

**HAMILTON & JACOBS**  
A LIMITED LIABILITY COMPANY

**HJA FILE #13-3971**



**Self Contained Appraisal Report  
of**

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

**Effective Date**

June 20, 2013

**Prepared for**

Flagler County Board of County Commissioners  
1769 East Moody Boulevard, Building 2, Suite 309  
Bunnell, FL 32110

**Prepared by**

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

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

**HAMILTON & JACOBS, LLC**  
*Commercial Real Estate Appraisers*  
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Port Orange, FL 32129-7454

# HAMILTON & JACOBS

A LIMITED LIABILITY COMPANY

COMMERCIAL REAL ESTATE APPRAISERS & CONSULTANTS

*Honesty, Integrity & Quality Since 1924*

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July 5, 2013

Flagler County Board of County Commissioners  
Attn: Mr. Tim Telfer  
1769 East Moody Boulevard, Building 2, Suite 309  
Bunnell, FL 32110

Re: Flagler Crossroads Property  
901 East Moody Boulevard  
Bunnell, Flagler County, FL 32110  
HJA File #13-3971

Dear Mr. Telfer:

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 to assist Flagler County in the planning and acquisition of the subject. This appraisal is intended for the use of Flagler County and its duly authorized representatives; there are no other intended users.

This Self Contained 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. 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

Mr. Tim Telfer  
Flagler County Board of County Commissioners  
July 5, 2013

**Hypothetical Conditions:**

- This appraisal is made under the Hypothetical Condition that the building improvements on the subject property are in a "shell" condition. Shell condition is defined as inclusive of the structural interior and exterior walls, concrete floor slab, roof structure with covering in its present condition and the current fire walls. The appraisal is made as though all mechanical, electrical and plumbing items have been removed and that all interior, non-load bearing walls have been removed. We assume that no further interior or exterior demolition work is required. We understand that this is the basis for the current purchase negotiations.

*Only those Extraordinary Assumptions and Hypothetical Conditions necessary for the development of the appraisal for its Intended Use are used. Nonetheless, the use of Extraordinary Assumptions and/or Hypothetical Conditions might have affected the assignment results.*

It is our opinion that the market value of fee simple interest in the subject, "as is", subject to the assumptions and conditions noted herein, as of June 20, 2013, was:

**ONE MILLION FOUR HUNDRED NINETY THOUSAND DOLLARS  
(\$1,490,000)**

*This confidential report is prepared for the sole use and benefit of Flagler County and is based, in part, upon documents, writings, and information owned and possessed by Flagler County. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with Flagler County 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. Flagler County and the appraisers 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 53 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



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



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

## Certification Statement

We certify that, to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

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

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

We previously appraised the subject in September 2012 for Independent Bankers Bank (Lake Mary, FL). We have performed no other appraisal or any other service regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the 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 persons signing this certification.

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

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



Alfred A. Hamilton, MAI  
State-Certified General Real Estate Appraiser RZ714  
Date Signed: July 5, 2013



Russell J. Hamilton, MAI  
State-Certified General Real Estate Appraiser RZ1292  
Date Signed: July 5, 2013

HAMILTON & JACOBS, LLC

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## Executive Summary

<b>Property Name:</b>	Flagler Crossroads Property
<b>Client:</b>	Flagler County
<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 sites are 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>	276,044± square feet or 6.34± acres per Tomoka Engineering survey dated January 3, 2006
<b>Building Area:</b>	61,900± square feet gross building area, including 57,800± square feet in the old hospital building and 4,100± square feet in a former maintenance/storage building
<b>Year Built:</b>	1979 – old hospital building 1985 – former 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 Street and a former maintenance/storage building (now a non-profit community center) located in the southwest corner of the site that has access from South Chapel Street. The former hospital building is 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

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<b>As Improved:</b>	Continue to hold as a shell building until there is market demand for redevelopment of the property
<b>Future Land Use Category:</b>	<p>The improved building site has an existing FLU designation of Public (Bunnell). A previous 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.</p> <p>The parking lot sites have an existing FLU designation of Commercial High Intensity.</p>
<b>Zoning Classification:</b>	The improved building site is zoned O-1, Office, medical & related services; the parking lot sites are zoned B-2, Business; existing zoning is consistent with the existing FLU.
<b>Assessments:</b>	\$353,952 (2012 certified)
<b>Reporting Option:</b>	Self contained appraisal report
<b>Effective Date of Value:</b>	June 20, 2013
<b>Date of Report:</b>	July 5, 2013
<b>Fee Simple Value, As Is:</b>	\$1,490,000

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

**Extraordinary Assumptions:** None

**Hypothetical Conditions:** This appraisal is made under the Hypothetical Condition that the building improvements on the subject property are in a "shell" condition. Shell condition is defined as inclusive of the structural interior and exterior walls, concrete floor slab, roof structure with covering in its present condition and the current fire walls. The appraisal is made as though all mechanical, electrical and plumbing items have been removed and that all interior, non-load bearing walls have been removed. We assume that no further interior or exterior demolition work is required. We understand that this is the basis for the current purchase negotiations.

*Only those Extraordinary Assumptions and Hypothetical Conditions necessary for the development of the appraisal for its Intended Use are used. Nonetheless, the use of Extraordinary Assumptions and/or Hypothetical Conditions might have affected the assignment results.*

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## ***Important Considerations***

After the current owners purchased the property in 2003, 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. Over the years there have been discussions with a number of potential buyers/tenants, but no definitive plans were agreed upon. Currently, Flagler County has an option to purchase the property for the future use of the Flagler County Sheriff's Office and maybe some other governmental uses.

We understand from Tim Newslow, the owner, that the building's exterior and load-bearing walls and roof are structurally sound, although the roof covering will likely need to be replaced during redevelopment. Additionally, Mr. Newslow indicated that he has maintained the certification for the fuel storage tank and the emergency generator, however, the emergency generator 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.***

Per our conversation with Allen Baggett, compliance coordinator with the St Johns River Water Management District, if a proposed redevelopment of the subject did not exceed established thresholds, then no permit would be required from St Johns. Mr. Baggett indicated that up to 9,000 square feet of impervious surface could be added to the former hospital site without tripping their threshold, so long as no more than 4,000 square feet is subject to vehicular traffic. For example, up to 9,000 square feet of additional building area could be added without obtaining a St Johns permit; or up to 5,000 square feet of building area and 4,000 square feet of parking lot could be added without a St Johns permit. However, a parking lot over 4,000 square feet would trip the threshold, which would then require a permit.

## 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 appraisals 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:

- This appraisal is made under the Hypothetical Condition that the building improvements on the subject property are in a "shell" condition. Shell condition is defined as inclusive of the structural interior and exterior walls, concrete floor slab, roof structure with covering in its present condition and the current fire walls. The appraisal is made as though all mechanical, electrical and plumbing items have been removed and that all interior, non-load bearing walls have been removed. We assume that no further interior or exterior demolition work is required. We understand that this is the basis for the current purchase negotiations.

*Only those Extraordinary Assumptions and Hypothetical Conditions necessary for the development of the appraisal for its Intended Use are used. Nonetheless, the use of Extraordinary Assumptions and/or Hypothetical Conditions might have affected the assignment results.*

# 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 to assist Flagler County in the planning and acquisition of the subject property.

## ***Intended Users***

This appraisal is intended for the use of Flagler County and its duly authorized representatives; there are no other intended users.

## ***Property Interest Appraised***

Fee simple interest

## ***Client***

Flagler County

## ***Date of Report***

July 5, 2013

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

June 20, 2013

## ***Market Value Definition***

Market value is defined for use in this appraisal as follows:

"The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress."<sup>1</sup>

*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*

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<sup>1</sup> The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago: The Appraisal Institute, 2010), Page 122.

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

Referencing our discussion on the Current Economics Conditions beginning on page 19, there remains 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.

Exposure Times		
Sale No.	Date of Sale	Exposure Time
1	Jun 2013	3± years
2	Mar 2013	6± years
3	Jul 2012	6± years
4	Mar 2012	Unknown
5	Dec 2011	6-8± months
6	Apr 2011	12+ months
7	Jul 2010	12± months
L-1	Jun 2013	3-4± years
L-2	Jun 2013	4+ years
L-3	Jun 2013	2± years
L-4	Jun 2013	4± years
Compiled by HJA		

# 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 sites are 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

LEGAL DESCRIPTION(S) - BASED ON LEGALS PER OFFICIAL RECORDS BOOK 0400, PAGE 0344, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, AND MODIFIED BY THE UNDERSIGNED PER CLIENT REQUEST AND PER THIS FIELD SURVEY.

### PARCEL 1

BLOCKS 18, 33, 34 AND 37, TOWN OF BUNNELL, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 1, PAGE 2, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, LESS ROAD RIGHT-OF-WAY IN DEED BOOK 23, PAGE 207 AND DEED BOOK 24, PAGE 539 AND PARTIAL RELEASE IN DEED BOOK 39, PAGE 59 AND LESS THE SOUTH 27 FEET OF LOTS 7, 8, 9, 10, 11, AND 12 AND THE NORTH 23 FEET OF LOTS 1, 2, 3, 4, 5 AND 6, BLOCK 33, TOGETHER WITH THE NORTHEASTERLY  $\frac{1}{2}$  OF VACATED SOUTH PEACH STREET AND THE SOUTHWESTERLY  $\frac{1}{2}$  OF VACATED SOUTH ORANGE STREET VACATED BY CITY OF BUNNELL ORDINANCE #1979-4, RECORDED IN OFFICIAL RECORDS BOOK 264, PAGE 501, (SUBJECT TO RESERVATION OF EASEMENT), AND ALL RIGHT, TITLE AND INTEREST IN AND TO THE ALLEYS VACATED BY CITY OF BUNNELL ORDINANCE #1977-1, RECORDED IN OFFICIAL RECORDS BOOK 85, PAGE 555, AND THAT PORTION OF PEACH STREET AND ORANGE STREET LYING SOUTH OF EAST COURT AVENUE AND NORTH OF EAST CANAL AVENUE AS VACATED BY CITY OF BUNNELL ORDINANCE NO. 1977-2, RECORDED IN OFFICIAL RECORDS BOOK 85, PAGE 556; ALSO MARION STREET BETWEEN THE NORTHERLY INTERSECTION OF CANAL AVENUE AND THE NORTHERLY INTERSECTION OF SOUTH LEMON STREET, AS NOW LAID OUT AND PLATTED PER SAID TOWN OF BUNNELL, AS RECORDED IN OFFICIAL RECORDS BOOK 315, PAGE 63; ALL SITUATED AND RECORDED IN THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, SAID PARCEL ALSO BEING DESCRIBED AS PARCELS I-A, II-A AND II-B BELOW:

### PARCEL I-A

BEGINNING AT THE NORTHWESTERLY CORNER OF BLOCK 37, AS SHOWN ON THE PLAT, MAP OF BUNNELL, RECORDED IN PLAT BOOK 1, PAGE 2, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, THENCE NORTH 40°13'00" EAST ALONG THE NORTHWESTERLY BOUNDARY OF BLOCKS 37, 34, AND 18 OF SAID PLAT 730.0 FEET TO A POINT ON THE NORTHEASTERLY CORNER OF BLOCK 18, SAID POINT BEING ON THE SOUTHWESTERLY RIGHT-OF-WAY OF SOUTH LEMON STREET, A 30 FOOT RIGHT-OF-WAY, THENCE SOUTH 51°00'00" EAST 172.40 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY OF MARION STREET 25 FOOT RIGHT-OF-WAY, THENCE SOUTH 00°13'44" WEST ALONG SAID WESTERLY RIGHT-OF-WAY OF MARION STREET 198.66 FEET TO A POINT ON THE NORTHWESTERLY RIGHT-OF-WAY OF CANAL AVENUE, THENCE SOUTH 40°13'00" WEST ON THE SOUTHERLY BOUNDARY OF BLOCKS 18, 34, AND 37, 574.83 FEET TO THE SOUTHWESTERLY CORNER OF BLOCK 37, THENCE NORTH 51°00'00" WEST 300.0 FEET TO THE POINT OF BEGINNING, ALSO MARION STREET BETWEEN NORTHERLY INTERSECTION OF CANAL AVENUE AND THE NORTHERLY INTERSECTION OF SOUTH LEMON STREET, AS NOW LAID OUT AND PLATTED, TOWN OF BUNNELL, MAP BOOK 1, PAGE 2, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, AS RECORDED IN OFFICIAL RECORDS BOOK 315, PAGE 63, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA.

### PARCEL II-A

BEGINNING AT THE NORTHEASTERLY CORNER OF LOT 12, BLOCK 33, AS SHOWN ON THE PLAT, MAP OF BUNNELL, RECORDED IN PLAT BOOK 1, PAGE 2, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, THENCE SOUTH 40°13'00" WEST ALONG THE NORTHWESTERLY RIGHT-OF-WAY OF EAST COURT AVENUE, A 50 FOOT RIGHT-OF-WAY 73.0 FEET, THENCE NORTH 51°00'00" WEST 285.0 FEET TO A POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF STATE ROAD 100, AN 80 FOOT RIGHT-OF-WAY, THENCE NORTH 40°13'00" EAST ALONG SAID RIGHT-OF-WAY OF STATE ROAD 100, 98.0 FEET, THENCE SOUTH 51°00'00" EAST 285.00 FEET TO A POINT ON THE NORTHWESTERLY RIGHT-OF-WAY OF SAID EAST COURT AVENUE, THENCE SOUTH 40°13'00" WEST 25 FEET TO THE POINT OF BEGINNING.

### PARCEL II-B

BEGINNING AT THE SOUTHERLY CORNER OF LOT 1, BLOCK 33, AS SHOWN ON THE PLAT, MAP OF BUNNELL, RECORDED IN PLAT BOOK 1, PAGE 2, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, THENCE SOUTH 40°13'00" WEST ALONG THE NORTHWESTERLY RIGHT-OF-WAY OF EAST COURT AVENUE, 50 FOOT RIGHT-OF-WAY 25.0 FEET, THENCE NORTH 51°00'00" WEST 285.0 FEET TO THE SOUTHEASTERLY RIGHT-OF-WAY OF STATE ROAD 100, 80 FOOT RIGHT-OF-WAY, THENCE NORTH 40°13'00" EAST ALONG SAID RIGHT-OF-WAY 102.00 FEET, THENCE SOUTH 51°00'00" EAST 285.00 FEET TO A POINT ON THE NORTHWESTERLY RIGHT-OF-WAY OF SAID EAST COURT AVENUE, THENCE SOUTH 40°13'00" WEST 77.0 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH - PARCEL IV

PARTS OF TRACTS 11 AND 14, BLOCK "C", SECTION 11, TOWNSHIP 12 SOUTH, RANGE 30 EAST OF BUNNELL DEVELOPMENT COMPANY SUBDIVISION, MAP BOOK 1, PAGE 1, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY RIGHT-OF-WAY LINE OF CANAL AVENUE (50' R/W) WITH THE EASTERLY RIGHT-OF-WAY LINE OF MARION STREET (25' R/W VACATED PER OFFICIAL RECORDS BOOK 315, PAGE 63 OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA), SAID POINT ALSO BEING ON THE WESTERLY LINE OF SAID TRACT 14, BLOCK "C", SECTION 11, TOWNSHIP 12 SOUTH, RANGE 30 EAST OF BUNNELL DEVELOPMENT COMPANY SUBDIVISION; THENCE N00°17'12"E ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF MARION STREET AND SAID WESTERLY LINE OF TRACT 14 AND TRACT 11, BLOCK "C", A DISTANCE OF 147.86 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF SOUTH LEMON STREET (50' R/W); THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY LINE OF MARION STREET AND WESTERLY LINE OF TRACTS 14 AND 11, S51°06'13"E FOR A DISTANCE OF 94.91 FEET; THENCE DEPARTING SAID SOUTHWESTERLY RIGHT-OF-WAY LINE OF SOUTH LEMON STREET S40°12'30"W FOR A DISTANCE OF 115.57 FEET TO THE AFOREMENTIONED POINT OF BEGINNING.

HAMILTON & JACOBS, LLC

File #13-3971: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110

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The above legal description was taken from the Tomoka Engineering ALTA/ASCM Land Title boundary survey, Project No. T2130BETNR, dated January 3, 2006.

### ***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/Options/Pending Contracts***

According to these sources, the subject has been listed on and off for many years. It is currently listed for sale with Margaret Sheehan-Jones with Parkside Realty (Palm Coast, FL), as noted on the Loopnet commercial multiple listing service, for \$1,750,000. Additionally, according to the Flagler County website, Flagler County has a purchase option on the subject property for \$1,230,000. At the effective date of value of this report, Flagler County was still within its due diligence period of the purchase option agreement.

The subject has been marketed for many years and has been well exposed to the market. The option agreement is considered an arm's length agreement between non-related parties. Our value conclusion of \$1,490,000 is higher than the purchase option price.

## Scope of the Appraisal

**Appraisals Report Type:** Self contained

**Property Type:** Former Use – Healthcare/acute care hospital  
Current Use – Retail-Commercial/shell building

**Date of Last Inspection:** June 20, 2013

**Property Identification and Viewing:**

The subject was identified by address and parcel information provided by the client. The subject has 3 parcels. The improved building site is improved with the former hospital building together with a much smaller former maintenance/storage building that is currently being utilized as a non-profit community center. Alfred A. Hamilton, MAI and Russell J. Hamilton, MAI made a physical inspection of the interior and exterior of both buildings. We were accompanied on our inspection by Tim Newslow (the owner), Margaret Sheehan-Jones (the owner's real estate agent), Tim Telfer of Flagler County, George Goodman, MAI, the review appraiser for this project and Jim Cooksey, MAI and Howard Cooksey, MAI of Cooksey & Associates, commercial appraisers (Ormond Beach, FL).

The two parking lot sites are smaller and located to the immediate north of the improved building site, separated by Canakaris Street. Each of the two parking lot sites is improved with an asphalt paved and lighted parking lot. Hospital Drive, a two lane, grass median divided street separates the two parking lots and serves as the main entrance drive from Moody Boulevard. We have made a complete physical inspection of the parking lot sites.

The property inspection made for this appraisal is adequate for the scope of this appraisal assignment. This inspection is made for appraisal purposes only and is not intended to replace a building or site inspection that is typically made by a qualified professional specializing in those areas. It was our intent to view those areas of the building and site that were readily observable and that had an impact on our valuation. Hidden or unapparent features that were not revealed during our inspection and discussions with the property contact or others knowledgeable about the property might not be considered in this analysis. If hidden features are subsequently revealed or discovered that were not considered, it may be necessary to amend our analysis and conclusions.

**Analysis of Physical Factors:** All pertinent physical factors were analyzed including:

- Review of the floor plan prepared by BPF Design, Inc (Daytona Beach, FL), Project Name: Flagler Crossroads Business Center, dated May 23, 2007
- Review of the ALTA/ASCM Land Title boundary survey prepared by Tomoka Engineering, now known as Wade/Trim (Daytona Beach, FL), Proj. No. T2130BETNR, dated January 3, 2006; the existing building and site improvements are noted on the boundary survey

HAMILTON & JACOBS, LLC

File #13-3971: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110

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**Analysis of Econ. Factors:**

All pertinent economic factors were analyzed

**The Extent of Data Research:**

Our office maintains a current database of sales and listings for the 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*

### **Brief History of the Financial Crisis**

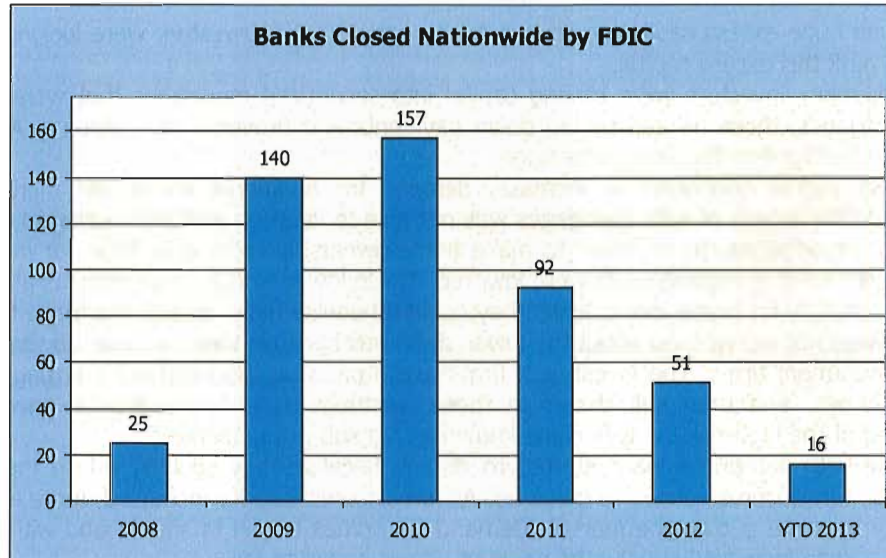
- There was huge excess capital worldwide in the early 2000's. Investors were looking for a safe place to park this excess capital.
- Early on, many investors were sinking capital into securitized mortgages that were backed by safe mortgages, those backed by big down payments and proven steady income. At the same time, demand for housing was increasing.
- As excess capital continued to increase, demand for additional securitized mortgages also increased. The supply of safe mortgages was not able to keep up with the increased demand for securitized mortgages. In an effort to make home ownership more affordable for more people, government lending requirements were lowered. These lower lending requirements allowed more people to qualify for home loans, loans they could otherwise never afford. Mortgage brokers and lenders were not too worried about the lower standards because they sold the mortgages to Wall Street investment firms. The investment firms would package thousands of mortgages together into securities, and then sell shares in these mortgage-backed securities to investors. The packaging of the high-risk loans became known as the sub-prime market.
- As people with sub-prime loans started to default because they couldn't afford the mortgage payments, foreclosures started to creep up. As foreclosures steadily increased, more and more of these homes were put on the market. Demand for homes began to shrink, and with decreased demand and an increased supply, the value of homes began to fall.
- The rate of foreclosures increased dramatically, and by the time Wall Street figured out what was happening, it was too late, and the sub-prime market mushroomed into a worldwide financial crisis and caused the U.S. economy to tailspin into the worst economic recession since the 1930s.

### **Effects of Recession on Financial Institutions**

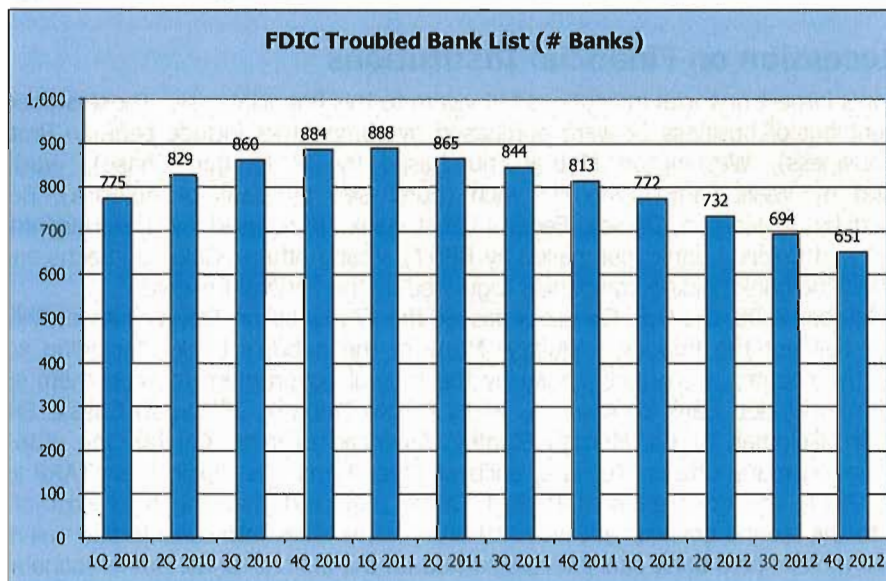
- The nation's largest financial institutions fell victim to this financial crisis. Those storied firms that either went out of business or were purchased by competitors include Lehman Brothers (went out of business), Washington Mutual (purchased by JP Morgan Chase), Wachovia Bank (purchased by Wells Fargo), Merrill Lynch (purchased by Bank of America), Bear Stearns (purchased by JP Morgan Chase), Federal Trust Bank (purchased by The Hartford Insurance Company) and Colonial Bank (purchased by BB&T) among others. Goldman Sachs and American Express became bank holding companies regulated by the Federal Reserve.
- In early October 2008, the U.S. Congress passed the \$790± billion Troubled Asset Relief Program (TARP) to bail out the financial industry. Many of the nation's banks, including some of the largest in the country, were lent money by the federal government to keep them solvent. The largest firms included Bank of America, Wells Fargo, Citibank, JPMorgan Chase, Bank of New York Mellon, Goldman Sachs, Morgan Stanley, American Express, Capital One, BB&T and U.S. Bancorp among many others. To date, each of these firms has repaid their TARP loans. As of March 3, 2011, the Congressional Budget Office projected that the total cost of the TARP program to the federal government was \$19 billion. This takes into consideration all monies paid out less all monies paid back plus interest earned on the bailout funds. Some economists believe the final TARP cost to be even less, although those economists are not factoring in the lost "opportunity costs".
- Also in 2008, the federal government spent \$300 billion to take over Fannie Mae and Freddie Mac, the nation's largest buyers of home mortgages. And in early May 2011, Fannie Mae asked the federal government for an additional \$8.5B loan after losing \$8.7B in 1Q 2011.
- In 2008 the federal government guaranteed an \$85 billion loan to American International Group, one of the largest insurance companies in the world. Since that time, the federal government has

restructured the AIG loans and extended additional credit to a total of \$182.3 billion in order to keep the insurance giant from closing. AIG restructured its loans and paid off the government loan in January 2011. The federal government in December 2012 sold its last shares in AIG, thereby ending its ownership in the insurance giant.

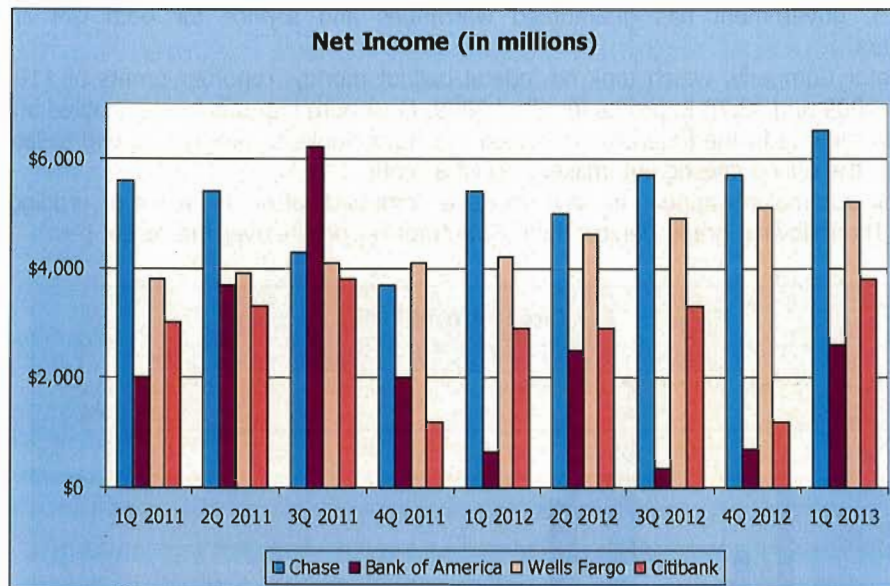
- Bank closings nationwide have spiked in the past couple of years. The following chart indicates the number of banks taken over by the Federal Deposit Insurance Corporation (FDIC):



- The following graph indicates the number of banks on the FDIC's "troubled" list:



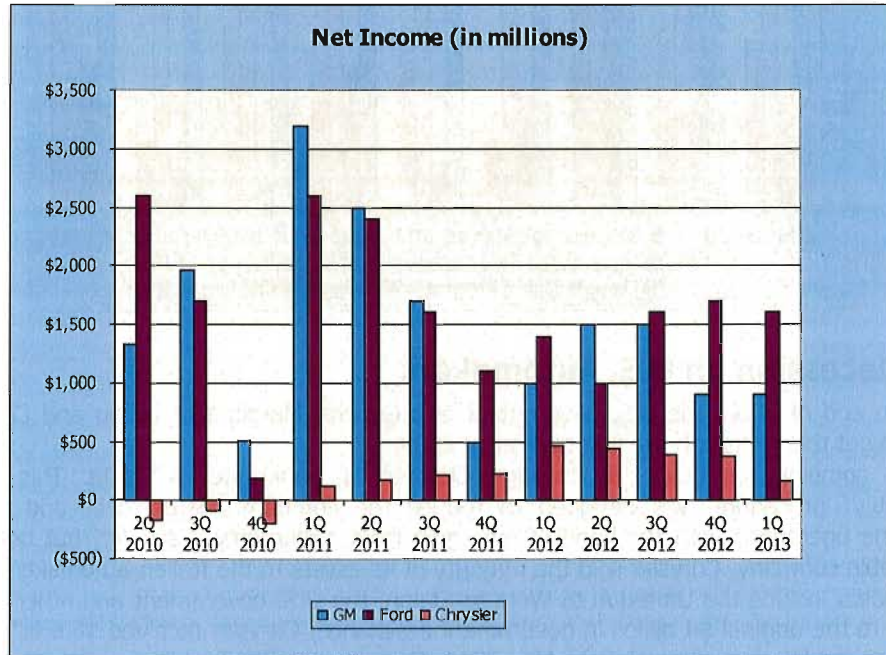
- The nation's largest banks turned the corner on profits in early 2010 and have, for the most part, continued to do well, with only a few hiccups along the way. The following graph depicts the quarterly profits of several large financial institutions:



## Effects of Recession on U.S. Automakers

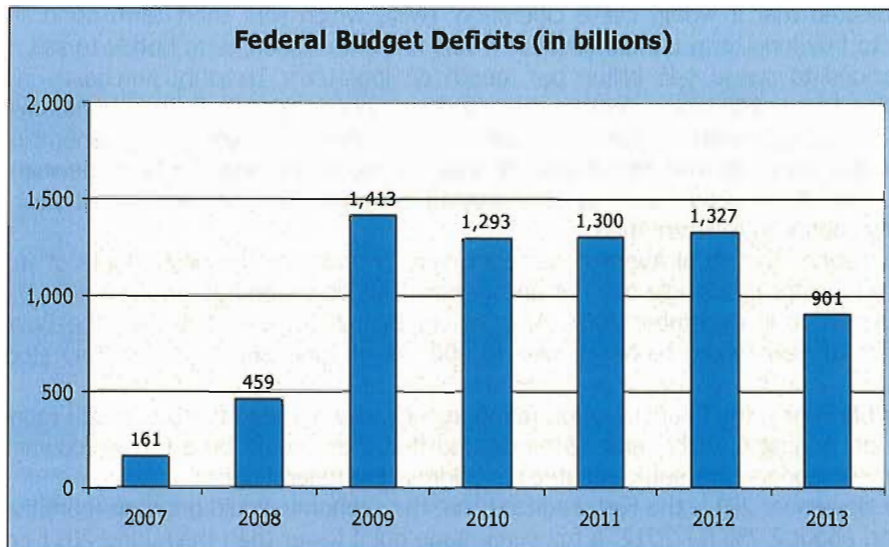
- Near the end of 2008, the U.S. government lent General Motors \$9± billion and Chrysler \$4± billion to get them through the first quarter of 2009.
- Chrysler completed a quick trip through Chapter 11 bankruptcy in 2009. This “organized bankruptcy” procedure was designed to reduce the company’s large debt and allow it to streamline operations with the hope of emerging from bankruptcy a smaller, but healthier and more viable company. Chrysler sold the majority of its assets to the Italian automaker Fiat. Other stakeholders include the United Auto Workers Union, the U.S. government and other lenders. In addition to the original \$4 billion in government assistance, Chrysler received \$6.6 billion when it exited bankruptcy protection. In late May 2011, Chrysler repaid \$7.6 billion in government loans to the U.S. and Canadian treasuries.
- General Motors also completed a quick bankruptcy in 2009, shedding billions of dollars in debt and burdensome contracts with the hope of allowing the automaker to once again become profitable. The former shareholders of GM were wiped out in bankruptcy, but former bondholders, the UAW and CAW, the U.S. Treasury and the Canadian and Ontario governments became the company’s owners. Prior to bankruptcy, GM was loaned \$19.4 billion dollars by the federal government. In return for \$30 billion in additional federal government loans (a total of \$50± billion), the U.S. government received ownership of 61±% of the new GM. The original goal was for the new GM to repay the government loans by 2014. GM paid \$2.6B to the United Auto Workers union for retiree health care, and paid back \$5.8B to the federal government. On November 18, 2010 the U.S. Treasury sold \$11.8B worth of its shares in GM, reducing its stake in the automaker from about 61% to about 36%. And then GM repaid \$2.1B to the US Treasury by repurchasing some preferred stock the federal government held. On December 19, 2012 the U.S. government announced plans to sell its remaining 500 million shares of General Motors, virtually guaranteeing a substantial taxpayer loss on the \$49.5 billion bailout. The Treasury Department today said that it will sell all its stock in GM within 12 to 15 months and sell 40% of its stake within weeks, starting with a \$5.5 billion deal for GM to buy back 200 million of its shares as soon as next month at \$27.50 per share. The government would have needed about \$53 per share for its 26% stake to break even on the bailout. The deal negotiated with GM for the 200 million shares will cut the U.S. stake to 19% but raise the price needed to break even on the remaining 300 million government shares to nearly \$70.
- GM’s Pontiac, Saturn and Hummer brands have been discontinued and General Motor’s Saab brand was sold to Dutch auto-maker Spyker.

- The U.S. government has guaranteed warranties and service for both GM and Chrysler customers.
- Ford Motor Company, which took no federal bailout money, reported profits of \$1B for the 3<sup>rd</sup> Quarter 2009 and \$2.7B in profits for all of 2009. Most auto manufacturers showed an increase in sales volume due to the federally-subsidized "cash for clunkers" program in mid-to-late 2009, but Ford was the only domestic automaker to post a profit.
- The U.S. automakers appear to have made a comeback after 3+ years of eroding sales and profits. The following graph depicts the U.S. automaker profits over the recent past:



### Effects of Recession on Credit, Interest Rates and Economic Growth

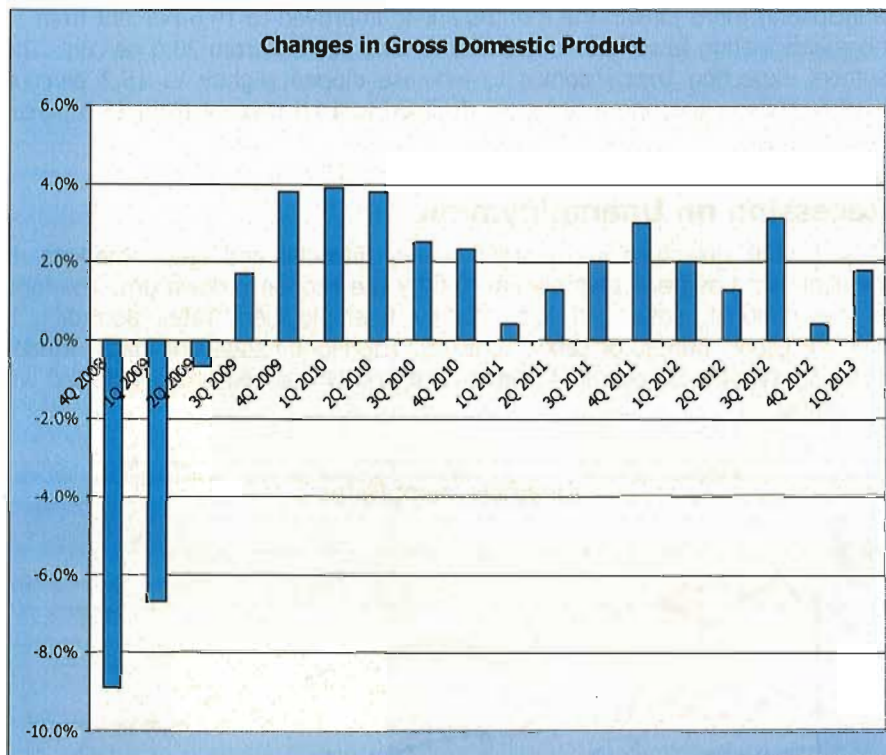
- To combat the effects of the recession, the Federal Reserve and the Treasury Department teamed up to form the Public Private Investment Corporation, a public body that is to finance the purchase of up to \$1 trillion in "toxic" loans and other assets in order to help unfreeze credit markets and reduce the number of home foreclosures. This public private corporation combined its resources with the Federal Deposit Insurance Corporation, the Federal Reserve and private investors to buy the sour loans that were on ailing banks' balance sheets, thus freeing the banks to begin lending once again. This venture had the investors assuming about 25% of the risk while the U.S. government was responsible for insuring a majority of the value of these sour loans. As of the end of March 2013, the investment period has ended for all public private investment funds. Five funds have been effectively wound down and three funds remain in the program with one fund containing outstanding Treasury equity and debt. According to the U.S. Treasury Department, it has fully recovered its original investment of \$18.6 billion in the PPIP plus a positive return of \$2.6 billion through equity and debt repayments, interest and proceeds in excess of original equity capital, including warrant proceeds.
- And although some of the loans made by the federal government have been repaid, still, the federal government spends considerably more money than it brings in. The following graph summarizes the U.S. deficit for the past few years:



- The White House and Republican-led House of Representatives continue to fight over raising tax rates and reducing the deficit. President Obama, having won re-election in November on a platform of raising tax rates on those making more than \$200,000 per year, insisted on hiking the top tax rate from 35% to 39.5%. Additionally, the White House wanted the inheritance tax to increase from 35% to something between 45% and 55% while reducing the exemption from the current \$5 million to somewhere in the \$2 million to \$3 million range. House Republicans were fighting to keep tax rates for all workers at the then-current levels. What ultimately came out of the "fiscal cliff" agreement was to increase tax rate to 39.6% on those making \$400,000 per year (\$450,000 for a couple) and leaving the current rates for all those earning less than the \$400,000 level. The inheritance tax rate increased from 35% to 40% for estate higher than \$5.25 million for one person or \$10.24 million per couple.
- As of this writing, the Federal Reserve Open Market Committee has reduced the federal funds rate 10 times since mid-September 2007, with an overall reduction of 5.00%-5.25%, with the last cut taking place on December 16, 2008. At that meeting, the Fed cut the rate from 1% to a range of 0% to 0.25%. In subsequent meetings and actions, the Fed has used unconventional methods to try to stabilize the American economy. The Fed has pumped trillions of dollars into the market to try to shore up the credit markets. As a result of the slowdown in the recovery in the Summer 2011, the Fed announced in August 2011 that it would hold interest rates at near zero percent until at least the middle of 2013. This was a very unusual move and one meant to give support to the business community that the Fed is serious about keeping the economy from slipping into another recession, although that move, in and of itself, will not guarantee that the economy won't enter into another recession. On January 26, 2012, the Fed announced that it had pushed back a future rate increase until at least late 2014, about 18 months later than originally planned. And in its most recent meeting in mid-December 2012, the Fed indicated that they will keep rates at the current level until at least mid-2015.
- With the continued slow-down in the economy, caused in part by issues here in the U.S. but also the very volatile economic climate in Europe as leaders there grappled with what appeared to be a coming recession, in mid-September 2011, the Fed instituted "Operation Twist", a program to sell \$400 billion of its own short term holdings in order to purchase long term holdings. The hope was that having more long term debt would allow interest rates on long term debt to stay low, thereby giving consumers more confidence in borrowing money. In mid-June 2012, the Federal Reserve decided to extend the "Operation Twist" program through the end of 2012 because the economy has been held back by a slow jobs market. The extension involved using \$267 billion in securities. Then at its December 2012 meeting the Fed decided to continue to stimulate the economy until the unemployment rate is reduced to at least 6.5%; it is currently at 7.6%. The

Fed indicated that it would cease Operation Twist, which sold short term bond and used the money to buy long term bonds, because it has run out of short term bonds to sell. Instead, the Fed decided to spend \$45 billion per month on long-term Treasury purchases in addition to continuing to buy \$40 billion per month in mortgage bonds. The Fed's total bond buying program of \$85 billion per month will continue until there is significant change in the unemployment rate. At its latest meeting, the Fed indicated that the economy was doing somewhat better and decided that it will slow down its bond-buying program this year and end it next year if the economy continues to strengthen.

- The Dow Jones Industrial Average has been very erratic over the past couple of years, with 3-digit point swings in a single day not uncommon. The Dow stood at 14,000± near the beginning of the recession in December 2007. After falling 15%-20% from that high, the Dow worked its way back to new record highs at over 15,000. As of June 26, 2013 the Dow stood at about 14,900.
- Standard & Poor's, the financial credit rating agency, downgraded the U.S. credit rating from AAA to AA+ on August 5, 2011, and S&P indicated that there could be a further downgrade unless government leaders take sufficient steps to address the federal deficit.
- In early November 2011, the Fed predicted that the economy would grow no more than 1.7% for 2011 and about 2.7% for 2012, a full percentage point lower than their June 2011 prediction. In January, 2012, the Fed reduced its economic growth projections further, with the new projection being 2.2% and 2.5% for 2012. The economic growth rate for 1Q 2012 was a weak 1.9%, and by late June 2012, the Fed reduced its forecast for 2012 growth to 1.9% to 2.4%. Then, at its September 2012 meeting, the Fed announced that its forecast for 2012 growth would be no higher than 2%.
- The Federal Reserve's earlier-than-expected decision December 12, 2012 to base changes in interest rates on the unemployment rate instead of a predetermined date was spurred by expectations of a moderate pace for economic expansion in 2013, according to minutes of the December Federal Open Market Committee meeting. Until December, committee members expected to keep the federal funds rate at zero to 0.25% at least through mid-2015. The new approach has the federal funds rate staying at those levels "at least as long as the unemployment rate remains above 6.5%," and inflation remains no more than 50 basis points above the committee's 2% long range goal. Chairman Ben Bernanke characterized the shift at a post-meeting news conference as a more "transparent process" that would let markets respond more quickly to changes in unemployment rates and other indicators.
- The Commerce Department indicated that the GDP had slowed to 1.3% in 2Q 2012 and increased to 2.0% for 3Q 2012. Although the third quarter showed an increase in GDP, many economists believed this rate was not sustainable and the economy was at risk of stalling, with some worrying about the economy falling back into recession three years after the Great Recession technically ended. On January 30, 2013 the U.S. Commerce Department said the U.S. economy shrank in 4Q 2012 by 0.1%, the first fall since 2Q 2009. For all of 2012, the economy expanded by 2.2%, better than 2011's growth of 1.8%. Economists generally think that 2013's growth rate will likely be in the area of 2% as well. Most economists dismiss the 4Q 2012 contraction as temporary, indicating that another recession appears remote. And in March 2013, the 4Q 2012 GDP was revised to a gain of 0.4%. Still, the sharp decline from the 3.1% growth rate in 3Q 2012 raises concerns about 2013. The Commerce Department indicated that the economy grew at 2.4% for 1Q 2013. That rate is a much better showing than the 4Q 2012 growth rate.
- The following graph depicts the GDP for the recent past as calculated by the U.S. Commerce Department:

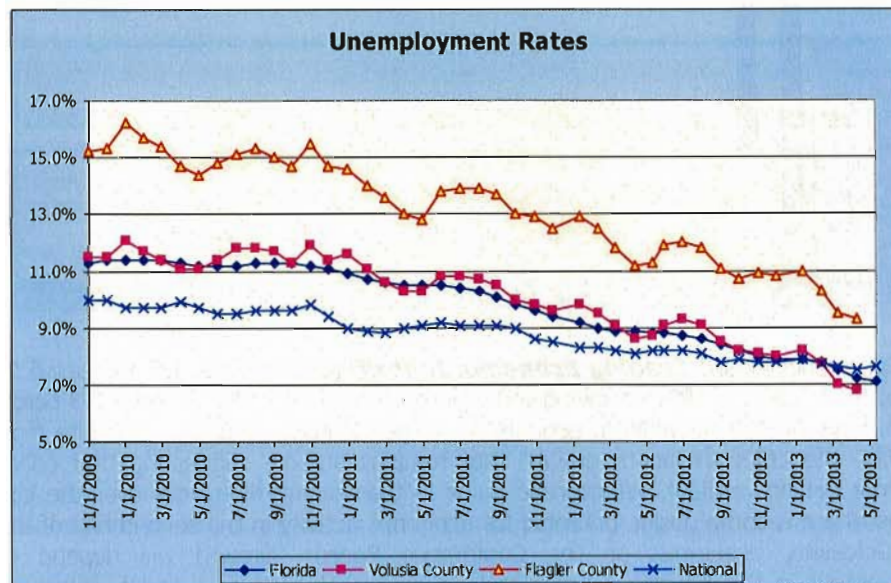


- The Conference Board **Leading Economic Index®** (LEI) for the U.S. increased 0.1 percent in May to 95.2 (2004 = 100), following a 0.8 percent increase in April, and a 0.3 percent decline in March. Says Ataman Ozyildirim, economist at The Conference Board: "Despite month-to-month volatility, the LEI's six-month growth rate remains steady, suggesting that conditions in the economy remain resilient. Widespread gains in the leading indicators over the last six months suggest there is some upside potential for economic activity in the second half of the year." Says Ken Goldstein, economist at The Conference Board: "Growth will depend on continued improvement in the housing market and an easing of consumer and business caution which would allow overall consumption and investment to gain traction. Cutbacks in public spending programs and the drag from foreign trade remain headwinds."
- The Conference Board **Consumer Confidence Index®**, which had improved in May, increased again in June. The Index now stands at 81.4 (1985=100), up from 74.3 in May. The Present Situation Index increased to 69.2 from 64.8. The Expectations Index improved to 89.5 from 80.6 last month. Says Lynn Franco, Director of Economic Indicators at The Conference Board: "Consumer Confidence increased for the third consecutive month and is now at its highest level since January 2008 (Index 87.3). Consumers are considerably more positive about current business and labor market conditions than they were at the beginning of the year. Expectations have also improved considerably over the past several months, suggesting that the pace of growth is unlikely to slow in the short-term, and may even moderately pick up." Consumers' assessment of current conditions continued to improve in June. Those stating business conditions are "good" held steady at 19.1 percent, while those saying business conditions are "bad" decreased to 24.9 percent from 26.0 percent. Consumers' appraisal of the job market was also more positive. Those claiming jobs are "plentiful" increased to 11.7 percent from 9.9 percent, while those claiming jobs are "hard to get" edged up to 36.9 percent from 36.4 percent. Consumers' expectations regarding the short-term outlook improved again in June. Those expecting business conditions to be better over the next six months increased to 20.3 percent from 18.7 percent, while those expecting business conditions to worsen decreased to 11.4 percent from 12.2 percent. Consumers' outlook for the labor market was also more optimistic.

Those anticipating more jobs in the months ahead improved to 19.6 percent from 16.3 percent, while those anticipating fewer jobs decreased to 16.1 percent from 20.0 percent. The proportion of consumers expecting their incomes to increase dipped slightly to 15.2 percent from 15.6 percent, while those expecting a decrease declined to 14.4 percent from 15.3 percent. (Source: Conference Board)

## Effects of Recession on Unemployment

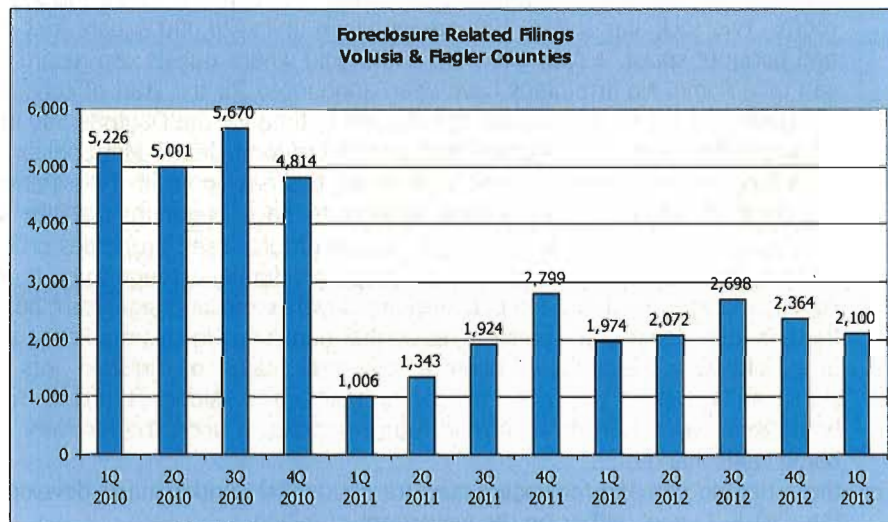
- In addition to the downturn in the real estate, financial and credit markets, the national unemployment rate has been severely affected by the economic downturn. The following graph indicates the national, state and local county unemployment rates according to the U.S. Department of Labor, Bureau of Labor Statistics. The Florida statewide data include seasonally-adjusted rates while the Volusia and Flagler data is only non-seasonally-adjusted which is what the BLS compiles.



- National economists have indicated that weak unemployment could linger for years, and the national unemployment rate will be permanently higher or at least higher for the foreseeable future. Additionally, many economists discount somewhat the above unemployment figures believing that they don't take into account the large number of people who have become discouraged and have stopped looking for work. Those people are not included in the official unemployment figures; if included, the "real" unemployment rate would be considerably higher.
- At its mid-September 2012 meeting, the Federal Reserve indicated that the current national unemployment rate is 8.1% and that it (the Fed) doesn't think the rate will decline further in 2012. It forecast a decline to 7.6% in 2012 and 6.7% in 2014.
- Sean Snaith, an economics professor at the University of Central Florida indicated in early July that the June 2012 national unemployment rate of 8.2% would not drop back to the 6% range until after 2016. Economists consider a "normal" level of unemployment to be between 5% and 6%.
- The national unemployment rate dipped to 7.6% in March 2013, the lowest in 4 years. However, the rate fell only because more people stopped looking for work. People who are out of work are no longer counted as unemployed once they stop looking for a job. In March, the U.S. added only 88,000 jobs, less than half the average of 196,000 jobs in the previous 6 months.

## Effects of Recession on Real Estate

- There was an unprecedented meteoric rise in the residential market from 2003 through 2005 when the number of new residential developments throughout the country, but especially in Central Florida, increased substantially and the prices of homes and condominiums increased exponentially. However, once the economy started deteriorating, beginning in early to mid-2006, the local and Central Florida residential market began a decline that has continued to the present time.
- Residential foreclosures had increased significantly over the past few years, and some economists had projected that foreclosures might remain high for a couple of years. Since about the beginning of 2011, foreclosures have decreased significantly in the Volusia/Flagler market. Some believe this is an indication that the housing market is indeed improving while others believe that the slowdown may be the result of ongoing delays in lender processing of foreclosures. The foreclosure market has been undulating for the past couple of years, with no clear indication as to where that market is going. Only time will tell what is really happening. The following graph depicts the most recent foreclosures (properties that have received a default notice, scheduled auction or bank repossession) for the Volusia/Flagler market:



## 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

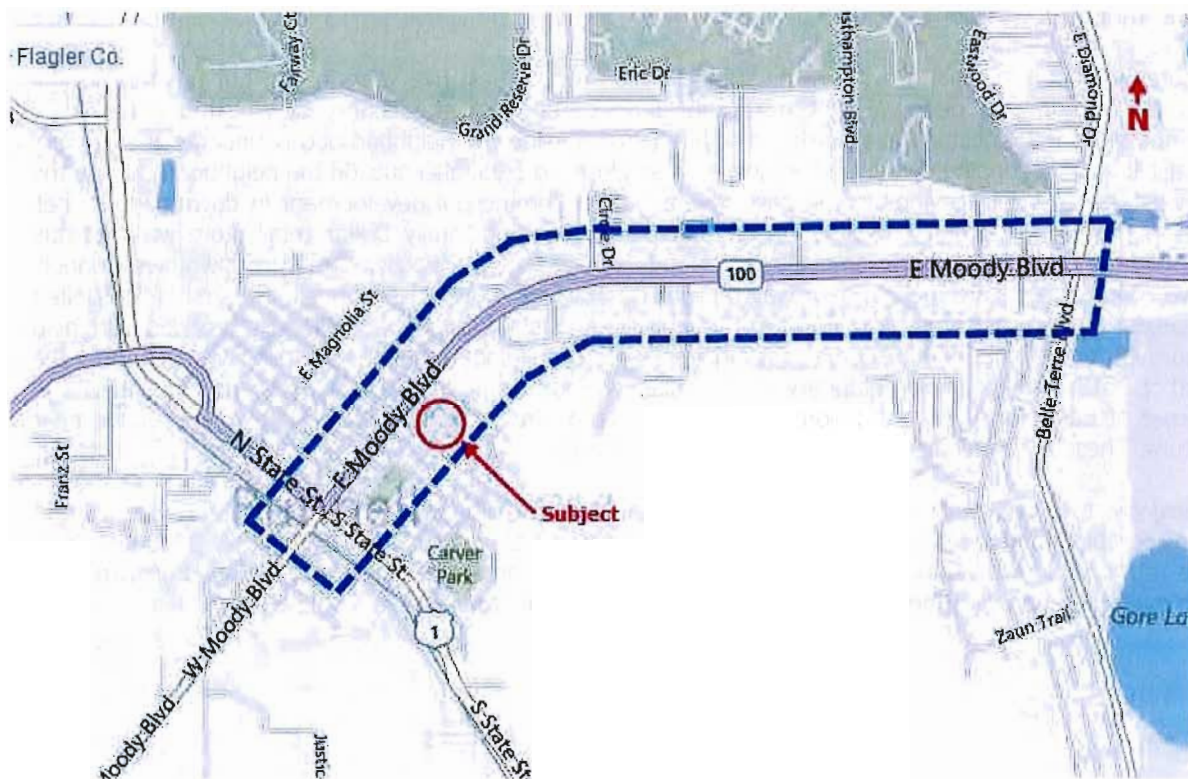
- commercial, retail and industrial occupancy rates are down from peak with the occupancy rates of the most desirable commercial hubs not down as much as the less desirable markets
  - there is little demand for commercial and industrial vacant land in this market, except for a few pockets in prime locations
  - the occupancy and average daily rates for hotels in this area are down from peak, although up over the past year or so
  - There has been an increase in the sales of older oceanfront hotels purchased for renovation with several of the larger renovated hotels to receive national flags such as Hampton Inn, Hyatt Place and Residence Inn
  - two new, large oceanfront developments have been announced in the Daytona Beach market. A Russian development company is planning to build the Daytona Beach Convention Hotel & Condos, consisting of two towers: a 29-story condo tower containing 105 units and a 26-story hotel tower containing 500 rooms. Groundbreaking for this \$150 million project is slated for August 2013 with a planned opening in the Fall 2015. And a Canadian group is planning to develop a Hard Rock Hotel & Café to be built on an oceanfront site just south of Sunsplash Park in Daytona Beach. This 375,000± square foot development would include 250 hotel rooms, two rock star suites, 100 condominium units, 28,000 square feet of ballroom and banquet space, a spa, gift shop and studio where guests can record music they can take home. No firm plans have been announced for the start of construction, but the developer hopes to have the resort open in time for the Daytona 500 in 2016.
  - 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; sales that have occurred are buyers expecting significant hold times
  - 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; demand for finished homesites may rise in the near/mid future depending upon the recovery of the new home sales market
  - there has no demand for vacant land for residential condominium development over the past 5-7 years, 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 although there are a couple of larger market rate projects currently going through the permitting process for development in the near future
  - there has been considerable sales activity for existing multifamily properties in the Volusia County market the past couple of years
- There is limited new commercial development at this time. This new development is primarily in small owner-occupied medical offices and new dollar stores. Additionally, there have been a number of new retail and restaurant development in the most appealing commercial hubs in the Flagler County/Volusia County market.
  - Otherwise, sales and rental activities, although generally higher than just a year or so ago, are still rather slow and will likely remain that way until the economy begins to pick up speed. 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 was recently completed at the southwest corner of East Moody Blvd and South Bacher Street in downtown Bunnell. Two other projects are making their way through approvals in downtown Bunnell. The first is the United Cerebral Palsy project planned for the 1200 block of East Moody Blvd. UCP just received site plan approval for an 8,000-9,000 square foot office/classroom building and hopes to start construction by the end of 2013. Additionally, a veterinary office is planned for a former single family residence located at the corner of East Moody Blvd and North Palmetto St. Renovation of this structure is planned for the near future. These are welcome additions to the downtown area.

Currently the neighborhood 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:	219,044±	square feet
Parking lot sites:	57,000±	square feet
Total site:	276,044±	square feet

**Site Shape:** Each site is rectangular with the following dimensions per the Tomoka Engineering survey.

### Improved Building Site

North:	730.00' (Canakaris St)
East:	299.90' (S Lemon St)
South:	730.54'
West:	300.00' (S Chapel St)

### East Parking Lot Site

North:	98.00' (E Moody Blvd)
East:	285.00'
South:	98.00' (Canakaris St)
West:	285.00' (Hospital Dr)

### West Parking Lot Site

North:	102.00' (E Moody Blvd)
East:	285.00' (Hospital Dr)
South:	102.00' (Canakaris St)
West:	285.00'



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

**Road Frontage/Access:** The improved building site has frontage along South Chapel Street, Canakaris Street and South Lemon Street. Access to the former hospital building is currently from Canakaris Street and South Lemon Street; access to the former maintenance/storage building (now a non-profit

HAMILTON & JACOBS, LLC

File #13-3971: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110

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community center) is from South Chapel Street.

The parking lot sites have frontage along, but no direct access from both Moody Boulevard and Canakaris Street. The do, however, have frontage along and direct access from Hospital Drive.

**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.

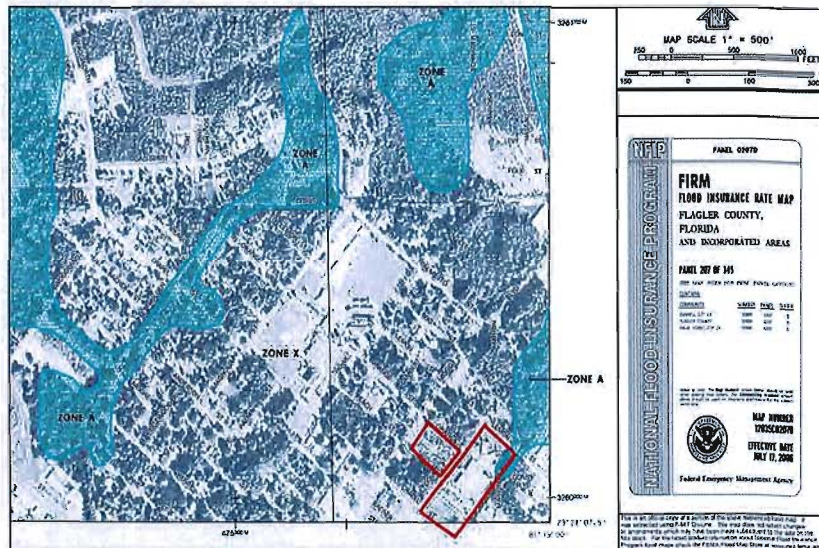
**Flood Zone:**

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 provided a copy of a 2006 survey that includes all three parcels. There are a number of former paper streets within the subject sites that have been vacated over the years. This survey does not show any easements or encroachments that would have an adverse impact on the value of the subject as concluded in this report. We assume that an up-to-date survey would not reveal any adverse easements or encroachments on these sites.

**Land to Building Ratio:** 4.46 to 1 (land area to gross building area)

**Traffic Counts:**

Florida Dept of Transportation, Year 2012  
Station #73-0033, SR 100, 0.159 mile NE of US 1  
East + West = 10,800 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 Sites

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.

Hospital Drive is a 2-lane, narrow grass median divided street with no amenities.

**Future Land Use:**

The improved building site has an existing FLU designation of Public (Bunnell). A previous 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 sites have an existing FLU designation of Commercial High Intensity.

**Zoning District:**

Improved building site: Zoned O-1, Office, medical & related services. Permitted uses include professional and business offices, which shall include, but not be limited to, offices for lawyers, architects, engineers, insurance and real estate agents; hospital, clinics, and medical and dental offices; undertaking establishments and funeral homes; drug stores in connection with medical clinics; public buildings; banks and other financial institutions; and 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; any use permitted in the R-1 Single-family residential district.

Parking lot sites: Zoned B-2, Business. Permitted uses include any use permitted in the R-1 single-family residential district; any use permitted within the O-1 office, medical and related use district; 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; 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; buildings and uses immediately and exclusively accessory to the permitted uses, including automobile parking.

As an aside, according to discussions with city officials, the O-1 zoning district was designed specifically for the former hospital use. Now that the hospital use is gone, the City, at the request of a developer, may rezone the property to allow businesses and retail/commercial uses, quite possibly to B-2, Business.

**Conforming:**

The improved building appears to be a legal, non-conforming use, with the non-conformity dealing with the fact that the entire building is not fire sprinklered. According to conversations with Bunnell city officials, if the building were renovated to another use, the entire building would require fire sprinklers.

**Consistent Use:**

Zoning is consistent with the future land use designation; subject is generally consistent with other uses in the area.

<b>Assessment &amp; Taxes:</b>	Tax Parcel ID#:	10-12-30-0850-00180-0000
	Tax Year:	Certified 2012      Working 2013
	Assessed Value Land:	\$353,951      \$510,653
	Assessed Value Building:	\$      1      \$150,800
	Assessed Value Misc:	\$      0      \$      0
	Assessed Value Total:	\$353,952      \$661,453
	Exempt Value:	\$      0      \$      0
	Taxable Value:	\$353,952      \$389,347
	Tax Rate:	23.17540
	Gross Real Estate Taxes:	\$8,202.97
	Past Due Taxes:	None

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

<b>History of Subject's Assessed Values</b>					
<b>Tax ID No.</b>	<b>Land</b>	<b>Building</b>	<b>Misc</b>	<b>Total</b>	<b>% Chg</b>
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%
Certified 2012	\$353,951	\$1	\$0	\$353,952	-33.72%
Working 2013	\$510,653	\$150,800	\$0	\$661,453	86.88%
<i>Change from 2006</i>	<i>21%</i>	<i>-89%</i>	<i>-100%</i>	<i>-63%</i>	
<b>Compiled by HJA</b>					

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:

<b>Tax Comparables</b>						
<b>Comparable</b>	<b>City</b>	<b>2012 AV</b>	<b>GBA</b>	<b>AV/SF GBA</b>	<b>Use</b>	<b>Yr Built</b>
Sale 1	Palm Coast	\$1,900,000	55,042	\$34.52	Off/Retail Shell	2009
Sale 2	Ormond Beach	\$603,771	40,584	\$14.88	Shell	1959
Sale 3	Port Orange	\$640,954	24,015	\$26.69	Open shell	2006
Sale 4	Orange City	\$495,408	18,000	\$27.52	Retail/Shell	1981
Sale 5	New Smyrna Beach	\$1,689,374	44,713	\$37.78	Retail/Shell	2000
Sale 6	Port Orange	\$479,892	23,111	\$20.76	Shell	1985
Sale 7*	Ormond Beach	\$1,293,566	49,097	\$26.35	Shell/Remod	1983
Listing 1	Daytona Bch	\$456,629	20,813	\$21.94	Office/Shell	1957
Listing 2	Ormond Beach	\$628,094	44,526	\$14.11	Office	1964
Listing 3	Bunnell	\$596,000	16,988	\$35.08	Office/Remod	1960
Listing 4	Daytona Bch	\$471,805	26,000	\$18.15	Office	1952
<b>Subject</b>	<b>Bunnell</b>	<b>\$353,952</b>	<b>61,900</b>	<b>\$5.72</b>	<b>Shell</b>	<b>1979</b>
* renovated in 2010						
<b>Compiled by HJA</b>						

The total assessments range from \$14.11 to \$37.78 per square foot of building area, with a mean (average) of \$25.25 and a median of \$26.35 per square foot. The subject's 2012 certified assessment is

\$5.72 per square foot and its 2013 "working" assessment is \$10.69 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 of properties.

### Aerial View of the Subject



Bingmaps.com

## Property Description – Improvements

<b>Property Type:</b>	Retail-Commercial/shell building		
<b>Year Built:</b>	1979		
<b>Building Age:</b>	The building is about 35 years old and has reached the end of its economic life as its original hospital use. The building appears to be structurally sound and will be revitalized during future redevelopment.		
<b>SF Building Area:</b>	Former hospital:	57,800±	Shell building
	Maintenance/storage:	<u>4,100±</u>	Assume shell building
	Total:	61,900±	
<b>No. Stories:</b>	Both buildings are one story		
<b>Building Height:</b>	16'-20'± for the former hospital building 10'± for the former 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 EIFS over concrete block
<b>Roof:</b>	Metal trusses on steel frame with concrete roof deck and 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 owner, 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 no electrical fixtures in shell, but assume electric is stubbed to the building
<b>Plumbing:</b>	Some of the plumbing fixtures have already been removed; the remaining fixtures would need to be removed prior to redevelopment; assume no fixtures in shell, but assume plumbing is stubbed to the building
<b>Fire Sprinklers:</b>	According to Bunnell building officials, about 15% of the building is currently fire sprinklered; although this system may be serviceable, assume no fire sprinklers in shell, but assume stubbed to the building
<b>Former Maintenance and Storage Building:</b>	Painted concrete block exterior walls, wood roof trusses (assume), composition tile shingles, concrete floors, painted drywall or concrete block interior walls, painted plywood ceilings and surface mounted or hanging lighting fixtures. The interior layout includes several small private offices, a gathering room at the building's entrance, one restroom with shower, a small chapel room, a food pantry room and an equipment/furniture storage room. We assume this building, like the former hospital building, is basically in average shell 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, reportedly in serviceable condition – FF&amp;E, not included in valuation</li> <li>• 300KW diesel driven emergency generator for standby power, reportedly in serviceable condition – FF&amp;E, not included in valuation</li> <li>• Site lighting via parking lot light poles and building wall packs</li> <li>• Asphalt drives and parking in fair/poor condition; would require replacement</li> </ul> <p>We assume the landscaping, irrigation system, site lighting and much of the parking lot will need to be upgraded or 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. However, according to Allen Baggett with St Johns River Water Management District, if redevelopment of the site does not "trip" established thresholds, no permit is required from St Johns. Refer to the Important Considerations discussion located on page 9.</p> <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</i></b></p>

***generator has not been included in our value conclusion.***

**Parking:**

There are currently about 136 marked parking spaces, resulting in a parking ratio of about 2.3 spaces per 1,000 square feet of building area. 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:**

None in shell

[illegible]

## **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 3 sites: the improved building site and two parking lot sites to the north of the improved building 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 34. 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 gone, the City, at the request of a developer, may rezone the property to allow businesses and retail/commercial

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

uses, quite possibly to B-2, Business. Although we have not assumed that such a rezoning will 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 Sites**

These two sites are zoned B-2, Business (Bunnell), and allows as permitted uses those uses noted earlier in the Zoning discussion on page 34. Each of these sites, 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 sites 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 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's parking lot sites 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 61,900± square feet of gross building area in two buildings: the former hospital building containing 57,800± square feet and a former maintenance/storage building (now known as a non-profit community center) containing 4,100± 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 sites are improved with 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 sites were an integral part of the improved building site. That remains the case in this analysis. Any new use that incorporates the entire building would need these areas to meet minimum parking requirements.

The current owner purchased the property in 2003 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. This analysis is based on the Hypothetical Condition that the building improvements are now in shell condition.

In valuing the property as it is presently improved 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 45. The value conclusion as improved in the Sales Comparison Approach is \$1,490,000.

It was our initial impression that the value of the property as improved exceeded the value of the land as though vacant. This would mean the building improvements contributed value over and above the value of the land as though vacant, and thus the improvements would be part of the highest and best use.

To test this hypothesis we have considered the sales of numerous vacant tracts of land that are somewhat comparable to the subject. There have been no sales of highly comparable land, though these sales provide a reasonable range of selling prices for the subject. The land sales analyzed are summarized in the following table:

Commercial Land Sales Analysis - Subject Site As Though Vacant						
Date	OR BK PG	Property	Probable Use	Usable Acres	Price/SF Land	Overall Rating
5/30/2013	Pending	Ridgewood & Palmetto, South Daytona	Retail/Comm	5.83	\$2.95	Slightly superior
11/12/2012	Pending	Nova Rd, Port Orange	Retail	3.65	\$4.06	Superior
12/27/2012	1914-1699	S/S Palm Coast Pkwy, W of Colbert	Office	13.77	\$1.60	Inferior
6/22/2012	1877-1826	S/S Palm Coast Pkwy, E of Bridgehaven	Commercial	2.15	\$2.67	Slightly superior
10/11/2011	6641-4629	SR-44, NSB (Mullinax Ford site)	Retail	10.61	\$3.79	Superior
6/22/2011	6604-4354+	Nova Rd & Arroyo Pkwy, Ormond Beach	Mfg Home Comm	5.91	\$3.79	Superior
<b>SUBJECT - value conclusion as improved</b>				<b>Commercial</b>	<b>6.34</b>	<b>\$5.40</b>
				Minimum	\$1.60	
				Maximum	\$4.06	
				Average	\$3.14	
				Median	\$3.37	
				<b>Subject</b>	<b>\$5.40</b>	
Analysis by HJA						

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, over 10 years. The current owner has done a considerable amount of interior demolition work. This analysis assumes the subject is in shell condition per the hypothetical condition defined on page 3. According to the architect's floor plan presented on page 40, the former hospital building contains 53,827± square feet and the separate former 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	Roma Court	515 Palm Coast Pky SW Palm Coast	6/24/2013	\$1,550,000	55,042	\$28.16	3± years	13%
2	Former Kitty Scott Furniture	685 S Yonge St Ormond Beach	3/29/2013	\$575,000	40,584	\$14.17	6± years	0%
3	Former Church Shell	4015 S Williamson Blvd Port Orange	7/26/2012	\$427,800	24,015	\$17.81	6± years	0%
4	Former Atchely Appliances	2225 S Volusia Av Orange City	3/29/2012	\$581,500	18,000	\$32.31	Unknown	0%
5	Former Williams Furniture	2240 SR 44 New Smyrna Beach	12/6/2011	\$1,800,000	44,713	\$40.26	6-8± months	13%
6	Former Port Orange 6 Theaters	1015 Eagle Lake Tr Port Orange	4/13/2011	\$500,000	23,111	\$21.63	12+ months	0%
7	Bright Beginnings	499 S Nova Rd Ormond Beach	7/12/2010	\$2,000,000	49,097	\$40.74	12± months	0%
Listing 1	Former FPL Office Building	228 N Ridgewood Av Daytona Beach	6/25/2013	\$596,000	20,813	\$28.64	3-4± years	0%
Listing 2	Accumen Center	110 E Granada Blvd Ormond Beach	6/25/2013	\$1,990,000	44,526	\$44.69	4+ years	65-70%
Listing 3	Bunnell Pharmacy Building	703 Moody Blvd Bunnell	6/25/2013	\$1,200,000	16,988	\$70.64	2± years	80%
Listing 4	Courtyard Center South	115-121 S Palmetto Av Daytona Beach	6/25/2013	\$799,000	26,000	\$30.73	4± years	< 50%
<b>Subject</b>	<b>Former Bunnell Hospital</b>	<b>901 E Moody Blvd Bunnell</b>	<b>6/20/2013</b>	<b>\$1,230,000</b>	<b>61,900</b>	<b>\$19.87</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.

Address	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Unit 10	Unit 11	Unit 12	Unit 13	Unit 14	Unit 15	Unit 16	Unit 17	Unit 18	Unit 19	Unit 20	Unit 21	Unit 22	Unit 23	Unit 24	Unit 25	Unit 26	Unit 27	Unit 28	Unit 29	Unit 30	Unit 31	Unit 32	Unit 33	Unit 34	Unit 35	Unit 36	Unit 37	Unit 38	Unit 39	Unit 40	Unit 41	Unit 42	Unit 43	Unit 44	Unit 45	Unit 46	Unit 47	Unit 48	Unit 49	Unit 50	Unit 51	Unit 52	Unit 53	Unit 54	Unit 55	Unit 56	Unit 57	Unit 58	Unit 59	Unit 60	Unit 61	Unit 62	Unit 63	Unit 64	Unit 65	Unit 66	Unit 67	Unit 68	Unit 69	Unit 70	Unit 71	Unit 72	Unit 73	Unit 74	Unit 75	Unit 76	Unit 77	Unit 78	Unit 79	Unit 80	Unit 81	Unit 82	Unit 83	Unit 84	Unit 85	Unit 86	Unit 87	Unit 88	Unit 89	Unit 90	Unit 91	Unit 92	Unit 93	Unit 94	Unit 95	Unit 96	Unit 97	Unit 98	Unit 99	Unit 100	Unit 101	Unit 102	Unit 103	Unit 104	Unit 105	Unit 106	Unit 107	Unit 108	Unit 109	Unit 110	Unit 111	Unit 112	Unit 113	Unit 114	Unit 115	Unit 116	Unit 117	Unit 118	Unit 119	Unit 120	Unit 121	Unit 122	Unit 123	Unit 124	Unit 125	Unit 126	Unit 127	Unit 128	Unit 129	Unit 130	Unit 131	Unit 132	Unit 133	Unit 134	Unit 135	Unit 136	Unit 137	Unit 138	Unit 139	Unit 140	Unit 141	Unit 142	Unit 143	Unit 144	Unit 145	Unit 146	Unit 147	Unit 148	Unit 149	Unit 150	Unit 151	Unit 152	Unit 153	Unit 154	Unit 155	Unit 156	Unit 157	Unit 158	Unit 159	Unit 160	Unit 161	Unit 162	Unit 163	Unit 164	Unit 165	Unit 166	Unit 167	Unit 168	Unit 169	Unit 170	Unit 171	Unit 172	Unit 173	Unit 174	Unit 175	Unit 176	Unit 177	Unit 178	Unit 179	Unit 180	Unit 181	Unit 182	Unit 183	Unit 184	Unit 185	Unit 186	Unit 187	Unit 188	Unit 189	Unit 190	Unit 191	Unit 192	Unit 193	Unit 194	Unit 195	Unit 196	Unit 197	Unit 198	Unit 199	Unit 200	Unit 201	Unit 202	Unit 203	Unit 204	Unit 205	Unit 206	Unit 207	Unit 208	Unit 209	Unit 210	Unit 211	Unit 212	Unit 213	Unit 214	Unit 215	Unit 216	Unit 217	Unit 218	Unit 219	Unit 220	Unit 221	Unit 222	Unit 223	Unit 224	Unit 225	Unit 226	Unit 227	Unit 228	Unit 229	Unit 230	Unit 231	Unit 232	Unit 233	Unit 234	Unit 235	Unit 236	Unit 237	Unit 238	Unit 239	Unit 240	Unit 241	Unit 242	Unit 243	Unit 244	Unit 245	Unit 246	Unit 247	Unit 248	Unit 249	Unit 250	Unit 251	Unit 252	Unit 253	Unit 254	Unit 255	Unit 256	Unit 257	Unit 258	Unit 259	Unit 260	Unit 261	Unit 262	Unit 263	Unit 264	Unit 265	Unit 266	Unit 267	Unit 268	Unit 269	Unit 270	Unit 271	Unit 272	Unit 273	Unit 274	Unit 275	Unit 276	Unit 277	Unit 278	Unit 279	Unit 280	Unit 281	Unit 282	Unit 283	Unit 284	Unit 285	Unit 286	Unit 287	Unit 288	Unit 289	Unit 290	Unit 291	Unit 292	Unit 293	Unit 294	Unit 295	Unit 296	Unit 297	Unit 298	Unit 299	Unit 300	Unit 301	Unit 302	Unit 303	Unit 304	Unit 305	Unit 306	Unit 307	Unit 308	Unit 309	Unit 310	Unit 311	Unit 312	Unit 313	Unit 314	Unit 315	Unit 316	Unit 317	Unit 318	Unit 319	Unit 320	Unit 321	Unit 322	Unit 323	Unit 324	Unit 325	Unit 326	Unit 327	Unit 328	Unit 329	Unit 330	Unit 331	Unit 332	Unit 333	Unit 334	Unit 335	Unit 336	Unit 337	Unit 338	Unit 339	Unit 340	Unit 341	Unit 342	Unit 343	Unit 344	Unit 345	Unit 346	Unit 347	Unit 348	Unit 349	Unit 350	Unit 351	Unit 352	Unit 353	Unit 354	Unit 355	Unit 356	Unit 357	Unit 358	Unit 359	Unit 360	Unit 361	Unit 362	Unit 363	Unit 364	Unit 365	Unit 366	Unit 367	Unit 368	Unit 369	Unit 370	Unit 371	Unit 372	Unit 373	Unit 374	Unit 375	Unit 376	Unit 377	Unit 378	Unit 379	Unit 380	Unit 3
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## ***Adjustment Notes***

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

Each of the sales and Listing 1 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 2, 3 and 4 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, conventional bank financing or seller financing at market terms; no adjustments are needed. Financing for each of the listings is assumed to be cash to the seller.

Sales 1 through 3 and 5 through 7 were normal, arm's length transactions where neither the buyer nor the seller was under duress; no adjustments are necessary. Sale 4 was a foreclosure sale; this sale requires an upward adjustment. 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.

#### **Location**

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. Listing 4 is located in downtown Daytona Beach, just south of West Intl Speedway Blvd. along South Palmetto Avenue. Although Intl Speedway Blvd is a major commercial highway, Listing 4 has no exposure to the passing traffic. Overall, this is generally comparable to the subject; no adjustment is required.

Sale 3 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 somewhat inferior to the subject; an upward adjustment is necessary.

Sales 4 through 7 are located along major commercial highways in Orange City, New Smyrna Beach, Port Orange and Ormond Beach, respectively. These are much more active and desirable commercial locations than the subject; downward adjustments are needed. Sales 1 and 2 and Listings 1 through 3 are also located in superior commercial locations, although these locations are not quite as good as those of Sales 4 through 7; somewhat smaller downward adjustments are required.

## **Site Utility**

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 2.2 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 3 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 this property's parking was never constructed, but it is thought that the parking ratio would be generally comparable to the subject. Overall, Sale 3 is considered generally comparable to the subject; no adjustment is needed. Sales 5 and 7 and Listing 3 are generally comparable to the subject; no adjustments are necessary.

Sale 1 has a similar land to building ratio, but a higher parking ratio. This sale requires a downward adjustment. Sale 6 has a higher land to building ratio and a much higher parking ratio; this sale requires a larger downward adjustment.

The remaining sales and listings have lower land to building ratios and/or lower parking ratios; each of these properties requires an upward adjustment. Sale 2, having the lowest parking ratio requires the largest upward adjustment.

## **Interior Buildouts**

The subject is a former hospital building that is currently in shell condition. Reference is made to the hypothetical conditions located on page 3. Sale 2 is generally comparable to the subject; no adjustment is needed.

Sale 3 was a base shell with exterior walls, roof and reinforced concrete floor. This building was under construction when the economy crashed and the shell was never fully completed. This property is somewhat inferior to the subject; an upward adjustment is necessary. Additionally, Sale 6 was a former movie theater building. There was a cost to level the theater floors to make it a usable shell building; an upward adjustment is needed.

The remaining sales and listings had some level of interior finish at the sale date or the current listing date. Each of these properties is considered superior to the subject, and each requires a downward adjustment. This amount has been rounded so as not to appear more precise than the market would recognize.

## **Building Size**

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.

Sales 1, 2, 5 and 7 and Listing 2 are generally comparable to the subject in building size; no adjustments are needed. Sales 3, 4 and 6 and Listings 1, 3 and 4 are smaller than the subject, and each requires a downward adjustment. The amount of the adjustment is calculated based on the average adjusted sale price as summarized in the following chart:

Building Size Adjustment			
Sale No.	SF Size	Adj Price	Avg Adj Price
4	18,000	\$26.98	\$24.27
6	23,111	\$21.23	
3	24,015	\$24.60	
2	40,584	\$17.00	\$23.13
5	44,713	\$29.22	
7	49,097	\$30.63	
1	55,042	\$18.94	
<b>Subject</b>	<b>61,900</b>	<b>\$19.87</b>	
<b>Analysis by HJA</b>			

The average adjusted sale price for Sales 3, 4 and 6 was about 5% higher than the average adjusted sale price of Sales 1, 2, 5 and 7 and the subject. Sales 3, 4 and 6 require a 5% downward adjustment. And because Listings 1, 3 and 4 are similar in size to these sale properties, they also require a downward adjustment.

### Year Built/Condition as Shell

The year built/condition takes into account the differences in the overall condition between the subject and the sale properties. The subject as a shell building is in generally average condition. Sales 1 and 3 through 7 and Listings 1 through 4 are generally comparable to the subject; no adjustments are needed. Sale 2 was considered only in fair condition at the time of sale. This is inferior to the subject; an upward adjustment is necessary.

### Construction Quality

The overall building quality for each sale property is evaluated. Applicable adjustments that are made bear some relation to the additional cost or the savings associated with the building quality. Adjustments may be applied for variations in overall quality. Each of the sales and listings is generally comparable to the subject; no adjustments are warranted.

### Value Indication

The listings range in adjusted *asking prices* from \$20.73 to \$48.57 per square foot, with a mean (average) adjusted asking price of \$30.63 per square foot and a median adjusted asking price of \$24.65 per square foot. In the final analysis, no emphasis is given to the listings as they are asking prices only, not closed sales; they are provided for informational purposes only. It should be noted that the owners of Listing 2 have been negotiating with their lender so that the asking price can be reduced to a more reasonable level given the existing market. Thus far, however, no agreement has been made. Additionally, Listing 3 is an office building that is not really a redevelopment candidate, but it is included in this analysis only because the property is located in the subject's immediate neighborhood. No emphasis is given to this listing in the listing analysis.

The sales range in adjusted selling prices from \$17.00 to \$30.63 per square foot of gross building area, with the subject's option contract price being \$19.87 per square foot. Equal emphasis is given to Sales 1, 5 and 7; less emphasis is given to Sale 2, 3 and 4 with higher gross adjustments, and even less emphasis is given to Sale 6 with the highest gross adjustment. Major emphasis is given to the subject's option contract.

EXCLUDING the subject, the mean (average) adjusted price of the sales is \$23.55 per square foot and the weighted average price is \$24.29 per square foot. INCLUDING the subject, the mean adjusted price

of the sales is \$23.09 per square foot and the weighted average price is \$23.44 per square foot. We have adopted a value of **\$24.00 per square foot** (rounded) for the subject's gross building area. The value of the subject is calculated to be

Fee Simple Value Indication			
	SF Size	Value/SF	Value Indication
Market value, as is	61,900	\$24.00	\$1,485,600
Rounded to nearest \$10,000			\$1,490,000
Analysis by HJA			

In its shell condition, the subject suffers no deferred maintenance; no deduction for deferred maintenance is required.

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 June 20, 2013, by the Sales Comparison Approach, was **\$1,490,000**.

## 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	\$1,490,000
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. It is our judgment that 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 June 20, 2013, subject to the assumptions and conditions noted herein, was

**ONE MILLION FOUR HUNDRED NINETY THOUSAND DOLLARS  
(\$1,490,000)**

**Extraordinary Assumptions:** None

**Hypothetical Conditions:** This appraisal is made under the Hypothetical Condition that the building improvements on the subject property are in a "shell" condition. Shell condition is defined as inclusive of the structural interior and exterior walls, concrete floor slab, roof structure with covering in its present condition and the current fire walls. The appraisal is made as though all mechanical, electrical and plumbing items have been removed and that all interior, non-load bearing walls have been removed. We assume that no further interior or exterior demolition work is required. We understand that this is the basis for the current purchase negotiations.

*Only those Extraordinary Assumptions and Hypothetical Conditions necessary for the development of the appraisal for its Intended Use are used. Nonetheless, the use of Extraordinary Assumptions and/or Hypothetical Conditions might have affected the assignment results.*

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

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## 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 three sites totaling 6.34± 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.

Although the local economy has exhibited some signs of growth, nevertheless, it is still somewhat sluggish and there remains a considerable amount of uncertainty as to when the real estate market will recover at a consistent rate. We have attempted to develop an opinion of value that could be achieved within a 12± month marketing period. 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**

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## SUBJECT PHOTOGRAPHS



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



West Entrance To Former Emergency Department.



Parking Lot West 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 At Right; 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 (Out Of View).



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 Canakaris Street.



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



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



Canakaris 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).



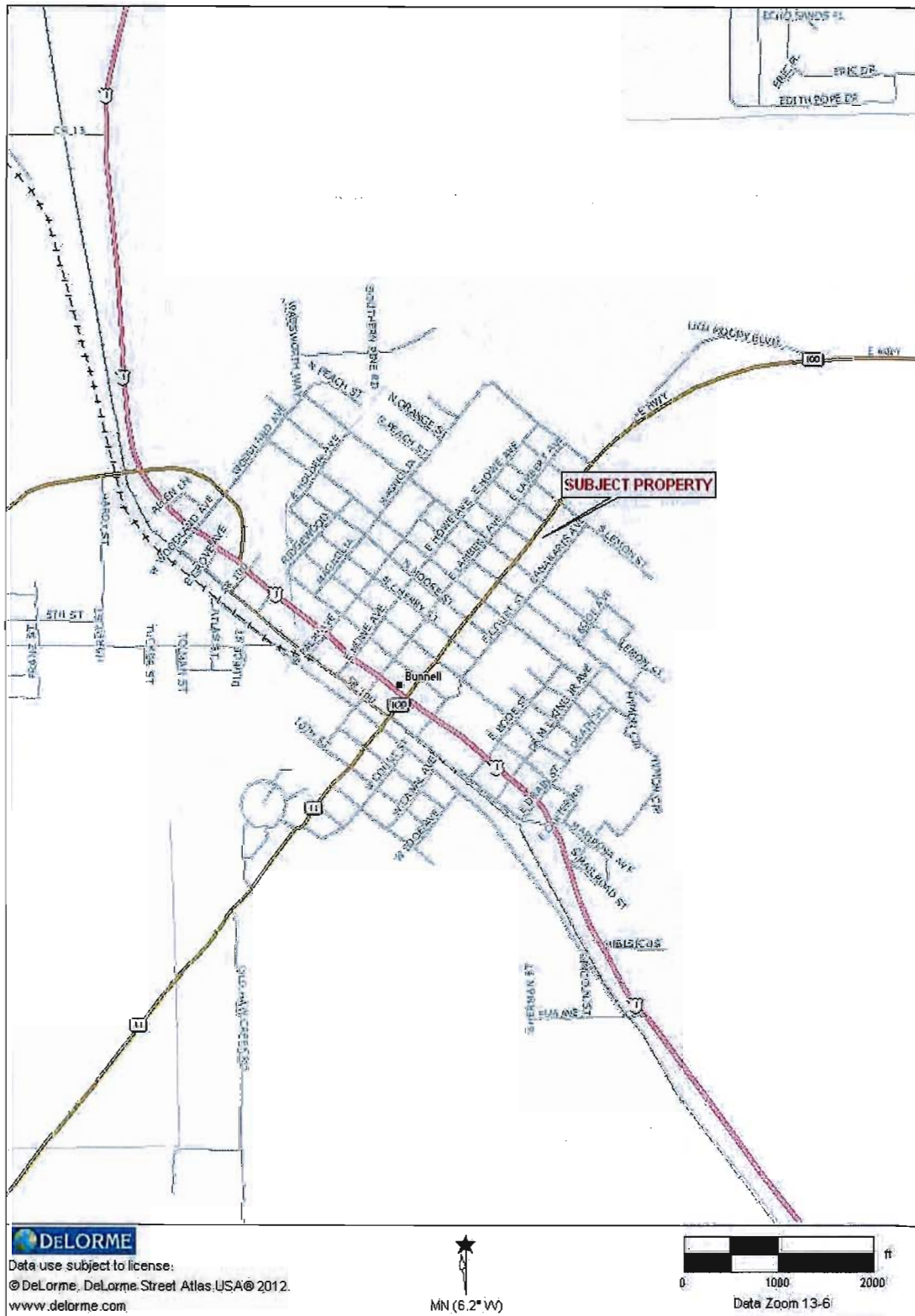
South Lemon Street Looking North; Improved Building Site Is To The Left.



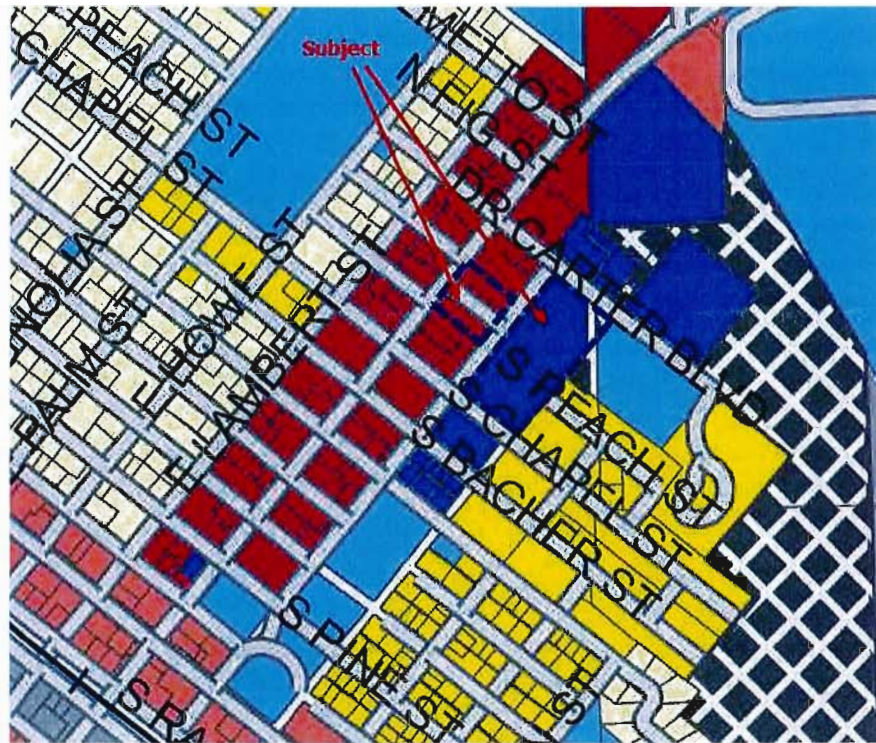
South Lemon Street Looking South; Improved Building Site Is To The Rear-Right Of The Camera.



# LOCATION MAP



## ZONING MAP & ORDINANCE



### Legend

#### BUNNELL ZONING\*\*

	AC, AGRICULTURE (FLAGLER)
	AG, AGRICULTURAL
	B-1, BUSINESS
	B-2, BUSINESS
	C-1, COMMERCIAL (FLAGLER)
	C-2, COMMERCIAL (FLAGLER)
	O-1, OFFICE, MEDICAL & RELATED SERVICE
	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

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**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)	1 ½ 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**

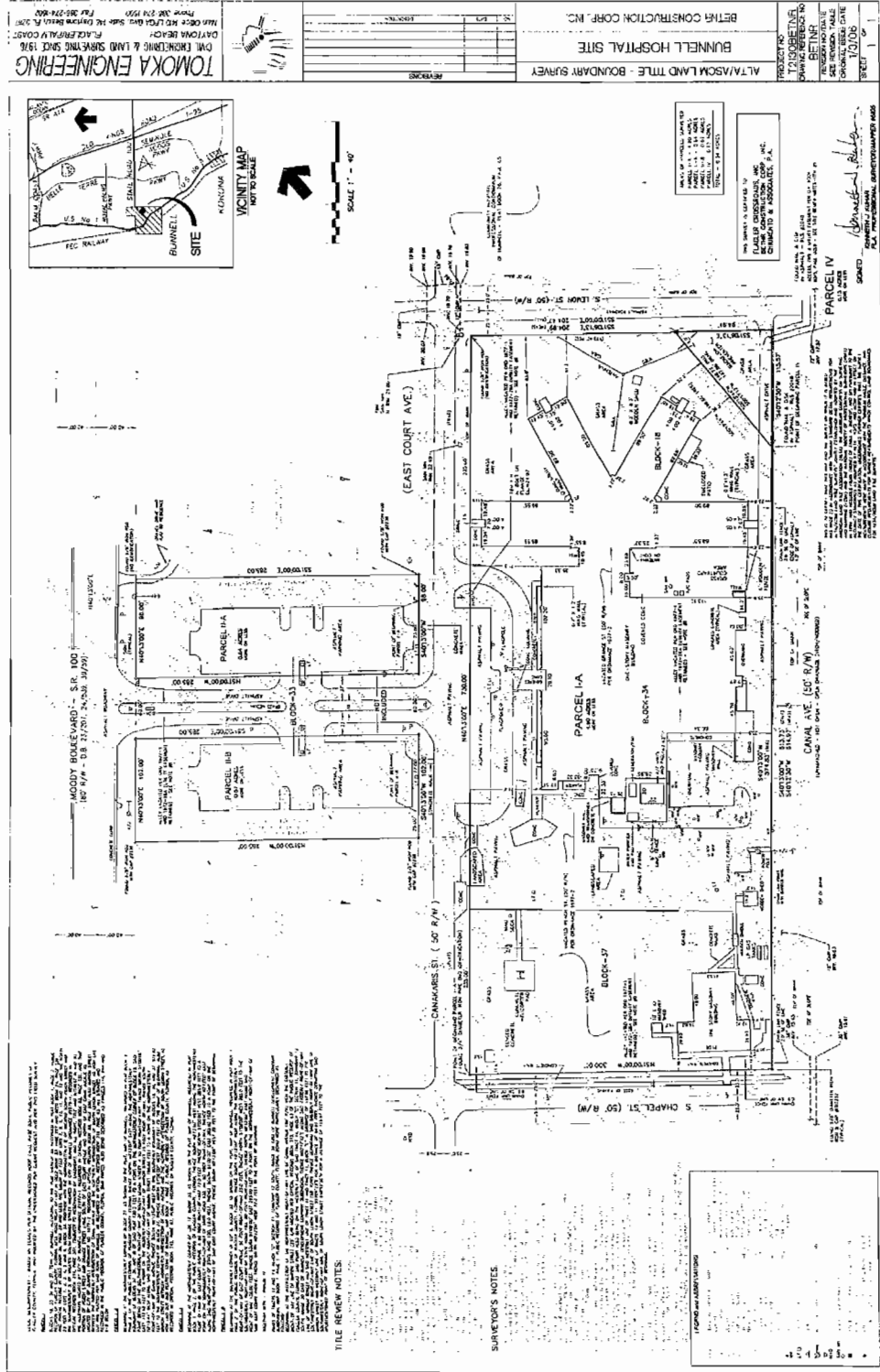
#### **Sec. 34-204. - Off-street loading and unloading requirements.**

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.

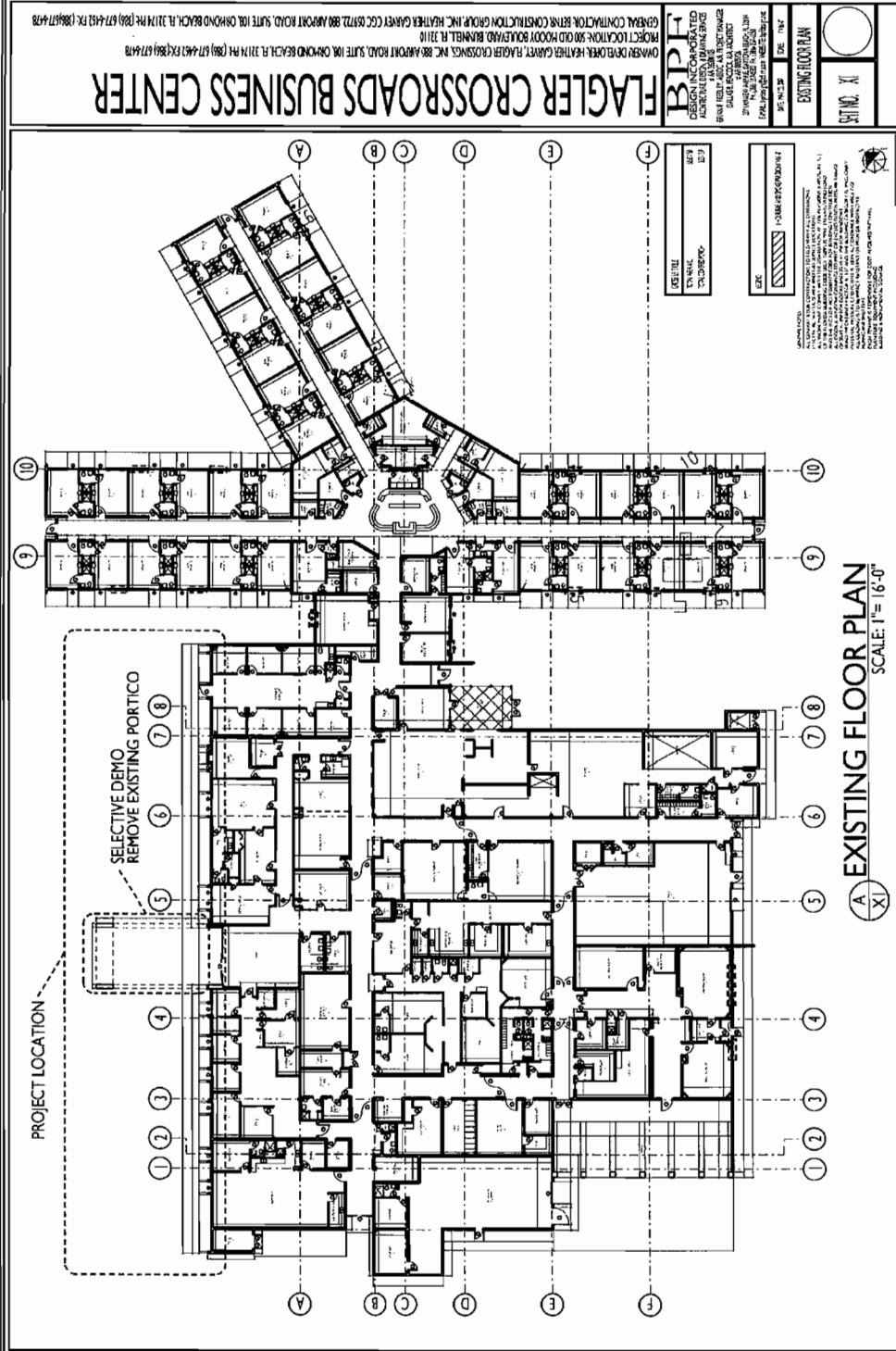
*(LDC 1991, ch. 4, art. XIII, § IV; Ord. No. 2008-54, § 1, 1-6-09)*

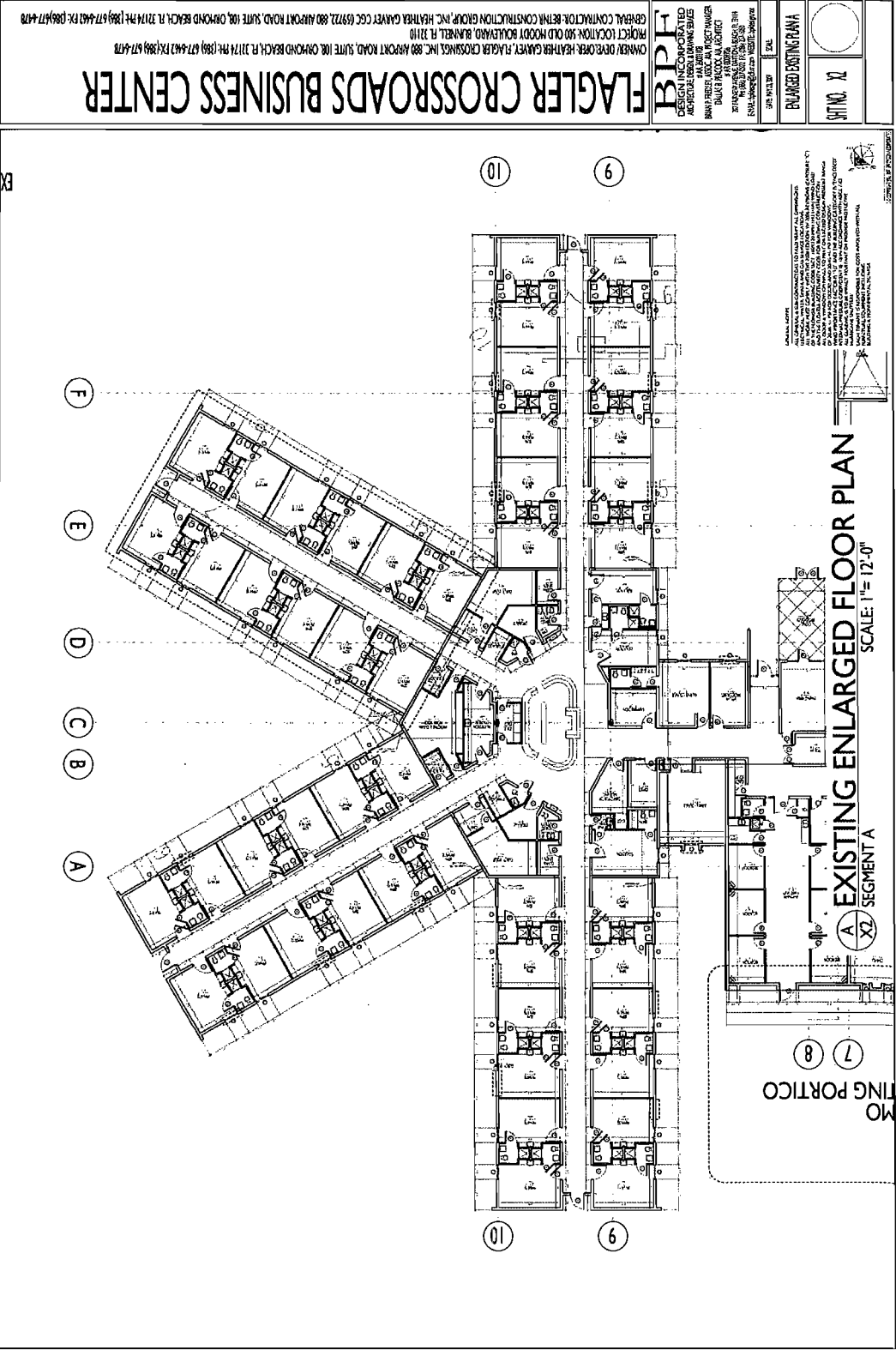
# SURVEY



HAMILTON & JACOBS, LLC  
 File #13-3971: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110  
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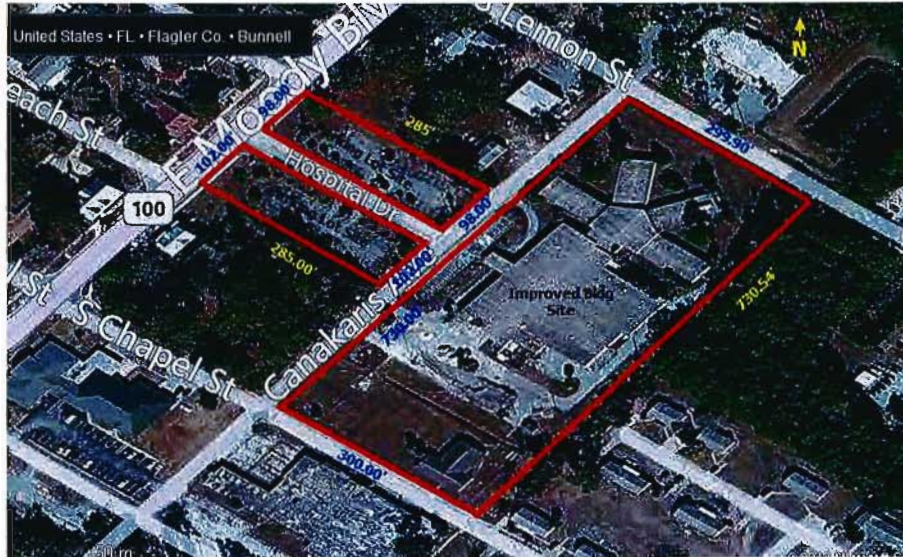
# BUILDING PLANS





## IMPROVED SALE DATA SHEETS & MAPS

### Pending Subject Improved Sale



#### Property Identification

Record ID	1580
Property Type	Retail/Commercial, Free Standing Bldg.
Property Name	Former Bunnell Hospital
Address	901 East Moody Boulevard, Bunnell, Flagler County, Florida 32110
Location	South side of E Moody Blvd (SR 100), between S Lemon St & S Chapel St
Tax ID	10-12-30-0850-00180-0000

HAMILTON & JACOBS, LLC

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**Pending Subject Improved Sale (Cont.)**

**Sale Data**

<b>Grantor</b>	Flagler Crossroads, Inc
<b>Grantee</b>	Flagler County
<b>Closing Date</b>	June 20, 2013 Confirmation date
<b>Property Rights</b>	Fee simple
<b>Marketing Time</b>	Years
<b>Conditions of Sale</b>	Assume normal, arm's length
<b>Financing</b>	Assume cash to seller
<b>Verification</b>	Tim Telfer, Flagler County Planner; 386-313-4066, June 20, 2013; Other sources: Public records, appraisal on file, Loopnet #17981408, Confirmed by Russell Hamilton MAI

**Contract Price** \$1,230,000 Option price

**Land Data**

<b>Land Size</b>	6.337 Acres or 276,044 SF
<b>Front Footage</b>	730 ft Canakaris St;300 ft S Lemon St;300 ft S Chapel St
<b>Zoning</b>	See Remarks
<b>Topography</b>	Level, near road grade, cleared
<b>Utilities</b>	All municipal utilities are available
<b>Dimensions</b>	See Remarks
<b>Shape</b>	Rectangular
<b>Flood Info</b>	FEMA Map 12035C0207-D; 7/17/2006; most in Zone X, outside 500-year flood
<b>Traffic Count</b>	10,800 (FDOT 2012)

**General Physical Data**

<b>Building Name</b>	Former Bunnell Hospital
<b>Building Type</b>	Single tenant
<b>Net Rentable SF</b>	61,900

<b>Construction Type</b>	Concrete block w/ EIFS
<b>Roof Type</b>	Concrete w/ tar & gravel
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	None in shell
<b>HVAC</b>	None in shell
<b>Sprinklers</b>	About 15% - assume not working
<b>Stories</b>	1
<b>Floor Height</b>	16-20'±
<b>Year Built</b>	1979
<b>Condition</b>	Average shell

**Indicators**

<b>Sale Price/Net Rentable SF</b>	\$19.87
<b>Floor Area Ratio</b>	0.21
<b>Land to Building Ratio</b>	4.46:1
<b>Occupancy at Sale</b>	0%

**Remarks**

**6/20/2013 (RJH):** 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.

### **Pending Subject Improved Sale (Cont.)**

It is comprised of the former hospital building (57,800± square feet) that is located along the south side of Canakaris Avenue, and a former maintenance/storage building (4,100± square feet) that currently houses a non-profit community help center, located in the southwest corner of the site that has access from South Chapel Street. There are two parking lots across Canakaris Street from the former hospital building that are part of the overall property.

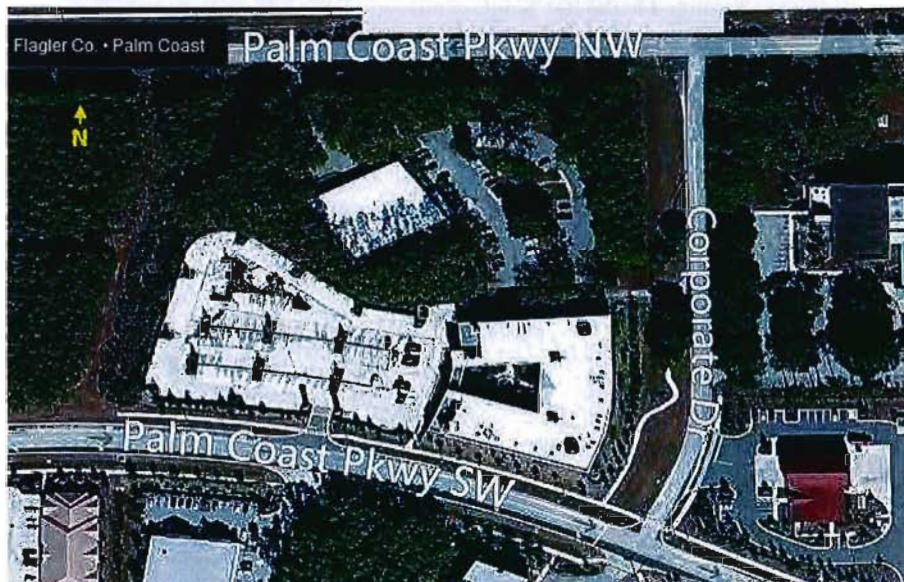
The former hospital building was constructed of average quality materials and workmanship, but currently is in shell condition only. The building is about 35 years old and has reached the end of its economic life as its original hospital use. The building appears to be structurally sound and will be revitalized during future redevelopment.

The owners have been marketing the property for years. With the downturn in the economy, this property has had limited interest. The current listing agent has had the property on the market for the past 6-9± months with an asking price of \$1,750,000. Flagler County currently has an option on the property for possible use as the Flagler County Sheriff's Office and maybe some other use; the option price is \$1,230,000. Flagler County is currently in its due diligence phase.

The improved building site is zoned O-1, Office, medical & related services. Permitted uses include professional and business offices, which shall include, but not be limited to, offices for lawyers, architects, engineers, insurance and real estate agents; hospital, clinics, and medical and dental offices; undertaking establishments and funeral homes; drug stores in connection with medical clinics; public buildings; banks and other financial institutions; and 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; any use permitted in the R-1 Single-family residential district. According to discussions with city officials, the O-1 zoning district was designed specifically for the former hospital use. Now that the hospital use is gone, the City may very well rezone the property to allow businesses and retail/commercial uses, quite possibly to B-2, Business.

The parking lot sites are zoned B-2, Business. Permitted uses include any use permitted in the R-1 single-family residential district; any use permitted within the O-1 office, medical and related use district; 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; 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; buildings and uses immediately and exclusively accessory to the permitted uses, including automobile parking.

**Improved Sale No. 1**



**Property Identification**

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

**Sale Data**

<b>Grantor</b>	Eagle FL I SPE, LLC
<b>Grantee</b>	Unknown
<b>Sale Date</b>	June 24, 2013
<b>Deed Book/Page</b>	1949-0157

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### Improved Sale No. 1 (Cont.)

<b>Property Rights</b>	Fee simple
<b>Marketing Time</b>	3± years
<b>Conditions of Sale</b>	Normal, arm's length - bank sale
<b>Financing</b>	Cash to seller
<b>Verification</b>	Jerry Masiello, listing broker; 386-517-9323, May 10, 2013; Ray Thrower, BB&T official, 954-514-1826, June 24, 2013; Other sources: Public records; appraisal on file, Loopnet #16696439, Confirmed by Russell Hamilton MAI

<b>Sale Price</b>	\$1,550,000
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#### Land Data

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

#### General Physical Data

<b>Building Name</b>	Roma Court
<b>Building Type</b>	Multi Tenant
<b>Gross SF</b>	55,042

<b>Construction Type</b>	Concrete tilt wall with stucco
<b>Roof Type</b>	Flat, concrete slab with rubber roof cover
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	None in shell area
<b>HVAC</b>	None in shell area
<b>Sprinklers</b>	100%
<b>Stories</b>	3
<b>Floor Height</b>	13±
<b>Year Built</b>	2009
<b>Condition</b>	Average

#### Indicators

<b>Sale Price/Gross SF</b>	\$28.16
<b>Floor Area Ratio</b>	0.32
<b>Land to Building Ratio</b>	3.17:1
<b>Occupancy at Sale</b>	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.

### **Improved Sale No. 1 (Cont.)**

The current asking price is \$2.48 million. This property was originally listed in October 2009 for \$11 million. The price was dropped to \$8.5 million in December 2009 and then was removed from the market in March 2010. It was relisted in July 2010 for \$11 million, then dropped to \$10.9 million in August 2010, then \$9.9 million in March 2011, then \$8.9 million in April 2011, then \$6.9 million in May 2011, then \$5.9 million in July 2011, then \$5.5 million in September 2011, then \$3.75 million in November 2011, then \$3.3 million in January 2012, then \$2.9 million in May 2012, then \$2.7 million in July 2012 and finally to \$2.48 million in September 2012.

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.

**5/10/2013 (RJH):** The current asking price is \$2,050,000. The price was dropped from \$2.48 million to \$2.35 million in October 2012 and then to \$2.05 million in January 2013. According to the listing broker, the property is current under contract; he is not at liberty to disclose the contract price.

Mr. Masiello indicated that there has been no new lease in this building in a long time. At the time of contract, only two tenants occupy space in this building, totaling about 10% of the total building area. About 79% of the building has never been occupied and remains in shell condition.

**6/6/2013 (RJH):** The seller's problem loan officer confirmed the contract price to be \$1,700,000. He indicated that the buyer is still within the due diligence phase and has indicated that there are deferred maintenance issues that will need to be addressed. Mr. Thrower indicated that he believes the buyer will offer to renegotiate the contract downward due to the currently unknown due diligence issues. The sale is scheduled to close by June 25, 2013 if negotiations are successful.

**6/24/2013 (RJH):** According to the listing agent, the buyer's due diligence indicated that there was water intrusion through some of the windows as well as other deferred maintenance problems. The buyer and seller renegotiated the \$1,700,000 contract down \$150,000 to account for the cost to cure the deferred maintenance. The seller's representative, Mr. Thrower, indicated the sale closed today for \$1,550,000.

## Improved Sale No. 2



### Property Identification

Record ID	1589
Property Type	Retail/Commercial, Free Standing Bldg.
Property Name	Former Kitty Scott Fine Furniture
Address	685 S. Yonge Street, Ormond Beach, Volusia County, Florida 32174
Location	SEC Yonge & Arroyo Pkwy
Tax ID	4242-20-31-0050 & 0140

### Sale Data

Grantor	Kitty Scott's Furniture
Grantee	HDH Investments 2, LLC
Sale Date	March 29, 2013
Deed Book/Page	6839-2879
Recorded Plat	MB 6, P 25
Property Rights	Fee simple
Marketing Time	6± years

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**Improved Sale No. 2 (Cont.)**

<b>Conditions of Sale</b>	Normal - arm's length
<b>Financing</b>	Cash to seller
<b>Sale History</b>	No transfers within previous 3 years
<b>Verification</b>	Dick McNerney, selling broker; 386-679-5037, May 14, 2013; Other sources: Public records; News-Journ dtd 04/01/13, Confirmed by Alfred (Chip) Hamilton MAI

<b>Sale Price</b>	\$575,000
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**Land Data**

<b>Land Size</b>	1.964 Acres or 85,550 SF
<b>Front Footage</b>	570 ft Total Frontage: 570 ft Yonge (US 1)
<b>Zoning</b>	B-8, Commercial
<b>Topography</b>	Level to nearly level, near road grade, cleared
<b>Utilities</b>	All municipal utilities are available
<b>Shape</b>	Basically rectangular

**General Physical Data**

<b>Building Name</b>	Retail store
<b>Building Type</b>	Single Tenant
<b>Gross SF</b>	21,584

<b>Construction Type</b>	Concrete block
<b>Roof Type</b>	Builtup composition
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	Central
<b>Sprinklers</b>	Yes
<b>Stories</b>	1
<b>Floor Height</b>	10-20
<b>Year Built</b>	1959 Add in 1969
<b>Condition</b>	Fair

**General Physical Data**

<b>Building Name</b>	Warehouse
<b>Building Type</b>	Single Tenant
<b>Gross SF</b>	19,000

<b>Construction Type</b>	Pre-engineered metal
<b>Roof Type</b>	Metal
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	No A/C
<b>Sprinklers</b>	Yes
<b>Stories</b>	1
<b>Floor Height</b>	22
<b>Year Built</b>	1980
<b>Condition</b>	Average

## Improved Sale No. 2 (Cont.)

<u>Summary for Multiple Buildings</u>						
<u>Building Name</u>	<u>Construction Type</u>	<u>Year Built</u>	<u>Gross Sq. Ft.</u>	<u>Sq. Ft.</u>	<u>No. Stories</u>	<u>Avg. Fl. Ht.</u>
Retail store	Concrete block	1959	21,584		1	10-20
Warehouse	Pre-engineered metal	1980	19,000		1	22
Gross SF			40,584			
<u>Indicators</u>						
Sale Price/Gross SF		\$14.17				
Floor Area Ratio		0.47				
Land to Building Ratio		2.11:1				
Occupancy at Sale		0%				

### Remarks

**05/2013 (AAH):** This is the sale of a former furniture store that had been on the market for about six years. The building sizes are based on information from the Volusia County Property Appraiser's records. There apparently is an additional 2,000 square foot apartment on the second level of the retail store that is not included in this area calculation. There are about 18 parking spaces on-site, resulting in a parking ratio of 0.4 spaces per 1,000 square feet of building area.

The retail store was dated and worn, and needs remodeling for a new use. The property suffers from the lack of adequate parking and poor landscaping. It does not conform to the zoning requirements because it exceeds the maximum impervious lot coverage and does not meet the minimum front and rear yard setbacks. It likely does not meet the minimum parking requirements. Although it may again be permitted for retail furniture sales, a change in that former use may meet significant redevelopment issues.

The property was purchased by the owners of the furniture store about three blocks to the north. They have not revealed plans for the property at this time but thought that the pricing was good and purchased it for investment.

### Improved Sale No. 3



#### 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
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#### Land Data

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

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### Improved Sale No. 3 (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

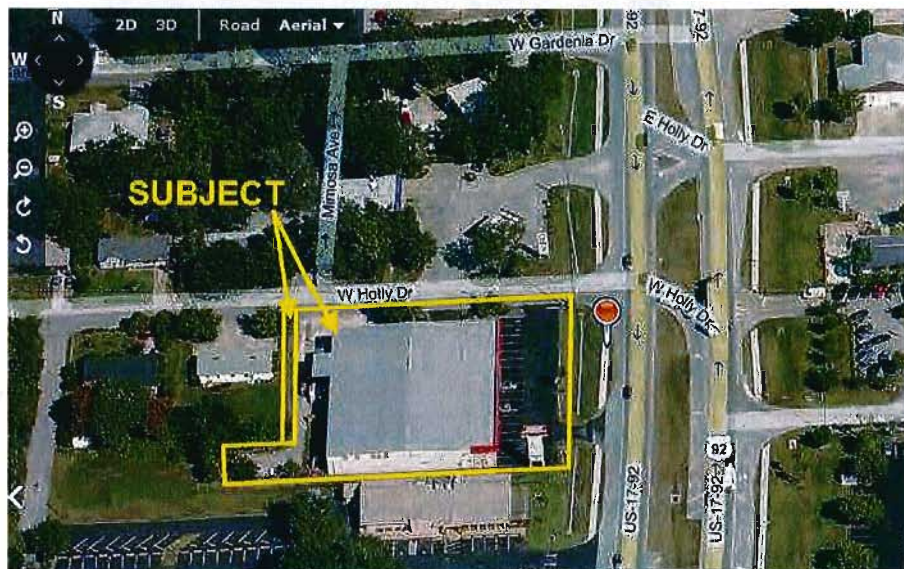
**9/25/2012 (RJH):** This is the sale of a shell building. The building contains exterior walls, a concrete slab and a roof. There were no interior improvements beyond the concrete slab and stubbed plumbing.

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 McNerney, 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. McNerney also indicated that the building will need to be modified to meet new wind load regulations.

Improved Sale No. 4



**Property Identification**

Record ID	1340
Property Type	Retail/Commercial, Free Standing Bldg.
Property Name	Former Atchley Appliances
Address	2225 S Volusia Avenue, Orange City, Volusia County, Florida 32763
Location	Southwest corner of S. Volusia Avenue (US 17/92) and West Holly Drive
Tax ID	8015-00-00-0080

**Sale Data**

Grantor	Pinnacle Bank
Grantee	Hinton Properties
Sale Date	March 29, 2012
Deed Book/Page	6700-3296

#### Improved Sale No. 4 (Cont.)

<b>Property Rights</b>	Fee simple
<b>Conditions of Sale</b>	Purchase at foreclosure sale
<b>Financing</b>	Cash to seller
<b>Sale History</b>	No known sales in previous three years
<b>Verification</b>	Melody, buyer's rep; 386-760-2776, October 22, 2012; Certificate of Title; appraisal file, Other sources: News-Journal dtd 4/28/12; Public Records, Confirmed by Alfred (Chip) Hamilton MAI
<b>Sale Price</b>	\$525,000
<b>Upward Adjustment</b>	\$56,500 Buyer paid back taxes
<b>Adjusted Price</b>	\$581,500

#### Land Data

<b>Land Size</b>	1.094 Acres or 47,637 SF
<b>Front Footage</b>	201 ft S. Volusia Avenue; 213 ft W. Holly Drive
<b>Zoning</b>	CG-2, General Commercial
<b>Topography</b>	Basically level, near grade, cleared
<b>Utilities</b>	Public water, private septic tank, electric and telephone are available
<b>Shape</b>	Irregular – good utility
<b>Flood Info</b>	Zone X; Map 12127C0620G dtd 4/15/02

#### General Physical Data

<b>Building Type</b>	Single tenant
<b>Gross SF</b>	18,000

<b>Area Breakdown</b>	Showroom-Office	7,500
	Warehouse	10,500

<b>Construction Type</b>	Metal
<b>Roof Type</b>	Metal standing seam flat roof
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Assumed adequate
<b>HVAC</b>	Showroom only-42%
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Year Built</b>	1981
<b>Condition</b>	Average

<b>Tenants</b>	1
<b>Other</b>	Small loading dock area

#### Indicators

<b>Sale Price/Gross SF</b>	\$32.31 Adjusted
<b>Floor Area Ratio</b>	0.38
<b>Land to Building Ratio</b>	2.65:1

#### Remarks

This was the sale of a former appliance retail store that had occupied the building since it was constructed in 1981. It has dock height loading via a small loading dock and two overhead loading doors. There is an 850± square foot storage mezzanine over the office area. The showroom area is heated and air conditioned but the warehouse is not. There are 28 parking spaces on-site, resulting in a parking ratio of 1.6 spaces per 1,000 square feet of building area.

The purchaser has a competing appliance store at 911 S. Volusia Avenue in Orange City and will renovate this building (about \$200,000) and move that business to this location. This property was purchased at a court-ordered foreclosure sale. The buyer had to pay back taxes in the amount of about \$56,500.

## Improved Sale No. 5



### Property Identification

Record ID	1279
Property Type	Shopping Center, Convenience/Strip Center
Property Name	Former Williams Furniture & Design Center Plaza
Address	2240 SR 44, New Smyrna Beach, Volusia County, Florida 32168
Location	SWC SR 44 and Hidden Pines
Tax ID	7343-14-00-0020

### Sale Data

Grantor	Sand Capital IV LLC
Grantee	Highway 44, LLC
Sale Date	December 06, 2011
Deed Book/Page	6659-3777
Recorded Plat	DB "M", P 688
Property Rights	Fee simple
Marketing Time	6-8± months
Conditions of Sale	Normal - arm's length
Financing	Conventional
Sale History	6/10 foreclosure, bank purchase \$2,500,000
User 4	ORBK 6490-0550
Verification	Ron Frederick, selling broker; 386.334.8997, January 19, 2012; Other sources: Public Record, Confirmed by Russell Hamilton MAI

Sale Price	\$1,800,000
Cash Equivalent	\$1,800,000

### Land Data

Land Size	5.310 Acres or 231,304 SF
Topography	Level, near road grade, mostly cleared
Utilities	All public utilities are available & connected
Shape	Irregular

### General Physical Data

Building Name	Former Williams Furniture
Building Type	Multi Tenant
Leasable SF	44,713

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### Improved Sale No. 5 (Cont.)

<b>Construction Type</b>	Concrete block & stucco
<b>Roof Type</b>	Metal
<b>Foundation</b>	Reinforced concrete
<b>Electrical</b>	Adequate
<b>HVAC</b>	All except 10,000 sf whse
<b>Sprinklers</b>	Yes
<b>Stories</b>	1
<b>Floor Height</b>	17'-22'
<b>Year Built</b>	2000 Eff age = 6-8± years
<b>Condition</b>	Average to good

#### Indicators

<b>Sale Price/Leasable SF</b>	\$40.26
<b>Floor Area Ratio</b>	0.19
<b>Land to Building Ratio</b>	5.17:1
<b>Occupancy at Sale</b>	13%±

#### Remarks

**9/2011 (MCM):** This facility, a former furniture store with attached inline tenants, was purchased by the lender in a distress sale in mid-2010 for a recorded price of \$2,500,000. The 37,231± square foot former furniture and design center has columns throughout and a mezzanine display area. The remaining 7,500± square feet is divided into 5 tenant spaces. The big box space is vacant along with one 1,000± square foot space. The asking rate for the big box space is \$6.00 per square foot plus pass through expenses of \$3-4 per square foot. The small tenant space is offered at \$14 per square foot plus pass through expenses, but the landlord would take \$12 per square foot.

The property has also been scheduled for auction to be held in late September. There is a reserve number on it, but the price was not shared.

**1/19/2012 UPDATE (RJH):** According to the selling broker, about 6,000 square feet of the inline space was leased at the time of sale. This is a very small percentage of the overall building area and somewhat incidental to the purchase. The property was purchased by the owners of two businesses: Hudson Furniture and John's Appliance City. Hudson's Furniture is to occupy the former Williams Furniture Showroom and is remodeling the interior and exterior facade of his future unit while John's Appliance is to occupy the "elbow" of the center. John's is in the process of remodeling the former carpet store and air conditioning the former 10,000± square foot warehouse building.

There are 70 parking spaces on the property, resulting in a parking ratio of 1.6 spaces per 1,000 square feet of building area.

The broker indicated that there is some vacant, surplus land to the west of building that is separated from the main parcel by a canal. He questioned whether that parcel contributed value to the improved parcel as much of the surplus land is apparently very low and possibly wet.

The above analysis of this sale does not include any remodeling costs and does not include contributory value, if any, of the surplus land.

Improved Sale No. 6



**Property Identification**

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

**Sale Data**

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

Sale Price	\$500,000
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**Land Data**

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

**General Physical Data**

Building Name	Port Orange 6 Theaters
Building Type	Single tenant
Gross SF	23,111

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### Improved Sale No. 6 (Cont.)

<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. 7



### 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

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### Improved Sale No. 7 (Cont.)

#### General Physical Data

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

#### Indicators

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

<b>Record ID</b>	1590
<b>Property Type</b>	Office, Professional Office
<b>Property Name</b>	Former FPL Office Building
<b>Address</b>	228 North Ridgewood Avenue, Daytona Beach, Volusia County, Florida 32114
<b>Location</b>	West side of Ridgewood Av, just north of US 92
<b>Tax ID</b>	5339-02-53-0071

### Sale Data

<b>Grantor</b>	Harbor Community Bank
<b>Survey Date</b>	June 25, 2013
<b>Recorded Plat</b>	MB 1, P 151
<b>Property Rights</b>	Fee simple
<b>Marketing Time</b>	3-4± years
<b>Conditions of Sale</b>	Assume normal - arm's length
<b>Financing</b>	Assume cash to seller
<b>Sale History</b>	April, 2004 for \$250,000.
<b>Verification</b>	Bob Rand, listing agent; 386-672-8530, June 25, 2013; Other sources: Public records, Loopnet #16615878, Confirmed by Russell Hamilton MAI

<b>Listing Price</b>	\$596,000
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### Land Data

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

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### Improved Listing No. 1 (Cont.)

#### General Physical Data

<b>Building Name</b>	Former FP&L Bldg
<b>Building Type</b>	Single Tenant
<b>Gross SF</b>	20,813
<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>	\$28.64
<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 inquiries 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.

**6/25/2013 (RJH):** According to the listing agent, the asking price has been reduced to \$596,000; there has been basically no interest in this property.

**Improved Listing No. 2**



**Property Identification**

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

**Sale Data**

<b>Grantor</b>	100 East Granada LLC
<b>Survey Date</b>	June 25, 2013
<b>Recorded Plat</b>	MB 1, P 121
<b>Property Rights</b>	Leased fee
<b>Marketing Time</b>	4+ years
<b>Conditions of Sale</b>	Assume normal - arm's length
<b>Financing</b>	Assume cash to seller
<b>Verification</b>	Greg Antonich, listing agent; 386-673-7001, June 25, 2013; Other sources: Public records, Loopnet #15738201, Confirmed by Russell Hamilton MAI

<b>Listing Price</b>	\$1,990,000
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**Land Data**

<b>Land Size</b>	1.540 Acres or 67,082 SF
<b>Front Footage</b>	223 ft E Granada Blvd; 300 ft Seton Tr; 102 ft Vining Ct
<b>Zoning</b>	B-4, Central Business
<b>Topography</b>	Level, near road grade, cleared
<b>Utilities</b>	All municipal utilities are available
<b>Shape</b>	Irregular; good utility

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## Improved Listing No. 2 (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 of \$1,990,000, 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.

**6/25/2013 (RJH):** The listing agent indicated that there has been no interest in this property at the current asking price of \$1,990,000. He indicated that the owners have been trying to work out an agreement with the lender (PNC Bank, which took over RBC Bank's operations in Florida), but no deal has yet been agreed to. The listing agent believes the current asking price is much too high and does not reflect the current market. He believes a price of about \$1,000,000 to \$1,100,000 would be much more realistic in this market. An asking price of \$1,000,000 would translate to a price of \$24.70 per square foot of building area.

**Improved Listing No. 3**



**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>June 25, 2013</b>	April 04, 2013
<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, June 25, 2013; 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 59,851 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

**General Physical Data**

<b>Building Name</b>	Bunnell Pharmacy/Offices
<b>Building Type</b>	Single Tenant
<b>Gross SF</b>	16,988

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

Construction Type	Concrete block & brick
Roof Type	Wood or steel trusses & compos
Foundation	Reinforced concrete
Electrical	Adequate
HVAC	Central
Sprinklers	None
Stories	1
Floor Height	10'±
Year Built	1960
Condition	Average

#### Income Analysis

Potential Gross Income	\$170,074
Vacancy	\$34,014 20%
Effective Gross Income	\$136,060
Expenses	\$48,670
Net Operating Income	\$87,390

#### Indicators

Sale Price/Gross SF	\$70.64
Sale Price/Net SF	\$80.22
Floor Area Ratio	0.28
Land to Building Ratio	3.52:1
Occupancy at Sale	80%
Gross Income Multiplier	7.06
Eff. Gross Income Multiplier	8.82
Expenses/Sq. Ft.	\$2.86
Overall or Cap Rate	7.28%
Net Operating Income/Sq. Ft.	\$5.14

#### 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 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.

**4/4/2013 (MGJ):** The asking price is still \$1,200,000, and occupancy is now 91% with only a 1,300 square foot suite available for lease. The building is 16,988 gross square feet with a 2,030 square foot central common hallway. Lease rates range from \$9-\$13 per square foot gross (tenant pays utilities), and the listing agent estimated pass-thru (if rates were triple-net) at \$3.00 per square foot. Since September 2012, an existing tenant moved into a larger suite and absorbed 1,900± square feet (moved from a 1,300sf suite into a 3,200sf suite), and a 3,720sf tenant who had been rent-free was signed to a three year lease at \$9.00/sf. Income and expense information is based on actual rental rates and estimated expenses.

**6/25/2013 (RJH):** The listing agent indicated the asking price remains at \$1,200,000 with very limited interest in the property. There are currently two vacant units: 1,400 sf and 1,500 sf which translates to about 20% vacancy.

## Improved Listing No. 4



### Property Identification

Record ID	1424
Property Type	Office, Free Standing Bldg.
Property Name	Courtyard Center South
Address	115-121 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	June 25, 2013
Recorded Plat	MB 3, P 125
Property Rights	Leased fee
Marketing Time	4± years
Conditions of Sale	Assume normal - arm's length
Financing	Assume cash to seller
Verification	Gary Clarke, listing agent; 386-871-0420, June 25, 2013; Other sources: Public records, Loopnet #17958091, Confirmed by Russell Hamilton MAI

Listing Price	\$799,000
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### 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

### General Physical Data

Building Name	Courtyard Center South
Building Type	Multi Tenant
Gross SF	26,000

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#### Improved Listing No. 4 (Cont.)

<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 Eff. age = 20-25± years
<b>Condition</b>	Average

#### Indicators

<b>Sale Price/Gross SF</b>	\$30.73
<b>Floor Area Ratio</b>	0.57
<b>Land to Building Ratio</b>	1.74:1
<b>Occupancy at Sale</b>	Less than 50%

#### Remarks

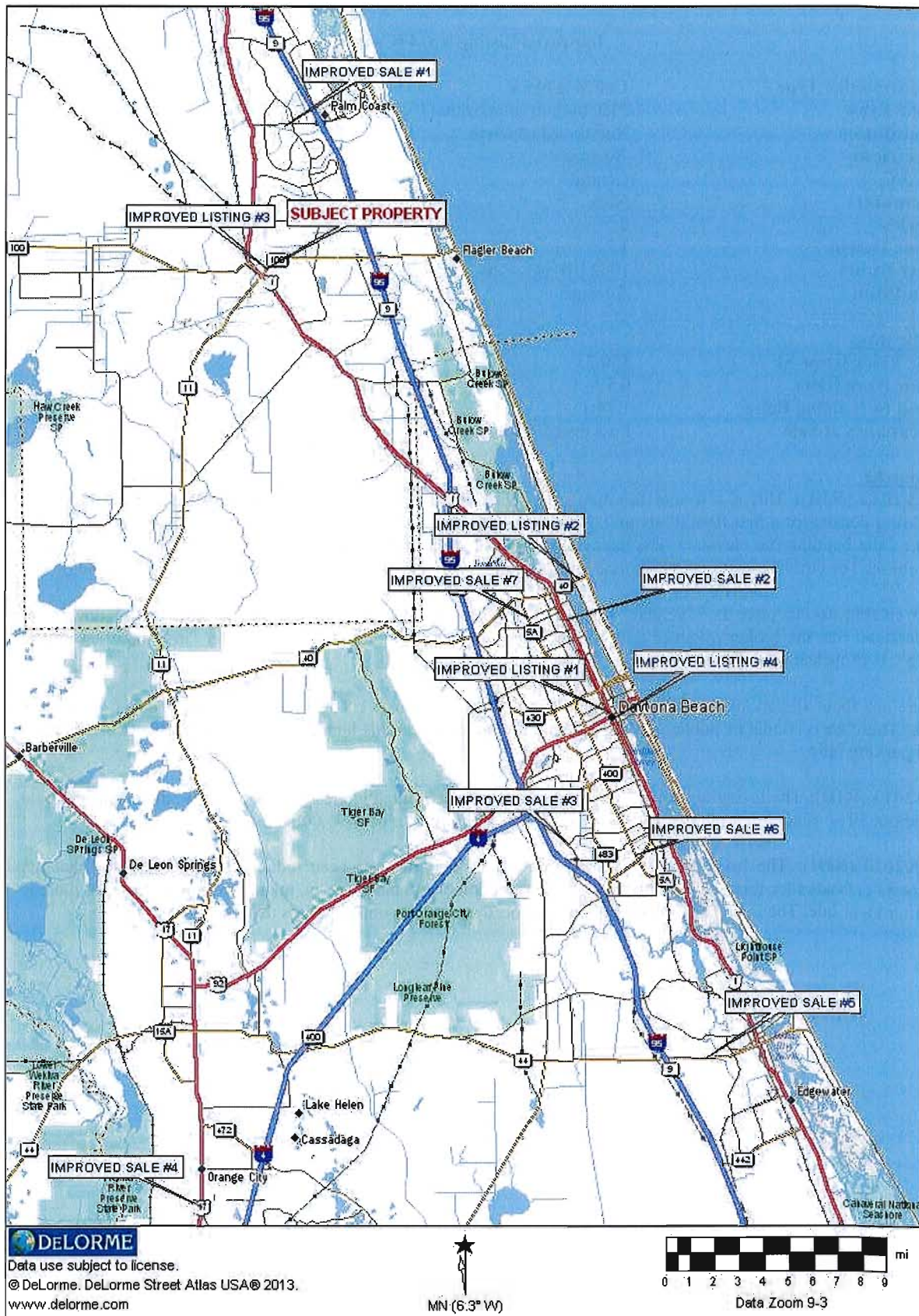
**9/25/2012 (RJH):** This is a former furniture store that was renovated into professional offices in the 1980s. The building consists of a first floor of about 22,000 square feet and a second floor of about 4,000 square feet at the east end of the building (no elevator). The listing agent indicated 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.

The current asking price is \$995,000. 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.

**2/7/2013 (RJH):** The listing agent indicated that there has been limited interest in this property; the occupancy rate is "about 50%" according to the broker. No change in the asking price of \$995,000.

**6/25/2013 (RJH):** The listing agent indicated that the asking price has been reduced to \$799,000, and that the property is headed for foreclosure. This has spurred some interest in the property, mainly from investors, but there is no imminent sale. The listing agent indicated that the occupancy was somewhat less than 50%.



# 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          | ❖ Member, East Florida Chapter of the Appraisal Institute |
| ❖ State-Certified General Real Estate Appraiser RZ1292 State of Florida | ❖ 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

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File #13-3971: Flagler Crossroads Property, 901 E Moody Blvd, Bunnell, Flagler County, FL 32110

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**Appraisal Education, Cont'd**

- ❖ Course #8586 – Appraising Distressed Commercial Real Estate, 2009
- ❖ 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
- ❖ Business Practices & Ethics, 2011
- ❖ 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
- ❖ Business Practices & Ethics, 2013
- ❖ Warehouse Valuation Seminar, 2013

**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 Comm. Bank (now Hancock Bank)    |
| ❖ BB&T  | ❖ Regions Bank                                   |
| ❖ Colonial Bank (now BB&T)                      | ❖ Florida Community Bank                         |
| ❖ Intracoastal Bank                             | ❖ SunTrust Bank                                  |
| ❖ Fifth Third Bank                              | ❖ Surety Bank                                    |
| ❖ PNC Bank (formerly National City & RBC Banks) | ❖ BankFirst (formerly East Coast Community Bank) |
| ❖ Independent Bankers Bank                      | ❖ Wells Fargo (formerly Wachovia Bank)           |
| ❖ BBVA Compass Bank                             | ❖ Prosperity Bank                                |
| ❖ Gateway Bank of Florida                       | ❖ Floridian Bank                                 |
| ❖ Florida Capital Bank                          | ❖ TD Bank (formerly 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.



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

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**Professional Memberships & Licensing**

- |   |   |
|---|---|
| ❖ MAI Member, Appraisal Institute, Certificate No. 7219 (1985)          | ❖ SRA Member, Appraisal Institute (1983)                  |
| ❖ State-Certified General Real Estate Appraiser RZ714, State of Florida | ❖ Member, East Florida Chapter of the Appraisal Institute |

**Career Background**

Full time fee appraiser working statewide, but mostly in the Volusia/Flagler County market since 1976.

**Educational Background**

Bachelor of Science in Business Administration, Real Estate and Urban Land Studies; University of Florida, 1969

**Appraisal Education**

In addition to the courses required to earn my BSBA Degree in Real Estate and those required by the Appraisal Institute for my professional designations, I have completed over 500 hours of continuing education. Included are the following courses and seminars completed within the past 14± years:

- ❖ "Rates and Ratios Used in Income Cap", 5/98, Daytona Beach, Florida
- ❖ "Highest and best Use Applications", 9/98, Orlando, Florida
- ❖ "Florida Appraisers Law Update", 9/98, Orlando, Florida
- ❖ "Standards of Professional Practice", 9/98, Orlando, Florida
- ❖ "Small Hotel/Motel Valuation", 10/98, Orlando, Florida
- ❖ "Valuation of Local Retail Properties", 9/99, Daytona Beach, Florida
- ❖ "Valuation of Detrimental Conditions in Real Estate", 11/99, Orlando, Florida
- ❖ "Value of Partial Interests – Divided", 9/2000, Orlando, Florida
- ❖ "USPAP & Florida Core Law", 10/2000, Orlando, Florida
- ❖ "Litigation Skills for the Appraiser", 5/2001, Orlando, Florida
- ❖ "Real Estate Fraud", 2/2002, Orlando, Florida
- ❖ Course 800 - "Separating Real and Personal Property from Intangible Bus. Assets", 3/2002, Boca Raton, Florida
- ❖ "Analyzing Commercial Lease Clauses", 9/2002, Orlando, Florida
- ❖ "Introduction to GIS Applications", 9/2002, Online/Appraisal Institute
- ❖ "Appraisal Consulting", 2/2003, Orlando, Florida
- ❖ "USPAP Update", 3/2004, Palm Coast, Florida
- ❖ "Florida Core Law", 3/2004, Orlando, Florida
- ❖ "Using GIS, Graphics, FTP, etc.", 3/2004, Orlando, Florida
- ❖ "Special Purpose Properties", 5/2004, Orlando, Florida
- ❖ Seminar ACE #7257, Scope of Work, 2004
- ❖ Real Estate Finance, Value & Investment Performance; 2005
- ❖ Seminar ACE #7547, Subdivision Valuation, 2006
- ❖ "USPAP Update & Florida Core Law", 3/2006, Orlando, Florida
- ❖ "Appraisal Scope Of Work: Burden or Blessing " – Teleconference, 04/2006
- ❖ "Cool Tools – New Technology For Appraisers", Altamonte, 02/2007
- ❖ "Business Practices and Ethics", Altamonte Springs, FL, 5/11/07
- ❖ "Analytics with Site to do Business", Tallahassee, FL, 10/2007
- ❖ "Forecasting Revenue", Altamonte Springs, FL, 1/2008
- ❖ "USPAP Update & Florida Core Law", 10/2008, Melbourne, Florida
- ❖ "Supervisor/Trainee Roles & Relationships under Florida Law", 10/2008, Melbourne, Florida
- ❖ "Appraising Distressed Commercial Real Estate", 11/2008 – Webinar
- ❖ "Develop Effective Marketing Plan", 03/2009 – Webinar
- ❖ "Appraising Distressed Commercial Real Estate", 8/2009, Orlando, Florida
- ❖ "Appraisal Curriculum Overview", 02/2010, Orlando, Florida

### ***Appraisal Education Cont'd.***

- ❖ "Land, Condo & Subdivisions - Solutions for Hard to Value Assets" - Teleconference 03/2010
- ❖ "USPAP Update", 06/2010, Daytona Beach, Florida
- ❖ "Florida Law Update", 08/2010, Daytona Beach, Florida
- ❖ "Supervisor/Trainee Roles & Relationships", 08/2010, Florida
- ❖ "Profiting from the new Estate Tax law", 5/2011, Webinar
- ❖ "Appraising the Appraisal", 1/2012, Orlando, Florida
- ❖ "Business Practices and Ethics", 3/2012, Orlando, Florida
- ❖ "USPAP Update", 3/2012, Orlando, Florida
- ❖ Spotlight on USPAP – Hypothetical Conditions & Extraordinary Assumptions, 2012
- ❖ Spotlight on USPAP – Common Errors and Issues & Workfiles, 2012
- ❖ Florida Law Update, 2012
- ❖ IRS Valuation – AI Webinar, 2012
- ❖ 2012 Financial Crimes Symposium, Florida DBPR

### ***Appraisal Reports Prepared in the Following Counties***

Volusia, Flagler, Brevard, St. John's, Nassau, Clay, Putnam, Seminole, Lake, Orange, Dade, St. Lucie, Polk, Alachua, Suwannee, Hamilton, Lafayette, Levy, Hernando, Citrus, Pinellas, Franklin, Marion, and Sarasota.

### ***Types Of Appraisal Assignments***

Vacant land and acreage, subdivisions, mobile home parks, luxury condominium apartment projects, motels/hotels, banking facilities, warehouses, industrial, rental 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, governmental acquisition (for both acquiring authorities and property owners), eminent domain proceedings (for both condemning authorities and property owners), litigation, estate tax purposes and estate planning.

### ***Expert Witness Qualification***

Qualified and accepted as an expert to give opinion testimony on real estate valuation in Circuit Courts in Volusia, Flagler, Brevard, St. Johns, Citrus, and Suwannee Counties, in Federal Bankruptcy Court in Orlando and Jacksonville, Florida and in Federal Tax Court in Tampa, Florida.

### ***Partial List Of Clients***

<u>Government Agencies</u>	
❖ Florida Department of Transportation	❖ Halifax Health
❖ Florida Department of Environmental Protection	❖ City of Daytona Beach
❖ Florida Department of Forestry	❖ City of Daytona Beach Shores
❖ Florida Department of Management Services	❖ City of Holly Hill
❖ Florida Inland Navigation District (FIND)	❖ City of Ormond Beach
❖ Flagler County	❖ City Of Palm Coast
❖ Flagler County School Board	❖ City of Port Orange
❖ County of Volusia	❖ City of South Daytona
❖ Volusia County School Board	❖ Ponce de Leon Port Authority
❖ Marion County	❖ Town of Ponce Inlet
❖ Bethune Cookman College	❖ City of Flagler Beach
❖ Daytona Beach Community College	❖

<u>Banks and Financial Institutions</u>	
❖ Independent Bankers Bank	❖ NorthMarq Capital
❖ Bank of America	❖ Peoples First Community Bank
❖ BB&T	❖ Regions Bank
❖ Colonial Bank	❖ Florida Community Bank
❖ Compass Bank (CBRE)	❖ SunTrust Bank
❖ RBC Bank	❖ Surety Bank
❖ Fifth Third Bank	❖ East Coast Community Bank
❖ Florida Capital Bank	❖ Wachovia Bank
❖ Prosperity Bank	❖ Floridian Bank

**Individuals**

❖ Attorneys  
❖ Insurance Agents

❖ Mortgage Bankers/Brokers  
❖ Real Estate Investors & Developers

**Businesses/Corporations**

❖ Florida Power and Light  
❖ Attorneys Title Insurance Fund  
❖ West Volusia Hospital Authority  
❖ United Parcel Service  
❖ Port Orange Riverwalk

❖ Daytona Beach News Journal  
❖ Ticor Title Insurance  
❖ CIA Developers  
❖ Vanguard Realty

***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, Alfred A. Hamilton, have completed the requirements under the continuing education program of the Appraisal Institute.