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June 17, 1996

ORIGINAL
FILE COPY

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

HAND DELIVERY

Re: Docket No. 951056-WS
Application by Palm Coast Utility Corporation for rate
increase in Flagler County .

Dear Ms. Bayo:

Enclosed on behalf of Palm Coast Utility Corporation for
filing in the above docket are an original and 15 copies of
Rebuttal Testimony, of Charles D. Spano, Jr., MAI, and Exhibits
CDS-1 through CDS-4, along with our Certificate of Service.

Please acknowledge receipt of the foregoing by stamping the
enclosed extra copy of this letter and returning same to my
attention. Thank you for your assistance.

Sincerely,

Wayne L. Schiefelbein

Wayne L. Schiefelbein

- ACK
- AFA 3
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG Edmonds
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- OPC _____
- RCH _____
- SEC 1
- WAS
- OTH _____

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Test Exhs CDS-1 thru -4
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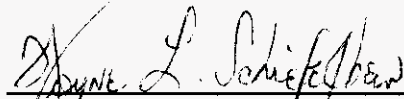
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by PALM COAST) Docket No. 951056-WS
UTILITY CORPORATION for rate)
increase in Flagler County, Florida) Filed: June 17, 1996

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Palm Coast Utility Corporation's Rebuttal Testimony and Exhibits of Charles D. Spano, Jr., MAI, has been furnished by hand delivery to Mr. Scott Edmonds, Esquire, Division of Legal Services, Florida Public Service Commission, Gunter Building, Room 370B, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and Mr. Stephen C. Reilly, Associate Public Counsel, Office of Public Counsel, Claude Pepper Building, Room 812, 111 West Madison Street, Tallahassee, Florida 32399-1400, and to Mr. Richard D. Melson, Esquire, Hopping, Green, Sams & Smith, 123 South Calhoun Street, Tallahassee, Florida 32314, on this 17th day of June, 1996.



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Attorneys for Palm Coast Utility
Corporation

1 REBUTTAL TESTIMONY OF CHARLES D. SPANO, JR., MAI
2 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
3 ON BEHALF OF
4 PALM COAST UTILITY CORPORATION
5 DOCKET NO. 951056-WS

ORIGINAL
FILE COPY

6 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

7 A. My name is Charles D. Spano, Jr. My business
8 address is 800 South Nova Road, Suite M, Ormond
9 Beach, Florida.

10 Q. PLEASE STATE THE NAME OF YOUR EMPLOYER AND YOUR
11 TITLE.

12 A. I am the President of Southern Appraisal
13 Corporation, a Florida for-profit corporation
14 chartered in December, 1984. The firm
15 specializes in the appraisal of real property,
16 highest and best use studies, and other
17 specialties in the field of real estate
18 appraisal.

19 Q. PLEASE PROVIDE DETAILS REGARDING YOUR TRAINING
20 AS AN APPRAISER.

21 A. My professional qualifications include the MAI
22 designation earned under the former American
23 Institute of Real Estate Appraisers, and the
24 SRPA (Senior Real Property Appraiser) under the
25 former Society of Real Estate Appraisers. Both

DOCUMENT NUMBER-DATE

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1 of these organizations have now joined to form
2 The Appraisal Institute. I am a Florida State
3 Certified General Real Estate Appraiser,
4 certificate number 0001159. I am past
5 president of the Daytona Beach Chapter of the
6 Society of Real Estate Appraisers and am a
7 southeast regional panel member of the Ethics
8 and Counseling Division of the Appraisal
9 Institute. I have also served on various
10 Admissions, Candidate Guidance, and
11 disciplinary committees of both the Society of
12 Real Estate Appraisers and the American
13 Institute of Real Estate Appraisers.

14 The Appraisal Institute (and its predecessors)
15 mandates a program of appraisal training
16 including mandatory and elective courses,
17 seminars, examinations, peer review, and
18 continuing education program. The State of
19 Florida requires a certain level of
20 demonstrable field appraisal experience coupled
21 with minimum education requirements. I am
22 currently certified under the continuing
23 education requirements of The Appraisal
24 Institute and the State of Florida.

25 Q. PLEASE SUMMARIZE YOUR EXPERIENCE IN THE REAL

1 ESTATE APPRAISAL PROFESSION.

2 A. I have been an independent fee appraiser in the
3 Greater Daytona Beach area since 1972. Over
4 the past twenty-four years, I have acted as an
5 independent contractor and commission-based fee
6 appraiser, and have also been involved in the
7 brokerage of real estate with respect to
8 residential acreage, development property,
9 motels, and other properties. A summary of my
10 professional appraisal training and experience
11 is provided in Exhibit ____ (CDS-1).

12 Q. DOES YOUR EXPERIENCE INCLUDE APPRAISALS OF
13 UTILITY-RELATED SITES?

14 A. Yes. During the past twenty-four years in the
15 real estate appraisal profession, I have
16 appraised numerous utility- related sites,
17 including sites and rights-of-way for power
18 companies (Florida Power & Light) These
19 assignments have included substation sites,
20 power generating plants, whole-parcel
21 acquisitions for power plant expansion, and
22 rights-of-way for power line easements. I have
23 also appraised various parcels for Southern
24 Bell, including improved and vacant acreage
25 parcels. Other clients have included various

1 private, municipal, or county level clients
2 seeking parcels for sewer plant expansion,
3 utility line rights-of-way, wellfield
4 expansion, and the like.

5 **Q. HAVE YOU PREVIOUSLY PROVIDED EXPERT APPRAISER**
6 **TESTIMONY?**

7 **A.** My prior experience as a qualified expert
8 witness in the field of real estate appraisal
9 includes numerous jury and bench trials, in
10 which I have provided testimony involving
11 realty/real estate related cases in various
12 local/county, state and federal courts.

13 **Q. ARE YOU AN INDEPENDENT APPRAISER?**

14 **A.** Yes. Virtually all of my assignments require
15 that I act in an unbiased, independent manner
16 with respect to valuation assignments. The
17 only exception involves representation for a
18 client in specific ad valorem tax assessment
19 matters, representing the client before taxing
20 authorities for the purpose of modifying ad
21 valorem assessments, in which I may be allowed
22 to act in an advocacy position for the property
23 owner.

24 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
25 **PROCEEDING?**

1 A. The purpose of my testimony is to rebut certain
2 observations and conclusions of Commission
3 Staff witnesses Dodrill and Sapp regarding the
4 valuation of an 83.305 acre wastewater effluent
5 disposal field, and an 81.576 acre expansion of
6 that effluent disposal field. I prepared
7 independent appraisals of those two sites, in
8 1985 and 1990, respectfully. I will discuss
9 the methodology employed in those appraisals
10 and the reliability of the data used. The
11 complete 1985 appraisal report is submitted as
12 Exhibit _____ (CDS-2). The complete 1990
13 appraisal report is submitted as Exhibit ____
14 (CDS-3).

15 **Q. IN THOSE TWO APPRAISALS, DID YOU AT AS AN**
16 **INDEPENDENT APPRAISER?**

17 A. Yes. Both appraisals were conventional
18 assignments requiring me as the appraiser to
19 act in an independent manner, consistent with
20 standard appraisal practice and in compliance
21 with stated and subscribed to conditions of
22 non-bias.

23 **Q. PLEASE SUMMARIZE YOUR 1985 APPRAISAL OF THE**
24 **EFFLUENT SPRAYFIELD.**

25 A. The 1985 appraisal report was completed on

1 December 4, 1985. I prepared this appraisal
2 with Carl P. Velie, SRA, who was an associate
3 at the time. This appraisal involved
4 approximately 83.305 acres to be used as a
5 wastewater effluent disposal field. The parcel
6 consisted of vacant land. Under assumptions
7 and conditions of the appraisal, the
8 improvements which existed on the site at the
9 time of the 1985 inspection were disregarded
10 for the purpose of estimating raw land value as
11 of the March 1, 1979 valuation date.

12 **Q. WHAT WAS THE PURPOSE OF THIS APPRAISAL?**

13 **A.** The purpose of the report was to estimate the
14 value-in-use for the fee simple interest in the
15 property.

16 **Q. WAS THE APPRAISAL BASED ON HIGHEST AND BEST
17 USE?**

18 **A.** Yes. Most appraisals reflect the concept that
19 the value estimated should reflect the highest
20 and best use of the property, whether it be
21 vacant or improved property. The 1985
22 appraisal contained a special assumption that
23 the property could be developed to its highest
24 and best use which, in my opinion, was for
25 residential development. The potential for

1 development of a vacant parcel to its highest
2 and best use follows the reasonable person
3 theory that an investor in real estate, under
4 normal circumstances, attempts to maximize its
5 return from an investment and would thus
6 develop, sell or buy a parcel for that form of
7 development or use which would maximize the
8 return to the land. Vacant parcels and the
9 underlying land of improved parcels are
10 virtually always valued on their highest and
11 best use as if vacant. Estimating value based
12 on highest and best use provides a common
13 measure of utility and comparability.

14 **Q. WHY WASN'T THE APPRAISAL BASED ON A SPECIAL**
15 **UTILITY USE?**

16 **A.** Attempting to limit a particular parcel to a
17 very restrictive use or range of use patterns
18 could create a highly hypothetical and non-real
19 world scenario. Normally, when attempting to
20 acquire utility sites, rights-of-way, and the
21 like, the prices paid represent fair market
22 value under current definitions as it reflects
23 a common ground between the grantor and
24 grantee; i.e., a seller would certainly not be
25 willing to sell its property for less than what

1 other similar property in the area is being
2 sold for and a potential purchaser would
3 normally expect to pay the "going rate" for
4 such property. Restricting a parcel to a very
5 narrow range of uses could have the effect of
6 artificially depressing values (at which an
7 informed seller would most probably not sell.)
8 Alternatively, if specialized site
9 characteristics, location, proximity to other
10 facilities, etc. dictate that a specific site
11 is especially needed for a certain project,
12 there is the possibility that the value could
13 be inflated to an unrealistic level as the
14 seller knows that the buyer must have that
15 specific site and could thus attempt to obtain
16 more than market value. This is one of the
17 primary reasons for condemnation powers and
18 standards which virtually always require that
19 the land to be acquired be appraised on the
20 basis of its highest and best use, using
21 comparable sales of property with similar
22 attributes and utility. This is an equitable
23 arrangement for both the grantor and the
24 grantee.

25 Q. PLEASE SUMMARIZE THE METHODOLOGY EMPLOYED IN

1 **THIS APPRAISAL.**

2 A. The basic methodology employed is a straight-
3 forward comparable sales analysis in which a
4 variety of sales of property with varying
5 degrees of comparability are compared to the
6 subject property and adjusted for differences
7 where necessary to arrive at an indicated value
8 for the subject property.

9 **Q. DID YOU PHYSICALLY INSPECT THE SUBJECT**
10 **PROPERTY?**

11 A. Yes. Both Mr. Velie and I inspected the
12 property, as well as the properties used in our
13 comparable sales analysis. In addition, we had
14 been involved in the appraisals or various
15 appraisal services involving some of the
16 properties used in our comparable sales
17 analysis.

18 **Q. PLEASE DESCRIBE THE PROPERTY.**

19 A. The subject of the 1985 report (1979 valuation)
20 consisted of a vacant land parcel (under the
21 assumptions of the report) containing about
22 83.305 acres and located approximately 500-600
23 east of Old Kings Road in the Palm Coast area
24 of Flagler County. At the time of our
25 inspection the parcel had been cleared. Palm

1 Coast Utility representatives informed us that
2 it had been naturally wooded in 1979. Access
3 was by two 40-foot wide easements. These
4 easements were not valued in the report. Old
5 Kings Road was a two-lane, asphalt-paved
6 roadway. Utilities of water and sewer were
7 approximately one mile distant; telephone and
8 electrical service were available along Old
9 King Road.

10 Q. DID YOUR APPRAISAL EXCLUDE SITE IMPROVEMENTS?

11 A. Yes. The parcel had been cleared and was used
12 as a wastewater effluent disposal field at the
13 time of physical inspection in 1985. These
14 improvements were not considered in estimating
15 the value as of March 1, 1979. The parcel was
16 considered as a vacant, naturally wooded parcel
17 as of the date of valuation.

18 Q. PLEASE SUMMARIZE THE COMPARABLE SALES USED IN
19 THE APPRAISAL.

20 A. Within the 1985 report, we reported twelve
21 somewhat comparable sales, with seven
22 considered the most useful in directly
23 estimating a value for the subject. These
24 sales are listed on page 22 of the report, with
25 comparable sales analysis sheets more fully

1 describing each transfer in the addendum
2 section of the report.

3 Pertinent sales data for these seven comparable
4 sales are as follows:

5	<u>Sale No.</u>	<u>Sale Date</u>	<u>Acre Size</u>	<u>Acre Price</u>
6	1976-1920	12/77	400	\$1,200
7	1991-0056	5/78	100	\$5,420
8	1983-0943	5/78	180	\$3,000
9	2052-0730	6/78	40	\$3,500
10	2002-0935	7/78	40	\$3,000
11	2014-1786	9/78	40	\$3,300
12	2028-1460	11/78	35	\$4,571

13 The sale numbers referenced above reflect
14 recording data - all of these sales were
15 relatively recent in relation to the March 1,
16 1979 valuation date for the subject property.

17 **Q. DID ANY OF THE COMPARABLE SALES INVOLVE RELATED**
18 **PARTIES?**

19 **A. No.** All of the sales used in direct comparison
20 were between non-related parties and complied
21 with the features of a normal, arms-length
22 transaction.

23 **Q. WERE THE COMPARABLE SALES SUITABLE FOR**
24 **RESIDENTIAL DEVELOPMENT?**

25 **A. Yes.** All of the comparable sales were suitable

1 for residential development, and have in fact
2 been so developed since their dates of sale.

3 Q. WAS THE APPRAISED PARCEL SUITABLE FOR
4 RESIDENTIAL DEVELOPMENT?

5 A. Yes. The subject property appeared suitable
6 for conventional residential development and
7 appeared typical of potential residential
8 acreage development parcels in a growth area.

9 Q. PLEASE SUMMARIZE THE CONCLUSION OF THE 1985
10 APPRAISAL.

11 A. The value of the subject property was concluded
12 to be \$4,375 per acre, for a total of \$364,500
13 as of March 1, 1979, under the conditions and
14 assumptions of the report.

15 Q. WAS THE VALUATION HIGHER THAN WHAT WOULD HAVE
16 BEEN PAID IN AN ARMS-LENGTH TRANSACTION?

17 A. No. The final value estimate was concluded to
18 be no higher than that which would have been
19 paid in a normal arms-length transaction, under
20 the assumptions and conditions of the
21 assignment.

22 Q. PLEASE SUMMARIZE YOUR 1990 APPRAISAL OF THE
23 SECOND EFFLUENT DISPOSAL SITE.

24 A. The 1990 appraisal was completed on December 5,
25 1990. I prepared this appraisal with Peter A.

1 Gagne, who was an associate at that time. This
2 appraisal involved approximately 81.576 acres
3 to used as an expansion area for an existing
4 effluent disposal field.

5 Q. WHAT WAS THE PURPOSE OF THE 1990 APPRAISAL?

6 A. The purpose of the report was to estimate the
7 market value for the fee simple interest in the
8 parcel as of October 29, 1990.

9 Q. WAS THE 1990 APPRAISAL BASED ON HIGHEST AND
10 BEST USE?

11 A. Yes, for the same reasons given for the 1985
12 appraisal, on pages 6 and 7 of this testimony.

13 Q. WHY WASN'T THE 1990 APPRAISAL BASED ON A
14 SPECIAL UTILITY USE?

15 A. For the same reasons given for the 1985
16 appraisal on pages 7 and 8 of this testimony.

17 Q. WAS THE METHODOLOGY EMPLOYED IN THE 1990
18 APPRAISAL THE SAME AS THAT FOR THE 1985
19 APPRAISAL?

20 A. Yes.

21 Q. DID YOU PHYSICALLY INSPECT THE SUBJECT
22 PROPERTY?

23 A. Yes. Mr. Gagne and I inspected the property,
24 as well as the properties used in our
25 comparable sales analysis. In addition, we had

1 been involved in the performance of various
2 appraisal services involving two of the
3 properties used in our comparable sales
4 analysis.

5 **Q. PLEASE DESCRIBE THE PROPERTY.**

6 **A.** The subject of the 1990 report consisted of a
7 vacant land parcel containing about 81.576
8 acres and located approximately 600 feet east
9 of Old Kings Road in the Palm Coast area of
10 Flagler County. At the time of inspection the
11 parcel had native forestation including small
12 pine trees, palmetto, and the like. The
13 property was encumbered by a 330 foot wide FPL
14 easement containing about 7.314 acres - this
15 portion of the site has limitations on use by
16 virtue of the easement. Access to the site is
17 by a 100 foot wide easement which connects the
18 site with Old Kings Road. Water and sewer
19 service were approximately 1.5 miles north;
20 telephone and electrical utilities were
21 available along Old Kings Road.

22 **Q. PLEASE SUMMARIZE THE COMPARABLE SALES USED IN**
23 **THE APPRAISAL.**

24 **A.** Within the 1990 report, we reported four
25 comparable sales considered the most useful in

1 directly estimating a value for the subject.
2 These sales are listed on page 28 of the
3 report, with comparable sales analysis sheets
4 more fully describing each transfer also
5 included within the report.

6 Pertinent sales data for these four comparable
7 sales are as follows:

8	<u>Sale No.</u>	<u>Sale Date</u>	<u>Acre Size</u>	<u>Acre Price</u>
9	0359-0273	8/88	9.00	\$15,378
10	0372-0009	12/88	20.00	\$15,000
11	0391-0488	5/89	82.95	\$ 7,562
12	0406-0071	9/89	15.91	\$14,141

13 The sale numbers referenced above reflect
14 recording data - all of these sales were
15 relatively recent considering the stability of
16 the market over the time interval represented.
17 The valuation date for the subject property was
18 October 29, 1990.

19 **Q. DID ANY OF THE COMPARABLE SALES INVOLVE RELATED**
20 **PARTIES?**

21 **A. No. All of the sales used in direct comparison**
22 **were between non-related parties and complied**
23 **with the features of a normal, arms-length**
24 **transaction.**

25 **Q. DID YOU PERFORM THE APPRAISALS FOR ANY OF THOSE**

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COMPARABLE SALES?

A. Yes. Our firm appraised the property identified as Sale Number 0391-0488 between Allen as grantor and Flagler County as grantee. This parcel was appraised for the County of Flagler and was in fact appraised by two separate independent appraisal firms (Southern Appraisal Corporation and Hamilton Appraisal Services) for the purpose of estimating market value for negotiation purposes with the property owner. This parcel has been referred to in this proceeding as the County jail site. Our firm also appraised the property identified as Sale 0359-0273, as of October 22, 1987, for Mr. George Lees, the grantor in that sale.

Q. WHY DID YOU INCLUDE, IN YOUR COMPARABLE SALES, AREAS OUTSIDE OF THE IMMEDIATE NEIGHBORHOOD OF THE SUBJECT PROPERTY?

A. This is discussed on page 28 of the 1990 Appraisal.

For many years there have been very few sales within the Palm Coast Community due to the reluctance of ITT to sell parcels to other developers. Our firm was involved in helping to establish prices for some of the very first

1 parcels which ITT considered for sale to
2 outside developers (such as parcels around the
3 I-95/Palm Coast Parkway Interchange; i.e.,
4 McDonald's, Denny's, the Charles Wayne
5 building; shopping center parcels west of I-95
6 along Palm Coast Parkway). Around the time of
7 the 1990 appraisal, there were virtually no
8 arms-length sales of potential residential
9 development parcels such as the subject parcels
10 and thus any search for comparable sales had,
11 by necessity, to be expanded outside of the
12 immediate Palm Coast core area. This is
13 typical in appraisal data research. An
14 appraiser normally starts with the subject
15 property and expands his search radius until
16 sufficient data is found, sometimes (in the
17 case of Palm Coast) requiring incursion into
18 neighboring counties for certain types of
19 property such as industrial parks, mini-
20 warehouses, and the like.

21 **Q. WERE THE COMPARABLE SALES SUITABLE FOR**
22 **RESIDENTIAL DEVELOPMENT?**

23 **A. Yes. All of the comparable sales were suitable**
24 **for residential development at the time of sale**
25 **and could have been so developed.**

1 Q. WAS THE APPRAISED PARCEL SUITABLE FOR
2 RESIDENTIAL DEVELOPMENT?
3 A. Yes. The subject property appeared suitable
4 for conventional residential development and
5 appeared typical of potential residential
6 acreage development parcels situated in growth
7 areas.
8 Q. PLEASE SUMMARIZE THE CONCLUSION OF THE 1990
9 APPRAISAL.
10 A. The value of the subject property was concluded
11 to be \$7,000 per acre for the land unencumbered
12 by the FPL easement and \$1,400 per acre for the
13 7.314 acres of easement-encumbered land; this
14 calculates to a total of \$530,000.
15 Q. WAS THE VALUATION HIGHER THAN WHAT WOULD HAVE
16 BEEN PAID IN AN ARMS-LENGTH TRANSACTION?
17 A. No. The final value estimate was concluded to
18 be no higher than what would have been paid in
19 a normal arms-length transaction, under the
20 assumptions and conditions of the assignment.
21 Q. WOULD YOU COMMENT ON MR. DODRILL'S USE OF
22 "HISTORICAL TRENDED COSTS" IN HIS VALUATION OF
23 THE TWO PARCELS?
24 A. In my opinion, Mr. Dodrill's methodology is a
25 misguided attempt to estimate market value for

1 a specific parcel of real estate. Mr.
2 Dodrill's index is nothing more than data
3 manipulation unsupported by market data, and is
4 contrary to accepted real property appraisal
5 practice. The use of such a practice to
6 estimate market value for a parcel of real
7 estate is, in my opinion, ludicrous, and
8 reflects a complete lack of understanding as to
9 the dynamics which impact the real estate
10 market. It is for this reason that appraisals
11 are performed by local, competent appraisers
12 familiar with a localized market and reacting
13 to actual market data and local trends.

14 **Q. WHAT LOCAL MARKET FACTORS AFFECT THE VALUE OF A**
15 **PARCEL OF REAL ESTATE?**

16 **A.** Any parcel of real estate can be impacted by a
17 myriad of factors, including supply and demand
18 factors; zoning constraints; mitigation
19 concerns, if appropriate; costs of developing
20 in various areas; demographic considerations;
21 market conditions; competition for similar
22 product; employment stability; and the
23 infrastructure of the area, which can include
24 such things as proximity and quality of:
25 schools, shopping availability, public

1 transportation, police and fire protection,
2 crime rate, availability of cultural and civic
3 facilities and organizations, religious
4 facilities, medical-dental-outpatient
5 facilities, hospital facilities, and
6 recreational amenities of the area. Another
7 very important factor is the economic base for
8 the area which can have a direct bearing on
9 value stability and possible
10 appreciation/depreciation. In the case of a
11 community such as Palm Coast, where many of the
12 residents have moved from other areas such as
13 the northeast, the factors affecting the
14 ability or inability of property owners in
15 those areas to sell their properties has a
16 direct bearing on their ability to relocate to
17 the subject area. Additional factors include
18 the attitude of governmental authorities
19 towards growth; growth management plans, the
20 availability of natural resources and possible
21 salt-water intrusion in coastal communities.
22 Long-term growth management is becoming an
23 increasingly important issue in states such as
24 Florida and the factors of long-range traffic
25 planning including the roadway and mass transit

1 systems, maintenance of existing systems, and
2 the like become increasingly important. In the
3 case of the Palm Coast community, there are
4 additional factors such as protection from and
5 an evacuation plan for pending natural
6 disasters such as hurricanes and extensive
7 flooding as much of the county is low-lying
8 compared to other interior areas of the state.
9 A parcel of real estate is unique and all of
10 these factors must be considered in estimating
11 its value. Failure to consider factors which
12 impact value can severely distort the final
13 value indication.

14 Mr. Dodrill's mathematical manipulations, made
15 without the benefit of localized adjustment
16 factors such as those noted above, would, in my
17 opinion, most likely result in ethics and
18 professional practice charges being filed
19 against an appraiser who attempted to use and
20 rely on such manipulative practices.

21 I cannot conceive of any professional in the
22 real estate appraisal industry attempting to
23 use Mr. Dodrill's methods to estimate market
24 value for realty. Such methods to estimate
25 market value for real estate would, in my

1 opinion, be done only if the researcher had
2 neither the knowledge or expertise to
3 accumulate the necessary data and to then
4 employ standardized and recognized appraisal
5 methods to bring that data to a reasonable
6 conclusion/indication of value for a specific
7 property as of a specific valuation date.

8 Even the standard Cost Service manuals which
9 most appraisers utilize to estimate replacement
10 cost new for improvements contain local
11 adjustment factors. Appraisers of The
12 Appraisal Institute, when venturing into a
13 "new" geographical area are required to spend
14 sufficient time to become familiar with the
15 local market or to associate themselves with a
16 local professional in order to become cognizant
17 of factors affecting values in that particular
18 market which can be much different than in
19 other areas.

20 Q. WHAT IS YOUR OPINION REGARDING MR. DODRILL'S
21 USE OF THE 1968 BULK SALE OF LAND IN HIS
22 VALUATION?

23 A. The use of a prior bulk sale involving a
24 substantial amount of land as a benchmark to
25 estimate the value of a relatively small parcel

1 eleven to twenty-two years later is contrary to
2 accepted appraisal practice. Attempting to
3 apply some "index" to supposedly adjust for the
4 time interval differential is, in my opinion,
5 essentially worthless, as it does not take into
6 account changing economic conditions on a local
7 basis, the impact of infrastructure which may
8 not have been in place at the time of the
9 original transfer, and a myriad of other
10 factors as I discussed earlier in my testimony.
11 Sales of such large parcels typically contain a
12 certain amount of unusable or environmentally
13 sensitive land. The amount of such land in
14 relation to the total parcel size would
15 obviously have an impact on the price per acre
16 for the usable land. Similarly, the location
17 of the unusable areas could create some
18 additional engineering constraints and, hence,
19 increase costs relative to the development of
20 the usable areas. Mr. Dodrill's use of a
21 12,777 acre sale occurring eleven to twenty-two
22 years prior to estimate the value for a parcel
23 of less than 100 acres is, in my opinion,
24 absurd. I cannot imagine that a reasonable
25 person, simply utilizing common sense, would

1 employ such methodology when more accurate and
2 current data is available.

3 Q. WOULD YOU RESPOND TO MR. DODRILL'S USE OF THE
4 1996 SALE IN HIS DEVELOPMENT OF "HISTORICAL
5 TRENDED COSTS"?

6 A. The 1996 sale is not considered appropriate in
7 estimating 1990 and 1979 values for reasons
8 already explained. Factors affecting a 1996
9 transaction (or any other date for that matter)
10 were most probably not the same as of the dates
11 of valuation. This is why value estimates are
12 as of a specific date and not a range. 1996
13 data was not available in 1979 or 1990 and
14 would not have been used anyway in my opinion.
15 More current data was most certainly available
16 and again, using older or subsequent sales and
17 then attempting to "adjust" them by some
18 "index" is in my opinion nothing more than data
19 manipulation and is not an attempt to render an
20 unbiased estimate of value.

21 Q. WAS THE 1996 SALE OTHERWISE A COMPARABLE SALE
22 TO THE TWO EFFLUENT DISPOSAL FIELDS?

23 A. Only by virtue of its proximity to the effluent
24 disposal fields. The 1996 sale (to Con-Cor)
25 involved a long, narrow parcel north of SR-100

1 between Interstate 95 to the west and lying
2 along both sides of Old King's Road on the
3 east. According to available information
4 (survey data), this property contained a total
5 of 709.4 acres, of which 53.04 acres lie within
6 four borrow pits. ITT engineering thermal
7 imaging studies indicated that a total of 425
8 acres was usable land (outside of borrow pits
9 and/or jurisdictional lands;) the borrow
10 pits/jurisdictional lands are, for all
11 practical purposes, economically unfeasible to
12 develop. The grantor conveyed this parcel
13 based on 425 acres of net usable land; this
14 would change the correct figure to use in
15 calculating the sales price per acre.

16 When a parcel of land involves certain areas
17 such as swamp, water bodies, or other
18 economically undevelopable areas, the true
19 value of the land is generally considered to
20 lie in the developable uplands or usable area.
21 In this case, the total parcel involves a net
22 developable area of considerably less size than
23 the gross acreage size. It then becomes
24 appropriate to divide the sales price by the
25 net usable land area.

1 Recorded information indicates a sales price of
2 \$1,600,000; it is my understanding that neither
3 Mr. Dodrill nor Mr. Sapp have personally
4 confirmed this sale. If they had, they would
5 have discovered that there had been a contract
6 approximately two years earlier (by the same
7 parties) on this parcel and that a \$25,000
8 security deposit had been forfeited. This
9 deposit had been held by the title company
10 (Palm Coast Abstract and Title Co.) and the
11 holding of this deposit was contested by the
12 purchasers. The purchasers agreed to release
13 any claim on this deposit as a condition of the
14 current sale. This brings the actual
15 consideration to \$1,625,000. This is not a
16 large amount of money on a sale of this
17 magnitude, but it does point out that the lack
18 of personal confirmation as to actual usable
19 area and conditions of sale can lead to
20 erroneous and distorted conclusions. I don't
21 believe any reasonable person, and certainly
22 not an appraiser, would argue with the concept
23 that a parcel with say 500 acres (actually any
24 size) of all usable land is worth more than a
25 500 acre parcel which contains a certain amount

1 of unusable land and vice-versa.
2 In 1996 and for some time prior, Flagler County
3 and the Palm Coast Community in particular has
4 felt the impact of an economic slowdown, and
5 rumors of the impending demise or substantial
6 restructuring of the community, especially with
7 respect to existing undeveloped property, were
8 rampant. Rumors of workforce cutbacks
9 continued to escalate and the future of the
10 community has appeared uncertain for the past
11 several years. The factors affecting Palm
12 Coast also affected other real estate in
13 neighboring areas. The apparent slowdown of
14 real estate activity in other areas of the
15 country, particularly the northeast, delayed
16 the move of some northern residents to Palm
17 Coast due to their inability to sell their real
18 estate in their home states. Added to this was
19 the unemployment situation with plant closings,
20 etc., and the very limited employment
21 opportunities in the Palm Coast area.
22 Attempting to compare a much later (or prior
23 for that matter) sale with the subject
24 property, as of a specific valuation date about
25 six years earlier, is ridiculous at best and

1 reflects a total lack of understanding as to
2 the dynamics of the real estate industry and
3 the factors affecting supply and demand.

4 Q. WHAT IS YOUR OPINION REGARDING MESSRS. DODRILL
5 AND SAPP'S TESTIMONY REGARDING "DISQUALIFIED"
6 (OR "DQ") STATUS OF TWO OF THE COMPARABLE SALES
7 USED IN YOUR 1990 APPRAISAL?

8 A. The apparent contention by Mr. Sapp, the
9 Flagler County Property Appraiser, that the
10 sales used in the 1990 report may not be
11 comparable, is without merit. The Property
12 Appraiser's office utilizes mass appraisal
13 techniques and does not have the time or
14 manpower to verify the conditions of sale of
15 every property transfer. In the case of the
16 sale to Flagler County for the new jail site,
17 our firm was employed by the County itself to
18 establish fair market value so that
19 negotiations could continue for site
20 acquisition. The county did NOT use assessment
21 data for valuation or negotiation purposes,
22 but, rather, employed two independent appraisal
23 firms to establish market value so that a
24 "meeting of the minds" between the seller and
25 buyer could be effected. The same scenario

1 holds true for the sale of the school site,
2 with the school board having to follow similar
3 practices (hiring outside appraisers) rather
4 than using assessment data. Simplistically, if
5 tax assessment information and conclusions were
6 up- to-date and truly representative of market
7 values, then would not such data be used in
8 lieu of having to pay substantial fees to
9 outside appraisers? The Property Appraiser's
10 office may often label governmental purchases
11 as "DQ", as a "disqualified" sale. However, in
12 many cases such purchases, with public funds,
13 are in fact the result of independent market
14 value estimation by qualified experts (often
15 two or more appraisals), reacting to current
16 trends affecting value, who have been hired by
17 the governmental agencies so as to ensure
18 proper expenditure of public funds and non-
19 bias. In many instances these appraisals are
20 further reviewed by additional qualified
21 experts in the appraisal field before they are
22 accepted; this is characteristic of state
23 agencies such as DOT, DER, and others.
24 The two sales referred to as "DQ" by Mr. Sapp
25 were evidently so classified without

1 independent confirmation by the Property
2 Appraiser's office. Florida guidelines for ad
3 valorem tax assessment purposes do not require
4 that sales to governmental agencies be
5 automatically excluded. There is most
6 certainly no statute that requires the
7 automatic disqualification of such sales. Such
8 sales can often be, and usually are good sales
9 because the acquiring or selling agency has had
10 to have an appraisal done first and that such
11 property, if put up for sale, is normally
12 listed with a local broker. Determination that
13 such sales are in fact good comparables
14 requires research and confirmation by involved
15 parties. County Property Appraiser officials
16 are encouraged to comply with USPAP (Uniform
17 Standards of Professional Practice), though
18 there is no mandatory compliance. All of our
19 firm's reports are required to comply with
20 USPAP, as do all appraisal services for the
21 public. This is due in part to the fact that
22 County Property Appraiser offices provide a
23 different function than do independent
24 appraisers, and employ mass appraisal
25 techniques rather than having sufficient time

1 and personnel to estimate a separate value for
2 each individual parcel of real estate, taking
3 into account all the factors that impact value
4 as of a specific point in time.

5 Sales to a governmental authority MAY IN FACT
6 BE UTILIZED as comparable properties as long as
7 they have been properly researched. First, a
8 Sales Ratio Study is performed to determine if
9 the sale is out-of-line with other sales in the
10 area. Secondly, the sale must be confirmed
11 with both parties to determine if the
12 transaction was under threat of condemnation or
13 other undue influence. If it is determined
14 that the sale is an arms-length transaction,
15 then the sale may be used as a qualified sale
16 for ad valorem tax calculation purposes. If
17 the sale does not pass the tests outlined
18 above, then the sale is labeled "DQ"
19 (Disqualified Sale) and is not utilized for
20 calculation of ad valorem tax purposes for
21 other properties. The simple fact that the two
22 sales referenced in our 1990 appraisal report
23 were sales to governmental authorities does not
24 automatically disqualify them as useful
25 comparable sales. It may well be that the

1 Flagler County Property Appraiser's office does
2 not have the manpower nor the resources to
3 investigate such sales; however, they may still
4 be very valid comparable sales and should be
5 investigated further, as we have done in this
6 particular instance.

7 **Q. DO GOVERNMENTAL AGENCIES TYPICALLY PAY MORE FOR**
8 **PROPERTY THAN THE AVERAGE CITIZEN?**

9 A. No. Our firm prepares appraisals for the St.
10 John's River Water Management District, the
11 Department of Environmental Protection (DEP),
12 and other agencies. I am generally familiar
13 with their land acquisition policies.

14 The St. John's River Water Management District
15 acquires property based on "Fair Market Value,"
16 as determined by independent appraisals. The
17 District will typically average two such
18 appraisals and then pay 85 to 90% of the
19 averaged figure. The District often obtains
20 property at below market value and in some
21 cases even below assessed value.

22 Similar guidelines govern DEP's land
23 acquisitions. DEP, which now includes the
24 former Department of Natural Resources, is
25 responsible for acquisition of state lands. In

1 such capacity, DEP must adhere to very
2 stringent guidelines, as mandated by Chapters
3 253 and 259, Florida Statutes. Please see,
4 specifically, Sections 253.025(6) and
5 259.041(7). DEP requires one independent
6 appraisal on acquisitions of \$500,000 or less,
7 and two independent appraisals on acquisitions
8 over that amount. By statute, DEP cannot pay
9 more than fair market value and in the case of
10 divergent appraisals, it cannot pay more than
11 the highest appraised value. A 20% divergency
12 is permitted without requiring further study.
13 Please see Rule 18-1.006, Florida
14 Administrative Code.

15 **Q. DO AD VALOREM TAX ASSESSMENTS TYPICALLY**
16 **REPRESENT FAIR MARKET VALUE?**

17 **A.** No. If tax assessments represented actual fair
18 market values under the definition of same,
19 then such data would be used in mortgage loan
20 negotiations, eminent domain proceedings,
21 DNR/DER and other state or federal agency
22 acquisitions or divestitures, FNMA/RTC/FDIC
23 underwriting and/or portfolio loan
24 purchases/sales. In my twenty-four years of
25 real estate appraisal experience, I have not

1 personally encountered a single instance in
2 which the assessment was relied on for any of
3 the above-mentioned purposes. Obviously,
4 common sense would dictate that if assessments
5 were reliable as indicators of market value,
6 then such data would be usable for mortgage
7 loans and other purposes and the use of
8 appraisers and market analysis would not be
9 required, thus expediting the loan or other
10 process and reducing costs. It is obvious that
11 federally chartered financial institutions as
12 well as state and federal agencies rely on the
13 use of outside appraisal and related services
14 rather than tax assessments for valuation
15 purposes of specific parcels of real estate as
16 of a specific point in time.

17 **Q. HAVE YOU PREPARED A STUDY TO DEMONSTRATE THE**
18 **RELATIONSHIP OF RECENT LAND SALES PRICES TO**
19 **ASSESSED VALUES IN FLAGLER COUNTY?**

20 **A. Yes. Attached as Exhibit _____ (CDS-4) is a**
21 **chart showing the results of a computer search**
22 **of Flagler County property transfer records**
23 **over the January 1, 1995, through June 13, 1996**
24 **period for non-residential parcels with a sales**
25 **price range of \$100,000 to \$1,000,000. Sixteen**

1 additional sales were found but not included in
2 the chart. One of these sales involved an
3 extremely high ratio (7.22 to 1) of sales price
4 to assessment while another indicated a very
5 low ratio, .71 to 1 and thus these range
6 extremes were not included. Two other sales
7 had no assessment data so were not included.
8 The remaining 12 excluded sales involved
9 multiple parcel transactions.

10 The purpose of this ratio study was to provide
11 some information as to the relationship between
12 property assessment figures and actual sales
13 price of those same properties. Acreage and
14 vacant commercial sites were chosen for the
15 search. The chart reflects a mean ratio of
16 2.64 for the acreage data, i.e., properties
17 sold for a mean of 2.64 times assessment - the
18 range was 1.68 times assessment to 3.88 times
19 assessment. The ten vacant commercial sales
20 reflected a mean of 2.519 times assessment.
21 These sales are not confirmed and this chart
22 was included to primarily show that sales
23 prices are generally substantially higher than
24 assessments and as support as to why
25 assessments are not relied on for specific

1 parcel valuation services as of a specific date
2 in time by virtually all common users of
3 appraisal services. This research was based on
4 computer data services provided by Micro
5 Decisions, Inc., a provider of property
6 transfer and assessment data for various
7 Florida counties including Flagler and Volusia.

8 Q. DO YOU HAVE ANYTHING TO ADD?

9 A. Not at this time.

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Docket No. 951056-WS

Exhibit ____ (CDS-1)
Summary of Qualifications

QUALIFICATIONS OF THE APPRAISER

SOUTHERN APPRAISAL CORPORATION
Charles D. Spano, Jr., MAI
P. O. Box 3687
Ormond Beach, Florida 32175
Email: sac@notry.com
WWW: <http://www.notry.com/sac.htm>

MEMBERSHIP:

- Member, Appraisal Institute
- Designation: MAI with Appraisal Institute, Certificate No. 7210
- President of Chapter 168, Society of Real Estate Appraisers 1990
- Local, State, and National Realtor Organizations

EDUCATION:

- B.S. Degree in Biological Sciences, Florida State University, 1969
- Head of Science Department and Instructor in Physics, Chemistry, and Biology, Chattahoochee, Florida, High School, 1969-70.
- Mathematics Instructor, Seabreeze Senior High School, 1970-71.
- Successful completion of the following AIREA/SREA courses:
 - Course I-A Basic Appraisal Principles, Methods, & Techniques 1973
 - Course I-B Capitalization Theory & Techniques 1975
 - Course VIII Single Family Residential Appraisal 1975
 - Course 2-1 Case Studies 1984
 - Course 2-2 Valuation Analysis and Report Writing 1984
 - Course 2-3 Professional Standards 1984
 - Course 2-3 Professional Standards 1987
 - SPP Professional Standards 1994
 - USPAP Update Standards Update 1996
 - Disasters Appraising After Natural Disasters 1996
- Attendance at various Institute and Society sponsored educational seminars - 1994 most recent
- Currently certified under both Appraisal Institute and State of Florida Continuing Education Guidelines

LICENSE:

- State-Certified General Real Estate Appraiser, Cert.# RZ 0001159
- Licensed Real Estate Broker - State of Florida

EXPERIENCE:

- Independent Fee Appraiser, Daytona Beach, Florida, since June, 1972

PARTIAL LIST OF CLIENTS:

U.S. Department of Interior	First Florida	Sacks-Martin Realty
County of Brevard	Florida National Bank	Security First S & L
County of Volusia	Manufacturer's Hanover Trust	FNMA
City of Daytona Beach	Empire Federal	U.S. Postal Service
Federal Savings & Loan	Duval Federal Savings & Loan	Falcon Development
City of Holly Hill	Coast Federal Savings & Loan	Republic Funding Corp.
City of Port Orange	American Pioneer Savings & Loan	Security First Federal
City of Ormond Beach	Harbor Federal Savings & Loan	County of Flagler
City of South Daytona	ITTCDC/Palm Coast	U.S. Postal Service
City of Bunnell	Southeast Mortgage Company	Resolution Trust Corp.
Florida Power & Light Company	McCaughan Mortgage Company	Dept. Of Environmental Re
Southern Bell Telephone & Telegraph	PMI Mortgage Company	Federal Aviation Admin.
Balleased Development Corporation	Rotaler Corporation	Nature Conservancy
Continental Mortgage Insurance Co.	Phipps-Harrington Corporation	Florida Dept. Of Law
St. Johns River Water Management Dist.	Federal Deposit Insurance Corp.	Enforcement, Securities
Sun Bank of Volusia County	Various estates	Fraud Unit
Consolidated-Tomoka Land Company	Mordex Realty	Florida Dept. Of Transp.
Charles Wayne Group, Ltd.	Hay-Zinn and Associates	Barnett Banks
Florida Inland Navigation District	Palm Coast Utilities Corp.	First Union Corporation
Volusia County School Board	Flagler County School Board	Suntrust Banks
Various Commercial Properties	Florida Dept. of Natural Resources	Vol. Co. School Board
Daytona Beach Regional Airport	Various condemnees	

World Wide Web Address: <http://www.notry.com/sac.htm>

Docket No. 951056-WS

Exhibit ____ (CDS-2)
1985 Appraisal Report

APPRAISAL REPORT

of

Wastewater Disposal Field
Spray Field Site
Palm Coast, Florida
for
Mr. Sam Butler, Jr.
ITT Community Development Corporation
and
Mr. Bob Kelly
Comptroller and Vice President
Palm Coast Utility Corporation
Executive Offices
Palm Coast, Florida 32051

PREPARED BY:

Southern Appraisal Corporation
570 Memorial Circle, Suite D
Ormond Beach, Florida 32074

AS OF:

March 1, 1979

SOUTHERN APPRAISAL CORPORATION

Appraisers - Consultants - Realtors

CHARLES D. SPANO, JR., MAI, SRPA
President

ORMOND BEACH
570 Memorial Circle, Suite D
Ormond Beach, Florida 32074

HOLLY HILL
P.O. Drawer D
Holly Hill, Florida 32017

December 4, 1985

PHONE (904) 672-4533
DAYTONA BEACH
P.O. Box 3897
Daytona Beach, Florida 32018

Mr. Sam Butler, Jr.
Vice President
Director, Sales Administration
ITT Community Development Corporation

Mr. Bob Kelly
Comptroller and Vice President
Palm Coast Utility Corporation
Executive Offices
Palm Coast, FL 32051

Re: Appraisal of wastewater effluent disposal field containing approximately 83.305 acres, in Section 20, Township 11 South, Range 31 East, Flagler County, Florida

Dear Messrs. Butler & Kelly:

In accordance with the request of yourself and Mr. Bob Kelly, we have appraised the above referenced property for the purpose of estimating the value in use for the fee simple interest for the subject property as of March 1, 1979. The function of the appraisal is to assist in internal decisions/ accounting regarding transfer of the property to Palm Coast Utilities.

It is our opinion that the value in use for the fee simple interest, as of March 1, 1979, was:

THREE HUNDRED SIXTY-FOUR THOUSAND FIVE HUNDRED DOLLARS
(\$364,500)

Legal description, valuation discussion, definition of value in use, and underlying assumptions and limiting conditions are included in the report, along with the qualifications of the appraisers.

This appraisal was a joint effort between and Charles D. Spano, Jr., MAI, SRPA, and Carl P. Velie, SRA.

In addition to the underlying assumptions attached, this appraisal is made under the following special assumptions:

1. That the subject property is available for development to its highest and best use as of the effective date of this appraisal.
2. That the land is vacant; the existing waste water disposal field site improvements have not been included in the estimated value contained in this report.

Mr. Sam Butler, Jr.
Mr. Bob Kelly
Page 2
December 4, 1985

3. That adequate legal and physical access is available to the subject for single family residential subdivision development. Under the assumptions of this report it is assumed that a prospective developer would bear the costs of installing (paving, etc.) such access roads, etc. as may be required, but that such legal and dedicated access to permit conventional single family residential subdivision development would be available to the subject from Old Kings Road to the west.

We trust that this appraisal report is sufficient for your purposes. If we can furnish additional information, please contact us.

Yours very truly,


Charles D. Spano, Jr., MAI, SRPA


Carl P. Velie, SRA

CDS:ds

Enclosures

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PART I - INTRODUCTION

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

DATE OF VALUE: March 1, 1979

APPARENT OWNER: ITTCDC or subsidiary thereof
Address: Executive Offices
Palm Coast, Florida 32051

NAME OF PROPERTY: Wastewater Disposal Field
Palm Coast, Florida

LOCATION OF PROPERTY: 500 to 600 feet east of Old Kings Road,
approximately 1.5 miles south of the inter-
section of Old Kings Road and St. Joe Road,
Palm Coast, Florida.

ZONING & PERMITTED USES: No specific zoning designation but appraisal
assumes property could be developed residen-
tially with density commensurate with that of
Section 81 located just north of the subject.

PRESENT USE: (as of the effective date of the appraisal)
Vacant Land

HIGHEST AND BEST USE: Residential development

MAJOR IMPROVEMENTS: None

INDICATED VALUE BY
MARKET APPROACH: \$364,500

FINAL ESTIMATE OF DEFINED VALUE:

We hereby certify that in our opinion, the value in use for the fee simple interest of the subject real estate, on March 1, 1979, under the conditions and assumptions of this report was:

THREE HUNDRED SIXTY-FOUR THOUSAND FIVE HUNDRED DOLLARS
(\$364,500)

12-5-85
(Date Certificate Signed)

12-5-85
(Date Certificate Signed)

Carl P. Velie
Carl P. Velie, SRA

Charles D. Spano, Jr.
Charles D. Spano, Jr., MAI, SRPA

CERTIFICATION

We certify that, 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, subject to the assumptions and limiting conditions explained in this report. This appraisal report sets forth all of the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported, and we certify that, except as otherwise noted in this appraisal report, we have no present or contemplated future interest in the real estate that is the subject of this appraisal report. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors and the Standards of Professional Practice of the Society of Real Estate Appraisers.

We are currently certified under the AIREA/SREA voluntary continuing education program. We do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without prior written consent of the appraisers signing this appraisal report.

No one other than the undersigned prepared the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report.



Carl P. Velie, SRA

did interior _____
did not _____ exterior
inspect the property.



Charles D. Spano, Jr., MAI, SRPA

did interior _____
did not _____ exterior
inspect the property.

UNDERLYING ASSUMPTIONS & CONTINGENT CONDITIONS

The various value indications developed in this appraisal report are only indications. They were developed through the various approaches to value to give weight to those factors which, when properly analyzed, enable the appraiser(s) to reach a value conclusion. These indications of value are not to be used in making a summation appraisal by combination of values created by another appraiser, and such values are invalid if so used. The current purchasing power of the dollar is the basis for value reported unless otherwise indicated.

The distribution of the total valuation as between land and improvements applies (if applicable) only under the existing program of utilization. The separate value estimates for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

The soil of the subject appears to be firm and solid; subsidence in the area is unknown or uncommon. The appraiser(s) assumes that there are no hidden conditions of the property, subsoil, or structures which would render it more or less valuable than otherwise apparently comparable property. The appraiser(s) assumes no responsibility for such conditions or for engineering which might be required to discover them.

No responsibility is assumed by the appraiser(s) for matters which are legal in nature, nor is any opinion of title rendered herewith. This appraisal assumes good title, and the legal description(s) used herein is(are) assumed to be correct.

Any liens or encumbrances, except those noted in this appraisal report, are disregarded, and the property has been appraised as though free and clear of such limitations.

Responsible ownership and competent management are assumed in the appraisal of this property.

The plot plans, site plans, and related sketches included in this report are included merely to assist the reader in visualizing the property and are not to be construed as being actual surveys. This data is included for informational purposes only, and should not be relied on in lieu of survey or similar data.

Certain data used in compiling this report was furnished from sources considered reliable; however, no guarantee is made for the correctness of such data, although the data has been reasonably checked and is believed to be correct.

Possession of this report, or any copy thereof, does not carry with it the right of publication, in whole or in part, without the express consent of the appraiser(s).

The appraiser(s) herein, by reason of this appraisal, shall not be required to give testimony or attendance in court or at any governmental hearing with reference to the property in question, unless previous arrangements have been made therefor.

Disclosure of the contents of this estimate is governed by Regulations of the American Institute of Real Estate Appraisers, of the National Association of Realtors, and the Society of Real Estate Appraisers. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers, or to the MAI designation, or to the Society of Real Estate Appraisers, and the SRPA 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 prior written consent and approval of the undersigned.



Carl P. Velie, SRA



Charles D. Spano, Jr., MAI, SRPA

INTRODUCTION TO APPRAISAL

This introduction to the appraisal report will set forth the basic parameters of this assignment. It will also provide basic information relevant to the property being appraised.

PURPOSE OF THE APPRAISAL

The objective of this appraisal is to estimate the value in use for the fee simple interest as of March 1, 1979. The purpose of this report is to present the data and reasoning that have been used to reach the opinion of value.

FUNCTION OF THE APPRAISAL

The function of this appraisal report is to be used in conjunction with internal decisions/accounting procedures.

PROPERTY RIGHTS APPRAISED

The value in use for the fee simple interest.

DEFINITION OF VALUE

The definition of value in use used in this report follows the introduction and is included herein by reference.

DATE OF VALUE ESTIMATE

March 1, 1979

IDENTIFICATION OF THE PROPERTY

The subject is a vacant parcel lying east of Old Kings Road, south of Palm Coast Parkway and east of Interstate 95 in Palm Coast, Florida. The parcel contains approximately 83 acres and is presently utilized as a waste water effluent disposal field. Under the assumptions of this report the land is vacant and available for development to its highest and best use.

TAX AND ASSESSMENT DATA

<u>Assessed Value</u> <u>For Year</u>	<u>Land</u> Assessed with other property	<u>Improvements</u> Vacant	<u>Total</u> Assessed with other property
1979			

Tax Rate for 1979

Taxed with other property

SPECIAL ENCUMBRANCES

No special encroachments, easements, or similar encumbrances other than normal utility and related easements were noted based on review of available data. This data is considered reasonably correct for the purposes of this report, but cannot be guaranteed.

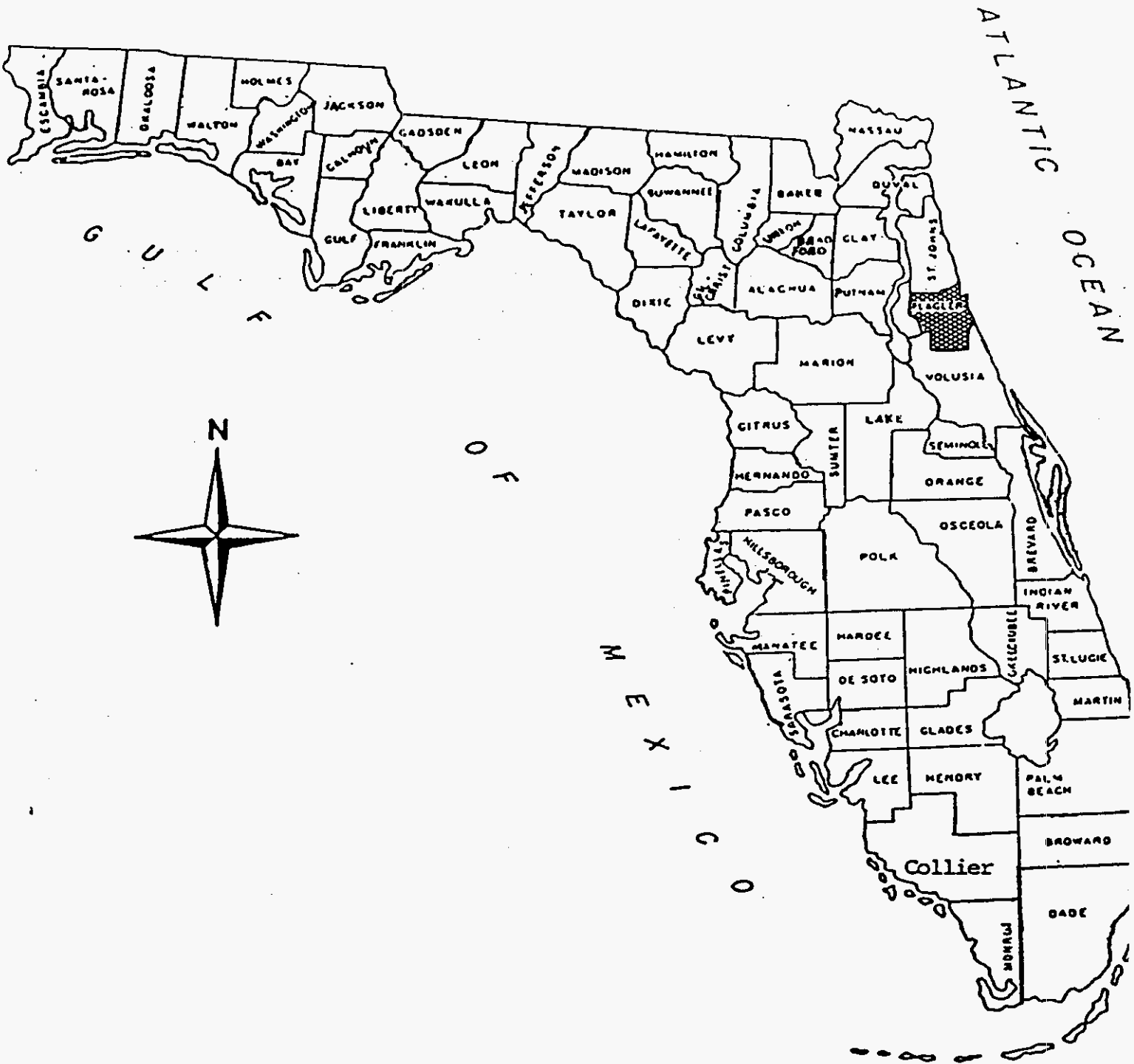
VALUE IN USE

The value of an economic good to its owner-user which is based on the productivity (privacies in income, utility or amenity form) of the economic good to a specific individual; subjective value. May not necessarily represent market value.

PART II - FACTUAL DATA

Wastewater Disposal Field
Spray Field Site
Palm Coast, Florida

General Location Map



GENERAL AREA DISCUSSION:

The subject property is in the central portion of Flagler County, generally between the Intracoastal Waterway on the east and US-1 on the west.

Flagler County is located in the north-central part of Florida and was established as a county in 1917. The county was named in honor of Henry M. Flagler who played an important role in the development of Florida's east coast, principally through the building of the Florida East Coast Railroad. The county seat of Flagler County is Bunnell, named after Alva A. Bunnell who founded the city in 1880.

The major crops of Flagler County are agricultural products, palms, trees, and timber. Principal manufacturing activities are wood and wood products.

According to Florida Statistical Abstract, August, 1984, published by the University of Florida, Flagler County had a 1980 census population of approximately 10,913 persons. The Palm Coast Development had a 1979 population estimated at approximately 4,000 persons.

Municipal water supplies are available in Bunnell, Flagler Beach, and Palm Coast. Electricity for the county is provided by the Florida Power and Light Company, and telephone service is from Southern Bell Telephone and Telegraph Company. Bunnell and Palm Coast have complete sewerage systems. Hospital facilities are provided in Bunnell, and an ambulance service is available for the entire county. Educational facilities through high school are available in Flagler County. . Nearby Daytona Beach and Palatka have junior college facilities. Additional educational institutions such as Florida Technological University, Flagler College, Embry-Riddle Aeronautical University, Bethune Cookman College, the University of Florida, and Stetson University are fairly close by.

Major highways serving Flagler County on a north-south basis are SR-1A along the eastern boundary, I-95 in the eastern half of the county, and US-1 at approximately mid-point. Other less important north-south roadways are SR-13 and SR-305 in the western portion of the county. SR-1A was once a major route along the entire east coast of Florida. With the advent of the interstate highway system and US-1, 1A has become more or less a scenic highway between the various east coast cities. I-95 is a primary north-south roadway in the eastern portion of the state. US-1 has lost a considerable portion of its commercial influence to the interstate highway system. This roadway currently travels north-south throughout the state and remains important to the economy of the various local municipalities.

The major east-west roadway in Flagler County is SR-100 at approximately mid-point of the county. Various other roadways of somewhat lesser importance are SR-304 and SR-302. SR-100 connects the community of Flagler Beach in the eastern portion of the county with Bunnell, and extends west of Flagler County to Palatka (Putnam County) and points northwest. SR-11 runs from Bunnell to DeLand.

Transportation within the county is in the form of air, rail, trucking, and similar services. A municipal airport (no scheduled flights) with four 5,000 foot runways is located between the City of Bunnell and I-95. Rail service is

provided by the Florida East Coast Railroad and trucking is provided by major truck lines. The Intracoastal Waterway is located along the east coast and has ample docking facilities. Bus service is provided by the Greyhound and Trailways systems.

Adjacent to the Flagler County Airport is an 1,000 acre tract which is available for industrial plant sites. Additional sites are available throughout the county for small or large industry.

The City of Bunnell, the county seat of Flagler County, has a mayor-council form of government. It is the hub of three major highways and is an active city complete with a modern police department, volunteer fire department, hospital, airport, and railroad facilities. The city is located approximately eight to ten minutes drive from the Atlantic Ocean and beaches.

The City of Flagler Beach was named after Henry M. Flagler. The city was originally known as Ocean City and is located approximately three miles east of the I-95/SR-100 interchange. Flagler Beach includes a city police department, volunteer fire department, medical offices, a public library, etc.

Palm Coast is one of Florida's newer communities and, according to Chamber of Commerce brochures, has a potential of approximately 100,000 acres. This development is being promoted by ITT Community Development Corporation, a subsidiary of International Telephone and Telegraph Corporation. Palm Coast offers more than five miles of ocean beaches and 17 miles of land on the Intracoastal Waterway.

Recreational facilities and historic sites within the county are numerous. One of the most historic sites is the Bulow Plantation State Historical site located approximately nine miles southeast of Bunnell on SR-5A. This site has preserved the remains of the once-famous Bulow Plantation and the grand mansion Bulowville. In the early 19th Century, Bulow Plantation covered more than 6,000 acres. However, the outbreak of the Seminole War in 1835 put an end to the plantation. The plantation remains include portions of a sugar mill, several wells, a spring house, and the crumbling foundation of the mansion.

The Flagler Beach State Recreation Area is located approximately two miles south of the Town of Flagler Beach on SR-1A. This was once a part of the U.S. Coast Guard system, the beachfront property having been deeded to the State of Florida in 1854. Historians surmised that French Huguenot Jean Ribaut's flagship foundered in the general vicinity of this beach in 1565.

Additional attractions are Marineland in the northeastern corner of the county, Washington Oaks Gardens State Park, and numerous fishing, camping, and recreational facilities.

The neighborhood surrounding the subject property can generally be described as the mainland portion of Flagler County bounded by US-1 on the west, the Intracoastal Waterway on the east, SR-100 on the south, and the county line on the north. The area around the US-1/Palm Coast Parkway (St. Joe Grade) intersection is industrially oriented with residential development and vacant acreage outside the industrial influence.

It should be noted that a substantial portion of Flagler County, including most of the land around the subject, is under the ownership of ITT and/or its various subsidiaries. The ITT Palm Coast Development, when completed, will encompass oceanfront/riverfront land, as well as property on the Flagler County mainland. Property in the immediate vicinity of the subject has been or is seeing continual industrial expansion.

As noted, boundaries for the general neighborhood are formed by the county line on the north, SR-100 on the south, the Intracoastal Waterway on the east, and US-1 on the west. Major development in the neighborhood occurs around Bunnell in the southern portion of the neighborhood and along I-95, particularly to the east.

Primary access to the neighborhood is by US-1 and I-95 north-south, and SR-100 and Palm Coast Parkway east-west.

The general neighborhood consists of vacant, unimproved land and areas with varying degrees of development. The areas of greatest development occur in the southern portion of the neighborhood around Bunnell and along I-95, particularly to the east. Development in other areas is proceeding gradually as the ITT Palm Coast community gradually expands. There is industrial development around the US-1/St. Joe Grade intersection, and additional industrial expansion in this area is expected.

The immediate neighborhood of the subject property can be described as the area east of I-95 and south of Palm Coast Parkway.

Primary access is via I-95 and Old Kings Road north/south and by St. Joe Grade (Palm Coast Parkway) and SR-100 east-west.

Though the immediate neighborhood of the subject has been limited to the area indicated above, it is our opinion that a discussion of the overall Palm Coast development would be appropriate. The ITT Palm Coast development was touched upon briefly in the discussion of the general area, but in our opinion warrants a more in depth description at this point due to its significant (past and future) impact on Flagler County in general. The information contained in the following paragraphs makes reference to the Palm Coast community as a whole. This information is based upon information and data obtained from the Flagler County Property Appraiser's office, public facilities, and ITT Community Development Corporation.

According to the information available, the Palm Coast community encompasses a total of approximately 68,000 acres, of which 42,000 acres more or less are designated for community development. The balance will probably remain for forestry and agricultural purposes. ITT estimated the population (late 1978) of Palm Coast at approximately 3,300 persons, increasing in 1982 to more than 6,000.

The 42,000 acres scheduled for development are separated into seven planning zones which include five mixed-use residential areas, an oceanfront district, and a mixed use regional center. Approximately 27,650 acres are designated for residential use, while 3,650 acres are indicated for business offices, industrial, and governmental uses. Commercial areas comprise approximately 550 acres, while public uses encompass approximately 3,550 acres. Utilities

account for an additional 1,400 acres, while preservation/conservation areas encompass 5,200 acres more or less. The preservation-conservation areas are not included in the additional 26,000 acres which are scheduled for long-term agricultural/forestry use.

The Palm Coast Welcome Center was opened in 1970, and the first homes were occupied in January, 1972. The first section of the golf course was opened in 1972; the remaining portion was opened in 1973. A convenience center and several small stores and offices opened in September, 1973, with additional expansion of the postal service in October of 1976. The volunteer fire department was started in 1973, and assistance was provided by ITT in following years. In 1976, the Palm Coast Fire District was created, providing a governmental body to provide fire department financing. The Palm Coast Shopping Center (approximately 70,000 square feet) opened in early-1979, and includes such tenants as Publix Super Market and an Eckerd's Drug Store.

Amenities available to Palm Coast residents include a yacht club and marina, golfing facilities, lighted tennis courts, and the Sheraton Palm Coast Resort Inn located on the oceanfront. Swim/racquet club facilities are available, and additional recreational facilities are planned for the community.

The outlook for Palm Coast is one of the continued growth. Additional roadway access is indicated by several proposed interchange locations, as well as provisions for eventually connecting SR-ALA with the mainland area of Palm Coast by bridging across the Intracoastal Waterway. The Flagler-Palm Coast High School was constructed on land donated to the school system by ITT and additional acreage has been purchased for a middle school. College level facilities are available at Stetson University in DeLand approximately 45 miles southwest of Palm Coast, at the University of Florida in Gainesville approximately 81 miles north, and at the Daytona Beach Community College approximately 35 miles south in Daytona Beach. A DBCC satellite campus is located at Palm Coast. Additional golf courses are to be completed in 1985 and 1990. Hospital facilities are available in the Greater Daytona Beach Area approximately 35 miles south of Palm Coast and the City of Bunnell, the county seat of Flagler County. Churches of various denominations are located in the developed areas of Palm Coast, and other churches are located in other portions of Flagler County such as Bunnell, Flagler Beach, etc.

The information contained in the above narrative was based on a variety of sources, all of which point towards continuing development of Palm Coast, both east and west of I-95. The developed portions of Palm Coast are presently served with water and sewer services, with access to the improved areas being provided by paved roadways. The outlook for the Palm Coast vicinity is one of continued steady growth for the foreseeable future.

According to available information, ITT ownership on the Flagler County peninsula encompasses approximately 2,000 acres and involves several miles of ocean frontage. The only portion of the ocean frontage presently developed is the Sheraton Palm Coast Resort Inn. There is a Welcome Center on the west side of ALA (at the Intracoastal Waterway) where visitors can be carried to the mainland portion of the development. It is only logical to assume that the oceanfront/riverfront land owned by ITT will see development at some time in

Wastewater Disposal Field
Spray Field Site
Palm Coast, Florida

the future. Long-range development plans by ITT include a bridge across the Intracoastal Waterway to connect the mainland portion of the Palm Coast development with the oceanfront/riverfront land.

It is obvious that the potential impact of ITT development is great. Additional residential and commercial development will create demand for additional industrial land. In our opinion, the subject neighborhood will continue to show steady growth; this growth will probably increase at a more rapid rate as ITT plans materialize.

Wastewater Disposal Field
Spray Field Site
Palm Coast, Florida

Subject Location Map



Note: For illustrative purposes only - Not to scale



APPARENT OWNER: ITT Development Corporation or a subsidiary thereof;
Executive Offices
Palm Coast, FL 32051

LOCATION OF PROPERTY:

500 to 600 feet east of Old Kings Road, approximately 1.5 miles south of the intersection of Old Kings Road and St. Joe Road (Palm Coast Parkway), Palm Coast, Florida.

APPRAISAL MADE FOR: Mr. Sam Butler, Jr., Vice President
Director Sales Administration
ITT Community Development Corporation
and
Mr. Bob Kelly, Comptroller and Vice President
Palm Coast Utility Corporation
Executive Offices
Palm Coast, Florida 32051

DATE SUBJECT INSPECTED: September 10, 1985 (most recent)

PERSONS WHO ASSISTED IN THE
ANALYSES, CONCLUSIONS, AND
OPINIONS SET FORTH IN THIS REPORT: None except signees

LEGAL DESCRIPTION: See legal description in addendum

ZONING:

To the best of our knowledge, the subject property, as of the effective date of this appraisal, was not regulated by a specific zoning classification. Land development in Palm Coast is typically regulated by a land use plan established by ITTDC and the County of Flagler. This appraisal assumes that the property could be developed residentially with a density commensurate with that of Section 81 located just north of the subject.

DESCRIPTION OF THE PROPERTY

Site Data:

The legal description describes a site located 500 to 600 feet east of Old Kings Road, approximately 1.5 miles south of the intersection of Old Kings Road and St. Joe Road. There are two 40 foot wide access/utility easements

providing access to the subject property from Old Kings Road. The fee ownership contains approximately 83.305 acres and the two access easements contain an additional 1.02 +/- acres. This appraisal does not value the easement areas; a special assumption of the report is that there is sufficient access from Old Kings Road to the subject.

Topography of the property is rolling with a gradual downward slope from the central portion of the site. The lowest areas appear to be near the north-eastern and southeastern edges of the property with elevations varying from 10 to 25 feet above mean sea level. Although an inspection of the subject on September 10, 1985 revealed the subject to be cleared and covered with a low growing grass, Johnny Overton of the Palm Coast Utility Dept. indicated that it was heavily wooded with pine trees, palmetto scrub and other vegetation indigenous to the area as of the effective date of the appraisal.

A soil survey conducted by Ardaman and Associates of Orlando found top soils to be predominantly fine to medium quartz sand with coquina, shells, and clay lenses.

The shape of the subject is very irregular and thus both the size and shape of the subject property is based on a survey provided by ITICDC; a copy of the survey is included in the addendum of this report. Reference is made to this survey for dimensional and orientation characteristics of the subject.

Access:

As stated earlier, existing access is by two 40 foot wide access/utility easements that provide access from Old Kings Road to the subject property. However, these easements are not valued in this report. The estimate of value in this report assumes adequate access between Old Kings Road and the subject property is available as of the valuation date. As of the effective date of this appraisal, Old Kings Road was a two lane asphalt paved road without curbs or gutters and having a 66 foot right-of-way.

Utilities Available:

Although located in the community of Palm Coast there are no utilities extended directly to the subject site. According to Mr. Overton, electricity is available from Old Kings Road but water and sewer lines would have to be extended from Oak Trails Blvd. approximately one mile north of the subject.

PART III - ANALYSIS OF DATA & OPINIONS OF THE APPRAISER

APPRAISAL PROCESS

Preparation of an appraisal is essentially a problem-solving process, and should follow an orderly procedure which will lead the appraiser to a logical conclusion of value based on factual information. An appraisal is basically a research problem and, simply stated, involves the definition of the problem, collection/compilation of data, analysis of the data, and a summation based on conclusions gathered from the available information.

The value estimated in this report is value in use, or that value to a specific owner/user. This is the appraisal of a vacant tract of land and the Direct Sales Comparison Approach is the only applicable approach in this instance. Although the Developmental Approach was analyzed, it has not been included as part of this appraisal because of its highly speculative characteristics.

While actual cost does not necessarily create value, the Cost Approach can provide an effective measure of value in certain circumstances. In application of the Cost Approach, an attempt is made to estimate the cost of constructing the improvements. From the estimated construction cost is subtracted an estimate of depreciation from all causes. Additional site improvement such as paving, landscaping, etc., are added to the depreciated value of the major improvements. This total is then added to the land value to arrive at a total indication of value by the Cost Approach.

The Income Approach is based on the principle that value equals the present worth of future rights to income. The Income Approach is typically applied to income producing real estate. After first estimating a reasonable amount for income, expenses are estimated and deducted to arrive at an estimate of effective gross income. This figure is then capitalized into an indication of value by use of a capitalization rate which may be derived from several methods available.

The Direct Sales Comparison Approach is often referred to as the Market Data Approach. Utilization of this approach requires comparisons between the comparable sales and the subject on an item by item basis. The comparable sale properties are adjusted to the subject to arrive at an estimated price at which the sale properties would probably have sold if they possessed characteristics identical to the subject. After adjustments, the sales are correlated to an indication of market value for the subject.

The three approaches to value may result in somewhat different value indications. The last step in the appraisal process is the correlation of the approaches into a final value estimate. In the process of correlation, the appraiser must consider the purpose of the appraisal, the type of property, and the weight to be given to each of the three approaches to value. Most weight is then placed on that approach which furnishes the most reliable solution to the appraisal problem, and which has the greatest amount of support. Most weight should be given to those approaches which the appraiser feels most accurately solve the appraisal problem.

HIGHEST AND BEST USE ANALYSIS

Introduction:

One of the most critical and important aspects in appraising a property is the estimation of highest and best use, or most probable/profitable use. Estimation of a highest and best use is a fundamental part of the appraisal process and is the premise upon which the valuation is based. The term "Highest and Best Use" is defined by the American Institute of Real Estate Appraisers/Society of Real Estate Appraisers in the Revised Edition of Real Estate Appraisal Terminology (Copyright 1975, 1981), page 126, as follows:

"That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value".

Present Use of Subject:

The land is vacant under the assumptions of this report.

Zoning:

There is no zoning per se for the subject. The Palm Coast Development is a large planned unit development with a majority of land such as the subject scheduled for residential development.

Estimate of Highest and Best Use:

The appraiser must decide the highest and best use of the property under appraisal as either the existing use, or a use which varies from the existing use. In estimating highest and best use of a site or improved property, the appraiser must consider four key factors. These are as follows:

1. Possible Uses: What uses of the site in question are physically possible? This can also be referred to as "adaptability." Some of the factors affecting possible uses include property size, frontage, physical location, topography, soil conditions, etc.
2. Permissible Use (Legal): What uses are permitted by zoning and deed restrictions on the site in question? This can also be referred to as "availability". Various factors which can restrict use include, but are not limited to, zoning regulations, building codes, environmental regulations, private restrictions, etc.
3. Feasible Use: Which possible permissible uses will produce a net return to the owner of the site? The site should only be developed with uses that are economically sound in order to estimate the economic feasibility of site development. The appraiser must make a realistic assessment of the market demand and existing supply.
4. Highest and Best Use: Among the feasible uses, which use will produce the highest net return or the highest present worth? The test of the most

profitable use seeks the most profitable use among the variety of uses that have met the other three tests.

In the appraisal of a vacant property, all of the possible uses within the limits set forth above must be considered, and that use which yields the highest return to the land or the highest land value is the highest and best use.

In the appraisal of an improved parcel, the improvements must be considered and a determination made as to whether they make a contribution to the overall value of the property. If so, the highest and best use is either the present use, or the conversion of the improvements for another use. If the value of the land as though vacant (reduced by the costs, if any, required to make it vacant) is in excess of the value improved, the highest and best use is estimated as though the land were vacant.

SITE ANALYSIS AS IF VACANT:

Possible Use (Adaptability):

The physical aspects of the site are the initial constraint. A larger site often offers greater development flexibility than a smaller but otherwise equivalent site. The subject has adequate size for development of the property with a variety of residential and related improvements. Other factors which are considered under this heading include adequacy of utilities, soil conditions, topography, ingress/egress considerations, and similar items. These items have been discussed in the property description. No adverse physical characteristics were noted.

Permissible Use (Availability):

The subject property, if not utilized for an effluent disposal field, could in all probability be developed with single family residential improvements commensurate with existing and projected neighborhood trends as of the date of appraisal. The subject site, if not improved with various utility houses could be developed with a variety of single family residential improvements, street and other residential subdivision improvements, etc.

There was no indication that any private restrictions or other considerations would adversely affect the subject.

Feasible Use/Highest and Best Use (Economic Influences):

The demand for land similar to the subject is steady in the Palm Coast Area. This is substantiated by several factors including the escalating costs of owner-occupied improvements, stable occupancy levels, increasing development/construction in the area, etc.

The subject neighborhood is steadily growing and desirability is good. Because of these factors, demand will most probably continue to increase for the foreseeable future in relation to the effective date of value.

Development of the subject with residential subdivision improvements, would in all probability provide a greater net return to an investor than any other possible or feasible use.

Wastewater Disposal Field
Spray Field Site
Palm Coast, Florida

In estimating a highest and best use for the land as if vacant, existing and projected neighborhood trends must be considered. The neighborhood of the subject consists of vacant land and residential subdivision improvements. The demand for residential subdivision land is expected to increase commensurate with the steady growth of the Palm Coast Community, and the use for this purpose is not speculative.

In summary, it is our opinion that the highest and best use of the subject land if vacant and available for development, would be for single family residential subdivision development.

Summary:

It is our opinion that the highest and best use of the subject site, as if vacant and without consideration of the existing effluent disposal improvements, would be for single family residential subdivision development.

LAND VALUE DISCUSSION

The value of the land was estimated by the Market Comparison Approach. This approach is often referred to as the Direct Comparison Approach because the comparison procedure is its basic technique.

The Market Approach requires careful selection of sale properties to insure that they are relatively similar to the subject. No two properties are exactly alike. Adjustments are made to the sale properties for the various differences between those properties and the subject. These adjustments are then applied to the sale properties to indicate a value for the subject.

A diligent search was made of the subject area to find sales of vacant tracts of land with similar physical characteristics. However, none were found in the immediate area of the subject. ITTDC, as of the date of valuation, did not typically sell large tracts of land to individual investors or developers. As ITTDC is the major land owner in the area, sales were limited; therefore our sales search was extended to include sales within neighboring communities which are thought to have general characteristics similar to that of the subject area. Chart I contains sales that occurred throughout the general area as of the effective date of this appraisal. Many of these sales are considered vastly inferior or superior due to various characteristics. Thus, they are not relied upon as final value indicators but are only included in this report to illustrate the extent of the sales search and to set the upper and lower limits of value as of the effective date of this appraisal.

Comparable Sales Chart I

Sale No.	Sale Date	Approx. Size	Acre Price	Location
97-0337	11/77	5 AC	\$7,200	North side SR100 15 +/- mile west of I-95, Flagler County, Florida.
1942-0452	11/77	74 AC	7,635	Southwest corner of Clyde Morris Blvd. and Beville Road, Daytona Beach.
1976-1820	12/77	400 AC	1,200	East of US-1 at National Gardens; Southeast of I-95.
1991-0056	5/78	100 AC	5,420	Both sides of Dunlawton; west of Nova Road, Port Orange.
1983-0943	5/78	180 AC	3,000	East side of Spruce Creek Road abutting Strickland Bay, Port Orange.
2052-0730	6/78	40 AC	3,500	South side of Dunlawton 1 +/- mile west of Nova Road, Port Orange.
2002-0935	7/78	40 AC	3,000	1/4 mile south of Dunlawton 1 +/- mile west of Nova Road, Port Orange.

Sales Chart I - Continued

Sale No.	Sale Date	Approx. Size	Acre Price	Location
2014-1786	9/78	40 AC	\$3,300	Abutting the western side of the "Hamlet Sub" off Spruce Creek Rd. in Port Orange.
2028-1460	11/78	35 AC	4,571	North side of Taylor Road 2.5 +/- mile west of I-95
2064-1220	3/79	27.16 AC	4,418	West of Clyde Morris Blvd. 1 +/- mile north of Dunlawton
2106-1752	6/79	886.27 AC	1,847	Northeast side of US-1 2 +/- miles north of I-95, Flagler County.

Of the twelve sales illustrated above, seven are considered sufficiently comparable for direct comparison to the subject. The sales not considered in direct comparison either vary substantially as to size and/or have commercial potential. Sale 79-337, although located in Flagler County, is only a small five acre site and fronts directly on State Road 100. Sale 1942-0452, although very similar to the subject as to size, was eventually developed with both multi-family improvements and commercial buildings. Sale 2064-1220 is considered substantially smaller than the subject while Sale 2106-1752 is considerably larger than the subject and thus, is not considered to be a good indicator of the value for the subject.

The following chart contains the sales which are considered most comparable to the subject along with various comparisons for time, size, location, and similar characteristics. The similarities/dissimilarities will be discussed later.

Comparable Sales Chart II

Sale No.	Sale Date	Approx. Acre Size	Acre Price	Time	Comparability factors "Sale is....."			
					Size	Loc.	Topo.	Special Cond.
1976-1920	12/77	400	\$1,200	Inf	Inf	Inf	Sim	Inf
1991-0056	5/78	100	5,420	Sim	Sim	Sup	Sim	Inf
1983-0943	5/78	180	3,000	Sim	Inf	Sup	Sim	Inf
2052-0730	6/78	40	3,500	Sim	Sim	Sim	Sim	Inf
2002-0935	7/78	40	3,000	Sim	Sim	Sim	Sim	Inf
2014-1786	9/78	40	3,300	Sim	Sim	Sim	Sim	Inf
2028-1460	11/78	35	4,571	Sim	Sup	Sim	Sim	Inf

Some of the sales in the chart above are considered more useful for comparative purposes than others. All of the sales are relatively recent in relationship to the effective date of this appraisal, and have varying degrees of comparability to the subject.

Sales analysis sheets have been prepared for each of the sales and will be found in the addendum. The information contained in these analysis sheets will not be repeated here except in generalities.

The sales occurred over the period from 12/77 to 11/78, and range in size from 35 acres to about 400 acres. The chart entries indicate unadjusted prices ranging from \$1,200 to \$5,420 per acre.

Some of the factors of similarity/dissimilarity will be discussed in the following narrative.

TIME DISCUSSION:

There has been a gradual increase in values from the date of the first sale in 12/77 to the later sales and the date of valuation. Market data available does not permit an exact mathematical calculation for the time differential. It is our opinion that the 1978 sales are similar to the subject from a time standpoint. The prior sales are considered inferior and would warrant at least some upward adjustment. In considering these sales, the greatest weight would then be given to those sales occurring at the later dates.

SIZE DISCUSSION:

The sales used for comparison range from 35 acres to approximately 400 acres. The subject contains 83.305 acres, more or less. It is axiomatic in the real estate business that small parcels typically sell for a greater unit price than a larger parcel, all other conditions being equal. That is, smaller parcels generally reflect a greater unit selling price. This is not necessarily true for certain types of commercial property and/or other high demand property such as oceanfront condominium sites, but typically larger vacant tracts of land such as the subject are typically found to sell for a smaller unit price as the size of the tract increases. This example can be seen from comparing Sale 1976-1820 to any of the other sales utilized. This sale is substantially larger in size and sold for considerably less on a unit basis. The subject contains 83.305 acres, more or less. Sales 1976-1820 and 1983-0943 are considered inferior to the subject. Sales 1991-0056, 2052-0730, 2002-0935, and 2014-1786 are similar to the subject for overall size characteristics. Sale 2028-1460 is considered at least slightly superior to the subject for size.

LOCATION DISCUSSION:

The subject is located east of Old Kings Road, 1.5 miles south of St. Joe Road in Palm Coast, Florida. As a result of its location within the Palm Coast development, sales within the immediate neighborhood could not be found. Therefore Volusia County sales on the outskirts of the Greater Daytona Beach Area were analyzed. A majority of these sales were found on the outskirts of the Port Orange area. In our opinion this area is considered to have an overall location similar to the subject as of the date of valuation. However, Sale 1976-1820 is located in a more rural area and is considered inferior to the subject as to location while Sales 1991-0056 and 1983-0943 are superior to the subject as to location because of their location at a major intersection or their waterfront influence.

TOPOGRAPHICAL DISCUSSION:

The subject has a slightly rolling topography with the central portion of the property having the highest elevations. Although all sales have varying topographical characteristics, they are all considered similar as to overall topography.

SPECIAL CONDITIONS:

The owner of the subject property, IPTCDC or its subsidiaries, owns a majority of the property surrounding the subject property. They have been developing/selling residential lots in the subject area for approximately nine years prior to the effective date of this appraisal. As a result of their large scale development activity in the area, they have a substantial advantage in selling residential lots over other developers in the area. Not only could they immediately market developed lots through their existing marketing program, but they have the physical resources (designers, planners, labor, and machinery) to develop the property more quickly and economically (economy of scale) than a typical developer/builder. This advantage of time and efficiency supports a substantially higher value for the subject property if analyzed utilizing a development approach which considers the time value of money and development costs.

All of the sales analyzed represent sales of properties purchased by small developers. For this reason, all of the sales are considered inferior to the subject under the special condition of value in use.

Reconciliation and Estimate of Value:

After consideration of the above analysis and the factors affecting the subject and sales, it is our opinion that a reasonable indication of a value in use for the subject would be \$4,375 per acre. Some of the most useful information was furnished by Sales 1983-0943, 2052-0730, 2002-0935, 2014-1786, and 2028-1460.

Applying the figure of \$4,375 per acre to the area of the subject indicates a total value of \$364,459, rounded to \$364,500.

Therefore, it is our opinion that the subject property had a value in use for the fee simple interest of the land only, as of March 1, 1979, of:

THREE HUNDRED SIXTY-FOUR THOUSAND FIVE HUNDRED DOLLARS
(\$364,500)

RECONCILIATION

The purpose of this assignment is to estimate the value in use for the fee simple interest for the subject property under certain parameters. The indications of value derived from the applicable approaches to value are as follows:

Market Approach	\$364,500
Cost Approach	N/A
Income Approach	N/A

Reconciliation is the process of weighing the indications of value into a final estimate of value for the property being appraised. The essence of reconciliation is to develop a rational conclusion which approximates and can defend a single value as defined by the assignment. In reconciling the estimates of value, the appraiser must consider the significance of each approach under the following guidelines:

1. In a typical market situation which of the approaches are most important to the typical investor/purchaser?
2. Which approach and value can best be supported by the available data?

Theoretically, the estimates of value from each approach could indicate the same value. This would rely on a tremendous amount of excellent data and would carry the appraisal profession into the realm of an exacting science.

The quantity and quality of the market data, in our opinion, was adequate in this case. The results indicated above are based on interpretation of the data available.

The Market Approach was used to estimate the value of the vacant land. The property has no income producing improvements under the parameters and special assumptions of this report, and earns no meaningful income. The Cost Approach and the Income Approach are not applicable.

A diligent search revealed several sales of property with varying degrees of similarity to the subject. The Market Approach is considered fairly reliable due to the reasonable degree of similarity between the subject and comparable sales. No two properties are exactly alike and the comparable sales data has been adjusted for the differences between the sales and the subject. The sales available, though requiring some adjustments, were sufficient to indicate a value of the subject. The Market Approach is the most reliable in this instance.

It is our opinion that the Market Approach is the most useful in estimating a value for the subject. Under the assumptions of this report the property is vacant land available for development to its highest and best use. Under the assumptions of this report the property has no income producing improvements and is vacant. The Market Approach is the only applicable approach in this instance and the Cost Approach and the Income Approach were not utilized.

It is our opinion that the subject property had a value in use for the fee simple interest under the assumptions and limiting conditions of this assignment, as of March 1, 1979, of:

THREE HUNDRED SIXTY-FOUR THOUSAND FIVE HUNDRED DOLLARS
(\$364,500)

In addition to the underlying assumptions and limiting conditions attached, this appraisal is subject to the following special assumptions:

1. That the subject property is available for development to its highest and best use as of the effective date of this appraisal.
2. That the land is vacant; the existing waste water disposal field site improvements have not been included in the estimated value contained in this report.
3. That adequate legal and physical access is available to the subject for single family residential subdivision development. Under the assumptions of this report it is assumed that a prospective developer would bear the costs of installing (paving, etc.) such access roads, etc. as may be required, but that such legal and dedicated access to permit conventional single family residential subdivision development would be available to the subject from Old Kings Road to the west.

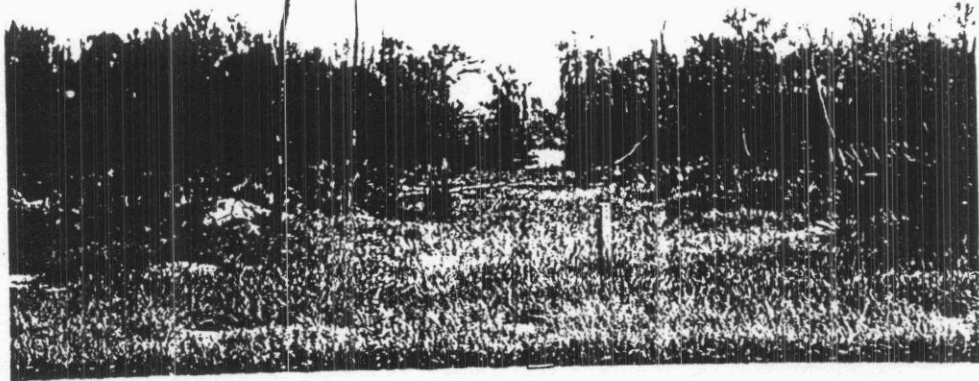
ADDENDA



Looking northerly along Old Kings Road
in front of the subject property.



Looking easterly at the southern most
access easement from Old Kings Road.



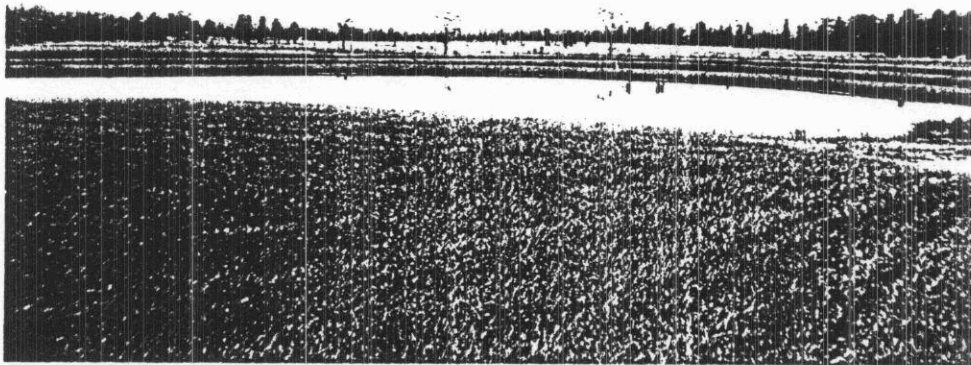
Looking easterly along northern most
access easement.



Looking northerly from the Central
portion of the subject property.



Looking northerly at the subject from
just south of its southern boundary.



Looking southerly from the Central
portion of the subject property.

LEGAL DESCRIPTION

LEGAL DESCRIPTION - WASTEWATER EFFLUENT DISPOSAL FIELD

PART OF SECTION 20, T. 11S., R. 31E., FLAGLER COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF SAID SECTION 20; THENCE S00-51-50E ALONG THE WEST LINE OF SECTION 20 FOR A DISTANCE OF 421.86 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF OLD KINGS ROAD (A 66.00 RIGHT OF WAY); THENCE SOUTHEPLY ALONG SAID RIGHT OF WAY LINE BEING ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 1568.52 FEET, A CENTRAL ANGLE OF 16-05-56, AN ARC LENGTH OF 440.72 FEET AND A CHORD BEARING OF S35-24-23E TO A POINT OF TANGENCY; THENCE S25-21-55E ALONG SAID RIGHT OF WAY LINE FOR A DISTANCE OF 758.86 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG SAID RIGHT OF WAY LINE BEING ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 1399.40 FEET, A CENTRAL ANGLE OF 21-49-02 AND AN ARC LENGTH OF 532.87 FEET TO A POINT OF REVERSE CURVATURE; THENCE SOUTHERLY ALONG SAID RIGHT OF WAY LINE BEING ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 1465.39 FEET, A CENTRAL ANGLE OF 19-15-13 AND AN ARC LENGTH OF 442.43 FEET TO A POINT OF TANGENCY; THENCE S29-55-44E ALONG SAID RIGHT OF WAY LINE FOR A DISTANCE OF 1172.34 FEET TO A POINT OF CURVATURE, THENCE SOUTHERLY ALONG SAID RIGHT OF WAY LINE BEING ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 1465.39 FEET, A CENTRAL ANGLE OF 08-07-36 AND AN ARC LENGTH OF 207.85 FEET, THENCE LEAVING SAID RIGHT OF WAY LINE AND RUNNING N71-40-02E ALONG THE CENTERLINE OF A PROPOSED 40.00 FOOT WIDE ACCESS EASEMENT FOR A DISTANCE OF 577.92 FEET TO THE POINT OF BEGINNING THENCE N16-04-58W 216.35 FEET; THENCE N21-50-18W 1168.13 FEET; THENCE N71-49-42E 467.82 FEET; THENCE N18-10-18W 155.00 FEET; THENCE N71-49-42E 167.00 FEET; THENCE S18-10-18E 155.00 FEET; THENCE N71-49-42E 35.00 FEET; THENCE S35-30-33E 127.79 FEET; THENCE S24-10-56E 802.64 FEET, THENCE S16-26-05E 553.71 FEET; THENCE S32-26-09E 430.26 FEET; THENCE S24-33-06E 289.90 FEET; THENCE S19-25-15E 1583.14 FEET, THENCE S08-42-57W 238.76 FEET; THENCE S89-25-17W 1152.69 FEET; THENCE N26-42-49W 237.96 FEET; THENCE N42-30-39E 167.86 FEET; THENCE N00-56-07E 145.45 FEET; THENCE N26-21-24W 300.51 FEET, THENCE N04-52-19E 1001.99 FEET, THENCE N16-04-58W 449.07 FEET TO THE POINT OF BEGINNING, CONTAINING 83.305 ACRES, MORE OR LESS, BUT SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD

COMPARABLE SALE NUMBER: 1976-1820 USE CODE: 204

DATE OF SALE: December 14, 1977

RECORDING DATA: OR Book 1976, page 1820

GRANTOR: F. Troost Parker, III, et al, as Trustees for the W. R. McElroy Trust

GRANTEE: Rose Bay, Inc.

LEGAL DESCRIPTION: A lengthy metes and bounds description describing 400± acres in Sec. 36, T13S, R31F, and parts of Sec. 30, 31, and 40 (John Addison Grant), all being in Volusia County.

PROPERTY LOCATION: East of US-1 at National Gardens; Southeast of I-95

SIZE: 400± Acres

PRICE: \$480,000 and/or \$1,200 per acre

TERMS OF SALE: Normal - \$450,000 mortgage payable in full by 1981; release clauses are based on \$5,800 per lot.

CONDITIONS: Normal

CONFIRMED BY: Mr. John Collins, Senior V.P. Bellemead Development Corp. agent for grantor; Mr. John L. Graham, Volusia County Property Appraiser's office; Rose Bay, Inc., grantee

HIGHEST AND BEST USE: Residential development.

ZONING/PERMITTED USES: Agricultural at time of sale.

DESCRIPTION AND COMMENTS: This was the sale of a vacant, forested parcel purchased by Rose Bay, Inc., for development with the "Village of Pine Run" Subdivision. Initial development plans called for the development of 186 one and one-quarter acre lots to be developed in three phases. This subdivision has paved roads with well and septic tank installations on an individual lot basis. Homes in this subdivision typically sell in the range of \$70,000 to \$150,000; discussions with the "Village of Pine Run" sales office indicate that market acceptance of the development has been excellent and that the initial phases of development were sold out over a relatively short time frame. Resales indicate an increase in value and the developer, Rose Bay, Inc. has sold out of the project.

COMPARABLE SALE NUMBER: 1983-0943 USE CODE: 204

DATE OF SALE: May, 1978

RECORDING DATA: OR Book 1983, page 0943

GRANTOR: Thomas Grady, Bishop of Diocese of Orlando

GRANTEE: Palms Del Mar, Inc.

LEGAL DESCRIPTION: A lengthy metes and bounds description describing a portion of Sec. 38, Twp 16, Rg 33, north of the Strickland Bay, PRVCF.

PROPERTY LOCATION: East side of Spruce Creek Road abutting the northern side of Strickland Bay, Port Orange, Florida.

SIZE: 180 acres more or less

PRICE: \$540,000 and/or \$3,000 per acre

TERMS OF SALE: Normal

CONDITIONS: Market Transaction

CONFIRMED BY: Thomas Ustler - real estate manager for Catholic Diocese, grantor

PRESENT USE: Vacant at time of sale

HIGHEST AND BEST USE: Speculative investment with potential for residential development.

ZONING/PERMITTED USES: A - Agricultural (has since been rezoned)

DESCRIPTION AND COMMENTS: The site was heavily wooded. Spruce Creek Road was graded at the time of sale. Since the time of sale the property has been improved with a residential subdivision (Riverwood Dev.) The south side of this property fronts Strickland Bay (Spruce Creek).

COMPARABLE SALE NUMBER: 1991-0056

USE CODE: 204

DATE OF SALE: May, 1978

RECORDING DATA: OR Book 1991, page 0056

GRANTOR: Rovert & Henry C. Coleman, Ltd.

GRANTEE: Coast Line Enterprises, Inc.

LEGAL DESCRIPTION: A lengthy metes and bounds description describing part of Sec 16, Twp 16S. Rg 33E, Volusia County, Florida.

PROPERTY LOCATION: West side of Nova Road on both the north and south sides of Dunlawton Blvd., Port Orange, Florida.

SIZE: 100 acres more or less

PRICE: \$542,000 and/or \$5,420 per acre

TERMS OF SALE: Normal

CONDITIONS: Market Transaction

CONFIRMED BY: Henry Coleman - grantor

PRESENT USE: Vacant at time of sale

HIGHEST AND BEST USE: Speculative investment with potential for residential and commercial development.

ZONING/PERMITTED USES: A-1, agricultural

DESCRIPTION AND COMMENTS: This is a large tract of land that is part of the Country-side PUD being developed by Coastline Enterprises, Inc. The property is heavily wooded and generally level. It has considerable frontage along both Nova Road and Dunlawton Blvd., two major roads in western Port Orange.

COMPARABLE SALE NUMBER: 2002-0935

USE CODE: 203

DATE OF SALE: July, 1978

RECORDING DATA: OR Book 2002, page 0935

GRANTOR: Mary S.H. Jacobs, Personal Representative of the Estate of S.W. Hewitt

GRANTEE: Rose Bay, Inc.

LEGAL DESCRIPTION: The SE 1/4 of the NE 1/4 of Sec 17, Twp 16, Rg 33, PRVCF

PROPERTY LOCATION: Approximately 1320 feet so. of Dunlawton Blvd., about 1/2 mile west of Nova Road, Port Orange, Florida.

SIZE: 40 acres more or less

PRICE: \$120,000 and/or \$3,000 per acre

TERMS OF SALE: Normal

CONDITIONS: Title Conveyance by Personal Representative's Deed; Mkt Transaction

CONFIRMED BY: Jerry Johnson, Rose Bay, Inc. - grantee

PRESENT USE: Vacant at time of sale

HIGHEST AND BEST USE: Speculative investment with potential for residential.

ZONING/PERMITTED USES: A - Agricultural

DESCRIPTION AND COMMENTS: At the time of sale this property was vacant and covered with pine trees and scrub oaks. Since date of sale this property has been developed with a portion of Cypress Cove, a single family residential subdivision.

COMPARABLE SALE NUMBER: 2014-1786 USE CODE: 203

DATE OF SALE: September, 1978

RECORDING DATA: OR Book 2014, page 1786

GRANTOR: Helen M. Hogan, et al for Cousin's Estate

GRANTEE: George C. Scott

LEGAL DESCRIPTION: The NW 1/4 of the SE 1/4 of Sec 21, Twp 16, Rg 33, PRVCF

PROPERTY LOCATION: Abutting the west side of the Hamlet subdivision in Port Orange, Florida.

SIZE: 40 acres more or less.

PRICE: \$132,000 and/or \$3,300 per acre

TERMS OF SALE: Normal

CONDITIONS: Market Transaction

CONFIRMED BY: George Scott - grantee

PRESENT USE: Vacant at time of sale

HIGHEST AND BEST USE: Speculative investment with potential for residential development.

ZONING/PERMITTED USES: A - Agricultural (Port Orange)

DESCRIPTION AND COMMENTS: This was a sale of a portion of the Cousin's estate. At time of sale the site was vacant, wooded, and generally level. Since being purchased, this property has been improved with "The Hamlet 1st add.", a single family residential subdivision.

COMPARABLE SALE NUMBER: 2028-1460 USE CODE: 203

DATE OF SALE: November, 1978

RECORDING DATA: OR Book 2028, page 1920

GRANTOR: Robert A. Steiner, et ux

GRANTEE: The Kirton Corp.

LEGAL DESCRIPTION: SW 1/4 of the NW 1/4 of Sec 25, Twp 16, Rg 32, less the W 165', PRVCF

PROPERTY LOCATION: North side of Taylor Road, 1/2 mile west of SR 415 (Tomoka Farms Road), Port Orange, Florida

SIZE: 35 acres more or less

PRICE: \$160,000 and/or \$4,571 per acre

TERMS OF SALE: Normal

CONDITIONS: Mkt Transaction

CONFIRMED BY: Robert Steiner - grantor

PRESENT USE: Vacant at time of sale.

HIGHEST AND BEST USE: Speculative investment with potential for residential

ZONING/PERMITTED USES: RA - Agricultural 5 acre tract rezoned to RE - allows 1/4 acre sites.

DESCRIPTION AND COMMENTS: This vacant tract of land was heavily wooded with pine trees and palmetto scrub at the time of sale. Topographically it slopes downward to the westwards a small creek. Since purchased, this property has been subdivided into smaller 1 1/4 acre lots.

COMPARABLE SALE NUMBER: 2052-0730

USE CODE: 203

DATE OF SALE: June, 1978

RECORDING DATA: OR Book 2052, page 0730

GRANTOR: Helen Hogan, et al

GRANTEE: Rose Bay, Inc.

LEGAL DESCRIPTION: The NE 1/4 of the NE 1/4 Sec 17, Twp 16, Rg 33, PRVCF

PROPERTY LOCATION: South of Dunlawton Avenue about 1/2 mile west of Nova Road, Port Orange, Florida

SIZE: 40 acres more or less

PRICE: \$140,000 and/or \$3,500 per acre

TERMS OF SALE: Normal

CONDITIONS: Mkt Transaction

CONFIRMED BY: Rose Bay, Inc. - grantee

PRESENT USE: Vacant at time of sale

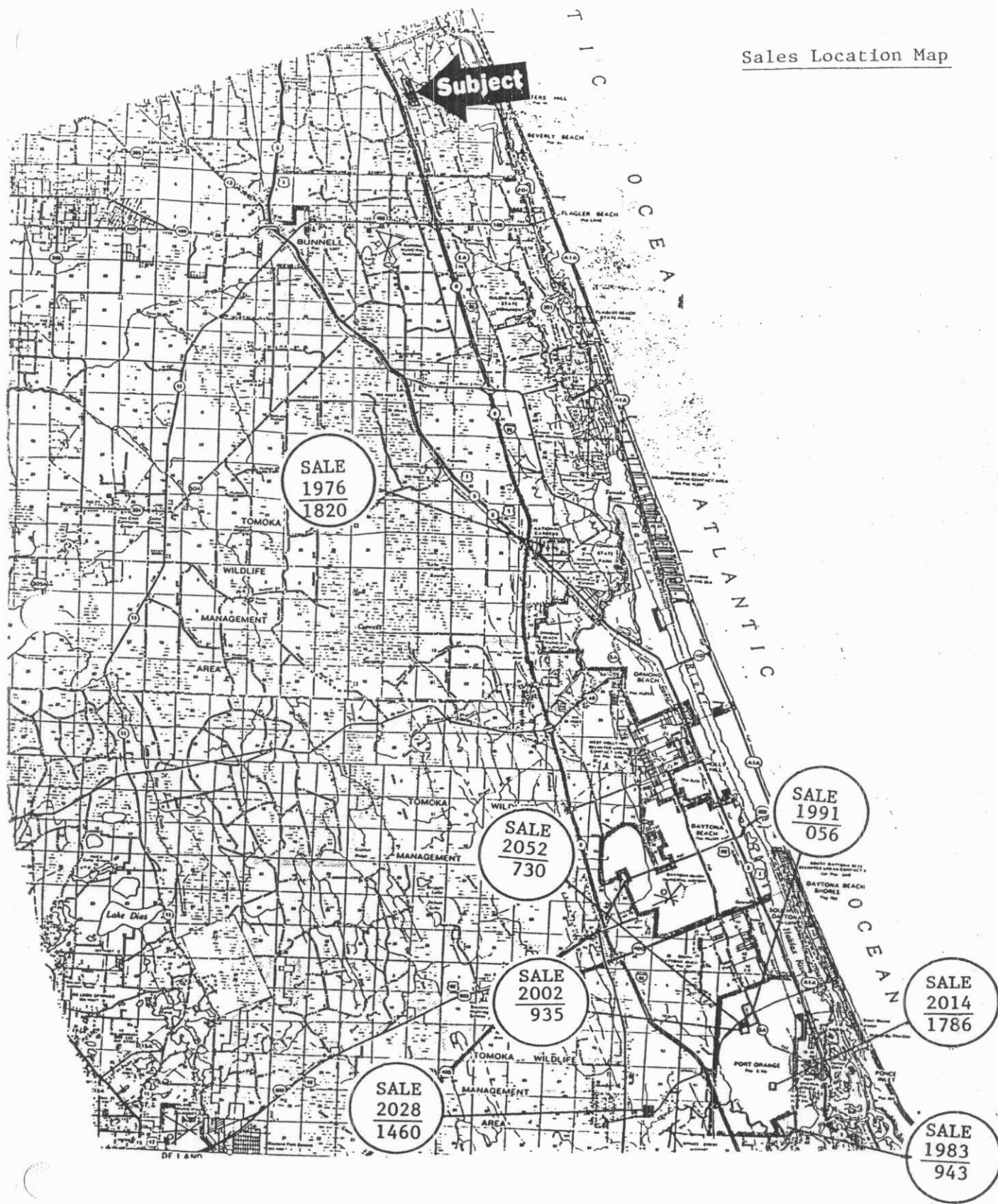
HIGHEST AND BEST USE: Speculative investment with potential for residential development

ZONING/PERMITTED USES: A-1 Agricultural

DESCRIPTION AND COMMENTS: At the time of sale this property was vacant and covered with pine trees and scrub oaks. Since date of sale this property has been developed with a portion of Cypress Cove, a single family residential subdivision.

Wastewater Disposal Field
Spray Field Site
Palm Coast, Florida

Sales Location Map



QUALIFICATIONS OF THE APPRAISER

Charles D. Spano, Jr., MAI, SRPA
Post Office Box 3897
Daytona Beach, Florida 32018

MEMBERSHIP:

- Member, American Institute of Real Estate Appraisers (MAI), Certificate No. 7210
- SRPA Member, Society of Real Estate Appraisers
- Local, State, and National Realtor Organizations

EDUCATION:

- B.S. Degree in Biological Sciences, Florida State University, 1969
- Head of Science Department and Instructor in Physics, Chemistry, and Biology, Chattahoochee, Florida, High School, 1969-70.
- Mathematics Instructor, Seabreeze Senior High School, 1970-71.
- Successful completion of the following A.I.R.E.A. courses:
- Course I-A Basic Appraisal Principles, Methods, & Techniques 1973
- Course I-B Capitalization Theory & Techniques 1975
- Course VIII Single Family Residential Appraisal 1975
- Course 2-1 Case Studies 1984
- Course 2-2 Valuation Analysis and Report Writing 1984
- Course 2-3 Professional Standards 1984
- Attendance at various Institute and Society sponsored educational seminars

LICENSE:

- Registered Real Estate Broker - State of Florida
- Certified Residential Building Contractor - State of Florida

EXPERIENCE:

- Independent Fee Appraiser, Daytona Beach, Florida, since June, 1972

PARTIAL LIST OF CLIENTS:

U.S. Department of Interior	ITCDC/Palm Coast
County of Volusia	Southeast Mortgage Company
City of Daytona Beach	McCaughan Mortgage Company
City of Holly Hill	PMI Mortgage Company
City of Ormond Beach	Rotaler Corporation
City of South Daytona	Phipps-Harrington Corporation
Federal Deposit Insurance Corp.	Various condemnees
Florida Power & Light Company	Various estates
Southern Bell Telephone & Telegraph Co.	Various commercial properties
Bellemead Development Corporation	Mondex Realty
Continental Mortgage Insurance Company	May-Zima and Associates
St. Johns River Water Management District	Republic Funding Corporation
Sun Bank of Volusia County	Security First Federal Savings & Loan
Florida Department of Natural Resources	CTD Corporation

QUALIFICATIONS OF THE APPRAISER
CARL P. VELIE, S.R.A.
570 Memorial Circle, Suite D
Ormond Beach, Florida 32074

PROFESSIONAL AFFILIATIONS:

- Member, Society of Real Estate Appraisers
Designation: Senior Residential Appraiser, 1983
- President of Chapter 168, Society of Real Estate Appraisers 1985-1986
- Registered Real Estate Broker-Salesman

EDUCATION:

- Bachelor of Science, Florida State University, August, 1976
Major: Real Estate
- Successful completion of the following S.R.E.A. Courses
- Course 101 - An Introduction to Appraising Real Estate Property, May, 1975, Tallahassee, Florida
- Course 201 - Income Property Valuation, March, 1978, Orlando, Florida
- Successful completion of the following A.I.R.E.A. Courses
- Course 1-B, Capitalization Theory and Techniques, July, 1978, Tulane University, New Orleans, Louisiana
- Course VIII, Single Family Residential Appraisal, April, 1979, Orlando, Florida
- Course II, Urban Properties, June, 1979, Southern Methodist University, Dallas, Texas
- Litigation Valuation, October, 1981, Tallahassee, Florida
- Appraising Under Eminent Domain, Federal Highway Administration, Fall of 1982, Bartow, Florida

EXPERIENCE:

- Southern Appraisal Corporation, August, 1985, to present
- GenAmerica Appraisal Services, February, 1984, to August, 1985
- Foltz Appraisals, Inc., June, 1983, to February, 1984
- Review Appraiser, Florida Department of Transportation, January, 1979, to May, 1983
- Appraiser Trainee, Florida Department of Transportation, January, 1977, to January, 1979
- Testified as an expert witness regarding real estate values within the following Florida counties: Brevard, Flagler, Marion, Orange, Osceola, and Volusia

PARTIAL LIST OF APPRAISAL EXPERIENCE:

Acreage
Single-family Residences
Multi-family Apartments
Retail Buildings
Condemnation

Office Buildings
Industrial Buildings
Special Purpose Properties
Condominiums

DESCRIPTION OF THE PROPERTY

Site Data:

The legal description describes an irregular site containing approximately 81.576 acres. The subject is located approximately 600 feet east of Old Kings Road; however, there is no frontage on Old Kings Road. Access is provided by a 100 foot wide easement extending easterly from Old Kings Road to the northwest corner of the subject. The site is irregular with an average depth of approximately 1,350 feet and a width ranging from about 2,400 feet on the north to approximately 2,850 lineal feet on the south.

The topography of the property is typically rolling, rising slightly then decreasing in elevation from west to east. The subject is typically covered with sawpalmetto scrub underbrush, small pine trees, and other native vegetation indigenous to the area. It appears that the subject has been cleared of merchantable timber at some point. There are several dirt or sand jeep trails traversing the subject along the western boundary and central portion of the site, with additional east-west trails forming a rough grid. The northerly 100 feet of the subject will be located within a proposed drainage easement leading to a borrow pit located northwest of the subject. According to the Flood Insurance Rate Map, Community Panel No. 120085 0085 B, effective February 5, 1986, published by the Federal Emergency Management Agency, the subject parcel lies entirely within Flood Zone C, an area of minimal flooding. Graham Swamp is located easterly of the subject and land in this area is primarily located within Flood Zone A, an area of 100-year flooding. The topography of the subject is typical of the area along Old Kings Road and the subject is similar to surrounding properties with respect to topography.

The subject is encumbered by a 330 foot wide right-of-way easement held by Florida Power and Light Company and recorded in Official Records Book 44, page 512-518, of the Public Records of Volusia County, Florida. A copy of this easement is included in the addendum of this report. This easement encompasses a portion of the southeast corner of the subject parent parcel and contains approximately 7.314 acres. The potential utilization of this portion of the subject site is severely restricted due to limitations imposed by Florida Power and Light Company. Although this easement is currently vacant, conversations with Florida Power and Light Company officials indicate that a single line is anticipated to be installed in this easement in the next 18 to 24 months.

The size, shape, and area of the subject land (including the location and size of any easements) was obtained from review of a boundary and topographic survey prepared by Tomoka Engineering Associates, Inc., Daytona Beach, Florida, dated December 18, 1990.

Reference is made to the preceding site plan for the orientation and dimensional characteristics of the subject. Dimensional and similar characteristics indicated on the plot plan are based on a review of information obtained from the above mentioned sources. This information is considered reasonably correct for the purposes of this report but cannot be guaranteed.

Spray Field Site
Proposed Expansion
Palm Coast, Florida

Access:

Access to the subject is by means of a 100 foot wide easement (containing approximately 1.409 acres) extending from Old Kings Road easterly approximately 600 feet to the subject. This easement roughly follows a dirt jeep trail extending from Old Kings Road to near the northwest corner of the subject.

Old Kings Road is a two-lane, asphalt paved roadway with a 66 foot right-of-way in the subject vicinity. There are no curbs or sidewalks within the immediate vicinity of the subject.

Utilities Available:

Water and sewer service are not presently extended to the subject parcel but are available in the general vicinity of the subject. According to Richard Adams, Palm Coast Utility Corporation, the closest water line to the subject is at Oak Trails Boulevard and Old Kings Road, approximately 1.5 miles north of the subject. Sanitary sewer service is available at this same location, and is also contained within a force main running along Old Kings Road in the vicinity of the subject. Utilization of this force main would require installation of a pump station. An estimated cost to extend these utilities (prepared by Palm Coast Utilities Corporation) is included in the addendum of this report. Electricity is provided to the general area by Florida Power & Light Company; telephone service is provided by Southern Bell.

Description of Improvements:

The subject parcel is vacant.

PART III - ANALYSIS OF DATA & OPINIONS OF THE APPRAISER

THE APPRAISAL PROCESS

Preparation of an appraisal is essentially a problem-solving process and should follow an orderly procedure which will lead the appraiser to a logical conclusion of value based on factual information. An appraisal is basically a research problem and simply stated, involves the definition of the problem, collection/compilation of data, analysis of the data, and a summation based on conclusions gathered from the available information.

The purpose of this report is to estimate market value for the fee simple interest. Definitions are given in other portions of this report.

A typical outline for the preparation of an appraisal would be to establish an orderly sequence of procedures in order to arrive at a logical and reasonable conclusion of value. The Appraisal Process may be outlined as follows:

1. Define the problem.
2. Prepare an outline detailing methodology for the property to be appraised.
3. Assemble all data appropriate to the appraisal problem.
4. Analyze the data through various approaches applicable to the property being appraised.
5. Correlate value indications from the various approaches.
6. Reconcile and final value estimate.

Following the sequence above, the first step in appraising the subject property is to define the appraisal problem which is to estimate market value for the fee simple interest. Implicit in this step is to establish information pertinent to the property being appraised such as the identity (location and legal description). The effective date of the appraisal should be established and any special requirements of the client should be understood.

The second step involves preparation of a work outline to make most effective use of time and resources. In estimating market value for the subject, the demand/supply market must be investigated and is of particular importance to this assignment. Under this portion of the appraisal process, the appraiser should estimate what type of data (and quantity) will be required along with appropriate sources for such data. During this phase, the appraiser must also decide which of the three standard approaches to value are applicable; these are the Direct Sales Comparison Approach, the Income Approach, and the Cost Approach. An outline of the total appraisal report should be prepared at this time and a work schedule should be prepared to allow completion of the appraisal assignment with the greatest degree of expediency. With proper outlining and programming, there will be an orderly flow of data and the appraisal can be completed in the most logical and expedient fashion.

The third step involves the assembling of data. Data should generally be organized and acquired in a fashion which will permit completion of the appraisal assignment under the outline prepared in Step 2. The assembling of data may be influenced to some degree by the sources of such data, and it is generally preferable to have several back-up sources in case the primary source cannot, for one reason or another, be used; or cannot be obtained within the time frame of the assignment. Data collected for the purpose of

this appraisal report was obtained from a variety of sources including review of public records and property appraiser's files. Confirmation was obtained by personal contact with one of the parties involved in the transaction.

After accumulation of information, the data must be classified and analyzed. All factors affecting the subject and sales must be considered. Some of the factors to be considered are whether or not the sales are developed to their highest and best use; the effects of neighborhood influences; and consideration of the effects of time passage, size, topography, zoning, availability of public services, etc. Those features most important to a value for the subject property must be determined and these prime value determining factors must then be used in comparison with the sale properties. By combining an evaluation of the area and neighborhood influences with the primary factors affecting value for the subject, the appraiser can then analyze data for the comparable sales (and other comparable data including costs, rentals, etc.) to provide a basis for the application of the various approaches to value estimation.

The approaches typically considered in estimating value are the Direct Sales Comparison Approach, the Income Approach, and the Cost Approach. Normally, only the Direct Sales Comparison Approach is used in estimating the value of vacant land. A brief description of each approach follows in narrative form.

The Direct Comparison Approach:

The Direct Sales Comparison Approach is often referred to as the Market Data Approach. Utilization of this approach requires comparisons between the comparable sales and the subject on an item by item basis. Factors to be considered include, but are not limited to, time, location, terms and conditions of sale, and various physical characteristics such as size, topography, and shape. Zoning and permitted uses, availability of utilities and other special amenities, location of improvements on the site, and other factors must be considered. The comparable sales are adjusted to the subject for the various pertinent characteristics affecting the value of the subject. The subject is considered the "base" property and all sales data must be adjusted to this base. That is, the sales are adjusted to an estimated price at which the sale property would probably have sold if it possessed characteristics identical to the subject. After adjustments, the sales are correlated to an indication of market value for the subject via the Direct Sales Comparison Approach.

The Income Approach:

A second method of valuation involves the Income Approach. This approach is typically applied to income producing properties. The Income Approach is based on the principle that value equals the present worth of future rights to income. The first step in this approach is to estimate a potential gross income for the subject property. Vacancy/collection losses, abstracted from market data, are then deducted from the total gross income to arrive at an estimate of effective gross income. From the effective gross income figure must be deducted appropriate amounts for various expense and/or reserve items. Expenses can include such categories as Fixed Expenses (i.e., taxes and insurance), Operating Expenses (maintenance, management, repair, etc.), and a Reserve for Replacement. Review of many operating statements indicates that a

reserve account is often not included. In most instances, a reserve account should be included to account for the depreciation of short-lived items such as roof covering, asphalt topping, floor coverings, and similar items.

Income and expense data is market derived. Rental/income and expense history of the subject is reviewed in conjunction with similar data for a variety of properties comparable to the subject. This data is then correlated to provide appropriate estimates of income and expenses for the subject. The reconstructed operating statement which results from an analysis of the available data may not necessarily indicate values similar to that actually experienced by the subject. That is, rents and expenses utilized in the reconstructed operating statement in the Income Approach discussion may indicate rental rates higher or lower than those actually produced by the subject and present tenancy. Similarly, expenses may be higher or lower than the current expense history for the subject property.

After estimating reasonable amounts for income/expenses, the total expenses are deducted from the effective gross income to arrive at an estimate of net operating income. This figure is then capitalized by use of a capitalization rate via the Direct Capitalization Method. Direct capitalization of the net income stream provides an indication of value for the subject property by the Income Approach.

The Cost Approach:

In estimating a value for the subject by the Cost Approach, the first step is to estimate a value for the site as if vacant. The estimate of site value follows the reasoning of the Direct Market Comparison Approach and estimates a value for the subject site by comparison with other similar sites which have sold.

The next step is to estimate a reproduction or replacement cost new for the improvements. The Cost Approach is most accurate when improvements are new and develop a site to its highest and best use.

After estimating a reproduction or replacement cost for the subject improvements, depreciation from all causes is estimated and deducted from the reproduction cost new.

In addition to the major building improvements, all site improvements such as asphalt paving, etc., must be estimated on a depreciated basis. That is, reproduction/replacement cost new must first be estimated and is then adjusted for depreciation.

The depreciated value for all improvements (major buildings and site improvements) is totaled to arrive at a total depreciated cost new for improvements. This value is then added to the estimated site value to arrive at an indication of value for the subject property via the Cost Approach.

Correlation and Final Estimate of Value:

The last step in the appraisal process is the correlation of the Direct Sales Comparison Approach, the Income Approach, and the Cost Approach into a final value estimate. In the process of correlating the approaches into a final value estimate, the appraiser must consider the purpose of the appraisal, the

type of property, and the weight given to each of the three approaches to value. Most weight is then placed on that approach which furnishes the most reliable solution to the appraisal problem and which has the greatest amount of support. It should be noted that the final value estimate is not an average of the value indications from the three approaches. Most weight should be given to those approaches which the appraiser feels most accurately solve the appraisal problem.

HIGHEST AND BEST USE ANALYSIS

Introduction:

One of the most critical and important aspects in appraising a property is the estimation of highest and best use, or most probable/profitable use. Estimation of a highest and best use is a fundamental part of the appraisal process and is the premise upon which the valuation is based. The term "Highest and Best Use" is defined by the American Institute of Real Estate Appraisers/Society of Real Estate Appraisers in the Revised Edition of Real Estate Appraisal Terminology (Copyright 1975, 1981), page 126, as follows:

"That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value".

Present Use of Subject:

The subject property is vacant.

Zoning:

According to Mr. Kenneth Koch, Planning and Zoning Administrator for Flagler County, the subject presently contains split zoning. The westerly 300 feet more or less is zoned R/C, Residential Commercial Use District, which permits single-family dwellings with a 9,000 square foot minimum lot size. Permitted special exceptions in the R/C district include cluster subdivisions, nursing homes, multi-family projects not exceeding eight units per acre, neighborhood and tourist related commercial uses, etc. The balance of the site is currently zoned AC, Agriculture District, which permits single-family dwellings with a five acre minimum lot size and all bona fide agricultural/forestry pursuits, etc. According to Mr. Koch, the Flagler County Future Land Use Map identifies that portion of the subject currently zoned R/C as suitable for high intensity development which, according to Mr. Koch, is the same as the existing R/C zoning classification. The portion zoned AC is designated low density/rural estate - one unit per acre according to the Flagler County Future Land Use Map which is similar to the R-1 zoning classification according to Mr. Koch. The R-1, Rural Residential District, classification permits single-family dwellings with a minimum lot size of one acre and limited personal agricultural uses, etc.

Estimate of Highest and Best Use:

The appraiser must decide the highest and best use of the property under appraisal as either the existing use, or a use which varies from the existing use. In estimating highest and best use of a site or improved property, the appraiser must consider four key factors. These are as follows:

1. Possible Uses: What uses of the site in question are physically possible? This can also be referred to as "adaptability." Some of the factors affecting possible uses include property size, frontage, physical location, topography, soil conditions, etc.

Spray Field Site
Proposed Expansion
Palm Coast, Florida

2. Permissible Use (Legal): What uses are permitted by zoning and deed restrictions on the site in question? This can also be referred to as "availability". Various factors which can restrict use include, but are not limited to, zoning regulations, building codes, environmental regulations, private restrictions, etc.
3. Feasible Use: Which possible permissible uses will produce a net return to the owner of the site? The site should only be developed with uses that are economically sound in order to estimate the economic feasibility of site development. The appraiser must make a realistic assessment of the market demand and existing supply.
4. Highest and Best Use: Among the feasible uses, which use will produce the highest net return or the highest present worth? The test of the most profitable use seeks the most profitable use among the variety of uses that have met the other three tests.

In the appraisal of a vacant property, all of the possible uses within the limits set forth above must be considered, and that use which yields the highest return to the land or the highest land value is the highest and best use.

In the appraisal of an improved parcel, the improvements must be considered and a determination made as to whether they make a contribution to the overall value of the property. If so, the highest and best use is either the present use, or the conversion of the improvements for another use. If the value of the land as though vacant (reduced by the costs, if any, required to make it vacant) is in excess of the value improved, the highest and best use is estimated as though the land were vacant.

SITE ANALYSIS AS IF VACANT:

Possible Use (Adaptability):

The physical aspects of the site are the initial constraint. A larger site often offers greater development flexibility than a smaller but otherwise equivalent site. The subject has adequate size for development of the property with a variety of residential and related improvements. Other factors which are considered under this heading include adequacy of utilities, soil conditions, topography, ingress/egress considerations, and similar items. Water service is available approximately 1.5 miles north of the subject, while sanitary sewer service is available along Old Kings Road (force main located approximately 600 feet west of the subject). An estimated cost for extending these utilities to the subject (prepared by Palm Coast Utility Corporation) is included in the addendum. Ingress/egress is adequate via a 100 foot wide easement (see site plan). These items have been discussed in the property description. No other adverse physical characteristics were noted.

Permissible Use (Availability):

The subject presently contains split zoning including R/C, Residential/Commercial Use District, on the westerly 300 feet, with the balance zoned AC, Agriculture District. Although the western 300 feet is zoned R/C which would permit limited commercial development as a special exception, the commercial development potential of this portion of the subject is limited by the lack of exposure to a major arterial roadway. Access is provided by a 100 foot wide access easement which would not carry a sufficient volume of traffic necessary to attract commercial development to this site. Multi-family residential development is also permitted as a special exception; however, demand for this type of development property is scarce as evidenced by the lack of competing multi-family development in the area. This portion zoned R/C could be developed with residential subdivision improvements under the current R/C zoning classification. The portion of the subject located within the AC zoning classification is designated on the Flagler County Future Land Use Map as being low density/rural estate - one unit per acre, which is similar to the R-1, Rural Residential district. The subject site, if vacant, could be developed with a variety of single-family residential improvements, street and other residential subdivision improvements, etc.

The subject is encumbered by a 330 foot wide right-of-way easement held by Florida Power and Light Company as recorded in OR Book 44, pages 512 through 518, of the Public Records of Flagler County, Florida. A copy of this easement is included in the addendum of this report. -This easement encumbers a portion of the southeast corner of the subject parent parcel and contains approximately 7.314 acres. Potential utilization of this portion of the subject site is severely restricted due to limitations imposed by Florida Power and Light Company. Conversations with Mr. Tom Roe, Florida Power and Light Company, indicate that no buildings or structures of any kind or the growing of trees is permitted within this easement area. In addition, the topography of this area cannot be altered, excavated, paved, irrigated, wells drilled, etc., without prior approval of Florida Power and Light Company. Florida Power and Light Company has to conform to national standards regarding uses located within its transmission line easements and requires fee owners to sign detailed consent agreements prior to utilization of this area. Florida Power and Light Company is especially concerned about liability within this easement area and seeks to avoid creating an attractive nuisance within such areas. Mr. Roe did indicate that potential uses most likely to be approved within this easement area would include roadways to access that portion of the subject site separate from the balance, open green areas, wetlands mitigation area, etc. However, any permitted uses would depend in part upon review of the entire development site plan, and thus specific permitted uses are not available within this easement area.

A small triangular shaped portion lying southeasterly of this Florida Power and Light Company easement is separated from the balance of the parent ownership exclusive of the easement. Potential utilization of this portion of the subject ownership is not believed affected by the location of the Florida Power and Light Company easement as access is not restricted across said easement.

Spray Field Site
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There was no indication that any other private restrictions or other considerations would adversely affect the subject.

Feasible Use/Highest and Best Use (Economic Influences):

The subject neighborhood has experienced limited growth, and desirability is fair. The present demand for land similar to the subject is somewhat limited in the Palm Coast/Flagler County area. This is substantiated by several factors including the large supply of available finished lots, together with the somewhat limited demand for these lots. Because of these factors, demand will most probably continue to remain limited for the foreseeable future.

In estimating a highest and best use for the land as if vacant, existing and projected neighborhood trends must be considered. The immediate area of the subject remains undeveloped, with a few developments in the immediate neighborhood being industrial oriented (along Utility Drive to the north). There is residential/commercial development located further to the north closer to the more developed areas and also increasing residential and commercial development to the south along SR-100. However, there is a considerable amount of vacant land similar to the subject for additional development within the subject neighborhood. Additionally, ITT currently has plans to develop a portion of the west-central portion of the subject neighborhood with residential improvements and also extend a roadway from Palm Coast Parkway south to SR-100 to provide access to this development. The Flagler County Future Land Use Map for the immediate area of the subject calls for a combination of low density/rural estate development, with some residential/commercial uses along the major arterial roadways. It is expected that the area to the north will experience more development in the immediate near future because of its superior location closer to the developing residential sections of Palm Coast. Additionally, the area along SR-100 to the south should see increasing residential and commercial development due to the greater exposure afforded by SR-100. For these reasons, demand for property in the immediate area of the subject is expected to remain somewhat limited for the immediate future.

Summary:

In summary, it is our opinion that demand for property similar to the subject is presently limited. It is our opinion that the site's highest and best use is for continued silviculture use on an interim basis until such time as demand warrants more intensive development. Because of the over-supply of existing sites better suited for immediate development located closer to existing service centers, it is our opinion that the highest and best use is for speculative investment with continued silviculture uses prior to more intensive residential subdivision development at a later time when economic conditions warrant.

LAND VALUE DISCUSSION

The value of the land was estimated by the Market Comparison Approach. This approach is often referred to as the Direct Comparison Approach because the comparison procedure is its basic technique.

The Market Approach requires careful selection of sale properties to insure that they are relatively similar to the subject. No two properties are exactly alike. Adjustments are made to the sale properties for the various differences between those properties and the subject. These adjustments are then applied to the sale properties to indicate a value for the subject.

The subject parcel is unique in that one corporation owns a majority of the land within the immediate area. This landowner (ITT or its subsidiary) typically has not sold their holdings (except for intercorporate transactions) during the time period associated with this appraisal assignment. For this reason, sales of similar properties in the immediate area are very limited. We therefore expanded our sales search to include areas outside of the immediate neighborhood. The following sales were found and, though they differ from the subject as to various characteristics, they are considered the most comparable and indicative of value for the subject parcel.

Although demand for vacant sites similar to the subject has been somewhat limited, it is our opinion that because of the constantly changing economic conditions, the most recent sales should be utilized when possible. The following chart contains the sales which are considered most comparable for cash equivalency, market conditions (time of sale), size, topography, location, and other similar characteristics. These similarities/dissimilarities will be discussed later.

Comparability Factors

"Sale is. . . ."

Sale No.	Sale Date	Approx.		Cash Equiv.	Mkt Cond	Size	Loc.	Zon.	Topo.	Util
		Acre	Acre Price							
0359-0273	8/88	9.00*	\$15,378	Sim	Inf	Sup	Sup	Sim	Sim	Sim
0372-0009	12/88	20.00*	15,000	Sim	Inf	Sup	Sup	Sim	Sim	Sim
0391-0488	5/89	82.95	7,562	Sim	Inf	Sim	Sup	Sim	Sim	Sup
0406-0071	9/89	15.91	14,141	Sim	Sim	Sup	Sup	Sim	Sim	Sup
Subject	10/90	81.576								

*Abstracted size/value - Residential portion only

Some of the sales in the chart above are considered more useful for comparative purposes than others. All of the sales are relatively recent and have varying degrees of comparability to the subject.

Sales analysis sheets have been prepared for each of the sales and follow. The information contained in these analysis sheets will not be repeated here except in generalities.

The sales occurred over the period from 8/88 to 9/89, and range in size from about 15.91 acres to about 82.95 acres. Sales 0359-0273 and 0372-0009 contained split zoning including C-2, General Commercial, along the SR-100

frontage and AC, Agriculture District, for interior portions. The residential portion of these two sales was abstracted from the overall sale price by first estimating the value of the commercial frontage. Adjusted values of smaller commercial sites in the vicinity of Sale 0359-0273 indicated a value for the 7.48 acres of commercial frontage of approximately \$150,000, leaving \$138,400 contributable to the residential portion (approximately nine acres) of the site or approximately \$15,378 per acre. Adjusted values of sales of commercial sites in the vicinity of Sale 0372-0009 indicated a value for the 10 acres of commercial frontage of approximately \$600,000, leaving \$300,000 attributable to the residential portion (approximately 20 acres) of the site, or approximately \$15,000 per acre. These adjusted values have been utilized in estimating a value for the subject. The chart entries indicate adjusted prices ranging from about \$7,562 per acre to approximately \$15,378 per acre.

Some of the factors of similarity/dissimilarity will be discussed in the following narrative.

CASH EQUIVALENCY DISCUSSION:

All of the sales are considered similar to the subject on an overall basis for cash equivalency and no adjustments were considered warranted for cash equivalency considerations.

MARKET CONDITIONS DISCUSSION:

There has been a gradual increase in values from the date of the first sale in 8/88 to the later sales and the date of valuation, though the market has been soft over the past year or so. Market data available does not permit an exact mathematical calculation for the time differential. However, commercial land values along SR-100 and in the vicinity of the Palm Coast Parkway/Old Kings Road intersection have increased in recent years. This increase in commercial land values has been spurred on by recent development along SR-100, including the Shoppes at Flagler Crossing and the Flagler Regional Plaza, and by additional fast food and retail development in Palm Coast at the Palm Coast Parkway/Old Kings Road intersection. With this increase in local commercial activity and land values, it is logical to assume that demand (and therefore prices of) vacant land with residential development potential would also increase somewhat. It is our opinion that the September, 1989, sale is similar to the subject from a time standpoint. The prior sales are considered slightly inferior and would warrant at least some upward adjustment. In considering these sales, the greatest weight would then be given to those sales occurring at the later dates.

SIZE DISCUSSION:

The sales used for comparison range from about nine acres (abstracted residential portion only) to approximately 82.95 acres. The subject contains 81.576 acres more or less. It is axiomatic in the real estate business that small parcels typically sell for a greater unit price than a larger parcel, all other conditions being equal. That is, smaller parcels generally reflect a greater unit selling price. This is not necessarily true for certain types of commercial property and/or other high demand property such as oceanfront condominium sites. In areas of intense activity, there may be little adjustment for size characteristics. Review of information in the chart, as well as other sales throughout the area, indicates an erratic pattern with respect to

the size differential. In some instances, investors may prefer a larger site for greater development flexibility. The subject contains 81.576 acres more or less. Sale 0391-0488 contains 82.95 acres and is considered similar to the subject for size characteristics. The remaining three sales contain 9 to 20 acres each and are considered superior to the subject; therefore, a downward adjustment would be indicated for these two sales.

LOCATION DISCUSSION:

The subject is located east of Old Kings Road, approximately two miles south of Palm Coast Parkway in Palm Coast, Florida. As a result of its location within the Palm Coast development, sales within the immediate neighborhood were unavailable. Therefore, the search was expanded to include other developing areas in Flagler County in relative close proximity to the subject neighborhood. The sales analyzed were located along or in close proximity to SR-100/SR-11 to the south of the subject neighborhood. The SR-100 corridor extending from Bunnell westerly to SR-A1A is the major east-west roadway through the central and eastern Flagler County area; exposure for newer residential or commercial development along this roadway is superior to that of the subject's location east of Old Kings Road. Although Sale 0406-0071 did not contain direct frontage along SR-100, its location south of SR-100 is considered slightly inferior to the SR-100 frontage sales but superior to the subject due to the access/visibility afforded by its proximity to SR-100. Therefore, Sales 0359-0273, 0372-0009, and 0406-0071 are considered superior to the subject for overall locational characteristics and downward adjustments are indicated. Sale 0391-0488 is located partially within the southwestern city limits of the City of Bunnell and has access afforded by limited exposure along SR-11. Although this area of Bunnell has not experienced the recent commercial or residential development such as that located easterly of Bunnell along SR-100 or in Palm Coast to the north, this sale is considered somewhat superior to the subject for overall locational characteristics and a downward adjustment is indicated.

ZONING DISCUSSION:

According to Mr. Kenneth Koch, Planning and Zoning Administrator for Flagler County, the subject presently contains split zoning. The westerly 300 feet more or less is zoned R/C, Residential Commercial Use District, which permits single-family dwellings with a 9,000 square foot minimum lot size. Permitted special exceptions within the R/C District include cluster subdivisions, nursing homes, multi-family projects, neighborhood and tourist related commercial uses, etc. The balance of the site is currently zoned AC, Agriculture District, which permits single-family dwellings with a five acre minimum lot size, as well as all bona fide agricultural/forestry pursuits, etc. According to Mr. Koch, the Flagler County Future Land Use Map identifies that portion of the subject currently zoned R/C as suitable for high intensity development which, according to Mr. Koch, is similar to the existing R/C zoning classification. However, there would not be any road frontage for this portion of the site along a major arterial road with access to the site limited to a proposed 50 foot roadway extending 600 feet westerly from the subject site to Old Kings Road. Commercial development generally requires exposure along a well traveled roadway such as the commercial development located along SR-100 to the south or Palm Coast Parkway to the north. Multi-family residential development is also a permitted special exception on this portion of the site; however, demand for this type development is limited in the subject area as

evidenced by the lack of similar facilities in the general area of the subject. This portion of the site could be developed with single-family dwellings in accordance with the R/C zoning classification in conjunction with the balance of the subject site which is zoned AC, Agriculture. According to Mr. Koch, the portion zoned AC is designated low density/rural estate - one unit per acre, according to the Flagler County Future Land Use Map which is similar to the R-1 zoning classification. This classification permits single-family dwellings with a minimum lot size of one acre and limited personal agricultural uses. All of the comparable sales contain zoning similar to the subject, and future land use categories similar to this portion of the subject, and are therefore considered similar to the subject and no adjustments were indicated.

TOPOGRAPHY DISCUSSION:

The topography of the subject is typically rolling, rising slightly and then decreasing in elevation from the west to east. The easterly boundary follows the wetlands jurisdictional line as flagged by Environmental Services, Inc., in May, 1990, so that the subject does not appear to contain any jurisdictional wetlands. The subject is basically a sand ridge and is typically covered with sawpalmetto scrub underbrush, small pine trees, and other native vegetation indigenous to the area. The subject has apparently been cleared of merchantable timber at some point, and there are several dirt or sand jeep trails traversing the subject. Although all of the sales have varying topographical characteristics, none of the sales were found to contain a substantial amount of jurisdictional wetlands; therefore, all of the sales are considered similar to the subject for overall topography characteristics, and no further adjustments were indicated.

UTILITIES DISCUSSION:

Water and sewer are not presently available directly to the subject property. According to Richard Adams, Palm Coast Utility Corporation, the closest water line to the subject is located at Oak Trails Boulevard and Old Kings Road, approximately 1.5 miles north of the subject. Sanitary sewer service is available at the same location and is also contained within a force main running along Old Kings Road in the vicinity of the subject. Utilization of this force main would require installation of a pump station and extension of utility lines from the subject 600 feet westerly to Old Kings Road. According to Robert Kelly, Palm Coast Utility Corporation, the cost of expanding water service to the subject is approximately \$223,000 plus the necessary tax gross-up of \$105,000 for a total of \$328,000. The cost of installing a sewer lift station would be approximately \$72,000 plus tax gross-up of \$34,000 for a total of \$106,000. Sale 0359-0273 does not currently have municipal utilities available to it; however, these utilities would be available from the City of Bunnell upon annexation and extension of municipal lines along SR-100 westerly to the City of Bunnell. Sale 0372-0009 will have utilities available to it upon extension of Palm Coast lines westerly along SR-100 to the site. These two sales are considered similar to the subject for availability of utilities. Sale 0391-0488 has sanitary sewer and water service available from the City of Bunnell; however, a lift station and extension of lines would be required for this site also. Sale 0406-0071, located along the east side of Old Kings Road south of SR-100, had municipal water and sewer extended to the site southerly

from SR-100 subsequent to the sale. These two sales are therefore considered superior to the subject, and a downward adjustment is indicated.

INGRESS/EGRESS EASEMENT:

The subject property is located approximately 600 feet easterly of Old Kings Road, and it is our understanding that a 100 foot wide easement will be provided to allow access to the subject property. Although this easement (containing approximately 1.409 acres) could be argued to contribute value to the subject property as a whole, the value of the subject without this easement would be substantially less than as is currently proposed. Development of the subject would also require paving and extension of utilities along this 600 foot roadway which is an additional development cost not necessarily incurred by competing properties. Also, without this easement, access to the property would be nonexistent which would adversely affect the value of the subject ownership. Therefore, the added development costs and the value of the easement to the subject as a whole would offset any contributory value of the easement to the subject parent site. It should be noted that the value of the subject would be considerably different without the advantage of this easement for access purposes and this report is specifically contingent upon said access being provided to Old Kings Road.

FLORIDA POWER AND LIGHT COMPANY EASEMENT:

The preceding discussion concerned the valuation of the fee simple interest of the subject and assumed conventional utilization of the subject site was feasible. However, as previously discussed, the subject is encumbered by a 330 foot wide Florida Power and Light Company easement which severely restricts the potential utilization of approximately 7.314 acres of the subject property. Review of this right-of-way easement and conversations with Florida Power and Light Company officials indicate that development or other potential utilization of this portion of the subject ownership is severely limited. Therefore, it is necessary to estimate the percentage of the fee simple ownership that the owner retains, and conversely the percentage owned by Florida Power and Light Company, holder of the right-of-way easement.

As with any value conclusion, support through sales data is the preferred methodology. In the case of valuing the subject easement, very limited data was found from which to draw a supportable conclusion. However, our investigation did reveal the following information concerning easements.

The City of Port Orange has recently negotiated with a property owner to purchase an underground utility easement through his property. According to the fee owner, Mr. Doug Clark of MPC Builders, they traded the easement area for future impact fees in an amount equivalent to approximately 10 percent of the fee value of the property within the easement. Reportedly, this easement parallels the edge of the property and was within an area that was effectively undevelopable due to setback requirements and therefore considered less restrictive than the subject easement.

In conversations with individuals at the Florida Department of Transportation's Fifth District, it was learned that some of their perpetual ditch easements are negotiated at a rate of about 70 to 80 percent of the fee value depending on the use and location of the easement. They also stated that many of these easements preclude the fee owner from use of the property because they are developed with an open ditch. In conversations with Mr. Don Hunter of Florida Power and Light Company, it was disclosed that Florida Power and Light Company also has paid 80 to 90 percent of the fee value for easements developed with high tension overhead power lines.

Review of the right-of-way easement as recorded in Official Records Book 44, pages 512-518, Public Records of Volusia County, Florida, and conversations with Mr. Tom Roe, Florida Power and Light Company indicate the the potential utilization of that portion of the subject encumbered by the right-of-way easement is severely limited. Florida Power and Light Company allows some utilization of this area based in large part upon the liability of Florida Power and Light Company relating to the specific use of this area. However, under no circumstances are permanent buildings, structures, trees, etc., permitted. Typical uses permitted (with detailed consent agreements limiting Florida Power and Light Company's liability) include roadways, some water retention areas, mitigation sites, etc. Therefore, the percentage of the total bundle of rights held by Florida Power and Light Company is considered substantial.

The above easement data illustrates the wide range and sale prices ranging from a low of 10 percent to as high as 90 percent of the fee value. This wide range in sale prices is believed to be a result of the differences in the rights associated with the various easements purchased.

The purchase of the easement at the lower end of the range involved only a small portion of the total bundle of rights due to the type of easement (under-ground utility), its location (along the side of the property), and because the easement permitted the fee owner to develop the easement area with road improvements. Thus, essentially, only a very small percentage of the total bundle of rights are believed to have been purchased by this easement.

The upper end of the range is indicated by easements involving the purchase of a majority of the rights. These easements severely limit the use of the easement by the fee owner. In the case of the Department of Transportation, their easements are typically drainage easements, many of which are purchased for construction of open drainage ditches. Obviously, the rights associated with this easement are substantial as they severely restrict the fee owner's use of the property within the easement area. A majority of Florida Power and Light Company's easements involved high tension overhead power lines which also severely restricted the owner's use of the property.

In our opinion, the rights included in the easement associated with this assignment is typical of easements acquired by a power company for overhead power lines or by the Department of Transportation for open ditch drainage easements. These rights are considered to be greater than those associated with an underground utility easement paralleling the side of a property as was the case with the City of Port Orange's acquisition.

Docket No. 951056-WS

Exhibit ____ (CDS-3)
1990 Appraisal Report

APPRAISAL REPORT

of

Spray Field Site
Proposed Expansion
Palm Coast, Florida
for

Mr. William T. Parks, III, Vice President
Real Estate Services
ITT Land Corporation
1 Corporate Drive
Palm Coast, Florida 32151-0001
and

Mr. Bob Kelly
Vice President and Controller
Palm Coast Utility Corporation
2 Utility Drive
Palm Coast, Florida 32137

PREPARED BY:

Southern Appraisal Corporation
533 N. Nova Road, Suite 214
Ormond Beach, Florida 32174

AS OF:

October 29, 1990

SOUTHERN APPRAISAL CORPORATION

Appraisers - Consultants - Realtors

CHARLES D. SPANO, JR., MAI, SRPA
PRESIDENT

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Ormond Beach, Florida 32174
Phone (904)672-4533
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P.O. Box 3687
Ormond Beach, Florida 32175
P.O. Box 5297
Ormond Beach, Florida 32175

December 5, 1990

Mr. William T. Parks, III, Vice President
Real Estate Services
ITT Land Corporation
1 Corporate Drive
Palm Coast, FL 32151-0001

Mr. Bob Kelly
Vice President and Controller
Palm Coast Utility Corporation
2 Utility Drive
Palm Coast, FL 32137

Re: Appraisal of proposed 81.576 acre expansion to the existing spray irrigation field located off Old Kings Road in Government Sec. 20, 29, and 52, T11S, R31E, Flagler County, Florida.

Dear Messrs. Parks & Kelly:

In accordance with the request of Mr. Parks, we have appraised the above referenced property for the purpose of estimating the market value of the fee simple interest. The function of the appraisal is to assist in internal decisions/accounting procedures regarding transfer of the property to Palm Coast Utility Corporation.

It is our opinion that the market value of the fee simple interest, subject to the existing Florida Power and Light Company easement, as of October 29, 1990, was:

FIVE HUNDRED THIRTY THOUSAND DOLLARS
(\$530,000)

Legal description, valuation discussion, definition of market value, and underlying assumptions and limiting conditions are included in the report, along with the qualifications of the appraisers.

This appraisal was a joint effort between Peter A. Gagne, Licensed Real estate Broker, and Charles D. Spano, Jr., MAI, SRPA.

In addition to the underlying assumptions attached, this appraisal is made under the following special assumptions:

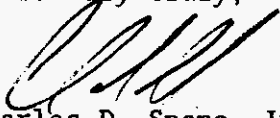
1. That the property is available for development to its highest and best use.

Messrs. Parks & Kelly
Page 2
December 5, 1990

2. That the terms of the conveyance will not place any added restrictions on buyer's (Palm Coast Utility Corporation) use or buyer's sale of the property.
3. That seller (ITT Land Corporation and ITT-CDC) will provide buyer with necessary easements as shown on the enclosed site location plan to allow buyer access to the property upon demand.
4. That buyer will pay for all necessary documentary stamps.
5. That existing infrastructure such as utility services surrounding the subject (if any) currently has sufficient reserve capacity to absorb any new demands that the development of the subject would place upon said infrastructure. It is our understanding that the closest water line is approximately 1.5 miles north and that a lift station would be required to connect into the sewer force main.
6. That development of the subject vacant parcel would be in harmony with the requirements of the 1985 Growth Management Act and that there would be no impact by concurrency requirements.

We trust that this appraisal report is sufficient for your purposes. If we can furnish additional information, please contact us.

Yours very truly,



Charles D. Spano, Jr., MAI, SRPA

Peter A. Gagne
Licensed Real Estate Broker

CDS:PAG:cjs

Enclosures

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PART I - INTRODUCTION

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

DATE OF VALUE: October 29, 1990

APPARENT OWNER: ITT Land Corporation and ITT-CDC
Address: ITT-CDC Executive Offices
1 Corporate Drive
Palm Coast, Florida 32151

NAME OF PROPERTY: Spray Field Site Proposed Expansion

LOCATION OF PROPERTY: Approximately 600 feet east of Old Kings Road, between Palm Coast Parkway and SR-100, Palm Coast, Florida

ZONING & PERMITTED USES: Split zoning including RC, Residential/Commercial on the eastern 300 feet, and AC, Agricultural District on the remainder; the AC portion is designated low density/rural estate - one unit per acre on the Flagler County Future Land Use Map which is similar to the R-1, Rural Residential District, zoning classification

PRESENT USE: Vacant land

HIGHEST AND BEST USE: Speculative-Investment for future potential residential development

MAJOR IMPROVEMENTS: None

INDICATED VALUE BY COST APPROACH: N/A

INDICATED VALUE BY MARKET APPROACH: \$530,000

INDICATED VALUE BY INCOME APPROACH: N/A

Spray Field Site
Proposed Expansion
Palm Coast, Florida

FINAL ESTIMATE OF DEFINED VALUE:

This certification cannot be separated from the attached appraisal report.

We hereby certify that in our opinion, the market value of the fee simple interest of the subject real estate, subject to the existing Florida Power and Light Company easement, on October 29, 1990, under the conditions and assumptions of this report, was:

FIVE HUNDRED THIRTY THOUSAND DOLLARS
(\$530,000)

The estimate of value indicated above is premised on the following special assumptions:

1. That the property is available for development to its highest and best use.
2. That the terms of the conveyance will not place any added restrictions on buyer's (Palm Coast Utility Corporation) use or buyer's sale of the property.
3. That seller (ITT Land Corporation and ITT-CDC) will provide buyer with necessary easements as shown on the enclosed site location plan to allow buyer access to the property upon demand.
4. That buyer will pay for all necessary documentary stamps.
5. That existing infrastructure such as utility services surrounding the subject (if any) currently has sufficient reserve capacity to absorb any new demands that the development of the subject would place upon said infrastructure. It is our understanding that the closest water line is approximately 1.5 miles north and that a lift station would be required to connect into the sewer force main.
6. That development of the subject vacant parcel would be in harmony with the requirements of the 1985 Growth Management Act and that there would be no impact by concurrency requirements.

1/16/91

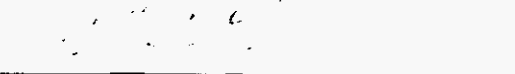
(Date Certificate Signed)

1/16/91

(Date Certificate Signed)



Charles D. Spano, Jr., MAI, SRPA



Peter A. Gagne
Licensed Real Estate Broker

CERTIFICATION

We certify that, 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, subject to the assumptions and limiting conditions explained in this report. This appraisal report sets forth all of the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported, and we certify that, unless otherwise noted in this appraisal report, we have no present or contemplated future interest in the real estate that is the subject of this appraisal report. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

The analysis, opinions, and conclusions are limited only by the assumptions and limiting conditions reported herein, and are my/our personal and unbiased professional analyses, opinions, and conclusions; this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

This appraisal report, including all analyses, opinions, and conclusions, has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Practice of the American Institute of Real Estate Appraisers of the National Association of Realtors and the Code of Ethics and Standards of Professional Practice of the Society of Real Estate Appraisers.

The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers and/or the Society of Real Estate Appraisers relating to review by duly authorized representatives of the above named organizations.

The American Institute of Real Estate Appraisers of the National Association of Realtors and the Society of Real Estate Appraisers conduct a voluntary program of continuing professional education. By completing prescribed minimum requirements, designated members of the American Institute of Real Estate Appraisers and/or Society of Real Estate Appraisers are awarded periodic educational certificates/recertification. Charles D. Spano is presently certified under both the AIREA and SREA continuing education programs.

We do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. It is our understanding that this appraisal report may be disseminated to the general public. Any disclosure of the contents of this report is governed by by-laws and regulations of the AIREA of the National Association of Realtors and the SREA.

The effective date of the value estimate(s) reported in this assignment was:
October 29, 1990.

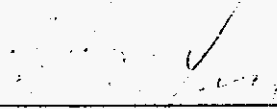
The final value estimate for the subject real property, under the assumptions
and conditions of this assignment and as of the valuation date, was: \$530,000.

Unless indicated otherwise in this report, no one other than the undersigned
has rendered significant professional assistance in the preparation of this
report or in the value or other estimates reported.

This Certificate is in accordance with the Uniform Standards of Professional
Appraisal Practice Standard Rule 2-3, and with the American Institute of Real
Estate Appraisers' Supplemental Standards of Professional Practice, both effec-
tive January 1, 1989. It is not a certification under Florida Real Estate
License Law Chapter 475 effective October 1, 1988. The Florida Real Estate
Commission is in the process of but has not yet established nor implemented
its criteria for the State Voluntary Certification Program for real estate ap-
praisers.



Charles D. Spano, Jr., MAI, SRPA
did did not
interior exterior
inspect the property.



Peter A. Gagne, Licensed R. E. Broker
did did not
interior exterior
inspect the property.

UNDERLYING ASSUMPTIONS & CONTINGENT CONDITIONS

The various value indications developed in this appraisal report are only indications. They were developed through the various approaches to value to give weight to those factors which, when properly analyzed, enable the appraiser(s) to reach a value conclusion. These indications of value are not to be used in making a summation appraisal by combination of values created by another appraiser, and such values are invalid if so used. The current purchasing power of the dollar is the basis for value reported unless otherwise indicated.

The distribution of the total valuation as between land and improvements applies (if applicable) only under the existing program of utilization. The separate value estimates for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

The soil of the subject appears to be a sand ridge; subsidence in the area is unknown or uncommon. The appraiser(s) assumes that there are no hidden conditions of the property, subsoil, or structures which would render it more or less valuable than otherwise apparently comparable property. The appraiser(s) assumes no responsibility for such conditions or for engineering which might be required to discover them; I/we are not qualified structural engineers and a study by a qualified engineer/architect would be required in order to determine any structural deficiencies or code non-compliance.

No responsibility is assumed by the appraiser(s) for matters which are legal in nature, nor is any opinion of title rendered herewith. This appraisal assumes good title, and the legal description(s) used herein is(are) assumed to be correct.

We have assumed that unless otherwise indicated, the property and all improvements thereon is/are in compliance with all required building and fire codes, etc., in effect as of the date of valuation; various governmental and other regulatory agencies continually update and change building code and similar requirements, and it is recommended that a building or other code compliance inspection be obtained to point out any items and costs which may be required to achieve compliance.

We have assumed that the subject property is not encumbered by a disproportionate amount of environmental jurisdictional land (typically exceeding 25 percent of gross size); an environmental survey is normally required to ascertain the amount of potentially unusable land or land subject to environmental constraints which would prohibit conventional development.

Any liens or encumbrances, except those noted in this appraisal report, are disregarded, and the property has been appraised as though free and clear of such limitations.

Responsible ownership and competent management are assumed in the appraisal of this property, where appropriate.

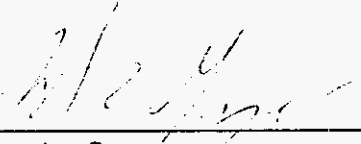
The plot plans, site plans, and related sketches included in this report are included merely to assist the reader in visualizing the property and are not to be construed as being actual surveys. This data is included for informational purposes only, and should not be relied on in lieu of survey or similar data.

Certain data used in compiling this report was furnished from sources considered reliable; however, no guarantee is made for the correctness of such data, although the data has been reasonably checked and is believed to be correct.

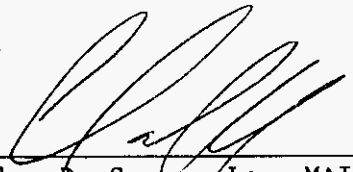
Possession of this report, or any copy thereof, does not carry with it the right of publication, in whole or in part, without the express consent of the appraiser(s).

It is our understanding that the appraiser(s) herein, by reason of this appraisal, may be required to give testimony or attendance in court or at any governmental hearing with reference to the property in question, for additional compensation.

Disclosure of the contents of this estimate is governed by Regulations of the American Institute of Real Estate Appraisers, of the National Association of Realtors, and the Society of Real Estate Appraisers. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers, or to the MAI designation, or to the Society of Real Estate Appraisers, and the SRPA 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 prior written consent and approval of the undersigned which is hereby acknowledged.



Peter A. Gagne
Licensed Real Estate Broker



Charles D. Spano, Jr., MAI, SRPA

INTRODUCTION TO APPRAISAL

This introduction to the appraisal report will set forth the basic parameters of this assignment. It will also provide basic information relevant to the property being appraised.

PURPOSE OF THE APPRAISAL

The objective of this appraisal is to estimate the market value of the fee simple interest of the subject land subject to the existing Florida Power and Light easement, as of October 29, 1990. The purpose of this report is to present the data and reasoning that have been used to reach the opinion of value.

FUNCTION OF THE APPRAISAL

The function of this appraisal report is to be used in conjunction with internal decisions/accounting procedures.

SCOPE OF THE APPRAISAL

The scope of this appraisal included a personal inspection of the subject and surrounding neighborhood coupled with a personal exterior inspection of all properties used in direct comparison. Research has included review of public records, data from various sales services, and contact with other appraisers, property owners, and others who have knowledge of the subject area.

PROPERTY RIGHTS APPRAISED

The market value of the fee simple interest subject to the existing Florida Power and Light Company easement.

DEFINITION OF MARKET VALUE

The definition of market value used in this report follows the introduction and is included herein by reference.

DATE OF VALUE ESTIMATE

October 29, 1990

IDENTIFICATION OF THE PROPERTY

The subject is a vacant parcel containing approximately 81.576 acres lying approximately 600 feet east of Old Kings Road south of Palm Coast Parkway and north of SR-100 in Palm Coast, Florida. Under the assumptions of this report, the land is vacant and available for development to its highest and best use and no specific use assumptions have been made.

TAX AND ASSESSMENT DATA

<u>Assessed Value</u> <u>For Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
1989	Assessed with other property	Vacant	Assessed with other property

Tax Rate for 1989

50.1178 (millage rate)

OWNERSHIP AND TITLE HISTORY

Ownership and title information for the subject is based on review of tax roll data. Review of available data indicates no transfers over the past three years. This information has been considered reasonably correct for the purposes of this report but is not guaranteed.

SPECIAL ENCUMBRANCES-

Florida Power and Light Company has a 330 foot wide right-of-way easement over the southeasterly portion of the subject. This right-of-way easement recorded in Official Record Book 44, page 512-518, of the Public records of Volusia County, Florida, severely limits potential development within the easement which encompasses approximately 7.314 acres. A copy of this easement is included in the addendum of this report.

No other special encroachments, easements, or similar encumbrances other than normal utility and related easements were noted based on review of available data. This data is considered reasonably correct for the purposes of this report but cannot be guaranteed.

DEFINITION_OF_MARKET_VALUE

Real Estate Appraisal Terminology, compiled and edited by Byrl N. Boyce Ph.D (c) 1975 and 1981 by the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, published by Ballinger Publishing Company, gives the following definition and discussion of market value.

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

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

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in cash or its equivalent.
5. Financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.
6. The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.

"Numerous definitions of Market Value have been devised over the years by professional organizations, government bodies, courts, et cetera.

"The Supreme Courts of most states have handed down definitions of Market Value for use in the state courts. These definitions are subject to frequent change.

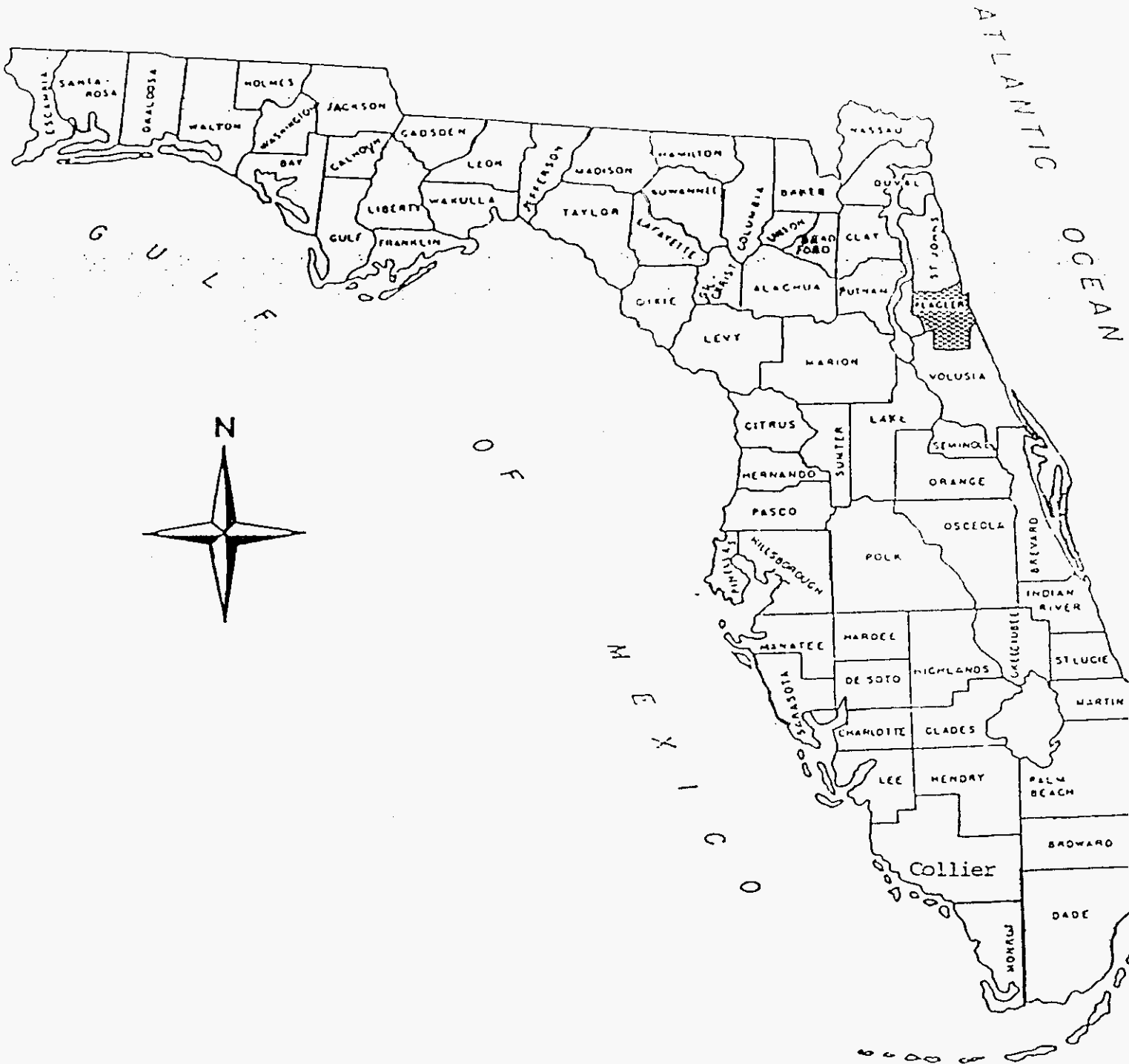
"Persons performing appraisal services which may be subject to litigation are cautioned to seek the exact definition of Market Value in the jurisdiction in which the services are being performed."

Unless otherwise specified, this appraisal report is premised on the Definition of Market Value given above.

PART II - FACTUAL DATA

Gray Field Site
Proposed Expansion
Palm Coast, Florida

GENERAL AREA MAP



GENERAL AREA DATA:

Flagler County is located in the north-central part of Florida and was established as a county in 1917. The county was named in honor of Henry M. Flagler who played an important role in the development of Florida's east coast, principally through the building of the Florida East Coast Railroad. The county seat of Flagler County is Bunnell, named after Alva A. Bunnell who founded the city in 1880.

The major crops of Flagler County are agricultural products, palms, trees, and timber. Principal manufacturing activities are wood and wood products.

According to the 1989 Florida Statistical Abstract, Twenty-Third Edition, published by the University of Florida, Flagler County had a 1980 census population of approximately 10,913 persons. The 1988 estimated population for Flagler County was 21,478, a 96.4 percent increase from 1980.

Municipal water supplies are available in Bunnell, Flagler Beach, and Palm Coast. Electricity for the county is provided by the Florida Power and Light Company, and telephone service is from Southern Bell Telephone and Telegraph Company. Bunnell and Palm Coast have complete sewerage systems. Hospital facilities are provided in Bunnell, and an ambulance service is available for the entire county. Educational facilities through high school are available in Flagler County. Nearby Daytona Beach and Palatka have junior college facilities. Additional educational institutions such as Florida Technological University, Flagler College, Embry-Riddle Aeronautical University, Bethune Cookman College, the University of Florida, and Stetson University are fairly close by.

Major highways serving Flagler County on a north-south basis are SR-1A along the eastern boundary running parallel to the coastline and the Intracoastal Waterway, I-95 in the eastern half of the county, and US-1 at approximately mid-point. Other important north-south roadways are SR-13, SR-11 and SR-305 in the western portion of the county. SR-1A was once a major route along the entire east coast of Florida. With the advent of the interstate highway system and US-1, 1A has become more or less a scenic highway between the various east coast cities. I-95 is a primary north-south roadway in the eastern portion of the state. US-1 has lost a considerable portion of its commercial influence to the interstate highway system. This roadway currently travels north-south throughout the state and remains important to the economy of the various local municipalities.

The major east-west roadway in Flagler County is SR-100 at approximately mid-point of the county. Various other roadways of somewhat lesser importance are SR-304 and SR-302. The Intracoastal Waterway separates the coastal strip from the rest of the county. There are presently two bridges linking the mainland portion of Flagler County with the Atlantic Ocean and SR-1A to the west; one

is on SR-100, while the second is in Palm Coast. An older drawbridge on State Road 100 connects the community of Flagler Beach on the ocean in the eastern portion of the county with Bunnell, and extends west of Flagler County to Palatka (Putnam County) and points northwest. State Road 11 runs from Bunnell southwest to DeLand. A new fixed span toll bridge over the Intracoastal Waterway has recently been completed in Palm Coast and links the Palm Coast Parkway with SR-A1A in the vicinity of the Hammock, an ITT development. There are additional bridges to the north across the Intracoastal Waterway in St. Johns County and to the south in Volusia County.

Transportation within the county is in the form of air, rail, trucking, and similar services. A municipal airport (no scheduled flights) with four 5,000 foot runways is located between the City of Bunnell and I-95. Rail service is provided by the Florida East Coast Railroad and trucking is provided by major truck lines. The Intracoastal Waterway is located along the east coast and has ample docking facilities. Bus service is provided by the Greyhound bus system.

Adjacent to the Flagler County Airport is a 1,000 acre tract which is available for industrial plant sites. Additional sites are available throughout the county for small or large industry.

The City of Bunnell, the county seat of Flagler County, has a mayor-council form of government. It is the hub of three major highways and is an active city complete with a modern police department, volunteer fire department, hospital, airport, and railroad facilities. The city is located approximately eight to ten minutes drive from the Atlantic Ocean and beaches.

The City of Flagler Beach was named after Henry M. Flagler. The city was originally known as Ocean City and is located approximately three miles east of the I-95/SR-100 interchange. Flagler Beach includes a city police department, volunteer fire department, medical offices, a public library, etc.

Palm Coast is one of Florida's newer communities and, according to Chamber of Commerce brochures, has a potential of approximately 100,000 acres. This development is being promoted by ITT Community Development Corporation, a subsidiary of ITT. Palm Coast offers more than five miles of ocean beaches and 17 miles of land on the Intracoastal Waterway. The information contained in the following paragraphs make reference to the Palm Coast community as a whole. This information is based upon information obtained from the Flagler County Property Appraiser's office, public facilities, and ITT Community Development Corporation. In our opinion, the Palm Coast community warrants a more in-depth discussion at this point due to its significant (past and future) impact on Flagler County in general.

According to information available, the Palm Coast community encompasses a total of approximately 68,000 acres, of which more than 42,000 acres more or less are designated for community development; additional acreage is under the control of other ITT subsidiaries. The balance will probably remain for

forestry and agricultural purposes. ITT estimated the population (late 1978) of Palm Coast at approximately 3,300 persons, increasing in 1982 to more than 6,000 and to 13,254 as of December, 1988.

The 42,000 (approximately) acres scheduled for development are separated into seven planning zones which include five mixed-use residential areas, an oceanfront district, and a mixed use regional center. Approximately 27,650 acres are designated for residential use, while 3,650 acres are indicated for business offices, industrial, and governmental uses. Commercial areas comprise approximately 550 acres, while public uses encompass approximately 3,550 acres. Utilities account for an additional 1,400 acres, while preservation/conservation areas encompass 5,200 acres more or less. The preservation/conservation areas are not included in the additional 26,000 acres which are scheduled for long-term agricultural/forestry use.

The Palm Coast Welcome Center was opened in 1970, and the first homes were occupied in January, 1972. The first section of the golf course was opened in 1972; the remaining portion was opened in 1973. A convenience center and several small stores and offices opened in September, 1973, with additional expansion of the postal service in October of 1976. The volunteer fire department was started in 1973, and assistance was provided by ITT in following years. In 1976, the Palm Coast Fire District was created, providing a governmental body to provide fire department financing. The Palm Coast Shopping Center (approximately 70,000 square feet) opened in early-1979, and includes such tenants as Publix Super Market and an Eckerd's Drug Store. Old Kings Common Shopping Center, containing approximately 85,000 square feet, opened in mid-1988 and is anchored by Wal-Mart. Several other smaller shopping centers have opened recently along with numerous fast food franchises, convenience stores, etc. Amenities available to Palm Coast residents include The Harbor Club Marina, golfing facilities such as those found at Palm Harbor Golf Club and Pine Lakes Country Club, lighted tennis courts, and the Sheraton Palm Coast Inn and Resort located near the Harbor Club Marina. Swim/racquet club facilities are available at Palm Harbor Swim and Tennis Club and Belle Terre Swim and Racquet Club, and additional recreational facilities are planned for the community.

The outlook for Palm Coast is one of continued growth. Additional roadway access is indicated by several proposed interchange locations as well as the recently completed high-rise toll bridge which connects SR-1A with the mainland area of Palm Coast across the Intracoastal Waterway. The Flagler-Palm Coast High School was constructed on land donated to the school system by ITT and additional acreage has been developed with a middle school. College level facilities are available at Stetson University in DeLand approximately 45 miles southwest of Palm Coast, at the University of Florida in Gainesville approximately 81 miles north, and at the Daytona Beach Community College approximately 35 miles south in Daytona Beach. A DBCC satellite campus is located at Palm Coast. Additional golf courses are anticipated to be completed during the 1990's. Hospital facilities are available in the Greater Daytona Beach Area approximately 35 miles south of Palm Coast and the City of Bunnell,

the county seat of Flagler County. Churches of various denominations are located in the developed areas of Palm Coast, and other churches are located in other portions of Flagler County such as Bunnell, Flagler Beach, etc.

The information contained in the above narrative was based on a variety of sources, all of which point towards continuing development of Palm Coast, both east and west of I-95. The developed portions of Palm Coast are presently served with water and sewer services, with access to the improved areas being provided by paved roadways. The outlook for the Palm Coast vicinity is one of continued steady growth for the foreseeable future.

According to available information, ITT ownership on the Flagler County peninsula encompasses several thousand acres and involves more than five miles of ocean frontage. It is only logical to assume that the oceanfront/riverfront land owned by ITT will see increasing development in the future, and some residential development (Sea Colony, Hammock Dunes, Matanzas Shores) is currently underway. As indicated above, a high-rise toll bridge across the Intracoastal Waterway which connects the mainland portion of the Palm Coast development with the peninsula has recently been completed in mid-1988.

In addition, construction is under way in several relatively new subdivisions in Flagler County located around the intersection of I-95 and Old Dixie Highway. Plantation Bay, located west of I-95, is a country club community development which comprises approximately 3,200 acres and is expected to have, when completed, over 12,000 residents over a 20 year period. Plantation Bay straddles the Flagler/Volusia County line and has its own water/sewage system. Halifax Plantation is a relatively new subdivision in the northeast quadrant area of I-95 and Old Dixie Highway but does not actually involve the interstate interchange location. This subdivision is being developed by Bellemead Corporation and will comprise two phases being developed with single-family homes. Sugar Mill Plantation is a new subdivision located on the east side of Old Kings Road north of Old Dixie Highway. This subdivision will comprise three phases; residential development has started in the first phase consisting of 42 one-half acre single-family lots. Hunters Ridge is a planned development that is expected to house more than 6,500 people and take 20 years to build on 5,037 acres in Flagler and Volusia Counties; however, this project has run into strong opposition from environmentalists and thus the development plan will probably change. The first phase of Hunters Ridge, Shadow Crossing, will encompass 250 acres and include 375 apartments and houses and is still in the planning and predevelopment stage. Additional residential development is expected in the near future on large land tracts adjacent to the City of Bunnell along SR-100 and/or US-1.

Recreational facilities and historic sites within the county are numerous. One of the most historic sites is the Bulow Plantation State Historical site located approximately nine miles southeast of Bunnell on SR-5A. This site has preserved the remains of the once-famous Bulow Plantation and the grand mansion Bulowville. In the early 19th Century, Bulow Plantation covered more than 6,000 acres. However, the outbreak of the Seminole War in 1835 put an

end to the plantation. The plantation remains include portions of a sugar mill, several wells, a spring house, and the crumbling foundation of the mansion.

The Flagler Beach State Recreation Area is located approximately two miles south of the City of Flagler Beach on SR-A1A. This was once a part of the U.S. Coast Guard system, the beachfront property having been deeded to the State of Florida in 1854. Historians surmised that French Huguenot Jean Ribaut's flagship foundered in the general vicinity of this beach in 1565.

Additional attractions are Marineland in the northeastern corner of the county, Washington Oaks Gardens State Park, and numerous fishing, camping, and recreational facilities.

Spray Field Site
Proposed Expansion
Palm Coast, Florida

SUBJECT LOCATION MAP



NEIGHBORHOOD DATA DISCUSSION:

The subject neighborhood is located in the east-central portion of Flagler County. The neighborhood boundaries can be described as being the Palm Coast Parkway East on the north, SR-100 on the south, I-95 on the west, and the Intracoastal Waterway on the east. The subject is located in the west-central portion of the neighborhood, approximately 600 feet east of Old Kings Road.

The neighborhood is largely undeveloped, with few roadways traversing the area. SR-100 forms the southerly neighborhood boundary, and extends from SR-1A1A on the Atlantic Ocean westerly across the Intracoastal Waterway along the bottom of the subject neighborhood, through the City of Bunnell, and extends further westerly across the state through Putnam County. Palm Coast Parkway East forms the northerly neighborhood and extends from US-1 easterly across the top of the neighborhood boundary and terminating on SR-1A1A east of the Intracoastal Waterway. Both SR-100 and Palm Coast Parkway have bridges spanning the Intracoastal; SR-100 has an older drawbridge, while Palm Coast Parkway has a newer high-rise span with a toll booth on the mainland side. There are interstate interchange locations at both Palm Coast Parkway (northwest corner of neighborhood) and SR-100 (southwest corner of neighborhood) providing access to I-95. I-95 which forms the westerly neighborhood boundary is a major limited access highway extending along the entire length of Florida near its eastern coast. Old Kings Road traverses the subject neighborhood on a north-south basis just east of I-95 from Palm Coast Parkway south to SR-100. The only other state maintained roadway in the subject neighborhood is SR-201 which runs north from SR-100 for a short distance along the Intracoastal Waterway.

The neighborhood is predominantly rural in nature, with a large portion devoted to silviculture uses or swampland. Typical land uses include primarily timber land, with some limited residential, commercial, and industrial development. The Grand Haven section of Palm Coast is located at the southeast quadrant of Palm Coast Parkway and Old Kings Road, along with the Palm Coast Welcome Center, a MacDonald's restaurant, 'Lil Champ Food Store, etc. North of Palm Coast Parkway East is a variety of shopping, banking, restaurant, office, and residential development. Contractor's Village is located along Utility Drive to the north of the subject which extends from Old Kings Road easterly to the Palm Coast Utility Waste Water Treatment facility. There is some limited light industrial development along this roadway (Utility Drive).

Development along SR-100 includes the new Flagler Regional Plaza at the southwest corner of Old Kings Road and SR-100, just south of the subject neighborhood. There are also a few convenience store/gas stations located at this intersection. The Shoppes at Flagler Crossing Shopping Center is located along the south side of SR-100 further to the west, and the Intracoastal In-

Spray Field Site
Proposed Expansion
Palm Coast, Florida

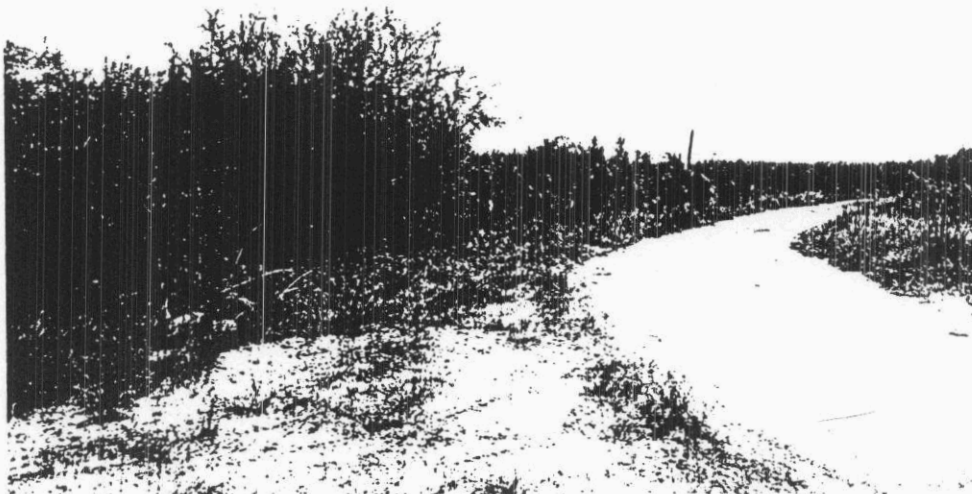
dustrial Park at Palm Coast and the Wadsworth Park in Flagler County are located along the north side of SR-100 in the southeast quadrant of the subject neighborhood.

A majority of the central portion of the subject neighborhood is comprised of Graham Swamp which is not developable. This swamp more or less borders the subject parcel to the east. Water and sewer services are available to portions of the subject neighborhood including the northwest quadrant (Grand Haven and adjacent commercially developed areas) and the southeast quadrant at SR-100. A force sewer main runs along Old Kings Road leading to the waste water treatment facility located within the subject neighborhood. The area southeast of the subject neighborhood along SR-100 lies within the City of Flagler Beach with utilities provided by the City of Flagler Beach. Development within the subject neighborhood can be expected to remain relatively stable and increase slowly for the foreseeable future.

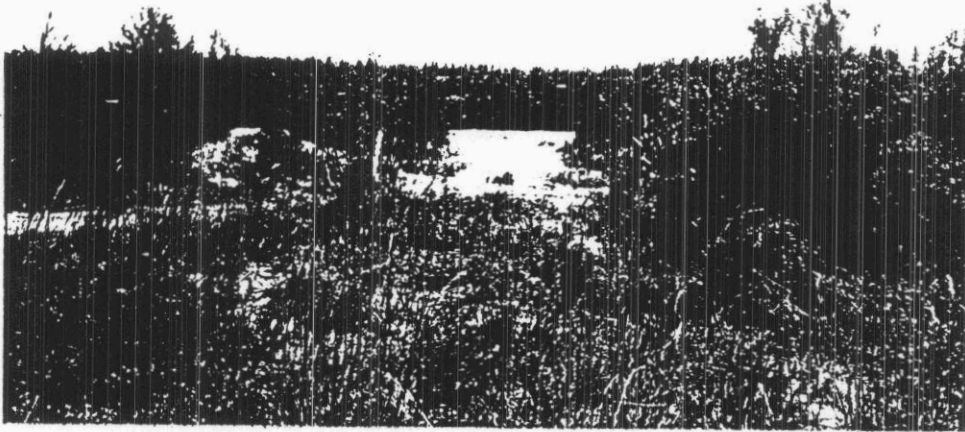
Spray Field Site
Proposed Expansion
Palm Coast, Florida



VIEW OF PROPOSED 100 FOOT ACCESS ROAD LOOKING EASTERLY
FROM OLD KINGS ROAD



VIEW OF NORTHERN PORTION OF SUBJECT LOOKING EASTERLY FROM
WESTERLY TERMINUS OF 100 FOOT ACCESS ROAD



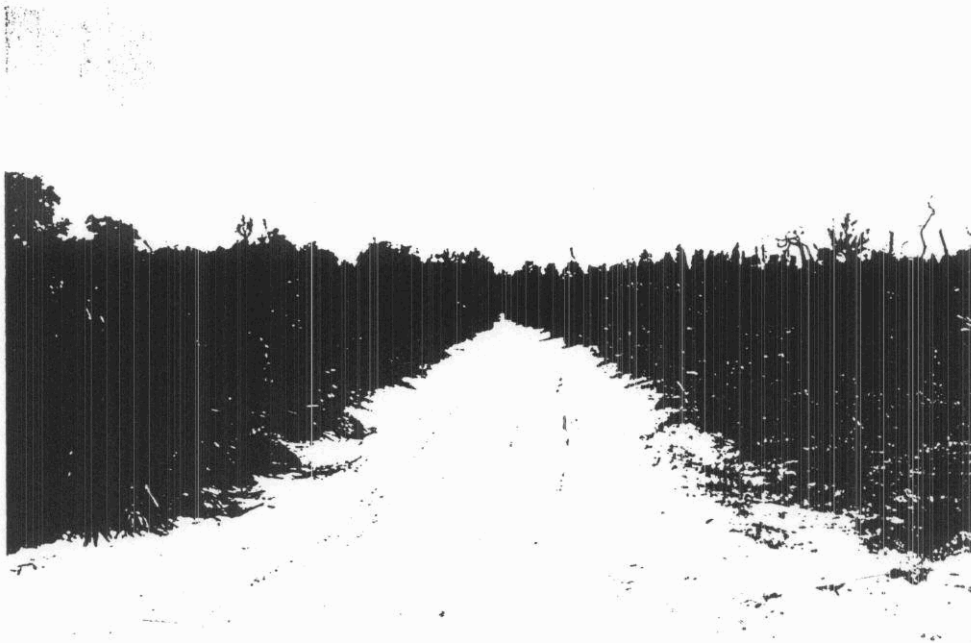
VIEW LOOKING SOUTHERLY FROM NORTHERN PROPERTY BOUNDARY



VIEW LOOKING SOUTHERLY FROM WEST-CENTRAL PORTION OF SUBJECT

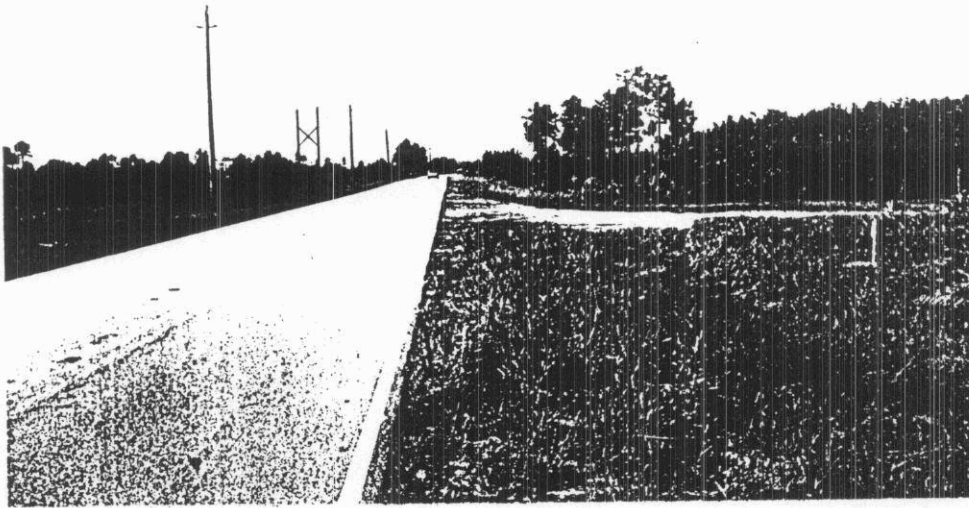


VIEW LOOKING NORTHEASTERLY FROM
SOUTHWEST CORNER OF SUBJECT

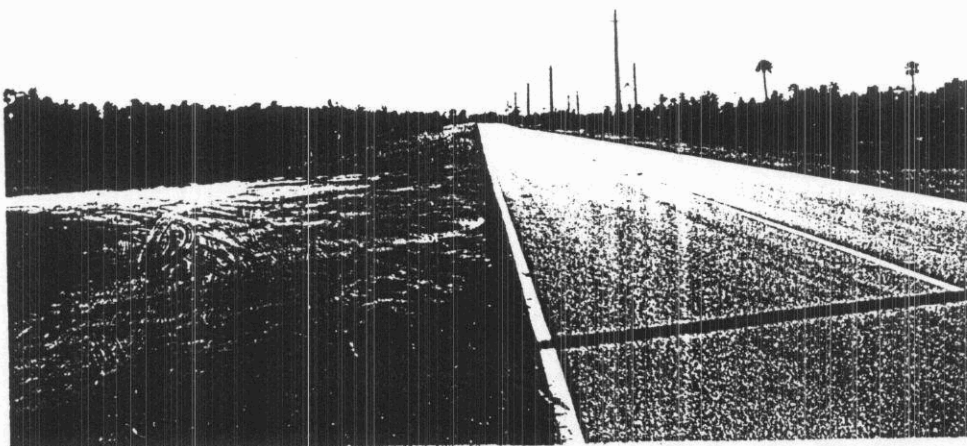


VIEW LOOKING NORTHERLY FROM EAST-CENTRAL PORTION OF SUBJECT

Spray Field Site
Proposed Expansion
Palm Coast, Florida



VIEW LOOKING NORTHERLY ALONG OLD KINGS ROAD WITH
PROPOSED 100 FOOT ACCESS ROAD ON RIGHT



VIEW LOOKING SOUTHERLY ALONG OLD KINGS ROAD WITH
PROPOSED 100 FOOT ACCESS ROAD ON LEFT

Spray Field Site
Proposed Expansion
Palm Coast, Florida

APPARENT OWNER:

ITT Land Corporation and ITT-CDC
ITT-CDC Executive Offices
1 Corporate Drive
Palm Coast, Florida 32151

LOCATION OF PROPERTY:

Approximately 600 feet east of Old Kings Road, between Palm Coast Parkway and SR-100, Palm Coast, Florida

APPRAISAL MADE FOR:

Mr. William T. Parks, III, Vice President
Real Estate Services
ITT Land Corporation
1 Corporate Drive
Palm Coast, Florida 32151-0001
and
Mr. Bob Kelly
Vice President and Controller
Palm Coast Utility Corporation
2 Utility Drive
Palm Coast, Florida 32137

DATE SUBJECT INSPECTED:

October 29, 1990 (most recent)

PERSONS WHO ASSISTED IN THE ANALYSES,
CONCLUSIONS, AND OPINIONS SET FORTH
IN THIS REPORT:

None except signees

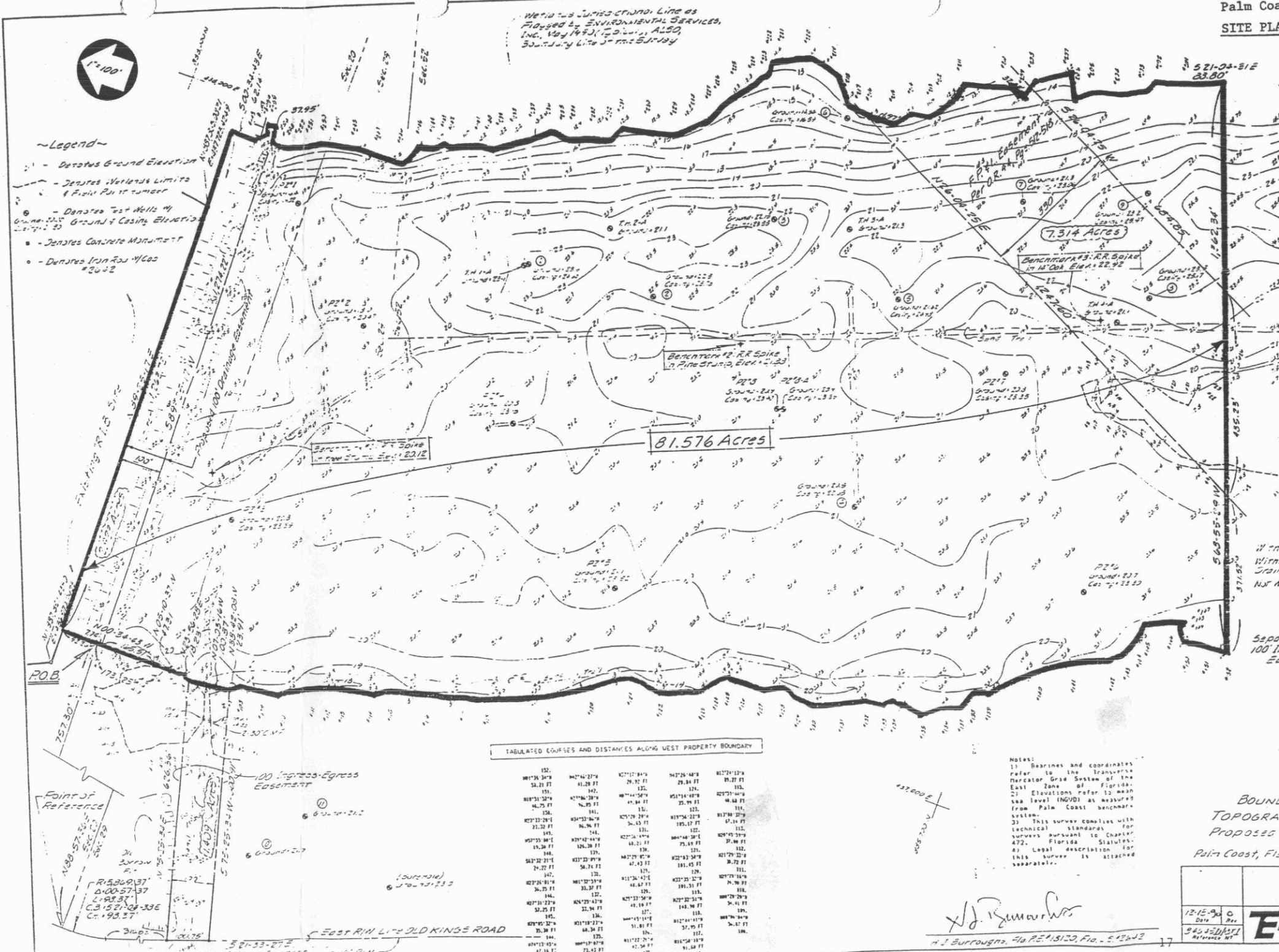
LEGAL DESCRIPTION:

A lengthy metes and bounds description describing a parcel of land lying east of Old Kings Road in Government Sections 20, 29, and 52, T11S, R31E, Flagler County, Florida. A complete metes and bounds legal description is included in the addendum of this report.

ZONING:

According to Kenneth L. Koch, Planning and Zoning Administrator for Flagler County, the subject contains split zoning including R/C, Residential/Commercial Use District along the westerly 300 feet more or less, with the balance zoned AC, Agriculture District. Mr. Koch indicated that the Flagler County Future Land Use Map identifies the westerly 300 feet as being in a high intensity area which is similar to the RC zoning classification, with the balance located within the low density/rural estate, one unit per acre, description which is similar to the R-1 zoning classification.

SITE PLAN



Area Summary

Within F.R.L. Easement	7.314 AC
Within 100' Drainage Easement	2.923 AC
Net Within Easements	71.339 AC
Total	81.576 AC

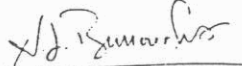
Separate 100' Ingress-Egress Easement = 1.409 AC

TABULATED COURSES AND DISTANCES ALONG WEST PROPERTY BOUNDARY

132	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
133	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
134	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
135	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
136	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
137	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
138	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
139	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
140	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
141	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
142	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
143	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
144	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
145	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
146	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
147	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
148	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
149	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
150	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
151	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
152	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
153	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
154	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
155	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
156	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
157	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
158	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
159	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT
160	547'25-48" S 27°17'-0" W	29.21 FT	547'25-48" S 27°17'-0" W	29.21 FT

Notes:
1) Bearings and coordinates refer to the Transverse Mercator Grid System of the East Zone of Florida.
2) Elevations refer to mean sea level (MSL) as measured from Palm Coast benchmark station.
3) This survey complies with technical standards for surveys pursuant to Chapter 472, Florida Statutes.
4) Legal description for this survey is attached separately.

BOUNDARY & TOPOGRAPHIC SURVEY
Proposed "R. I. B." Site
Palm Coast, Flagler Co., Florida

12-15-90	0	TOMOKA ENGINEERING ASSOCIATES, INC. 900 South Ridgewood Avenue Daytona Beach, Florida 32114 (904) 257-1600
Date	Rev	
 J.J. Burroughs, P.E., F.S.I., F.O., F.S., F.S.		17
A.J. Burroughs, P.E., F.S.I., F.O., F.S., F.S.		

Spray Field Site
Proposed Expansion
Palm Coast, Florida

Based upon the limited data available and considering the rights associated with that area encumbered by the right-of-way easement retained by the fee owner, it is our opinion that the value of the subject right-of-way easement is approximately 80 percent of the fee value. Therefore, the value of the remaining rights associated with this parcel (as retained by the fee owner) are estimated at approximately 20 percent of the fee value.

Reconciliation and Estimate of Value:

After consideration of the above analysis and the factors affecting the subject and sales, it is our opinion that a reasonable indication of value for the fee simple interest of the subject would be \$7,000 per acre. Some of the most useful information is furnished by Sale 0391-0488. The value of the subject ownership encumbered by the existing Florida Power and Light Company right-of-way easement (containing approximately 7.314 acres) is estimated to be 20 percent of the fee value or approximately \$1,400 per acre.

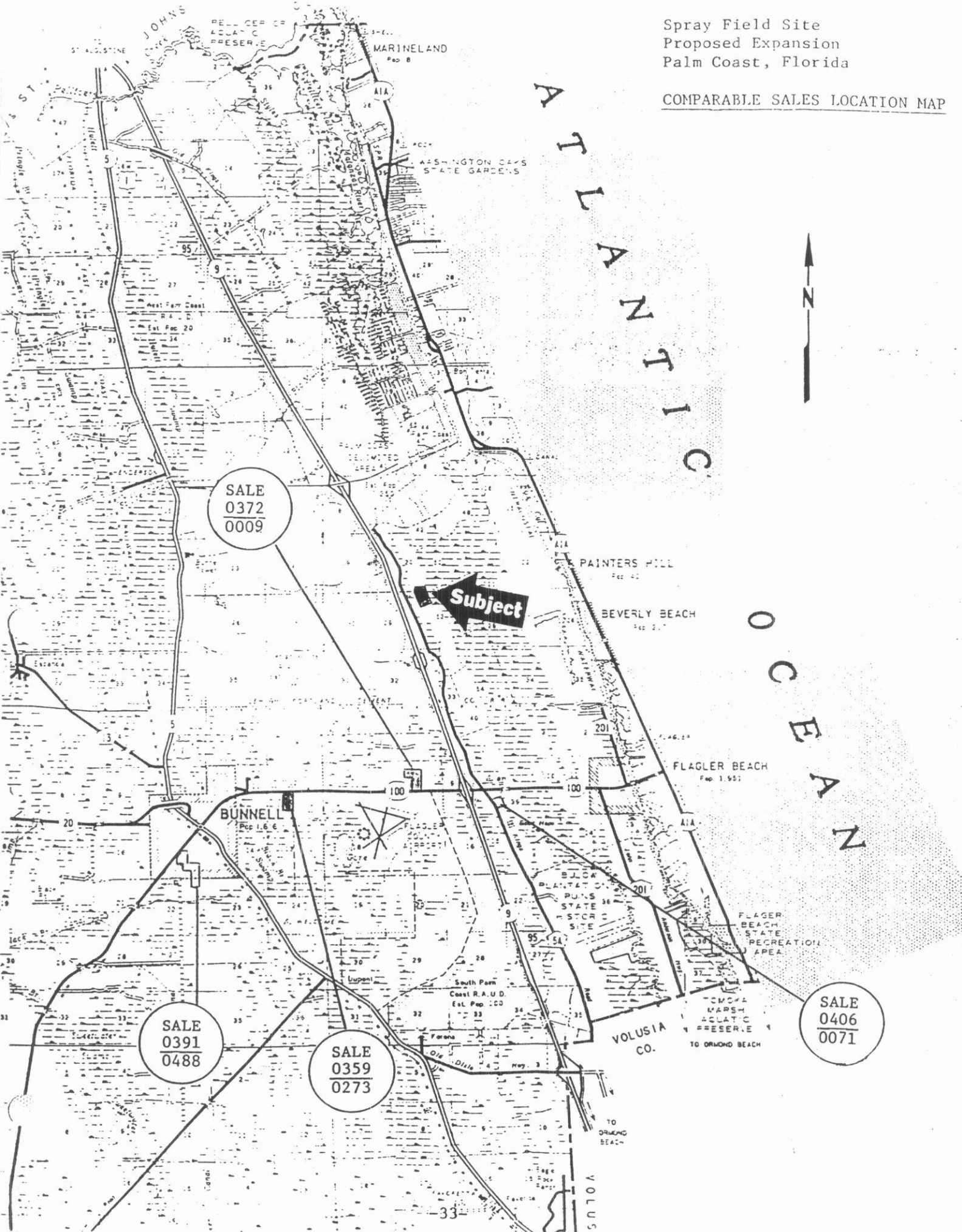
Applying the figure of \$7,000 per acre to the area of the subject unencumbered by the Florida Power and Light Company right-of-way easement (7.262 acres) indicates a value of \$519,834. Adding the value of the subject ownership encumbered by the existing Florida Power and Light Company right-of-way easement (approximately 7.314 acres at \$1,400 per acre equals \$10,240) indicates a total value of \$530,074, rounded to \$530,000.

Therefore, it is our opinion that the subject property had a market value for the fee simple interest of the land only, subject to the existing Florida Power and Light Company easement, as of October 29, 1990, of:

FIVE HUNDRED THIRTY THOUSAND DOLLARS
(\$530,000)

Spray Field Site
Proposed Expansion
Palm Coast, Florida

COMPARABLE SALES LOCATION MAP



SALE
0372
0009

Subject

SALE
0391
0488

SALE
0359
0273

SALE
0406
0071

ATLANTIC OCEAN

JOHNS
BELL CO
ADLAC
RESERVE
MARINELAND
Pop 8
AIA
WASHINGTON CAYS
STATE GARDELS
West Palm Coast
Est. Pop. 20
PAINTERS HILL
Pop. 22
BEVERLY BEACH
Pop. 27
FLAGLER BEACH
Pop. 1,952
BUNNELL
Pop. 1,600
VOLUSIA CO.
TO ORMOND BEACH
VOLUSIA

COMPARABLE_SALE_NUMBER: 0359-0273 USE_CODE: 6202
DATE_OF_SALE: August, 1988
RECORDING_DATA: OR Book 359, page 273
GRANTOR: George R. Lees and Laura D. Lees
GRANTEE: Walter Karbowsky and Jadwiga Karbowsky
LEGAL_DESCRIPTION: Lengthy metes and bounds description describing a portion of Sec. 12, T12S, R30E, Flagler County, Florida
PROPERTY_LOCATION: South side of SR-100, approximately two miles east of the Bunnell City Limits and adjacent to the east side of church
SIZE: 16.48 acres more or less
PRICE: \$288,400 and/or \$17,500 per acre
TERMS_OF_SALE: \$141,400 cash down, with a PMM of \$147,000 at 12 percent interest payable monthly over an eight year period
CONDITIONS: Normal
CONFIRMED_BY: Jadwiga Karbowsky, grantee, by Claude D. Berthoin - 1/10/89
HIGHEST_AND_BEST_USE: Commercial development
ZONING/PERMITTED_USES: C2, General Commercial, and AC, Agricultural District, by Flagler County
DESCRIPTION_AND_COMMENTS: This is a rectangular parcel with approximately 542.14 feet of frontage on SR-100. The topography is fairly level and the site is wooded. Utilities include electricity and telephone only. The grantee represented that they purchased the property as a long term investment. No development plans are known at this time.

COMPARABLE SALE NUMBER: 0372-0009 USE CODE: 6202

DATE OF SALE: December 1, 1988

RECORDING DATA: OR Book 372, page 9

GRANTOR: David D. Gibbs

GRANTEE: Ernest L. McCormick

LEGAL DESCRIPTION: Tract 9, Block A, Sec. 8, T12S, R31E, and W/2 of Tract 8 of Block A, and E/2 of Tract 12, Block B, Bunnell Development Company, Flagler County, Florida

PROPERTY LOCATION: North side of SR-100, approximately one mile west of I-95

SIZE: 30 acres more or less

PRICE: \$900,000 and/or \$30,000 per acre overall

TERMS OF SALE: \$50,000 cash down and a promissory note of \$850,000. Term of eight years; interest at 9 percent the first year payable monthly. Interest rate of 10.5 percent and 25 year amortization for the seven remaining years

CONDITIONS: Normal

CONFIRMED BY: Mike Chiumento, attorney for buyer, by Claude D. Berthoin - 1/12/89

HIGHEST AND BEST USE: Combination Commercial and Residential Development

ZONING/PERMITTED USES: C2, General Commercial, by Flagler County (SR-100 frontage only); and AC, Agriculture District, by Flagler County (interior portion only)

DESCRIPTION AND COMMENTS: This is an "L" shaped tract of land comprised of three parcels of 10 acres each. It has approximately 750 feet of frontage on SR-100. Topography appears to be at level with SR-100. No utilities available. This site is heavily wooded. Buyer purchased the property for the development of a strip center (commercial part) and single-family lots in the rear.

COMPARABLE_SALE_NUMBER: 0391-0488 USE_CODE: 6204, 6205
DATE_OF_SALE: 5/10/89
RECORDING_DATA: OR Book 391, page 488-491
GRANTOR: George E. Allen, Jr., et al, Trustees
GRANTEE: Flagler County Board of Commissioners
LEGAL_DESCRIPTION: Lengthy metes and bounds description describing a portion of Sec. 15 and 22, T12S, R30E, Flagler County, Florida
PROPERTY_LOCATION: Southeast corner of SR-11 and Old Haw Creek Road, Bunnell, Florida
SIZE: 82.95 acres more or less
PRICE: \$627,273 and/or \$7,562 per acre
TERMS_OF_SALE: Cash to seller
CONDITIONS: Normal
CONFIRMED_BY: Jim Pillon, Flagler County Administrator, by Peter A. Gagne - 5/8/90
HIGHEST_AND_BEST_USE: Residential development
ZONING/PERMITTED_USES: Split zoning including P, Public District, by the City of Bunnell, and AC, Agricultural District, by Flagler County
DESCRIPTION_AND_COMMENTS: This was the sale of an irregular shaped tract purchased for the proposed Flagler County Jail/Criminal Justice Center. The northerly 71.95 acres were previously zoned R-1, Residential District, by the City of Bunnell, which permits single family residential development. This portion of the site was rezoned to P, Public District, to facilitate the construction of a proposed jail/criminal justice center facility. Topography is typically level and moderately wooded, with a variety of trees and palmetto scrub underbrush. A drainage ditch (canal) runs through the southern portion of the parcel. Municipal water and sewer are available to the property, but would have to be extended to the site and a lift station may be required for sanitary sewer service.

COMPARABLE SALE NUMBER: 0406-0071 USE CODE: 6202

DATE OF SALE: September 7, 1989

RECORDING DATA: OR Book 406, page 71

GRANTOR: ITTCDC

GRANTEE: The School Board of Flagler County

LEGAL DESCRIPTION: A lengthy metes and bounds description describing a portion of Sec. 39, T12S, R31E, Flagler County, Florida

PROPERTY LOCATION: East side of Old Kings Road, south of SR-100, Flagler County, Florida

SIZE: 15.9111 acres

PRICE: \$225,000 and/or \$14,141 per acre

TERMS OF SALE: Cash

CONDITIONS: Normal

CONFIRMED BY: Veronica Polchinski, secretary to Superintendent of Schools, by Peter A. Gagne - 5/4/90

HIGHEST AND BEST USE: Residential development

ZONING/PERMITTED USES: AC, Agriculture District, Flagler County

DESCRIPTION AND COMMENTS: This was the sale of a vacant tract that was purchased for development with the Old Kings Elementary School. Utilities were extended from SR-100 south to the subject. The site was typically level and at to slightly below grade at time of sale. Although the site was zoned for agricultural use, the Flagler County Future Land Use Map indicates low density/rural estate development at one unit per acre which is similar to the existing R-1, Rural Residential District, zoning classification in Flagler County.

COST APPROACH DISCUSSION:

The Cost Approach to value utilizes the estimated replacement cost new of the improvements, less depreciation, added to the value of the land. The replacement cost is generally used as a cost to replace the utility of the improvements. In some instances, the replacement cost and the reproduction cost are the same. On older improvements, a reproduction of the building with the original materials and techniques is impossible because they are no longer available. The Cost Approach is most accurate when improvements are new and develop the land to its highest and best use.

The subject parcel has no improvements which would represent any value above the value of the land. Therefore, the Cost Approach is not applicable in this instance.

INCOME APPROACH DISCUSSION:

The Income Approach is based on the principle that value equals the present worth of future rights to income. Vacancy and collection losses are then deducted from the total gross income to arrive at an effective gross income. Various expenses including fixed expenses, variable or operating expenses, and a reserve for replacement are then subtracted from the effective gross income to arrive at an indication of net operating income. This figure is then capitalized into value by use of an overall rate.

The subject land has no income-producing improvements which would represent any value above the value of the land. Therefore, the Income Approach is not applicable in this instance.

RECONCILIATION

The purpose of this assignment is to estimate the market value of the fee simple interest for the subject, subject to the existing Florida Power and Light easement. The indications of value derived from the applicable approaches to value are as follows:

Cost Approach N/A

Market Approach \$530,000

Income Approach N/A

Reconciliation is the process of weighing the indications of value into a final estimate of value for the property being appraised. The essence of reconciliation is to develop a rational conclusion which approximates and can defend a single value as defined by the assignment. In reconciling the estimates of value, the appraiser must consider the significance of each approach under the following guidelines:

1. In a typical market situation which of the approaches are most important to the typical investor/purchaser?
2. Which approach and value can best be supported by the available data?

Theoretically, the estimates of value from each approach could indicate the same value. This would rely on a tremendous amount of excellent data and would carry the appraisal profession into the realm of an exacting science.

The Market Approach was used to estimate the value of the vacant land. The property has no income producing improvements and earns no meaningful income. The Cost Approach and the Income Approach are not applicable.

A diligent search revealed several sales of property with varying degrees of similarity to the subject. The Market Approach is considered fairly reliable due to the reasonable degree of similarity between the subject and comparable sales. No two properties are exactly alike and the comparable sales data has been adjusted for the differences between the sales and the subject. The sales available, though requiring some adjustments, were sufficient to indicate a value of the subject.

It is our opinion that the Market Approach is the most useful in estimating a value for the subject. Under the assumptions of this report, the subject consisted of vacant land which is available for development to its highest and best use. The subject has no income producing improvements and is vacant. The Market Approach is the only applicable approach in this instance, and the Cost Approach and Income Approach were not utilized.

Spray Field Site
Proposed Expansion
Palm Coast, Florida

It is our opinion that the subject property had a market value for the fee simple interest, subject to the existing Florida Power and Light Company easement, under the assumptions and limiting conditions of this assignment, as of October 29, 1990, of:

FIVE HUNDRED THIRTY THOUSAND DOLLARS
(\$530,000)

In addition to the underlying assumptions and limiting conditions attached, this appraisal is subject to the following special assumptions:

1. That the property is available for development to its highest and best use.
2. That the terms of the conveyance will not place any added restrictions on buyer's (Palm Coast Utility Corporation) use or buyer's sale of the property.
3. That seller (ITT Land Corporation and ITT-CDC) will provide buyer with necessary easements as shown on the enclosed site location plan to allow buyer access to the property upon demand.
4. That buyer will pay for all necessary documentary stamps.
5. That existing infrastructure such as utility services surrounding the subject (if any) currently has sufficient reserve capacity to absorb any new demands that the development of the subject would place upon said infrastructure. It is our understanding that the closest water line is approximately 1.5 miles north and that a lift station would be required to connect into the sewer force main.
6. That development of the subject vacant parcel would be in harmony with the requirements of the 1985 Growth Management Act and that there would be no impact by concurrency requirements.

ADDENDUM

LEGAL DESCRIPTION

LEGAL DESCRIPTION - Proposed 81.576-acre "R.I.B." Site

11/27/90

Part of Government sections 20, 29 and 52, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

From a Point of Reference being the intersection of the north line of said Government Section 29 with the east right of way line of Old Kings Road (a 66-foot right of way); thence N88°57'36"E along the south line of said section 29 for a distance of 757.30 feet to the POINT OF BEGINNING of this description: thence N00°34'43"W 92.26 feet; thence N89°25'17"E 1263.73 feet; thence S00°34'43"E 62.14 feet to point no. 258; thence S46°11'56"E 28.06 feet to point no. 257; thence N79°42'21"E 24.45 feet to point no. 256; thence S13°55'38"E 15.42 feet to point no. 255; thence S78°14'10"W 40.24 feet to point no. 254; thence S17°10'26"W 25.63 feet to point no. 253; thence S24°12'22"E 35.42 feet to point no. 252; thence S26°00'58"E 37.24 feet to point no. 251; thence S22°25'29"E 41.62 feet to point no. 250; thence S12°11'06"E 30.64 feet to point no. 249; thence S12°43'33"E 43.16 feet to point no. 248; thence S01°54'07"W 64.57 feet to point no. 247; thence S11°45'24"E 55.02 feet to point no. 246; thence S60°04'51"E 51.63 feet to point no. 245; thence S14°31'39"E 32.19 feet to point no. 244; thence S52°12'45"E 29.65 feet to point no. 243; thence S21°22'56"E 34.15 feet to point no. 242; thence S14°10'42"E 53.81 feet to point no. 241; thence S00°34'32"E 29.86 feet to point no. 240; thence S39°38'28"E 32.25 feet to point no. 239; thence S33°13'47"E 33.74 feet to point no. 238; thence S30°57'18"E 45.31 feet to point no. 237; thence S39°01'01"E 43.19 feet to point no. 236; thence S03°46'45"W 33.40 feet to point no. 235; thence S17°08'23"E 28.12 feet to point no. 234; thence S23°57'51"E 47.12 feet to point no. 233; thence S11°51'24"E 39.25 feet to point no. 232; thence S59°10'41"E 38.12 feet to point no. 231; thence S10°10'26"E 64.30 feet to point no. 230; thence S14°32'10"E 66.24 feet to point no. 229; thence S45°25'01"E 46.71 feet to point no. 228; thence S53°44'26"E 44.92 feet to point no. 227; thence S64°44'25"E 34.37 feet to point no. 226; thence S56°00'05"E 52.44 feet to point no. 225; thence S39°53'20"E 44.55 feet to point no. 224; thence S65°22'43"E 46.82 feet to point no. 223; thence N83°27'15"E 28.25 feet to point no. 222; thence S37°13'44"E 29.01 feet to point no. 221; thence S22°05'54"E 68.86 feet to point no. 220; thence S13°03'41"W 70.14 feet to point no. 219; thence S45°02'12"W 82.19 feet to point no. 218; thence S27°53'30"W 39.45 feet to point no. 217; thence S15°51'10"E 26.34 feet to point no. 216; thence S08°19'48"E 67.90 feet to point no. 215; thence S53°27'03"E 45.14 feet to point no. 214; thence S10°36'17"E 41.99 feet to point no. 213; thence S62°01'40"E 39.11 feet to point no. 212; thence S69°51'56"E 73.51 feet to point no. 211; thence S15°32'48"E 96.50 feet to point no. 210; thence S11°27'11"W 55.98 feet to point no. 209; thence S86°01'40"E 47.05 feet to point no. 208; thence S32°20'14"E 89.94 feet to point no. 207; thence S45°18'35"W 57.05 feet to point no. 206; thence S25°38'42"E 35.26 feet to point no. 205; thence S16°14'18"E 63.02 feet to point no. 204; thence S30°32'48"E 56.54 feet to point no. 203; thence S49°39'12"E 49.08 feet to point no. 202; thence S16°35'16"E 63.26 feet to point no. 201; thence S21°04'31"E 88.80 feet; thence S68°55'29"W 1362.34 feet to point no. 152; thence N01°36'34"W 58.21 feet to point no. 151; thence N10°51'52W 46.75 feet to point no. 150; thence N23°33'20"E 23.32 feet to point no. 149; thence N57°55'00"E 19.30 feet to point no. 148; thence S63°32'21"E 24.22 feet to point no. 147; thence N23°26'01"W 36.35 feet to point no. 146; thence N27°31'23"W 57.25 feet to point no. 145; thence N78°05'32"W 35.38 feet to point no. 144; thence N74°13'45"W 47.16 feet to point no. 143; thence N42°46'27"W 41.28 feet to point no. 142; thence N23°06'38"W 96.85 feet to point no. 141; thence N34°53'06"W 86.96 feet to point no. 140; thence N39°42'44"W 126.30 feet to point no. 139; thence N33°33'09"W

Proposed Palm Coast "R.I.B." Site No. 2

LEGAL DESC.-CONTINUED - Proposed 81.576-acre "R.I.B." Site 11/27/90

50.74 feet to point no. 138; thence N81°32'59"W 33.37 feet to point no. 137; thence N26°25'43"W 33.94 feet to point no. 136; thence N31°18'23"W 60.34 feet to point no. 135; thence N00°17'07"W 73.43 feet to point no. 134; thence N37°17'04"W 20.92 feet to point no. 133; thence N07°44'50"W 49.04 feet to point no. 132; thence N25°20'20"W 56.65 feet to point no. 131; thence N22°36'49"W 68.21 feet to point no. 130; thence N03°29'05"W 47.43 feet to point no. 129; thence N11°36'43"E 48.67 feet to point no. 128; thence N25°33'50"W 48.10 feet to point no. 127; thence N00°45'14"E 51.01 feet to point no. 126; thence N11°22'26"W 42.50 feet to point no. 125; thence N43°26'40"W 28.84 feet to point no. 124; thence N51°14'40"W 35.99 feet to point no. 123; thence N19°56'22"W 105.17 feet to point no. 122; thence N04°40'30"E 75.69 feet to point no. 121; thence N32°03'50"W 101.45 feet to point no. 120; thence N33°35'32"W 101.51 feet to point no. 119; thence N22°32'51"W 148.98 feet to point no. 118; thence N12°44'41"W 57.95 feet to point no. 117; thence N16°50'18"W 91.60 feet to point no. 116; thence N12°24'13"W 89.27 feet to point no. 115; thence N28°59'44"W 48.68 feet to point no. 114; thence N13°08'37"W 67.14 feet to point no. 113; thence N20°45'59"W 37.08 feet to point no. 112; thence N21°29'33"W 38.72 feet to point no. 111; thence N29°28'16"W 74.90 feet to point no. 110; thence N08°20'20"W 54.41 feet to point no. 109; thence N08°06'04"W 56.87 feet to point no. 108; thence N38°42'08"W 23.91 feet; thence N07°03'16"W 100.87 feet; thence N23°56'28"E 18.23 feet; thence N05°10'37"W 47.31 feet; thence N00°34'43"W 173.25 feet to the POINT OF BEGINNING, containing 81.576 acres, more or less.

Prepared by: H. J. Burroughs, P.E., L.S.
Tomoka Engineering Associates, Inc.,
Daytona Beach, Florida.

CONTACT LETTER

SEPTEMBER 25, 1990

ITT Land Corporation

A Development Resource Group

*One Corporate Drive
Palm Coast, Florida 32151-0001
Telephone (904) 445-5000*

MR. CHARLES D. SPANO
PRESIDENT
SOUTHERN APPRAISAL CORPORATION
P. O. Box 3897
DAYTONA BEACH, FL 32118

DEAR MR. SPANO:

PLEASE PROVIDE A QUOTATION FOR THE APPRAISAL OF 50 ACRES OF LAND EAST OF OLD KINGS ROAD AS INDICATED ON THE ENCLOSED SITE LOCATION PLAN.

BOTH ITT COMMUNITY DEVELOPMENT CORPORATION (SELLER) AND PALM COAST UTILITY CORPORATION (BUYER) ARE CLIENTS FOR THESE SERVICES.

THE PURPOSE OF THIS APPRAISAL WILL BE TO ESTIMATE THE MARKET VALUE, IN A COMPETITIVE AND OPEN MARKET, OF SELLER'S FEE SIMPLE INTEREST IN THE PROPERTY. YOUR APPRAISAL SHOULD BE BASED ON CURRENT VALUATION.

CONVEYANCE OF THE PROPERTY WILL NOT EXPRESSLY RESTRICT THE SELLER'S ABILITY TO DEVELOP SURROUNDING LANDS. HOWEVER, THE ECONOMIC IMPACT, IF ANY, OF THE CONVEYANCE AS IT WOULD AFFECT SELLER'S ADJACENT PROPERTY SHOULD BE CONSIDERED.

THE APPRAISAL SHOULD BE MADE UNDER THE FOLLOWING ASSUMPTIONS:

1. THAT THE PROPERTY IS AVAILABLE FOR DEVELOPMENT TO ITS HIGHEST AND BEST USE.
2. THAT THE TERMS OF THE CONVEYANCE WILL NOT PLACE ANY ADDED RESTRICTIONS ON BUYER'S USE OR BUYER'S SALE OF THE PROPERTY.
3. THAT SELLER WILL PROVIDE BUYER WITH NECESSARY EASEMENTS AS SHOWN ON THE ENCLOSED SITE LOCATION PLAN TO ALLOW BUYER ACCESS TO THE PROPERTY.
4. THAT BUYER WILL PAY FOR ALL NECESSARY DOCUMENTARY STAMPS.

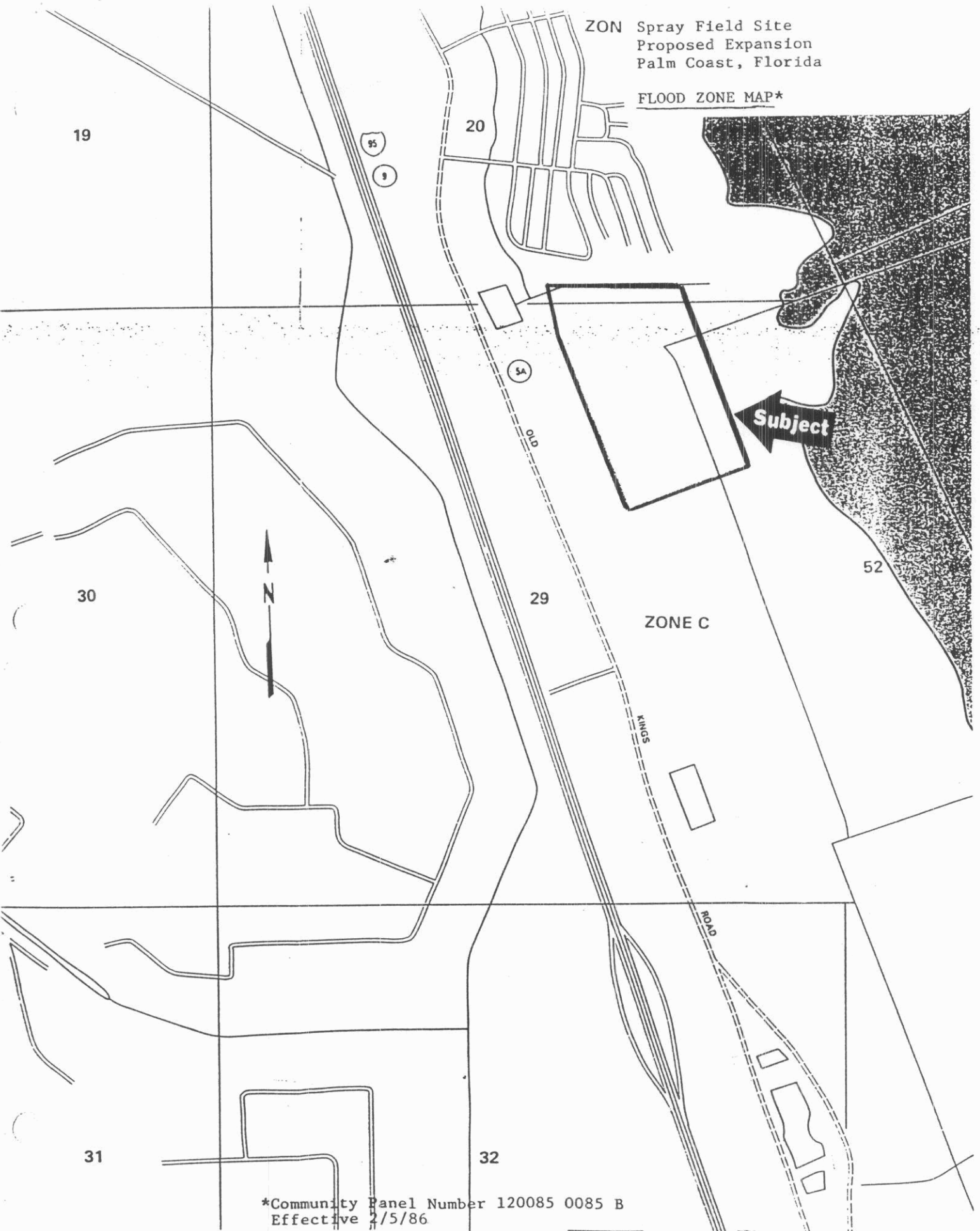
SINCERELY,


WILLIAM T. PARKS III
VICE PRESIDENT
REAL ESTATE SERVICES

ENCLOSURE

ZON Spray Field Site
Proposed Expansion
Palm Coast, Florida

FLOOD ZONE MAP*



*Community Panel Number 120085 0085 B
Effective 2/5/86

4.3 AC - AGRICULTURE DISTRICT

Purpose and Intent

The purpose and intent of the AC-Agriculture District is to preserve valuable agricultural/forestry land for those uses, and to protect land best suited for agricultural/forestry uses from the encroachment of incompatible land uses.

Permitted Principal Uses and Structures

In the AC-Agriculture District, no premises shall be used except for the following uses and their customary accessory uses or structures:

Single-Family Dwellings, or Mobile Homes

(On tracts of land under single ownership with an area of ten (10) acres or more, the area to include public rights of way adjoining said tract, two (2) single family dwelling units will be permitted. On additional adjoining property, under the same ownership, one (1) single family dwelling will be permitted for each forty (40) acres, in excess of the ten (10) acre allowance. The tract must front a State or County maintained road.

The owner must enter into an agreement with Flagler County, that should he wish to sell a dwelling unit, he must deed a minimum of five (5) acres with minimum road frontage, dimensions and setbacks required in the AC District.

All bona-fide agricultural/forestry pursuits, including dairies and dairy products, livestock, poultry, horticultural products which are raised on the premises. However, sales shall be permitted only from structures on private property conforming to all applicable codes or regulations.

Agriculture, forestry, livestock and poultry production. All animals (except those generally recognized as pets) shall be kept in a structure, pen or corral. No structure (excluding fenced areas) containing poultry or livestock and no storage of manure or odor or dust-producing substance or use shall be located within 100 feet of a district boundary.

Agriculture or farming, including horticulture, plant nurseries, market gardening, field crops and orchards and home gardens, provided no structure (excluding fenced areas) containing odor or dust-

producing materials, shall be located within 100 feet of a property or district boundary.

Cemeteries

Home Occupations (Subject to Special Exception Regulations for Home Occupations as outlined in Section 7.47.)

Permitted Special Exceptions

Animal Hospitals, veterinary clinics, kennels.

Automotive repair.

Feed and Seed processing, storage, retail or wholesale sales.

Junk yards, provided no such operation shall be permitted to be located closer than 1000 feet to a residential district and no closer than 500 feet to any property line. Operations shall be fenced for safety purposes and screened from view from adjacent property and roadways.

Land Clearing Business - provided any outside storage is completely enclosed by a solid fence or otherwise screened from the public view.

Mining, shell or soil extraction, gas and oil wells.

Temporary Mobile Home for Elderly/Disabled Parent or Grandparent - One Mobile Home Dwelling consisting of a minimum of 600 square feet of living area on the same site as that of a permitted use, which dwelling shall be occupied exclusively by a disabled or elderly (65+ years) parent or grandparent who requires personal nursing care similar to services of a nursing home. A statement from a physician certifying that personal nursing care is required shall be submitted with the request. The use shall be temporary in nature and subject to renewal every three (3) years. This use shall terminate and the mobile home removed from the site, when the disabled or elderly parent or grandparent moves from the site.

Wholesale or retail fertilizer sales

Dimensional Requirements

Minimum Lot Size - 5 acres

Exception: Lots resulting from dividing a 10 acre lot of record into 2 parcels where public road dedication reduces parcel size. Then minimum is 4.5 acres.

Minimum Width - 200 feet

Exception: Lots resulting from dividing a 10 acre lot of record into 2 parcels. Then minimum is 150 feet.

Minimum Setback Requirements for Structures:

Front Yard - 50 feet
Rear Yard - 50 feet
Side Yard - Interior Lot - 25 feet
Abutting any Street - 50 feet

Maximum Building Height: No maximum

Maximum Lot Coverage:

The total lot area covered with principal and accessory buildings shall not exceed 35%.

Minimum Living Area:

600 square feet for single-family dwelling
600 square feet for mobile homes

Off-street Parking and Loading Requirements - None

4.4 R-1 - RURAL RESIDENTIAL DISTRICT

Purpose and Intent

The purpose and intent of the R-1, Rural Residential District is to provide a transition between the agricultural and urban single-family districts and to accommodate residential development in areas that are not serviced by central water and sanitary facilities.

Permitted Principal Uses and Structures

In the R-1 Rural Residential District no premises shall be used except for the following uses and their customary accessory uses or structures:

Single-family dwellings, but not mobile home dwellings.

Recreation areas accessory to residential developments.

Raising of crops and keeping of animals for personal use (not for resale), accessory to a single-family dwelling. The personal use restriction is not intended to apply to 4-H, FFA, or similar educational projects.

Home Occupations (Subject to Special Exception Regulations for Home Occupations as outlined in Section 7.47.)

Permitted Special Exceptions

Cluster Subdivisions

Nursing homes, boarding homes

Dimensional Requirements

Minimum Lot Size:

Area - 1 acre
Width - 100 feet

Minimum Setback Requirements for Structures:

Front Yard - 25 feet
Rear Yard - 20 feet
Side Yard - Interior Lot - 10 feet
Abutting any street - 25 feet

Maximum Building Height - 35 feet

Maximum Lot Coverage:

The total lot area covered with principal and accessory buildings shall not exceed 30%.

Minimum Living Area - 750 square feet

Off-street Parking and Loading Requirements

None

4.15 R/C - RESIDENTIAL/COMMERCIAL USE DISTRICT

Purpose and Intent

The Comprehensive Plan recognizes that certain areas within the eastern portion of the county will be developed for a variety of future uses. These areas range from A1A to Route 100 frontage to numerous parcels within Palm Coast that will meet a variety of community needs. In recognition of these areas, the R/C district is intended to permit certain residential uses which meet district regulations, and provide for certain non-residential uses following site plan review, but not requiring land use district change.

Permitted Principal Uses and Structures

In the R/C, Residential/Commercial Use District, no premises shall be used except for the following uses and their customary accessory uses or structures:

Single-Family dwellings, but not Mobile Home dwellings

Recreational areas accessory to residential developments

Permitted Special Exceptions

Cluster Subdivisions

Nursing homes, boarding homes

Multi-Family projects not to exceed eight (8) units per acre. Must meet all requirements of R-3, Multi-Family Districts.

Neighborhood and Tourist related Commercial uses meeting the requirements of C-1, Neighborhood Commercial District.

Home Occupations (Subject to Special Exception Guidelines for Home Occupations as outlined in Section 7.47. Special Exception Regulations for Home Occupations).

Dimensional Requirements

Minimum Lot Size:

Area - 9,000 square feet
Width - 75 feet

Minimum Setback Requirements for Structures:

Front Yard - 25 feet

Rear Yard - 30 feet

Side Yard - Interior Lot - 10 feet

Abutting any street - 25 feet

Maximum Building Height - 35 feet

Maximum Lot Coverage - The total area covered with principal and accessory buildings shall not exceed 35%.

Minimum Living Area - 700 square feet.

Off-street Parking and Loading Requirements

Off-street parking and loading space meeting the requirements of Section 6.4 shall be constructed.

Site Development Plan Requirements

A site development plan meeting the requirements of Appendix B is required. Lots or parcels of 5 acres or more require site plan approval by the Planning Board.

Palm Coast Utility Corporation
A Subsidiary of ITT Corporation

2 Utility Drive
Palm Coast, Florida 32137
Telephone (904) 446-6139
FAX (904) 445-1880

Robert Kelly
Vice President and Controller

October 27, 1990

Mr. Charles D. Spano, President
Southern Appraisal Corporation
PO. Box 3897
Daytona Beach, FL 32118

Dear Mr. Spano:

During the meeting that occurred on September 25th at ITT Community Development Corporation's offices, Bill Parks and I discussed an appraisal engagement with you concerning a fifty acre parcel of land along Old Kings Road.

Among other things, it was agreed at the meeting that I would provide you with the estimated cost for extending water and wastewater service to the property. Please bear in mind that the following estimates are purely conceptual; we have no idea as to the type of project that a highest and best use of the property would involve, nor the level of demand such a project would place upon our water and wastewater systems.

Water Service

As regards water service, our staff engineer tells me that providing water service will involve installation of 7,625 feet of 12 inch main along Old Kings Road, as well and other necessary appurtenances. The estimated cost of this main extension would be \$223,000, plus the necessary tax gross-up of \$105,000, for a total of \$328,000.

Not enough is known about the requirements of this project to determine if this 12 inch main is larger than would normally be required for us to provide service. If Palm Coast Utility elects to install a water main that is larger than is required by the project, then the terms for providing service availability would include an advance arrangement whereby the cost of the main, and the related gross-up, would be subject to refund as other customers benefit from the main. As of now, however, it would be speculative to assume that Palm Coast Utility would choose to oversize the main, and even more speculative to assume any refunds would ever be made during the term of the advance arrangement, which normally runs 10 years.

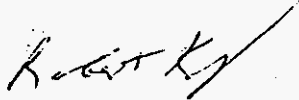
Wastewater Service

As to wastewater service, according to our staff engineer we would have to install a submersible pump station to connect into an existing force main that is in the right-of-way of Old Kings Road. The estimated cost of this facility would be \$72,000, plus tax gross-up of \$34,000, for a total of \$106,000.

* * *

Please let me know if I can elaborate on these estimates.

Sincerely



Robert Kelly

cc: William T. Parks III

OFFICIAL RECORDS

FPL EASEMENT

BOOK 44 PAGE 512

RIGHT OF WAY EASEMENT

DOCUMENTARY
SUMMIT
4235
FLORIDA
REV. 1772
PA. 1979
00000
FLAGLER COUNTY

STATE OF FLORIDA
DOCUMENTARY STAMP TAX
DEPT. OF REVENUE
REV. 1772
PA. 1979
265.20
00000
FLAGLER COUNTY

FLORIDA
STAMP TAX
900.00
FLAGLER COUNTY

KNOW ALL MEN BY THESE PRESENTS that ITT LAND CORPORATION, a Delaware corporation, whose address is 28 West Flagler Street, Miami, Florida 33130, (Grantor) in consideration of the sum of Ten (\$10.00) Dollars and other valuable considerations, receipt of which is hereby acknowledged, does hereby grant to FLORIDA POWER & LIGHT COMPANY, a Florida corporation, (Grantee), whose address is P. O. Box 3100, Miami, Florida, an easement for a right of way for the construction, operation and maintenance of one or more overhead electric transmission and distribution lines (including wires, poles, "H" frame structures, towers, cables, conduits, anchors, guys and appurtenant equipment) and one or more underground pipelines (including appurtenant equipment) for the transmission of electricity in, over, under, upon and across the lands described herein; and an easement for right of way for the private and internal use only of Florida Power & Light Company of telephone, telegraph, gas or petroleum lines, in, over, under, upon and across the following described land of the Grantor, situated in the County of Flagler and State of Florida and more particularly described as Exhibits "A" and "B" attached hereto and made a part hereof.

1165.20
427.35

TOGETHER with the right and privilege to reconstruct, inspect, alter, improve or relocate such facilities or any of them on or under the right of way above described, with all rights and privileges necessary or convenient for the full enjoyment or use thereof for the above mentioned purposes, including the right of reasonable ingress and egress over adjoining lands of Grantor for the purposes of exercising the rights granted hereunder.

RESERVING to Grantor the right and privilege to use the land co-terminous with the easement herein granted for all purposes not inconsistent with Grantee's use, occupation or enjoyment thereof; or except as may cause a hazardous condition; the within grant of easement is non-exclusive, except as to the Grantee's uses of the lands as above described; Grantee shall also have sole longitudinal usage of the right of way

This instrument was prepared by
GEORGE L. PATTERSON

OFFICIAL RECORDS

BOOK 44 PAGE 513

described herein as in its judgment may be required for its purposes, except that Grantor shall enjoy unrestricted parallel longitudinal underground or at ground level usage of the aforesaid right of way within a five foot strip on either side edge of the entire length of Parcel 4 of Exhibit "B" except where Parcel 4 and 4A and 4 and 4B are contiguous in which cases the five foot strip shall extend, respectively, along the ~~north, west and south~~ ^{west and south} sides of Parcel 4A and along the north, east and south sides of Parcel 4B, which right shall also include reasonable ingress and egress over the Grantee's right of way herein granted for the purpose of the development and usage of these five foot parallel strips. However, Grantor's parallel longitudinal usage shall not apply along any side of the right of way where that side adjoins any other lands owned by Florida Power & Light Company, or in which it has easement rights. Grantor further reserves the right in its sole judgment to install and grant easements transversely in, over, under, upon and across the lands described herein, for the installation of the utilities on the land coterminous with the easement herein granted, provided always that the installation, maintenance and operation of such other utilities (including, but not limited to water and sewer lines and sewage lift stations, drainage canals which do not unreasonably interfere with Grantee's access, recharge basins, telephone lines, CATV cables) do not interfere with the installation, operation and maintenance of the rights herein granted; a provision to the same effect will be contained in any further grants of easements for other utility purposes hereafter made.

Grantor and Grantee mutually covenant to supply each other with a copy of the construction drawings required to construct and install the electric transmission and distribution lines and appurtenant structures, utilities and facilities to be constructed or installed, which construction drawings shall demonstrate the intended location of

such installation, facility or utility, at least ten (10) business days prior to the commencement of work.

IN WITNESS WHEREOF, the Grantor has executed this Agreement and Grantee has accepted the same this 24th day of October 1972.

Witnesses: ITT LAND CORPORATION
By Norman Young, Pres.

Attest: [Signature]
(Corporate Seal)

FLORIDA POWER & LIGHT COMPANY
By [Signature]
(Corporate Seal) ASSISTANT SECRETARY

STATE OF FLORIDA)
COUNTY OF DADE)

I HEREBY CERTIFY, that on this 24th day of OCTOBER 1972, before me personally appeared NORMAN YOUNG and MITCHELL A. GORDON, President and ASSISTANT Secretary,

respectively, of ITT LAND CORPORATION, a corporation under the laws of the State of DELAWARE, to me known to be the persons who signed the foregoing instrument as such officers and severally acknowledged the execution thereof to be their free act and deed as such officers for the uses and purposes therein mentioned and that they affixed thereto the official seal of said corporation, and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal at Miami in the County of DADE and State of FLORIDA the day and year last aforesaid.

(Notary Seal)

[Signature]
Notary Public

NOTARY PUBLIC, STATE OF FLORIDA, IN LARGE
MY COMMISSION EXPIRES AUG. 2, 1978
DONOR: TERRY HAYWARD DONORING AGENCY

OFFICIAL RECORDS

BOOK 44 PAGE 515

STATE OF FLORIDA)

COUNTY OF DADE)

I HEREBY CERTIFY, that on this 5th day of October 1972,

before me personally appeared *J. S. [unclear]* and

[unclear] Vice President and Secretary respectively of
FLORIDA POWER & LIGHT COMPANY, a corporation under the laws of the State
of Florida, to me known to be the persons who signed the foregoing
instrument as such officers and severally acknowledged the execution
thereof to be their free act and deed as such officers for the uses and
purposes therein mentioned and that they affixed thereto the official
seal of said corporation, and that the said instrument is the act and
deed of said corporation.

WITNESS my hand and official seal at Miami in the County of Dade
and State of Florida the day and year last aforesaid.

[Signature]
Notary Public, State of Florida at
large.

OFFICIAL RECORDS

BOOK 44 PAGE 515

STATE OF FLORIDA)

COUNTY OF DADE)

I HEREBY CERTIFY, that on this 24th day of October 1977

before me personally appeared J. E. Spencer, Jr. and

J. E. Moore Vice President and ^{Assistant} Secretary respectively of
FLORIDA POWER & LIGHT COMPANY, a corporation under the laws of the State
of Florida, to me known to be the persons who signed the foregoing
instrument as such officers and severally acknowledged the execution
thereof to be their free act and deed as such officers for the uses and
purposes therein mentioned and that they affixed thereto the official
seal of said corporation, and that the said instrument is the act and
deed of said corporation.

WITNESS my hand and official seal at Miami in the County of Dade
and State of Florida the day and year last aforesaid.

Lawrence K. [Signature]
Notary Public, State of Florida at
Large.

Public State of Florida at Large
Commission Expires 12/31/78
By American Title & County Co.



7.

OFFICIAL RECORDS

BOOK 44 PAGE 516

EXHIBIT "A"

A strip of land 80 feet in width, being a part of Section 32, Township 11 South, Range 31 East, Flagler County, Florida, being westerly and adjacent to the existing easement of the Florida Power & Light Company's Daytona-St. Augustine Transmissica Line, and measuring 40 feet on each side and at right angles to the following described line:

From a Point of Reference being a P.R.M. at the southwest corner of said Section 32; thence N 88° 24' 49" E 2442.57 feet along the south line of said Section 32 to the north line of the Lehigh right-of-way recorded as Parcel 2 of Official Records Book 26, Page 564, of Flagler County records; thence N 89° 15' 49" E 34.64 feet along the said Lehigh right-of-way line to the POINT OF BEGINNING of the line to be described; thence N 0° 39' 14" W 2702.22 feet.

Containing 5.0 acres more or less.

PARCEL 4

all that part of Sections 9, 10, 15, 16, 29, 32, 48, 50, 51, 52 and 53, Township 11 South, Range 31 East, Flagler County, Florida, being a strip of land 330.00 feet in width, measuring 165.00 feet on each side of and at right angles to the following described centerline:

From a Point of Reference being a P.R.M. at the southwest corner of said Section 32; thence N 88° 24' 49" E 2272.18 feet along the south line of said Section 32 to the POINT OF BEGINNING of this description; thence N 0° 39' 14" W 2.53 feet to the north line of said Lehigh right-of-way; thence N 0° 39' 14" W 4246.67 feet to point "A"; thence N 26° 04' 25" E 18,343.66 feet to point "B"; thence N 0° 37' 51" W 1768.18 feet to the westerly right-of-way line of the Florida Intracoastal Waterway EXCEPT: Right-of-way of Interstate I-95 (State Highway 9), Lehigh right-of-way recorded as Parcel 4 of Official Records Book 26, Page 564 of land records of Flagler County, Florida, and existing Florida Power & Light Company easement.

PARCEL 4A

From a point of Reference being a P.R.M. at the southwest corner of Section 32, T11S, R31E; thence N 88 24'49" E. for a distance of 2272.18 feet to a point on the centerline of the above described Parcel 4, thence N 0 39'14" W, 2.53 feet to the north right-of-way line of the Lehigh spur, thence N 89 15'49" E., 165.00 feet to the easterly right-of-way of the above described Parcel 4; thence N 0 39'14" W. along said East-right-of-way line a distance of 2772.40 feet to the POINT OF BEGINNING of this description; thence W 0 39'14" W. along the easterly right-of-way line of Parcel 4, 1430.83 feet to a point located S. 75 58'56" E. a distance of 170.56 feet from the above mentioned point "A"; thence N 26 04'25" E. along the easterly right-of-way line of Parcel 4, a distance of approximately 1348 feet to a point on the westerly right-of-way line of Interstate I-95 (State Highway 9); thence southwesterly to a point located S. 75 58'56" E. a distance of 205.56 feet from said point "A"; thence southerly to the POINT OF BEGINNING.

PARCEL 4B

A parcel of land 200 feet long by 35 feet wide lying easterly of and adjacent to the said 330 foot right-of-way at above mentioned Point "B", extending 100 feet southwesterly of and 100 feet northerly of Point "B".

Containing 131.5 acres more or less.

OFFICIAL RECORDS

BOOK 44 PAGE 515

EXHIBIT "B" con'd.

PARCEL 5

All that part of Section 32, Township 11 South, Range 31 East, and Section 5, Township 12 South, Range 31 East, Flagler County, Florida, more particularly described as follows:

From a Point of Reference being a P.R.M. at the northwest corner of said Section 5; thence N 88° 24' 49" E 2442.57 feet to the north line of the said Lehigh right-of-way; thence N 89° 15' 49" E 74.64 feet to the west right-of-way line of the existing Florida Power & Light Company easement and the POINT OF BEGINNING of this description; thence S 0° 39' 14" E 200.00 feet to the south line of the said Lehigh right-of-way; thence S 89° 15' 49" E 410.00 feet along the south line of the said Lehigh right-of-way; thence N 0° 39' 14" W 200.00 feet to the north line of the said Lehigh right-of-way; thence N 89° 15' 49" E 410.00 feet along the north line of said Lehigh right-of-way to the POINT OF BEGINNING.

Containing 1.9 acres more or less.

FLAGLER COUNTY, FLORIDA No. 1257

This instrument filed and entered
31st day of October 1972 in Book
44 of Official Records on page 515

Recorded by J. J. Tilton, Registrar

QUALIFICATIONS OF THE APPRAISER

Peter A. Gagne
Southern Appraisal Corporation
533 North Nova Road, Suite 214
Ormond Beach, Florida 32174

PROFESSIONAL AFFILIATIONS:

- Candidate for the MAI designation of the American Institute of Real Estate Appraisers
- Candidate for the SRPA designation of the Society of Real Estate Appraisers
- Member Local, State, and National Realtor Organizations

PROFESSIONAL EDUCATION:

- Bachelor of Science Degree in Marketing, North Adams State College, North Adams, Massachusetts, 1983
- Successful completion of the following AIREA courses and/or examinations:
 - Real Estate Appraisal Principles, June, 1986
 - Basic Valuation Procedures, June, 1986
 - Capitalization Theory & Tech Part A, May, 1987
 - Capitalization Theory & Tech Part B, October, 1987
 - Standards of Professional Practice, September, 1988
 - Case Studies in Real Estate Valuation, March, 1989
 - Residential Valuation, March, 1989
- Attendance at the following AIREA or SREA Seminars:
 - Rates, Ratios, and Reasonableness, March, 1988
 - Easement Valuation, October, 1988
 - Developments in Income Property Valuation, December, 1988

LICENSE:

- Licensed Real Estate Broker, State of Florida

EXPERIENCE:

- Independent Fee Appraiser, Southern Appraisal Corporation, September, 1986, to Present
- Sales Associate, Adams, Cameron & Company, September, 1984, to August, 1986

PARTIAL LIST OF CLIENTS:

Florida Department of Natural Resources	Sun Bank of Volusia County
Florida Power and Light Company	American Pioneer Savings Bank
Charles Wayne Group Ltd.	Palm Coast Mortgage Company
Zev Cohen & Associates, Inc.	Florida National Bank
First Florida Bank	Flagler County
Barnett Bank of Volusia County	Palm Coast Utilities Corp.
Security Savings Bank	Lees Development
City of Ormond Beach	Cobb and Cole
Harbor Federal Savings and Loan	Various commercial properties
First Union National Bank of Florida	

QUALIFICATIONS OF THE APPRAISER

SOUTHERN APPRAISAL CORPORATION

Charles D. Spano, Jr., MAI, SRPA

Post Office Box 3897
Daytona Beach, Florida 32118

P. O. Box 3687
Ormond Beach, Florida 32175

MEMBERSHIP:

- Member, American Institute of Real Estate Appraisers (MAI), Certificate No. 7210
- SRPA Member, Society of Real Estate Appraisers
- Local, State, and National Realtor Organizations
- Local, State, and National Homebuilders Association

EDUCATION:

- B.S. Degree in Biological Sciences, Florida State University, 1969
- Head of Science Department and Instructor in Physics, Chemistry, and Biology, Chattahoochee, Florida, High School, 1969-70.
- Mathematics Instructor, Seabreeze Senior High School, 1970-71.
- Successful completion of the following AIREA/SREA courses:
- Course I-A Basic Appraisal Principles, Methods, & Techniques 1973
- Course I-B Capitalization Theory & Techniques 1975
- Course VIII Single Family Residential Appraisal 1975
- Course 2-1 Case Studies 1984
- Course 2-2 Valuation Analysis and Report Writing 1984
- Course 2-3 Professional Standards 1984
- Course 2-3 Professional Standards 1987
- SPP Professional Standards 1989
- Attendance at various Institute and Society sponsored educational seminars - 1989 most recent
- Currently certified under both AIREA and SREA Continuing Education Guidelines

LICENSE:

- Licensed Real Estate Broker - State of Florida
- Certified Residential Building Contractor - State of Florida

EXPERIENCE:

- Independent Fee Appraiser, Daytona Beach, Florida, since June, 1972

PARTIAL LIST OF CLIENTS:

U.S. Department of Interior	First Florida
County of Brevard	Florida National Bank
County of Volusia	Manufacturer's Manover Trust
City of Daytona Beach	Empire Federal
Federal Savings & Loan	Duval Federal Savings & Loan
City of Holly Hill	Coast Federal Savings & Loan
City of Port Orange	American Pioneer Savings & Loan
City of Ormond Beach	Harbor Federal Savings & Loan
City of South Daytona	ITTCDC/Palm Coast
Federal Deposit Insurance Corp.	Southeast Mortgage Company
Florida Power & Light Company	McCaughan Mortgage Company
Southern Bell Telephone & Telegraph Co.	PHI Mortgage Company
Bellemead Development Corporation	Rotaler Corporation
Continental Mortgage Insurance Company	Phipps-Herrington Corporation
St. Johns River Water Management District	Various condemnees
Sun Bank of Volusia County	Various estates
Florida Department of Natural Resources	Various commercial properties
Consolidated-Tomoka Land Company	Mondex Realty
Charles Wayne Group, Ltd.	May-Zima and Associates
Falcon Development	Republic Funding Corporation
Sacke-Martin Realty	Security First Federal Savings & Loan
Florida Inland Navigation District	Palm Coast Utilities Corporation
FNMA	U.S. Postal Service
Volusia County School Board	Resolution Trust Corporation

Exhibit ____ (CDS-4)

Flagler County Assessment/Sales Price Ratios

Non-Residential Transactions

**Flagler County Assessment/Sales Price Ratios
Non-Residential Transactions**

Sale Date	OR Book/ Page	Tax Parcel Number	Acre Size	Sale Price	Assessed Value	Property sold for xxx times assessment
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Acreeage Sales

12/95	546/0760	1230 10 0850 00840 0000	216	\$302,500	\$78,050	3.88
4/95	630/1464	1229 05 0000 03052 0000	80	\$104,000	\$44,000	2.36
10/95	541/0465	1229 29 0000 03070 0000	80	\$100,000	\$59,500	1.68

Mean: 2.64

Vacant Commerical Sales:

6/85	535/0072	1130 14 5540 00000 00C0	0.76	\$115,900	\$38,760	2.99
6/95	535/0073	1130 14 5540 00000 00D0	1.23	\$161,400	\$62,730	2.67
2/96	550/0719	1131 07 7011 000A0 0120	0.84	\$200,000	\$75,600	2.65
8/95	540/0466	1131 07 7011 000A0 0130	0.83	\$225,000	\$74,700	3.01
9/95	541/0463	1131 07 7011 000A0 0140	0.8	\$217,200	\$72,000	3.02
1/96	548/0879	1131 07 7011 000A0 0150	1.33	\$290,000	\$119,700	2.42
2/96	550/1234	1131 07 7025 000B0 0080	1.29	\$440,000	\$219,300	2.01
12/95	545/0857	1131 07 7025 000B0 0090	1.28	\$416,000	\$256,000	1.63
11/95	544/1204	1230 10 0850 00550 0000	N/A	\$250,000	\$77,550	3.22
8/95	540/1218	1231 09 2478 00000 0020	1.21	\$275,000	\$164,560	1.67

Mean: 2.619