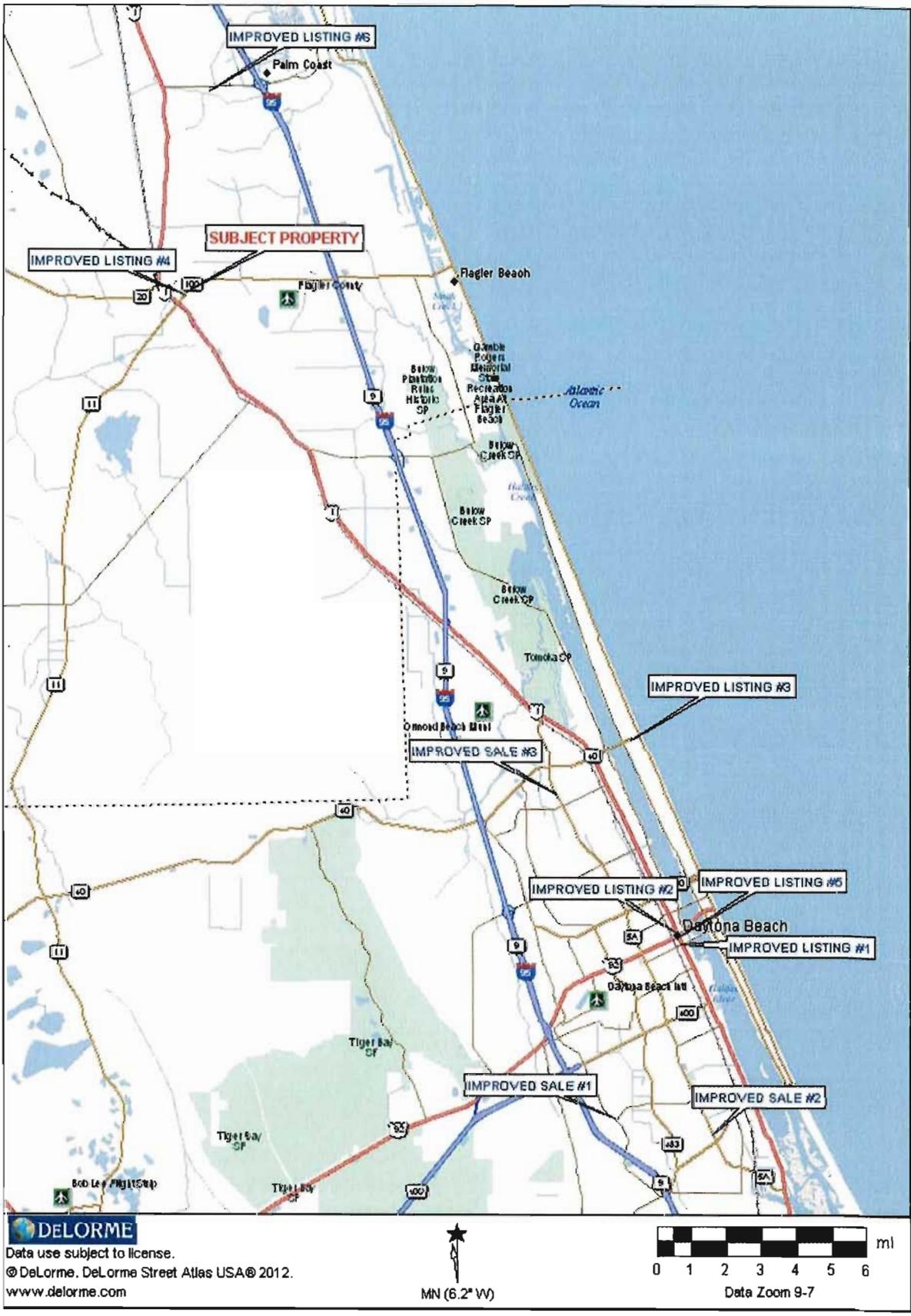
**Sale Price/Gross SF** \$45.06  
**Floor Area Ratio** 0.32  
**Land to Building Ratio** 3.17:1  
**Occupancy at Sale** 13%

### Remarks

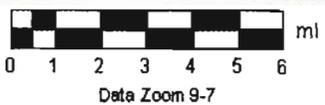
**9/21/2012 (RJH):** This is a 3-story, multi-tenant retail/commercial/office complex. There are two levels of retail/office space and the third level is an underground parking garage; there are two elevators that serve the building. The improvements are in a "horse-shoe" configuration with a central courtyard. Covered walkways on each floor overlook the courtyard. Individual suites have a storefront configuration with separate entrances. All suite entries face onto the central courtyard with no exposure to the frontage roads.

The majority of the leasable area is unfinished and in a "shell" condition with exposed concrete floors, unpainted drywall demising walls, exposed beam ceilings, no lighting but with air condition ducting installed. Each unfinished suite does have a single restroom installed (unfinished) with a water closet and sink installed. About 43,617± square feet (79%± of the leasable area) is in the shell state and in need of buildout.

There are 281± paved parking spaces on-site (92 spaces in the underground parking garage), resulting in a parking ratio of 5.1 spaces per 1,000 square feet of building area.



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# CLIENT'S LETTER OF ENGAGEMENT



IBB (Member FDIC) 10000 Lake Nona Blvd  
Lake Nona, Florida 32159-2100  
407.276.3333 • 407.276.3333  
www.ibb.com

## VIA E-MAIL

September 11, 2012

**Russell J. Hamilton, MAI**  
State-Certified General Real Estate Appraiser RZ1292  
**Hamilton & Jacobs, LLC**  
Commercial Real Estate Appraisers  
4606 S. Clyde Morris Blvd, Ste 2B  
Port Orange, FL 32129-7454  
T 386.236.0848 F 386.236.0852  
[rhamilton@hjappraisals.com](mailto:rhamilton@hjappraisals.com)  
[www.hjappraisals.com](http://www.hjappraisals.com)

**Re: Real Estate Appraisal Engagement IBB Loan - Flagler Crossroads - 526311**

Dear Russ:

This letter will confirm your engagement to compile a summary appraisal of the real estate described as follows:

Short legal description for our property located at Flagler County Florida, City of Bunnell:

BLKS 18, 33, 34 & 37 & VAC ALLEY & VAC S ORANGE STREET & THAT PT  
OF BL C TR 11 & 14 LYING SW OF LEMON ST. TOWN OF BUNNELL  
SUBDIVISION, Plat Book 1, Page 2, Flagler County Records.

Your scope of work for this assignment is to determine the "as is" market value of the fee simple interest. The proposed value should consider the property as a "shell building". We do not require the values for any personal property, but please include a separate value for any fixtures which may impact your final valuation. If you discover that the tenants in the property have leases for a term which exceeds one (1) year, then a value of the leased fee will also be necessary.

Comparable sales should be from no later than 2011-2012. Comparable rents should be current 2011-2012 market rents.

Please submit two(2) original copies of the report. The appraisal may be in a complete summary format and should also be provided electronically.

The appraisal, analysis, opinions and conclusions should be prepared in conformance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Standards Board of the Appraisal Foundation.

Independent Bankers' Bank will review your report for compliance. Your assignment is not considered complete until the report has been reviewed and a determination is made that the report is in compliance with the standard.

Any post report request for additional information or clarification, based upon our review, must be answered promptly. Please include a copy of this letter in your report.

Report to be Prepared For:	The Independent Bankers' Bank of Florida
Borrower:	Flagler Crossroads, Inc.
Property Location:	Former Memorial Hospital-Flagler Building Moody Boulevard Bunnell, Fl. 32110
Appraisal Due Date:	NLT October 2, 2012
Fee:	Approximately \$2,300.00
Contact:	Bruce Page, Intracoastal Bank (386) 447-1662 x 5713

Please let me know if there will be any significant delay in providing this appraisal report. We intend to use the information contained in the report to make a lending decision.

If you agree to the specifications contained herein and are able to complete the assignment as outlined, please sign and return it to my attention with seven (7) days. Please email to [Phyl.lis.churchill@ibbfla.com](mailto:Phyl.lis.churchill@ibbfla.com) and [hobby.erickson@ibbfla.com](mailto:hobby.erickson@ibbfla.com). If you prefer, you may fax to 407-541-1662.

Sincerely,



Robert A. Erickson  
Assistant Vice President  
Senior Credit Underwriter

RAE/pc  
Ec: CNF & file

Accepted this date: 9-11-2012

By:   
[Signature]

Name: RUSSELL J. HAMILTON [Name Typed or Printed]

# APPRAISER'S QUALIFICATIONS



## Russell J. Hamilton, MAI State-Certified General Real Estate Appraiser RZ1292

### Business Address

- ❖ Hamilton & Jacobs, LLC  
4606 S. Clyde Morris Blvd., Suite 2B  
Port Orange, Florida 32129-7454  
Telephone: (386) 236-0848, Facsimile: (386) 236-0852  
rhamilton@hjappraisals.com ❖ www.hjappraisals.com

### Professional Memberships & Licensing

- ❖ MAI Member of the Appraisal Institute, Certificate No. 10911
- ❖ State-Certified General Real Estate Appraiser RZ1292 State of Florida
- ❖ Member, East Florida Chapter of the Appraisal Institute
- ❖ Licensed Real Estate Broker, State of Florida

### Career Background

Full time fee appraiser working mostly in the Volusia/Flagler County market since 1984.

### Educational Background

- ❖ Bachelor of Science Degree, University of Florida, 1973

### Appraisal Education

- ❖ Course 1BA - Capitalization Theory & Techniques, Part A, Appraisal Institute, 1991
- ❖ Course 1BB - Capitalization Theory & Techniques, Part B, Appraisal Institute, 1991
- ❖ Course 1A1 - Real Estate Appraisal Principles, Appraisal Institute, 1991
- ❖ Course 1A2 - Basic Valuation Procedures, Appraisal Institute, 1991
- ❖ Course 2-1 - Case Studies in Real Estate Valuation, Appraisal Institute, 1991
- ❖ Course 2-2 - Report Writing and Valuation Analysis, Appraisal Institute, 1991
- ❖ Course ACE 1492 - Accrued Depreciation Seminar, Appraisal Institute, 1994
- ❖ Course ACE 5248 - Standards of Professional Practice, Part A, Appraisal Institute, 1994
- ❖ Course ACE 1009 - Standards of Professional Practice, Part B, Appraisal Institute, 1994
- ❖ Course ACE 1681 - Evaluations and the Appraisal Industry, Appraisal Institute, 1995
- ❖ Seminar: Power Lines & Electromagnetic Fields, Appraisal Institute, 1995
- ❖ Appraisal Practices for Litigation, Appraisal Institute, 1995
- ❖ Comprehensive Appraisal Workshop, Cherry Hill, New Jersey, 1995
- ❖ Course ACE 1870 - The Internet and Appraising, Appraisal Institute, 1997
- ❖ Course ACE 1982 - New Industrial Valuation Seminar, Appraisal Institute, 1997
- ❖ Course ACE 2132 - Rates and Ratios/Income Capitalization Approach, 1998
- ❖ Course ACE 2040 - Income Capitalization Approach & Partial Interests, 1999
- ❖ Course ACE 2041 - Sales Comparison Approach, 1999
- ❖ Course ACE N617900146 - Valuation of Local Retail Properties, 1999
- ❖ Course ACE 7003 - Partial Interest Valuation, Divided, 2000
- ❖ Course ACE 988910572 - Litigation Skills for the Appraiser: An Overview, 2001
- ❖ Course #N44801636 - Data Confirmation Seminar, 2001
- ❖ Course #N606797065 - Valuation of Detrimental Conditions, 2001
- ❖ Course ACE 01-09 - Analyzing Commercial Lease Clauses, 2002
- ❖ Course 430 - Standards of Professional Practice, Part C, 2002
- ❖ Course ACE 001 - Appraisal Consulting, 2003
- ❖ Seminar: Subdivision Analysis, 2003
- ❖ Course ACE #0007352, USPAP Update, 2004
- ❖ Course ACE #0007352, National USPAP Update, 2004
- ❖ Course ACE #0007299, Florida Core Law Update, 2004
- ❖ Course ACE #0007257, Special Purpose Properties, 2004
- ❖ Seminar ACE #7257, Scope of Work, 2004
- ❖ Seminar ACE #7561, Appraising from Blueprints & Specifications, 2005
- ❖ Seminar ACE #7293, Florida State Law for Real Estate Appraisers, 2005
- ❖ Seminar ACE #7547, Subdivision Valuation, 2006
- ❖ Seminar ACE #7219, Business Practices and Ethics, 2006
- ❖ Seminar, Uniform Standards of Professional Appraisal Practice, 2006
- ❖ Seminar ACE #7606, Case Studies in Commercial Highest & Best Use, 2007
- ❖ Seminar ACE #7293, Florida Law, 2008
- ❖ Seminar ACE #7952, Supervisory/Trainee Roles & Relationship, 2008
- ❖ Course ACE #7184, National USPAP Update, 2008
- ❖ Course ACE #7898, Office Building Valuation, A Contemporary Perspective, 2008
- ❖ Online Appraisal Institute Course: Analyzing Operating Expenses, 2008
- ❖ Course #8515 - Appraisal Curriculum Overview, 2009
- ❖ Course #8586 - Appraising Distressed Commercial Real Estate, 2009

HAMILTON & JACOBS, LLC

File #12-3904: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110

Addenda Page 36

**Appraisal Education, Cont'd**

- ❖ Course #8567 – Using Spreadsheets in Real Estate Appraising, 2010
- ❖ American Bankers Assn, Telephone Briefing – Solutions for Hard to Value Assets, 2010
- ❖ FREAB Course #0007352 - Uniform Standards of Professional Appraisal Practice, 2010
- ❖ Florida Law Update, 2010
- ❖ Supervisor/Trainee Roles & Relationships, 2010
- ❖ Discounted Cash Flow Modeling, 2011
- ❖ National USPAP Update, 2012
- ❖ Spotlight on USPAP – Hypothetical Conditions & Extraordinary Assumptions, 2012
- ❖ Spotlight on USPAP – Common Errors and Issues & Workfiles, 2012
- ❖ Florida Law Update, 2012
- ❖ Qualitative Analysis, 2012
- ❖ Regression Analysis Webinar, 2012

*Types Of Appraisal Assignments*

Vacant land and acreage, subdivisions, single family residences, mobile home parks, condominiums, motels/hotels, banking facilities, hospitals, out-patient surgical centers and other specialized medical facilities, warehouses, Industrial, apartment projects, retail stores, shopping centers, office buildings, gas station/convenience stores, restaurants, churches, manufacturing plants, moving and storage facilities, golf courses and country clubs, campgrounds and recreation areas, mini-warehouse storage facilities, condemnation, litigation and market/feasibility studies.

*Purposes Of Appraisals*

Financing, acquisition or disposition, insurance purposes, eminent domain proceedings, litigation, estate tax purposes and estate planning among a variety of other purposes.

*Appraisal Reports Prepared In The Following Counties*

Volusia, Flagler, Brevard, Putnam, Lake, Alachua, Suwannee, Lafayette, and Marion

*Partial List Of Clients*

**Government Agencies**

- |  |   |
|--|---|
| ❖ Florida Department of Transportation           | ❖ Daytona State College (formerly DBCC)     |
| ❖ Florida Department of Environmental Protection | ❖ Halifax Health                            |
| ❖ Florida Department of Forestry                 | ❖ City of Daytona Beach                     |
| ❖ Florida Department of Management Services      | ❖ City of Daytona Beach Shores              |
| ❖ Flagler County                                 | ❖ City of Holly Hill                        |
| ❖ Flagler County School Board                    | ❖ City of Ormond Beach                      |
| ❖ Volusia County Department of Public Works      | ❖ City Of Palm Coast                        |
| ❖ Volusia County Property Appraisal              | ❖ City of Port Orange                       |
| ❖ Volusia County Airport Authority               | ❖ City of South Daytona                     |
| ❖ Volusia County School Board                    | ❖ Ponce de Leon Port Authority              |
| ❖ Marion County Department of Public Works       | ❖ Town of Ponce Inlet                       |
| ❖ Florida Hospital, Flagler                      | ❖ Florida Inland Navigation District (FIND) |
| ❖ Bethune Cookman University                     |   |

**Banks and Financial Institutions**

- |  |                                  |
|--|----------------------------------|
| ❖ Attorneys Title Insurance Fund           | ❖ Legg Mason Real Estate Service |
| ❖ Bank of America                          | ❖ Peoples First Community Bank   |
| ❖ BB&T                                     | ❖ Regions Bank                   |
| ❖ Colonial Bank                            | ❖ Sunshine State Community Bank  |
| ❖ RBC Bank (formerly Cypress Coquina Bank) | ❖ SunTrust Bank                  |
| ❖ Fifth Third Bank                         | ❖ Surety Bank                    |
| ❖ National City Bank                       | ❖ East Coast Community Bank      |
| ❖ Independent Bankers Bank                 | ❖ Wachovia Bank                  |
| ❖ Compass Bank                             | ❖ Prosperity Bank                |
| ❖ Gateway Bank of Florida                  | ❖ Floridian Bank                 |
| ❖ Florida Capital Bank                     | ❖ Riverside Bank                 |

**Individuals**

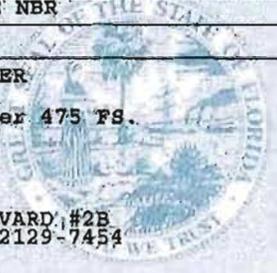
- |                    |                            |
|--------------------|----------------------------|
| ❖ Attorneys        | ❖ Mortgage Bankers/Brokers |
| ❖ Insurance Agents | ❖ Real Estate Developers   |

**Businesses/Corporations**

- |                                   |                               |
|-----------------------------------|-------------------------------|
| ❖ Florida Power and Light         | ❖ Daytona Beach News Journal  |
| ❖ West Volusia Hospital Authority | ❖ LaCour & Company            |
| ❖ United Parcel Service           | ❖ Exxon/Mobil Oil Corporation |

*Continuing Education Requirement*

The Appraisal Institute conducts a program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification. I, Russell J. Hamilton, have completed the requirements under the continuing education program of the Appraisal Institute.

AC# 5276080			STATE OF FLORIDA		
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION			FLORIDA REAL ESTATE APPRAISAL BD		
			SEQ# L10100702632		
DATE	BATCH NUMBER	LICENSE NBR			
10/07/2010	100175113	RZ1292			
The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS. Expiration date: NOV 30, 2012					
HAMILTON, RUSSELL J 4606 S CLYDE MORRIS BOULEVARD #2B PORT ORANGE FL 32129-7454					
CHARLIE CRIST GOVERNOR		DISPLAY AS REQUIRED BY LAW		CHARLIE LIEM SECRETARY	

Margaret Sheehan-Jones, CCIM

Parkside Realty Group

210 Old Kings Road-Ste 500

Flagler Beach, FL 32136

April 24, 2013

Mr. Craig Coffey

County Administrator

1769 East Moody Blvd

Bunnell, FL 32110

Dear Mr. Coffey:

I have reviewed the documents related to the Flagler Crossroads, Inc 2005 purchase of the former hospital property located at 901 East Moody Blvd in Bunnell, FL. The principals of Flagler Crossroads, Inc. purchased the stock of Maluchi Development Corp. (the previous owner) in July of 2005. After the purchase of this stock, the name of the entity was changed to Flagler Crossroads, Inc. This transaction was structured with both the assumption of existing debt, as well as the additional infusion of funds by the new owners. The breakdown is as follows:

○ Purchase of the common stock	\$ 300,000.00
○ Assumption and payoff of existing shareholder debt	\$ 100,000.00
○ Assumption and payoff of Cypress Coquina debt	\$ 250,000.00
○ Purchase money mortgage	\$1,000,000.00

I have reviewed the mortgages (recorded in the Public records) as well as the underlying stock purchase agreement. The total of \$1,650,000 constitutes the funds expended by the acquiring entity to secure this facility. Please feel free to contact me with any questions relating to this matter.

Best regards-

Margaret Sheehan-Jones

# Flagler County Property Appraisers Office

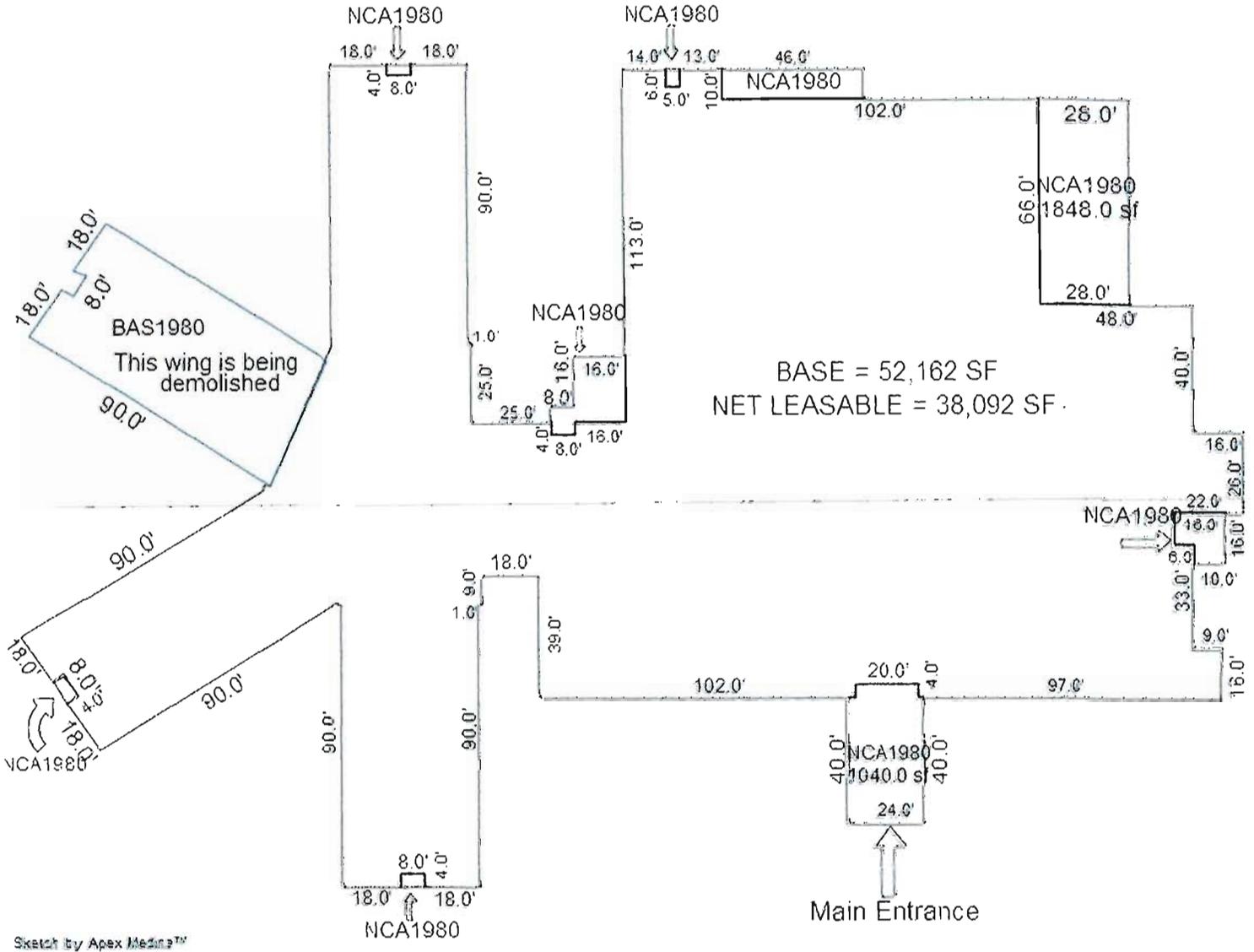
Parcel Number: 10-12-30-0850-00180-0000

Building Number: 1

Traversal Information:

BAS1980=55909\$NCA1980=4101\$.

Color	Area Type	Area Type Description	Area Sq Ft
	BAS	HEATED BASE AREA	55909
X	NCA		4101



Sketch by Apex Media™



Flagler County Property Appraiser			
Parcel: 10-12-30-0850-00180-0000 Acres: 7.25			
Name:	FLAGLER CROSSROADS INC	Land Value	353,951
Site:	901 MOODY BLVD E	Building Value	1
Sale:	\$750,000 on 08-2006 Vacant=N Qual=U	Misc Value	0
Mail:	880 AIRPORT ROAD, STE. 108 ORMOND BEACH, FL 32174	Just Value	353,952
		Assessed Value	353,952
		Exempt Value	0
		Taxable Value	353,952



The Flagler County Property Appraiser's Office makes every effort to produce the most accurate information possible. No warranties, expressed or implied, are provided for the data herein, its use or interpretation. The assessment information is from the last certified taxroll. All data is subject to change before the next certified taxroll. PLEASE NOTE THAT THE PROPERTY APPRAISER MAPS ARE FOR ASSESSMENT PURPOSES ONLY NEITHER FLAGLER COUNTY NOR ITS EMPLOYEES ASSUME RESPONSIBILITY FOR ERRORS OR OMISSIONS ---THIS IS NOT A SURVEY---

Date printed: 04/29/13 : 13:40:35

# Flagler County Property Appraisers Office

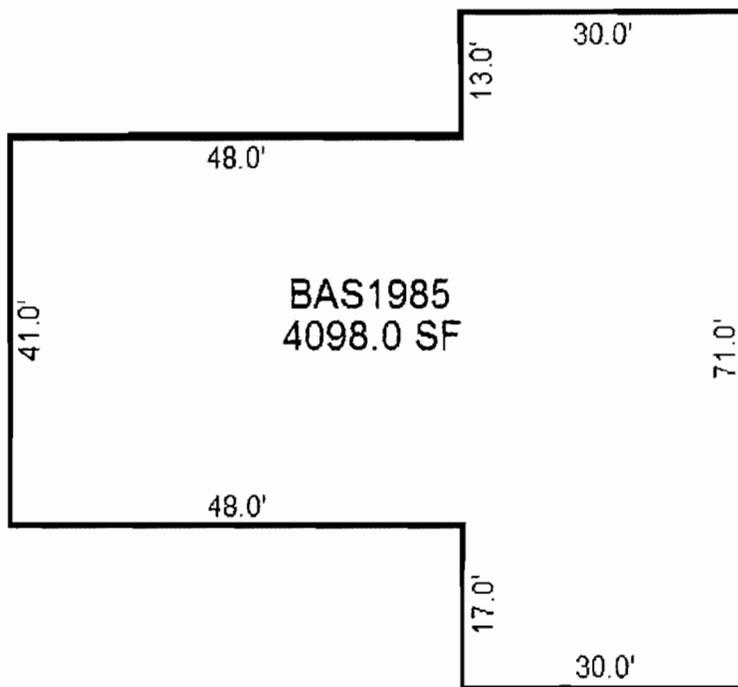
Parcel Number: 10-12-30-0850-00180-0000

Building Number: 2

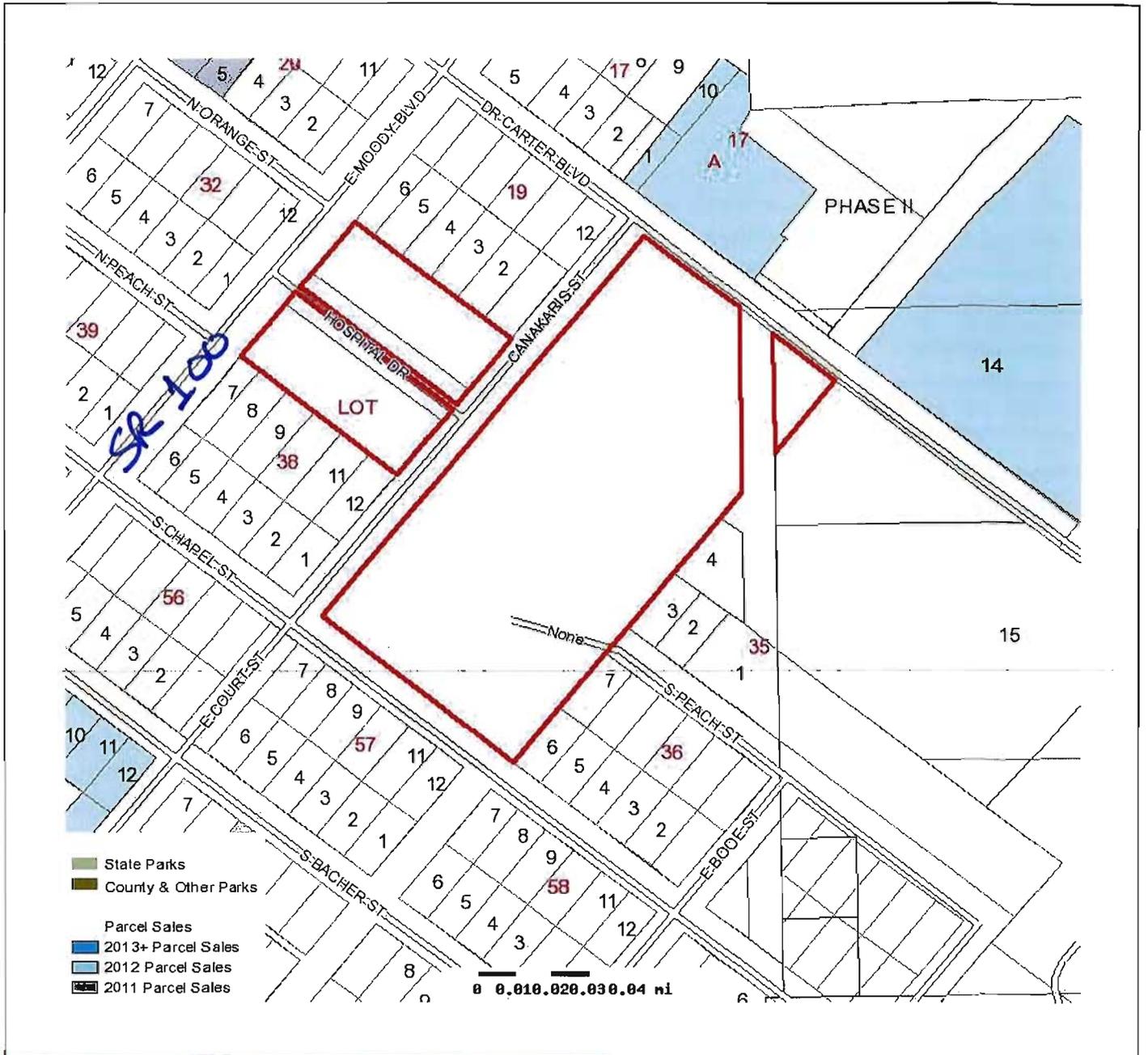
Traversal Information:

BAS1985=4098S.

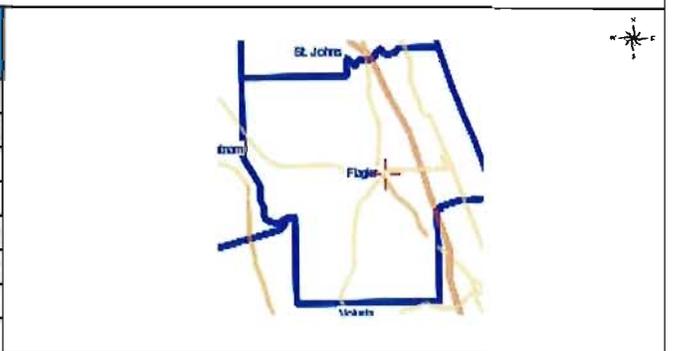
Color	Area Type	Area Type Description	Area Sq Ft
	BAS	HEATED BASE AREA	4098



Sketch by Apex IV™



Flagler County Property Appraiser			
Parcel: 10-12-30-0850-00180-0000 Acres: 7.25			
Name:	FLAGLER CROSSROADS INC	Land Value	353,951
Site:	901 MOODY BLVD E	Building Value	1
Sale:	\$750,000 on 08-2006 Vacant=N Qual=U	Misc Value	0
Mail:	880 AIRPORT ROAD, STE. 108	Just Value	353,952
	ORMOND BEACH, FL 32174	Assessed Value	353,952
		Exempt Value	0
		Taxable Value	353,952



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Date printed: 04/29/13 : 13:40:11



# Flagler County Property Appraiser's Office

<a href="#">Appraiser Home</a>	<a href="#">Return to Main Search Page</a>	<a href="#">Previous Parcel</a>	<a href="#">Next Parcel</a>	<a href="#">Show Parcel Map</a>	<a href="#">Sales in Area</a>
Property Address			Parcel Number		
901 MOODY BLVD E			10-12-30-0850-00180-0000		
Owner Name and Address					
FLAGLER CROSSROADS INC 880 AIRPORT ROAD, STE. 108 ORMOND BEACH, FL 32174					
Homestead	Primary Millage District			2012 Millage Rate	Property Type
NO	CITY OF BUNNELL, BUNNELL CRA AREA WITH MOSQ CONTROL (14)			23.17540	PRIVATE HO

Recent Value Information ([Historical Values](#))

LEGAL DESCRIPTION

	2010 Certified	2011 Certified	2012 Certified	
Building Value	564,585	533,999	1	TOWN OF BUNNELL BLKS 18, 33, 34 & 37 & VAC ALLEY & VAC S ORANGE STREET & THAT PT OF BL C TR 11 & 14 LYING SW OF LEMON ST. OR 101 PG 272OR 100 PG 668 OR 85 PG 555-556 OR 139 PG 702 OR 397 PG 170 OR 400 PG 342 OR 894 PG 1752 OR 1329/1323-RESOL OR 1474/1350-ORD-06-23 OR 1474 <a href="#">Show Complete Legal Description</a>  The legal description shown here may be condensed for assessment purposes. Exact description may be obtained from the recorded deed.
Extra Feature Value	0	0	0	
Land Value	1	1	353,951	
Agricultural Value	0	0	0	
* Just (Market) Value	564,586	534,000	353,952	
Assessed Value	564,586	534,000	353,952	
Exempt Value	0	0	0	
<a href="#">Tax Collector Information</a>			<a href="#">View 2012 Trim Notice</a>	

\* Just (Market) Value is established by the Property Appraiser for ad valorem tax purposes. It does not represent anticipated selling price

BUILDING INFORMATION

Type	Construction Class	Total Area	Finished Area	Perimeter	Exterior Wall	Wall Frame
G HOSPITAL	0C	60,010	55,909	1689	STUCCO	CLASS C
HVAC	Stories	Wall Height	Actual Year Built	Effective Year Built	Fire Sprinklers	Building Sketch
PKG A/C	1	14	1980	1980	W/10-100/N/A	<a href="#">Show Building Sketch</a>

Type	Construction Class	Total Area	Finished Area	Perimeter	Exterior Wall	Wall Frame
SHOP	0C	4,098	4,098	298	CONC BLOCK	CLASS C
HVAC	Stories	Wall Height	Actual Year Built	Effective Year Built	Fire Sprinklers	Building Sketch
N/A	0	09	1985	1985	N/A/N/A	<a href="#">Show Building Sketch</a>

EXTRA FEATURES DATA

Description	Quantity	Quantity Type	Effective Year Built
ASPH PRKG SPACE LOW	166	UNITS	1985
SIDEWALK CONC AVG	3,000	SQUARE FEET	1995
CANOPY WOOD	3,920	SQUARE FEET	1985
FLAGP ALUM 20 LOW	1	UNITS	1980
LIGHT POLE CC AVG	240	LF	1990
LIGHTS HI-INTENSITY	12	UNITS	1990
CHAIN LINK 6	1,050	LF	1990
FENCE 3ST BARB AVG	1,050	LF	1990
FENCE WD 6 AVG	50	LF	1985
STRG SHED WOOD LOW	81	SQUARE FEET	1995

STRG SHED WOOD LOW	196	SQUARE FEET	1995
STORAGE SHED MASONRY	100	SQUARE FEET	1995

SALES INFORMATION

OR Book/Page	Sale Date	Sale Price	Instrument	Qualification	Vacant/Improved	Grantor	Grantee
<a href="#">1474/1356</a>	08-02-2006	750,000	QUIT CLAIM DEED	UNQUALIFIED	IMPROVED	MALUCHI DEVELOPMENT CORP AKA FLAGLER CROSSROA	
<a href="#">894/1752</a>	01-01-2003	750,000	N/A	UNQUALIFIED	IMPROVED	MEMORIAL HOSPITAL-FLAGLER INC	
<a href="#">400/342</a>	07-01-1989	4,000,000	N/A	UNQUALIFIED	IMPROVED		

[Generate Owner List By Radius](#)

LAND INFORMATION

For land plat information see [Flagler Clerk of Court Website](#)

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**BRADCO**  
Abatement Contractors, Inc.

5830 Stuart Avenue  
JACKSONVILLE, FL 32254  
Fax: 904-763-1136

AUG. 24 06

RE. FLAGLER HOSPITAL

FOR YOUR RECORDS BRADCO ABATEMENT CONT.  
HAS REMOVED AND DISPOSED OF A.C.M FROM BUILDING  
IN BUNNEL FL THIS INCLUDES DUCT MASTIC THRUOUT  
BUILDING ALL WORK WAS DONE IN ACCORDANCE TO ALL  
LOCAL STATE AND FEDERAL GUIDELINES. ANY QUESTION  
CONTACT JERRY BRADLEY AT 904 783 3242

JERRY F BRADLEY  
PRESIDENT BRADCO ABATEMENT CONT, INC





