

Memorandum

To: Mr. Roger M. Carlton, City Manager
City of Hallandale Beach

From: Paul Lambert
Lambert Advisory LLC

Date: 5/20/18

Re: Ansin Boulevard Site Disposition Evaluation

Lambert Advisory (Lambert) has completed our review of the two highest offers submitted to the City associated with the purchase of the City of Hallandale Beach's (City's) Ansin Boulevard parking lot.

Both offers, the first for \$3.1 million from Scott Daiagi and the second for \$3.5 million from Becha LLC, were submitted on standard Florida Realtor commercial contract forms.

Although the form of the contract are the same, beyond price, there are several other conditions which vary between the contracts. The most significant of these is related to the length of the due diligence period subsequent to City Commission acceptance of the contract and approval of the sale.

Daiagi (\$3.1 million) has offered to purchase the site immediately upon Commission approval while Becha (\$3.5 million) is requiring a 90 day due diligence period with 30 days following the completion of due diligence to close on the sale (120 days in total). Unless the due diligence period has expired, the deposits made by Becha must be immediately returned to Becha should they decide at their sole discretion not to proceed with the transaction for any reason. The timeframe outlined by Becha is long by industry standards for a reasonably simple property as a paved surface parking lot, but not outside of an acceptable range. The lack of a due diligence period and immediate close offered by Daiagi is very unusual and provides a high degree of confidence to the City that the transaction will move forward in short order and an attempt to "re-trade" on price will not occur as can often happen during due diligence periods.

Based upon information provided by the City that both offers are indeed best-and-final it is not unusual in the private market to sell a property for a lower price in return for favorable terms. Certainly a quick closing thereby avoiding the risk of being re-traded in price at the end of a long due diligence period is a favorable term.

One additional consideration, as we understand it, is the lower priced offer buyer has also indicated a potential interest in developing a hotel on the property (allowed under current zoning) while the higher priced offer buyer has indicated their intention to maintain the property as parking or using it for some storage use. If the property were to be developed as a hotel, the City would also benefit from the increased tax revenue. As an illustrative example, the 2.74 acre Ansin Boulevard property is current assessed at \$1.03 million, the 150+ room Hilton Garden Inn hotel located near the

northeast intersection of I-95 and Stirling Road on a similarly sized parcel is assessed at \$17.9 million.

In sum, accepting the lower priced offer in this particular case is reasonable given the terms and potential redevelopment of the property for a much higher taxable value generating use. A quicker payment, mitigating the risk of efforts at re-trade, and selecting a buyer who has a long term vision for the property which has the potential for creating enhanced tax revenue for the City are all strong rationales for accepting an offer which is 11 percent below the highest offer. To put this in broader perspective, we currently have a private sector client in Central Florida which is selling a parcel for a hotel and has two offers which are, as is the case with the Ansin Boulevard site, \$400,000 apart. We have recommended, and our client has agreed, that they accept the lower offer because the lower offer buyer in our opinion is a stronger hotel group with stronger relationships with the hotel flags, and we are convinced will provide greater long term value to the remainder of the adjoining development which our client owns as well. Price, when in a reasonable range, is always only one factor in a disposition decision particularly when the seller has larger interests at stake.

Should you desire to discuss anything in this memorandum further, please do not hesitate to email or call me at your convenience.