A New Town Center

Temple Terrace, Florida

Evaluation of the Proposal Submitted by Unicorp in Response to the City's RFP

July 19, 2005

SPPRE STAINBACK PUBLIC / PRIVATE REAL ESTATE

IMPLEMENTATION THROUGH CREATIVITY

July 16, 2005

To: Ralph Bosek and Lee Huffstutler

From: John Stainback and Will Reed

Re: **SPPRE Evaluation of Unicorp**

Normally, SPPRE requires two to three weeks to evaluate developer proposals. SPPRE submitted questions to Unicorp on July 7, 2005. We received Unicorp's response on July 14 at 4:10 PM.

SPPRE is working closely with Lee Huffstutler. Lee is focused on a comparative analysis of the Unicorp Plan and the Lesser/Torti Plan, as well as checking bank references. SPPRE focused on the following:

1. **Financial Analysis**: A comprehensive analysis of the Developer Profroma submitted on July 14. SPPRE is checking assumptions, development costs and financial measurements, which are important to the debt and equity capital markets as well as to identify required City financial investment.

2. **Proposal Evaluation**: SPPRE has completed a 125 line-item evaluation of the Unicorp proposal in response to the City issued RFP.

3. **Analysis of Unicorp's Response to SPPRE Questions**: SPPRE has completed an analysis of Unicorp's answers to our questions submitted to Unicorp on July 7.

4. **Public and Private Partner Reference Check**: The results of our reference check with some of the public and private partners of Unicorp's public/private partnership projects.

5. **Trammell Crow and Downtown Renaissance**: Complete a brief response to the reasons why Trammell Crow and the Downtown Renaissance group did not submit proposals in response to the City's RFP.

6. **Assessment of Unicorp's Mixed-Use Experience**: Complete an assessment of Unicorp's large, complex public/private mixed-use experience, like the proposed $340 million Town Center for the City of Temple Terrace

7. **Rethink Development Phasing Plan**: Recommend an alternative development phasing plan to decrease capital outlay by the City.

Section 1. Financial Analysis

SPPRE has recreated, clarified, and performed projections based on the data provided by Unicorp. SPPRE offers the following points as notable items we discovered while performing our analysis. Please refer to Appendix 1 for further information.

1. Unicorp offered an 'overview' of the financial feasibility and capital structure while omitting important variables and making assumptions that SPPRE views as a lack of effort. Some items that were not included in the analysis, that are standard at this point in the RFP process, include the following:
    a. A more complete overview of the intended capital structure
    b. Construction and Permanent debt financing information to test the projects feasibility
    c. IRR and ROC and ROE calculations for the use types
    d. The inclusion of proposed office and live/work units in the Phase 1 proforma
    e. It is evident from Unicorp's proforma that they undertook various financial projection 'shortcuts' that we believe is not appropriate for the scope and magnitude of the project.

2. Unicorp did not re-submit a 10-year operating proforma for the retail component, or a 2 to 3 year Residential Condominium sales proforma.

3. Unicorp's 'stabilized' year is represented as year 1, based on the 'Local Rent Potential' amount of $23.00. The stabilized year is typically year 3 which means that the returns that Unicorp is illustrating, a DSCR of 1.48, is underestimated. Please see the attached SPPRE 10-year Retail proforma.

4. Unicorp only lists the Debt Service Coverage Ratio (DSCR) as the measure of the projects financial feasibility. While this is one measurement of many financial indicators of a project's viability, we feel that Unicorp avoided including other significant financial measurements that they could have calculated from the data provided. These measurements include an Internal Rate of Return (IRR, or cash-on-cash), and Return on Costs (ROC).

5. Unicorp did not offer a Sources and Uses of Capital that excludes public financing per the RFP submittal requirements. Although this was optional to the developer, this was an important exercise to illustrate to the City the 'shortfall' that is anticipated without the City's investment in the project. SPPRE believes that a strong private partner would have undertaken this exercise and clearly shown where there were cash-flow shortfalls. The current proformas only offer stated investment contributions by the City for the developer 'to achieve a profit'.

6. Unicorp illustrates in their RFP proposal on page B6, Construction Phasing, that Block A and the top portion of Block B are included as Phase 1 of the development program. Yet, the Phase 1 building program, as determined by SPPRE was to be:

	Gross SF	Units	Efficiency	Net
Phase 1-(Block A and the top portion of Block B)				
Retail/Restaurants (1B)	72,500	n/a	95%	68,875
Residential (1C)	375,000	250	92%	345,000
Office (1A)	26,000	n/a	90%	23,400
Bank (1A)	6,000	n/a	95%	5,700
Live/Work Units (1A)	36,705	17	92%	33,768
Total Building Program	**516,205**			**476,743**
Parking				
Private Parking (Developer)				
Retail/Restaurants Garage Parking	101,500	290		290
Residential Garage Parking	131,250	375		375
Office Garage Parking	36,400	104		104
Bank Garage Parking	10,500	30		30
Live/Work Units Garage Parking	30,800	88		88
**Overflow from 2-B On Street (1)*	7,700	*22*		22
				687
Public Parking (City)				
Garage Parking	47,250	135		
On Street	18,550	53		
Total Parking	**383,950**	**1,097**		

Unicorp omitted some of the uses identified in the above Phase 1 building program (Office, Live/Work Units) and did not include the associated projected revenue or expenses, which would affect the accuracy of Unicorp's stated returns.

7. Unicorp does not illustrate the effect of construction loan financing on the project. This is important to determine the developer's overall return for the residential units, and hence, whether the City would need to contribute to the cost of the Garage. For instance, if the developer is selling the condominiums at a price point of $200/sf and includes the cost of 1.5 parking spaces in the sales cost ($17,250 per Condo), the City may not need to contribute to the Garage, and hence lower the City's financial exposure to the project. Without the construction debt assumptions, it is not clear whether the City's investment is actually required.

8. In SPPRE's experience, condominium developers must contribute significantly more than 5% equity to their housing projects. Due to the inherent risk of condominium development, the housing market in Florida, and the size of the development, we suspect that Unicorp may have to provide a minimum of 15%-30% equity. Because of this, we would want to be sure that Unicorp can obtain this amount of equity, and if so, how many outside 'equity partners' would be required.

9. Unicorp only illustrates the permanent financing of the 'Residential Sales Shortfall'. We have not seen this approach used by any developer. We need to better understand the impact of using this approach and its effect on the accuracy of the returns projected on the retail component. Again, this is important because it will illustrate whether the developer needs financial assistance from the City to build required parking spaces for the retail space. This information is standard practice for development firms and should have been provided.

10. Unicorp is requiring the City to cover the cost for all public and private parking spaces in Phase 1. The responsibility for public and private spaces should have been discussed. For instance, how many spaces would be sold/rented to the Residential Units? How many spaces are required by the Retail tenants (typically at no charge), and how many public spaces will remain to provide income to the City. The result of this analysis may result in significant operating losses for the City from owning an underperforming garage.

11. We question, but accept, the 1.5% Development Fee & Overhead based off the Total Hard Costs. Typically these fees are in the range of 4% of the Total Development Budget, less the fees.

12. The Architectural fee is only based off the Residential and Retail square footage, does not include the Garage. SPPRE believes that Architectural fee could be as much as double based on industry standard.

Section 2: Proposal Evaluation

SPPRE has provided an analysis and review of the Unicorp RFP proposal (see attachment). SPPRE has organized the analysis under the framework of the submittal requirements listed in the RFP. Please refer to Appendix 2 for further information.

Section 3: Analysis of Unicorp's Response to SPPRE Questions

Immediately after the July 7 presentation by Unicorp, SPPRE submitted seven (7) of the twenty-five (25) questions to Unicorp, which we had developed before the developer interview.

Our overall assessment of Unicorp's response is not positive. Many of their positions on issues are in their best interest, and in public/private partnership this is often a detriment to a successful project. They refer to capital outlays by the City as "contributions", implying that the investments already made by the City and investments requested by Unicorp will not generate any financial returns to the City. The most striking position taken by Unicorp was their requirement that the City select them as the master Developer BEFORE they develop at a minimum, a Public/Private Finance Plan. Moreover, they further stated that "we are not prepared to negotiate the economics of the project until we know if we are the City's Master Developer". In addition, their answers were often slanted to them without regard to the City – for example, ***"At this time we have only considered the overall cost and what contribution from the City would take to make the project profitable for us".***

Question 1: Unicorp still did NOT provide the industry standard 10-year Proforma.

"I understand your (SPPRE) desire to have a detailed proforma with take offs, amounts, etc, but that is not something we have considered at this point in the process". Yet, Unicorp still wants us to select them to take control of 38-acres and the finance, design, development and construction of a $300+ million project. How does the City know whether the project is financially feasible? How does the City know what their level of investment is required beyond the land investment?

SPPRE requested that Unicorp provide industry standard financial measurements, such as Return on Cost (ROC) and Internal Rate of Return (IRR). Unicorp's response was that they "agreed that such an analysis is a valid approach to considering the viability of the project, but we are not able to provide that type of analysis in the timeframe provided". We regard this as an unsatisfactory response by Unicorp.

See SPPRE's analysis of Unicorp's "Proforma" in response to Question #1 in Section 1 of this memo.

Question 2: Provide Evidence of at least Three Projects Where Unicorp Secured 95% debt/5% equity financing.

What prompted this question was the fact that the current debt and equity capital markets are requiring developers to provide 20 to 40% equity (at-risk cash) depending on the type of development. We suspect Unicorp can obtain a construction loan of 90 to 95% debt for projects such as CVS Drugstores, where the tenant is in place and a standardized design is used, but NOT for complex projects such as retail/housing/garage developments.

Once again, Unicorp uses the "closed book" approach in responding to the City- "We are not prepared to release our costs and associated economics on other deals we have completed…."

Question 3: Would Unicorp be interested in a public/private partnership whereby the City awarded Phase I to Unicorp, and based on your performance on Phase I, the City would award Phase II?

In addition, we would like Unicorp to consider taking down the City owned land based on development phases.

In our opinion, Unicorp's response is quite unsatisfactory. "We would be interested in taking the land down in phases, provided we were given assurances that we would be entitled to proceed with additional phases".

Unicorp did not answer the most important part of this question.

Question 4: Please resubmit your proposal to increase the compensation to the City for their land investment, including covering all City expenses related to land acquisition, and contingent and non-contingent participation (for the City) in any "upside" realized by Unicorp.

Unicorp's answer demonstrates flexibility in increasing the City's return on land investment, but then stated that – "However, we are not prepared to negotiate the economics of the project until we know if we are the City's Master Developer". While SPPRE may recommend that the City proceed with negotiating a Development Agreement/Land Lease, allowing the City "to negotiate the economics of the project", we will recommend to the City that Unicorp provide Earnest Money Deposits related to achieving progress in negotiations, preparing Proformas, and structuring public/private finance plans, etc.

Question 5: Please clarify the basis for the required City investment of $30 million (in addition to the land investment). Please focus on what the City is buying and what their ownership position will be.

First and foremost, if the City proceeds to negotiations with Unicorp, SPPRE will recommend requiring that Unicorp demonstrate the need for the City to invest an additional $30 million. It should be noted that Unicorp is now requiring a total City investment of $60,390,000 (see Unicorp's spreadsheet attachment to the answers to SPPRE's questions).

Again, Unicoprp's answer to a SPPRE question reveals a partnership with the City that is slanted toward Unicorp. **– *"At this time we (Unicorp) have only considered the overall cost and what contribution from the City would take to make the project profitable for us".*** Not a good sign from a pending private partner of a public/private partnership with a potential term of ten years.

Question 6: We need to know the land area required for each development phase
Unicorp provided the land area. SPPRE will use in our financial analysis.

Question 7: Calculate the amount of public open space, right-of-way, etc. owned by the City, excluding the four "Amenity Decks".

Our current plan shows approximately 15 acres as public space. This includes the roads, parks, museum, city hall and theater. This does not include the 2 parking decks with approximately 1,200 spaces that may be owned by the City, but we do not know the disposition of that issue at this time.

"The public space number is approximately 5 acres more than was considered in the proforma so we will have to collectively revise the amount of land purchased. Our overall proforma profit was acceptable to us, however, so that may be a way to increase the per acre purchase price we pay for the land in addition to any sharing arrangement we agree on".

In the Developer RFP, the City clearly states that they want to "retain ownership of approximately 10-acres". This issue can be resolved during the negotiation of the Development Agreement, but it does demonstrate the level of analysis that needs to be completed before closing an agreement with Unicorp.

The purpose of this question was an attempt to clarify the classification of the four "Amenity Decks" proposed by Unicorp. These spaces appear to be public open space, but in fact are inaccessible from the street level and are open space for occupants of the proposed residential units, therefore should not be included as City-owned public open space.

Section 4: Public and Private Partner Reference Check

City of Casselberry, FL: On June 14, 2005, SPPRE was invited by City officials to present their qualifications to serve as a Public/Private Finance and Development advisor. At that time, City Officials shared that after eight months, they were "beginning to wonder" whether Unicorp can secure the tenant commitments required for financing.

In the first nine months, there has been no action on negotiating a Development Agreement or structuring a Public/Private Finance Plan for the proposed public facilities and commercial development between Unicorp and the City of Casselberry.

Baldwin Park Development Corporation: The Baldwin Park Development Corporation is serving as the Master Developer and is controlled by the Pritzker Family (Hyatt hotels). We talked with Doug Freedman, he stated that BPDC had sold a development site to Unicorp, but there have been delays in the development of the site.

The Celebration Company: The Celebration Company is the Master Developer of the New Community known as Celebration. SPPRE called Andrea Finger, but she did not return our call. It appears that Unicorp purchased a 12-acre site to develop a "neighborhood retail center".

Section 5: Trammell Crow and Downtown Renaissance

Based on the July 10, 2005 article "Developer Makes Pitch for Town Center", which appeared in the St.Petersburg Times, Downtown Renaissance, a partnership that includes LNR Property Corp., a division of Lennar Corp, cited several uncertainties as reasons they did not respond to the City's Developer RFP. Their reasons included: 1) long-term leases of several businesses; 2) rising development costs; and 3) the future of Doral Oaks apartment complex.

Trammell Crow cited similar reasons, including 1) the City does not control all the properties on the site and 2) the estimated $300 million "price tag" derived from the Market Analysis was outdated.

None of these reasons can withstand close scrutiny.

1. The City is the owner/landlord for the retail tenants with long-term leases. The City could negotiate their way out of this constraint and/or rethink the Development Phasing Plan so that the existing shopping centers are developed in later phases. Yes, Kash N' Karry's six 5-year renewal term is a potential problem, but they have an incentive to move into new space, which is part of Town Center designed to be a regional destination.

2. Rising development costs are common to all projects. For all of SPPRE's projects, we use some combination of 55 techniques to reduce development costs and enhance cash flow. Part of our work could include working with the to-be selected developer to develop a successful public/private finance and development plan.

3. Using the reason of the City not controlling all the properties has little, or no validity. Among the 38.34 acre site, only 2.87 acres, or 7.5% has not been acquired. The proposed development site would be an outstanding site even if these out-parcels were never acquired.

4. Using an outdated cost estimate is also a weak reason. The development business is fluid. SPPRE can quickly prepare a Total Development Budget which reflects the current hard and soft costs required to finance, design, develop and construct Phase I.

Based on SPPRE's extensive experience in public/private partnerships, we believe that the Town Center Redevelopment project is viable, is attractive to the development community, and will generate non-tax income and tax revenue for the City thereby minimizing City investment and managing risk.

Section 6: Assessment of Unicorp's Mixed-use Experience

To structure and implement the finance, design, development and construction of mixed-use developments is a complex undertaking and requires far more skills, when compared to the development of the traditional "retail strip shopping center", or stand-alone drugstore.

Based on information included in the Unicorp website, the "Real Estate Holdings of Unicorp includes 42 projects. Of the 42 developments listed, 39 (93% of the projects) are traditional retail strip centers and free-standing drug stores. Only three (7% of their projects) qualify as true mixed-use developments. Based on our research, what has been pitched as "Master Development" and "mixed-use" experience is weak.

Note (1): Through available research and sources, SPPRE has identified the Water Tower Place development located in the town of Celebration as a 130,000 SF retail center anchored by a supermarket.

Note (2): Casselberry Town Center: The City issued a Developer RFP in June 2004. The City selected Unicorp in October 2004. We talked with the Director of Community Development who stated that nothing has happened since Unicorp was selected. In the first nine months after being selected, Unicorp did install a sign with their name on it and did include the city's land as part of Unicorp "Real Estate Holdings"

Note (3): A Site Located in Baldwin Park Village: Among Unicorp's "Real Estate Holdings", they show a completed Publix Food & Pharmacy building, yet we talked with Doug Freedman with the Baldwin Park Development Corp. and he says that they recently sold a development site to Unicorp and that while it is under construction, significant delays have occurred.

Note (4): The Plaza: Using information on Unicorp's website, it appears this project includes two mid-rise office buildings with retail space at the street level. The only photo of this project is an architectural model, so we have assumed that financing has not been secured and so construction has not started.

Subnote: An article in the Southeast Real Estate Business Journal dated April 2004, indicates that Cameron Kuhn is the developer of The Plaza. We need to clarify the scope and responsibilities of Unicorp for this project.

Note (5): The Fountains at Bay Hill: This was pitched as a "marquee 100,000 SF mixed-use retail and office commercial center". It appears that this is another traditional shopping center. This project was completed in 2002.

Note (6): Altamonte Town Center: This is a major mixed-use development, but Unicorp is responsible for the retail component of this Town Center. Epoch Properties is the developer for the housing component.

Bottom line, it appears Unicorp has more than adequate experience as a retail developer, but little, or no experience as a mixed-use, or housing developer. Granted, Unicorp has added Pulte Homes to its development team, however, Unicorp has little, or no experience serving as Master Developer for any large multi-phased project, let-alone a complex public/private mixed-use development rebuilding a Downtown.

Section 7: Rethink Development Phasing Plan

SPPRE would like the City to consider alternative to the phasing of the proposed development. Since the City is now receiving rental income from properties already acquired, specifically at the Northern end of the development, it maybe prudent to consider re-phasing the project to maximize the time period that the City can receive this income stream.

As well, if alternate phasing is decided, then the retail space required for the tenants who have expressed an interest in staying in the development may be completed prior to demolishing their existing building, therefore avoiding a ‘temporary move’ during construction.

Appendix 1

Building Program Proposed by Unicorp

Temple Terrace

Phase 1	Gross SF	Units	SF per Unit	Efficiency	Net
Retail	78,500	n/a	n/a	95%	74,575
Residential	300,000	200	1,500	92%	276,000
Parking	113,750	350	325	100%	113,750
Subtotal	*492,250*				
Site work	435,600				

Footnotes

1 The Building Program offered in the Unicorp Phase 1 Proforma does not match the building program illustrated in the City's RFP Proposal for Block A and the top portion of Block B. See the breakdown listed as a item 6 under the section "Financial Analysis" in the SPPRE Evaluation Memo.

2 The Building Program does not illustrate the Public and Private parking spaces in the Garage in Phase 1.

Total Development Budget				
Temple Terrace				
	Land Costs			
(1)	Phase 1: (435,647sf)	$13.83	$6,025,000	
	Hard Costs			
	Retail	$95.00	$7,457,500	
	Residential	$140.00	$42,000,000	
	Sitework & Demo	$15.00	$6,534,000	
	TI Retail	$10.00	$785,000	
(2)	Parking (1)	$11,500	$4,025,000	
	Subtotal		$60,801,500	
	Soft Costs			
(3)	Development Fees and Overhead	1.50%	$912,023	
(4)	Site Environ/Soil Borings		$20,000	
	Phase I / II Asbestos		$15,000	
	Topographical/Boundary/Wetlands Survey		$45,000	
	Engineering Fee		$200,000	
(5)	Architectural Fee	$4.00/sf	$1,514,000	
	Marketing, Admin., Office costs		$25,000	
	Leasing Fees (Retail)	$4.00/sf	$314,000	
	Impact Fees (Credits for existing use)		-$250,000	
	Permits Fees		$20,000	
	Legal Fees		$75,000	
	Real Estate Taxes		$150,000	
	Appraisals		$10,000	
	Builders Risk Insurance		$30,000	
	Site Signage		$15,000	
	Subtotal		$3,095,023	
	Indirect Costs			
	Loan Application Fee		$10,000	
	Points 1/2%		$350,000	
	Closing Costs		$250,000	
	Const. Interest Reserves		$3,420,071	
	Subtotal		$4,030,071	

(6)	**Contingency**		**$250,000**	
	Retail		$9,101,065	
	Residential		$51,256,415	
	Sitework & Demo		$7,974,034	
	TI Retail		$958,007	
	Parking (1)		$4,912,073	
	Total Development Budget		**$74,201,594**	
(7)	**City Contribution**		**$4,025,000**	
	Parking Garage (Spaces)		350	
	Total Private Development Budget		$70,176,594	
	Loan to Cost		95%	
	Equity	5%	$3,508,830	
	Debt	95%	$66,667,764	
Footnotes				
1	Phase 1 as indicated in the email from Unicorp (7/14/05) states 9.13 acres, totaling 397,702sf. The revised Unicorp Phase 1 proforma indicates 435,647sf.			
2	Could be as high as $17,500 per space depending on amenities and architecture.			
3	Development Fee & Overhead is based only on Hard Construction Costs.			
4	Unicorp does not average the cost for Site Environ, Topos/Surveys over the phased development of the project. These costs are incurred as part of Phase 1.			
5	Architectural fee is based on the square footage of the Retail and Residential buildings, does not include Parking Garage. SPPRE believes this fee could			
6	There is no Contingency for Hard or Soft Costs itemized. The amount of Contingency should equal, at a minimum, 3% of the TDB, which is equal to $2,105,298 or 8 times greater than the Unicorp estimate.			
7	Unicorp is requiring the City to pay for all Public and Private Garage Parking Spaces. The estimated cost does not include any soft costs.			

10-Year Proforma											
Temple Terrace											
Retail											
	*This proforma is based off of numbers provided in the Unicorp Phase 1 Development Proforma, listed below in Stabilized year 1.										
	Total Leaseable	78,500									
	Retail Rent	$23.00									
	Inflation	3%									
		Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
(1)	Potential Gross Income	$1,805,500	$1,859,665	$1,915,455	$1,972,919	$2,032,106	$2,093,069	$2,155,861	$2,220,537	$2,287,153	$2,355,768
	Vacancy	$90,275	$92,983	$95,773	$98,646	$101,605	$104,653	$107,793	$111,027	$114,358	$117,788
	PGI	$1,715,225	$1,766,682	$1,819,682	$1,874,273	$1,930,501	$1,988,416	$2,048,068	$2,109,510	$2,172,796	$2,237,980
	Expense Reimbursement										
	CAM Costs	$149,150	$153,625	$158,233	$162,980	$167,870	$172,906	$178,093	$183,436	$188,939	$194,607
(2)	RE Tax	$149,150	$153,625	$158,233	$162,980	$167,870	$172,906	$178,093	$183,436	$188,939	$194,607
	Insurance	$37,288	$38,406	$39,558	$40,745	$41,967	$43,226	$44,523	$45,859	$47,235	$48,652
(3)	Management Fee	$68,609	$70,667	$72,787	$74,971	$77,220	$79,537	$81,923	$84,380	$86,912	$89,519
	Total Reimbursement	$404,197	$416,322	$428,812	$441,676	$454,927	$468,575	$482,632	$497,111	$512,024	$527,385
	Effective Gross Income	$2,119,422	$2,183,004	$2,248,494	$2,315,949	$2,385,428	$2,456,990	$2,530,700	$2,606,621	$2,684,820	$2,765,364
	Expenses										
	CAM Costs	$157,000	$161,710	$166,561	$171,558	$176,705	$182,006	$187,466	$193,090	$198,883	$204,849
	RE Tax	$157,000	$161,710	$166,561	$171,558	$176,705	$182,006	$187,466	$193,090	$198,883	$204,849
	Insurance	$39,250	$40,428	$41,640	$42,890	$44,176	$45,502	$46,867	$48,273	$49,721	$51,212
	Management Fee	$68,609	$70,667	$72,787	$74,971	$77,220	$79,537	$81,923	$84,380	$86,912	$89,519
	Reserves and Replacements	$19,625	$20,214	$20,820	$21,445	$22,088	$22,751	$23,433	$24,136	$24,860	$25,606
	Total Expenses	$441,484	$454,729	$468,370	$482,421	$496,894	$511,801	$527,155	$542,970	$559,259	$576,036
	Net Operating Income	$1,677,938	$1,728,276	$1,780,124	$1,833,528	$1,888,533	$1,945,189	$2,003,545	$2,063,651	$2,125,561	$2,189,328
(4)	Resale (10% Cap Rate)										$21,893,279
	Debt Service (6)	$1,151,285	$1,151,285	$1,151,285	$1,151,285	$1,151,285	$1,151,285	$1,151,285	$1,151,285	$1,151,285	$1,151,285
	CFBTD	$526,652	$576,990	$628,839	$682,242	$737,248	$793,904	$852,260	$912,366	$974,276	$1,038,043
	Retail Financial Returns										
	IRR	32.35%									
	DCR	1.55									
	ROC	19.56%									
Footnotes											
1	Gross Rental Income: Used GSF versus LSF, did not include an efficiency factor, did not take into account Office or Bank space depicted in										
2	SPPRE calculated the total taxes at $206,403 at 22.679 mills and a value of $9,101,065.										
3	Question the ability to Expense Reimburse the Management Fee.										
4	No cap rate specified for reversion, assume 10%										
5	This Debt service is the same terms of the Unicorp financing provided, but it is a slightly different amount, see Debt Service worksheet.										

Loan and Debt Service Summary				
Temple Terrace				
	Residential Sales Analysis			
		SF	$/SF	
	Residential Sales	300,000	$200.00	$60,000,000
	Total Development Cost			$51,256,415
	Closing Costs		10%	$6,000,000
				$57,256,415
	Pretax Net Sales Income			$2,743,585
	Total Development Analysis			
	Total Development Cost:			$70,176,594
	Closing Costs		10%	$6,000,000
	Total Costs			$76,176,594
	Residential Sales			$60,000,000
	Net Profit/Shortfall			($16,176,594)
(1)	Shortfall After Residential Sales			$16,176,594
(2)	Loan to Value			80%
	Equity			$3,235,319
	Debt			$12,941,275
	Interest Rate			6.25%
	Term			20
(3)	Monthly Payment			$95,940
	Annual DS			$1,151,285
Footnotes				
1	Unicorp is only showing the financing for the shortfall in Residential Condo Sales.			
2	Equity is 5% because this is at LTC, LTV is at 20% and is based on appreciation.			
3	Based on the Financing information, the monthly debt service is different from the Unicorp debt service, $94,591.			

Appendix 2

Evaluation Matrix for Unicorp RFP Proposal

City of Temple Terrace

July 14, 2005

		Evaluation Criteria	**Unicorp National Developments**	
1.00		**Financial Feasibility**		**0**
		Financial Ability and Lender Interest		
	1	Does the Developer have sufficient financial capacity?	It appears that Unicorp has sufficient resources to fund the 5% equity they mention in the Loan to Cost ratio.	
		Lender Letter of Interest		
	2	Letter of interest provided	Yes, AmSouth Bank, however no credit limit or types of previously funded development projects described.	
	3	Has Lender's letter qualified the conditions of RFP and ERA?	Not Directly	
	4	Confident that Developer can finance proposed project?	No	
	5	Construction Loan Lender detail provided?	No	
	6	Construction Loan method described?	No	
		Development Proformas		
	7	Does the Developer use satisfactory cost and expense assumptions?	Generally, need to resubmit	
		Total Development Budget (Phase 1)		
	8	Hard Costs:	Reflect current industry standards	
	9	Retail	$95.00	
	10	Office	$100.00	
	11	Residential	$140.00	
		Soft Costs:		
	12	Developer Fee and Overhead	Typically 4% of Total Development Budget, Unicorp states 1.5% of Total Hard Costs	
	13	Site Environmental and Soil Analysis	$20,000	Adequate
	14	Phase 1 & 2 Asbestos	$15,000	Adequate
	15	Demolition	Source of funding not specified	
	16	Topography/Boundary/Wetlands Survey	$45,000	Adequate

	17	Architecture & Engineering Fee	Indicate $4.00, typically 6% to 8% of Total Hard Costs	
	18	Marketing	$25,000	Adequate
	19	Material, Testing and Inspection	Source of funding not specified	
	20	Appraisals	$10,000	Adequate
	21	Builders Risk Insurance.	$30,000	Adequate
	22	City Permit Fee	$20,000	Adequate
	23	City Impact Fees	-$250,000	Adequate
	24	Mechanical Fees to City	Funding not included	
	25	Electrical Fees to City	Funding not included	
	26	Development Review Fee to City	Funding not included	
	27	Traffic Impact Study Fee	Funding not included	
	28	Water Service Availability Fee	Funding not included	
	29	Sewer Availability Fee	Funding not included	
	30	Public Art Fund/Open Space Contribution	Funding not included	
	31	Performance Bond	Funding not included	
	32	Title Insurance	Funding not included	
	33	RE Taxes during Construction	$150,000	Adequate
	34	Consultants & Legal Counsel	$75,000	Adequate
	35	Site Signage	$15,000	Adequate
		Indirect Costs		
	36	Loan Application	$20,000	Adequate
	37	Points	1/2%, $350,000	Adequate
	38	Closing Costs	$250,000	Adequate
	35	Interest During Construction	$3,420,071,	Adequate
		10 Year Retail Operating Proforma (Phase 1, Stabilized Year 3)		
		Lease Rates		
		Anchor Rent	Not included for Phase 1	
		Local Rent Potential	$1,915,455 ($23.00/sf)	
		Office Rent Potential	Not included for Phase 1	
		Vacancy	5%	Industry Standard

		Reimbursable Expenses		
		CAM recoveries	$158,233	
		RE Tax Recoveries	$158,233	
		Insurance Recoveries	$39,558	
		Management Fee Recovery	$72,787	
		Effective Gross Income (EGI)	$2,248,494	
		CAM Costs	$166,561	
		RE Tax	$166,561	
		Insurance	$41,640	
		Management Fee	$72,787	
		Reserves and Replacements	$20,820	
		Net Operating Income (NOI)	$1,780,124	
		Retail Space (Phase 1)		
		Does the program meet require capital market returns?		
	39	IRR	32.35%	Too High
	40	ROC	19.56%	Too High
	41	DCR	1.55	Too High
		Residential Units (Phase 1)		
		SPPRE Analysis Results		
	42	Absorption Rate	20 Units per month (Phases 1-4), 40 Units per month (Phase 5)	
	43	Sell out Schedule	37 Months	
	44	Pre-tax Net Income	$2,743,585	
		ROE	84.80%	
	45	Debt coverage ratio (stabilized)	Provide an 'Actual' and 'Required' DSCR; large difference	
		Unicorp Statements		
	46	Regarding IRR	Unicorp indicates they typically see returns of 20% to 30% over total costs including resale(cap rate at 8%). Their models elicits 11% IRR. ($34 million) and do not show a resale.	
	47	Regarding ROE	Unicorp states that their proforma provided has a "22% return to implied 20% Equity"	

		Capital Structure		
		Construction Loan (1st mortgage)		
	48	Debt Source	Provide 3 sources in RFQ Proposal	
	49	Equity Source	Not specified	
		Terms		
	50	Loan To Cost (LTC)	95%/5%	
	51	Interest Rate	Not specified	
	52	Term	1-2 years	
	53	Expectation for Return of Equity	At close of Permanent Financing	
		Permanent Loan (2nd mortgage)		
	54	Debt Source	Provide 3 sources in RFQ Proposal	
	55	Equity Source	Not specified	
		Terms		
	56	Loan To Value (LTV)	80%/20% ("implied 20% equity")	
	57	Interest Rate	6.50%	
	58	Term	20 to 25 years	
		Schedule, Sources and Uses (SSU)		
	59	incentives?	No	
	60	Does Developer provide a SSU that illustrates the required public subsidies or incentives?	Yes	
		Private Finance Methods Illustrated		
	61	Equity	Unicorp National Developments, Inc.	
	62	Working Capital	Between $1-$5 Million	
	63	Permanent and Construction Debt	Provide 3 LOI in RFQ	

2.00		Development Program, Concept Plans and Construction Schedule Overall Development Program		0
		Massing Analysis		
	64	Single or Double Loaded Corridor	Mixture of Both	
	65	Proximity to mix of uses	Good	
	66	Sense of Place	Moderate in the Northern portion, stronger in the Southern portion.	
	67	Infrastructure Plans	Good	
	68	Traffic mitigation study?	Not Addressed	
	69	Development impact on 56th Street	Construction on 56th street would occur from 2007-2015	
	70			
		Master Plan		
	71	Strengths	Density and mix of uses	
	72	Weaknesses	"Amenity Decks"	
	73	Modifications listed to the original Torti Gallas plan	Proposing a grand, interactive public park stretching from the river to City Hall.	
		Improvements and buildings in relation to goals		
	74	Master Plan	Maintained a mix of uses	
	75	Transportation and Parking	No surface parking adjacent to roads, traffic impact to surrounding areas not described.	
	76	Design	Quality Streetscapes and Retail shops	
	77	Schedule and Phasing	Acceptable, see SPPRE's alternative plan	
	78	**Illustrations Provided**	Good	
	79	**Massing Diagram Provided**	Good	

		Gross Floor Area		
	80	FAR	Combined average of 1.37	
		Development Schedule and Phasing Plan		
	81	Notes	Question phasing program, Development of 2C, Civic and Government Building phasing.	
	82		Question Phase 1 occurring on City owned properties that are generating positive cash flow for the City, "Kash n' Karry and Terrace Plaza. In this scenario, developing the Southern portion first would be most advantageous.	
	83	**Additional project or neighborhood amenities**	Expanded waterfront park to City Hall	
3.00		**Financial Compensation to City**		**0**
		Property Acquisition		
		Fee Simple		
	84	Purchase Price	$17,321,654	
	85	Terms	Secure Price, but pay over phases	
	86	Price per square foot (aggregate)	$13.83	
	87	Ground Lease	Not Offered	
	88	Base Rent	n/a	
	89	Terms	n/a	
	90	Participation in Net Cash Flow after preferred return?	Not Offered	
	91	Terms	n/a	
	92	Residential payout tied to condominium sales?	Not Offered	
	93	Terms	n/a	
	94	Other methods of financial participation offered to the City	Not Offered	

4.00		**Design Excellence**		**0**
	95	**Adequate explanation of design rationale for the planning and architectural solution?**	Yes, a narrative is provided	
	96	**Descriptions provided for the following building program components?**	Yes	
	97	Building placement/site planning	Good	
	98	Building configuration and active street frontages	Good	
	99	Massing and materials	Good	
	100	Landscaping, green spaces, and relationship to river	Excellent	
	101	Public participation plan during design	Limited explanation of involvement	
	102	Concepts used to guide overall project design	Torti Gallas and City Principles	
	103	Proposed timeline for design completing and project completion	Approximately 10 years	
	104	How this satisfies City's goals for smart growth principles	Good	
	105	**Illustration and description of the proposed architectural styles**	Good	
	106	**Roofing materials, pitches exterior finishes and materials**	Provided, Spanish Revival Style	
5.00		**Exclusive Rights Agreement**		**0**
	107	Perceived working relationship and acceptance of critical factors in the ERA	The City is considering hiring SPPRE to assist with the structure and negotiating the Development Agreement.	

6.00	Strength of Team		0
108	Managing Developer	Unicorp National Developments, Inc.	
109	Co-developer (if applicable)	n/a	
110	Project Manager for Developer	T. Austin Simmons	
111	General Contractor	Hawkins Construction, Inc.	NAIOP Outstanding Special Use Building Award 2004
112	Other Contractors	Pulte Homes: Home Builder Partner	National Housing Developer
	Operators		
	Urban Design		
113	Master Architect	Architecture Plus (API)	Design firm focused on Retail Space
114	Landscape Architect	Not Specified	
115	Land/Community Planning	Glatting Jackson et. al.	
116	Other Urban Designers	Torti Gallas and Partners	City is aware of Qualifications
	Engineering		
117	Master Engineer/Site Planning	Not Specified	
118	MEP Engineer	Tomasino and Associates; Torti Gallas and Partners	
119	Structural Engineer	Not Specified	
120	Civil Engineer	Avid Engineering	with Residential and mixed-use developments
121	Environmental Engineer	Andreyev Engineering	
122	Traffic Engineer	Not Specified	
123	Other Engineers	Not Specified	
124	Law Firm	Akerman Senterfitt	
125	Other Law Firms	Ruden McClosky	
126	Marketing Consultant	Not Specified	
127	Equity investors	TBD	
128	Debt investors	TBD	
129	Other consultants	Not Specified	
130	Leasing and Management	Not Specified	
131	Identified Tenants	Not Specified	
	General Assessment of Team: Appears to be a good blend of local and national talent.		