

***I
T
E
M***

Supplemental Item

***T
H
R
E
E***

Appraisal Report

Prepared for

**Mr. Demar Woodson
Right of Way Manager
City of Miami Beach
Public Works Department**

Property Appraised

**Proposed Aerial Easement
Ocean Court,
Between 1440 Ocean Drive and 1433 Collins Avenue
Miami Beach, FL 33139**

Date of Valuation

August 19, 2015

Prepared by

**Waronker & Rosen, Inc.
5730 SW 74th Street, Suite 200
South Miami, Florida 33143**

LEE H. WARONKER, MAI, SRA

CARLOS A. DIEZ, APPRAISER

File # 8215

Waronker & Rosen, Inc.

Real Estate Appraisers and Consultants

Miami-Dade County Office
5730 SW 74th Street, Suite 200
South Miami, Florida 33143

Broward / Palm Beach County Office
10191 W. Sample Road, Suite 211-A
Coral Springs, Florida 33065

Lee H. Waronker, MAI, SRA
lee@waronkerandrosen.com

Phone: (305) 665-8890 / Fax: (305) 665-5188
www.waronkerandrosen.com

Josh L. Rosen, MAI
josh@waronkerandrosen.com

August 31, 2015

Mr. Demar Woodson
Right of Way Manager
City of Miami Beach
Public Works Department
1700 Convention Center Drive
Miami Beach, FL 33139

Re: Proposed Aerial Easement
Ocean Court, Between 1440 Ocean Drive and 1433 Collins Avenue
Miami Beach, FL 33139
WRI File No. 8215

Dear Mr. Woodson:

We have prepared an appraisal report of the above referenced property for the purpose of estimating the value to the adjoining owner as of August 19, 2015. **The value estimated herein is not market value, it is the value solely to the adjoining owner.** As part of this analysis, an estimate of the market value of the fee simple interest in the adjoining land was developed. However, this is not the primary focus of the assignment. The terms market value and fee simple interest are defined in the pages of this report. This report has been prepared based on the scope of work which is detailed on a following page. The reader of the appraisal is strongly advised to read the scope of work so as to understand the scope of this appraisal.

This report is intended for use only by the client and intended users as noted herein. No additional intended users are identified or intended. Use of this report by others is not intended by the appraiser. No one else, or any other entities, should rely on this appraisal other than those noted herein.

Mr. Demar Woodson
Right of Way Manager
City of Miami Beach
Public Works Department
August 31, 2015

The subject property consists of a proposed aerial easement spanning Ocean Court (a public alley) between 14th and 15th Streets in the City of Miami Beach, Miami-Dade County, FL. The proposed easement would span the 20 foot width of Ocean Court, and is intended to enable construction of a pedestrian bridge connecting the buildings on either side of the easement at the level of the third floor. The adjoining buildings are under common ownership, with frontage on Ocean Drive and Collins Avenue. The Ocean Drive property is currently an operating hotel, and the Collins Avenue property was until recently operating as a separate hotel, but is currently closed and undergoing a major renovation. The easement and pedestrian bridge are proposed in order to enable the integration of the two properties into a single hotel operation. The proposal includes construction of a decorative spherical structure enveloping the pedestrian bridge that has the appearance of a large rubber ball nestled between the buildings. Based on drawings provided by the architect for the renovation, the proposed easement would have a length of 27.75 feet (including the length of the spherical structure from north to south), and a vertical depth of 26.33 feet from the top of the spherical structure to the bottom. The public right-of-way has a width of 20 feet, according to the recorded plat. No survey or legal description of the proposed survey was provided. Therefore, for purposes of this appraisal, the total floor area of the proposed easement is considered to be the length of the spherical volume according to the architect's drawings multiplied by the width of the alley, or 555 sq. ft., and the volume would be 14,615 cubic feet based on the vertical depth indicated in the drawings. Zoning on the sites adjoining the easement on both sides is MXE, Mixed-Use Entertainment District by the city of Miami Beach, FL.

The properties on either side of the proposed easement are owned in fee simple by a single owner, through different entities. The Ocean Drive property is currently operating as the Betsy Hotel at 1440 Ocean Drive, a 61-room 3-story full-service hotel built in 1940. The Collins Avenue property is the Carlton Hotel at 1433 Collins Avenue, which before the renovation was a 67-room 3-story limited-service hotel built in 1937. The owner has owned the Betsy Hotel for many years, but acquired the Carlton Hotel in October 2013 for \$19,000,000 through a court-ordered sale of the property resulting from the previous owner's bankruptcy. The owner subsequently obtained approval from the City of Miami Beach Planning Department for a renovation of the Collins Avenue building (the Carlton Hotel). These approvals include partial demolition, renovation and restoration of the existing 3-story structure, construction of a new 1-story ground level addition on the north side of the property, a new 4-story ground level addition on the south side of the property and a new 1-story rooftop addition. This renovation/expansion is now underway. In addition, the owner is proposing to construct a bridge to connect the Carlton Hotel to the Betsy Hotel over the alley as noted above. Proposed alterations to the Betsy are limited to the pedestrian bridge and improvements to the alley. For reference, a copy of a March 19, 2014 memo from the City Manager to the Land Use and Development Committee regarding the proposed renovation and easement is reproduced in the Addenda.

Mr. Demar Woodson
Right of Way Manager
City of Miami Beach
Public Works Department
August 31, 2015

According to the City of Miami Beach Planning Department, the owner's proposed renovation and aerial bridge are intended to enable the consolidation of the two properties into a single operation, with a single front desk and an Ocean Drive presence. The former lobby of the Carlton Hotel will be modified (the front desk operation merged with that of the Betsy) and a new restaurant/café is to be built-out on the ground floor with a Collins Avenue presence and outdoor seating. As discussed further in the pages of this report, the adjoining owner stands to receive significant operational and financial benefits from the consolidation of the two hotels, a project that would not be feasible without the pedestrian bridge connecting the buildings. This valuation is based on consideration of those benefits.

Valuation Methodology

Valuations of easements typically employ approaches that begin with an estimate of the market value of the adjoining land. In some cases, discounts are applied to account for the loss of utility due to the fact that construction would not be allowed on the easement as it would be on the adjoining sites. In others, a fee is estimated for a temporary construction easement based on a reasonable rental rate for exclusive use of the land during construction. However, the concept of market value (on which land value estimates would typically be based) is predicated on a competitive open market, and presumes that buyer and seller are both typically motivated (i.e., that neither has an unusual motivation or incentive to buy or sell). The analysis indicates that the proposed easement would provide unique benefits to the owner of the adjoining properties, making it valuable to them to an extent that far exceeds the value of the adjoining land to any other party.

For these reasons, the City of Miami Beach has requested a valuation that considers the value of the easement to the adjoining owner. The City is under no requirement to grant easements of this type, and City officials have considered the high cost that would likely be incurred if at some future date it became necessary to re-acquire these easements from the adjoining owners, especially in light of the fact that historically, valuation of easements for public acquisition has been based on the loss in value to the burdened property.

The financial benefits derived from the consolidation of the hotels that the easement would enable are very difficult to quantify without detailed financial information on the current operating performance of the Besty Hotel, the historical operating performance of the Carlton Hotel, and the renovation project currently underway. However, the analysis will assess in general terms how the consolidation would enhance the potential operating performance of hotels on the adjoining sites, and estimate a reasonable range of how much these potential enhancements would be likely to increase the value of the underlying land, based on analysis of market conditions in the South Beach hotel and land development markets.

Mr. Demar Woodson
Right of Way Manager
City of Miami Beach
Public Works Department
August 31, 2015

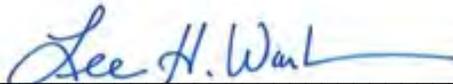
In order to prepare the analysis, in connection with a previous appraisal, we were supplied with a set of architectural drawings for the proposed renovation, by Miami-based architectural firm Shulman & Associates. The drawings are dated December 18, 2013. No survey or legal description for the easement was provided (though the architect's drawings do include copies of surveys of the adjoining sites). For purposes of the analysis, the sizes and specifications of the proposed easement were taken by the appraisers from the architectural drawings for the proposed pedestrian bridge. Any deviation from the information supplied and assumptions used herein will likely result in a change of value.

As a result of our investigation, it is our opinion that the value of the proposed aerial easement *to the adjoining owner* as of August 19, 2015, based on the methodology described herein, is in the amount of

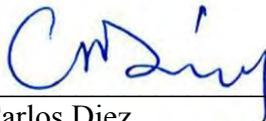
**TWO MILLION ONE HUNDRED THOUSAND DOLLARS
(\$2,100,000)**

The above value estimate does not consider any loss in value to the parent tract (that being the entire segment of Ocean Court, the public right-of-way over which the proposed easement is located). This appraisal assumes that the proposed easement is granted and recorded in the public records as proposed and valued herein, with physical dimensions and location matching those in the architectural drawings provided.

Very truly yours,



Lee H. Waronker, MAI, SRA
State-Certified General Real Estate Appraiser
License No. RZ162162



Carlos Diez
State-Certified General Real Estate Appraiser
License No. RZ3420

Table of Contents

LETTER OF TRANSMITTAL	1
TABLE OF CONTENTS	5
SCOPE OF WORK	6
CERTIFICATION	8
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS	10
INTRODUCTION	12
SUMMARY OF PERTINENT DATA	13
MIAMI-DADE COUNTY MAP	14
PLAT MAP	15
SURVEY	16
SURVEY	17
AERIAL PHOTOGRAPHS	18
SITE PLAN FOR PROPOSED RENOVATION	19
SITE PLAN FOR PROPOSED RENOVATION	20
DETAIL OF PEDESTRIAN BRIDGE	21
DETAIL OF PEDESTRIAN BRIDGE	22
RENDERING OF PROPOSED PEDESTRIAN BRIDGE	23
SUBJECT PHOTOGRAPHS	24
APPRAISER QUALIFICATIONS	30
DESCRIPTION & ANALYSES	34
PURPOSE OF THE APPRAISAL	35
CLIENT, INTENDED USER AND USE OF THE APPRAISAL	35
DEFINITION OF REAL PROPERTY INTEREST APPRAISED	35
DEFINITION OF MARKET VALUE	36
LOCATION AND ADDRESS	37
LEGAL DESCRIPTION	37
OWNER OF RECORD	38
HISTORY OF THE SUBJECT PROPERTY	38
SITE DATA	39
ZONING	40
FLOOD ZONE	40
REAL ESTATE ASSESSMENT AND TAXES	41
NEIGHBORHOOD OVERVIEW	43
SUPPLY AND DEMAND	44
EXPOSURE TIME	47
TYPICAL PURCHASER OF THE SUBJECT	47
HIGHEST AND BEST USE	48
APPRAISAL PROCESS	49
COST APPROACH	50
INCOME CAPITALIZATION APPROACH	51
SALES COMPARISON APPROACH	52
RECONCILIATION OF VALUE	74
ADDENDA	75
COUNTY AREA DESCRIPTION	76
FLOOD ZONE MAP	76
ADDITIONAL DATA	76

Scope of Work

The appraisal problem herein is to estimate the value of a proposed aerial easement over a public alleyway intended to allow construction of a pedestrian bridge connecting existing hotel buildings on either side of the easement (which are under common ownership), but not restricting continued use of the alley as a public right-of-way. The analysis indicates that the proposed pedestrian bridge would provide unique benefits to the owner of the adjoining properties, making it valuable to them in ways that it would not be to any other party. For this reason, the City of Miami Beach has requested a valuation that considers the enhancement in the value of the underlying land *to the adjoining owner*.

The proposed easement would enable the owner of the adjoining hotels to consolidate the separate properties into a single hotel operation, with a single front desk and an Ocean Drive presence. Hotels located on Ocean Drive typically achieve higher room rates than those on Collins Avenue, and consequently achieve higher values. Integration of the Collins Avenue building into an Ocean Drive hotel would enable the Collins Avenue property to achieve higher revenues than are possible without integration, thereby raising the land value of the Collins parcel.

This valuation takes the approach of estimating the impact that the easement would have on the market value of the adjoining land as a result of the ability to develop the site as a combined hotel property with an Ocean Drive presence. The valuation methodology requires separate estimates of the market value of the parcels on either side of the easement. Then, an estimate is made of how much the value of the inferior Collins Avenue parcel would be increased as a result of being connected to the superior Ocean Drive parcel by way of the easement. Finally, the reasonableness of this estimate is tested through a feasibility land cost model that considers typical parameters for the development of hypothetical hotel projects on the parcels in question. The model indicates the feasibility land cost, which is the highest price that a developer would be willing to pay based on a set of reasonable (market-derived) assumptions about the development costs and market value of a typical project. These indications provide a check on the reasonableness of the estimate of the increase in the value of the adjoining land that would result from the easement.

All appraisals begin by identifying the appraisal problem. Data on the subject property can be derived from various sources including but not limited to, the property owner, the county property appraiser's office, recorded plats and surveys. When possible, more than one source is utilized to confirm data and the data sources are acknowledged. Land size is based on surveys (when available), public records and recorded plats. Land measurements are not performed.

Valued herein is vacant land which can be valued by the following methods:

1. Sales Comparison Approach
2. Market Extraction
3. Allocation
4. Land Residual
5. Ground Rent Capitalization
6. Subdivision Analysis

The sales comparison approach was used herein and was considered the most applicable method in the valuation of the subject property. A search was performed for the sale of properties considered comparable to the subject property. Research of comparable sales and market data include, but is not limited to using the following data sources:

- CoStar
- Imapp
- Newspaper clippings
- Board of Realtors' Multiple Listing Service
- National Multiple Listing Service
- Loopnet.com

Comparable sales are inspected and the transactional information is reported. Sale prices are from public records and are typically confirmed with a party to the transaction, i.e. buyer, seller, real estate agent, or closing attorney. All information is analyzed in processing the appraisal report and as support for the estimated value.

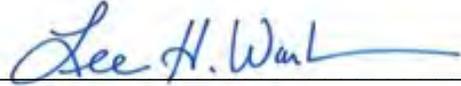
The scope of work for this assignment has been described above and is to be typical for an assignment of the nature of the subject appraisal problem.

Certification

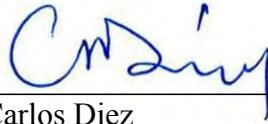
The undersigned does hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the following requirements.
 - Uniform Standards of Professional Appraisal Practice (USPAP)
 - The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
 - The State of Florida requirements for state-certified appraisers
8. I have complied with the USPAP Competency Rule.
9. This appraisal report sets forth all of the limiting conditions imposed by the terms of this assignment or by the undersigned affecting the analyses, opinions and conclusions contained in this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. Additionally, it is subject to review by the state of Florida relating to review by the real estate appraisal subcommittee of the Florida Real Estate Commission.
12. As of the date of this report Lee H. Waronker, MAI, SRA has completed the continuing education program of the Appraisal Institute.
13. As of the date of this report, Carlos Diez has completed the Standard and Ethics Education Requirements for Candidates of the Appraisal Institute.
14. I, Lee H. Waronker, MAI, SRA have made a personal inspection of the property that is the subject of this report.

15. I, Carlos Diez have made a personal inspection of the property that is the subject of this report.
16. Waronker & Rosen, Inc. have previously performed an appraisal on the subject property in the past three years. We were not then, and are not now involved with the management, leasing, disposition, or any similar service regarding the subject property in the past three years.



Lee H. Waronker, MAI, SRA
State-Certified General Real Estate Appraiser
License No. RZ162162



Carlos Diez
State-Certified General Real Estate Appraiser
License No. RZ3420

Date of Report August 31, 2015

General Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable but, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. Any plot plans or illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering that may be required to discover them. The values estimated herein are subject to typical inspections such as roof, structural, and termite, if applicable.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and considered in the appraisal.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presences of substances such as asbestos, ureaformaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

12. The physical condition of the improvements, if any, described herein was based on visual inspection. No liability is assumed for the soundness of structural members, since no engineering tests were made of same.
13. Neither all nor any part of this appraisal report shall be disseminated to the general public using the appraiser's name or appraisal designation, without prior written consent of the appraisers signing this appraisal report.
14. Authorization is not allowed for the out-of-context quoting from, or partial reprinting of, this appraisal report.
15. By reason of the report, there is no requirement to testify with reference to the property herein appraised, unless arrangements have been previously made.
16. The reader should be advised that our employment was not contingent on the appraisal providing a minimum valuation, a specific calculation or the approval of a loan. Additionally, we have complied with the USPAP Competency Rule.

Limiting Conditions:

1. The allocation of total value between land and improvements applies only under the described utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
2. The Americans with Disability Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the requirements of the ADA. It is possible that a compliance survey of the property and a detailed analyses of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

Introduction



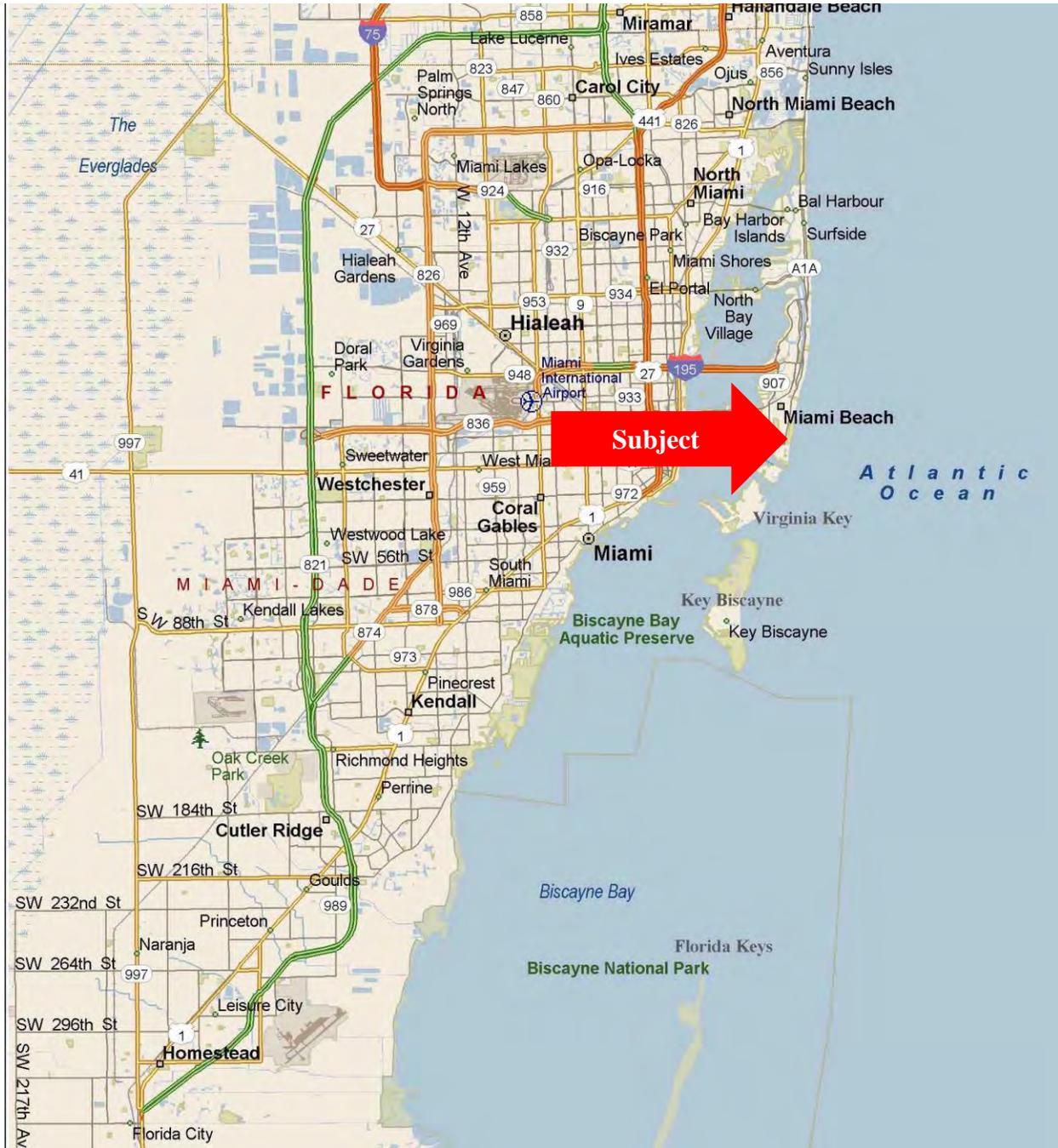
Summary of Pertinent Data

Location:	The subject property consists of a proposed aerial easement spanning Ocean Court (a public alley) between 14th and 15th Streets., Miami Beach, Miami-Dade FL
Address:	Between 1440 Ocean Drive and 1433 Collins Avenue, Miami Beach, FL 33139
Type of Use:	Proposed aerial easement
Zoning:	MXE, Mixed-Use Entertainment District by the city of Miami Beach, FL
Census Tract:	43.03
Flood Zone:	AE (Map 12086C0317L)
Land Area (of adjoining parcels):	
Ocean Drive Parcel:	14,537 square feet (0.33 acres)
Collins Avenue Parcel:	21,948 square feet (0.50 acres)
Value by Cost Approach:	Not applicable
Value by Income Capitalization Approach:	Not applicable
Value by Sales Comparison Approach:	\$2,100,000*

****Value of the proposed easement to the adjoining owner, based on the estimated increase in the market value of the adjoining land that would occur as a result of the easement.***

Date of Valuation:	August 19, 2015
Date of Report:	August 31, 2015

Miami-Dade County Map

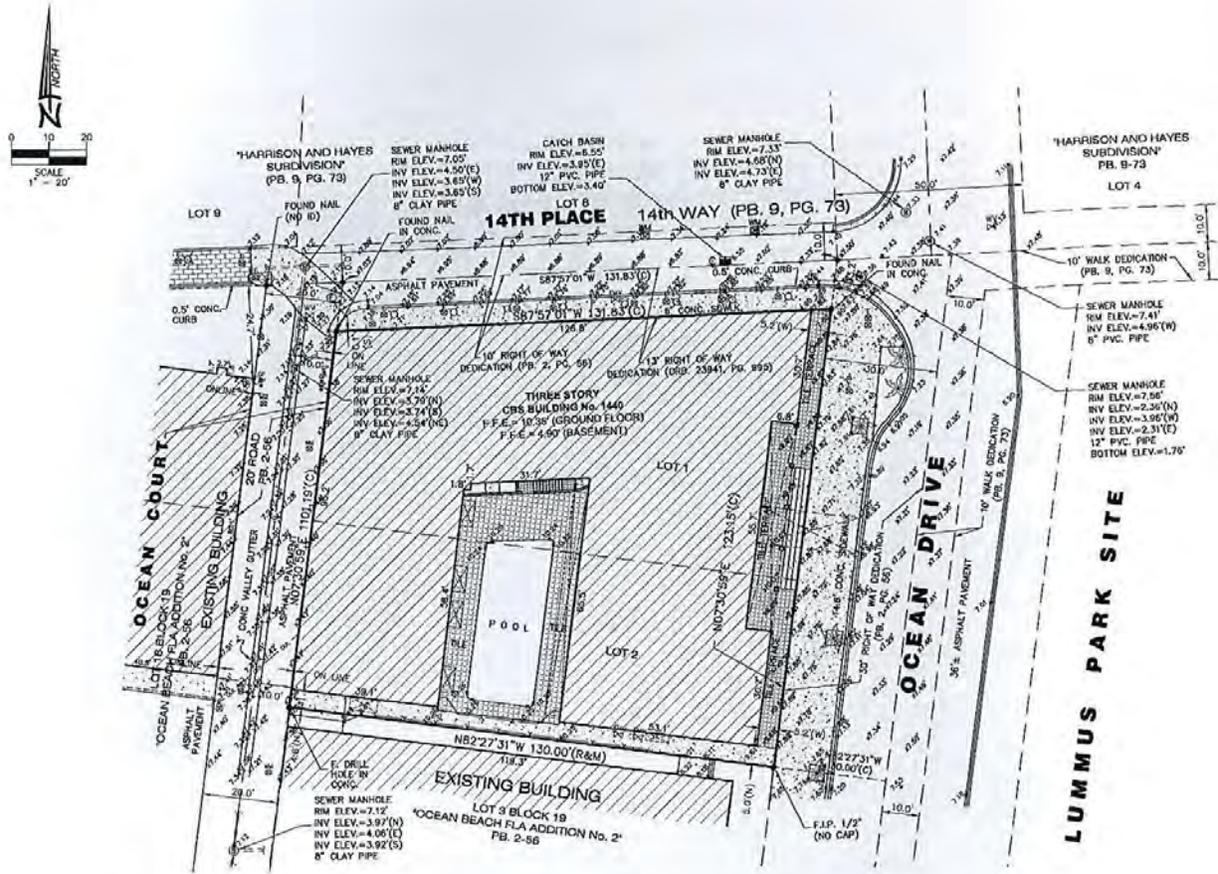


Plat Map



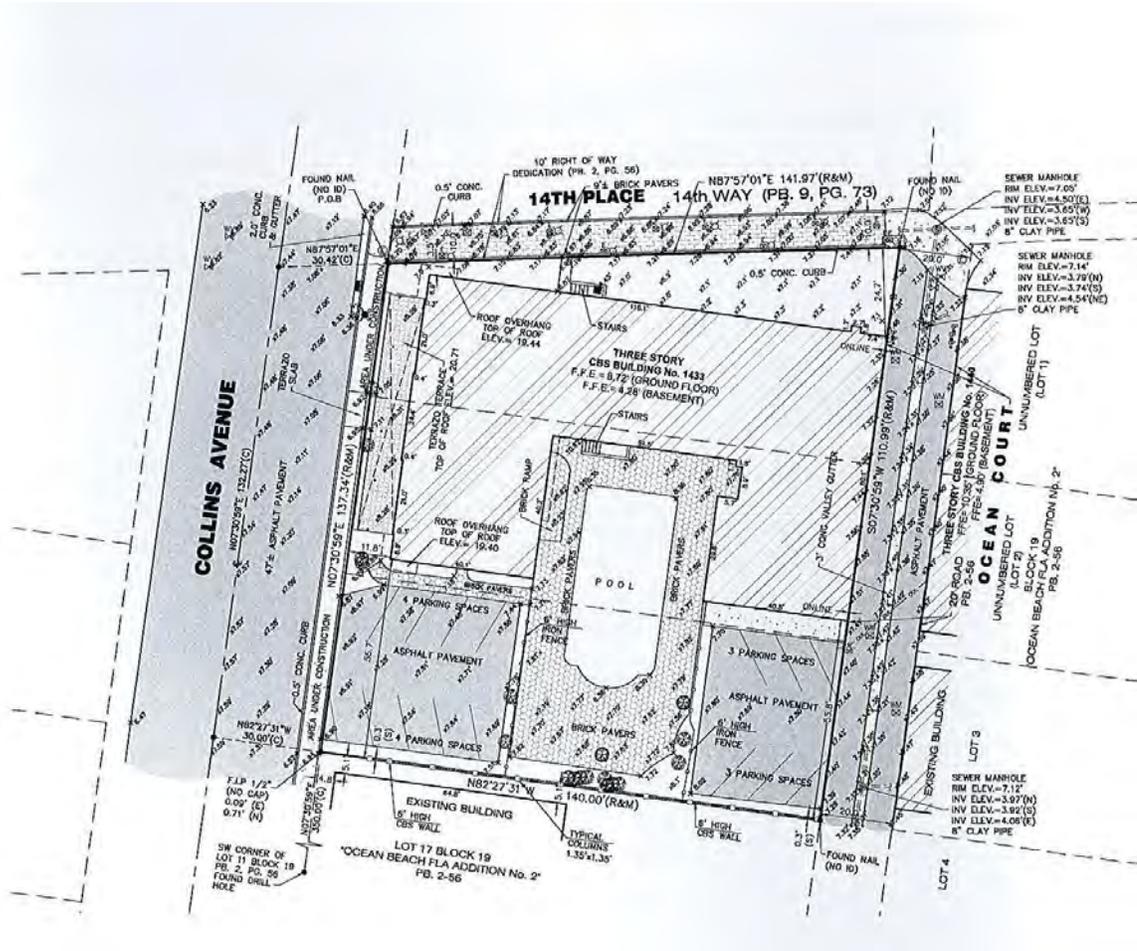
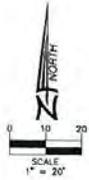
Survey

(Ocean Drive Parcel)

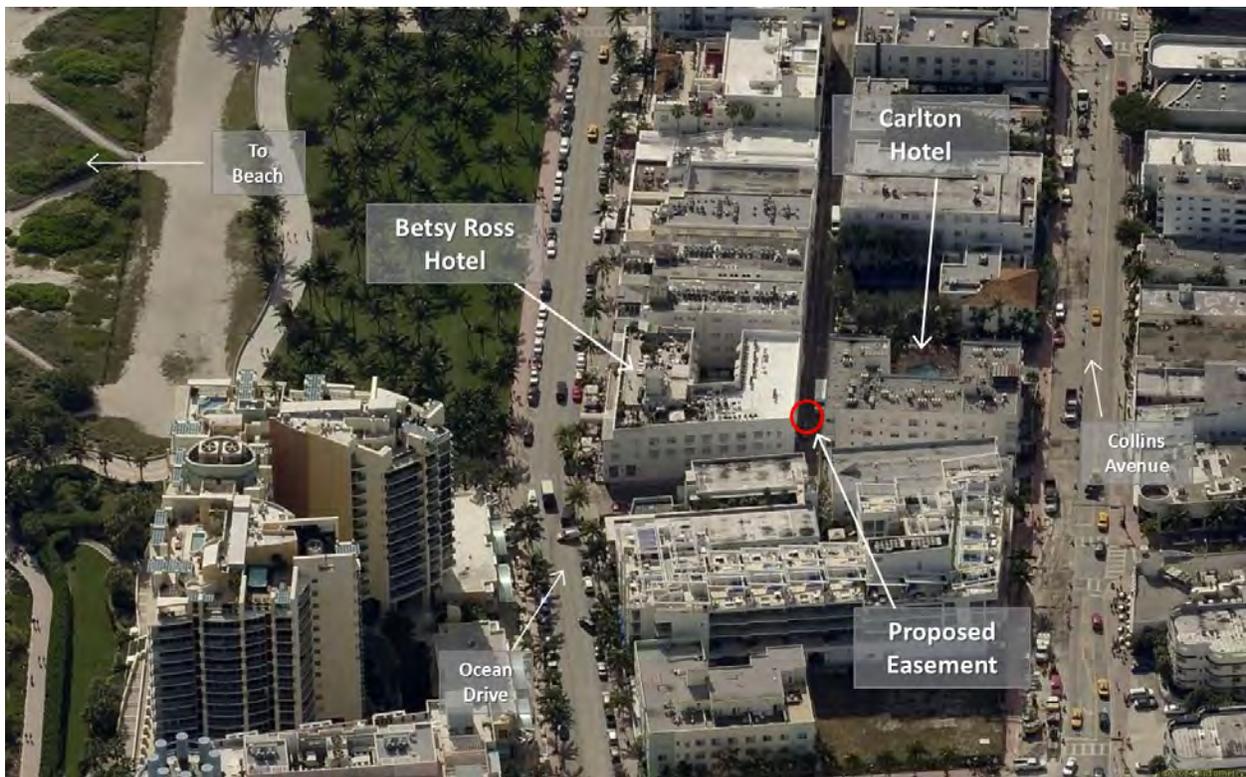
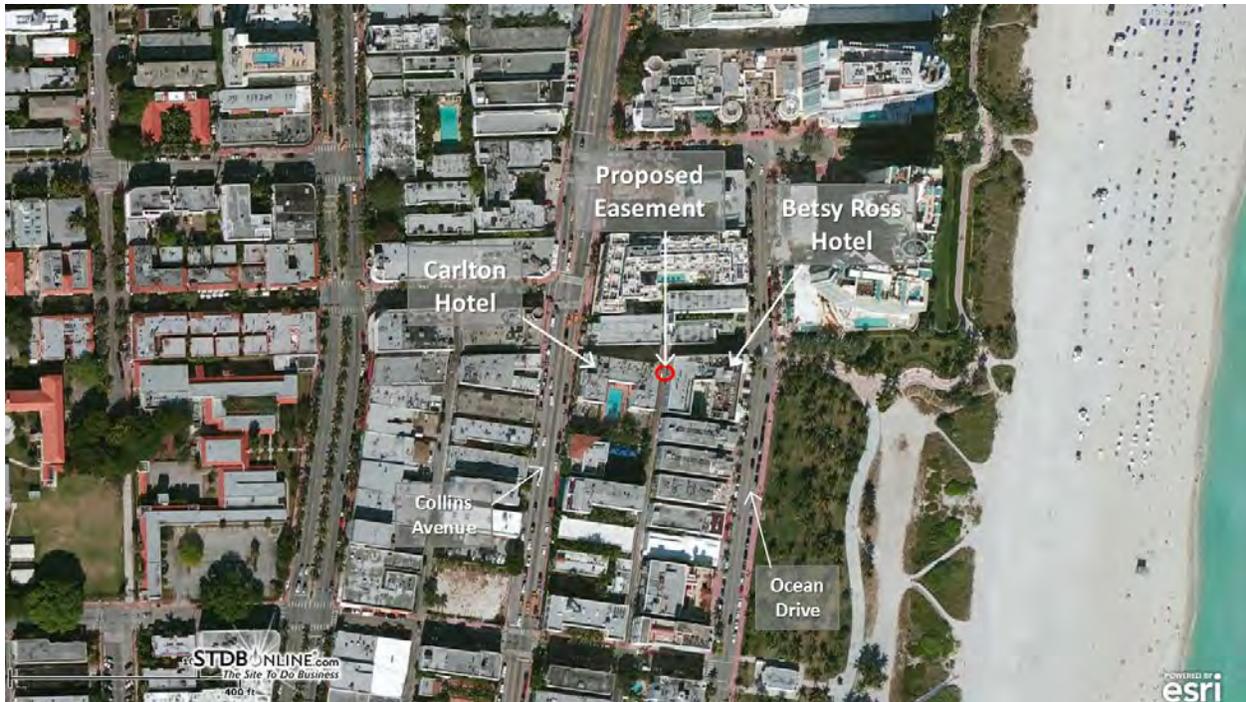


Survey

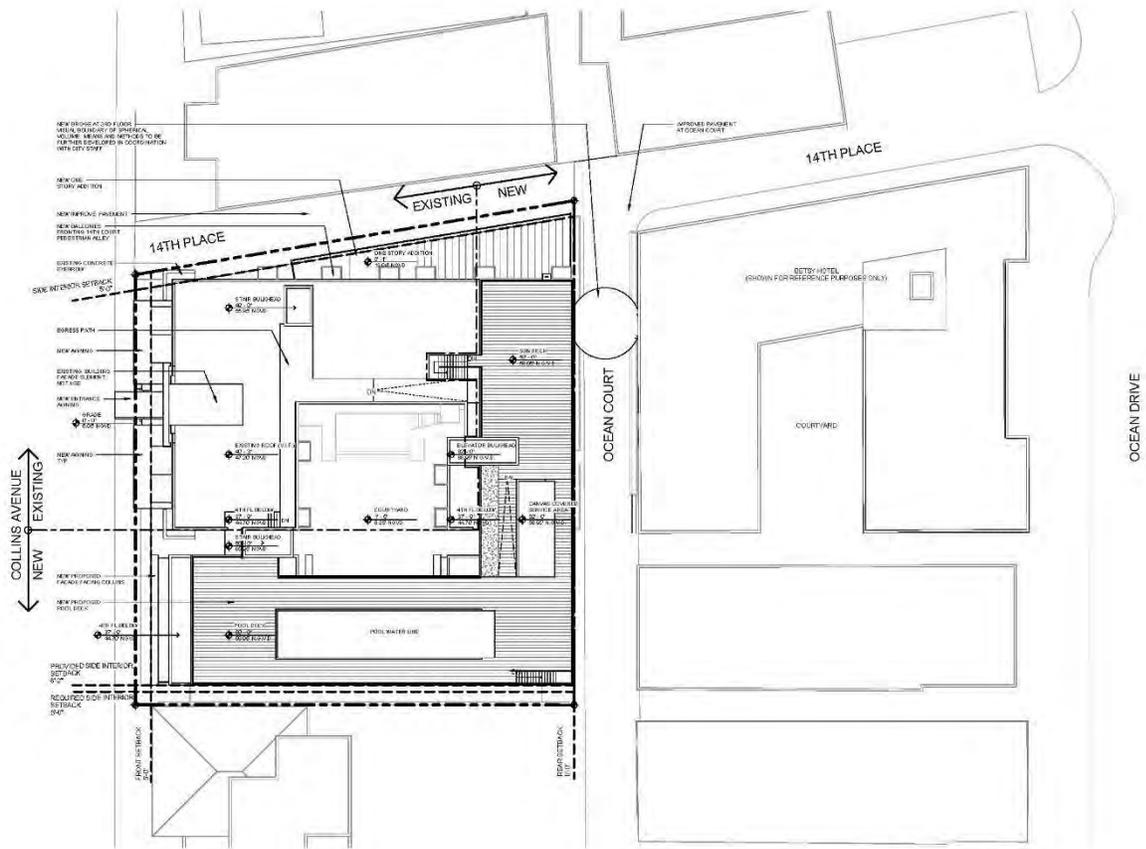
(Collins Avenue Parcel)



Aerial Photographs



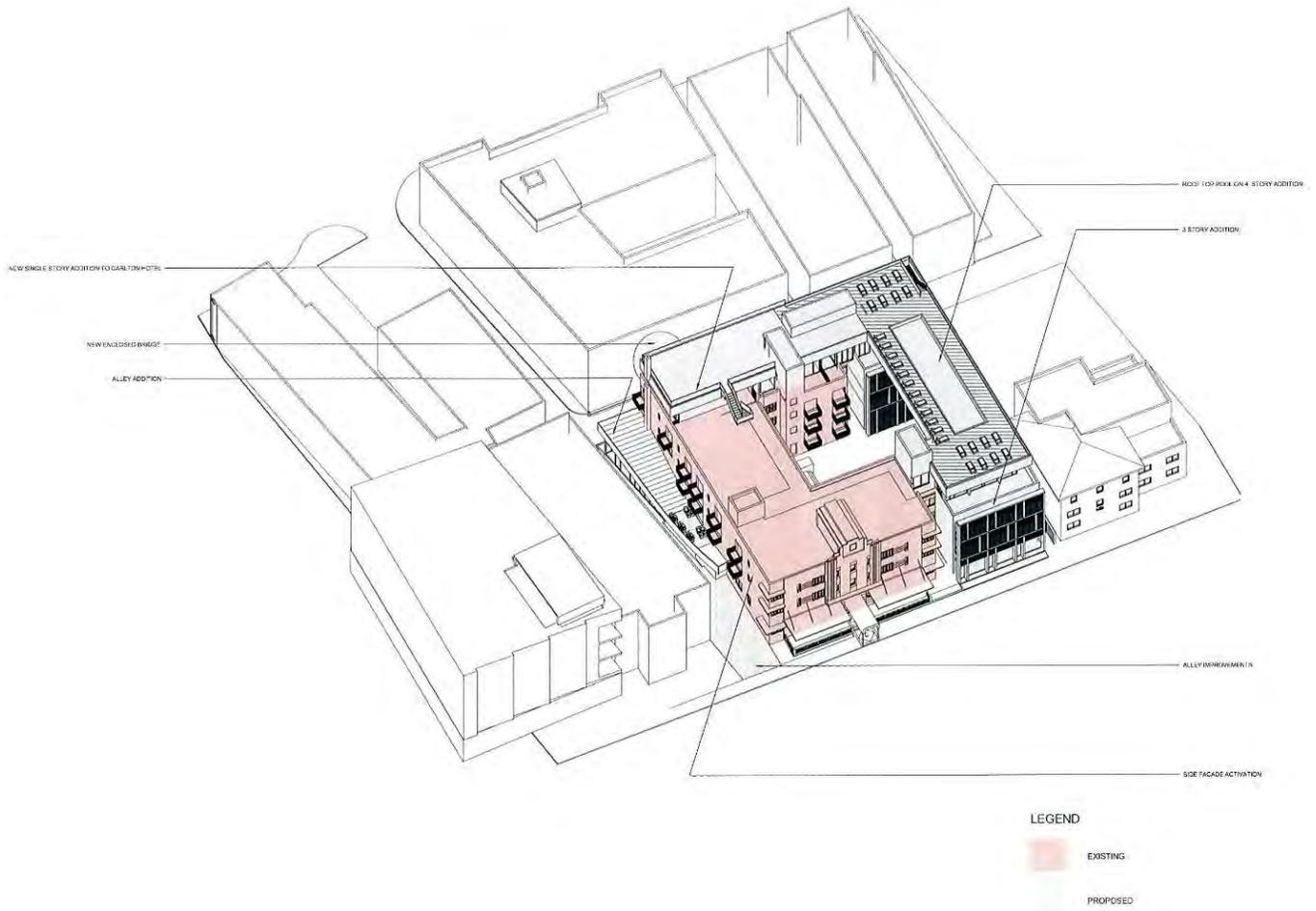
Site Plan for Proposed Renovation



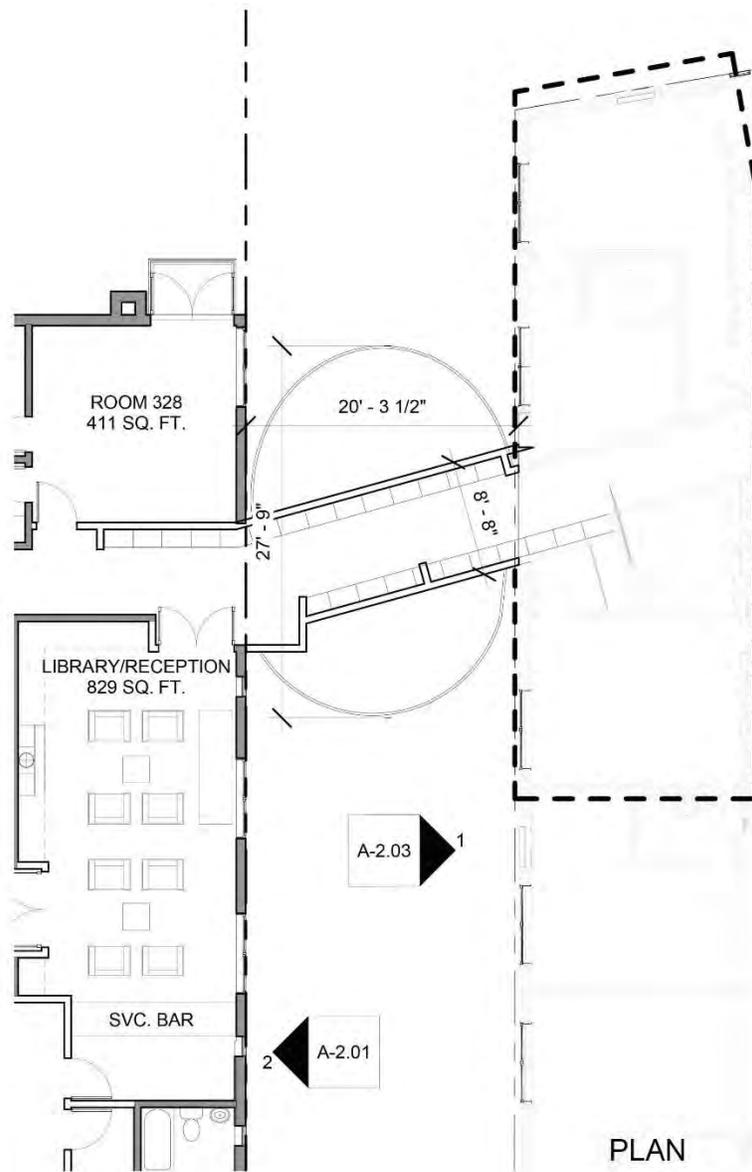
1 PROPOSED OVERALL PROJECT SITE - CARLTON HOTEL
0.100' 1/8" = 1'-0"

Note: circular shape over Ocean Court denotes location of proposed easement

Site Plan for Proposed Renovation (Angled 3D View)

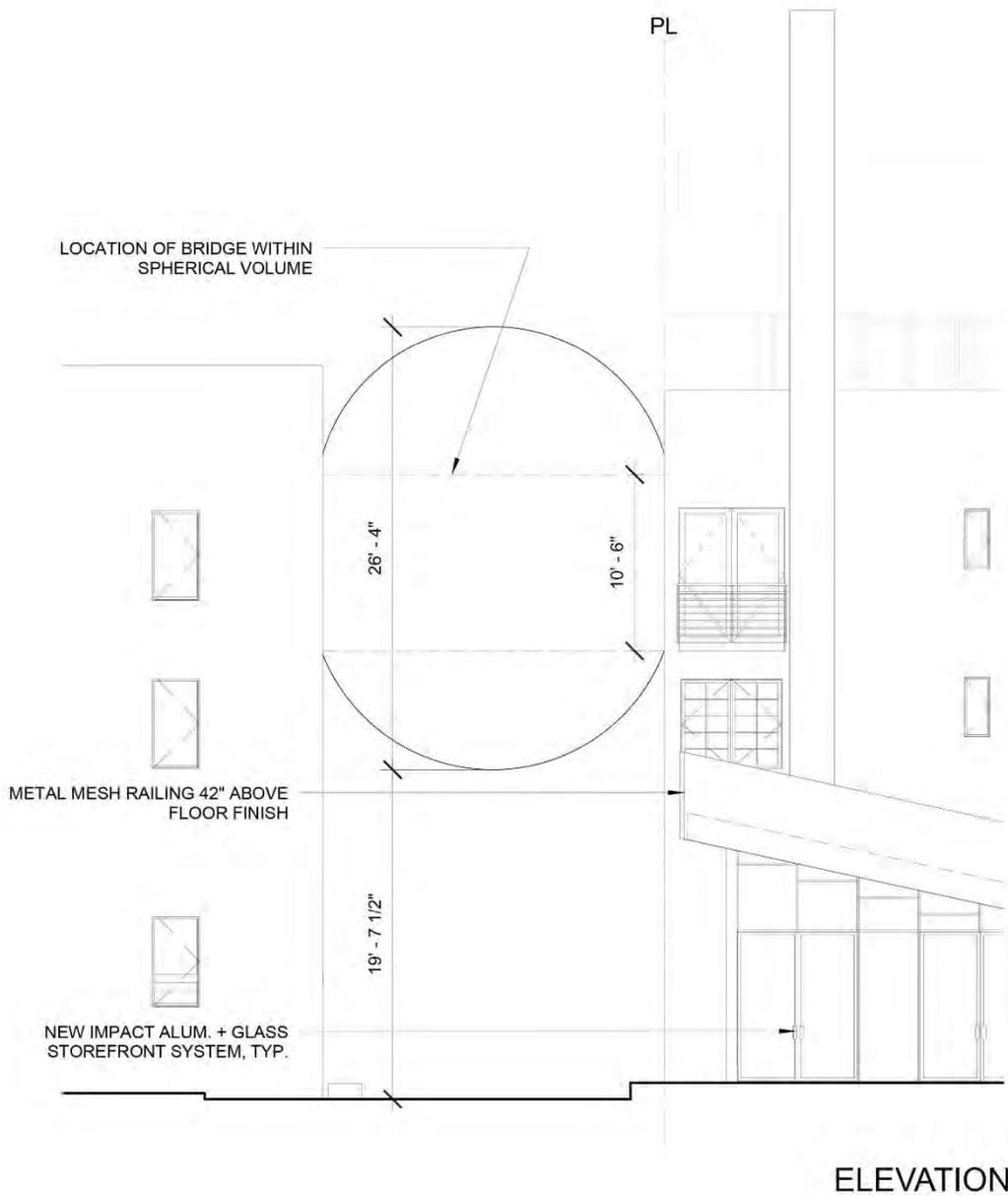


Detail of Pedestrian Bridge (Plan View)



Note: Betsy Hotel (Ocean Drive parcel) on right, Carlton Hotel (Collins parcel) on left

Detail of Pedestrian Bridge (Elevation View)



Note: Betsy Hotel (Ocean Drive parcel) on left, Carlton Hotel (Collins parcel) on right

Rendering of Proposed Pedestrian Bridge



Rendering looking south from intersection of Ocean Court and 14th Place, just north of easement location. **Note:** rendering reflects proposed rooftop addition and 1-story ground floor addition (in foreground, on right) to Carlton Hotel. Betsy Hotel is on left.

Subject Photographs



Carlton Hotel (undergoing renovation/additions), looking east from west side of Collins Avenue



Betsy Hotel, looking southwest from east side of Ocean Drive



Northwest corner of Carlton Hotel, looking east along pedestrian segment of 14th Place



North side of Carlton Hotel (on left), looking west along pedestrian segment of 14th Place



North side of Carlton Hotel



Ocean Court (alley), looking south (Carlton Hotel on right, Betsy Hotel on left)



West side of Betsy Hotel
(area of proposed bridge)



East side of Carlton Hotel
(area of proposed bridge)



14th Place looking east toward Ocean Drive
from north end of Ocean Court



Ocean Court looking south from point just
east of south portion of Carlton Hotel parcel



South portion of Carlton Hotel parcel looking northwest from Ocean Court



14th Place looking west (Besty Hotel at left, Carlton Hotel at rear/center)



North and east sides of Betsy Hotel and entrance to 14th Place, looking southwest from Ocean Drive



Ocean Drive looking south (Betsy Hotel on right)



Ocean Drive looking north
(Besty Hotel on left)



14th Street looking northwest (entrance to
Ocean Court shown at right)



14th Street looking northeast
(entrance to Ocean Court shown at left)



Collins Avenue looking north
(Carlton Hotel on right)



Collins Avenue looking south
(Carlton Hotel on left)

Appraiser Qualifications

LEE H. WARONKER, MAI, SRA

Education: Master of Science in Management, School of Business and Organizational Science, Florida International University, 1981 (Major – Real Estate)

Bachelor of Science Degree, The Florida State University, Tallahassee, Florida 1976 (Major – Real Estate)

Affiliations: MAI Designation (No. 6738) awarded by the Appraisal Institute in 1983.

SRA (SRPA) Designation awarded by the Appraisal Institute in 1981.

State-Certified General Real Estate Appraiser, State of Florida, License Number RZ162, May 1990.

Registered Real Estate Broker, State of Florida, License #BK0152877 (1978)

Experience: Appraised various types of properties, including:

Industrial Buildings	Restaurants	Warehouses
Office Buildings	Hotels and Motels	Hospitals
Service Stations	Retail Stores	Marinas
Churches & Synagogues	U.S. Post Offices	Historical Buildings
Residences	Condominiums	Special Purpose Properties

President, *Waronker & Rosen, Inc.*, (formerly Waronker & Associates, Inc.) Miami, Florida, from 1987 to present. Vice President, *Property Consultants, Inc.* from 1979 to 1986. Appraiser, The Keyes Company, 1978 to 1979. Appraiser, Miami-Dade County Department of Right-of-Way, 1977 to 1978.

Instructor: Appraisal Institute. Taught Courses 1A-1, 1A-2, 8-2, 1B-A, 1B-B, 110, 120, 210, 310, 320, 410, 420, 430, 510, 550, 600, 610 and 620, et al

Author: Seminars entitled “*Dynamics of Office Building Valuation*”, “*Why the Capitalization Rate is Always 10*” and the “*Appraisal of Real Estate 10th vs. 11th Edition*”.

Other: Special Master for the Dade County Valuation Adjustment Board, 1989 to 1996. Assisted in the editing of *The Appraisal of Real Estate, 11th Edition and 13th Edition*.

President of the Miami Chapter of the Appraisal Institute, 1990 to 1991.

Appraiser Qualifications

CARLOS A. DIEZ

Education: University of Florida (Gainesville, FL)

Bachelor of Arts. Major: Economics

Stevens Institute of Technology (Hoboken, NJ)

Substantial progress towards the degree of Master of Engineering

Affiliations: State-certified general real estate appraiser, State of Florida, RZ3420

The Appraisal Institute, Candidate for Designation

CCIM Institute, Candidate Member

Appraisal Experience: Waronker & Rosen, Inc. September, 2007 to Present

Appraised a wide variety of property types, including:

Vacant land

Office buildings

Restaurants

Shopping centers

Hotels

Free-standing retail properties

Industrial properties

Apartment buildings

Residential and Commercial Condominiums

Condominium Units

Land leases (leased fee and leasehold interests)

Fractured Condominium Interests

Easements (including aerial and sub-surface)

Special Purpose Properties

Appraisal, Investment Analysis and General Real Estate Education:

The Appraisal Institute

100, 101: *Basic Appraisal Principles and Procedures*

202: *Residential Sales Comparison and Income Approaches*

300: *Real Estate Finance, Statistics and Valuation Modeling*

400: *General Market Analysis and Highest & Best Use*

402: *General Appraiser Site Valuation and Cost Approach*

403, 404: *General Appraiser Income Approach (Parts 1 and 2)*

405: *General Appraiser Report Writing and Case Studies*

420: *Business Practices and Ethics*

510: *Advanced Income Capitalization*

550: *Advanced Applications*

530: *Advanced Sales Comparison and Cost Approaches*

Seminar: *Hotel Appraising – New Techniques for Today's Uncertain Times*

500: *Advanced Market Analysis and Highest & Best Use*

833: *Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets*

Seminar: *Marketability Studies: Advanced Considerations and Applications*

CCIM Institute

CI 101: *Financial Analysis for Commercial Investment Real Estate*

CI 102: *Market Analysis for Commercial Investment Real Estate*

CI 103: *User Decision Analysis for Commercial Investment Real Estate*

CI 104: *Investment Analysis for Commercial Investment Real Estate*

FANSC: *Feasibility Analysis for Retail Properties*

MIMK: *Advanced Market Analysis for Commercial Real Estate*

Baruch College (CUNY) / Steven L. Newman Real Estate Institute

NCP2000: *Urban Land Economics*

NCP9000: *Real Estate Development*

Partial Client List

LENDERS		GOVERNMENT AGENCIES
1 st United Bank	TD Bank, N.A.	Broward County School Board
Amerasia Bank	Totalbank	Broward County Public Works Dept.
Apollo Bank	U.S. Century Bank	City of Coral Gables
BAC Bank	Wells Fargo Bank	City of Miami Beach
BNY Mellon Bank	Zions First National Bank	City of Miami General Services Administration
BankUnited		Federal Deposit Insurance Corp. (FDIC)
Bank of America	<u>LIFE INSURANCE COMPANIES</u>	Federal Home Loan Mortgage Corp. (FHLMC)
Bank of Coral Gables	Allstate Insurance Company	Florida Dept. of Environmental Protection
Bank Leumi	American General Life Insurance Co.	Florida Department of Transportation
Bessemer Trust	Equitrust Life Insurance Co.	Florida Keys Aqueduct Authority
Branch Banking and Trust (BB&T)	Fortis Capital Corp. & Life Insurance Company	Miami-Dade Water and Sewer Authority
BridgeInvest, LLC	Franklin Life Insurance Company	Miami-Dade Co. -Aviation Authority
C1 Bank	General American Life Insurance Co.	Miami-Dade Co. - County Attorney's Office
CNL Bank	Independent Order of Foresters	Miami-Dade Co. - General Serv. Admin.
Capital Bank	John Alden Life Insurance Company	Miami-Dade Co. - Housing & Urban Dev.
Cigna Investments, Inc.	Kansas City Life Insurance Company	Miami-Dade Co. - Public Works Dept.
Citibank and Citicorp	Lumberman's Life Insurance Company	Miami-Dade Co. - School Board
City National Bank of Florida	Omaha Woodmen Life Ins. Society	Miami Parking Authority
Coconut Grove Bank	Standard Life Insurance Company	Nature Conservancy, Florida Chapter
Comerica Bank	State Farm Insurance Company	South Florida Water Management District
Credit Suisse First Boston Mortgage Capital, LLC	Sun Life Insurance Co. of America	United States Department of Justice
Espirito Santo Bank of Florida	<u>CORPORATIONS</u>	United States General Serv. Admin.
Executive National Bank	Church of Jesus Christ of the Latter-Day Saints	United States Postal Services
Fifth Third Bank	Florida Power and Light Corp. (FPL)	Village of Pinecrest
First Bank of Miami	JC Penny Corporation	<u>LAW FIRMS</u>
First National Bank of South Miami	The Wendy's Company	Akerman, Senterfitt & Eidson
FirstBank Florida	Chevron U.S.A., Inc.	Arnstein & Lehr, LLP
Florida Community Bank	Johnson and Johnson Company	Barranco & Associates, P.A.
Gibraltar Private Bank and Trust		Berger Singerman
HSBC Bank, N.A.	<u>DEVELOPERS AND INVESTORS</u>	Berman, Wolfe Rennart Vogel & Mandler, P.A.
Holliday Fenoglio Fowler, LP	Berkowitz Development Group	Carlton Fields
Intercredit Bank, N.A.	Bristol Group, Inc.	Colson Hicks Eidson, P.A.
International Finance Bank	Fifteen Group, Inc.	Greenberg Traurig, P.A.
Israel Discount Bank of New York	Franklin Street Properties	Holland & Knight
JP Morgan Chase Bank	Flagler Development Corporation	Kirkpatrick and Lockhart
Live Oak Bank	Goldman Properties	Kutner and Associates
Lloyds Int'l. Bank (Lloyds of London)	Hampshire Real Estate Companies	Richman Greer
Lutheran Brotherhood	Lennar Corporation	Shutts & Bowen, LLP
Marquis Bank	MDM Development, Inc.	Stearns, Weaver, Miller, Weissler, Alhadeff & Sitterson, P.A.
Morgan Stanley Mortgage Capital	Napolitano Realty and Harnap Corp.	Steel Hector and Davis
Northern Trust Bank	Noble House Resorts and Hotels	Tabas, Freedman, Soloff, Brown & Rigali, P.A.
Ocean Bank	Ocean Properties, Ltd.	Tripp Scott
OptimumBank	Panther Real Estate	Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.
Popular Community Bank	PLC Investments, LLC	
Professional Bank	R.K. Associates, Inc.	
Regions Bank	The Scott Robins Companies	
Sabadell United Bank	Wometco Enterprises, Inc.	
Space Coast Credit Union		
Stonegate Bank		
SunTrust Bank		
Terrabank, N.A.		

Notable Properties Appraised

Miami-Dade County

Miami Seaquarium	Virginia Key	Miami Free Zone – Global Trade Cntr	Miami
Miami International Airport	Miami	Metropolitan Hospital of Miami	Miami
City of Miami Correctional Facility	Miami	Spinnaker Marina	North Miami
Country Club of Miami Golf Course	Miami	Virginia Key & Rickenbacker Marinas	Key Biscayne
Mel Reese Golf Course	Miami	Waterways Yacht Basin	Miami
Burger King Headquarters – Waterford	Miami	Porto Vita Club and Spa	Aventura
Doctors Hospital	Coral Gables	Ocean Steps Entertainment Center	S. Miami Beach
Beacon Centre Development	Miami	Indian Creek Country Club	Indian Creek
FBI Headquarters	Miami	BIV Tower	Miami
Gables Waterway Executive Center	Coral Gables	Courthouse Tower	Miami
Joe's Stone Crab restaurant	Miami Beach	South Shore Hospital	Miami Beach
Doral Ocean Beach Resort (formerly)	Miami Beach	SouthCom Headquarters	Miami
Metro-Dade Bus Facility	Miami		

Fort Lauderdale/Broward County

Florida Medical Center (Hospital)	Ft. Lauderdale
Jackson Marine Center	Ft. Lauderdale
Las Olas Centre Office Building	Ft. Lauderdale
Martha's Restaurant	Hollywood
Various Luxury Single Family Homes	Fort Lauderdale
Seneca Industrial Park	Pembroke Park

Monroe County/Florida Keys

Marriott Key Largo Bay Beach Resort	Key Largo
Islander Resort	Islamorada
Hawk's Cay Resort, Marina and DRI	Duck Key
Westin, formerly Hilton Resort and Sunset Key Island	Key West
Little Palm Island	Little Torch Key
Louis' Backyard Restaurant	Key West
Ocean Key Resort	Key West
Sloppy Joe's Bar	Key West
Truman Annex - Navy Base	Key West

Other Florida Counties

Jupiter Beach Resort	Jupiter, Palm Beach County
La Playa Beach Resort	Naples, Collier County
Sheraton Four Points	Orlando, Orange County
Spring Hill Suites	Tampa, Hillsborough County
Hilton Carillon Park	St. Petersburg, Pinellas County

Outside of the United States

Various Single Family Homes	Cat Cay, Bahamas
Single Family Home	Casa de Campo, Dominican Republic
Sapphire Beach Resort	St. Thomas, U.S. Virgin Islands
Hotel Site	Grand Turks and Caicos Islands
Montego Beach Resort	Montego Bay, Jamaica
Botany Bay Subdivision (400 acres)	St. Thomas, U.S. Virgin Islands
Ocean Club Resort	Grand Turks and Caicos Islands
Land lease under Ritz Carlton	San Juan, Puerto Rico
Various Land Holdings	St. Croix, U.S. Virgin Islands
Vacant Land	West End, Grand Bahama Island
Buccaneer Hotel and Golf Course	St. Croix, U.S. Virgin Islands

Description & Analyses



Purpose of the Appraisal

The purpose of this appraisal report is to estimate the value of the proposed easement to the owner of the adjoining parcels as of August 19, 2015. As part of the analysis, an estimate of the market value of the fee simple interest in the adjoining land was developed, in order to estimate how the market value of the adjoining parcels would change as a result of the benefits afforded by the proposed easement. The value to the adjoining owner is not considered market value. The term fee simple interest is defined below. The term market value is defined on the following page.

Client, Intended User and Use of the Appraisal

The intended user of this appraisal is City of Miami Beach (client). No purchaser or seller of the subject property, nor any borrower are intended users of this appraisal and no such parties should use or rely on this appraisal for any purpose. All such parties are advised to consult with appraisers or other professionals of their own choosing. No additional intended users are identified or intended for internal decision making relating to the possible granting of an aerial easement over Ocean Court, a public right-of-way.

Definition of Real Property Interest Appraised

The real property interest appraised herein is that of the fee simple interest, defined as follows:

Fee Simple Interest: an absolute fee without limitations to any particular class of heirs, but subject to the limitations of eminent domain, escheat, police power and taxation. An inheritable estate.

Definition of Market Value

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.¹ The Uniform Standards of Professional Appraisal Practice (USPAP) states Market Value is “a type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in the appraisal”.² This requires the appraiser to identify the definition of market value and its authority.

The definition that follows is the basis of the valuation in this appraisal and the source is the Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

Market Value is defined as “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”³

This market value definition is referenced within the appraisal regulations of the following governmental agencies:

- Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989
- Department of the Treasury
- The Federal Reserve System (FRS)
- Federal Deposit Insurance Corporation (FDIC)
- Office of Comptroller of the Currency (OCC)

¹ *Appraisal of Real Estate*, 14th Edition, page 58

² USPAP 2014-2015, page U-3

³ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

Location and Address

The subject property consists of a proposed aerial easement spanning Ocean Court (a public alley) between 14th and 15th Streets, in Miami Beach, FL.

Address: Between 1440 Ocean Drive and 1433 Collins Avenue
Miami Beach, FL 33139

Legal Description

Collins Avenue Parcel:

Lot 18, Block 19, of OCEAN BEACH ADDITION NO.2, according to the Plat thereof, as recorded in Plat Book 2, at Page 56 of the Public Records of Miami-Dade county, Florida, and also that certain tract of land described as follows.

Beginning at the northwesterly corner of Block 19, OCEAN BEACH ADDITION NO.2, according to the Plat thereof, recorded in Plat Book 2, Page 56 of the Public Records of Miami-Dade County, Florida, thence easterly along the northerly line of said Block 19, a distance of 141.99 feet, more or less, to the westerly line of a 20-foot alley, as shown on the aforesaid plat, then southwesterly along the westerly line of said alley, a distance of 110.5 feet, more or less, to the northeasterly corner of Lot 18, Block 19 as shown on aforesaid plat; then northwesterly along the northerly line of said Lot 18, Block 19, a distance of 140 feet to the Northwesterly corner of Lot 18, Block 19, as shown on aforesaid plat; thence northwesterly along the westerly line of Block 19 as shown on aforesaid plat, a distance of 87.2 feet, more or less, to the point of beginning.

Ocean Drive Parcel:

Lot 1, less the North 13 feet and Lot 2, in Block 19, of OCEAN BEACH ADDITION NO.2, according to the Plat thereof, as recorded in Plat Book 2, at Page 56 of the Public Records of Miami-Dade county, Florida

Neither a survey nor legal description for the proposed easement was supplied. The legal descriptions above were copied from surveys included in the architect's drawings for the proposed renovation. The drawings indicate that the surveys were completed by Hadonne Corp. on October 15, 2013.

Owner of Record

Ocean Drive Parcel:
Betsy Ross Owner, LLC
1841 Broadway
Suite 1009
New York, NY 10023

Collins Avenue Parcel:
Ocean Court, LLC
1221 Brickell Avenue
Suite 1600
Miami, FL 33131

Source: www.miamidade.gov

History of the Subject Property

The owner has owned the Betsy Hotel (the Ocean Drive parcel) for many years, but acquired the Carlton Hotel (the Collins Avenue parcel) in October 2013 for \$19,000,000 through a court-ordered sale of the property resulting from the previous owner's bankruptcy. The owner has since obtained approval from the City of Miami Beach Planning Department for a renovation (now underway) of the Collins Avenue parcel (the Carlton Hotel) that includes an expansion of the existing building (including addition of a new 1-story rooftop addition). Also proposed is construction of a bridge to connect the two buildings over the alley. Proposed alterations to the Betsy are limited to the pedestrian bridge and improvements to the alley.

Source: www.miamidade.gov and City of Miami Beach Planning Department

Site Data

The subject property is a proposed aerial easement across Ocean Court, a public alley between Collins Avenue and Ocean Drive. No survey was provided. This analysis is based on the location of the proposed easement as depicted in architectural drawings provided. Based on the recorded plat, the alley is 20 feet wide. Based on the drawings, it would have a length of 27.75 feet (the length of the area taken up by a proposed spherical structure that would envelop the bridge that is to connect the buildings on either side), and a vertical height of 26.33 feet. Based on this, the easement would have a floor area of 555 sq. ft. and a volume of 14,615 cubic feet.

The parcels on the either side of the proposed easement are both trapezoidal but nearly square in shape. The parcel on the east side (the Ocean Drive parcel) has frontage of approximately 123 feet along the west side of Ocean Drive. It also has frontage of approximately 101 feet along the east side of Ocean Court, a public right-of-way that runs north-south between Ocean Drive and Collins Avenue, and approximately 132 feet along the south side of 14th Place, a public right-of-way that runs east-west between Ocean Drive and Collins Avenue. The segment of 14th Place that lies along the north side of the Ocean Drive parcel connects to Ocean Court, allowing vehicular traffic from Ocean Court to travel one way (eastbound) along 14th Place. Based on the Miami-Dade County Property Appraiser's records, this parcel has a land area of 14,537 sq. ft.

The parcel on the west side of the proposed easement (the Collins Avenue parcel) has frontage of approximately 137 feet along the east side of Collins Avenue. It also has frontage of approximately 160 feet along the west side of Ocean Court, and approximately 142 feet along the south side of 14th Place. The segment of 14th Place that lies along the north side of the Collins Avenue parcel is a pedestrian-only right-of-way, such that vehicular traffic traveling north on Ocean Court may not turn left at the northeast corner of the Collins Avenue parcel (it must turn right, where 14th Place leads to Ocean Drive). According to the Miami-Dade County Property Appraiser's records, this parcel has a land area of 20,258 sq. ft. However, this excludes a small wedge-shaped parcel, identified in the Miami-Dade County Property Appraiser's records as folio #02-3234-008-0730, which the survey included in the architect's drawings indicates as being part of the Collins parcel. This parcel has a land area of 1,690 sq. ft. The Planning Department of the City of Miami Beach stated to the appraisers that the City Attorney had recently determined that based on a title search this parcel belongs to the Collins parcel, making the Miami-Dade County Property Appraiser's records incorrect. Based on this, the land area of the Collins Avenue parcel is 21,948 sq. ft.

The adjoining sites on either side of the proposed easement are level and at approximate street grade. Utilities available to the adjoining sites are:

Electric:	Florida Power and Light
Telephone:	AT&T
Water:	City of Miami Beach
Sewer Disposal:	City of Miami Beach

Zoning

The subject property is zoned MXE, Mixed-Use Entertainment District by the city of Miami Beach, FL. This zoning allows apartments, apartment-hotels, hotels and commercial development. This zoning is designed to encourage the substantial restoration of existing structures and allow for new construction. The allowable FAR is 2.0. For a detailed listing of allowable uses and restrictions, refer to the zoning code of Miami Beach, FL.

Flood Zone

The subject is within Flood Zone AE, areas subject to a one percent or greater annual chance of flooding in any given year. Base flood elevations are shown as derived from detailed hydraulic analyses. This flood zone requires mandatory purchase of flood insurance in participating communities. This identification was located on Flood Insurance Rate Map, Community Panel No. 12086C0317L, revised September 11, 2009. **For insurance purposes, a surveyor should be contacted to verify the exact zone by a flood elevation certificate, as well as its impact on insurance.** A copy of the flood zone map is located in the Addenda to this report.

Source: www.miamidade.gov and www.imapp.com

Real Estate Assessment and Taxes

Taxing Authority: Miami-Dade County
 Assessment Year: 2015
 Millage Rate: 19.8148 (proposed)
 Folio Numbers: 02-3234-008-0710 and 02-3234-008-0730 (Collins Avenue parcel)
 02-3234-008-0581 (Ocean Drive parcel)

The following is a summary of the assessment:

Collins Avenue Parcel:

TAX ASSESSMENT ANALYSIS	TOTAL ASSESSMENT	SQ.FT. SIZE*	ASSESSMENT PER SQ.FT.
Assessed Land Value	\$7,681,250	21,948	\$349.97
Assessed Value of Improvements	\$100,000	30,199	\$3.31
Total Assessed Value	\$7,781,150	30,199	\$257.66

*This is the size per the Miami-Dade County Property Appraiser's records.

Ocean Drive Parcel:

TAX ASSESSMENT ANALYSIS	TOTAL ASSESSMENT	SQ.FT. SIZE*	ASSESSMENT PER SQ.FT.
Assessed Land Value	\$8,722,200	14,537	\$600.00
Assessed Value of Improvements	\$6,177,800	39,727	\$155.51
Total Assessed Value	\$14,900,000	39,727	\$375.06

*This is the size per the Miami-Dade County Property Appraiser's records.

The real estate taxes are estimated as follows:

TAX CALCULATION	TAXES	PER SQ.FT.
Millage Rate (Millage Rate ÷1,000)	0.0198148	
Times Total Assessed Value	x \$22,681,150	\$324.36
Estimated Real Estate Taxes	\$449,422	\$6.43

There is a 4% discount given for early (November) payment of taxes which would reduce the estimated real estate taxes to \$431,445 (\$449,422 minus 4%).

Florida Statutes require assessments to be at 100% of just value (market value) with an allowable adjustment to indicate net proceeds that would be derived from a sale. This adjustment varies dependent on the taxing authority with the Miami-Dade County Property Appraiser's office typically designating in the range of 15%. Based upon the market value estimated herein the assessment is below what is appropriate.

Note that the assessed value for the Collins Avenue parcel includes the wedge-shaped parcel (folio #02-3234-008-0730) that the County indicates is City-owned, and which is assessed at a lower value per sq. ft. The land on the main portion of the Collins Avenue parcel (folio # 02-3234-008-0710) is assessed at \$375 per sq. ft., or 63% of the rate at which the Ocean Drive parcel is assessed (\$600 per sq. ft.).

Neighborhood Overview

General Neighborhood Data

Location:	Urban
Built Up:	90% to 100%
Growth Rate:	Steady
Property Values:	Increasing
Demand/Supply:	In balance
Present Land Use:	Lodging and Retail
Change in Present Land Use:	Not likely
Predominant Use:	Lodging
Property Compatibility:	Excellent
General Appearance of Properties:	Excellent
Appeal to Market:	Excellent

Adjacent Uses

East:	Public Beach
West:	Retail and Lodging
South:	Office building
North:	Lodging

Linkages

Distance

Access

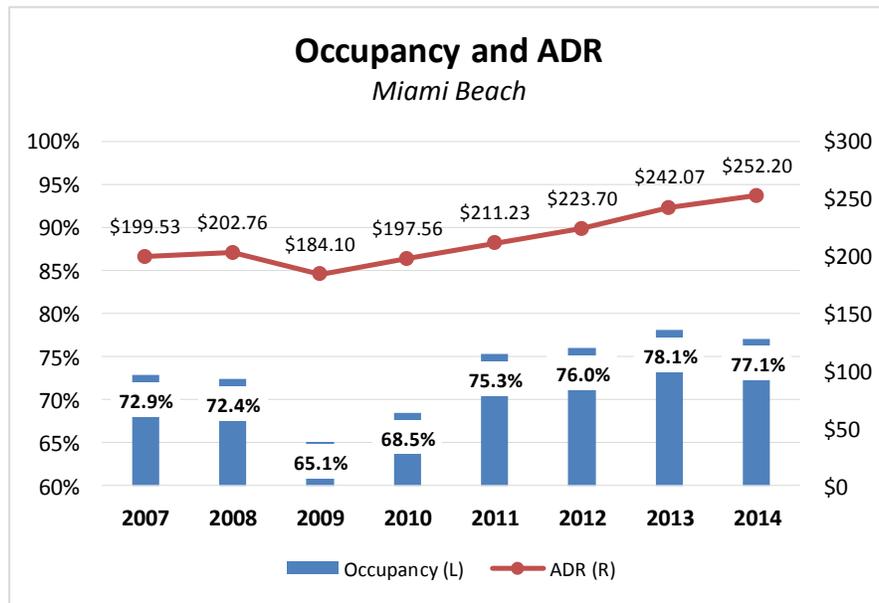
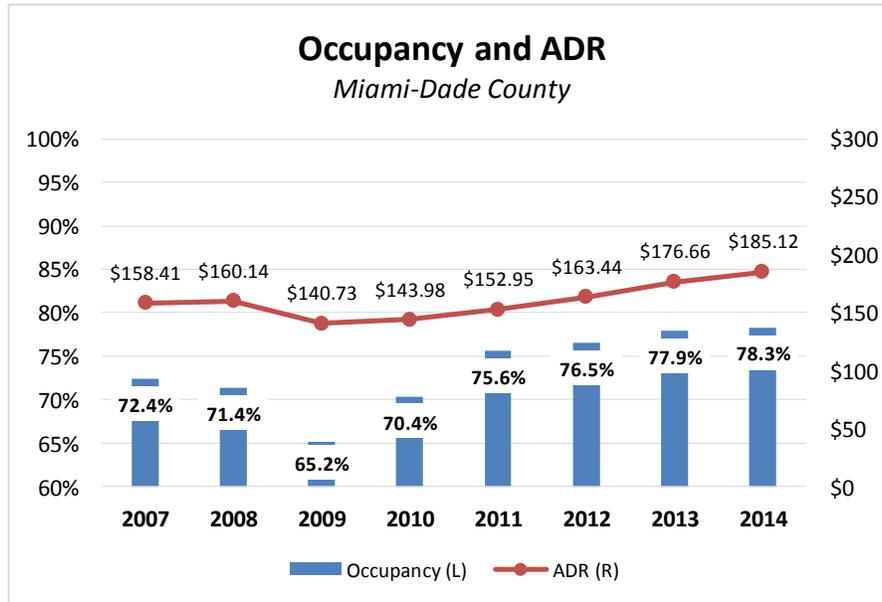
Public Transportation:	Within a few blocks	Very good
Employment Centers:	Three to five miles	Good
Expressway Access:	Five to seven miles	Average
Miami International Airport:	Ten to fifteen miles	Good

Supply and Demand

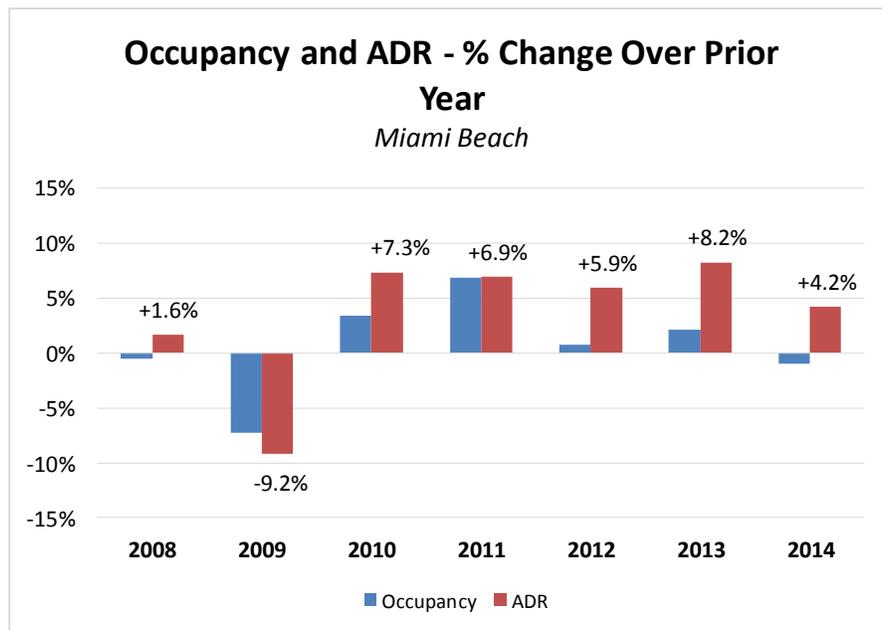
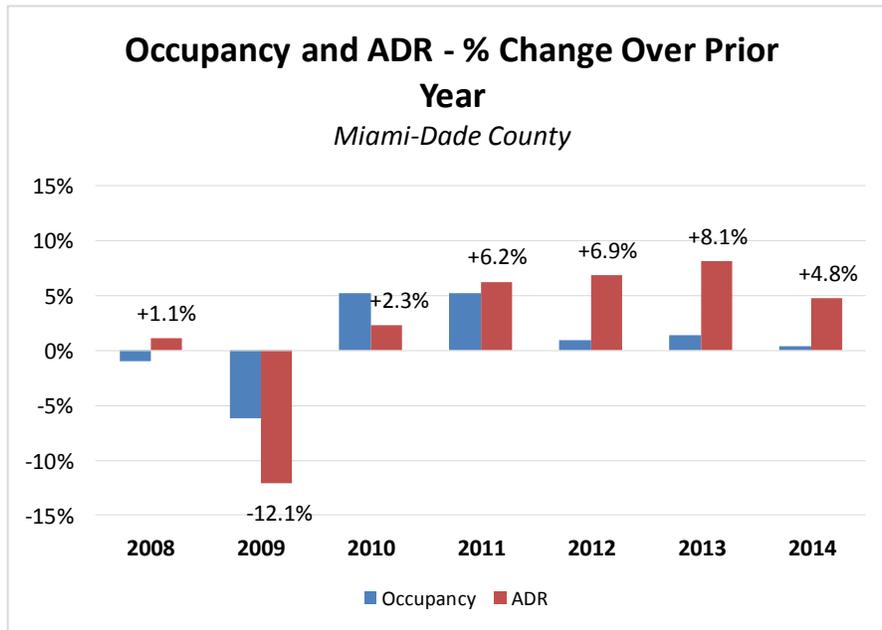
Market conditions for commercial real estate in Miami-Dade County have shown significant improvement overall since the declines that followed the recession and financial crisis of 2008, with some of the most desirable locations and property types seeing very significant improvement during the past two years. Geographically, the areas showing the earliest signs of recovery were generally the waterfront neighborhoods near the urban core (especially Brickell), Downtown Miami, Coral Gables and Miami Beach. The residential sector, which sparked the financial crisis that led to the recession, was first to see significant levels of new development, particularly in the luxury and ultra-luxury end of the market, with numerous waterfront condominium projects achieving total or near total sellouts of units priced in the multiple millions of dollars even before construction begins. The revival of the residential sector has also supported a significant recovery in retail real estate, especially at the most desirable locations, as has the general slow but steady improvement in economic conditions and overall employment, which in turn have fueled modest improvements in the office and industrial sectors.

The subject neighborhood is dominated by lodging, retail and residential uses. It is in the heart of the Art Deco district of South Beach, a world-renowned tourist destination. All three sectors have experienced a very strong recovery in the subject neighborhood, which is among the most desirable locations in the metro area, with values for retail and hotel values hitting record highs during the past several quarters. It should be noted, however, that in areas like the subject where ground floor retail and hotel uses can be very profitable, residential uses tend to be most profitable only on sites that permit high-rise development, but the subject is located in a zoning district that permits only mid-rise development (up to an FAR of 2.0). Also, the current economics of hotel development make larger sites more appealing than smaller sites, as it is generally more difficult for smaller hotels to achieve the same levels of efficiency and profitability per room as larger hotels. As a result, many of the smaller parcels in the neighborhood which were improved with smaller, older hotels have in recent years been converted to retail use (which can be profitable even in small spaces that can be leased to a single retailer). The larger parcels in the neighborhood continue to be dominated by hotel uses, with most of the recent residential development occurring in other neighborhoods and zoning districts that permit higher-density (in many cases high-rise) development.

The lodging sector in South Florida has been doing extremely well since recovering from the recession and global financial crisis, the effects of which were felt through 2009. Since 2010, it began to register notable improvements, with the Miami Beach market leading the way as the first lodging submarket in the Miami area to show signs of recovery. By 2012, demand in the Miami Beach market had returned to previous levels, and with the decline in new hotel development activity brought about by the recession resulting in few new hotels being delivered to market, the rising demand has resulted in robust increases in both occupancy rates and room rates as well as significant amounts of renovation and re-positioning of older hotels. This rebound is illustrated in the charts on the next page, which summarize recent trends in occupancy and ADR (Average Daily Rate) for both Miami-Dade County and the Miami Beach market. The data is from the Greater Miami Convention and Visitor's Bureau, and is based on data provided by Smith Travel Research.



The charts on the following page show the year-over-year percent change in occupancy and ADR based on the data reflected in the charts above, and indicate substantial rates of ADR growth for the past few years, both across the broader market and in Miami Beach. Results for 2014 show a slight decline in the rate of ADR growth and a slight decline in average occupancy in Miami Beach, suggesting that the market is moving from a rapid growth phase to more stable conditions.



During stable markets, or markets in equilibrium conditions, occupancy and ADR tend to move in opposite directions, as decreases in a hotel’s room rates tend to induce more guests to select it over competing hotels, increasing its occupancy rates (and vice versa). The fact that Miami Beach hotel occupancy levels continued to rise between 2010 and 2013 even under rapid room rate increases provides evidence of very strong demand growth, while the more recent evidence suggests that demand growth has begun to slow down with growth in room rates slowing in response.

Exposure Time

Exposure time is the “estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market”¹.

This analysis considers the market value of the land on either side of the proposed easement as a basis from which to estimate the value of the easement to the adjoining owner. The easement itself would have no utility and therefore no value to any other party, so the concept of exposure time would not apply. With respect to the market value of the adjoining land, the analysis considers the exposure time of the vacant land at a market related price such as the estimated market value herein. In estimating exposure time, sales are analyzed, real estate brokers and property owners are interviewed and statistics from published surveys are considered. The subject property site is very desirable given the very strong market conditions.

The exposure time for the subject as vacant land with the specific allowable uses is estimated at six months. This estimate considers that the property would have been properly marketed and priced. If the property were not to have been priced correctly or marketed through proper channels, then it is not likely that the estimated market value nor the estimated exposure time would have been achieved.

Typical Purchaser of the Subject

As noted above, the proposed easement would have no value to any party other than the adjoining owner. However, the analysis considers the market value and typical purchaser of the adjoining land. Based on the analysis, the typical purchaser of the adjoining properties as vacant land would be a hotel developer.

¹ Uniform Standards of Professional Appraisal Practice (*USPAP*) 2014-2015 Edition, Page U-3

Highest and Best Use

The adjoining sites are valued for their highest and best use, which may be defined as follows:

That reasonable and probable use that will support value
as defined as of the effective date of the appraisal.

In analyzing the highest and best use, the following four questions are answered:

1. **Legally Permissible.** What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?
2. **Physically Possible.** What uses of those legally allowed are physically possible on the subject site?
3. **Financially Feasible.** Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?
4. **Maximally Productive.** Of those that are feasible, legally permissible, and physically possible, which will produce the highest rate of return or value?

As Vacant

The zoning on the parcels adjoining the subject property is MXE, Mixed-Use Entertainment District by the city of Miami Beach, FL. This zoning permits a variety of uses, of which the most likely to be feasible to develop are lodging, retail and residential uses. Residential uses at the subject location would be most likely to be profitable in a high-density (high-rise) development scenario (where residential uses tend to be most profitable on the upper floors). However, the subject zoning allows a maximum FAR of 2.0, limiting the size of any building to a mid-rise structure. The subject location is dominated by hotels, with a number of the smaller buildings along Collins Avenue occupied by retail users. On larger sites the most profitable type of development is likely to be lodging, though possibly with a retail component at the ground level such as a restaurant or café (along the lines of the renovation currently underway at the Carlton Hotel on the Collins Avenue parcel, which includes a new restaurant with outdoor seating).

As Improved

As the subject property is being valued as vacant land, the analysis of the highest and best use as improved is not applicable.

Appraisal Process

An analysis of three separate approaches to value; sales comparison approach, cost approach, and income capitalization approach, will be considered to estimate the value of the subject property. Although these three approaches to value are considered within every appraisal report, they may not be applicable to each and every property being appraised.

The cost approach is based on the principle of substitution which states that an informed purchaser would not pay more for a property than the cost of reproducing a property with the same utility. The cost approach can often yield reliable estimates of value for new construction. This approach entails estimating the cost of producing the improvements, deducting an estimate of depreciation, and then adding the value of the site as if vacant. To this value an entrepreneurial incentive is added to arrive at the estimated value by the cost approach.

The income capitalization approach is based on the concept that value is created by the expectations of future benefits and higher earnings should result in higher values. Income producing real estate is purchased for the right to receive future income. The income capitalization approach consists of methods to analyze a property's capacity to generate income, and a reversion, and convert these monetary benefits into an estimate of value.

The sales comparison approach is based on the principle of substitution which suggests that, within competitive markets, similar products will realize similar prices. Inherent in this concept is the premise that a purchaser would not pay more for a property than the cost to acquire another property with the same amenities and utility.

The final steps in the appraisal process are review and reconciliation of the data and conclusions. In reaching a final conclusion of value, the entire process involving the approaches that were estimated must be reviewed for accuracy, completeness and consistency. After analysis, evaluation and reconciliation of the indications a value is estimated. The essence of this final reconciliation should be a defensible and rational conclusion of value.

The only approach used in this appraisal is the sales comparison approach. The income capitalization approach and the cost approach are not applicable to the valuation of the subject property.

Cost Approach

The basis of the cost approach is the principle of substitution. This principle suggests that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct comparable improvements.

Following are the procedures for preparing the cost approach.

1. Estimate the value of the land as though vacant and available to be developed to its highest and best use.
2. Determine which cost basis is most applicable to the assignment: reproduction cost or replacement cost.
3. Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date.
4. Estimate an appropriate entrepreneurial profit or incentive from analysis of the market.
5. Add estimated direct costs, indirect costs, and the entrepreneurial profit or incentive to arrive at the total cost of the improvements.
6. Estimate the amount of depreciation in the structure and, if necessary, allocate it among the three major categories: physical deterioration, functional obsolescence, and external obsolescence.
7. Deduct the estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.
8. Estimate the contributory value of any site improvements that have not already been considered. (Site improvements are often appraised at their contributory value - i.e., directly on a depreciated-cost basis - but may be included in the overall cost calculated in Step 3 and depreciated, if necessary).
9. Add land value to the total depreciated cost of all the improvements to develop the market value of the property.
10. Adjust for personal property (e.g., furniture, fixtures, and equipment) or intangible assets that are included in the appraisal.
11. Adjust the value conclusion, which reflects the value of the fee simple estate, for the property interest being appraised to arrive at the indicated value of the specified interest in the property.¹

As the subject property is unimproved vacant land, the cost approach is not applicable.

¹ *The Appraisal of Real Estate*, 14th Edition, 2013, Pages 568 and 569

Income Capitalization Approach

Income producing real estate is typically purchased as an investment, and from an investor's point of view earning power is the critical element affecting property value. One basic investment premise holds that the higher the earnings, the higher value, provided the amount of the risk remains constant. An investor who purchases income-producing real estate is essentially trading present dollars for the expectation of receiving future dollars. The income capitalization approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.¹

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the approach.²

An income capitalization approach was not applied as it was not within the scope of this appraisal. Since this approach is typically not considered by purchasers of this property type, not using it does not limit the reliability of the value estimated herein.

¹ Appraisal of Real Estate, 14th Edition, 2013, Page 439

² Ibid., 439

Sales Comparison Approach

The *sales comparison approach* is based on the principle of substitution. *The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*¹

In the Sales Comparison Approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are under contract (i.e., for which purchase offers and a deposit have been recently submitted). A major premise of the sales comparison approach is that an opinion of the market value of a property can be supported by studying the market's reaction to comparable and competitive properties.

Qualitative analysis is a relative comparison process without mathematics. Sales are ranked based upon their desirability as compared to the subject. Comparisons can be expressed as plus or minus as opposed to dollar or percentage adjustments.

Quantitative analysis is the process of applying mathematical techniques. Sales are adjusted to the subject property on a dollar or a percentage basis. One method of supporting adjustments is through *paired data analysis*. This method analyzes two sales and attributes the difference in their sales prices to the characteristic which is different. This analysis requires an abundance of sales data which is frequently not available.

Qualitative analysis is used herein to estimate a value by the *sales comparison approach*. Characteristics of the sales considered superior to the subject are given a minus (-) adjustment. Those characteristics of the sales considered inferior to the subject are given a plus (+) adjustment. Each sale is given an overall adjustment indicating how it compares to the subject.

On the following page is a grid of the sales used for comparison to the subject property.

¹ The Appraisal of Real Estate 14th Edition, 2013, page 379

Vacant Land Sales Grid

Following is a grid of the comparable sale properties used for comparison to the subject property.

Sale No.	Sale Date	Location	Zoning	Sale Price	Sq. Ft. Size	Price/Sq. Ft.
1	June 2013	1475 Collins Avenue Miami Beach	MXE	\$7,390,000	12,400	\$595.97
2	June 2013	825 Collins Avenue Miami Beach	MXE/HPD	\$5,000,044	6,500	\$769.24
3	March 2015	251 Washington Avenue Miami Beach	RPS-3	\$8,250,000	13,000	\$634.62
4	July 2013	620 Ocean Drive Miami Beach	MXE	\$5,270,000	6,500	\$810.77
5	August 2013	304-312 Ocean Drive Miami Beach	R-PS3	\$6,300,000	11,650	\$540.77
6	February 2015	88 SW 10 th Street Miami	T6-48B-O	\$26,000,000	22,770	\$1,141.85
7	October 2012	120-130 Ocean Drive Miami Beach	R-PS3	\$9,200,000	17,250	\$533.33
8	October 2013	2206 Park Avenue Miami Beach	CD-3	\$7,000,000	17,040	\$410.80
9	January 2014	6747 and 6757 Collins Avenue Miami Beach	RM-3	\$21,000,000	41,624	\$504.52
10	April 2014	6901 Collins Avenue Miami Beach	RM-3	\$26,000,000	40,250	\$645.96
Subject		Between 1440 Ocean Drive and 1433 Collins Avenue Miami Beach				
		Parcel A (1433 Collins)	MXE		21,948	
		Parcel B (1440 Ocean)	MXE		14,537	

Vacant Land Sales Map



Comparable Land Sale 1

Property Location

1475 Collins Avenue
Miami Beach, FL 33139
Miami-Dade County

Property Identification

Tax ID: 02-3234-019-1230
WRI No: 303153R

Units of Comparison

Price/Sq.Ft.: \$595.97
Price/Acre: \$26,392,857



Property Description

Square Feet: 12,400
Acres: 0.28
Topography: Grade level
Shape: Trapezoidal
Zoning: MXE, Mixed-Use Entertainment District by the city of Miami Beach, FL

Recording Information

Sale Price: \$7,390,000
Sale Date: June 2013
ORB/Page: 28681/0518
Grantor: Empire Ocean Residence Realty, LLC
Grantee: CVS 10346 FL, LLC
Financing: All cash to the seller
Prior Sale: None in the past five years
Verification: Grant Savage, listing broker at Point Group Advisors, Inc. (305-913-5505)

Comments

This parcel is located at the southeast corner of Collins Avenue and 15th Street. According to the listing broker, the property had been in court-appointed receivership and was sold to the highest bidder in a bidding process. The buyer is the development arm of CVS Pharmacies, which plans to construct a CVS store at the site.

Comparable Land Sale 2

Property Location

825 Collins Avenue
Miami Beach, FL 33139
Miami-Dade County

Property Identification

Tax ID: 02-4203-052-0110, -0010,
-0030, -0040, -0100, -0120,
-0070, -0080, -0090, -0050
and -0060

WRI No: 303152R

Units of Comparison

Price/Sq.Ft.: \$769.24
Price/Acre: \$33,333,627



Property Description

Square Feet: 6,500
Acres: 0.15
Topography: Grade level
Shape: Rectangular
Zoning: MXE/HPD, Mixed-Use Entertainment and Historic Preservation District by the city of Miami Beach, FL

Recording Information

Sale Price: \$5,000,044
Sale Date: June 2013
ORB/Page: Various
Grantor: Various
Grantee: FCI Miami Beach One, LLC
Financing: All cash to the seller
Prior Sale: \$3,195,000 in May 2012
Verification: El Zielial, buyer (786-234-4321)

Comments

This is the purchase of all 11 units in a 47 year-old residential condominium located on Collins Avenue, between 8th and 9th Streets. The deal was closed on same day on 11 separate deeds. The buyer confirmed their intention to dissolve the condominium and demolish the building to make way for a new 10,350 sq. ft. retail building for which approvals are in place.

Comparable Land Sale 3

Property Location

251 Washington Avenue
Miami Beach, FL 33139
Miami-Dade County



Property Identification

Tax ID: 02-4203-003-1090,
02-4203-003-1080
WRI No: 303830

Units of Comparison

Price/Sq.Ft.: \$634.62
Price/Acre: \$27,500,000

Property Description

Square Feet: 13,000
Acres: 0.3
Topography: Grade level
Shape: Rectangular
Zoning: RPS-3, Medium-High Density Residential Performance Standard District by the city of Miami Beach, FL

Recording Information

Sale Price: \$8,250,000
Sale Date: March 2015
ORB/Page: 29526/2117
Grantor: SOBE Second Street, LLC
Grantee: SOUTH5, LLC
Financing: \$5,600,000 in seller financing with an interest rate of 6%
Prior Sale: None in the past five years
Verification: Peter Andolina, broker (pandolina@metro1.com)

Comments

This is a rectangular parcel located on the east side of Washington Avenue, just south of 3rd Street. Frontage on Washington Avenue is 100 feet and the depth of the parcel is 130 feet. There is also frontage at the rear along a public alley (Collins Ct.). The zoning permits residential uses and hotels up to a building height of five stories and an FAR of 1.75. Commercial uses are not allowed.

Comparable Land Sale 4

Property Location

620 Ocean Drive
Miami Beach, FL 33139
Miami-Dade County

Property Identification

Tax ID: 02-4203-004-0050
WRI No: 303603

Units of Comparison

Price/Sq.Ft.: \$810.77
Price/Acre: \$35,133,333



Property Description

Square Feet: 6,500
Acres: 0.15
Topography: Grade level
Shape: Rectangular
Zoning: MXE, Mixed-Use Entertainment District by the city of Miami Beach, FL

Recording Information

Sale Price: \$5,270,000
Sale Date: July 2013
ORB/Page: 28721/2580
Grantor: 620 Partners, Ltd.
Grantee: 620 Park Central Partners, LLC
Financing: All cash to the seller
Prior Sale: None in the past five years

Comments

This parcel is located on Ocean Drive, between 6th and 7th Streets, across from the beach. The buyer is the owner of the adjoining property, the Park Central Hotel, a historic 125-room Art Deco hotel. The buyer has filed for approval of a new four-story hotel building to be built on the site and incorporated into the existing hotel.

Comparable Land Sale 5

Property Location

304-312 Ocean Drive
Miami Beach, FL 33139
Miami-Dade County

Property Identification

Tax ID: 02-4203-003-0510, 02-4203-003-0500
WRI No: 303602

Units of Comparison

Price/Sq.Ft.: \$540.77
Price/Acre: \$23,333,333



Property Description

Square Feet: 11,650
Acres: 0.27
Topography: Grade level
Shape: Square
Zoning: R-PS3, Medium-High Density Residential Performance Standard District by the city of Miami Beach, FL

Recording Information

Sale Price: \$6,300,000
Sale Date: August 2013
ORB/Page: 28879/662
Grantor: 304 South Beach, LLC
Grantee: Sea Spray Development, LLC
Financing: All cash to the seller
Prior Sale: March 2011 for \$4,040,000

Comments

This is a square parcel consisting of two adjacent lots located at the northwest corner of Ocean Drive and 3rd Street. One of the lots was improved with a 16-unit apartment building built in 1937 that was abandoned and boarded up but carries a historic designation. A previous owner had obtained approvals to renovate the building and build a new structure on the adjacent lot and combine the buildings into a 27-room hotel with a restaurant. The plans were never realized due to the soft market. After the sale, the buyer obtained approval to demolish the existing building and construct a new four-story multifamily building.

Comparable Land Sale 6

Property Location

88 SW 10th Street
Miami, FL 33130
Miami-Dade County

Property Identification

Tax ID: 01-0207-040-1140; 01-0207-040-1081; 01-0207-040-1120; 01-0207-040-1100; 01-0207-040-1130; 01-0207-040-1090.

WRI No: 303831

Units of Comparison

Price/Sq.Ft.: \$1,141.85
Price/Acre: \$50,000,000



Property Description

Square Feet: 22,770
Acres: 0.52
Topography: Grade level
Shape: Square
Zoning: T6-48B-O, Urban Core Open Transect Zone by the city of Miami, FL

Recording Information

Sale Price: \$26,000,000
Sale Date: February 2015
ORB/Page: 29513/0438
Grantor: Rockville Hospitality, LLC
Grantee: GW Brickell, LLC
Financing: Seller financing for \$11,000,000 at an undisclosed interest rate, payable in full on July 15, 2015.
Prior Sale: December 2013 for \$9,000,000
Verification: Richard B. Schreiberstein, attorney (443-276-1818)

Comments

This parcel is located at the southeast corner of SW 10th Street and SW 1st Avenue. The location is across the street to the east from the Brickell station of the MetroRail and across the street to the south from the Mary Brickell Village retail complex. The buyer is a prominent Brazilian developer of hotels and high-density residential projects. The seller is a Maryland-based hotel management company. The seller's attorney confirmed that there is no affiliation past or present between the parties. The seller had purchased the site in December 2013 for \$9,000,000 (\$395.26 per sq. ft.), realizing a gain of 189% over 14 months.

Comparable Land Sale 7

Property Location

120-130 Ocean Drive
Miami Beach, FL 33139
Miami-Dade County

Property Identification

Tax ID: 02-4203-003-0190;
02-4203-003-0200 and
02-4203-003-0210
WRI No: 303105R

Units of Comparison

Price/Sq.Ft.: \$533.33
Price/Acre: \$23,000,000



Property Description

Square Feet: 17,250
Acres: 0.4
Topography: Grade level
Shape: Rectangular
Zoning: R-PS3, Medium-High Density Performance Standard Residential District by Miami Beach, FL

Recording Information

Sale Price: \$9,200,000
Sale Date: October 2012
ORB/Page: 28315/1488
Grantor: Ocean Drive CFI, LLC
Grantee: 120 Ocean Drive, LLC
Financing: All cash to the seller
Prior Sale: None in the past five years

Comments

This parcel is located on the west side of Ocean Drive, just north of 1st Street, one block from the ocean. It was purchased by an affiliate of Terra Group, a prominent South Florida developer. The company is developing a 10-unit 18 story luxury residential condominium on the site with commercial space. The project was mostly pre-sold before construction began.

Comparable Land Sale 8

Property Location

2206 Park Avenue
Miami Beach, FL 33139
Miami-Dade County

Property Identification

Tax ID: 02-3226-001-0320 & 02-3226-001-0330
WRI No: 303829

Units of Comparison

Price/Sq.Ft.: \$410.80
Price/Acre: \$17,948,718



Property Description

Square Feet: 17,040
Acres: 0.39
Topography: Grade level
Shape: Trapezoidal
Zoning: CD-3, Commercial High Intensity District by the city of Miami Beach, FL

Recording Information

Sale Price: \$7,000,000
Sale Date: October 2013
ORB/Page: 28875/2553
Grantor: Xenia 2206, LLC
Grantee: Vintro Villas, LLC
Financing: Conventional loan
Prior Sale: None in the past five years
Verification: Gary Silberman, attorney (gary@silberman-law.com)

Comments

This parcel is located at the northwest corner of Park Avenue and 22nd Street. The buyer is the owner of the adjoining property, a 13,600 sq. ft. parcel improved with a recently renovated 25,931 sq. ft., 51-room hotel. In 2014 the owner applied to the Planning Board for approval to develop a mixed-use commercial/hotel/residential project on the combined site. The combined building is to exceed 50,000 sq. ft. The combined site has frontage of approximately 150 feet along Park Avenue and 275 feet along 22nd Street, with additional frontage along a canal at the rear.

Comparable Land Sale 9

Property Location

6747 and 6757 Collins Avenue
Miami Beach, FL 33141
Miami-Dade County

Property Identification

Tax ID: 02-3211-007-0430 and -0440
WRI No: 303612R

Units of Comparison

Price/Sq.Ft.: \$504.52
Price/Acre: \$21,875,000
Price/Unit: \$1,615,385



Property Description

Square Feet: 41,624
Acres: 0.96
Topography: Grade level
Shape: Rectangular
Zoning: RM-3, Residential Multifamily, High Intensity by the city of Miami Beach, FL

Recording Information

Sale Price: \$21,000,000
Sale Date: January 2014
ORB/Page: Not yet recorded
Grantor: 6747 Collins Development Corporation
Grantee: Not yet recorded
Financing: All cash to the seller
Prior Sale: \$4,600,000 in October 2010
Verification: Mark Rutherford, broker (305) 503-1107

Comments

This is an oceanfront parcel located on Collins Avenue, between 67th and 69th Streets. The buyer is planning a 13-unit luxury residential condominium with large full-floor units averaging 5,620 sq. ft. each, and two 2-story villas at 8,688 sq. ft. each. All units will have 360 degree terraces and private elevators.

Comparable Land Sale 10

Property Location

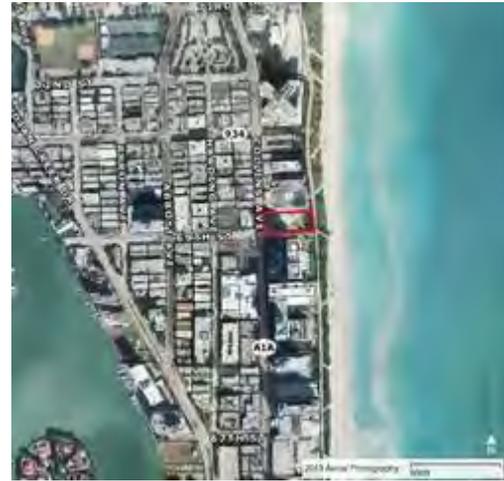
6901 Collins Avenue
Miami Beach, FL 33141
Miami-Dade County

Property Identification

Tax ID: 02-3211-001-0050
WRI No: 303613

Units of Comparison

Price/Sq.Ft.: \$645.96
Price/Acre: \$28,260,870



Property Description

Square Feet: 40,250
Acres: 0.92
Topography: Grade level
Shape: Rectangular
Zoning: RM-3, Residential Multifamily, High Intensity by the city of Miami Beach, FL

Recording Information

Sale Price: \$26,000,000
Sale Date: April 2014
ORB/Page: 29108/4995
Grantor: FL GS Collins Avenue, LLC
Grantee: SMGW Golden Sands, LLC
Financing: \$12,000,000 in debt financing from a private equity firm.
Prior Sale: August 2005 for \$19,000,000
Verification: Mario Borda and Mary Kate Swann, CBRE

Comments

This is an oceanfront parcel located at the northeast corner of Collins Avenue and 69th Street. It is the former site of the Golden Sands Hotel, and is located just north of the Canyon Ranch hotel and spa. The site had been approved in 2005 for development of up to 40 residential units, but the buyer plans a 20-story luxury condominium development with only 14 large, floor-through residences, including a 7,000 sq. ft. penthouse.

Adjustment Grid

Below is a grid which illustrates qualitative adjustments used to compare the comparable sales to the subject property. Percentage adjustments were not utilized. In order to utilize percentage adjustments it would be necessary to pair (compare) sales to extract value differences. This is difficult as there is normally insufficient data to provide pairings for all value differences. Below is a grid which illustrates the adjustments made. A plus (+) sign indicates the unit of comparison of the sale must be adjusted upward as that characteristic is inferior to the subject. A minus (-) sign indicates the unit of comparison of the sale must be adjusted downward since the characteristic is superior to the subject. An equal (=) sign indicates the comparable sale characteristic is similar to the subject.

Due to differences between the Collins Avenue and Ocean Drive parcels with respect to location and size, separate adjustments were made to the comparable sales with respect to each parcel. Note that because there are no significant differences with respect to shape and zoning, the adjustments for these characteristics are the same for both parcels. Conditions of sale and market conditions adjustments also apply equally to either subject parcel.

Adjustments With Respect to the Collins Avenue Parcel

Sale No.	Price/Sq. Ft.	Conditions of Sale	Market Conditions	Location	Zoning	Size/Shape	Overall Adjustment
1	\$595.97	=	++	-	=	-/=	+
2	\$769.24	=	++	-	=	--/+	=
3	\$634.62	=	=	+	=	-/=	+
4	\$810.77	--	++	--	=	--/=	---
5	\$540.77	=	++	=	=	-/=	+
6	\$1,141.85	=	=	--	---	=/=	----
7	\$533.33	=	++	=	=	=/=	++
8	\$410.80	--	++	+++	=	=/+	+++
9	\$504.52	=	+	=	=	+/=	++
10	\$645.96	=	+	-	=	+/=	=

Adjustments With Respect to the Ocean Drive Parcel

Sale No.	Price/Sq. Ft.	Conditions of Sale	Market Conditions	Location	Zoning	Size/Shape	Overall Adjustment
1	\$595.97	=	++	++	=	=/=	++++
2	\$769.24	=	++	++	=	-/+	++++
3	\$634.62	=	=	+++	=	=/=	+++
4	\$810.77	--	++	+	=	-/=	+
5	\$540.77	=	++	+++	+	=/=	++++
6	\$1,141.85	=	=	-	---	+/=	---
7	\$533.33	=	++	++	+	=/=	++++
8	\$410.80	--	++	++++	=	=/+	++++
9	\$504.52	=	+	+++	=	++/=	++++
10	\$645.96	=	+	++	=	++/=	++++

After considering the individual differences, either a plus (+), minus (-) or equal (=) sign has been placed in the "Overall" column. This indicates the overall adjustment that the sale would require as compared to the subject property.

Conclusion of Land Value by the Sales Comparison Approach

The sales comparison approach compared similar properties to the subject property and adjustments were made for the pertinent characteristics. Based on these comparisons values were estimated for the subject property. The different adjustments to the two parcels lead to different value indications. The indicated adjustments are discussed below.

Conditions of Sale:

This category considers if the comparable sales were arm's length. An arm's length sale means the buyer and seller each acted prudently, knowledgeably, and were under no necessity to buy or sell, i.e., a sale that is other than a forced or liquidation sale. Also considered are if any of the sales were purchased by an adjoining owner, whereby a premium was paid.

Sales 4 and 8 require negative adjustments for conditions of sale because the buyers are the owner of the adjoining properties (the sites being purchased for expansion of the adjoining hotels). In addition, note that these properties were completely vacant, a rare opportunity in an area with many historic-designated buildings which are not allowed to be demolished. The ability to build new, expanding an existing building onto an adjacent vacant site, without the need to adapt a historic structure to a new design (which can raise development costs significantly) is an advantage in the local market.

Market Conditions (Time):

This adjustment considers current market conditions as compared to market conditions in place at the time of the respective sale. For sales selling when market conditions were superior, a downward adjustment was made. Sales selling when market conditions were inferior were adjusted upward. Sales selling when market conditions were similar did not require adjustment. All the sales except Sales 3 and 6 require positive adjustments for market conditions, which have improved since those sales occurred.

Location:

Location adjustments were made separately with respect to each parcel. Sales considered superior to the subject were adjusted downward. Sales considered inferior to the subject were adjusted upward. Those sales considered similar did not require an adjustment. Note that the Ocean Drive parcel's location across the street from the beach is superior to the Collins Avenue parcel, enabling higher hotel revenues (and, consequently, land values) to be achieved. Note also that the Collins Avenue parcel is not on a corner, but it benefits from a pedestrian alley along the north side that provides more direct access to Ocean Drive and the beach compared to other

interior parcels on the east side of Collins Avenue. Note that the difference in desirability between the two parcels means that comparable properties that are superior to the Collins parcel may be inferior to the Ocean Drive parcel, and parcels that are slightly inferior to the Collins parcel may be very inferior to the Ocean Drive parcel, etc.

Zoning:

All the sales except Sale 6 have comparable zoning. Note that the zoning in Sales 3, 5 and 7 permits higher density development, but a narrower range of uses, in comparison to the subject zoning. These influences offset each other, so that no adjustment is indicated. Sale 6 requires a large negative adjustment because it benefits from very high density zoning permitting up to 48 stories.

Size and Shape:

The size adjustment is based on the principle of economies of scale whereby larger sites tend to sell for less per square foot. Smaller sites were considered superior and adjusted downward, larger sales were considered inferior and adjusted upward and those sales similar in size were not adjusted. Because the Collins Avenue parcel is larger than the Ocean Drive parcel, the sales of smaller sites require a larger negative adjustment with respect to the Collins parcel, and the sales of larger sites require a larger positive adjustment with respect to the Ocean Drive parcel.

With respect to shape, Sale 2 is relatively elongated in shape, which due to its small size constitutes a disadvantage that would tend to raise development costs, indicating that a positive adjustment is needed. However, Sale 4 does not require a shape adjustment because it was bought by the adjoining owner, and adding the parcel to the adjoining site nullifies its shape disadvantages to the adjoining owner. Sale 8 requires a positive adjustment for its trapezoidal shape, making it a parcel with a more efficient rectangular main segment and a triangular rear segment that is much less likely to be usable (even for the adjoining owner).

The cumulative adjustments indicate that the Collins Avenue parcel should achieve a sale price per sq. ft. below Sales 4, 6 and 10 (a range of \$646 to \$1,142), above Sales 1, 3, 5, 7, 8 and 9 (a range of \$411 to \$635), with Sale 2 providing a conflicting indication of a value near \$769. The adjustments indicate a value for the Ocean Drive parcel below Sale 6 at \$1,142 and above the remaining sales (\$411 to \$811).

The analysis would support value estimates per sq. ft. of \$640 for the Collins Avenue parcel and \$900 for the Ocean Drive parcel. Based on the parcel size of 21,948 sq. ft., the market value of the Collins Avenue parcel is estimated at \$14,050,000, rounded. Based on the parcel size of 14,537 sq. ft., the market value of the Ocean Drive parcel is estimated at \$13,100,000, rounded.

Additional Analysis

Additional consideration was given to the January 2014 sale of the property at 230 20th Street (between Collins and Liberty Avenues) for \$7,000,000. It is a 10,625 sq. ft. lot zoned CD-2, improved with a 2-story, 10,685 sq. ft. residential structure constructed in 1947 and in fair condition. The building carries a historic designation and may not be demolished. The buyer obtained approval for a complete renovation of the existing building along with construction of a 1-story rooftop addition and separate 5-story addition. The sale represents a price of \$659 per sq. ft., and even if the buyer considered the existing structure to contribute some value, say \$50 per sq. ft. of building, this would imply that he valued the land at \$609 per sq. ft. On the other hand, the buyer may well have paid less for the site than he would have been willing to pay if it were vacant and unencumbered by historic restrictions. This sale would require positive adjustments for location and market conditions, and in any event is less reliable due to the uncertainty about the actual contributory value of the improvements, but it otherwise supports the value indications from analysis of the comparable sales.

Also considered in the analysis were the three current listings of comparable properties shown in the table below.

Sale No.	Location	Zoning	List Price	Sq. Ft. Size	Price per Sq. Ft.	Comments
1	304-312 Ocean Drive Miami Beach	R-PS3	\$14,000,000	11,650	\$1,202	NWC Ocean Dr. and 3 rd St. Last sold August 2014 for \$6,300,000 (\$541 per sq. ft.). Per broker, includes approved plans for four luxury townhouses.
2	803 5 th Street Miami Beach	C-PS2	\$7,250,000	9,000	\$806	NWC 5 th St. and Meridian Ave.
3	426 Euclid Avenue Miami Beach	C-PS2	\$4,700,000	7,000	\$671	SWC 5 th St. and Euclid Ave. Last sold November 2013 for \$2,000,000 (\$286/sq. ft.). Per broker, includes approved plans in place for 30-room hotel and 30-seat restaurant.
Subject	Between 1440 Ocean Drive and 1433 Collins Avenue Miami Beach					
	Parcel A (1433 Collins)		MXE		21,948	
	Parcel B (1440 Ocean)		MXE		14,537	

Listings do not provide a reliable indication of market value, as they represent the seller's aspiration but do not reflect buyers' expectations. Most listings are priced near or above market, since those priced below market are usually quickly removed from the market by buyers. Therefore, since market values are more likely to be below list prices than above, a list price on a

comparable property that is below the value indicated by the analysis can provide a check on the reasonableness of the analysis (and contradict it).

After appropriate adjustments, the asking prices above do not conflict with the conclusions from analysis of the comparable sales. Note that Listing 1 was listed in July and points to higher values after adjustment for location. This is a record-high asking price for the neighborhood with the highest sale being several hundred dollars per sq. ft. lower, and it would not be unusual for a final closing price after negotiations and adequate exposure to the market to be well below the asking price. Note also that the highest and best use for Listing 1 is more likely to be an ultra-luxury residential project, whereas at the subject location hotel and commercial uses are more likely to be most profitable, making any indication from this listing less reliable.

Benefits Afforded to the Collins Avenue Parcel by the Proposed Easement

By enabling the construction of a pedestrian bridge connecting the buildings on either side of the alley, the proposed easement would allow consolidation of the two hotels into a single operation with an Ocean Drive presence. This would raise the achievable revenues of any hotel operation on the Collins Avenue parcel (which would then be an annex of an Ocean Drive hotel, capable of achieving higher room rates, instead of a free-standing Collins Avenue hotel), thereby raising the value of the underlying land. This is because for any potential development project, increases in achievable revenues increase the market value of the finished project, which raises the feasibility land cost (the highest price that the land for a development project can be acquired for while still achieving the developer's minimum required return).

However, such a scenario would not raise the value of the Collins Avenue parcel to the same level as the Ocean Drive parcel. If, for example, the additional land being annexed by the Ocean Drive property were adjacent to it on Ocean Drive, creating a single, contiguous property with additional Ocean Drive frontage (essentially the scenario depicted in Sale 4 at \$811 per sq. ft.), the value would be much greater. A consolidated hotel spanning two connected but essentially non-contiguous parcels is likely to achieve lower total revenues than a similar sized hotel on a single contiguous tract, even if marketed as a single hotel property. Also, a single large tract would be more desirable from a development perspective, as it would allow construction of a single, unified structure, whereas a large tract consisting of two connected but otherwise non-contiguous segments has the disadvantage of requiring construction of two separate structures, which raises development costs. As a result, while the value of the underlying land on the Collins Avenue side of the easement would be enhanced by the ability to connect the parcels, the enhancement is likely to be less than it would be if the two parcels comprised a single contiguous tract on the Ocean Drive side.

The value indication for the Ocean Drive parcel is 41% above the Collins Avenue parcel on a per sq. ft. basis. Based on the analysis above, the enhancement should be expected to be significant, but much less than the difference in value between the parcels, on the order of 10% to 20% above the Collins Avenue value. An enhancement of 15% is estimated, raising the value of the Collins Avenue parcel to approximately \$736 per sq. ft., or \$16,150,000, rounded. This

represents an enhancement to the value of the Collins Avenue parcel of \$2,100,000 (\$16,150,000 less \$14,050,000).

Test of Reasonableness: Feasibility Land Cost Model

In order to assess the reasonableness of this value estimate, a feasibility land cost model was constructed using assumptions for hotel operating performance and development costs for “typical” Collins Avenue and Ocean Drive hotels. The model reflects the perspective of a typical hotel developer considering the feasibility of development on the subject parcels based on achievable revenues, market values and typical costs, and is analogous to the type of initial review or feasibility test that many developers conduct in order to determine whether deeper consideration of a site or negotiations are worthwhile. For the developer, the model answers the question “what is the highest price I can pay for a site and still meet my profit objectives, given certain assumptions about the development costs and value of the property that can be developed there”.

Note that these assumptions are not based on the specific hotels operating on the adjoining properties, as no operating data whatsoever was provided about these properties. However, the assumptions about hotel Average Daily Rates (ADRs) and occupancy rates are based on analysis of recent operating data for numerous other comparable and competing hotels in the vicinity of the subject. The assumptions about development costs and ratios to sales are based on typical figures observed across a variety of comparable hotel properties, as well as consideration of current industry benchmarks and current cost estimates as published by Smith Travel Research and Marshall Valuation Guide. The FAR used in the model is based on the zoning applicable to the subject parcels, and the average room size is based on consideration of the renovation (currently underway) of the Carlton Hotel, as well as the range of typical sizes for comparable and competing hotels in the area. Finally, the capitalization rate is derived from observation of recent sales of operating hotels comparable to those that would be likely to be built on the subject sites. The model assumptions are representative of what a typical hotel developer who is knowledgeable about the current market would use to test feasibility.

The model, shown on the following page, indicates the feasibility land cost for typical (hypothetical) hotel properties that could be built on the Collins Avenue and Ocean Drive parcels. The only difference between the two is the ADR, assumed to be \$170 for the Collins Avenue property and \$210 for the Ocean Drive property. The 20% to 25% difference is a reasonable representation of the “premium” in ADR that the typical Ocean Drive hotel is likely to achieve over the typical Collins Avenue hotel. The model also shows the results for an “enhanced” Collins Avenue hotel, based on a reasonable estimate of the ADR that a Collins Avenue hotel that has been annexed by an Ocean Drive hotel (connected, but not fully contiguous) would be likely to achieve (higher than the ADR of the typical Collins property but below that of the typical Ocean Drive property). The “enhanced” Collins property is assumed to achieve an ADR of \$180, which is 5% to 7% above the typical Collins property.

Feasibility Land Cost for Hypothetical Collins Avenue and Ocean Drive Hotels

Model Assumptions

ADR, Collins Avenue Hotel	\$170
ADR, Ocean Drive Hotel	\$210
Average occupancy	80%
Room Revenues Ratio to Sales	90%
NOI Ratio to Sales	40%
Capitalization Rate	6.25%
FAR	2.0
Development Cost per Room	\$130,000
Sq. Ft. per Room	500
Development Cost per sq. ft.	\$260
Entrepreneurial Incentive	20%
Land Area per Room (sq. ft.)	250

Calculations

	Hypothetical Hotel / Collins Avenue Parcel	Hypothetical Hotel / Ocean Drive Parcel	Hypothetical "Enhanced" Collins Avenue Hotel
ADR	\$170	\$210	\$180
Days in year	x 365	x 365	x 365
Average occupancy	x 80%	x 80%	x 80%
Room Revenues	\$49,640	\$61,320	\$52,560
Other Revenues*	+ \$5,516	+ \$6,813	+ \$5,840
Total Revenues	\$55,156	\$68,133	\$58,400
NOI Ratio to Sales	x 40%	x 40%	x 40%
Net Operating Income	\$22,062	\$27,253	\$23,360
Capitalization rate	x 6.25%	x 6.25%	x 6.25%
Market Value per Room	\$352,996	\$436,053	\$373,760
Entrepreneurial Incentive**	- \$58,833	- \$72,676	- \$62,293
Market Value Before Incentive	\$294,163	\$363,378	\$311,467
Development Cost per Room	- \$130,000	- \$130,000	- \$130,000
Feasibility Land Cost per Room	\$164,163	\$233,378	\$181,467
Land area per room (sq. ft.)	x 250	x 250	x 250
Feasibility Land Cost per sq. ft.	\$657	\$934	\$726

* (room revenues ÷ ratio to sales) – room revenues

** (market value per room ÷ (1 + entrepreneurial incentive)) – market value per room

The model indicates the market value per room that would be achievable based on typical assumptions for room rates, occupancy, room revenues, total revenues, expenses (implicit in the net operating income), and the capitalization rate. Deducting a typical entrepreneurial incentive and typical development costs from the market value indicates the maximum amount that the typical developer could pay for the site and still realize the desired incentive (profit).

The model indicates feasibility land costs per sq. ft. of \$657 for the Collins Avenue parcel and \$934 for the Ocean Drive parcel using ADR assumptions of \$170 and \$210, respectively, which are very close to the value indications derived from analysis of the comparable sales. The model also indicates that an increase of 5% to 7% in the achievable ADR of the Collins Avenue property (to \$180) would be sufficient to raise the feasibility land cost to \$726 per sq. ft. This is also close to the value estimate of the “enhanced” Collins Avenue property (derived by applying an estimate of 15% to the difference between the per sq. ft. values of the two parcels). Because the model employs reasonable market-derived assumptions, it provides a good check on the reasonableness of the value estimated by analysis of the comparable sales. The model supports the earlier indication of a 15% increase in the market value of the hypothetical “enhanced” parcel. Therefore, the analysis supports an estimate of the value of the proposed aerial easement *to the owner of the adjoining properties* of \$2,100,000.

Reconciliation of Value

The reconciliation process considers the approaches which were utilized in this report. Each approach to value is analyzed as to its reliability and applicability. These approaches indicated the following values:

Cost Approach	Not applicable
Income Capitalization Approach	Not applicable
Sales Comparison Approach	\$2,100,000*

**Value of the proposed easement to the adjoining owner, based on the estimated increase in the market value of the adjoining land that would occur as a result of the easement.*

The cost approach estimates the land value and adds the depreciated value of the improvements. As the land being appraised is vacant, this approach is not applicable and was not applied herein.

The income capitalization approach analyzes the projected income and expenses of a property and capitalizes the net income into a value estimate. Typically vacant land is not purchased based on its ability to generate income. This method is not applicable and was not applied herein.

The sales comparison approach compares sales of similar properties to the subject property and is the only applicable approach to value. These sales were analyzed for differences such as conditions of sale, financing, market conditions, location, zoning, shape/size, and other characteristics. The strength of this approach relies on the quality of the comparable sales. Sales which closely resemble and can be compared easily with the subject are most desirable. The sales utilized were considered comparable and make the sales comparison approach the only reliable indication of value.

In order to estimate the value of the proposed easement to the adjoining owner, the analysis considered the impact that the easement would have on the market value of the fee simple interest of the adjoining parcels (as though vacant). Therefore, the cost approach and the income capitalization approach were not applicable. Full reliance is placed on the sales comparison approach, based on the methodology described above. Based on the analysis, the value of the subject property to the adjoining owner, as of August 19, 2015, is estimated at \$2,100,000. **The value estimated herein is not market value, as the value estimate is a value solely to the adjoining owner.**

Addenda



County Area Description

Miami-Dade County and Area Description

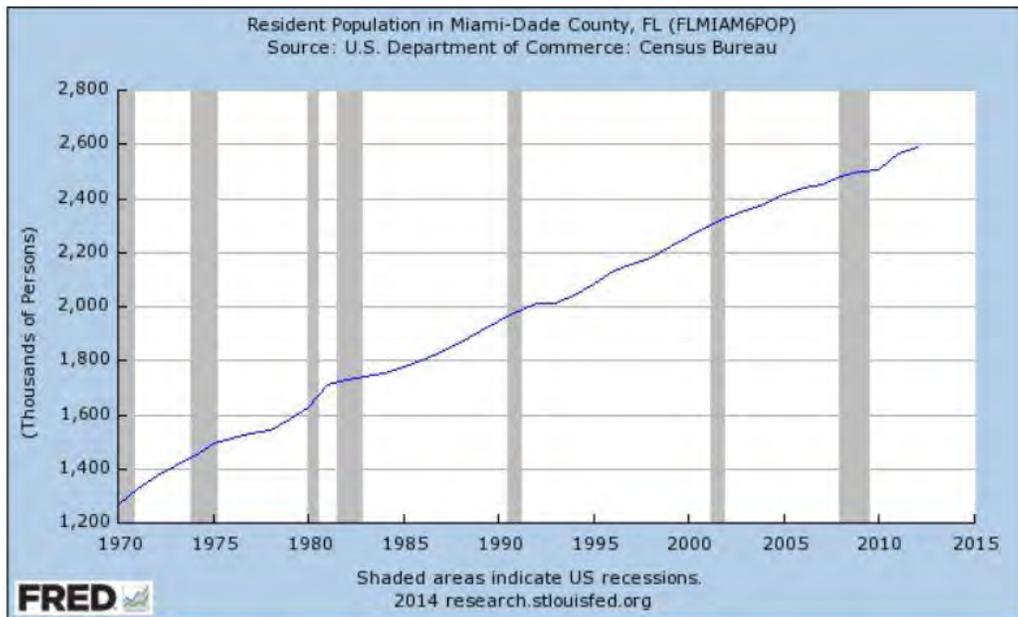
General Overview

Miami-Dade County, often referred to as “Miami” is known internationally for its weather, beaches, banking, fine art, shopping, and Latin culture. While many pass through the Cruise Capital of the World, 2.5 million people call it home.

Miami-Dade County is at the southeastern tip of Florida and is the south-easternmost state in the continental United States. Its land area is approximately 1,946 square miles and is bordered by Broward, Collier, and Monroe Counties to the north, southwest, and south, respectively. The county is bordered by the Atlantic Ocean to the East and Everglades National Park to the West.

Demographics

As of the 2013 Census report, Miami-Dade County has 2,496,435 residents. Over half of those were born outside the United States; 70 percent fall between the ages of 25 and 55. As depicted in the following graph, the county’s population has risen steadily since 1970.



Miami-Dade County Population Projections			
2015 Projection based on 2011 Estimate	Percentage change 2011 to 2015	2020 Projection based on 2011 Estimate	Percentage change 2011 to 2020
2,591,790	3.8%	2,717,631	4.9%

Miami has a positive reputation for international business, and developers are marketing their new projects to those individuals. Therefore, the county’s population is expected to increase at an even greater rate approaching the year 2020.

Miami is the largest city in the County. Other populous municipalities include Hialeah, Miami Gardens, Miami Beach, and unincorporated land. Actively growing are some new cities since 2000 such as Cutler Bay and Doral.

Brief History

Miami was founded in 1866 after the end of Spanish rule in Florida. Before the turn of the century, prominent figures such as William and Mary Brickell and Henry Flagler established a community and connected the young city to the rest of the United States. Island people moved here for work.

In 1910, John Collins discovered fresh water on Miami Beach, and within a decade, the population soared, and businessmen bought up the land. The city quickly became a popular spot for tourists, but it crumbled under the hurricane of 1926. During the decades of war, parts of Miami-Dade County became training grounds for military. Residents then slowly built back up the tourism industry.

The early 1960's marked the beginning of the arrival of large numbers of Cuban Refugees into Miami-Dade County and South Florida. In the years following, significant numbers of immigrants have come from Haiti, Cuba and other Latin American countries.

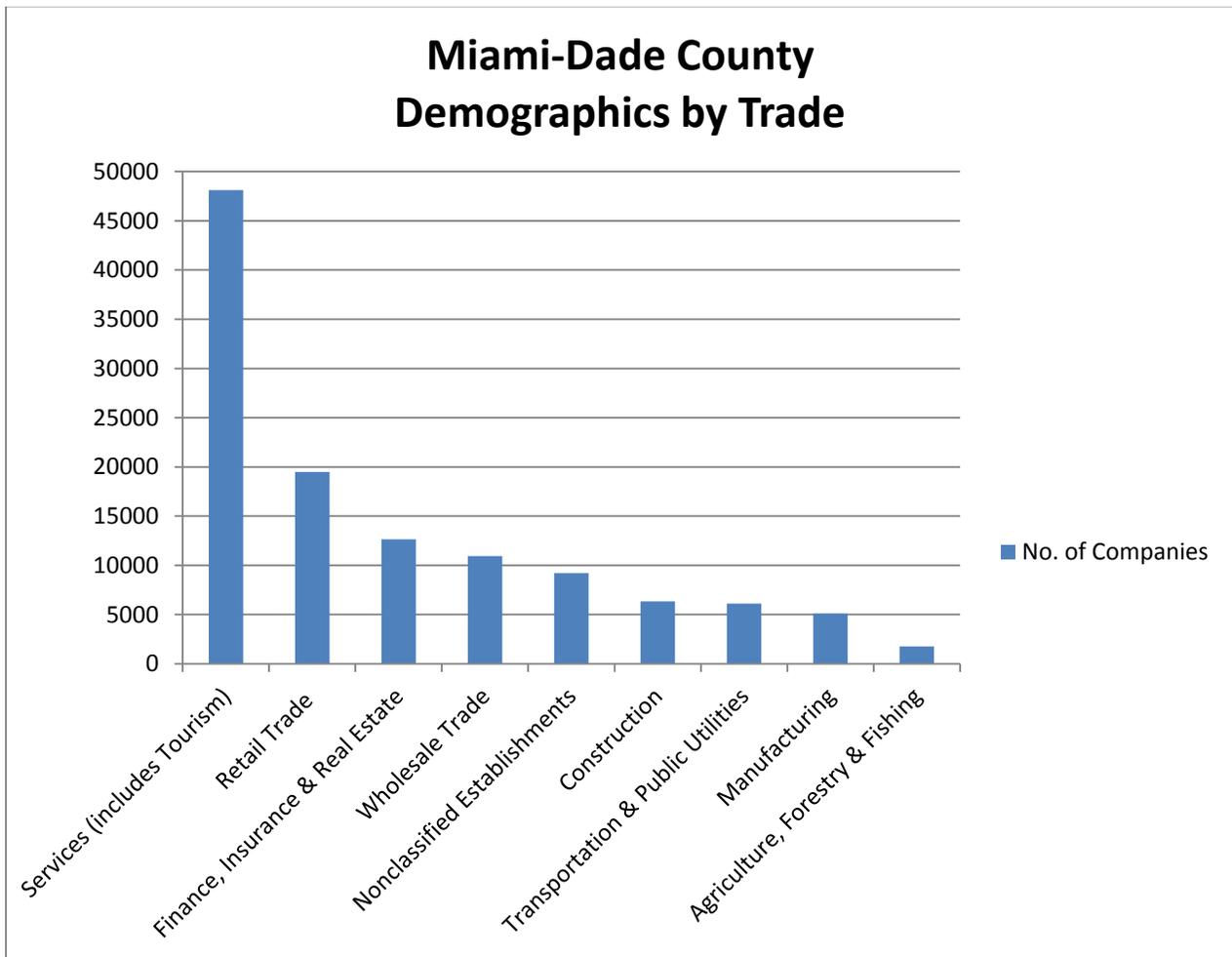
Government

Miami-Dade County has a strong mayor form of government, with nine elected individuals (one mayor and eight commissioners) making up the Miami-Dade County Board of Commissioners. The mayor appoints a professional administrator to manage the daily activities of the county government and a county attorney to handle its legal matters.

Some governmental activities, services and functions previously handled by individual municipalities are now handled by the county. Among these are real property assessment and valuation, health and welfare, most water and sewers, traffic engineering, public libraries, public transportation, public housing, urban renewal, seaport, airport, regional parks and air and water pollution control. In addition to these, Miami-Dade County provides services to the unincorporated areas of the county such as: police and fire protection, building and zoning regulation, trash and garbage collection and disposal, parks and recreation, consumer protection and corrections and rehabilitation of adults and youth offenders.

Economic Base

The primary industries that support Miami-Dade County’s economy through employment are trade, transportation and utilities, followed by education/health services and government. The most known is tourism, a major industry for Miami-Dade County. The following chart reflects the county’s demographics by trade, with tourism ranking the highest number of companies, followed by retail and finance, insurance and real estate.



Source: The Beacon Council

A year-round growing season allows the agricultural industry to be the top vegetable supplier and producer in the country. The industry employs more than 20,000 people and produces more than \$2.7 billion in economic benefits each year. As a result, agritourism has sprouted an industry throughout the agricultural area where visitors can sample and purchase locally grown products.

Transportation

Miami International Airport (MIA) and its linkages are considered to be the driving force for growth behind its surrounding area. Airport traffic in 2013 included over 40 million passengers, 2 million tons of freight, and 2 million tons of cargo. Other airports within the county include Kendall-Tamiami Airport and Opa-locka Executive Airport. The aviation industry directly and indirectly contributes \$26.7 billion and 282,043 jobs to the local economy.

PortMiami annual activity includes 4.3 million cruise passengers and 7.4 millions of tons of cargo. The port contributes more than \$27 billion annually to the South Florida economy and helps provide direct and indirect employment for more than 207,000 individuals. It is currently undergoing construction for a two-way underwater tunnel between the port and downtown Miami. Scheduled to be completed in 2015 is the Deep Dredge Project, set to deepen the channel from its current 42-foot depth to minus 50 feet in order to accommodate super cargo ships now being constructed.

Within Miami-Dade County, major roads include the *Palmetto Expressway* (State Road No. 826), a major north/south expressway; the *Dolphin Expressway* (State Road No. 836), a major east/west expressway; *Interstate 95* and the *Florida Turnpike*. All of these represent Miami's expressway network and make almost any destination in Miami-Dade County within 30 to 45 minutes driving time.

Transportation systems include a Busway in south Miami-Dade County linking to Metrorail, an elevated rail rapid transit system connecting portions of Miami-Dade County. In July 2012, a new Metrorail station in MIA links south Miami-Dade County, downtown Miami and the entire elevated rail line. The enables seamless connections to the Metromover systems and to a web of transportation arteries in neighboring counties leading to the rest of Florida.

The Miami Intermodal Center (MIC) links the airport, East/West Rail, Amtrak, Tri-Rail, Airport/Seaport Connector and Metrorail mainline rail. Located near the State Road No. 836/State Road 112 Connector, it presently contains the bulk of the rental car agencies. East of the airport in the future it will contain retail, commercial, residential and tourist-designed development.

The Metromover automated people mover system is located in downtown Miami and is an off-shoot of the Metrorail system. There are also Metrobus buses, most of which are in service daily throughout the county. The Metromover system includes the Brickell Avenue financial district and also runs north to the Omni area. Other transportation services in Miami-Dade County include Tri-Rail, railroads and taxicabs. Railroad service by Amtrak is accessible in northwest Miami-Dade. Tri-Rail is South Florida's commuter train system which services Miami-Dade, Broward and Palm Beach Counties.

Education

Based upon student population, the Miami-Dade County School system is the fourth largest public school system in the nation with 415 institutions including elementary, middle, high, K-8, charter, alternative and magnet schools. Many private institutions exist as well.

Several colleges and universities located in the county are University of Miami, Barry University, Florida International University, Miami-Dade Community College, St. Thomas University, Florida Memorial College and Johnson & Wales University.

Medical

Miami-Dade County has the largest concentration of medical facilities in Florida. The largest institution is Jackson Memorial Medical Center, the second largest public hospital in the nation which shares many teaching, treatment and research capacities with the University of Miami. Private hospitals include Baptist Health System, Mercy, Miami Children's, and Mount Sinai.

Sports

Professional, college and even local neighborhood sports draw spectators, participants and investors to a high degree and create a positive atmosphere. Professional football (Miami Dolphins), basketball (Miami Heat), baseball (Miami Marlins) and ice hockey (Florida Panthers) are continual draws. As of January 2014, business negotiations are currently underway to bring Major League Soccer to Miami. There are two horse tracks and a dog track. Several of these tracks have been approved for slot gambling or table gambling, depending upon location in a municipality or Indian reservation. Also offered are golf, tennis, as well as the numerous water sports, given the significant bodies of water.

Arts and Culture

Known for the wealth of ethnic diversity and heritage, Miami-Dade County has a cultural mix of festivals, concerts, theater, and dance performances. Adrienne Arsht for the Performing Arts of Miami-Dade County opened in 2006 and is home to the Concert Association of Florida, Florida Grand Opera, Miami City Ballet, and the New World Symphony. The county is also home to several museums and wildlife attractions.

Summary

During its history, Miami-Dade County and the Greater Miami area have experienced significant changes and growth. Trends indicate that the growth will continue with Miami-Dade County rapidly becoming an international city with a diverse culture. The economic base and the bilingual population should continue to attract new residents and businesses into Greater Miami.

Sources including, but not limited to:

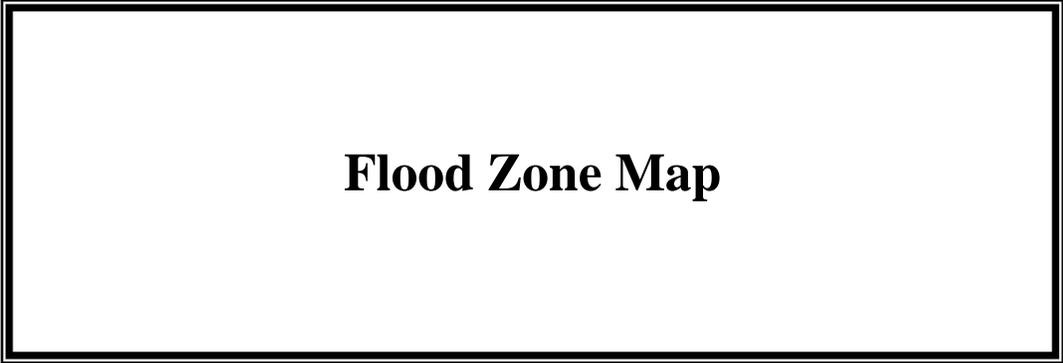
United States Census Bureau (Jan. 2014). <http://quickfacts.census.gov/qfd/states/12/12086.html>

Miami-Dade County Portal (Jan. 2014). www.miamidade.gov

The Beacon Council (Jan. 2014). www.beaconcouncil.com

Federal Reserve Economic Data (Jan. 2014). <http://research.stlouisfed.org/fred2/>

Miami Herald (various articles). <http://www.miamiherald.com/>

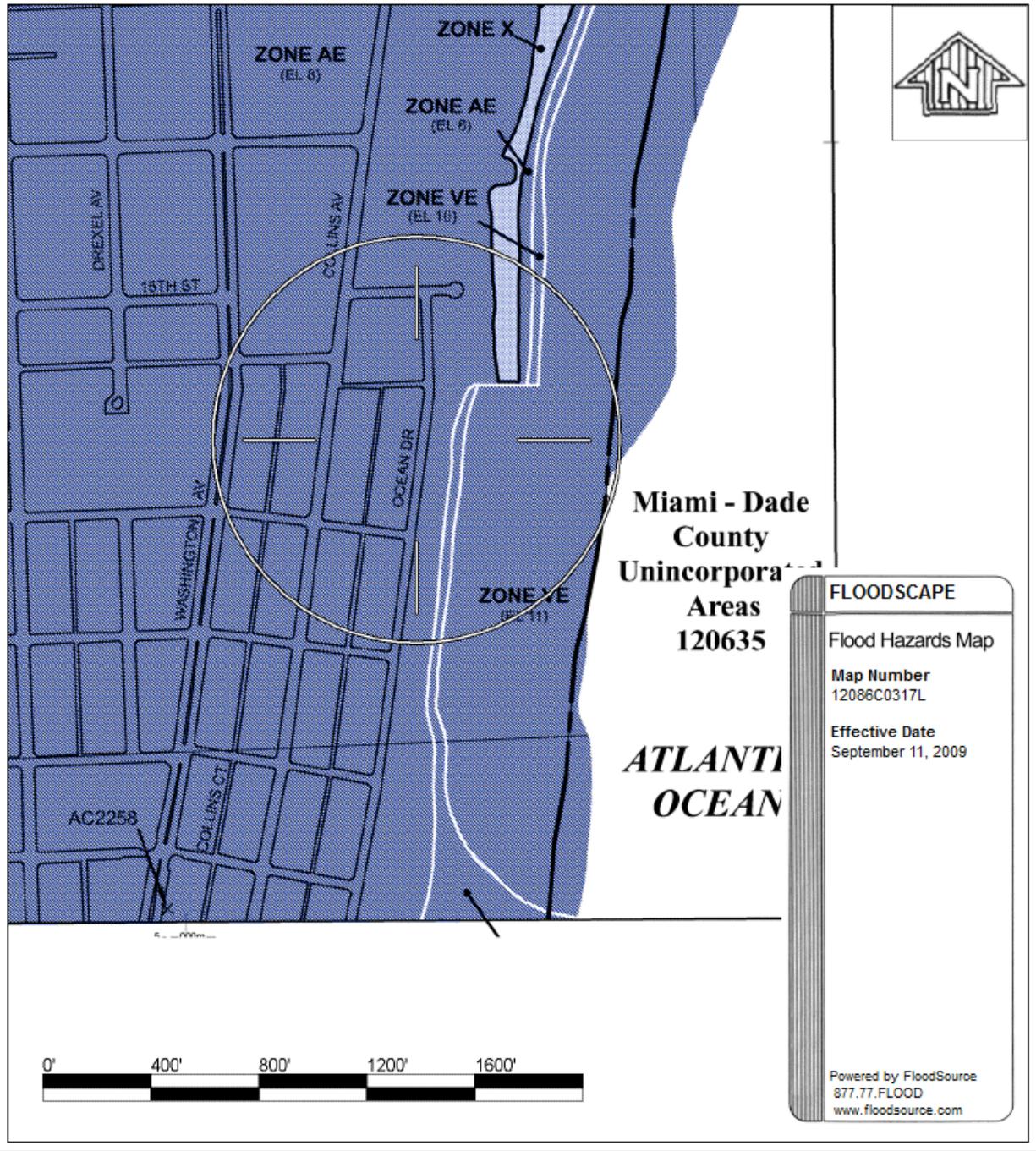


Flood Zone Map

Flood Zone Map

InterFlood  by a la mode
 www.interflood.com • 1-800-252-6633

Prepared for:
 Waronker & Rosen, Inc,
 1440 Ocean Dr
 Miami Beach, FL 33139-4108



© 1999-2014 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,631,326 and 6,678,815. Other patents pending. For Info: info@floodsource.com.

Additional Data



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Land Use and Development Committee

FROM: Jimmy L. Morales, City Manager

DATE: March 19, 2014

SUBJECT: **DISCUSSION: BETSY/CARLTON HOTEL RENOVATION AND POSSIBILITY OF AN AIR RIGHTS EASEMENT AND GREEN ALLEY****HISTORY**

On December 11, 2013, at the request of Commissioner Ed Tobin, the City Commission referred a discussion item to the Land Use and Development Committee, regarding the Betsy/Carlton Hotel renovation and the possibility of an air rights easement and green alley, in order to provide a covered connection between the 2 structures, over a City Alley (Ocean Court).

BACKGROUND / ANALYSIS

On February 11, 2014, the Historic Preservation Board approved/considered a new development entitled "Carlton Hotel", at 1433 Collins Avenue. The subject project proposes to substantially retain and restore the existing 3-story Carlton Hotel building, including the construction of two new four (4) story ground level additions, a one (1) story ground level addition and a partial rooftop addition. Additionally, the applicant is proposing, subject to City Commission approval, to construct a new pedestrian bridge spanning Ocean Court (alley) that would connect the Carlton Hotel to the Betsy Hotel located at 1440 Ocean Drive, to the immediate east. The following is a summary of the historic status of each of the existing structures:

1440 Ocean Drive – The Betsy Hotel

Constructed in 1941 and designed by architect L. Murray Dixon in the Colonial Revival style of architecture, the subject structure is classified as 'Contributing' (Historic) in the Miami Beach Historic Properties Database and is located within the Ocean Drive/Collins Avenue Local Historic District and the Miami Beach Architectural District.

1433 Collins Avenue – The Carlton Hotel

Constructed in 1937 and designed by Henry Hohauser in the Art Deco style of architecture, the subject structure is classified as 'Contributing' (Historic) in the Miami Beach Historic Properties Database and is located within the Ocean Drive/Collins Avenue Local Historic District and the Miami Beach Architectural District.

In order to unify the operation of both the Carlton Hotel and the Betsy Hotel, the project applicant has proposed to construct an enclosed pedestrian bridge spanning twenty (20) feet across the Ocean Court public alleyway, connecting the third levels of both hotels. From an Appropriateness standpoint, both Planning Staff and the Historic Preservation

LUDC#10

Land Use and Development Committee
Betsy-Carlton Air Rights Easement and Green Alley
March 19, 2014

Page 2

Board have no objection to the proposed bridge connection, as it would not be visible from either the Collins Avenue or Ocean Drive public rights-of-way, and could be easily reversed in the future. However, the approval of the HPB Board is subject to the approval of the City Commission and the applicant will also have to ensure that all other Public Works, Building and Life-Safety requirements can be satisfied, including sufficient clearances.

When the matter was referred by the Commission in December, the Land Use Committee was asked to consider the following:

1. The future vision for alleys between Collins Avenue and Ocean Drive (Ocean Court)
2. An overall policy on 'Air Rights' over alleys
3. The underground rights for alleys
4. What the City can expect in return for granting air rights and underground rights within public alleys

City staff from the Planning and Public Works Departments have met with the owners and operators of the Betsy-Carlton Hotel, to discuss the overall approach to improving the connecting alleys and public right-of-ways. Attached is a draft proposal of the types of improvements contemplated for the affected portions of the alley.

CONCLUSION

The Administration recommends that the Land Use Committee discuss the matter further and provide appropriate policy direction. If supportive of the general direction of the proposed air rights easement being requested, it is further recommended that the matter be transmitted back to the Full City Commission for further input.

Attachment
JLM/JMJ/TRM

M:\SCMB\CCUPDATES\Land Use and Development Committee\2014\March 19, 2014\Betsy Carlton Alley Easement- MEMO LUDC Mar 2014.docx

LUDC#11