

APPRAISAL REPORT

OF A

COMMERCIAL PROPERTY

LOCATED AT

**1700 DR. MARTIN LUTHER KING, JR. DRIVE
PENSACOLA, ESCAMBIA COUNTY, FLORIDA**

EXCLUSIVELY FOR

**CITY OF PENSACOLA
RP #746074**

AS OF

MAY 23, 2014

BY

**CHARLES C. SHERRILL, JR., MAI
STATE CERTIFIED GENERAL APPRAISER #RZ1665**

410 EAST GOVERNMENT STREET

PENSACOLA, FLORIDA

32502

APPRAISAL REPORT

The three traditional approaches to value income-producing properties are the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Based upon the type and specific characteristics of the subject property, the Cost and Income Capitalization Approaches were not considered to be appropriate for this valuation. Accordingly, the appraiser did not perform these two particular approaches to value the subject property. The subject property is a former automobile service station with no leases in place. Buyers of this type of property in the local market typically rely most heavily on the Sales Comparison Approach in making buying decisions. Additionally, recent sales activity of similar type properties in the local market is considered to be sufficient to produce credible results. Lastly, this appraisal process is concluded to be adequate based upon the intended use of this appraisal. Accordingly, the appraiser has determined that the performing of the Sales Comparison Approach in this appraisal process is sufficient to achieve credible assignment results based primarily upon the intended use of this appraisal. The appraiser has disclosed this scope of work for the assignment to the client, and has clearly identified and explained the scope of work for this assignment within this appraisal report.

This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. As such, it clearly and accurately sets forth the appraisal in a manner that will not be misleading; contains sufficient information to enable the intended users of the appraisal to understand the report properly; and clearly and accurately discloses all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report. The appraiser is not responsible for the unauthorized use of this appraisal report.

The subject property consists of a commercial land parcel which is located at 1700 Dr. Martin Luther King, Jr. Drive in Pensacola. The site is improved with a former automobile service garage facility which has been out of operation for a number of years. This structure is utilized by the owner for storage purposes, but it is concluded to be in relatively poor physical condition and in need of repairs.

It should be noted that the appraiser was not able to enter or inspect the interior of the subject building for this valuation. Accordingly, this valuation is based upon the extraordinary assumption that the interior of the facility was in similar physical condition on the date of valuation as that observed by the appraiser from the exterior inspection, as reported in this appraisal report.

The subject property had been operated many years ago as an automobile service station with the sale of petroleum products. According to the property owner, the related in-ground fuel storage tanks were removed from the property more than 15 years ago. It should be emphasized that the appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. However, tests and inspections made by qualified hazardous substance and environmental experts could reveal the existence of hazardous materials and environmental conditions on or around the property that could negatively affect its value. Based upon the client's specific intended use of this appraisal, this valuation is based upon the extraordinary assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions.

CLIENT: City of Pensacola
Office of the Mayor
Attention: Ms. M. Helen Gibson, AICP
Chief of Neighborhoods
222 West Main Street
Pensacola, FL 32502

APPRAISER: Charles C. Sherrill, Jr., MAI
State Certified General Appraiser #RZ1665
Sherrill Appraisal Company
P.O. Box 1671
Pensacola, FL 32591

APPRAISAL FILE NUMBER: N214-0290

RP NUMBER: #746074

PROPERTY LOCATION: 1700 Dr. Martin Luther King, Jr. Drive, Pensacola,
Escambia County, Florida

PROPERTY TYPE/CURRENT USE: Commercial

REPORTED PROPERTY OWNER: G. Cleveland McWilliams

TAX ACCOUNT NUMBER: 13-3731-000

PARCEL IDENTIFICATION NO.: 00-0S-00-9020-001-101

CURRENT PROPERTY TAX ASSESSMENT: \$28,500; There are no delinquent property taxes as the 2013 tax bill has been paid.

LEGAL DESCRIPTION: A legal description of the subject property obtained from the Escambia County Property Appraiser's Office is presented in the addendum of this appraisal report.

ZONING CLASSIFICATION: R-NC; Residential/Neighborhood Commercial

TYPE AND DEFINITION OF VALUE: The purpose of this appraisal is to provide the appraiser's best estimate of the market value of the subject real property as of the effective date. Market value is defined by the federal financial institutions regulatory agencies as well as the Office of the Comptroller of the Currency, as "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus".

**TYPE AND DEFINITION
OF VALUE:**

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

INTENDED USE OF REPORT:

For the sole purpose of assisting the client, City of Pensacola, in internal business decisions concerning the possible purchase of the subject property. No other party is entitled to rely upon this report without written consent of the appraiser.

INTEREST VALUED:

Fee Simple Title (defined as absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, taxation, and/or any easements that may be present on the property).

**DATE OF EXTERIOR
PROPERTY INSPECTION:**

May 23, 2014

EFFECTIVE DATE OF VALUE:

May 23, 2014

DATE OF APPRAISAL REPORT:

June 2, 2014

FINAL ESTIMATE OF VALUE:

\$50,000 (Subject to attached appraisal assumptions and limiting conditions)

SCOPE OF THE WORK PERFORMED IN THIS APPRAISAL ASSIGNMENT:

The three traditional approaches to value income-producing properties are the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Based upon the type and specific characteristics of the subject property, the Cost and Income Capitalization Approaches were not considered to be appropriate for this valuation. Accordingly, the appraiser did not perform these two particular approaches to value the subject property. The subject property is a former automobile service station with no leases in place. Buyers of this type of property in the local market typically rely most heavily on the Sales Comparison Approach in making buying decisions. Additionally, recent sales activity of similar type properties in the local market is considered to be sufficient to produce credible results. Lastly, this appraisal process is concluded to be adequate based upon the intended use of this appraisal. Accordingly, the appraiser has determined that the performing of the Sales Comparison Approach in this appraisal process is sufficient to achieve credible assignment results based primarily upon the intended use of this appraisal. The appraiser has disclosed this scope of work for the assignment to the client, and has clearly identified and explained the scope of work for this assignment within this appraisal report.

In performing this appraisal of the subject property, Charles C. Sherrill, Jr., MAI first identified the problem to be solved. Based upon the property type and intended use of this appraisal, the appraiser determined and performed the scope of work necessary to develop assignment results that were credible, and disclosed this scope of work in the appraisal report. In doing so, the appraiser inspected the subject property (exterior inspection of the subject structure), performed a telephone interview with the property owner, reviewed an aerial photograph depicting the subject parcel, and gathered information from the subject's neighborhood or similar competitive neighborhoods in the local area on comparable land and improved sales. This information was applied in the Sales Comparison Approach to value the subject property in its as is condition.

For this valuation, the appraiser did not perform the Cost or Income Capitalization Approaches since they were considered to not be necessary to achieve credible appraisal results. Based upon the property type of the subject and the intended use of this valuation, the appraiser concluded that the primary approach to value the subject property for this appraisal is the Sales Comparison Approach, and that this particular scope of appraisal work is sufficient to achieve credible assignment results.

This narrative appraisal report is the result of these processes. This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

DESCRIPTION OF REAL ESTATE APPRAISED:

Location Description: Known as the "City of Five Flags," Pensacola is the western-most city in the panhandle of Florida. Pensacola, the county seat, is located in the extreme southern portion of Escambia County. Escambia County encompasses 661 square miles of land and an additional 64,000 acres of waterways. Escambia County has experienced steady growth during its history as it represents the economic center for Northwest Florida. Its location generally bordering the Gulf of Mexico and three bays has resulted in outward growth in certain directions over the years. These growth areas include such neighboring cities/communities as Gulf Breeze, Milton, Pace, and Navarre (in Santa Rosa County), as well as the northern vicinity of Pensacola.

According to recent statistics from the U. S. Census Bureau, there are approximately 297,000 residents in Escambia County, which ranked 19th in county population in Florida. Escambia County has a diversified economic base which includes tourism, military (U. S. Navy), and a strong service sector. The quality of life afforded by the mild climate and abundant recreational activities is an added feature that attracts new industries to the area. The availability of office and manufacturing facilities and an educated workforce give Escambia County the ideal catalyst for future growth and prosperity. Overall, the area's stable population characteristics, diversified work force, and abundance of recreational activities provide for a favorable near-term outlook for this metropolitan area appears favorable.

Neighborhood Description: The subject property is located inside the city limits of Pensacola. The subject neighborhood boundaries are generally defined as East Cervantes Street on the south, North Palafox Street on the west, Texar Drive on the north, and North 12th Avenue on the east. Land uses in the immediate area include retail establishments, offices, restaurants, banks, residences, warehouses, pawn shops, churches, motels, condominiums, and lounges. The neighborhood is convenient to churches, shopping facilities, schools, medical facilities, recreational facilities, and other major sources of employment.

Summary of Local Commercial Real Estate Market: After a number of years of steady growth in the local commercial real estate market, the health of the market weakened during 2006 to 2011. Demand for commercial properties declined in the local market during that time period due to weakened economic conditions which resulted in an oversupply of inventory. The net result of this market weakness was an increase in vacancy rates, a decline in rental rates and values, an increase in property foreclosures, and extended marketing periods. However, the market began to stabilize in late 2011, and it has generally remained fairly steady since that time.

Site Description: The subject property is located on the northeast corner of Dr. Martin Luther King, Jr. Drive and East Mallory Street. This corner parcel is rectangular in shape. The site has 120 feet of frontage on the east side of Dr. Martin Luther King, Jr. Drive and 125 feet of frontage on the north side of East Mallory Street. According to the Escambia County Property Appraiser's Office, the property contains 0.36 acre. This equates by calculation to a land area of 15,682 square feet. The indicated land-to-building ratio for the subject is 12.2 to 1.0, which is considered to be favorable.

Site Description (Continued): The property is fairly level and appears to have satisfactory drainage. The public utilities available to the site are considered to be adequate. Access to the property is concluded to be adequate. It appears that the parcel is not located within a designated flood area (Flood Zone X; Flood Panel Map #12033C0390G).

As previously mentioned, the subject property had been operated many years ago as an automobile service station with the sale of petroleum products. According to the owner, the related in-ground fuel storage tanks were removed from the property more than 15 years ago. It should be noted that the appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. However, tests and inspections made by qualified hazardous substance and environmental experts could reveal the existence of hazardous materials and environmental conditions on or around the property that could negatively affect its value. Based upon the client's specific intended use of this appraisal, this valuation is based upon the extraordinary assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions.

The property is zoned R-NC; Residential/Neighborhood Commercial under the zoning ordinances of the City of Pensacola. Permitted land uses within the subject zoning district include single-family residential, multiple-family residential, offices, retail, restaurants, banks, motels, appliance repair shops, gasoline service stations, and automobile service garages which perform minor repairs. The former automobile service station use of the property is permitted by the current R-NC zoning classification.

Description of Improvements: The subject improvements consist of a former automobile service garage building which has been utilized for a number of years by the owner for storage purposes. Based upon the appraiser's measurements and calculations, this structure contains approximately 1,283 square feet. The facility is constructed of wood and aluminum exterior walls over concrete block on a concrete foundation. The roof cover is of a built-up material. The owner reports that the roof leaks and is in need of repairs. The building has an eave height of approximately 11 feet. The facility is configured with two service bays, a storage area, and two exterior-accessed restrooms.

The facility is reported to have been constructed in 1957. Although the appraiser was not able to enter or inspect the interior of the building, it is considered to be in relatively poor physical condition, and is nearing the end of its economic life cycle.

The subject site improvements consist of a canopy (450 square feet) on the front of the structure, a concrete block retaining wall, asphalt and concrete paving, concrete curb cuts, and adequate landscaping.

SALES HISTORY OF SUBJECT PROPERTY:

According to the public records, the subject property was acquired by the current owner prior to 1979. The appraiser is unaware of any sales transactions of the property in the five years preceding the effective date of this valuation. However, the client is considering the purchase of the subject property at a yet undetermined price.

HIGHEST AND BEST USE:

Highest and best use as if vacant. The legally permissible uses of the subject site include single-family residential, multiple-family residential, offices, retail, restaurants, banks, motels, appliance repair shops, gasoline service stations, and automobile service garages which perform minor repairs. The potential for a zoning change appears to be unlikely. A legally permissible use that is also physically possible would be an automobile service repair shop or residential use. Such uses are considered to be financially feasible based upon the size and physical characteristics, the zoning, the neighborhood conditions, and the location of the subject parcel. It is concluded that the parcel could be sub-divided into two lots (each with a width of 40 feet and a size of 0.12 acre), which represents a marketable size for residential usage. Thus, the maximally productive and highest and best use of the subject site as vacant is an automobile service repair shop or residential use.

However, based upon current market conditions, it is concluded that a near-term hold until such time that demand within the local market increases to justify development of the parcel with these uses is reasonable. It is anticipated that such uses will become financially feasible after this interim period based upon the size and physical characteristics, the zoning of the subject parcel, and the subject neighborhood conditions. Thus, the maximally productive and highest and best use of the subject site as vacant is a near-term hold with eventual automobile service repair shop or residential use.

Highest and best use as improved. Based upon the subject structure's current age/physical condition, it is concluded that the building is considered to be nearing the end of its economic life. An eventual demolition of these existing improvements and re-development of the subject site are anticipated to result in a higher return to the land than is being achieved at present, by the property as improved. Therefore, an eventual demolition of the structure to allow the site to be re-developed is concluded to be the highest and best use of the property as presently improved. However, a continued storage use of this structure in its current condition during the interim period until demand for automobile service repair shop or residential uses increases is considered to be consistent with this highest and best use conclusion.

SUMMARY OF LAND VALUATION ANALYSIS (AS IF VACANT):

A summary of the data pertaining to vacant land sales considered to be similar to the subject is presented below. Aerial photographs and site plans of the comparables, and a location map are presented at the conclusion of this appraisal report.

RECORD NO.	LOCATION	DATE OF SALE	SALE PRICE	SQ. FT.	PRICE/SQ. FT.
419469	800 North 8 th Avenue	01/23/13	\$47,500	27,878	\$1.70
7231	500 North Alcaniz Street	10/31/11	\$22,000	7,500	\$2.93
7287	3882 Barrancas Avenue	11/01/13	\$22,700	7,500	\$3.03
7316	1107 East Leonard Street	01/19/12	\$40,000	11,761	\$3.40

The above land sales represent properties considered generally comparable to the subject. These parcels range in size from 7,500 to 27,878 square feet, which is reflective of the size of the subject. All are suitable for a residential or office/shop type of use. Each is located throughout the general Pensacola area. These comparables range in price from \$22,000 to \$47,500, which equates to a unit price of \$1.70 to \$3.40 per square foot. However, all but one of these comparables reflect the upper end of this indicated unit price range.

After necessary price adjustments are made for such dissimilarities as market conditions (time), location, size, shape, access, topography, utilities availability, and zoning, when compared to the subject, a broad unit value of \$2.04 to \$3.40 per square foot results for the subject. Based upon this comparison analysis, a value towards the middle of the adjusted price range is concluded to be appropriate for the subject. Therefore, a value of \$2.80 per square foot, or \$44,000, is estimated for the subject as if vacant, as shown below. A summary of the price adjustments is presented on the following page of this appraisal report.

$$15,682 \text{ SQ. FT.} \quad \times \quad \$2.80/\text{SQ. FT.} \quad = \quad \$43,910$$

ROUNDED: \$44,000

The above total land value estimate is within the total sales price range of \$22,000 to \$47,500 that is indicated by the above comparables. Although this represents the upper end of the indicated range, it is concluded to be reasonable based upon the size and other physical characteristics of the comparables, relative to the subject property. Additionally, it equates to \$366.67 per linear foot of road frontage (along Dr. Martin Luther King, Jr. Drive). This is considered to be reasonable based upon the above comparable sales and the shape/configuration of the subject parcel. The comparable sales have an indicated price per front foot which ranges from \$216 to \$500. Furthermore, this indicated value equates to \$14,667 per lot if the subject were subdivided into three smaller residential lots.

c14-0290L

SUMMARY OF LAND SALES ADJUSTMENTS
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	<u>Comp. No. 1</u>	<u>Comp. No. 2</u>	<u>Comp. No. 3</u>	<u>Comp. No. 4</u>
Index Number	419469	7231	7287	7316
Total Sales Price	\$47,500	\$22,000	\$22,700	\$40,000
Square Feet	27,878	7,500	7,500	11,761
Price Per Square Foot	\$1.70	\$2.93	\$3.03	\$3.40
<u>Price Adjustments</u>				
Property Rights Conveyed	--	--	--	--
Conditions of Sale	--	--	--	--
Market Conditions (Time)	0%	0%	0%	0%
Cumulative Adjustments for Above Conditions	0%	0%	0%	0%
Adjusted Price Per Square Foot for Above Conditions	\$1.70	\$2.93	\$3.03	\$3.40
<u>Other Price Adjustments</u>				
Location	5%	--	-5%	--
Size of Site	5%	-5%	-5%	--
Shape of Site	--	--	5%	--
Access/Exposure	--	--	5%	5%
Topography	--	--	--	--
Utilities Availability	--	--	--	--
Zoning/Permitted Uses	10%	--	-5%	-5%
Other Features	--	--	--	--
Cumulative Adjustments	20%	-5%	-5%	0%
Adjusted Price Per Square Foot	\$2.04	\$2.79	\$2.88	\$3.40

SUMMARY OF CONTRIBUTORY VALUE OF IMPROVEMENTS:

Based on the construction features, quality, design, age, observed condition, and highest and best use of the subject structure, and the general indicated sale prices of similar storage facilities in the subject area, it is concluded that a unit value of \$5.00 per square foot is reasonable for this subject building. This is considered to be appropriate based upon the effective age of the structure, and its estimated remaining economic life.

As a result, the total estimated value of the subject property, as is, as of the date of value from this analysis is shown below. It should be noted that the value of the subject land comprises 88.0 percent of the total indicated value, which is concluded to be reasonable based upon the size, age, condition, and remaining economic life of the improvements.

VALUATION SUMMARY

LAND CONTRIBUTION:	\$44,000
PLUS BUILDING CONTRIBUTION 1,283 SQ. FT. x \$5.00 PER SQ. FT.:	<u>\$ 6,415</u>
ESTIMATED TOTAL VALUE:	\$50,415
ROUNDED TO:	<u>\$50,000</u>

RECONCILIATION AND VALUE CONCLUSION:

For this valuation of the subject land parcel, only the Sales Comparison Approach was performed. In doing so, the market value of the fee simple title in the subject property, as if unaffected by possible contamination as of May 23, 2014, based upon the appraisal assumptions and limiting conditions that are presented on the following pages, is estimated to be \$50,000. **As mentioned, this appraisal was prepared for the exclusive use of City of Pensacola.**

Exposure time is defined by USPAP as the estimated length of time that 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. It is a retrospective opinion based on an analysis of past events assuming a competitive and open market. The property sales indicated that the exposure time (i.e., the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded in this analysis as of the date of this valuation) would have been approximately 6 to 12 months. The estimated marketing time (i.e., the amount of time it would probably take to sell the subject property if it were exposed in the market, beginning on the date of this valuation) is concluded to be approximately 6 to 12 months.

Attached are the assumptions and limiting conditions of this appraisal, the certification of the appraiser, a copy of the appraiser's state certification, subject photographs, location maps, site plans, an aerial photograph, a legal description, a warranty deed, a flood zone map, comparable site plans and aerial photographs, a comparable land sales location map, and the appraiser's professional qualifications.

ASSUMPTIONS AND LIMITING CONDITIONS:

This appraisal and the appraiser's certification that follows is subject to the following assumptions and limiting conditions:

1. The three traditional approaches to value income-producing properties are the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Based upon the type and specific characteristics of the subject property, the Cost and Income Capitalization Approaches were not considered to be appropriate for this valuation. Accordingly, the appraiser did not perform these two particular approaches to value the subject property. The subject property is a former automobile service station with no leases in place. Buyers of this type of property in the local market typically rely most heavily on the Sales Comparison Approach in making buying decisions. Additionally, recent sales activity of similar type properties in the local market is considered to be sufficient to produce credible results. Lastly, this appraisal process is concluded to be adequate based upon the intended use of this appraisal. Accordingly, the appraiser has determined that the performing of the Sales Comparison Approach in this appraisal process is sufficient to achieve credible assignment results based primarily upon the intended use of this appraisal. The appraiser has disclosed this scope of work for the assignment to the client, and has clearly identified and explained the scope of work for this assignment within this appraisal report.
2. This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. As such, it clearly and accurately sets forth the appraisal in a manner that will not be misleading; contains sufficient information to enable the intended users of the appraisal to understand the report properly; and clearly and accurately discloses all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report. The appraiser is not responsible for the unauthorized use of this appraisal report.
3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear of any or all liens and encumbrances, and under responsible ownership and competent property management. Typical mortgage loan encumbrances and utility easements are assumed to exist.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be accurate, true, and reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. 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 arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy consents, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvement is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substance should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substance such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communication barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. The appraiser warrants only that the value conclusion is his best opinion estimate as of the exact day of valuation. For prospective value estimates, the appraiser cannot be held responsible for unforeseeable events which might alter market conditions prior to the effective date of the appraisal.

16. Any proposed improvements are assumed to be completed in good workmanlike manner in accordance with the submitted plans and specifications.
17. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used, or reproduced in part or its entirety, for any purpose by any person other than **City of Pensacola** without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
20. Use of this appraisal constitutes acceptance of the stated limiting conditions and assumptions. The appraiser's liability extends to the current client and not to subsequent users of the appraisal.
21. The Americans with Disabilities Act (ADA) became effective January 26, 1992. For improved properties, we have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirement of ADA in estimating the value of the property.
22. The appraiser certifies that he has no debt relationship with City of Pensacola.
23. This valuation is contingent upon the assumption that there is no contamination of the soil due to any source, including but not limited to underground tanks, if any.
24. This valuation is contingent upon a survey, legal description, and land area calculation being prepared by a qualified and properly licensed engineer to reveal the subject property to be basically the same as described in this appraisal report.

EXTRAORDINARY APPRAISAL ASSUMPTIONS:

1. This valuation is based upon the extraordinary assumption that the subject property was in similar physical condition on the date of valuation as that observed by the appraiser on the date of the exterior inspection, as reported in this appraisal report.
2. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. However, tests and inspections made by qualified hazardous substance and environmental experts could reveal the existence of hazardous materials and environmental conditions on or around the property that could negatively affect its value. Based upon the client's specific intended use of this appraisal, this valuation is based upon the extraordinary assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions.

HYPOTHETICAL CONDITIONS OF THE APPRAISAL:

There are no hypothetical conditions of this appraisal.

CERTIFICATION OF THE APPRAISER

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the exterior of the property that is the subject of this appraisal report.
- I have performed no services as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the person signing this appraisal report and certification.
- I currently hold an appropriate state license or certification allowing the performance of real estate appraisals in connection with federally related transactions of properties located in Florida.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the State of Florida for state-certified appraisers.

The Appraisal Institute and the State of Florida conduct mandatory programs of continuing education for its designated members and licensees, respectively. Appraisers who meet the minimum standards of these programs are awarded periodic educational certification. As of the date of this report, I have completed the requirements of the continuing education programs of the Appraisal Institute and the State of Florida, respectively.

The use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission, as well as the Appraisal Institute.



Charles C. Sherrill, Jr., MAI
State Certified General Appraiser #RZ1665

AC# 669610

STATE OF FLORIDA

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

SEQ# L12111301626

DATE	BATCH NUMBER	LICENSE NBR
11/13/2012	128146619	RZ1665

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2014

SHERRILL, CHARLES C JR PA
410 E GOVERNMENT ST
PENSACOLA FL 32502

RICK SCOTT
GOVERNOR

DISPLAY AS REQUIRED BY LAW

KEN LAWSON
SECRETARY

PHOTOGRAPHS OF SUBJECT PROPERTY



Front View of Subject Property



View of Side of Subject Building

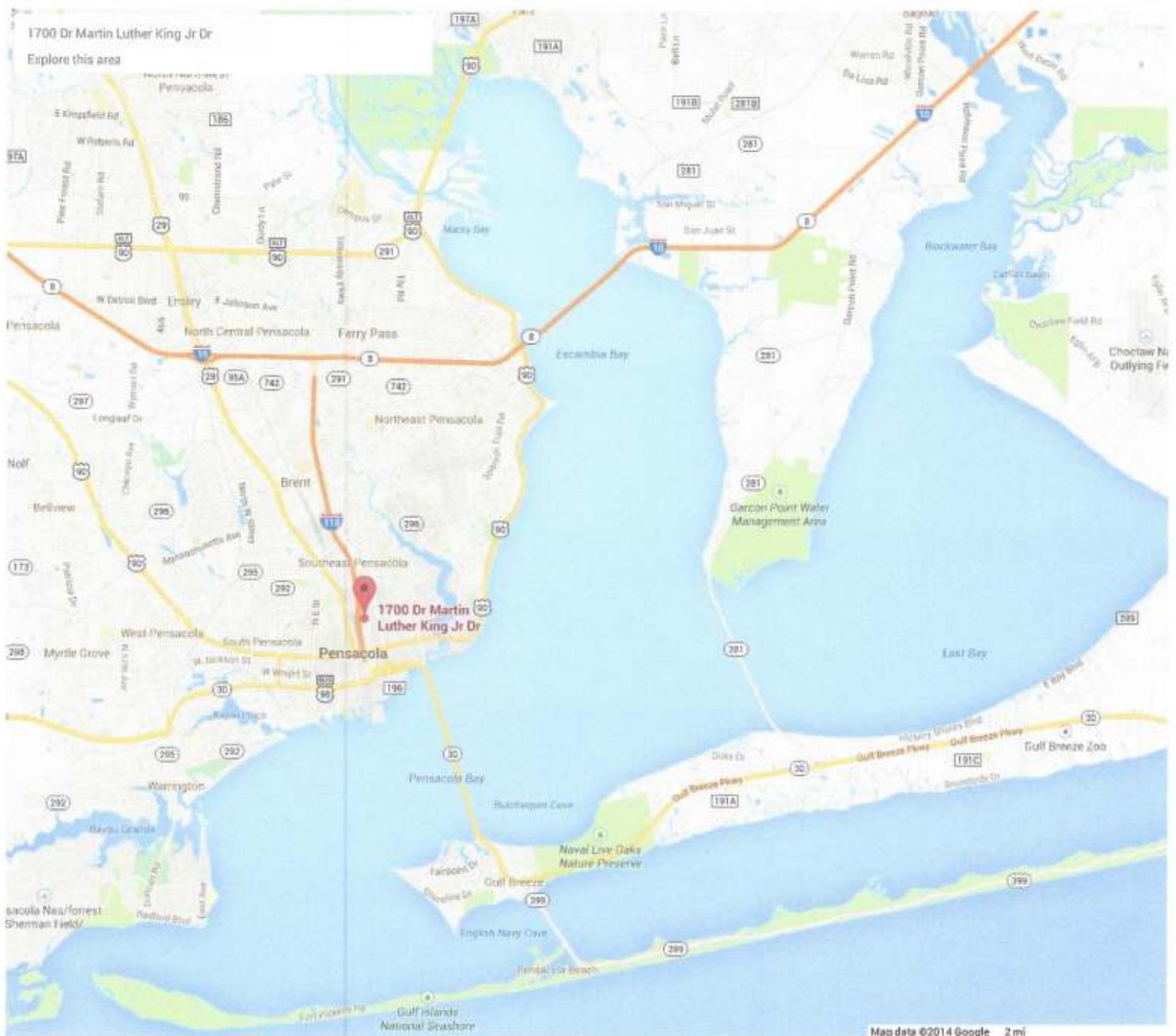
PHOTOGRAPHS OF SUBJECT PROPERTY

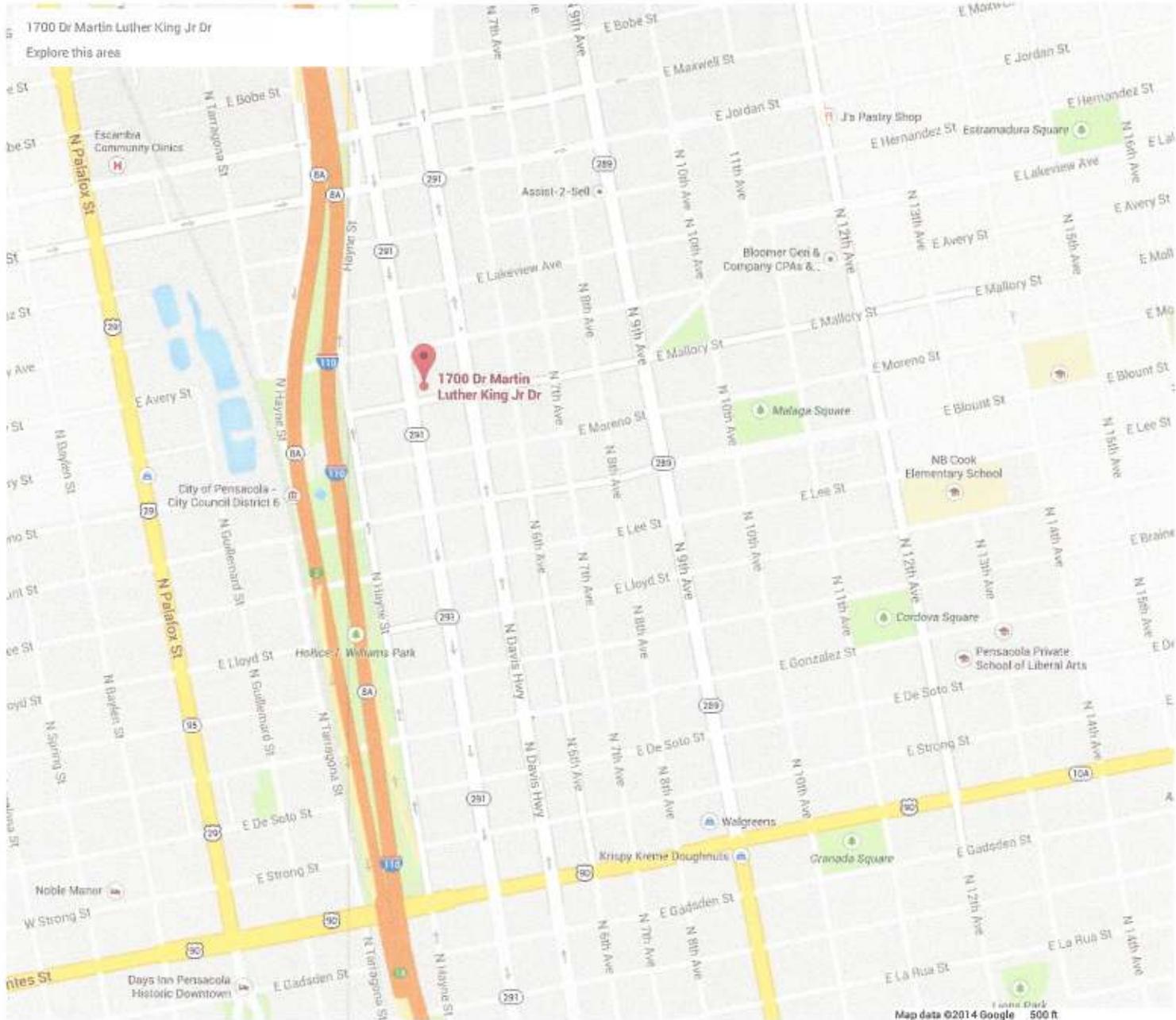


View of Rear of Subject Building



Subject Street Scene Dr. Martin Luther King Drive





<p>General Information</p> <p>Reference: 0005009020001101</p> <p>Account: 133731000</p> <p>Owners: MCWILLIAMS G CLEVELAND</p> <p>Mail: 3288 HWY 29 N CANTONMENT, FL 32533</p> <p>Situs: 1700 DR MARTIN LUTHER KING JR 32503</p> <p>Use Code: SERVICE STATION</p> <p>Taxing Authority: PENSACOLA CITY LIMITS</p> <p>Tax Inquiry: Open Tax Inquiry Window</p> <p>Tax Inquiry link courtesy of Janet Holley Escambia County Tax Collector</p>	<p>2013 Certified Roll Assessment</p> <p>Improvements: \$0</p> <p>Land: \$28,500</p> <hr/> <p>Total: \$28,500</p> <p>Save Our Homes: \$0</p> <p style="text-align: center;">Disclaimer</p> <hr/> <p style="text-align: center;">Amendment 1/Portability Calculations</p>
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<p>Sales Data</p> <table border="1"> <thead> <tr> <th>Sale Date</th> <th>Book</th> <th>Page</th> <th>Value</th> <th>Type</th> <th>Official Records (New Window)</th> </tr> </thead> <tbody> <tr> <td>01/1978</td> <td>1282</td> <td>324</td> <td>\$10,000</td> <td>WD</td> <td>View Instr</td> </tr> <tr> <td>01/1968</td> <td>393</td> <td>986</td> <td>\$100</td> <td>WD</td> <td>View Instr</td> </tr> </tbody> </table> <p>Official Records Inquiry courtesy of Pam Childers Escambia County Clerk of the Circuit Court and Comptroller</p>	Sale Date	Book	Page	Value	Type	Official Records (New Window)	01/1978	1282	324	\$10,000	WD	View Instr	01/1968	393	986	\$100	WD	View Instr	<p>2013 Certified Roll Exemptions</p> <p>None</p> <p>Legal Description</p> <p>LTS 1 2 3 4 BLK 101 EAST KING TRACT OR 1282 P 324 CA 65</p> <p>Extra Features</p> <p>None</p>
Sale Date	Book	Page	Value	Type	Official Records (New Window)														
01/1978	1282	324	\$10,000	WD	View Instr														
01/1968	393	986	\$100	WD	View Instr														

Parcel Information

Section Map Id: CA065

Approx. Acreage: 0.3600

Zoned: R-NC

Evacuation & Flood Information
[Open Report](#)

[Launch Interactive Map](#)

Buildings

Building 1 - Address:1700 DR MARTIN LUTHER KING JR, Year Built: 1957, Effective Year: 1957

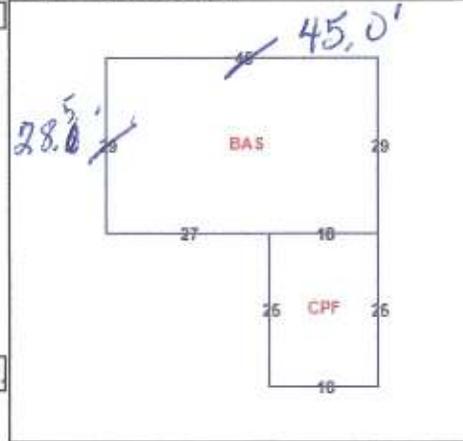
Structural Elements

DECOR/MILLWORK-MINIMUM
EXTERIOR WALL-METAL-PRE.FIN.
EXTERIOR WALL-SIDING-BLW.AVG.
FLOOR COVER-CONCRETE-FINISH
FOUNDATION-SLAB ON GRADE
HEAT/AIR-NONE
INTERIOR WALL-EXPOSED BLK/BRK
NO. PLUMBING FIXTURES-4.00
NO. STORIES-1.00
ROOF COVER-BLT UP ON WOOD
ROOF FRAMING-RIGID FRAME/BAR
STORY HEIGHT-13.00
STRUCTURAL FRAME-MASONRY PIL/STL

Areas - 1755 Total SF

BASE AREA - 1305
CARPORT FIN - 450

45.0
~~x 28.5~~
 1,283 sq ft



Images



2/12/09



3/21/11



6/18/03



5/20/05



3/21/06



1/31/12



3/11/13



1/21/14

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

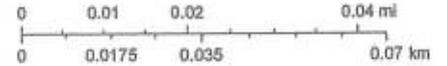
Chris Jones Escambia County Property Appraiser



May 21, 2014

- Map Grid
- City Zoning
- City Road
- County Road
- Interstate
- State Road
- US Highway
- All Roads
- Property Line

1:955



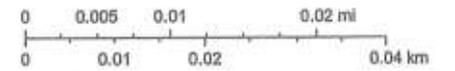
Chris Jones Escambia County Property Appraiser



May 21, 2014

-  Map Grid
-  City Zoning
-  City Road
-  County Road
-  Interstate
-  State Road
-  US Highway
-  All Roads
-  Property Line

1:553



Escambia County Tax Collector

generated on 5/21/2014 2:56:05 PM CDT

Tax Record

Last Update: 5/21/2014 2:56:10 PM CDT

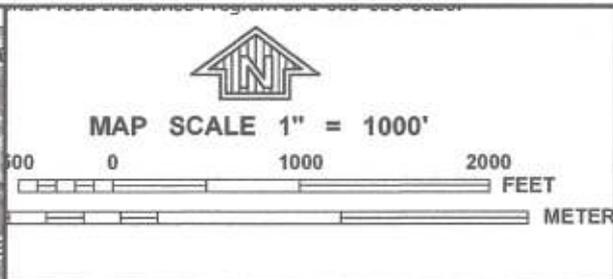
Ad Valorem Taxes and Non-Ad Valorem Assessments

The information contained herein does not constitute a title search and should not be relied on as such.

Account Number	Tax Type	Tax Year			
13-3731-000	REAL ESTATE	2013			
Mailing Address MCWILLIAMS G CLEVELAND 3288 HWY 29 N CANTONMENT FL 32533		Property Address 1700 DR MARTIN LUTHER KING GEO Number 000S00-9020-001-101			
Exempt Amount	Taxable Value				
See Below	See Below				
Exemption Detail	Millage Code	Escrow Code			
NO EXEMPTIONS	16				
Legal Description (click for full description)					
000S00-9020-001-101 1700 DR MARTIN LUTHER KING LTS 1 2 3 4 BLK 101 EAST KING TRACT OR 1282 P 324 CA 65					
Ad Valorem Taxes					
Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	28,500	0	\$28,500	\$188.57
PUBLIC SCHOOLS					
By Local Board	2.2480	28,500	0	\$28,500	\$64.07
By State Law	5.3090	28,500	0	\$28,500	\$151.31
M.S.T.U. LIBRARY	0.3590	28,500	0	\$28,500	\$10.23
WATER MANAGEMENT	0.0400	28,500	0	\$28,500	\$1.14
PENSACOLA	4.2895	28,500	0	\$28,500	\$122.25
Total Millage		18.8620	Total Taxes		\$537.57
Non-Ad Valorem Assessments					
Code	Levying Authority				Amount
OSW	STORMWATER - 435-1800				\$177.23
Total Assessments					\$177.23
Taxes & Assessments					\$714.80
If Paid By				Amount Due	
				\$0.00	

Date Paid	Transaction	Receipt	Item	Amount Paid
11/30/2013	PAYMENT	263510.0009	2013	\$686.21

Prior Year Taxes Due	
NO DELINQUENT TAXES	



NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0390G

FIRM
FLOOD INSURANCE RATE MAP
ESCAMBIA COUNTY,
FLORIDA
AND INCORPORATED AREAS

PANEL 390 OF 606

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
ESCAMBIA COUNTY	12080	0390	G
PENSACOLA, CITY OF	12082	0390	G

Notice to User: The Map Number shown below should be used when placing map orders; the Community Number shown above should be used on insurance applications for the subject community.



MAP NUMBER
12033C0390G

MAP REVISED
SEPTEMBER 29, 2006

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Comparable Location Map



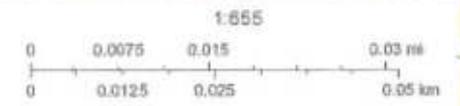
Map data ©2014 Google 2008

Chris Jones Escambia County Property Appraiser



May 28, 2014

- Map Grid
- All Roads
- City Road
- Property Line
- County Road
- Interstate
- State Road
- US Highway



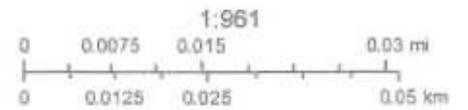
Compare N.1

Chris Jones Escambia County Property Appraiser



June 12, 2013

- | | | | | | |
|---|-------------|---|------------|---|---------------|
|  | Map Grid |  | Interstate |  | All Roads |
|  | City Road |  | State Road |  | Property Line |
|  | County Road |  | US Highway | | |



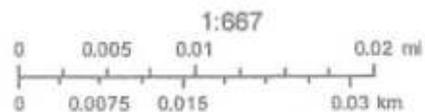
Computer No. 2

Chris Jones Escambia County Property Appraiser



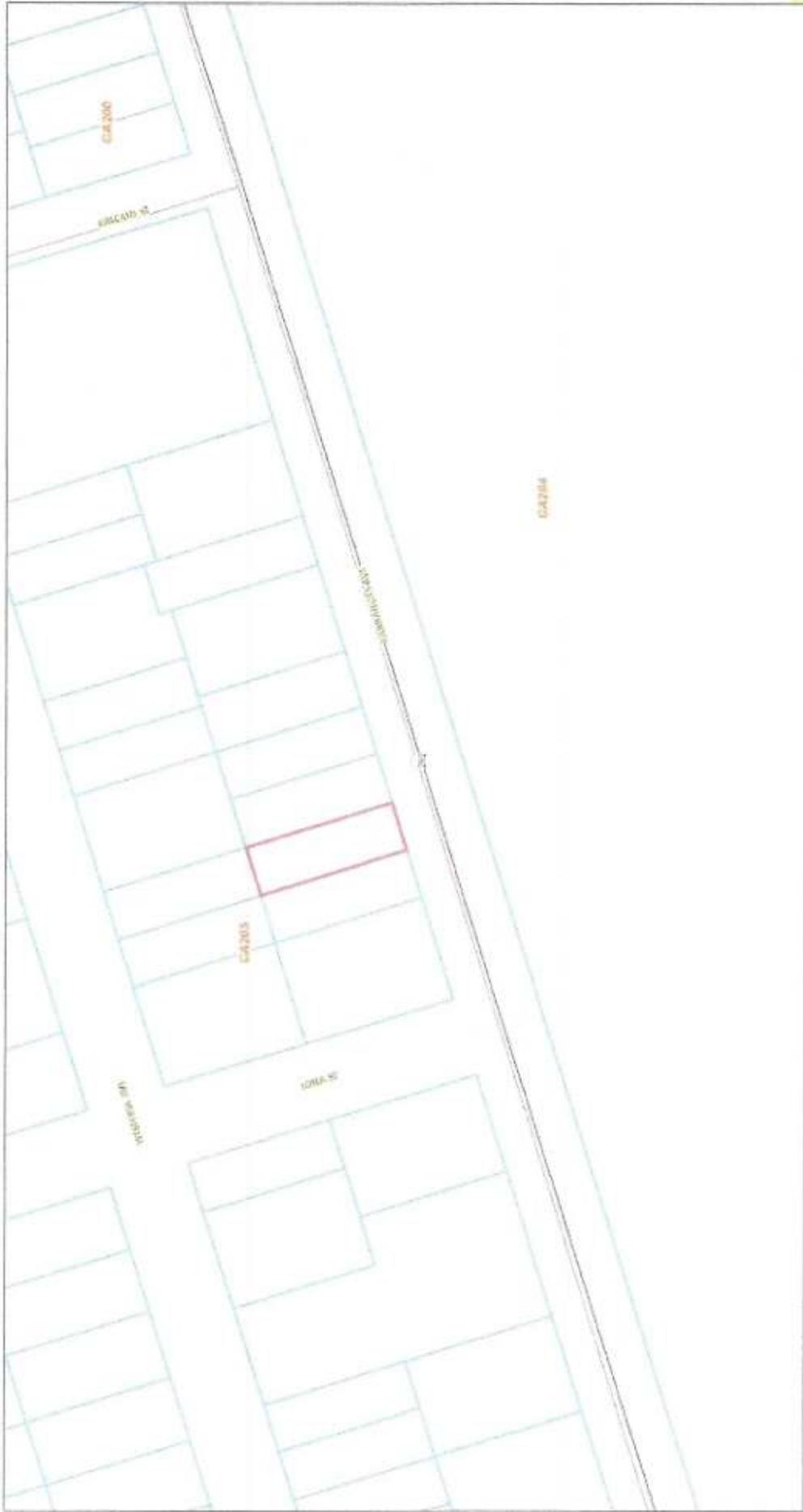
June 12, 2013

- | | | |
|---------------|--------------|-----------------|
| □ Map Grid | — Interstate | All Roads |
| — City Road | — State Road | □ Property Line |
| — County Road | — US Highway | |



Comp-A No. 2

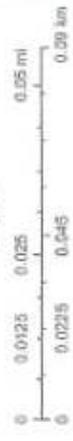
Chris Jones Escambia County Property Appraiser



March 25, 2014

- Mass Grid
- City Road
- County Road
- Interstates
- State Road
- US Highway
- All Roads
- Property Line

1:1,142

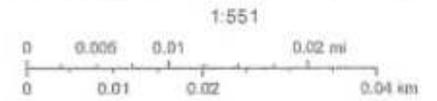


Chris Jones Escambia County Property Appraiser



March 25, 2014

- | | | | |
|--|-------------|--|---------------|
| | Map Grid | | All Roads |
| | City Road | | Property Line |
| | County Road | | |
| | Interstate | | |
| | State Road | | |
| | US Highway | | |



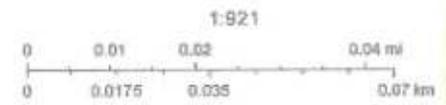
Comparable No. 3

Chris Jones Escambia County Property Appraiser



May 28, 2014

- Map Grid
- City Road
- County Road
- Interstate
- State Road
- US Highway
- All Roads
- Property Line



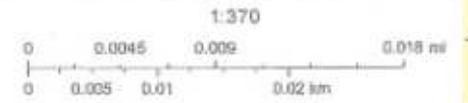
COMPASS M 4

Chris Jones Escambia County Property Appraiser



May 28, 2014

- Map Grid
- All Roads
- City Road
- Property Line
- County Road
- Interstate
- State Road
- US Highway



Complete No. 4

APPRAISER'S QUALIFICATIONS

NAME: Charles C. Sherrill, Jr., MAI

TITLE: Vice President

OFFICE ADDRESS: Sherrill Appraisal Company
410 East Government Street
Post Office Box 1671
Pensacola, Florida 32591-1671

EDUCATION: Bachelor of Arts Degree in Economics, Washington & Lee University,
Lexington, Virginia (1984)

Successfully completed the following courses sponsored by the American Institute of Real Estate Appraisers:

- Course 1A-1 Real Estate Appraisal Principles (Tufts University, 1986)
- Course 1A-2 Basic Valuation Procedures (University of North Carolina, 1986)
- Course SPP Standards of Professional Practice (Atlanta, Georgia, 1987)
- Course 1B-A Capitalization Theory and Techniques - Part A (Florida State University, 1987)
- Course 1B-B Capitalization Theory and Techniques - Part B (University of Portland, 1988)
- Course 2-1 Case Studies in Real Estate Valuation (Colorado University, 1988)
- Course 2-2 Report Writing and Valuation Analysis (University of Central Florida, 1989)

Successfully completed the following course sponsored by the Commercial Investment Real Estate Institute:

- Course 401 Introduction to Commercial Real Estate Analysis (Pensacola, Florida, 1995/1998)

CONTINUING EDUCATION:

Credited with attendance/completion of the following seminars/courses:

Appraisal Institute

- Eminent Domain and Condemnation (2009)
- Uniform Standards of Professional Appraisal Practice (2006/2009)
- Business Practices and Ethics (2006/2009)
- Analyzing Operating Expenses (2001/2008)
- Appraising from Blueprints and Specifications (2008)
- Feasibility, Market Value, and Investment Timing (2005)
- Analyzing Distressed Real Estate (2004)
- Hotel/Motel Valuation (2004)
- Effective Appraisal Report Writing (2003)
- FHA Homebuyer Protection Plan and The Appraisal Process (1999)
- Standards of Professional Practice - Part C (1998)
- Standards of Professional Practice - Part A (1987/1995/1997)
- Fair Lending and the Appraiser (1996)
- Appraisal of Retail Properties (1995)
- Standards of Professional Practice - Part B (1987/1994)
- Understanding Limited Appraisals and General Reporting Options - General (1994)
- Accrued Depreciation (1994)
- Depreciation Analysis (1993)
- Rates, Ratios, and Reasonableness (1992)
- Comprehensive Appraisal Workshop (1991)
- Real Estate Risk Analysis (1987)

APPRAISER'S QUALIFICATIONS

CONTINUING EDUCATION (Continued):

Credited with attendance/completion of the following seminars/courses:

State Certification

Appraisal of 2-4 Family and Multi-Family Properties (2012)
 Challenging Assignments for Residential Appraiser's (2012)
 Foreclosure Basics for Appraiser's (2012)
 Florida Appraiser Supervisor/Trainee Rules (2008/2010)
 Income Capitalization Approach (2007)
 Neighborhood Analysis (2006/2010)
 Communicating the Appraisal (2006/2010)
 Appraisal Principles (2006/2010)
 Sales Comparison Approach (2006/2010)
 Real Estate, Mortgages, and Law (2006)
 Florida Appraisal Laws and Regulations (2004/2005/2008/2010/2012)
 USPAP Update (1992/1994/1996/1997/1999/2001/2002/2004/2005/2010/2012)

EXPERIENCE:

Engaged since 1986 in valuation, consulting, and market studies of various property types, including office, retail, industrial, multi-family residential, churches, restaurants, motels, subdivision developments, commercial land, acreage, marinas, single family residential, and condominiums in numerous states. Have testified as an expert witness numerous times in the Circuit Courts of Escambia, Santa Rosa, and Okaloosa Counties. Prior to joining Sherrill Appraisal Company in 1992, employed by Landauer Associates, Inc., Atlanta, Georgia (1986-1992) as Vice President, Valuation and Technical Services Division.

PROFESSIONAL LICENSES:

State Certified General Appraiser (#RZ1665), State of Florida (1993-Present)
 Licensed Real Estate Broker (#BK0436908), State of Florida (1996-Present)
 Former Licensed Real Estate Salesman (#SL0436908), State of Florida (1985-1996)
 Former State Certified Appraiser (#000439), State of Georgia (1991-1992)

PROFESSIONAL MEMBERSHIPS:

Member, Appraisal Institute; Awarded the MAI designation by the Appraisal Institute in 1991
 Past Member, Regional Ethics and Counseling Panel - Appraisal Institute (1994-1996)
 Past Member, Escambia County Value Adjustment Board (2008 – 2012)
 Member, Pensacola Association of Realtors
 Member, Florida Association of Realtors
 Member, National Association of Realtors
 Member, Branch Banking and Trust Company Local Advisory Board of Directors

CIVIC ACTIVITIES:

Member, Rotary Club of Pensacola (Former Board Director); Paul Harris Award Recipient
 Past President and Executive Committee Member, Pensacola Sports Association Board of Directors
 Current Board Member and Past Secretary/Past Treasurer, Fiesta of Five Flags Board of Governors
 Past Board Member and Trustee, Pensacola Historical Society Foundation
 Past Member and Executive Committee Member, Pensacola State College Board of Governors
 Member and Past Board Director & Executive Committee Member, Pensacola YMCA
 Past Board Member and Former Treasurer, Pensacola Historical Society Board of Directors
 Past President, Booker T. Washington High School Baseball Booster Club Board of Directors
 Graduate, Leadership Pensacola (Class of 1999)
 Member, Pensacola Area Chamber of Commerce

Other civic involvements include various fund raising activities for Boy Scouts of America, Junior Achievement, March of Dimes, American Cancer Society, Leukemia Society, and the American Heart Association.

APPRAISER'S QUALIFICATIONS**LISTING OF APPRAISER CLIENTS:****Mortgage Loan Purposes**

Aegon Realty Advisors Company	Liberty Bank
Bank of America	Metric Realty
BBVA Compass	Metropolitan Life Insurance Company
Beach Community Bank	National Bank of Commerce (Alabama)
Branch Banking & Trust (BB&T)	Navy Federal Credit Union
Canadian Imperial Bank of Commerce	Pen Air Federal Credit Union
Centennial Bank	Pensacola Government Credit Union
Chase Manhattan Mortgage Corp.	PNC Bank
Charter Bank	Premier Bank (Louisiana)
Coastal Bank and Trust	RBC Bank
Colonial Bank of Alabama	Regions Bank
Cumberland Bank (Kentucky)	ServisFirst Bank
Dollar Bank	Smart Bank
Equity Valuation Partners	Statewide Mortgage Company
First American Bank	SunTrust Banks, Inc.
First City Bank of Fort Walton Beach	Travellers Realty Investment Company
First Coast Community Bank	Tyndall Federal Credit Union
First National Bank of Commerce (Louisiana)	United Bank (Alabama)
First National Bank of Florida	Valuation Management Group
First Navy Bank	Vanguard Bank & Trust Company
Gulf Coast Community Bank	Whitney National Bank
GulfSouth Private Bank	Wachovia Corporation
Hancock Bank	Wells Fargo Bank

Market Value Purposes

Aetna Realty Advisors	Ford Motor Company
Bank of Boston	Florida Department of Transportation
Bank South N. A.	Gulf American SBL, Inc.
Baptist Health Care Corp.	Lakeview Center
Barnett Banks, Inc.	Lasalle Realty Advisors
Barnett Bank Trust Company N. A.	PHH Relocation and Real Estate
Catholic Church Diocese	Pensacola Area Chamber of Commerce
Chicago Title Company	Pensacola Historical Society
Citicorp Real Estate	Pensacola State College
City of Fort Walton Beach	Pensacola Preservation Board (State of Florida)
City of Milton	Port of Pensacola
City of Pensacola	Presbytery of Florida
Dusco Property Management	Recoll Management Corporation Insurance Co.
Episcopal Church Diocese	Sacred Heart Hospital
Escambia County, Florida	Saltmarsh, Cleaveland & Gund
Escambia County Employees' Credit Union	Southern Company
Escambia County Utilities Authority	SouthTrust Bank of Alabama, N.A.
Fairfield Communities, Inc.	Various Estates, Attorney's, Accountants, Insurance Companies, Churches, & Property Owners
Federal Aviation Administration	Waterfront Rescue Mission
Federal Deposit Insurance Corporation	Wachovia Settlement Services, LLC
First Alabama Bank	WSRE Television
First National Bank of Georgia	
Fisher Brown Insurance Company (Cost Analysis)	