Tac Ops Project

Introduction

At Fifth Projects, we utilize projects within our recruiting process to accomplish 3 things:

1. Understand the candidate's skills

2. Understand how the candidate solves problems

3. Allow the candidate to experience the type of work they may be asked to do in their role at Fifth Partners *before* they are hired

The Tactical Operations Lane is the most versatile problem-solving team in our organization. That versatility comes from our team's ability to quickly develop and utilize a broad range of knowledge and skills, which allows us to find creative, adaptable solutions to the problems we face. The project below is designed to test your ability to learn and/or utilize a few of the technical skills we use on a daily basis. We realize not all candidates currently possess these skills. That's okay. In these cases, we're looking for how quickly these candidates can learn and develop them. Just do your best.

Project OV

The project consists of 2 skills and 2 deliverables.

Part 1: Financial Modeling
- Output 1: Financial Model in Excel
- Output 2: PowerPoint Presentation

Part 2: Programming
- Output 3: Colab Notebook (described below)

You have 15 hours to complete both parts of the project. Please do not work on the project for more than 15 hours, even if it is incomplete. You may only need 10 hours or the full 15. You do not have to split your time 50/50 between the two parts (i.e. if you finish the programming part in 1 hour, you can spend 19 hours on the financial modeling part or vice versa). Following the honor system, we ask that you report how many hours you spent on each part of the project when you present your deliverables to our team. Tracking your hours is simply an additional way for us to gauge your current skill level and helps us ensure we are comparing candidates on an equal basis.

Tac Ops Project

After you complete the project, please upload the project deliverables to Fifth's recruiting portal and send an email to adodd@fifthpartners.com stating you are done. If we haven't already done so, we will then reach out to schedule a time for you to present your project to our team.

Part 1: Financial Modeling

Purpose
- Using Excel, build a financial model from scratch that answers the questions below. The model should be dynamic (able to change the key assumptions and watch them flow through the model), well formatted, and easy for someone unfamiliar with your model to understand. Then, please build a 5-slide Powerpoint presentation with one slide for each of the following topics:
  - Title Page
  - The Market
  - The Property
  - The Improvement Plan
  - Deal economics & returns

Situation
- You want to buy a single family home as an investment property. Because you don't have enough money for the down payment, you're trying to convince your wealthy aunt to be an investor. The home you'd like to buy is $600,000. The bank will loan your partnership 80% of the value of the home. You have $10,000 dollars you are going to put towards the down payment and your aunt will put in the rest. The idea is to buy the home, fix it up a bit, and then rent it out. The updates you'd like to make include the following:
  - Put down tile in the kitchen (~200 sq. ft.)
  - Install a tankless water heater
  - Replace the 3 front windows (3'x5')
- Your plan to ask your aunt to pay for the needed updates. The money she spends on said updates will be considered "invested capital" and will go towards her equity account.
- The home is located in Frisco, TX, in the Panther Creek Estates community.
- You plan on selling the home in 5-7 years
- Your aunt said she is interested in investing but has asked you to put together a model and a brief deck on the opportunity.

Questions
- What kind of return will you and your aunt make on your money?

○ Internal Rate of Return (IRR)
○ Return on Invested Capital (ROIC) / Multiple of Money (MoM)
● How much of a profit/loss do anticipate making each year on the rent you collect?
● Bonus Question:
○ Let's suppose that as part of the arrangement with your aunt, she said she was willing to give you a 15% carried interest in the deal for managing the property. How much money would you make from that carried interest and what would your personal return profile be if you included that carried interest in your IRR and ROIC calculations?

Deliverables
● Model in Excel
● PowerPoint Presentation

Parameters
● Because the purpose of this exercise is to gauge your current modeling skills and to evaluate how you solve problems, please do not use others' models or your own previous models to complete this project.
● While you may utilize the resources at your disposal (e.g. internet, people in your network, etc.) to gain perspective on the project, the model should be a product of *your* thinking and problem solving ability, not someone else's.
● Anything not explicitly stated in the project brief is left to your discretion
● If you are an experienced modeler, please use this model as an opportunity to showcase your skill set by adding advanced features and components.
● Please assume you will be sending the presentation to your aunt to read (i.e. you will not be giving a voiceover to the presentation).

Part 2: Programming

Please follow the following url and follow the instructions there to complete Part 2 of the project:
https://colab.research.google.com/drive/1mvCjjfQow2hASk3-Q3ory4TlAnyrwaj_#scrollTo=RSFXYITb8cAd
Upload the .ipynb file or a shareable link to your colab notebook to the candidate portal.