

May 4, 2009

Ms. Maria Alberro Jimenez
Assistant City Manager
City of Coral Gables
405 Biltmore Way
Coral Gables, Florida 33134

**Re: The Palace at Coral Gables Community Development District
("CDD") / Declaration of Restrictive Covenants Requested by
Miami-Dade County / Request for Personal Appearance**

Dear Ms. Jimenez:

As you are aware, the Lease Agreements between my client, the Palace Management Group, LLC, (the "Palace Group"), and the City of Coral Gables, (the "City"), were premised upon the creation of a Community Development District, (a "CDD"), to assist in the financing of the public parking component of the new municipal garage which is proposed to be built on the site of existing City Parking Garage No. 5. On July 15, 2008, the Coral Gables City Commission approved Resolution No. 2008-107, (copy attached), which expressed the City's support for the creation of the Palace at Coral Gables CDD. Subsequent to the approval of this Resolution, my client submitted a Petition to create the Palace at Coral Gables CDD to Miami-Dade County.

As part of their processing of this Petition, the County has requested that both the City and the Palace Group enter into a Declaration of Restrictive Covenants running with the land, (the "Declaration"). The execution of this Declaration is required by Resolution Nos. R-413-05 and R-883-06 of the Miami-Dade Board of County Commissioners. The purpose of this Declaration is to require disclosure of the existence of a CDD to any third party purchasers. In the case of the Palace at Coral Gables, the relevant lease agreements do not permit the conversion of any units into the condominium form of ownership nor their sale to third parties so we have proposed modifications to the County's form Declaration to make clear that the Declaration will only be effective in the unlikely event that any of the units are offered for sale to third parties. Such sale of units is not permitted by the existing leases nor is it contemplated by either the Palace Group or the City. The execution of this Declaration is only being requested so as to comply with the necessary County requirements.

Accordingly, I hereby request a personal appearance before the City Commission so as to request the execution of this Declaration. Enclosed with this letter is a draft version of the Declaration which includes proposed revisions by the project's CDD counsel. I would request

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that the Resolution authorizing execution of this Declaration be worded in such a manner as to permit further revisions resulting from the review and input of the City Attorney and the City's Special Counsel for this project. If you have any questions or would like to discuss this request further, please contact me at 305-579-0837. Thank you for your attention to this matter.

Best regards,



Mario J. Garcia-Serra

cc: Ms. Elizabeth Hernandez, Esq., City Attorney
Mr. Ignacio G. del Valle, Esq.
Mr. Jacob Shaham
Mr. Gerald Knight, Esq.