

[PALM BEACH JEWELRY AND ANTIQUE SHOW, INC. LETTERHEAD]

June 20, 2016

VIA HAND DELIVERY

Jeri Muoio, Chairman
Sylvia Moffett, Commissioner
Cory Neering, Commissioner
Paul O’Ryan, Commissioner
Keith James, Commissioner
Shannon Materio, Commissioner
Jon Ward, Executive Director
Kim Briesmeister, President, Redevelopment Management Associates
Kimberly Rothenburg, City Attorney
City of West Palm Beach
Community Redevelopment Agency
401 Clematis Street
West Palm Beach, FL 33401

Palm Beach Community
Show, LLC, d/b/a Art Miami,

Re: License Agreement dated June 6, 2016 between West
Redevelopment Agency (“CRA”) and Los Angeles Art
LLC (“Art Miami”)

Dear Chairman Muoio:

We are writing to address the above referenced License Agreement to insure that our position is fully understood, particularly in regards to the legal action that we felt was necessitated by the CRA failing to properly notice, seek proposals from other interested parties and to give the public an opportunity to be heard on the leasing of the City’s Tent Site for another downtown art show. It is with great regret that we had to take the legal steps to protect our economic interest and insure that the public is part of the process.

While we reserve the right to participate more fully in future public proceedings pertaining to the use of the Tent Site for an art show, the following are some key points, many of which would have been articulated during the required public process had one been properly held.

Economic Impact:

With regard to the reported economic impact that Art Miami claims that their proposed show will create, it should be noted that their show is too small of a show to create an “Art Basel” effect. Many more

dealers would be required, along the lines of our February event, in order to create the impact of an Art Basel type event. We believe that their show, on the license dates (January 12th through 15th for the 2017 year) to the contrary are designed to take away from the downtown West Palm Beach market that it is in and will take economic impact from our Palm Beach Jewelry, Art and Antique Show and from David Lester's Art Palm Beach show. The downtown West Palm Beach market is appropriately served through the two existing shows which have great economic impact; selling in excess of 1,500 hotel rooms over the two shows' dates.

We ask that you recall that when the CRA contemplated locating a health care campus on the Tent Site, CRA appropriately decided as a matter of policy to not allow the use on the Tent Site in order to avoid negatively impacting St. Mary's and Good Samaritan Hospitals which have been serving our community faithfully for many years. Additionally, if "more is always better" ask yourself if you would permit a second music festival on Flagler Drive one week before SunFest or permit a second boat show one month before the current boat show that has successfully served West Palm Beach and its surrounding areas for several years?

Our company has spent 15 years and tens of millions of dollars creating an economic impact in the City of West Palm Beach and Palm Beach County. Allowing Art Miami to present a show at the Tent Site prior to the two existing shows will seriously hurt that longstanding effort supported by great investment on our part.

Noteworthy, the License Agreement does not obligate the licensee to advertise their show at all which is one of prime keys to the success of these type of art shows. Year after year, we spend very significant dollars in advertising our shows which brings not only name recognition to the City of West Palm Beach but great economic benefit. Not only does Art Miami not have any obligation to expend the amount of dollars necessary to make these types of unique shows a success, history and experience have shown that there is limited success where such art shows are not on the same weekend as another major show or event.

Convention Center:

With regard to the Palm Beach County Convention Center, the Convention Center was built to generate economic impact and, as some of you know, a great deal of effort was put forth, led by Bob Sanders, who was with the City, to have the Convention Center built in West Palm Beach and on Okeechobee Boulevard. Global Spectrum, the very experienced Convention Center management company, has determined that a show such as Art Miami is competitive to the two existing shows in this City, ours and Mr. Lester's. In fact, our shows were granted "Protection Clauses" by the Convention Center to prevent this very thing from happening at the Convention Center -- to avoid another competitive show coming in right before or after our shows to over-flood the market and cannibalize the existing shows. Allowing Art Miami to produce a competing show circumvents the very intent of that Market Rule. You may not be aware that Art Miami very aggressively attempted to force the Convention Center to allow them to proceed with their show right before our show in the Convention Center. The Convention Center and the

County, after much deliberation and realizing the adverse impact on the Center and the existing shows, did not allow them to do that. And, let us point out, we are referring to the very show that they are planning on the Tent Site, if the CRA permits them.

Legal Aspects:

With respect to the License Agreement with Art Miami, it is invalid because it was not noticed for a period of thirty days prior to discussion and the CRA's action, and this matter should have been processed through a request for proposals, as required by State statute governing CRAs.

Additional considerations:

The arrangement with Art Miami grants them an option that "ties up the property" for potentially three years (even though the CRA is desirous of selling the property). That, in itself, is a very restrictive and commercially valuable provision that, perhaps, should be in an RFP allowing other parties to express their interest in leasing the Tent Site by responding to the RFP.

Art Miami is not only being given the use of the property without any rental income to the CRA, it is being given the use of City light poles, without any charge, on which to place their show flags. Therefore, the CRA, in giving Art Miami this preferential treatment, is favoring this new, from an out of the City art event, over our show and Mr. Lester's show. That is on top of them being allowed to come into the City and use the City's name to produce a show before our well and long-established events. Does that seem fair? Does that even sound fair?

In fairness to the CRA, we believe it did not have all the information at the time that the CRA voted on this matter. In all candor, we feel that this deal was rushed through the CRA for approval without a full and real discussion, and that it was not noticed properly. It is our sincere belief that if all the facts had been brought to light, the CRA would have made a different decision and would not have chosen to tie up the property for three years, for zero dollars to hurt two long proven existing events in our Convention Center that is located in the very heart of our City.

We started our high-end jewelry business on Clematis Street 23 years ago, before Clematis was the success that it is today and we personally made West Palm Beach our homes. Since then, we have substantially grown our businesses, sat on local boards, willingly donated our time and money to help build and improve the City of West Palm Beach and, to be very candid, we feel that we are not being treated fairly.

We are opposed to the decision to basically give the use of City CRA property away to an out of town entity for free, to directly compete with us and detrimentally hurt our businesses. The show we built, and produce, in February of each year is the largest vetted show in the United States and has some of the very same dealers as the Art Miami Show. Absolutely nothing in the CRA's proposed arrangement with the owners of the Art Miami Show would stop them from running our exact show on

the Tent Site. We even took additional dates at the Convention Center and launched a Decorator Show three years ago, to further support our city.

We own the properties from the northeast corner of Clematis Street and Dixie Highway east to 329b Clematis Street and, as you may know, our building plans for an upscale boutique hotel are in the City's Development Services Department for review, representing another investment of millions of dollars by us in support of this City.

We are respectfully requesting a new vote, with all of the facts before you, on whether or not the CRA should approve the Tent Site to be used for a show that will negatively affect our show and Mr. Lester's show.

In short, we beseech you to vote to reconsider the License Agreement for the following reasons:

(a) The net effect of allowing that show to go forward will not be an economic benefit or be beneficial to the business friendly reputation of West Palm Beach;

(b) It will hurt long-time local stakeholders who have invested millions of dollars into the economy of West Palm Beach over the past 23 years;

(c) It ties up one of the last available and very valuable prime pieces of property in our City; and

(d) The proposed arrangement for the use of the Tent Site does not produce any rental income for the CRA.

Unfortunately, we were forced to take legal action today and filed the attached lawsuit to ensure that the City rectify its failure to properly notice and request proposals for the lease of this CRA property. If the City recognizes the wisdom of not proceeding with another show at this time, the matter will be resolved. If not, we are requesting that the availability of the Tent Site be publicly noticed for 30 days with a request for proposal issued so that we can also submit a proposal.

Respectfully submitted,

Robert Samuels