

Weiss Serota Helfman
Pastoriza Cole & Boniske, P.L.

MEMORANDUM

To: Unit Owners

From: Gilberto Pastoriza
Tony Recio

Date: March 25, 2014

Re: Developer's Presentation of March 20, 2014

BACKGROUND

Property records for Grove Isle reveal that it was developed pursuant to a final judgment, which contained a settlement agreement issued on July 29, 1977 (the "Settlement Agreement"). The Settlement Agreement, among other things, capped the number of towers on the island to four, height at 210 feet and a maximum overall density on the entire island of 575 dwellings units of which a maximum of 50 units could be hotel units. The initial owner/developer built three towers consisting of 510 dwelling units, 50 hotel units and accessory facilities (the "Club"). The initial owner sold out the dwelling units to end users and kept ownership of the Club.

The initial owner has sold its interest in the Club to the current owner/developer. The current owner/developer is relying on the Settlement Agreement and on an electronic correspondence from an Assistant City Attorney to claim vested rights to develop the fourth 210-foot, 18-story residential tower (the "Tower") as provided for in the Settlement Agreement. The current owner/developer submitted drawings to the City's Zoning Department for the approval of the Tower on the approximate 7 acres he owns (the "Plans").

At that point, the Association hired Weiss Serota Helfman Pastoriza Cole & Boniske, P.L. ("WSH") to provide legal assistance on land use/zoning matters, and vesting issues. WSH submitted a legal memorandum to the City Attorney supporting the argument that the

Settlement Agreement did not create any vested rights to the Tower and that any future development on the island must conform to Miami's Comprehensive Neighborhood Plan and Miami 21.

At the present time the Zoning Department has placed the Plans on hold pending the City Attorney issuing a formal legal opinion with regards to vested rights under the Settlement Agreement and what code should be applied to any vested rights. The City Attorney's opinion is pending.

CURRENT OWNER/DEVELOPER PRESENTATION

On March 20, 2014, the current owner/developer met with the unit owners and presented two development options.

A. Tower

Note: This development option would occur if the City Attorney opines that owner/developer has vested rights to build the Tower as provided for in the Settlement Agreement.

Under this option the owner/developer made the following representations:

1. 18-story, 210-foot tower located where the Club now exists.
2. 65 dwelling units. Did not identify unit size or selling price.
3. Will demolish and rebuild the Club. Did not identify the amenities, or the size. Did not specify when Club was going to be built.
4. Owner/developer did not answer the question on whether the balance of the Tower option (excluding height, stories and density) complies with Miami 21.
5. Did not show floor plans or parking layouts other than to say parking would be located under the building. Will parking structure be camouflaged so they cannot be seen from other portions of the island or the water? What height will the parking structure be? Will any existing views be blocked by the parking structure?
6. Did not discuss timing of construction or whether a new Club facility would be built prior to demolition of the existing Club to make room for the Tower.
7. Did not discuss who pays and when for easements and infrastructure that are subject to increased impacts due to construction and increases in density and intensity (bridge, roads, water, sewer, landscaping, etc.).
8. This option will disturb the quiet enjoyment of all island residents with special emphasis on those residents whose views will be blocked by the tower.

B. Miami 21

Note: The developer represented that this development option would occur if City Attorney opines that there are no vested rights under the Settlement Agreement to build the Tower.

Under this option the owner/developer made the following representations:

1. A series of 5 story buildings wrapping around the northwest, north and northeast sides of the island.
2. 65 dwelling units. Did not identify unit size or selling price.
3. Will demolish but will not rebuild the Club, except for two tennis courts which will remain. Did not specify what recreational facilities would be provided to current owners, if any.
4. Admitted that the option presented had not been reviewed by zoning staff for compliance with Miami 21.
5. Did not show floor plans or parking layouts other than to say parking would be located under the building. Will parking structure be camouflaged so they cannot be seen from other portions of the island or the water?
6. Did not discuss timing of construction.
7. This option was not addressed in same depth as the Tower option. It appeared that some of the elevations presented were misleading, such as with renderings taken from ground level so as to make the new buildings appear taller in comparison with existing buildings.
8. This option will disturb the quiet enjoyment of all island residents with special emphasis on those residents whose views will be blocked by the new buildings.

Besides the two options presented by the owner/developer some of the unit owners who spoke formulated the following options.

- C. No development at all. This option may occur if there is a private cause of action where owner/developer cannot demolish the Club. The only other way for no development to occur is for unit owners to legally prevail or delay development through lawsuits and appeals, thwarting, the owner/developer to such an extent that he abandons development on his property. These are time-consuming and costly propositions.
- D. Owners' buyout owner/developer's interest. This option will require Seller and unit owners agreeing on a purchase price and finding a financing mechanism. The owner appeared potentially open to this option when he responded that everything was for sale given the right price. This option assures unit owners of total control of development on the island.

Arriving at a recommended course of action at this time is premature given that future action of both the owner/developer and unit owners depend on what the City Attorney opines.

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