



New Town Center Temple Terrace, Florida

Recommendations on Unicorp and the Town Center Development

July 26, 2005



Overview of Presentation

- Unicorp Financial Capacity/Mixed-Use Development Experience/References
- SPPRE's Proven Pre-Development Process
- New Strategy to Proceed to Negotiations
 - Part A: Select Unicorp to Negotiate, Not Award Project
 - Part B: Begin to Address City Concerns Now
- Recommendations on Unicorp and the Town Center Development

Unicorp Financial Capacity/Mixed-use Development Experience/References

SPPRE has received the following information after our Evaluation Report (July 19, 2005)

1. Unicorp's response to SPPRE evaluation (July 20)
2. Unicorp's response to Councilman Govin and Holloway (July 20)
3. City/Unicorp/SPPRE conference call (July 21)
4. Signed Letter on Unicorp's Financial Resources and commitment to provide Principal financing guarantees (July 22)
5. Received reference checks completed by Bosek (July 22)

When combined with Unicorp's agreement to complete SPPRE's Steps 7-12, there is sufficient basis to proceed with Unicorp.

New Strategy to Proceed to Negotiations with Unicorp

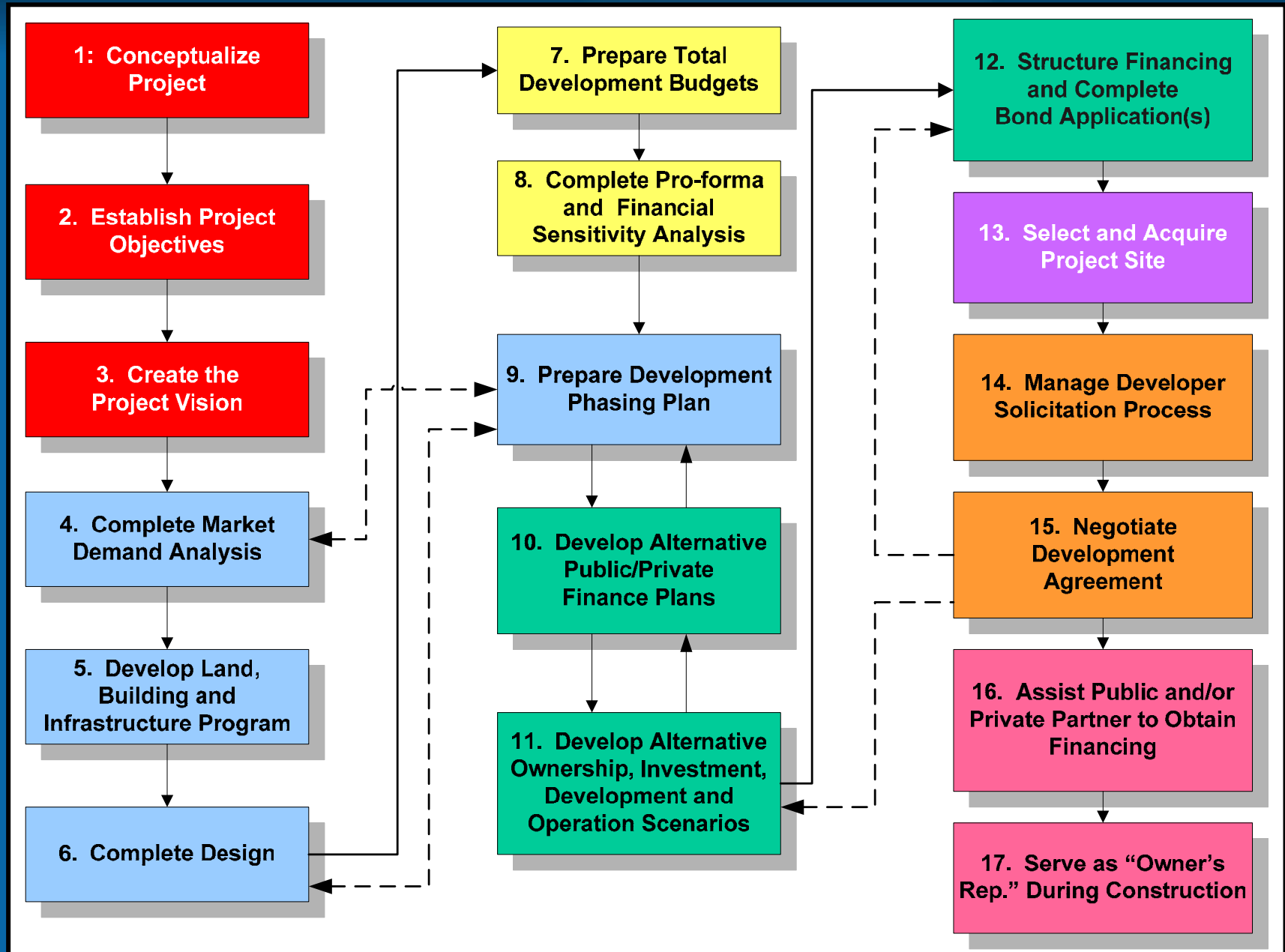
Part A: Select Unicorp to Negotiate, and Award Project Based on the Following

Part B: Begin to Address City Concerns Now

Part A: Select Unicorn to Negotiate, and Award Project Based on the Following:

- Component 1: Tasks to be Completed Before Negotiations**
- Component 2: Major “Deal Points” to be Negotiated**

SPPRE's Predevelopment Process



Part A / Component 1: Tasks to be Completed Before Negotiations

1. Organize Town Center into City and Unicorp components
2. Complete a Total Development Budget (Step 7)
3. Complete Developer ProForma and Tax Analysis (Step 8)
4. Prepare a City Investment Schedule (Step 8)
5. Revise Development Phasing Plan (Step 9)
6. Develop alternative Public/Private Finance Plans (Step 10)
7. Structure final Public/Private Finance Plan (Step 12)

Part A / Component 2: Major “Deal Points” to be Negotiated

1. Define City and Unicorp responsibilities.
2. Define ownership of development components
3. Determine most advantageous disposition of city-owned land
4. Financial Return on existing and future City investments
5. Prepare schedule for Unicorp and City investments
6. Describe Approval Rights for City

Part A / Component 2: Major “Deal Points” to be Negotiated, *cont.*

7. Describe Financial and Development Safeguards for City
8. Clearly define Termination Rights of City
9. Define conditions of default by Unicorp and City
10. Address indemnification of City (on-site and infrastructure)
11. Provide Unicorp with Right-of-Entry
12. Assure City that no encumbrances are permitted on City-owned land as a result of Unicorp work on the project.

Part B: Begin to Address City Concerns Now

Component 1: Financial Capacity of Unicorp

Component 2: Response to City Council Questions

Part B / Component 1: Financial Capacity of Unicorp

Highlights of 3-page letter to City and SPPRE:

- Unicorp is wholly-owned by two Principals.
- Overview of Financial Condition of Principals:
 - Overall assets: \$440,000,000.
 - Aggregate debt: \$281,000,000.
 - Aggregate equity: \$159,000,000.
 - Average Loan-to-Value (LTV): 64%.
 - Stabilized annual NOI: \$27,000,000
 - Stabilized Portfolio DSCR: 1.50
 - Average Portfolio Occupancy: 92%
 - Stabilized Portfolio annual CFADS: \$9,300,000.

Part B / Component 1: Financial Capacity of Unicorp, *cont.*

- Overview of Financial Capacity of Principals
 - Current cash liquidity: \$8,500,000.
 - Annual amount of equity and debt: \$200,000,000.
 - Sources of equity and debt:
 - At-risk cash investment by Principals
 - Strong banking relationships.
 - Capital market relationships
 - Direct investor relationships
- Principals provide “personal guarantees” for construction debt.

Part B / Component 2: Response to Councilman Govin's Questions

- **Financial structure:** Owners will execute personal guarantees to bank, thereby making Principals personally liable for completion of Town Center project.
- **Equity sources:** Unicorp, Jacoby Development and other outside sources
- **Increase resources through partnering:** Agreed
- **Developer Profit?:** Results of SPPRE's Step 8 and negotiations.

Part B / Component 2: Response to Councilman Govin's Questions, *cont.*

- How and when will City funds be required?: SPPRE will prepare City Investment Schedule.
- Will the City realize a ROI on land investment?: SPPRE committed to optimize ROI.
- Final land allocation: SPPRE will resolve as a result of Steps 7-12.

Part B / Component 2: Response to Councilman Holloway's Questions:

1. Can Unicorp Finance the Project: “Yes”.
 - Bank references have been called.
 - “We have never missed a payment”.
 - “We have never handed the keys back to the bank”
Note: SPPRE adds that \$159 M of Overall assets of \$440 M is “equity”.
2. Is Unicorp willing, able and ready to complete our project?: “Yes”
 - Unicorp requests that the selection committee relay their confidence in Unicorp

Part B / Component 2: Response to Councilman Chillura's Questions:

1. Agree with SPPRE: Award developer Phase 1, then additional phases based on performance. Need to Define “performance”.
2. Prepare detailed TDB for City and Unicorp (Step 7)
3. Need to clarify total City investment: SPPRE dedicated to reducing City costs. Unicorp must demonstrate need for financial assistance.
4. Require guarantees by Unicorp Principals: “Commonly provided by Unicorp.”

Bottom line, many of Councilman Chillura’s concerns will be addressed under SPPRE’s New Strategy, which Unicorp agreed to comply with on July 21.

SPPRE Two-Part Recommendation:

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Based on the following new information from Unicorp:

1. Signed Letter dated July 25 describing Financial Resources
2. Personal “guarantees” from Principals
3. July 21 Agreement to complete SPPRE’s Steps 7-12
4. Answers to Council Members’ questions

SPPRE Two-Part Recommendation:

Part One:

Proceed to Negotiations with Unicorp. Do not award Town Center project until Unicorp:

- Completes SPPRE Steps 7-12.
- Negotiates a Development Agreement, which is a fair and reasonable sharing of costs, risks, responsibilities and economic return.
- Unicorp provides a firm Letter of Intent from equity investor(s) and construction lender.

SPPRE Two-Part Recommendation:

Part Two:

SPPRE highly recommends that City proceed with Town Center because it is a Great Project for these reasons:

- National expert has confirmed strong market demand.
- City demonstrated they are excellent Public Partner.
- City has assembled an excellent project site.
- Current Master Plan is an excellent start.
- Current uncertainties can be resolved by the City/SPPRE Team with Unicorp, **OR**
- If we can not successfully negotiate with Unicorp, we revise Developer RFP based on the results of SPPRE's Steps 7-12.