

**March 30, 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 – 12**

Berkley Surety Group took over the Siltek/GC contract and hired TRON Construction as the completion contractor.

**Status Update:**

- Ownership has been carefully monitoring all aspects of this project. To date ownership has issued one 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.
- The owner continues to identify additional corrective action required to be completed by the Surety. Several "Stop Work Orders/ Notice to Commence with Corrective Action" notices were issued on March 10, 2017. A default letter was issued to the Surety on March 24, 2017 giving the Surety 5 days to both commence with and/or complete the remediation of deficient work. If the Surety fails to take the required corrective action on specific deficiencies reported in the "Stop Work Notices" and the default letter, the owner will remediate the deficient work. All costs associated with any repairs completed by the owner will be 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. At this time, BACDC will be taking action under its guarantee and we will be requesting BACDC funding to cover the cost overruns on this project to make necessary repairs and correct deficient work.
- An acceptable schedule has yet to be submitted by the Surety. Ownership estimates the project will be complete 4Q 2017.
- We continue to be engaged with the city building department in monitoring all activity on site.
- Final loan documents for the subordinate trust indenture and subordinate loan documents have been executed. The subordinate bond maturity date has been extended to December 29, 2017. Three additional six month extensions through October, 2019 are allowed under the discretion of the construction lender. We are in the process of executing the Freddie Mac forward commitment extension.
- 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](mailto:Eileen.m.pope@baml.com)

980-387-2727