

**THE PALACE GROUP
10850 S.W. 113th Place
Miami, Florida 33176**

January 8, 2014

City of Coral Gables
1 Alhambra Plaza, Suite 617
Coral Gables, FL 33134
Attention: Cynthia Birdsill, Economic Sustainability Director

RE: Letter of Intent regarding City of Coral Gables Senior Center.

- Parking Garage Lease and Development Agreement between The Palace Management Group, LLC ("**The Palace Group**") and City of Coral Gables ("**City**") dated July 14, 2008, as amended (the "**Garage Lease**"), respecting the development and use of the 8-story parking garage located on the south side of Andalusia Avenue between Douglas Road and Galiano Street (the "**Parking Garage**") by The Palace Group and Palace at Coral Gables Community Development District (the "**CDD**").
- Lease and Development Agreement between The Palace and the City dated July 14, 2008, as amended ("**The Palace Lease**"), respecting the development and use of the 9-story senior living facility ("**The Palace**") located on the north side of Andalusia Avenue across the street from the Parking Garage.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Garage Lease and The Palace Lease, as applicable.

Dear Ms. Birdsill:

In accordance with our recent meetings and discussions with you and the City Manager, Patrick Salerno, we are pleased to submit this "Letter of Understanding" outlining certain terms by which the City and The Palace Group would enable the use and operation by the City of a community center for senior citizens (the "**City Senior Center**") to consist of approximately 9,741 square feet (the "**Center Space**") located within that portion of the Parking Garage generally shown on the attached sketch (the "**Plan**").

This is a letter of understanding and intent only and is not legally binding on either party. It is not intended to impose any obligation whatsoever on either party, including without limitation, and obligation to bargain in good faith or in any way other than at arms' length. Under no circumstances shall this letter be considered to be an offer or agreement by The Palace Group or the City to amend the

Garage Lease or The Palace Lease or otherwise enter into any agreement to use, lease or dedicate any space to the City for use as a senior center or otherwise, it being understood and agreed that until all negotiations are finalized and reduced to a final agreement duly approved by each party (including by vote of the City Commission) and executed by all parties thereto, neither party shall be bound by the terms and conditions herein set forth.

The Center Space is currently subject to the Garage Lease. The Garage Lease would be amended to release and remove the Center Space from the Leased Property, in accordance with the following terms and conditions:

1. The Palace would be responsible for performing the following work with respect to the Center Space:
 - a. The Palace would bump out the back wall along the space approximately 6 feet, and bump out a portion of the front façade about 8 feet as shown on the Plan, so that the space released to the City will be approximately 9,741 square feet.
 - b. Installation of building standard doors and exterior windows.
 - c. Air handlers and compressors sufficient to accommodate the HVAC system serving the Center Space.
 - d. Installation of a fire sprinkler system with the exception of sprinkler heads, which will be left to the City to install.
 - e. Electricity brought to the Center Space without a breaker panel.
 - f. Sanitary Sewer and water brought through the Center Space as shown on the Plan, and then installation of concrete flooring.
2. The City plans to build out and open the Center Space for the operations of a typical “senior community center” offering programs to promote the emotional, social and physical wellbeing of the local aging adult population and to help older adults age successfully, operating in a first class, neat, clean and quality manner and in compliance with all requirements of law and other applicable governmental regulations. The City would not be permitted to allow any persons engaged in the development, operation or management of senior living facilities or related or ancillary services (other than The Palace Group and its affiliates), to participate in the operation or management of the Center Space or to actively advertise or promote their facilities or services at the Center Space.
3. The City would pay The Palace the sum of Three Million Dollars (\$3,000,000) upon delivery of the Center Space with all of the work outlined in item 1 above to the City.
4. The Palace (and any subsequent operator), as the operator of the Palace, would grant the City as part of the consideration for the transaction without additional cost, the right to coordinate and supervise the use by the City, for the benefit of the patrons of the City Senior Center, of the following areas of The Palace, in accordance with reasonable rules and guidelines to be established by The Palace and the City, and the provision of adequate insurance and indemnification from the

City for the benefit of the Palace, provided the City shall not be required to increase any liability or waive any rights of sovereign immunity:

- a. The gymnasium two (2) times per week for a period of two (2) hours, on days and during hours to be established by the parties; and
 - b. The movement center two (2) times per week for a period of two (2) hours on days and during hours to be established by the parties; and
 - c. The swimming pool two (2) times per week for a period of two (2) hours per session, on days and during hours to be established by the parties.
5. As part of the consideration for this transaction, the Palace (and any subsequent operator) and the CDD, as the operators of the Parking Garage, would grant the City the following parking rights within the Parking Garage at no additional charge
- a. The right to use three (3) assigned parking spaces; and
 - b. The right to the unassigned use of up to thirty-five (35) parking spaces at any one time;
 - c. The right to the use of not greater than one-hundred (100) parking spaces once per month for the sole purpose of providing parking to guests of the monthly luncheon of senior citizens to be held at the Center Space; and
 - d. The right to the use of not greater than two-hundred and fifty (250) parking spaces once per calendar year for the sole purpose of providing parking to guests of the annual luncheon of senior citizens to be held at the Center Space, the date of such luncheon to be established by the parties at least one (1) month in advance; and
 - e. The right to the use of up to one hundred and fifty (150) parking places once per calendar year for the sole purpose of providing parking to guests of the annual senior art show to be held at the Center Space or Palace, the date of such show to be established by the parties at least one (1) month in advance; and
 - f. The right to the use of up to one hundred (100) parking spaces once per calendar year for the sole purpose of providing parking to guests of the annual holiday party to be held at the Center Space, the date of such party to be established by the parties at least one (1) month in advance.

At the City's option, it may have such parking rights provided by the Palace valet, rather than self-parking. The parking areas within the Parking Garage shall at all times be under the exclusive control and management of The Palace Group and/or the CDD. The City's right to use any parking in the Parking Garage shall be subject to such rules and regulations as reasonably imposed by The Palace and CDD and the operator of the Parking Garage from time to time.

6. The City, The Palace and the CDD shall enter into such agreements as reasonably required to preserve and permit the CDD to use the Parking Garage in accordance with and as contemplated by the Garage Lease, the CDD Sublease, Interlocal Agreement and related agreements, and to allow for the efficient and normal operation of the Parking Garage.

7. The parties will bear their own professional fees and costs.

Thank you.

Very truly yours,

The Palace Management Group, LLC

By: 
Jacob Shaham, Manager