



October 17, 2023

Mr. Keith Mishkin
Cays Resort, LLC
14602 N. Tatum Blvd
Phoenix, AZ 85032

Re: Coronado Cays - Cays Resort Leasehold

Dear Mr. Mishkin:

We received your letter dated September 29, 2023, regarding your request to conduct an appraisal for a buyout valuation for the Cays Resort, LLC leasehold.

With so little time left on the lease and very limited realistic ways to properly value this leasehold, an appraisal is unlikely to lead to an appropriate valuation. In addition, appraisals tend to be overly time consuming and indefensible given the current situation. On the other hand, an income-based approach based on the current use, together with certain pre-development expenses incurred to date, is likely to be more persuasive and defensible and can be prepared quickly. We suggest a meeting to discuss further. Before we schedule that meeting, please send or make available to us the following:

1. Profit and Loss statements from leasehold boat storage business for the past 5 years;
2. Other income generated by the leasehold, such as rent from the Cays Yacht Club;
3. Cost of purchasing the leasehold out of bankruptcy; and
4. Pre-construction costs incurred to date.

Once we have completed our analysis, staff will schedule a meeting with you to discuss the valuation.

If you have any question or concerns, please don't hesitate to call or e-mail Christian Anderson at 619-346-1925 or canderson@portofsandiego.org.

Sincerely,

A handwritten signature in cursive script that reads "Randa Coniglio".

Randa Coniglio
Acting President and CEO

cc: Rafael Castellanos, Chair
Frank Urtasun, Vice Chair
Danielle Moore, Secretary
Dan Malcolm, Commissioner
Ann Moore, Commissioner
Sandy Naranjo, Commissioner
Michael Zucchet, Commissioner