



City of Coral Gables
CITY COMMISSION MEETING
June 16, 2015

ITEM TITLE:

A Resolution approving (i) an Agreement for Release of Condominium Unit between the Palace Management Group, LLC ("Palace") and the City; (ii) a Declaration of Condominium, (iii) a Fourth Amendment to Parking Garage Lease and Development Agreement between the Palace and the City; and (iv) all other ancillary documents necessary for the creation of a condominium at 2 Andalusia Avenue and for the release by the Palace of its long term leasehold interest on the ground floor retail space at 2 Andalusia Avenue so that same may be used by the City as an Adult Activity Center.

BRIEF HISTORY:

Pursuant to Ordinance No. 2007-36, on July 14, 2008, the City and Palace Management Group, LLC ("Palace") entered into a Lease and Development Agreement for construction and operation of a Senior Housing Facility at 45 Andalusia Avenue (now 1 Andalusia Avenue), and a Parking Garage Lease and Development Agreement for construction of a Parking Garage Facility with retail space at 50 Andalusia Avenue (now 2 Andalusia Avenue), Coral Gables, Florida. The agreements required the Palace to construct a Senior Housing Facility and a Parking Garage on City-owned land, and to operate each of them pursuant to separate 99-year leases. The agreements were amended three times prior to the closing, which occurred on July 28, 2011. The Palace constructed the Senior Housing Facility and the Parking Garage Facility and opened both facilities on July 24, 2013.

On January 14, 2014, the City Commission adopted a resolution authorizing staff to negotiate an agreement with the Palace in accordance with a negotiated letter of intent to allow the City to purchase the release of the retail space in the Parking Garage Facility from the 99-year lease for a release price of \$3 million, so that the City could use the retail space for an Adult Activity Center.

After discussions with the Miami-Dade County Tax Assessor's office, it was determined that in order for the City's Adult Activity Center to be tax exempt, a condominium regime would need to be imposed on the Parking Garage property. The Palace, TD Bank (the Palace's lender), and the Community Development District (CDD) have agreed to join in the creation of a condominium on the Parking Garage property, and the Palace and TD Bank have agreed to release from the Parking Garage Lease the retail space to be used for the Adult Activity Center. The Palace has already reconfigured the base shell of the retail space in accordance with the letter of intent, and the space is ready for the City to construct the Adult Activity Center improvements in the space.

In addition to releasing the retail space to the City, and as part of the consideration for the transaction, the Palace has agreed to provide patrons of the Adult Activity Center with access to

the gymnasium, the movement center, and the pool in the Senior Housing Facility at least 2 times per week for a period of 2 hours for each of the amenities, subject to reasonable rules and guidelines. The Palace will also provide the City with three assigned parking spaces for staff; 35 unassigned parking spaces for Adult Activity Center patrons available through the Senior Housing Facility valet; and the following parking for events: up to 100 spaces per month for the monthly luncheon; up to 250 spaces per year for the annual luncheon; up to 150 spaces per year for the annual senior art show; and up to 100 spaces per year for the annual holiday party.

As part of the transaction, the following documents are required:

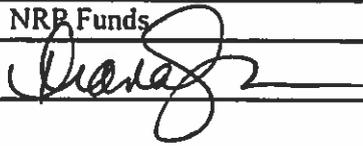
- Agreement for Release of Condominium Unit
- Declaration of Condominium with exhibits
- Fourth Amendment to Parking Garage Lease and Development Agreement
- Limited Parking Agreement
- Limited Use Agreement
- Ancillary closing documents required for the acquisition of the retail space to be used as the Adult Activity Center

The City Attorney has determined that the Commission may authorize the City Manager to enter into these agreements by resolution. In an abundance of caution, it is also requested that the City Commission waive any further requirements of the City's Procurement Code, which requires a four-fifths vote, so that the transaction may proceed expeditiously.

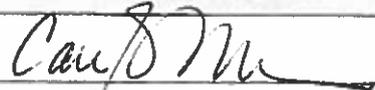
LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
January 14, 2014	Resolution 2014-15	Authorizing negotiations based on Letter of Intent

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
	\$3,000,000	NRR Funds
	Approved By:	

APPROVED BY:

Director	City Attorney	City Manager
		

ATTACHMENT(S):

1. Letter of Intent dated January 8, 2014
2. Draft Resolution with proposed Agreement for Release of Condominium Unit, Fourth Amendment to Parking Garage Lease and Development Agreement, Declaration of Condominium with exhibits, Limited Use Agreement, and Limited Parking Agreement.
3. City Attorney Opinion