

**APPRAISAL REPORT
ARCADIA MUNICIPAL AIRPORT
2269 SE A.C. POLK DRIVE
ARCADIA, DESOTO COUNTY, FLORIDA
MAY 2015**

**AT THE REQUEST
OF
CITY OF ARCADIA
ARCADIA, FLORIDA**

**PREPARED BY
REED APPRAISAL COMPANY
1102 SOUTH FLORIDA AVENUE
P.O. BOX 1645
LAKELAND, FLORIDA 33802-1645**

FILE NO.: 2015-019

REED APPRAISAL COMPANY
REAL PROPERTY APPRAISERS AND CONSULTANTS

1102 SOUTH FLORIDA AVENUE • P.O. BOX 1645 • LAKELAND, FLORIDA 33802-1645
OFFICE: (863) 688-6718 • CELL: (863) 660-7558 • EMAIL: david@reedappraisalco.com

May 8, 2015

Ms. Beth A. Carsten
Interim City Manager
City of Arcadia
23 North Polk Avenue
Arcadia, FL 32466

Dear Ms. Carsten:

In accordance with your request, we have completed an Appraisal Report of our assignment to provide market rents and values for certain components of the City of Arcadia Municipal Airport property located at 2269 SE A.C. Polk, Jr. Drive in Arcadia, DeSoto County, Florida.

This summary type report contains 77 pages and provides a description of this property and our method of valuation.

Our conclusions are summarized as follows:

- I. **Fair Market Value of Lease Rate for FBO** to lease 1,508 sq. ft. terminal building, 6,000 sq. ft. maintenance hangar, supporting paved aprons/taxiways, parking lots and yard areas: **\$1.00 per sq. ft. of building area rate**, modified gross terms with annual increases based on the greater of 2.5% or CPI (\$7,508 first year).

- II. **Market Rents for Certain Airport Improvements:**

Building/Unit	Sq. Ft.	Rent \$/SF	Monthly	Annual
Terminal	1,508	\$5.00	\$628	\$7,540
Maintenance	6,000	\$3.00	\$1,500	\$18,000
Butler	5,000	\$2.50	\$1,042	\$12,500
F Hangar 1	1,552	\$2.50	\$323	\$3,880
F Hangar 2	1,552	\$2.50	\$323	\$3,880
F Hangar 3	1,344	\$2.50	\$280	\$3,360
T Hangar Units	1,183	\$2.44	\$241	\$2,889

The spread or discount for the Fair Market Value of the FBO lease from typical market rates is \$4.00 per sq. ft. for the Terminal and \$2.00 per sq. ft. for the Maintenance Hangar or \$18,032 for the first year's income. The rationale for these conclusions is provided within the "Research Summary & Conclusions" section of this report.

III. Value of the Airport Building Improvements (fee values of buildings and required land)

<u>Building</u>	<u>Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>Value</u>
Terminal	1,508	\$40.00	\$60,000
Maintenance	6,000	\$30.00	\$180,000
Butler	5,000	\$25.00	\$125,000
F Hangar	4,872	\$35.00	\$171,000
T Hangar	23,664	\$25.00	\$592,000

IV. Airport Land Values

Non Aviation (No Taxiway Access)

Land Type	\$/Acre RPVR (a)	\$/Acre Value
Base Land Value	\$30,000 - \$40,000	\$35,000

Aviation Land Value Estimates (Taxiway Access)

Land Type	Premium (b)	\$/Acre Value
Paved Taxi-Access	30%	\$45,500
Turf Taxi-Access	15%	\$40,300

(a) RPVR = Reasonably Probable Value Range

(b) estimated value premium above industrial acreage

This appraisal is subject to the Assumptions and Limiting Conditions and other comments stated herein, particularly as to the limited or summary nature of the report presentation. It is possible that additional assistance from us may be required for you to understand some of the bases for our analyses and conclusions.

We appreciate being considered for this assignment. Please feel free to call on us should you or any users of this report need further clarification or assistance.

Respectfully submitted,

REED APPRAISAL COMPANY

David S. Reed
Digitally signed by David S. Reed
 DN: cn=David S. Reed, o=REED APPRAISAL CO, ou,
 email=david@reedappraisalco.com, c=US
 Date: 2015.05.14 14:45:54 -04'00'

Stanley B. Reed, MAI
Digitally signed by Stanley B. Reed, MAI
 DN: cn=Stanley B. Reed, MAI, o=REED APPRAISAL
 COMPANY, ou, email=stan@reedappraisalco.com, c=US
 Date: 2015.05.14 14:45:35 -04'00'

David S. Reed
 State-Certified General Appraiser
 Certificate # RZ3244
 2015-019.rpt(arcadia airport)

Stanley B. Reed, MAI
 State-Certified General Appraiser
 Certificate # RZ71

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REPORT TYPE, SCOPE OF APPRAISAL & INTENDED USERS

This is an Appraisal Report.

Certain background material and information, exhibits, explanations, documentation, etc. which would normally be included in a self-contained appraisal report are not in this report, but are maintained in our files and incorporated herein by reference.

SCOPE OF WORK followed in performing this appraisal was -

- inspection of the subject property on April 22, 2015, meet with client, discuss airport property, assignment components, existing leases and proposed FBO lease
- obtain improvement rent roll summary, sample leases, improvement sketches and other items from client
- obtain certain factual information about the subject property, such as property appraiser's records, physical features, zoning & land use designation, taxes, utilities, etc.
- research of Central and South Florida area for small-market airports, select most relevant for consideration/comparison to subject, obtain information from FAA (and other aviation information sources), review property appraiser's records and GIS maps (County, Google Earth and Mapwise.com), conduct telephone interviews with airport management/operations staff
- examination of local market activity as to comparable land sales, improved sales, rents, supply and demand, etc.
- consideration of airport use as the highest and best use of the property
- use of the conventional valuation methods as considered to be applicable in order to provide a credible opinion as to the market values/fair market lease rates for the components of the subject as of the date of value
- preparation of summary level Appraisal Report for the client for the intended use of matters related to FBO and other lease negotiations and operation/operating strategy of the airport and for presentation to others related to this intended use; there are no other intended users of this report

By acceptance of this Appraisal Report the client acknowledges understanding and agreement with the described scope of appraisal.

DATES OF APPRAISAL AND REPORT are – May 8, 2015

The **PROPERTY** is described as follows: (see exhibits following the value conclusion)

Identification, Location of Property – Certain components of the City of Arcadia Municipal Airport property located at 2269 SE A.C. Polk, Jr. Drive in Arcadia, DeSoto County, Florida

Legal Description – Portions of DeSoto County Property Appraiser's Parcel #'s 05-38-25-0000-0310-0000, 06-38-25-0000-0030-0000 and 08-38-25-0000-0090-0000

General Area Summary - It is assumed that the client and intended users of this report are familiar with the local area economy and how it relates to the subject property.

Population and income information for the subject and five comparable airports is provided in the research summary chart.

A discussion of economic base, development trends, transportation networks, etc. and further information as to population, demographic characteristics, can be provided if determined to be necessary.

Property Summary – The airport property is in southeast Arcadia and consists of 228 ± acres on the east side of SE Airport Road extending from the southeast corner of SE Carnahan Ave./SE A.C. Polk Drive to the northeast corner of SE Airport Estates Street. There are two runways. The 3,700’ paved runway is oriented southwest-northeast and the 2,780’ turf runway is oriented northwest-southeast. The terminal and hangars are in the northern and northwestern portions of the property with paved aprons and taxiways. There are areas with paved and turf taxiway access around the existing improvements. There are undeveloped areas in the northern portion of the property (utilized for camping) and west of the runways along the east side of Airport Road. The southeastern portion of the property is in the National Wetlands Inventory and the Flood Zone, which do not adversely impact the improved areas or surplus land.

The FBO that operated at the subject since 1985 has vacated with no fuel sales or other typically provided services currently available. The FBO previously occupied the Terminal, Maintenance Hangar and Butler Hangar.

The T Hangars and F Building are fully occupied.

The land areas considered in this assignment are summarized as follows and identified in the “Airport Land Type Location Map” with the exhibits:

Location	Type	Acres
Adjacent to WSW of Tie Down & Terminal	Paved Taxi-Access	2.5
Adjacent to NE of Tie Down, SE of Maintenance	Paved Taxi-Access	1.0
Adjacent to E & N of T Hangars	Paved Taxi-Access	2.5
S Side SE A.C. Polk Dr., SE of F Hangar	Turf Taxi-Access	8.3
S Side SE A.C. Polk Dr., W of Butler	Turf Taxi-Access	3.0
E Side of Airport Rd. (Undeveloped)	Turf Taxi-Access	20.0
N Side SE A.C. Polk Dr. & N of Maint. & T's	No Taxi-Access	5.4

There are undeveloped areas in the south and east sections of the airport property not considered in this assignment.

The improvements considered in this assignment are summarized as follows:

Building	Bldg. Sq. Ft.	Unit Sq. Ft.	# Units	Door Width	Door Clear	Max. Int. Clear	Year Built
Terminal	1,508	n/a	n/a	n/a	n/a	n/a	1990
Maintenance	6,000	n/a	n/a	90'	17'	21.8'	2006
Butler	5,000	n/a	n/a	52'	13.6'	14'	1985
F Hangar	4,872	1,344 - 1,552	3	45'	14.4'	14.6'	2006
T Hangar A	11,832	1,183	10	42'	12.8'	15.4'	1993
T Hangar B	<u>11,832</u>	1,183	10	42'	12.8'	15.4'	1993
	41,044						

Terminal: wood frame construction on slab, basic quality finishes with cedar trim and accents; layout includes main open room with fireplace, receptionists office with window to main room, two private offices, kitchenette, two 2 fixture restrooms and one 3 fixture bathroom with shower; average to fair overall condition, deferred maintenance apparent, particularly on exterior

Maintenance Hangar: metal construction on reinforced slab, basic electric service; basic two story offices and 2 fixture restroom (250 ± sq. ft. 1st floor + 200 sq. ft. 2nd floor); concrete floor damaged/pitted from prior paint shop use, otherwise average to good overall condition

Butler Hangar: metal and concrete block construction on reinforced slab, 200 amp electric; odd build out in west portion/25% of building with medium size room, open area, two 2 fixture restrooms and storage room with fire wall separating hangar area; exterior/building structure in average overall condition with build out in average to fair condition

F Hangar: metal construction on reinforced slab, basic electric service, no plumbing; divided into three units, each with hangar door; good overall condition

T Hangars: metal construction on reinforced slab, basic electric service, no plumbing; divided into 10 units per building, each with hangar door; average overall condition

Fuel Tank: 10,000 gallon tank with pump southwest of Terminal

The client reports there some code violations on the improvements, which are disregarded, as instructed. This is technically a hypothetical condition.

The subject is a small market, recreation and general aviation facility with some flight training activity. There is a small mechanic operation in one of the F Hangar units with the balance of the space leased for private, non-commercial purposes.

In October of 2013, the FAA estimated 19,300 aircraft operations, which has declined significantly with the shutdown of the FBO.

See maps, building sketches and photos with the exhibits.

Zoning/Land Use – IL (Industrial Light) zoning/Public Land-Institutional land use by DeSoto County

Current Use & Recent History – Airport use, rental of hangar units; prior FBO operator vacated recently leaving Terminal, Maintenance Hangar and Butler Hangar vacant; negotiations underway for new FBO lease (intended use of appraisal); current rental operation summary provided by client with summary included in “Research Summary & Conclusions” section of this report; no sales within past five years, none of subject currently offered for sale

Highest and Best Use – Continued airport use with construction of additional facilities as market demands. Additional development is not anticipated to be in demand within the foreseeable future.

METHOD OF VALUATION – consist of a market survey and sales comparison approach as applicable for the rent and value estimates.



RESEARCH SUMMARY & CONCLUSIONS

Research of the south, central and southern Florida area was conducted for small market airports relevant for comparison to the subject. The search was initiated with FAA and other

aviation information services to determine airport facilities to consider. Then property appraiser's records, airport/municipality websites, demographics (Site To Do Business, stdb.com) and GIS mapping tools were utilized to obtain further information. Finally, interviews with operations and management staff were conducted. From this process, five airports were selected for comparison to the subject.

The following chart summarizes the subject and comparable airports. For ease of reading, the chart is split into two sections. Location and parcel-aerial maps are with the exhibits.

	Subject	La Belle	Clewiston
Distance from Subject		40 mi SE	55 mi ESE
Aviation Operations	19,300	20,000	11,500-FAA/20,000 MGR
Activity Indication by Interviewee	dormant	steady	steady
Runways	3,700' - p 2,780' - t	5,254' - p 3,154' - t	5,901' - p turf closed
T-Hangar Rent – Monthly Rate	\$241	\$240	\$240
T-Hangar Rent – \$ Sq. Ft. Rate	\$2.44	\$2.42	\$2.56
T-Hangar Occupancy		100%	75%
"F"/Larger Hangar Units Rent – \$/Sq. Ft.	\$2.51	\$2.35	n/a
Free Standing Hangar Rent – \$/Sq. Ft.		\$3.20 - \$4.70	n/a
Private FBO		No	No
On-Site Businesses (i.)	M	M	SD, FS
2014 Population – 15 minute drive time	24,816	17,045	12,960
Median HH Income – 15 min. drive time	\$32,090	\$37,599	\$33,943
Average HH Income – 15 min. drive time	\$42,400	\$51,050	\$43,645

(i.) M = maintenance, SD = sky diving, FS = flight school, AG = agricultural aviation operations

	Immokalee	Wauchula	Lake Wales
Distance from Subject	60 mi SSE	22 mi N	50 mi NNE
Aviation Operations	36,500	8,400	20,000
Activity Indication by Interviewee	busy	minimal	steady
Runways	5,000' - p 5,000' - p	4,005' - p	3,999' - p 3,660' - p
T-Hangar Rent – Monthly Rate	\$245	\$220	\$265
T-Hangar Rent – \$ Per Sq. Ft. Rate	\$2.75	\$2.14	\$2.65
T-Hangar Occupancy	100%	100%	100%
"F"/Larger Hangar Units Rent – \$/Sq. Ft.	n/a	n/a	
Free Standing Hangar Rent – \$/Sq. Ft.	n/a	n/a	\$3.75 - \$4.67
Private FBO	No	No	Yes
On-Site Businesses (i.)	FS, M, AG	M	SD, M
2014 Population – 15 minute drive time	21,833	11,412	62,349
Median HH Income – 15 min. drive time	\$25,666	\$35,982	\$39,377
Average HH Income – 15 min. drive time	\$35,561	\$46,380	\$53,912

(i.) M = maintenance, SD = sky diving, FS = flight school, AG = agricultural aviation operations

The population within a 15 minute drive of the Lake Wales Municipal Airport is substantially higher than the balance of the airports. This is due to the proximity of the larger, more dense Winter Haven and Haines City markets. Otherwise the population and income indications of the comparable airport properties bracket the subject.

The Immokalee Regional Airport is the most intense and developed facility, superior the subject and comparable properties.

The Sebring Airport is far too intense and developed for comparison to the subject.

The interviewees of the comparable airports presented are:

La Belle Municipal & Clewiston-Airglades (Hendry County): Thomas Vaughn, Airport Manager, 863-675-1568. tvaughan@hendryfla.net

Immokalee Regional Airport (Collier County): Justin Lobb, Collier County Airport Manager, 239-571-0232 and Franco Alves, Immokalee Operations Supervisor, 239-877-7541

Wauchula Municipal Airport (Hardee County): Jason Klein, Manager, 863-773-3115

Lake Wales Municipal Airport (Polk County): Betty Hill, FBO Owner-Operator, 863-412-7715

I. FBO MARKET RENT ESTIMATE

The FBO is proposed to lease the 1,508 sq. ft. Terminal building, 6,000 sq. ft. Maintenance hangar, supporting paved aprons/taxiways, parking lots and yard areas.

Of these five small market airports, only Lake Wales has a private FBO operator, the balance are operated by the counties or cities.

Discussion with Betty Hill, the FBO owner-operator at the Lake Wales Airport for over 20 years with over 40 years of aviation industry experience indicated the following:

- FBO operations (whether private or government operated) are integral to the viability of an airport
- Private FBO operators have high levels of business risk, substantial overhead levels with extensive insurance requirements, facility maintenance/upkeep and require significant initial and ongoing capital investments
- For an FBO to survive, the FBO's Fair Market Rent must be at a level well below the market rent for balance of the hangar units and buildings
- Government entities often work with FBO operators to create opportunity for the airport to benefit from the increased activity generated by providing lease terms that allow for a profitable operation
- Annual lease rate increase provisions based on 2% to 3% or CPI are typical
- Recent "startup" type FBO lease deal done in a small market in the Southeastern United States at \$1.00 per sq. ft. of building area for facilities and required site areas, modified gross terms, CPI based annual increases; 2004-05 renewal for Lake Wales done at similar base terms

Thomas Vaughan reports at the Clewiston Airport, the Flight School leases a 16,500 sq. ft. hangar and supporting site areas for a current rate of \$1.13 per sq. ft. This lease commenced in 2010 and has annual increase provisions.

The market rent for the Terminal building and Maintenance hangar with supporting areas are estimated at \$5.00 and \$3.00 per sq. ft., respectively. These rents are based on occupancy by an independent, non-FBO entity.

The indications from Ms. Hill and Mr. Vaughan as well as general input from other interviewees is that the Fair Market Value of the FBO Lease Rate must be well below typical “market” levels and highly favorable to the FBO if the business is to have a reasonable chance of being successful.

The current dormant status or “startup” scenario at the subject increases the risks to the new FBO.

Considering the foregoing, the *Fair Market Value of Lease Rate for the FBO* to lease the 1,508 sq. ft. terminal building, 6,000 sq. ft. maintenance hangar, supporting paved aprons/taxiways, parking lots and yard areas is concluded at **\$1.00 per sq. ft. of building area rate**, based on modified gross terms with annual increases based on the greater of 2.5% or CPI (\$7,508 first year).

There are no real estate taxes assessed for the property. This rate is based on the tenant being responsible for routine maintenance and utilities. The landlord is to be responsible for structural building maintenance and insurance. The lease rate conclusion is for the improvements “as is”.

Our research indicates that the landlord often provides generous terms to the tenant for improvements.

II. AIRPORT IMPROVEMENT MARKET RENT ESTIMATE

The two airports with recently leased hangar buildings are La Belle and Lake Wales. These airports have recently leased hangars from 2,400 ± to 4,084 ± sq. ft. at rates from \$3.20 to \$4.70 per sq. ft., gross/modified gross.

Additional information considered:

- Avon Park Executive Airport (superior to subject, no response from staff) advertises good quality office space at a \$12 per sq. ft. annual rate, available on a monthly basis
- Immokalee Regional Airport has several warehouse-office building across from the main airport facilities with a current asking rate of \$9.00 ± per sq. ft. for newer buildings and in-place leases at an undisclosed level below the asking rate down to \$3.90 per sq. ft. (\$3.00 per sq. ft. lowest in place rate and \$7.00 per sq. ft. asking rate, net terms, adjusted +30% for gross equivalent); stable occupancy, currently 100%, vacancy coming up at end of May; space is typically 20% office/80% warehouse

Both of these locations are superior to the subject.

The subject and all but the Clewiston-Airglades airport have 100% occupancy on the T Hangar or similar type units, most with waiting lists, at a very narrow range of \$220 - \$265 monthly and \$2.14 - \$2.75 per sq. ft. rates. Therefore, the current rents of the subject T Hangar and F Hangar Units are considered to be “at market”.

The lower than typical occupancy of the T Hangar units at the Clewiston-Airglades airport is reportedly due to the remote location. This facility is heavily driven by a very active sky diving operation, steady flight school operation and subsidized/incentivized agricultural related industrial development along the access road to the airport.

Based on consideration of this market information and the attributes of the subject, the Market Rents for Certain Airport Improvements, “as is”, are concluded at:

Building/Unit	Sq. Ft.	Rent \$/SF	Monthly	Annual
Terminal	1,508	\$5.00	\$628	\$7,540
Maintenance	6,000	\$3.00	\$1,500	\$18,000
Butler	5,000	\$2.50	\$1,042	\$12,500
F Hangar 1	1,552	\$2.50	\$323	\$3,880
F Hangar 2	1,552	\$2.50	\$323	\$3,880
F Hangar 3	1,344	\$2.50	\$280	\$3,360
T-Hangar Units	1,183	\$2.44	\$241	\$2,889

The market rents for the Terminal and Maintenance Hangar that are proposed to be occupied by the FBO are provided to show the spread between the lesser market rent for an FBO operation which has substantially higher business risk, insurance requirements and other overhead costs versus an independent entity. The spread or discount for the FBO lease from market is \$4.00 per sq. ft. for the Terminal and \$2.00 per sq. ft. for the Maintenance Hangar or \$18,032 for the first year’s income.

III. VALUE OF THE AIRPORT BUILDING IMPROVEMENTS

It is not common for hangar and or other improvements at airports to be sold in fee title because the land is typically owned by the airport or government entity with leasehold interests conveyed.

Often, the price per sq. ft. of building area, including land of leasehold interests with substantial remaining terms of hangars are similar to light industrial/warehouse office facilities in their respective market areas.

The LaBelle Municipal airport was privately developed and later taken over by Hendry County with most of the facilities purchased many years ago. There were a number of private owners who did not desire to sell to the County initially. Through the years the County has continued to pursue acquiring all properties with taxiway access. The County’s policy has been to pay prices considered to be at or near market value versus a premium because of their desire to control properties with taxiway access. Three such sales in recent years were discovered and presented in the following chart.

The unit of comparison is the price per sq. ft. of building area, including land.

The land to building ratio (LBR, calculated as land area/building area) is presented to indicate if the comparable sales have any excess or surplus land that may have influenced the purchase price. The comparable sales have land to building ratios from 1.6 to 3.6 which are within the typical range for hangar type and similar size light industrial/warehouse-office properties without significant yard storage. No excess or surplus land influenced the purchase prices.

Comparable sales maps and photographs are with the exhibits.

#	SELLER BUYER	LOCATION	PRICE DATE	BLDG SF SITE AC	SSF BLDG LBR (a)
COMMENTS					
1	LW Mayhood Hendry County BOCC	137 & 225 E Cowboy Way LaBelle Municipal Airport	\$232,700 Jan-10	8,724 0.72	\$26.67 3.6
4,084 sf metal hangar, built '79 on 0.36 ac site & 4,640 sf metal hangar, built '81 on 0.36 ac site; average overall condition; paved taxiway access					
2	S & A King Hendry County BOCC	450 N Industrial Loop LaBelle Municipal Airport	\$410,000 Dec-12	20,384 1.31	\$20.11 2.8
9,384 sq. ft. metal hangar, built '92 & 11,000 sq. ft. metal and concrete block hangar built '08; multi-unit "box" hangar units, 2,000 sq. ft. average size, currently rented by County at \$400 per month or \$2.40 per sq. ft. annual rate; average overall condition; turf taxiway access					
3	W & D Dunbar Hendry County BOCC	215 E Cowboy Way LaBelle Municipal Airport	\$191,300 Jul-13	4,780 0.18	\$40.02 1.6
metal hangar, built '91; good overall condition; paved taxiway access					
(a) land to building ratio					

imp sales-arcadia airport.xls

Thomas Vaughan, Airport Manager, verified these three transactions which indicate unit prices from \$20 ± to \$40 ± per sq. ft. of building area, including land.

Sale 2 at \$20 ± per sq. ft. was for the largest amount of building area and has turf taxiway access.

Sale 3 at \$40 ± per sq. ft. was for the smallest amount of building area and has paved taxiway access.

Sale 1 at \$27 ± per sq. ft. was for two separate hangar properties with paved taxiway access.

General area sales of light industrial/warehouse-office properties considered:

- Arcadia: \$23 ± per sq. ft.; May 2014 sale at \$90,000; 4,000 sq. ft. metal warehouse built in 1975, former mini-warehouse converted to single user building (no office); 0.23 acre site, LBR of 2.5
- Okeechobee: \$45 ± per sq. ft. (adjusted for surplus land); October 2013 sale at \$300,000; 5,300 sq. ft. metal warehouse-office built in 2006, 34% office; 1.91 acre site, LBR of 15.7, sale price adjusted \$60,000 for 0.91 acre surplus land (substantial yard area)
- Okeechobee: \$36 ± per sq. ft.; February 2013 sale at \$1,340,000; 37,314 sq. ft. warehouse-office built in 2007, 15% office; 4.93 acre site, LBR of 5.8
- Wauchula: \$49 ± per sq. ft.; May 2012 sale at \$667,200; 11,710 sq. ft. concrete block and metal warehouse-office built in 2008, 15% office; 3.52 acre site, LBR of 13.1, sale price adjusted \$84,000 for excess land (unutilized land suitable for expansion)

The foregoing market activity for airport and typical light industrial properties indicates unit prices from \$20 ± to \$49 ± per sq. ft. of building area, including land. The upper end of this

range occurred for new buildings with 15% to 34% office and yard areas beyond typical truck courts and parking.

Considering this market information and the attributes of the subject, the values are estimated as follows:

<u>Building</u>	<u>Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>Value</u>
Terminal	1,508	\$40.00	\$60,000
Maintenance	6,000	\$30.00	\$180,000
Butler	5,000	\$25.00	\$125,000
F Hangar	4,872	\$35.00	\$171,000
T Hangar	23,664	\$25.00	\$592,000

IV. AIRPORT LAND VALUES

The most applicable land value to use as a “base” for “aviation” land values are industrial sites and acreage.

Four sales and one listing are presented for consideration to estimate the base land value. Three of the properties are in the Arcadia area and two are in Fort Meade, a small market location in southern Polk County.

The unit of comparison is the price per useable acre.

We have used our professional judgment and consideration of discussion with airport representatives to estimate the premiums applied to the land with taxiway access. A 30% premium is applied to the base land value for the paved taxiway access and a 15% premium is applied for the turf taxiway access.

Comparable land sales maps and photographs are with the exhibits.

#	SELLER BUYER	LOCATION	PRICE DATE	TOT AC USE AC	\$/USE AC % USE
COMMENTS					
I	Other Side Sod Co. Allied Recycling, Inc.	2423 SW US Hwy 17 Arcadia DeSoto County	\$250,000 Jan-12	5.28 5.28	\$47,348 100%
IH (Industrial Heavy) zoning, bought by adjacent owner for recycling yard expansion					
II.	J Allen Jr. Trust GLF Construction	W Side Palmetto Ave 0.5 mi N of CR 630 Fort Meade, Polk County	\$50,000 Jan-12	3.50 1.75	\$28,571 50%
M-2/Industrial, 50% clayey soils and flood zone, bought by nearby owner for yard storage					
III	T Rosegger GLF Construction	W Side Palmetto Ave 0.65 mi N of CR 630 Fort Meade, Polk County	\$61,800 Jun-12	3.08 2.09	\$29,569 68%
M-2/Industrial, 52% clayey soils and flood zone, 68% estimate based on recent aerial, bought by adjacent owner for yard storage					
IV	F C Chung Hing Trusa Realty, LLC	W Side SE State Road 31 Arcadia DeSoto County	\$1,600,000 Feb-14	40.0 40	\$40,000 100%
IL (Industrial Light) zoning, bought by adjacent owner, no activity, adjacent to former mental hospital					
V	G F Baxley, Inc. Listed w/Turner Realty	N Side SE State Road 70 Arcadia DeSoto County	\$225,000 LISTING	5.0 5	\$45,000 100%
IL (Industrial Light) zoning, includes 1,500 sf metal building w/2 offices					

land-ind ac-arcadia airport.xls

These four sales and one listing indicate unit prices from \$28,500 to \$47,500 per useable acre.

Considering this market information and the attributes of the subject land, the reasonably probable "base" land value range is estimated to be from \$30,000 to \$40,000 per acre, concluded at \$35,000 per acre.

The indications and conclusions are summarized as follows.

Non Aviation (No Taxiway Access)

Land Type	\$/Acre RPVR (a)	\$/Acre Value
Base Land Value	\$30,000 - \$40,000	\$35,000

Aviation Land Value Estimates (Taxiway Access)

Land Type	Premium (b)	\$/Acre Value
Paved Taxi-Access	30%	\$45,500
Turf Taxi-Access	15%	\$40,300

(a) RPVR = Reasonably Probable Value Range

(b) estimated value premium above industrial acreage

ADDITIONAL INFORMATION

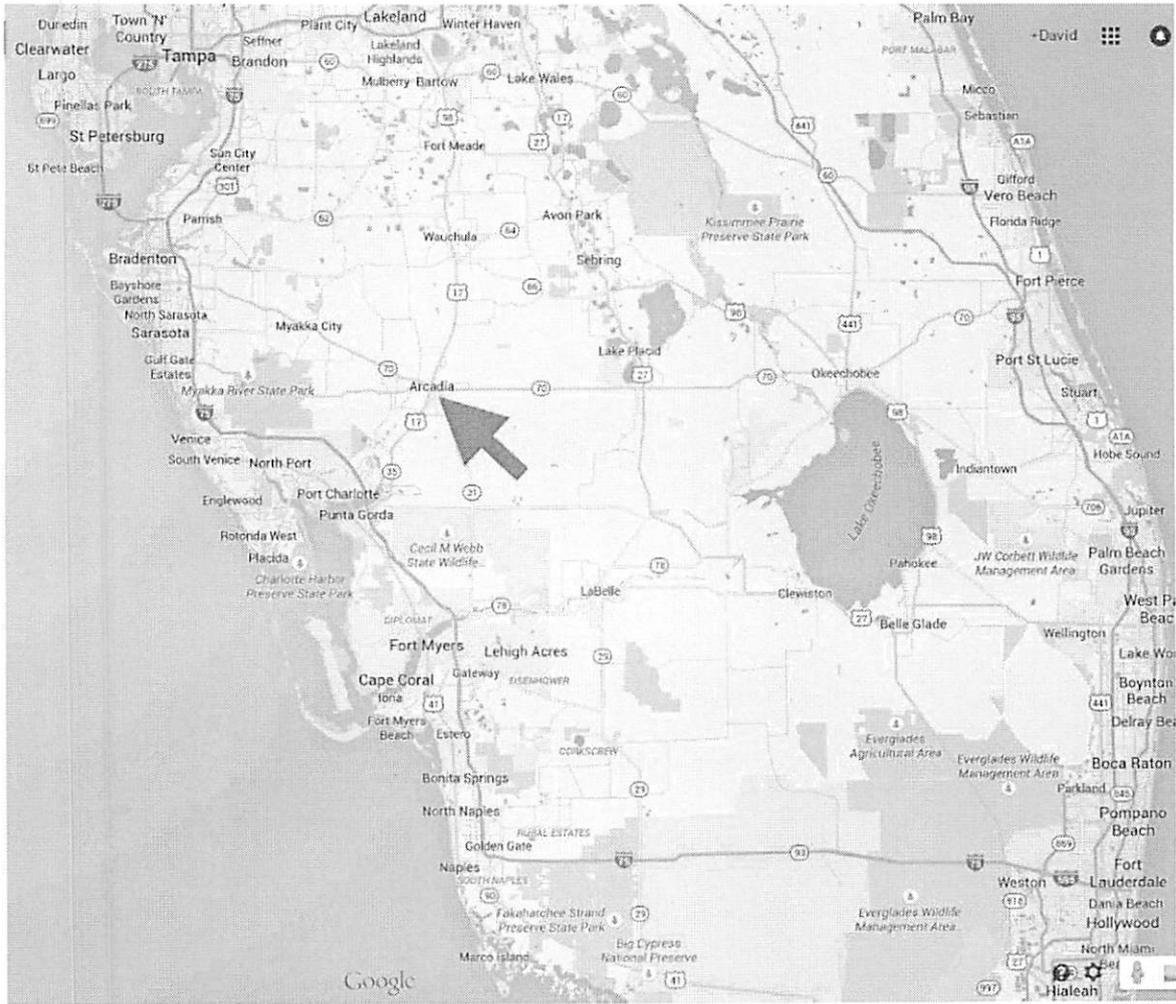
The FAA requires “Fair Market Value” to be used in appraisals and lease evaluations. As applied in this appraisal, this is considered synonymous with “Market Value”. Each definition and source as well as the exposure time for each component are included with the Assumptions and Limiting Conditions at the end of this report.

The “Real Estate Guidance – 4/2015” issued by the FAA states the best method for “Fair Market Value” determination for a new lease is the market survey method, which has been applied in this appraisal.

Guidance also states that the lease evaluation must be as of the date of lease inception. A significant component of the intended use of this appraisal is for negotiations for a new lease with an FBO. Considering reasonably stable market and economic conditions, and assuming no unforeseen significant events, the “Fair Market Value” of the proposed lease rate is valid for the next six months.

Our understanding is that the subject matter of this appraisal is not planned for acquisition by the FAA and therefore, our interpretation is that associated supplementary standards and Certificate of Appraisers are not applicable.

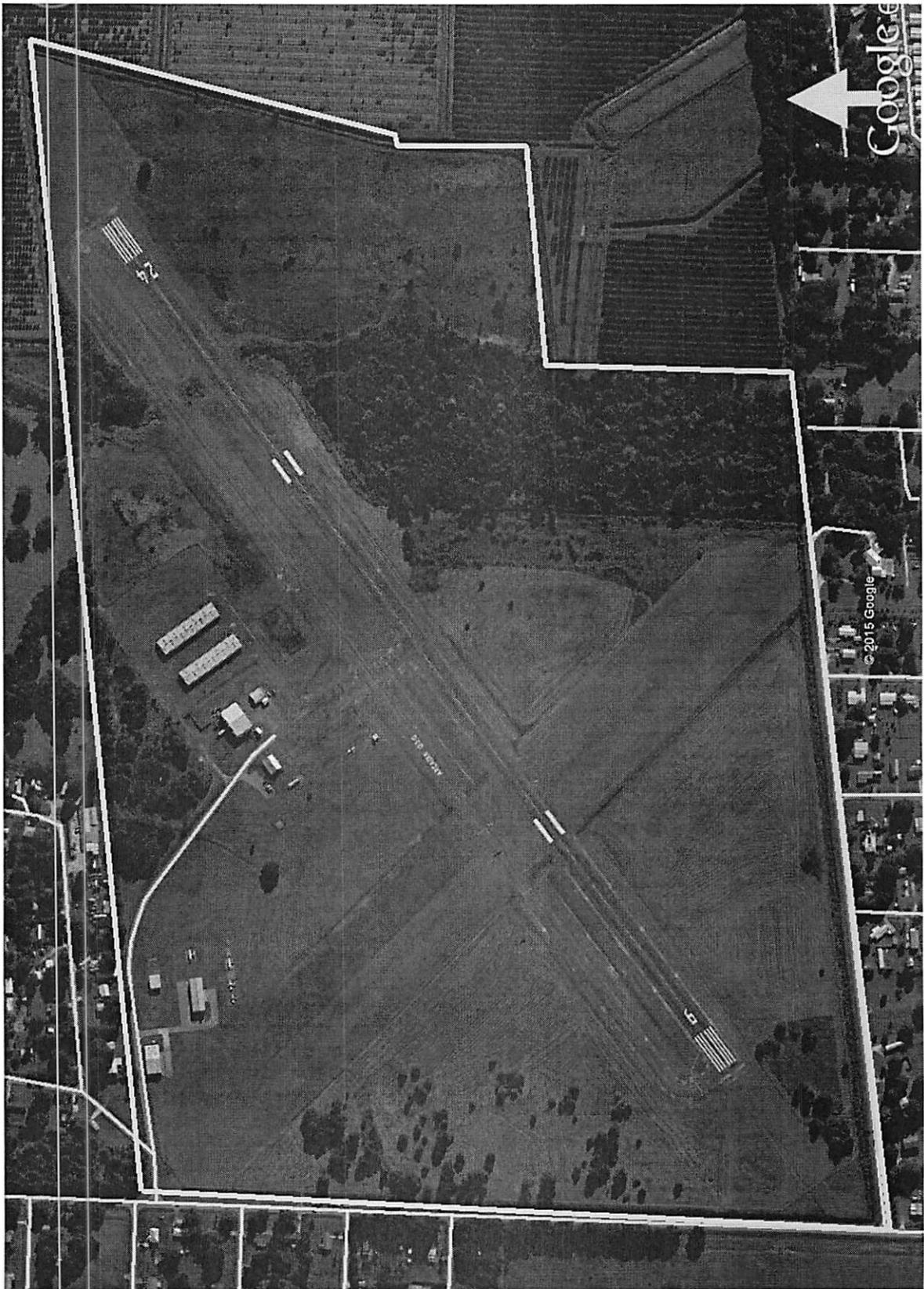
LOCATION MAPS GENERAL AREA



NEIGHBORHOOD AREA



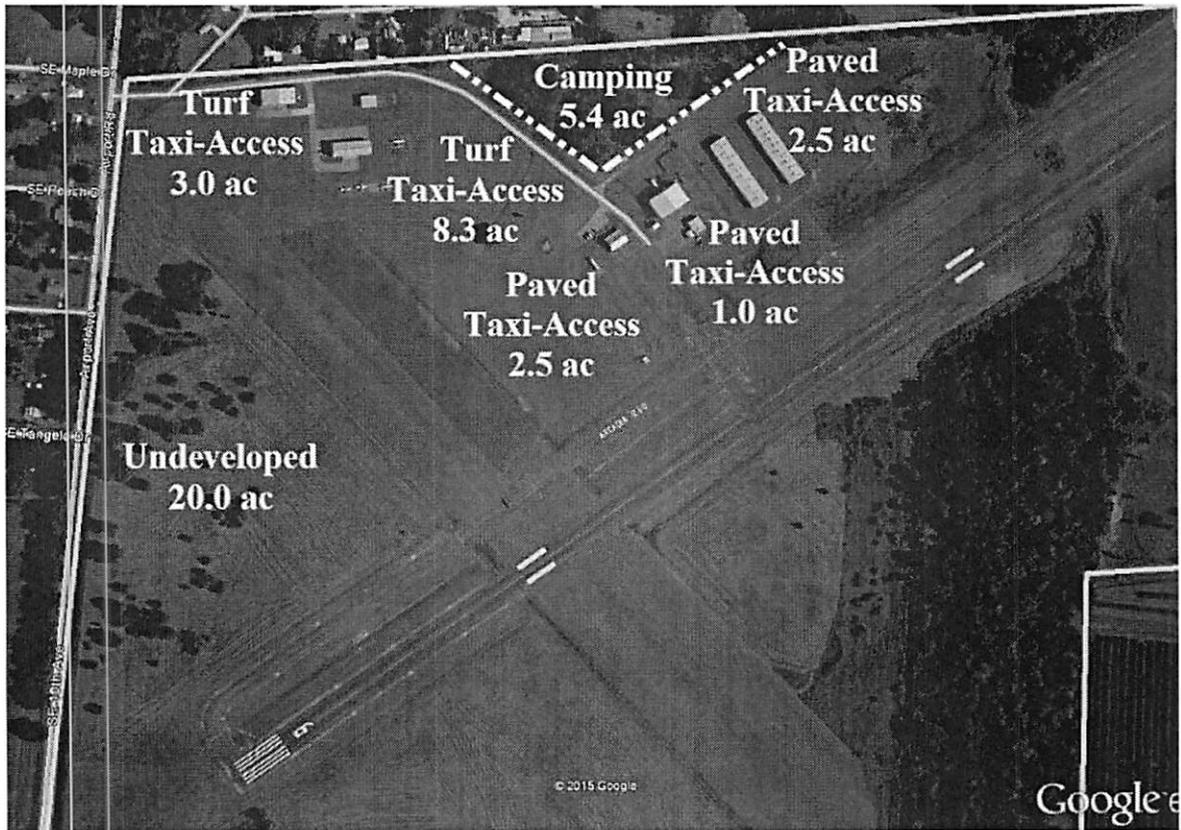
GOOGLE EARTH PARCEL-AERIAL MAP



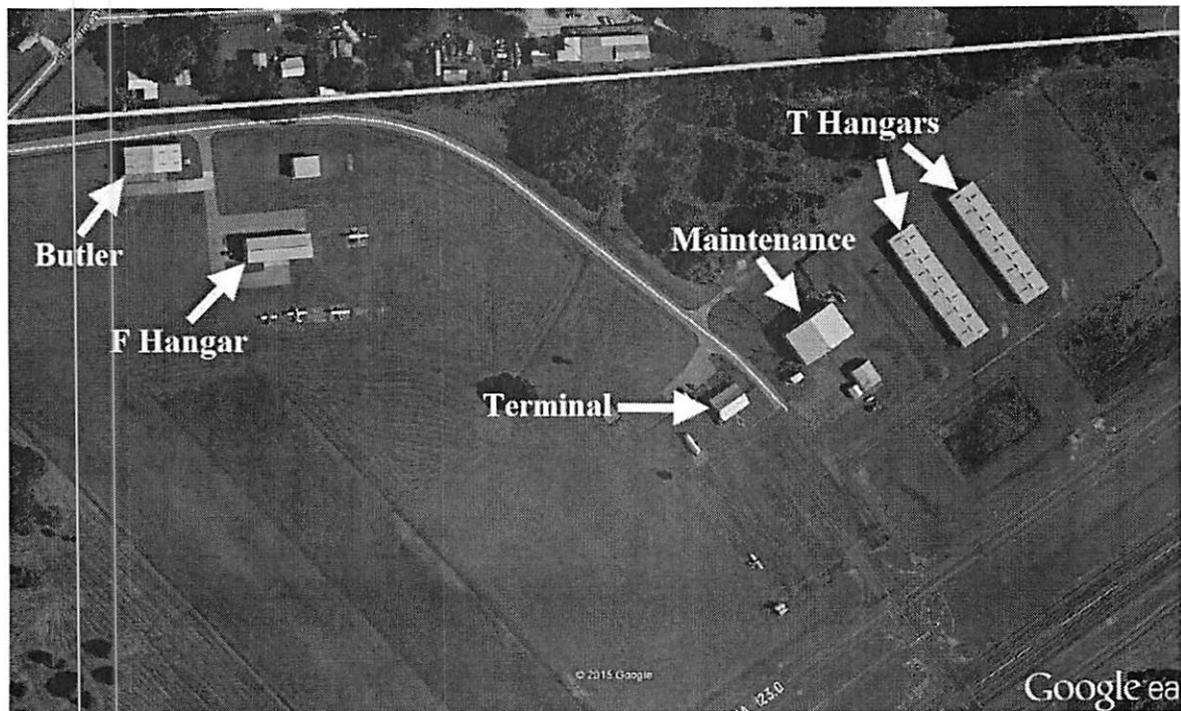
DESOTO COUNTY GIS PARCEL-AERIAL MAP



AIRPORT LAND TYPE LOCATION MAP

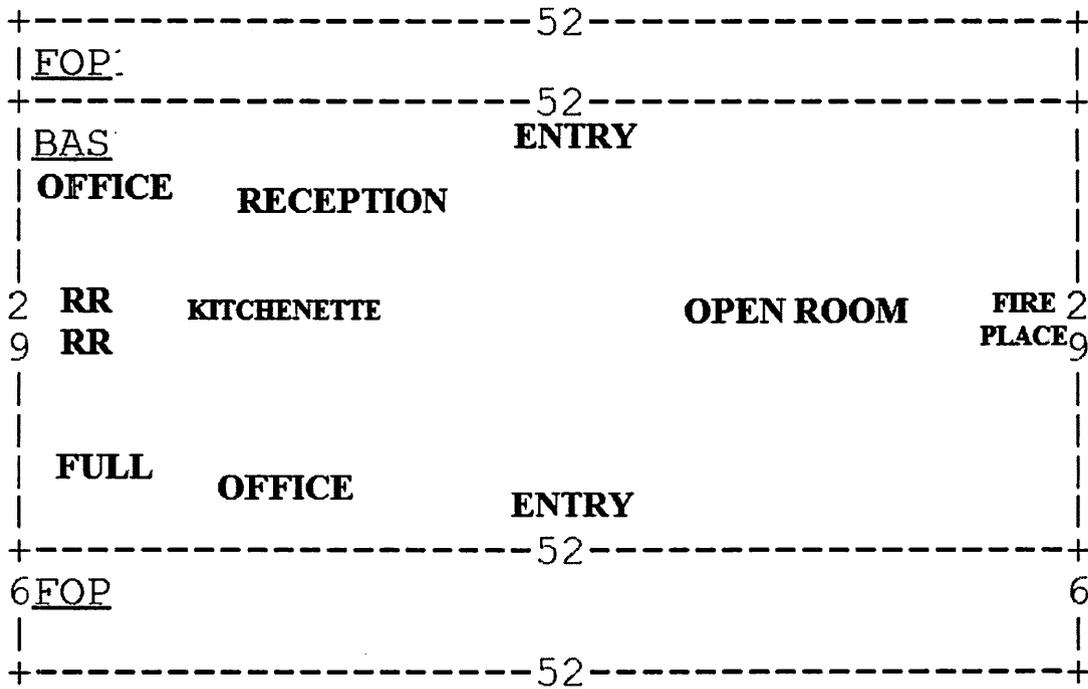


AIRPORT IMPROVEMENT LOCATION MAP

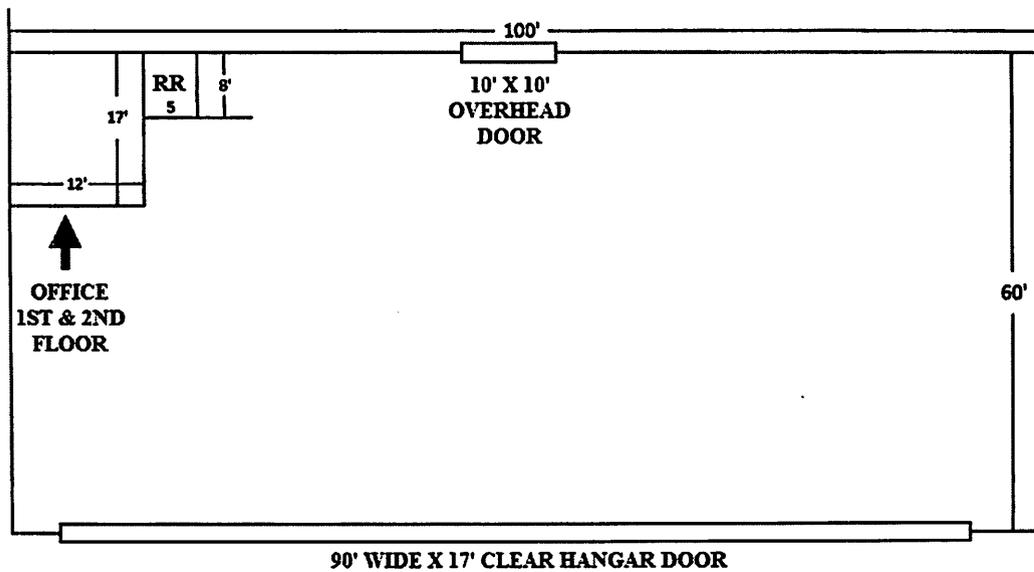


BUILDING SKETCHES

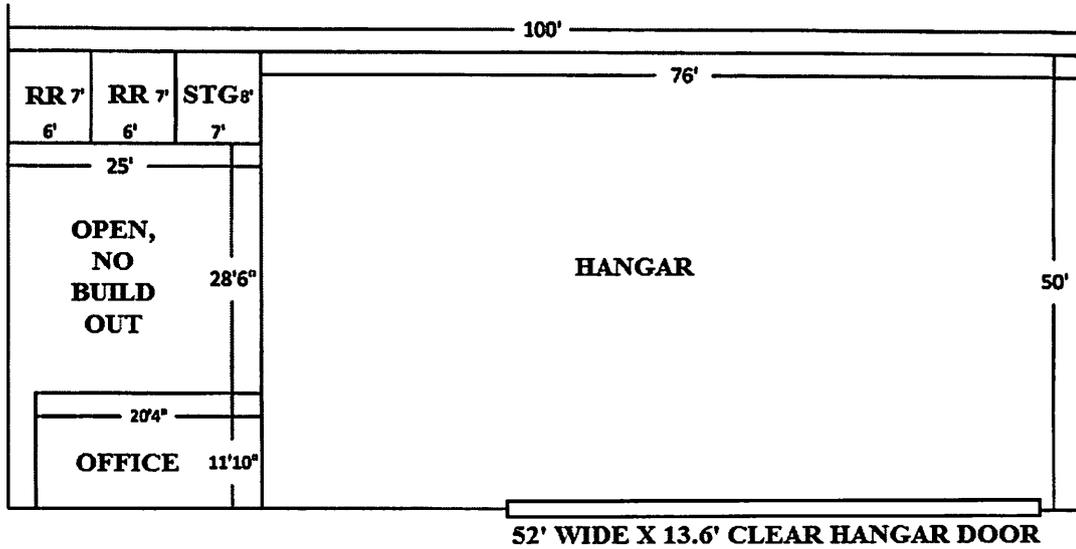
TERMINAL



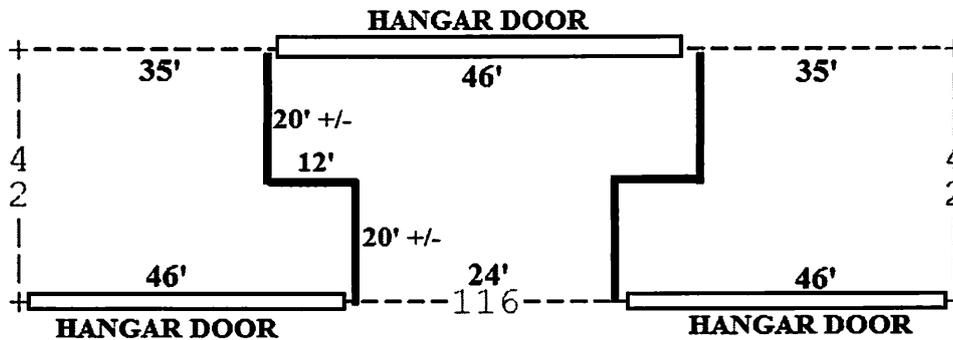
MAINTENACE



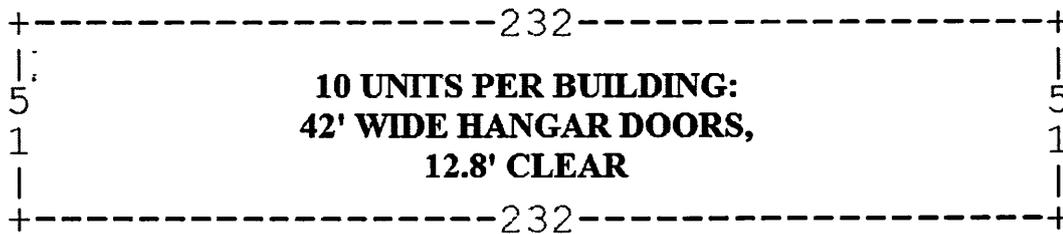
BUTLER



**F HANGAR
(3 UNITS, HANGAR DOORS ARE 14.6' CLEAR)**



T HANGARS



SUBJECT PHOTOGRAPHS



1 – Northeast Corner of Terminal Building



2 – Southeast Corner of Terminal Building



3 – West Along South Side of Building



4 – South/Runway Side Entrance



5 – Northwest Corner of Building



6 – North/Parking Lot Side Entrance



7 – Southwest in Open Room



8 – East in Open Room



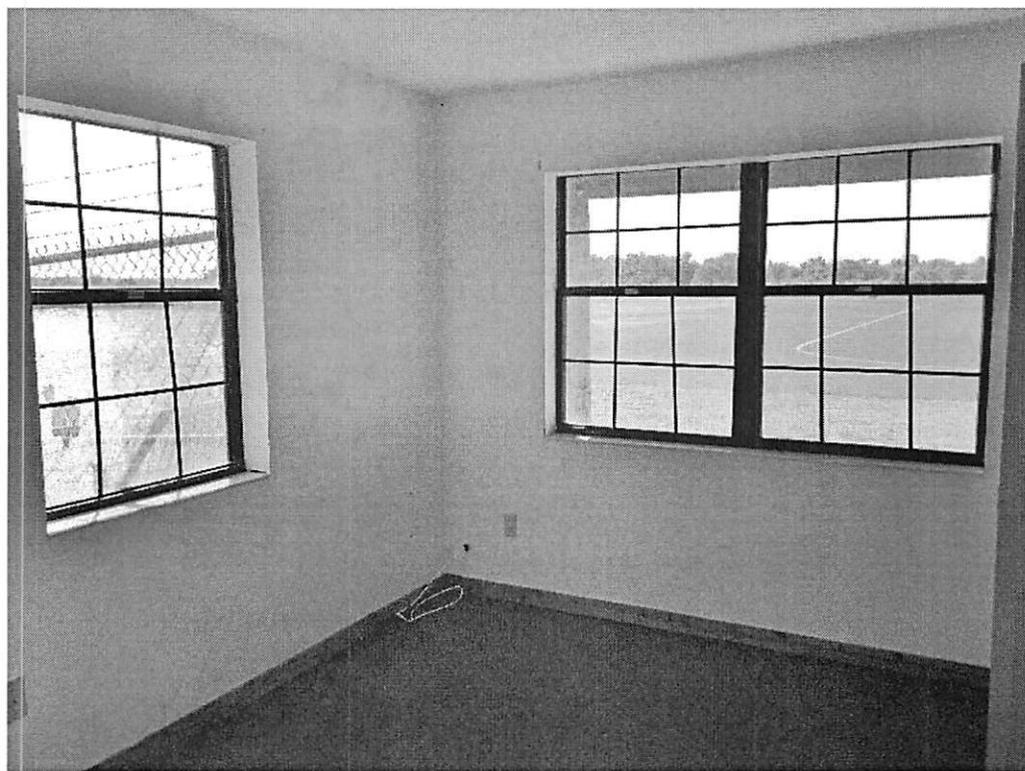
9 – South/Runway Side Entrance and Reception



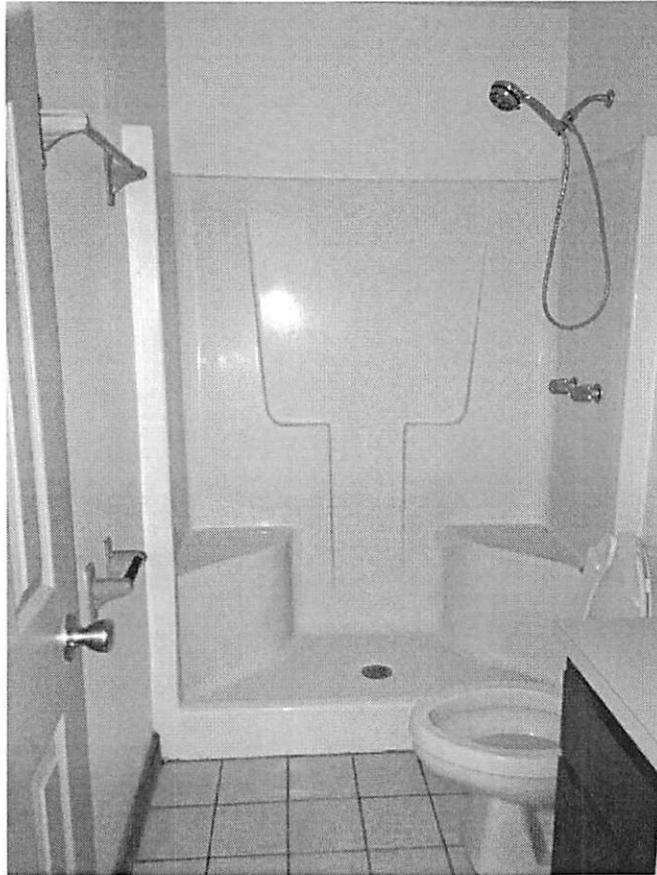
10 – North/Parking Lot Side Entrance



11 – Kitchenette



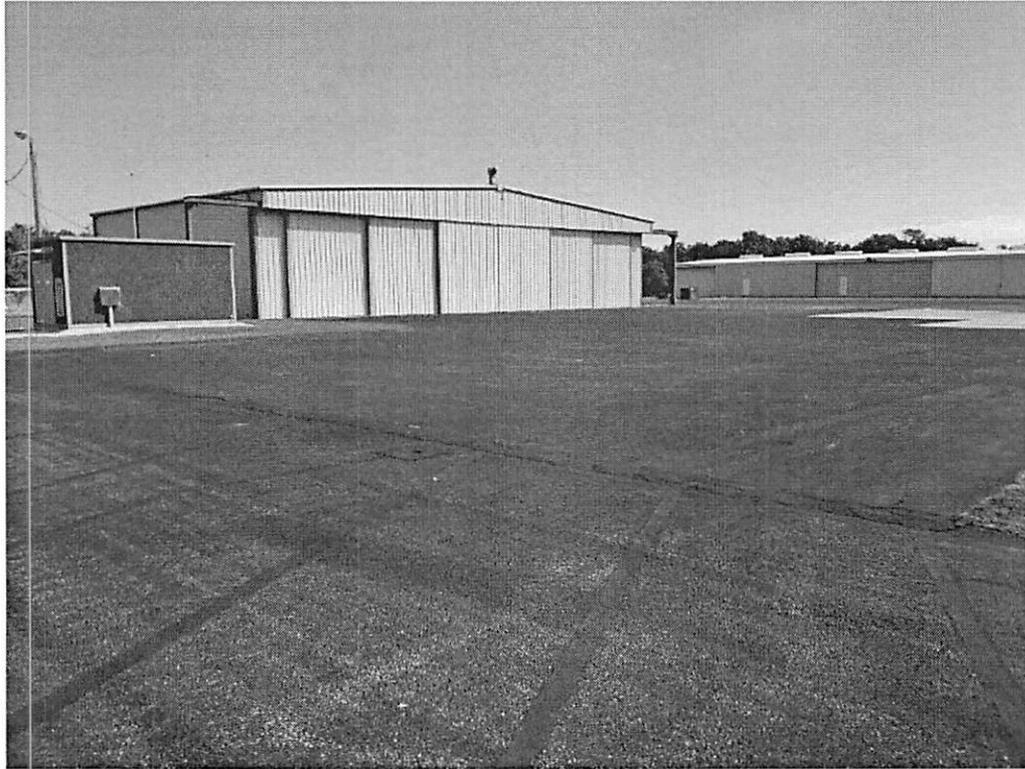
12 – Office



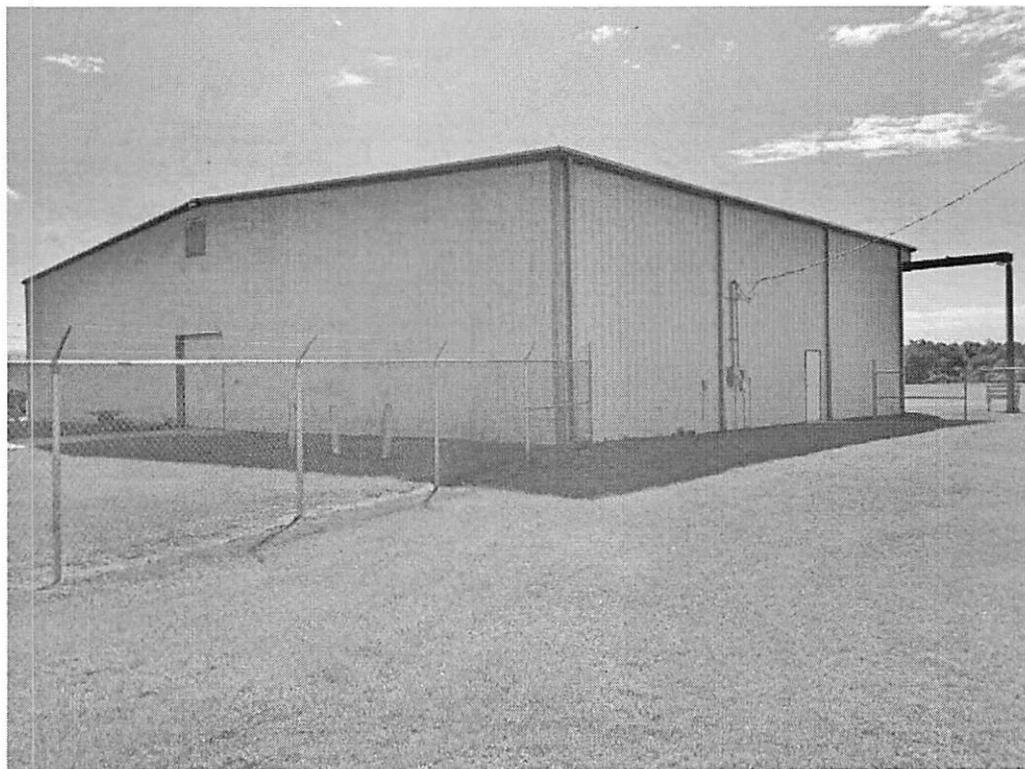
13 – Full Bathroom



14 – Southeast Corner of Maintenance Hangar



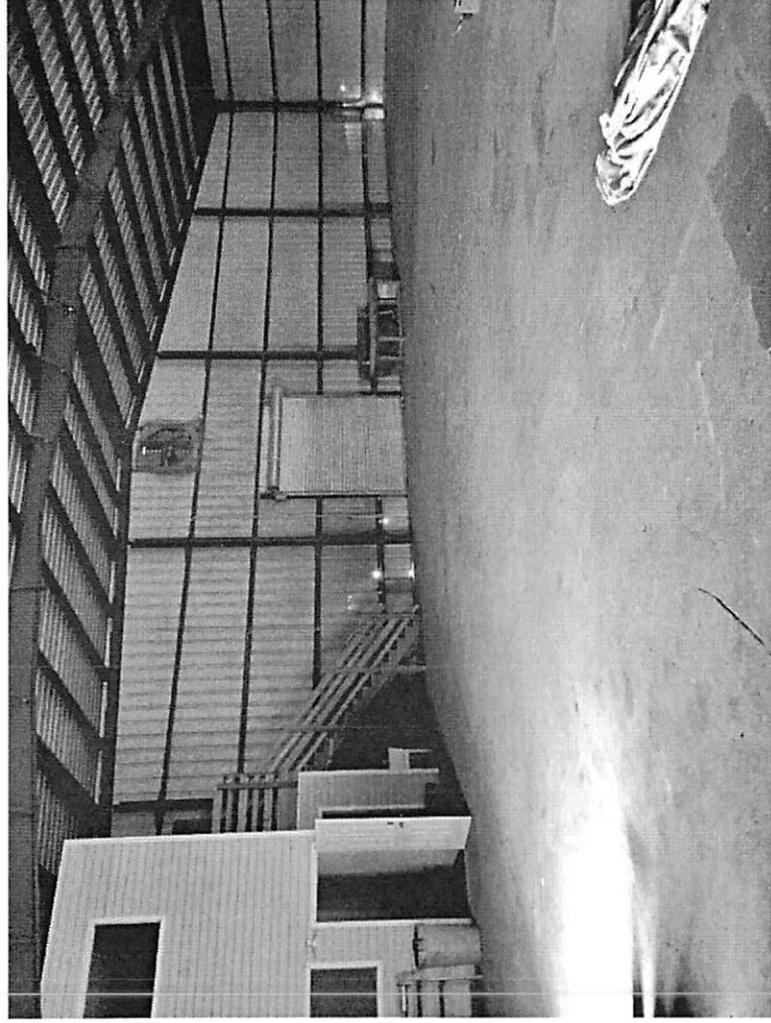
15 – Southwest Corner of Maintenance Hangar and Apron/Taxiway



16 – Northwest Corner of Maintenance Hangar



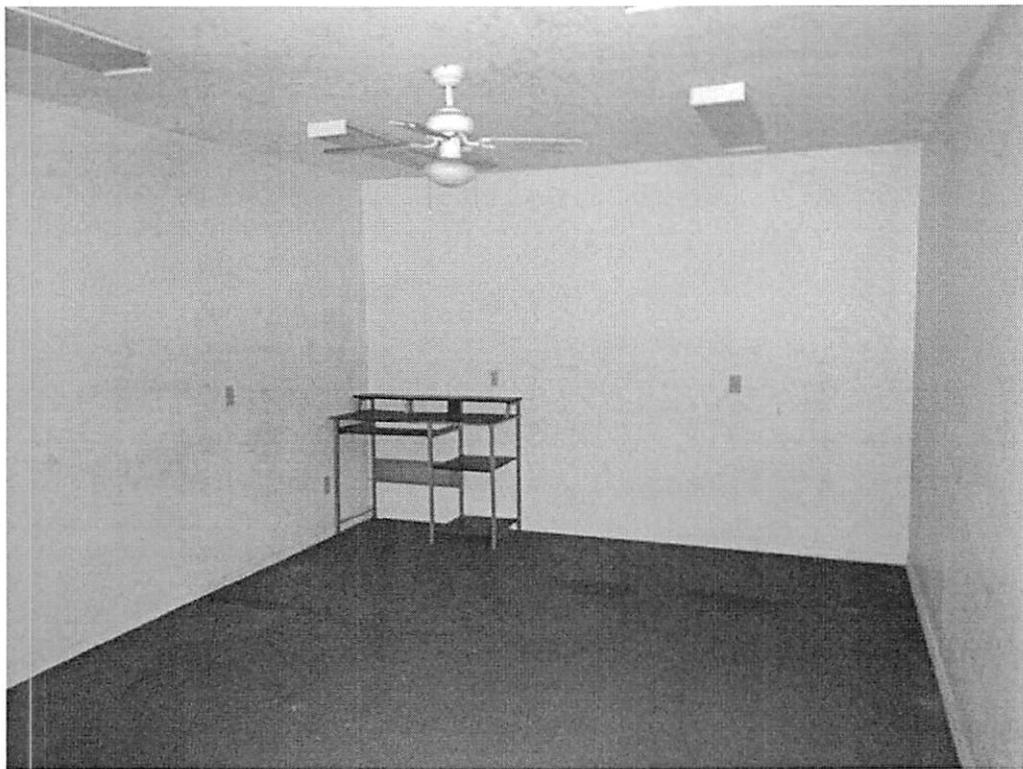
17 – Southeast in Building Toward Hangar Door



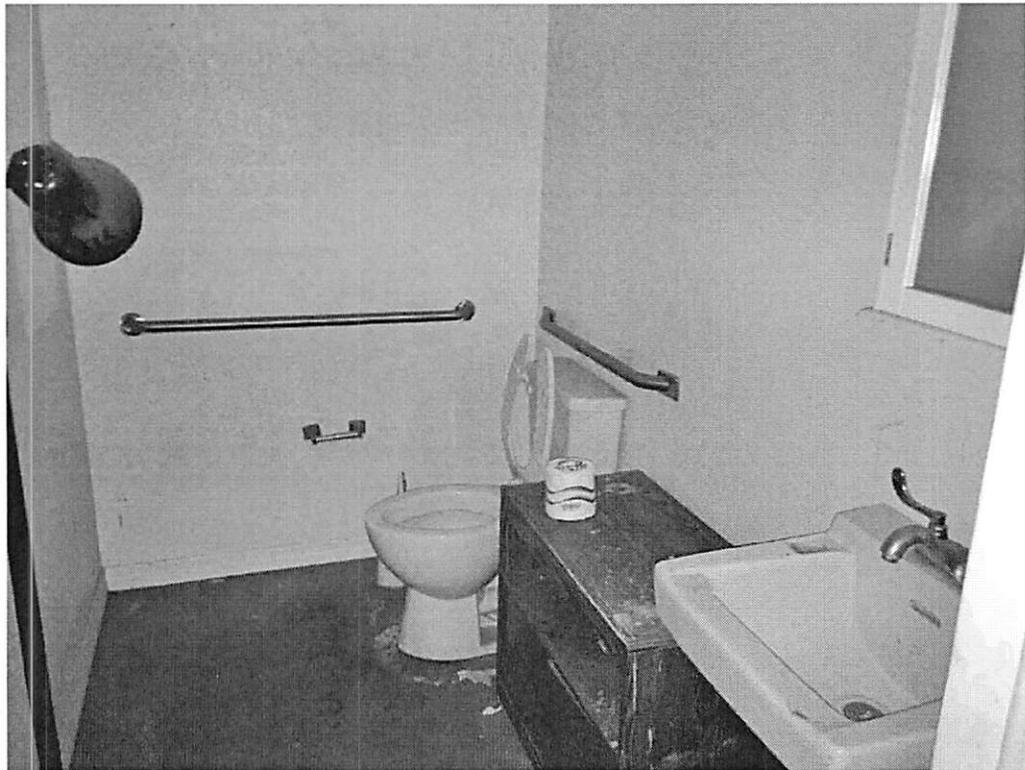
18 – Northeast from Southwest Corner



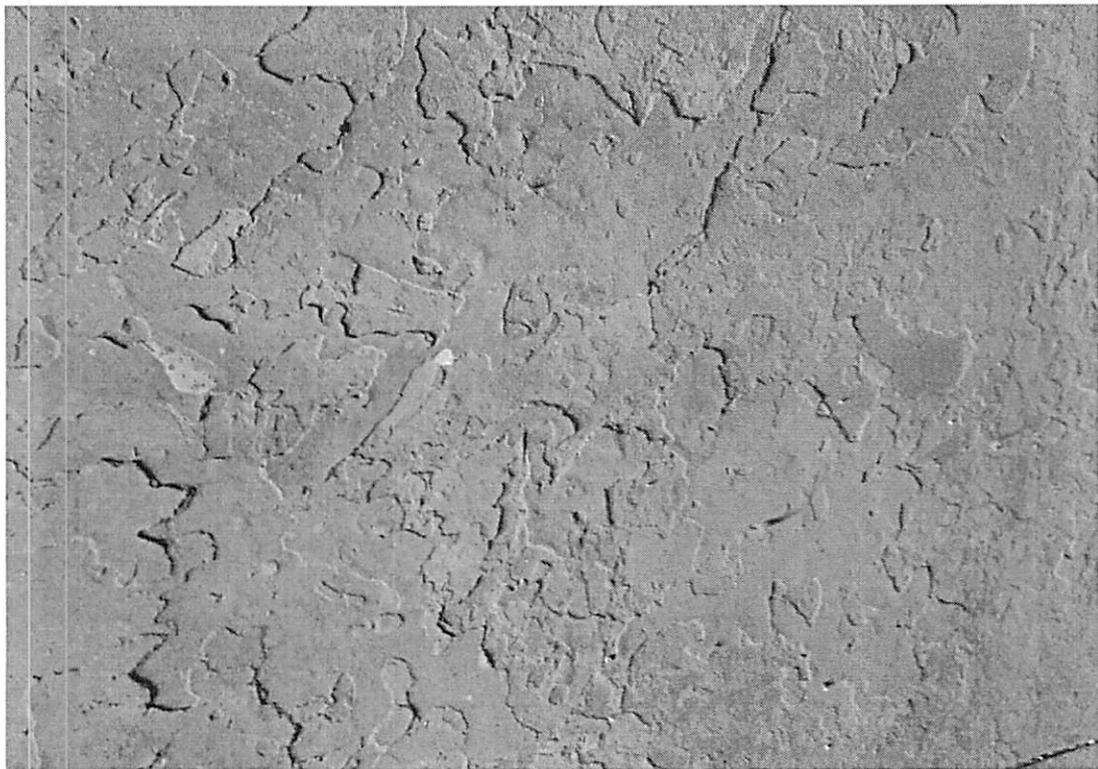
19 – Build Out



20 – First Floor Office



21 – Restroom



22 – Pitted/Chemical Damaged Concrete



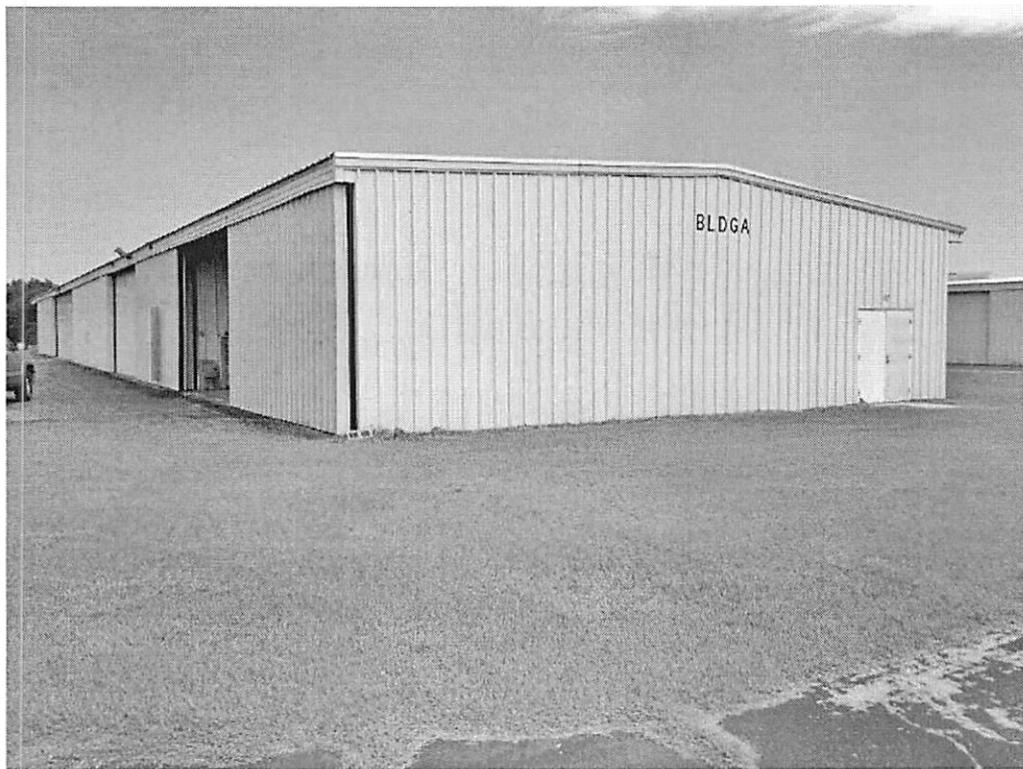
23 – South Toward Taxiway Between Maintenance and Terminal



24 – East Toward T Hangars



25 – Northwest Toward Butler and F Hangar



26 – Southwest Corner of T Hangar A



27 – Northwest Toward T Hangars from Taxiway



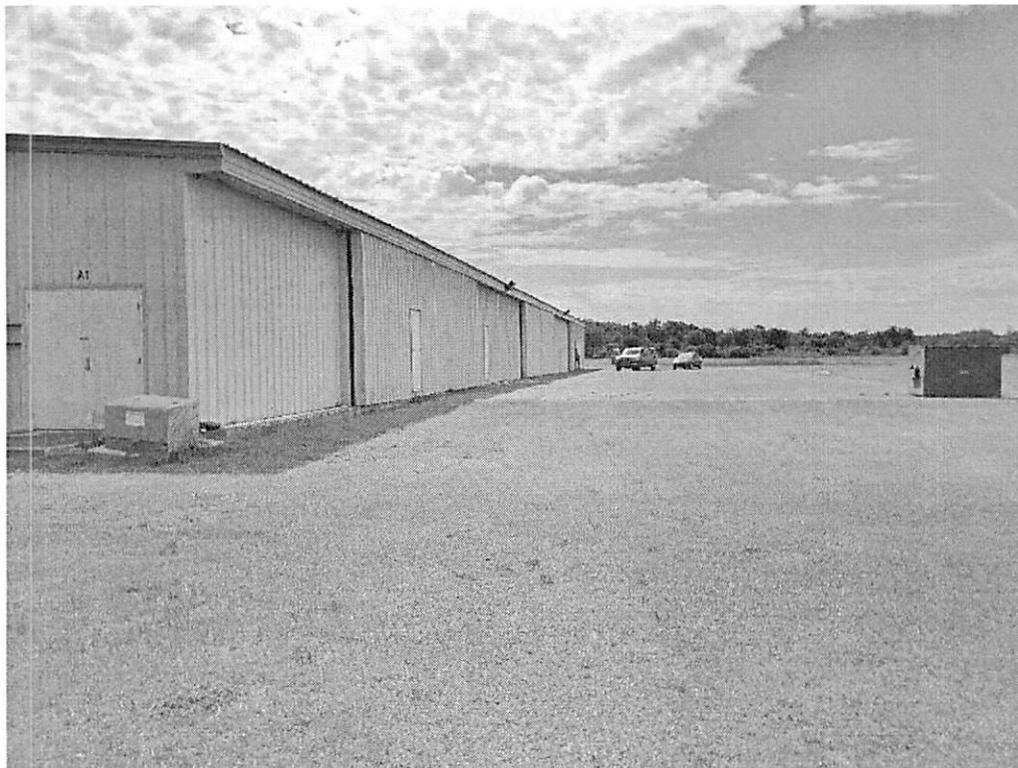
28 – South Toward Runway Between T Hangars



29 – Southeast Corner of T Hangar B



30 – South at Northeast Corner of Hangar B



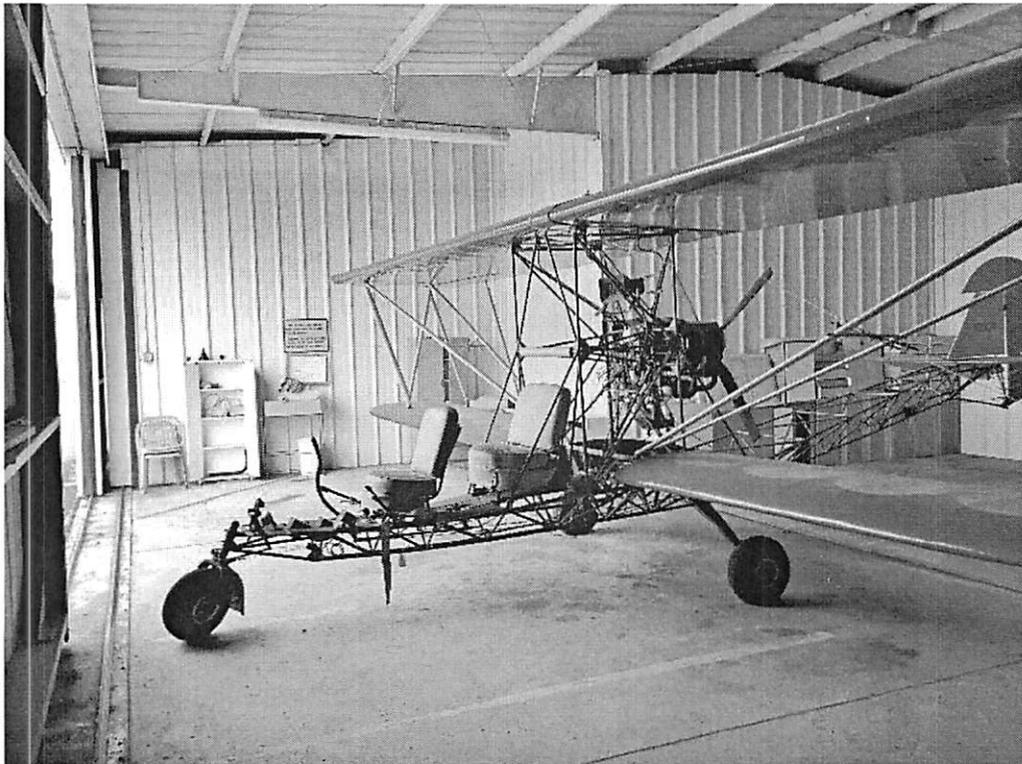
31 – South at Northwest Corner of Hangar A



32 – Interior of T Hangar Unit A6



33 – South in Unit A6



34 – North in Unit A6



35 – Southeast Corner of Butler Hangar



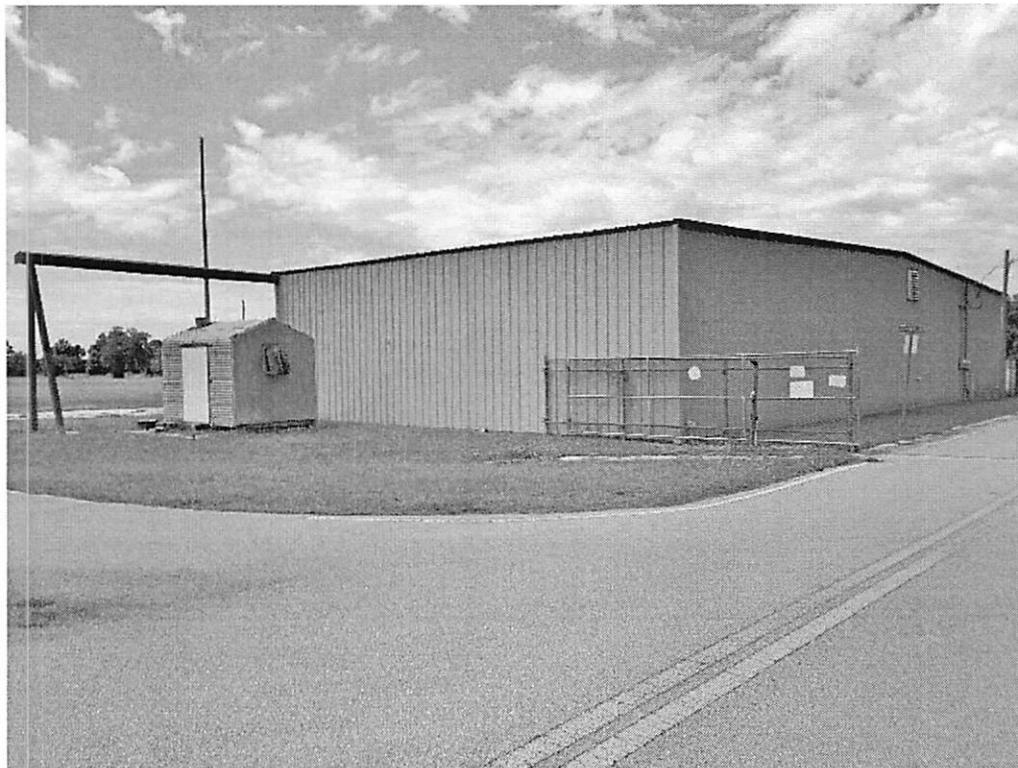
36 – East Along South Side of Butler Hangar



37 – Southwest Corner of Butler Hangar



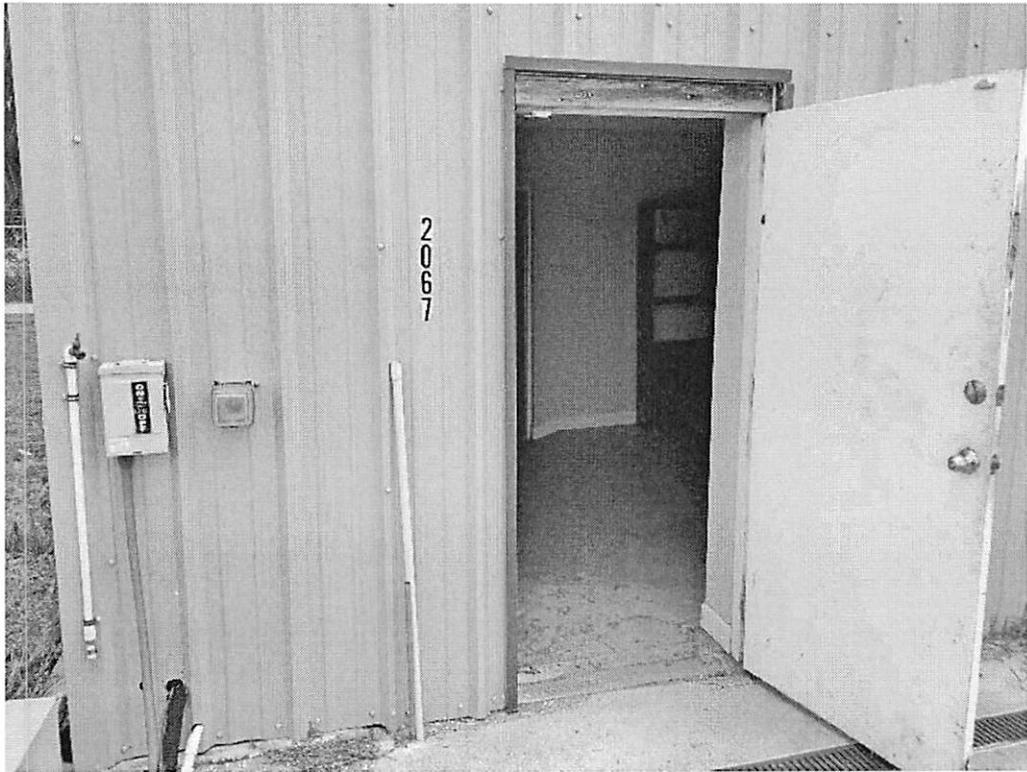
38 – South Along East Side of Butler Hangar



39 – Northeast Corner of Butler Hangar



40 – South at Southwest Corner of Butler Hangar



41 – Office Entrance at Southwest Corner of Butler Hangar



42 – Office Interior



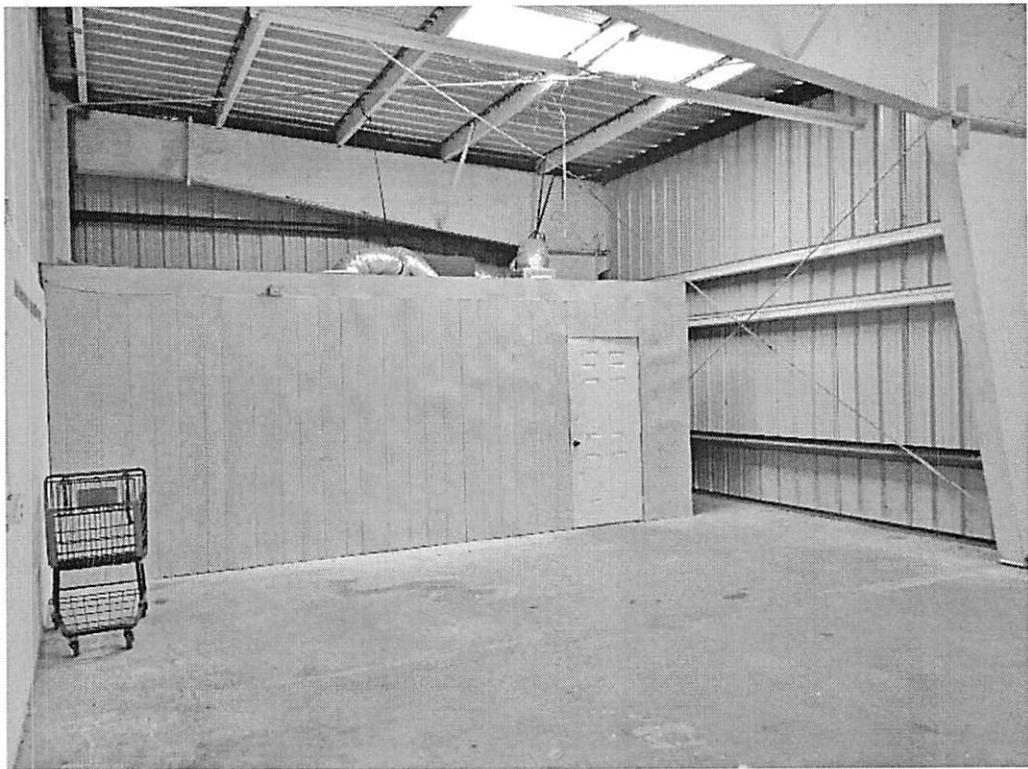
43 – Graded Slope at Entrance



44 – Open Area Between Office and Restrooms



45 – Restroom



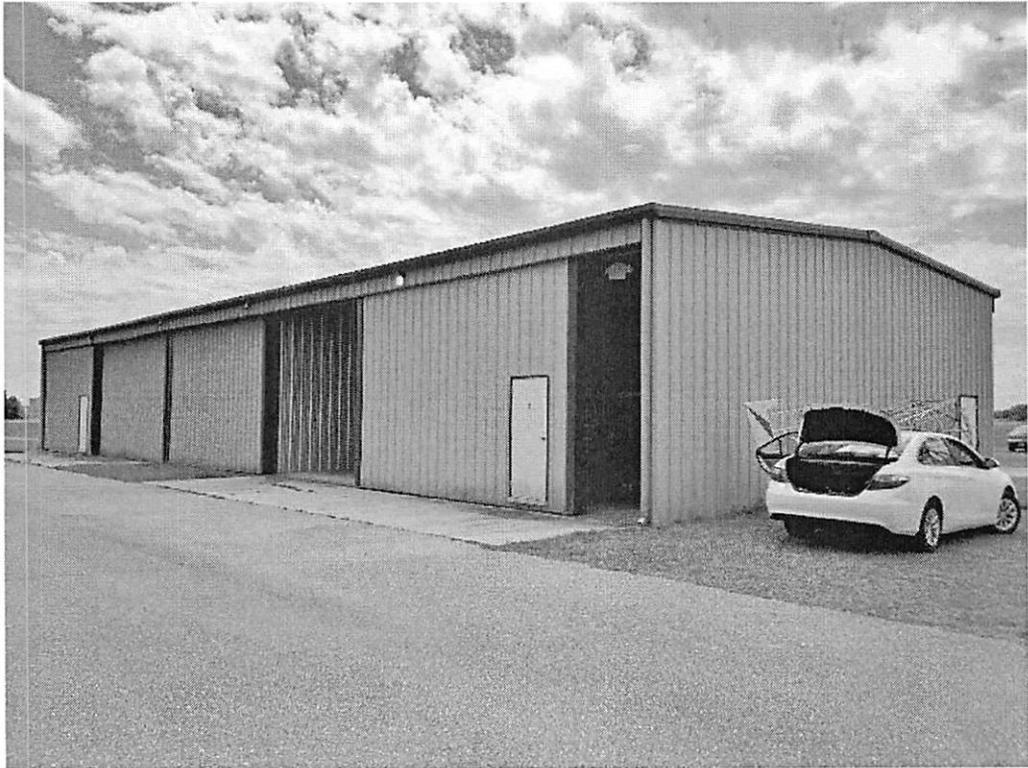
46 – Office Build Out



47 – Southeast from Northwest Corner of Hangar Area



48 – Southwest from Northeast Corner of Hangar Area



49 – Northwest Corner of F Hangar



50 – Northeast Corner of F Hangar



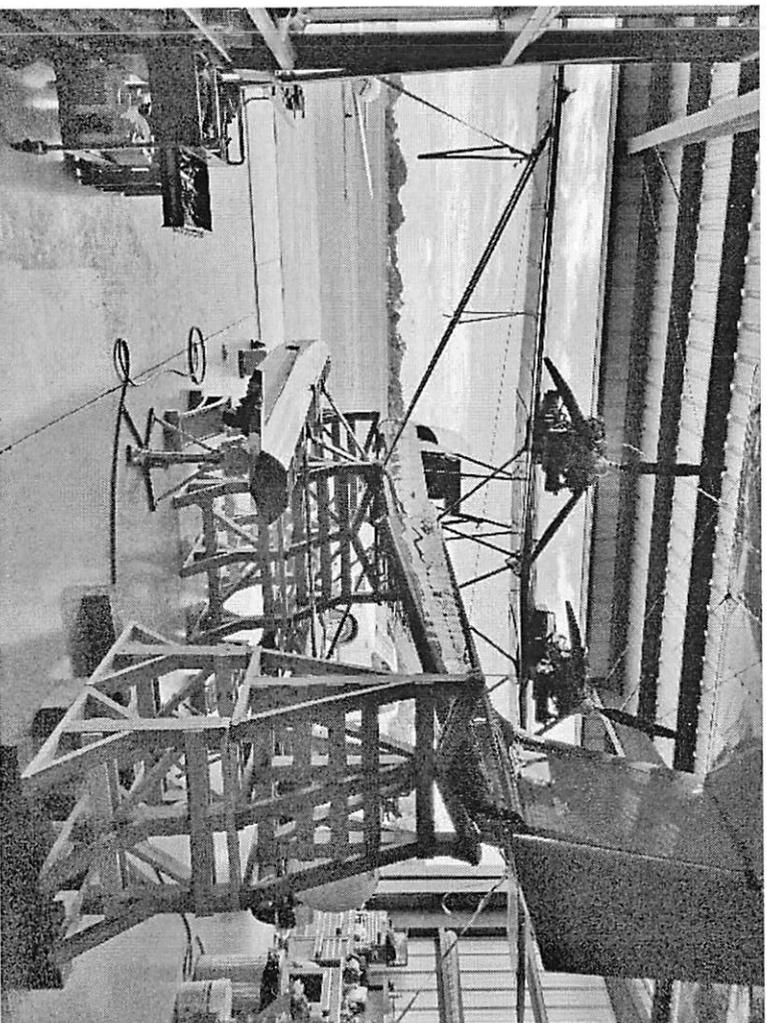
51 – East Side of F Hangar



52 – Southeast Corner of F Hangar



53 – Unit with Hangar Door on South Side of Building



54 – Interior of Unit with Hangar Door on Southside of Building



55 – South to Turf Runway from South Side of F Hangar



56 – North in Unit at Northwest Corner of F Hangar



57 – South in Unit at Northwest Corner of F Hangar



58 – Camping Area North of T Hangars



59 – East at Corner of Airport Road and SE Carnahan Avenue/SE A.C. Polk Drive



60 – Northwest Corner of Airport Property

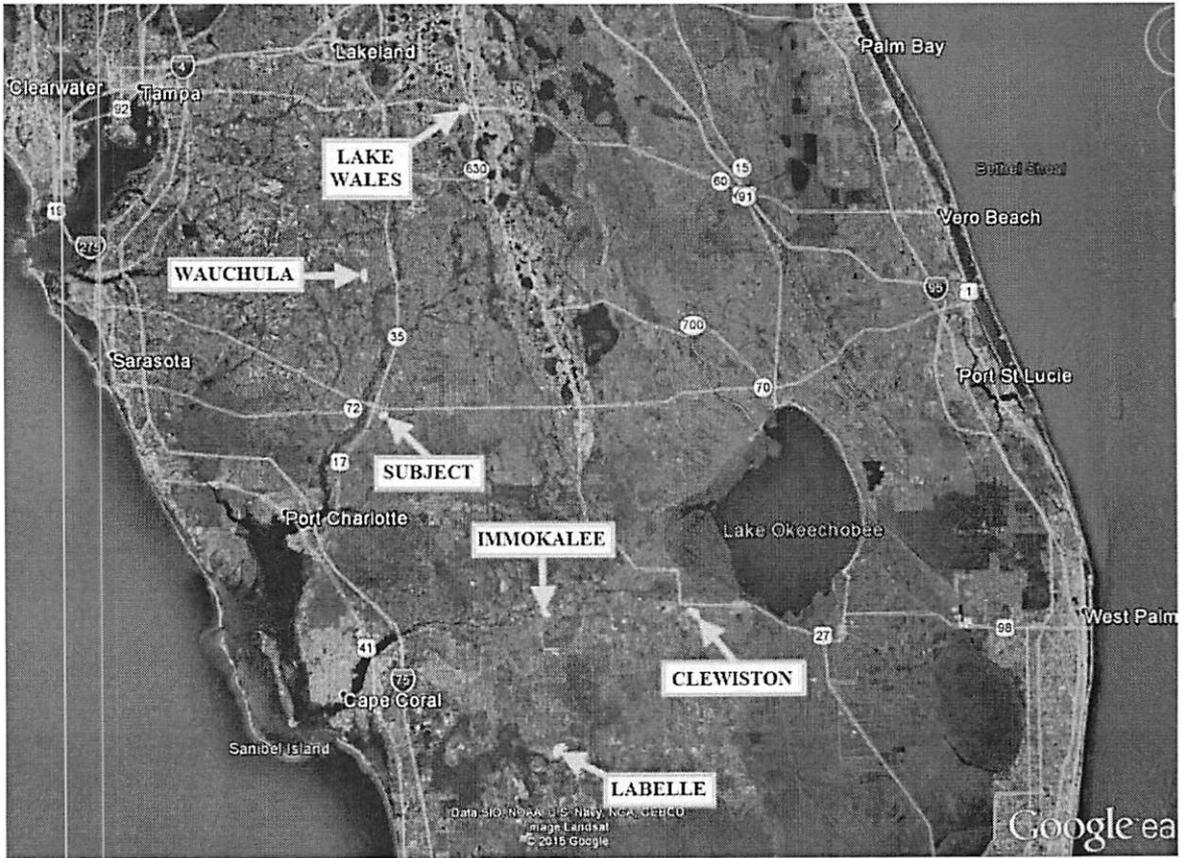


71 – North at Intersection

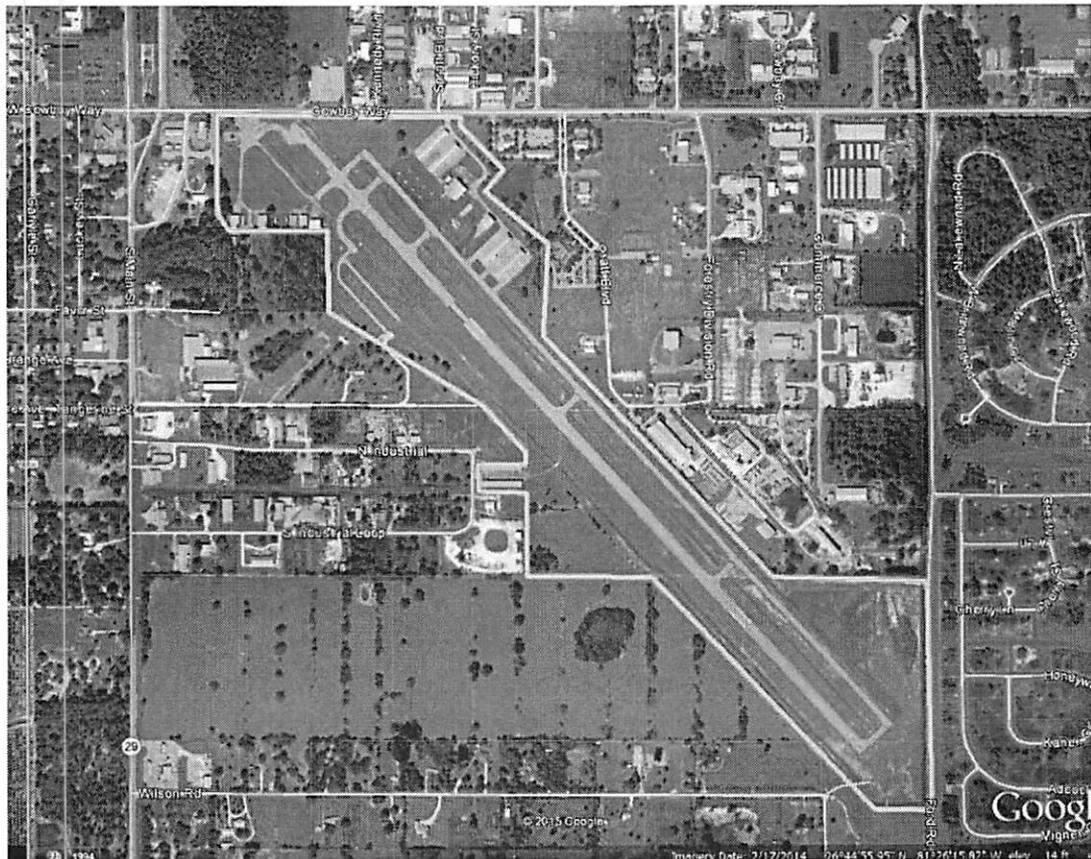


72 – South at Intersection

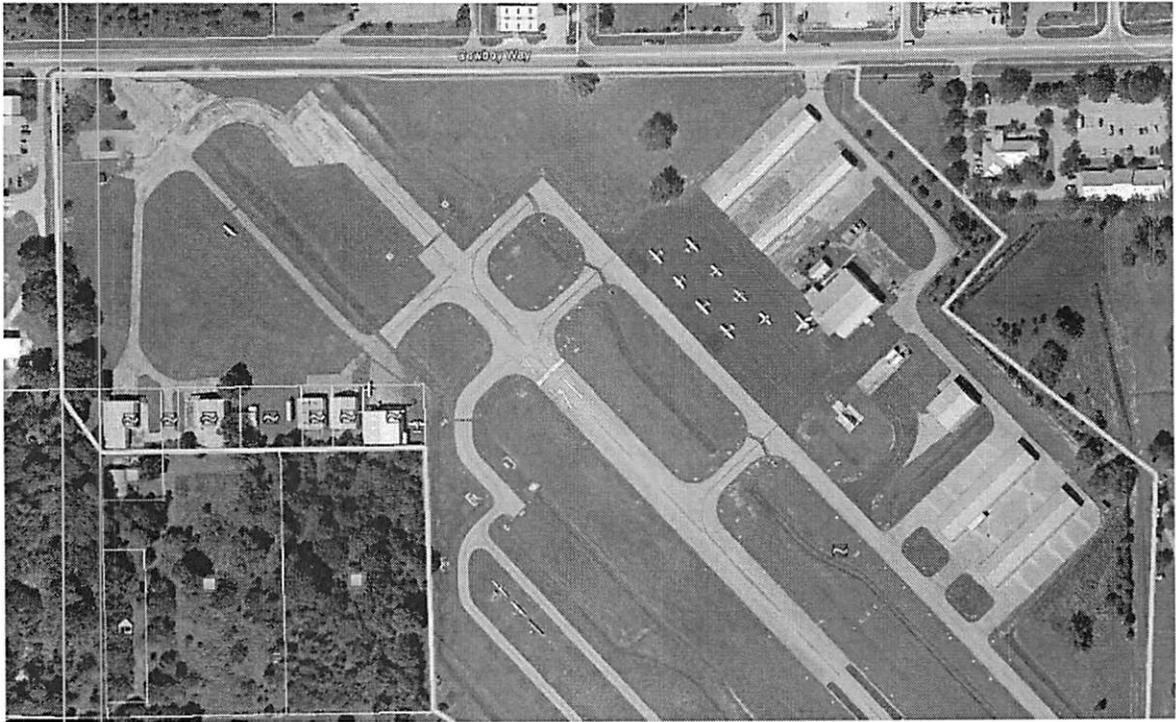
COMPARABLE AIRPORT LOCATION MAP



LABELLE
HENDRY COUNTY



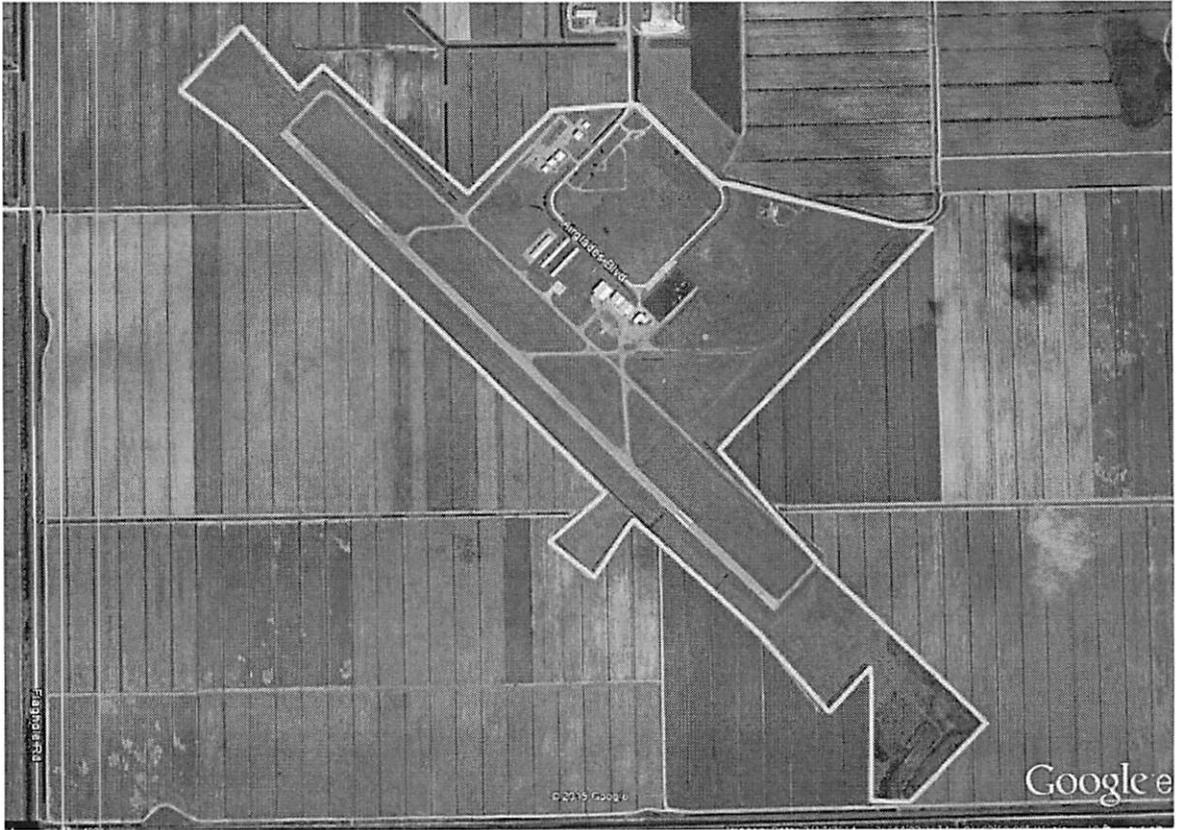
LABELLE



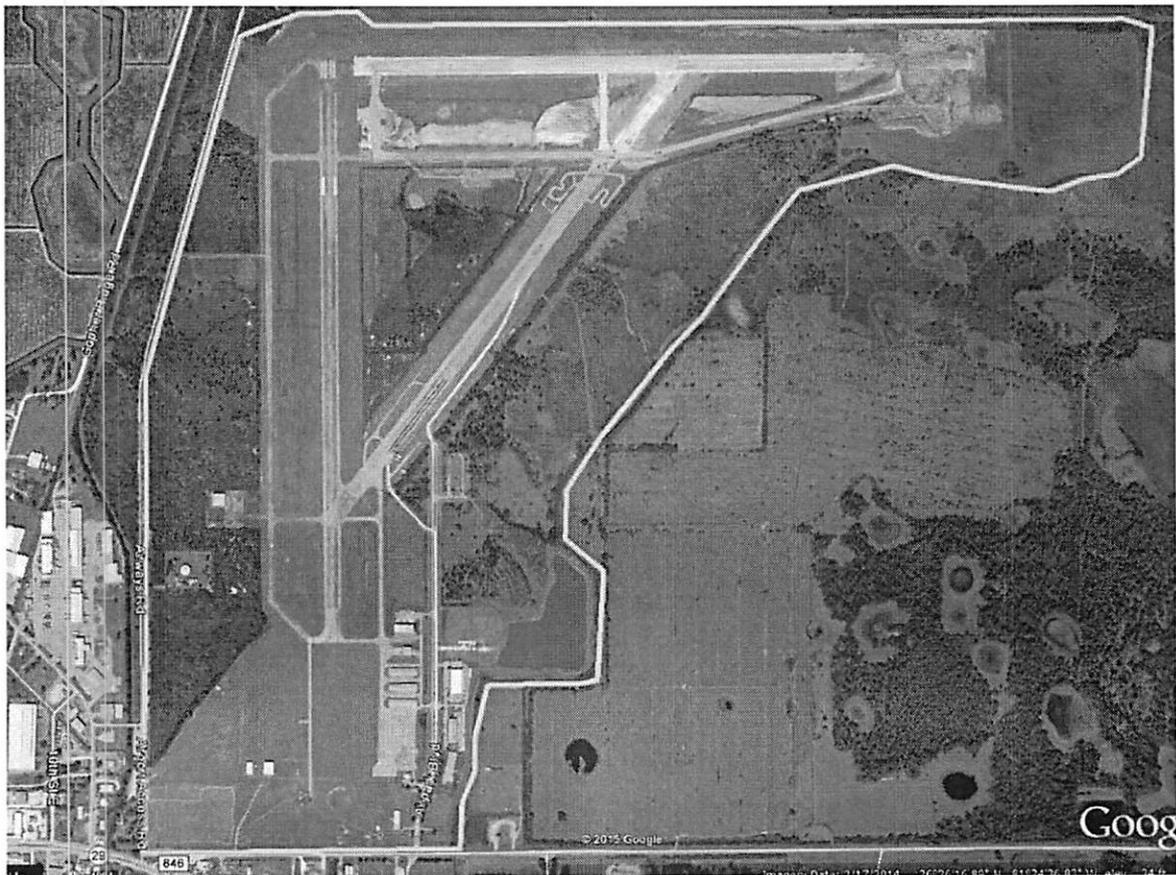
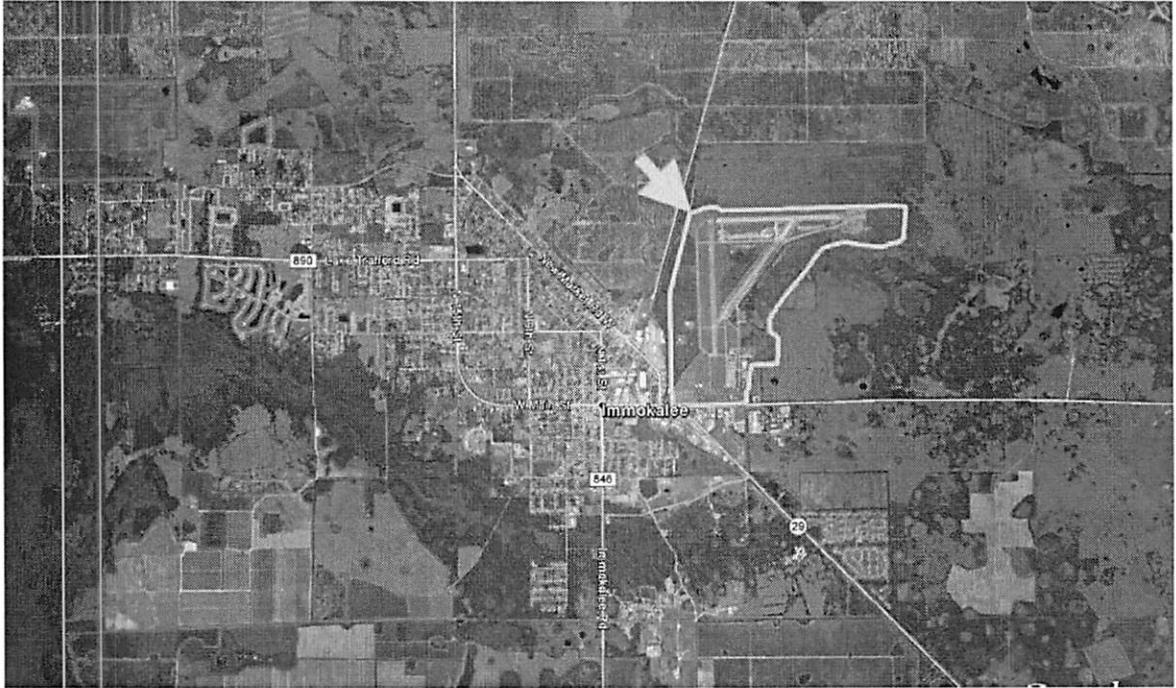
**CLEWISTON
HENDRY COUNTY**

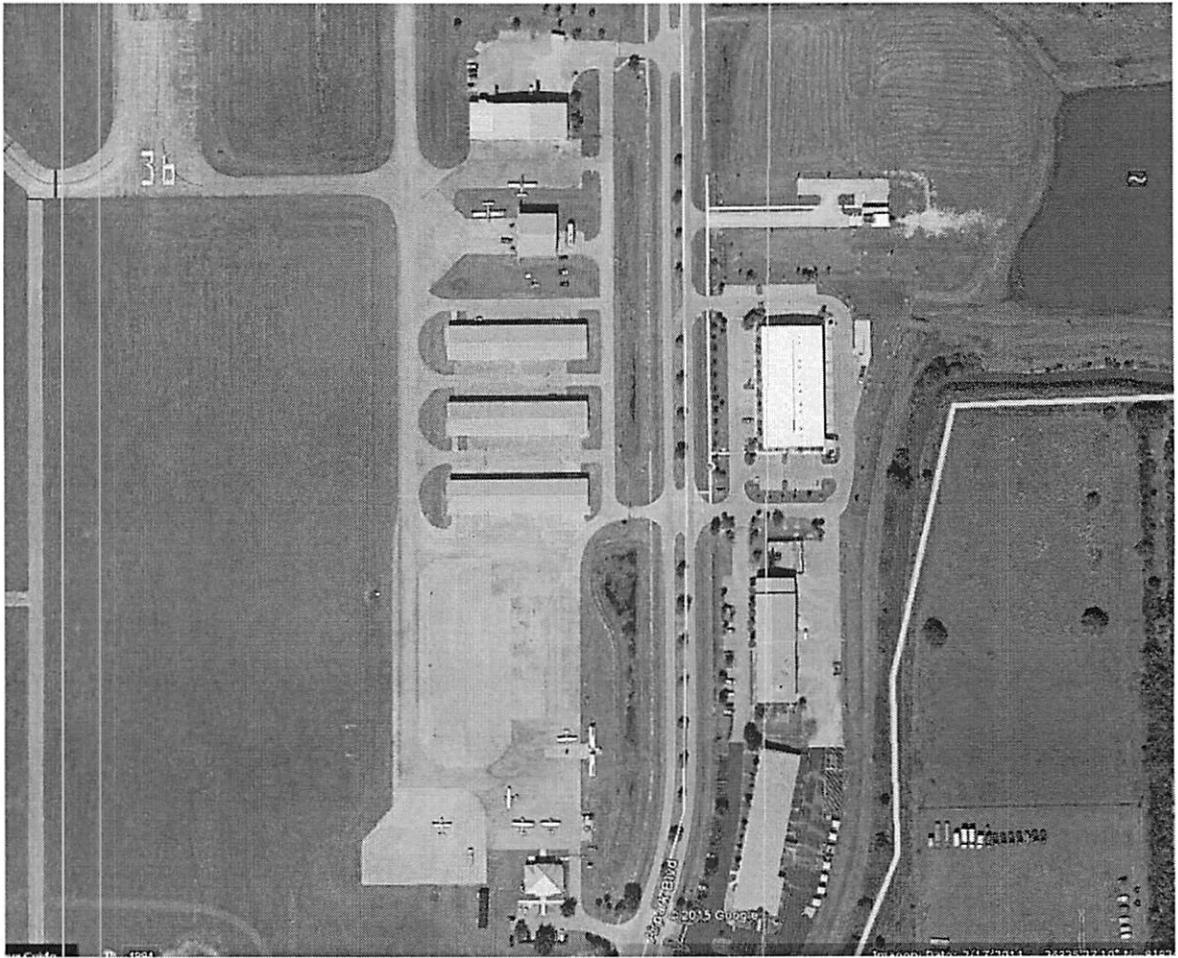


CLEWISTON



IMMOKALEE
COLLIER COUNTY





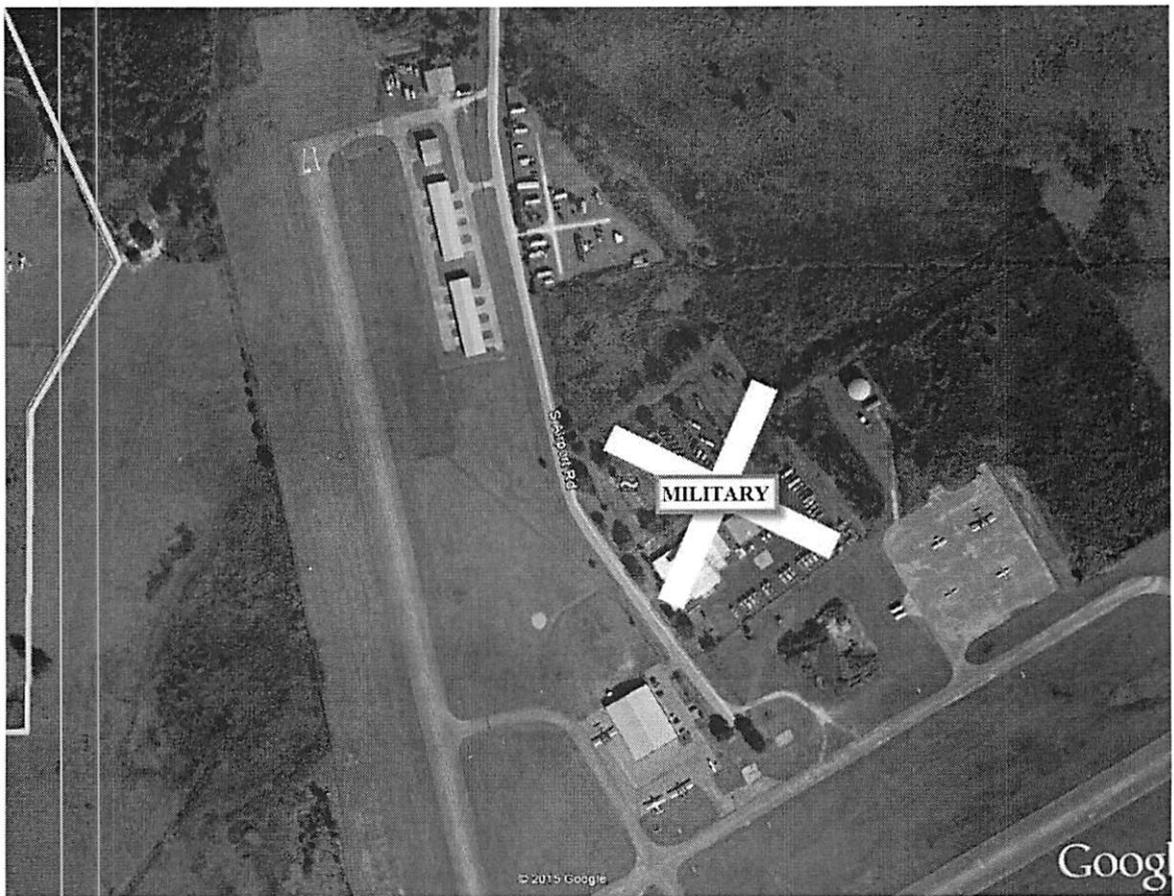
WAUCHULA



LAKE WALES
POLK COUNTY

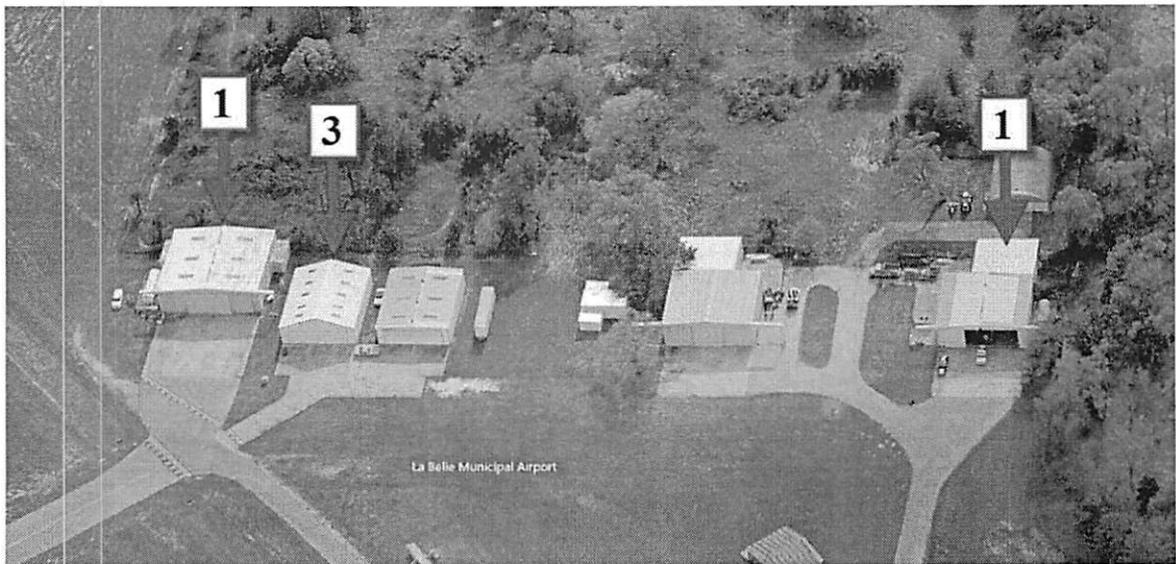


LAKE WALES



COMPARABLE IMPROVED SALES EXHIBITS

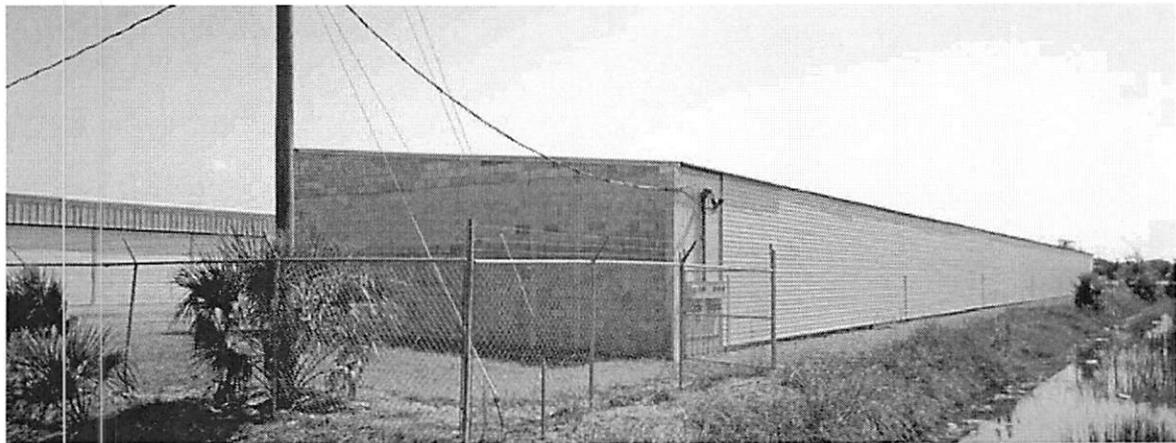
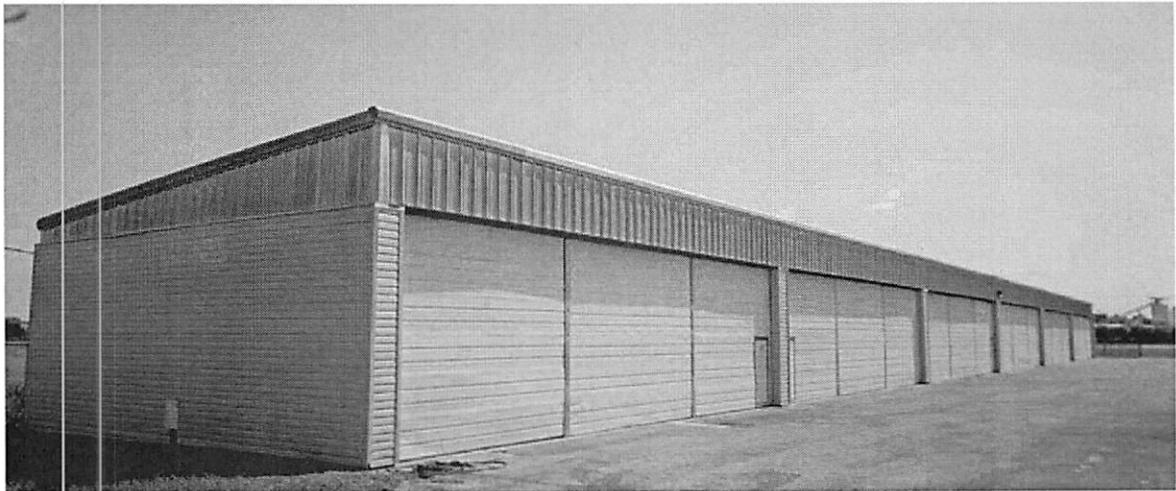
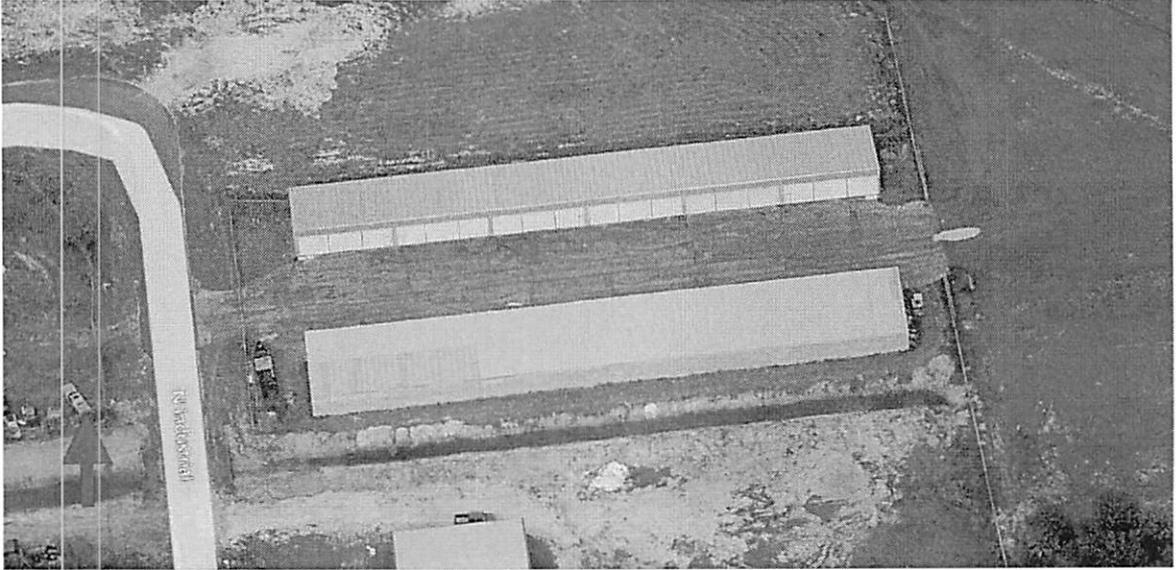
LOCATION MAP
(LABELLE MUNICIPAL AIRPORT, HENDRY COUNTY)



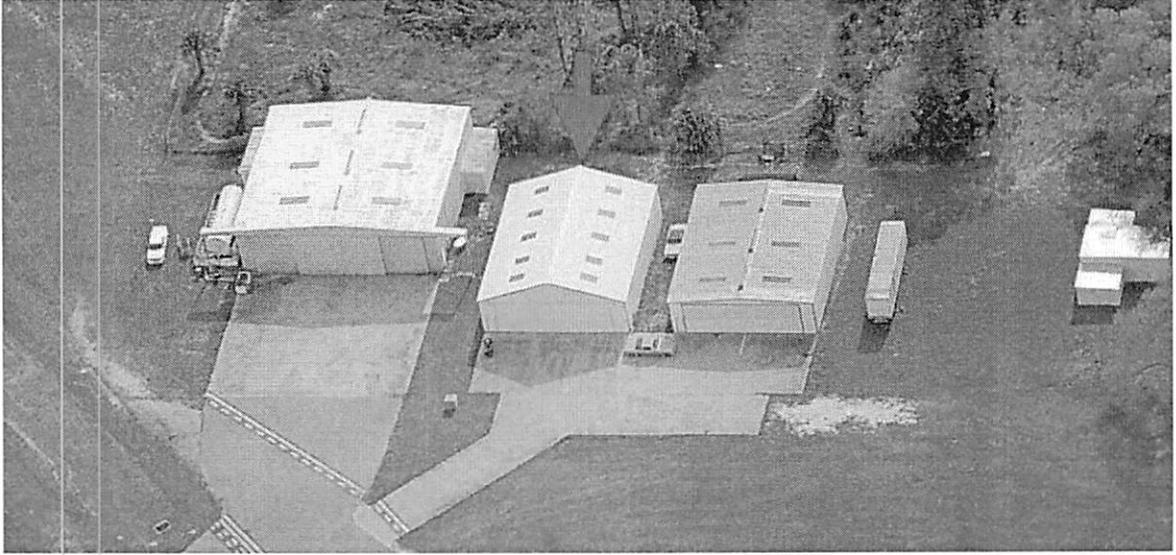
**IMPROVED SALE 1
137 & 225 EAST COWBOY WAY**



**IMPROVED SALE 2
450 N INDUSTRIAL LOOP**



**IMPROVED SALE 3
211 E COWBOY WAY**



LAND SALE I



LAND SALE II & III
(LAND SALE III IS NORTHERN PARCEL)



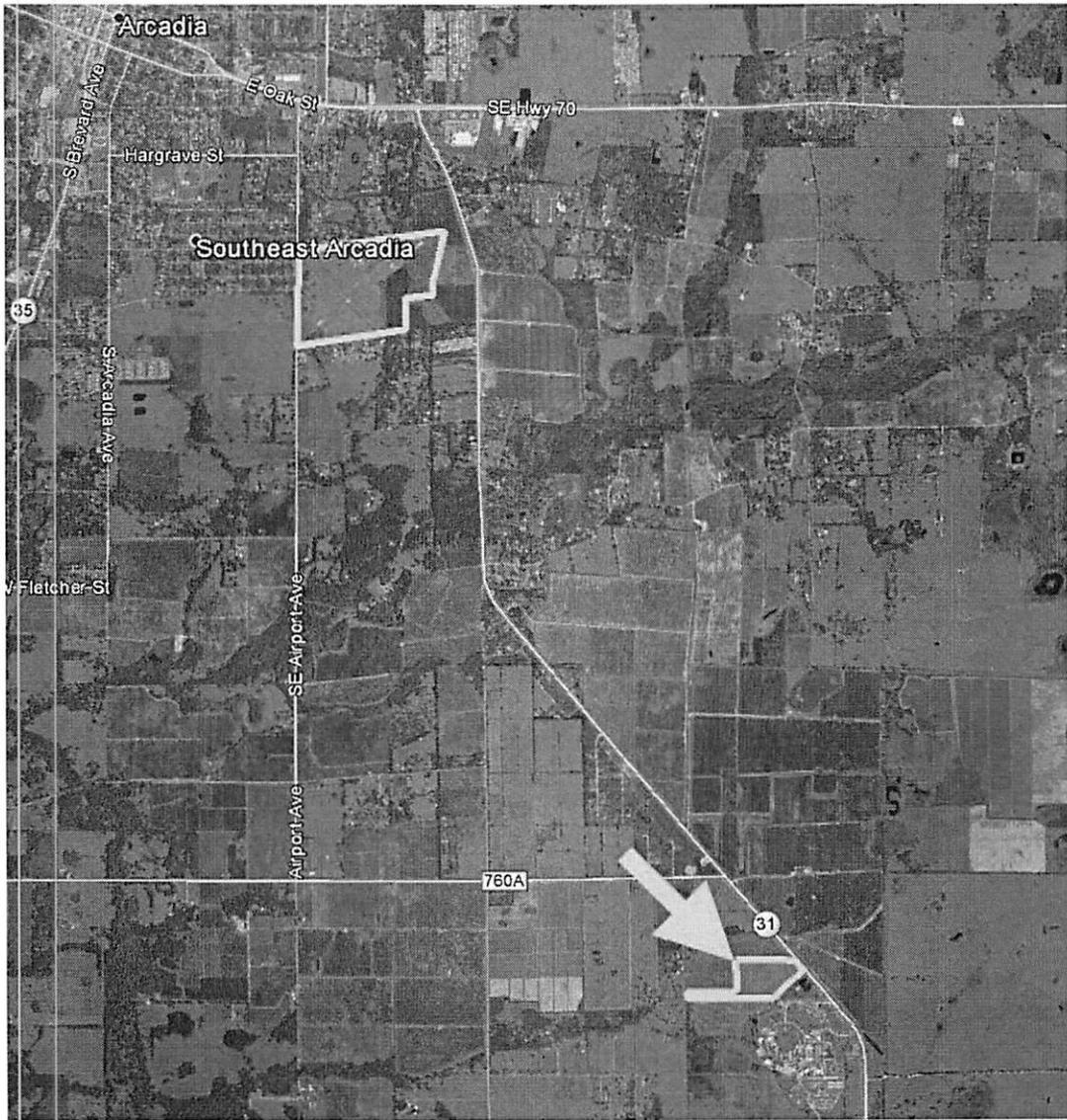
LAND SALE II



LAND SALE III



LAND SALE IV



LAND SALE IV



LAND SALE V



LAND SALE V



ASSUMPTIONS AND LIMITING CONDITIONS

In accepting this Appraisal Report, the client/employer agrees that the description set forth herein correctly describes the property that was to be appraised.

No responsibility is assumed by the appraisers for legal matters, nor is any opinion on the title rendered herewith. The appraisers assume that the title to the property is good and marketable.

Unless stated otherwise in this report, all existing liens and encumbrances, if any, have been disregarded, and the property is appraised as though free and clear.

Certain information used in compiling this report was furnished the appraisers by outside sources that we consider reliable. The appraisers, however, do not warrant the accuracy of such data, although so far as possible have checked the information and believe it to be correct.

Neither appraiser, nor anyone employed by us, has any present or contemplated interest in the property appraised.

The appraisers, by reason of this report, are not required to give court testimony unless arrangements have been previously made therefore.

Exhibits in this report are approximate and are presented to assist the reader in visualizing the property. No survey or construction plans were provided and we assume no responsibility for complete accuracy.

Unless stated otherwise in this report, no responsibility is assumed for physical or legal defects in the subject property which would not be readily ascertainable upon typical visual inspection, including but not limited to electrical, mechanical, plumbing, structural, termite, subsoil, drainage, hazardous material contamination and boundary.

No environmental audit was provided for our consideration and no responsibility is assumed for such matters, which are beyond the scope of this real estate appraisal.

This is a summary appraisal report which does not contain all of the supporting material and information considered in the application of the appraisal process. This material and information is maintained in our files and is incorporated herein by reference. Any user of this report may need further assistance, explanation and/or documentation to properly understand and use this report. The appraisers assume no responsibility or liability for any misuse of this limited scope report that may result from failure of the client or the identified intended users to obtain further assistance. As stated herein, there are no intended users of this report other than as identified in this report.

By acceptance of this Appraisal Report the client acknowledges understanding and agreement with the scope of appraisal as described herein.

It is understood that any party receiving a copy of this Appraisal Report in order to satisfy disclosure requirements does not become an intended user of the appraisal unless the party is identified as an intended user as a part of this assignment.

Fair Market Value and Market Value are both used in this appraisal and are considered synonymous by the appraisers. The definitions and sources of each are:

Fair Market Value: The highest priced in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and sell, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Source: FAA Real Estate Guidance – 4/2015

Market Value: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue influence.

Source: The Appraisal of Real Estate, 13th edition, The Appraisal Institute

The exposure time associated with the market value estimates are:

- I. Fair Market Value of Lease Rate for FBO: Approximately six months to one year
- II. Market Rents for Certain Airport Improvements: Approximately six months to one year
- III. Fee Values of Airport Building Improvements: Approximately one year
- IV. Airport Land Values: Approximately one to two years

The exposure time this is the amount of time the subject property would have been on the market to sell or be leased at the estimated market value as of the date of appraisal.

Disclosure of the contents of this appraisal report is governed by the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and by the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Foundation or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.



QUALIFICATIONS OF THE APPRAISERS

David S. Reed

Employment : 2002 - 2003 Coldwell Banker Commercial- Nicholson Williams Realty,
Jacksonville, FL
2003 - Present Reed Appraisal Company, Lakeland, FL

Education : University of North Florida, BSBA Degree, 2002, major in Finance, Investments

Florida Dept. of Professional Regulation : Sales Associate
Awarded September, 2002;
License Number SL 3034890

Registered Trainee Appraiser
Awarded July, 2004
License Number RI14428

Certified General Appraiser
Awarded October, 2008
Certificate Number RZ3244

Real Estate Broker
Awarded July, 2013
License Number BK3034890

Professional Education Appraisal Institute - 110 Principles
Appraisal Institute - 120 Procedures
Appraisal Institute - 310 Basic Income Capitalization
Appraisal Institute - 320 General Applications
Appraisal Institute - 400G General Market Analysis & Highest and Best Use
Appraisal Institute - 410 USPAP
Appraisal Institute - 510 Advanced Income Capitalization
Appraisal Institute - 530 Advanced Sales Comparison & Cost Approaches
Appraisal Institute - 540 Report Writing & Valuation Analysis
Appraisal Institute - 550 Advanced Applications
Appraisal Institute - 700GRE The Appraiser as an Expert Witness: Preparation & Testimony
Appraisal Institute – 705 GRE Litigation Appraising: Specialized Topics and Applications
Appraisal Institute - 715GRE Condemnation Appraising: Principles & Applications
American Society of Farm Managers & Rural Appraisers – Yellow Book: Uniform Appraisal Standards of Federal Land Acquisition

Professional Affiliations : Associate Member, Appraisal Institute

Appraisal Experience Apartments; auto dealerships, condemnation (easement takings - electric and sewer); commercial and mixed use developments, vacant land; lease interests; office buildings; office rent surveys; ranches; farms; residences; retail stores; restaurants; motels; shopping centers; subdivisions (residential, commercial and industrial); warehouses and industrial properties; airport land; airport hangar rent surveys; bowling alleys; truck terminals; less-than-fee rights (conservation easements/purchase of development rights); medical and veterinary offices

Stanley B. Reed, MAI

Employment : 1970 - Present: Real estate appraiser, Lakeland, Florida

Education : University of Florida, BSBA Degree, 1970, major in Real Estate and Urban Land Studies

Professional Affiliations : MAI - Member, Appraisal Institute (formerly American Institute of Real Estate Appraisers), Certificate No. 5941, awarded May, 1979

Florida Dept. of Professional Regulation : State Certified General Appraiser, Certification Number 0072445, awarded January, 1990; later changed to RZ0000071
Real Estate Broker, License Number BK 0072445

Appraisal Experience : Most types of real property

Qualified as Expert Witness : Circuit Courts, Federal Court (Tampa)

Appraisal : Commercial banks; savings and loans; cities of Lakeland, Winter Haven,

Clients

Ft. Meade, Lake Wales and Plant City; Polk County Board of Commissioners; Polk County School Board; State of Florida Department of Environmental Protection; FDOT; agencies of the federal government; investors and developers, attorneys; individuals; corporations; utility companies; phosphate companies; social service agencies; churches



CERTIFICATE OF APPRAISERS

The undersigned does hereby certify that, except as otherwise noted in the appraisal report:

1. We have no present or contemplated interest in the real estate that is the subject of this appraisal report.
2. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
3. Other than this appraisal, we have not performed any services regarding the subject property as appraisers or in any other capacity within the past three years.
4. To the best of our knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
5. This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.
6. This appraisal report has been made in conformity with and is subject to the requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute (formerly the American Institute of Real Estate Appraisers of the National Association of REALTORS), which includes the provision for peer review.
7. As of the date of this report, Stanley B. Reed has not completed the requirements of the continuing education program of the Appraisal Institute. This program is voluntary. The mandatory requirements have been met. The requirements of the State of Florida have been met.
8. No other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report. David S. Reed made a personal inspection of the appraised property. Stanley B. Reed, MAI did not inspect the subject, but is familiar with the market area.

REED APPRAISAL COMPANY

David S. Reed

Digitally signed by David S. Reed
DN: cn=David S. Reed, o=REED APPRAISAL CO,
ou, email=david@reedappraisalco.com, c=US
Date: 2015.05.14 14:45:05 -04'00'

Stanley B. Reed, MAI

Digitally signed by Stanley B. Reed, MAI
DN: cn=Stanley B. Reed, MAI, o=REED APPRAISAL
COMPANY, ou, email=stan@reedappraisalco.com, c=US
Date: 2015.05.14 14:44:34 -04'00'

David S. Reed
President
State Certified General Appraiser
Certificate # RZ3244

Stanley B. Reed, MAI
Vice President/Owner
State Certified General Appraiser
Certificate # RZ71