

RESOLUTION 2017-99

A RESOLUTION OF THE MAYOR AND VILLAGE COUNCIL OF THE VILLAGE OF PALMETTO BAY, FLORIDA, RELATING TO PRELIMINARY NEGOTIATIONS TO ACQUIRE CERTAIN REAL PROPERTY; AUTHORIZING THE VILLAGE ATTORNEY TO ENTER INTO PRELIMINARY NEGOTIATIONS FOR AN AGREEMENT TO ACQUIRE THE 2.06 ACRES OF THE SHORES DEVELOPMENT CONTIGUOUS TO FRANJO ROAD FOR \$3.2 MILLION DOLLARS; AND PROVIDING FOR AN EFFECTIVE DATE. (Sponsored by Councilmember David Singer)

WHEREAS, the village is interested in acquiring land near village hall if a reasonable price and financing mechanism is possible.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE VILLAGE COUNCIL OF THE VILLAGE OF PALMETTO BAY, FLORIDA:

Section 1. The Village Attorney is hereby authorized and directed to enter into preliminary negotiations for an agreement to purchase the 2.06 acres of the Shores Development (as described in "Exhibit A") for \$3.2 million dollars. The preliminary terms and contract will be brought back to the Village Council for approval.

Section 2. The maximum amount that's to be proposed is \$3.2 million dollars, which is less than the average price per acre established by the two appraisals (as described in "Exhibit B" and "Exhibit C").

Section 3. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 22nd day of August, 2017.

Attest: 
Missy Arocha
Village Clerk


Eugene Flinn
Mayor

1 APPROVED AS TO FORM AND LEGAL SUFFICIENCY FOR THE
2 USE AND RELIANCE OF THE VILLAGE OF PALMETTO BAY ONLY:

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DocuSigned by:

Claudio Riedi, Esq.

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Claudio Riedi, Esq.

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Village Attorney

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11 FINAL VOTE AT ADOPTION:

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Council Member Karyn Cunningham NO

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Council Member David Singer YES

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Council Member Larissa Siegel Lara YES

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Vice-Mayor John DuBois NO

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Mayor Eugene Flinn YES

Shores of Palmetto Bay LLC

277 Galeon Court
Coral Gables, FL 33143

July 20, 2017

Village of Palmetto Bay
9705 E. Hibiscus Street
Palmetto Bay, Florida 33157
Attn: City Manager

Re: Sale of Charter School Site and associated ROW to Village of Palmetto Bay

Dear Mr. Manager,

As you know, Shores of Palmetto Bay LLC ("Seller") owns a five acre Property in Palmetto Bay on Franjo. The Property has an approved site plan comprising the development of a mixed use project including multi-family, retail, parking and a charter school. The site plan was approved by the Village Council in 2016. The site plan was designed to utilize the new streets to be constructed by the Village, based on the streetscape design included as part of the approved site plan. Our approved site plan also anticipated conveyance of certain rights of way to the Village, so that the Village can construct the new streets and improvements.

The Village Council has expressed interest in acquiring the Property, and we understand that you have secured an appraisal of the Property in amount of \$10,000,000, which is significantly below our valuation of the Property. We have a high performing charter school organization that is ready to commence development and construction permitting of the 1,000 student K8 charter school.

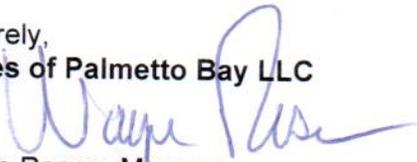
Nevertheless, we have always enjoyed an excellent working relationship with the Village, and we want to continue to work with the Village to accomplish the goals and mission of the downtown area. For this reason, we would be willing to sell to the Village of Palmetto Bay ("Buyer") the portion of the Property, on an "as is basis", comprising the school site and onsite drive along the west of the school site, together being approximately .77 acres as shown on the attached site plan/survey, along with the road right of ways on the Property, being approximately 1.29 acres as shown on the attached site plan/survey, for \$3,200,000, based on the following conditions:

1. Closing by September 1, 2017;
2. Commitment by Buyer to complete the construction of the roadways adjacent to the Property by December 31, 2018. If roads aren't completed by end of 2018, then Right of Ways will revert back to Seller; and
3. Agreement by Buyer to work with Seller to secure site plan approval for the portion of the Property not being acquired by the Village, including a reservation of not less than 280 residential units for the Property.

While this sale to the Village represents 41% of our entire Property at a discounted price, we are pleased to assist the Village in this manner. We stand ready to meet with you and/or your staff to discuss this proposal at your earliest convenience.

Sincerely,

Shores of Palmetto Bay LLC


Wayne Rosen, Manager

APPRAISAL REPORT

PREPARED FOR

VILLAGE OF PALMETTO BAY

PROPERTY APPRAISED

**VACANT LAND
SW 179 STREET AT SW 97 AVENUE
PALMETTO BAY, FLORIDA.**

DATE OF APPRAISAL

July 26th, 2017

APPRAISER

Robert E. Gallaher, MAI CRE

Report No. 17047

**GALLAHER
& BIRCH, INC.**

Real Estate Appraisers & Consultants

GALLAHER & BIRCH, INC.

Real Estate Appraisers & Consultants

July 31, 2017

Mr. Edward Silva, RA
City Manager
City of Palmetto Bay
9705 East Hibiscus Street
Palmetto Bay, Florida 33157

Ref: A 5.03-Acre Site, located at
SW 97 Avenue and SW 178 Street
Palmetto Bay, Florida

Dear Mr. Silva:

At your request, I have made an investigation and analysis in order to estimate the market value of the above referenced property. The subject property is described in detail in the following text, followed by the valuation analyses.

After reviewing the Palmetto Bay Zoning Code and meeting with Village officials, the highest and best use of the land is for the development of apartments or a mixed-use development that would likely have apartments at the upper floors. Maximum density appears to be about 60 units per gross acre, which would result in a total development size of 300 to 320 dwelling units.

Our analysis of recent sales of similar property resulted in a value conclusion of \$30,000 per dwelling unit for the subject land, which, based on the likely density, is a total value of \$9 to \$9.6 million.

This report is submitted in a format prepared in conformity with the Standards Section 2-2(a) of the Uniform Standards of Professional Appraisal Practice. Data, information, and calculations leading to the value conclusions are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from this letter.

Thank you for this opportunity to have been of service. If you have any questions regarding the report or if we can be of further help, please let us know.

Sincerely



Robert E. Gallaher, MAI CRE
State Certified General Real
Estate Appraiser RZ98

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ADDENDA

Assumptions and Limiting Conditions

Definitions

Appraiser's Qualifications

SECTION 1 – APPRAISAL REPORT SUMMARY

| | |
|--|---|
| Property: | A 5.34-acre multi-family site, located at SW 97 Avenue and SW 178 Street Palmetto Bay, Florida |
| Appraisal Prepared For: | Village of Palmetto Bay |
| Interest Appraised: | Fee simple estate |
| Purpose of Appraisal: | Estimate market value |
| Intended Use of Appraisal: | Potential purchase by the Village |
| Extraordinary Assumptions: Hypothetical Conditions: | None None |
| Date of Value: | July 26, 2017 |
| Date of Inspection: | July 26, 2017 |
| Date of Report: | July 31, 2017 |
| Legal Description | Section 33, Township 55 South, Range 40 East, the North ½ of the Southwest ¼ of the Northwest ¼ of Southwest ¼, less the west 40 feet for ROW, all lying and being in Miami- Dade County, Florida. |
| Land Size: | 219,059 square feet (5.03 acres), net 233,041 square feet (5.35 acres), gross |
| Use | Vacant land |
| Highest and Best Use: | Residential or mixed use development |
| Market Value | \$9,000,000 to \$9,600,000 |
| Appraisal Number: | 17047 |

SCOPE OF THE ASSIGNMENT

In order to complete the assignment, the following steps were taken:

- The subject property and its surrounding neighborhood were inspected in sufficient detail to understand the location and market conditions impacting the subject property.
- Available zoning, record plat, ad valorem tax records and other documents were reviewed to understand the restrictions and provide a detailed description of the property.
- Available public data concerning zoning, utilities, street dedications, ad valorem taxes, and land areas were reviewed to acquire a sufficient description of the subject property
- In order to complete the valuation of the property, an investigation was made for sales of similar properties in the general area of the subject. Using public and proprietary data bases, data was found to begin a sales comparison approach.
- Finding insufficient data within the immediate vicinity of the property, the investigation was expanded to other areas of south Miami-Dade County. The wider investigation resulted in additional sales data that was sufficient to complete the sales analysis and to indicate a value for the subject land.

SECTION 3 • MARKET CONDITIONS AND MARKET AREA

As 2017 began, the United States was eight years removed from the Great Recession of 2008/09. South Florida's economic conditions continue to improve more rapidly than the rest of the country due to the influence of foreign capital being invested in the area, both by visitors to the area and by real estate investors buying commercial and residential properties.

In 2014, the United States economy had gained sufficient strength for the Fed Reserve to abandon its program of quantitative easing in mid-year without slowing the rate of overall growth. At its meeting in December 2015, the "Fed" raised its benchmark interest rate by 25 basis points for the first time since the recession. Then planned rate increases in the near term have since been suspended due to uncertainty in world markets.

In December 2016, the Fed again raised its interest rate by 25 basis points, with two more quarter point increases since (the last one occurring in June). These increases signify that the Fed has confidence in the recovering U.S. economy and its potential growth.

As of this writing, the global economy was still absorbing Great Britain's decision to withdraw from the European Union and uncertainty over the likely policy decisions of President Donald Trump. How much of Mr. Trump's campaign rhetoric will be translated into actual policy is still unknown at this point. The new British Prime Minister, Theresa May had replaced David Cameron as a result of the European Union exit referendum and the European Union was reportedly planning to make the exit as difficult as possible to stem growing nationalism across Europe and to avoid further deterioration of the EU. International investors continued turning to the US as a stable environment for their funds due to the uncertainty in Europe.

Relatively low oil prices continue to have an impact on the US economy. The price of crude-oil had recovered somewhat from a low near \$30 in February of 2016; the volatility from the \$100 per barrel price in 2014 has had an influence on global economies. As of this writing, the price was again in the low \$50 per barrel range. The low prices are caused by a general slowdown in the Chinese economy, the strength of the US dollar and the fact that the industry keeps producing despite a world-wide over-supply of the commodity. As of May 2017, OPEC decided to extend oil production cuts through March 2018 due to over production and alternative energy advancements. According to the Wall Street Journal, the decline in oil prices over the past two years has caused more than 30 small oil production companies to file for bankruptcy protection, owing more than \$13 billion. The announcement of a possible increase in the Fed rate has a direct influence on the oil pricing with a softening in price, as reported in the Wall Street Journal. As of September 29, 2016, OPEC members announced a deal to limit crude output for the first time since 2008 in an attempt to ease a global glut of oil.¹ The deal was expected to have a positive impact on the market exchanges.

The US stock markets reached record levels at the beginning of 2017, exceeding 21,000 for the first time. Employment rates have improved steadily since the *Great Recession*.

The figures below track the improvements as expressed in an unemployment rate for the local, state and national economies.

| Location | Dec 2010 | Dec 2012 | Dec 2014 | Dec 2015 | Dec 2016 |
|----------------------|----------|----------|----------|----------|----------|
| Miami-Ft. Lauderdale | 11.8% | 8.8% | 6.9% | 5.0% | 4.9% |
| Florida | 11.1% | 7.9% | 5.6% | 5.1% | 4.9% |
| Nationwide | 9.4% | 7.6% | 5.8% | 5.0% | 4.7% |

Source of data: Bureau of Labor Statistics, US Department of Labor

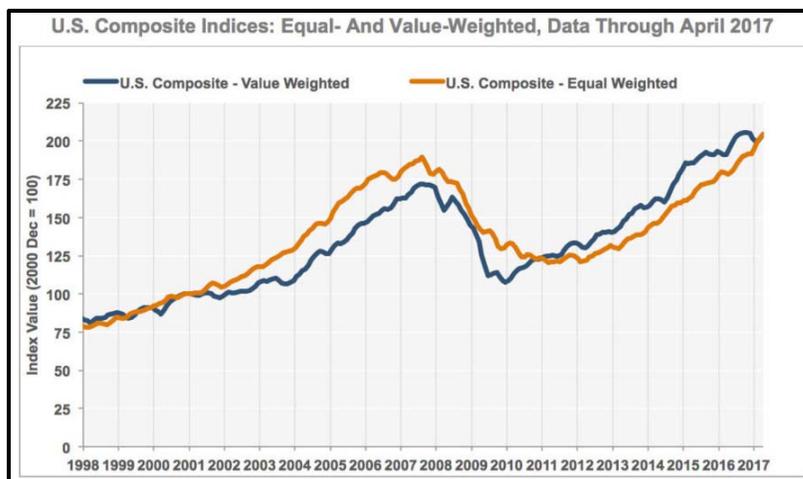
¹ The Guardian, September 29, 2016, Sean Farrell

As of this writing, the national unemployment rate had dropped to 4.9%.

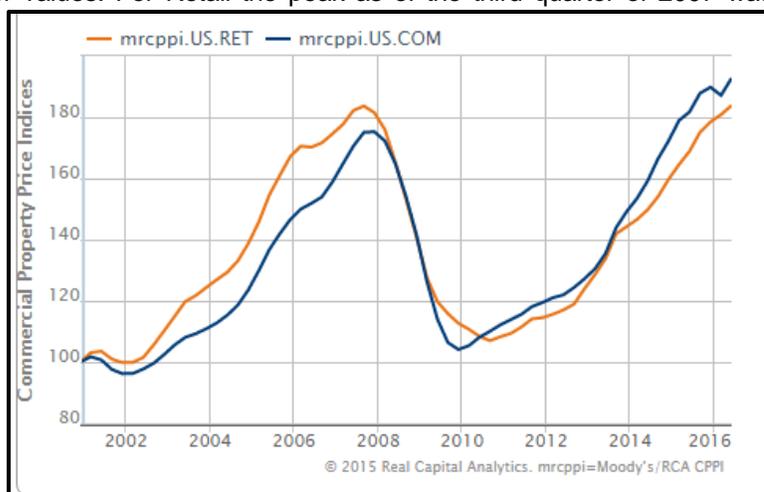
Miami saw one of the more robust housing recoveries take hold over the previous two years, welcome news after having been one of the deepest-affected housing markets across the country. Foreign buyers and cash investors had buoyed the local residential markets. The level of interest and activity was on an upward swing as shown by the increased number of transactions and as reported by local lenders. Regional banks were more active in making loans, albeit with more restrictive lending parameters.

The improving market conditions had increased demand for quality commercial properties, compressing capitalization rates and raising prices for well-located stores, offices and warehouses with strong tenants.

The April 2017 Commercial Repeat Sale Indices (CCRSI) report by CoStar, a nationally published market data research firm, shows current commercial real estate pricing as compared to earlier periods. Based on 784 repeat sale pairs in April 2017 and more than 177,000 repeat sales since 1996, the CCRSI offers a broad measure of commercial real estate repeat sales activity. Their US composite index showed a general recovery of commercial property pricing beginning in 2013 and continuing in an upward pattern. The data measures changes in the value of commercial real property (offices, apartments, retail stores, and warehouses). The data is cited later in the valuation section below.



Moody's Investors Services in cooperation with Real Capital Analytics publishes another index of changing commercial property values. In the chart here, the indices for the retail market and for commercial market are shown and indicate a recovery of former values. For Retail the peak as of the third quarter of 2007 was measured at 184; the index bottomed out in the third quarter 2010 at a measured index of 110. As of the second quarter of 2016, the index measured 184, the same level reached nearly nine years earlier.



The all commercial index peaked at 175 as of the fourth quarter of 2007. The trough was two years later in the fourth quarter 2009 at an index of 104. As of the second quarter of 2016, the index had rebounded to 193.

The data show a general market recovery across all sectors as the US economy continues a long period of growth.

The impact of market conditions on the value of the subject property will be discussed further in the valuation section of this report.

Further strengthening of the economy is reflected in improvement in the ratio of debt to disposable income for the average American. According to Morgan Stanley, the ratio of debt to income has decreased from 135% in 2008 to about 106% as of this writing. Further loan delinquencies are down to below 4% for the first time since the recession ended.

These optimistic reports are offset by concerns over further declines in the Chinese economy as China sold off about \$187 billion in US Treasuries in the first 10 months of 2015 (according to Bloomberg News). Other market participants however have increased demand (as cited above) and have kept interest rates on the government issues from increasing. Yields on 10-year notes were quoted at 2.39% as of this writing.

MARKET AREA

The subject land is in the Franjo Triangle area of Palmetto Bay.

This report being written for the Village, we have not included an extensive description of the Village or its commercial district. The Village staff and officials are assumed to be very familiar with the immediate area of the land, particularly since it is located across the street from the Village Hall.

We will discuss the overall plans for the Franjo Triangle and the zoning and the Village master plan and how they relate to the value of the subject property.

The property abuts the Palmetto Bay Park to its east and the Miami Children's Hospital facility to the north. To the south is a small, multi-tenant office building and a larger tract that was the regional headquarters for a local bank, but is now slated for development (see Sale 2 in the valuation analysis below).

Available demographic data from the CoStar Group indicate an average household income of \$73,500 for residents located within approximately a mile radius of the subject location. As one moves east, those figures increase substantially, with average household incomes well over \$100,000 near Old Cutler Road.

SECTION 4 – DESCRIPTION OF THE REAL ESTATE

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this appraisal is a vacant site located in the Village of Palmetto Bay.

The appraised property consists of a 219,059-square foot undeveloped site, within the Downtown Urban Village area.

LOCATION

The site is on the east side of SW 97th Avenue (Franjo Road) at 178th Street.

LEGAL DESCRIPTION

The North ½ of the Southwest ¼ of the Northwest ¼ of Southwest ¼, less the west 40 feet for right of way, in Section 33, Township 55 South, Range 40 East all lying and being in Miami-Dade County, Florida.

OWNERSHIP AND HISTORY

According to county tax records, the property is currently owned by Shores at Palmetto Bay, LLC. The property was acquired by the corporation in November 2005.

ACCESSIBILITY

The subject site is easily accessible, being located on 97th Avenue (Franjo Road), about 600 feet south of South Dixie Highway (US 1). As of this writing, Franjo Road is the only roadway abutting the property.

There are development plans that call for the acquisition of right of way for paving of a Park Drive, that would run along the east side of the property (requiring right of way from the subject site). The proposed Park Drive would connect SW 175th Terrace to the north with 180th Street to the south. Those same plans call for public rights of way along the north and south boundaries of the subject tract.

97th Avenue (Franjo Road) is a secondary arterial roadway that runs south from South Dixie Highway. South of Eureka Drive (SW 184th Street), Franjo Road is a residential street continuing south about ½ mile into Cutler Bay and then turning southwest and extending to Old Cutler Road, where it ends.

STREET IMPROVEMENTS

97th Avenue has a dedicated width of 70 feet. It is paved with asphalt with a single traffic lane in each direction. The street is improved with sidewalks (along both sides) curbs (along the west side only), storm drainage and streetlights.

PRESENT USE

As of the date of valuation, the subject site is a vacant parcel of land, with no building or site improvements.

ZONING

The subject property is zoned DUV, Downtown Urban Village by the Village of Palmetto Bay. The district allows for residential, commercial, and mixed-uses. The zoning includes incentives for higher density residential projects that may be able to achieve densities between 60 and 70 units per acre. While the code indicates base densities of 24 units per acre, TDRs and a pool of about 1,200 (+/-) surplus units in Palmetto Bay can be allocated towards new projects in the DUV zoning area. However, bonus densities require plan approval by Palmetto Bay.

The DUV district is divided into four sectors as shown on the map here. The subject land falls in the Downtown Village sector as indicated by the yellow outline. According to the Village's Zoning Code, This sector "applies to the primary area of the Downtown Urban Village (DUV), which is composed of the most vital, concentrated, ped/bike-oriented areas and defined by multi-story flexible block and flex building typologies."

The intent of the sector is to allow for the development of a wide array of retail, office and light service uses, mixed with residential development as would be found in a true mixed-use downtown environment. The plan envisions ground-level retail or other commercial uses, with offices or apartments at the higher floors of multi-story buildings.

Base residential development intensity is 24 dwelling units per gross acre (site area is measured to the center of adjacent streets) at a maximum of three floors. Development incentives are available that can increase density and building height to 60 to 70 units per acre and five to eight stories. That 24 units per acre base density applies to all of the light blue area shown in the map here (again, the subject is outlined in yellow).

In an effort to attract development, the Village adopted the DUV code, with the provisions for bonus floors and bonus dwelling units that resulted proposed developments with the densities and building heights cited above. After receiving a number of proposals (most of which are still in processing) the Village Council, in response to citizen comments, halted all development pending a review of the code. The zoning is now being re-written to limit development to a likely maximum of five floors and 60 units per gross acre.



UTILITIES AND SERVICES

The following utilities and services were available to the property as of the appraisal date:

| | |
|----------------------|--|
| Electricity - | Florida Power and Light |
| Communications - | Various providers |
| Water - | Miami-Dade |
| Sewer - | Miami-Dade |
| Police - | Palmetto Bay Police Department; a fully accredited law enforcement agency |
| Fire - | Miami-Dade County Fire Department provides safety and security services |
| Emergency Services - | Village of Palmetto Bay Office of Emergency Management handles disaster planning and works with the County, State and other local, state and federal agencies. |

SHAPE AND SIZE OF SITE

The subject site is rectangular in shape and, according to a site plan prepared by Civica, an architectural firm, has the following dimensions:

| | |
|---|-------------|
| North boundary – | 626.69 feet |
| South boundary – | 625.74 feet |
| West boundary – frontage on Franjo Road - | 349.55 feet |
| East boundary – | 349.47 feet |

Land area - 219,059 square feet, net; 233,041 square feet, gross

The foregoing land areas are the results of our calculations based on the Civica site plan.

TOPOGRAPHY

The land is generally level and slightly above grade with the adjacent public streets and surrounding parcels.

LISTING OF SUBJECT

According to the Realtor Association of Miami's Multiple Listing Service, the property was not listed for sale as of the July 26th, 2017 valuation date.

ENVIRONMENTAL CONSIDERATION

While it is beyond the appraiser's expertise to determine the presence or extent of any environmental contamination at this property, it is incumbent upon us to comment as to any visible signs or sources of potential contamination.

There is no historical use of the property that would be a source of contamination. If any environmental contamination were to be discovered to have been at the property at the time of the valuation, it could materially affect the property's value.

IMPROVEMENTS

There are no current land or building improvements at the subject property.

ASSESSED VALUE AND TAXES

The property was assessed and taxed by Miami-Dade County for the 2017 tax year as follows:

| | |
|-----------------------------|---------------------|
| Folio # - | 33-5033-000-0860 |
| Land area – ft ² | 218,455 square feet |
| Market value - | \$3,276,825 |
| Assessed value - | \$3,123,906 |

The *Assessed Value* is the basis of the ad valorem tax calculation for the local municipality (and the unincorporated county) and is limited in the amount it can increase each year. The Florida Constitution was amended in 2008 with a provision that limited increases in the assessed value of non-homestead property to 10% for local municipalities. The limitation does not apply to that portion of the ad valorem taxes for the Miami-Dade County Public Schools taxing authority, which uses the full *market value* amount. The tax calculation amount shown above is before the available 4% early payment discount.

The valuation techniques employed by the Miami-Dade County Property Appraiser's office, while appropriate for the mass appraisal process and sufficiently accurate to establish the overall tax base for the county, are not adequately focused to be indicative of the market value of a single parcel of real estate. Therefore, the *market value* estimate shown above is not considered an indication of the current market value of the subject.

SECTION 5 - HIGHEST AND BEST USE ANALYSIS

The highest and best use of a specific property is determined by the competitive forces within the specific market of which the property is a part. Consequently, the analysis of highest and best use is an economic study, one in which the available possible, legal and feasible uses must be compared. See the addendum for the definition of *Highest and Best Use*.

"Highest and Best Use", as defined, requires that any potential use be legally permissible, physically possible, financially feasible and provide the maximum return to the owner. The analysis is required both for the site alone, as though it were vacant and for the property as actually improved as of the appraisal date, if improvements are in place. In this case the subject property is vacant land with no existing improvements.

Legal Uses

The legal uses of a property are generally defined by the governing zoning code and land use plan. In this case, the property is zoned for mixed use commercial, office and residential uses. The base zoning provides for a density of 24 dwelling units per acre with a three-story height limit. With bonus provisions in the code, as many as eight stories could have been theoretically achieved, with densities up to 60 or 70 units per acre.

After receiving five development proposals that pushed density to the very maximum allowed with all bonuses, the governing council of the Village placed a moratorium on further development until the code could be reexamined. After reviewing the proposals submitted, the council rejected those with seven and eight-story buildings in favor of a five-story maximum. Five stories and about 60 dwelling units per gross acre appear, at this time, to be the maximum densities that will receive approval.

At 233,041 gross square feet of land area, the subject site has 5.35 acres of area. At 60 dwelling units per gross acre, the site can accommodate a maximum of 320 units. Since developments rarely achieve the absolute maximum density permitted, we have estimated a lower end range of 300 units as a reasonably achievable density.

Physically Possible Uses

The overall site is of sufficient size to support a mixed-use development, including apartments or offices at the upper floors and retail at the ground floor.

Financially Feasible

Current market conditions indicate that development of new residential units is financially feasible. The south Florida markets have seen an increase in apartment development over the past few years, particularly in areas that permit significant density.

As of this writing, except for the Atlantico development now under construction south of the subject, there are no apartment developments under construction between Dadeland (at Kendall Drive) and Goulds (at SW 216th Street), where a single elderly housing apartment building is under construction. The next active apartment development to the south is in Naranja at SW 264th Street.

In the Naranja Community Urban Center (an area of similar zoning to the DUV district) more than 1,300 apartment units have been built or are under construction since 2011. Average household incomes and single-family home values are lower in Naranja than in Palmetto Bay, but the availability of developable land resulted in active apartment development. None of the developments at that location include retail components at their ground floors and those that are actually mixed-use included a small office component at their ground level.

The absence of any apartment development in Palmetto Bay, Pinecrest or Cutler Bay is an indicator that such development is likely to succeed. Further, as the local population ages, older residents of Palmetto Bay may prefer the low-maintenance lifestyle of apartment living over the maintenance-intensive ownership of single family dwellings.

Mixed-use development may be more problematic. Mixed-use apartments with retail at the ground floor has generally proved to be less successful than expected. No matter how dense the apartment project, there is never sufficient demand generated in the apartments to support the ground floor retail component. The ground floor retail must draw customers from outside the development itself and therefore those projects that do not front on major roadways have difficulty finding occupants for their ground floor commercial spaces. Even in the more urbanized Dadeland area, the ground floor retail component has never met original expectations.

The suburban south Miami-Dade County markets have also had limited demand for professional office space. There are few mid-rise office buildings south of the Dadeland area and the few that do exist have not had great success in achieving strong rents or occupancy.

The two most-recent office buildings built in the general area are the Palmetto Bay Center at 15715 South Dixie Highway, built in 2004 and the Cutler Bay Office Center on SW 211 Street, built in 2008. Palmetto Bay Center is not advertising rental rates, but is marketing about 8% of its space as available. The Cutler Bay Center is marketing about 9% of its building. The four mid-rise office buildings in Palmetto Bay indicate a combined area of 113,600 square feet and a combined average vacancy of 16% as of this writing. Office rental rates vary from \$15 to \$22 per square foot, which are at the lower end of the Miami-Dade County market range.

With current building construction costs increasing due to the demand for materials and labor and with office rents in the low \$20 per square foot range, it would be difficult to build a successful office building in Palmetto Bay as of the valuation date.

Maximally Productive

The most productive use of a site is one that maximizes the utility of the property, while incorporating market demands into the overall design. Determination of the specific maximally productive development of the subject property, requires investigations and analyses beyond the scope of this assignment.

The subject site has an approved site plan for a charter school, which was provided by the client. The proposed charter school under the current zoning requirements, seems to be legally permissible. Due to it being a four-story building at the rear one-acre portion of the site, fronting on Park Drive.

A proposed site plan for a multi-family structure has reportedly not been approved due to its density and has been sent back for revision. According to Village officials, the project would need to be redesigned to a five-story maximum and about 60 units per acre to get approval.

Development of the subject site with a mixed-use commercial/residential building would be the maximally productive use of the property. The mixed use would likely consist of a maximum of 300 to 320 units, with a modest commercial component at the ground floor. Due to the location on Franjo Road, the ground floor commercial space would most likely be used for offices, there being insufficient traffic to support retail stores.

Highest and Best Use Conclusion

The highest and best use of the subject property is for development with a mixed use commercial/residential building with a maximum of 300 to 320 dwelling units and a modest ground floor commercial component.

SECTION 5 - VALUATION

There are three generally accepted approaches to the valuation of real estate –

The depreciated cost approach, an estimate of the cost to reproduce the subject improvements, less the accrued depreciation, plus the value of the land;

The income approach, the translation of a property's anticipated income production into a value estimate;

And the sales comparison approach, a comparison of recent sales of similar properties to the subject, with appropriate adjustments made to the sales.

There are also a number of methods that can be employed specifically to value vacant land; amongst which are sales comparison (as enumerated above), allocation, extraction, residual analysis, lease capitalization and subdivision analysis. All of the approaches were considered for application. For purposes of this valuation we were able to find sufficient data to complete the sales approach and have limited our analysis to that method.

Our sales comparison approach begins as follows.

SECTION 7 – SALES COMPARISON APPROACH

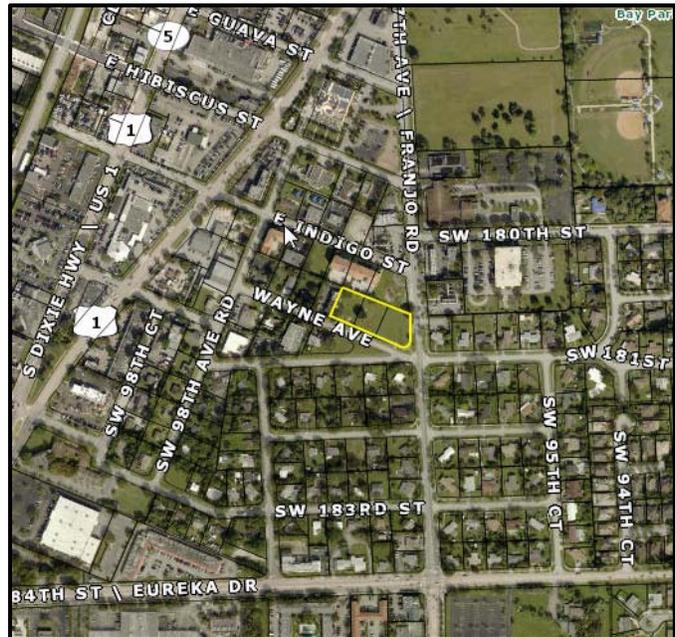
An investigation was made for sales of land in Palmetto Bay intended for multi-family residential or mixed-use development. The results of that investigation are shown on the following schedule.

| Sale | Address | Date | Land Ft ² | Price | \$/Ft ² |
|-------------|------------------------|---------------|----------------------|-------------|--------------------|
| Subj | 17801 SW 97 Ave | Jul-17 | 219,059 | | |
| 1 | 9701 Wayne Ave | May-16 | 40,365 | \$1,100,000 | \$27.25 |
| 2 | 17945 SW 97 Ave | Jul-16 | 173,462 | 7,800,000 | 44.97 |
| 3 | 17405 S Dixie Hwy | Jul-16 | 27,115 | 1,900,000 | 70.07 |
| 4 | 18301 S Dixie Hwy | Pending | 88,875 | 4,400,000 | 49.51 |

Sale 1 is a site on the west side of Franjo Road at Wayne Avenue. The sale property is comprised of three platted lots along the north side of Wayne Avenue. Village officials indicate that the developer has submitted a development plan for 84 apartment units, but the development plan includes a portion of the lot adjacent to the north along Franjo. That lot was not included in the May 2016 sale transaction shown above.

Based on the 84-unit count and assuming the developer has control of the entire lot to the north, the density is calculated to be 63 dwelling units per net acre.

Again, using the 84 units and assuming the density is spread evenly across the lots included in the sale and the north lot, the indicated price for the property is calculated to be about \$18,900 per dwelling unit.



This is a relatively small site for apartment development and the irregular shape (including the north lot) presents design challenges

Sale 2 is the site of the Atlantico development that was under construction as of the valuation date. This property was the former regional headquarters offices for TotalBank. As of the time of this writing the demolition crew was removing the last of the debris from the razing of the building.

Atlantico will have 271 apartment units, with 7,000 square feet of ground floor retail space. Based on the 271 apartment units, the \$7.8 million price is equal to \$28,782 per dwelling unit.



Sale 3 is a commercial site on the east side of the southbound lanes of South Dixie Highway. The seller in this transaction is the Ludovici family, long-time Palmetto Bay area property owners and the buyer is South Motors who will reportedly open another car dealership facility on this site. The property is not intended for use for residential development.

The \$70 per square foot purchase price is higher than any of the other three sales, but the higher price is due to a highway-oriented commercial intended use rather than apartment development. The proposed auto sales facility would not be a feasible use of the subject land.

Because the Sale 3 land has a different intended use than the subject land, the sale is not considered further in this analysis.

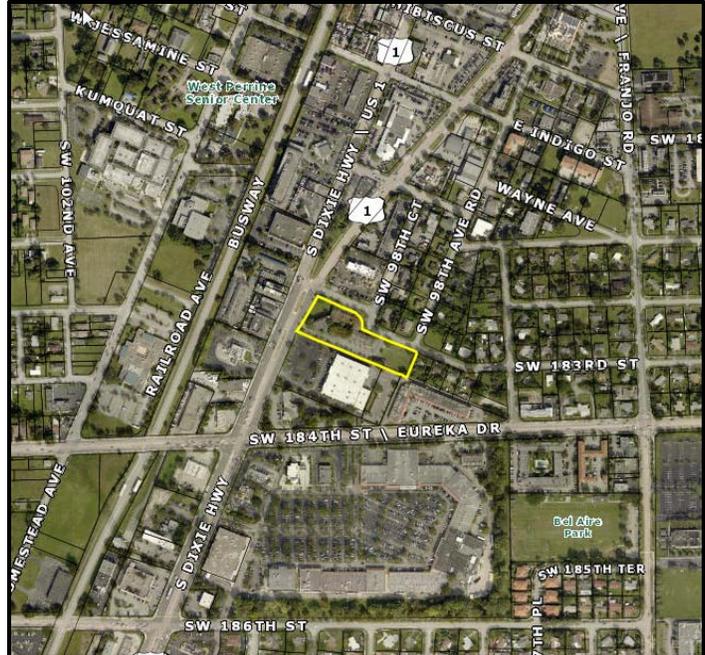


Sale 4 is the pending sale of the Perrine-Peters Methodist Church on the highway near the south boundary of Palmetto Bay. This is the site of the proposed Soleste development, which reportedly will have 210 dwelling units.

This site has the unique potential for including half of the 110-foot wide South Dixie Highway width in its gross land area. The result is that the 210 potential apartments result in a net density of 103 units per net acre of land.

This sale has not yet closed and may be subject to renegotiation now that the Village has reduced the number of units that can be built. The reported pending sale price is \$4 million, which is equal to \$20,952 per dwelling unit, a relatively low unit price in the current market.

The only other potential transaction is limited to verbal information that the site at 9500 SW 174th Street is also under a pending contract and the holder of that contract is marketing the site for \$10 to \$12 million. The property is reportedly approved for 235 dwelling units. At 235 units, a \$10 million price would be equal to \$42,500 per unit, which appears high in light of the other available market data.



Summarizing the foregoing, we have three closed sales, a pending contract and a rumor. One of the three sales is a commercial site intended for a car dealership and has been eliminated from consideration. That leaves only two actual closed sales upon which to base a value conclusion. Because of this narrow data base, we expanded our sales search to other areas where apartment development is also occurring. The results of that investigation are as follows:

| Sale | Address | Date | Land Ft ² | Price | \$/Ft ² |
|-------------|------------------------|---------------|----------------------|-------------|--------------------|
| Subj | 17801 SW 97 Ave | Jul-17 | 218,455 | | |
| 5 | 950 Red Road | Jul-14 | 77,437 | \$6,000,000 | \$77.48 |
| 6 | 6700 NW 7 St | May-15 | 324,130 | 7,628,300 | 23.53 |
| 7 | SW 117 Ave/214 St | Sep-15 | 163,217 | 1,500,000 | 9.19 |
| 8 | 85 St at 70 Ave | Dec-15 | 71,573 | 13,000,000 | 181.63 |
| 9 | 9600 S Dixie Hwy | Apr-17 | 72,648 | 14,400,000 | 198.22 |

These five sales are the most recent information available for sales of apartment sites in the southwest suburbs of Miami-Dade County.

Sale 5 is the acquisition of the land for the Gables Prado development on Red Road, just south of SW 8th Street in the Town of West Miami. The property was acquired in July 2014 at a purchase price of \$6 million.

Subsequent to the sale, existing improvements were razed and the 196-unit Gables Prado building was built.

Based on the \$6 million price, the cost of the land was equal to \$30,928 per dwelling unit.

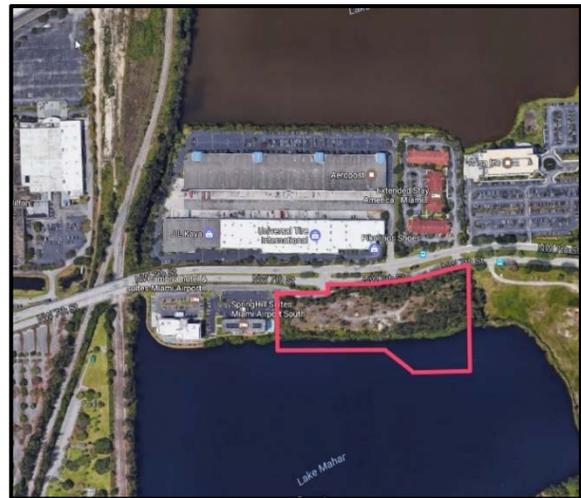
The building was built and is now complete and fully occupied.



Sale 6 is a site on the north side of Lake Mahar, between NW 7th Street and Flagler Street, just south of Miami International Airport. Immediately to the west of the site is a new hotel property and to the northeast is the Waterford office park development.

Prior to the sale, the property had been zoned for industrial use, in keeping with the warehouse development immediately across NW 7th Street. While the sale was pending, the buyer changed the zoning to BU-2, a commercial classification and then obtained a special exception to build 272 apartment units.

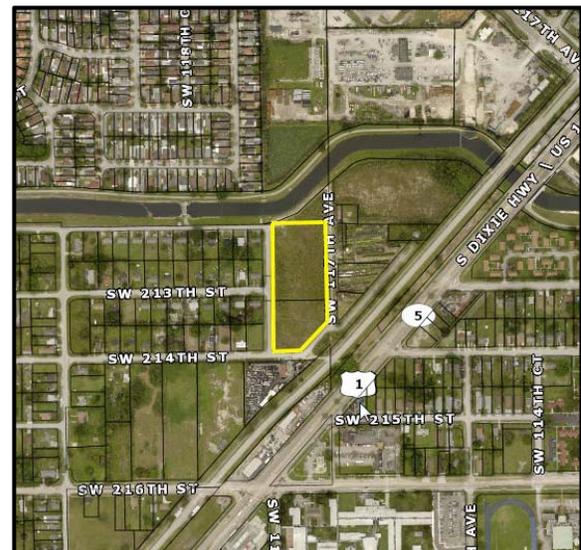
The sales price on this sale was \$7,268,300, which is equal to \$28,045 per dwelling unit.



Sale 7 is the sale of land in the Goulds Community Urban Center. This site is partially zoned for 18 units per acre and partially for 36 units per acre. Based on maximum density, the site can accommodate up to 83 dwelling units.

The site was acquired in September 2015 for \$1.5 million, which is equal to \$18,072 per unit.

This sale is included here as typical of the land sales in the Goulds and Naranja Community Urban Centers. As noted in the *Highest and Best Use* discussion above in Section 5, there has been extensive development in the Naranja area over the past few years. Prices for the land acquisitions have generally been in the range of \$15,000

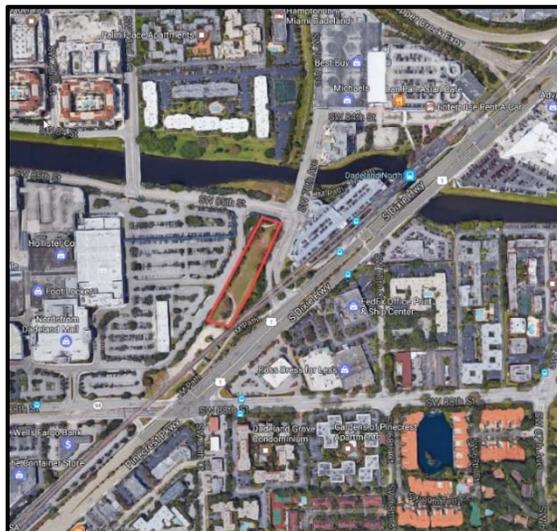


to \$19,000 per dwelling unit.

The projects in Goulds and Naranja all involve government subsidized financing so that the end units are affordable to the work force. Therefore, these sales prices form a lower limit indication of the value of the subject land.

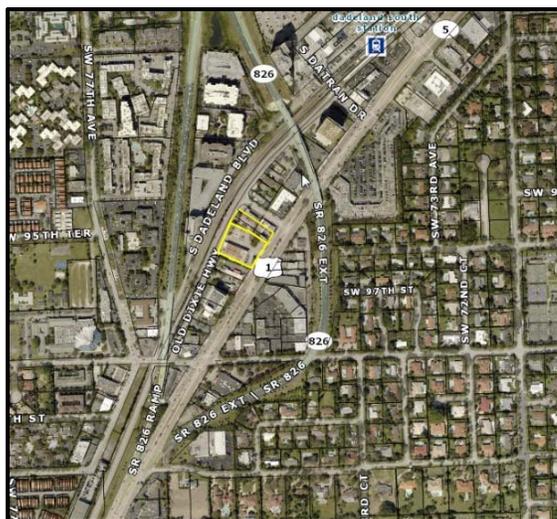
Sale 8 is the 2015 sale of a site between the Dadeland Mall and the Dadeland North MetroRail station. The site was a remnant from when the FEC Railway owned railroad right of way in the area. The land was zoned as part of the Downtown Dadeland Community Urban Center and was available for relatively high-density mixed-use development.

The property has been approved for the development of 416 dwelling units, with ground floor retail stores. The development density is equal to 253 dwelling units per acre, a much higher density than the 60 units per acre at the subject property. The acquisition price of \$13 million is equal to \$31,250 per apartment unit.



Sale 9 is the recent sale of the former Poe's Tool Rental facility on South Dixie Highway, just south of the Palmetto Expressway overpass in the Dadeland area. This land also benefited from the Downtown Dadeland zoning and permitted 400 units to be developed on the land, a density of over 230 units per acre.

The \$14.4 million combined purchase price is equal to \$36,000 per dwelling unit.



Elements of Comparison

*Elements of comparison are the characteristics of properties and transactions that cause the prices paid for real estate to vary. Adjustments for differences are made to the price of each comparable property to make the comparable equal to the subject on the effective date of the value estimate.*²

² The Appraisal of Real Estate, 14th Edition, The Appraisal Institute, Chicago

The basic elements of comparison are as follows:

- Real property rights conveyed
- Financing terms (i.e. cash equivalency)
- Conditions of sale (i.e. motivation)
- Expenditures made immediately after purchase
- Market conditions (i.e. time)
- Location
- Physical characteristics (e.g. size, access, condition, etc.)
- Economic characteristics (e.g. lease provisions, expense ratios, etc.)
- Use (e.g. zoning, water rights, environmental issues, building codes)
- Non-realty components of value (e.g. business value, franchises)

Adjustments are made using quantitative and qualitative techniques. When sufficient data is available, specific market-based mathematical adjustments can be extracted from the transactions and applied to the sales prices. When there is insufficient market data, qualitative adjustments are applied comparing the sales to the subject on a relative basis.

The land sales shown here were all of the fee simple interests in their respective properties. None of the sales involved owner financing. The sales were arm's length transactions, with no apparent undue pressure on either the seller or the buyer. Each of the sale properties is zoned for relatively high-intensity residential or mixed-use development and there were no economic characteristics that impacted prices and no non-realty components of value.

The transactions had closing dates that ranged from July 2014 to April 2017, with one transaction pending. Overall market conditions had begun to improve from 2014 into 2015 and some consideration should be given to positive adjustments to the older sales for the improving market conditions.

Other than for the changing market conditions, adjustment considerations should be considered for differences in the density allowed by the various zoning categories and for the differences in locations.

Market conditions

Earlier, in Section 3 of this report, we presented graphs that showed the improving market conditions in the commercial real estate markets across the US. The improving conditions began in 2010 or 2011 and continued through 2016. The local markets experienced a high level of activity for developable land in 2015 as developers were acquiring land for a variety of project types. There were fewer sales in 2016 as the available inventory of vacant land diminished.

While we have made no specific quantitative adjustment to the unit sales prices shown in the 2014 and 2015 data, we will consider the improving market conditions in the value conclusion below.

Density

The land sales reflect zoning classifications that permit a wide range of densities and height limitations. The three sales in Palmetto Bay have densities that range from 62 to 103 units per net acre (Sale 4 benefiting from its location on South Dixie Highway). The other sale densities range from 22 to 253 units per acre.

The sales data is repeated below with the number of proposed units included, as well as the density and sale price on a per dwelling unit basis. Sale 3 was eliminated due to its different highest and best use.

| Sale | Address | Date | Prop. # Units | Density Units/Ac | Price | \$/Unit |
|-------------|------------------------|---------------|--------------------------|-----------------------------|--------------|----------------|
| Subj | 17801 SW 97 Ave | Jul-17 | | | | |
| 1 | 9701 Wayne Ave | May-16 | 84 | 62.7 | \$1,100,000 | \$13,095 |
| 2 | 17945 SW 97 Ave | Jul-16 | 271 | 68.1 | 7,800,000 | 28,782 |
| 4 | 18301 S Dixie Hwy | Pending | 210 | 102.9 | 4,400,000 | 20,952 |
| 5 | 950 Red Road | Jul-14 | 194 | 109.1 | 6,000,000 | 30,928 |
| 6 | 6700 NW 7 St | May-15 | 272 | 36.6 | 7,628,300 | 28,045 |
| 7 | SW 117 Ave/214 St | Sep-15 | 83 | 22.2 | 1,500,000 | 18,072 |
| 8 | 85 St at 70 Ave | Dec-15 | 416 | 253.2 | 13,000,000 | 31,250 |
| 9 | 9600 S Dixie Hwy | Apr-17 | 400 | 239.8 | 14,400,000 | 36,000 |

There appears to be no correlation between density and sale price per unit as Sales 8 and 9, which have the highest densities, also have the highest per unit pricing.

Sale 1 appears to have a very low price, which appears to be an aberration in the data. Sale 4 also has a relatively low per unit sale price. Sale 7 is the work-force housing example included to set a lower limit value indication.

The remaining sales show a narrower range of \$28,045 to \$36,000 per proposed dwelling unit.

Location

The land sales used in this analysis are located over a wide area of southwest Miami-Dade County, from near Coral Gables and the airport, to as far south as SW 215th Street. In order to determine whether a location adjustment is warranted and, if so, to what degree, we reviewed apartment rental rates, average household income levels and average home prices for the areas around the sale sites and compared that data to similar data for the subject location. The comparison is as follows.

| | Apartment Rents | | HH Income | Avg Home Val. | Land Price |
|---------|------------------------|--------------------|------------------|----------------------|-------------------|
| | 1-bedroom | 2-bedroom | | | |
| Subject | \$1,200 to \$1,300 | \$1,300 to \$1,600 | \$73,534 | \$329,220 | |
| Sale 5 | \$1,800 to \$2,000 | \$2,100 to \$2,300 | \$52,393 | \$287,996 | \$30,928 |
| Sale 6 | no data available | | \$29,106 | \$227,134 | \$28,045 |
| Sale 7 | \$1,100 to \$1,200 | \$1,200 to \$1,300 | \$38,836 | \$169,649 | \$18,072 |
| Sale 8 | \$1,900 to \$2,300 | \$2,470 to \$3,535 | \$54,029 | \$446,455 | \$31,250 |
| Sale 9 | \$1,350 to \$1,579 | \$1,544 to \$2,030 | \$54,989 | \$453,722 | \$36,000 |

Sale 5 is the Red Road location, across the street from Coral Gables. The household income and average home values are for the area lying west of Red Road, outside of the Gables. These figures are lower than those for the subject location, indicating a positive adjustment to the per unit land price. But the apartment rents are higher than those found in Palmetto Bay, primarily because there is no new apartment product near the subject land. The rents achieved in the vicinity of Sale 5 are reasonable to project for a new apartment near the subject.

Sale 6 is the location on NW 7th Street. We found no body of rental apartment data for that location. Household incomes and average home prices are well below those figures for the subject location.

Sale 7 is the work-force\ housing project in Goulds. Here the apartment rents for new product and the household income and house value figures are some of the lowest. The low unit price of Sale 7 is reflective of the location.

Sales 8 and 9 are both in the Dadeland area. The rental rates for the new product are not significantly greater than the rates found in Palmetto Bay and new product at the subject location should be able to achieve similar rent levels. The very high average home values are reflective of affluent single-family residential areas immediately adjacent to these land sale locations. Household income figures, however, are lower than those at the subject.

In my opinion, the data presented does not offer consistent measurements of a location adjustment. Except for Sale 7, the work-force housing area, the sales outside of Palmetto Bay are all priced in the \$28,000 to \$36,000 per unit range, in spite of differences in area household income levels and average home pricing. Therefore, the unit sales prices will be taken to the conclusion, without quantitative adjustment.

Conclusion

The sales data is repeated below, with the sales arranged in order of price per dwelling unit, highest to lowest.

| Sale | Address | Date | Acres | Density | Price | \$/Unit |
|------|-------------------|---------|-------|---------|--------------|----------|
| Subj | 17801 SW 97 Ave | Jul-17 | 5.02 | 60.0 | | |
| 9 | 9600 S Dixie Hwy | Apr-17 | 1.67 | 239.8 | \$14,400,000 | \$36,000 |
| 8 | 85 St at 70 Ave | Dec-15 | 1.64 | 253.2 | 13,000,000 | 31,250 |
| 5 | 950 Red Road | Jul-14 | 1.78 | 109.1 | 6,000,000 | 30,928 |
| 2 | 17945 SW 97 Ave | Jul-16 | 3.98 | 68.1 | 7,800,000 | 28,782 |
| 6 | 6700 NW 7 St | May-15 | 7.44 | 36.6 | 7,628,300 | 28,045 |
| 4 | 18301 S Dixie Hwy | Pending | 2.04 | 102.9 | 4,400,000 | 20,952 |
| 7 | SW 117 Ave/214 St | Sep-15 | 3.75 | 22.2 | 1,500,000 | 18,072 |
| 1 | 9701 Wayne Ave | May-16 | 1.34 | 62.7 | 1,100,000 | 13,095 |

The two highest priced sales are the two sites near Dadeland, with the very high permitted densities. Sale 7, one of the lower priced sales is the work-force housing type location, setting a lower limit indicator for the subject land. The other two lower priced sales, Sales 1 and 4 are not as clear as to why their prices are so low as compared to the other data, but their unit prices, being similar to the work-force housing land, are not indicative of market rate housing land values.

Eliminating the work-force, subsidized housing site (Sale 7) and the two very low-priced sales in Palmetto Bay, the remaining sales form a range of pricing from \$28,045 to \$36,000 per dwelling unit. Sale 9, the highest priced of these has the greatest opportunity for a viable commercial component because it has about 300 feet of frontage on South Dixie Highway. Eliminating Sale 9, the remaining price range for four sales is \$28,045 to \$31,250. In my opinion, it is this data set that is most indicative of the value of the subject land. Based on the relatively narrow range of pricing for these four sales, it is my opinion that the subject land has a value of approximately \$30,000 per potential dwelling unit.

In the *Highest and Best Use* discussion in Section 5 above, I concluded that the maximally productive use of the subject land was the development of 300 to 320 units. The indicated value of the subject land is therefore:

300 potential units x \$30,000 per unit = \$9,000,000

320 potential units x \$30,000 per unit = \$9,600,000

SECTION 8 - RECONCILIATION

There is only one approach to the valuation of the subject land – the sales comparison approach.

We were able to find eight viable sales of multi-family residential land, for comparison to the subject site. The sales were analyzed for difference in market conditions, density and location and indicated a value of approximately \$30,000 per potential dwelling unit for the subject land. The valuation analysis resulted in a value range for the subject of \$9.0 to \$9.6 million.

The data shown herein is, in my opinion, the best data available for this valuation problem and the resulting value conclusion is considered credible and reliable.

SECTION 9 – MARKET VALUE CONCLUSION

In my opinion, the market value of the subject property as of July 26, 2017, subject to the assumptions and limiting conditions included herein is:

\$9,000,000 to \$9,600,000

EXPOSURE TIME

Please refer to the Addendum for the definition of *Exposure Time*.

For the subject property to have sold on the valuation date at the stated market value estimate, it would likely have been exposed to the market for a period of six to twelve months.

CERTIFICATION APPRAISAL REPORT NO. 17047

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- 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.
- 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.
- I have performed prior appraisals of the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- the analyses, opinions, and conclusions were developed and this report prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- No one provided significant real property appraisal assistance to the person signing this certification.
- the use of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and by those of the Florida Real Estate Appraisal Board.
- as of the date of this report, I have completed the continuing education requirements for the State of Florida and for the Appraisal Institute.

Respectfully submitted,



ROBERT E. GALLAHER, MAI CRE
State Certified General Real Estate
Appraiser Certificate No. RZ98

July 31, 2017

ADDENDA

ASSUMPTIONS AND LIMITING CONDITIONS

This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an appraisal report. As such, the descriptions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value are summarized.

It is assumed that the title to the subject property is good and marketable; and that the legal description of the property is correct; that the improvements are entirely and correctly located on the property described; and that there are no encroachments, encumbrances, restrictions on or questions of title to this property; but no investigation or survey has been made, unless otherwise stated.

The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.

The market value estimate assumes prudent ownership and management of the herein appraised property.

The information as to the description of the premises, restrictions, and improvements to the property involved in this report is as has been submitted by the applicant of this appraisal, or has been obtained from sources believed to be authoritative. No warranty is given for its accuracy.

Unless otherwise specifically stated, the value given in this report represents the opinion of the signers as to the market value as of the appraisal date. Market values of real estate are affected by economic conditions, both local and national. Therefore, market values of real estate will vary with future market conditions affecting real estate.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

Any plot, plan or sketch in this report may show approximate dimensions and are included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report unless otherwise indicated.

It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

ASSUMPTIONS AND LIMITING CONDITIONS – continued

Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

This report covers the premises herein described only. Neither the figures herein nor any analysis thereof, nor any unit values derived there from are to be construed as applicable to any other property, however similar the same may be.

Possession of this report, or copy thereof, does not carry with it the right of publication.

The signers of this report do not authorize disclosure of all or any part of the contents of this report to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are connected, or any reference to professional associations to which they belong or designations which they may hold.

The market value herein is based on data available at the time of our investigation and analysis. Should any additional information be made available to us that would affect the value estimate, we reserve the right to adjust our figures accordingly.

The contract for the appraisal of said premises is fulfilled by the signers hereto upon the delivery of this appraisal duly executed.

Exposure Time

The estimated length of time 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; a retrospective estimate based on an analysis of past events assuming competitive and open market.³

Extraordinary Assumption

An extraordinary assumption presumes as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property, and, which, if found to be false, could alter the appraiser's opinions or conclusions.⁴

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.⁵

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest land value.⁶

Hypothetical Condition

A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of the analysis.⁷

Market Value

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest and assuming that neither is under undue duress.⁸

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.⁹

³ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010

⁴ Uniform Standards of Professional Appraisal Practice, 2006 Edition

⁵ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010

⁶ Appraisal of Real Estate 13th Edition, Appraisal Institute

⁷ Uniform Standards of Professional Appraisal Practice, 2006 Edition

⁸ Appraisal of Real Estate, 13th Edition, Appraisal Institute

⁹ Uniform Appraisal Standards for Federal Land Acquisitions

“Value’ as used in eminent domain statutes, ordinarily means the amount which would be paid for property on assessing date to willing seller not compelled to sell, by willing purchaser, not compelled to purchase, taking into consideration all the uses to which property is adapted and might reasonably be applied.”¹⁰

Marketing Time

An opinion on the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.¹¹

¹⁰ State Road Dept v. Stack, 231 So.2d 859 Fla. 1st DCA 1969) as quoted in the Florida Department of Transportation Supplemental Standards

¹¹ The Dictionary of Real Estate Appraisal (5th Edition)

GALLAHER & BIRCH, INC.

Real Estate Appraisers & Consultants

GALLAHER & BIRCH, INC., formerly known as Hedgpeth & Gallaher, Inc., was established as The Hedgpeth Company in 1967 by C. George Hedgpeth, MAI, who had been both a staff appraiser with The McCune Company and chief commercial appraiser with Dade Federal Savings and Loan Association. The company is a full service appraisal firm completing appraisal reports for all types of real estate ranging from single family residences to apartments, hotels, vacant land to shopping centers, industrial properties and office buildings.

The predominance of appraisal assignments over the years has been for properties located in Miami-Dade, Broward or Monroe Counties. By generally limiting the area of practice to South Florida, but addressing the analysis of all types of property from vacant land to complex, multipurpose commercial developments, the company has been able to assure a consistent high level of service to its clients.

Either through its individual appraisers or corporately, the company is an approved appraiser for a large number of local lending institutions as well as for the Federal National Mortgage Association, the State of Florida, Miami-Dade County and the cities of Miami, Coral Gables, Hialeah and Homestead. Corporate clients range from local builders and developers to national and international corporations. In addition, assignments have been completed for some of the largest and most prominent South Florida law, accounting and engineering firms. The following is a brief sample of the firm's clientele:

Lending Institutions

Bank United
Chase Manhattan Bank
Coconut Grove Bank
Community Bank of Florida
First National Bank of South Miami
Northern Trust Bank of Florida
Republic Federal Bank
SunTrust Bank Miami
TotalBank

Corporations

Baptist Health South Florida
GEO Group, Inc
Manuel Diaz Farms
Mount Sinai Medical Center
Walt Disney World
Wendy's International

Law Firms

Akerman
Bilzin Sumberg Baena Price & Axelrod
Brigham Moore
Earle & Patchen
Greenberg Traurig
Holland & Knight
Hicks & Schreiber
Kubicki Draper
White & Case
Kozyak Tropin Throckmorton

Institutional/Governmental Clients

Miami-Dade County
Miami-Dade County School Board
Miami Dade College
Florida Department of Transportation
Jackson Memorial Hospital
South Florida Water Management District

The company has provided litigation support, including expert testimony, for a variety of cases, including those involving deficiency judgments, divorce, zoning, bankruptcy and eminent domain. Consultation and appraisal review services are an integral part of the services offered.

Either corporately or through its employees, the company is a member of Chamber South, Commercial Real Estate Women, and the Commercial Industrial Association of South Florida (formerly the Industrial Association of Dade County), Miami Realtors.

CURRICULUM VITAE - ROBERT E. GALLAHER, MAI, CRE

Resident of Miami, Dade County, Florida since 1950
State Certified General Real Estate Appraiser, State of Florida (Certificate Number RZ98)
Licensed Real Estate Broker, State of Florida
Licensed Real Estate Instructor, State of Florida
Graduate of University of Florida, Gainesville, Florida
Awarded Bachelor of Science in Business Administration with Major in Real Estate, 1972

Employment: Gallaher & Birch, Inc. (formerly Hedg-peth & Gallaher, Inc., formerly The Hedg-peth Company) since September 1972; currently President
Partner - Esslinger Wooten Maxwell, Realtors 1984 to 1991

Appraisal Experience: Has participated in appraisals in Miami-Dade, Broward, Monroe and other counties in Florida of various types of residential and commercial properties, including office buildings, shopping centers, apartment developments, warehouses and hotels.

Expert Witness: Qualified as an expert in real estate valuation in Miami-Dade, Broward, Monroe, Palm Beach and Lee Counties, as well as in Federal Bankruptcy Court. Has testified in deposition and in trial in matters of eminent domain, bankruptcy, divorce, deficiency judgments and other issues

Member of:

Appraisal Institute, with designation MAI.
Certified Under Continuing Education Program through December 2017
The Counselors of Real Estate, with designation CRE
Chairman of South Florida Chapter 2004 to 2007 and 2013 to present
Fellow of the Royal Institution of Chartered Surveyors
Miami Association of Realtors (formerly: Miami and Coral Gables Boards of Realtors)
Chairman of Association for 1995-96
President 1982 and 1987-1988
Florida Association of Realtors
National Association of Realtors

Boards of Directors

Florida Savings Bank – 2001 to 2006
Consumers Savings Bank – 1991 to 1998
Advisory Board Jerome Bain Real Estate Institute at Florida International University
ChamberSouth – 2001 to 2011 (Chairman of the Board of Directors 2008-2009)
Dade County SurTax Advisory – 1984 to 1993

Instructor, having taught seminars and/or courses for:

Miami Dade College; the Appraisal Institute, the American Bar Association, The Florida Association of Realtors; and various local real estate associations and companies.

Nationally certified instructor for the Appraisal Institute

Nationally certified instructor of Uniform Standards of Professional Appraisal Practice

Currently President/Owner of Gallaher & Birch, Inc., (formerly Hedg-peth & Gallaher, Inc.). Has been officer, director and stockholder of several closely held corporations, including Sanctuary Farms, Inc., a farming venture in Collier County; Marina Bay, Inc., a shopping center development in North Miami-Dade County; Burlingame Group, Inc., an office space owner in Miami; Miller Ludlam LLC an owner of retail stores; and First Reserve, Inc., a corporate holding company that owned Esslinger-Wooten-Maxwell, Inc., a general real estate brokerage firm and which participated in the development of Gables Waterway Executive Center and the University Inn Condominium.

AN APPRAISAL REPORT OF

**A 5.34 ACRE MULTI FAMILY SITE
LOCATED AT
SW 97 AVENUE AND SW 178 STREET
PALMETTO BAY, FLORIDA 33157**

Appraisal No. 05-17-185

FOR

Mr. Edward Silva, RA
City Manager
Village of Palmetto Bay
9705 Hibiscus Street
Palmetto Bay, Florida 33157

BY

**APPRAISALFIRST
REAL ESTATE APPRAISERS LLC**
1444 Biscayne Boulevard, Suite 211
Miami, Florida 33132



AppraisalFirst
Real Estate Appraisers LLC

1444 Biscayne Boulevard, Suite 211
Miami, Florida 33132
Phone: 305-470-2130 / 305-470-2100
Fax: 305-381-8047
E-mail: frank@appraisalfirst.net
E-mail: commercial@appraisalfirst.net

June 5, 2017

Mr. Edward Silva, RA
City Manager
Village of Palmetto Bay
9705 East Hibiscus Street
Palmetto Bay, Florida 33157

Re: A 5.34 Acre Multi Family Site, located at
SW 97 Avenue and SW 178 Street
Palmetto Bay, Florida 33157

Dear Mr. Silva:

As requested we have prepared the attached appraisal report of the above referenced property. The purpose of the report was to estimate the Market Value of the subject property, as of May 29, 2017, under two scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site.

Market Value may be defined as the most probable price in terms of money 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, knowledgeably and assuming the price is not affected by undue stimulus.

The subject property consists of 5.34 gross acres located in the Village of Palmetto Bay. The subject is situated on the east side of Franjo Road (SW 97 Avenue), and is currently an interior site. A site plan has been presented to the Village of Palmetto Bay, for 309 units and a charter school site. Another site plan was also provided, which reportedly has been approved, to utilize one acre of the site for a charter school. The subject is located within the Village of Palmetto Bay Downtown Urban Village, subject to DV (Downtown Village) regulations.

Mr. Silva
Page Two

This is an Appraisal Report which is intended to comply with reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (2016-2017).

The appraisers have previously provided consultation and value estimates for properties similar to the subject property throughout the South Florida region. As such, the appraisers are in compliance with the competency provision contained within USPAP. A copy of the appraisers' qualifications are included in the Addenda.

We have performed no services, as an appraiser or in another capacity, regarding the property that is the subject is this report, in the three years prior to the acceptance of this assignment.

This report is intended to be utilized for internal purposes related to the possible purchase of the subject property by the Village of Palmetto Bay. The intended users may be the accountants and/or attorneys representing Village of Palmetto Bay.

This appraisal report is based on the Extraordinary Assumptions and Hypothetical Conditions contained herein.

In our opinion, the **Hypothetical Market Value** of the subject property, under **Scenario #1**, at a maximum 8 story building site, and a possible charter school site, based on the provided site plan, in fee simple title, as of May 29, 2017, is:

TEN MILLION DOLLARS
(\$10,000,000)

In our opinion, the **As Is Market Value** of the subject property, under **Scenario #2**, which is the most probable and likely approval, at a density of 60 units per acre in a 6 story maximum building height, in fee simple title, as of May 29, 2017, is:

NINE MILLION DOLLARS
(\$9,000,000)

Respectfully submitted,



Adria M. Kerti, MBA
State Certified General Real
Estate Appraiser, No. 0001944



Frank Hornstein, MAI
State-Certified General Real
Estate Appraiser, No. 0001376

EXECUTIVE SUMMARY

Property Type: The subject property consists of 5.34 gross acres located within the Downtown Urban Village of Palmetto Bay.

Location: SW 178 Street and SW 97 Avenue
Palmetto Bay, Florida 33157

Date of Inspection: May 29, 2017

Date of Report: June 5, 2017

Flood Zone: X

Census Tract: 82.08

VALUE INDICATIONS:

| | Scenario #1 | Scenario #2 |
|---------------------------------------|---------------------|--------------------|
| Sales Comparison Approach: | \$10,000,000 | \$9,000,000 |
| Final Market Value Conclusion: | \$10,000,000 | \$9,000,000 |

EXECUTIVE SUMMARY Continued)

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An **extraordinary assumption** is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th edition (Chicago: Appraisal Institute), 2015

This appraisal report is based on the following Extraordinary Assumption:

The subject is a 5.34 acre site, which reportedly has a contract for purchase for one acre for a charter school. Based on information obtained from several sources, the contract for purchase has not been signed by both parties and is therefore not executed. This appraisal report is based on the Extraordinary Assumption that the one acre site is free and clear to be sold and improved to its Highest and Best Use, which may or not may not be a charter school.

Any deviation from this assumption may have a direct effect on the value conclusions of this appraisal report.

A **hypothetical condition** is defined as: 1) A condition that is presumed to be true when it is known to be false and 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

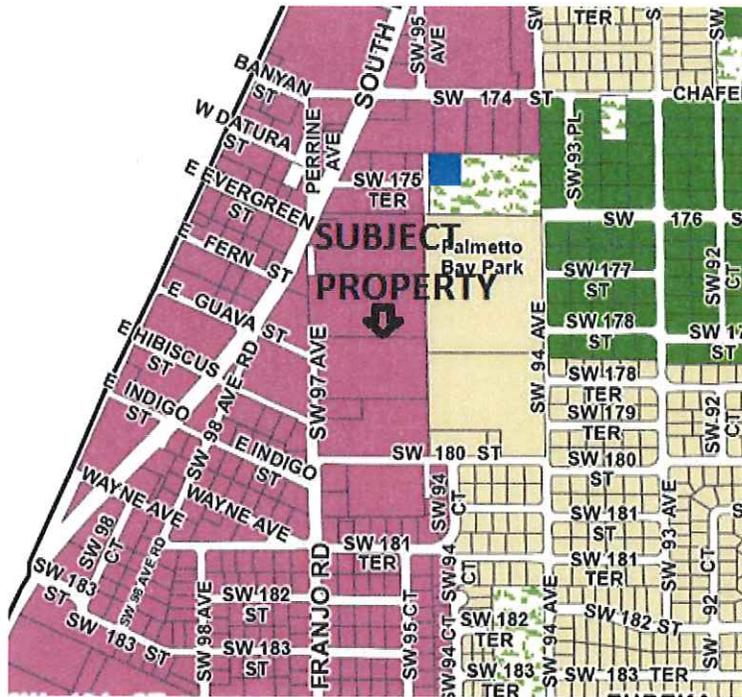
Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th edition (Chicago: Appraisal Institute), 2015

This appraisal report is subject to the following Hypothetical Condition:

The subject property consists of a 5.34 acre site being appraised under two different scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site. The first scenario is hypothetical, since all site plans submitted to the council have not been approved with 7 and 8 story building heights. All plans with those building heights have either been rejected by the council, or deferred for revisions for lower building heights. The only site plan that has been approved to date has 4 and 5 story building heights. The Market Value conclusion under the first scenario is based on the Hypothetical Condition that it would be approved by the village council.

Any deviation from this Hypothetical Condition may have a direct effect on the value conclusion of this appraisal report.

ZONING MAP - PALMETTO BAY



ZONING LEGEND

| | |
|---|--|
| <p> AG Agricultural / Residential Minimum 5.0 gross acres</p> <p> B-1 Business District - Limited Maximum floor area ratio 0.4 at (1) story increased by 0.11 for each additional story</p> <p> B-2 Business District - Special Maximum floor area ratio 0.4 at (1) story increased by 0.11 for each additional story</p> <p> DUV Downtown Urban Village</p> <p> E-1 Estate - Single Family One unit per gross acre or more</p> <p> E-1C Estate - Single Family One unit per 2.5 gross acres</p> <p> E-2 Estate - Single Family One unit per 5 gross acres or more</p> <p> E-M Estate Modified - Single Family One unit per 15,000 net sq. ft.</p> <p> E-S Estate Use - Suburban Single Family</p> | <p> R-1 Single Family Residential District One unit per 7,500 net sq. ft.</p> <p> R-1M Modified Single Family Residential Dis One unit per 5,000 net sq. ft.</p> <p> R-2 Two-Family Residential District One two-family structure per 7,500 net sq. ft.</p> <p> R-3 Four-unit Apartment District 7,500 net sq. ft.</p> <p> R-3M Minimum Apartment House 12.9 units per net acre</p> <p> R-4L Limited Apartment House District 23 units per net acre</p> <p> R-5 Semi-professional Office District 10,000 net sq. ft.</p> <p> R-TH Townhouse District 8.5 units per net acre</p> <p> VMU Villane Mixed-Use</p> |
|---|--|

Perrine
Wayside
Park *

AERIAL VIEW



PLAT MAP

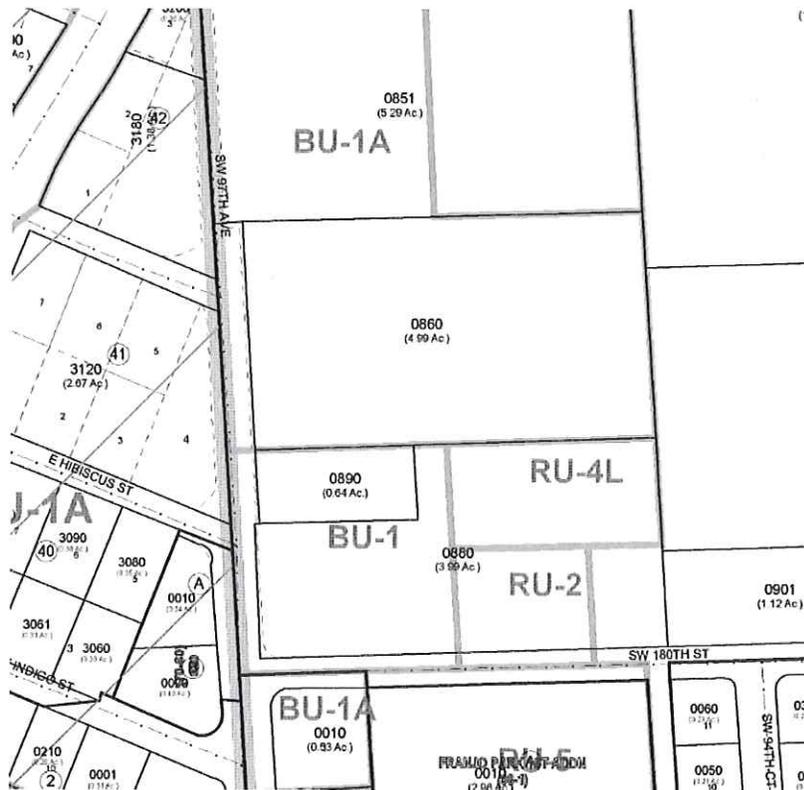


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County Map
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Flood Zone Map and Census Tract
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Engagement Letter
Licenses of Appraisers
Qualifications of Appraisers

IDENTIFICATION OF SUBJECT PROPERTY

| | |
|---------------------------|--|
| LOCATION - ADDRESS | SW 179 Street and SW 97 Avenue Palmetto Bay, Florida 33157 |
| OWNER OF RECORD | Shores at Palmetto Bay LLC 888 Kingman Road Homestead, Florida 33035 |
| LEGAL DESCRIPTION | Section 33, Township 55 South, Range 40 East, the North ½ of the Southwest ¼ of the Northwest ¼ of Southwest ¼, less the west 40 feet for ROW, all lying and being in Miami-Dade County, Florida. |

The subject property consists of 5.34 gross acres located in within the Downtown Urban Village of Palmetto Bay.

PURPOSE OF THE APPRAISAL

The purpose of the report was to estimate the Market Value of the subject property, as of May 29, 2017, under two scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre and a 6 story maximum building height, and a possible charter school site.

DEFINITION OF MARKET VALUE

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

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

Source: The Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010.

EFFECTIVE DATE OF APPRAISAL

The opinions and conclusions of this appraisal are stated as of May 29, 2017.

DATE OF REPORT

The date of this report is June 5, 2017.

PROPERTY RIGHTS APPRAISED

Fee Simple Estate, Leased Fee Interest, and Leasehold Interest are defined as follows: (The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute 2015):

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to limitations imposed by the governmental powers of taxation, police power and escheat.

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

There are no known leases encumbering the subject. Therefore, the property rights that will be appraised are those existing in a fee simple estate.

USE OF THE APPRAISAL

This report is intended to be utilized for internal purposes related to the possible purchase of the subject property by the Village of Palmetto Bay. The appraisal report is for the sole use of the entity that engages the appraiser(s). The appraisal is not intended to be utilized by federally regulated institutions for financing. The appraisal is not intended to be utilized for litigation purposes. "Readdressing an appraisal report to another party that was completed and delivered to a client is prohibited by USPAP. Once an assignment is completed, it is misleading to try to add a new party as client or intended user who was not the original client or identified intended user." Any requests for updating or re-certification would constitute a new assignment at an additional fee.

INTENDED USER OF THE APPRAISAL

The intended users of this report are the Village of Palmetto Bay, The intended users may include the accountants and / or attorneys representing Village of Palmetto Bay.

SALES HISTORY OF THE SUBJECT PROPERTY

The subject property has not transferred in the last three years. The subject is not under contract for sale and purchase, nor available for sale to the knowledge of the appraisers. The purpose of this report is to aid in the negotiations regarding the possible purchase of the subject property by the Village of Palmetto Bay.

SUMMARY OF SCOPE OF WORK

As a part of this appraisal, the appraisers have made a number of independent investigations and analysis. We have made a personal inspection of the subject property.

Market surveys were conducted to determine the range of existing sales for properties similar to the subject. A review of similar sales within the subject neighborhood was conducted. Data sources include the Miami-Dade county website, Costar, Loopnet, CB Richard Ellis Market Overviews, Multiple Listing Service (MLS) and office files. Additionally, data has been collected via discussions with various participants familiar with the market.

Mr. Travis Kendall, on behalf of the Village of Palmetto Bay, has provided a copy of the rental multi family site plan which has been submitted for approval to the city, and identification of the subject property. Mr. Travis also provided the charter school site plan, and the Downtown Urban Village regulations.

Real estate taxes and zoning information has been obtained via various websites such as www.Municode.com, www.Miamidade.gov, and www.palmettobay-fl.gov.

Comparable sales that have been utilized in the appraisal report were confirmed through public records and/or with knowledgeable parties to the transactions where possible with primary and secondary data utilized. Confirmation with principals is often not possible due to their inaccessibility during the time frame over which the appraisal is being prepared. In the course of the sales investigation, proprietary information is often withheld from the appraisers. Such information, which is not a matter of public record is also not available to the general market and for that reason, the market is imperfect.

All data is verified to the best of our ability. The appraisers have no legal or technical expertise and if legal agreements and other factual data under review appear on the surface to be reasonable, the information is accepted as accurate. The extent of this verification is to confirm that the documents exist and to review them. It is assumed that they are legal and valid. The appraisers do not have the ability to audit, make legal interpretations, or to detect fraud. No in depth investigation is conducted of the individual lease documents nor is verification made with tenants regarding rent levels and terms.

SUMMARY OF SCOPE OF WORK (Continued)

The existence of any environmental hazard such as the presence of hazardous wastes, toxic substances, radon gas, asbestos-containing materials, urea-formaldehyde insulation, etc, which may or may not be present in or on the subject property or any site within the vicinity of the property was not observed by the appraiser and the appraiser has no knowledge of any such environmental hazard. The appraiser, however, is not qualified to detect such substances. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value.

Also, no independent investigation of concurrency matters regarding the subject or any comparable sale was made. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The user of the report should therefore consult an attorney, contractor, accountant, engineer or other experts as necessary to verify technical data which could impact on the value of the property.

There are three primary approaches to value which should be considered. They are: (1) the Cost Approach, (2) the Sales Comparison Approach, and (3) the Income Capitalization Approach.

The Cost Approach utilizes the value of the subject land as estimated from the market together with a replacement cost estimate of the structures and site improvements. From this a deduction must be made for accrued depreciation: physical, functional, and economic, if any, to provide an additional estimate of the total property value.

The Sales Comparison Approach involves an investigation and inspection of recent sales in the area and competing areas as nearly similar as possible to the subject. The sale properties (comparable sales) are then compared with the subject, and adjustments made for dissimilar characteristics.

The Income Capitalization Approach, designed for application to income producing properties, utilizes a technique of capitalizing the net income into an estimate of value. The factors included in the technique are derived from a study of other similar type income properties.

In all cases, except an appraisal of vacant land, it is necessary that all approaches should be considered and that those applicable approaches be utilized to form an estimate of value.

When more than one approach is used, although the indication of value may not be identical, they should establish a reasonable range and act as a cross check upon one another.

After arriving at the value estimates and establishing a range of value (by more than one approach), these estimates must be correlated into a single conclusion of value. In formulating this conclusion, it must be determined which approach is best supported and conforms realistically with the multitude of factors relating to the subject property.

SUMMARY OF SCOPE OF WORK (Continued)

The subject is a vacant site. As such, the Cost Approach and the Income Capitalization Approach were not considered to be applicable.

The Sales Comparison Approach is considered to be only applicable in the valuation of land and was performed as part of this appraisal. All applicable approaches to value are included in this appraisal report.

The purpose of the report was to estimate the Market Value of the subject property, as of May 29, 2017, under two scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site.

The Village of Palmetto Bay currently has a moratorium for new site plans being submitted for review for new construction in the Downtown Urban Village. Prior to the moratorium being issued, five site plans were submitted for review. These include: Soleste Bay, Park View, Springfield, Atlantico, and Shores at Palmetto Bay (subject property).

The client has requested the two scenarios due to the Village council not approving anything above 5 to 6 stories, even if zoning allows 8 stories with bonuses by right. The moratorium was put in place in order to revise the zoning. After applications started to come in, the council decided that 8 story buildings were not the vision they had in mind for downtown Palmetto Bay. The zoning code is now being amended.

An **extraordinary assumption** is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th edition (Chicago: Appraisal Institute), 2015

This appraisal report is based on the following Extraordinary Assumption:

The subject is a 5.34 acre site, which reportedly has a contract for purchase for one acre for a charter school. Based on information obtained from several sources, the contract for purchase has not been signed by both parties and is therefore not executed. This appraisal report is based on the Extraordinary Assumption that the one acre site is free and clear to be sold and improved to its Highest and Best Use, which may or not may not be a charter school

Any deviation from this assumption may have a direct effect on the value conclusions of this appraisal report.

SUMMARY OF SCOPE OF WORK (Continued)

A **hypothetical condition** is defined as: 1) A condition that is presumed to be true when it is known to be false and 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

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This appraisal report is subject to the following Hypothetical Condition:

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Any deviation from this Hypothetical Condition will have a direct effect on the value conclusion of this appraisal report.

ASSESSED VALUE AND TAXES

The following information is based on the Public Records of Miami-Dade County, Florida via the Property Appraisers Web Site:

| TAXES AND ASSESSMENT INFORMATION | |
|---|--|
| Folio Number | 33-5033-000-0860 |
| Address | SW 178 Street & SW 97 Avenue (Franjo Road) |
| Land Assessment | \$2,839,915 |
| Land Size (Acres) | 5.01 |
| Land Assessment (\$/Acre) | \$566,849 |
| Building Assessment | \$0 |
| Building Size (SF) | 0 |
| Building Assessment (\$/SF) | N/A |
| XF Value | \$0 |
| Total Market Value | \$2,839,915 |
| Assessed Value | \$2,839,915 |
| Taxes 2016 | \$51,950.67 |
| Status 2016 Taxes | Paid, no other years delinquent |

The subject is to be purchased by the Village of Palmetto Bay, which will be tax exempt. A tax comparable analysis was not performed.

NATIONAL ECONOMIC OUTLOOK AND INDICATORS

The US economy, as measured by the Gross Domestic Product (GDP), slowed at an annualized rate of .7% during the first quarter months of 2017. This was down from the 2.1% posted during the fourth quarter of 2016, and the lowest rate since 2014. Personal consumption spending, business investment and both federal and state/local spending decelerated significantly from the previous quarter. Consumer spending was affected by weak auto sales and lower home-heating bills during the first quarter months.

In April 2017, the national unemployment rate decreased to 4.4%. The following table illustrates the recent unemployment rates.

| | February | March | April |
|------------------------------------|-----------------|--------------|---------------|
| National | 4.7% | 4.5% | 4.4% |
| Florida | 5.0% | 4.8% | 4.5% |
| Miami, Miami Beach, Kendall | 5.1% | 5.4% | 5.0% |
| Fort Lauderdale MSA | 4.5% | 4.0% | Not Published |
| West Palm Beach - Boca MSA | 4.7% | 4.2% | Not Published |

Source: US Department of Labor.

The following is a list of key interest rates as of May 17, 2017.

| | This Week | Month Ago | Year Ago |
|------------------------------|------------------|------------------|-----------------|
| Prime Rate | 4.00% | 4.00% | 3.50% |
| Federal Discount Rate | 1.50% | 1.50% | 1.00% |
| Libor, 6 Month | 1.42% | 1.40% | 0.91% |
| Libor, 1 Year | 1.75% | 1.76% | 1.24% |
| 5 Year Treasury | 1.86% | 1.71% | 1.21% |
| 10 Year Treasury | 2.33% | 2.18% | 1.75% |

Source: Bankrate.com.

MIAMI-DADE COUNTY AREA & ECONOMIC OVERVIEW

The following area and economic data was extracted from www.miamidade.gov and Reis's Miami Market Overview.

Miami-Dade County is Florida's most populous county with approximately 13.4% of its population. The county is comprised of 33 municipalities, plus unincorporated areas, and has a total land area of approximately 1,995 square miles. The county's location on Florida's southeast coast and warm, subtropical, climate is, and will no doubt continue to be a major factor in the area's growth patterns.

The county has seen a tremendous amount of growth over the past decade with annual population increases of about 1.0% since 2000. According to the Miami-Dade County Economic Development Agency the population as of 2010 was estimated at 2,496,435 and 2,712,945 (2016). The population as per the 2000 census was 2,253,362. The population for the State of Florida was 20,612,439 (2016).

The largest segment of the Miami-Dade County population, at 43%, is within the 25 to 44 year age group. The median age is 37.4 years. Due to a declining elderly population and a continued influx of international in-migrates the population has been trending younger over the past decade. Because of poor economic conditions and diminishing job opportunities population growth has slowed since 2005. There were 833,541 households with a median income of \$43,129.

A total of 2,343 new housing units were authorized by building permits in Miami-Dade County during the fourth quarter 2016, 40.2% less than the level of the third quarter of 2016 and 56.9% less than in the fourth quarter of 2015. Multi-family housing permitted during the fourth quarter of 2016 was 38.5% less than in the third quarter of 2016 and single family units permitted was 45.9% less than in the third quarter.

Housing starts in 2016 totaled 13,732 units, 16.4% less than the total for 2015. In 2017 starts are forecast to total about 14,340 units representing a 4.4% increase from the level of 2016. Multi-family housing starts in 2017 are forecast to total 11,465 units, up 6.4% from the level of 2016.

Trade with Latin America has long been a significant factor for the Miami-Dade economy. Miami has huge sea and airport facilities, and its condominium market has attracted countless Latin American buyers. Thus, changes in trade volumes or trade policies could have significant local effects, for better or worse, on the regional economy.

Lately, nonetheless, trends have all worked for the better. Job and population growth rates are favorable. Post-Panamax shipping is expected to enhance business at the port. And the recent relaxation of relations with Cuba, something eagerly awaited for a long while in Miami, is viewed hopefully as well. A wide range of companies in multiple sectors from hospitality and retail to tech and logistics could set up operation in Miami if trade relations move ahead. As much as it might be welcome in South Florida, however, increased trade with Cuba may not be in the cards for the near future. Lifting the trade embargo imposed by the U.S. on Cuba some 50 years ago is not likely to occur over the foreseeable future.

MIAMI-DADE COUNTY AREA & ECONOMIC OVERVIEW (Continued)

While job growth has been less than torrential, and has slowed somewhat recently, its numbers remain substantial. U.S. Bureau of Labor Statistics (BLS) preliminary data for January 2017 show a gain of 31,800 jobs (2.8%) in total non-farm employment from 12 months prior. The gain over the previous 12 was 33,400 jobs (3.0%). Addressing the broader trend, growth in average non-farm employment for all of 2016 was 30,600 jobs (2.7%), down from 36,800 jobs (3.4%) in 2015.

The largest numerical increase in employment as well as the highest rate of job creation over the 12-month span ending with January belonged to the Education and Health Services sector, which added 8,100 jobs net for a 4.6% increase. Professional and Business Services and Trade, Transportation, and Utilities followed with net additions of 5,300 jobs each for respective growth rates of 3.2% and 1.8%. Miami-Dade's large Leisure and Hospitality industry, accounting for 13.9% of total private non-farm employment and playing a major role in the local economy, grew by 4,700 jobs over the period for a 3.4% increase. A small gain in Construction employment, meanwhile, seems disappointing; employment in that sector as of January was up just 300 jobs for a meager 0.7% gain. This sector, however, was quite strong in 2016: average employment in Construction for the year increased by 3,600 jobs, growth at fully 8.9%. All other sectors, including Government, showed smaller gains January to-January.

The lodging industry saw a slight decline in performance during 2016. Though visitor activity, increased by 1.5%, hotel occupancy rates declined 2.7% to 75.9%. Average Daily Rates and RevPAR also declined by 2.9% and 5.5% respectively. The visitor mix remained at 49% international and 51% domestic.

Miami is considered to be a gateway market that attracts nearly an equal amount of domestic and international visitors annually. The areas favorable weather and close proximity to South America is one of the main reasons for the area outpacing most of the Country. During 2016, however, the lodging industry felt the effects of: an increase in supply of 2,172 rooms; economic slowdown in emerging Latin American economies; currency issues related to a strengthening dollar; concerns of the Zika virus; and the partial closure and renovation of the Miami Beach Convention Center. Other secondary factors included the emergence of alternative lodging via Airbnb and other home sharing web sites.

Due to the large economic base from Latin America and the Caribbean, Miami International Airport (MIA) is one of the world's top ten airports with approximately 22 + million passengers annually. Airport activity was up .2% over 2015. Approximately 49% was due to international travel.

The airport currently includes just over 150 airlines and is ranked 2nd in international passenger travel in the U.S. and 27th in the world. The airport also ranks 1st in the U.S. in international freight and 10th in the world. The local economic impact from airport activities is about \$26 billion and 282,043 jobs. That equates to one out of 4.1 jobs.

MIAMI-DADE COUNTY AREA & ECONOMIC OVERVIEW (Continued)

The most significant new construction at the airport was the North Terminal which houses the Latin American and Caribbean hub for American Airlines and American Eagle, includes 23 passenger gates and is almost 700,000 square feet in size.

Located just east of the Miami International Airport, the Miami Intermodal Center is a \$2 billion ground transportation hub built by the Florida Department of Transportation. The MIC Program consists of several completed and non-completed components: major roadway improvements, including a reconfigured Le Jeune Road (2008), Rental Car Center (2010); the MIA Mover (2011) which connects MIA to the Rental Car Center; the Miami Central Station, (2014); and Joint Development which is currently being explored. When complete, the MIC will provide connectivity via various modes of transportation between Palm Beach County, Fort Lauderdale, Miami, and the Florida Keys.

The Port of Miami was responsible for \$24.2 billion in business with nearly 7 billion tons of cargo shipped through the facility. The Port experienced a 5.2% increase in cruise activity during 2016.

Conclusion

Miami-Dade County had been one of the fastest growing areas in the United States since the 1960s. The rapid growth rate of the County in the past resulted in economic diversification, relieving the economy of its historical dependence on agriculture, construction, and tourist trades. The County's strategic location with a large port and international airport has continued to act as a draw for expanding the international population and economy.

Additional draws to the area include an excellent network of medical facilities, parks and recreation areas and schools strategically located throughout the County. Transportation is also excellent to all points of the County via a cross section of north-south and east-west expressways.

The US Governments current viewpoint towards NAFTA, as well as, the strengthening dollar makes international trade in the County vulnerable over the foreseeable future. The trends in the US dollar have also impacted the condominium market, with its many foreign buyers. The local economy remains perennially susceptible to trends in tourism, which tend to reflect trends in the national economy. For the moment, though, the outlook is favorable. The number of major mixed-use developments under way and planned should be helpful.

RESIDENTIAL NEW HOUSING MARKET SUMMARY

The housing market of Miami-Dade County had been improving annually for the last five years. The first decline in units permitted was seen in 2016, for the first time in 5 years.

During the fourth quarter of 2016 a total of 2,343 new housing units were authorized by building permits in Miami-Dade County, 40.2% less than the 3,915 units permitted in the third quarter of 2016 and 56.9% less than the 5,432 of the fourth quarter of 2015.

The total housing permitted during 2016 was 13,732, 16.4% less than the 16,421 permitted 2015. The units permitted yearly has been as follows:

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------|-------|--------|---------|--------|--------|---------|
| Permits | 2,657 | 5,064 | 10,179 | 13,843 | 16,421 | 13,732 |
| % Increase | N/A | 90.59% | 101.01% | 36.00% | 18.62% | -16.38% |

The forecasted permits for 2017 is 14,340 units, representing an increase of 4.4% over the total in 2016.

The inventory and average pricing for new condominium units sold has been as follows:

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Units Sold | 2,246 | 1,332 | 577 | 827 | 1,786 | 1,027 |
| % Increase | N/A | -40.69% | -56.68% | 43.33% | 115.96% | -42.50% |
| Median Price | \$347,380 | \$327,557 | \$390,448 | \$402,196 | \$435,748 | \$424,447 |

A total of 302 new condominium units were sold (deeded) in Miami-Dade County during the fourth quarter of 2016. The fourth quarter sales were 73.6% greater than the 174 sold in the third quarter of 2016 but 37.9% less than the 486 sold in the fourth quarter of 2015. New condominium sales during 2016 totaled 1,027 units, 42.5% less than the 1,786 sold during 2015.

Reinhold no longer publishes statistics for new single family residences. The used single family homes sales and average pricing has been as follows:

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Units Sold | 13,788 | 14,064 | 17,048 | 20,474 | 21,025 | 16,551 |
| % Increase | n/a | 2.00% | 21.22% | 20.10% | 2.69% | -21.28% |
| Median Price | \$165,671 | \$196,747 | \$200,020 | \$221,570 | \$233,839 | \$258,893 |

RESIDENTIAL NEW HOUSING MARKET SUMMARY (Continued)

A total of 4,395 used single family homes, including all types of fee simple housing, were sold in the fourth quarter of 2016. This represented a 14.3% decline from the 5,128 resold in the third quarter of 2016 but was 1.27% greater than the 4,344 resold in the fourth quarter of 2015. Used home sales totaled 16,551 during 2016 representing a 21.3% decline from the 21,025 resold during 2015.

The median price of used homes sold during the fourth quarter of 2016 was \$293,174, up 2.4% from the \$286,393 median of the third quarter of 2016 and 11.9% greater than the \$262,009 median of the fourth quarter of 2015.

The highest median resale price was over \$600,000 found in six coastal submarket areas throughout the County. The lowest median price was \$155,084, found in the Northwest Miami area.

Source: Reinhold P. Wolff Economic Research, Inc. 1st Quarter 2017 Local Market Surveys

RESIDENTIAL NEW HOUSING MARKET SUMMARY (Continued)

| Sub-Market Area | 4 th Quarter 2015 | | 4 th Quarter 2016 | |
|---|------------------------------|------------------|------------------------------|------------------|
| | SFR Resales | Median Price | SFR Resales | Median Price |
| N. Miami Beach | 165 | \$261,248 | 141 | \$302,082 |
| North Miami | 92 | \$193,181 | 68 | \$241,666 |
| North Dade Carol City | 471 | \$148,731 | 469 | \$180,425 |
| Miami Lakes | 205 | \$314,406 | 192 | \$317,421 |
| Miami Shores/NE Miami | 117 | \$415,624 | 110 | \$476,470 |
| North West | 362 | \$118,492 | 378 | \$155,084 |
| Hialeah | 179 | \$227,403 | 162 | \$270,857 |
| Miami Springs | 190 | \$404,544 | 174 | \$370,312 |
| Central Miami | 75 | \$272,058 | 65 | \$311,904 |
| North Gables | 139 | \$286,428 | 143 | \$321,874 |
| Bayshore/Brickell/S Gables | 120 | \$600,000 + | 143 | \$600,000 + |
| South Miami | 61 | \$420,832 | 69 | \$416,666 |
| West Miami | 225 | \$310,365 | 223 | \$332,827 |
| Sunset | 62 | \$319,230 | 53 | \$343,102 |
| NW Kendall Lakes | 149 | \$335,332 | 189 | \$372,471 |
| East Kendall | 71 | \$445,237 | 77 | \$535,713 |
| Central Kendall | 34 | \$361,537 | 47 | \$349,999 |
| Kendall West | 108 | \$298,437 | 110 | \$328,332 |
| Howard | 170 | \$522,221 | 184 | \$564,515 |
| Tamiami Airport Area | 42 | \$295,454 | 65 | \$338,332 |
| West Dade | 95 | \$284,999 | 114 | \$343,283 |
| Perrine | 509 | \$220,362 | 607 | \$261,963 |
| Goulds | 369 | \$204,166 | 314 | \$224,443 |
| Homestead | 248 | \$260,525 | 222 | \$282,726 |
| Key Biscayne | 9 | \$600,000 + | 3 | \$600,000 + |
| So Miami Beach | 21 | \$600,000 + | 20 | \$600,000 + |
| North Beach | 15 | \$600,000 + | 14 | \$600,000 + |
| North Miami Beach/No Bay Village | 32 | \$600,000 + | 30 | \$600,000 + |
| Surfside/Indian Creek/Bal Harbor/Golden Bch | 9 | \$600,000 + | 9 | \$600,000 + |
| Total County or Average | 4,344 | \$262,009 | 4,395 | \$293,174 |

Source: Reinhold P. Wolff Economic Research, Inc. 1st Quarter 2017 Used Single Family Homes

MIAMI METRO APARTMENT MARKET OVERVIEW

The vacancy rate in mature (18 + months old) rental apartment complexes in Miami-Dade County stood at 3.6% in February, 2016 down slightly from the 3.9% rate of November, 2016 and slightly higher than the 3.4% rate of February, 2016.

During the fourth quarter 2016 a total of 1,729 new rental apartment units were absorbed in Miami-Dade County, 67.9% more than the 1,030 absorbed in the third quarter of 2016 and 85.9% more than the 930 absorbed in the fourth quarter of 2015. The 4,115 new apartments absorbed during 2016 was 50.5% more than the 2,735 absorbed during 2015.

The average apartment rent by unit type and vacancy rate are listed per area as follows:

| Sub-Market Rental Apartments | Units Surveyed | # of Vacant Units | % Vacant | Avg. Rent 1 Bed. | Avg. Rent 2 Bed. | Avg. Rent 3 Bed. |
|--|----------------|-------------------|-------------|------------------|------------------|------------------|
| N. Miami Beach | 3,081 | 117 | 3.8% | \$1,376 | \$1,697 | \$1,954 |
| North Miami | 1,466 | 98 | 6.7% | \$1,308 | \$1,584 | - |
| Carol City | 1,166 | 52 | 4.5% | \$824 | \$1,297 | \$1,643 |
| Miami Lakes | 3,323 | 111 | 3.3% | \$1,272 | \$1,618 | \$2,061 |
| Northeast Miami | 2,741 | 94 | 3.4% | \$1,993 | \$2,731 | \$2,787 |
| Northwest Miami | 1,828 | 68 | 3.7% | \$1,363 | \$1,694 | \$3,194 |
| Hialeah | 915 | 2 | 0.2% | \$1,049 | \$1,283 | \$1,529 |
| Miami Springs/Flagler North | 7,063 | 251 | 3.6% | \$1,615 | \$1,878 | \$2,183 |
| Bayshore | 1,413 | 50 | 3.5% | \$2,304 | \$3,198 | \$4,193 |
| Old Southwest/N. Gables/S. Gables/South Miami | 3,723 | 200 | 5.4% | \$1,638 | \$2,415 | \$3,186 |
| Sunset/Sunset East/Sunset West | 1,668 | 38 | 2.3% | \$1,157 | \$1,439 | \$1,597 |
| East Kendall | 2,700 | 53 | 2.0% | \$1,391 | \$2,004 | \$1,784 |
| Kendall West | 3,478 | 117 | 3.4% | \$1,175 | \$1,439 | \$1,597 |
| Howard/West Miami/Perrine/Cutler Ridge/Tamiami | 1,135 | 40 | 3.5% | \$1,457 | \$1,654 | \$1,942 |
| Homestead/ SW Dade | 2,222 | 37 | 1.7% | \$1,045 | \$1,193 | \$1,707 |
| South Beach | 1,872 | 82 | 4.4% | \$2,500 | \$3,575 | \$6,354 |
| Central Beach/Surfside/North Beach | <u>1,902</u> | <u>77</u> | <u>4.0%</u> | <u>\$1,633</u> | <u>\$2,149</u> | <u>\$3,135</u> |
| Total County or Average Rent | 41,696 | 1,487 | 3.6% | \$1,506 | \$1,920 | \$2,257 |

Source: Reinhold P. Wolff Economic Research, Inc. 1st Quarter 2017 Local Market Surveys for buildings 18 months or older.

MIAMI METRO APARTMENT MARKET OVERVIEW (Continued)

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County increased by \$19 from November, 2016 to February, 2017. The February, 2017 overall average rent of \$1,744 is 5.1% greater than the \$1,660 average rent found one year earlier. During the most recent three month period efficiency apartment rents declined by \$48 to \$1,428, one-bedroom rents increased by \$27 to \$1,506 and two-bedroom rents increased by \$20 to \$1,920. Three-bedroom rents increased by \$21 to \$2,257 in February, 2017. Changes in projects participating in the surveys from one period to another can result in some fluctuations in rents from one period to another.

The vacancy rate in mature (18 + months old) rental apartment complexes in Miami-Dade County stood at 3.6% in February, 2016 down slightly from the 3.9% rate of November, 2016 and slightly higher than the 3.4% rate of February, 2016.

The following table illustrate the Regional Apartment Market Investment Criteria for the southeast region of the country including Florida.

| SOUTHEAST APARTMENT MARKET INVESTMENT DATA | | | | |
|---|------------------------|---------------------|-------------------|--------------------|
| Key Indicators | Current Quarter | Last Quarter | 1 Year Ago | 3 Years Ago |
| Discount Rate (IRR) | | | | |
| Range | 5.70 % - 10.00% | 5.70 % - 10.00% | 6.00 %- 10.0% | 6.50-% - 10.0% |
| Average Rate | 7.50% | 7.53% | 7.58% | 7.85 % |
| Change (Basis Points) | | - 3 | - 8 | - 35 |
| Overall Cap Rate (OAR) | | | | |
| Range | 3.50% -6.50% | 3.50% -6.50% | 3.75 %- 7.00% | 4.50 %- 7.25% |
| Average Rate | 5.10% | 5.10% | 5.30 % | 5.65 % |
| Change (Basis Points) | | 0 | - 20 | - 55 |
| Residual Cap Rate (OAR) | | | | |
| Range | 4.50% - 7.00% | 4.50% - 7.00% | 4.50 %- 7.00% | 5.25 %- 7.50% |
| Average Rate | 5.75% | 5.75% | 5.78 % | 6.30 % |
| Change (Basis Points) | | 0 | - 3 | - 55 |
| Marketing Rent Change* | | | | |
| Range | 1.00% -4.00% | 1.00% -4.00% | 1.00% -4.00% | 2.00% -4.00% |
| Average Rate | 3.05% | 3.05% | 3.05% | 3.05% |
| Change (Basis Points) | | 0 | 0 | 0 |
| Expense Change* | | | | |
| Range | 2.00% -3.00% | 2.00% -3.00% | 2.00% -3.00% | 2.00% -4.00% |
| Average Rate | 2.80% | 2.80% | 2.80% | 3.00% |
| Change (Basis Points) | | 0 | 0 | - 20 |
| Marketing Time | | | | |
| Range | 1-6 | 1-6 | 1-6 | 1-12 |
| Average | 3.1 | 3.1 | 3.1 | 4.0 |
| Change | | Equal | Equal | Lower |

Source: PWC Investor Survey - 1st Quarter 2017

MIAMI METRO APARTMENT MARKET OVERVIEW (Continued)

Sales activity has picked up in 2016. The \$831.2 million exchanged in 68 transactions through the first three quarters of the year is close to exceeding the \$840.2 million recorded for 85 sales for all of 2015.* The total for the third quarter of 2016 alone for 14 deals was \$234.2 million. Average selling prices for the latest quarter and first three of 2016 all told were \$149,000 and \$210,000 per unit, respectively. The average for all of 2015 was \$147,000. The mean cap rate for the latest quarter's deals was 5.6%. The 12-month rolling cap rate per quarter-end was 5.8%, down from 7.1% a year earlier. Reis expects the 12-month rolling rate to run in the range of 5.5% over the coming year.

In the third quarter's largest sale, second-largest in a year, The Blackstone Group paid Stellar Management \$117.0 million (\$135,417 per unit) in July for the 864-unit Portofino at Biscayne Apartments in North Miami.

Source: REIS Observer December 22, 2016 (Metro: Miami - and all submarkets)

Conclusion

Construction activity is projected to continue during each of the following two years. Also declining cap rates will continue to push property values upward over the foreseeable future.

NEIGHBORHOOD DESCRIPTION

A neighborhood is defined as: A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

The neighborhood is largely comprised of the southern portion of the Village of Palmetto Bay, Cutler Bay to the east of South Dixie Highway and unincorporated Miami-Dade County to the west. The general boundaries of the subject's neighborhood are as follows:

North: SW 152 Street (Coral Reef Drive)
South: SW 211 Street/Black Creek Canal
East: Biscayne Bay
West: SW 117 Avenue and/or Florida Turnpike Extension

Boundaries/Access: Old Cutler Road is a major north/south roadway connecting the subject neighborhood to northern neighborhoods such as Pinecrest, Coral Gables and Coconut Grove. The land uses along this road are largely residential with some commercial uses near the intersection of Franjo Road.

South Dixie Highway is a major roadway that provides access to the neighborhood from the north and south. The southbound lanes serve as the western boundary for Palmetto Bay and Cutler Bay. This roadway provides much of the necessary retail and service needs for its surrounding neighborhoods.

Coral Reef Drive is the northern boundary of the subject neighborhood. This east/west roadway is lined with residential land uses to the east of the South Dixie Highway and connects to Old Cutler Road to the East.

Richmond Drive (SW 168 Street) provides east/west access to the neighborhood. The roadway stretches across the county and links Old Cutler Road to Krome Avenue (SW 177 Avenue).

Eureka Drive (SW 184 Street) provides east/west access to the neighborhood. Eureka Drive directly connects the neighborhood to a Florida Turnpike exchange found approximately two miles west. The Florida Turnpike is a major state toll road providing access to and from the rest of the state of Florida.

SW 211 Street extends along the southern boundary of Southland Mall. The roadway is lined with commercial uses and vacant commercial parcels and the South Dade Government Center and the Cultural Arts Center. Located south of SW 211 Street is the predominantly residential neighborhood of Goulds.

NEIGHBORHOOD DESCRIPTION (Continued)

Neighborhood Demographics and Statistics: The immediate area of the subject neighborhood's demographic data, per the FFIEC Census Report is as follows.

| | |
|--|------------------|
| Year | 2016 |
| MSA | 5000 |
| Census Tract | 82.08 |
| State | 12 (FL) |
| County | 086 (Miami-Dade) |
| Population | 4,527 |
| Income Level | Upper |
| Median Family Income | \$105,281 |
| Total Housing Units | 1,435 |
| 1 to 4 Family Units | 1,425 |
| Owner Occupied Units | 1,317 |
| Renter Occupied Units | 32 |
| Median Age of Housing Stock (Years) | 33 |

Services: Some of the public schools servicing the neighborhood area as follows:

Elementary: Perrine, Bel-Aire, Cutler Ridge, Coral Reef
 Middle: Centennial, Goulds, Cutler Ridge
 Senior High: Southridge, Palmetto

The utilities and governmental services are as follows.

Water: Miami-Dade County
 Sewer: Miami-Dade County
 Electrical Service: Florida Power and Light Company
 Police: Miami-Dade County, Cutler Bay, or Palmetto Bay
 Fire: Miami-Dade County
 Telephone: Various including AT&T

NEIGHBORHOOD DESCRIPTION (Continued)**Residential Market:**

The east side of the neighborhood is primarily comprised of single family residential land uses with some multifamily residential and low rise condominium uses as well. Much of the single family development took place in the 1950's and 1960's with continued development through the 1980's. The following tables summarize residential market data within the Village of Palmetto Bay from MLS (Multiple Listing Service), year to date.

| SINGLE FAMILY SURVEY - VILLAGE OF PALMETTO BAY - YEAR TO DATE | |
|--|--------------------------|
| No. of Homes Sold | 118 |
| No. of Homes Listed | 175 |
| Selling Price Range | \$200,000 to \$2,100,000 |
| Listing Price Range | \$240,000 to \$5,100,000 |
| Avg. Selling Price | \$580,302 |
| Avg. Listing Price | \$802,882 |
| Avg. Selling Price/SF | \$203 |
| Avg. Listing Price/SF | \$270 |
| Avg. DOM | 98 |

| TOWNHOUSE / CONDOMINIUM SURVEY - VILLAGE OF PALMETTO BAY - YEAR TO DATE | |
|--|--------------------------|
| No. of Homes Sold | 17 |
| No. of Homes Listed | 10 |
| Selling Price Range | \$84,000 to \$950,000 |
| Listing Price Range | \$129,922 to \$1,295,000 |
| Avg. Selling Price | \$317,985 |
| Avg. Listing Price | \$651,607 |
| Avg. Selling Price/SF | \$176 |
| Avg. Listing Price/SF | \$334 |
| Avg. DOM | 108 |

NEIGHBORHOOD DESCRIPTION (Continued)**Residential Market:** (Continued)

The following is a sampling of apartment vacancy rates nearby the subject neighborhood.

| APARTMENT VACANCY & RENTAL RATES | | | | | | |
|--|---------------------------|---------------------------|-----------------|------------------------------|------------------------------|------------------------------|
| Sub-Market | Units Surveyed | # Vacant Units | % Vacant | Average Rent 1 BR | Average Rent 2 BR | Average Rent 3 BR |
| Howard/West Miami/ Perrine/Cutler Ridge/Tamiami | 1,135 | 40 | 3.5% | \$1,457 | \$1,654 | \$1,942 |

Source: Reinhold P. Wolff Economic Research, Inc. 1Q2017

Overall, few units have been added to the inventory of rental apartment in recent years. Surveyed vacancy rates have typically been near 3% and 4% over recent years; however, the surveyed indication has shown a decline in recent quarters.

Palmetto Bay implemented on January 15, 2016, a new zoning code named the Downtown Urban Village (DUV) which covers much of the South Dixie Highway and Franjo Road properties between SW 168 Street and SW 184 Street, and runs from US1 east to SW 94 Avenue. The new zoning includes incentives for higher density residential projects that may be able to achieve densities between 60 and 70 units per acre. While the code indicates base densities of 24 units per acre, TDRs and a pool of about 1,200 +/- surplus units in Palmetto Bay can be allocated towards new projects in the DUV area. Bonus densities will require plan approval by Palmetto Bay.

The Village of Palmetto Bay currently has a moratorium for new site plans being submitted for review for new construction in the Downtown Urban Village. Prior to the moratorium being issued, five site plans were submitted for review. These include: Soleste Bay, Park View, Springfield, Atlantico, and Shores at Palmetto Bay (subject property). These five projects have been grandfathered in and are subject to review and revisions.

The moratorium was put in place in order to revise the zoning. After applications started to come in, the council decided that 8 story buildings were not the vision they had in mind for downtown Palmetto Bay. The zoning code is now being amended to have a maximum of 4 to 6 story buildings.

NEIGHBORHOOD DESCRIPTION (Continued)**Residential Market:** (Continued)

The following table summarizes four of the five planned projects that have been submitted for review to the Village of Palmetto Bay prior to the moratorium, within the Downtown Urban Village of Palmetto Bay:

| PROPOSED DEVELOPMENT | |
|--|--|
| Name of Project | Comments |
| Soleste (18301 S Dixie Hwy) | This is a 1.95 acre site, originally proposed for 301 units, in a 6 to 8 story building. This proposal was DENIED , and the site plan is being revised to 218 units, in a 4 to 6 story building. The revisions are not guaranteed to be approved. |
| Park View (9500 SW 174 Street) | This is a 3.14 acre site, which has been DEFERRED for revisions. The site plan that has been submitted is 308 units, in a 4 to 6 story building. |
| Atlantico (17945 SW 97 Avenue) | This is a 4.02 acre site, on Franjo Road, adjacent to the subject property. The site was formerly improved with a Total Bank, which is being demolished. This proposed project is 271 units and 7,000 square feet of retail, and has been APPROVED . |
| Shores at Palmetto Bay SW 178 St & 97 Avenue) | This is the subject project, which is a 5.34 gross acre site. The proposed site plan is 309 units and 10,000 square feet of retail, in a 6 to 8 story building. There is also a charter school on the site plan with Reportedly, revisions which the council would require would reduce to the residential units to 275. It has not yet been reviewed. |

Retail Market:

The subject neighborhood falls within the Cutler Bay sub-market. The following table summarizes market data for the local retail sub-market, as surveyed by CB Richard Ellis.

| RETAIL MARKET STATISTICS | | | | | | |
|--------------------------|--------------------------------|---------------|---------------------------------|-------------------------------|---------------------|--|
| Market | Gross Leasable Area (SF) | Vac Rate % | Qtrly Net Absorption (SF) | YTD Net Absorption (SF) | U/C & Planned SF | Avg Dir Ask Lease Rate (NNN/SF/Yr) |
| South Dade | 11,102,211 | 3.1% | 37,541 | 37,541 | 0 | \$18.69 |

Source: CB Richard Ellis Miami Retail Market Overview, 3rd Quarter 2016

Recent surveys from market participants indicate a stabilization in the retail market, particularly for those properties along the South Dixie Highway Corridor. Positive absorption within many of the centers over recent months has indicated base rents around \$14 to \$20 per square foot, NNN, for older centers along South Dixie. The bulk of the new leasing has been done by national and regional companies including names such as Dollar Store, Aldi supermarket and Burlington Coat Factory. The absorption of space to local businesses has been relatively stable over recent quarters.

NEIGHBORHOOD DESCRIPTION (Continued)**Retail Market:** (Continued)

The single largest retail land use is the Southland Mall, located between South Dixie Highway and the Florida Turnpike along the north side of SW 211 Street. The regional mall has over 1 million square feet of gross leasable area. Currently, Southland Mall tenants include JC Penney, Macy's, K Mart, Old Navy, LA Fitness, Sears, Regal Cinemas movie theater, DSW, and TJ Maxx.

The following table summarizes the majority of planned or recently completed projects within or near the subject neighborhood.

| RECENT DEVELOPMENT | | |
|--|---------------------------|---|
| Name | Location | Comments |
| Walmart | 21151 South Dixie Highway | A new 100,000 +/- square foot Walmart was delivered in 2013. |
| TD Bank | 19199 South Dixie Highway | A new bank branch was developed in 2009. |
| Olive Garden | 20345 South Dixie Highway | A new restaurant was developed in 2012. The sale-leaseback investment was sold for \$5,460,000 in September, 2015. The reported OAR was at 5.2%. |
| Point Royale Shopping Center | 19151 South Dixie Highway | A strip center with Starbuck's, Space Coast Credit Union and Chipotle was built on an outparcel. The 7,300 +/- square foot retail building was delivered in 2013. |
| Ashley Furniture & City Furniture | 18760 South Dixie Highway | Two new furniture showrooms totaling 97,000 +/- square feet were delivered in 2013/2014. |
| El Dorado Plaza | 19250 South Dixie Highway | A new El Dorado Furniture showroom (60,000 +/- square feet) and The Vitamin Shoppe anchored strip (9,300 +/- square feet) was delivered in 2015. |
| MD Now | 18851 South Dixie Highway | A former restaurant was redeveloped. A new urgent care center was delivered in 2015. |
| Cutler Bay Gateway | 20001 South Dixie Highway | A multitenant retail strip (6,900 +/- square feet) is proposed and scheduled for a 2017 delivery. |
| Lincoln of Cutler Bay | 109XX SW 186 Street | A Lincoln dealership will be developed. |

NEIGHBORHOOD DESCRIPTION (Continued)**Retail Market:** (Continued)

As indicated in the previous table, most new retail development includes furniture showrooms as well as retail strips with most of the new development taking place in Cutler Bay.

The South Dixie Highway corridor remains heavily influenced by the auto dealers in the neighborhood. The largest type of commercial land use is for automobile sales. The largest single dealer site is the Maroone auto dealership, a 14+ acre tract is south of SW 170 Street between the north and southbound lanes of South Dixie Highway. This dealership has now gone out of business and the property is vacant. It is located within the Downtown Urban Village area, and is a prime site for development.

Additionally, most major manufacturers are represented with dealers such as South Motors Nissan, BMW, Volkswagen, Dadeland Dodge, Miami Acura and Gus Machado Ford. The majority of the dealers are located within Palmetto Bay; however, Bill Ussery Motors has developed a Mercedes dealership at the southeast corner of Southland Mall along SW 211 Street and the Florida Turnpike within Cutler Bay. Chrysler Group Realty purchased a small auto dealer site at 17220 South Dixie Highway for a Fiat dealership. Also, the Land Rover dealership and business was transferred at 16610 South Dixie Highway. The most recent proposed dealership is the Lincoln dealer at the Turnpike and SW 186 Street. Much of the neighborhood is expected to continue to attract dealers due to the availability of affordable land.

Investors have been active in the area over recent years. Most of the area's recently sold centers are summarized in the following table.

| SHOPPING CENTER SALES | | | | | | | |
|-------------------------|-----------------------|------------------|-------|-------------|--------|----------|------|
| Name | Location | Anchor | Date | Sale Price | SF | \$/SF | OAR |
| Best Plaza | 19700 S Dixie Highway | Sherwin Williams | 02/13 | \$4,000,000 | 19,880 | \$201.21 | 8.2% |
| Village Square South | 19401 S Dixie Highway | West Marine | 05/13 | \$3,275,000 | 24,580 | \$133.24 | 8.0% |
| Hibiscus Plaza | 9823 S Dixie Highway | None | 02/14 | \$5,600,000 | 34,200 | \$163.74 | 7.5% |
| n/a | 20706 S Dixie Highway | None | 10/14 | \$2,950,000 | 16,200 | \$182.10 | 7.9% |
| Colonial Shopping Plaza | 9477 SW 160 Street | None | 09/15 | \$3,350,000 | 11,065 | \$302.76 | 6.9% |

Overall, retail market conditions appear to have stabilized. Some signs of continued improvement are represented by new construction and investment activity over recent quarters.

NEIGHBORHOOD DESCRIPTION (Continued)**Office Market:**

The subject neighborhood falls within the South Dade sub-market. The following table and data has been derived from the office market survey published by CB Richard Ellis.

| OFFICE MARKET STATISTICS | | | | | | |
|--------------------------|-------------------|---------------------|--------------------|----------------------------|---------------------|----------------------|
| Market | Inventory (SF) | Direct Vacancy % | Total Vacancy % | Q4 2016 Absorption (SF) | Under Const (SF) | Avg Ask Rent (FS) |
| South Dade | 467,756 | 22.3% | 22.3% | (1,990) | 0 | \$25.07 |

Source: CB Richard Ellis Marketview, Miami Office Market, 4th Quarter 2016

The neighborhood's smallest commercial land use is for office product. The oldest concentration of office space within the neighborhood are the Cutler Ridge Regional Center (CR I) and South Dade Office Tower (CR II) located at 10700 and 10720 Caribbean Boulevard. 10720 Caribbean was purchased by Cutler Bay for it's municipal offices.

The neighborhood's nearest corporate headquarters campus is located at 17777 Old Cutler Road. The 266,000+/- square foot, 80 acre complex was built for Burger King in 1988 but has been converted to multitenant use over the years. New construction has been extremely limited over recent years with one small proposed medical office building to be located at SW 109 Avenue and SW 184 Street. Some smaller land sales and pending sales have been recently targeted for new medical and professional office development but plans have yet to be submitted for approval. Also, a Leon Medical Center is to be developed on 6 +/- acres located at 10875 Quail Roost Drive. Overall, the office market has been relatively stable over recent quarters.

Industrial Market:

The subject neighborhood falls within the South Dade sub-market. The following table has been derived from the survey published by CB Richard Ellis.

| INDUSTRIAL MARKET DATA | | | | | | | |
|------------------------|-----------------------|--------------------|------------------|-----------------------------|-------------------------------|----------------------|-----------------------------------|
| Market | Rentable Area (SF) | Total Vacancy % | Total Avail % | Qtrly Absorption (SF) | YTD Net Absorption (SF) | Under Constr (SF) | Avg. Dir Ask Lease Rate, FS |
| South Dade | 4,542,127 | 3.5% | 5.0% | 17,670 | 34,353 | 0 | \$9.69 |

Source: CB Richard Ellis, MarketView, Miami Industrial, 4th Quarter 2016

NEIGHBORHOOD DESCRIPTION (Continued)**Industrial Market:** (Continued)

The largest industrial area within the neighborhood is located west of South Dixie Highway, south of Eureka Drive, and east of the Florida Turnpike. The industrial uses consist of mini-storage facilities, free-standing owner-user warehouses, multi-bay industrial flex rental and condominium projects. The bulk of newer construction was centered around the Marlin Road area that is home to a Home Depot along SW 106 Avenue. The most recent multitenant, flex development, Marlin Centre Shops, was completed in 2015.

Based on the previous table, the local industrial rental market appears to be indicating positive trends and improvement. Most of the larger multitenant buildings appears to be above 90% occupancy with rental rates between \$8 and \$9 per square foot, gross.

Conclusion:

The residential market is characterized as recovered with of asset appreciation in most areas evidenced over recent years. However, new multifamily development has not been evident in the market until now. Several rental projects are now planned, and one adjacent to the subject is already approved and being constructed. The industrial market has also shown positive signs in recent months and is expected to follow positive market forces indicated by nearby industrial markets. Common to much of the suburban areas of the county, the office markets has been the last sector to indicate sales momentum and stabilization. The retail market continues to show signs of positive growth. In an effort to revitalize the South Dixie Highway corridor, the Village of Palmetto Bay has rezoned much of "downtown" area of the municipality which is largely within and around the North and Southbound lanes of South Dixie Highway and Franjo Road. In general, the neighborhood's economic recovery has improved over recent quarters along with most suburban portions of the county.

ZONING

| Village of Palmetto Bay Downtown Urban Village (DUV) Adopted as of January 15, 2016 | |
|--|---|
| <p>The subject property is within the Village of Palmetto Bay Downtown Urban Village (DUV). Some features of the codes are as follows.</p> | |
| <p>Purpose and Intent</p> | <p>The intention of this section is to facilitate the development of a community village center within the Village of Palmetto Bay. The section will provide for appropriate building and architectural scale through the inception of development standards that provide for a varied building form that responds to the individual districts within the Downtown Urban village (DUV); promote and enhance commercial and civic street scene activity through adequate provisions for the inclusion of sufficient ground level retail commercial oriented uses and retail commercial architectural typologies; promote and enhance the architectural character of the DUV through the inception of provisions that promote high-quality urban design form, architectural and complete streets design standards within the DUV.</p> |
| <p>Sector Plan for Subject</p> | <p>The Downtown Village (DV) sector applies to the primary area of the Downtown Urban Village (DUV), which is composed of the most vital, concentrated, ped/bike-oriented areas and defined by multi-story flexible block and flex building typologies. The flexible block and flex building typologies are suitable to satisfy the broad assortment of retail, office, light service and residential uses that serve a true mixed-use downtown area. Higher intensity commercial uses may line the street front at ground level with offices or multi-family residential units above. Landscape should reflect the urban character of the sector, emphasizing ped/bike protection and accentuating the architectural character of the area, by planting in tree grates or landscape islands. Parking is permitted both on-site and off-site within the DV</p> |
| <p>Residential Density Plan</p> | <p>24 du/ac max. base density (gross) with minimum average unit size of 750 square feet Maximum base density refers to the number of initial residential units permitted per acre before additional available reserve residential units and/or TDR residential units.</p> |
| <p>Uses</p> | <p>Residential (multiple family dwelling units only) Mixed Uses (The vertical or horizontal integration of two or more of residential, business and office, civic and institutional uses. Vertical integration of mixed-uses shall be required within buildings that have primary frontage along SW 97 Avenue.) Civic Uses (Religious Facilities, Schools K-12), Municipal Recreation, Group Residential Home, Big Box Retail/Service, General Retail/Personal Service, Neighborhood Proprietor Commercial-Retail/Office and Services, Office Uses, Colleges and Universities, Entertainment Uses, Food Beverage Establishments, Drive Through Facilities, Commercial Parking Structure Automotive Sale and Service Stations may be permitted with provisions.</p> |
| <p>Permitted Building Types/Flexible Block</p> | <p>A potential mixed-use building type, occupied by one of or a combination of multifamily residential, commercial or offices at the ground floor and office/multifamily residential units on the floor(s) above. The building is intended to front more than two street frontages and accommodate large footprint commercial uses or structured parking within the envelope.</p> |
| <p>Permitted Building Types/Flexible Building</p> | <p>A potential mixed-use building type, occupied by one of or a combination of multifamily residential, commercial or offices at the ground floor and office/multifamily residential units on the floor(s) above. The building is intended to front no more than two street frontages and the shallower footprint provides a versatile form for smaller lots with programmatic requirements, like service or parking in the rear.</p> |
| <p>Building Height</p> | <p>3 stories minimum; 5 stories maximum; 8 stories with bonus</p> |
| <p>Lot Size</p> | <p>160 feet x 160 feet minimum (flexible block); 80 feet x 100 feet minimum (flex building)</p> |

ZONING (Continued)

Palmetto Bay implemented on January 15, 2016, the new zoning code detailed on the previous page named the Downtown Urban Village (DUV) which covers much of the South Dixie Highway and Franjo Road properties between SW 168 Street and SW 184 Street, and runs from US1 east to SW 94 Avenue. The new zoning includes incentives for higher density residential projects that may be able to achieve densities between 60 and 70 units per acre. While the code indicates base densities of 24 units per acre, TDRs and a pool of about 1,200 +/- surplus units in Palmetto Bay can be allocated towards new projects in the DUV area. Bonus densities will require plan approval by Palmetto Bay.

The Village of Palmetto Bay currently has a moratorium for new site plans being submitted for review for new construction in the Downtown Urban Village. Prior to the moratorium being issued, five site plans were submitted for review. These include: Soleste Bay, Park View, Atlantico, Springfield, and Shores at Palmetto Bay (subject property). These five projects have been grandfathered in and are subject to review and revisions.

The moratorium was put in place in order to revise the zoning. After applications started to come in, the council decided that 8 story buildings were not the vision they had in mind for downtown Palmetto Bay. The zoning code is now being amended to have a maximum of 4 to 5 or 6 story buildings.

The subject currently has a site plan approved for a charter school, which was provided by the client. The site plan encompasses the entire site, and is reportedly approved. However, the contract for purchase by the charter school is only for one acre of the subject, and has not been executed. The proposed charter school appears to be legally permissible, since it is a 4 story building at the rear of the site, fronting on Park Drive.

The proposed site plan for a rental multi family project has not yet been reviewed, but is the one that is to be considered for purposes of this appraisal report under **Scenario #1**. The site plan has been completed with the assumption that bonuses will be approved, and is a 7 and 8 story building (8 stories fronting on Franjo Drive), and a charter school site to the rear fronting on Park Drive, on one acre of the property.

Although permissible by right, since the zoning allows up to 8 stories with bonuses, the city council is not approving 8 stories.

There is no cap on the density, however, the density is regulated by the maximum building height. Per Mr. Travis Kendall of the Village of Palmetto Bay, the gross site size is utilized to calculate the density for residential multi family projects.

SITE DESCRIPTION

| | |
|------------------------------------|--|
| Folio | 33-5033-000-0860 |
| Status | Vacant site, never improved |
| Shape | Rectangular |
| Size | 218,776 square feet (net lot size) 232,754 square feet (gross lot size) |
| Access | SW 97 th Avenue |
| Topography | Appears to be above road grade and in developed condition |
| Environmental Note | None noted |
| Concurrency | Not applicable |
| Flood Zone | Flood Zone X (see Addenda) |
| Census Tract | 82.08 |
| Easements | None noted |
| Encroachments | None noted |
| <u>Utilities:</u> | |
| Water & Sewer | Miami-Dade |
| Electrical Service Company | FPL |
| Police & Fire Rescue | Palmetto Bay (police) Miami-Dade County (fire rescue) |
| Telephone | Various |
| <u>Street Improvements:</u> | SW 97 th Avenue, two lanes of traffic, 70' ROW |

PROPOSED IMPROVEMENTS

The subject is a 5.34 gross acre tract of vacant land being appraised under two different scenarios which are not approved as of the date of appraisal. The scenarios will be detailed and discussed as possible uses in the Highest and Best Use section which follows. A description of improvements is not applicable.

HIGHEST AND BEST USE

Highest and Best Use is defined as: The reasonably probable and legal use of that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute), 2015

The definition immediately above applies specifically to the Highest and Best Use of land. It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use. There are four tests that a property must meet in order to indicate Highest and Best Use. The use must be physically and legally possible, financially feasible, and must be the most productive use among the possible alternative uses.

There are four tests that a property must meet in order to indicate Highest and Best Use. The use must be physically and legally possible, financially feasible, and must be the most productive use among the possible alternative uses.

Physically Possible

The site must possess the size, shape area, soil and other physical characteristics to support the improvements that will develop the site to its Highest and Best Use, as if vacant. The site is of sufficient size and shape for multi family residential development as permitted by the zoning code.

Legally Permissible

The use for the site must provide a yield on invested capital sufficient to warrant the investment. The most physically possible and legally permissible use of the site, as if vacant, is for the development of multi family units. The subject is in the Downtown Urban Village of Palmetto Bay and in the DV, Downtown Village sector. Multi family is legally permissible, with a three to five story building height, and eight stories with bonuses. There is no cap on the density, however, the density is regulated by the maximum building height. Per the Village of Palmetto Bay, the gross site size is utilized to calculate the density for residential multi family projects.

HIGHEST AND BEST USE (Continued)**Financially Feasible**

The use for the site must provide a yield on invested capital sufficient to warrant the investment. The most physically possible and legally permissible use of the site, as if vacant, is for the development of rental multi family units. There is demand for apartments in the subject market.

Apartments and condos for rent in Palmetto Bay range from \$1,200 to over \$2,000 per month. The average unit sizes are from 950 to 1,300 per square foot. Rent levels appear to be sufficient to warrant new construction. The proximity of the Downtown Urban Village of Palmetto Bay to the busway adjacent to South Dixie Highway in order to access the Metro Rail is particularly appealing to commuters. In addition, employees of numerous businesses in the area, such as the large car dealerships on South Dixie Highway, make rental projects in the DUV such as the subject very appealing.

Land values in the county for rental multi family land with similar density ranges from \$20,000 to \$30,000 per unit. The subject land was concluded to have a market value within this range. There are five projects which have been submitted for review by the council of the Village of Palmetto Bay. Atlantico, which is adjacent to the subject site, is already under construction, since it is the only project that has been approved. As vacant, rental multi family appears to be financially feasible.

Maximally Productive

That feasible use, based on financial use analysis and return to the land and/or capital, that provides the highest yield for the longest period of time. The only logical use for the subject site would be for the development of a rental multi family use.

HIGHEST AND BEST USE (Continued)**As Proposed**

The subject currently has a site plan approved for a charter school, which was provided by the client. The proposed charter school appears to be legally permissible, since it is a 4 story building at the rear one acre portion of the site, fronting on Park Drive.

The proposed site plan for a rental multi family project has not yet been reviewed, but is the one that is to be considered for purposes of this appraisal report under **Scenario #1**. The site plan has been completed with the assumption that bonuses will be approved, and is a 7 and 8 story building (8 stories fronting on Franjo Drive), and a charter school site to the rear fronting on Park Drive, on one acre of the property.

Although permissible by right, since the zoning allows up to 8 stories with bonuses, the city council is not approving 7 and 8 stories and is requesting revisions to proposed projects which include reducing the building heights.

Scenario #2 assumes a building of 6 stories in height, with a maximum density of 60 units per acre, which is similar to the plan that has been approved for the adjacent project, Atlantico. This is the most probable and likely approval for the subject site, based on historical approvals and the revisions required by the city council to the site plans in process. The value conclusion under this scenario represents the **As Is Market Value**, since it is the most probable and likely to be approved.

Under either scenario, financial feasibility of rental units appears to be indicated.

The charter school site does not add an increment in value to the subject, and is valued similar to other properties in the DUV, based on the allowable density. This is evidenced by Sale #2 in the Sales Comparison Approach, which was not purchased for rental multi family use. To improve the charter school acre with rental multi-family units appears to be maximally productive, since it provides long term revenues to the property, as opposed to a one time sale revenue. Special uses are rarely the Highest and Best Use of a site.

The Highest and Best Use of the subject, as proposed, is to improve the site with rental multi-family units and no charter school.

SALES COMPARISON APPROACH - LAND VALUATION

The Sales Comparison Approach is defined as: “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. comparison. The Sales Comparison Approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.”

Source: The Dictionary of Real Estate Appraisal, 6th Edition (Chicago: Appraisal Institute), 2015.

The client requested the valuation of the subject under two scenarios.

Scenario #1: The first scenario based on the site plan provided, at a maximum 8 story building, and a possible charter school site. Per the client, we are to assume that the proposed site plan, as provided, is approved. The site plan is for 309 units, plus a one acre site to be improved with a charter school. There is no contract for purchase on the charter school site, therefore this site will be valued as if an additional 60 units could be added to the project, which would be the value of the site.

Scenario #2: The second scenario requested by the client is with a density of 60 units per acre at a 6 story maximum building height, and a possible charter school site. The adjacent project, Atlantico, has been approved for 271 units, with a four and five story building. The indicated density for this project is 54 units per gross acre. Since this scenario, per the request of the client, allows 60 units per gross acre in six stories, the subject will be assumed to be developed with a total of 320 units, since an additional 6 units per acre could easily be included in a sixth story. This is the most probable and likely approval for the subject, thus represents the **As Is Market Value** of the subject.

Residential land sales were researched in order to estimate the Market Value of the subject land, under the two scenarios. Three sales in the DUV of Palmetto Bay were found and verified. In order to compare on an equal basis, the density of the sales with no approvals was projected at 54 units per acre, at the density of the only project that has been approved, Atlantico, which is Sale 3.

The following table summarizes the Palmetto Bay DUV land sales that were found and verified.

SALES COMPARISON APPROACH - LAND VALUATION (Continued)

| COMPARABLE DUV LAND SALES | | | | |
|---|---------------------------------|--------------------------------|-----------------------------|---|
| SALE # | 1 | 2 | 3 | Subject |
| LOCATION | 18301 S Dixie Highway | 17405 S Dixie Highway | 17945 SW 97 Avenue | SW 178 Street & SW 97 Avenue |
| SALE DATE | Pending Sale | 07/16 | 07/16 | - |
| FOLIO NUMBER | 33-5032-007-1030 | 33-5032-004-2480 et al | 33-5033-000-0880 | 30-5033-000-0860 |
| SIZE (GROSS ACRES) | 3.00 | 2.42 | 5.00 | 5.34 |
| SIZE (GROSS SF) | 130,680 | 105,415 | 217,800 | 232,754 |
| # PROPOSED LOTS WITH BONUS | 218 | N/A | N/A | 369 (#1) 320 (#2) |
| # OF APPROVED LOTS | N/A | N/A | 271 | N/A |
| APPROVED DENSITY | N/A | N/A | 54 du/acre | 69 (#1) 60 (#2) |
| CONDITION OF LAND | Previously developed | Previously developed | Previously developed | Developed lot |
| SALES PRICE | \$4,480,000* | \$6,000,000 | \$7,975,000** | - |
| BUYER | Confidential | South Dade Imports LLC | FCI Palmetto Bay LLC | - |
| SELLER | Perrine-Peters Methodist Church | Various, assemblage | Bank of Perrine | - |
| OR BOOK/PAGE | Not closed | 30175 /1573, 1576, 1579, 1582, | 30167 / 2550 | - |
| VERIFICATION | Lee Katsikos | Confidential | Office files, Tom Blazejack | - |
| \$/SF (GROSS) | \$33.67 | \$56.86 | \$35.81 | |
| \$/UNITS APPROVED | N/A | N/A | \$29,428 | |
| # OF UNITS AT 54 DU/GROSS ACRES | 162 | 130 | 271 | - |
| \$/UNIT IF APPROVED AT 54 DU/GROSS ACRES | \$27,654 | \$46,153 | \$29,428 | |

*\$4,400,000 sales price adjusted upwards by \$80,000 demolition (at \$7.00/SF)

**\$7,800,000 sales price adjusted upwards by \$175,000 demolition (at \$7.00/SF)

SALES COMPARISON APPROACH - LAND VALUATION (Continued)

Sale 1 is a current contract on a church and school on South Dixie Highway and SW 183 Street. The property was originally proposed for 301 units in a 6 to 8 story building. The council denied the proposal. There is a new proposal for 218 units in a 4 to 6 story building. The proposed density is 72 units per gross acre. Reportedly, the council may not approve this plan. This is the most recently negotiated transfer in the area, and was negotiated in the third quarter of 2016, after Sales 2 and 3 had closed. This site is for the proposed project called Soleste Bay.

Sale 2 is the July 2016 assemblage of five folio numbers from three sellers to one buyer. The property encompasses an entire city block, with 4 street frontage, and contains a gross size of 2.42 acres. The property is to be improved with an Audi dealership. Although not proposed for multi family, this property is located in the DUV and considered to be a comparable sale.

Sale 3 is the sale of a former Total Bank building on 5 gross acres, which is adjacent to the subject on the south. It has been approved for 271 units, with building height of 4 and 5 stories. The plan was approved in June 2016 and the sale occurred in July 2016, since the contract for purchase was contingent on approvals in place. The gross lot area is 5 acres, and the indicated density is 54 units per acre. The existing improvements on the site are currently being demolished. This site is the Atlantico project.

Analysis:

The sales are all residential sites located within the Downtown Urban Village of Palmetto Bay. The price per planned unit is normally a good value indicator for properties of this nature.

Often times, comparable properties offer differences in such items as property rights conveyed, conditions of sale, financing, time, size, location, etc. The following analysis will discuss and compare the following characteristics of the comparable sales to the subject. The analysis will first analyze the transactional adjustments (property rights conveyed, conditions of sale, financing, time) and then the specific physical characteristics of the comparables. The differences will then be accounted for via quantitative adjustments. For the purposes of the quantitative adjustments, percentage (%) estimates or \$ amounts as supported by the comparables will be applied as necessary.

SALES COMPARISON APPROACH - LAND VALUATION (Continued)**Analysis** (Continued)**Transactional Adjustments****Property Right Conveyed:**

All of the comparable sales were comprised of vacant sites that were not encumbered by long term leases at the time of sale. Therefore, no adjustments will be applied.

Conditions of Sale:

Sales 1 and 3 represent transactions with normal marketing periods for the area. An adjustment for condition of sale was not necessary. Sale 2 is the aggregate purchase price of an assemblage from three different sellers, that encompassed an entire city block. It is typical to pay a premium for assemblages, since the buyers are over motivated to purchase certain sites, which are adjacent to others. Comparison of the value indication of this property, with the other two comparables, indicates that this sale requires a 40% downward adjustment for assemblage condition of sale.

Financing:

The closed sales all took place with typical financing. None of the sales appeared to be impacted by financing terms. Therefore, no adjustments will be applied.

Time:

The sales have all occurred within the past 10 months and represent current market levels. A time adjustment was not warranted.

Physical Adjustments**Size:**

The comparables are all similar in size, and did not require a size adjustment.

Location:

The subject and sales are all located within the DUV of Palmetto Bay. A location adjustment is not necessary.

SALES COMPARISON APPROACH - LAND VALUATION (Continued)**Analysis** (Continued)**Physical Adjustments** (Continued)**Zoning / Density:**

Sales 1 and 2 were projected at a density of 54 units per acre, similar to Sale 3, which is the only approved project in the DUV thus far. The subject in **Scenario #2**, is being projected at 60 units per acre, which is similar to the comparables projected density. In **Scenario #1**, the subject is being projected at 69 units per acre, which is a slightly higher density.

Based on economies of scale, a project with higher density will sell for a lower value indication on a dollar per square foot, than a project with lower density. However, the differences in density are not directly proportional to the dollar per unit pricing, due to the law of diminishing returns.

The difference with **Scenario #2** is minimal. The difference with **Scenario #1** is slightly greater. Although a direct quantitative adjustment will not be made, the differences in densities under the two scenarios will be considered in the final reconciliation of value.

Site Conditions:

The subject and sales are all in developed condition or are formerly developed properties, and did not require an adjustment for site conditions.

The following table summarizes and applies the adjustments to the comparable sales:

SALES COMPARISON APPROACH - LAND VALUATION (Continued)**Analysis** (Continued)

| COMPARABLES ADJUSTMENT GRID | | | |
|---------------------------------------|--------------------|----------------------|--------------------|
| Comparable | Sale 1 | Sale 2 | Sale 3 |
| Sale Price | \$4,480,000 | \$6,000,000 | \$7,975,000 |
| Transactional Adjustments | | | |
| Property Rights Conveyed | \$0 | \$0 | \$0 |
| Conditions of Sale | \$0 | (\$2,400,000) | \$0 |
| Financing | \$0 | \$0 | \$0 |
| Time | \$0 | \$0 | \$0 |
| Total Transactional Adjustment | <u>\$0</u> | <u>(\$2,400,000)</u> | <u>\$0</u> |
| Adjusted Sale Price (Trans) | \$4,480,000 | \$3,600,000 | \$7,975,000 |
| Physical Adjustments | | | |
| Size | \$0 | \$0 | \$0 |
| Location | | | |
| Zoning / Density | \$0 | \$0 | \$0 |
| Site Conditions | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total | \$0 | \$0 | \$0 |
| Net Adjustment | \$0 | (\$2,400,000) | \$0 |
| Adjusted Sale Price | \$4,480,000 | \$3,600,000 | \$7,975,000 |
| Number of Units | 162 | 130 | 271 |
| Adjusted \$/Unit | \$27,654 | \$27,692 | \$29,428 |

SALES COMPARISON APPROACH - LAND VALUATION (Continued)**Conclusion of Dollar Per Unit**

After adjustments, the sales ranged from \$27,654 to \$29,428 per unit. The market value is concluded at **\$28,000** per unit under **Scenario #2**, which is similar density to the projected density of the comparable sales. The market value is concluded at **\$27,000** per unit, just below the range, for the subject under **Scenario #1**, which has a larger difference in projected density. The market value under the two scenarios is calculated as follows:

Hypothetical Scenario #1 (current site plan and charter school site)

| # of Units | x | Value Per/Unit | = | Market Value |
|---------------------------------|---|----------------|---|---------------------|
| 369 | | \$27,000 | | \$9,963,000 |
| Scenario #1, rounded to, | | | | \$10,000,000 |

Scenario #2 - As Is Market Value (6 story building, 60 units per acre)

| # of Units | x | Value Per/Unit | = | Market Value |
|---------------------------------|---|----------------|---|--------------------|
| 320 | | \$28,000 | | \$8,960,000 |
| Scenario #2, rounded to, | | | | \$9,000,000 |

Dollar Per Square Foot

The above value indications calculate to **\$42.96** per square foot under **Scenario #1** and **\$38.67** under **Scenario #2**. The comparable sales ranged from \$33.67 to \$56.86 per square foot. The sale at the high end of the range required a downwards adjustment for assemblage condition. The other two comparables were at \$33.67 and \$35.81 per square foot.

The dollar per square foot value indication is directly affected by the density of a sale, which reflects the utility of a property. The comparable sales were assumed at a density of 54 units per acre, and the subject scenarios were at 60 and 69 units per acre, indicating a higher utility to the land. Hence, the dollar per square foot value indications of the subject, under the requested scenarios, are higher than the comparable sales. It may be concluded that the dollar per square foot value indications of the subject property, under the two scenarios, is supported by the dollar per square foot indications of the comparable sales.

RECONCILIATION AND FINAL VALUE CONCLUSION

The subject property, based on the request of the client, was valued under two scenarios.

Scenario #1: The first scenario based on the site plan provided, at a maximum 8 story building, and a possible charter school site. Per the client, we are to assume that the proposed site plan, as provided, is approved. The site plan is for 309 units, plus a one acre site to be improved with a charter school. There is no contract for purchase on the charter school site, therefore this site will be valued as if an additional 60 units could be added to the project, which would be the value of this one acre site. This is a hypothetical market value, since this scenario does not appear to be reasonable or probable to be approved.

Scenario #2: The second scenario is with a density of 60 units per acre and a 6 story maximum building height, and a possible charter school site. The adjacent project, Atlantico, has been approved for 271 units, with a four and five story building. The indicated density for this project is 54 units per acre. Since this scenario allows 60 units per gross acre, in six stories, the subject was be assumed to be developed with a total of 320 units. Since this is the most likely and probable density and project to be approved, the value conclusion of the subject property represents the **As Is Market Value** of the subject property.

The subject was valued by way of the Sales Comparison Approach, which is the only applicable indication for vacant land. Three sales in the DUV of Palmetto Bay were found and verified. In order to compare on an equal basis, the density of the sales with no approvals was projected at 54 units per acre, at the density of the only project that has been approved, Atlantico, which is Sale 3. The market value of the subject property, under the two scenarios, is well supported by the market.

In our opinion, the **Hypothetical Market Value** of the subject property, under **Scenario #1**, at a maximum 8 story building site, and a possible charter school site, based on the provided site plan, in fee simple title, as of May 29, 2017, is:

TEN MILLION DOLLARS
(\$10,000,000)

In our opinion, the **As Is Market Value** of the subject property, under **Scenario #2**, which is the most probable and likely approval, at a density of 60 units per acre in a 6 story maximum building height, in fee simple title, as of May 29, 2017, is:

NINE MILLION DOLLARS
(\$9,000,000)

PERSONAL PROPERTY

No personal property is included in the estimate of market value.

MARKETING / EXPOSURE TIME

Exposure time is defined as follows:

1. The time a property remains on the market.
2. 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015.

Marketing time is defined as follows:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute), 2015.

(Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)

Based on conversations with local market participants with support from the sales used in this report, an exposure time for the subject of 3 to 6 months is reasonable.

It is important to note that although a buyer for the subject could be easily contracted with an exposure time of 3 to 6 months, transactions in the area are being executed contingent on approvals in place. An actual closing date for the true exposure time can not be determined, since it is unknown how long it would take for the council to approve a site plan on the subject, with probable revisions requested.

The marketing time is the same as the exposure time, at 3 to 6 months.

CERTIFICATION

We certify to the best of our knowledge and belief:

- * The statements of fact contained in this report are true and correct.
- * The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- * We 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.
- * We have performed no services, as an appraiser or in another capacity, regarding the property that is the subject of this report, within the three-year period immediately preceding acceptance of this assignment.
- * We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- * Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- * Our 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.
- * Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- * We have made a personal inspection of the subject property on May 29, 2017.
- * No one provided significant professional assistance to the persons signing this report
- * The reported analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- * The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- * As of the date of this report, Frank Hornstein has completed the continuing education program of the Appraisal Institute.

Respectfully submitted,



Adria M. Kerti, MBA
State-Certified General
Real Estate Appraiser, No. RZ1944

June 5, 2017
Date of Report



Frank Hornstein MAI
State-Certified General
Real Estate Appraiser, No. RZ1376

June 5, 2017
Date of Report

ASSUMPTIONS AND LIMITING CONDITIONS

The value conclusion and certification within this report are made expressly subject to the following assumptions and limiting conditions as well as any further reservations or conditions stated within the text of the report.

1. This is an Appraisal Report which is intended to comply with reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. The depth of discussion contained in this report is complete and specific to the needs of the client and for the intended use. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. 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 arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in this Appraisal Report.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

10. It is assumed that all required licenses, certificates of occupancy or legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communication barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the property to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
19. This appraisal is based on current market conditions. It is assumed that market conditions will remain the same or similar to current conditions for our analysis and throughout the term of our projected sellout of the subject project.
20. The subject is a 5.34 acre site, which reportedly has a contract for purchase for one acre for a charter school. Based on information obtained from several sources, the contract for purchase has not been signed by both parties and is therefore not executed. This appraisal report is based on the Extraordinary Assumption that the one acre site is free and clear to be sold and improved to its Highest and Best Use, which may or may not be a charter school.
21. The subject property consists of a 5.34 acre site being appraised under two different scenarios. The first scenario is based on the provided rental multi family site plan in a 7 and 8 story building, with a possible charter school site. The second scenario is with a density of 60 units per acre, a 6 story maximum building height, and a possible charter school site. The first scenario is hypothetical, since all site plans submitted to the council have not been approved with 7 and 8 story building heights. All plans with those building heights have either been rejected by the council, or deferred for revisions for lower building heights. The only site plan that has been approved to date has 4 and 5 story building heights. The Market Value conclusion under the first scenario is based on the Hypothetical Condition that it would be approved by the village council.

ADDENDA



LOOKING EAST AT THE SUBJECT PROPERTY FROM SW 97 AVENUE



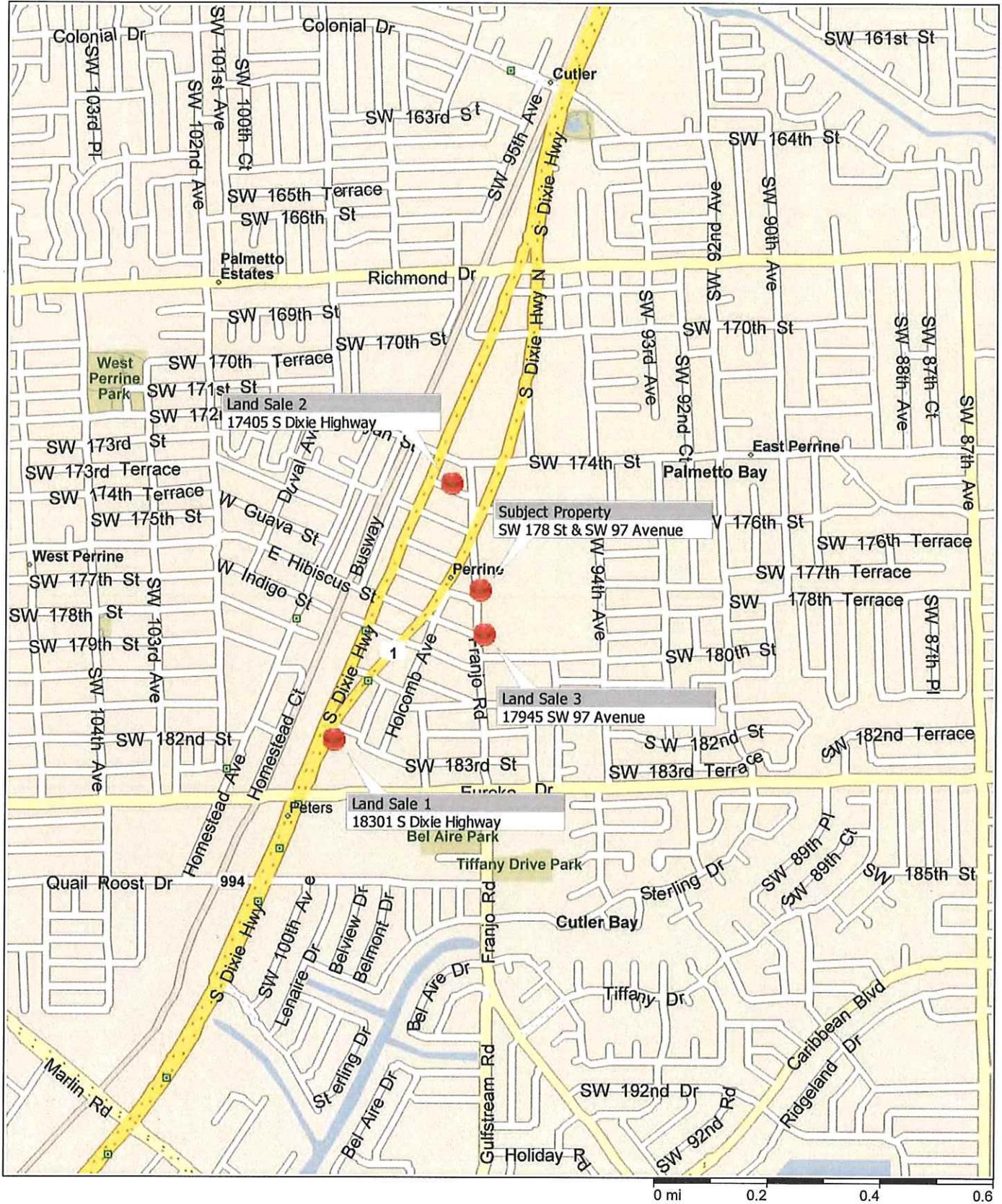
SW 97 AVENUE (FRANJO ROAD) LOOKING SOUTH – SUBJECT IS ON THE LEFT

COUNTY MAP

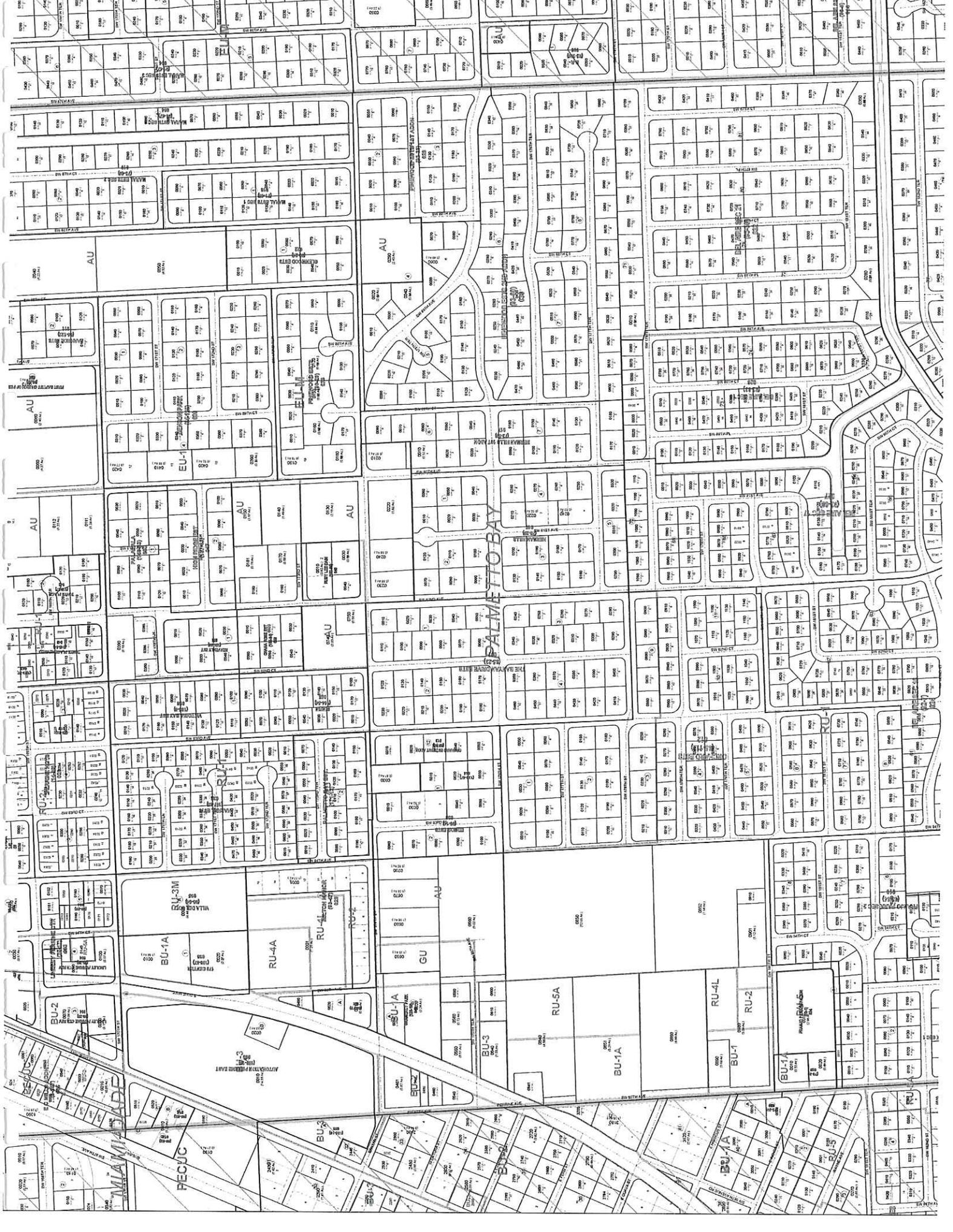


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LAND SALES MAP



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 Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.



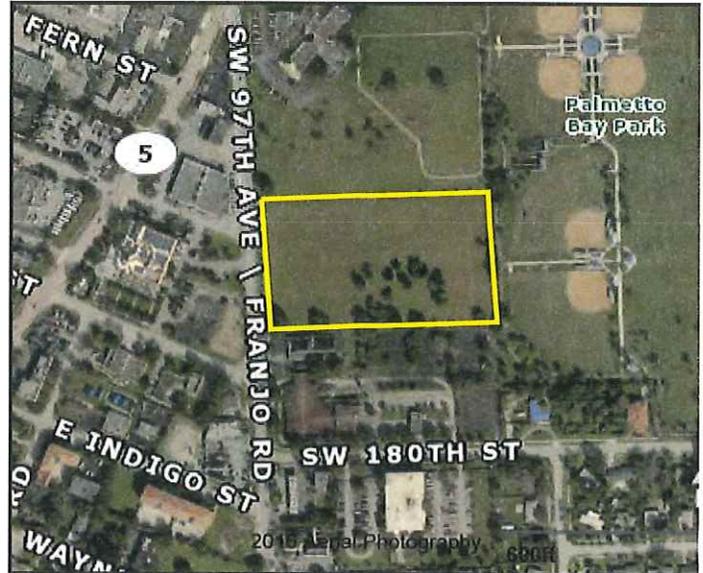


OFFICE OF THE PROPERTY APPRAISER

Summary Report

Generated On : 5/27/17

| Property Information | |
|----------------------|--|
| Folio: | 33-5033-000-0860 |
| Property Address: | |
| Owner | SHORES AT PALMETTO BAY LLC |
| Mailing Address | 888 KINGMAN RD HOMESTEAD, FL 33035 |
| PA Primary Zone | 6200 COMMERCIAL - ARTERIAL |
| Primary Land Use | 1081 VACANT LAND - COMMERCIAL : VACANT LAND |
| Beds / Baths / Half | 0 / 0 / 0 |
| Floors | 0 |
| Living Units | 0 |
| Actual Area | 0 Sq.Ft |
| Living Area | 0 Sq.Ft |
| Adjusted Area | 0 Sq.Ft |
| Lot Size | 218,455 Sq.Ft |
| Year Built | 0 |



| Assessment Information | | | |
|------------------------|-------------|-------------|-------------|
| Year | 2016 | 2015 | 2014 |
| Land Value | \$2,839,915 | \$2,839,915 | \$2,839,915 |
| Building Value | \$0 | \$0 | \$0 |
| XF Value | \$0 | \$0 | \$0 |
| Market Value | \$2,839,915 | \$2,839,915 | \$2,839,915 |
| Assessed Value | \$2,839,915 | \$2,839,915 | \$2,839,915 |

| Benefits Information | | | | |
|--|------|------|------|------|
| Benefit | Type | 2016 | 2015 | 2014 |
| Note: Not all benefits are applicable to all Taxable Values (i.e. County, School Board, City, Regional). | | | | |

| Short Legal Description |
|---|
| 33 55 40 5.01 AC M/L N1/2 OF SW1/4 OF NW1/4 OF SW1/4 LESS W40FT FOR R/W F/A/U 30-5033-000-0860 COC 24034-4438 11 2005 1 |

| Taxable Value Information | | | |
|---------------------------|-------------|-------------|-------------|
| | 2016 | 2015 | 2014 |
| County | | | |
| Exemption Value | \$0 | \$0 | |
| Taxable Value | \$2,839,915 | \$2,839,915 | \$2,839,915 |
| School Board | | | |
| Exemption Value | \$0 | \$0 | |
| Taxable Value | \$2,839,915 | \$2,839,915 | \$2,839,915 |
| City | | | |
| Exemption Value | \$0 | \$0 | |
| Taxable Value | \$2,839,915 | \$2,839,915 | \$2,839,915 |
| Regional | | | |
| Exemption Value | \$0 | \$0 | |
| Taxable Value | \$2,839,915 | \$2,839,915 | \$2,839,915 |

| Sales Information | | | |
|-------------------|-------------|--------------|---------------------------|
| Previous Sale | Price | OR Book-Page | Qualification Description |
| 11/01/2005 | \$5,000,000 | 24034-4438 | Sales which are qualified |
| 03/01/2005 | \$2,850,000 | 23165-4639 | Sales which are qualified |
| 05/01/2001 | \$700,000 | 19762-3430 | Sales which are qualified |
| 08/01/1982 | \$337,444 | 11513-1827 | Other disqualified |

The Office of the Property Appraiser is continually editing and updating the tax roll. This website may not reflect the most current information on record. The Property Appraiser and Miami-Dade County assumes no liability, see full disclaimer and User Agreement at <http://www.miamidade.gov/info/disclaimer.asp>

Version:



Online payments will be available through Wednesday, May 31, 2017, 11:59 p.m. EDT (Eastern Daylight Time).

Taxes become delinquent April 1. Delinquent Taxes (2016 only) may be paid online, by mail, or in person. If paying online, acceptable methods are: e-check (must use a regular checking account) or by credit card (Visa, Discover, and Mastercard). Credit card payments will be assessed a convenience fee in the amount of 2.31%. In cases where a delinquent tax has a certificate issued or an account is in Bankruptcy/Litigation, the payment button is disabled, therefore disallowing the taxpayer to pay taxes online.

If paying delinquent taxes (2016 and prior) by mail, acceptable forms of payment are: Cashier's Check, Certified Funds or Money Order.

If paying delinquent taxes (2016 and prior) in person, acceptable forms of payment are: Cashier's Check, Certified Funds, Money Order, or Cash.

The information contained herein does not constitute a title search or property ownership. Amount due May be subject to change without notice.

2016 Roll Details — Real Estate Account #33-5033-000-0860

Print this page

Real Estate Account #33-5033-000-0860

Parcel details

Latest bill

Full bill history

| | | | | | |
|------|------|------|------|-----|------|
| 2016 | 2015 | 2014 | 2013 | ... | 2001 |
| PAID | PAID | PAID | PAID | | PAID |

PAID 2016-11-28 \$49,872.55
Receipt #ECHECK-17-071585

Owner: SHORES AT PALMETTO BAY LLC
888 KINGMAN RD
HOMESTEAD, FL 33035
Situs: (unknown)

Account number: 33-5033-000-0860
Millage code: 3300 - PALMETTO BAY
Millage rate: 18.29300

Assessed value: 2,839,915
School assessed value: 2,839,915

Property Appraiser

2016 Annual bill

View

Ad valorem: \$51,950.57
Non-ad valorem: \$0.00
Total Discountable: 51950.57
No Discount NAVA: 0.00
Total tax:

Legal description

33 55 40 5.01 AC M/L N1/2 OF SW1/4 OF NW1/4 OF SW1/4 LESS W40FT FOR R/W F/A/U 30-5033-000-0860 COC 24034-4438 11 2005 1

Location

Range: 40E
Township: 55S
Section: 33
Block: 60
Use code: 1081
Total acres: 5.000

InterFlood

Instant flood maps and data

- Buy
- Get Maps
- My Account
- Questions
- a la mode

[Logout](#)

Flood Data

USPS Address: 17917 Franjo Rd
Palmetto Bay FL 33157-5640

Community Name: PALMETTO BAY, VILLAGE OF

Community #: 120687

County: Miami-Dade

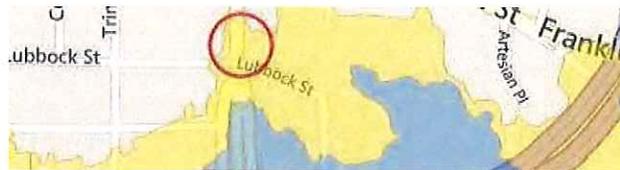
Census Tract: 0082.08

Flood Zone: X

Map Date: 2009-09-11

Flood Map Type and Color Options

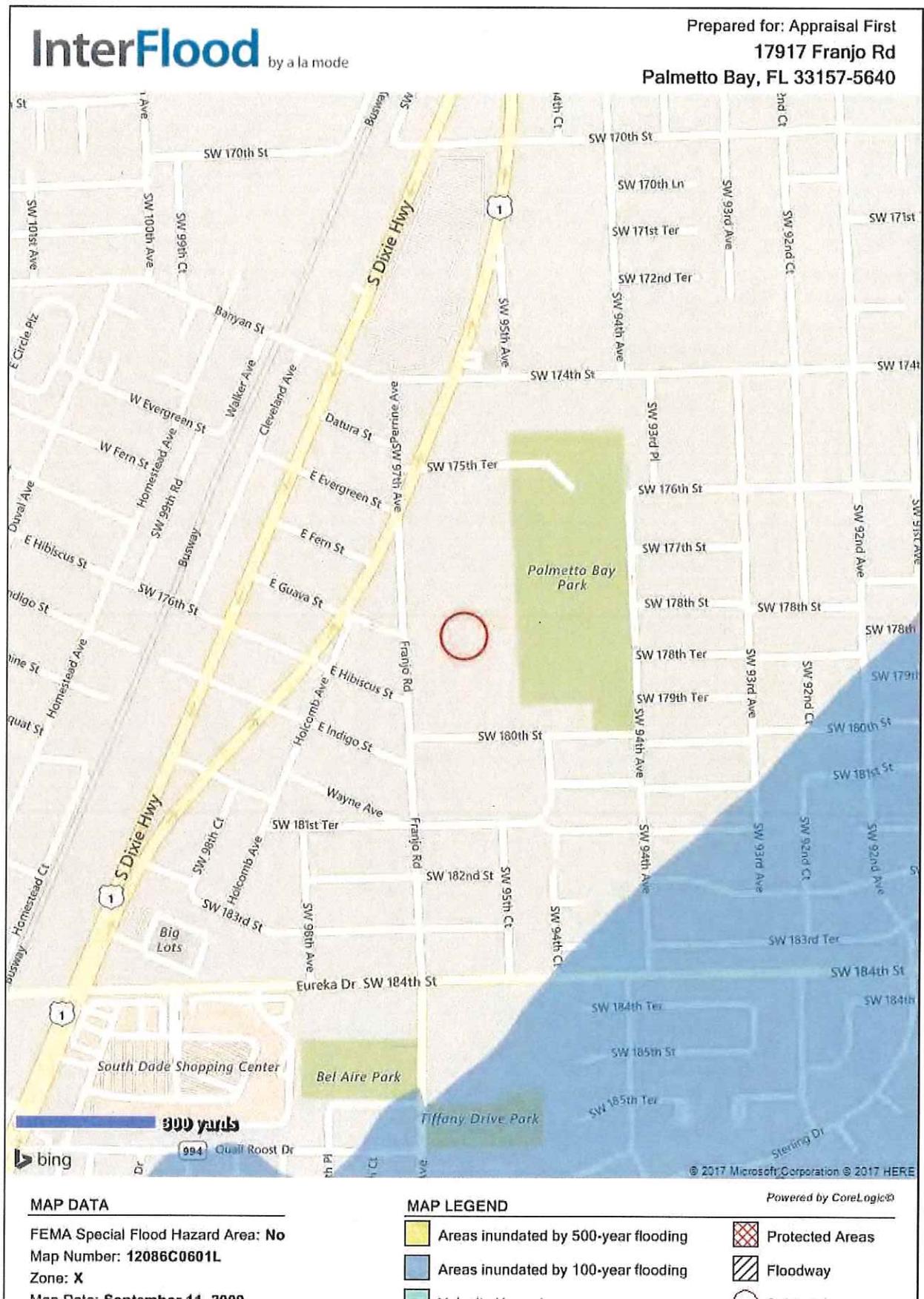
Type: Zone Color:



Flood Map

To Save your flood map, use your **right** mouse button and **click** directly on it. Then, depending on what you want to do, select:

- **Save Picture As...** to copy the flood map to your hard drive
- **Copy** to place the flood map in Windows memory so you can paste into another program
- **Print Picture ...** to print the flood map immediately



A. Downtown Village (DV)

Sector Summary

DV
Downtown Village



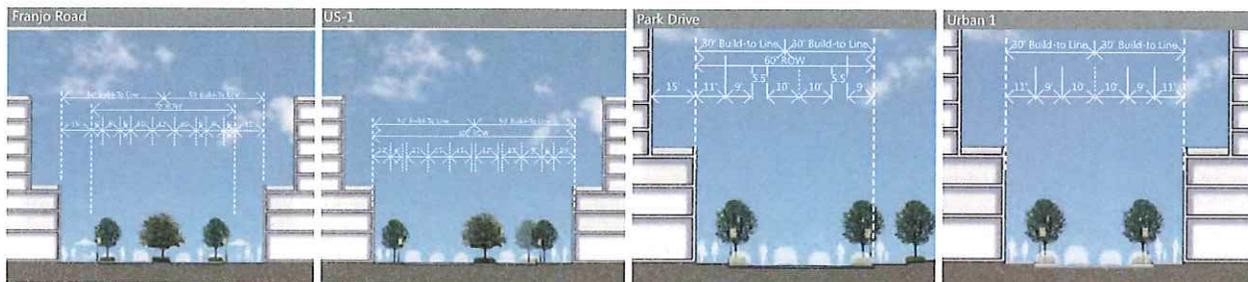
| Building Types | Lot Size W x D | Residential Density* | Building Height | Uses by Story | Private Open Space | |
|----------------|------------------|----------------------|--|---------------|--------------------|-------------|
| Flexible Block | 160'x160' (min.) | 24 du/ac | 3 stories (min.) 5 stories (max.) 8 stories (with bonus) | 1st 2nd+ | C-R/O/R C-R/O/R | 15% of site |
| Flex Building | 80'x100' (min.) | 24 du/ac | 3 stories (min.) 5 stories (max.) 8 stories (with bonus) | 1st 2nd+ | C-R/O/R C-R/O/R | 15% of site |

*Maximum Base Density: Maximum base density refers to the number of initial residential units permitted per acre before adding available reserve and/or TDR units.

Streets and Building Placement

| Street Type | ROW | Build-To Line | | Sidewalk | Bike Lanes | Uses (at Street) | Glazing (at Street) |
|------------------|------------|--|---|----------|------------|------------------|-----------------------|
| | | Primary | Secondary | | | | |
| Franjo Road (FR) | 70' | 50' (from centerline of road, up to 2 stories) | 65' (from centerline of road, >2 stories) | 20' | Yes | C-R | 70% (min) |
| US-1 (US1) | 100' | 50' (from centerline of road, up to 2 stories) | 65' (from centerline of road, >2 stories) | 16' | N/A | C-R O R | 70% min. (C-R/O only) |
| Park Drive (P) | 60' | 30' (from centerline of road, up to 2 stories) | 45' (from centerline of road, >2 stories) | 10' | Yes | C-R O R | 70% min. (C-R/O only) |
| Urban 1 (TS-U1) | 50' or 60' | 30' (from centerline of road, up to 2 stories) | 45' (from centerline of road, >2 stories) | 10' | N/A | C-R O R | 70% min. (C-R/O only) |

Key: Commercial-Retail: C-R Office: O Residential: R



Rowhouse typologies are introduced, with the ability to provide a mixed-use component to the district but remain compatible with higher intensity residential typologies like Stacked Apartment buildings. Single-Family houses may be developed as a more urban typology like sideyard and courtyard houses, which maintain the street edge and continue to respect the public realm.

Landscaping should be consistent with the neighborhood scale of the district with shade trees planted in landscape islands or planting strips and some shallow-depth landscaping in any setbacks separating building entrances and frontage features from the public sidewalks.

Parking is permitted both on-site and off-site within the NV Sector.

| Key | |
|------|--|
| (DV) | Downtown Village |
| (DG) | Downtown General |
| (UV) | Urban Village |
| (NV) | Neighborhood Village |



Section 2.07 Uses

No land, body of water or structure shall be used or permitted to be used, and no structure shall be hereafter erected, constructed, reconstructed, moved, structurally altered, or maintained for any purpose in the Downtown Urban Village (DUV), except as provided in this section. The uses delineated herein shall be permitted only in compliance with the regulating plans and general requirements provided in this section.

A. **Residential Uses:** Residential uses are permitted in the areas designated in the Sector Plan as Downtown Village (DV), Downtown General (DG), Urban Village (UV) and Neighborhood Village (NV), as provided in Table 3.

B. **Ancillary Uses:** The following uses shall be permitted as

Table 3 Residential Uses

| Sectors | | | | Residential Uses |
|---------|----|----|----|---------------------------------|
| DV | DG | UV | NV | |
| ○ | ○ | ○ | ● | Detached single-family dwelling |
| ○ | ○ | ○ | ● | Attached single-family dwelling |
| ● | ● | ● | ● | Multiple-family dwelling unit |

Key
 Permitted ●
 Non-Permitted ○

ancillary uses to a lawful residential units in the areas designated:

1. Urban Village (UV) and Neighborhood Village (NV) sectors:
 - (a) The following accessory buildings and non-residential uses, when located in the rear yard: workshop, garage, utility shed, gazebo, cabana, garden features, basketball hoop, pool and carport;
 - (b) For an attached or detached single-family dwelling, a single accessory dwelling unit with a maximum of 600 square feet of habitable building space under the same ownership as the single-family unit;
 - (c) For Home office, as provided in Section 30-60.14-Home Office of the Village of Palmetto Bay Code.

C. **Mixed Uses:** The vertical or horizontal integration of two or more of residential, business and office, civic and institutional uses may be required as provided herein. Vertical integration allows any combination of primary uses, with commercial/retail uses typically located on the ground floor and office and/or residential uses on the upper floors. Horizontal integration allows any combination of parcels with different primary uses within the same block under the same ownership. Vertical integration of mixed-uses shall be required within buildings that have primary frontage along SW 97th Avenue (Franjo Road).

1. The following non-residential uses shall be permitted

in the areas designated in the Sector Plan as Downtown Village (DV), Downtown General (DG), Urban Village (UV) and Neighborhood Village (NV), as provided in Table 4 and provide no outside storage and/

Table 4 Non-Residential Uses

| Non-Residential Uses | Sectors | | | |
|---|---------|----|----|----|
| | DV | DG | UV | NV |
| Civic Uses | ● | ● | ○ | ○ |
| Religious Facilities | ● | ● | ○ | ○ |
| Schools (K-12) | ● | ● | ○ | ○ |
| Municipal Recreation | ● | ● | ● | ● |
| Group Residential Home | ● | ● | ● | ● |
| Big-Box Retail/Service | ● | ● | ○ | ○ |
| General Retail/Personal Service | ● | ● | ○ | ○ |
| Neighborhood Proprietor Commercial-Retail/Office and Services | ● | ● | ● | ● |
| Automotive Uses | ○ | ○ | ○ | ○ |
| Gas/Service Stations | ○ | ○ | ○ | ○ |
| Office Uses | ● | ● | ○ | ○ |
| Colleges and Universities | ● | ● | ● | ○ |
| Entertainment Uses | ● | ● | ● | ○ |
| Accommodation Uses | ● | ● | ● | ○ |
| Food Beverage Establishments | ● | ● | ● | ○ |
| Drive-Through Facilities | ○ | ○ | ○ | ○ |
| Commercial Parking Structure | ● | ● | ○ | ○ |

Key
 Permitted ●
 Permitted with provision Sec.2.07 D ○
 Non-Permitted ○

or display of merchandise, equipment, materials or supplies:

- D. Supplementary to Table 4, the following uses shall be permitted provided the following:
 1. Civic uses on sites that are less than one (1) acre shall be permitted within the Urban Village (UV) and Neighborhood Village (NV) sectors
 2. Automotive uses shall be permitted within the Downtown General (DG) sector subject to the following conditions:
 - (a) Used sales shall only be permitted in conjunction with new sales; and
 - (b) Ancillary sales, service and repair shall only be permitted in conjunction with new sales; and
 - (c) No outside storage and/or display of merchandise, equipment, materials or supplies is permitted.
 3. Legally established, presently operating gas stations shall continue to operate as legal but non-conforming and subject to the standards of Sec.1.04
 4. Neighborhood Proprietor Commercial-Retail/Office and Services shall be permitted in the Neighborhood Village (NV) Sector and shall not exceed 20% of the buildings square footage and shall occur at the ground level.
 5. Drive-through facilities shall:

Section 2.06 Residential Density Plan

The Residential Density Plan, Figure 6, illustrates the range of densities that shall be permitted on the parcels within the Downtown Urban Village (DUV). All densities shall be based on the gross lot area, meaning that parcels shall be extended to the center line of the street for the purpose of calculating the lot area.

- A. **Minimum Average Unit Size:** In total, a mixture of unit sizes and types shall be provided in all residential components of development. The number of units in a multi-family building to be constructed in the Downtown Urban Village (DUV) shall meet the minimum average required unit size of 750 sq.ft. minimum. This will encourage development of mainly one (1), two (2) and three (3) bedroom residential units. The minimum unit size for any residential units that shall be permitted within the DUV is 625 sq.ft. min.

Key

- 24 du/ac max. base density (gross) █
- 14 du/ac max. base density (gross) █

Maximum Base Density: Maximum base density refers to the number of initial residential units permitted per acre before adding available reserve residential units and/or TDR residential units.

Table 2 Minimum Area of Multi-Family Units

| Multi-Family Units | Area (min.) |
|--------------------|--------------|
| Studio | 625 sq.ft. |
| 1 Bedroom | 650 sq.ft. |
| 2 Bedroom | 850 sq.ft. |
| 3 Bedroom | 1,100 sq.ft. |

Figure 6 Residential Density Plan



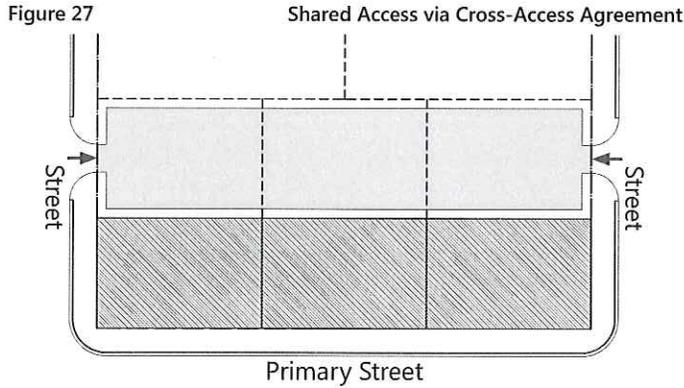
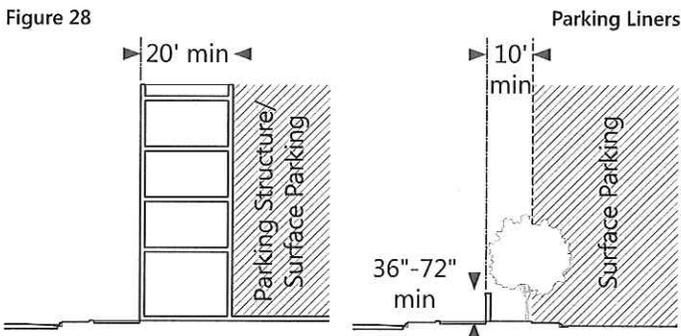


Table 31 Parking by Use

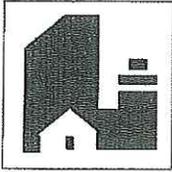
| Building Types | Parking Requirement |
|-----------------------------------|--|
| (A) Single Family Residential | <ul style="list-style-type: none"> • Single family detached: 2 spaces/unit • Rowhouse: 2 spaces/unit |
| (B) Multi-Family Residential | <ul style="list-style-type: none"> • Units 750 sq. ft. and less 1 space/residential unit • Units more than 750 sq. ft. 1.5 spaces/residential unit |
| (C) Housing for the Elderly | • 0.5 spaces/unit |
| (D) Hotel/Motel | <ul style="list-style-type: none"> • 1 space/guest rooms (up to 40 guest rooms) • 0.5 spaces/guest room (after 40) |
| (E) Retail | • 1 space/300 sq. ft. of gross floor area |
| (F) Offices/Health Care | • 1 space/400 sq. ft. of gross floor area |
| (G) Food and Drink Establishments | • 1 space/50 sq. ft. of patron area |

All other uses shall comply with the parking standards provided in 30-70.8 of the Village of Palmetto Bay Code.



Bay Downtown Urban Village (DUV). See Sec.4.04 A-E 3(b-c) for parking options specific to each building type.

- (a) On-site parking shall be considered any parking structure, surface parking, tuck under parking, private parking garage or surface parking pad within the property lines and applicable build-to lines on private property.
 - (i) The roof of all parking structures shall be programmed with usable building surface such as: green roof, amenity deck (private open space) or for renewable energy generation.
 - (b) Off-site parking shall be considered any parking structure, surface parking or on-street parking located on a development parcel or adjacent public right of way other than the parcel being developed.
 - (i) The roof of all parking structures shall be programmed with usable building surface such as: green roof, amenity deck (private open space) or for renewable energy generation.
2. Parking requirements may be satisfied off-site within a parking structure or surface parking lot that shall be within 1,000 feet of the nearest point of the parcel being developed.
 - (a) For all off-site parking in a parking structure or surface parking lot subject to the standards above, applicant/owner must submit a parking covenant attached to proposed development plans.
 3. At a minimum, the number of parking spaces shall be provided in accordance with Table 31
 - (a) Reductions from the total parking spaces required by the development are offered as part of the Village Parking Incentives Program, Sec.1.07 A.
 - (b) In addition to the vehicle parking, for every 10 parking spaces required, 1 bicycle parking space shall be provided.
 - (i) A minimum of 25% of the required bicycle parking shall be provided along the primary street frontage as identified in the Street Hierarchy Plan, Sec.2.05.
 4. Parking structures shall be lined with a minimum of 20' of habitable building space along streets, to preserve the character of the street facade, Figure 28.
 5. Surface Parking shall be lined with habitable building space or decorative wall/landscaping at the build-to line, Figure 28.
 - (a) Wall/landscape hedge shall be minimum 36 inches and maximum 72 inches.
 - (b) Surface parking shall not encroach into any required yards.
 6. Private parking garages shall be located at the rear of the lot or facing the side of the lot. For lots with multiple frontages the garage shall face the lowest ranking street. See Sec.2.05 for Street Hierarchy Plan.
 7. Mechanized parking shall be allowed towards parking



AppraisalFirst
Real Estate Appraisers LLC

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E-mail: commercial@appraisalfirst.net

May 22, 2017

Mr. Edward Silva, RA
City Manager
Village of Palmetto Bay
9705 East Hibiscus Street
Palmetto Bay, FL 33157

Email: esilva@palmettobay-fl.gov

Re: A parcel of land (Shores at Palmetto Bay LLC) located along the SW 97th Avenue (Franjo Road), just north of SW 180th Street, the Village of Palmetto Bay, Florida 33157.

Dear Mr. Silva:

I propose to furnish you with an Appraisal Report setting forth the market value premised under two scenarios of the above referenced property. The first scenario is as right, with a density of 60 units per acre at a maximum 8 story building site, and with a charter school site. The second scenario is with a density of 60 units per acre and a 6 story maximum building height, and a possible charter school site. The reports will contain all of the data and analysis utilized in making the value estimate and will be made according to the Standards of Practice and Code of Ethics of the Appraisal Institute and the guidelines according to USPAP and FIRREA.

I will have a draft copy of this appraisal completed by June 1, 2017, and final report ready for delivery by June 5, 2017. The total fee for this assignment is \$6,500. You may indicate your acceptance by returning a signed copy of this letter. The total fee is due upon completion of this assignment, at time of delivery of final copy on June 5, 2017.

The intended use of the appraisal report will be for internal purposes as it relates to estimating the market value, and possible purchase of the subject property. The intended users is the client stated herein.

Mr. Travis Kendall
Planning & Zoning Division
Page Two

It is important to note that since the report is not intended to be used for financing they are only in compliance with the Code of ethics of the Appraisal Institute and the minimum standards of the 2014-2015 Uniform Standards of Professional Appraisal Practice (USPAP). The reports may not be in conformance with the Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010.

Once completed and delivered readdressing the appraisal reports to another party or client is prohibited by USPAP. Once an assignment is completed, it is misleading to try to add a new party as client or intended user who was not the original client or identified intended user." Readdressing the appraisal will be considered a new assignment with a potential additional fee.

Our 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. The fee that is being paid for this appraisal is a non-refundable deposit.

Further, AppraisalFirst makes no assurance, representation or warranty that the appraised values of the subject properties will benefit or assist the client in said intended use of the appraisal reports.

This engagement is solely predicated upon valuation services and not court preparation, associated conference time or testimony. Additional time related to expert witness testimony and/or preparation will be billed at an hourly rate of \$300. Thank you very much for the opportunity of serving you.

Respectfully submitted,



Frank Hornstein, MAI
State Certified General Real
Estate Appraiser, No. RZ1376

I hereby authorize you to proceed with the appraisal.

Signature

Date

RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

| LICENSE NUMBER |
|----------------|
| RZ1944 |

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2018

KERTI, ADRIA M
1444 BISCAYNE BLVD #211
MIAMI FL 33132



ISSUED: 11/30/2016

DISPLAY AS REQUIRED BY LAW

SEQ # L1611300002524

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

| | |
|----------------|--|
| LICENSE NUMBER | |
| RZ1376 | |

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2018



HORNSTEIN, FRANK ALLEN
1444 BISCAYNE BOULEVARD SUITE 211
MIAMI FL 33132



ISSUED: 08/23/2016

DISPLAY AS REQUIRED BY LAW

SEQ # L1608230005347

QUALIFICATIONS OF THE APPRAISER
Adria M. Kerti, MBA
State Certified General Real Estate Appraiser #1944

GENERAL EDUCATION:

MBA - University of Miami, 1983 - Finance and Economics
BBA - University of Miami, 1975 - Accounting

PROFESSIONAL EDUCATION:

Society of Real Estate Appraisers:

Course 101 Introduction to Appraising Real Property 1990

Appraisal Institute

Course 1BA - Capitalization Theory & Technique -A- 1991
Course SPPA - Standards of Professional Practice -A- 1991
Course 1B-B - Capitalization Theory & Technique -B- 1992
Course 2-1 - Case Studies in Real Estate Valuation 1992
Course 2-2 - Report Writing and Valuation Analysis 1993
Subdivision Analysis 1992
Valuation of Wetlands 2005

Professional Seminars Recently Completed

How to Value a Business 2000
How to Separate the Intangible Assets of a Business 2000
Residential Subdivision Analysis 2004
Real Estate, Mortgages, and the Law 2004, 2008
Uniform Standards of Professional Practice, An Update 2010, 2012, 2014, 2016
Florida Appraisal Laws and Regulations 2010, 2012, 2014, 2016
Florida Supervisor/Trainee Roles and Relationships 2010
Current Issues In Appraising 2010
The Cost Approach 2012
Appraising and Analyzing Retail Shopping Centers 2012
The Nuts and Bolts of Green Building for Appraisers 2012
Appraisal of Assisted Living Facilities 2014
Appraisal of Self Storage Facilities 2014
Essential Elements of Disclosures and Disclaimers 2014
Methodology and Applications of the Sales Comparison Approach 2016
Property and Valuation Analysis for FHA 2016

LICENSES:

Florida State Certified General Real Estate Appraiser # 0001944

REAL ESTATE AND APPRAISAL EXPERIENCE:

Independent Fee Contract Appraiser, **AppraisalFirst** 2011 - Present
Independent Fee Contract Appraiser, **AppraisalFirst, Inc.** 1990 - 2010
Professor of Corporate Finance, Real Estate Investment, Appraisal of
Real Estate, **University of Miami and Florida International University** 1993 - 1995
Staff Appraiser, **Southeast Florida Appraisal Group** 1988 - 1990

TYPES OF PROPERTY APPRAISED:

| | |
|------------------------|--|
| Industrial Buildings | Proposed Single Family Subdivisions and Townhouse Subdivisions |
| Office Buildings | Vacant Land, Wetlands, NFC Land, Agricultural Land and Nurseries |
| Rental Apartments | Hospitals, Assisted Living Facilities, Nursing Homes |
| Tourist Attractions | Public Parks and Other Special Use Properties |
| Shopping Centers | Private Schools, Public Schools, Charter Schools, Day Care Centers |
| Leasehold / Leased Fee | Religious Facilities |
| Hotels & Motels | Proposed Condominiums and Condominium Conversions |
| Restaurants | Partially Developed Projects, Fractured Condominiums |
| Public Right-of-Ways | Lakes and Landscape Tracts |

GEOGRAPHICAL AREA SERVED:

By Florida County Miami-Dade, Broward, Monroe and Palm Beach

QUALIFICATIONS OF FRANK A. HORNSTEIN, MAI

State-Certified General Real Estate Appraiser No. RZ 1376

frank@appraisalfirst.net

EXPERIENCE:

Owner/Appraiser - AppraisalFirst Real Estate Appraisers LLC - 2010 to present
Officer/Appraiser - AppraisalFirst, Inc. - 2005 to 2010
Commercial Appraiser- AppraisalFirst, Inc. - 1993 to 2005
Commercial Appraiser -Ames Appraisal Services - 1989 to 1993

PROFESSIONAL AFFILIATIONS:

Member of the Appraisal Institute, MAI

STATE OF FLORIDA LICENSES:

State-Certified General Appraiser, No. RZ 0001376

Real Estate Broker, No. 0534448

EDUCATION:

B.S., Florida State University, Tallahassee, FL - 1989

Major: Real Estate and Finance

RECENT CONTINUING EDUCATION (2014-2016):

- The Tough One: Mixed Use Properties, Appraisal Institute, 2016
- Advanced Spreadsheet Modeling, Appraisal Institute, 2016
- USPAP Update, Appraisal Institute, 2016
- Tightening the Appraisal, Appraisal Institute, 2015
- The Appraiser as an Expert Witness, Appraisal Institute, 2014
- USPAP Updated, Appraisal Institute, 2014

APPLICATIONS OF APPRAISALS:

| | |
|-------------------------|-----------------------------|
| Mortgage Loan | litigation (Expert Witness) |
| Securities Lending | Purchase or Sale |
| Foreclosure Proceedings | Estate |
| Bankruptcy | |

TYPES OF PROPERTIES APPRAISED:

| | |
|-------------------------|--------------------------------------|
| Industrial Buildings | Single Family Subdivisions |
| Office Buildings | Vacant Residential & Commercial Land |
| Rental Apartments | Retail/Showroom |
| Rental Townhouses | Manufacturing Buildings |
| Shopping Centers | Vacant Industrial Land |
| Leasehold Interest | Religious Facilities |
| Hotels & Motels | Gas Stations |
| Restaurants | Townhouse Subdivisions |
| Airport Hangars & FBO's | Condominium Projects |

Geographical Areas Served:

| | |
|------------|------------|
| Miami-Dade | Broward |
| Monroe | Palm Beach |