



Planned Quartzsite KOA\* **300 Site** Luxury RV Park Campground and Recreation Community in Southwest Arizona

The Arroyos Preserve is an RV subdivision project of Landway Development Corp, an Arizona corporation.

Ready to Build

\*KOA Franchise (territory reserved, not yet committed). [PROJECT DEVELOPMENT **Page 6**]

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# Introducing The ARROYOS PRESERVE Luxury RV Park Campground

This project began as a residential subdivision in Southwest Arizona before the Recession, and then paused because of it. Once the economy rebounded, there were new, favorable elements in play and the venture was repositioned to become The ARROYOS PRESERVE Luxury RV Park Campground.

#### Today there's

- 1. Less Risk (RV campgrounds are recognized as excellent income producing real estate & business investments.)
- 2. **More Customers** (RVing is increasing with RV sales at historic levels.)
- 3. And for this property, a **Wider Market** (Off-Roading recreation adds to traditional RV park businesses.)

Considering the following market assessment, after 4 years from opening, we expect a stabilized NOI of \$900,000. (See project ProForma here)

The ARROYOS PRESERVE (The PRESERVE) occupies 50 acres in La Paz Valley in the Sonoran Desert of Southwest Arizona, and with Bureau of Land Management (BLM) property on three sides, the desert ambiance and unobstructed views of the surrounding terrain enhance the plan's value.

Shoring up investment risk is accomplished with Dual Zoning and the ability to sell individual lots, groups of camping or mobile home lots or premium homesites as the project evolves. Once the development begins construction, the developer anticipates property values in the region will rise.

#### **Satisfying Demand (The Market)**

The La Paz Valley and Quartzsite region hosts 2 million visitors every season¹, and to meet demand, BLM has dedicated ≈ 25,000 acres of land for the tens of thousands of "RV boondockers" (camping with no utilities). Because private land is limited, there exists a shortage of RV campgrounds with facilities in the area, especially where these boondockers gather. So, adding to the existing market of 2 million travelers passing through this southwest region, are the tens of thousands of nearby boondocking RVs that must eventually find a place to hook up their rigs to dump the tanks, get water and do laundry in a place where they can enjoy a clean, organized property, a campground with the recreation and activities The PRESERVE offers... and with that, an enticement to stay longer.

Adding to this demand for campgrounds with facilities is the expected demand from the recent creation of The Arizona Peace Trail ("Trail"). This trail was developed exclusively for Off Highway Vehicle (OHV) recreation as part of a joint effort by and the contributions from the BLM, Arizona Game and Fish Department (AZGFD), local agencies and organizations. The Trail is a 650 mile loop winding through the Sonoran desert and passing within minutes of the The PRESERVE park entrance. It will bring many off-roaders to the park to camp (rendezvous/layover), or use as a trailhead. Many will make it a waypoint to use the park's convenience store and OHV service facilities (wash ramps & refueling station).

While younger participants (millennials, and even Gen Xers) are entering the RV market, more retirees are RVing, and adding to this is the

<sup>1 &</sup>quot;Quartzsite, Arizona, barely 18 miles east of the Colorado River, on I-10, may be the RV boondocking capital of the world." – <a href="http://www.ci.quartzsite.az.us">http://www.ci.quartzsite.az.us</a>

expected need for camping facilities for the 'off-roading' travelers (more now than ever due to the increasing OHV sales). The <u>RV rental business</u> is the most active ever<sup>2</sup>, and the U.S. tourism industry expects to see even more domestic travelers and foreign visitors in 2019<sup>3</sup>. The upshot of these occurrences is obvious: The country, and especially southwest Arizona, will need more guest accommodations, not only for RVers, but accommodations for the off-roading fun-seekers, too. Not all fun-seekers have an RV.

In short, there is a burgeoning market for facilities serving <u>all segments</u> of Recreational Vehicle activities. Nowhere is this more true than in La Paz Valley and Quartzsite where there are few quality camping options in the region.

In addition to filling this void, our plan is to create a destination for the increasing off-road recreation occurring in the region, and to establish a sustainable tourism attraction to add to and extend the camping season, which can now extend well into the summer months.

## What Makes This Park Special ("Differentiated")

Once completed, this park's design and amenities will be unrivaled in the region with large RV sites, wide 50 ft. road rights of way with rolled curbs, glamping tents, RV rentals, furnished park model homes for rent, a place for off-roaders to stop, refuel and refresh, a clubhouse to support meetings and social activities, swimming pool, fire rings with group gathering ramadas, laundries, and a convenience store... all of which create a

<sup>2</sup> Marisa Lifschutz, an analyst at IBISWorld, has projected that rentals of RVs and camper vans will reach a record \$395.8 million this year, up more than 45% from 2009 revenue.

<sup>3</sup> U.S. Department of Commerce 2019 put out figures showing that international travel to the U.S. grew by 3.5 percent last year.

village with a sense of community.

Consistent with the name "Arroyos Preserve", the goal is to preserve/protect the desert beauty in this area through the park's land-plan, layout and design; e.g., a unique power management plan will incentivize guests to manage their power consumption<sup>4</sup>. The park will operate its own water supply and wastewater treatment in accordance with the Arizona Department of Environmental Quality (ADEQ) requirements.

The PRESERVE will have offerings for guests that will give them many reasons to stay. From pickleball to archery, golf putting to swimming, clubhouse functions to electric bicycles, there will be plenty of fun stuff to choose from, including evening roundups in areas found throughout the park. (Some options such as the archery and ATV and electric bicycle rentals would be provided and managed by third-party concessionaires already identified; e.g., Polaris Industries.)

## **Project Development**

The plan includes a balanced combination of an RV park and campground, with a *small number* of higher-end mobile home and luxury home sites; resort-like amenities will be offered to all guests and residents. This strategy is targeted to produce an enhanced ROI by accommodating all types of guests, vacationers and year-round residents, increasing the customer base and providing a more stable revenue stream.

Two advantages of The PRESERVE development project are its size and configuration. The 50 acre parcel is an approved 166-lot fee simple

<sup>4</sup> See Park Power Management Plan, Page 20

subdivision with all entitlements, 128 lots of which are allowed two RV and/or mobile home sites each. The land is also dual-zoned RVS and SR-1. This *dual zoning* means that it's possible to have many combinations of RV parking sites, camping areas and community facilities, as well as parcels which can be sold for luxury homes or higher-end mobile homes. In reaching Rental Stabilization (estimated Year 4) in partnership with KOA as a licensed franchisee, the developer will then have a qualified outlook for determining the project's future ratio of RV park business to RV park/mobile-home/fee simple lot ownership.

By the start of the second season of business, 250 of the 310 sites of the park would be available to guests, including the fully functioning recreational village and convenience store. In the subsequent full season, guests would find 25 additional camping sites and more of the luxury features planned throughout the park. By the fourth year of business Rental Stabilization is expected with all sites developed. At the start of construction, the park would be promoting its destination and theme based off-roading and camping recreation to nearby Southern California. As the opening date for the park approaches in the Fall of 2020, the marketing campaign would detail the park's location, amenities and calendar telling of the special events and entertainment offerings planned for the club house. By the fourth season of business, having benefited from continued, extensive marketing and a perfected operational plan, the park would approach renting all of its spaces during peak season.

## **Accomplishments To Date (Ready To Begin Construction)**

The Developer has:

- completed land acquisition for the project in December 2007,
- obtained a Right of Way for access across BLM land August 2008,
- developed new well and obtained a certified 100-year water source in December 2008,
- obtained the Arizona Department of Environmental Quality Waste Water Treatment Plant and Aquifer Protection Permit<sup>5</sup> in March 2009,
- obtained the Arizona Department of Environmental Quality approval to construct water system and serve the public in November 2009,<sup>6</sup>
- completed subdivision engineering, September 2018,
- completed the Final Plat and Dual Zoning in October 2018,
- completed other and necessary studies, agreements and permits (See Entitlements).

#### **Summary**

The location of this park sits at the very hub of the growing national trends and activities developing in the RV and off-road vehicle (OHV) recreation industries. By combining OHV recreation as a theme-based attraction with a KOA branded luxury RV park in one of the southwest's biggest camping venues, a market opportunity with enhanced revenue potential is created. Located in the vicinity of the I-10 and I-95 intersection (5.5 miles south of Quartzsite), access to The PRESERVE is easy.

Our plan offers a family-friendly layover and vacation destination with

<sup>5</sup> Originally designed for processing up to 42,000 gallons of wastewater per day, it has been determined that a WWTP will not operate efficiently in a seasonal RV park-campground setting; therefore, in discussions with ADEQ, it's been agreed upon that the park will use a series of individual ganged septic systems for handling wastewater in the park. Additional engineering will be required, but construction costs for septic will be less than or equal to a WTTP. The developer intends to keep the Aquifer Protection Permit issued by ADEQ current.

<sup>6</sup> ADEQ will require updating the certification of water quality prior to serving the public.

high curb appeal that accommodates the activity needs of these markets. By initially focusing entirely on operation as an RV park, we can allow time for development of the long-term future park makeup, considering revenues from RV camping, mobile home occupancy, fee simple ownership and/or combinations of these options.

An investment in this project could compare favorably with multifamily residential offerings and may be viewed by some to be a superior alternative, especially considering that it's located in the center of an RVing and offroading mecca, with all the amenities of a recreational village resort.

With strong support from local county government, The PRESERVE concept now is ready to begin the construction phase.

**Required Capital** 

#### The ARROYOS PRESERVE

#### a Quartzsite KOA\*

#### CAMPING RATES AND INCOME ASSUMPTIONS

<u>RV Campsite</u>: 50-Amp, Gravel/Concrete Pad, Picnic Table, many with Shared Fire Ring. Full park amenities are included for each guest.

Back In (Standard, Deluxe & Premium)	\$39-\$59/Day	32% Occupied	116 Days
Pull Through (Standard & Premium)	\$39-\$60/Day	35% Occupied	128 Days
Furnished Park Models w/Kitchen	\$90-\$120/Day	30% Occupied	110 Days
Cabins, Furnished, no Kitchen	\$95/Day	15% Occupied	54 Days
Glamping Units	\$70-\$125/Day	25% Occupied	93 Days
Annual RV and Park Model Spaces	\$3,600/Yr	95% Occupied	347 Days
Monthly RV and Park Model Spaces	\$400-\$675/Mo	45% Occupied	164 Days
Tent Spaces	\$22-\$37/Day	13% Occupied	47 Days

Premium Sites Homes/Villas Available Future Option

\$500 - \$750/Mo for year-round living in **Premium Lots Area**. These sites are premium lots with exclusive desert garden settings and desert views. They could eventually be offered on a longer-term lease basis, or could be available for future Mobile Home rentals.

#### OTHER INCOME

Laundry, 2 Facilities \$7,500/Yr.

Sixteen machines between facilities located in two AREAS.

Camp Store – \$30,000/Yr.

ATV Equipment Rentals and \$25,000/Yr.

ATV Equipment Sales, Concession Operator percentage of sales or annual lease

Propane Sales & Fuel Sales \$80,000/Yr.

Other Concessions \$15,000/Yr.

<sup>\*</sup> The Arroyos Preserve has been approved through the KOA location process for KOA franchise.

#### **Construction Costs**

The project shows here as being built in one phase.

The table reveals using 166 deeded lots yielding 310 campsites. <sup>7</sup>

The cost-to-value ratio in 5-years is approximately 64%, based on an 8% cap market valuation.

<sup>7</sup> Campsites consist of RV campers, park model rentals, tents and glamping pods. The final number of campsites developed could be more or less and will depend on how the business and the park evolve.

## **Recreation Village Detail**

Clubhouse buildout: Lobby area w/computer station & WiFi; craft tables; dance floor; media and PA/sound systems; mailroom/community bulletin board; bar w/lounge and game area; kitchen; bathrooms and furniture. The clubhouse patio/deck area will extend into the swimming pool area with tables/chairs and umbrellas.<sup>8</sup>

The convenience store design will provide service not only to park guests, but to the local La Paz Valley residents and those boondocking in nearby BLM as well.<sup>9</sup> Laundromat will have 16 washers/dryers.

<sup>8</sup> See Clubhouse floor plan here.

<sup>9</sup> See Convenience Store floor plan <u>here</u>.

## **Construction Build Schedule\***

	Months from Start of Construction											
SITE CONSTRUCTION	1	2	3	4	5	6	7	8	9	10	11	12
Drill Additional Well	Χ											
Mobilization, Survey & Staking	X	Χ										
Build Water Tank and Connect	X	Χ	Χ									
Off-Site Grading		Χ										
On-Site Grading, 1st Build		Χ	Χ									
Site Utilities		Χ	Χ	Χ								
Septic Systems, 1st Build			Χ	Χ								
APS power install		Χ			X	X						
Curb and Gutter						Χ						
Concrete Pads/Sites Preparation						Χ						
Paving, 1st Build							Χ					
Off-Site Paving								Χ				
RECREATION VILLAGE TRIMM	INGS											
KOA Franchise	Χ											
Install/Connect APS Distribution			Χ									
Ramada Clubhouse				Χ	Χ	X						
Campground Store, Manufd Buil	ding			Χ	Χ	Χ						
Bathroom Structures				Χ	Χ							
Wash Ramps & Service Pit					Χ							
Pickleball Courts & Fire Circles &	Archen	/			Χ	Χ						
Swimming Pool & Jacuzzi					Χ	Χ						
Final Inspection							Χ					
Occupancy								Χ				
Landscaping								Χ				
2ND BUILD - Sites 174 through	310											
Grading										Χ	X	
Utilities											Χ	X
Curb and Gutter												Χ
Paving												X
Landscaping												X

<sup>\*</sup>Build Schedule inexact and subject to updating

# **Projected Profit and Loss – 5 Years** With Debt Service

#### The ARROYOS PRESERVE

	YEAR-1	YEAR-2	YEAR-3	YEAR-4	YEAR-5	TOTAL
QPERATING INCOME						
Semi-annual Rental	0	10,400	24,700	51,300	60,800	147,200
RV Camping Daily	47,777	388,017	684,704	738,818	973,528	2,832,844
RV Monthly Rents	0	103,428	126,864	277,279	283,192	790,763
Cabins	5,490	79,731	102,711	103,149	114,464	406,931
Glamping	13,876	100,346	168,119	208,138	208,138	698,617
Tents	1,129	3,037	10,220	16,936	18,104	49,426
Storage & Parking	0	7,225	18,500	33,000	40,000	98,725
Laundries	2,651	28,227	36,800	41,000	43,000	151,678
Store Lease	2,263	12,750	35,000	35,000	35,000	120,013
Propane & Fuel Sales	0	18,700	46,000	85,000	90,000	239,700
Recreational Concessions	4,139	37,400	46,000	64,000	74,000	225,539
Internet & Misc.	0	0	0	0	0	0
TOTAL INCOME	78,712	789,269	1,299,618	1,653,620	1,940,226	5,761,436
OPERATING EXPENSES						
KOA Royalty	0	54,160	89,385	111,650	132,658	388,490
Park Sheriff / Payroll	24,398	175,649	223,280	284,403	333,424	1,042,154
Insurance	9,850	20,000	25,000	34,000	36,004	124,854
Discounts – Incentives –	4,144	34,629	58,439	63,634	80,074	240,920
La Paz Co. Prop Tax	1,900	31,000	31,000	38,000	41,000	142,900
Water Maintenance	770	12,000	12,000	15,400	15,400	55,570
Gas/Electric	4,102	62,000	62,000	62,000	62,000	252,099
Trash	529	5,500	6,500	7,600	7,600	27,729
Contingency & Marketing	2,850	23,281	39,000	55,000	55,000	175,131
Reserve	3,996	23,952	40,000	55,000	55,000	177,948
Maintenance/Repairs	2,137	15,967	26,268	33,043	39,226	116,641
Developer's Fee	120,000	120,000	99,000	99,000	12,000	450,000
TOTAL EXPENSES	174,676	578,774	711,872	858,728	869,384	3,193,435
NET OPERATING IN	-95,964	210,486	587,746	794.892	1,070,842	2,568,000
Interest Expense	300,000	300,000		362,400	362,400	708,442
(36-month, Interest Only, C	Construction	n Loan, foll	owed by PP	M offering p	(loceeds)	
NET INCOME	-395,964	-89,514	287,746	432,492	708,442	943,200
-						
OPERATING INCOME	78,712	789,260	1,299,618	1,653,620	1,940,226	5,761,436
OPERATING EXPENSES	140,250	578,774	711,872	874,080	957,688	3,133,435
NET OPERATING IN	-95,964	210,486	587,746	794,892	1,070,842	2,568,000
DEVELOPMENT LOAN	300,000	300,000	300,000	362,400	362,400	1,624,800
NET INCOME	-395,964	-89,514	287,746	432,492	708,442	943,200

#### **TEAM PROFILES**

The developer's capability to bring this project to market will be enhanced by the franchise relationship with Kampgrounds of America, benefiting from the KOA-driven marketing, and national brand recognition. The KOA business model has proven successful in the RV park campground and hospitality industries.

The ARROYOS PRESERVE is an RV subdivision project of Landway Development Corp, an Arizona corporation located in Glendale, AZ. The development team members of Landway Development Corp have the proven ability to successfully develop this plan into a winning venture.

James Kunisch, President, has owned and operated real estate and marketing businesses with locations in southern California, Nevada and Arizona. Beginning an entrepreneurial career in the late 70's he founded NuTrend, Inc., a California corporation, for the purposes of buying, refurbishing/adding value, and reselling apartment properties in North San Diego County, California and Kona and Hilo, HI. In 1980, as a licensed California real estate professional, he worked with The Jelley Company in Del Mar, CA in the commercial real estate division, brokering the purchase and sale of many North San Diego County properties. From 1981 through 2002, having founded NBO Distributors, Inc., he became a national marketing and wholesale distributor for satellite TV programming and related products, establishing a call center in Carlsbad, CA, as well as retail outlets in 9 locations in the three western states, eventually employing over 150 people. During this period, as the satellite TV industry matured and DIRECTV (then a division of General Motors) launched its TV

programming to national subscribers, DIRECTV selected NBO Distributors as one of the first nationwide resellers of products through NBO's call center and distribution facilities, eventually earning DIRECTV's "Company of the Year" award in 2001 from among more than 12,000 nationwide DIRECTV affiliates. Eventually, NBO Distributors purchased a RadioShack franchise, adding it to one of its existing 9 retail locations operating under the name Satellite Relay in Nevada, Arizona and California. In 2002, Mr. Kunisch returned to the real estate industry and co-founded Vanguard Development, an Arizona LLC, to develop land in Wilcox, Benson, Vail and La Paz County, Arizona, including the successful purchase, entitlement and buildout of the 103-lot Arroyos Quartzsite residential subdivision in Quartzsite, AZ in 2005-2008. During his career Mr. Kunisch has owned, managed or developed over 2,000 acres of land with as many as 70 spec. or rental units, and is currently involved in developing 100+ acres in La Paz County, Arizona.

Dennis Melin, CPA (Ret), a Marine Corps veteran, is the President of Public Partnership, a 501(c)(3) non-profit & Arizona Qualifying Charitable Organization. Mr. Melin has a career in Arizona real estate development, and licensed as a mortgage broker and real estate salesperson. His career history includes serving as Treasurer and Chief Planning Officer for Illinois Central Gulf Railroad with \$1 billion annual revenue and 20,000 employees, as well as an underwriter and mortgage broker for over \$300 million in union pension fund financings. A Luther College graduate with a BA in business and mathematics, Mr. Melin also completed the Stanford Executive Program, Stanford University.

Mary Ogren, MBA, Concept and Project Plan Review, has more than 15 years experience as a Project Manager at the University of California tencampus system and is the retired Director of Payroll Systems and Services at UCLA.

**Daniel Berkey**, a General Contractor for more than 30-years, is the owner and founder of DB Builders, a regional custom home builder with excellent credentials and customer referrals. Having built the custom homes at Quartzsite's premier residential subdivision, as well as along the Colorado River in nearby Ehrenburg, Arizona, he has excellent relationships with subcontractors and is well qualified to administer the construction processes and buildout of the RV park-campground. Mr. Berkey is also an equity stakeholder in The ARROYOS PRESERVE land.

Rodney (Boomer) Schlesener, has more than 35 years specializing in coordinating and managing civil construction work consisting of mass earthwork, site improvements, underground utilities and paving projects throughout Arizona, with notable projects including Arizona Department of Transportation, City of Kingman Improvement District and Town of Quartzsite Public Works. Mr. Schlesener's catchphrase is, "It costs less to do it right the first time."

## Attachment 1

Acquisition and Financing Strategies (Discussion)



Big Rig Party on a Premium Lot with Casita



ParkModel Rental with Entertainment Deck

## Attachment 3

## **EXHIBIT LINKS**

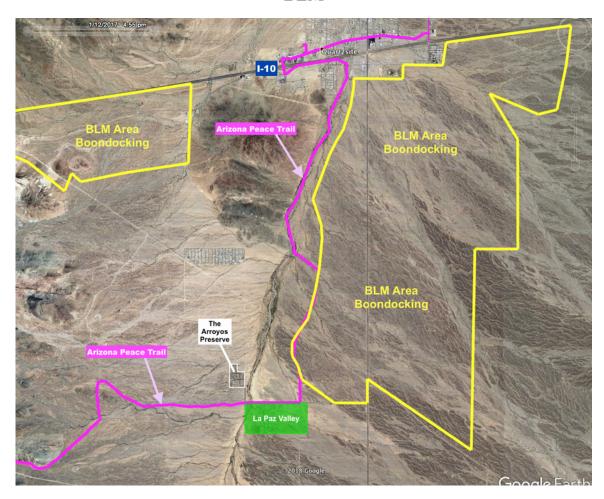
Clubhouse Floor Plan Link ProForma Spreadsheet Link

Convenience Store Plan Link 2008 Property Appraisal Link

<u>Press Release</u> Location Video

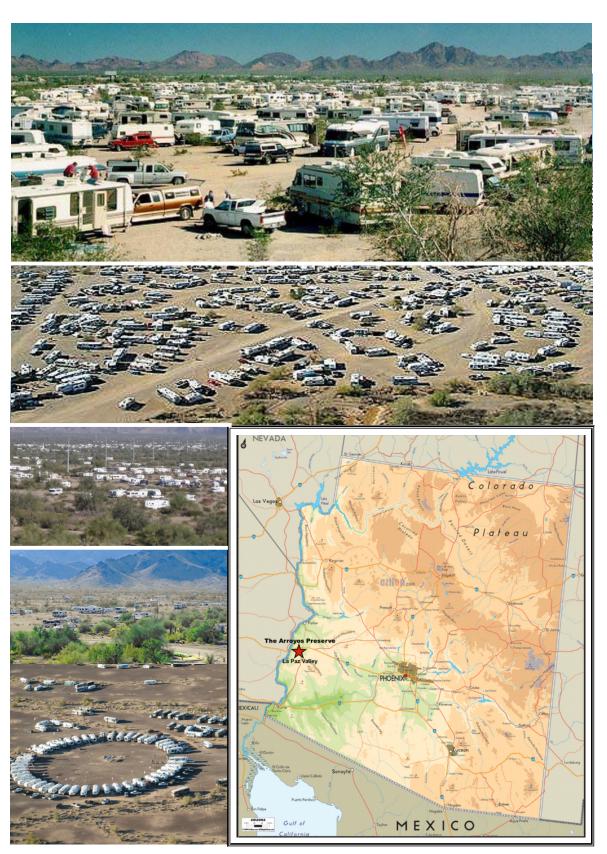
Development LotKey Map Link

## BLM





Campers at The Arroyos Preserve will be able to continue meeting with friends at the many 'round up' areas throughout the park where they'll find numerous cookout/barbecue, picnic and party areas including campfire facilities. They'll enjoy pickleball courts, swimming, golf pitch/putting, an archery pavilion, and more.



This park sits at the very hub of the growing national trends developing in the RV and off-road vehicle (OHV) recreation industries.

With almost 2 miles of roads inside the park, getting to and from the park's amenities will be helped using a driverless shuttle continuously on call. Using a smartphone app, guests will be able to call up the shuttle and be driven to wherever they need to go inside the park. The driverless shuttle is planned to be deployed by the fourth year of park operation.



#### Contact:

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# THE ARROYOS PRESERVE



Luxury RV Park Campground and Recreation Village