



**PROPOSAL FOR  
LONG-TERM LEASEHOLD  
THE TOWN OF PALM BEACH**

*Privileged and Confidential*



*Creating Exceptional Communities for America's Workforce*



INTEGRITY DEFINES US. FAIRNESS GUIDES US.  
EXCELLENCE DRIVES US.

# PROPOSAL FOR LONG-TERM LEASEHOLD ○ ————— THE TOWN OF PALM BEACH

OCTOBER, 2018

*Privileged and Confidential*



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AMERICA'S HOUSING SOLUTIONS, LLC

12895 SW 132<sup>ND</sup> STREET, SUITE 202 • MIAMI, FL 33186 • P: +1. (305) 255-5527 • F: +1. (305) 255-5589



# TECHNICAL PROPOSAL

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## CONTACT INFORMATION



### **DEVELOPER**

#### *Primary Contact*

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### **BUILDER**

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Director of Construction

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### **LAND PLANNER**

**JOSH NICHOLS, LEED AP**

Urban Planner

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# SECTION 1

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## Introduction Letter

October 15, 2018

**Jay Boodheshwar**  
**Deputy Town Manager**  
**The Town of Palm Beach**  
**360 South County Road**  
**Palm Beach, FL 33480**

Dear Mr. Boodheshwar,

ahs® Residential is pleased to provide the enclosed technical proposal to The Town of Palm Beach for the long-term leasehold with option to purchase of the Town's 28.38-acre property located at 5976 Okeechobee Boulevard in West Palm Beach, Florida.

Having worked closely with municipalities around South Florida, ahs® understands the value of leadership in driving the smart growth of urban and suburban centers, and in partnering with the right groups to bring about positive development for our communities.

ahs® was founded in 2012 with the goal of delivering exceptional multi-family rental communities to the South Florida workforce. As the attached package will demonstrate, ahs® is uniquely qualified to execute on this vision, through a vertically-integrated organization of real estate development, construction, and property management professionals.

ahs® is a developer of market-rate housing products. Our projects do not rely on tax credits, government subsidies or other "affordable housing" programs. We believe so strongly in the demand presented by the middle-income market that we invest our own capital and underwrite our projects using strictly market assumptions, in creating the best and newest multi-family product of its kind in the region.

Backed by the financial strength of one of the hemisphere's most prolific housing developers, and guided by a simple, humble investment approach, ahs® drives value creation and quality control at every step of the development process, leading to patient returns for our shareholders and an outstanding living experience for our residents.

Above all, our company is successful when our residents are happy with the product and services we provide. This commitment extends to our neighbors and the greater community wherever we conduct business. As an investor for the long haul, we build each project with the intent to hold, becoming along the way a part of the communities we help build.

On behalf of ahs® Residential, thank you for the opportunity to participate in the development of this site.

Sincerely,



Ernesto P. Lopes, President  
AHS Residential



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# SECTION **2**

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## The Proposal

## *a.* THE PROPOSAL

ahs® is proposing a long-term ground lease agreement with an option to purchase on an as-is basis for land owned by The Town of Palm Beach located at 5976 Okeechobee Boulevard in West Palm Beach, Florida. The subject properties are located within the jurisdictional boundaries of unincorporated Palm Beach County. The parcels currently support a Utilities and Transportation (U/T) Future Land Use (FLU) designation on the majority of the property with the frontage supporting a Commercial High with an underlying eight dwelling units per acre (CH/8) Future land Use designation. The current zoning of the parcels is Residential High (RH).

ahs® is offering two development options with the first being a multifamily development. In order to attain residential over the entire property it will be necessary to amend the Comprehensive Plan through a Large Scale Land Use Plan Amendment (parcels larger than 10 acres) to the High Residential 12 units per acre (HR-12) FLU. This amendment through the companion use of Workforce Density Bonus increase and the purchase of the Transfer of Development Rights will yield approximately 600 residential units. The second option is a mixed use development which would require an amendment to the FLU through a Large Scale Comprehensive Plan Amendment to Commercial High with an underlying 12 units per acre (CH/12). The mixed use development will be designed to support approximately 420 multifamily units, 60,000 s.f. of commercial uses, and a 240 bed assisted living facility. In either development option a companion rezoning application is required to complement the newly amended FLU and to support both the 100% residential development as well as the mixed use planned development format to allow for the mix of uses for commercial, assisted living, and multifamily residential.

Through the entitlement process the development team (traffic/civil engineer, architect, environmental consultant, land use planners) will secure approvals relating to traffic concurrency, water/wastewater utility capacity, environmental resources, landscaping and tree preservation, and storm water management to name of few. ahs® Residential will be solely responsible for the costs associated with the entitlement and approval process. The Town's involvement will likely only be necessary to the extent the development team needs information or signatures in order to process the applications.



b. LEASE FEE SCHEDULE

LAND LEASE FEE SCHEDULE											
AHS RESIDENTIAL	YEARLY	YEARS 1 - 5	YEARS 6 - 10 +10%	YEARS 11 - 15 +10%	YEARS 16 - 20 +10%	YEARS 21 - 25 +10%	YEARS 26 - 30 +10%	YEARS 31 - 35 +10%	YEARS 36 - 40 +10%	YEARS 41 - 46 +10%	YEARS 46 - 50 +10%
AHS yearly lease payment	\$ 715,000.00	\$ 3,575,000.00	\$ 3,932,500.00	\$ 4,325,750.00	\$ 4,758,325.00	\$ 5,234,157.50	\$ 5,757,573.25	\$ 6,333,330.58	\$ 6,966,663.63	\$ 7,663,329.99	\$ 8,429,662.99
Brokers Expenses: 6% of the rent due in first 10 years to be paid by the Town of Palm Beach	\$ 42,900.00	\$ 450,450.00									
NET LEASE AMOUNT		\$ 3,124,550.00	\$ 3,696,550.00	\$ 4,325,750.00	\$ 4,758,325.00	\$ 5,234,157.50	\$ 5,757,573.25	\$ 6,333,330.58	\$ 6,966,663.63	\$ 7,663,329.99	\$ 8,429,662.99
<p><b>Note:</b> Brokers commission based on 6% of the lease amount paid in the first 10 years to be paid by the Town of Palm Beach as follows:</p> <p>20% at lease execution; 40 % at first anniversary; and Balance at second anniversary.</p>											

## c. TERMS

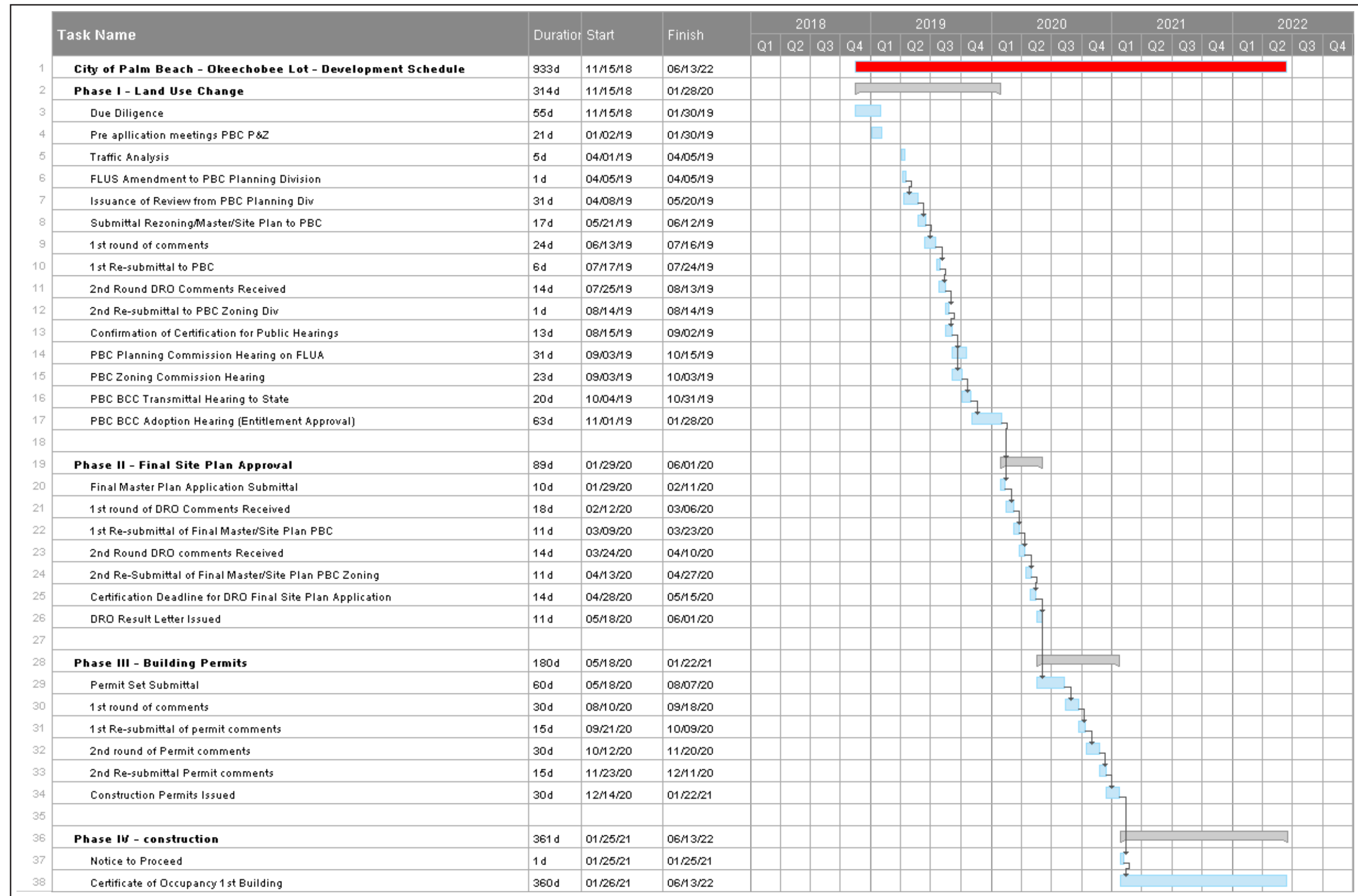
- Land will be leased by ahs® Residential on an “as-is” basis. ahs® shall be responsible for entitlement and concurrency/impact fees.
- Rent payments shall begin at the issuance of a Certificate of Occupancy for the first structure completed or 24 months from the filing of the Large Scale Land Use Plan Amendment application, whichever comes later.
- 50-year lease with an option to extend, at ahs® Residential’s sole discretion as long as not in default of the lease agreement, for up to three 10-year periods.
- The lease, in whole or in part, may be assigned to one or more parties.
- ahs® Residential has the right, at its sole discretion, to sublease any portion of the property.
- Lease shall be contingent upon ahs® Residential obtaining at a minimum, final and non-appealable site plan approval from Palm Beach County and any other applicable governmental agency for the uses considered in the Development Matrix (included herein.)
- Town of Palm Beach is responsible for paying broker’s fees as per the attached Fee Schedule.
- ahs® Residential will have the right of first refusal to purchase the land when The Town of Palm Beach decides to sell. Purchase price to be determined by a Discounted Cash Flow of the remainder of the lease at a 5% discount rate.

*d.* **DEVELOPMENT MATRIX**

	POSSIBLE USES		
	APARTMENTS	COMMERCIAL	ALF
OPTION 1	600 Units	0	0
OPTION 2	420 Units	60,000 SF	240 Beds

## ***e.* POTENTIAL MASTER DEVELOPMENT SCHEDULE**

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○ *f.* CONCEPTUAL SITE PLAN

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# SECTION **3**

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About ahs®

## **DEVELOPMENT CONSTRUCTION MANAGEMENT**

## *a.* ahs® RESIDENTIAL

Successful development begins with understanding the markets and submarkets within a defined geography. Demographics, lifestyle trends, job creation and development costs fuel a perpetual balancing act of supply and demand, moving rental rates and occupancies from cycle to cycle. As an active local participant in the idiosyncratic South Florida real estate environment, ahs® Residential draws on a deep knowledge of the forces that move markets. This in turn drives the identification, vetting, and acquisition of strategic land assets.

ahs® views the preparation of land for development as a key source of value creation, and a crucial element in the successful delivery of high-end workforce housing products. As a full service developer, ahs® often acquires raw land with the intent of securing all required entitlements, including but not limited to: land use amendments, zoning changes, temporary and final platting (land development), drainage and environmental approvals, granting of access and/or utility easements, traffic impact mitigation, asbestos remediation, coordination of utility service contracts, provision of public works, negotiating, drafting, and recording of restrictive covenants, management of relationships with neighbors and neighboring property owners, and coordination of architectural and engineering design, ultimately leading to site plan approval and building permits. Executing on these activities requires a broad skillset, a knowledge of specific municipal review processes, genuine relationships, and a great deal of perseverance.

Once approved, ahs® further shepherds its projects through the construction phase. Engaged in oversight of construction activities, ahs® Residential staff serve as Owner's Representatives to each construction project, creating a healthy dynamic of checks and balances within the organization. At the conclusion of construction, Owner's Reps assist in coordinating Certificates of Occupancy and project turnover, setting the stage for Property Management to successfully lease-up and operate the property.

## ***b.*** CORPORATE PHILOSOPHY & OVERVIEW

As one of the largest metropolitan areas in the U.S., South Florida is a strong and vibrant community offering a world of opportunity for an expanding workforce. Our goal is to develop and maintain exceptional, multi-family housing and to build prosperous neighborhoods near a strong base of employment, schools, public transportation, and residential amenities for medium-income families.

## ABOUT ahs®

ahs® Residential, LLC is based in Miami, Florida, and focuses on developing South Florida's housing market. Established in 2012 by a dynamic group of real estate development experts, with over 100 years of combined experience, we bring an innovative vision and new opportunities to South Florida's workforce families and professionals. We believe so strongly that middle class families help drive market activity and generate capital for our community that we fund all our projects through private equity and project financing. There are no government subsidies, grants, or public finances involved. Our deep industry knowledge includes project entitlements, construction completion, and asset management providing all of the necessary expertise for full-service housing solutions. From acquiring land to developing and managing properties, we are able to provide economic growth for communities and a stable living environment for medium income families. Our experience in developing housing, access to private financing, reinvestment program, and community engagement ensures the creation of long-lasting, vibrant communities.

ahs® Residential offers a comprehensive approach to the real estate development industry and a new vision for South Florida's growing Workforce Market through:

- A deep understanding of strategic urban planning and development, and recognition of exceptional market opportunities in the right areas.
- Deep knowledge of the overall dynamics of South Florida and its real estate market.
- Taking a full-service approach by overseeing and controlling all aspects of our projects – from land procurement, project entitlements, pre-construction, general contracting, and property management.
- Independent financial strength and investment capacity – no government subsidies, grants or public financing.

## OUR GOALS

- Acquire land near a solid base of employment, schools, and public transportation to build prosperous neighborhoods with economic growth potential.
- Develop exceptional multi-family housing and provide strategic community planning for medium income families.
- Manage and maintain strong multi-family communities to ensure stability for residents with affordable rents and superior quality of life.

## WHY ahs®?

ahs® is uniquely positioned to take full advantage of a booming Workforce Rental Market through:

- A Comprehensive knowledge of the overall dynamics of South Florida and its real estate market
- Qualified team of professionals
- Solid land banking with properties located in strategic areas
- Independent financial strength with investment capacity

## WHO WE ARE

### I. Full Service Real Estate Company

- Real Estate Developers
- Equity Investors
- General Contractors
- Property Managers

### II. Managed by a group of experienced professionals with extensive experience in the Real Estate Industry

## OUR APPROACH

- We invest our own cash.
- We do not seek public subsidies.
- We do not require bank financing.
- We design our communities to be affordable to a modest middle-income market.
- Our communities are not government-sponsored, tax credit, “affordable housing” projects.
- We invest for the long term.
- We do not “flip”.
- We plan, develop, build, lease-up and manage for the sustainable long-term success of our projects and the surrounding community.
- As a for-profit entity, we make money when our residents are happy!

## How we do it

- We have refined our design concepts.
- We understand our market.
- We serve a modest-income demographic, whose demand for housing is not met in the marketplace and which receives little attention from the development community.
- Our investment approach is simple.
  - We are a well-capitalized, patient investor with a long-term view
  - We command every step of the development process
  - We create value
- We have the expertise to put it all together.



## **c. ahs<sup>®</sup> CORPORATE – KEY PERSONNEL RESUMES**

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At ahs<sup>®</sup> Residential, we work hard to recruit and retain professional talent. Our dedicated development team offers years of experience in construction management, general contracting, architecture, and real estate to ensure excellence in our work and efficiency from start to finish.



## RUBENS MENIN TEIXEIRA DE SOUZA

Chairman of the Board

Rubens Menin Teixeira de Souza brings over 35 years of experience in real estate development and construction to ahs® Residential, and has been investing and developing multi-family and commercial real estate properties in Florida since 2000. Moreover, Mr. Menin is a founding member and Chairman to several other significant and successful Residentials and companies.

In 1979, Mr. Menin and his two cousins founded MRV Engenharia e Participacoes S.A., recognized as Brazil's largest real estate development operation. He currently serves as a controlling shareholder and Chairman of the Board. MRV became public in 2007 and today, operates in 142 cities in Brazil and sells and builds around 40,000 residential units per year, while managing more than 270 constructions sites simultaneously. For more information regarding MRV Engenharia e Participacoes S.A., visit [www.mrv.com.br](http://www.mrv.com.br).

Mr. Menin is also a founding partner of Bank Intermedium, which holds \$550 million in total assets and 120 Million in equity; as well as, founding partner and Chairman of the Board of Urbamais Desenvolvimento Urbano S. A., an urban development company that oversees 14 projects in 11 Brazilian cities, encompassing 56 million square feet in sellable area.

Furthermore, he has served as a Chairman of the Board of Directors since 1994 for LOG Commercial Properties, a property company dedicated to developing, building, and leasing commercial properties. As of today, the LOG portfolio totals approximately 14 million square feet of gross leasable area in 25 different cities.

Rubens Souza holds a Civil Engineering Degree from the Federal University of Minas Gerais in Brazil.



## ERNESTO P. LOPES

President and CEO

As President and CEO of ahs® Residential, Ernesto Lopes brings more than 33 years of experience in Construction and Real Estate Development.

Mr. Lopes has had a global career, working on high profile projects in Latin America, Europe, and the United States. Starting as a structural engineer in Brazil, he worked on many significant operations related to the design of formwork and shoring systems for bridges, high-rise buildings, and infrastructure projects. Since 1996 he has been a partner at ERGIL Construções, a residential development and construction company in Brazil. He has also held key positions with the Swiss-based Nüssli Company and the Olympvs Group, which led him to become involved in the planning, development, and expansion of hundreds of temporary stadiums and structures for events such as, the Winter Olympic Games in Sarajevo and Lillehammer, the Summer Games in Barcelona in 1992 and Atlanta in 1996, the 1998 Women's Soccer World Cup in the U.S., and the remodeling of the Lockhart Stadium in Fort Lauderdale, as well as several Formula One Grand Prix races.

In 1999, he founded Portland Services and also served as President and CEO of the Greenwich Development Group in Miami where he was responsible for more than \$450 Million in commercial, industrial, and residential projects.

In 2010, Mr. Lopes became Construction Director for Odebrecht S.A., a multinational construction conglomerate, where he managed contracts with the US Army Corps of Engineers. In 2012 he left the company to become the CEO of ahs®.

Ernesto Lopes is an alumnus of the Harvard Business School and the Harvard University Graduate School of Design, and a graduate of the Owner/President Management (OPM) Program and the Advanced Management Development Program in Real Estate (ADMP). He holds a degree in Civil Engineering from the University of São Paulo in Brazil, and is a Certified General Contractor in the State of Florida..

[elopes@ahsresidential.com](mailto:elopes@ahsresidential.com)



## CARLOS E. GONZALEZ, JR.

Chief Financial Officer

○ Carlos E. Gonzalez, Jr. is Chief Financial Officer of ahs® Residential, LLC and its subsidiaries. Mr. Gonzalez joined the company in 2015 and is primarily responsible for managing the company's finance, accounting, financial reporting and investor relations units. Since joining ahs®, Mr. Gonzalez has been directly responsible for arranging all the company's project construction and permanent financing for its various multi-family rental projects throughout South Florida. In addition, Mr. Gonzalez is responsible for financial planning of the company's Development and Property Management units as well as a strategic partner to the President & CEO.

Formerly, Mr. Gonzalez was Vice President and Senior Relationship Manager for BankUnited, N.A.'s Corporate Banking Division – overseeing and managing over \$250 million in commercial and construction loans primarily to large contractors and middle-market companies located in South Florida.

From 1999 to 2009, Mr. Gonzalez held the position of Vice President and Relationship Manager for SunTrust Bank's Commercial Real Estate Group. During his time at SunTrust, Mr. Gonzalez was responsible for originating and managing close to \$1 billion in new construction and permanent loan financing to commercial real estate developers and investors related to multi-family, retail, office, and large residential single-family housing projects.

Mr. Gonzalez has also served as a Board of Director of the Builders Association of South Florida (BASF) since 2006, serving as its 1st Vice President in 2009.

Moreover, his main area of expertise in finance management and lending includes a multi-million dollar portfolio spanning real estate and development sectors across South Florida. Mr. Gonzalez's extensive industry knowledge and experience working as a commercial real estate and corporate lender is an asset to ahs®.

Mr. Gonzalez holds a Masters in Science in Finance from Florida International University and a Bachelors of Science in both Finance and Real Estate from Florida State University.

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## OSVALDO J. MARCHANTE

CHIEF OPERATING OFFICER

Osvaldo J. Marchante is the Chief Operating Officer of ahs® Residential, LLC. Mr. Marchante joined ahs® in 2018 and is overseeing HR (human resources), marketing, IT (information technology), BI (business intelligence), ERP (enterprise resource planning), logistics / procurement, and back office operations, as well as equipment and fleet management. In addition, Mr. Marchante will assist the CEO in the overall direction of the company, establishing and implementing operating procedures, and evaluating operating results. Prior to joining ahs®, Mr. Marchante worked with the company on a consulting basis. During this time, he was working with the executive team developing the strategic planning, human resource planning along with having oversight of the logistics business unit.

Formerly, Mr. Marchante was President of Marchante & Associates, Inc.—focusing on assisting companies with strategic planning, operation and holds a Real Estate Associate License.

From 1991 to 1995, Mr. Marchante served as Vice President of an International Distribution Company focusing his development within Latin America. This was followed by a five year move to Mexico City as President and CEO to operate a joint venture company owned by an International company.

In addition, from 1996 to 2011, Mr. Marchante has also held the position of Chairman and CEO of a Distribution and Logistics Company in South Florida. Mr. Marchante comes to ahs® with a strong experience in conducting business globally, business development, operations management, and leadership. We believe that because of his experience, along with the time spent with our team during the past two years, Mr. Marchante will be a great asset to ahs® as we embrace in the next phase of our growth.

omarchante@ahsresidential.com



## ALEX R. BALLINA

Director of Asset Management

○ Alex R. Ballina is responsible for all aspects of property management functions, asset management operations and administration of the diverse residential portfolio for ahs® Residential.

Prior to joining ahs® Residential, Mr. Ballina held several key executive positions for private and public sector organizations, including Director of Asset Management for the Miami Dade Public Housing and Community Development Department (PHCD), City of Miami Beach Housing & Community Development Department and for Prudential Real Estate Services. His responsibilities have been multi-faceted, including the administration of assets in excess of \$800 million encompassing the management of housing programs for over 12,000 multifamily units and approximately 40,000 residents throughout Miami Dade County.

Mr. Ballina has served on various boards and committees throughout his career, most recently on the Affordable Housing Task Force of South Florida and the Miami Dade County Tax Increment Financing Coordinating Committee. Mr. Ballina holds a Bachelor of Arts from Florida International University (FIU) along with a Florida Real Estate License, Florida Department of Financial Services- Insurance License and various U.S. HUD Certifications.

[aballina@ahsresidential.com](mailto:aballina@ahsresidential.com)



## SELMA RABELO

Project Manager

Selma Rabelo serves as Project Manager for ahs® Residential, bringing 20 years of experience in business development, real estate development, design, and construction.

Ms. Rabelo responsibilities include all elements of development, from land acquisition and due diligence, to project entitlements, design coordination, and owner's representation, leading finally to project close-out and turnover to Property Management. Ms. Rabelo is a key Architect retained to spearhead the implementation of our new construction system, she will also be serving as our primary day-to-day liaison with MRV on design and technical matters to maintain and enhance both companies' commitment to mutual knowledge-sharing.

Ms. Rabelo has had a global career, collaborating on high profile projects in Latin America, Australia, Europe, and the United States and has played an integral role in the design, development and construction of several of Brazil's largest and most innovative real estate projects over the past 2 decades.

In 2010, Mr. Rabelo became Senior Development Manager for Odebrecht, a \$60 billion, multinational construction conglomerate, where she managed the \$ 2 billion real estate project "Parque da Cidade" (City Park) 21 acres, 6.4 million sqft, 10 towers mixed-use LEED certificated development along prime riverfront property in the heart of Sao Paulo that includes high-end residential living, corporate offices, office suites, restaurants, a plethora of retail shops, and a Four Seasons Hotel. It was also the first project in Brazil to seek LEED Neighborhood Development certification and included at the exclusive Climate Positive Development Network.

Selma Rabelo was an active member in the international Climate Positive Program, an association between Clinton Foundation, C40 Cities and US Green Building which gathers the 17 most sustainable projects worldwide helping cities meet the dual challenge of rapid urbanization and climate change.

Ms. Rabelo holds a Masters of Technology and Management in Construction from USP – Polytechnic School of the University of São Paulo, and a Bachelor's of Architecture and Urbanism from UFBA – Federal University of Brazil. She has also a minor in Civil Engineering from Catholic University.

[srabelo@ahsresidential.com](mailto:srabelo@ahsresidential.com)

## *d.* ahs® CONSTRUCTION

As a vertically integrated organization, ahs® houses its own internal construction group, ahs® Construction—affording the company and our partners significant advantages.

An essential tenet of the ahs® business model, in-house construction expertise is one of several keys to the successful delivery of new-build luxury living products to the workforce. Harnessing the power of this central component of the development process, ahs® adds value where traditional developers cannot.

Having construction management internal to the company means that constructability and efficiency are part of the design process from the beginning. ahs® Project Managers are involved in design and construction coordination from an early stage, pushing for cost savings without compromising quality. Value engineering leads to more economical structures and systems, and shortens construction schedules. Coordination in the field is streamlined. Crucially, the profit traditionally taken by a third party General Contractor is eliminated from the process, passing savings to our residents in the form of attainable rents—and ensuring high occupancies and profitable operations for ahs® investments.

*continue on next page.*





Construction activities undertaken by ahs® span pre-construction, construction, and post-completion phases. These include, but are not limited to:

- Detailed line-item project budgeting
- Participation in design review meetings
- Construction scheduling
- Value engineering
- Plan review and construction coordination with Building Officials
- Development of General Conditions
- Development of cash flow projections and draw schedules
- Pre-qualification of subcontractors and suppliers
- Receiving and analyzing of competitive contract bids
- Awarding of trade contracts
- Establishment of field office; layout of staging areas and site access
- Scheduling and directing of trade contractors
- Conducting of regular meetings with both trades and ownership
- Review of shop drawings
- Coordination of Building Inspections
- Development of regular project reports to ownership
- Compilation of monthly draw requests, drafting of monthly lien releases
- Maintenance of As-Built drawings
- Management of trade contractor punch lists
- Preparation of close-out documents
- Coordination with Building and Zoning Departments to obtain Final Certificates of Occupancy

## *e.* ahs<sup>®</sup> MANAGEMENT

As Just as important as developing multi-family housing, our real success comes with maintaining thriving communities. We provide families the security of knowing they are in good hands with reasonable rents and high quality residential amenities.

### MACRO ECONOMIC TRENDS ARE FAVORABLE

- Strong demand for new rental apartments for the “Working Middle Class”, located within primary and secondary markets throughout the U.S.
- Low inventory of “Market Rate” apartments. It requires 440,000 new apartments per year to meet pent-up demand. Per REIS.com, 340,000 new apartment units came online in 2015.
- The aging of the “Generation Y” population (estimated to be 80 million people) into adulthood favors strong rental demands for years to come.
- There are roughly 80 million people between the ages of 18 and 35 in the US, the overwhelming majority (60%) of which are or will become renters and not homeowners.
- Rent growth remains healthy with low vacancies. Effective rents rose by 4.5% in 2017 nationally.



*d.* AWARDS

### **Latin Builder's Association Honors ahs® Residential as Real Estate Developer of the Year**

On September 30, 2016, ahs® attended the Latin Builders' Association (LBA) 2016 Industry Awards Ceremony in Miami, where we received the prestigious honor of "Developer of the Year", beating out much larger and established competitors such as Related Group and Lennar Corp. As many know, the LBA is the largest and most influential real estate trade association in South Florida, and their endorsement of our product speaks volumes about its' quality and ability to successfully compete in the marketplace. The event, which featured a keynote address from Florida Governor Rick Scott, was attended by an array of leading figures from South Florida's business and political circles, and was widely covered by the local media.

### **Princeton Groves Awarded Product of the Year!**

ahs® Residential's Princeton Groves has received the product of the year award at the 2016 Builders Association of South Florida (BASF) Florida's BEST Awards. The award show honors local businesses leading in construction, property development, architecture, and interior design. The gala features prestigious guests such as The Related Group, Prestige Companies BTI Developers, and Fortune International Realty.

In 2016, our team members representing ahs® Residential received the product of the year award for our work for Princeton Groves, an ahs® Rental community.

### **ahs® TOP Commercial Real Estate Developer**

The South Florida Business Journal has recognized us as the "Top Commercial Real Estate Developers" for July, 2018! Awarded by the leading business news outlet covering Broward, Miami-Dade and Palm Beach counties, the SFBJ ranked ahs® Residential the highest among all our competitors throughout South Florida.

## *g.* REFERENCES



(i.) JOSE CITRON

Former Miami Field Office Director | United States Department  
of Housing and Urban Development



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**(ii.) TAMARA JAMES**  
Mayor | City of Dania Beach

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email: [tamarajames@daniabeachgl.gov](mailto:tamarajames@daniabeachgl.gov)  
100 W Dania Beach Boulevard  
Dania Beach, FL 33004

*(iii.)* JOE A. MARTINEZ

Commissioner | District 11, Miami-Dade County



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email: district11@miamidade.gov  
111 NW 1<sup>st</sup> St., Suite 320  
Miami, FL 33128

*(iv.)* MARC LAFERRIER

Community Development Director | City of Dania Beach



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email: mlaferrier@daniabeachfl.gov  
100 W Dania Beach Boulevard  
Dania Beach, FL 33004



(v.) William Waters

Director for Community Sustainability | City of Lake Worth

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email: [wwaters@lakeworth.org](mailto:wwaters@lakeworth.org)

1900 2nd Ave North  
Lake Worth, FL 33461

# SECTION 4

---

ahs®  
Projects

## *a.* PROJECTS



# Our Portfolio

## NOW LEASING:

### Village at Lake Worth

7.64 Acres - 216 Units

### Village at Lake Osborne

5.01 Acres - 118 Units

### Princeton Groves

7.91 Acres - 216 Units

### The Place at Dania Beach

1.96 Acres - 144 Units

## UNDER DEVELOPMENT:

### Village at Crystal Lakes

5.0 Acres - 125 Units

### Deering Groves

9.33 Acres - 281 Units

### Village at Mangonia Lake

7.56 Acres - 240 Units

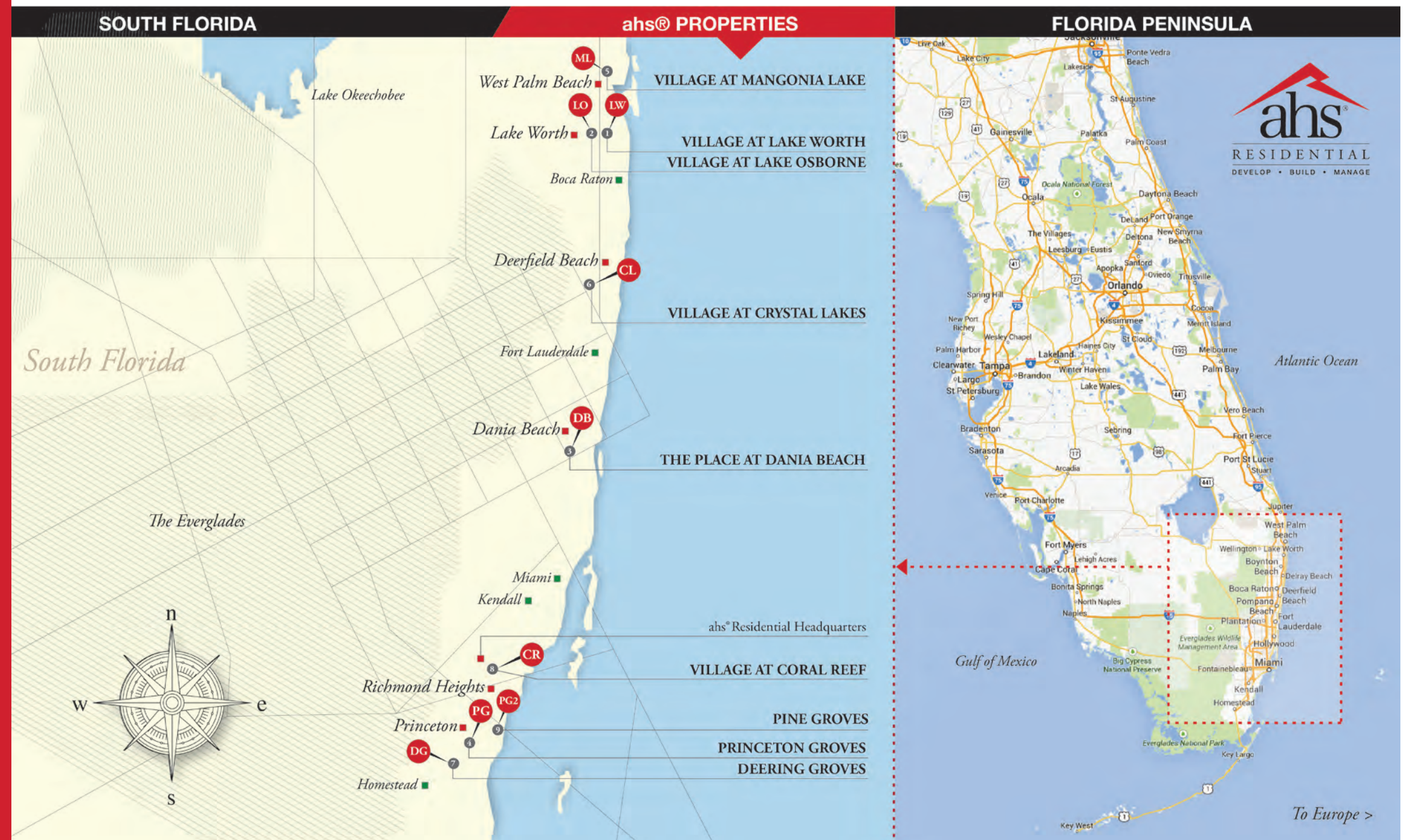
## PLANNING:

### Village at Coral Reef

4.57 Acres - 175 Units

### Pine Groves

6.74 Acres - 202 Units





## (i.) Village at Lake Worth







## VILLAGE AT LAKE WORTH Provides for the following:

- 7 three-story residential buildings
- Club House (expansive multi-purpose room, gym, rest rooms and offices)
- Swimming Pool and canopy area
- Tot lot play area and canopy
- Barbeque areas with canopies
- Landscaping exceeding current and proposed code standards
- Lake, nearly one acre in size with surrounding walking trail
- Development of a 6' high decorative pre-cast concrete wall at the west property line
- Bus stop pavilion with bike racks
- Entrance features off Lake Worth Road consisting of decorative concrete entry drive, entry trellis, entry signage and landscape features.
- City of Lake Worth sign at the corner of Lake Worth Road and Boutwell Road





## VILLAGE AT LAKE WORTH







## (ii.) Village at Lake Osborne





## VILLAGE AT LAKE OSBORNE Provides for the following:



- 3 three story residential buildings
- Multi-purpose room and gym
- Pool
- Granite Kitchen and Vanity Tops
- Stainless Steel Appliances
- Landscaping exceeding current and proposed code standards
- Lake
- School bus stop on 2<sup>nd</sup> Ave. N.
- Bus stop on Lake Worth Road
- New sidewalk on 2<sup>nd</sup> Ave. N.
- Entrance features off Lake Worth Road consisting of decorative concrete entry drive, entry signage and landscape features





## VILLAGE AT LAKE OSBORNE







### *(iii.)* The Place at Dania Beach





## THE PLACE AT DANIA BEACH Provides for the following:

- 7 story residential building with 1,2 & 3 bed room units
- Multi-purpose room
- Gym
- Roof top swimming pool, sundeck, canopy area, bar and fire pit
- Roof top barbeque areas with canopies
- Retail for restaurants and shops
- Bus stop pavilion with bike racks
- Parking garage for 243 spaces
- Charging stations for 6 EV
- 17 on street parking spaces
- 58 Enclosed bicycle spaces
- Sustainable Building Practices which will be incorporated into the building design, construction and management of the project.





# THE PLACE AT DANIA BEACH







## *(iv.)* Princeton Groves





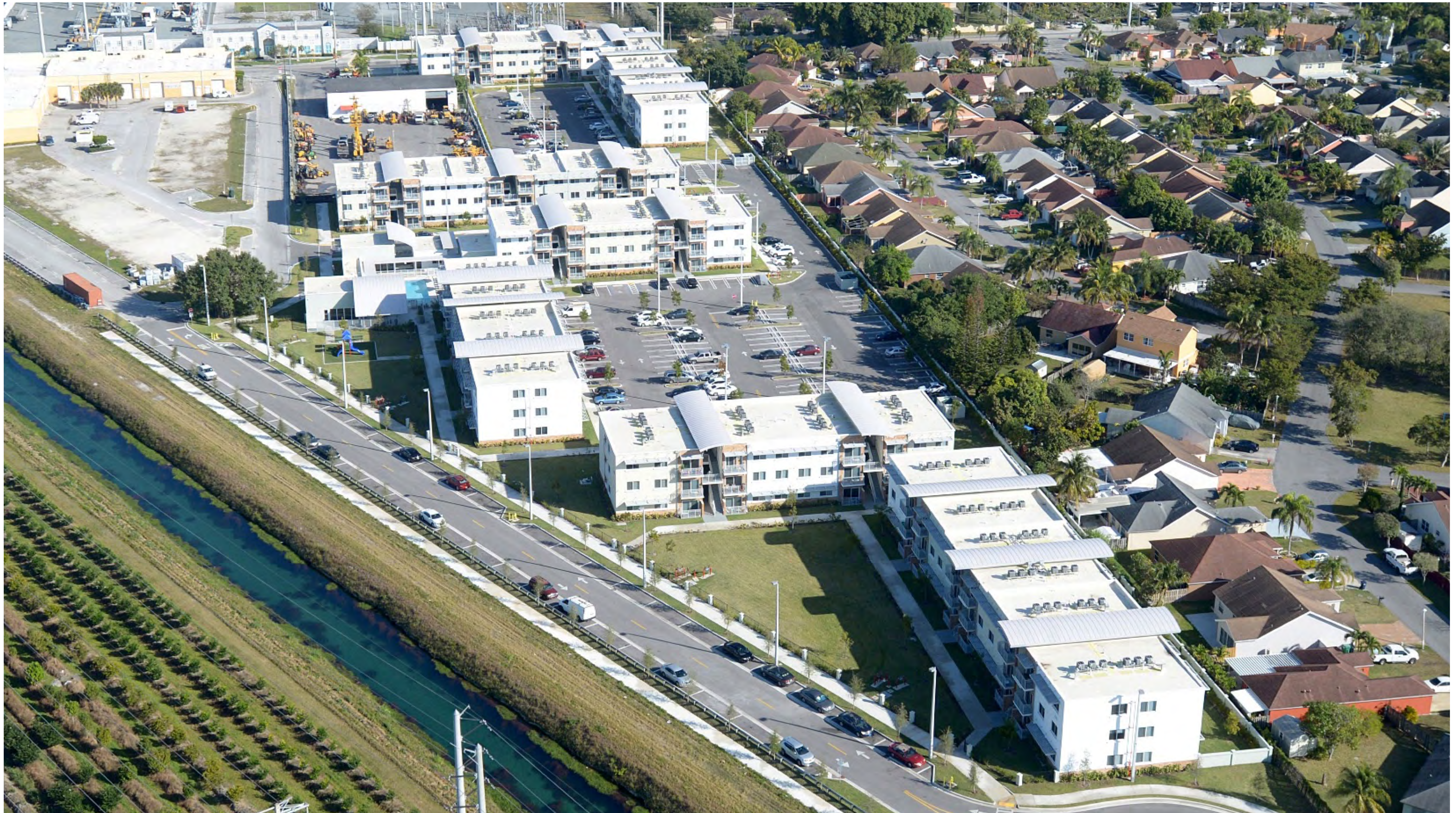
## PRINCETON GROVES

**Provides for the following:**



- 5 three-story residential buildings
- Club House (expansive multi-purpose room, gym, rest rooms and offices)
- Swimming Pool and canopy area
- Tot lot play area and canopy
- Landscaping exceeding current and proposed code standards
- Entrance features.





# PRINCETON GROVES







**(v.) Village at Crystal Lakes  
Provides for the following:**



- Leasing 1,2 & 3 Bedroom Units
- Multi-Purpose Community Room
- State-Of-The-Art Fitness Center
- Swimming Pool
- Energy Efficient stainless steel appliances
- Wood grain flooring throughout apartment





## VILLAGE AT CRYSTAL LAKES





***(vi.)* Deering Groves  
Provides for the following:**

- LOCATION: 25400 SW 137 Avenue, Homestead, FL 33032
- 281 Units: 1, 2 & 3 bedrooms. On a 9.33 acre site
- AVAILABLE Q1 2019





# DEERING GROVES







## *(vii.)* Village at Mangonia Lake





## VILLAGE AT MANGONIA LAKE

### Provides for the following:



- Three six story residential structures, each containing 72 units, 24 one bedroom and 48 two bedroom units.
- One three story residential structure containing 12 two bedroom units.
- Club house containing; lobby, offices, recreation room, multipurpose room, kitchenette and gym.
- Club house court yard BBQ area and sun deck.
- Pool and pool deck.
- Tot lot.
- Walking paths thru out the site with exercise stations.
- Three BBQ areas with gazebos.





VILLAGE AT MANGONIA LAKE







***(viii.)*** Village At Coral Reef  
Provides for the following:



- LOCATION: 9797 SW 152nd St Miami, FL 33157
- 4.57 ACRES
- 175 UNITS





## VILLAGE AT CORAL REEF







**(ix.) Pine Groves**  
**Provides for the following:**



- LOCATION: 24101 South Dixie Hwy, Miami, Fl 33032
- 6.74 ACRES
- 224 UNITS





PINE GROVES





# SECTION 5

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## About S&N Land Planners



## *a.* SCHMIDT NICHOLS | FIRM PROFILE

### UNIQUE ATTRIBUTES & QUALITY

Since its founding in 2000, Schmidt Nichols has expanded its expertise into a wide variety of project types throughout South Florida including commercial, industrial, institutional, municipal, equestrian estates, mixed-use developments, multi-family residential communities, public space, and urban development projects.

The organizational structure of Schmidt Nichols' growing team is made up of two branches - the urban planning team and the design studio team. Both departments are interconnected to offer complete land design services from due diligence, entitlements, site analysis, and public representation to landscape and hard-scape design, master planning, environmental preservation and construction administration.

### AWARDS

Schmidt Nichols is proud to have earned multiple awards that recognize the firm's dedication to solving complicated design challenges and sustainable design. Below is a list of recently awarded projects:

- Chamber of Commerce of the Palm Beaches Small Business Person of the Year, 2018
- University of Florida's Florida-Friendly Landscape Award, 2017
- The Planet National Award of Excellence, 2015
- AIA Landscape Architect of the Year, 2014
- Florida American Society of Landscape Architects Honor Award, 2014
- Green Building of America Award, 2009
- Delray Beach Site Plan Review & Appearance Board Award of Merit for New Industrial Mixed Use Development in 2004
- American Institute of Architects Excellence in Design Award for the International Polo Club of Palm Beach in 2002

## SCHMIDT NICHOLS | NOTABLE PROJECTS

### BANYAN MICRO UNITS

Schmidt Nichols was lead point firm for all entitlements required through the City, as well as design documents for the streetscape, amenity deck layout and landscape. The elevated amenity deck is essential to this project as it provides ample seating and outdoor spaces, both private and public, for the residents of the building. An oversized pool and ample deck chairs are the highlight of the amenity deck with ample room for socialization. In addition to the pool deck, and outdoor bar, elevated kitchen, and smaller BBQ area give groups and couples a place to gather. The amenity deck is dotted with smaller, private spaces for residents looking to step away from urban life and find a quiet nook. The modular design of the space is a reflection of the architectural elevation. The pool shape, pathways, and planters reflect the modern ambiance of the architecture.



#### BANYAN MICRO UNITS

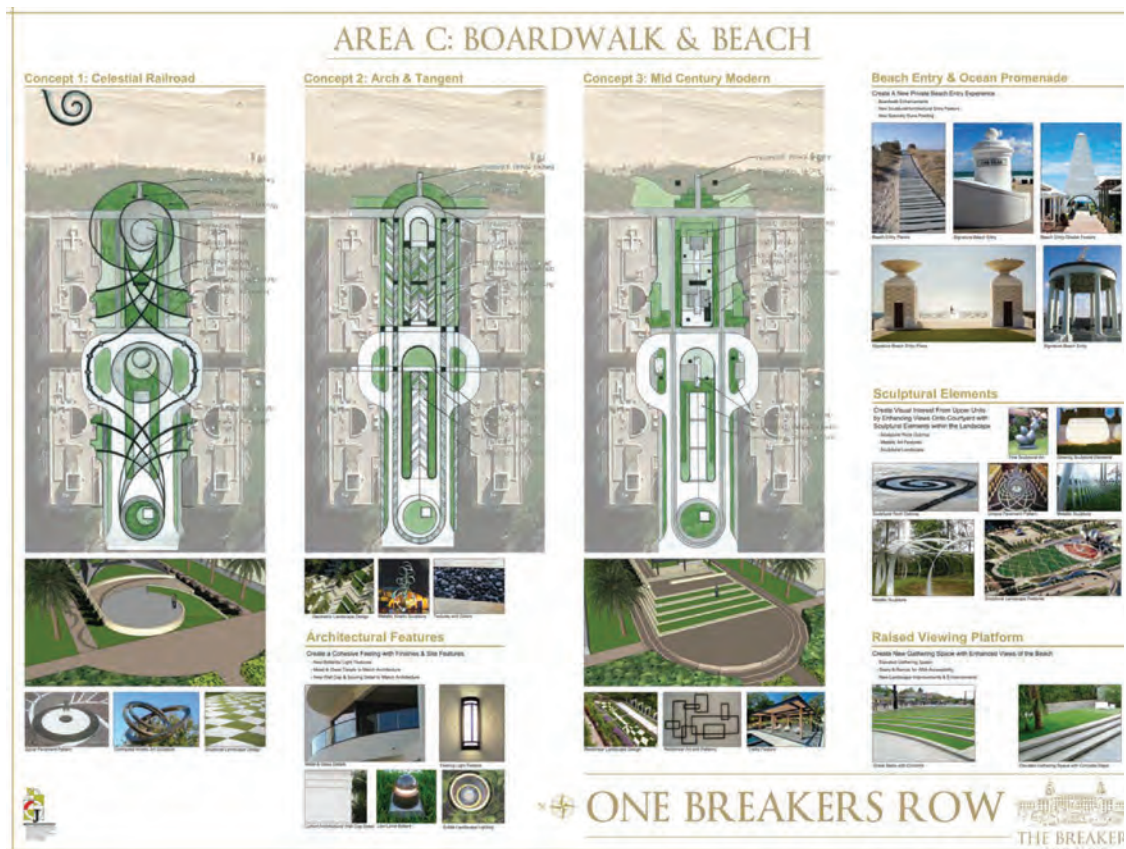
##### Project Highlights

- Location: West Palm Beach, FL
- Contact: Jeff Greene (561)659-2233
- Professional Services: 2016-Present
- Construction: Ongoing

# SCHMIDT NICHOLS | NOTABLE PROJECTS

## ONE BREAKERS ROW

Schmidt Nichols has been serving as the lead landscape architect and master planner since 2010 with ongoing assignments since then. Schmidt Nichols has provided design and planning services on several projects including the private residences located at One Breakers Row. The site renovations include new waterproofing, drainage, irrigation, and planting of the existing planters which are located over an underground parking deck. Soil samples, amendments, lighting and hardscape improvements such as paver specification and layout, wall cap renovations, signage, and espalier details were also included in this project.



### ONE BREAKERS ROW Project Highlights

- \$1.2 Million Dollar Project
- Location: Palm Beach, FL
- Contact: Alex Gillmurray (561) 659-8403
- Professional Services: 2010-Present
- Construction: Ongoing



# SCHMIDT NICHOLS | NOTABLE PROJECTS

## ONE WEST PALM

Schmidt Nichols served as the Site Planner and Landscape Architect for this proposed \$250+ Million Dollar Office, Hotel, Condominium building required a change to the City of West Palm Beach Comprehensive Plan and the Downtown Master Plan (DMP) prior to submitting the tallest (455') building within the City of West Palm Beach. In addition to the entitlements, Schmidt Nichols was responsible for the design and layout of the public and private amenities, as well as the streetscape. The two amenity decks reflect the unit architectural elevations and tie the ground floor to the amenity decks but the use of strong design themes. In addition to the residential amenities, the building includes two public plazas at street levels the provide water features and seating areas.



### ONE WEST PALM

#### Project Highlights

- \$250+ Million Dollar Project
- Location: West Palm Beach, FL
- Contact: Jeff Greene (561)659-2233
- Professional Services: 2015-Present
- Construction: Est. 2021





## **b. SCHMIDT NICHOLS | TESTIMONIALS**

*“My experience with Jon Schmidt & Associates has been that I would recommend this firm without hesitation to any local public or private entity.”*

Richard Pittman  
Project Manager, Town of Lake Park Public Works

*“I have used Jon’s services both professionally and personally, as he has proven to be committed to understanding the clients’ individual project needs and translating those into functional, cost effective design solutions. We have been very pleased with his services and the results.”*

Todd Fabbri  
Executive Vice President, The Richman Group of Florida, Inc.

*“Jon’s familiarity with zoning codes and solid relationships with the agency’s staff is an invaluable asset in moving projects forward. Our firm has not hesitated to refer clients to Jon, as he is a complement to our team. The result has been a winning combination for the design and approvals process!”*

Rick Gonzalez, AIA  
REG ARCHITECTS, INC.

*“I can honestly claim that we would never have achieved the success we did without the tireless efforts of everyone [at Jon E. Schmidt & Associates]. Their intensive knowledge of the governmental codes combined with personal relationships with staff at regulatory agencies was tantamount in negotiating very complex and stringent mandates.”*

Bill Mitchell  
Director of Development Services, Duke Realty Corporation

*“Their experience as landscape architects and planners laid the groundwork for the conceptual landscape requirements the Town (of Haverhill) was striving to achieve.”*

Janice C. Rutan  
Town Administrator, Town of Haverhill

# SECTION 6

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## Financial Capacity & Capability

## *a.* METHOD AND STRUCTURE

Once more, the vertical integration of the ahs® organization allows the company significant advantage, including that associated with the financial strength and internal financial expertise of the company.

The financial strength of ahs® Residential is a direct result of its funding—in the form of private equity investment from Brazil. Rubens Menin Teixeira de Souza, Chairman of the Board of ahs® Residential, is also a founding Partner of MRV Group, Brazil’s largest real estate developer and producer of approximately 40,000 residential units annually. Mr Souza is also a founding partner of Bank Intermedium, a financial institution holding \$550 million in total assets and \$120 million in equity.

Production of housing for the American workforce demographic is made possible, in part, by ahs®’ depth of patient capital. ahs® targets reasonable return rates from the company’s investments, while exhibiting an ability and inclination to self-fund part or all of deserving projects up-front and until construction financing becomes economically compelling.

ahs® draws on its internal expertise and experience in structured finance to negotiate and execute construction and permanent debt for its development projects. Traditionally, this has meant debt ratios of roughly 60-70% of invested capital, with ahs® funding its contribution first, through its own resources. The Group’s financial partners have found this approach extremely attractive, as ahs® shows a willingness to “put skin in the game” by funding projects in their early stages, when construction risks are greatest to lenders.

ahs® Residential is pleased to entertain any viable structure that adds value to its projects, and which frees equity with which to pursue opportunities in the South Florida multi-family housing sector. In this context, ahs® is capable of offering a long-term land lease in which the Public Sector is fairly compensated for land through a ground rent. A sufficiently long lease term may be financed similarly to a traditional land holding, and may present certain tax benefits. Certainly, the availability of well-located public land enhances the likelihood of bringing successful projects to fruition.

The Town of Palm Beach will be pleased to know that ahs® Construction Group is currently in good standing with all creditors, partners, and affiliated entities. ahs® is not subject to pending bankruptcies, disbarments, law suits, or loan defaults of any kind.

○ ***b.* FINANCIALS**

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○ (i.) 2013 Financial Statement





Consolidated Financial Statements and Report of  
Independent Certified Public Accountants

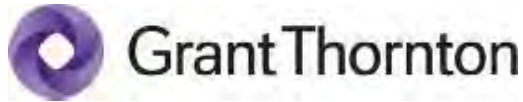
**AHS Residential, LLC**

For the Period from October 1, 2017 (Commencement  
of Operations) to December 31, 2017



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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Members of  
AHS Residential, LLC

We have audited the accompanying consolidated financial statements of AHS Residential, LLC and subsidiaries, which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of operations, members' capital, and cash flows for the period from October 1, 2017 (commencement of operations) to December 31, 2017, and the related notes to the financial statements.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AHS Residential, LLC and subsidiaries as of December 31, 2017, and the results of their operations and their cash flows for the period from October 1, 2017 (commencement of operations) to December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

#### Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of operations are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink that reads "Grant Thornton LLP".

Miami, Florida  
May 31, 2018

**AHS Residential, LLC**  
**CONSOLIDATED BALANCE SHEET**

**December 31, 2017**

ASSETS

Cash (see Note 4)	\$ 9,089,360
Restricted cash	1,841,673
Accounts receivable	70,780
Other receivables	59,824
Prepaid expenses	109,792
Property and equipment, net (see Note 3)	93,909,251
Land and land for development	18,434,934
Investment in real estate	26,209,635
Security deposits and other assets	394,149
Pre-development cost	<u>1,622,834</u>
Total assets	<u><u>\$ 151,742,232</u></u>

LIABILITIES AND MEMBERS' CAPITAL

Accounts payable (see Note 4)	\$ 4,073,120
Accrued expenses	503,472
Security deposits	747,872
Construction loans (see Note 5)	24,024,401
Term loans, net (see Note 6)	<u>63,026,769</u>
Total liabilities	92,375,634
Members' capital (see Consolidated Statement of Members' Capital)	<u>59,366,598</u>
Total liabilities and members' capital	<u><u>\$ 151,742,232</u></u>

The accompanying notes are an integral part of this consolidated financial statement.

**AHS Residential, LLC**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**For the Period from October 1, 2017 (Commencement of Operations) to December 31, 2017**

Rental revenues	\$ 2,452,787
Costs of operations	<u>872,248</u>
Gross profit	1,580,539
General and administrative expenses	<u>910,201</u>
Income before depreciation and amortization	670,338
Depreciation expense	682,444
Debt issue cost amortization	<u>18,702</u>
Loss from operations	(30,808)
Other income (expenses):	
Interest income	282
Interest expense	(778,399)
Miscellaneous income	<u>(38,174)</u>
Net loss	<u><u>\$ (847,099)</u></u>

The accompanying notes are an integral part of this consolidated financial statement.

**AHS Residential, LLC**

**CONSOLIDATED STATEMENT OF MEMBERS' CAPITAL**

**For the Period from October 1, 2017 (Commencement of Operations) to December 31, 2017**

	AHS Development <u>Group, LLC</u>	SP AHS Multifamily, <u>LLC</u>	<u>Total</u>
Balance at the beginning of the period	\$ -	\$ -	\$ -
Contributions	55,213,697	5,000,000	60,213,697
Net loss	<u>(800,427)</u>	<u>(46,672)</u>	<u>(847,099)</u>
Balance at the end of the period	<u>\$ 54,413,270</u>	<u>\$ 4,953,328</u>	<u>\$ 59,336,598</u>

The accompanying notes are an integral part of this consolidated financial statement.



# AHS Residential, LLC

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period from October 1, 2017 (Commencement of Operations) to December 31, 2017

Cash flows provided by operating activities:	
Net loss	\$ (847,099)
Adjustments to reconcile net loss to cash provided by operating activities:	
Depreciation	682,515
Amortization	18,702
Changes in assets and liabilities:	
Restricted cash	328,134
Accounts receivable	62,280
Other receivables	3,250
Prepaid expenses	53,356
Pre-development cost	(410,740)
Accounts payable and accrued expenses	1,737,190
Security deposits returnable	<u>(155,224)</u>
Cash flows provided by operating activities	1,472,364
Cash flows from investing activities:	
Investment in real estate	<u>(8,823,348)</u>
Cash flows used in investing activities	(8,823,348)
Cash flows from financing activities:	
Proceeds from debt issuance	13,411,357
Repayment of debt	(8,776,473)
Debt issuance costs	(38,114)
Members' contributions	<u>11,843,574</u>
Cash flows provided by financing activities	16,440,344
Net increase in cash	9,089,360
Cash at beginning of the period	<u>-</u>
Cash at end of the period	<u><u>\$ 9,089,360</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	<u><u>\$ 866,953</u></u>
Supplemental disclosure of non-cash operating, investing and financing activities:	
AHS Development Group, LLC contributed assets and liabilities to AHS Residential, LLC with a cost basis on the transfer date of \$48,370,123 (see Note 1).	

The accompanying notes are an integral part of this consolidated financial statement.

## AHS Residential, LLC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

#### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

AHS Residential, LLC, (“AHS Residential”), was formed on July 1, 2017 and began operations on October 1, 2017. On October 1, 2017 substantially all of the assets and liabilities of AHS Development Group LLC, the predecessor company (“AHS Development”) were transferred to AHS Residential together with additional cash contributions from Members. The following table summarizes the total non-cash net assets transferred from AHS Development Group, LLC:

Restricted cash	\$ 2,169,807
Property and equipment	94,197,992
Land and land for development	18,434,935
Investment in real estate	17,780,060
Pre-development costs	1,212,094
Other assets	543,478
Accounts payable and accrued expenses	(2,839,402)
Construction loans	(32,800,874)
Term loans, net	(49,634,824)
Other liabilities	<u>(693,143)</u>
Total non-cash net assets transferred	<u>\$ 48,370,123</u>

AHS Residential accounted for the transfer in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 805, *Business Combinations*, whereby AHS Residential recognized the transferred assets and liabilities at the carrying amounts (“rollover basis”) of AHS Development, LLC on the date of the transfer.

AHS Residential and its wholly owned subsidiaries; Princeton Groves Village, LLC, Village at Dania Beach, LLC, Village at Lake Osborne, LLC, Village at Crystal Lakes, LLC, Village of Tuscany, LLC, Lake Worth Village, LLC, Village at Coral Reef, LLC, AHS Logistics, LLC, Village of Mangonia, LLC, Pine Groves Village, LLC and AHS NW 3<sup>rd</sup> Street, LLC (collectively the “Development Companies”) were formed for the purpose of performing land and building developments with the intention of subsequently renting the developed units to middle to low income workers. AHS Construction, LLC a wholly owned subsidiary of AHS Residential, (the “Construction Company”) was formed for the purpose of performing land and building development construction contracts for the companies. AHS Property Management, LLC a wholly owned subsidiary of AHS Residential, (the “Management Company”) was formed for the purpose of managing rental properties once completed. The Development Companies, Construction Company and Management Company collectively will be referred to hereafter as “AHS”. All developments are located in the State of Florida. Each of the subsidiaries were incorporated under the laws of the State of Florida.

## AHS Residential, LLC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Principles of Consolidation

The consolidated financial statements include the accounts of the AHS Residential and its wholly owned subsidiaries as follows:

AHS Construction LLC  
Princeton Groves Village, LLC  
Village at Dania Beach, LLC  
Village at Crystal Lakes, LLC  
Village of Tuscany, LLC  
AHS Logistics, LLC  
Pine Groves Village, LLC

Lake Worth Village, LLC  
Village at Coral Reef, LLC  
Village at Lake Osborne, LLC  
AHS Property Management, LLC  
Village at Mangonia Lake, LLC  
AHS NW 3<sup>rd</sup> Street, LLC

All significant intercompany transactions have been eliminated in consolidation.

##### Use of Estimates

Management uses estimates and assumptions in preparing these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

##### Fair Value of Financial Instruments

AHS Residential's financial instruments are cash, accounts receivable and accounts payable. The recorded values of cash, accounts receivable and accounts payable approximate their fair values based on their short-term nature.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurement*, defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". AHS Residential uses the following three level valuation hierarchy based upon observable and non-observable inputs:

Level 1 - Quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs that are used to measure fair value to the extent that observable inputs are not available. This valuation method utilizes management's estimates of market participant assumptions.

(continued)



**AHS Residential, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Income Taxes

As a limited liability company, AHS Residential's taxable income or loss is passed through to its members pursuant to Section 701 of the Internal Revenue Code and is not taxed as a corporation. Therefore, no provision or liability for income taxes has been included in the financial statements. AHS Residential recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. AHS Residential did not incur any penalties for the period ended December 31, 2017. On December 22, 2017, the 2017 Tax Cuts and Jobs Act (the "Tax Act") was enacted into law. AHS Residential has evaluated the effect of the Tax Act on these consolidated financial statements, noting no material impact.

AHS Residential accounts for uncertain tax positions in accordance with ASC 740, *Income Taxes*. This pronouncement prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. No amounts were recognized in the consolidated financial statements for uncertain tax positions.

Depreciation and Amortization

Items of property and equipment are depreciated using the straight-line-method over the estimated useful lives of each component. Land is not depreciated. Debt issuance costs are amortized using the straight-line-method over the life of the related debt.

Restricted Cash

Restricted cash includes tenant security deposits and restricted cash held in escrow with lenders for real estate taxes, insurance and repair reserves.

Finance Costs

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the costs of the asset. Capitalization of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. Other finance costs are recognized as expense in the period in which they are incurred.

(continued)

**AHS Residential, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investment in Real Estate

The investment in real estate relates to real estate under construction. The investments are carried at accumulated cost. Upon completion, investments in real estate are transferred to property and equipment. Costs include freehold rights for land, amounts paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property taxes and other related costs.

Long-Lived Assets

AHS Residential reviews the carrying value of property, plant, and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at December 31, 2017.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Cost, accumulated depreciation and estimated useful lives at December 31, 2017 are as follows:

<u>Category</u>	<u>Estimated Useful Lives</u>	<u>Amount</u>
Buildings	39 Years	\$ 95,474,721
Transportation equipment	5 Years	238,905
Office furniture and fixtures	7 Years	446,695
Computer equipment	3-5 Years	94,303
Office equipment	7 Years	151,848
Leasehold improvements	5 Years	<u>1,098,183</u>
		97,504,655
Less: Accumulated depreciation		<u>3,595,404</u>
		<u>\$ 93,909,251</u>

Depreciation for the period from October 1, 2017 (commencement of operations) to December 31, 2017 was \$682,444. Finance costs capitalized into buildings for the period from October 1, 2017 (commencement of operations) to December 31, 2017 was \$131,017.

## AHS Residential, LLC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

#### NOTE 4 - CONCENTRATION OF CREDIT RISK

AHS Residential maintains cash balances in various financial institutions. The balances are fully insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. These balances may at times exceed the insured limits. At December 31, 2017, the total unsecured balances at these financial institutions amounted to \$7,553,440.

At December 31, 2017 two vendors accounted for accounts payable comprising 13% of AHS Residential's total payables. Total accounts payable due to these vendors amounted to approximately \$532,000.

#### NOTE 5 - CONSTRUCTION LOANS

On March 31, 2015 Village at Dania Beach, LLC, entered into a construction note agreement with a financial institution, which allows them to make borrowings up to \$16,490,000. The interest rate on the note is equal to one-month LIBOR plus a margin of 2.25%. The note original maturity date was March 31, 2017, with two 6-month extension options to March 31, 2018. On December 2016, the note was amended to increase the maximum borrowings to \$18,490,000 and the maturity date was extended to June 30, 2018. At December 31, 2017, the outstanding balance on the note was \$18,470,915.

On July 19, 2016, Village at Crystal Lakes, LLC entered into a construction note agreement with a financial institution, which allows them to make borrowings up to \$13,500,000. The interest rate on the note is equal to 30 days LIBOR plus a margin of 2.50%. The note maturity date is July 2019 with two 12-month extension options to July 2021. At December 31, 2017, the outstanding balance of the loan was \$5,553,486.

#### NOTE 6 - TERM LOANS

AHS Residential's fixed rate term loans consists of the following:

3.95%	Lake Worth Village, LLC note payable in monthly installments of \$80,646 interest only for 24 months and \$116,262 thereafter starting June 2018, including principal and interest, maturing on June 2026 and secured by company buildings.	<u>\$ 24,500,000</u>
4.38%	Princeton Groves Village, LLC note payable in monthly installments of \$93,348, interest only, for 24 months and \$123,646 thereafter starting October 2019, including principal and interest, maturing on October 2027 and secured by company buildings.	<u>\$ 24,750,000</u>
4.63%	Village at Lake Osborne, LLC note payable in monthly installments of \$52,548 interest only, for 24 months and \$67,803 thereafter starting January 2000, including principal and interest, maturing on January 2028 and secured by company buildings.	<u>\$ 13,180,000</u>
6.00%	Pine Groves Village, LLC note payable in quarterly installments of \$18,090, interest only, for 12 quarters with a balloon payment due July 2020 and secured by land.	<u>\$ 1,200,000</u>

(continued)



**AHS Residential, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2017**

NOTE 6 - TERM LOANS - Continued

Future principal payments of notes are as follows:

December <del>31</del>	<u>Amount</u>
2018	\$ —
2019	-
2020	1,200,000
2021	-
Thereafter	<u>62,430,000</u>
	63,630,000
Less deferred issuance costs	<u>(603,231)</u>
Total term loans	<u><u>\$ 63,026,769</u></u>

NOTE 7 - LINE OF CREDIT

On September 7, 2017 AHS Residential, LLC, entered into a revolving line of credit agreement with a financial institution, which allows them to make borrowings up to \$5,000,000. The interest rate on the note is equal to one-month LIBOR plus a margin of 3.00%. The note original maturity date is September 7, 2018, however, AHS Residential may extend maturity date if in compliance with loan agreement for additional 12-months to September 7, 2019. No amounts were borrowed under the line of credit as of December 31, 2017.

NOTE 8 - RELATED PARTY TRANSACTIONS

AHS Residential rents office space from a related party that is controlled by a member under a lease agreement dated June 1, 2013 that was amended on October 1, 2017 and expires on January 31, 2018. The lease calls for monthly rental payments of \$8,750, including sales taxes. Total rent expense under this lease agreement for the period from October 1, 2017 (commencement of operations) to December 31, 2017 was \$26,249. Total future minimum rental payments, including sales taxes, through January 31, 2018 are \$8,750.

NOTE 9 - EMPLOYEE BENEFIT PLAN

AHS Residential has established a 401(k) profit sharing plan, covering substantially all employees. Participating employees can contribute up 75% of pretax annual compensation in accordance with Section 401(k) of the Internal Revenue Code. The required matching contribution is 100% of employee contribution on the first 3% of compensation that each employee contributes, which decreases to 50% to a maximum matching contribution of 4%. Additional contributions may be made to the plan at the discretion of the members. Contributions to the plan were approximately \$25,000 for the period from October 1, 2017 (commencement of operations) to December 31, 2017.

## AHS Residential, LLC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

#### NOTE 10 - STOCK APPRECIATION RIGHTS

AHS Residential has granted stock appreciation rights to certain employees under the AHS Residential LLC Unit Appreciation Rights Plan (the "Plan"). Under the Plan 5,000 stock appreciation rights can be granted. The stock appreciation rights provide the employees with the right to receive, at the date the rights are exercised, a cash settlement equal to the market appreciation since the date of the grant. The employees do not have the ability to receive an ownership interest in AHS Residential. All of the stock appreciation rights vest at the end of 5 years and expire at the end of 10 years after the grant date. As of December 31, 2017, 360 stock appreciation rights have been granted resulting in an immaterial liability.

#### NOTE 11 - WRITE-OFF OF COSTS INCURRED IN ANTICIPATED PROJECTS

AHS Residential may incur costs on various projects which do not go forward. Although no such costs were written off in the current period, all costs capitalized in connection with these projects would be written off during the current year.

#### NOTE 12 - COMMITMENTS AND CONTINGENCIES

##### Operating Leases

The Company accounts for rent expense for its operating leases on the straight-line basis in accordance with ASC 840, *Leases*. AHS Logistics, LLC leases a warehouse facility with a lease term expiring in 2020.

Approximate future minimum lease payments required under the remaining lease terms are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2019	\$ 91,520
2020	<u>62,222</u>
	<u>\$ 153,742</u>

Total rent expense under this lease agreement for the period from October 1, 2017 (commencement of operations) to December 31, 2017 was \$9,667.

##### Litigation

AHS Residential may, from time to time, may be involved in various claims and legal actions in the ordinary course of business. Management does not believe that the impact of such matters will have a material adverse effect on the financial position or results of operations when resolved.

#### NOTE 13 - SUBSEQUENT EVENTS

AHS Residential has evaluated subsequent events through May 31, 2018, the date these consolidated financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure in the consolidated financial statements.

○ *(ii.)* Supplementary Information

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# AHS Residential, LLC

## CONSOLIDATING BALANCE SHEET

December 31, 2017

### ASSETS

	AHS Residential, LLC	AHS Construction LLC	AHS Property Management LLC	AHS Logistics LLC	Princeton Groves Village, LLC	Village at Danis Beach, LLC	Lake Worth Village, LLC	Village at Osborn, LLC	Village at Crystal Lakes, LLC	Village at Coral Reef, LLC	Tuscany, LLC	Village at Mangonia Lake, LLC	Pine Groves Village, LLC	AHS NW 3rd Street, LLC	Eliminations and Adjustments	Consolidated Balance
Cash	\$ 7,062,646	\$ 1,004,889	\$ 9,712	\$ 59,371	\$ 278,697	\$ 15,416	\$ 240,135	\$ 258,232	\$ 32,395	\$ 5,961	\$ 68,008	\$ 12,274	\$ 21,201	\$ 21,123	\$ -	\$ 9,889,560
Restricted cash	-	-	-	-	859,015	257,520	486,524	258,614	-	-	-	-	-	-	-	1,841,673
Due to/(from) affiliates	1,277,297	3,375,139	8,901	-	(49,093)	32,499	32,499	-	350,000	56,987	-	(56,987)	-	-	(4,993,933)	-
Accounts receivable	-	-	-	-	18,885	9,907	32,915	9,073	-	-	-	-	-	-	-	70,780
Other receivables	49,685	-	-	-	-	-	10,139	-	-	-	-	-	-	-	-	59,824
Prepaid expenses	35,492	11,029	28,526	-	12,833	19,189	2,579	144	-	-	-	-	-	-	-	109,792
Costs and estimated earnings in excess of billings on uncompleted contracts	-	-	-	-	-	-	-	-	301,260	-	-	676,117	-	-	(977,377)	-
Property and equipment, net	188,526	142,965	1,828	634,614	247,861,180	30,015,943	22,630,153	14,647,042	-	-	-	-	-	-	-	93,909,251
Land and land for development	-	-	-	-	929,727	1,749,521	2,261,728	1,257,245	1,410,653	1,596,735	2,010,575	4,516,637	2,437,637	265,076	-	18,434,934
Investment in real estate	-	-	-	-	-	-	-	-	13,010,633	549,895	9,376,775	2,620,896	883,160	62,657	503,619	26,239,635
Investments in subsidiaries	50,899,567	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,899,567)	-
Security deposits and other assets	136,069	-	-	35,429	30,396	15,455	-	131,800	-	-	-	45,000	-	-	-	394,149
Pre-development cost	472,967	-	-	11,428,667	-	-	-	-	-	-	-	-	-	-	-	1,622,831
Total assets	\$ 60,129,249	\$ 4,533,222	\$ 48,967	\$ 1,872,281	\$ 26,857,733	\$ 32,933,048	\$ 25,696,672	\$ 16,562,150	\$ 15,104,341	\$ 2,209,578	\$ 11,455,338	\$ 781,937	\$ 2,544,098	\$ 3,48,856	\$ (56,367,258)	\$ 151,742,232

### LIABILITIES AND MEMBERS' CAPITAL

Accounts payable	\$ 73,569	\$ 3,697,639	\$ 6,384	\$ 15,664	\$ 8,424	\$ 9,954	\$ 3,131	\$ 398	\$ 59,613	\$ 8,717	\$ 13,299	\$ 161,414	\$ 7,028	\$ 7,946	\$ -	\$ 4,073,120
Accrued expenses	100,114	130,051	8,407	5,480	149,039	27,505	39,461	16,877	-	-	-	-	25,192	1,346	-	503,472
Security deposits returnable	-	-	-	-	29,073	137,758	216,456	100,285	-	-	-	-	3,300	-	-	747,872
Due to/(from) affiliates	-	1,415,643	39,958	58,204	13,324	115,659	734	51,004	1,304,115	1,546	1,314,404	673,134	-	6,266	(4,993,933)	-
Construction loans	-	-	-	-	-	18,470,915	-	-	5,553,486	-	-	-	-	-	-	24,044,401
Term loans, net	-	48,811	-	-	24,450,122	-	24,278,307	13,049,529	-	-	-	-	1,200,000	-	-	63,066,769
Billings and estimated earnings in excess of costs on uncompleted contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	173,683	5,292,144	54,749	79,288	24,910,982	18,761,791	24,538,689	13,218,093	6,917,214	10,263	1,891,461	854,548	1,235,520	15,498	(473,758)	92,375,634
Members' capital	50,955,566	(758,022)	(5,782)	1,792,993	1,946,751	14,171,257	1,158,583	3,344,657	8,187,127	2,109,315	9,653,897	6,979,389	1,306,578	333,358	(50,899,567)	59,366,598
Total liabilities and members' capital	\$ 60,129,249	\$ 4,533,222	\$ 48,967	\$ 1,872,281	\$ 26,857,733	\$ 32,933,048	\$ 25,696,672	\$ 16,562,150	\$ 15,104,341	\$ 2,209,578	\$ 11,455,338	\$ 781,937	\$ 2,544,098	\$ 3,48,856	\$ (56,367,258)	\$ 151,742,232

# AHS Residential, LLC

## CONSOLIDATING STATEMENT OF OPERATIONS

For the Period from October 1, 2017 (Commencement of Operations) to December 31, 2017

	AHS Residential, LLC	AHS Construction LLC	AHS Property Management LLC	AHS Logistics LLC	Princeton Groves Village, LLC	Village at Dania Beach, LLC	Lake Worth Village, LLC	Village at Osbornes Lake, LLC	Village at Coral Reef, LLC	Village at Tuscany, LLC	Village at Mangonia Lake, LLC	Pine Groves Village, LLC	AHS NW 3rd Street, LLC	Eliminations and Adjustments	Consolidated Balance
Rental revenues earned	\$ -	\$ 6,338,619	\$ 82,704	\$ -	\$ 779,720	\$ 439,313	\$ 780,841	\$ 438,637	\$ -	\$ -	\$ -	\$ 14,277	\$ -	\$ (6,441,323)	\$ 2,452,787
Costs of operations:															
Salaries and benefits	-	-	-	-	79,560	50,119	55,214	29,860	-	-	-	-	-	-	214,753
Management fees	-	-	-	-	24,204	22,500	23,400	12,600	-	-	-	-	-	(82,704)	-
Repairs and maintenance	-	-	-	-	52,163	49,416	32,856	19,655	-	-	-	-	-	-	154,091
Utilities	-	-	-	-	22,072	26,967	15,714	18,222	-	-	-	-	-	-	82,975
Taxes, insurance and licenses	-	-	-	-	105,253	51,029	149,206	25,140	-	-	-	-	-	-	330,629
Other operating expenses	-	-	-	-	24,925	19,795	32,343	10,538	-	-	-	-	-	-	87,600
General requirements	-	88,703	-	-	-	-	-	-	-	-	-	-	-	(88,703)	-
Site construction	-	315,190	-	-	-	-	-	-	-	-	-	-	-	(315,190)	-
Materials and subcontractors	-	5,198,486	-	-	-	-	-	-	-	-	-	-	-	(5,198,486)	-
Other job costs	-	33,224	-	-	-	-	-	-	-	-	-	2,241	-	(33,224)	-
Total costs of operations	-	6,355,613	-	-	308,178	219,826	308,734	116,014	-	-	-	2,241	-	(6,438,307)	872,289
Gross profit/(loss)	-	3,016	82,704	-	471,542	219,486	472,107	322,622	-	-	-	12,036	-	(3,016)	1,580,498
General and administrative expenses:															
Advertising and promotion	38,947	-	900	-	-	-	-	-	-	-	-	-	-	-	39,847
IT supplies and services	18,159	-	945	-	-	-	-	-	-	-	-	-	-	-	19,101
Office supplies and expense	21,972	159	1,883	-	-	-	-	-	-	-	-	-	-	(159)	23,855
Professional fees	163,945	-	571	-	-	-	-	-	-	-	-	-	-	-	164,516
Rent	20,774	-	-	-	-	-	-	-	-	-	-	-	-	-	20,774
Salaries – office	410,384	-	73,738	-	-	-	-	-	-	-	-	-	-	-	484,121
Payroll taxes	45,759	-	18,064	-	-	-	-	-	-	-	-	-	-	-	63,823
Employee benefits	5,774	-	3,314	-	-	-	-	-	-	-	-	-	-	-	9,088
Other administrative expense	79,783	180	5,251	-	-	-	-	-	-	-	-	-	-	(180)	85,034
Total general and administrative expenses	805,497	339	104,663	-	-	-	-	-	-	-	-	-	-	(339)	910,160
Income/(loss) from operations	(805,497)	2,676	(21,959)	-	471,542	219,486	472,107	322,622	-	-	-	12,036	-	(2,676)	670,338
Other income (expense):															
Write-off of costs incurred in anticipated projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	153	4	-	-	-	130	-	-	-	-	-	-	-	(4)	282
Interest expense	5	-	-	-	277,035	166,133	207,981	109,155	-	-	-	18,090	-	-	778,399
Misc non-recurring income/(expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other income/(expense)	148	4	-	-	(277,035)	(166,003)	(207,981)	38,174	-	-	-	(18,090)	-	(4)	38,174
Earnings before income tax, depreciation and amortization	(805,349)	2,680	(21,959)	-	194,507	53,483	264,126	175,294	-	-	-	(6,054)	-	(2,680)	(145,953)
Income tax, depreciation and amortization expenses:															
Income tax benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income (loss) from subsidiaries	(36,349)	-	-	-	-	-	-	-	-	-	-	-	-	36,349	-
Depreciation expense	5,400	2,681	-	-	165,660	205,592	165,279	136,213	-	-	-	-	-	(2,681)	685,444
Loan cost amortization	-	-	-	-	7,963	-	10,192	546	-	-	-	-	-	-	18,702
Total income tax, depreciation and amortization expense	(41,749)	(2,681)	-	-	(173,924)	(209,592)	(175,471)	(136,759)	-	-	-	-	-	39,030	(701,146)
Net income/(loss)	\$ (847,098)	\$ -	\$ (21,959)	\$ -	\$ 20,583	\$ (156,109)	\$ 88,655	\$ 38,534	\$ -	\$ -	\$ -	\$ (6,054)	\$ -	\$ 36,349	\$ (847,098)

*(iii.)* Bank Letters





October 11, 2018

AHS Residential, LLC  
12895 SW 132 ST, Suite 202  
Miami, FL 33186

Re: AHS Residential

Dear Sir or Madam:

This letter is written on behalf of and at the request of our customer AHS Residential that has both depository accounts and a borrowing relationship with City National Bank of Florida. The company currently has access to a credit facility in the high seven digits.

All accounts have been handled in a satisfactory manner.

This letter is written without liability to City National Bank or any of its officers or directors and no inference is to be made from any matter not specifically set forth herein.

Please feel free to reach out to me with any questions

Sincerely,

Carlos X. Ramos  
Senior Vice President  
305.577.7225  
Carlos.ramos@citynational.com



Jason Kaye  
Senior Vice President  
401 E. Las Olas Blvd., 9th Floor  
Fort Lauderdale, FL 33301  
T 954.765.2141  
jason.kaye@baml.com

**October 11, 2018**

**Town of Palm Beach  
360 South County Road  
Palm Beach, FL 33480**

Re: Reference for AHS Residential

To Whom It May Concern:

This letter is to confirm that Bank of America is a financing partner of AHS Residential. We are currently providing a \$27MM construction loan to finance the 240-unit Village at Mangonia Lake in West Palm Beach, FL that will provide much-needed workforce housing in the area. We believe that AHS is a quality builder of affordable and workforce housing as demonstrated by their properties under management and has a talented and dedicated staff.

If you have any questions, feel free to contact me at (954) 765-2141

Sincerely,  
BANK OF AMERICA, N.A.

By:   
Jason Kaye  
Senior Vice President  
Community Development Banking

# The Village at Mangonia Lake – West Palm Beach, FL March 6, 2018



## Developer/Sponsor

- AHS Residential LLC

## Property type

- 51% affordable housing and 49% workforce housing

## Total development costs

- \$39.7 million

## Bank of America Merrill Lynch commitment

- \$27.2 million construction loan

## Community impact

The Village at Mangonia Lake will provide much needed workforce housing to downtown West Palm Beach. The Project is also participating in the City of West Palm Beach's Workforce Housing Assistance Incentive Program, which is available for households that are at or below 140% AMI. The Project is also in close proximity to the newly construction West Palm Beach Brightline station, which provides high speed rail service to Fort Lauderdale and Miami.

AHS Residential is a fully-integrated real estate company that includes development, construction, property and asset management. AHS is based in Miami, Florida, and focuses on developing South Florida's workforce housing market.

## Expected completion date

- Q2-2019

The Village at Mangonia Lake ("The Project") will be a newly constructed workforce housing multifamily property located in West Palm Beach, Florida. The Project was financed through the Bank's Construction Loan program. The 240-unit development will consist of 72 one-bedroom and 168 two-bedroom units. The project will include three, 6-story buildings each with elevator service and two 3-story garden style buildings, as well as a clubhouse with recreation room, leasing offices, pool, and gym. Unit amenities include ceramic tile on floors and granite countertops. There is a laundry closet in each unit. Units will also have a balcony and stainless steel appliance package.

"Bank of America Merrill Lynch" is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives, and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., member FDIC. Equal Housing Lender. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered broker-dealers and members of SIPC, and, in other jurisdictions, by locally registered entities. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp. are registered as futures commission merchants with the CFTC and are members of the NFA. Investment products offered by Investment Banking Affiliates. Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed. ©2018 Bank of America Corporation AR #ARLV88QY 04-15-1209





October 15, 2018

Town of Palm Beach  
360 South County Road  
Palm Beach, FL 33480

Re: AHS Development Group

To whom it may concern:

Citi Community Capital, an affiliate of Citibank, N.A. ("CITI"), is pleased to be one of AHS Development Group's (or affiliates thereof) premier financing partners. Since 2014, CITI has closed debt financings totaling nearly \$145 million for the new construction and permanent financing of multifamily housing communities in Palm Beach, Broward, and Miami-Dade. All of these properties will serve the important purpose of providing high quality workforce housing to the residents of these counties.

We have enjoyed working with AHS Development Group. They are well capitalized, well organized and are diligent in their development efforts. Their leadership is strong, capable and focused.

We have been impressed by the high quality of their properties and we are looking forward to working with AHS Development Group on additional opportunities.

If you have any questions, please don't hesitate to call me at (561)347-3254.

Sincerely,  
Citi Community Capital

Barry Krinsky  
Director

Citi Community Capital 7400 W. Camino Real Suite 130-A Boca Raton, FL 33433

○ *(iv.)* Certificates

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# *State of Florida*

## *Department of State*

I certify from the records of this office that AHS CONSTRUCTION LLC is a limited liability company organized under the laws of the State of Florida, filed on November 1, 2012.

The document number of this limited liability company is L12000139156.

I further certify that said limited liability company has paid all fees due this office through December 31, 2018, that its most recent annual report was filed on April 30, 2018, and that its status is active.

*Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this  
the Thirtieth day of April, 2018*



*Ken Detjen*  
**Secretary of State**

Tracking Number: CC7351430211

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication>



# *State of Florida*

## *Department of State*

I certify from the records of this office that AHS RESIDENTIAL, LLC is a limited liability company organized under the laws of the State of Florida, filed on January 30, 2017, effective January 31, 2017.

The document number of this limited liability company is L17000024016.

I further certify that said limited liability company has paid all fees due this office through December 31, 2018, that its most recent annual report was filed on February 17, 2018, and that its status is active.

*Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this  
the Seventeenth day of February,  
2018*



*Ken Detjen*  
**Secretary of State**

Tracking Number: CC9079255093

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# *State of Florida*

## *Department of State*

I certify from the records of this office that AHS PROPERTY MANAGEMENT, LLC is a limited liability company organized under the laws of the State of Florida, filed on August 21, 2015.

The document number of this limited liability company is L15000143910.

I further certify that said limited liability company has paid all fees due this office through December 31, 2018, that its most recent annual report was filed on April 30, 2018, and that its status is active.

*Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this  
the Thirtieth day of April, 2018*



*Ken Detjen*  
**Secretary of State**

Tracking Number: CC1292611237

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# PROPOSAL FOR LONG-TERM LEASEHOLD THE TOWN OF PALM BEACH

OCTOBER, 2018

*Privileged and Confidential*







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