

Memo

To: Cynthia Birdsill

From: Stephen J. Helfman
Date: March 18, 2011
Re: Gables Senior Housing Facility

You have requested that I update our firm's September 18, 2007 Memorandum to you regarding the Community Development District being proposed by the Palace Management Group, LLC in connection with the Gables Senior Housing Facility. In particular, you have asked whether the Second Amendment to Lease and Development Agreement and Second Amendment to Garage Lease and Development Agreement the ("Second Amendments") change the circumstances under which the City might become responsible for payment of Bonds under the revised Guaranty.

Based upon our review of the Second Amendments, the City's contractual obligation to guaranty payment of the CDD Bonds would only arise after a failure of the developer and its lender to pay the assessments which would result in a default in the Leases and allow the City the option to terminate the Leases and exercise its remedy to retake possession of the properties and ownership of the improvements free and clear of the Developer's lender's liens unless the defaults were cured by the lender. These are the same circumstances as under the original transaction and original Limited Guaranty.

I trust that this memo adequately addresses your concern. If you have any questions, please do not hesitate to contact me.