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COMMERCIAL REAL ESTATE
VALUATION ADVISORY SERVICES

*An Appraisal of
A 26.7-acre Tract of Land
Located West of State Road 681 and
East of Honore Avenue in
Palmer Ranch
Sarasota County, Florida*

For

*Sarasota County School Board
Sarasota, Florida*

Purchase Order: 21702443

H.S. File No. 216C098

ROGER L. HETTEMA, MAI, SRA, State-Certified General Appraiser 45

RONALD M. SABA, MAI, State-Certified General Appraiser 2213





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COMMERCIAL REAL ESTATE
VALUATION ADVISORY SERVICES

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November 2, 2016

Sarasota County Schools

Attn: Kathie Ebaugh, AICP, Director of Planning
7895 Fruitville Road
Sarasota, FL 34240

Roger L. Hettema, MAI, SRA
State-Certified General Appraiser 45
Ronald M. Saba, MAI
State-Certified General Appraiser 2213

RE: Purchase Order: 21702443 (School Site South 660)

Dear Ms. Ebaugh:

As requested, I have performed an appraisal of a 26.7-acre tract of vacant land located west of State Road 681 and east of Honore Avenue in Palmer Ranch, Sarasota County, FL. The Sarasota County School Board (Board) has identified this as School Site South 660 and is intended to be used for a new public elementary school. The site is directly west of Interstate 75 and will have frontage on a proposed collector road connecting SR 681 and Honore Avenue. The purpose of the appraisal is to report my opinion of the prospective market value of the fee simple interest in the subject property contingent upon the following hypothetical assumption.

The subject property is presently in an undeveloped state; however, I am appraising the land as if the section of Palmer Ranch in which the subject is located has been approved for development, the connector road from SR 681 is in place in front of the subject land to provide full access, and all needed utilities are in place at the site and available for use in the development of an elementary school complex. The estimated timeframe for these conditions to occur is 24 to 36 months. This hypothetical assumption is being made for analysis purposes and my final opinion of market value shown below assumes these conditions have been met. If these conditions are not met, my opinion of market value is void.

The report is intended to be used by the School Board for analysis in considering a purchase of this land as a future school site. It is my opinion that the prospective fee simple market value for the subject property is:

TWO MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS
(\$2,670,000)

This letter must remain attached to the report, which contains 19 numbered pages, plus related exhibits, in order for the value opinion set forth to be considered valid. It has been my pleasure to serve you in this matter, and I trust that you will contact me if you have any questions concerning this report.

Respectfully submitted,

ROGER L. HETTEMA, MAI, SRA
State-Certified General Real Estate Appraiser RZ45

Table of Contents

Letter of Transmittal
Certification
General Assumptions & Limiting Conditions
Extraordinary Assumptions & Limiting Conditions
Subject Photographs & Location Maps

Subject Property 1
Appraisal File Number 1
Current Owner of Record 1
Client & Intended User..... 1
Scope of Work 1
Hypothetical Assumption3
Purpose, Function and Intended Use of the Appraisal 3
Property Rights Appraised 3
Effective Date of Appraisal and Report Preparation Date 4
Definition of Market Value 4
Conformance Statement4
Competency Statement.....4
Legal Description 5
Tax Information..... 5
Zoning and Other Legal Restrictions 5
History of Subject Property 6
Site Description 7
Environmental Hazards Statement8
Area Analysis8
Neighborhood Analysis/Market Overview.....9
Highest and Best or Most Probable Use..... 10
Exposure Time/Marketing Time 12
Discussion of the Appraisal Process..... 12

Land Valuation – Sales Comparison Approach 13
 Vacant Land Sales Comparison Charts 14
 Summary and Analysis of Comparable Land Sales.....17
 Other Elements for Comparison Purposes.....18
 Final Reconciliation and Value Opinion19

Addendum

Site Sketch and Description
Comparable Land Sales & Location Maps
Appraiser’s Qualifications & Evidence of State Licensure

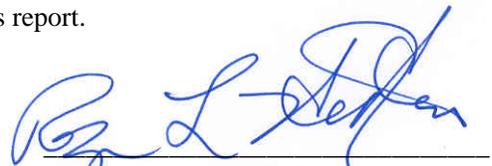
Certification -- Appraisal #216C098

Subject Property: A 26.7-acre tract of vacant land located east of State Road 681 and west of Honore Avenue in Palmer Ranch, Sarasota County, FL The subject land is identified as School Site South 660 and is intended to be used for a new public elementary school

I hereby 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 is 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 I have no personal interest with respect to the parties involved. I have no bias with respect to the subject property or the parties involved with this assignment.
- 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.
- 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. Specifically, this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), and the State of Florida.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Roger L. Hettema, have completed the continuing education program for Designated Members of the Appraisal Institute.
- State-Certified General Appraiser: The use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Sub-committee of the Florida Real Estate Commission.
- No one other than the signatories to this report provided significant professional assistance in its preparation.
- I have made a personal inspection of the property that is the subject of this report.

Date Signed: November 2, 2016



ROGER L. HETTEMA, MAI, SRA
State-Certified General Real Estate Appraiser RZ45

GENERAL ASSUMPTIONS

This appraisal report, #216C098, has been made with the following General Assumptions.

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 property is appraised free and clear of any or 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. However, no warranty is given for its accuracy. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included to assist the reader in visualizing 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 arranging for engineering studies that may be required to discover them.

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. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that the appropriate governing authority will allow the property to be used or developed in accordance with zoning and use regulations. 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 based. If any of the foregoing does not come to pass, is changed or is prohibited by subsequent action on the part of a governing authority, the values herein may be adversely affected, and this appraisal may be rendered null and void or require revision.

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. The sketches in this report, which are approximate only, and the photographs are included to assist the reader in visualizing the property. All data, cost estimates and statements are, in most cases, gathered from reliable sources and from reputable local or area business concerns, but in no sense guaranteed. If a survey has been included, or relied upon, it is assumed to be correct. No responsibility is assumed in the contrary and should an error in the survey sufficiently alter the subject property, this appraisal is considered null and void.

Real estate investment has an element of risk involved. Performance and success are dependent upon many factors, such as management capability, market liquidity at time of eventual sale, or subsequent events of a local, national or world character. Consequently, this estimate of market value does not absolutely fix or set the price at which the property will sell.

GENERAL LIMITING CONDITIONS

This appraisal report, #216C028, has been made with the following General Limiting Conditions.

1. 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.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with the proper written qualifications, and only in its entirety.
3. The appraiser herein, 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.
4. Neither all nor any part of the contents of this report (especially any conclusion 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.
5. This appraisal is based on the Environmental Hazards Statement, Americans with Disabilities Act Statement and Concurrency Statement located in the Hettema Saba LLC Master file.

HYPOTHETICAL ASSUMPTION

The final opinion of market value expressed in this appraisal report is subject to a hypothetical condition as defined below and explained thereafter.

"Hypothetical Condition" is defined as:

"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.

*Comment: 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."*¹

The subject property is presently in an undeveloped state; however, the land is being appraised as if the section of Palmer Ranch in which the subject is located has been approved for development, the connector road from SR 681 is in place in front of the subject land to provide full access, and all needed utilities are in place at the site and available for use in the development of an elementary school complex. The estimated timeframe for these conditions to occur is 24 to 36 months. This hypothetical assumption is being made for analysis purposes and the final opinion of market value expressed in this appraisal assumes these conditions have been met. If these conditions are not met, the opinion of market value stated herein is void.



**View from SR 681 looking Easterly at Land Area in Background
Where the South Boundary of the Subject Site will be Located**



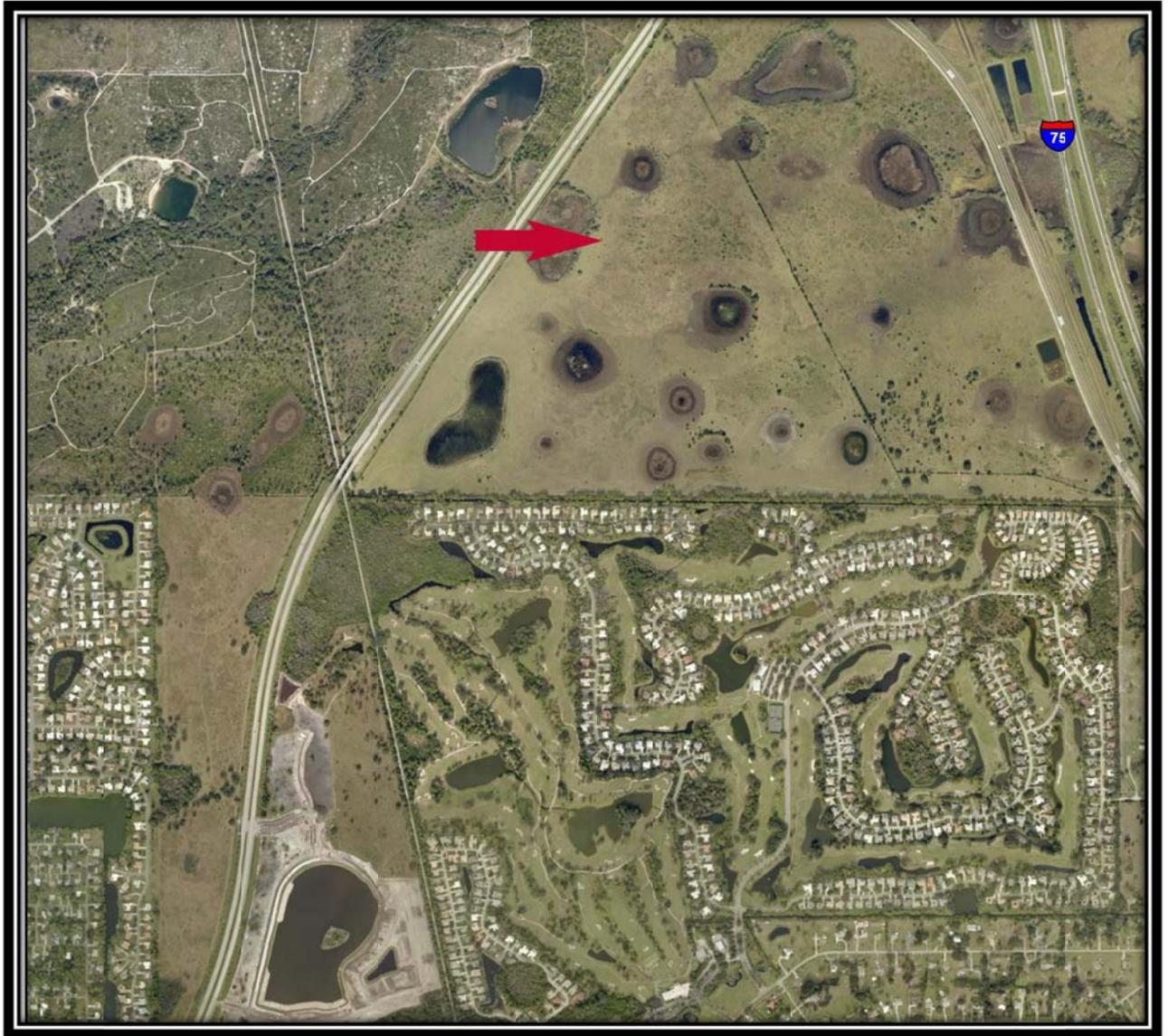
**View from SR 681 looking Southeasterly at Land Area in Background
Where the North Boundary of the Subject Site will be Located**



**Street View Looking Easterly along State Road 681 from
Approximate Future Intersection with Collector Road**



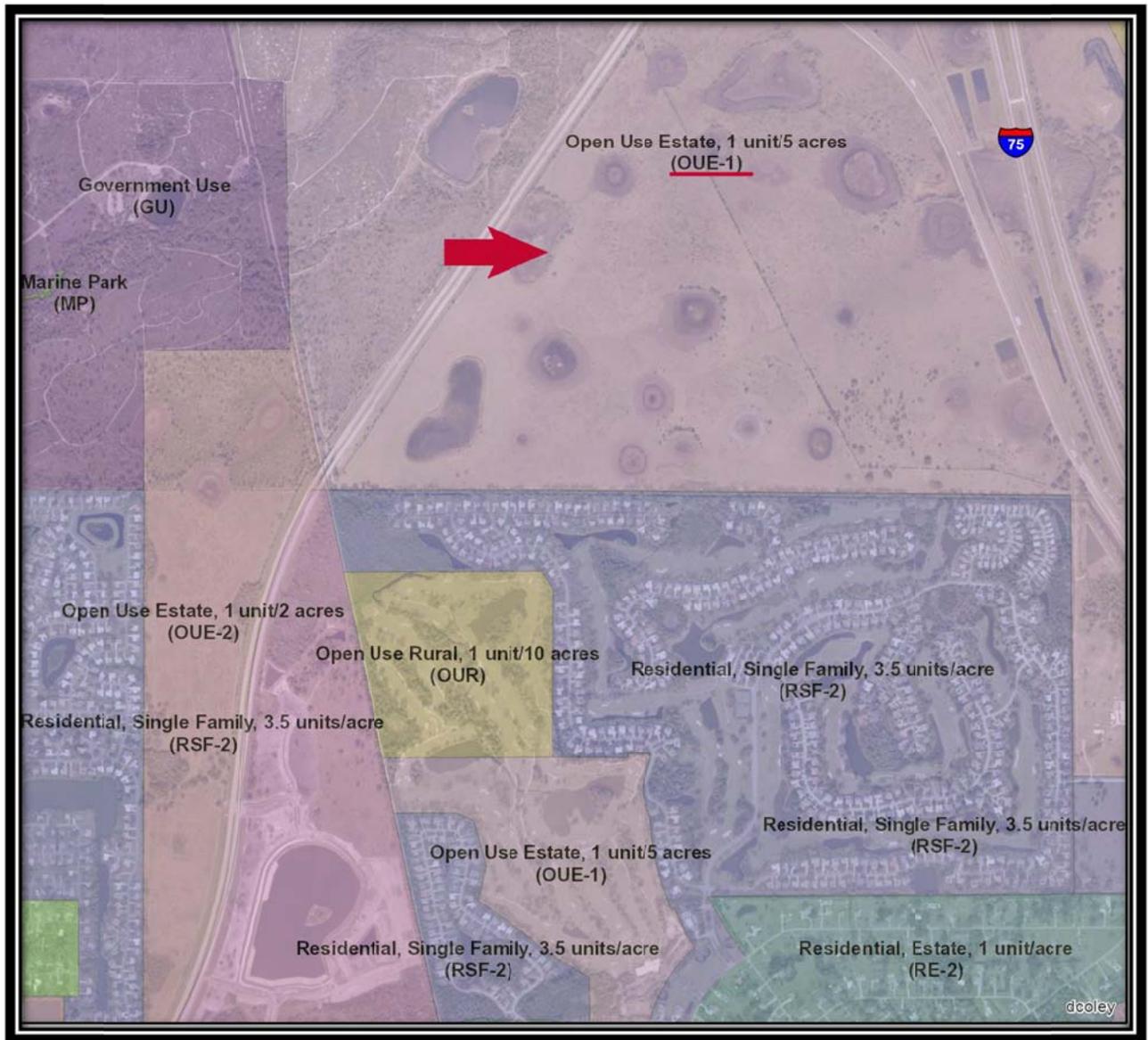
**Street View Looking Westerly along State Road 681 from
Approximate Future Intersection with Collector Road**



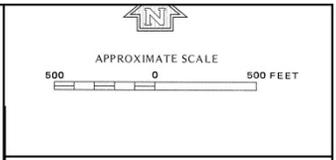
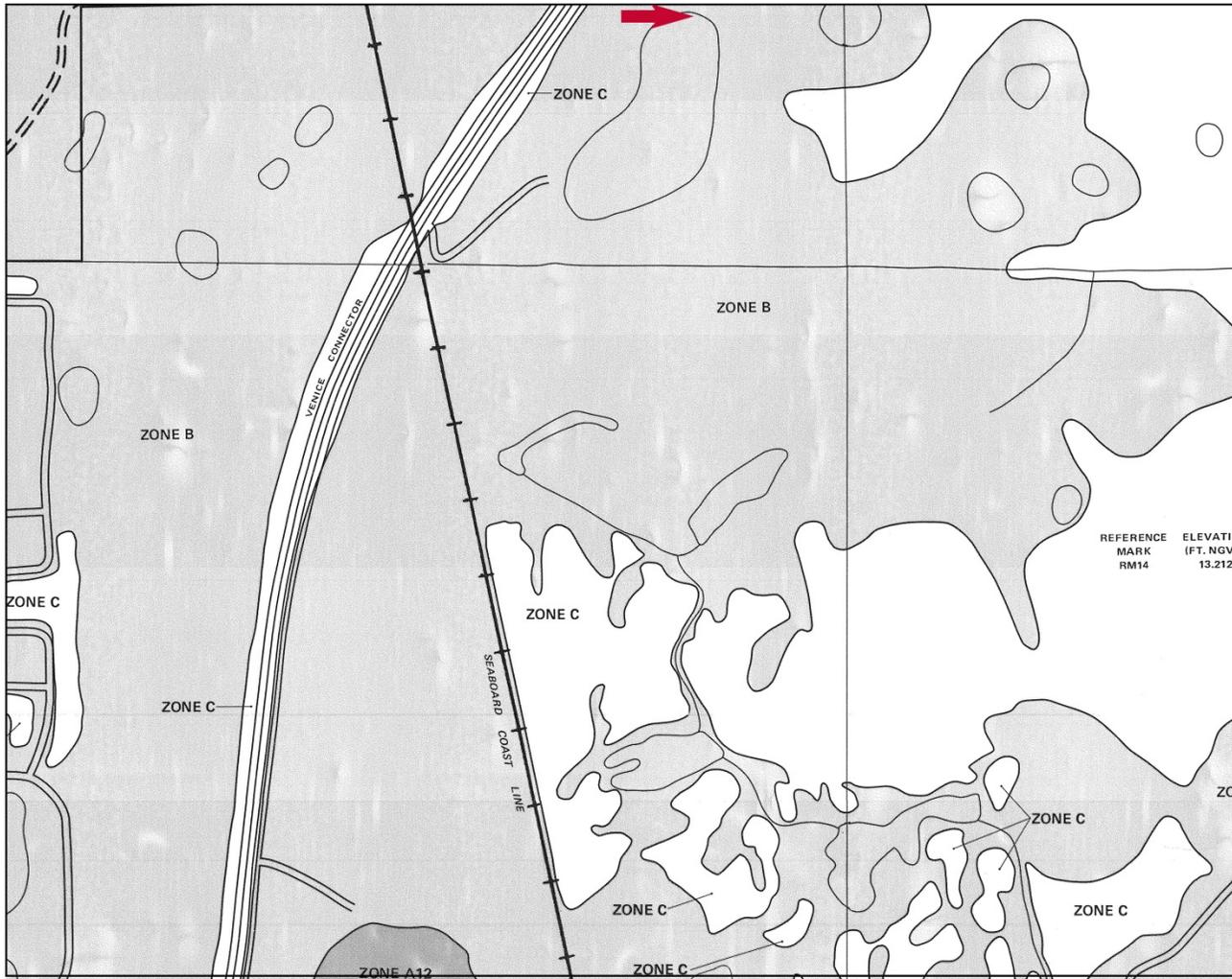
Aerial View



Future Land Use Map



Zoning Map



NATIONAL FLOOD INSURANCE PROGRAM

FIRM
FLOOD INSURANCE RATE MAP

**SARASOTA COUNTY,
 FLORIDA**
 (UNINCORPORATED AREAS)

PANEL 237 OF 475
 (SEE MAP INDEX FOR PANELS NOT PRINTED)

REFERENCE MARK RM14 **ELEVATION (FT. NGV) 13.212**

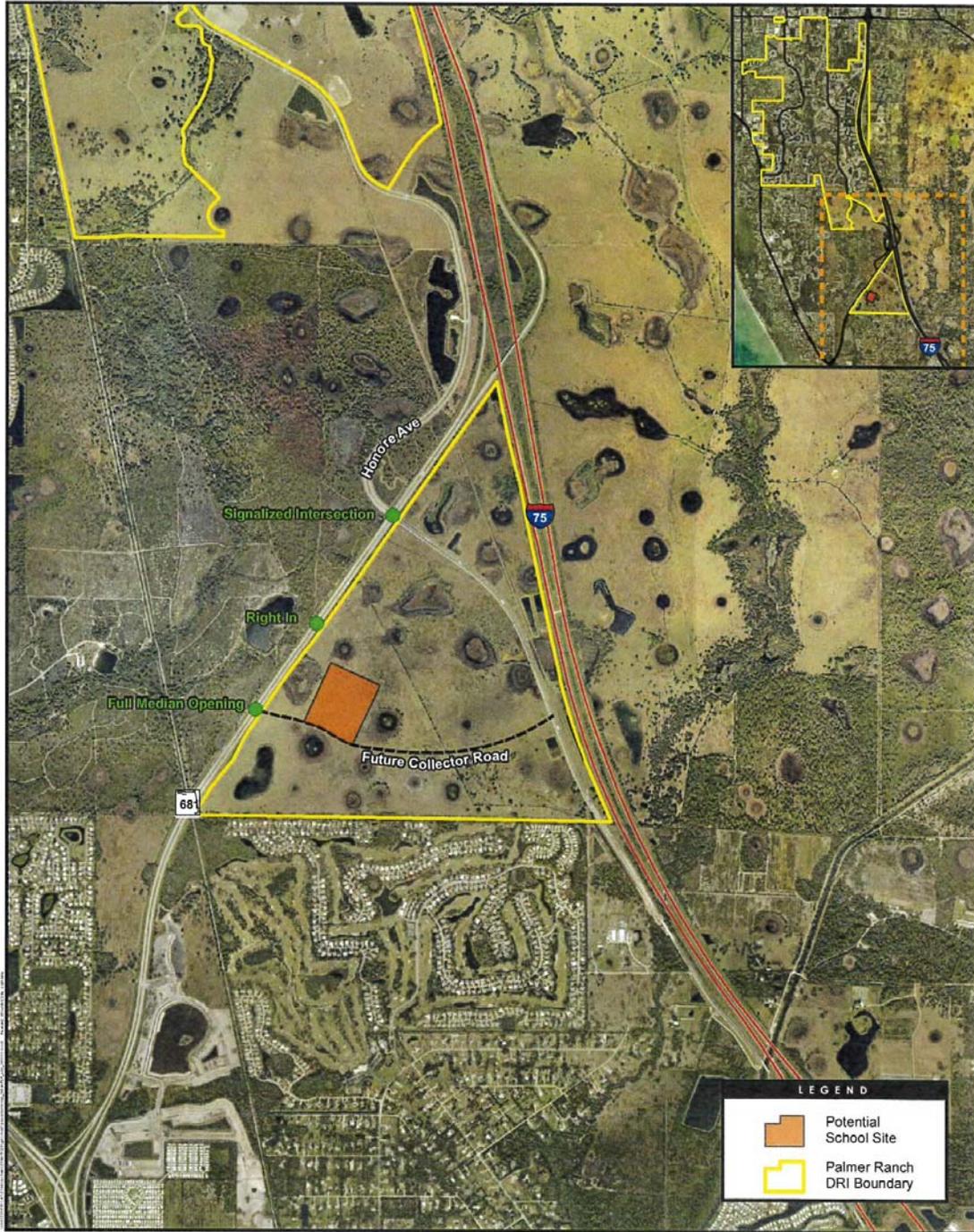
COMMUNITY-PANEL NUMBER
125144 0237 D

MAP REVISED:
MAY 1, 1984



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



LEGEND

- Potential School Site
- Palmer Ranch DRI Boundary



Disclaimer: Stantec assumes no responsibility for data reported in electronic format. The recipient accepts full responsibility for verifying the accuracy and completeness of the data. The recipient releases Stantec, its officers, employees, consultants and agents, from any and all claims arising in any way from the content or position of the data.

Palmer Ranch Potential School Site
 Location Exhibit
 August 2016

Stantec Consulting Services Inc.
 4900 Professional Parkway East
 Boca Raton, FL 33433
 Tel: 561.907.4900
 Fax: 561.907.4911



SUBJECT PROPERTY

The subject of this appraisal is a 26.7-acre tract of vacant land located east of State Road 681 and west of Honore Avenue in Palmer Ranch, Sarasota County, FL. The Sarasota County School Board (Board) has identified this as School Site South 660 and is intended to be used for a new public elementary school. The site is directly west of Interstate 75 and will have frontage on a proposed collector road connecting SR 681 and Honore Avenue.

The value opinion contained in this appraisal report is the prospective market value of the fee simple interest contingent upon the Hypothetical Assumption stated on page 3.

APPRAISAL FILE NUMBER 216C098

PURCHASE ORDER NUMBER 21702443

APPARENT OWNER OF RECORD

McCann Holdings LTD
Palmer Ranch Holdings
6571 Palmer Park Circle
Sarasota, FL 34238-2777

Source: Sarasota County Tax Roll -- 2016 (See Limiting Conditions)

CLIENT AND INTENDED USER

This report is intended for use only by the client and identified other known intended users by name or type for making a purchase decision. This report is not intended for any other use or by others than the client and other named intended users.

Client and Intended User

Sarasota County Schools
Attn: Kathie Ebaugh, AICP, Director of Planning
7895 Fruitville Road, Sarasota, FL 34240

Other Intended Users

Authorized School Board employees and members of the Sarasota County School Board

SCOPE OF WORK

This appraisal report of the subject property is being performed and reported as provided for in the 2016 version of the Uniform Standards of Professional Appraisal Practice referring to Standards Rule 2-2. The Uniform Standards set the requirements to communicate analyses, opinions and conclusions in a manner that will be meaningful and not misleading in the marketplace.

The subject property data such as size, location, quality, and zoning are considered. Market data, including comparable land sales dating from a period of 2014 forward were searched in the preparation of this appraisal report. The data is used to consider the highest and best use of the subject property and to conclude an opinion of the subject's market value.

The appraiser lacks 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 Assumptions and Limiting Conditions section, and in a separate section titled "Environmental Hazards." However, any visual or obviously known hazardous substances affecting the property will be reported and an indication of their impact on value will be discussed.

The documentation necessary to arrive at my opinion of value is contained in this appraisal report. Aerial photographs of the subject land and various location maps and exhibits have been provided as additional descriptive materials for this assignment. The market data has been collected, confirmed, and analyzed. Comparable sales were chosen for their similar highest and best uses, as outlined within the report. All sales are analyzed and compared to the subject property based on their similarities and dissimilarities. The Sales Comparison Approach is the technique considered and judged in reaching a final opinion of market value for the subject property.

The following independent investigations and analyses are undertaken in performing the appraisal, as follows:

- Roger L. Hettema, MAI, SRA has inspected the parent land of which the subject is part from SR 681 on October 31, 2016 and also examined aerial photographs of the subject property. This is the date the ground photographs were taken.
- The area and neighborhood data are based on physical inspection of the surrounding neighborhood, as well as information from a variety of public sources.
- The site description is based on an inspection of aerial photographs of the property and consultation of the Sarasota County Tax and Zoning Maps, the County Comprehensive Plan, and a site sketch and description by Stantec Consulting Services, Inc. contained in a due diligence report dated August 24, 2016,
- The highest and best use analysis incorporates the data compiled in the due diligence report and the use entitlements in the Palmer Ranch DRI, and property value trends in the subject's market area.
- The land sales were assembled from the office library which is constantly updated, and through researching recent activity within the subject's market area. The sales information was verified with either the seller, buyer, listing or sales agents, and researching public records.
- The valuation technique used is the Sales Comparison Approach, and a detailed description of this approach is presented in the report.

HYPOTHETICAL ASSUMPTION

This valuation analyses and my final opinion of market value expressed in this appraisal report are subject to a hypothetical condition as defined below and explained thereafter.

"Hypothetical Condition" is defined as:

"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.

*Comment: 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."*¹

The subject property is presently in an undeveloped state; however, I am appraising the land as if the section of Palmer Ranch in which the subject is located has been approved for development, the connector road from SR 681 is in place in front of the subject land to provide full access, and all needed utilities are in place at the site and available for use in the development of an elementary school complex. The estimated timeframe for these conditions to occur is 24 to 36 months. This hypothetical assumption is being made for analysis purposes and my final opinion of market value assumes these conditions have been met. If these conditions are not met, my opinion of market value is void.

PURPOSE, FUNCTION AND INTENDED USE OF THE APPRAISAL

The purpose of the appraisal is to report my opinion of the prospective market value of the fee simple interest in the subject property when the site has access, infrastructure, and development approvals in place in 24 to 36 months (See Hypothetical Assumption above). The report is intended to be used by the client and named intended users for analysis in considering a purchase of this land as a future school site.

PROPERTY RIGHTS APPRAISED -- Fee Simple

"Fee Simple Estate" is defined as:

*"...absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*²

¹ USPAP 2016-2017 (The Appraisal Foundation), page 3

² The Appraisal of Real Estate, 13th Edition, (Chicago, IL; 2008), Page 114

EFFECTIVE DATE OF APPRAISAL AND REPORT PREPARATION DATE

The prospective date of value in this appraisal is 24 to 36 months into the future (See Hypothetical Assumption on previous page). The date the analyses were performed and are effective is October 31, 2016. The appraisal report was prepared on November 2, 2016.

DEFINITION OF MARKET VALUE

“Market Value” is hereby defined and qualified as:

The most probable price in terms of money which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is 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 each acting in what they consider their own best interest;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing amounts or sales concessions granted by anyone associated with the sale.³*

CONFORMANCE STATEMENT

This appraisal conforms to my understanding of the appraisal standards and guidelines set forth by the Uniform Standards of Professional Appraisal Practice (USPAP), the Appraisal Institute, and the Appraisal Standards of the State of Florida. Roger L. Hettema, MAI, SRA is State-Certified General Real Estate Appraiser RZ45.

COMPETENCY STATEMENT

The Competency Provision of the Uniform Standards of Professional Appraisal Practice (USPAP) requires that an appraiser have the knowledge and experience to complete an assignment competently or that steps be taken and disclosed to gain such knowledge and experience during the course of the appraisal assignment. I have performed other appraisals of property similar to the subject over a number of years. I am familiar with the factors which must be considered and analyzed in appraising the subject property. I am competent to complete this appraisal assignment.

3 Federal Register, vol. 55, no. 63, August 22, 1990, pages 34228 and 34229.

LEGAL DESCRIPTION

There is no formal legal description available for the subject property at this time. The subject property contains 27.6 acres and is described on a site sketch and description on Page 7.

TAX INFORMATION

The subject property is part of two tax parcels on the Sarasota County assessment rolls shown below. Assessments and taxes for 2016 are prorated and shown below..

ASSESSMENT AND TAX INFORMATION - 2016					
<u>DESCRIPTION</u>	<u>PARCEL ID#</u>	<u>TOTAL JUST VALUE</u>	<u>TOTAL ASSESSED VALUE(1)</u>	<u>Total Assessments (2)</u>	<u>Total Taxes (2)</u>
Vacant Land	0357002000	\$5,862,500	\$48,800	\$65.26	\$629.90
Vacant Land	0153160001	\$1,855,000	\$19,100	\$14.65	\$246.54
	TOTAL JUST VALUE	\$7,717,500	\$67,900	\$79.91	\$876.44
Subject Portion 7.8%					
ALLOCATED TOTALS		\$601,965	\$5,296	\$6.23	\$68.36
TOTAL TAXES AND ASSESSMENTS ALLOCATED TO SUBJECT PROPERTY					\$74.60
(1) ASSESSED VALUE REFLECTS AGRICULTURAL CLASSIFICATION					
(2) TOTAL TAXES AND NON AD VALOREM ASSESSMENTS FOR 2016					
ALL TAXES PAID, NO DELINQUENT TAXES					

ZONING AND OTHER LEGAL RESTRICTIONS

The following is an excerpt from the Stantec Due Diligence Report on the subject land dated August 24, 2016.

Development of Regional Impact (DRI):

On July 13, 2016, the Sarasota County Commission approved Palmer Ranch Master Development Order (MDO) Notification of Proposed Change (NOPC) No. 20. NOPC 20 expanded the boundaries of the Palmer Ranch Development of Regional Impact (DRI) by approximately 935 acres which includes the potential school site. The Palmer Ranch DRI is a multi-phased, mixed-use master-planned community that was approved by the Sarasota Board of County Commissioners on December 18, 1984. The Master Development Order for Palmer Ranch development is approved for 14,200 residential dwelling units; 88.8 acres ± of internal commercial, plus additional square footage of commercial/office approved/planned in designated Activity Centers (now referred to as Commercial Centers); and 550,000 square feet of industrial development.

All property within the boundaries of the Palmer Ranch DRI must be included within an Increment. General Condition No. A-4 of the Palmer Ranch Master Development Order (MDO) DRI (Ordinance No. 2015-010, as amended) stipulates that no residential, commercial or industrial construction may be permitted unless within the area subject to the MDO until an Application for Incremental Development (AIDA) has also been finally approved covering the particular area involved.

Palmer Ranch Increment, or a special exception must be approved allowing an elementary school on the site.

Land Use and Zoning

Currently the South 660 Property is undeveloped and has historically been used for cattle grazing. The potential school site has been previously altered by agricultural activities. The South 660 property is designated Moderate Density Residential on the Sarasota County Comprehensive Plan's Future Land Use Map. FLU Policy 3.1.1 limits residential densities within the Moderate Density Residential designation to >2 and <5 DUs/Acre unless otherwise specifically provided for by policy in the Comprehensive Plan. FLU Policy 3.5.1 encourages public uses, such as educational facilities within the Urban Service Area. School Policy 1.2.2 further clarifies that public schools are an allowable use within areas designated Moderate Density Residential and within Planned Unit Development (PUD) overlay districts.

The potential school site is zoned OUE-1 (Open Use Estate, 1 unit/5 acres). Educational facilities (i.e., elementary schools) are permitted by special exception in the OUE-1 district and are a permitted use in the GU (Government Use) district. The GU district is intended to apply to those lands where governmental activities are conducted, and where governments or other public entities hold title to such lands. Therefore, prior to developing an elementary school, the potential school site must either be rezoned to the GU district, rezoned to a residential district with a PUD overlay as part of a future

Concurrency Statement

The State of Florida enacted the "Growth Management Act" in 1985, to manage the future growth within the state. The Act requires all counties and municipalities to enact "Comprehensive Plans" to manage future growth within their boundaries. These comprehensive plans include standards for water, sewer, roads, trash, drainage, parks and mass transit. Future development must meet "concurrency" standards dictated by the County, City and State.

The analysis and value opinion expressed in this appraisal assume that the concurrency provisions in the Growth Management Act will be met and will not result in any restrictions of use of the subject property. The subject land is covered by a previously approved DRI that requires Palmer Ranch to seek incremental approvals as the land is developed. This process has met with routine approvals and no concurrency restrictions are anticipated. See Hypothetical Assumption on page 3.

HISTORY OF THE SUBJECT PROPERTY

The Uniform Standards of Professional Appraisal Practice require that any prior sales of the subject over the previous three years be considered and analyzed. Also, any current sales agreement, option, or listing of the subject property must be considered and analyzed. According to Justin Powell of Palmer Ranch, there are discussions with the School Board about purchasing this site but there is no formal contract at this time.

SITE DESCRIPTION (See Hypothetical Assumption page 3)

The subject site is a mostly rectangular tract of vacant land containing approximately 26.7 acres. The land will front on a future collector road that will be completed before the site is developed with a school. The site has natural drainage in a southeasterly direction. The school, when developed, will have its own onsite retention and drainage. The site is outside the 100-year floodplain. FDOT has approved a full median cut at the intersection of SR 681 and the proposed collector street and this intersection may be signalized when traffic conditions warrant. The collector street will also run east and intersect with Honore Avenue. County water is available from a 20" main on the south side of SR681 and along the collector road when built. Sewer and reuse water will be available when Palmer ranch develops a sewer master plan for this area including the subject site within the next 36 months. Electricity is available about 0.6 mile east of the site from Florida Power and Light Company. The following map shows the location of the subject site.



Stantec Consulting Services Inc. is not responsible for data supplied to other users based on the information provided. Stantec Consulting Services Inc. is not responsible for any errors or omissions in this document. Stantec Consulting Services Inc. is not responsible for any errors or omissions in this document. Stantec Consulting Services Inc. is not responsible for any errors or omissions in this document.

Palmer Ranch Potential School Site
Location Exhibit
August 2016

Stantec Consulting Services Inc.
AND Professional Publishing Unit
Sarasota, FL 34230
Tel: 941.552.4900
Fax: 941.552.4911



FLOOD ZONE INFORMATION

According to FEMA Flood Map 125144 0237 D (Revised May 1, 1994), the subject property is located in Zone B which signifies an area that is outside of the 1% annual chance floodplain. No base flood elevations or depths are shown within this zone and flood insurance is not required. The subject is located in the Little Sarasota Bay Watershed and Dona & Roberts Bay Drainage Basin but is not within the 100 year limits so no floodplain compensation is required for construction.

ENVIRONMENTAL HAZARDS STATEMENT

The presence of hazardous materials in the improvements and within the soil requiring environmental clean-up and/or protection may adversely affect the value of the property. There are no apparent signs that hazardous materials may exist and I have no knowledge of such materials on the subject property.

This is not a statement that such materials do not exist and they may be present on the subject site. Therefore, the client is urged to retain an environmental engineer in this field, to provide an appropriate environmental audit. If an environmental audit reveals the existence of any hazardous materials and/or conditions, I reserve the right to alter, amend, revise, or rescind the value conclusions in the appraisal.

AREA ANALYSIS

The subject property is located in Sarasota County which is in the southwestern region of the State of Florida. Before the current economic recession, the State of Florida had been one of the fastest growing states in the United States. Florida is currently the fourth most populous state in the country. The primary factor, which fueled Florida's growth, is its warm semi-tropical climate making it one of the most desirable states in which to reside.

Sarasota County's attractive physical characteristics and climate have attracted large numbers of new residents, especially retirees in the past. This fueled Sarasota's service and retail-related economy. The industrial sector of the economy is small and mainly geared toward construction and other light manufacturing industries.

Because of the general economic recession, the county experienced a lack of demand in all sectors of real estate. What is now called the "Great Recession" from 2007 to 2009 caused values to decline significantly after an artificially high boom which saw prices rise sharply from the end of 2004 into 2006. Since 2010 the residential sectors with competitively priced homes are selling with the supply of listings dropping. Home prices have taken most of their hits and are showing moderate improvement. There have been several large investors buying up subdivision lots and entitled land in the expectation of future growth. In almost every case the price levels currently offered or expected in new subdivisions are significantly below the 2004-2006 pricing. Residential pricing appears to have returned to the pre-boom levels of 2003 to early 2004 and with the supply of finished lots that were acquired at severely discounted prices dwindling, new home prices are sure to rise due to the increased land costs as new developments come on the market. Two positive developments For Sarasota County are the return of tourism in record levels exceeding prerecession numbers setting new records each of the last three years and the record number of retirees (many of them baby boomers) settling in Sarasota County. From mid-2013 to mid-2014 approximately 7,000 new residents were added to the population in Sarasota County. In the past, 3,000 in one year was thought to be a good number. Most of the area's residential developers have had record years since 2012.

The commercial market has been hit hard as well. Following the residential crash by about a year, with the substantial recovery in the residential market, the commercial market has maintained a slow recovery over the past three years. Vacancies in all forms of commercial properties are still above prerecession levels but have stabilized or shown slight declines over the last three years. Sales of vacant or improved commercial properties are still well below normal and when a sale does occur it is usually an investor willing to hold for future change or an owner-occupant purchasing for its own or a specialized use as selling prices are still by and large below replacement costs. If a buyer can use existing commercial product a sale is made at current pricing levels. If the use is so specialized, then new construction is the alternative.

Overall, Sarasota is in a good recovery mode and the prospects for the next five years and beyond are very good.

NEIGHBORHOOD ANALYSIS AND MARKET OVERVIEW

Palmer Ranch is a large master planned community of neighborhoods on over 10,000 acres located in Sarasota, Florida. It has become one of the most popular areas of Sarasota to live because of its very well planned out neighborhoods, location to many conveniences, and the diversity of housing styles from maintenance free condos to million dollar estates. Palmer Ranch is home to over 21 different neighborhoods.

The history of what today is called Palmer Ranch goes back to 1900 when a wealthy socialite business woman from Chicago by the name of Bertha Honore Palmer fell in love with sunny Sarasota and purchased this very large tract of rural Florida land to be used for growing and farming oranges and raising cattle. Today this tract of land called Palmer Ranch is bordered on the north side by Clark Road, by the east with Honore Ave, and to the west by route 41 also known as South Tamiami Trail, with the south end of Palmer Ranch blending into The Oaks Golf Country Club on route 41 heading toward Nokomis, which is the area where Mrs. Palmer had her home. The area in which the subject site is located is the southernmost portion of Palmer Ranch and essentially its final area of development. The current active new development is north of SR 681 along both sides of Honore Avenue. As those areas are developed, the subject area south of SR 681 will follow in perhaps 3 to 5 years. However, the growth of eastern Venice both in the incorporated areas and the surrounding areas in the County could accelerate the timeframe for the subject's area. There is extensive new development to the south of the area in which the subject site is located on a 165-acre site acquired by Taylor Morrison in December, 2014. The first phase is a 300-home development named Bellancina by Casey Key. There will be commercial areas and up to 1,855 homes in the future. Further southeast along Laurel and Border Roads east of I-75 there is extensive residential development coming.

According to the City of Venice's Comprehensive Plan, Appendix B, the Venice City Planning Department (VPD) anticipates that the residential and non-residential growth rates will be minimal over the next 10 to 20 years. Venice, itself, is substantially built out with future development potential and population growth contingent upon annexation and development of properties within an area known as the Joint Planning and Inter-local Service Boundary Agreement Areas (JPA/ILSBA). This is an agreement made between the City of Venice and Sarasota County in 2006 in response primarily to the annexations of the Thomas and Kelse Ranches been made by the City of North Port.

The County was concerned that these annexations were creating additional growth potential because of North Port's more receptive zoning and land use practices. The County also wanted to avoid duplication of infrastructure. Sarasota County entered into this agreement with the City of Venice that effectively limits or moderates the amount of land the City of Venice can annex in the future. Thus a good deal of the growth east of Venice will be in the county. The Venice Planning Department projects the functional population of Venice could reach 34,394 by 2030 and most of this population will be in the same sector as the subject site.

In summary, the subject site will be located in a significant population center within the next 3 to 7 years.

HIGHEST AND BEST OR MOST PROBABLE USE

Highest and Best Use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.⁴

There are four specific criteria examined in relation to the subject's highest and best use, as follows:

- Legally Permissible
- Physically Possible
- Financially Feasible
- Maximally Productive

The highest and best use of the site must meet these four criteria. Examining these criteria in sequential order is important, as normally the various use alternatives are reduced in each step of the process. As such, the initial range of possible uses is gradually narrowed to a single highest and best use, accounting for all physical, legal, and financial factors, and providing the most probable value with acceptable risk factors. This analysis provides several critical conclusions impacting the market value of the property. A discussion of each of these criteria is presented, followed by an analysis specifically relating these factors to the subject property.

Highest and Best Use

Legally Permissible:

The first step in the highest and best use analysis relates to legal permissibility. The possible uses of the site can be influenced by several legal factors, such as zoning, building codes, private or deed restrictions, environmental regulations, or contractual obligations (leases). This step also indicates whether it is legally permissible to develop the subject site. Each of these will now be addressed in relation to the subject site.

4 The Appraisal of Real Estate, 13th Edition, (Chicago, IL; 2008) pages 277-278

The subject property is the Palmer Ranch Planned Unit Development and is covered by the approved Palmer Ranch Master Development Order Notification of Proposed Change No. 20 which expanded the DRI by approximately 935 acres which includes the subject site. Although the site is presently zoned OUE-1 (1 unit per 5 acres) the likely development of this land, according to Justin Powell of Palmer Ranch, would be for multi-family purposes. The development of the site with a school is a permitted use in the Moderate Density Residential future land use designation and the Planned Unit Development (PUD) overlay that encompass the land including the subject site. An Application for Incremental Development will also need to be approved for the area including the subject site. This AIDA could designate the subject site as residential or for education purposes. .

Physically Possible:

The various factors analyzed include size, shape, accessibility, soil and subsoil conditions, availability of utilities, topography, drainage, elevation, environmental sensitivity, road frontage and depth. These physical characteristics dictate which uses can be placed on a particular site. The subject has adequate size to accommodate a wide variety of residential and mixed-use subdivisions. The planning process will isolate environmentally sensitive areas and concentrate development on the appropriate land areas. The planning process will also require the appropriate infrastructure to accommodate the future growth.

Given the various physical characteristics of the subject land, there are a wide variety of potential development alternatives. The Stantec due diligence report indicates that all necessary utilities and infrastructure will be available in the future as this sector of Palmer Ranch is developed. Justin Powell of Palmer Ranch estimated that timeframe at 24 to 36 months.

Financially Feasible:

The test of financial feasibility relates to the costs of development as compared to the value after the development is completed. For a use to be financially feasible, the property's value after development must exceed the total cost of development (including land) by an amount sufficient to provide an acceptable return on investment (entrepreneurial profit). There can be more than one financially feasible alternative for a given site.

To date 21 different neighborhoods have been developed in Palmer Ranch. Numerous other sites are either under development or planned and all have been able to sell the final product for sufficient prices to create a reasonable profit as well as cover all development and soft costs. Development of the subject site with a residential development in the future should prove to be a financially feasible use of the land. The development of the site with a school is a necessary public asset needed to serve the community and financial feasibility of such a use is usually moot.

Maximally Productive:

This is the final element of highest and best use. The range of possible uses has been substantially narrowed, and this analysis concludes the estimate of the best (most profitable) use of the site. This is the use which produces the greatest net return to the land, or the highest value in relation to a similarly high entrepreneurial profit. It is possible to have more than one maximally productive use if the levels of risk and resulting rates of return are comparable.

The Stantec study shows that the site can be developed in the future when the sector including the subject site is developed by Palmer Ranch. At that time residential development or the subject school would be the maximally productive use of the subject site.

Conclusion -- Highest and Best Use:

The highest and best use of the subject property is to continue to hold it for future residential or school development and the timeframe for this is 2 to 3 years. The future development with a school meets the criterion of highest and best use.

EXPOSURE TIME/MARKETING TIME

Exposure time may be defined 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.”*⁵

Marketing time may be defined as, that length of time the property is anticipated to be offered on the market prior to a future sale. Marketing time, as opposed to exposure time begins after the date of valuation and is a future, or prospective opinion, based on the analysis of past events and conclusions regarding current market conditions.

The exposure time of the comparables sales is 12 to 18 months. These parcels are in areas with infrastructure in place and development can proceed after approvals. The subject land is being appraised subject to a hypothetical condition that all such infrastructure and approvals are in place even though this may not occur for 24 to 36 months. In the context of this hypothetical condition the inferred exposure time would be similar, 12 to 18 months, and my opinion of value assumes the subject would have been exposed to the market for this length of time.

The marketing time for the subject property must also be in the context of the hypothetical condition as if all infrastructure and basic development approvals are in place. Marketing time is that period of time following the hypothetical listing of the property for sale by the client. Again recognizing the hypothetical condition, the factors which surrounded the exposure times of those comparable sales used must be considered. In the context of the hypothetical condition, the marketing time is similar to exposure time, thus my opinion is that the marketing time would also be 12 to 18 months.

DISCUSSION OF THE APPRAISAL PROCESS

The purpose of the appraisal is to report my opinion of the prospective fee simple market value of the subject property as if the sector of Palmer Ranch in which the subject is located is approved for development and the connector road and all infrastructure is in place (see Hypothetical Assumption on page 19). The value is estimated using the Sales Comparison Approach, the most common technique used to estimate land value. This approach indicates a value by comparing the subject site with sales of comparable sites possessing similar utility, appeal and highest and best use. This approach is usually a good barometer of the market since it relies on recent sales exposed to the same market influences as the subject. The limitation of this approach is the occasional lack of comparable, arms-length transactions (sales) within the marketplace. A more detailed explanation of this approach is presented next, providing the basis for my opinion of land value.

5 USPAP 2009-2010 Edition, The Appraisal Foundation, Statement 6

LAND VALUATION -- SALES COMPARISON APPROACH

The land value is based on the analyses and conclusions reached in the highest and best use analysis and is estimated through the sales comparison approach (also called the market approach) subject to the Hypothetical Assumption stated below. This approach involves an analysis of recent sales of sites considered similar to the subject. The comparables selected for comparison to the subject are the most similar properties within the market area. The sales meet the criteria as set forth in the definition of market value and have similar physical and functional characteristics. They also share a similar highest and best use.

This approach and the analysis of sales are contingent upon the Hypothetical Assumption as stated on page 19.

Shown next are nine comparable land sales that were chosen from my research that are used to conclude my opinion of prospective market value. The sales will be adjusted as needed for the elements of comparison that differ from the subject land. These sales are shown in the following three comparison and adjustment charts.

VACANT LAND SALES COMPARISON AND ADJUSTMENT CHART

FILE #: 216C098
 PLATE#: LAND CHART ONE

CHART ONE

VALUE ADJUSTMENT FACTORS MLS #	SUBJECT	LAND SALE # 1 L00 16 4521	LAND SALE # 2 L10 16 4618	LAND SALE # 3 L00 15 4274
SALES PRICE (TOTAL)		\$29,841,000	\$20,600,000	\$11,476,000
PROPERTY RIGHTS CONVEYED ADJUSTMENT	Fee Simple	Fee Simple 0	Fee Simple 0	Fee Simple 0
FINANCING TERMS ADJUSTMENT		Cash \$0	Cash \$0	Conventional 0
CONDITIONS OF SALE ADJUSTMENT		Arm's Length \$0	Arm's Length \$0	Arm's Length \$0
CASH EQUIVALENT SALES PRICE		\$29,841,000	\$20,600,000	\$11,476,000
EFFECTIVE DATE - SALE DATE	Valuation Date 24-36 Months Hence			
-- Deed Date	Analysis Date October 31, 2016	November, 2015	October, 2015	December, 2014
-- Recording		2015137511	2015134220	2014151408
ADJUSTMENT	(Appraisal Date)	0.00%	0.00%	10.00%
ADJUSTED SALES PRICE		\$29,841,000	\$20,600,000	\$12,623,600
Per Per Acre		\$147,000	\$199,690	\$76,507
ADDRESS / LOCATION	Vacnat Land Site for South 660 School Unnamed Collector Road Palmer Ranch Nokomis, FL Sarasota County, FL	East Side of Honore Ave just south of Isles of Sarasota, N of SR 681 Palmer Ranch Sarasota, FL Sarasota County, FL	West side of Honore Ave adjacent to south boundary of Silver Oak Palmer Ranch Sarasota, FL Sarasota County, FL	Easterly side of SR 681 and NW side of Legacy Trail Nokomis, FL Sarasota County, FL
ADJUSTMENT		-50%	-50%	10%
FEATURES				
--Size (Acres)	26.7	203.00	103.16	165.00
--Wetlands (Acres / Percentage)	No significant Wetlands	17% Wetlands	10 Acres / 10% Wetlands	Estimate 15 to 20% Wetlands
ADJUSTMENT		20%	10%	20%
LAND USE CHARACTERISTICS				
--Zoning	OUE-1 (Palmer Ranch DRI)	RSF-1/PUD (Palmer Ranch DRI)	RSF-1/PUD (Palmer Ranch DRI)	PUD
--Land Use Designation	Moderate Density Residential (MODR)	Moderate Density Residential (MODR)	Moderate Density Residential (MODR)	Medium Density Residential
--Highest & Best Use	Residential Development	Residential Development	Residential Development	Mixed Use Development
--Actual or Proposed Land Use	Site for Elementary School	400-unit Residential Development	147-Lot SFR Development	Village on the Trail
ADJUSTMENT		0%	0%	0%
NET ADJUSTMENT		-30%	-40%	30%
INDICATED VALUE				
Per Acre		\$102,900	\$119,814	\$99,459

VACANT LAND SALES COMPARISON AND ADJUSTMENT CHART

FILE #: 216C098
 PLATE#: LAND CHART TWO

CHART TWO

VALUE ADJUSTMENT FACTORS MLS #	SUBJECT	LAND SALE # 4 L00 15 4334	LAND SALE # 5 L00 13 3998	LAND SALE # 6 L00 13 3974
SALES PRICE (TOTAL)		\$1,150,000	\$15,650,000	\$4,500,000
PROPERTY RIGHTS CONVEYED ADJUSTMENT	Fee Simple	Fee Simple \$0	Fee Simple 0	Fee Simple \$0
FINANCING TERMS ADJUSTMENT		Conventional 0	Cash \$0	Conventional 0
CONDITIONS OF SALE ADJUSTMENT		Arm's Length \$0	Arm's Length \$0	Arm's Length \$0
CASH EQUIVALENT SALES PRICE		\$1,150,000	\$15,650,000	\$4,500,000
EFFECTIVE DATE - SALE DATE	Valuation Date 24-36 Months Hence			
-- Deed Date	Analysis Date October 31, 2016	March, 2015	March, 2013	December, 2012
-- Recording		2015038491		2012169645
ADJUSTMENT	(Appraisal Date)	0.00%	35.00%	10.00%
ADJUSTED SALES PRICE		\$1,150,000	\$21,127,500	\$4,950,000
Per Per Acre		\$117,587	\$150,117	\$162,990
ADDRESS / LOCATION	Vacnat Land Site for South 660 School Unnamed Collector Road Palmer Ranch Nokomis, FL Sarasota County, FL	East side of Old Venice Road NE of Tamiami Trail and Blackburn Point Road Osprey, FL Sarasota County, FL	East side of Honore Avenue at Central Sarsota Parkway Palmer Ranch Sarasota, FL Sarasota County, FL	Bay Street and Old Venice Road Bay Street PUD Osprey, FL Sarasota County, FL
ADJUSTMENT		-15%	-50%	-35%
FEATURES				
--Size (Acres)	26.7	9.78	140.74	30.37
--Wetlands (Acres / Percentage)	No significant Wetlands	0% Wetlands	24.4 Acres / 17%	0% Wetlands
ADJUSTMENT		0%	25%	0%
LAND USE CHARACTERISTICS				
--Zoning	OUE-1 (Palmer Ranch DRI)	RSF-2	RSF-2/PUD (Palmer Ranch DRI)	RMF-3
--Land Use Designation	Moderate Density Residential (MODR)	Moderate Density Residential	Moderate Density Residential	High & Medium Density Residential
--Highest & Best Use	Residential Development	Residential Development	Residential Development	Residential Development
--Actual or Proposed Land Use	Site for Elementary School	31-Lot Palms of Casey Key	290-unit Residential Development	198-unit Residential Condominium
ADJUSTMENT		0%	0%	-15%
NET ADJUSTMENT		-15%	-25%	-35%
INDICATED VALUE				
Per Acre		\$99,949	\$112,588	\$105,943

VACANT LAND SALES COMPARISON AND ADJUSTMENT CHART

FILE #: 216C098
PLATE#: LAND CHART TWO

CHART THREE

VALUE ADJUSTMENT FACTORS MLS #	SUBJECT	LAND SALE # 7 L00 16 4617	LAND SALE # 8 CONFIDENTIAL - NO WRITE UP	LAND SALE # 9 CONFIDENTIAL - NO WRITE UP
SALES PRICE (TOTAL)		\$36,000,000	\$25,372,500	\$5,300,000
PROPERTY RIGHTS CONVEYED ADJUSTMENT	Fee Simple	Fee Simple \$0	Fee Simple 0	Fee Simple \$0
FINANCING TERMS ADJUSTMENT		Conventional 0	Cash \$0	Conventional 0
CONDITIONS OF SALE ADJUSTMENT		Arm's Length \$0	Arm's Length \$0	Arm's Length \$0
CASH EQUIVALENT SALES PRICE		\$36,000,000	\$25,372,500	\$5,300,000
EFFECTIVE DATE - SALE DATE -- Deed Date -- Recording ADJUSTMENT	Valuation Date 24-36 Months Hence Analysis Date October 31, 2016 (Appraisal Date)	January, 2015 2016134281 0.00%	Contract Date October, 2016 CONFIDENTIAL 0.00%	Contract Date March, 2016 CONFIDENTIAL 0.00%
ADJUSTED SALES PRICE Per Per Acre		\$36,000,000 \$160,714	\$25,372,500 \$150,000	\$5,300,000 \$268,354
ADDRESS / LOCATION	Vacnat Land Site for South 660 School Unnamed Collector Road Palmer Ranch Nokomis, FL Sarasota County, FL	West side of Honore Avenue Adjacent to SS of Legacy Estates Palmer Ranch Sarasota, FL Sarasota County, FL	CONFIDENTIAL LOCATION WITHIN Palmer Ranch Sarasota, FL Sarasota County, FL	CONFIDENTIAL LOCATION WITHIN Palmer Ranch Sarasota, FL Sarasota County, FL
ADJUSTMENT		-50%	-50%	-50%
FEATURES --Size (Acres) --Wetlands (Acres / Percentage) ADJUSTMENT	26.7 No significant Wetlands	224.00 39 acres / 17% Wetlands 25%	169.15 XXX Acres / XX% 25%	19.75 XX% Wetlands 0%
LAND USE CHARACTERISTICS --Zoning --Land Use Designation --Highest & Best Use --Actual or Proposed Land Use ADJUSTMENT	OUE-1 (Palmer Ranch DRI) Moderate Density Residential (MODR) Residential Development Site for Elementary School	RSF-1/PUD (Palmer Ranch DRI) Moderate Density Residential Residential Development up to 500-unit Residential Development	RSF-1/PUD (Palmer Ranch DRI) Moderate Density Residential Residential Development 425 SFR Development	RSF-1/PUD (Palmer Ranch DRI) Moderate Density Residential Residential Development XXX-Unit MF Residential Development
ADJUSTMENT		0%	0%	-15%
NET ADJUSTMENT		-25%	-25%	-50%
INDICATED VALUE Per Acre		\$120,536	\$112,500	\$134,177

Summary and Analysis of Comparable Land Sales

The nine land sales are considered the best available comparables for comparison purposes to the subject land parcel. The sales were first analyzed for the following specific elements of comparison:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Date of Sale)

Each of the factors listed above is addressed, with explanations of the appropriate adjustments.

Property Rights Conveyed:

The comparables cited were not encumbered by any land leases or use agreements, so all the transactions involved the conveyance of the fee simple interest. The subject property is being appraised in fee simple; therefore, no adjustments were applied.

Financing Terms (Cash Equivalency):

Each of the sales was all cash to the seller, involving either full payment in cash or conventional financing with a typical loan-to-value ratio at market terms, or equivalent to cash where the seller financing was at terms that made the transaction equivalent to cash. Therefore, no cash equivalency adjustments were applied.

Conditions of Sale:

Research of the sales revealed no unusual conditions of sale that impacted the sales prices. Therefore, no adjustments were applied.

Market Conditions (Date of Sale):

This element of comparison accounts for changes in the selling price of each comparable land sale between the date the comparable sold and the date of appraisal due to changes in market conditions. The resulting adjusted price is the estimated selling price for the comparable sale, had it occurred on the date of appraisal. Sales 3 and 6 were not located in Palmer Ranch but in an area that did show moderate increases in value so each was adjusted up 10%. Sale 5 was located in Palmer Ranch and when compared to the more recent sales and confidential sales an upward adjustment of 35% was indicated.

Other Elements of Value for Comparison Purposes

After each of the nine land sales was analyzed for the preceding criteria, the following additional elements of comparison were shown and analyzed.

- Location
- Features (Size & Wetlands)
- Land Use Characteristics (Zoning and Highest and Best Use)

Sales 1, 2, 5, and 7 through 9 were located in developing and very active sections of Palmer Ranch versus the subject sector which will be a future development area for Palmer Ranch. As result, each sale was judged to have significantly superior location and each was adjusted down 50%. Sale 3 was located south of the subject outside Palmer Ranch but in the general neighborhood. This location was judged moderately inferior and upward adjustment of 10% was made. Sale 6 was located in Osprey on the extension of the northern access road to Casey Key and this location is being emphasized in their sales. This location is moderately superior and a downward adjustment of 15% was made. Sale 6 was located in Osprey and is the residential portion of a planned development begun in the mid 2000's. It was highly publicized and the commercial portion was built before the market crashed. This is the sale of the residential area and based on the success in finished sales it is a very active and desirable location thus a -35% location adjustment was made. The size and wetlands adjustments were made because these elements do affect sales price and value. The subject is assumed to have little or no wetlands based on preliminary studies. Sale 4, 6, and 9 were similar in this respect and no adjustments were made. The remaining sales were all larger in size which tends to indicate a lower price per acre when compared to a smaller parcel. Also these sales had some degree of wetland involvement so upward adjustments of 10% to 25% were made.

Final Reconciliation and Value Opinion

As a result of these adjustments, the indicated prospective value range for the subject was \$99,459 to \$134,177 per acre. The higher end of the range is represented by the sales in the developing area of Palmer Ranch and even though sizeable location adjustments were made, I still believe these sales are superior to the subject which will have a longer and different development timeframe being physically separated by SR 681. Sale 3 is located in the same general area and is more similar and suggests the lower end of the range is justified for the subject property. Therefore it is my final opinion contingent upon the hypothetical assumption shown below the subject land has a prospective market value of \$100,000 per gross acre for a total prospective fee simple market value of \$2,670,000.

HYPOTHETICAL ASSUMPTION

My final opinion of market value expressed in this appraisal report is subject to a hypothetical condition as defined below and explained thereafter.

"Hypothetical Condition" is defined as:

"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.

*Comment: 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."*⁶

The subject property is presently in an undeveloped state; however, I am appraising the land as if the section of Palmer Ranch in which the subject is located has been approved for development, the connector road from SR 681 is in place in front of the subject land to provide full access, and all needed utilities are in place at the site and available for use in the development of an elementary school complex. The estimated timeframe for these conditions to occur is 24 to 36 months. This hypothetical assumption is being made for analysis purposes and my final opinion of market value assumes these conditions have been met. If these conditions are not met, my opinion of market value is void.

FINAL OPINION OF THE PROSPECTIVE FEE SIMPLE TOTAL MARKET VALUE OF THE SUBJECT PROPERTY CONTINGENT UPON THE HYPOTHETICAL ASSUMPTION STATED ABOVE:

**TWO MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS
(\$ 2,670,000)**

6 USPAP 2016-2017 (The Appraisal Foundation), page 3

ADDENDUM

COMPARABLE LAND SALE 1

L00 16 4521

Location: East side of Honore Avenue just south of Isles of Sarasota, Sarasota, FL
Legal Description: Lengthy Legal in Section 6, Township 38 South, Range 19 East, Sarasota County
Property ID#: 0333-00-1700

SALES INFORMATION

Date of Sale: November 2015
Recording: Instrument #2015 137511 & contract
Grantor: McCann Holdings Ltd.
Grantee: Divosta Homes LP
Sales Price: \$29,841,000
Cash Equivalent Price: \$29,841,000
Cash Equivalent Unit Price: \$147,000.00 per Acre
Property Rights Conveyed: Fee Simple
Conditions of Sale: Arm's-length
Cash Down Payment: \$14,210,000
Financing: None recorded, all cash
Verified With: Xceligent, Justin Powell, Public records
Verified By: Hettema Saba Valuation Advisory Services

SITE CHARACTERISTICS

Land Size: 203 Acres
Shape/Dimensions: Irregular
Zoning: RSF-1/PUD (Residential Single-family/Planned Unit Development), Sarasota County
Land Use Designation: Palmer Ranch DRI-MODR
Utilities: Central water and sewer
Highest and Best Use: Residential development
Proposed Use: 400-unit residential development

REMARKS

This parcel is part of the Palmer Ranch DRI and was added by Rezone Petition 14-30. The plan calls for a maximum of 400 units. Total area to be developed including 20.95 acres of mitigation lands held by Palmer Ranch and Sarasota County is 223.95 acres. The actual land area conveyed is 203 acres. The total project has 17% wetlands. This is a two-part transaction with 150.99 acres being conveyed in November for \$14,210,000. The remaining 52 acres will be taken down at the end of 2016 for \$15,631,000. This represents a land cost of \$74,603 per residential unit. The price based on the total project is \$63,452 per acre.

CASH EQUIVALENCY

This transaction was all cash to the seller, with the buyer paying the entire \$14,210,000 purchase price in cash. No cash equivalency adjustment is applied.



Land Sale 1

COMPARABLE LAND SALE 2

L00 16 4618

Location: West side of Honore Avenue, adjacent to South side of Silver Oak, Sarasota County, FL

Legal Description: Lengthy Legal in Sections 1 & 2, Township 38, Range 18, a/k/a Parcel 9A, Palmer Ranch, Sarasota County

Property ID#: 0138-00-1020

SALES INFORMATION

Date of Sale: October 2015 (Contract date)

Recording: Instrument #2015 134220

Grantor: McCann Holdings, Ltd.

Grantee: Taylor Morrison of Florida, Inc.

Sales Price: \$20,600,000

Cash Equivalent Price: \$20,600,000

Cash Equivalent Unit Price: \$199,690 per Acre

Property Rights Conveyed: Fee Simple

Conditions of Sale: Arm's-length

Cash Down Payment: \$20,600,000

Financing: None recorded, all cash

Verified With: Justin Powell, Grantor/Public records

Verified By: Hettema Saba Valuation Advisory Services

SITE CHARACTERISTICS

Land Size: 103.16 Acres

Shape/Dimensions: Irregular

Zoning: RSF-1/PUD (Residential Single family/Planned Unit Development), Sarasota County

Land Use Designation: MODR/Palmer Ranch DRI

Utilities: Central water and sewer

Highest and Best Use: Residential development

Proposed Use: 147-unit Single-family residential development

REMARKS

\$140,136 per unit

This land parcel is the site of Legacy Estates, originally planned for 170 lots. The final site plan calls for 147 single-family lots, a density of 1.4 units per gross acre. The site has about 10 acres of wetlands (10%) and the development plan will have more than 40% open space. There are four floor plans ranging from 2,862 SF to 4,714 SF of living area.

CASH EQUIVALENCY

This transaction was all cash to the seller, with the buyer paying the entire \$20,600,000 purchase price in cash. No cash equivalency adjustment is applied.



Land Sale 2

COMPARABLE LAND SALE 3

L00 15 4274

Location: 165 Acres off Legacy Trail, Nokomis, FL
Legal Description: Lengthy Legal in Sections 24 & 25, Township 36 South, Range 18 East, Sarasota County
Property ID#: 0164-03-0001 & 0164-09-0006

SALES INFORMATION

Date of Sale: December 2014
Recording: Instrument #2014 151408
Grantor: Vott Partners LLC
Grantee: Taylor Morrison of Florida Inc.
Sales Price: \$11,476,000
Cash Equivalent Price: \$11,476,000
Cash Equivalent Unit Price: \$69,552 per Acre
Property Rights Conveyed: Fee Simple
Conditions of Sale: Arm's-length
Cash Down Payment: \$52,400
Financing: \$10,976,000, Seller financing
Verified With: Xceligent - Public Records
Verified By: Hetteema Saba Valuation Advisory Services

SITE CHARACTERISTICS

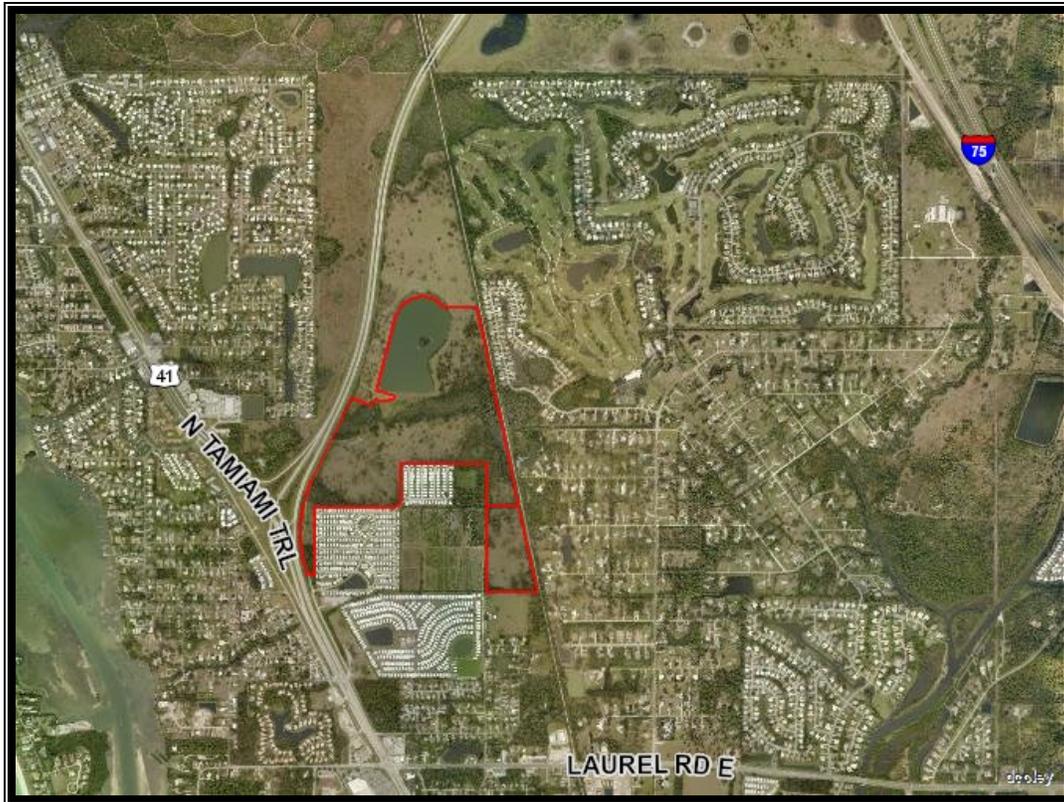
Land Size: 165 Acres (2 parcels)
Shape/Dimensions: Irregular
Zoning: RMF-2/PUD (Residential Multifamily/Planned Unit Development), Sarasota County
Land Use Designation: Medium Density Residential
Utilities: Water & Sewer
Highest and Best Use: Residential development
Proposed Use: Bellacina by Casey Key

REMARKS

This site is being developed with Bellacina by Casey Key that will consist of 300 homes, with future commercial area. The site is approved for up to 1,855 units.

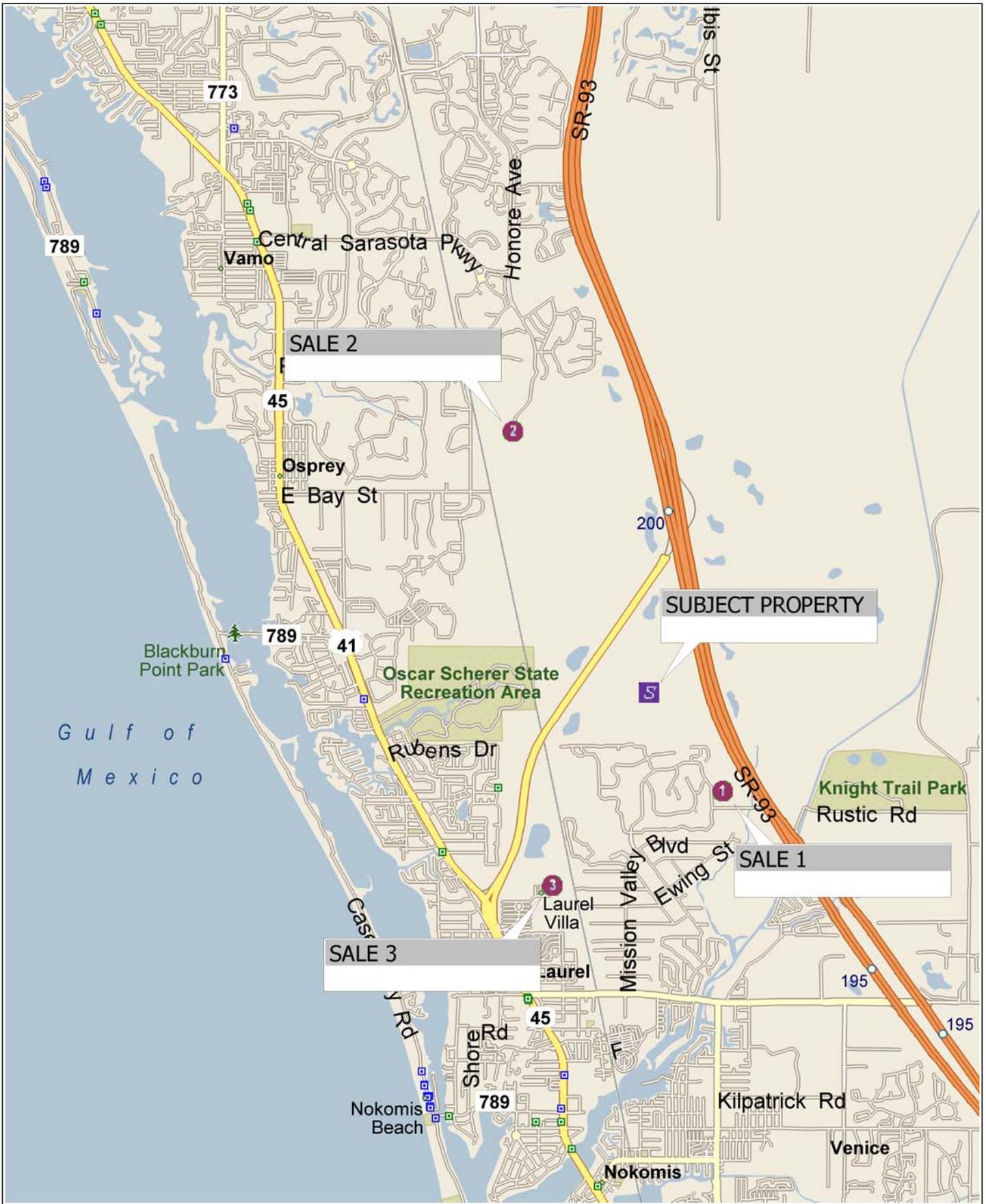
CASH EQUIVALENCY

This transaction was a purchase money mortgage. The buyer paid \$524,000 in cash and the seller provided financing totaling \$10,976,000 at market terms. No cash equivalency adjustment is applied.



Land Sale 3

Land Sales Location Map - Sales 1-3



COMPARABLE LAND SALE 4

L00 15 4334

Location: Old Venice Road, just northeast of U.S. Highway
41, Osprey, FL

Legal Description: Lengthy Legal in Section 14, Township 38 South,
Range 18 East

Property ID#: 0155-04-0001

SALES INFORMATION

Date of Sale: March 2015

Recording: Instrument #2015 038491

Grantor: Scott Dorn & Kimberly Dorn

Grantee: The Ryland Group, Inc.

Sales Price: \$1,150,000

Cash Equivalent Price: \$1,150,000

Cash Equivalent Unit Price: \$117,586 per Acre

Property Rights Conveyed: Fee Simple

Conditions of Sale: Arm's-length

Cash Down Payment: \$1,150,000

Financing: None recorded, all cash

Verified With: Tony Veldkamp - Public records

Verified By: Hettema Saba Valuation Advisory Services

SITE CHARACTERISTICS

Land Size: 426,190 SF, 9.78 Acres

Shape/Dimensions: Rectangular

Zoning: RSF-2 (Residential Single Family District),
Sarasota County

Land Use Designation: MODR

Utilities: Central water and sewer

Highest and Best Use: Future development

Proposed Use: Platted for a 31-Lot subdivision

REMARKS

Tony Veldkamp, CCIM, an advisor with the downtown Sarasota office of Sperry Van Ness Commercial Advisory Group handled the transaction. The subdivision will be named Palms of Casey Key.

CASH EQUIVALENCY

This transaction was all cash to the seller, with the buyer paying the entire \$1,150,000 purchase price in cash. No cash equivalency adjustment is applied.



Land Sale 4

COMPARABLE LAND SALE 5

L00 13 3998

Location: East side of Honore Avenue at Central Sarasota
Parkway, Sarasota County, FL

Legal Description: Lengthy Legal in Section 36, Township 37,
Range 18, Sarasota County

Property ID#: 0136-00-1000 (Pt)

SALES INFORMATION

Date of Sale: March 2013

Recording: Contract to close

Grantor: Palmer Ranch Holdings, Ltd.

Grantee: Pulte-DiVosta Homes

Sales Price: \$15,650,000

Cash Equivalent Price: \$15,650,000

Cash Equivalent Unit Price: \$111,198.00 per Acre

Property Rights Conveyed: Fee Simple

Conditions of Sale: Arm's-length

Cash Down Payment: \$15,650.00

Financing: None recorded, all cash

Verified With: Justin Powell, VP, Grantor

Verified By: Hettema Saba Valuation Advisory Services

SITE CHARACTERISTICS

Land Size: 140.74 Acres

Shape/Dimensions: Irregular

Zoning: RSF-2/PUD

Land Use Designation: MODR

Utilities: Water & Sewer

Highest and Best Use: Residential development

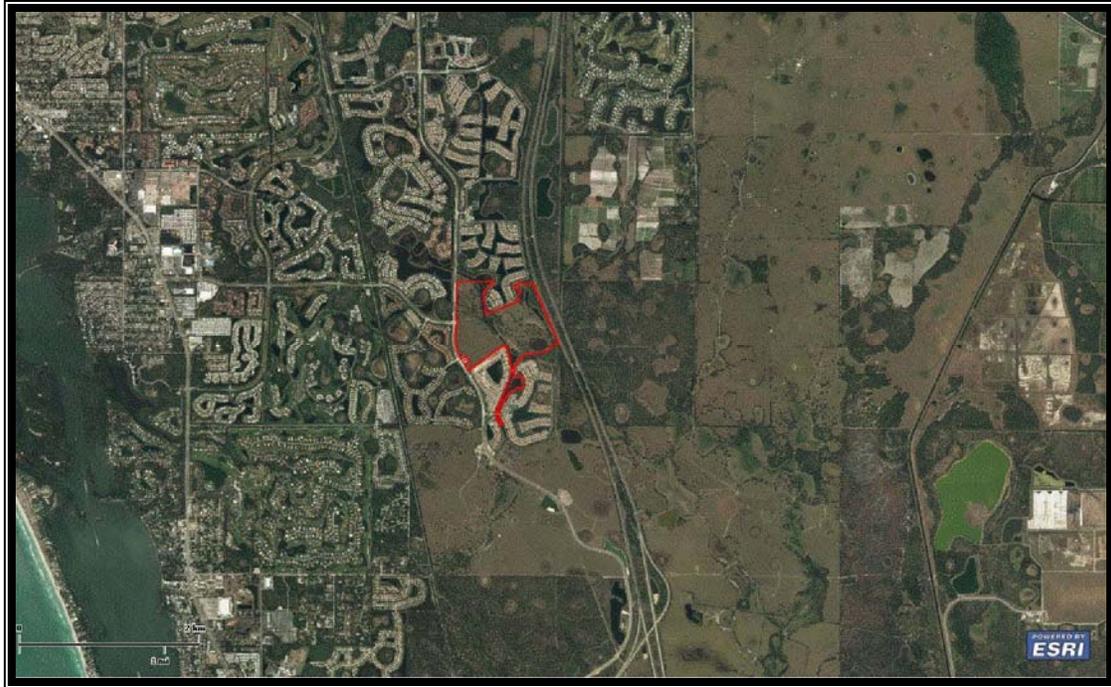
Proposed Use: 290-unit Residential Development

REMARKS

This project will have 47% open space when developed, as homes will be built on 74.02 acres. The 24.4 acres of wetlands will be preserved. Lakes, mesic hammock, right of ways, buffers and open space will take up the remaining 42.32 acres. The site will be developed with 290 residential units.

CASH EQUIVALENCY

This transaction was all cash to the seller, with the buyer paying the entire purchase price in cash. No cash equivalency adjustment is applied.



Land Sale 5

COMPARABLE LAND SALE 6

L00 13 3974

Location: Bay Street and Old Venice Road, Osprey, FL
Legal Description: Lengthy Legal in Section 10, Township 38 South,
Range 18 East, Sarasota County
Property ID#: 0147-01-0007 & 0147-01-0003

SALES INFORMATION

Date of Sale: December 2012
Recording: Instrument #2012 169645
Grantor: Redus Florida Condo, LLC/CRM Florida
Properties LLC
Grantee: D.R. Horton, Inc.
Sales Price: \$4,500,000
Cash Equivalent Price: \$4,500,000
Cash Equivalent Unit Price: \$22,727.00 per Unit
Property Rights Conveyed: Fee Simple
Conditions of Sale: Arm's-length
Cash Down Payment: \$4,500,000
Financing: None recorded, all cash
Verified With: Vicki Hamm, D.R. Horton - Public Records
Verified By: Hettema Saba Valuation Advisory Services

SITE CHARACTERISTICS

Land Size: 30.37 Acres
Shape/Dimensions: Irregular, two contiguous parcels
Zoning: RMF-3 (Moderate Density Multi-Family),
Sarasota County
Land Use Designation: HDR/MEDR
Utilities: Central water and sewer
Highest and Best Use: Residential development
Proposed Use: 198-unit Residential development

REMARKS

D.R. Horton will be 198 condominiums and townhomes in 32 buildings starting in May 2013 to be known as "Bay Street." The units will be 1,244 SF to 1,655 SF and start in the high \$100,000's. The purchase price per unit is \$22,727 and the density is 6.5 units per acre. This development had originally been planned for 500 units in pre-2007 plan by a different developer. The planned 500 units were 100 more than zoning would allow, this was achieved by the developer purchasing some development rights to increase the number of allowable units per acre. The cost of the additional development rights was not disclosed. The current 198 planned units represent a 60.40% decrease in the planned density of the site.

The prior developer had invested \$650,000 for engineering, \$158,000 for legal and property taxes, \$127,500 in fees, and had planned to move forward with \$1,531,500 of clearing, excavation, and water & sewer, or an additional investment at the time of \$2,437,500. The site had originally been assembled for about \$15,000,000. The current sale price represents a 74.19% discount off a pre-2008 investment of about \$17,437,500.

CASH EQUIVALENCY

This transaction was all cash to the seller, with the buyer paying the entire \$4,500,000 purchase price in cash. No cash equivalency adjustment is applied.



Land Sale 6

COMPARABLE LAND SALE 7

L00 16 4617

Location: West side of Honore Avenue, Palmer Ranch,
Sarasota County, FL

Legal Description: Lengthy Legal in Section 1, Township 38, Range
18, Sarasota County

Property ID#: Part of 0138-00-1010

SALES INFORMATION

Date of Sale: January 2015

Recording: Instrument #2016 134281

Grantor: McCann Holdings, Ltd

Grantee: Taylor Morrison of Florida Inc.

Sales Price: \$36,000,000

Cash Equivalent Price: \$36,000,000

Cash Equivalent Unit Price: \$160,714 per gross acre

Property Rights Conveyed: Fee Simple

Conditions of Sale: Arm's-length

Cash Down Payment: \$10,000,000

Financing: \$26,000,000, Seller financing

Verified With: Justin Powell, Grantor

Verified By: Hettema Saba Valuation Advisory Services

SITE CHARACTERISTICS

Land Size: 224 Gross acres/185 Net acres

Shape/Dimensions: Irregular

Zoning: RSF-1/PUD (Residential Single-family/Planned
Unit Development), Sarasota County

Land Use Designation: MODR/Palmer Ranch DRI

Utilities: Central water and sewer

Highest and Best Use: Residential development

Proposed Use: Up to 500 residential lots

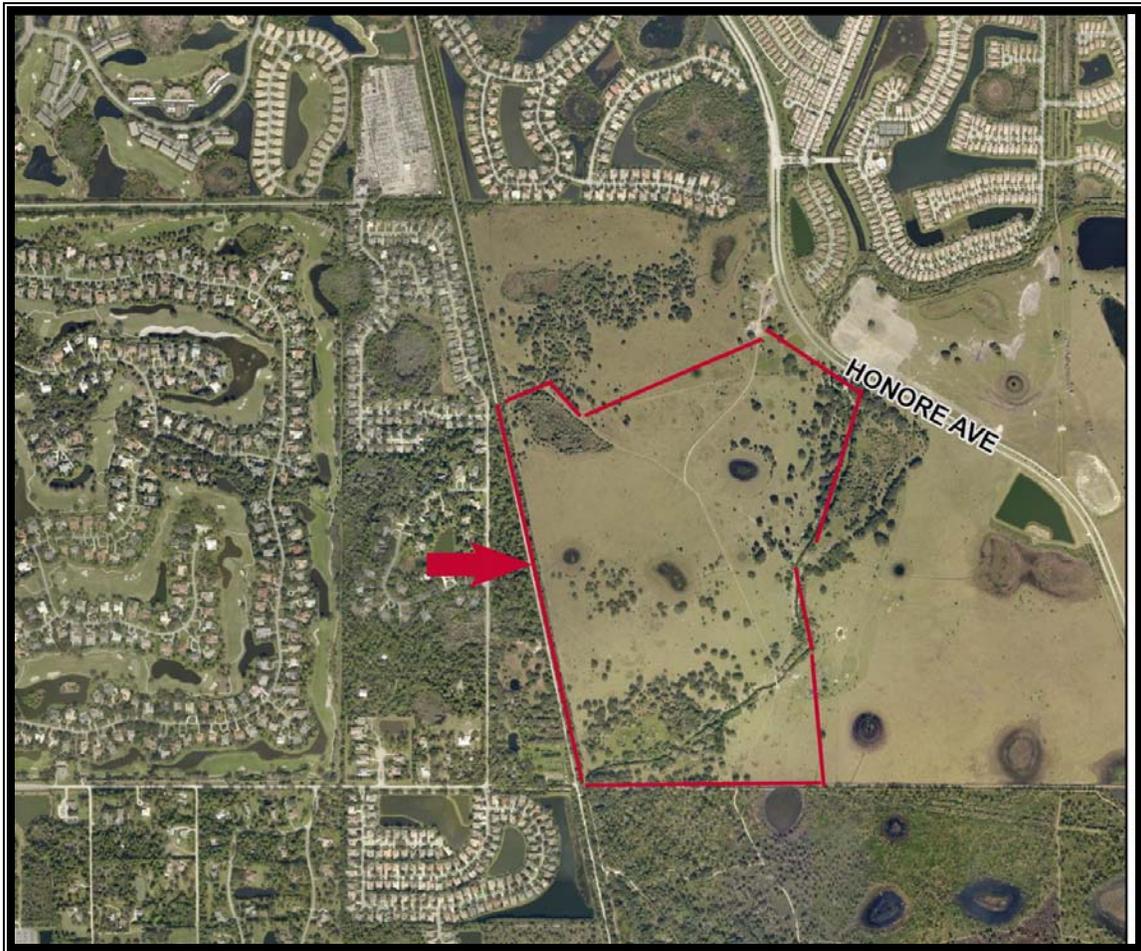
REMARKS

\$72,000 per unit

This land has an access to Honore Avenue, but is mostly located west of Honore. Its north boundary is adjacent to Legacy Estates, also a Taylor Morrison development. The sale date of January 2015 is the contract date. The closing was in October 2016.

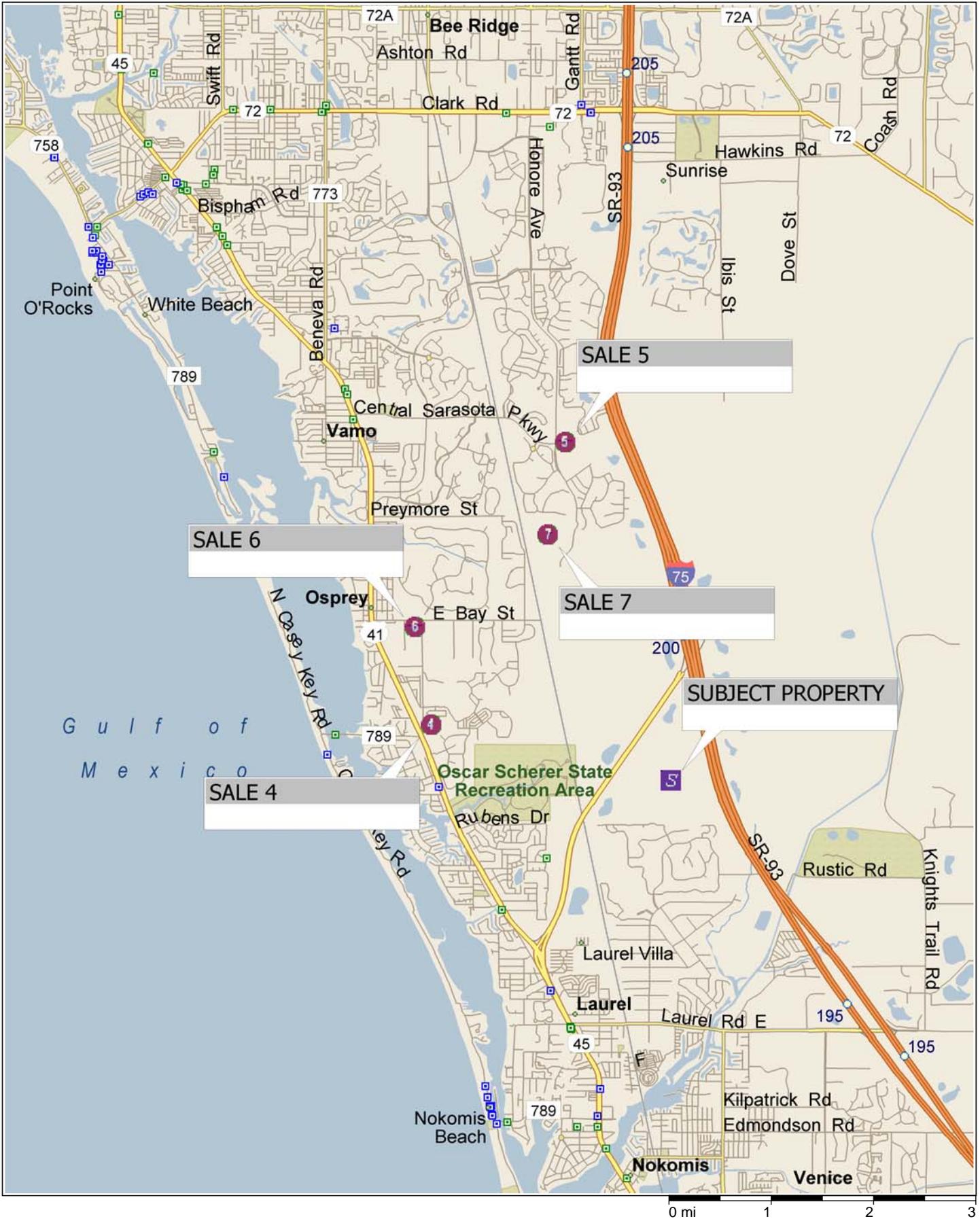
CASH EQUIVALENCY

This transaction was a purchase money mortgage. The buyer paid \$10,000,000 in cash and the seller provided financing totaling \$26,000,000 at market terms. No cash adjustment is applied.



Land Sale 7

Land Sales Location Map - Sales 4-7



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Comparable Land Sale 8

CONFIDENTIAL

Comparable Land Sale 9

CONFIDENTIAL

APPRAISER'S QUALIFICATIONS

Roger L. Hettema – MAI, SRA
State-Certified General Appraiser RZ45

Roger Hettema is a director with Hettema Saba Commercial Real Estate Valuation Advisory Services, 2307 Clark Road, Suite 203, Sarasota, Florida. He is a MAI, SRA designee of the Appraisal Institute, a licensed Real Estate Broker (Certificate #0039087), and a State-Certified General Appraiser 45 by the Florida Real Estate Appraisal Board, and is currently certified in all. Hettema has participated full-time in real estate appraisal and consultation since 1976. Employment prior to this time was concentrated in land development and construction and general real estate activities.

Email: roger@hettemasaba.com

General Education Background

1971	University of South Florida, Bachelor of Arts, Major in Finance
1973	Real Estate Principles & Practices for Salesman, Edison Community College
1973	Florida Real Estate Salesman's License, FREC
1974	Real Estate Principles & Practices for Broker, Edison Community College
1974	Florida Real Estate Broker's License, FREC
1978	FNMA, Approved for Category 1, #1062558
1980	Designated Senior Residential Appraiser (SRA), SREA
1981	FNMA, Approved for Category 2, #1062558
1982	Designated Member of Appraisal Institute (MAI), AIREA
1990	State-Certified General Appraiser, State of Florida 45
1993	Associate Instructor Course 111, Appraisal Institute
1993	Certified Instructor, Course 310, Appraisal Institute

Offices & Positions Held

1982-1983	-	Distinguished President - Gulf Coast Kiwanis Club
1985-1986		President - SREA, Chap. 212 - Now West Coast Chapter, Appraisal Institute (AI)
1984-1992	-	Team Captain, Admissions Committee, Greater Florida Chapter, AI
1986-1989	-	Director, Commercial Investment Division, Sarasota Board of REALTORS
1989-1990	-	Director, West Coast Investment Council
1990-1991	-	Special Master - Sarasota County Property Appraisal Adjustment Board
1993-1998	-	Region X Representative, West Coast Florida Chapter, AI
1994-1998	-	Director, West Coast Florida Chapter, AI
1994-2003	-	Special Master - Sarasota County Value Adjustment Board
1993-Present	-	Team Member, Admissions Committee, West Coast Florida Chapter, AI
1995-1998	-	Member, Florida Bar Grievance Committee 12A

Typical Appraisal Assignments

Retail & Professional Properties
Shopping Centers
Restaurants
Multiple Family Residential Properties
Motels, Hotels, Marinas, Golf Courses
Light & Heavy Industrial Properties
Land (All classifications)
Eminent Domain Cases
Litigation Involving Real Estate Issues

Typical Evaluation Assignments

Leased Fee/Leasehold Analyses
Income & Cash Flow Analyses
Feasibility & Consultation Studies
Buy/Sell Consultations
REO Analyses & Consultations

Qualifications of Roger L. Hettema, MAI (Continued)

Litigation Experience

Extensive trial and mediation experience since 1982. Practice includes valuation, pre-trial analyses, depositions, preparation of trial exhibits, and expert testimony. Participation in cases involving litigation ranges from 20 to 35 assignments per year. Actual trial appearances vary with use of mediation and settlement but participation in these activities such as deposition, settlement talks, mediations, and/or trial testimony ranges from 10 to 15 times per year.

Qualified Expert Witness in County Courts, Circuit Courts, and U.S. Bankruptcy Courts
Completed the Appraisal Institute’s Litigation Professional Development Program in 2012

Seminars & Courses Attended in Last Five Years

2010	Litigation Appraising, Specialized Topics, Appraisal Institute	16 Hours
	The Appraiser as Expert Witness, Appraisal Institute	16 Hours
2012	National USPAP Update, Appraisal Institute	7 Hours
	Florida Law Update, Appraisal Institute	3 Hours
	Commercial Appraisal Productivity, Appraisal Institute	4 Hours
	Condemnation Appraising, Principles & Applications, Appraisal Institute	27.5Hours
2013	Litigation – Complex Case Studies. Appraisal Institute	7 Hours
	Lessons from the Old and New Economy, Appraisal Institute	3 Hours
2014	Florida Law, Appraisal Institute	3 Hours
	National USPAP Update, Appraisal Institute	7 Hours
	Residential Applications Part 2, Appraisal Institute	7 Hours
	Florida Broker Recertification Course	14 Hours
	Trial Components: Recipe for Success or Disaster	3 Hours
2015	Supervisory Appraiser/Trainee Appraiser, Appraisal Institute	5 Hours
	Business Practices and Ethics, Appraisal Institute	4 Hours

Evidence of State Licensure

