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COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Jimmy L. Morales, City Manager 

DATE: September 24, 2014

SUBJECT: **A DISCUSSION REGARDING SOUTH SHORE COMMUNITY CENTER, 833 6TH STREET, MIAMI BEACH, FLORIDA, REGARDING WHETHER THE CITY SHOULD: 1) INCREASE THE ADDITIONAL RENT 2) EXECUTE A NEW LEASE AGREEMENT WITH SOUTH FLORIDA WORKFORCE INVESTMENT BOARD D/B/A CAREERSOURCE SOUTH FLORIDA; AND 3) RENEW CERTAIN EXISTING AGREEMENTS, INCLUDING VARIOUS EXPANSION, DOWNSIZES AND RELOCATIONS.**

BACKGROUND

The South Shore Community Center (the "Center") is located at 833 6th Street and is owned by the City of Miami Beach (the "City"). The Center provides space to various not-for-profit, community service organizations that provide assistance to the Miami Beach community.

The City completed renovations to the Center in 2008 and executed new agreements with all the tenants who occupied the Center prior to said renovations. All the agreements are for an initial term of four years (4) years and three hundred sixty four (364) days, commencing on October 2, 2009 and ending on September 30, 2014 (the "Term"). Furthermore, all the agreements contain provisions for one (1) additional five (5) year renewal, subject to certain terms and conditions.

The Center is currently 100% occupied by the following four (4) tenants:

1. Miami Dade County Community Action Agency ("CAA") has a lease for the use of 2,076 square feet of office space to operate the "South Beach Community Enrichment Center" which empowers economically disadvantaged individuals, families and communities to achieve self-sufficiency through resource mobilization, service delivery, education and advocacy.
2. Jewish Community Services of South Florida, Inc. ("JCS") has two (2) lease agreements and a concession agreement. The first lease agreement is for use of 289 square feet of storage space required by JCS to operate its "senior meals program". This program provides recreational activities and a mid-day meal to residents that are 60 years and older.

The concession agreement is for use of the 2,792 square foot Auditorium space required

by JCS to conduct its recreational activities and serve the aforementioned mid-day meal. A concession agreement was determined to be the appropriate mechanism by which to guarantee JCS part-time use of the space on weekdays from 8:00 AM to 2:00 PM and still allow the space to be available for use by the City and/or general public during the afternoon, evening and weekend hours. The Miami Beach Parks and Recreation Department coordinates the use and/or rental of the Auditorium pursuant to its rules and regulations for rental of City-owned facilities.

The second lease agreement is for use of 445 square feet of office space required by JCS to operate its “senior ride program”. This program provides door-to-door bus transportation services to residents that are 60 years and older.

3. Little Havana Activities and Nutrition Centers of Dade County, Inc. (“LHANC”) has a lease agreement and a letter agreement. The lease agreement is for use of 2,919 square feet of space required by LHANC to operate its “Rainbow Intergeneration Childcare Center”. This program provides childcare service to approximately 60 children.

The letter agreement is for use of the adjacent exterior 7,002 square foot playground space required by LHANC to provide the children an outdoor recreation play area. A letter agreement was determined to be the appropriate mechanism by which to guarantee LHANC sole use of the space thus providing the children with a safe and secure environment. The playground space is not “under-roof” and therefore, not included as part of the buildings leasable square footage.

4. UNIDAD of Miami Beach, Inc. (“UNIDAD”) has a lease for the use of 3,826 square feet of office space on the 2nd floor and an additional 329 square feet of storage space on the 1st floor. UNIDAD provides counseling, education, and employment training services to the City’s community.

ITEM #1 - ANALYSIS

It is important to emphasize that all of the existing tenants at the Center are not-for-profit, community service organizations that provide assistance to the Miami Beach community. As such, the City only charges \$1.20 annually for base rent. Furthermore, the City only charges specific operating expenses incurred by the City to operate the Center. These operating expenses are limited to electrical service, water service, sewer service, stormwater costs and janitorial service to the common areas and inside the tenant’s spaces. A summary of the agreements and rental rates is attached hereto as Exhibit A(Agreement Summary).

As contained in the agreements, “...within ninety (90) days prior to the expiration of the Term, the City Manager may elect to re-negotiate a reasonable increase in the Rent, and shall provide Tenant with written notice of such election. If, following good-faith negotiations between the City and Tenant, the parties are unable to agree, then the City Manager may further elect to not renew the Agreement, in which case the Agreement will terminate and the City shall have no further liability or obligation to Tenant.”

Furthermore, the agreements may be terminated by either party, without cause and for convenience at any time during the Term (including any renewal term), upon furnishing thirty (30) days written notice to the other party.

Since all of the agreements are at below market rental rates, the Administration requested direction from the Finance and Citywide Projects Committee (FCPC) at its May 20, 2014 meeting, regarding the following items:

1. Should the City charge the tenants market base rent?
2. Should the City charge the tenants, as Additional Rent, for the actual, total operating expenses or continue to charge only a portion of the total operating expenses?

Base Rent

The City procured a Market Rent Analysis dated May 12, 2014 (the "Analysis") which is attached hereto as Exhibit B (Market Rent Analysis). As contained in the Analysis, the current market value for the typical space in the Center, consisting of three spaces containing 2,076 SF, 2,919 SF and 3,826 SF, ranges from \$20 to \$22 per square foot, plus operating expenses.

The smaller two spaces consisting of 289 SF and 445 SF have a market value of \$30 and \$25 per square foot, plus operating expenses, respectively.

The auditorium space, consisting of 2,792 SF, has a market value of \$20 per square foot, plus operating expenses. However, since the current tenant only has part-time use of the space, approximately eighteen percent (18%) of the time, the rate is adjusted to reflect \$3.60 per square foot (18% of \$20), plus eighteen percent (18%) of operating expenses.

Additional Rent

As contained in the agreements, Additional Rent includes Operating Expenses, Property Taxes and Insurance. The Center is exempt from property taxes and, per the agreements, the tenants are not required to pay for insurance at this time. As contained in the agreements, *“Operating Expenses” shall mean the following costs and expenses incurred in operating, repairing, and maintaining the Common Facilities (as hereinafter defined) and shall include electrical service, water service, sewer service, stormwater costs and janitorial service to the Building (including the Demised Premises).”*

The operating expense amount currently charged by the City, in accordance with the definition contained in the agreements, is \$7.68 per square foot and is based on actual operating expenses which were calculated in 2009. The agreements allow the City to adjust the operating expenses on an annual basis consistent with the actual cost of operating the Center; however, the operating expenses have not been adjusted during the initial term of the agreements. A line item detail of the 2009 operating expenses is attached hereto as Exhibit C (2009 Fiscal Year Operating Expenses (Portion)).

The operating expenses, as defined in the agreements, and as contained in Exhibit C, do not reflect the total cost to the City to operate the Center. Specifically, there are additional maintenance costs incurred by the City (i.e. elevator, HVAC, fire services, pest control, etc.), as well as the cost to the City to insure the Center. The total cost of operating the Center in 2013 was \$15.86 per square foot. A line item detail of the total cost of the 2013 operating expenses is attached hereto as Exhibit D (2013 Fiscal Year Operating Expenses (Total)).

As contained in the Analysis, the market operating expenses for commercial space comparable

to the Center are estimated at \$9 to \$11 per square foot.

The FCPC considered this matter and recommended the Administration:

1. not increase the Base Rent, and
2. increase the Additional Rent in accordance with the total cost of the 2013 operating expenses, except not to pass through the cost of insurance to the tenants.

A line item detail of the recommended Additional Rent is attached hereto as Exhibit E (2013 Fiscal Year Operating Expenses (Total without Insurance)). Accordingly, the FCPC recommended the Base Rent shall remain at \$1.20 annually and the Additional Rent shall be increased to \$11.06 per square foot.

As contained in the agreements, "...within ninety (90) days prior to the expiration of the Term, the City Manager may elect to re-negotiate a reasonable increase in the Rent, and shall provide Tenant with written notice of such election. If, following good-faith negotiations between the City and Tenant, the parties are unable to agree, then the City Manager may further elect to not renew the Agreement, in which case the Agreement will terminate and the City shall have no further liability or obligation to Tenant."

Furthermore, the agreements may be terminated by either party, without cause and for convenience at any time during the Term (including any renewal term), upon furnishing thirty (30) days written notice to the other party.

In accordance with the agreements, the City provided timely notice, to all the tenants, of the City's intention to increase the Additional Rent to \$11.06 per square foot. Subsequently, the City received a letter dated June 12, 2014 from LHANC, and an e-mail dated July 2, 2014 from JCS. Both letters requested that the City not increase the Additional Rent, and are attached hereto as Exhibit F (Tenant Letters).

ITEM #2 - ANALYSIS

South Florida Workforce Investment Board d/b/a CareerSource South Florida ("CareerSource") has been providing services at the Center since 2002 through a grant agreement with UNIDAD. South Florida Workforce awards grant funds for these services periodically and, during the most recent grant review has awarded funding to KRA Corporation ("KRA") for the workforce services. KRA has been contracted to provide workforce services, including training and employment, to the residents of the Miami Beach community. As a result, CareerSource requested to lease a portion of the space currently occupied by UNIDAD in order to continue to provide workforce services from the Center. The space is located on the 2nd Floor of the Center and contains 3,262 square feet.

A description of CareerSource is attached hereto as Exhibit G (CareerSource South Florida – Description). The services provided by CareerSource are attached hereto as Exhibit H (CareerSource South Florida – Services).

ITEM #3 - ANALYSIS

Due to the proposed new lease agreement with CareerSource, and due to the changing space requirements of existing tenants, CAA, JCS and UNIDAD propose modifying the locations of the spaces they occupy and adjusting their respective sizes.

Specifically, CAA will be downsizing from its current 2,076 square feet to 691 square feet; JCS will be occupying an additional 196 square feet of storage space; and UNIDAD will be relocating most of its 3,826 square feet of space it currently occupies on the 2nd Floor to a portion of the space on the 1st Floor which CAA is relinquishing, consisting of 1,518 square feet. A summary of the aforementioned expansion, relocations and downsizes is attached hereto as Exhibit I (Renewal Summary). Additionally, site plans of the Center reflecting said expansion, relocations and downsizes, as well as the proposed new agreement with CareerSource, are attached hereto as Exhibit J (Site Plans).

CONCLUSION

The Administration seeks a recommendation from the Finance and Citywide Projects Committee regarding:

1. Should the City increase the Additional Rent charged to LHANC and JCS, who have requested that their rent not be increased; as well as increase the Additional Rent charged to the other tenants at the Center?
2. Should the City enter into a new lease agreement with CareerSource and, if so, what should the City charge as Base Rent and Additional Rent?
3. Should the City agree to the renewals at the Center, including various expansion, downsizes and relocations?


JLM/KAB/MAS/MMM

Exhibits:

- A Agreement Summary
- B Market Rent Analysis
- C 2009 Fiscal Year Operating Expenses (Portion)
- D 2013 Fiscal Year Operating Expenses (Total)
- E 2013 Fiscal Year Operating Expenses (Total without Insurance)
- F Tenant Letters
- G CareerSource South Florida - Description
- H CareerSource South Florida- Services
- I Renewal Summary
- J Site Plans

Exhibit A

Agreement Summary

Tenant	Suite	Sq. Ft.	Agreement	Expiration	Renewal	Rent			
							Base	OEX	Total
MDC Community Action Agency	1st Floor Office	2,076	Lease	09/30/14	(1) for 5 years	Annually	\$ 1.20	\$ 15,935.28	\$ 15,936.48
						PSF	\$ 0.00	\$ 7.68	\$ 7.68
JCS of South Florida, Inc. - Meals	1st Floor Storage	289	Lease	09/30/14	(1) for 5 years	Annually	\$ 1.20	\$ 2,218.32	\$ 2,219.52
						PSF	\$ 0.00	\$ 7.68	\$ 7.68
JCS of South Florida, Inc. - Meals	1st Floor Auditorium	2,792	Concession	09/30/14	(1) for 5 years	Annually	\$ 1.20	\$ 5,357.88	\$ 5,359.08
						PSF	\$ 0.00	\$ 1.92	\$ 1.92
JCS of South Florida, Inc. - Ride	1st Floor Office	445	Lease	09/30/14	(1) for 5 years	Annually	\$ 1.20	\$ 3,415.80	\$ 3,417.00
						PSF	\$ 0.00	\$ 7.68	\$ 7.68
LHANC of Dade County, Inc.	1st Floor Daycare	2,919	Lease	09/30/14	(1) for 5 years	Annually	\$ 1.20	\$ 22,406.16	\$ 22,407.36
						PSF	\$ 0.00	\$ 7.68	\$ 7.68
LHANC of Dade County, Inc.	1st Floor Playground	7,002	Letter	09/30/14	(1) for 5 years	Annually	\$ 0.00	\$ 0.00	\$ 0.00
						PSF	\$ 0.00	\$ 0.00	\$ 0.00
UNIDAD of Miami Beach, Inc.	1st Floor 2nd Floor	329 3,826	Lease	09/30/14	(1) for 5 years	Annually	\$ 1.20	\$ 31,893.72	\$ 31,894.92
						PSF	\$ 0.00	\$ 7.68	\$ 7.68

Note: JCS of South Florida, Inc. pays 25% of CAM charges (\$1.92 of \$7.68) because they only use the auditorium part-time and the City retains access and use as needed.

Exhibit B

Market Rent Analysis

J. ALHALE APPRAISALS, INC.
REAL ESTATE APPRAISERS AND CONSULTANTS
3475 SHERIDAN STREET, SUITE 313
HOLLYWOOD, FLORIDA 33021

JOZEF ALHALE, MAI
STATE CERTIFIED GENERAL APPRAISER
NO. RZ0001557

CELL: (305) 613-7477
E-MAIL: JBALHALE@AOL.COM

May 12, 2014

Mr. Mark M. Milisits, RPA
Leasing Specialist
City of Miami Beach
Tourism, Culture and Economic Development Department
Office of Real Estate
1700 Convention Center Drive
Miami Beach, Florida 33139

Re: Market Rent Analysis for the
South Shore Community Center
833 6th Street, Miami Beach, Florida

Dear Mr. Milisits:

Pursuant to your request for a rent analysis study for the above referenced property, I submit the following report.

We have made a physical inspection of the subject site and existing improvements, reviewed the rent-roll and floor plan/sketches, and performed market research to provide estimates of the market rents for the subject property in its current "as is" condition.

The subject improvements consist of a one and two-story, CBS, mixed-use, city-owned community center facility which was built in 1970 and renovated in 2008. The building has a precast concrete Twin-T roof structure. The flat roof has a built-up tar and gravel covering. The facility has a fire alarm system, but is not equipped with fire sprinklers. Access to the second floor is provided by one passenger elevator and one covered exterior stairway at the front of the building, and one interior stairwell at the rear of the building. A large covered common breeze way area is situated in front of the ground floor space. Per the Public Records of Miami-Dade County, Florida, the property contains an adjusted building area of 13,761 SF. Per the rent roll provided to the appraisers, the property contains a Net Rentable Area (NRA) of 12,676 SF, excluding interior and covered exterior common areas and the 7,002 SF uncovered outdoor playground area. The ground floor contains 8,850SF (69.8%) of the total NRA, and the partial second floor contains 3,826 SF (30.2%).

Interior finishes consist of painted concrete block partition walls, exposed concrete Twin-T or dropped acoustical tile ceilings, florescent lighting fixtures, and a mixture of vinyl tile, ceramic tile, commercial grade carpet and wood laminate flooring. The ground-floor is currently partitioned to contain 2,521 SF of office space, 2,792 SF of auditorium space, 618 SF of storage space and 2,919 SF of daycare center space (which could alternately be utilized as office and/or similar type space), as well as a common area kitchen/break room and three common area restrooms which are not included in the Net Rentable Area. The second floor is partitioned to contain 3,826 SF of office space, as well as two common area restrooms and three common area mechanical rooms which are not included in the Net Rentable Area.

Per the Public Records of Miami-Dade County, Florida, the rectangular, double-corner subject site contains 42,000 SF (0.96 AC) with ± 350 feet of frontage along the north side of 6th Street, ± 120 feet of frontage along the east side of Jefferson Avenue, and ± 120 feet of frontage along the west side of Meridian Avenue. The northeast portion of the subject site, adjacent to the playground area, is utilized as a public parking lot by the City of Miami Beach, with 26 striped, metered, asphalt parking spaces. On the date of inspection, the subject property appeared to be in average condition and adequately maintained, with no signs of significant deferred maintenance. The community center is currently 100% occupied by four tenants under five individual lease agreements, one concession agreement, and one letter agreement, with the spaces divided up as follows:

Tenant One: occupies 2,076 square feet of "Class C" ground-floor office space, with interior finishes as described above.

Tenant Two: occupies 289 square feet of ground-floor storage/kitchen space; 2,792 SF of ground-floor auditorium space; and 445 SF of "Class C" ground-floor office space. It should be noted that a concession agreement was determined to be the appropriate mechanism by which to guarantee the tenant part-time use of the 2,792 SF auditorium space to serve meals on weekdays from 8:00 AM to 2:00 PM and still allow the space to be available for use by the City and/or general public during the afternoon, evening and weekend hours. The Miami Beach Parks and Recreation Department coordinates the use and/or rental of the Auditorium pursuant to its rules and regulations for rental of City-owned facilities. It should further be noted that the 445 SF of office space does not have independent access and can only be accessed by passing through the office space currently occupied by Tenant One.

Tenant Three: occupies 2,919 SF of ground-floor daycare center space under a standard lease agreement. This space could alternately be leased as office space. The current daycare tenant also has the exclusive use of the adjacent exterior 7,002 SF playground space under a letter agreement with the city. The playground space is not "under-roof" and therefore, not included as part of the buildings leasable square footage. It should be noted that the large outdoor playground area would have no significant utility to an office tenant in an alternate use and therefore, would not command significant, if any, rental income.

Tenant Four: occupies 3,826 SF of “Class C” second-floor office space (the entire second floor), as well as 329 SF of ground-floor storage space consisting of a 196 SF storage room at the front of the building and a 133 SF storage room at the rear of the building.

A survey of comparable rental ground-floor and upper-floor office/retail/commercial space in the subject area was made in order to provide an indication of the market rental rates applicable to the subject property. We have provided rental rates for retail and office space, east of Washington Avenue which is superior to the subject property, as well as rental rates for retail and office space, west of Washington Avenue which is only slightly superior to the subject property which is located on 6th Street, off the main commercial arteries.

The commercial facilities on Washington Avenue and Collins Avenue, between 8th Street and 12th Street indicated a rental rate/SF range of \$90/SF to \$167.30/SF on a triple-net basis (tenant pays for all operating expenses, with the exception of management and reserves) for ground-floor retail space. The renovated and/or recently-built rental space is located on Collins Avenue and Washington Avenue, between 8th Street and 12th Street, in South Beach; and considered considerably superior to the subject property in terms of location and appeal. **Refer to “Chart 1”.**

The commercial facilities indicated a rental rate/SF range of \$82/SF to \$147.50/SF along Ocean Drive on a triple-net basis (tenant pays for all operating expenses, with the exception of management and reserves) for ground-floor retail/restaurant space. The renovated and/or recently-built rental space is located on Ocean Drive, between 1st Street and 15th Street, in South Beach; and considered considerably superior to the subject property in terms of location and appeal. **Refer to “Chart 2”.**

The commercial facilities on Washington Avenue, Ocean Drive and Collins Avenue, between 4th Street and 16th Street indicated a rental rate/SF range of \$30/SF to \$48/SF on a semi-net basis (tenant pays for utilities and interior maintenance, as well as increases above base-year operating expenses); \$30/SF to \$36/SF on a semi-net basis (tenant pays for electricity); \$35/SF on a full-service basis (tenant pays no operating expenses); and \$30/SF to \$40/SF on a triple-net basis (tenant pays for all operating expenses, with the exception of management and reserves) for upper floor commercial space and office space. The renovated and/or recently-built rental space is located on Collins Avenue, Ocean Drive and Washington Avenue, between 4th Street and 16th Street, in South Beach; and considered considerably superior to the subject property in terms of location and appeal. **Refer to “Chart 3”.**

The commercial facilities on main arteries along 5th Street, Lincoln Road and off-Lincoln Road (along Michigan Avenue and Meridian Avenue), between 5th Street and 17th Street indicated a rental rate/SF range of \$25.60/SF to \$50/SF on a semi-net basis (tenant pays for utilities and interior maintenance, as well as increases above base-year operating expenses) for Class B office space; \$34/SF on a semi-net basis (tenant pays for utilities); \$25.50/SF to \$60/SF (small 200 SF space) on a full-service basis (tenant pays no operating expenses); and \$19.26/SF to \$26.26/SF for upper-floor office space on a triple-net basis (tenant pays for all operating expenses, with the exception of management and reserves); and \$110/SF for ground-floor retail space on a triple-net basis (tenant pays for all operating expenses, with the exception of management and reserves). The renovated and/or recently-built rental space is located on 5th Street, Lincoln Road, or within one-block of Lincoln Road on Meridian Avenue and Michigan Avenue, between 5th Street and 17th Street, in South Beach; and considered considerably superior to the subject property in terms of location and appeal. **Refer to "Chart 4".**

The commercial facilities on Alton Road and 5th Street, east of Washington Avenue, and between 5th Street and 15th Street, indicated a rental rate/SF range of \$45/SF to \$70/SF on a triple-net basis (tenant pays for all operating expenses, with the exception of management and reserves) and \$41/SF on semi-net basis (tenant pays for utilities, and the landlord pays for all other operating expenses) for ground-floor retail space. Comparable Rental Numbers One and Two are significantly superior to the subject property in terms of appeals. Comparable Rental Numbers Three and Four are somewhat similar to the subject property in general (if each space is delineated for exclusive use of the tenant, without common and/or shared access) in terms of appeal. All four comparable rental space on Alton Road and 5th Street which are main commercial arteries were superior in terms of specific location in South Beach. **Refer to "Chart 5".**

The commercial facilities on Alton Road, 5th Street, 4th Street, Jefferson Avenue and Bay Road, and between 4th Street and 20th Street, indicated a rental rate/SF range of \$35/SF to \$50/SF for ground-floor space; \$28/SF to \$31.20/SF on a semi-net basis (tenant pays for utilities and interior maintenance, as well as increases above base-year operating expenses); and \$32/SF for second-floor office space on a triple-net basis (tenant pays for all operating expenses, with the exception of management and reserves) and \$35/SF to \$45/SF on a full-service basis (landlord pays for all operating expenses) for second-floor or multi-floor office space.

Comparable Rental Number Two (on Jefferson Avenue, between 5th Street and 6th Street; reflecting \$30/SF on a semi-net basis (tenant pays for utilities and interior maintenance, as well as increases above base-year operating expenses); and Comparable Rental Number Nine (on 4th Street, one block south of the 5th Street corridor, and west of Washington Avenue) reflecting \$28/SF on a semi-net basis (tenant pays for utilities and interior maintenance, as well as increases above base-year operating expenses); Comparable Rental Number Four (\$35/SF on a full-service basis; landlord pays for all operating expenses);

and Comparable Rental Number Six (\$35/SF on a full-service basis; landlord pays for all operating expenses) reflect the most comparable space for the second floor of the subject property which is exclusively used by a single tenant (currently, Unidad of Miami Beach, Inc.), without any shared access. **Refer to "Chart 6"**.

In addition, Comparable Rental Number Four (\$21.26/SF to \$26.26/SF on a triple-net basis (tenants pays a pro-rated share of CAM), Comparable Rental Number Six (\$19.26/SF to \$21.26/SF on a triple-net basis (tenants pays a pro-rated share of CAM), and Comparable Rental Number Five (\$34/SF to \$35/SF on a full-service basis; landlord pays for all operating expenses) reflect the most comparable space for the second floor of the subject property which is exclusively used by a single tenant (currently, Unidad of Miami Beach, Inc.), without any shared access. **Refer to "Chart 4"**.

Comparable Rental Numbers Nine, Ten, Eleven and Thirteen (\$25/SF to \$42/SF on a full-service basis; landlord pays for all operating expenses) and Comparable Rental Number Eight (\$25.60/SF to \$28.70/SF on a semi-net basis (tenant pays for utilities and interior maintenance, as well as increases above base-year operating expenses) reflect the most comparable space for the second floor of the subject property which is exclusively used by a single tenant (currently, Unidad of Miami Beach, Inc.), without any shared access. **Refer to "Chart 4"**.

Conclusion and Estimated Market Rental Rates

Tenant Four: occupies 3,826 SF of "Class C" second-floor office space (the entire second floor), as well as 329 SF of ground-floor storage space consisting of a 196 SF storage room at the front of the building and a 133 SF storage room at the rear of the building. The market rent for this 3,826 SF second-floor space, including the complimentary use of the 196 SF storage space on the ground-floor, which is situated near the mechanical room and the restrooms, would be \$20/SF on a triple-net basis whereas the tenant would pay base rent of \$20/SF, based on the 3,826 SF second-floor area (no additional rent for the 329 SF un-fenestrated interior storage space on the first floor), plus CAM based on the 3,826 SF and 329 SF space of the 12,676 SF total area.

Conclusion and Estimated Market Rental Rates - Continued

Tenant Three: occupies 2,919 SF of ground-floor daycare center space under a standard lease agreement. This space could alternately be leased as office space. The current daycare tenant also has the exclusive use of the adjacent outdoor 7,002 SF playground space under a letter agreement with the city. The playground space is not "under-roof" and therefore, not included as part of the buildings leasable square footage. It should be noted that the large outdoor playground area would have no significant utility to an office tenant in an alternate use and therefore, would not command significant, if any, rental income. Accordingly, the market rent for the 2,919 SF ground-floor space (currently used by LHANC of Dade County, Inc.), including the exclusive use of the 7,002 SF fenced outdoor area, during the typical business hours, and currently utilized as a playground, would be \$20/SF on a triple-net basis whereas the tenant would pay base rent of \$20/SF, based on the 2,919 SF ground-floor area (no additional rent for the 7,002 SF outdoor area, as a typical office tenant would not pay for the use of such large outdoor space in South Florida; and only users for a smaller outdoor area might be a sport's camp and/or a fitness center such as CrossFit which incorporates indoor and outdoor work-out drills on a much smaller area), plus CAM based on the 2,919 SF space of the 12,676 SF total area.

Tenant One: occupies 2,076 square feet of "Class C" ground-floor office space. The market rent for the 2,076 SF ground-floor space (currently used by MDC Community Action Agency), would be \$22/SF on a triple-net basis whereas the tenant would pay base rent of \$22/SF, based on the 2,076 SF ground-floor area, plus CAM based on the 2,076 SF space of the 12,676 SF total area. The projected market rental rate takes into account the size/scale of the space (smaller than the two tenants with 2,919 SF and 3,826 SF), as well as the access provided to the 445 SF space currently used by another tenant (JCS of South Florida, Inc.'s "Senior Ride" program). The 2,076 SF space would be more marketable, without the 445 SF space embedded in it, with use by another tenant, and shared access between two users. If a comparable space for the 445 SF area can be allocated at the opposite side of this 2,076 SF space, with its own access from the hallway, the market rent for the "un-compromised" 2,076 SF space would be slightly higher.

Tenant Two: occupies 289 square feet of ground-floor storage/kitchen space; 2,792 SF of ground-floor auditorium space; and 445 SF of "Class C" ground-floor office space. It should be noted that a concession agreement was determined to be the appropriate mechanism by which to guarantee the tenant part-time use of the 2,792 SF auditorium space to serve meals on weekdays from 8:00 AM to 2:00 PM and still allow the space to be available for use by the City and/or general public during the afternoon, evening and weekend hours. The Miami Beach Parks and Recreation Department coordinates the use and/or rental of the Auditorium pursuant to its rules and regulations for rental of City-owned facilities. It should further be noted that the 445 SF of office space does not have independent access and can only be accessed by passing through the office space currently occupied by Tenant One.

Conclusion and Estimated Market Rental Rates - Continued

Tenant Two (Continued) The market rent for the 445 SF ground-floor space (currently used by JCS of South Florida, Inc.'s "Senior Ride" program), with access through the 2,076 SF ground-floor area occupied by MDC Community Action Agency, would be \$25/SF on a triple-net basis whereas the tenant would pay base rent of \$25/SF, based on the 445 SF ground-floor area, plus CAM based on the 445 SF space of the 12,676 SF total area. The projected market rental rate takes into account the size/scale of the space (very small spaces typically command a higher rental rate on a per square foot basis), as well as the only access provided through the 2,076 SF space currently used by another tenant (MDC Community Action Agency). The 445 SF space would be more marketable, if it were not embedded within another tenant's quarters, and have shared-access between two users. If a comparable space for the 445 SF area can be allocated at the opposite side of this 2,076 SF space, with its own access from the hallway, the market rent for the 445 SF space would be slightly higher.

The market rent for the 289 SF ground-floor space (currently used by JCS of South Florida, Inc.'s "meals program", as the kitchen/meal preparation area for the adjacent 2,792 SF auditorium where the tenant has use of this space between 8 AM and 2 PM, on weekdays) Would be \$30/SF on a triple-net basis whereas the tenant would pay base rent of \$30/SF, based on the 289 SF ground-floor area, plus CAM based on the 289 SF space of the 12,676 SF total area, and the part-time use of the 2,792 SF dining area between 8 AM and 2 PM on weekdays (the lease of this 289 SF meal preparation area is in conjunction with the part-time use of the auditorium, see below).

A typical office or restaurant tenant would have 365-day 24-hour/day access and potential use of a leased space, while this tenant shares the auditorium with the community at large who uses it for other purposes, after 2 PM and on weekends. The six hours per weekday or 1,560 hours per year reflects about 18% (6 hours x 5 weekdays x 52 weeks / 365 days x 24 hours) of the total time on a yearly basis. In an exclusive use, the 2,792 SF ground-floor auditorium space would potentially appeal to a health clinic, art's studio, fitness center, kinder-garden, senior day-care center, etc. with a potential rental rate of \$20/SF on a triple-net basis, whereas the tenant, with an exclusive and full-time use would pay base rent of \$20/SF, based on the 2,792 SF ground-floor area, plus CAM based on the pro-rated share of the 2,792 SF space of the 12,676 SF total area.

Accordingly, 18% of the projected rental rate or \$3.60/SF ($\$20/\text{SF} \times .18$) for the part-time and temporary non-exclusive use of the 2,792 SF auditorium space (2,792 SF x \$3.60/SF per year), plus 18% of the CAM based on the 2,792 SF space of the 12,676 SF total area; and \$30/SF for the full-time and exclusive use of the 289 SF storage/food preparation area, plus CAM based on the 289 SF space of the 12,676 SF total area would be reasonable market rents for these two areas to be utilized in conjunction. The projected market rental rates take into account the size/scale of the 289 SF interior space (very small spaces typically command a higher rental rate on a per square foot basis), as well as the associated part-time use of the auditorium area to serve meals.

Mr. Mark M. Milisits, RPA
May 12, 2014
Page Eight

Conclusion and Estimated Market Rental Rates - Continued

The current CAM fee for the subject property was reported to be \$7.68/SF, adjusted annually, which is typical for this type of space. It should be noted that the insurance cost runs between \$1.50/SF to \$2.50/SF gross building area, depending on the commercial use, configuration and build-out of a commercial structure. The insurance cost for the 12,676 SF subject property was estimated to be approximately \$2.50/SF, based on the replacement cost of similar community centers with an auditorium.

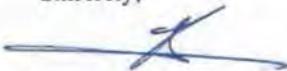
The implied expense for utilities and janitorial services derived from commercial properties in South Beach and the difference between quoted rental rates on a full-service (tenant pays for no expenses) and semi-net basis (tenant pays for utilities and interior maintenance) is about \$5-6/SF. However, the utility consumption varies based on the specific use of the leased space, occupancy (number of people occupying a space), as well as use of machinery, equipment, lighting, etc. We suggest that the landlord analyzes the actual utility bills for the last one or two years to capture the exact utility consumption at the subject property which has different tenants, uses and hours of operation.

In addition to the janitorial services, the maintenance cost (elevator service, air-conditioning service, grounds keeping, landscaping, plumbing and electrical would range between \$1.50/SF and \$2.50/SF.

Accordingly, the CAM for this type of commercial space would be approximately \$9/SF to \$11/SF. The CAM charge for each tenant should be based on the respective space for each tenant and the 12,676 SF total net rentable space, as described herein. However, the CAM for the 2,792 SF auditorium area which is used on a part-time basis might be based on approximately 18% usage of total availability for that area.

It is my estimate that the market rents for the subject property in "as is" condition, as of May 2014 was as described herein.

Sincerely,



Jozef Alhale, MAI
State Certified General Appraiser
License No. RZ 0001557

\14-04-06

SUMMARY OF RENTAL COMMERCIAL OFFICE/RETAIL SPACE ON GROUND FLOOR EAST OF WASHINGTON AVENUE

"CHART ONE"

	Comparable Rental One	Comparable Rental Two	Comparable Rental Three	Comparable Rental Four	Comparable Rental Five
Address	852 Collins Avenue Miami Beach Florida	865 Collins Avenue Miami Beach Florida	909 Collins Avenue Miami Beach Florida	1200 Collins Avenue Miami Beach Florida	983-999 Washington Avenue Miami Beach Florida
Building Area (SF)	11,406	16,070	7,000	16,353	13,300
Site Area (SF)	7,000	Condominiums	7,000	Condominiums	6,500
Year Built	1936	1954	Proposed	1939	1936
Condition	+ Average	+ Average to Good	Good	+ Average to Good	Good (Being Gut-Renovated)
Vacant Space (SF)	11,089	789	7,000	3,000	13,300
Retail Vacancy %	97%	5%	100%	18%	100%
Lease Term	10-15 Years	1-5 Years	5-10 Years	Negotiable	Negotiable
Rental Escalations	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up
Tenant Expenses	All Operating Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	All Operating Expenses	All Operating Expenses	All Operating Expenses
Landlord Expenses	Management and Reserves	Base-year fixed and variable expenses	Management and Reserves	Management and Reserves	Management and Reserves
Rental Rate/SF	\$125 (Triple-Net)	\$167.30 (Semi-Net)	\$90 (Triple-Net)	\$100 (Triple-Net)	\$100 (Triple-Net)

J. ALHALE APPRAISALS, INC.

SUMMARY OF RENTAL COMMERCIAL RESTAURANT/RETAIL SPACE ALONG OCEAN DRIVE

"CHART TWO"

	Comparable Rental One	Comparable Rental Two	Comparable Rental Three	Comparable Rental Four	Comparable Rental Five	Comparable Rental Six
Address	900 Ocean Drive Miami Beach Florida	1052 Ocean Drive Miami Beach Florida	1451 Ocean Drive Miami Beach Florida	1390 Ocean Drive Miami Beach Florida	448 Ocean Drive Miami Beach Florida	36 Ocean Drive Miami Beach Florida
Building Area (SF)	19,502	12,925	634 to 888	29,137	15,128	5,750
Site Area (SF)	13,000	32,670	Condominiums	Condominiums	Condominiums	5,750
Year Built	1952	1934	1998	1965	2006	1925
Condition	+ Average to Good	+ Average to Good	Good	+ Average to Good	Good	+ Average
Vacant Space (SF)	0	0	0	2,000	2,267	5,750
Retail Vacancy %	0%	0%	0%	6.9%	15%	100%
Lease Term	3-7 Years	5-50 Years	5-10 Years	Negotiable	Negotiable	5-10 Years
Rental Escalations	CPI or Stepped-up	CPI or Stepped-up	3% to 3.5%	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up
Tenant Expenses	All Operating Expenses	All Operating Expenses	All Operating Expenses	All Operating Expenses	All Operating Expenses	All Operating Expenses
Landlord Expenses	Management and Reserves	Management and Reserves	Management and Reserves	Management and Reserves	Management and Reserves	Management and Reserves
Bay Size (SF)	833	1,714 to 6,102	634 to 888	2,000	2,267	5,750
Rental Rate / SF	\$146 (Triple-Net)	\$98 to \$147.50 (Triple-Net)	\$82 to \$88 (Triple-Net)	\$85 (Triple-Net)	\$140 (Triple-Net)	\$94 (Triple-Net)

J. ALHALE APPRAISALS, INC.

SUMMARY OF RENTAL COMMERCIAL/OFFICE SPACE ON UPPER FLOORS: EAST OF WASHINGTON AVENUE

"CHART THREE"

	Comparable Rental One	Comparable Rental Two	Comparable Rental Three	Comparable Rental Four	Comparable Rental Five	Comparable Rental Six	Comparable Rental Seven	Comparable Rental Eight
Address	826 Collins Avenue Miami Beach Florida	1425 Collins Avenue Miami Beach Florida	1434 Collins Avenue Miami Beach Florida	1330 Ocean Drive Miami Beach Florida	404 Washington Avenue Miami Beach Florida	555 Washington Avenue Miami Beach Florida	930 Washington Avenue Miami Beach Florida	1601 Washington Avenue Miami Beach Florida
Building Area (SF)	10,459	10,800	18,256	50,000	159,887	64,567	22,200	139,887
Site Area (SF)	7,000	10,500	9,720	Condominiums	24,788	39,911	30,050	64,740
Year Built	1923	1926	1955	1936	1995	2001	1967	2002
Condition	+ Average to Good	+ Average to Good	+ Average to Good	+ Average to Good	Good	+ Average to Good	+ Average	Good
Vacant Space (SF)	1,200	2,900	9,058	2,900	2,457	26,889	1,800	17,797
Retail Vacancy %	11%	27%	50%	6%	1.5%	42%	8%	12.7%
Lease Term	1-4 Years	3-5 Years	5 Years	3-5 Years	5 Years	2-5 Years	1-5 Years	1-5 Years
Rental Escalations	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up
Tenant Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	All Operating Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	All Operating Expenses	None	Electricity	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	None
Landlord Expenses	Base-year fixed and variable expenses	Management and Reserves	Base-year fixed and variable expenses	Management and Reserves	All fixed and variable expenses	All other fixed and variable expenses	Base-year fixed and variable expenses	All fixed and variable expenses
Rental Rate/SF	\$48 (Semi-Net)	\$30 to \$35 (Triple-Net)	\$30 (Semi-Net)	\$30 to \$40 (Triple-Net)	\$35 (Full Service)	\$30 to \$36 (Semi-Net)	\$32 to \$36 (Semi-Net)	\$35 (Full Service)

**SUMMARY OF RENTAL COMMERCIAL OFFICE/RETAIL SPACE ON GROUND
AND UPPER FLOORS ON MAIN ARTERIES, WEST OF WASHINGTON AVENUE (Page 2)**

"CHART FOUR"

	<u>Comparable Rental Eight</u>	<u>Comparable Rental Nine</u>	<u>Comparable Rental Ten</u>	<u>Comparable Rental Eleven</u>	<u>Comparable Rental Twelve</u>	<u>Comparable Rental Thirteen</u>
Address	532-560 Lincoln Road Miami Beach Florida	690 Lincoln Road Miami Beach Florida	1201-1233 Lincoln Road Miami Beach Florida	1111 Lincoln Road Miami Beach Florida	455 Lincoln Road Miami Beach Florida	1000-1014 Lincoln Road Miami Beach Florida
Building Area (SF)	48,245	19,745	14,914	179,363	7,208	23,313
Site Area (SF)	16,500	45,000	7,500	48,000	4,987	16,500
Year Built	1930	1936	1925	1970	1937	1930
Condition	+ Average (Renovated)	+ Average (Renovated)	+ Average (Renovated)	+ Average (Renovated)	+ Average (Renovated)	+ Average (Renovated)
Comments	Lincoln Road; 2-story Mixed-Use; 2nd Floor Office Space	Lincoln Road; 3-story Mixed-Use; 2nd & 3rd Floor Office Space	Lincoln Road; 2-story Mixed-Use; 2nd Floor Office Space	Lincoln Road; 8-story Mixed-Use; Upper Floor Office Space	Lincoln Road; 2-story Mixed-Use; 2nd Floor Office Space	Lincoln Road; 2-story Mixed-Use; 2nd Floor Office Space
Vacant Space (SF)	3,086	4,500	800	7,019	200	340
Retail Vacancy %	6.4%	22.8%	5.4%	3.9%	2.8%	1.5%
Lease Term	Negotiable	Negotiable	Negotiable	1-5 Years	Negotiable	Negotiable
Rental Escalations	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up
Tenant Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	None	None	None	None	None
Landlord Expenses	Base-year fixed and variable expenses	All fixed and variable expenses	All fixed and variable expenses	All fixed and variable expenses	All fixed and variable expenses	All fixed and variable expenses
Rental Rate/SF	\$25.80 to \$28.70 (Semi-Net)	\$33 to \$36 (Full Service)	\$25.50 (Full Service)	\$42.00 (Full Service)	\$60.00 (Full Service)	\$38.82 (Full Service)

SUMMARY OF RENTAL COMMERCIAL OFFICE/RETAIL SPACE ON GROUND AND UPPER FLOORS ON MAIN ARTERIES WEST OF WASHINGTON AVENUE (Page 1)

"CHART FOUR"

	Comparable Rental One	Comparable Rental Two	Comparable Rental Three	Comparable Rental Four	Comparable Rental Five	Comparable Rental Six	Comparable Rental Six	Comparable Rental Seven
Address	420-426 Jefferson Avenue Miami Beach Florida	1000 5th Street Miami Beach Florida	1691 Michigan Avenue Miami Beach Florida	1688 Meridian Avenue Miami Beach Florida	1680 Meridian Avenue Miami Beach Florida	1674 Meridian Avenue Miami Beach Florida	919-939 Lincoln Road Miami Beach Florida	600-612 Lincoln Road Miami Beach Florida
Building Area (SF)	23,000	38,500	161,824	96,870	60,445	31,000	22,000	27,700
Site Area (SF)	11,275	30,000	153,000	1961	11,250	8,250	22,500	15,000
Year Built	1994	2004	2003	1961	1957	1959	1928	1940
Condition	+ Average to Good	Good	Good	+ Average (Renovated)	+ Average (Renovated)	+ Average (Renovated)	+ Average (Renovated)	+ Average (Renovated)
Comments	5th Street, Class B Office Space	5th Street, Class B Retail/Office Space	"The Lincoln", Class A Office Space	1st Floor Retail Upper Floor Office	Off Lincoln Road, Upper Floor Offices	Off Lincoln Road, Upper Floor Offices	Lincoln Road, 2-story Mixed-Use, 2nd Floor Office Space	Lincoln Road, 2-story Mixed-Use, 2nd Floor Office Space
Vacant Space (SF)	5,000	8,299	20,163	49,883	11,575	11,621	1,100	11,465
Retail Vacancy %	21.7%	22.7%	12.5%	51.5%	19.1%	37.5%	5.0%	41.4%
Lease Term	Negotiable	1-5 Years	Negotiable	3-5 Years	3-5 Years	1-5 Years	1-5 Years	Negotiable
Rental Escalations	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up
Tenant Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	Utilities	All Operating Expenses	None	All Operating Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	All Operating Expenses
Landlord Expenses	Base-year fixed and variable expenses	Base-year fixed and variable expenses	All other fixed and variable expenses	Management and Reserves	All fixed and variable expenses	Management and Reserves	Base-year fixed and variable expenses	Management and Reserves
Rental Rate/SF	\$50.00 (Semi-Net)	\$40.00 (Semi-Net)	\$34.00 (Semi-Net)	\$110 1st Fl Retail \$21.26-28.28 Upper Floor Office Space (Triple-Net)	\$34 to \$35 (Full Service)	\$19.26 to \$21.26 (Triple-Net)	\$32.00 (Semi-Net)	\$25.00 (Triple-Net)

**SUMMARY OF RENTAL COMMERCIAL OFFICE/RETAIL SPACE ON
THE GROUND FLOOR WEST OF WASHINGTON AVENUE**

"CHART FIVE"

	<u>Comparable Rental One</u>	<u>Comparable Rental Two</u>	<u>Comparable Rental Three</u>	<u>Comparable Rental Four</u>
Address	1501 Alton Road Miami Beach Florida	1428-1440 Alton Road Miami Beach Florida	1420-1426 Alton Road Miami Beach Florida	1019 5th Street Miami Beach Florida
Building Area (SF)	25,545	7,000	10,395	7,000
Site Area (SF)	60,000	15,000	15,000	7,000
Year Built	1991	1940	19447	1937
Condition	+ Average	+ Average (Renovated)	+ Average	Average
Comments	Alton Road; Retail Space (Former Block Buster)	Alton Road; Retail Space	Alton Road; Mixed- Use Space	1st Floor Retail
Vacant Space (SF)	4,200	2,239	3,507	7,000
Retail Vacancy %	16.4%	32.0%	33.7%	100.0%
Lease Term	Negotiable	Negotiable	Negotiable	Negotiable
Rental Escalations	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up
Tenant Expenses	All Operating Expenses	All Operating Expenses	Utilities	All Operating Expenses
Landlord Expenses	Management and Reserves	Management and Reserves	All other fixed and variable expenses	Management and Reserves
Rental Rate/SF	\$70.00 (Triple-Net)	\$45.00 (Triple-Net)	\$41.00 (Semi-Net)	\$50.00 (Triple-Net)

J. ALHALE APPRAISALS, INC.

SUMMARY OF RENTAL COMMERCIAL/OFFICE SPACE ON MULTI-STORY OR UPPER FLOORS WEST OF WASHINGTON AVENUE

	"CHART SIX"									
	Comparable Rental One	Comparable Rental Two	Comparable Rental Three	Comparable Rental Four	Comparable Rental Five	Comparable Rental Six	Comparable Rental Six	Comparable Rental Seven	Comparable Rental Eight	Comparable Rental Nine
Address	429-456 Lenox Avenue Miami Beach Florida	541 Jefferson Avenue Miami Beach Florida	1919 Bay Road Miami Beach Florida	1965 Alton Road Miami Beach Florida	1964 Alton Road Miami Beach Florida	1566 Alton Road Miami Beach Florida	1400 Alton Road Miami Beach Florida	965 Alton Road Miami Beach Florida	844 Alton Road Miami Beach Florida	747 4th Street Miami Beach Florida
Building Area (SF)	43,555	4,000	6,944	13,411	21,231	6,000	13,012	15,000	5,669	7,801
Site Area (SF)	22,360	17,080	4,050	11,380	15,000	7,500	16,060	20,400	9,000	7,000
Year Built	1949	1971	1962	2009	1938	1925	1941	1950	1948	1930
Condition	+ Average	Average	+ Average	Good	+ Average (Renovated)	+ Average (Renovated)	+ Average	+ Average	+ Average (Renovated)	+ Average (Renovated)
Comments	5th Street, Retail or Office Space	Between 5th & 6th Street, Class C Office Space	Bay Road, Retail or Office Space	1st Floor Retail 2nd Floor Office	Alton Road, Mixed-Use 2nd Floor Office	Alton Road, Mixed-Use 2nd Floor Office	Alton Road, 3-story Space, Last used as a Fitness Club	Alton Road, Last Used as a Higher-Education Facility	Alton Road, Mixed-Use 2nd Floor Office	South of 5th, 2-story Office Space 2nd Floor Available
Vacant Space (SF)	29,000	4,000	3,000	5,969	2,860	3,800	13,012	15,000	2,744	1,500
Retail Vacancy %	66.6%	100.0%	48.5%	44.5%	13.4%	65.0%	100.0%	100.0%	46.8%	19.0%
Lease Term	3-5 Years	Negotiable	1-5 Years	Negotiable	Negotiable	3 Years	Negotiable	10 Years	Negotiable	1-5 Years
Rental Escalations	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up	CPI or Stepped-up
Tenant Expenses	All Operating Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	All Operating Expenses	All Operating Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses	None	All Operating Expenses	None	All Operating Expenses	Utilities and Interior Maintenance and Increases Above Base-Year Operating Expenses
Landlord Expenses	Management and Reserves	Base-year fixed and variable expenses	Management and Reserves	Management and Reserves	Base-year fixed and variable expenses	All fixed and variable expenses	Management and Reserves	All fixed and variable expenses	Management and Reserves	Base-year fixed and variable expenses
Rental Rate/SF	\$38.48 (Triple-Net)	\$30.00 (Semi-Net)	\$35.00 (Triple-Net)	\$50 NNN Retail \$35 Full-Service Office	\$31.20 (Semi-Net)	\$35.00 (Full Service)	\$45.00 (Triple-Net)	\$45.00 (Full Service)	\$32.00 (Triple-Net)	\$28.00 (Semi-Net)



South (front) elevation of subject facility,
facing northeast from 6th Street



South (front) elevation of subject facility,
facing northwest from 6th Street



West (side) elevation of subject facility,
facing southeast from Jefferson Avenue



Parking lot and east (side) elevation of subject
facility, facing southwest from Meridian Avenue



Breezeway with elevator and exterior stairway,
situated at south (front) end of facility



Tenant One (Miami-Dade County CAA) -
2,076 SF ground floor office space



Tenant Two (JCS of South Florida, Inc.) –
289 SF storage (meal preparation) space



Tenant Two (JCS of South Florida, Inc.) –
2,792 SF auditorium space



Tenant Two (JCS of South Florida, Inc.) –
445 SF ground floor office space



Common Area –
305 SF ground floor kitchen space



Tenant Three (LHANC) –
2,919 SF daycare center space



Tenant Three (LHANC) –
7,002 SF playground space



Tenant Four (UNIDAD of Miami Beach, Inc.) –
3,826 SF second floor office space



6th Street facing west, with subject
property to right of photograph



Jefferson Avenue facing south, with subject
property to left of photograph



Meridian Avenue facing north, with subject
property to left of photograph



FIRST FLOOR PLAN

Tenant Four (UNIDAD) →

UNIDAD STORAGE
133 SF

MECHANICAL
276 SF

Tenant Two (JCS)
SENIOR RIDE
445 SF

KITCHEN
305 SF

Tenant One (Miami-Dade County CAA)
CAA
2,076 SF

JCS STORAGE
289 SF

116 SF

AUDITORIUM
2,792 SF

Tenant Two (JCS)

10 SF

17 SF

Lobby
237 SF

Breezeway

Tenant Three (LHANC) Truncated →

Tenant Four (UNIDAD)

MECHANICAL
206 SF

UNIDAD STORAGE
196 SF

594 SF

Elevator

HS

SOUTH SHORE COMMUNITY CENTER
833 SIXTH STREET

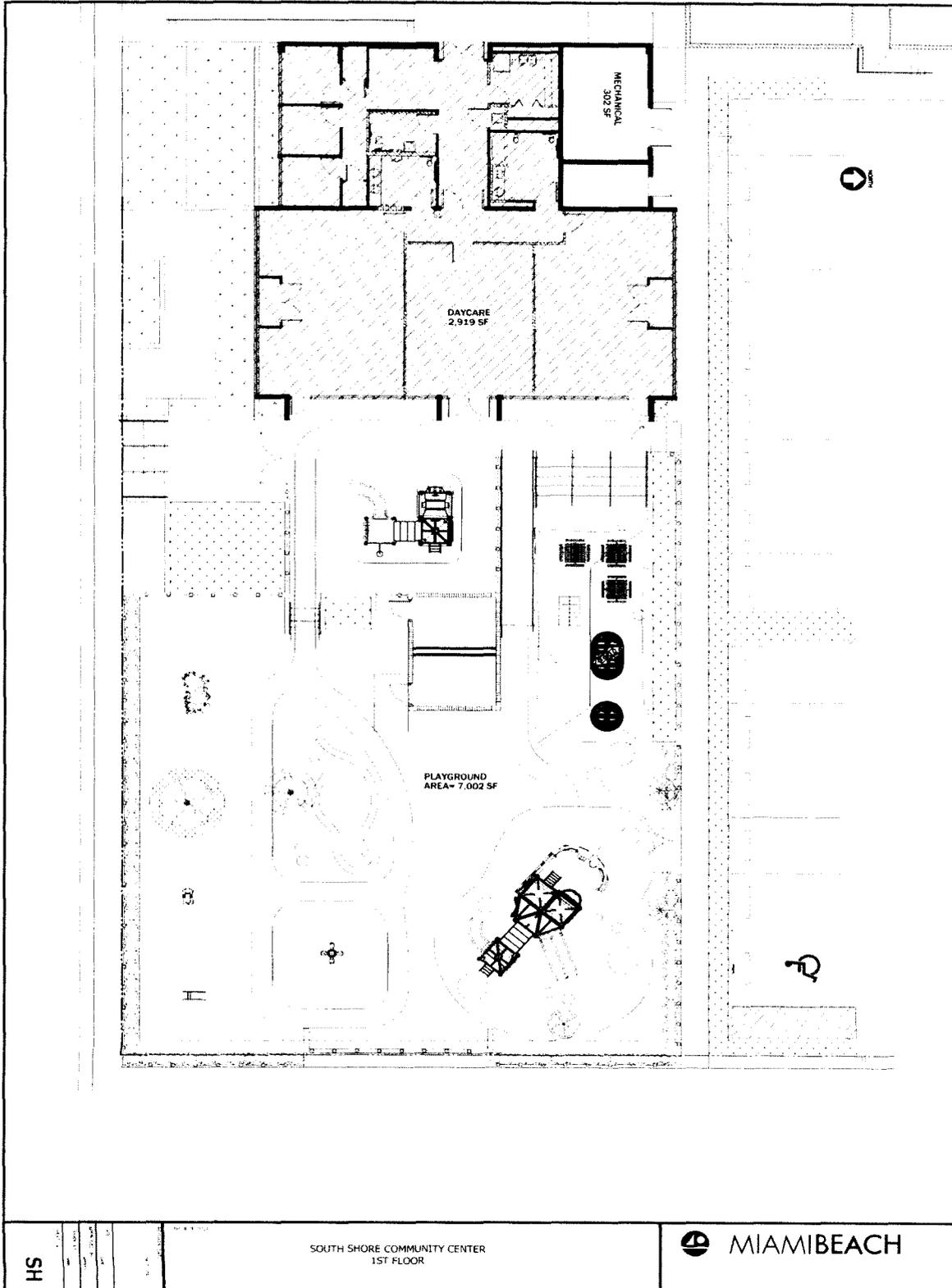


MIAMI BEACH

PROPERTY MANAGEMENT DIVISION
1345 MICHIGAN AVE., MIAMI BEACH, FL 33139
PHONE (305) 873-7632 FAX 305-873-7963

EXHIBIT 1

Demised Premises





Jefferson Avenue

Meridian Avenue

6th Street

South Shore
Community
Center

Parking Lot

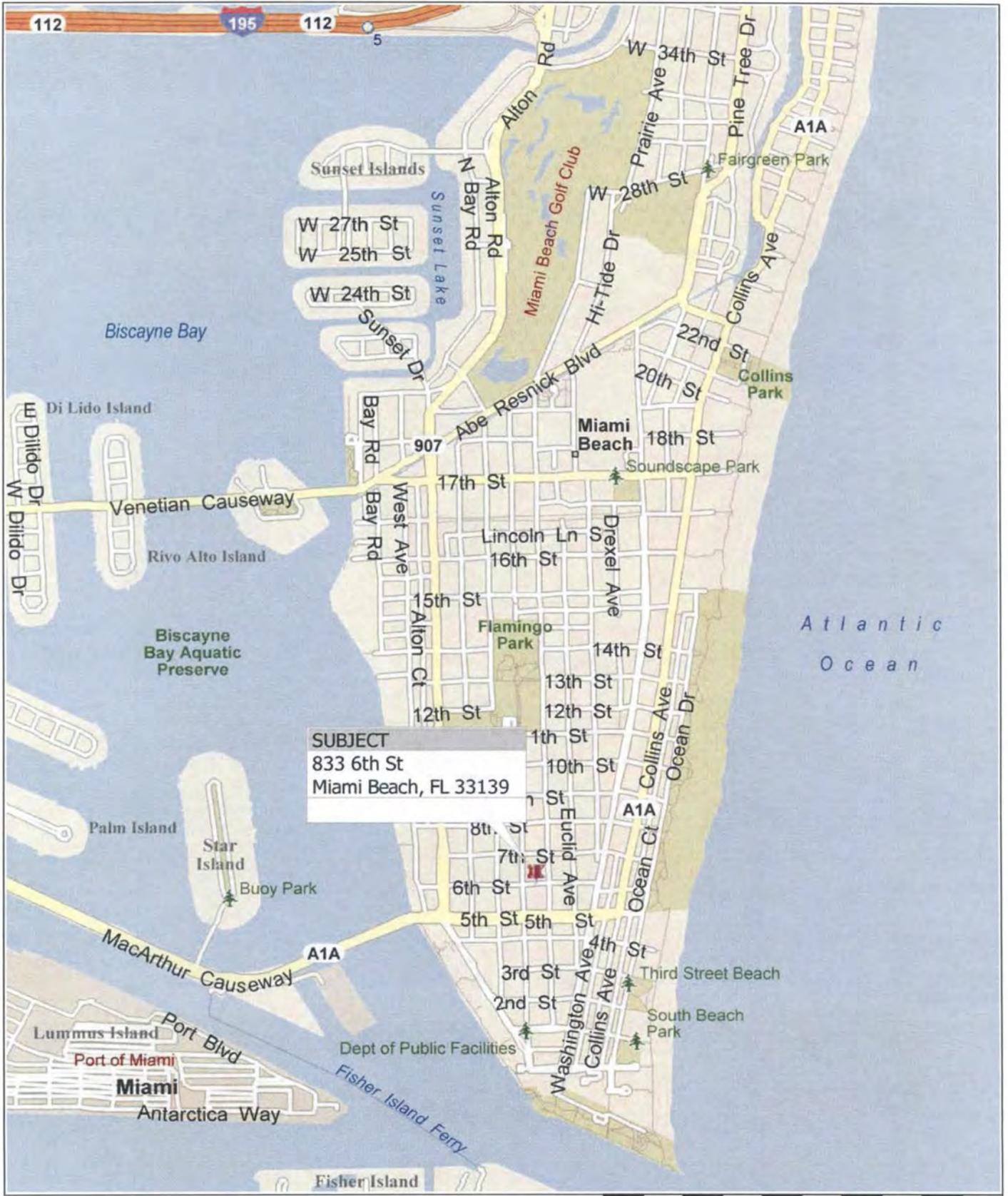
Playground

2012 Aerial Photography

60ft



NEIGHBORHOOD MAP



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FLOODSCAPE
 Flood Hazards Map
 Map Number
 12086C0319L
 Effective Date
 September 11, 2009

Powered by FloodSource
 877.77.FLOOD
 www.floodsource.com



Exhibit C

2009 Fiscal year Operating Expenses (Portion)

South Shore Community Center 833 6th Street 2009 Fiscal Year Operating Expenses (Portion)			
		Total <u>Cost</u>	Per Leasable Square Foot <u>Cost</u>
Utilities	Electricity	53,886	4.25
	Water	2,431	0.19
	Sewer	2,323	0.18
	Stormwater	2,412	0.19
	Subtotal	\$ 61,056	\$ 4.82
Maintenance	Janitorial	36,250	2.86
	Elevator	-	-
	Cooling Tower Treatment	-	-
	Fire Services	-	-
	Pest Control	-	-
	Repairs & Maintenance	-	-
	Subtotal	\$ 36,253	\$ 2.86
Insurance	Property Insurance	-	-
	Hurricane Exposure	-	-
	Subtotal	\$ -	\$ -
Total Annual Operating Expenses		\$ 97,308	\$ 7.68

Building Square Footage Distribution			
	<u>1st Floor</u>	<u>2nd Floor</u>	<u>Total</u>
Leasable Area	8,850	3,826	12,676
Common Area	4,198	990	5,188
Total	13,048	4,816	17,864

Exhibit D

2013 Fiscal year Operating Expenses (Total)

South Shore Community Center 833 6th Street 2013 Fiscal Year Operating Expenses (Total)			
		<u>Total Cost</u>	<u>Per Leasable Square Foot Cost</u>
Utilities	Electricity	49,263	3.89
	Water	3,454	0.27
	Sewer	2,951	0.23
	Stormwater (estimate)	2,500	0.20
	Subtotal	\$ 58,172	\$ 4.59
Maintenance	Janitorial	33,189	2.62
	Elevator	1,428	0.11
	Cooling Tower Treatment	1,644	0.13
	Fire Services	362	0.03
	Pest Control	642	0.05
	Repairs & Maintenance	44,691	3.53
	Subtotal	\$ 81,962	\$ 6.47
Insurance	Property Insurance	21,165	1.67
	Hurricane Exposure	39,781	3.14
	Subtotal	\$ 60,951	\$ 4.81
Total Annual Operating Expenses		<u>\$ 201,086</u>	<u>\$ 15.86</u>

Building Square Footage Distribution			
	<u>1st Floor</u>	<u>2nd Floor</u>	<u>Total</u>
Leasable Area	8,850	3,826	12,676
Common Area	4,198	990	5,188
Total	13,048	4,816	17,864

Exhibit E

2013 Fiscal year Operating Expenses (Total without Insurance)

South Shore Community Center 833 6th Street 2013 Fiscal Year Operating Expenses (Total without Insurance)			
		Total <u>Cost</u>	Per Leasable Square Foot <u>Cost</u>
Utilities	Electricity	49,263	3.89
	Water	3,454	0.27
	Sewer	2,951	0.23
	Stormwater (estimate)	2,500	0.20
	Subtotal	\$ 58,172	\$ 4.59
Maintenance	Janitorial	33,189	2.62
	Elevator	1,428	0.11
	Cooling Tower Treatment	1,644	0.13
	Fire Services	362	0.03
	Pest Control	642	0.05
	Repairs & Maintenance	44,691	3.53
	Subtotal	\$ 81,962	\$ 6.47
Insurance	Property Insurance		
	Hurricane Exposure		
	Subtotal	\$ -	\$ -
Total Annual Operating Expenses		\$ 140,135	\$ 11.06

Building Square Footage Distribution			
	<u>1st Floor</u>	<u>2nd Floor</u>	<u>Total</u>
Leasable Area	8,850	3,826	12,676
Common Area	4,198	990	5,188
Total	13,048	4,816	17,864

Exhibit F

Tenant Letters



LITTLE
HAVANA
ACTIVITIES
& NUTRITION
CENTERS OF
DADE COUNTY
INC.

700 S.W. 8th Street
Miami, Florida 33130-3300
305-858-0887 Ext. 222
Fax 305-854-2226

Manuel Marrero
*Chairman of the Board/
Treasurer*

Ramón Pérez-Dorrbecker
President and CEO

Mario Luis del Valle
Vice Chair

Luis M. Borges
Secretary

Eirsa de Volasco
Vice Secretary

Albert Collazo

Rafael Villaverde
Founder

June 12, 2014

Jimmy L. Morales
City Manager
City of Miami Beach
1700 Convention Center Drive
Miami Beach, Florida 33139

RE: Increase of Rent and Lease Renewal

Dear Mr. Morales:

We are in receipt of your letter regarding our lease agreement for the child care center we operate at the South Shore Community Center.

We have examined your renegotiation of our rent and we feel that a 44% increase is not a reasonable amount. Our company has been providing services within the City of Miami Beach for low income elderly and children of low income families that work in the City for over 25 years. During this time, the amount of money that the City contributes towards these services has drastically decreased.

Currently, Little Havana provides services to approximately 316 seniors through our home delivered meals and senior center programs and 66 low-income families and children at our day care. This translates into approximately \$900,000 that Little Havana invests in the City of Miami Beach. Of that total, Miami Beach provides us with only \$40,000 for an estimated 39 meals served at our senior centers. It must be said that this amount comes directly from the Mayor's salary that he has so graciously donated for services such as this. However, that translates to just 4% of the total provided by us to the City.

We understand that the City expects participation from its tenants at the South Shore Community Center, but a 44% increase is unreasonable and cannot be sustained by the child day care program. We cannot contribute more than what we are currently paying for the use of the facility. We appreciate your assistance in this matter.

Sincerely,

Ramon Perez-Dorrbecker
President and CEO



United Way Member Agency

Milisits, Mark

From: Ela Goldfarb [EGOLDFARB@JCSFL.ORG]
Sent: Wednesday, July 02, 2014 10:57 AM
To: Milisits, Mark; Fred Stock
Subject: RE: Jewish Community Services Lease Renewal / Rent Increase - South Shore Community Center

Dear Mark,

Thank you for taking the time to speak with me today about the CAM increases at the South Shore Community Center. As we discussed, the increases slated for October 1, amount to a total of \$405 per month, which is approximately \$5,000 annually. The challenge for JCS is that the funding that supports the programs operated at the South Shore Community Center are providing us with flat funding or decreased funding from our original 1999 dollars. Therefore, we have the same or lower funding to operate the services that serve the residents of Miami Beach.

I realize the City of Miami Beach has been extremely generous to JCS over the years, and especially with one time funding of the repairs to our senior center. However, this additional \$5,000 expense would be a challenge for us and perhaps require us to reduce services to clients. Please note that for years, we provided services in that building, without being charged anything and it was a hardship to initially pay for the rent. This increase poses an equal challenge to us that we may not be able to support. Would the city have some remedy for those social service agencies whose dedication to the City extends back to 1973 or earlier – and who continue to serve the community with very limited funding?

We would appreciate any assistance you could provide to remedy this situation without have to increase our CAM. Please let me know if there is additional information that you require and please call me as we discussed, if you are running into a brick wall.

I am most grateful for the support of the City of Miami Beach and JCS appreciates the long standing relationship we have with the City.

Warmest regards,
Ela



ELA E. GOLDFARB, RN, MBA/HA
Vice President
Senior Adult Division
Jewish Community Services of South Florida
735 NE 125th Street, North Miami, FL 33161
Direct: 305-899-8390
Egoldfarb@jcsfl.org | www.jcsfl.org

Exhibit G

CareerSource South Florida - Description



South Florida Workforce Investment Board d/b/a CareerSource South Florida

The organization behind the name

History:

South Florida Workforce Investment Board (SFWIB) is a nonprofit governmental entity that establishes state and federal workforce development and training policies for Miami-Dade and Monroe counties. Since February 2014, the organization functions under the name of CareerSource South Florida, a unified brand of 24 regions throughout the state of Florida. Region 23 (South Florida) represents the largest region in the state. It is comprised of 14 centers, 8 access points, 3 mobile units and numerous in and out of school programs that cater to our younger generations. All centers are funded by SFWIB and operated by contracted service providers.

Miami Beach center:

On July 1, 2002 the South Florida Employment and Training Consortium (SFETC) was established to include Miami-Dade County, City of Miami, City of Miami Beach, City of Hialeah and Monroe County. The purpose of consortium was to act on behalf of local officials and conduct programs set forth in the federal Workforce Investment Act of 1998. Since the 2006 board restructuring, SFWIB remains committed to ensuring that the Miami Beach community is served. SFWIB's employment and training services are available to everyone at no cost through a network of facilities located throughout the area's local library (Miami Beach Regional Library) and community center (South Shore Community Center).

CareerSource South Florida service centers:

CareerSource South Florida (CSSF) centers offer an array of workforce services to all customers (employer and jobseekers). Fifty-eight percent 58% of the customers served at the Miami Beach center are Miami Beach residents.

1. Example of Employer services:

- Develop and coordinate opportunities for program participants through established relationships with businesses in Miami-Dade and Monroe Counties;
- Develop and coordinate recruitments through the posting of job orders, conducting job fairs, providing space for on-site interviews and skill matching, etc.;
- Develop and coordinate training services (On-the-Job Training and Employed Worker Training);
- Job match qualified jobseekers and program participants who meet the minimum requirements;

2. Example of Jobseeker Services:

- Provide the Workforce Services general orientation;
- Provide Initial Assessment;
- Registration in Employ Florida Marketplace (State Job Bank system);

- Provide current Labor Market Information (LMI);
- Provide information/referrals on resources available in the community;
- Provide information for filing Re-employment Assistance (RA) formerly Unemployment Compensation (UC) claims; and
- Provide Basic Skills and Occupational Skills Assessments to identify areas of interest and abilities as well as additional service needs;
- Develop an Employment Plan;
- Provide job referrals, job search, and placement assistance;
- Conduct Job Development;
- Conduct Employability Workshops (Resume Preparation, Interviewing Techniques, etc.);
- Conduct Professional Placement Network (PPN) Workshops/Seminars;
- Conduct Eligibility for Workforce Services/Programs;
- Provide Employment and Training Services to eligible Program Participants of the following Workforce Programs:
 - Workforce Investment Act
 - Welfare Transition - Temporary Cash Assistance Program (TANF)
 - Supplemental Nutrition Assistance Program (SNAP) - formerly Food Stamps Employment and Training Program
 - Trade Adjustment Act
 - Conduct Follow-up Services;
 - Provide Training Services (Paid Work Experience, On-the-Job Training, Individual Training Accounts/Vocation Training)
 - Provide Support Services (transportation, books, etc.)

Facility costs in relation to Providers:

It is the practice of SFWIB to hold all space leases to the facilities it operates out of. Service Providers are not responsible for facility expenses. The facility unit of SFWIB takes the lead in negotiating and maintaining lease contracts with landlords and maintenance contracts with service vendors. The centers are routinely visited by the facility unit staff to ensure full compliance and comfortable working conditions.

Facility operational expenses such as electricity, janitorial and waste disposal services are covered at 100% by SFWIB, and are not part of the service contract with the assigned provider. Any facility related cost or savings experienced by SFWIB has a direct impact on the allowable budget issued to the service provider, which in turn has a direct impact on the services provided to the community.

In other words, an increase in facility costs to SFWIB will directly impact funding available to providers which will reduce the funding available for services to the Miami Beach community.

SFWIB is therefore requesting:

1. To become the primary lease holder at the South Shore Community center, 2nd floor as previously leased to UNIDAD of Miami Beach, Inc.
2. To be granted a lease commensurate with Miami Beach's policies where non-profit organizations are subject to waived base rent costs and subsidized operational expenses.

Exhibit H

CareerSource South Florida Board - Services



Career Source South Florida Career Center Services

The CareerSource South Florida (CSSF) centers offer an array of workforce services to all customers (employer and jobseekers).

1. Employer services samples:
 - a. Develop and coordinate opportunities for program participants through established relationships with businesses in Miami-Dade and Monroe Counties;
 - b. Develop and coordinate recruitments through the posting of job orders, conducting job fairs, providing space for on-site interviews and skill matching, etc.;
 - c. Develop and coordinate training services (On-the-Job Training and Employed Worker Training);
 - d. Job match qualified jobseekers and program participants who meet the minimum requirements;
2. Jobseeker Services samples:
 - a. Provide the Workforce Services general orientation;
 - b. Provide Initial Assessment;
 - c. Registration in Employ Florida Marketplace (State Job Bank system);
 - d. Provide current Labor Market Information (LMI);
 - e. Provide information/referrals on resources available in the community;
 - f. Provide information for filing Re-employment Assistance (RA) formerly Unemployment Compensation (UC) claims; and
 - g. Provide Basic Skills and Occupational Skills Assessments to identify areas of interest and abilities as well as additional service needs;
 - h. Develop an Employment Plan;
 - i. Provide job referrals, job search, and placement assistance;
 - j. Conduct Job Development;
 - k. Conduct Employability Workshops (Resume Preparation, Interviewing Techniques, etc.);
 - l. Conduct Professional Placement Network (PPN) Workshops/Seminars;
 - m. Conduct Eligibility for Workforce Services/Programs;

- n.** Provide Employment and Training Services to eligible Program Participants of the following Workforce Programs:
 - Workforce Investment Act
 - Welfare Transition - Temporary Cash Assistance Program (TANF)
 - Supplemental Nutrition Assistance Program (SNAP) - formerly Food Stamps Employment and Training Program
 - Trade Adjustment Act
- o.** Conduct Follow-up Services:
- p.** Provide Training Services (Paid Work Experience, On-the-Job Training, Individual Training Accounts/Vocation Training)
- q.** Provide Support Services (transportation, books, etc.)

Exhibit I

Renewal Summary

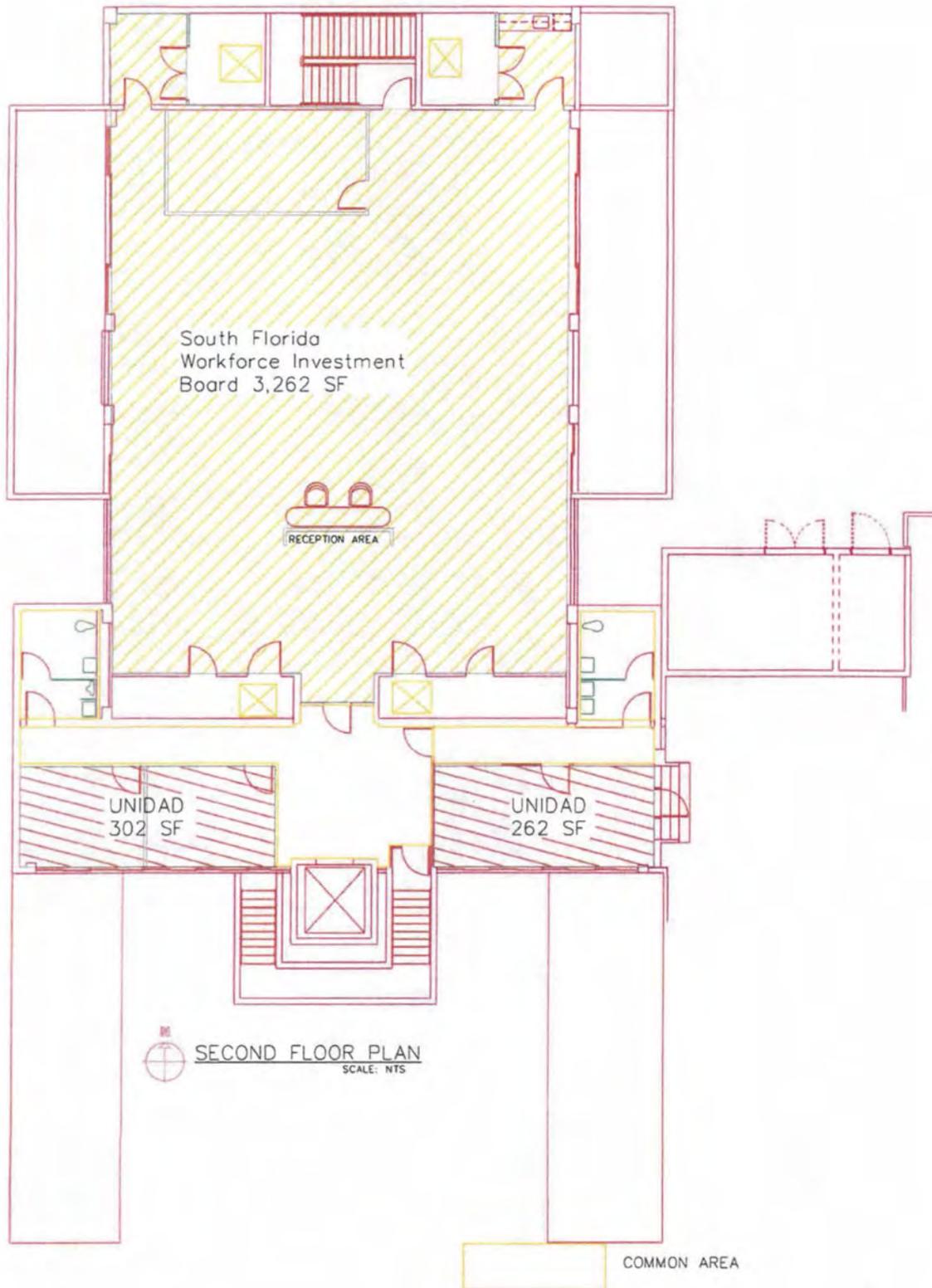
Tenant	Current Space			Proposed Change	Proposed Space		
	Suite	Sq. Ft.	OEX @ \$7.68		Suite	Sq. Ft.	OEX @ \$11.06
MDC Community Action Agency	1st Floor Office	2,076	\$ 15,935.28	Downsize Same Location	1st Floor Office	691	\$ 7,642.46
JCS of South Florida, Inc. - Meals	1st Floor Storage	289	\$ 2,218.32	Expansion	1st Floor Storage	485	\$ 5,364.10
JCS of South Florida, Inc. - Meals	1st Floor Auditorium	2,792	\$ 5,357.88	No Change	1st Floor Auditorium	2,792	\$ 7,733.84
JCS of South Florida, Inc. - Ride	1st Floor Office	445	\$ 3,415.80	No Change	1st Floor Office	445	\$ 4,921.70
LHANC of Dade County, Inc.	1st Floor Daycare	2,919	\$ 22,406.16	No Change	1st Floor Daycare	2,919	\$ 32,284.14
LHANC of Dade County, Inc.	1st Floor Playground	7,002	\$ -	No Change	1st Floor Playground	7,002	\$ -
UNIDAD of Miami Beach, Inc.	1st Floor 2nd Floor	329 3,826	\$ 31,893.72	Downsize Partial Relocation	1st Floor 2nd Floor	1,518 564	\$ 23,026.92
South Florida Workforce Investment Board	N/A	N/A	N/A	New Lease (Former UNIDAD Space)	2nd Floor	3,262	\$ 36,077.72

Exhibit J

Site Plans



PROJECT FILE	
REVISION DATES	
DATE	BY
APPROVED BY:	APPROV
DRAWN BY:	DATE
SHEET NO.	




SECOND FLOOR PLAN
 SCALE: NTS

DATE	03-29-05
DESIGNED BY	
DRAWN BY	
CHECKED BY	
SHEET NO.	

PROJECT TITLE
SOUTH SHORE COMMUNITY CENTER
 833 6th STREET
 MIAMI BEACH, FL

CITY OF MIAMI BEACH
 