

CITY OF OCALA

CITY COUNCIL REPORT

Council Meeting Date: 04/03/18

Subject: Contract to Purchase Parking Lot

Submitted By: Tye Chighizola

Department: Growth Management

STAFF RECOMMENDATION (Motion Ready): Approve Agenda Item (ID # 12049) a contract between BigWig 4, LLC and the City of Ocala to purchase the Marion County Judicial Center Parking Lot (parcel # 2854-042-000) for \$587,562

OCALA'S RELEVANT STRATEGIC GOALS: Operational Excellence

PROOF OF PUBLICATION: N/A

BACKGROUND:

The City has agreed to purchase the Marion County Judicial Center Parking Lot bordered by NW 1st Avenue, NW 2nd Street, North Magnolia Avenue, and NW 3rd Street from BigWig 4, LLC to help address current and future parking needs in Midtown. The purchase price of the parking lot is \$580,000 plus closing costs of \$7,562. The proposed purchase is consistent with the recently adopted Midtown Master Plan.

At this time, the property is owned by Marion County and used for courthouse parking. BigWig 4, LLC will be purchasing the parking lot and the property at 110 North Magnolia Avenue from Marion County who will in turn purchase the Wells Fargo Bank building at 109 West Silver Springs Boulevard from Big Wig 4, LLC. The purchase price of the parking lot is based on an appraisal (\$580,000 for 94 parking spaces) of the property from 2017 and is consistent with the appraisal price (\$560,000 for 78 parking spaces) in 2017 of the City's parking lot to the southeast (Concord Lot).

The City will use \$200,000 from the Downtown CRA Subarea that is already budgeted in FY18 for implementing a project in the Midtown area and a loan from Electric Utility in the amount of \$380,000 to purchase the lot. The Downtown CRA Subarea will repay the loan over 5 years at an interest rate of 1.35% for annual repayments of \$79,124.97 beginning April 1, 2019. At the April 3, 2018 meeting, the CRA agency and City Council will also consider resolutions to appropriate \$7,562 from the Downtown CRA Subarea to cover the closing costs.

FINDINGS AND CONCLUSIONS:

At this time, the lot will continue to be used to help address current parking needs in Midtown. In the future the property could be used as a mixed-use catalytic site or for parking to address other catalytic sites identified in the Midtown Master Plan.

FISCAL IMPACT: The Downtown CRA Subarea fund will utilize \$200,000 currently budgeted in FY18 toward the purchase of the property. A resolution appropriating the closing costs of \$7,562 from the Downtown CRA Subarea Reserve for Contingency account is forthcoming on 4/3/2018. Additionally, a loan from Electric will provide the remaining \$380,000. The fund is in a position to repay the annual obligation of \$79,124.97 as the average Ad Valorem based revenue to that fund is \$350,000 per year. The annual loan payment will be due annually on April 1st.

PROCUREMENT VIEW: N/A

LEGAL REVIEW: The contract was approved by Assistant City Attorney, W. James Gooding.

ALTERNATIVE:

- Approve
- Approve with changes
- Deny
- Table

SUPPORT MATERIALS:

#a: Contract (PDF)

#b: Appraisal (June 2017) (PDF)

CONTRACT FOR SALE AND PURCHASE

THIS AGREEMENT (“Agreement”) is entered into on _____, 2018 (the “Effective Date”), by and between **BigWig 4, LLC, a Florida limited liability company**, whose mailing address is: 16 SE Broadway Street, Ocala, FL 34471, hereinafter called the (“Seller”)¹ and the **City of Ocala, a Florida municipal corporation**, whose mailing address is: 201 SE 3rd Avenue, 2nd Floor, Ocala, Florida 34471, hereinafter called the (“Buyer”)¹.

NOW THEREFORE, in consideration of the mutual promises contained herein, and under the good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. **Sale and Purchase.** Seller agrees to sell, and Buyer agrees to buy, the real property more particularly described on **Exhibit A** attached hereto (the “Property”). As set forth in greater detail below, the Property is currently owned by Marion County, a political subdivision of the State of Florida (“Marion County”). If Buyer causes a survey of the Property to be performed during the Feasibility Study Period, the description of such Property from the survey, shall, subject to the approval of Seller and Buyer (which shall not be unreasonably withheld), be hereafter used as the description of the Property without the necessity of amending this Agreement.
2. **Purchase Price.** The purchase price shall be **\$580,000.00**, payable in cash at closing.
3. **Time for Acceptance; Contingencies.**
 - 3.1. **THIS AGREEMENT IS CONTINGENT AND NOT BINDING UPON BUYER UNTIL RATIFIED AND ACCEPTED BY OCALA CITY COUNCIL, SIGNED BY ITS PRESIDENT, AND ATTESTED BY THE CITY CLERK, WITHIN 30 DAYS OF EXECUTION OF THIS AGREEMENT BY SELLER. IF NOT SO RATIFIED AND ACCEPTED WITHIN SUCH TIME PERIOD, THIS AGREEMENT SHALL BE DEEMED REJECTED BY BUYER AND OF NO FURTHER EFFECT. SELLER ACKNOWLEDGES AND AGREES THAT THIS PROVISION CANNOT BE WAIVED BY BUYER OR ANY AGENT OF BUYER.**
 - 3.2. This Agreement is contingent upon the closing (the “County Closing”) of that certain Contract for Sale and Purchase of Real Property effectively dated on or about the date hereof (the “County Contract”) between Seller and Marion County pursuant to which Seller shall be acquiring the Property, on or before the Closing Deadline.
4. **Closing.**
 - 4.1. **Date.** Closing shall be held at City of Ocala, Growth Management Department, 208 SE 3rd St., Ocala Florida 34478-1270, on a date selected by Buyer no more than **50** days following Buyer's acceptance of this Agreement pursuant to Paragraph 3.1 (the “Closing Deadline”). The parties specifically acknowledge and agree that it is the intent of the parties for Closing to occur simultaneously with the County Closing. Klein & Klein, LLC, 40 SE 11th Avenue, Ocala, FL 34471, shall serve as closing, title and escrow agent and disburse the proceeds of sale.

¹Wherever the context so admits or requires, the terms “Seller” and “Buyer” are used for singular and plural, and respectively refer to the parties to this instrument and the heirs, legal representatives, and assigns for individuals, and the successors and assigns of corporations.

- 4.2. Documents and Payments at the Closing. Seller shall execute and deliver to Buyer: a special warranty deed; a construction lien affidavit; assignments of Leases; and corrective instruments, if any. Buyer shall furnish a closing statement and pay the purchase price.
5. Representations and Obligations of Seller. Seller represents and agrees as follows:
- 5.1. Seller shall at the time of closing hold marketable, record fee simple title to the Property, and is the sole owner of and has good right, title and authority to convey and transfer all of the Property, free and clear of all liens and encumbrances, excepting only taxes which are not due and payable.
- 5.2. Seller shall convey marketable title subject only to liens, encumbrances, exceptions, or qualifications specified in this Agreement. Marketable title shall be determined according to applicable Title Standards adopted by the Florida Bar. If title is found defective, Buyer shall, prior to closing, notify Seller in writing specifying the defects. If the defects render title unmarketable, Seller shall have one hundred and twenty (120) days (or such longer period as provided by Buyer) from receipt of notice within which to remove the defects failing which Buyer shall have the option of either accepting the title as it then is or canceling this Agreement. Seller shall, if title is found unmarketable, use diligent efforts to correct defects in the title within the time provided therefore, including the bringing of necessary suits. If Seller is unable to timely correct the defects, Buyer shall either waive the defects or cancel this Agreement.
6. Feasibility Study.
- 6.1. Buyer may, during the period commencing with the execution of this Agreement by Buyer's agent and concluding 20 days after Buyer's acceptance of this Agreement (the "Feasibility Study Period"), determine whether the Property is suitable, in Buyer's sole and absolute discretion, for Buyer's use. Buyer may conduct a Phase I environmental assessment and any other tests, analyses, surveys and investigations ("Inspections") that Buyer deems necessary to determine, to Buyer's satisfaction, the Property's engineering, architectural and environmental properties; zoning and land use restrictions; subdivision status; soil and grade; availability of access to public roads, water and other utilities; consistency with local, state and regional growth management plans; availability of permits, governmental approvals and licenses; and other Inspections that Buyer deems appropriate to determine the Property's suitability for the Buyer's intended use. If the Property must be rezoned or other governmental approval given to permit the use of the Property for Buyer's purposes, Seller will sign all documents Buyer may be required to file in connection with development or rezoning approvals and cooperate with Buyer in obtaining such approvals, but shall not be required to incur any expense or liability in the application process or related proceedings. Seller gives Buyer, its agents and other representatives, the right to enter the Property at any time during the Feasibility Study Period for the purpose of conducting Inspections. Seller shall fully cooperate with Buyer and its professionals in connection with the foregoing. Buyer shall deliver written notice to Seller prior to the expiration of the Feasibility Study Period if Buyer determines the Property is not acceptable, in which event this Agreement shall be deemed canceled and of no further effect. The foregoing provisions of this paragraph 6.1 concern consent by Seller, only, of the foregoing actions. As Seller does not currently own the Property, however, Buyer acknowledges that it will need the consent and cooperation of Marion County concerning the foregoing actions and agrees to seek such consent and action on its own behalf.

- 6.2. Buyer specifically acknowledges that as of the Effective Date Seller does not hold title nor is it in possession of the Property and that Seller shall be acquiring title to the Property from Marion County simultaneously with the closing hereof. Accordingly, Buyer hereby acknowledges and agrees that it shall rely solely upon its own inspection and investigation of the Property and not upon any representations or warranties of Seller in entering into this Agreement. The Property will be sold on an "AS-IS, WHERE-IS, AND WITH ALL FAULTS" basis. Buyer, for itself and its assigns and transferees, accepts all faults of the Property whether known or unknown, presently existing or that may hereafter arise. Buyer, for itself and its assigns and transferees, acknowledges and agrees that Seller has not made, does not make and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, or as to, concerning or with respect to the Property. Any due diligence materials, reports and information provided to Buyer by Seller have been done solely for informational purposes and do not constitute any representation or warranty relating to the accuracy or validity of any information contained therein and Buyer agrees that it has not relied upon the contents thereof in entering into this Agreement. Assignee acknowledges and agrees that it has or shall obtain such other due diligence materials (including updating or recertification of any materials previously provided) that it has or shall deem necessary to rely upon its own investigation in determining the feasibility of the Property for its intended purpose.
7. **Prorations.** The parties acknowledge that the Property is not subject to taxes and assessments for the year 2018. As such, taxes and assessments shall not be prorated at closing. Rent, interest, insurance, and other expenses and revenue of the Property, if applicable, shall be prorated through the date of the closing. Cash at closing shall be increased or decreased as may be required by prorations.
8. **Risk of Loss.** If the Property is damaged by fire or other casualty before closing, Buyer shall have the option of either taking the Property as is, together with any insurance proceeds payable by virtue of such loss or damage, or of canceling this Agreement.
9. **Expenses.** Buyer shall pay for title insurance (which shall consist of charges for a title search and an owner's title insurance policy premium (at the promulgated rate) but no additional charges for title services), for recording of the deed and for any documentary stamp tax applicable to the transaction. Seller shall pay all costs necessary to cure or satisfy any title defects, liens, or encumbrances and the costs of recording any corrective instruments. Each party shall pay their own respective attorneys' fees.
10. **Brokerage Commissions.** Each party represents to the other that no real estate brokers, salespersons, agents or finder fees are involved in this transaction, and each party agrees to indemnify and hold harmless the other party from and against any claims by real estate brokers or other persons claiming by, through or under them.
11. **Time of the Essence.** Time is of the essence with respect to each provision of this Agreement which requires that action be taken by either party within a stated time period, or within a specified date.
12. **Attorney's Fees and Costs.** In the event of any litigation arising out of this Agreement, the prevailing party shall be entitled to recover all expenses and costs incurred, including court costs, reasonable attorney's fees, paralegal, investigative and any other paraprofessional fees whether incurred in trial, appellate, post-judgment or Bankruptcy proceeding.

PID No. 2854-042-000

13. **Entire Agreement.** This Agreement and any exhibits attached hereto constitute the entire Agreement between Buyer and Seller, and there are no other covenants, agreements, promises, terms, provisions, conditions, undertakings, or understandings, either oral or written, between them concerning the Property other than those set forth herein. No subsequent alteration, amendment, change, deletion or addition to this Agreement shall be binding upon Buyer or Seller unless in writing and signed by both Buyer and Seller.

THEREFORE, each of the parties have hereunto set their hands and affixed their seals the day and year written above.

SELLER

BIGWIG 4, LLC, a Florida limited liability company

By: _____

Kirk A. Boone, Manager

Date: _____

#: Contract (12049 : Contract to Purchase Parking Lot)

PID No. 2854-042-000

BUYER

**This Contract is ratified and accepted by:
Ocala City Council on_____**

CITY OF OCALA, a Florida municipal corporation

Attest:

By: _____
Matthew J. Wardell, City Council President

Angel B. Jacobs, City Clerk

Approved as to form:

Patrick G. Gilligan, City Attorney

#: Contract (12049 : Contract to Purchase Parking Lot)

PID No. 2854-042-000

EXHIBIT A

BLOCK 42, OLD SURVEY OF OCALA, AS RECORDED IN PLAT BOOK E, PAGE 1, PUBLIC RECORDS OF MARION COUNTY, FLORIDA; AS SUCH BLOCK WAS AFFECTED BY A RESOLUTION PASSED BY THE BOARD OF COMMISSIONERS OF MARION COUNTY, FLORIDA, AT A MEETING DATED APRIL 6, 1847, AND RECORDED IN VOLUME 1, PAGE 28, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA (WHICH RESOLUTION RESIZED THE DIMENSIONS OF CITY BLOCKS SHOWN ON THE ABOVE MENTIONED PLAT)

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#: Contract (12049 : Contract to Purchase Parking Lot)



Thomas E. Rhodes, MAI, SRA, AI-GRS
State-Certified General Real Estate Appraiser
#RZ527



Joshua W. Scroggie
State-Certified General Real Estate Appraiser
#RZ27

Stephen G. Buttl
State-Certified General Real Estate Appraiser
#RZ36

Appraisal Report

Appraisal of:

**OCALA/MARION COUNTY
VISITORS BUREAU OFFICE
&
COUNTY PARKING LOT
Ocala, Marion County, Florida**

Location of Subject Property:

112 North Magnolia Avenue, Ocala, Marion County, Florida

Prepared for:

Stephanie Galarza, BBAM
Office of the County Engineer
412 SE 25th Avenue
Ocala, Florida 34471

Prepared by:

Thomas E. Rhodes, MAI, SRA, AI-GRS
Rhodes & Rickolt, P.A.
1701 NE 42nd Avenue, Unit 101
Ocala, Florida 34470

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)



Thomas E. Rhodes, MAI, SRA, AI-GRS
State-Certified General Real Estate Appraiser
#RZ527



Joshua W. Scroggie
State-Certified General Real Estate Appraiser
#RZ27

Stephen G. Butth
State-Certified General Real Estate Appraiser
#RZ36

June 22, 2017

Stephanie Galarza, BBAM
Office of the County Engineer
412 SE 25th Avenue
Ocala, Florida 34471

Re: Ocala/Marion County Visitors Bureau Office & County Parking Lot; 112 North Magnolia Avenue, Ocala, Marion County, Florida

Ms. Galarza:

As requested, I have prepared an appraisal presented within an Appraisal Report for the subject property identified as the Ocala/Marion County Visitors & Convention Bureau office property located at 112 North Magnolia Avenue in Ocala, Marion County, Florida, and an adjacent county parking lot. The office property is improved with a one and two-story former bank office including approximately 11,385 SF divided between two units situated on a half city block comprising about 25,088 SF. The parking lot property comprises 94 spaces situated on an entire city block comprising 50,176 SF.

This appraisal report includes detailed studies of relevant factual data necessary to arrive at the market value estimates of the fee simple interest of the subject property as of the effective date of valuation. The following report provides the legal description and discussions of the subject's neighborhood, site, and improvements, as well as all market analyses required for the conclusions of market value. The subject was most recently inspected and photographed on June 19, 2017, the effective date of valuation.

This appraisal complies with the reporting requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Standards Board of the Appraisal Foundation, FIRREA, and the Appraisal Institute.

The market value estimates presented herein are subject to the Certification of Value and Statement of Assumptions and Limiting Conditions as noted on pages 4 and 5 as well as any Hypothetical Conditions listed below.

Based upon the market analyses presented within this appraisal report as well as the investigations and studies, it is my opinion that the market values of the fee simple interest of the subject property as of June 19, 2017, were:

<u>ESTIMATE OF MARKET VALUE</u>	<u>\$1,100,000</u>
Office Property, As Is	
<u>ESTIMATE OF MARKET VALUE</u>	<u>\$ 580,000</u>
Parking Lot, As Is	
<u>ESTIMATE OF MARKET VALUE</u>	<u>\$1,680,000</u>
Total Property	

The following report presents all the relevant factual data that resulted in the estimates of market value for the subject property.

Respectfully submitted,

Rhodes & Rickolt, P.A.

Digitally signed by Thomas E.
Rhodes, MAI, SRA
Date: 2017.06.21 15:04:14 -04'00'

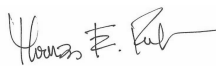
Thomas E. Rhodes, MAI, SRA, AI-GRS
State-Certified General Appraiser License No. RZ527

➡ CERTIFICATION OF VALUE

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

- ➡ The statements of fact contained in this report are true and correct.
- ➡ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and 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 no personal interest with respect to the parties involved.
- ➡ I have performed no services, as an appraiser or in no other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ➡ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ➡ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ➡ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ➡ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- ➡ I have made a personal inspection of the property that is the subject of this report.
- ➡ No one provided significant real property appraisal assistance to the person signing this certification.
- ➡ The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- ➡ 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 have completed the continuing education program for Designated Members of the Appraisal Institute.

DATE: June 22, 2017



Digitally signed by Thomas E.
Rhodes, MAI, SRA
Date: 2017.06.21 15:04:32 -04'00'

Thomas E. Rhodes, MAI, SRA, AI-GRS
State-Certified General Real Estate Appraiser #RZ527

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

➡ **ASSUMPTIONS & LIMITING CONDITIONS**

The value estimates that result from the analyses, opinions, and conclusions of this appraisal report are subject to the following assumptions and limiting conditions:

1. The contents of this appraisal report are confidential and no one other than the client will use or rely upon this report or a copy thereof, in whole or in part, including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which we are connected, for any purposes. Exceptions to this include a third party as specified in writing by the client. The expressed written consent of the appraiser must be obtained by all other parties before the representations of the appraisal report, expressed or implied, will inure to the benefit of the third party.
2. Information, opinions, and estimates provided by sources other than the undersigned that are included within this report are believed to be reliable and accurate. However, we assume no responsibility or liability for inaccurate representations made by others.
3. The content of this appraisal report is to be utilized in total with no portions or fractions thereof being used separately or taken out of context. Redistribution of this report in any other form than in total could be misleading to the reader and misrepresent the conclusions of value presented within the report. We assume no liability for such actions by others.
4. The value conclusions presented within this report are contingent upon competent management of the subject property and business. Knowledgeable management of the property is critical to the success of the operation; it is therefore assumed to be an extension of the highest and best use of the property.
5. No opinion within this report is intended to be expressed for legal matters or that which would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers; although, such matters may be discussed within the report.
6. We have rendered no opinion of title. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed within the report.
7. The value findings of this appraisal are contingent upon the conclusions of a qualified survey of the subject property in terms of size, dimensions of the land and/or improvements, and the location of those on-site improvements. Significant differences between the survey and the representations made by the client and reported herein may result in the need for reevaluation of the appraisal process as it relates to the subject. Any sketches of the subject property (land and/or improvements) presented within the report are for visualization purposes only.
8. Although the flood hazard status for the subject property has been stated within the report, it is recommended that more in-depth information be obtained prior to development upon the sites.
9. We assume no responsibility for hidden or unapparent conditions of the property, soil structure, or improvements that would impact the value of the subject. It is incumbent upon the owner of the subject to employ experts for appropriate testing (soil borings, hydrology, seismographic) if such conditions exist. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and the properties are not subject to surface entry for the exploration or removal of such materials except as it is expressly stated.
10. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, that may or may not be present on the property, or other environmental conditions, was not called to the attention of nor did we become aware of such during the property inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. We are, however, not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde, foam insulation, radon gas, or other hazardous substances or environmental conditions, may affect the value of the property, the values estimated are predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in 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 the field of environmental impacts upon real estate if so desired.
11. The conclusions presented within this report are warranted as accurate representations of value, subject to the Certification of Value and Statement of Assumptions and Limiting Conditions specified herein, as of the

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effective date of valuation. We assume no responsibility for economic or physical factors occurring at some later date that may affect the opinions of value herein stated.

12. The conclusions of value presented within the report are opinions and estimates of the appraisers. There is no guarantee, written or implied, that the subject property will sell for the precise estimates of value contained herein.

13. Forecasted projections presented within this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraisers and could affect the future income or value projections.

14. If this appraisal is to be used for mortgage loan purposes, the applicable lending procedures must be consistent with acceptable lending practices as promulgated by the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation, and the Savings Association Insurance Fund (formerly the Federal Savings and Loan Insurance Corporation). We assume no liability for a loss in value applicable to the subject, or its proposed development, that occurs as a result of lending practices that vary from generally accepted mortgage underwriting guidelines as established by institutions such as the OCC, FDIC and the SAIF, or when the loan proceeds are diverted to other parties, uses or properties.

15. Expert witness testimony or attendance in court or at any other hearing by Thomas E. Rhodes, MAI, SRA, AI-GRS is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.

16. Disclosure of the contents of the appraisal report is governed by the bylaws and regulations of the Appraisal Institute.

17. This appraisal report, including the format style, spreadsheet data and addenda, is the property of the appraisal firm of **Rhodes & Rickolt, P.A.** and no portion of the report is to be reproduced without the expressed written permission of **Rhodes & Rickolt, P.A.**

18. The value conclusions of this report are subject to these assumptions and limiting conditions as well as others stated or implied within the report.

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)



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#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

➡ EXECUTIVE SUMMARY

Identification of Subject

Ocala/Marion County Visitors & Convention Bureau office property located at 112 North Magnolia Avenue in Ocala, Marion County, Florida; and an adjacent county parking lot

Property Rights Appraised

Fee simple interest

Use of Appraisal

Internal purposes

Appraisal Dates

Date of Inspection: June 19, 2017
 Date of Valuation: June 19, 2017
 Date of Report: June 22, 2017

Site Data

Office Property:

Size: 25,088 SF; .576 AC
 Zoning/Land Use: B-3, Central Business/High-Intensity/Central Core
 Characteristics: North half of city block; completely covered by building and parking areas; three road frontages

Parking Lot Property:

Size: 50,176 SF; 1.152 AC
 Zoning/Land Use: GU, Governmental/ High-Intensity/Central Core
 Characteristics: Entire city block; completely covered by asphalt paving for 94 parking spaces; four road frontages

Improvement Data

Office Property:

Type: One and two-story former bank building; masonry construction with brick and CBS exterior walls, flat roof system with built-up covering, storefront windows and doors, slab and wood floor systems; drive-thru canopy with (4) lanes; divided into two units

Size: Ocala/Marion Visitors Bureau: 6,243 SF
 Guardian Ad Litem: 5,142 SF
 Total NRA: 11,385 SF

Age: Built in 1923; additions and renovations in 1985, 1996, 1997, 2005

➡ EXECUTIVE SUMMARY

Parking Lot Property:

Type: 46,800 SF of asphalt paving utilized for 94 parking spaces;
concrete curbing, drainage, security lights, landscaping & irrigation

Highest and Best Use

Office Property: Office use
Parking Lot Property: Office/governmental use

Market Value Indicators, Office Property, As Is

<u>Sales Comparison Approach</u>	\$1,140,000
11,385 SF @ \$100.00/SF, rounded	
<u>Income Capitalization Approach</u>	\$1,060,000
\$92,071 ÷ 8.70%, rounded	
<u>ESTIMATE OF MARKET VALUE</u>	<u>\$1,100,000</u>
Office Property, As Is	

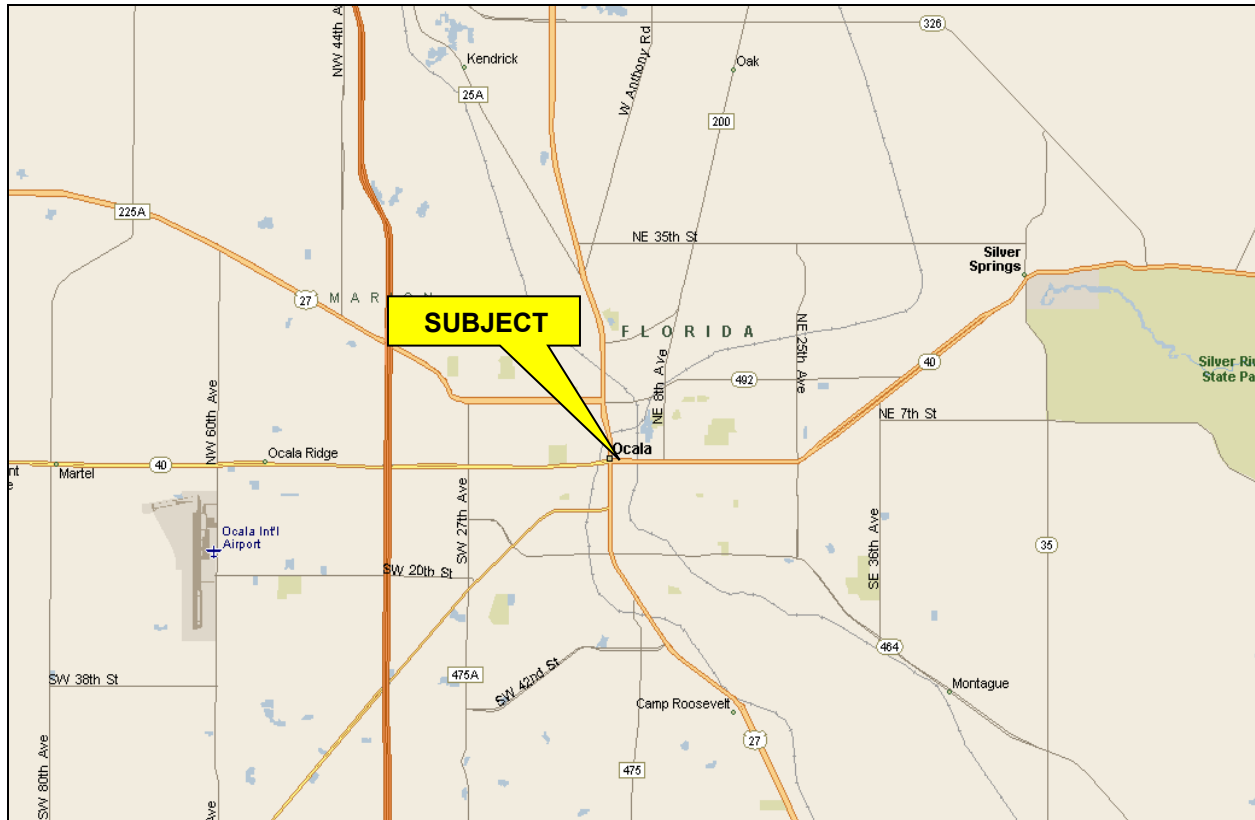
Market Value Indicators, Parking Lot Property, As Is

<u>Sales Comparison Approach</u>		\$ 580,000
Land: 50,176 SF @ \$90.00/SF=	\$450,000	
CV of Site Improvements=	<u>30,000</u>	
<u>ESTIMATE OF MARKET VALUE</u>		\$ 580,000
Parking Lot Property, As Is		

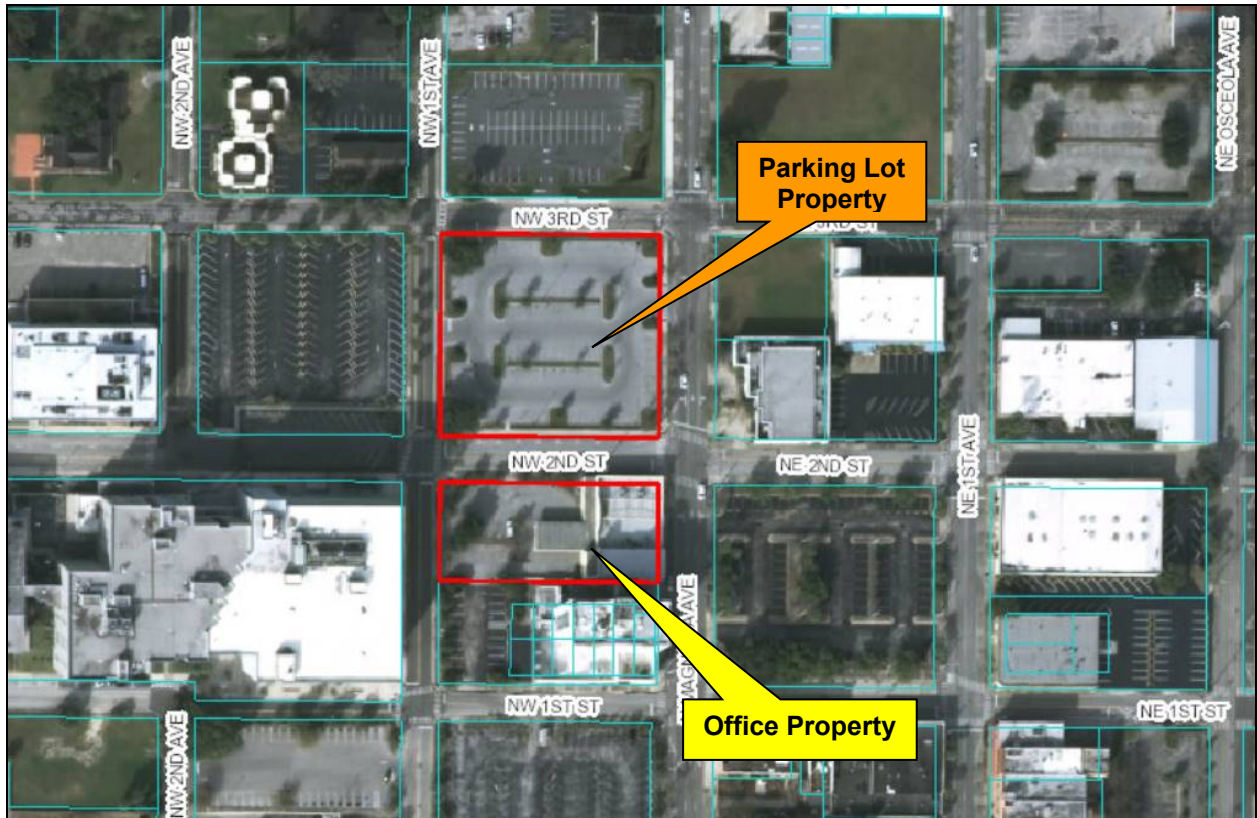
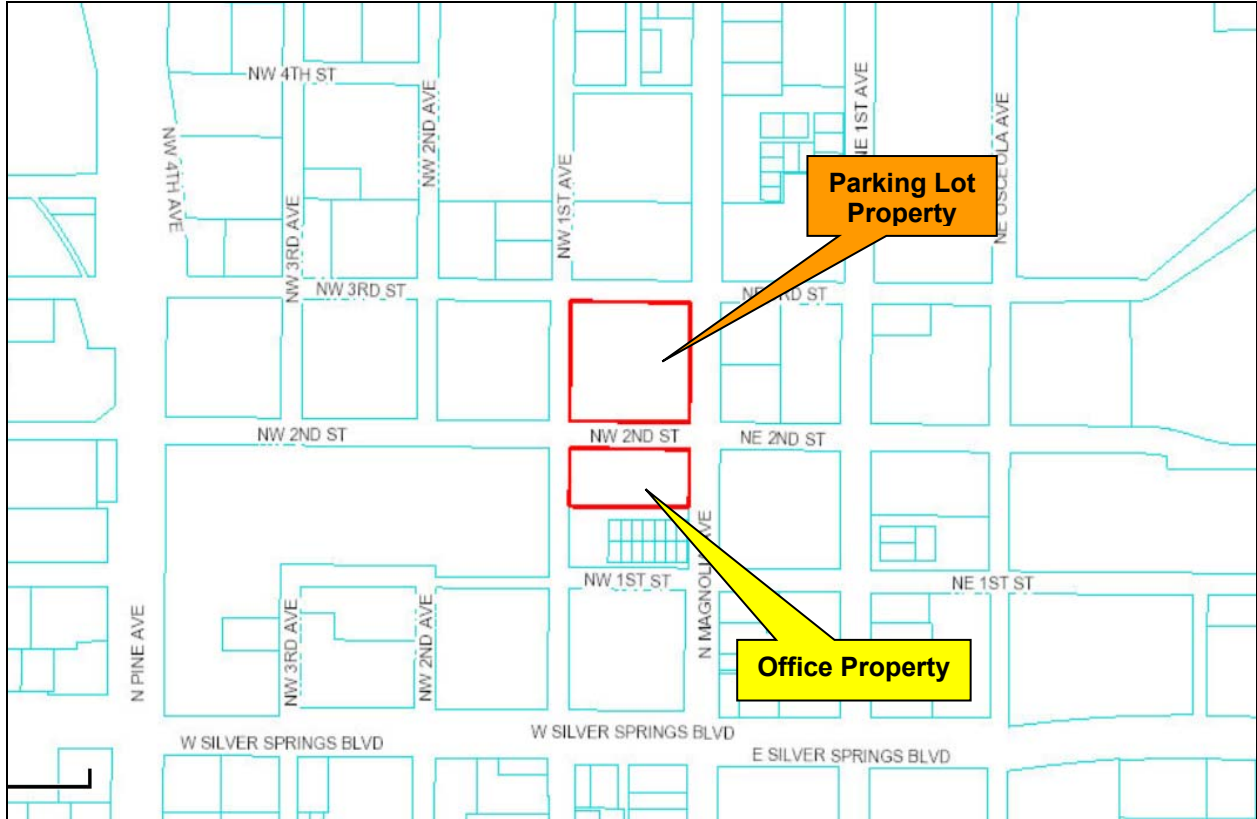
<u>ESTIMATE OF MARKET VALUE</u>	<u>\$1,680,000</u>
Total Property, As Is	

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

LOCATION MAPS



➔ LOCATION MAPS



#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)



PHOTOGRAPHS

Date Taken: June 19, 2017



Front view of the subject office from the corner of N. Magnolia Avenue and NW 2nd Street facing SWLY. It was originally built in 1923 with subsequent renovations.



View of the north and west elevations of the office building from along NW 2nd Street facing SELY.

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➡ PHOTOGRAPHS



The drive-thru canopy was added in 1997, comprises (4) lanes, and is used for employee parking.



Interior view of the lobby area of the Visitors Bureau unit. The former teller area is on the right side of photo.

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➡ PHOTOGRAPHS



View of one of the offices in the Visitors Bureau unit.



This is the conference room of the Visitors Bureau unit.

➡ PHOTOGRAPHS



The former drive-thru teller office is used for storage purposes.



View of the employee lounge.

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➡ PHOTOGRAPHS



The former teller area is used for office space.



The former bank vault is also used for office space.

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➡ PHOTOGRAPHS



View of one of the private offices in the Guardian Ad Litem unit.



View of the conference room in the Guardian Ad Litem unit.

➡ PHOTOGRAPHS



The large work area is divided into several office cubicles.



View of the employee lounge in the Guardian Ad Litem unit.

➡ PHOTOGRAPHS



View of N. Magnolia Avenue facing south. The subject building is to the right of photo.



View of NW 2nd Street facing east. The office property is to the right of photo while the parking lot property is to the left.

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➡ PHOTOGRAPHS



View of the parking lot property from the corner of N. Magnolia Avenue and NW 2nd Street facing west.



View of the parking lot property from along the east boundary of the site (N Magnolia Ave) facing south.

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➡ PHOTOGRAPHS



View of N. Magnolia Avenue from the SE corner of the parking lot property facing north.
The parking lot is to the left of photo.



View of NW 1st Avenue from the NW corner of the parking lot property facing south. The
parking lot is to the left of photo.

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➡ IDENTIFICATION OF SUBJECT PROPERTY

The subject property of this appraisal is identified as the Ocala/Marion County Visitors & Convention Bureau office property located at 112 North Magnolia Avenue in Ocala, Marion County, Florida, and an adjacent county parking lot. The office property is improved with a one and two-story former bank office including approximately 11,385 SF divided between two units situated on a half city block comprising about 25,088 SF. The parking lot property comprises 94 spaces situated on an entire city block comprising 50,176 SF.

➡ APPRAISAL DATES

The effective dates of this appraisal are noted below.

Date of Inspection: June 19, 2017

Date of Valuation: June 19, 2017

Date of Report: June 22, 2017

➡ OBJECTIVE AND INTENDED USE OF APPRAISAL

The objective of this appraisal is to estimate the market values of the subject property identified herein as of the effective date of the appraisal. According to the client, the intended use of this appraisal is for internal purposes.

➡ SCOPE OF WORK

Stephanie Galarza, BBAM, with the Office of the County Engineer, the client and intended user of this appraisal, has employed **Rhodes & Rickolt, P.A.** to appraise the subject property identified herein for internal purposes.

This is an **Appraisal Report** as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2. This format provides summary descriptions of the appraisal process, subject property, market data, and valuation analyses.

The appraisal problem herein is to estimate the market values of the fee simple interest of the subject property as of the effective date.

All appraisals begin by identifying the appraisal problem. Data concerning the subject property is determined from various sources including, but not limited to, the property owner, various governmental agencies, surveys and building plans, and engineering studies/reports. When possible, more than one source is utilized to confirm data, and within the report the source is identified. Should plans or a building sketch be available, the measurements are confirmed for accuracy. Land size is based on surveys, public records, and/or recorded plats. Descriptions of improvements are based on visual

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inspection and/or plans. The age of the improvements is based on public records or discussions with knowledgeable parties.

For valuation purposes, the approaches to value include the Cost Approach, Sales Comparison Approach, and the Income Capitalization Approach. For each assignment, all approaches to value are considered. However, depending on the property being appraised not all approaches are applicable. Comparable sales and rentals are inspected by the appraiser and the sale prices are confirmed with a party to the transaction (buyer, seller, real estate Broker, or closing attorney), or through public records.

Research of comparable sales and rentals include, but are not limited to, the following data sources:

- ◆ Multiple Listing Services
- ◆ Marion County Property Appraiser
- ◆ CoStar Comps
- ◆ Newspaper articles
- ◆ Loopnet.com
- ◆ Local Brokers/Property Managers
- ◆ Appraisal peers

The scope of work applicable to this appraisal assignment includes physical inspection of the subject property and the surrounding influences of the neighborhood; determine the highest and best use of the subject, as vacant and as improved; research the market for sales and rentals of former bank and professional office buildings as well as commercial land sales for comparison to the subject; analyze the market data as it relates to the subject making appropriate adjustments to the sale prices and rental rates, as needed; conclude the market values of the subject property as of the effective date from the range of value indicators; and finally, prepare an Appraisal Report that summarizes the analyses and conclusions of the appraiser.

The market identified for analysis purposes and conclusion of value herein includes the current and competitive open market using sales and rentals of professional office buildings and vacant commercial land sales. Due to the highly subjective nature of cost and depreciation estimates, as well as the irrelevance of this approach in the current market, the Cost Approach is not presented herein. Valuation of the subject property will include only the Sales Comparison and Income Capitalization Approaches. The approaches to value used herein are considered sufficient to develop credible assignment results in solving the appraisal problem.

The value conclusion presented herein **excludes** the value of personal property including furnishings, fixtures, and equipment (F, F & E) as well as business inventory. As well, the valuation process excludes goodwill of the business, intangible and/or business enterprise value. The conclusion of value is limited strictly to real estate; that is, land and improvements that are identified within this report.

The scope of work for this assignment has been described above and is considered acceptable for this appraisal assignment.

➡ PROPERTY RIGHTS APPRAISED

The value conclusions presented herein acknowledge the fee simple interest of the subject property.

Fee Simple Interest

Fee simple interest 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.

➡ MARKET VALUE DEFINITION

The following definition was compiled from ***The Uniform Standards of Professional Appraisal Practice, (USPAP), 2016-2017 Edition*** as promulgated by ***Title XI, of the Financial Institutions Reform, Recovery, and Enforcement Act, of 1989 (FIRREA, 12 CFR 34, subpart C-Appraisals 34.42 (g).***

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

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

Exposure & Marketing Time

The following definitions were compiled from ***The Uniform Standards of Professional Appraisal Practice, (USPAP), 2016-2017 Edition***.

- ➡ **Exposure Time** is the estimated length of time the property interests appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value upon the effective date of the appraisal.
- ➡ **Marketing Time** is the time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

Both estimates of time are theoretical in nature as *exposure time* is always presumed to precede the effective date of appraisal while *marketing time* occurs after the effective date of the appraisal.

The exposure and marketing time for the subject is considered similar as there has been no measurable or foreseeable change in market conditions that would necessitate differentiation between the two. Based on the sales presented within this report as well as acknowledging the current economy and office market in Ocala/Marion County, the projected exposure and marketing time for the subject property is estimated at **6 to 12 months**.

➡ LEGAL DESCRIPTION

Lots 1 and 2, Block 43; and all of Block 42, Old Survey of Ocala, as recorded in Plat Book E, Page 1 of the public records of Marion County, Florida.

➡ PROPERTY OWNERSHIP

As of the date of the appraisal, ownership of the subject property is identified as:

Marion County
412 SE 25th Avenue
Ocala, Florida 34471

➡ OWNERSHIP HISTORY

The subject has been in the same ownership for at least the past five years. It is not listed for sale, leased, or under contract for purchase.

➡ PROPERTY ASSESSMENT

The subject property is included in the 2017 Marion County Property Assessment Roll as noted in the table below. Because the property is owned by Marion County, taxes are not applicable.

2017 PROPERTY ASSESSMENT INFORMATION					
Prop. ID	Parcel No.	Land Value	Imp. Value	Taxable Value	2016 Taxes
Office	2854-043-001	\$100,352	\$589,648	\$690,000	\$0
Parking Lot	2854-042-000	<u>\$150,528</u>	<u>\$ 31,089</u>	<u>\$181,617</u>	\$0
Total:		\$250,880	\$620,737	\$871,617	\$0

➡ **ZONING/LAND USE CLASSIFICATIONS**

Per the City of Ocala Land Development Code and Comprehensive Land Use Plan, the subject property includes the following classifications:

Zoning

B-3, Central Business (Office Property)

The intended purpose of the B-3 district is to enhance the commercial, professional, and governmental activities in the central business district (B-3). Lot and building regulations are intended to allow intensive development and encourage uses requiring a central location. This district shall permit a maximum of 50 dwelling units per acre for multifamily development.

G-U, Governmental (Parking Lot Property)

The government (G-U) district is intended to apply to those areas where the uses conducted are those primarily of national, state, county, or city governments. Areas classified G-U are shown on the official zoning map, but no column for G-U use restrictions is shown in division 2 of this article, since any lawful government use or related use, including commercial and industrial development at the Ocala International Airport, can be carried on in a G-U district. However, any governmental use or related use shall be compatible with surrounding uses.

Future Land Use

High Intensity/Central Core (Both Parcels)

The intent of this designation is to identify the area suitable for the most intense residential and non-residential development within the City, generally represented as "High Intensity" on the Ocala 2035 Vision. It is anticipated to provide a broad mix of residential, retail, office, governmental, cultural, and entertainment activities that allow residents to live, work, shop, and play within the same area. Specialty shops, restaurants, and residential development shall line the streets, creating a unique environment distinct from suburban retail centers. The High Intensity/Central Core is located in the central area of the City as depicted on the 2035 Future Land Use Map and includes the historic downtown square, central business district, municipal administration buildings, North Magnolia Community Redevelopment Area, and the hospital district. This intense mix is intended to promote a compact and walkable urban form that supports multi-modal transportation, including bicycles and transit.

The High Intensity/Central Core category facilitates developments with a variety of uses. Permitted uses include residential, office, commercial, public, recreation, educational facilities and institutional. Light industrial shall only be allowable in designated locations as specified in the Land Development Code and must meet the intent of the High Intensity/Central Core category, including form and design guidelines as applicable.

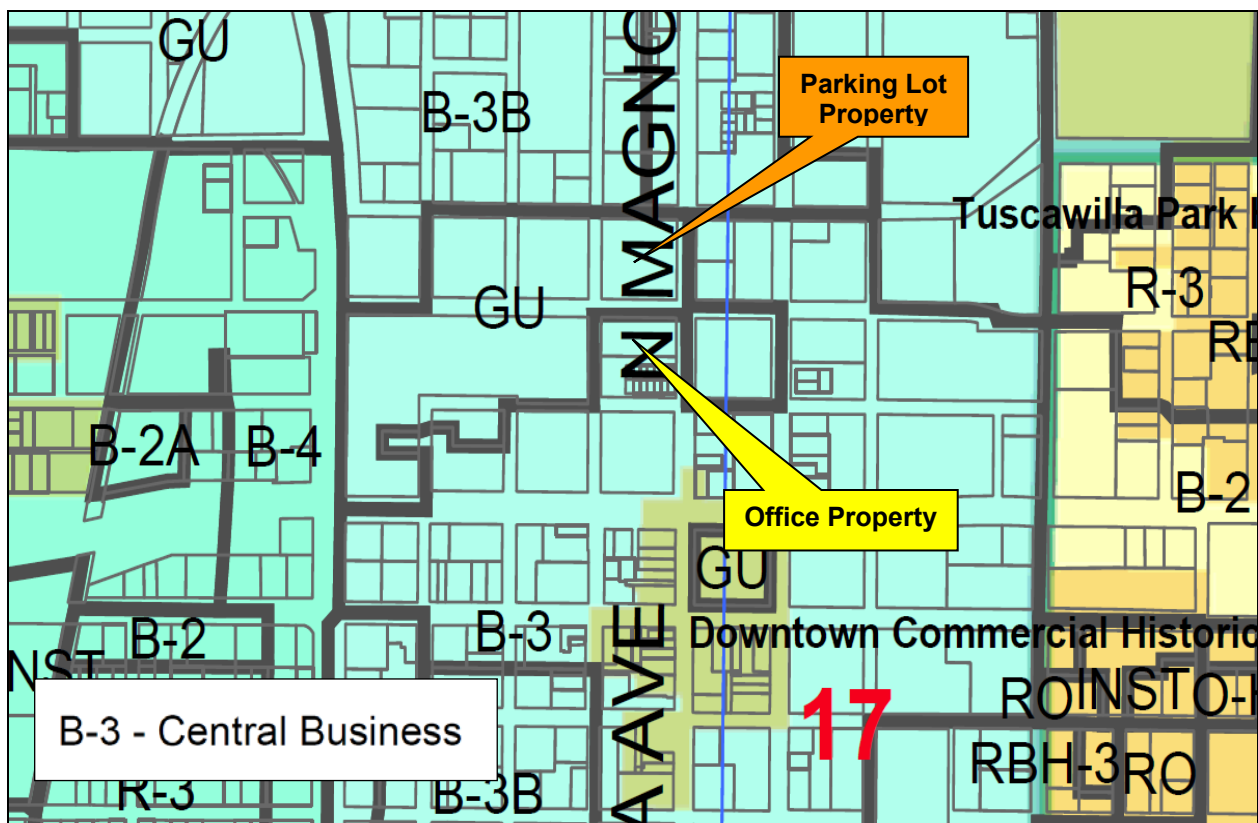
The form of buildings and development shall be regulated by a Form Based Code. Buildings shall have small setbacks from the street and may have zero setback from the public right-of-way, provided that wide pedestrian sidewalks and pathways are established between the street and buildings, as depicted in Figure A. Architectural styles that are complementary to historic buildings are encouraged. Wide sidewalks, pocket parks, plazas, and civic areas shall be provided to encourage pedestrian activity. Shade for pedestrians should be provided through landscaping or building design components, such as balconies, arcades, awnings, and canopies. Parking occurs on-street or in structured parking lots, as depicted in Figure B. Surface parking may be permitted on a case-by-case basis.

The minimum density and intensity before any incentives in this future land use category is 12 dwelling units per gross acre or 0.20 FAR. The maximum density and intensity before any incentives is 60 dwelling units per acre or 8.0 FAR. The location and application of incentives shall be set forth in the Land Development Code.

Increased density and intensity incentives may be approved for inclusion of workforce housing, green building and sustainable design standards, setting aside right-of-way for trails, employment-generating uses, exemplary urban

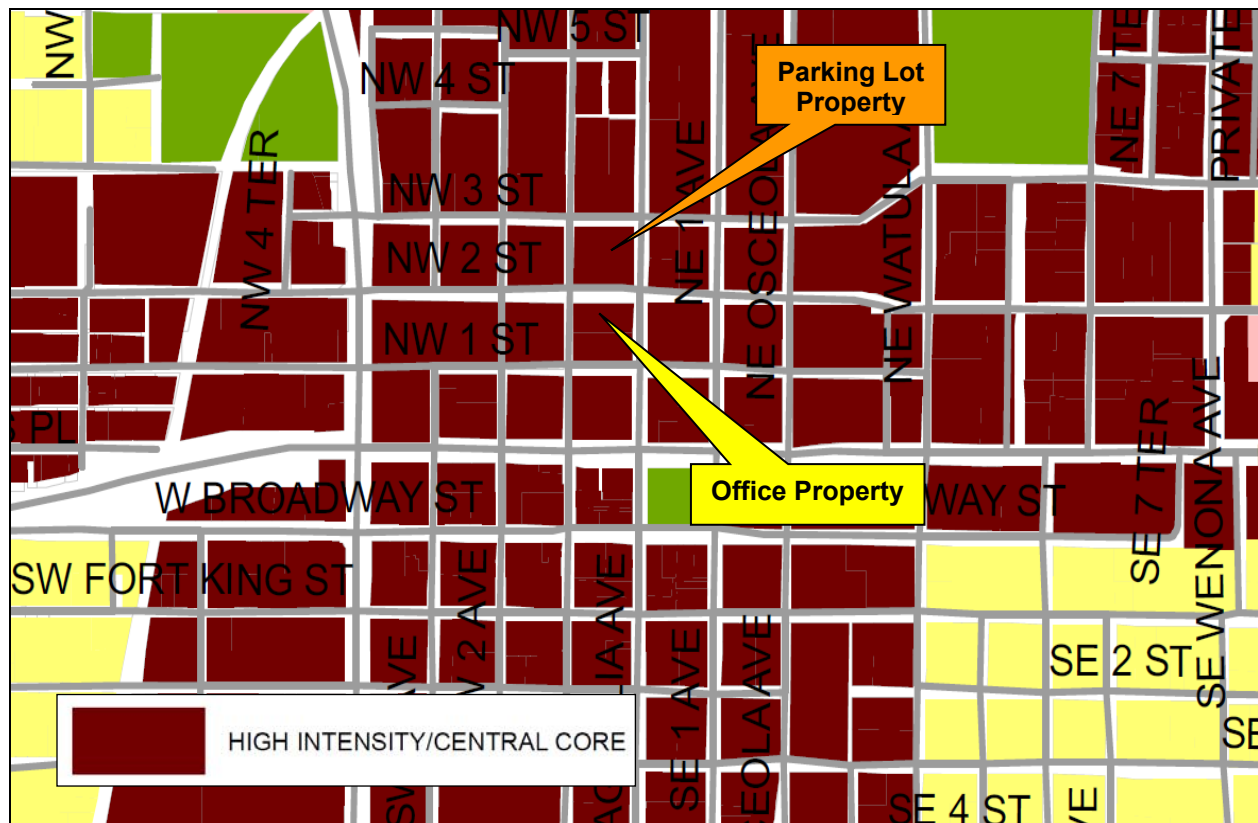
The current use of the subject as an office facility is allowable and conforms with these classifications.

Zoning Map



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Land Use Map



NEIGHBORHOOD DESCRIPTION

The neighborhood that impacts the highest and best use of the subject property is most appropriately defined as downtown Ocala. This neighborhood extends from SW 10th Street, the south boundary, to about NE 7th Place, the north boundary. The east boundary is E. 3rd Avenue and the west boundary is Pine Avenue (US Hwys 27/301/441).

Silver Springs Boulevard (SR 40) is a four-lane state highway that extends in an east/west direction through the middle of the downtown area connecting east Ocala to US Hwys 27/301/441 and I-75 to the west. Magnolia Avenue and E. 1st Avenue both provide the primary north/south access within the neighborhood. The neighborhood is also well served by a network of interior paved streets that connect to other areas of Ocala.

The subject neighborhood comprises a variety of land use including governmental, commercial, professional and medical office, and residential. The majority of improvements within the defined neighborhood consist of older buildings, many of which have undergone extensive renovations in recent years. This revitalization has increased the occupancy and rental rates of the buildings and has attracted new tenants to the downtown area. One such project is a residential condo development that was recently completed two blocks east of the square. 302 Broadway was renovated from the former Sprint Telephone building, and is a 3-story building that offers (18) loft-style condos with nine sold within the last 12 months.

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The revitalization of historic downtown Ocala began in the early 1990's and has included the renovation of many downtown buildings as well as new sidewalks, park benches, light posts and fixtures, planters, trash receptacles, and landscaping. The focal point of this revitalization is the downtown square. Renovated in 1998, the square now hosts an open-air meeting area with park benches and historic gazebo, decorative lighting, and extensive landscaping. The City has played a pivotal role in the revitalization process by scheduling a variety of festivals and events for the downtown area that has resulted in increased pedestrian traffic for the business concerns located near the square. As a result, new businesses have opened including restaurants and a variety of retail shops. The recent demolition of the Chamber of Commerce building (facing the square) is part of the City's commitment for further downtown development to include retail shops, offices, and residential condo construction. A hotel is planned for that parcel.

The commercial uses of the area include both professional offices and retail properties. The retail properties provide the majority of traffic for the downtown area, and include frame and craft shops, bookstores, hair and nail salons, antique stores, restaurants, and taverns. Competing restaurants/bars within the downtown area include Sushi Bistro, Harry's Grill & Bar, Pi on Broadway, Feta, Brick City Barbeque, Mark's Prime Steakhouse, La Cuisine, Magnolia Bakery, and others. The professional offices are predominately multi-tenant properties occupied by law firms and related concerns that benefit from proximity to the Marion County Judicial Center, Courthouse, and Federal Building.

The downtown area had been a haven for banking headquarters with Bank of America, SunTrust, CenterState Bank, Wells Fargo, Compass, and Heritage Banks having their main offices on or near the square. However, Bank of America and Heritage Bank (now Renasant) have closed their offices and moved to smaller branch locations. Wells Fargo is in the process of doing the same. That leaves SunTrust, CenterState, and Compass with a downtown presence; but due to recent changes in the banking industry, those facilities are probably short-lived.

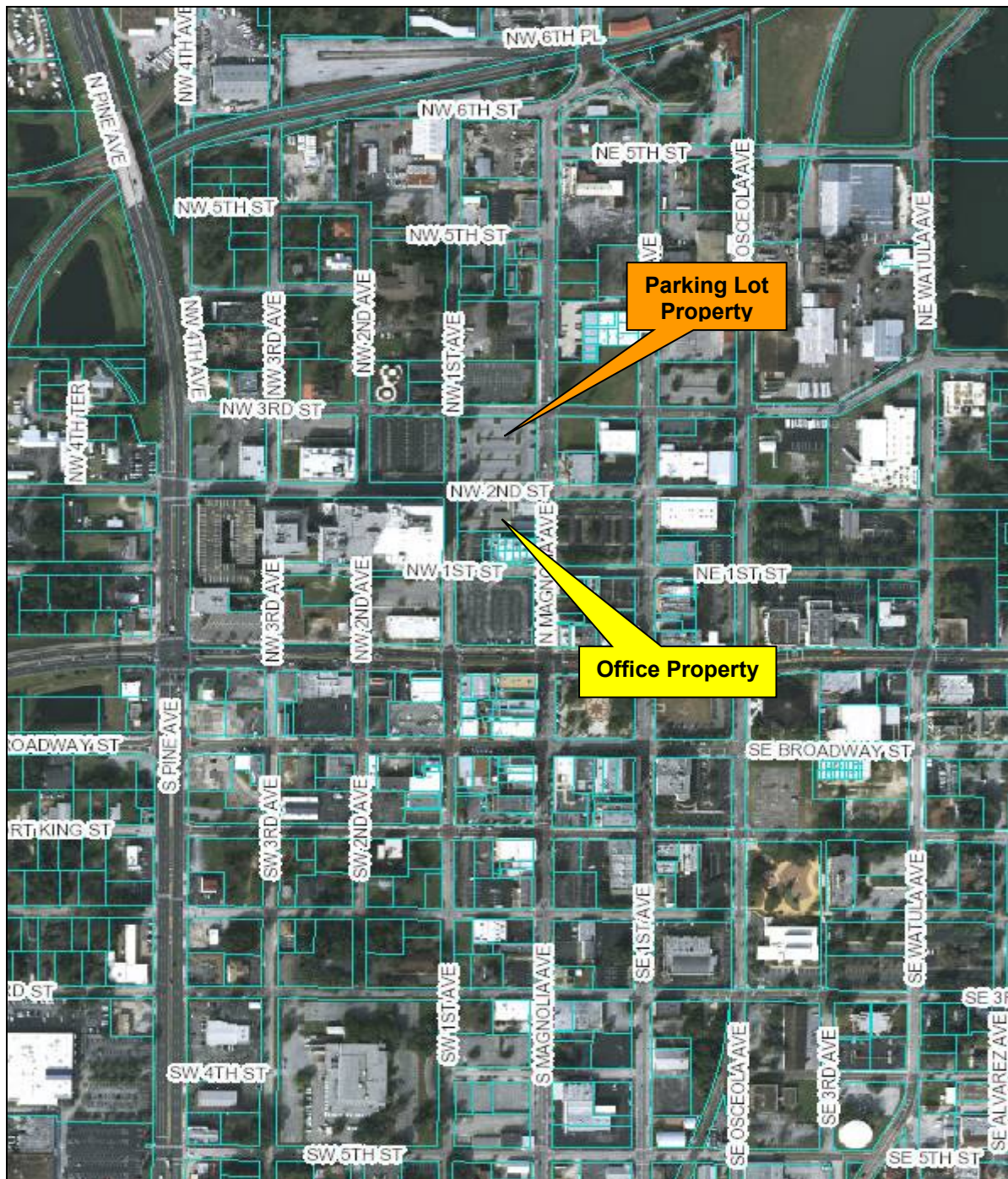
The governmental uses of the neighborhood include Ocala City Hall and various ancillary departments occupying freestanding buildings nearby. They comprise Planning & Zoning, Electric Utilities, Survey and Fleet Parking, Maintenance, Mortgage Dept., Credit Union, Chamber of Commerce, auxiliary water/sewer plant, and Engineering. Citizen's Circle is a common area in front of City Hall that has a water feature for kids and serves as a concert venue. As well, the Historic Marion Theater is located just off the square and provides first run movies in a restored art deco theater from the 1950's.

The one drawback to the downtown area has been the historical lack of parking. This has been somewhat relieved by the recent completion of a 3½-story parking garage located one block east of the square that offers 402 spaces. Even so, those properties that provide on-site parking have an advantage and are typically able to command higher sale prices and rental rates.

The revitalization of downtown Ocala has sparked greater demand for retail commercial and office use in the area. The lack of vacant land for development purposes within the downtown area has placed a premium on existing structures, and renovation of older properties will continue to lead this market sector. As a result, the building renovations

have generated higher sale prices, increased occupancy, and positive rental rates in recent years. This is evidenced by current and recent renovations including the former Downtown Pawn building, the former Ayres Cluster law office, the former Melting Pot restaurant, Sushi Bistro, La Cuisine, Enve hair salon, and others. New development includes a Starbuck's/Jimmy John's retail plaza west of the square on S. Pine Avenue as well as a proposed Racetrac to be located at the intersection of W. Silver Springs Blvd. and S. Pine Avenue. Overall, the downtown area has seen increased shopping in recent years and has established itself as a competitive market for Ocala.

Neighborhood Map



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➡ SITE DESCRIPTION

Office Property

According to information provided by the Marion County Property Appraiser's website, the office property comprises the north half of a city block that is bounded on the east by North Magnolia Avenue, on the north by NW 2nd Street, and on the west by NW 1st Avenue. The site includes approximately 25,088 SF, or .576 acres, with 112 FF along both North Magnolia Avenue and NW 1st Avenue and 224 FF on NW 2nd Street. The site is fairly level at about 90' with a slight downward slope to the southeast. Except for landscaped areas along the north boundary and in the west parking area, the entire site is improved with the office building and asphalt paving. Adjacent uses include the Parking Lot property to the north, Sovereign Building to the south, City parking lot to the east, and the Marion County Judicial Center/Courthouse to the west.

Parking Lot Property

The parking lot property comprises an entire city block that is bounded on the east by North Magnolia Avenue, on the north by NW 3rd Street, on the south by NW 2nd Street, and on the west by NW 1st Avenue. The site includes approximately 50,176 SF, or 1.152 acres with 224 FF along all roads. The highest elevations are noted along the south boundary at about 90' above mean sea level while the lowest terrain is located at the northeast corner at about 85' above mean sea level. Including landscaped areas along the boundaries, the site is improved with asphalt paving, concrete curbing, security lighting, and underground drainage for 94 parking spaces. Adjacent uses include the City Parking Lot 14 to the north, the Office Property to the south, CAB Reporting and Trentleman Law office to the east, and the Judicial Center/Federal Building parking lot to the west.

North Magnolia Avenue is a one-way city street with three traffic lanes, curb and gutters, concrete sidewalks, overhead electric service, underground storm drainage, street lights, and a complete complement of city utilities. NW 1st Avenue, NW 2nd Street, and NW 3rd Street include two-way traffic with two lanes. Street improvements are similar to North Magnolia Avenue. According to FEMA Map #12083C0509D, dated April 14, 2017, the subject parcels are located in Zone X, an area of minimal flood hazard.

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FEMA Flood Map



➡ IMPROVEMENTS DESCRIPTION

Office Property

The office property is improved with the former Ocala National Bank main office that was originally constructed in 1923 as part of the Marion Hotel (now known as the Sovereign Building). In 2005, it was purchased by Marion County and renovated to the Ocala/Marion Visitors & Convention Bureau and the Guardian Ad Litem offices. The one and two-story structure comprises about 11,385 SF of net rentable area divided between 6,243 SF for Visitors Bureau unit and 5,142 SF for the Guardian unit. The rectangular structure has a 160 SF covered front entrance and a 1,517 SF rear canopy for the (4) former drive-thru teller lanes (both used by the Visitors Bureau unit) for a gross building area (GBA) of 13,062 SF.

The building includes masonry construction with stucco over brick walls with decorative banding along the elevations, built-up flat roof system with steel girder and brick or CB pilaster support columns (decorative rounded parapet along the west elevation), aluminum storefront windows along the north and east elevations, glass and metal entry doors, canvas awning along the Visitors Bureau east side entrance, and slab floor system for the ground floor and wood sub-floor for the upper floor.

The former drive-thru teller area includes a built-up flat roof system with raised parapet supported by CBS support columns, four lanes, and a window teller. It is now being used for covered employee parking.

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The **Visitors Bureau unit** comprises one story with 6,243 SF, and is divided between the lobby, former teller area used for office space, former vault used as an office, copy room, supply room, (8) private offices, conference room, (4) storage rooms (one being the former drive-thru teller office), employee lounge, and (2) restrooms.

Interior refinements include carpet and ceramic tile flooring, painted drywall walls, suspended acoustic tile ceilings, and fluorescent and recessed can lighting. The lobby area is decorated with ceramic tile and carpet flooring while the former teller area has a wood counter area with base cabinets, decorative fluorescent lighting, and (3) work stations. The private offices and conference room have glass walls overlooking the lobby. The storage areas have average finish with carpet, painted drywall walls, suspended acoustic tile ceilings, and fluorescent lighting. The women's restroom has (2) toilets and (2) lavatories while the men's room has (1) toilet, (1) urinal, and (2) lavatories. The employee lounge includes Formica base cabinets, a sink, and refrigerator. This unit is in average condition.

The **Guardian unit** comprises two stories with a total of 5,142 SF. The ground floor (2,612 SF) is divided into an entrance foyer, (5) private offices, conference room, large work area with (8) cubicles, employee lounge, and (2) half baths. Access to the upper floor is via a carpeted stairway located adjacent to the foyer. The upper floor (2,530 SF) is divided into (2) large work areas, (2) private offices, (4) storage rooms, (2) half baths, and a rear emergency stairway.

The interior has average finish with carpet, painted drywall walls, suspended acoustic tile ceilings, and fluorescent lighting. The emergency stairway has slab flooring, painted CB walls, open ceiling, fluorescent lighting, and metal and concrete stairway. The upper floor area is in average condition.

Mechanical items include roof-top central heat and air conditioning units ducted throughout, sufficient electric service, 40-gallon electric water heater, and extensive security system. The mechanical room is located on the ground floor and is unfinished.

Site improvements include about 11,000 SF of asphalt paving utilized for interior drives and (14) parking spaces, 6" concrete barrier curbing that lines the parking area, 350 SF of concrete paving, 550 LF of CB retaining wall along the south boundary, underground drainage to off-site water retention area, ornamental landscaping with irrigation system, and identification signage.

As previously mentioned, the subject building was originally constructed in 1923 with subsequent renovations and additions in 1985, 1996, and 1997. In 2005, it was renovated to its current use. Based on my inspection, the effective age is estimated at about 15 years. There was no observed measure of deferred maintenance applicable to the office property.

Parking Lot Property

The parking lot property is improved with asphalt paving utilized for (94) parking spaces used for public parking. The parking lot includes about 46,800 SF asphalt paving, concrete wheel stops, 1,800 LF of concrete curbing, underground drainage to an offsite water retention area, (6) security lights, and ornamental landscaping with irrigation.



➡ HIGHEST AND BEST USE

The basis of an appropriate conclusion of market value is the identification of the most profitable and competitive use to which a property can be put. This is accomplished through an analysis of the property's highest and best use. The highest and best use of a property is shaped by the competitive market forces within its physical and economic neighborhood. Therefore, the study and conclusion of highest and best use is an economic analysis of market interaction which impacts the subject property. This conclusion is the foundation of the market value estimate.

The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, defines highest and best use as, "the reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value." Highest and best use analysis considers the subject property as vacant and as improved. The highest and best use conclusion must meet four tests or criteria. They are:

Legally Permissible
Physically Possible
Financially Feasible
Maximally Productive

The criteria of highest and best use are considered sequentially as they build upon each other in the analysis process. Also, the use must fulfill all the tests unless there is a reasonable probability that one of the unacceptable conditions can be changed. The following discussion presents the conclusion of highest and best use for the subject property.

Office Property

As vacant, the office property site provides an ideal location for some form of commercial use. The predominant use in the downtown area is professional office with an increased presence of retail and restaurant utilization. Acknowledging current prices and rental rates for such uses within the neighborhood, development of the site in a manner that can combine those uses would likely be a profitable venture. This would perhaps include a multi-story building with high intensity uses (retail and restaurant) on the ground floor and office uses and/or apartments on the upper floor. Due to the size of the site, this type of use is possible with sufficient land area available for limited on-site parking. As well, a mixture of retail and office would be allowable under current zoning and land use classifications. As a result, I have concluded that some form of **commercial development** including both retail and office utilization is the highest and best use of the site, as vacant.

The existing office facility conforms well to surrounding properties within the downtown district. It is situated one block north of the downtown square with good visibility and exposure provided by three road frontages. As well, the location adjacent to the Judicial Center/Courthouse and Federal Building is ideal for office use. There is sufficient land area for the building and limited on-site parking (14 spaces) which is a premium for downtown properties. As well, the building was remodeled to specifically serve as an office divided into two units. The existing use conforms to zoning and land use codes

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and it is appropriately located within the downtown area. As well, the financial feasibility is enhanced by the downtown location. Finally, office use maximizes the utility of the site. Therefore, the existing use of the subject as an **office building** represents the highest and best use of the subject site, as improved.

Parking Lot Property

Like the office property, the parking lot site provides an ideal location for some form of commercial use. However, the location two blocks north of the square may be too removed from the core activity of downtown thereby indicating a less intense use for the property. This would likely take the form of professional office. The current zoning (G-U, Governmental) is due to its adjacent location to the Federal Building and Judicial Center properties as well as public ownership but appears to be misplaced due to its frontage on N. Magnolia Avenue. A zoning and land use change that would allow some form of office development would face limited resistance due to similar nearby uses.

The property is currently being used as a parking lot, a use that is needed in the downtown area. But the City currently owns several parking lots closer to the square and the recent construction of a multi-level parking garage just off the square has lessened the need for more parking. The location of the property east of the Judicial Center and Federal Building may be ideal for some associated governmental use, most likely additional office space in association with the Judicial Center. In any event, the current use reflects an appropriate interim use until the property can be ultimately developed.

Market Participant Interviews

Interviews were conducted with several market participants including **Steve Rudnianyn**, Broker with International Property Services in Ocala, **Albert Peek**, Broker and owner of Peek Properties, Inc. of Ocala, **Sandon Wiechens**, Broker with Wiechens Realty, and local representatives of Wells Fargo. These interviews included discussions about commercial uses within the downtown area and future trends for this market sector. The consensus is that the current market is much improved due to the recent boost in the housing sector which has spurred an increase in construction starts.

Currently, market acceptance and moderate growth appear to be the norm in the subject neighborhood. Market participants agree that the residential market has improved and commercial properties are experiencing an increase in sale prices and lease rates. Furthermore, the frequency of transactions for both property types has increased, coupled with an overall reduction of days on market. The recent construction of the parking garage, the 302 Broadway condo project, renovation of several office and retail buildings, and future plans for a downtown hotel are positive steps toward improving values in the downtown area. The area around the Judicial Center has become a haven for governmental uses and law offices. The subject is well positioned for either use.

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OFFICE PROPERTY VALUATION

➡ SALES COMPARISON APPROACH

The Sales Comparison Approach of this appraisal is based on the Principle of Substitution. This principle holds that buyers and sellers go through a comparison process when selecting a property based on personal preferences, taste, opinions, and desires.

The subject neighborhood and other areas of Ocala were researched for sales of former bank buildings that were purchased for professional office use as well as stand-alone offices considered comparable to the subject in terms of location, size, age, and physical condition. Based on my studies, the sales presented in the following table provide the best reflection of value for the subject building, as is. The market was also searched for relevant listings to compare to the subject as noted in the following discussion.

The quantitative adjustment process is employed in this appraisal wherein precise percentage adjustments are applied to the sales when differences are identified. Because paired sales were not found in this market to develop market-derived adjustments for the various categories, the appraiser's general knowledge of the area and other property features form the basis on the adjustments made herein.

The unit of comparison used herein is the price per square foot of NRA. Additional information concerning the sales is noted on sale sheets located at the end of this section.

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

Professional Office Sales Analysis							
Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	
ID/Address	Marion Visitors Bureau/ Guardian Ad Litem 112 N Magnolia Ave	Former CenterState Bank 3001 SE Maricamp Road	Former Bank of America 35 SE 1st Avenue	Fmr Central Fla State Bank 11800 S US Hwy 441	Rasmussen College 2221 SW 19th Ave Rd	Lindsay Crabb Office 112 E Fort King St	Fmr. Ayres Cluster Office 21 NE 1st Avenue
City	Ocala	Ocala	Ocala	Bellevue	Ocala	Ocala	Ocala
County	Marion	Marion	Marion	Marion	Marion	Marion	Marion
Recording Date	-----	2/28/2013	11/14/2013	6/5/2014	12/22/2015	6/1/2016	1/10/2017
Sale Price	-----	\$ 2,000,000	\$ 3,300,000	\$ 1,225,000	\$ 1,080,000	\$ 1,055,000	\$ 527,500
Rentable Area	11,385	15,977	27,978	11,534	15,012	9,790	10,437
Gross Bldg. Area	13,062	25,298	28,458	12,794	15,012	9,790	10,437
Land Area (SF)	25,088	68,389	73,180	69,696	151,589	13,939	12,197
Land Area (Acres)	0.58	1.57	1.68	1.60	3.48	0.32	0.28
Year Built	1923/1985/1996	2006	1965/1992	2004	2000	1954/2016	1911/1990
Price/SF		\$ 125.18	\$ 117.95	\$ 106.21	\$ 71.94	\$ 107.76	\$ 50.54
Property Rights Conveyed		Fee Simple	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Percent Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Price		\$ 125.18	\$ 117.95	\$ 106.21	\$ 71.94	\$ 107.76	\$ 50.54
Financing Terms		Cash or Equivalent	Cash or Equivalent	Cash or Equivalent	Cash or Equivalent	Cash or Equivalent	Cash or Equivalent
Percent Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Price		\$ 125.18	\$ 117.95	\$ 106.21	\$ 71.94	\$ 107.76	\$ 50.54
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Distress Sale	Arm's Length	Arm's Length
Percent Adjustment		0.0%	0.0%	0.0%	25.0%	0.0%	0.0%
Dollar Adjustment		\$ -	\$ -	\$ -	\$ 17.99	\$ -	\$ -
Adjusted Price		\$ 125.18	\$ 117.95	\$ 106.21	\$ 89.93	\$ 107.76	\$ 50.54
Expenditures After Purchase		None	None	None	None	None	None
Percent Adjustment		0%	0%	0%	0%	0%	0%
Dollar Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Price		\$125.18	\$117.95	\$106.21	\$89.93	\$107.76	\$50.54
Time/Market Conditions							
Appraisal Date	6/19/2017						
Months Elapsed		52	44	37	18	13	5
Annual % Adj.	1.50%						
Percent Adjustment		7.00%	5.00%	5.00%	2.00%	2.00%	1.00%
Dollar Adjustment		\$ 8.76	\$ 5.90	\$ 5.31	\$ 1.80	\$ 2.16	\$ 0.51
Adjusted Price		\$ 133.94	\$ 123.85	\$ 111.52	\$ 91.73	\$ 109.92	\$ 51.05
Location		Similar	Superior	Inferior	Similar	Similar	Similar
Percent Adjustment		0.0%	-10.0%	20.0%	0.0%	0.0%	0.0%
Dollar Adjustment		\$ -	\$ (12.38)	\$ 22.30	\$ -	\$ -	\$ -
Quality of Construction		Superior	Superior	Superior	Superior	Similar	Similar
Percent Adjustment		-5.0%	-5.0%	-5.0%	0.0%	0.0%	0.0%
Dollar Adjustment		\$ (6.70)	\$ (6.19)	\$ (5.58)	\$ -	\$ -	\$ -
Age/Condition of Improvements		Superior	Superior	Superior	Superior	Superior	Inferior
Percent Adjustment		-20.0%	-10.0%	-20.0%	-10.0%	-10.0%	50.0%
Dollar Adjustment		\$ (26.79)	\$ (12.38)	\$ (22.30)	\$ (9.17)	\$ (10.99)	\$ 25.52
Use		Similar	Similar	Similar	Inferior	Inferior	Inferior
Percent Adjustment		0.0%	0.0%	0.0%	10.0%	10.0%	50.0%
Dollar Adjustment		\$ -	\$ -	\$ -	\$ 9.17	\$ 10.99	\$ 25.52
Size		Similar	Inferior	Similar	Similar	Similar	Similar
Percent Adjustment		0.0%	5.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment		\$ -	\$ 6.19	\$ -	\$ -	\$ -	\$ -
Net Percent Adjustment		-19.8%	-16.0%	-0.2%	27.5%	2.0%	102.0%
Net Adjustment		\$ (24.72)	\$ (18.87)	\$ (0.27)	\$ 19.78	\$ 2.16	\$ 51.55
Adjusted Price/SF		\$ 100.46	\$ 99.08	\$ 105.94	\$ 91.73	\$ 109.92	\$ 102.09
Mean:						\$	101.54

Conclusions

The sales presented within this study are most comparable to the subject as they include former bank buildings and office buildings located in Ocala. Based on the adjustment process as illustrated above, an indication of value near \$101.54/SF (statistical mean of all sales) is appropriate for the subject. The range is from \$91.73/SF to \$109.92/SF, a difference of \$18.19/SF, or 17%.

Improved Sale 1 is located three miles southeast of the subject at 3001 SE Maricamp Road, and is identified as the former **CenterState Bank main office**. It was purchased for office use. An upward adjustment is required for the passage of time since the sale date (7%). Downward adjustments were needed for the better quality of construction (-5%) and newer age and better condition (-20%). After adjustments, the indicated value of the subject is \$100.46/SF.

Improved Sale 2 is located three blocks east of the subject at 35 SE 1st Avenue (square), and is identified as the former **Bank of America Bank main office**. It was also purchased for office use. Upward adjustments were required for the passage of time (5%) and larger size (5%) in acknowledgement of the economies of scale theory. Downward adjustments were needed for the better quality of construction (-5%) and newer age and better condition (-10%). The indicated value of the subject is \$99.08/SF.

This property is currently listed for sale for \$4,100,000, or \$146.54/SF. This includes the bank building and adjacent motor bank facility. It has been listed since the purchase date and represents a 24% increase over the most recent sale price.

Improved Sale 3 is located 11 miles southeast of the subject at 11800 S US Hwys 27/441 in Belleview, and is identified as the former **Central Florida State Bank main office**. It was purchased by the County for office use. Upward adjustments were required for the passage of time (5%) and inferior location in Belleview (20%). Downward adjustments were needed for the better quality of construction (-5%) and newer age and better condition (-20%). After adjustments, the indicated value of the subject is \$105.94/SF.

Improved Sale 4 is located three miles southwest of the subject at 2221 SW 19th Avenue Road, and is identified as the former **Rasmussen College building**. It was purchased for renovation to a medical office. Upward adjustments were required for the passage of time (2%) and inferior use as a former private college that lacks some bank amenities that could be useful for an alternate use (10%). A downward adjustment was needed for the newer age and better condition (-10%). After adjustments, the indicated value of the subject is \$91.73/SF.

Improved Sale 5 is located two blocks southeast of the subject at 112 E Fort King Street, and is identified as the **Lindsay Crabb CPA office**. This is a three-story office building located one block south of the square. Upward adjustments were required for the passage of time (2%) and lack of bank amenities that could be useful for an alternate use (10%). A downward adjustment was needed for the newer age and better condition (-10%). After adjustments, the indicated value of the subject is \$109.92/SF.

Improved Sale 6 is located three blocks northeast of the subject at 21 NE 1st Avenue, and is identified as the former **Ayres Cluster Law office**. This is a three-story office building located one block north of the square. Upward adjustments were required for the passage of time (1%), the older age and inferior condition (50%), and inferior office use and satellite parking lot one block north of the building (50%). After adjustments, the indicated value of the subject is \$102.09/SF.

One other listing was found located about three miles east of the subject at 2800 E. Silver Springs Blvd. It is a two-story office with Regions Bank occupying the ground floor (4,655 SF) and upper floor rental office space (10,343 SF). It is listed for \$1,450,000, or \$104.07/SF.

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With emphasis placed on the statistical mean, which accounts for the location and condition of the subject, I have concluded an indication of value for the office property via the Sales Comparison Approach at **\$100.00/SF**, or:

INDICATION OF VALUE VIA
SALES COMPARISON APPROACH, As Is
11,385 SF @ \$100.00/SF rounded

\$1,140,000

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

Improved Sales Location Map



#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

IMPROVED SALE 1

COUNTY: Marion

RECORDING: 5818/1453

LOCATION: 3001 SE Maricamp Road, Ocala

SALE DATE: 2/28/2013

SALE PRICE: \$2,000,000 \$125.18/SF

GRANTOR: Thrivent Financial For Lutherans

GRANTEE: Silver Springs Property Investments, LLC

LEGAL DESCRIPTION: Lengthy legal lying in Section 22-15-22; Marion County, Florida

USE AT SALE DATE: **CenterState Bank main office building (former)**

SITE SIZE: 1.57 AC

SITE DESCRIPTION: Rectangular site with cleared characteristics; some grassy areas and moderate tree cover along the sites boundaries; off-site water retention

ZONING: OP, Office Park

BLDG. SIZE: 15,977 SF, NRA

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

IMPROVED SALE 1

BLDG. CHARACTERISTICS: Two-story former bank main office with masonry construction comprising brick exterior walls, hip roof with shingle covering, storefront doors and windows, and slab floor system (both floors); ground floor comprises a main lobby with waiting area, reception and clerical area, four private offices, teller room, conference room, ATM room, safe, safe deposit room, two safe deposit viewing rooms, two restrooms, and mechanical and storage rooms; upper floor includes numerous work areas, private offices, conference rooms, and restrooms; built in 2006 and in excellent condition; building also includes an attached 7,000 SF parking garage with 16 parking spaces

ANALYSIS: Property has been listed multiple times since Ocala National Bank failed in 2009; the original asking price was about \$4,000,000 and was reduced multiple times over the past four years; the most recent list price was \$2,950,000; the selling price represents a 32% discount from the most recent asking price; although the seller was highly motivated to sell, this property was listed for over four years and is verified by the Broker as being an arms-length transaction

VERIFIED WITH: Van Akin, selling agent; 4/23/2013

VERIFIED BY: Joshua W. Scroggie

PARCEL NO: 29505-010-01

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

IMPROVED SALE 2



COUNTY: Marion

RECORDING: 5957/1354

LOCATION: 35 SE 1st Ave & 120 E Fort King Street, Ocala

SALE DATE: 11/14/2013

SALE PRICE: \$3,300,000 \$117.95/SF

FINANCING: Cash to seller

GRANTOR: GPT GIG BOA Portfolio HFS Owner LLC
GRANTEE: New Horizons, LLC

LEGAL DESCRIPTION: Lengthy legal in Old Survey of Ocala; Marion County, Florida

USE AT SALE DATE: **Bank of America main office (former)**

SITE SIZE: 1.68 AC

SITE DESCRIPTION: Comprises an entire city block on the downtown square; access from four streets

ZONING: B-3, Specialty Business

BLDG. SIZE: 27,978 SF, NRA

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

IMPROVED SALE 2

BLDG. CHARACTERISTICS: Three-story former bank facility; modern design with concrete and steel construction; stucco walls, flat roof, fixed windows, and storefront doors; first and second floors previously occupied by BOA with typical bank refinements; divided between banking center, mortgage department, and administrative offices; third floor is occupied by a long-term government tenant; first and second floors comprise 15+ offices, conference areas, 3 vaults, night depository, open work areas, mezzanine elevator access, two stairwells; separate teller facility with four drive-thru lanes; built 1965 and 1992; average condition

RENTAL DATA: Govt. lease: 8,500 SF @ \$23.29/SF, gross

ANALYSIS: Arms-length sale at market price for professional office space; purchased for investment office space

VERIFIED WITH: Sandon Wiechens, Transaction Broker; 3/23/17

VERIFIED BY: Thomas E. Rhodes, MAI, SRA, AI-GRS

PARCEL NO: 2823-066-000 & 2823-067-003

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

IMPROVED SALE 3

COUNTY: Marion
 RECORDING: 6049/1608
 LOCATION: 11800 S US Hwy 441, Belleview
 SALE DATE: 6/5/2014
 SALE PRICE: \$1,225,000 \$106.21/SF
 FINANCING: Cash

GRANTOR: Donald E. Browning
 GRANTEE: Marion County

LEGAL DESCRIPTION: A portion of Lot 5, Block 102; Town of Belleview; Marion County, Florida

USE AT SALE DATE: **Former Central Florida State Bank**

SITE SIZE: 1.60 AC
 SITE DESCRIPTION: Irregular-shaped site with frontage on the westerly side of US Hwys 27/441 just south of Belleview; cleared for development of the bank facility in 2004; heavy tree cover along north, south, and west boundaries

ZONING: B-2, Community Business
 BLDG. SIZE: 11,534 SF, NRA
 BLDG. CHARACTERISTICS: Two-story former bank facility with masonry construction comprising CBS walls, hip roof with shingle covering, fixed windows, storefront and metal doors, and slab and wood sub-flooring; 400 SF covered front porch; 1,260 SF drive-thru teller attached to west side; built in 2004

ANALYSIS: Purchased by Marion County for use as the Belleview annex for the Marion County Utilities office; arm's length transaction; sale price based on two appraisals

VERIFIED WITH: Shawn Hubbuck, Marion County; 8/12/15
 VERIFIED BY: Thomas E. Rhodes, MAI, SRA
 PARCEL NO: 38619-002-00

Rhodes & Rickolt
 PROFESSIONAL ASSOCIATION

IMPROVED SALE 4



COUNTY:	Marion
RECORDING:	6320/1750
LOCATION:	2221 SW 19 th Avenue Rd., Ocala
SALE DATE:	12/22/2015
SALE PRICE:	\$1,080,000 \$71.94/SF
FINANCING:	Cash to seller
GRANTOR:	MC 2221 LLC
GRANTEE:	Bad Ass Properties, LLC
LEGAL DESCRIPTION:	Lengthy legal in Section 24-15-21; Marion County, Florida
USE AT SALE DATE:	Rasmussen College
SITE SIZE:	3.48 AC
ZONING:	B-5, Wholesale Business
BLDG. SIZE:	15,012 SF, NRA
BLDG. CHARACTERISTICS:	Masonry construction with CBS walls, hip roof with shingle covering, aluminum single-hung windows, storefront doors, and slab flooring; divided into reception area, private offices, classrooms, lounge, and restrooms; built in 2000
ANALYSIS:	This private college was vacated several years ago when a new facility was constructed; proposed for medical office renovation; below-market sale price
VERIFIED WITH:	Barry Mansfield, buyer's rep; 3/27/16
VERIFIED BY:	Stephen Butler
PARCEL NO:	23721-005-00

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

IMPROVED SALE 5



COUNTY: Marion

RECORDING: 6399/1394

LOCATION: 112 E. Fort King Street, Ocala

SALE DATE: 6/1/2016

SALE PRICE: \$905,000 \$92.44/SF

ADJUSTED SALE PRICE: \$1,055,000 \$107.76/SF

FINANCING: Cash to seller

GRANTOR: Michael J. and Jean A. McDoniel

GRANTEE: Real Property 112, LLC

LEGAL DESCRIPTION: Lots 5-7, Hilton Plat; Marion County, Florida

USE AT SALE DATE: **Lindsey, Crabb, & Associates office building**

SITE SIZE: .32 AC

ZONING: B-3, Specialty Business

BLDG. SIZE: 9,790 SF, NRA

BLDG. CHARACTERISTICS: Two-story masonry office building with painted CB and CBS walls, flat roof system, fixed windows, storefront entry doors, slab flooring; ground floor has entrance lobby with reception office, 13 private offices, walk in safe, conference room, 3 half baths, and several open areas; 2nd floor has 10 private offices plus manager's suite, open work room, kitchen, 3 half baths.; built in 1954 and periodically renovated

ANALYSIS: Renovations after purchase include re-surfacing of the roof, new paint inside and out, new flooring throughout, updating bathroom fixtures, and replacing AC units for a total renovation cost of \$150,000; this is added to the sale price resulting in an adjusted sale price above

VERIFIED WITH: Erin Lindsay, buyer; 8/5/2016

VERIFIED BY: Stephen G. Butler

PARCEL NO: 2823-067-005

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

IMPROVED SALE 6

COUNTY: Marion
 RECORDING: 6516/1703

LOCATION: 21 NE 1st Avenue, Ocala

SALE DATE: 1/10/2017
 SALE PRICE: \$527,500 \$50.54/SF
 FINANCING: Cash to seller

GRANTOR: McBride Management Coronado, LLC
 GRANTEE: JALMJ Holdings, LLC

LEGAL DESCRIPTION: Lengthy legal in Section 17-15-22; Marion County, Florida

USE AT SALE DATE: **Ayres Cluster law office (former)**

SITE SIZE: Parcel 1: .14 AC (office)
 Parcel 2: .14 AC (parking)

SITE DESCRIPTION: Two parcels; one for the office building and one for private parking; parking parcel located one block north of office

ZONING: B-3, Specialty Business
 BLDG. SIZE: 10,437 SF, NRA

BLDG. CHARACTERISTICS: Two-story office building; brick walls, flat roof, fixed windows, wood floors, slab and wood sub-floor systems; divided into waiting room, reception, private offices, conference rooms, library, employee break room, storage and mechanical rooms; elevator access; built in 1911 and renovated in 1990

ANALYSIS: Arms-length sale at market price; purchased for office use
 VERIFIED WITH: Sandy McBride, seller; 3/22/17
 VERIFIED BY: Thomas E. Rhodes, MAI, SRA, AI-GRS
 PARCEL NO: 2823-064-002; 2823-062-001

Rhodes & Rickolt
 PROFESSIONAL ASSOCIATION

➡ INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach provides an appropriate indication of value when the property being appraised evidences income-producing capabilities. Actual income production from properties considered similarly influenced as the subject are analyzed and compared to the subject for income stream quality and durability, vacancy allocations, and expense performance, resulting in an estimate of net operating income (NOI). The estimate of NOI is then converted to property value by direct capitalization.

The following rent study is based upon the subject property with 11,385 SF of net rentable area (NRA) divided between two units. Ocala was researched for rental properties (office buildings) considered comparable to the subject with respect to location, site and improvement size, age, and physical characteristics. The rentals presented in the table on the following page are the best properties found for comparison purposes.

You are reminded that the quantitative adjustment process is employed in this appraisal wherein precise percentage adjustments are applied to the rentals when differences are identified. Because paired rentals were not found in this market to develop market-derived adjustments for the various categories, the appraiser's general knowledge of the area and other property features form the basis on the adjustments made herein.

The unit of comparison used herein is the annual rent per SF of net rentable area based on net lease arrangements as this comparison is most prevalent for office properties in the Ocala area. The table is an illustration of the rentals studied resulting in the potential gross income estimate for the subject property. Additional information about the rentals can be found on rental sheets at the end of this section.

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Professional Office Rentals Analysis						
Subject	Rental 1	Rental 2	Rental 3	Rental 4	Rental 5	
ID/Address	Marion Visitors Bureau/ Guardian Ad Litem	2303 Prof. Center 2303 SE 17th Street	SE Prof. Center 2437 SE 17th Street	Brown Ins. Office 1720 SE 16th Ave	Laurel Run Prof. Center 2200 SE 17th Street	Ocali Prof. Center 814 E Silver Springs Blvd.
City	Ocala	Ocala	Ocala	Ocala	Ocala	Ocala
County	Marion	Marion	Marion	Marion	Marion	Marion
Verification Date	6/19/2017	6/19/2014	2/25/2016	4/15/2015	5/15/2016	11/2/2016
Ann. Lease Amount	-----	\$ 173,723	\$ 117,405	\$ 58,351	\$ 229,214	\$ 76,896
Leased Area	11,385	18,700	11,400	5,074	22,672	8,563
Gross Bldg. Area	13,062	25,070	22,800	16,320	43,472	12,014
Vacancy	25,088	37%	25%	0%	45.5%	29%
Land Area (Acres)	0.58	2.49	2.55	0.37	2.19	0.78
Year Built	1923/1985/1996	1990	2000	2010	1985/1988	1911/1986
Rate/SF		\$ 9.29	\$ 10.30	\$ 11.50	\$ 10.11	\$ 8.98
Conditions of Lease	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Percent Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Rate	\$ 9.29	\$ 10.30	\$ 11.50	\$ 10.11	\$ 8.98	
Expenditures After Lease	None	None	None	None	None	None
Percent Adjustment	0%	0%	0%	0%	0%	0%
Dollar Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Rate	\$9.29	\$10.30	\$11.50	\$10.11	\$8.98	
Time/Market Conditions						
Appraisal Date	3/22/2017					
Months Elapsed	34	13	24	10	5	
Annual % Adj.	0.00%					
Percent Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dollar Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Rate	\$ 9.29	\$ 10.30	\$ 11.50	\$ 10.11	\$ 8.98	
Location	Similar	Similar	Similar	Similar	Similar	Superior
Percent Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	-15.0%
Dollar Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	(1.35)
Quality of Construction	Similar	Similar	Similar	Similar	Similar	Similar
Percent Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	-
Age/Condition of Improvements	Superior	Superior	Superior	Superior	Superior	Inferior
Percent Adjustment	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%	10.0%
Dollar Adjustment	\$ (1.39)	\$ (1.54)	\$ (1.73)	\$ (1.52)	\$ (1.52)	0.90
Use	Inferior	Similar	Inferior	Inferior	Inferior	Inferior
Percent Adjustment	10.0%	0.0%	10.0%	10.0%	10.0%	10.0%
Dollar Adjustment	\$ 0.93	\$ -	\$ 1.15	\$ 1.01	\$ 1.01	0.90
Size	Similar	Similar	Superior	Inferior	Inferior	Similar
Percent Adjustment	0.0%	0.0%	-10.0%	10.0%	10.0%	0.0%
Dollar Adjustment	\$ -	\$ -	\$ (1.15)	\$ 1.01	\$ 1.01	-
Net Percent Adjustment	-5.0%	-15.0%	-15.0%	5.0%	5.0%	
Net Adjustment	\$ (0.46)	\$ (1.54)	\$ (1.73)	\$ 0.51	\$ 0.45	
Adjusted Rate/SF	\$ 8.83	\$ 8.75	\$ 9.78	\$ 10.62	\$ 9.43	
Mean:					\$ 9.48	

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Conclusions

All the rentals presented herein are office buildings that are overall similar to the subject with regard to location in Ocala. Based on the adjustment process as noted in the rentals table, an indication of market rent near \$9.48/SF (statistical mean of all rentals) is appropriate for the subject. The adjusted range is from \$8.75/SF to \$10.62/SF, a difference of \$1.87/SF, or 18%.

Rental 1 is located about two miles southeast of the subject at 2303 SE 17th Street, and is a two-story multi-tenant office building identified as the **2303 Building**. The adjusted rental rate is \$8.83/SF.



Rental 2 is located two blocks east of Rental 1 at 2303 SE 17th Street, and is a two-story multi-tenant office building identified as the **South East Professional Center**. This property has a bank tenant (TD Bank) but only the local space is included herein. The adjusted rental rate is \$8.75/SF.

Rental 3 is also located in the Deerwood Office Park at 1720 SE 16th Avenue and is identified as the **Brown & Brown Insurance office unit**. The adjusted rental rate is \$9.78/SF.

Rental 4 is identified as the **Laurel Run Professional Center** located across from Rental 1 at 2200 SE 17th Street, about two miles southeast of the subject. This is a large multi-tenant office complex. The indicated rental rate is \$10.62/SF.

Rental 5 is identified as the **Ocali Professional Center** located one mile east of the subject at 814 E. Silver Springs Blvd. This is a two-story multi-tenant office that was built in 1911 and completely renovated in 1986. The indicated rental rate is \$9.43/SF.

Greater emphasis is placed on the mean of the rentals due to overall similarity. Therefore, I have concluded an indication of market rent for the subject at **\$9.50/SF, net, annual, or:**

<u>Potential Gross Income Estimate</u>	\$108,158
11,385 SF @ \$9.50/SF, net, annual	

VACANCY & COLLECTION LOSS

The conclusion of sustained vacancy and collection loss applicable to the subject property is based upon occupancy information provided by rental comparables similarly influenced as the subject. Four of the five rentals presented are multi-tenant properties with fairly high vacancy rates. They are disregarded herein in favor of properties located in the downtown area.

The survey included the analysis of office properties located within the downtown Ocala area with most including minimal to moderate measures of vacancy. Typically, older office vacancies are more prevalent within Ocala, but since most of the offices in downtown are older this is not necessarily applicable to the subject. The subject is well located being adjacent to the Judicial Center in the heart of the Ocala business district is a positive feature. As a result, I have concluded an estimate of sustained vacancy and collection loss for the subject at **5% of PGI, or \$5,408.**

EXPENSES

Property expenses include payments required for periodic maintenance of the property, as well as continued production of income. The forecast market rent conclusion of \$9.50/SF, net, annual, acknowledges payment by the lessee of all expenses except management, reserves for replacements, and non-reimbursable expenses. The following discussion supports the estimate of expenses for the subject.

Management

The management expense acknowledges expenditures by the lessor for advertising, re-negotiation of leases, bookkeeping, as well as collection of rents. Typical management expenses for properties similar to the subject range from 3% to 8% of ENI. Based on discussions with a local property manager (Wiechens Realty), and acknowledging the size of the subject, I have concluded a management expense based on **5% of EGI**, or **\$5,138**, is appropriate for the subject.

Reserves

The reserves expense accounts for periodic replacement of building components due to typical wear and depreciation. Often the reserves expense is allocated from the maintenance category; however, in this appraisal it is included as a separate expense. Acknowledging the older age but average condition of the building, the annual reserves expense for the subject has been concluded at **\$.30/SF**, or **\$3,919** (13,062 SF @ \$.30/SF).

Non-Reimbursable Expenses

The non-reimbursable expenses account for those property expenses that are applicable to the vacant space and are the responsibility of the owner. The non-reimbursable expenses include real estate taxes, insurance, maintenance, management, and utilities, and are identified as long-term as they are re-occurring (year after year). According to recent discussions with Randy Buss, Business Director of NAI Heritage, an Ocala property management company, CAM expense ratios for properties similar to the subject range from 25% to 30% of gross income. As a result, 30% of gross income is a reasonable expectation for the subject property.

Non-reimbursable expenses are calculated by estimating the gross expenses (estimated at 30%) applicable to the subject's sustained vacancy of 569 SF (5% of total NRA) applied to the market rent conclusion of \$9.50/SF, annual. It is estimated herein at **\$1,622** (569 SF X \$9.50/SF X 30%).

OVERALL RATE SELECTION

The final step in the Income Capitalization Approach is the conversion of net operating income into property value. In this report, the method that will be presented is capitalization. This technique includes capitalizing NOI by an appropriate overall rate (Ro) that is expressed as a ratio between sale price and NOI. The procedures typically employed to conclude an appropriate Ro include mortgage-equity analysis (Band of Investment and Debt Coverage Ratio) and market extraction. The Ro is derived by utilizing one or both methods depending upon the quality and quantity of data made available to the appraiser. Both will be discussed and illustrated in the following section.

Mortgage-Equity Analysis

Most real estate is purchased with a combination of mortgage and equity funds. The mortgage-equity analysis acknowledges the influences of both the mortgage and equity

positions upon the value of a property. The unique feature of the mortgage-equity procedure is the consideration of mortgage terms and equity yields as factors that influence the Ro. The mortgage-equity analysis recognizes that the typical investor will seek the best mortgage terms available in the market which will yield the greatest return to the equity position. From the investors view, the Ro is the percentage of the total investment which is required to satisfy debt service and provide the required yield on the equity position. In this appraisal, the calculation of Ro is accomplished via the Band of Investment and Debt Coverage Ratio procedures.

Band of Investment

Deriving a Ro via the Band of Investment procedure includes the calculation of the mortgage ratio times the mortgage constant added to the equity ratio times the equity dividend rate. The mortgage ratio is expressed as a percentage of the mortgaged funds compared to the total value of the property. The mortgage constant is a factor that acknowledges the amortized payment of the mortgage including principal and interest. The equity ratio is also known as the down payment while the equity dividend rate (synonymous with cash on cash return or cash flow rate) is the ratio of NOI after debt service to the original down payment.

Debt Coverage Ratio

The Debt Coverage Ratio (DCR) procedure multiplies the anticipated DCR for a project times the mortgage constant times the loan-to-value ratio.

Market Extraction Rates

The appraisers need not be satisfied with an artificial or manufactured Ro. Capitalization rates are most meaningful when they are extracted from the market of sales considered like the subject. The market extraction procedure includes the analysis of sales of improved properties that were leased at the time of sale which include overall similar characteristics to the subject. As can be easily seen, this procedure of deriving a Ro can be extremely reliable when there is sufficient verified data available to the appraiser.

None of the sales presented in the Sales Comparison Approach provided an indication of Ro via market extraction. In support of the conclusion made herein, discussions with local Brokers and investors indicated an acceptable range of Ro for properties similar to the subject from **8% to 10%**, depending largely on age, condition, and location.

The table on the following page is from **RealtyRates.com**, a comprehensive resource of real estate investment and development news, trends, analytics, and market research. It provides an indication of Ro based on the Debt Coverage Ratio, Band of Investment, and market extraction procedures via surveyed rates from a network of 312 nationwide market participants.

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2017*						
OFFICE - SUBURBAN						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.86%	DCR Technique	1.10	0.044353	0.90	4.39
Debt Coverage Ratio	1.10	Band of Investment Technique				
Interest Rate	3.20%	Mortgage	90%	0.044353	0.039917	
Amortization	40	Equity	10%	0.075949	0.007595	
Mortgage Constant	0.044353	OAR				4.75
Loan-to-Value Ratio	90%	Surveyed Rates				4.51
Equity Dividend Rate	7.59%					
Maximum						
Spread Over 10-Year Treasury	6.28%	DCR Technique	1.90	0.119014	0.60	13.57
Debt Coverage Ratio	1.90	Band of Investment Technique				
Interest Rate	8.62%	Mortgage	60%	0.119014	0.071409	
Amortization	15	Equity	40%	0.149022	0.059609	
Mortgage Constant	0.119014	OAR				13.10
Loan-to-Value Ratio	60%	Surveyed Rates				12.45
Equity Dividend Rate	14.90%					
Average						
Spread Over 10-Year Treasury	3.57%	DCR Technique	1.50	0.073659	0.75	8.29
Debt Coverage Ratio	1.50	Band of Investment Technique				
Interest Rate	5.91%	Mortgage	75%	0.073659	0.055244	
Amortization	28	Equity	25%	0.108832	0.027208	
Mortgage Constant	0.073659	OAR				8.25
Loan-to-Value Ratio	75%	Surveyed Rates				9.41
Equity Dividend Rate	10.88%					

*4th Quarter 2016 Data

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Overall Rate Conclusion

The methods of deriving an appropriate Ro for the subject property to be utilized in the direct capitalization procedure resulted in the "average" conclusions below.

Debt Coverage Ratio:	8.29%
Band of Investment:	8.25%
Surveyed Rates:	9.41%

All three procedures provide a good indication of Ro for the subject due to the credibility of the data presented. The sales presented in the market extraction and surveyed rates procedures included specific components of similarity with the subject (office buildings), while the Debt Coverage Ratio and Band of Investment include current financing terms for a property like the subject. Therefore, with emphasis placed near the statistical mean (8.65%), I have concluded an Ro to be used herein of **8.70%**.

CAPITALIZATION

The following capitalization summary combines each of the steps outlined previously resulting in the indicated value of the subject via the Income Capitalization Approach, as is.

<u>Potential Gross Income [PGI]</u> 11,385 SF @ \$9.50/SF, annual, net	\$ 108,158
LESS: <u>Vacancy & Collection Loss</u> 5% of PGI	(5,408)
<u>Effective Gross Income [EGI]</u>	\$ 102,750
LESS: <u>Expenses</u> Management (5%): \$5,138 Reserves (\$.30/SF): 3,919 Non-Reimbursable: <u>1,622</u>	(10,679)
<u>Net Operating Income [NOI]</u>	\$ 92,071
<u>Capitalization</u> \$92,071 [NOI] ÷ 8.70% [Ro]	\$1,058,287
<u>INDICATION OF VALUE VIA</u> <u>INCOME CAPITALIZATION APPROACH</u> As Is, rounded	<u>\$1,060,000</u>

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

Rentals Location Map



#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

RENTAL 1

COUNTY: Sumter

ID/LOCATION: **2303 Professional Center**; 2303 SE 17th Street, Ocala

ZONING: O-1, Office District
 SITE SIZE: 2.49 AC; 108,464 SF

BLDG. SIZE: 25,070 SF, NRA (six units)
 BLDG. DESCRIPTION: Two-story, multi-tenant office building; structural steel and masonry construction with tilt-up concrete panel exterior walls; hip roof system with shingle covering; storefront doors and windows; structural steel and slab floor system; good quality construction and average interior refinements; built in 1990, and in average condition

RENTAL DATA: Net lease arrangements

LEASE RATE: Unit 101: Morgan Stanley- 5,400 SF @ \$12.47/SF Unit 102: Truck XL- 8,800 SF @ \$ 8.00/SF*
 Unit 201: Truck XL- 4,500 SF @ \$ 8.00/SF*
Total/Avg: 18,700 SF @ \$ 9.29/SF

LEASE TERM: Morgan Stanley: 10 years with 3% annual escalators (pending signatures, begins 1/1/15) converted from \$16.00/SF, gross, annual utilizing 22% pro rata share of actual expenses provided by the owner (\$3.53/SF); Truck XL: rate based on a 3-year renewal option beginning 10/1/2014 with \$1.00/SF annual escalators

VACANCY RATE: 25.4% (6,370 SF; Units 202-203, 204, and 205)

ANALYSIS: Truck XL nearing completion of their initial term that began 12/1/2011 and will enter their renewal period beginning 10/1/2014. Upon renewal, the lease converts to \$8.00/SF, net, annual and is a below market rate. The lease agreement for Morgan Stanley is effective 1/1/2015 and is considered above-market occurrences

VERIFIED WITH: Henry Ehlers, owner; rent roll; 6/19/14
 VERIFIED BY: Stephen G. Butler
 PARCEL NO: 2943-100-000

Rhodes & Rickolt
 PROFESSIONAL ASSOCIATION

RENTAL 2

COUNTY: Sumter

ID/LOCATION: **South East Professional Center; 2437 SE 17th Street, Ocala**

ZONING: O-1, Office District

SITE SIZE: 2.55 AC; 111,078 SF

BLDG. SIZE: 22,800 SF, NRA

BLDG. DESCRIPTION: Two-story, multi-tenant structure; masonry construction with CBS exterior walls; hip roof system with shingle covering; slab floor system; good quality construction and interior refinements; the interior is divided into six rental units including TD Bank main office on the ground floor with drive-thru tellers; built in 2001, and in good condition

RENTAL DATA: Net lease arrangements

LEASE RATE:

Bank Branch
Unit 101: TD Bank- 5,700 SF @ \$23.00/SF

Office Space
Unit 102: Vacant
Unit 201: Steven Wingo, Atty- 3,000 SF @ \$ 4.01/SF
Unit 202: Great Amer Sr. Svs- 5,700 SF @ \$11.50/SF
Unit 203: TD Bank- 2,700 SF @ \$14.75/SF
Avg. Rental Rate (office): 11,400 SF @ \$10.30/SF

LEASE TERM: 5 years (Units 101, 102A, 102B, 201 & 203) 10 years (Unit 202)

VACANCY RATE: 25%

VERIFIED WITH: Barbara Abraham (Ehlers Realty); Rent Roll; 2/25/16

VERIFIED BY: Connie Covert, MAI

PARCEL NO: 2943-800-000

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

RENTAL 3

COUNTY: Marion

LOCATION: **Brown & Brown Insurance office; 1720 SE 16th Avenue, Bldg. 300, Unit 301, Ocala**

ZONING: O-1, Office

SITE SIZE: Zero-lot line

BLDG. SIZE: 16,320 SF, NRA

BLDG. DESCRIPTION: Single-story professional office; contemporary design comprising masonry construction with stucco and brick exterior walls, hip roof with Spanish tile covering, fixed windows, storefront and metal doors, and slab floor system; divided between waiting room, receptionist office, private offices, employee lounge, conference room, and (2) half baths; built in 2010; good condition

RENTAL DATA: Net lease arrangements

LEASE RATE: **5,074 SF @ \$11.50/SF***

LEASE TERM: 5-years (began 10/12)

VACANCY RATE: 0%

ANALYSIS: *Converted from \$15.75/SF, gross using \$4.25/SF CAM expense; one option renewal period; this rental is portion of a larger building (16,320 SF)

VERIFIED WITH: Rent Roll; 4/15

VERIFIED BY: Thomas E. Rhodes, MAI, SRA

PARCEL NO: 28632-04-001

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

RENTAL 4

COUNTY: Marion

LOCATION: **Laurel Run Professional Center; 2200 SE 17th Street, Ocala**

ZONING: O-1, Office

SITE SIZE: 2.19 AC

BLDG SIZE: 43,472 SF

BLDG DESCRIPTION: The center is comprised of nine buildings that were built between 1985 and 1988, and are in average condition with average quality construction; the buildings are one-story structures that include frame construction, wood siding exterior walls, hip roof system with shingle covering, slab floor system; average quality interior refinements; the units include mostly professional office with only 3,000 SF of medical office use; there are a total of 17 units

RENTAL DATA: Net lease arrangements

LEASE RATE: **\$10.11/SF, net, annual** (average of all units; ranging from \$6.60/SF, net, annual to \$14.21/SF, net, annual)

LEASE TERM: 1-5 years

VACANCY RATE: 43.5% (20,800 SF as of 5/2016)

EXPENSE RATIO: \$3.00/SF to \$4.00/SF CAM fee

VERIFIED WITH: Hank Ehlers, Ehlers Realty; Rent Roll; 05/2016

VERIFIED BY: Thomas E. Rhodes, MAI, SRA, AI-GRS

PARCEL NO.: 2863-800-000

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

RENTAL 5

COUNTY:	Marion
ID/LOCATION:	Ocali Professional Center ; 814 E. Silver Springs Blvd., Ocala
ZONING:	B-2, Community Business
SITE SIZE:	33,968 SF
BLDG. SIZE:	12,014 SF, NRA
BLDG. DESCRIPTION:	(2) two-story multi-tenant office buildings; divided into (7) rental units; Mediterranean-style structures with CBS exterior walls, hip roof systems with tile coverings, and slab and wood sub-floor systems; built in 1911 and 1986, and in average condition
RENTAL DATA:	Net lease arrangements
LEASE RATE:	\$8.98/SF , annual (average of all units)
LEASE TERM:	3 to 7 years
VACANCY RATE:	29% (3,451 SF)
VERIFIED WITH:	Current rent roll, owner, and Richard Vairo, Property Manager with RCV Properties; 11/2/2016
VERIFIED BY:	Stephen G. Butler
PARCEL NO:	28365-001-00

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)



➡ **RECONCILIATION**

The two approaches to value presented herein have produced the following indications of value for the office property, as is.

SALES COMPARISON APPROACH:	\$1,140,000
INCOME CAPITALIZATION APPROACH:	\$1,060,000

The value indicators for the subject represent a narrow range with a total differential of \$80,000, or 7.6%. Each approach was discussed from a general standpoint within the body of the report. The strengths and weaknesses of each must be restated as they specifically apply to the subject property. This will aid in concluding the best indication of market value for the subject.

The Sales Comparison Approach is the most easily understood approach to value since it requires the least explanation, particularly when the "whole-to-whole" unit of comparison is considered. Greatest reliance can be placed upon this approach when the sales of similar properties evidence the greatest degree of comparability. The strength of the Sales Comparison Approach is that it mirrors the actions of buyers and seller in the marketplace. The sales presented within this approach included three older bank sales that were purchased for office use and three office sales, two located in the downtown area. The strength is that the sales included office properties with similar overall characteristics as the subject. The primary weakness is the various locations in Ocala and age/condition. That being said, the Sales Comparison Approach provides a reliable indication of value for the subject.

The Income Capitalization Approach is considered a strong indicator of value for income-producing properties as it precisely reflects the rationale of the prudent investor. Care has been taken to procedurally investigate, verify, and report market levels of income, vacancy, expense as well as mortgage and equity requirements for the subject investment. The quality of market data that resulted in the conclusions of market rent, vacancy, and expense is the strength of the Income Capitalization Approach. Future projections require extreme sensitivity with respect to forecasting market acceptance or denial of a project. The conclusions made herein are supported by market indications from five office properties located in Ocala. Because of the quality of data presented in this analysis, the Income Capitalization Approach also provides a good reflection of value for the subject.

For purposes of this report, equal emphasis has been placed on both approaches. Therefore, it is my opinion that the market value of the fee simple interest of the subject office property as of June 19, 2017, was:

<u>ESTIMATE OF MARKET VALUE</u>, Office Property	<u>\$1,100,000</u>
As Is, As of June 19, 2017	

PARKING LOT PROPERTY VALUATION

➡ SALES COMPARISON APPROACH

The Sales Comparison Approach of this appraisal is based on the Principle of Substitution. This principle holds that buyers and sellers go through a comparison process when selecting a property based on personal preferences, taste, opinions, and desires.

LAND VALUE ESTIMATE

Valuation of the subject site uses a process in which sales of vacant commercial tracts located within Ocala are compared to the subject resulting in an appropriate conclusion of value for the parking lot land, to which is added the contributory value of the site improvements.

The quantitative adjustment process is employed in this appraisal wherein precise percentage adjustments are applied to the sales when differences are identified. Because paired sales were not found in this market to develop market-derived adjustments for the various categories, the appraiser's general knowledge of the area and other property features form the basis on the adjustments made herein.

The sales presented in the following table provide the best reflection of value for the subject site. The unit of comparison used herein is the price per SF of land area. Additional information about the land sales is noted in sale sheets located at the end of this section.

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

Commercial Land Sales Analysis					
Subject	Sale 1	Sale 2	Sale 3	Sale 4	
ID/Location	County Parking Lot N Magnolia Avenue	Aspen Dental Parcel E Silver Springs Blvd.	Womens Preg. Parcel E Silver Springs Blvd.	Starbuck's Parcel Broadway & Pine	FUMC Parcel E Silver Springs Blvd.
City	Ocala	Ocala	Ocala	Ocala	Ocala
County	Marion	Marion	Marion	Marion	Marion
Recording Date	-----	2/19/2015	8/31/2015	3/25/2016	12/28/2016
Sale Price	-----	\$ 500,000	\$ 185,000	\$ 527,000	\$ 375,000
Land Area (SF)	50,176	47,797	15,513	45,738	39,204
Land Area (Acres)	1.15	1.10	0.36	1.05	0.90
Price/SF		\$ 10.46	\$ 11.93	\$ 11.52	\$ 9.57
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Percent Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment	0	\$ -	\$ -	\$ -	0
Adjusted Price	\$ 10.46	\$ 11.93	\$ 11.52	\$ 9.57	
Financing Terms	Cash or Equivalent	Cash or Equivalent	Cash or Equivalent	Cash or Equivalent	Cash or Equivalent
Percent Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Price	\$ 10.46	\$ 11.93	\$ 11.52	\$ 9.57	
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Percent Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
Dollar Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Price	\$ 10.46	\$ 11.93	\$ 11.52	\$ 9.57	
Expenditures After Purchase	None	None	None	None	None
Percent Adjustment	0%	0%	0%	0%	0%
Dollar Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Price	\$ 10.46	\$ 11.93	\$ 11.52	\$ 9.57	
Time/Market Conditions	3/22/2017				
Appraisal Date	3/22/2017				
Months Elapsed	25	19	12	3	
Annual % Adj.	1.50%				
Percent Adjustment	3.00%	2.00%	2.00%	0.00%	
Dollar Adjustment	\$ 0	\$ 0	\$ 0	\$ -	
Adjusted Price	\$ 10.77	\$ 12.16	\$ 11.75	\$ 9.57	
Location	Superior	Superior	Superior	Superior	
Percent Adjustment	-15.0%	-15.0%	-20.0%	-15.0%	
Dollar Adjustment	\$ (1.6162)	\$ (1.8246)	\$ (2.3505)	\$ (1.4348)	
Frontages	Inferior	Inferior	Similar	Inferior	
Percent Adjustment	10.0%	10.0%	0.0%	10.0%	
Dollar Adjustment	\$ 1.08	\$ 1.22	\$ -	\$ 0.96	
Physical Characteristics	Superior	Similar	Similar	Similar	
Percent Adjustment	-10.0%	0.0%	0.0%	0.0%	
Dollar Adjustment	\$ (1.0775)	\$ -	\$ -	\$ -	
Zoning/Land Use	Similar	Similar	Similar	Similar	
Percent Adjustment	0.0%	0.0%	0.0%	0.0%	
Dollar Adjustment	\$ -	\$ -	\$ -	\$ -	
Size	Similar	Superior	Similar	Similar	
Percent Adjustment	0.0%	-20.0%	0.0%	0.0%	
Dollar Adjustment	\$ -	\$ (2.43)	\$ -	\$ -	
Net Percent Adjustment	-12.5%	-23.5%	-18.4%	-5.0%	
Net Adjustment	\$ (1.30)	\$ (2.80)	\$ (2.12)	\$ (0.48)	
Adjusted Price/Acre	\$ 9.16	\$ 9.12	\$ 9.40	\$ 9.09	
Mean:				\$ 9.19	

Conclusions

The land sales presented provide the best indication of value for the subject site as they include commercial tracts located within Ocala. Based on the adjustment process as



illustrated in the land sales table, an indication of land value near \$9.19/SF (mean of all sales) is appropriate for the subject. The range is from \$9.09/SF to \$9.40/SF, a difference of \$.31/SF, or 3%.

Land Sale 1 is located 4½ miles east of the subject on E. Silver Springs Blvd., and was developed with an Aspen Dental/AT&T store. Upward adjustments were required for the passage of time (3%) and lack of multiple road frontages (10%). Downward adjustments were needed for the superior location on a four-lane highway (-15%) and out-parcel status (-10%). After adjustments, the indicated value of the subject is \$9.16/SF.

Land Sale 2 is located 1½ miles east of the subject on E. Silver Springs Blvd., and was purchased for expansion of the Women's Pregnancy Center. Upward adjustments were required for the passage of time (2%) and lack of multiple road frontages (10%). Downward adjustments were needed for the superior location on a four-lane highway (-15%) and smaller size (-20%). After adjustments, the indicated value of the subject is \$9.12/SF.

Land Sale 3 is located two blocks west of the subject at the intersection of SW Broadway and S. Pine Avenue, and was developed with a Starbucks/Jimmy Johns Plaza. An upward adjustment is required for the passage of time (2%). A downward adjustment is needed for the superior location on a four-lane highway (-20%). After adjustments, the indicated value of the subject is \$9.40/SF.

Land Sale 4 is located one mile east of the subject on E. Silver Springs Blvd., and was purchased for expansion of the First United Methodist Church parking lot. An upward adjustment was needed for the limited frontages (10%), while a downward adjustment is required for the location on the four-lane highway (-15%). After adjustments, the indicated value of the subject is \$9.09/SF.

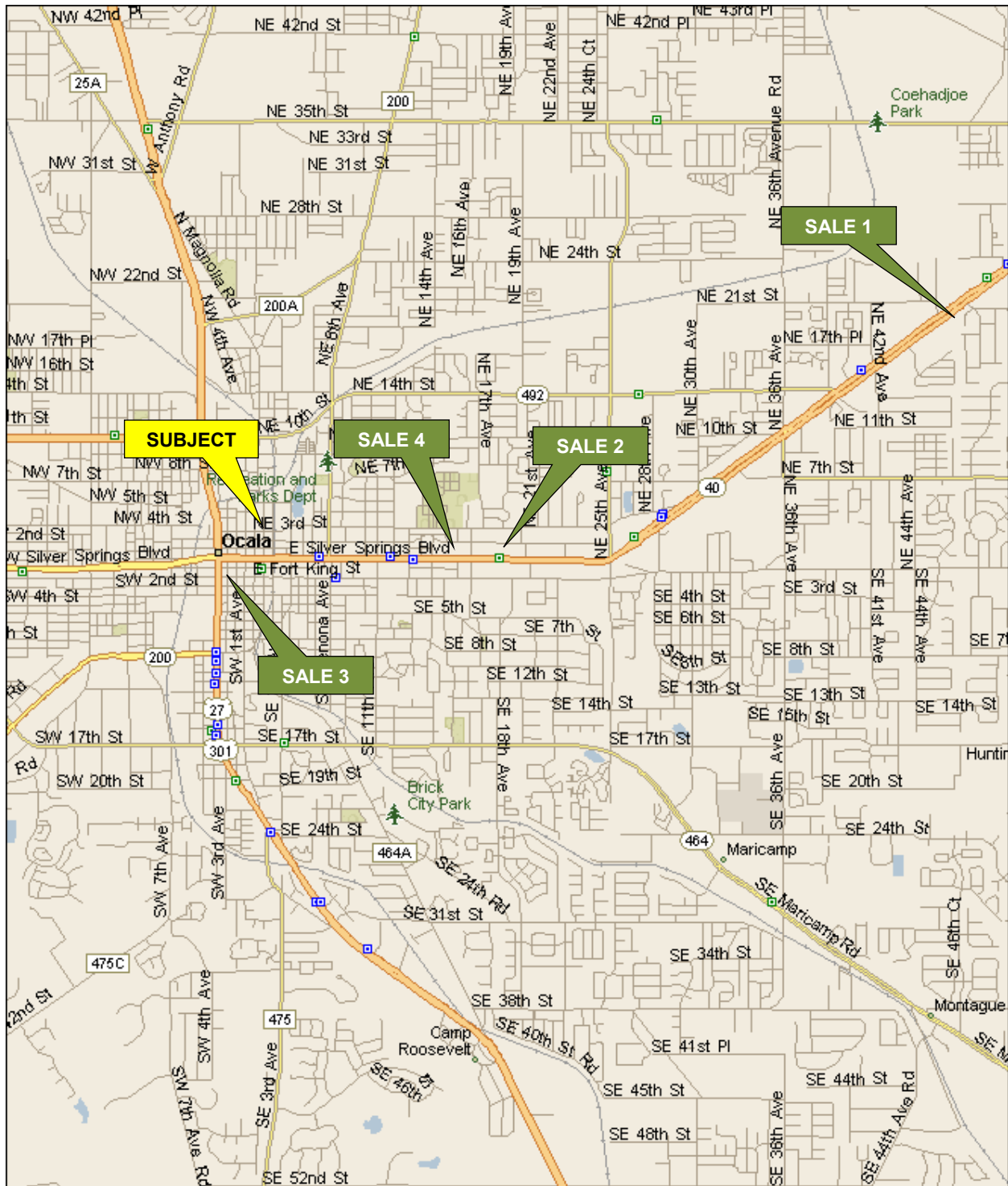
With emphasis placed on all the sales presented due to their location in Ocala, it is my opinion that the market value of the fee simple interest of the subject property, as vacant land, was **\$9.00/SF**, or:

<u>Land Value Estimate</u>	\$450,000
50,176 SF @ \$9.00/SF, rounded	

Add: <u>Contributory Value of Site Improvements:</u>	<u>130,000</u>
Asphalt Paving:	\$93,600
Curbing:	10,800
Drainage:	7,000
Lighting:	6,000
Landscaping/Irrig:	<u>15,000</u>

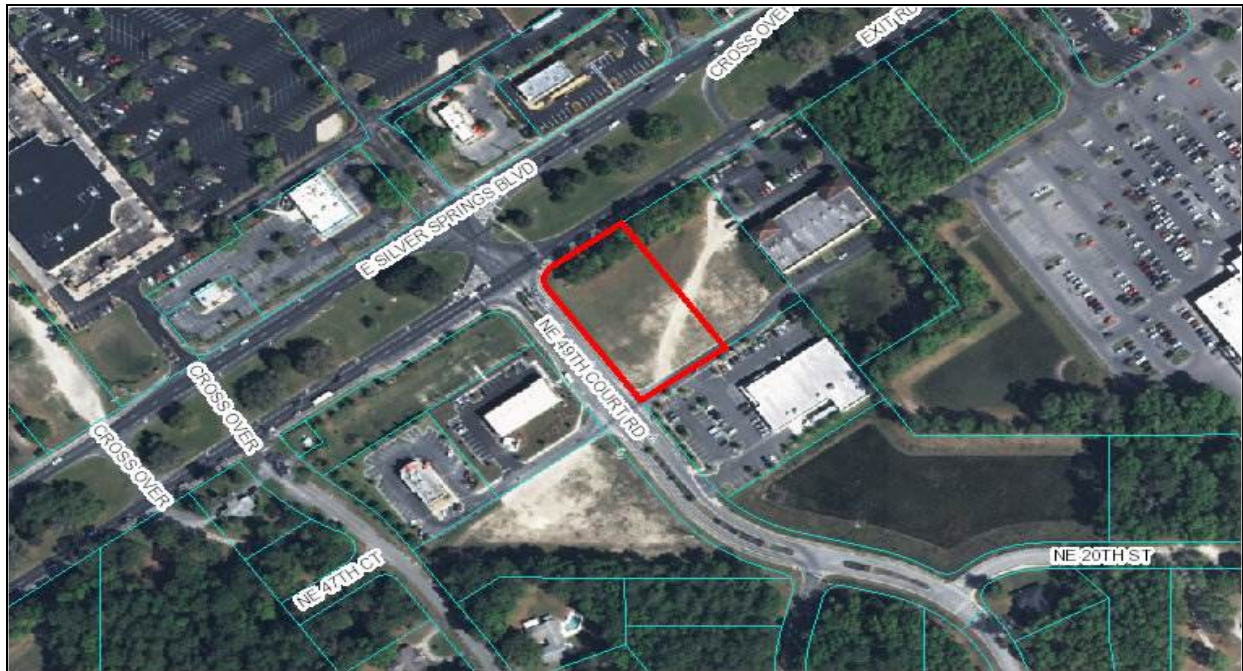
<u>ESTIMATE OF MARKET VALUE, Parking Lot Property</u>	<u>\$580,000</u>
As Is, As of June 19, 2017	

Land Sales Location Map



#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)

LAND SALE 1



COUNTY: Marion

RECORDING: 6180/1602

LOCATION: 4910 & 4914 E. Silver Springs Boulevard; Alderbrook Commercial Center; Ocala

SALE DATE: 2/19/2015

SALE PRICE; \$500,000 \$10.46/SF

FINANCING: Cash to seller

GRANTOR: TD Bank, National Association

GRANTEE: Ocala Station, LLC

LEGAL DESCRIPTION: Lot 4, Alderbrook Commercial Center; Marion County, Florida

HIGHEST & BEST USE: Commercial development

SITE SIZE: 1.10 AC; 47,797 SF

SITE DESCRIPTION: Rectangular parcel that was cleared for development purposes; 100% of site is improved with the building and paving; corner location with frontage on E Silver Springs Blvd. and NE 49th Court Road; situated within the Alderbrook Commercial Center

ZONING: B-2, Community Business

ANALYSIS: Arms-length transaction at market price; subsequently improved with an Aspen Dental and AT&T wireless store

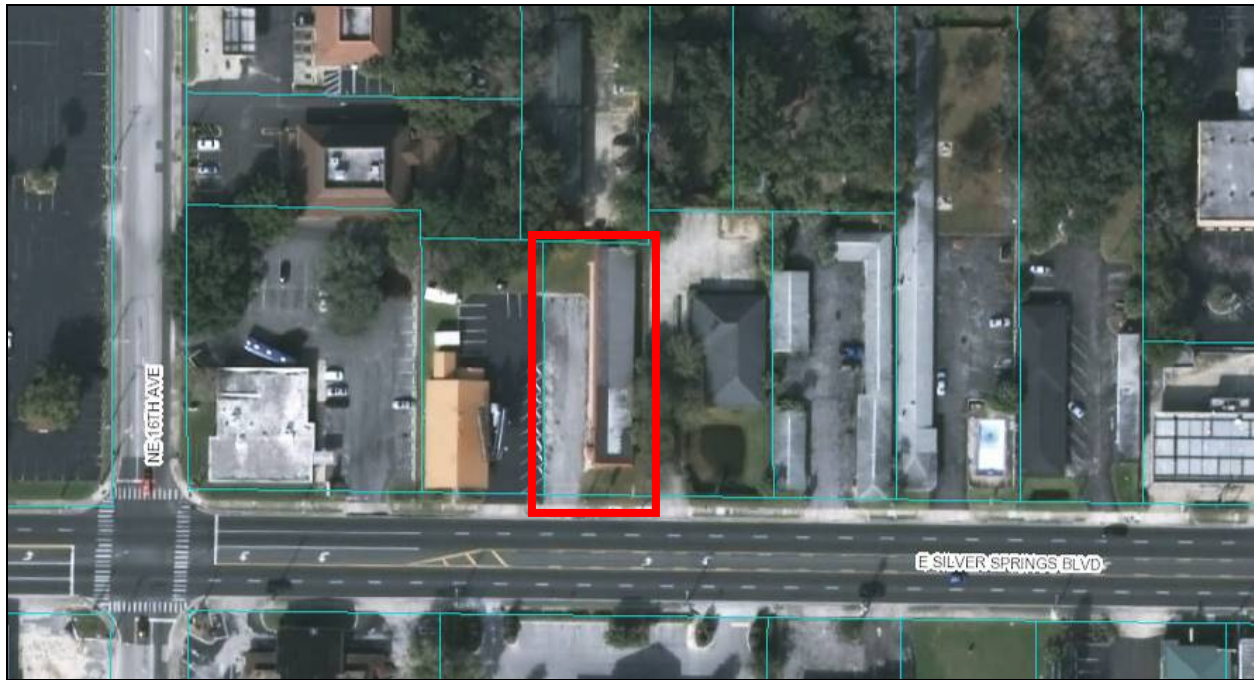
VERIFIED WITH: Mark Cooley, Broker; 10/20/15

VERIFIED BY: Thomas E. Rhodes, MAI, SRA

PARCEL NO: 2737-000-004

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

LAND SALE 2



COUNTY: Marion

RECORDING: 6268/1755

LOCATION: 1701 E Silver Springs Boulevard, Ocala

SALE DATE: 8/31/2015

SALE PRICE: \$185,000 \$11.93/SF

FINANCING: Cash to seller

GRANTOR: Mario E. Tano

GRANTEE: Education For Life, Inc.

LEGAL DESCRIPTION: Lengthy legal lying in Section 16-15-22; Marion County, Florida

HIGHEST & BEST USE: Commercial development

SITE SIZE: .35 AC; 15,513 SF

SITE DESCRIPTION: Rectangular parcel that formerly improved with a multi-tenant commercial building and later demolished; fairly level terrain throughout and situated level with road grade

ZONING: B-2, Community Business

ANALYSIS: Purchased by adjacent property owner for proposed development of an expanded parking lot for the Women's Pregnancy Center; improved with former multi-tenant strip center at time of purchase; site was cleared after purchase by buyer for a demolition cost of \$8,000

VERIFIED WITH: Barb Stephens, Grantee; 8/5/2016

VERIFIED BY: Stephen G. Butler

PARCEL NO: 28335-019-03

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

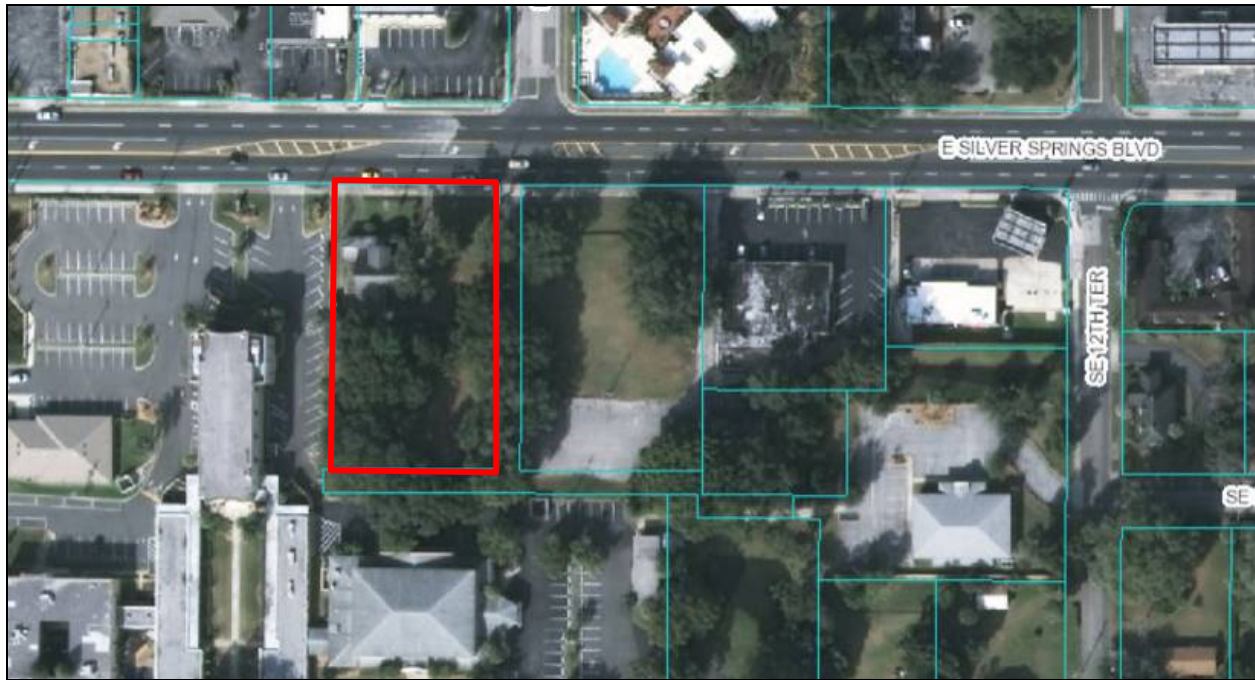
LAND SALE 3



COUNTY:	Marion
RECORDING:	6366/51
LOCATION:	43 South Pine Avenue, Ocala
SALE DATE:	3/25/2016
SALE PRICE;	\$527,000 \$11.52/SF
FINANCING:	Cash to seller
GRANTOR:	James and Tatyana Hoenstine
GRANTEE:	SBUXS Ocala Downtown, LLC.
LEGAL DESCRIPTION:	Lengthy legal in Old Survey Ocala; Marion County, Florida
HIGHEST & BEST USE:	Commercial development
SITE SIZE:	1.05 AC; 45,738 SF
SITE DESCRIPTION:	Irregular-shaped parcel that was formerly improved with a multi-tenant commercial building and later demolished; fairly level terrain throughout and situated level with road grade
ZONING:	B-3, Specialty Business
ANALYSIS:	Purchased for redevelopment with a multi-tenant commercial building (Starbucks coffee shop and Jimmy John's sub shop)
VERIFIED WITH:	Steve Rudnianyn, Broker; 7/15/2016
VERIFIED BY:	Joshua W. Scroggie
PARCEL NO:	2853-015-002, -003, -004

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PROFESSIONAL ASSOCIATION

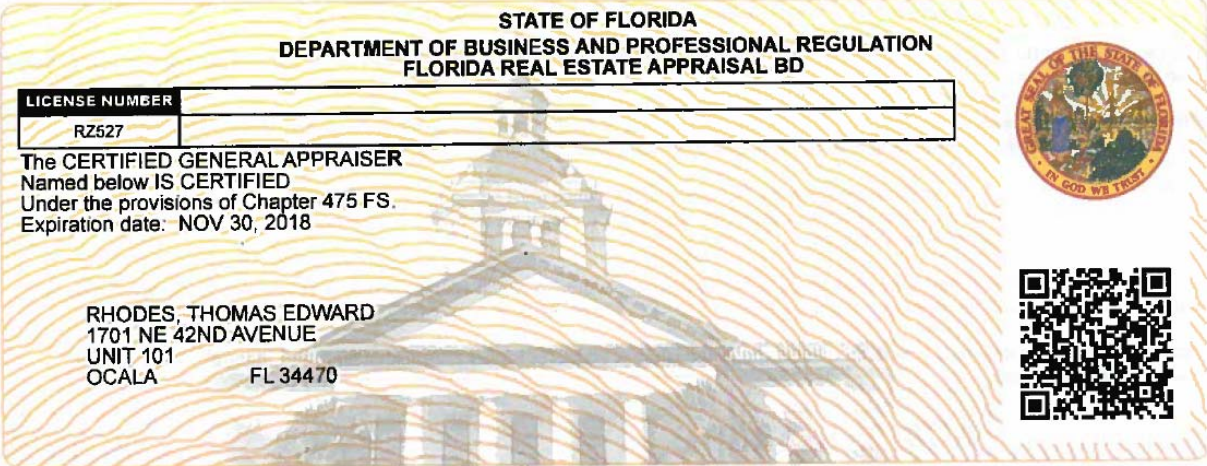
LAND SALE 4



COUNTY:	Marion
RECORDING:	6510/1737
LOCATION:	1136 East Silver Springs Boulevard, Ocala
SALE DATE:	12/28/2016
SALE PRICE;	\$375,000 \$9.57/SF
FINANCING:	Cash to seller
GRANTOR:	Gayle and David Shashy
GRANTEE:	First United Methodist Church, Inc.
LEGAL DESCRIPTION:	Lengthy legal in section 17-15-22; Marion County, Florida
HIGHEST & BEST USE:	Commercial development
SITE SIZE:	.90 AC; 39,204 SF
SITE DESCRIPTION:	Rectangular; improved with a residential building; fairly level terrain throughout and situated above road grade
ZONING:	B-2, Community Business
ANALYSIS:	Purchased for demolition of the existing improvements and used as additional parking for the adjacent church facility
VERIFIED WITH:	Rance Kay, First United Church Board Member; 2/22/2017
VERIFIED BY:	Joshua W. Scroggie
PARCEL NO:	Formerly 2838-001-001

Rhodes & Rickolt
PROFESSIONAL ASSOCIATION

ADDENDA

STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION FLORIDA REAL ESTATE APPRAISAL BD	SEAL OF THE STATE OF FLORIDA 				
RICK SCOTT, GOVERNOR KEN LAWSON, SECRETARY					
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">LICENSE NUMBER</td> <td></td> </tr> <tr> <td>RZ527</td> <td></td> </tr> </table>		LICENSE NUMBER		RZ527	
LICENSE NUMBER					
RZ527					
The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS. Expiration date: NOV 30, 2018					
					
RHODES, THOMAS EDWARD 1701 NE 42ND AVENUE UNIT 101 Ocala FL 34470					
ISSUED: 09/15/2016	SEQ # L1609150003268				
DISPLAY AS REQUIRED BY LAW					

#: Appraisal (June 2017) (12049 : Contract to Purchase Parking Lot)



Thomas E. Rhodes, MAI, SRA, AI-GRS

Employment History:

Marion County Property Appraiser's Office, 1976-1982
Appraiser, Albright & Associates of Ocala, Inc., 1982-1989
President; Rhodes & Rickolt, P.A., Ocala, Florida, 1989-

Formal Education:

Associate of Arts Degree, Central Florida Community College
Auburn University, 1974-1976

Professional Organizations/Designations:

MAI, Member Appraisal Institute, Certificate No. 8016
SRA, Senior Residential Member Appraisal Institute, Certificate No. 1938
AI-GRS, General Review Specialist, Appraisal Institute, 10/2016
State Certified General Appraiser, License No. RZ0000527
MAI Guidance Committee, Appraisal Institute, East Florida Chapter
MAI Admissions Liaison, Appraisal Institute, East Florida Chapter
Young Advisory Council, Appraisal Institute (1997)
Florida and National Association of Realtors
Licensed Real Estate Broker

Civic Organizations:

Exchange Club of Ocala, Past President
Interfaith Emergency Services, Former Board of Directors
Ocala/Marion County Chamber of Commerce, Member

Real Estate Education:

Real Estate Appraisal Principles, (AIREA)
Basic Valuation Procedures, (AIREA)
Residential Valuation, (AIREA)
Standards of Professional Practice, (AI)
Capitalization Theory & Techniques, A & B, (AIREA)
Case Studies in Real Estate Valuation, (AIREA)
Valuation Analysis & Report Writing, (AIREA)
Appraisal Business Practices & Ethics (AI)
The Nuts & Bolts of Green Building for Appraisers (McKissock)



Thomas E. Rhodes, MAI, SRA, AI-GRS

Real Estate Education (con't):

Applied Residential Property Valuation, (SREA)
 Litigation Valuation Seminar (AI)
 Easement Valuation Seminar (AI)
 Partial Interest Ownership Seminar (AI)
 Real Estate Fraud (AI)
 Appraising the Oddball Property (McKissock)
 USPAP Update (AI)
 Appraising and Analyzing Office Buildings for Mortgage Underwriting (McKissock)
 Distressed Real Estate (McKissock)
 Mortgage Fraud – Protect Yourself (McKissock)
 Review Theory - General

Teaching Assignments:

Guest Lecturer; Lowder School of Business, Auburn University; 1997, 1998, 1999

Condemnation

City of Ocala: 132 parcels; E 36th Avenue Project; for purposes of road widening, 1989
 Citrus County: 18 parcels; Rock Crusher Rd Project; purposes of road widening, 1990
 City of Inverness, Citrus County: 3 easements for extension of sewer lines, 1992
 City of Ocala: 2 parcels; NE 12th Avenue Project; for purposes of road widening, 1994
 Property owner: Parcel 141, SR 200 Project; for purposes of road widening, 1994
 City of Ocala: 16 parcels; SW 20th St Project; purposes of road widening, 1995, 1996
 Property owner: Parcel 139, US Hwy 27 Project; for purposes of road widening, 1997
 Marion County: 6 parcels; SW 60th Ave Project; for purposes of road widening, 1998
 Marion County: 15 parcels; NW 44th Ave Project; for purposes of road widening, 1999
 Marion County: 6 parcels; River Retreats Community Development Block Grant, 2001
 Marion County: 30 parcels; SE 110th Street Project; for purposes of road widening, 2003
 Marion County: 29 parcels; NW 44th Ave Project; for purposes of road widening, 2007
 Marion County: 13 parcels; NW 44th Ave Project; for purposes of road widening, 2008
 City of Ocala: 12 parcels; SW 42nd Street Flyover; for purposes of road widening, 2009

Litigation Testimony:

Federal Bankruptcy Court, Middle District of Florida
 Federal Bankruptcy Court, Middle District of Georgia
 4th Judicial Circuit Court, Duval County, Florida
 5th Judicial Circuit Court, Marion County, Florida
 5th Judicial Circuit Court, Citrus County, Florida
 5th Judicial Circuit Court, Lake County, Florida
 County Court, Marion County, Florida



Listing of Clients

Lending Institutions

Renasant Bank
 AmeriBank
 Bank of the West
 Bank of America
 Bank Midwest
 Brannen Bank
 Bank One
 Bank of the Ozarks
 Bank United
 BB&T
 BBVA Compass
 Carolina First Bank
 CenterState Bank
 Chambers Bank
 Citizens First Bank
 Community Bank of Florida
 CoMerica
 Drummond Bank
 EverBank
 Farm Credit Service of North Florida
 CBC National Bank

Farm Credit Service of SW Georgia
 Fifth Third Bank
 First Home Bank
 First Horizon Bank
 Florida Bank
 Fidelity Bank of Florida
 Harbor Community Bank
 Gateway Bank
 Huntington National Bank
 IBERIA
 AmerisBank
 Park Avenue Bank
 Peoples Bank
 Public Bank
 Regions Bank
 Republic Bank
 SunTrust Bank
 TD Bank
 Wells Fargo Bank
 United Southern Bank
 USAmeriBancorp

Private Corporations

Boyd Properties, Inc.
 Cala Hills Development Corp.
 Del Webb, Inc.
 Ellison Realty
 Flair Corporation
 Munroe Regional Health Services
 Oak Run Development Corp.
 Ocala Regional Health Corp.
 Palmer Realty/Paddock Park Dev., Inc.

Security Land Holding, Inc.
 Signature Brands, LLC
 Silver Run Properties, Inc.
 Spruce Creek Development of Ocala, Inc.
 Stiles Corporation
 Stonecrest Management, Inc.
 TECO Development, Inc.
 The Tamposi Family Corporation
 The Steinbrenner Group

Government/Public Institutions

Citrus County Commissioners
 City of Belleview
 City of Crystal River
 City of Inverness
 City of Ocala
 Federal Deposit Insurance Corporation
 Florida Communities Trust
 Lake County School Board

Marion County Commissioners
 Marion County School Board
 State of Florida, DEP
 State of Florida, HUD
 State of Florida, DNR
 St. Johns River Water Mgt. District
 Suwannee River Water Mgt. District
 United States Department of Agriculture

Relocation Services

Cendant Mobility
 Prudential Relocation Management
 Signature Brands, LLC
 Valuation Administrators, Ltd.



CITY OF OCALA

CITY COUNCIL REPORT

Council Meeting Date: 04/03/18

Subject: Interfund loan of \$380,000 for parking lot purchase

Submitted By: Emory Roberts

Department: Business & Financial Services

STAFF RECOMMENDATION (Motion Ready): Adopt Budget Resolution 2018-136 authorizing an interfund loan from the Electric Fund to the Downtown Redevelopment Fund for the purchase of the Marion County Judicial Center parking lot, and amending the fiscal year 2018 Budget to appropriate the funding in the amount of \$380,000

OCALA'S RELEVANT STRATEGIC GOALS: Economic Hub, Quality of Place

PROOF OF PUBLICATION: N/A

BACKGROUND:

On February 6, 2018, City Council verbally authorized the City Manager to proceed with an interfund loan from the Electric Fund in the amount of \$380,000 to the Downtown Redevelopment Fund for the purchase of the Marion County Judicial Center parking lot bordered by NW 1st Avenue, NW 2nd Street, Magnolia Avenue, and NW 3rd Street.

The interfund loan will be repaid annually over five (5) years with an annual interest rate of 1.35%. This rate is equal to the City of Ocala Fixed Income Managers Net Time Weighted Return for the one (1) year period ending 12/31/2017 of 1.35% as reported to the Investment Committee. The total interest paid will be \$15,624.85 with the first payment of \$79,124.97 due 4/1/2019.

The principal and interest to be repaid totals \$395,624.85.

FINDINGS AND CONCLUSIONS:

Funds are available in the Electric Fund Reserve for Contingency for this loan to the Downtown Redevelopment Fund.

FISCAL IMPACT:

Increase of \$380,000 to the Downtown Redevelopment Fund and a \$380,000 decrease to the Electric Fund Reserve for Contingency.

The Downtown Redevelopment fund will be in a position to repay the annual obligation of \$79,124.97 as the average Ad Valorem based revenue to that fund is \$350,000 per year. The annual loan payment will be due annually on April 1st.

LEGAL REVIEW: N/A

ALTERNATIVE:

Deny the interfund loan request and seek alternative funding from external sources.

SUPPORT MATERIALS:

#a: Interfund_Loan_Amtz Sch Elec to Downtown Revit. _\$380k_5yr (PDF)

BUDGET RESOLUTION 2018-136

A RESOLUTION AUTHORIZING AN INTERFUND LOAN OF \$380,000 FROM THE ELECTRIC FUND TO THE DOWNTOWN REDEVELOPMENT FUND FOR THE PURCHASE OF THE MARION COUNTY JUDICIAL CENTER PARKING LOT, AND AMENDING THE FISCAL YEAR 2018 BUDGET TO APPROPRIATE THE FUNDING

WHEREAS, it is requested the City Council approve an interfund loan in the amount of \$380,000 from the Electric Fund to the Downtown Redevelopment Fund at an interest rate of 1.35% for five years; and

WHEREAS, the \$380,000 shall be used to purchase the Marion County Judicial Center parking lot bordered by NW 1st Avenue, NW 2nd Street, Magnolia Avenue, and NW 3rd Street; and

WHEREAS, the principal and interest payments will be made out of the Downtown Redevelopment Fund. The dedicated funding source is tax increment funds. The payment of \$79,124.97 will be budgeted annually for five years beginning in FY 2019; and

WHEREAS, if additional Downtown Redevelopment Fund funding becomes available and the balance due is paid off early, the interest shall be reduced accordingly.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA, duly assembled in regular session, that the FY2017-2018 budget be amended as outlined below to appropriate the funds for the interfund loan:

Sources:

457-99-999-531-99800	Electric Fund - Reserve for Contingencies	(\$380,000)
621-381-45700	Contribution from Electric Fund	\$380,000

Uses:

457-99-999-531-91621	Transfer to Downtown Redevelopment Fund	\$380,000
621-16-511-559-61010	Downtown Redevelopment Fund - Land	\$380,000

This resolution adopted this _____ day of _____, 2018.

CITY OF OCALA

By: _____
Matthew J. Wardell
President, Ocala City Council

ATTEST:

By: _____
Angel B. Jacobs
City Clerk

Approved as to form and legality:

By: _____
Patrick G. Gilligan
City Attorney

Reviewed for accounting accuracy & completeness:

By: _____
John Zabler
City Manager

Inter Fund Loan - Electric / Revit

Compounding Period: Monthly

Nominal Annual Rate: 1.350%

Cash Flow Data - Loans and Payments

	Event	Date	Amount	Number	Period	End Date
1	Loan	04/01/2018	380,000.00	1		
2	Payment	04/01/2019	79,124.97	5	Annual	04/01/2023

TValue Amortization Schedule - Normal, 365 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	04/01/2018				380,000.00
2018 Totals		0.00	0.00	0.00	
1	04/01/2019	79,124.97	5,161.86	73,963.11	306,036.89
2019 Totals		79,124.97	5,161.86	73,963.11	
2	04/01/2020	79,124.97	4,157.16	74,967.81	231,069.08
2020 Totals		79,124.97	4,157.16	74,967.81	
3	04/01/2021	79,124.97	3,138.81	75,986.16	155,082.92
2021 Totals		79,124.97	3,138.81	75,986.16	
4	04/01/2022	79,124.97	2,106.62	77,018.35	78,064.57
2022 Totals		79,124.97	2,106.62	77,018.35	
5	04/01/2023	79,124.97	1,060.40	78,064.57	0.00
2023 Totals		79,124.97	1,060.40	78,064.57	
Grand Totals		395,624.85	15,624.85	380,000.00	

Last interest amount decreased by 0.02 due to rounding.

#: Interfund_Loan_Amtz Sch Elec to Downtown Revit. _\$380k_5yr (BR-2018-136 : Interfund loan of \$380,000 for parking lot purchase)

Inter Fund Loan - Electric / Revit

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
1.358%	\$15,624.85	\$380,000.00	\$395,624.85

#: Interfund_Loan_Amtz Sch Elec to Downtown Revit. _\$380k_5yr (BR-2018-136 : Interfund loan of \$380,000 for parking lot purchase)

CITY OF OCALA

CITY COUNCIL REPORT

Council Meeting Date: 04/03/18

Subject: Budget Resolution

Submitted By: Tye Chighizola

Department: Growth Management

STAFF RECOMMENDATION (Motion Ready): Adopt Budget Resolution 2018-137 amending the FY18 budget to appropriate \$7,562 from the Downtown CRA Subarea Reserve for Contingencies toward the purchase of the Marion County Parking Lot from BigWig 4, LLC

OCALA'S RELEVANT STRATEGIC GOALS: Operational Excellence

PROOF OF PUBLICATION: N/A

BACKGROUND:

The City has agreed to purchase the Marion County Judicial Center Parking Lot bordered by NW 1st Avenue, NW 2nd Street, North Magnolia Avenue, and NW 3rd Street from BigWig 4, LLC to help address current and future parking needs in Midtown. The purchase price of the parking lot is \$580,000 plus closing costs of \$7,562. The proposed purchase is consistent with the recently adopted Midtown Master Plan.

The City will use \$200,000 from the Downtown CRA Subarea that is already budgeted in FY18 for implementing a project in the Midtown area and a loan from Electric Utility in the amount of \$380,000 to purchase the lot. The Downtown CRA Subarea will repay the loan over 5 years at an interest rate of 1.35% for annual repayments of \$79,124.97 beginning April 1, 2019. At the April 3, 2018 meeting, the CRA agency and City Council will also consider resolutions to appropriate \$7,562 from the Downtown CRA Subarea to cover the closing costs.

FINDINGS AND CONCLUSIONS:

At this time, the lot will continue to be used to help address current parking needs in Midtown. In the future, the property could be used as a mixed-use catalytic site or for parking to address other catalytic sites identified in the Midtown Master Plan.

The purchase price of the parking lot is based on an appraisal (\$580,000 for 94 parking spaces) of the property from 2017 and is consistent with the appraisal price (\$560,000 for 78 parking spaces) in 2017 of the City's parking lot to the southeast (Concord Lot).

FISCAL IMPACT: The Downtown CRA Subarea currently has a reserve fund balance of \$393,426 in account 621-99-999-559-99999.

PROCUREMENT REVIEW: N/A

LEGAL REVIEW: N/A

ALTERNATIVE:

- Approve
- Approve with changes

- Deny
- Table

SUPPORT MATERIALS:

#a: Exhibit A (PDF)

BUDGET RESOLUTION 2018-137

A RESOLUTION AMENDING THE FY18 DOWNTOWN OCALA REDEVELOPMENT SUB-AREA OF THE CRA BUDGET TO APPROPRIATE \$7,562 FOR THE PURCHASE OF THE MARION COUNTY JUDICIAL CENTER PARKING LOT

WHEREAS, the City has agreed to purchase the Marion County Judicial Center Parking Lot bordered by NW 1st Avenue, NW 2nd Street, North Magnolia Avenue, and NW 3rd Street (described in Exhibit “A”) from Big Wig 4, LLC; and

WHEREAS, the purchase price of the parking lot is \$587,562, which includes closing costs of \$7,562; and

WHEREAS, the Electric Utility will extend a loan in the amount of \$380,000 toward the purchase of the property, which the Downtown CRA Subarea will repay over 5 years at an interest rate of 1.35% for annual repayments of \$79,124.97 beginning April 1, 2019; and

WHEREAS, the \$200,000 budgeted in FY18 for implementing a project in the Midtown area will be used for the purchase of the parking lot as it is located within the Midtown area; and

WHEREAS, the lot will continue to be used for parking as it will maximize parking availability for the redevelopment of the adjacent Concord lot as well as other catalytic redevelopment sites in the Midtown area.

NOW THEREFORE BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA, duly assembled in regular session, that the FY2018 Budget be amended as outlined below to appropriate funding as follows:

Source:

621-99-999-559-99999	Downtown CRA Subarea Reserve for Contingencies	(\$7,562)
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Use:

621-16-012-511-61010	Downtown CRA Subarea Land	\$7,562
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This resolution adopted this _____ day of _____, 2018.

CITY OF OCALA

By: _____

Matthew J. Wardell
President, Ocala City Council

ATTEST:

By: _____

Angel B. Jacobs
City Clerk

Approved as to form and legality:

By: _____
Patrick G. Gilligan
City Attorney

Reviewed for accounting accuracy & completeness:

By: _____
John Zobler
City Manager

PID No. 2854-042-000

EXHIBIT A

BLOCK 42, OLD SURVEY OF OCALA, AS RECORDED IN PLAT BOOK E, PAGE 1, PUBLIC RECORDS OF MARION COUNTY, FLORIDA; AS SUCH BLOCK WAS AFFECTED BY A RESOLUTION PASSED BY THE BOARD OF COMMISSIONERS OF MARION COUNTY, FLORIDA, AT A MEETING DATED APRIL 6, 1847, AND RECORDED IN VOLUME 1, PAGE 28, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA (WHICH RESOLUTION RESIZED THE DIMENSIONS OF CITY BLOCKS SHOWN ON THE ABOVE MENTIONED PLAT)

#: Exhibit A (BR-2018-137 : Budget Resolution)