



City of Coral Gables
CITY COMMISSION MEETING
June 2, 2009

ITEM TITLE:

Resolution authorizing the execution of an amendment to the Lease and Development Agreement between The Palace Management Group, LLC and the City of Coral Gables, dated July 14, 2008.

RECOMMENDATION OF THE CITY MANAGER:

Approval.

BRIEF HISTORY:

Mr. Mario J. Garcia-Serra of Greenberg Traurig, P.A. on behalf of the Palace Management Group, LLC is requesting the City Commission consider allowing the execution of this amendment to the Lease and Development agreement.

On March 10, 2009 this amendment was introduced to the City Commission postponing possession date (construction commencement) and ultimately the project opening by approximately one year. The delay is exclusively due to the difficulty in obtaining construction financing. The Palace Group has shown its commitment by continuing to move forward with securing the regulatory approvals, the development of final plans and specifications, and the establishment of a Community Development District. To date, the Palace Group has already spent a substantial investment towards the implementation of this important project, including the acquisition of the Melody Inn property. In addition, The Palace Group has also committed to reimbursing the City's third party expenses at the conclusion of the Public Approvals, by June 5, 2009.

This Lease amendment further authorizes the City Manager at his sole and exclusive discretion, to grant up to a 6 month extension of time for compliance.

This amendment also creates a new section of the Lease, providing for a Management Agreement for the City's use of the parking lot adjacent to Melody Inn and the City Parking facility for public parking, until such time that the Developer provides notice on commencement of construction at each facility.

On February 28, 2006, under Resolution No. 2006-38, the City Commission authorized the City Manager to issue a Request for Proposals from proposers experienced in developing premier market rate senior housing with specific emphasis on congregate living services, for the private redevelopment of two City owned properties at 45 and 50 Andalusia Avenue. The Request for Proposals was issued on March 8, 2006, with a submission due date of June 8, 2006.

On June 8, 2006 only one proposal was received. The proposal was examined by the Certification Committee, which judged the proposal "certified" and stated that the conditions of the RFP were met.

On July 11, 2006, the City Commission authorized the City Manager to commence negotiations with the Palace Group for the redevelopment of Municipal Parking Lot No. 9 and Municipal Parking Garage No. 5 for a market rate Senior Housing Development.

On July 17, 2007 a presentation was made to the City Commission providing a review of the proposed Operational Standards for Residential Building, financial terms and “Operational Standards for the Parking Garage” and a summary of the anticipated Residential Building and Parking Lease agreements. Included in the Parking Lease Agreement for a 542-car garage are specific provisions for the 337 public parking spaces, and the establishment of a Community Development District.

The Ordinance passed on First Reading at the October 9, 2007 City Commission meeting, at which a detailed presentation, describing the provisions of the Lease Agreements, was made by City Staff and City Consultants.

The Ordinance was passed on Second Reading at November 17, 2007 City Commission meeting.

LEGISLATIVE ACTION:

Date	Resolution/Ordinance No.	Comments
January 25, 2005	Resolution No. 2005-16	Authorization to issue RFP for a senior housing consultant. National Healthcare Associates was selected.
April 5, 2005	Resolution No. 2005-54	The phasing development would not be required in the project
February 28, 2006	Resolution No. 2006-38	Authorizing to issue an RFP for development of a senior housing facility
July 11, 2006	Resolution No. 2006-144	Authorizing City Manager to enter into negotiations with The Palace Group
December 12, 2006	N/A	An update of lease negotiations was presented to the Commission
January 23, 2007	Resolution No. 2007-15	Authorizing the execution of a Memorandum of Understanding between the City and the Palace Group
April 24, 2007	Resolution No. 2007-64	Authorizing the extension of negotiations between the City and the Palace Group for 90 days
July 17, 2007	N/A	An update of lease negotiations was presented to the Commission
October 9, 2007	N/A	Ordinance passed on First Reading
November 17, 2007	Ordinance No. 2007-36	Ordinance passed on Second Reading
July 15, 2008	Resolution No. 2008-107	Supporting the establishment of a CDD
March 10, 2009	Resolution No. 2009-56	Approval for encroachments.
March 10, 2009	N/A	Presentation on Palace Development Change of Schedule
March 10, 2009	N/A	Ordinance on First Reading Change Land Use
March 10, 2009	N/A	Ordinance on First Reading Site Plan Review

APPROVED BY:

Assistant City Manager	City Attorney (If Applicable)	City Manager

ATTACHMENT(s):

1. Resolution
2. Letter dated March 4, 2009 from Mario Garcia-Serra on behalf of The Palace Management Group, LLC.
3. First Amendment to Lease and Development Agreement