



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*

**INVESTMENT HIGHLIGHTS**

[Section Page No.]

\$12.5 million valuation estimate (8% Cap) after 4 years – See **Cap Rate Chart**  
[Required Capital **Page 9**]

\$6.0 million - to construct and complete the project.  
Developer is seeking a venture partner  
[Required Capital **Pages 9 & 21**]

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

Occupies 50 acres of Sonoran Desert in Southwest Arizona. Dual zoned as RVS and SR-1, with 310 sites on 166 fee simple lots. This *dual zoning* means a fee simple path exists for the combining of RV camp sites, camping areas, community facilities, as well as areas with parcels for luxury homes and higher-end mobile homes. [Project Development Page 6]

2 million visitors in immediate area every season.  
[Satisfying Demand Page 4]

Arizona Peace Trail passes within minutes of the park entrance.  
[Satisfying Demand Page 4]

Extended Camping Season by creating a destination for the rising off-road recreation occurring in the region, and by establishing a sustainable tourism attraction.  
[What Makes This Park Special Page 5]

Landway has invested nearly \$2 million acquiring the land and completing all the entitlements: (• certified 100-year water source • dual zoning • engineering to begin construction • Right of Way for access across BLM land).  
[Required Capital Page 9]

This park sits at the very hub of the growing national trends developing in the RV and off-road vehicle (OHV) recreation industries.  
[Satisfying Demand Page 4]

Nothing comparable exists in the region.  
[Satisfying Demand Page 4]

Unique power system reduces park-wide power consumption.  
[Park Power Management Plan Page 20]

Easy access from intersection of I-10 and Hwy 95



Introducing  
**The ARROYOS PRESERVE**  
**READY TO BUILD**  
**a Quartzsite KOA\***

This project began before the Great Recession, and then paused because of it. Now with the economy fully rebounded, and with new, favorable elements in play, the time has come to complete The ARROYOS PRESERVE RV Park Campground in Southwest Arizona.

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. WIDER MARKET (Off-Roading recreation adds to traditional RV park businesses.)

Considering the following market assessment, **after 4 years from opening, we expect the NOI of our plan to yield an 8% cap rate valuation more than \$12.5 million.** (See project ProForma [here](#))

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

\* The ARROYOS PRESERVE has been approved through the KOA location process for potential KOA franchise, but has not yet committed.

## **Satisfying Demand**

The La Paz Valley and Quartzsite region hosts 2 million visitors every season<sup>1</sup>, and to meet demand, **BLM** has dedicated over ≈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 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 campground, a park with the recreation and activities this campground offers, and with that, the 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 ARROYOS 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.

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

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1 “Quartzsite, Arizona, barely 18 miles east of the Colorado River, on I-10, may be the RV boondocking capital of the world.” – <http://www.ci.quartzsite.az.us>



need for camping facilities for the 'off-roading' travelers (more now than ever due to the exploding OHV sales). The RV rental business is the most active ever, and the U.S. tourism industry expects to see even more domestic travelers and foreign visitors in 2019. 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 all segments of Recreational Vehicle activities. Nowhere is this more true than in La Paz Valley and Quartzsite where there's no quality camping option in the region.

In addition to filling this void, **our plan is to create a destination for the rising 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**

Once completed, this park's design 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 will eventually create a 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>2</sup>. The park will operate its own water supply and wastewater treatment in accordance with the Arizona Department of Environmental Quality (ADEQ) requirements.

The ARROYOS 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 ARROYOS PRESERVE development project are its size and configuration. The 50 acre parcel is an approved 166-lot fee simple subdivision with all entitlements, 129 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

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<sup>2</sup> See Park Power Management Plan, Page 20 [Attachment 1](#)

parcels which can be sold for luxury homes or higher-end mobile homes. Phasing its buildout over time, the project would allow for The ARROYOS PRESERVE to find an optimal balance or ratio of RV park-to-mobile home park by initially preparing the entire park for use exclusively as an RV park-campground in partnership with KOA as a licensed franchisee (reserved territory, not yet committed).

Beyond the committed RV and campground density of 310 sites, is the notion that as many as 50 additional RV sites might be added in the future to an area in the recreation village portion.

In the first season of business, only a portion of the park would be available to guests as the work continued to ensure everyone the quality experience they would tell friends about. In the second full season, guests would find a completed facility and fully functioning recreational village. The park would be promoting its destination and theme based off-roading and camping recreation to nearby Southern California, as well as special events and entertainment offerings in the club house. The park campground would be close to 70 percent occupied. By the third 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**

LANDWAY DEVELOPMENT CORP has:

- completed land acquisition for the project,
- completed all the dual zoning and entitlements,
- completed engineering to begin construction,
- obtained a Right of Way for access across BLM land, and
- obtained a certified 100-year water source.

## **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 high curb appeal that accommodates the activity needs of these markets. By initially focusing entirely on operation as an RV park, we can allow the small mobile home park component the time it needs to mature to the extent ultimately deemed optimal. 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 off-roading mecca with all the amenities of a recreational village resort.

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

## **Required Capital**

To date, Landway has invested nearly \$2 million acquiring the land and completing all the entitlements and engineering, including a certified 100-year water source. The amount of capital needed to construct and finish the project is expected to be **\$6.0 million**.

The venture partner would acquire an equity position in Landway in exchange for cash and the construction loan (See [Attachment 2](#))

The total investment amount being sought is therefore the sum of money for construction and equity buy-in.

After 4 years from opening, we expect the NOI of our plan to yield an 8% cap rate valuation equal to **≈\$12.5 million**, incorporating a (nearly) perfect blend of RV/mobile home park and fee simple homesites.<sup>3</sup>

## **Costs and Income Projections**

It goes without saying that rental rates and occupancies are determiners of profits for a given number of camping sites. The rates and occupancy averages used in the income projections are supported by those found in similar KOA parks, blended with seasonal parks found in the region, then reduced by a factor of 50 percent for occupancies used. The resulting numbers used here, therefore, may be conservative estimates, especially when considering there's no other RV park-campground within 100 miles offering the amenities to be found at The ARROYOS PRESERVE.

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<sup>3</sup> The initial park will be configured 100 percent RV sites until the ownership deems if/when appropriate to establish a mobile home portion and/or entertain selling fee-simple parcels.



## The ARROYOS PRESERVE

a Quartzsite KOA\*

### CAMPING RATES AND INCOME ASSUMPTIONS

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

Back In	<b>\$39-\$59/Day</b>	32% Occupied	116 Days
Pull Through	<b>\$39-\$60/Day</b>	35% Occupied	128 Days
Furnished Park Models w/Kitchen	<b>\$99-\$120/Day</b>	30% Occupied	110 Days
Cabins, Furnished, no Kitchen	<b>\$95/Day</b>	15% Occupied	54 Days
Glamping Units	<b>\$70-\$125/Day</b>	25% Occupied	93 Days
Annual RV and Park Model Spaces	<b>\$4,000/Yr</b>	95% Occupied	347 Days
Monthly RV and Park Model Spaces	<b>\$400-\$675/Mo</b>	45% Occupied	164 Days
Tent Spaces	<b>\$22-\$37/Day</b>	13% Occupied	47 Days
Premium Sites Homes/Villas	<b>Available Future Option</b>		

\$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, 3 Facilities **\$7,500/Yr.**

Sixteen machines among facilities located in three 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 **\$80,000/Yr.**

Other Concessions **\$15,000/Yr.**

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## Projected Income and Expenses after 36-months, Expected Case

RATES AND OCCUPANCIES RV Park/Campground									
Final Buildout INCOME BREAKDOWN (Conservative/Expected Case)									
Total 310 Sites in Final Build									
1st Phase	606,302	Total Sites	122	\$	Vacancy	Days Occ'd	Annual	%GOI	Per Site
RV Camping, Back In		63	42 /day	70%	110	289,737	16%	4,599	
RV Pull Through		59	42 /day	65%	128	316,565	17%	5,366	
Cabins		0	120 /day	85%		0	0%		
GlampingPods		0	69 /day	80%		0	0%		
Tent Area		0	35 /day	90%		0	0%		
						606,302			
RecVillage	359,434	Total Sites	52						
RV Camping, Back In		29	45 /day	65%	128	166,714	9%	5,749	
Tent Area		7	32 /day	85%	55	12,264	1%	1,752	
Glamping		8	96 /day	70%	110	84,096	5%	10,512	
Cabin/Park Model/Vintage M		8	110 /day	70%	110	96,360	5%	12,045	
Laundry		1				7,500	0%		
Store (Lease income based on store sales)						30,000	2%		
Recreation, & Misc.(Concession Fees based on concession sales.)						110,000	6%		
(ATV and Other Sports, Tours, Rentals, Equipment, Propane Sales, etc.)									
						506,934			
2nd Phase	557,277	Total Sites	136						
RV Camping, Back In		29	42 /day	65%	128	155,600	9%	5,366	
RV Camping, Pull-Thru		38	42 /day	65%	128	203,889	11%	5,366	
Park Model RV ShortTerm		20	675 /mo	55%	164	72,900	4%	3,645	
Glamping		14	94 /day	74%	95	124,888	7%	8,921	
Park Model RV LongTerm		35	349 /mo	5%	347	139,251	8%	3,979	
	1,523,012					696,528			
<b>Total Gross Operating Income</b>						1,809,763	100%	67,297	

Final Buildout EXPENSES BREAKDOWN			
KOA Royalty and Advertising – 10% of Lodging Revenue	152,301	8%	491
Discounts & Incentives--Travel Clubs & Membership Discounts	120,366	7%	388
Managers and Workers – 2-full time, 2-seasonalplusMgr	240,000	13%	774
Insurance	22,000	1%	71
Taxes, AZ Vacation 5.78% (Added on checkout)	0	0%	0
La Paz County Property Tax	35,000	2%	113
Water Maintenance	14,000	1%	45
Gas/Electric	65,000	4%	210
Trash	7,600	0%	25
Contingencies* & Marketing	50,000	3%	161
Reserve	40,000	2%	129
Maintenance & Repairs over/above park workers	30,000	2%	97
<b>Total ANNUAL EXPENSES</b>	<b>\$776,267</b>	<b>43%</b>	<b>2,504</b>

\*See List of Contingencies [HERE](#)

**Final Buildout Annual NET OPERATING INCOME** **\$1,033,496** 57% 3,334 86,125 /Mo

## Projected Income and Expenses after 36-months, Less Than Expected Case

RATES AND OCCUPANCIES RV Park/Campground								
Final Buildout INCOME BREAKDOWN (Less Than Expected or Worse Case)								
Total 275 Sites in FINAL BUILD								
1st Phase	266,049	Total Sites	113	\$	Vacancy	Days Ocp'd	Annual%GOI	Per Site
RV Camping, Back In		58	37 /day	85%	54	117,494	13%	2,026
RV Pull Through		55	37 /day	80%	72	148,555	16%	2,701
Cabins		0	120 /day	85%		0	0%	
GlampingPods		0	70 /day	85%		0	0%	
Tent Area		0	35 /day	90%		0	0%	
						266,049		
RecVillage	223,928	Total Sites	48					
RV Camping, Back In		29	39 /day	70%	108	123,845	13%	4,271
Tent Area		7	24 /day	90%	36	6,132	1%	876
Glamping		6	88 /day	85%	54	28,908	3%	4,818
Cabin/Park Model		6	99 /day	70%	108	65,043	7%	10,841
Laundry		1				4,000	0%	
Store (Lease income based on store sales)						20,000	2%	
Recreation, & Misc(Concession Fees based on concession sales.)						55,000	6%	
(ATV and Other Sports, Tours, Rentals, Equipment, Propane Sales, etc.)								
						302,928		
2nd Phase	297,750	Total Sites	114					
RV Camping, Back In		25	37 /day	77%	83	77,654	8%	3,106
RV Camping, Pull-Thru		35	39 /day	75%	90	124,556		3,559
Park Model RV ShortTerm		20	400 /mo	75%	90	24,000	4%	1,200
Glamping		14	70 /day	80%	72	71,540		5,110
Park Model RV LongTerm		20	299 /mo	10%	324	64,584	7%	3,229
						362,334		
	787,726							
<b>Total Gross Operating Income</b>						931,310	100%	
Build-1 EXPENSES BREAKDOWN								
KOA Royalty and Advertising – 10% of Lodging Revenue						78,773	8%	286
Discounts & Incentives (Travel Clubs & Membership Discounts)						64,338	1%	234
Managers and Workers –						140,000	15%	509
Insurance						15,000	2%	55
Taxes, AZ Vacation 5.78%						0	0%	0
La Paz County Property Tax						35,000	2%	113
Water Maintenance						12,000	1%	44
Gas/Electric						45,000	5%	164
Trash						5,000	1%	18
Contingencies & Marketing						50,000	5%	182
Reserve						30,000	3%	109
Maintenance & Repairs over/above park workers						30,000	3%	109
<b>Total ANNUAL EXPENSES</b>						<b>\$505,111</b>	<b>54%</b>	<b>1,837</b>
<b>Final Buildout Annual NET OPERATING INCOME</b>						<b>426,199</b>	<b>46%</b>	<b>1,550 35,517/Mo</b>

## Construction Costs

The project shows here as being built in 2 phases: The first phase would allow the park to begin hosting guests within approximately 8 months from start of construction. The second phase shows the potential of partially funding costs from initial park operation cashflow.

The table reveals using 166 deeded lots to yield 310 campsites.<sup>4</sup>

	1st Build	2nd Build	Total		0 \$/Site	0 \$/Lo
Number of Subdivided Lots →	98	68	166			
ON-SITE IMPROVEMENTS COSTS Number of Campsites →	174	136	310			
x Mobilizing, Staking, Testing, etc.	85,000	75,000	160,000	3%	516	964
x Rough grading	380,000	190,000	570,000	11%	1,839	3,434
x Wastewater construction	310,000	350,000	660,000	12%	2,129	3,976
x Wastewater tertiary	50,000	50,000	100,000	2%	323	602
x Well (backup)	110,000		110,000	2%	355	663
x FireFlow-112,000 gal tank incl. Booster, etc.	165,000		165,000	3%	532	994
x Water distribution	210,000	110,000	320,000	6%	1,032	1,928
x Electric APS meters w/pedestals (Rec.Village)	included					0
x Electric meters w/pedestals 300ea.	52,200	Cashflow-> 43,200	95,400	8%	1,372	575
x Electric distribution, Dry Utilities	145,000	95,000	330,000			1,988
x Storm Drains	45,000	45,000	90,000	2%	290	542
x Paving- Slurry	155,000	170,000	325,000	6%	1,048	1,958
x Campsite Furniture/Enhancements/Fire-rings, etc.	15,250	Cashflow-> 12,500	27,750	1%	90	167
x 3-Bathrooms (2 stalls, sink, shower)(1 stall, sink, urinal, shower)	53,000	Cashflow-> 27,000	80,000	1%	258	482
x Perimeter Fencing (3/16" stainless cable (4) w/4" galv posts)	25,000	20,000	45,000	1%	145	271
x Landscaping Hardscape, trees, shrubs, etc., w/irrigation	160,000	Cashflow-> 95,000	255,000	5%	823	1,536
x Resort amenities (See Rec Village detail sheet)	888,467	444,233	1,332,700	25%	4,299	8,028
Resort enhancements (e.g., self-driving shuttle)	0		0	0%	0	0
x Contingency	200,000	Cashflow-> 160,000	360,000	7%	1,161	2,169
x Construction Supervision	196,000	154,000	350,000	7%	1,129	2,108
<b>Total ON-Site Improvements Cost</b>	<b>3,244,917</b>	<b>1,703,233</b>	<b>4,948,150</b>	<b>100%</b>	<b>17,341</b>	<b>32,388</b>
<b>OFF-SITE IMPROVEMENT COSTS</b>	<b>1st Build</b>	<b>2nd Build</b>	<b>Total</b>			
x Entrance Road SubGrade & ABC 6"	319,000		3,255			
x Entrance Road Slurry	70,000		714			
x APS System Improvements (APS not requiring system upgrades)	80,000	75,000	816			
<b>Total OFF-Site Improvements</b>	<b>469,000</b>	<b>75,000</b>	<b>4,786</b>		<b>1,755</b>	<b>3,273</b>
<b>Total 1<sup>st</sup> Build Costs (See NOI ProForma)</b>	<b>3,713,917</b>	<b>21,344</b>	<b>37,897</b>			
<b>Total 2<sup>nd</sup> Build Costs</b>		<b>2,205,933</b>				
<b>TOTAL PROJECTED CONSTRUCTION COSTS (Off-Site and On-Site)</b>		<b>5,919,850</b>	<b>5,919,850</b>		<b>19,096</b>	<b>35,661</b>
* Allowed IRS Sec.179 Deduction (Assumes 40% Tax Bracket)	-1,141,167	-483,693	-1,624,860			
<b>TOTAL COSTS MINUS Allowed IRC Sec.179 Deductions*</b>	<b>2,572,750</b>	<b>1,722,240</b>	<b>4,294,990</b>		<b>13,855</b>	<b>25,877</b>
* Seek Professional Tax Accounting Advice						

<sup>4</sup> Campsites consist of RV campers, park model rentals, tents and glamping pods. The final number of campsites developed could be more and will depend on how the business and the park evolve.

## Recreation Village Detail

### Resort Trimmings – Costs of Amenities/Recreation Elements and KOA Franchise

TOTAL RESORT AND KOA FRANCHISE COSTS			1,332,700
KOA Franchise Fee	Includes redesign/engineering work	30,000	2.3%
Rosendahl Engrng	Work with KOA to enhance plat standards	16,500	1.2%
<b>Clubhouse</b>	<b>4,250 sq.ft.(3 steel bldgs, per overlay picture)</b>	<b>135,000</b>	<b>10.1%</b>
Clubhouse Buildout	Based on Havasu Clubhouse numbers	225,000	16.9%
Splash pool bar	30 x 50 ft. Fiberglass,in-ground w/concrete decking	65,000	4.9%
Jacuzzi	10 ft dia. Fiberglass in-ground	22,500	1.7%
<b>Pool decking &amp; fencing</b>	<b>1,200 sq.ft. Redwood deck and 250 lineal ft. fencing</b>	<b>45,000</b>	<b>3.4%</b>
2 – Bathroom/showers	AZ State Req.Code & ADA	80,000	9.9%
2 – Ramadas/ Roundup areas	Hexagon ramada, 30 ft. w/deployable canvas walls	20,000	1.5%
Convenience store & laundry	<b>45x90 ft. steel bldg, incl. Imprvmnts,Frnshngs &amp; Lndry</b>	<b>187,500</b>	<b>14.1%</b>
Archery Pavilion	6-lanes with covered shooting area	11,000	0.8%
Glamping Pods	8 WallTents w/deck and heat	27,500	2.1%
Cabins, Furnished	8-Refrbshd vinage RVs, w/entertnment decks @15,000 ea	120,000	14.9%
Wash ramps – 1	3 ramps slopping for drainage. 3/8-inch gravel floor.	3,000	0.2%
Pressure Washer	1 station	1,200	0.1%
Pickleball courts 25x60	3 courts, lighted and fenced 60X90 ft.	95,000	7.1%
Putting Green	120' x 40' chipshot and putting with sandtrap	18,000	1.4%
Fire ring meeting area	50 ft circle, compacted DG	5,500	0.4%
ATV rentals garage	Steel bldg. For rental vehicles storage	40,000	3.0%
Driverless shuttle	EasyMile	0	0.0%
Landscaping -- Rec Area	Including irrigation for campsites & recreation elements	125,000	9.4%
Working Capital – Marketing	Marketing	60,000	4.5%
<b>Total</b>			<b>1,332,700</b>

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>5</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>6</sup> Laundromat will have 10 washers/dryers.<sup>7</sup>

<sup>5</sup> See Clubhouse floor plan [here](#).

<sup>6</sup> See Convenience Store floor plan [here](#).

<sup>7</sup> Laundry machines provided by third-party agency. (CPEC, Phoenix, AZ, cpec-laundry.com)



## Construction Build Schedule

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

## Projected Profit and Loss – 5 Years

### The ARROYOS PRESERVE

	YEAR-1	YEAR-2	YEAR-3	YEAR-4	YEAR-5	TOTAL
<b>OPERATING INCOME</b>						
Park Model Rents	0	31,313	62,625	75,000	82,500	251,438
RV Camping	0	434,500	869,000	1,034,000	1,137,400	3,474,900
Cabins	0	40,080	80,160	96,000	105,600	321,840
Glamping Pods	0	62,875	125,750	150,500	165,550	504,675
Tents	0	3,758	7,515	9,000	9,900	30,173
Store Concession	0	8,350	16,700	20,000	22,000	67,050
Recreational Concession	0	12,525	25,050	30,000	33,000	100,575
Laundries	0	3,131	6,262	7,499	8,249	25,140
Propane&Fuel Sales	0	33,400	66,800	80,000	88,000	268,200
Internet & Misc.	0	3,165	6,330	7,185	7,903	24,583
<b>TOTAL INCOME</b>	<b>0</b>	<b>633,096</b>	<b>1,266,192</b>	<b>1,509,184</b>	<b>1,660,102</b>	<b>5,068,573</b>
<b>OPERATING EXPENSES</b>						
KOA Royalty	0	54,121	108,243	136,450	150,095	298,814
Park Sheriff / Deputies	24,750	100,000	98,458	120,000	132,000	470,208
Insurance	10,500	10,000	10,133	10,000	11,000	51,633
Tax AZ Vacation 5.78	0	33,092	56,419	78,868	86,755	255,134
La Paz Co. Prop Tax		22,000	23,219	32,000	32,000	109,719
Water Maintenance	0	12,000	10,469	12,000	13,200	47,669
Gas/Electric	0	30,000	60,000	75,000	82,500	238,623
Trash	5,000	5,000	5,000	5,000	5,500	45,371
Contingency & Marketing	50,000	50,000	50,000	50,000	55,000	263,621
Reserve	50,000	50,000	50,000	50,000	55,000	264,362
Maintenance/Repairs	0	30,000	30,000	30,000	33,000	137,679
<b>TOTAL EXPENSES</b>	<b>140,250</b>	<b>396,713</b>	<b>538,426</b>	<b>599,318</b>	<b>656,050</b>	<b>2,330,757</b>
<b>NET OPERATING IN</b>	<b>-140,250</b>	<b>236,383</b>	<b>727,766</b>	<b>909,866</b>	<b>1,004,052</b>	<b>2,737,816</b>
Interest Expense	96,322	298,999	390,625	361,089	318,352	1,465,387
<b>NET INCOME</b>	<b>-236,572</b>	<b>-62,616</b>	<b>337,141</b>	<b>548,777</b>	<b>685,700</b>	<b>1,272,429</b>

## PROJECTED 10-YR PROFIT AND LOSS AND PROJECTED 10-YR CASHFLOW

The dynamic potential of the project is easily shown by using all available cashflow to reduce debt, which not only saves interest expense, but perhaps also makes the endeavor more attractive to a prospective Buyer. Of course, the owner/investor(s) freely decides which other financing methods/structures are more suitable.<sup>8</sup> Download the spreadsheet [here](#).

PROJECTED 10-YR PROFIT AND LOSS								
YEAR-1	YEAR-2	YEAR-3	YEAR-4	YEAR5	YEAR-6	YEAR-7	YR 8-10	TOTAL
<b>Operating Income</b>								
0	633,096	1,266,192	1,509,184	1,660,102	1,743,107	1,830,262	6,058,397	14,700,340
<b>Operating Expenses</b>								
140,250	396,713	538,426	599,318	656,050	688,852	723,295	2,394,197	6,137,102
<b>Net Operating Profit</b>								
-140,250	236,383	727,766	909,866	1,004,052	1,054,255	1,106,967	3,664,200	8,563,238

PROJECTED 10-YR CASHFLOW								
YEAR-1	YEAR-2	YEAR-3	YEAR-4	YEAR5	YEAR-6	YEAR-7	YR 8-10	TOTAL
<b>Source of Funds</b>								
<b>In From Investor Funds (LOAN)</b>								
3,507,072	1,929,045	52,669	0	0	0	0	0	5,488,786
<b>Operating Income</b>								
0	633,096	1,266,192	1,509,184	1,660,102	1,743,107	1,830,262	6,058,397	14,700,340
<b>Total Sources of Funds</b>								
3,507,072	2,562,141	1,318,861	1,509,184	1,660,102	1,743,107	1,830,262	6,058,397	20,189,126
<b>Use of Funds</b>								
<b>Construction</b>								
3,170,500	1,873,350	275,000	0	0	0	0	0	5,318,850
<b>Operating Expenses</b>								
140,250	396,713	538,426	599,318	656,050	688,852	723,295	2,394,197	6,144,271
<b>Interest Paid to Investor</b>								
96,322	292,078	383,206	353,254	309,933	258,269	199,196	191,690	2,083,948
<b>Debt Reduction AFTER Interest Paid</b>								
0	0	122,228	556,612	694,119	795,985	907,771	2,412,069	5,488,786
<b>Total Uses of Funds</b>								
3,407,072	2,562,141	1,318,861	1,509,184	1,660,102	1,743,107	1,830,262	4,997,957	19,028,686
<b>NetCashflow</b>								
100,000	0	0	0	0	0	0	1,060,440	1,160,440

<sup>8</sup> See Loan Balance vs Value graph on [ProForma](#).

## **TEAM PROFILES**

The developer's capability to bring this project to market will be enhanced by collaboration with and the structure and assistance received from Kampgrounds of America.

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 retail store locations in southern California and southwest Arizona using seasonal and full-time employees. He's renovated/remodeled commercial retail real estate and successfully developed the 103 lot subdivision in the nearby Town of Quartzsite, Arizona. Mr. Kunisch has the experience to properly execute the successful completion of The ARROYOS PRESERVE project from his experience as a franchisee of large retail chain and real estate investor and developer of Arizona land.

Prior to actively pursuing real estate, Mr. Kunisch spearheaded the development and evolution of satellite TV with a nationwide marketing company in business for 25 years, earning the DIRECTV Dealer of the Year award in 2001, and employing more than 150 people at 9 locations in the southwest U.S. (See a more detailed resume [here](#))

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 homes at Quartzsite's premier residential subdivision, as well as along the Colorado River in

nearby Ehrenburg, Arizona, he has excellent relationships with sub-contractors 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.

Dennis Melin, CPA (Ret), is the President of Public Partnership, a 501(c)(3) non-profit & Arizona Qualifying Charitable Organization, has spent time on site, reviewed the project and its concept, and served as consultant in structuring this project's ProForma.

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



*Park Model Rental with Entertainment Deck*



## Attachment 1

### Park Power Management Plan

#### **Electrical Usage Strategy**

The park will employ a power management monitoring system that continuously reports on the electrical usage of each camping site to a central monitoring station located at park headquarters. The purpose of this system is to keep each camper mindful of the electrical usage during his/her stay, and to keep electrical usage voluntarily low. At the time of check-in, the guests will be given the option of paying less for their camping sites if their electrical usage never exceeds 20-amps at any time during the period of their stay.<sup>9</sup> Another, slightly higher camping rate would be charged if the camper wants or expects to use more power, say 30-amps. All campsites can use as much power as needed, up to 50-amps, but if they pay for 30-amp service and find their usage peaks at more than 30-amps anytime in a 24-hour period, that camper would be charged a few dollars more for that day having exceeded the range they paid for. It won't be possible under normal circumstances for any campsite to exceed 50-amps, as that is the maximum capacity provided to each site.

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<sup>9</sup> While there are often big rigs requiring a full 50-amp electrical service hookup, the vast majority of seasonal campers these days will NOT EXCEED 20-amps peak usage during their stay.

## Attachment 2

### Acquisition and Financing Strategies (Discussion)

The numbers used in this presentation assume the investor has acquired an ownership position through a cash equity purchase, and that the funding amounts shown are loan proceeds from a private money and/or short-term institutional source arranged by the investor. For illustrative purposes, the [ProForma](#) shows that the entire cashflow from the business is used to repay the construction/startup loan in less than 10 years with interest at 7% (no distributions). In the alternative, a 25 year institutional term loan would permit the principals to receive a portion of the profits along the way.

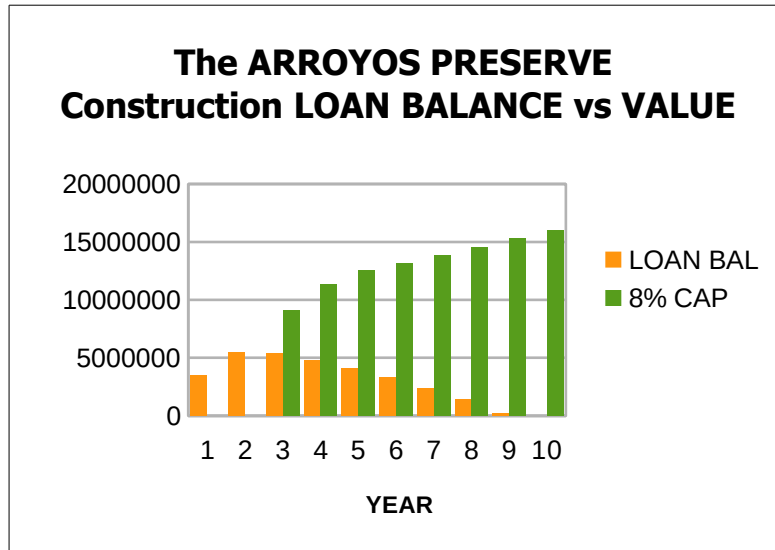
The project's market valuation hasn't yet been formally established, other than the valuation to be established in an equity purchase.

It's important to note that when the land and development plans were conceived in 2007 as a 129-lot residential subdivision with an adjoining 37-lot RV park resort, the vacant 50-acre land appraised for **\$2.15 million** FEE SIMPLE "AS IS" MARKET VALUE, and for **\$8.14 million** FEE SIMPLE "AS COMPLETE" MARKET VALUE with only the 166-lots. (See the 2007 Appraisal [here](#).)

With today's Revised Business Plan (≈300-site luxury RV park campground and off-road recreational community, and using KOA Franchise guidance with the possible blending elements of a mobile home park and fee simple ownership), a fully entitled project valuation of \$3.6 million to \$5.5 million may be considered fair today, based on the potential of this RV park as described in this document.

No subsequent appraisal has been commissioned.

Cap Rate Chart



*Big Rig Party on a Premium Lot with Casita*

Attachment 3  
EXHIBIT LINKS

[Clubhouse Floor Plan Link](#)

[ProForma Spreadsheet Link](#)

[James Kunisch Resume Link](#)

[2008 Property Appraisal Link](#)

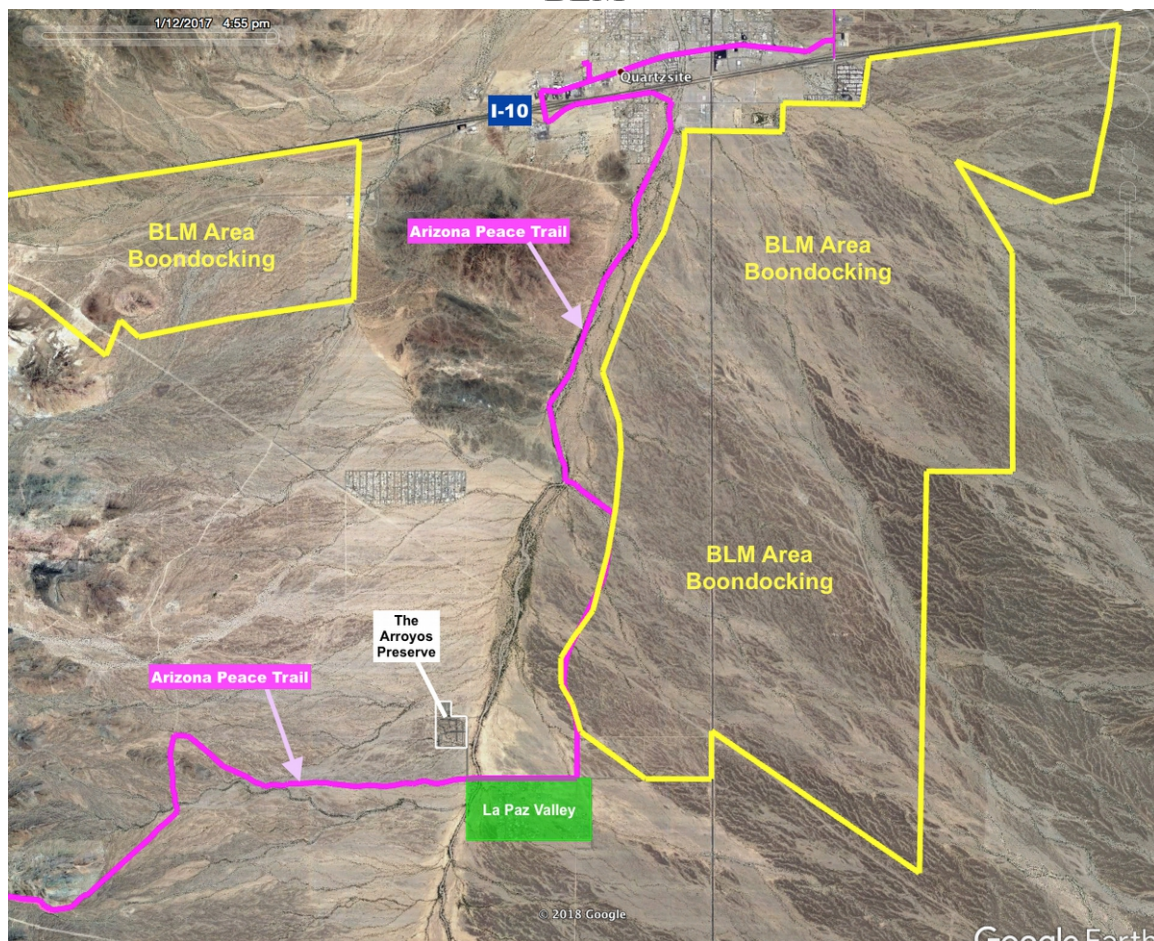
[The Arroyos Preserve Press Release](#)

[Location Video](#)

[Park Overlay & Phase I & II Map Link](#)

[RVer Snowbirds Heading Off The Beaten Path Link](#)

BLM

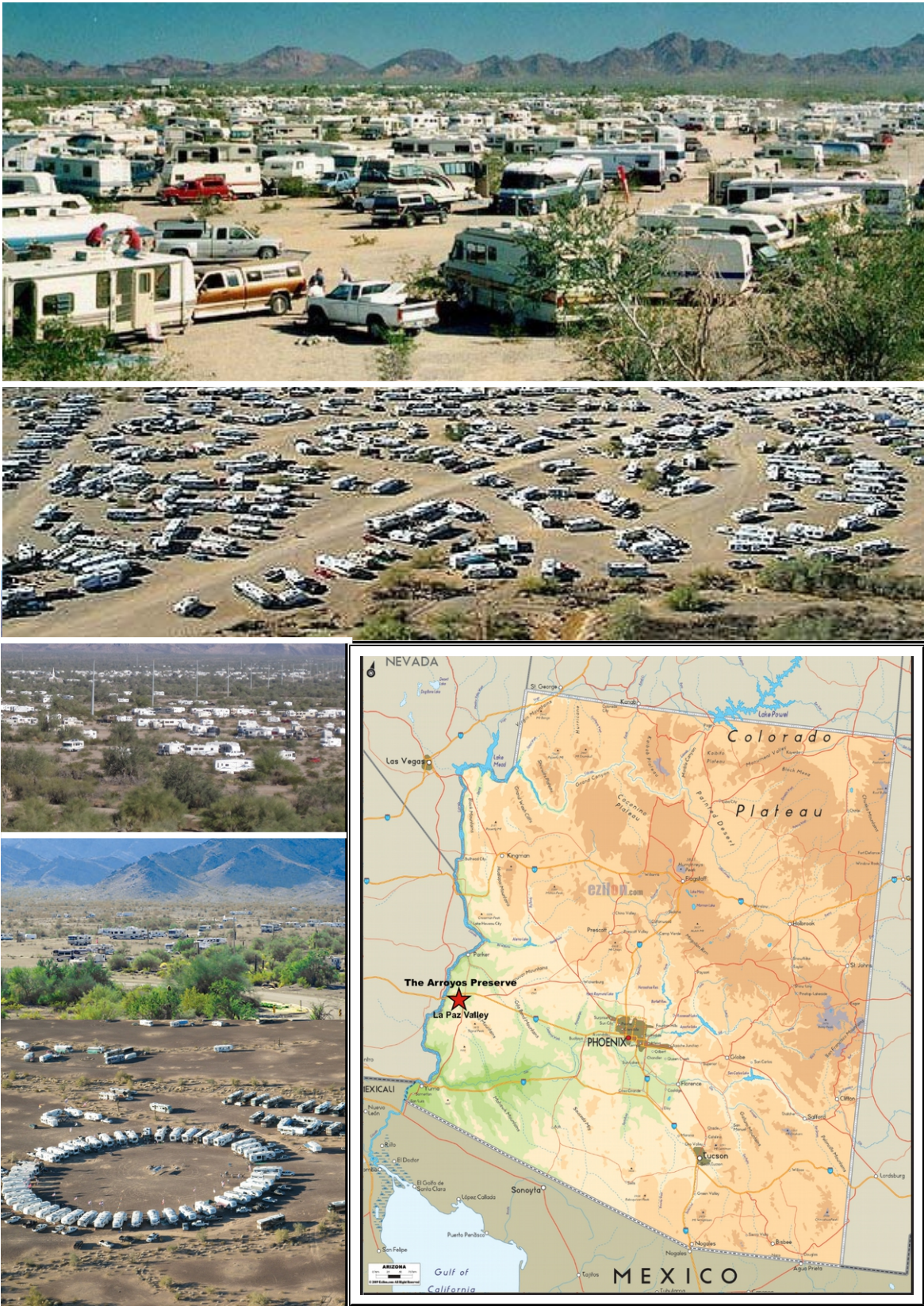






*Campers at The Arroyos Preserve will be able to continue meeting with friends at the many 'round up' areas throughout the park where they'll find numerous cookout/barbecue, picnic and party areas including campfire facilities. They'll enjoy pickleball courts, swimming, golf pitch/putting, an archery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

