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FLORIDA HOUSING FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

IN RE: MILLENNIA JACKSONVILLE FL TC, LP

FHFC CASE NO. 2025-XXXVW 018VW
Application No. 2018-504C

PETITION FOR WAIVER OF
FLORIDA ADMINISTRATIVE CODE RULE 67-21.026(13)(e)

Petitioner, Millennia Jacksonville FL TC, LP, as Applicant/Owner ("Petitioner" or "Applicant"), pursuant to section 120.542, Florida Statutes, ("F.S.") and Chapter 28-104, Florida Administrative Code, ("F.A.C.") petitions Florida Housing Finance Corporation (Florida Housing) for a waiver permitting the General Contractor to self-perform work in excess of the $350,000 or 5 percent of the construction contract limitation identified in Rule 67-21.026(13)(e). In support of this Petition, Petitioner states:

A. Petitioner and the Development

1. The name, address, telephone, and email address for Petitioner are:

Millennia Jacksonville FL TC, LP
4000 Key Tower, 127 Public Square
Cleveland, Ohio 44114
Telephone: 216-520-1250
Email: fsinito@mhmltd.com

Petitioner Millennia Jacksonville FL TC, LP is the Applicant/Owner of the Valencia Way Apartments development.

2. The contact information for Petitioner's counsel is:

Lawrence E. Sellers, Jr.
Holland & Knight LLP
315 South Calhoun Street
Tallahassee, Florida 32301

Telephone: 850-425-5670
Email: larry.sellers@hklaw.com
On behalf of Millennia Jacksonville FL TC, LP

3. On October, 16, 2018, Petitioner received an Invitation to Credit Underwriting.

4. Here is the requested background information regarding the Development:

Application Number:	2018-504C
Development Name:	Valencia Way Apartments
Applicant/Borrower:	Millennia Jacksonville FL TC, LP
Developer/Principal:	Millennia Housing Development, Ltd.
Number of units:	400
County of Development:	Duval County
Development/Type:	Garden
Set Asides:	100% at 60%
Demographics:	Family

B. Type of Waiver

5. The waiver being sought is permanent in nature.

C. Rule For Which a Waiver Is Requested

6. Petitioner requests a waiver from Rule 67-21.026(13)(e), F.AC. (the "Rule"), which limits the type and amount of work a General Contractor may perform as follows:

> (e). Ensure that no construction or inspection work is performed by the General Contractor, with the following exceptions:
>
> 1. The General Contractor may perform its duties to manage and control the construction of the Development; and
> 2. The General Contractor may self-perform work of a de minimis amount, defined for purposes of this subparagraph as the lesser of $350,000 or 5 percent of the construction contract.

On April 29, 2022, during the 2022 rule development process, the Board approved a change in the Rule to allow the General Contractor to self-perform a limited amount of work as set forth directly above. As part of the Board's action, the Board also approved this portion of the rule to be applied to developments that had previously submitted applications under the prior version of the

Rule. Thus, while the Applicant applied subject to the 2019- version of the Rule, the 2022-version set forth above applies in this instances based on the Board's action.

D. Statutes Implemented by the Rule

7. The Rule implements, among other sections of the Florida Housing Finance Corporation Act, section 420.5099, F.S., relating to the allocation of Low-Income Housing Tax Credits.

E. Justification for Granting the Requested Waiver from the Rules

8. Under section 120.542(1), F.S., Florida Housing has the authority to grant waivers to or variances from its requirements when strict application of the requirements would lead to unreasonable, unfair, and unintended consequences in particular instances. Specifically, section 120.542(2) states:

> Variances and waivers shall be granted when the person subject to the rule demonstrates that ***the purpose of the underlying statute will be or has been achieved by other means*** by the person and when ***application of a rule would create a substantial hardship or would violate principles of fairness***. For purposes of this section, "substantial hardship" means a demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver. For purposes of this section, "principles of fairness" are violated when the literal application of a rule affects a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule.

9. Petitioner is the Applicant for the Valencia Way Apartments ("Project" or "Development") and is subject, along with its General Contractor, NEI General Contracting, Inc. ("NEI" or "General Contractor"), to the Rule.

10. The Rule allows a General Contractor to (1) "perform its duties to manage and control the construction of the Development," and (2) "self-perform work of a de minimis amount…[up to]…$350,000 or 5 percent of the construction contract." Based on the specific

factual circumstances surrounding the present Project, Petitioner requests a waiver of the Rule to allow the General Contractor to self-perform work in excess of the $350,000 limitation.

11. In July 2018, Petitioner/Applicant and NEI entered into a cost plus Construction Contract ("Contract").

12. Petitioner issued the Notice To Proceed (NTP) to NEI on November 6, 2018. As a result of the NTP, NEI mobilized and timely began the scheduled work. On November 7, 2018, asbestos abatement was started and there was confirmation that all apartment units were vacated. Approximately eight (8) months into the course of construction, the Petitioner was made aware by NEI of unforeseen underground electrical issues that were discovered during the course of construction. More specifically, the entire electrical feeder system to the buildings was originally installed as direct bury cable and the insulation in many areas was failing and causing direct shorts to ground or failure of individual feeder legs, which affected power supply to individual and sometimes multiple buildings at a time (depending on where the break was located). In order to locate the failures, an underground cabling specialist had to scan hundreds of feet of underground supply to pinpoint the failure(s), which took days and often weeks to resolve and restore power to a building or group of buildings being sourced by the faulty feeder. This failure occurred in more than 60% of the construction phases, resulting in time lost as described in the Petition. These unforeseen conditions resulted in a delay that began on July 31, 2019, as a result of underground electrical repairs that were required by the City of Jacksonville in order to bring the apartment building up to code and to bring two lift stations back online. There were three (3) other instances in which delay letters were issued to the Applicant by NEI because, through no fault of the Applicant, the Applicant was unable to turnover the units to NEI in a timely manner (See July 31, 2019 letter, August 26, 2019 letters, and December 20, 2019 letter, attached hereto as Exhibit "A"). Once NEI was given access to these units/buildings, additional previously unknown issues became apparent that required NEI to perform additional work to maintain the integrity of the Jacksonville building code which contributed to the delays. Each time the Applicant was issued a delay letter

in these circumstances, it was necessary for the Applicant to adjust the scope of work on the Project in order to adapt and account for these unforeseen costs. Examples of these other unknown/unforeseeable instances including, but are not limited to the following:

- The existing entry door height required modification to the header in order to install a new code-compliant product. This occurred in approximately 30% of the units during construction.
- Accessibility paths required re-design to accommodate existing grades, which resulted in delay caused by requirement for additional field surveying at every accessible unit and then waiting for revised design from civil engineer.
- Laundry building re-design was required to accommodate existing conditions because there was not enough clearance between appliances, which required mechanical re-design for dryers.
- Due to underground gas leaks, the owner elected to proceed with necessary gas line replacements while construction was ongoing. This work required gas shutoffs throughout the property, impacting renovations, delaying building completions, and affecting multiple trades, including concrete rework. The work took seven weeks to complete.
- The construction drawings specified that existing stair footers and piers were to remain in place. However, upon inspection, no footers were found to have existed. This discrepancy required further evaluation to determine the necessary corrective actions. Adjustments to the design or additional reinforcement were needed to ensure compliance with building codes and project requirements.
- The existing construction drawings stated that fire separation between the first and second floors were in place. However, this condition did not exist, requiring rated drywall separations to be installed around existing piping to meet fire code requirements.

- At the start of construction, both lift stations failed, requiring the replacement of pumps to restore functionality. Since the lift stations service the entire property, a generator was brought on-site to ensure continuous operation and prevent disruptions while repairs were completed.

13. Unfortunately, the above unavoidable delays created unit turnover inconsistencies and schedule interruptions that many subcontractors would not support without a significant increase in mobilization costs. As a result, there were several subcontractors who abandoned the project completely and some who refused to show up without a substantial increase in their subcontract price. Under these conditions, NEI foresaw significant delays and was forced to step in to reduce the impact on the Project's budget and schedule.

14. Compounding the above delays was the fact that finding original subcontractors, as well as replacement subcontractors, willing to work on a Project at an apartment complex with a known history of violent crimes was a significant challenge. As the Project progressed, there were multiple incidents of violence that occurred on-site, and workers were directly threatened. NEI implemented a more stringent subcontractor check in and monitoring process to ensure the Superintendent had knowledge of subcontractor movement throughout the day via cell phone and text messaging. Additional muster points allowed for regional gathering and head count in the event of an emergency. The Applicant also increased its onsite security presence and worked with the local sheriff's department to increase patrol frequency.[1] Unlike any normal Project, this resulted in NEI having to incur additional unanticipated costs to ensure the safety of its team and its subcontractors. Despite NEI's best efforts, NEI was faced with several subcontractors abandoning the Project and refusing to return to the jobsite, as well as challenges faced in replacing them due to the ongoing violence. This directly resulted in NEI having no choice but to self-

[1] Since completion of the Project, security has varied from roving patrols to set times. The Applicant recently installed 85 security cameras onsite. The Applicant is also currently working to finalize a monitoring agreement with the vendor. Additionally, the cameras that were installed are compatible with the Jacksonville Sheriff's office and will allow them direct access to the surveillance system.

perform a substantial amount of work as subcontractors were not available and/or not willing to perform said work. To navigate these challenges, NEI had to implement additional security measures, coordinate closely with local law enforcement, and maintain open lines of communication with its labor teams to foster a sense of safety and stability amid the turmoil.

15. In March of 2020, the COVID-19 Pandemic began. The Pandemic had immediate negative impacts on the construction industry and this Project. Such impacts included, but were not limited to, labor shortages and supply chain disruptions. Occupied renovations, such as the Valencia Way Apartments Project, were affected significantly more than unoccupied projects, as the work had to be performed with limited or no contact with the residents. In addition, COVID-19 protocols were required to be developed and implemented to prevent the spread of the disease between NEI employees, NEI's subcontractors, and the residents. The Pandemic further exasperated the unit turnover delays already occurring. As there was no knowledge of the COVID-19 Pandemic at the time NEI bid/priced the Project in 2018, none of these COVID related costs could have possibly been included as part of NEI's pricing and as part of NEI's general conditions.

16. As a result of the multitude of unforeseen conditions and delays that were encountered on the Project (i.e., COVID, on-site violence, code compliance, etc.), and in an attempt to make up lost time on the schedule and to reduce the increased costs associated with said conditions (i.e., material/labor shortages, abandonment of subcontractors etc.), NEI was required to self-perform a small percentage (8.6%) of the overall value of the work associated with the Project. The total cost of the required self-perform work was $1,975,087. This work was completed within the Guaranteed Maximum Price (GMP) value and no increased costs to the Project were incurred. In fact, the Project recognized a substantial savings as a result of NEI's self-performance of this limited work. As further explained below, this is work (a) that is not normally performed by subcontractors, (b) that NEI would normally self-perform as a general contractor, and/or (c) that was not capable of being performed by a subcontractor for a variety of reasons, including but

not limited to the violent reputation the Project experienced, the Pandemic, the limited size of the scope of work, and/or the immediacy of the need for the work.

17. In order to reduce Project delays, implement required COVID protocols, address a multitude of subcontractors issues (e.g., abandoning the Project, inability to obtain timely materials, inability to properly staff, etc.), and maintain the Project's schedule, all within the agreed upon Guaranteed Maximum Price ("GMP") budget, the $1,975,087 of work that NEI was required to self-perform can be broken down as follows:

a. NEI was faced with multiple subcontractors who abandoned the Project -- some due to an inability to maintain the Project's schedule, some decided not to show up due to violence on site, and one was terminated because it demanded to perform work in more units and on a time and material basis, than the Applicant could turn over to NEI. NEI attempted to have other subcontractors bid the work to replace these subcontractors, but without a reliable schedule to adhere to, it was not possible to get replacement subcontractors willing to price to the work, never mind at a time and material rate that was the same or lower than the allowable contractual billable hour rates within NEI's contract with the Applicant. The below table identifies the original subcontractors hired by NEI that subsequently abandoned the work and/or were terminated from the Project, the value of their scope of work, and the cost savings NEI was able to obtain for the Applicant/Project by self-performing these tasks that could not be subcontracted to another subcontractor:

VENDOR		NOTICE TO CURE	SCOPE	ORIGINAL CONTRACT	WORK COMPLETE BY SUBCONTRACTOR	ABANDONED TOTAL	NEI COST	COST SAVINGS
ELEMENTS RESTORATION LLC	ABANDONED	5/15/2019	DEMO & CARPENTRY	1,713,000	(249,195)	1,463,805		1,463,805
SERENITY RESTORATION	ABANDONED	10/10/2019	PAINTING	401,929	(42,948)	358,981		358,981
SPEIGHTS INVESTOR	ABANDONED		PAINTING	27,000	(5,000)	22,000		22,000
SULLIVAN COMMERCIAL	ABANDONED		PAINTING	510,500	(53,209)	457,291		457,291
FLORIDA PERGOLA	ABANDONED	1/8/2021	SITEWORK	200,000	(117,166)	82,834		82,834
SAUER CONCRETE & TRACTOR	DID NOT SHOW		CONCRETE	150,500		150,500		150,500
AR CONCRETE			PERFORMED SMALL SCOPE OF SAUER CV		(14,715)	(14,715)		(14,715)
LYKES DRYWALL SERVICES	DID NOT SHOW		DRYWALL	71,800	(150)	71,650		71,650
RICHARD A DUBE	TERMINATED		CARPENTRY		(13,000)	(13,000)		(13,000)
NEI GENERAL CONTRACTING			VARIOUS SEE DESCRIPTIONS OF WORK IN PREVIOUS PAGE				1,975,087	(1,975,087)
				3,074,729	(495,383)	2,579,346	1,975,087	604,259

b. COVID 19 Protocol – as this Project was originally bid and started in mid-2018, a global Pandemic was never contemplated or factored into NEI's pricing. As part of its general contractor duties to manage and control the construction of the Development and in an effort to get the job restarted, to maintain a level of separation, to limit the spread of COVID and to have appropriate sanitation, NEI was forced to dedicate a worker to setup and clean sanitation stations, perform temperature screening, install additional signage, perform cleaning and build temporary separation walls. Unfortunately, the Pandemic also prevented NEI from entering occupied units to do select work in order to regain lost time on the schedule. As the COVID-19 Pandemic was not known at the time of bidding this Project, none of these tasks would normally be performed by a subcontractor, as these tasks were never contemplated or required at the time of bidding (essentially, none of these specific tasks were "normal" under the unique circumstances and timing of this Project).

c. Due to labor shortages resulting from the unexpected start of the Pandemic, coupled with the need to quickly return the residents to their units so as to avoid additional project delays and the spread of COVID-19, NEI was required to self-perform punch list work, perform warranty repairs, and take on cleaning activities, that either a subcontractor

could not perform because of labor shortages and/or that NEI, as a general contractor, would often self-perform.

d. Due to subcontractor labor shortages, and in an attempt to reduce costs, save time, and return the residents to their units as soon as possible, NEI was forced to complete the following minor scopes of work: installation of wire shelving, installation of non-MEP connected appliances, installation of new mailboxes, loading cabinets and countertops into units for installation, installation of toilet accessories, installation of building/unit signage, removal and replacement of small areas of base board and flooring punch list in between turns, and stocking, handling and sorting flooring material on floors as needed.

i. NEI's original wire shelving subcontractor ran out of materials and improperly took the position that its subcontract was based on supplying a specific amount of linear feet of shelving, not on unit counts. As such, the subcontractor stated it did not have to supply the remainder of the shelving for the Project. NEI attempted to have the subcontractor price out the balance of the work, however the costs came back substantially higher as the subcontractor originally priced the Project based on a continuous shelving installation, not as a phased project that had already experienced delays, as outlined above.

ii. NEI faced several challenges with coordinating deliveries of appliances, related to the COVID-19 Pandemic, which caused several appliance backorders. Due to the inability to provide advance notice for installations, NEI was forced to supply its own labor to actually load the appliances into units, unbox the appliances, and for those appliance that did not require specialized mechanical/electrical/plumbing connections, set the appliances in place.

iii. NEI also faced several challenges with coordinating deliveries, especially those that were significantly delayed due to impacts of the COVID-19 Pandemic on freight carriers. In an attempt to proactively avoid shipping/delivery issues and schedule delays associated with the cabinetry, NEI arranged to have as many cabinets as possible delivered to the site in advance. The influx of cabinetry prior to when it was actually needed on the Project required NEI to provide manpower, that could not have been subcontracted, to load cabinets and countertops into a storage container, then subsequently into each unit at the appropriate time. While many other construction projects were delayed during this timeframe waiting for long lead items such as cabinetry to be delivered, by taking this proactive step, NEI ensured each unit's kitchen could be timely completed and the residents moved back into their unit.

iv. As explained above, it was not possible to make the thirty-seven (37) separate buildings consistently available and ready at the same time. For this reason, it was necessary to delete the installation scope from the signage subcontractor's subcontract, as it was not feasible to pay substantial increased costs each time the signage subcontractor had to mobilize. NEI was able to self-perform the signage installation without the Applicant/Project having to incur significantly increased costs for multiple subcontractor mobilizations.

e. NEI also provided labor associated with demolition for general labor and clean up in support of multiple trades.

f. NEI originally hired a subcontractor to complete the demolition work, as well as install the interior and exterior doors, door frames, door hardware, finish carpentry, and

windows. This subcontractor abandoned the Project, which resulted in a significant amount of required work that needed to be completed in a timely manner. There was not adequate time to hire another subcontractor, which was essentially not possible anyway, due to the scarcity of subcontractors available during the Pandemic (and for the other reasons as set forth above). More specifically:

i. Exterior door installation was a challenge to schedule as some openings required saw cutting to install a standard size door per building code. Interior door installation scope of work was significantly changed by the Applicant halfway through the Project, where interior doors were replaced on a case-by-case basis depending on unit. Having a subcontractor provide fixed installation pricing was not possible as the scope of work could not be recognized until NEI gained access to each individual unit.

ii. With respect to window, window sills, and window screen installations, as well as performing return air cuts and interior framing in the accessible units, NEI was required to self-perform these scopes in order to keep turning units over to the Applicant on schedule.

iii. Due to extreme tolerances in existing conditions, the drywall subcontractor was unable to install traditional soffits above the cabinets, so custom-scribed infill panels were required to allow for level and plumb installation of casework. This was a custom cabinetry task that neither subcontractor was qualified to perform and this scope of work was to small and inconsistent for a cabinet manufacturer. Therefore, unlike most projects, the soffits above the cabinets could not be installed until after the cabinets were installed. Utilizing a subcontractor for

this work would not have been cost effective because - scheduling challenges due to casework installation and crew availability, and the inability to provide consistent pricing as conditions varied from building to building. It was more cost effective for the Applicant/Project to allow NEI to self-perform this work.

iv. When removing existing ceiling fans, it was discovered that the opening for the electrical box in the ceiling was larger than the new fixture would cover. This condition could not be quantified as conditions were not revealed until the existing ceiling fan fixtures were removed during demolition. It was not possible for NEI to subcontract with a drywall subcontractor because the scope of work was so uncertain. Additionally, it was not possible to hire a subcontractor to be on stand-by. Finally, it was not possible to hire a subcontractor on a one-off basis as the value of the work individually was too small for any subcontractor to accept.

18. The inability to hire subcontractors required NEI to self-perform the majority of the above work to avoid additional Project delays and costs. In the limited instances where a subcontractor may have been available, hiring the subcontractor would have substantially delayed the Project, causing a substantial economic hardship to the Applicant, NEI, and the residents of the Valencia Way Apartments.

19. Under section 120.542(1), F.S., and Chapter 28-104, F.A.C., Florida Housing has the authority to grant waivers to its rule requirements when strict application of the rules would lead to unreasonable, unfair and unintended consequences, in particular instances. Waivers shall be granted when the person who is subject to the rule demonstrates that the application of the rule would: (l) create a substantial hardship or violate principles of fairness, and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), F.S..

20. In this instance, Petitioner meets the standards for a waiver of the Rule and its limitation associated with GC Self-Performance provided in the Rule. The requested waiver will not adversely affect the Development or Florida Housing and will ensure that 400 much needed affordable housing units were made available for a vulnerable segment of the population in Duval County, Florida. The strict application of the Rule and the prohibition against GC Self-Performance would have created a substantial hardship for Petitioner because it would have increased the cost of the Project, would have delayed the delivery of these much-needed units in Duval County and would have increased the risk of exposing the residents to COVID-19 if additional subcontracted labor were required to be hired.

21. Further, the waiver will serve the purposes of the Statute and the Act, because one of the Act's primary purposes is to facilitate and encourage the development/availability of decent, safe and sanitary housing in the State, and particularly the development of low-income housing. See s. 420.5099(2), F.S.. Moreover, the Statute was enacted, in part, to encourage private and public investment in facilities for persons of low-income. By granting this waiver, Florida Housing will recognize the goal of increasing the supply of affordable housing through private investment in the development of low-income housing and recognize the economic realities and principles of fundamental fairness in developing affordable housing. See s. 420.5099(2), F.S.

F. <u>Action Requested</u>

WHEREFORE, Petitioner respectfully requests that Florida Housing:

(i) Grant the requested waiver of Rule 67-21.026(13)(e) for the amount identified herein;

(ii) Grant this Petition and all of the relief requested herein; and

(iii) Grant such further relief as may be deemed appropriate.

Respectfully submitted this 17th day of April, 2025.

Lawrence E. Sellers, Jr.
Florida Bar No. 300241
HOLLAND & KNIGHT LLP
315 S. Calhoun St., Suite 600
Tallahassee, Florida 32301
(850) 224-7000
(850) 224-8832 (facsimile)
larry.sellers@hklaw.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing Petition was filed on this 17th day of April, 2025 by electronic delivery to:

Florida Housing Finance Corporation,
Attn: Corporation Clerk
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301
CorporationClerk@floridahousing.org

And that a copy was provided to

Joint Administrative Procedures Committee
680 Pepper Building
111 W. Madison Street
Tallahassee, Florida 32399
Joint.admin.procedures@leg.state.fl.us

Lawrence E. Sellers, Jr.

Exhibit A

NEI
GENERAL CONTRACTING

July 31, 2019

Mr. Chris Auvil
Director of Design & Construction
The Millennia Companies
1300 Key Tower
Cleveland, OH 44114

RE: Valencia Way Renovations – Notice & Claim Delay of the Work
Jacksonville, FL

Dear Mr. Auvil:

This letter is to confirm that at no fault of NEI General Contracting, Inc (NEI), Millennia has delayed work on the Valencia Way project. Pursuant to Article 8.3.1, of the prime contract please consider this a formal notice of a claim for additional time and money for this delay. As discussed onsite with management and the project team, tenants are still residing in building 1 (partially) and building 4(completely). NEI is unable to schedule further work at these buildings until the tenants have been relocated from their residences. This is a direct delay to the critical path of the project.

As a result, all progress on site has stopped at these buildings and NEI is being delayed day for day starting on July 23th, 2019. Pursuant to articles 14 and 15 we are formally notifying Millennia that there shall be increases to the costs and time of the project based on this suspension.

As of the date of this letter, the lost time is 5 working days. As Millennia works to resolves any items causing this delay, NEI will do as much as possible to mitigate the costs incurred during this delay. Schedules 2 and 7 describe some of the costs that NEI is incurring, including but not limited to: supervision, project management, labor, storage, office trailer, utilities, phones, and other potential subcontract and material implications. These costs are in excess of the 6% general conditions allowed by FHFC.

Due to the delay and increase costs, NEI requests that Millennia notify FHFC of the delay and submit a waiver to exceed the 6% general conditions rule. NEI is willing to assist in this process with our legal and consulting teams.

NEI was made aware, by Patricia Winn on July 10, 2019 of 27 vacancies located throughout the Valencia Way project. NEI would like to request obtaining an additional building ahead of the current sequencing plan in order to assist with mitigating the schedule delay.

Please note that this delay is through no fault of NEI. Once there is clear direction and notification to proceed, NEI will update the costs and time delay incurred.

Please contact me if you have any questions regarding this matter.

Thank you,
NEI General Contracting

Richard Ionelli
Director of SE Construction Operations

cc: Project Job File
Joe Rettman, Ed Sankey, Mike Myers, Tony Tenreiro, Ashley George

NEI
GENERAL CONTRACTING

August 26, 2019

Mr. Chris Auvil
Director of Design & Construction
The Millennia Companies
1300 Key Tower
Cleveland, OH 44114

RE: Valencia Way Renovations, Jacksonville, FL – Notice & Claim Delay of the Work

Dear Mr. Auvil:

This letter is to inform The Millennia Companies that at no fault of NEI General Contracting, Inc (NEI), Millennia has delayed work on the Valencia Way project. Pursuant to Article 8.3.1, of the prime contract please consider this a formal notice of a claim for additional time and money for this delay. As discussed onsite with management and the project team, there were conflicts discovered in the field regarding the design and locations of accessible units and walkways within the complex. This discovery caused work to stop on Building 16 and 17 accessible unit locations until the engineer provided a revised design addressing the conflicts noted in the field. This required additional visits to the site by the engineer and architect along with drawing revision submissions to the City. These events resulted in a direct delay to the critical path of 17 working days.

Additionally, the Building Inspector directed the open ceilings in the Mechanical Rooms be closed in between the 1st and 2nd floor and the 2nd floor and attic in each apartment. This additional scope causes a delay in beginning the rough-in scope as originally scheduled by 2 working days per building. These delays result in a direct delay to the critical path of 22 working days.

Finally, tenants were still residing in building 1 (partially) and building 4 (completely) on the scheduled start date of July 15th for Phase 3. NEI was unable to schedule further work at these buildings, until the tenants were relocated from their residences. NEI took partial possession of Building 1 on August 5th (15-day delay) and Building 4 on August 22nd (25-day delay). This is a direct delay to the critical path of the project of 21 working days.

The total direct delay to the critical path resulting from the aforementioned issues is 60 working days. Pursuant to articles 14 and 15 we are formally notifying Millennia that there shall be increases to the costs and time of the project based on this suspension.

Schedules 2 and 7 describe some of the costs that NEI is incurring, including but not limited to: supervision, project management, labor, storage, office trailer, utilities, phones, and other potential subcontract and material implications. These costs are in excess of the 6% general conditions allowed by FHFC.

Due to the delay and increase costs, NEI requests that Millennia notify FHFC of the delay and submit a waiver to exceed the 6% general conditions rule. NEI is willing to assist in this process with our legal and consulting teams.

NEI was made aware, by Patricia Winn on July 10, 2019 of 27 vacancies located throughout the Valencia Way project. NEI would like to request obtaining an additional building ahead of the current sequencing plan in order to assist with mitigating the schedule delay.

Please note that this delay is through no fault of NEI. Once there is clear direction on open items and notification to proceed NEI will update the costs and time delay incurred.

Please contact me if you have any questions regarding this matter.

Thank you,
NEI General Contracting

Mike Myers
Project Executive

cc: Project Job File
Rev

NEI
GENERAL CONTRACTING

August 26, 2019

Mr. Chris Auvil
Director of Design & Construction
The Millennia Companies
1300 Key Tower
Cleveland, OH 44114

RE: Valencia Way Renovations, Jacksonville, FL – Notice & Claim Delay of the Work

Dear Mr. Auvil:

This letter is to inform The Millennia Companies that at no fault of NEI General Contracting, Inc (NEI), Millennia has delayed work on the Valencia Way project. Pursuant to Article 8.3.1, of the prime contract please consider this a formal notice of a claim for additional time for this delay.

Building 1 obtained a Certificate of Completion on September 25th and was turned over to Management on the same day. Building 7 was scheduled to be released to NEI for renovation on September 26th and as of this notice tenants are still residing in building. NEI is unable to schedule work at this building until the tenants are relocated from their residences. This is a direct delay to the critical path of the project and will cause a day for day schedule delay until the building is made available to the Construction Team.

Pursuant to articles 14 and 15 we are formally notifying Millennia that there shall be increases to the costs and time of the project based on this suspension.

Schedules 2 and 7 describe some of the costs that NEI is incurring, including but not limited to: supervision, project management, labor, storage, office trailer, utilities, phones, and other potential subcontract and material implications. These costs are in excess of the 6% general conditions allowed by FHFC.

Due to the delay and increase costs, NEI requests that Millennia notify FHFC of the delay and submit a waiver to exceed the 6% general conditions rule. NEI is willing to assist in this process with our legal and consulting teams.

NEI was made aware, by Patricia Winn on July 10, 2019 of 27 vacancies located throughout the Valencia Way project. NEI would like to request obtaining an additional building ahead of the current sequencing plan in order to assist with mitigating the schedule delay.

Please note that this delay is through no fault of NEI. Once there is clear direction on open items and notification to proceed NEI will update the costs and time delay incurred.

Please contact me if you have any questions regarding this matter.

Thank you,
NEI General Contracting

MK Myers
Mike Myers
Project Executive

cc: Project Job File
Joe Rettman
Richard Ionelli
Antonio Tenreiro
Jeff Graef

Rev

NEI
GENERAL CONTRACTING

December 20, 2019

Mr. Chris Auvil
Director of Design & Construction
The Millennia Companies
1300 Key Tower
Cleveland, OH 44114

RE: Valencia Way Renovations, Jacksonville, FL – Notice & Claim Delay of the Work

Dear Mr. Auvil:

This letter is to inform The Millennia Companies that at no fault of NEI General Contracting, Inc (NEI), Millennia has delayed work on the Valencia Way project. Pursuant to Article 8.3.1, of the prime contract please consider this a formal notice of a claim for additional time for this delay.

Building 7 was originally scheduled to be completed on December 5, 2019, however was delayed due to the electrical code compliance issue regarding the service clearances at the BDP. Building 7 obtained a Certificate of Completion on December 10, 2019 and the building was ready to be occupied. Management took possession of the building on December 14, 2019. Building 13 was scheduled to be released to NEI for renovation on December 17, 2019, however tenants were not relocated to hotel buildings until December 16, 2019 and maintenance performing their work on December 17, 2019. According to maintenance personnel on site, as of close of business on December 17, 2019, there are appliances requested to be kept by maintenance still in the units, and the units still have tenant belongings inside. NEI was forced to reschedule the abatement and demo subcontractors twice now, and push back additional work. NEI was able to start work in this building on December 20, 2019. This is a direct delay to the critical path of the project and will cause a day for day schedule delay until the building is made available to the Construction Team. As a result, 6 working days were lost.

Building 11 was scheduled to obtain a final building inspection on December 17, 2019. However, upon the plumber working to obtain their final inspection, it was discovered that Performance Gas, a direct subcontractor to Millennia, installed their valves in a conflicting manner to install the lines from the furnace to the water heater. Performance Gas has been on site on Tuesday to correct this. Mechanical final inspection is now scheduled for December 18, 2019, followed by final inspection to be scheduled for December 19, 2019. NEI turned over Building 11 to management on December 20, 2019. Building 14 was scheduled for NEI possession on December 23, 2019. Due to inclement weather, Millennia advised NEI on December 20, 2019 that NEI would not be able to take possession of Building 14 until December 27, 2019. This is a direct delay to the critical path of the project and will cause a day for day schedule delay until the building is made available to the Construction Team. As a result, 7 working days were lost.

Pursuant to articles 14 and 15 we are formally notifying Millennia that there may be increases to the costs and time of the project based on this suspension.

Schedules 2 and 7 describe some of the costs that NEI is incurring, including but not limited to: supervision, project management, labor, storage, office trailer, utilities, phones, and other potential subcontract and material implications. These costs are in excess of the 6% general conditions allowed by FHFC.

To date, a total of 86 working days have been lost as a result of code compliance and moving delays.

Due to the delay and increase costs, NEI requests that Millennia notify FHFC of the delay and submit a waiver to exceed the 6% general conditions rule. NEI is willing to assist in this process with our legal and consulting teams.

NEI was made aware, by Patricia Winn on July 10, 2019 of 27 vacancies located throughout the Valencia Way project. NEI would like to request obtaining an additional building ahead of the current sequencing plan in order to assist with mitigating the schedule delay. Please advise if this option is to be pursued further.

NEI
GENERAL CONTRACTING

Please note that this delay is through no fault of NEI. Once there is clear direction and notification to proceed in this building, NEI will update the costs and time delay incurred.

Please contact me if you have any questions regarding this matter.

Thank you,
NEI General Contracting

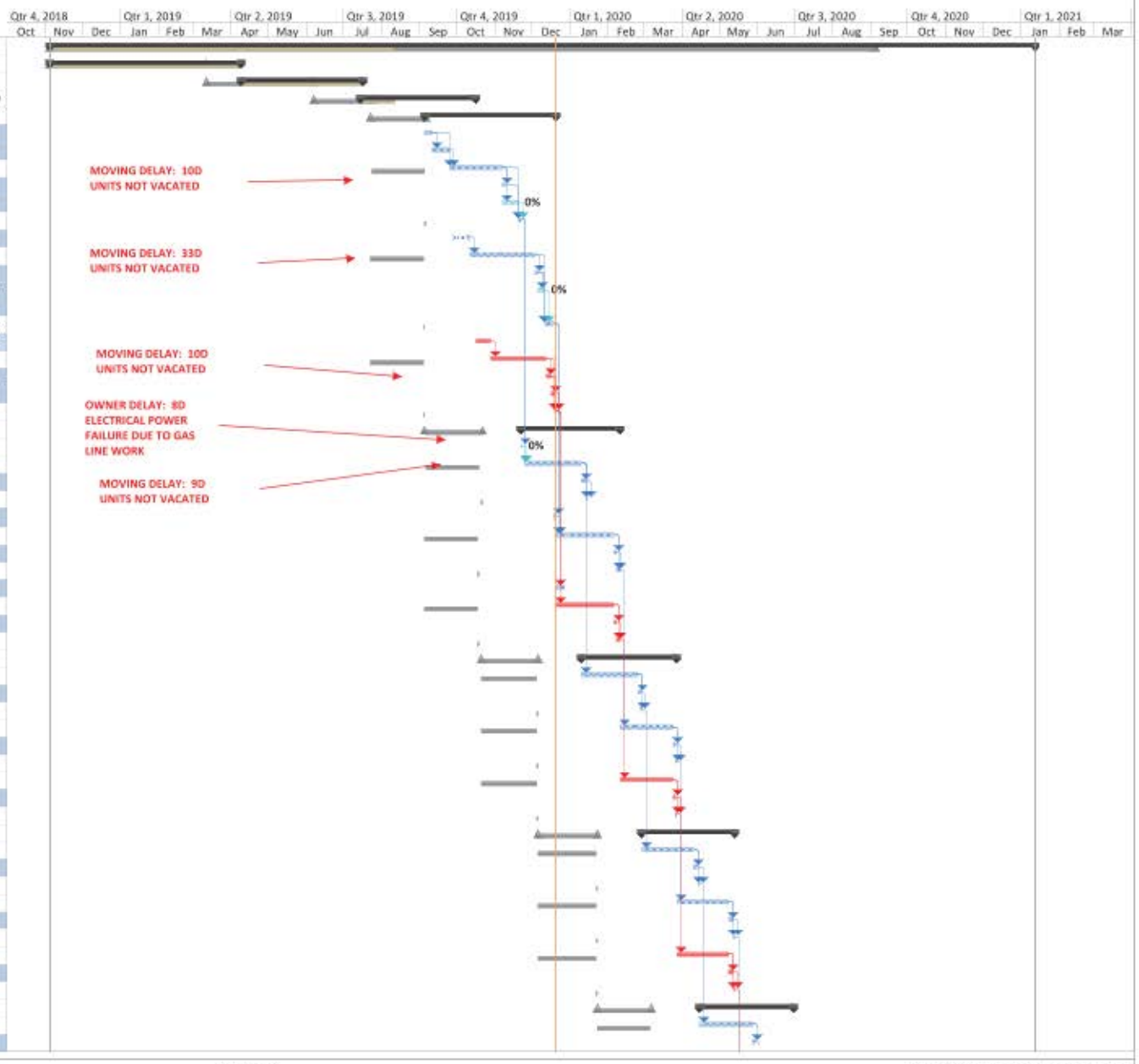
Mike Myers
Project Executive

cc: Project Job File
Joe Rettman
Richard Ionelli
Antonio Tenreiro
Jeff Graef

Rev

Valencia Way - Master Schedule - Baselined Fri 12/20/19

ID	Task Name	Duration	Start	Finish
1	**Valencia Way - Master Schedule - 3-Building Sequence**	**554.5 days**	**Mon 11/5/18**	**Tue 1/12/21**
2	**Phase 1**	**111 days**	**Mon 11/5/18**	**Mon 4/8/19**
8	**Phase 2**	**70 days**	**Tue 4/9/19**	**Tue 7/16/19**
21	**Phase 3**	**65.5 days**	**Mon 7/15/19**	**Wed 10/16/19**
33	**Phase 4**	**72.5 days**	**Thu 9/5/19**	**Fri 12/20/19**
34	WEATHER DELAY - Hurricane Irma	4 days	Thu 9/5/19	Tue 9/10/19
35	MOVING DELAY - Building 6 Not Vacated	10 days	Wed 9/11/19	Tue 9/24/19
36	**Bldg #6 - Building Type 5 - (8 - 2 bedroom units) -**	30 days	Wed 9/25/19	Wed 11/6/19
37	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Thu 11/7/19	Fri 11/8/19
38	OWNER DELAY - Electrical Power Failure due to Gas Work	8 days	Thu 11/7/19	Tue 11/19/19
39	Tenant Relocation and staging Bldg 6 & 5	2 days	Wed 11/20/19	Thu 11/21/19
40	MOVING DELAY - Building 7 Not Vacated	3 days	Fri 9/27/19	Fri 10/11/19
41	**Bldg #7 - Building Type 2 - (12 - 2 bedroom units) -**	33 days	Fri 10/11/19	Tue 12/3/19
42	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 12/3/19	Thu 12/5/19
43	CODE COMPLIANCE DELAY - Electrical Inspection Existing Condition	4 days	Thu 12/5/19	Wed 12/11/19
44	Tenant Relocation and staging Bldg 7 & 13	5 days	Wed 12/11/19	Wed 12/18/19
45	MOVING DELAY - Building 11 Not Vacated	8 days	Wed 10/16/19	Mon 10/28/19
46	**Bldg #11 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Mon 10/28/19	Thu 12/12/19
47	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Thu 12/12/19	Mon 12/16/19
48	UNFORESEEN CONDITION - WH Gas Valve Relocate	3 days	Mon 12/16/19	Thu 12/19/19
49	Tenant Relocation and Staging Bldg 11 & 14	1 day	Thu 12/19/19	Fri 12/20/19
50	**Phase 5**	**51.5 days**	**Fri 11/22/19**	**Mon 2/10/20**
51	MOVING DELAY - Building 5 Not Vacated	1 day	Fri 11/22/19	Fri 11/22/19
52	**Bldg #5 - Building Type 4 - (8 - 3 bedroom units) -**	30 days	Mon 11/25/19	Thu 1/9/20
53	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Fri 1/10/20	Mon 1/13/20
54	Tenant relocation and staging bldg 5 & 8	1 day	Tue 1/14/20	Tue 1/14/20
55	MOVING DELAY - Building 13 Not Vacated	2 days	Wed 12/18/19	Fri 12/20/19
56	**Bldg #13 - Building Type 1 - (12 - 3 bedroom units) -**	30 days	Fri 12/20/19	Wed 2/5/20
57	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Wed 2/5/20	Fri 2/7/20
58	Tenant relocation and staging bldg 13 & 9	1 day	Fri 2/7/20	Mon 2/10/20
59	MOVING DELAY - Building 14 Not Vacated	4 days	Fri 12/20/19	Fri 12/27/19
60	**Bldg #14 - Building Type 1 - (12 - 3 bedroom units) -**	30 days	Fri 12/20/19	Wed 2/5/20
61	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Wed 2/5/20	Fri 2/7/20
62	Tenant Relocation and Staging bldg 14 & 10	1 day	Fri 2/7/20	Mon 2/10/20
63	**Phase 6**	**53.5 days**	**Fri 1/10/20**	**Fri 3/27/20**
64	**Bldg #8 - Building Type 4 - (8 - 3 bedroom units) -**	30 days	Fri 1/10/20	Mon 2/24/20
65	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 2/25/20	Wed 2/26/20
66	Tenant Relocation and Staging Bldg 8 & 23	1 day	Thu 2/27/20	Thu 2/27/20
67	**Bldg #9 - Building Type 1 - (12 - 3 bedroom units) -**	30 days	Mon 2/10/20	Tue 3/24/20
68	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 3/24/20	Thu 3/26/20
69	Tenant Relocation and Staging Bldg 9 & 24	1 day	Thu 3/26/20	Fri 3/27/20
70	**Bldg #10 - Building Type 1 - (12 - 3 bedroom units) -**	30 days	Mon 2/10/20	Tue 3/24/20
71	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 3/24/20	Thu 3/26/20
72	Tenant Relocation and Staging Bldg 10 & 25	1 day	Thu 3/26/20	Fri 3/27/20
73	**Phase 7**	**53.5 days**	**Fri 2/28/20**	**Wed 5/13/20**
74	**Bldg #23 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Fri 2/28/20	Thu 4/9/20
75	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Fri 4/10/20	Mon 4/13/20
76	Tenant Relocation and Staging bldg 23 & 20	1 day	Tue 4/14/20	Tue 4/14/20
77	**Bldg #24 - Building Type 3 - (12 - 1 bedroom units) -**	30 days	Fri 3/27/20	Fri 5/8/20
78	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Fri 5/8/20	Tue 5/12/20
79	Tenant Relocation and Staging bldg 24 & 21	1 day	Tue 5/12/20	Wed 5/13/20
80	**Bldg #25 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Fri 3/27/20	Fri 5/8/20
81	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Fri 5/8/20	Tue 5/12/20
82	Tenant Relocation and Staging Bldg 25 & 22	1 day	Tue 5/12/20	Wed 5/13/20
83	**Phase 8**	**53.5 days**	**Wed 4/15/20**	**Tue 6/30/20**
84	**Bldg #20- Building Type 2 - (12 - 2 bedroom units) -**	30 days	Wed 4/15/20	Wed 5/27/20
85	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Thu 5/28/20	Fri 5/29/20



ID	Task Name	Duration	Start	Finish
86	Tenant Relocation and Staging Bldg 20 & 26	1 day	Mon 6/1/20	Mon 6/1/20
87	**Bldg #21 - Building Type 3 - (12 - 1 bedroom units) -**	30 days	Wed 5/13/20	Thu 6/25/20
88	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Thu 6/25/20	Mon 6/29/20
89	Tenant Relocation and Staging Bldg 21 & 34	1 day	Mon 6/29/20	Tue 6/30/20
90	**Bldg #22 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Wed 5/13/20	Thu 6/25/20
91	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Thu 6/25/20	Mon 6/29/20
92	Tenant Relocation and Staging 22 & 35	1 day	Mon 6/29/20	Tue 6/30/20
93	**Phase 9**	**53.5 days**	**Tue 6/2/20**	**Mon 8/17/20**
94	**Bldg #26 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Tue 6/2/20	Tue 7/14/20
95	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Wed 7/15/20	Thu 7/16/20
96	Tenant Relocation and Staging Bldg 26 & 27	1 day	Fri 7/17/20	Fri 7/17/20
97	**Bldg #34 - Building Type 6 - (8 - 1 bedroom units) -**	30 days	Tue 6/30/20	Wed 8/12/20
98	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Wed 8/12/20	Fri 8/14/20
99	Tenant Relocation and Staging Bldg 34 & 28	1 day	Fri 8/14/20	Mon 8/17/20
100	**Bldg #35 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Tue 6/30/20	Wed 8/12/20
101	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Wed 8/12/20	Fri 8/14/20
102	Tenant Relocation and Staging Bldg 35 & 29	1 day	Fri 8/14/20	Mon 8/17/20
103	**Phase 10**	**53.5 days**	**Mon 7/20/20**	**Fri 10/2/20**
104	**Bldg #27 - Building Type 6 - (8 - 1 bedroom units) -**	30 days	Mon 7/20/20	Fri 8/28/20
105	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Mon 8/31/20	Tue 9/1/20
106	Tenant Relocation and Staging Bldg 27 & 31	1 day	Wed 9/2/20	Wed 9/2/20
107	**Bldg #28 - Building Type 3 - (12 - 1 bedroom units) -**	30 days	Mon 8/17/20	Tue 9/29/20
108	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 9/29/20	Thu 10/1/20
109	Tenant Relocation and Staging Bldg 28 & 32	1 day	Thu 10/1/20	Fri 10/2/20
110	**Bldg #29 - Building Type 3 - (12 - 1 bedroom units) -**	30 days	Mon 8/17/20	Tue 9/29/20
111	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 9/29/20	Thu 10/1/20
112	Tenant Relocation and Staging Bldg 29 & 33	1 day	Thu 10/1/20	Fri 10/2/20
113	**Phase 11**	**53.5 days**	**Thu 9/3/20**	**Fri 11/20/20**
114	**Bldg #31 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Thu 9/3/20	Fri 10/16/20
115	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Mon 10/19/20	Tue 10/20/20
116	Tenant Relocation and Staging Bldg 31 & 30	1 day	Wed 10/21/20	Wed 10/21/20
117	**Bldg #32 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Fri 10/2/20	Tue 11/17/20
118	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 11/17/20	Thu 11/19/20
119	Tenant Relocation and Staging Bldg 32 & 36	1 day	Thu 11/19/20	Fri 11/20/20
120	**Bldg #33 - Building Type 6 - (8 - 1 bedroom units) -**	30 days	Fri 10/2/20	Tue 11/17/20
121	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 11/17/20	Thu 11/19/20
122	Tenant Relocation and Staging Bldg 33 & 37	1 day	Thu 11/19/20	Fri 11/20/20
123	**Phase 12**	**52.5 days**	**Thu 10/22/20**	**Thu 1/7/21**
124	**Bldg #30 - Building Type 6 - (8 - 1 bedroom units) -**	30 days	Thu 10/22/20	Fri 12/4/20
125	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Mon 12/7/20	Tue 12/8/20
126	**Bldg #36 - Building Type 2 - (12 - 2 bedroom units) -**	30 days	Fri 11/20/20	Tue 1/5/21
127	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 1/5/21	Thu 1/7/21
128	**Bldg #37 - Building Type 3 - (12 - 1 bedroom units) -**	30 days	Fri 11/20/20	Tue 1/5/21
129	SCOPE DELAY - Firestopping at Mechanical Chases	2 days	Tue 1/5/21	Thu 1/7/21
130	Touch up and Repairs to Hotel Units	25 days	Mon 12/7/20	Tue 1/12/21
131	Community Center	20 wks	Mon 1/6/20	Wed 5/27/20
132	Sitework & Landscaping	7 mons	Fri 12/20/19	Mon 7/13/20
133	Laundry Room	20 wks	Mon 2/24/20	Tue 7/14/20
134	Final Completion	0 days	Tue 1/12/21	Tue 1/12/21

