

February 9, 2017

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 – 11

As reported in the Developer's Project Status Update #10- dated November 22, 2016, 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.

The Surety took over the GC contract and hired TRON Construction as the completion contractor.

Status Update:

- The Surety has been issued a contract deductive change order in the amount of \$1.7MM. This reflects the \$500,000 deduction from retainage as agreed to in the August, 2015 second amendment to the GC contract, and the \$1.2MM the owner utilized after the Siltek termination to perform necessary on site emergency repairs that resulted from negligence on the part of Siltek.
- Any additional corrective action noted by ownership and not remedied by the Surety, will be completed by the owner and charged back to the Surety via a deductive change order to the GC contract amount. This action is in accordance with the GC contract.
- We continue to work with all parties legal counsel as well as Novogradac and Navigant consultants to carefully monitor funding source requirements, eligible basis, and to ensure we will meet the 50% test under the bond financing requirements.
- After the October 24, 2016 remobilization, the Surety ratified the sub contracts under Siltek and work continues on site.
- While we have not yet approved the revised schedule, it is estimated that the project will be complete in 4Q 2017.
- We continue to carefully monitor the activities on site.
- We continue to be engaged with the city building department in monitoring all activity on site.
- Draft loan documents for the subordinate trust indenture and subordinate loan documents have been circulated. We are requesting to extend the subordinate bond maturity date as well as other key dates related to the completion and stabilization of the project. These documents will be presented to the HCHFA board meeting on February 17, 2017.
- We are working with JLL to extend the Freddie Mac forward commitment.
- 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.

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