

Appraisal of

A 39,500 Square-Foot Site known as Parking Lot #10

Located

**104 SW 2nd Avenue
Gainesville, Florida 32601-6228**

Prepared for

**Mr. Sam Bridges
The City of Gainesville
Lands Rights Coordinator
405 NW 39th Avenue
Post Office Box 490, MS 58
Gainesville, Florida 32627**

Date of Value

March 10, 2014

(Effective Date)

Purchase order # PD 800 80190305140008

*Andrew V. Santangini, Jr., MAI
Gainesville, Florida*

ANDREW V. SANTANGINI, JR., MAI
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State-Certified General Real Estate Appraisers

Andrew V. Santangini, Jr., MAI	RZ563
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Laura L. Rutan	Office Manager and
State-Registered Trainee Appraiser	RI22223

March 17, 2014

Mr. Sam Bridges
 The City of Gainesville
 Lands Rights Coordinator
 405 NW 39th Avenue
 Post Office Box 490, MS 58
 Gainesville, Florida 32627

RE: Appraisal of: A 39,500 square foot site known as Parking Lot #10
 Located: 104 SW 2nd Avenue, Gainesville, Florida
 Present use: Asphalt paved parking lot
 Apparent owner: City of Gainesville

Dear Mr. Bridges:

As per your request, we have developed an opinion of market value of the fee simple title of the above referenced property. This appraisal report is intended to comply with the reporting requirements set forth under Standards Rules 2, 8, and 10 of the Uniform Standards of Professional Appraisal Practice for an appraisal report. It presents only summary discussions of the data, reasoning, and analyses used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

Purpose of Appraisal, Intended Use, and Intended User

The purpose of this appraisal is to develop an opinion of market value of the fee simple title of the subject as of March 10, 2014. The definition of market value is included in the Addendum section of the report. This report is being prepared to assist the client, the City of Gainesville, in the estimation of market value.



Subject Site



Looking East along SW 2nd Avenue



Looking East along SW 1st Avenue

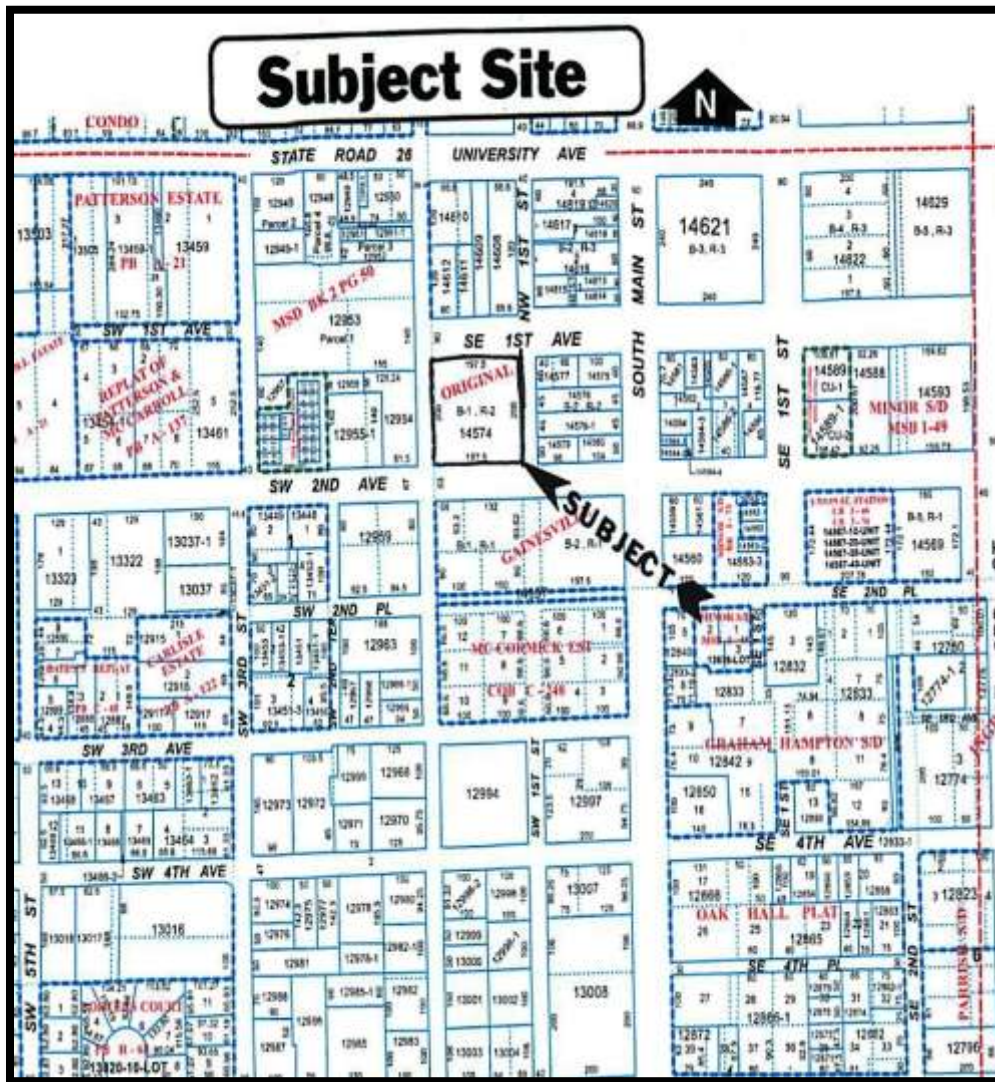
Legal Description, Assessments, Taxes, 3-Year Sales History

The subject is designated as tax parcel number 14574-000-000. The assessed value of the property is \$417,400. The property is tax exempt as it is owned by the City; so taxes are \$0. The owner of record is The City of Gainesville. There have been no changes in title to the property within the past three years. There are no indications that the property is currently listed for sale. The legal description of the property is Original Gainesville Block 1 Range 2 per DBH-383.

Market Area

The market area can be defined as the downtown central business district of Gainesville. The area is bordered on the south by Depot Avenue, on the north by 8th Avenue, on the west by 6th Street, and on the east by 7th Street. Major transportation routes of this market area include the following north/south roads: Main Street, and 6th Street, while University Avenue, 8th Avenue, 2nd Avenue and Depot Avenue are major east/west traffic routes. Within the market area, University Avenue is the only four lane route. Main Street is a two lane road with turn lane. Main Street, 8th Avenue, and University Avenue are also major roads of Gainesville and intersect other major traffic routes of town. Uses within this central business district vary from professional offices to local governmental

offices, to institutional uses such as churches, to restaurants and bars, retail establishments, residential condominiums and apartment complexes, as well as some single family detached homes. This market area is a well-established area and one that has relatively little vacant land left within it as it was the original commercial hub of Gainesville. The area has seen new growth in the past with residential condominiums and apartments. Additionally the "Midtown" area of Gainesville is located to the west of 6th Street and is an area which is changing in character due to the emergence of the Innovation Hub Development. This area is located between University Avenue and SW 4th Avenue and is to the west of 6th Street and to the east of 10th Street. There have been several technological companies locate here within the past two years, and further expansion of this area with a new street network is nearing completion. Afterwards, more building construction is forecasted to occur.



Site Data

According to Flood Map panel 12001C0312D, dated June 16, 2006, the property is located within Zone "X," which is an area outside the .2% annual chance floodplain. The subject site has a corner location with 197.5' of frontage on the south side of SW 1st Avenue, and on the north side of SW 2nd Avenue; and 200' of frontage on the east side of SW 2nd Street and on the west side of SW 1st Street. Access into the site is from SW 1st Avenue, and from the west bound lane of SW 2nd Avenue.. SW 2nd Avenue is an asphalt paved publicly maintained road and has a landscaped median in it (at the access point into the site) thus making it a boulevard type of right of way. The other three roads are public roadways of brick construction. All of these roads have sidewalks and concrete or granite curbs and storm sewer. Gainesville Regional Utilities supplies this area with public utilities. The subject site is estimated to have a size of 39,500 square feet. The site is an asphalt paved parking lot which will accommodate approximately 87 cars; three of these spaces are designated for the handicapped. The site is designated by the City as being parking exempt. There is a City owned five story parking garage located to the SW of the subject. In addition to the paving there are four live oak trees on site (each of which have a diameter of approximately 36"); they are protected heritage trees. Three of them may be removed by paying a mitigation fee to the City, while the fourth has to be replaced on an inch by inch basis on site.

Zoning

According to zoning maps of the City of Gainesville, the site is zoned CCD; Central City District. The subject site is designated as being parking exempt. The Central City District is established to provide a means to improve the physical, economic, social and cultural character of downtown Gainesville. The ultimate goal of the district is to maintain the downtown as a focal point of the community and a setting for people to live, work, shop and be entertained without leaving the district. This goal will be accomplished by allowing commercial services, professional, administrative, governmental and community services, financial services, entertainment and cultural activities, and medium to high density housing, as individual or mixed land uses, and by providing design standards and guidelines intended to preserve and enhance the downtown's distinctive physical attributes as mandated by the city comprehensive plan. The objectives are to (1) promote the central city district as a focal point of the community by providing for a variety of office, business, public and cultural activities ;(2)provide for the development of housing at urban densities;(3) provide for cafes and for the conduct of concerts, festivals and other specified activities outside of enclosed buildings; (4) promote the integration of pedestrian traffic with vehicular traffic;(5) encourage the use of design standards and guidelines to promote development and redevelopment which is sensitive to architectural resources, preserves visual quality, enhances visual unity and accommodates pedestrians; and(6) encourage a continuous urban facade along streets, sidewalks and pedestrian ways to maintain a strong urban character

Highest and Best Use Analysis

The subject site is zoned CCD by the City of Gainesville. The site has a corner location and a size of approximately 39,500 square feet. The site has frontage along SW 1st Ave, SW 1st Street, SW 2nd Street, and SW 2nd Avenue which is a main connector road of the immediate area. Additionally the site is only one block west of Main Street and one block south of University Avenue. SW 2nd Avenue provides direct access to the University of Florida and also to the Innovation Hub development from the Downtown area. Both Main Street and University Avenue are major transportation routes of Gainesville. These latter two roads plus SW 2nd Avenue are also served by bus service thru Gainesville Regional Transit. This transit provided direct access to the University and also Innovation Hub via 2nd Avenue. Gainesville Regional Utilities supplies this area with public utilities. Surrounding sites in this downtown area of Gainesville range in size from as small a 5,000 square feet to over three acres, with most being under an acre in size. There are a variety of permitted uses allowed under the CCD zoning, and they vary from residential uses to commercial uses, and also a mixture of these. As previously noted this market area is one of the oldest areas of Gainesville. Newer developments have been constructed in the "Midtown" area of town, and have been mixed use developments. These developments have commercial retail uses on the first floor while residential uses are located on upper floors. The Union Street Station Development is located approximately 2 blocks east of the subject. This development has a mixture of commercial uses and residential condominiums on the upper floors. This development has a bridge which connects it to a parking garage that is located to the North across 2nd Avenue. These mixed use developments have become more commonplace in the Gainesville market in the recent past with the increased densities allowed by the City. The subject site is a site that is representative of one of the larger undeveloped tracts left in this market area. The use of the subject site for a mixed use development has been proposed in the past, but was designated as being unfeasible due to the downturn in the economy. The economy has seen a slow improvement in the past two years. This mixed use type of development would fit in with the desires of the City to have more dense development in the area, and would be a harmonious usage with surrounding newer uses found in this area. Therefore the appraiser is of the opinion that a multistory mixed use development consisting of retail, office, and residential uses would represent the highest and best use of the site. Also to be taken into account in the valuation of the site is the fact that four live oak trees on site would have to be removed. Three of them would require mitigation fees to be paid for their removal, while the fourth would require replacement.

Appraisal Problem and Proposed Solution - Scope

The purpose of this appraisal is to develop an opinion of market value for the subject as of March 10, 2014. The Land Sales Comparison Approach will be utilized to develop an opinion of value for the subject tract of land. The Cost Approach and the Income Capitalization Approach will not be used in the analysis of the site as the subject is

considered to be basically a vacant tract for developmental purposes. The appraiser made a number of independent investigations and analyses. Vacant and improved property transfers were analyzed, which occurred from June 2012 through October 2013. Comparable sales are recorded at the Alachua County courthouse.

Sales Comparison Approach

The Sales Comparison Approach is based upon the principle of substitution which states that a prudent purchaser will pay no more for a property than the cost of acquiring a comparable, acceptable substitute. Recent sales of similar properties are needed in order to accurately reflect the interactions of buyers and sellers within the market. A common denominator unit of comparison is derived from these sales and then applied to the subject. The best common denominator unit of comparison was found to be the indicated price per square foot. A sales map included in herein shows the location of each of the comparable sales and also that of the subject.





Sale #1 is located at 424 W. University Avenue. This sale closed in June 2012 and is recorded in ORB 4115/76. This 19,727 square foot site has 96.7' of frontage on the north side of University Avenue . The site was purchased by the adjacent owner to the west for \$793,000 or \$40.20 per square foot. It was improved at the time of sale with a 9,099 square foot building which was built in 1937. The building was subsequently demolished.



Sale #2 is located at 1210 SW 3rd Avenue. This sale closed in August 2013 and is recorded in ORB 4221/346. The site has a corner location with 130.5' of frontage on the north side of SW 3rd Avenue and a size of 25,317 square feet. At the time of sale the site was improved with the Graduate Apartment complex, a 14 unit apartment complex which was built in 1950. These improvements were demolished. A 39 unit apartment building to be known as Lyn Court Square is currently under construction. The site sold for \$900,000 or \$35.55 per square foot.



Sale #3 is located at 1234 SW 1st Avenue. This sale closed in October 2013 and is recorded in ORB 4231/2220. This site has 159' of frontage on the north side of SW 1st Avenue, and a size of 19,239 square feet. It is improved with an eight unit apartment complex known as the Ritz Apartments. These units were built in 1960 and added onto in 1970; they approximate 8,762 square feet. They will be demolished to make way for a new multistory apartment complex in the future. The property sold for \$980,000 or \$50.94 per square foot. The site is within 98' of 13th Street, and the University of Florida campus is on the west side of this road.



Sale #4 is located at 35 SE 5th Avenue. This sale closed in October 2013 and is recorded in ORB 4234/2377. This site has 150.09' of frontage on the south side of 5th Avenue and a size of 31,400 square feet. The site is currently improved with a dock height warehouse building containing 4,143 square feet which was built in 1979. The grantor is an owner occupant. This was part of a two site assemblage by the grantee for a new fire station. The site sold for \$525,000 or \$16.72 per square foot. The grantor was given one year free rent in order to find a new place to relocate.



Sale #5 is located at 505 S. Main Street. This sale closed in October 2013 and is recorded in ORB 4234/2380. The site has 217' of frontage on the east side of S. Main Street and a size of 34,795 square feet. The site was improved with two buildings which contain a total of 4,144 square feet. The larger one was built in 1929 and is a concrete block and metal structure while the other is a frame dwelling. This was the second part of the assemblage tract with Sale #4. The property sold for \$525,000 or \$15.09 per square foot. The current tenants are remaining in these buildings for a year, rent free. This site will be redeveloped into a fire station facility.

No financing adjustment was made to any of the comparable sales. These sales represent the most recent and best available sales to estimate the market value of the subject. There has been a lack of recent sale/resale data to justify time trends. Therefore no adjustment was made for time. No site size adjustment was attempted due to conflicting and also limited data. Sales #4 and #5 were a part of an assemblage. Sale #1 was purchased by an adjacent owner. No adjustment was made to these three sales for these differential items. Less emphasis is placed upon Sale #3 as it is the smallest site and is located closest to the University. Sale #1 is deemphasized as it is the oldest sale. The remaining sales are Sale #2 which indicates a value of \$35.55 per square foot, and Sales #4 and #5 which indicate values respectfully at \$16.72 and \$15.09 per square foot. The average of these latter two sales is \$15.86 per square foot. These two latter sales are the most recent and similar in size to the subject. They also are closest in proximity, and have the same zoning. Sale #2 is also dated in October as are Sales #4 and #5. In the final analysis, greatest emphasis is placed upon Sales #4 and #5, however, they are tempered upwards by the value indicated by Sale #2. The appraiser would estimate the market value of the 39,500 square foot subject site at \$21 per square foot. This would indicate a value of \$829,500. To be

deducted from this value is the estimated cost of the mitigation of three of the live oak trees on site. This is arrived at by a formula found in the land development code of the City. Each of these three trees is estimated to have a diameter of 36". Based upon the formula, the mitigation cost of these three trees is rounded to \$67,200, and is a deduction from the market value of the site as vacant. The market value of \$829,500 is thus reduced by \$67,200 to indicate a final market value that is rounded to \$760,000.

Reconciliation

The purpose of this appraisal was to develop an opinion of market value of the subject as of March 10, 2014. The Sales Comparison Approach was the only valuation method which has applicability in the analysis of the subject. This approach relies upon recent sales of similar sites in order to reflect the interactions of buyers and sellers in the market place. The most recent sales of similar types of properties were used in the analysis of the subject. Based upon data presented in this report, the appraiser would estimate the market value of the subject as of March 10, 2014 at \$760,000. This value includes a deduction for the estimated cost of mitigating the removal of three live oak trees from the site.


Exposure Time

In developing an applicable exposure time for the subject, the appraiser has analyzed comparable sale data, taken into account current market conditions, and the size and location of the subject site. Taking into consideration all of this data would tend to indicate that the subject, once exposed to the market, could be sold within a time frame of in excess of one year.

Respectfully submitted,



Andrew V. Santangini, Jr., MAI
State-Certified General Real Estate Appraiser RZ563



George L. Emmel, IV
State-Certified General Real Estate Appraiser RZ993

Assumptions and Limiting Conditions

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated. The services of an attorney are suggested regarding any issues legal in nature prior to use of the appraisal.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. The appraiser assumes no responsibility for independently verifying this information. If the client has any question regarding this information, it is the client's responsibility to seek whatever independent verification is deemed necessary prior to use of the appraisal.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. 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. If the client has any questions regarding these items, it is the client's responsibility to order the appropriate inspections prior to use of the appraisal. The appraiser does not have the skill or expertise needed to make such inspections. The appraiser assumes no responsibility for these items.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or 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 value estimate contained in this report is used.
10. This appraisal, unless otherwise noted, is not intended for third party use. Should any third party obtain a copy of this appraisal or any part thereof, it is the responsibility of that party to obtain the written permission of the appraisers prior

- to any use whatsoever of the appraisal. Should any third party use the appraisal without doing so, they do so at their own risk.
11. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
 12. Possession of this report, or a copy thereof, does not carry with it the right of publication.
 13. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
 14. 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 the prior written consent and approval of the appraiser.
 15. The client shall notify the appraiser of any error, omission, or invalid data herein within ten days of receipt and return the report along with all copies to the appraiser for revision prior to any use whatsoever.
 16. An appraisal is the product of a professionally trained mind but nevertheless is an opinion only, and not a provable fact. As such values may vary between appraisers based on the same facts. Thus, appraiser warrants only that the value conclusions are his best estimates as of the date or dates of value.
 17. The forecasts, projections, or operating estimates and value estimate (or estimates) are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts and market conditions, as is the value estimate or estimates are, therefore, subject to changes in future conditions.
 18. Sizes were obtained from the public records or from available surveys. Should a subsequent survey indicate different sizes, the value estimates herein may require changes.
 19. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon, or other potentially hazardous materials may affect the value. No responsibility is assumed for any such conditions, or for any expertise or

- engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
20. The Americans with Disabilities Act (ADA) became effective January 26, 1992. 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 detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more 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 requirements of ADA in estimating the value of the property.
 21. No non-public or confidential information provided by the client for the purpose of completing this appraisal report is released or made available to the public in compliance with the Gramm-Leach-Bliley (GLB) Act, a federal law.
 22. The appraiser has estimated the diameter of each of the three of the live oak trees on the site at 36". If this is found to deviate, the estimated mitigation cost may change, which might also change the final market value estimate.

Certification of Value

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, 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 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 Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice (USPAP) and the State of Florida for State-Certified Appraisers. Mr. Emmel made a personal inspection of the property that is the subject of this report. No one has provided significant professional assistance to the persons signing this report. The use of this report is subject to the requirements of the Institute relating to review by its duly authorized representatives. The use of this report is subject to the requirements of the State of Florida. Both the Appraisal Institute and the State of Florida conduct continuing education programs. The undersigned member participates in the State's program and in the Institute's voluntary program. As of the date of the report, the undersigned member has completed the requirements of the continuing education program of the Appraisal Institute. As required under the Competency Provision of the USPAP, the appraisers have appropriate knowledge and experience to complete the assignment competently. The appraisers have performed no services as an appraiser or in any other capacity, regarding the subject of this report within the three year period preceding acceptance of this assignment.

The real property which is the subject of this appraisal report has an estimated market value as of March 10, 2014 of \$760,000.



Andrew V. Santangini, Jr., MAI
State-Certified General Real Estate Appraiser RZ563



George L. Emmel, IV
State-Certified General Real Estate Appraiser RZ993

Addendum

Definitions

Fee Simple - A fee simple estate implies absolute ownership unencumbered by any other interest or estate.

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

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

Current Effective Date of Value - The current effective date of value occurs when the effective date of the appraisal is contemporaneous with the date of the report. In this appraisal, the current effective date of value is the date of inspection of the subject property.

Definitions are contained within "The Appraisal of Real Estate, 13th Edition"

Qualifications of Andrew V. Santangini, Jr.

License

State-Certified General Real Estate Appraiser #RZ563, Florida
State-Certified General Real Estate Appraiser #330159, Georgia

Professional Designation

MAI - Member, Appraisal Institute since November 1977
Served on various Appraisal Institute committees including
Public Relations, Admissions, and Professional Standards

Appraisal Experience

Independent appraiser since 1972. Appraisal assignments have included many different types of properties primarily within the State of Florida. Other assignments have been within the southeastern United States. Clients include: corporations, attorneys, lending institutions, individuals, municipalities, state and federal agencies.

Court Experience

Qualified as an expert witness before various Circuit Courts in Florida as well as Federal Courts and the Internal Revenue Service.

Education

Graduate Emory University, 1966
Post Baccalaureate studies, University of Florida, 1971

Real Estate Experience

Independent Appraiser and Consultant since 1972
Former Realtor, Florida Association of Realtors
Former Instructor, Lake City Community College: Appraisal and Finance

Personal

U.S. Navy Officer, 1966-1969, Vietnam Veteran – Patrol Boats
Commercial Pilot License: Instrument & Multi-Engine Ratings

Qualifications of G. L. Emmel, IV

Licenses

Licensed Real Estate Broker/Salesman, State of Florida
State-Certified General Real Estate Appraiser RZ993

Real Estate Organizations

Broker/Salesman
Candidate - Appraisal Institute

Education

Graduate of Furman University, 1971
Post Graduate Work - University of Florida
Appraisal Institute Courses Passed. Also attended various appraisal seminars.
Standards of Professional Appraisal Practice
Real Estate Appraisal Principles
Basic Valuation Procedures
Capitalization Theory and Techniques, Part A
Capitalization Theory and Techniques, Part B
Case Studies in Real Estate Valuation

Appraisal Experience

Staff appraiser for First Federal of Mid Florida and Empire of America for 11 years. Independent fee appraiser since July 1984. Assignments have included various types of properties in the State of Florida. Clients have included corporations, attorneys, lending institutions, and federal agencies. Property types have included industrial buildings, offices, right-of-way takings, springs, vacant land, shopping centers, banks, etc.

Court Experience

Qualified as an expert witness before various Circuit Courts in Florida as well as Federal Bankruptcy Court for Florida.

Personal

Rotary Club of Gainesville
Friends of Five
Friends of the Library