



VILLAGE OF KEY BISCAYNE

Office of the Village Manager

AGENDA ITEM BD3

Village Council
Robert L. Vernon, *Mayor*
Jorge E. Mendia, *Vice Mayor*
Michael Davcy
Enrique Garcia
Steve Liedman
Thomas Thornton
Patricia Weinman

Village Manager
Jacqueline R. Menendez

DT: April 3, 2007

TO: Honorable Mayor and Members of the Village Council

FR: Jacqueline R. Menendez, Village Manager

RE: 200 Harbor Drive

RECOMMENDATION

That the Village Council review the attached appraisal report and provide direction.

EXPLANATION

The Village Council requested that my office be aware of properties which may be suitable for purchase and used for recreation and open space. A 19,255 sq. ft. bayfront lot adjacent to the Yacht Club property at 200 Harbor Drive has a list price of \$7,500,000.

Attached is an appraisal showing a market value at \$ 6,100,000. This appraisal was prepared by our consultant Mark Quinlivan and is attached to this memorandum.

Should the Council wish to proceed, the next step would be to authorize me to negotiate a contract to purchase the property. The Council will then be requested to consider the negotiated contract.

APPRAISAL REPORT

Biscayne Bay Fronting Single Family Residence

LOCATED AT:

200 HARBOR DRIVE
KEY BISCAYNE, FLORIDA

PREPARED FOR:

VILLAGE OF KEY BISCAYNE
80 W. MCINTYRE STREET
KEY BISCAYNE, FLORIDA 33149

AS OF:

APRIL 2, 2007

PREPARED BY:

QUINLIVAN APPRAISAL, P. A.
5730 S.W. 74TH STREET - SUITE 300
SOUTH MIAMI, FLORIDA 33143

QUINLIVAN APPRAISAL

A PROFESSIONAL ASSOCIATION

REAL ESTATE APPRAISERS & CONSULTANTS

5730 S.W. 74TH STREET, SUITE 300

SOUTH MIAMI, FLORIDA 33143

J. MARK QUINLIVAN, MAI
STATE-CERTIFIED GENERAL APPRAISERS
RZ 000012

TELEPHONE (305) 663-6611
FAX (305) 665-4921

THOMAS F. MAGENHEIMER, MAI
STATE-CERTIFIED GENERAL APPRAISERS
RZ 000053

April 3, 2007

Jud Kurlancheek, AICP, Director
Building, Zoning and Planning Department
Village of Key Biscayne
80 W. McIntyre Street
Key Biscayne, Florida 33149

Dear Mr. Kurlancheek:

In accordance with your request and authorization, I have prepared this Appraisal Report covering the following described property:

Biscayne Bay fronting single family residence located at 200 Harbor Drive,
Key Biscayne, Florida.

The purpose of this Appraisal is to estimate the Market Value of the described property as of April 2, 2007, being the date of personal inspection.

The narrative Appraisal Report that follows sets forth the identification of the properties, the assumptions and limiting conditions, pertinent facts about the area and the subject properties, comparable data, the results of the investigations and analyses, and the reasoning leading to the conclusions set forth.

Jud Kurlancheek, AICP, Director

April 3, 2007

Page 2

Based on the inspection of the property and the investigation and analyses undertaken, I have formed the opinion that, as of April 2, 2007, the subject property had a Market Value of:

SIX MILLION ONE HUNDRED THOUSAND DOLLARS

(\$6,100,000)

Respectfully submitted,



J. Mark Quinlivan, MAI
State Certified General Appraiser
Certification Number: RZ0000112

JMQ/jb
(07-051)

CERTIFICATION OF VALUE

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

- (A) The statements of fact contained in the report are true and correct.
- (B) The reported analyses, opinions and conclusions are limited only by the assumptions and limiting conditions set forth, and are our personal, unbiased professional analyses, opinions and conclusions.
- (C) I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- (D) The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Furthermore, the appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- (E) The appraiser's analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and the requirements of the State of Florida for state-certified appraisers.
- (F) Use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission.
- (G) J. Mark Quinlivan has made a personal inspection of the property that is the subject of this report.
- (H) No one provided professional assistance to the person signing this report.
- (I) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

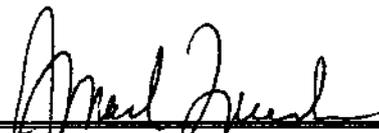
- (J) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- (K) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- (L) 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, J. Mark Quinlivan has completed the requirements under the continuing education program for The Appraisal Institute.

Based on the inspection of the property and the investigation and analyses undertaken, subject to the assumptions and limiting conditions set forth in the Addendum of this report, *I* have formed the opinion, as of April 2, 2007, the subject property had a Market Value of:

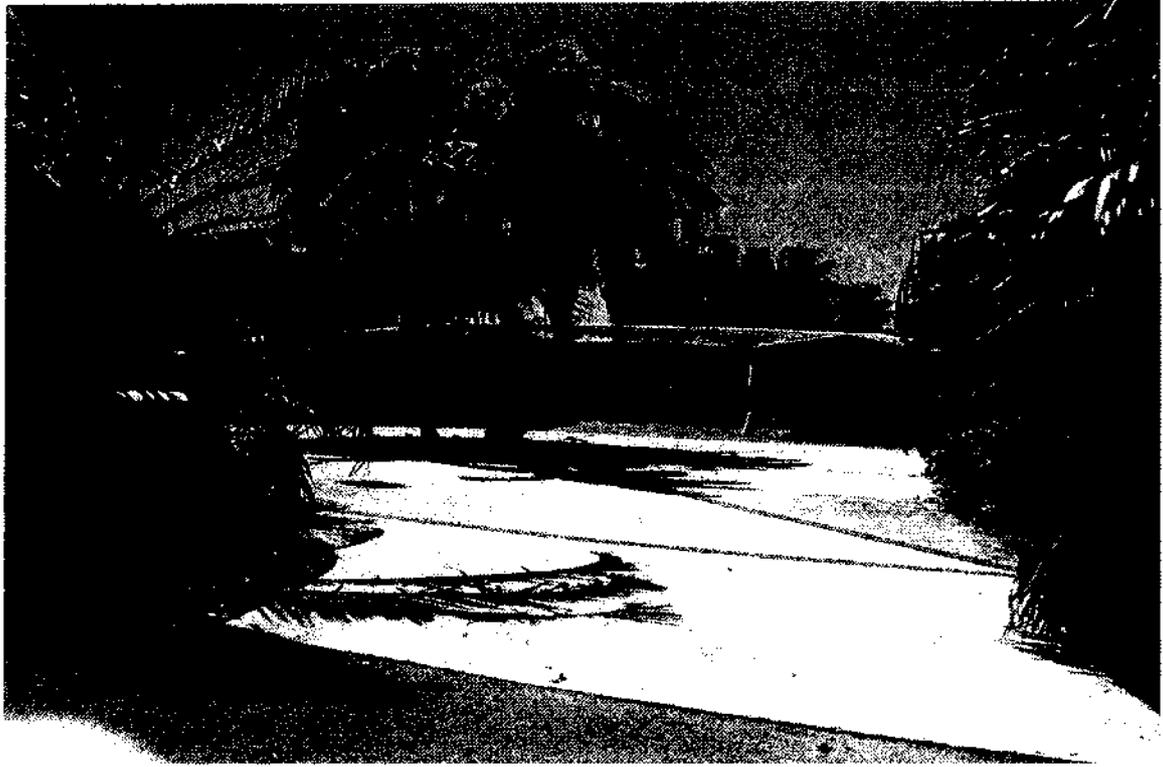
SIX MILLION ONE HUNDRED THOUSAND DOLLARS

(\$6,100,000)



J. MARK QUINLIVAN, MAI
STATE CERTIFIED GENERAL APPRAISER
CERTIFICATION NUMBER: RZ0000112

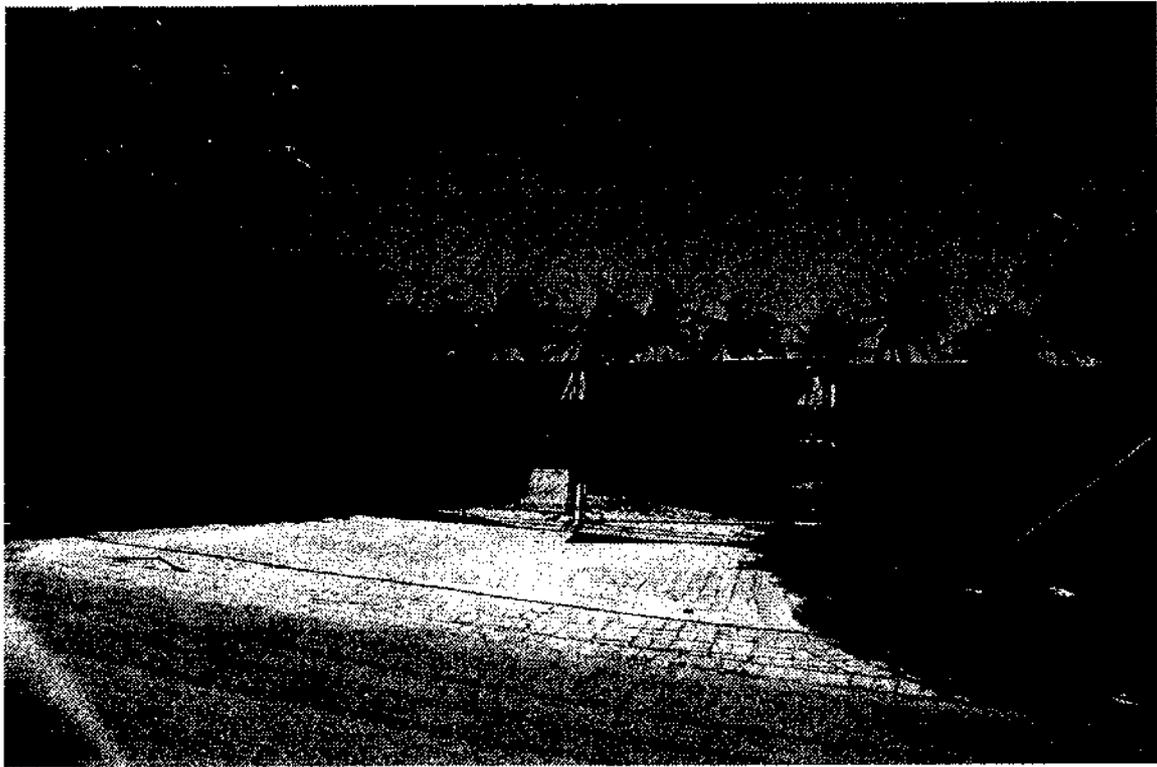
INTRODUCTION



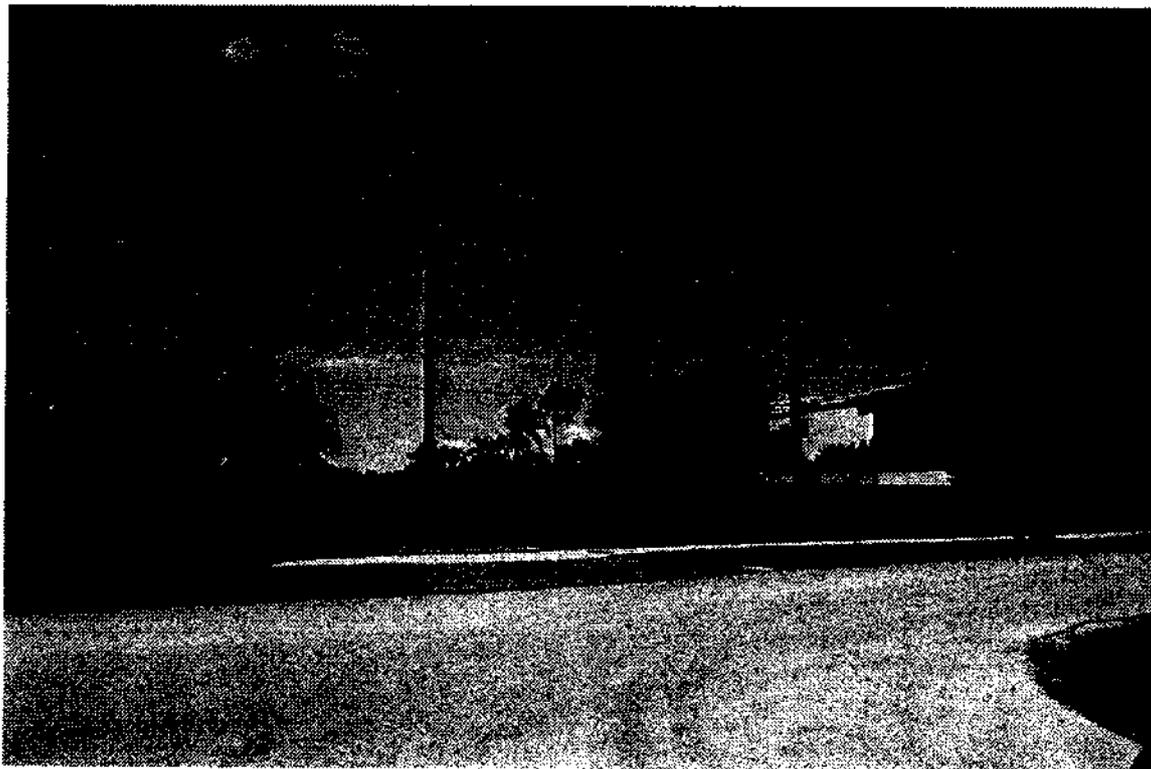
SALE 5



SALE 4



SALE 3



SALE 2



SALE 1

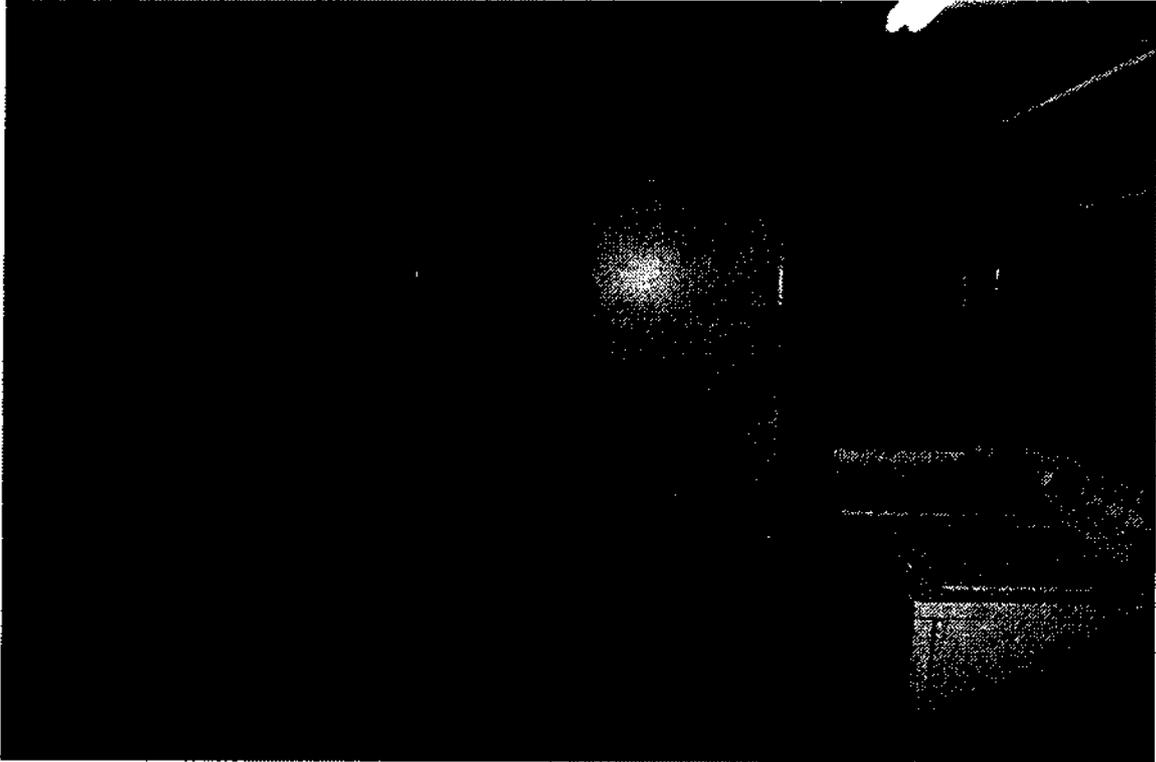


BATHROOM



DEN

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LAUNDRY ROOM

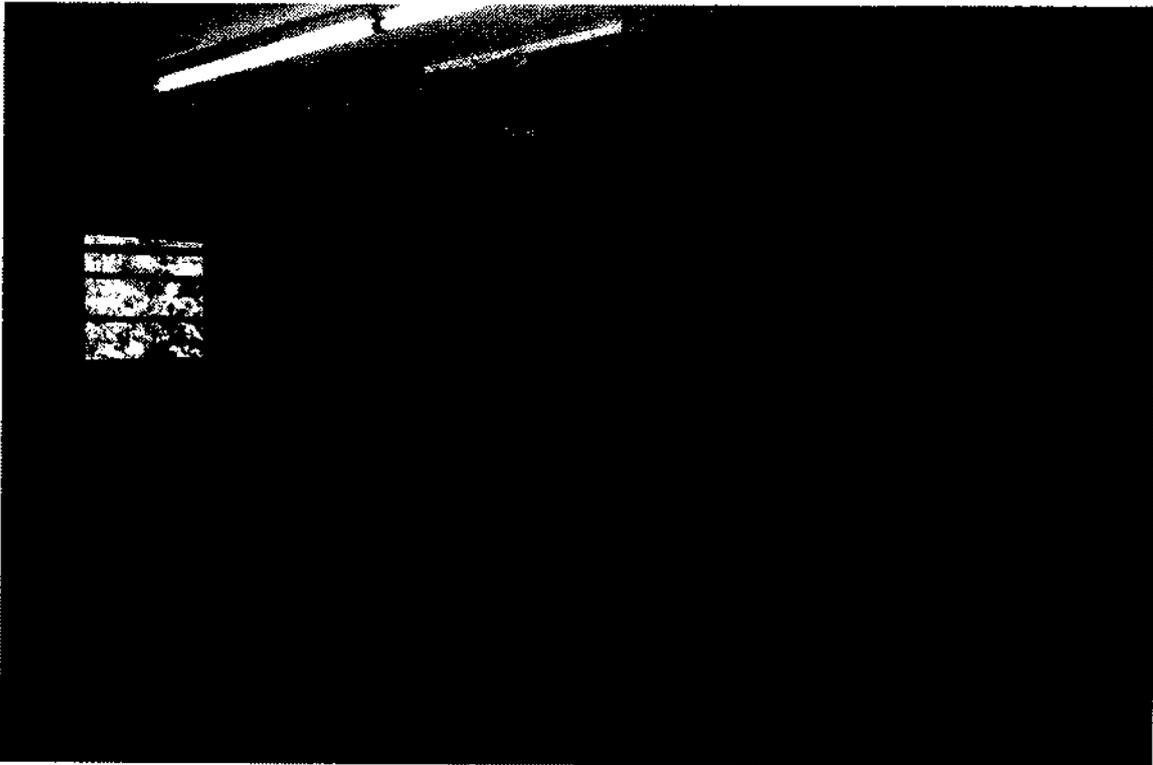


BEDROOM

QUINLIVAN APPRAISAL

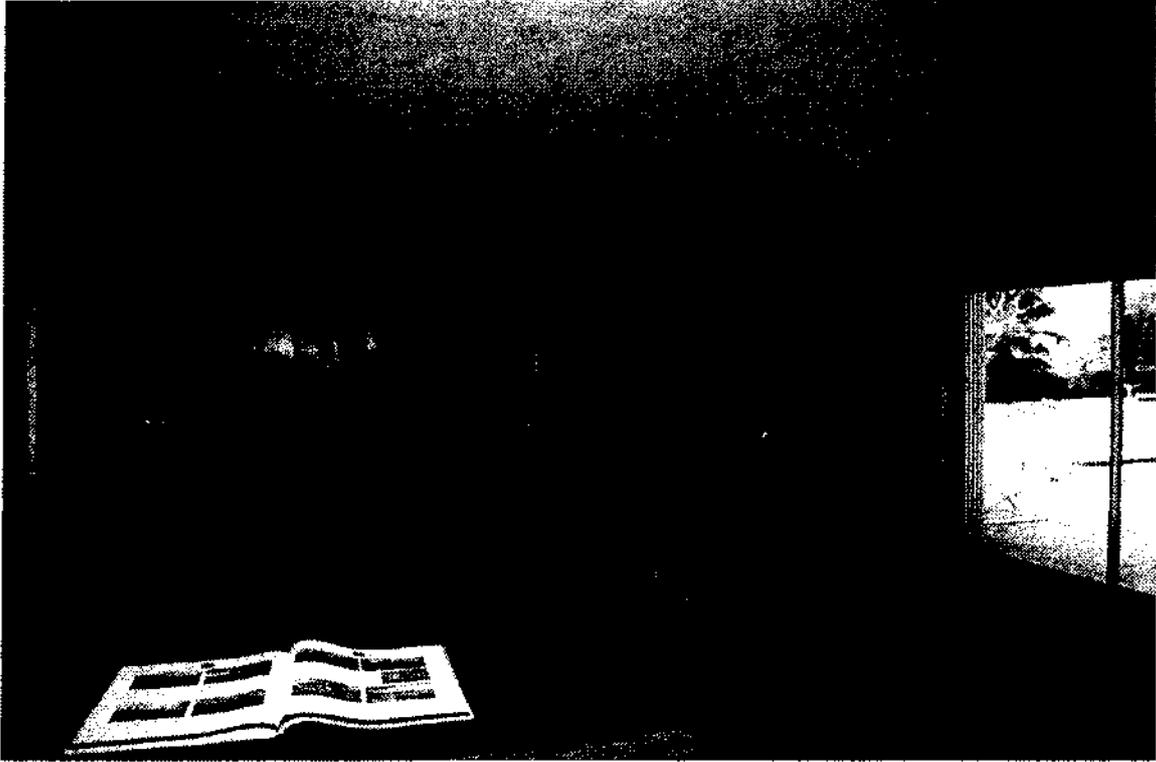


KITCHEN



GARAGE

QUINLIVAN APPRAISAL



LIVING ROOM

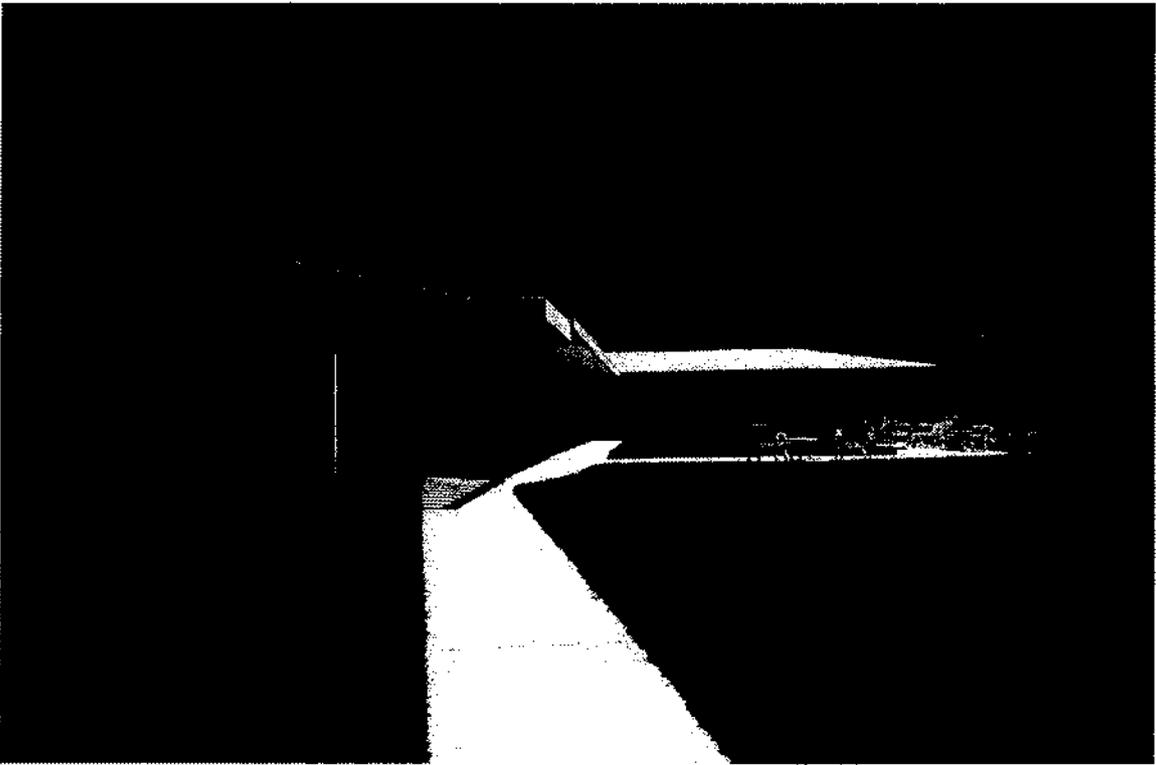


BEDROOM

QUINLIVAN APPRAISAL

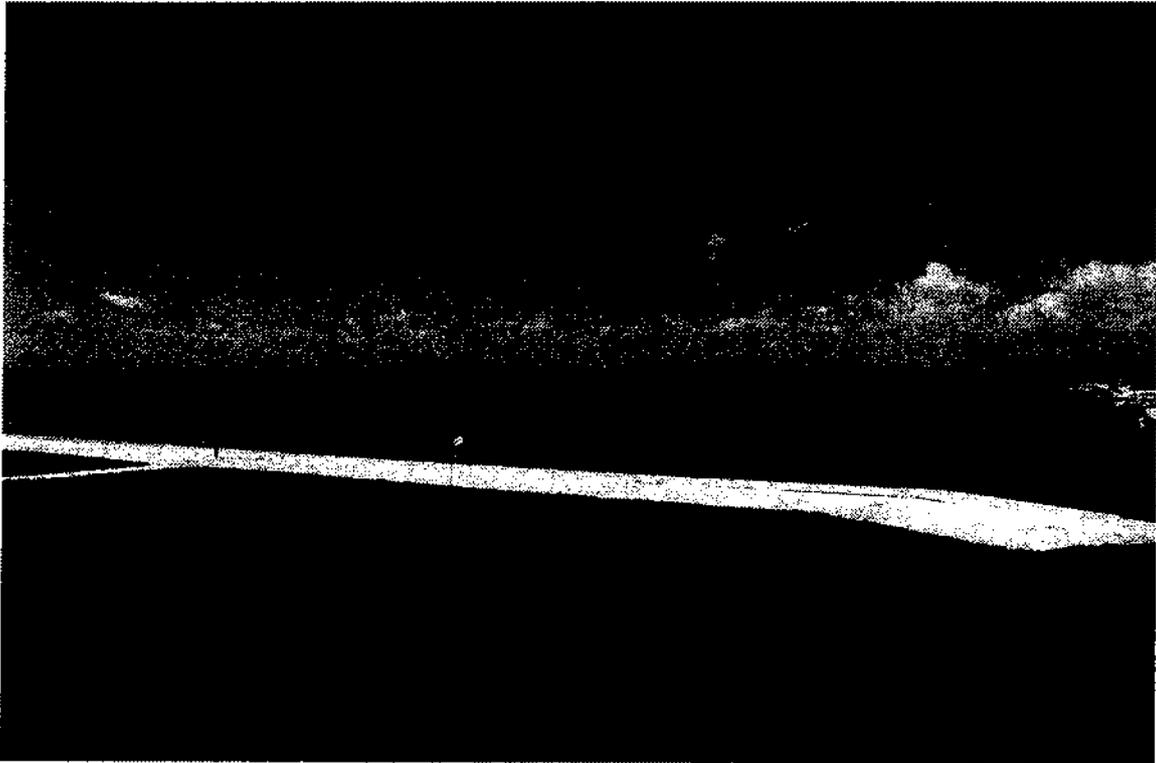


SEAWALL/DOCK

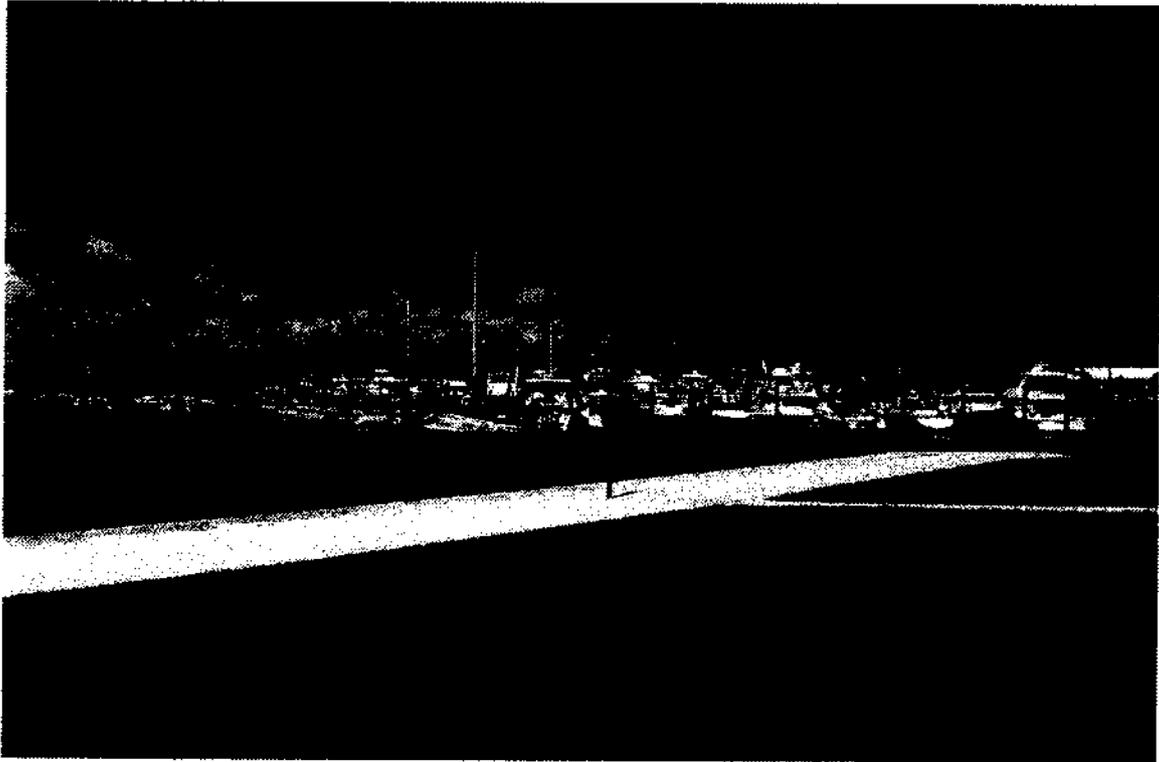


WEST (REAR) ELEVATIONS

QUINLIVAN APPRAISAL

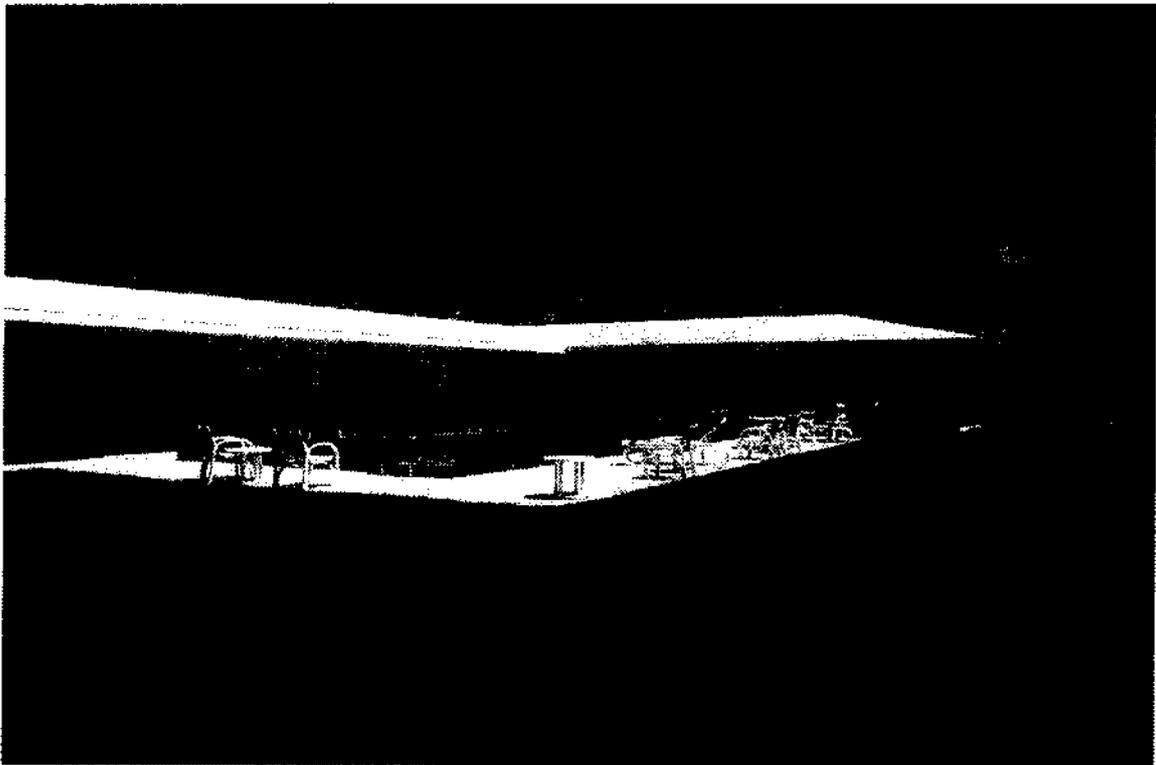


LOOKING WEST ACROSS BISCAYNE BAY FROM SUBJECT PROPERTY

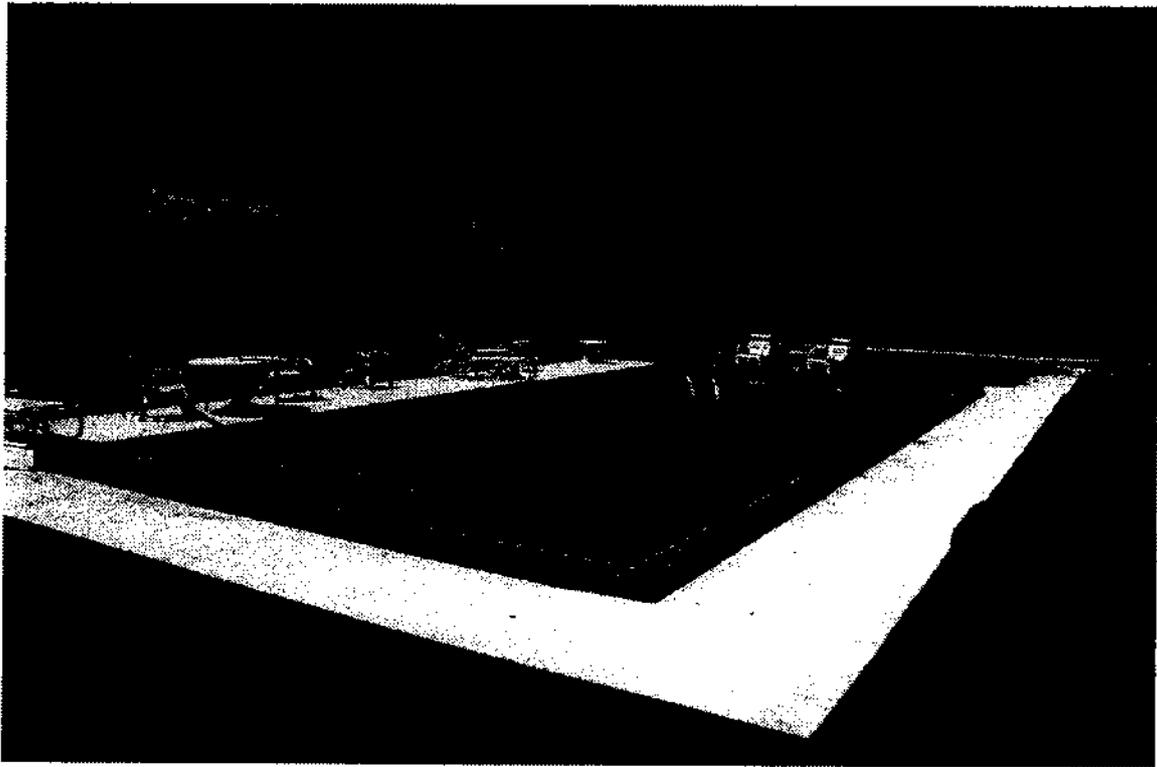


LOOKING NORTHWEST TOWARD KEY BISCAYNE YACHT CLUB FROM SUBJECT PROPERTY

QUINLIVAN APPRAISAL



REAR ELEVATIONS

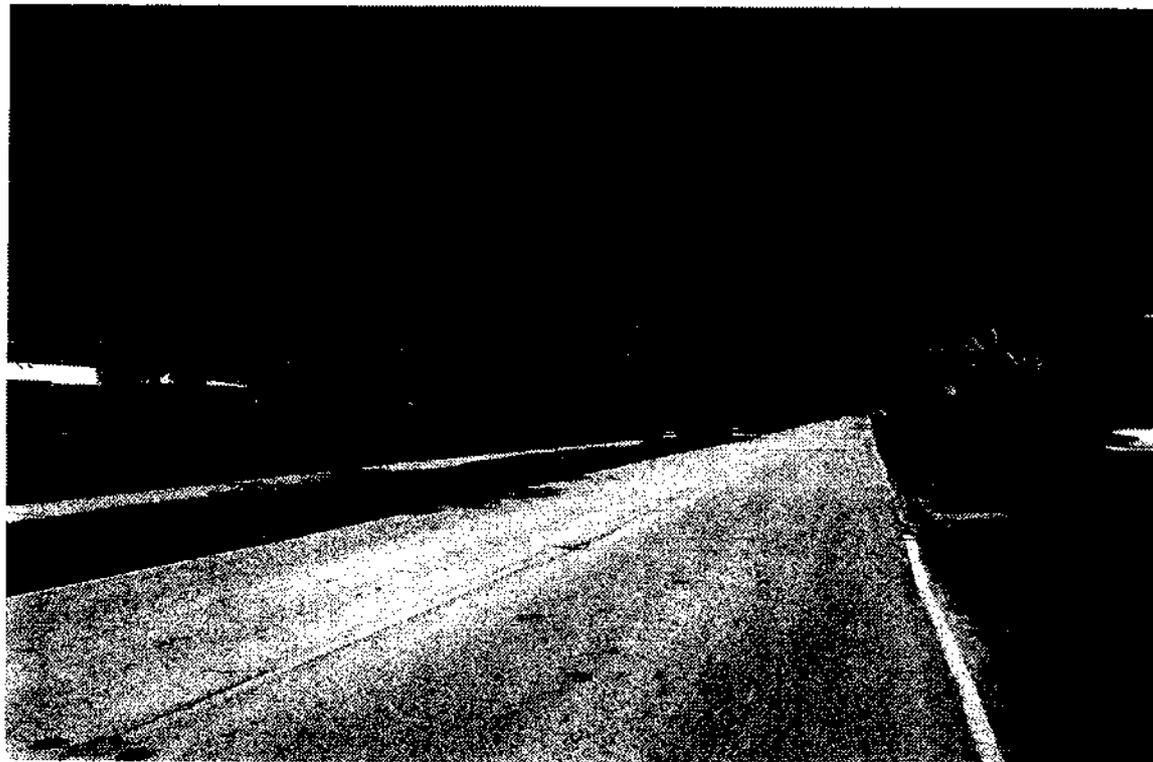


POOL/PATIO AREA

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LOOKING SOUTH ON HARBOR DRIVE – SUBJECT PROPERTY TO THE RIGHT



LOOKING NORTH ON HARBOR DRIVE – SUBJECT PROPERTY TO THE LEFT

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SUBJECT PROPERTY – FRONTAGE ON HARBOR DRIVE



SUBJECT PROPERTY – FRONTAGE ON HARBOR DRIVE

QUINLIVAN APPRAISAL

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Type of Report	Self-Contained
Purpose of Appraisal	Market Value
Property Rights Appraised	Fee Simple
Address	200 Harbor Drive, Key Biscayne, Florida.
Land Size	19,755 Square Feet .45 Acre
Improvements	One-story single family residence containing three bedrooms and three baths
Size	Residence 2,524 square feet Garage 491 square feet
Age	1972
Zoning	VE, Village Estate by the Village of Key Biscayne
Highest and Best Use	Single family residential use
Final Estimate of Value	\$6,100,000
Date of Value Estimate	April 2, 2007
Date of Inspection	April 2, 2007
Date of Report	April 3, 2007
Remarks	The property has frontage on Biscayne Bay and is adjacent to the south side of the Key Biscayne Yacht Club.

INTRODUCTION

IDENTIFICATION OF THE PROPERTY

Biscayne Bay fronting single family residence containing three bedrooms and three baths constructed in 1972.

ADDRESS

200 Harbor Drive
Key Biscayne, Florida

PURPOSE AND DATE OF APPRAISAL

The purpose of this Appraisal is to estimate the Market Value of the property as of April 2, 2007 being the date of personal inspection.

INTENDED USE AND USER OF APPRAISAL

The intended or use of this appraisal is to aid the client (Village of Key Biscayne) in determining a acquisition price. The intended user is the Village of Key Biscayne.

LEGAL DESCRIPTION

Lot 27, Block 17, **TROPICAL ISLE HOMES SUB, 4TH ADDITION**, according to the Plat thereof, as recorded in Plat Book 53, Page 39, of the public records of Miami-Dade County, Florida.

(Source: Miami-Dade County Property Appraiser's Office)

PROPERTY RIGHTS APPRAISED

The property is appraised in fee simple: a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation, as well as utility easements of record.

DEFINITION OF MARKET VALUE

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition 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 acting in what they consider their own best interest;
- (3) a reasonable time is allowed for exposure to the open market;
- (4) payment is made in terms of 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 or creative financing or sales concessions granted by anyone associated with the sale.

(Source: USPAP 2006 Edition)

ASSESSMENT AND TAXES - 2006

The subject property is assessed under the jurisdiction of the Village of Key Biscayne.

The assessment for the property is established each year as of January 1st by the Miami-Dade County Property Appraiser's Office at 100% of "Just Value." Just Value has been equated to Market Value less closing costs. While the State of Florida requires real estate to be assessed at 100% of Just Value, in reality the ratio of the assessed value to sales price is generally below 100%.

Folio Number: 24-4232-006-0210

County Market Value: Land	\$3,793,079 (\$192.01/SF)
Improvements	<u>\$ 268,303</u>
Total	\$4,061,382

Millage Rate: \$19.09880 per \$1,000

OWNER OF RECORD AND ADDRESS (Per Tax Roll)

Walther 2004 Trust
Grace D. Walther
200 Harbor Drive
Key Biscayne, Florida 33149

FIVE-YEAR HISTORY OF TITLE

There have been no sale transfers of title during the past five years.

The subject property is currently listed for sale with Coldwell Banker Residential Real Estate, Inc. at an asking price of \$7,500,000.

ESTIMATED EXPOSURE TIME

Exposure time is defined as 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 upon an analysis of past events assuming a competitive and open market.

The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort.

In estimating a reasonable exposure time for the subject property, the appraiser has taken the following steps:

- Discussion with buyers, sellers, brokers and/or a review of the multiple listing of vacant water fronting sites and older single family residences in the area related to historic marketing periods.

Based on the above sources, exposure time is estimated to have been nine months for the subject property.

ESTIMATED MARKETING PERIOD

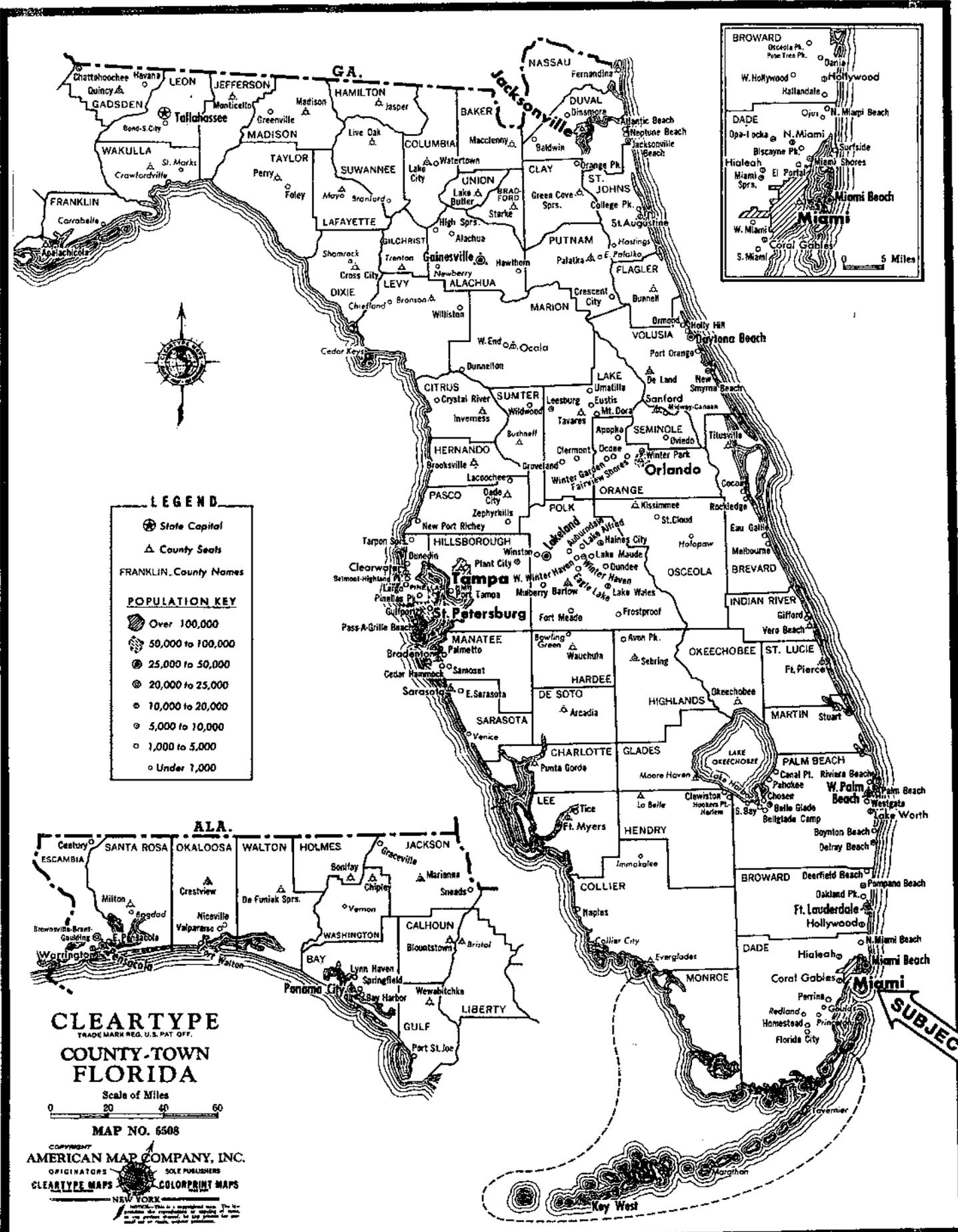
The estimated value of the subject is predicated upon a normal marketing period. A normal marketing period is generally defined as the most probable amount of time necessary to expose and actively market a property on the open market to achieve a sale. Implicit in this definition are the following assumptions:

- (A) The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers and buyers of similar type properties.
- (B) The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties.
- (C) A sale will be consummated under the terms and conditions of the definition of Market Value required by the regulation.

In order to estimate the marketability of this property, the sales activity in this market area is reviewed over the past three years, multiple listings are reviewed and real estate brokers who operate in this area are interviewed.

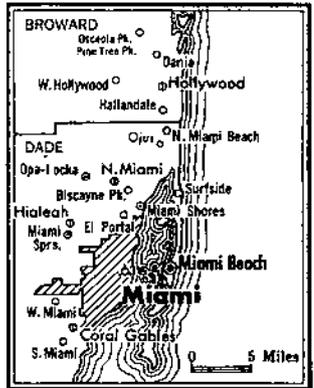
Based on the above sources, the subject property could be sold within a nine month time period.

LOCATION ANALYSIS



LEGEND

- ⊙ State Capital
 - △ County Seats
- FRANKLIN County Names
- POPULATION KEY**
- ⊙ Over 100,000
 - ⊙ 50,000 to 100,000
 - ⊙ 25,000 to 50,000
 - ⊙ 20,000 to 25,000
 - ⊙ 10,000 to 20,000
 - ⊙ 5,000 to 10,000
 - ⊙ 1,000 to 5,000
 - Under 1,000



SUBJECT

CLEARTYPE
TRADE MARK REG. U.S. PAT. OFF.
COUNTY-TOWN
FLORIDA

Scale of Miles
0 20 40 60

MAP NO. 6508

AMERICAN MAP COMPANY, INC.
ORIGINATORS SOLE PUBLISHERS
CLEARTYPE MAPS COLORPRINT MAPS
NEW YORK

During the 1960s, the major increase in Miami-Dade County's population was due to the large immigration of Cubans. Today, Cuban and other Spanish speaking people comprise approximately 57% of Miami-Dade County's population. The increase in Hispanic population has had favorable effects on the local economy and has helped to create a multi-national cultural environment in the area.

The recent influx of political and economic refugees from Cuba, Haiti and Nicaragua has put an abnormal strain on public services and has affected the population data in a dramatic manner. However, a recent increase in population growth of people from Latin American, as well as from Europe and Canada, coupled with the increases in population from those people leaving the northern sections of the United States, indicate a positive prospect for the Miami-Dade County area in the future.

The overall population of Miami-Dade County is well dispersed throughout the entire area, yet has several key areas of concentration. During the 1960s, several sub-areas accounted for approximately 70% of the growth. These areas include Hialeah, northern Miami-Dade County, the Beach area, the Miami River area, the area southwest of Miami International Airport, as well as the Kendall and Cutler Ridge areas. In the first half of the 1970s, population growth continued in an uneven fashion especially in the urban fringes.

Since 1970, approximately three-fourths of the total population growth for the County has occurred in the unincorporated areas. The older centrally located cities such as Miami, Miami Beach and Coral Gables have grown at modest rates from 1970 to 1990. Unincorporated Miami-Dade County has evidenced the most rapid growth which continues to occur in areas in northeast Miami-Dade County (Aventura), as well as the currently expanding southwest area, especially in sections of Flagler Street, S.W. 8th Street and North Kendall Drive.

Population trends indicate that most of the population growth in Miami-Dade County during the second half of the 2000s will occur in outlying areas such as North Miami Beach, the Kendall area west of the Florida Turnpike, the S.W. 8th Street area west of the Florida Turnpike, the Hialeah-Miami Lakes area, as well as those areas both east and west of U.S. Highway 1 between Cutler Ridge and Florida City.

Employment Trends

The dominant characteristic of Miami-Dade County is that it is primarily trade and service based. Personal, business and repair services have had a substantial increase in importance in the economic base over the last decade. The major sectors of the economy include services, wholesale and retail trade, transportation, communications, public utilities, government and manufacturing. The most dominant industries which form the County's economic base are construction and tourism.

Tourism is Miami-Dade County's biggest industry with an estimated 10.4 million visitors in 2005 contributing to more than 50 percent of the area's economy. Aviation and related industries are responsible for another large segment of the economy. The garment industry ranks third in the nation after New York and Los Angeles. Table 1 shows the distribution of the non-agricultural work force in Miami-Dade County.

TABLE 1

**ANNUAL AVERAGE NON-AGRICULTURAL EMPLOYMENT
2001 - 2005**

INDUSTRY	2001	2002	2003	2004	2005
TOTAL NONAGRICULTURAL EMPLOYMENT	1,033,100	1,017,800	1,000,900	1,023,500	1,025,000
CONSTRUCTION	36,600	40,300	40,700	41,900	46,800
MANUFACTURING	64,000	57,100	51,700	50,800	52,900
TRANSPORTATION AND PUBLIC UTILITIES	95,600	99,000	64,500	61,400	68,500
TRADE	265,800	191,100	188,200	189,900	192,700
FINANCE, INSURANCE AND REAL ESTATE	67,300	66,200	67,200	68,200	70,300
SERVICE AND MINING	354,600	414,300	437,700	459,100	471,000
GOVERNMENT	149,200	149,800	150,900	152,200	154,100
CIVILIAN LABOR FORCE	1,080,432	1,120,950	1,103,718	1,107,950	1,110,300
UNEMPLOYMENT	74,622	86,527	79,512	62,202	54,700
UNEMPLOYMENT RATE	6.9%	7.7%	7.2%	5.6%	5.3%

Source: Florida Department of Labor & Employment Security, Bureau of Labor Market Information

The largest employer in Miami-Dade County is the Miami-Dade County School Board, followed by Miami-Dade County, Federal Government, State of Florida, American Airlines, University of Miami, Jackson Memorial Hospital, Baptist Health Systems of South Florida, Bell South, and Florida Power and Light. Assuming additional importance is the growing prominence of Miami-Dade County as a center for international trade, finance and tourism. The establishment of Miami as the "Gateway of the Americas" should provide the area with a much needed degree of economic diversification. This should enable Miami-Dade County to weather slowdowns in the national economy by an increase of trade through the Port of Miami, growth of international arrivals at the airport, the Free Trade Zone, and the substantial foreign investment in the local economy, particularly in real estate.

In December of 2005, Florida's unemployment rate was 3.6 percent, down from 4.6 percent of the previous year. In December of 2006, the unemployment rate for Miami-Dade County was 3.5 percent, this is the lowest rate since the State of Florida began keeping records.

Income

Over the past few years, the average per capita personal income in Miami-Dade County has been slightly lower than the per capita income for Florida, as well as the nation.

T A B L E 2

**PER CAPITA PERSONAL INCOME
SELECTED YEARS (CURRENT \$)**

Year	2001	2002	2003	2004
UNITED STATES	\$30,413	\$30,906	\$31,632	\$32,180
FLORIDA	\$29,048	\$29,596	\$30,446	\$31,469
MIAMI MSA	\$26,594	\$27,028	\$28,110	\$29,076

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis and Miami-Dade County Planning Department

Tourism

Table 3 reveals a steady increase in the number of tourists visiting Miami-Dade County since 1990. The number of international visitors increased approximately 100% from 1985 to 1995. Due to the soft domestic economy, the number of domestic visitors had declined from 1989 to 1993; however, from 1995 to 2000 there has been a 1.5% average annual increase.

TABLE 3

ESTIMATES OF MIAMI-DADE COUNTY TOURIST TRENDS

	INTERNATIONAL	DOMESTIC	TOTAL
2000	5,639,400	4,461,600	10,101,000
2001	5,245,700	5,263,600	10,509,300
2002	4,915,200	5,316,200	10,231,400
2003	4,909,200	5,535,900	10,445,100
2004	5,261,600	5,700,000	10,961,600
2005	5,248,380	6,053,220	11,301,600

Source: Greater Miami Convention and Visitors Bureau, Tourism Facts and Figures

Figures for 2005 indicate 11,301,600 overnight visitors came to Miami-Dade County, a 3.1% decrease from 2004.

Table 4 shows that the bulk of international visitors to Miami-Dade County originate from Central and South American Countries (36.1%), followed by European Countries (21.8%) and Canada (10.8%). England and Germany accounted for the largest proportion of European visitors.

In 2005 there were a total of 3,608,618 passengers passing through the Port of Miami and approximately 15,511,641 arriving through Miami International Airport. During 2005, the number of Port of Miami passengers increased 2.82% from 2004, and Miami International Airport increased 1.1% from 2004.

TABLE 4

ESTIMATES OF INTERNATIONAL VISITORS BY REGION

REGION	2001	2002	2003	2004	2005
EUROPEAN COUNTRIES	20.9%	21.1%	21.1%	21.8%	22.0%
CARIBBEAN COUNTRIES	6.9%	9.5%	9.4%	6.5%	7.2%
CENTRAL AMERICAN COUNTRIES	4.5%	4.8%	5.0%	5.0%	5.1%
SOUTH AMERICAN COUNTRIES	33.9%	33.3%	31.3%	31.1%	31.5%
CANADA	11.2%	11.1%	11.1%	10.7%	10.4%
OTHER COUNTRIES	22.6%	20.2%	22.1%	24.9%	23.8%
TOTAL	100%	100%	100%	100%	100%

Source: Greater Miami Convention and Visitors Bureau, Tourism Facts and Figures

There are approximately 47,840 motel and hotel rooms in 455 lodging facilities in Greater Miami and the Beaches. The hotel-motel occupancy rate for 2005 of 70.1% was above the rate for 2004 of 67.0% and significantly above the 2001 to 2003 rates of 58.9% to 62.4%. The average room rate in 2005 was \$101.60, which was up from an average room rate of \$91.99 in 2004.

The first in a series of new luxury properties opened in February 2004 when the 380-room Ritz Carlton opened in Miami Beach. In May of 2005, the 210-room Le Meridian opened in Sunny Isles Beach. Three other new hotels with a total of 271 rooms open in Miami Beach during 2005. In addition to the recently completed hotels, 18 lodging facilities with a total of approximately 3,000 rooms are either under construction or proposed in Miami-Dade County. The majority of the new hotel facilities are located in the beach areas.

Miami-Dade Financial Resources

Over the course of the last decade, Greater Miami has evolved into a major international financial center. Domestic and international businesses find convenient access to a full array of services provided by locally-based state and national commercial banks, savings and loan associations, foreign banks, non-depository credit institutions, securities and commodities brokers and insurance companies.

Greater Miami has the largest concentration of domestic and international banks south of New York City. With more than 90 percent of the state's foreign banks operating offices in Miami, this market dominates international banking in Florida.

There are 31 international banking agencies and eight Edge Act corporations operating in Greater Miami. Many of their banking customers are located in Latin America.

Overall, about 100 domestic banks, savings and loans, foreign banks and Edge Act banks operate in Greater Miami. The greatest concentration is located along Brickell Avenue in downtown Miami.

Transportation

Miami-Dade County has an extensive expressway system with access to all points in the County. However, due to the rapidly increasing population, some of the expressways, especially Interstate 95, are becoming overburdened. In 1985 Miami-Dade County completed a 20.5 mile elevated rapid transit system. This system originally extended southward from downtown Miami to Dadeland, paralleling U.S. Highway 1 and northwesterly from downtown Miami to Hialeah. Recently, the system was extended about a mile from Hialeah to the Palmetto Expressway at NW 74th Street. In conjunction with this system, there is a Downtown People Mover Automated Transit system which encircles the central business district of Miami and extends south to the Brickell area and north to the Omni area.

Miami-Dade County is served by the CSX and Florida East Coast Railroads for freight and Amtrak Rail, Greyhound and Trailways Interstate bus lines for passenger service.

Miami International Airport, one of the nation's largest and busiest, had approximately 32.5 million arrivals and departures in 2006. Moody's Investor Service, a major bond-rating company, recently ranked the airport Aa (the second highest rating an airport can enjoy). Only Los Angeles International Airport shares this ranking; no U.S. airport has ever attained the highest ranking of Aa1. According to Moody's, a key factor in the ranking is the airport's "market value as an international gateway with its own strong organization-and-destination base". The airport is currently undergoing a \$5.4 billion expansion. New South and North terminals and a fourth runway are planned.

Miami has become a port of embarkation for airlines and ships bound for Central and South American Countries. The Port of Miami, besides being the largest passenger port in the nation, is also important as a cargo center with a 2005 annual tonnage of approximately 9.3 million up from 8.7 million in 2002 and 9.0 million in 2003. The port's traditional customer base has been Europe, Latin America and the Caribbean, accounting for 64% of the port's total volume.

Miami's comprehensive transportation system and its strategic location have enabled it to become an important international transportation center, providing commercial access to Latin America and the Caribbean.

Government

Miami-Dade County is comprised of unincorporated areas, as well as 34 municipalities, the largest of which is the city of Miami.

Miami-Dade County is governed under a modified two-tier metropolitan government. The purpose of this type government was to establish one governing body for the county, and to establish one supply of services such as fire, police, etc. for the county. The upper tier is the County, which provides broad "regional" or county functions, such as metropolitan planning, welfare, health and transit services. The thirty-one municipalities represent the lower tier of government, providing a varying array of services within their jurisdictional boundaries. The County also maintains lower tier functions, such as the provision of municipal-type services, including police and fire, to the unincorporated areas and certain municipalities on a negotiated basis.

The County operates under the Commission-Manager form of government. Legislative and policy-making authority is vested in the elected thirteen-member Board of County Commissioners; the Commission appointed County Manager is the chief administrator. Miami-Dade County has operated under the metropolitan form of government since 1957, when the Home Rule Charter was passed by the local electorate. Prior to Home Rule, the County had to rely on the State Legislature for the enactment of its laws.

County government had not been able to respond to the tremendous demand for municipal services in this rapidly urbanizing area, which is larger than the State of Rhode Island or Delaware. The need to combine services duplicated by the County and numerous cities was also clearly evident. The Charter permitted the limited County government to reorganize into a general purpose "municipal-type" government capable of performing the full range of public functions into an area wide operation.

Real Estate

At the end of 2006, the Miami-Dade County Office Market contained approximately 50 million square feet of office space. Approximately 27.1% of this space is located in the Miami central business district and adjacent Brickell Avenue and 23.4% in the rapidly growing Airport West area.

There was an increase in the occupancy rate of office buildings in Miami-Dade County from 91% in 2005 to 92.5% in 2006. Since 2002, there has been an increase in occupancy from 84%. Despite the drop in available space, the net absorption for 2006 was only 315,358 square feet compared to 1.74 million square feet in 2005. The drop in vacancy rate is attributed to buildings for lease being taken off the rental market for conversion to condominiums.

Office rental rates in new buildings typically range from \$23.50 to \$35.00 per square foot. The low end of the range is for office space in the suburban markets. The upper end of the range is for first class office space in Downtown Miami, Brickell Avenue, Coconut Grove and Coral Gables.

The Greater Miami Industrial Market, as of the end of 2006, consisted of approximately 170.57 million square feet of industrial space. The approximate percentage location of this space is as follows:

MARKET AREA	% OF TOTAL MARKET SPACE
AIRPORT EAST	14.6%
AIRPORT WEST	33.2%
HIALEAH	11.2%
MEDLEY	10.3%
MIAMI LAKES	2.9%
NORTHEAST DADE	4.4%
NORTHWEST DADE	14.1%
SOUTH DADE	9.3%
TOTAL	100%

The major use of industrial space is general industrial which accounts for approximately 48% of the occupied space. Manufacturing and technology occupy the remainder of the space accounting for approximately 45% and 7% of the industrial space, respectively.

The county's vacancy rate for the overall Miami-Dade County industrial market for the fourth quarter of 2006 was 4.3%. Miami Lakes and Airport West had the highest vacancy rates, 8.5% and 7.1%, respectively. Industrial rental rates generally range from \$5.25 to \$8.00 per square foot.

The number of single family residential permits decreased 36.6% from 6,355 in 2002 to 8,680 in 2003. Since 2003, the number of permits has increased 7.2% to 9,306 in 2004. The average sale price of a new residence in Miami-Dade County in 2004 was \$253,300 down 6.1% from \$268,734 in 2003.

According to data from the Department of Business and Professional Regulation, Miami-Dade County has over 178,700 licensed rental apartment units. Reinhold P. Wolff Quarterly Housing Report shows a vacancy rate of 1.6% in August of 2005, significantly lower than the 4.0% rate of August of 2004. The vacancy rate has been declining steadily since 2003 due to the reduction of inventory caused by the large amount of condominium conversions. Rental apartments have average rental rates of \$904 per month for a one bedroom apartment and \$1,134 per month for a two bedroom apartment, as of August 2005.

The condominium apartment market is currently experiencing an all-time high inventory for new units. High-rise condominium towers are under construction in the traditional condominium locations such as Brickell Avenue, Coral Gables, Aventura and the Miami beaches, as well as areas with no existing high-rise condominiums, such as the central business district of Miami, the Edgewater, Little Havana and Shenandoah neighborhoods of the city of Miami. Additionally, many existing rental apartment projects are being converted to condominiums. Sales of new condominiums peaked in the second quarter of 2005 with 14,700 units sold during the first six months of 2005, compared with 7,800 new units for the entire year of 2004. Sales of new units in 2002 and 2003 were 4,750 and 5,900 units, respectively. The average sale price of new condominium units was \$231,829 for the second quarter of 2005, and increase of 45% over the average price of \$159,534 in the second quarter of 2004. The new condominium apartment market is already in a largely oversupply condition. If all of the condominium projects that are either proposed or under construction in Miami-Dade County are completed, the county will have over a ten year supply of units. A softening of the market is already been evidenced by the canceling of several proposed projects.

The Miami-Dade County retail market contains approximately 52.5 million square feet in buildings over 20,000 square feet. The major retail markets in Miami-Dade County include Hialeah, Coral Gables/South Miami-Dade, Aventura and Kendall. Rental rates typically range from \$15.00 to \$40.00 per square foot with an average rate of \$17.77 per square foot. The overall Miami-Dade County vacancy rate for 2005 was approximately 5.2%. The vacancy level is lowest in super regional malls and highest in unanchored strip centers.

Conclusions

In the future, one of the principal growth areas for Miami-Dade County is expected to be the international sector. Miami-Dade County, because of its geographic location and excellent transportation facilities, is well-suited to attract both business individuals and tourists from Latin America. It is already one of the principal shopping markets for Central and South Americans visiting the United States and one of the principal export points for goods and services destined for Latin America.

A major consideration to future real estate development in Florida will be compliance with the State's concurrency law mandated by the Growth Management Act. This law requires developers to build sufficient infrastructure. Concurrency requires that basic facilities and services be in place or the money to build the same be available before the construction of new development is granted approval.

The existence of major financial institutions, retail outlets, corporations and other business entities, coupled with its geographic location, transportation systems and planned international trade centers give Miami-Dade County an excellent opportunity for continued growth as an international center.

NEIGHBORHOOD DATA

The subject property is located within the Village of Key Biscayne in Miami-Dade County, Florida. The subject property can further be identified as being located on the west side of Harbor Drive adjacent to the south side of the Key Biscayne Yacht Club, approximately four blocks west of Crandon Boulevard.

Key Biscayne is an island located south and east of the City of Miami. The east side of Key Biscayne fronts along the Atlantic Ocean. The west side of Key Biscayne fronts on Biscayne Bay. Access to Key Biscayne is via the Rickenbacker Causeway. The Rickenbacker Causeway is a four lane divided road that crosses three fixed bridges. Key Biscayne was a part of the unincorporated area of Dade County until June of 1991 when it became incorporated.

Key Biscayne is approximately four miles in length and approximately one mile in width. The north end of Key Biscayne contains Crandon Park, a Miami-Dade County public park. Cape Florida State Park occupies the southern end of the key. This park has been left primarily in its natural state with beaches along the Atlantic Ocean. The center part of the island is comprised of single family residences, multi-family apartments, hotels and commercial facilities.

The Village of Key Biscayne was incorporated on June 18, 1991. The village covers approximately 1.25 square miles. The Village has a Council-Manager form of government.

Large ocean fronting condominiums located east of Crandon Boulevard include Commodore Club (570 units), Towers of Key Biscayne (538 units), Mar Azul (127 units), Casa del Mar (237 units), The Sands (120 units), and Key Colony (1,050 units). These buildings were constructed from the 1960s through the 1980s.

The area west of Crandon Boulevard is comprised of single family residences. The majority of these homes were constructed in the early 1950s. Sale prices of these homes range from \$1,000,000 to \$2,300,000. Older residences are being totally renovated or removed and replaced with larger, modern residences. Cape Florida, a water fronting subdivision of newer single family residences, located at the south end of the center section, has sale prices ranging from \$3,500,000 to over \$10,000,000.

The west side of Crandon Boulevard between Harbor Drive and West Mashta Drive, contains commercial properties. These properties include shopping centers (Harbor Plaza, Key Biscayne Shopping Center, The Square at Key Biscayne, the Galleria of Key Biscayne and L'Esplanade), service stations, restaurants, banks, and office buildings.

Key Biscayne experienced a high growth rate during the early and mid-1970s. During these years, Key Biscayne grew in population at an annualized rate of 9.2%. The current full-time population on Key Biscayne is estimated to be about 10,507 according to the 2000 Census. The population is expected to grow to 10,759 by 2010. The average household income is \$107,610 according to the 2000 Census.

During 1980-1985, the growth rate of Key Biscayne had declined sharply. Accordingly, there was a decrease in demand for residential and commercial properties with a decline in values over these years. However, during the later part of the 1980s, the 1990s, and the first six years of 2000, the values of residential properties have risen rapidly.

The Ocean Club was developed on a 52-acre oceanfront site with 11 mid- and high-rise towers containing approximately 800 units. Unit prices range from \$1,500,000 to over \$4,800,000. Grand Bay Resorts and Residences a first class hotel (Ritz Carlton), two condominium towers, one of 135 units and 14 stories and one of 90 units; and 57 single-family residences. Apartment units range in sale price from \$450,000 to \$3,300,000.

SITE DATA

SITE DATA

Dimensions and Shape:

The site is mostly rectangular in shape.

The site fronts 100 feet, more or less, on the west right-of-way line of Harbor Drive with a depth westerly of 192.54 feet, more or less, along the north property line and 200 feet, more or less, along the south property line. The west property line fronts 100 feet, more or less, along Biscayne Bay.

Area:

19,755 Square Feet or .45 Acre

(Source: Miami-Dade County Property Appraiser's Office.)

Topography and Drainage:

The site is level and approximately at street grade.

Flood Zone:

Map N^o 125098 0281 F

"AE" Special flood hazard area inundated by the 100-year flood; base flood elevation ten feet.

Soil and Subsoil:

The immediate area of the subject site appears to have no unusual soil or subsoil conditions. Unusual conditions would be brought out by test borings.

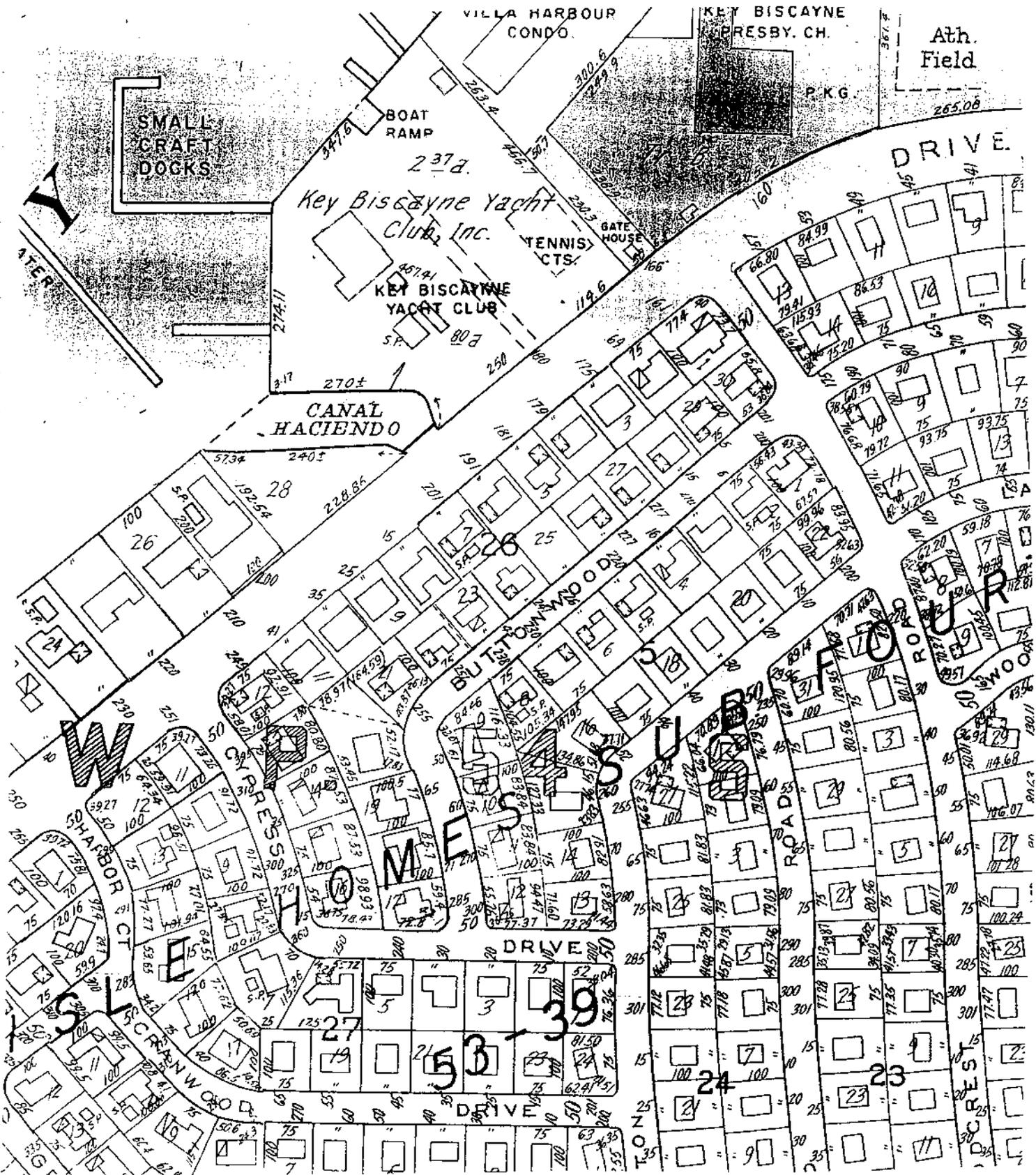
Utilities:

Water:	Miami-Dade Water and Sewer Authority
Sewer:	Miami-Dade Water and Sewer Authority
Electricity:	Florida Power & Light Company
Telephone:	BellSouth Telephone Company

Street Improvements:

Harbor Drive is asphalt paved with a dedicated width of 100 feet. Harbor Drive contains one northerly bound and one southerly bound lane.

SITE MAP



ZONING

ZONING

Under Ordinance of Village of Key Biscayne.

Classification: **VE, Village Estate**

Permitted Uses include single family dwellings.

Building Regulations

Maximum Floor Area Ratio:	.47
Maximum Building Height:	35 feet
Maximum Lot Coverage:	One-story 45%, multi-stories 35%
Minimum Lot Area:	10,000 square feet



HIGHEST AND BEST USE



HIGHEST AND BEST USE

Fundamental to the concept of value is the theory of highest and best use. Land is valued as if vacant and available for its highest and best use.

The Appraisal Institute in **The Appraisal of Real Estate, Ninth Edition**, defines highest and best use as follows:

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

Land has limited value unless there is a present or anticipated use for it; the amount of value depends on the nature of the land's anticipated use, according to the concept of surplus productivity. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use of the land as though vacant.

The highest and best use of a property as improved refers to the optimal use that could be made of the property including all existing structures. The implication is that the existing improvement should be renovated or retained as so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In estimating the highest and best use there are essentially four stages of analysis:

1. **Possible Use**. What uses of the site being appraised are physically possible?
2. **Permissible Use (Legal)** What uses are permitted by Zoning and Deed Restriction, if any?
3. **Feasible Use**. Which possible and permissible uses will produce a net return to the owner of the site?
4. **Maximally Productive**. Among feasible uses, which use will produce the highest net return to the owner of the site?

The highest and best use of the land (or site), if vacant and available for use, may be different from the highest and best use of the improved property. This is true when the improvements are not an appropriate use, but make a contribution to the total property value in excess of the value of the site.

The following four point test must be met in estimating the Highest and Best Use. The use must be legal. The use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

These tests have been applied to the subject property. In arriving at the estimate of Highest and Best Use, the subject site was analyzed as vacant and available for development and as improved.

The subject site is improved with a 1972, one-story single family residence. Similar residences are being removed and replaced with larger and more modern residences.

Based on the above factors, the highest and best use of the property is estimated as follows:

As Vacant	Single family residential use
As Improved	Redevelopment with larger single family residence

DESCRIPTION OF IMPROVEMENTS

DESCRIPTION OF IMPROVEMENTS

Age and Condition

According to the Public Records of Miami-Dade County, the residence was constructed in 1972. From an inspection of the property, it appears to be in average to good condition.

Description

The subject site is improved with a one-story residence containing a foyer, living room, kitchen, laundry, three bedrooms, three baths, den and a two-car garage.

Size

Residence	2,524 Square Feet
Garage	491 Square Feet

3,065 Square Feet (Miami-Dade County Property Appraiser's Adjusted Square Footage)

(Source: Miami-Dade County Property Appraiser's Office)

Details of Construction

Foundation:	Steel reinforced poured concrete in excavation trench and/or concrete pilings
Exterior Walls:	8" concrete block with stucco finish
Windows:	Sliding glass in aluminum frame and aluminum awning
Roof:	Gable roof with flat cement tile over wood sheathing
Interior Walls:	Wood paneling
Ceilings:	Plaster
Floors:	Carpet and ceramic tile over poured concrete slab
Lighting:	Incandescent and fluorescent

Equipment and Fixtures

Kitchen appliances to include refrigerator, range with double oven, dishwasher and disposal
Central a/c (2 units)
Water heater
Hurricane shutters
Intercom
Central vacuum system
Electric garage door opener
Washer/dryer

Site or Yard Improvements

Landscaping and irrigation system
Asphalt paved driveway
Swimming pool/patio area (heated)
Concrete seawall
Canvas covered carpet

SCOPE OF THE APPRAISAL

SCOPE OF THE APPRAISAL

The appraisal of real estate is generally valuated by means of one or more of the following approaches:

- (1) The Cost Approach
- (2) The Income Approach
- (3) The Sales Comparison Approach

The Cost Approach

In the Cost Approach, land and building are valued as though they were separate entities. The land value is first estimated as if vacant. Then, by consulting various cost services, local building contractors and by knowledge of construction costs, an estimate of the replacement cost new of the building is determined. Accrued depreciation from all sources including physical deterioration, functional and economic obsolescence must be deducted from this cost. The estimated land value is then added to the depreciated cost of the building to give the "depreciated replacement cost" of the property.

The Cost Approach is based on the premise that the value of a thing tends to be set by the cost of acquiring an equally desirable substitute. Applied to real estate, the assumption is that a person would not likely pay more for a property than it would cost him to acquire a suitable site and place an equally desirable building upon it. Costs would include direct cost of construction, indirect costs such as financing costs, land and developer's profit.

Considering the difficulty in estimating physical depreciation in this 35 year old residence, it is the appraiser's opinion that the Cost Approach would not be indicative in this situation and, therefore, was not utilized.

Income Approach

The Income Approach is based on the premise that the value of a property may be determined by the amount of net income it can reasonably produce over its remaining economic life. The rationale of the approach is that the present worth of a future income stream is equivalent to the value of the property which produces that income.

Four basic steps comprise the Income Approach:

- (1) Estimate the reasonable expectable annual gross income the property will likely produce.
- (2) Deduct an allowance for vacancy and collection loss to arrive at the effective gross income.
- (3) Deduct the annual expense of operation from the effective gross income to arrive at the annual net income.
- (4) Capitalize the annual net income into an indication of value.

Residences in this area are generally owner-occupied and are not purchased by investors. As a result, it is the appraiser's opinion that the Income Approach to Value would not be applicable in this situation and, therefore, was not utilized.

The Sales Comparison Approach

The Sales Comparison Approach is an attempt to measure the reactions of typical buyers and sellers. In this approach, a direct comparison is made between the property being appraised and comparable properties which have sold recently. These sales are compared for degrees of comparability such as location, size, age, zoning, time, the conditions of sale, financing and other pertinent data which would affect value. Adjustments are made for these factors in order to arrive at a reliable estimate of value.

In this report, sales of single family residences within the same neighborhood of the subject property were gathered and analyzed.

Reconciliation

After applying the three approaches, the appraiser will have obtained three separate indications of value. The indicated values obtained from each approach must be correlated into one final conclusion of value. Usually one approach will be considered more significant than the rest, either because of the reliability of the data, or because of the type of property involved. Reconciliation is the process by which each approach is objectively weighted according to its importance.

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH TO VALUE

This approach to value is a technique in which the Market Value estimate is predicated upon prices paid in actual market transactions of similar properties. These similar, or comparable, transactions (sales) are adjusted to indicate a value to the subject.

The Sales Comparison Approach is a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this approach is dependent upon the availability of comparable sales data, the verification of the sales data, the degree of comparability and the absence of non-typical conditions affecting the sale.

The following pages contain sales of similar properties which have recently sold. Several other sales were considered, but were not included because there was too wide a difference in physical factors, location and time.

In comparing the sales to the subject, consideration was given to factors of time, location, physical characteristics and terms and conditions of the sale.

A detailed analysis of each sale, a photograph of each sale, a summary of the sales, a sales map and a value conclusion follow herein.

SALE 1

DESCRIPTION: Two-story single family residence

DATE: May 18, 2005

PRICE: \$5,800,000

TYPE INSTRUMENT: Warranty Deed

RECORDATION: O. R. Book 23389, Page 4694

FOLIO NUMBER: 24-5205-008-0260

GRANTOR: Nancy Scaldach

GRANTEE: Noreen Gordon Sablotsky

LEGAL: Lot 3, Block 3, **MASHTA ISLAND**, according to the Plat thereof, as recorded in Plat Book 60, Page 93, of the Public Records of Miami-Dade County, Florida.

ADDRESS: 720 S. Mashta Drive
Key Biscayne, Florida

BEDROOMS/BATHS: 4 BR/5 BA

RESIDENCE SIZE: 6,073 Square Feet (adjusted)

LOT SIZE: 15,000 Square Feet

POOL: Yes

ZONING: IR - Island Residential

AGE: 1964

UNIT PRICE: \$955.05 per square foot of building area
\$386.67 per square foot of land area

FINANCING: 1st Mortgage of \$5,000,000 with Washington Mutual Bank

REMARKS: This site has Biscayne Bay frontage.

The house has been almost entirely gutted.



SALE 1

SALE 2

DESCRIPTION: Vacant lot

DATE: July 9, 2005

PRICE: \$5,700,000

TYPE INSTRUMENT: Warranty Deed

RECORDATION: O. R. Book 23901, Page 4028

FOLIO NUMBER: 24-5205-001-0330

GRANTOR: Albertina Cisneros

GRANTEE: Walter DeFortuna and Claudia Batschauer

LEGAL: Lot 12, Block 19, **BISCAYNE KEY ESTATES**, according to the Plat thereof, as recorded in Plat Book 50, Page 61, of the Public Records of Miami-Dade County, Florida.

ADDRESS: 720 Harbor Drive
Key Biscayne, Florida

RESIDENCE SIZE: N/A

LOT SIZE: 23,021 Square Feet

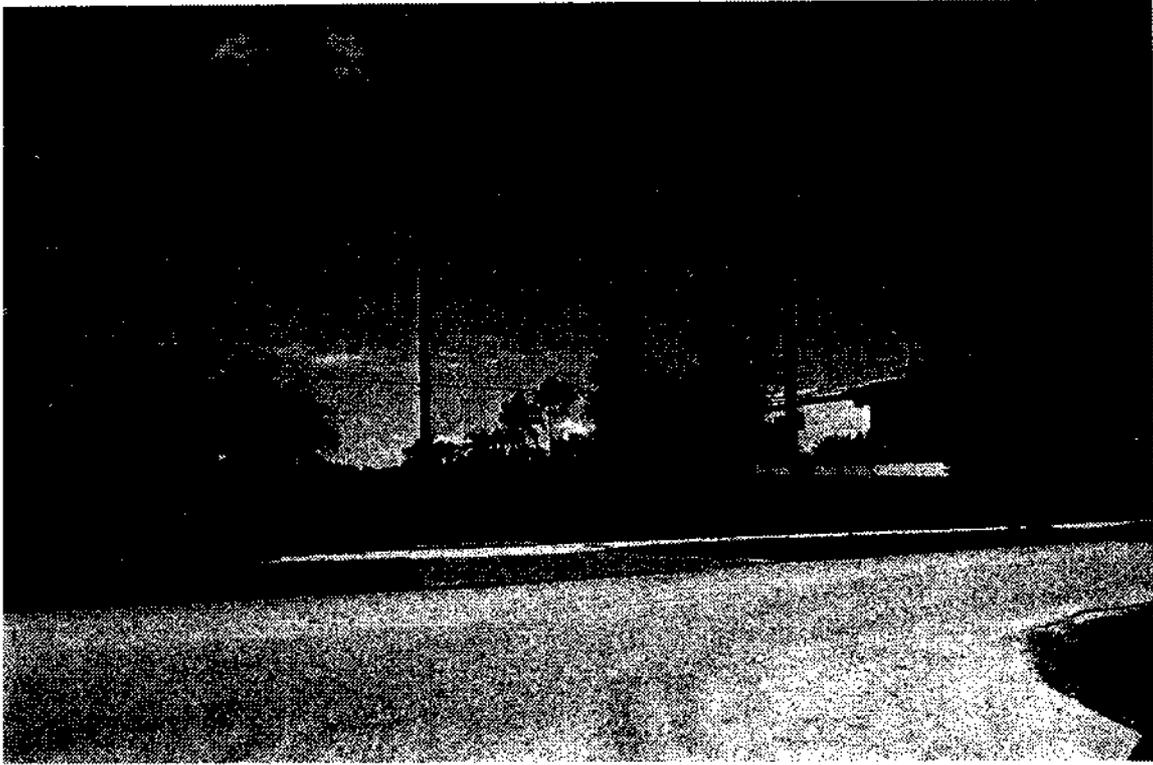
ZONING: VE - Village Estate

UNIT PRICE: \$247.60 per square foot of land area

FINANCING: 1st Mortgage of \$4,000,000 with Bank of America

REMARKS: The site fronts on Biscayne Bay.

The site sold previously in May of 2003 for \$4,175,000.



SALE 2

SALE 3

DESCRIPTION: Vacant lot

DATE: September 8, 2005

PRICE: \$7,000,000

TYPE INSTRUMENT: Warranty Deed

RECORDATION: O. R. Book 23768, Page 4016

FOLIO NUMBER: 24-5205-009-0200

GRANTOR: Lucke Properties

GRANTEE: Verval, LLC

LEGAL: Lot 19, Block 3, **MASHTA ISLAND**, according to the Plat thereof, as recorded in Plat Book 65, Page 65, of the Public Records of Miami-Dade County, Florida.

ADDRESS: 500 S. Mashta Drive
Key Biscayne, Florida

RESIDENCE SIZE: N/A

LOT SIZE: 23,814 Square Feet

ZONING: IR - Island Residential

UNIT PRICE: \$293.94 per square foot of land area

FINANCING: 1st Mortgage of \$4,410,000 with UniBank

REMARKS: This site was improved with a one-story 1959 residence at the time of sale. The residence has been demolished. The site fronts on Biscayne Bay.



SALE 3

SALE 4

DESCRIPTION: Single family residence

DATE: March 8, 2006

PRICE: \$5,120,000

TYPE INSTRUMENT: Warranty Deed

RECORDATION: O. R. Book 24379, Page 2174

FOLIO NUMBER: 24-5205-013-0050

GRANTOR: Nicholas S. Smith

GRANTEE: Enrique and Olga Murciano

LEGAL: A portion of Lot 4, **HARBOR COVE REPLAT**, according to the Plat thereof, as recorded in Plat Book 76, Page 12, of the Public Records of Miami-Dade County, Florida.

ADDRESS: 645 Sunset Circle
Key Biscayne, Florida

BEDROOMS/BATHS: 3 BR/3 BA

RESIDENCE SIZE: 2,036 Square Feet

LOT SIZE: 12,020 Square Feet

POOL: Yes

ZONING: VE - Village Estate

AGE: 1970

UNIT PRICE: \$2,514.73 per square foot of building area
\$425.96 per square foot of land area

FINANCING: 1st Mortgage of \$4,096,000 with
Countrywide Home Loans Inc.

REMARKS: The property fronts on Smuggler's Cove.



SALE 4

SALE 5

DESCRIPTION:	Single family residence
DATE:	April 28, 2006
PRICE:	\$9,000,000
TYPE INSTRUMENT:	Warranty Deed
RECORDATION:	O. R. Book 24503, Page 4264
FOLIO NUMBER:	24-4232-002-0281
GRANTOR:	Shirley M. Molt
GRANTEE:	Lopez Trust
LEGAL:	Portion of Tract 13, MATHESON ESTATES , according to the Plat thereof, as recorded in Plat Book 46, Page 86, of the Public Records of Miami-Dade County, Florida.
ADDRESS:	7 Harbor Point Key Biscayne, Florida
BEDROOMS/BATHS:	3 BR/2 BA
RESIDENCE SIZE:	2,522 Square Feet
LOT SIZE:	20,954 Square Feet
POOL:	Yes
ZONING:	VE - Village Estate
AGE:	1956
UNIT PRICE:	\$3,568.60 per square foot of land area \$429.51 per square foot of building area
FINANCING:	Cash to seller
REMARKS:	The site fronts on Biscayne Bay. The property has a long dock.



SALE 5

SUMMARY OF SALES

CHARACTERISTIC	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
DATE OF SALE		5/18/05	7/9/05	9/8/05	3/8/06	4/28/06
SALE PRICE		\$5,800,000	\$5,700,000	\$7,000,000	\$5,120,000	\$9,000,000
ADDRESS	200 Harbor Dr.	720 S. Mashta Dr.	720 Harbor Dr.	500 S. Mashta Dr.	645 Sunset Circle	7 Harbor Point
LAND SIZE (S.F.)	19,755	15,000	23,021	23,814	12,020	20,954
RESIDENCE SIZE (ADJ.)	3,065	6,073	N/A	N/A	2,036	2,522
ZONING	VE	IR	VE	IR	VE	VE
AGE	1972	1964	N/A	N/A	1970	1956
BR/BA	3/3	4/5	N/A	N/A	3/3	3/2
CONDITION	Average/Good	Average	N/A	N/A	Good	Average
POOL	Yes	Yes	N/A	N/A	Yes	Yes
PRICE PAID/S.F. OF BUILDING AREA		\$955.05	N/A	N/A	\$2,514.73	\$3,568.60
PRICE PAID/S.F. OF LAND AREA		\$386.67	\$247.60	\$293.94	\$425.96	\$429.51

ANALYSIS OF SALES

In the final analysis, primary emphasis is given to the price paid per square foot of land area since the properties are purchased primarily for land value.

The sales range in unit price from \$247.60 to \$429.51 per square foot land area and in time from May of 2005 to April of 2006.

Property Rights

The fee simple interest is the property right of the subject property being valued. The sales properties involve the same type of property rights.

Conditions of Sale

All of the sales were arm's-length transactions. An arm's-length transaction is defined as a transaction freely arrived at in the open market unaffected by abnormal pressure or by the absence of normal competitive negotiation as might be true in the case between related parties.

Financing

The financing of the sales does not indicate any adjustments of their prices for favorable/below market financing.

Date of Sale (Market Conditions)

The sales occurred between March of 2005 to April of 2006. There has been an increasing trend in prices over this time period in this market area.

Location

All of the sale properties have Biscayne Bay or similar water frontage. The subject site is located adjacent to the Key Biscayne Yacht Club and, therefore, has less privacy than the other sales. Sale 5 is located on Harbor Point, a very exclusive and private area and considered superior in location to the subject site.

Zoning

The subject property is zoned for single family residential use. The zoning of the comparable sales are considered similar to the subject property.

Building Contribution

Four of the five sale properties contained residences at the time of sale. The residence on the Sale 3 site has been removed. The residence on the Sale 1 site has been almost totally gutted with only a few walls remaining. The residence on the Sale 4 site continues to be used and considering the small land size will probably be continued to be used, therefore, contributing some value to the sale price. The residence on the Sale 5 site appears to be an underutilization of the site and is not considered to contribute any value.

Land Size

The sales range in land size from 12,020 to 23,814 square feet. Generally, a smaller site will sell at a higher unit price.

Conclusion

The unit price of Sale 1 at \$386.67 per square foot should indicate an upper limit of the value of the subject property. While an older sale, this site is smaller in size and better in location.

The unit prices of Sales 2 and 3 at \$247.60 and \$293.94 per square foot should indicate lower limits of the value of the subject property. These sales are older in time but better in location.

The unit prices of Sales 4 and 5 at \$425.96 and \$429.51 per square foot should indicate upper limits of the value of the subject property. The Sale 4 site is much smaller in land size and contains a residence which contributes value. Additionally, it is considered better in location. Sale 5 is considered superior in location plus it contains a long boat dock as well as a small beach area.

Based on a careful analysis of the sales, it is estimated that the subject property has a value of \$300 to \$315 per square foot.

19,755 square feet x \$300.00 per square foot =	\$5,926,500
19,755 square feet x \$315.00 per square foot =	\$6,222,825
Indicated Value Range	\$5,925,000 to \$6,225,000
Most Probable Sale Price	\$6,100,000

ASSUMPTIONS AND LIMITING CONDITIONS

This Appraisal Report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. If no survey has been furnished to the appraiser, all measurements have been confirmed either in the field, in the plat book or by other reliable sources and are presumed to be accurate.
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 noncompliance is stated, defined and considered in the Appraisal Report.
9. It is assumed, unless a study has been provided otherwise, that no hazardous material such as asbestos, urea formaldehyde or other toxic waste exists in the property. The existence of a potentially hazardous material could have a significant effect on the value of the property.

10. In reference to proposed construction, the real estate taxes and other expenses are estimated. These amounts are not guaranteed.
11. It is assumed in the valuation of the subject land site, unless a compliance letter has been furnished to us, that the State of Florida Growth Management Act does not prevent the issuance of a building permit.
12. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless noted in the report.

This Appraisal Report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation of 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.
2. 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 party 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.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. 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 the prior written consent and approval of the appraiser.

QUALIFICATIONS OF THE APPRAISER

J. MARK QUINLIVAN

Experience:

Engaged in the field of real estate appraising since 1972. Associated with F. Robert Quinlivan, MAI, from 1972 to 1985. Currently President of Quinlivan Appraisal, P.A., a Real Estate Appraising and Consulting Firm, established in 1964.

Graduate:

University of Notre Dame

BBA - Bachelor of Business Administration (Major in Finance and Business Economics)

University of Maryland

MBA - Master of Business Administration (Concentration in Finance)

University of Miami Law School

JD - Juris Doctor (Concentration in Real Estate and Taxation)

Florida International University

MSM - Master of Science in Management (Major in Real Estate)

University of Miami

MALS - Master of Arts in Liberal Studies (Humanities)

Professional Affiliations:

Member of the Appraisal Institute (MAI N^o 5791)

Member of the Florida Bar (N^o 239992)

Real Estate Broker, State of Florida (N^o 0125264)

Certified General Appraiser, State of Florida, License N^o RZ0000112

Qualified as an Expert Witness in the Following Courts:

Miami-Dade, Broward, Palm Beach and Monroe County Circuit Courts

United States Bankruptcy Court

United States District Court

Other Activities:

Appraiser Special Master (1978 - 1980),
Miami-Dade County Property Appraisal Adjustment Board

Past President - Miami Chapter Nº 71,
Society of Real Estate Appraisers (1983 - 1984)

Past President - South Florida Chapter Nº 24, Appraisal Institute (1988)

Past Governing Councilor of the American Institute of Real Estate Appraisers (1990)

Young Advisory Council of Society of Real Estate Appraisers (1979 and 1980)

Editorial Review Board (1981 - 1991)

THE REAL ESTATE APPRAISER AND ANALYST published quarterly by the Society of Real Estate Appraisers

Recent Publications:

"Non-Conforming Use Properties: The Concept of Positive Economic Obsolescence", *The Appraisal Journal*, January 1981, Pages 45-51. (Arthur A. May Memorial Award 1982).

Quinlivan Appraisal has prepared Appraisal Reports for the following:

Institutions and Corporations:

American Savings of Florida
Archdiocese of Miami
Atlantic Security Bank
The Bank of Coral Gables
Banco Atlantico
Banco Industrial de Venezuela
Banco Santander International
Barnett Bank
Barry University
Ben Franklin Savings
Bessemer Trust Company
Capital Bank
Central Bank
Chevron Oil Company
Chase Manhattan Bank
Chase Federal Bank
Chemical Bank
Citibank
Citicorp Savings
City National Bank of Miami
Consolidated Bank
Coral Gables Federal Savings and Loan Association
County National Bank
Crown Life Insurance Company
Eagle National Bank
East Little Havana Development Corporation
Eastern National Bank
Equibank of Pittsburgh
Espirito Santo Bank
First Nationwide Bank
First Union Bank
Florida Power and Light Company
Hemisphere National Bank
Intercontinental Bank
International Bank of Miami, N.A.
Jefferson Bank
Jewish Home for the Aged, Inc.

Marine Midland Bank
McCaughan Mortgage Company, Inc.
McDonalds Corp.
Mega Bank
Miami-Dade Water and Sewer Authority
NationsBank
Northern Trust Bank of Florida
Ocean Bank
Pacific National Bank
Ready State Bank
Resolution Trust Corporation
Savings of America
Shell Oil Company
Skylake State Bank
SunTrust Bank
Swire Properties
Texaco
Terremark
Totalbank
Trade National Bank
Trust for Public Lands
UniBank
Universal National Bank
University of Miami

Governmental Agencies:

City of Coral Gables
City of Hialeah
City of Miami
City of Miami Beach
City of Miramar
City of North Miami Beach
Miami-Dade County Aviation Department
Miami-Dade County Department of Development & Facilities Management
Miami-Dade County HUD
Miami-Dade County Property Appraisal Adjustment Board
Miami-Dade County Public Schools
Miami-Dade County Public Works Department
Miami-Dade County Transportation Administration
Federal Deposit Insurance Corporation (FDIC)

Miami-Dade Water & Sewer Department
South Florida Water Management District
State of Florida, Department of Community Affairs
State of Florida, Department of Corrections
State of Florida, Department of Environmental Protection
State of Florida, Department of Insurance
State of Florida, Department of Rehabilitation and Liquidation
State of Florida, Department of Transportation
Town of Golden Beach
United States Army Corps of Engineers
United States Department of Commerce
United States Department of the Interior
United States General Services Administration
Village of Key Biscayne

Law Firms:

Cole, Davidson, Carter, Smith, Salter & Barkett, P.A.
Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A.
Dubbin, Berkman, Bloom & Karan
Floyd, Pearson, Richman, Greer, Weil, Brumbaugh & Russomanno, P.A.
Shutts & Bowen
Kelley, Drye & Warren
Blackwell & Walker
Steel, Hector & Davis
Mershon, Sawyer, Johnston, Dunwody & Cole
Sullivan, Admire & Sullivan, P.A.

Types of Properties Appraised:

Single Family Residences	Vacant Land
Apartment Buildings	Hotel/Motels
Office Buildings	Warehouses
Retail Stores	Nursing Homes
Shopping Centers	Mobile Home Parks
Condominium Apartment Buildings	Schools
Golf Courses	Service Stations
Residential Subdivisions	Marinas
Automobile Dealerships	Wetlands