

## Appendix 2

### BUILDER GROUP PROPOSAL – EVALUATION CRITERIA

	Points
<p><b><u>Executive Summary</u></b></p> <ul style="list-style-type: none"> <li>Provides a concise summary of the proposal</li> </ul>	N/A
<p><b><u>The Business/Product 0 –15 points</u></b></p> <ul style="list-style-type: none"> <li>Describes the nature of the homebuilder’s business (type and legal structure)</li> <li>Identifies and describes the products/services that the homebuilder provides as it applies to the vision of RiverStone subdivision (provide sample drawings of product)</li> <li>Identifies what makes the products/services special/unique</li> </ul>	
<p><b><u>The Proposal 0 –15 points</u></b></p> <ul style="list-style-type: none"> <li>Describes the nature of the proposal (type and legal structure)</li> <li>Identifies and describes the products/services that the homebuilder will provide as it applies to the vision of RiverStone subdivision (provide sample drawings of products)</li> <li>Identifies what makes the products/services special/unique</li> <li>Provides a framework for the homebuilder’s expectations in terms of incentives for the purchase of the number of lots each builder will commit to, and the costs and benefits associated with builder products such as, but not limited to, show homes</li> </ul>	
<p><b><u>Competitive Analysis 0 – 10 points</u></b></p> <ul style="list-style-type: none"> <li>Identifies principal competitors</li> <li>Identifies strengths and weaknesses, (e.g. quality, customer satisfaction)</li> <li>Explains competitive positioning</li> <li>What sets the homebuilder apart from competitors</li> </ul>	
<p><b><u>Market Analysis 0 – 15 points</u></b></p> <ul style="list-style-type: none"> <li>Identifies target markets and market potential for RiverStone subdivision</li> <li>Provides customer analysis/description</li> <li>Identifies, at a macro level, larger industry of which the business is a part, including recent trends, current situation and outlook</li> </ul>	
<p><b><u>Marketing Plan 0 – 15 points</u></b></p> <ul style="list-style-type: none"> <li>Defines marketing objectives/strategies to frame the business in the market for this subdivision</li> <li>Describes promotional strategy and any proposed commitments beyond the minimum obligations outlined in the RFBGP (such as lot purchases and show homes)</li> <li>Provides sales forecast assumptions and projections</li> </ul>	
<p><b><u>Management Plan 0 – 10 points</u></b></p> <ul style="list-style-type: none"> <li>Defines management roles and assigns responsibilities</li> <li>Defines key competencies needed for business; assesses staff skills regarding matters such as key competencies</li> <li>Provides staffing plan and plans for staff growth (if applicable), organizational chart</li> </ul>	

<p><b>Financial Plan 0 – 20 points</b></p> <p>Z-Score to be completed and verified by a CPA. The Z-Score indicates the health of a company using the following financial information: working capital, total assets, retained earnings, earnings before tax and interest, book value or net worth, total liabilities and sales as of December 31, 2021.</p> <p>The Z-Score quantities are combined into the following ratios:</p> <ul style="list-style-type: none"> <li>• <math>T1 = (\text{current assets} - \text{current liabilities}) / \text{total assets}</math></li> <li>• <math>T2 = \text{retained earnings} / \text{total assets}</math></li> <li>• <math>T3 = \text{earnings before interest and taxes} / \text{total assets}</math></li> <li>• <math>T4 = \text{book value of equity} / \text{total liabilities}</math></li> <li>• <math>T5 = \text{sales} / \text{total assets}</math></li> </ul> <p>The Z-Score is then a linear combination of these ratios as follows</p> <ul style="list-style-type: none"> <li>• <math>Z = 0.71 * T1 + 0.84 * T2 + 3.107 * T3 + 0.42 * T4 + 0.998 * T5</math></li> </ul> <p>Bands for the Z-Score</p> <ul style="list-style-type: none"> <li>• &lt;1.23 – distress zone (0 points to be awarded)</li> <li>• 1.23 – 2.9 grey zone (10 points to be awarded)</li> <li>• &gt;2.9 – safe zone (20 points to be awarded)</li> </ul>	
<p><b>Risk Analysis 0 – 15 points</b></p> <ul style="list-style-type: none"> <li>• Comprehensively identifies potential barriers or problems that could arise, the likelihood of each barrier or problem identified, and mitigation strategies for each barrier or problem identified</li> </ul>	

**Scoring notes:**

- If a submission scores less than 50% on one or more categories, the submission will be disqualified