

Ms. Suzanne Sherman,

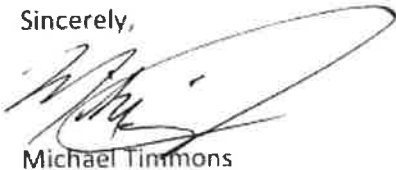
In conducting research during the Due Diligence period for the purchase of the properties located at 4220 Dixie Highway NE, 2932 Pospisil Avenue, and 2920 Pospisil Avenue from the City of Palm Bay and the Bayfront Community Redevelopment Agency, Space Coast Marinas LLC has become aware of several items that significantly impact the market value and timely development of the subject properties. The most impactful are the following.

The Pelican Harbor Marina FABAR executed by the City of Palm Bay and Space Coast Marinas, dated May 18, 2021, a 20' x 559.87' section of Maplewood Street is required to be vacated allowing for the construction of an indoor boat storage facility and a pedestrian walkway that connects the property to Pollak Park. On April 2nd, 2021, the City of Palm Bay entered into a Ground Lease Agreement with Brightline Trains Florida LLC to provide a right of way "ROW" to access the FEC railroad construction site to facilitate the construction of the Turkey Creek Bridge, access the construction of a temporary work trestle and build a temporary access road centered on the ROW. Unfortunately, the lease doesn't expire until September 30, 2022, and conversations with multiple contractors familiar with the project state this date is probably unattainable. This significantly delays the permit process with the Florida Department of Environmental Protection and St. John's Waterway District and delays site construction.

Preliminary Subsurface Soil Exploration conducted by Ardaman & Associates, Geotechnical, Environmental and Materials Consultants show that TH-2 and TH-3 (per the attached report) are areas of the subject property that have soil conditions prohibitive to the construction of any structure over three stories and most likely would need to be excavated 27-30 feet to support a three-story structure. The land that needs excavation in TH-3 lies adjacent to the Brightline Trains Florida LLC ROW lease property. Excavation on this section of land will be delayed until the lease expires.

Storm water drainage pipes recently constructed on the property will increase the costs of building over the easement area that has been previously designated as a parking lot. Due to the shallow location of the storm drains the entire parking area will need to have additional landfill and prep work. The City of Palm Bay is requesting a permanent easement be granted. Space Coast Marinas LLC is willing to grant this easement and proceed according to the revised purchase agreement. Space Coast Marinas has evaluated the financial impact of these items and revises their purchase offer to ~~1.5M~~ 1.7M. The funds will be at the escrow company this week with an August 6th, 2021, closing.

Sincerely,



Michael Timmons



Space Coast Marinas