

April 12, 2016

Ms. Malu Blázquez
Directora Ejecutiva
Autoridad para el Redesarrollo Local de Roosevelt Roads
No. 355 F.D. Roosevelt Avenue Suite 106
San Juan, PR 00918

**Re: Appraisal of 11 Properties of the
Former Roosevelt Roads Naval Base
Ceiba, Puerto Rico**

Dear Ms. Blázquez:

Pursuant to your request, I am pleased to submit a proposal for the appraisal of the requested eleven properties located at the former Roosevelt Roads Naval Base in Ceiba, Puerto Rico. The appraisal will form the opinion of the real estate market value of each property at its highest and best use as of the inspection date. The appraised rights will be assumed in the fee simple title. List of the properties and quotes are as follows:

Roosevelt Roads Properties Quote			
No.	Property	Use	Quote
1	Pier #1		\$10,000
2	Pier #2		\$10,000
3	Pier #3		\$10,000
4	Building #1205	Office	\$15,000
5	Building #3188	Warehouse	\$12,500
6	Commercial Marina	Marina	\$15,000
7	Navy Lodge	Hotel	\$15,000
8	Walk-Ups	Residential	\$15,000
9	Fuel Tank Farm	Industrial Fuel Property	\$30,000
10	Industrial Area B-2	Warehouse	\$12,500
11	Punta Puerca Parcel	Land	\$15,000
	Total		\$160,000
	Discount for the whole project		25%
	Total Project Fee		\$120,000

The reports will be prepared in the Appraisal Report format complying with the Uniform Standards of Professional Appraisal Practice. The due date required to complete the reports is before on or before August 31, 2016. The appraisals can only be completed by this date if all the necessary and relevant information is received in a timely manner.

The three approaches to value, the sales comparison, the cost approach, and the income capitalization approach will be developed depending on the property type, condition and use at the time of inspection, following the “Reglamento de Ordenación de los Terrenos y la Forma Urbana de la Antigua Base Naval de Roosevelt Roads (ROTFU)” and the any other assignment conditions that may apply.

I will furnish you with two (2) hard copies and a PDF copy of each report. My fee for the appraisals includes the cost of all expenses incurred in the preparation of the reports. I have not performed services regarding the quoted properties within the last three years. The payment will be 50 percent upon your acceptance of the fees and the remaining 50 percent upon delivery.

I will proceed with the preparation of the appraisals upon receipt of your acceptance of this proposal.

Cordially,

A handwritten signature in blue ink, appearing to read "Pedro A. Pons". The signature is stylized and cursive.

Pedro A. Pons, MAI, SRA
State Certified General Real Estate Appraiser
Certificate No. 24GC
State License No. 91EPA

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Ms. Malu Blázquez
Directora Ejecutiva
Autoridad para el Redesarrollo Local de Roosevelt Roads
No. 355 F.D. Roosevelt Avenue Suite 106
San Juan, PR 00918

Dear Ms. Blázquez:

As per your request, I am pleased to send you my qualifications and appraisal office background. I have been a full time independent fee appraiser since 1972. My appraisal services office has been at First Federal Savings Condominium since 1984. I am a licensed engineer, B. S. in Mechanical Engineering, and a licensed and general certified appraiser in Puerto Rico and the State of Florida. I obtained my SRA and SRPA appraisal designations with the Society of Real Estate Appraisers in 1982 and the MAI designation with the American Institute of Real Estate Appraisers in 1988. Since April 1999 I have been the principal partner of the firm Pedro A. Pons P.S.C doing business as Pons & Lamadrid, Appraisers.

The firm does real estate appraisal work covering the fields of residential, commercial, industrial, office, healthcare and hospitals, lodging, hotels, resorts, special purpose and agricultural properties. We also cover the field of Machinery and Equipment. Appraisal work is provided to financial institutions, government agencies, and private clients. Appraisals are prepared for financing, condemnation, counseling, and determination of feasibility. Our firm has been appraising through various cycles of the Real Estate Market and we have the experience to competently analyze troubled loans and investments in the present recessionary economy.

Mr. Esteban Lamadrid, my associate, has a Bachelor of Science Degree in Engineering from the University of Puerto Rico. Mr. Lamadrid, a licensed engineer and a licensed general certified appraiser, has worked as a manufacturing engineer and has been a manager in an industrial and construction material retail business. He has completed and approved all four Machinery and Equipment Appraisal courses offered by the American Society of Appraisers and has experience appraising machinery and equipment. The appraisal staff supporting the principals of the company consists of an MAI and SRA designated appraiser, two licensed appraisers, a researcher and a secretary.

Cordially,

A handwritten signature in blue ink, appearing to read "Pedro A. Pons". The signature is stylized and cursive.

Pedro A. Pons, MAI, SRA
State Certified General Real Estate Appraiser
Certificate No. 24GC
State License No. 91EPA

Pedro A. Pons Mier, MAI, SRA

Business Address	Pons & Lamadrid, Appraisers 1519 Ponce de León Avenue Suite 615, First Bank Building San Juan, Puerto Rico 00909 Telephone: 787-722-0886 Fax No.: 787-722-5059 Email: pons@ponspr.com
Designations	MAI – Member Appraisal Institute – Certificate No. 7795 SRA – Senior Residential Appraiser – Appraisal Institute
Licenses	Puerto Rico Professional Appraiser, License No. 91 Puerto Rico General Appraiser, Certification No. 24 Florida Certified General Appraiser No. REA RZ 2848 Professional Engineer, License No. 5564
Professional Affiliations	Member of the Appraisal Institute, since 1988 SRA since 1982 South Florida Appraisal Institute Chapter - 1991 to present Member of the American Institute of Real Estate Appraisers 1981 - 1990 Member of Society of Real Estate Appraisers 1972 - 1990 The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers merged in 1991 to form the Appraisal Institute Member no. 5564, College of Engineers of Puerto Rico Associate Member, American Society of Heating and Air Conditioning Engineers
Education	Bachelor Science in Engineering, University of Puerto Rico, 1969 High School, Academia del Perpetuo Socorro
Recent Real Estate Courses and Seminars	2012-2013 National USPAP Update 2012 Appraising the Appraisal Review – General 2012 Laws and Regulations of PR Appraisal Practice 2011 The Uniform Appraisal Dataset 2011 Understanding and Using Investor Surveys Effectively – 2011 National USPAP Update Equivalent 2010-2011 Florida Supervisor/Trainee Roles and Relationships 2010 Florida Appraisal Laws and Regulations 2010 Hotel Appraising-New Techniques for Today's Uncertain Times 2010 Appraising Distressed Commercial Real Estate: Here We Go 2009 7 Hour USPAP Course 2008 Appraisal of Residential Property Foreclosure 2008 Appraisal Challenges: Declining Markets and Sales Concessions 2008 Valuation in the Government Sector 2007 Office Building Valuation: A Contemporary Perspective 2007 Business Practices and Ethics 2007 Laws and Regulations – Appraisal Practice in Puerto Rico 2007 Appraising the Tough Ones 2006

Appraisal Consulting: A Solutions Approach 2006
Real Estate Finance, Value and Investment Performance 2006
USPAP Update 2006
Florida State Law for Appraisers 2006
Market Analysis and Site to do Business 2005
USPAP Course 2005
Professional's Guide to the Uniform Residential Appraisal Report 2005
New Technologies for the Real Estate Appraiser 2004
The Emerging Market to Market Valuation 2004
Litigation Appraising: Specialized Topics 2000
Federal Appraisal Requirements 2000

Continuing Education Status The requirements under the continuing education program of the Appraisal Institute have been met.

Appraisal Institute Approved Instructor 1990-2002

Professional Experience Principal of Pedro A. Pons, P.S.C., 1999 to present
Doing business as Pons Fossas Lamadrid and later Pons & Lamadrid,
Appraisers
Independent fee appraiser since January, 1972
Project Engineer, Sam P. Wallace Co., 1969 to 1972

Residential Appraisal Experience Detached single family units
Single family condominiums
Vacant residential lots

Commercial Appraisal Experience Proposed and existing office buildings
Hospitals and health care institutions
Proposed and existing shopping centers
Low income housing involving grants, favorable financing,
Rental assistance and tax credits
Institutional and government properties
Hotels (proposed and existing)
Residential subdivisions
Residential and commercial condominiums
Special purpose properties
Condemnation work
Appraisal consultant

Major Clients Banco Bilbao Vizcaya Argentaria
Banco de Desarrollo de PR
Banco Gubernamental de Fomento para PR
Banco Popular de PR
Banco Santander de PR
Citibank, NA
Doral Bank
Euro Bank
First Bank
Federal Deposit Insurance
Oriental Bank
RG Premier Bank
Royal Bank of Canada
Scotiabank

Westernbank PR
Departamento de la Vivienda
General Services Administration
Municipalities of San Juan, Cayey, Dorado, and Mayagüez
Puerto Rico Industrial Development Corporation
US Bankruptcy Court
Puerto Rico National Guard
And other clients

Esteban Lamadrid
Qualification Data
Business Address

Pons & Lamadrid, Appraisers
First Federal Savings Building
1519 Ponce de León Avenue, Suite 615
San Juan, PR 00909

Licenses

Certified General Appraiser No. 186
Puerto Rico Professional Appraiser License No. 713
Professional Engineer, License 9243

Professional Affiliations

Colegio de Ingenieros de Puerto Rico, member
American Society of Appraisers
Candidate to Machinery and Technical Valuation
Candidate to Member of Appraisal Institute

Education

Bachelors of Science Industrial Engineering, University of PR,
Mayagüez Campus, 1981
High School, Colegio Marista

Real Estate Courses and Seminars

Advance Applications
Appraisal Institute (May 2009)
Appraisal Challenges: Declining markets and Sales Concessions
Appraisal Institute (August 2008)
REO Appraisal; Appraisal of Residential Property Foreclosure
Appraisal Institute (August 2008)
Advance Report Writing and Valuation Analysis
Appraisal Institute (August 2005)
The Professional's Guide to the Uniform Residential Appraisal
Report
Appraisal Institute (June 2005)
Cost Approach to Commercial Appraising
Appraisal Institute (March 2005)
Analyzing Distress Real Estate
Appraisal Institute (March 2005)
Detrimental Conditions in Real Estate
Appraisal Institute (December 2004)
Business Practice and Ethics
Appraisal Institute (March 2004)
Subdivision Analysis
Appraisal Institute (November 2001)
Appraisal Consulting
Appraisal Institute (December 1997)

Advanced Sales Comparison & Cost Approach– Appraisal Institute (December 1997)
Environmental Risk and Real Estate Appraisal Appraisal Institute (September 1997)
Advanced Income Appraisal Institute (August 1996)
Highest and Best Use Appraisal Institute (June 1996)
Capitalización de Ingresos Instituto de Evaluadores (June 1996)
Expropiación Forzosa Instituto de Evaluadores (October 1995)
Capitalización de Ingresos Instituto de Evaluadores (June 1996)

Machinery and Equipment Courses

ME 201 Introduction to Machinery and Equipment Valuation American Society of Appraisers (June 1994)
ME 202 Machinery and Equipment Valuation Methodology American Society of Appraisers (November 1994)
ME 203 Machinery and Equipment Valuation Advanced Topics & Case Studies American Society of Appraisers (January 1995)
ME 204 Machinery and Equipment Valuation Advanced Topics (June 1996)

Professional Experience

Partner Pons, Fossas & Lamadrid, P.S.C., May 2002 to 2007
Property Appraiser, Pedro A. Pons, January of 1994 to May 2002
Manager industrial and construction retail business 1983 to 1994
Manufacturing engineer, Intel, PR, 1981 to 1983

Residential Appraisal Experience

Detached single family units
Single family condominiums

Commercial Appraisal Experience

Machinery and equipment
Proposed residential developments
Industrial and commercial properties
Office buildings (proposed and existing)
Hospitals and health care institutions
Shopping centers
Low income housing involving grants, favorable financing, rental assistance and tax credits
Condemnation work
Appraisal consultant

Juan R. Medina Colón, MAI, SRA

Address: 67 Calle San Cristóbal, Los Adoquines, San Juan, 00926

Phone: 787 366-5947

Education: University of Puerto Rico Carolina Campus- Bachelor in Hotel & Restaurants Administration – Cum Laude; Bachelor in Business Administration- Magna Cum Laude

Experience: Pons & Lamadrid Appraisers- Present
Gloria Pacheco & Associates- March 2005 to May 2008

License: EPA 1034
GC 243

Designation: SRA – Senior Residential Appraiser– Appraisal Institute 2009
MAI – 2012

Courses:

Principios de la Valoración	2003
Proceso de la Valoración	2003
Ética para Tasadores	2003
Capitalización de Ingreso Básica	2003
Capitalización de Ingreso Avanzada	2003
Calculadora financiera	2003
Expropiación forzosa	2003
Appraisal Procedures Course 120	2004
Basic Income Capitalization Approach Course 310	2004
Residential Market Analysis and Highest and Best Use Analysis	2005
Appraisal Principles Course 110	2005
Residential Case Study Course 210	2005
Codes of Ethic of Professional Practice Course 420	2005
Uniform Standards of Practice of Appraisal Practice (USPAP) 410	2005
Advance Residential Form and Narrative Report Writing Course 500	2005
Advance Income Capitalization Approach Course 510	2006
45 Hour Demo-Packages for SRA Designation	2006
General Application Course 320	2006
Advance Sales Comparison & Cost Approach Course 530	2007
Leyes y Reglamentos	2007
General Market Analysis, Highest and Best Use former 520 course	2008
Advance Applications Course 550	2008
Report Writing and Valuation Analysis Course 540	2008
General Site Valuation and Cost Approach	2010
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets	2011
General Demonstration Capstone Program-MAI Designation	2012
Review Theory-General	2015

Seminars:

Errores más comunes por los tasadores	2004
Marshall and Swift Seminar	2004
Hotel and Motel Valuation in Puerto Rico	2004
Preparation of Demo Report SRA	2004
Professional Guide to the Uniform Residential Appraisal Report	2005
Functional Utility	2005
Real Estates Finance, Statistics, and Appraisal valuation Modeling	2006
Relocation Appraisal Training Program	2007
Online Appraising Convenience Stores	2007

Online Small Hotel/Motel Valuation	2007
Subdivision Valuation	2007
Office Building Valuation Contemporary Perspective	2007
Feasibility Analysis, Market Value and Investment Timing:	2008
Introducing the Impact of Option Value	2008
Appraising Challenges: Declining Markets and Sales Concessions	2008
Hotel Appraising: New Techniques for Today's Uncertain Times	2010
Appraising Distress Commercial Real Estate Here we Go Again	2010
Analyzing Tenant Credit Risk and Commercial Lease Analysis	2011
REO Appraisal of Residential Property for Foreclosure and Preforeclosure	2012
Practical Regression Using Excel	2012
Apprising the Appraisal-Appraisal Review General	2012
ARGUS Discounted Cash Flow Valuation	2013
Requisitos para la Valoración de Servidumbres de Conservación	2013
The Appraiser as an Expert Witness: Preparation & Testimony	2013
Condemnation Appraising: Principles and Applications	2013
Marina Valuation Overview Webinar	2013
Complex Litigation Applications & Case Studies	2014
Marketability Studies: Advanced Considerations and Applications	2014
Golf Course Property Valuation Webinar	2014
Valuation of Healthcare Real Estate & Real Property-Webinar- ASA	2014
Business Valuation of Healthcare Enterprises and Services-Webinar-ASA	2015
Valuation of Healthcare Tangible Personal Property-Webinar-ASA	2015

Associations:

Senior Residential Appraiser Member of the Appraisal Institute	2009
MAI	2012

Residential Appraisal

Experience	Detached single-family units
	Single-family condominiums
	Vacant residential lots
	Relocation appraisals

Commercial Appraisal

Experience	Proposed and existing office buildings
	Proposed and existing shopping centers
	Existing industrial buildings
	Proposed and existing Hotels
	Existing Condo-Hotels
	Time-share projects
	Proposed and Existing Hospitals
	Proposed and Existing Healthcare-Outpatient Facilities
	Proposed and existing residential subdivisions
	Existing Parking garages
	Existing gas stations
	Special purpose properties
	Distressed commercial properties
	Agricultural farms

Other Appraisal

Experience	Federal land acquisitions
	Litigation work
	Partial interest valuations
	Eminent domain appraisal (few)
	Rent studies

Jimmy Rivera Rubio

Business Address

Pons and Lamadrid, Appraisers
1519 Ponce de León Avenue
Suite 615, First Bank Building
San Juan, Puerto Rico 00909
Telephone: 787-722-0886
Cel.: 787-643-6312
Fax No.: 787-722-5059
Email: jrivera@ponspr.com

Licenses

Puerto Rico Professional Appraiser, License No. 1242
Puerto Rico General Appraiser, Certification No. 283

Professional Affiliations

Member of the Appraisal Institute, since 2008

Education

Bachelor Science in Civil Engineering, Polytechnic University of PR, 2004.
High School, Academia Superior Católica de Bayamón.

Real Estate Courses and Seminars

2014-2015 National USPAP Update Course
Advanced Concepts & Case Studies 2013
2012-2013 National USPAP Update Course
Tasación Facilidades de Telecomunicaciones- Instituto de Evaluadores PR 2013
Servidumbres de Conservación-Instituto de Evaluadores PR 2013
ARGUS Discounted Cash Flow Valuation 2013
Appraising the Appraisal: Appraisal Review – General 2012
Fundamentals of Separating Real Property, Personal Property, and Intangible Assets 2012
Advanced Income Capitalization 2012
Practical Regression using Excel 2012
Advanced Market Analysis and Highest & Best Use 2012
REO Appraisal: Appraisal of Residential Property Foreclosure 2012
Analyzing Tenant Credit Risk and Commercial Lease Analysis 2011
Basic Appraisal Procedures 2011
Basic Appraisal Principles 2011
The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac 2011
The Lending World in Crisis-What Clients Need Their Appraisers to Know Today 2011
National USPAP Course (15hrs) 2011
National USPAP Course (7hrs) 2011
Leyes y Reglamentos 2011
Appraising Distressed Commercial Real Estate 2010
Business Practices and Ethics 2010
Commercial Appraisal Engagement and Review Seminar 2009
An Introduction to Valuing Commercial Greens Buildings 2009
Advance Applications 2009
General Appraiser Income Approach (Part 2) 2009
General Appraiser Market Analysis and Highest and Best Use 2009
Real Estate Finance Statistics and Valuation Modeling 2009
General Appraiser Report Writing Case Studies 2008

1519 Ponce de León Avenue, FirstBank Building, Suite 615, San Juan, PR 00909
Phone No. 787-722-0886 * Fax No. 787-722-5059 * pl@ponspr.com

General Appraiser Income Approach (Part I) 2008
General Appraiser Site Valuation and Cost Approach 2008
General Appraiser Sales Comparison Approach 2008
Appraiser Challenges: Declining Markets and Sales Concession 2008
REO Appraisal: Appraisal of Residential Property Foreclosure 2008
National USPAP Course (7 hrs) 2008
PARR Inspection 2008
State Certificate Appraisal Review, "Instituto de Evaluadores de P.R" 2007
Residential Report Writing and Case Studies 2007
Residential Appraiser Sales Comparison and Income Approach 2007
Residential Site Valuation and Cost Approach 2007
National USPAP Course (15hrs) 2007
Residential Market Analysis and Highest and Best Use 2007
Leyes y Reglamentos 2007
Calculadora Financiera (HP 12C) 2007
Basic Appraisal Principles 2007
Basic Appraisal Procedures 2007

Continuing Education Status

The requirements under the continuing education program of the Appraisal Institute have been met.

Professional Experience

Appraiser Assistant for Pons and Lamadrid Appraiser (Commercial Appraiser) since May 2010.
Appraiser Assistant for Mr. Edwin J. Troche (Commercial Appraiser) 556EPA and 55CG until April 2010.
Independent fee appraiser since February 2008.
Appraiser Assistant for Mr. José M. Garayúa (Residential Appraiser) 782EPA and 64CR since February 2006.

Residential Appraisal Experience

Detached single family units
Single family condominiums
Vacant residential lots

Commercial Appraisal Experience

Proposed and existing office buildings
Vacant commercial and industrial lots
Light and heavy industrial properties
Proposed and existing shopping centers
Low income housing involving grants, favorable financing,
Residential subdivisions
Residential and commercial condominiums
Special purpose properties (Golf Courses Facilities and Government)
Healthcare General Acute Facilities
Appraisal consultant