

November 22, 2016

To: Bank of America Merrill Lynch, Banc of America Community Development Corporation, Seltzer Management, RBC Capital Markets Tax Credit Equity Group, Oak Grove Capital, The Housing Authority of the City of Tampa

The Tempo at Encore - Developer's Project Status Update – 10

As reported in the Developer's Project Status Update #9 dated July 12, 2016, the general contractor, Siltek Group, Inc. was terminated effective June 17, 2016 and ownership has brought a legal action against Siltek for breach of contract.

Status Update:

- In late October 2016, DPR Construction completed their assessment and performed all work identified as emergency repairs during their review of Tempo site conditions. As part of the assessment, DPR procured the services of IBC, an Industrial Hygienist, to further investigate reported visual observations of wet drywall and insulation and the appearance of growing mold on these materials. As a result of the IBC findings, DPR took quick action to remove all standing water, made necessary building repairs and removed all the drywall and insulation impacted by tropical storm Colin which passed through Tampa the first two weeks of June 2016. At completion of the remediation, IBC issued a letter stating that all mold remediation work was completed in accordance with the required scope of work provided by IBC. DPR also performed a significant amount of site clean-up, made roof repairs and other necessary repairs to temporarily make the building water tight.
- The Surety, Berkley Insurance Company, has elected to perform and complete the construction contract itself as set forth in Article 5.2 of the Bond. Over the owner's previous objection, the Surety has selected TRON Construction, LLC as the completion general contractor. TRON Construction was recently formed by Ana Sierra, the owner of Siltek Group, Inc. The Surety is in the final stages of ratifying all the Siltek subcontracts and has procured the services of Forcon International to oversee the construction completion on behalf of the Surety and to act as liaison between the Surety and the Owner.
- On October 24, 2016, TRON Construction, LLC mobilized its team and subcontractors to commence with completing the construction of the Tempo. While we have not yet approved the revised schedule, it is estimated that the project will be complete in September 2017.
- We continue to carefully monitor the activities on site.
- We are engaged fully with the city building department and the building department has indicated that they will also be carefully monitoring all activity on site.
- The developer and the owner have been working with the lenders to prepare for a second extension of the construction loan which first extension expires 10/1/2017 and a second extension of the Freddie Mac Forward Commitment which first extension expires 12/1/2017.
- We are actively engaged with our outside legal counsel for all matters pertaining to our legal action against Siltek.

Please call me if you have any questions.

Prepared by:

Eileen M. Pope

Eileen.m.pope@baml.com

980-387-2727