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**ARNSTEIN**  
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November 25, 2020

Ms. Renee Jadusingh  
Executive Director  
Delray Beach Community Redevelopment Agency  
20 N. Swinton Avenue  
Delray Beach, Florida 33444

RE: 600-800 Blocks of Atlantic Avenue – BH3 project

Dear Ms. Jadusingh:

As you know, the law firm of Saul Ewing Arnstein and Lehr represents BH3 Management, LLC. I am writing on behalf of my client to respectfully request that you place an agenda item on the CRA Board's December agenda to discuss the BH3 project and to provide staff direction regarding this request to amend the Purchase and Sale Agreement ("PSA") to extend the Approval Date, address project phasing, and the elimination of the financing contingency. We are seeking these amendments to accommodate the national grocer with which we have an executed binding letter of interest to develop a grocery store on the 600-block, and to allow the necessary timing for submission and responses for the design changes described herein.

On April 18, 2019, we executed the PSA based on the CRA Board's selection of BH3 as the developer for the CRA properties. The project has gone through iterations and design changes based on the criteria in the RFP, feedback from the CRA Board, community engagement and tenant requirements. More recently, due to the COVID-19 pandemic, additional revisions were made to the plan to further reduce density and intensity. The resulting improved project is smaller in scale and mass, is more neighborhood compatible and community-focused offering a full-service grocery store on grade level, 69 workforce/affordable units and a revamped Frog Alley space with water features, and neighborhood oriented retail, commercial and restaurants on the 700 and 800-blocks.

We recognized from the onset that securing not just any grocer, but the right grocer, was the driver to the success of the project and its impact on the community, and we have operated with that mindset ever since. Procuring a national grocer to locate one of its stores at this location has been extremely challenging due to a myriad of factors including but not limited to: proximity of existing locations of certain target tenants, several grocers going out of business and/or terminating expansion plans, and the ongoing impacts of the COVID-19 pandemic inundating thriving grocers at existing locations. Despite all of the above, while it took considerably more time as a result of

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these factors, we are thrilled to have a national grocer on board and know that having them as the anchor for this project will cement the success of the project for the community. The design of the grocery store has been changed to a single-story store with surface parking and green space after feedback from the CRA Board, community, and in conjunction with our negotiations with the grocer tenant. It continues to remain on the 600 block as that is the only block with enough assembled property large enough to accommodate the grocery store and surface parking while meeting the tenant requirements for loading and ingress/egress.

Fabrik will be a work, live and play community for its residents, while serving the greater neighborhood with new and diverse housing opportunities. The new and improved Fabrik plan contains sixty-nine (69) residential rental units, sixty-four (64) located on the 700 block in a three-story building and five (5) townhomes located on the southern portion of the 600 block. The residential building on the 700 block contains 1-, 2-, and, 3-bedroom units, with a ground-floor structured parking garage for residents, employees and the public. The project will be 100% workforce and affordable, providing for a mix of eligible residents; which is a result of more community feedback we received.

The retail and commercial space proposed by the new Fabrik plan for the 700 and 800 blocks will benefit the community by providing needed amenities, employment opportunities and small business spaces. The retail and restaurant spaces proposed will offer an array of goods, services and cuisines with the objective of targeting local businesses as tenants. We recognize that medical uses, walk-in clinics, pharmacies and financial institutions are uses strongly desired by the community and we are working with the top brokers in Florida to bring them to the project. With all of the retail and commercial space, plus the grocery store, the project will continue to generate local jobs in this part of Atlantic Avenue. The commercial and retail spaces of Fabrik will offer residents of the northwest/southwest places to work, eat and shop, right in their neighborhood.

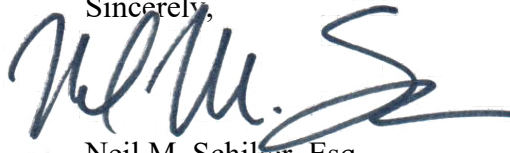
The current design and development program of Fabrik aims to meet the needs of the northwest/southwest neighborhoods, based on past and present feedback. While we initially thought having excess parking above the amount required by code comprised of multiple structured parking garages was a positive, the feedback from the neighbors was that they didn't want to be the "parking lot" for the City's downtown. We also heard that the project was too big, too dense and wouldn't be a fit with the neighborhood and that the preference was for the grocer to be located at grade level. Accordingly, we reduced the heights and density of the project to be a low rise, less intense and dense project that still meets the community's needs and provides the grocery experience at grade level and reduced the parking to be able to accommodate the entire project. Based on community feedback we know that residents want to have the chance to live in Fabrick, accordingly all of the units at the project will be workforce/affordable. The new "Frog Alley" now includes a water feature that runs most of the length of the residential building, which adds a unique element not found elsewhere on Atlantic Avenue and mitigates some of the noise from Frog Alley to the residences. The new and improved Fabrik adheres to the critical requirements of the RFP, incorporates the requests and desires of the community through reduced density and intensity, and is viable and deliverable in the current economic climate and we have full conviction that Fabrik will become a community asset and a hub for the northwest/southwest for decades to come.

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Our request for an amendment to the PSA should not be unforeseen by the CRA as we have previously discussed the necessity to extend the milestone dates earlier this summer and amend the PSA to accurately reflect the project and its public benefits. Additional time in the development process, during a national pandemic, is not unreasonable and should not have a negative impact on the CRA. The new and improved Fabrick is a result of what the CRA and the community want, and this is what the development team at BH3 is going to deliver. Now that a grocer has been attained, this company has already begun meeting with the City, as they have their own development process, procedures and timelines that vary with certain aspects of the PSA and it is in the best interest of all parties to accommodate same. With the Board's affirmative direction, we will work with staff to draft an amendment that will deliver the project the CRA and community want and deserve.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Neil M. Schiller', with a long, sweeping horizontal stroke extending to the right.

Neil M. Schiller, Esq.

cc: CRA Board  
Donald Doody, Esq. – Counsel for CRA  
Scott Pape, Principal Planner, AICP – City of Delray Beach  
Client