

STRATEGIC PLAN

EXECUTIVE SUMMARY

THE ARROYOS PRESERVE development was originally envisioned in 2008 as an RV resort with a residential component similar to many found throughout the country where high-end motor coaches visit their fee simple resort lots with, or without, a permanent structure called a casita or villa, in a park complete with resort amenities (www.QuietDesert.com). The great recession began just when the project received government approvals for all of its entitlements, *so the project was put on hold*. During the intervening period – from 2008 until recently, as the economy rebounded – the world changed in the housing industry and in the hospitality industry, revealing the emergence of fresh and exciting options available for newer, or repurposed, RV parks and campgrounds –

- owning a Mobile Home Park today is more widely recognized as a superior income producing real estate investment,
- more RVing is done now with RV ownership at its highest ever, and
- an exciting entertainment option has emerged: *Off-Road*ing.

An opportunity for profitable investment has been created by the convergence of these THREE elements.

While younger participants (millennials) enter this market, more retirees are RVing. Also, there are more RVers than ever before, and off-road recreation is exploding. The U.S. tourism industry has enjoyed more foreign visitors in recent years, and the RV rental business is the most active ever. The upshot of these happenings is obvious: The country, and especially this area, will need more guest accommodations. (The Town of Quartzsite and immediate surrounding area, host more than 1.5 million seasonal visitors annually

OUR PLAN is to modify and evolve the original project into a well-balanced combination of luxury RV park with resort-like amenities including off-roading theme-based recreation, along with higher-end mobile home park with resort-like amenities for residents. This unique development strategy is targeted to produce an exceptional ROI by creating a dynamic synergy between these TWO elements: 1.) *yielding profits sooner* than by developing only a stand-alone mobile home park or theme-based RV resort, and 2.) *becoming a safer investment* when properly allocated and operated as a combined RV park/mobile home park, especially when the RV park and campground are managed as planned in a franchise partnership with the leader in the campground industry, Kampgrounds of America ("KOA").

As envisioned, this project would naturally allow for the Arroyos Preserve to find its optimal balance/ratio of mobile home park to RV park.

Additional *safety of investment* in this development is provided by the solid advantages of investing in and owning a mobile home park, coupled with higher profits generated from a well-managed RV park and campground with sought-after recreation amenities. The advantages of investing in and owning a mobile home park are well known and include:

- A perennial need for affordable housing that grows as the population ages;
- Decreased operating expenses – 50 percent less than apartments because
 - of a lower turnover ratio due to the expense of moving the mobile home, and
 - repair and maintenance costs rest with the mobile home owner (the Park is responsible only for common areas);
- Rent increases are more readily accepted because of the cost to move out;
- Tax deductions for depreciation and first year write-offs of the costs of land improvements (Park infrastructure), buildings, and equipment range from a maximum of 15 years down to as immediate as THIS YEAR, which is significantly accelerated versus

27-1/2 years for residential rental properties and 39 years for commercial. (<https://www.irs.gov/pub/irs-pdf/p946.pdf> ;

- Barriers to entry for the competition, especially without the development course detailed in this project;
- KOA owners host 6.8 million camper nights each year.

On the way to achieving a fully developed RV and mobile home park we recognize the growing national trends developing in the RVing recreation AND off-road vehicle recreation industries, and how the location of this proposed park sits at the very hub of these trends and their activities:

- One and a half million seasonal visitors are hosted each year in this region when snowbirds flock to the warmer climate found here, with many deciding to stay and become reverse snowbirds.
- This project is situated on the newly created Arizona Peace Trail, a 650-mile-long off-road loop through Western Arizona.

<http://arizonapeacetrail.org>

In both cases, our project fills the need that exists for an oasis after a long day on the road or trail. By combining OHV recreation as a theme-based attraction with a luxury RV park in one of the southwest's premiere camping venues, a business opportunity has emerged with enhanced revenue potential.

With this concept in mind, our plan is to offer a family-friendly layover and vacation destination that accommodates the activity needs of these markets, while allowing the mobile home park component the time it needs to mature. This investment compares favorably with multifamily residential offerings, and has been reported recently by some experts even to be a superior alternative.

Assuming the mobile home park business to be straightforward and uncomplicated, with unique advantages as outlined in attached Exhibit B, the balance of this Executive Summary deals only with THE ARROYOS PRESERVE

Luxury RV Camping and Off-Road Recreational Community business of our plan; *however, the Pro Forma exhibit reveals all the profit centers, including the Mobile Home component.*



Property Photo – Friendly Desert

A Luxury RV Camping and Off-Road Recreational Community

By creating a luxury RV camping and off-road recreational community, located in just the right place (on the Arizona Peace Trail and conveniently between Phoenix and Los Angeles on heavily traveled Interstate 10), THE ARROYOS PRESERVE finds itself classified in the Tourism Industry, providing hospitality services and entertainment venues with competitively priced accommodations for:

1. Interstate travelers with the opportunity to get off the road after a day's drive and spend the evening unwinding, resting and relaxing in a deluxe cabin with kitchenette, bathroom and linens, or if traveling in a recreational vehicle, a premium RV pull-through site with entertainment deck;
2. Destination-bound vacationers and adventure seekers with lodging in a park offering enhanced resort-like recreational amenities such as structured ATV Adventures, golf, archery, pickle ball and swimming, all while camping in RVs, rented cabins, casitas or Glamping pods/tents;
3. The extended stay resident with permanent park model, modular or site-built home for seasonal or year-round living. Long-term guests most often are snowbirds from the colder northern parts of the country.

The business would operate as a franchise partner with Kampgrounds of America ("KOA"), and as such, it benefits from the safety of incorporating KOA's business model and KOA's ongoing assistance in maintaining and continually improving the experience for the campers before (online reservations) and during their stay. Association with KOA assures the business would exceed the expectations of its guests, enabling the campground to remain unique in the local marketplace.

Attacking the Market and Staying Ahead

The market would be approached by aggressive exposure through the Internet, and as a KOA franchise partner, not only are reservations efficiently

handled, but this park and its amenities would be exposed to KOA's nationwide customer base of RVers and travelers. [KOA owners host 6.8 million camper nights each year.] Additionally, an invaluable contribution to the park's success is the operational assistance provided by KOA and its commitment to quality that continues to support one of the most recognized brands in American culture. This affords The Arroyos Preserve the benefits of accessing current trends in market direction and campground management. Continued improvement in the park's performance comes from staying current with what works best as experienced by the KOA's 500 plus franchises. *"Kampgrounds of America is North America's largest and most established system of family campgrounds."*

Standing Out From The Competition

The alluring nature of this park would impress guests with its luxury features and amenities, including unique recreational offerings such as ATV rentals and facilities with ATV guided tours, an off-road course for the kids with rentable "youth ATVs", archery, golf and golf driving range, among others (*See Vision Statement*). *"KOA Resorts offer a carefree vacation in the great outdoors where guests can enjoy robust recreation and staff-led activities in addition to camping conveniences such as food service. It's the ultimate getaway, without ever having to leave the campground. Travelers and vacationers seek out Kampgrounds of America campgrounds as trusted, welcoming, family-friendly stopovers and vacation destinations."*

By highlighting structured ATV Adventures as an amenity in the park's marketing, younger guests would add to the traditional customer demographic and give additional boost to the park's success potential.¹

¹ Virtuoso Travel Week reports Millennials, aka the experience-obsessed generation, are changing the industry, as both travelers and advisors. Travel agencies have created mentoring programs and are actively recruiting millennials to take the place of retiring baby boomer advisors. And this generation has the affluence to travel: Virtuoso analysis of advisors' clients revealed that 32 percent of millennial clients earn more than \$250,000 per year, second only to the Silent Generation, or Matures (those born between the mid-1920s and the mid-1940s).

Operationally Speaking

Managing a business such as this requires trained and dedicated people. The developers have experience employing seasonal staff in this location and believe that dedicated workers can be found from among the many snowbirds who flock the area. The business would employ two sets of husband-and-wife team park managers that reside in park-provided accommodations. One set would be seasonal, working from early October through May, and one set would work full-time. Since KOA assists owners in staying current in all areas of business operation, all park staff members would be required to attend the KOA-U periodic online training courses and participate in the KOA-U online webinars. (*"Many KOA owners and managers take an hour twice a month in the off- and shoulder-seasons to log in to pertinent KOA webinars to stay up-to-date on current topics, programs, and promotions. Popular recent topics include: 'Revenue Management,' 'Email Marketing Made Easy,' and 'Tips to Finding Great Staff.'"*) In addition, regionally-based Business Development Consultants, BDCs from KOA, provide one-on-one consultation and training in specific areas of the owner's choice. More than 100 KOAs take advantage of this team's in-depth knowledge annually, as *they are just a phone call away!*

Track Records

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

The ARROYOS PRESERVE is a development of Landway Development Corp, an Arizona corporation located in Glendale, AZ. The development team of Landway Development Corp have proven their ability to successfully develop this concept into a profitable venture, having developed land in Southern Arizona and most recently a subdivision in the nearby Town of Quartzsite, Arizona in 2008. James Kunisch, President, is a real estate investor and developer of Arizona land, and Daniel Berkey, General

Property Photo – Desert Garden

Contractor, in business for more than 30-years, is a regional custom home builder with excellent credentials and customer referrals.

With strong and enthusiastic support from local county government, THE ARROYOS PRESERVE vision/development has been allowed to evolve into its highest and best use, as is being described here, and now is ready to begin the construction phase: we are ready to build the entrance road.

A Good Picture – It's All About the Trail

To assist with a better understanding of the Park's eventual operational success, please see The QUARTZSITE KOA Experience Vision Statement. **This Vision Statement tells the story of how our park operates in roughly 36 months from now.**

