



October 9, 2014

Mr. Brantley Henderson  
Multifamily Programs Administrator  
Florida Housing Finance Corporation  
227 North Bronough Street, Suite 5000  
Tallahassee, FL 32301-1329

RE: Pelican Cove (MMRB 2014-109B / HOME 2014-299H)  
Material Change to the Borrower Entity Ownership Structure

Dear Mr. Henderson:

Florida Housing Finance Corporation ("Florida Housing" or "FHFC") has requested that AmeriNational Community Services, Inc. ("AmeriNational") review the request submitted by Pelican Cove Associates, Ltd. ("Borrower"), a Florida limited partnership, for a material change in the Partnership ownership structure.

The Borrower requests Florida Housing's approval of the addition of Tacolcy Pelican Cove, LLC ("TPC") as a co-General Partner. The Borrower as reflected in the final credit underwriting report dated June 4, 2014 consists of Cornerstone Pelican Cove, L.L.C. ("CPC") as the sole General Partner (0.01% ownership interest) and SunTrust Community Capital, LLC as the Investor Limited Partner (99.99% ownership interest). The request from the Borrower will reduce CPC's ownership interest from 0.01% to 0.0049%. TPC will enter the partnership as a co-general partner with a proposed ownership interest of 0.0051%. Tacolcy Economic Development Corporation ("Tacolcy") is the sole member of TPC with 100% ownership interest and is a 501(c)(3) not-for-profit Florida Corporation. Tacolcy is currently serving as a co-Developer and shall participate in the management of the Development by working with community members and outreach programs to market to extremely low income and low income elderly households and be a liaison to social service agencies.

AmeriNational reviewed the request, performed certain due diligence, and formulated a recommendation. For purposes of this analysis, AmeriNational reviewed the following due diligence:

- Final Credit Underwriting Report dated June 4, 2014
- Correspondence from the Borrower
- Tacolcy's audited financial statements dated September 30, 2013 and liquid asset verification

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- Tacolcy's 2012 and 2013 Form 990 Return of Organization Exempt from Tax
- A Statement of Financial/Credit Affairs dated March 20, 2014 completed and executed by Tacolcy
- FHFC Past Due Report dated May 16, 2014
- FHFC Non-Compliance Report dated May 16, 2014

### **Background Summary**

At the June 13, 2014 Florida Housing Board of Director's meeting, the Borrower was approved to receive an award of \$11,900,000 in FHFC Multifamily Mortgage Revenue Bonds ("MMRB"), an award of \$2,450,000 in HOME Investment Partnership Program ("HOME") funds, and an annual 4% Housing Credit ("HC") allocation of \$910,332. The Borrower also received a third mortgage from the Miami-Dade County Surtax Loan program. A condition of the final credit underwriting report required TPC to be removed as a co-General Partner prior to the MMRB and HOME loan closings in accordance with the non-competitive application that prohibits a material change (33.3 percent or more of the Applicant, a general partner of the Applicant, or a member of the Applicant) in the ownership structure until after the MMRB closing. The Borrower filed a Third Amendment to the Certificate of Limited Partnership of Pelican Cove, Ltd. that removed TPC as a co-General Partner. The MMRB and HOME loans closed September 30, 2014.

Pelican Cove Apartments is a proposed development located in Miami Gardens, Miami-Dade County, Florida. The Development shall consist of 5 three-story, garden-style apartment buildings housing 112 units. The unit mix consists of 30 one bedrooms and one bathroom units; 46 two bedrooms and two bathroom units and 36 three bedrooms and two bathroom units. For the MMRB loan, 85% of the units (96 units) are set aside for tenants with incomes at or below 60% of the Area Median Income ("AMI") for a period of 30 years. For the HOME loan, 20% (23 units) of the units are set aside for tenants with incomes at or below 50% of the AMI ("Low HOME") and 80% (remaining units) are set aside at 60% of the AMI for a period of 30 years. For the HC, 100% (112 units) of the units are set aside for tenants with incomes at or below 60% of the AMI for a period of 30 years.

### **Tacolcy Information**

TPC was formed on March 31, 2008 and is a single asset entity; therefore, there is no financial information available at this time. The sole member of TPC is Tacolcy, which provided the following information:

Tacolcy was incorporated in 1982 and has developed over 2,000 units of affordable rental housing and currently manages several hundred units of affordable rental housing in Liberty City.

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**Tacolcy Economic Development Corporation**

September 30, 2013	(Audited)
Cash and Cash Equivalents:	\$ 193,899
Total Assets:	\$ 16,709,888
Total Liabilities:	\$ 11,540,445
Total Equity:	\$ 5,169,443

The financial information is based upon financial statements as of the period ending September 30, 2013 that was audited by L. Brown and Company, P.A. The majority of assets held by Tacolcy are from Property and equipment (net of accumulated depreciation), investments in subsidiaries, and notes receivable. The majority of liabilities are from notes payable. AmeriNational received the 2011 and 2012 U.S. Return of Organization Exempt from Income Tax and found them to be satisfactory.

As illustrated in the final credit underwriting report, the principals of CPC have substantial liquid assets and will be relied upon for their financial capacity. The Co-Developer Agreement states that CSG Development Services II, LLC ("CSG") will be responsible for all predevelopment costs and financial guarantees. CSG further indemnifies Tacolcy from any financial liabilities if Tacolcy is required as a Guarantor.

A D&B Report dated October 9, 2014 was obtained on Tacolcy which was satisfactory. No open lawsuits, judgments, bankruptcy proceedings, or liens exist within the D&B database.

**Additional Information**

According to the FHFC Non-Compliance Report dated August 22, 2014, no non-compliance issues exist for the Development Team.

According to the FHFC Past Due Report dated August 22, 2014, no past due issue exists for the Development Team.

**Recommendation**

Based on the analysis contained herein, AmeriNational recommends the approval of the Borrower's request to change the Borrower entity ownership structure and concludes that Florida Housing's financial interests and underlying collateral will not be adversely affected, subject to the following conditions:

1. Execution and receipt of all documents required to effectuate the MMRB and HOME Loan closings;
2. The new co-general partner, existing co-general partner and limited partner(s) execute any documents as Florida Housing deems necessary to effectuate the general Borrower change;
3. Satisfactory resolution of any outstanding non-compliance or past due items, if applicable;

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4. Payment of any outstanding arrearages to FHFC, its Legal Counsel, Servicer or any Agent or Assignee of FHFC for past due issues applicable to the Development Team (Borrower or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) and 67-21.0025(5) F.A.C., of a Borrower or a Developer);
5. Payment of all costs and fees to Florida Housing, its counsel and Servicer; and,
6. Review and approval of all legal documentation by Florida Housing and its legal counsel.
7. Any other due diligence requirements of the Servicer, Florida Housing, or its Legal Counsel.

Please do not hesitate to contact me if you need further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Kuenn', with a long horizontal flourish extending to the right.

Kyle Kuenn  
Credit Underwriter