



## Cover Memorandum/Staff Report

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**File #:** 18-0557 CRA

**Agenda Date:** 2/25/2020

**Item #:** 8A.

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**TO:** CRA Board of Commissioners  
**FROM:** Christine Tibbs, Assistant Director  
**THROUGH:** Renée A. Jadusingh, Esq., Executive Director  
**DATE:** February 25, 2020

### **UPDATE - BH3 MANAGEMENT, LLC - SW 600-800 BLOCKS OF W. ATLANTIC AVENUE**

#### **Recommended Action:**

Board Discussion.

#### **Background:**

At the April 9, 2019, CRA Board Meeting, the CRA Board approved the Purchase & Sale Agreement ("Agreement") for the SW 600-800 Blocks West Atlantic Avenue Properties with BH3 Management LLC ("BH3"). A First Amendment to the Agreement was approved by the CRA Board on August 13, 2019, to correct scrivener's errors in the document. A Second Amendment to the Agreement was approved on November 19, 2019, to extend the Application Date, the date by which BH3 needs to submit their applications to the City of Delray Beach ("City") and other applicable governmental entities for approval, by sixty (60) calendar days from November 18, 2019, to January 17, 2020. A Third Amendment to the Agreement was approved on January 28, 2020, to allow the CRA to enter into a new one-year lease agreement with the Emanuel Jackson, Sr. Project, Inc.

Additionally, at the January 28, 2020, CRA Board meeting, the CRA Board approved the issuance of a Notice of Default to BH3 for its failure "to file an application for government approvals with the necessary documentation required by governmental entities and an application for conditional use approval necessary for the development, and construction of the Project; with the City or any other governmental entities on or before the Application Date," pursuant to Section 10 of the Agreement, "Default by Purchaser."

The Notice of Default was sent to BH3 on January 29, 2020. Since that date, BH3 has provided project updates to CRA staff on February 3, 2020, and February 7, 2020. BH3 has also provided the following documents for CRA staff to review: an updated Relocation Plan, a draft of the Public Benefits Agreement, and documents related to their Site Plan Application.

Furthermore, at the January 28, 2020, CRA Board meeting, BH3 presented updates to their Project's architectural renderings and site plan components. Section 1.14 of the Agreement, "Project", states "Project means the comprehensive redevelopment project dated October 26, 2018, submitted by BH3 (hereinafter the "RFP Submittal") in response to the Request for Proposal (hereinafter the "RFP") issued by the SELLER and its presentation to the CRA Board of Directors on January 29, 2019. Notwithstanding the components detailed and specifically set out in the RFP Submittal, the Project shall include the following components provided, however, that any variance in said components greater than ten percent (10%) shall require the approval of SELLER..." Based on BH3's presentation, the outstanding issues open for CRA Board discussion are:

- The architectural renderings presented on January 28, 2020, deviate from those submitted by BH3 in their RFP Submittal and those presented to the CRA Board on January

- 29, 2019.
- The variance in BH3's site plan components is greater than ten percent (10%).
- The required Workforce Housing Covenant has not been recorded.

At this time, CRA staff is bringing this item before the CRA Board as an update following the January 28, 2020, CRA Board meeting.

**CRA Attorney Review:**

N/A

**Finance Review:**

N/A

**Funding Source/Financial Impact:**

N/A